

### **Breaking blindly rents adjustment will also put a break on economy**

«The worst type of blindness is the blindness of the mind, which keep us from acknowledge what we have before us», José Saramago, in Blindness (1995).

The break imposed to rents adjustment also in 2024 is a hard measure which consequences shall be experienced not just next year, but also for ne next decades. This subject's topicality and the lack of clarity regarding the Government's intentions for 2024 makes it a highly relevant subject, Therefore I invite the readers to join me in this reflexion.

In short, since the Novo Regime do Arrendamento Urbano - NRAU (New Urban Lease Regime) was created, the evolution of rents was consistently indexed to the variation of the Índice de Preços no Consumidor - IPC (Consumer Prices Index) over the last twelve months. Last year, a maximum threshold of 2% was set to rent adjustments. The Instituto Nacional de Estatística - INE (National Institute of Statistics) data indicate that, in 2024, the rent adjustment percentage should be equal to 6.94%. By setting a precedent in 2023, the word is spreading that the same brake shall be enforced during the next year. This is a consequence of the clear absence of a strategy for housing policy in Portugal and also, no less serious, of the increasingly aggravated tax instability.

Entering into further detail, it is necessary to know the rules and their applicability, and the value for the limit, yet to be defined. I stress this issue because, last year, the limits to real property rents created to protect, in theory, the tenants was also comprehended in the non-residential rental market.

That is, in 2023, tenancy agreements for non-residential purposes had the rent adjustment limited to 2%: One should here highlight that we are talking about, for instance, commercial areas owned by large retail chains, multinational businesses, that benefited with this measure to the detriment of the landlords, who, in this case, are generally private individuals or small companies, that is, considering the scale, the most vulnerable party in the business relationship.

Setting a break to rents adjustment in non-residential segment also is a serious threat to economic development. If this measure is effectively implemented (in the same terms as in 2023), blindly and globally enforced, we are, as I said before, protecting economic giants at the expenses of the taxpayers. Still, we will be further reinforcing the landowners' lack of confidence for putting their properties out in the market. I also want to stress that this measure also reflects directly in the logistics area, causing the loss of major business parks due to the market retraction. As a consequence we are limiting the creation of the most required wealth and new jobs.

The rhetoric is functional when applied concretely and when it makes us think and get to the actual root of the problem, and when we there find the key to solve the problem. If we fail to ask the correct question, we will have no answer to our actual problems. So, the question we must ask is: do we want to, blindly and without discretion, set a break to rents adjustment? And, set therefore a break to the economic development of our country? Or, conversely, we want to

clearly and consciously review the measure and keep from conditioning the development of businesses, the creation of new jobs and, consequently, increase the wealth of our country?

The APPII is aware that several economic projects in several areas within the non-residential rental market, were not carried out due to this measure, which is therefore seriously impacting the economic development. I repeat what I have been saying and never cease to say: economic stability is only reached when there is legislative stability and currently, with laws constantly changing almost every year, this stability cannot be reached.

For how long? How long is this regulatory instability persist, implementing random measures that so deeply hurt the national economy? Do these measures solve the housing problem? Will they put more houses in the market in the short or medium term? The answer is clear and unsettling.