**France faces acute supply constraints creating important housing affordability challenges, especially in high-demand urban and metropolitan areas.** A sharp slowdown in new construction has further limited supply in recent years. This evolution has been driven by higher financing costs, rising construction prices, land scarcity and complex planning and permitting procedures. France being a key world tourist destination; the expansion of short-term rentals has further constrained the effective housing supply available to residents in high-demand urban and tourist areas.

**Structural pressures on the social and affordable housing segments are intensifying**. Demand for social housing remains high, leading to long waiting times. In parallel, the energy renovation of the housing stock poses significant challenges: stricter energy-performance requirements, high upfront renovation costs and reduced incentives weigh on investment capacity, particularly for small landlords and low-income homeowners.

**The housing crisis is increasingly affecting the most vulnerable.** Housing (un)affordability has become an increasing challenge for part of the population, particularly in a context of rising poverty and social exclusion for families with children. The 2025 country-specific recommendation highlighted the need to prevent and reduce child poverty by removing barriers that hinder parents' labour market integration. Strong regional disparities, including in the outermost regions, have further intensified pressures on low-income households (see Annex 19). Homelessness is rising, with a particularly sharp increase in the number of children and single-parent households living on the streets.

## Housing market developments

**In 2025, the housing market showed signs of stabilisation, following a marked correction in prices that brought them back down to their longer-term level relative to incomes.** France has experienced house price growth broadly in line with incomes over the last 20 years, on average. In line with many countries, a strong acceleration in price growth – both nominal and compared with incomes – took place around and just after the pandemic, but this was followed by two years of falling house price until 2024 (-0.4% in 2023 and -3.7% in 2024). Overall housing prices rebounded slightly in 2025 (+0.7%). At the end of December 2025, the annual number of transactions over the last 12 months rose by 12.5% to 951 000 ([489]). This number has increased continuously since October 2024, following a decline that started in April 2022 (-13.3% in 2024, after -23.0% in 2023). The price-to-income ratio declined to 12.9 years of income in 2025, after a peak of 15.5 in 2022.

**Regional differences in prices and price changes are substantial.** The price of 100 $m^2$ exceeds 20 years of average household income in some metropolitan and tourist areas, whereas it is below 5 years in some rural areas. In 2025-Q3, prices of second-hand dwellings increased the most in Paris (+2.0%), although they remain 10.9% below their peak of 2020-Q4. Prices rose by 0.8% over a year ago in the provinces but they remain 4.0% below their peak reached in 2023-Q1.

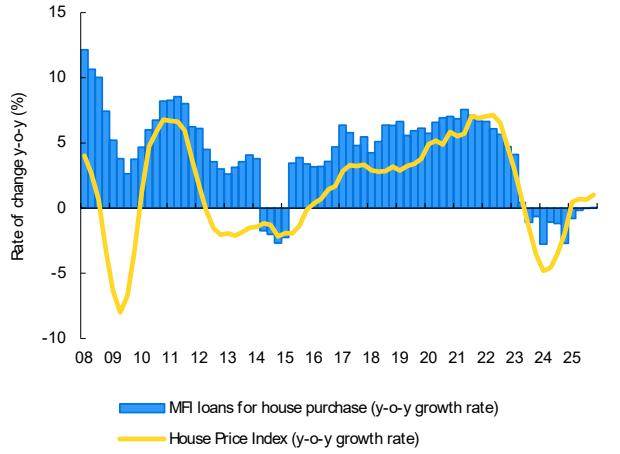
**Housing demand has rebounded, fuelled by the decrease in interest rates.** The increase in interest rates in 2022-2023 reduced borrowing capacity and therefore the housing purchasing power of households, leading to a drop in credit flows (Graph A16.1). In 2024, the mortgage required to buy a 100 $m^2$ apartment was higher in France than in most other EU countries ([490]). Interest rates fell from 3.6% in

([489]) In Q4 2025, prices of second-hand dwellings went up (+0.5%), Insee, 26 February 2026, Informations rapides n°47.

([490]) COUSIN G., FRAYNE C., MARTINS V. and VAŠÍČEK B., 'Housing in the European Union: Market Developments, Underlying Drivers, and Policies', Discussion Paper 228, European Commission, 2025.

