

It is high time to roll up our sleeves and start working

The Portuguese real estate market is currently undergoing a period of renewed trust increasingly stronger and stronger since the first half of this year. This positive scenario is the result, on the one hand, of the industry's resilience in the face of the global crisis, such as the COVID-19 pandemic and wars, both in Europe and in the Middle East, and, on the other hand, of national and international investors' vigour within the national market. But this new found trust owes also to the Governments' announcements, apparently giving the impression that it wants "to be friends" with investment and the market's natural evolution. However, an unsettling question about the future still lingers: how long will this trust last?

The answer relies mostly on the measures the Government intends to implement or not in the next few months. Whilst it is true that the real estate industry as an amazing resilience and capacity to adjust to changes, it is also true that it needs air to breathe, that is, a regulatory environment to foster sustainable growth. It is exactly here where the main challenge lays. More than ever it is necessary that the Executive must be quite dynamic and proactive to implement policies and announcements supporting the market evolution and drawing more and more direct foreign investment, absolutely crucial to our economy and economic growth; directly impacting job creation and maintenance, taking additionally into consideration that unemployment increased last year.

Firstly, VAT reduction and deductibility in the urban construction and rehabilitation industry must be a priority. The high VAT rate that currently burdens construction material and connected services impacts most significantly the costs of developing new projects and recovery of ancient buildings. Reducing this tax burden would not only encourage more investment, but also increase the number of affordable houses for more families.

There is also an urgent need to accelerate urban planning streamlining at all levels. Evidently the SIMPLEX consolidation is necessary, but that is not all. The real estate industry faces too much bureaucracy in so many and so different realities, causing delays in projects' permits and thwarting the development of new ventures. Digitisation of files, simplification of procedures and the creation of a direct communication line between investors and public entities are critical measures to ensure that the real estate market is allowed to keep growing dynamically and competitively. Administrative modernisation is imperative and must not be postponed. The industry expects that the SIMPLEX revision and implementation becomes a true step forward, embodied in actual simplification, reducing licensing wait times, increasing the number of affordable homes, more projects and more jobs in better cities.

It is also crucial that the Government acts decisively and swiftly, because time is a critical factor. The trust in the real estate market has a direct connection to the country's

perception of moving forward with real reforms, which create a more favourable environment for investment and affordable housing.

The Government's announcement look fine, but we need to start acting. The real estate market is more confident, yes, but this is a fragile confidence and will not survive without a strong and immediate signal from the Executive. We cannot rest in announcements only. Now, more than ever, this is the moment to implement the reforms required to guarantee that the real estate industry goes on to be a fundamental cornerstone for the national economic development. This is the time to roll up our sleeves and start working.