The financialization of the housing market in Porto and Lisbon (PT)

CiTown Project report

Lisbon and Porto (Portugal) case-studies

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August 2019

European Commission

CEGOT Centro de Estudos de Geografia e Ordenamento do Território

U.PORTO FACULDADE DE LETRAS UNIVERSIDADE DO PORTO

Abstract

Many European cities are in high demand because of what they have to offer in terms of lifestyle, culture, jobs and education. This increasing popularity has attracted international investors who seek to establish high-end property portfolios. With urban property being a finite resource, this has led to spiraling-up property and rental prices, causing a decrease in the offer of affordable housing stock. EUROSTAT (2016) calls this phenomenon the housing gap.

The housing gap is related to the financialization of the housing market, whereby financial actors play an increasingly dominant role in buying up urban space, often characterized by a weak utility function. Moreover, the potential high profits of rental platforms such as Airbnb, have also attracted private investors, taking housing away from aspiring permanent residents.

This has raised important concerns over the impact on housing affordability and the increasing inequality within cities. It is assumed that, the middle class mostly experiences the gap between demand for, and supply of, affordable housing. Furthermore, it is assumed that the financialization of the housing market and its associated changing patterns of ownership negatively affect the social fabric of a city.

The aim of this study is to assess the extent to which residential housing market in Europe has been financialized over recent years, the consequences of that financialization, and what kind of measures have been put in place to influence (curb or foster) these developments. The period under research spans from 2013-2018. Seven European cities act as Citown's city studies, with Amsterdam as the leading city lab. The present report[1] concerns specifically the cases-studies located in Portugal, namely the cities of Lisbon and Porto.

This report starts by covering succinctly the background and the rationale of the Citown project (Chapter 1). It then contextualizes both case studies of Lisbon and Porto (Chapter 2), followed by an analysis of the major trends and figures relating to the financialization of the housing market in the past decade (Chapter 3). Chapter 4 discusses issues of Policy implementation and debate, whilst Chapter 5 presents the conclusions of the report.

Keywords: Housing market, Financialization, Portugal

[1] The data used in this report derives from the databases of the CEGOT housing research group of the University of Porto, official statistics and the statistics from the company *Confidencial Imobiliário*.

Executive summary

The purpose of this study is to assess the extent to which the residential housing market in Europe has been financialized over recent years, the consequences of that financialization, and what kind of measures have been put in place to influence these developments. A closer look is given to the presence of investors and short term rental platforms and the effects on housing affordability and availability, particularly for the middle class. These are deemed to be more affected by what EUROSTAT calls the "housing gap". The present report concerns the cases-studies of Lisbon and Porto, in Portugal, and the period under research spans from 2013-2018.

Lisbon and Porto are the center of the two largest metropolitan areas in Portugal, with 2.8 and 1.7 million inhabitants, respectively. Together, they account for 52% of the country's GDP. Due to historical, social, economic and policy reasons, Lisbon's and Porto's housing stock is characterized by high rates of home ownership, a significant number of vacant homes and by a strong role of family in the housing provision. At the same time, issues as the late economic and social development process, the crisis, rent freeze and unbalanced supply and demand had a negative impact on housing conditions and access to housing.

As dwellers moved to the suburbs, city centers became characterized by homeowners, derelict and vacant dwellings. However, both cities had a resurgence since the mid-2000s, strongly stimulated by tourism. Airbnb entered massively on the market from 2015 onwards, with 75% of establishments concentrated in the cities' downtown areas, pressuring previous occupants.

Accordingly, this external attractiveness appears to have a strong association with the steady rise of the last three years of housing prices and rent values, particularly in downtown locations. This has caused a socio-spatial segmentation of the residential market and an affordability problem for the middle class and the young. The construction market, declining since the crisis, picked up again in 2015, focusing on rehabilitation in the city centers and construction in the peripheries. Smaller dwelling typologies are clearly favored.

Foreign direct investment in real estate activities and construction doubled in the last 10 years. For example, in major real estate projects in Porto, about 55% of the investment is foreign. The greater number of licenses have been attributed to private companies, and this number has exponentially increased in both cities since 2016.

The percentage of available dwellings actually sold has substantially increased since 2013. The gap between the (increasingly higher) asking price and transaction price has also augmented over the years, displaying how the market is capitalizing on (foreign) promoters with greater investing capacity. In turn, the rent market has declined. The conversion of apartments to local accommodations, as well as the increase in housing purchases are the most probable causes to explain this decline.

The average number of months until a dwelling put on the market is sold or rented has decreased to record low values. On the contrary, the average number of years needed for families to acquire a home has increased, particularly for the lower and middle classes. In the rental market, in extreme cases, families need to spend over 65% of their income on rent.

A number of instruments have been created to attract foreign investment, develop state investment funds and support housing rehabilitation and affordability. These have been oriented towards rehabilitation and the rent market, addressing housing stock degradation and the lack of housing for rent. Short-term residential housing supply has also been progressively regulated since 2014, in response to strong pressures on housing market prices and resident's eviction. At the same time, there is a demand for owned housing driven mainly by credit. But the Bank of Portugal is regulating access to this credit in recent years.

Overall, these measures appear to be insufficient to guarantee the access to affordable accommodation by the young and the middle classes in the two metropolis. The combination of demand and foreign investment put an external pressure on the housing market, which translated into a huge hike in sales and lease prices both in Lisbon and Porto. There is not an adequate and affordable rental market for the local middle class, and both the public rental market and public policies in support of the younger population and disadvantaged households are insufficient. The middle class and the younger population cannot find answers to their housing needs compatible with their income. Hence, the tensions around the prices in the real estate market will have the tendency to become more pronounced between the generation of external residents and traditional owners or tenants.

However, it has not been possible in this report to determine the full extent of financialization in Portugal as there is no available information on external investors, due to bank and tax secrecy. Most of these investors are linked to real estate funds or operate through national companies, and we cannot assess the size of their investments. This information is also not available at municipal level. In recent years the National Institute of Statistics has been producing new information, but only about housing prices.

In any case, understanding how to mitigate this problem is one of the key issues for housing and territory policies. Housing cannot be regarded simply as a financialization object, and public policies should be anchored in places, and intervene in order to reduce economic and spatial segregation, regulate the market and condition land-use. A geography that creates more opportunities, better jobs and better housing quality will have implications in the housing market. Integrating housing into the European cohesion policy would be strategic, since it would lead to a better linkage between Community policies and the different Member States' housing policies.

1. Background and Rationale of the Citown Project

Many European cities are in high demand because of what they have to offer in terms of lifestyle, culture, jobs and education. This increasing popularity has attracted international investors who seek to establish high-end property portfolios. With urban property being a finite resource, this has led to spiraling-up property and rental prices, causing a decrease in the offer of affordable housing stock. EUROSTAT (2016) calls this phenomenon the housing gap.

The housing gap is related to the financialization of the housing market, whereby financial actors play an increasingly dominant role in buying up urban space. For example, since 2008 we have seen a global surge in national and international corporate acquisitions. While corporate property investment is not a novelty, the current phase is specifically characterized by a weak utility function. Next to that, rental platforms such as Airbnb, have allowed homeowners to flexibly participate in the commercial market for short-term residential housing. The potential high profits have also attracted private investors, who buy up apartments for short-stay and take them away from aspiring permanent residents. Ever since Airbnb's rapid growth, concerns have been expressed about its impact on housing affordability. In short, the financialization of the housing market is associated with increasing inequality within cities. It is assumed that mostly the middle class experiences a gap between their demand for, and supply of, affordable housing. A trend is signaled whereby the old urban middle class is slowly decreasing, now either belonging to the haves or have nots.

Project CiTown - EU cities and the financialization of the housing market addresses these issues by analyzing the trends, the figures and the policies of a set of case studies around Europe. With Amsterdam as the leading city lab, the project will also look at Athens, Barcelona, Paris, Vilnius, Lisbon and Porto. This report concerns the two cities in Portugal, Lisbon and Porto.

City of Lisbon

Lisbon is the capital city of Portugal, home to almost 550 thousand inhabitants. It is the center of the most populous metropolitan area of the country, with 2.8 million inhabitants (one fourth of the population of Portugal). By 2017, this metropolitan area was responsible for 35,9% of the gross domestic product (GDP) of the country and 35,9% of the gross value added (GVA). It also held 28% of all the companies in Portugal, as well as 28,7% of employment (INE, 2019).

Since the 1980s, the city of Lisbon registered a steady decline of inhabitants. In 1981 around 800 thousand people lived in the city. Thirty years later, in 2011, this number was only around 550 thousand. During this period, the average age of inhabitants increased as many families moved to the suburbs and the active population moved to other cities, or even abroad. Currently, the population of Lisbon is around 506.088 inhabitants, an increase of 2.000 since 2016. This recent increase may be justified by the significant arrival of foreign citizens. If the downtown area was at the turn of the millennium considered to be deserting and aging, today it is bustling with activity, even though it is strongly oriented towards tourism. Indeed, the city attracts a large number of tourists yearly. In 2017 the Global Destination Cities Index considered it the second European city, after Bucharest, with the fastest increase in tourism, with a yearly growth rate of 11% since 2009. Lisbon has also promoted itself as a major international event organizer. The city not only hosts half of all major events in Portugal, according to the Tourism Association of Lisbon, it was also considered by the International Congress & Convention Association as the sixth most sought-after city worldwide to host major international events. These have included the World Expo of 1998, the Web Summit since 2016 or numerous music festivals.

City of Porto

Porto, on the other hand, is a city with around 240 thousand inhabitants. It is the center of a larger metropolitan area that encompasses about 1.7 million inhabitants (one fifth of Portugal's population). About 20 years ago, Porto was also a city with numerous problems, ranging from ageing population, a growing resident exodus to suburban localities and a considerable number of derelict and empty buildings, particularly in the downtown area. During the 1990s, a regeneration process was put in motion. This included the regeneration of buildings and public spaces and the creation of an Urban Rehabilitation Society. After a successful bid to be the European Capital of Culture in 2001, the city's cultural, heritage and foodscapes also gained increased recognition. Finally, the arrival of low-cost flights through EasyJet in 2007 and Ryanair in 2009 significantly augmented the number of temporary residents and allowed Porto to increasingly be (re)discovered as a prime touristic destination. It has since won, for example, the European Best Travel Destination Award in 2017. From 2005 to 2015 the number of hotel guests increased at a yearly average of 10,8% to reach 1.5 million, with each guest averaging a 2-night stay. The number of hotels increased 150% in the same 10-year period, and since 2008 almost 3.000 local accommodation units have been licensed (Marques, 2018).

At the same time, Porto was able to maintain and increase its prime position as the central conurbation in the larger economic ecosystem of Northwest Portugal. If during the crisis years in the late 2000s and early 2010s Porto saw a significant decline in investment, a somewhat small rate of company survival and a decrease in the number of employees, exports and gross value added (GVA) (INE, 2019), it has since recovered once more. By 2015, Porto's metropolitan area was responsible for 16% of the gross domestic product (GDP) of Portugal, with the city itself accounting for 23% of the GVA and 22% of employees of the Metropolitan Area (INE, 2018). Although the loss of population is still a reality, today Porto presents itself as a powerful provider of jobs, retail and services. For every 100 residents employed in Porto, there are twice as much employees in the city, and only Lisbon has a greater capacity to attract employment within Portugal (INE, 2019).

2. Brief overview of the Portuguese Housing Sector

In Portugal, several authors over the last three decades (e.g. Ferreira, 1987, 1993; Guerra, 2011; Serra, 2002) have identified various social, political and economic problems which have affected housing. Notably, there was an extensive rural exodus and large metropolitan areas, particularly in Lisbon and Porto, grew considerably. The shortage of social housing with adequate construction and habitable conditions; the excessive construction of illegal, precarious dwellings; the decade-long freeze of rent values; and the often-uncontrolled concentration and overcrowding of disadvantaged social groups in social housing neighborhoods contributed to the deterioration of the housing stock.

Like many Southern European countries (Allen, 2006), Portugal housing stock was characterized (and still is) by three main characteristics. The first is the high rates of home ownership, associated to a low incidence of social housing and a very small rental sector. The second is the significant number of vacant homes[2] in the housing market. And the third is the role of the family in the housing provision. In the years prior to the crisis, Portugal was still characterized by high transaction rates in the housing market (Whitehead et al., 2014).

[2] According to the Portuguese National Statistics Institute a vacant house is a house which is available on the housing market. The following cases may be considered; for sale, for renting, for demolition, in a state of dereliction or other motives (INE Metadata).

The demand for housing, particularly in the two major cities of Lisbon and Porto, was stimulated by a synchronization between the global market and the pressures of demand, something that could be attributed, precisely, to this characteristic culture of homeownership. Furthermore, this was also a consequence of the increasing social relevance of owning private housing, that easy-to-obtain bank credit, even for families with smaller resources for guaranteeing the loans, helped to promote (Guerra, 2011; Matos, 2012). Housing credit reached its peak, so the market developed towards a model of construction for sale, supported by credit. Despite the increase in housing prices, this, along with other financial incentives for rehousing and rehabilitation, helped to somewhat reduce housing problems.

When the economic crisis finally hit in 2008, it was not a 'bursting of the bubble' like in Spain or Ireland (Torres, 2009), because Portugal had no speculative bubble in the housing market and there was not a subprime segment in the credit to the housing sector (Banco de Portugal, 2008). Nevertheless, Portugal was caught up in the middle of a slow and partial adjustment process (Bosco & Verney, 2012; Torres, 2009), and due to the excessive dependency on credit and strong austerity measures, the country entered a period of stagnation and economic recession (Bosco & Verney, 2012). Among other consequences, this period was characterized by high levels of indebtedness in the private sector and a concentration in exposure to the real-estate sector (Cairns et al., 2014; Carneiro et al., 2014; Torres, 2009). After 2010, there was a massive and consistent decline of housing transactions and housing prices. This caused huge problems for the mortgage and housing markets, with supply far exceeding demand, which further potentiated the decline of housing conditions (Matos, 2012; Whitehead et al., 2014).

Furthermore, the economic crisis was responsible for the decline of quality of life for the most vulnerable segments of the population. Increased unemployment and the rise of family insolvencies led many families to become unable to access a proper home or to fulfill their financial obligations to banking institutions. Other phenomena associated to ageing population and the pressure of tourism activity over real estate have further cemented social inequalities and social divide, thus contributing to increase urban segregation. This has been particularly visible in the two major cities of Lisbon and Porto (Marques & Matos, 2016).

Consequently, the issue of housing has gained a strategic importance as a key instrument for improving quality of life, leading to the need for responses and public action. In 2018, the most recent revision of Portugal's National Programme for Spatial Planning Policies (PNPOT), the most important planning document in the country, stressed that problems in the access to housing, and housing deficiencies persist. Indeed, the lack of access to housing is considered as one of the 18 major problems in the country (problem nº 6). As well, promoting an integrated housing policy is one of the measures proposed in the PNPOT Plan of Action (Measure D2.2).

Currently, the major concerns are precisely in the urban contexts (Lisbon and Porto), namely the gentrification processes that are associated to the tourism pressure and the subsequent speculation of the real estate sector, fomented by an unprecedented increase in housing prices since 2015. The increases in value of real estate in the two cities are mostly explained by local accommodations and tourism demand; i.e. dwellings not destined for permanent housing. Hence, lately the debate is centered on the necessity to reinforce public intervention, aimed at solving structural problems in the housing sector.

In 2011, considering the two metropolitan areas of Lisbon and Porto, Portugal had 2.9 million occupied dwellings by the owners and 1 million dwellings rented. This means that 73% of households own their own home. The dynamics of own home acquisition have been taking place over time but have intensified in the last decades since in Portugal the transition from a rural society to a service economy was clearly tardy. This late economic and social development process had repercussions on the urbanization process, on the renewal of the housing stock, and on the characteristics of the housing heritage.

The current situation of the housing market in Portugal is the consequence of a decades-long process:

In 1970, Portugal had 1.1 million owners of family housing. Family housing proliferated based on inheritance transfers and the investments were directed towards the two metropolitan areas, especially Lisbon. The rental market had been frozen since 1958 in Lisbon and Porto, which conditioned access to housing.

In the late 1970s and early 1980s (1974-1986), the external and financing market deficit was a major constraint and the Portuguese currency devalued. The strong inflation had implications in the evaluation of real estate assets. At the same time, there was an overvaluation of the savings of emigrants, who consequently invested in housing in their birthplaces or in the nearest urban centers.

In the 1980s there was great difficulty in having access to housing, so acquisition became the possible alternative. A subsidized housing loan was created by the State in the early eighties to support families and young people with lower incomes to buy their own residence. In the 1980s and early 1990s, buying a home/home ownership became the pillar of middle-class financial stability, associated with the economic growth and the consolidation of democracy that Portugal was experiencing. The strong inflation caused an increase of value in real estate assets.

Since 1995, Portugal was integrated in the Eurozone, thus gaining financial stability and confidence. Portugal's participation in the Economic and Monetary Union has meant a "significant" reduction of interest rates since 1998, which has reduced the difficulty and the price of access to credit. Housing credits became plentiful and cheap. Middle-class families invest to acquire their first house and some their second house. During this period, Portugal invested in infrastructure and improved accessibility, creating conditions for urban expansion. The dynamics of new construction and the strong growth of housing in the urban peripheries contributed to the reduction of housing prices. This, along with other financial incentives for rehousing and rehabilitation, helped to reduce housing problems.

In 2008 Portugal faced the danger of a real estate bubble, as a result of the continuous increase of the housing supply and the weakening of demand. The crisis affected a large number of families and strong indebtedness put housing assets at risk. This strong indebtedness of Portuguese families was the result of several factors, including consumption increase, a decline in savings, but also a reduction of incomes due to the crisis. The weight of mortgage debts (resulting from the use of credit to finance the purchase/construction of own homes) was very significant for explaining the indebtedness of Portuguese families. Many ended up losing their own homes, following their sale in judicial, enforcement and insolvency proceedings.

