

Title of the act: UM/033/15 DECRETO CATALÁN ITE VIVIENDAS

Article invoked by the CNMC: Art. 27 of LGUM

Year of publication: 2015 (Appeal) / 2018 (National High Court judgment) / 2020 (Supreme Court judgment)

NACE code of the relevant sector: M.711 Servicios técnicos de arquitectura e ingeniería y otras actividades relacionadas con el asesoramiento técnico

Impact Assessment of CNMC

Legal Appeal

under art. 27 of LGUM

1 Intro

1.1 Key features of the assessment

1.1.1 Short description of the market to be assessed

En el año 2013, el número de empresas de servicios técnicos de arquitectura e ingeniería en España ascendió a 88.990 empresas, que tenían 213.025 empleados y generaron un volumen de negocio de 18.287,8 millones de euros, según información de la Encuesta Anual de Servicios del Instituto Nacional de Estadística (INE). En Cataluña, el número de empresas en este sector se elevó a 16.672 y estas empresas emplearon a 35.571 personas en el año 2013. El volumen de negocio ascendió a 2.239,9 millones de euros.

Según datos de Eurostat, el tamaño medio de las empresas de servicios de arquitectura e ingeniería en España en 2013 era de 2,4 trabajadores por empresa, ligeramente inferior a la media a nivel europeo (2,8 trabajadores por empresa en la UE-25). La productividad del trabajo en estos servicios en España es inferior a la media de los países de la UE-25 (37,5 miles de euros frente a 54,0 miles de euros de la UE-25, véase Gráfico 1) y mucho más reducida que la observada en países como Reino Unido (81,4 miles de euros), Francia (66,7 miles de euros) o Alemania (63,7 miles de euros).

1.1.2 Short description of the competition issue and rationale for the act

Con fecha 14 de diciembre de 2015 la Audiencia Nacional ha admitido a trámite el recurso interpuesto por la CNMC, con arreglo al artículo 27 de la Ley 20/2013, de Garantía de la Unidad de Mercado, contra el Decreto de la Generalitat de Cataluña 67/2015, de 5 de mayo, para el fomento del deber de conservación, mantenimiento y rehabilitación de los edificios de viviendas mediante las inspecciones técnicas y el libro del edificio, cuyo objeto era el establecimiento de una reserva profesional.

El recurso interpuesto se basa en que la mencionada actuación administrativa vulnera los principios de necesidad y proporcionalidad del artículo 5 de la antes citada Ley 20/2013.

1.1.3 Specific objectives and main conclusions of the Legal Appeal

Del contenido del recurso interpuesto por la CNMC que figura en la sentencia emitida por la Audiencia Nacional¹, se desprende que la petición de nulidad del precepto normativo se debe a los obstáculos al acceso y ejercicio de las actividades económicas resultantes de la actividad. Así, considera la CNMC que el artículo 7.4 del citado Decreto efectúa una reserva a favor de las personas con habilitación académica profesional como proyectista, director de obra o director de ejecución de obra en edificación residencial de viviendas, y sostiene que la exigencia de una cualificación profesional concreta – como es, en este caso, disponer de un título de arquitecto o de arquitecto técnico – para el desarrollo de una actividad, como es la realización de inspecciones técnicas de edificios de viviendas, supone una restricción de acceso para el ejercicio de una actividad profesional. Por todo ello, y por entender que dicho precepto debe anularse por ser contrario a los principios de necesidad y de proporcionalidad recogidos en el art. 5 LGUM, así como al principio de no discriminación previsto en el art. 3 LGUM, solicita la CNMC la nulidad del mismo.

¹ SAN 4766/2018.

Por su parte, el informe económico (en adelante 'el Estudio') que acompaña al recurso de la CNMC tiene por objetivo realizar un análisis económico de las reservas de actividad en arquitectura desde la óptica de la competencia y la regulación económica eficiente. En primer lugar, se analiza brevemente la dimensión económica de los servicios de arquitectura en España y Cataluña, así como el nivel de regulación existente en comparación con otros países. Por otro lado, se realiza un análisis económico de la reserva de actividad para arquitectos y arquitectos técnicos en la Inspección Técnica de Edificios (ITE), destacándose su impacto sobre la competencia, evaluándose si su implementación estaría justificada desde la óptica de los principios de regulación económica eficiente, así como sus efectos sobre la eficiencia y el bienestar. A su vez, se proporciona una estimación del coste que esta restricción a la competencia supone para los consumidores.

