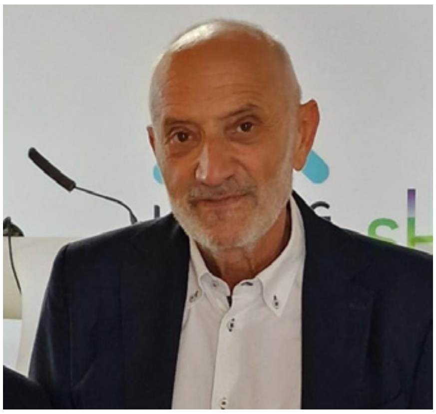
THE STATE OF HOUSING IN EUROPE 2025

HOUSING EUROPE

TRENDS IN A NUTSHELL

FOREWORD BY HOUSING EUROPE'S PRESIDENT, MARCO CORRADI

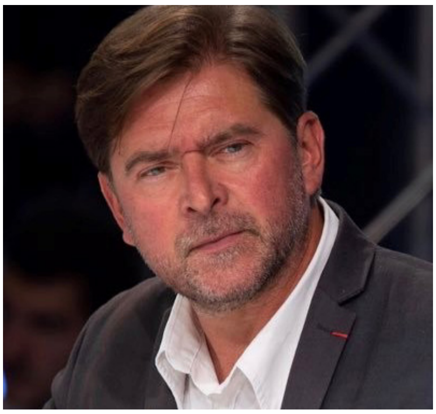


Europe faces a structural housing crisis that is no longer abstract. It is real, affecting people's lives every day. The consequences are severe: rising inequality, social exclusion, and a growing gap in trust in our public institutions, not to mention the threat to the attractiveness and competitiveness of our cities and regions.

Tackling the housing crisis means understanding the full range of people's needs and putting together solutions that are sustainable, flexible, and targeted. The crisis is structural and systemic, and it won't be solved by the private sector alone. We should trust a sector that has been doing this for centuries and has never lost people out of sight: public, cooperative, and social housing.

Now is the moment for a new housing paradigm: strategic, inclusive, and forward-looking. Housing Europe and 43.000 public, cooperative, social housing providers stand ready to turn this vision into reality, guided by evidence and insights, such as those in our State of Housing in Europe report. Let the numbers and trends in this report be the starting point for putting data into context and shaping policies that truly deliver.

INTRODUCTION BY THE CHAIR OF HOUSING EUROPE OBSERVATORY, LAURENT GHEKIÈRE



In her annual State of the Union speech, European Commission President Ursula von der Leyen reminded us that homes are places of safety, family, and belonging. She stressed that access to housing matters not only for social cohesion, but also for healthy economies and Europe's competitiveness. She also warned: "For too many Europeans today, home has become a source of anxiety," describing housing as a social crisis.

The Housing Europe Observatory confirms this. Across Europe, needs for affordable homes far exceed supply. Social housing waiting lists are growing, and many construction targets are being missed, showing a systemic crisis that current policies and investments are not solving. Rising costs and limited financing are slowing new building, while renovations are progressing unevenly. These trends reflect the wider housing sector, but also the result of long-term policy choices, or the lack of them.

Yet in countries with strong public, cooperative, and social housing sectors, the picture is different. These providers still supply a large, and in some cases growing, share of homes, providing stability in tough times. To continue fulfilling its mission, the sector needs stable financing, clear regulation, supportive governance, and stronger support from the EU.

HOUSING NEEDS TODAY

HOUSING NEEDS FAR OUTSTRIP SUPPLY ACROSS EUROPE, WITH GROWING SOCIAL HOUSING WAITING LISTS AND MISSED TARGETS HIGHLIGHTING A SYSTEMIC CRISIS THAT CURRENT POLICIES AND INVESTMENTS CANNOT FIX.

Europe faces a **persistent and growing gap between housing needs and supply.** Population growth, households formation, urbanisation, and migration drive demand, while supply is constrained by rising costs, limited financing, and sluggish construction pipelines.

Furthermore, a common feature of many countries across Europe is still the **lack of consistent national monitoring and planning:** many states have no reliable estimates of need, no centralised waiting lists, or only ad hoc programme-based targets. To properly address the gap widening between need and delivery, clearer targets and better monitoring systems are needed.

