Habitat for Humanity® | Empty Spaces to Homes

Vacant Building Conversion in Europe

A Policy Brief from Habitat for Humanity Europe and the Middle East on Affordable Housing Plan

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On the photo is the ballroom of an abandoned hotel in the Georgian spa town of Tskaltubo. Once a renowned Soviet-era health resort with its own direct rail connections, the complex fell into decline in the 1990s. During the internal conflict, thousands of internally displaced persons were housed here, a few remaining to this day. Now, interest in the area is growing once again. Most of the refugees have found homes nearby, and investors have restored several of the old hotels. In the meantime, guided tours offer a glimpse of the remaining abandoned sites – a chance to see what was and imagine what could be.

Millions of empty, abandoned places like this one have the potential to become homes. Then, they can host millions of people.

Introduction

From a public policy view, it is an interesting time for housing. Popular disquiet over the pace and impact of ambitious environmental goals in Europe has left the European Commission looking out of touch. Several high-profile green policies have been dropped or significantly modified, such as planned reduction in fertiliser usages and the Nature Restoration Law. Distrust in political institutions and the appeal of Eurosceptical parties is strongly associated with areas that are left behind and caught in so-called development traps. According to a recent Eurobarometer poll, the cost of living was the number one reason why people voted in the last European elections and their second main concern was the state of the economy (Eurobarometer 2024).

Although there has long been indirect EU support for housing under the Cohesion Policy and via the various energy efficiency measures, the announcement of the appointment of an EU Commissioner for Housing (and Energy) and the collaboration with the European Investment Bank on a Platform for Housing, arguably is a step change in the status of housing as an EU policy question. A third sign of a change in direction are those countries that previously preferred market led housing sectors shifting

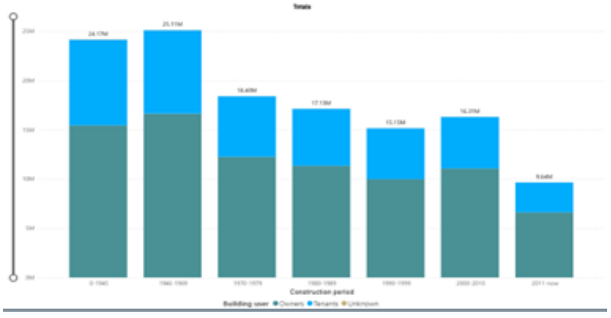
towards more direct policy interventions to address problems in the lack of affordable housing. This is especially the case in central and eastern Europe, where post-socialist limited rental options and a shrinking and degraded municipal housing stock[1]. This change of heart is shown by Poland, for example, which used almost one third of the entire 10-billion-euro allocation for housing under the Cohesion Fund, and has used much of its Recovery and Resilience Facility allocation on housing related projects. Similar stories can be found in Romania and Bulgaria.

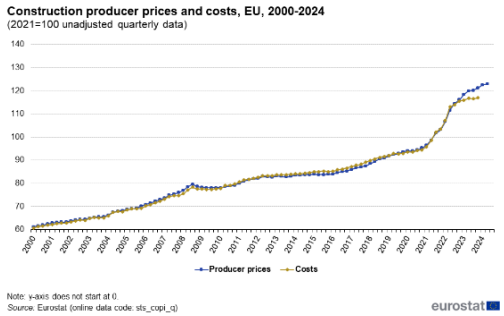
In short, the increased cost of living as compared to wages, the huge rise in energy costs because of the war in Ukraine and growing misgivings over the pace and impact of the EU's Green Deal, means that the question of what to do about housing has become a major European topic.

In this paper, we will first consider some of the longer-term trends that are driving the housing crisis and secondly, examine the question of how far the reuse and restoration of the current building stock may be a preferred way forward. Although there is limited consensus about the nature and size of the vacant building sector, there are clear indications that member states facing increasing housing shortages are considering how they might encourage the revival and restoration of currently unoccupied buildings. This paper will draw on reviews of academic and policy literature as well as an overview of various national and EU programmes that have been introduced to address the question.

Housing supply and demand

For some, the housing crisis is simply a matter of supply. The figures from the EU's Building Stock Observatory show that the overall rate of new builds has shrunk dramatically particularly in respect to the height of house building in the immediate post war era[2]. The figures also show that although private ownership remains the dominant form of ownership in Europe, the ratio between owning and renting has been steadily and then rapidly shifting in favour of private ownership. In many countries, construction of publicly owned housing ceased in the face of mass privatisation and the growing popularity of housing for investment. The 2008 subprime mortgage crash caused a Europe wide collapse in house building, leading to a fall of over 50% over the next ten years. One reason for the continued decline in new builds has been the precipitous rise in overall construction costs. This is largely the outcome of huge global increases in demand for steel, wood and concrete primarily to satisfy the gargantuan demand for building materials in China and India. According to the US Geological Survey, in the two years 2020-21, China consumed more cement than the US did in the 20th century.[3]





[1] A good example is the recently announced subsidised housing loans for first-time buyers in Hungary. Until now, Hungary had generous support for families to borrow cheaply for housing, but this is the first time the scheme has been extended to all first-time buyers. See About Hungary - Government Info: Hungary launches low-interest housing loan program for first-time buyers

[2] Building Stock Observatory figures from 2020

[3] USGS, Cement Statistics and Information

The rate of permits being issued for new buildings in Europe has also been dropping in recent years which will inevitably mean fewer houses becoming available. If we turn to the demand side of the story, then the scale of the mismatch looks every greater. The total number of new households in the EU has grown by over 5% since 2015 to reach a current total of 202 million. However, growth in households has both quantitative and qualitative dimensions. According to Eurostat, the fastest growth rate in new households were those of single adult households without children, which increased by 16.9% in the last ten years. Households made up of couples without children increased by 5.2%. At the same time, those with children dropped by 4.4%[4]. All this means is that there are significant pressures on the housing sector to reflect these new realities.

