FINAL DELIVERY // ANNEX I CASE STUDY REPORT

RESH: Regional Effects of Housing Shortage

Case Study Reports _ Lille, Region Hannover, Salzburg and Munich

Case Study Reports // September 2025

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The final version of the report will be published as soon as approved.

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1 Introduction

The ESPON RESH project was designed to identify how regions across Europe deal with the effects of housing shortages in cities, and to identify what the implications of housing shortages are, and what regional governance mechanisms are employed to by regions across Europe to address these shortages. As such, the project questions the implicated of rising rents and prices, speculative investment, and increasing social pressures such as homelessness and displacement in cities and asks to what extend displacement can be observed. Recognizing that housing challenges were shaped by diverse regional and urban realities, the project aimed to shed light on the structural drivers behind these developments and identify what solutions regions have identified. As such the primary goals of the project were to improve understanding of interregional housing dynamics, capture residents' changing demands, and assess the impacts of specific policy measures in urban agglomerations across Europe. The project was intended to generate insights relevant for Switzerland, with a focus on Zurich, Geneva, Basel, Lausanne, and Bern. After an initial series of interviews, the project particularly askes what governance frameworks exist, what works well and what the limitations are, and which local policies significantly shaped housing markets across municipal boundaries.

To achieve these objectives, the project was structured into three core work packages, complemented by project management. The first work package further developed the methodological concept, investigated Switzerland's specific housing challenges, and established criteria for case study selection. The second work package conducted in-depth analyses of four case studies, followed by a comparative synthesis. The third work package ensured the integration of findings into stakeholder dialogue, with continuous engagement of Swiss stakeholders throughout the process.

By combining quantitative and qualitative analyses with case-based learning, the project sought to provide actionable knowledge on how different European regions had responded to housing pressures, and how these experiences could inform future policy development in Switzerland and beyond. The qualitative work included 5-9 interviews in each case study, with three field trips being conducted to interview stakeholders in person. While the qualitative work focussed specifically on the European cases, an initial review also reviewed North American approaches for addressing regional housing markets.

In this document, we present the deep dives into the four case study regions: Lille, Hannover Region, Munich and Salzburg. The case study reports, are all structured similarly alongside the following themes:

- Context
- Regional governance and cooperations
- Policy responses
- Key themes emerging from analysis and interviews.

The case studies are also presented and summarised through interactive online formats, more precisely case study storymaps on the ESPON GIS Portal.

For the interactive online outputs, an entry point is an overarching story map that summarises the project's objectives and key findings, and from there, users are directed to dedicated story maps for each of the four case studies. This structure provides both a synthetic overview and the possibility of detailed exploration, reinforcing the analytical and communicative value of the RESH outputs.

These are the direct links to each case study story map:

- Hanover
- Lille
- Munich
- Salzburg

These online maps shall be read as a complementary description as they include a more indepth review of the housing data, based on the ESPON HOUSE4ALL project, and allow as well for a comparison of the cases alongside emerging themes. In this case study report, we also offer a catalogue of maps following the individual reports, that may serve as an informative background for the hosuing market situation, including the accessibility of different municipalities of these agglomerations.

2 Lille

2.1 The Lille region

Lille is a city of 240,000 inhabitants in the north of France, close to the Belgian border, in the Nord Department (*département du Nord*). The city and the region have a great industrial history: Lille used to be a major industrial capital with a strong textile, mechanical, and chemical industry. Historically, the city has a left-wing political orientation due to its large working-class population. However, the decline in industrial production that began in the 1960s plunged the region into crisis. Following the industrial downturn, the Lille region has seen an increase in vacant lots – including brownfield sites – and residential properties, now accounting for 3.5% of the urban built-up area (MEL 2021:12). The shift towards the service sector and efforts in urban regeneration started only in the 1990s.

Together with Roubaix and Tourcoing, two cities right at the border, and the municipalities between them, Lille forms a continuous, dense urban agglomeration of around 30 municipalities and 850,000 inhabitants. Lille is also integrated into a larger inter-municipal entity, the Métropole Européenne de Lille (MEL), forming a polycentric conurbation consisting of 95 municipalities and 1.2 million inhabitants. Lille, the city, only accounts for roughly 20% of the MEL's inhabitants. The cities Roubaix and Tourcoing are relatively populous, each counting around 100,000 inhabitants, and there are a dozen larger municipalities with more than 20,000 inhabitants in the MEL territory.

Since 2008, Lille, together with the cities Kortrijk and Tournai and other Belgian cities, forms a transborder metropolitan area called Eurométropole Lille-Kortrijk-Tournai, home to 2.2 million French- or Dutch-speaking inhabitants. The border region counts 160,000 cross-border journeys every day (Euro3 2017). However, there are no numbers regarding cross-border residential mobility. While the median incomes are slightly higher in the French part than in the Belgian part (30,954 EUR vs. 30,352 EUR in the Flemish and 28,116 EUR in the Walonian part of the Belgian side of the Eurométropole), unemployment is higher on the Belgian side (Euro3 2017), and residential mobility from France to Belgium does not lead to a significant positional advantage (Gumy 2023:220). Also, for daily mobility, recent research finds a persisting border effect, meaning public transportation is still structured by administrative boundaries, with significant discontinuities at the borders (Richer and Palmier 2024).

Population dynamics and regional developments

The Lille region shows a growing population. Interestingly, in contrast to many other urban areas, the region is growing because of a positive natural population balance, and not because of migration to the region. The net migration balance is even negative (ADULM 2021a, 29). The Lille region is strongly characterised by its student population: a third of its population, and more than 1 out of 2 of the incoming population is less than 25 years old (ADULM 2021a, 31). The MEL is considered the most segregated metropolis in France, regardless of which population group is considered (ADULM 2021a, 46), with Roubaix being one of the cheapest cities in terms of real estate prices in France (Miot 2015) but localised in close proximity to more affluent suburban neighbourhoods (see **Error! Reference source not found.**).

Overall, the industrial decline is still showing effect: the median income in the MEL is significantly lower than the French median. Around a fifth (19.7%) of the MEL population is considered to live below the poverty threshold of 60% of the median income (INSEE 2025b), and this poverty rate is very high in some municipalities, e.g. Roubaix (46%; INSEE 2025a).

Since many years, the European Union has funded projects to support the regional and economic development of the MEL, allowing it for example to renovate 26 of its most deprived districts, rehabilitate brownfield sites and develop infrastructure for more ecological mobility (MEL, n.d.-b). The European Investment Banks also supported the education sector by allocating funding to primary schools and crèches (EIB 2025), and by awarding the MEL with a green loan (245 million EUR) to promote the development of its public transport network and cycling paths (European Commission 2024).

The Lille region is therefore emerging as a growing region in transition, with an industrial past that is still leaving its mark on the one hand (notably regarding housing and land use, see Section 0), yet it is also attracting EU funding for economic and regional development on the other.

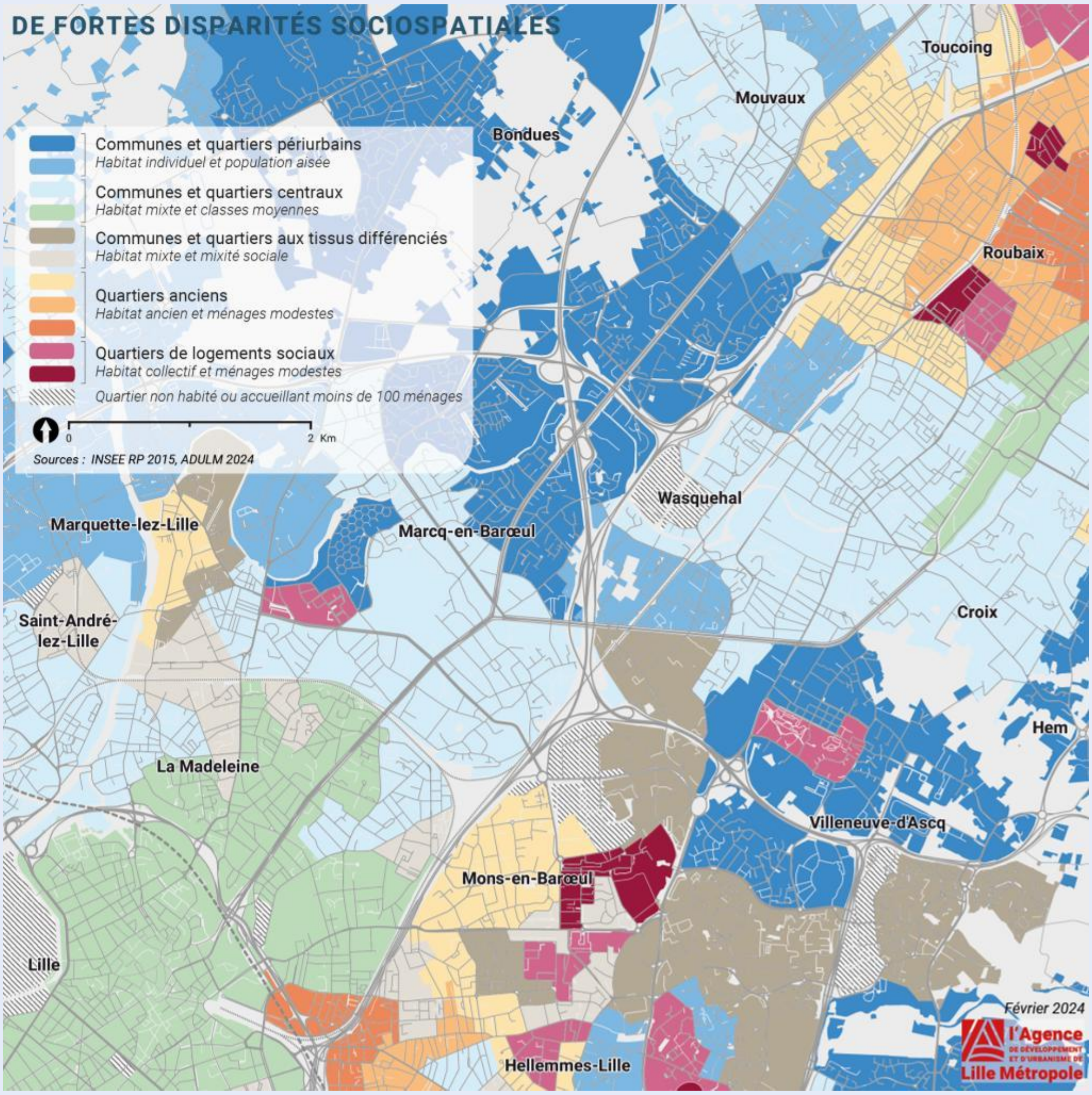

Figure 1: Socio-spatial disparities in the Lille region, showing the gradient between blue neighbourhoods denoting more affluent suburban neighbourhoods and the red ones being neighbourhoods characterised by social housing. Source: (ADULM 2024b).

2.2 Housing market dynamics in the MEL

In Lille (the core city), 27.7% of dwellings are occupied by their owners, 70.1% are rental units. In the MEL, however, the share of owner-occupied and rented dwellings are almost equal (48.8% and 49.8% respectively; INSEE 2025b). In the whole area, house prices and rents have risen sharply in the last years and keep rising; and in 2024, the number of properties for rent in the MEL had fallen by 14.2% compared to the previous year (Da Silva Dubuis 2024).

Affordability

Given the socio-economic structure of the Lille region mentioned above, affordability is one of the key aspects under which housing is discussed. The rising prices and the re-structuring of the social housing sector (see Section 0 for more details) lead to a situation where more and more people live in precarious situations. In France, the number of homeless people is rising and has doubled since 2012 (Fondation pour le logement 2020), a problem that is especially prevalent in large cities and also affects Lille.

Because of its industrial past, the Lille region has a housing stock that is in parts, especially in working-class neighbourhoods, in very poor condition. Renovating this housing stock poses a big challenge and depends to a large extent on funding from the national state, through the National Urban Renewal Agency (*Agence Nationale de Rénovation Urbaine*, ANRU). On the other hand, these renovation efforts also entail the threat of gentrification since it leads to a loss of that part of the housing stock that was still accessible to the lowest-income households.

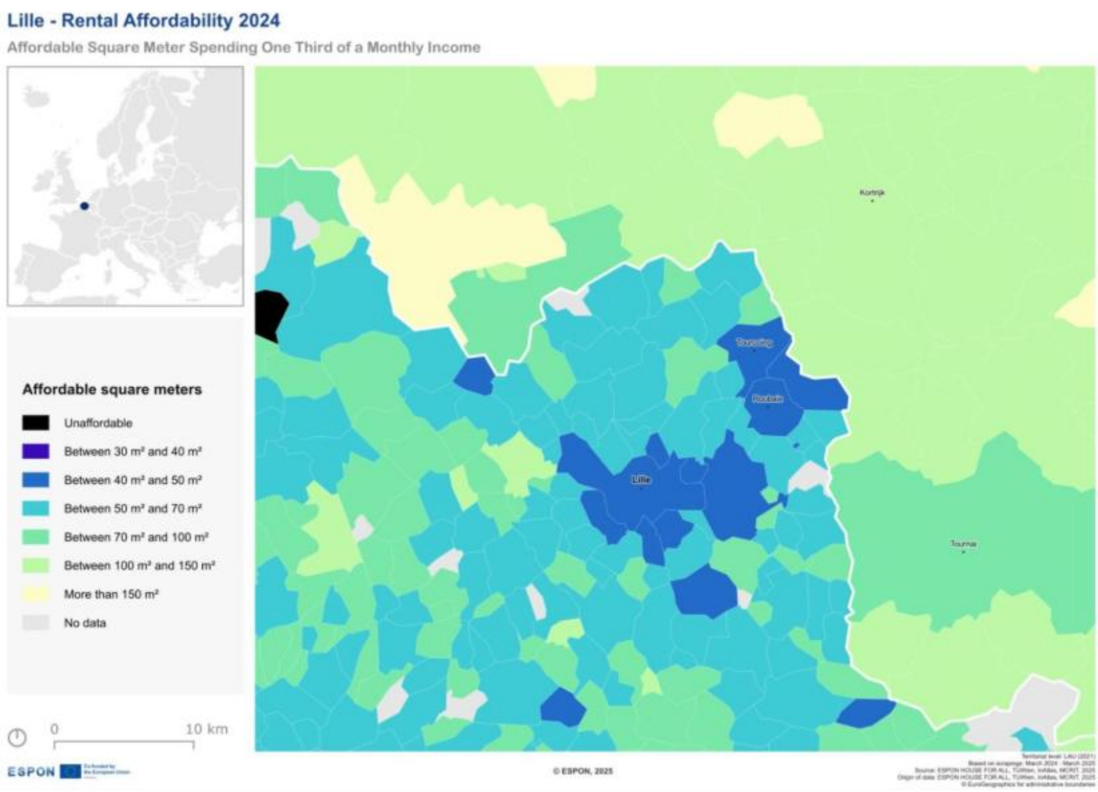

Figure 2: Rental housing affordability

Social housing

France's social housing sector provides housing to around 15% of households and is thus far from a residualised social housing system despite the French State's decreasing role in providing financial support to the production of social housing (Herrault 2024). It is estimated that 60% of the MEL's population is eligible for social housing (Adaken 2021).

The French social housing system knows several different types of social housing, some catering also to middle classes. The diversification of the social housing supply was initiated with new governmental decrees around the year 2000, allowing social landlords to charge higher rents for certain types of apartments for which state subsidies for the production are lower. High-rent social housing (PLS, *Prêt Locatif Social*) is targeted at higher-income households and is mainly accessible for the middle class. PLUS housing (*Prêt Locatif à Usage Social*) housing receives more subsidies and is thus more affordable and accessible to more households, and PLAI housing (*Prêt Locatif Aide d'Intégration*) receives most subsidies per unit and offers housing to low-income households. In the first two decades of the 21st century, the number of PLS units increased at a much higher rate than the PLUS and PLAI units (**Error! Reference source not found.**). Between 2010 and 2021, in the MEL, the supply of PLAI units (on the left) has only increased by 16%, whereas the demand has increased by 77%, leading to a paradoxical situation where there is actually an increase in social housing, but because it does only partly cater to those who most need it, it has become more difficult for lower-income households to get access to social housing (Portefaix et al. 2020). This is attributed to larger trends of privatisation and marketisation in the French social housing sector (Herrault 2024).

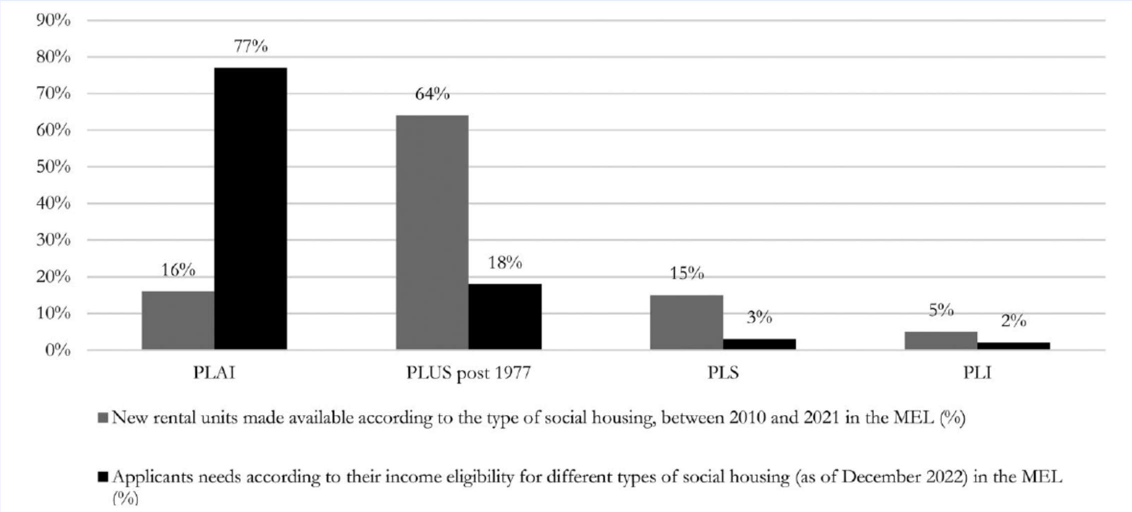

Figure 3: Changes in the number of new social housing units and applications according to the type of social housing between 2010 and 2021 in the MEL. Source: (Herrault, 2024)

Vacant land and dwellings

A specificity of the Lille case is the high number of unused plots and dwellings and dwellings in bad conditions that are associated with the industrial decline (ADULM 2019). Within the perimeter of the MEL, there are 40,000 substandard private dwellings and 9,000 private dwellings that have been vacant for more than two years (MEL 2022).

Mobilisation of existing housing stock is therefore a big issue for the MEL, and indeed renewing ('recycling') this degraded building stock and mobilising unused plots is one of its main aims regarding housing (MEL 2022). The MEL has recently started a European project (running until 2028) on the transformation of office buildings into affordable and social housing (MEL 2024c), and as mentioned above, has benefitted from EU funding for the renewal of brownfield sites (MEL, n.d.-b).

A lack of renovation is, however, not the only reason for which dwellings are left empty. According to our interviewees, a considerable part of the vacant housing stock is in decent condition, but the property owner does not want to let it, or the owner is deceased and locating the heirs takes time. Moreover, vacant dwellings almost exclusively exist in the private rented sector, not in the social housing sector on which most of the demand is focused.

Who is moving where? Socio-spatial disparities

The socio-spatial segregation that has been observed in the Lille region has been shown to even reinforce itself over recent years. Higher-status households tend to move – i.e. buy a house, in most cases – preferably to higher-status municipalities, and only few transfer to municipalities with lower status. Modest households, on the other hand, move towards the periphery when buying a house, again accentuating social segregation (ADULM 2021a). These tendencies highlight an increasingly marked geographical divide between wealthy households in the heart of the metropolitan area (Lille and its affluent residential suburbs) and middle-class or modest households relegated to Roubaix and the outskirts (ADULM 2021a, 44).

Generally, it can be said that despite its attractivity for students, the area around Lille also loses some of its young population. Looking at the migration balances, there are more young people among those who leave than among those who stay. Presumably these are students that graduated and are now looking for their first job (ADULM 2021a, 34).

2.3 Land use restrictions

France has a zero net land take law (*zéro artificialisation nette*, ZAN), adopted in 2021, stating that the rate at which land is transformed into built-up areas needs to be cut in half by 2030 and reduced to zero by 2050. Objectives stated by the MEL in 2017 within the framework of the SCOT (see Section 0) are largely compatible with the ZAN law. These objectives involve efforts to build more densely and to develop brownfields and other urban wastelands, while ensuring the provision of adequate green and public spaces and public services in parallel to make sure that densification is socially acceptable (ADULM 2022). The vacant land and housing stock in the MEL territory mentioned above offers great potential for avoiding or reducing urban sprawl, but at the same time presents the challenge that it needs to be developed or renovated to be suitable for housing.

2.4 Regional Governance and Cooperation on Housing Issues

This section presents some core elements of the national housing system in France that are key to understand the governance and cooperation in the Lille region.

Centralised housing policy and devolution of responsibilities

Since the postwar period, the French housing system has been shaped by a state-led and centralised approach to housing. The Housing and Construction Code (*Code de la construction et de l'habitation*) regulates housing at the national level and cannot be adapted by local authorities. National programmes also effectively support the supply of social housing. However, the state gradually withdrew from direct housing production, and some housing responsibilities were partly transferred to local governments in the course of decentralisation reforms starting in the 1980s. Still, even today, 80% of state aid to housing depends on national level schemes (Driant 2024).

In an institutional reform adopted in 1999, a new form of regional entity, the *intercommunalités,* consisting each of a group of municipalities, were formed, and today, they are important entities in the multi-level governance structure of France. While different forms of collectives of municipalities have been present for a long time – the *Communauté urbaine de Lille* that later became the *Métropole européenne de Lille*, for example, was founded in 1966 (Desage and Kaciaf 2022) – the *intercommunalités* have been promoted to fight socio-spatial segregation between municipalities by combining them in one institution covering agglomerations. *Intercommunalités* have taxation power and share their fiscal revenues among their municipalities, which should, in theory, benefit the poorer municipalities. This reform was successful in the sense that in less than three years, 800 new *intercommunalités* were formed. However, they often united municipalities of similar socio-economic structure and creating several groupings within one agglomeration (Estèbe 2004).

Despite these and other shortcomings, the *intercommunalités* have an important role in housing policy, because they are obliged to develop a territorial coherence plan (*Schéma de cohérence territorial*, SCOT), a plan for urban development (*plan local d'urbanisme*, PLU), and a local housing programme (*Programme local de l'habitat*, PLH) (République Française, n.d.).

Law on solidarity and urban renewal

Due to growing spatial inequalities and a clustering of poverty in urban areas, the French government introduced a national law to distribute social housing more evenly across municipalities. The SRU law, short for solidarity and urban renewal law (*Loi Solidarité et Renouvellement Urbain*), adopted in 2000, requires certain municipalities to develop a social housing stock that makes up 20% of their total stock by 2020, an objective that was in 2013 raised to 25% by 2025 (Maaoui 2023). Municipalities with more than 3,500 inhabitants (or more than 1,500 inhabitants in the agglomeration of Paris) that are part of agglomerations of more than 50,000 inhabitants including one municipality with more than 15,000 inhabitants, are required to have 25% of their primary housing units designated as social housing. This concerned 1,997 municipalities, but two decades later, 1,222 municipalities still do not fulfil the quote of 25% social housing (Maaoui 2023).

Promoting social mix: National Urban Renewal Program

Another policy to promote more social mix in the social housing sector was the introduction of the National Urban Renewal Program (PNRU, *Programme National de Rénovation Urbaine*) in 2003. The PNRU's objective was to reduce segregation and counter the concentration of poverty in large housing estates (*grands ensembles*) by demolishing parts of these estates to create buildable land that could be used for new housing construction in mixed tenure aimed at middle-class households. The equivalent number of demolished units should be rebuilt outside of the *grands ensembles*. The first programme for urban renewal was followed by a second programme, the NPNRU (*Nouveau Programme National de Renouvellement Urbain*) in 2014 which defined priority neighbourhoods, in which large housing estates are found and which are central to the programme's redevelopment efforts.

However, the units built to replace the demolished ones in the framework of the renewal programs have not kept up with the number of demolitions, and the rents in the new social housing units are higher than in the demolished ones, compounding the problem of a social housing stock that is becoming less affordable (Herrault 2024; Lelévrier 2023).

2.4.1 Existing regional entities addressing housing

On both the French and the Belgian side of the Eurometropolis Lille-Kortrijk-Tournai, there exist entities which are active in the domain of housing on a regional level (**Error! Reference source not found.**). There is, however, no coordination of housing policies across the border (see Section 2.4.2).

In the case of Belgium, it is the *intercommunales* that are involved in regional development. *Intercommunales* are public organisations created by municipalities who carry out public service or support municipalities in the implementation of public services of mutual interest. Besides municipalities, *intercommunales* also unite local businesses. Contrary to France, *intercommunales* do not have any fiscal power, and municipalities are not obliged to be part of one (Eurometropolis, n.d.-a). While *intercommunales* are usually active in economic development, waste collection, energy provision or wastewater treatment, in some cases, they also act as developers, mostly of business parks, but also of housing. In the perimeter of the Eurometropolis, there are at least four *intercommunales* that provide general support to the municipalities beyond the provision of public utilities: IDETA, IEG, Leiedal and WVI (Eurometropolis, n.d.-a).

On the French side, the Métropole européenne de Lille (MEL) is the central actor in housing questions at a supra-municipal level. As an *intercommunalité*, it is required to develop a plan for urban development (PLU) and a local housing programme (PLH), with the first PLH being published in 1994 (Booth and Green 1999) and the newest PLH covering the years 2022-2028 (MEL, n.d.-a).

The MEL is also part of the *syndicat mixte*, another *intercommunicalité*, that is responsible for the elaboration of the territorial coherence plan (*Schéma de cohérence territorial*, SCOT). The SCOT is a supra-municipal planning instrument, created by the SRU law (see Section **Error! Reference source not found.**), and covers an entire urban area or an employment catchment area. It serves as a strategic tool to organise spatial planning, housing, mobility, economic development, and environmental issues such as biodiversity, climate, energy. The definition of the SCOT's perimeter, as well as its development, lies in the responsibility of local politicians, but representatives of the French State, the region and the *département* are also involved in the process (République Française 2021). In the case of the Lille region, as SCOT has been elaborated by the *syndicat mixte* covering the two *intercommunalités* of the MEL and the *Communauté de communes Pévèle Carembault*, see **Error! Reference source not found.** (ADULM 2021c).

