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Indicators

Housing in the Barcelona metropolis in 2018

Conclusions

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This document is an executive summary of the main conclusions of the report *Housing in the Barcelona metropolis in 2018.* The aim of these annual reports is to analyse the main dynamics operating in the sphere of housing over the previous year in the Barcelona metropolis; they include updates and more detailed analyses of questions arising from previous reports. The Barcelona Metropolitan Housing Observatory team makes use of available statistical data and the results of its laboratories to fill the knowledge gaps that become apparent.

1. Housing needs: people and households

A slight increase in the population due to an upturn in the number of arriving foreign nationals.

As of 1 January 2018 in the Barcelona Metropolitan Area there were 3,260,268 registered inhabitants, an increase of 0.4% over the previous year. Two successive years with only small population increases mean that the trend towards population stagnation that has characterised recent years has been reversed.

This population growth is largely due to the positive migratory balance in recent years and, for example, 20,581 new residents were registered in the metropolitan area in 2017.

Increase in the arrivals from OECD countries and their concentration in specific places.

People from OECD countries generally have a higher-than-average levels of qualifications and income and are becoming more numerous in the metropolitan area, above all in certain districts in the city of Barcelona and nearby municipalities.

Within Barcelona, the district of Ciutat Vella stands out, with 15.1% of its residents born in OECD countries, followed by the districts of Gràcia (8.3%) and L'Eixample (8%). In fourth position is the municipality of Castelldefels (7.8%), followed by the district of Sarrià-Sant Gervasi (7%) and the municipality of Sant Cugat del Vallès (6.1%).

Changes in co-habitation and the decrease in the average number of people in households.

In recent years there have been notable changes in the way people live together and in the type of households in which they live. Between 1991 and 2011 in the Barcelona Metropolitan Area the following trends became apparent:

- Notable fall in the number of couples with children (from 51.3% to 33.2%).
- A growth in the number of single-person households due chiefly to the ageing population and, to a lesser extent, to the increase in number of young people living alone (from 14.5% to 24.7%)
- Increase in couples without children (rise from 20.1% to 24.5%).
- Growth in single-parent households, mainly headed by women (from 9.1% to 11.1%).
- Increase in the number of communal households and households without heads (respective rise from 1.9% to 2.2% and 3.1% to 4.3%).

The evolution in the number of households can be attributed as much to the rise in the population as to changes in the way people co-habit. As a result, these transformations have led to a fall in the average number of people per households, which in the metropolitan area has dropped from 3.1 to 2.5 people.

Moderation in the rhythm of growth in the number of households: fewer young-people households and more households disappearing due to the death of occupants.

The key features in the evolution of households that took place in the years 2011–2016 that in all likelihood will continue in the coming years are as follows:

- Moderation in the growth in the number of households: in 2011–2016 the number of households rose from 1,291,831 to 1,331,651 in the Barcelona Metropolitan Area, an increase of 39,820. This evolution contrasts with the much greater growth that took place during the previous 15 years in the total number of households.

- Slight fall in the households created by young people. In 2011–2016 100,450 households were formed headed by people aged 45 or less, the lowest such figure for the whole time series and only comparable with the period 1991–1996.

- Increase in the number of households that disappear due to the death of the occupants. In 2011–2016 83,346 households disappeared due to the death of occupants aged 65 or over, a figure that was significantly greater than for the previous five-year period.

The data for the loss of households due to mortality reveal the importance of both the used housing market and the rehabilitation of this housing stock in a mature metropolitan area characterised by a consolidated urban framework with evident physical and environmental limitations. If, for instance, the rate of loss of households due to mortality for the period 2011–2016 continues, in just over six years the same number of houses will reach the market (due merely to the death of an occupant) as will be built in coming decades.

A metropolis in which most people do not leave their municipalities when they move home.

The rate of residential permanence within the municipalities in the Barcelona metropolis was 62.5% in 2017; nevertheless, the ability of municipalities to retain its residents is waning since, for example, in 2011 this rate was 67.5%.

This rate for the municipality of Barcelona is much higher than the average and in 2017 was 72.8%, more than 10 points higher than the regional average.

2. The housing stock

The estimate of the housing stock and the use it is put to reveals that there are in fact fewer housing units and fewer empty dwellings than the census indicates.

