Housing affordability issues expose some parts of Italy's population to difficult living conditions. While house prices have broadly stagnated in the last two decades, there are affordability issues for middle- and low-income households, particularly those living in some metropolitan cities and relying on rental contracts. The significant presence of short-term rental supply in certain tourist cities further reduces available supply in the long-term rental market.

Housing-related policies are skewed towards homeownership, while the provision of social and affordable housing is limited. While primary residences are exempt from property taxation, the limited availability of public support—particularly relevant given that public housing units (Edilizia Residenziale Pubblica) operate with very low rents—has contributed to a slowdown in the renovation of the public housing stock and in the new constructions over the past decades. This, in turn, has resulted in numerous empty public houses (needing renovation) and long waiting lists for the most vulnerable groups. At the same time affordable housing solutions (such as *Edilizia Residenziale Sociale* or *housing sociale*) – characterised by rents at below market rates, but higher than those for public housing – remain limited.

Public interventions cover a wide spectrum of regulatory and investment measures, but remain to a certain extent uncoordinated. Powers are divided between local, regional and national levels, while responsibilities for housing-related matters are fragmented across different ministries. At the same time, data availability could be made better by improving coordination between datasets. Such limited coordination may hamper a comprehensive evidence-based approach and reduce the potential for synergies across policies, instruments and stakeholders.

These structural weaknesses in the housing system have direct implications for homelessness, which remains persistent. Limited access to affordable and public housing reduces the availability of stable exit pathways for people experiencing homelessness. At the same time, funding cycles to fight homelessness are unstable, and there is a lack of enforceable national standards. Consequently, long-term structural solutions, in particular those based on a housing-led approach, struggle to reach the scale and sustainability needed to effectively reduce homelessness.

A broader alignment of cadastral values to market values is still missing. Italy has undertaken to continue updating the cadastral register by mapping properties that are currently not included and by updating cadastral values for buildings that have benefited from public schemes for energy efficiency and/or house renovation interventions (see Annex 3).

In May 2026, the national housing plan (Piano Casa Italia) was adopted. It aims at renovating the public housing stock, as well as supporting in particualr affordable housing with the involvement of the private sector.

Housing market developments

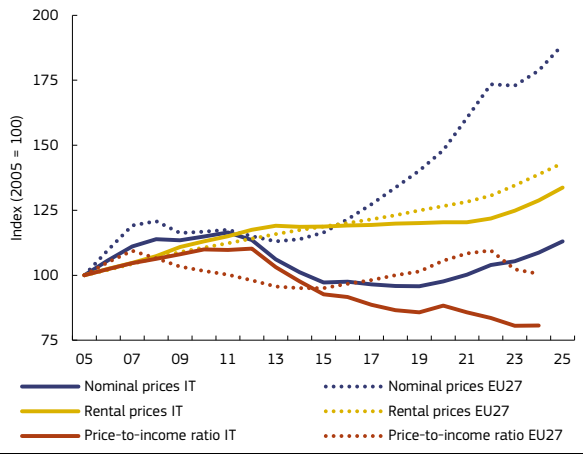
Homeownership, in particular without a mortgage, remains prevalent in Italy. Residential property remains the primary component of household wealth in Italy, with 76% of people owning a house (EU average 68%). The share of homeowners with a mortgage is below the EU average (12.7% vs 24.3% in the EU in 2024). Homeowners decrease to 64% among 'poor' households – those with an equivalised disposable income below 60% of the median equivalised income. But even among this population segment there is a higher ownership rate compared with the EU average of 50%. New bank mortgages for house purchases decelerated over 2020-2024, but picked up slightly in 2025 (first three quarters).

