RESEARCH REPORT

Living conditions and quality of life

Foundational challenges: The housing struggles of Europe's youth

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Eurofound

European Foundation for the Improvement of Living and Working Conditions

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Introduction

Europe is experiencing a crisis of unaffordable housing. Since 2010, average sale prices in the EU have risen by 55.4 % and rents by 26.7 %, outpacing income growth for many groups. These averages mask the severity of the problem experienced in some regions and by certain groups. For example, in some EU Member States, prices have more than tripled. And within Member States trends in prices and rents have been highly uneven across regions and degrees of urbanisation. Typically, increases in the cost of housing in urban centres have far outpaced average trends.

Many young people in Europe are experiencing this affordability crisis particularly acutely. Their employment earnings are relatively low, and they are more likely to be in temporary or insecure employment than older people. They often struggle to rent a home where they would choose to live. If they want to purchase a home, they may struggle to save for a down payment or qualify for a mortgage. Young people continue to move to urban areas, where employment opportunities are concentrated but housing is least affordable. They are facing these obstacles in a crucial period of their lives, while transitioning to independent adult living and making decisions about education, careers, relationships and family formation. For them, Europe's current housing affordability crisis is a foundational problem.

Policy context

The problem of unaffordable housing is not new. In certain European regions and cities, housing costs are a long-standing challenge for many groups. However, in recent years, the problem has become more widespread, affecting larger parts of the population. High energy prices, labour shortages, environmental regulations, zoning laws and the scarcity of land have limited construction activity. There has also been an increase in the use of housing as an investment vehicle. This means that individuals and families are competing with investors in an increasingly tight housing market.

While the EU has no direct competence in housing, it exerts a significant influence through relevant guidance, legislation and funding. As Europe's housing crisis has intensified, the European Commission has responded by, for the first time, including housing as a distinct part of a commissioner's portfolio. Dan Jørgensen, the new Commissioner for Energy and Housing, is tasked with supporting Member States in addressing the causes of housing shortages and unlocking both public and private financing to invest in affordable and sustainable housing.

Other EU bodies, including the European Parliament and the European Investment Bank, are also stepping up to the challenge of uncovering the drivers of the housing crisis, identifying solutions and delivering funding.

Key findings

- The current EU housing affordability crisis has particularly pronounced impacts on younger age groups.
- In several Member States, the average age at which a young person leaves the parental home has been increasing. Many young people, including those in employment, cannot afford to live independently.
- In tandem, homelessness has been increasing in many Member States. Young people in cities are among the groups particularly affected.
- For young people who do achieve independent living, the challenges continue. Young people, especially those in the younger cohort aged 18–29, are more likely to be in arrears on housing and utility payments. Young people are also more likely to report that they may need to leave their home because they can no longer afford it.
- Young people who live independently of their parents spend notably more of their incomes on housing and are more likely to be overburdened with housing costs, compared with other age groups.
- Despite spending more of their incomes on housing, young people tend to live in poorer-quality dwellings.
- There are significant differences among geographical regions in the affordability of properties currently on offer for sale or rent.
- Across the EU, very little of the property on offer to rent in urban areas could be considered affordable for a young person on a median wage. This is particularly true in capital cities and popular tourist destinations.
- In Bulgaria, Ireland, Poland, Portugal and Spain, and in parts of Austria and Italy, the degree of unaffordability in the rental market is such that, in many areas, more than 80 % of the median wage would be required to rent a standard two-room apartment.

- A possible response to the affordability challenge would be to downsize and try to rent a smaller property. However, this can come with adequacy challenges, and the price per square metre is higher for smaller properties.
- Across Europe, the housing crisis is putting many young adults in a situation where they are unable to achieve their desired living arrangement (for instance, to live alone or with a partner), leading to significant mismatches between young people’s actual and preferred housing situations.
- Survey data from four Member States (Czechia, the Netherlands, Spain and Sweden) reveal that far more people are living with friends, relatives or parents than would choose to do so. Far fewer are living with partners or alone than wish to do so.
- Unmet housing preferences are associated with a range of negative outcomes. These include inability to achieve independent living, inability to follow a chosen career, negative impacts on mental health and choosing to delay having children.

Policy pointers

- To fully understand and tackle the housing affordability crisis, it is important to consider both quantitative data on young people’s housing challenges and qualitative data on their preferences and how they navigate the system of housing policies.
- Policymakers should avoid developing a fragmented policy landscape, where policies are implemented in a piecemeal fashion with conflicting objectives.
- When it comes to financing housing initiatives, revolving funds reusing capital for housing are an effective means of financing projects.
- In terms of creating new housing opportunities for young people (such as affordable ‘starter homes’), supply-side solutions have more potential than demand-side monetary and tax benefits.
- Governments should ensure tenure neutrality in fiscal policy, treating owning and renting equally.
- To address housing shortages, it is essential to increase the number of available dwellings. The existing stock of vacant and underused buildings offers considerable untapped potential in this regard, albeit often requiring significant renovations.
- Policies to regulate rents and increase tenure security need to consider both insiders (incumbent tenants) and outsiders (new or prospective tenants, often young people), as well as housing providers.
- Young people can play an active role in policymaking – not only in the formulation of new or revised housing policies but also in the development of bottom-up, innovative housing concepts, such as collaborative housing.

Introduction

A crisis of affordable housing squeezes family incomes; deepens inequalities; harms the health of children; impoverishes young people; and drives a growing crisis of homelessness.

Volker Türk, United Nations High Commissioner for Human Rights ([1])

Background

Adequate housing is a human right, enshrined in international law under the 1948 Universal Declaration of Human Rights and the 1966 International Covenant on Economic, Social and Cultural Rights. 'Adequate' housing means much more than the physical structure of a roof and four walls. Adequate means that inhabitants have security of tenure. It means that facilities, including safe drinking water, energy and light, are in place. To be 'adequate', a house must be affordable so that its costs do not jeopardise people's other human rights (OHCHR et al., 2009). Housing is also an important component of the European social agenda. The right to good-quality housing and assistance for those in need, including adequate support for people experiencing homelessness, is addressed by Principle 19 of the European Pillar of Social Rights (EPSR). Moreover, the housing cost overburden rate is used is a headline indicator on the EPSR social scoreboard (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 2021).

The inclusion of the right to housing in the EPSR reflects its importance to social inclusion. Having a home enables people to access the labour market and education. It impacts people's physical and mental health. It facilitates political participation and creates a sense of security, connection and belonging. These factors are especially important for young people. When they are moving towards adulthood, access to adequate housing can determine the success of their ventures into work and education and impact their life choices. For young people, entering the current housing market when, for many of them, their incomes are relatively low but costs and uncertainty are high is daunting. The decisions that they take now regarding work, study, starting a family may set the trajectory for their lives for years to come. It is therefore unsurprising that, according to a recent Eurobarometer survey, almost 40 % of young respondents identify affordable housing and the cost of living as priority areas for EU action (Figure 1).

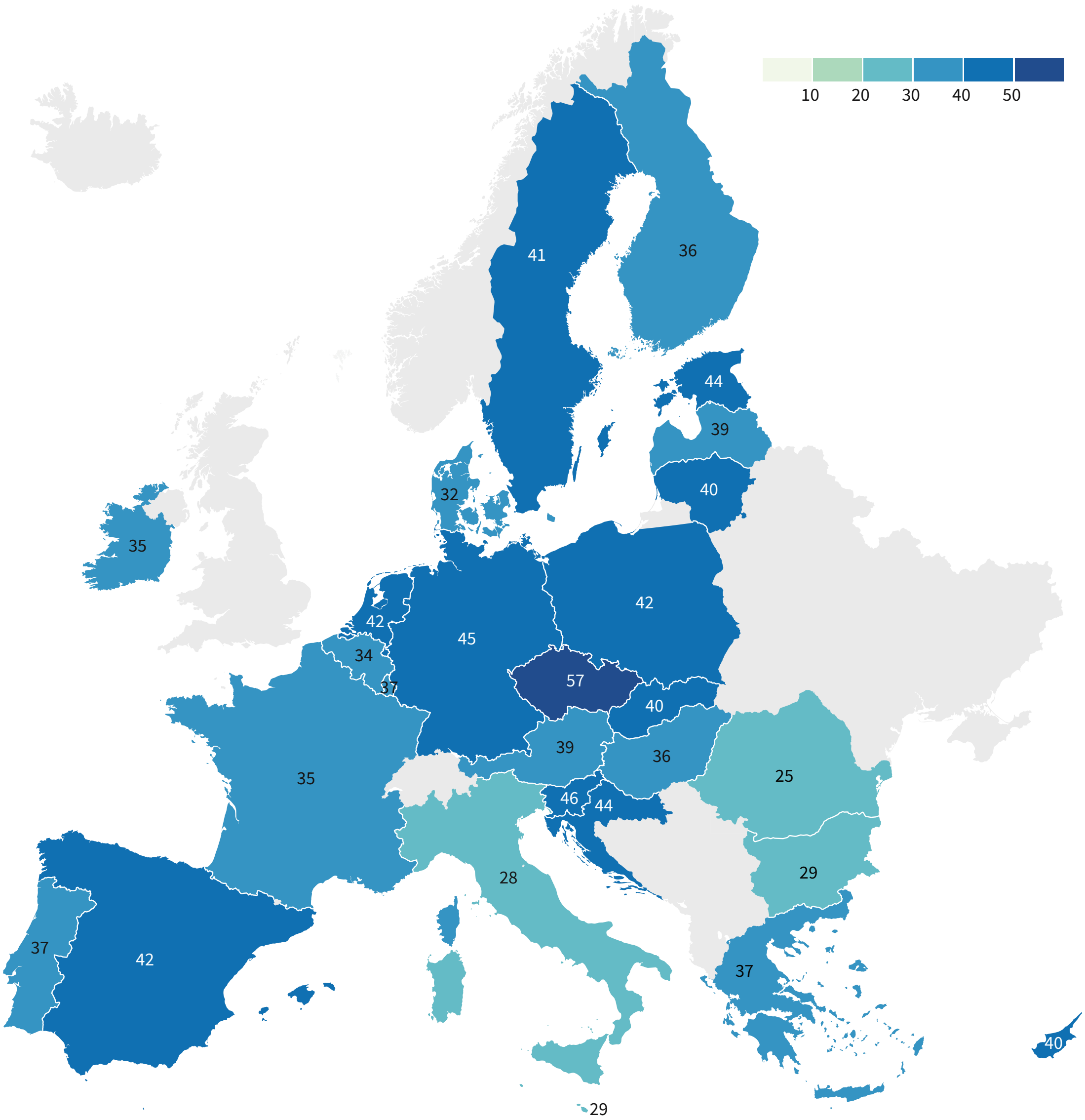
In Europe, house prices increased by 55.4 % between 2010 and 2024, and rental prices increased by 26.7 %. While average salaries increased by 28 % over the same period (based on the average full-time adjusted salary per employee; see Eurostat (nama_10_fte)), research has shown a growing age pay gap, resulting in lower salary growth for younger workers (Bianchi et al., 2024). Challenging labour market conditions combined with the upward trend in house prices has made it particularly difficult for many young people to purchase their first home (Cournède et al., 2022). Moreover, because of the scarcity of social housing, young people often have no option but to rent on the private rental market. As new entrants, they may be unable to benefit from price controls that help older cohorts with long-standing tenancies. While young people cannot be considered a homogenous group all facing equal challenges, for some young people, securing access to adequate and affordable housing represents a significant challenge.

Approach and structure of the report

This report presents an in-depth analysis of the housing challenges faced by young people across Europe. It does so by adopting a range of perspectives and different methodologies. While acknowledging that there are multiple interrelated and context-dependent aspects to the phenomenon commonly labelled the 'housing crisis', the report focuses on the widespread affordability crisis and its consequences for young people. In general, when the report refers to young people, it adopts a wide definition by considering those aged 18–39. However, when data allow for further disaggregation, younger (18–29) and older (30–39) cohorts of young people are analysed separately. When the report talks about the challenges faced by young people, it is based on this cohort's average experience. Of course, there is significant variance within the group. While some young people struggle enormously, others may be in a position where they can access adequate housing without any affordability challenges. For the

(1) https://www.unognewsroom.org/story/en/1808/global-update-on-human-rights-by-un-human-rights-chief-11-september-2023.

Figure 1: Young people who believe that affordable housing and the cost of living should be an EU priority (%), 2024



Note: Percentage of respondents who answered 'affordable housing and cost of living' to the question 'In which of the following areas should the EU invest more resources to support young people?'
Source: Authors, based on European Commission: Directorate-General for Communication (2025a).

most part, the report does not delve into these differences. Insights into the housing conditions facing other demographic groups will soon be available through the [Eurofound Data Dashboard of Housing Indicators](). This dashboard will shine a light on many aspects of Europe's housing market, as well as the landscape of housing policy across the EU. The focus of this report is on the challenges faced by an average young person in the EU.

Chapter 1 is based on desk research. It frames the problem, motivating the research by discussing the wide-ranging consequences of the housing crisis. It stresses the consequences that specifically relate to young people. It discusses how the complex interaction of supply, demand and policy is making housing increasingly unaffordable in some parts of Europe. It presents the EU policy landscape and concludes by highlighting the limitations of official statistics.

Chapter 2 presents a framework, first used in previous research on housing by Eurofound (2023), to analyse the problems caused by unaffordable housing. Using this framework, it assesses how young people in Europe fare compared with older cohorts in terms of housing exclusion, housing insecurity, housing affordability and housing inadequacy. Using microdata from EU Statistics on Income and Living Conditions (EU-SILC), it presents a detailed picture of the housing challenges young people face.

Chapter 3 maps the housing affordability situation facing young adults searching for housing across Europe's regions. It builds on data gathered as part of the European Observation Network for Territorial Development (ESPON) House4All project, which collected 2024 asking prices for houses (sales and rental) in an EU-wide web scraping exercise. House price data were then combined with employment income data for younger cohorts from EU-SILC. The chapter aims to highlight the different implications of renting versus buying in Europe's regions and to understand the spatial patterns of housing unaffordability. It also presents a detailed analysis of regional housing affordability in four EU Member States: Austria, Denmark, Italy and Slovakia. These were chosen to represent different regions of Europe. Moreover, these four Member States have very different welfare policies and systems of housing provision. Thus, they represent both geographical and housing market diversity.

Chapter 4 considers the housing challenges of young people based on case studies of four Member States: Czechia, the Netherlands, Spain and Sweden. Again, these Member States were chosen to ensure representation of different European regions. They also represent Member States that differ in terms of population size and distribution, income level and housing situations for younger cohorts. The chapter examines how, in these Member States, the current housing situation of young people aligns with their stated preferences. From the recorded mismatches between current and preferred living arrangements, it generates estimates of the housing deficits in these Member States and highlights some of the consequences of these mismatches.

Chapter 5 assesses the policy landscape across Europe. Based on desk research and stakeholder interviews, it provides an overview of the housing systems and of policy differences among Member States. The chapter examines potential policy measures to address the housing situation facing young people and other vulnerable groups. It further evaluates the benefits and drawbacks of various solutions, providing examples of policies in action from different Member States.

The final chapter concludes the report. It summarises the findings presented in earlier chapters and puts forward some pointers for policymakers.

1 Framing the problem

We cannot move forward if our youth are unable to rent – let alone buy – a place they can call home. Europe's housing crisis is looming and we must have the tools to help address it ...

Roberta Metsola, President of the European Parliament (2)

Several important policy considerations motivate this research report. The current crisis of unaffordable housing has wide-ranging consequences. Some of these are more significant for young people relative to older age cohorts. Moreover, there are important trends in supply and demand that are driving up prices in certain areas. Often, young people are looking for housing in those areas experiencing above-average price rises. Official EU statistics, specifically the housing cost overburden rate, fail to capture the extent of the problem.

Consequences of the housing crisis

From individual lives to macroeconomic growth, Europe's housing affordability crisis is casting a long shadow. The current housing crisis is exacerbating inequalities. Wealthier households can absorb increases in house prices (OECD, 2020, 2021a) and are more likely to benefit from these rises, as the value of their assets increase (Dewilde et al., 2021). Meanwhile, for some groups, including young people and low-income households, the prospect of homeownership is increasingly unlikely (Dewilde, 2020; Flynn, 2021). Rising inequality in housing wealth erodes social cohesion and can increase the share of the populist vote (Adler et al., 2020; Waldron, 2022). Housing affordability problems connect young homeowners and renters and increase their support for redistributive policies (Furtado et al., 2025). Research also shows that access to affordable housing and well-targeted housing allowances can reduce poverty and promote upward convergence (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 2024a).

Difficulties in the housing market can manifest in the labour market. Previous theories predicting higher rates of unemployment in regions with higher rates of homeownership due to reduced worker mobility (Oswald, 1996, 1999) have been debunked. Instead, several empirical analyses have shown that homeowners have better labour market outcomes than tenants (see, for example, Coulson et al., 2002; Brunet et al., 2020).

But it is more than tenure that matters. There are economic consequences to high house prices and rents, as young people will be unable to take up the best opportunities offered for employment and education if these are located in places (such as cities) where housing is unaffordable. Evidence shows that interregional migration is declining partly due to the crisis of unaffordable housing: for some (especially low-wage) workers, the increased cost of living negates the benefits of moving offered by higher wages (Bayoumi et al., 2019; OECD, 2021b). Direct evidence of this is presented in Chapter 3 of this report. Other people may need to live farther from the area where they work and face longer commutes (Ahrens et al., 2021; Khammo et al., 2024). Unaffordable housing also impacts employers, who struggle to recruit workers (Klien, 2024). This could become an important impediment to economic growth and convergence. Indeed, evidence from the United States suggests that high house prices have been a major driver of the decline in income convergence between regions (Ganong et al., 2017).

A lack of access to secure and affordable housing also has long-term demographic consequences. While demographic trends are highly complex and hardly explainable by only one cause, if young people remain in the parental home, in insecure tenure or overburdened with housing costs, they may choose to delay family formation or have fewer children. Evidence suggests that such effects may differ between owners and renters (Aksoy, 2016). Other research documents a negative relationship between house prices and fertility since 2010 (van Wijk, 2024). In Chapter 4, we provide further evidence that the housing crisis is impacting the decisions of young people in Europe about starting a family. Policymakers are trying to find ways to reverse the trend of falling birth rates across high-income economies (Bergsvik et al., 2021). In this light, tackling the housing affordability crisis may be an underappreciated solution. While lower birth rates and

(2) https://the-president.europarl.europa.eu/files/live/sites/president/files/home-page/speech-metsola-20240716-en.pdf.

an ageing population threaten the economic viability of pension systems, unaffordable housing impacts the capacity of some individuals to save for their futures when so much of their incomes are being spent on housing.

Why housing is increasingly unaffordable

Except for public housing or social/non-profit housing, which represent minority sectors in most Member States, housing is produced and exchanged for profit. The housing market has several distinguishing features. Since individuals and households normally purchase a house only once or, at most, a few times in their lives, housing is expected to be extremely durable, sometimes passed down through the generations. Furthermore, housing is immovable and tied to a location. In addition, it is particularly expensive: purchases are heavily reliant on bank financing because, for most people, a house purchase takes place relatively early in life, when savings are insufficient to buy without financing. The cost of buying a house is typically front-loaded, as financing requires sizeable down payments. Furthermore, financing is typically not accessible to people with no permanent employment, on particularly low incomes or in specific situations (for example, non-citizens). Housing supply typically adjusts slowly to changes in demand, since building houses is costly, time-consuming and dependent on regulations. The price and affordability of housing are impacted by what is happening on both the demand and the supply sides.

Demand for housing

There will always be demand for housing. However, the strength of that demand is influenced by several factors, including demographic shifts that change housing needs, preferences and habits. While fertility has been generally declining in the EU since the 1960s, the general population has been increasing thanks to positive net migration. Life expectancy is also increasing, reaching an EU average of 81.5 years in 2023 (see Eurostat (demo_fer), (demo_mlexpec) and (demo_r_gind3)). EU residents are also experiencing modest increases in the average number of 'healthy life years', or years lived without chronic illnesses and disabilities (OECD et al., 2024). Increases in population, longevity and healthy longevity all increase the demand for housing.

Economic, social and cultural change also contribute to changing housing patterns (see Sobotka et al., 2021 for a primer). Low fertility rates mean smaller typical household sizes. The social norm of intergenerational housing has been replaced by a tendency or desire to leave the parental home and form an independent household (when this is not possible, it is in fact considered a form of housing exclusion: see Chapters 2 and 4). Higher levels of wealth and education, improved gender equality and women's financial independence, and social trends such as shorter relationships, lower marriage rates, later marriage and parenthood ages, and increases in divorces and separations also contribute to smaller household sizes. In particular, one-person households are becoming more common across Europe, reflecting a variety of life situations (Eurofound, 2019). The number of single-adult households without children experienced the fastest growth of all types of households across the EU, increasing by 16.9 % between 2015 and 2024 (see Eurostat (lfst_hhnhtych)). This clearly implies added demand for housing, as more people live alone.

The demand for housing is not uniform across regions and territories. While increasing urbanisation is putting added pressure on housing in cities and suburbs, many rural areas and smaller towns are experiencing depopulation. EU projections (European Commission: Joint Research Centre, 2025) estimate that this trend will continue, albeit with differences between regions and Member States. Such shifts in population distribution place competing pressures on housing: growing demand makes housing increasingly rare in cities and suburbs, while falling demand in depopulating areas risks causing dereliction and abandonment of the housing stock. Housing prices are likely to reflect this phenomenon.

Besides demographic changes, other factors can influence the demand for housing. The availability and supply of credit influences people's choices to buy a house. Favourable lending conditions, such as the availability of low- or fixed-interest mortgages, permissive criteria for access to credit or the availability of special mortgage schemes for first-time buyers, can encourage more prospective homebuyers to enter the market. Conversely, cautious lending practices resulting from economic uncertainty can dampen demand. The availability of credit is itself a consequence of broader macroeconomic policy, which indirectly affects house prices: for example, low interest rates and quantitative easing implemented by the European Central Bank (ECB) in the aftermath of the 2008 global financial crisis resulted in house price inflation (Ryczkowski, 2019). It should be noted, however, that increases in demand and house prices caused by the availability of credit are typically not accompanied by increased construction and supply (Kohl, 2021).

Finally, demand for housing is driven not just by private households but also by investors and the tourism industry. The increasing financialisation of housing (i.e. housing being treated as a commodity, produced and traded for investment and wealth accumulation purposes) has opened the housing market to corporate investors and financial companies using housing as an outlet for investments (Aalbers, 2017). The role of investors in the housing market has rapidly increased in the EU in recent years, influencing both supply and demand, as investors acquire housing stock and become housing providers (Bandoni et al., 2023). Financialisation accelerates normal housing price cycles by increasing demand and housing prices, which excludes many private households from the homebuying market (Byrne, 2019) and disrupts the typical link between wage growth and house price growth (Bandoni et al., 2023). An example of this trend is the proliferation of 'build-to-rent' housing, targeted at corporate investors and inaccessible to private homebuyers.

Short-term holiday rental platforms, used by both individual and corporate hosts, have been growing exponentially in recent years. For example, in 2024, guests spent 854 million nights in short-term holiday rentals in the EU, an increase of 18.8 % compared with 2023 (see Eurostat (tour_ce_omr)). Research has found that increased demand for housing to be used for short-term holiday rental leads to increases in house prices, potentially exacerbating housing scarcity and displacing vulnerable populations via gentrification (Franco et al., 2021; Kourkouridis et al., 2024).

Supply of housing

The supply of housing is inherently limited by the finite supply of land, geographical features and existing population density. Land use is also regulated by zoning and planning laws, which are typically a local or municipal competence. These regulations restrict where, when and how housing can be built and can be slow in adapting to changing housing demands. Housing supply is intimately linked to land policy, and the scarcity of affordable and available building land has been consistently linked to higher house prices and the low elasticity of housing supply, especially in urban areas (Duca et al., 2021). Other forms of regulation, including sustainability regulations and energy efficiency requirements, can also impact the delivery of housing. For example, more than half of the EU housing stock was built before 1980 and requires substantial time and investment to retrofit to comply with energy regulations (EIB, 2025).

Long-term trends of increases in land prices have recently been compounded by increases in construction costs, including the cost of construction materials and a specialised workforce. Between 2000 and 2019, the average EU cost for the construction of residential buildings increased by 52.4 %. Construction producer prices for new residences increased by 40 % between 2010 and 2022, especially after 2016 and particularly substantially from 2021 to 2022 (see Eurostat (sts_copi_a)). The recent increase is mainly due to the increased cost of input materials, but the costs of transport, energy, equipment and labour also impact the final figure and have been rising.

Construction in general depends on complex, interconnected and energy-intensive global supply chains for materials such as steel, cement, wood and chemicals. Supply chain issues, including bottlenecks and geopolitical disruptions, have caused materials shortages and delays affecting all production sectors (Attinasi et al., 2023) and are projected to continue to affect Member States, with climate change posing additional challenges. Construction production in the EU declined dramatically in 2020 due to the COVID-19 pandemic and only regained its pre-pandemic level in late 2021. The construction sector is also characterised by comparatively low levels of productivity growth and innovation (EIB, 2025). This is particularly concerning when considering the growing demand for housing.

Underinvestment in housing contributes to housing shortages and unaffordability. The European Investment Bank (EIB) has estimated that the supply of housing in the EU in 2025 will only cover 50 % of the demand for additional housing units (EIB, 2025). Investing in improving and expanding the housing supply would not only improve affordability but also contribute to enhancing human capital, addressing skills shortages and improving competitiveness. The current investment gap in housing in the EU is estimated at around EUR 275 billion per year (EIB, 2024).

As mentioned above, the financialisation of housing also influences housing supply. Institutional and corporate investors are increasingly complementing traditional housing providers such as local authorities and the private rental market. Indeed, the involvement of profit-oriented providers in housing has been facilitated by marketisation policies and often accompanied by a parallel withdrawal of public providers (Plank et al., 2023). While the presence of new housing providers can ease undersupply issues, it can also worsen inequalities in housing supply, as for-profit providers concentrate on more attractive areas and target specific populations (for example, by constructing and renting high-end 'luxury' housing), while other areas and groups are underserved or priced out (EIB, 2025). The presence of for-profit investors in the housing market can also be volatile and short-term, depending on financial considerations or regulatory changes. This volatility risks leaving gaps in the provision of a fundamental service while the housing market adjusts.

EU policy landscape

Housing is not an EU competence. It falls under the authority of each Member State. However, the EU institutions can influence housing policies through indirect mechanisms, such as policy recommendations and guidance, funding and state aid rules (European Parliament: Directorate-General for Internal Policies of the Union et al., 2020).

In 2017, the EU adopted the EPSR. As noted above, the right to access social housing and assistance of good quality for those in need, including those experiencing homelessness, is explicitly stated in Principle 19 of the EPSR. Delivering on Principle 19, the EU institutions, EU governments, civil society and social partners adopted the Lisbon Declaration and agreed to jointly launch the European platform on combating homelessness as a multistakeholder framework for cooperation to tackle homelessness in the EU. Its signatories committed to working towards eradicating homelessness by 2030, providing accessible emergency accommodation to prevent rough sleeping, facilitating timely transitions to permanent housing, providing appropriate housing for those discharged from any institution, preventing evictions whenever possible, assisting those who are evicted and tackling discrimination against people experiencing homelessness (European Commission, 2021a). More recently, at the high-level conference on the EPSR held in La Hulpe, Belgium, in spring 2024, the need to eradicate homelessness and promote the 'housing first' approach was emphasised, and the Declaration on the Future of the European Pillar of Social Rights (the La Hulpe Declaration) was adopted (Council of the European Union, 2024).

The EU also influences housing policy through its efforts to reduce greenhouse gas emissions. The residential building stock accounts for 40 % of EU energy consumption and 36 % of energy-related greenhouse gas emissions (European Commission: Directorate-General for Communication, 2021). To reduce building-related energy use and emissions, the EU has implemented and updated several directives and initiatives. For example, in 2023, the EU revised the Energy Efficiency Directive and introduced higher targets for reducing energy consumption. It also directed Member States to implement measures to protect vulnerable groups and citizens affected by energy poverty (European Parliament et al., 2023), which is addressed under Principle 20 of the EPSR ('Access to essential services'). In 2024, the EU revised the Energy Performance of Buildings Directive, originally implemented in 2003, which sought to improve the energy efficiency of Europe's building stock. The updated directive will come into effect in 2026 and seeks to accelerate the renovation of the least energy efficient buildings (European Parliament et al., 2024a). Importantly, it emphasises housing affordability, by facilitating more targeted investment to fight energy poverty and support vulnerable consumers. It also underscores the need to safeguard tenants, for example through rent support or limits on rent increases.

Several relevant EU initiatives to accelerate the drive to a greener and more affordable built environment were launched between 2020 and 2024, including the renovation wave, the new European Bauhaus and the affordable housing strategy (European Commission, 2020; European Commission, 2021b; European Affordable Housing Consortium, 2024). The new European Bauhaus is backed by a yearly indicative budget of EUR 120 million for 2025–2027. EU funds, such as the European Regional Development Fund and the InvestEU programme, support access to affordable and social housing. For an overview of EU funds relevant to social and affordable housing, including a toolkit for their application, see European Commission: Directorate-General for Employment, Social Affairs and Inclusion (2024b).

Many other EU regulations impact housing, including rules to protect mortgage borrowers (European Parliament et al., 2014). Furthermore, since 2024, reforms to EU fiscal rules and the EU economic governance framework have allowed Member States to be more flexible in the definition of investments and reforms regarding public investments. Moreover, from 2026 onwards, the EU is introducing new rules to increase the transparency of the short-term rental market. It will foster data sharing to enable local authorities to develop adequate and evidence-based policies for the sector (European Parliament et al., 2024b).

Various EU actors have recently redoubled their efforts to address the housing affordability crisis. In 2024, European Commission President Ursula von der Leyen appointed Dan Jørgensen the first ever European Commissioner for Energy and Housing and tasked him with developing a new European affordable housing plan. The new plan aims to support housing supply, reduce costs, ensure the availability of qualified workers and improve construction productivity and environmental performance. It will also address short-term rental issues and inefficient housing use, seek to double investment in affordable housing under the EU cohesion policy and develop an investment platform for affordable and sustainable housing. In May 2025, the Commission published a call for evidence to help prepare the European affordable housing plan and launched a publication consultation on the matter in July 2025. With EU funding set to be renegotiated by 2027, focus on housing financing will become increasingly important, and the Commission is working to simplify public procurement rules and reduce administrative burdens (Pape, 2025). In the 2025 mid-term cohesion policy review, the Commission suggested adjusting cohesion policy funding to enable Member States and regions to invest in affordable housing and housing interventions (European Commission, 2025).

Significant efforts are under way at the European Parliament. In 2020, the Parliament pushed for a shared definition of homelessness and the goal to end it by 2030 (European Parliament, 2021a). Since its 2021 resolution on ‘access to decent and affordable housing for all’ (through the own-initiative procedure 2019/2187 (INI)), the Parliament has been actively addressing the housing affordability crisis, calling for the housing sector to be recognised as a service of general economic interest and for increased funding for energy-efficient renovations (European Parliament, 2021b). More recently, at the end of 2024, the Parliament established the Special Committee on the Housing Crisis in the EU. The Committee on Regional Development, the European Committee of the Regions and the European Economic and Social Committee are also active in this area.

The EIB, in partnership with the European Commission, took the first steps in 2025 towards a pan-European investment platform for affordable and sustainable housing. The EIB plans to invest EUR 10 billion over the next two years, and the platform will provide advice and finance to support innovation in the construction sector, build affordable homes and finance renovations (EIB, undated).

Other groups have called for action. The Housing Europe Federation issued a manifesto for socially responsible renovations and one all-encompassing EU housing fund. The European Construction Industry Federation and Member States’ housing ministers have also pushed for solutions, with the latter calling for a European new deal for affordable housing and increased EIB lending. The European Council adopted regulations and a directive on value-added tax (VAT) in the digital age. The directive requires online platforms to pay VAT on short-term accommodation rentals, whereas individual service providers do not charge VAT (Council of the European Union, 2025).

The policies highlighted here are not an exhaustive list of EU initiatives. The policy landscape is evolving quickly as increasing attention is paid to the problem of unaffordable and inadequate housing across the EU and to how it can be indirectly shaped by other policy areas.

Limitations of official statistics

The housing cost overburden rate indicates the percentage of the population living in a household where total housing costs represent more than 40 % of disposable household income. According to this indicator, in 2024, 8.2 % of the EU’s population lived in a household that was overburdened with housing costs. This metric has decreased from 10.1 % in 2017 and, as highlighted by Eurofound (2025), it has shown upward convergence over time, pointing to improvements on average across the EU and reduced disparities between Member States. However, this improvement, as measured by official statistics, is in stark contrast to the current rhetoric across Member States emphasising a crisis of unaffordable housing. How can this apparent contradiction be explained? A deeper analysis of the data reveals that there is enormous geographical variability when it comes to trends in housing costs. Moreover, the average housing cost overburden rate does not reflect the stress that housing costs put on certain demographic groups. Young people, who are more likely to be on lower incomes, in precarious employment and living in highly urbanised areas, tend to face a degree of housing cost overburden that is entirely out of line with what the EU average rate suggests. This aligns with academic research showing that, while the situation has not deteriorated on average, affordability problems have indeed become worse for certain groups (Hick et al., 2024). Thus, average-level official statistics have limitations, and there is a need for a more detailed analysis of the experiences of certain groups. The current report addresses this need by presenting a detailed analysis of the challenges that young people face.

2 Housing disparities between age cohorts: examining exclusion, insecurity, costs and inadequacy

Housing is also a big reason why many people across the rich world feel that the economy does not work for them. Whereas baby-boomers tend to own big, expensive houses, youngsters must increasingly rent somewhere cramped with their friends, fomenting millennials' resentment of their elders.

The Economist (3)

In 2023, Eurofound published a report charting the challenges that people face trying to secure affordable and adequate housing (Eurofound, 2023). It highlighted rising levels of homelessness and other forms of housing exclusion. It shone a light on the increasing disparities between the costs of housing for different segments of the population – in particular, renters versus owners. It noted the disparities among income groups, with lower-income households being less satisfied with the quality of their dwellings. It emphasised the precarious situation of renters in the private rental sector, who are more likely to report housing insecurity and poor-quality dwellings. It underscored that, while the provision of social housing varies among Member States, one commonality is long waiting lists.

A particularly important contribution of this earlier report (Eurofound, 2023) was the development of a framework to analyse housing affordability challenges. According to this framework, unaffordable housing manifests itself in four distinct types of housing problem.

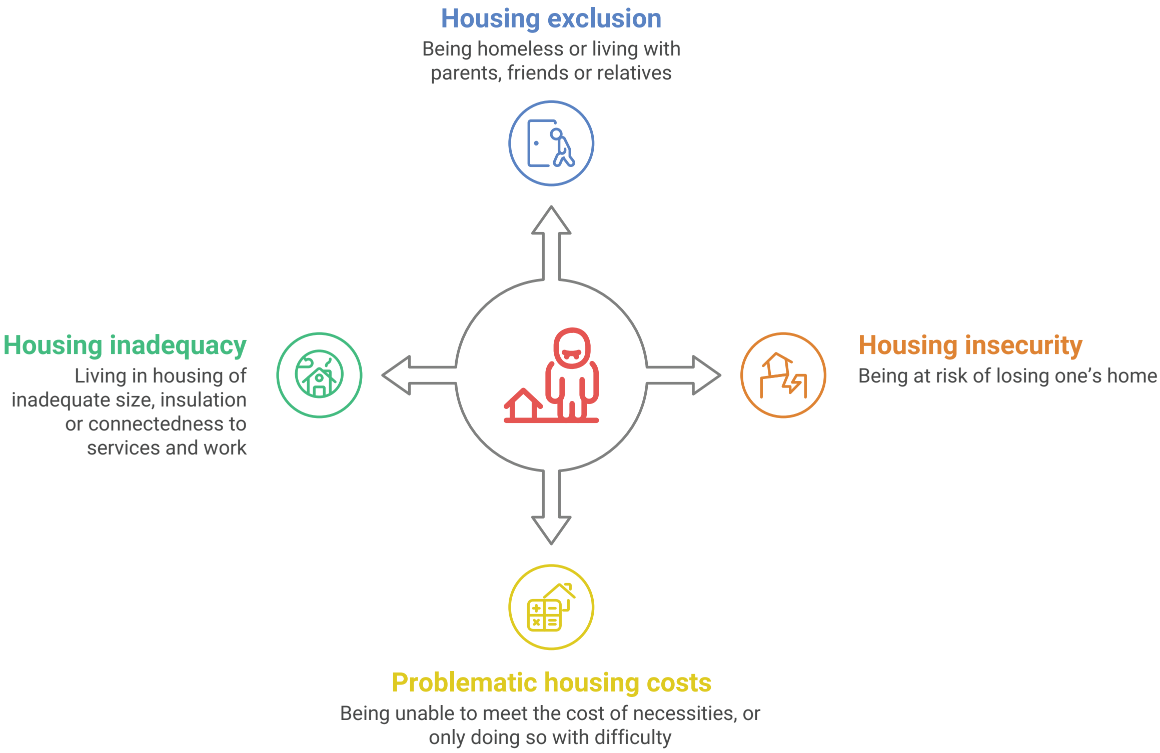
- **Housing exclusion.** People can be excluded from housing because they cannot afford it. This may result in people living on the streets, in homeless shelters or unwillingly staying with relatives or friends.
- **Housing insecurity.** People may be at risk of losing their homes because their costs may become unaffordable.
- **Problematic housing costs.** People may spend such a large proportion of their incomes on housing that they struggle to pay for other essential goods and services and live under financial strain.
- **Housing inadequacy.** People may be unable to afford housing that is of adequate quality or sufficient size, leading to overcrowding.