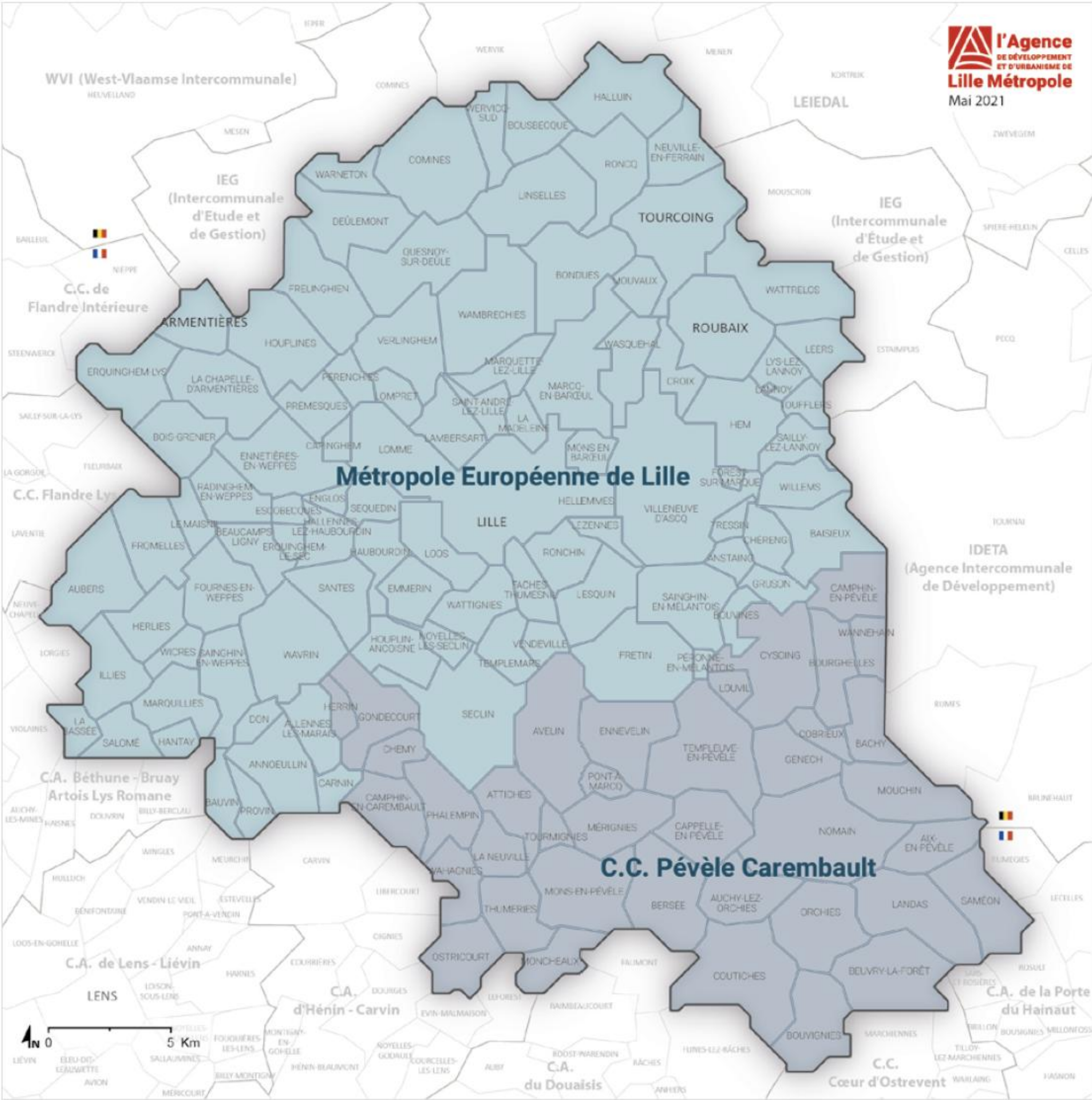

Figure 4: Administrative map of the SCOT perimeter. Source: (MEL 2021)

The *syndicat mixte* has mandated the *Agence de développement et d'urbanisme* of Lille Métropole, the regional agency for development and urban planning, with the monitoring of the implementation of the SCOT. The agency was founded in 1991 as an association whose members are the French State, the region Hauts-de-France, the département du Nord, the MEL, the *syndicat mixte* mentioned above, and the chamber of commerce and industry of Greater Lille (Chambre de Commerce et d'Industrie Grand Lille). It provides support to the development of public policies by elaborating studies, providing monitoring services and cartographic tools, and accompanying projects (ADULM 2021b).

Besides governments at different levels, the social housing providers are other important actors in the housing system who are active in the region as a whole. In the perimeter of the MEL, there are 17 different providers (MEL, n.d.-c), some of which are private entities, and some have a fully public status as for example Lille Métropole Habitat (Herrault 2024).

Another important actor in housing issues in the non-governmental sector is the Fondation pour le Logement des Défavorisés (formerly known as Fondation Abbé Pierre) is a foundation fighting against inadequate housing and for access to decent housing for everyone in France. They do so by supporting concrete projects, documenting indecent housing statistically but also qualitatively by showing the reality of people who find themselves in precarious housing situations, and by partnering with governments to find solutions. In the Lille region, it is the Hauts-de-France regional agency that plays an active role at the local scale.

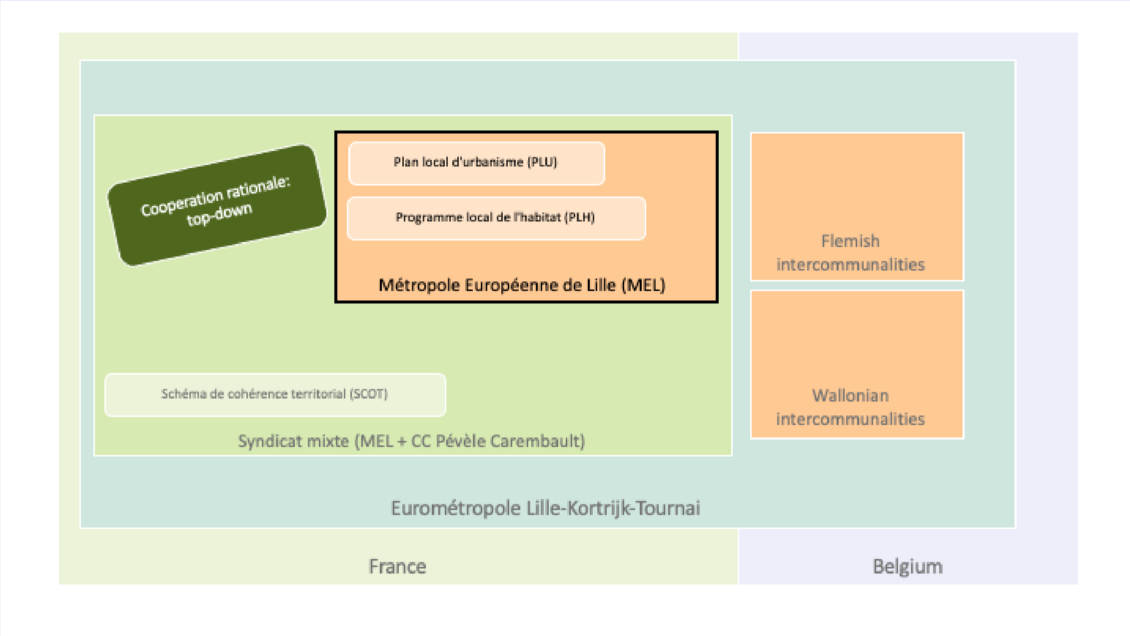

Figure 5: Institutional mapping of regional entities in the Eurométropole Lille-Kortrijk-Tournai.

2.4.2 Cross-border cooperation

The Eurometropolis Lille-Kortrijk-Tournai unites 155 municipalities on the French and on the Belgian side of the border and works on bringing together different actors in the territory. The institution works on 8 priority domains covering diverse topics such as education, cross-border mobility, cross-border employment integration, promoting alternative energy sources and developing the "Blue Park", a network of bodies of water (Eurometropolis, n.d.-b). However, the Eurometropolis currently does not work on housing issues and cross-border dynamics across the French-Belgian border (personal communication by a representative of the Eurometropolis, July 3rd 2025).

The planning agencies contacted within the framework of this project on either side of the border also report no ongoing cooperation between municipalities (or groups of municipalities) between the two countries. In fact, there seems to be little knowledge about cross-border dynamics on either side, which participants attribute to, on the one hand, a lack of data, and on the other hand to the fact that cross-border commuters and their impact on the housing market is likely a rather minor issue. However, some interviewees reported that there are occasional contacts, and that there are plans to bring together entities involved in housing from the two regions in the coming years.

It should also be noted that on the Belgian side, the Eurometropolis also encompasses the two regions Flanders and Wallonia. There is also no cooperation or coordination across this internal border so far, as there are no competences for housing on the federal level, and housing markets and housing policies work quite differently in the two regions.

2.5 Policy Responses

2.5.1 Current policies

There are three main regional instruments that address housing issues, the SCOT (territorial coherence plan), the PLU (plan for urban development), and the PLH (local housing programme).

SCOT

A SCOT lays out the shared strategies and plans for a group of municipalities for the next 15 to 20 years and ensures coherence between different local policies and sectoral policies. The SCOT defines basic planning principles which are then further detailed in other policies like the plan for urban development (*plan local d'urbanisme*, PLU), the mobility plan (*plan de mobilité*, PLM), or the local housing programme (PLH).

The development of the SCOT was undertaken by 40 elected officials from the MEL and the *Communauté de communes Pévèle Carembault*, and a team within the agency for development and urban planning assures the administrative and technical management of the SCOT.

The current SCOT was developed between 2014 and 2017 and adopted in 2017 (MEL 2021). It defines strategies for territorial development in the following domains:

- Urban development
- Mobility
- Housing
- Economy and employment
- Commercial activities
- Environment
- Living environment and quality of life

We will concentrate here on the most important elements concerning housing specified by the SCOT:

- Urban sprawl should be slowed down from 265 ha per year between 2001 and 2013 to 135 ha per year.
- The SCOT area needs to accommodate an additional 110,000 inhabitants between 2015 and 2035 (plus 5,500 inhabitants per year).
- Between 2015 and 2035, 130,000 new housing units should be built, or 6,500 per year. This number is divided by the *intercommunalités* and is further broken down by territory in the PLH (see next section).
- The SCOT aims at creating 4,000 housing units for students.
- It commits to developing solutions for fighting indecent housing.
- New social housing should primarily be built outside of neighbourhoods that are part of the priority areas (*quartiers en politique de la ville*, i.e. areas where the large social housing estates are located) in an attempt to promote social mix.
- The SCOT area commits itself to “recycle” vacant dwellings, meaning helping owners to refurbish them and bring them back on the market.

PLH

A local housing programme (PLH) is a strategic document that combines local policies regarding the total of the housing stock (public housing, the private market, managing the existing housing stock, the production of new housing, and housing for specific population groups). Each *intercommunalité* is required to elaborate a PLH. Based on an analysis of the status quo, the PLH has to identify needs in terms of housing, temporary accommodation, and the renovation of the existing housing stock, and it needs to outline a strategy for urban renewal and the promotion of social mix. The PLH also defines, for each municipality, the number and type of housing units to be built within a defined timeframe (République Française, n.d.).

The most recent PLH of the MEL was adopted in 2022 and defines objectives for the period 2022-2028. It is structured around five main objectives (*orientations*) (MEL 2022):

1. Integrate the PLH into the metropolitan project
2. Scale up the renovation of existing housing and regulate private rental housing
3. Support the production of sustainable, desirable, and affordable housing
4. Enforce the right to decent housing for all metropolitan residents
5. Promote a supportive metropolis that assists the residential journey of vulnerable inhabitants or those with specific needs

With the current PLH, the MEL commits to the following objectives (among many others):

- Based on the SCOT: Building 6,200 housing units per year. This number is divided amongst eight territories within the MEL (see **Error! Reference source not found.**). The MEL supports the creation of new dwellings by subsidies for construction and land acquisition, as well as for renovation work and the reuse of vacant housing.
- To reach the target stated by the SRU law (25% of social housing), 30% of newly constructed housing should be in the categories PLAI or PLUS of social housing (i.e. the "more social" categories, rather than PLS which caters to middle-class households).
- Renovating 3,000 social housing units and 5,200 private dwellings per year.
- "Recycling" vacant homes, i.e. bringing them back on the market.
- Limiting short-term rentals: renting out for tourists is only possible for a maximum of 120 days per year and needs a registration number from the government.
- Using the *Bail Réel Solidaire* (see Box 1) in certain areas of the MEL to provide affordable homeownership.

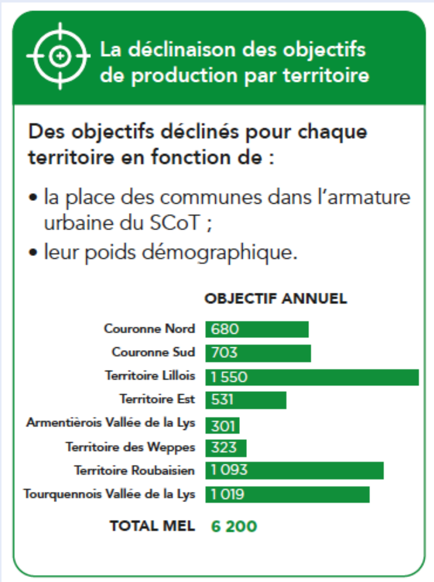

Figure 6: Number of housing units to be built per territory. Source: PLH (MEL 2022).

PLU

The plan for urban development (PLU) is a local planning and zoning scheme, defining the main guidelines for land use within a territory, in our case the territory of the MEL. It outlines the rules for construction, in addition to the national Housing and Construction Code, and it serves as a basis for construction permits.

In the current PLU, adopted in 2024, the MEL commits again to the housing objectives outlined in the PLH and establishes a regulatory framework for new housing construction to meet these objectives.

It outlines, for example, that housing developments of more than 17 units need to provide 30% of social housing, whereby the MEL only counts PLAI and PLUS, the two categories of social housing with the lowest rent, as social housing. The 30% can be achieved either in terms of number of units or square meters. There are a number of exceptions to this rule: It does, for example, not apply to priority neighbourhoods (see Section 0) where a lot of social housing is already present, in an attempt to increase social mix (MEL 2024b).

The PLU also specifies that the MEL demands 30% of intermediate housing (*logements intermédiaire*) in projects that develop more than 17 family housing units. Intermediate housing is benefitting from some government subsidies, but characterised by an intermediate price or rent level. In the MEL, this entails, among others, the most expensive type of social housing (PLS) and units bought within the framework of the Bail réel solidaire (see Box 1).

The MEL also gives municipalities the pre-emption right. As a result, property owners wishing to sell their real estate need to declare their intent to the municipality first. Within two months, the municipality has to decide whether it wants to buy. The pre-emption right applies to all urban zones (*zones urbaines*) and zones to be urbanised (*zones à urbaniser*) (MEL 2024a).

Box 1: Bail réel solidaire

What is the "Bail réel solidaire" in France?
The *bail réel solidaire* (BRS) is the French version of community land trusts, and was established to separate real estate ownership from land ownership which leads to house prices 30% to 50% below the market price (BoRiS, n.d.). In the territory of the MEL, BRS is managed by the *Organisme de Foncier Solidaire Métropole Lilloise* (OFSML), the first operating BRS organisation in France. It was founded by the city of Lille, the MEL, the *région*, social housing providers and the association of real estate developers (OFSML 2025). The non-profit organisation buys land on which a developer – either private or social – develops housing which is then sold to households. Households need to fulfil certain criteria in order to have access to BRS offers: they have to buy the dwelling in question as a primary residence, they must have an income below a certain threshold (depending on the number of people in the household), and they must not own another dwelling that could be used as a primary residence or a dwelling that is rented out but generates sufficient income for the household to acquire a dwelling in the private sector. The OFSML also takes into account other criteria in deciding who gets a contract, such as ensuring an adequate size for the household's size or promoting shorter distances between work and home (OFSML 2025). BRS contracts have a duration of 18 to 99 years, after which the dwelling reverts back to OFSML ownership. Households can re-sell their dwelling, but the OFSML controls the re-selling process. Buyers have to fulfil the same criteria as the initial buyers, and capital gains are regulated (BoRiS, n.d.).

2.6 Emerging Issues

2.6.1 Financial (dis-)incentives to create social housing

Generally, interviewees feel that the larger cities within the MEL (Lille, Roubaix, Tourcoing) have to carry the 'burden' of housing lower-income households, while other municipalities try to attract more affluent households that provide higher tax revenues. In that sense, the SRU law is seen as having a strong integrative role because it aims to distribute the effort to create social housing across the municipalities within the agglomeration.

However, despite the SRU law requiring *all* municipalities with more than 3,500 inhabitants to have 25% of social housing, not all local governments are equally motivated to address the lack of social housing in their municipality, and many still have a share that is below 21% (see **Error! Reference source not found.**). According to interviewees, it is the more affluent municipalities that are less willing to invest in supplying social housing and rather pay the fine that the prefect (the State's representative in the region) defines in case the SRU targets are not met. So even if the share of social housing is legally binding for the municipalities, the SRU law is circumvented by some.

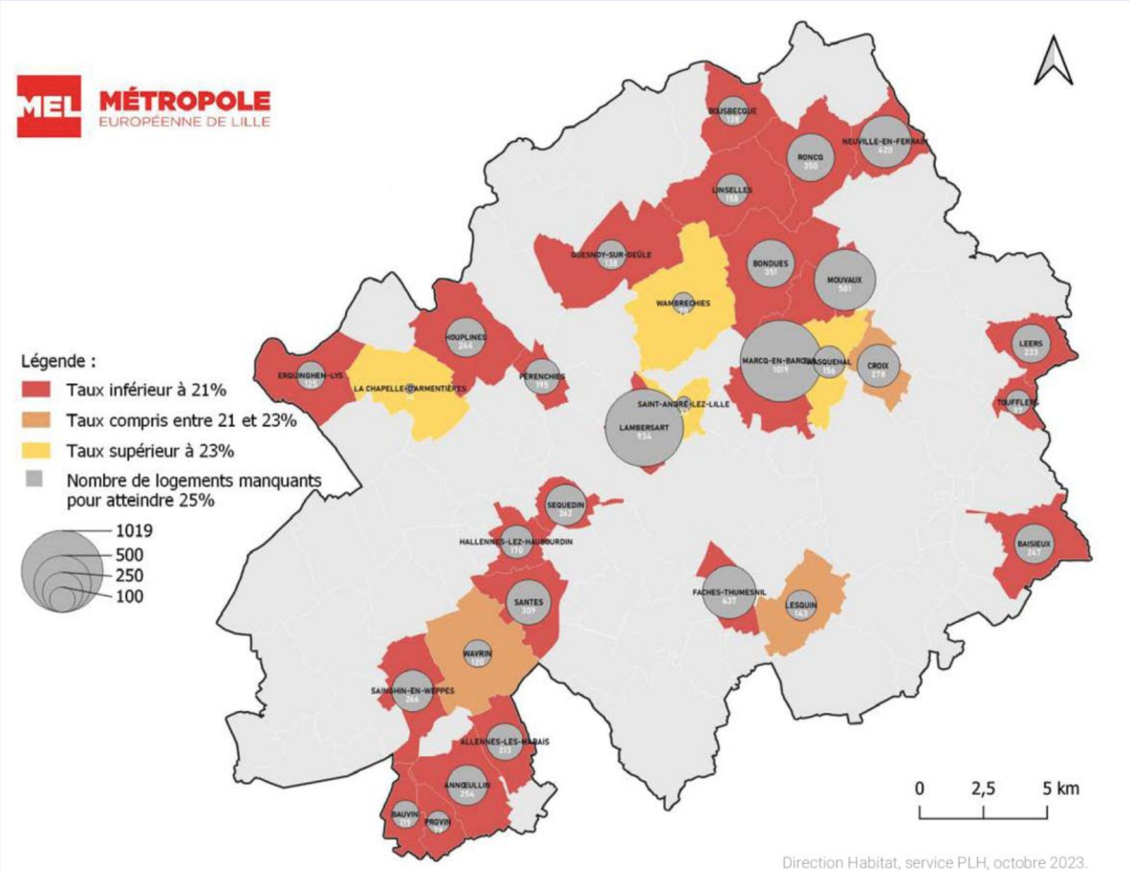

Figure 7: Share (= *taux*) of social housing in the MEL municipalities. Source: (ADULM 2024a).

2.6.2 Lack of finance/political will

Another reason that contributes to an aggravating housing situation despite regional coordination is the lack of finance. Declining state subsidies make the implementation of the objectives regarding the number of social housing units to be built difficult. From the point of view of the core city Lille (and likely other major cities as well), the right-leaning political orientation of the MEL means that their push for more social and affordable housing is not supported by the MEL, i.e. the entity with most responsibility in housing matters. The lack of finance is therefore attributed to a lack of political will.

2.6.3 Enforceability

The SRU law, issued at national level, is binding for all municipalities and non-compliance has consequences in the form of fines. All the coordinated policies at the regional level, however, are technically binding for the municipalities, but they lack enforcement mechanisms. If municipalities or indeed the MEL itself do not reach the objectives for new housing to be built defined in the PLH, for example, it could go unaddressed.

2.6.4 Democratic deficit

The regional coordination happens largely within the MEL, an institution that has been criticised for the intransparency of its decision-making process. The *bureau*, in which seven political groups are represented, is the primary decision-taking instance of the MEL. However, it functions behind closed doors. Its minutes are circulated only in a limited way, and positions of individual members are never mentioned, thus concealing diverse political affiliations and neutralising conflicts and debates between different political orientations and between municipalities. This is also evident in the high proportion of decisions adopted unanimously by the MEL's assembly (more than 90% on average since 2013), despite consisting of 188 elected officials from all main political parties covering the whole left-to-right spectrum. This also makes it harder for journalists to grasp issues and frame them within established debates and political divides and leads to a limited coverage of the political debate within the MEL (Desage and Kaciaf 2022).

According to interviewees, an additional problem lies in the way MEL officials are elected. Politicians are elected as municipal councillors in the first place and some have an additional mandate to represent their municipality at the MEL level. In elaborating metropolitan policies, these elected officials therefore primarily consider their municipality's interest and not the interests of the MEL as a whole. There is an initiative calling for a reform so that the metropolitan councillors would be elected separately, giving them the mandate to represent the interests of the whole MEL instead of their municipality.

2.7 Conclusion

The case of the Lille region shows a functioning regional cooperation and coordination of housing policy that is mandated by the national state. The French system imposes regional integration by requiring municipalities to be part of an *intercommunalité*. Additionally, there is an obligation for *intercommunalités* such as the MEL to develop public policies such as a SCOT, PLU or PLH, which all cover housing issues. Another very important top-down element is the SRU law requiring municipalities to have at least 25% of social housing by 2025. The integrative role of this law has been emphasised by interviewees. Even if objectives might not be reached everywhere, the law provides a mandatory basis on which the national state can lead negotiations regarding steps to achieve the 25%.

The national state steering regional cooperation is effective, but it remains limited to the French territory, as illustrated by the lack of cross-border cooperation in housing matters in the Eurométropole Lille-Kortrijk-Tournai.

Within the MEL, several difficulties emerge. Distributing the efforts to build social housing leads across the municipalities leads to complicated discussions among the metropolitan official, each representing their own municipality and acting not necessarily in the best interest of the MEL as a whole. Moreover, political negotiations at the MEL also suffer from a lack of transparency and public visibility (Desage and Kaciaf 2022), which results in decision-making largely going unnoticed and unexamined by citizens.

Lastly, even though housing policy is well integrated at the MEL level, its implementation depends on the efforts of all entities – the MEL itself, the individual municipalities, and not least higher-level entities deciding about funding schemes. Except for the share of social housing set by the SRU law, the other plans remain relatively toothless. There are no enforcement mechanisms in place for situations where one of the actors fails to meet the objectives outlined in the regional policies.

Overall, the case of the Lille region therefore shows a regional cooperation mandated top-down can work. The effectiveness of these policies depends on the national state enforcing certain elements – as in the case of the SRU law – or on municipalities having an interest in actually following the regional policies, which is not always the case due to the differing interests of individual municipalities.

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3 Hannover Region

3.1 The Hannover Region and its Housing Market

3.1.1 The Hannover region

The city of Hanover is the capital of the federal state of Lower Saxony in northwestern Germany and has over 550,000 inhabitants. It is also a centre of academic life with over 50,000 students. Due to the central location and integration into infrastructural networks, Hanover is a transport and travel hub of national significance. With the Hannover Messe it hosts a large exhibition and congress centre as well.

Due to the unique regional governance structure, the scale of the case study does extend the city itself and analyses the “Region Hannover”. The Region Hannover includes 21 towns and municipalities, covers an area of 2,300 square kilometres and is home to 1.2 million people (Region Hanover 2024a). The Hannover Region’s economy is diversified and dynamic with key sectors such as the automotive industry, logistics, ICT, knowledge intense business services and health care. In addition, Region Hannover is part of the larger metropolitan region “Metropolregion Hannover-Braunschweig-Göttingen-Wolfsburg”.

Over the last ten years, Region Hannover has been experiencing dynamic population growth, which is unevenly distributed. The population of the entire region has increased by around 7% since 2011 (Region Hannover 2025a, Region Hannover 2025b). Currently (as of 3/2025), the city of Hanover has around 558,000 inhabitants and has grown significantly since the end of 2011 by almost 42,900 people, or more than 8 per cent (Region Hannover 2025b). This growth significantly exceeds the forecasts calculated by the city in its ‘Housing Concept 2025’ in 2013, which predicted an increase of 2.3%.

The net migration between the city and its surrounding areas is significant for the research question. This remains positive (more people move from the city to the surrounding areas than from the surrounding areas to the city) but has been declining in recent years.

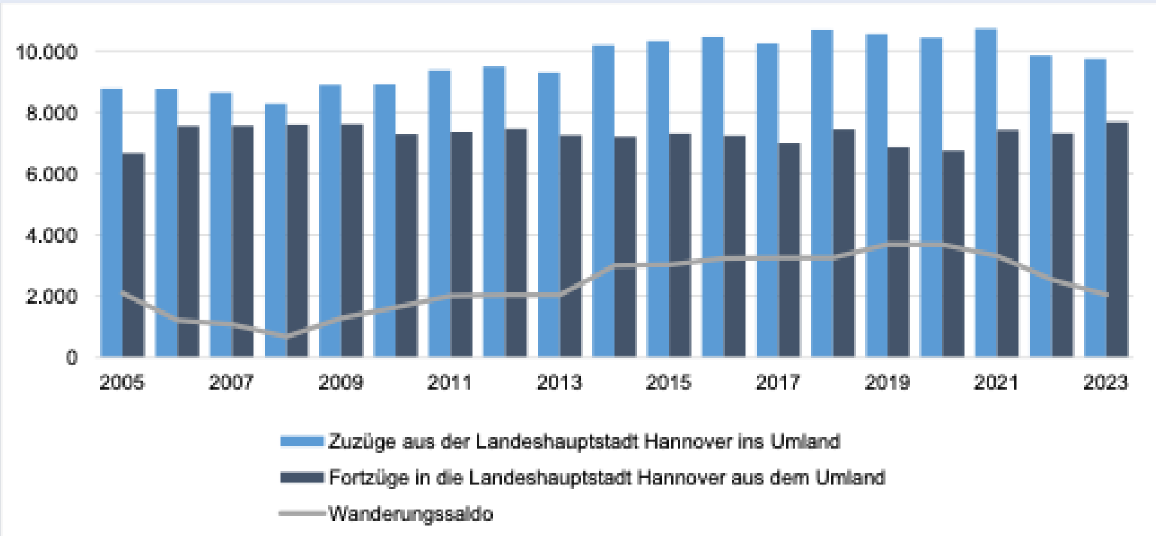

Figure 8: Migration flows and net migration of cities and municipalities in the surrounding area compared to the state capital Hanover 2004-2023 (Region Hannover 2024b)

9There are also significant differences in the net migration between the city and the individual surrounding municipalities.