House prices have broadly stagnated in the past two decades. House price levels peaked in 2011. Subsequently, as the euro area sovereign debt crisis intensified, they declined by nearly 18% cumulatively until 2019. In 2020 they started recovering, gaining back 15% by 2025. This indicates a fall of almost 25% in real terms over the whole period 2005-2025. In parallel, household incomes expanded, albeit only moderately, resulting in a steadily falling price-to-income ratio throughout 2012-2025. In 2025, the standardised price-to-income ratio was at 85% relative to its long-term average and 87% relative to 2015 (against 96% and 106% in the EU, respectively). House price increases are largely

concentrated in Italy's main metropolitan cities (e.g. Milan and Rome +6.3% and 5% respectively yearly increase at Q4-2025 ([524]), while more moderate dynamics prevail elsewhere.

Rents have increased in recent years, after a long period of stagnation, pushed up by high inflation in 2022 and 2023. Rental prices (including existing and new rental contracts) did not slump as a consequence of the crisis, but rather stagnated until 2016 and then rose very gradually during the following five years, picking up more strongly in 2022-24 and reflecting high consumer price inflation. Between 2015 and 2024, the monthly rental price index rose by 14.6% (December to December), slower than household disposable income per capita, which rose by 28.4% over the same period.

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



Source: Eurostat

Housing affordability pressure in Italy remains comparatively contained, but is surging in large urban centres and weighs heavily on tenants, single people and individuals on a low income. Overall, the share of disposable income devoted to rent is 20.2%, rising to 31.1% for people below the poverty threshold, while arrears on rent, mortgage or utilities affect 5.3% of people and 11.3% of people at risk of poverty. In 2025, 5.0% of Italians lived in households spending more than 40% of their disposable income on housing, below the EU average of 7.7% ([525]). Tenants renting at market prices faced the greatest pressure, with 22.3% facing housing cost overburden. People in the lowest income quintile and single people under 65 also experienced significant strain, at 20.6% and 16.3% respectively. The risk of poverty or social exclusion is substantially higher for tenants than for homeowners (39.4% vs 19.5%). In more productive areas, such as large urban centres, labour productivity dynamics have not kept up with the growth of housing prices, and the average salary is not proportionate to the average dwelling cost. This may hamper labour mobility (Confindustria, 2025 ([526])). Looking at employees in the non-agricultural private sector (excluding managers), a study by Cassa Depositi e Prestiti estimates the rent-to-income ratio at around 35% on average, with significantly higher levels in large cities, reaching 76% in Milan, 65% in Rome and 48% in Bologna. The estimates are based on the monthly rent of a 60 m² apartment in provincial capitals, and should therefore be interpreted as indicative rather than representative of the overall rental market.

Investment in dwellings has been growing since the late 2010s, although the housing stock remains old. It has reached record-high levels in recent years (Graph A16.2), although this is largely due to tax credits for housing renovation, which has not led to the stock of dwellings being expanded. In 2024, 1.7 new dwellings per 1 000 inhabitants were completed, which was the same as in 2023 but still higher than in the previous decade. More residential building permits are being issued (Graph A16.2). 72% of residential buildings were built before 1980 (e.g. 85% in Liguria), while 43% of buildings are concentrated in climatic zones requiring significant energy. The 3.2 million most inefficient dwellings are estimated to need EUR 143.2 billion of investment to improve energy efficiency ([527]).

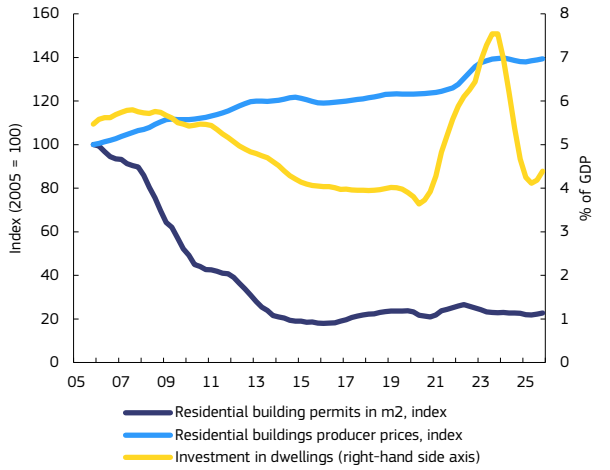
([524])Istat dashboard on house prices, Link.

