Bulgaria continues to face challenges related to housing quality and affordability that need well-targeted policies. While the housing cost overburden has decreased, vulnerable people face unaffordability in a disproportionate way. Inadequate housing conditions are still widespread among the most vulnerable, especially Roma. Young Bulgarians are highly affected by prolonged dependence on family and their inability to afford a house. Lack of support and lack of accessibility in their own homes continues to cause persons with disabilities to be institutionalised, posing a barrier for the deinstitutionalisation process in Bulgaria.

Increasing housing demand results in rising house prices, weighing on affordability. At the same time, delivery of supply is slow, making it difficult to meet demand. Construction prices have increased sharply since the pandemic, and the construction sector is facing labour shortages.

The country lacks a long-term social housing system with dedicated public funding and integrated measures for the homeless and for other groups in need, such as persons with disabilities. Municipal housing does not exceed 0.8% of the total housing stock and is shrinking. Municipalities are responsible for providing social housing for those in need, including accessible housing. However, there is no strategic framework and a lack of coordination between national and local administrations. Due to political instability and uncertainty, the long-term housing strategy is still being adopted. There is no updated monitoring system to count people experiencing homelessness, nor statistical data on the housing needs of persons with disabilities. The legislation on social services lacks concrete services for homelessness prevention and reintegration.

A significant portion of the housing stock remains vacant – despite the strong demand – with a higher proportion in some rural areas. Policy plans to mobilise vacant housing in the market (e.g. as social housing) are limited.

The rental market remains relatively unregulated and small. Discrimination is widespread and tenant protection measures are limited. The national programme for accessible housing is restricted to homeowners and does not cover tenants

Bulgaria faces capacity and coordination challenges in terms of land-use planning and zoning procedures. Restrictive and slow planning procedures as well as regulatory clearance stages need significant improvement.

Housing Market developments

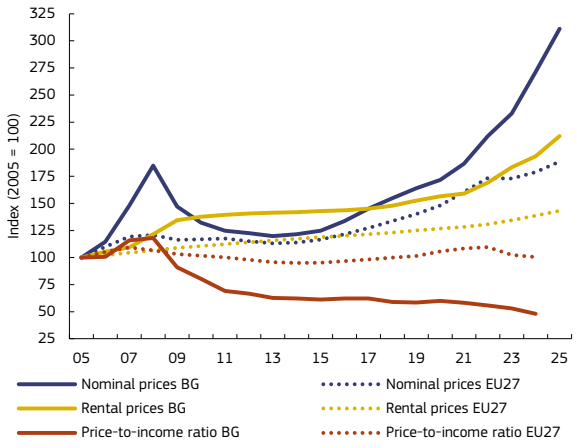
Recent data show that nominal house prices – while accelerating – grew less than domestic incomes, resulting in negative house-price-to-income growth**.** Annual growth in nominal house prices reached 16.5% in 2024 (Graph A16.1), and 14.6% in 2025 ([363]) with prices now showing signs of overvaluation of around 19% (based on the standard European Commission methodology). The price growth is explained by strong demand from buyers, fuelled by rising incomes, accommodative financing conditions and somewhat limited growth in housing supply. Despite rising house prices, the price-to-income ratio continues to trend downwards (in 2025, it stood around 15% below long-term average), owing to the sustained double-digit annual income growth observed in recent years. Regional differences in house price growth are notable, with the bulk of growth being concentrated in urban areas, especially in Sofia and Varna ([364]). The rental market is relatively small, an owner occupancy rate of about 86 ([365]). Rental prices (including existing and new rental contracts) grew at a rate of 9.6% in 2025 (up from 5.6% in 2024).

([363])Source: Eurostat dataset [prcp_hpi_q].

([364])According to the regional House Price Indices published by the Bulgarian National Statistical Institute.