Where such estimates exist, several countries point at **massive overall unmet needs:** France requires 518,000 homes annually (out of which 198,000 social), Germany at least 400,000 (out of which 140,000 social), the Netherlands nearly 1million by 2031, and Sweden over 500,000 by 2033. Yet production consistently falls short, often by close to half.

Besides purely quantitative shortages, **quality and adequacy** should be also considered. In Czechia at least 161,000 people live in inadequate housing conditions (out of which 45,000 are currently roofless) and up to 1.3 million face energy poverty. In Portugal there are 130,000 families in inadequate housing, mostly concentrated in the main cities and the Algarve.

Furthermore, governments in countries like Germany and France set **ambitious annual targets that are consistently not met, as delivery lags** due to economic conditions and rising construction costs. In Ireland and Sweden actual supply was close to target in 2023 but fell short again in 2024.

Last but not least, in countries where the information is available, **social housing waiting lists are swelling** — with nearly 2.8m pending applications in France, and hundreds of thousands in Italy, Portugal, and Germany's urban areas. These lists signal deep structural shortages that current production cannot absorb.

In short, Europe's housing crisis is systemic: demand outstrips supply everywhere, and public, cooperative and social housing providers face an overwhelming backlog.

France:

518,000 homes/year (198,000 social) + 2.8M on waiting list

Germany:

400,000/year (140,000 social)

Netherlands:

1M homes needed by 2031

Sweden:

500,000 by 2033

Czechia:

161,000 in inadequate housing (45,000 roofless) + 1.3M in energy poverty

Portugal:

130,000 families in inadequate housing.

Actual supply: barely half of what's needed across Europe.

DYNAMICS OF HOUSING SUPPLY

Across Europe, housing providers face declining new construction due to rising costs and limited financing, while renovation efforts advance unevenly. This reflects overall trends across all segments of residential construction, which is expected to hit a ten-year low in 2025. However, in countries with well-established public, cooperative and social housing providers the sector still represents a large and even increasing share of overall housing supply, playing a vitally counter-cyclical role.

Across Europe, the **supply of new social and affordable housing is under significant pressure.** Many countries, including France, Finland, Sweden, Denmark, Germany, Ireland, and Italy, report recent declining construction, largely due to escalating costs of materials, rising interest rates, and constrained financing. In this context, caps on construction costs or changes to the rent-setting mechanisms in places like Austria, Denmark, the Netherlands, and Sweden also impact providers' ability to invest. In Germany, the situation is particularly acute, with widespread cancellations of new projects.

By contrast, **some countries demonstrate resilience, or stronger commitment to 'catching up'** in terms of social housing supply. Luxembourg continues to grow supply through acquisitions and new construction, and Hungary and Belgium are expanding social housing stock through the purchase of existing homes. In Czechia, municipal demand for affordable housing is growing, especially in smaller towns, and a new dedicated state fund has recently been set up. In Portugal, public housing units' construction and rehabilitation is increasing, mainly supported by RRP investment although obstacles remain to reaching the targeted pace. Slovenia has seen allocation of public budget multiplied by four this year, with a long-term horizon for public housing supply.

Renovation activity presents a mixed picture. Countries like Austria and France are advancing with climate-driven retrofits. The Netherlands is making progress with insulation but faces infrastructure and affordability challenges. In Denmark, renovation is sustained by favourable political agreement which will be revised in 2026, and Slovenia shows steady but modest progress. Elsewhere, renovation is falling behind: Germany, Ireland, Italy and Sweden struggle with funding and economic constraints, leading to postponed or scaled-back works. Belgium is pursuing ambitious large-scale renovation plans but is facing budget constraints and high share of poor-quality stock In Hungary and Greece, efforts are focused on targeted renovations of vacant or newly acquired stock.

Despite these challenges, public, cooperative and social housing providers still represent a significant proportion of overall output in several countries: Dutch housing associations are responsible for a third of overall new housing completions in the Netherlands in 2024. Similarly in France, the social housing sector represents almost 30% of all housing starts in 2024 despite a long-term decline in the number of new units delivered yearly. In Austria limited profit housing companies are building roughly one out of four new homes in the country, and the same goes for Sweden if public and cooperative housing are considered jointly, while in Finland municipal housing companies' output represents one fifth of new supply. This shows the resilience of a sector which can play a significant counter-cyclical role at a time of low residential construction outputs.