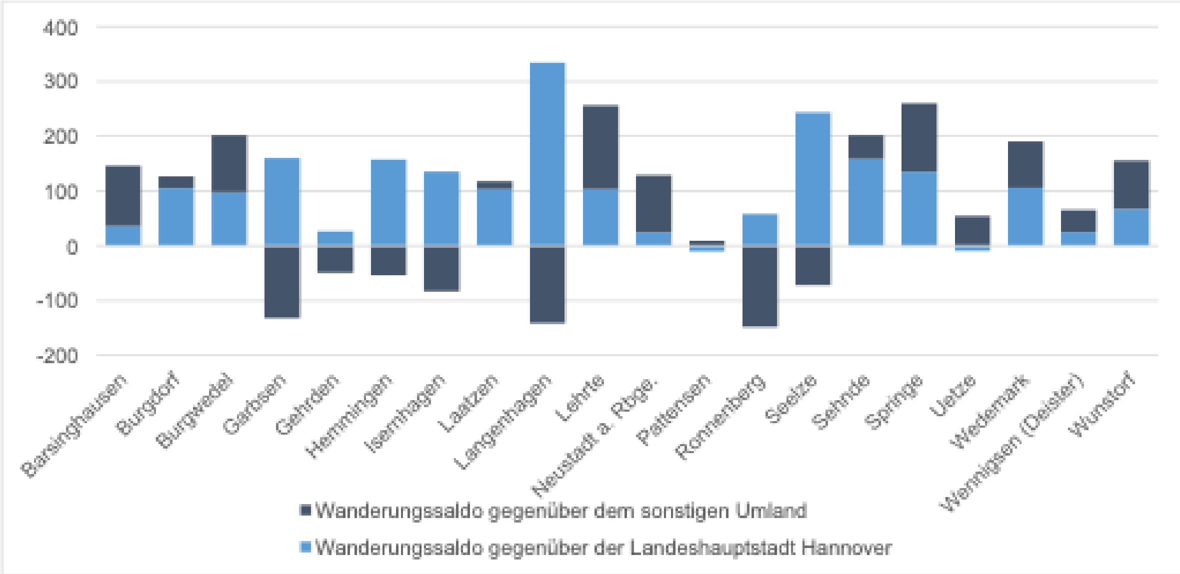

Figure 10: Intra-regional net migration in 2023, broken down by migration destination: state capital Hanover and other surrounding areas (Region Hannover 2024b)

3.1.2 The regional housing market – price trends and supply structure

With a large city, towns and villages, the regional housing market is diverse. There are 610,522 dwellings in the Hannover Region (as of May 2022), which represents an increase of 30,333 dwellings compared to 2011 (Region Hannover 2025b). The dwellings are divided roughly equally between the city (302,018) and the surrounding area (308,504). The increase is proportional to the growth in households (575,358), at 5.2% in each case, although in some towns and municipalities the increase in dwellings was higher than that in households (Burgwedel, Laatzen, Ronnenberg, Hanover, Isernhagen), while in others it was lower (Uetze, Seelze, Gehrden). Slightly more than half of the dwellings in the region are 3- and 4-room dwellings (54.4%), and there are signs that the proportion of very small (1 room) and large dwellings (5 rooms and more) is declining. The flats in the surrounding area are mainly located in detached houses – a significant difference to the city of Hanover, where 84% of flats are located in apartment buildings (Landeshauptstadt Hannover 2023).

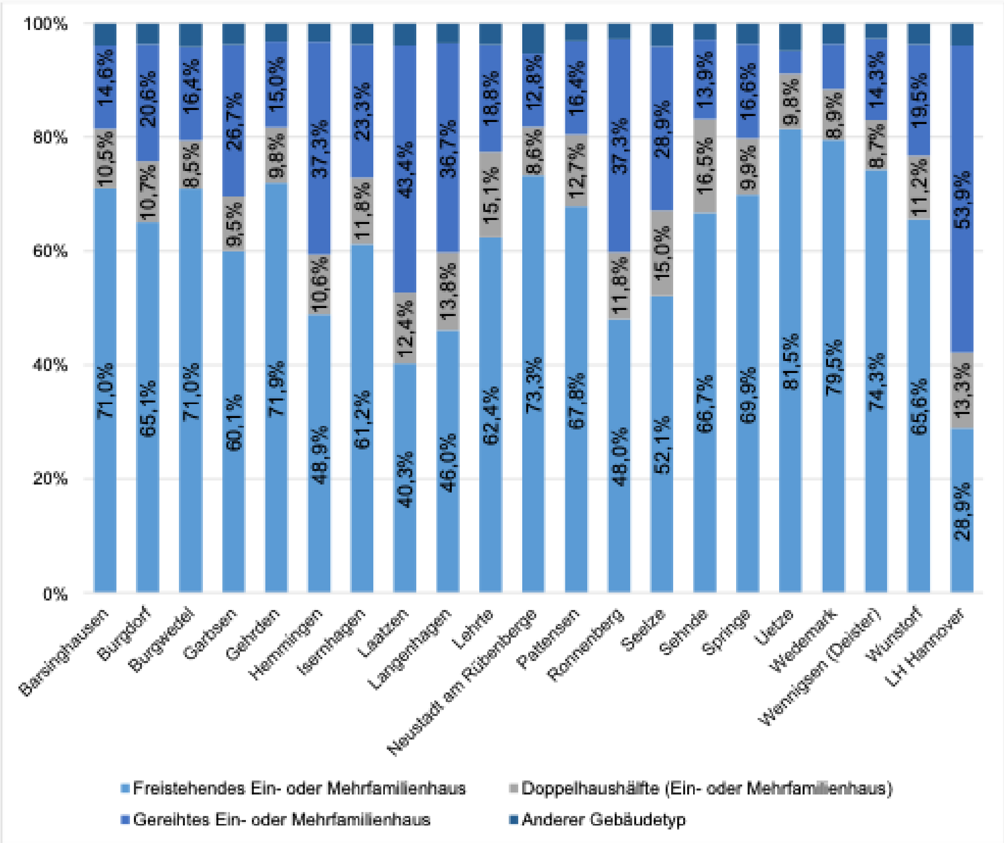

Figure 11: Buildings by construction type in the Hannover Region (Region Hannover 2025c)

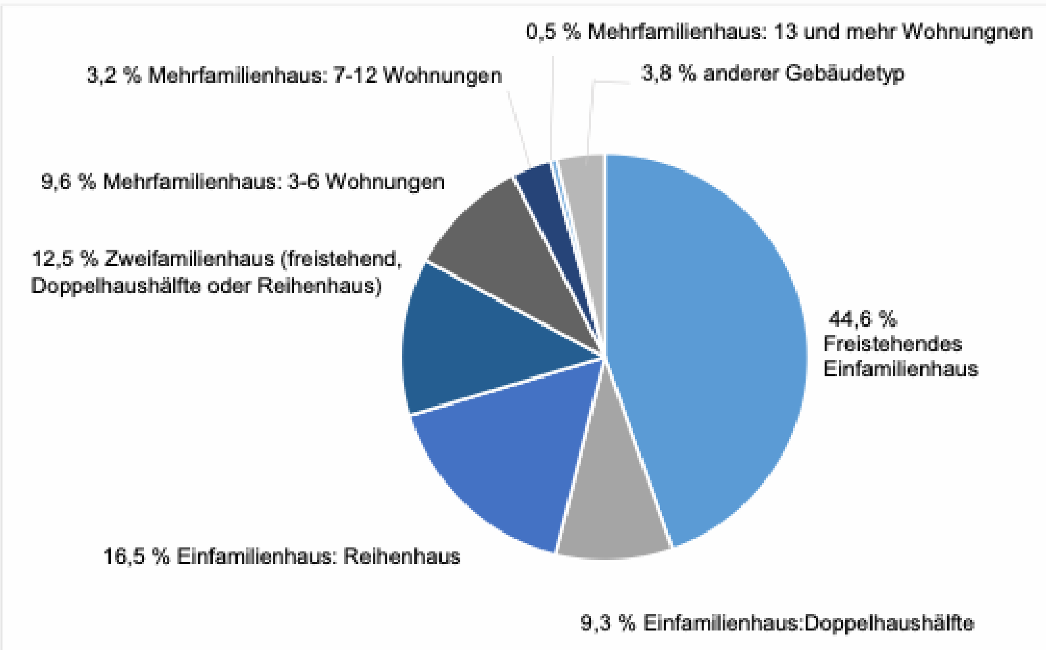

Figure 12: Building types in the surrounding area of the Hannover Region (Region Hannover 2025c)

Just over half of the owner-occupied flats in the surrounding area are rented out, with slightly fewer being owner-occupied. There are differences between municipalities, but also in terms of flat size: smaller flats are predominantly rented out. Accordingly, the occupancy density in rented flats is significantly higher than in owner-occupied flats.

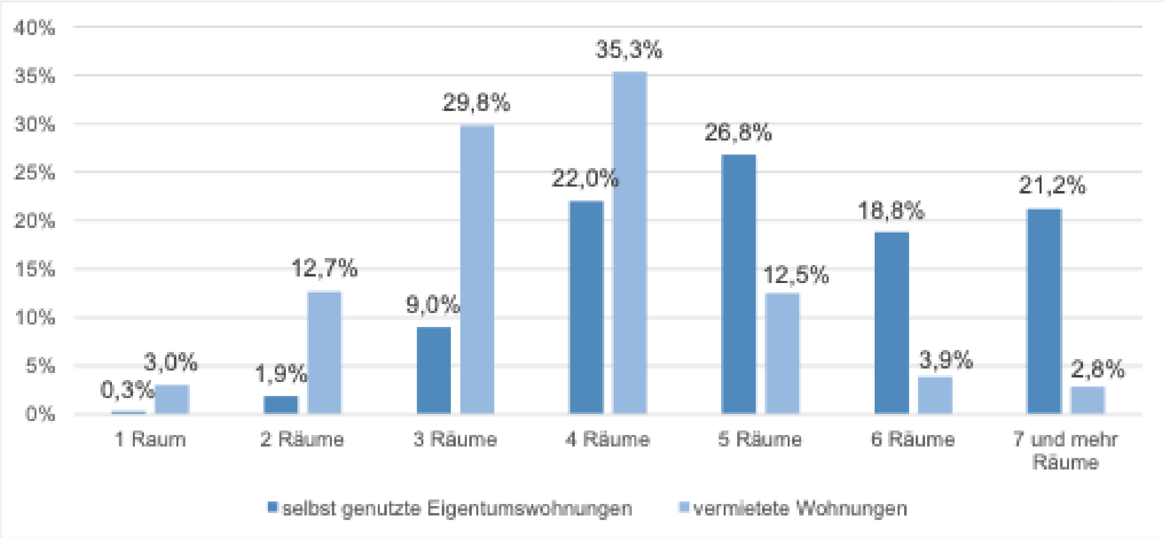

Figure 13: Proportion of rented flats and owner-occupied flats by number of rooms in the surrounding area of the Hannover Region (Region Hannover 2025d)

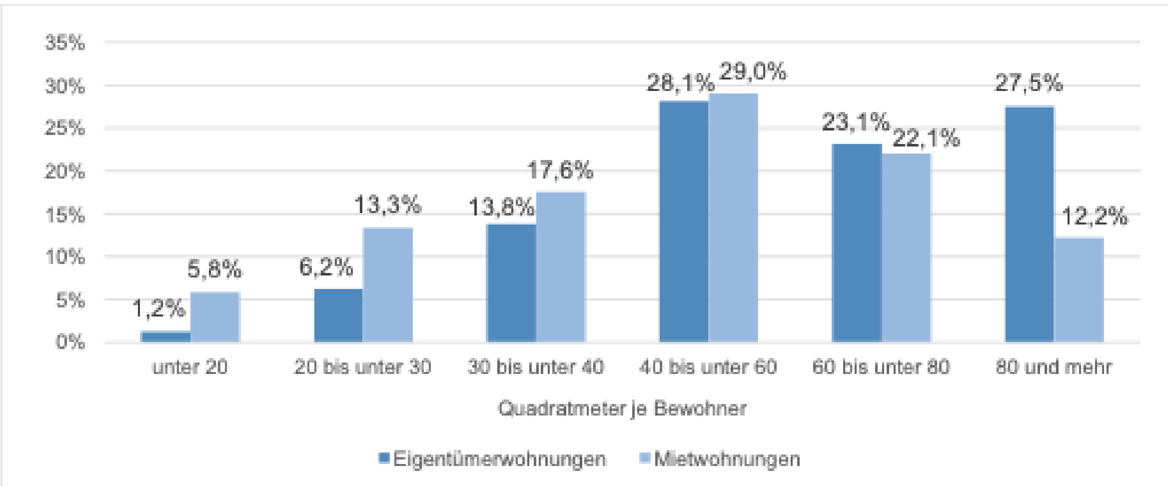

Figure 14: Proportion of dwellings by occupancy density in the surrounding area of the Hannover Region (Region Hannover 2025d)

There are also significant differences in occupancy rates between the sub-regions.

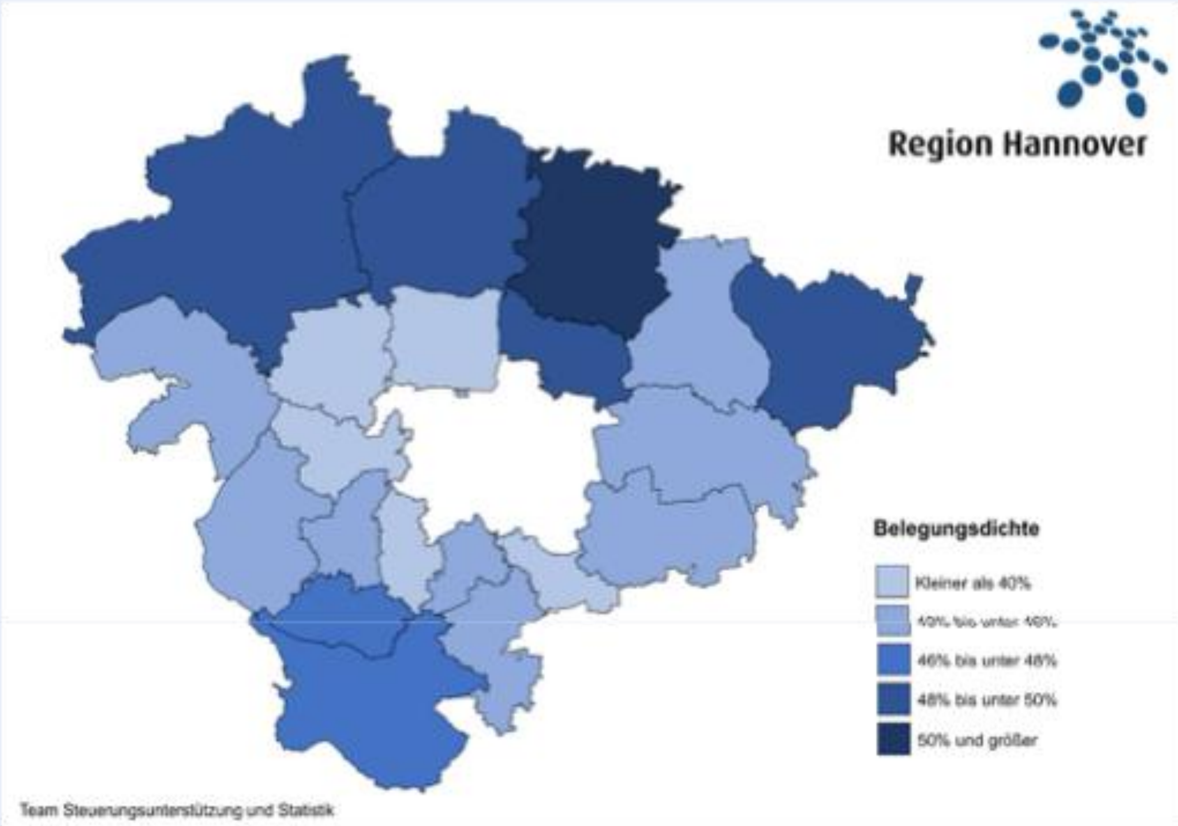

Figure 15: Proportion of dwellings in which each person living there has 60 square metres of living space or more at their disposal (Region Hannover 2025d)

Across the region, housing affordability is problem with continuously rising house prices and rents. However, rental and purchase prices for residential property have recently developed very differently in the city and the region. The Real Estate Pilot property portal forecasts an increase in rents for the period 2021-2023, but a decline in purchase prices (Real Estate Pilot AG 2023).[1] The regional rent index shows a high level of inequality between cities and municipalities in terms of rent development between 2017 and 2021 with current average rent levels ranging between 5,86€/sqm in Springe and 7,84€/sqm in Hanover (Region Hannover 2021).[2]

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[1] https://geomap.immo/kauf-und-mietpreise-hannover/

[2] https://www.hannover.de/Leben-in-der-Region-Hannover/Planen,-Bauen,-Wohnen/Wohnen-Immobilien/Mietspiegel

Tab. 40 Durchschnittsmieten je Kommune und Veränderungsraten						
Kommune	2017 (01.04.2016)	2019 (01.04.2018)	2021 (01.01.2021)	Veränderung seit 2019	Veränderung seit 2017	Veränderung pro Jahr
Hannover	6,51	6,91	7,84	13%	20%	5%
Garbsen	5,30	5,89	6,46	10%	22%	5%
Langenhagen	6,09	6,79	7,32	8%	20%	5%
Laatzen	5,95	6,22	6,49	4%	9%	2%
Lehrte	5,54	5,91	6,25	6%	13%	3%
Seelze	5,49	5,92	6,47	9%	18%	4%
Barsinghausen	5,41	6,12	6,67	9%	23%	6%
Burgdorf	6,14	6,14	7,00	14%	14%	4%
Burgwedel	6,35	6,89	7,21	5%	13%	3%
Gehrden	5,69	6,14	6,34	3%	11%	3%
Hemmingen	5,84	6,21	6,59	6%	13%	3%
Isernhagen	6,21	7,29	8,18	12%	32%	8%
Neustadt a. Rbge.	5,29	5,68	5,94	5%	12%	3%
Pattensen	5,71	5,83	6,59	13%	15%	4%
Ronnenberg	5,65	6,12	6,20	1%	10%	2%
Sehnde	5,44	6,08	6,17	1%	13%	3%
Springe	5,43	5,63	5,86	4%	8%	2%
Uetze	4,96	5,21	6,00	15%	21%	5%
Wedemark	6,60	7,09	7,96	12%	21%	5%
Wennigsen (Deister)	5,55	5,91	6,76	14%	22%	5%
Wunstorf	5,82	6,13	7,00	14%	20%	5%
Quelle: Mietspiegel Region Hannover 2021						ANALYSE & KONZEPTE immo.consult

Figure 16: Rental price development in the Hannover Region 2017–2021(Region Hannover 2021, S. 57)

The proportion of subsidised flats that are allocated at comparatively low rents according to certain criteria (see below) is steadily declining in the region despite intensified housing subsidies due to the expiry of occupancy restrictions, which are not sufficiently compensated for by the new developments).

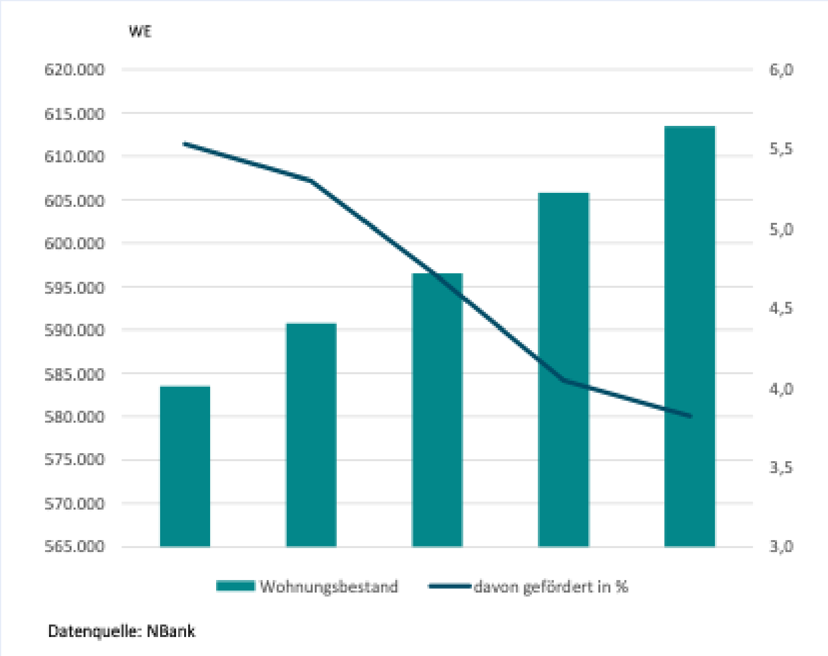

Figure 17: Development of social housing stock in the Hannover Region (Janböcke 2025)

3.2 Regional Governance and Cooperation

3.2.1 Regional Policy Institutions

Regional cooperation in Hanover goes back to the 1960s when Verband Großraum Hannover was established. In the 1990s it was reformed as Kommunalverband Großraum Hannover. Amonst its tasks were regional planning for a sound spatial development and the coordination of public transport. In 2001, regional integration was intensified when "Region Hannover" was founded as a merger (legal successor) of the Hanover district and the Greater Hanover Municipal Association (KGH), as well as taking over various tasks from the state capital of Hanover and the Hanover district government. Building on the already positive experience of regional cooperation, a key objective of the new structure was to 'streamline' the administration by reducing duplication and instances on the one hand and achieving a regional 'balancing of advantages and burdens' on the other.3 As an independent local authority, it is responsible for essential public services, including local public transport, waste disposal, local social welfare, vocational schools, the health authority and municipal hospitals, as well as the promotion of social housing. Other areas of responsibility include environmental and climate protection, regional planning and local recreation, as well as economic and employment promotion (Region Hannover 2025e).4

Region Hannover is organised in a similar way to a district (Landkreis) in terms of its administrative structure. Its highest body is the regional assembly, which is directly elected every five years by the citizens of the region. It consists of 84 representatives and a directly elected regional president, who also has voting rights and acts as the head of administration and representative of the region (Niedersächsische Landesregierung n.d.).[5]

[3] The policy paper drafted in advance by the three participating administrative heads emphasised the differences in housing types between the city and its surrounding areas, cf. Droste/Fiedler/Schmidt 1996.

[4] This list is not exhaustive and is taken from: https://www.hannover.de/Leben-in-der-Region-Hannover/Verwaltungen-Kommunen/Die-Verwaltung-der-Region-Hannover/Stellt-sich-vor and https://www.mi.niedersachsen.de/startseite/themen/kommunen/region_hannover/region-hannover-63109.html

[5] Detailed information on the region's responsibilities: https://www.mi.niedersachsen.de/startseite/themen/kommunen/region_hannover/region-hannover-63109.html

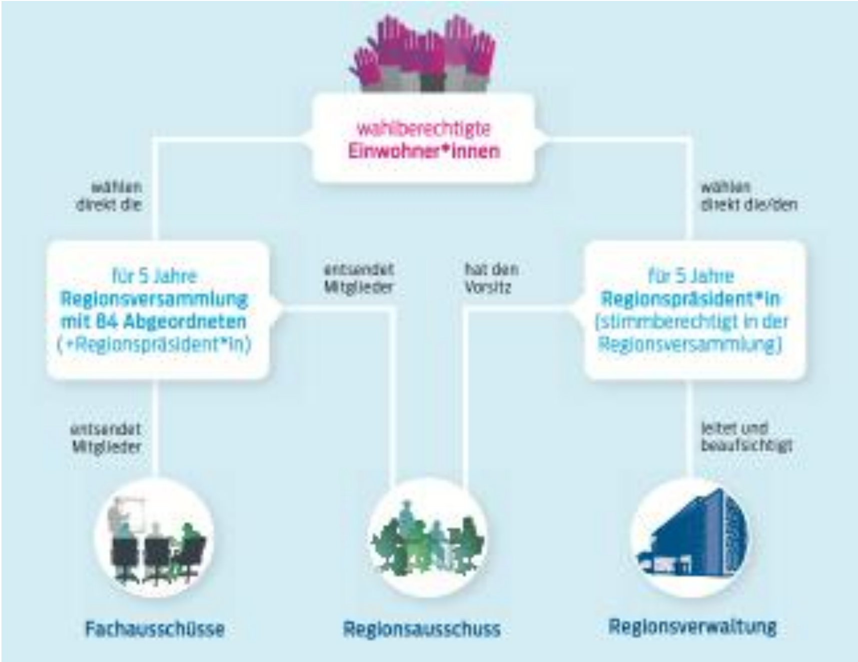

Figure 18: Formation of committees of Region Hannover (Region Hannover 2024a)

Region Hannover currently (2025) has a budget of €2.91 billion and employs approximately 3,200 staff (Region Hannover 2025e).[6] It is financed, among other things, by key allocations from the state („Schlüsselzuweisungen“) and the so-called regional levy („Regionsumlage“) from the towns and municipalities (Region Hannover 2024c).[7] The key allocations result from the municipal financial equalisation system, through which the tax revenues of the state of Lower Saxony are distributed. Through the regional levy, the cities and municipalities pass on part of their revenues (in particular from trade and property tax and the key allocations to which they are entitled) to the region (Region Hannover 2016).[8]

3.2.2 Housing and Planning within Region Hannover

Within the regional administration, the issue of housing is the responsibility of Department II for Social Affairs, Participation, Family and Youth. Planning responsibilities lie with Department III Environment, Climate, Planning and Construction. As described below, housing policy strategies, concepts and instruments are the result of constructive cooperation and coordination between these two departments.

The main formal instrument of regional planning is the Regional Spatial Planning Programme (successively updated). It establishes a three-tier central location system based on the principles of ‘decentralised concentration’ and "unity of settlement, transport and infrastructure‘ with the aim of keeping settlement development ’primarily along the stops of local rail-based public transport‘ and reducing land consumption through ’higher settlement density in these areas and the functional mix of work, living, supply and recreation" (cf. Region Hannover 2019, p. 10). The systematisation of residential locations provides for the following three types:

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[6] https://www.hannover.de/Leben-in-der-Region-Hannover/Verwaltungen-Kommunen/Die-Verwaltung-der-Region-Hannover/Stellt-sich-vor

[7] https://www.hannover.de/Leben-in-der-Region-Hannover/Verwaltungen-Kommunen/Die-Verwaltung-der-Region-Hannover/Region-Hannover/Archiv-Pressemitteilungen/2024/Budget-2025-der-Region-Hannover-umfasst-2,91-Milliarden-Euro

[8] A detailed description of the mechanism can be found in the publication Hannover 2016: Kommunale Strukturdaten 2016 – Beiträge zur regionalen Entwicklung 146, Hannover

- Locations with a primary focus on securing and developing housing (priority areas for settlement development of the regional centre of Hanover, the medium-sized centres and the basic centres)
- Rural settlements with a supplementary residential function (creation of housing primarily for the medium- and long-term preservation of existing infrastructure facilities)
- Rural settlements with a self-development function (securing own needs up to a maximum of 5% of the settlement area)

In addition, priority areas for settlement development will be designated for medium to long-term land securing in particularly suitable locations.