This framework is summarised in Figure 2.

This chapter adopts the framework illustrated in Figure 2 and applies it to the housing affordability challenges facing Europe's youth to present a nuanced picture of how young people are experiencing the housing affordability crisis. (Specific aspects within the framework are also covered elsewhere in the report; for example, exclusion is the focus of Chapter 4.) This current chapter asks how a young person aspiring to live independently might be excluded from housing and how their situation compares to that of a young person five or ten years ago. Next, it investigates what kinds of housing insecurity a young person might face if they are able to obtain housing. Furthermore, it asks if young people spend an above-average proportion of their income on housing and if they perceive housing costs as a heavy financial burden. Finally, the report investigates the adequacy of housing for a young person in Europe. How likely are they to live in an overcrowded or poor-quality dwelling? Moreover, because a house cannot be considered in isolation from its surroundings, can a young person in Europe who manages to achieve independent living expect to experience more problems in their neighbourhood relative to someone in an older age group?

(3) https://www.economist.com/special-report/2020/01/16/housing-is-at-the-root-of-many-of-the-rich-worlds-problems.

Figure 2: Framework for analysing problems associated with unaffordable housing



Source: Adapted from Eurofound (2023).

All these issues are considered through the lens of the average young person. Of course, this will not represent the full array of existing challenges. Certain groups of young people may be in relatively affluent positions and may not face any housing challenges. Other groups of young people, such as those in unemployment, with caregiving responsibilities or living in certain locations, may experience the housing affordability crisis much more acutely. The situation of single parents, disproportionately women, is also particularly challenging.

Exclusion

Homelessness and the plight of young people

The most acute form of housing exclusion is homelessness. According to the most recent report from the European Federation of National Organisations Working with the Homeless (Feantsa), an estimated 1 287 000 people in Europe are sleeping rough, in shelters or in temporary homeless accommodation (Feantsa et al., 2024). According to Feantsa, this reflects both an improvement in the method of estimating the homeless population and an upward trend in the problem of homelessness. However, counting the number of people experiencing homelessness across Europe is fraught with challenges. There is a variety of forms of homelessness. Variations in counts among Member States reflect, in addition to different sizes of the homeless population, differences in statistical definitions, data collection approaches and attention paid to the problem. The Organisation for Economic Co-operation and Development (OECD) is working to strengthen data collection on homelessness (OECD, undated).

Given the challenges of capturing the extent of homelessness across Europe, presenting a complete picture of the characteristics of people experiencing homelessness is unsurprisingly difficult. However, a recent study by the European Parliament (European Parliament: Directorate-General for Internal Policies of the Union et al., 2023) noted that a significant group of Member States report a large or growing proportion of 15–29-year-olds among their homeless population. The report highlights statistics from Italy, suggesting that up to one third of the homeless population are young people (European Commission: Directorate-General for Employment, Social Affairs and Inclusion et al., 2019). The European Parliament notes that a similar figure was estimated for Denmark in 2017, although combating youth homelessness through a 'housing first' approach has resulted in an improvement (European Parliament: Directorate-General for Internal Policies of the Union et al., 2023). The report also notes that defining 'homelessness' for young people is challenging, as often there is no straightforward transition to homelessness but rather repeated moves between the parental home and various informal living places (Mayock et al., 2023).

An important group within the young homeless population is care leavers: people who grew up in foster homes or assisted living facilities and can no longer remain in these arrangements once they turn 18.

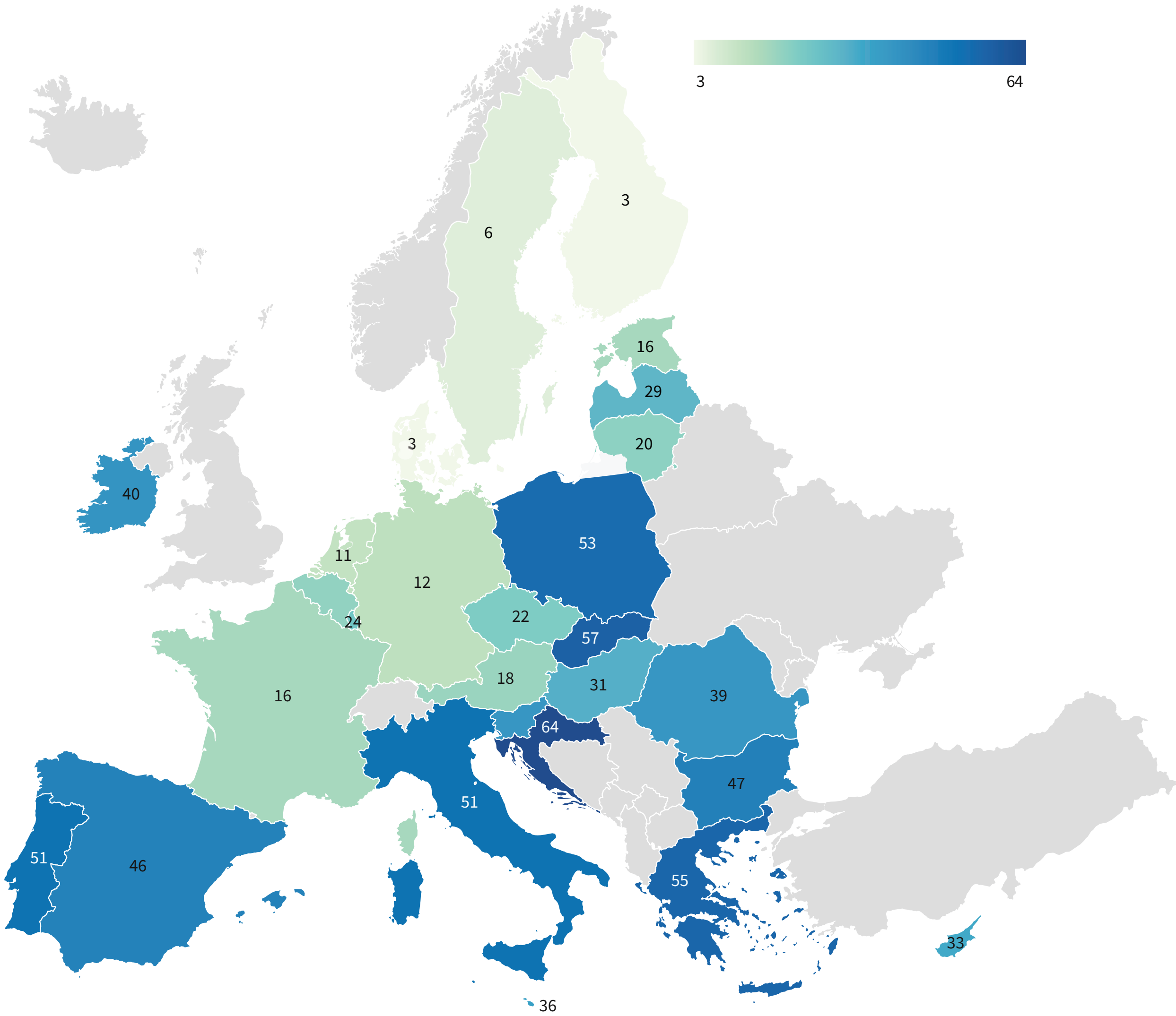
In another recent study focusing specifically on homelessness in European cities, Molard (2023) highlights that youth homelessness is increasing across European cities, driven by the effects of the COVID-19 crisis, increasing living costs, housing affordability problems and migration. However, without complete data on the homeless population, disaggregated by age group, it is not possible to assess how young people are impacted relative to older age groups.

Young adults unable to leave the parental home

While homelessness is the most acute form of housing exclusion, exclusion also manifests in the phenomenon of young people unwillingly continuing to live in their parental home. In 2024, the estimated average age at which young people across the EU left the parental home was 26.2 years. This figure has been quite consistent since the early 2000s (the earliest point in the data series). However, the EU average masks differences among Member States in both trends and levels. As of 2024, the average age of leaving the parental home was younger than 22 years in Nordic Member States (Denmark, Finland and Sweden) and older than 30 years in the southern Member States of Croatia, Greece, Italy and Spain.

The phenomenon of young people unable to leave the parental home can also be considered in terms of the percentage of adults of a certain cohort that remain living at home (although in some cases this could be the preferred arrangement, e.g. owing to cultural norms or saving strategies). If we consider 25–34-year-olds, we can see that a substantial proportion of them, 30 % across the EU, remain living with their parents. But, as Figure 3 illustrates, there are important variations among Member States. In Nordic Member States, the

Figure 3: Young adults (aged 25–34) living in the parental home (%), 2023



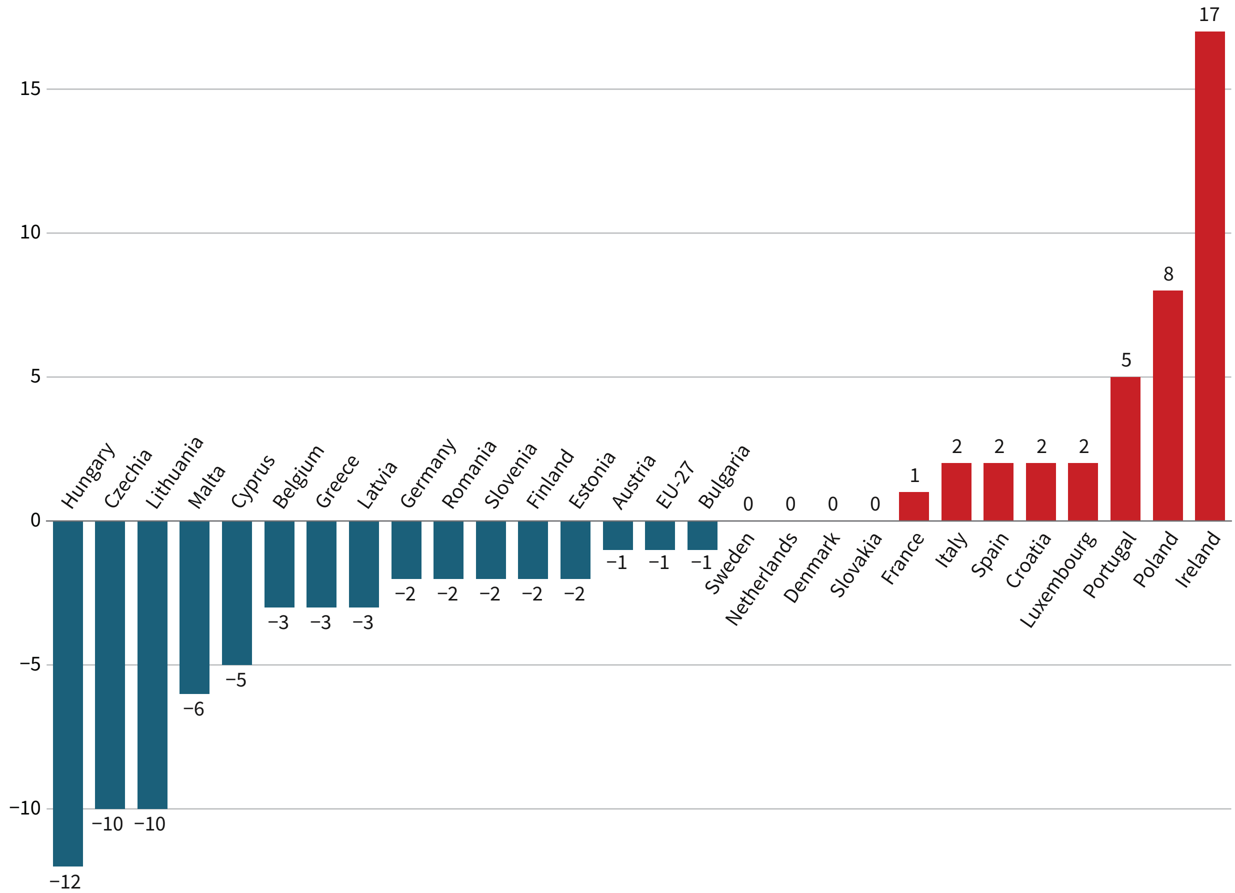
Source: Authors' calculations from EU-SILC microdata.

percentage of adults aged 25–34 living with their parents ranges from 3 % to 6 %. On the other hand, there are several Member States where more than half the population in this age group live with their parents. Employment is not always a way out of this exclusion, with lower pay and more insecure work arrangements among young people. Furthermore, young people may not be entitled to certain social benefits (such as a minimum income) if not living independently in the first place (Eurofound, 2024b).

Considering trends over time, since 2018, the average percentage of 25–34-year-olds living in the parental home across the EU has remained fairly consistent at approximately 30 %, but Member States have been trending in different directions (Figure 4). In Ireland, the proportion of 25–34-year-olds living in the parental home increased by 17 percentage points, from 23 % in 2018 to 40 % in 2023. On the other hand, Hungary saw the largest percentage-point drop over the same period (from 43 % to 31 %), followed by Czechia and Lithuania, each with a 10-percentage-point drop (31 % to 22 % and 30 % to 20 %, respectively). Interestingly, looking further back, the data show that between 2013 and 2018, the situation changed relatively little. This suggests that major changes in housing exclusion have been concentrated in the more recent past.

As discussed in Eurofound (2024a), leaving the parental home is an important step on the journey to adulthood. And while there are important cultural and social differences around the desired age of living independently (van den Berg et al., 2021), there is evidence to suggest that people who live with their parents but have a desire to live independently are more likely to feel excluded from society (Eurofound, 2024a). The issue of mismatches between current and desired living arrangements will be analysed in depth in Chapter 4.

Figure 4: Young adults (aged 25–34) living in the parental home (percentage-point change), 2018–2023



Source: Authors' calculations from EU-SILC microdata.

Insecurity

Housing insecurity, as it relates to housing affordability, is the risk that a person may have to leave their home because they can no longer afford to pay for their accommodation or utilities. Housing insecurity can manifest in a sense of fear or precarity, or in the lived experience of being in arrears or being evicted. Housing insecurity has been linked to adverse mental and physical health outcomes, including depression, anxiety and high blood pressure (Vásquez-Vera et al., 2017).

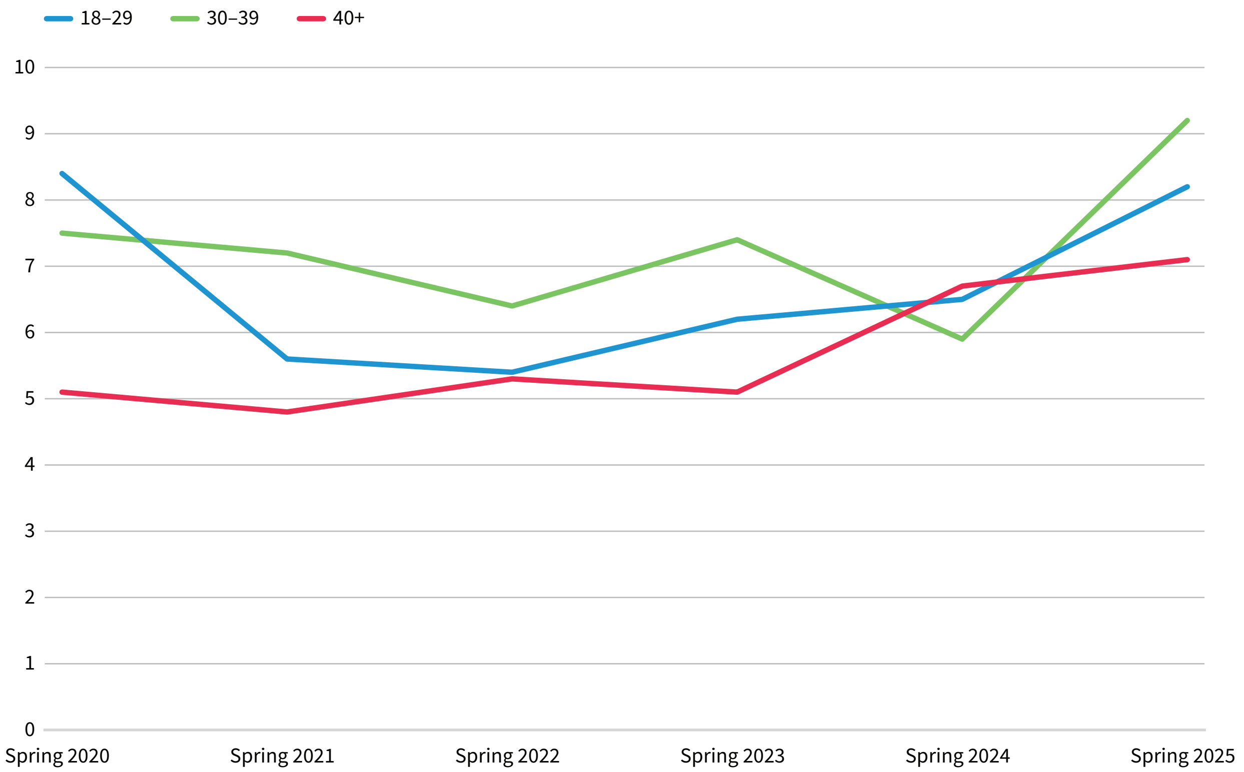
Young people could be at greater risk of housing insecurity for several reasons. From the point of view of housing policy, young people entering the housing market as tenants are less likely to benefit from in situ price controls on rental properties that benefit (older) incumbents. This may leave them facing higher costs relative to their incomes, which they cannot afford over the longer term. Moreover, young people are more likely to hold temporary or short-term employment contracts (Eurofound 2013, 2024a; Rouvroye et al., 2021), meaning they also face increased housing insecurity due to their more precarious employment earnings.

Self-perceived housing insecurity

Data collected since the early days of the COVID-19 pandemic show that, at the start of the crisis, the youngest cohort (18- to 29-year-olds) faced very high levels of housing insecurity. Indeed, in spring 2020, 8.4 % of 18- to 29-year-olds surveyed reported that it was either 'very likely' or 'rather likely' that they would need to move out of their accommodation in the next three months because they could no longer afford it. In contrast, 5.1 % of those aged 30–39 and 7.5 % of those aged 40 or older perceived themselves as experiencing this form of housing insecurity (Figure 5). From spring 2020 to spring 2022, self-perceived housing insecurity trended downwards for the two younger cohorts but increased slightly for those aged 40+. Since spring 2022, perceived levels of housing insecurity have increased for all age groups. As of 2025, perceived levels of housing insecurity were highest for the 30–39 cohort.

Across all age groups and survey waves, perceived housing insecurity is most prevalent in Cyprus (12.7 %), Greece (10.9 %) and Portugal (9.1 %). It is least prevalent in the Netherlands (2.1 %), Austria (3.2 %) and Belgium (4.0 %). These patterns hold if a comparison is made among Member States for those aged 18–39 only, although the prevalence of housing insecurity is higher. For example, in Cyprus, the Member State with the highest prevalence of perceived insecurity, 15.9 % of those aged 18–39 reported housing insecurity.

Figure 5: Perception of housing insecurity by age group (%), 2020–2025



Note: The figure represents the percentage of respondents from three age groups who reported that it was either 'very likely' or 'rather likely' that they would need to leave their accommodation within the next three months because they could no longer afford it.
Source: Authors' calculations from Eurofound's Living and Working in the EU e-survey.

Young people may be more likely to perceive themselves as experiencing housing insecurity because they are more likely to be in private tenancies, the most insecure type of tenure (Eurofound, 2023). The perception may also relate to insecure employment situations. Moreover, young people who become unemployed are more likely to have no or low unemployment benefit entitlements (Eurofound, 2024b).

Arrears in housing payments and utilities

Moving beyond perceptions, an alternative way of gauging the housing insecurity facing younger cohorts is to consider the likelihood that they are in arrears on their housing costs. A broader definition of housing costs is considered here, including the costs of utilities (electricity, water, etc.).

On average across the EU, data for 2023 show that 4.7 % of those aged 18–29 had been in arrears on their mortgage or rent at least once over the previous 12 months (Figure 6). Overall, the proportion decreases as age groups get older; among the older group of young people (aged 30–39) the prevalence of housing arrears is 4.0 %. The data also show that, for all age groups, people are more likely to go into arrears on their utilities than their rent or mortgage. The highest prevalence of utilities arrears remains with the youngest cohort. In general, patterns of arrears are similar for the older group of young people (30–39) and the next age group (40–49), so it seems that only younger people are at greater risk of this form of housing insecurity. These differences may also reflect different consumption and saving patterns among age groups; for example, younger homebuyers may have bought larger homes with the expectation of future income or family growth.

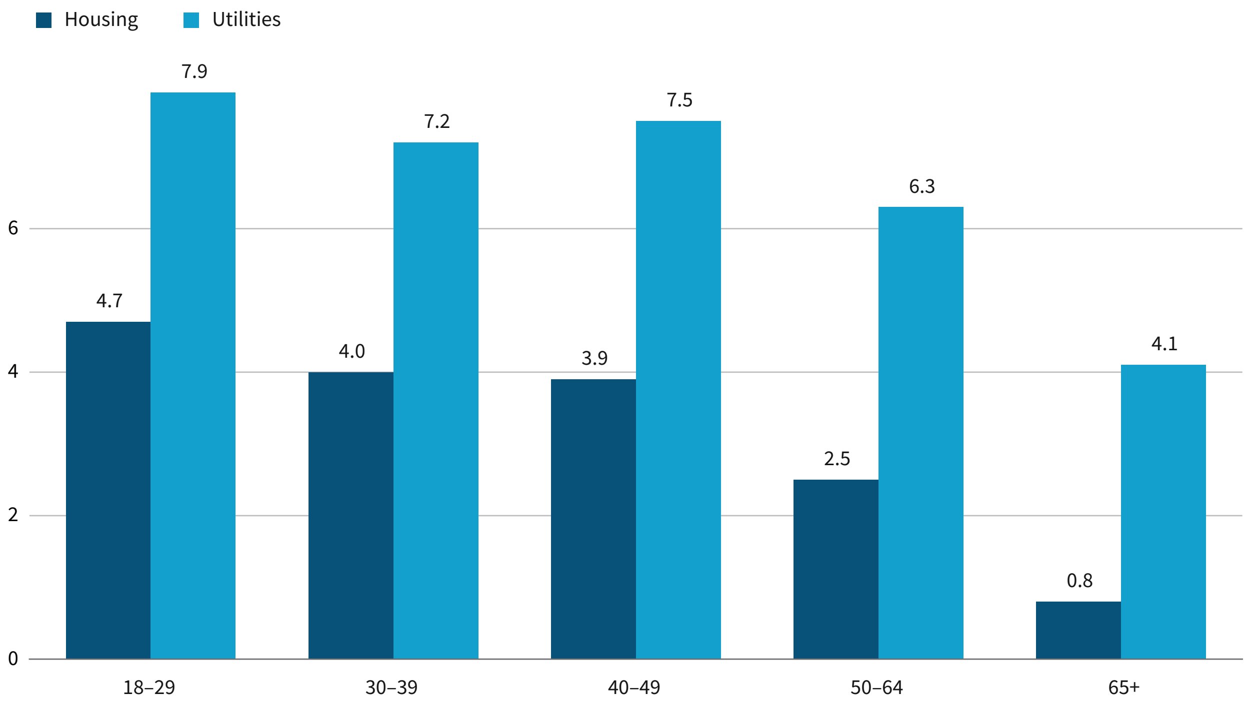
The data for Member States present a heterogenous picture. Greece had the highest prevalence of 18- to 29-year-olds who had been in arrears on their mortgage or rent (18.9 %). This represents an increase since 2018, when the rate was 16.5 %. On the other hand, in Poland, in 2023, less than 1 % of 18- to 29-year-olds reported having been in arrears on their mortgage or rent in the previous 12 months. This represents a slight decrease since 2018, when the figure was at 1.5 %.

Problematic housing costs

Problematic housing costs can take many forms. The most obvious is that the cost of owning or renting a home is not affordable for everyone. There is considerable debate about how to conceptualise and measure housing affordability (Haffner et al., 2021).

An overview of various prominent housing affordability measures and their respective advantages and limitations is provided by the OECD (2021b). This overview highlights that a prominent indicator is the 'housing cost overburden rate'. As noted above, this measure is used on the EPSR social scoreboard. It represents the

Figure 6: Households in arrears on housing and utility payments (%), 2023



Note: The figure indicates the proportions of each age group that have been in arrears on payments due to financial difficulties at least once in the previous 12 months.
Source: Authors' calculations from EU-SILC microdata.

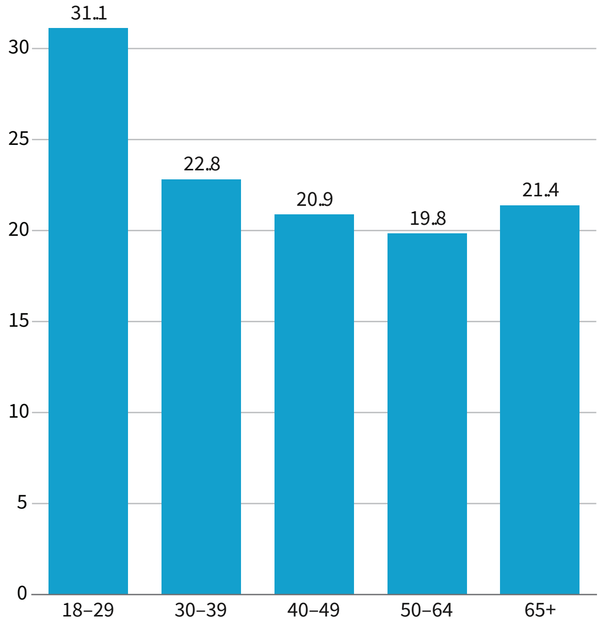
share of households spending more than 40 % of their income on housing. While this indicator has the advantages of being intuitive and easy to calculate with internationally comparable data, the threshold for being 'overburdened' is set somewhat arbitrarily. For some households, spending 40 % of income on housing may not leave sufficient income to afford other life expenses. This may be particularly the case for households that have large outgoings on childcare or healthcare. The indicator also fails to encompass certain dimensions of housing (un)affordability, such as households paying for larger and costlier housing than they need, owing to a lack of downsizing options.

Housing-cost-to-income ratio for different age groups

The increases seen in housing costs over the past decade or more have outpaced wage growth, particularly for younger workers. Bianchi et al. (2024) document that the wage growth of younger workers has slowed over time and that they have become increasingly less likely to secure more senior positions. As a result, the age pay gap has been widening. As house prices and rental rates rise faster than salaries, younger people are facing growing financial strain, particularly in urban areas, where employment opportunities are concentrated and they have to compete with much higher earners, investors and tourists to access accommodation. This issue is analysed in depth in Chapter 3.

The data reveal the pressure young people face in Europe's current housing market. Taking first the ratio of housing costs to income, data show that young people spend a considerably higher proportion of their incomes on housing relative to those in older age cohorts (Figure 7). There is a large drop in the percentage of income spent on housing between the 18–29 cohort and the 30–39 cohort. The pace of decline lessens thereafter, with the ratio increasing again when people hit retirement age. On average across the EU, the proportion of income an 18- to 29-year-old spends on housing has remained fairly constant over time (33 % in 2013 and 32 % in 2018 and 2023). However, the experience of the average young person varies between Member States. For a young person living in Luxembourg, where the percentage-point increase has been highest, the proportion of average income spent on housing has increased from 34 % in 2018 to 52 % in 2023. In Greece, where a typical young person spends twice as much of their income on housing relative to the average young European (62 % compared with an EU average of 32 %), there has at least been an improvement since 2018, when the proportion of income spent on housing was 72 %.

Figure 7: Percentage of income spent on housing costs, by age cohort, 2023

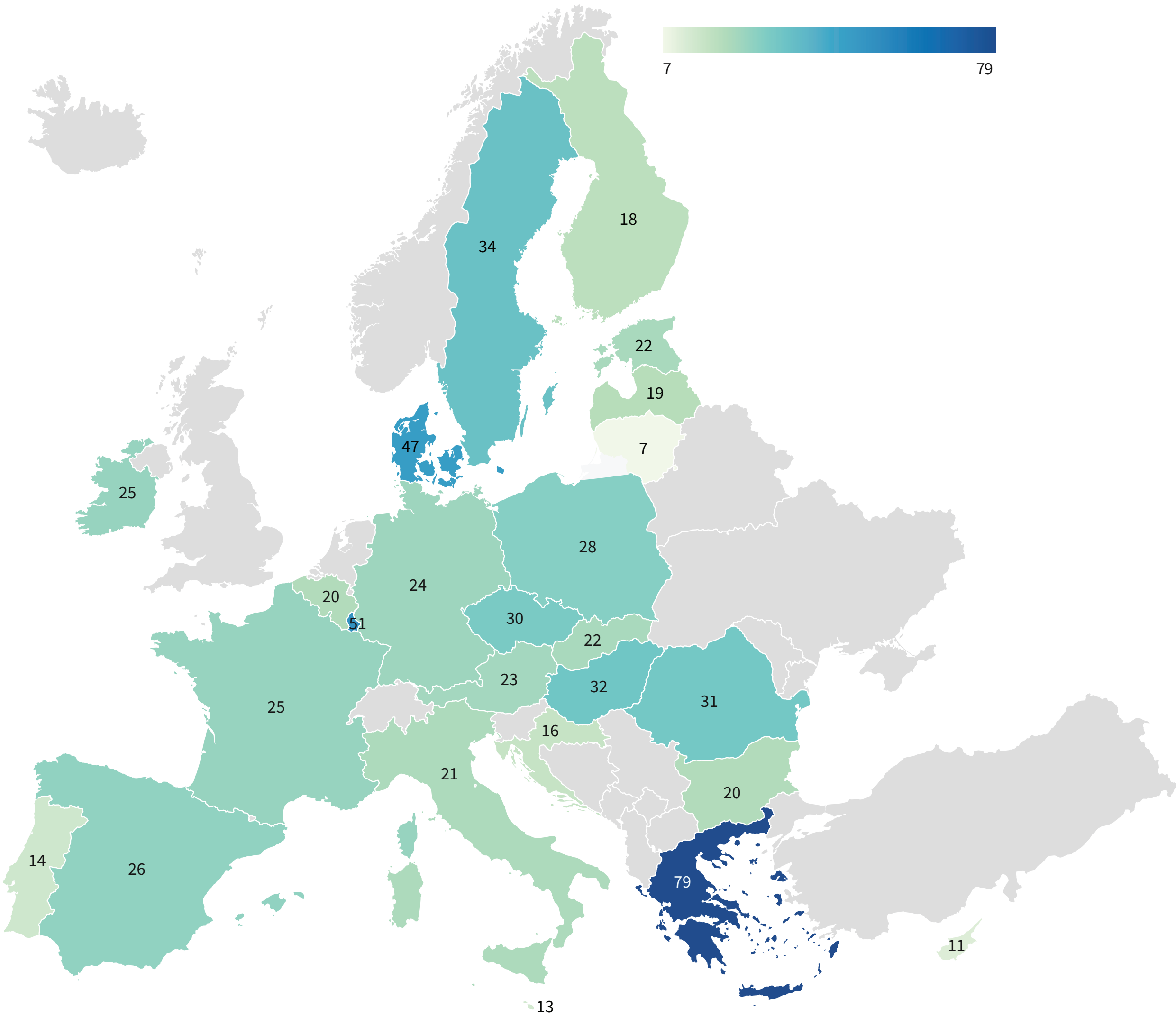


Note: Housing costs are calculated net of housing allowances.
Source: Authors' calculations from EU-SILC microdata.

As noted above, an oft-used indicator of housing affordability problems is the housing cost overburden rate. A household is considered overburdened with housing costs if the ratio of housing costs to equivalised disposable income is greater than 40 %. Once again, this statistic is highly correlated with age. People in the youngest cohort (18–29) are almost twice as likely to be overburdened with housing costs relative to those in the next youngest group (30–39), with 23 % and 12 % overburdened, respectively.

Young people living in urban areas face particular housing affordability struggles. The housing cost overburden rate for those aged 18–29 in cities is 26 %, whereas it is 13 % for the same age group in rural areas. These struggles are less pronounced for older groups. For example, for those aged 30–39, the differential in the housing cost overburden rate between urban and rural households is much lower (13 % and 10 %, respectively). There are also striking variations between Member States (Figure 8). In Greece, 79 % of young people in cities are overburdened with housing costs, compared with 7 % in Lithuania.

Figure 8: Percentage of 18–29-year-olds living in cities spending more than 40 % of their income on housing, 2023



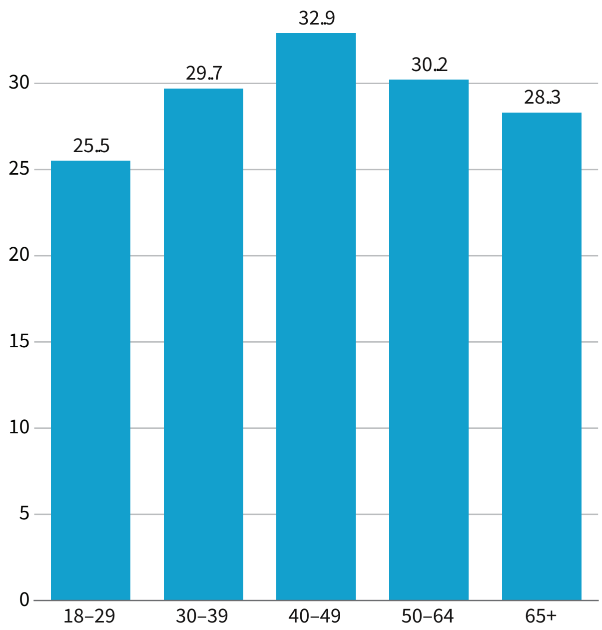
Source: Authors' calculations from EU-SILC microdata.

Perceptions of housing affordability

Despite young people spending substantially more of their disposable income on housing and being notably more likely to be overburdened with housing costs, they actually perceive housing costs as less of a financial burden than older cohorts (Figure 9). On average across the EU, 25 % of 18- to 29-year-olds perceive housing costs to be a heavy financial burden, compared with 30 % of 30- to 39-year-olds and 33 % of 40- to 49-year-olds. Indeed, the perceived burden of housing is highest for the 40–49 cohort. Notably, the correlation between the perceived financial burden of housing and the housing cost overburden rate is low. This mismatch between the ratio of housing cost to income and the perceived financial burden of housing might reflect lower levels of other financial outgoings for young people. For example, those aged 18–29 are less likely to have to pay childcare costs, and they may also spend less on healthcare.

Comparing perceptions of the financial burden of housing in the Member States, those aged 18–29 are least likely to perceive a heavy burden in Latvia (8 %), Lithuania (4 %) and the Netherlands (9 %). Young people are most likely to perceive housing costs to be a heavy burden in Greece (61 %), Luxembourg (46 %) and Poland (50 %).

Figure 9: Percentage who perceive housing costs to be a heavy financial burden, 2023



Source: Authors' calculations from EU-SILC microdata.

