European Foundation for the Improvement of Living and Working Conditions

The tripartite EU agency providing knowledge to assist in the development of better social, employment and work-related policies

The housing struggles of young people: labour market / demographic implications

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Villa Vigoni, “Social monitoring and reporting in Europe”, October 2025

Results from forthcoming report

‘Foundational challenges: the housing struggles of young people in the EU’

- To be published in December 2025:

https://www.eurofound.europa.eu/en/publications/all/youth-and-housing-europe-challenges-and-policy-responses

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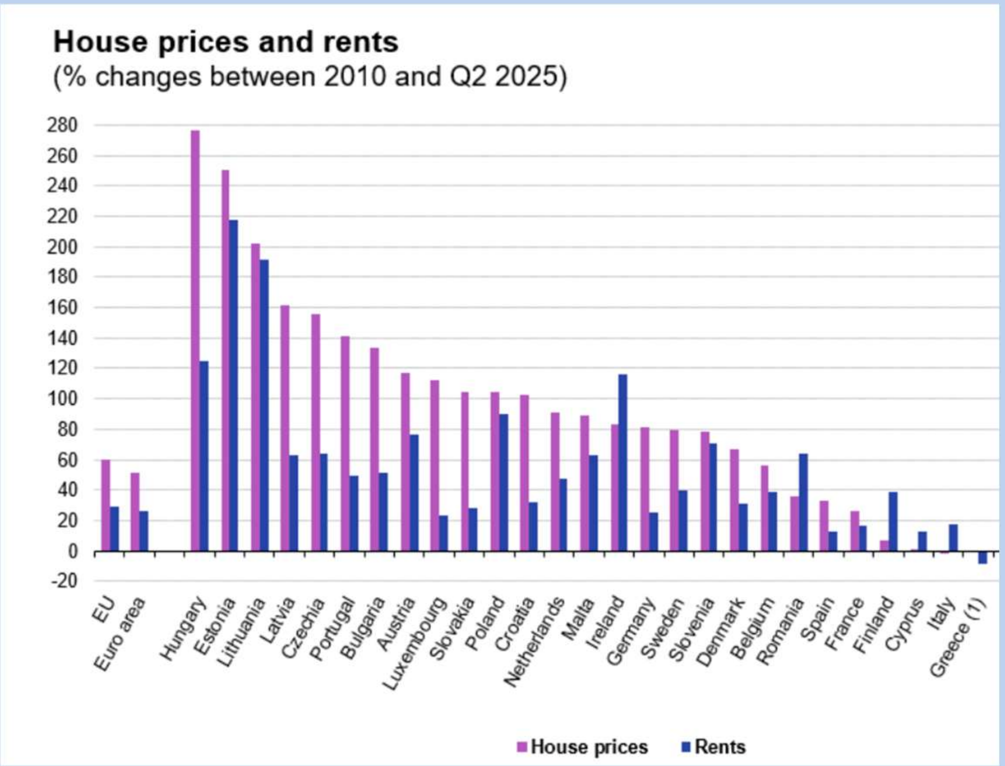
Background and motivation

- Across the EU, many people are experiencing a housing affordability crisis
- From 2010-2025, EU average house prices increased by 61%. In the same period, rents increased by an average of 29%
- Problems differ between MS, with important inequalities between population groups
- For Europe’s youth, the housing crisis is felt acutely.
  - They struggle to save for a downpayment on a home or to qualify for a mortgage
  - Renting has also become significantly more expensive, especially in major cities where young people continue to move to for work



Reasons for housing crisis

Increasing demand

- Urbanisation: concentrated in capitals / larger urban and tourism centres
- Financialisation
- Changing occupancy composition – single adult households without children accounted for all growth in household numbers 2015-24 (EU27, ref: lfst_hhnhtych)

Inadequate supply

- Construction sector – too few workers, low (and declining) productivity
- Marketisation / diminishing public provision
- Land use / planning constraints
- Political economy of housing prices

