

The challenge of informing professionals

PORTUGUESE REAL ESTATE IN 2021: WHAT HAPPENS AFTER THE PANDEMIC?

- **Professionals reveal a cautious optimism for the beginning of the year**
- **Logistics and multifamily earn protagonism in Portugal**
- **Investments could reach the 2.000 million mark**

2021 WILL BE A YEAR OF TRANSITION FOR THE REAL ESTATE MARKET

Many professionals in this sector believe 2021 will be a year of transition: the beginning of the new year was marked by a harsh 3rd wave of COVID and a new lockdown. However, the vaccination program is approaching us, and it's enough to finally see a light at the end of the tunnel. This will bring back some optimism and hope for the second semester of the year, which will most likely benefit the economy and, consequently, the real estate market.

This is one of the main conclusions drawn from the barometer that Vida Imobiliária carried out at the beginning of the year. We gathered the input of almost 40 leaders in the Portuguese real estate market and specialists from different sectors, such as architecture, management, consulting, investment, promotion and financing. They shared their expectations for the market in 2021.

As we can attest according to the several testimonials shared in the next few pages, after a long year since the pandemic arrived in our country, the feeling of uncertainty regarding the return to "normality" is still prevailing. The real estate market has shown its resilience throughout this rough time, but it's obviously not immune to the crisis we're living in. Thus, the pre-COVID activity levels are expected to come back only from 2022 onwards.

Regardless, the answers provided convey a sense of confidence in the idea that this sector will be one of the first ones to show signs of recovery, as witnessed in the past.

Until then, certain trends have found their space in our current reality and disruption seems to be making its way into the sectors more affected by the pandemic. While these sectors are forced to reinvent their own business models, new products are establishing themselves in this new digitalization era, in which sustainability is more present than ever.

“What are your expectations for the Portuguese real estate market in 2021?” This is probably the hardest question someone has ever asked me due to the current situation we’re living in. Since we’re in the middle of a pandemic, living in one of the worst periods in history, on a social and economic level, and while the world is going on lockdown once again and thousands of companies are closing their doors, having expectations or making predictions is merely guesswork.”

For the last few years, Portugal relied on the tourism and real estate markets to survive. Both markets gained a lot of attention on an international level, as foreigners were attracted by the national conditions created for investments. We’re living in a time where the general economy is being destroyed, especially the real estate market. On the one hand, according to optimistic forecasts, the economy will be back on its feet by the end of 2023, which means the international market, the one we depend so significantly on, won’t be able to travel until then, which harms tourism and future real estate purchases. On the other hand, the State, that insists on going against the real estate market, has done some significant and permanent changes to the tax regime (State Budget for 2021), which is increasingly harmful for the people working, investing and generating wealth for the country. This is the same State that sucks the private initiative at any cost in order to finance its own inefficiency and to charge more taxes. To top everything else, it’s also important to mention the inefficiency and disrespect of the licensing authorities, who instead of supporting investments, are actually the ones going against them, due to its response time and bureaucracy.

Considering everything I just mentioned, I can’t really have any high expectations, only wishes! I wish we could control this pandemic as soon as possible and I wish the virus could disappear. I wish the licensing authorities were effective enough to embrace all the necessary changes in real estate projects in the face of all the new demands in the market and the new paradigm of use at different offices, commerce and housing that emerged from COVID-19, and that created the necessary activity for investors. I wish the economy could return to normality as soon as possible, after the State starts helping the most affected sectors and stops with the bureaucracy and late hand-outs. I wish the international market could earn back its trust regarding traveling. Portugal is still in the same place... and so is the sun! One last wish! Happy 2021 and keep yourself safe as much as possible!