

WORKING TOGETHER TOWARDS POTENTIAL SOLUTIONS TO TODAY'S HOUSING CRISIS

Brussels, 9/4/2024

Our Alliance brings together more than 50 European associations in the built environment. The European construction industry represents more than 5 million companies, around 25 million employees and accounts for 10.3% of the EU's GDP. We are the second largest industrial ecosystem among 16 recognised by the European Commission as central to the European Industrial Plan.

The construction ecosystem is a powerful solution provider for economic, social cohesion and climate action. It is therefore also our responsibility to alert about the escalating economic crisis and its impact on the new housing segment and the construction environment. These repercussions extend beyond mere economic woes, adversely affecting the European Union's economy, societal fabric, and efforts to combat climate change.



The current socio-economic context is characterised by higher mortgage rates, inflation, supply chain disruptions, regulatory constraints, stringent lending criteria enforced by banks, a shortage of buildable land and challenges in obtaining building permits. Consequently, new housing construction has slowed down significantly, making home ownership and home rental more challenging. This occurs as several Member States are facing severe housing shortages, potentially leading to unpredictable social consequences. The challenges in accessing housing, a fundamental human right, risk exacerbating societal discontent, particularly in a year marked by significant elections both at the EU as well as at national levels.

Germany is experiencing its worst housing crisis in 20 years, whilst France's new home construction has fallen to levels not seen since 2010. Recent figures suggest that housebuilding will decline in 2024 in most Member States, a continuation of the trend observed in 2023. Portugal and Spain did see weak to moderate growth in 2023, but there is a significant and persistent housing need in both countries.

An extensive legislative framework has been introduced, as part of the European Green Deal. Given its significance as a cornerstone of the EU economy, the European construction ecosystem, is committed to providing affordable, circular, climate-friendly change/adaption compatible solutions. Under this new legal framework, Member States will step up their efforts to decarbonise the built environment, which is welcome. However, considering the aforementioned context, it is imperative that these measures are implemented judiciously, ensuring that the provision of new affordable homes to our citizens is not compromised.

As construction projects face cancellations or delays amid the current socio-economic conditions, a "perfect storm" is unfolding for the new housing segment and the broader European construction ecosystem. The deepening housing crisis not only adversely affects employment but also contradicts the expectation that the Green Deal would serve as a significant driver for job creation. Moreover, it threatens to deprive a portion of European citizens and families of access

to quality new housing at affordable prices, undermining the European Commission's environmental objectives. This includes its commitment to decarbonising the housing stock, as limited access to the most eco-friendly homes on the market becomes a reality.

Even in the face of the challenging economic backdrop and prevailing societal shifts in the EU, it remains undeniable that we must strive to attain our climate neutrality goal and prioritise the restoration of nature and biodiversity. Nevertheless, it is imperative to recognise that these major policy objectives must be pursued while also addressing the crucial societal need for affordable and healthy housing. Consequently, we call upon the EU Institutions and Member States to collaborate in establishing more favourable conditions to accelerate the delivery of new housing.

One initial step could be to systematically assess the impact of EU policies on:

- Construction costs;
- Housing costs;
- Rigidity of bank lending practices;
- Economic framework conditions for new low-carbon housing delivery and achieving a cost-optimal balance between investment in new housing and compliance with new environmental and energy efficiency legislation;
- Availability of buildable land, building transformation potential and acceleration of planning permits;
- Financial situation of households, in particular low-income households;
- Administrative burden on businesses, in particular housing providers and construction SMEs;
- Jobs and skills in the construction sector.

With these objectives in mind, the construction sector, represented by the Construction 2050 Alliance, advocated last year for a forum to take stock of the evolution of the construction market and to reinforce its indispensable contribution in advancing EU's environmental, social, and economic ambitions.

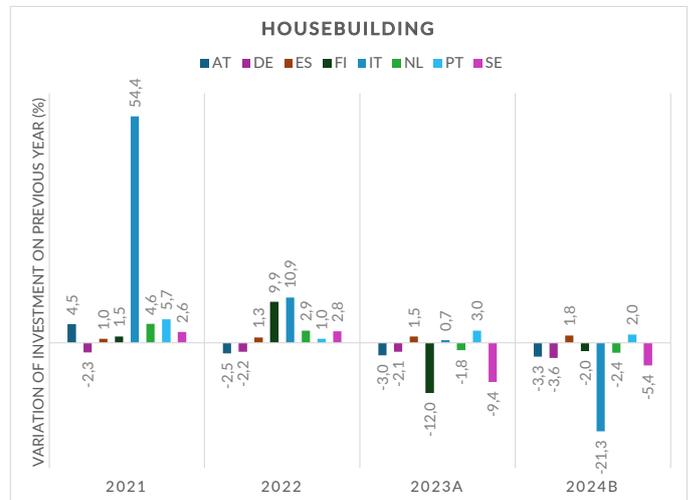
www.euconstruction2050.eu



Disclaimer: This document represents the overall view of the Construction 2050 Alliance and not the position of each individual member.

We now reiterate the need for an annual High-Level Summit for the Built Environment, especially pertinent amidst the escalating housing crisis. We look forward to meeting with policymakers and key stakeholders to delve deeper into these matters.

Annex : Statistical data



Source : FIEC (A : estimate; B : forecast)



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The Construction 2050 Alliance is a partnership established in 2020 made of more than 50 European organizations representing the actors of the built environment working together to advance the needs and priorities of the wider construction and built-environment sector at the EU level.