

A STRATEGY FOR HOUSING AFFORDABILITY OR AVAILABILITY CRISIS?¹



CAUSES, URBAN LEGENDS, PARADOXES, POLICY RESPONSES AND THREE RECOMMENDATIONS² IN PROGRESS (FEBRUARY 2026)

¹ The title echoes a recent article of The Economist “Forget affordability. Europe has an availability crisis. Tight regulation is largely to blame”, 30th December 2025

² The paper is to be meant as an in-progress starting point of a problem-solving exercise meant to engage all main stakeholders: the European Institutions; National and Local Governments; Banks, Real Estate Companies; Public Opinions and Consumers. Vision team include: Francesco Grillo; Dario Dell’Otti and Gabriele Dell’Anno.

“Europe must collectively take responsibility for the housing crisis affecting millions of our citizens. Too many Europeans spend half of their income on rent. Millions cannot afford a home. Twenty percent of all dwellings in Europe remain vacant. This is not just a housing crisis. It is a social crisis.”

These were the words of Dan Jørgensen, European Commissioner for Energy and Housing Policy, during the presentation of the European Affordable Housing Plan to the European Parliament.

According to EUROSTAT in the past ten years, housing prices in the European Union have increased by more than 60%, while rents have risen between 25 and 28%³. At the same time, approximately 16% of the European population lives in overcrowded conditions, and nearly one million people lack stable housing. Despite this emergency, around 20% of Europe’s residential stock remains unused. This paradox points not to a shortage of dwellings, but rather to a structural dysfunction in the markets meant to make supply and demand to meet.

According to Eurostat data, Europe has an average of 532 dwellings per 1,000 inhabitants. The ratio of housing stock to population is particularly high in Bulgaria, Slovakia, Italy, Greece, France, Portugal, Finland, Latvia, Spain, Austria, where it exceeds 540 dwellings per 1,000 residents. Alongside this, the issue of homeownership arises, historically perceived as a source of security and national pride, but also partly limiting the capacity for innovation and economic growth.

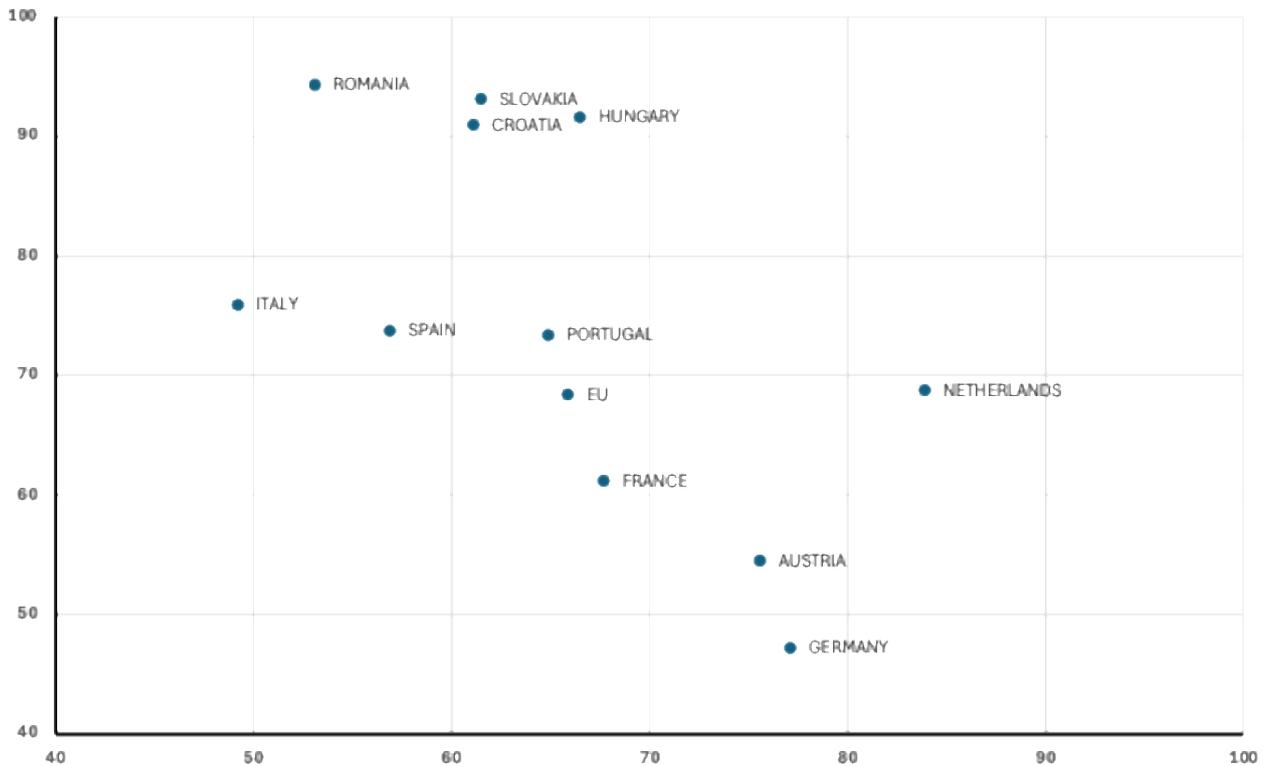
In Italy, 76% of the population lives in owner-occupied housing, a share significantly higher than in major European economies. In Germany, 47% of the population owns their home, while in France it is 61%. The gap widens further when considering homeowners without a mortgage. In Italy, 63% of homeowners are mortgage-free, compared to 24% in Germany and 30% in France. Countries with the highest homeownership rates in Europe include Romania, Slovakia, and Hungary.

These figures reflect a deeply rooted cultural orientation. Owning a home is not merely an economic choice. It is an intergenerational anchor of security, often facilitated by family transfers, inheritance, or early financial support.

However, a high level of homeownership does not necessarily indicate a country’s capacity to generate wealth. As for the following chart, the four countries with the highest ownership rates, all over 90 percent, are Romania, Slovakia, Hungary, and Croatia. These countries have economies characterized by structural fragility, lower household incomes, and limited social mobility. In this context, a high share of homeowners can also signal a lack of alternative investment instruments or restricted geographic mobility, which tends to concentrate wealth in real estate rather than distributing it across productive sectors.

³ The data illustrate the general trend; however, within the Union there are country-specific cases. In Italy, for instance, the trend is reversed, with rental prices rising much more than purchase prices between 2015 and 2025.

