

2023: the most challenging year of the past decade

We have now reached the middle of the year, already considered by many the most challenging year of the past decade for the real estate industry. Starting with the recovery from the pandemic consequences, including a war with global impact and no end in sight, and the whole worldwide social, political and geopolitical context. But including also an Europe that seems unable to take over the international debate and increasingly looks like a spectator in a tennis match... And, as a consequence, including still all changes these new realities brought about to our activity, specially to draw investment. This already long equation is worsened by the energy crisis, increase in raw materials and labour prices, inflation and raising interest rates. The result? A decrease in families' savings capacity with an even more sharper decrease in the Portuguese citizens' purchasing power.

Why do I consider this year as the most challenging for the industry? The answer is not new and became the root of debate in the whole industry: The package «Mais Habitação». Amidst fear and distrust, this set of measures managed to bring the industry to a halt, increased the population concerns, scared away the much needed investors from Portugal. As a result, this package was dubbed "Less Housing", "Menos Habitação". A lot has been written since the package's disclosure, many meetings and hearings; the industry and its professionals held many contacts with the rulers to be part of the solution, but we are not yet as close as we wanted to reach a solution for this national crisis. Nevertheless, I am glad that, in the past six months, our professionals and corresponding associations carried out multiple actions, steps, interviews in the major mass media so that they can be heard and their opinion is taken into account, **as they are the major "town makers", those who effectively build more houses.** Those are the players who want to help and are decided to help Portugal and its citizens to build more houses, to offer more affordable housing. The united and committed industry managed thus to bring forward the debate to the public opinion, a serious, balanced debate on housing, licensing, but that had never before emerged out of the most inner circles in the industry. Currently this is a general subject of public interest. This was the only way to bring out this subject, previously regarded as a corporate subject, relevant to developers and architects, into the public, into the top stories on television, and into the Government's bills tabled at the Parliament.

But this is not the only reason why the «Mais Habitação» package became a package that truly brings more housing. We mustn't fool ourselves, there is still much work ahead in support of the market and the interest of the Portuguese citizens. These disclosed measures represent an evolution compared to the initially disclosed package, however, those will not be enough or efficient if we do not settle the fundamental issues that originated the housing crisis we are now experiencing. All that we reached this far can crumble if we cannot provide some stability and predictability to the tenancy law, lower the tax burden to create houses for the Portuguese citizens, young people and their families, if we cannot extend the VAT reduced rate or its

deductibility to the whole construction of own permanent residences, draw more labour, increase the installed capacity by decreasing costs, among many other aspects.

Real estate developers and investors are here to help building, together with our rulers, a practicable solution for our Country. This is the only path, because, if we are unable to speedily reach good measures, not only the real estate industry suffers, but also Portugal and its nationals, who will continue lacking a house they can afford.