Inadequacy

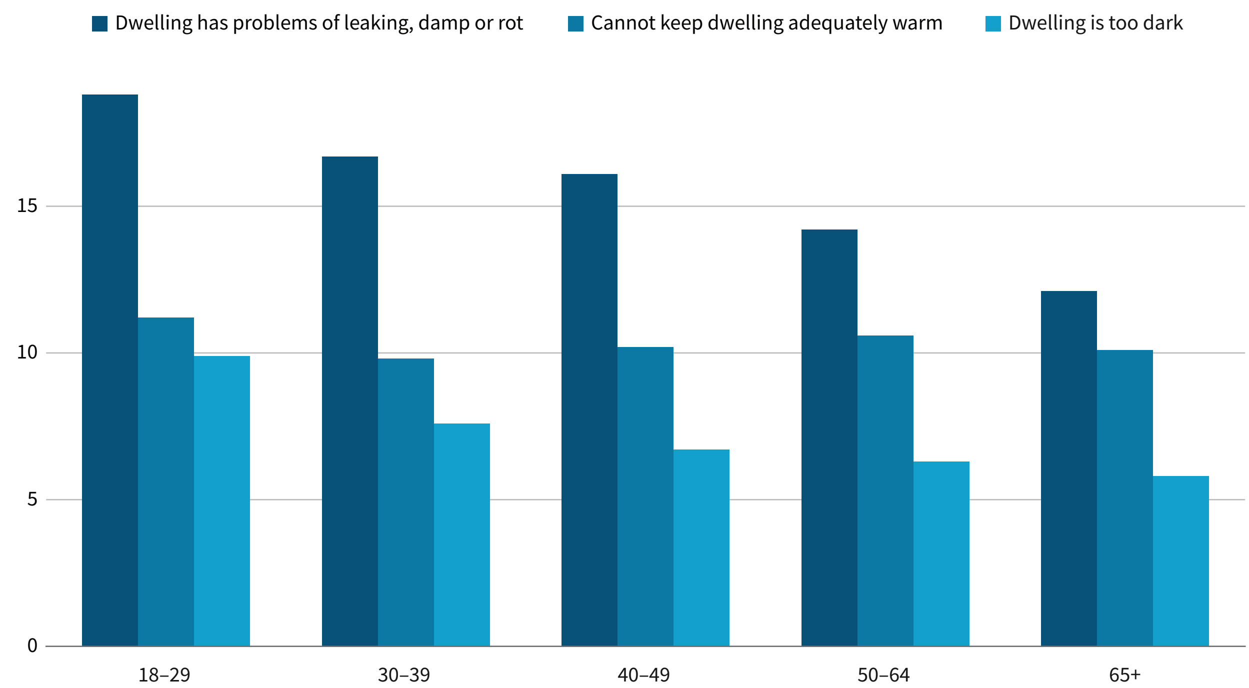
In the context of housing affordability problems, housing that is too expensive can force people into overcrowded or poor-quality living conditions. Eurofound (2023) stressed that the problem of inadequate housing is often overlooked and highlighted the topic. Because housing is an important contributor to greenhouse gas emissions, poor-quality and energy-inefficient housing can both push households into energy poverty and run counter to Europe's targets of reducing greenhouse gas emissions. Energy poverty may also be driven by excessive housing costs and housing insecurity (European Commission: Joint Research Centre et al., 2025). Improving the energy efficiency of existing dwellings would simultaneously achieve several goals: it would reduce the problem of inadequate housing; it would reduce energy consumption and bring the EU closer to its emissions reduction targets and to energy independence; it would alleviate energy poverty; and, because living in poor-quality dwellings can negatively impact health (see, for example, Laurence et al., 2023), it could improve health outcomes. The EU has substantial room for progress when it comes to the adequacy of dwellings. According to statistics from 2023, 85 % of EU buildings were built before 2000 and 75 % of these have poor energy efficiency (Eurostat, 2023).

Problems with dwellings: poor quality and overcrowding

Data for 2023 show that young people are more likely to live in dwellings that are of poor quality, overcrowded and in areas with environmental or neighbourhood problems.

Considering dwelling quality, young people, particularly those in the 18–29 age group, are more likely to live in a dwelling that is affected by leaks, damp or rot, that is too dark or that is difficult to heat to an adequate temperature (Figure 10). Those in the youngest cohort are most likely to report problems of leaking, damp or rot in Portugal (38 % of those aged 18–29), Spain (31 %)

Figure 10: Dwelling quality problems by age cohort (%), 2023

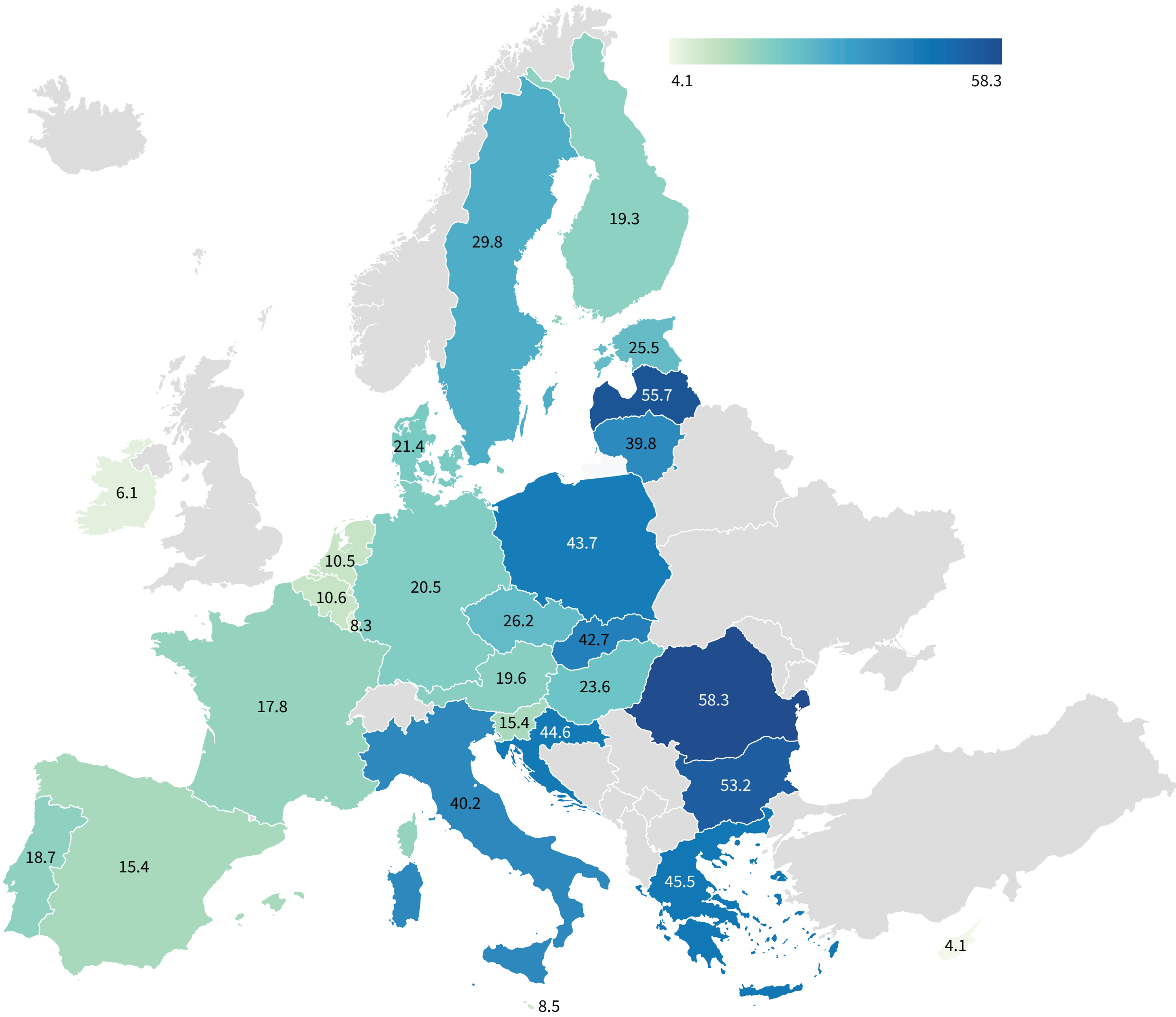


Source: Authors' calculations from EU-SILC microdata.

and Cyprus (27 %). According to this proxy for dwelling quality, young people experience the highest dwelling quality in Croatia, Finland and Poland, where only about 4 % of those aged 18–29 live in dwellings with problems of leaking, damp or rot.

Another problem of dwelling inadequacy is overcrowding. According to the most recent estimates on overcrowding rates, young people are more likely to live in overcrowded dwellings. Across the EU, 26.5 % of 15–29-year-olds live in overcrowded dwellings (compared with 16.9 % across all age groups). In Bulgaria, Latvia and Romania, more than half of young people live in overcrowded dwellings (Figure 11). In general, overcrowding is more prevalent for young people in several eastern Member States. But the overcrowding rate is also above the EU average in Italy (40.2 %) and, to a lesser extent, Sweden (29.8 %). The overcrowding rate has changed very little over the past decade.

Figure 11: Household overcrowding rate for 15–29-year-olds, by Member State (%), 2024

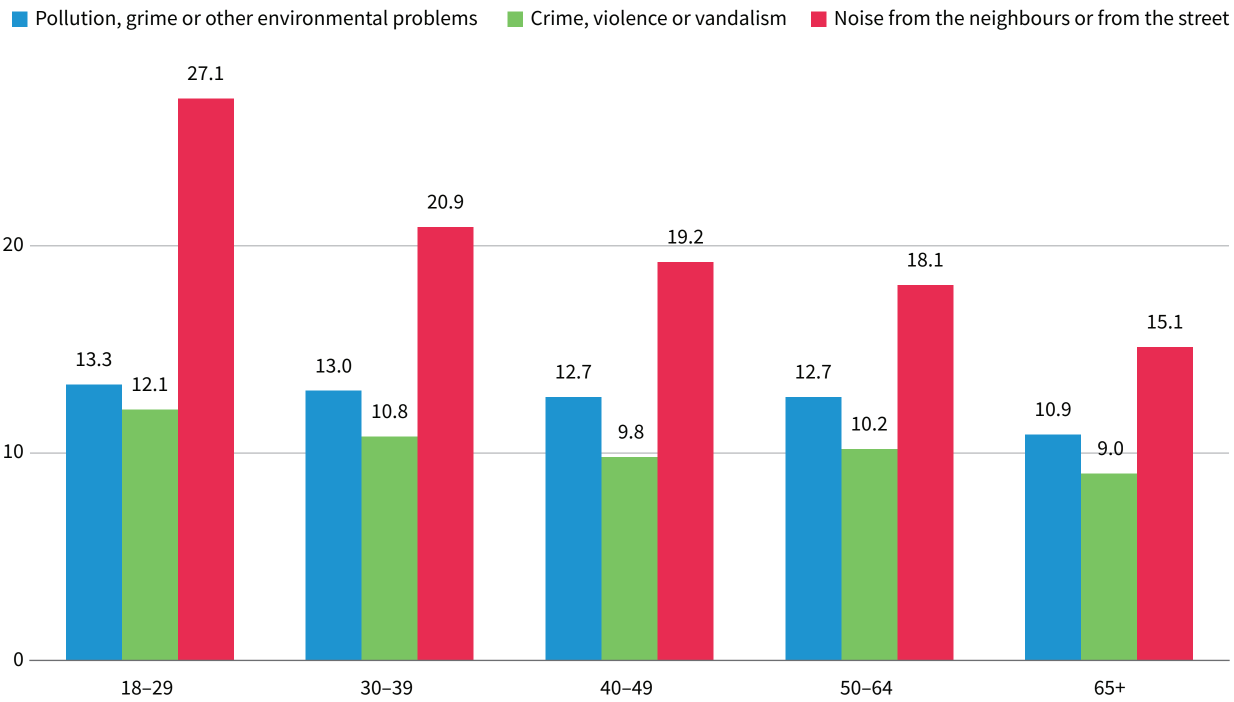


Source: Eurostat (ilc_lvho05a).

Problems with the neighbourhood

When considering the issue of inadequate housing, a home cannot be considered in isolation from its surroundings. As such, neighbourhood problems can also contribute to the inadequacy of housing.
The problems considered here are, first, the presence of pollution, grime or other environmental problems; second, crime, violence or vandalism in the area; and third, excessive noise from neighbours or from outside (from traffic, factories, etc.). It should be kept in mind that individual perceptions of these problems can also be framed by social and cultural norms. When comparing age groups, the youngest age group is most likely to report each of these problems (Figure 12). Differences in reports of pollution or crime are small, but those aged 18–29 are much more likely to report excessive noise.

Figure 12: Neighbourhood problems reported, by age cohort (%), 2023



Source: Authors' calculations from EU-SILC microdata.

Box 1: The particularly challenging housing conditions facing single parents

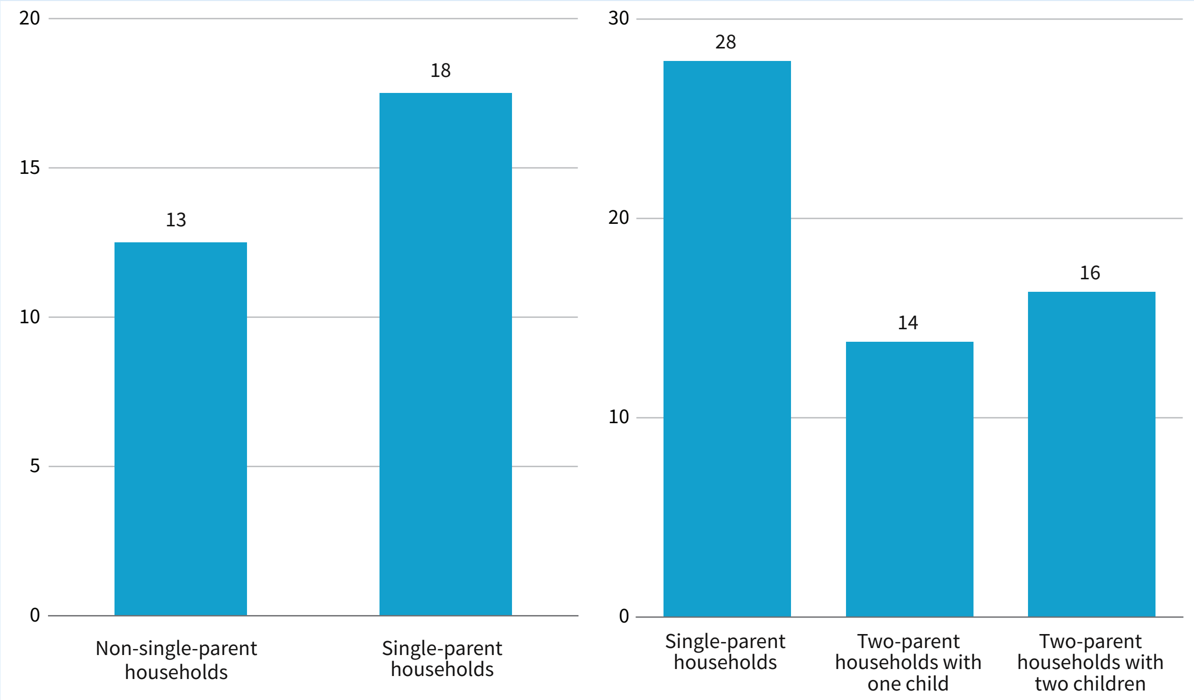
The housing crisis is experienced much more acutely by certain vulnerable groups. In particular, single-parent households face notable challenges (Grotti et al., 2024; Laurence et al., 2023; Feantsa, 2024). This points to the particularly disadvantaged position of some younger women, as 64.9 % of single-parent households are female-headed, and the average age of a single parent is 34.2 years (authors' calculation from EU-SILC microdata).

Applying the framework presented in Figure 2, the data show that single parents face problems in each domain (exclusion, insecurity, problematic costs and inadequacy).

Finding comparable EU-level data on homelessness among women and children is a challenge. This may be due in part to 'hidden homelessness', leading to an underestimation of the number of female-headed and single-parent households experiencing homelessness (Pleace et al., 2020; Hermans, 2024). However, the European Homelessness Count pilot project, which aimed to monitor homelessness in a unified way, shows that single mothers constitute a relatively high proportion of the homeless population, especially in bigger cities, such as Lyon, France, and Dublin, Ireland (European Commission: Directorate-General for Employment, Social Affairs and Inclusion et al., 2025; see: https://www.kuleuven.be/lucas/en/eu_homelessness_counts.)

Single parents face higher-than-average rates of housing insecurity. According to 2023 data, single-parent households are almost three times more likely to have been in rent or mortgage arrears in the previous 12 months due to financial difficulties (8.2 % compared with an average of 2.6 % for all other household types). Data on perceived housing insecurity confirm this pattern, showing that single parents reported expecting to have to leave their home within the next three months because they could no longer afford it at twice the rate of other groups (10.6 % versus 4.5 %).

Figure 13: Housing cost overburden rate (2023), left panel, and overcrowding rate (2024) (%), right panel, for single-parent households versus other groups



Source: Authors' calculations from EU-SILC microdata; Eurostat (ilc_lvho05b).

Moreover, 17.5 % of single-parent households were overburdened with housing costs in 2023, compared with 12.5 % of non-single-parent households (Figure 13, panel (a)).

Regarding housing inadequacy, single parents are more likely to live in overcrowded and/or poor-quality dwellings. In 2024, single-parent households in the EU had an average overcrowding rate of 27.9 %, significantly higher than two-parent households with one child (13.8 %) or two children (16.3 %) (Eurostat, 2025) (Figure 13, panel (b)). Further EU-SILC data show that, in 2023, 19 % of single-parent households reported not being able to heat their home adequately – almost twice as many as other household types (10.1 %). They also experience damp and leaking dwellings at much higher rates (23.6 % versus 13.9 %). These findings highlight the need to pay particular attention to vulnerable groups in the current housing crisis.

Box 2: Students in the current housing market

According to the European Students' Union, 'housing is an essential part of a student's life, as without this basic need being fulfilled, there is no capacity to study' (ESU, 2021). However, students may face particular challenges in Europe's current housing market. In many Member States, the supply of purpose-built student accommodation is not sufficient to meet demand. This means that students may face financial strain in the private rental market, live in substandard accommodation, face long commutes or turn down opportunities to study at their preferred universities.

Across the EU, it is relatively common for students to remain living in the parental home. According to 2023 EU-SILC data, on average across the EU, 85 % of students are living in their parents' home. This ranges from less than 50 % in Denmark and Finland to more than 90 % in many Member States. While these high figures may suggest that the survey data do not perfectly capture the student population across the EU, looking at the trends in the data is informative. In almost all Member States, the percentage of students living in the parental home has been increasing over time. The increase has been largest in Ireland (from 73 % to 93 % between 2013 and 2023). Only in Luxembourg was there a marginal decrease (from 98 % to 96 %). In Member States where the prevalence of students living in the parental home is below the EU average, including Denmark, Finland, the Netherlands and Sweden, the percentage-point increase in the share of students living with their parents has been above the average EU rate.

For students who do live independently from their parents, many face high housing costs and often substandard living conditions. For example, among students not living with their parents, the housing cost overburden rate is 44 %. That said, students who are overburdened with housing costs are less likely to have difficulties making ends meet relative to other households overburdened with housing costs (21 % relative to 33 %). Nonetheless, students are more likely to have gone into arrears on their housing-related payments in the recent past relative to non-student households (6 % versus 3 %), indicating that they may face higher levels of housing insecurity. Students also more often report dwellings of poor quality; for example, 20 % of students who live independently report problems of leaking, damp or rot (relative to 15 % for other household types).

Chapter summary

This chapter presented the four types of problem that housing unaffordability give rise to: housing exclusion, housing insecurity, financial strain due to problematic housing costs and inadequate housing.

The data analysed in this chapter emphasise the widespread challenges that young people face in Europe's current housing market. The youngest age group (18- to 29-year-olds) experience the crisis particularly acutely. Owing to the lack of comparable data on homelessness in the Member States, it is impossible to analyse how young people are experiencing this most extreme form of housing exclusion. The lens through which this chapter analyses housing exclusion is the phenomenon of young adults living in the parental home. It shows that, across the EU, almost one third of 25–34-year-olds are living with their parents. There is huge variation between Member States, with rates ranging from as low as 3 % in Denmark and Finland to a high of 64 % in Croatia. Trends in this phenomenon also differ between Member States. In Ireland, the proportion of 25–34-year-olds living in the parental home increased by 17 percentage points, from 23 % in 2018 to 40 % in 2023. On the other hand, Hungary saw the largest percentage-point drop over the same period – 12 percentage points (from 43 % to 31 %). While in some cases this may be a preferred arrangement, there may be important negative impacts on young adults who are unwillingly postponing their transition out of their parents' home. This is discussed in greater detail in Chapter 4.

Turning to issues of housing insecurity, problematic housing costs and housing inadequacy, the focus is on the experience of the average young person who has managed to transition out of the parental home. This is not to suggest that young people living with their parents do not experience problems in these areas, but it is difficult to parse the challenges of a young person living with their parents separately from those of their household.

Data show that a young person who has left the parental home is more likely to experience housing insecurity. Those aged 18–29 are most likely to have been in arrears on both their rent or mortgage and their utility bills. The perceived housing insecurity of various age groups has evolved over time. In spring 2020, during the early days of the COVID-19 crisis, those aged 18–29 were most likely to express fear that they would need to leave their home because they could no longer afford it. As the pandemic abated, their insecurity decreased dramatically. However, since spring 2022, housing insecurity has been trending upwards for all age groups. In spring 2025, those aged 30–39 had the highest levels of perceived housing insecurity.

Current housing affordability challenges place a heavy burden on the shoulders of the youngest cohort. For 18- to 29-year-olds, the percentage of disposable income spent on housing costs is 31.1. For the next youngest cohort (30–39), it drops to 22.8. The housing cost overburden rate – the percentage of people who spend more than 40 % of their income on housing – confirms the housing affordability challenges facing young people. Across the EU, 23 % of those aged 18–29 spend more than 40 % of their income on housing. This drops to 12 % for 30- to 39-year-olds. Young people living in cities are even more likely to be overburdened with housing costs (26 %). However, this average rate masks heterogeneity between Member States: in Greece, 79 % of young people in cities are overburdened with housing costs, compared with 7 % in Lithuania.

Turning to the final type of problem caused by unaffordable housing – housing inadequacy – the challenging living conditions of the youngest cohort of adults are apparent. Statistics show that young people are more likely to live in dwellings that have structural problems such as leaks, damp or rot; they struggle the most to keep their homes adequately warm; and they are most likely to report that their homes are too dark. Moreover, more than one quarter (26.5 %) of young people in the EU live in overcrowded dwellings, according to Eurostat data. The corresponding rate for the general population is 16.9 %.

Overall, this chapter paints a picture of the challenges that young people face when they seek to live independently from their parents. When they do manage to move out of the parental home, they struggle with housing insecurity, spend a disproportionate amount of their income trying to keep a roof over their heads and are more likely to live in overcrowded, poor-quality homes.

3 Housing affordability: challenges in urban areas and tourist hotspots

The housing crisis in our cities is spiralling out of control.

Mathias De Clercq, Mayor of Ghent and President of Eurocities (4)

Introduction

Many European regions are experiencing a housing affordability crisis, particularly in urban agglomerations and tourist hotspots. To design effective policy and dedicate funds and focus where they are most needed, it is necessary to know who is affected most by the housing crisis and where in Europe the crisis is most pronounced.

This analysis focuses on the affordability crisis for Europe's youth (i.e. 18- to 39-year-olds). Housing affordability is especially crucial for this age group, as they are entering the market, moving out from home for work or study, moving in with a partner and making key decisions about family formation and fertility. For many, this is the most mobile period of their lives, making them particularly vulnerable to the current housing affordability crisis.

As discussed in Chapter 1, the drivers of the housing crisis are complex. However, at its core, the crisis revolves around an imbalance between the demand and supply of housing, which is particularly pronounced in urban agglomerations and tourist regions.

Young people, especially those without family support, struggle to save for a down payment or qualify for a mortgage. The scarcity of subsidised and social housing (Angel, 2023) has worsened the situation, with many people left relying on the private rental market, which is often unaffordable. While these overarching drivers are well known, other factors specific to regions also come into play. Surprisingly little is known about the spatial configuration of Europe's housing crisis and where in Europe housing is a particular challenge for younger age groups. This chapter addresses this knowledge gap by contributing to a better understanding of the disparities in housing affordability for young people in Europe's regions.

Analysing regional and intra-European differences in house and rental prices is an important first step to understand where the housing crisis is playing out. Then, to make sense of where housing is unaffordable, the share of income spent on housing also needs to be considered. Europe's youth is entering a very expensive market. In contrast, for older cohorts who have already purchased a home or entered long-term rental contracts, the current market dynamics are less relevant.

This chapter maps housing affordability indicators specifically designed to capture the situation of young adults in search of housing across Europe's regions. The chapter analyses the different implications of renting versus buying in Europe's regions and aims to understand the local/regional spatial patterns of housing unaffordability for Europe's youth. While the specific drivers of unaffordable housing differ for Europe's regions, the overarching spatial patterns corroborate the rural–urban divide.

The chapter builds on the data collected in the ESPON House4All project on contemporary house prices in the EU and combines it with income data from EU-SILC. The chapter begins by introducing the data and methodology. This section presents the specific factors considered in developing indicators to comparatively analyse the affordability challenge for young Europeans at the lowest granular level possible. The chapter then presents the results of a Europe-wide data analysis of affordability in rental and sales markets based on web scraping house prices between March 2024 and March 2025, highlighting overarching spatial patterns.
The chapter emphasises the very limited supply of affordable rental accommodation for young adults across all Member States. Next, four national case studies (Austria, Denmark, Italy and Slovakia) are analysed in greater detail to showcase intranational differences. Austria and Denmark both have comprehensive welfare systems, strong rental sectors and long-standing traditions of affordable housing; the Austrian housing regime also features a distinct distribution of responsibilities between city and national government. Italy is an example of a southern European country with substantial diversity between

(4) https://eurocities.eu/latest/survey-of-european-mayors-housing-crisis-calls-for-urgent-eu-action/.

regions and a family-based welfare and housing system, translating to a high homeownership rate. Slovakia, as an eastern European nation, represents post-communist countries that have undergone substantial changes in their housing markets following the fall of the Iron Curtain, including mass privatisation and a shift to homeownership as the predominant form of tenure. Finally, the chapter discusses the key implications of the current housing market situation.

Methodology used to define and map housing affordability

According to President Ursula von der Leyen, 'Europe faces a housing crisis, with people of all ages and families of all sizes affected. Prices and rents are soaring. People are struggling to find affordable homes' (European Commission: Directorate-General for Communication, 2024). But what is meant by 'affordable'?

Affordability measures in Europe are often described in relation to either the price of an existing unit or the share of income spent on housing. The concept of affordability has a long-standing tradition in Anglo-American countries, and only in recent decades has it become more widely used in European countries. Debates on affordability often build upon the definition put forward by the United Kingdom's government: 'homes let at least 20 % below local market rents (affordable rental properties) or let at rates set between market rents and social rents (intermediate rental properties)' (Homes England, 2023). This definition, although contested, is an example of affordability based on market rents or market values.

Local authorities seem to use similar thresholds for housing provision and allocation requirements in newly built housing stock (Sielker et al., 2025c). At the European level, Eurostat considers households as 'overburdened' if they spend more than 40 % of their disposable income (net of housing allowances) on housing (Eurostat, undated). Meanwhile, the typical North American affordability threshold is 30 % (Stone, 2006), whereas prior to the 1980s, a threshold of only 25 % ('one week's pay for one month's rent') was considered acceptable (Hulchanski, 1995). The debate about what is an acceptable and meaningful affordability threshold continues today (see, for example, Herbert et al., 2018). Similarly, the ratio between house prices and income is a commonly used and easily computable indicator to analyse regional variations in housing affordability. In this chapter, a type of price-to-income metric is used as an indicator of homeownership affordability and a share-of-income indicator is used for the rental market.

However, the aim is not to provide a general overview of housing affordability but to specifically analyse the situation for young adults on a local level. The analysis thus asks where Europe's youth can afford housing on a typical young adult's wage and what share of the housing on offer can be deemed affordable from their point of view. To present a more accurate picture, we consider the median wages for 18- to 39-year-olds and relate these to 'starter flats', defined as two rooms in urban and intermediate areas and three rooms in rural areas. This assumption is made to identify properties among the web-scraped data that are probably starter homes. These parameters do not adequately represent starter homes in all countries and regions. Where average starter homes are smaller than the definitions, the results of the present analysis represent an upper-bound estimate of affordability challenges. With these restrictions, the analysis aims to consider the specific housing segment typically sought by newcomers to the housing market while maintaining an adaptable comparative framework.

The dataset behind the maps and figures presented in this chapter is based on two main sources. First, web scraping of online housing advertisements in both the sales and rental markets, gathered throughout 2024 as part of a Europe-wide web scraping conducted by the ESPON House4All project (Sielker et al., forthcoming-a). The data allow insights into local asking prices as well as key characteristics of the dwellings listed, such as location, size and other qualitative features. They include more than 22 million unique and valid datapoints, gathered over 52 web scraping runs between March 2024 and March 2025, one per week per country. These data were cleaned to remove datapoints where the scraping algorithm had produced technical errors, unplausible outliers and duplicate listings. The price of consecutively recurring listings was taken into consideration at the last point in time before either the advertisement was taken offline or the scraping period ended. This ensured that the data are as close to the transaction price as possible. Further technical details can be found in the ESPON House4All data report (Sielker et al., forthcoming-b).

One of the big caveats of housing market data obtained through web scraping is that they can only reveal asking prices. These may be negotiated downwards in some market segments, while in instances of strong excess demand, some buyers may be willing to pay more than the listed price. Furthermore, not all available properties are advertised on the market. This is especially true in countries with sizeable non-profit or low-profit rental housing markets (Austria, for example), where properties managed by non-profit or low-profit providers are typically not advertised on real estate websites and are also more affordable thanks to housing allowances. Other countries may have large informal rental markets. The presence of such rental markets can distort findings on affordability, which should be interpreted with caution. The ESPON House4All data report expands on these methodological considerations, and it also outlines that, owing to project scope and constraints, not all real estate webpages were scraped; it lists the webpages used for all the countries. Scraped listings were tested against transaction data where available, which confirmed both the spatial pattern shown and the price trends. There is currently no other available source that allows for a comparative and equally granular analysis.

Listed prices need to be distinguished from recurring housing costs. They reflect current market rates and do not allow insights into the ongoing housing costs of the wider population. Furthermore, housing advertisements only reflect the housing supply currently on offer, typically through the private market. In this sense, the data specifically offer relevant insights into the housing available to newcomers or movers. As the focus is on young adults, who typically enter the housing market as either new tenants or first-time buyers, this perspective fits the purpose of the analysis.

Because housing affordability is not only a function of price but also of income, EU-SILC data are used as a second source of data in the analysis. More specifically, the median net employee cash or near cash income within the relevant age bracket is used as a proxy for young adults' wages. Individuals who record no income from employment are excluded from the calculation. The indicator is available by Member State and degree of urbanisation for all Member States except the Netherlands and Slovenia. Finally, wage data are further disaggregated to the level of the local administrative unit (LAU), to match the level of spatial disaggregation of the house price data. This is done by using the most recent spatial pattern of disposable income observed by Mikou et al. (2024), while retaining the average indicator values within each degree of urbanisation and Member State.

Based on the price information from the ESPON House4All project and the regionalised EU-SILC wage data, it is possible to derive highly localised housing affordability indicators specifically designed to capture the situation of young adults. It is worth emphasising, though, that in Member States where access to essential services such as childcare, education, healthcare and public transport is well supported, people are generally able to spend more on housing. This contrasts sharply with countries where individuals cover most of these costs out of pocket (see, for example, Eurofound, 2023).

Affordability of housing in regions and cities

Based on the data and indicators outlined in the previous section, the current state of the private rental market and the potential market for first-time homebuyers is analysed, focusing on the spatial differentiation of housing affordability for young adults in Europe.

Spatial differentiation of unaffordability – the example of rental affordability

An overarching narrative has long maintained that there is a substantial rural–urban divide in house prices, with metropolitan areas and urban agglomerations being particularly unaffordable, while rural areas tend to be more affordable, albeit with a smaller supply of rental housing. To test this assumption, Figure 14 shows the frequency distribution of listings offered in the three urbanisation categories: cities, towns and suburbs, and rural areas. Blue-shaded areas indicate the proportion of the supply that is considered affordable. The threshold for affordability is one third of the respective median wage for 18- to 39-year-olds. The purple indicates the price range that would be considered unaffordable because more than a third of wages would need to be spent on renting these apartments. The number on the top right corner of each plot indicates the share of affordable housing supply in the respective category. In most cities, the share of listed apartments affordable on a young adult's wage ranges between zero and 15 %. German cities appear to be the main outlier, with close to 30 % of the recorded supply deemed affordable. However, cities in Bulgaria, Greece, Hungary, Ireland, Latvia, Portugal and Slovakia have virtually no rental housing listed that is affordable on a young adult's median wage.

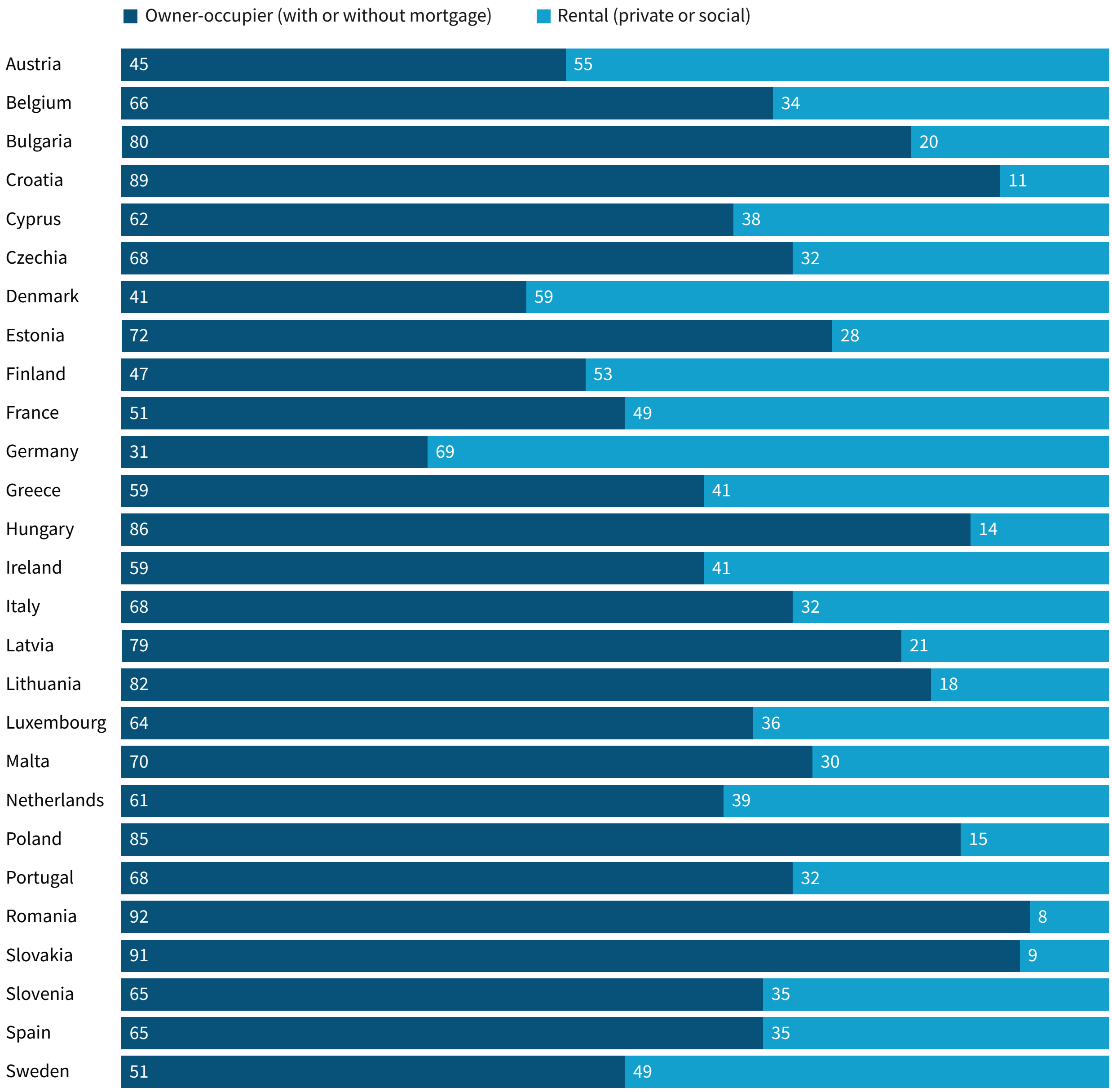
As well as differences in prices and income levels, there are also significant differences in tenure types between Member States. Figure 15 shows tenure distribution across the EU-27. It becomes apparent that rental affordability for young adults is also related to the overall split in the housing market. Rental listings in countries with larger rental segments tend to have a higher share of affordable units for young adults. On the other hand, markets dominated by homeownership tend to have little (formally listed) affordable rental supply.

The situation is slightly better in towns and suburbs and in rural areas in nearly all Member States. The exceptions are Bulgaria and Spain, which have little affordable housing across all types of regions. The Nordic countries have notably affordable rental units in rural areas. However, supply in these regions often consists of second and/or holiday homes, a market segment that cannot be differentiated through web scraping, which may influence average price ranges.

Figure 14: Share of the rental supply that is affordable for young adults (%), 2024

Note: Distribution is cut off at EUR 2 000 for rent to make the individual figures more readable. No income data were available for towns and suburbs in Estonia, Germany or Latvia. In some Member States, outside urban areas there were very few rental properties listed on the platforms that met the definition of 'starter homes' used for this report. For these reasons, percentages are not reported in every case.
Source: Authors, based on ESPON House4All and EU-SILC data.

Figure 15: Proportions of housing tenure types (%), 2023



Note: The data refer to people aged 18–39.
Source: Author's calculations from EU-SILC microdata.

Of course, these data have to be taken with the caveat that in some cities many rental listings are not advertised on online platforms but instead are managed informally. This is the case in all European countries to the best of the authors' knowledge. Yet, the data clearly indicate that for a new entrant into the housing market without any connections there is very little affordable housing available.

The differences between the housing on offer in cities, towns and suburbs, and rural areas emphasise the need for a closer look at the geography of housing affordability for young adults, as presented in the following section.