3.3 Policy Responses to the regional housing shortage

3.3.1 Housing Policies at three levels of governance

Housing policy responsibilities, strategies and instruments are the preserve of cities and municipalities, the regional authority and the state of Lower Saxony. Although they are similar in some respects, they differ in detail, particularly in terms of their objectives, target groups and resources. They are described below, with a focus on approaches at regional level. In addition to measures explicitly related to housing, urban land-use planning (land-use plans and development plans) is particularly relevant for residential construction. This task falls within the planning authority of the municipalities.

3.3.2 Municipal housing policy (city of Hanover)

The housing policy of the City of Hanover is based on the 2025 Housing Concept adopted in 2013, which was updated in 2023 with the 2035 Housing Concept. It is based on four areas of action

- new housing construction,
- existing stock development,
- securing/creating affordable housing,
- communication, cooperation & consultation,

which were also adopted in the update.

A review of the housing concept after ten years (2023) shows that the quantitative new construction targets have been exceeded (15,900 residential units compared to the planned 12,300), but due to the increase in population and households, a further demand of 1,300 residential units per year is forecast until 2035. The following housing policy instruments are mentioned and explained in the update to the housing concept (decision document 1733/2023) as being available for achieving the objectives (State Capital Hanover 2023):

- Urban housing promotion programme (Region Hannover 2024d)[9]
- Hanover housing construction offensive
- Hanover's approach to socially equitable land use
- HANOVA municipal housing company
- Central land management
- Active land policy
- Building Land Mobilisation Act
- Property tax C

[9] https://www.hannover.de/Leben-in-der-Region-Hannover/Planen,-Bauen,-Wohnen/Stadterneuerung-Wohnraumförderung/Wohnraumförderung-in-Hannover/Mietwohnraumförderung

- Statute on misuse of property
- Social cohesion programme
- Extension/additional storeys/loft conversions
- Conversion of non-residential space into residential space.

3.3.3 Regional housing policy (Region Hannover)

The initiative for an active housing policy at regional level came in the 2010s, when the issue was also gaining increasing attention at federal level. This was largely driven by the planning and social affairs departments at the time. An important factor for the social affairs department was that, as a result of social policy reforms (the 'Hartz reforms'), the region had been responsible for the accommodation costs („Kosten der Unterkunft", KdU) of ALG II recipients since 2005, and there were glaring supply shortages, meaning that the rent cap for KdU had to be repeatedly adjusted/increased. The creation of more and, above all, cheaper housing was therefore seen as a strategic investment in order to maintain affordable rents, which would then relieve the social budget in the long term.

An important milestone in housing policy for the Hannover Region was the Region Hannover Housing Initiative (WoBI) in 2016. As a result, the Regional Housing Supply Concept (2019) was published in 2019, which still forms the framework for housing policy activities today. In 2022, the revised Regional Housing Promotion Programme came into force.

The cooperation between the two departments and their respective tasks and competences resulted in the two components 'space' and 'promotion', which then formed the basis for the initiative's concept with three modules each.

The 'Land' component consists of the following modules:

- Residential land register („Wohnbauflächenkataster") as a digital register containing existing and planned residential land in the Hannover Region. The results of the register have been incorporated into the housing supply concept.
- Area dialogue („Flächendialog") between regional stakeholders and the housing industry to explore the activation of residential building areas.
- Housing Construction Coordination Office („Koordinierungsstelle Wohnungsbau"), which leads the area dialogue and acts as a one-stop agency for questions relating to residential building area development and housing construction.

The 'promotion' component comprises the following modules:

- Housing promotion („Wohnraumförderung"): new construction, conversion, expansion and modernisation of housing, as well as the acquisition of occupancy rights
- Housing construction bonus („WohnBauPrämie"): financial support for local authorities, initially limited to the years 2019 to 2021, but later discontinued due to low demand
- Regional Housing Supply Concept („Regionales Wohnraumversorgungskonzept", WRVK), which is a prerequisite for new housing construction funding by the state of Lower Saxony and the Hannover Region. It created the necessary conditions across all local authorities in the Hannover Region for the realisation of new subsidised rental housing and at the same time served the cooperative development of coordinated action plans.

As one of six modules, the housing supply concept was launched in 2019 following a consultative development process involving all cities and municipalities as the 'basis for the strategic planning and control process to ensure (social) housing supply in the Hannover Region' (Region Hannover 2019, p. 1). The special feature of the concept is highlighted in its introduction. It states:

"In terms of its regional orientation, the WRVK for the Hannover Region is unique in Germany in terms of both planning and methodology, as it combines municipal urban development and housing market strategies and supply planning for the 21 towns and municipalities in the region in an urban-regional perspective. As an integrated technical concept, it takes into account municipal framework conditions, forecasts and positions as well as regional planning frameworks and provides a common basis for work and discussion for inter-municipal coordinated housing supply planning in the Hannover Region as a contribution to strengthening the Hannover Region in competition with other metropolitan regions" (ibid., p. 1).

It is based on a regional housing demand forecast, from which the specific needs of the cities and municipalities in the region were then derived and further discussed in dialogue (detailed in municipal profiles). This involved both residential construction potential and the preservation of affordable segments. The corresponding activities are based on three guidelines:

- Compact guideline („Leitlinie Kompakt“): spatially balanced development, living space consumption/utilisation, building land activation
- Social guideline („Leitlinie Sozial“): support for low-income households and those with access difficulties, age-appropriate, family-friendly, differentiation and renewal of supply, reduction of construction costs, socio-spatial and functional mix
- Regional guideline („Leitlinie Regional“): housing provision as a joint task

Figure 19: Guidelines and areas of action of the housing supply concept (Region Hannover 2019, S.5)

The analytical part of the WRVK examines socio-economic and socio-demographic framework data (employment trends and unemployment, commuter patterns, population trends, migration patterns, age and social structure) at the regional level and in an intra-regional comparison. It also outlines the structure of the housing market (space turnover and prices, residential land potential and inventory data for various market segments) as well as housing needs in the region and its sub-regions. A ‘regional distribution model’ (ibid., p. 101ff) then recommends a distribution of the forecast total demand of 28.300 residential units, differentiated according to settlement types and market segments.

While the total land potential is sufficient to meet demand, it is noted that ‘the differentiation according to housing market segments (single-family/two-family houses, multi-family houses) and the assumed density orientation values deviate significantly from the history of housing completions, especially in the settlement centres outside the core area and the supplementary locations’ and ‘only part of the planned land potential is likely to actually be available on the market in the future’ (ibid., p. 110). The problem is also clearly evident in the results of a municipal survey and supplementary municipal discussions and working groups conducted during the concept development phase. On the one hand, a lack of building land was cited as by far the biggest obstacle to investment (p. 117), while on the other hand it was pointed out that ‘a major obstacle to further building land designation is the lack of infrastructure to supply the additional residents’ (ibid., p. 130).

Twenty-one 'municipal profiles' provide detailed analyses and demand forecasts for the respective city or municipality. The profiles serve as a basis for the realisation of subsidised new housing construction. The WRVK and the profiles are currently (2025) being revised because the data basis (2015) is no longer up to date and is therefore no longer accepted by banks, among others, as a basis for funding.

3.3.4 State housing policy (Lower Saxony)

At the state level, the Lower Saxony Housing Promotion Act has been in place since 2009 (and has been revised several times since then). In 2018, an 'Alliance for Affordable Housing' was launched (Niedersächsisches Ministerium für Wirtschaft, Verkehr, Bauen und Digitalisierung 2025).[10] The state has its own housing promotion programme which is continuously revised. Another milestone was the establishment of a state housing association („Landeswohnungsgesellschaft") in 2023 (Niedersächsisches Ministerium für Wirtschaft, Verkehr, Bauen und Digitalisierung 2024).[11]

3.4 Conclusion

The housing initiative and the housing supply concept are the result of intensive cooperation between government and administrative levels. It is noteworthy that the understanding and intention that the housing issue is a joint task is explicitly stated:

"No municipality in the Hannover Region should shy away from the task of managing growth. This is because the indirect economic costs of insufficient building land provision, with rising prices on the property markets, are much higher than the costs of the additional infrastructure that has to be created in the Hannover Region anyway. And it is primarily the local population, and above all low-income households, that are affected by rising prices" (Region Hannover 2019, p. 131).

Thus, the institutionalisation of cooperation in the region can be considered a success in itself. The effects of housing policy are reflected in the creation of new and affordable housing (quantitative) and in changing attitudes and priorities with regard to housing types (qualitative). The results so far have been mixed.

In quantitative terms, it can be concluded that 1,874 subsidised housing units have been created in the course of the WoBI over the past ten years, partly through the acquisition of occupancy rights, through individual subsidies or in combination with another subsidy programme. This roughly corresponds to the volume of public funding without the region's participation and thus represents a significant relief, but according to the responsible administration, there is still a funding gap of 8,990 residential units (Janböcke 2025).[12]

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[10] https://www.buendnis-fuer-bezahlbares-wohnen.niedersachsen.de/startseite/ueber_buendnis/buendnis_bezahlbares_wohnen/organisation-166295.html

[11] https://www.mw.niedersachsen.de/startseite/bauen_wohnen/wohnraum_niedersachsen_landeswohnungsgesellschaft/wohnraum-niedersachsen-landeswohnungsgesellschaft-227933.html

[12] The information in this section refers to the presentation 'Ausgangslage und Vorstellung des Förderprogramms' by Gregor Janböcke, Hanover Region, as part of the kick-off event for the further development of regional housing support on 27 June 2025.

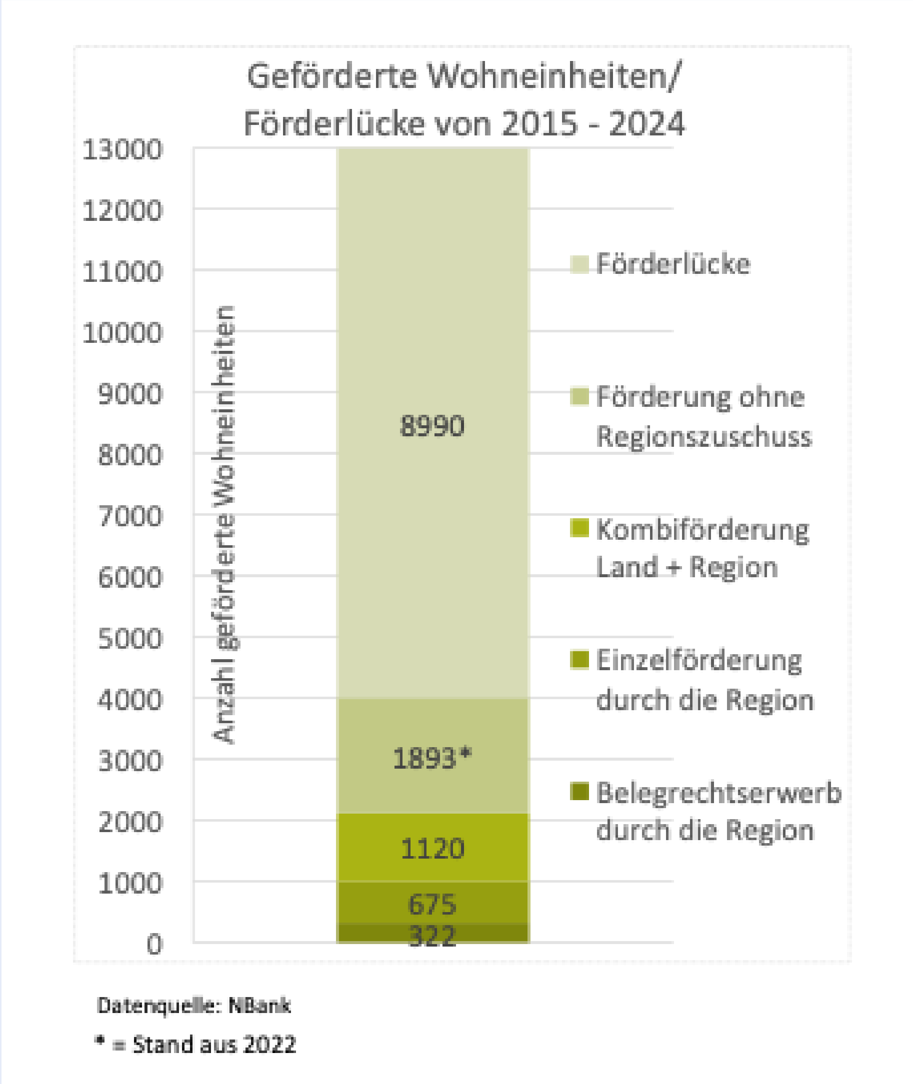

Figure 20: Funding volume and funding gap in the Hannover Region (Janböcke 2025)

Although the overall goals (atotal housing demand of 28,300 dwellings) have been achieved, the targets for subsidised housing were not met and there are no signs of any easing on the housing market, with prices continuing to rise and a significant funding gap remaining.

In terms of quality, several effects can be observed: In the course of implementing the WoBI, there has been a significant increase in awareness of multi-storey housing construction, even in the surrounding areas (contexts where detached houses were previously preferred), both among local authorities and investors. The WoBI has also provided tailwind for regional housing promotion. Compared to state promotion, this is more focused on particularly disadvantaged groups and (unlike state promotion) leaves the right of occupancy with the local authorities. In addition, the initiative has also strengthened inter-municipal exchange.

However, the WoBI reached its limits in terms of local planning authority, e.g. with regard to the intensity of building land development and the realisation of subsidised housing. For example, hardly any land was found for model projects. Financial constraints and increases in construction costs also slowed down implementation.

The instruments are currently being revised. The focus is particularly on changing needs. The previous patterns of migration to the surrounding areas and suburbanisation no longer seem to apply; demand for small flats and thus new types of housing is also increasing in the surrounding areas. The region could promote corresponding municipal planning, but there has been little demand for this so far. Another test is construction costs: the subsidy programme does not currently provide any incentives for affordable construction; rather, some of the high standards are also seen as cost drivers, which in turn dampens demand from property developers.

From a regional planning perspective, there is a need to raise awareness with regard to land consumption and conservation.

Concerning the data basis and housing market monitoring, it is important to update the analysis (currently still based on 2015 figures) and, ideally, to create a digitalised system that can be regularly adapted and used by the relevant stakeholders. Another issue is the limited administrative capacity of cities and municipalities. In order to promote housing construction despite these limitations, further services on the part of the region (in the sense of a service centre) are under discussion.

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4 Munich

4.1 Context: The Munich Region and its Housing Market

4.1.1 The Munich region

Size and Shape

The city of Munich is located in southern Germany and is surrounded by the larger Munich Metropolitan Region. The central city is the dominant locality in the region, with a population of 1.6 million residents. The effects of Munich's housing market are visible far from the core, however. Munich's influence on the housing market and commuting patterns touches municipalities up to 80 kilometers away. The metropolitan region includes nearly 6 million residents and is one of Europe's wealthiest (Kinigadner et al. 2016).

Munich has high employment density and numerous international headquarters, leading to strong economic growth. It is also a center for cultural amenities and a magnet for both domestic and international migrants. Since 2000, Munich's population has grown quickly, but construction of new dwellings has not kept pace, a mismatch that has driven the affordability crisis (Statistisches Amt München 2022).

Munich sits in the middle in the Free State of Bavaria in Germany. As such, it does not have any cross-border dynamic and is instead strongly influenced by the Bavarian legal and political system. Bavaria is further divided into Regierungsbezirke or administrative regions. Unlike in other Germany federal states, each administrative region is also self-governing and has its own parliament. Regions are further divided into districts called *Landkreise*, of which there are 71 in Bavaria. The City of Munich is also a district equivalent. The core of the metropolitan area is composed of the City of Munich and eight additional districts, though Munich's functional area includes many more districts in addition to these.

Major commuting lines

Munich's public transport is highly centralized. Three consecutive rail stations (Central Station, Karlsplatz/Stachus and Marienplatz) form the main trunk of the regional rail system, with all subways and commuter trains passing through at least one of these station. For commuter trains, there is a central axis through the city, called the "S-Bahn Stammstrecke" and reaching from Pasing in the West to Munich East station in the Eastern part of the city. The commuter trains coming from the suburbs all travel this central axis. Subways, extending only within the city limits, cross the "Stammstrecke" in one of the central stations (U-Bahn München).

Partially as a result of this structure, Munich experiences significant commuting bottlenecks and its outward growth is limited by rail congestion. The region also has a remarkably monocentric shape focused on inner Munich. This further increases prices as there are few other outlying centres to deconcentrate major employers or services.

Munich's high regional income and sprawling shape also encourage significant commuting by private automobile. This further expands the region's reach along the many high-speed corridors. The map below shows the extent of localities reachable within reasonable commuting time by car. These extend far into the Bavarian hinterland and connect Munich to neighbouring metropolitan centres such as Augsburg, Landshut, and Ingolstadt.

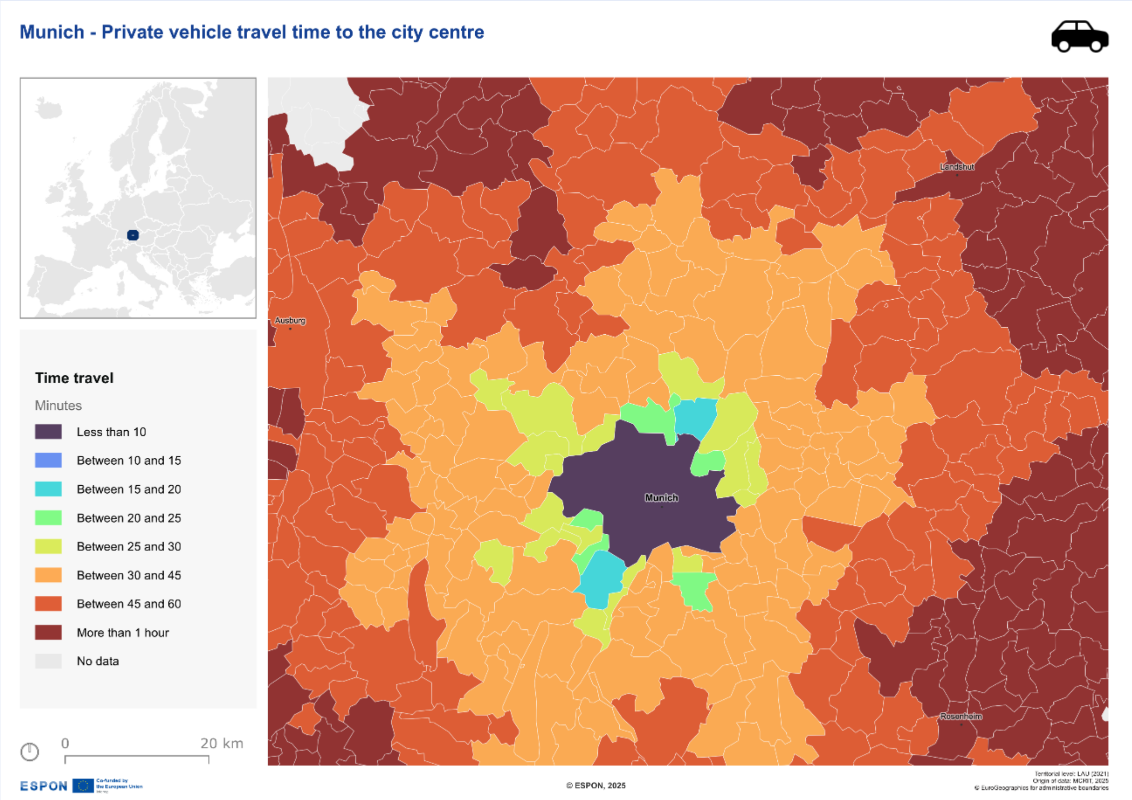

Figure 21: Private Vehicle Travel Time (HOUSE4ALL 2025)

4.1.2 Rising prices and housing pressure

Munich is well known for having Germany's most acute housing shortage. Vacancy rates remain below 0.6% and new construction has consistently failed to meet demand. Between 2000 and 2021, population growth in Munich far outstripped new housing completions, producing a supply shortage (Landeshauptstadt München 2023a). Between 2005 and 2020, rents and purchase prices grew faster than in any other major German city (Rink & Egner 2021). Subsidized housing is scarce and has even declined as a share of the total stock, dropping by almost 8% between 2011 and 2017. This can at least partly be attributed to the sale of the GBW (Gemeinnützige Bayrische Wohnungsgesellschaft) to recapitalize Bayern LB, a bank mainly owned by the Free State of Bavaria that ran into financial difficulties during the 2008 financial crisis. This sale of 33,000 social housing units led to a massive privatization of social housing in 2013.

Municipal housing companies provide some affordable units, but are hampered by the same barriers to housing provision as the private developers who dominate the market. Restrictive zoning and high land costs are a key factor, causing the Munich region to sprawl out at a lower density than other major German metropolitan areas (Landeshauptstadt München 2017).

Households priced out of central locations relocate to suburban and peripheral areas, compensating for lack of housing with longer and longer commutes. Other academic studies on commuting patterns in Munich conform significant displacement towards outer municipalities (Kinigadner et al. 2016). This trend reinforces car dependence and congestion, straining regional transport systems.

The graphs below show development of housing prices in Bavaria over the last decade. While the Bavarian consumer price index shows that the general increase in consumer prices has been around 30% since 2012, rents have increase by nearly 80% in the same period while sales prices have more than doubled in the same period. Sales prices peaked during the COVID-19 pandemic and have since relaxed somewhat but are now growing again.

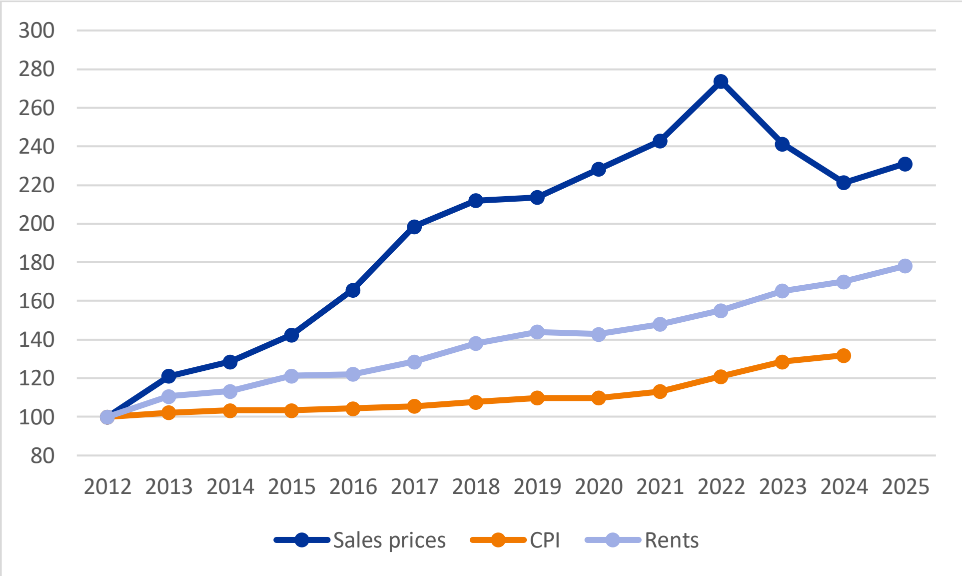

Figure 22: Development of rents, prices and CPI since 2013 (Own depiction based on data from Bayerisches Landesamt für Statistik, Statista)

4.1.3 Population growth and housing stock development

Munich's growth in recent decades has been rapid, outpacing even the broader trend of population growth in urban centers. In 2000, the City of Munich's population was still 1.2 million, but by 2025 population had increased by a third to 1.6 million. Some of the fastest growth took place between 2010 and 2017, when the population increased by approximately 13%. Growth in housing stock did not follow this population growth as closely.

In 2024, Munich's entire housing stock consisted of 842,907 housing units. In the decade prior, Munich's development of new housing stock fluctuated between 6,500 and 8,300 new flats per year. From 2010 to 2017, as the population increased by 13%, the total number of housing units increased by less than 6%, intensifying the shortage and causing chronically low vacancy. Population growth was dampened somewhat by the COVID19 pandemic. Since 2017, the total number of housing units was able to keep step with population growth for the first time in decades. This does not necessarily indicate that demand is being met, however, since increasing prices and strong demand from more affluent households can push other households out.

The graph below shows the growth of population and housing units in the City of Munich, indexed to 2000:

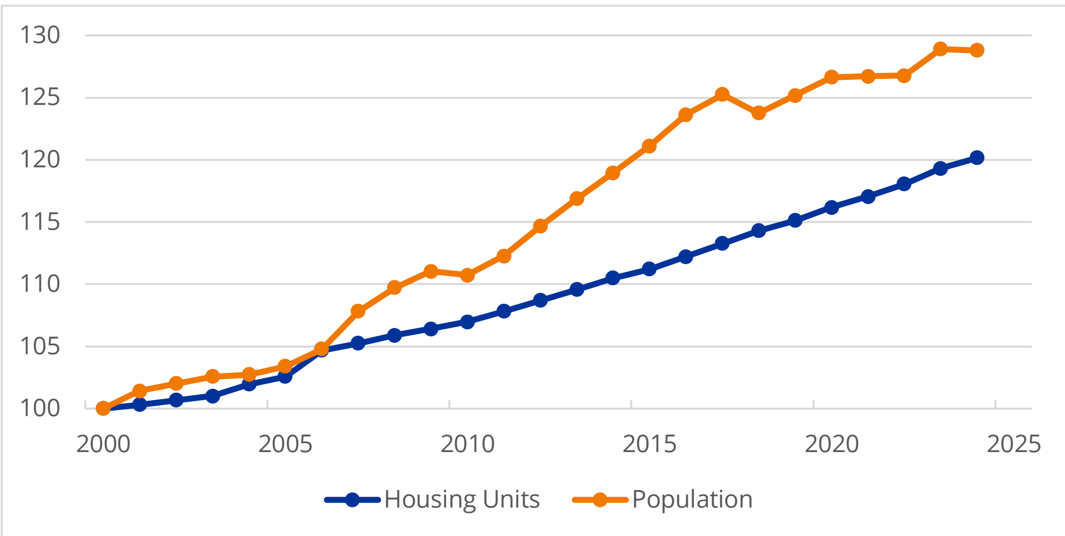

Figure 23: Growth in Population and Total Housing Units since 2000 (Own depiction, based on data from Landeshauptstadt München, Statistisches Amt 2023a)

4.1.4 Other factors

In addition to the gap between population increase and new housing construction, a host of other factors have contributed to Munich's housing shortage. Many are national or global issues, such as demographic shifts leading to more and smaller households. Financialization of the housing market has also been cited as a factor. In Munich however, financialization hardly plays out via short-term rentals, since it is not as dominated by tourism and has an extremely low vacancy rate. The lack of a large public housing sector is also a contributing factor, especially for people with lower incomes.

4.1.5 Land use restrictions

„Es gibt keine Umlandgemeinde, die heute noch sagt: ‚Hurra, wir bauen 2000 Wohnungen mit bezahlbarem Wohnraum'."

