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— COUNCIL OF EUROPE DEVELOPMENT BANK —
BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE

— DISCUSSION PAPER

Social and affordable housing in Europe

A MARKET GAP ANALYSIS

JULY 2025

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Introduction

Key messages

- **Regional disparities in the social and affordable housing markets require targeted solutions**

Tailored policy interventions are needed that account for specific regional characteristics, with a focus on affordable housing creation, aligning supply and demand, and preventing displacement of low-income and disadvantages groups. In Northern Europe, high demand and low vacancy rates have made urban housing unaffordable for many. In Southern Europe, economic stagnation slow economic and population growth have limited housing investment. In Central and Eastern Europe face low construction activity and housing deprivation.

- **Fiscal support and remote work have had a marked impact on housing trends and inequalities**

While government support and fiscal stabilisers helped economies to cope with the pandemic crisis, they exacerbated inequalities between the economically strong north and other regions. Long-term strategies must prioritise housing stability and targeted support for vulnerable populations, ensuring they have access to decent and affordable homes.

- **International financial institutions are key for supporting and empowering vulnerable populations**

CEB-backed projects, such as affordable housing for Ukrainian refugees in Poland and social housing initiatives in Germany and Poland, demonstrate the critical role international financial institutions (IFIs) can play in tackling housing deprivation and creating inclusive, resilient housing markets across Europe.

Social and affordable housing is crucial for promoting inclusion and social cohesion. Housing costs, such as rent or mortgage payments, often represent the largest portion of a household's budget, and homeownership is a key way to build wealth. Furthermore, housing location and its proximity to jobs, education, transport and healthcare services significantly affect opportunities, influencing lifetime earnings and social inclusion for individuals and their children. Even before the COVID-19 pandemic, the strained housing market contributed to widening socio-economic disparities. According to the OECD Affordable Housing Database¹, lower-income households typically spend a larger percentage of their disposable income on housing than higher-income households, leaving them with less for other essentials.

Income inequality, measured by the Gini index based on disposable income *after housing costs*, is greater than when measured by the Gini index based on total disposable income alone in advanced European countries (Dustmann et al. (2018); Dustmann, C., et al. (2022)). Issues like income disparities, high cost burdens, geographical inequalities, poor housing quality, accessibility problems, and inadequate policies and funding all contribute to market failures in social and affordable housing, resulting in mismatches between supply and demand (C. Dewilde, et al. 2013).

1. <https://www.oecd.org/social/affordable-housing-database/>.

The right to housing is enshrined in the European Social Charter, under which CEB member countries are committed “to take measures designed to promote access to housing of an adequate standard; to prevent and reduce homelessness with a view to its gradual elimination;” and “to make the price of housing accessible to those without adequate resources²”. Fulfilling these objectives is a constant challenge. Across Europe, market gaps have long varied regionally, even before the pandemic, with Northern Europe exhibiting the smallest gap (and hence, the tightest housing markets), followed by Southern Europe, with Central and Eastern Europe having the widest market gap. Despite favourable demand conditions, affordability remains a barrier across Europe, but particularly in regions with high growth rates and significant housing deprivation. These dynamics highlight the diverse housing market conditions and the critical need for targeted policies and local interventions to address the specific demand and affordability challenges in each region.

Between 2012 and 2019, affordability became particularly problematic for tenants, and featured prominently in major reports from international financial institutions (IFIs), such as those by Ceriani, L., et al. (2019) and Elfayoumi, et al. (2021). In fact, absolute housing costs for tenants in Europe generally exceeded those for homeowners with mortgages (ECB Economic Bulletin, Issue 1/2021). Mortgage costs began to fall from 2014 due to very accommodative monetary policies that reduced interest burdens. However, despite significant variations across and within countries, since the global financial crisis, many renter subgroups have spent an increasing proportion of their income on housing.

According to the IMF (Elfayoumi, K., et al. (2021)), albeit comparing a narrower selection of countries than this discussion paper³), this trend is most pronounced among the lowest income quintile, where renting is most common. In nearly three-quarters of the analysed countries, about half or more of the lowest income quintile tenants were overburdened in 2018, paying at least 40% of their disposable income on rent. Notably, such overburden rates among tenants tend to be disproportionately high for low-income households, young people, and those living in cities, further exacerbating inequality. From 2012, the cumulative median real rent rose by nearly 7% over five years, with some cities experiencing real increases of over 30%. These localised rent surges often led to social unrest and calls for rent controls.

Despite fluctuations, on the eve of the COVID-19 crisis, the euro area housing market was strong. By the end of 2019, house prices, housing investments and housing loans were increasing, supported by solid income growth and historically low bank lending rates for home purchases. A significant economic shock like COVID-19 might have been expected to disrupt this upward trend. However, unlike the 2008 global financial crisis, which originated in the US housing market, and ensuing financial shocks, the COVID-19 pandemic’s initial impact was not directly related to regulatory failures or financial shocks. Instead, it affected the economy first through mandatory and voluntary restrictions on mobility designed to curb the virus’ spread, which were new to the housing market, and then via the strong monetary, fiscal and macroprudential policy responses to the pandemic, as this discussion paper explains.

The following section provides a quantitative analysis of the housing market from 2012 to 2019, and identifies the main market gaps. Examples of projects implemented by the CEB are included to show how those gaps may be addressed in practice. The authors then assess the housing market’s evolution from 2020 to 2023, before outlining proposals for targeted policy interventions to address regional disparities and improve the supply of housing for low-income, vulnerable members of society. The low-income housing market 2012-2019.

2. Art 31, European Social Charter of the Council of Europe, (revised) 1996, ETS 163

3. Sample used in Elfayoumi, K., et al. (2021) paper: Austria, Belgium, Denmark, Finland, France, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, and Switzerland.

Part 1: Demand, supply and market gaps

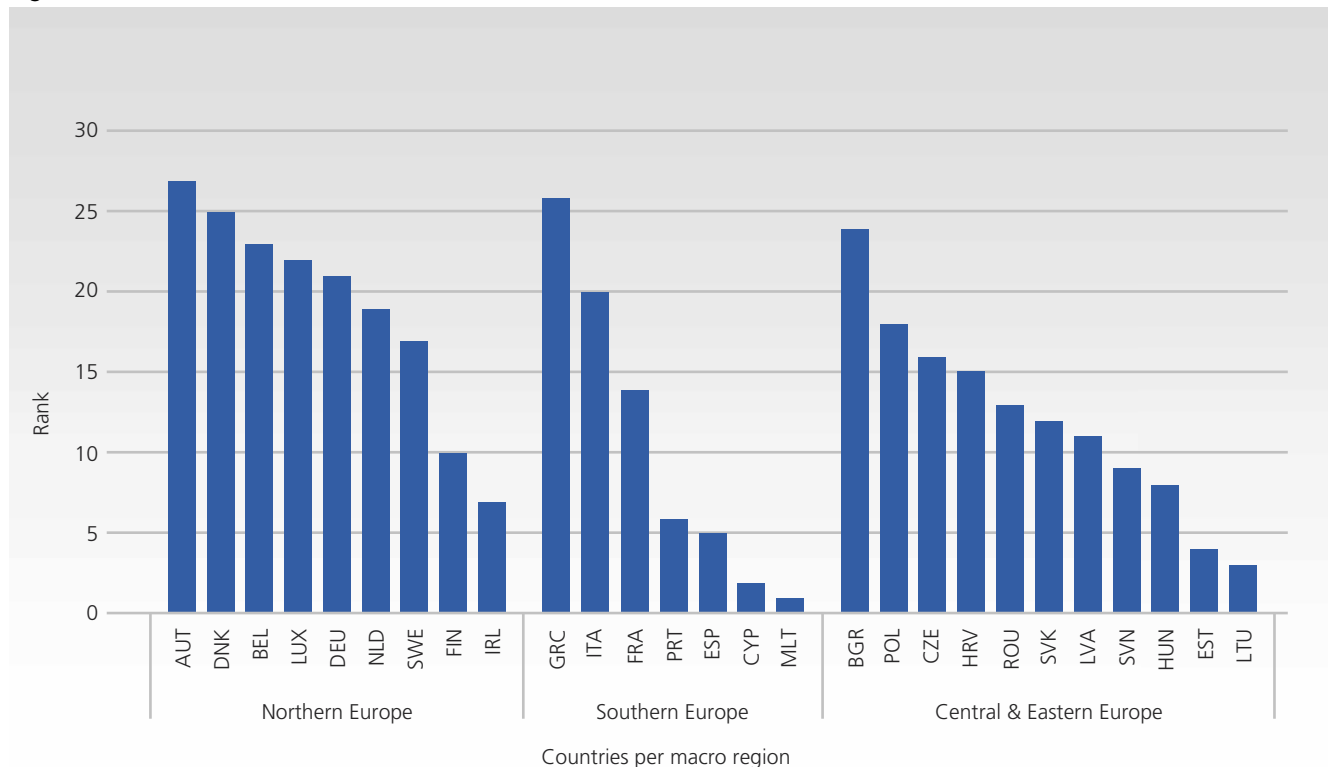
In this section, we present a quantitative analysis of the housing market, looking at demand and supply factors in different regions of Europe, before identifying market gaps. We also assess the pros and cons of rent control.

