

### **Are we (finally) going to have more houses in the market in 2024?**

We already reached mid February and we are now entering a decisive moment for Portugal and housing. Within exactly 25 days parliamentary elections will take place and the need to keep issue (already considered by many as a calamity) in the public agenda is increasingly pressing.

In order to plan the future it often suffices an attentive and realistic look into history signs. Looking back to 2023, this is quite noticeable in the answer given to our leaders: As tempting as it might be, from the political perspective, the solution for the lack of houses in Portugal is not to alter the demand, because this simply does not help. During the last quarter of the year, despite the reduction in transactions, the house prices did not drop. The still increasing prices have one particular cause: Unbalance between supply and demand. Therefore, lack of supply and high prices will persist as long as we do not start building more affordable houses. **So, rather than strangling the demand, the solution requires the opposite, ie, more supply.** How can we increase the supply? Simply by building more houses at lower prices. As previously mentioned before, one must stress that we do not have a housing problem in Portugal, **instead we have an access to housing problem.** APPII knows that it takes political courage to implement solutions. On the one hand, to effectively remedy the stifling urban licensing delays. This is already in motion, but more effective consequences in the market are required. As long as we fail do solve this, there will be no more and affordable houses in our country.

Secondly, the Portuguese housing market should not be burdened with the higher taxes in Europe. When a Portuguese national buys a house, he pays an average of 30 to 50% in taxes. If we compare the Portuguese model with the Spanish model, we notice that in Portugal the VAT rates in the housing industry are non-deductible and the higher rate contrasts to the neighboring country, which has an intermediate VAT rate, that is deductible from the final sales price, thereby reducing the amount of taxes payable in Spain to only 10%. In Portugal we pay 23% VAT rate together with all the other relevant taxes, which is prohibitive and not competitive at all. Many more issues could be added to the list of what is preventing more houses to be supplied to the market at prices one could afford...

**Then, I would just like to ask: What should we expect in the near future?** I would say that 2024 is coming to shape with hope, as the parliamentary elections will take place in March, but we shall have to divide the 2024 real estate year in two parts

(before and after the formation of the Government). As a matter of fact, following the last quarter of 2023, a certain suspension effect is expected for new investment, until the type of the next Government is ascertained. If it is an investment friendly Government, interested in keep placing Portugal as a trustworthy country to draw foreign and international investment and a country where we want more houses, build more houses and have more supply. **Are we (finally) going to have more houses in the market in 2024?** We do not know the answer yet, but we know that we absolutely must start building a solution. APPII impatiently waits and, as always, we are available to help in finding a solution.