

**Observatori
Metropolità
de l'Habitatge
de Barcelona**

Barcelona City Council

Barcelona Metropolitan
Area

Barcelona Provincial
Council

Catalan Government

with support from the
Association of Catalan
Social Housing Policy
Managers

Indicators

Housing in the Barcelona metropolis in 2017 Conclusions

**SI
HB
O**

2017

Barcelona, 2017

Research, authorship and publishing

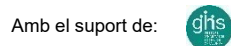
Barcelona Metropolitan Housing Observatory team

Address

Plaça de la Vila de Gràcia 6, baixos

08012 Barcelona

info@ohb.cat



This document is an executive summary of the main conclusions of the report *Housing in the Barcelona metropolis in 2017* produced by the Barcelona Metropolitan Housing Observatory (BMHO). It is worth recalling that the aim of this first annual report was to reflect the reality of the housing situation from a metropolitan perspective. It provides a structure for all the available information and, above all, has revealed many of the gaps in the relevant quantitative and comparable knowledge that still exist. Thus, it should be born in mind that the information presented herein is constantly being expanded and improved upon due to the fact that in the future (i) the laboratories prepared for 2018 will provide new data; (ii) fresh agreements will be reached with institutions and other entities for data-sharing; and (iii) currently available data will be updated.

The first chapter of this report focusses on housing needs through a demographic approximation to the evolution of the population and households of Catalonia. Overall, the general conclusion is that, although the pressure exerted by the population on available housing is quantitatively less than in previous years, certain paradoxes remain that represent significant obstacles when it comes to satisfying all the residential needs of the population.

A first theme to highlight is the stabilisation of the population and number of households in the metropolitan area. Since the sharp increase in population and homes at the end of the twentieth century, the number of people living in Catalonia has stabilised in recent years (in the case of the metropolitan area, at 3,220,000 inhabitants). It would be useful to know also whether the financial crisis led to a stabilisation in the number of people that make up households – and in the respective need for new primary dwellings – that increased proportionally compared to the number of inhabitants in the years up to 2011. This is the first paradox and currently certain data such as those generated by the National Statistical Institute (NSI) for the European Commission's Urban Audit suggest that there has been a stabilisation and even a slight increase in the average size of households, which would buck a trend that has lasted for over four decades. We thus need to see how households are evolving both in terms of their number and internal structures.

One of the main reasons for this demographic stabilisation is the moderation in the migratory balance with foreign nationals. If we take the Barcelona Metropolitan Area as a reference, in 2000 there were 122,605 registered residents who had been born abroad (4.2% of the whole population). But by 2009 this figure had reached 594,264 foreign nationals (18.5%) and 625,925 by 2016 (19.4%). Also relevant due to its impact on the housing market is the change in the profile of foreign residents in, above all, the city of Barcelona and in certain the municipalities in the immediate surrounding area. For example, in Barcelona the number of foreign residents originating from OECD countries rose from 1.7% to 5.4% in the period 2000–2016.

Another demographic factor influencing residential needs is related to the evolution of the structure of the population. Thus, due to a more even migratory balance, the number of young people reaching adulthood has fallen notably. For example, in the Barcelona Metropolitan Area the number of young people between the ages of 25 and 34 fell by 27.4% in the past 10 years from 581,392 in 2006 to 422,096 in 2016. This is the second paradox: although there are now fewer young people in the city, this does not mean that these youngsters do not encounter difficulties when looking to leave their parental homes; indeed, they are often now having even more problems finding housing than previous generations. Thus, in Catalonia the rate of emancipation of young people (i.e. the age at which they leave home) aged between 16 and 29 has fallen by 26.7% in 10 years, from 32.6% in 2007 to 23.9% in 2016.

Another aspect linked to the demographic evolution of the population and of enormous significance for the current and future residential system is the ageing of the population. In the Barcelona Metropolitan Area, the number of third-age inhabitants (65 years old or over) has grown by 14.3% over the past 10 years and by 31.5% over the past 20 years: in 1996 there were 479,696 inhabitants (16.4% of the total population) over 65 and 552,033 in 2006 (17.5%); however by 2016 there were 630,792 (19.5%) such residents. As is well known, ageing is often accompanied by a drop in the number of people in each household, the upshot of which is that many old people live alone in single-person households. We have more detailed information on this phenomenon

for the city of Barcelona, where in 2016 25.6% of old people – of who 77% were women – lived alone.

Finally, another demographic dynamic of interest that can help understand how the basic housing needs of the population are satisfied is residential mobility. A first important fact to bear in mind is that residential mobility has fallen since the beginning of the economic crisis: for example, in 1998 in the province of Barcelona 57,606 people moved to a different municipality while in 2006 185,728 did so. By contrast, in 2016 148,152 people changed the municipality of their place of residence. Focussing on just the city of Barcelona, for where we have more information, it is worth noting that most people stay in the city when they move home. Specifically, since 1999, the first year for which relevant data are available, over 62% of those who moved home stayed in the city, a figure that peaked at 77.6% in 2013. Since then, however, this tendency has changed direction in what is the third paradox: the percentage of people moving home without changing municipality in 2013 was 77.6% in the city and 25.8% in peripheral districts but dropped to 73% and 21.7%, respectively, in 2016.