Another key demographic question that is relevant for understanding the housing crisis is the very uneven process of territorial change in Europe. Urbanisation is by no means consistent across member states, for example, urban growth rates may be much higher in the small to medium sized category rather than the higher profile hotspots. Secondly, there are those places marked by long-term economic stagnation and decline. According to one recent study:

> *There are 60 million Europeans living in places where the GDP per capita in real terms today is below that of the year 2000. About one third of the EU population lives in places that have been falling slowly behind. The incidence of development traps is particularly strong in France, Italy, Greece and Croatia, though they can be found in virtually every country in the EU[5].*

The EU's Joint Research Centre found that over one quarter of functional urban areas in Europe have shrunk in the past twenty years. In some cases, this trend was reversed for a short period, for example, in Spain, Greece and Portugal in the early 2000s, largely driven by tourism and credit fuelled construction booms. However, after the 2008 crash the decline in population restarted. In other parts of the EU, particularly in the south and eastern parts, the decline has not changed in the past twenty years.

One key headline in the housing crisis has been the increase in house prices. In many discussions, the standard figure is that, since 2015 house prices in Europe have risen by 48%. However, this disguises a great deal of variation. In Finland, for example, house prices have risen by only 5% whilst in Hungary, house prices have risen by 147%. These extremes have been a feature of the newer member states, even though many of them are experiencing significant short- and longer-term depopulation trends. Again, this reflects common demographic and economic trends whereby larger cities and capitals become overwhelmed by newcomers seeking jobs and better opportunities, emptying out the smaller and more rural regions. Whilst the main story is one of significant slowdown in the supply of new housing, there are telling exceptions. Ireland has seen modest population growth largely fuelled by migration, whereas Poland has one of the highest rates of population decline in Europe. Both have been pursuing dynamic strategies of rapid construction of new builds. The growth of new housing is twice or even three times what can be found in other member states.

The EU's new Affordable Housing Plan is meant to address some of the underlying problems in the housing sector, and it does propose a range of new and potentially transformative measures, not least a significant new financing measure with the EIB. However, even though the housing crisis can look very different in different parts of Europe, the early statements of the Commission repeatedly stress that the main problem is the chronic undersupply of housing. Considering the shortages of labour, the costs of materials and the changing household needs, the next section is based on the premise that, perhaps in many parts of the Europe, the city is already built.

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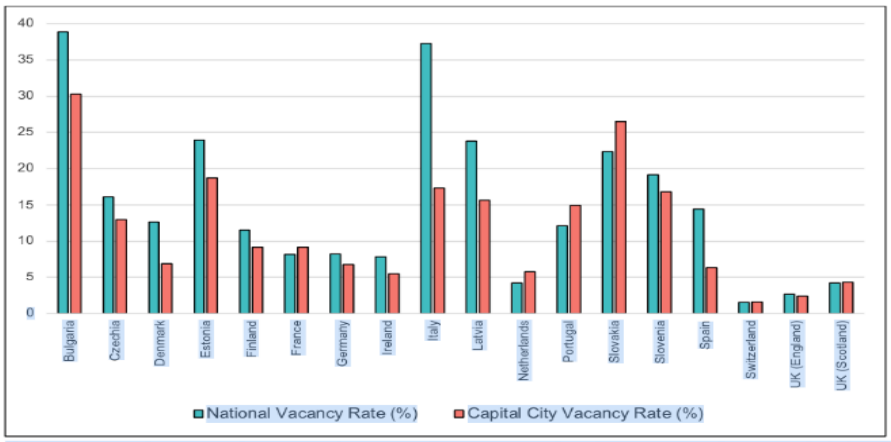
[4] Eurostat, Household Composition Statistics

[5] Editorial: Discontent is Europe's Main Threat, *Intereconomics*, 2025 60(2), 70-71

Can empty buildings be the solution to Europe's housing crisis?

The idea of reusing the existing building stock is not a new question in Europe[6]. However, despite the evidence of enormous numbers of unused residential buildings, their restoration into active use has been limited. Despite the chronic undersupply of affordable housing, the number of unoccupied dwellings has been rising dramatically for some time. The housing census of 2011, for example recorded that there were 37.8 million unoccupied conventional dwellings in the European Union. By the time of the next census in 2021, this figure had risen to over 46.5 million[7]. The rise of the unoccupied sector is a symptom of several fundamental demographic and economic trends causing long-term transformation in settlement patterns in Europe, not least the rapid pace of urbanisation but also the severe population clustering in demographic hotspots. As with many pan-European statistics and from a point of policy development, the question of what an unoccupied dwelling is needs to be treated very carefully. As Housing Europe warned in a report 'extreme caution is required when dealing with the data'[8]. There are significant differences in how individual countries define and classify unoccupied dwellings, as well as in the data sources and collection methods used, all of which have implications for data quality.