After 2015, Portugal’s strong external visibility attracted international investors in the search for high-potential real estate assets. This investment is associated with a strong increase in urban tourism and a real estate dynamic that may potentially generate significant capital gains for foreigners. The market has begun to value city centres and, in the meantime, urban peripheries are also beginning to gain greater dynamism and value. Actually, it is the peripheries that are now supporting the behaviour of the price index. The housing gap and the evolution of the prices are related with the financialization of the housing market, whereby financial actors play an increasingly dominant role in buying up urban space.

The "answers" of the political and legislative powers were not adequate to the need of finding solutions for the protection of family housing, and they seem to be more directed to safeguarding the interests of banking institutions. It is now desirable, with a view to building a more just and democratic society, to find political-legislative solutions that effectively protect access to housing for the less-resourced and middle-class population.

3. Results of ongoing research

This section describes the most recent trends on the residential housing markets of Lisbon and Porto. It is a chronological approach, which covers the Portuguese housing market heritage, the recent dynamics, and the current condition of the housing market.

3.1 Portugal's housing context

The particularities of the Portuguese housing stock, and of the two metropolitan areas, are expressed schematically in Figure 1.

In the first place, the importance of secondary and vacant dwellings should be highlighted. In 2011, in the two metropolitan areas, around 10% of housing was of seasonal or secondary use and 12% was vacant. The values for the municipality of Lisbon were, respectively, 10% and 16%, and for the municipality of Porto 9% and 19%.

Secondly, it is evident the importance of homeownership. In the two metropolitan areas, 67-68% of families are homeowners, with the value for the municipality of Lisbon being 52% and for the municipality of Porto 51%. Housing appreciation has had positive effects on the homeowners but potential negative repercussions on tenant families.

Thirdly, Figure 1 presents the values practiced in the sale and lease market. The selling market is more valued in the Lisbon metropolitan area when compared to the national figures. For 2011, the national prices were around 1185 euros/m^2, whereas in the metropolitan area of Lisbon they are close to 1436 euros/m^2. The metropolitan area of Porto presents a value lower than these figures (1263 euros/m^2). On the other hand, the city of Lisbon shows a value of 1855 euros/m^2, whilst Porto presents a smaller value of 1387 euros/m^2. In terms of rent, the value in Lisbon is 9 euros/m^2 and in Porto is 6 euros/m^2.

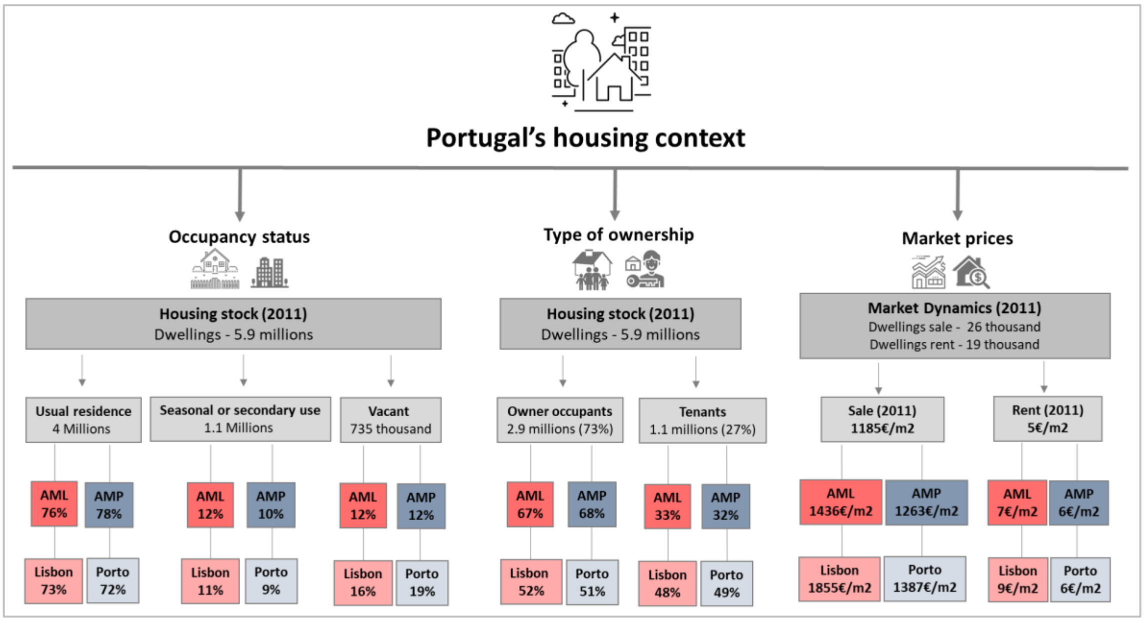
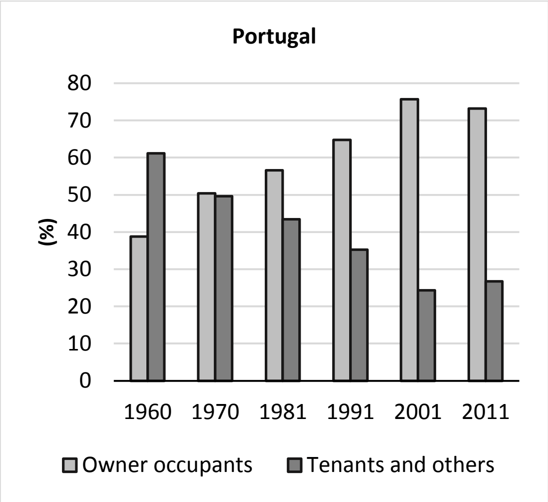


Figure 1 - Portugal's housing context (elaborated by authors; data source: INE, 2011; *Confidencial Imobiliário*, 2011)

The process of urbanization of the last decades is based on homeownership. This option, made by the Portuguese families, resulted from the need to have access to a proper dwelling. Indeed, over the decades, public policies to encourage homeownership have been developed as a way of counteracting the stagnation of the rental market (rent freezing policy). Thus, Portugal moved from being a country of tenants (1960s) to a country of owners (2011). With this policy, the middle class and the lower middle class could have access to their own house with a minimum of quality and with dimensions appropriate to the size of their families. As a result of a strong investment of the families and the State, there was a substantial increase in the quality of life in Portugal, and housing shortages dwindled dramatically (Figure 2).



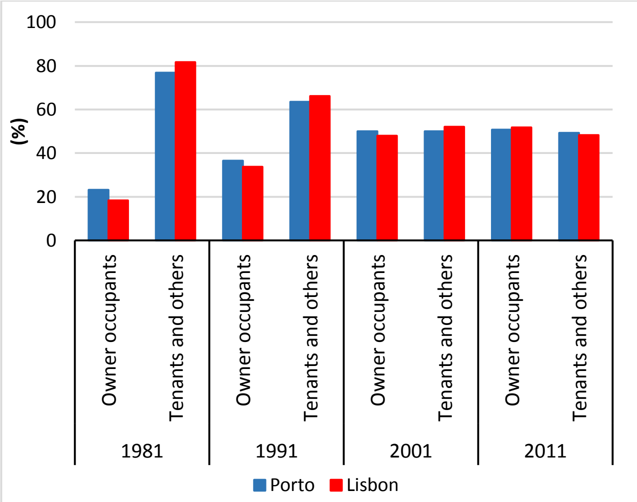


Figure 2 - Family dwellings according to the type of occupancy in Portugal (1970-2011) and Porto and Lisbon (1981-2011) (elaborated by authors; data source: INE, Housing Census)

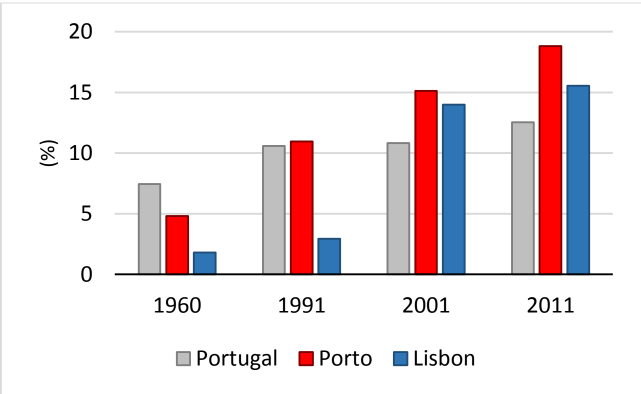


Figure 3 - Proportion of vacant dwellings in Portugal, Porto and Lisbon (1960-2011) (elaborated by authors; data source: INE, Housing Census)

The intense urbanization process in Portugal was also accompanied by an increase in vacant dwelling (Figure 3), which rose from around 3% in 1991 to almost 16% in 2011. This reality is also expressed in the two cities, Lisbon (16%) and Porto (19%). But the levels of vacant housing are close to national values, which may imply that the speculation in the real estate market has no expression, although more data is needed to explore these assertions.

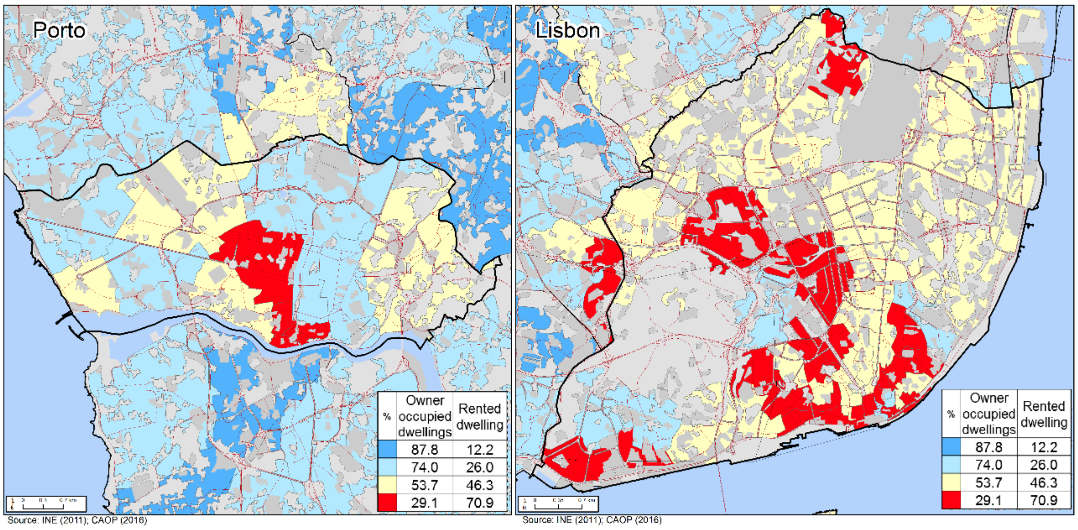


Figure 4 – Housing tenure cluster (2011) (elaborated by authors; data source: INE, Housing Census)

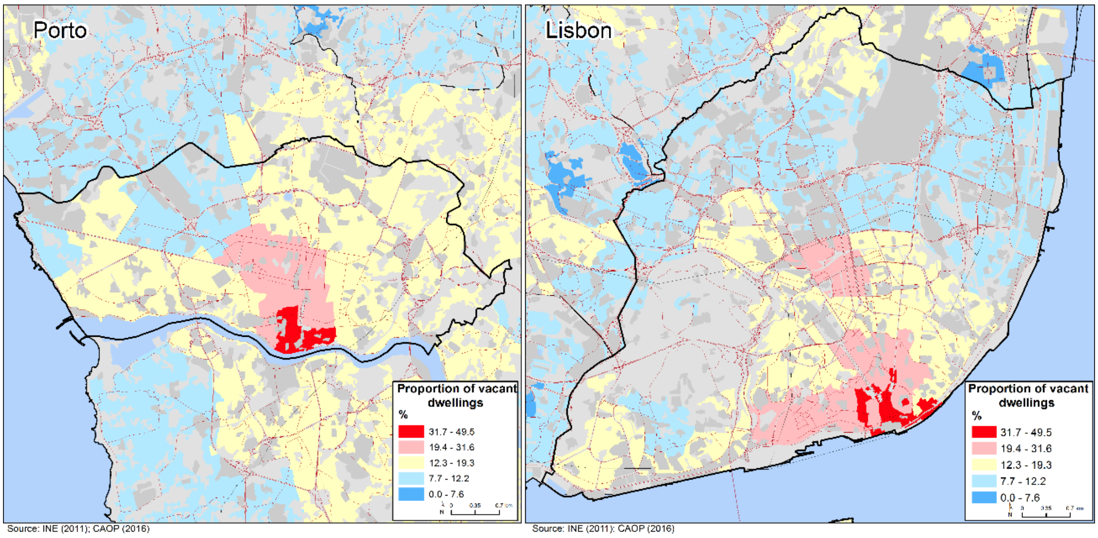


Figure 5 - Proportion of vacant dwellings (2011) (elaborated by authors; data source: INE, Housing Census)

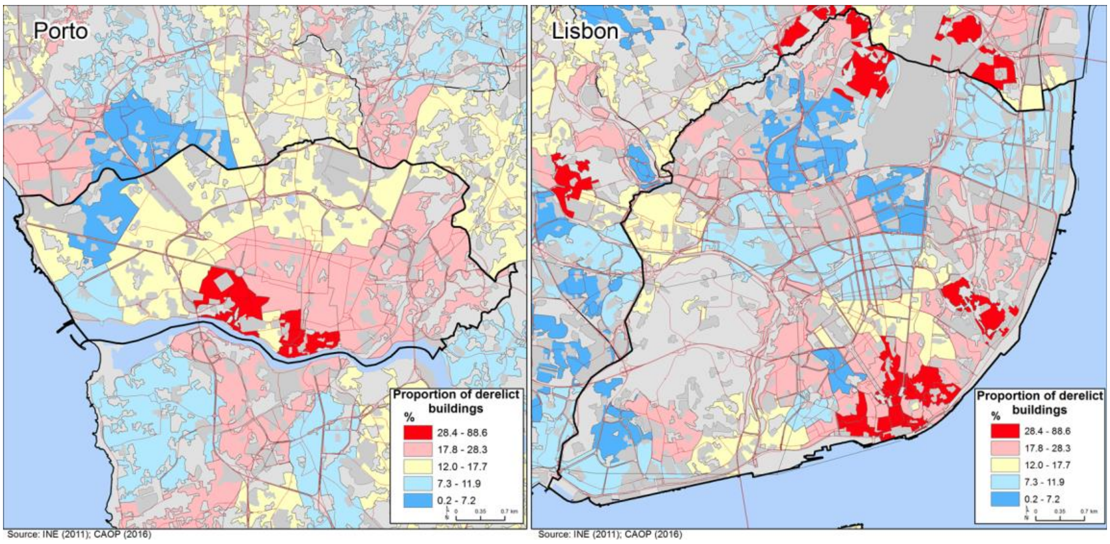


Figure 6 - Proportion of derelict buildings (2011) (elaborated by authors; data source: INE, Housing Census)

The urban peripheries have more homeowners than the urban centers. In the old centers of Porto and Lisbon, tenancy is clearly superior compared to the suburbs and urban peripheries (Figure 4). In these centers, population densities are low and the resident population, with average low incomes, is composed of renters/lessees. In 2011, the majority of the middle-class population had already abandoned the central city and purchased their own home in more peripheral areas.

Over the years, these city centers lost their housing function. Furthermore, they became unoccupied, depopulated and degraded (Figures 5 and 6). Hence, the dynamics of rehabilitation and appreciation of built heritage in recent years have helped to solve a problem that was clearly visible in the two centers of Lisbon and Porto. The derelict building stock and the loss of residential land-use was a reality in 2011. Now, the investment in rehabilitation is contributing to urban regeneration.

3.2. Recent dynamics: tourism and Airbnb

How has short-term residential housing, namely that provided by Airbnb, permeated the Portuguese housing market? How many units are registered and where are they located? How do their prices and their attractiveness affect the housing market?

As previously discussed, after a period of recession associated with the economic crisis, the Portuguese housing markets witness an unprecedented expansion. This has been undoubtedly associated with the rise in tourism and the potential attraction of short-term residential housing, as that provided by Airbnb, when competing with traditional hotel establishments.

Unlike other countries, Airbnb had a slow entry in the Portuguese market. As Figure 7 demonstrates, in the early 2010s, there were less than 100 annual registries in the platform in Lisbon, and less than 50 in Porto. This does not mean, however, that there were no local accommodations. Before 2014 there were no legal regulations for registry or control at municipal level (see Section 4.2.), so many were operated illegally. Hence, only in 2013 did Lisbon break the barrier of 1.000 ads on the platform. For Porto, this only happened in 2015. However, since then, with the law decrees of 2014 and 2015, the rise has been exponential. In 2017 Lisbon had over 4.000 registries and in 2018 over 7.000, totaling around 17.500 local accommodations. In Porto, the growth has been slower, with over 2.000 registries in 2017 and almost 3.000 in 2018, totaling around 8.000 local accommodations. In both cases, the main city contains over 70% of all accommodations in the respective metropolitan areas.

In Lisbon, 75,1% of local accommodations correspond to entire apartments or single-family dwellings, 23,4% to private rooms and 1,5% to shared rooms. In Porto, the numbers are, respectively, 81,4%, 17,9% and 0,7%. Average prices per night are around 80 €, ranging from around 45 € for a shared room in both Lisbon and Porto, to around 75 € (in Porto) and 95 € (in Lisbon) for an entire apartment (Table 1). The highest price found per night in Lisbon is around 3.500 € but in Porto an accommodation is found to cost around 6.000 €. The rise in the prices of local accommodations is also deemed to affect the rise in rents and housing prices.