Housing demand

Between 2012 and 2019, housing demand trends varied across Europe. Northern Europe experienced steady population growth and a rising number of households, particularly in major urban areas, driving demand and leading to increased housing costs and competition for rentals. In Southern Europe, there were more households despite slower population growth, resulting in demand and affordability pressures in cities like Lisbon and Paris. Central and Eastern Europe experienced positive household growth despite declining populations, with robust urban demand due to a shift from social towards market-based housing. However, affordability became a challenge in high-growth, housing-deprived areas.

The demand conditions in the housing markets of specific countries are influenced by multiple factors. These are captured in the Figure 1 below, which includes variables such as household and population numbers, their relative growth rates, housing quality, and more. The table splits EU-27 countries by macro region¹, ranks them in descending order of market tightness (from 27 to 1), based on the aggregator.

Figure 1: Demand conditions



Note 1: See Table A1 in the Annex. Ordinal Scale does not assess absolute housing demand needs. Country ISO codes are provided in the Annex: Conceptual and Terminology Conventions. Note 2: This assessment does not include a large set of urban indicators and should be considered an approximation. Note 3: Composition of the aggregator: households numbers and growth rates, population numbers and growth rates, urban vs. rural population ratio, income levels in cities, excess burden indicators, overcrowding rate in cities, severe housing deprivation rate in cities.

Source: Authors' database and computations based on Finpolconsult.

1. Refer to the Annex for explanation of geographic categories

Analysing demand conditions across the three macro regions, Northern Europe generally exhibits strong demand pressures in its housing markets, particularly due to its robust population and household growth. Austria, Denmark, and Belgium lead the region with the highest demand ranks by indicating very tight market conditions, with the unusual trend of increasing average household sizes. Among these countries, urbanisation is also strong, with urban household growth outpacing overall household growth. Notably, Luxembourg, Sweden, and Germany show strong demand, while the Netherlands and Finland present moderately high demand. Ireland stands out as having the lowest demand within Northern Europe, though remaining relatively moderate compared to other regions.

Southern Europe is characterised by a wide range of demand conditions. Greece faces the most intense demand pressures in the region, ranking lowest in the EU on affordability indicators and reflecting the country's subdued economic performance during the reference period, contrasting sharply with other Southern European countries. Italy and Portugal show moderate demand, though Italy's slower reduction in household size suggests a very tight market, compounded by significant overcrowding and one of the highest urban housing deprivation rates in the EU. Portugal has seen a notable increase in the number of urban households and also experienced the steepest rise in housing costs in the region. France and Spain exhibit relatively lower demand, yet France registers the fastest growth in household numbers in the region and faces a high poverty rate, indicating underlying pressures not fully captured in headline demand metrics. Cyprus and Malta have the lowest demand within Southern Europe, reflecting more benign market dynamics.

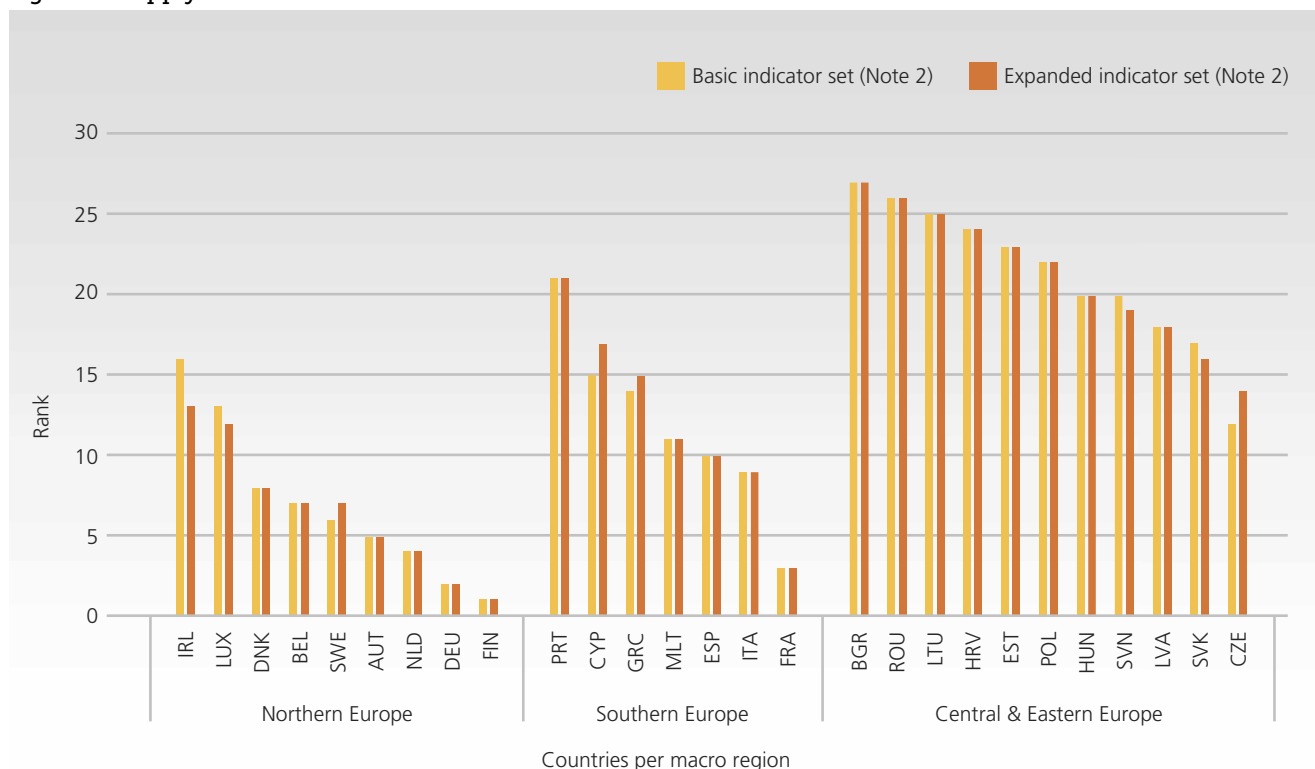
Central and Eastern Europe (CEE) generally shows the weakest demand conditions compared to the other regions. Bulgaria and Poland have the highest demand in CEE, though still lower than the leaders in Northern Europe. Notably, Poland stands out with one of the highest household number growth rates in the region, reflecting rising demand despite a declining population and a more decentralised development pattern. The Czech Republic, Croatia, and Romania show moderate demand. Croatia, however, benefits from positive urban household growth, while Romania continues to struggle with housing deprivation and overcrowding, highlighting gaps in its housing policy transition. Countries like Latvia, Slovakia, and Slovenia have lower demand, although Slovenia demonstrates strong household and urban growth, indicating a structural shift toward market-based housing despite modest headline demand. Meanwhile, Hungary, Estonia, and Lithuania exhibit the least demand pressure within the entire EU-27, indicating relatively soft housing market conditions. However, Estonia shows fast household and urban growth, suggesting that weak demand pressure may reflect affordability and homeownership trends rather than lack of need.