"There is no surrounding community that still says today: 'Hurray, we are building 2,000 affordable apartments.'"

The Munich metropolitan region is characterized by relatively low densities compared to other major European metropolitan areas, a phenomenon driven by local land-use policies. A 2022 study by the Planungsverband Äußerer Wirtschaftsraum München (PV) on reserve building land showed that the bulk of available housing land reserves lie in surrounding districts on the edge of the metropolitan region rather than in the centre, where commuting distances are shorter. Approximately two-thirds of new housing potential in the surrounding districts lies within 1–2 km of rail stations, but this does not necessarily mean that all these rail lines have capacity, are well-connected, or easily accessed by local transit. The share varies widely, from 89% in Landkreis München to only 38% in rural Landkreis Erding. While planners emphasize "transit-oriented" development, in practice a significant portion of growth is being pushed to the periphery, in municipalities that historically build at lower densities.

The study went to estimate the amount of housing that could realistically be built if all developable land was built out at existing permitted densities. The study proposed a conservative model in which half of available building land was successfully mobilized and projected that 180,000 additional housing units could be built, enough to accommodate projected population growth until 2040. Most of this growth would be in the form of low-density development outside the metropolitan centre, however, taking the region further away from its sustainable development goals (Planungsverband Äußerer Wirtschaftsraum München, 2020).

The City of Munich's Stadtentwicklungsplan (STEP 2040) also prioritizes the preservation of green wedges and open landscapes. This is a sensible policy from the city's perspective, but also means that inner-city expansion will be limited, and growth pressure will likely continue to be redirected outward to the metropolitan fringe. Local land-use policies in the surrounding municipalities reinforce the likelihood of a low-density development pattern: many prefer low-rise, detached housing typologies and are reluctant to accept denser projects or affordable housing, which they fear would overburden their infrastructure. The combined effect is that Munich remains less dense than other European city-regions, with a development model that channels population growth into peripheral municipalities at relatively low intensity, reinforcing urban sprawl rather than compact growth. The resulting "spatial mismatch" is discussed later under policy implications.

4.1.6 Impacts to outlying areas

"Alles, was urban ist, findet schon lange in der Region statt."

"Everything that is urban has long been happening in the region."

The housing shortage in the City of Munich has clear regional spillover effects, both economic and demographic. As prices in the core city have risen, demand has shifted outward, driving up costs in previously more affordable suburban and peripheral markets. The result is that price pressure spreads into the periphery, eroding affordability across the entire metropolitan region rather than remaining contained within the city. STEP 2040 also acknowledges that "housing shortages and affordability pressures are not only a problem of the city but increasingly affect the surrounding region," highlighting the interdependence of core and hinterland (STEP 2040).

Evidence also points to demographic shifts in who is moving where. Families and middle-income households, unable to afford central Munich, are relocating to suburban municipalities and even more rural districts, seeking single-family homes or lower rents. At the same time, many of these outlying municipalities struggle with the infrastructure costs of absorbing new residents, especially for childcare, schools, and local services (Planungsverband Äußerer Wirtschaftsraum München, 2020). Within the city, smaller and more expensive apartments increasingly cater to higher-income singles and couples, while lower-income groups are effectively being pushed further out. This dynamic reinforces spatial inequalities: affordability problems are no longer limited to Munich itself but are becoming a metropolitan-wide phenomenon, with even once peripheral and rural areas experiencing rising prices due to spillover demand from the urban core. The enormous geographic extent of Munich's influence on prices can be seen in the maps below.

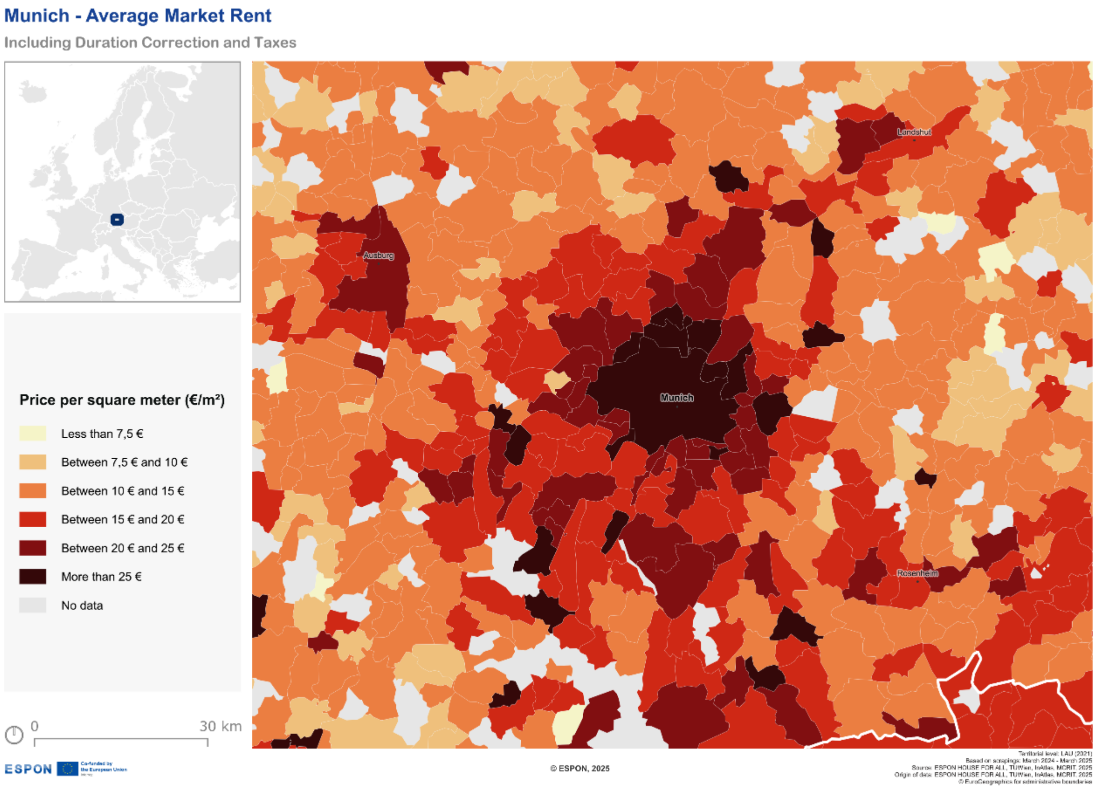

Figure 24: Average Market Rent (HOUSE4ALL 2025)

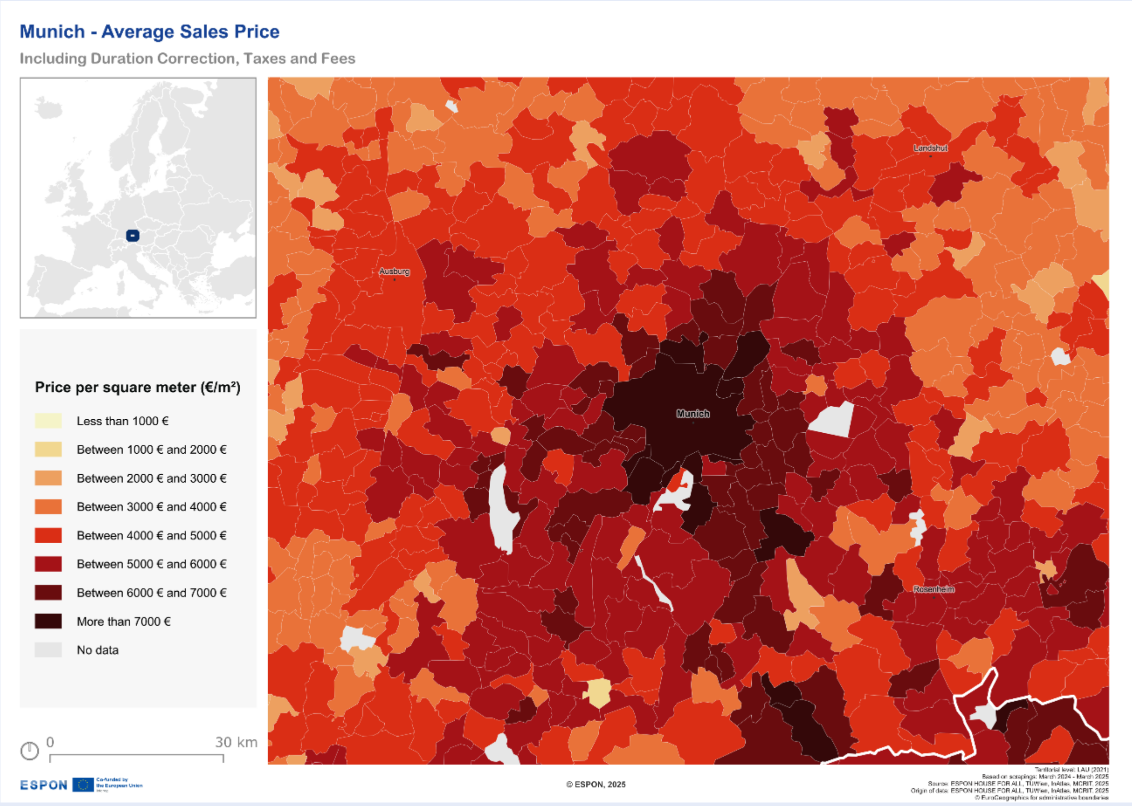

Figure 25: Average Sales Price (HOUSE4ALL 2025)

4.2 Regional Governance and Cooperation on Housing Issues

Munich has a variety of regional agencies taking on plans and projects related to housing. Many are voluntary and organized horizontally by municipalities rather than being imposed from above. To understand how these institutions function and why they take on the projects that they do, it is important to first understand a principle which governs local land use in Bavaria.

4.2.1 Kommunale Planungshoheit

"Es gibt keine Vorgaben, was die Schaffung von Wohnraum anbelangt ... jeder macht das, was er für richtig hält"

"There are no guidelines regarding the creation of housing ... everyone does what they think is right."

„... diese kommunale Planungshoheit wird im Prinzip in Bayern extrem hoch gehandelt und fast als heilig."

"... this municipal planning authority is, in principle, held in extremely high regard in Bavaria and is almost considered sacred."

A central feature of Bavaria's planning framework is the *kommunale Planungshoheit* or local planning sovereignty. This concept is rooted in Bavarian legal culture, protected by law, and politically sensitive. It means that municipalities retain extensive control over land use and zoning. While regional plans can propose broad development goals such as calling on cities to protect green land or encourage compact development, localities retain complete control at the moment when housing is approved for construction or land is zoned for development. Higher levels of government cannot mandate housing production or enforce housing targets that would require a local government to approve or deny a particular development (Regionaler Planungsverband München, 2019). Officials interviewed for this report stressed the importance of local planning sovereignty and strong resistance to assigning housing targets or requiring localities to approve new housing.

The consequence of this principle is that, while housing demand and supply interact at the regional level, control over this supply is concentrated at the local level. Regional institutions such as those discussed below act as coordinators and advisors, bringing together localities to discuss issues of mutual interest. They are not able to make and enforce real plans at a regional level, however. This leads to the spatial mismatch described later in this report, in which localities make land use decisions that match the interests of their voters and officials rather than regional goals.

4.2.2 Planning at the state level

In contrast to Hamburg or Berlin, which function as their own federal states, Munich operates on district level. This makes it more dependent in its housing policies on cooperation with the overarching federal state. In contrast to the historically social democratic governed Munich, Bavaria is a large and historically conservative state, but it does engage in state-level planning, producing a *Landesentwicklungsprogramm* or LEP, a document setting goals and standards for planning in Bavaria. It does not contain any detailed provisions on housing affordability, but does emphasize sustainable and compact settlement development. The program calls for new building land designations to match projected demographic needs (Art. 3.1.1). It also prioritizes land-conserving settlement forms, like encouraging redevelopment and densification before greenfield development. It also states that residential areas should be built near existing or planned public transport and service infrastructure (Art. 3.1.2–3.2). Green land and landscape is important in Munich – one interviewer discussed the Bavarian identity and its close association with landscape. In line with this, the LEP mandates regional plans designate green buffers to avoid sprawl and the unstructured merging of settlements (Art. 3.1.3). Ultimately, while all these goals must be respected in regional and local plans, the law only states that these goals be considered in planning decisions, not decisive. In practice, municipalities have wide autonomy when it comes to planning. The LEP provides orientation rather than enforcement of any provisions that would go against local preferences. The lack of specific mechanisms means that, if municipalities prefer low-density residential or prioritize commercial zoning, the state cannot force compliance.

4.2.3 Regional entities addressing housing

Regionalplanungsverband (Regional planning association)

“Es gibt keine Rechtsgrundlagen für die regionalen Planungsverbände, solche Dinge festzulegen”

“There is no legal basis for regional planning associations to determine such matters.”

The *Regionaler Planungsverband München* (RPV)—or Regional Planning Association—is responsible for coordinating spatial development across the metropolitan area.

The *Regionaler Planungsverband München* (RPV)—or Regional Planning Association—is responsible for coordinating spatial development across the metropolitan area.The Regional Planning Association is established by lawand covers the majority of the city’s functional area. Besides the City of Munich, 185 municipalities in eight surrounding districts are included in the association.

The primary planning tool of the RPV is the *Regionalplan*, a legally binding framework that sets goals and principles for topics like ideal settlement locations, mobility projects, protection of green land, and regional economic development. The plan emphasizes numerous planning goals, including sustainable regional development and balancing economic growth with ecological protection (Regionaler Planungsverband München 2019). While the RPV sets a regional vision and provides strategic guidance to localities, it has no power to directly influence municipal land-use decisions. The plan may call for certain areas to be preserved and identify others for settlement expansion, but the decision to implement these measures remains the domain of local governments.

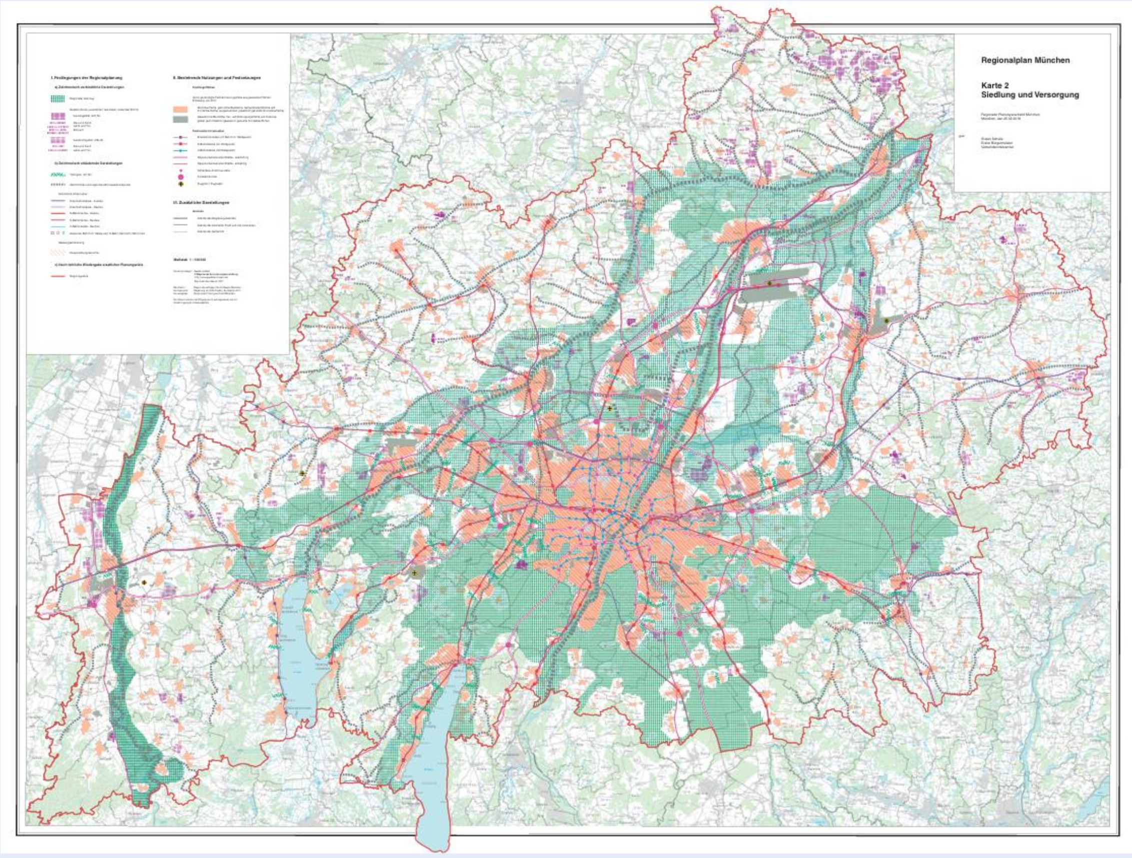

Figure 26: Regional Plan for Munich

The Regionalplan München outlines key objectives for settlement development. It calls for compact, integrated structures that strengthen the existing radial transport system while avoiding sprawl between rail corridors. Tangential connections are to be improved in order to relieve pressure on the monocentric transport hub in Munich. At the same time, the plan stresses the importance of safeguarding open space and ecological corridors, which are seen as essential for both environmental sustainability and regional identity. Regarding housing, the Regionalplan explicitly recognizes the acute affordability problem in the metropolitan area. It requires that in developments of more than 50 units, quotas of subsidized or price-damped housing must be included—through mechanisms such as Einheimischenmodelle or the city's Sozialgerechte Bodennutzung (Sobon) (Regionaler Planungsverband München 2019).

Despite these provisions, the Regionalplan's impact on actual housing outcomes remains limited. Implementation depends entirely on municipalities, which are free to interpret or downplay regional goals in their own zoning and development decisions. In practice, municipalities with strong transport access sometimes resist growth, while others expand in less suitable locations. As one planner explained, the plan can "sensibilisieren" but not compel local governments. This creates a patchwork of development patterns that does not align with the Regionalplan's vision of balanced, transit-oriented growth.

Nevertheless, the RPV and its Regionalplan play a crucial role in framing the debate. By articulating shared challenges—such as the risk of social segregation if affordable housing is not expanded—the plan provides a reference point for municipalities and for informal cooperative efforts like the Wohnungsbaukonferenz. Even if its instruments are weak, the Regionalplan continues to define what sustainable settlement patterns should look like in the Munich region, offering a long-term vision against which local decisions can be measured.

Metropolregion München (Metropolitan Region Munich)

Munich is defined by the German government as a metropolitan region. Local governments in this region form a voluntary association known as the Europäische Metropolregion München (EMM e.V.). Members include municipalities, districts, businesses, chambers, and other institutions. It produces regional plans, but has no statutory planning powers. Instead, it is a network that promotes cooperation and discussion of goals in fields such as housing, mobility, and economic development. Formal land-use planning responsibilities remain with the

RPV, but the EMM complements these actors by offering a forum for discussions and projects that strengthen political will and cooperation.

The EMM is significantly larger than the RPV. While the Munich planning region covers the City of Munich and eight additional districts, the EMM covers 25 districts, covering much of southern Bavaria and the majority of Munich's functional area.

The largest core members of the Metropolregion remain constant. But because the association is voluntary, many smaller members join or leave the association based on local elections. This inhibits more substantive cooperation, since the EMM is unable to make decisions that local governments object to and cannot always accurately foresee which localities will be involved at a future date. This further illustrates the independence with which localities operate in Munich.

Regionalplanungsverband Äußerer Wirtschaftsraum München (Regional planning association of the outer economic zone)

The Planungsverband Äußerer Wirtschaftsraum München (PV) is another voluntary inter-municipal planning association that extends beyond the Munich planning region overseen by the RPV. The PV is made up of around 300 municipalities in 15 districts. Like many other regional institutions in Munich, its function is advisory rather than regulatory: it provides municipalities with planning expertise, prepares local land-use plans, and conducts studies on regional development. A central focus of its recent work has been on housing. The PV regularly surveys housing land reserves—land that is designated as buildable—and projects the true development potential of this land. In addition, it issues practical guidance for municipalities on tools to secure affordable housing — including local policies on affordability such as the Sozialegerechte Bodennutzung discussed later. While the PV does not set binding land-use rules, it does help equip municipalities across the wider metropolitan area with the knowledge and instruments needed to enact housing policy.

Wohnungsbaukonferenz (Housing Development Conference)

While it is not a formal governing body, the Regionale Wohnungsbaukonferenz (housing development conference) is perhaps the most important forum for cooperation on issues related to Munich's housing shortage. The conference is an annual event whose success led by the City of Munich, which provides staffing and funding for it. Different surrounding localities also contribute funds and host the conference periodically.

The conference was first convened in 2013 and institutionalized in 2014, when the City launched a new regional cooperation strategy (Landeshauptstadt München 2023b). Organized annually, the conference brings together municipalities, districts, housing actors, civil society, and researchers from across the metropolitan area. Leaders use the conference to build consensus and coordinate strategies for affordable housing and supporting infrastructure.

The conference has become a central venue for inter-municipal dialogue on the housing crisis in the Munich region. Its practical functions include knowledge exchange, discussion of best practices, and trust building between the City of Munich and its surrounding municipalities. The Wohnungsbaukonferenz shines especially when it comes to knowledge transfer and projects that require provide mutual benefit for localities. The City of Munich is significantly larger than all other localities in the region and has more complex institutional knowledge. The City has used the conference to share this knowledge with surrounding governments, helping them to set up programs for affordability that are more legally complex than what their staff would have achieved on their own.

Historically, Munich and its suburbs viewed one another with skepticism. But since the arrival of Munich's new mayor Dieter Reiter in 2014, Munich has focused significant energy on outreach to neighbouring localities, addressing them at "eye level." This has built trust for concrete cooperative projects. Interviewees noted growing positive sentiment towards regional cooperation, with localities expressing more interest and willingness to advocate for one another and for the region at the federal level. Nonetheless, these cooperative projects are still limited to areas where all localities can benefit. When good regional governance means making decisions that are not ideal for certain local governments, but that benefit the region as a whole, the conference is less effective.

4.2.4 Institutional Map

Figure 27: Institutional Map Munich (own depiction)

4.3 Fundamental Problems and Policy Responses

To understand why local governments and regional plans are ineffective at addressing Munich's housing shortage, one must understand the structure of planning authority in the region and the local and regional incentives at play. This includes financial incentives as well as political disagreements.

4.3.1 Structural barriers to regional coordination

„Also da gibt es hunderte von kleinen Königen im Land und deswegen ist natürlich regionale Flächennutzungsplanung im Wesentlichen gar nicht erwünscht."

"So there are hundreds of little kings in the country, and that's why regional land use planning is essentially undesirable."

Regional cooperation around housing in the Munich metropolitan area faces persistent barriers, many of which stem from the local planning sovereignty. Several intervieweess noted that while the Regionaler Planungsverband (RPV) and Planungsverband Äußerer Wirtschaftsraum München (PV) provide studies and guidelines, they cannot compel municipalities to release land or build housing. In the end, these decisions are made based on localities' interests, which do not align with the goal of alleviating the region's housing shortage. Local councils and mayors are bound by political and economic concerns, resulting in a patchwork of local decisions that do not match regional settlement programs. Municipalities are especially prone to resisting densification and social housing, even when regional plans identify such needs. Interviewees emphasized that regional documents such as the Regionalplan or PV housing studies provide important background knowledge but have limited effect on actual zoning and construction decisions.

Lines of conflict between localities frequently revolve around the distribution of housing growth and the burdens on government services associated with growth. Wealthier suburban municipalities resist taking on affordable housing projects, preferring to preserve their rural character, favor single family homes built for ownership purposes, and avoid the costs of infrastructure expansion. Meanwhile, the City of Munich struggles with intense pressure to supply housing but is also seeking to preserve green land in areas accessible to residents in the centre of the metropolitan region. The Wohnungsbaukonferenz has helped ease mistrust, yet disagreements persist over how to balance housing development with transport, environmental protection, and fiscal equity. The project *Region ist Solidarität* (Region is Solidarity) sought to test compensation mechanisms between municipalities so that the financial burden of housing expansion could be more equitable shared. Its findings revealed how difficult it is to move from dialogue to practical redistribution (Landeshauptstadt München 2023b). While regional plans and conferences set agendas and highlight shared challenges, their practical influence is limited, and conflicts between municipalities — especially over affordable housing and land release — remain a defining obstacle to coordinated regional action.

4.3.2 Spatial mismatch and the politics of growth

"Es gibt einfach Kommunen, die wollen nicht wachsen, sind aber gut erschlossen ... und die, die wachsen wollen, liegen ganz woanders"

"There are simply municipalities that do not want to grow, but are well connected ... and those that want to grow are located elsewhere."

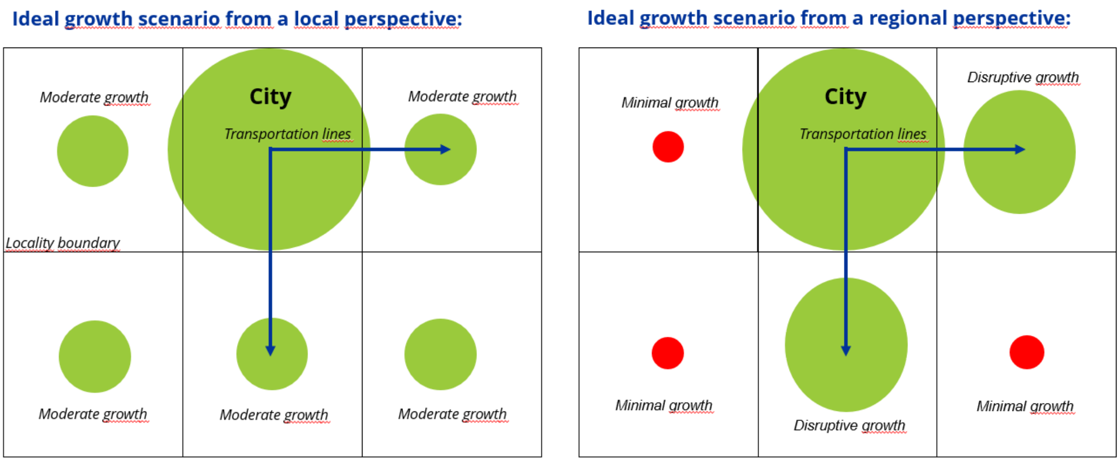

Figure 28: Ideal growth versus regional growth (own depiction)

Metropolitan regions can grow in a variety of patterns, each with a distinct geography of advantages and disadvantages. Actual growth patterns are determined by a combination of economic pressure and public policy. If that policy is determined exclusively by local governments, the pattern of growth will be an amalgamation of ideal growth patterns from across numerous localities. These do not necessarily match the ideal growth pattern from a regional perspective.

Interviewees noted that local governments largely want to contain growth to a moderate level within their boundaries. Residents are accustomed to the existing and historic character of their towns and villages and those who move do so because they like the character of the place they moved to. There is rarely local support for dramatic growth in a locality. Many localities in the Munich region are facing enormous economic pressure and are identified as ideal locations for growth in regional plans, but they wish to avoid disruptive change that could alter or replace the existing community. Other localities are not within the zone where growth is in high demand, but they want to ensure some growth as this brings economic vitality to the locality. The result is that most localities, regardless of whether they are near the centre of the metropolitan region or outside of it completely, want to see some moderate growth.