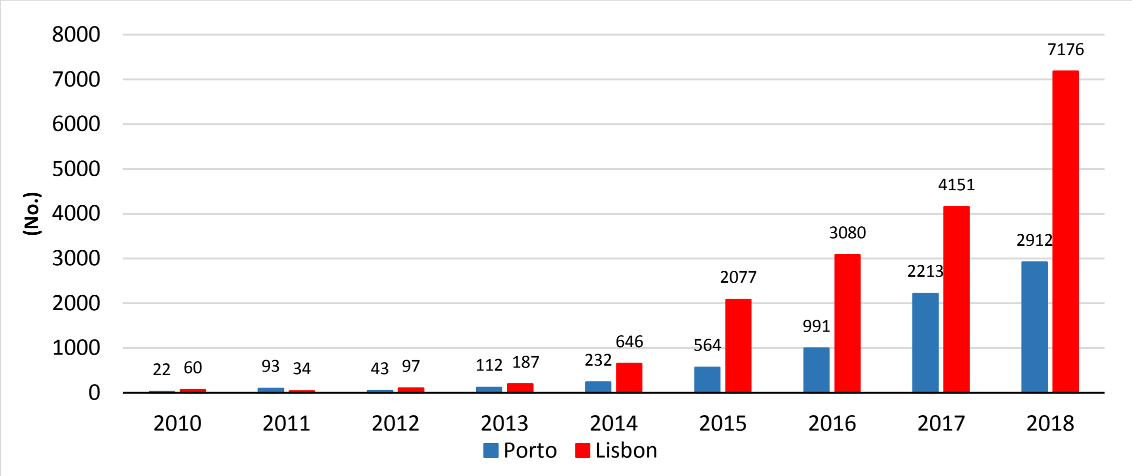


Figure 7 - Airbnb yearly registries for Lisbon and Porto, between 2010 and 2018 (elaborated by authors; data source: Turismo de Portugal – RNAL)

Table 1 - Prices per night in Airbnb of Lisbon and Porto elaborated by authors; data source: Inside Airbnb)

Price per night	Porto	Lisbon
Highest Price (€)	6151	3500
Lowest Price (€)	9	9
Average Price (€)	71	88
Shared room (Average Price, €)	43	44
Private room (Average Price, €)	49	66
Entire home/apartment (Average Price, €)	76	96

Figure 8 displays the location of Airbnb in the metropolitan areas of Lisbon and Porto, and Figure 9 the location within the cities of Lisbon and Porto. Both Porto and Lisbon possess the highest densities within the metropolitan area, along with some adjoining municipalities, particularly along the coast. These include Matosinhos or Espinho in Porto metropolitan area or Sintra and Cascais in Lisbon metropolitan area. In Porto (Figure 9) approximately 75% of local accommodations are concentrated in the city's downtown area, in a relatively small radius of 3 kilometers. Another major hub is west of this area, in a neighborhood known as Boavista. At the west end of the city, by the sea, there is another concentration, whereas the eastern part of the city does not possess a significant number of accommodations.

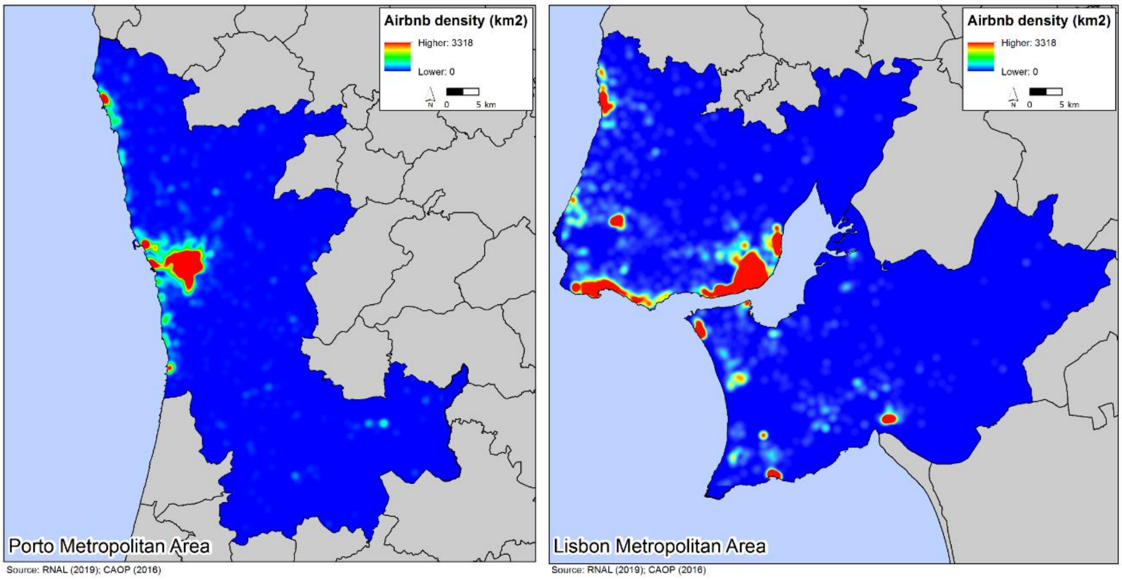


Figure 8 - Airbnb density in Porto metropolitan area and Lisbon metropolitan area (elaborated by authors; data source: Turismo de Portugal – RNAL, February 2019)

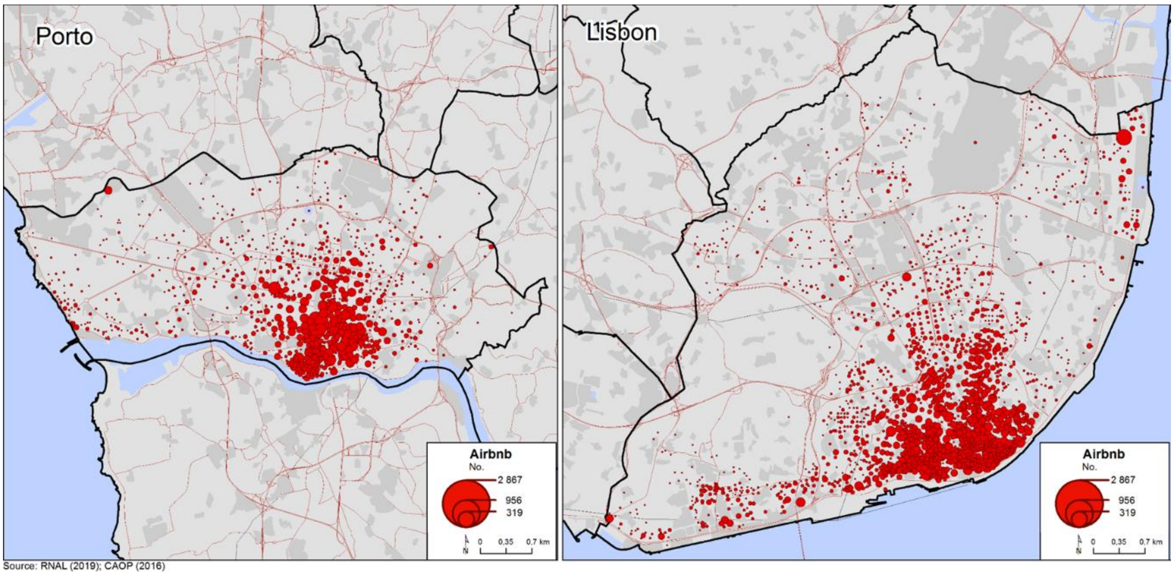


Figure 9 - AirBnB location in Porto and Lisbon (elaborated by authors; data source: Turismo de Portugal – RNAL, February 2019)

In terms of type of accommodation, there is a concentration of full apartments or single-family dwellings in the historical center areas of both cities. The presence of rooms (private or shared) is only more prominent outside city centers. This denotes the strong relevance of real estate investment in the rehabilitation and requalification of city centers. However, it also sheds light on the pressures renters are suffering in downtown locations. According to the Inside Airbnb platform, it is estimated that the rate of occupancy is Porto is 34,6%, corresponding approximately to 126 nights a year. In Lisbon the values are 32,2% and 118 nights per year. Lisbon has kept a steady rise in the number of guests, much due to the international events it hosts. In Porto, where the local accommodation has been more relevant than in Lisbon for the rehabilitation the city center, the seasonality is much more felt.

Around 71% of hosts in Lisbon, and 72% of hosts in Porto present multiple listings (according to www.airdna.co), i.e. they promote more than one room or apartment, something which can indicate that they are running a business. However, as seen in Figure 10, the number of promoters as collective persons (e.g. companies) is not very much superior than promoters as sole traders. In Lisbon this number is more or less even and in Porto the share of collective persons is just 54%. In both metropolitan areas, the share of sole traders is larger; 56% in Lisbon and 53% in Porto.

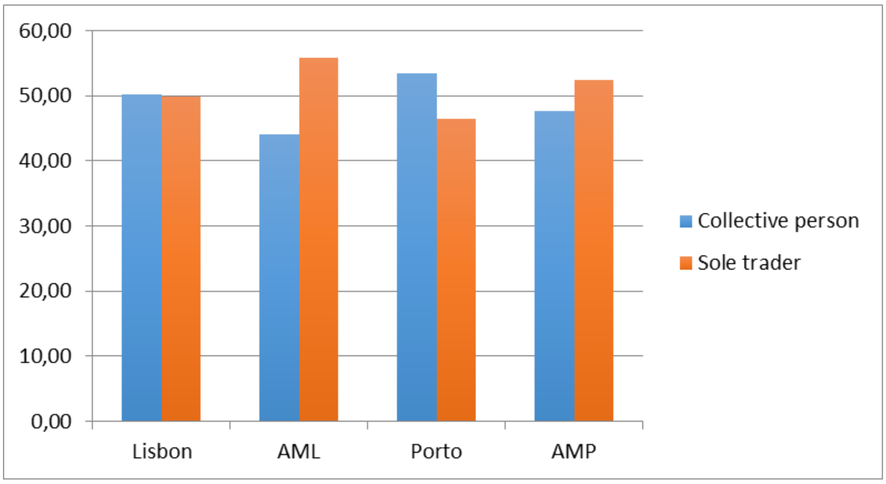


Figure 10 – Promoter profile: sole trader or collective person (elaborated by authors; data source: Turismo de Portugal – RNAL, February 2019)

3.3. The current housing market

Is the real estate market price growth sustainable or are we fueling a speculative bubble? Even if demand and external investment are sustaining the prices, can a real estate market coexist with high European prices, low national wages, and without social and generational tensions?

With real estate market globalization and rising prices some are losing and others winning. As mentioned earlier, in the central municipalities of Portugal (Lisbon and Porto) owner-occupied housing represents about 50% of the built stock, but in the urban peripheries the percentage of owner-occupied housing rises significantly (70%). With rising housing prices, owner families notice their assets are valorized, but lessees and younger, less well-off population have their accessibility to housing decreased.

It is important to realize that the tensions around the prices in the real estate market will have the tendency to become more pronounced between the generation of external residents and traditional owners or tenants. Understanding how to mitigate this problem is one of the key issues for housing and territory policies. Global attractiveness unleashes market forces that especially cater to the higher income population, reinforcing income inequalities effects.

Hoping for the strengthening of undifferentiated housing offer makes no sense because it does nothing to reduce the structural causes associated with the housing crisis in metropolitan areas. It is necessary to move towards specific policies to reduce economic and spatial segregation, involving greater regulation and other forms of public intervention in the real estate market.

It is crucial to reduce economic, social and political stress and sometimes-social rage, which demonize foreign investment, attractiveness of tourists and new residents, thus segmenting society. Cities thriving and open to the outside require new public policies that are anchored in places. This way, we will have to be more inventive in order to build a more inter-class city.

3.3.1. Housing Price Development (residential)

As it is clearly seen in Figure 10, housing prices per square meter have steadily increased in Portugal in the last three years. Median values for the country have increased from around 800 €/m^2 to 1.000 €/m^2. Values for the metropolitan area of Porto closely follow the national pattern, whilst those for the metropolitan area of Lisbon are slightly higher. Whist in the city of Porto itself values stay in this order of magnitude, rising from around 1.100 €/m^2 to 1.500 €/m^2, in the city of Lisbon prices have always been higher, and have increased even more in recent years. If in early 2016 median square meter price was around 1.900 €/m^2, it stood at the end of 2018 at around 2.900 €/m^2.

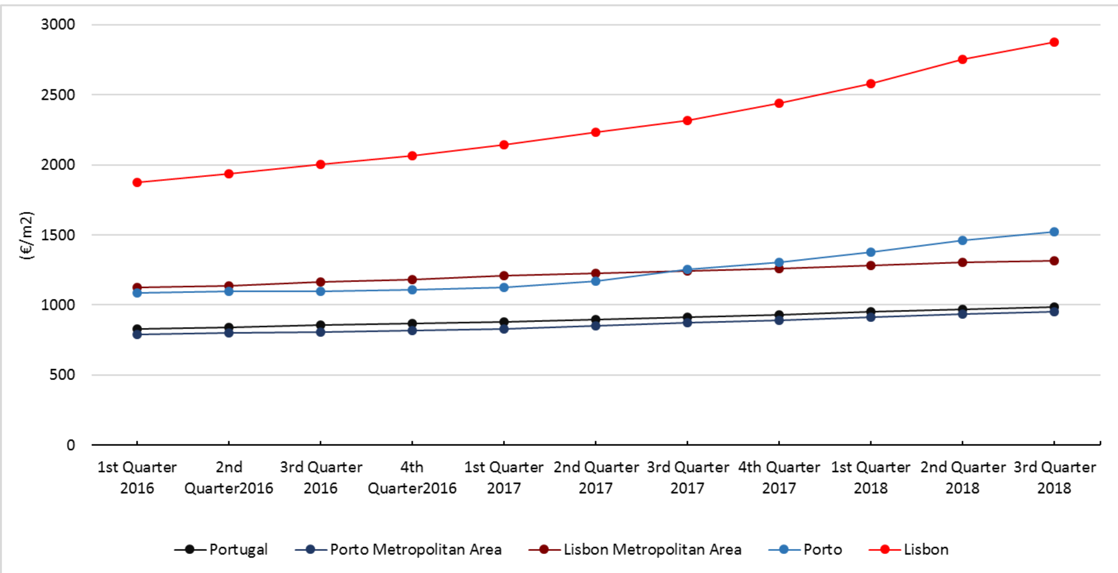


Figure 10 - Median value, in Euros, of sales of residential dwellings, per square meter (elaborated by authors; data source: INE, House prices at the local level - 2016-2018)

Figures 11 and 12 correspond, respectively, to the spatial representation of housing prices in the metropolitan areas and inside each municipality, for the third quarter of 2018. Obviously, both the municipalities of Lisbon and Porto are the most expensive locations inside the respective metropolitan areas, with average prices as high as 4.500 €/m^2. Other municipalities in these metropolitan areas have nonetheless shown an increasing trend, with values up to 2.000 €/m^2. The increase of housing prices in suburban locations is also responsible for the steady overall average increase in prices. Lisbon, for example, is no longer the municipality in the metropolitan area with greatest annual increase. Lowest values are found farther from the center, being around 900 €/m^2, closer to the national average.

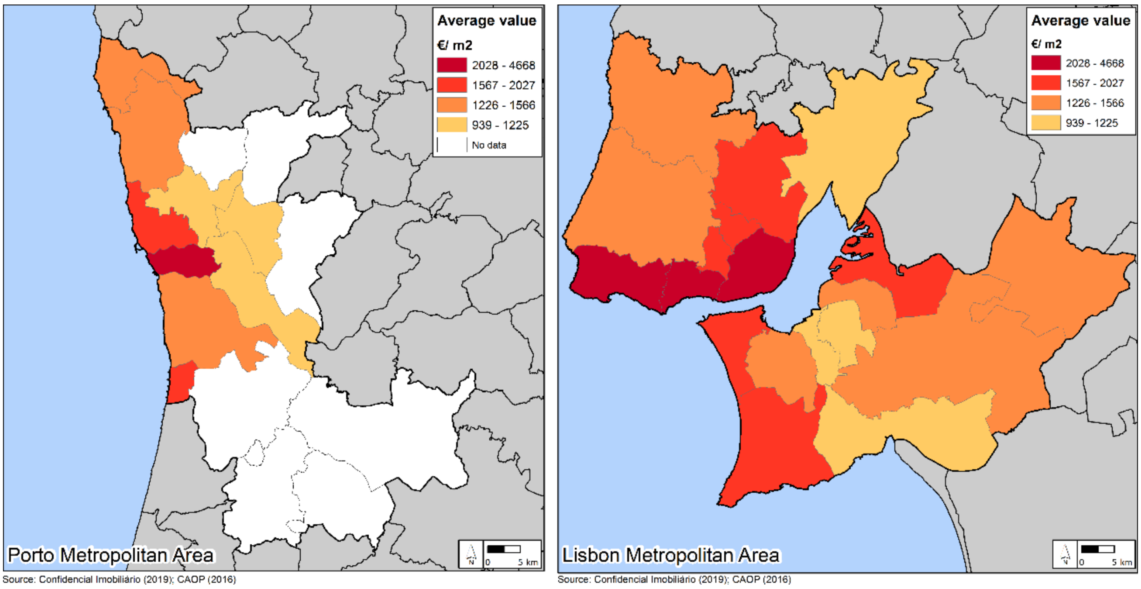


Figure 11 - Average value of housing sales, in euros, per square meter in the Porto (right) and Lisbon (left) metropolitan areas, by municipality (elaborated by authors; data source: *Confidencial Imobiliário*. Data for the third quarter of 2018)

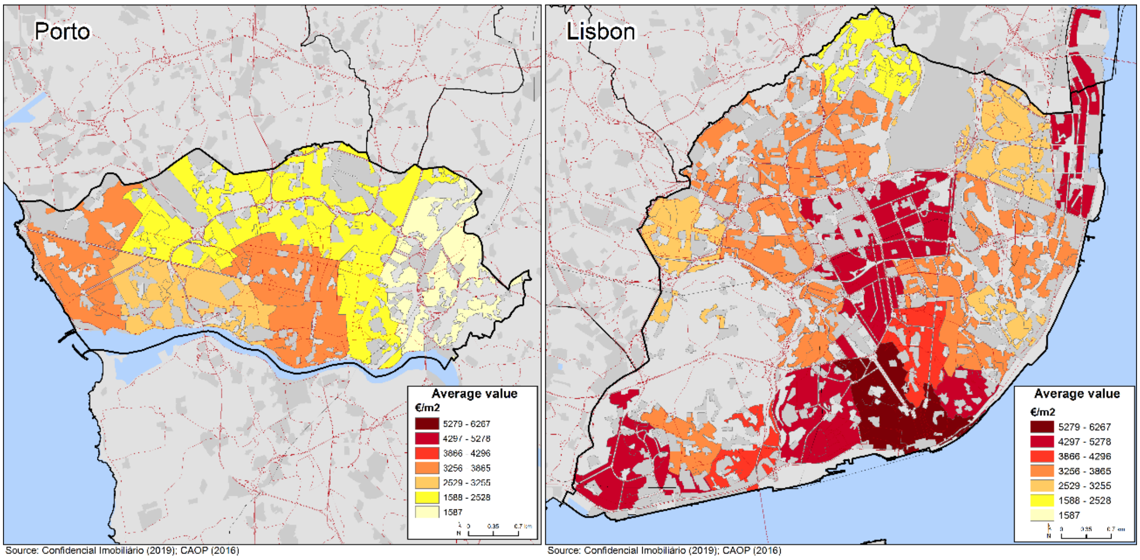


Figure 12 - Average value of housing sales in euros, per square meter in Porto (right) and Lisbon (left), by parish (elaborated by authors; data source: *Confidencial Imobiliário*. Data for the third quarter of 2018)

Looking specifically inside the municipalities (Figure 12), we can see that the most expensive average housing values for Porto are close to 4.000 €/m^2, in the downtown area, as well as to the west, by the sea. The northern and eastern areas of the city are the cheapest. In Lisbon, however, values skyrocket to close to 6.000 €/m^2 in the downtown area, with other areas around the city displaying average values between 4.000 to 5.000 €/m^2. The cheapest areas of the city are to the northeast. There is a clearer separation of city areas by price in Porto than in Lisbon.