Housing supply

Across Europe, housing supply conditions in the 2010s revealed wide regional disparities. Northern Europe showed relatively high construction activity driven by strong demand and rising prices, with significant challenges posed by low vacancy rates and stringent rent controls, particularly in Sweden and Germany. Southern Europe, initially recovering from the global financial crisis, shows varied construction activity, with robust investment in countries like France, while Portugal and Greece lag. The region faces affordability pressures due to emerging rent control measures and a small social housing sector. In Central and Eastern Europe, construction activity correlates closely with demand, albeit low overall. This chapter underscores the disparities in housing supply conditions across Europe, highlighting the need for tailored policy interventions to address regional challenges.

As with demand, supply conditions across the EU-27 countries are assessed using aggregate indicators, which reflect the degree of supply tightness and are used to rank countries accordingly. Each country is assigned a value ranging from 1 (least tight) to 27 (most tight), based on the respective indicator.

Figure 2: Supply conditions



Note 1: See Table A2 in Annex. Ordinal Scale does not assess absolute housing supply needs. Country ISO codes are provided in the Annex: Conceptual and Terminology Conventions. Note 2: Basic indicator set of five indicators - residential construction activity as % of GDP 15%, rent control 10%, excess yield 10%, private rental market segment share 20%, low-income housing rental tenure share 45%; Expanded indicator set of seven indicators - residential construction, % of GDP 15%, rent control 10%, excess yield 10%, private rental market segment share 10%, private rental market segment growth p.a. 10%, social housing segment share 20%, low-income household rental share 25%. Note 3: This assessment does not include a large set of urban indicators and should be considered an approximation.

Source: Authors' database and computations drawn from Finpolconsult.

Northern Europe generally benefits from the most favourable supply conditions by experiencing high construction activity, driven by demand, capital availability, construction capacity, and rising prices. Ireland shows the most constrained housing supply in the region, as it is still recovering from the scars of the late-2000s property market bust. It is followed by Luxembourg. Denmark, Belgium, Sweden, Austria, and the Netherlands have moderately tight supply, with Belgium and Sweden displaying particularly high construction activity. Germany and Finland have the most favourable supply conditions in Northern Europe, with Germany also showing high construction levels, although vacancy rates remain very low – just 4% according to OECD data (considered the minimum necessary to support labor mobility). Sweden's vacancy rate is reportedly even lower. This tightness is compounded by increasingly rigid rent control regimes, especially in Germany, Sweden, and Denmark, which affect rental yields and reduce incentives for private rental investment. While high incomes in these countries might suggest higher homeownership rates, the persistence of large private rental sectors continues to impact affordability, particularly in urban areas.

In Southern Europe, supply conditions vary widely. Portugal faces the most constrained supply, while Greece and Cyprus also show moderate constraints. Italy and Spain have relatively better supply conditions, benefiting from mid-range investment levels and active public investment, although much of Italy's investment goes toward affordable rather than traditional social housing. Notably, Spain and Portugal have among the highest estimated

supply elasticities in Europe, reflecting the importance and dynamism of their construction sectors despite historical volatility. France exhibits the least constrained supply in the region, supported by the highest investment share in housing and comparatively low vacancy rates, as well as a more active social housing segment relative to its neighbours. Malta's low ranking suggests a comparatively favourable supply situation. While vacancy rates remain high in Spain, Portugal, and Greece due to past construction booms and busts, tightening urban rental markets – especially in Italy and Spain – indicate increasing pressure, with many unsold properties now being converted into rentals. Rent control is generally less rigid in Southern Europe than in the North, but structural underinvestment in social housing continues to limit supply flexibility.

The Central and Eastern Europe (CEE) region generally faces the most constrained supply. Bulgaria, Romania, and Latvia exhibit the tightest supply conditions in the region, with both the 5-indicator and 7-indicator aggregators showing high ranks. These countries also have very low levels of construction activity, despite high national vacancy rates. In particular, Romania suffers from the highest urban vacancy among countries with available data, reflecting deep mismatches between housing availability and demand, driven by persistent barriers such as long-standing rent controls and limited investment. Croatia, Lithuania, Estonia, Poland, and Hungary also display significant supply constraints.

The Czech Republic stands out as having relatively better supply conditions compared to the rest of CEE. Poland is a partial exception, showing relatively strong housing completions and low urban vacancy rates, although supply remains under pressure due to decentralised urban growth and a fast-growing private rental market. The Czech Republic stands out as having relatively better supply conditions compared to the rest of CEE, supported by moderate vacancy rates and recent relaxation of rent controls, although its social rental housing share remains very low. Across the region, construction activity tends to closely follow demand patterns, but remains subdued overall.

Market gaps

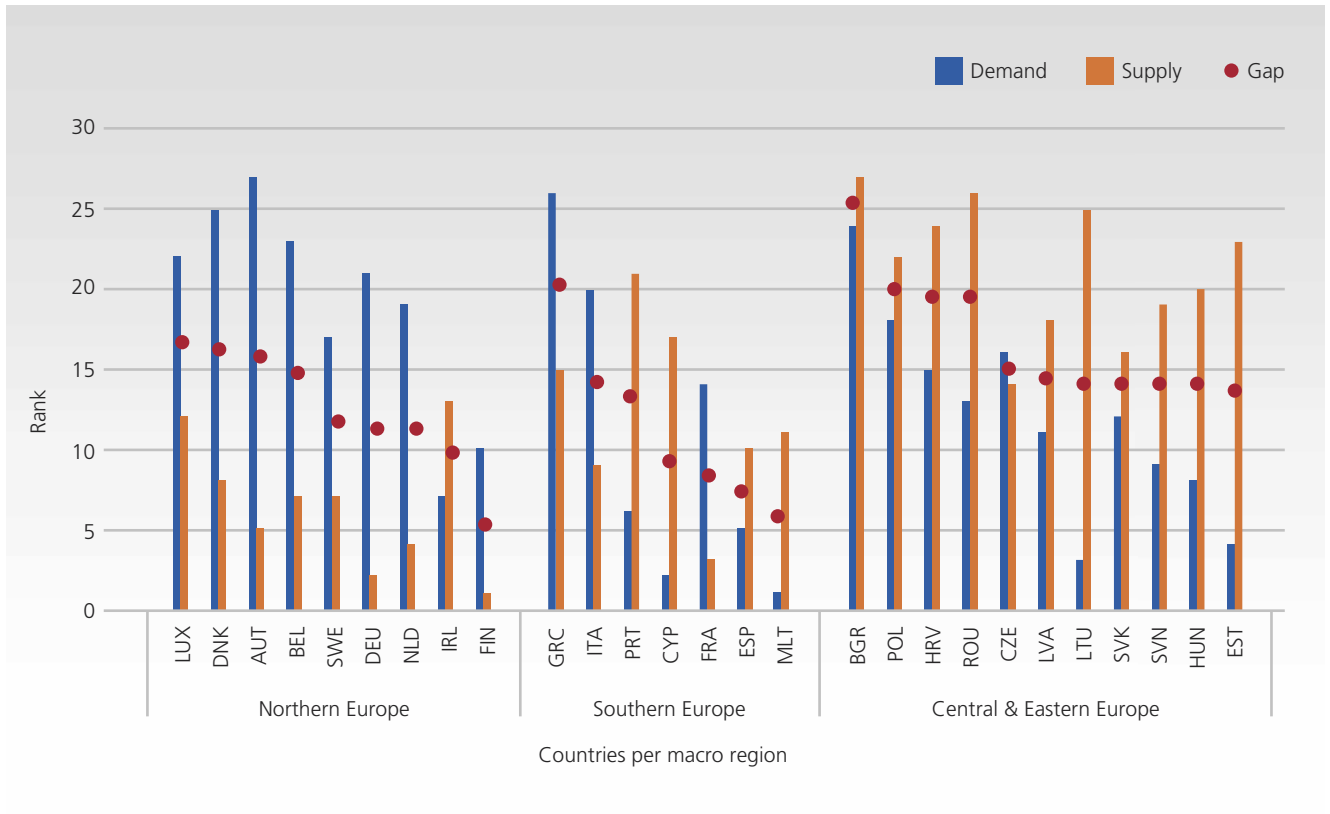
In the final step of the analysis, the country rankings obtained in the demand and supply analysis are matched into a combined country ranking. Equal weights are used for the demand and supply summary indicator ranks.

