

THE STATE OF HOUSING IN EUROPE 2023



TRENDS IN A NUTSHELL





The two years since the last edition of this report have been marked by unexpected crises and changes: the invasion of Ukraine has brought about an extraordinary set of circumstances throughout Europe – a refugee and energy crisis, on top of the consequences of dealing with the impact of the pandemic, exacerbating long-standing problems with affordability of homes and the energy they consume.

Public funding has been made available in some countries through the use of EU resources from Resilience and Recovery Funds (for instance in Belgium, Spain and Italy), representing for some housing providers an unprecedented funding opportunity in a context of high uncertainty. However, the current context is marked by increasingly unsustainable costs for construction and renovation, to which lately the increasing cost of financing has been added.

These elements combined are causing many projects to be postponed or delayed if not altogether dropped. In Germany this will likely result in renovation projects being cut by one

fourth and new construction by one third compared to planned activities over the coming year. These backlogs are likely to exacerbate shortages in available social and affordable housing which will show two-three years down the road.

The shortages will come at a time when European citizens are already struggling to cope with increasing inflation which is resulting in a real 'cost-of-living crisis'. The current price increases have been found to hit hardest households on low incomes, like those typically living in social housing, who tend to spend the highest share of their budget on essential goods such as energy and food.

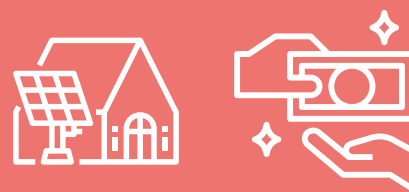
Residents in social and affordable housing have seen their budgets to some extent shielded by the fact they pay rents lower than those available on the market, especially in high demand urban areas, leaving them more resources to make ends meet. This explains why the sector attracts an increasing demand, for instance the number of households applying for social housing in France has reached 2.4 million - 16% more compared to 2016 and 7% more in just one year since 2021. Households registered to obtain social housing in Brussels has increased from 49,000 in 2020 to almost 52,000 in 2022 – and this list could continue.

Looking at housing markets, over the past decade (from 2010 until the fourth quarter of 2022) average rents increased by 19% in the EU and house prices by 47%, and house price growth has consistently

outpaced growth in incomes. What will happen next is a big question mark: in the fourth quarter of 2022 for the first time since 2015 house prices have decreased while rents continued their upward trajectory. The current economic conditions point to a slowdown in house-price growth that may involve reductions in house prices, at least in some countries. While this could translate into lower prices for new buyers, with rising interest rates and household disposable income under pressure from inflation, buying a home will remain out of reach for many, not to mention existing mortgage-holders who face difficulties meeting their monthly payments. As for rents, national averages tend to mask significant increases at local level and especially in attractive urban areas.

In the current context additional measures have been taken by public, cooperative and social housing providers to support their residents: for instance in Denmark, Finland, Sweden public and not for profit housing providers have not indexed rents at their usual rate, and the same goes for housing cooperatives in Italy that have also set up solidarity funds to support those who could not keep up with increasing energy bills. In Germany many housing companies have made increased advance payments to the energy suppliers on behalf of their tenants or agreed on instalment payments. Public cooperative and social housing providers have also worked with residents for instance by offering advice and coaching on energy use, and providing help to access available subsidies and financial inclusion services.

This edition of Housing Europe's report on the State of Housing in Europe focuses on how public, cooperative and social housing is contributing to the fair energy transition and helping residents and communities cope with the current cost of living crisis.



Against a backdrop of increasingly ambitious targets in terms of energy efficiency and sustainability, this report aims at presenting a 'reality check' from the social and affordable housing sector across Europe. To this goal, we have collected information from members of the Housing Europe network. Our analysis brings together the situation of 22 public, cooperative, and social housing organisation based in 17 countries and draws on available data and literature at European and international level.

Availability and quality of data varies significantly across countries, resulting in a huge gap in knowledge about the quality and energy characteristics of the housing stock at European level despite several promising initiatives. This report, and more specifically the information included in its country profiles, can partly contribute to filling this gap, but there are several limitations in terms of data coverage and comparability.

When and where data are available, they show very diverse situations across countries in terms of energy performance of the housing stock and sources of energy used by households in the residential sector. In most of

the countries analysed, Public, cooperative and social housing providers stock tends to show better energy performance than privately owned homes. This is thanks to a strong renovation movement within the sector which in some countries is rather long-standing while in others is more recent. Limited profit housing associations in Austria for instance have already renovated 96% of homes built before 1980. In Czechia, housing cooperatives have renovated 80% of pre-fabricated panel blocks. Furthermore, social and affordable housing providers are involved in exemplary projects and initiatives that are pushing the frontiers with innovative approaches to renovation and decentralised energy production and consumption.

However, going beyond best practices, the information collected in this report shows reaching these goals will require a huge effort.

E-F-G labels still account for 18% of social housing dwellings that have an energy performance certificate in

France, about 15% in Denmark, 11.8% in the Netherlands, 50% in parts of Belgium.

In terms of the energy mix, the diversity is even more striking. The extent to which social, public and cooperative organisations are relying on gas for instance varies from less than 1% in Finland to 55% in France. As a large share of the energy used is sourced from the grid or from district heating, energy companies and district heating networks have a key role to play in moving towards a more sustainable energy mix in the housing sector. For instance, in Germany an estimated 20% of energy used by GdW companies can be considered to come from renewables, mainly sourced from district heating.

However, there is also an increasing phenomenon of energy being produced within the sector through renewables: for instance in Denmark about 7% of dwellings have access to energy from solar panels or windmills belonging to not for profit housing companies, in Flanders (Belgium) the ASTER initiative will see panels installed on 52,500 houses belonging to 64 different social housing companies.



Housing providers across Europe are increasingly supporting and setting up energy communities, which are considered to have a huge potential to bring down energy costs for residents in the future, on condition that regulatory barriers that still persist today can be overcome.

Progress has been made at an increasing pace over the past decade. **In planning and implementing their activities, social cooperative and public housing providers have to combine availability (of enough housing to cater for increasing demand), affordability (so that the homes they produce can be affordable for current and future residents) and sustainability (in terms of use of energy and natural resources in new and existing homes and the neighbourhoods where they are placed).** However, the current context is diminishing the capacity of housing providers to strike a balance between these three equally important priorities.

In the long term what will make the biggest difference will be the capacity of the sector to provide a sufficient number of affordable and good quality homes, through both new supply and renovation. **Especially in the current uncertain geopolitical and economic context, this will require a concerted effort with local national and European institutions to increase investment, and implement different approaches reflecting the different starting points.**



THE FULL STATE OF HOUSING REPORT LAUNCHED ON JUNE 20, 2023



The State of Housing report is part of the **Housing Europe Observatory's** work. Launched more than 25 years ago, it represents the research branch of the Federation and point of reference for facts, figures and key trends in the field of public, cooperative and social housing across Europe.

Housing Europe is the European federation of public, cooperative and social housing. Established in 1988, it is a network of 45 national and regional federations which together gather about 43.000 public, social and cooperative housing providers in 25 countries. Altogether they manage over 25 million homes, about 11% of existing dwellings in the EU. Social, public and co-operative housing providers have a vision of a Europe which provides access to decent and affordable housing for all in communities which are socially, economically and environmentally sustainable and where everyone is enabled to reach their full potential.



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