Denmark faces challenges in housing affordability, particularly in its major cities, Copenhagen and, to a lesser extent, Aarhus. The growing demand for housing in these areas has driven prices upwards, making affordability issues worse, which was highlighted in the 2025 country-specific recommendations for Denmark. Contributing factors include high construction costs and labour shortages in the construction sector.

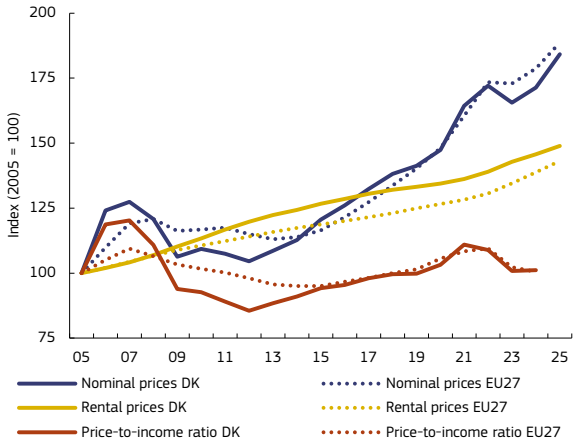
A number of recent policy initiatives have been targeted at housing and improving affordability. In the 2025 country-specific recommendations, Denmark was encouraged to do more for housing affordability, with raising the ceiling for the construction costs of non-profit cost-based housing being specifically suggested as a measure. Since then, Denmark has temporarily raised this ceiling alongside several other housing-related initiatives such as easing access to mortgages for young first-time buyers.

The housing market in Denmark has a big share of affordable rentals, but access often relies on waiting lists. About a fifth of the overall housing stock is cost-based non-profit ([433]), also referred to as social housing. At the same time, private rentals built before 1992, which account for three out of four of private rentals, are subject to strict rules on how the rental prices can be set and must be based on cost or value.

Housing market developments

House prices have increased broadly in line with income growth, leaving the price-to-income ratio relatively stable over the past two decades. Since the mid-2000s, nominal house prices have increased by close to 50%, which is very similar to developments in the EU-27 (Graph A16.1). Following a sharp correction in the years after the financial crisis, house prices have grown from 2013 onwards, supported by improving labour market conditions and falling interest rates, with a further acceleration during the pandemic fuelled by low borrowing costs and high demand. In 2022–23, higher interest rates temporarily moderated price growth, but as interest rates eased again with falling inflation, nominal house prices resumed growth from 2024 onwards (growing 7.5% year-on-year in 2025), with particularly strong increases in Copenhagen. Indeed, the national average figures mask a dual market with strong price increases in Copenhagen (and Aarhus) and much more modest developments elsewhere. By contrast, rents (including existing and new rental contracts) have increased at a slower and steadier pace than house prices, resulting in a rising price-to-rent ratio. In real terms, house price growth has been more muted, with a cumulative increase of around 20% since 2015.

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



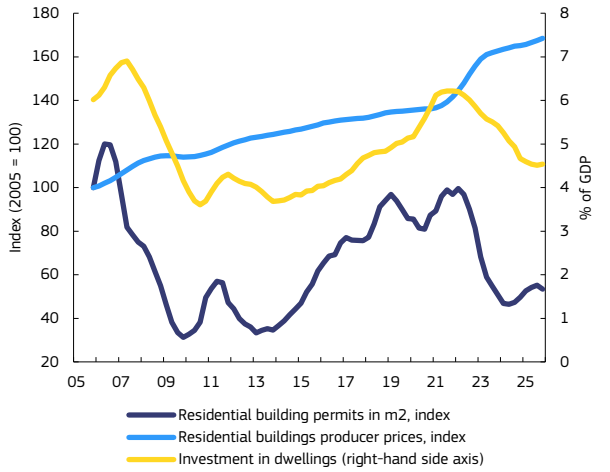
Source: Eurostat

Housing supply has lagged behind demand, leading to persistent shortages, in particular in the Copenhagen area. Demand has been supported by sustained population growth, with Denmark's population having increased from 5.5 million in 2010 to 6 million in 2025, and an increase in the number of households from 2.6 million to 2.9 million over the same period. On the supply side, construction activity has adjusted only gradually to increased demand following the sharp contraction after the financial crisis. In addition, despite higher residential investment during the prolonged low-interest-rate period of the late 2010s, construction activity has remained insufficient to offset the demand pressures around the largest cities (Graph A16.2). This is also the case for rentals. Looking ahead, housing investment needs are expected to remain substantial, with the Commission estimating a cumulative housing construction gap of around 57 000 dwellings over 2025-2035, reflecting accumulated demographic-driven shortfalls net of

([433]) Statistics Denmark: BOL101.

projected construction, and largely concentrated ([434]). Together with rising household purchasing power, this is expected to further underpin house price increases in the coming years.