Northern Europe continues to show the tightest demand and most favourable supply conditions overall, resulting in relatively strong gap rankings. However, when examining the combined gap indicator, the highest (i.e., worst) gap ranks in Northern Europe are recorded for Luxembourg, Denmark, and Austria. These three countries face a wide mismatch between demand and supply, despite some having less extreme individual demand or supply pressures. Additionally, Belgium and Sweden also rank relatively poorly in terms of their gap, reflecting notable imbalances in their housing markets, though not as severe as the top three.

In **Southern Europe**, Greece stands out with the highest (worst) gap rank in the region, reflecting severe demand pressures and supply constraints. Italy and Portugal follow, both with elevated gap ranks due to persistent supply issues. Other countries in the region, such as Cyprus, France, and Spain, display more moderate gap rankings, indicating a somewhat better balance between demand and supply.

For **Central and Eastern Europe**, Bulgaria has the highest (worst) gap rank, driven by extremely tight supply conditions. Poland and Croatia also rank poorly, with both strong demand and significant supply challenges. Other Central and Eastern Europe countries, including Romania, Slovakia, and Latvia, show elevated gap ranks, reflecting ongoing issues with both demand and supply. In contrast, countries like Estonia and Hungary have relatively lower gap ranks, indicating less severe mismatches in their housing markets.

Figure 3: Market gaps



Notes: see Table A1 and A2. Ordinal Scale does not assess absolute housing demand/supply needs. 50% weighting applied to demand and supply ranking each to arrive at gap ranking. Source: Authors' database and computations drawn from Finpolconsult.

Source: Authors' database and computations drawn from Finpolconsult.

Pros and cons of rent control

The effects of rent control on housing markets are complex and context-dependent, a topic of scholarly discussion dating back to Friedman and Stigler (1946). While providing immediate relief to tenants in controlled units, rent controls can also lead to long-term challenges such as reduced housing supply, increased prices in the uncontrolled market segment, and potential declines in housing quality. The debate on whether the benefits to tenants outweigh the potential negative impacts on the broader housing market remains open and highly dependent on individual perspectives. Major benefits and costs are associated with rent control policies.

Positive effects

- **Tenant stability and reduced displacement:** Rent control allows tenants to stay in their homes longer by limiting sudden rent increases, and reducing forced moves and evictions (Diamond, McQuade, and Qian, 2018).
- **Community cohesion and neighbourhood stability:** By limiting tenant turnover, rent control can foster stronger community ties and maintain neighbourhood diversity, especially in gentrifying areas (Konstantin A. Kholodilin, 2024²).
- **Affordability for low- and middle-income households:** By providing a buffer against rapidly rising housing costs, particularly in high-demand urban areas, rent controls can help low- and middle-income tenants to bear the cost of living in cities with limited affordable housing supply (Jack F. et al., 2023³).

Negative effects

- **Reduced supply and value stagnation:** Rent control can discourage new construction of rental properties. Developers may find it less profitable to build new rental units if they cannot charge market rates. Also, controlled units struggle to gain value compared to de-controlled ones (Palmer and Pathak, 2014).
- **Deterioration of existing properties:** Landlords under rent control may have less incentive to maintain or upgrade their properties, as they may not be able to recoup these costs through higher rents (Downs, 1988; Sims, 2007).
- **Black market and misallocation:** Rent-controlled units might be sublet at higher prices, or passed on regulated contracts to new tenants coupled with illegal provisions, leading to a black market. Also, tenants may remain in rent-controlled apartments even when their financial situation improves, reducing availability for those in need (Suen, 1989; Glaeser and Luttmer, 2003; Sims, 2011; Bulow and Klemperer, 2012).

In conclusion, while rent control can be effective in providing short-term affordability and stability, it may have unintended consequences that could worsen housing problems in the long run.

2. Kholodilin, Konstantin A. 2023. Rent Control: Does It Work? London: Institute of Economic Affairs. <https://insider.iea.org.uk/p/rent-control-does-it-work>

3. Jack Favilukis, Pierre Mabilie, Stijn Van Nieuwerburgh, Affordable Housing and City Welfare, *The Review of Economic Studies*, Volume 90, Issue 1, January 2023, Pages 293–330, <https://doi.org/10.1093/restud/rdac024>

Part 2: The impact of COVID-19 on the housing market

Throughout the study, we have quantitatively assessed the housing market to identify existing gaps. This section examines market developments under the extraordinary conditions of the COVID-19 crisis along three different interwoven levels: immediate impact, delayed impact and slow impact. Given the volatility and poor reliability of data as well as data collection difficulties during this period, we adopt a qualitative approach, drawing on academic literature, to understand the market's evolution from 2020 to 2023.

The COVID-19 pandemic was an unprecedented global health and economic crisis, catching many countries unprepared. It is estimated to have caused over 6 million deaths worldwide in its first two years and may cause a cumulative global output loss of approximately US\$13.8 trillion by the end of 2024 (Agarwal et al., 2022; IMF, 2022). According to the IMF's World Economic Outlook (IMF, 2022), global output contracted by 3.1% in 2020 (and by more in some European countries), the steepest decline in recent history, surpassing the 2008–09 global financial crisis. In many nations, the pandemic exacerbated social inequalities, disproportionately affecting women, low-income and migrant workers, and other vulnerable groups (Miguel and Mobarak, 2021).

Emergency countermeasures such as lockdowns, eviction moratoriums, and publicly or philanthropically funded placements in hotels, though, while deemed necessary to slow the virus's spread and bolster economic activity, incurred significant public and private costs. They led to economic hardship, including reduced employment, earnings, and higher prices for imported goods due to local and global supply chain disruptions, the effects of which are still evident today. These worldwide frictions in factor markets strongly impacted the housing market, mainly affecting the aforementioned socio-economically disadvantaged groups).

Meanwhile, home environments became significantly more important as dwellings became hubs for personal and professional activities. According to the ECB (Frayne, C., Szczypińska, A., Vašíček, B., & Zeugner, S. (2022)), there was a surge in house prices in many countries during the pandemic: initially, strong pandemic-induced uncertainty led to a lull in home sales, but then this shifted, with annual house price growth ex Central and Eastern Europe reaching 10% in some cases (Di Casola, ECB Economic Bulletin). Three major forces drove this transformation: low interest rates, fiscal support and a demand shift.