La conclusión a la que llega el Estudio es que la reserva de actividad para arquitectos y arquitectos técnicos – que restringe la competencia y que no está justificada en los principios de regulación económica eficiente – se traduciría en una pérdida de bienestar para los consumidores de la ITE en Cataluña.

2 Evaluation of the act

2.1 Relevance

2.1.1 Relevance of the sector

The Legal Appeal analysed in the case at hand refers to the introduction of a professional reserve regarding technical inspections of buildings in the region of Catalonia. Said restriction would reserve the exclusive right to carry out that kind of inspections to architects and technical architects, limiting the possibility of being carried out by other capable professionals, such as engineers.

To approximate the relevance of the affected sector, one might consider the figures reported by SABI database -or any other reliable database that reflects the Financials of the Spanish companies- for the NACE M.711 *Servicios técnicos de arquitectura e ingeniería y otras actividades relacionadas con el asesoramiento técnico* and companies in the region of Catalonia.

However, the Evaluator shall be aware that the figures presented below might be derived from a broad range of activities and are not exclusively limited to the technical inspections of buildings. Therefore, to run an accurate case-specific assessment **the CNMC should request the necessary information from the individual economic agents under analysis.**

Table 1: Relevance of the sector

Theme	Indicators	Possible sources	Shortcuts / Comments
Economic weight and structure of the market	Sector turnover	SABI database	<i>Regional turnover in the technical services sector in Catalonia in 2019 is estimated at 2,521 million euros (0.20% of National GDP).</i>
	Number of firms	SABI database	<i>The number of operators in the technical services sector in the region of Catalonia in 2019 is estimated at 2,832 companies.</i>
	Average turnover per company	Estimated by KPMG based on SABI database data.	<i>Based on the data pointed out above, the average turnover per operator in the regional market in 2019 is therefore estimated at 0.89 million euros.</i>
Labour market and employment	Total number of employees	SABI database	<i>The number of employees in the technical services sector in Catalonia in 2019 is estimated at 20,938 employees.</i>
	Average salary	See: https://www.idescat.cat/pub/?id=aec&n=398&lang=es Similar sources available at: https://www.businessinsider.es/cuanto-gana-arquitecto-espana-2019-todo-debes-saber-497861 https://es.indeed.com/career/arquitectura/salaries/Catalunya	<i>Based on the information on regional salaries published by the Instituto de Estadística de Cataluña (2019), the average salary in Catalonia of the 'scientific and intellectual professionals' is estimated at 35,782 euros.</i> <i>This figure is in line with the ones found in other public sources previously referred (i.e. Business Insider and Indeed).</i>
Perception of consumers and policymakers	Is there the perception that the sector needs reform?	Surveys/Interviews	<i>See Annex 1</i>

2.1.2 Relevance of the act

Table 2: Relevance of the act

OECD Competition Issues	Specific question	Comments from the Legal Appeal and supporting documents (Source: Deliverable 3)
A. Limits the number or range of suppliers.	A1. Concesión de derechos exclusivos para ofertar bienes o servicios.	El Decreto 67/2015 reserva a los arquitectos y arquitectos técnicos la facultad de realizar inspecciones técnicas de edificios de viviendas en Cataluña, lo que supone una restricción a la competencia efectiva en la prestación de estos servicios (artículo 7.4).

2.2 Effectiveness

2.2.1 Outreach: qualitative assessment

First, the judgement of the National High Court, from November 28, 2018, stated the following:

"Debemos estimar y estimamos el recurso contencioso administrativo núm. 757/2015, promovido por el Abogado del Estado en defensa y en representación de la Comisión Nacional de los Mercados y la Competencia contra el artículo 7.4 del Decreto 67/2005, de 5 de mayo, para el fomento del deber de conservación, mantenimiento y rehabilitación de los edificios de viviendas mediante las inspecciones técnicas y el libro del edificio, de la Generalitat de Catalunya y, en consecuencia, anulamos el artículo 7.4 impugnado por no ser conforme a derecho".