Eurofound framework for analysing problems caused by unaffordable housing

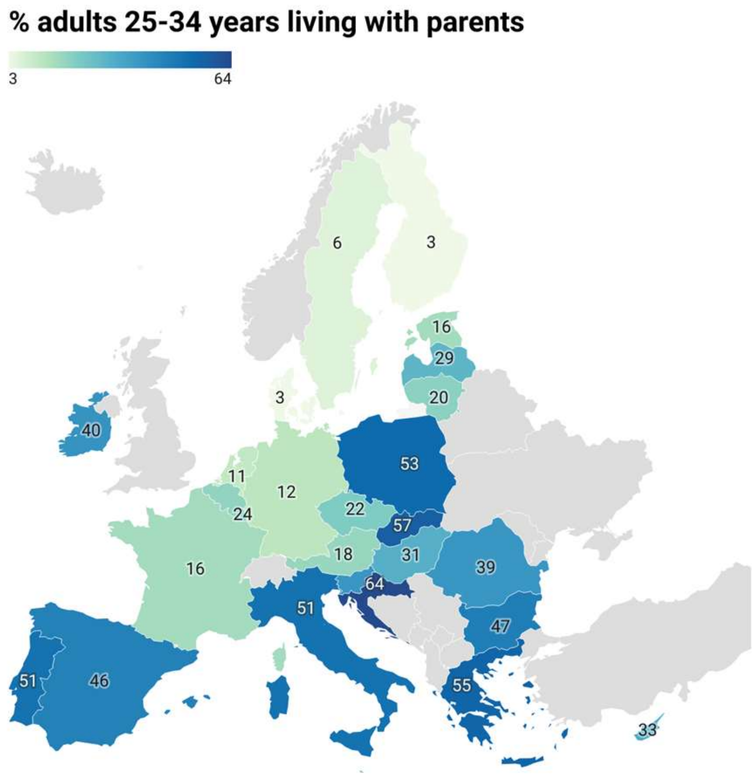
Unaffordable housing manifests itself in four distinct types of housing problems:

- **Housing exclusion** – people can be excluded from housing because they cannot afford it. This may result in people living on the streets, in homeless shelters or with relatives or friends.
- **Housing insecurity** – people may be at risk of losing their homes because its costs may become unaffordable to them.
- **Problematic housing costs** – people may spend such a large proportion of their incomes on housing that they struggle to pay for other essential goods and services and live in situations of financial strain.
- **Housing inadequacy** – people may be unable to afford housing that is of sufficient size – leading to overcrowding, or of adequate quality.

Evidence of the additional burden placed on young people: exclusion

Exclusion

- Increasing homelessness in some cities
- Increasing inability of young adults to afford to leave the parental home (even amongst those in employment).



Source: EU-SILC, authors' elaboration

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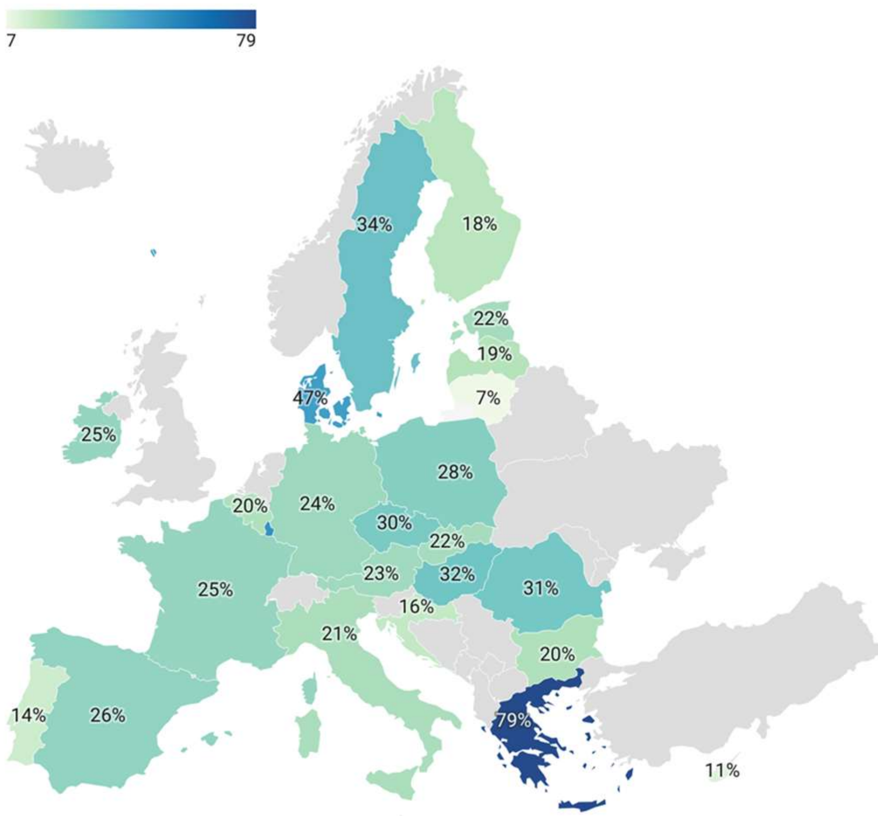
Evidence of the additional burden continued: costs