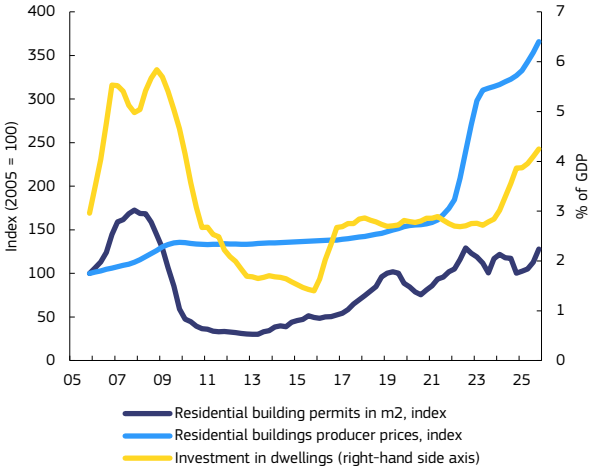
([365])Eurostat ([ilc_lvho02] Distribution of population by tenure status, type of household and income group).

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



Source: Eurostat

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



Source: Eurostat

Rising house prices were mostly the result of strong demand for housing. Rising incomes and an underdeveloped capital market contributed to the robust demand. Strong competition between banks and abundant liquidity in the banking sector translated into near-zero interest rates on deposits. This in turn led to low lending rates, which, together with rising incomes and a low (though growing) level of household indebtedness, fuelled housing demand. Looking forward, the outlook for house prices is unclear, given the presence of counteracting factors likely to influence housing market dynamics. On the one hand, wage growth is expected to cool down, and borrower-based macroprudential policies introduced in late 2024 could limit further acceleration of credit growth. This could exert a downward pressure on house prices. On the other hand, the changeover to the euro in 2026 reduces reserve requirements in the banking sector, increasing the available liquidity in the sector, which could stimulate credit and house price growth.

Residential investment has been increasing in recent years, but not enough to contain house price increases given growing housing demand. Investment in dwellings was 3.9% of GDP in 2024, reaching levels similar to its pre-financial crisis peak. Investment increased further, reaching close to 4% in Q3 2025, which suggests a potential easing of supply constraints in future. The residential permits by residential area built has substantially increased from their post-financial crisis low but remain lower than pre-crisis levels (see Graph A16.2).

Construction prices have increased sharply since the pandemic. The cumulative growth in the Bulgarian construction price index between 2021 and 2024 was 87.3%, much above the EU-27 average of 22.6% ([366]). This increase reflects both the higher costs of inputs and rising wage costs, which are partly driven by labour shortages.

The construction sector lacks workers. Since 2023, construction workers are regularly included among the 20 professions for which employers in Bulgaria report the highest demand ([367]). In addition, the Commission's business survey ([368]) shows that 42.3% of employers in the construction sector expect labour shortages to constrain production, compared with an EU average of 27.5%.

Structural policies

Political instability and uncertainty made it difficult to implement long-term housing strategies in Bulgaria. The national housing strategy 2018-2030, which has never been adopted, was an attempt to create a coherent housing policy. It provided a framework for the

([366])See Eurostat [STS_COPI_A] dataset.

([367])https://www.az.government.bg/pages/prouchvane-potrebnosti-2025/.

([368])Source: European Business and Consumer Surveys, data until October 2025.

development of the housing sector, containing a package of public housing policy objectives, the means to achieve them and the respective responsibilities of stakeholders, including citizens, the state, municipalities, and the private and non-governmental sectors.

In Bulgaria, about 86% of households are owner-occupiers and 14% are tenants ([369]). This overwhelming majority of home owners is partly as a the privatisation carried out after 1989 as part of the country's transition into a market-oriented economy. This trend has been reinforced by the absence of a robust rental market and limited state intervention in housing ([370]).

Bulgaria does not have an official definition of social housing, instead relying on municipal housing, which is available to, among others, people with housing needs ([371]). There are no national criteria on determining these needs, with rules differing across municipalities. The sector appears underdeveloped, with the OECD estimating that only about 1.5% of households rely on municipal housing units. In Bulgaria, social/public housing is a competence and responsibility of municipalities, but no state funding is dedicated to municipal housing. Local governments are required to have their own housing policy and criteria (in line with the Municipal Property Act) to provide social housing for those in need, but public social housing policy is inadequate both in terms of quality and quantity([372]). The sector has no strategic framework and lacks coordination between national and local administrations. Municipalities have the responsibility for investing in housing with few resources available to achieve this goal, but can rely on financing from EU funds.