European maps: affordability in rental markets

For Europe's young adults, renting or remaining in the parental home has become the norm even in countries that traditionally have large ownership markets. In most European countries, the proportion of young people renting is substantially higher than in previous cohorts. Hence, public and academic debates around 'Generation Rent' have begun to address this shift (see, for example, Howard, 2025). This has been discussed in particular for countries where homeownership is the dominant tenure, such as Ireland and the United Kingdom (Ronald, 2018; Byrne, 2020; Waldron, 2023), Poland (Napiórkowska-Baryła et al.,

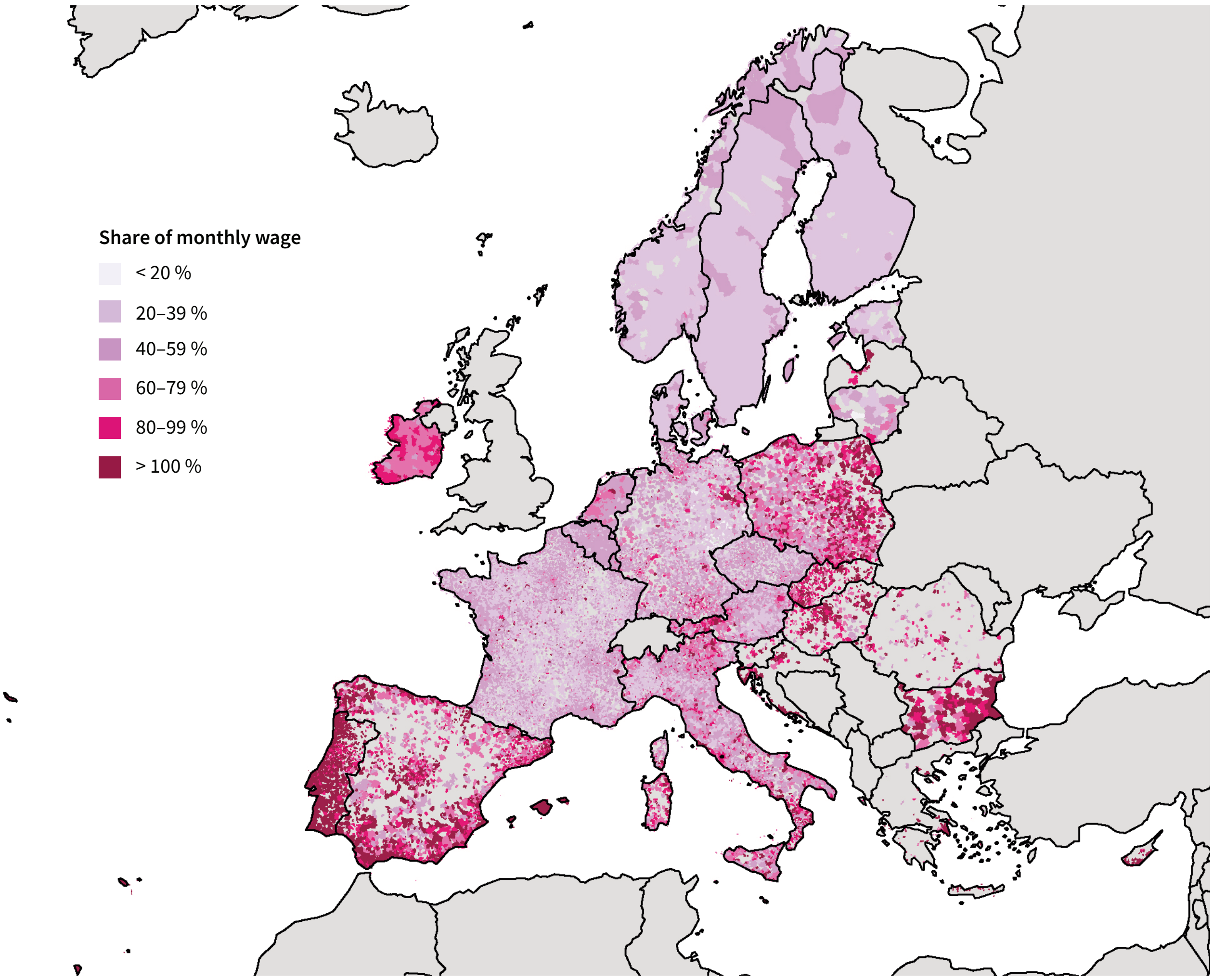
2024) and Spain (Fuster et al., 2019; Byrne, 2020; Vidal et al., 2024).

Rental markets are more dominant in urban centres. While this is common and not problematic in itself, the share of income needed to pay for housing has been increasing over the last few decades, with younger adults being particularly affected. These cohorts are entering the housing market in a period where prices are generally higher than for previous cohorts, and there is less on offer. As such, those currently searching for housing are particularly affected by increasing rental prices. This section maps Europe's rental market affordability for young adults by analysing the share of a young adult's monthly wage required to rent a starter flat.

Figure 16 indicates that in Bulgaria, Ireland, Poland, Portugal and Spain, and in parts of Austria and Italy, unaffordability is such that in many areas more than 80 % of a young adult's average wage is required to rent a starter flat. Notably, in coastal areas of Portugal and Spain and some areas in Bulgaria, this proportion rises to more than 100 %. In practical terms, this means that more than one salary is required, making it nearly impossible for young solo adults to rent a flat in these areas. In Portugal and Spain, these areas coincide with popular tourist destinations, where the regular rental sector competes with short-term rental and secondary housing (here referring to a dwelling that is not a person's main home but is used occasionally, e.g. weekends and holidays). Ireland, on the other hand, has values above 60 % of wages in all regions and above 80 % in some regions, indicating that two incomes are likely required for a family to be able to afford a starter flat.

Overall, Figure 16 indicates that some countries have a more challenging situation than others. For example, in France and Germany, the affordability challenge is a predominantly urban phenomenon, yet only a few cities (such as Paris and Berlin) appear to have values above

Figure 16: Rental affordability for young people in Europe, 2024



Source: Authors, based on ESPON House4All and EU-SILC data.

60 %. However, there is no indication of the quality of the offer. Meanwhile, other countries suffer from a clear lack of rental supply in large parts of the country (LAU is left blank (grey)). This is the case in Hungary, Latvia and Romania, but also in the countryside in France and Spain. In these areas in particular, young adults have no choice but to either stay with their parents or try to access the homeownership segment.

Paying more for less? Rent per square metre over size

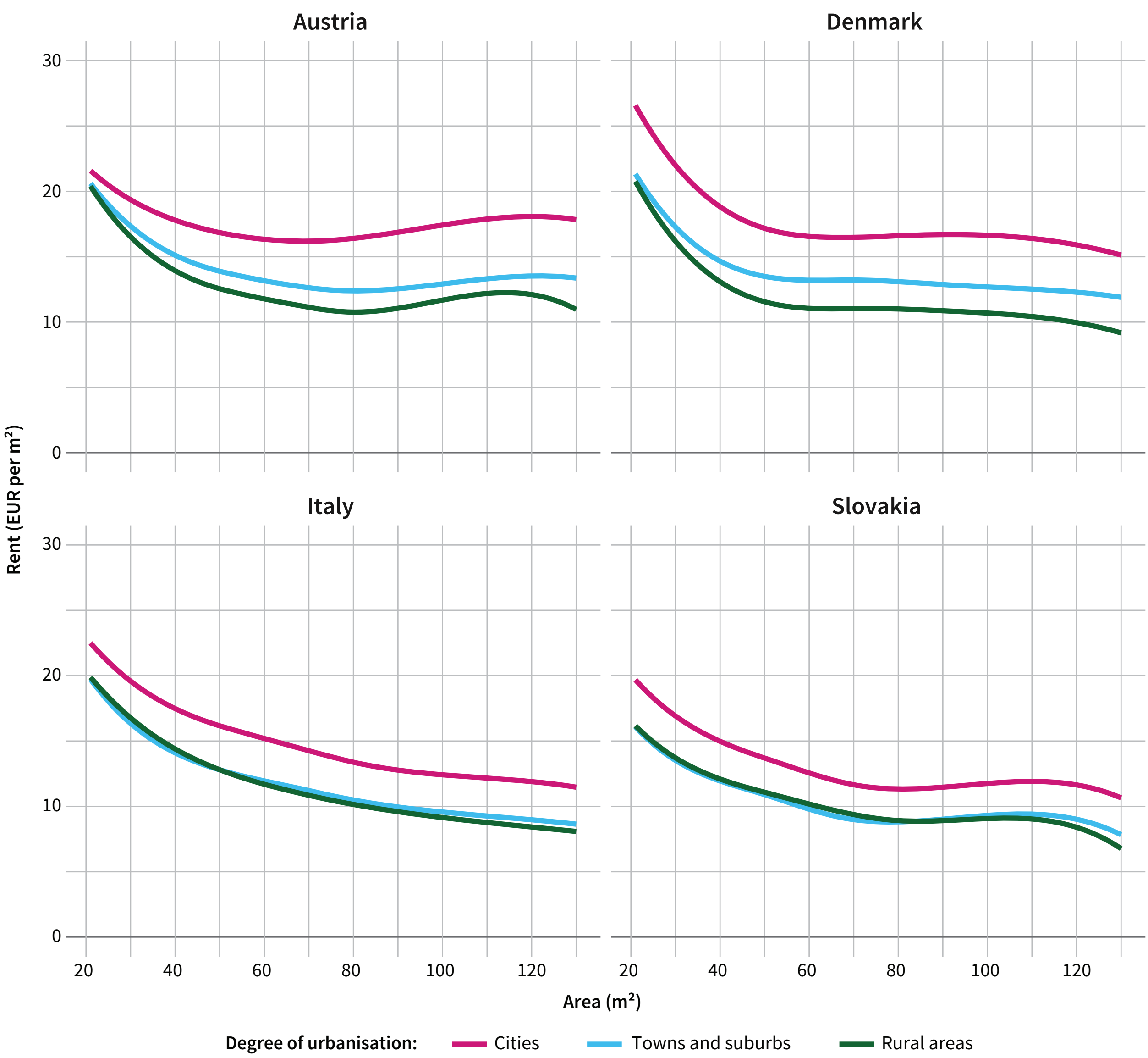
One apparently obvious strategy to address unaffordability would be to search for a smaller apartment. However, although smaller houses tend to be cheaper in most rental markets, the price decline is not linear. In fact, smaller rental units are typically far more expensive per square metre than larger ones.

For selected Member States, Figure 17 shows how rent per square metre changes with the size of the housing unit, differentiating by degree of urbanisation.

Across all four Member States, the price per square metre is EUR 3–6 higher in cities than in towns and suburbs or rural areas. The price difference between towns and suburbs versus rural areas is less pronounced in Italy and Slovakia and more so in Denmark and Austria, especially in apartments bigger than 40 square metres.

The price per square metre in smaller apartments is relatively higher across the four Member States and degrees of urbanisation. Specifically, apartments smaller than 40 square metres have higher prices. After that, the price tends to level out again. The price difference in Denmark, for example, ranges between

Figure 17: Rent per square metre over size – selected Member States, 2024



Source: Authors, based on ESPON House4All data.

EUR 15 and EUR 26 per square metre in cities, with apartments above 45 square metres showing a roughly stable price of EUR 15 per square metre. In Italy, this price decrease is more uniform, with prices falling more slowly per square metre, starting from EUR 25 per square metre for a 20-square-metre flat and EUR 20 for a 40-square-metre flat to EUR 15 for an 80-square-metre flat in cities. Nevertheless, the general trend holds in the other countries, even though prices rise again for larger apartments in Austria and Slovakia. This is most likely related to a correlation between qualitative characteristics and the size of the rental units (see Brunauer et al., 2010 or Banabak, 2024).

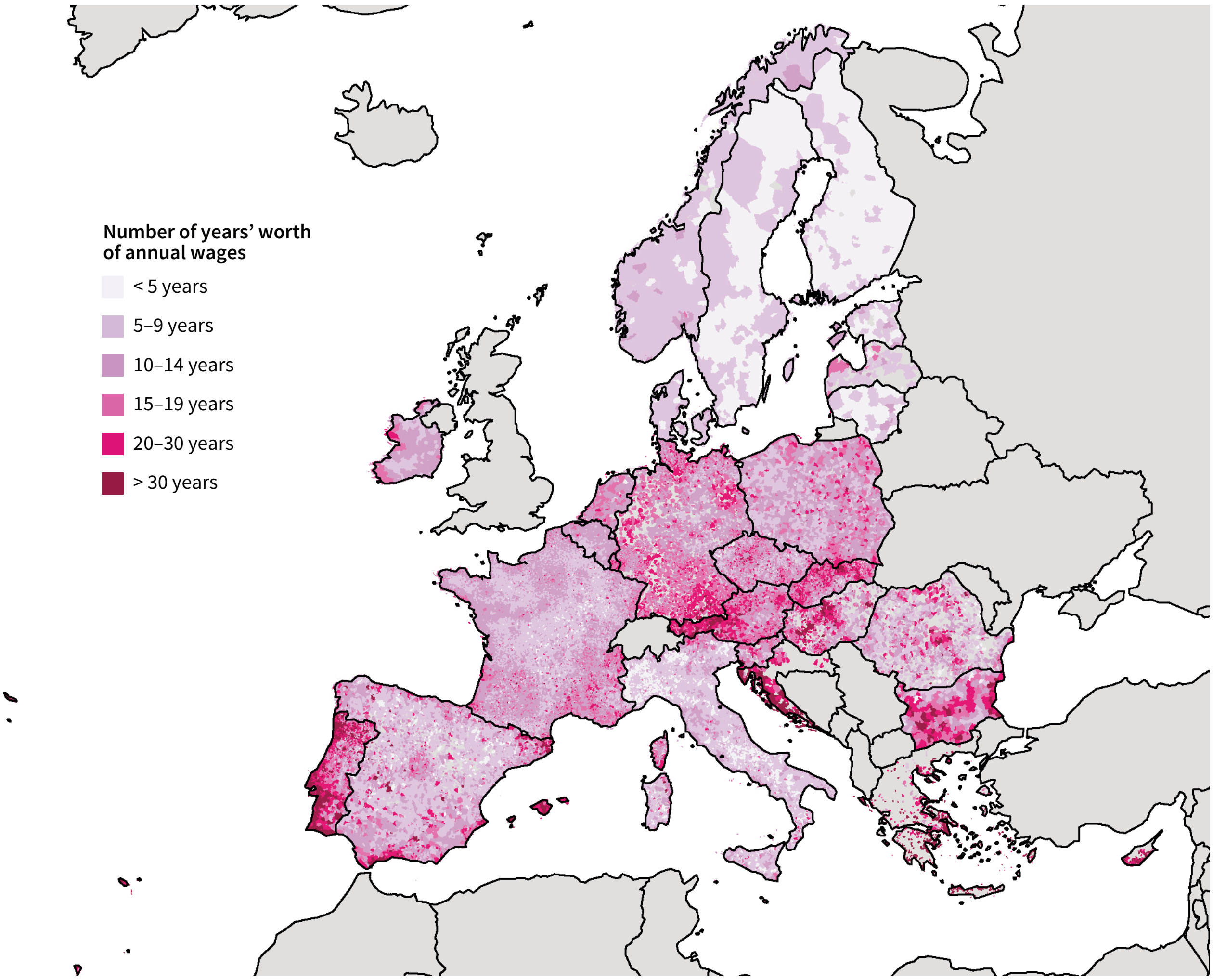
While of course smaller apartments will, in most cases, still be more affordable as a share of income, the relative price per square metre is higher, and thus moving to a starter flat means in general that one pays more for less. This disproportionately affects tenants seeking smaller units, such as young adults and entry-level workers.

European maps: affordability in sales markets

Despite the increasing attention paid to rental markets, in many societies achieving homeownership is considered a substantial life goal or the precondition for starting a family. Furthermore, the opportunity to access a first home is of relevance for many young families and young adults entering the job market. To understand the financial requirements for getting onto the first step of the housing ladder, a Europe-wide affordability map is presented, specifically targeted to young adults seeking homeownership. Figure 18 depicts the purchase price of a starter flat in terms of young adults' wages at the LAU level. The map indicates how many years' worth of total annual wages are required to purchase an average housing unit with up to two rooms in cities, and towns and suburbs and up to three rooms in rural areas. Again, grey areas indicate no recorded offers within the region.

The spatial pattern differs among countries. For example, in Austria, Bulgaria, Croatia, Germany, Hungary and Portugal there are many LAUs where

Figure 18: Homeownership affordability for young people in Europe, 2024



Source: Authors, based on ESPON House4All and EU-SILC data.

young adults would need to pay 100 % of their wages for 20 to 30 years or more to acquire a starter flat (assuming they do not receive family support). These figures, however, do not include mortgage costs or down payments, which are additional entry barriers. Finally, even the most frugal young households would of course not be able to spend all their wages on housing, as they would also need to pay for other essentials, such as food, energy and transport. The challenge is even more pronounced when we consider that this starter flat only has two to three rooms, which is not adequate for many when starting a family. Interestingly, the Scandinavian countries, the Baltic states and the north of France and Italy show a relatively affordable picture.

Housing affordability problems in selected Member States

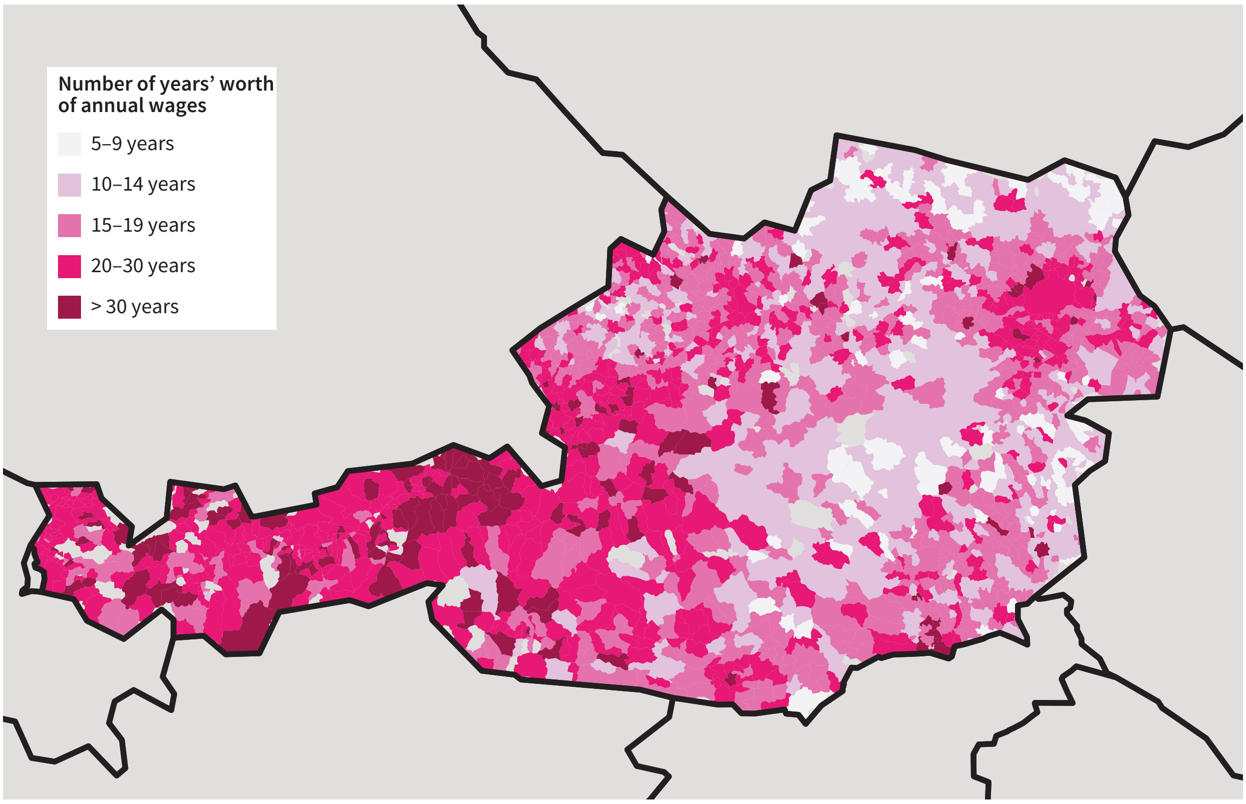
This section presents a deeper dive into four Member States: Austria, Denmark, Italy and Slovakia. These Member States were chosen to represent different regions in Europe, ensuring a broad territorial coverage. Moreover, they have very different welfare and housing systems.

Austria

The focus of this case study is the unaffordability challenge facing younger age groups in a relatively affluent country. Austria is one of the Member States with the lowest share of homeownership; less than half (45 %) of main residences are owner-occupied (see Figure 15). Thus, a vast proportion of the population lives in rented accommodation. The comparatively sizeable and widely accessible social rental sector (23.6 % of units in the total housing stock are social housing units) offers a more affordable alternative and exerts downward pressure on private rents in many regions (see, for example, Klien et al., 2023; Banabak et al., forthcoming).

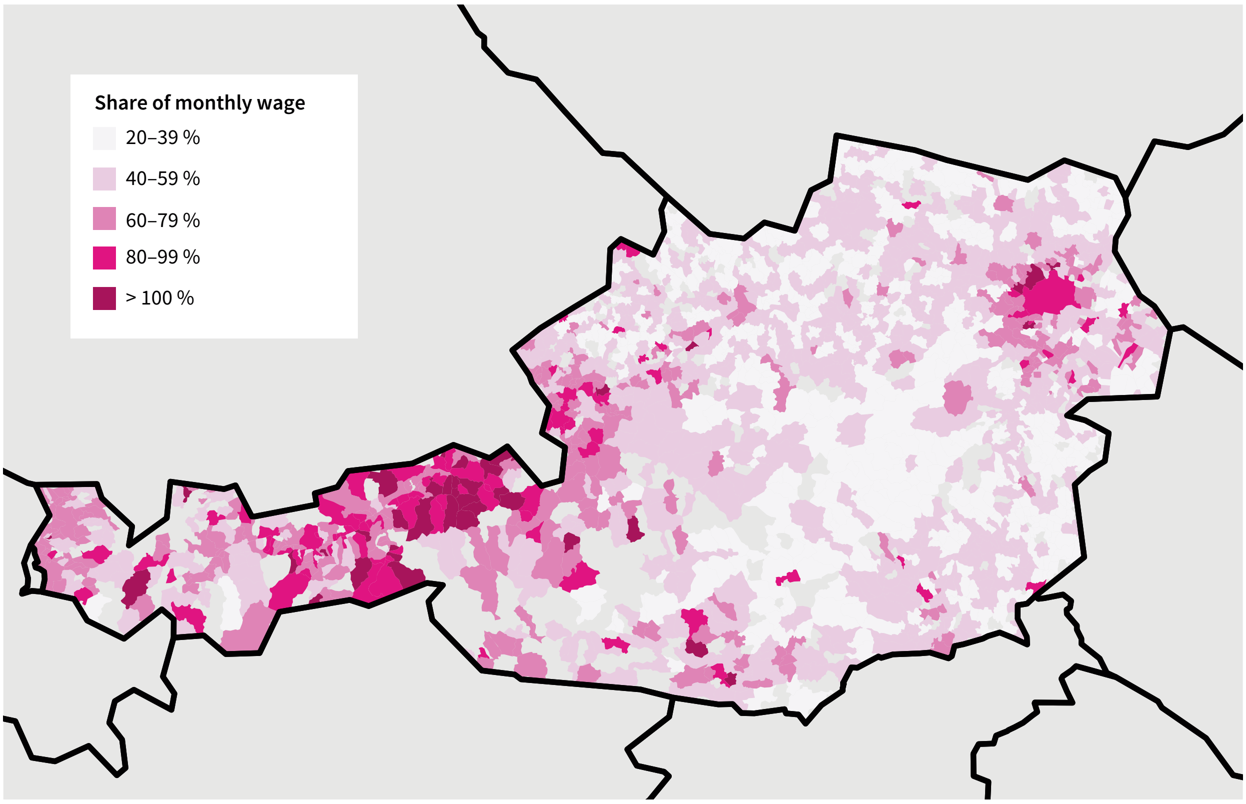
The map showing the affordability of starter flats for young people reveals substantial affordability challenges in almost all regions and specifically in Tyrol, Carinthia and Salzburg, where prices in key tourist areas (such as ski resorts) consistently show values in excess of 20–30 years or more of annual wages (Figure 19). These regions have been contending with additional pressure on demand stemming from second homes for decades. In response, many local and regional administrations, such as those of Salzburg (Stadt Salzburg, 2025) and Tyrol (Land Tirol, 2022), try to disincentivise second homes with taxes on vacancies and secondary residences, and, in some areas, the need for a special second-home permit. However, such

Figure 19: Homeownership affordability for young people in Austria, 2024



Source: Authors, based on ESPON House4All and EU-SILC data.

Figure 20: Rental affordability for young people in Austria, 2024



Source: Authors, based on ESPON House4All and EU-SILC data.

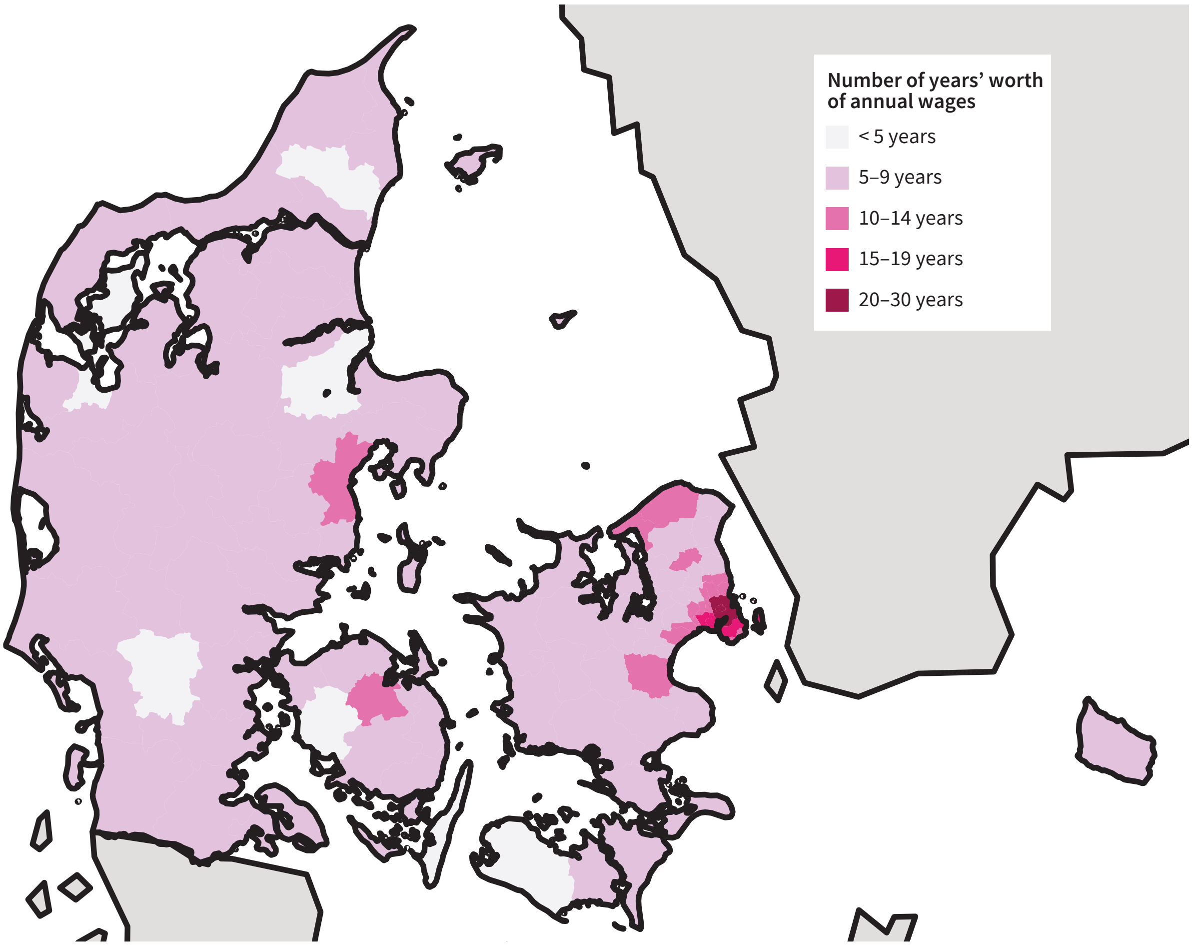
interventions have not yet achieved their desired impact in terms of housing affordability.

The Vienna region also shows relatively high prices: in Vienna and its surroundings, 20–30 years of annual wages are needed to pay for a starter flat with up to two rooms. Overall, the data for Vienna show that homeownership on entry-level wages is challenging. This comes as no surprise, as Vienna, like many European cities, has experienced very strong house price growth since the 2008 global financial crisis (see, for example, Kadi et al., 2022). However, homeownership traditionally plays a minor role in the Viennese housing model, with only about 20 % of households occupying their own home (Statistik Austria, 2023). The rental market is sizeable and secure.

Now to the rental market, which is most relevant in the urban centres of Austria but also of importance in the intermediate regions (towns and suburbs). Figure 20 depicts the share of monthly wages required to rent an average starter flat in Austrian LAUs.

The general spatial pattern, particularly the hotspots around the settlements of Kufstein and Innsbruck in the west and the Ötztal Alps and Vienna in the east, remains the same as in Figure 19. In the western hotspots, values are mostly in the 80–99 % range and frequently even above 100 %. In Vienna, values are between 80 % and 99 %. Translated to a family situation, this means that two incomes or almost one full salary are needed to pay the rent. While in general the rental market in Austria and especially in Vienna benefits from the large proportion of social housing (Kadi et al., 2022), the data indicate that the increasingly commodified private rental market (Kadi et al., 2025) is still under pressure from strong demand stemming from both population growth and institutional investors (Kadi et al., 2025). The central regions of Austria, including Vienna, Lower Austria and northern Burgenland, mostly show values of 20–39 %, with some showing 40–59 %. Local hotspots, such as Villach in Carinthia or Graz in Styria, are clearly visible on the map, constituting a substantial rural–urban divide. Data for Austria should nonetheless be interpreted with the caveat that a large part of the rental stock is managed by non-profit and low-profit housing providers who do not advertise it publicly, and, therefore, are not part of the scraped listings data.

Figure 21: Homeownership affordability for young people in Denmark, 2024



Source: Authors, based on ESPON House4All and EU-SILC data.

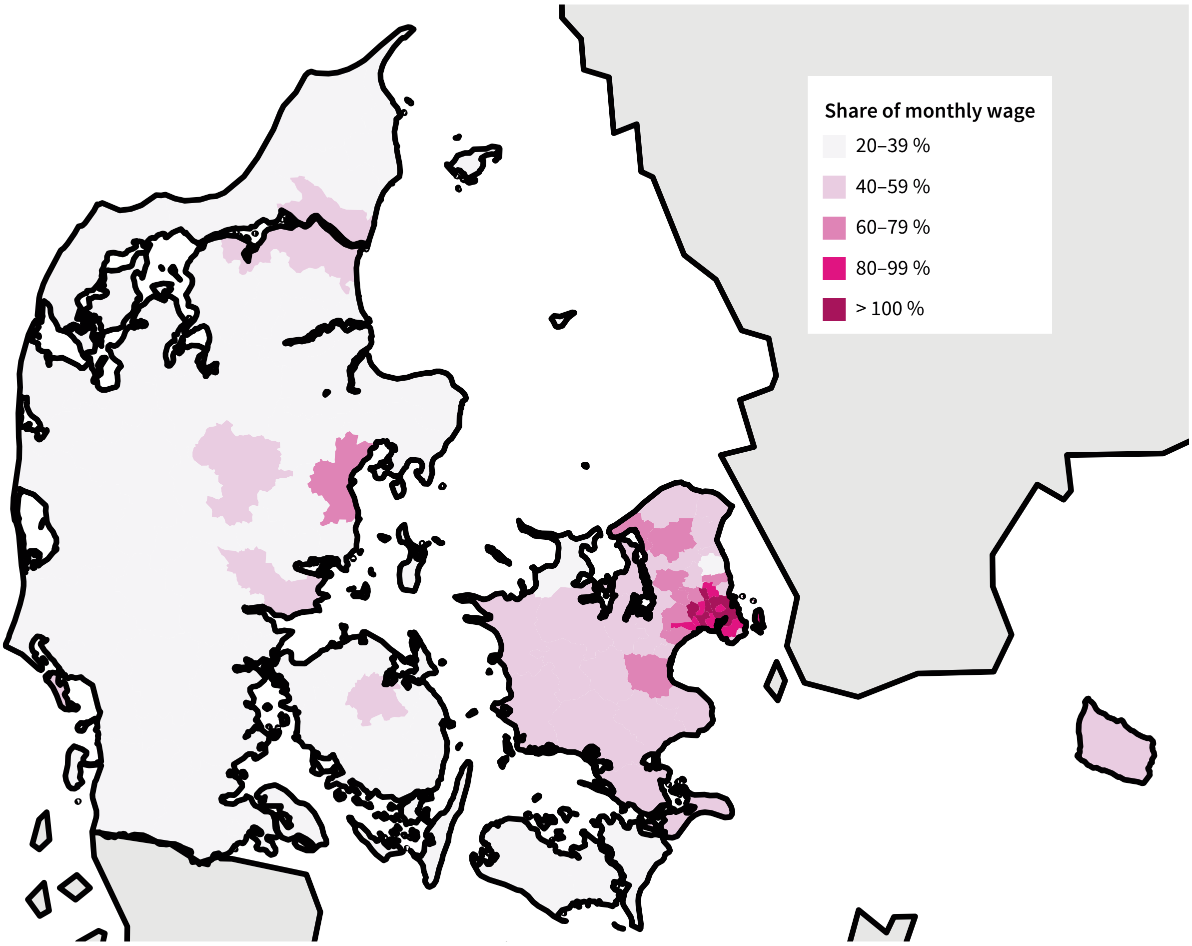
Denmark

Similarly to Austria, Denmark has one of the strongest social housing sectors in Europe (20.2 % of the total housing stock is social housing units). The House4All project (Banabak et al., forthcoming) provides evidence for the spillover effects of this strong social housing market on the lower end of the rental sector.

Figure 21 shows that urban centres and tourist regions have the lowest homeownership affordability. The majority of Denmark's LAUs are marked light purple, indicating that 5–9 years of annual wages are needed to pay for a starter flat. Arhus, Fredericia, Middelfart, Odense and the coastal areas around Gilleleje and Køge are in the 10–14 years range. Copenhagen is the only region where 20–30 years of wages are required to buy a starter flat. There is no region in Denmark where more than 30 years of annual wages is needed. In five LAUs, fewer than five years are needed. The comparatively better picture of housing affordability in Denmark may partly reflect higher median earnings.

The spatial pattern is repeated in the rental sector, as shown in Figure 22, albeit with some differences. Aalborg is less affordable for renting than buying, which is expected for a university city.

Figure 22: Rental affordability for young people in Denmark, 2024



Source: Authors, based on ESPON House4All and EU-SILC data.

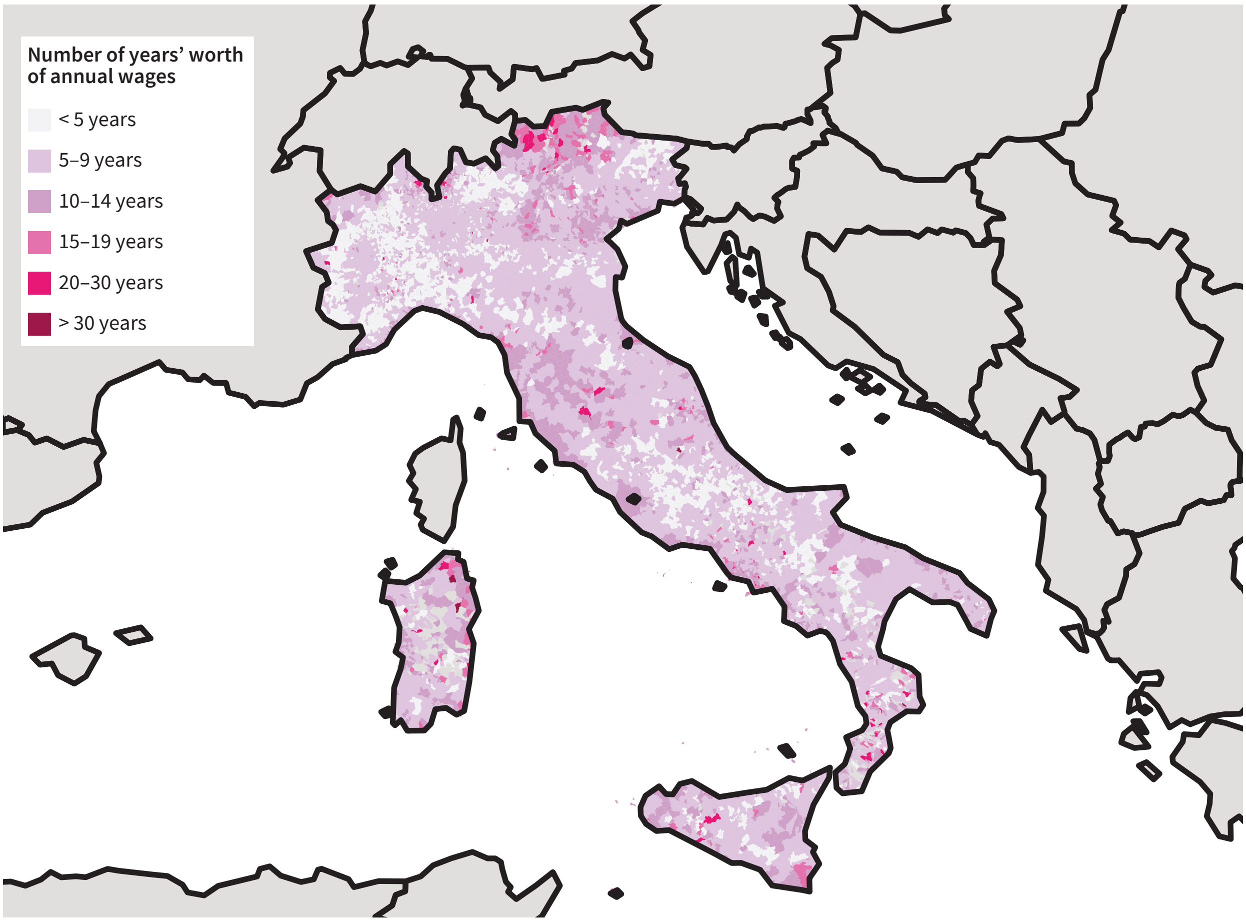
In the rental market, the Copenhagen region is similarly highly priced, and here a starter flat demands more than 80 % of median wages. In some local areas, more than 100 % of a young adult's median income is required to rent a starter flat.

