

Greener houses

This was the major conclusions from the real estate development conference III COPIP - Conferência da Promoção Imobiliária em Portugal resulting from the intense reflection on the **challenges the national real estate developers face: it is necessary to enable more and greener houses for the Portuguese.** It is critical to facilitate an increase of the supply regarding sales and rental, both swiftly by reducing costs, and also, in solidarity to climate changes, and greener.

There are many requirements in construction, which increase every year, unfortunately together with growing uncertainty and associated costs. Firstly, the uncertainty created by the pandemic and concerning the reaction and evolution of the economy still lingers in post-pandemic scenarios. However, one of the major challenge we are facing now lays in the supply difficulty and the raising costs of raw materials, and the increasing construction costs. Also dramatic is the manpower shortage in construction, thereby escalating not only its value, but above all prevents projects from holding a swift pace, and keeps new projects from taking off. There is a lack of workers in every rank and the installed capacity in our country is insufficient. We are in need of 80 thousand workers in the construction industry. The sector loses workers and those that migrated (since the 2008 financial crisis) do not find in this country an incentive to return, even if that means to go back to the home country or to the family. Short wages and poor conditions offered by Portugal, compared to other destinations or the perspective of heavy work, and undignified professions do not incentive to return.

Worse, all these constraints shall tend to deteriorate with the national and foreign RRP implementation. For decades there was no public investment in construction, and even then, some years ago, we already felt those problems. Now, if we add public construction to private construction, the result is plain to see. The situation will deteriorate with the implementation of the foreign RRP. With better labour conditions and better wages, it is easy to see where all those workers who are still in Portugal will go, as well as the consequences of this competition in the construction and raw-materials price at an European level.

But sustainability is a major challenge per se. From the onset, the green legislation is loose, complex and lacks uniformity. It is difficult to mesh all the dimensions. One worries with the possibility of getting a monster of all this, making all European metrics to prove void. Therefore it is important the our leaders, Parliament and local authorities carry out the major task that is to adjust the European directives to the

national reality, besides cutting all the red tape, simplify the implementation of these rules, facilitate the creation of more green housing supply, specially more green subsidized funding lines and reducing costs and taxes.

In Portugal we have low buildings energy efficiency because our housing stock is old and has poor thermic insulation. New houses that are put on the market tend to an increasing sustainability. But, in order to have NZEB buildings in 2030, our challenge lies in funding the measures to meet this goal, either through public or private funding. Similar to what is happening in other countries, subsidised funding lines must be created, specially with the help of the Development Bank and RRP, to implement energy efficiency measures in buildings, such as Green Bonds.

We must build more green houses, better aligned to the financial capability of the Portuguese. Without more green projects tailored to the demand, we will not have more houses, the prices will continue to grow, and we shall not fight energy poverty of the existing buildings nor shall we have more green buildings.

Currently, the sustainability challenge is even larger because of the escalation of the construction price, lack of labour, inflation, interest rates, recession. If it was already urgent to decrease production costs, nowadays with even more costs and uncertainties simultaneously with new goals and consequent new costs, it is even more pressing to create more conditions to enable more green housing projects. We may solution a huge fraction of context costs, in order to balance the scales: Shorten licensing terms, thereby allowing more new houses with improved energy efficiency faster, consequently increasing the supply, lowering the prices and improving efficiency of the new buildings. Cancel the AIMI or even the IMT (complying with the OECD recommendation), that burden housing construction and leasing and residential mobility into greener houses. Our tax burden is absurd compared to our neighbour. Provide for generalization of reduced VAT rate or its deductibility for construction of green houses for the Portuguese. Draw the 80 thousand workers lacking in construction, otherwise there will be no construction, nor green buildings.

Real estate developers are available in helping the Country to build more green houses for the Portuguese people, but for that they need to see these types of projects enabled.