National High Court	Yes	Partially	No
<i>Did the ruling by the National High Court endorse the identification of competition issues raised by the CNMC in the Legal Appeal?</i>	X		
<i>Did the National High Court ruling adopt the measures sought by the Legal Appeal by the CNMC?</i>	X		
<i>Where 'individual opinions' (votos particulares) issued against the ruling?</i>			X
<i>Did these individual opinions endorse the identification of competition issues raised by the CNMC in the Legal Appeal?</i>			N.A.

Subsequently, the Supreme Court of Justice, in its June 23, 2020 ruling, confirmed the previous judgement, even though it did not assess the professional reserve:

"No ha lugar al recurso de casación interpuesto en representación de Colegio de Arquitectos de Cataluña, el Consejo General de Colegios Oficiales de Aparejadores y Arquitectos Técnicos, y el Consejo de Colegios de Aparejadores, Arquitectos Técnicos e Ingenieros de Edificación de Cataluña, contra la sentencia de la Sección 6ª de la Sala de lo Contencioso-Administrativo de la Audiencia Nacional de 28 de noviembre de 2018 dictada en el recurso contencioso-administrativo 757/2015".

Supreme Court of Justice	Yes	Partially	No
<i>Did the ruling by the Supreme Court of Justice endorse the identification of competition issues raised by the CNMC in the Legal Appeal?</i>	X		
<i>Did the Supreme Court of Justice ruling adopt the measures sought by the Legal Appeal by the CNMC?</i>	X		
<i>Where 'individual opinions' (votos particulares) issued against the ruling?</i>			X
<i>Did these individual opinions endorse the identification of competition issues raised by the CNMC in the Legal Appeal?</i>			N.A.

2.2.2 Outreach: quantitative assessment

Theme	Indicators	Source
Outreach to the general public	530 downloads from the CNMC website	CNMC internal database

2.3 Efficiency

2.3.1 Efficiency for the CNMC

This section will be completed by the CNMC depending on the availability of data on the production costs of the act.

2.4 Coherence

Checklist	Yes	No
Are there inconsistencies between the Legal Appeal and reports of other types issued by the CNMC, including Market Studies, Market Unity Reports and other Legal Appeals?		X
Are there clear inconsistencies between the Legal Appeal and other Legal Appeals issued invoking the same principles?		X
Is the Legal Appeal contradictory with other Legal Appeals issued on cases affecting the same economic sector?		X
Is this Legal Appeal in line with the overall goals of the CNMC?	X	

These judgments confirm the favourable trend initiated by the two previous rulings related to professional reserves in the technical inspections of buildings market (see judgments of September 10, 2018 and October 31, 2018, regarding files UM/ 033/17 and UM/147/16, respectively).²

² However, it must be taken into account that, in the matter derived from UM/007/16, the Supreme Court Sentence (STS 31/2022, of January 18, 2022) upheld the appeal 3674/2019, filed by the Consejo General de Colegios Oficiales de Arquitectos Técnicos y Aparejadores, against the Judgment of the National High Court of March 21, 2019, which upheld the GUM 110/2016 appeal of the CNMC against the Santa Pola City Council Agreement, by which an evaluation report on buildings for residential use was inadmissible due to the lack of competence of the technician who signed it. The Supreme Court ruling considered that the only competent professionals to issue the building evaluation reports in relation to real estate intended for residential use are architects and technical architects, which constitutes a change in trend.

3 Impact assessment

3.1 Direct impact

Action sought by the CNMC	Actions	Outputs	Status of implementation
<i>Eliminar las reservas de actividad en arquitectura, consideraras restrictivas de la competencia.</i>	<u>Implemented</u> <i>Recurso contencioso-administrativo promovido al amparo del artículo 27 de la LGUM contra el Decreto de la Generalitat de Cataluña 67/2015, de 5 de mayo, para el fomento del deber de conservación, mantenimiento y rehabilitación de los edificios de viviendas mediante las inspecciones técnicas y el libro del edificio</i>	<u>Implemented</u> <i>Sentencia, de 28 de noviembre de 2018, de la Audiencia Nacional. Recurso: 757/2015.</i> <i>Sentencia 860/2020, de 23 de junio de ese mismo año, de Tribunal Supremo. Recurso: 1371/2019.</i>	<u>Implemented</u> <i>La Sentencia favorable de la Audiencia Nacional anuló el artículo 7.4 impugnado por no ser conforme a derecho.</i> <i>La posterior sentencia favorable del Tribunal Supremo no dio lugar al recurso de casación interpuesto contra la sentencia de la Audiencia Nacional, confirmando por tanto la anulación del citado artículo.</i>