This figure confirms the results of a case study by the ESPON House4All project on the spillover effects of a strong social housing offer on the lower-price private rental market (Banabak et al., forthcoming). Overall, the affordability of both the rental and sales markets for young people is comparatively better in Denmark. However, the capital, Copenhagen, remains unaffordable for young adults.

Italy

Like many other European real estate markets, the Italian market experienced house price growth in the early 2000s followed by a period of regression until 2013, and then slow growth until the COVID-19 pandemic (Palma et al., 2019). However, Italy is a country with strong interregional differences and substantial youth unemployment in some regions. While demand is shrinking in some regions and much of the housing stock is underused, in other regions, particularly urban centres such as Milan, Turin, Rome, Bologna and Florence, there is a housing shortage, specifically in the rental market. Although the housing system is generally market-led, housing policy is highly regionalised (Sielker et al., 2025c) and often fragmented (Caruso, 2017; Peverini, 2023). The Italian housing system is predominantly focused on homeownership (76.7 %), with the private rental (13.6 %) and social rental (3.4 %) markets playing minor roles.

Figure 23: Homeownership affordability for young people in Italy, 2024



Source: Authors, based on ESPON House4All and EU-SILC data.

Figure 23 shows that there are areas where less than five years of annual wages are needed to buy a starter flat, specifically in the Alps and the Apennines, while coastal regions require 5–9 years of wages. Thus, there are many regions offering low-priced opportunities for young adults when compared with other European countries. However, the Italian housing market also has affordability problems. The highest concentration of less affordable LAUs is on the border between South Tyrol, Austria and Switzerland. More expensive housing is also found in Florence, the north of Sardinia and other individual LAUs. Clearly, market conditions in Italy are very localised, and, owing to the great number of small LAUs, there are marked interregional differences, even without considering differences in the quality of the housing offer. For example, Sicily shows substantial differences in LAUs in broadly the same locations.

Meanwhile, the current situation for young adults in the Italian rental market is much more worrying and indicative of a widespread affordability crisis. Figure 24 depicts the share of monthly wages required to rent a starter flat in Italian LAUs.

Figure 24: Rental affordability for young people in Italy, 2024

Source: Authors, based on ESPON House4All and EU-SILC data.

On the rental market, the coastal areas of Sardinia and Sicily are notably expensive, with prices higher than 60 % of monthly wages. In addition, the Dolomites region in the north and other mainland coastal areas popular with tourists, particularly around Rome, Naples, Foggia and Pisa, also display high values. In Milan, the recent rise in housing costs has outstripped wage growth, leaving a significant share of people unable to afford adequate housing (Bricocoli et al., 2024).

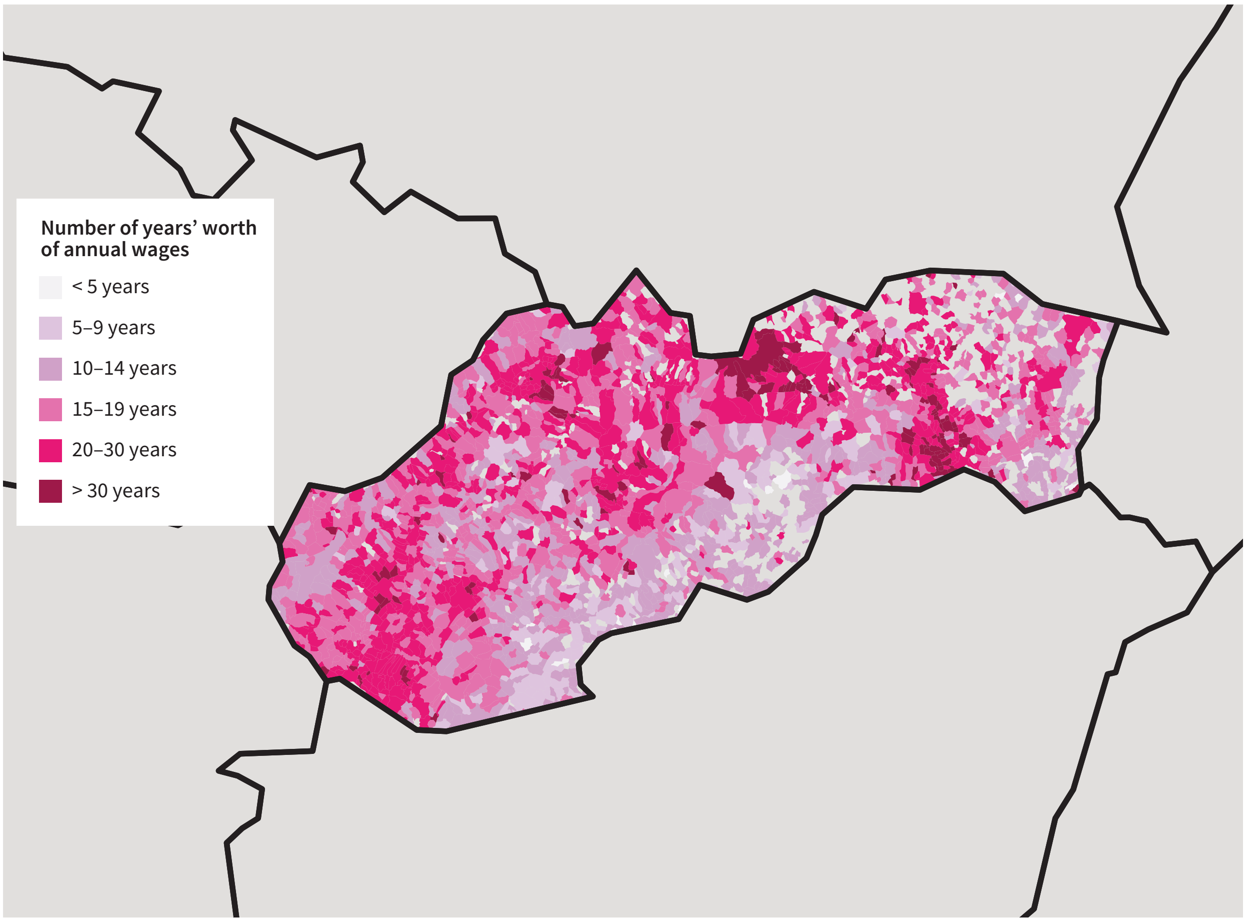
General values indicate that in the majority of LAUs, renting a starter flat costs more than 40 % of median monthly income, even in regions that are not highly urbanised. The map thus mirrors the general narrative of Italy as a rather unaffordable country for young adults in the rental market. Considering that there is hardly any social rental supply available, those who are unable to become homeowners (owing to formal exclusion, mortgage requirements, etc.) need to spend large proportions of their wages on housing.

Hence, Italy has one of the most fragmented and localised housing markets in the EU, driven by tourism, second-home ownership and income inequality.

Slovakia

Slovakia is an example of a very dynamic eastern European country, where a vibrant capital region is attracting most of the rural–urban migration. It is also a country with a strong history of homeownership.

Figure 25: Homeownership affordability for young people in Slovakia, 2024



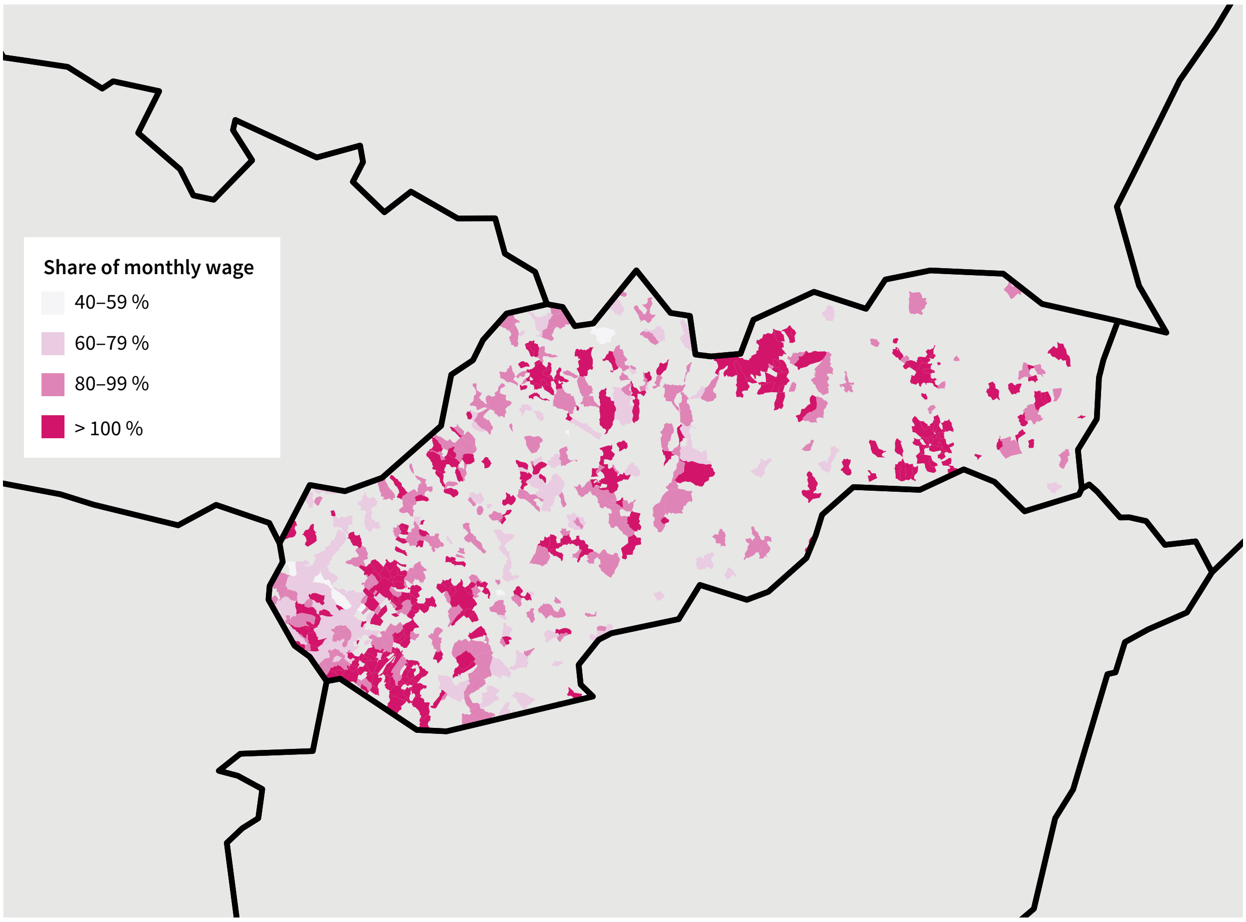
Source: Authors, based on ESPON House4All and EU-SILC data.

Figure 25 shows that the lowest-priced region in Slovakia for buying a starter flat is in the southern mountains of Banská Bystrica, close to the southern border with Hungary, while the highest-priced regions are the Tatra National Park region at the northern border with Czechia and Poland and the area in the south-east around Košice. Slovakia has a high percentage of LAU regions where more than 15 years of wages are needed to pay for a home, with most regions ranging between 10 and 14, 15 and 19, and 20 and 30 years. Generally, affordability is substantially lower in local centres, urban agglomerations and tourist areas.

In terms of rental affordability (see Figure 26), there is substantially less on offer. Listings have been scraped only for some LAUs. This suggests that in many regions renting is not the typical tenure form. In the countryside, there are LAUs where few to no listings were available to scrape. Yet, in most regions where there are rental properties on offer, the share of monthly wages needed to rent these flats is high. The Bratislava, Košice and Tatra areas stand out as regions where more than one monthly salary is needed to rent a starter flat. This may be explained partly by the income reference data used by EU-SILC and not necessarily by house prices. Other explanations could be that the online rental offer is potentially higher priced than the one advertised via word-of-mouth. While exact numbers may only be indicative, the trend is that less affordable housing coincides with regions experiencing in-migration and generally high demand.

These results confirm the general spatial pattern emerging from the ESPON House4All project: the rental market in eastern Europe is particularly challenging.

Figure 26: Rental affordability for young people in Slovakia, 2024



Source: Authors, based on ESPON House4All and EU-SILC data.

Chapter summary

This chapter aimed to create a better understanding of the spatial patterns of affordability for young people in Europe by analysing income data for younger cohorts together with 2024 house prices and rents for starter flats. The analysis clearly shows that affordability challenges exist in all countries, particularly in the rental sector but also in homeownership. Urban agglomerations, popular tourist destinations and capital cities are unaffordable for Europe's young adults on a median wage. The median wage is calculated for those aged 18–39, meaning that it incorporates substantial income differences. Therefore, unaffordability is typically even worse for the youngest members of this age cohort. In addition, given that the younger part of this cohort is conceivably seeking smaller apartments, they are also affected by the pay-more-for-less effect, which sees average prices per square metre decreasing as the apartment size increases (at least up to 80 square metres; see Figure 17).

It is important to emphasise that the majority of Europe's population nowadays lives in cities and wider urban agglomerations. While the overall spatial pattern may at first appear not overly concerning, considering that most demand is in urban agglomerations, it can be postulated that most of Europe's young people, who are only just entering the housing market, are experiencing housing unaffordability.

The second part of this chapter argued that, if a threshold for affordable housing is set at one third of one's income, there is very little affordable housing on offer in any region. This mismatch between demand and supply is particularly affecting younger age groups with lower and less stable incomes. The fact that younger cohorts are also more likely to rent exacerbates the situation, as unaffordability challenges are even more pronounced in the rental market.

This analysis is based on house prices. To conceptualise housing costs more broadly and comprehensively, other entry barriers should also be considered, including deposits, indebtedness, varying mortgage rates and requirements for co-signatures on contracts. Housing prices are an important entry barrier but are by no means the only factor contributing to the housing crisis (see Eurofound 2016, 2020, 2023).

This chapter presented a clear picture of the spatial configuration of the housing situation in Europe. It highlighted the necessity of taking regional differences into account, specifically when designing policies and funding instruments to support an increase in housing supply. Despite this, many overarching challenges to entering the housing market are the same across countries, for example needing to have a deposit to hand. Changes to administrative barriers or shifts in financial policies can alleviate such challenges.

The impacts of this situation for Europe's young adults are manifold. First, most young adults need to spend a disproportionate amount of their income on housing, specifically when compared with older age groups. The challenges experienced by today's youth are not just a result of house prices per se but also of such factors as stagnating wages and diminished state support for social housing. For younger people, spending more on renting now means fewer opportunities to save for a potential mortgage down payment later in life. It also means that it becomes even more challenging for single people to find a flat on their own. Finally, most educational and job opportunities today are concentrated in urban centres, and as urbanisation continues, the affordability challenge in urban centres is expected to rise, impacting career choices and life transitions more severely for new market entrants.

To conclude, this chapter mapped the affordability for Europe's youth (aged 18–39) of starter flats based on EU-SILC wages for this cohort and house prices as offered on web platforms in Europe, both for rentals and sales. Key takeaways from this analysis are, first, that there is a certain pay-more-for-less effect, as, on average, one pays more per square metre for smaller apartments than larger ones (see Figure 17). Second, the scraped data, which do not represent the full picture but give a good overview, indicate that there is insufficient supply in the affordable price segments of the sales and rental markets. When looking at spatial patterns across Europe, urban agglomerations and tourist areas stand out as particularly unaffordable. Renting, which in many countries remains an urban phenomenon, is on average even less affordable than buying.

The four case-study Member States – Austria, Denmark, Italy and Slovakia – represent very different housing markets and policy trajectories. Italy and Denmark appear to be more affordable than Slovakia and Austria in terms of buying a house. In Italy, this effect can be partly explained by a mismatch between the housing offer and the job market, whereas Denmark appears overall to be more affordable than other countries. This analysis calls for a closer look at the mismatch between demand and supply in the regions with the highest unaffordability.

The impacts that the unaffordability of housing has on Europe's young adults are not to be underestimated: more young adults live in the parental home for longer, feel stark intergenerational divides, have unequal wealth accumulation opportunities and defer life goals such as starting a family (discussed in more detail in the next chapter). These impacts are felt particularly by people from disadvantaged groups, who are disproportionately affected by the housing crisis (see Boxes 1 and 2 in Chapter 2). Overall, Europe's young people face great uncertainty, making it particularly difficult for them to plan for the future.

4 Mind the gap: young adults’ actual and preferred housing situations

If young people are unable to leave the family home despite having a good job or advanced degrees, then they can feel stagnant, feel shame, feel helpless.

Dr Malie Coyne, chartered clinical psychologist, in an interview with *The Irish Times* ([5])

Introduction

Official statistics on housing supply and demand reflect market outcomes. However, they do not serve as an indication of the population’s actual housing preferences. While slight differences between the market outcomes and actual housing preferences are to be expected, as there are limits to the ability of even the most efficient economy to deliver goods and services including housing, it is important to investigate if there is a significant gap between the market outcomes and the actual housing preferences of young people. This requires going beyond the information provided by official statistics and supplementing it with survey data on stated housing preferences.

This chapter analyses the results of a survey of young adults conducted in four Member States – Czechia, the Netherlands, Spain and Sweden. The survey sought information on the respondents’ actual and preferred housing situations. The survey had two main objectives. The first was to assess the extent to which younger adults are unable to form households in line with their preferences. The potential scale of the resulting housing deficit is estimated based on this. The second was to examine how this deficit influences key life decisions and shapes the life trajectories of young adults in Europe.

This chapter compares information on actual household size and living situations with the survey respondents’ stated housing preferences. Differences indicate the market’s inability to meet housing preferences. The analysis identifies some differences and similarities among the four case-study Member States. The results of this analysis are then used to estimate the deficit of housing supply and identify how this housing deficit can affect life decisions. The final section summarises the chapter’s main findings.

Data obtained from survey

At the EU level, the principal available statistics on household formation among younger adults pertain to living arrangements (household composition) and the share of young adults living with their parents. Statistics at the EU level may be supplemented in some cases by national sources that provide further details. In order to measure the underlying housing deficit, a survey was conducted for the present report to obtain direct estimates of what the questionnaire termed ‘preferred’ household size, living arrangements and region, compared with the ‘observed’ housing situation. This was to understand actual and preferred housing arrangements, with a particular emphasis on younger adult cohorts.

Overview of Eurofound survey sample and structure

The analysis draws on data from an international social survey of young adults (aged 18–39) coordinated by Eurofound and conducted by Ipsos in 2025. The survey focused on living arrangements, both current and preferred, as well as household size (again, both current and preferred) and the impact of unmet housing preferences on personal, familial and economic outcomes. The survey was conducted in four Member States – Czechia, the Netherlands, Spain and Sweden – which were chosen according to two sets of criteria.

The first set of criteria related to four different classifications of potential housing deficit, proxied by the share of young adults living with their parents from 2014 to 2024, as measured by EU-SILC. The specific reasons they were selected are as follows.

- In Czechia, a moderately high percentage of the target age group live with their parents, with a declining trend.
- In the Netherlands, a low percentage of the target age group live with their parents. This percentage remained fairly constant over the period.

(5) https://www.irishtimes.com/life-style/2025/05/31/irelands-young-adults-on-the-future-we-are-lost-forgotten-about-no-prospects/.

- In Spain, a high percentage of the target age group live with their parents, with a rising trend over the period.
- In Sweden, a low percentage of the target age group live with their parents. This was consistently low and fell slightly from 2014 to 2024.

The second set of selection criteria included country characteristics, for example population sizes and distribution, housing regimes and income levels. In the Netherlands and Sweden, low percentages of young adults live with their parents. While both are in north-western Europe and have high income levels, Sweden is a considerably larger Member State with a very different population dispersion than the Netherlands. Czechia was selected as a small central European Member State with lower income levels. Spain was selected as a large Member State in southern Europe with a moderately high average income.

Each respondent was asked 12 standard demographic questions. These included non-housing questions about age, gender, region, whether they live in a city / town / open countryside, highest level of educational attainment, marital status, employment status, broad sector of employment, ability to work from home and net household monthly income. Also included were two housing-related questions, about their tenure (owned with/without mortgage, rental from non-profit/for-profit lessor or other) and their current household size (in number of people). While beyond the scope of this chapter, differences among Member States in rental policy regimes – such as the presence of rent controls, the nature of any subsidies and the provision of social housing – provide important context.

In addition, up to 10 further questions were asked, specific to the research questions described above.

- Those in a household of more than one were asked with whom they lived (partner, children, parents, friends, etc.) and whether they would consider themselves to be the head of the household (either alone or with one other person).
- All were asked whether they were happy with their current housing arrangement (the mix of people with whom they share their accommodation).
- Those unhappy with their arrangement were asked about their preferred arrangement, specifically how many people they would choose to live with and whom (partner, children, parents, etc.).
- Respondents were asked whether they would still live in the same region if the availability and affordability of housing were not an issue for them.
- Those unhappy with their housing were asked to choose from a drop-down list the three main factors preventing them from having their preferred housing situation.
- Lastly, all respondents were asked if they were or had been affected (currently for those unhappy with their housing and in the past five years for other respondents) by not being able to live in their preferred housing situation. Again, a drop-down list was provided.

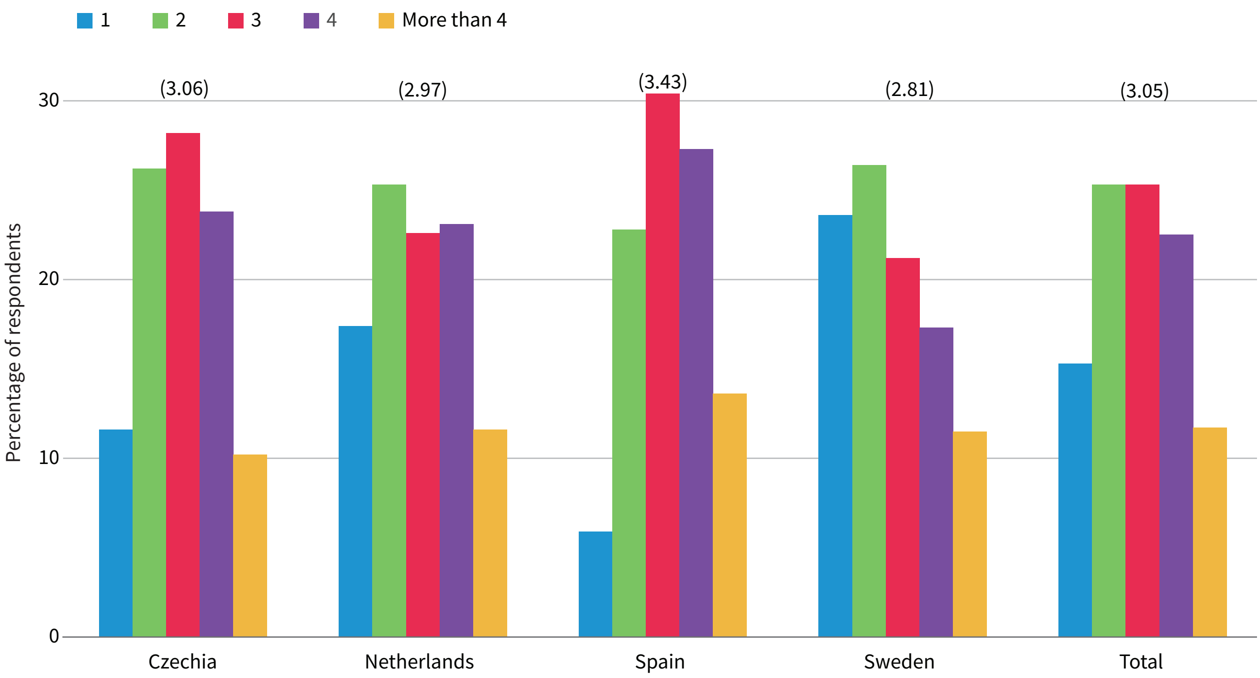
A total of 2 153 responses was obtained across the four case-study Member States. A final sampling weight was applied to ensure the representativeness of the population within each Member State. These weights correct for sampling design, differential response rates and post-stratification adjustments. Further details of the survey, including basic descriptive statistics, are provided in the annex.

Survey analysis and results

Household size, headship and living arrangements

Figure 27 presents the survey results for household size for the full sample and each of the four Member States individually. The data in all figures and tables in this section are derived from the survey analysis. Approximately 15 % of respondents live alone, while a further 25 % live with one other person. On average, the household size of respondents is just above three people. However, this varies by Member State, with a greater share of Swedish respondents (and a smaller share of Spanish respondents) living alone: the average household size among respondents in Sweden is 2.81, while in Spain it is 3.43.

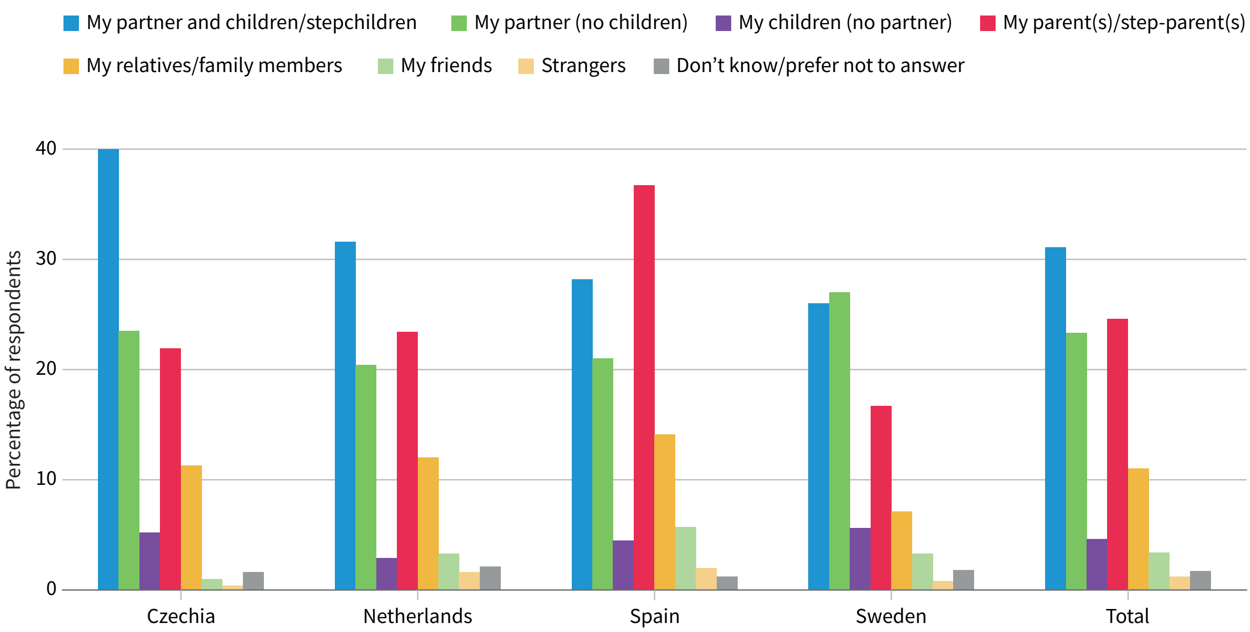
Figure 27: Household size by Member State



Note: The numbers in parentheses represent the current average household size.
Source: Authors' calculations from survey data collected for this report.

Figure 28 provides information on the current living arrangements of respondents living with at least one other person. It should be noted that the percentages in the bars of this graph do not necessarily sum to 100 %, as responses included all living arrangements that applied to each respondent. For example, a respondent could be living with a partner and also with their parents and would therefore be counted twice. The difference in household size between Spain and Sweden is reflected in these living arrangements. While Figure 27 shows only 5.9 % of respondents in Spain living alone, Figure 28 shows that of those who do not live alone, 36.7 % live with their parents. In contrast, 23.6 % of respondents in Sweden live alone (Figure 27), with just 16.7 % living with their parents (Figure 28). This indicates a considerable difference in living arrangements and likely reflects a broad range of factors that include social and cultural conventions.

Figure 28: Living arrangements by Member State



Source: Authors' calculations from survey data collected for this report.

The survey asked respondents: 'Would you describe yourself as the head of the household? For example, would you be the person to fill out a census form for your current household?' There were four response options:

- yes (only me)
- yes (along with someone else in the household)
- no
- don't know / prefer not to answer.

Using the respondent's reported age, age cohorts (largely in five-year intervals, but adjusting the lowest age cohort) were created to calculate headship rates – the proportion who reported being head of their household – by age. Specifically, respondents were grouped into four cohorts: 18–24-, 25–29-, 30–34- and 35–39-year-olds. This approach allowed an assessment of how the likelihood of being a household head varies with age and among Member States, highlighting transitions into independent living within different national contexts. Figure 29 reports the headship rates by Member State and age cohort.

Headship rates increase steadily with age across all four Member States. Among 18–24-year-olds, the average headship rate across the Member States is relatively low (52 %), although this varies significantly. It is higher in Sweden (66 %) and Czechia (60 %) but notably lower in the Netherlands (39 %) and Spain (47 %), reflecting that household formation, on average, occurs later in life in those Member States. By age 25–29, headship rates rise sharply, reaching 87 % in Czechia and 93 % in Sweden, compared with 79 % in the Netherlands and 69 % in Spain. This trend continues into the 30–34 and 35–39 age groups. By ages 35–39, headship – either alone or with a partner – is nearly universal: 93–99 % in all studied Member States.

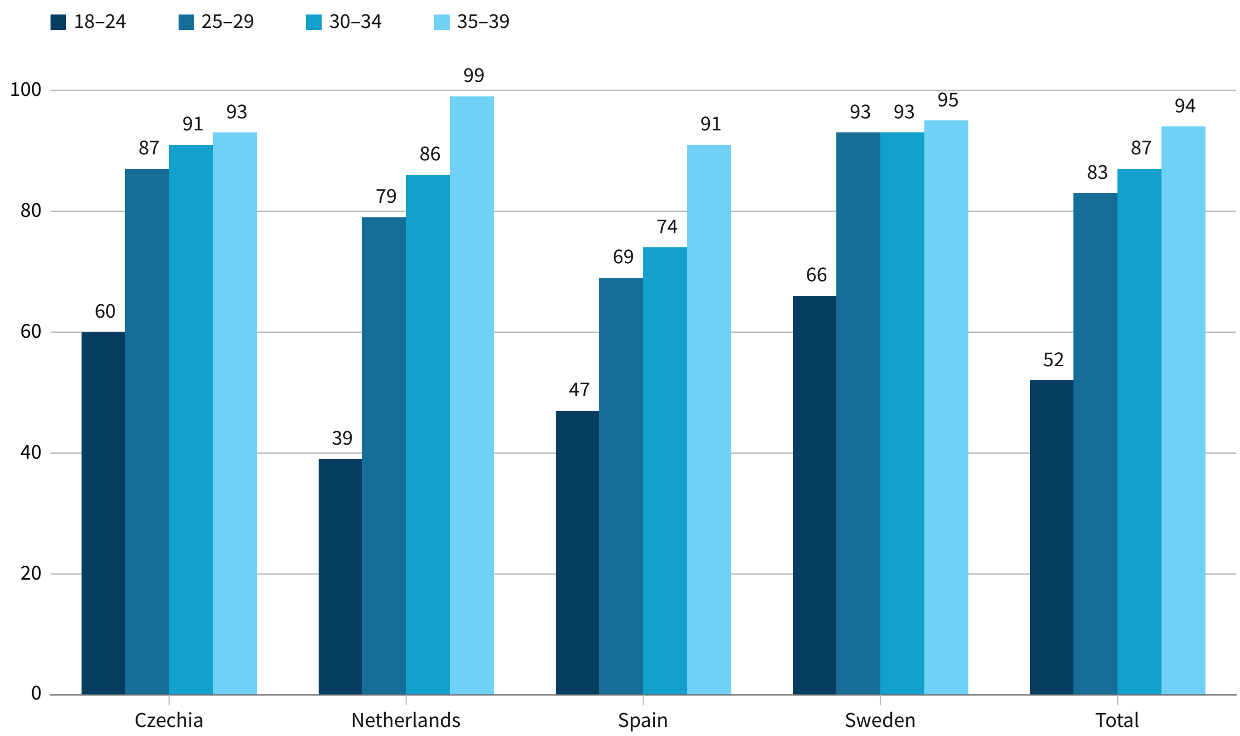
Looking at overall national differences, Sweden and Czechia report the highest total headship rates (88 % and 84 % respectively), while Spain (69 %) and the Netherlands (74 %) have lower rates overall. These differences likely reflect a mix of factors that may include not only housing availability but also cultural norms, the structure of the education system and welfare or labour market conditions influencing young adults' ability to establish independent households.

Observed and preferred household size

Responses to the question asking how many people respondents would ideally choose to live with, assuming no housing availability constraints, were used to estimate preferred household size. Respondents could select multiple options, indicating how many other people they would prefer to live with (one other person, two others, etc.). Each option was assigned a numeric value (1 to 5; 'more than 5' was assigned a value of 6.5).

For respondents who selected more than one option, the mean of the selected values was calculated to capture the range of their preference. Then, 1 was added to each score to include the respondent themselves, producing a total preferred household size.

Figure 29: Headship rates by age group and country (%)



Source: Authors' calculations from survey data collected for this report.

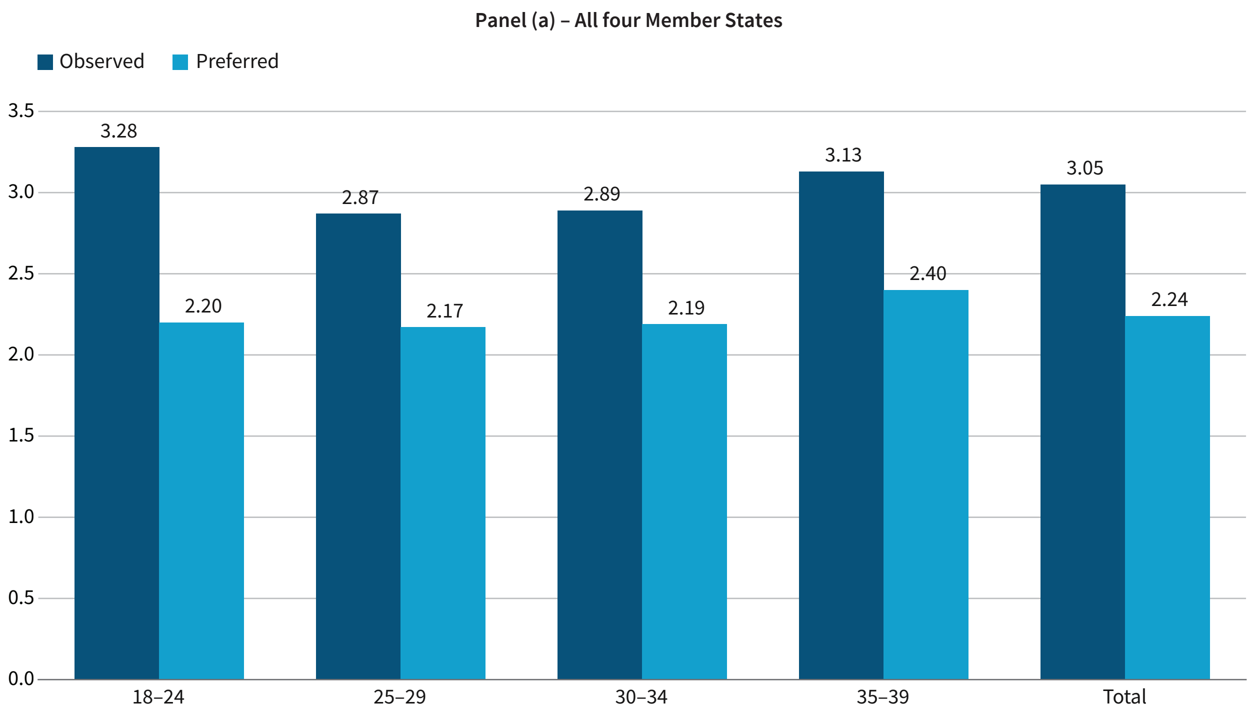
This measure was calculated only for respondents who indicated that they would change their current living situation. In addition, respondents who selected 'prefer to live alone' were directly assigned a preferred household size of 1. For those who indicated that they would not change their current living arrangement, their current household size was taken as their preferred household size. This allowed for a continuous, respondent-level measure of ideal household size that reflects both ranked numeric preferences and a self-reported desire to live alone.