Chart 1 – Homeownership rate (vertical axis, in %) and youth employment rate (ages 20–29, horizontal axis, in %) in major EU countries (2024)



Source: VISION on Eurostat data

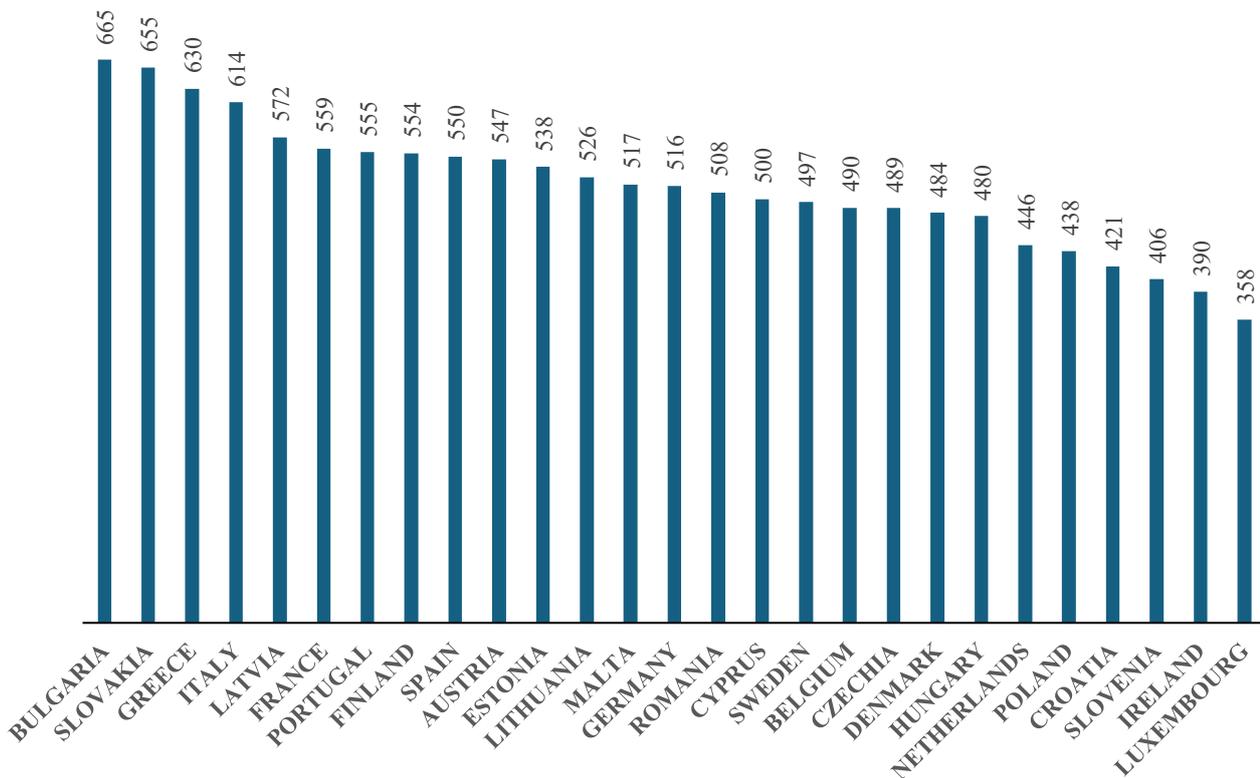
This paper presents a further breakdown of the evidence we just mentioned: first we analyze the distribution of both houses and population; second, we reconstruct the trends of rents and prices. We also focus on Europe’s four leading economies: Italy, Germany, France, and Spain and the four capitals – Rome, Berlin, Paris and Madrid. Section three maps the main features of the European Commission’s European Affordable Housing Plan. The final chapter of this paper will be devoted to recommendations, outlining potential strategies to address the observed imbalances and improve access to affordable housing across Europe. The paper is structured as follows:

1. A CRISIS OF AVAILABILITY?	5
2. A MARKET FAILURE	11
3. TACKLING THE HOUSING CHALLENGE: EUROPE’S STRATEGY	16
4. RECOMMENDATIONS	18
4.1 Regenerating cities rather than expanding them.....	18
4.2 Making rental markets work better and reducing vacant housing.....	18
4.3 Encouraging population redistribution towards inner/ high quality areas using technologies and infrastructures	19

1. A CRISIS OF AVAILABILITY?

As of the most recent data, the European Union counts approximately **239.814.585 dwellings**, representing the total stock of residential units available for occupation. At first glance, this figure suggests a substantial housing supply relative to the population size of the Union. When related to the EU population of about **450 million inhabitants**, this corresponds to more than **530 dwellings per 1,000 inhabitants**, indicating that, in aggregate terms, the availability of housing units exceeds what would be required to accommodate the population on a one-to-one basis.

Chart 2 – Number of dwellings per 1.000 inhabitants by Member State (2025)



SOURCE: Vision on Eurostat data

Chart 2 highlights considerable cross-country heterogeneity in housing availability. The indicator ranges from values above 650 dwellings per 1,000 inhabitants in countries such as Bulgaria and Slovakia to fewer than 400 dwellings per 1,000 inhabitants in Luxembourg and Ireland.

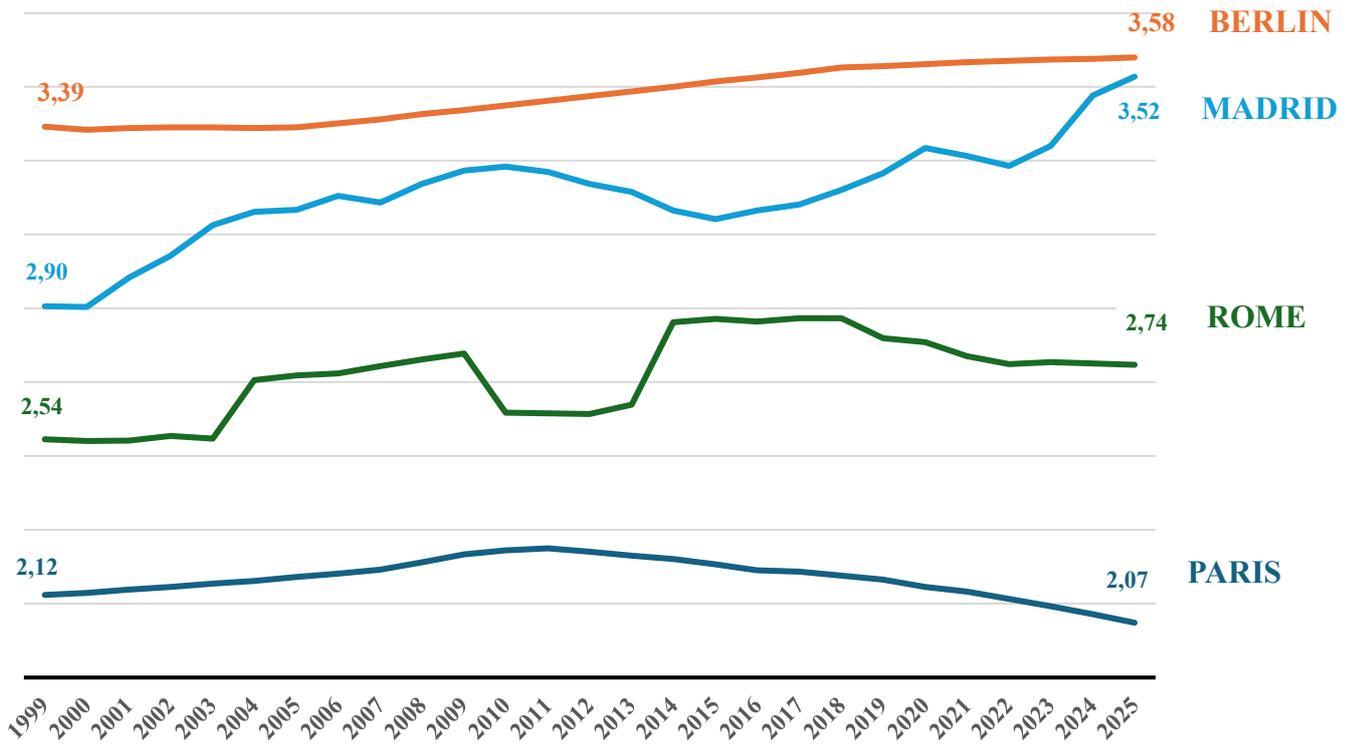
These differences suggest that the European housing challenge cannot be understood solely in terms of total housing stock. While the aggregate availability of dwellings appears sufficient at the EU level, shortages emerge in specific national and local contexts where demographic pressure, labor mobility, and urban demand are most intense. The observed variation across Member States therefore supports the interpretation of the housing crisis as a problem of **spatial mismatch and distribution**, rather than a uniform shortage of housing units across Europe.

