

"Living in the European low-wage country of Portugal"

First of all, so that wrong (price) comparisons are not made: In Portugal, between 25 and 30% of employees work for the national **minimum wage**, which has been a proud € 820 **since 1 January 2024** per month, of course, minus social security contributions (approx. 5 €/hour gross). The national **average wage** in 2023 was approx. **€ 1300 gross** with 14 annual salaries. According to the Ministry of Labour, about 56% of employees received a salary of less than 1,000 euros in 2022, compared to 65% of those under 30.

In many European countries, these people would officially be affected by poverty, because Portugal is only between 15 and 20% cheaper than Germany in terms of the cost of living index! With a decreasing tendency!

This is the one reality or normality in the European low-wage country Portugal.

Another: According to Nat. Statistics Inst. 2021, about 70% of port. live in property, the installments are easier to pay in the countryside, hardly affordable in the (big) cities today. The rest of about 30% of the population rents. So exactly the opposite as in Germany, where about 70% live for rent. There are historical reasons for this, as the port. Until well into the 20th century, the majority of the population in this agrarian country lived in the countryside in their own small houses and huts, cabanas. In the cities, there was a strictly enforced rent control system by the dictator Salazar, which offered a rent structure adapted to the meagre wages. Two consequences: a) people had affordable housing, b) in the cities, tens of thousands of houses fell into disrepair over the decades, as renovation was apparently not worthwhile with the low rents on the part of the owners.

Those days are over.

Rooms cashed in: Living in Portugal

The "liberalization" of tenancy law in 2012 led to rent increases and forced evictions, becoming unaffordable for many, while simultaneously making the renovation of many decaying old buildings profitable. Support for tenants by the state during this transformation phase: none. Meanwhile, profitable support for owners through depreciation and (EU) subsidy programs proved successful.

The challenge for tenants is that Portugal lacks a "residential tenancy law" comparable to Germany's, along with tenant protection laws, tenants' associations, housing cooperatives, or similar institutions. The inadequacy and bias of legal measures are evident when compared to Germany—where, despite a market-oriented approach, housing cooperatives and legal frameworks offer some balance. In Portugal, such institutions and legal precedents exist only in rudimentary forms, with "Bairros sociais" in cities providing some relief for socially disadvantaged families. Lease negotiations heavily favor landlords, especially given the current housing shortage in metropolitan areas, university towns, and tourist regions. It's clear who has the upper hand in pricing power.

From 2015 until March 10, 2024, the Partido Socialista (PS) governed Portugal, initially as a minority government supported by two small left-wing parties, and from January 2022 with an absolute majority. Despite attempts by the small left-wing parties to keep housing

affordable for locals in cities like Lisbon, Porto, and the Algarve tourist region, the PS leaned on market forces to regulate housing.

The result: Since 2017, rents have increased by an average of 42 percent, with salaries growing at a single-digit rate over the same period. Given the average rent price in Portugal reaching €15.8 per sqm in March 2024—a historic high—the financial strain on families is evident.

One major factor driving up prices is the influx of tourists. Locals find themselves pushed out of their traditional living spaces.

In Lisbon alone, 25-30,000 apartments are now rented out as tourist accommodations through online portals, generating high profit margins. The Algarve, a leading tourist destination, has about 40,000 such tourist apartments. Despite the pandemic's impact, there's been no significant conversion back to residential use, exacerbating the housing crisis

In Lisbon alone, there are now 25 - 30,000 former apartments that are rented out as tourist accommodation via the corresponding portals - with high profit margins. According to the corresponding national register, the Algarve, the No. 1 tourist region, is the leader in this segment of profitable housing destruction with about 40,000 such tourist apartments (along with hundreds of hotels and similar establishments). From March 2021 to March 2022 alone, there was an increase of 160%. (OK, you can cite Corona as a reason. Despite the pandemic's impact, there's been no significant conversion back to residential use, exacerbating the housing crisis). Even Lisbon City Hall admits that **in the historic center of Lisbon there is more housing used for tourists than normally.**

Measures such as rent caps, limitations on rental apartments, and low-interest loans for families are notably absent in Portugal, even under PS governance.

So much for the situation and conditions of the rental market.