The various estimates of the exact number of housing units produced in recent years indicate that the figures derived from the 2011 census are in fact overestimations. Whilst the Barcelona Metropolitan Area census counted 1,501,756 units, the estimates of the BMHA team only reach 1,432,530 in 2018; for the city of Barcelona alone, the respective figures were 811,106 in 2011 and 774,190 in 2018.

The overestimate in the 2011 census has led to systematic errors in the calculation of the number of empty housing units. For instance, the 2011 census estimated that there were 88,259 empty units (10.88% of the whole housing stock), whilst the studies performed by Barcelona City Council in the city's 73 districts and sub-districts in 2017 and 2018 using an extensive and detailed field methodology indicate that this percentage is much lower, at just 1.22% of the total housing stock (10,052 units).

A fragmented ownership structure of the housing stock in the city of Barcelona dominated by natural people.

The 774,190 housing units counted in the city of Barcelona belong to 512,178 tax-payers, with an average of 1.5 properties per tax-payer.

- In all, 97.1% of owners in the city of Barcelona are natural people (497,345 tax-payers) and own 84.6% of the total housing stock (655,300 units).

- The second group of owners, at some distance from the first, are legal entities, who represent 2.6% of all tax-payers (13,507) and own 10.7% of all housing units (82,838).

- A third group consists of the public administrations, which play a much less significant role as tax-payers but which own 1.6% of the housing stock (12,018 units).

Whilst the public administrations own property above all near the Besòs corridor and the coast, legal entities tend to own property in the centre of the city.

In terms of the concentration of property ownership by distinct types of owners, the group of owners possessing the greatest average number of housing units consists of 1,087 tax-payers representing just 0.2% of all the city's tax-payers. This group of owners possesses 9.8% of all housing units (75,767), owning on average 69.7 units each.

In terms of the structure of the city of Barcelona's housing stock, the main group of owners are natural persons.

- 68.9% of the rental housing stock (160,775 units) belongs to private owners, either natural persons or collective housing.
- 24.3% of the rental housing stock (56,654 units) is in the hands of legal entities.
- 5.2% of the rental housing stock (12,018 units) belongs to the public administrations.
- 1.6% remaining rental units (3,844 units) belong to charities, NGOs and other non-profit organisations or religious institutions.

Tenure: an increase in rental housing in a housing stock owned chiefly by private owners.

In 2017 the tenure of the majority of households was ownership (as opposed to rental), although its relative significance was lower in the city of Barcelona than in the rest of the metropolitan area, 61.3% and 76.8%, respectively. A further relevant figure is the number of households paying a mortgage: 17.7% in Barcelona and 28.4% in the rest of the metropolitan area.

The number of rental households has increased and in the city of Barcelona rose from 30.1% in 2011 to 35% in 2017. The vast majority (86.1%) of households headed by people aged 30 or less pay rent.

Most of the households that paid rent in 2017 did so at market prices and far fewer paid at below-market prices. This is because many rental contracts expire due to the death of the tenants.

Energy efficiency certifications

Data from between January 2013 and July 2018 show that 193,467 energy certificates were applied for in the city of Barcelona (119.4 per 1,000 inhabitants), 133,478 in the rest of the municipalities in the metropolitan area (81.4 per 1,000 inhabitants) and 166,678 in the rest of the province (94.9 per 1,000 inhabitants). These figures represent an increase of 30% in the city of Barcelona and an increase of 34% in the other territories relative to the figures for 2017.

The percentage of certificates issued with a classification of F or G – the lowest possible classifications – do not differ significantly between different territorial area and throughout approaches 32%.

3. Construction and rehabilitation

The restoration of residential buildings, above all in the Barcelona Metropolitan Area

The number of site surveys practiced in recent years has increased in both the city of Barcelona and the rest of the metropolitan area, although without yet returning to the maximum values registered in 2006. Thus, in 2018:

- In the city of Barcelona 2,203 housing units were site surveyed by an architect (60.5% more than the previous year and 216.1% more than 2013).
- In the rest of the metropolitan area 4,916 units were surveyed (0.5% more than the previous year and 834,6% more than the minimum point in 2013).
- Overall, thus, in the whole metropolitan area, 7,119 housing units were surveyed (13.6 % more than the previous year and 482.1% more than in 2013).

- In the rest of the province 4,327 housing units were surveyed (34.4% more than the previous year and 512% more than in 2013).