First, mismatches by age are examined and then mismatches by age and current living arrangement. Figure 30 reports observed and preferred household size, by age cohort, for the full sample and for each case-study Member State. Overall, there is a substantial difference between observed and preferred household size: across all four Member States, observed household size is just over 3 people, but the preferred household size is roughly 25 % lower, at 2.24 people (Figure 30, panel (a)). Notwithstanding the scale differences between the four Member States, the gap is proportionally smaller in all four (Figure 30, panel (b)): the 0.8-person difference in Sweden is proportionately similar to the 1-person difference in Spain (29 % and 30 %, respectively). In the Netherlands and Czechia, the percentage difference between observed and preferred household size is smaller (between 22 % and 23 %) but nonetheless substantial.

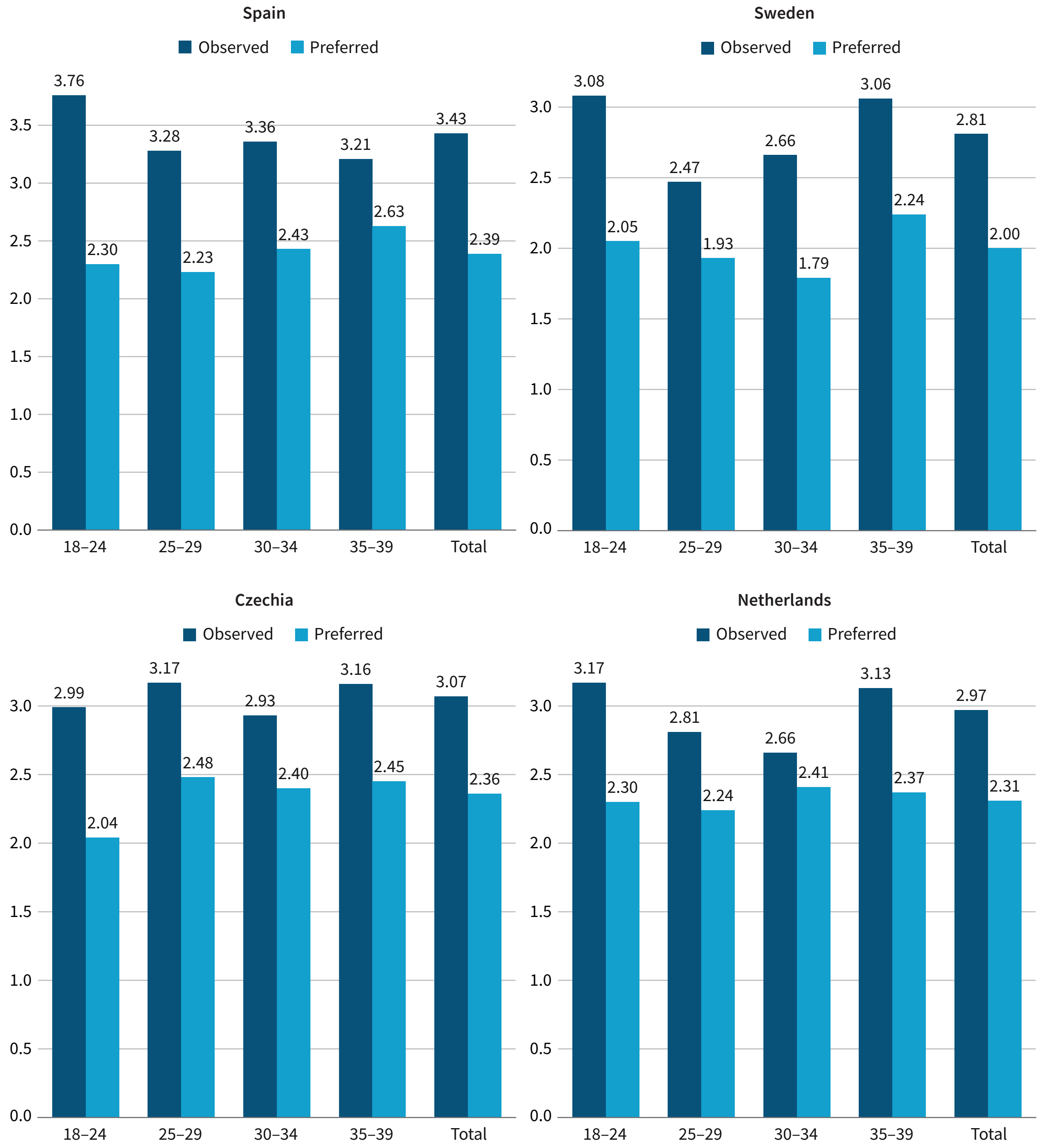
This survey evidence indicates that the housing system in these four Member States has constrained young adults to living in household types that do not match their preferences. The gap between their observed housing situation and actual housing preferences is substantial. In Eurofound's sample, for every 1 000 young adults, there are currently 328 households (1 000 divided by the average observed household size 3.05, Figure 30, panel (a)). However, based on their preferences, there would ideally be 446 households for every 1 000 young adults (1 000 divided by the average preferred household size 2.24, Figure 30, panel (a)). To the extent that these missing households reflect missing dwellings, this implies a substantial deficit in the housing market and consequently a failure to respond to underlying needs.

This deficit is explored in more depth in Table 1, which reports similar statistics but by current living arrangement (rather than by survey Member State) and age cohort. By definition, observed household size for those living alone is 1, and for those living with a partner it is 2. For those living with children, the average household size is 3.77, while for those living with parents/relatives it is 3.70 and for those living with friends/other it is 4.19. A small number of survey respondents stated that their preference was to live with their partner (only), but they gave a preferred household size greater than 2. For consistency, these have been omitted from the analysis. Similarly, the tables here exclude those who answered 'Don't know / prefer not to answer' to these questions.

Figure 30: Observed and preferred household size, by age cohort



Panel (b) – By Member State



Source: Authors' calculations from survey data collected for this report.

As shown in Table 1, the average gap is far from constant across all current living arrangements. There is evidence of current household size being too small, rather than too large, for those living alone and, to a lesser extent, for those living with a partner. While the survey is not equipped to explore this further, this may reflect, for example, students living in purpose-built accommodation when they would rather live with friends or others. For those with children, preferred and observed household sizes largely match, with a total difference of less than 5 %.

Table 1: Difference between observed and preferred household size, by current living arrangement and age cohort (aggregate for all surveyed Member States, %)

	Alone	With partner	With children	With friends/others	With parents/relatives
18–24	73.9	7.2	– 11.0	– 61.2	– 40.1
25–29	42.2	31.7	5.9	– 59.6	– 41.5
30–34	42.0	3.6	– 8.4	– 29.3	– 58.1
35–39	29.2	8.8	– 5.5	– 58.7	– 42.5
Total	**44.4**	**14.8**	**– 4.5**	**– 51.9**	**– 42.0**

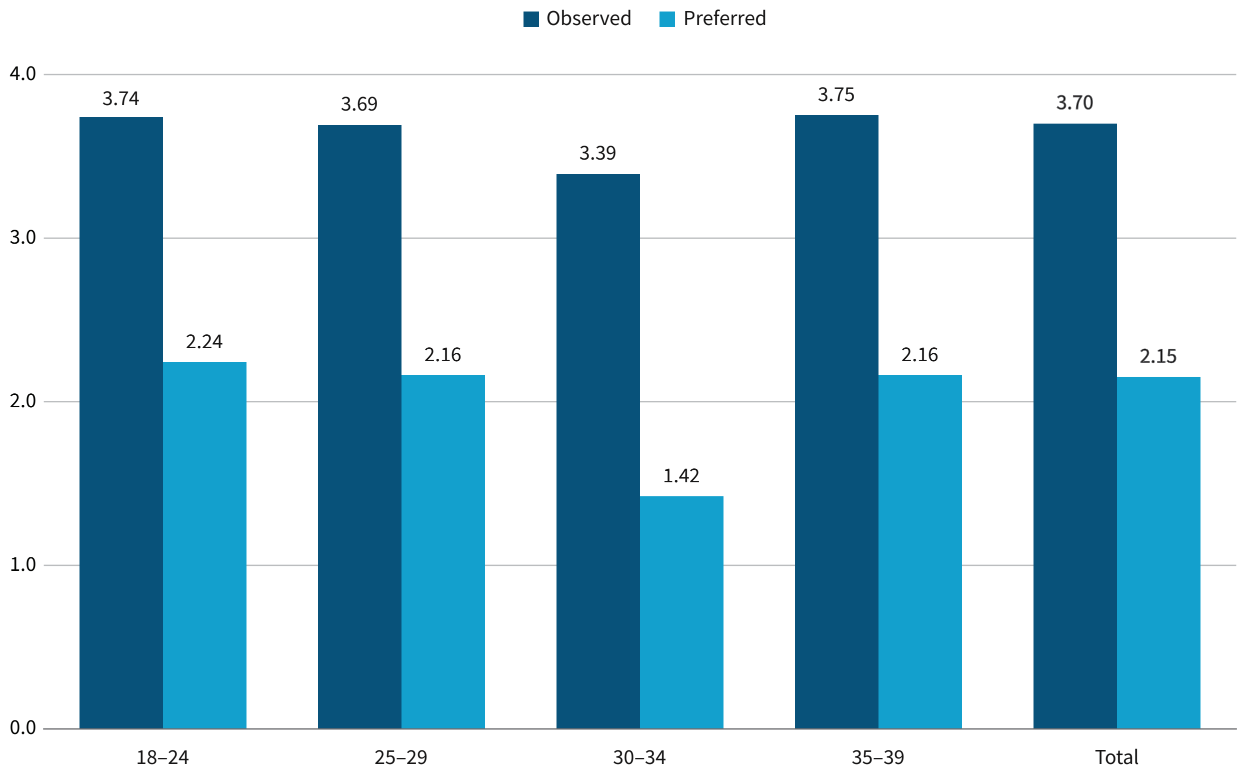
Note: A positive percentage indicates that the respondents would prefer a larger-than-observed household size. A negative percentage indicates that the respondents would prefer a smaller-than-observed household size.
Source: Authors' calculations from survey data collected for this report.

The gap between observed and preferred household size (i.e. where there are too many people in the observed household) is driven largely by those living with parents/relatives. The gap between preferred and observed household size for all age groups living with parents or relatives is highlighted in Figure 31. For these people, the average observed household size currently is 3.70, whereas the preferred household size is almost 42 % lower, at 2.15.

Observed and preferred living arrangements

The results presented in the previous section are supported by an analysis of current and preferred living arrangements. While respondents could choose all elements of their existing and ideal living arrangements, these responses are grouped into the five main categories presented in Table 2: living alone; living with a partner; living with children (with/without a partner); living with parents/relatives; and living with friends/others.

Figure 31: Observed and preferred household size for those living with parents/relatives, by age cohort (aggregate for all surveyed Member States)



Source: Authors' calculations from survey data collected for this report.

Table 2: Observed (rows) and preferred (columns) living arrangements

	Alone	With partner	With children	With friends/ others	With parents/ relatives	Observed total	Observed total (*n*)
Alone	68 %	20 %	5 %	5 %	1 %	15 %	314
With partner	3 %	93 %	2 %	0 %	1 %	22 %	456
With children	2 %	3 %	91 %	1 %	2 %	37 %	761
With friends/others	27 %	31 %	2 %	36 %	2 %	4 %	75
With parents/relatives	26 %	22 %	5 %	3 %	40 %	22 %	462
Preferred total	19 %	31 %	36 %	3 %	10 %		
Preferred total (*n*)	**390**	**645**	**753**	**64**	**215**		**2 068**

Source: Authors' calculations from survey data collected for this report.

Table 2 presents a matrix of observed and preferred living arrangements. The data in this table are aggregated across all the surveyed Member States; each Member State's equivalent matrix is shown in the annex. The table is read in the following way: each row gives a current living arrangement. Each column gives the preferred living arrangement. So, in the first row (currently living alone), 5 % would choose to live with friends/others if they could do so. In the fifth row (currently living with parents/relatives), 26 % would choose to live alone. The highest percentages on the diagonal – that is, where observed and preferred housing arrangements match – are for those living with their partner or with their children. Across the four respondent Member States, more than 90 % of those in such arrangements would choose the same arrangements when given free choice. A substantial majority of those living alone would still choose to do so. For those living with friends/others and those living with parents/relatives, however, only 36 % and 40 % respectively would choose to do so, if given free choice, and many would live alone or with a partner.

Table 2 also includes summary rows and columns (the last two of each), giving the weighted frequency of the respective row/column. This emphasises that the category 'living with parents/relatives' is of more significance than 'living with friends/others': the former is the second-most commonly occurring living arrangement in the survey (22 % of respondents), while just 4 % of respondents live with friends/strangers.

Given the importance of this category, the preferences of the group currently living with parents/relatives are investigated further. The results are presented in Table 3, which shows the preferred living arrangement for those currently living with parents or relatives for each of the four Member States and the overall sample. The last column gives important context for understanding the table. It shows the prevalence of the living arrangement 'currently living with parents/relatives' among respondents. This varies from just 15 % in Sweden to 36 % in Spain. This is consistent with the hypothesis that, cultural preferences aside and assuming no other obstacles such as unemployment, where housing supply is less of a constraint, fewer younger adults live at home with their parents and a larger share do so voluntarily.

Across all four surveyed Member States, a substantial fraction (on average, 40 %) of those living with their parents/relatives would choose to do so. However, 48 % would choose otherwise, either to live alone (26 %) or with their partner (22 %). The exact ranking varies among the four Member States. The Netherlands is something of an outlier, with just 24 % of those currently living with parents indicating that they would choose to remain so, compared with 29 % who would like to live with their partner. In Sweden, however, 42 % of those at home with their parents would remain so if given the choice, with just 11 % indicating that they would choose to live with their partner (and 33 % opting to live alone).

Table 3: Preferred living arrangements for those currently living with parents/relatives, by Member State (%)

	Alone	With partner	With children	With friends/ others	With parents/ relatives	Percentage of all respondents currently living with parents/relatives
All	26	22	5	3	40	23
Czechia	14	30	5	3	49	20
Netherlands	27	29	9	2	24	23
Spain	28	19	2	3	43	36
Sweden	33	11	5	4	42	15

Source: Authors' calculations from survey data collected for this report.

To estimate younger adults' true rate of preference for living at home, the share of those living with their parents/relatives is multiplied by the share that stated this as their preferred living arrangement. For example, where one third of respondents currently live with parents but just half of those indicate that this is their preferred living arrangement, the implied rate of preference for living with parents is one sixth (0.33 x 0.5). In principle, there may be other groups currently not living with their parents who would prefer to do so. However, this is not a meaningful issue for the analysis, as fewer than 2 % of respondents not living with parents currently indicate a preference to do so. For that reason, the focus here is on the share living with parents to estimate the implied preferred rate of living with parents (or other relatives). The results imply that, across all four Member States, the implied preference for living with parents is 9 %. This ranges from 6 % in the Netherlands and Sweden to 10 % in Czechia and 15 % in Spain.

It is not only possible but highly plausible that differences in living arrangements among Member States stem not just from housing supply constraints but also from various other factors, including cultural, historical and social factors. Eurofound's analysis is strongly consistent with that. Nonetheless, in all four cases, the underlying preference for living with parents/relatives is substantially below the observed rate at which this happens. Across the full sample, the gap is close to 15 percentage points (23 % observed versus 9 % preferred) with the gap greatest in Spain (21 percentage points), where the rate of preference for young adults to live with their parents/relatives is highest.

Observed and preferred regions

The survey also included questions on the location of current and preferred housing. Here, responses indicate a non-negligible difference, with one in four (21 %) respondents indicating that, if they could, they would live in a different NUTS 2 region. This share varied by Member State, with more respondents in Sweden and Czechia (both 23 %) indicating this preference than in the Netherlands and Spain (18 % and 17 % respectively). Results for all four Member States and for the total sample are in the annex.

The results by NUTS 2 region suggest that people in areas of high population density are less likely to experience a mismatch between actual and desired locations. For example, in the Stockholm region of Sweden, 17 % of respondents would move to a different region, compared with 38 % of respondents in less-dense Mellersta Norrland; similarly, while just 9 % of respondents in Valencia (Spain) would prefer to move region, more than one third of respondents in Castilla y León and Castilla-La Mancha would prefer to live in a different region. The same pattern is seen in Czechia, with just 16 % of respondents in Prague indicating they would change region, compared with 50 % in Severozápad; but it is somewhat weaker in the Netherlands, where population densities are substantially higher on average. Overall, excluding the Netherlands, there is a moderate positive correlation (+ 37 %) between a region's rank for population density in its country and its rank for share of respondents who would prefer to stay in the same region.

Estimates and impacts of housing deficits

Estimates of deficits

The survey results can be used to generate indicative estimates of the housing deficit in the four case-study Member States. The analysis assumes that a valid goal for public policy is a healthy housing system that responds to underlying societal requirements and reflects desired living arrangements. As noted above, estimates of the housing deficit relate to the gap between observed household size (given the existing housing stock) and preferred household size (reflecting preferences).

To take the example of Czechia, the observed household size for young adults in the survey is 3.07. According to the survey responses, however, the preferred household size is 2.36, or 23 % lower. Since the survey was designed to be representative of the wider population of younger adults in Czechia, this result can be used to give an indicative estimate of the housing deficit for young adults. According to Eurostat, as of mid-2025, there were an estimated 2.24 million young adults (aged 18–39) in Czechia. A household size of 3.07 means approximately 0.9 million households with young adults, whereas a household size of 2.36 would mean 1.16 households – a deficit of approximately 267 000 dwellings. The number here is designed to be indicative, within the parameters of this study, rather than definitive. For that reason, no allowance is made for vacancy, communal living (including military service) or other factors, including housing deficits for older age cohorts.

Table 4 shows these calculations for each of the four surveyed Member States and the total across the four. The 2025 estimate of the population aged 18–39 is converted into a number of households by using observed and preferred household sizes. Suppressed household formation is expressed in three ways:

- as the number of 'missing' households headed by 18- to 39-year-olds
- as a percentage of existing households headed by 18- to 39-year-olds
- as a percentage of the 2021 dwelling stock.

While these figures are only indicative, they point to a considerable housing deficit in each of the surveyed Member States. Expressed as a fraction of existing

Table 4: Estimates of suppressed household formation

	Total	Czechia	Netherlands	Spain	Sweden
Population aged 18–39 (2025)	23 023 993	2 752 101	5 150 431	12 115 584	3 005 877
Households (18–39): observed	7 237 898	897 751	1 735 516	3 533 172	1 071 459
Households (18–39): desired	9 974 615	1 164 395	2 231 551	5 078 261	1 500 408
Households (18–39): deficit	2 736 717	266 644	496 035	1 545 089	428 949
Household deficit, percentage of households (18–39)	38 %	30 %	29 %	44 %	40 %
Dwelling stock (in 2021)	34 666 401	4 406 773	7 503 818	18 291 434	4 464 376
Housing deficit, percentage of dwelling stock (in 2021)	8 %	6 %	7 %	8 %	10 %

Source: Analysis of survey responses and European Population and Housing Census data (2021).

households, the share ranges from 29 % in the Netherlands to 44 % in Spain. The absolute number of missing households is between 0.9 million in Czechia and 3.5 million in Spain (which has the largest population of the four surveyed Member States). Expressed as a percentage of the existing housing stock as of 2021, the deficit estimated in this study ranges from 6 % in Czechia to 10 % in Sweden.

Undoubtedly, a greater body of evidence is needed – ideally at a national or subnational level – to more precisely estimate the true housing deficit, including any housing deficit for older adult cohorts. For example, while official statistics for Sweden show that it has the lowest household size of the four surveyed Member States, implying less suppressed household formation than elsewhere, this is not supported by the data: if anything, young Swedish adults are further from their desired household size than their counterparts in the three other Member States. Overall, the figures here provide strong prima facie evidence of a substantial deficit in each of the four case studies.

Why are outcomes not meeting preferences?

As described earlier, the survey includes more narrative evidence on the roots and impact of any housing deficit on the individual respondents' life paths. Those respondents not in their preferred living arrangement were asked the three most important reasons preventing them from living as they wanted. For this question, respondents could select and rank up to three reasons from a drop-down list. These reasons were caring for a dependent; saving for a home; saving for another reason; income too low; employment too unstable; a lack of homes in the right location; a lack of homes of the right type; and 'other'.

A weighted score was applied to each reason to capture its frequency and priority:

- 3 points were assigned if a reason was selected as the most important;
- 2 points if it was ranked second most important;
- 1 point if it was ranked third most important.

These scores were summed using survey weights to produce a total weighted score per reason, which was then used to generate a rank order from most to least important. This process was repeated for all countries combined and each of the four countries separately.

The results are shown in Table 5. The affordability of housing is the single most important issue in each surveyed Member State. Respondents' incomes are too low relative to the cost of their preferred home. The other rankings help distinguish between two related but distinct drivers of unaffordable housing: poor labour market outcomes (incomes too low) and poor housing market outcomes (housing costs too high).

There is strong evidence from the pattern of responses regarding other reasons that it is the cost of housing – rather than low incomes per se – that is driving this high ranking. Specifically, security of employment (and thus of income) itself is not a critical issue, as it is ranked fifth or sixth out of seven in all four Member States. Rather, in the Netherlands, Spain and Sweden (and for the sample overall), the second and third most important factors relate specifically to a lack of housing – in the right location and of the right type/size. It can be hard to disentangle these issues, as housing may be available but not at an affordable price. This may be due to the quality of the housing, its price or income levels (see Eurofound (2023) for further discussion). The exception was Czechia, where saving to buy/rent a home was the second most common reason given.

Table 5: Ranking of reasons preventing respondents from having their preferred housing situation, by Member State

	All	Czechia	Netherlands	Spain	Sweden
My household's income is too low	1	1	1	1	1
Lack of homes in my preferred location	2	3	2	2	2
Lack of homes of the right type/size	3	4	3	3	3
I am saving to buy/rent a home	4	2	4	4	4
My household's employment situation is too unstable	5	6	6	5	5
I am saving for a reason other than buying/renting a home (e.g. travel, car)	6	5	5	6	6
Other	7	7	7	8	8
I am caring for a dependent relative, friend, etc.	8	8	8	7	7

Source: Authors' calculations from survey data collected for this report.

As the literature attests, the principal determinant of the cost and affordability of housing, for a given level of income in an economy, is the availability (or supply) of housing.

Impacts of not fulfilling preferences

The housing deficits identified above come with considerable costs, and the survey also obtained important information on the implications of young people being unable to obtain their desired housing. In the final part of the survey, respondents were asked to indicate in which ways, if any, they are currently, or have been in the past five years, impacted by not being able to live in their preferred living arrangement. In both cases, multiple responses were allowed from a drop-down list, with 'other' also included. The list included mental health issues; family conflicts; limited career choices; limited educational choices; unable to move out of parental home; unable to live with a partner; a delay in having children; or having fewer children than wanted.

The results in Table 6 were calculated as the percentage of respondents who indicated that their current living arrangements do not match their preference who selected each option. All eight statements received a non-trivial level of agreement in all four Member States, meaning that, overall, the impact of housing deficits among those affected is broad. Of those currently affected, the most common impact was on their labour market choices, with between 20 % (Spain) and 39 % (the Netherlands) stating that their choices about their job/career have been limited by being unable to achieve their housing preferences.

The inability to move out of the parental home is an important impact, affecting just under one quarter of respondents, while 14 % state that they cannot live with their partner (and/or get married). Just over one in six reports delaying having children (although this was higher in Czechia and lower in the Netherlands), while almost 10 % stated that because their living arrangements do not match their preferences, they had fewer children than they would have wanted. This links the lack of housing to Europe's declining fertility.

These results underline the broad range of personal, social and economic effects associated with unmet housing preferences among young adults.

Table 6: Implications of housing outcomes (%)

	All	Czechia	Netherlands	Spain	Sweden
My choices about my job/career are limited	30	35	20	39	27
I am not able to move out of my parents' home	24	17	18	36	23
I have delayed having children	17	22	11	18	18
I am experiencing mental health issues (stress, anxiety, depression, sleep problems, etc.)	17	17	18	10	22
Other	16	18	25	6	14
I am not able to live with my partner / get married	14	14	18	10	13
I am experiencing conflicts within my family	10	15	9	10	8
My choices about school/education are limited	10	12	8	10	11
I/we have fewer children than wanted	9	9	10	11	7

Note: The figures are the percentages of respondents in each country who selected 'Yes' in response to each listed impact when asked the question: 'In which, if any, of the following ways are you currently affected due to not being able to live in your preferred housing situation?' The colour scheme indicates most common (red) to least common (green) impacts.
Source: Authors' calculations from survey data collected for this report.

Chapter summary

This chapter reported the results obtained from a survey examining the housing preferences of younger adults in four Member States (Czechia, the Netherlands, Spain and Sweden). The chapter aimed to identify if differences between preferred and observed housing outcomes indicate deficits in the availability of housing choices and to examine the causes and implications of any such deficits.

To determine if, in the first instance, there is a housing deficit, it must be shown that there is a gap between actual and preferred outcomes. Thus, observed outcomes need to be distinguished from preferred outcomes to see if these differ. If they are similar, it can be concluded that housing markets are producing efficient and desirable outcomes. If there are differences, further questions arise. What drives these differences? To what extent are they the result of housing market performance or other factors? What socioeconomic implications do they have?

To provide better data on housing outcomes and needs, a survey asked younger people about their housing arrangement and how this differed, if at all, from their preferred arrangement. The survey was undertaken in four case-study Member States: Czechia, the Netherlands, Spain and Sweden, representing a range of population sizes and housing markets. Respondents were asked a standard set of demographic questions and a series of questions related to their preferred and actual housing arrangements, and the implications, if any, of any mismatch between actual outcomes and preferences. A total of 2 123 surveys were completed across two age groups: 18–29 and 30–39. Actual household size was found to be just over three and slightly higher in Spain and Czechia. Headship rates among respondents rose with age, as expected, with considerable variation among the surveyed Member States.

An important finding is that there is a substantial difference between the observed and the preferred household size in all four Member States, particularly among the younger age group (18–29). While the magnitude of these differences varies between the Member States, there is considerable similarity in percentage differences. Therefore, many younger people in these Member States are living in household types that do not match their preferences, and this gap is substantial. Far more people are living with friends, relatives, parents or others than would prefer to do so, while far fewer are living with partners or alone than wish to do so. Only the cohort of respondents who were already living with their partners or children reported living arrangements that mostly coincided with their preferences.

The differences between outcomes and preferences are particularly important for people who are living with their parents/relatives. Among these respondents, just 40 % would continue to live with their parents/relatives if an alternative housing arrangement was available to them, with most of the remaining 60 % wishing to live alone or with their partner. This provides a strong indication that inadequate housing is a primary reason for differences between outcomes and preferences. Respondents were asked directly about the reasons for these differences to shed further light on this relationship. This provided a very clear and consistent result: affordability of housing is the most important reason. Further analysis indicates that this is most likely to be a result of the cost of housing rather than the income or employment status of young people. The next most important reasons related to the lack of availability of suitable housing in the respondents' location. This shows that younger age groups are experiencing widespread differences in housing outcomes and preferences, and a lack of affordable housing is the reason.

The survey results can be used to generate indicative estimates of the housing deficit in the four case-study Member States based on the gaps between preferred and observed household size. These estimates point to a considerable housing deficit in each of the Member States covered, ranging from 6 % in Czechia to 10 % in Sweden when expressed as a percentage of the housing stock in 2021. The analysis also points to a regional dimension to these housing deficits: more than one in five respondents would prefer to live in a different NUTS 2 region.

These results show that there is a broad range of personal, social and economic effects associated with unmet housing preferences, and these are particularly visible and impactful for younger adults. These include inability to move out of their parents' household, inability to follow their chosen career, negative impacts on mental health and delays in having children. Given Europe's declining birth rate, the need to make the best use of workforce skills while providing appropriate work opportunities and the obvious benefits of protecting mental health, ensuring that adequate, appropriate and affordable housing is provided to meet the needs of young adults must be a key policy objective.

5 From problems to solutions: tackling the housing crisis

So, we know what we need to deliver – but how can we do it? Well, the work has already begun … To address rules that act as bottlenecks and tackle issues like short-term rentals and speculation. To help Member States increase supply of housing and make the most of existing stock. To enhance cooperation and communication between national, regional and local authorities.

Dan Jørgensen, EU Commissioner for Energy and Housing [6]

Introduction

The housing affordability crisis in the European Union presents significant challenges for young people in securing housing, as highlighted in the previous chapters. This chapter explores potential policy interventions to improve housing opportunities for younger age groups, many of which are also relevant for other vulnerable groups. The specific life-course characteristics of young people tend to set them apart in both the housing market and society at large. Some are still pursuing their education, and others have only recently entered the labour market. Many are in the process of forming households, making key decisions about partnership, cohabitation and starting a family. Such factors make certain housing policies particularly relevant and impactful for younger households even when they are not specifically tailored to them. For example, broader policies targeting lower-income households or individuals who do not own any property are likely to include many young people owing to the stage of their lives that they are in.

The chapter begins by providing an overview of the housing systems and policy differences in the EU. The chapter proceeds to examine potential policy measures to address the housing situation for young people, evaluating their benefits and drawbacks. It presents examples from various Member States and provides context-sensitive assessments based on desk research and interviews with relevant stakeholders. The chapter concludes by offering policy recommendations.

Differences in current housing systems within the EU

In European countries, responsibilities for housing are distributed among multiple ministries and shared between national, regional and local authorities. Malta is the only Member State where housing policies are solely a national-level responsibility. In recent years, a trend towards decentralisation has emerged in several Member States, including Austria, Belgium, Bulgaria, France, Germany, Lithuania, the Netherlands, Portugal and Spain.

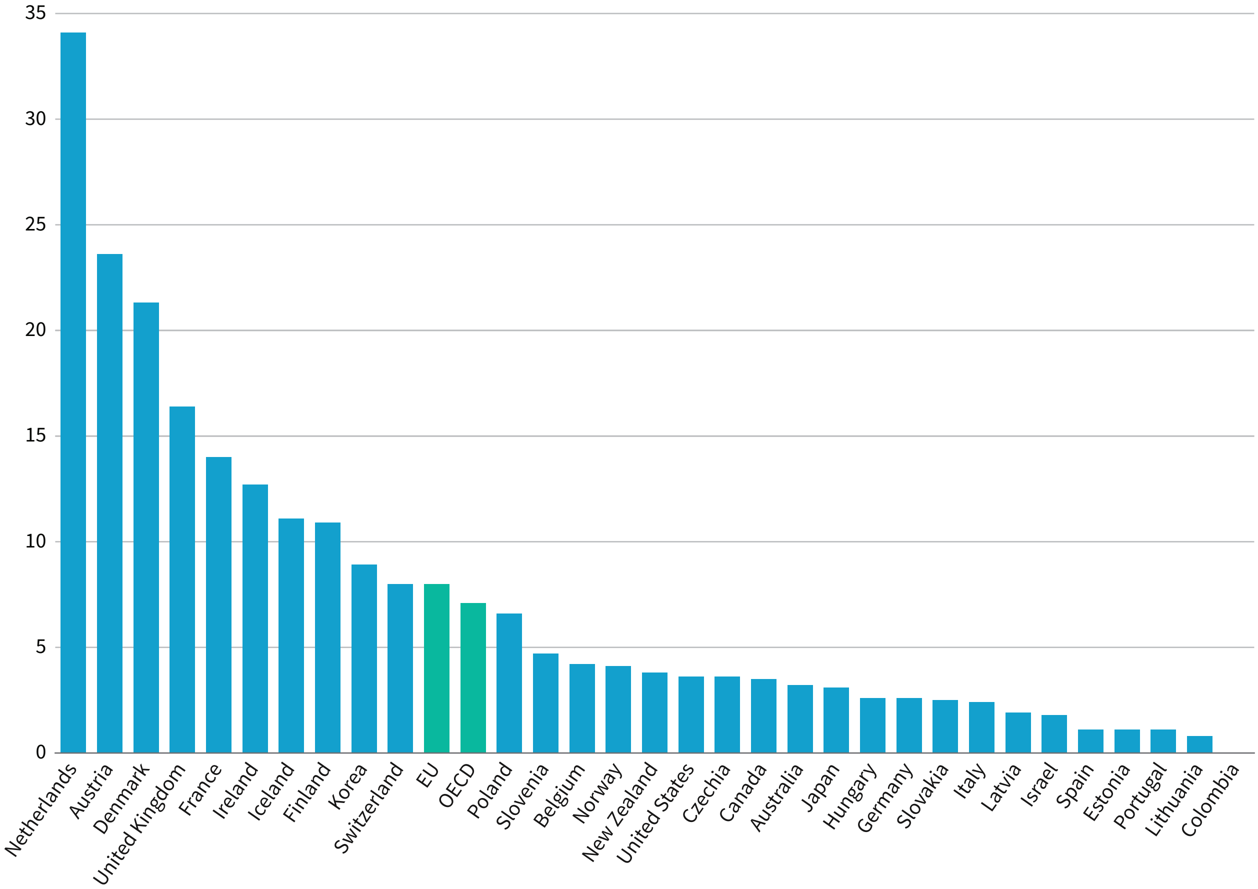
If the public sector plays a significant role in the housing system, central and/or decentralised levels of government, such as regions or municipalities, are likely to actively influence housing market developments. Their policies typically target a broad segment of the population, which often implies a substantial share of state-provided or state-supported social rental housing, along with relatively strict rent regulation and tenant protection (Hoekstra, 2024).

The most recent data on the size of the social rental sector show that it accounts for relatively high proportions of housing (thus allowing for significant state influence) in Denmark, France, Ireland and Finland and, in particular, the Netherlands and Austria (Figure 32). In contrast, social rental housing is scarce in most southern and eastern European Member States.

Another key indicator of the state's role in housing is the rent regulation system. According to Kettunen et al. (2021), rent regulation can be categorised into three generations, which have partly or entirely replaced one another over time.

(6) https://ec.europa.eu/commission/presscorner/detail/en/speech_25_866.

Figure 32: Proportion of social rental housing in OECD countries (% of total housing stock), 2022



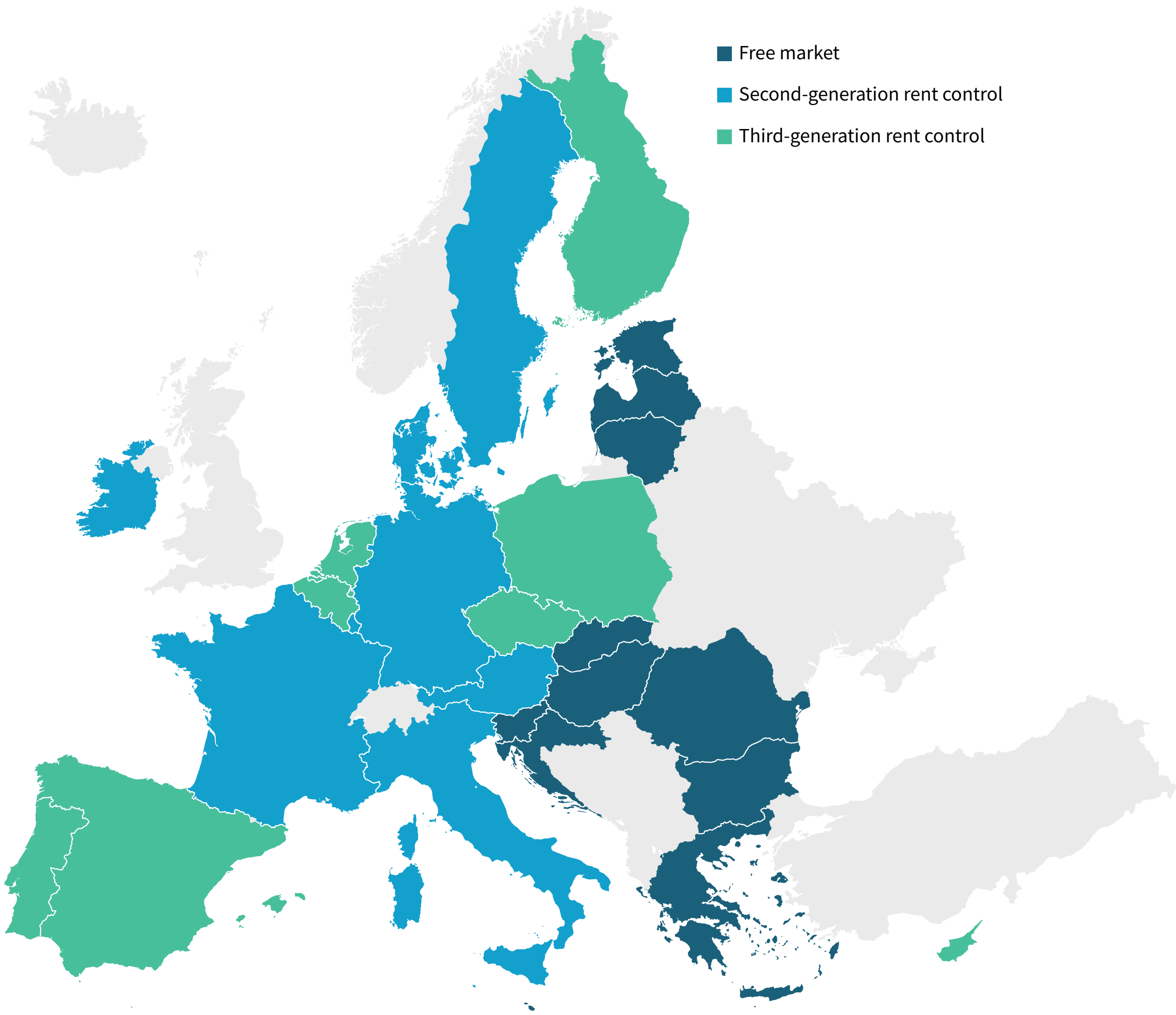
Note: In the OECD database, social rental housing is defined as 'residential rental accommodation provided at sub-market prices and allocated according to specific rules rather than market mechanisms'. However, specific national definitions may differ under this general framework. Not all OECD members have social rental housing stock according to the definition of this indicator.
Source: OECD Affordable Housing Database.