Regional plans tend to call for exactly the opposite. For residents living and working in the region, the ideal growth pattern provides more housing in places where people want to live and where they can easily access the rest of the region. This growth should be located near transportation nodes that help to minimize travel distances, saving energy and open space and helping people access more of what the region has to offer. Other localities at the edge of the metropolitan region should be preserved in order to maintain open space buffers, preserve farmland, and reduce automobile dependency.

Munich's growth pattern follows naturally from its policy of local autonomy in land use decisions. There is significant open space and less densification in central municipalities where demand is highest. Meanwhile, localities further out offer more building land and accept some additional growth even if they are not well-connected. This spatial mismatch is the key to understanding Munich's housing shortage and the low-density expansion of the Munich region.

4.3.3 Housing doesn't pay

"Most of the time, it's about designating large, large commercial areas because that promises commercial tax revenue."

"Municipalities depend heavily on commercial tax, so they naturally have to make sure they attract businesses, which often aren't even that suitable."

"Simply the costs that municipalities incur when they build apartments... For smaller municipalities, the issue is that they build 100 or 200 apartments and need five new kindergartens or something like that – where are they supposed to get the money for that? Then nobody really wants it."

A central theme in the interviews was the financial disincentive for municipalities to prioritize housing development. Local governments in Bavaria benefit significantly from business taxes and shares of income tax, while residential development mostly means new costs for infrastructure and services. While some additional tax comes with new residential development, it isn't proportional to the new services required. This structural imbalance drives municipalities to compete aggressively for commercial and industrial uses while avoiding new residential areas. Industrial areas promise long-term business tax revenue and require comparatively less infrastructure since they bring no citizens with needs. New housing developments do just the opposite. They force municipalities to finance a wide variety of infrastructure and services, such as schools, kindergartens, roads, public transport links, utilities, and quality of life programs. As a result, residential construction is widely perceived as a money-losing proposition at the local level.

This dynamic is reinforced by inter-municipal competition. Each municipality seeks to attract commercial tax bases within its borders, leading to a proliferation of commercial and industrial areas, sometimes in suboptimal locations. Interviewees stressed that even municipalities sympathetic to the housing needs of the region often hesitate to allocate land for housing because it strains their budgets. Empirical evidence supports this assessment: studies for the Munich metropolitan region highlight that municipalities outside the core city have more actively expanded commercial areas than residential ones, following fiscal incentives in the current tax system (Landeshauptstadt München 2023b, 2024).

Addressing this misalignment has been a recurrent topic in the region. The Wohnungsbaukonferenz sought to test models for inter-municipal fiscal equalization so that localities in the region could share the burdens of affordable housing development and benefits of other types development more fairly (Landeshauptstadt München 2023b). The findings showed that, while instruments for redistribution exist in principle, municipalities were reluctant to implement them voluntarily. Policy experts and planning documents suggest several potential remedies, such as strengthening regional associations that can pool resources and jointly acquire land (Landeshauptstadt München 2025b) or expanding state and federal housing subsidies to offset municipal costs of social housing (Planungsverband Äußerer Wirtschaftsraum München 2025).

Ultimately, the financial calculus matters to local governments. Local leaders are elected to improve the lives of their residents, which means providing them with better services in exchange for less tax money. If the incentives in the tax system push localities towards solutions, they will follow those incentives. Without political reforms to distribute costs and benefits more evenly, municipalities will continue to see housing as a burden rather than an investment and will do what is in the best interest of their voters, rather than the best interests of the region.

4.3.4 Policy responses

Sozialgerechte Bodennutzung (socially just land use)

One of the key policy innovations successfully expanded in Munich is the *Sozialgerechte Bodennutzung*, often abbreviated as "SoBoN", meaning socially just land use. SoBoN was developed by the City of Munich in the 1990s to require affordable housing and infrastructure contributions from new developments. Under SoBoN, private landowners or developers who are given building rights by the city must enter into a public contract with the city, in which they commit to provide a share of social housing and make contributions to schools, childcare, green space, and transport. Sometimes they are also required to cede land for public use. The policy is regularly updated, most recently in 2021. The Planungsverband Äußerer Wirtschaftsraum München (PV) has also produced guidance for municipalities on how to apply SoBoN-style agreements, especially in the context of affordable housing production (Planungsverband Äußerer Wirtschaftsraum München 2020).

The Regionale Wohnungsbaukonferenz played a crucial role in knowledge sharing about SoBoN. Through the conference, Munich has been able to showcase its SoBoN practice and share information on legal implementation with smaller localities who are less likely to have the specialized personnel to be able to develop such a policy (Landeshauptstadt München 2025b). Many smaller municipalities in the region look to Munich's model when negotiating with private developers. The Wohnungsbaukonferenz has thus helped to level the playing field between small municipalities and investors by sharing contractual tools and expertise from larger municipalities.

SoBoN is an effective tool for helping to mitigate the fiscal costs of development for local governments and make them more favorable to residential construction. But it does not fundamentally resolve the fiscal incentive problem. Municipalities still worry about the ongoing costs of schools and infrastructure, which are not fully offset by SoBoN agreements. Moreover, SoBoN provides affordable housing through what is essentially a form of inclusionary zoning, passing the costs onto new market rate development. Research shows that inclusionary zoning can be successful at providing some affordable units when local governments are unwilling to fund them, but it also raises the cost of market rate units, further deepening the underlying housing shortage (Planungsverband Äußerer Wirtschaftsraum München 2020). Thus, while SoBoN has been a powerful tool for securing affordable housing in Munich and is increasingly used in the surrounding region, it cannot by itself solve Munich's housing woes.

Regional attempts to address housing

Several more innovative policy proposals for dealing with regional housing issues have come out of the Regionale Wohnungsbaukonferenz (RWK). One of these is the *Zweckverband* or intermunicipal special purpose association. This association would engage in real financial redistribution, obligating members to make contributions and receive payouts based on their progress towards affordable housing goals and costs associated with providing more housing. The City reports ongoing work toward regional revenue sharing, but the politics of such an association are difficult.

There are numerous cooperative efforts to improve mobility in the region and connect mobility with housing development. Members of the conference chartered a bus to take officials to Berlin to lobby for transportation upgrades in the region and developed a regional transportation concept tying settlement areas to traffic planning across the region.

Another regional project is the Metropolregion München's proposal for mobility-led regional development, *Räume der Mobilität* (Europäische Metropolregion München). In November 2023, an intermunicipal corporation, the IBA, was founded, with Munich, Augsburg, Ingolstadt, Landkreise München & Freising, and the EMM e.V. as shareholders. This corporation's purpose is to serve as a forum for ideas and through cooperation with the private sector, develop and present spatial projects that align transportation and land use, including taking a distinctly regional approach to identifying new settlement areas.

Munich's city development plan, called STEP 2040, also takes a regional perspective: addressing Munich's plac in achieving regional goals including green corridors, transit-oriented growth, and exploring a cross-regional transit authority.

What is common to all of these projects is that they are opportunities for municipalities to cooperate on projects that provide some mutual benefit. The strong independence of local governments means that regional governance must be deliberative and entrepreneurial. It cannot work directly through mandates or enforce larger goals. There are numerous opportunities for this kind of cooperation, especially when it comes to knowledge sharing, as well as transportation and infrastructure investment, but the stubborn problem of providing housing remains.

4.4 Conclusion

The Munich case illustrates how housing affordability is not just a concern for core cities, where housing prices are highest, but a regional challenge that touches all localities within commuting distance. Bavaria's governance structures and fiscal incentives contribute to its uneven development pattern and determine what is possible at a regional level. The City of Munich has implemented policies and plans, such as SoBoN and the STEP 2040, which frame housing and land use within broader strategies of regional cooperation. Localities across the region have also come together in the Wohnungsbaukonferenz to build political will, share knowledge, and advocate for each other. Yet, these tools all exist in an environment where municipal planning sovereignty is decisive, and where most local governments prefer moderate, incremental growth. This makes it difficult to address the mismatch between regional demand and local political choices.

A key element of Munich's regional housing shortage is the financial incentives faced by localities. Bavaria's tax structure makes commercial and industrial development more attractive than housing—especially affordable housing—which is perceived as costly due to the need for new services and infrastructure. There are regional efforts to share revenue and address this issue, but these are all voluntary and thus remain politically fragile. Meanwhile, rising housing costs in Munich continue to spill outward, making even suburban and rural areas increasingly unaffordable. Families and middle-income households move to the periphery, stretching local services and contributing to inefficient and environmentally costly land use.

In the Bavarian context, it is unlikely that any kind of enforceable regional land use planning will be implemented in the near future. Interviewees felt this was both politically untenable and likely to backfire in the face of deeply-rooted ideas about local land use planning. In the more immediate future, progress in Munich will likely have to come from continued negotiation and strengthening of inter-municipal agreements to share costs and benefits of housing production.

A more ambitious but realistic task for the state government would be the reform of the financial incentives faced by localities. This includes more fairly distributing the easy money from commercial and industrial areas, which in reality draw their employees and customers from across the region. It also means stronger state funding for public services that are required when localities allow the construction of new denser housing.

Housing affordability cannot be solved at the city scale alone. Regional cooperation mechanisms can provide important platforms for knowledge exchange and agenda-setting, but without stronger reforms, municipalities cannot be expected to prioritize regional goals over their fiscal and political self-interest. The result is a paradoxical region: with significant land reserves and potential for densification to cover projected growth, but locked into fragmented governance and perverse incentives that prevent those reserves from being mobilized effectively. Munich's experience shows that tackling affordability requires not just technical planning solutions, but also a sense that housing is a shared regional responsibility requiring political alignment across municipalities and appropriate funding streams.

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5 Salzburg

5.1 Context: The Salzburg Region and its Housing Market

5.1.1 The Salzburg region

Salzburg is the name of both a federal state and a city in central Austria on the German border. In this report, the federal state will be referred to as "Land Salzburg" and the city as "the City of Salzburg" or "Stadt Salzburg."

Size and shape

Salzburg is a city of 158.317 people. It is the centre of a larger functional region whose boundaries are not fixed and whose population is thus harder to estimate. The urban region within Austria is estimated to have a population of nearly 350,000, but numerous municipalities on the German side of the border also function as part of the Salzburg region's economic and housing market.

Major commuting lines

There is significant commuting along the major highway and rail lines, particularly to the south towards Hallein, across the German border to Freilassing, and northwest to towns in the Land Salzburg and Oberösterreich (Upper Austria).

By both car and train, commuters can reach the center of Salzburg in a half hour from as far away as Traunstein, Berchtesgaden and Bad Reichenhall in Germany; from Kuchl, Straßwalchen and Lamprechtshausen in the Land Salzburg.

Salzburg economy

Salzburg has higher incomes than other regions in Austria as well as the country's highest district GDP per capita, at €65,400 (Statistik Austria 2023). Its economy is a mix of services, tourism and manufacturing. While its economy is less dominated by individual employers than some other industrialized areas, it does have several large private employers, including Porsche and Red Bull.

Salzburg is a major tourism destination in central Europe, recording over 3 million registered overnight stays in 2024 (Magistrat der Stadt Salzburg 2024). In addition to being a vital component of the region's jobs and tax base, the effects of tourism spill over into the housing market as well, as locals must compete with the premiums that can be generated through short term rental of apartments. The city's Altstadt (historic city center) is a UNESCO World Heritage site, with strict building controls and limited opportunities for redevelopment or densification, further complicating the issue of housing supply in the city's most sought after zones.

5.1.2 The Salzburg Housing Market

Background

"We were always absolutely at the front when it comes to prices."

Salzburg has long had some of the highest land and housing prices in Austria. In the last two decades, these have risen significantly. Although its affordability crisis is not as acute as nearby Munich or Switzerland, Salzburg housing remains unaffordable for a significant portion of its population.

Affordability and availability of subsidized housing

"The priority is to increase the proportion of social housing, especially rental apartments. Salzburg has a big gap in this area compared to cities like Linz."

A 2021 study by SIR, the Salzburger Institut für Raumordnung und Wohnen, found that market price housing listings were unattainable for at least one fourth of the population of Salzburg (Lüftenegger et al. 2021). The city's share of subsidized housing remains low in comparison to other Austrian cities, however. In the surrounding region, the situation is more complicated and influenced by the strong preference of residents and voters for single family homes. Surrounding localities also have minimal subsidized housing options. This means that as pressure builds in the city centre, middle income residents may be able to move further away in order to find housing, but low-income residents have few options but to continue vying for the limited supply of subsidized units in the city.

General factors behind rising prices

Population growth

The drivers of the housing shortage in Salzburg are similar to most other major cities. Population growth is the most obvious and important factor, though it is perhaps less important than in other major cost-burdened cities. Since 2004, the City of Salzburg's population has grown by 9.2%. During the same period, the Salzburg-Umgebung district surrounding the city has grown by 15.7% (Statistik Austria 2025). Growth from 2004 to 2014 was concentrated in the surrounding district, but the City began growing rapidly again after 2014. While this growth rate is enough to push prices up significantly if no new housing is constructed, it is relatively mild in comparison to other major cities with rapidly rising prices. The population of Vienna, by comparison, grew 24.5% over the same period.

Demographic shifts

Another key shift driving price increases is the ongoing change in household size and composition. As the population ages and age at first marriage and childbirth continue to rise, the number of one- or two-person households has risen starkly. This is particularly relevant in Salzburg due to the large average size of units in the city and surrounding region. For many residents, the price of housing per square meter is affordable, but those square meters are not arranged in configurations that meet their needs, leading them to bid up the price of the limited number of units available. Single-person households are disproportionately affected by affordability concerns in Salzburg (Lüftenegger et al. 2021).

Cost of building land

Many localities sense a growing housing crisis, and buildable lots are in short supply. In the Salzburg-Umgebung district immediately surrounding Salzburg, which includes its nearest and most urban suburbs, 87.4% of all residential buildings have only one or two units, higher than the percentage in Austria as a whole (Statistik Austria 2025). The 2021 SIR report noted this as a significant barrier to relieving housing pressure in the city (Lüftenegger et al. 2021). Salzburg has the highest building lot prices of any major city in Austria. These costs are a significant driver of the cost of newly built housing.

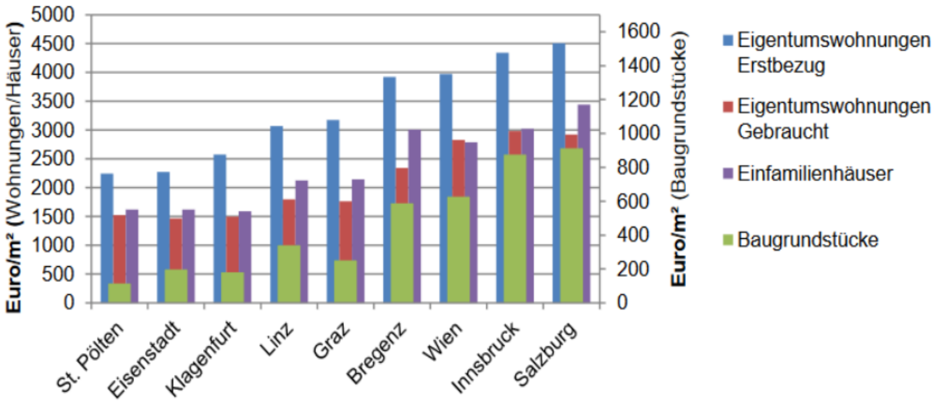

Figure 29: Prices for purchase of new housing (*apartments (Eigentumswohnung Erstbezug), existing apartments (Eigentumswohnungen Gebraucht), single-family homes*

(Einfamilienhäuser), and building lots (Baugrundstücke) (Van-Hametner et al. 2019) based on data from WKO (2002-2019))

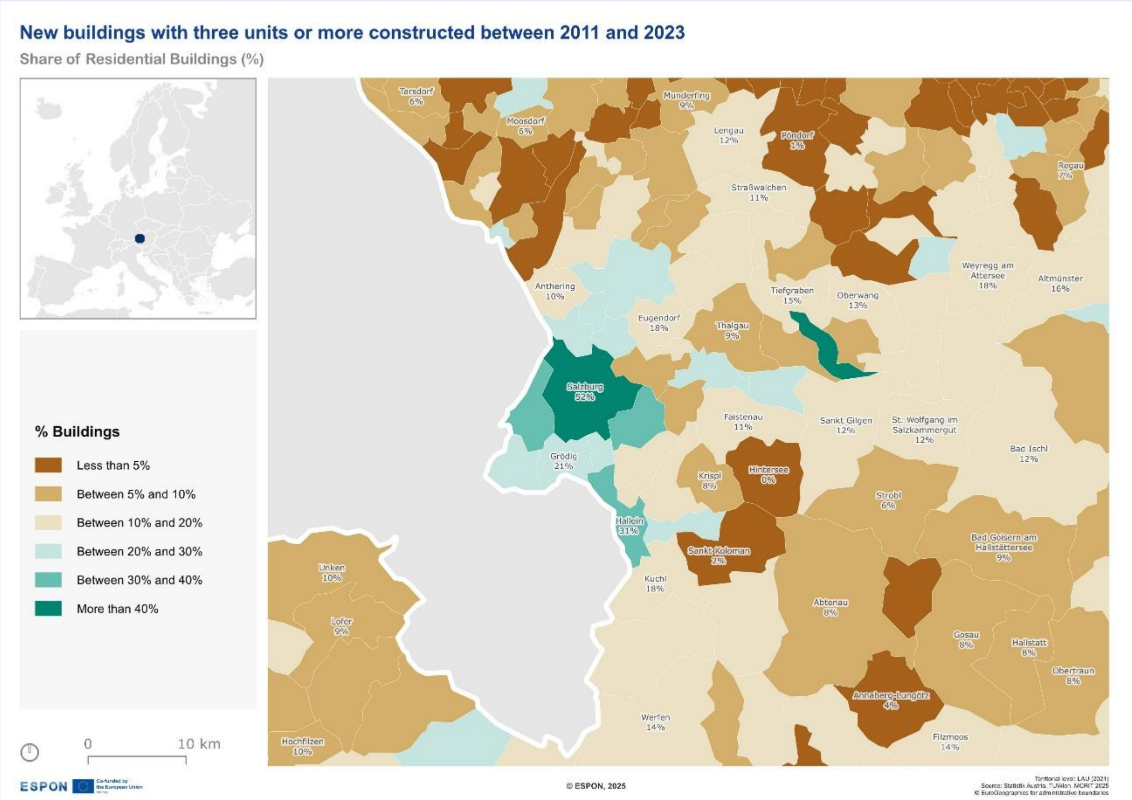

Figure 30: New Residential Buildings (Sielker et al. 2025a)

Opposition to density

"Salzburg still has the challenge to face that they are a large city and have to allow project developments on a scale appropriate to this circumstance. In Salzburg, buildings a third storey are still a topic of debate."

"The fact is that townhouses and detached houses are still being approved around the city on land that is actually too valuable."

In the face of high land costs and opposition to new land take, multi-family buildings are the most affordable way to provide significant new housing, but many of the surrounding localities are strongly opposed to constructing this form of housing. Even the City of Salzburg continues to have a higher proportion of single-family homes than other similarly sized cities in Austria. The stark difference in land consumption and housing provision can be seen in the graph below. While a relatively low percentage of new residential buildings contain 3- or more units, those that do get built account for the majority of new units provided, even in the surrounding districts. The chart below shows the total number of new units constructed over this period in the City of Salzburg, the Salzburg-Umgebung district and the Hallein District (to the south of Salzburg).

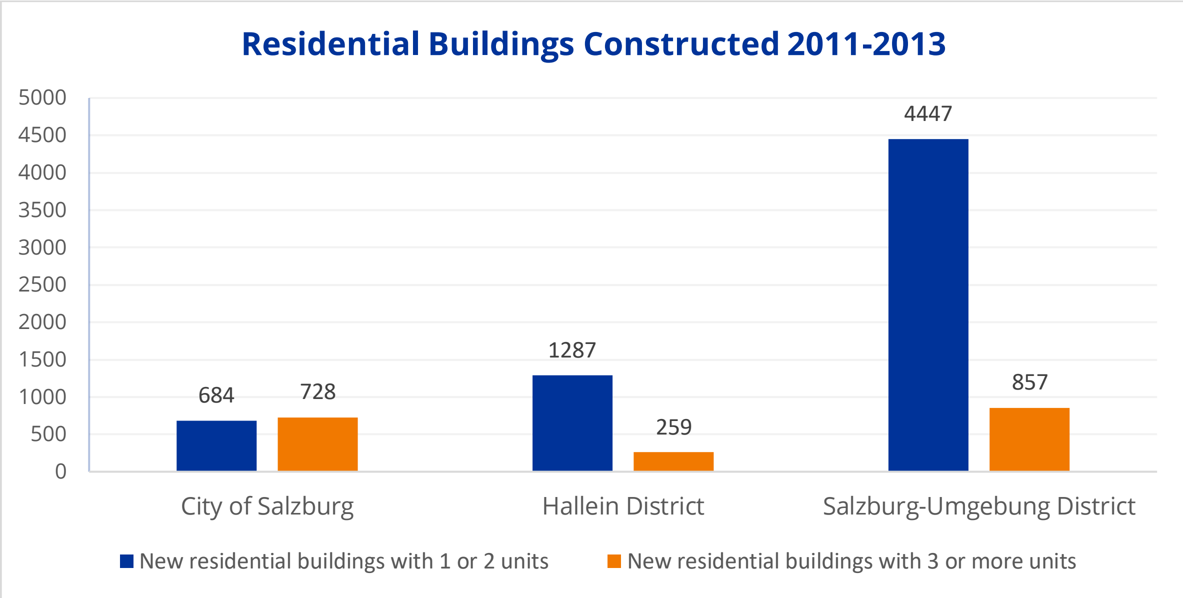

Figure 31: Residential Buildings constructed (Own Depiction based on data from Statistik Austria 2025)

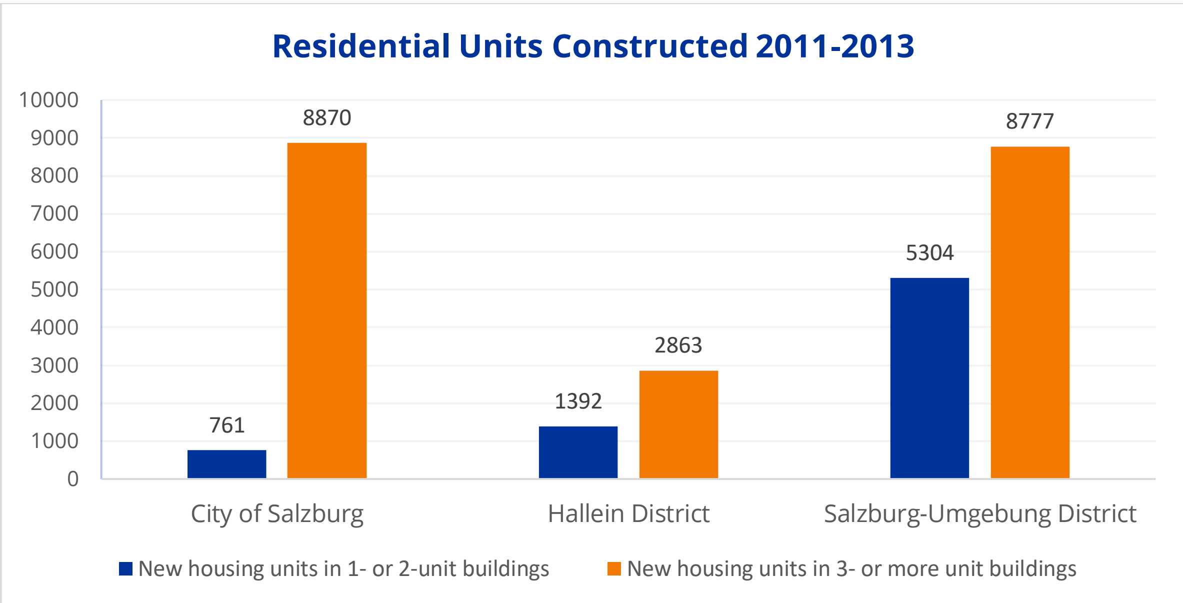

Figure 32: Residential Units constructed (Own Depiction based on data from Statistik Austria 2025)

Financialization and vacancy of existing units

"In Salzburg, the property market is not only driven by demand from people who want to make Salzburg their home, but also by the fact that a large proportion of flats were built, especially between 2008 and 2018, as investment properties. These are flats that are also rented out, but where the primary interest is not to rent them out or to live in them."

Mobilization of existing housing stock also remains an issue. After the 2008 financial crisis, ownership prices in Salzburg began rising significantly faster than rent prices, as real estate in Salzburg became increasingly attractive as an investment or for use for second homes (Van-Hametner, 2023). Salzburg and the surrounding districts continue to have a higher vacancy rate than other cities in Austria and a higher presence of secondary residences (Van-Hametner et al. 2019). The city has enacted stricter regulations for short-term rentals, as well as a vacancy tax to discourage owners from holding unused housing. These measures remain relatively weak, however, with city officials noting that the cost of paying the vacancy tax does not greatly alter the much larger costs of carrying an empty apartment.

Although this is a notable issue in Salzburg and one that inspires significant political conflict, city officials believe it is only a contributing factor and not the primary driver of the crisis. Good data is difficult to come by, but City officials stated that they have conducted several thorough studies of the vacancy situation and concluded that around 6-8% of units in Salzburg are likely vacant. This is higher than the percentage which would be expected from turnover and renovations under normal market conditions, but not high enough to bring dramatic relief if successfully mobilized.

Increasing consumption and building costs

"One has to realise that the housing market is an incredibly slow system."

Other factors include increased consumption of living space, especially after the COVID-19 pandemic, as well as higher building costs. Due to the pandemic, many people now desire a larger living area. Increasing incomes have also led to expectations of higher housing consumption, with the average number of square meters per person rising steadily since the Second World War.

Building prices also remain stubbornly high in Salzburg in comparison to other areas of Austria. While the exact cause is unclear, existing studies point to the high quality standards, long approval processes and lack of competition in the building market.

5.1.3 Land use restrictions

Limitation of Bauland

In the Austrian planning system, agricultural land is converted to "Bauland" or building land via administrative process, at which point zoning rules are defined and recorded. In the 1990s, the City of Salzburg and its surrounding localities had a significant oversupply of building land. For years, landowners had pushed to convert their property to building land simply to improve its value and keep their options open in the future.

In this period, the Land Salzburg adopted and began implementing the South Tyrolean contractual planning system, a unique system which restricted Bauland to 10 years of projected need. Land would only be converted to Bauland if the owner could show that they reasonably intended to develop the property and to do so, they were required to enter into contracts dedicating 50% of the property to subsidized rental housing. If they failed to build after a certain period, the land would revert back to being agricultural.

The implementation of this new system at first caused a wave of construction projects as landowners looked to capitalize on their building land before the new system took effect. This in turn reduced prices. However, the long-term effect of the policy was to significantly decrease the available building land – from 350 to 100 hectares in the City of Salzburg. After an Austrian court struck down the new law in 1999, the situation became more complex and landowners became more cautious about entering into building contracts. Those who held building land were also more cautious about developing it, causing a significant supply constraint just as the city began to grow from a wave of international immigration.