3.2 Impact on the specific market

OECD Competition issues	Relevant market unity principle	Impact	Indicator	Parameters proposed for the impact assessment		Potential economic impact under the proposed approach
				Found in the Literature	Recommended Value	
A1. Concesión de derechos exclusivos para ofertar bienes o servicios	Necesidad y proporcionalidad	Price	Potential decrease in price	<p>From its literature review, the CNMC found that price increases in cases of barriers to entry ranged from 3% to 35%.</p> <p>The specific sources of these parameters are presented in Annex 2.</p>	To be conservative, we recommend applying a potential increase in prices of 5% derived from the introduction of entry barriers.	<p>Considering a 5% potential increase in prices due to the introduction of entry barriers, the welfare loss caused by the professional reserve in the technical inspections of buildings market is estimated under two different scenarios:</p> <p>Scenario 1: the reserve is assumed to have been withdrawn right after the National High Court judgement (2018). The welfare loss is estimated at €4.06 million.</p> <p>Scenario 2: the reserve is assumed to have been applied until the Supreme Court judgement (2020). The welfare loss is then estimated at €4.82 million.</p> <p>Under both scenarios, the estimated welfare loss would be associated with the period during which the rule was in force, until its annulment after the National High Court judgement or the Supreme Court judgement, as applicable. However, from an opposite viewpoint, the quantification proposed would serve as reference for determining the welfare gains related to the success of the act, given that the judgements annulled the mentioned rule and, therefore, helped the reduction of the entry barriers.</p> <p>The methodology used to quantify the potential impact on price is shown in Annex 3.</p>

3.3 Impact on the wider economy

	YES	NO
<i>Court action sought is fully/partially implemented?</i>	<i>X</i>	
<i>Recommendation had an impact on the specific market?</i>	<i>X</i>	
<i>The specific market has a relevant weight in the wider economy?</i>		<i>X</i>

As stated above, the Legal Appeal sought by the CNMC and, consequently, the National High Court and Supreme Court's judgements are only applicable to a very specific service provided by architects and engineers in the regional market of Catalonia. Therefore, although the CNMC's claim was fully considered and accepted by the Courts, given the residual weight of the potential economic impact derived from the elimination of entry barriers (0.0003% of the Spanish GDP in 2019), a significant spill over effect on the wider economy could not be expected in the case at hand.

However, it is worth mentioning the possible dissuasive effect that the measure adopted by the CNMC and accepted by the courts could have in similar cases. In this sense, it would be expected that those agents or institutional bodies involved in the economic and policy-making activities would take into consideration the result of this act before establishing a professional reserve and would be discouraged from introducing it.

4 Conclusions

The main conclusions extracted from the evaluation of this Legal Appeal are presented below:

- The CNMC concluded, according to the arguments put forward against the rule whose annulment was sought, that the professional reserve in favour of architects and technical architects to carry out the technical inspection of buildings in Catalonia is a barrier to entry that restricts effective competition, by protecting architects from other professionals who are equally qualified to carry out this activity. This was subsequently confirmed by the courts.
- Since the technical inspection of buildings are mandatory, this barrier to entry would affect all consumers who contracted it between 2015 (when it came into force) and 2018 (when the professional reserve was eliminated after the National High Court judgement)³.
- To approximate the **loss of consumer welfare** that would have derived from these restrictions, during the period in which they were in force, two alternative assumptions have been applied: on the one hand, it has been assumed that the professional reserve was eliminated immediately after the National High Court's judgement in 2018; on the other, it has been assumed that the professional reserve continued active until its elimination after the Supreme Court's judgement. Both methodologies are detailed in Annex 3.
- The **welfare loss associated to the potential increase in price** derived from the introduction of entry barriers is **estimated at between €4.06 million and €4.82 million**, depending on whether the restriction is assumed to be eliminated in 2018 or in 2020. From an opposite viewpoint, the estimated welfare loss might serve as a reference for determining the positive impact that the CNMC act would have had since the objective sought by her would have materialised with the National High Court and Supreme Court judgements and, therefore, it would have helped to reduce the entry barriers.
- Given the mandatory nature of these inspections, demand (sales) and employment are not expected to increase.
- The barriers to entry affect a very specific service offered in the region of Catalonia. Therefore, even though the favourable judgments of the National High Court and the Supreme Court, and the consequent elimination of the professional reserve, **an identifiable and relevant impact on the Spanish economy was difficult to ascertain** given the regional sector's economic weight over the national GDP. However, it is worth mentioning the **possible dissuasive effect** that the measure adopted by the CNMC and accepted by the courts could have in similar cases. In this sense, it would be expected that those agents or institutional bodies involved in the economic and policy-making activities would take into consideration the result of this act before establishing a professional reserve and would be discouraged from introducing it.

