Executive summary of analysis on housing inequalities in Europe

An extract from Deliverable 2.1, *“Contextualized analysis of the housing situation – Papers on (sub)national trends”*, of the ReHousIn project

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FOREWORD

This executive summary is an extract from Deliverable 2.1, *"Contextualized analysis of the housing situation – Papers on (sub) national trends"*, of the ReHousIn project. The deliverable examines the housing landscape in nine European countries from 1990 onward: Austria, France, Hungary, Italy, Norway, Poland, Spain, Switzerland, and the United Kingdom.

The full version of the deliverable is available here.

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The ReHousIn project aims to spark innovative policy solutions towards inclusionary and quality housing. To achieve this, it investigates the complex relationship between green transition initiatives and housing inequalities in European urban and rural contexts and develops innovative policy recommendations for better and context-sensitive integration between environmentally sustainable interventions and socially inclusive housing.

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EXECUTIVE SUMMARY OF ANALYSIS ON HOUSING INEQUALITIES IN EUROPE

Deliverable 2.1 of the ReHousIn project, *"Contextualized analysis of the housing situation – Papers on (sub) national trends"*, presents nine national reports focusing on demographic, economic, environmental, and social trends shaping housing inequalities in European countries. Each country faces unique challenges arising from historical, geographical, and political contexts. Below is a consolidated summary of the key findings from the pan-European analysis on housing inequalities:

Austria

Austria is a small country with a population of approximately 9.2 million people. Stable economic conditions, its geographic location between East and West Europe, and its accession to the European Union have led to high migration and a population growth of 19% since 1990. Average annual wages per employee of around 50,000 EUR is high but wealth distribution is uneven: 16.1% of the households are at risk of poverty, living on less than 60% of the national median disposable income. Austria is amongst those European Countries with the lowest homeownership rates with about 49% renting their dwelling in which they reside. This percentage is significantly higher in urban and densely populated areas. For example, in the city of Vienna 18% of the residents own the dwelling in which they reside. Austrian wide about 25% of the households rent their apartments from the private market owned by private individuals or companies. Social housing plays a considerable role, with about 21% of households living in a public or non-profit unit. The shares of social housing are even higher in urban areas. Since 2000, rents have increased by 80% and house prices more than doubled outpacing wage development. On average, households spend 19% of their disposable income for housing with about 10% of the households perceiving housing costs as a heavy burden. Inequalities between homeowners and tenants exist: In 2020 the share of housing costs in disposable income for homeowners was only about 13% but for tenants it amounted to about 26%. Housing inequalities also exist across household types with single-parent and one-person households spending 25-30% of their disposable income on housing. Other household types pay typically not more than 15% of their disposable income for housing. On average non-Austrian-born households bear 8% higher housing costs than Austrian-born households. Territorial inequalities exist between urban and rural areas, with households living in densely populated areas having on average 9% higher housing costs than those living in thinly populated areas.

France

France boasts a robust economy with significant government involvement in critical energy, transportation, and defence sectors. Although it faces challenges such as high public debt and pending pension reforms, France maintains a strong position in the global economy. Over the past fifty years, the housing market has transformed considerably, with the growth of housing units consistently outpacing that of the population and households. Vacancy rates have increased faster than the overall housing stock, particularly in rural and coastal areas, while urban centres are experiencing densification. Following a boom in homeownership during the

1980s, rates declined until stabilising around the mid-2000s, especially in metropolitan regions. While four-fifths of households express contentment with their homes, a significant housing crisis persists; for instance, tenants in social housing report lower satisfaction; a quarter of households with a recognized legal right to housing have yet to be allocated social housing; and the annual output of social housing is drastically insufficient. This is especially true in cities, where residents confront escalating costs, overcrowding, and noise issues. Even those eligible for assistance often struggle financially, with one-third of tenant households unable to pay rent. Rural areas also face affordability challenges amid rising demands for subsidised housing. Due to their significant environmental impacts, the National Low-Carbon Strategy (SNBC) prioritises the construction and public works sectors alongside energy production. Notoriously, nuclear power generates 62% of France's electricity, while renewable sources contribute 25%. To enhance energy efficiency, plans are underway to eliminate oil and gas heating, replace oil boilers, and improve insulation in residential and commercial buildings.

