

歐盟新屋開工：2023分析及2024展望

EU New Housing Starts:

2023 Analysis and Outlook for 2024

The housing market in the EU witnessed a blend of challenges and opportunities in 2023, setting the stage for a nuanced outlook in the coming year. This analysis delves into the key trends that shaped the EU housing landscape in 2023 and offers insights into what lies ahead in 2024, with a particular focus on Germany and France, two pivotal markets within the region.

Navigating the Waves: Assessing the Varied Currents of 2023

The year commenced with a sense of cautious optimism, notably in Germany, the EU's economic powerhouse. Early indicators suggested a modest uptick in construction permits, hinting at potential growth opportunities. However, this upward trend was not uniformly observed across the EU. A significant factor contributing to the subdued growth was the swift escalation in interest rates. After years of historically low borrowing costs, **the European Central Bank (ECB) embarked on a tightening cycle to counter inflationary pressures. This surge in interest rates adversely impacted mortgage affordability, particularly for first-time homebuyers, potentially dampening the demand for new housing units across the EU, including in France, another major market.**

Beyond Interest Rates: A Multifaceted Challenge

Several additional factors compounded the slowdown in new housing starts in the EU:

- **Supply Chain Disruptions:** Ongoing global supply chain disruptions continued to reverberate across the construction sector, causing shortages of essential building materials and skilled labour. These disruptions led to project delays and escalated construction costs continent-wide.
- **Geopolitical Uncertainty:** The conflict in Ukraine and broader geopolitical tensions cast a shadow of economic uncertainty, denting investor confidence and prompting developers in Germany and France to adopt a cautious stance.
- **Disparities in Housing Demand:** Housing needs varied significantly across the EU. While Germany grappled with a shortage of affordable housing, particularly in major urban centres like Berlin and Munich, France contended with an oversupply of vacation homes in rural areas. This disconnection between supply and demand further complicated market dynamics in both countries.



Main Markets in Focus: Germany and France

Germany:

Market Dynamics: Germany's housing market is characterized by a strong demand for affordable housing, particularly apartments. This demand is driven by a growing urban population, with an estimated 87% of Germans living in urban areas¹. Additionally, Germany has a large aging population, with over 28% of the population aged 65 or above². This demographic requires accessible and affordable housing options. However, rising construction costs and a shortage of skilled labour pose challenges for developers. Construction costs in Germany increased by 17.6% year-on-year in the third quarter of 2023³.

Government Initiatives: The German government has implemented policies to address affordability concerns:

- **Rent control:** In some cities, rent increases are capped to a specific percentage above the local rent index.
- **Tax breaks:** First-time buyers can benefit from tax breaks on property purchases, such as a reduced value-added tax (VAT) rate on renovations.
- **Focus on energy efficiency:** The German government offers subsidies and incentives for developers to construct energy-efficient buildings, promoting sustainability in the housing market.

France:

Market Dynamics: The French housing market is more diverse, with a mix of urban and rural properties. While demand remains strong in major cities like Paris, affordability concerns are rising. A 2023 study by the Notaires de France, a national association of notaries, revealed that the average price per square meter in Paris reached a record high of €10,600 (US\$11,233).

Additionally, there's an oversupply of vacation homes in some rural

1. Statista (2023). Share of urban population in Germany from 1950 to 2023. <https://www.statista.com/statistics/1056970/urbanization-in-germany/>
2. The World Bank (2023). Population 65 and over, total (% of total population) - Germany. <https://data.worldbank.org/indicator/SP.POP.65UP.TO.ZS?locations=DE>
3. Destatis Statistisches Bundesamt (Federal Statistical Office of Germany) (2023). Construction price index - Germany. https://www.destatis.de/EN/Themes/Economy/Prices/Producer-Price-Index-For-Industrial-Products/_node.html



areas. According to INSEE, the French National Institute of Statistics and Economic Studies, there were over 600,000 vacant second homes in France in 2022.