Figure 2: Residential Vacancy Rates



Notes: Data not always directly comparable due to differences in methodologies. Figures for Denmark, Ireland, Netherlands, and UK (England) are 2022; France, and UK (Scotland) are 2020; Germany (2018); All other countries are 2021. 'Capital City Vacancy Rate' for Slovenia equates to the vacancy rate for Osrednjeslovenska, the region that includes the capital of Ljubljana.

Source: Housing Europe calculations, based on National Statistical Agencies and/or Census Bureaus

Source: OECD, Housing Stock and Construction, 2024

The definitional differences have an important impact on framing policy debates; they can also generate spectacular differences for estimating the scale of the phenomena.

The single main source of information for estimating the number of vacant dwellings is the census that carried out every ten years in Europe, the last one being in 2021. In some countries, there are mini census carried out every five years. There are other sources, such as real estate and local tax registers. As we shall see, these statistics on empty properties are often collected by local authorities as part of their management of local housing and taxation. However, another and increasingly used source of information on occupation are the records of annual utility usage, particularly water and energy usage.

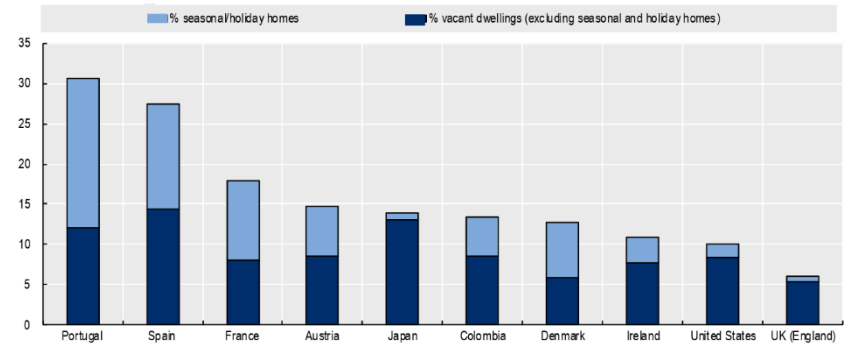
[6] The Spanish real estate crisis in 2008 has its own Wikipedia page. It was estimated that 3.4 million homes were left empty following the crash.
[7] Eurostat, 2011 and 2021 Census, Conventional Dwelling by Occupancy Status
[8] Housing Europe Observatory, Tools to deal with Vacant Housing, Vol.7, 2023

One fundamental question is whether considering the potential of unoccupied dwellings to alleviate the housing crisis should include second or seasonal homes. The traditions and extent of second homes vary considerably throughout Europe. In some countries, they are considered signs of privilege and wealth, which can make them easy targets for additional taxation levies. In other cases, the ownership of a semi-occupied family home in the countryside reflects more recent developments in the history of rural/urban relations[9]. These differences in custom and culture make it highly unlikely that there will be an EU-wide consensus for including these homes in some inventory of potential buildings. This pragmatism is reflected in the categories of exemption from EU energy efficient renovation targets. For example, Article 9 (6) of the Energy Performance of Buildings Directive 2024 provides the full range of potential exemptions, including the following:

> *Residential buildings that are used or intended to be used for either less than four months of the year or, alternatively, for a limited annual time of use and with an expected energy consumption of less than 25% of what would be the result of all year use[10].*

Despite this, certain campaign groups still include second homes in their literature concerning solutions for homelessness and unaffordability[11]. Looking at the table above, those countries with the highest vacancy rates such as Italy, Slovakia, Estonia and Bulgaria can be explained by their inclusion of second homes in their figures on unoccupied dwellings. As the following table shows, there is OECD data that attempts to distinguish vacancy rates between those countries which include and exclude seasonal homes.

C. Percentage of vacant dwellings and seasonal/holiday homes as a share of the total dwelling stock, 2022 or latest year available



Spain is one of the few countries to employ an alternative approach to the question of what counts as unoccupied. As mentioned, it is possible to gather reliable information on occupation by reference to utility usage. The Spanish definition is based on a reading of the annual use of electricity which makes for a total rate of 14.4% of the housing stock. However, this approach only includes dwellings where the utility usage is zero or close to zero. If they included those premises that only registered sporadic or minimal usage, then the vacancy rate would rise to just over 20% of the housing stock. This method of using utility usage has also been adopted by Belgium in its Register of Empty Properties. It was also considered in a recent DG Environment report which we will return to in section 4.