Hungary

Hungary has a population of 9,6 million, and 4,6 million housing units, of which 12% are vacant. The country joined the EU in 2004 as a former socialist New Member State. A key trend in these countries was the sharp decline in public housing stock following privatisation. By 2022, just 2.5% of Hungary's housing stock remained municipally owned, largely consisting of the lowest-quality homes occupied by the most disadvantaged groups. The share of the private rental sector is around 6-10%. Hungary's development gap with Europe has been gradually narrowing, however the country's economic development is lagging behind its neighbours. Unemployment has hovered around 4% since 2017, though regional disparities persist. Hungary faces population decline and aging, further complicated by low fertility rates. Housing subsidies aimed to sustain economic growth by boosting loan-driven demand and influencing middle-class family planning. Since 2015, support programmes boosted home purchases and birth rates, raising fertility to 1.51 in 2023 and long-term household loans by 180% (nominal terms). However, loan-to-GDP ratios have declined since 2021. At the same time, as foreign developers left the market, competition in housing construction weakened, concentrating subsidies in the domestic development and construction sector. This drove up housing prices and rents—among the region's highest—fuelling a housing crisis. From 2015 to 2023, average house prices rose by 250%, while real rents at 2022 prices increased by 205%. Affordability worsened, with the house price-to-income ratio around five in recent years and rent-to-income ratios exceeding 30% after 2019. After 2015, the housing output is among the lowest in the region (c. 1.875 new dwellings/1000 inhabitants in 2023). While the social housing rate is extremely low, 35-40% of the population struggles to afford housing costs. As a result, intergenerational transfers play a crucial role, with many families residing in substandard conditions—high-density, poor-quality homes with low energy efficiency—often located far from workplaces. Lastly, while housing conditions improved overall, disadvantaged groups saw less benefit causing widening inequalities.

Italy

Italy has a shrinking population due to low fertility and high outmigration, only partly counterbalanced by foreign inflow. Italy is a home-ownership dominated country with high and growing wealth inequality and more moderate income inequality. In the last forty years, the country has seen a significant growth in the number of dwellings, which outpaced the number of households and resulted in an increasing vacancy rate. Despite this, a large share of the housing stock is old: in 2011, 72% of the dwellings had been built before the 1980s, when minimum energy-efficiency rules were required by the building code. The tenure composition has shifted in the recent period, with owner-occupation growing from 68% in 1991 to 77% in 2021 and rental tenure decreasing from 25% in 1991 to 17% in 2021. The share of public housing shrank from 5,8% in 1991 to 3,6% in 2021, however, the segment still constitutes around 20% of the rental stock. Housing costs tend to be a larger burden for poorer households residing in rental tenure, and more so in bigger cities than in intermediate and less dense areas. EU-SILC data show a decrease in the share of overburdened households in those categories, especially in recent years, which can be linked to the introduction of a minimum income scheme (Reddito di cittadinanza), a support instrument for households in need, which has meanwhile been abolished.

Norway

Norway is a wealthy country with a population of around 5.5 million people. Strong economic performance, supported by oil and gas revenues, has contributed to financial stability and sustained population growth, with immigration playing a key role, particularly after Norway’s participation in the European Economic Area. Since 2000, the country’s population has grown by approximately 20%, intensifying housing demand, especially in urban areas like Oslo, where housing pressure is highest. Environmental efforts, including investments in renewable energy and reductions in building sector CO_2 emissions, align with national priorities for a sustainable and green transition but still mainly concern new building construction. Concerning housing segmentation, homeownership, despite a slight decline since the early 2000s, remains the main tenure form, with 79% of individuals owning their property in 2023. In the same time frame, the rental market has expanded, and market-rate rentals now accommodate nearly 20% of households, particularly in densely populated regions. The role of subsidized housing in Norway is limited, with only around 4% of households living in public housing. Data shows that housing costs are generally perceived as manageable by most households. However, vulnerable groups, including students, immigrants, and tenants in private rentals, often face a housing cost burden exceeding 30% of their disposable income. In particular, single-person households and renters in urban areas pay significantly more, with some spending up to 40% of their income on rent. Although housing and neighborhood quality indicators remain high, with over 90% of dwellings meeting heating adequacy standards and low incidences of structural deficiencies, urban areas report higher levels of noise and crime, affecting the perceived quality of living. With housing pressures intensifying in major cities and affordable options diminishing, housing inequalities are becoming more pronounced, particularly in the most urbanized areas and among low-income renters and marginalized groups.

Poland

Poland's population has declined by over 2% in the last decade, and aging is a pressing concern, with seniors (65+) expected to make up 25% of the population. Economic growth has brought nominal wage increases, doubling in the 1990s and rising 60% between 2019 and 2023, though inflation-adjusted gains remain modest. Poverty rates have declined to 12–14%, and unemployment reached a historic low of 5% in 2023. Over 80% of households live in privately owned homes, with mortgages financing approximately 10% of properties. Housing prices have surged, with primary market prices up 50% since 2015 and secondary market prices nearly doubling. Rental prices have risen by 60%, driven by inflation, refugee demand, and reduced housing loan accessibility. Housing costs remain a significant burden, with over 90% of households perceiving them as such since 2010. Persistent housing shortages, price inflation, and limited government intervention continue to hinder market accessibility. Housing quality has improved markedly since EU accession, particularly in thermal comfort and structural integrity. Overcrowding rates have dropped from over 40% in the 2000s to 30% in the 2010s, thanks to increased housing production and population decline. However, urban-rural disparities persist, with rural areas experiencing inferior housing standards, despite better conditions in noise and sunlight exposure. In conclusion, Poland's housing landscape reflects significant progress alongside persistent challenges. Improvements in quality and neighborhood conditions are tempered by affordability issues, demographic decline, and environmental pressures. Strategic efforts to address housing shortages, promote energy-efficient construction, and adapt to demographic changes will be vital to ensuring sustainable growth and improved living conditions for all.