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



Source: Eurostat

Housing market activity has remained volatile and sensitive to changes in macro-financial conditions. Transaction volumes increased strongly during the pandemic but declined in 2022–23 in response to rising inflation, higher interest rates and rising construction costs. Although activity has partially recovered since then, turnover remains short of previous peak levels.

The construction sector continues to face structural and cyclical challenges that constrain housing supply. Rising material prices, shortages of skilled labour and higher interest rates have weighed on profitability and reduced residential construction activity. This is compounded by a negative trend in real labour productivity in the construction sector since 2018. Construction investment prices for residential buildings remain among the highest in the EU, at 128% of the EU average in 2024 ([435]).

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

([435])See Eurostat [prc_ppp_ind_1] dataset.

Structural policies

Housing policy is shaped by national regulation, with implementation and a degree of autonomy at municipal level. Municipalities are responsible for local housing planning. This includes assigning to those residents with the most urgent needs a share of allocated dwellings. Non-profit cost-based housing associations own and manage these dwellings under cost-rent principles, with oversight from local and national authorities.

In recent years, a number of new political agreements have been concluded to support more affordable and sustainable housing. In 2021, the 'fund for mixed cities' was set up to help create mixed cities through the promotion of affordable social housing by funding a range of new housing initiatives. A 2023 political agreement on housing policy, aiming to ensure more affordable housing, includes tools for land-use planning and a requirement for affordable housing in larger developments. In 2025 it was politically agreed to temporarily increase the ceiling for construction of non-profit cost-based housing to stimulate demand and to adjust the Fund for Mixed Cities. In early 2026, it was politically agreed to change the Planning Act to allow local authorities to require that up to 25% of new developments be owner-occupied housing. A new national architectural policy became a reality, giving municipalities new guidelines for circular and sustainable construction and ensuring support affordable and sustainable housing. The government has also proposed measures to help first-time buyers: extending the maturity of mortgages to up to 40 years, giving a longer repayment period for student loans, and letting banks be more flexible when considering the borrowers' economy by assuming higher future earnings. Further to this, the formation of a working group is proposed to look into if and how the mortgage system can be simplified and made easier to navigate.

A fund set up to help housing affordability is being adjusted after a lower uptake than expected. The fund for mixed cities has not seen the uptake that was expected, with 15% allocated by April 2026. New rules will make it possible to obtain up larger share of land acquisition costs in high-cost areas, and the grants for construction of

very affordable housing have been increased. The fund also provides for grants to lower rents for vulnerable persons, but this is only used to a limited extent.

Obtaining a permit for new residential construction is relatively fast and regulated nationally, but differences in local rules can complicate fast construction. It takes on average around 60 days to obtain a building permit for residential construction projects, with big differences across the country. This is partly due to municipal autonomy, where local circumstances and local planning differ across municipalities. Some permit procedures average as little as 8 days, while others take more than 200 days. This is partly explained by the reality of each municipality being vastly different. In already densely populated areas, such as the capital region, obtaining a building permit is a more complex process than in areas with undeveloped land that is allocated to residential buildings before the permit is given. The difference in the reality between municipalities can complicate the use of innovations such as modular or prefabricated construction, which have the potential to lower housing costs and shorten construction periods.

Obtaining a mortgage for a home in rural areas has been challenging since the financial crisis of 2008. With stricter macro-prudential rules in the mortgage sector, people wishing to buy homes in rural areas have, on the whole, not found it as easy to access loans as people in more urban areas with similar incomes.

Until recently, homeowners in the biggest cities have had a significant tax advantage, while also being able to sell their properties with no tax on the gains. Capital gains on residential property are not taxed if the seller has used the property for their own residential purposes. Combined with a property value tax base that was frozen from 2002 until 2024, this means that homeowners, especially in Copenhagen and other bigger cities, enjoyed relatively low ongoing tax rates while being able to benefit untaxed from rising property prices. The relatively new property tax system that entered into force on 1 January 2024 aims to be revenue neutral while ensuring that the property tax reflects the current prices of a property. It is not yet clear whether the new tax system will have an effect on the housing market and, if so, what kind of impact. Across the housing market, owners can also benefit from mortgage interest tax relief, as explored in Annex 3.

Denmark's private rental market is highly regulated. Tenants can only be evicted in very specific circumstances, e.g. if the owner plans to occupy the dwelling themselves, if the building has to undergo significant renovations or be demolished, or if the tenant is not fulfilling their obligations – this includes not paying the rent on time, mistreatment of the building and causing a nuisance to the neighbours. Rents must be based on the value of the unit or cost of running it on for buildings built up until and including 1991, which make up around three quarters of private rental housing. This has created a dual market with rent-controlled apartments at lower prices, and new, market-priced apartments with higher prices. This is especially the case in Copenhagen, leading to a risk of 'lock-in' effects and low mobility.