December 2023 to 3% in February 2025 (GraphA16.2). In 2025, the value of new housing loans (excluding renegotiations) increased by 36% compared with 2024. The stock of loans for house purchases stabilised (+0.0% in 2025-Q3 compared with 2024-Q3).

Graph A16.1:**House prices and housing loans in FR since 2008**

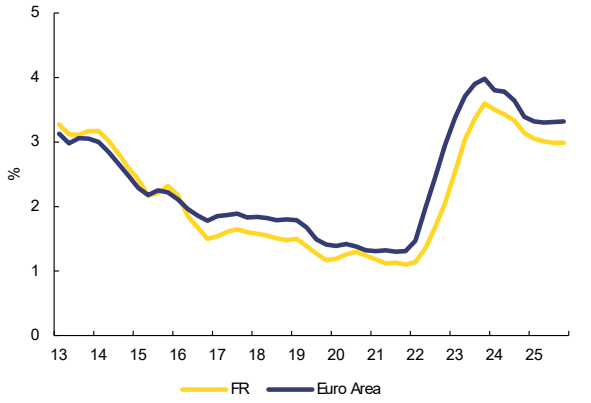



***Source:*** ECB and Eurostat

**Housing supply, including supply of social housing showed signs of moderate stabilisation in 2025, after having fallen sharply in 2023 and 2024.** Construction costs slightly declined in 2025 (-4.4% in the first three quarters of 2025 compared with the same period a year earlier), after several years of sharp rises: residential building producer prices increased by 24% between 2019 and 2024. Building permits in $m^2$ per thousand persons fell by 15.3% in 2024, after -26.7% in 2023. They rebounded by 14% in 2025.

**There is a housing construction gap.** According to calculations made by the European Commission's Joint Research Centre ([491]), there is an estimated housing supply gap of around 20 000 new dwellings per year in areas where the need for new homes is not met by ongoing construction, and a residual need for around 64 000 dwellings per year to make up for the shortfalls from the past. This is despite estimates of 3 million vacant units (7.7% of existing dwellings).

Graph A16.2:**Borrowing cost for house purchase in FR and the EA since 2013**

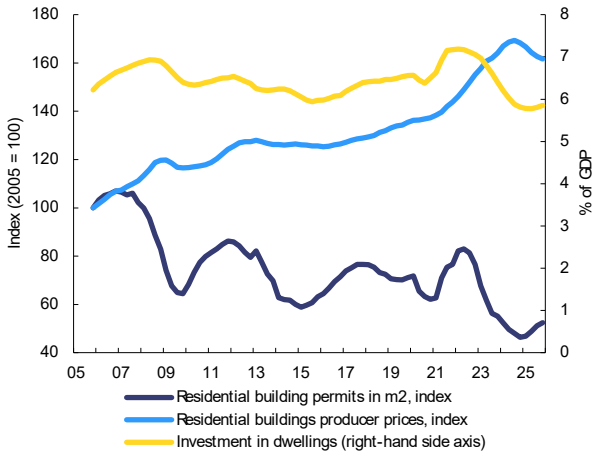



***Source:*** ECB

**Rent increases have remained more moderate than in the past.** The rent regulation mechanism constrains annual rent increases to not be greater than the annual inflation and capped them to 3.5% during the energy crisis, between 2022-Q3 and 2024-Q1. Between 2015 and 2025, rents increased by around 10% (vs +20% in the EU and +19% in the Euro Area), while household income increased by 41%. However, the share of people living in households with arrears on their mortgage, rent or utility bills (10.6%) is higher than in the EU (9.2%) and has increased by 2.2 percentage points (pps) since 2019.

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

Graph A16.3:**House supply indicators in FR since 2005**




(1) 4-quarter moving sums (for permits and investment) and 4-quarter moving average prices
***Source:*** Eurostat

**Labour shortages persist in the construction sector.** Although labour shortages decreased slightly in France in 2025, they remain high in certain sectors, including construction (see Annex 11). In France, construction continues to be the sector with the highest rate of hiring difficulties reported by companies (65%, 12 pps above the second highest rate in social services ([492])). There are labour shortages for most construction-related occupations, from roofers to construction managers and supervisors ([493]). Persistent skills mismatches and work-related risks are among the main reasons for such labour shortages.

