

Press release

DIW study: nine major European cities will be missing around 1.2 million flats by 2030 – Supply gap of 110,000 apartments in Vienna

BERLIN/VIENNA, 10 September 2020 According to a study, Europe's top metropolises will be lacking around 1.2 million flats by 2030. In absolute terms, the largest gap is in London, with around 355,000 flats. Warsaw (around 142,000 flats) and Paris (around 129,000 flats) follow in second and third place.

According to calculations by DIW Econ, a subsidiary of the German Institute for Economic Research (DIW), the Austrian capital Vienna will have a supply gap of 110,000 apartments - which means that by 2030 the city will need around ten percent more flats than it currently has. On average, this means around 10,000 new apartments per year.

In the study commissioned by real estate developer Wiener Komfortwohnungen, the DIW Econ researchers have investigated how many buildings need to be built in order to meet the demand for space over the next ten years in nine top European cities including Berlin, Amsterdam, Budapest, Copenhagen and Zurich. The calculations also included such factors as projected demographic trends, the expected loss of housing and fluctuation-related vacancy rates.

The rationale behind the study was to obtain reliable data on trends in the demand for housing in large and capital cities from a European perspective and to use it to identify the political and economic response required. "The megatrend of urbanisation is a pan-European phenomenon that all major cities must respond to," explains Alexander Finster, Managing Director at Wiener Komfortwohnungen. "What is required are large-scale joint plans from politics, society and investors to meet the demand for housing."

Immigration driving demand for housing

The author of the study, Konstantin A. Kholodilin, attributes the gaps identified by DIW Econ between supply and demand by 2030, some of which are quite considerable, to persistent demographic growth in most capitals. The employment and education opportunities as well as the infrastructure and quality of life attract foreign citizens in particular. "Policymakers and urban planners have often underestimated this trend in the past," says Kholodilin, citing Berlin as an example. "After intensive construction activity up until the mid-1990s, things went quiet as it was assumed that the population would shrink rather than expand."

Some European cities were late in realising that the available housing was no longer meeting people's needs. "However, the supply of housing takes time to come into line with demand due to the growing scarcity of land for construction as well as the long and complicated approval processes and the shortage of construction labour," adds Kholodilin.

The researchers at DIW assume that flat capacities in the core cities have reached their limits, with a trend emerging in favour of smaller flats in view of the rising number of single-person households.

Infrastructure such as post offices or bank branches is already being dismantled in inner cities as people are increasingly tending to work rather than live there. Looking forward, Kholodilin thinks that they will – and indeed have to – be replaced to a greater extent by suburban centres offering good infrastructure and transport connections with cities: “The monocentral city is a thing of the past.”

Additional details of the results of the study can be found at the end of this PDF document.

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About Wiener Komfortwohnungen

Real-estate developer Wiener Komfortwohnungen Holding GmbH specialises in developing and realising high-quality residential real estate in the Vienna metropolitan region, drawing on the decades of experience possessed by its team. The projects executed by Wiener Komfortwohnungen range from conventional residential construction to comfortable serviced apartments and assisted living.

More information can be found at www.wienerkomfortwohnungen.at

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Estimation of the number of flats lacking in nine selected European metropolises by 2030

City	Cumulative demand for construction, 2021–2030 (1,000 flats)	Cumulative demand for construction relative to stock (%)	Average demand for construction per year (1,000 flats)
Amsterdam	69,9	15,48	6,02
Berlin	118,5	8,26	11,85
Budapest	119,4	13,62	11,94
Copenhagen	89,2	27,42	8,61
London	354,9	11,12	35,49
Paris*	129,1	11,11	12,91
Warsaw	141,7	20,13	16,23
Vienna	110,0	10,16	9,86
Zurich	34,0	17,02	3,40
Total	1.166,7		

*Here, Paris only includes department 75. This approximately corresponds to Paris's city centre.

Source: Wiener Komfortwohnungen/DIW Econ