An additional reason to be careful of the data is the method of collection. Census data is a mixture of self-reporting and observation by officials who would supplement missing information by asking

[9] See the discussion on urban peasants in Cartwright A., Knowing when it is time to go. Managing rural decline in Central and Eastern Europe, Pannon Management Review, Vol 2 (1) 2013

[10] ANNEX to the Brussels, 30.6.2025 C(2025) 4132 final ANNEX 1 COMMUNICATION TO THE COMMISSION Approval of the content of the draft Commission Notice providing guidance on new or substantially modified provisions of the recast Energy Performance of Buildings Directive (EU) 2024/1275. Minimum energy performance standards for non-residential buildings and trajectories for progressive renovation of residential buildings (Article 9)

[11] For example, the recent FEANSTA report Affordable for Whom? 2025

neighbours and local officials which again can lead to variations in practice. It is also important to try and distinguish between so called voluntary and involuntary vacancies. It is a common theme in the housing literature that not all vacancies are a bad sign and require intervention. Properties may be empty following the death of the owner and the heirs deciding on what to do next. Vacancy could be the result of the need to renovate. It could reflect difficulties in financing repair works or houses could be empty whilst the owner is in hospital or long-term care. There would be little support for designating such properties as voluntarily vacant. By contrast, there is scant support for the retention of empty properties as a means of price speculation, either hoping for higher sales prices or significantly increased rents.

One repeated call at the EU level is for the development of a real estate register that would enable to properly capture the nature of the residential housing stock. In its recent adopted opinion, the Committee of the Regions, with its rapporteur, the Mayor of Barcelona, proposed the following:

> *- urges […] the European Commission to intensify its oversight of market regulation within the housing sector and to take action to combat speculation in the housing market at EU level. To this end, the establishment of an EU-wide real estate transaction transparency registry, which includes the beneficial owner of each property, is essential;*[12]

The authors of Housing Europe make a similar point:

> *If owners of vacant property can evade detection, in one way or another, or even categorisation as the holders of vacant residential property, then these tools will struggle to have the desired effect of bringing homes back into use. Therefore, strong and well-resourced systems of monitoring, evidence gathering, and enforcement are equally as important as any of the other policy initiatives outlined in this briefing.*[13]

Potential policies to activate vacant dwellings in the private sector

As mentioned, policy interventions addressing vacancy should distinguish between primary causes, lest they end up punishing property owners for matters outside their control[14]. It would be for the local authority to determine whether the grounds for vacancy were legitimate or not. However, local authority capacity is a crucial consideration in this work. The for the of a reliable and useful database of local vacant properties is an intensely labour-intensive operation as witnessed by the availability and consistency of figures. In the UK, for example, there are several examples of monitoring partnerships between local authorities and NGOs that have only lasted a few years before folding[15]. Such gaps point to the need for agreement on the minimum standards for data collection and the allocation of necessary resources. In Scotland, for example, the government funds an empty homes officer for each local authority, as well as funding for a small team to run the Scottish Empty Homes Partnership, which supports and shares best practice amongst officers.

There are an increasing number of local, national and European publications that gather evidence on the impact of supports and incentives to restore vacant properties into active use. The 2023 Housing Europe Observatory report on tools to deal with vacant housing, provides a valuable overview of

[12] The Role of cities and regions in the EU Affordable Housing Plan, 14 May 2025
[13] Housing Europe Observatory, Tools to deal with Vacant Housing, Vol.7, 2023
[14] For example, see Housing Europe Observatory, Tools to deal with Vacant Housing in Europe, 2023
[15] An interesting initiative in Budapest sought to employ crowd supplied information on empty premises in Budapest. http://lakatlan.kek.org.hu/index.html

measures. The report is careful to highlight the impacts as well as unintended consequences of such initiatives, especially the danger of missing the target audience or creating undesirable social outcomes. In several countries, especially in the Mediterranean, there have been well publicised schemes to attract new residences to areas that have been particularly hard hit by population decline. There are the well-known one-euro schemes where housing, usually owned by local authorities, is sold on the understanding that the new owners may not only renovate the property, but they will use it as their primary residence (Guifrida et all 2021)[16]. Sometimes, the initiative may be part of a wider national policy to attract foreign investment and be supported with tax incentives and the fast-track allocation of residency permits. Under the Golden Visa system in Portugal, for example, such benefits were available in designated areas and where the property in question was over 30 years old. However, one result was the raising of local property prices significantly without increasing residency rates.

Another report from the UK focused on the increasing breadth of local authority powers to deal with empty housing[17]. It provides extensive information on the current trends in restoring empty housing to use in England, setting out the various new regulations and powers that local authorities have acquired to address empty housing. This again highlights how local authorities may intervene to encourage the active use of vacant properties, particularly in areas of higher deprivation or on main town centre high streets where vacancy can exacerbate urban decline.

A third important report is from the homeless association FEANTSA. Urban Challenges, Housing Solutions is a collection of case studies from across Europe which deal with the challenge of adequate and affordable housing. They offer a variety of scales of intervention with innovative use of housing finance and in partnership with local authorities, non-profit groups and commercial developers. There are a wide range of public grants, loans and financial guarantees that can be used to offset the costs of renovation, particularly where they would increase the overall energy efficiency rates. Many of the schemes have been funded by a mix of national and EU funding, particularly using the post-Covid Recovery and Resilience Facility. However, the report is keen to emphasise the dangers that such schemes will not help the poorest households, particularly if they end up favouring owner occupiers and those who can afford to pre-finance the works.