Figure 13 shows the association between the average sales prices of housing with the presence of Airbnb in the metropolitan areas of Lisbon and Porto, and Figure 14 shows the same for the municipalities of Lisbon and Porto.

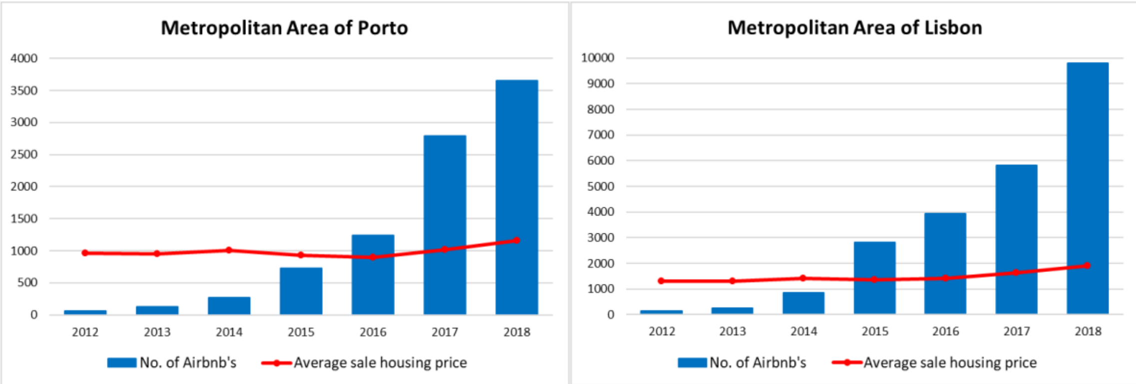


Figure 13 – Number of Airbnb's and average sale housing prices in the metropolitan areas of Porto and Lisbon (elaborated by authors; data source: Turismo de Portugal – RNAL; and *Confidencial Imobiliário*)

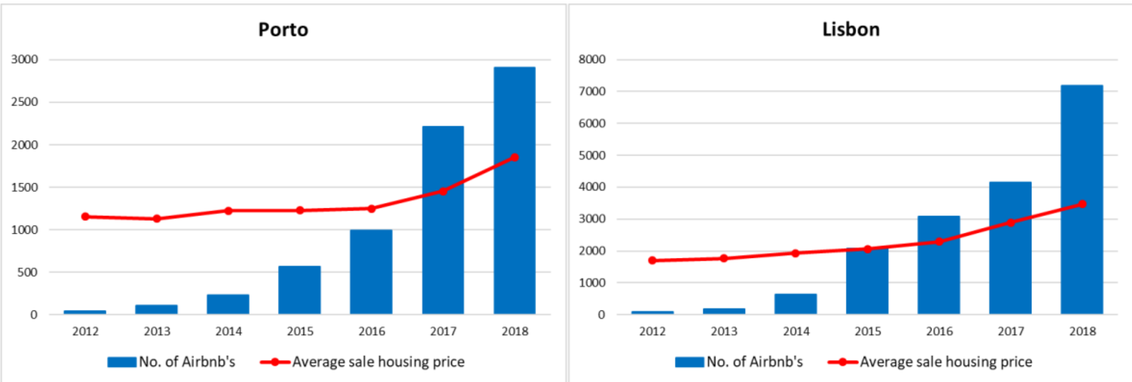
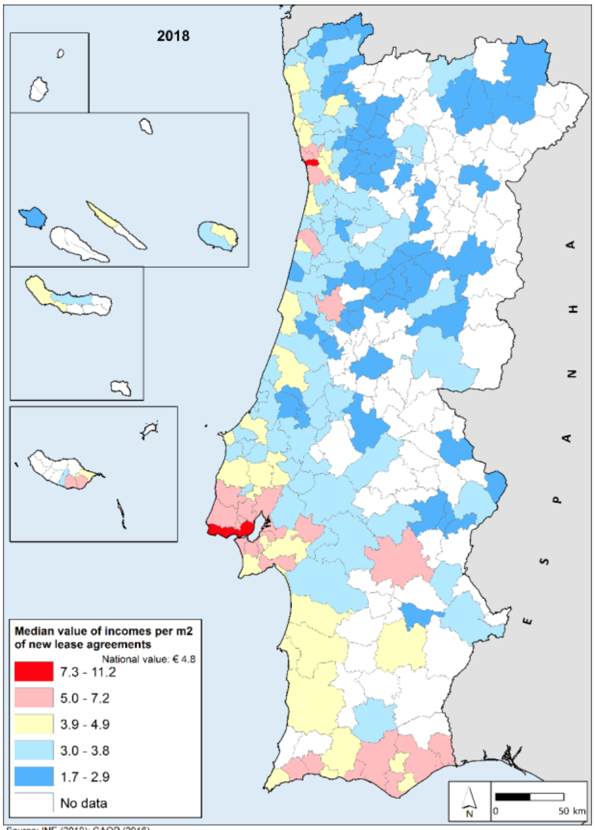


Figure 14 – Number of Airbnb's and average sale housing prices in Porto and Lisbon (elaborated by authors; data source: Turismo de Portugal – RNAL; and *Confidencial Imobiliário*)

A simple correlation between the two variables shows r-square values of over 0,95 for Lisbon, Porto, and the metropolitan area of Lisbon, and 0,75 for the metropolitan area of Porto. The correlation series uses only the values for the last seven years so no causal inference can be drawn at this point, but the association raises interesting questions nonetheless.

3.3.2. Rental prices development (residential)

Table 2 shows the development of rents from the second semester of 2017 to the second semester of 2018, whilst Figure 15 displays the median municipal values for 2018. In the twelvemonth period, average rent values increased in Portugal from 4,39 €/m^2 to 4,80 €/m^2. Highest values are again witnessed in Lisbon and Porto's municipalities and adjoining territories. In Porto, values have increased in over 1 €/m^2, from 6,77 €/m^2 to 7,85 €/m^2. In Lisbon, values are over twice as much as the national average, having increased from 9,62 €/m^2 to 11,16 €/m^2 in the twelvemonth period. Table 2 also displays, for the same period, the number of new lease agreements for family dwellings. Interestingly, there has been a slow decrease both at national level, and at the level of the municipalities of Lisbon and Porto.



Source: INE (2019); CAOP (2016)

Figure 15 - Median rent values by square meter, in Euros, for new lease agreements in family dwellings for the previous twelve months (2018) (elaborated by authors; data source: INE, House rental statistics at local level; 2nd Semi-annual 2018)

Table 2 - Median rent values by square meter, in euros, for new lease agreements in family dwellings; and number of new lease agreements (elaborated by authors; data source: INE, House rental statistics at local level; 2017-2018)

	Median house rental value per m² of new lease agreements of dwellings (€)			**New lease agreements of dwellings (No.)**		
	2nd semi-annual 2017	1st semi-annual 2018	2nd semi-annual 2018	2nd semi-annual 2017	1st semi-annual 2018	2nd semi-annual 2018
Portugal	4.39	4.58	4.80	84383	79723	77723
Porto Metropolitan Area	4.58	4.81	5.07	14453	13747	13532
Lisbon Metropolitan Area	6.06	6.50	7	28305	26577	25916
Porto	6.77	7.21	7.85	3177	3099	3110
Lisbon	9.62	10.39	11.16	6980	6650	6643

3.4. Affordable housing supply and demand (special focus on affordability for middle class)

The recent developments in housing prices and demand, particularly in the urban areas of Porto and Lisbon, make it more difficult for middle-class residents to access housing? Is this a conjunctural or structural problem?

Yes, the middle class has difficulties in accessing the housing market in Lisbon and Porto. But this is a very common reality in the metropolitan centers and is therefore a structural problem because the price of land, and implicitly of housing, is clearly higher in the more central urban areas. The strong external attractiveness of Portugal, especially of Lisbon but also of Porto, is attracting income, new residents and more qualified activities. And this dynamic of economic and social globalization has repercussions in the valorization of the territory.

The central areas of Lisbon and Porto at the beginning of this century were depopulated and derelict, having lost the strong centrality that characterized them. They showed clear signs of physical and functional degradation, and the dynamics of rehabilitation did not follow the required needs in any way. The preference for urban peripheries and the abandonment of the older central areas, is justified by: (1) the decline in environmental quality and the degradation of heritage built in the historic or ancient city; (2) the evolution of lifestyles that gave preference to new housing in tall buildings or single-family homes with a small garden; (3) the high costs associated with rehabilitation of the existing building in the older parts of the city (4) and the greater opportunities and less bureaucratic constraints and urban regulation in the peripheral spaces. Between 1981 and 2011, Lisbon lost 359 thousand inhabitants (a decline of 32% less), and Porto lost 129 thousand (a decline of 27%).

The recent external visibility of Portugal has created a dynamic of attractiveness of investments, visitors and new residents. The central areas have been rehabilitated and have recreated centrality (urban and global). Buildings in central areas that had previously been ruined, deprived of its residential or commerce and services functions and that had lost its residents drastically, gained an attractiveness that is progressively disproportionate and difficult in terms of urban management.

The external attractiveness of Portugal has led to major changes in the residential market, especially in Lisbon and Porto. There has been an increase in real estate property prices, capital gains have increased, and real estate investment returns have skyrocketed. This led to a socio-spatial segmentation of the residential market, as prices rose in the most attractive areas, rising to European values (especially in Lisbon). The middle class, receiving salaries consistent with national averages, does not have access to this offer. After an extensive period of population loss (between 1981 and 2015), Lisbon and Porto ceased to lose residents in recent years.

But we need to answer other questions: Does the increase in demand and external investment inevitably lead to a rise in prices of housing, sales and rental, which hamper or hinder the Portuguese (and the middle class) access to housing, especially in Lisbon and Porto? Who are the losers and the winners?

In the years of urban expansion (1980 to 2008) there was weak residential attractiveness in Portugal and the demand was dominantly internal. Housing supply in the urban peripheries has responded to the existing housing shortages, but also to the needs of a population with new ways of life and new demands on quality of life and well-being. The central areas were less inhabited and more abandoned, the populations were more vulnerable, the residents became older and the income lower. The middle class, based on mobility supported by the automobile, opted for the new residential areas of the urban peripheries, with new housing and at more affordable prices.

In recent years, with the strengthening of external attractiveness, the middle class has difficulties in re-inhabiting the central areas, since residential market prices follow European levels and are therefore inaccessible. In Lisbon and Porto about 51-52% of households do not own their homes, hence they will soon be more vulnerable to market developments.

In addition to the middle class, the generations losing the most are the youngest, since they lose access to housing. Young people generally have difficulties emancipating themselves from their families because they do not enjoy income compatible with housing market prices. University students, traditionally resident in the city center, have a hard time paying rent.

On the side of the beneficiaries are homeowners who profit from the effects of rising housing prices, valuing their assets and increasing family wealth. The middle-class homeowners can then be one of the big beneficiaries with the globalization of the real estate market and with the fact that housing has become an asset.

To respond to these questions, we need to analyze the recent information about the dynamics of affordable housing supply and demand. After 2013, in the aftermath of the economic crisis, the real estate sector showed signs of slowing down. As Figure 16 demonstrates, from 2013 to 2015-2016, the number of completed buildings destined for family residence decreased in value, both in the wider metropolitan areas of Lisbon and Porto, and in the cities themselves. Considering the metropolitan areas, values decreased from around 1.200 completed buildings in 2013 to around 700 completed buildings in 2016. However, from 2016 to 2017, the last available data, the number of completed buildings has once more increased to values close to 1.000. It is also noticeable the small weight the main cities of Porto and Lisbon have in terms of new construction in the metropolitan area. This shows that here the dynamic of the real estate sector has been more focused on rehabilitation rather new construction. Even so, from 2016 to 2017, new construction has almost doubled, from 100 to 200 completed buildings.

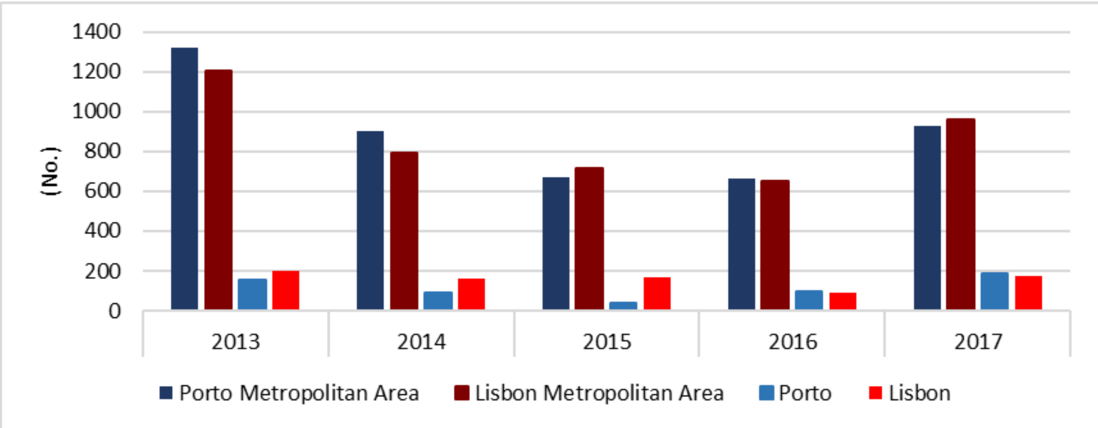


Figure 16 - Completed buildings for family residence (elaborated by authors; data source: INE, Statistics on completed construction works completed, 2013-2017)

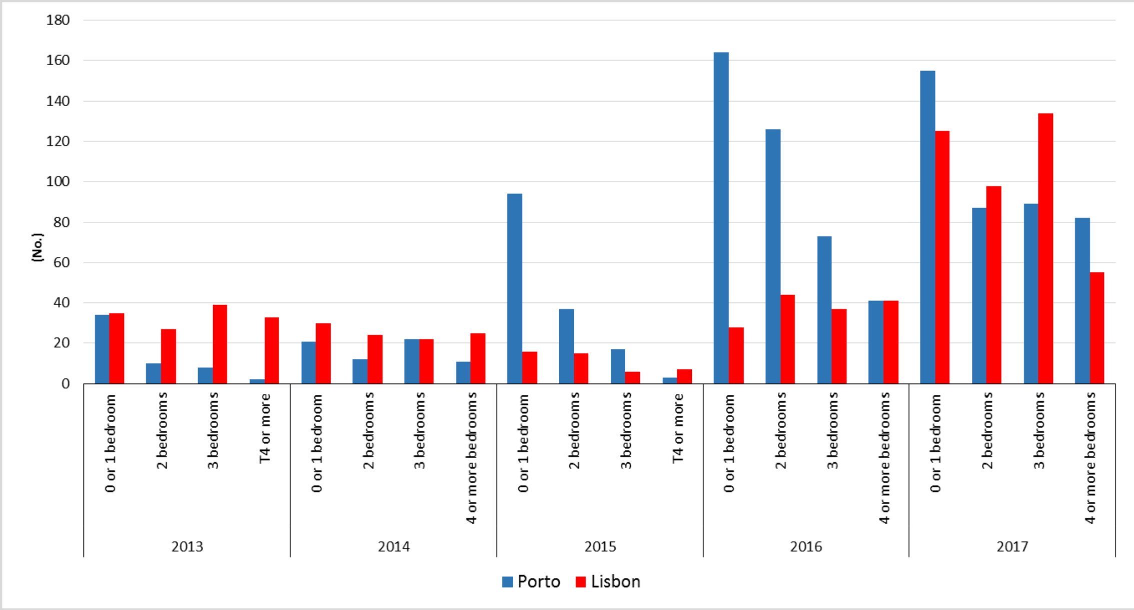


Figure 17 - Licensed housing in new constructions for family residence, by housing typology (2013-2017) (elaborated by authors; data source: INE, Projects of building constructions and demolitions survey, 2013-2017)

Figure 17 further shows the preferred housing typologies, concerning licensed housing in new constructions for family home between 2013 and 2017. If until 2014, licensed dwellings were evenly distributed between typologies, with a slight preference for 0, 1 or 3 bedroom apartments, after 2015 a more evident preference has been displayed for smaller typologies. In Porto this is perfectly clear, with exponential booms after 2015 in the licensing of 0 or 1 bedroom apartments, followed by 2 bedroom apartments in the subsequent year. Lisbon has once again taken longer to show a significant increase in licenses, with the number tripling between 2016 and 2017 for 0, 1 or 3 bedroom apartments.