The housing market is vastly different in Copenhagen compared with the rest of Denmark, and faces affordability issues, as outlined in the 2025 country-specific recommendations. On average 48% of housing in Denmark is owner-occupied, while in Copenhagen and the enclave municipality Frederiksberg that number is 19% and 23% respectively. Cooperative housing makes up 7% of the Danish housing stock, but in Copenhagen and Frederiksberg it reaches 29% and 26% respectively. Cooperative housing is generally cheaper than comparable owner-occupied dwellings and is therefore highly sought after. Since the financial crisis of 2008, however, the number of new cooperative housing units has stagnated, meaning that supply does not follow demand. The previous government's intention was to ease the creation of cooperative housing in existing and new buildings.

The construction of non-profit cost-based housing has been slow in the biggest cities in recent years due to high construction costs. Cost-based non-profit housing is supported by a revolving fund to ensure that buildings can be renovated and modernised without sudden price surges or sub-standard living conditions. This stock is mostly distributed through waiting lists with universal access. While never coming to a complete stop, low activity in the construction of new non-profit housing has been attributed to the fact that, the ceiling for construction costs made it

difficult to build units of this type, especially in Copenhagen and Aarhus. The government has temporarily raised the construction cost ceiling for this sector to stimulate more construction, which is in line with the 2025 country-specific recommendations. The raised ceiling will apply for 10 years and is expected to help construct around 10 000-15 000 units.

Vulnerable groups

Despite existing housing benefits, the overburden rate remains high. Denmark has a high rate of housing cost overburden at 14.6% in 2024, significantly higher than the EU average of 8.2% ([436]). It is more prominent in cities (22.7% vs 9.8% in the EU) than in rural areas (8.6% vs 6.3% in the EU). In the capital region, 18% of individuals were overburdened and 14.9% in the second largest region. 38% of single-person households are overburdened by housing costs, compared with the EU average of 21.1%, while only 4.7% of households with two adults and two dependent children are overburdened, under the EU average of 5% in 2024. Denmark provides a broad range of support to households, including housing benefits for renters. In 2024, the share of rent-related expenses in disposable household income was 28.2%, exceeding the EU average of 22.3%.

People looking for housing in Denmark face low levels of discrimination and financial support is available for those in need. The percentage of people feeling discriminated against when looking for housing is relatively low at 4.2%, below the EU average of 5.8%. (Eurostat: ilc_atsd01). The rate of persons having experienced renting difficulties in the last 12 months was 7.7% compared with the EU average of 13%. Social transfers like *Boligstøtte* (housing benefit) can help renters pay their rent monthly. While this is true, many of the most affordable housing units require a waiting list or are private units from before 1992, which people generally tend to stay in for longer.

Housing quality is decent overall, with relatively few people struggling to keep their homes warm. 15% of the population in 2023 lived in dwellings with issues such as leaking roofs, dampness or window and floor rot, closely aligning with the EU average of 15.6%. There has been a notable drop in the number of people unable to keep their homes adequately warm, from 6.9% in 2023 (EU: 10.6%) to 4.4% in 2024 (EU: 9.2%). The situation improved particularly in the capital region, from 7.9% in 2023 to 4.8% in 2024. Similarly, in Central Jutland, the difficulty in maintaining warmth in homes fell from 6.2% in 2023 to 4.1% in 2024.

Despite Denmark having a relatively low number of homeless people, there has been a recent increase. There were around 6 000 individuals who were homeless in 2024, which is 200 persons more than the 2022 levels. The figure covers people who stay overnight on the street, in night-heating rooms, in shelters and care homes, people who stay overnight with family, friends or acquaintances due to homelessness, as well as various other homelessness situations ([437]). The national mapping of homelessness takes place every second year, with latest available report being from 2024 strategy([438]), also underlined in the 2023 homelessness strategy([439]). In Copenhagen and Aarhus, however, it is a challenge to find housing due to the limited supply of affordable housing.

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

([437]) Vive 2024.

([438]) 5.989 people homeless in week 6 - vive.dk.

([439]) Social and Housing Ministry.

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

		EU27				DK							
	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	103.9	104.2		YoY%	-7.4	0.3	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	90.1	89.0	86.9	YoY%	-1.1	-1.2	-2.4
Overburden rate, total	%	9.9	8.8	8.2		16.6	15.4	14.6	23.4	PPS/y	0.7	-0.8	8.8
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		30.3	33.0	28.7	23.6	PPS/y	3.5	-4.3	-5.1
Overvaluation gap	%												
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	103.2	112.8	113.1	113.3	YoY%	1.2	0.3	0.1
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	547.3	403.5	384.8	416.1	YoY%	-37.3	-4.6	8.1
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	4.9	5.4	4.7	4.5	YoY%	-8.5	-13.0	-4.3
Share of ownership	%	70.0	69.1	68.4		63.5	60.0	60.9	58.4	PPS/y	0.7	1.5	-4.1
Share of people living in overcrowded homes	%	17.7	16.8	16.9		8.3	8.7	9.3	9.9	PPS/y	-1.1	0.6	0.6

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.