One interesting example supports the greater engagement of the private sector in the increase of quality affordable housing.

> *A French scheme, known colloquially as the Loi Denormandie, has provided tax incentives in order to help investors to purchase and renovate housing in over 220 designated urban centres in France. The tax benefits are granted in return for agreeing to rent the newly renovated dwelling to a reserved group of eligible low-income households. This provides shared benefits for the purchaser of the home in need of renovation and the low-income tenant, who will be able to rent a higher-quality and less-costly home at an affordable price. The investor often does not assume the role of landlord and in many cases transfers the management of the renovate property to a Social Rental Agency.*[18]

Alongside the incentives, an increasing number of jurisdictions employ more punitive measures to promote the maintenance or restoration of vacant properties. These are usually the remit of dedicated local authority officers or otherwise specialised agencies charged with detecting and monitoring the

[16] "Houses for One Euro" and the Territory. Some Estimation Issues for the "Geographic Debt" Reduction
S Giuffrida, MR Trovato, A Strigari, G Napoli - INTERNATIONAL SYMPOSIUM: New Metropolitan …, 2020
[17] Wilson, W. Empty housing (England), Research Briefing, House of Commons Library, 2023
[18] Service public (2023, June 15). Impôt sur le revenu - Investissement locatif dans l'ancien « Loi Denormandie » (réduction d'impôt) [Income tax – Rental property investment under the Denormandie Law (tax deduction)].

extent of longer term, unused and unoccupied properties. Such properties may then find themselves placed on special registers which activate a series of notices to address the question of dereliction and long-term vacancy. Increasing numbers of member states and municipalities have introduced laws to permit additional taxation on vacant properties. In Ghent, Belgium, for example, the city imposes an annual 'vacant property tax' on privately owned dwellings that are left empty for more than one year. All revenues from this tax are allocated to fund social housing projects and incentives for owners to renovate and rent out their units. Similar schemes are in place in France, Spain, and Austria.

These harder measures may not only include higher local tax levy but insist on an agreed plan with a set of works and attendant timeline, backed up with additional penalties for failure to comply, all the way to compulsory purchase orders and enforced sales. Limerick County Council had been effective in using compulsory purchase orders to the vacancy problem[19]. They were by far the most prolific users of this method issuing over 3,000 notices which lead to the 'vesting' or transfer of almost 300 properties into council ownership. According to the report, the issuing of a compulsory purchase order was sufficient to 'wake the owner' to the importance of acting and there was no need to go further and pursue vesting. The properties themselves were not always used for social and affordable housing, and according to the author of the report, the council was quite adept at 'flipping' properties they had acquired by compulsory purchase. Another significant success factor was the long-term continuity of professional staff, including civil engineers and surveyors, who had established good working relations with external legal professionals thereby building up a well-respected professional partnership. In the UK, there is an Empty Homes Agency which partners with borough councils to identify long-term empty properties, then provides grants and technical support to bring them back into residential use or community-led housing schemes. Again, this may be achieved through the 'enforced sales' scheme.

In Amsterdam, and following its 'Empty Homes Enforcement' policy, the municipality is empowered to take legal action – ranging from fines to compulsory purchase – against owners who leave homes vacant for extended periods. Similarly, in Barcelona where there are severe shortages of available and affordable housing, under the '3a Vivenda' programme, the city registers all short-term rental apartments and targets units vacant for over two years. Those owners of unused flats face higher property taxes and are actively steered toward social-housing conversions.

Many of these measures are the outcome of local and national housing policies and are directed at private individuals who are the owners of empty dwellings. However, to address the question of adequacy of affordable housing, it is important to consider the role of municipalities in the supply of quality affordable housing and whether they might also become increasingly important actors in this story.

Local authorities, vacancies and affordable housing

As has been pointed by many organisations from Eurocities to the European Builders Confederation, the EU's forthcoming Affordable Housing Plan should place local authorities at the centre of development. In many countries, they own most social housing units. They also are instrumental in attracting national and EU funds for new housing, making land available, modifying planning regulations to accelerate decision-making as well as setting up new housing intermediaries such as Social Rental Agencies. In other words, they can be critical for scaling up the numbers of renovations and for facilitating the repurposing of buildings for new uses, including residential.

[19] Housing Insights Issue 6: Tackling Dereliction - Limerick City and County Council's approach, 2025

The recent Habitat report on the role of local authorities in Poland showed how they identify properties that are not used and activate or repurpose for affordable housing20. This involves working with both residents and local groups in diagnosing housing needs and planning solutions as well as collaborate with private investors, social housing association and NGOs to activate vacant or underused spaces. Local authority housing offices identify grants, loans, and supportive regulations to fund affordable housing projects. Then there are the specific legal frameworks like the Integrated Investment Plan which can facilitate public-private cooperation and enable conversions of post-industrial sites into residential or social housing, often under favourable conditions.