A significant portion of the housing stock is vacant (38.9% as of 2021), with a higher proportion in some rural areas. Sofia is affected by a high level of vacant property (over 25%), despite the high housing demand. The many competing explanations are dominated by depopulation and migration from rural areas, as well as ownership disputes and the purchase of new housing for investment that remains unoccupied in the main urban areas. Policy plans to use vacant housing in the market (e.g. as social housing) are missing and have emerged only in advocacy activities of the NGO sector (e.g. Habitat for Humanity Bulgaria).

Since 2007, significant EU funding has been provided for energy efficiency renovation and other measures. Over EUR 300 million of European Structural and Investment Funds have been provided for energy efficiency renovation measures in public and residential buildings, including structural (and seismic) strengthening, heating and air conditioning systems, integrated renewable energy installations, and building digitalisation. The Recovery and Resilience Facility alone provides financing of EUR 612 million for these purposes. It also includes a commitment to set up a national decarbonisation fund to offer grants and financial and technical assistance, combined with financial instruments including loans and guarantees, for energy efficiency renovations. There are no targets for renovating existing housing on the private market to make it accessible, for accessible newbuild housing or for accessible social housing, whether newbuild or existing.

The rental market remains relatively unregulated and small – less than 5% of the housing stock is leased on the formal rental market – leaving many households that cannot afford to buy with limited quality rental options ([373]). Tenants often face difficult dwelling conditions, insecure contracts and a lack of protection against evictions. The absence of affordable housing programmes and the limited scope of current initiatives pose significant challenges for addressing Bulgaria's affordability challenges.

([369])Eurostat data [ilc_lvho02].

([370])ESPON european-compendium-of-housing-policies.pdf.

([371])Municipal Property Act, Articles 43-45, available at: https://www.lex.bg/laws/ldoc/2133874691. Municipal housing is housing owned by a municipality, which can be used for either social housing, reserve housing (in the event of temporary accommodation due to natural disasters for example), or general property for the municipality to sell. As a result, Bulgaria does not have social housing officially.

([372])UNDA Report 'Lessons learned from the OPRG 2014-2020 and recommendations for the PDR 2021-2027 and other relevant plans' (2021)- 11 Tranche Project 'Strengthening the capacities of national and local governments to formulate and implement evidence-based and participatory housing policies and strategies'.

([373])World Bank Document 2025.

Land-use planning, complex re-zoning procedures and uneven local administrative capacity limit housing supply responsiveness, particularly in high-demand urban areas, and weaken incentives for densification and redevelopment. Bulgaria's spatial planning instruments – including the national concept for spatial development and municipal detailed plans – are frequently slow in responding to market and demographic trends, limiting the availability of residential land in high-demand urban areas. The wide gap between permits and the subsequent construction activity suggests bottlenecks in planning and regulatory clearance stages. The number of building permits has increased sharply in the last decade (nearly quadrupling between 2010 and 2022), but has not fully translated into an equivalent number of housing completions.) Delays in implementation can be linked to planning and infrastructure challenges. Bulgaria has taken steps to improve regulatory management, especially via its recovery and resilience plan, by introducing building information modelling to increase administrative capacity and by setting up the unified information system for spatial planning to digitalise procedures and increase transparency. Capacity and coordination efforts should continue to improve effective implementation of regulations across sectors, including land use and housing policy.

Vulnerable groups

Municipal housing represents 0.8% of the total housing stock of Bulgaria and it is shrinking. This suggests a total municipal stock of approximately 32 225 dwellings, accommodating a total of 82 240 people (1.2% of the population ([374]). Most municipalities, 216 of 265, offer municipal housing, but 27.5% of the dwellings are in Sofia, indicating regional disparities. The quality of housing is critical, with 50% of stock deemed in a bad condition, and 9% characterised as uninhabitable.