- The total for all territorial areas in the province of Barcelona was 11,446 units surveyed in 2018 (20.7% more than the previous year and 493.1% more than the low point in 2013).

Rehabilitation in Barcelona

The recovery of the housing sector in the city of Barcelona in recent years is due chiefly to the increase in the number of planning permissions granted for new housing; on the other hand, the number of permissions granted for reforms and extensions during this period remained stable.

In 2015 the city of Barcelona planning permission was granted for 1,228 new housing units and in 2018 for 2,371 units, an increase of 93.1%. In these two years, permissions for rehabilitation and reforms were granted, respectively, for 602 and 649 units, an increase of just 7.8%.

4. The housing market

A significant increase in the number of rental contracts but a slight fall in the number of sale-purchase transactions.

Over the past year there was a notable increase in the number of rental contracts signed. Unfortunately, we do not yet have at our disposal information that allows us to separate contract renewals from new contracts.

- In 2018 in Barcelona 53,524 rental contracts were signed, 7.1% more than in the previous year.

- In the rest of the metropolitan area, 29,511 rental contracts were signed, 11% more than in the previous year.

- In the whole Barcelona Metropolitan Area, 83,035 rental contracts were signed, 8.5% more than in the previous year.

- In the rest of the province, 45,423 rental contracts were signed, 6.2% more than in the previous year.

- In the whole of the province of Barcelona, 128,458 rental contracts were signed, 7.7% more than in the previous year.

After the recovery that began in 2012, the number of sale-purchase transactions stabilised in 2017 and 2018 and even decreased at some territorial scales in 2018. Amongst these sale-purchase operations there is a clear preponderance of used – as opposed to new – housing sales.

Most purchasers are Spanish nationals.

Spanish nationals continue to be the main purchasers of housing in the Barcelona metropolis, followed by legal entities and then foreign nationals. Nevertheless, in the city of Barcelona Spanish nationals in 2018 – despite still being in the majority – played a less significant role than in the rest of the territorial areas, where legal entities purchased relatively more properties.

- In 2018 in Barcelona, the share of sale-purchase operations between Spanish nationals, foreign nationals and legal entities was: 66.6%-13.5%-19.9%.

- In the rest of the metropolitan area the share was 75.7%-8.6%-15.8%.

- In the Barcelona Metropolitan Area the share was 71.6%-10.8%-17.6%.

- In the rest of the province the share was 79.2%-6.2%-14.7%.

- For the whole of the province of Barcelona the share was 75%-8.7%- 16.3%.

The continued rise in the average price of housing.

In 2018 the average price of a dwelling continued to grow in the Barcelona metropolis, the fourth successive year of significant price rises.

In the case of new housing, the accumulated price increase since 2014 for the metropolitan area was 21.5%, during which time the price per square metre rose from 2,526 €/m^2 to 3,068 €/m^2. In some municipalities price rises have been particularly severe: 41.7% in Barcelona (3,116 €/m^2 to 4,416 €/m^2), 35.4% in Esplugues de Llobregat (2,775 €/ m^2 to 3,586 €/m^2), 38.2% in Sant Cugat del Vallès (2,471 €/m^2 to 3,410 €/m^2) and 42.6% in Sant Joan Despí (2,132 €/m^2 to 3,041 €/m^2).

In the case of used housing, the average price rise in the area in 2018 was even greater (33.5%) as the price per square metre rose from 2,342 €/m^2 to 3,126 €/m^2. The municipalities whose prices are above the regional average are the city of Barcelona, where the average price was 3,948 €/m^2, Sant Cugat del Vallès (3,704 €/m^2), Sant Just Desvern (3,623.5 €/m^2) and Castelldefels (3,273 €/m^2).

The continued but more moderate rise in the average price of rents.

The rental market has also experienced four successive years of price rises, which have now reached their highest point since data has been available. Based on data from contracts registered with INCASOL (the Catalan Land Institute), the average rent now stands at 1,149.6 €/month in Sant Cugat del Vallès, 1,058.9 €/month in Sant Just Desvern and 929.6 €/m month in the city of Barcelona. Overall, for the whole metropolitan area the average rent is 860.5 €/month.

Despite these figures, in 2018 the interannual rise in rent prices was more moderate, above all in Barcelona, which could indicate that the period of inflationary rent prices is ending. Indeed, the rent price index reveals that there was a certain moderation in rents in 2018, with an interannual variation 2017–2018 in the city of Barcelona of 6%, lower than the 9.5% recorded in 2017, and 6.7% in the rest of the metropolitan area, 9.3% lower than in 2017.