In this perspective, a “crisis of availability” must be qualified: it reflects not only how many dwellings exist, but where they are located and whether they correspond to the needs of households in terms of size, tenure, and affordability.

A more detailed perspective emerges when examining the housing situation in the four largest European capitals: Madrid, Paris, Berlin, and Rome. The number of the analysis refers to the definition of urban center (municipality), distinct from the metropolitan area - understood as the continuous set of urban buildings forming a city, often exceeding municipal boundaries through monocentric agglomeration or polycentric conurbation processes (the inhabitants of the Paris metropolitan area exceed 12 million) - and from the commuting area of Functional Urban Areas (FUA), which includes contiguous municipalities to the main urban center where at least 15% of residents commute daily to the latter for work, thus capturing functional economic interconnections beyond physical and administrative limits. This choice is particularly important for Paris, because its metropolitan areas is five times bigger than the municipality.

Between 1999 and 2025, the overall population trends of these cities have followed heterogeneous trajectories: Berlin shows steady and almost uninterrupted growth throughout the entire period considered, increasing from about 3.4 million to over 3.7 million inhabitants, which indicates strong urban attractiveness and a continuous capacity to absorb new population. Madrid displays a more irregular but overall positive trend: after a phase of strong growth up to 2010, it experiences a decline linked to the economic crisis, followed by a sustained recovery from the mid-2010s onward that brings the population to over 3.5 million. Rome, by contrast, records moderate growth in the early years, with a significant increase in the mid-2000s and a peak around 2016–2017 at nearly 2.9 million residents, followed by a gradual decline that points to structural difficulties in retaining population over the long term. Paris, finally, shows a pattern of relative stability until 2010, followed by a steady decrease that reduces the population from over 2.2 million to just above 2 million. This demographic evolution reflects not only migration flows and birth rates, but also the economic attractiveness of metropolitan areas compared to peripheral territories, reinforcing urban concentration within a broader context of continental population aging.

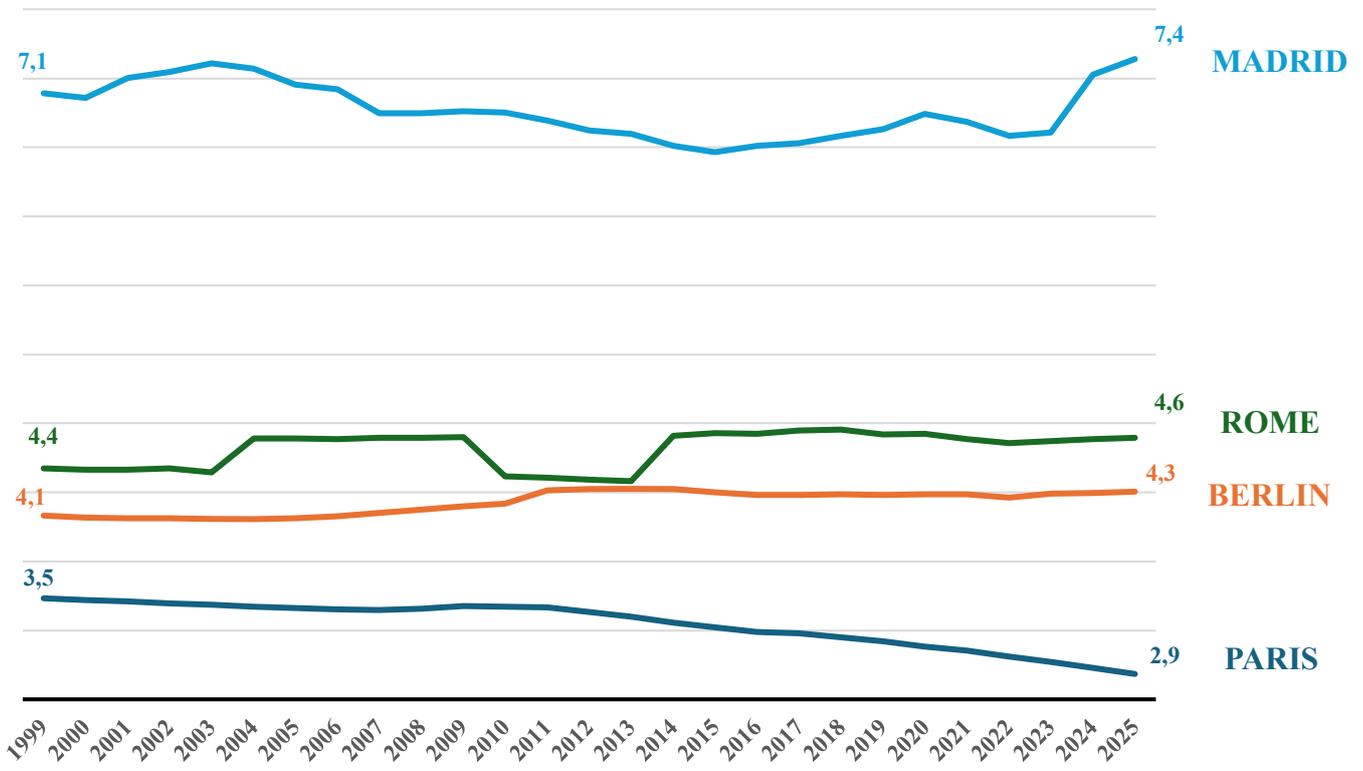
Chart 3 - Population Trends of Paris, Berlin, Rome, and Madrid, in million (1999–2025)



Source: VISION on INSEE, Destatis, ISTAT, and INE data

Overall numbers show a certain stability which is even more evident if we consider the percentage of people with each of the four largest EU economies living in the Capital city.