Public expenditure in the housing sector, and especially funding targeted to lower income and vulnerable groups, is less than 2% of the overall annual state budget. According to available data on government expenditure by function ([375]), while public expenditure on supporting housing development amounted to 1.7% of the total government budget in 2019, expenditure related to housing as part of social protection represented only 0.2% of the total budget. For 2020-2024, no data are available on overall housing expenditure, only data on social protection expenditure. The social housing benefits paid out in this period were very small.

The Bulgarian population faces a significant overcrowding issue and severe material and social deprivation. 16.6% of Bulgarians experience severe material and social deprivation ([376]) while 32.5% ([377]) of Bulgarians also live in overcrowded homes. These rates are significantly higher among Roma. Severe housing deprivation affects 5.5% of the population ([378]). The repair and upgrade of buildings is a challenge, due to households' limited financial resources, which has significant economic, environmental, health and demographic repercussions.

Housing affordability and quality concerns are disproportionally more prevalent among lower income and rural households. The overall housing cost overburden rate markedly decreased by 3.3 percentage points (pps) in 2024 vs only 0.6 pps in the EU, due to strong income growth ([379]). Yet, around 30% of the poorest quintile of households and 9.3% of rural residents were affected by housing cost overburden compared with only 8% of the general population in 2024. In a similar vein, housing deprivation (leaking roof, damp walls, etc.) is much more widespread for households at risk of poverty

([374])Habitat for Humanity Bulgaria and the Ministry of Regional Development and Public Works, 2023. Първо проучване на общинския жилищен фонд в България - Habitat for Humanity - Bulgaria.

([375])Eurostat, General government expenditure by function (COFOG) Government expenditure by function – COFOG - Statistics Explained - Eurostat.

([376])Eurostat 2024 Severe material & social deprivation rate in EU: 6.4% - News articles - Eurostat .

([377])Eurostat 2025 [ilc_lvho05a] Overcrowding rate by age, sex and poverty status - total population.

([378])Eurostat 2025 [ilc_mdho06c] Severe housing deprivation rate by tenure status.

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

(18%) than the general population (8.4%). Overcrowding also disproportionally affects households at risk of poverty (42.9%), but the rate is also very high among all households (33.8%), one of the highest in the EU (EU average: 16.9%).

Bulgaria faces a severe energy poverty crisis. One fifth (20.7%) of households in Bulgaria (1.8 million people) cannot afford to keep their dwelling adequately warm. This is the highest share among EU Member States ([380]). The government lags behind in introducing mechanisms for the energy poor households, introducing schemes to tackle them and monitor the progress.

Limited housing affordability and low job mobility are trapping many young Bulgarians in prolonged dependence on family. 48.8% of Bulgarians aged 25–34 are unable to afford a house and are therefore still living with their parents or other family ([381]).

There are no targeted policies to tackle homelessness or monitoring systems ([382]). Shelters and temporary accommodation centres are available as dedicated social services for the homeless with a total capacity of 885 people for the country as a whole ([383]). There are no specific measures to prevent homelessness or with a specific focus on the social reintegration of homeless people, except for temporary accommodation centres and shelters, which are at full capacity in winter. The Law on Social Services adopted in 2019 is setting up a broader framework of social services to support vulnerable people from 2021. However, by design, this service is not intended to address long-term housing needs or to resolve structural housing problems of homeless persons. Its primary purpose is to provide immediate protection, crisis support, and short-term stabilization.

Beyond the above-mentioned social services for homeless people, Bulgaria does not have stand-alone policy instruments to tackle housing deprivation and affordability issues. Social assistance for rent is available solely to tenants of municipal dwellings who are over 70 years old and living alone, or who are single parents ([384]). According to the Agency of Social Assistance, only 37 people received such support throughout 2024, illustrating the low coverage. Nevertheless, Bulgaria has incorporated housing and homelessness as a priority in its broader goal of reducing poverty. Under the national strategy for poverty reduction and promotion of social inclusion 2030, measures such as the development of cross-sectoral services for homeless adults and children, housing stock assessments, provision of modern affordable municipal housing (including for Roma), were outlined as essential for addressing housing difficulties and homelessness. The latest two-year action plan (2025-2026) includes a new concept of housing mediators, but their role in practice remains unclear.