## Structural policies

**France's housing policy is characterised by a dense and highly regulated legal framework embedded within a multi-level governance structure.** Numerous legislative instruments, financial schemes and public actors interact across national and local levels ([494]), shaping both supply and demand. The state establishes the overarching regulatory framework at national level, ensuring coherence and uniform standards across the territory. At the same time, decentralisation has strengthened the role of regions, departments and municipalities, notably in urban planning, social housing delivery and land-use regulation. While this architecture allows for territorial adaptation within a unified legal system, the interaction of multiple regulatory layers and policy instruments contributes to structural complexity. Differentiated local contexts therefore result in varied outcomes across the country (see Annex 19), and regional disparities remain a key challenge, particularly in terms of housing affordability, supply constraints in metropolitan areas, uneven access to social housing and pronounced differences in the share of unoccupied dwellings (51.4% in Hautes Alpes vs 7.4 % in Seine-Saint-Denis ([495])).

In 2026, vacancy taxes have been simplified, the national level (TLV) being repealed, in favour of the local-level vacant property tax (THLV). The new TVLH (taxe sur la vacance des locaux d'habitation) allows local municipalities greater freedom to set tax rates at the level they deem appropriate according to local housing conditions.

**The regulatory environment for buildings and dwellings is characterised by a high degree of complexity.** Beyond substantive standards (environmental, energy and construction standards (e.g. *réglementation environnementale* (RE) 2020), housing projects' timelines and costs are also shaped by the way planning rules are implemented: overlapping rules, spanning from heritage rules to non-

([492]) France Travail, '*Enquête Besoins en Main-d'Œuvre 2025*', 2025.

([493]) ELA, 'EURES report on Labour Shortages and Surpluses 2024', 2025.

([494]) ESPON, 'France – European Compendium of housing policies', p.150-152.

([495]) Eurostat, 'Conventional dwellings by occupancy status, type of building and NUTS 3 region', 2021.

binding local charters ([496]). Building permits are subject to multiple layers of review, public consultation and potential legal challenge, with litigation risks often delaying projects for years. Since 2021, the number of building permits has declined, with sharp drops in Q3 2024 (-41.6% in floor area and -35.4% in dwellings), followed by an improvement in 2025 as declines eased to -28.4% and -19.5%, respectively ([497]). Enacted in November 2025, the Huwart Law aims to expedite housing and urban development projects by streamlining planning procedures, enhancing permit certainty and reducing litigation-related delays. Furthermore, a simplification bill is expected to focus on planning, permitting, public procurement and digital procedures in the housing and development sectors.

**Land-use policies play a central role in shaping housing supply.** Recent reforms have strengthened sustainability requirements and tightened constraints on urban expansion, with potential effects on housing availability. The intermediate target provided for a 50% reduction in land consumption in 2021-2031 compared with land consumption between 2011 and 2021 under the *Zéro Artificialisation Nette* (ZAN) policy, introduced in 2021.

**Regulatory measures and the expansion of short-term rentals influence the functioning and supply of the private rental market.** The 2018 ELAN Law on construction and housing supply environment introduced rent increase controls in housing-stressed areas. Experimental rent level capping, covering 72 cities, was introduced in 2019 and is due to expire in November 2026, with the government set to submit a comprehensive assessment of the experiment to Parliament in spring 2026. A study indicated that this experimental scheme helped to limit rent increases to around 5% in the five studied cities ([498]). At the same time, rent control may come with adverse effects on housing supply ([499]). In December 2025, the National Assembly adopted a bill to make rent control permanent, which still needs to be confirmed by the Senate. While the ALUR Law to facilitate access to housing and promote renewed urban planning (2014) strengthened tenant protection, the Kasbarian-Bergé Law to protect housing from squatting, which entered into force in July 2023, has accelerated eviction procedures. The rapid expansion of short-term rental platforms has placed additional pressure on rental markets in major cities and tourist areas. Despite the ALUR Law (2014), which classified the conversion of residential properties into short-term rentals as a regulated change of use, requires prior authorisation, or secondary homes, and limits primary residences to 120 days of short-term rental per year without permission, the number of nights booked via collaborative platforms surged between 2018 and 2024, increasing by 77% in Paris, 159% in Annecy and 272% in Rouen ([500]). In response, the French Parliament adopted the Le Meur Law in 2024, strengthening local authorities' powers to regulate short-term rentals through tighter limits, registration requirements and enhanced enforcement, with the aim of preserving residential housing stock.