Immediate impact: Low interest rates

One of the fastest and most immediate impacts on the housing market was the reduction in interest rates. Central banks worldwide reduced interest rates, mostly in the first quarter of 2020, aiming to boost economic activity. This immediately impacted borrowing costs and house prices. During COVID-19, these measures resulted in a paradox where lower mortgage rates made houses more affordable, increasing demand and ultimately causing house prices to surge (Yiu, C. Y. (2021)). Mortgage rates dropped, making it cheaper to borrow money to buy homes, leading to a surge in housing demand. Notably, higher demand directly translated into higher prices, happening simultaneously across the global economy, confirming the 40-year trend described by Hirata, et al. (2013, June).

However, low-income individuals and households were unable to take advantage. During expansionary monetary policy, borrowers tend to improve loan conditions through refinancing on lower interest rates¹. Between February and June 2020, the difference in savings from refinancing between high- and low-income borrowers in the United States was 10 times higher than before (Agarwal, S., et al. (2020)). This resulted from two factors: the highest income

1. With lower rates levels prompted by central banks' rates cuts, homeowners may choose refinance their original mortgages to secure lower monthly payments or tap into the equity in their homes. This is usually done through (i) Lower Monthly Mortgage Payments, consisting in contracting a new loan and refinancing at a lower interest rate, thus reducing monthly expenses and freeing up disposable income; (ii). Cash-Out Refinancing: whenever homeowners borrow more than their current mortgage balance and use the excess amount, which may be taken as cash, for personal spending; (iii) Improved Household Finances by refinancing through the extension of the term of the original mortgage (e.g., from 15 to 30 years), which can lower the monthly payment and improve their financial position.

individuals increased refinancing activity more than lowest income borrowers, and captured the largest interest rate improvements. However, lenders did not sort out loan approvals by income. Instead, disparities are better explained by the under-representation of low-income borrowers in the applicant pool for refinancing.

Despite the mortgage market's historic boom in 2020, there was a significant and prolonged rise in intermediation markups that reduced the full impact of low interest rates for borrowers (Fuster, A., et al. (2021)). While markups generally increase during high demand, this traditional pattern only partially explains the sharp rise during the pandemic. Pandemic-related labour market disruptions and operational challenges led, the evidence suggests, to an unusually rigid credit supply, limiting its adjustment capacity.

Regarding the reaction to interest rate cuts across major economies, in the EU, the low-interest rate environment of the last decade fostered a search-for-yield behaviour, further pushing up house prices. Similarly, in the United States, record-low interest rates, coupled with pandemic-induced housing shortages, led to a hot market.

Delayed impact: Fiscal aid programmes

Governments worldwide announced substantial fiscal aid packages to mitigate the pandemic's economic impact, culminating in the largest peacetime fiscal response (Hudson, C., et al. (2021)). The European Commission estimates the global fiscal response to the COVID-19 pandemic at about €6 trillion of direct budget support for 2020, almost 7.5% of global GDP (Byttebier, K. (2022)). While low interest rates had the most immediate impact, fiscal aid programmes worked more gradually, addressing both the acute emergency phase and the ongoing recovery – consider, for example, the seven-year budget allocation of the EU from 2021-2027 (European Commission, 2021)). The former phase focused on supporting private incomes, preserving employment, and shoring up health systems, often through large direct household transfers and employment-related subsidies. The latter phase focuses on long-term economic stability through recovery, mainly boosting investment in strategic sectors, such as public infrastructure, private investment and consumption).

Fiscal policies also require more careful consideration and design than monetary policies to effectively tackle infection control, disaster relief and aggregate demand support (Blanchard, O. (2020)). In the housing market, such fiscal aids aimed to prevent housing-related issues like basic household needs, rent payment difficulties and unstable housing as well as housing affordability and evictions, from worsening irreversibly (DeLuca and Rosen 2022). Although the direct impact critically affected household financial resources, housing stability risks undermine individuals' economic and non-economic effects regarding living standards, education, health and gender equality, especially for the disadvantaged (Desmond 2016; Desmond and Kimbro 2015; Desmond and Shollenberger 2015; Pollack, Griffin, and Lynch 2010; Garboden, Philip M. E., Tama Leventhal, and Sandra Newman. 2017). Like monetary policy, fiscal policy measures highlighted key structural economic relationships, exacerbating the gap between low- and high-income countries and households.

At the macro level, lower-income countries faced greater constraints in implementing stimulus due to limited tax bases and social assistance programmes (Miguel & Mobarak, 2022), while governance weaknesses and delays further undermined fiscal responses (Steel & Harris, 2020). This is evident in the disparity between advanced and poorer countries regarding automatic stabilisers. Richer economies in which the likes of unemployment benefits and wage subsidies acted as automatic stabilisers, required fewer additional measures. European countries, with robust stabilisers, had smaller direct fiscal interventions, while the US, with weaker stabilisers, had to implement larger deliberate support packages. Advanced economies with lower pre-pandemic debt, such as Australia, Germany, and New Zealand, delivered early and effective fiscal responses, while emerging markets provided less support due to financial constraints (Alberola et al., 2020). Such welfare regime degrees heavily reflect on the housing market, as stronger welfare regimes stabilised housing, while weaker responses, particularly in emerging markets, worsened housing affordability and insecurity for low-income households. Rising housing costs, even pre-pandemic, already posed challenges in many advanced economies, particularly for tenants and first-time homebuyers, where rent often exceeded mortgage payments (Soaita & Searle, 2018; Lersch & Dewilde, 2019.)

The pandemic's fiscal measures, while mitigating immediate impacts, often failed to address deeper structural inequalities in housing wealth, leaving low-income households more exposed to instability.

At the micro-level, fiscal support boosted household incomes, but resource reallocation often disadvantaged vulnerable groups. Auerbach et al. (2021) suggest that constrained spending by wealthier households shifted away from service sectors employing low-income workers, pushing small businesses toward closure. Furthermore, liquidity injections were often insufficient to restore employment at small companies and ensure their resilience (Chetty et al., 2020). This aligns with earlier findings that intergenerational wealth transfers and the concentration of housing wealth among the top 20% of households led to significant housing inequality (Arundel, 2017). Wealthier households benefited from rising property values, while marginalised homeowners and tenants, already financially strained, saw limited long-term relief (Koppe, 2017; Soaita & Searle, 2018).

Temporary measures like rent moratoriums did not address broader housing affordability issues, leaving tenants vulnerable to instability. Small landlords struggled more than larger ones, who capitalised on low interest rates and had more resources to cushion eventual losses (Soaita & McKee, 2019; Arundel, 2017; Soaita et al., 2017). Thus, while fiscal aid programmes prevented a full-scale collapse of the housing market, they also underscored persistent pre-pandemic inequalities. As housing prices continued to rise post-pandemic, homeowners built wealth through property appreciation, while tenants and low-income households, excluded from asset-based welfare, remained at risk of long-term housing instability (Soaita et al., 2019).

Ultimately, Wang, B., et al. (2021) found that higher degrees of social support are positively correlated with lower levels of all remote working challenges.

Persistent impact: Housing demand increase due to remote working

The shift towards remote working is presented as the slowest and most delayed impact on the housing market. The pandemic accelerated a gradual societal shift towards remote work (Amankwah-Amoah, J., et al (2021)). However, it took time for workers and employers to fully embrace and normalise remote working (Sposato, M. (2021)). Consequently, relocation decisions—such as moving to larger homes or different locations—were not immediate but developed over time as people waited to see if remote working would become permanent.

Within cities, residential segregation, quarantine measures² and remote working shifted housing demand from high-density, high-cost areas to lower-density, lower-cost locations (Davis, et al. (2023); Ramani, Bloom, (2021); Gupta, et al., (2021); Brueckner, et al. (2021)). Remote work also shifted housing demand across cities, moving demand from high productivity, high cost, high density places towards lower productivity, lower cost, lower density places (Davis, et al., (2023), Althoff, L., et al., (2022); Liu, Su, (2021); Brueckner, et al., (2021)). In both cases, these trends caused home prices to rise in these locations due to high demand and limited supply (Bick et al. (2021); Barrero, et al. (2022)). Howard, G., et al. (2023) define the net effect of remote work on housing costs as the sum of the effects coming from housing demand and location demand, finding it much stronger in the short-run than in the long-run.

