In the past, Cyprus gave limited attention to developing a robust social rental housing sector. A dedicated social rental housing policy is just starting to emerge to address the rising demand for affordable housing.

Housing affordability has improved over the last decade for buyers but worsened for renters. Over the last decade, buyers' capacity has strengthened, but affordability for renters has worsened (see below). At the same time, housing and energy poverty disproportionally affect vulnerable populations. The rental market remains relatively unregulated (dwelling conditions, insecure contracts, lack of tenant protection against evictions), posing difficulties for those unable to purchase homes.

Housing quality is very precarious, **affecting the poorest 40% of the population ([265]).** Housing deprivation was fuelled by a lack of renovations. Thus, most of the existing buildings have a low energy efficiency rating, which is also reflected in the final energy consumption. No energy-saving measures have been taken in 49% of homes, and only 12% of the housing stock has undergone some form of thermal insulation on the building envelope ([266]).

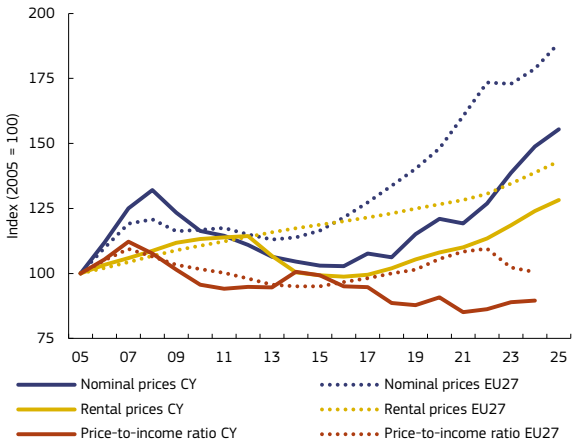
In the construction sector, labour and skills shortages remain high, especially linked to the twin transition or climate adaptation. In October 2025, the share of Cypriot employers expecting labour shortages to limit their production was particularly high in the construction sector (41.4%) compared to EU level (27.5%).

Homelessness is a persistent phenomenon and there is a lack of housing-led approaches to tackle it. Homeless people are offered emergency shelters, but the long-term structural solutions need to be built up.

Housing market developments

House prices in Cyprus are on the rise. The COVID-19 pandemic interrupted a period of rising house prices, but nominal house prices increased again between 2020 and 2025, by around 28%. This is broadly on par with the EU average of 27% (Graph A16.1). Although the phase-out of an investor citizenship scheme in 2020 ([267]) may have dampened interest from foreigners, this was swiftly offset by the introduction of the so called 'headquartering policies' ([268]), which sustained housing demand. Regional geopolitical tensions may have also generated positive spillovers ([269]). At the same time, although the pace of new residential construction has picked up (Graph A16.2), the pass-through of higher construction costs has contributed to further price increases. On affordability, robust income growth has helped to improve the price-to-income ratio since 2015.

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



Source: Eurostat

([265]) Source: EU SILC 2023.

([266]) Long-term Strategy for Building Renovation, 2020.

([267]) The Citizenship-by-Investment Program was a scheme that awarded Cypriot citizenship to investors and their families, upon undertaking investments of €2.2 million and above.

([268]) Studies find a positive relationship between refugee inflows and house prices, suggesting stronger demand at times of regional tensions. See A.A. Alola & U.V. Alola (2019), 'The dynamics of tourism – refugeeism on house prices in Cyprus and Malta'.

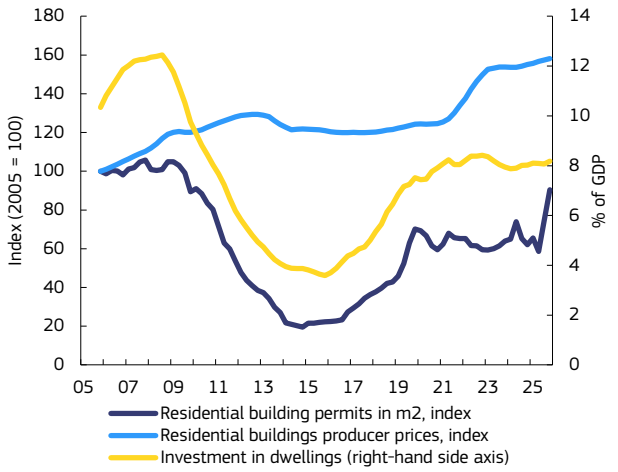
([269]) Studies find a positive relationship between refugee inflows and house prices, suggesting stronger demand in periods of regional tensions. See A.A. Alola & U.V. Alola (2019), 'The dynamics of tourism – refugeeism on house prices in Cyprus and Malta'.