**Public financing to social housing providers is combined with targeted subsidies supporting demand.** Social rental housing is primarily financed through long-term loans from the *Caisse des Dépôts*, with annual financing volumes exceeding EUR 10 billion. Additional supply-side support is channelled

([496]) Cour des comptes, 'La délivrance des permis de construire – Un parcours complexe dans un cadre instable', 2024.

([497]) Eurostat, 'Building permits – quartely data – number of dwellings', 2025

([498]) APUR, 'Impact de l'encadrement des loyers à Paris: actualisation de l'évaluation et extension à 5 autres villes régulées', 2025

([499]) Kholodilin, 'Rent control effects through the lens of empirical research: An almost complete review of the literature', 2024.

([500]) Eurostat, 'Short-stay accommodation offered via collaborative economy platforms by residence of the guest and cities - experimental statistics'.

through *Action Logement*, which uses employer-based contributions to finance the construction and renovation of social and intermediate housing, support urban regeneration projects and provide subsidised long-term loans and grants to housing providers. On the demand side, first-time buyers benefit from government-backed loans (*Prêt à Taux Zéro*), while housing allowances reduce costs for low-income households. Since 2018, the solidarity rent reduction mechanism reduces rents for low-income tenants in social housing, by lowering housing allowances and requiring social housing providers to reduce rents by the same amount. In 2025 and 2026, this financial burden was reduced, to restore financial stability to providers, enabling them to invest in construction and renovation projects. Housing support, which also includes operating and investment subsidies and interest-rate advantages, amounted to EUR 43.1 billion in 2024 (around 1.5% of GDP). After a sharp increase in 2023, it declined slightly due to lower social benefits – particularly energy-related support – and reduced spending on *MaPrimeRénov* national housing renovation support scheme([501]).

**Social housing provision in France, managed by social housing providers ("bailleurs sociaux"), is complemented by affordable housing schemes.** France has the EU's largest social housing stock, totalling 5.4 million units in 2024 (+0.9% y-o-y) ([502]). Social housing accounts for about 17% of France's housing stock, managed by HLM (*Habitations à Loyer Modéré*) organisations. The Court of auditors pointed out inefficiencies and shortcomings in the governance and functioning of the social housing system([503]). Among the 28 million households residing in mainland France, 70% are theoretically eligible for social housing. The SRU Law on solidarity and urban renewal requires municipalities to allocate usually 20% or 25% of their housing stock to social units, with penalties for non-compliance, applying to municipalities above certain population thresholds and integrated within larger urban areas where housing supply obligations are defined at the territorial level. Since 2014, a new category of affordable housing has been introduced: 'intermediary housing'. This type of housing serves as a bridge between social housing and market-rate housing, offering rents in practice 10 to 20 % below private market rates, in exchange for beneficial tax incentives. In parallel, targeted schemes seek to improve the provision of affordable housing. One such mechanism, the *bail réel solidaire* separates land and building ownership, allowing individuals to buy homes affordably by leasing land from a non-profit, with a focus on long-term accessibility for lower-income buyers and resale conditions that ensure continued affordability for future eligible purchasers. The social rental agencies (Agences Immobilières à Vocation Sociale et Agences Immobilières Sociales) are also important part of the affordable housing system.

**In early 2026, the French government unveiled a housing recovery plan (*Relance Logement*), which aims to counter the sharp decline in new housing construction.** The plan sets a target of 2 million new homes by 2030. From 2026 onwards, it will provide funds to social landlords to deliver 125 000 social housing units annually. It aims to deliver 50 000 private rental dwellings per year via demand-side fiscal incentives for households to divert savings toward buying housing and becoming landlords, without geographic zoning restrictions, in exchange for rent caps ("*relance logement*" scheme). This has been adopted in the Budget Bill ([504])). The subsidies for landlords

([501]) Commissariat général au développement durable, 'Rapport du compte du logement 2024', 2025.