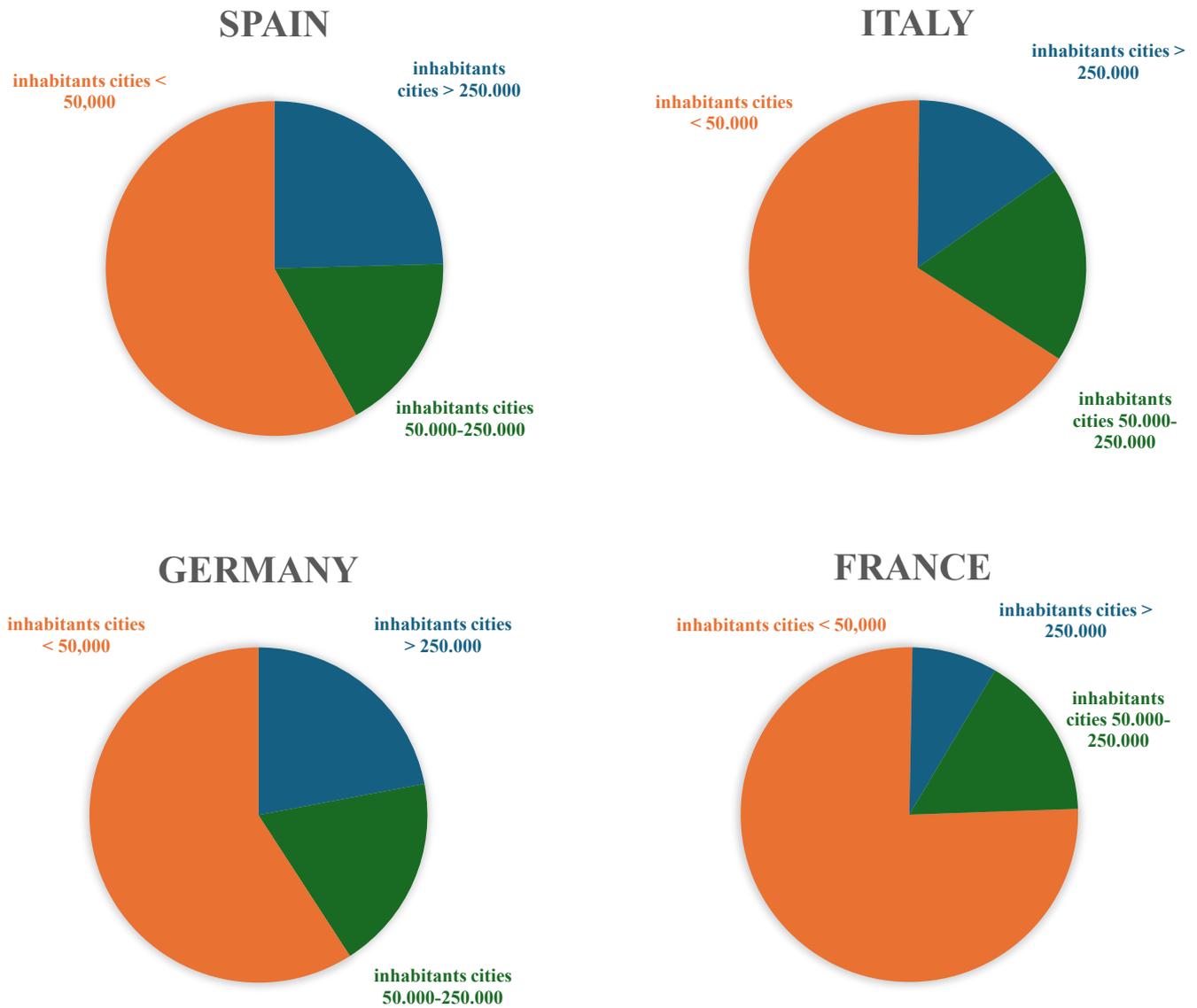
Chart 4 - Evolution of the ratio between the population living in capital cities and the total population, in % (1999–2025)



Source: VISION on INSEE, Destatis, ISTAT, and INE data

It is useful to understand the demographic evolution of these countries by analyzing how their populations are distributed across national territories. As shown in the chart below, in all four countries the share of the population living in cities with fewer than 50,000 inhabitants is markedly dominant: in Spain it accounts for 58% of the population, in Germany 59%, in Italy 66%, and in France 76%.

Chart 5 - Distribution of Population by size of the city



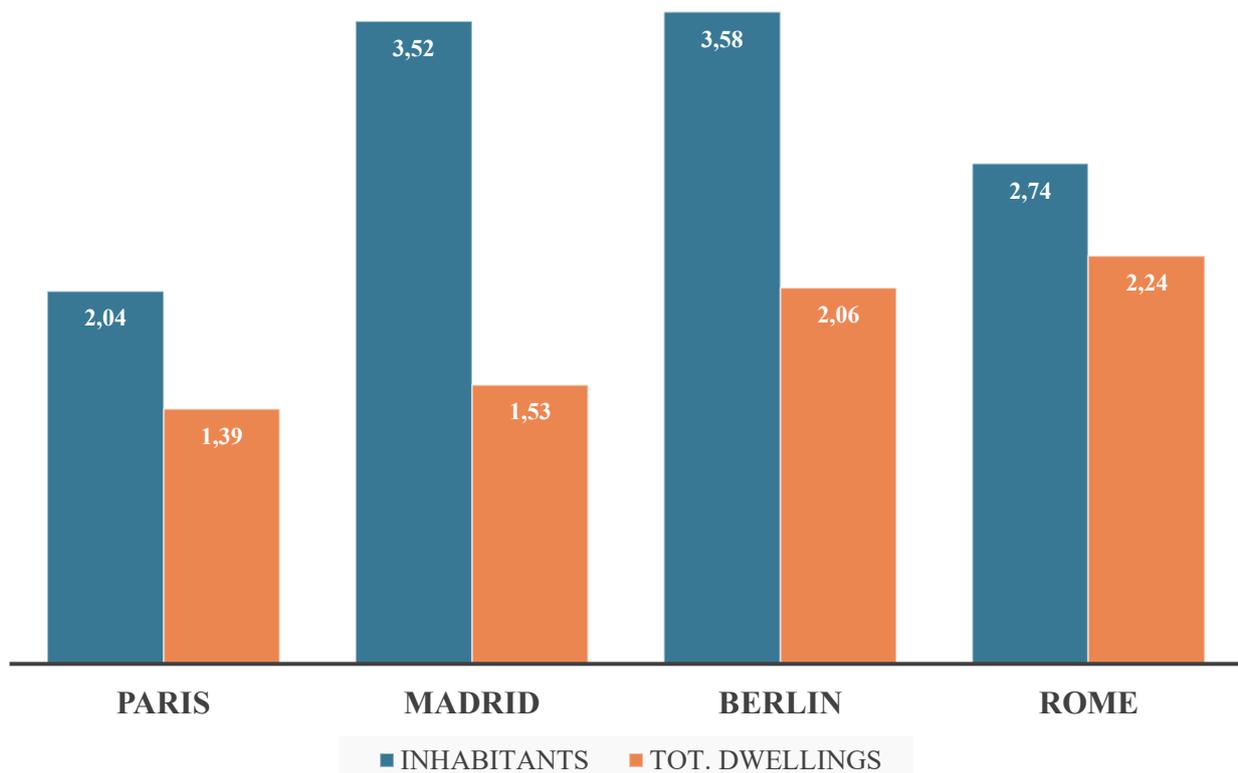
Source: VISION on INSEE, Destatis, ISTAT, and INE data

Big cities (with more than 250,000 inhabitants), on the other hand, host smaller shares of the population, yet they play a disproportionately significant role in housing demand: around 15% in Italy, 22% in Germany, 25% in Spain, and only 8% in France.