House prices vary significantly across regions. Coastal areas with tourism and foreign enterprises, such as Limassol, Paphos and Larnaca face high demand for properties, including short-term rental use. As a result, house prices there are 39% higher than the national average ([270]).

Rents have been growing faster than house prices (see Graph A16.1). This trend reflects strong pressures stemming from the inflow of foreign residents, as well as the limited rental supply. Nevertheless, income growth has outpaced rental increases overall. As a result, at the aggregate level, the rental market does not show affordability pressure issues, with rents accounting for 22% of household income in 2025, in line with the EU average, while some areas, like Limassol, far exceed this amount.

Cyprus has the highest proportion of under-occupied dwellings in the EU. Around 70% of the population - more than double the EU average of 33% - lives in a dwelling considered too large for the household's needs. This largely reflects the increasing use of housing as an investment or as vacation property. Demographic factors also contribute, as evidenced by the declining average household size in the last census (2.57 people in the 2021 census, against 2.76 in 2011). This pattern is not uniform across regions, with a notable example being the city of Famagusta. It has the second-largest proportion of empty homes (46% of the total housing stock), at the same time as the highest average household size.

Graph A16.2: **House supply indicators in CY**



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

The construction of new dwellings has been expanding steadily. The percentage of investment in dwellings is the highest in the EU, amounting to around 8% of GDP in 2024. This partly reflects the distinct saving behaviour of domestic households and their preference for dwellings as a store of value ([271]). Another factor is that residential housing investment in Cyprus is comparatively inexpensive relative to the EU average (investment in dwellings in purchasing power parities was 63.1% of the EU average in 2024). Nevertheless, the productivity in the sector is rather weak, as real gross value added per employee amounts to around 67% of the EU level. This reflects limited investment activity in research and innovation and significant underutilisation of the labour input ([272]). In 2023, the housing stock increased to 8.3 dwellings per 1000 inhabitants, still below the 13 dwellings recorded on average between 2000 and 2018. The rise in the number of residential building permits issued (Graph A16.2) suggests that housing supply growth is likely to continue in the coming years, albeit at levels below the record highs before the Cypriot 2012-3013 financial crisis. Despite this progress, the housing supply gap still amounts to 39 000 dwellings ([273]).

([270]) Data compiled at the level of local administrative units. Source: ESPON 2030 cooperation programme.

([271]) Domestic households invest large fractions of their gross savings in real estate, suggesting that that the purchase of dwellings is considered an alternative to deposits. See '2025 In-depth review – Cyprus'.

([272]) See '2021 EU construction sector observatory – Cyprus'.

([273]) Balouktsi et al. (2026) Housing investment needs in the EU. JRC Technical Report 144419 (link:

There has been rapid growth in short-term rentals in Cyprus, especially in coastal and tourist areas ([274]). Registered short-term listings almost doubled between 2023 and 2026. There are over 9 000 registered properties offering nearly 40 000 beds, but authorities estimate that the actual total supply is even higher. These rental properties reduce the supply of long-term housing for residents and often operate without registration or oversight. More than half of the 14 446 short-term rental properties (over 7 000) were unregistered as of mid-2024 ([275]).

There is an ongoing shortage of workers in some housing-related sectors and labour shortages remain a challenge. In October 2025, the proportion of employers expecting labour shortages to limit their production was particularly high in the construction sector (41.4%) compared with the EU level (27.5%). Persistent labour and skills shortages linked to the twin transition or climate adaptation were reported in 2025 for system analysts, air conditioning and refrigeration mechanics and other construction professions, including plumbers and pipe fitters. Job creation potential is high in some sectors, particularly those relevant to the green transition (see also Annexes 11 and 13).

Rising housing demand, driven in part by non-resident buyers, is likely to push house prices up moderately amid stable supply growth. Housing transactions have more than doubled since 2020, reflecting an increase in purchases by non-residents thanks to government initiatives to attract foreign workers. Stable housing supply growth coupled with strengthening demand - driven by projected growth in real incomes ([276]), improving household capacity and stable financing conditions – indicate potential, but contained upward house price pressures in the future.

Structural policies

Housing policy in Cyprus has been historically oriented towards homeownership. Since 1974, the government has implemented several housing schemes to help various social groups, focusing on low- to middle-income families buying a home (long-term housing loans with lower interest rates). In the wake of the 2008 financial crisis, Cyprus implemented strategic measures to stabilise the housing market, support homeownership and address issues such as mortgage arrears and non-performing loans.

Cyprus lacks social rental housing policy. Today, data on the proportion of social and affordable housing are incomplete. Social housing for home ownership exists, however there are no data about the proportion of the stock concerned. Social rental housing represents ([277]) close to 0% of the total housing stock ([278]), while EU average is 8%. The Statistical Service of Cyprus's public data do not currently provide an official breakdown showing the percentage of total housing stock that is social housing (rental or ownership), nor the number of social housing units managed by state entities like CLDC. Dedicated social rental housing policy is just starting, but efforts should be upscaled to address the rising demand.