Looking at the evolution in the number of housing for sale, it can actually be seen that this indicator has been more or less steady since 2013, even showing slight decreases (Figure 18). However, the number of dwellings actually sold has substantially increased since 2013. In 2013, around 15% of dwellings were sold in Lisbon and around 5% in Porto. Five years later, numbers reached 50% in Lisbon and 30% in Porto. The market has maintained steady supply whilst the demand has considerably expanded.

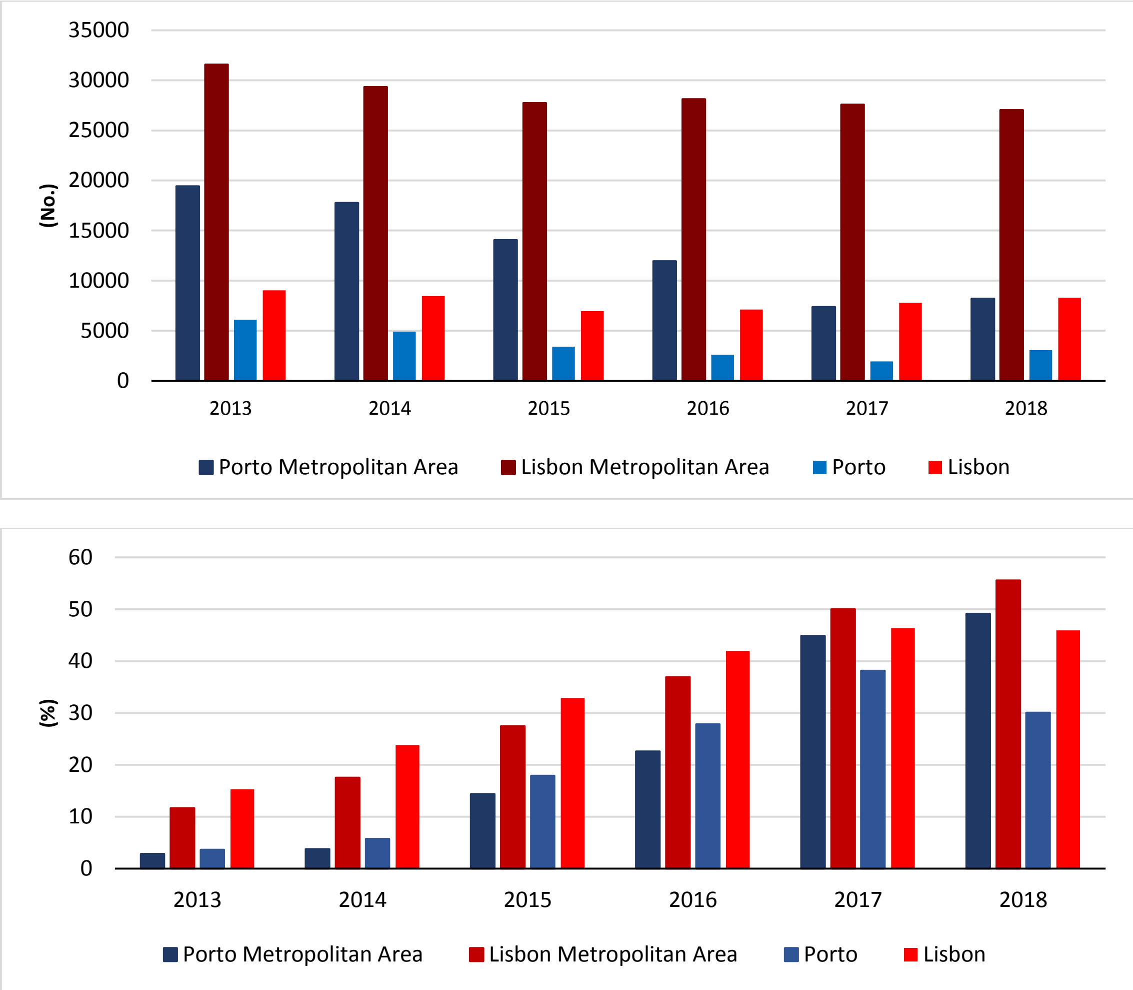


Figure 18 – Housing number for sale (top) and percentage of those housing actually sold (bottom) (elaborated by authors; data source: *Confidencial Imobiliário*, 2013-2018)

Asking prices (Figure 19) have also risen considerably both in Lisbon (since 2013) and Porto (since 2017). Average price was around 2.500 €/m^2 in Lisbon in 2013; now it has almost doubled, to 4.500 €/m^2. In Porto it has risen from around 1.750 €/m^2 in 2013 to close to 3.000 €/m^2 in 2018, showing the massive inflation of the market. The actual transaction price is lower, reaching over 3.000 €/m^2 in Lisbon and over 1.500 €/m^2 in Porto for 2018, displaying a normal trend in Portuguese negotiations between buyers and sellers before actual purchase. However, the divide between asking price and transaction price has increased over the years (it stands at around 22% in Lisbon and 30% in Porto), further showing how the housing market is keen on over-evaluating real estate to capitalize on (foreign) promoters with a greater investing capacity.

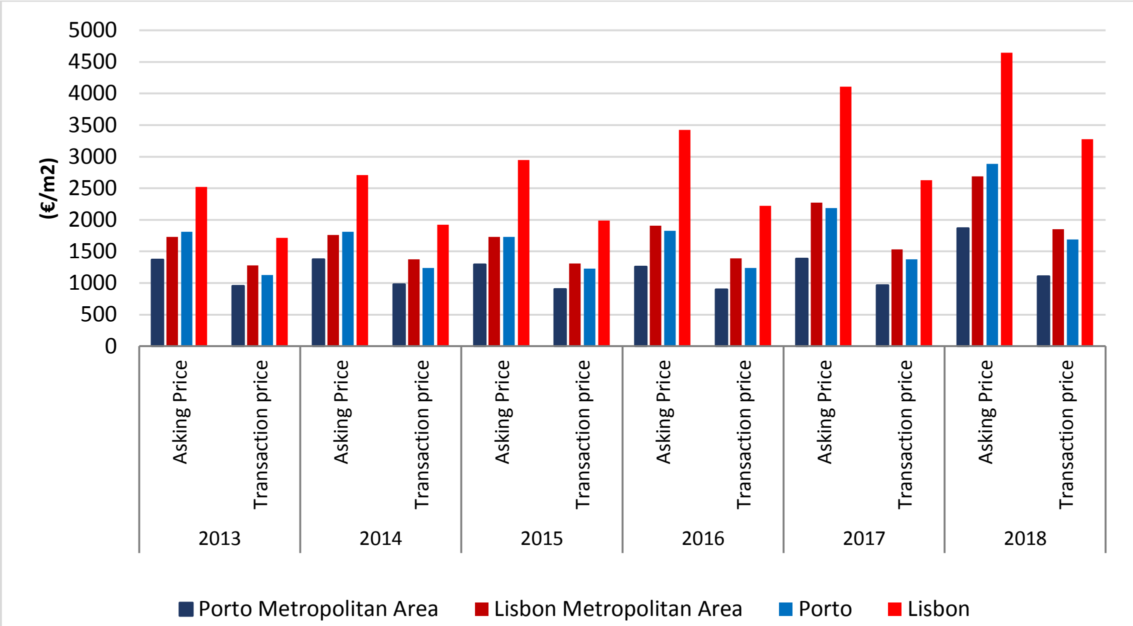


Figure 19 – Housing average price (in €/m²) for sale – asking and transaction price (elaborated by authors; data source: *Confidencial Imobiliário*, 2013-2018)

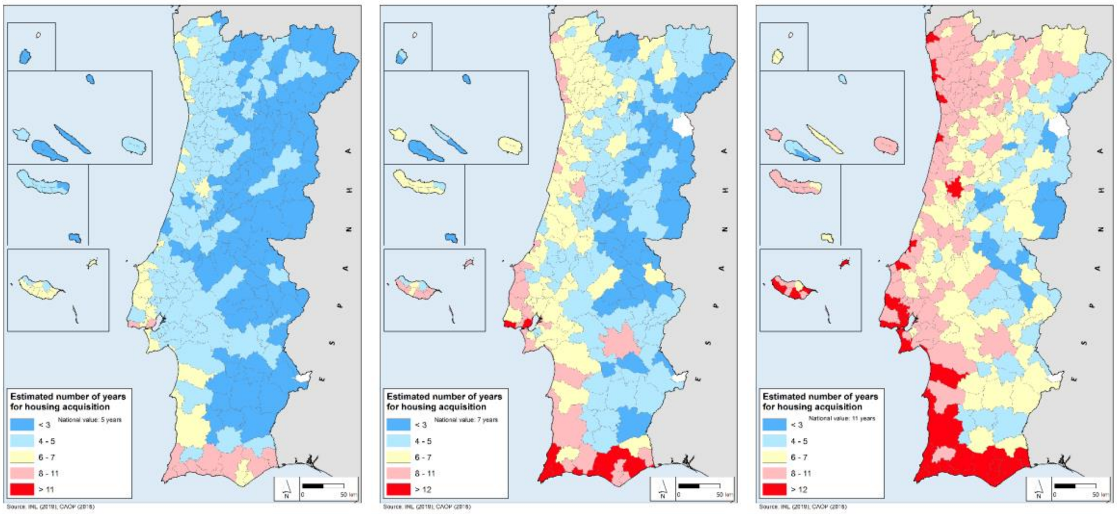


Figure 20 - Estimated number of years for the housing acquisition – middle class (left), lower middle class (middle) and poorer class (right) (elaborated by authors; data source: INE, House prices at the local level 2016-2018; Tax and Customs Authority 2015-2016 and *Regulamento Geral das Edificações Urbanas* 2018)

Consequently, it is becoming increasingly more difficult to access a proper home. Figure 20 displays, by municipality in Portugal, the estimated number of years required to acquire a house, divided by class types (middle, lower middle and poorer class). In order to create this indicator, a series of variables have been considered, including the average family income (based on the available years of 2015 and 2016), the average value of real estate (considering median sales values from 2016 to 2018), and the minimum size a 2 bedroom apartment should have according to the portuguese legislation. It is considered that the family uses all its income in housing expenses. As we move from the middle to the poorer classes, it is evident that there are regions in Portugal that are more vulnerable; to the South in the Algarve, along the Atlantic

Ocean coast (again particularlty to the South), and in the areas in and around main cities, including Lisbon and Porto.

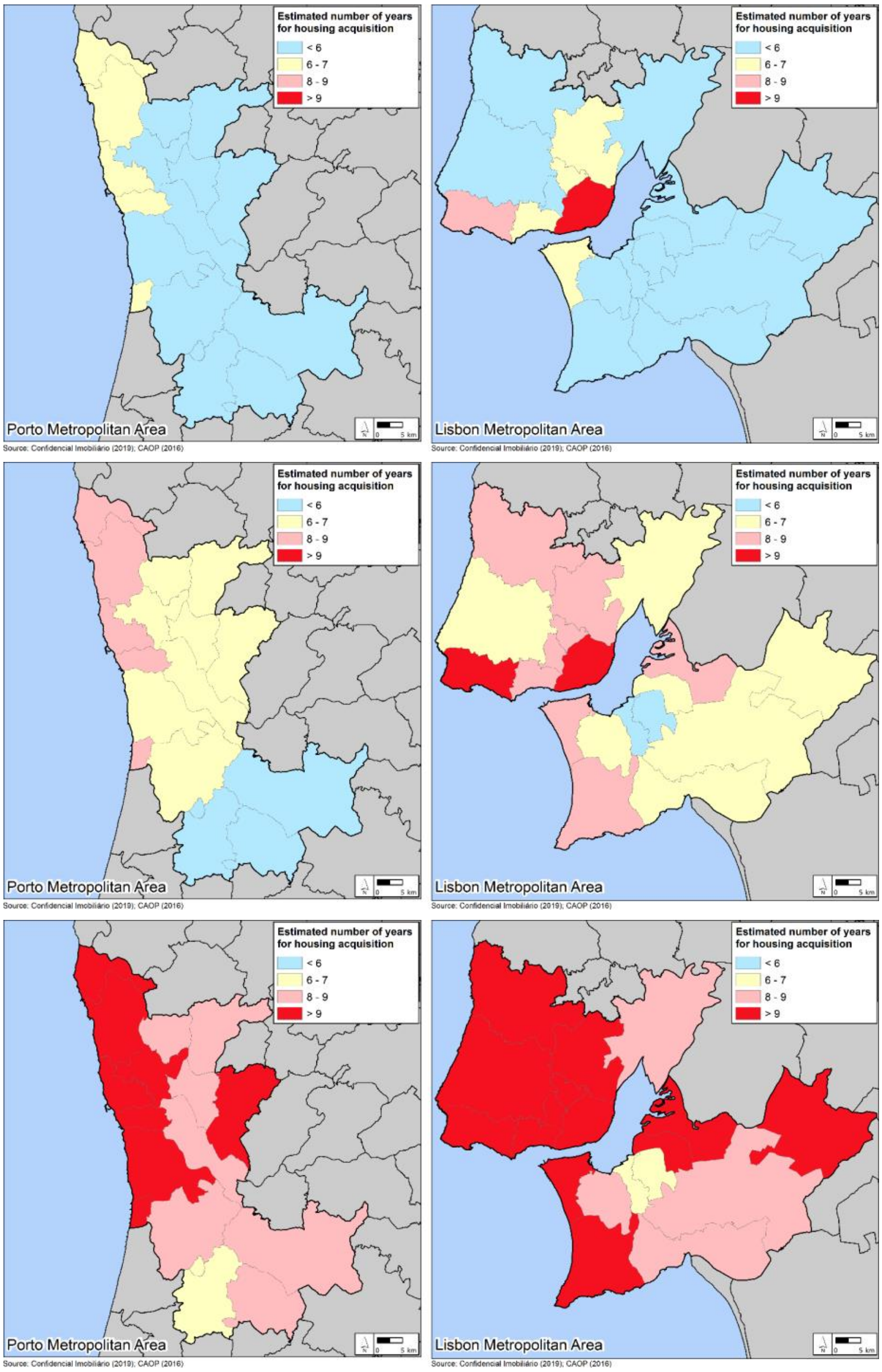


Figure 21 - Estimated number of years for the housing acquisition – middle class (top), lower middle class (middle) and poorer class (bottom) (elaborated by authors; data source: INE, House prices at the local level 2016-2018; Tax and Customs Authority 2015-2016 and *Regulamento Geral das Edificações Urbanas* 2018)

Figure 21 shows in increasing detail the two metropolitan areas of Lisbon and Porto, for each of the three classes under study. As expected the number of years increases as we move from the middle class to the poorer classes, where the vast majority of the metropolitan area has longer waiting periods. However, the municipality of Lisbon possesses in average the greater number of years (over 9) both for the middle and lower middle classes. This evidences the dificulty in obtaining a proper home in the capital city. For Porto, values are lower, set on 6-7 estimated years for the middle class, and a more preocupying 8 to 9 years for the lower middle class.

Even so, the dynamics of the of real estate sales have increased since the immediate post-crisis period. Values for the average number of months until a dwelling put on the market is sold are decreasing (Figure 22). For Lisbon, average values were between 8 and 9 months, and now are set close to 6. For Porto values increased to almost 16 months in 2015 and 2016 but have also since droped to 6 months. Indeed, there has been a convergence at 6 months on the fourth quarter of 2018 in all curves for the cities and the metropolitan areas of Lisbon and Porto. This is the lowest value recorded on the graph; definite signs of the increased demand.

