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CEPI
EUROPEAN ASSOCIATION OF
REAL ESTATE PROFESSIONS

HOUSING AFFORDABILITY

HOUSING AFFORDABILITY POSITION PAPER

Housing affordability continues to pose significant challenges across Europe, with national contexts revealing varying issues that impact both homebuyers and renters. From financial barriers to restrictive policies and supply-side constraints, the underlying causes of this crisis are multifaceted. CEPI, representing 33 national real estate associations, underscores the urgency to address these barriers at both national and European levels, sharing insights into the obstacles that hinder affordable housing access.

While affordability is a universal concern, the specific challenges each country faces are unique. For example, the high costs of delivering new housing to the market can be disproportionately burdensome in economies where average incomes are lower relative to building costs and market prices. In some countries, internal migration and urbanisation exert heightened pressure on housing markets, pushing prices far beyond the reach of middle- and low-income earners. Economic instability and inflation further exacerbate affordability issues, redirecting public resources away from housing initiatives to address pressing socio-economic priorities.

The mission of CEPI, the European Association of Real Estate Professions, is to support the European real estate market and cross-border transactions by enhancing and strengthening the work and activities of real estate professionals. We represent 33 national professional organisations of estate agents and property managers based in 26 European countries. The association aims to raise standards in the real estate professions, promoting that real estate brokerage and property management be conducted by qualified professionals with high ethical standards.

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KEY CHALLENGES

Homeownership and Financial Barriers

CEPI's member associations report that the high costs of delivering homes to the market stand out as a major barrier to affordability, limiting the overall new supply and driving property prices higher. This issue, compounded by tight development lending conditions and insufficient supply, is making homeownership increasingly unattainable for first-time buyers and those on lower incomes. In several countries, these challenges are particularly pronounced in high-demand urban areas, where internal migration, immigration, transaction taxes, and financial barriers further exacerbate the crisis faced by middle-income earners attempting to enter the housing market.

In some countries it was highlighted that **economic instability and inflation** have further strained affordability, with public resources often directed towards other priorities, such as disaster recovery or social welfare, rather than housing initiatives. While certain governments provide financial support for first-time buyers, these programmes may have unintended consequences, such as driving up housing prices due to increased demand without sufficient supply.

Restrictive Government Policies

Regulatory and fiscal policies have a significant impact on housing affordability, with **CEPI members highlighting the need for balanced taxation policies that encourage investment rather than discourage it**. In many countries, taxation frameworks are pushing landlords to sell units, therefore reducing supply for the rented market. High transaction taxes, high costs of retrofitting buildings, financial/funding constraints on developers and buyers and lengthy and costly planning consent processes also contribute to high new housing delivery costs and affordability issues.

The rental sector presents additional difficulties, with **CEPI's member associations highlighting that rent control policies**, while theoretically intended to protect tenants, often discourage investment and reduce the availability of rental properties. In several countries, landlords have withdrawn properties from the rental market due to unfavourable taxation or overregulation, further limiting supply and driving up rental prices.

CEPI members observe that urban centres face particularly strong demand for rental properties, yet supply has not kept pace, leading to affordability issues—especially for low-income earners and key service-sector workers.

Supply-side Constraints

A major challenge reported by CEPI's members is the **insufficient supply of housing, with different countries facing obstacles to new development**. Lengthy permitting and zoning processes, land shortages and complex regulations are frequently cited as factors that delay housing construction. Additionally, **stringent building codes and ecological requirements**, while essential for sustainability, have increased construction costs, making new developments less affordable.

In some countries, CEPI's members report that there are **shortages of construction workers, a lack of skills in construction and inadequate infrastructure**, such as water supply and transportation networks, further slowing down housing projects. Economic constraints have also played a role, with stalled development requiring targeted government incentives to encourage private-sector investment.

RECOMMENDATIONS

1

Ensuring a coordinated European approach to housing policy considering and respecting the national competences and the principle of subsidiarity

To address the affordability crisis effectively, **EU policymakers and Member States (MS) must align housing policies**, where appropriate, with broader European economic and social objectives while ensuring affordability, investment stability, and regulatory clarity.

EU should encourage MS with acute housing supply challenges to commission independent research with a specific examination of the 'hard' and 'soft costs' to identify areas to reduce costs, especially for apartment developments. A commissioned report could also examine additional macro-economic factors that influence the level of affordability and financial viability of new housing, particularly apartments. The studies should examine the delivery of zoned and serviced development land to the market to identify best practices from exemplar European countries to identify new models for the more cost-effective delivery of housing including key infrastructure and utility connections.

2

Balanced approach to rent regulation

The aim is to **balance tenant protection with market stability**, avoiding measures that could inadvertently discourage investment in new supply to the market.

Targeted and appropriate levels of rent assistance programmes should replace arbitrary rent control mechanisms as a method of protecting financially vulnerable tenants. Moreover, large-scale rental projects, such as build-to-rent schemes, should be incentivised in a way that ensures adequate tenant protections while maintaining incentives for private investment in the rental housing sector.

3

Construction issues: cost, insufficient supply

Streamlining building permit approvals and reducing red tape are crucial. Governments should **digitise and centralise the permit application process** to speed up approvals and reduce unnecessary delays. Fast-tracking social and affordable housing projects through special planning procedures for public-private initiatives, like models seen in Ireland and Finland, is essential.

Simplifying construction regulations and digitising the permitting process will facilitate housing development. Governments should also review zoning laws to encourage higher-density housing in high-demand urban areas as well as **protecting and preserving the cultural heritage**.

Reducing construction costs requires a balanced approach to regulations and incentives for sustainable building practices. Additionally, addressing labour shortages in construction through vocational training and attracting skilled workers is essential.

To increase housing supply, CEPI's national associations advocate for **streamlined urban planning regulations, higher investment in infrastructure, and innovative financing models** to facilitate new construction and reduce bottlenecks (such as environmental regulations - e.g green transition, legislation on water and air quality, forestry) in the development process.

4

Reforming taxation & financial policies for housing stability

Countries should reduce property transaction costs, particularly for first-time buyers, and long-term ownership should be incentivised to ensure stability in housing markets.

Governments should consider easing or removing rent control restrictions where applicable to encourage more investment in build-to-rent schemes, which can help stabilise rental volatility over time.

A **collaborative approach** between public authorities and private developers is essential to increase the supply of affordable housing, including social housing and cost rental and ensure long-term sustainability.

The EU should actively promote PPPs through structured **financing programmes** that encourage private investment in affordable housing. EU funding instruments such as the European Investment Bank (EIB), the European Regional Development Fund (ERDF), the European Social Fund (ESF+) and the European Structural and Investment Funds (ESIF) should be leveraged for large-scale housing construction in areas with acute shortages.

CONCLUSION

CEPI and its national associations call upon EU policymakers to take immediate action to tackle housing affordability. A coordinated European-level response is essential to foster investment, improve finance accessibility, reduce regulatory complexity, and expand housing supply. Implementing the proposed policy solutions could be instrumental in ensuring a sustainable, affordable and resilient housing market.

CEPI remains committed to collaborating with EU institutions, policymakers and key stakeholders to exchange views on effective housing policies that reflect market realities.

By fostering continued dialogue and cooperation, we aim to ensure that Europe's housing sector remains competitive, fair and accessible to all.