

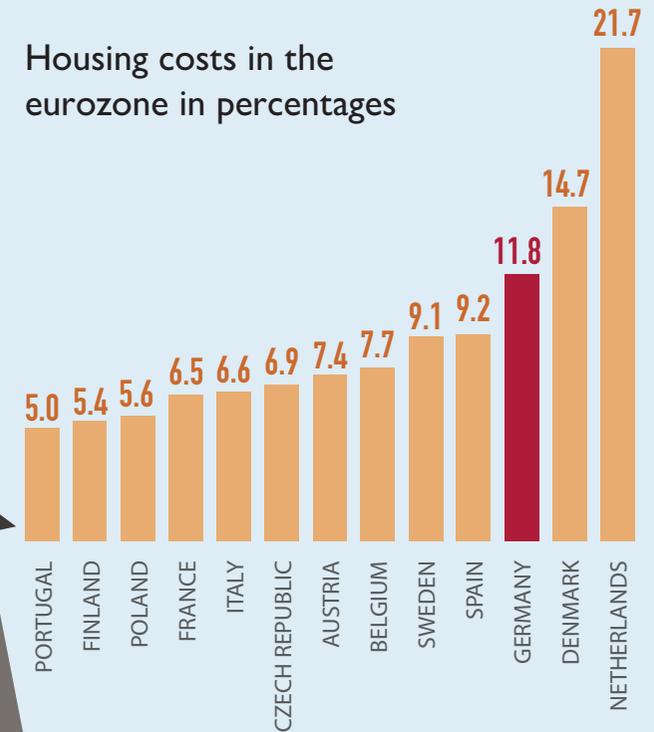
# Above-average housing cost burden in Europe 2023



In the European conurbations, residential space is a scarce commodity - from both a demand and a supply perspective. The combination of scarce supply and high demand has led to accelerated rental growth in recent years. Even the current economic turmoil and the changed interest rate landscape are not causing any significant change in residential rents; in the case of existing prices, value adjustments in the single-digit percentage range can be quantified. The result is that for an increasing proportion of households, (rented) housing in a major European city is increasingly out of their financial reach. This development is also supported by the high inflation rates that were recorded in the European economy in 2022 until Q2/2023.

**Supply expansion, de-urbanisation or area reduction?**  
 In terms of quantity and political feasibility, the only effective instrument for reducing the housing cost burden ratio is the expansion of the supply. However, the interest rate level in Europe, in particular, is currently resulting in investor restraint in the area of property investments. A significant easing of the situation on the European rental market for residential properties, due to an increase in supply, is therefore not to be expected in the near future. Until then, the only alternatives are “restrictions in consumption & area” or - relatively unrealistically - moving away to regions with a more relaxed housing market.

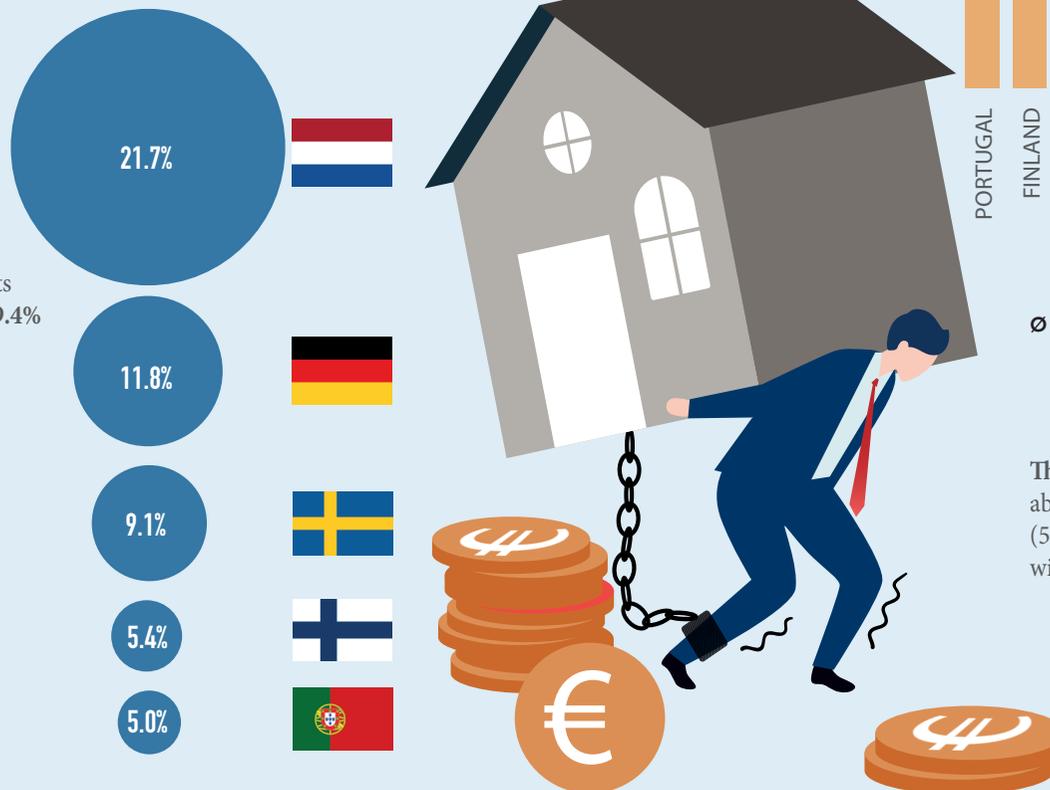
Housing costs in the eurozone in percentages



∅ Eurozone - 20 countries (from 2023) 9.4%

If we look at the proportion of European households with a housing cost burden ratio that is too high then it becomes clear how heterogeneous the European residential property rental markets currently are. At the beginning of 2023, the proportion of people in the eurozone living in a household where housing costs exceed 40% of disposable household income stood at 9.4%

This development can be measured by the so-called housing cost overburden ratio. According to the definition of Eurostat, a housing cost overburden ratio exists “when the housing costs of a household exceed 40% of the disposable household income”.



The Netherlands, with a share of 21.7%, is significantly above the EU average. Portugal (5.0%) and Finland (5.4%) are the lowest. Germany is also above average with a share of 11.8%, Sweden (9.1%) slightly below.