([502]) Commissariat général au développement durable, '5,4 millions de logements locatifs sociaux en France au 1er janvier 2024', 2024.

([503]) Rapport public annuel 2026 sur la cohésion territoriale et attractivité des territoires, Cour des comptes (vie-publique.fr/files/rapport/pdf/302553.pdf )

([504]) Notably presented as a replacement of the Pinel tax exemption scheme for rental property investment, which was phased out in 2024.

aim to increase the supply of rental housing and ease rental cost pressure, but are likely to increase house prices.

## Vulnerable groups

**Social and affordable housing supplies remain insufficient in the face of rapidly growing demand.** Demand for social housing has increased sharply, by 49% since 2021 – while supply has been growing in a very moderate way (between 0.5 and 1.1% over the same period). As a result of this widening supply-demand gap, 61% of emergency housing demands remain unmet ([505]). In 2024, around 2.7 million households were on social housing waiting lists, compared with only 384 000 effective yearly allocations ([506]). This decline in social housing allocations is coupled with a decrease in the social housing turnover, reflecting the lack of affordable housing alternatives. Overall, 4.2 million people face material difficulties with regard to housing. Despite some positive results in increasing the share of social housing, disparities in compliance with the SRU law on solidarity and urban renewal across municipalities persist ([507]). The 2026 proposal to revise this law ([508]) by including 'intermediary housing' reflects ongoing and recurrent debates about this legislative framework. In this context, housing insecurity has intensified. The number of housing evictions rose significantly, from 19 000 in 2023 to 24 500 in 2024, notably in the context of rising housing prices and following the adoption of the Kasbarian-Bergé Law ([509]).

**Homelessness has increased sharply in France over the last decade, increasingly affecting young people and children.** In 2025, an estimated 350 000 people were homeless ([510]) (vs 143 000 in 2012). The number of children living on the streets has increased particularly rapidly in recent years. In 2025, 2 159 children, including 503 children under the age of 3 years, were living on the streets or in public spaces, representing a 120% increase since 2020 ([511]). These children are often part of a single-parent household, highlighting the heightened vulnerability of this group. Homelessness among children also displays significant regional disparities, with the highest numbers recorded in Ile-de-France, Auvergne-Rhône-Alpes, Occitanie and Hauts-de-France. The situation is even more pressing in the outermost regions, where the cost of living is significantly higher than in mainland France (see also Annex 12). In La Réunion, around 1 000 children lacked access to adequate housing in 2024, including 330 under the age of 3 ([512]). In Mayotte, a third of the population lives in precarious housing, as the territory continues to deal with the consequences of cyclone Chido.

**Access to affordable housing remains a significant challenge for students and young people, in a context of increasing young people neither in employment nor in education and training (NEET) and youth unemployment rates (see Annex 11).** In 2022, only 8% of all students in France had access to student housing, with strong regional disparities (see Annex 19) reflecting the

([505]) IGF, IGAS, AGA, '*Revue de dépenses sur le budget de l'hébergement d'urgence*', 2025.

([506]) Union Sociale pour l'Habitat, '*La demande et les attributions de logement social à fin 2024*', 2025.

([507]) Chapelle, Gobillon and Vignolles, 'Building Without Income Mixing: Public Housing Quotas in France', 2025 and Sénat, 'Évaluation de la loi n° 2000-1208 du 3 décembre 2000 relative à la solidarité et au renouvellement urbains', 2021.

([508]) Loi Solidarité et renouvellement urbain (SRU), this law requires certain municipalities to have a minimum number of social housing units.

([509]) IGF, IGAS, AGA, '*Revue de dépenses sur le budget de l'hébergement d'urgence*' 2025.

([510]) Fondation pour le Logement, '*31ème rapport sur le mal-logement en France en 2026*"' 2026.

([511]) UNICEF-FAS, '*Baromètre Enfants à la rue*', 2025.

([512]) Fondation pour le Logement des Défavorisés, '*L'état du mal-logement à la Réunion*', 2025.

