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Empty Spaces  
to Homes

# The Housing Paradox

**Surplus and Shortage**

**Policy Brief by Habitat for Humanity  
Europe and the Middle East**

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The lack of affordable housing in many parts of Europe has become a crisis. Fewer houses are being built and those that cost 5-6 times the average annual wages. It is more expensive to heat houses and with the rise in interest rates, the result is that young people cannot afford to leave home, so overcrowding rises and frustration does too. Eurobarometer, at the time of the last elections, found that the cost of living was the top issue for most voters.

With the appointment of a new Housing Commissioner and a raft of policy initiatives and plans, the EU has signaled its intention to be a prime mover in housing policy, especially where it coincides with other goals such as the green transition, increased self-sufficiency and regional cohesion. The upcoming Affordable Housing Plan, the strategy to support housing construction and the financial backing of the European Investment Bank has the potential to affect the everyday lives of Europeans in a way that few other EU flagship initiatives have managed.

It is crucial to understand how the housing crisis is being diagnosed and to ensure that the resulting treatment acknowledges that there may not be one housing crisis. The recent EP draft resolution defined the problem as a chronic lack of supply, citing well known causes such as acute labor shortages, spiraling construction costs and inflexible land use policies. This may well be in large urban areas where populations are steadily or rapidly rising. However, as the same resolution acknowledges, in other parts of Europe, the main problem is the lack of demand and an accompanying decline in the quality of the building stock, and no doubt the quality of life for those left behind.

One of the main paradoxes about the current housing crisis is that there are more buildings in Europe than probably any other time in its history. Of the 131 million units, 75% are residential and the rest a combination of commercial and public properties. Another way to look at the housing crisis is to ask whether this stock meets the changing needs of the economy and the population. In many places, the city is already built, we just need to adapt it.

Adaption means first assessing how buildings are used today and how that use can be improved to meet housing needs. Initiatives such as the new European Bauhaus and the Affordable Housing Initiative offer ready-made platforms for sharing good diagnostic practices, and there are EU wide professional and municipal networks that can be engaged too.

One obvious contender for building adaption are those buildings that are empty. Between the last two housing censuses, the number of unoccupied dwellings in Europe rose from just under 38 million to 46.5 million. Even after discounting second homes, that still leaves tens of millions that could be brought back into use. Add unused commercial and public buildings that could be repurposed, there may well be more than enough built space to meet demand. Already, several member states and municipalities have been asking whether vacant buildings are the “sleeping giant” in the affordable housing question. There is much that can be learned about the success of different approaches to housing rehabilitation in Europe, and arguably, much to offer in terms of long-term EU housing policy that can support this goal.

The first is that most empty buildings are privately owned, and the reasons why they are empty vary considerably. This is vital for determining the legitimacy of policy intervention. For example, vacancy might be caused by renovation works, that it is on the market for sale or rent or that it is going through inheritance procedures. In such cases, there are no grounds for intervention. On the other hand, vacancy might be a product of lack of demand in areas of higher deprivation and here, there might be more public interest for local authorities to encourage and support owners to restore buildings into active use. There is increasing evidence that a mix of financial incentives and regulatory pressures can be effective in rehabilitating properties even in deprived neighborhoods. Several countries have brought in vacant property registers and additional levies on unjustified vacancy with sometimes dramatic

improvements in occupation rates. Access to affordable finance remains a critical bottleneck, and so too does getting empty properties onto the market, where local authorities can be ideal facilitators.

A second approach to existing use is to consider densification, in other words, could this building or this area accommodate more people without sacrificing living standards. Such approaches range from practical extensions such as adding onto the roof, to encourage the parceling and division of existing dwellings, for example, the German experiments in creating separate residential units in larger houses or the Belgium initiatives to create registers of empty rooms to rent for students. These measures can take into account changing household preferences for single or couple occupied homes, without the need for constructing significant numbers of new units.

A third main lesson is the potential for repurposing non-residential buildings to meet housing needs. Several studies point to extensive underuse of public buildings. Recent testimony to the special Housing Committee of the EP, for example, reported that public buildings worth 45 billion euros currently lie empty in Italy. Converting old schools, hospitals, and other municipal owned buildings holds some promise, so does turning unwanted commercial office space into homes. Financing such conversions might be difficult for cash strapped local authorities, but better access to EU instruments (from Cohesion Policy funds to the Social Climate Fund) promised by the EIB can help. As the International Energy Agency made clear in its 2021 Recovery and Resilience Report, public investment in energy efficient retro fitting offers the highest rate of return in terms of new jobs created.

## Recommendations

- Fully implement Article 6 of the Energy Efficiency Directive and ensure that MS publish lists of publicly owned buildings along with sufficient information to assess their potential for repurposing.
- Encourage the creation of local inventories of privately owned, unused and underoccupied buildings. Empower the EU Housing Task Force to gather best practices to tackle legal, economic, and organizational obstacles to renovation and repurpose of both public and private buildings.
- Encourage the Commission to prioritize the rehabilitation of vacant buildings in the current review of MS National Renovation Plans. Encourage the EIB to dedicate technical expertise and targeted investment to support the conversion of vacant premises.
- Insist that MS provide full and transparent information on the progress of the EU Renovation Wave and introduce financial bonuses for countries reaching targets for converting the worst energy performing empty buildings.
- Strengthen the ability of SMEs to fully participate in renovation and rehabilitation works by ensuring proper access to long term public funds. Ensure appropriate local administrative capacity to support this.

**Europe doesn't lack buildings.  
It lacks action to turn them into homes.**

# Thank you.

Contact details:  
[emea@habitat.org](mailto:emea@habitat.org)



habitat.org/emea



habitat-for-humanity-emea



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