The second chapter of this annual report provides a description of the Barcelona metropolis housing stock. The overall conclusion that can be drawn is that the stock has stabilised since the 2021 census due to a lack of new construction but that, at the same time, this stock may be experiencing internal changes in the type of ownership. Up to 2011, the number of primary dwellings, boosted by new housing units and the permanent occupation of second homes and empty units, was growing faster than the overall number of housing units (resulting in an 84% occupation of the housing stock in the city of Barcelona and 88% in the rest of the metropolitan area). The BMHO aims to analyse whether the number of primary dwellings is continuing to grow or whether it is losing ground due to changes in the use of housing units, a process that may have a negative effect on the residential needs of the population as a whole.

A large majority of homes are owner-occupied but there has been a notable increase in households with outstanding mortgage repayments. According to the 2011 census, 71.2% of households in the Barcelona Metropolitan Area live in their own properties (i.e. no mortgage to pay off), while 29.4% were still repaying a mortgage. This contrasts with the situation in 2001 when only 13.9% of households were repaying a mortgage. Despite this preponderance of owner-occupiers, between 2001 and 2011 for the first time since relevant data have been available, there has been a fall in the relative importance of owner-occupiers and an increase in the percentage of households that pay rent, from 20.9% in 2001 to 23.5% in 2011 in the metropolitan area. Nevertheless, this trend does not seem to have continued as the data from the Living Conditions Survey based on replies from people aged 16 or over show that between 2011 and 2016 the percentage of rent-paying tenants in the Barcelona Metropolitan Area dropped from 28.2% to 19.3%.

To analyse the quality of the city's housing stock it is vital to examine factors such as its gradual ageing and state of conservation and accessibility. Some of the available data are only approximate: housing units in the Barcelona Metropolitan Area are on average 50 years old; 2% of all housing is in a poor state of conservation; and a fifth of all housing has no lift. These factors are a clear indication that there is a need for a serious amount of housing rehabilitation in Barcelona.

The third chapter is devoted to the building of residential accommodation, in which there has been a slow increase in the rate of new housing construction in recent years. The sharp fall in new housing construction in 2007 and 2008 led to historical lows in the number of built units that only began to be eased from 2016 onwards: for example, during this period in the city of Barcelona 1,233 new housing units were begun, in the rest of the metropolitan area 3,259 and in the rest of the province 1,859. Information on rehabilitation is harder to come by and is only available for the city of Barcelona.

Related to the need to rehabilitate housing units is new information derived from data on energy-efficiency certifications. This source of information reveals that many dwellings perform poorly in terms of energy efficiency and so require rehabilitation work to ensure they comply with new

regulations and to help combat energy poverty. Specifically, based on data up to the end of 2017, in Barcelona 34.7% of housing units were awarded the lowest possible classifications (F or G), the respective figure being 34.5% for the rest of the metropolitan area and 34.8% for the rest of the province of Barcelona.

The fourth chapter in this annual report focusses on the housing market and as a general conclusion underlines how the new and used housing markets and rental sector compensate for each other whenever one undergoes a decline. Thus, after the sharp decline due to the economic crisis there has been a recovery in the number of sale-purchase operations, which have increased by 87.7% over the past three years in the province of Barcelona (27,591 sale-purchase transactions in 2013 and 52,815 in 2016). By contrast, after a notable growth during the worst of the economic crisis, the number of rental contracts has fallen by 7.6% since 2013 (a drop from 115,204 in 2013 to 106,498 in 2016).

This report also analyses the type of house purchasers and shows that most sale-purchase transactions are between Spanish nationals: in the period 2014–third quarter of 2017, 64.8% of such operations in Barcelona were between Spanish nationals, 78.2% in the rest of the metropolitan area and 78.3% in the rest of the province. Despite this predominance of Spanish natural persons as buyers, since 2014 there has been a decline in the relative importance of this type of purchaser, above all in the city of Barcelona and in the other municipalities in the metropolitan area. This loss of relative significance has been compensated for almost entirely by an increase in the sale-purchase operations carried out by legal entities. Thus, in the Barcelona Metropolitan Area the percentage of sale-purchase transactions performed by Spanish nationals in 2014 was 72.8% but in the third quarter of 2017 was 69.9%; for the same two years sale-purchase operations by legal entities rose from 14.9% to 17.8%.

In recent years there have been sharp modifications in the average price of housing in all market segments. Between the third quarter of 2014 and the third quarter of 2017 in the city of Barcelona the average price of new housing increased by 19.7%, used housing by 43.1% and rents by 28.7%. During the same period, in the rest of the Barcelona Metropolitan Area the average price of new housing rose by 7.3%, used housing by 23.1% and rents by 24.3%. Overall in the province of Barcelona, the average price of new housing rose by 21.3%, used housing by 19.1% and rents by 26.4%.