Since 2024, several steps have been taken to provide affordable housing for low-income populations. These measures include: (i) the 'Renovate–Rent' scheme ([279]) that aims to increase the supply of affordable housing by integrating housing units into the rental market; (ii) the 'Housing grant scheme for young couples and/or young people up to 41 years of age' ([280]) that aims to help young people buy a home; and (iii) the CLDC's revised housing incentives taxes ([281]) that aim to produce affordable housing for sale and/or

https://publications.jrc.ec.europa.eu/repository/handle/JRC144419).

([274]) Ministry of Tourism, 2026.

([275]) Association of Cyprus Tourist Enterprises, 2024.

([276]) See 'European Commission 2026 spring forecast – Cyprus'.

([277]) Pittini, A. (2026). Cyprus. In Social and public housing in the EU and UK. Dublin: Ministry for Housing, Local Government and Heritage.

([278]) OECD Affordable Housing Database 2026.

([279]) See Renovate-Rent scheme guide (in Greek).

([280]) Housing grant scheme for young couples and/or young people up to 41 years of age (in Greek).

([281]) Details can be found on the Cyprus Land Development Corporation announcements (in Greek).

rent. Launched in 2025, the new housing strategy called ([282]), tackles the housing supply issue by improving affordability, with the focus being particularly on young people and families. The government aims to increase the housing stock with over 1 900 new housing units expected (with almost 200 designated as affordable housing) ([283]) and to add approximately EUR 9 million to a special affordable housing fund through planning incentives. In December 2025, the construction of 500 affordable housing units in Nicosia, Limassol, Larnaca and Paphos was announced, at a total cost of EUR 70 million. A new housing scheme for building collective accommodation units to support the industry, tourism and trade sectors was also announced. The plan enables housing solutions to be created for personnel employed in these sectors. At the same time, a grant scheme for student dormitories in Nicosia was set up, with a total budget of EUR 8.3 million. In terms of tackling short-term rental challenges, several measures, such as on-site inspections and digital monitoring, were adopted, however further legal adjustments are needed to ensure registered operation and a fairer housing market for residents.

Since 2014, extensive EU funding has helped Cyprus to tackle some housing-related challenges. A significant number of households have benefited from energy-efficient renovations: at least 1 770 via the structural funds and at least 17 000 via the Recovery and Resilience Facility. These renovations enabled Cyprus to address the 2019 country-specific recommendation (CSR) 4 and the 2020 CSR 3 to increase the proportion of renewable energy, thereby improving the energy efficiency of homes and reducing energy poverty. In 2024, Cyprus also signed its first loan with the European Investment Bank (EIB) ([284]) to build affordable student housing and upgrade campus facilities in the cities of Paphos and Limassol. The EUR 125 million loan covers 70% of the project's total cost to tackle the lack of sustainable and affordable housing for young people. Since 2025, a Technical Support Instrument multi-country project, has been helping the Cypriot authorities with recommendations and tools to: (i) increase levels of investment in affordable and social housing; (ii) improve the institutional and administrative capacity for housing policy implementation at national and/or subnational level; and (iii) develop targeted policies to make housing more affordable.

Vulnerable groups

Despite recent improvements, there are still issues with housing quality. Structural issues in housing, such as leaks, damp or rot, affected 32.1% of the population in 2023. While this has improved by 7.9 percentage points since 2020, it is still much higher than the EU average of 15.5% ([285]). Energy poverty remains a pressing issue in Cyprus, also posing challenges to the fair green transition (see Annex 12).

Affordability challenges persist for vulnerable households. While only 2.4% of the population lived in households overburdened with housing costs, this percentage was more than two times higher in 2025, at 6.5%, among those in the poorest tenth of the population and more than three times higher at 7.6% among those at risk of poverty ([286]). Rents accounted for 28.3% of these latter households' income in 2025 (above the national aggregate level of 22.0%) ([287]) although this is well below the EU average of 33.5%. The

([282]) This is the first affordable rental scheme implemented by the CLDC in Cyprus. The EUR 12 million project aims to ease rental pressures and expand access to reasonably priced accommodation in Strovolos (in total 54 dwellings). The EUR 16 million project in Limassol is supporting the construction of 138 affordable apartments in the municipality.

([283]) This is the first affordable rental scheme implemented by CLDC in Cyprus. The €12 million project aims to ease rental pressures and expand access to reasonably priced accommodation in Strovolos (in total 54 dwellings). The €16 million project in Limassol is supporting the construction of 138 affordable apartments in the municipality.