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

([526])Confindustria, Soluzioni Abitative Sostenibili per i Lavoratori (2025).

([527])Fondazione Symbola-CRESME: La riqualificazione energetica del patrimonio abitativo italiano, 2024.

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



Source: Eurostat

Italy is also characterised by a share of unoccupied dwellings higher than in other EU Member States (around 27% compared with an EU average of 19.7%). This national rate hides significant differences between provinces, ranging from 56% (Sondrio) to 8% (Prato). It includes holiday residences, which can be rented out for limited periods (e.g. the summer months), or used occasionally by the owners. Unoccupied dwellings (and thus potentially available for rent) are particularly prevalent in less populated areas, with only 18% (fewer than 1.8 million dwellings) found in cities and more densely populated municipalities ([528]). As for public buildings, according to 2018 data, 7% of the stock of public buildings owned by the public administration are estimated to be empty ([529]).

Italy is characterised by a high presence of short-term rentals, however the phenomenon is particularly strong in certain cities and in specific areas within those cities. According to Eurostat, in 2024 Italy came third in the EU for the number of nights spent in short-term accommodation booked via online platforms, with 127 million (after France and Spain). Rome, Milan, Florence, Naples and Venice were among the top 20 cities. According to the Real Estate Market Observatory of the Italian Revenue Agency, the share of dwellings offered for short-term rental (on Airbnb) from the residential stock, excluding primary residences, is 12% in Florence, 11% in Venice, 5.7% in Milan and 4% in Rome. Short-term rentals are, however, highly concentrated in certain areas attracting tourism: dwellings used for short-term rentals exceed 20% of the total non-primary residences in the historic centres of Milan and Venice, and even surpass 40% in the historic centre of Florence ([530]).

Structural policies

Housing policy in Italy has historically favoured ownership, including with dedicated fiscal incentives. Homeownership increased tremendously throughout the second half of the last century: from 40% in 1951 to 68% in 1991 (ISTAT). Ownership is still supported, e.g. the first residence is exempt from annual property tax and a Guarantee Fund provides a public guarantee of 50% for first-home purchases by vulnerable groups and individuals without any other residential property (mortgage amounts cannot exceed EUR 250 000).

Housing policy competences are quite divided across national, regional and local levels, **in particular after the constitutional reform of 2001 which delegated greater responsibilities to regions and cities.** This transfer of responsibilities was not accompanied by an allocation of structural resources to regions. Furthermore, several ministries are in charge of different instruments, highlighting the need to ensure effective coordination mechanisms. Aggregated data, in particular on affordability issues, are also scattered. A national housing observatory (*Osservatorio Nazionale della Condizione Abitativa)* – announced already in 1998 and then again in 2022 – has not yet been set up. Various regions have their own observatories, however, but without strong coordination (Corte dei Conti, 2020 ([531])).

Social and affordable housing solutions are limited. As better explained in the section on vulnerable groups below, vulnerable people with

([528])Corte dei Conti 2024, on ISTAT data, 2021.

([529])Ministero dell'Economia, Rapporto sui beni immobili delle Amministrazioni Pubbliche (2018).

([530])Agenzia delle Entrate, Osservatorio Immobiliare. Locazioni brevi: un'analisi del fenomeno in alcune città italiane (2024).

([531])Corte dei Conti, I fondi per il sostegno all'abitazione in locazione per le categorie sociali deboli (2020).

very low incomes are eligible for public housing, whereas low- and medium-income households are often not eligible for public housing but still struggle to pay their rent at market prices. Affordable housing solutions are available in the form of *Edilizia Residenziale Sociale* or *housing sociale*. This type of housing is often – but not always – based on some form of cooperation between the private and public sectors, and allows households to rent below market price but at prices considerably higher than those for public housing (ensuring greater cash flows). It is implemented by regions and cities using their own frameworks. Cooperatives also offer affordable rent schemes and have helped increase housing supply. While there are no official aggregate data at national level for these affordable housing solutions, they are estimated to be below 90 000 units ([532]).