In many cases, the quality of the publicly owned housing stock is often poor, reflecting decades of minimal state investment, and with low rents not covering costs as well as perhaps the marginal social status of some of the occupants leading to their decline. However, in terms of the question of dealing with vacancy, the recent report by the Hungarian NGO Periferia points out, the number of vacant dwellings in the current portfolio of social housing is around 15% or about 20,000 units. Some are in such poor condition that it would require significant financial resources, which most local authorities in Hungary do not have, partly on account of them not being able to borrow money with central government approval.[21]

One important trend that is gaining policy attention and what could be of especial importance for local authorities is the application of sufficiency principles to the housing crisis. Coming from the sustainable development school, this proposes an alternative approach to the housing question and starts from the position that, in many cases, there is already sufficient built space, even for a growing population. This perspective draws on the old surrealist observation that what matters is how we see the city. It goes beyond the obsession on simply counting the mismatch between the number of buildings and the number of households, but instead proposes a new way to see, use and manage built space.

The opportunities from taking such a principle seriously can be profound for economic and environmental reasons. Not only does a sufficiency approach reduce carbon emissions by reducing the use of materials and energy but it can also address other more nebulous questions relating to quality of life. For the former objectives, recent research shows that second to operational emissions from existing buildings, the next greatest sources of carbon emissions in the EU housing sector comes from new construction[22]. This is despite the greater use of recycling and the number of buildings that are EPBD Certificate A. As the report from DG Environment points out, although new buildings do perform better in terms of operational energy efficiency, if we take the whole life cycle of a building into account, then repurposing can result in an overall 62% less carbon emissions compared to that would come from creating a new building[23]. The recent Draghi report on competitiveness in the EU stressed that the EU needs to become far more self-sufficient in energy and materials, being less reliant on unreliable energy supplies from Russia and creating resilience in the face of shocks in critical supply chains such as copper and rare earths. Not only does this mean greater increase in the use of renewable energy but a far better approach to the use of existing building materials[24].

[20] Habitat for Humanity Poland, Repurposing vacant real estate for affordable housing, 2024
[21] Periferia, Social Housing and Empty Spaces Landscape in Hungary, 2025
[22] Ramboll, BPIE, KU Leuven (2023) Supporting the Development of a Roadmap for the Reduction of Whole Life Carbon of Buildings
[23] DG Env, Sufficiency in the Building Sector – for the EU Whole Life Carbon Roadmap, 2024
[24] Even though increasing construction costs are given as one of the key reasons for the decrease in the construction sector, this does not mean that waste is not a serious problem in the EU. Construction and Demolition waste makes up around one third of the landfill in Europe. According to several studies up to 13% of building materials ordered on site end up in landfill without ever been used. ScienceDirect.

The sufficiency approach goes much further than simply proposing the conversion of existing non-residential buildings into new housing. The following is a short AI review of the idea of unused available space in the final DG Env report, followed by a summary of potential policies.

Case One: What is the definition of unused available space?

The paper discusses the concept of unused available space primarily in the context of potential for reducing building size, occupancy, and energy use. Specifically, it considers aspects such as overcrowding and under-occupation, as well as the availability of floor space per person and whether dwellings are being utilised efficiently.

While it does not explicitly define 'unused available space' as a precise term, it implies that unused space can be understood as the difference between the current size or occupancy of dwellings and what might be considered an 'adequate' or 'necessary' size for comfortable and reasonable use. For example, larger-than-necessary dwellings or under-occupied spaces represent potential unused space that could be optimised or downsized to improve energy sufficiency.

The analysis considers various indicators – such as overcrowding rates, under-occupation rates, and the presence of excess floor space – that point to the existence of space that is technically available but not actively used in a manner that supports energy sufficiency. In summary, unused available space is understood as the surplus space in dwellings that, if better utilised or reduced, could contribute to lower energy demand and more sufficient living environments.

Although only based on a small sample, the report does offer the following intriguing estimate on potential vacant space.

> *The analysis of five case studies exploring different regions, sufficiency measures, and governance levels demonstrates that substantial amounts of floor space could be avoided through sufficiency measures. Estimates based on upscaling case studies to comparable regions and cities reveal a considerable potential for utilising vacant and underused building space, with estimates ranging from 19,220m2 in Belgium to 20,197,763m2 in France and 23,526,633m2 in Germany.*

Case Two: Policies to effectively promote energy sufficiency

Regulation and standards for per capita dwelling size: Implementing policies that set limits or guidelines on the average floor space per person, encouraging downsizing where feasible, and promoting more compact living arrangements to reduce energy demand.

Incentives for flexible and adaptable building designs: Supporting the development and adoption of building designs that enable easy resizing or reorganisation of spaces, such as modular or

multi-functional layouts. These can facilitate sufficiency by enabling buildings to adapt to changing household needs, reducing unnecessary space.

Promotion of shared living and co-housing models: Policies that encourage shared occupancy, use of communal spaces, and co-housing arrangements can decrease per capita space requirements and thus energy use, engaging design and social innovations.

Equipment standards and behavioural policies: Mandating or incentivising the use of appropriately sized heating/cooling systems and promoting behaviours such as reducing indoor temperatures or optimising ventilation and window use, can significantly cut energy consumption without sacrificing comfort.

Land use and urban planning policies: Influencing land and housing development to favour denser, more compact urban forms, thereby reducing the land needed for housing and enabling more efficient infrastructure use, which indirectly supports energy sufficiency.