On the supply side, the housing market also needed time to adjust to new demand patterns. Builders had to respond to the increased demand for suburban and rural homes, a process that involved planning, obtaining construction permissions, and construction phases, eventually requiring severe adjustments due to structural mismatches between purpose and results (Tomo, A. (2021); Codogno, L. (2024)). The cultural and structural changes associated with how and where people work, which involve broader societal adjustments, inherently take longer to unfold.

Regarding residential location and vulnerability to the pandemic, studies have shown a strong link between overcrowded, economically polarised areas and elevated rates of COVID-19 infection and death. In countries with

2. Residential segregation can be defined as the separation of groups of people by characteristics, such as race and income, into different places within urban space. (Platt Boustan, Leah. 2013; Bischoff, Kendra and Sean F. Reardon. 2013.)

higher economic and racial disparities, people experienced higher infection and death rates (Milwaukee study, 2020). Recent US analyses show that overcrowding, incarceration, and poverty exacerbated vulnerabilities, particularly in low-income and minority neighbourhoods (Chen, Jarvis and Nancy Krieger, 2020; Chen and Krieger, 2020; Escobar, et al. 2020). Especially in developing countries, residential segregation and informal settlements, where about 1.4 billion people live, further heightened vulnerability. Overcrowding and inadequate services made these areas especially susceptible to COVID-19's spread (Riley, Lee W., et al. 2020). Homeless populations faced the most extreme housing deprivation, unable to follow "stay home" orders and struggling with health conditions that worsened the pandemic's impact (Ayenew, Birhanu, Meseret Yitayew, and Digvijay Pandey, 2020). Social distancing is frequently difficult in shelters, and homeless people tend to have health conditions that can significantly worsen COVID-19's impacts while having low access to health services.

How CEB projects address housing gaps

In recent years, the CEB has implemented projects in the social and affordable housing sector, or with a strong low-income housing component, in many countries facing wide market gaps, with several additional projects in the pipeline. Below is a selection of CEB operations, either partially or fully financed through loans and grants, in countries identified by the authors as having the tightest housing markets.

Germany – Major loans of €150 million have been provided to finance new social housing and daycare facilities in Munich (2021–2025), and a total of €200 million to increase the supply of rental housing for low-income persons in Leipzig. This project will deliver 3 411 rental housing units, both new and renovated, for nearly 9,000 beneficiaries and 708 crèche places (2019–2024). Similar projects are supporting social and affordable housing in Nuremberg and Berlin. Overall, the CEB is thereby able to support several of the German cities facing major demographic and housing market challenges.

Poland – A PLN 800 million loan (approximately €188 million) has been provided to the Polish Development Bank (BGK) for co-financing a rental-based social housing initiative aimed at providing affordable housing to middle-income households. This initiative offers long-term preferential financing to social housing operators for rental units and is co-financed by the EIB. Additionally, a €565 million loan, disbursed between 2022 and 2024, supports the Aid Fund established to assist displaced persons from Ukraine, including in the area of social housing. The loan provided financial assistance to approximately two million Polish residents hosting displaced persons arriving in Poland after 24 February 2022, offering a lump sum of PLN 40 (€9) per day for each hosted person, distributed through local authorities. Another key operation in Poland involves a €650 000 grant to Habitat for Humanity Poland, which helps refugees from Ukraine access affordable housing through social rental and reintegration programmes, with implementation from October 2023 to December 2024.

Belgium – An upcoming (2025–2027) €100 million loan to Société Wallonne du Crédit Social (SWCS) aims to facilitate access to housing property and home improvements through SWCS mortgages for low-income categories. Previously, the CEB financed a €105 million social housing project with SWCS from 2012 to 2014, as well as six additional projects with the two other housing agencies in the Walloon Region, and two projects with a housing agency in the Flemish Region of Belgium.

Croatia – In 2024, the CEB provided an approximately €200 000 (InvestEU AH sourced ref. 2795) grant to the Government of Croatia to support the development of a National Housing Strategy and investment plan. A second phase, in collaboration with the World Bank, is anticipated to further establish national financing mechanisms.

Part 3: Conclusions and recommendations

This discussion paper examines the complex dynamics of the European housing market, considering pre-pandemic trends and the profound effects of the COVID-19 crisis. Analysis of housing demand and supply across Northern, Southern, and Central and Eastern Europe reveals substantial regional disparities driven by varying economic conditions, population growth and policy frameworks. Northern Europe's tight housing markets are characterised by high demand and low vacancy rates, particularly in urban areas, leading to affordability problems. Southern Europe, while experiencing slower population growth, continues to struggle with affordability issues exacerbated by economic stagnation, especially in countries like Greece. Central and Eastern Europe present a mixed picture, with robust demand in urban areas but ongoing challenges with respect to housing deprivation and low construction activity. Concrete examples of targeted interventions aimed at reducing these disparities in housing access and affordability are highlighted.

The COVID-19 pandemic introduced new complexities to these challenges. The crisis emphasised the critical importance of housing as both a home and a functional workspace, leading to notable shifts in housing demand and prices. Low interest rates, fiscal aid programmes and the shift to working from home emerged as key drivers of market changes during this period. The immediate reduction in interest rates spurred a rapid increase in housing demand, while fiscal aid programmes, though slower to take effect, ultimately supported sustained housing price growth, mitigating the impact on social disparities. The gradual normalisation of remote work further altered demand patterns, particularly in suburban and rural areas, as households sought more space and affordability.

The paper's findings highlight the importance of targeted policy interventions to address the diverse and evolving challenges in the housing market, especially in Europe. Four priority areas for intervention in light of these findings are: (i) creating and preserving dedicated affordable housing units; (ii) aligning housing supply with market and local housing conditions; (iii) helping households access and afford private-market homes; (iv) protecting against displacement and poor housing conditions; and (v) complementary policies.

First, it is essential to prioritise the creation and preservation of dedicated affordable housing units. This is particularly crucial in Northern Europe, where the combination of high demand and low vacancy rates has exacerbated affordability challenges, especially in urban areas. In Central and Eastern Europe, where low-income rental housing is scarce, targeted policies that incentivise affordable housing developments are needed to prevent housing deprivation. Expanding models like the "Housing First" initiative (Tsemberis, 2010), with an emphasis on long-term affordability and integrated social services, can address the housing needs of vulnerable populations, stabilising the market in areas facing acute affordability gaps. Examples of CEB projects demonstrate practical applications of this approach. The project implemented in Poland for affordable housing support for refugees from Ukraine showcases how targeted investments can bridge urgent housing gaps and enhance social stability.

Second, aligning housing supply with market and neighbourhood conditions is critical for easing supply bottlenecks, particularly in high-demand areas in Northern and Southern Europe. In countries such as Portugal and Italy, where construction activity remains insufficient to meet urban demand, removing barriers such as restrictive zoning laws and lengthy approval processes is key. Facilitating the private sector's ability to increase housing supply in these regions will help moderate price increases and improve the balance between demand and supply. The InvestEU Advisory Hub (D'Alfonso, 2015) provides a relevant example of how technical assistance and investment support can be leveraged to address these issues at a regional level. CEB-funded initiatives such as the housing projects in Munich and Leipzig provide actionable examples of how targeted loans can finance large-scale developments to meet urban demand, with significant benefits for low-income populations.