Discrepancies between the supply of rental accommodation and the demand.

In Barcelona in 2018 there was a discrepancy between asking prices for rents and the financial possibilities of potential tenants. According to data from the real-estate portal Habitaclia, with whom the Barcelona Metropolitan Housing Observatory has signed a collaborative agreement, almost 74% of people hope to pay monthly rents of less than €1,000, while only 32% of possible rents are less than that figure.

The difficulties that potential tenants have in meeting asking prices suggest that there is a ceiling to the rental prices people are willing to pay.

The length of time that rental accommodation remains on the market is an indication of how easy or difficult it is to find a suitable rent: in the city of Barcelona a dwelling with an average price of 771.5 €/month only stays on the market for 2–7 days; above 950 €/month offers last over a month; and offers over 1,110 €/month last for five months. In the rest of the metropolitan area, prices averaging 648 €/month last 2–7 days; 717 €/month between 2 weeks and a month; and 741 €/month up to two months.

There is a close match between the rental prices agreed in signed contracts and the prices people say they are willing to pay. The average price tenants aim to pay in is 896 €/month in the city of Barcelona and 715 €/month in the rest of the municipalities in the metropolitan area.

5. **Problem with the access to and permanence in housing**

The widening gap between household income and the price of housing.

The gap between the Gross Family Income (GFI) per person and the average price of housing widened between the years 2000 and 2018.

- In the city of Barcelona, whilst the average GFI per increased by 63.4%, the average rent rose by 127.7% (double), the average price of used housing by 144.7% (a 2.3-fold rise) and of new housing by 147.7% (also a 2.3-fold rise).

- For Catalonia as a whole, the GFI per person increased by 38.2% whilst at the same time the average rent increased by 91.8% (a 2.4-fold rise), the average price of used housing by 93.9% (a 2.5-fold rise) and the average price of new housing by 118.5% (a 3.1-fold rise).

The difficulty in accessing housing: a metropolitan problem

Buying or renting a home is beyond the possibilities of an increasing number of households, even if they move somewhere else in the metropolitan area.

To buy used housing:

- A household with an income 2.5 times that of the minimum wage (€2,146 net a month) in 2018 would have to spend 42.9% of these earnings on a mortgage in the Barcelona Metropolitan Area — provided that they have savings of €83,603 for a deposit.

- A household income 3.5 times that of the minimum wage (€3,005 net a month) in 2018 would have to spend 30.7% of these earnings on a mortgage.

- A household with an income 2.5 times that of the minimum wage aiming to buy used housing – and was willing to move – would only be able to afford housing in 12 out of the 33 municipalities in the metropolitan area and in just one of the districts of the city of Barcelona.

To rent:

- A household with an income 2.5 times that of the minimum wage – i.e. a household that would be unable to buy property – in 2018 would have to spend 41.2% of these earnings on an average rent in the Barcelona Metropolitan Area.

- A household income 3.5 times that of the minimum wage would have to spend 29.4% of these earnings on an average rent, just below the 30% affordability threshold

- A household with an income 2.5 times that of the minimum wage aiming to spend 30% or less of these earnings would only be able to afford a rent in five of the 36 municipalities in the Barcelona Metropolitan Area and in none of the districts of the city of Barcelona.

The cost of housing in domestic economies

Amongst those who do manage to access housing, the costs that they then have to face to maintain their dwellings can be exceedingly high depending on where they live.

In 2017 households in the Barcelona Metropolitan Area had to spend an average of 25.8% of their income on housing costs.

The households that rent are those that spend the greatest part of their income on housing costs, specifically 43.5%.

Residential exclusion: beyond the crisis

Residential exclusion is not simply the conjunctural consequence of the economic crisis since it is, rather, the product of a series of structural factors. It is a multifaceted phenomenon that is determined by the housing situation as well as by other factors such as, principally, the labour market, personal health and migratory processes.

According to data compiled by the Urban Habitat and Territorial Secretariat the number of people on waiting lists for social housing has continued to grow in recent years.

Since 2013 there has been a slight fall in the number of evictions. Nevertheless, despite the efforts of the public administrations and various pressure groups, too many evictions are still practiced, of which the majority are due to the non-payment of rent.

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