This demographic geography, common to all four contexts, highlights a structural mismatch: actual demand is hyper-concentrated in major cities, where employment, services, and economic opportunities attract demographic flows far exceeding the apparent housing capacity. This territorial imbalance brings into focus a crucial issue of the European housing stock – theoretically vast and abundant relative to the population of the capitals, yet unable to translate into effective supply due to outdated units, poorly located properties, or housing immobilized by regulatory, cultural, and speculative rigidities.

The housing stock of the four capitals reveals a surprising quantitative abundance relative to the resident population. Paris, with just over 2 million inhabitants, has approximately 1.394 million dwellings (0.7 per person); Rome counts 2.241 million units for 2.64 million residents (0.85); Madrid has 1.533 million homes for 3.25 million citizens (0.47); and Berlin exceeds 2.059 million dwellings for 3.42 million inhabitants (0.60).

Chart 6 - Comparison between the number of citizens and the number of houses in Paris, Madrid, Berlin and Rome, in million (2025)

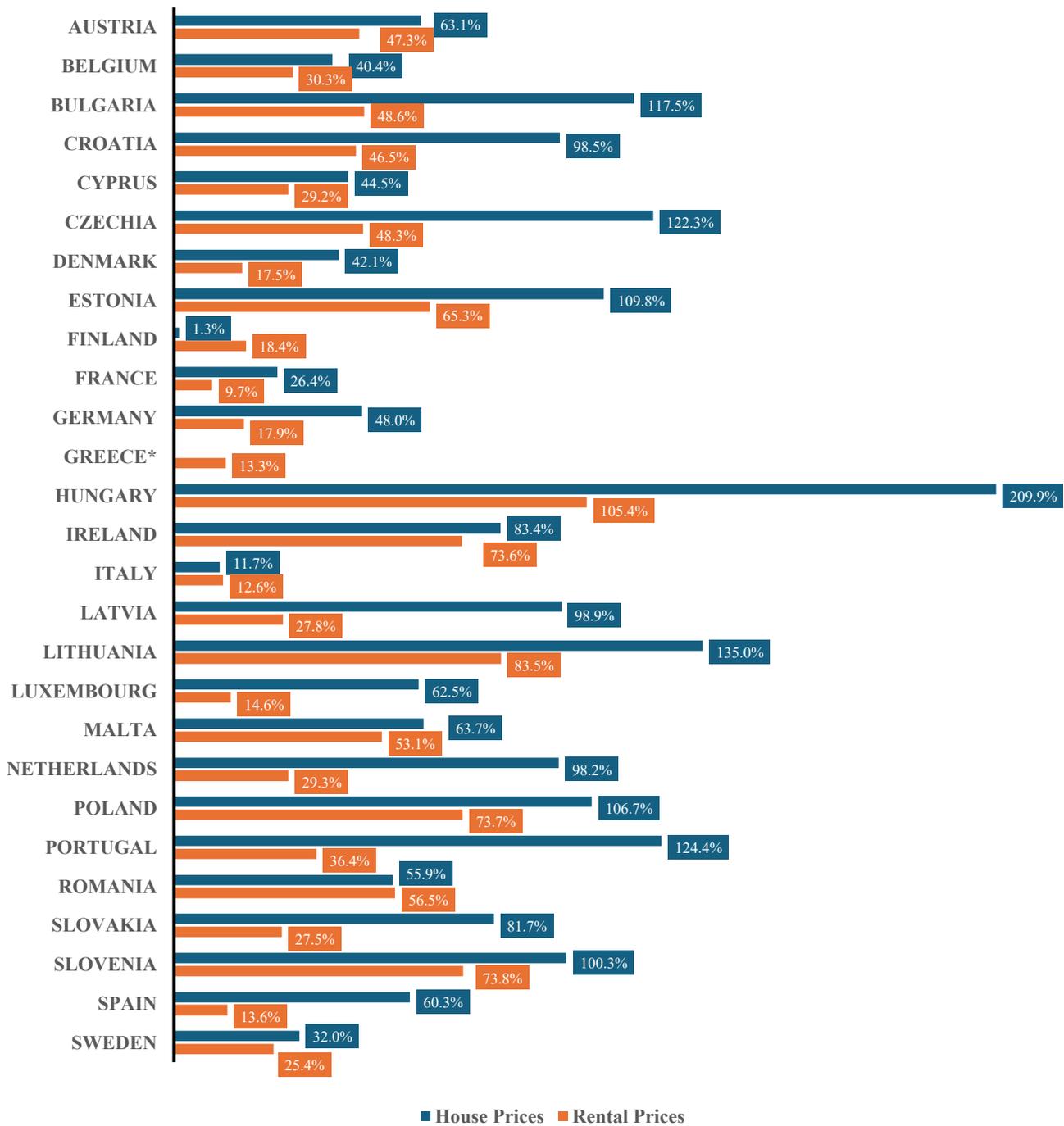


Source: VISION on INSEE, Destatis, ISTAT, INE and IDEALISTA data

2. A MARKET FAILURE

This apparent abundance is not reflected in either property purchase prices or rental prices, both of which have followed an almost uninterrupted upward trajectory since 2015, as shown in the chart below⁴.

Chart 7 – Increase of House Purchase Prices and Rents in EU Countries (% , 2024 - 2015)



Source: VISION on Eurostat data

⁴ Greece's transaction-based data for house prices are not available

Chart 7 reveals that, with no exceptions, all countries experienced substantial growth in both indicators over the period. In several cases, increases in house prices and rents reached levels that fundamentally altered access to housing for large segments of the population.

