

# THE STATE OF HOUSING IN EUROPE – 2025

## SWEDEN

➡ Municipal housing companies	839,111	16.1
➡ State, municipal, regional authorities	61,653	1.2
➡ Cooperative housing	1,267,868	24.3
➡ Other rental housing	812,793	15.6
➡ Owner-occupiers	2,054,771	39.4
➡ Other / Unknown	175,832	3.4
➡ <b>Total</b>	<b>5,212,028</b>	

# OF DWELLINGS	% OF TOTAL
839,111	16.1
61,653	1.2
1,267,868	24.3
812,793	15.6
2,054,771	39.4
175,832	3.4
<b>5,212,028</b>	



SOURCE: Statistics Sweden.

NOTES: Total number of dwellings in 2023; including vacant dwellings, but excluding 'summer cottages' and homes not designed for permanent habitation. "State, municipal, regional authorities" is not equivalent to 'social' housing. It is rental housing owned by various public agencies.

## THE ROLE OF PUBLIC, COOPERATIVE, AND SOCIAL HOUSING PROVIDERS

In Sweden, the policy for many decades has been that all people have a right to decent housing. As such, the state has eschewed the development of a targeted (i.e., income-based) 'social' housing sector, in favour of a broad-based 'public' housing sector. The Municipal Housing Companies (MHCs) who provide such homes are publicly owned. They should support the local housing policies in the areas where they are located, whilst providing rental housing for those households who need it. The MHCs are represented at the national level by Public Housing Sweden (PHS).

Sweden also has a large "tenant-owner" (i.e., cooperative) housing sector. Two large national cooperative federations—*HSB Riskförbund* and *Riksbyggen*—work with their network of regional partners, who in turn support the development of local housing cooperatives. Overall, around one in four homes in Sweden is part of a local housing cooperative.

## DYNAMICS OF HOUSING SUPPLY

Housing construction—of all types—has faced significant headwinds in Sweden recently. This primarily reflects the jump in construction costs, while higher interest rates are also a factor.

Higher costs related to the ongoing management of dwellings are also a major concern, with notable increases in the cost of district heating, electricity, water and sewage, and waste management. Consideration of these on-going costs are important, as prudent management by both MHCs and

cooperatives requires them to consider potential risks to the ability of households to pay rent or service their debts.

## Additions (gross) to public and cooperative housing stock

Year	Public Housing			Total
	Sweden	HSB	Riksbyggen	Additional
2021 ➡	6,839	1,092	1,618	9,052
2022 ➡	6,150	1,061	1,181	7,687
2023 ➡	5,973	205	1,359	7,537
2024 ➡	6,093	148	890	7,131

SOURCE: SCB, HSB, Riksbyggen

NOTE: Data for PHS include MHCs only, and are based on SCB data. PHS figures also include net conversions (i.e., the net change in the number of dwellings based on modifications of existing buildings).

The net result is that the total new production of dwellings in Sweden fell to an eight-year low in 2024, declining by nearly one-third versus 2023. MHCs have managed to maintain a relatively stable level of output. The cooperative sector, which is more sensitive to moves in market interest rates, has seen a marked slowdown.

## HOUSING NEEDS TODAY

In 2020, the Swedish National Board of Housing, Building and Planning (Boverket) estimated that around 56,000 households lacked adequate housing, simultaneously living in homes that were overcrowded, too expensive for them, and located too far from work.<sup>1</sup>

1 \_ Boverket. (2020). *Mått på bostadsbristen – förslag på hur återkommande bedömningar ska göras* [Measures of housing shortage – proposal for how recurring assessments should be made]. <https://www.boverket.se/sv/om-boverket/publikationer/2020/matt-pa-bostadsbristen/>

Boverket has recently estimated that there is a current backlog in new supply of around 151,000 homes.<sup>2</sup> Additionally, it estimates that 523,000 new homes will be needed between 2024 and 2033, averaging about 52,300 per year. This long-term demand, based on municipal surveys, builds on the current shortfall and is expected to ease somewhat due to lower birth rates and reduced rates of inward migration. Access to public housing in Sweden is open to all, with no income limits. As such, many households apply, despite not having immediate housing needs or dealing with inadequate housing. This leads to long waiting lists in many parts of the country. Indeed, in its 2023 survey of members, PHS found that 100 per cent of MHCs located in the largest cities (e.g., Stockholm, Gothenburg, Malmö) felt there was an unmet demand for public housing in their area. In contrast, in small towns and rural areas, around one-in-five providers noted that there was now a surplus.

