

THE STATE OF HOUSING IN EUROPE – 2025

LUXEMBOURG

- ➡ Owner-occupied
- ➡ Rental
 - Of which social rental
- ➡ Other type of ownership
- ➡ Unknown
- ➡ Total

# OF DWELLINGS	% OF TOTAL
134,497	54.2
53,933	21.7
5,000	2
4,592	1.8
55,288	22.3
248,310	



SOURCE: Eurostat, Population and housing censuses, Census 2021 round, Dwellings [cens_21dwbo_r2] ; Jean Claude Zeimet, Tatjana Neuhuber. European Compendium of Housing Policies, Final Report HOUSE4ALL: Access to Affordable and Quality Housing for All People. Country fiche: Luxembourg. ESPON, forthcoming.
 NOTES: For the most part, the 'unknown' category represents missing data, as some households chose not to answer this question when replying to the Census (79% response rate). Research suggests that the 'unknowns' skew towards non-owners, especially those from foreign backgrounds.¹

THE ROLE OF PUBLIC, COOPERATIVE, AND SOCIAL HOUSING PROVIDERS

Social housing in Luxembourg includes housing both for sale and for rent. The actual term used in the legal framework since 2023 is 'affordable housing', comprising provision of housing for affordable or moderate priced purchase, affordable rental housing and (privately owned) housing that is managed as social rental.

The main developers of affordable housing are public providers. The Fonds du Logement (FDL - Housing Fund) manages Luxembourg's largest portfolio of social rental housing. It is an independent public institution operating under the supervision of the Ministry of Housing. Since its establishment, the Fund has built around 4,400 housing units, about half of which are rental properties — currently managing over 2,200 affordable rental units.

The Société Nationale des Habitations à Bon Marché (SNHBM – National Affordable Housing Company) is a joint-stock company whose shareholders include the state, municipalities, and several public institutions. SNHBM's activities focus on housing construction, land acquisition, urban development planning, and infrastructure creation for residential projects. Its primary mission is to provide affordable homes for ownership, although it also manages 532 rental units.

In addition, local governments in major towns and cities manage land and housing for both rental and ownership purposes.

Last but not least, there are about 30 not-for-profit organizations—mainly associations and foundations—operating as Social Rental Agencies (Agences Immobilières

Sociales). These organizations act as intermediaries between private landlords and individuals on the social housing waiting list, leasing homes from the private sector to provide accommodation for low-income households.

DYNAMICS OF HOUSING SUPPLY

The shortage of affordable housing is one of the main challenges Luxembourg is facing. Furthermore, there is an extremely low level of residential construction and broader real estate market activities.

The supply of social housing in Luxembourg has historically been very limited. In recent years, however, the government has made substantial efforts to expand the availability of affordable housing.

This can be clearly seen reflected in the constantly increasing supply of new units by SNHBM, and in the diversification of activities to include building for renting as well as for selling. The company has been building 400-500 units per year since 2022, compared to less than 100 per year in the decade 2005-2015.

One key obstacle faced by public housing providers, however, is access to land: as the state and local authorities do not have much land at their disposal, they have to acquire private land. However, mobilizing privately owned plots is difficult, and a reform of taxation in this area is being prepared.

Increasing supply by not-for-profit organizations, including through use of private stock, has also emerged as a clear trend. *Fondation pour l'Accès au Logement*, for instance, has expanded significantly and today manages 735 units which accommodates 2,412 people.

1 _ Paccoud, A., Gorczynska-Angiulli, M., Ferro, Y., Schiel, K., Pigeron-Piroth, I. (2021). Panorama du Logement en 2021 : du changement dans la continuité. Luxembourg : STATEC.

To stimulate construction amid rising interest rates, the government also began purchasing unbuilt housing units from the private sector, which will later be transferred to FDL or SNHBM for management.

HOUSING NEEDS TODAY

Experts point to a severe undersupply of housing compared to strong population growth in Luxembourg².

Housing is also a key concern for Luxembourg citizens as shown by several surveys in recent years³.

The waiting list for social housing includes about 6,000 households in 2025. The number almost doubled since 2021.

RECENT DEVELOPMENTS IN HOUSING

In 2023, a new housing law was adopted to strengthen affordability and improve the financing of social housing management, and establishing a legal basis for 'social landlords' as entities responsible for the rental management of affordable housing.

A centralized system was introduced for registering prospective tenants, facilitating the allocation of housing on the basis of social criteria.

In parallel, housing allowances for tenants have been increased and eligibility broadened.

A programme to support housing for young people has also been launched in early 2025 the housing ministry together with the ministry of youth,

As mentioned above, land acquisition is a key issue in Luxembourg. In particular, 'baulücken' are vacant lots, which correspond to building plots located in residential areas that should normally have been built on, but which are left vacant.

The government is working on property tax reform, along with the introduction of a land mobilisation tax and a tax on unoccupied dwellings to mobilize vacant lots/dwellings. Furthermore, various instruments and support measures are already in place such as tax incentives offered to private owners and financial assistance for municipal projects.

The government is also looking into speeding up building permits as well as harmonizing and simplifying planning procedures.

Last but not least, in 2024 the government launched a programme aimed at establishing public-private partnerships (PPPs) for housing supply. It aims at construction of rental housing units by private developers owning land, which will lease them to public housing providers for 20 years – to be sub-let in turn to households eligible for affordable rents. The housing ministry will cover the difference between the rent paid by the public provider to the landlord (up to 80% of market rent) and the rent paid by tenants. The programme is currently in its pilot phase.

POLICY GUIDELINES FOR PUBLIC, COOPERATIVE, AND SOCIAL HOUSING



➔ **The new law on affordable housing and some of the recently introduced reforms are positive developments. However, an integrated national plan for affordable housing is needed.**

➔ **Keeping up support for affordable housing provision and tackling the issue of lack of building land for public providers should remain clear priorities.**

2 _ Stráský, J. (2020). Policies for a More Efficient and Inclusive Housing Market in Luxembourg. Economics department working paper, No. 1594. Paris: The Organisation for Economic Cooperation and Development.

3 _ See for instance LISER (2025). Note 42: Préférences des résidents concernant les orientations de la politique du logement au Luxembourg; European Commission (2024) Standard Eurobarometer 101, Spring 2024.

