Juan S. Mora Sangionetti

*Les causes de la faiblesse du marché du logement locatif en Espagne*

*Christophe Blot (OFCE)*

**OFCE - Journée Ville et Logement**
le 4 décembre 2012
Main issue of the paper: the low share of tenancy markets is Spain

- The main explanations rely on 3 factors
  - Regulation of rents in Spain are tighter than in other countries
  - Owing is fiscally more advantageous
  - Judicial system/procedures are complex and uncertain (protection of tenants, cost of expulsions)

- The arguments, which are raised, are based on 3 perspectives
  - Historical perspective
  - International perspective
  - Intra-regional perspective
Main comments: challenging the conclusions

- Challenging the conclusions / results of the paper

  - Role of social housing
    Share of tenancy markets: 10% in Spain, 40% and 30% for UK.
    Share of social housing: only 1-2% in Spain, 18% in France and 15% for the UK.
    The differences in the private tenancy market may not be so strong!
    Is it just a matter of public intervention and not a question of regulation of the tenancy market?

  - The costs of high regulation of tenancy markets in terms of labour mobility might be circumvent if housing assets (purchasing and selling dwellings) are liquid.
Main comments: challenging the conclusions

- Challenging the conclusions / results of the paper

  - What is the role of the “culture” of ownership?

  The differences in tenancy markets may not come from regulation but from a different model:
  - Young people stay longer with parents, the time for them to have enough savings and buy their own dwellings (instead of renting).
  - Loan-to-value is lower in Spain than in France (ECB, 2009) meaning that there may be more transfers inside families
  - Liquidity constraints are stronger
Main comments: suggestions

- Proposing alternative methods, perspectives or approaches to strengthen the arguments developed in the paper
  - Historical perspective
  - International perspective
  - Intra-regional perspective
Main comments : suggestions

- Historical perspectives : why has the share of the tenancy markets decreased over time whereas regulations have not been especially reinforced ?

  - Notably 2 periods where it can be associated to low real interest rates (high inflation during the 70’s, low nominal interest rate during the 2000).

  - The evolution of the yield of renting may help to understand the dynamic

Main comments: suggestions

- Intra-regional perspectives: Are there any significant differences across Spanish regions?

  - Table 3 and figure 4 indicate that regulation / judicial systems are different across regions. To what extent do these differences explain heterogeneities (if there are) in local tenancy markets?

  - Panel analysis might be useful to explain the local tenancy rate with regional house prices, differences in fiscal regimes.
Main comments : suggestions

- International perspectives : Are there any significant differences in regulation across countries?

  - Based on Djankov et al. (2003), Wassmer (2007) concludes that the French tenancy market is heavily regulated (procedures are long and complex. The total length of procedures is even longer than in Spain.

  - Proposition : building a synthetic indicator or assessing which features would appear as the most detrimental for the tenancy rates (it would help the policy maker to target the right regulation to soften).