Costs

- In aggregate, housing cost overburden rate (those paying more than 40% of disposable income on housing) is declining, but…
- Young people, particularly those living in cities are much more likely to be overburdened with housing costs
- For older cohorts, the differences across degrees of urbanisation are less

% of 18-29 year old in cities spending more than 40% of income on housing, 2023



Source: EU-SILC, authors' elaboration

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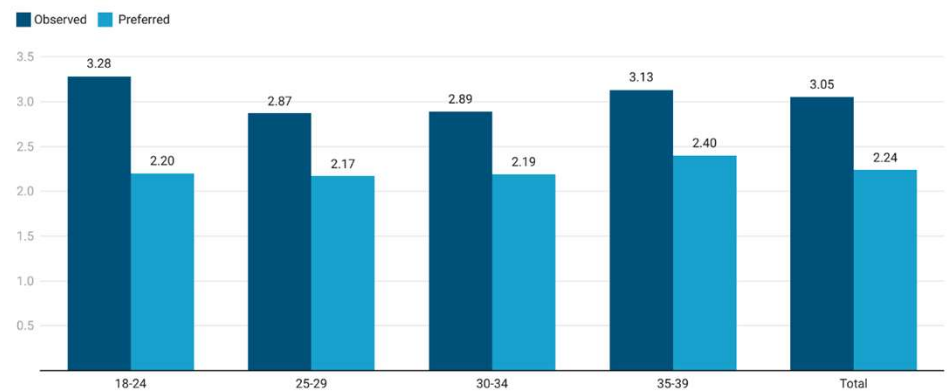
Examining actual vs. preferred housing situations for young adults

- Eurofound carried out a **survey** across **four countries** in **spring 2025** - CZ, ES, NL, SE

Results show

- Significant **'mismatches'** between young peoples' current and preferred living arrangements.
- Particularly those aged 18-24 are living with **more people than they would ideally choose** to.
- Of those living with parents or relative, the **majority would chose other arrangements** if they could.
- Indicative housing deficit equivalent to 6% (CZ) to 10% (SE) of 2021 housing stock



Current (rows) and preferred (columns) living arrangements, across four MSs					
	Alone	Partner	Children	Friends/ Others	Parents/ Relatives
Alone	**68%**	20%	5%	5%	1%
Partner	3%	**93%**	2%	0%	1%
Children	2%	3%	**91%**	1%	2%
Friends/Others	27%	31%	2%	**36%**	2%
Parents/Relatives	26%	22%	5%	3%	**40%**

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Consequences of unfulfilled preferences

- Housing deficits come with considerable costs
- The largest reported impact was on labour market choices: between 20% (ES) and 39% (NL) respondents reported that their choices about job/career have been limited by being unable to match their housing preferences
- Inability to move out of their parental home or pursue independent living …
- … delays in family formation

Reported consequences of mismatches (% of respondents choosing each category):

	CZ	NL	ES	SE
My choices about my job/career are limited	35	20	39	27
I am not able to move out of my parents' home	17	18	36	23
I have delayed having children	22	11	18	18
I am experiencing mental health issues (stress, anxiety, depression, sleep problems, etc.)	17	18	10	22
I am not able to live with my partner/get married	14	18	10	13
I am experiencing conflicts within my family	15	9	10	8
My choices about school/education are limited.	12	8	10	11
I/we have fewer children than wanted	9	10	11	7

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Conclusions

- A crisis of housing affordability in the EU is disproportionately impacting young people:
  - Opportunities for education and employment
  - Financial well-being and saving for older age
  - Independence, household formation and fertility decisions

Possible lines of research

- Analysis of the association of household formation and fertility outcomes with

a/ housing cost / housing insecurity

b/ labour market outcomes (employment status, employment security, earnings – growing “age pay gap” (Bianchi and Paradisi, 2024))

- Review of evaluations of pro-natalist employment policies (e.g. parental leave, subsidised childcare …) and housing policies (e.g. preferential access to social housing for larger families, subsidised housing loans ..)

References

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