Graph A16.4:**Housing affordability selected indicators**

| | | EU27 | | | | FR | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 103.2 | 95.3 | | YoY% | -6.9 | -7.7 | |
| Rent to income ratio | *2000-25 avg = 100* | 100.0 | 85.1 | 83.5 | 84.5 | 100.0 | 85.2 | 83.6 | 84.1 | YoY% | -4.5 | -1.9 | 0.5 |
| Overburden rate, total | % | 9.9 | 8.8 | 8.2 | | 5.4 | 6.5 | 7.0 | | PPS/y | 0.0 | 0.5 | |
| Overburden rate, tenant with market rent | % | 23.8 | 20.3 | 19.2 | | 17.0 | 19.3 | 20.2 | | PPS/y | -2.6 | 0.9 | |
| Overvaluation gap | % | | | | | 7.0 | 16.3 | 8.2 | 6.2 | | | | |
| Deflated construction production price | *2010 = 100* | 102.2 | 112.2 | 111.8 | 110.5 | 99.7 | 108.6 | 108.8 | 103.6 | YoY% | 0.1 | 0.2 | -5.2 |
| Building permits | *$m^2$ per ths persons* | 483.5 | 376.9 | 362.9 | 379.9 | 590.8 | 437.3 | 369.1 | 416.2 | YoY% | -26.9 | -15.6 | 12.8 |
| Residential construction investment | *% GDP* | 5.5 | 5.8 | 5.1 | 5.0 | 6.3 | 6.4 | 5.8 | 5.9 | YoY% | -9.9 | -9.4 | 1.7 |
| Share of ownership | % | 70.0 | 69.1 | 68.4 | | 63.2 | 63.1 | 61.2 | 61.4 | PPS/y | -0.5 | -3.0 | 0.3 |
| Share of people living in overcrowded homes | % | 17.7 | 16.8 | 16.9 | | 8.9 | 9.9 | 10.4 | 10.8 | PPS/y | 0.7 | 0.5 | 0.4 |

***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.

absence of a coherent and binding framework for student housing ([513]). In this context, 70% of students must rely on the already constrained private rental market and are therefore exposed to high housing costs ([514]). Rental expenditure represents a high share of students' total spending (evaluated at 60% in 2023 ([515])). More broadly, young people (aged 15-29) face high poverty risks - 19.3% of them in 2024. Improving access to affordable and adequate housing for young people, especially the most vulnerable, could improve their educational outcomes and labour market integration, as housing insecurity remains a key barrier to job searching, mobility and participation in the labour market.

**Housing quality remains a concern.** In 2023, 21.1% (EU: 15.6%) of the population in France experienced housing deprivation – defined as dwellings with a leaking roof, damp walls, floors or foundations, or rot in window frames or floors – while 4.6% experienced severe housing deprivation (EU: 4%). Energy poverty further exacerbates housing vulnerability. The share of people at risk of poverty experiencing energy poverty is above the EU average (22.4% vs 19.7%). In 2024, 11.5% of the population reported being unable to heat their homes for financial reasons, an increase of 130% since 2018([516])(See Annex 12). Finally, the rate of reported discrimination in access to housing is among the highest in the EU (8.3% vs 5.8%).

**The measures implemented to tackle these challenges are limited in the context of a deepening housing crisis for vulnerable groups in France.** Housing First (*Logement d'abord*), a strategic framework implemented since 2018, aims to reduce homelessness, including among children, and support financing to access social housing. The second phase of this plan, launched in 2023, seeks to facilitate the transition from emergency accommodation to stable housing for the most vulnerable people. Moreover, the Solidarity Pact (*Pacte des Solidarités*) includes an emergency plan to protect children experiencing homelessness. At EU level, the European Social Fund Plus allocated around EUR 15 million to initiatives to improve access to housing, facilitating the transition from temporary to permanent housing, and supported the population in Mayotte in the aftermath of the cyclone, notably through the RESTORE priorities ([517]).

([513]) Cour des Comptes, '*Le soutien public au logement des étudiants*', 2025.

([514]) Sénat, '*Programmer, adapter, innover: 25 clés pour le logement des jeunes*', 2025.

([515])UNEF, '*Enquête sur le coût de la vie étudiante en 2023*', 2023.

([516]) ONPE, '*Tableau de bord de la précarité énergétique - Édition novembre 2025*', 2025.

([517]) Regional Emergency Support to Reconstruction.