



## PRESS RELEASE

# ‘Green’ legislation: FIEC calls on EU institutions to thoroughly analyse impact on new housebuilding

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Against the background of the **spreading housing crisis** and **low investment levels**, FIEC considers it indispensable to thoroughly analyse all potential impacts of upcoming environmental legislation on new housebuilding.

## Implementing the Green Deal comes on top of already difficult economic context

Under the European Green Deal, the EU’s new growth strategy, the Von der Leyen Commission has so far introduced far-reaching legislation on energy efficiency, renewable energy, carbon pricing, circular economy and sustainable transport. The implementation of this new legislative package at Member States level is expected to have a **considerable impact on construction costs** in the short to medium term.

**This comes on top of an already unfavourable economic context**, marked by high interest and inflation rates and a lack of permits for building new houses in Member States.

Several EU countries are currently facing a significant housing shortage and a decline in new infrastructure projects. In **Germany**, the projected housing shortage is expected to reach 700,000 by 2025. It is the worst housing crisis the country has seen in 20 years. In **France**, housebuilding has dropped to levels not seen since 2010. **Sweden, Denmark, Belgium** and **Hungary** are also experiencing a cooling of their housing markets<sup>1</sup>.

*“Against this background, it is vital that we now see a shift from proposing new green legislation towards implementing what has already been agreed at EU level and towards reducing bureaucracy while paying particular attention to the costs of construction and renovation”,* **Stephanos Pierides, chairman of FIEC’s sub-commission on environmental affairs**, says.

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<sup>1</sup> For 2023 to 2025, the decline in completed dwellings is expected to be particularly sharp in Sweden (-39%), Denmark (-33%), Germany (-32%), and Hungary (-29%), see <https://www.ifo.de/en/press-release/2023-07-19/european-residential-construction-cools-down>. Overall, rising prices and supply shortages for energy as well as for certain construction and raw materials still have a negative impact on the activity of contractors. In 2023, investment in construction in Europe is expected to fall by 2.5%. Sweden is expected to be the hardest-hit country, with investment in construction expected to fall by 13,7%, see <https://fiecd-statistical-report.eu/european-union>.

## Proposals still under discussion: Impact on new housebuilding should be carefully evaluated

The proposals on improving the **energy performance of buildings**<sup>2</sup>, on **nature restoration targets**<sup>3</sup> and on **monitoring soil health**<sup>4</sup> are still under discussion.

Considering the difficult economic context, FIEC calls on legislators to **carefully evaluate all potential impacts** on the construction sector of any additional measures that could make construction projects even more burdensome and costly.

In its **position paper on the latest European Commission proposal for a Soil Monitoring Law**, published today, FIEC reiterates this call.

*“We fully support the objective of monitoring and improving the state of soils, but the potential implications of the proposed “land take mitigation principles” for new construction projects should not be underestimated. A thorough analysis of all these implications on economic activity is indispensable in order to take appropriate measures if necessary”, Pierides concludes.*

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<sup>2</sup> Recast Energy Performance of Buildings Directive.

<sup>3</sup> Nature Restoration Law.

<sup>4</sup> Soil Monitoring Law.



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