Spain

The data throughout this report illustrate persistent housing inequality in Spain, driven by challenges such as affordability, space constraints, financial vulnerabilities, and regional disparities. Affordability issues are particularly acute for renters, low-income households, and residents in specific regions. High housing costs impose significant financial strain, with many households spending disproportionate shares of their income on rent. These burdens are especially severe in large urban centers, where demand for housing far exceeds supply, exacerbating gentrification and displacement of long-term residents. Overcrowding is another critical aspect of housing inequality, with smaller homes in densely populated urban areas experiencing the highest rates of spatial limitation. These conditions reduce the quality of life, as families struggle with inadequate living space. The prevalence of overcrowding underscores the spatial inequality within the housing market, as economically disadvantaged groups are disproportionately affected. Financial vulnerabilities further complicate the housing landscape, with high rates of mortgage arrears during economic downturns revealing the precarious nature of homeownership. Economic shocks often expose households, particularly low-income ones, to the risk of losing their homes, illustrating that homeownership does not necessarily provide financial stability. Regional disparities also play a significant role in perpetuating housing inequality. Housing costs vary greatly across Spain, with urbanized and economically prosperous regions facing higher burdens than rural areas. However, rural regions contend with their challenges, such as depopulation, aging housing stock, and limited infrastructure, which collectively hinder access to adequate housing. Structural inequality within the housing market remains pervasive. Historical trends, including a preference for homeownership and inadequate investment in public rental housing, have created a fragmented landscape where vulnerable populations face systemic barriers to quality housing. Housing inequality in Spain is thus shaped by the complex interplay of economic, social, and geographic factors that continue to disadvantage certain groups disproportionately.

Switzerland

Switzerland is a small country with a population of about nine million people. The comparatively high wages and low unemployment rates have led to high migration rates resulting in a 30% population growth between 1990 and 2023. The annual average per capita income of around 90,000 CHF (roughly 95,000 EUR) is high but wealth distribution is uneven: 16% of the households are at risk of poverty, living on less than 60% of the national median disposable income. The country has the lowest rate of homeownership in Europe with 62% of the households renting their dwelling. This percentage is significantly higher in urban and densely populated areas. For example, in the city of Zurich less than 10% of the residents own the dwelling in which they reside. 57% of the households rely on apartments rented from the private market owned by private individuals or companies. Social housing plays a marginal role in Switzerland, with only 5% of households living in a subsidised or non-profit unit. Since 2000, rents have increased by 30% and house prices have almost doubled. Accordingly, homeownership is increasingly unaffordable for lower- and middle-income people. On average, households spend 14% of their gross income on housing but housing costs are perceived as a heavy burden by 25%. There are significant inequalities between homeowners and tenants: In 2020 the share of housing costs in disposable income for homeowners was only 17.4% but it amounted to more than 30% for tenants. Housing inequalities also exist across household types with single-parent and one-person households spending 30-35% of their disposable income on housing. On average non-Swiss-born households bear 3% higher housing costs than Swiss-born households. Territorial inequalities exist between urban and rural areas, with households living in densely populated areas showing 10% higher housing costs than those living in thinly populated areas.

The United Kingdom

For the UK, the data contained in this report indicates falling government expenditure on housebuilding, falling supply of new housing from the 1970s onwards, rising rents and house prices (in real terms), stagnating incomes, rising living costs (with inflation and the Consumer Price Index reaching historic levels in recent years) and shifts in tenure towards owner occupation and private rent, due to withdrawal of financial support for social housing construction and the Right to Buy policy. These trends have significant implications for housing inequalities. As saving becomes increasingly difficult, and as social and affordable rental housing becomes increasingly residualised, those unable to acquire a mortgage move increasingly in the private rental sector, which increased substantially since 2007. Growth of this sector has also been supported by the sale of council properties, with data showing that by 2017, 40% of former council homes had moved from owner occupation to the private rented sector. While homeownership remains the dominant tenure and continues to rise, new entrants into owner occupation have been falling, alongside rates of mortgaged home ownership and a rise in outright home ownership, suggesting that older generations and wealthier cash buyers benefit disproportionally from the reduced housing costs that ownership brings. The proportion of people aged 65 years or over has risen in the UK, particularly since 2007. Some have suggested that this puts pressure on the supply of family housing, but this fails to consider the options available to older people, or their own experiences and preferences in relation to housing. Immigration is also a political flashpoint in the UK and has been accused of deepening the housing crisis, but fails to account for the undersupply of affordable housing options across the UK more generally. A key issue arising from this data is the significance of inherited wealth and capital, rather than income (wages / pensions) as a key determinant of housing outcomes. We therefore suggest that housing access and affordability cannot be understood in the UK without accounting for the intergenerational transfer of wealth. The UK case highlights a context of ‘consecutive crises’ or polycrisis, which far from ‘causing’ housing inequalities, interact with these underlying structural conditions to (re)produce housing inequalities in the UK. We therefore suggest it is pertinent to question the resilience of the UK housing context to external shocks.