Housing in Croatia is characterised by high home ownership, a small long-term rental market and an absence of social housing, resulting in low mobility and housing shortages. Croatia has a high rate of home ownership (91%) ([423]) and very little land available for construction. Limited social housing is provided outside the scope of affordable housing policy, under the country's social policy. Housing demand, albeit decreasing, is high in cities, especially Zagreb, and in tourist and coastal areas, where there is a high share of short-term rentals. Despite an estimated supply gap of around 230 000 homes, nearly 30% of the existing dwellings for permanent residence are unoccupied.

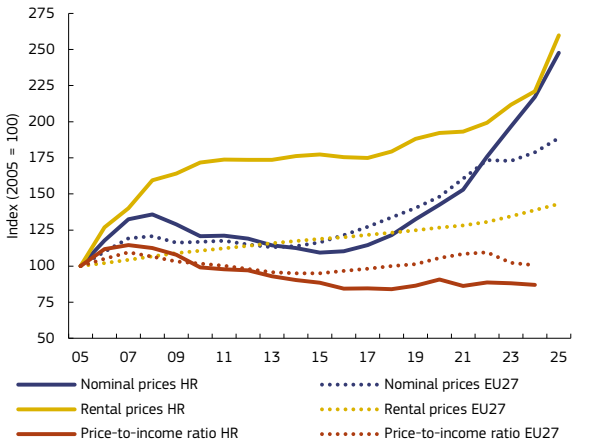
High numbers of holiday homes and short-term rentals and its high shares over the residential stock are recorded in the coastal and island municipalities, competing with demand for long-term rental. In these areas, short-term rentals are often the only available type of tourist accommodation, especially where the local community heavily relies on income from tourism. Coastal and island municipalities also have the highest share of real-estate sales to non-Croatian nationals.

Croatia adopted its first comprehensive plan for affordable housing in 2025 and has started a rapid implementation process. The national plan for housing policy is accompanied by an action plan outlining specific steps to be implemented between 2025 and 2027, which requires close monitoring to assess its progress and its impact on housing supply and on target and vulnerable groups.

Housing market developments

A decade-long trend of rising house prices continues strongly. Following the 2008-09 crisis, house prices fell for several years, both in nominal terms and relative to income. As the economy began recovering in the mid-2010s, prices started to increase, driven by rising incomes, demand from non-residents, favourable financing conditions and damaged housing stock in Zagreb and a neighbouring region following two earthquakes in 2020. Price growth peaked at 14.9% in 2022, after which it decelerated only mildly, despite some slowdown of demand (also from non-residents) and rising supply. The house prices also show signs of overvaluation, of around 17% in 2025 (based on standard European Commission methodology). With price increases broadly matching income growth, the price-to-income ratio has remained rather stable over the last decade at a low level of affordability ([424]). Regional differences in price levels remain pronounced. In 2023 higher prices were recorded in Zagreb and in coastal regions with strong tourism and a high share of housing stock used for short-term rent ([425]). Rental prices were stable during most of 2010s, with recent growth starting in 2018 ([426]).

Graph A16.1: **House prices, rents and price-to-income evolution in HR and EU27 since 2005**



Source: Eurostat

The construction of new dwellings has increased in response to rising house prices. Investment in dwellings has been growing since the late 2010s, with a temporary decline in 2023. It reached record-high levels in 2025, although it remains lower than the EU. In 2023, 4.3 new dwellings per 1 000 inhabitants were completed, up from the low of 1.8 in 2014, but still below the 5.9 of 2007-08. Consequently, the growth in

([423])Eurostat (2025), Distribution of population by tenure status.

