

## Iberian Peninsula, early 21st century

All seems to indicate that we failed to seize a unique opportunity. Although the selection of projects presented in Habitat Collectif en Europe is extensive, varied and stimulating, we should also recognize that it is only a small collection of exceptions to an otherwise unremarkable but buoyant building activity. The current housing market freeze in the Euro zone and the UK, with building permits plunging and credits crushing, reveals that it will take years – if not decades – for Europeans to absorb this oversupply, and to face a similar opportunity to update and improve housing typologies and models of urban growth. At best, the current downturn and likely future inactivity will allow us to evaluate recent housing production with some objective distance, and set appropriate references for eventual developments in the coming years.

### (Oversupply 1: Portugal)

Since 1970, a massive process of replacement of the housing stock has taken place in Portugal, responding (and fueling at the same time) a process of depopulation of rural villages and old city centres. Today, 63% of the country's dwellings are less than thirty years old, and only 14% were built before 1945.<sup>1</sup> But the housing market already produced signs of exhaustion in 2002. From 1999 to 2002, 110,000 new dwellings were built per year. This figure decreased to approximately 70,000 in 2003 (a similar figure to that of the mid 1990s) as the economy hit a period of recession, and to 58,000 in 2006 (when the recession had been officially overcome). Large part of this construction activity took place around Lisbon and Porto, and in the coastal tourist regions of Algarve and the Óbidos-Sines axis.

Although its population density is 33% higher than in Spain (115 and 86 inhabitants/km<sup>2</sup> respectively), Portugal remains a relatively rural country, with a much more scattered model of growth and lower levels of urban concentration than its neighbour. Only 7,15% of the housing stock is concentrated in the two metropolitan areas – Lisbon and Porto – and no big changes are expected: With an ageing population and relatively low immigration rates, the population is stabilized around 10,600,000 inhabitants, with projections indicating that it will slightly decrease in the coming years.

Still, 90% of the residential production was on new buildings as recently as 2003 (the highest percentage in Europe, compared to 69% in Spain), while large areas of the old city centres remained derelict – and often empty: when the boom ended that year, it was estimated that 11% of the residential stock was available for sale or rent (this figure reached 20% in the Lisbon metropolitan area, and 23% in and around Porto). What to do with it?

Today, tourism and suburbanisation (often in the golf resort model) remain the two main agents of new construction, while renovation of the old urban fabrics of Lisbon and Porto is booming as a new promising sector for developers benefitting from low property prices: Investment in regeneration increased by 115% between 2006 and 2007, mostly by foreign property funds, and with projects aimed at the high end of the market.

### (Oversupply 2: Spain)

From 2001 to 2006 – the golden years of the real estate boom to the east of Portugal – the housing stock in Spain grew by 13.43% or 2,825,255 units (from 21,033,759 to 23,859,014). The fact that the country's population increased during the same period by 10.39% or 4,209,173 inhabitants (from 40,499,791 to 44,708,964, an increase that doubles that of the entire previous decade) could indicate that this unprecedented growth in the real estate market was the natural response to a growing need for housing. However, it is estimated that there are currently one million apartments on sale, and several studies reveal that there could be more than three million empty housing units in the country – including second residences.

This oversupply is a clear indicator of how the housing boom has not necessarily sought to accommodate the growing population, and also of the country's economic dynamics. On one hand, the spectacular population growth in the 2001-2006 period is largely due (at least 65% of it) to the arrival of foreign citizens (with or without their families) seeking work,<sup>2</sup> and this is a segment of the population that often lives in precarious economic conditions. On the other hand, average housing prices have doubled during the same period, progressively excluding first-time homebuyers from the market, while only 5.05% of the new dwellings are subsidized.<sup>3</sup>

Spain has one of the highest rates of home ownership in the world: In 2007, only 7.5% of the dwellings were rented

(the European average is around 30%) with as little as 1% corresponding to social, rent-controlled housing. The construction industry has become the main engine behind the country's economic growth and is the main source of revenue for a vast majority of municipalities – through the sale of public land, taxes on new construction, and property taxes. As a result, city governments throughout the country have directly developed or promoted the creation of new large-scale residential extensions in their peripheries, as is paradigmatically illustrated by the development frenzy in the outskirts of Madrid managed by the EMVS.<sup>4</sup>

This situation not only consolidated the widespread belief in the safety and solidity of real estate investment, but also redefined the housing market as an immediate source of income. As dwellings tend to become mere commodities, the goods of a financial transaction, anything that increases the risk of the investment tends to be avoided. Thus, conservative and consensual criteria – rather than innovative and experimental – guide the definition of the function, organization, construction and appearance of the housing projects and of the urban context in which they are located.<sup>5</sup> (Not accidentally, real estate investment is also known as investment in bricks and mortar.)

The resulting urban landscape is not only reactionary, but also unsustainable. Only a few private developers in the higher end of the market and some public administrations with political vision and ambition, assisted by a few good architects, allow residential architecture to connect simultaneously to current social needs and to contemporary technical knowledge. The need for flexible spatial organizations that can accommodate different needs and evolving lifestyles, the valorization of density as a positive condition of the contemporary city, the use of and adaptation to climatic/environmental conditions as active design ingredients, and the understanding of residential architecture as a fundamental element in the construction of a multifunctional and interconnected city have long been recognized in professional circles as inherent to good design practice. The buildings featured here – together with their exhibition and publication – might contribute to extending this awareness. But the rule – the vast majority of what has been recently built all over Spain – demonstrates that the market will not be ready for years to come.

-----

1. All figures given in this article were obtained from the following web sites:

Instituto Nacional de Estadística, Portugal (<http://www.ine.pt>), Instituto Nacional de Estadística, Spain (<http://www.ine.es>), Instituto da Habitação e da Reabilitação Urbana (<http://www.portaldahabitacao.pt/pt/portal/ihru>), Ministerio de Vivienda / Spanish ministry of housing (<http://www.mviv.es>) and CB Richard Ellis (<http://www.cbre.eu>).

2. During this five-year period, Spain has been the world's number two recipient of immigrants in absolute terms, only behind the United States.

3. This percentage is only significantly higher in the Basque Country and Navarra, both over 20%.

4. Empresa Municipal de Vivienda y Suelo (<http://www.emvs.es>). See also the different articles on the Madrid periphery in *Verb Crisis* (Actar: Barcelona, 2008).

5. See for instance the master plan of Ensanche de Vallecas (<http://www.ensanchevallecas.com>) or the private development Residencial Francisco Hernando (<http://www.onde2000.es>), southeast of Madrid.