Overall, the sector today is caught between financial constraints and climate obligations. Rising demand for affordable housing contrasts sharply with a weakening capacity to deliver new supply. Renovation is increasingly linked to decarbonisation goals, but without significant policy and financial support, progress risks being fragmented and uneven across Europe.

2025: residential construction expected to hit a ten-year low.

Netherlands:

Housing associations deliver one third of all new housing completions (2024).

France:

Social housing sector accounts for almost 30% of all housing starts (2024).

Austria:

Limited-profit housing companies build 1 in 4 new homes.

Sweden:

Public + cooperative housing = 1 in 4 new homes.

Finland:

Municipal housing companies produce 20% of new supply.

Slovenia:

Public housing budget multiplied by four this year.

RECENT DEVELOPMENTS IN HOUSING GOVERNANCE AND REGULATION

Housing governance and regulation across Europe shows a patchwork of progress and setbacks: while some countries strengthen frameworks and expand existing programmes, others face abrupt cuts, stalled reforms, or missing strategies — highlighting the urgent need for stable financing, coherent regulation, and stronger EU-level support.

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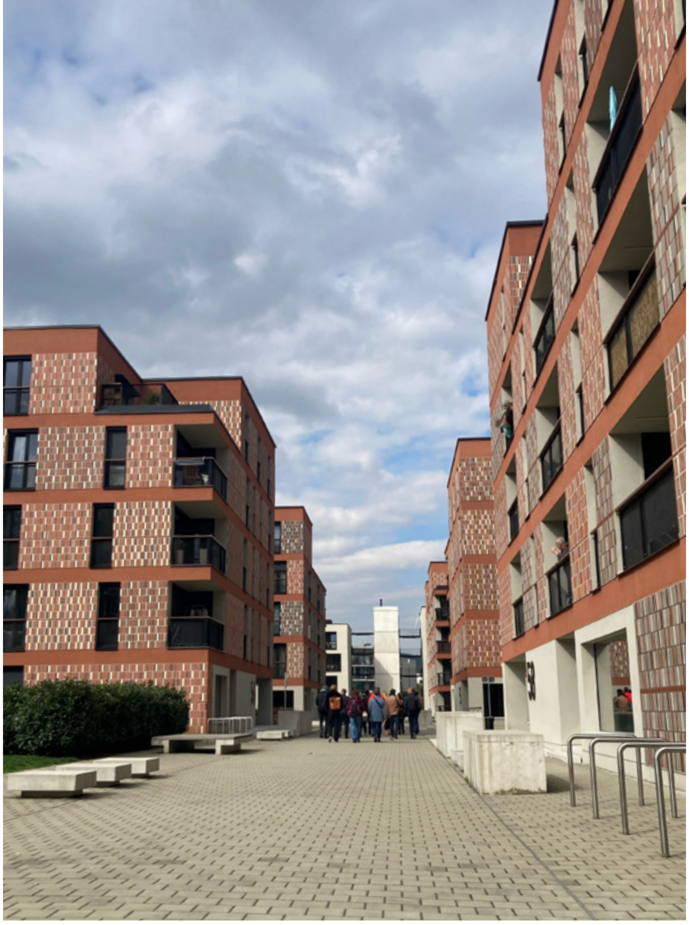

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There have been many recent governance and regulatory changes, however analysis reveals a complex mix of progress and setbacks. **Positive reforms** have been seen in Denmark (more flexible rules for non-profit housing), Ireland (creation of a regulatory authority and Housing for All strategy), Luxembourg (new affordable housing laws and entities), Portugal (new strategic and institutional framework) Slovenia (long-term funding and legislation for 20,000 public rental homes), Germany (expanded housing benefit system), and parts of Belgium (Wallonia's planned housing agency merger, Brussels' acquisition strategy). These reforms aim to improve affordability, expand stock, or align housing with climate goals.