First-generation rent control involved rent freezes, prohibiting landlords from increasing rents. Today, it is used only as a temporary emergency measure. Second-generation rent control regulates both the initial rent levels and subsequent annual increases according to specific rules. Third-generation rent control allows landlords to set initial rents freely but imposes limits on the extent of annual rent increases.

As Figure 33 illustrates, second- and third-generation rent regulation systems, indicating considerable state influence, are the norm in most northern and western European countries. In several southern and eastern European countries on the other hand, there is no rent regulation at all. This illustrates the strength of the market in these countries.

In summary, two main types of housing regimes can be distinguished within Europe: state-oriented (several Scandinavian, western and central European countries) and market/family-oriented (southern and eastern European countries). These systems differ from each other in terms of proportion of social rental housing, degree of rent regulation and the role of family ties, among other things.

Figure 33: Rent regulation in the private rental sector in Member States around 2023



Source: Authors, based on the OECD Affordable Housing Database (PH6.1, rental regulation) and Kettunen et al. (2021).

Potential policy interventions to alleviate the housing crisis for young people

Housing policies vary widely in both form and objectives. A key distinction lies between those aimed at residents (demand-side interventions) and those directed at housing providers (supply-side interventions).

Demand-side interventions are typically designed to enhance housing affordability for residents, whereas supply-side interventions seek to modify the housing stock either quantitatively (through new construction or putting empty dwellings on the market) or qualitatively (through renovations and improvements). Nevertheless, not all housing policies fit neatly into this dichotomy.

Certain measures target the housing system in its entirety, for instance through comprehensive regulatory frameworks, rather than focusing exclusively on demand or supply. Moreover, in some cases, for example self-built housing and some forms of collaborative housing, the distinction between housing consumers and providers becomes blurred, as both roles may be played by the same people.

Considering these distinctions, Table 7 presents the approaches to housing policy employed in this chapter. The table is organised according to key housing policy goals; however, a single intervention may simultaneously serve multiple objectives. Depending on the specific context, each of the interventions listed may contribute to alleviating housing challenges faced by young people. While the table is not exhaustive, it covers a wide range of policies. The remainder of this section discusses the various types of interventions and illustrates some of them with examples.

Table 7: Housing policies

Policy objective	Demand side (people-oriented)	Supply side (dwelling-oriented)
Expanding the (affordable) housing stock by building new housing		
Increasing supply of affordable rental dwellings		Fiscal incentives or subsidies for social and/or private rental landlords
Increasing supply of affordable owner-occupancy housing	Support for self-developed/self-built housing	Fiscal incentives or subsidies for developers of homeownership dwellings
Increasing supply of intermediate/hybrid tenures		Provision of different arrangements that combine features of homeownership and renting
Increasing supply of flexible housing		Provision of different types of temporary housing, often built in a modular way
Facilitating new collaborative housing initiatives	Support for actors who would like to start a new collaborative housing initiative, housing cooperative, or a community land trust	Facilitate collaborative housing initiatives; improve framework conditions for social economy housing providers (housing cooperatives, housing associations)
Using planning regulations to create affordable housing		Planning obligations for developers (a certain proportion of affordable housing is required in a housing project)
Making better use of the existing housing stock		
Mobilising empty dwellings	Supporting renovations by prospective tenants or the owner	Taxing empty dwellings; support for homeowners or investors who make empty dwellings available
Mobilising vacant units (that do not require renovation)	Creating incentives for renting out vacant units (e.g. using social rental agencies)	
Supporting renovations of derelict dwellings	Rent-free dwellings for tenants who do renovation work; tax benefits for investors who buy empty dwellings and make them available for the housing market; acquisition and renovation of derelict dwellings by local authorities to make them available for the housing market	
Anti-squat programmes	Make empty buildings temporarily available for tenants (anti-squat projects)	
Facilitating housesharing	Legally and technically allow/facilitate sharing housing; develop platforms where suppliers and demanders of housesharing can find each other	
Enhancing housing affordability and accessibility		
Improving housing affordability for tenants	Housing allowances for tenants	Increase social housing stock (e.g. by buying existing buildings and turning them into social housing)
Improving housing affordability for (new) homeowners	Financial support for first-time buyers of owner-occupied housing; fiscal incentives and housing allowances for homeowners	
Regulating the market to promote security and fairness		
Ensuring a fair allocation of social housing	Allocation rules for the distribution of rental and homeownership dwellings	
Limiting speculation and negative consequences from investments in housing	Taxation of private investors (possibly depending on the affordability of the rent charged); forbidding or regulating Airbnb in certain areas	
Enhancing affordability and security in the rental sector	Rent regulation and tenant security	
Including young people in housing policy governance		
	Stimulate participation and co-creation	

Source: Authors.

A policy objective that is not covered in this chapter but is particularly relevant for young, vulnerable people is addressing youth homelessness. While the policies highlighted in Table 7 indirectly address this pressing concern by increasing the availability of housing, youth homelessness will also need to be addressed with specific policies. A detailed discussion of these is beyond the scope of the current report, but they should ensure integrated, person-centred support, which includes sustainable access to housing, mental and physical healthcare, education and employment support. They should also promote and support the implementation of effective 'housing first' approaches that prioritise rapid and sustainable housing solutions. A noteworthy example is the Capital Assistance Scheme in Ireland. It was established in 1984 to finance social housing for vulnerable groups, such as elderly people or people with disabilities, and, in 2017, expanded to include care leavers at high risk of homelessness. These represent a particularly vulnerable group. An assessment of the programme emphasised its success in providing care leavers with safe and stable housing, relieving them from the fear of becoming homeless (Norris et al., 2022).

Another important housing policy area that is distinct from those presented in Table 7 covers policies aiming to increase the supply and accessibility of land. Unlike the policies presented in Table 7, such policies are generally not targeted at young people or other vulnerable groups. Rather, they impact housing supply at a much broader level. Indeed, unlocking land that is buildable, accessible and affordable is a key precondition for the construction of new housing or the requalification of pre-existing spaces. Land policy is typically a competence of municipalities and local authorities, which makes it highly context-dependent and hard to harmonise at the national level.

Municipalities can streamline development through active land policies whereby municipalities buy and retain land, pre-zone it for residential purposes and provide it with essential infrastructure. The land can then be sold or made available to developers in partnership with the municipality. Some municipalities are experimenting with transferable development rights, from areas where development is less needed or welcome (for instance, areas characterised by urban sprawl) to areas where it is more suitable (Shahab et al., 2020). Such policies help reduce delays and fragmentation in development, coordinate infrastructure and facilitate organic development, and can even generate revenue. However, they also require complex legal proceedings, multi-actor coordination and upfront financing.

Other examples of land-use policies include densification and infill strategies, which maximise the use of land. Densification involves increasing the number of housing units in built-up areas, for example by raising additional floors or converting non-residential buildings. Infill redevelops underused or vacant plots, such as former industrial and commercial sites. These measures allow savings on infrastructure and development costs, promote sustainability and increase housing supply without contributing to urban sprawl. However, they often require coordinating multiple landowners or updating zoning laws and may strain local infrastructure.

Finally, tax instruments can be used to incentivise building on unused or underused land. Tax instruments incentivise the activation of urban land supply and generate revenue for local authorities, but they can face resistance or risk transferring costs to the end users via higher housing prices.

Expanding the (affordable) housing stock by building new housing

To address housing shortages and enhance access to housing, the construction of new, affordable residential units is essential. This section examines the role of government interventions in facilitating the development of new affordable rental and owner-occupied housing. It also explores how the introduction of innovative tenure models, flexible housing, collaborative housing and planning regulations can contribute to achieving these objectives.

Increasing supply of affordable rental dwellings

Fiscal incentives for lessors can help increase the supply of rental housing at moderated rents. This means that, in return for fiscal or financial support, providers are required to maintain rents at a predefined level below market rates. Depending on the type of housing provider, whether for-profit or non-profit, additional conditions may apply, for example about the duration of the arrangement and the specific target group to be housed.

Most Member States operate housing subsidy programmes aimed at supporting rental supply (Krapp et al., 2022). These programmes can take various forms, including direct subsidies and fiscal incentives such as tax reductions or exemptions. Interventions may also include lower land prices for investors in affordable rental dwellings and loan guarantee funds. Although government support for building new rental housing typically focuses on non-profit social rental housing providers, support (usually temporary) may also be directed towards private rental housing providers (Haffner et al., 2009).

Newly built subsidised rental housing is usually intended for households with incomes below a specified threshold. Additional eligibility criteria may further target specific groups, such as young people. To ensure support reaches the intended beneficiaries, these programmes must provide a variety of housing types and be accompanied by a clear and effective allocation system. This system should ideally be designed to avoid discouraging tenants from pursuing higher incomes. If designed effectively, such a policy can enhance the accessibility and affordability of rental housing for young people. This is particularly the case when subsidies target non-profit rental landlords operating under revolving fund principles (as described in Box 3), as such subsidies can have a lasting impact.

However, the effectiveness and fairness of such policies depend heavily on the context and their specific design, and there are various risks and challenges. If support is provided only to social rental landlords, there is a risk of perceived unfair competition with private rental landlords (Lennartz, 2016). Subsidised landlords may also have weaker incentives to operate efficiently. Furthermore, subsidy-driven construction may lead to a spatial distribution of new dwellings reflecting subsidy availability rather than actual housing needs. Finally, rental market mobility may be reduced if households in rent-controlled dwellings face fewer incentives to move (Causa et al., 2020).

Examples that specifically focus on young people

- Public rental housing programme for young families with children in Zagreb, Croatia.
- Public rental housing programme for young people in Romania (see Box 3).

Increasing supply of affordable owner-occupancy housing

Financial support for the construction of new homes also exists in the homeownership sector, although it is less common than in the rental sector. This support is often tied to specific conditions, such as limits on dwelling size and price. When subsidies lower the sale price of a home below its market value, it can be considered subsidised or social homeownership.
In periods of housing shortages and affordability challenges, demand for these dwellings exceeds supply. Therefore, a clear allocation mechanism is crucial to ensure that subsidised homes reach the intended target groups. Criteria such as income and age can be used to prioritise younger households with modest incomes.

In addition to a clear housing allocation mechanism, social homeownership schemes may need resale price restrictions to prevent first-time buyers from reselling subsidised dwellings at market rates. However, a key drawback of regulated resale prices is reduced mobility. The often substantial price gap between subsidised and market-rate homes can make it difficult for owners to transition to more expensive, non-subsidised properties (Hoekstra et al., 2010).

Box 3: Public rental housing programme for young people, Romania

Aim: Keep young working Romanians in Romania while encouraging social cohesion and economic activity in towns.

Since: 2016, approved in 2015.

Target group: 18- to 35-year-olds, employed and working in the same town where they are renting.

Governance: Local authorities.

Financing: Council of Europe Development Bank and national funds. Costs are returned through the sale of the homes with nationally capped prices (revolving fund principle).

Size of the programme: An estimated 123 000 people under the age of 35 in Romania need affordable housing. With a EUR 175 million loan from the Council of Europe Development Bank, approved in 2016, 6 990 additional housing units were provided to house 10 500 people. This project was approved by the Romanian government in 2015 for implementation between 2016 and 2020.

Description: This programme targets young workers unable to buy or rent at market price and aims to encourage young Romanians to stay in the country. People aged 18 to 35 are entitled to purchase a property after renting it for one year, using their own money or loans from authorised financial institutions. Tenants must be working in the same town in which they are renting.

One- to two-bedroom units, financed by the Ministry of Development, Public Works and Administration, are temporarily owned by the National Housing Agency during construction, then become the property of local authorities once completed. Allocation is determined using a ranking system based on Government Decision No 962/201. Prices are fixed by the national government and determined by replacement value per square metre.

Assessment:

Pros	Cons
Encourages young people not to emigrate	Tenants/buyers can only rent in the town where they work
Effective through revolving fund principle	Prices are capped nationally, ignoring regional price differentiation

Sources: Council of Europe Development Bank, 'Romania: Affordable housing for young people', Council of Europe Development Bank website, 9 October 2018 (7 August 2015), https://coebank.org/en/news-and-publications/projects-focus/romania-affordable-housing-young-people/; Youth Wiki, 'Youth policies in Romania', 2021, https://national-policies.eacea.ec.europa.eu/sites/default/files/2023-04/Romania_2021.pdf; Ministry of Development, Public Works and Administration, 2024, *Programul de construcţii de locuinţe pentru tineri destinate închirierii derulat prin ANL*, https://www.mdlpa.ro/pages/programuldeconstructiidelocuintepentrutineridestinateinchirieriiderulatprinanl.

Box 4: National Fund for Affordable Homes, the Netherlands

Aim: Increase access to affordable homeownership for middle-income first-time buyers.

Since: 1 July 2025.

Target group: Middle-income first-time buyers (maximum yearly income of EUR 89 821). The maximum eligible house price is EUR 405 000.

Governance: Ministry of Housing and Spatial Planning, executed by Stimuleringsfonds Volkshuisvesting and Stichting OpMaat (non-governmental organisations).

Financing: EUR 100 million in public funds; revolving fund principles apply.

Size of the programme: Maximum EUR 70 000 price discount per home; funds are made available to developers in tranches of EUR 10–25 million.

Description: The National Fund for Affordable Homes supports developers and housing associations to sell new homes to first-time buyers below market value. This support allows middle-income first-time buyers to purchase an otherwise unaffordable home. The fund is revolving; upon resale of the home, the support is repaid to the fund, allowing it to be reused for future buyers. Any increases or decreases in value are shared between the provider and people selling the property.

Assessment:

Pros	Cons
Revolving nature ensures reuse of funds	Only available for new homes
Maximum EUR 70 000 buyer support lowers the barriers to entry of homeownership	Dependent on developer participation
Stimulates affordable new construction	Still in the start-up phase, limiting immediate impact
	Risk of negative equity when the dwelling is sold

Source: National Fund for Affordable Homes website (https://www.nfbk.nl/).

Examples

- Public housing (*vivienda de protección oficial*) in Spain.
- Programme of state-subsidised housing construction in Croatia.
- National Fund for Affordable Homes (*Nationaal Fonds Betaalbare Koopwoningen*) in the Netherlands (see Box 4).

Increasing supply of intermediate/hybrid tenures

Most housing in Europe can be categorised as either rental or owner-occupied. However, in response to the ongoing housing crisis, alternative tenure models are emerging. These so-called intermediate tenures take various forms and generally aim to enhance the affordability and accessibility of homeownership by modifying traditional structures of property ownership, resale conditions and value sharing (Elsinga et al., 2015). In this regard, intermediate tenures exhibit significant similarities to certain forms of collaborative housing, such as housing cooperatives (see ‘Facilitating new collaborative housing initiatives’, below), although they typically lack the collective and participatory features that are central to collaborative housing models.

A good example is the equity-sharing scheme in Malta. This scheme allows eligible individuals to purchase at least 50 % of a property, while the Housing Authority covers the remaining share. Within 20 years, the buyer must purchase the authority’s share at its original price. This scheme helps lower-income or older individuals access homeownership by reducing upfront costs and mortgage requirements. In this respect, it can be seen as a rent-to-own scheme.

The overall scale of intermediate tenure models remains limited across Europe, likely owing to their institutional complexity and the limited awareness among consumers, housing providers and financial institutions.

Examples

- The KoopGarant scheme in the Netherlands.
- The equity-sharing scheme in Malta.
- The social rental purchase (*prêt social location accession*) scheme in France.
- Rent to own (*Mietkauf*) in Austria.
- Right-of-occupancy housing in Finland (*asumisoikeusasunto*) (see Box 5).

Box 5: Right-of-occupancy housing (*asumisoikeusasunto*), Finland

Aim: Provide long-term housing security outside the homeownership sector.

Since: 1990.

Target group: People who do not have sufficient assets to finance at least half of the free-market value of the housing unit for which they are applying or an equivalent (unless they are over 55 or changing from one right-of-occupancy dwelling to another).

Governance: Right-of-occupancy housing companies (organisations with a social mission).

Financing: Residents' deposits and monthly fees, financial support from the government (loans and loan guarantees).

Size of the programme: 56 000 dwellings.

Description: Under this scheme, Finnish people of all ages can apply for a dwelling without needing a mortgage or loan. Residents pay a one-time fee, no higher than 15 % of the value of the property, funded with their own money or a loan using the right-to-occupancy agreement as collateral, and a subsequent monthly charge, typically lower than the market rent for an equivalent property.

Unlike many other intermediate tenures, this model does not regard homeownership as the ultimate goal. Tenants can live in these properties indefinitely so long as they comply with the terms of the agreement, and they have the right to renovate, while the housing company is responsible for maintenance. Tenants are free to leave the property whenever they want. Their initial investment fee will be reimbursed when a new tenant is found, often adjusted for inflation. These homes can also be inherited or transferred.

Assessment:

Pros	Cons
No mortgage necessary	No priority scheme, eligible people must join a queue
Maintenance expenses are the housing agency's responsibility	Small percentage of available housing stock (56 000 dwellings in total)
Risk-free investment: the initial fee is reimbursed when a new tenant is found	
Monthly fee is lower than market rental rates	
Indefinite tenure	
Can be inherited or transferred	

Sources: City of Helsinki, 'Information on right-of-occupancy housing', City of Helsinki website, https://www.hel.fi/en/housing/right-of-occupancy-housing/information-on-right-of-occupancy-housing; Nordea, 'Right-of-occupancy home loans', Nordea website, https://www.nordea.fi/en/personal/our-services/loans/home-loans/right-of-occupancy-home-loans.html.

Increasing supply of flexible housing

Another emerging response to housing challenges is the development of flexible housing. Whereas traditional housing construction is typically time-intensive, flexible housing is often constructed using modular techniques and can be relocated as needed (Druta et al., 2023). This approach is particularly relevant for young people who face difficulties in accessing conventional housing, as flexible housing units can be delivered more quickly and at lower cost. Their accelerated deployment and reduced building standards make them well-suited as transitional solutions for individuals entering the housing market. However, these same characteristics also give rise to concerns regarding the long-term viability and sustainability of flexible housing (Groot et al., 2024).

Flexible housing can also be delivered in a way that allows residents to switch between units of different sizes during their lifetime. However, because many people are looking for stability in housing, flexibility should be an offer, not something mandatory. An alternative model of flexible housing is the use of shared communal spaces in a building or housing complex. By offering communal spaces, such as meeting spaces, communal kitchens or gyms, that can be used by all residents, it is possible to have smaller and more affordable individual units while still increasing the overall quality.

Example

- Flexible housing in the Netherlands (see https://flexwonen.nl for more information and an overview of the various initiatives in this field).

Facilitating new collaborative housing initiatives

Collaborative housing refers to resident-led initiatives aimed at creating affordable, sustainable and community-oriented living environments, making them a key example of a bottom-up approach. These initiatives include cooperatives, co-housing projects, community land trusts (CLTs) and various self-help or self-build housing models. A key characteristic of community housing is the active participation of residents in the planning, development and management of their housing, fostering a sense of community and shared responsibility (Czischke et al., 2020). Collaborative housing can occur in both the homeownership and rental sectors, though it is often associated with specific forms of tenure and organisation, such as cooperative housing (Balmer et al., 2017) or CLTs.

Since the early 2000s, community housing has boomed across Europe as a response to housing affordability, social exclusion and environmental concerns. Community housing particularly appeals to both younger and older residents, sometimes separately but also in mixed-age compositions. This is attributable to the desire for social connection and mutual support.

Despite its benefits, community housing faces several challenges. One key issue is balancing social cohesion with the need for diversity and inclusion. While fostering a strong sense of community is a core objective, there is a risk of forming overly homogeneous groups. Additionally, navigating the complex legal and financial frameworks surrounding collaborative housing can be daunting for resident-led groups. Governments and non-profit organisations can support collaborative housing initiatives by providing advice, (financial) support and affordable building land.

Examples (with a focus on mixed-age projects)

- Community Land Trust Leuven (see Box 6).
- Startblok Riekerhaven Amsterdam in the Netherlands (see https://www.housing-solutions-platform.org for more information).
- The Majella Wonen mixed housing initiative in Utrecht, the Netherlands (see https://www.housing-solutions-platform.org for more information).
- The Lazare co-housing project in Paris, France (see www.lazare.eu for more information).
- VinziRast in Vienna, Austria (see https://www.vinzirast.at/projekte/vinzirast-mittendrin for more information).

Box 6: Community Land Trust Leuven, Belgium

Aim: The Community Land Trust (CLT) Leuven owns land decoupled from housing, enabling people to buy homes at a reduced rate.

Since: 2021.

Target group: Low- to middle-income families, identified through participative meetings with multiple stakeholders.

Governance: A member-based legal entity, structured as a membership association, with representatives including residents, local government and civil-society organisations. It was initiated by the Autonoom Gemeentebedrijf Stadsontwikkeling Leuven (AGSL) and the Leuven municipality.

Financing: Subsidies, donations and partners of the CLT, including the municipality of Leuven (EUR 5 million); land is provided by the AGSL, a subsidiary of the Leuven municipality.

Description: The CLT Leuven owns land on which it develops and manages affordable homes for low- to middle-income families. This separates land from building ownership, allowing people to buy homes at reduced rates, paying a low ‘ground rent’ price. While the new owners hold most homeownership rights, including inheritance, a condition of the CLT is that the owners must reside in the properties. To ensure long-term, multigenerational affordability, the CLT buys back homes being sold at a below-market capped value. The houses can therefore stay affordable for subsequent buyers.

The programme fosters strong, inclusive communities. Community governance promotes transparency and democratic values. Crucially, the CLT promises sustainability through long-term affordability even as house prices rise.

Assessment:

Pros	Cons
Increases accessibility to homeownership	Limited return on investment
Creates community	No land ownership for homeowners
Ensures long-term affordability past the first buyer	Substantial financial costs for local government (no revenue on land sales)
Governance structure offers democracy and transparency	
Prevents speculation	

Sources: Gentili, M. and Hoekstra, J. S. C. M., 'Urban Report Leuven, Belgium: UPLIFT D2.2', 2022; Groen Leuven, 'Community Land Trust Leuven is een feit', Groen Leuven website, 28 October 2022, https://www.groenleuven.be/community_land_trust_leuven_is_een_feit; City of Leuven, 'Community Land Trust Leuven', City of Leuven website, https://www.leuven.be/clt.

Using planning regulations to create affordable housing

Local planning regulations can serve as effective instruments for promoting affordable housing. This use of planning regulations is particularly important in housing systems where market mechanisms play a dominant role, as it is designed to steer market outcomes towards socially beneficial objectives. A prominent example is Part V of the Planning and Development Act in Ireland (The Housing Agency, 2020), but comparable regulatory frameworks are found in several other European countries.

These regulatory mechanisms, which vary significantly in their design and implementation (Gallent et al., 2020), often mandate that developers contribute to infrastructure, affordable housing or public amenities as a condition of planning approval. Such mandates are generally most effective in markets characterised by rising property values, where profits from high-end developments can be leveraged to cross-subsidise affordable or social housing units. However, negotiating developers' contributions can be a long and complex process (Morrison et al., 2014), and the volume of affordable housing produced often falls short of demand (The Housing Agency, 2020).

Example

- Part V of the Planning and Development Act, Ireland.

Making better use of the existing housing stock

In addition to constructing new housing units, housing supply can be expanded by optimising the use of the existing housing stock. Key strategies in this regard include the reactivation of vacant dwellings, the renovation and upgrading of substandard housing and the promotion of housesharing arrangements.

Mobilising empty dwellings

Vacant dwellings represent a significant challenge across Europe, occurring not only in depopulated rural regions but also in various urban centres. The reasons for leaving properties unoccupied are diverse and include real estate speculation, poor housing quality, intentions to preserve properties for future generations or use as secondary residences (Gentili et al., 2019).

Many owners of vacant dwellings are hesitant to rent them out, owing to concerns about potential rent arrears, damage to the property and the difficulty of regaining possession when needed, particularly in jurisdictions with strong tenant protections. In the context of rising housing prices, retaining ownership and leaving the dwelling unoccupied may ultimately yield greater financial returns than selling the property, especially when it is mortgage-free. Taking these barriers into account, several initiatives using 'carrot' and 'stick' approaches have been launched to mobilise vacant housing stock (see Housing Europe Observatory, 2023 for a comprehensive overview).

The 'stick' approach entails applying fiscal penalties or fines. For example, national vacancy taxes have been implemented in France, and in Ireland the vacant homes tax was introduced to incentivise the reactivation of underutilised housing stock. In addition to these national measures, several major European cities and regions, including Barcelona, Amsterdam, Brussels, Lisbon, the Basque Country and the Walloon Region, have adopted local or regional taxes and fines aimed at deterring prolonged vacancy (Housing Europe Observatory, 2023).

The 'carrot' approach, which often accompanies the 'stick' approach, typically involves offering incentives to encourage property owners to lease their vacant dwellings, often at sub-market, regulated rents. These incentives may include enhanced guarantees against rent arrears or property damage, administrative support in managing the letting process and, in some cases, financial assistance for renovation.

Different approaches are needed for vacant properties that are in a good condition and could be used right away and for those that need renovation.

The conversion of non-residential buildings also holds considerable potential for mitigating housing shortages (Remøy et al., 2024). However, owing to zoning and typical office floorplans, this is a more complicated endeavour than mobilising vacant residential units.

Examples

- Fines and taxes on empty dwellings in several European countries (for example, France, the Netherlands).
- The Bizigune scheme in the Basque Country, Spain.
- Social rental agencies in Belgium (see Box 7), France, Hungary and Poland.
- Empty Homes Collaborative in Spain.
- The Repair and Leasing Scheme in Ireland.

Box 7: Social rental agencies, Belgium

Aim: Making private dwellings available for affordable housing purposes.

Since: 1980s.

Target group: Low-income households and specific vulnerable groups.

Governance: Social rental agencies (non-governmental organisations) acting as intermediaries between private landlords and people in need of housing.

Financing: Social rental agencies receive subsidies based on the number and type of dwellings they rent. These subsidies are used to cover maintenance and personnel expenses, as well as gaps between the rent charged to the tenant and the rent received by the property owner.

Size of the programme: 7 800 homes in the Brussels Region managed by 24 agencies, 13 500 in the Flemish Region managed by 51 agencies and 9 000 in the Walloon Region managed by 33 agencies.

Description: To reduce housing need and incentivise private owners in Belgium to let their dwelling(s), social rental agencies act as intermediaries between owners and low-income people in need of homes. These agencies offer leases at reduced rates to tenants and implement projects aimed at specific vulnerable groups, such as victims of domestic abuse, people experiencing homelessness or immigrants. Social rental agencies also exist specifically for students.

For private lessors, social rental agencies oversee maintenance and management, offering a hassle-free relationship in exchange for reduced rental prices. In recent years, growing numbers of investors and developers have chosen to rent out their properties through such agencies in exchange for certain incentives. The incentives received also determine the minimum rental periods landlords must agree to. For example, lessors are exempt from property tax and get support for renovations if they agree to a 9-year lease. If they agree to a 15-year lease, VAT is reduced from 21 % to 12 % on a purchased (or developed) property. Social rental agencies must agree to the lease period set by the property owner when signing tenancy agreements.

Assessment:

Pros	Cons
Adds to the affordable rental stock	Low share of total rental stock, long waiting times for tenants
Landlords get hassle-free management and rent guarantees from social rental agencies	Relies on willingness of private landlords
Landlords receive maintenance and renovation assistance	Requires substantial amount of government subsidies

Sources: Brussels Capital Region, 'Social housing', be.brussels website, https://be.brussels/en/housing/rental/rent-allowance/social-housing; Fédération des Agences Immobilières Sociales website (https://www.fedais.be/); Union Wallone des Agences Immobilières Sociales website (https://www.uwais.be/).

Supporting renovations of derelict dwellings

In some cases, vacant dwellings may need renovations before being put on the market. However, not all property owners are willing or able to undertake such renovations, particularly when the work is extensive and costly.

One intervention involves using fiscal incentives to encourage investors to purchase and renovate derelict dwellings, subsequently reintroducing them to the housing market at regulated rental rates. The French Denormandie law exemplifies this strategy. To mitigate the risk of gentrification, this law imposes strict conditions regarding eligible investment areas, maximum allowable investment and renovation costs, post-renovation energy performance standards and rent ceilings (Housing Europe Observatory, 2023). Similarly, Ireland's Buy and Renew scheme, part of the broader Vacant Homes Schemes, supports local authorities in acquiring and refurbishing properties in disrepair for use as social housing.

In Catalonia (Spain), an innovative housing model called Masoveria allows tenants to pay for their accommodation through renovation work rather than traditional rent payments, through a legally recognised arrangement (see Teruel Garcia, 2019).

In the Netherlands, both housing associations and private entities offer *kluswoningen* (DIY homes) to young first-time buyers. These properties, typically in poor condition and relatively inexpensive, require substantial renovation before becoming habitable. By undertaking much of the renovation work themselves, young buyers can access homeownership at a reduced cost. A somewhat comparable approach was taken in Romania through the Housing and Empowerment for Roma (HERO) programme, which combined housing renovation with on-the-job training for Roma young people. This initiative not only improved housing conditions but also equipped participants with practical construction skills, enhancing their employment prospects and fostering social inclusion.

Anti-squat programmes

Across Europe, various initiatives allow (young) people to temporarily live in properties scheduled for demolition or renovation. These 'anti-squat' programmes can operate on a purely commercial basis (see De Brunner et al., 2021) or pursue social objectives. An example of the latter is Communa in Brussels. This organisation turns empty buildings into spaces for community projects, like workshops, housing, and social services and activities. They work with property owners through legal agreements, so buildings are used with permission. The goal is to make cities more inclusive by giving people access to social and creative spaces ([7]).

While these initiatives offer tangible benefits, their overall impact remains limited owing to the relatively small number of suitable properties available. They offer temporary rather than structural solutions.

Example

- The organisation Communa in Brussels.

Facilitating housesharing

When access to conventional housing is unattainable, housesharing can be an alternative for young households. This arrangement involves multiple individuals, typically young single-person households, residing together in a dwelling originally designed for a single household. While the prevalence and characteristics of housesharing vary among countries, evidence suggests that this phenomenon is growing across Europe (Arundel et al., 2016; Druta et al., 2021), particularly in the private rental sector. Unfortunately, internationally comparable and reliable data on the extent of this phenomenon are not available, and it is not easy to disentangle whether the growth of housesharing stems from necessity or choice.

Both the market and non-profit organisations, including housing associations, are responding to the growing demand for shared living by developing various types of housing complexes with shared spaces, motivated by either commercial or idealistic goals (Ronald et al., 2024). (Depending on the specific design of these complexes, they can either be seen as shared living or collaborative living. The boundaries between these concepts are sometimes a bit blurred.) In addition, commercial platforms that facilitate home sharing are on the rise.

While intergenerational living is already firmly embedded in the familial structures of southern and eastern European countries, it need not be confined to family relationships. Across Europe, many older adults reside in relatively large homes with more rooms than they require. If these households were to rent out part of their accommodation to young people seeking housing, it could create a mutually beneficial arrangement. Young adults would gain access to affordable housing, while older individuals would benefit from supplementary income, company and potential informal support.

Examples

- Ensemble2Générations in France (see Box 8).
- Cohabilis in France.
- 1Toit2Ages in Belgium.
- Hospi Housing in the Netherlands.

([7]) https://communa.be/en/home/.

Box 8: Ensemble2Générations, France

Aim: Offer reduced rental prices to young people and alleviate loneliness among older people through multigenerational co-living.

Since: 2006.

Target group: Students and young adults aged 18–30 and people aged 60 or above.

Governance: By Ensemble2Générations (a non-governmental organisation).

Financing: Foundation and philanthropic grants and membership fees.

Size of the programme: More than 8 000 cohabitation arrangements.

Description: Young people live with senior citizens in their homes for a reduced rent. For a maximum of EUR 150 per month the young person provides regular assistance to the senior citizen. Alternatively, starting at EUR 200 per month the young tenant cohabits in the older person's home and can offer help but is not obliged to provide regular assistance. This rental rate is guaranteed to be lower than or equivalent to student housing rates. Senior citizens must offer a room of at least 9 square metres. Ensemble2Génération has also begun offering housing to young people in assisted-living homes for older people, collaborating with facilities so that young people can 'reanimate' these establishments.

Assessment:

Pros	Cons
Increases housing options for young people	Subjective and reliant on personal connection and willingness
Helps alleviate loneliness among older people	Mostly a temporary solution for the young people involved
Multigenerational solution	Limited availability
Mutually beneficial arrangement	
No public investment required	
Solves issue of under-inhabited homes	

Source: Ensemble2Générations, 'Se loger une chambre chez un senior', Ensemble2Générations website, https://ensemble2generations.fr/se-loger/chambre-senior.

Enhancing housing affordability and accessibility

To enhance housing affordability and accessibility, virtually all European countries implement demand-side support measures targeting both homeowners and tenants.

Demand-side support for homeownership

Fiscal support instruments, like mortgage interest deductions, often have no eligibility criteria and are available to all (prospective) homebuyers or homeowners. That said, in several countries there are thresholds in place, for example on loan amounts and deductions (see Eurofound, 2023).

In contrast, more targeted instruments – such as low-interest loans, specific grants or government-backed guarantees – are typically directed at lower- and middle-income groups, with a particular emphasis on supporting first-time homebuyers. These measures tend to benefit younger age groups, although explicit age restrictions are not always applied. When age limits are imposed, they are most commonly set at 35 years. In addition, several countries, particularly in eastern Europe, have implemented housing support instruments specifically designed to assist families (Krapp et al., 2022). Finally, some schemes aim to stimulate homeownership in economically disadvantaged or depopulating areas, thereby addressing both housing needs and regional development objectives (Eurofound, 2023).

Tax exemptions can also facilitate intergenerational wealth transfers for housing purposes. For example, until recently, parents in the Netherlands were permitted to donate up to EUR 100 000 tax-free to their children, provided the donation was used for the purchase of a home (Li et al., 2024). However, such measures may exacerbate inequalities between households (Wang et al., 2024) and contribute to rising house prices. These concerns were among the key reasons why the Dutch government significantly curtailed this tax exemption.

Indeed, inequality plays a pivotal role when it comes to evaluating homeownership support. Such support is, almost by definition, limited to an increasingly restricted group: those with sufficient financial resources to enter the homeownership market. An expanding segment of young households, the so-called Generation Rent, lacks these resources and is relegated to the private rental sector, where housing costs are high, opportunities for saving are constrained and prospects for wealth accumulation are limited. While lower-income households have always been confined to the rental market, the expansion in many countries of Generation Rent to include a growing number of middle-income households is not merely a housing market issue but a broader societal and inequality challenge (Gentili et al., 2025; Howard et al., 2024).

Another significant drawback of demand-based financial support for homeownership is its often-limited effectiveness in improving the availability and affordability of housing. In relatively inelastic housing markets, as observed in several European countries, such support may inadvertently contribute to rising house prices, particularly in the lower-priced segments, rather than stimulate supply or enhance affordability (Fernández et al., 2023; Krolage, 2023). Moreover, these measures may incentivise borrowing and lead to increased household indebtedness (Eurofound, 2020, 2023).

Examples that specifically target young people (8)

- Subsidised housing loans in Croatia (age limit 45 years).
- Youth loans for the acquisition or modernisation of housing in Cyprus (age limit 41 years).
- Programme of subsidised loans and guarantees (*asuntosäästöpalkkio*) in Finland (age limit 39 years).
- Guaranteed bank loans for homeowners in Italy and Romania (age limit 34 years).
- Housing support (grants, fiscal incentives) for young professionals and families in Latvia (age limit 35 years).
- Support (grants) for young first-time buyers in Lithuania (age limit 35 years).
- Grants for first/new houses in Romania (age limit 35 years).
- Grants for young homebuyers in Slovakia (age limit 35 years).