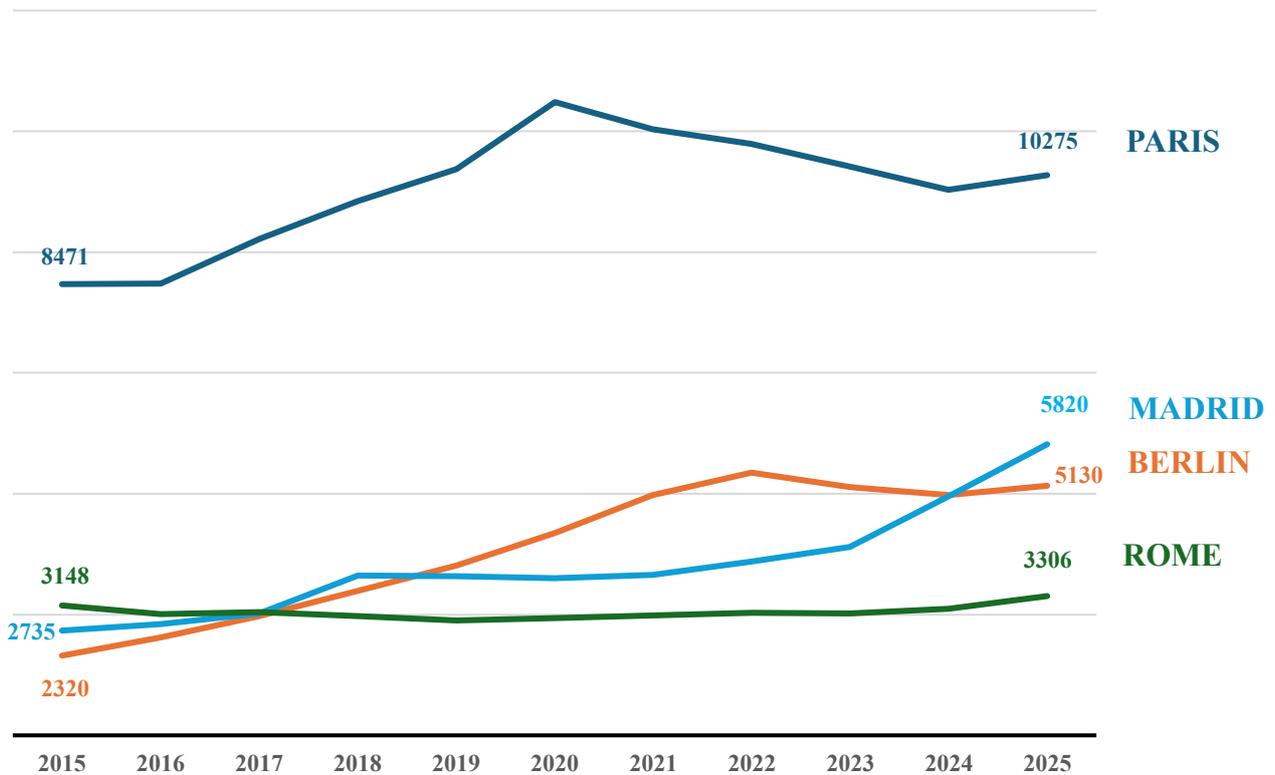
The comparison between house purchase prices and rental prices shows that, in almost all EU countries, house prices have increased more than rents over the period considered. The only exceptions are Finland, where rental prices rose significantly more than purchase prices, and Italy and Romania where they witnessed same growth.

Hungary stands out as the country experiencing the strongest growth in both indicators, recording the highest increase in house purchase prices as well as in rental prices. This makes Hungary a clear outlier in European housing market dynamics.

No clear regional pattern can be identified across Europe. While the highest increases are observed in several Central and Eastern European countries such as Lithuania, Poland, Estonia, Czechia, and Hungary, similarly strong growth in house purchase prices is also evident in countries traditionally classified as Southern or Western Europe, including Portugal, Slovenia, Croatia, and Bulgaria.

Although at the national level Germany, Italy, Spain, and France display more moderate price increases compared to other countries, a markedly different picture emerges when examining trends in their capital cities.

Chart 8 - Residential Property Price Trends (€/m²) in Paris, Berlin, Rome, and Madrid (2015–2025)



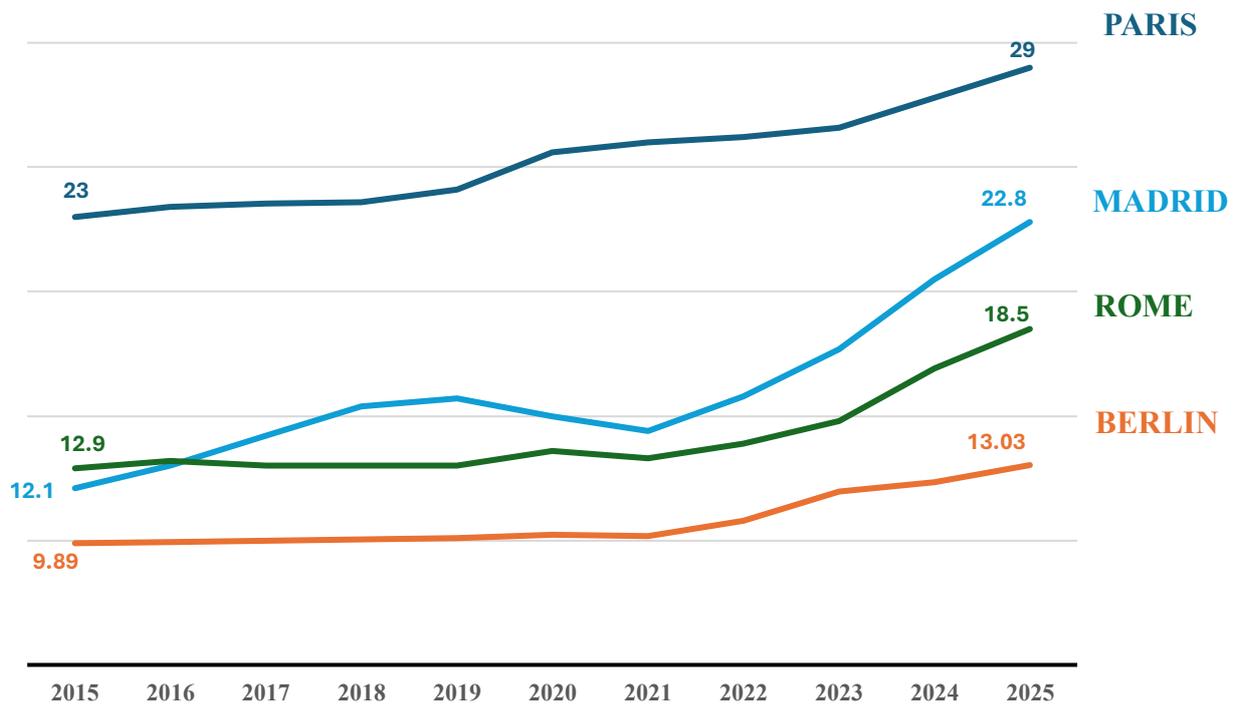
Source: VISION on INSEE, Destatis, ISTAT, INE and IDEALISTA data

As highlighted, the price increases are common to all four cities analyzed, but with very different intensities. Paris already starts at very high levels and experiences a strong surge up to the 2020 peak, surpassing €11,000/m², before slightly declining yet remaining by far above Berlin, Madrid, and Rome.

Berlin shows an almost continuous upward trajectory, rising from just over €2,300/m² in 2015 to more than €5,000/m² in 2025, signaling a strong revaluation of the residential stock over a decade, while remaining relatively “affordable” when compared to local purchasing power and average income. Madrid follows a very similar trend, with a boom occurring in the last two years. Rome consistently occupies the lowest tier, hovering around €3,000–3,200/m², with moderate growth and dynamics far less explosive than the other three capitals.

However, while purchase prices show sustained but differentiated growth, the evolution of rental prices over the same period is even more revealing: here, the systemic paradox becomes particularly evident, with rents increasing steadily despite the availability of housing units.

Chart 9 - Rental Price Trends (€/m²) in Paris, Berlin, Rome, and Madrid (2015–2025)



Source: VISION on INSEE, Destatis, ISTAT, INE and EUROSTAT data

Regarding rental prices, Paris again confirms the vast gap compared to the other cities. Madrid shows the most pronounced increase, with rents nearly doubling over the decade, driven by strong post-pandemic demand. Rome records a roughly 50% increase, with acceleration in recent years. Berlin maintains a more contained and stable profile, remaining relatively favorable when compared to local purchasing power thanks to targeted regulations.