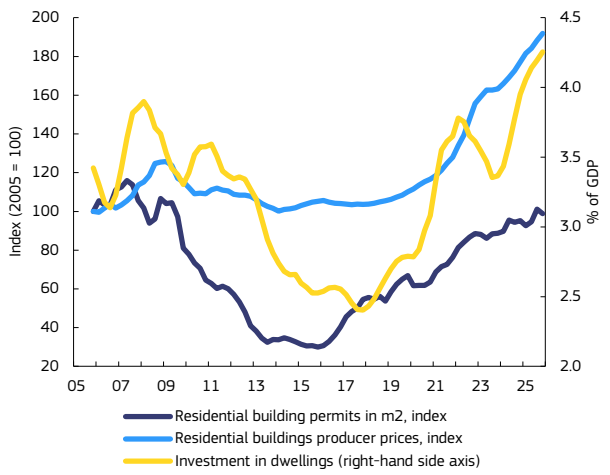
([424])As suggested by the Commission's preliminary estimate and measured by the number of years of average income needed to buy 100 m2 of a newly built dwelling.

([425])See Section 3 and Table 3.2 in: EIZG 2024. 'Pregled tržišta nekretnina Republike Hrvatske 2023'.

([426])Note that the size of Croatia's rental market for housing is small, due to the high home-ownership rate of 91%. The acceleration in 2025 is due to a monthly increase of 35% in August. Still, in 2025-Q3, the rent-to-income ratio was well below the long-term average.

housing stock has accelerated, with the annual increase between 2021 and 2023 exceeding the 2011-21 average by 46%. The high and rising number of residential building permits issued (Graph A16.2) suggests that the strong growth in housing supply is likely to continue. However, despite these supply increases and almost 600 000 unoccupied dwellings for permanent living in 2021([427]), it is estimated that, by 2030, the housing supply gap will amount to around 230 000 units, with the number of unoccupied dwellings for permanent living expected to increase to 620 000 by that year ([428]).

Graph A16.2: **House supply indicators in HR since 2005**



(1) 4-quarter moving sums (averages for prices)
Source: Eurostat

Productivity in construction is relatively low but improving quickly. Despite rising producer prices of dwellings, the price level of residential construction investment in Croatia remains the lowest in the EU at 42.3% of the 2024 EU average. As expected in 2025 gross value added per hour worked in construction was low, at 61% of the aggregate EU value, but it has converged strongly in real terms over the last decade. There are severe labour shortages in construction.

Demand for housing is slowing down, which could restrain further house prices. Credit flows for housing purchases have been increasing, fuelled by (i) favourable borrowing costs that recently became lower than those of the euro area ([429]), and (ii) increased borrowing capacity due to rising household incomes. At the same time, the number of apartment and house purchases has been declining since 2022, including by non-residents ([430]). Overall, increasing housing supply and decreasing demand, despite real income growth, low household debt and low borrowing costs, may indicate that there is limited potential for house prices to grow further.

Structural policies

Croatia has recognised housing as a priority and is implementing a broad range of measures to address housing issues. The national plan for housing policy establishes a set of objectives and a new institutional framework. This includes: (i) regulations to strengthen financial instruments; (ii) programmes to increase housing supply and create a residential rental market; and (iii) interministerial cooperation in the field of affordable housing. The aim of the plan is to increase affordable and sustainable housing through several key measures including: (i) a refund of half of the VAT paid and a refund of the real estate transfer tax paid by first-time homebuyers below the age of 45 for the acquisition of a first residential property (under certain conditions); (ii) launching an affordable rental programme for vacant properties; and (iii) supporting the construction of state-subsidised housing units.

The 2025-2027 action plan is being implemented and legislative measures were adopted in 2025. The action plan sets the following objectives: (i) 3 450 new affordable housing units available by 2027; (ii) 48.5% of the population covered by local housing programmes; and (iii) 20 local housing programmes

([427])Croatian Bureau of Statistics 2023. 'Census of population, households and dwellings in 2021 – housing units – by towns/municipalities'. There are significant differences across counties, with the share of unoccupied dwellings for permanent living ranging from 21% to 50%.

([428])EIZG 2024. 'Modeliranje i projiciranje ponude i potražnje za stambenim jedinicama u jedinicama lokalne samouprave Republike Hrvatske', Zagreb, September 2024.