The situation for persons with disabilities is more precarious than for the general population, especially in terms of accessibility and institutionalisation. The national strategy for persons with disabilities (2021–2030) emphasises the need for accessible housing, but there are no binding targets. The 2025-2026 action plan for the implementation of the strategy introduced a specific target for new or modernised social housing for 1 247 persons with disabilities in 2029, to be financed with close to EUR 32.4 million under the development of regions programme (Placeholder for REGIO to confirm]. The national programme for an accessible environment and personal mobility is also providing around EUR 1.3 million annually to build accessible environments in residential buildings, with a target of 100 facilities by the end of 2026. However, the allocated resources do not appear commensurate to the challenge, as 82.4% of all buildings were estimated to be inaccessible in 2021 ([385]). The lack of sufficient accessible affordable and social housing and of housing

([380])Eurostat 2024.

([381])Eurostat 2019.

([382])Ministry of Labour and Social Policy, 2025.

([383])Agency for Social Assistance, available at https://asp.government.bg/bg/deynosti/sotsialni-uslugi/sotsialni-uslugi-za-palnoletni-litsa/registar-na-vidovete-sotsialni-uslugi-finansirani-ot-darzhavniya-byudzhet/.

([384])Art 14 of the Implementing Act of the Social Assistance Act (https://www.lex.bg/laws/ldoc/-13038592.

([385])A crisis on the horizon: Ensuring affordable, accessible housing for people with disabilities, OECD, 2021.

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

		EU27				BG							
	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	73.7	66.9		YoY%	-4.8	-9.2	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	56.8	53.9	53.1	YoY%	-1.9	-5.2	-1.5
Overburden rate, total	%	9.9	8.8	8.2		13.4	11.1	8.0	6.9	PPS/y	-4.0	-3.1	-1.1
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		39.6	33.3	27.8	31.7	PPS/y	-5.2	-5.5	3.9
Overvaluation gap	%					0.4	6.3	14.4	19.2				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	113.8	169.9	172.2	185.9	YoY%	11.2	2.3	13.7
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	567.7	837.7	714.1	918.4	YoY%	-3.3	-14.7	28.6
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	2.9	2.8	3.9	4.2	YoY%	0.0	39.3	7.7
Share of ownership	%	70.0	69.1	68.4		85.3	86.1	86.0	86.1	PPS/y	1.3	-0.1	0.1
Share of people living in overcrowded homes	%	17.7	16.8	16.9		42.2	34.9	33.8	32.5	PPS/y	-1.3	-1.1	-1.3

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.

support in the community is stalling the process of deinstitutionalisation of adults with disabilities.([386])

Inadequate housing conditions are still widespread among the Roma population. According to the EU Fundamental Rights Agency's Roma Survey 2024 ([387]), more than half of Roma in Bulgaria live in inadequate housing, almost one fifth still live in houses without water supply, close to half of Roma houses are not connected to the central sewerage system, and one third have no bathrooms inside. Access to housing is one of the seven priorities outlined in the national strategy for Roma inclusion 2021-2030, but, despite the improving trend in recent years, in 2024, 57% of Roma still lived in unsuitable accommodation, indicating housing deprivation. In four years, the share of Roma living in overcrowded dwellings increased by 7 pps to 79% in 2024. One in three Roma has no flushing toilet, shower or bathroom available. Between 2019 and 2024, 2% of Roma in Bulgaria were forced to leave due to eviction or distraint ([388]). Eligibility criteria in municipal housing are set independently by each municipality and may include requirements such as having completed a certain level of education, which can exclude vulnerable groups, including Roma.

([386])EDE, Accessible and sustainable housing for persons with disabilities Bulgaria, 2026; EDE disability expertise Semester reports, several years; UN Committee on the rights of persons with disabilities, initial review of Bulgaria, 2018.

([387])FRA 2024; https://fra.europa.eu/en/publications-and-resources/data-and-maps/2025/roma-survey-2024.

([388])FRA Roma survey 2024.