³ Annex 3 shows the computation of the specific number of affected buildings.

Annex 1. Questionnaires

Relevance assessment questionnaire

Policy makers

- *Was the market in need of reforms/updates? If yes, which were the main concern from a competition policy point of view?*
- *Were you aware by possible market operators concern over the functioning of the market addressed by the Legal Appeal?*
- *Which were the needs the Legal Appeal aimed to address?*
- *How urgent were the issues to be addressed by the Legal Appeal?*

Stakeholders

- *Have you ever raised concern to policy makers over possible competition issues in the given market?*
- *Were you consulted at any stage of the Legal Appeal? If yes, which one?*
- *Have you (or your organisation) actively stimulated the debate over the regulatory framework?*
- *Have you used the Legal Appeal to have a better understanding of the regulatory framework?*

Questionnaire on effectiveness: qualitative assessment

Policy makers

- 1) *Please, describe your overall knowledge of the Legal Appeal and your familiarity with it*
- 2) *Was the Legal Appeal and its outcome used during committees/meeting aimed at updating or changing the regulatory framework?*
- 3) *Do you think that the argument of the Legal Appeal was clear enough? Was it consistent with the needs and objectives of the competition issues?*
- 4) *Will the Legal Appeal lead to regulatory reforms in different economic sectors or jurisdictions or prevent the enactment of legislation that poses competition issues?*

Stakeholders

- 5) *Do you consider that the Legal Appeal captures the key competition issues affecting the relevant market?*
- 6) *Do you believe that the legal action sought by the CNMC in the Legal Appeal are well designed and proportionate?*

Questionnaire on efficiency

- 1) *Is it possible to define the time spent by the CNMC employees in delivering the Legal appeal? If yes, was it in line with the average effort required to elaborate this kind of act?*
- 2) *Did the Legal Appeal require the support/advise by external experts? If so, was the cost of these external experts and the time spent by them working on the Legal appeal?*

- 3) *Compared with other Legal appeals, do you think that this act had higher/lower outputs for the same costs?*

Annex 2. List of parameters applied by the CNMC in its economic studies

Indicator	Parameter			Source
	Found in the Literature	Average Value	Recommended Value	
Reduction in waiting time	2%-7%	5%	5%	OFT – Office of Fair Trading (2003): The regulation of licensed taxi and PHV services in the UK.
Reduction in prices	3%-35%	19%	5%	CNMC: UM/085/15
				Bekken, J. T. (2006): "Experiences with Regulatory Changes of the Taxi Industry", 9th Conference on Competition and Ownership in Land Transport, 2006.
				Canada Competition Bureau (2015): Modernizing Regulation in the Canadian Taxi Industry, White Paper.
				CEA – Council of Economic Advisers (2015): "Occupational Licensing: A Framework for Policymakers", Department of the Treasury Office of Economic Policy, the Council of Economic Advisers of the President of The United States and the Department of Labor of the Government of the United States.
				Kleiner, M. (2006): "Licensing Occupations: Ensuring Quality or Restriction Competition?" W.E. Upjohn Institute for Employment Research 1-15. Kalamazoo, MI: Upjohn Institute Press.
Increase in employment	1%-12%	7%	5%	Pilat, D. (1997), "Regulation and Performance in the Distribution Sector," OECD Economics Department Working Papers 180, OECD Publishing
				Burda, M. and P. Weil (2005), "Blue Laws", documento de trabajo, octubre.
				Goos, M. (2004), "Sinking the Blues: The Impact of Shop Closing Hours on Labour and Product Markets", Center for Economic Performance Discussion Paper Series.
				Skuterud, M. (2005), "The Impact of Sunday Shopping on Employment and Hours of Work in the Retail Industry: Evidence from Canada", European Economic Review, 49, 8, 1953– 1978.
				Genakos C. y S. Danchev (2015): "Evaluating the Impact of Sunday Trading Deregulation", Center for Economic Performance Discussion Paper N° 1336, marzo.
				FMI - Fondo Monetario Internacional: Spain: 2003 Article IV Consultation, Country Report.
				Bertrand M. y Kramarz F. (2001): "Does entry regulation hinder job creation? Evidence from the French retail industry". Nber working paper series.
				Viviano E. (2006): "Entry regulations and labour market outcomes: Evidence from the Italian retail trade sector". Banca d'Italia (Servizio Studi).
Increase in sales and production	4%-11%	8%	5%	Pilat, D. (1997), "Regulation and Performance in the Distribution Sector," OECD Economics Department Working Papers 180, OECD Publishing
				Goos, M. (2004), "Sinking the Blues: The Impact of Shop Closing Hours on Labour and Product Markets", Center for Economic Performance Discussion Paper Series.
Increase in the number of operators	12%	12%	12%	Kleiner, M. (2006): "Licensing Occupations: Ensuring Quality or Restriction Competition?" W.E. Upjohn Institute for Employment Research 1-15. Kalamazoo, MI: Upjohn Institute Press.