Some of those units have been developed through the *Fondo Italiano per l'Abitare* (FIA), a fund of funds structure managed by Cassa Depositi e Prestiti Real Asset. With a budget of over EUR 2 billion, it contributed to the creation of 28 different funds, typically operating at regional level and focused on affordable housing. Similar instruments exist focusing on student and senior housing, also with the support of EU funds, such as the InvestEU Program.

Regulated rents are present in Italy and cover the part of the rental market just below long-term rental at market price. Under the *canone concordato* regulated rent system, landlords agree to charge below market rents based on locally negotiated territorial agreements in exchange for tax incentives. In 2024, 23.9% of registered rental contracts set a *canone concordato* ([533]). The average reduced price corresponds to 72.5% of the average long-term market rate rent, though the difference with the market rate can be very small in certain cities. In Milan the use of regulated rents is marginal.

A new national housing Plan ("Piano Casa") has been adopted in May 2026. The measures envisaged are based on three pillars. The first pillar provides for an extraordinary program of interventions for the recovery and maintenance of the current stock of public residential housing. The second pillar of the Plan is based on the creation of a specific financial instrument with resources at national and European level. The third pillar introduces bureaucratic simplifications and fast-track procedures for investors with a view to activating private investment and building housing units to rent or sell to citizens at controlled prices. The 2023, 2024, 2025 budget laws provide a total of €970 million for the implementation of the Plan. The Plan may also mobilise European resources such as cohesion funds, including EUR 1.1 bn reprogrammed in the context of the Mid-Term review and the Social Climate Fund. It also intends to attract private capital.

The Italian recovery and resilience plan features one of Italy's flagship measures for housing ([534]) which focuses on expanding availability by building, purchasing or renovating over 10 000 units, coupled with urban regeneration of at least 1.8 million square meters of public spaces.

The 2026 Budget Law also tightens rules on short-term rentals. As from 2026, private individuals may rent out no more than two dwellings under the 'private' tax regime; renting three or more units is automatically classified as a business activity, requiring VAT registration and corporate tax compliance. Moreover, income from short-term rentals of the first dwelling remains taxed at 21%, while the second dwelling is subject to a 26% tax rate. Initiatives are also starting to be developed at local and regional level. For example, Florence has introduced municipal laws restricting short-term rental activities.

Efforts to reintegrate unoccupied and abandoned housing into the market are emerging, but are not structured. For example,

([532])According to Fondazione Housing Sociale, 25 000 public housing units of public housing (Edilizia Residenziale Sociale typology) are managed by housing companies, around 40 000 co-owned dwellings are owned by cooperatives, and around 20 000 units are managed by the Fondo Investimenti per l'Abitare.

([533])Agenzia delle Entrate and Italian Banking Association – Annual report on housing, 2025.

([534])"PINQUA" - Investment 6 - Innovation Programme for Housing Quality of Mission 5, Component 2 of the Italian RRP. Additionally, following the November 2025 revision of the NRRP, Italy has reinforced its commitment to affordable housing introducing a new measure for the implementation of the Member State Compartment of the InvestEU Program. The measure, under the CDP Social Investments and Skills Window Intermediated Equity Financial Product, will finance investments targeting the Affordable Social Housing sector.

some regions like Tuscany, and municipalities like Bologna, have taken initiatives to map the unoccupied housing stock and provide incentives to bring those properties back to the market, also in relation to policies to revitalise inner city areas. In parallel, a number of small municipalities facing demographic decline have launched 'one-euro house' schemes to encourage buyers to renovate abandoned properties. In addition, a task force (*cabina di regia*) was set up in November 2024 under the Ministry of Finance to coordinate public efforts to valorise public property.