([284]) See 'Cyprus University of Technology gets EUR 125 million in EIB support for campus upgrades'.

([285]) [ilc_mdho01] Total population living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor.

([286]) [ilc_lvho7a] and [ilc_lvho07b], housing cost overburden rate by risk of poverty and income deciles. This indicator should be read together with the tenure structure (homeowners, tenants), that may differ across country and regions.

([287]) Refers to households with incomes below 60% of national median.

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

		EU27				CY							
	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	93.4		YoY%	3.2	0.6	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	83.5	81.9	81.8	YoY%	-1.3	-1.9	-0.1
Overburden rate, total	%	9.9	8.8	8.2		2.7	2.6	2.4	2.4	PPS/y	0.0	-0.2	0.0
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		15.6	16.1	14.4	13.4	PPS/y	-0.7	-1.7	-1.0
Overvaluation gap	%					0.4	0.5	2.7	3.5				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	94.4	103.2	101.7	102.9	YoY%	-1.2	-1.5	1.2
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	2251.3	2088.3	1949.4	2828.1	YoY%	9.0	-6.7	45.1
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	7.5	7.9	8.0	8.2	YoY%	-6.0	1.3	2.5
Share of ownership	%	70.0	69.1	68.4		71.8	70.1	69.4	69.2	PPS/y	-0.6	-1.0	-0.3
Share of people living in overcrowded homes	%	17.7	16.8	16.9		2.6	2.9	2.4	2.2	PPS/y	-0.6	-0.5	-0.2

Source: Eurostat and European Commission calculations.

combination of record under-occupation and rising inequality in access to housing reveal hidden challenges for vulnerable groups. The share of people having experienced housing difficulties in their lifetime was 12% ([288]), well above the EU average of 4.9%. The reason for this high figure is that 'other' was reported as a reason for housing difficulties, attributable to the 1974 Turkish invasion of Cyprus and to the financial crisis in 2012-2013. The rate is higher for those at risk of poverty or social exclusion at 16.3% but also rather high at 11.1% and well above the EU average (3.9%) for those not at risk mainly due to the Turkish invasion in Cyprus ([289]) At the same time, in 2024 Cyprus exhibits one of the largest gaps in perceived housing discrimination across individuals at risk of poverty or social exclusion, at 20.3% (vs EU average of 10.5%) ([290]). Cyprus is among the worst performers regarding the percentage of people living in households with arrears on mortgage, rent or utility bills, at 12.0% vs EU of 9.2%) ([291]).

There has been relatively low homelessness in Cyprus although the phenomenon is persistent. According to unpublished data collected by the Deputy Ministry of Social Welfare, the number of homeless people who sought assistance from social services was 225 in 2024, 383 in 2023 and 206 in 2022. Available evidence indicates that EU and non-EU nationals are consistently overrepresented in the registered cases of homelessness that do not include asylum seekers. However, in the absence of a coordinated and integrated responses, NGOs offer them mostly temporary and ad hoc solutions in cooperation with public authorities.

People with disabilities suffer from the lack of accessible housing. Apart from increasing the allowances for this target group, Cyprus has not scaled up investments in accessible housing for them. Slow and limited mechanisms for monitoring and enforcing the implementation of accessibility requirements contribute to the issue ([292]). The forthcoming Law on Social Participation, Inclusion and Independent Living of Persons with Disabilities lacks a housing element and therefore could miss the opportunity to strengthen independent living frameworks.

The LGBTIQ+ community suffers from a lack of explicit and comprehensive legal protections against discrimination in access to housing. This legal gap leaves LGBTIQ+ people particularly vulnerable to unequal treatment by landlords, real estate agents and service providers, making it more difficult for them to secure affordable, safe and stable accommodation ([293]).

([288]) Persons having experienced housing difficulties in their lifetime by sex and current risk of poverty or social exclusion situation.

([289]) [ilc_lvhd05] Persons having experienced housing difficulties in their lifetime by sex and reason.

([290]) [ilc_atsd01] Persons feeling discriminated against by life situation, sex, age, disability (activity limitation), and risk of poverty or social exclusion [ilc_atsd01] Persons feeling discriminated against by life situation, sex, age, disability (activity limitation), and risk of poverty or social exclusion.

([291]) Eurostat 2025.

([292]) Persons with Disabilities Law (No. 127(I)/2000) and Regulation 61H (Annex III) of the Roads and Buildings Law sets technical specifications for accessible design but applies mandatorily only to housing complexes of five or more units.

([293]) European Union Agency for Fundamental Rights. (2024, May 14). LGBTIQ equality at a crossroads: progress and challenges. FRA. https://fra.europa.eu/sites/default/files/fra_uploads/fra-2024-lgbtiq-equality_en.pdf.