Annex 3. Impact assessment methodology

In order to quantify the potential economic impact of the CNMC's Legal Appeal, the price of technical inspections of buildings has been selected as the relevant variable. The economic impact is estimated assuming that the potential welfare loss due to the introduction of the professional reserve would have come from an increase in the price of these inspections; in other words, it is assumed that if the professional reserve had not been introduced in 2015, prices would have been lower, for the benefit of consumers.

The approach followed is similar to the one applied by the CNMC, as it is considered an appropriate exercise and we agree with the selected variables and data sources. In addition to the CNMC assessment, the results presented in this document consider the potential effect of the professional reserve on the price paid for the technical inspections during the period 2015 to 2018 (or 2020, depending on whether we assume the professional reserve was eliminated after the Supreme Court judgement)⁴.

First, the number of buildings per construction year is obtained from the Spanish Statistical Office (INE). These data are presented in the table below. The Decree 67/2015 determines that all residential buildings in Catalonia must undergo the technical inspection before they are 45 years old, except for multi-family residential buildings older than 1950. For buildings built between 1951 and 1960 in Catalonia, the Decree establishes December 31, 2015 as the deadline to undergo the technical inspection. Regarding the buildings built between 1961 and 1971, the deadline is December 31, 2016 and for those built after 1971, the year they turn 45.

Table 3: Aggregate number of residential buildings by construction year

No. Houses	Before 1900	From 1900 to 1920	From 1921 to 1940	From 1941 to 1950	From 1951 to 1960	From 1961 to 1970	From 1971 to 1980
2	9,582	4,888	5,998	5,692	10,827	15,541	17,644
3	3,936	2,199	2,470	2,334	4,257	6,648	6,824
4	2,538	1,560	1,547	1,470	2,651	4,306	4,679
5 to 9	5,345	3,144	3,318	2,939	6,120	11,122	13,489
10 to 19	3,266	2,842	3,042	2,314	5,189	12,268	14,474
20 to 29	488	596	833	667	1,736	5,866	6,807
30 to 39	93	134	245	261	648	2,003	2,915
40 or more	45	53	91	108	278	1,648	2,628
Total	25,293	15,416	17,544	15,785	31,706	59,402	69,460

Source: Spanish Statistical Office (INE).

This means that the deadline for those buildings built up to 1973 is December 31, 2018 and for those built up to 1975, December 31, 2020. Therefore, these would be the buildings affected by the introduction of the professional reserve. The number of residential buildings from 1971 to 1973 and 1975, respectively, has been estimated from the Table 3 above. In particular, we have assumed a constant yearly number of buildings for those specific periods using the information available for the period 1971-1980.

⁴ The CNMC impact assessment only considered the effect of the professional reserve on the technical inspections to be done until 2015. The impact assessment presented in this document extend the results to the technical inspections to be done until 2018 and 2020.

