THE STATE OF HOUSING IN EUROPE – 2025

DENMARK

	# OF DWELLINGS	% OF TOTAL
Non-profit housing	561,802	19.9
Private rental	597,791	21.1
Cooperative	197,750	7.0
Owner occupier	1,345,197	47.6
Other/Unknown	124,408	4.4
Total	**2,826,948**	

SOURCE: BL estimates, based on Statistics Denmark
NOTES: Housing stock on the 1st of January, 2025. Excludes vacant dwellings. "Other" includes some specially adapted state/municipal owned housing, such as age adapted and student accommodation. The official number of privately owned dwellings is somewhat misleading, as apartments purchased by parents and rented to their children with tax benefits (so-called 'forældrekøb') are treated as ordinary private rental apartments.

THE ROLE OF PUBLIC, COOPERATIVE, AND SOCIAL HOUSING PROVIDERS

In the Danish context, social housing is provided by roughly 500 non-profit housing associations run according to the principle of 'tenants democracy', representing about one fifth of the overall housing stock in the country and largest cities. They are independent entities, working in close cooperation with municipalities on housing allocation for citizens in need. Local authorities approve and regulate all new housing construction. BL represents political interests of non-profit housing organizations.

Furthermore, Denmark has a tradition of cooperative housing, a form of community housing whereby members own the property jointly. About 7% of Denmark's dwellings are managed by housing cooperatives and they are particularly widespread in Copenhagen where they represent roughly 28% of the entire housing stock.

DYNAMICS OF HOUSING SUPPLY

New construction in Denmark has declined in recent years, partly due to COVID-related delays and sharp post-pandemic increases in construction material costs driven by global supply chain issues and inflation. Construction costs for not-for-profit housing are legally capped at €3,000–4,000 per square meter to keep rents affordable, with annual indexing based on wages and consumer prices. However, actual construction costs have risen faster than these indices, reducing the purchasing power of housing associations' budget and, in some cases, making new construction unfeasible in larger cities.

Similarly, cooperative housing has significantly decreased as a share of the overall housing market in recent years, and new development has almost come to a standstill.

Besides funding housing renovation from their own resources, non-profit housing associations are supported by the National Building Fund (mainly for major renovation projects). Resources from the Fund are allocated based on political agreements every 4–6 years; the current agreement expires in 2026. A recent analysis indicates that at least 6 billion DKK (roughly 800 million EUR) per year will be needed in support from the fund to renovations over the next 20 years, highlighting the urgency of establishing a new political agreement.

HOUSING NEEDS TODAY

There is a growing urbanisation in Denmark, and an increasing share of single-person households. The Knowledge Centre for Housing Economics has estimated that by 2040 there will be a need for 81,500 more housing units in Copenhagen and 28,400 more housing units in Aarhus (the second largest city of Denmark).[1]

Furthermore, the ageing population creates a growing need to adapt existing housing to better meet the needs of seniors and the elderly. In most cases, renovation is preferred over new construction, as future demographic growth is expected to be limited.[2] Based on demographic developments and the health status of seniors that live in the Danish non-profit sector, BL has estimated that, all else being equal, there will be a need for approximately 1,400 new non-profit housing units with improved accessibility per year in the period 2024-2040.

1 _ https://bvc.dk/media/1883/flere-danskere-nye-behov-og-strukturer.pdf
2 _ https://www.statistikbanken.dk/FRDK125, https://bvc.dk/almen-formidling/fremtidens-aeldrebolig-er-parcelhuset

RECENT DEVELOPMENTS IN HOUSING

Rising construction costs have created major challenges for new non-profit housing, particularly in Copenhagen, due to the regulatory construction cost cap. A temporary exemption from mid-2022 to mid-2024 allowed non-profit organizations to exceed the cap by up to 20%, benefiting mainly Copenhagen, Greater Copenhagen, and Roskilde.[3] The temporary agreement is no longer in effect, while construction costs remain very high. There is currently political focus on how to ensure the development of more non-profit housing in Copenhagen, Greater Copenhagen and central parts of Aarhus, but it is not yet decided which measures will be implemented to achieve this.

Meanwhile the 2021 "Cities Fund" agreement allocates 10 billion DKK (roughly 1.3 billion EUR) in 2022–2035 to support selected non-profit housing projects. The funding can be used for initiatives such as acquiring land in high-cost urban areas, converting commercial buildings into housing and lowering rents for low-income and vulnerable households. However, the fund is targeted only at specific development projects promoting mixed cities.

Regulatory changes are also shaping the sector: a 2025 consultation on side-activities is expected to allow commercial health facilities to be established in non-profit housing estates where a need for such services is identified by municipalities. Furthermore, new Life Cycle Assessment (LCA) requirements impose CO2 limits for all new buildings, with stricter limits from July 2025. These environmental measures are seen as positive in that they focus on sustainability, but at the same time they are expected to make construction more complex and expensive.

Reforms to the Danish homelessness strategy adopted the Housing First approach in 2023, offering permanent housing with social support. Furthermore, about half of Danish rental households receive housing benefit assistance of variable size. However, the 2024 social assistance reform abolished this year a key supplemental housing benefit that helped vulnerable citizens with high housing costs. This can potentially increase evictions and homelessness.

3 _ https://bl.dk/viden-kartotek/nu-forhoejes-maksimumbeloebet/

POLICY GUIDELINES FOR PUBLIC, COOPERATIVE, AND SOCIAL HOUSING

→ A recent analysis by the National Building Fund highlights renovation needs in the not-for-profit sector amounting to at least 6 billion DKK annually over the next two decades, underlining the urgency of a new political agreement to secure additional funding.

→ In general, support for renovation and better legal framework for the establishment of energy communities is needed.

→ In the context of high construction costs, especially in Copenhagen, raising the maximum construction cost allowed for non -profit housing is essential to increase offer.

→ In parallel, to facilitate the production of cooperative housing, municipalities should include also this tenure in planning both new residential areas and conversion of existing buildings.

→ Last but not least, unlike private landlords, non-profit housing providers are bound by law to collect fixed deposits from tenants in the beginning of their tenure. This can constitute an obstacle for new tenants and contribute to vacancy problems. Ensuring equal rules for deposits would improve access to non-profit housing.

THE EU'S ROLE IN BETTER SUPPORTING THE SECTOR

→ EU can provide funding for renovation, including energy renovation, complementing existing national programmes.