Third, improving access to affordable housing in the private market is essential, especially for countries facing significant supply pressure. Northern Europe's rising private rental prices, driven by demand pressures, highlight the need for tenant-based assistance programmes such as rent vouchers or down payment support. Programmes like the US Section 8 Housing Choice Voucher (Teater, 2009) demonstrate the value of such interventions in providing flexibility for low-income households. Implementing similar schemes can help mitigate the limited rental housing supply in regions like Romania, Croatia, and Poland, where low-income rental housing is critically underprovided. The planned loan to Société Wallonne du Crédit Social (SWCS) in Belgium (Box 2) exemplifies how financing mechanisms can empower low-income individuals to secure affordable housing. Similarly, Habitat for Humanity Poland's efforts to provide social rental housing for refugees highlight the potential of small-scale grants to address acute housing needs.

Fourth, protecting against displacement and ensuring housing stability is crucial, particularly in urban centres in Northern Europe, where rising rents and gentrification are displacing low-income households. Legal and financial protections such as eviction prevention and foreclosure assistance are necessary to secure housing stability. Moreover, addressing housing insecurity in Central and Eastern Europe, where substandard housing conditions persist, should also be prioritised. Strategic interventions aimed at reducing exclusion and enhancing housing security can stabilise communities and prevent further deterioration in housing quality. CEB-funded initiatives, such as the rental-based social housing programmes in Leipzig and Poland, illustrate how targeted loans and grants can prevent displacement and enhance housing stability for vulnerable populations. Strategic interventions like the National Housing Strategy in Croatia demonstrate the importance of long-term planning to address substandard housing conditions and reduce exclusion in Central and Eastern Europe.

Finally, complementary policies must support these housing-focused recommendations. Investments in hybrid housing-working spaces, particularly in central and eastern Europe where low construction activity is an issue, would address the evolving needs of remote workers while stimulating supply in underserved regions. In Southern Europe, where supply issues are also prevalent, bridging the digital divide through investments in high-quality internet infrastructure can enhance workforce mobility and help stabilise housing markets in suburban and rural areas. Additionally, addressing affordability issues in Northern Europe's rental sector through regulatory reforms, such as measures to limit rent increases, would prevent further social disparities. Supporting gender equality in remote work policies and ensuring fair access to housing regardless of employment or housing conditions are key to fostering more inclusive housing markets across all regions.

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Annex

Definitions and terminology

The term “low-income housing” encompasses both social and affordable housing segments. These segments can be defined as follows:

- **Affordable housing:** This refers to the housing demand segment where households cannot afford market rent levels or house prices, but can afford a substantial share, if not all, of the capital and operating costs of a low-cost housing solution. National definitions in this area are still developing, often referring to young salaried households without sufficient down-payment capacity for mortgages.
- **Social housing:** This segment comprises households that can afford neither market nor cost-recovery rent or price levels, and therefore require significant subsidies to access a low-cost housing solution. National definitions, in addition to the affordability dimension, identify vulnerable groups, such as elderly and disabled people, large families, poor young families, single parents, or orphans. Within the EU, the dominant tenure in both segments is renting, although homeownership and intermediate tenures, such as leasing, exist and are particularly relevant in the affordable housing segment. While the terms social and affordable housing are now widely used, following OECD work in the housing sector, there is no commonly accepted definition, nor is the differentiation universally applied in the EU-26, particularly in Central and Eastern Europe. Defining these market segments is not the purpose of this study. National definitions will be referenced where they clarify the economic context.

To simplify the presentation of results, and based on an analysis of low-income housing policies, the authors divide Europe into three geographical regions for the EU-27:

- **Northern Europe:** Ireland, Belgium, Luxembourg, Netherlands, Germany, Austria, Denmark, Sweden, Finland;
- **Southern Europe:** France, Portugal, Spain, Italy, Malta, Greece, Cyprus;
- **Central and Eastern Europe:** Estonia, Latvia, Lithuania, Poland, Czechia, Slovakia, Hungary, Slovenia, Croatia, Romania, and Bulgaria.

To simplify the visualisation of graphs, country ISO codes have been adopted as follows: Austria (AUT), Belgium (BEL), Bulgaria (BGR), Croatia (HRV), Cyprus (CYP), Czech Republic (CZE), Denmark (DNK), Estonia (EST), Finland (FIN), France (FRA), Germany (DEU), Greece (GRC), Hungary (HUN), Ireland (IRL), Italy (ITA), Latvia (LVA), Lithuania (LTU), Luxembourg (LUX), Malta (MLT), Netherlands (NLD), Poland (POL), Portugal (PRT), Romania (ROU), Slovakia (SVK), Slovenia (SVN), Spain (ESP), Sweden (SWE).

Housing demand indicators

Demand indicators are derived from quantitative population and household, urbanisation, income, housing cost, and poverty metrics, as well as housing quality metrics. The European Survey on Income and Living Conditions (SILC), a disaggregated database summarised by the OECD in its affordable housing database, is very helpful in this regard.¹ Unfortunately, the micro dataset itself was not available for this study, which prevented a more fine-tuned assessment, for example, of housing affordability and quality conditions specifically for low-income households. The study, therefore, uses what the OECD publishes in terms of breakdowns, for a sufficiently large group of countries needed for the pre-selection of the case countries. The affordability and quality discussion focuses on cities, where housing markets are currently the tightest across Europe.

Table A1: Demand conditions in low-income housing in the EU

Indicators, EU-27	Central/East	North	South
Population growth p.a.	-0.22%	0.38%	0.20%
Household growth p.a.	0.69%	0.79%	0.76%
Average household size growth p.a.	-0.90%	-0.41%	-0.56%
Urbanisation growth	0.06%	0.17%	0.37%
Urban household growth p.a.	0.75%	0.96%	1.14%
Per capita income level	14 509	44 479	29 865
Median household income in cities, EUR	8 397	25 061	18 635
Median household income in cities, growth p.a.	5.53%	2.00%	0.29%
Median housing cost to income ratio in cities	14.50%	21.10%	13.10%
Housing cost burden > 25% in cities	21.40%	39.80%	24.00%
Median housing cost to income ratio growth, cities	-2.89%	-0.37%	-0.63%
Median housing cost growth, cities	2.46%	1.63%	-0.36%
Poverty incidence after deducting housing costs, cities	21.70%	37.00%	31.20%
Overcrowding rate, cities	36.20%	13.20%	17.30%
Severe housing deprivation rate, cities	5.90%	3.40%	4.40%
Demand conditions summary, rank	15.11	18.63	14.14

Red: tightest conditions; yellow: intermediate conditions; green: least tight conditions

Notes to table: Summary ranks are derived from aggregating country rank in individual indicators. France is included in Southern Europe. Austria is included in rankings. Regional values are population-weighted averages of available national values. Data for 2018 or 2010/11 vs 2017/2018. For country detail see annex. Summary rank indicator weights: 10% weight applied to all individual indicators, excluding population growth.

Source: Authors' database and computations drawn from Finpolconsult.

Demand indicators in detail

- **Household numbers and growth rates:** Source: Eurostat. Household numbers form the basis for assessing housing demand, as they represent realised housing demand. The growth rates are calculated using data from 2010 to 2018, or 2010-2017 where data for 2018 is unavailable.

1. Source: <https://www.oecd.org/social/affordable-housing-database/>. The authors have interacted with OECD on several occasions, including about suggestions for error corrections in the OECD database.