There is still a system of development contracts, which the city largely uses to gain concessions for affordable housing. There are also unused development entitlements allowing for private sector construction, but the situation remains complex and administrators and political actors are faced with significant uncertainty regarding the law (Kanonier, et. al 2018).

Protection of undeveloped land

"One of the few truly mandatory aspects of the regional programme is the green belt. However, the green belt established by the regional association is only as good as the areas contributed by the individual municipalities. Yes, the city has once again been a model pupil. We have practically, except for a few percent, contributed all of our grassland to this green belt declaration. Meanwhile, the majority of the surrounding municipalities only contributed land that was not really suitable for development in the long term anyway. In this respect, the city has, so to speak, tied itself extremely strongly, while the surrounding municipalities have retained a great deal of leeway."

Reacting to the sprawl of the 1990s, the regional land use plan called for a green belt cutting across the cities. This land protection ordinance became one of the only truly binding elements of the regional plan and continues to affect development patterns today.

However, localities had a strong say in what land was committed for preservation. Salzburg's progressive political orientation led it to commit nearly all of its unbuilt land to the Greenbelt. Citizens have consistently voted to further entrench these protections, making alterations to the current land preservation scheme politically untenable in the city. Meanwhile, the more conservative surrounding localities were much more hesitant to dedicate land for preservation.

This further contributed to a spatial mismatch problem in the region. In the city itself, close to transportation and services, there is significant preserved green land. Meanwhile, in more distant localities where regional plans call for growth to be limited, there remains significant developable land.

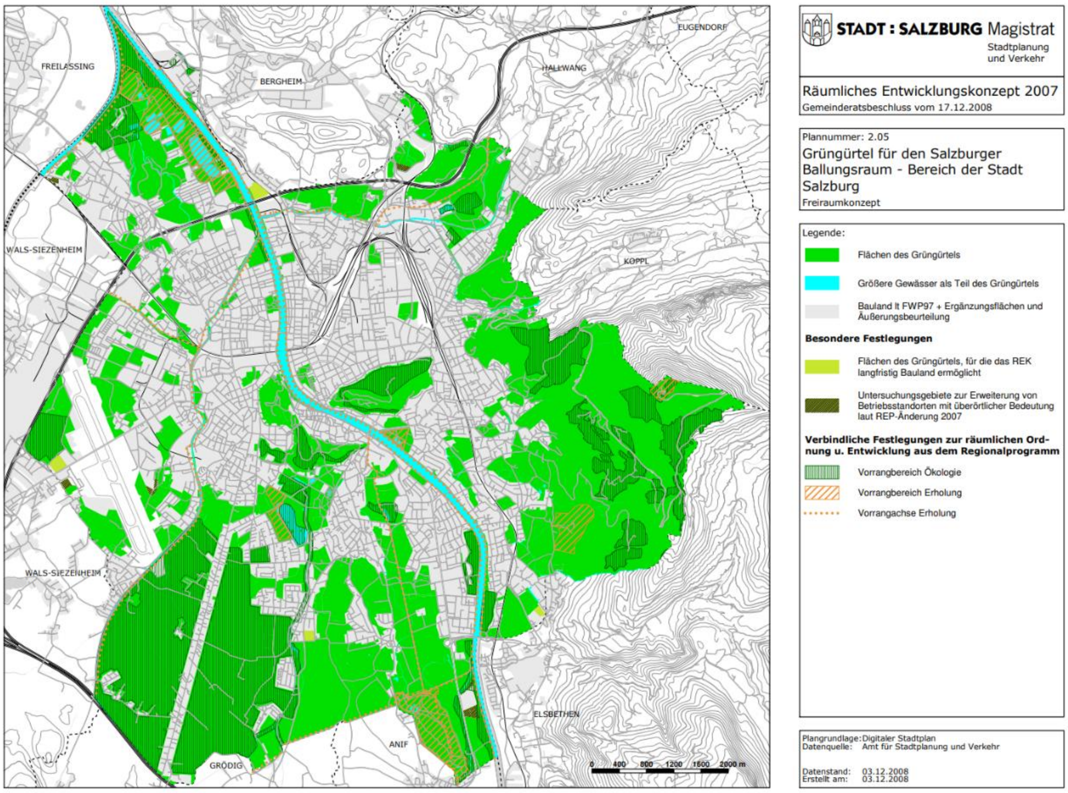

Figure 33: Greenbelt land in Salzburg City (Stadt Salzburg)

5.1.4 Regional effects of Salzburg's housing market

Increasing prices in neighbouring localities, although they resisted agglomeration and growth

'The municipalities around the city of Salzburg have very little interest in providing subsidised, affordable rental housing.'

In the past, many neighbouring localities saw housing affordability as a city problem. But while the City of Salzburg remains the focal point of the regional housing market, outlying cities continue to see prices increase based on distance to the City of Salzburg. The following maps show prices per square meter for housing listed for rent and purchase. These maps were generated through web scraping of online listings as part of the ESPON House4All program.

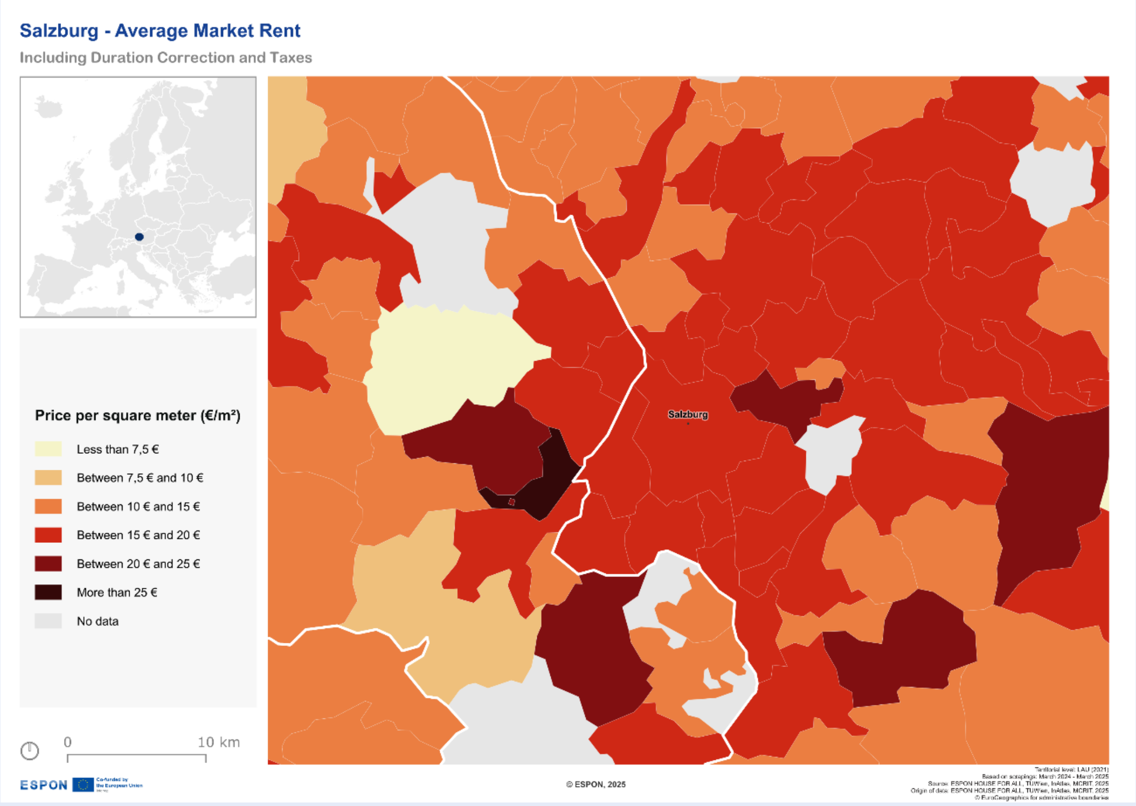

Figure 34: Average Market Rent (HOUSE4ALL 2025)

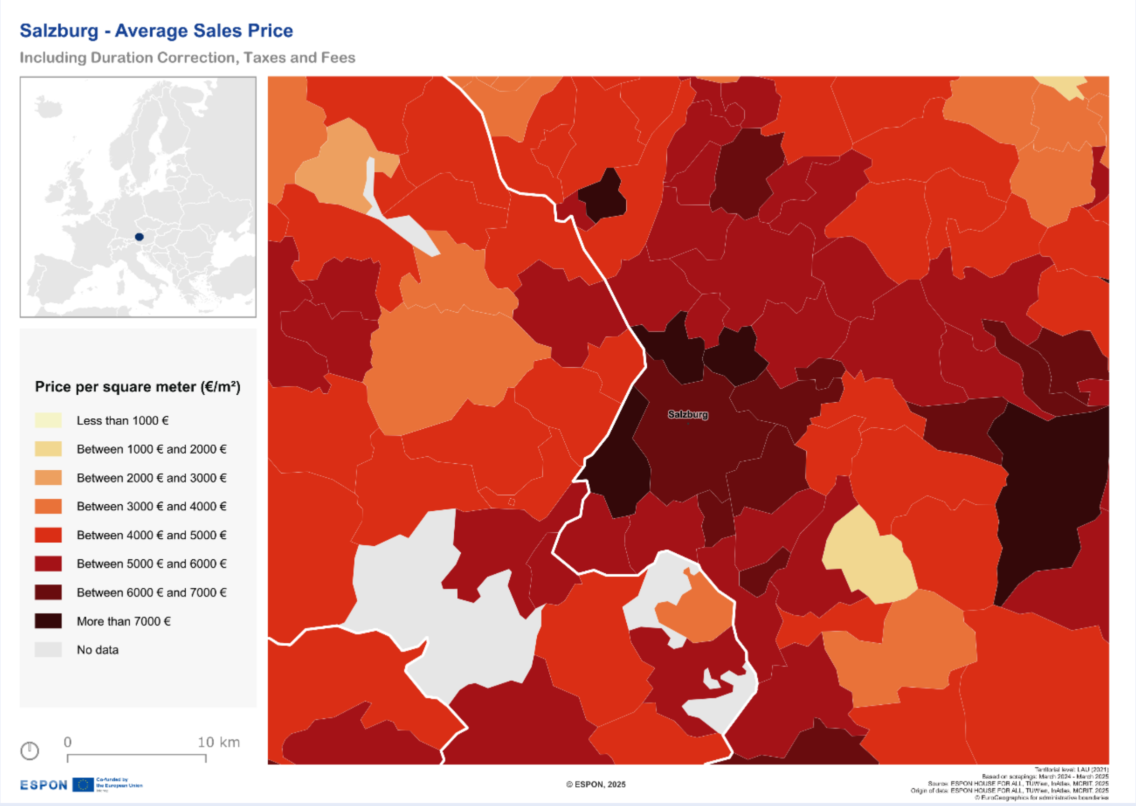

Figure 35: Average Sales Price (HOUSE4ALL 2025)

The highest prices can be seen in the localities directly adjacent to the City, especially those in the Salzburg-Umgebung district. High rents are also visible in several smaller localities on the periphery with water or mountain access, though these prices are likely to be influenced by smaller sample sizes.

Proximity to Salzburg matters. For drivers commuting into Salzburg, the available areas within 30 minutes of travel time are shown in the map below.

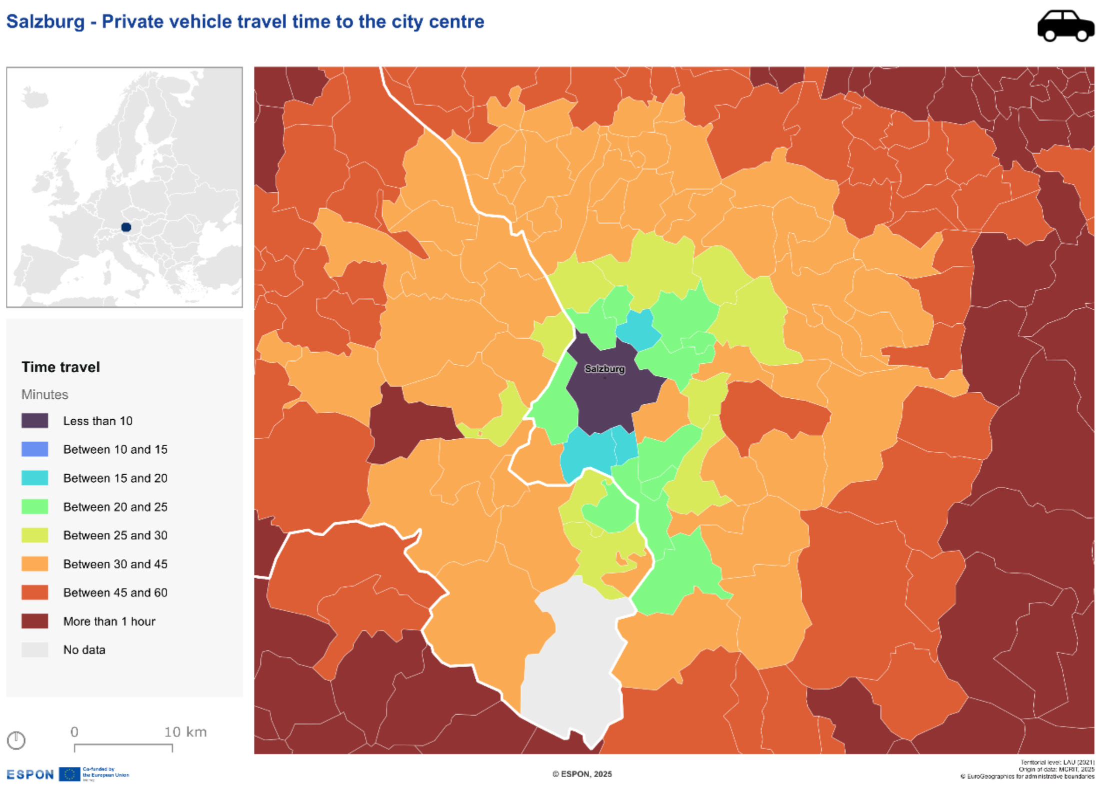

Figure 36: Private Vehicle Travel Time (HOUSE4ALL 2025)

Who is moving where?

'Middle-aged people, between 25 and 55, especially those with children, are moving to the countryside.'

'I think young people are moving away from the region in large numbers, going to Vienna, Graz or even further away, and I think for families it's mainly the region, broadly speaking, which extends as far as Upper Austria and Wels.'

The demographic distribution of residents in the Salzburg region is relatively stable compared to other faster growing regions. Some notable changes can be observed, however. The map of population growth since 2008 shows a growth rate close to or slightly higher than the 10% population growth rate of Austria as a whole over this period. Significantly faster growth can be seen in many outlying areas, however, which absorbed new residents as prices increased in areas closer to the city. This is particularly the case in the villages further north and south along the train lines in the direction of Hallein.

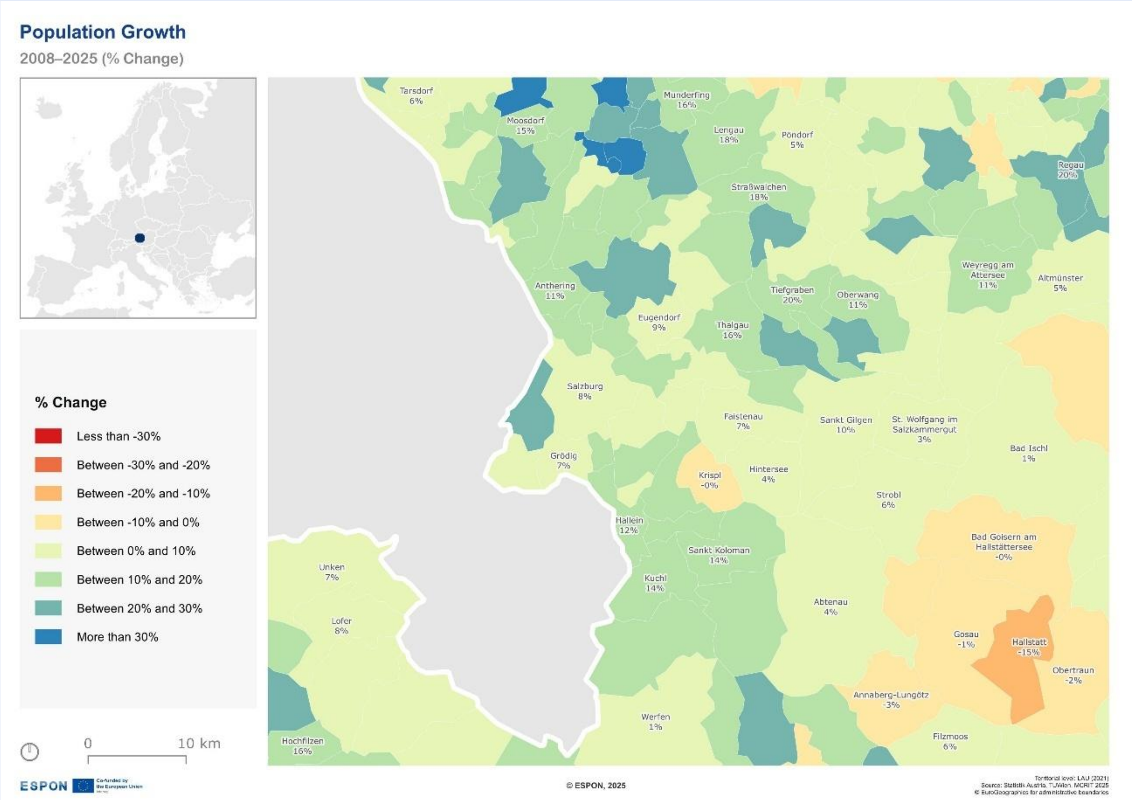

Figure 37: Population Growth (HOUSE4ALL 2025)

Below are the total new housing units constructed over this period. As the largest population center, Salzburg City naturally has the highest number of new units completed, but several other municipalities experienced significant construction during this period, including many of the northeastern and southern suburbs along the major transportation lines.

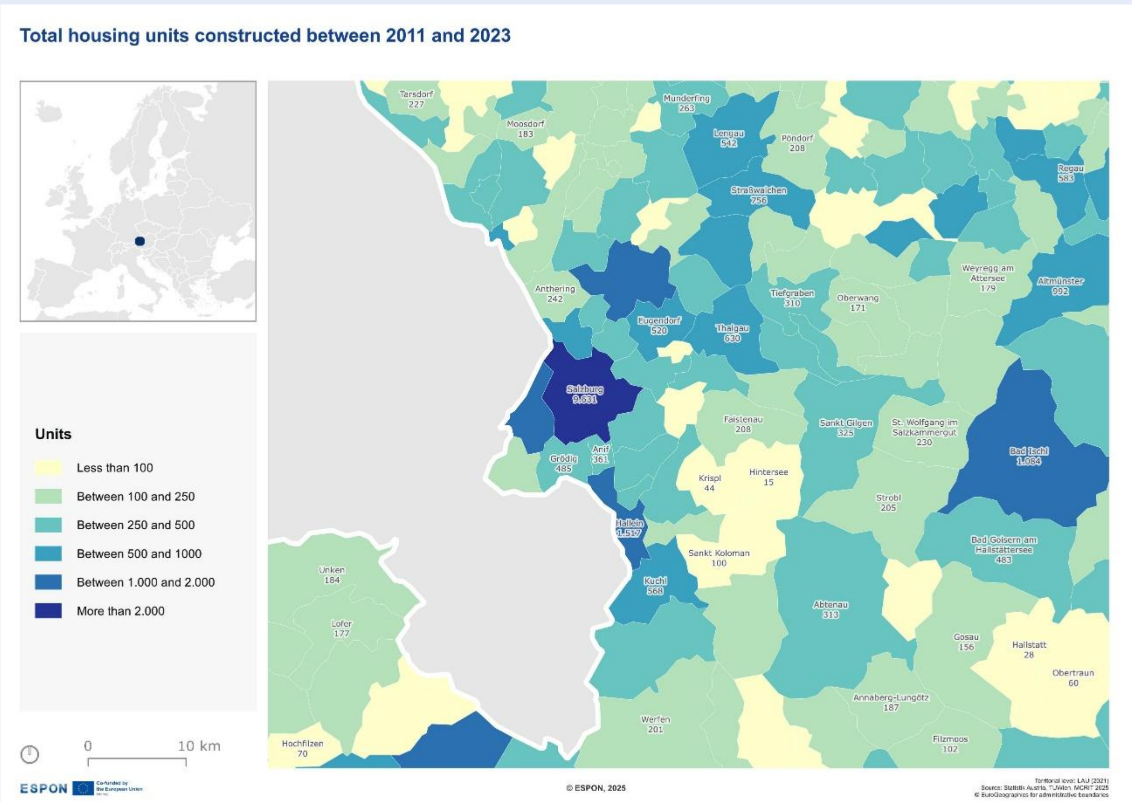

Figure 38: Housing Units constructed (HOUSE4ALL 2025)

An interesting pattern can also be seen in the change in percentage of residents completing tertiary education. This includes all those who graduated with a bachelor's degree equivalent or higher. Residents with higher levels of educational attainment are generally concentrated in urban areas with more complex economies, as shown in the map below.

The next map shows the change in this percentage from 2011 to 2023. During this period, many of the localities in the region, depicted here in yellow, experienced an increase close to increase in the percentage of all Austrians with a bachelor's-equivalent higher educational degree. But several outlying rural areas can be seen experiencing much higher increases, including municipalities to the south around Kuchl and some to the east and north, that formerly had quite low educational attainment numbers. This suggests that these formerly rural economies added primarily more highly educated workers during this time period.

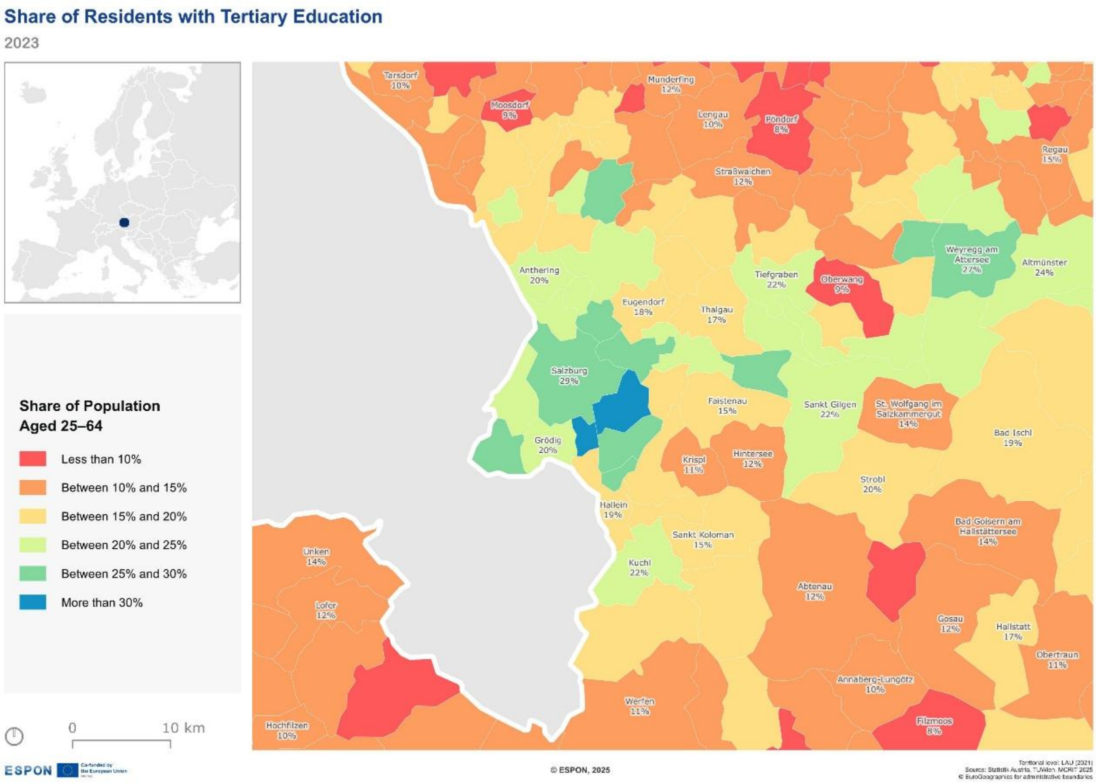

Figure 39: Residents with tertiary education (own depiction)

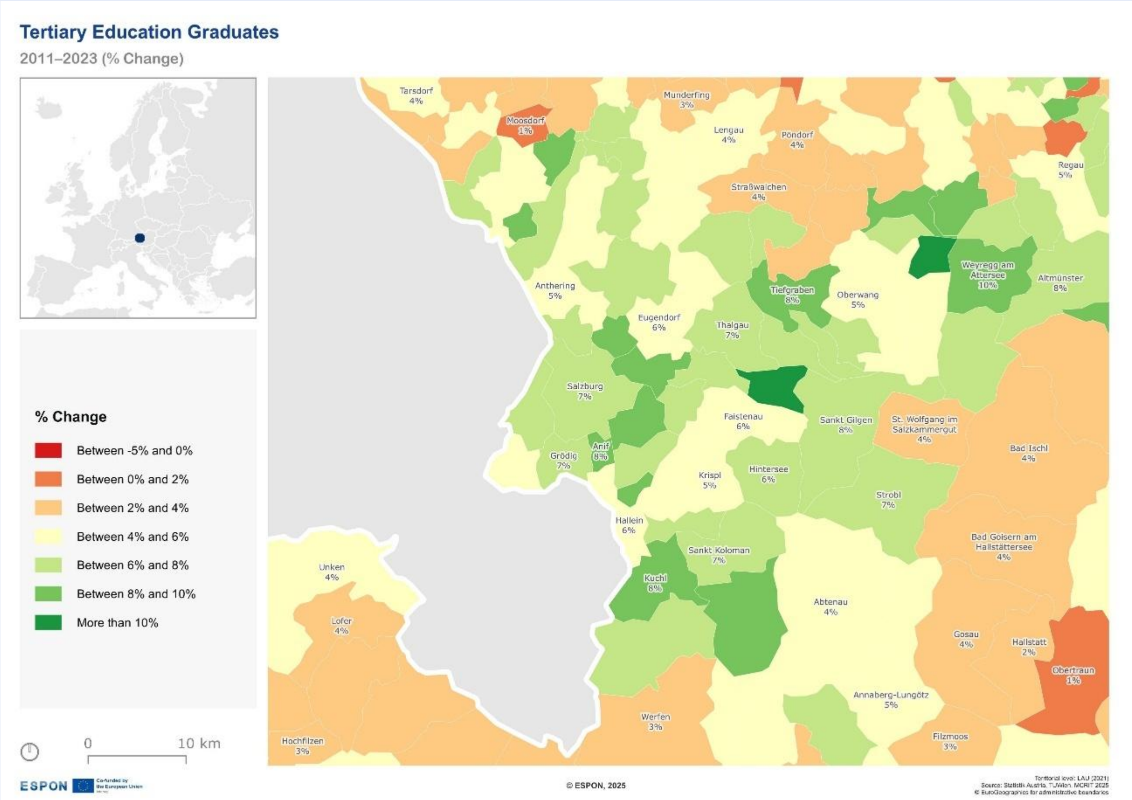

Figure 40: Change in Residents with tertiary education (own depiction)

Anecdotally, interviewees felt that Salzburg gains university students but does not retain them after graduation. There is a notable decrease in residents in Salzburg of prime working age, who are presumably also driving development in some surrounding areas. These are residents who are more likely to have children and higher space demands, which is increasingly untenable in Salzburg. Salzburg is not large enough to offer as many opportunities as major nearby cities like Munich or Vienna, but housing is just as difficult to obtain, making it challenging for the city to build up a population of young professionals like other major cities.