At the same time, several **countries face negative or destabilizing changes.** In Austria further restrictions on already highly regulated rents in the limited-profit sector have heavily reduced revenues for housing associations, curbing investment in new builds and renovations. Finland's dismantling of long-standing institutions (ARA National Housing Fund) and abrupt system-level changes risk undermining stability. In France the government imposed reduced finance for social housing by introducing a reduction in rents, while Italy continues to lack any clear national housing plan.

Many countries highlight a **lack of clear housing plans and a several bottlenecks.** Common concerns include lack of stable long-term financing (Portugal, Netherlands, France), excessive bureaucracy and slow permitting (Belgium, Netherlands), weak national strategies (Greece, Czechia, Hungary), and land availability (Austria, Luxembourg). Several stress that climate and renovation objectives are underfunded (Belgium, France, Germany).

THE EU ROLE IN BETTER SUPPORTING PUBLIC, COOPERATIVE AND SOCIAL HOUSING PROVIDERS

The EU is both a barrier and a lifeline for housing providers: rigid fiscal rules constrain delivery, while EU funds, EIB loans, and a more adapted European housing strategy could unlock affordable and sustainable homes.

Across Europe, housing providers see the EU as playing a decisive but ambivalent role in the delivery of social, cooperative and affordable housing. On one hand, EU fiscal rules, Eurostat debt classifications and to a lesser extent some sectoral legislation (like on energy) are widely regarded as constraints that limit investment capacity, complicate financing, and delay projects. On the other hand, EU funds, European Investment Bank (EIB) loans, and the potential for a European housing strategy are viewed as vital opportunities to unlock new supply, accelerate renovations, and strengthen diverse national systems. However, the views and priorities of national organisations differ significantly, reflecting the way EU regulations and policies interact with the different national and local housing systems.

Financing is the top priority. Many actors call for easier and more direct access to EIB loans, tailored instruments for cooperative and affordable housing, and long-term, predictable EU funding beyond 2026. Several countries stress that current rules — such as the reclassification of interest-subsidy loans in Finland or restrictive co-financing deadlines in Belgium — discourage investment. There is strong demand for more flexible, counter-cyclical and de-risking EU support mechanisms that adapt to rising costs and economic volatility.

Climate and energy goals are strongly supported but need to ensure social fairness. Countries call for EU instruments that focus on actual emissions reductions, provide targeted support for vulnerable groups, foster local renewable energy production and integrate lifecycle cost considerations into financing rules. Without sufficient EU funding, national housing providers warn that climate ambitions risk becoming unattainable.

Finally, many national experts highlight the **need for a European strategy to better recognise the role of social, cooperative and public housing.** Beyond funding, the EU is expected to promote knowledge sharing, best practices, and capacity-building for local authorities and housing providers and stronger support of housing policies within the European Pillar of Social Rights.

In short, housing providers call on the EU to move from being a source of regulatory constraints to becoming an enabler, by combining greater financial support, more flexible rules which recognize national competence, and stronger political recognition of housing as an essential infrastructure for Europe's future - with dedicated housing providers playing a crucial role.

Housing Europe has developed a **European Housing Compass** as a tool to help navigate the complex housing landscape and gauge policy developments in this respect. Its north star is well functioning housing systems which serve communities and unlock their potential.

Homes which are safe, afforable, accessible, sustainable and protect the most vulnerable.

Homes which unlock social and economic potential, serve labour markets, and boost competitiveness.

The ‘State of Housing in Europe 2025: Trends in a Nutshell’ was prepared by the Housing Europe Observatory, with the help of the Policy and Communications teams. The Observatory is the research branch of Housing Europe, the European Federation of Public, Cooperative and Social Housing.

This document summarises information provided by 24 Housing Europe members organisations in 16 countries, whom we thank for their contribution: GBV (Austria); FLW, INITIA, SLRB and SWL (Belgium); SFPI (Czechia); BL (Denmark); KOVA (Finland); USH (France); GdW (Germany); MDAT (Greece); MRKL (Hungary); CHI (Ireland); Legacoop Abitanti and Confcooperative Habitat (Italy); FAL and SNHBM (Luxemburg); AEDES (Netherlands); Gebalis, IHRU and Matosinhos Habit (Portugal); HFRS (Slovenia); HSB and PHS (Sweden). More detailed information on these countries - and more - is to be found in the accompanying country reports that will be published until the end of the year.

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