

Is housing in Portugal a "bottomless pit"?

The housing issue is a structural problem, which has been worsening in the past decades and will only be solved, for the most part, by placing many more houses in the market. This is one of its major issues. An extremely unbalanced market, in which the demand (mostly national) is abundant and the supply has decreased every year, every decade.

We built less 15% compared to the previous decade. The housing stock grew only 1% in the past ten years. Even in 2023, every half-year, the number of new houses built has halved compared to the both six-months periods in the previous year (4,700 new flats in the first half of 2023, compared to 8,200 new flats every half-year in 2022). But the situation is worse: in the new real estate developments built this year, 50% of the flats were sold off-plan, which means that currently there are only 2,000 new flats for sale. These figures reveal a serious and unavoidable situation...

Therefore I support the statements of the European Commissioner Elisa Ferreira, who admitted in the past Friday that "*housing (as we currently stand might as well be) is a bottomless pit, where will we end up if we fund housing?... An effective market failure is required to fill it in with money from European funds*", I repeat my statement... There is no market failure. This is the issue...

There is no lack of interest from private sector to be part of the solution, to build more and help the country in fixing this major goal of increasing housing. We want to build more, this is our work, our profession.

Private entities are here and ready to work, but they cannot! This is due to the lack of conditions. There are numerous obstacles right at the beginning that hamper the progress of more projects, for instance the huge tax burden on building houses for the Portuguese citizens, for young people and families, the time-consuming licensing proceedings, the legislative and tax instability, rents freeze in every sector, both housing and non-housing, etc.

Undoubtedly, it would be advantageous to give priority to licensing for new constructions to boost the investment that was applied in those and, thus, allow us to, swiftly and economically, put in the market the required houses. Conversely, one must say: the construction of new dwelling units is also connected to the financing issue. With the increasing raise in construction costs, I think we are also in dire need of subsidised funding lines with the guarantee of the State and that can be managed through banks or the Development Bank. This solution may also find leverage through equity financing with Golden Visa investors, just like in hospitality industry. In this way we can draw more foreign investors to build new dwelling units in Portugal that are rental oriented and, partially, for instance, affordable renting oriented.

Furthermore, I reaffirm: if we cannot extend the VAT reduced rate or its deductibility to the whole construction of own permanent residences, but also draw more labour, increasing the

installed capacity by decreasing costs, it will be very difficult to meet the housing requirements in our country.

The only path is the one stated above, 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.

Housing should not and does not need to be a "bottomless pit". We have capital, we have the will and interest in building affordable houses on a much large scale, thereby demonstrating that effectively the market is not failing, it is simply failing to operate properly, once again, due to the lack of conditions that enable this type of projects.