At this point, an inevitable question arises: how is it possible that property and rental prices have increased so sharply, when per capita housing stock would seem more than sufficient to provide accommodation for everyone? The answer becomes clear when examining the phenomenon of vacant dwellings, which represents one of the main structural imbalances of European housing markets.

Data on unoccupied homes in major cities reveal a highly heterogeneous reality. Berlin has 40,681 vacant dwellings out of a total of 2,065,000, approximately 1.97% of the stock—a physiological level, indicating a relatively efficient market. Paris, by contrast, has 136,957 unoccupied units out of 1,399,122 total, or about 9.8%, a significant share that helps explain strong price pressures. In Madrid, 97,178 dwellings are vacant out of 1,533,221, approximately 6.3%, an intermediate but still relevant figure. The most critical situation is in Rome, where 331,372 dwellings are unoccupied out of 2,240,719, nearly 14.8% of the residential stock, highlighting a severe problem of underutilization.

The phenomenon becomes even more striking at the continental level: Europe is estimated to have about 47 million vacant homes out of over 200 million total dwellings, a share close to 23%. In theory, this number is more than sufficient to satisfy the entire current housing demand. In practice, however, these properties are often concentrated in less attractive areas, held as investment, blocked by regulatory constraints, or removed from the traditional market to be used for short-term and tourist rentals. According to the Commission, the problem is not limited to major cities and tourist destinations, increasingly under pressure from the spread of short-term rentals - which grew by 93%

between 2018 and 2024 - but also affects depopulated rural areas. The crisis impacts a wide range of groups: the middle class, essential workers, young people forced to forgo education, work, or family formation, and over one million people experiencing homelessness, including around 400,000 children.

3. TACKLING THE HOUSING CHALLENGE: EUROPE'S STRATEGY

As the European Council acknowledges, “housing policy is a national responsibility, as the EU has no competence in this area. Regional and local authorities often have a key role in addressing the housing crisis, as they are responsible for implementing housing policies, managing spatial planning and zoning regulations, as well as providing affordable housing solutions that address community-specific needs”. However the European institutions recognize that housing conditions are a key parameter of cohesion and an enabler of social mobility and at the request of the European Council and Parliament, on 16 December 2025 the European Commission launched the first European Affordable Housing Plan, a comprehensive initiative aimed at addressing what is described not merely as a housing crisis, but as a genuine social emergency capable of undermining the cohesion and competitiveness of the continent. We will see that the EU action is constrained by the institutional limits we just mentioned, and we will try to understand whether the EU plan leverages on what can be its added value: acting as a knowledge manager of different national and local policies, so as to recommend more efficient strategies.

The European plan is structured around four main pillars.

The first pillar aims to increase housing supply through a European Strategy for Housing Construction, promoting technological innovation, circular materials, and digitalization in the construction sector. Complementing this is a Construction Services Act, designed to liberalize cross-border services without lowering social standards, alongside a broad bureaucratic simplification program scheduled for 2027, intended to accelerate permitting processes and invert the current logic: moving from “a permit is required unless an exception applies” to “no permit required unless necessary.”

The second pillar focuses on mobilizing capital. A Pan-European Investment Platform will be created in collaboration with the European Investment Bank and national promotional banks, with the goal of leveraging up to €375 billion by 2029. State aid rules will be revised to remove caps on financing for social and affordable housing, while an additional €10 billion will be allocated to the InvestEU program in 2026–2027. Cohesion Funds may also be reprogrammed to support social housing, with prospects for even larger resources under the next Multiannual Financial Framework⁵.

The third pillar addresses the most immediate emergencies, starting with short-term rental pressures. An Affordable Housing Act, scheduled for Q4 2026, will allow local authorities to identify “housing stress areas” and adopt proportionate measures, such as licensing limits and improved data transparency. A thorough analysis of real estate speculation is also planned, to assess its impact on local markets.

The fourth pillar targets direct support to the most vulnerable: no-deposit guarantees for student housing, Erasmus+ pilot projects for innovative housing solutions, Housing First programs to combat homelessness, and interventions against energy poverty through large-scale renovations and the promotion of energy communities.

Through this plan, the European Union formally recognizes the housing crisis as a structural problem shared across member states, identifying its main causes and outlining intervention tools.

⁵ For social housing, the Commission refers to housing for disadvantaged citizens or social groups who are unable to find accommodation at market conditions due to solvency constraints

However, what emerges is that the policy tends to alleviate symptoms of the problem (high rents, homelessness etc.) and not on addressing its causes (which are still about the proper functioning of the market).

Significant institutional limitations remain. The European Union does not have a legal basis to intervene directly in the housing sector, which remains primarily a competence of the Member States. As a result, European initiatives mainly take the form of non-binding recommendations or policy guidelines rather than binding legislative directives. The EU plan can therefore only function as a general framework for guidance, encouraging Member States to reform and adapt their national and local legislation and policies.

The estimated financial need to address the housing shortage is extremely high, amounting to around €150 billion per year, while the resources that the EU can actually mobilize are far more limited. The instruments currently mentioned, such as InvestEU and new European guarantees, amount to around €10 billion and depend largely on future funding still to be approved, in particular under the next Multiannual Financial Framework (MFF) 2028–2034, as well as on the possible reallocation of cohesion funds.

The European plan also acknowledges that the housing crisis affects territories in different ways. It is particularly acute in large cities and highly attractive tourist destinations, but many rural and internal areas also suffer from demographic decline, depopulation and a lack of services. The EU therefore stresses the need to support both the most “stressed” urban areas and rural territories in decline; however, many of the concrete measures proposed, such as rules on short-term rentals or building incentives, tend to focus mainly on urban areas with high demand, with the risk that inner and rural areas may remain partly neglected.

To bridge the investment gap, the Commission has introduced various instruments aimed at attracting public and private resources, but their overall scale remains modest and uncertain. The new pan-European platform for investment in housing, managed by the European Investment Bank (EIB), seeks to streamline and concentrate financing, but for the time being it can rely only on limited guaranteed resources, amounting in the short term to around €10 billion in additional funding mobilized through InvestEU and other EU instruments. The increase announced by the EIB in its own investment plan, with around €400 million dedicated to innovative housing technologies, also represents only a very small fraction of total needs at European level.

A further contribution could come from traditional EU funds. The mid-term review of the Cohesion Funds now allows Member States to redirect a larger share of existing resources towards social and sustainable housing. In concrete terms, until 2029–2030, additional cohesion resources can be used for housing, on top of the €10.4 billion already earmarked for energy efficiency and housing. Nevertheless, the proposals submitted so far by Member States amount overall to about €1.5 billion in co-financed national grants for social housing, a figure that remains very limited compared to the estimated needs.

Ultimately, a significant share of new investment will depend on the resources of the 2028–2034 Multiannual Financial Framework, whose legislative process is still ongoing. Until that budget is definitively agreed, both the overall availability of funds and the potential share specifically allocated to housing policies remain uncertain. Observers note that, while the Commission has proposed an expanded 2028–2034 budget, the European Parliament has stressed the need for a more ambitious allocation and for dedicated funding lines for social and housing policies.