Building and construction codes will be amply revised in 2026. In December 2025, a draft enabling law was approved to develop a new Building and Construction Code, which must be completed within 12 months. The implementing law being drafted aims to, among other things, reduce administrative complexity, provide greater certainty in building permission and simplify authorisations

Vulnerable groups

Quality of housing remains an issue, marked by pronounced income and regional disparities. In 2024, 23.9% of residents lived in an overcrowded home, against 16.9% in the EU. Overcrowded homes are much more common among tenants (43.7%), young people aged 16-29 (40.1%), people at risk of poverty (31.7%), and in cities (27%). This can partly be attributed to delayed household formation, as young people remain in the parental home until, on average, the age of 30. Severe housing deprivation also affected a higher share of the population in Italy than in the rest of the EU in 2023 (5.8% vs 4%), especially market tenants (11.5%) and young people aged 16-29 (10.2%). The share of population living in houses with structural deficiencies such as leaking roofs and damp walls was 17.1% in 2024, above the EU average (15.6%). The incidence of people living in damaged dwellings is higher in the south and city centres ([535]).

Housing policy for vulnerable people has gradually lost centrality. This decline has been particularly marked following the end of structural financial flows to social housing programmes through dedicated payroll contributions by workers (GESCal) and the gradual sale of the public housing stock. The expenditure on social protection dedicated to housing (comprising mainly social protection payments to households to help with the cost of housing as well as the operation of social housing schemes) is 0.04% of GDP, considerably lower in Italy than the EU average (0.3%).

The supply of social housing is currently insufficient to cover the demand. According to the latest Eurostat figures (EU-SILC 2024), the percentage of the population at risk of poverty (those earning less than 60% of the median national income) who live in housing with reduced rent or for free is 13.0% for Italy, compared with 22.6% for the euro area. Public housing accounted for just 2.4% of the housing stock in 2022, down from 4.2% in 2010 (OECD). Around 750 000 housing units are available (i.e. public residential housing *Edilizia Residenziale Pubblica*). Fully public and aimed at the most vulnerable households, these dwellings are managed by public housing companies owned by the local authorities and rented at well-below market rates (around EUR 100 per month on average, compared with around EUR 500 on the private rental market). Some 650 000 households are estimated to be on the waiting list. The analysis by period of construction highlights that the public residential housing stock is of a certain age: more than half of these units were built between 1960 and 1990, while only 9.1% were built after 2000, and only 2.2% of the stock was built after 2010. A significant share of the stock, estimated at more than 63 000 units, is currently vacant due to the need for major maintenance works ([536]).

National instruments aimed at preventing housing exclusion and supporting vulnerable tenants in the private rental market exist, but financing has so far been limited. In particular, the *Fondo Morosità Incolpevole* (Fund for rent arrears due to no-fault tenants) aims to prevent evictions by supporting tenants who are suddenly unable to pay their rent due to the loss

([535])Ministero delle infrastrutture, Rapporto Programma Innovativo Nazionale per la Qualità dell'Abitare, 2022.

([536])Federcasa and Nomisma, La centralità dell'edilizia residenziale pubblica nelle politiche abitative, 2024.

or reduction of their household income (for example due to unemployment). The allocations to the fund were drastically reduced before the COVID-19 pandemic and significantly increased afterwards. Budget Law 2025 and 2026 allocated resources to the Fund for about EUR 22 million.

Homelessness in Italy remains a persistent and severe phenomenon. According to the most recent permanent census, nearly 96 200 people were homeless in 2021, representing 0.16% of the population. Among them, 32% were women and 13% were under 18, almost half lived in the three largest cities ([537]). A recent ISTAT field survey conducted in the 14 main metropolitan areas found over 10 000 homeless people. Among them, 78.6% were men and over two-thirds were foreign nationals. Shelters in these cities were found to have an average accommodation capacity of 66.5% of the homeless population, 44.6% of whom were found living on the street ([538]). According to the Italian Federation of Organisations for Homeless People, 414 homeless individuals died in 2025, a figure consistent with previous years ([539]). The lack of recent census data makes it difficult to monitor homelessness trends and design targeted policies.