([429])In 2025-Q3, the interest-rate-adjusted price-to-income ratio was lower than the long-term average by around 30%, reflecting the improved affordability for buyers using credit financing.

([430])According to tax administration data.

developed ([431]). In late 2025 and early 2026 implementing legislation was adopted: (i) the Act on Amendments and Additions to the Act on Socially Incentivized Housing, a subsidy scheme for young families buying a residence for the first time; (ii) an update of the Physical Planning Act, limiting the expansion of building areas if they are not equipped with basic infrastructure, banning the conversion of condominiums in tourist buildings, and reintroducing urban land consolidation; (iii) the Building Act for the digitalisation of procedures, a mandatory building management plan, and simplification of building permits for single-family homes; (iv) the affordable rental programme activating privately owned housing units that have not been in use for an extended period; (v) the Act on Building Management and Maintenance introducing restrictions regarding the introduction of short-term rentals in multi-family buildings; and (vi) the Spatial Planning Act to prevent uncontrolled development and unnecessary expansion of construction zones, which has faced criticism from professional associations and academics regarding its long-term implications for spatial and urban development.

The Affordable Housing Act (adopted in April 2026) aims to provide affordable housing to vulnerable groups and citizens who are not creditworthy. It modernises the current Act on State-Subsidised Housing Construction and introduces the definition of affordability into the housing legal system and the first model for non-profit housing cooperatives. It also regulates housing construction, the acquisition of residential real estate financed or cofinanced through public funding, and the management of housing stock ([432]). The Act defines the target groups entitled to receive subsidies or housing assistance covering people with lower incomes, persons who do not own an adequate residential property, and at the same time are individuals with income that cannot exceed 2.5 times the regional median net salary for a single person, and for each additional member of the immediate family, the limit of their total income is increased by 0.5 times the regional median net salary, young people, families with children, persons over 65 years of age, persons with disabilities, families in which a member of the immediate family is a person with a disability or a child with developmental difficulties, former protected tenants, police officers, active military personnel and other scarce state and public officials and employees, persons with scarce professions, persons who work for another natural or legal person in such a way that the work is performed based on a fixed-term employment contract, seasonally or based on a contract for work, or work is performed through a craft. The prerequisite is that they do not own adequate (i.e. corresponding to the household's size and needs) residential real estate. The term affordable housing refers to housing where the rent price or the loan instalment, together with the average utility and maintenance costs, does not exceed 30% of net household income in a local self-government unit.

Croatia has also enacted a new tourism and property-rental law to reduce the rapid growth of short-term rental apartments along its coast. The share of legal short-term rental properties in the entire housing stock in Croatia is less than 4% (out of a total share of holiday homes of 9.7%). The measures include tighter controls on licensing for tourist rentals, efforts to shift properties into long-term lease markets and stronger enforcement against illegal short-term use. The legislation introduces stricter regulation for private holiday rentals and encourages the conversion of units into longer-term housing. The law targets the booming sector of private holiday apartments along Croatia's coastline, where surging rental supply has been linked to rising housing costs and infrastructure stress. Early feedback from local authorities reports a noticeable drop in applications for new tourist accommodation but official data are not yet available.

Croatia has started implementing tax measures to incentivise the use of dwellings for permanent living. On 1 January 2025, Croatia introduced recurrent taxation on real estate and housing units not used for permanent living ([433]), and increased taxes on income from

([431])Ministry of Spatial Planning, Construction and State Property (2025), *Akcijski plan za provedbu Nacionalnog plana za razdoblje 2025. - 2027* (Action Plan for the Implementation of the National Plan for the Period 2025–2027), https://mpgi.gov.hr/UserDocsImages/dokumenti/NPSP/2025_03_26_Akcijski_plan_NPSP.pdf Subsequent mentions: Action Plan for the Implementation of the National Plan (2025).

([432])Ministry of Spatial Planning, Construction and State Property - Affordable Housing Act open for public consultation.