Supporting behavioural changes through information and awareness campaigns: Educating residents on minimising unnecessary space use and adopting energy-saving practices in daily routines can affect demand-side behaviours, complementing technical measures.

In such an application of a sufficiency approach, there is the potential to address central housing questions, but also to deal with other social questions such as the rise in loneliness and the loss of intergenerational relations. It is true that the radical implications, for example the suggestions that people have too much space for their real needs might be unpalatable for many, although the report does show strong public support when the case is properly presented.[25]

However, rather than addressing all the ramifications of sufficiency, we may simply consider the recent history of two types of conversion – office buildings and non-residential public buildings. Some of the recent changes in housing preferences brought about by Covid and work from home movement have resulted in reduced demand for commercial office spaces. In some countries, there are signs of a greater willingness on the part of urban populations to relocate as shown by the buoyant house prices in rural Germany. Some actively encourage urban relocation by providing tax incentives for individuals and companies to live and work in rural areas, for example, Ireland's Rural Development Policy Plan for 2021-25. These factors may encourage commercial developers to consider either repositioning or repurposing their commercial stock. According to the industry analysts Aberdeen Investments,

> *Office vacancy rates in Europe increased to 14.8% in December 2024. This was just below the peak level of 14.9% in 2012, when the market was in the middle of the Eurozone Crisis. Most of the new space coming onto the market is older and in weaker locations, as businesses consolidate into their better buildings and vacate surplus offices[26].*

The EU's Building Performance Energy Directive exerts a great impact on the overall cost-efficiency of office spaces. The real estate company Savills sees increased demand for high performing energy efficient buildings that are top of class in the BPED certification:

[25] One of the housing policies of the Soviets was to divide decadent bourgeois housing into more appropriately sized apartments. The best portrayal of this is in the film Dr Zhivago when the Yuri, returning from the war, arrives to find the family home full of new residents.
[26] European Real Estate Trends Outlook Q2/2025

> *Looking ahead, we can expect rising vacancy rates in dated, non-compliant buildings as corporate strategies seek best-in-class space. Whilst at country level, governments will introduce their own regulation, corporate occupiers will demand a minimum EPC as part of their ESG strategy, which will impact office space in all geographies*[27].

This may well lead to increased obsolescence of commercial properties, particular in peripheral locations or shrinking urban areas, but it can also mean an opportunity to take advantage of increased demand for residential units. In Spain for example, where there is exceptionally high demand for housing Savills reported that:

> *Since 2021, 64% of office space which has been converted in Madrid has been into residential, although data centres (9%), hospitals (9%), hotels (9%), storage (5%) and student (4%) conversions have also been popular given rising tenant demand*[28].

In the UK, large scale office conversion has proved an expeditious measure to deal with sudden increases in people requiring either social or affordable housing. This coincided with the willingness of developers to repurpose unwanted commercial space in exchange for guaranteed rents organised by the local authority. As a result, the office to home conversions were made exempt from the usual change of use planning regulations which meant less stringent building controls and avoided lengthy consultation processes. It was designed to encourage the rapid creation of affordable housing in the heart of the city for a range of tenants, especially key workers but also migrants and vulnerable groups.

As the recent House of Commons All Party Report on Office to House Conversions, things did not go according to plan. As the debate makes clear, the absence of normal regulation and monitoring combined with the desperate shortage of housing in some cities led to a glut of sub-optimal conversions generating all manner of complaints about lack of proper sanitation and services, of poor-quality materials and even overcrowding. However, as the recent report by Habitat Great Britain and the London School of Economics, points out there are signs of increasing quality in the repurposing sector in the UK.[29]

When it comes to creating new living spaces, some buildings have much more advantage than others when it comes to repurposing. This will usually be a combination of technical and architectural consideration alongside locational factors. For example, as the Polish Habitat report points out, it is much more difficult and expensive to convert a disused factory into housing than a downtown office block, the latter usually is laid out with apposite floorwork, heating and utility distribution.[30] In addition, a factory's location might be unappealing for any potential conversion, with few amenities, poor transport connections and distance from town centres and public services. The architectural potential combined with location are the key considerations for potentially recycling existing non-residential buildings.[31]

One suggested outcome of the sufficiency approach would be to create an inventory of non-residential buildings with the highest potential for creating additional living space. These would be those that can be most easily repurposed for residential use, particularly due to their structural versatility and underutilisation. It could also consider other priorities such as protecting buildings of historic value.

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[27] Savills | Spotlight: European Office Obsolescence – December 2022
[28] Savills: Spotlight European Property Themes 2025
[29] See the forthcoming report from Habitat Great Britain on environmentally sound building conversions.
[30] Habitat for Humanity Poland, ibid 2025
[31] The Netherlands is probably amongst the lead in terms of good examples of conversions. See for instance the contributions to the Hungarian publication Vacant City: Experiments in inclusive urban transformation in Netherlands/Hungary. KEK Hungarian Contemporary Architecture Centre, 2015.

Case Three: Examples from the Polish case include:

Schools and educational facilities: These buildings often have flexible spaces and availability during outside school hours. Repurposing such buildings can provide significant living space, especially when considering modular or adaptable interior designs.