With regard to cooperative housing, there are no specific estimates of need for housing of this type. However, given that it tends to be a more affordable option than several other forms of housing in Sweden,<sup>3</sup> many of the households who suffer due to the existing supply backlog could benefit from such a home. However, higher interest rates and construction costs are an issue in building out new cooperative projects.

## RECENT DEVELOPMENTS IN HOUSING

New more flexible construction regulations and increased renovation support for homeowners aim to stimulate building activity and support the construction sector. However, their effectiveness depends on local municipalities, and the current approach may exacerbate inequalities between the rental and ownership markets, as rental properties receive less support.

Indeed, the focus of the current government is increased support for owner-occupiers,<sup>4</sup> with no clear strategy to support public housing. Indeed, the government actually halted a successful subsidy scheme that had provided a major boost to the viability of many MHC-led projects.<sup>5</sup>

Broader economic challenges—such as inflation, higher interest rates, and unemployment—affect both housing demand and supply, while government policy responses, including the recent cut to the temporarily increased pandemic-era housing allowance, further influence the sector and its stakeholders.

2 \_ Boverket. (2025). *Behov av bostadsbyggande 2024–2033* [The need for housing construction 2024–2033]. <https://www.boverket.se/sv/samhallsplanering/bostadsmarknad/bostadsmarknaden/behov-av-bostadsbyggande/behov-2024/>

3 \_ Grip, J., and Brinkhagen, A. (2021) *Boendekostnader i nyproduktion* [Housing costs in new construction]. Stockholm: Prognos Centret. <https://www.mynewsdesk.com/se/hsb-riksforbund/documents/rapport-boendekostnader-i-nyproduktion-punkt-pdf-416785>

4 \_ See: Prime Minister's Office (2023). *Sweden's National Reform Programme 2023*. Stockholm: Office of the Prime Minister of the Kingdom of Sweden. Accessed at: <https://www.government.se/reports/2023/08/swedens-national-reform-programme-2023/>

5 \_ See: <https://www.hyresgastforeningen.se/bostadsfakta/rapporter/investeringsstodets-effekter/>

## POLICY GUIDELINES FOR PUBLIC, COOPERATIVE, AND SOCIAL HOUSING



➡ A state-backed loan for first-time buyers could make homeownership more accessible, with both HSB and Riksborgen advocating for the government to introduce such a scheme.

➡ PHS and other actors (e.g., Swedish Tenants' Union) strongly suggest that the housing allowance should be increased and indexed to reflect the actual consumer price index and rents.

➡ To create fairer economic conditions between tenures, Sweden should introduce a 6% VAT on residential rents, allow tax-deductible renovation funds and a renovation subsidy for rental blocks, and abolish both the municipal property tax and the special withdrawal tax on such properties.

➡ To encourage new housing construction, proposals include amending the Public Procurement Act as recommended in the report on socially sustainable housing, recognising housing supply as essential infrastructure to enable reduced interest-deduction limits, introducing national type-approval for standardised buildings, and relaxing new-build standards for major renovations

➡ For a more active municipal housing policy, municipalities should take long-term responsibility for housing supply, lower land and service fees, limit costly local requirements in development agreements, avoid setting extra technical specifications, and adopt more flexible zoning plans.

## THE EU'S ROLE IN BETTER SUPPORTING THE SECTOR

➡ The EU could share best practices, guidance, and solutions to support member states

➡ Strengthen the internal construction market to encourage cross-border activity, increase competition, improve environmental standards, and lower costs for products and services.

➡ Monitor housing markets and issue recommendations to Sweden to improve the effectiveness of its housing system.