([433])Dwellings used for the owner to live in permanently and those rented for the purpose of permanent living (at least 10

short-term rent. The design of the recurrent taxation on real estate gives local authorities the possibility to set the amount of tax (per m^2) within a certain range, while the level of short-term rental tax is determined on the basis of the tourism development index, so that, for instance, the short-term rental income in high-tourism-development areas is taxed more heavily.

Inadequate supply, matched with an increasing demand for short-term rentals, might trigger rising real estate prices and declining affordability ([434]). Expanding the availability of existing dwellings for residential use by reactivating unused dwellings and building new units intended solely for affordable housing is now a priority of the national housing policy. Previous government-supported loan programmes have also fuelled housing price inflation. At the same time, complex planning and permitting procedures restrict new construction, while continued efforts to clarify cadastral records have the potential to encourage investment ([435]).

Vulnerable groups

Official national data on social housing, housing for vulnerable groups, persons with disabilities and homelessness are not available. Comprehensive data on the current living conditions and residential distribution of persons with disabilities, as well as other vulnerable groups, are very limited. A small survey conducted by associations of persons with disabilities in 2021 showed that 84.2% of persons with disabilities believed that their housing needs were only partially or not at all met, given their household income levels. The new national housing policy plan and its accompanying action plan set out a legal and strategic framework that addresses housing issues affecting persons with disabilities. However, certain areas remain insufficiently regulated, such as the accessibility of buildings and housing units. Although clear objectives and indicators have been set in most areas, close monitoring of the implementation of these strategic documents and related legislation remains essential, together with an assessment of their impact on the living conditions of persons with disabilities across all types of housing and regions of the country.

Croatia lacks a national policy for social housing, which remains outside the scope of affordable housing. When the Republic of Croatia became independent, citizens were given the opportunity to purchase the social housing apartments in which they lived from the state under favourable conditions (Act on the sale of social housing NN 43/92 and subsequent amendments) ([436]). As a result, the state lost its housing stock, and housing was entirely left to the market, except for social cases covered by local self-government units and special cases of protected tenants. Today, social housing falls within the country's social policy, which falls under the remit of several ministries ([437]). Affordable housing addresses policies and measures related to housing costs for families that have below-average income levels and are above the poverty line. The normal affordability ceiling is total housing costs that do not exceed 30% of the household's net income ([438]) and the bottom line represents the poverty gap, i.e. the activation of social assistance mechanisms.

Technical assistance programmes, cohesion policy and the Social Climate Fund are used to increase the supply of social and affordable housing. To partially fill the social housing gap, plans with pilot projects for social and affordable housing are being developed in Zagreb, Split, Rijeka, Osijek and Varaždin with the support of the European Investment Bank. Croatia is also making the use the Social Climate Fund to invest in the construction and renovation of energy-efficient affordable and social housing for households that cannot afford adequate housing.

months a year) are not subject to recurrent taxation. See: https://porezna-uprava.gov.hr/hr/porez-na-nekretnine-4814/4814, also for further exemptions.

([434])EiZ 2024.

([435])OECD country report 2023.

([436])ZAKON o prodaji stanova na kojima postoji stanarsko pravo.

([437])The Ministry of Spatial Planning, Construction and State Property is in charge of protected tenants, the Ministry of Labour, Pensions, Family and Social Policy takes care of vulnerable people and citizens who cannot afford to live in their homes for social and health reasons, and the Ministry of Croatian Veterans' Affairs is responsible for housing assistance for war veterans and their family members.

([438])OECD (2021), Building for a better tomorrow: Policies to make housing more affordable.