Finally, it is worth mentioning the variation in housing prices in the metropolitan area. Despite the similar evolution of prices in all three market segments (purchase and renting), the absolute price of housing differs greatly between territorial areas, a fact that aggravates local differences.

The fifth chapter consists of a compilation of information regarding problems of permanence, access and maintenance in housing. The general conclusion is worrying given, on the one hand, the difficulties involved in obtaining new housing and, on the other, the inherent problems in guaranteeing housing permanence that have ensued in recent years.

In the former case, worries regarding average house prices and the immobility of average salaries are the two main factors that explain the persistent difficulties people have in accessing housing. Thus, in most municipalities in the Barcelona Metropolitan Area potential tenants require a monthly income of over €2,000 to be able to afford a mid-range rent at market prices.

In the latter situation, people are increasingly having problems to pay all their housing costs. The relationship between housing costs and household income, as well as the overburden rate (understood as the percentage of the population that live in homes that have to spend over 40% of their incomes on housing costs), are the two indicators that best illustrate the extent of this problem in the population as a whole. Especially alarming is the overburden rate in rental households, which affects around 43% of such households in Barcelona and 42% in the rest of the metropolitan area, figures that represent around 300,000 people. The Barcelona Metropolitan Housing Observatory is preparing a laboratory on these issues whose aim is to define more precisely the extent of this problem in each of the territorial areas in order to help determine the policies that need to be implemented.

In terms of the consequences of these problems, the BMHO is particularly concerned about the phenomenon of evictions as a result of the non-payment of rents or mortgages. According to data from the General Council of the Spanish Judiciary, despite a slight fall in 2016, 12,322 such evictions have been performed in the city of Barcelona over the past four years. Of these evictions, most are due to the non-payment of rent (around 85% in the city of Barcelona, 70% in the rest of the metropolitan area and 60% in the rest of the province), which highlights the risks facing the rent-paying sector of the housing market.

One of the effects of the accumulation of the problems outlined above is the increase in the demand for social housing. Specifically, over the past four years the number of people on waiting lists for social housing in the municipalities in the Barcelona Metropolitan Area has almost doubled.

In the sixth and final chapter the emphasis is placed on housing policy. The initial situation is one in which there is a clear deficit in the amount of social housing. For example, according to data from the 2011 census in Barcelona there were only 13,327 social housing units (either rent-free or low rent), which represent just 1.95% of the city's whole housing stock. In the rest of the municipalities in the Barcelona Metropolitan Area there were 6,630 housing units of this type (1.09%) and 16,883 in the rest of the province (1.93%). This situation contrasts with most countries in northern Europe where the percentage of social housing units is much greater. Furthermore, improvements in this sector are only occurring very gradually due to the slow-down in the construction of social housing over the past eight years.

The public administrations can increase their social housing stock by negotiating with financial entities the concession of empty housing units or by purchasing empty units. In the former case, the Catalan Government and Barcelona Council had obtained by mid-2017 the temporary concession of 4,260 units from financial institutions and SAREB (the so-called 'bad bank' set up by the Spanish government after the economic crisis to manage the assets of four nationalised banks). In the latter case, Catalan law obliges financial institutions to offer the public administrations first refusal on the purchase of any housing unit entering the market due to mortgage foreclosures, which thus enables the government and the entities forming part of the Network of Inclusive Housing to begin building up a housing stock (to the extent that their budgetary limitations permit). Thus, by mid-2017 the Catalan Government, various town councils and charities and NGOs together had acquired 942 units to be used as long-term social housing. This is another question about which the Barcelona Metropolitan Housing Observatory is compiling more information, which it hopes to be able to explore in future in greater detail. An initial conclusion is that to contemplate actions that promote more of this type of social housing dedicated financial provisions and grants are required that mirror those already exist for the construction of new social housing.

This structural difficulty can be added to the pressing problems related to the risk of residential exclusion. The crisis has obliged the public administrations at various levels to face up to the issue of social exclusion from a standpoint of housing by dedicating previously unparalleled efforts and resources. Some of the new or improved forms of intervention employed in recent years include direct attention in serious cases of loss of housing, the setting up of emergency housing boards, and the regularisation of the occupation of housing units in emergency situations.

Finally, it is worth highlighting the exceptional efforts made by local administrations in the sphere of family allowances. Despite budgetary restrictions, many administrations have increased the grants and payments for housing costs and building rehabilitation. In the city of Barcelona in 2016, the City Council awarded 3,569 allowances, which, added to the 6,574 already awarded by the Catalan and Spanish governments, meant that 10,143 families were being financially protected by the public administrations. As well, in the city of Barcelona the number of grants for housing rehabilitation rose from 1,924 in 2014 to 12,337 in 2016.

The above consists of a summary of the main conclusions that can be drawn from the first annual report produced by the Barcelona Metropolitan Housing Observatory team. This entity has only recently been established and is still in a phase of compiling data. The data it works with is derived

mostly from currently available sources complemented by more specific data-gathering exercises whose aim is to fill any gaps in the knowledge that may appear.

O-HB

**Observatori
Metropolità
de l'Habitatge
de Barcelona**