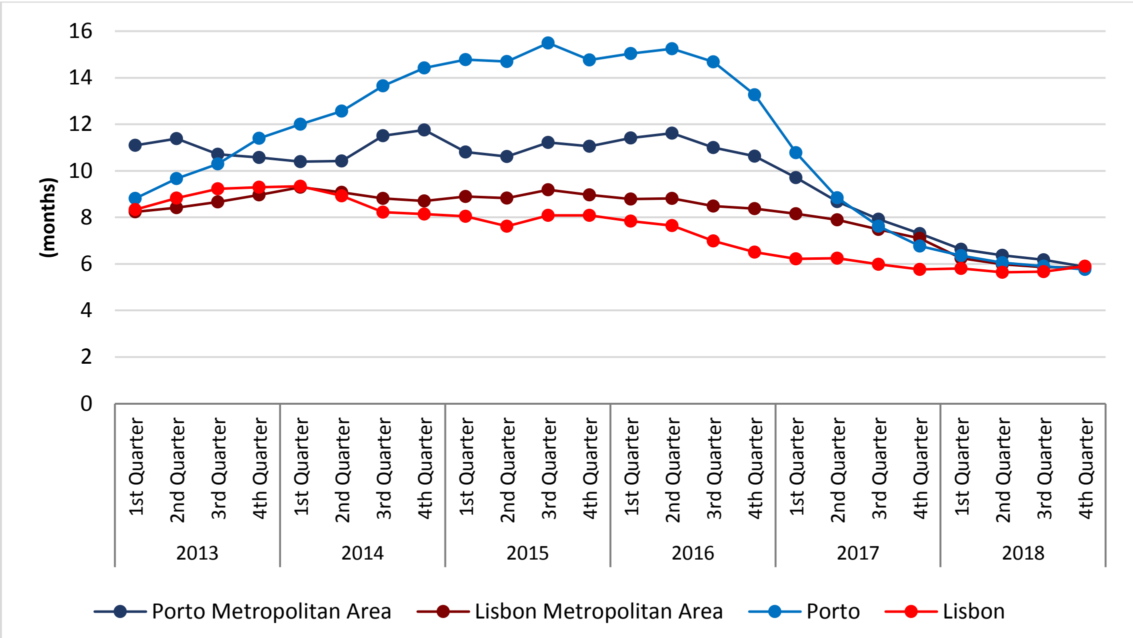


Figure 22 - Average number of months until a housing on the market is sold (elaborated by authors; data source: *Confidencial Imobiliário*, 2013-2018)

Contrasting with this increase in purchases and sales, the rent market has actually declined (Figure 23). The number of dwellings available for leasing has decreased to about half in Lisbon, from around 2.500 in 2013 to a little over 1.000 in 2018, and in Porto from close to a 1.000 in 2013 to a residual couple of hundred in 2018. The metropolitan areas, particularly Lisbon's, have had even more significant declines. The conversion of apartments to local accommodations, as well as the increase in housing purchases are the most probable causes to explain this decline.

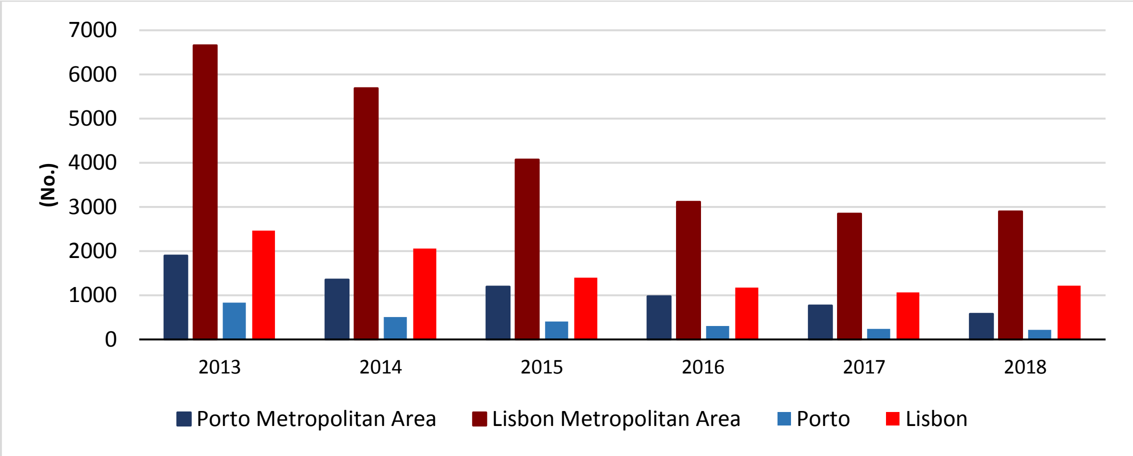


Figure 23 – Housing number on offer for leasing (elaborated by authors; data source: *Confidencial Imobiliário*, 2013-2018)

At the same time, average rent values have not decreased (Figure 24). On the contrary, since 2013 asking rent values, in average, have risen in Lisbon from 9 €/m^2 to 14 €/m^2 in 2018; and in Porto from 6 €/m^2 to 10 €/m^2. Actual contract rent values have risen in Lisbon from 8 €/m^2 to 12 €/m^2, and in Porto from 6 €/m^2 to 8 €/m^2 in the five-year period. Again, asking and contract values were much closer in 2013 than they were in 2018.

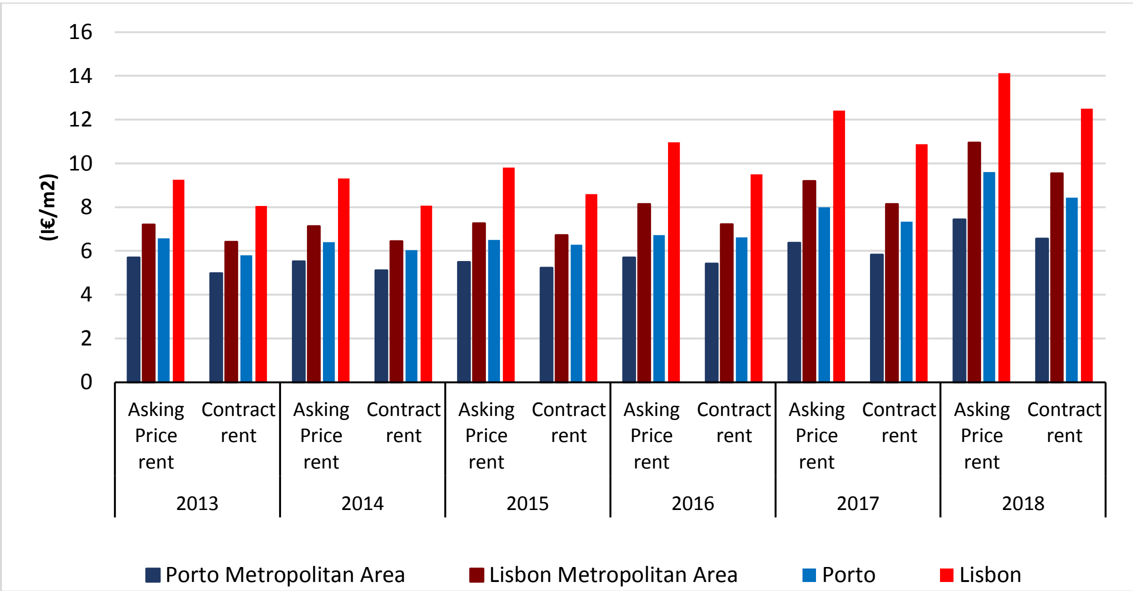


Figure 24 - Average rent value (in €/m^2) of dwellings for leasing – asking and contract rent value (elaborated by authors; data source: *Confidencial Imobiliário*, 2013-2018)

Figure 25 displays, by municipality in Portugal, the estimated weight of rental value in the gross monthly income, divided by class types (middle, lower middle and poorer class). In order to create this indicator, a series of variables have been considered, including the average family income (considering the available years of 2015 and 2016), the average value of rents (considering median rent values of new lease contracts from 2016 to 2018), and the minimum size a 2 bedroom apartment should have according to the portuguese legislation. Again, it is considered that the family uses all its income in housing expenses. Once more, the regions of Porto and Lisbon, the Algarve and Southwest coast are more vulnerable, meaning that in these territories families need to spend more than half of their gross monthly income on housing. For the middle class this phenomena is mostly seen in the municipality of Lisbon, and for the lower middle class in the metropolitan area of Lisbon, the municipality of Porto and along the Algarve.

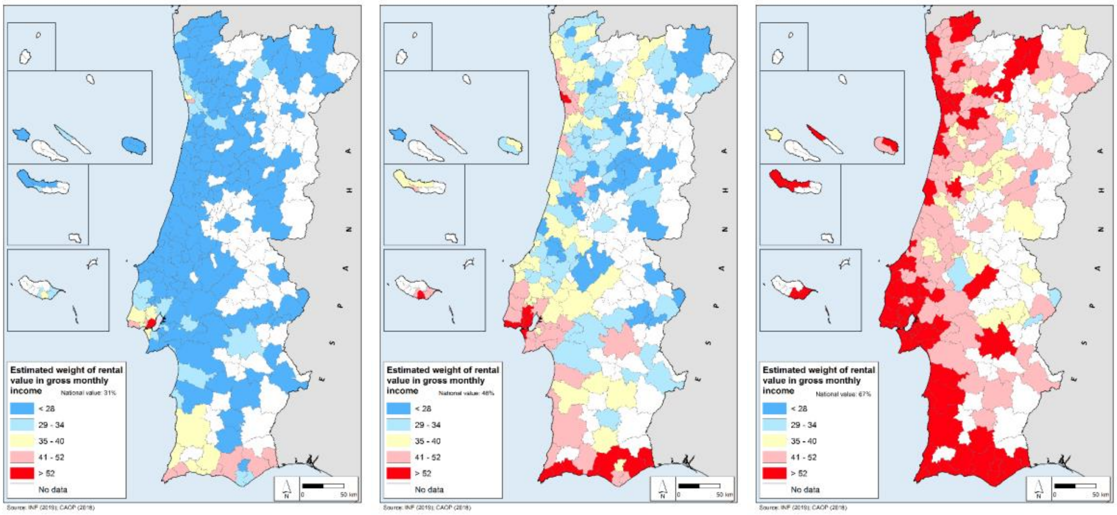


Figure 25 - Estimated weight of rental value in gross monthly income – middle class (left), lower middle class (middle) and poorer class (right) (elaborated by authors; data source: INE, House prices at the local level 2016-2018; Tax and Customs Authority 2015-2016 and General Regulation of Urban Buildings 2018)

Figure 26 looks at this phenomenum with added detail for the two metropolitan areas of Lisbon and Porto, for each of the three classes under study. The percentage of monthly income spent on rent increases from the middle to the poor classes. In both central Lisbon and Porto, as well as adjoining municipalities in the metropolitan area, values for the poor classes can be higher than 68% of the income. This means that families have either no resources to access a proper home, or else have no resources to live with dignity. For the lower middle classes such extreme values are only seen in Lisbon, with the higher values in Porto being on the previous class; between 52 and 68% of the income.

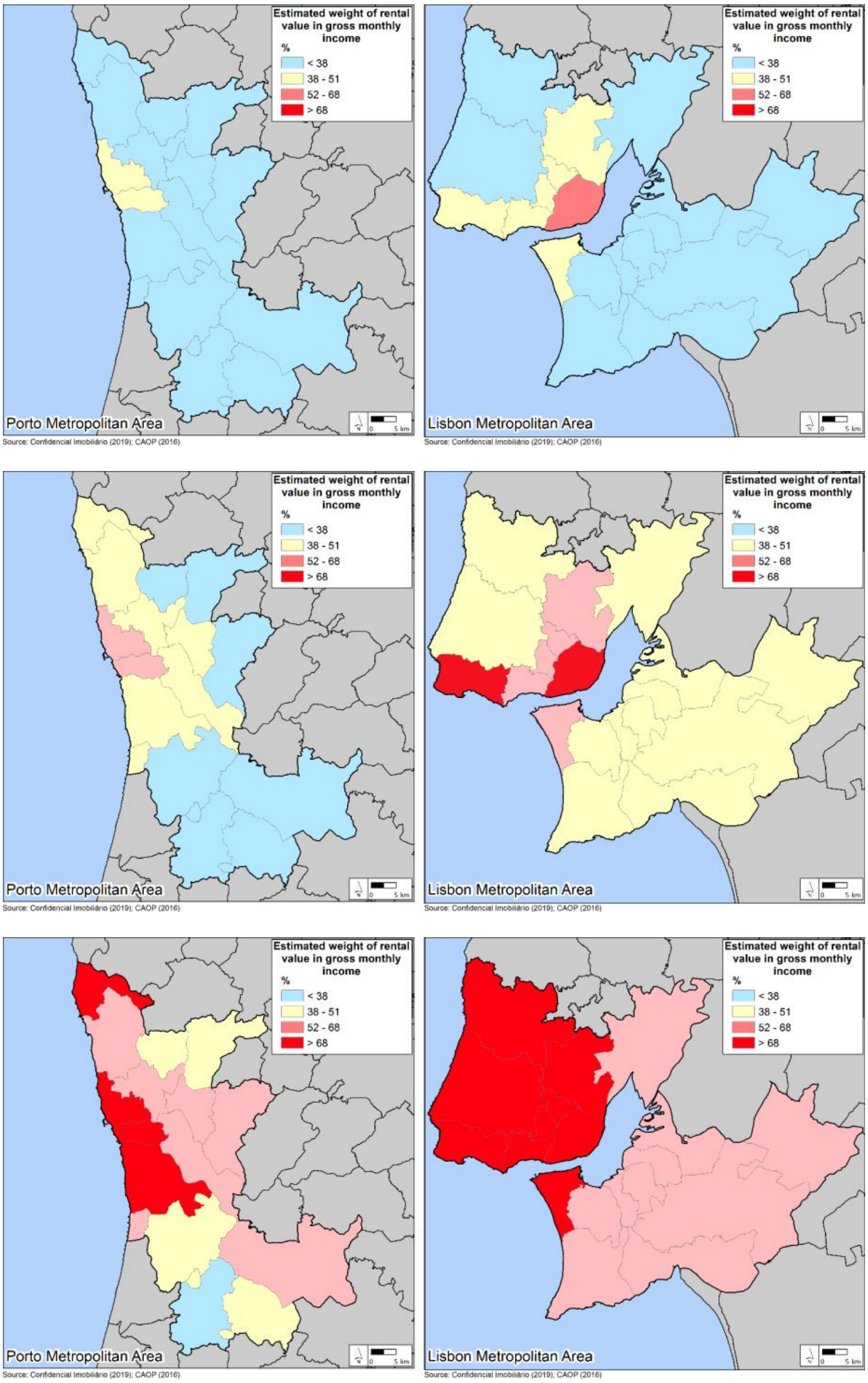


Figure 26 - Estimated weight of rental value in gross monthly income (%) – middle class (top), lower middle class (middle) and poorer class (bottom) (elaborated by authors; data source: INE, House prices at the local level 2016-2018; Tax and Customs Authority 2015-2016 and General Regulation of Urban Buildings 2018)

Even so, the average number of months until a dwelling put on the market is rented has also been decreasing, after rising in the post crisis years (Figure 27). Again, Porto has been more subject to fluctuations, with the number of months rising from 6 in early 2013, to a full year in mid 2015, and then dropping drastically to just 2 months. For Lisbon, values have been more steady. The peak has been 4 months (also in mid-2015) but it has since also dropped to 2 months.

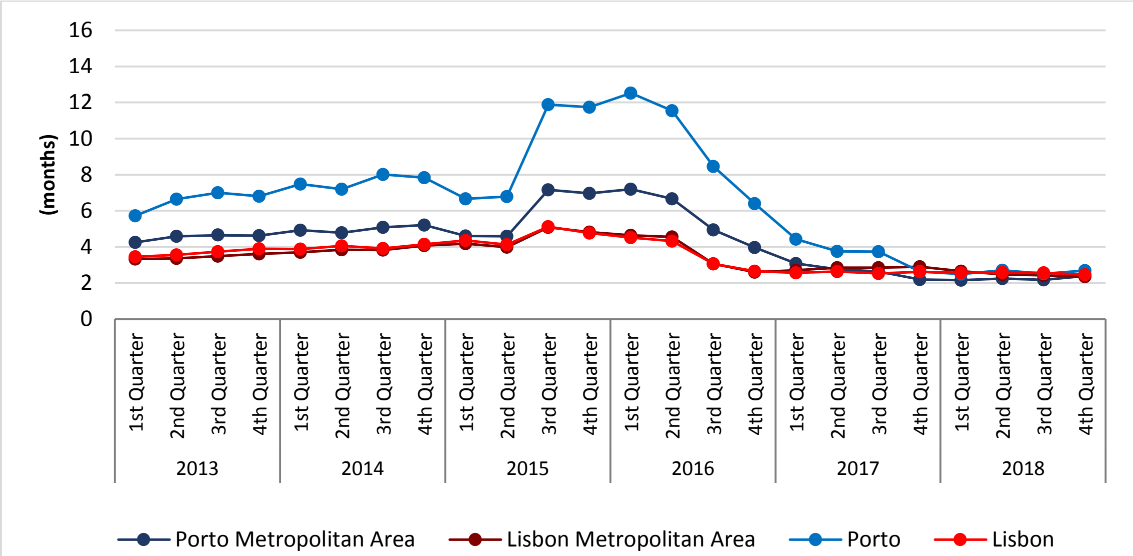


Figure 27 - Average number of months until a dwelling on the market is rented (elaborated by authors; data source: *Confidencial Imobiliário*, 2013-2018)

Finally, it should be mentioned that in Portugal there is still a large number of families that need to be relocated to homes with better conditions or that are waiting vacancy in social housing (Figure 28). It is precisely in Lisbon and Porto, and respective surrounding municipalities, that this need is more pressing. There are over 2.000 families in these conditions in the Municipality of Porto, almost 3.000 in Lisbon, and over 2.500 in each of the main municipalities adjoining Lisbon; Amadora, Almada and Loures.