- **Population numbers and growth rates:** Source: Eurostat. Population data is essential for calculating the average household size and its growth rate, which serves as a key indicator for housing market tightness. As incomes rise, the average household size tends to decline due to reduced cohabitation of extended families and a decrease in overcrowding, driven by affordability from income growth. This phenomenon explains why housing demand continues to increase even if population growth turns negative, as seen across Europe. A significant decline in average household size indicates relaxed market conditions, while a near-zero or slight increase suggests tight market conditions and pent-up housing demand.
- **Urban vs. rural population ratio:** Source: World Bank. The ratio of urban to rural population provides insights into the spatial distribution of housing demand. Changes in this ratio can signal excess demand or supply in specific areas. By combining urbanisation data with household numbers, we can approximate changes in urban household numbers. This approach is a second-best alternative to directly accessing the SILC micro dataset over time.
- **Income levels in cities:** Source: Eurostat. City income levels act as a proxy for both household affordability and a country's macroeconomic capacity to address housing challenges domestically, without relying on foreign capital. Affordability is further examined by assessing the median housing cost-to-income ratio in cities and its changes from 2010/2011 to 2017/2018, using average values for these periods. Similar to average household size, rising incomes should lead to a decrease in housing cost-to-income ratios. The rate at which this ratio falls serves as another indicator of housing market tightness, particularly in urban areas.
- **Excess burden indicators:** Source: OECD. In cities, excess burden indicators include poverty incidence after housing costs and the proportion of households spending more than 25% of their income on housing. While a 40% threshold is often used, the 25% threshold is indicative of financial stress, especially for families. It also provides more robust estimates across smaller countries with limited datasets.
- **Housing quality:** Source: Eurostat. Housing quality is assessed using two main metrics:
 - Overcrowding rate in cities: Defined as more than one person per room.
 - Severe housing deprivation rate in cities: This metric considers multiple quality factors to assess the overall standard of living.²

2. Eurostat defines severe housing deprivation as the simultaneous occurrence of overcrowding together with at least one of the following housing deprivation measures: leaking roof, no bath/shower and no indoor toilet, or a dwelling considered too dark.

Housing supply

A range of indicators are used to measure supply conditions for social and affordable housing, reflecting construction activity, vacancies, rent control conditions, the size of both the private and social rental segments, and the share of low-income households living in rental tenure. This selection of indicators broadly follows the sector concepts used by the OECD and Eurostat. Rent, cost and price levels, which influence investment decisions, are notoriously difficult to compare across countries and are approximated by yield conditions as recorded by the real estate industry. Unlike demand data, supply data often does not cover all EU-27 countries, and therefore not all indicators reported in this section are used for the country selection below. In particular, the OECD has not yet been able to define social rental housing share indicators for the EU-27, due to methodological problems.

Table A2: Supply conditions in low-income housing in the EU

Indicators	No. of EU countries	Central/East	North	South
Residential construction, % of GDP	27	2.70%	5.60%	4.80%
House price growth	26	2.60%	4.10%	-0.30%
Responsiveness of housing supply to house price growth	18	0.81	0.88	0.99
Vacancy rate in cities	11	8.60%	4.60%	13.50%
Rent control	27	7.62	11.39	7.4
Rental yield, cities	27	5.17	3.27	3.64
Government bond yield	27	1.52	-0.42	0.37
Excess rental yield, cities	27	3.60%	3.70%	3.30%
Social housing segment, %	21	4.98	9.25	9.2
Social housing segment share	27	4.20%	10.60%	6.40%
Private rental at market rent segment share	27	5.70%	39.20%	18.20%
Private rental at market rate share growth p.a.	27	4.70%	-0.80%	2.90%
Subsidised rent, %	24	1.60%	7.80%	6.60%
Private + subsidised rent, %	27	7.20%	45.20%	24.80%
Low-income household rental share	27	9.10%	69.10%	40.00%
Public Investment on social housing, % of GDP	19	0.13%	0.13%	0.18%
Private investor exposure to multifamily housing, %	13	3.00	37.26	17.64
Private investor exposure to affordable housing, %	13	1.00	16.59	6.16
Supply conditions summary, rank 7 indicators	24	16.83	6.58	7.26
Supply conditions summary, rank 5 indicators	27	22.05	3.25	7.69

Red: tightest conditions; yellow: intermediate conditions; green: least tight conditions

Notes to table: Summary ranks are derived from aggregating country rank in individual indicators. France is included in southern Europe. Austria is included in rankings. Regional values are population-weighted averages of available national values. Data for 2018 or 2010/11 vs 2017/2018, as applicable. For country detail see annex. Summary rank indicator weights: 5 indicators - residential construction activity as % of GDP 15%, rent control 10%, excess yield 10%, private rental market segment share 20%, low-income housing rental tenure share 45%. 7 indicators - residential construction, % of GDP 15%, rent control 10%, excess yield 10%, private rental market segment share 10%, private rental market segment growth p.a. 10%, social housing segment share 20%, low-income household rental share 25%.

Source: Consultant database and computation.

Supply indicators in detail

- **Construction activity indicators:** Source: Eurostat. These indicators measure residential construction activity, including:
 - Residential construction as a percentage of GDP.
 - Completed dwellings per 1 000 inhabitants.

Averages are calculated for the years 2015-2019. Additionally, the responsiveness of new housing supply to house price growth is measured, indicating how well price signals translate into construction activity. Source: World Bank.

- **Vacancy rate in cities:** Source: OECD. The vacancy rate in cities serves as an indicator of housing oversupply, although it is recognised as being an incomplete measure.
- **Rent control levels:** Rent control levels play a key role in determining long-term investment conditions and yields in the housing market. The indicator set evaluated by the World Bank is used as a base, with modifications and additions based on the Consultant's assessment.³
- **Private rental yield and excess yield:** Source: Real estate agents and Eurostat. Private rental yield data for cities is used to evaluate the profitability of investments. The long-term government bond yield is subtracted from the private rental yield to calculate the excess yield, which represents the risk premium investors demand for private rental investments.⁴
- **Private rental segment share and growth:** Source: OECD and EU Survey of Income and Living Conditions (SILC 2018). This indicator assesses the share of the private rental segment based on household interviews in the SILC 2018 survey. To evaluate the dynamics of this segment, the annual growth rate of the private rental housing share is also computed.⁵ Despite rents in this segment typically being 20% below market levels, these indicators serve as proxies for assessing affordable housing dynamics. The results are reported as aggregates.
- **Social housing segment and public investment:** Source: OECD. This indicator includes the share of the social housing segment, with methodological corrections as necessary.⁶ Additionally, it measures public social housing investment as a percentage of GDP,⁷ although, due to data gaps, this is used as a proxy for the dynamics of the social housing segment.
- **Low-income households in rental tenure:** Source: OECD and SILC 2018. The share of low-income households (those in the bottom net income quintile) living in rental tenure is recorded based on data from SILC 2018.

3. The rent control indicator set provided by the World Bank was completed with a value for Greece and revised for Germany, Slovakia and Portugal following interviews conducted for this study.

4. The yield compilation of Global Property Guide is the most complete and will be used throughout this paper: <https://www.globalpropertyguide.com/>

5. This is done by comparing the average tenure shares of the years 2010 and 2011 with those of 2017 and 2018. Multi-year averages are taken to stabilise the growth estimate statistically and to deal with data gap issues, especially regarding the incompleteness of the

6. Regarding the social housing share, OECD data for Sweden and Denmark are corrected by using data provided by Catella Residential. OECD summarizes the entire non-profit housing sector for both countries under social housing, which in terms of targeting and rent setting practices does not appear justified. The result is inflated figures.

7. Finpolcons sees methodological issues regarding classification of public investments by OECD. For example, Italy is assigned a high investment volume while the key public intervention is benefiting the affordable rather than social housing segment. Nevertheless, the indicator is used as a crude approximation.

Acronyms and abbreviations

CEB: Council of Europe Development Bank

CGD: Center for Global Development

DID: Difference-in-Differences

EU-SILC: European Survey of Income and Living Conditions

GFC: Global Financial Crisis

IMF: International Monetary Fund

IFIs: International Financial Institutions

MDBs: Multilateral Development Banks

MENA: Middle East and North Africa

NPBIs: National Promotional Development Bank Institutions

OECD: Organisation for Economic Co-operation and Development

RCTs: Randomised Control Trials

RDD: Regression Discontinuity Design

WB: World Bank



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