About 70% of Portuguese families live in owner-occupied homes, yet home prices have soared, making ownership increasingly unaffordable. The average price per sqm of housing in Portugal reached € 2,610 in March 2024, with Lisbon and the Algarve seeing even higher prices. This pricing trend has led to a significant portion of properties being sold to wealthy foreigners, further straining the local housing market.

No wonder, for example, in the Algarve in 2023, out of about 11,000 properties, about 30% of the properties were sold to wealthy to rich foreigners, with a market volume of about 40%. Although the number of properties sold fell by almost 20% across Portugal, prices still rose by a whopping 8.2%. This is in contrast to the development in the EU, where prices fell for the first time in 10 years.

A simple explanation for the decline in sales: **The Portuguese are increasingly falling out of the market as a buyer group:** they can no longer afford residential property, because not only have prices risen every year, in some segments or regions even by double digits, but you also have to pay hefty interest again. Of course, incomes cannot keep up with these developments and rampant inflation – there has never been one!

According to data from the National Securities Market Commission ([CMVM](#)), the exposure of 265 real estate funds to residential real estate in Portugal exceeded €2.5 billion in December, 59% more than in November and 63% higher than in December 2022.

Open-ended real estate funds delivered an average return of 4.31% between June 2022 and 2023, higher than the average of the last three years, which was 4.04%.

What are politicians doing?

After the situation escalated beyond control—symbolized by the saying "the child has not only fallen into the well but has drowned"—when people began protesting in the streets as the housing crisis deepened, with more individuals spending nights outdoors, in subways, and at train stations, the government introduced measures that seemed only half-hearted. These efforts were initiated by the PS government, under pressure from smaller left-wing parties, starting from 2022:

In January 2023, a newly established Ministry of Housing Policy was given the authority to rent (rather than expropriate) vacant apartments and sublet them to families for a maximum of 35 percent of their disposable income. There are more than 700,000 vacant apartments in Portugal. Additionally, this ministry secured a right of first refusal on properties up for sale, aiming to convert them into affordable housing. However, the relevant authority in Lisbon did not exercise this right even once in 2023.

Since March 10, 2024, Portugal has been governed by a center-right coalition, heavily reliant on market solutions for regulation. The right-wing radical party, 'Chega', which secured 50 seats in parliament as of March 10, has been supportive of even faster privatization efforts, encompassing schools, vocational training, universities, the health system—essentially, everything in sight (refer to Podcast 17 by the author, Georg, for more details).

Potential Demands:

- **Creation of Social Rental Legislation:** Implementing comprehensive restrictions to temper the speculative frenzy in Portugal's rental market.
- **Clear Ban on Converting More Residential Spaces for Tourists:** This would prevent further erosion of the local living spaces.
- **Implementation of Rent Caps and Restrictions on Rental Apartments:** Introducing low-interest loans for families to improve housing affordability.
- **Expropriation of Suitable Real Estate for Affordable Housing:** To be carried out according to a yet-to-be-determined process, aiming at increasing the stock of affordable housing.
- **Establishment of Housing Cooperatives: Or similar entities to provide sustainable housing solutions.**

Depopulation in Poland's "Periphery"

Rapocin...

Depopulation in Poland's "Periphery" Rapocin... (the administrative district of Głogów, historically known as Glogau), dating back to the 13th century, was once bustling with life. Today, only a handful

of rundown buildings remain visible. Among these are former buildings and churches now recognized as monuments by the National Institute of Cultural Heritage.

Westfalenhof/Kłomino...

...in the West Pomeranian Voivodeship, now has a mere dozen residents. The former ironworks settlement of Kamieniec (in the municipality of Lasowice Wielkie, historically Gross Lassowitz) is now a nature reserve, with numerous houses left to decay.

Rothflössel/The Red Stream...

... (Lower Silesian Voivodeship) is now reduced to the ruins of a Baroque chapel, building foundations, and several religious sculptures. Only four houses and the church ruins have been preserved.

Kęszycza Leśna ...

(Lubusz Voivodeship) hasn't been completely abandoned. It hosts a hotel with a restaurant, shops, a fire station featuring a fire brigade museum, a chapel, and at least one bus stop (the frequency of bus visits is unknown).

More information about land grabbing:

The new big landowners The business with Europe's land ARTE:
<https://www.youtube.com/watch?v=hz3c1FWwFj8>