Despite the progress achieved under the national recovery and resilience plan, there is ample scope to expand the delivery of housing-first interventions. Under the plan, Italy has invested in housing-first solutions for more than 1 300 people, 'post stations' offering essential services to over 11 000 people, and housing solutions for agricultural workers to overcome illegal settlements (see Annex 12). The European Social Fund Plus also finances housing-first interventions via the national programme for social inclusion and poverty reduction 2021-2027. However, beyond these significant programmes, funding is insufficient and several challenges remain. First, housing-first services are not included in the minimum set of social services that municipalities must guarantee uniformly across the country (see Annex 12), unlike the provision of a fictitious residence ([540]), leading to territorial disparities rooted in the uneven budgets and administrative capacity of municipalities (see Annex 19). Second, the shortage of public housing both limits homelessness prevention and hampers the scalability of housing-first interventions. Third, the absence of a comprehensive national monitoring framework makes it difficult to systematically track homelessness trends and assess the long-term impact of policies and programmes. These gaps are only partially filled by third-sector organisations. Lastly, many measures still focus on basic material assistance, providing short-term relief but without a lasting structural impact.

The supply of student accommodation is increasing in the face of needs that remain high. Italy is an increasingly attractive destination for foreign students: in the 2024/2025 school year, around 110 000 international students were enrolled in Italian universities, 165% more than a decade earlier ([541]). The share of domestic mobile students is also rising, although at a slower rate. The overall supply of student beds is at 83 000 units, most of which are publicly owned (69%), which only covers about 4% of the student population, one of the lowest shares in the EU. There has been a significant increase in investment in the context of the RRP, reaching EUR 1.2 billion ([542]), yet the related expansion in supply is not expected to satisfy the rising demand, especially in the largest university cities ([543]). Under the recovery and resilience plan, Italy has reformed student housing regulations and is investing in providing more than 30 000 new student beds with rent at least 15% below market prices and 30% of the places reserved for disadvantaged students. A financial instrument is supporting the creation of additional units for a total estimation of around 60 000 student beds.

([537])OECD, Data on homelessness 2024 - Country notes: Italy.

([538])ISTAT, Le persone senza dimora: il conteggio nei 14 comuni centro di area metropolitana. Primi risultati, 2026.

([539])FIO.PSD, Morti senza dimora, la strage invisibile, accessed on 2026/05/05.

([540])Fictitious residence is a right for people experiencing homelessness that allows them to register in the municipal population register at a non-existent address, thereby ensuring access to identity documents, healthcare and social services.

([541])National agency for the evaluation of universities and research, Rapporto sul Sistema della formazione superiore e della ricerca (2026).

([542])NRPP - M4C1 Investment 5 (implemented through a dedicated financial instrument managed by Cassa Depositi e Prestiti S.p.A.) and M4C1- Reform 1.7.

([543])Savills (2025). *Italian student housing market – Italy Spotlight, June 2025*.

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

		EU27				IT							
	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	85.2	85.3		YoY%	-3.7	0.1	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	91.1	91.4	92.6	YoY%	-2.6	0.3	1.3
Overburden rate, total	%	9.9	8.8	8.2		8.3	5.7	5.1	5.0	PPS/y	-0.9	-0.6	-0.1
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		28.7	21.9	19.4	22.3	PPS/y	-4.0	-2.5	2.9
Overvaluation gap	%					1.9	-13.3	-13.3	-12.6				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	97.6	94.9	93.0	92.3	YoY%	-2.9	-2.0	-0.7
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	136.3	79.7	79.7		YoY%	-9.6	0.0	
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	5.0	7.5	4.7	4.4	YoY%	17.2	-37.3	-6.4
Share of ownership	%	70.0	69.1	68.4		73.5	75.2	75.9	77.1	PPS/y	1.2	0.9	1.6
Share of people living in overcrowded homes	%	17.7	16.8	16.9		25.8	25.4	23.9	24.3	PPS/y	0.3	-1.5	0.4

Source: Housing affordability selected indicators. The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

Italy also supports equal access to higher education through scholarships for students from lower socio-economic backgrounds, also with the contribution of the European Social Fund Plus and the Recovery and Resilience Facility.