Table 4: Aggregate number of residential buildings by construction year, estimated for 1971-1973 and 1971-1975

No. Houses	Before 1900	From 1900 to 1920	From 1921 to 1940	From 1941 to 1950	From 1951 to 1960	From 1961 to 1970	From 1971 to 1973	From 1971 to 1975
2	9,582	4,888	5,998	5,692	10,827	15,541	5,293	8,822
3	3,936	2,199	2,470	2,334	4,257	6,648	2,047	3,412
4	2,538	1,560	1,547	1,470	2,651	4,306	1,404	2,340
5 to 9	5,345	3,144	3,318	2,939	6,120	11,122	4,047	6,745
10 to 19	3,266	2,842	3,042	2,314	5,189	12,268	4,342	7,237
20 to 29	488	596	833	667	1,736	5,866	2,042	3,404
30 to 39	93	134	245	261	648	2,003	875	1,458
40 or more	45	53	91	108	278	1,648	788	1,314
Total	25,293	15,416	17,544	15,785	31,706	59,402	20,838	34,730

Note: It is assumed that the same number of buildings was built each year from 1971 to 1980.

Source: Own elaboration based on the data provided by the Spanish Statistical Office (INE).

The CNMC considered that, although these inspections are mandatory, 80% of the buildings do not undergo them. To be consistent with this approach, we have applied the same parameter to estimate the number of inspections that would have been affected by the introduction of the professional reserve until 2018 (assuming that it was eliminated after the National High Court judgement) or 2020 (assuming that it was eliminated after the Supreme Court judgement). In other words, we apply the 80% parameter to the number of buildings presented in Table 4 in order to delimit the affected ones.

Table 5: Aggregate number of residential buildings affected by the introduction of the professional reserve, by construction year

No. Houses	Before 1900	From 1900 to 1920	From 1921 to 1940	From 1941 to 1950	From 1951 to 1960	From 1961 to 1970	From 1971 to 1973	From 1971 to 1975
2	7,666	3,910	4,798	4,554	8,662	12,433	4,235	7,058
3	3,149	1,759	1,976	1,867	3,406	5,318	1,638	2,730
4	2,030	1,248	1,238	1,176	2,121	3,445	1,123	1,872
5 to 9	4,276	2,515	2,654	2,351	4,896	8,898	3,237	5,396
10 to 19	2,613	2,274	2,434	1,851	4,151	9,814	3,474	5,790
20 to 29	390	477	666	534	1,389	4,693	1,634	2,723
30 to 39	74	107	196	209	518	1,602	700	1,166
40 or more	36	42	73	86	222	1,318	631	1,051
Total	20,234	12,333	14,035	12,628	25,365	47,522	16,670	27,784
Grand Total until 2018	148,787							
Grand Total until 2020	176,571							

Source: Own elaboration based on the data provided by the Spanish Statistical Office (INE).

Considering that the average price of a building technical inspection is 545.2 euros, the expected increase in price after the introduction of the professional reserve is estimated at 27.3 euros⁵. By applying the estimated price increase to the number of inspections affected by the introduction of the barriers to entry, the welfare loss is estimated at **€4.06 million**, assuming that it was eliminated in 2018, and **€4.82 million**, assuming that the elimination of the restriction was effectively applied in 2020. The results are shown in the table below.

⁵ The increase in price is estimated at 5% both under the proposed methodology and under the approach followed in the CNMC's economic report.

Table 6: Estimated welfare loss due to the introduction of the professional reserve, by construction year of the affected buildings

No. Houses	Before 1900	From 1900 to 1920	From 1921 to 1940	From 1941 to 1950	From 1951 to 1960	From 1961 to 1970	From 1971 to 1973	From 1971 to 1975
2	209,271	106,754	130,996	124,313	236,462	339,415	115,603	192,672
3	85,962	48,026	53,945	50,975	92,973	145,192	44,711	74,518
4	55,430	34,070	33,786	32,105	57,898	94,043	30,657	51,095
5 to 9	116,735	68,665	72,465	64,188	133,661	242,904	88,380	147,300
10 to 19	71,329	62,069	66,437	50,538	113,328	267,933	94,834	158,056
20 to 29	10,658	13,017	18,193	14,567	37,914	128,113	44,599	74,332
30 to 39	2,031	2,927	5,351	5,700	14,152	43,746	19,099	31,832
40 or more	983	1,158	1,987	2,359	6,072	35,992	17,219	28,698
Total	552,399	336,685	383,161	344,744	692,459	1,297,340	455,102	758,503
Grand Total until 2018	4,061,891							
Grand Total until 2020	4,820,394							

Source: Own elaboration based on the data provided by the Spanish Statistical Office (INE).