Financial support for tenants (and homeowners)

Within the EU, financial support for tenants, most commonly in the form of housing allowances (monthly payments to lower housing costs), constitutes a widely adopted housing policy instrument (Griggs et al., 2012; Krapp et al., 2022; Eurofound, 2023). These policies are predominantly formulated at the national level and target low- or medium-income households. The design and scope of housing allowances vary considerably among Member States. In some countries, allowances are restricted to specific segments of the rental market, such as social housing, while in others, they extend to owner-occupied housing. Moreover, some schemes are limited to rent payments, whereas others include energy costs.

Approximately half of Member States extend housing allowances to both tenants and low-income homeowners, with the latter group typically receiving support for mortgage payments. The other half limit such assistance exclusively to tenants. In Member States with substantial rental sectors, such as Denmark, France, Germany and the Netherlands, a significant proportion of the population benefits from these subsidies (Krapp et al., 2022).

Age may serve as a criterion in the allocation of housing allowances, though not always in a manner that favours younger individuals. For instance, in the Netherlands, households with members under the age of 23 years receive a lower level of housing allowance than those with older members. Conversely, several countries, including Portugal, Spain and Sweden, have implemented housing allowance schemes specifically targeting young people (Krapp et al., 2022).

Housing allowances constitute a significant policy tool for mitigating housing cost burdens and improving affordability. For many low-income households, such financial support is indispensable in meeting housing expenses. However, the effectiveness of housing allowances varies. In housing markets lacking robust rent regulation, these subsidies may inadvertently contribute to rent inflation, particularly in settings characterised by low supply elasticity, thereby undermining their intended impact on affordability (Viren, 2013). Moreover, issues of equity may arise from the design of eligibility criteria. Individuals whose income or housing costs marginally exceed the established thresholds may find themselves in a particularly disadvantageous position.

Examples of housing allowances that specifically target young people (based on Krapp et al., 2022)

- Porta 65Jovem in Portugal.
- Housing allowances for young people in Spain (see Box 9).
- *Bostadsbidrag* in Sweden.

(8) These examples, derived from Krapp et al. (2022), focus on young people. For a more comprehensive overview without this restriction, see Eurofound (2023).

Box 9: Housing allowances for young people in Spain (*bono alquiler joven*)

Aim: Alleviate the burden of rental expenses and encourage young people to move out of their parents' homes.

Since: 2022.

Target group: People aged 18–35 years with an income of less than EUR 25 100/year (as of 2023).

Governance: National governance through the Ministry of Housing and the Urban Agenda.

Financing: National funds.

Size of the programme: EUR 200 million from national funds; autonomous communities (such as Valencia and Catalonia) are encouraged to complement state funding.

Description: Young working individuals can get up to EUR 250 per month for a maximum of two years to subsidise their rental costs, encouraging young people to live independently. Applicants must be aged 18–35 years and earn a maximum of EUR 25 100 per year. Their rental costs must not exceed EUR 600 per month if they rent an apartment or EUR 300 per month for a room (or EUR 900 per month and EUR 450 per month respectively in some regions).

Assessment:

Pros	Cons
Increases accessibility of rental sector	Relatively low maximum rental rate, especially for metropolitan areas
Eligible for tenants of rooms as well as whole units	Can only be received for a maximum of two years
Income eligibility is 1.5 times the minimum national wage	Not all young people are aware of the measure and/or how to apply for it
	May push up rental prices
	Budget is not sufficient to meet the demand

Source: Ministry of Housing and Urban Agenda, 'Bono alquiler joven', Ministry of Housing and Urban Agenda website, https://www.mivau.gob.es/vivienda/bono-alquiler-joven.

Regulating the market to promote security and fairness

To mitigate the adverse effects of housing market dynamics, several European countries have implemented rent regulation and tenant protection measures. In addition, certain jurisdictions aim to curb speculative practices. Regulatory frameworks are essential to ensure that governmental programmes and interventions effectively reach their intended target populations.

Preventing speculation

The financialisation of European housing systems has led to a significant influx of investment capital, particularly in urban areas. As noted by Aalbers (2016) and Gabor et al. (2022), this process has increasingly transformed housing from a basic need into a financial asset, contributing to rising property prices and deepening affordability challenges. A substantial portion of this capital flows into the private rental market and the tourist accommodation sector, including via short-term rental platforms such as Airbnb. According to Wachsmuth et al. (2018), short-term rental platforms exacerbate gentrification, thereby further constraining housing availability, especially for younger and lower-income households.

In response to the growing financialisation of housing, various countries and cities across Europe have implemented regulatory measures aimed at mitigating its adverse effects. These include different transfer taxes on property sales for investors versus residents, extra taxation of foreign investors, restrictions on buy-to-let investments in specific market segments and the regulation of short-term rental platforms (Aguilera et al., 2021). Anti-speculative measures may dampen prices in both the rental and homeownership sectors. Moreover, Fields et al. (2016) argue that such interventions can lead to shifts in housing tenure, as investors in the private rental sector may choose to sell properties to owner-occupiers.

Such a trend is currently observable in the Netherlands. Recent policy changes, such as the expansion of rent regulation in the private rental sector and increased taxation of private rental lessors, have prompted some of these lessors to sell their properties. The implications of this development for younger households are mixed. On the one hand, it may benefit those with sufficient financial resources to purchase a home. On the other hand, it may negatively affect young households that rely on the private rental sector by reducing the supply of available rental dwellings (Dutch News, 2025).

Examples

- Higher transfer taxes for investors than for homebuyers in the Netherlands.
- Higher property taxes for companies based in tax havens in Portugal (*adicional ao imposto municipal sobre imóveis*).
- Proposed taxes (of up to 100 %) on foreign property investment in Spain (see Kassam, 2025).
- Airbnb regulations in several major European cities, including Amsterdam, Barcelona, Copenhagen, Lisbon, Paris and Vienna.

Rent regulation and tenant security

Rent regulation and tenant security constitute key components of housing polices aimed at promoting affordability and stability within rental markets. Rent regulation refers to the rules regarding initial rent setting and subsequent rent increases, whereas tenant security involves the legal provisions governing the duration and renewal of rental contracts. Both measures are important for young people who relatively often live in rental housing. Rent regulation and tenant security tend to be relatively strong in western and northern European countries but weaker in eastern European countries (for a comprehensive overview, see ZERP, 2025).

While rents in the private sector are often regulated based on dwelling characteristics or broader housing market conditions, the social rental sector typically operates under its own distinct regulatory framework (UNECE et al., 2021) and may determine rents in relation to tenants' income levels, reflecting a more targeted approach to affordability.

One of the primary benefits of rent regulation is housing affordability. This may apply solely to existing tenants, if only lease-based rent increases are regulated (third-generation rent control), or to both new and existing tenants, if both initial rent setting and subsequent rent increases are regulated (second-generation rent control).

Tenant security regulations protect tenants by determining the duration of rental contracts and requiring landlords to follow legal procedures before terminating leases. Ensuring security, both in terms of housing costs and tenure security, therefore depends on rent regulations, long-term or indefinite rental contracts and a relatively stable, affordable housing market (Hulse et al., 2014). On the other hand, a certain degree of flexibility can also protect the tenant, for example by allowing them to terminate the contract without penalties if needed.

Counterintuitively, rent regulation also presents drawbacks for younger age groups. While it can improve affordability for current young tenants, lessors may reduce investment in property maintenance or withdraw rental units from the market if they perceive rent controls as a threat to profitability (Eurofound, 2023; Kholodilin, 2024). Such responses can shrink the supply of private rental housing, thereby diminishing accessibility for young individuals who have not yet entered the rental market.

The distinction between young incumbent and prospective tenants is also pertinent to tenant security, particularly in relation to the duration of rental contracts. Long-term or indefinite rental agreements enhance stability for incumbent tenants but may simultaneously reduce housing accessibility for new tenants, because they decrease mobility within the rental sector and may discourage homeowners from renting out their properties. Conversely, temporary rental contracts often lead to insecurity for existing tenants. In private rental markets characterised by limited supply, such short-term contracts may further weaken the effectiveness of rent regulation by allowing landlords to raise rents with each contract renewal (Lankhuizen et al., 2024).

Sometimes, temporary rental contracts apply only to specific groups of young people. For example, in the Netherlands, housing associations provide students with so-called campus contracts. The temporary nature of these contracts ensures that student housing remains available for the intended target group. However, in a housing market with insufficient supply, this system may also create stress and insecurity among tenants, who do not know where to go after their contract ends. It may even lead to young people extending their studies just to remain in student housing (Gentili et al., 2025).

Examples of temporary rental contracts

- Campus contracts in the Netherlands.
- CROUS student housing in France.
- The youth housing contract in Germany.

Housing allocation

In a free market, housing is allocated through market mechanisms, whereby households that are able and willing to pay the prevailing market price gain access to dwellings. However, allocation mechanisms become necessary when government interventions, such as subsidies to housing providers, restrict access to specific target groups or when such subsidies reduce prices below market value (Haffner et al., 2009). In practice, such allocation systems are applicable to many subsidised rental and homeownership dwellings.

Particularly in the social rental sector, housing allocation systems can be quite comprehensive. Eligibility criteria commonly include household income, current housing situation, household composition and sometimes age (Eurofound, 2023). Allocation priority is often determined by the duration of time an applicant has been on a waiting list (Haffner et al., 2009).

Incorporating age as a significant allocation criterion can improve access for younger individuals. Furthermore, conducting regular income eligibility reviews may make social housing more accessible for new low-income tenants, who may be younger individuals or families.

Housing allocation systems are not without limitations. They often entail significant administrative burdens and may restrict the autonomy of prospective tenants in choosing their preferred dwelling. Eligibility assessments are also typically conducted only at the time of allocation. As a result, households may continue to occupy dwellings for which they are no longer eligible, a phenomenon commonly referred to as 'skewness'. Eurofound (2023) provides a comparative overview of how various social rental housing allocation systems across Europe address this issue.

Making housing policies more tailored to residents' needs

Co-create housing policies with young people

Young people are often outsiders to the housing market and decision-making circles. Consequently, they tend to have little influence on housing policies. However, young people's active participation in housing policy development is crucial to create solutions that address their unique needs and challenges and reflect emerging societal trends that are not yet captured by existing housing policies. Youth boards or youth panels can engage in co-creation processes with policymakers, ensuring that young people's perspectives are considered. However, such processes can only be successful if policymakers are open to them and if they are conducted in an inclusive and professional manner (European Economic and Social Committee, 2024; Hoekstra et al., 2023; Lorenz, 2023). In principle, co-creation processes can be applied to all housing policy interventions discussed in this chapter.

Examples

- Uplift youth panels in Barakaldo, Spain, and Amsterdam, the Netherlands (see https://UPLIFT-youth.eu for more information).
- The Austrian National Youth Council (see https://www.bundeskanzleramt.gv.at/en/agenda/youth/youth-policy-in-austria/austrian-national-youth-council.html for more information).
- The local youth council in Klaipeda, Lithuania (see Box 10).

Box 10: Local youth council in Klaipeda, Lithuania

Aim: Assisting in the formulation and implementation of municipal policy for youth, ensuring youth participation and strengthening cooperation between municipal institutions and youth organisations.

Since: 2004.

Target group: Young people in Klaipeda, Lithuania.

Governance: Acts as a standing committee under the Klaipeda municipal council.

Financing: Municipal budgets.

Size of the programme: Open to motivated young participants.

Description: The Klaipeda local youth council consists of the forum assembly and the forum working groups. The forum assembly, which takes place twice a year, decides which issues to prioritise. The assembly then divides into the forum working groups to work on these issues and forward proposals to the municipal council. The youth council assists young people with housing through information and counselling services, 'soft-landing' packages for people moving to Klaipeda and support for vulnerable young people. They have empowered young people, influenced policy and promoted civic engagement, creating opportunities for youth to gain international experience and raising the city's international profile. Activities organised by the Klaipeda youth council include a virtual hackathon in 2021 to find creative solutions to meet the United Nations sustainable development goals.

Assessment:

Pros	Cons
Gives young people a voice in housing policy decision-making	Limited power and authority
Emphasises inclusivity and consensus, strengthening youth engagement in civic processes	

Source: Choose Klaipeda, 'Klaipeda Youth Forum', Choose Klaipeda website, https://chooseklaipeda.eu/eyc/klaipeda-youth-forum.

Chapter summary

There is a wide range of potential policy solutions to improve the housing situation of young people and other vulnerable groups. Many of these measures, particularly those implemented at the national level, are part of the conventional housing policy toolkit. Others, especially those developed at the local level, tend to be smaller in scale and often more innovative.

Providing general recommendations on the most effective housing policy interventions for young people is challenging, as their success depends on context and the specific policy objectives of the responsible institutions. Nevertheless, some key recommendations can be formulated to make housing policies more responsive to the needs of young people.

Start from a good overview of the housing problems facing young people. It is essential to identify the specific challenges that young people face in the housing market. From a quantitative perspective, this involves gaining insight into the accessibility, or lack thereof, of various housing types (such as starter homes) and tenure forms, such as homeownership, private renting and social renting. From a qualitative standpoint, it is equally important to understand how young people navigate the current system of housing policies and institutions. To what extent do they understand, trust and use the support that is available to them? This requires in-depth research among different demographics of young people.

Be aware of inconsistencies within the current housing policy framework. A critical evaluation of the existing housing policy framework and its effects on young people is also warranted. Housing policies are developed incrementally, with new measures introduced to address emerging issues, while older policies remain unrevised. This often results in a fragmented policy landscape – a patchwork of initiatives from different periods, driven by diverse and sometimes conflicting objectives. Such incoherence can undermine policy effectiveness and exacerbate intergenerational inequalities. Therefore, a comprehensive assessment of the current policy system, including its cumulative impacts on young people and broader generational and societal equity, is recommended.

Investment in new house building: the merits of a revolving fund. Although significant progress can be made by mobilising the existing housing stock, the construction of new dwellings remains indispensable in most countries. A range of interventions can be employed to expand both homeownership and rental housing options. To maximise the impact of available funding, these interventions should be financed through a revolving fund: a financial mechanism in which a fixed amount of capital is allocated for a specific purpose and then reused as repayments are made. In the housing sector, revolving funds enable the reinvestment of income from loans, rent and property sales into new loans and more affordable housing. Once sufficiently capitalised, a revolving fund can operate with minimal or no government support.

Non-profit housing associations largely operate on this principle. For instance, Dutch housing associations receive limited direct government funding but can continue investing through income generated from rents and home sales. Existing housing stock is leveraged as collateral to secure new loans for further investment. The revolving fund model can also support social homeownership, as illustrated by the National Affordable Homeownership Fund in the Netherlands. The Danish National Building Fund is financed via a savings model whereby tenants continue to pay the same rent after their mortgages have been repaid: the extra amount finances new mortgages and the renovation of existing buildings.

Reconsider the balance between demand-side and supply-side subsidies. Many European countries suffer from an inelastic housing market (meaning that extra demand does not lead to extra supply), particularly in urban areas. In such a context, supply-side subsidies that increase the number of available dwellings (through new construction or the mobilisation of the existing housing stock) are more effective than demand-side subsidies, which may only push prices up further. Of course, many demand-side subsidies function in practice as income support rather than as housing support. Households may have become dependent on them, meaning they cannot simply be abolished. However, from the perspective of creating new housing opportunities for young people, supply-side subsidies have more potential than demand-side subsidies.

Pay more attention to Generation Rent. Demand-side financial support for accessing homeownership is widespread across Europe. Unlike many other government interventions, this support is not primarily aimed at low-income households. Instead, it often targets people in younger households with middle incomes who, with the help of such support, have just enough resources to enter the homeownership market. This approach can create inequality for people in younger households who are far from being able to take this step, often referred to as Generation Rent, who remain in the parental home or in the rental sector. In contrast to their peers who become homeowners, members of Generation Rent typically do not benefit from government financial support or from rising house prices.

To address this inequality, it is essential to direct policy efforts more effectively towards this disadvantaged group. One key strategy is to increase the supply of affordable rental housing, making renting a more viable and attractive alternative to homeownership. Furthermore, it is important to ensure tenure neutrality in fiscal policy – that is, treating renting and owning equally – so that individuals' tenure choices are not distorted by tax or fiscal incentives.

Intermediate tenures and social homeownership: potential for upscaling. Intermediate tenures and social homeownership can help close the gap between renting and owning a home. Most of these arrangements aim to make homeownership more affordable. They often include features like capped resale prices, which keep homes affordable for future buyers, and value-sharing systems that split price gains between the provider and the occupant. These types of arrangement are more cost-effective and less likely to increase inequality than demand-side financial support for homeownership. Their main drawback is their complexity, which makes them harder to implement and harder for the public to understand. Scaling them up and standardising them could help address these challenges.

The existing housing stock: unexplored potential. To address housing shortages, it is essential to increase the number of available dwellings. While new construction plays a key role, the existing housing stock also offers considerable untapped potential. All European countries have a significant number of vacant dwellings (Housing Europe Observatory, 2023). Making even a portion of these homes available could substantially improve housing availability. Furthermore, renovating and reusing existing homes is considerably more sustainable than building new ones. In addition, space within existing dwellings is often underused. Encouraging housesharing, either within or between generations, could help optimise the use of space, reduce loneliness and promote social cohesion.

Rent regulation and tenant security: find a balance between insiders and outsiders. The government can regulate the housing system to correct for the negative effects of market behaviour through rent regulation, tenant security and anti-speculative measures. These measures are usually framed as efforts to balance the interests of market parties with those of residents. Anti-speculative measures indeed achieve this objective. However, in the case of rent regulation and tenure security, the situation is more complex, as differences between insiders (incumbent tenants) and outsiders (new or prospective tenants, often young people) also come into play. While strict rent regulation and tenant protection benefit insiders, they may be less advantageous for outsiders, as they can reduce mobility in the rental market and limit housing opportunities for young people. It is therefore important to also consider the outsider perspective in policy discussions about rent regulation and tenant security.

Involve young people as experts by experience and catalysts for change. Last but certainly not least, it is important that housing policies and interventions are well tailored to the needs of young people. Young people can play an active role not only in the formulation of new or revised housing policies (co-creation) but also in the development of bottom-up housing concepts, such as collaborative housing. It is essential to recognise this potential and to involve young people as experts by experience and as catalysts for change in housing policymaking processes. This requires minimal investment (though it does call for a shift in mindset) and could be implemented quickly.

6 Conclusions

Housing is the basis of stability and security for an individual or family. The centre of our social, emotional and sometimes economic lives, a home should be a sanctuary – a place to live in peace, security and dignity.

UN Special Rapporteur on the right to adequate housing [9]

The right to adequate housing is a human right enshrined in international law. However, in many parts of Europe, young adults and other vulnerable groups are unable to exercise this right owing to a crisis of unaffordable housing. Between 2010 and 2024, the average European house price increased by 55.4 %. In the same period, average rent increased by 26.7 %. National-level statistics show that in some Member States house prices more than tripled in the same period. For some groups, including many young people, income levels and income stability have not been able to keep up with such increases. Moreover, many groups have also faced increased costs of meeting non-housing needs.

Across Europe, price increases are fuelled by a mismatch between housing demand and supply. Demand for housing has been growing in and around many of Europe's urban centres. Factors driving this include economic growth, increasing life expectancy (accompanied by a welcome greater policy emphasis on enabling people to stay at home or in their community as they age), more one-person households and positive net migration to the EU. Increasing urbanisation has also shifted demand from areas where land is relatively abundant to areas where it is much scarcer. The financialisation of property and short-term holiday rental platforms have also accelerated demand for houses, causing problems in certain areas. On the supply side, the supply of housing is limited owing to the finite availability of land. Where land is available for the construction of housing, planning and zoning laws can restrict or slow down the process. In recent years, a scarcity of materials, increased construction costs and labour shortages have also impeded increasing the supply of housing.

Young people are being hit particularly hard by the housing crisis. They may still be in education or have only recently entered the labour market. This means their incomes are lower and their employment less secure than those of older cohorts, and when they lose their jobs they often face gaps in, and inadequacy of, social protection benefits. Furthermore, young people tend to move to urban areas, where employment opportunities are concentrated but prices are also higher. In places where social housing is available, they usually face long waiting times. Young people are facing these challenges at a crucial point in their lives, when they are making key decisions about marriage, cohabitation, family formation and their careers.

The challenges facing young adults in the housing market: exclusion, insecurity, costs and inadequacy. Across Europe, almost one third of 25–34-year-olds live with their parents. In some Member States, there has been a strong upward trend in this statistic over the past five years. When young people do manage to achieve independent living, they are more likely to face insecurity of tenure. This is particularly true of the youngest adult cohort (18–29). Given their below-average incomes, young people also spend much more of their income on housing costs, particularly in urban areas. As a result, a notably high proportion of young people aged 18–29 are overburdened with housing costs. Unfortunately, the challenges do not end there, as young people more frequently report problems with their dwelling, such as leaks and damp, and struggle more to keep it adequately warm.

Especially in cities and tourist hotspots, people earning an average income struggle to find adequate housing they can afford. The housing affordability crisis is particularly acute in Europe's major cities and tourist hotspots. An analysis based on current listings of homes for sale or rent shows that affordability challenges exist in all Member States, albeit with differences. Eurofound has previously highlighted this issue (Eurofound, 2024c), but the current report sheds new light on it. These affordability challenges are particularly evident in the rental sector. Capital cities and tourist hotspots are unaffordable for a young adult on a median wage. This is despite the fact that the median wage analysed is based on employment earnings data for young people aged up to 39, and therefore this cohort includes people later in their careers whose incomes can be expected to have increased substantially over time. This means that unaffordability challenges are even greater for the

[9] https://www.ohchr.org/en/special-procedures/sr-housing/human-right-adequate-housing#:~:text=Housing%20is%20the%20basis%20of,services%2C%20schools%2C%20and%20employment.

youngest adults. The data also show evidence of a pay-more-for-less effect, as the average price per square metre is higher for smaller properties.

Data reveal a substantial mismatch between young people's actual and desired living arrangements. An important contribution of the report is novel data on the extent and perceived consequences of mismatches between current and desired living arrangements. Survey data from Czechia, the Netherlands, Spain and Sweden reveal substantial differences between observed and preferred household size in all Member States. This is particularly true among younger age groups. The data show that far more people are living with parents, relatives or friends than would choose to. Differences between outcomes and preferences are particularly large for people who are living with their parents. Among these, just 40 % of respondents would continue to live with their parents if an alternative housing arrangement was available to them. Furthermore, survey respondents indicated that the affordability of housing relative to their income is the most prominent reason that they do not live in their desired living arrangement.

The survey findings show that there are important consequences to these mismatches for young people. These include inability to move out of their parents' household, inability to follow their chosen career, negative impacts on mental health and choosing to delay having children. Given these important consequences, it should be a key policy objective for policymakers to ensure that adequate, appropriate and affordable housing is provided to meet the needs of young adults.

Important avenues for future research

This report focuses on the housing affordability challenges facing young people in Europe. But young people do not face these challenges simply because they are young. They face them because there is a range of features of their lives that makes them particularly vulnerable. For example, they are new to the market, they are likely to be looking for accommodation in urban areas, they are more likely to be on low or insecure incomes. But there are other groups that also face some or all of these challenges, in addition to their own unique challenges that do not tend to confront younger cohorts. As such, much more research is needed into how other groups in vulnerable situations fare. To facilitate such analyses and to present a detailed picture of the housing conditions and policy landscape across the EU, Eurofound will publish a new resource, the Data Dashboard of Housing Indicators.

The selection of indicators follows the framework presented in Chapter 2 of this report. The indicators, based on statistical data, will be complemented with qualitative information about the housing systems in the Member States. The data dashboard will be available at Eurofound Data Dashboard of Housing Indicators. With this information, it will be possible to build a more comprehensive picture of housing challenges in Europe, which is a prerequisite for fully addressing the housing affordability crisis.

Policy pointers

- Housing is a Member State competence. However, the EU has important tools at its disposal that can be used to address the housing crisis, including financial and regulatory instruments. Any proposed regulation or financing at the EU level should be of sufficient scale to match the severity of the problem.
- At the Member State level, there is a wide range of policy solutions that addresses the housing needs of young people. While national policies tend to come from the conventional housing policy toolkit, those developed at a local level tend to be smaller in scale and more innovative.
- To address the problems that young people face in the housing market, a prerequisite is to obtain a clear and precise definition of the problem. This should involve quantitative data on the accessibility of various forms of tenure. Qualitative information is also crucial to understand how young people navigate the current system of housing policies and institutions.
- Addressing youth homelessness should be a political priority. This requires developing measures for specific groups at risk of homelessness (such as care leavers, who do not have the option of living with their parents).
- A close examination of the current housing policy landscape may also be necessary. Housing policies are often developed incrementally, with new measures introduced to address emerging issues, while older policies remain unrevised. This can result in a fragmented policy landscape in which conflicting objectives are pursued, undermining policy effectiveness.
- Policymakers should establish a clear, shared strategic vision regarding the role of different tenures – homeownership, social rental and private rental – within the housing system. This vision can guide investment and support efforts to prioritise the ownership or rental sectors, or to follow tenure-neutral policies.

- Revolving funds have been shown to be an effective means of financing housing projects. A revolving fund is a financial tool where a set amount of money is used for a specific goal and then reused as it is paid back. In housing, a revolving fund allows income from rent and housing-loan interest to be reinvested into affordable housing. Once the fund has enough capital, it can continue to operate with little or no government support.
- In terms of creating new housing opportunities for young people, supply-side subsidies have more potential than demand-side subsidies. This is because in many countries, and particularly in urban areas, the housing market is inelastic. As a result, demand-side subsidies simply push up prices. Supply-side subsidies that increase the number of available dwellings are more effective.
- Increasing the size of the stock of social housing, where feasible, has the potential to influence rent affordability on the market overall (not just for social housing units).
- Policy efforts should seek to target Generation Rent more effectively. This is the group of young people who are not close to having the financial means to enter the homeownership market and thus cannot benefit from financial support measures intended to increase access to homeownership. As a result, they remain in the rental sector or the parental home. Such government-provided support measures are widespread across Europe.
- Governments should ensure tenure neutrality in fiscal policy, treating owning and renting equally. Differential tax treatment based on owning versus renting can distort individuals' tenure choices.
- Intermediate tenures, such as equity sharing or rent-to-own, can help close the gap between renting and owning a home. They are more cost-effective and less likely to increase inequality than traditional homeownership support measures. However, their complexity makes them harder to implement and communicate to the public. Scaling up and standardising these types of tenures would address the issue of complexity.
- To address housing shortages, it is essential to increase the number of available dwellings. While new construction plays a key role, the existing housing stock offers considerable untapped potential. Making even a portion of Europe's considerable stock of vacant dwellings available could substantially improve housing supply. Renovating and reusing existing homes is considerably more sustainable than building new ones.
- Policies to regulate rents and increase tenure security need to consider both insiders (incumbent tenants) and outsiders (new or prospective tenants, often young people). While insiders benefit from strict rent regulation and tenant protection, these measures may be disadvantageous for outsiders, as they can reduce mobility in the rental market and limit housing opportunities. Providers also need to be considered: a carrot-and-stick approach can help ensure that affordable rental homes remain on the market.
- Because of the scale of Europe's housing affordability problems, policymakers will need to think outside the box and consider innovative solutions. For example, arrangements such as shared or collaborative living are on the rise but are impeded by significant regulatory barriers. Policymakers should consider when such options might be appropriate and how regulations might need to be adapted to allow for new forms of living arrangements. However, any changes to regulations must ensure the continued protection of the rights of residents and neighbours.
- Young people can play an active role not only in the formulation of new or revised housing policies (co-creation) but also in the development of bottom-up housing concepts, such as collaborative housing. While this requires minimal investment and could be implemented quickly, it does call for a shift in mindset.

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Annex

Descriptive statistics on the Eurofound survey

The dataset used for the analysis presented in Chapter 3 was pre-cleaned prior to analysis and includes a nationally representative sample of adults, weighted to reflect the population structures within each Member State. Respondents were selected to fulfil key demographic and geographical quotas, including age, gender and region. A final sampling weight was applied to ensure population representativeness within each Member State. These weights correct for sampling design, differential response rates and post-stratification adjustments. Basic descriptive statistics on the demographic questions are set out in this annex. Weighted analysis was performed for all the descriptive statistics and tabulations.

Frequency matrices were created to quantify the extent of the alignment or otherwise between individuals' current living situations and their preferences. These matrices were produced both at the overall sample level and separately for each Member State, enabling comparison of national patterns. Living arrangement categories were derived by synthesising responses about the people with whom individuals currently live and with whom they would ideally prefer to live. The survey allowed for multiple choice when indicating household composition.

To simplify the analytical framework for the frequency matrices, respondents were assigned to one of several mutually exclusive categories for both current and preferred living situations. This ensured analytical clarity and prevented individuals from being counted in multiple groups. Logical hierarchies were established to resolve overlapping living arrangements based on prioritisation of household roles. This hierarchical structure was as follows: living with children, living with parents, living with friends/others and living with a partner. So, for instance, if a respondent clicked 'yes' to both living with a partner and living with children, the 'living with children' category was indicated.

Descriptive statistics are presented in Table A1. Tables A2 to A6 contain detailed survey results, based on the analysis discussed in Chapter 3.

Table A1: Eurofound survey analysis – descriptive statistics

	Czechia	Netherlands	Spain	Sweden	Total
Sample size	500 (23.2 %)	500 (23.2 %)	500 (23.2 %)	653 (30.3 %)	2 153 (100.0 %)
Age and gender					
18–29	245 (49.0 %)	273 (54.6 %)	255 (51.0 %)	321 (49.2 %)	1 094 (50.8 %)
30–39	255 (51.0 %)	227 (45.4 %)	245 (49.0 %)	332 (50.8 %)	1 059 (49.2 %)
Male	257 (51.4 %)	249 (49.8 %)	250 (50.0 %)	330 (50.5 %)	1 086 (50.4 %)
Female	238 (47.6 %)	247 (49.4 %)	246 (49.2 %)	315 (48.2 %)	1 046 (48.6 %)
Other	5 (1.0 %)	5 (1.0 %)	4 (0.8 %)	8 (1.2 %)	22 (1.0 %)
Education					
None / primary / lower secondary	41 (8.2 %)	32 (6.4 %)	81 (16.2 %)	32 (4.9 %)	186 (8.6 %)
Secondary	323 (64.6 %)	256 (51.2 %)	214 (42.8 %)	338 (51.8 %)	1 131 (52.5 %)
Tertiary	137 (27.4 %)	212 (42.4 %)	205 (41.0 %)	283 (43.3 %)	837 (38.9 %)
Employment status					
Employed full-time	292 (58.4 %)	232 (46.4 %)	241 (48.2 %)	409 (62.6 %)	1 174 (54.5 %)
Employed part-time	33 (6.6 %)	114 (22.8 %)	60 (12.0 %)	70 (10.7 %)	277 (12.9 %)
Self-employed	23 (4.6 %)	34 (6.8 %)	20 (4.0 %)	16 (2.5 %)	93 (4.3 %)
Unemployed but looking for a job	13 (2.7 %)	17 (3.3 %)	81 (16.2 %)	61 (9.4 %)	172 (8.0 %)
Unemployed and not looking for a job / long-term sick or disabled	4 (0.8 %)	27 (5.4 %)	8 (1.6 %)	15 (2.3 %)	55 (2.6 %)
Full-time parent, homemaker	74 (14.8 %)	9 (1.8 %)	16 (3.2 %)	2 (0.3 %)	101 (4.7 %)
Retired	4 (0.8 %)	0 (0.0 %)	4 (0.8 %)	2 (0.3 %)	10 (0.5 %)
Student/pupil	56 (11.2 %)	68 (13.6 %)	70 (14.0 %)	74 (11.3 %)	268 (12.4 %)
Military	0 (0.0 %)	0 (0.0 %)	0 (0.0 %)	4 (0.6 %)	4 (0.2 %)

	Czechia	Netherlands	Spain	Sweden	Total
Which of the following best describes your accommodation?					
Owned without mortgage (i.e. without any loans)	138 (27.6 %)	31 (6.2 %)	149 (29.8 %)	57 (8.7 %)	374 (17.4 %)
Owned with mortgage	153 (30.6 %)	245 (49.0 %)	147 (29.4 %)	228 (34.9 %)	773 (35.9 %)
Rented from social, municipal or non-profit housing provider	22 (4.4 %)	90 (18.0 %)	43 (8.6 %)	119 (18.2 %)	275 (12.8 %)
Rented from private lessor or company	150 (30.0 %)	95 (19.0 %)	111 (22.2 %)	206 (31.5 %)	561 (26.1 %)
Other	23 (4.6 %)	13 (2.6 %)	21 (4.2 %)	27 (4.1 %)	84 (3.9 %)
Don't know / prefer not to answer	13 (2.6 %)	26 (5.2 %)	30 (6.0 %)	17 (2.6 %)	86 (4.0 %)

Source: Authors' calculations from survey data collected for this report.

Detailed survey results

Table A2: Observed and preferred living arrangements, Czechia

	Alone	With partner	With children	With friends/ others	With parents/ relatives	Observed total	Observed total (*n*)
Alone	52 %	34 %	11 %	3 %	0 %	12 %	58
With partner	4 %	92 %	3 %	0 %	0 %	21 %	103
With children	1 %	2 %	94 %	0 %	1 %	46 %	222
With friends/others	30 %	70 %	0 %	0 %	0 %	1 %	6
With parents/relatives	14 %	30 %	5 %	3 %	49 %	20 %	98
Preferred total	11 %	31 %	47 %	1 %	10 %		
Preferred total (*n*)	**53**	**153**	**227**	**4**	**49**		**486**

Table A3: Observed and preferred living arrangements, the Netherlands

	Alone	With partner	With children	With friends/ others	With parents/ relatives	Observed total	Observed total (*n*)
Alone	68 %	16 %	5 %	6 %	4 %	17 %	82
With partner	2 %	97 %	0 %	0 %	1 %	21 %	100
With children	2 %	7 %	89 %	0 %	1 %	36 %	171
With friends/others	22 %	33 %	0 %	42 %	2 %	4 %	17
With parents/relatives	27 %	29 %	9 %	2 %	24 %	22 %	105
Preferred total	20 %	34 %	36 %	3 %	7 %		
Preferred total (*n*)	**95**	**161**	**169**	**15**	**35**		**475**

Table A4: Observed and preferred living arrangements, Spain

	Alone	With partner	With children	With friends/ others	With parents/ relatives	Observed total	Observed total (*n*)
Alone	71 %	9 %	10 %	7 %	2 %	6 %	28
With partner	0 %	94 %	3 %	0 %	3 %	17 %	83
With children	4 %	1 %	88 %	2 %	4 %	34 %	162
With friends/others	27 %	31 %	5 %	32 %	4 %	7 %	33
With parents/relatives	28 %	19 %	2 %	3 %	43 %	36 %	169
Preferred total	18 %	27 %	33 %	4 %	18 %		
Preferred total (*n*)	**85**	**127**	**156**	**20**	**87**		**475**

Table A5: Observed and preferred living arrangements, Sweden

	Alone	With partner	With children	With friends/ others	With parents/ relatives	Observed total	Observed total (*n*)
Alone	75 %	19 %	1 %	5 %	0 %	23 %	147
With partner	5 %	92 %	3 %	1 %	0 %	27 %	169
With children	2 %	3 %	93 %	1 %	2 %	33 %	205
With friends/others	31 %	19 %	0 %	50 %	0 %	3 %	18
With parents/relatives	33 %	11 %	5 %	4 %	42 %	14 %	90
Preferred total	25 %	32 %	32 %	4 %	7 %		
Preferred total (*n*)	**158**	**203**	**202**	**24**	**43**		**629**

Table A6: Percentage of respondents who would change their NUTS region, in their preferred living arrangement, by Member State

Member State	Percentage who would change their region
Czechia	23
Netherlands	18
Spain	17
Sweden	23
Total	**21**

Table A7: Current and preferred housing, by settlement size (percentage of respondents)

Preferred / *Current*	Open countryside	Village / small town	Medium/large town	City or city suburb
Open countryside	86	4	10	1
Village / small town	4	81	9	7
Medium/large town	4	6	85	4
City or city suburb	2	4	6	89

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Europe faces a housing affordability crisis that impacts all age groups, with particularly pronounced implications for young people. For them, the crisis may have far-reaching consequences, affecting educational and employment opportunities, household composition and formation, and current and future well-being. This report examines the housing situation of the EU population, with a specific focus on young people. It shows that, across several metrics, young people generally experience the housing crisis more acutely than older cohorts. Young people looking for housing in urban centres and popular tourist destinations face particularly significant challenges. Survey data suggest that the housing crisis is impeding household formation, with many young adults living in the parental home when they would prefer to live independently or with a partner. The report also highlights various types of policies that have been put in place to address housing affordability challenges.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

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