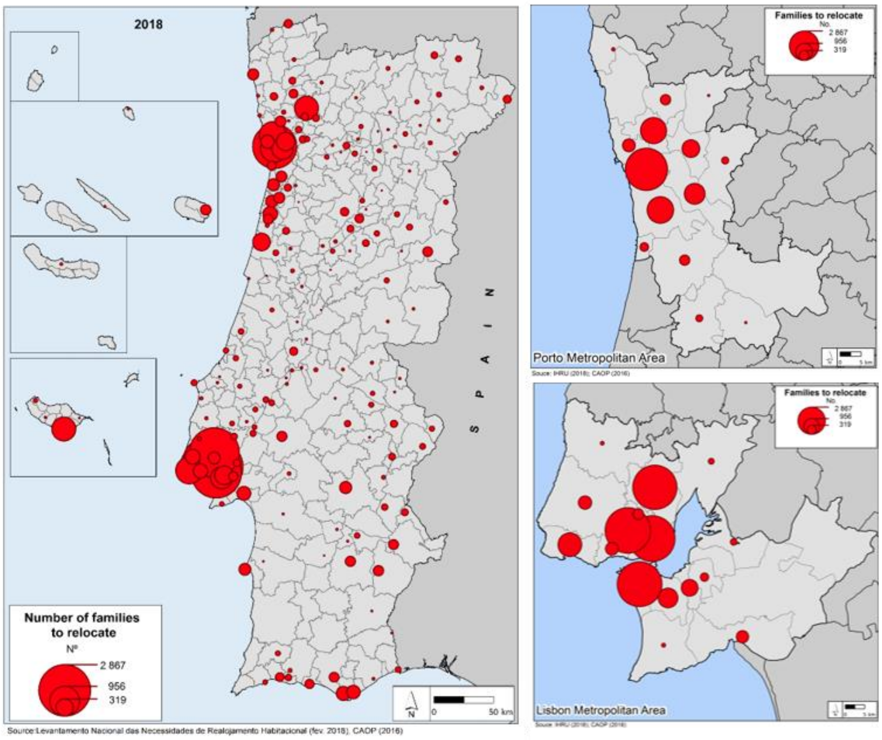


Figure 28 - Number of families to be relocate (2018) (elaborated by authors; data source: *IHRU - Instituto Nacional da Habitação e Reabilitação Urbana*)

3.5. Investor share in ownership

Is the increase in demand for housing by foreigners here to stay? Who is looking and why? Is the increase in foreign investment in housing to continue? Who invests and why?

The metropolises that grow mainly due to the growth of low-skilled jobs and moderate salaries have lower housing prices than metropolitan areas that attract highly skilled and remunerated resources. A geography that creates more opportunities and better jobs will have implications in the housing market. If it were a demand directed at lower paid residents the impact would be different in nature. In this sense, it is important to reflect what kind of external attractiveness this is and which economy supports it (Figure 29). The two metropolitan areas have clearly differentiated economic structures and the two are seeking to position themselves in the new economic geography. The continuity of foreign investment in housing depends on the future of its economic prosperity. However, relations between housing, employment and the territory are also changing. The dematerialization of work creates a new generation of workers, more nomadic, who seem to have more freedom to choose their place to live. The metropolis can provide them with the best quality of life.

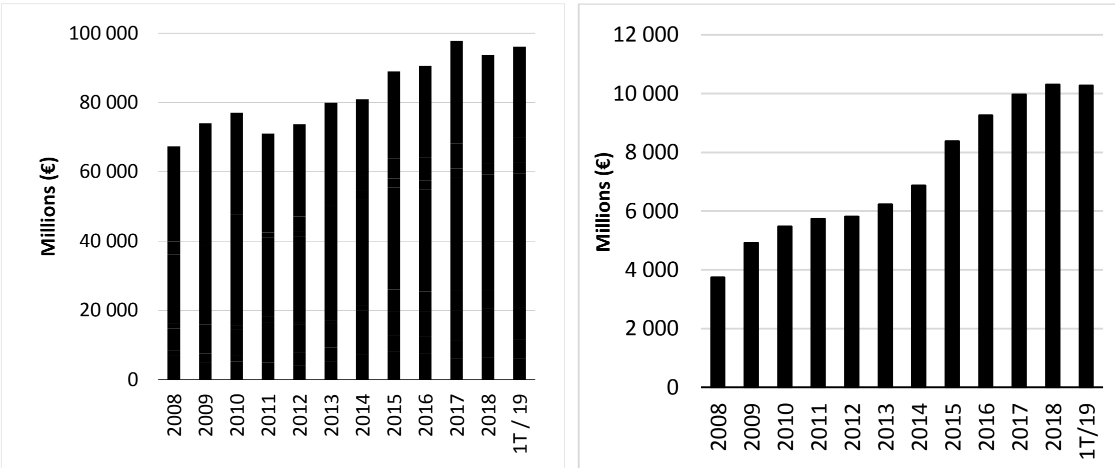


Figure 29 - Foreign direct investment (FDI), total (left) and in real estate activities and construction (right) (millions of euros) for Portugal (elaborated by authors; data source: *Banco de Portugal*)

Figures 30 shows the investing entities for licensed dwellings in new constructions destined for family housing, between 2013 and 2017. Private companies dominate the new housing market, followed by private individual and then public bodies. In Porto, licensed dwellings by private entities have exponentially increased from less than 50 in 2013 to over 300, four years later. The peak year was 2016, the year before Porto was considered Europe's Best Travel Destination. The contrast with the value for the same year in Lisbon is striking, showing Porto's increasing dynamic in competing with the nation's capital. Even the number of licensed dwellings for private individuals peaked that year, whilst the number for public bodies was relevant in the following year of 2017. Lisbon's exponential growth in private company licensing occurred as well in 2017, after having declined in the post crisis years, until 2015.

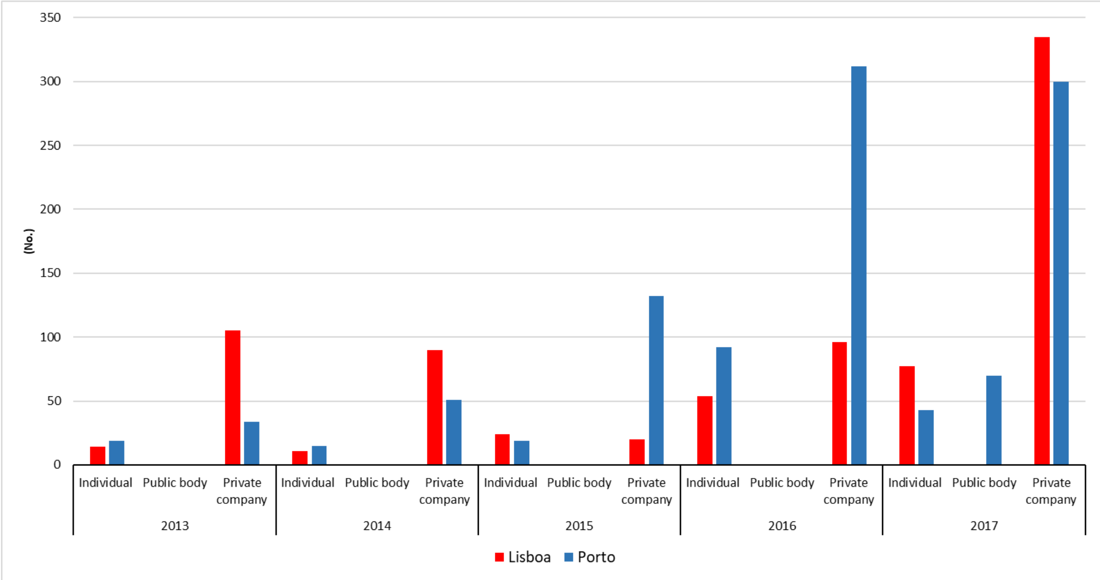


Figure 30 - Licensed dwellings in new constructions for family housing, by investing entity (2013-2017) (elaborated by authors; data source: INE, Projects of building constructions and demolitions survey (2013-2017).

Associated to this, real estate investment funds (which exist since 1985) have shown a significant growth. These funds are authorized and regulated by the Portuguese Securities and Exchange Commission (CMVM) and their profitability is fomented by a more favorable tax regime. Mortgage securitization also appeared at a late stage in Portugal (it exists since 1999) and has reached a peak of 65 billion euro in 2011. However, the crisis and regulatory changes caused credit securitization to plummet (Santos, 2019). Furthermore, Real Estate Investment Trusts (known in Portugal as SIGI – *Sociedades de Investimento e Gestão Imobiliária*) have emerged in recent years. Like real estate investment funds and mortgage securitization, the SIGI allow a fixed asset to be transformed into a tradable asset, thus enabling any external agent to obtain land rents. The SIGI are public limited companies. As Santos (2019) argues, "It is still too early to assess how the SIGI will impact on housing; however, it is easy to see that the new companies specializing in real estate are part of a continuing process to expand financial capital in housing" (Santos, 2019: 42).

Other recent studies have shed a light on the amount of foreign investment in Porto's residential market. According to the study by Avenue and Prebisa, two real estate companies, the percentage of foreign investment is 16% (Avenue & Prebisa, 2019). This relates to the 247 newly or renovated real estate developments (amounting to 2.871 apartments) the companies promoted between 2016 and 2019. Close to 85% of this foreign investment is located in the city centre, where the average sale prices per square meter are 38% above the city's average. According to another source, InvestPorto (a municipal company whose goal is to attract and support investment in the city), in major real estate projects in Porto, about 55% of the investment is foreign.

4. Policy implementation and debate

What public policies have been implemented in Portugal and what has been the overall outcome?

In Portugal, as in other European Union countries, a number of instruments have been created to attract foreign investment and develop state investment funds in partnership with Community Funds for investment in the housing market. These are being oriented towards rehabilitation and the rent market, namely towards addressing housing stock degradation and the lack of housing for rent. Furthermore, because of the ongoing difficulties of families in accessing the housing market, the State has created support programs for increasing housing affordability. Lastly, another relevant issue in housing policy is the progressive regularization of short-term residential housing supply, in response to strong pressures on the housing market. Namely, the increase in housing prices and the resident's eviction from the central areas of Lisbon and Porto. These issues are debated in more detail in the following subsections.

4.1. Existing mechanisms of financialization of the housing market

4.1.1. Golden Visa

Since the economic crisis, many peripheral European countries adopted instruments of economic diplomacy to attract foreign investment that had already been used in larger countries such as the UK or the USA. In particular, countries like Portugal, Spain, Cyprus, Bulgaria and Malta started to grant, in the last decade, residence permits in exchange for investment. The increasing competition has nonetheless led to a widening of the admission criteria, something that has been far from consensual. Unlike more powerful countries with leading business markets and, consequently, well-developed control mechanisms, in these smaller countries with less attractive business markets for foreign capital, investment has largely occurred in the real estate sector.

In Portugal, the Residence Permit for Investment Activities (known as the Golden Visa) exists since 2012. It allows foreign citizens, outside the European Union, to obtain a residence permit (and consequently open access to the Shengen space) in exchange for business or real estate investment in Portugal for a minimum period of five years. Unlike the UK, where applicants need to stay in the country for periods of at least 185 days, in Portugal the law allows that applicants remain in the national territory only 7 consecutive days a year (or 14 non consecutive days). This has made the Portuguese program very attractive, but also a source of major debate, as most investors have no desire to live in the country.

Two types of eligible investment in real estate are permitted. The first is housing acquisition of value equal to or higher than 500 thousand euros. The second is acquisition of real estate constructed at least 30 years ago or located in areas of urban regeneration, for which rehabilitation work valuing 350 thousand euros or more is performed. This has augmented the foreign investment in the Portuguese housing market, as well as significantly contributed to the rehabilitation of the housing stock, particularly in Porto and Lisbon. It has also contributed to stimulate the housing market, with the consequence that promoters, seizing the opportunity, strongly increased housing prices.

According to data of The Immigration and Borders Service of Portugal (SEF), a total of 5.553 Golden Visas have already been granted; 9% in 2013; 27% in 2014; 14% in 2015; 25% in 2016, and again 25% in 2017. In 2017, total investment in real estate derived from the Golden Visas reached almost 750 million Euros. Since 2012, the entire investment has been on the order of 3,5 billion euros (SEF, 2012-2117). According to SEF these investors are mainly from China, Brazil, South Africa, Turkey and Russia. Lisbon has today real estate investors of 80 different nationalities, also benefiting from political and economic unrest in other countries as Brazil or the UK.

4.1.2. Real Estate Investment Funds for Housing Rental

The Real Estate Investment Funds for Housing Rental (FIIAH) were conceived in 2008 by the Portuguese Government with the purpose of stimulating the rent market. They offered persons holding banking housing loans the chance to sell their property, but still dwell there as tenants. This mechanism allowed many families in risk of losing their homes to remain in the same house when, during the crisis, they were unable to afford the monthly installments to the banking institutions. The property sale to the FIIAH investment fund is supported by a series of fiscal benefits, like the exemption to pay added value taxes on the sale. However, under the agreement, families cannot break their leasing contracts before the due date, when they also need to repurchase the property. The tenant loses the right to repurchase the property if he fails in the rent payments for a period of over three months. The program is due on December 31st of 2020, in which date the FIIAH are converted to real estate investment funds.

4.1.3. Financial Instrument for Urban Rehabilitation and Revitalization

The Financial Instrument for Urban Rehabilitation and Revitalization (IFRRU 2020) offers more favorable loans than those existing on the market, for the full rehabilitation of buildings. The favorable conditions, in terms of interest rates and grace periods, result from the use of European funds (loans from the European Investment Bank and the Council of Europe Development Bank) along with private funds. More concretely, this programs supports the full rehabilitation of i) buildings over 30 years old or, in case they are younger, those which demonstrate a low state of conservation according to specific parameters; ii) social housing buildings or specific dwellings therein; iii) abandoned industrial units; and iv) public space. Overall, this instrument provides for a total investment of 1.400 million Euros for the 2016-2023 period. By June of 2019, there had been 363 requests for financing; 129 of which were contracted, corresponding to 394 million Euros (https://ifrru.ihru.pt/).

4.1.4 National Building Rehabilitation Fund

The National Building Rehabilitation Fund (FNRE) was created in 2016 (Resolution of the Council of Ministers no. 48/2016). It is another instrument aimed at promoting the rental market, and consists of a special closed-end real estate investment fund of private subscription. General rules and regulations regarding real estate investment funds apply to the FNRE and are subject to the supervision of the Securities Market Commission (CMVM), which approves the respective regulation. Fundiestamo, a Real Estate Investment Fund Management Company, SA, wholly owned by public capital, was assigned the mission of managing the FNRE. Possessing public funds, the FNRE has the mission of rehabilitating public properties that are vacant or available, for subsequent lease, including affordable housing. The purpose is to help promote the increase of public housing offer in this segment of the market.

4.2. Local accommodation (short-term residential housing)

Local accommodation (AL) has rapidly expanded in Lisbon and Porto in the last few years, fueled, as elsewhere worldwide, by the proliferation of online platforms and new business models. Despite having a positive effect on the rehabilitation of the urban fabric of historical city centers, and on the boosting of local retail and other activities associated to leisure and culture, they have also caused well-known negative impacts. Namely, the pressure on the housing market, the increase of housing prices, and the pressures for non-renewal of leasing contracts and subsequent "expulsion" of long standing tenants.

Consequently, the Portuguese Government has tried over the past decade to regulate local accommodation – initially an almost informal activity – by a series of law decrees. The Local Accommodation was legally recognized in 2008 (Decree-Law No. 39/2008) as a complementary entity to regular touristic accommodations, in a legal regime which also included, at this stage, pensions, motels, hostels and inns. Only six years later, in 2014, was a legal regime specifically created for Local Accommodations (Decree-Law No. 128/2014), a consequence of the massive proliferation of this type of establishment and their significant market share in the tourism sector. This law decree allows Local Accommodations in single family homes, single apartments or else in regular touristic accommodations composed by various rooms. This decree also establishes the need for clear identification at the street entrance, and that the registry of AL units is overseen by each respective municipality.

The following year, in 2015, Decree-Law No. 63/2015 further clarified the conditions in which promoters could operate AL establishments. The most relevant alteration to the previous decree has been the restriction of AL units in a single building. Only 75% of units within a building can be used for AL. In 2018, Decree-Law No. 62/2018 created an additional category, "room", and reinforced the powers of municipalities and condominiums, as well as the obligations of promoters. Municipalities can now delimit areas for ALs, limit the number of operating licenses and oppose new registries. Condominiums now have approval rights for the installation of hostels in buildings with residential units. Condominiums can also dictate the shutting down of an AL unit if it disrupts the normal functioning of the building, although this measure is subject to a municipal validation. Finally, condominiums can dictate that AL owners pay an additional fee to compensate the more intense use of the common areas of the buildings. On the other hand, promoters now have civic responsibility and need a multi-risk insurance to cover damages to common areas of buildings; need to clearly identify their lodgings (the only exception is single family homes) and need to have a book regarding safety and other information in four languages. Furthermore, supervision has been tightened and penalties have increased in order to combat illegal properties. Lastly, restriction to the number of units a single promoter could own has been lifted, except in the areas delimited by the municipality in which an owner can now only own 7 enterprises.

4.3. Accessible housing programs

4.3.1. "Door 65" Youth Program

The Program "Door 65", is a system of financial support for renting. Created in 2007, it is destined for young adults between 18 and 35 years of age. In case of couples, one of the members can be up to 37 years old. The program supports a given percentage of the rent value for permanent homes. The rent eligible cannot be higher than the maximum rent value for the area where the house is located, nor that defined by the government for each housing typology. Furthermore, it cannot be over 60% of the monthly income of the family. Each approved application has the duration of 12 months, with the support lasting up to 5 years, subject to yearly application for renewal. In the current national State budget for 2019, 18 million Euros are foreseen for this program (Santos, 2019).

4.3.2 Affordable Rent Program

Very recently, in 2019, the Portuguese State approved a new law (Decree-Law No. 68/2019) that offers homes at affordable renting prices, according to an effort rate compatible with the incomes of families. This program is mainly destined to families whose income is too small to access the housing market, but too large to be eligible for social housing, supported by the State. The dwellings supported by this program should have a maximum renting price, smaller than the reference value for renting, derived from the characteristics of the dwelling and the average renting prices per square meter. The program also allows sub-renting of dwelling parcels for university students. Leasing contracts have a minimum duration of five years. For university students it has a minimum duration of nine months.