4. RECOMMENDATIONS

In light of these data, three broad strategies emerge to help mitigate the problem. Our point of view is that a comprehensive strategy can be achieved by coordinating the (national, local and private) stakeholders who are crucial to an efficient plan, with the EU acting as a knowledge manager of the most successful and scalable actions.

The first is to modernize and improve the efficiency of the existing housing stock in larger cities, rather than focusing primarily on building new homes. The second is to activate the stock of vacant dwellings and improve the matching between housing supply and demand. The third is to encourage a trend that already exists, although it is often underestimated, namely the redistribution of the population towards smaller centers that can offer a higher quality of life.

4.1 Regenerating cities rather than expanding them

As we analyzed through the cases of the main capital cities of the Union, the housing crisis is not primarily a problem of an absolute lack of buildings, but of an inefficient, outdated and poorly allocated use of existing urban space. Many European cities already have a substantial built environment that is underused, obsolete or misaligned with current housing needs. The priority, therefore, should be the renovation, retrofitting and adaptive reuse of existing assets rather than large-scale new construction.

This includes not only residential buildings, but also vacant offices, retail spaces, warehouses, former military sites and publicly owned real estate. If effectively converted, these assets could be transformed into affordable housing, student residences, senior housing, co-living solutions, community facilities or innovation hubs. At EU level, this approach aligns with climate objectives, as refurbishing existing buildings typically has a lower carbon footprint than new construction, and with social objectives, as it can deliver housing more quickly in high-pressure areas.

Further building should also be selective and strategic. New construction may still be necessary in some contexts, but it should be targeted and justified, especially where refurbishment costs exceed those of new builds. At the same time, regeneration policies must have the ambition to rebalance cities by reducing excessive density where it undermines quality of life. Converting parts of the built stock back into green and open spaces can improve air quality, mitigate urban heat island effects, and increase climate resilience - an increasingly urgent issue across European metropolitan areas.

EU-level instruments can support this strategy by prioritizing regeneration projects within cohesion policy, InvestEU and EIB financing, and by encouraging Member States and cities to design integrated, place-based regeneration plans rather than fragmented interventions.

4.2 Making rental markets work better and reducing vacant housing

A second key strategy is to significantly reduce the number of vacant and underused dwellings across Europe. In many Member States, millions of housing units remain empty despite acute shortages in high-demand areas. Unlocking this dormant supply is often faster, cheaper and more sustainable than building new housing.

Fiscal policy can play a crucial role. At national and local level, tax incentives could encourage owners to rent out vacant properties, for example through temporary tax exemptions on rental income from newly activated dwellings. Conversely, prolonged vacancy could be discouraged through higher

property taxation, with flexibility for local authorities to calibrate rates according to local market pressures. While taxation remains a national competence, the EU can promote best practices and support coordination, especially in cross-border metropolitan regions.

Equally important is reducing the structural mistrust between landlords and tenants, which is widespread across European rental markets. Many owners keep properties empty due to fears of non-payment, property damage, lengthy legal disputes and administrative complexity. Many renters, on the contrary, lament poor maintenance and lack of awareness for investments into energy efficiency; little possibility to make decisions regarding entire buildings. The problem of renting is that, as somebody jokingly said, “it is like having two strangers that share the same boyfriend or girlfriend”: a house is not just a physical asset, it is an emotional value that, in the case of renting, two people that do not know each other share.

To address this, private and public-private rental agencies may scale up the scope of their services across Europe. These intermediaries would manage properties on behalf of owners and sublet them to tenants, offering rent guarantees, maintenance services, conflict mediation and standardised contracts.

Such agencies already exist in several Member States but operate at limited scale. Strengthening and expanding them - potentially with EU support through technical assistance, guarantees or pilot programs - would reduce transaction costs, professionalize the rental market and stabilize rents. Operating at scale, these intermediaries could benefit from economies of scale in insurance, maintenance, tenant screening and digital contract management, making renting more attractive for owners and more secure for tenants.

A stronger intermediary system would also improve fiscal transparency and compliance by simplifying tax reporting and reducing informal rentals. More broadly, it would help transform fragmented and mistrust-driven rental markets into more efficient and predictable systems, unlocking a significant share of Europe’s unused housing stock.

4.3 Encouraging population redistribution towards inner/ high quality areas using technologies and infrastructures

The third strategy is to actively encourage the redistribution of population towards inner regions, smaller cities and rural areas. Contrary to the idea that urban concentration is inevitable, the numbers of this report say a different story. Demographic, climatic and technological trends suggest that excessive agglomeration is increasingly costly and fragile. Across Europe, large metropolitan areas are facing rising housing costs, congestion, heat stress and declining livability, while many inner regions suffer from depopulation despite having available housing and lower living costs.

Climate change strengthens this case. Southern and central European cities are already experiencing more frequent heatwaves and tropical nights, making dense urban environments increasingly difficult to live in during summer months. In contrast, many smaller cities and inland areas offer milder climates, better environmental conditions and significantly lower housing costs, while still providing acceptable levels of services.

Unlocking this potential requires moving beyond symbolic narratives about “revitalizing villages” and instead pursuing a credible development strategy for inner areas. This includes investment in digital connectivity, transport links, healthcare, education and local services, enabling remote and hybrid work to become a structural driver of relocation. Universities, research centers and vocational hubs can act as anchors for regional specialization, talent attraction and local identity-building. These

may also connect with the policies for the development of rural areas that are funded by the Common Agricultural Policy: it would be indeed an opportunity to innovate them.

Redistributing population is not a cost, but a long-term investment that can relieve pressure on overheated urban housing markets while increasing asset values, economic activity and fiscal sustainability in declining areas.

Financing and governance implications

All three strategies require significant investment, but they also generate long-term value. Regenerating existing housing, activating vacant stock, improving environmental quality and rebalancing population distribution can increase property values, attract economic activity, reduce energy costs and improve overall territorial attractiveness. These dynamics make the sector suitable for mobilizing private and international capital, including ESG-oriented investors, infrastructure funds, pension funds and European investment platforms. It is a strategy that may pay for its cost and this should be the criteria for spending scarce public resources.

Public funding, especially through EU cohesion policy, the EIB and the future 2028–2034 Multiannual Financial Framework should act as a catalyst rather than the sole source of financing. Crucially, the EU is most effective when supporting integrated, place-based strategies rather than isolated projects. This implies a shift away from one-size-fits-all solutions towards differentiated approaches tailored to the specific needs of cities, regions and territorial systems across Europe. And yet it is of paramount importance that we develop a knowledge management system that has the financial and managerial resources to launch experimentations, assess what works, organize the imitation of successes.

What works in Paris, Milan or Barcelona will not be appropriate for shrinking regions in Eastern Europe or peripheral rural areas in Southern Europe. And yet clusters of places that are similar should exchange knowledge.

The success of European housing policies will therefore depend on the ability to adapt endogenous knowledge to local conditions, turning a structural housing crisis into an opportunity for territorial regeneration, social cohesion and sustainable development.