Government Initiatives: The French government has also introduced measures to address affordability:

- **Tax breaks:** First-time buyers can benefit from tax breaks on property purchases, similar to Germany.
- **Social housing projects:** The government invests in the development and maintenance of social housing units, providing affordable options for low-income residents.
- **Renovation focus:** There's a growing emphasis on renovating existing housing stock to improve energy efficiency. The government offers grants and tax credits to encourage homeowners to undertake energy-efficient renovations.

Key Differences

While both Germany and France face challenges in their housing markets, some key differences exist:

- **Demand Focus:** Germany grapples with a shortage of affordable housing, particularly in urban areas. France, on the other hand, has a more diverse market with both affordability concerns in major cities and an oversupply issue in specific rural segments.
- **Policy Focus:** Both countries offer tax breaks for first-time buyers, but Germany additionally utilizes rent control mechanisms in some cities. France places a stronger emphasis on social housing projects to address affordability.

Looking at the Future

Despite the current challenges, both Germany and France are likely to see a continued focus on:

- **Affordable Housing Solutions:** Government initiatives and developer strategies catering to specific needs in their respective markets will be crucial for ensuring housing accessibility.
- **Sustainable Construction:** The emphasis on energy-efficient buildings and renovations is likely to continue, driven by rising energy costs and environmental concerns.
- By adapting to these trends and addressing affordability concerns, Germany and France can work towards a more balanced and sustainable housing market in the future. Signs of Resilience: Underlying Demand and Policy Initiatives.

Despite the prevailing headwinds, there are glimmers of hope for the EU housing market, including Germany and France, as it transitions into 2024. Here are some notable trends to monitor:

- **Demographic Imperatives:** Demographic shifts within the EU underscore a sustained, long-term demand for new housing units. Population growth, particularly in urban hubs, coupled with an aging populace necessitating accessible housing solutions, will continue to underpin

demand in both Germany and France.

- **Policy Support:** Several EU member states, including Germany and France, are rolling out measures to address affordability concerns, potentially injecting momentum into the market.
- **Emphasis on Sustainability:** There is a growing emphasis on sustainable construction practices across the EU. This trend could incentivize developers to prioritize energy-efficient housing solutions, appealing to environmentally conscious buyers and curbing long-term operating expenses for homeowners.

Industry Projections for 2024: Navigating a Dynamic Landscape

Industry experts offer nuanced perspectives on the EU housing market's trajectory in 2024. While a full-fledged recovery may remain elusive in the near term, certain segments, particularly in Germany and France, could witness renewed stability and growth. Here's a breakdown of key forecasts:

- **Segmental Variations:** The luxury and high-end housing segments are anticipated to remain relatively resilient, buoyed by sustained demand from discerning buyers in both Germany and France. However, the affordable housing segment might face more pronounced challenges due to escalating costs and financing constraints.
- **Continued Emphasis on Renovation:** Renovation and refurbishment endeavours targeting existing housing stock are poised to gain prominence in 2024, encompassing both Germany and France. This trend is driven by various factors, including:
 - **Energy Efficiency Imperatives:** Escalating energy expenses and mounting environmental concerns have amplified the focus on enhancing the energy efficiency of buildings. Renovation projects aimed at upgrading insulation, windows, and heating systems offer compelling cost-saving opportunities for homeowners.
 - **Sluggish New Construction:** A potential deceleration in new construction activities could pivot attention towards renovation initiatives, particularly in locales characterized by aging housing stock in need of modernization.
 - **Regional Dynamics:** Market performance is expected to diverge across different EU member states.

Conclusion

The EU housing market, with a spotlight on Germany and France, stands at a crossroads in 2024. While challenges abound, underlying drivers of resilience and adaptability offer grounds for cautious optimism. By zeroing in on bespoke housing solutions, sustainable practices, and fostering an environment conducive to economic stability, stakeholders can play a pivotal role in nurturing a balanced and sustainable housing ecosystem in the years ahead. ■