The program thus wishes to ensure the maintenance of the housing stock and promote a greater equilibrium between the rent sector and the home-owning sector, facilitating the transition between regimes and promoting the increase of the renting offer. Consequently, landlords have a total exemption of taxes over property income, in contracts of five years or more, as long as the rent is 20% below market value, and the tenants have effort rates below 35% (Decree-Law No. 2/2019). Decree-Law No. 69/2019 gives more security and stability to leasing contracts, by defining mandatory insurances for both parties, with better conditions than those available on the market. These include i) the rent payment in case tenants suffer from an involuntary break in monthly income; ii) the rent payment in case there is an eviction process under way due to lack of payment; and iii) the payment of an indemnity if the dwelling is damaged.

In Lisbon there are 15 housing projects of this kind underway, with dwellings destined for the Affordable Rent Program. In Porto, 2 have started, one with 250 dwellings and another with 154. However, this measure is not expected to have a significant impact on the value of rents.

Given the current speculative context of the housing market, where prices continue to rise (as discussed in section 3.4) the 20% discount on the reference value of rents will not make rents more affordable. In the opinion of the president of Lisbon Landlords Association "although they are granted a full IRS exemption, landlords will have to set an income 20% below the market median to obtain it. Since this median is 10% below the average income, landlords are asked to lose 30% of their income to earn 28% of IRS exemption. In addition, they are not entitled to choose their tenants, which are placed in their home by the State, and they still have to pay an insurance to cover the default risks, which cannot be included in the rent defined by the administration. It´s thus clear that this program is highly detrimental to landlords and that they are not expected to adhere to it" (Leitão, 2019).

In addition, this measure gives rise to inequity since "discounts granted through tax benefits to landlords represent an income transfer from the State to the landlords (...) in turn, this income transfer means lower tax revenue and therefore less resources for socially fair measures, such as the public housing provision for affordable rent" (Santos, 2019, p. 306-307).

4.3.3. Rehabilitate to Rent - Affordable Housing

The program "Rehabilitate to Rent - Affordable Housing" aims to finance rehabilitation of buildings over 30 years old, preferably located in areas signaled for urban rehabilitation. Once rehabilitated, these units should be predominantly destined for housing in a leasing regime of controlled rents. Loans can go up to 90% of the cost of the rehabilitation, and there can be an advance up to 20% of the value of the loan. The interest rate is the same throughout the amortization period, and the only guarantee to be given is a mortgage on the building. The cost of the rehabilitation cannot exceed 700€ per square meter. This program was initially financed with 50 million Euros through the European Investment Bank and the Council of Europe Development Bank.

4.4. Rehabilitation of derelict dwellings

Due to various reasons covered earlier in this report (the rent freeze, the lack of financial capacity, and the lack of support programs) Portugal witnessed, over the decades, a progressive dereliction of buildings and dwellings. However, today an increasing dynamic on the real estate sector along with the creation of several support instruments have given rise to a prolific period of rehabilitation. The new Decree-Law No. 66/2019 establishes the legal rights and obligations of property owners for maintaining their real estate in minimum conditions of habitability, in the interest of public good, public wealth and public safety. The decree changes the rules regarding maintenance, rehabilitation and demolition works that the municipality can inforce when the owners do not follow them. Namely i) owners can be notified directly through a notice of the need to rehabilitate their property; ii) municipalities can take charge of the property to execute the needed works, and legal mechanism can be created to compensate for the expenses incurred; and iii) potentiate the effects of existing instruments such as "forced leasing". Forced leasing can be applied by a municipality, instead of collecting a debt resulting from doing the work that should have been made by the owner. In this scenario, the leasing of buildings or dwellings is managed by the municipality until the debt is payed.

4.5. Policy implementation: conclusion

A housing policy must be able to ensure adequate housing for those who, for various situations of need and vulnerability, are excluded from housing access. In addition, the housing policy must reinforce the supply and demand regulation according to principles of equity, sustainability and social justice, creating conditions for the generalized accessibility of decent housing and considering socio-territorial segregation. The measures proposed by the government, mentioned above, appear to be insufficient to stimulate the supply of affordable rental accommodation for the middle classes, as the budget allocated for housing is low. In fact, according to Santos (2019, p.303) “the allocation for housing in the State´s budget for 2019 is 257.5 million euros, corresponding to 0.8% of the social function expenditure of the State"

Housing is a social right, but also being an economic asset, the State must ensure that the housing market functions, against a speculative behavior. The influence of Community policies has been crucial in shaping national policies. Hence, integrating housing into the European cohesion policy would be strategic, since it would lead to a better linkage between Community policies and the different Member States’ housing policies.

Figure 31 - Challenges for a future housing policy agenda (CEGOT - UP housing research group; Opinion of the European Committee of the Regions - Towards a European Agenda for Housing, 2018).

5. Questions to ponder

1. Can the increase in housing supply be the solution to guarantee access to housing by young people and the non-owning middle class? What are the consequences of the increase in supply in the territory? Can the consequences be positive?

Andrés Rodríguez-Pose and Michael Storper (2018) consider that there is no clear evidence that housing regulation is primarily responsible for differences in housing availability or prices in different cities. Therefore, it seems unlikely that changes in soil regulation (in urban zoning) will increase residential mobility or increase accessibility for low-income households in affluent regions.

According to Romen (2016:1), "cities confronting growth pressure face a trade-off between accommodating growth through outward expansion or accepting the social implications of failing to build enough new housing". This matter has been a concern in the UK's national political debate. Thus, local housing regulations and land use zoning have become a matter of local but also national planning. The idea that reducing regulation increases social spatial justice is an apparent academic consensus, supposing that it would help the less skilled and with less income to access housing. Thus, mainstream economists assume that regulation is inefficient.

But we agree with Rodríguez-Pose and Michael Storper (2018) when they say that real estate markets are not like normal markets because increases in supply do not translate directly into price reductions because real estate markets respond to a complexity of issues (inheritance, migration, occupation patterns, etc.) that make the effects of aggregate supply very unequal and in many cases unintended or even contradictory.

In the most attractive areas, the attracted population composition and the ability to attract foreign investment determines differences in housing prices. This means that it depends on the wage structure and on the incomes of the arriving population. In growing areas, mainly due to routine employment and moderate salaries growth, housing prices are lower than in metropolitan areas that attract the highly skilled or highly paid.

Skilled workers located in the urban nucleus nowadays do not move (as did the workers in the nineties) to the suburbs. With the new economic geography, there is greater intra-metropolitan competition than there was before. This reinforces the idea that a more or less restrictive zoning can contribute to enhance the value of inner metropolitan areas, but interferes very little in housing availability for the less-skilled ones.

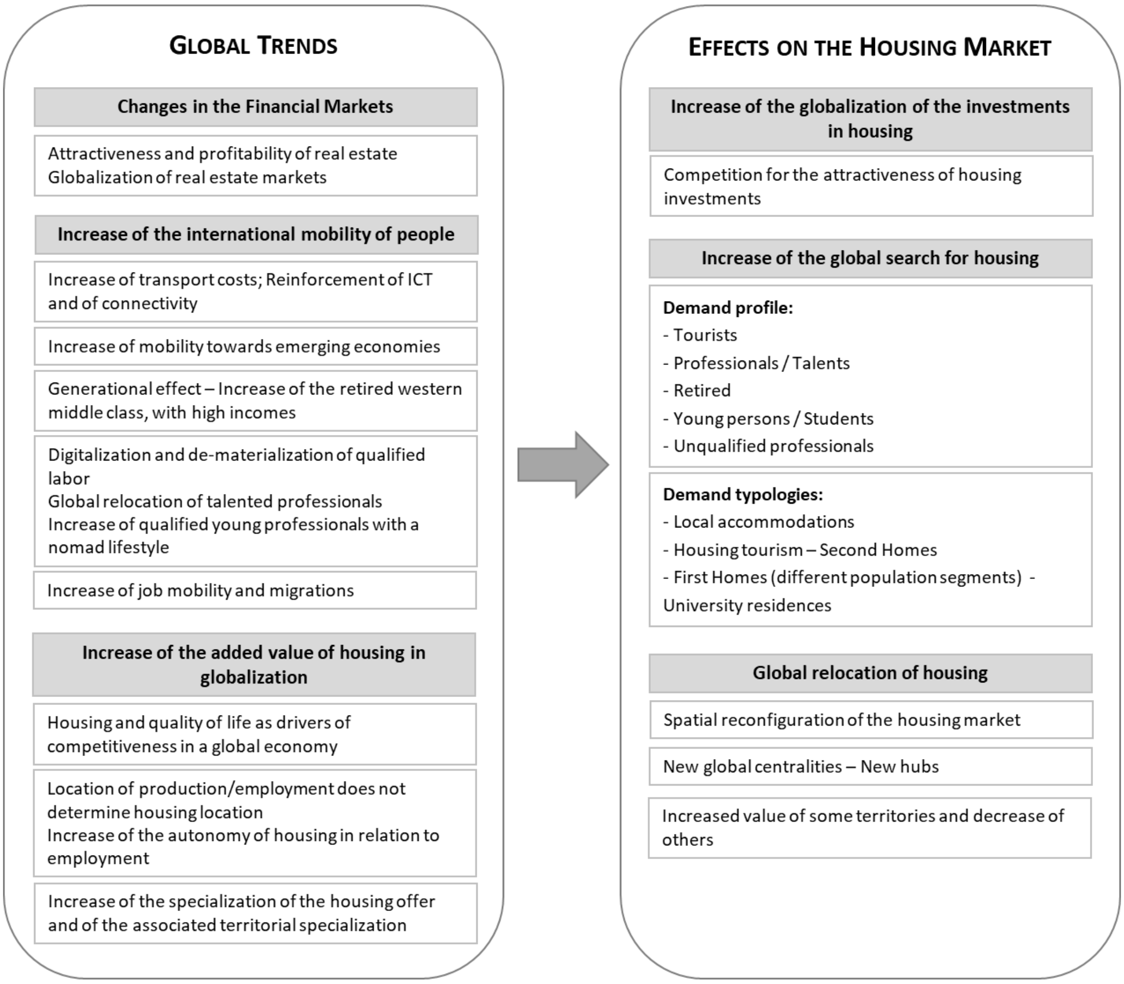


Figure 32 - As mudanças na habitação e no território numa perspetiva económica especulativa ou prospetiva. (according to Manzoni, A. (2019).

The answers should, therefore, be in the form of local policies, and urban policies should be tied in with economic strategies. This equation should be reflected in metropolitan contexts, given that the different municipalities can develop complementary strategies in order to give residents different housing opportunities. High prices in city centres have always been typical of metropolitan areas. What is new is the extent of territorial imbalances, hence the relevance of public policies. The promotion of housing requires better land planning and more socially and economically inclusive policies to combat property speculation.

2. Are we moving towards a major housing crisis? Is this a Portuguese or a global crisis? What is the role of credit in enabling the purchase of a house? Is it still worth buying a home? Are rentals becoming the dominant mode of access to housing? Are we going to see a revolution in the residential market and in the territory?

For 30 years (1981-2011) Portugal was the European champion of housing construction. Therefore, Portugal presents the youngest housing stock in Europe (52% of the homes were built after 1981), clearly improving living conditions. In Portugal the urbanization and tertiarization processes were tardy, which meant that the living conditions in the two cities have been answered late. Public housing supply is almost non-existent, and the most vulnerable social classes have poor access to housing. However, in recent years Portugal has gained new external visibility in terms of tourism, new residents and investment attractiveness for the economy and real estate. Besides being a social asset, housing is also an economic asset (a marketable asset) with consequences in the increase of socio-spatial inequalities.

Thus, housing in the two metropolitan areas became a sector more dominated by international financial capital.

6. Final conclusion

To conclude, we list the arguments that guide our thoughts on housing financialization in Lisbon and Porto.

First of all, quoting José Reis (2019), the territory is not a descriptive variable, but rather a system with different contents and depths. As such, housing cannot be regarded simply as a financialization object, because territories have their own resources and contents, one of which is precisely housing. Therefore, financialization takes on a different meaning depending on whether one is analyzing its measure in Lisbon or in Porto, or in any other place in the country.

Secondly, we need to establish how financialization of housing has developed in Portugal in a historical, political and geographical context. In other words, this issue must embody the Portuguese historical process, incorporating various disciplinary viewpoints, keeping in mind the various perceptions and social aspirations, and also including public-policy decision-making.

Access to housing for both the low and middle class was a very serious problem in the 1980s in Portugal. The medium class found it difficult to have access to housing, especially in Lisbon and Porto. Rents in these cities had been frozen since 1948 (and throughout the country since 1974). There were no houses on the rental market, the State had only a limited number of houses available for renting out to the poorest households, and loans for buying a house were expensive and inaccessible to low and middle class Portuguese families. Therefore, most Portuguese families had no access to affordable housing.

The financial sector came in strong to support the housing system between 1990 and the 2008 financial crisis, by providing the conditions to support a public policy based on home ownership. This process came hand in hand with the European integration and the creation of the Economic and Monetary Union, which allowed Portugal to have access to external financing (this was quite unprecedented for a clearly peripheral economy such as Portugal's). In other words, the improvement of housing conditions of the middle class in Portugal was due much to the fact that families now had broad-scale access to housing loans. This would set the conditions for the expansion of the banking system (loans to families to purchase their houses and financial support to real estate and construction companies).

In the post-crisis period, the link between finance and housing consolidated due to a transnational demand for domestic real estate and the strengthened role of financial agents, in particular international real estate funds. This denotes a new phase of housing financialization. Being linked to a specific territory, housing may or may not be transformed into a tradable financial asset, meaning that external agents can obtain more or less land rents.

In Portugal, besides being a social right, housing is an investment and a savings for families that has since been appreciated and remunerated. In metropolitan contexts, globalization and the mobilization of people at international level has resulted, on the one hand, in increased demand for housing by foreigners (residents or visitors) and, on the other hand, in an increase in foreign investment in real estate. The combination of demand and foreign investment puts an external pressure on the housing market, which translates into a huge hike in sales and lease prices both in Lisbon and Porto. These conflicting housing pressures need to be managed in an inclusive and efficient perspective, avoiding the segmentation of a market characterized by rising prices in which low salaries prevail. Thus the aim should be to curb the gentrification and exclusion of local residents.

This begs the question: to what extent have the Lisbon and Porto housing markets been financialised over the last decade? And has this affected access to housing? Can financialization be controlled locally?

In Portugal, in recent years, the metropolitan area of Lisbon, in particular, and that of Porto, in part, have felt the changes brought on by housing financialization (the Algarve region also). Home ownership in the rest of the country is characterized by unencumbered homes and a system that relies on endogenous resources, especially on families.

External investments have soared, but the performance between Lisbon and Porto is relatively different. Lisbon started the process earlier, showing high levels of attractiveness in tradable markets, which is why housing financialization has been more rampant. On average, investments are more significant and external investments are higher. Local policy took long to be implemented but has currently regulated Airbnb occupancy rates in some areas. Porto showed attractiveness at a later stage and slower dynamics, with less impact on price increases. However, as of late the major real estate developments have been substantially financed by external capital, which has reflected in the rise in housing market prices. Airbnb has grown substantially in both cities, with effects on increased investments in building rehabilitation, but also in the rise in prices of residential housing.

Access to housing in the cities of Lisbon and Porto has worsened much in recent years. There is no rental market, the State does not have enough houses to meet the demands, and the public policies in support of the younger population and disadvantaged households are insufficient. The middle class and the younger population cannot find answers to their housing needs compatible with their income.

- **There is not an adequate and affordable rental market for the local middle class in the two metropolises.** Public policies since 1948 are mainly responsible for this due to rent freeze. There was no capability to keep the supply in rental housing and so the owners went back to the sales market or invest in local accommodation. In recent years, high rental prices and scarce offers has meant that rental is not a solution for the current housing problems of the middle class.
- The **public rental market addresses the most vulnerable social sectors** and is clearly insufficient. Current policies address this first need. But an active program in this direction will require high financial resources.
- **The State has been implementing a complex housing policy with no clear results.** The public policies should intervene in order to make the market work properly. Housing burden has increased in the past few years, even for the middle class; as such, public policies must be more proactive.
- **Home ownership, as a solution, should continue to be available for some population segments**, especially the middle class, but the low salaries in some way thwart this solution for many.

- Given the frail Welfare State, **for many Portuguese families housing is** a way of accumulating wealth, **a lucrative asset, but also a resource for times of need.**
- **The younger and the current lower and middle class tenants** have reduced their accessibility to housing. The impact of the price increase was higher in Lisbon than in Porto.
- **There is a demand for owned housing driven mainly by credit**. But the Bank of Portugal is regulating access to this credit. The younger population and the middle class have difficulty in accessing credit.
- There is no functioning housing market, **there is a speculative functioning. International investors are looking for real estate assets of high potential** in Lisbon (and Porto, to a lesser extent).
- **The results also depend on the economic dynamics of the two metropolises and on how Portugal takes advantage of this external visibility**. International investors are looking for high potential real estate assets and Portugal has responded to this expectation. Either the Portuguese benefit from rising prices (reflecting in rising incomes), or we will continue to observe a speculative real estate market, which will generate only gains especially for foreigners (Manzoni, 2019).

The management of the impact of the financialization can be achieved through public policies at a local and national level. At the local level through conditioning the occupation and use of the territory, in particular by regulating Airbnbs. Fiscal policies targeting certain territories or certain housing segments are also an option. Local and national social housing policies that promote public housing or the enhancement of housing quality in certain territories can lessen negative impacts on residents.

Can we determine the extent of financialization? What information do we need and how can we obtain this data? What new information has been made available?

It is not possible to determine the extent of financialization in Portugal as there is no available information on external investors, due to bank and tax secrecy. Most of these investors are linked to real estate funds or operate through national companies, and we cannot assess the size of their investments. This information is also not available at municipal level. In recent years the National Institute of Statistics has been producing new information, but only about housing prices.

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