Graph A16.3: **Housing affordability selected indicators**

		EU27				HR							
	unit	2000-25 avg.	2023	2024	2025	2000-25 avg.	2023	2024	2025	unit	2023	2024	2025
House price to income ratio	*2000-25 avg = 100*	100.0	102.0	100.2		100.0	92.9	91.6		YoY%	-0.6	-1.4	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	78.7	73.4	79.6	YoY%	-5.6	-6.8	8.4
Overburden rate, total	%	9.9	8.8	8.2		6.1	4.0	3.7	3.2	PPS/y	0.2	-0.3	-0.5
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		35.7	38.3	29.2	19.8	PPS/y	16.8	-9.1	-9.4
Overvaluation gap	%					1.9	10.4	13.9	16.8				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	99.1	109.1	113.8	118.1	YoY%	-3.8	4.7	4.3
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	399.8	544.4	568.6	592.4	YoY%	4.9	4.4	4.2
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	3.4	3.4	4.0	4.3	YoY%	-5.6	17.6	7.5
Share of ownership	%	70.0	69.1	68.4		90.2	91.2	91.0	91.4	PPS/y	0.1	-0.2	0.4
Share of people living in overcrowded homes	%	17.7	16.8	16.9		38.5	31.3	31.7	31.8	PPS/y	-1.4	0.4	0.1

Source: Eurostat and European Commission calculations. The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

Since 2025, a Technical Support Instrument multi-country project is available to Croatian authorities with recommendations and tools for increasing the levels of investment in affordable and social housing and for improving the institutional and administrative capacity to implement housing policy.

Housing affordability and deprivation indicators are below the EU average but are more prominent for vulnerable groups at risk of poverty or social exclusion. The share of rent in disposable household income was 15.4% in 2025, lower than the EU average of 22.5% in 2024 ([439]), and decreased from 18.2% in 2024. For vulnerable groups at risk of poverty or social exclusion, the indicator decreased to 23.3% in 2025 (33.5% EU in 2024), leaving vulnerable groups relatively more burdened with rent costs than the general population, but less than EU average. The index of house-price-to-income ratio stood at 98.4 in 2024, below the 105.7 for the EU (2015 = 100). The share of people facing housing cost overburden has been decreasing since 2016 and is, at 3.2%, lower than EU average (7.7%) ([440]), but it remains higher for households at risk of poverty (14.9%) in comparison with average households. In 2023, housing deprivation – defined as homes with a leaking roof, damp walls, floors or foundations or rot in window frames or floors – was at 5.6% (vs EU 15.6%). The rate increased to 10.4% for single persons over 65 years, and to 12.1% for households at risk of poverty. The share of people at risk of poverty not able to keep their homes adequately warm is about seven times higher (13.7%) than for other households (1.8%) ([441]) and overcrowding rates are among the highest in the EU, reaching 31.8% of the population in 2025 vs an EU average of 16.8%.

Numerous local social housing programmes, actions and procedures against forced evictions are in place, along with efforts to build shelters for the homeless. According to the latest census, a total of 1 433 445 households were living in occupied dwellings, 1.0% of which had the status of tenant with protected rent. The number of homeless persons was estimated at approximately 500 persons in 2021 (0.01% of the population), but data collection is not systematic, with NGOs warning that the total number of homeless persons is much higher, especially when including people living in institutions.

Despite the efforts made, the level of institutionalisation remains high. The current legal framework (under the Ministry of Labour, Pensions, Family and Social Policy) supports groups of citizens who cannot afford to live in their homes for social and health reasons and provides affordable housing for Croatian citizens. The Croatian operational plan for deinstitutionalisation, prevention of institutionalisation and transformation of social service providers was adopted in 2025 to speed up the deinstitutionalisation process (still around 80% of adults with mental health difficulties and 20% of children in need live in institutions). Between 2016 and 2024, 37 contracts on public housing

([439])Eurostat (2026) [ilc mded02] Share of rent related to occupied dwelling in disposable household income, by type of household and income group https://ec.europa.eu/eurostat/databrowser/view/ILC_MDED01/default/table.

([440])The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

([441])Eurostat (2026), Inability to keep home adequately warm.

provision and 10 contracts for the purposes of deinstitutionalisation were signed (see Annex 19 for the regional dimensions of institutionalisation).