Early-stage or underused commercial and office spaces: Co-working spaces and start-up centres, which are designed with modular, flexible layouts, could be converted into residential units or shared housing models, thus providing another potential for increased living space.

Non-residential buildings with multi-functional designs: Buildings that can be subdivided into smaller units or reconfigured easily, such as some commercial or institutional facilities, may offer substantial opportunities for conversion into multi-generational or shared housing setups.

The overall potential for conversion is especially high for buildings that are originally designed with flexibility and adaptability in mind, such as modular offices, co-working spaces, or educational facilities that could be transformed to meet housing needs, thereby enhancing the utilisation of existing infrastructure for residential purposes. On the other hand, as the following examples from Hungary highlight, we need to be realistic in the utilisation prospects of all unused buildings.

Case Four: Conversion possibilities in Hungary

Industrial buildings: Since 1989, many former industrial factories and warehouses have been abandoned. While some of these could be converted into residential spaces, issues such as contamination and suboptimal locations often limit their suitability. The text suggests that only a subset of these, particularly those in more favourable locations without contamination issues, could be considered for conversion.

Former military barracks: These are often municipally owned and located on the outskirts of settlements. Architecturally, they are easier to adapt for residential use, but their peripheral locations pose challenges.

Vacant non-residential spaces: Including retail vacancies and office spaces, many of which are either too small or challenging to convert into housing due to their location or structure (e.g., office spaces in central areas converted from flats, or retail units that are architecturally unsuitable).

The key takeaway is that while there is potential, the actual number of suitable buildings remains uncertain and would require detailed assessment on a case-by-case basis.

A final point in favour of repurposing public buildings is the potential of public buildings which for reasons of population change may no longer be needed. These can include schools, hospitals, kindergartens, health centres which can be transformed into publicly owned affordable housing. The potential may be

particularly significant in those regions affected by chronic depopulation and long-term shrinkage. As with converting commercial office space, their advantage can lay in their location and connection to the main utilities and services, but there is also the advantage of clear forms of ownership and control.32 The actual financial capacity of local municipal owners and their incentives for reusing these buildings might be very different compared to those from privately owned non-residential buildings, but their access to both public and potentially private finance might also be quite different and increasingly so with the possibilities under the new EIB financial programme. It is also noteworthy that many influential voices in the debate over EU action in the housing field stress the need to consolidate and even increase the public ownership of housing.

Conclusion

In the current climate, there are plenty of potential sources of financial and technical support for local and national housing actors seeking to enhance the affordable housing stock. There are also favourable signs of greater private sector interest and involvement, whether through partnerships with experienced housing intermediaries and local authorities, or collaboration on long-term financing via the European Investment Bank and the Council of Europe Development Bank. In the short-term, several promising funding opportunities exist, not least in the spending of the remaining Recovery and Resilience Facility, but also in the unused Cohesion Funds and through new initiatives such as the Social Climate Fund.

The second advantage is that new housing policies are being laid down at both national and EU levels, with potential for long-term impact. The unlikelihood of the status quo achieving current emission reduction targets is a strong argument for doing things differently – whether that means significant investment in renovation and repurposing, or unprecedented levels of long-term state support for the housing sector. As the International Energy Agency reported in its post-Covid Sustainable Recovery Report, investing in retrofitting and renovation delivers the highest return in terms of job creation: for every million euro invested, between 12 and 18 new jobs are created33. This implies working with the organisational reality of the European construction industry, the vast majority of which consists of small and medium-sized enterprises that should not need specialised officers to decipher EU grant applications. It may be worthwhile highlighting the suggestions of the European Builders Confederation here:

- *Engage in high-level dialogue between European institutions, Member States and the banking sector for a joint declaration on the benefits of investing in the renovation and energy renovation of existing buildings.*

- *Promote the repurposing of unused private and public assets of the existing building stock as part of the solution to housing shortages.*

- *Leverage EU financial instruments to support low-interest, long-term loans for construction and renovation projects bringing a demonstrated environmental, social or economic added-value at local level*

[32] One of the repeated messages of the EU Affordable Housing Plan is to maintain the size and quality of the publicly owned patrimony. Although this recommendation does not include conversions or prioritising vacant buildings as much as it could.
[33] See EU Renovation Wave

• *Ensure the Social Climate Fund can be activated for renovation and energy-efficient renovation projects.*

Recent EU progress reports have found there to be very little cross-border cooperation on these questions. One way this might change is by starting with the question of what exists now. The way in which buildings and land are documented varies considerably across Europe, and vital information about ownership is not always easy to access. Creating a transparent register of real estate should therefore be seen as a prerequisite for the success of any EU-wide housing policy.

About Habitat for Humanity

Habitat for Humanity is a movement of people in your local area and around the world, working together to build more prosperous and vibrant communities by making sure everyone has a safe, affordable place to call home. Since our founding in 1976, together we have helped more than 62 million people globally build their futures on their own terms through access to decent housing. We've done that by working alongside people of all walks of life to build, repair and finance their homes, by innovating new ways of building and financing, and by advocating for policies that make constructing and accessing housing easier for everyone. Together, we build homes, communities and hope.

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