Commuting a significant issue between surrounding region

Commuting flows are significant from the surrounding region into Salzburg, which absorbs nearly 55,000 commuters per day from its Austrian suburbs. While these numbers have grown somewhat in recent years, the effect is not dramatic. The number of inbound commuters has increased approximately 6% since 2011.

In 1995, Austria entered the EU, making commuting between Germany and Salzburg easier. Exact statistics are lacking, but localities can derive estimates based on how many of their residents have Austrian citizenship or are insured by Austrian healthcare companies. In Freilassing, directly adjacent to the City of Salzburg, an estimated 14-18% of residents have Austrian citizenship, and a similar percentage are likely commuting to work on the Austrian side of the border. This number has grown in recent years as the localities on the German side remain less expensive than those in Austria.

5.2 Regional Governance and Cooperation on Housing Issues

5.2.1 Evolution of regional housing governance in Salzburg

In 1995, Austria joined the European Union, easing the path for commuters across the German border. Rapid development was taking place and numerous significant spatial development issues, especially expansion of transportation lines and industrial areas around the Salzburg airport, required complex and asymmetrical decisions about land use.

Peter Weichhart described regional cooperation in Salzburg in the 1990s as a “worst-case scenario.” He wrote: “Competition among the municipalities is enormously high, and there are no signs of cooperation, not even to some extent, with regards to locational decision-making. Each municipality aims to maximize profits by establishing new businesses for its own communal budget." (Weichhart 2005;97). Weichhart went on to articulate the basic problem of regional governance: "one of the major problems of the planning system arises from the fact that the functional region of the Metropolitan Area does not coincide with the `region perceived'. In other words: The mental maps of the area in the heads of the population and policy-makers do not include the pattern of cross-border spatial structures. Regional identity does not embrace the entire nodal region because discourses inducing the development of space-related identities still refer only to parts of the region." (Weichhart 2005:101).

In the coming years, the federal state of Salzburg would significantly overhaul its spatial planning system, implementing in the process a variety of mandatory cooperation measures for local governments. Many of these changes were successful and resulted in significantly improved regional cooperation on issues like transportation and economic development. Within Austria, Salzburg was cited as a leader in implementing regional planning during the 1990s. The Austrian Conference on Spatial Planning describes this transformation:

> "The regional associations in place since 1992 in Salzburg that were set up for planning regions are a milestone in Austrian regional planning. The key tasks of the municipal associations include participation in the creation of regional programmes that are passed into law by the Land governments as decrees, the preparation of proposals for local spatial development, and statements of opinion on Land plans. This planning for the concretely defined "regional level" aims to achieve better coordination among the municipalities and has served as a model for other Länder, which also set up regional associations – some much later – and other forms of cooperation among municipalities." (Kanonier, et. al 2018, p. 72)

Despite improvements in many aspects of regional planning, housing remains politically sensitive. While there are attempts to address housing at a regional or state level, local governments retain strong authority to govern the construction and approval of new housing and object strongly to any higher-level plans that could infringe on this authority.

5.2.2 Existing regional entities addressing housing

In the Austrian System, planning and land use are competencies of the federal states. These states, including Land Salzburg, overwhelmingly delegate these powers to local governments. However, there are efforts at coordinating planning on a regional level. These have become more important as the Salzburg area has grown beyond Salzburg's city boundaries.

Land Salzburg

'If you had a committed and politically strong state-planning system that also had a corresponding positive influence on regional planning, then the weaknesses of our system could certainly be levelled out and improved a little.'

The Land Salzburg provides a key opportunity for regional planning, as its borders encompass much of the City of Salzburg's functional area. At approximately 560,000 people, Land Salzburg is also not dramatically larger than the city's functional area. Because it is invested with full competence in planning and land use, state-level planning should be able to fulfill many of the functions that a regional planning entity could serve.

The overlap is not perfect. There are also areas that could be considered part of the City's commuting zone which are not under the control of Land Salzburg, including those in Germany and neighbouring Oberösterreich. A large portion of the southern half of the Land Salzburg also sits well outside of the city's commuting zone and is primarily rural. But the opportunity exists and interviewees expressed a desire for more proactive planning at the Bundesland-level.

The Land Salzburg provides a key opportunity for regional planning, as its borders encompass much of the City of Salzburg's functional area. The overlap is not perfect. There are also areas that could be considered part of the City's commuting zone which are not under the control of Land Salzburg, including those in neighbouring Oberösterreich and in Germany. A large portion of the southern half of the Land Salzburg also sits well outside of the city's commuting zone and is primarily rural, but most of the 560,000 inhabitants of the Land Salzburg live in the functional area of the City of Salzburg. Because it is invested with full competence in planning and land use, state-level planning should be able to fulfill many of the functions that a regional planning entity could serve, and interviewees expressed a desire for more proactive planning at the Bundesland-level.

The federal state's planning office has been significantly cut back in recent decades under the rule of more conservative parties. Today, its function is primarily to evaluate the planning activities and documents of local governments to ensure compliance with state law. This is evidenced by the officials hired by the office, who are more likely to come from careers as attorneys than as planners.

Nonetheless, the Land Salzburg does produce a state-level development plan, the Landesentwicklungsprogramm, most recently published in 2022. The state development plan affirms many traditional planning goals, including matching mobility to land use, calling for more infill development in lieu of sprawl, and advancing energy transition in the region. It makes reference to the difficult affordable housing situation in the City of Salzburg and supports the ongoing provision of subsidized units in the City through the development contracts with private developers that have traditionally been the city's main source of affordable housing. It does not discuss committing significant state-level funds to public housing construction or suggest any enforceable provisions. While goals for spatial planning may come at the state level, local responsibility for the implementation of these goals is repeatedly emphasized.

> 'A major objective of the regional development programme is to address the issue of 'affordable housing' while ensuring that this is achieved through the economical use of resources, i.e. the prudent use of land. This goes hand in hand with a call to the regions and municipalities to make this issue a priority in their future planning activities.'

Regional Associations

The main pillar of Salzburg's mandated regional cooperation is the *Regionalverband* or Regional Association. These larger units of government are "Pflichtverbände," meaning that participation is not voluntary but mandated by the Land Salzburg. They bring together 10-20 local governments who cooperate on a range of local development issues and produce a regional program with guidelines for regional development. The regional associations were implemented by the Land Salzburg in the early 1990s as a major step forward in adopting a regional planning model. These regions remain quite small, however.

Salzburg Stadt und Umgebungsgemeinden

'Our regional association is very small. It basically only consists of the neighbouring municipalities...'

'The housing figures set by the regional association were all very cautiously estimated, and the consequences of not complying with these figures are zero.'

The City of Salzburg belongs to the *Regionalverband Salzburg und Umgebungsgemeinden* (RVS) or Regional Association of Salzburg City and Surrounding Localities. The most recent regional plan approved by the Salzburg RVS is the 2013 "Regionalprogramm".

The RVS exemplifies both the strengths and challenges of the regional association system. It encompasses only 11 municipalities, including the City of Salzburg. Several major Austrian suburbs are in neighbouring regions. It is also static, its boundaries reflecting the extent of regional integration in the 1990s rather than the wider current functional region.

The plan contains several housing-related provisions, which combine quantitative targets with spatial planning instruments. It forecasts a regional housing demand of around 11,200 units, with at least 8,100 to be realized in the city of Salzburg itself. To achieve this, it designates "regionale Vorrangbereiche" (priority areas) for future housing and mixed-use central zones and sets regional settlement boundaries to prevent sprawl. The programme emphasizes densification and the reuse of underutilized sites, with a preference for locating new housing in municipal centres and along defined development axes. It also explicitly calls for an increase in rental housing, particularly in the affordable segment, as a counterbalance to market-driven ownership housing. Measures called for include efficiency in land use, encouraging multi-storey housing, and prioritizing housing construction that serves the needs of the regional population rather than speculative demand (RVS 2013).

The 2013 Regional Program's goals are all in line with planning goals called for by researchers and state-level plans. But these goals remain vague. The most concrete measure regarding housing is the minimum and maximum number of housing units called for in different localities based on their proximity to transit. The presence of housing targets is a major step toward regional land use planning but did not come with enforcement mechanisms.

The most significant enforceable land use measure in the regional plans is the Green Belt (Grüngürtel), which localities are bound to protect from new development. While this is a positive development for regional cooperation on environmental planning, it also limits development planning for new housing.

The region is now engaged in a process of updating the regional program. Draft documents from this process are not yet available, but interviewees suggested that the process had been productive on many fronts, including outreach to neighbouring Bavarian localities. There remains little appetite for cooperation on housing development, however. Rather than becoming more robust, housing targets will likely be left out of the new plan.

Other RPVs

The regional plans produced by other Regional Associations tell a similar story. To the south of the RVS lies the Regionalverband Tennengau (RVT), made up of several significant suburbs including Hallein. The last major newly written regional program was produced in 2002 and set numerical housing targets. Hallein was required to build at least 1,500 new housing units by 2012, while the regional centres of Golling, Kuchl, and Oberalm were limited to a maximum of 35% housing growth. All other Salzach-Tennengau municipalities were capped at 15% housing growth. In addition, density guidelines were introduced, ranging from a floor area ratio of 0.5 in Hallein to 0.4 in the regional centres and 0.3 in smaller municipalities. The program also called for a shift from detached houses towards denser forms of housing such as terraced houses and apartment buildings. It identified the lack of affordable rental housing as a structural weakness.

As in other regional associations, these guidelines carried no concrete enforcement mechanisms. The regional plan was revised in 2020, with the new plan strongly pivoting away from concrete housing guidance. The 2020 Regional Program (including the 2019 update of goals and measures) abandoned all quantitative targets. Instead, it set qualitative goals for compact development, the strengthening of town centres, and greater intermunicipal cooperation, but without concrete guidelines for what this would entail. In line with planning movements in the German-speaking space, the plan advocated for a "region of short distances," in which jobs and everyday needs would be easily accessible from housing. The document also stressed that municipalities should complement rather than compete with one another, and that major location decisions should be coordinated regionally, but again no concrete measures were articulated.

To the east lie municipalities in the Salzburger Seenland Planungsverband. Its most recent regional program was approved in 2004, but a draft 2023 plan is currently under consideration. In the 2004 plan, housing development was discussed, but without detailed numerical housing targets for each municipality. The plan established "Schwerpunkte der Wohnbautätigkeit" (priority zones for housing activity) and regional settlement boundaries to guide where new housing could or could not take place. As in other regional plans, compact settlement patterns are emphasized, as well as landscape protection. However, there were no binding quotas prescribing how many new dwellings individual municipalities had to deliver. Affordable housing was mentioned indirectly, in the sense of identifying deficits in certain housing types and promoting more diverse settlement structures, but the programme did not impose direct obligations on municipalities to reform local housing policy in this regard.

By contrast, the 2023 draft amendment of the Regional Programme introduces explicit housing demand figures for each municipality, projecting needs up to 2037. Based on population forecasts, the ten municipalities together are expected to require about 4,670 additional dwellings by 2037, with detailed breakdowns per municipality (e.g. Straßwalchen +1,001, Seekirchen +991, Obertrum +551, etc.). These figures are benchmarked against the Salzburg Landesentwicklungsprogramm 2022, which calculated a regional housing demand of about 3,700 units, plus a 25% planning buffer. While these numbers serve as guiding values for settlement development, the 2023 plan—like the older one—still does not set legally binding quotas or caps per locality. Instead, it frames them as reference values for aligning zoning, land use, and infrastructure provision. This is nonetheless a notable development as it goes against the trend in the other regional associations, which have stepped away from including housing targets.

EUREGIO

EUREGIO Salzburg - Berchtesgadener Land - Traunstein is a cross-border voluntary association of local and regional governments, trade associations, and economic development organizations. It was born out of the recognition in the 1990s that Salzburg's functional area had outgrown its boundaries, both municipal and national.

EUREGIO remains a small organization employing only a few persons. It undertakes projects using local and European funds and serves as a forum for intercommunal dialogue and goal setting. A wide range of topics are covered in its projects and documents, but housing is generally not one of them. While EUREGIO has shown itself to be capable of engaging in many small-scale cooperative projects, it is not capable of managing a more intensive regional planning process requiring buy-in from local governments. As a voluntary institution, there are also limits to what kind of measures it can call for. EUREGIO projects must show mutual benefit for members and cannot be built around critiques of how member institutions are using their authority.

5.2.3 State of informal cooperation and understanding between local governments

The informal relationships between cities have followed a similarly upward trend, matching the increasing formal cooperation. In previous decades, interviewees and authors note, cooperation was minimal. Inter-municipal interaction was characterized by an attitude of competition or avoidance. Surrounding localities were particularly slow to recognize affordable housing as a shared concern, seeking instead to insulate themselves from new development coming out of the City of Salzburg. This is not economically viable in the long term and interviewees noted a significant change in approach in the last decade, with more localities interested in discussing affordable housing.

5.2.4 Cross-border cooperation

Cross-border cooperation remains difficult. EUREGIO serves as a forum to bring cities together and pursue smaller joint projects, but its capabilities are insufficient to carry out any large regional housing initiatives. A major barrier is the inability to use taxpayer funds from one country on a shared project located in another. Funding would need to flow through much more complicated streams from the Federal government or the EU.

Planning is also complicated by the international border as planning is a competence of the national governments, which then devolve these powers to federal states and local governments. It is not just a matter of legal authority. Even though the German and Austrian planning systems are as similar as any in the EU, they still rest on entirely different bodies of law, are governed by different court decisions, and even use different techical and legal terms. The more substantive regional plans from the Land Salzburg and the Regional Planning Association fail to include German suburbs. Their authority is contained within Austria, leaving little substantive or institutionalized cooperation across the German/Austrian border.

However, informal cooperation or exchange does exist. Freilassing, the most significant German municipality in the Salzburg region, was consulted and included in the development of the current Regional Program. Freilassing's mayor expressed satisfaction with the process and felt that the exchange of information and interests was genuine and helpful. While this is a positive development, it depends on individuals within these organizations and carries no formal weight. For cross-border cooperation to be institutionalized, there would likely need to be a more robust inter-governmental agreement between the federal state of Salzburg in Austria and Bavaria in Germany, as well as perhaps more complex revenue-sharing agreements between the federal governments of Germany and Austria. These are politically precarious ideas, which would

5.2.5 Institutional Map

The Austria-Germany border forms an important break in the institutional map of the region. Substantive regional governance is not possible across this border, though informal coordination may take place between localities. The most significant entity other than the City of Salzburg is the Federal State of Salzburg, which has competency in all land use and planning issues. Approximately half the population of the federal state lives within Salzburg's functional area, though large portions of the population also lie in more rural areas to the south. The

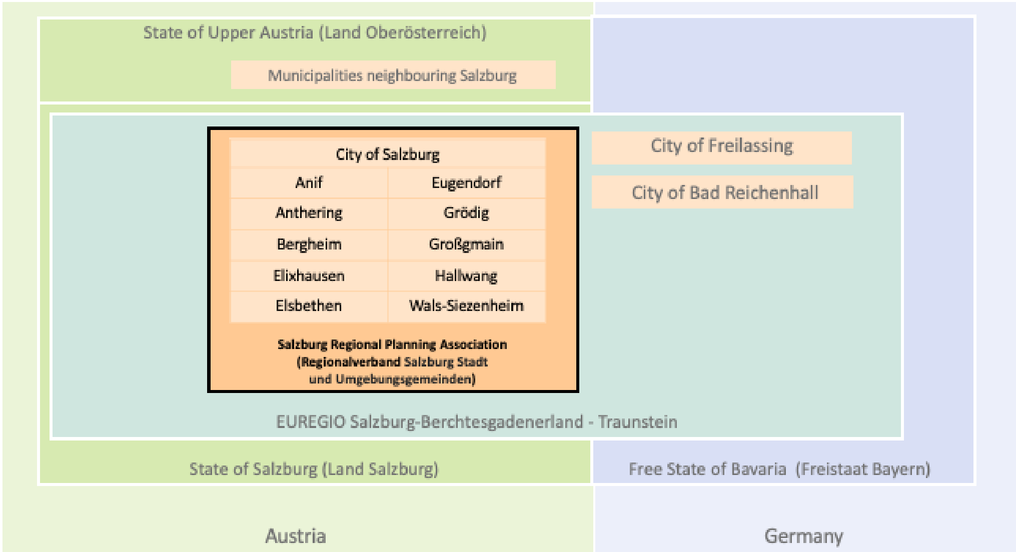

Figure 41: Institutional Map Salzburg (Own depiction)

5.3 Policy Responses

5.3.1 Current policies

Policy responses to the affordability crisis have come primarily at the local level and primarily within the City of Salzburg, where affordable housing is a major political issue. The City has a relatively low share of publicly-owned housing in comparison to other cities in Austria, however, and is highly dependent on new development in the private market to provide new subsidized units.

The City sees its current role to provide subsidized housing for lower income groups who cannot access the market, while surrounding municipalities have historically provided market rate housing to middle class families. In recent years, this perception has been shifting, with some neighbouring localities adopting affordable housing measures or permitting more multi-storey residential buildings.

Contract-Based Land Use Policy (Vertragsraumordnung / Raumordnungsverträge)

Contractual land-use agreements have been used by the City of Salzburg since the 1990s, when the Land Salzburg adopted a system inspired by South Tyrol, where new zoning for building land was tied to binding agreements with landowners. When land was designated as building land, owners were required to commit to developing the property according to submitted plans within 10 years. The urban development contracts (städtebauliche Verträge) required that at least 50% of new housing developed under these projects be maintained as subsidized rental housing at below-market rates.

This policy produced some immediate results as landowners sought to sign contracts and develop their land before the existing stock of building land reverted back to being agricultural land. Salzburg was able to designate about 100 hectares of building land under such agreements, which led to a surge from around 500–800 new dwellings annually to over 1,100–1,200 per year, with at least half being subsidized rentals. The sudden influx of housing units – both market and subsidized – led to a drop in land and housing prices. However, this drop lasted only briefly, as existing building rights holders completed their projects and new projects were made more expensive by the requirements.

The situation was made even more complicated when Austria's Constitutional Court struck down the compulsory aspect of these contracts. Salzburg continued to apply them voluntarily, maintaining leverage over landowners due to its ability to designate building land. The practice remains in a legal gray zone that hurts predictability for landowners and policymakers. Nonetheless, the land development contracts remain a defining feature of the city's affordable housing practice.

Subsidized Housing Programs (Wohnbauförderung)

Salzburg is subject to the Austrian federal system of Wohnbauförderung, which is then implemented by local governments. To access subsidies, developers must meet density and affordability standards for subsidized rental housing (geförderter Mietwohnungsbau). The Wohnbauförderung system helped to continue production of some affordable rental units even when the contractual land-use agreements lost their mandatory character and immediate fiscal incentive.

The city actively used subsidies to maintain density requirements. For example, in the southern parts of the city, some plots were deemed unsuitable because they could not achieve the minimum density required for subsidized rental housing. Salzburg's remaining building land is now limited, however. And while allowing more density in the city is easier than in surrounding suburbs, political opposition can still materialize.

Regional Policies and Implications

At the regional level, the Salzburg State Development Program (*Landesentwicklungsprogramm* or LEP) explicitly names affordable housing (leistbares Wohnen) as a guiding principle alongside land protection and renewable energy. The LEP sets common frameworks for housing needs assessment across municipalities and suggests regional partnerships to secure sufficient housing land while avoiding over-consumption of land.

This carries some weight in the development of local plans, which must nominally match the goals of the state plan. Municipalities must plan housing primarily within existing settlement areas, supporting densification and reuse rather than greenfield expansion. However, when it comes time to make real land use decisions and approve new buildings, the effect of the LEP is limited. There is weak political support for making concrete mandates that might infringe on localities' ability to control housing and land use, a competence that is historically tightly guarded by local governments.

Regional Plan

As mentioned before, Salzburg is required to engage in regional level planning with its immediate neighbours through the Salzburg Regional Planning Association (*Regionalverband Salzburg Stadt und Umgebungsgemeinden* or RPS). This agency produces the Regionalprogramm or Regional Plan, which prioritizes affordable housing and sets some more concrete targets for local governments, but also has no ability to obligate localities to approve anything they do not wish to approve. Like the LEP, the Regional Plan remains, in the words of interviews, "a relatively toothless instrument."

The regional and state-level plans do help to set goals that can influence priorities in local plans and provide support during debates over particular projects. As guiding planning instruments in response to stress in the regional housing market, however, they are not particularly effective.

5.4 Conclusion

5.4.1 Major themes

Suburbs cannot opt out of housing shortages

Salzburg shows the extent to which outlying localities, which might have preferred to have little to do with the central City, cannot avoid being part of the regional economic dynamics that follow growth. Salzburg's surrounding cities and towns have grown quickly and are increasingly integrated into the region. They recognize this and are increasingly being drawn into discussion of shared solutions.

Regional goals, local incentives

At a regional level, it is clear that affordable housing is a significant political issue and a planning priority. It is mentioned in every regional plan discussed in this report and is one of the top two subjects driving politics in the City of Salzburg. The solidification of land preservation laws means that the City of Salzburg, whose model of affordable housing provision is dependent on new private development, cannot possibly fulfill the entire future need. In this environment, addressing affordability must be a shared endeavor.

Yet, for many years, the priority of many outlying cities was not to grow or to grow only in ways that did not disrupt the existing service model. Outlying municipalities especially resisted the construction of new multi-unit buildings, which were likely to bring less affluent residents. The political and financial incentives for these local governments did not align with the goals of the region or the Land Salzburg.

In recent years, this attitude has softened somewhat and there has been progress made in regional cooperation and in seeing housing as a shared problem. However, the fundamental gap persists between what is good for the region and what is good for local governments. There is still no effective policy mechanism to address this in Salzburg, despite the presence of “mandatory cooperation” in the regional planning association.

Barriers to cross-border governance

Salzburg further illustrates the difficulties of addressing housing in regions that cross national boundaries. While communication and mutual understanding is strong across the Austrian-German border, institutions and tangible policy mechanisms are not. There are enormous barriers to giving residents on both sides of the border a say in how the region develops, leaving both the German and Austrian localities open to asymmetrical competition from the other side.

5.4.2 Summary

The Salzburg case study illustrates the multi-faceted nature of housing shortages in medium-sized European cities with strong cross-border linkages. Despite relatively moderate population growth compared to larger cities such as Vienna or Munich, Salzburg faces severe housing affordability challenges driven by demographic change, rising space consumption, speculative dynamics, and restrictive land-use policies. The city’s reliance on contractual planning to deliver subsidized units has produced short-term benefits but limited long-term security, while persistent legal uncertainty continues to undermine predictability for both developers and policymakers. Surrounding municipalities remain reluctant to densify, preferring single-family housing models that limit the region’s ability to absorb urban spillovers.

At the governance level, Salzburg demonstrates both the potential and the limits of regional cooperation. The introduction of regional planning associations in the 1990s was a milestone in Austrian planning, but their scope remains narrow and their powers weak. Cross-border forums such as EUREGIO facilitate dialogue but cannot enforce meaningful joint strategies. In practice, strong local autonomy over land use continues to outweigh regional or state-level ambitions, leaving housing policy fragmented across jurisdictions. This governance mismatch has meant that affordability challenges in the city inevitably spill over into surrounding communities, with little collective capacity to respond.

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6 Housing supply

6.1 Hanover

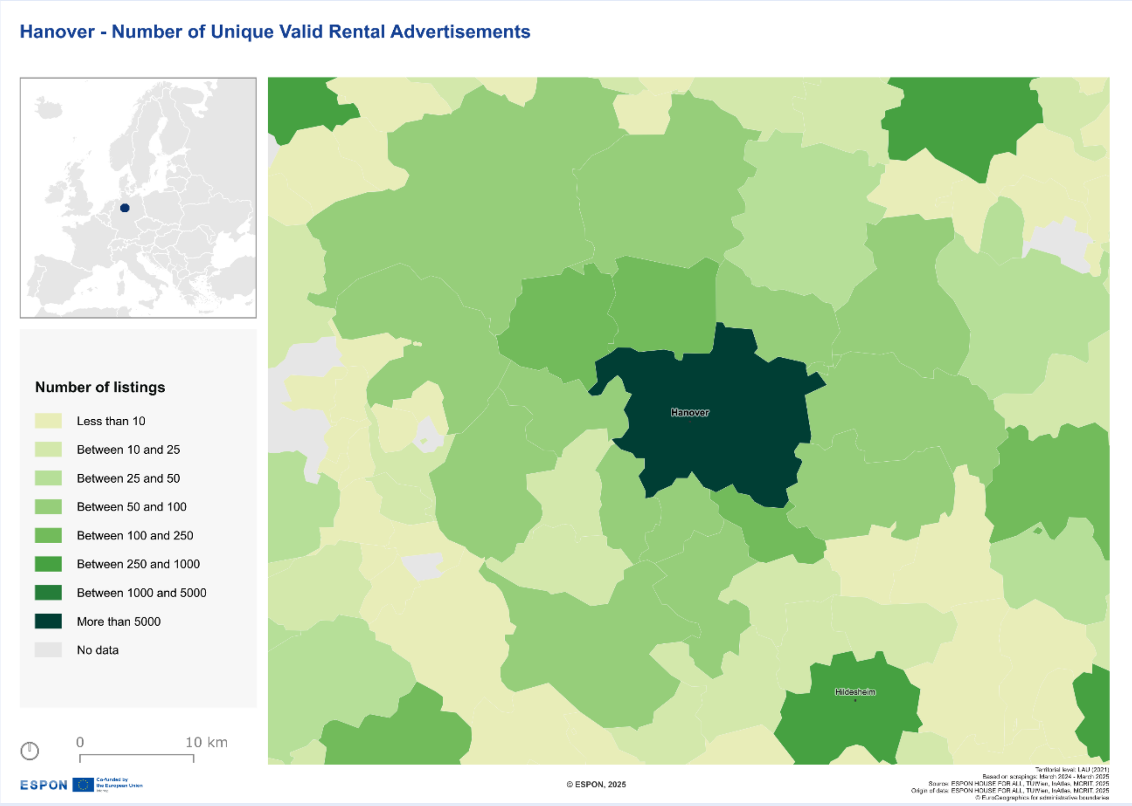

Figure 42: Rental supply between March 2024–March 2025

Hanover’s rental supply is concentrated centrally, with some isolated patches of supply towards outlying municipalities along transport lines. Hanover's central municipality has the most concentrated rental supply with over 5000 annual rental advertisements between March 2024 – March 2025. The rental market in Hanover’s surrounding urban areas is spare, where supply in municipalities adjacent to Hanover’s city centre is between 10-250 annual rental advertisements. However, there are patches of greater rental supply expanding out along major road connections towards Hanover's urban fringe, where municipalities to the south-east (Hildesheim), north-west, and north-east have between 250-1000 annual rental advertisements. Therefore, while Hanover’s rental market is consolidated in traditional higher density central areas, there are rental hubs towards outlying urban areas.

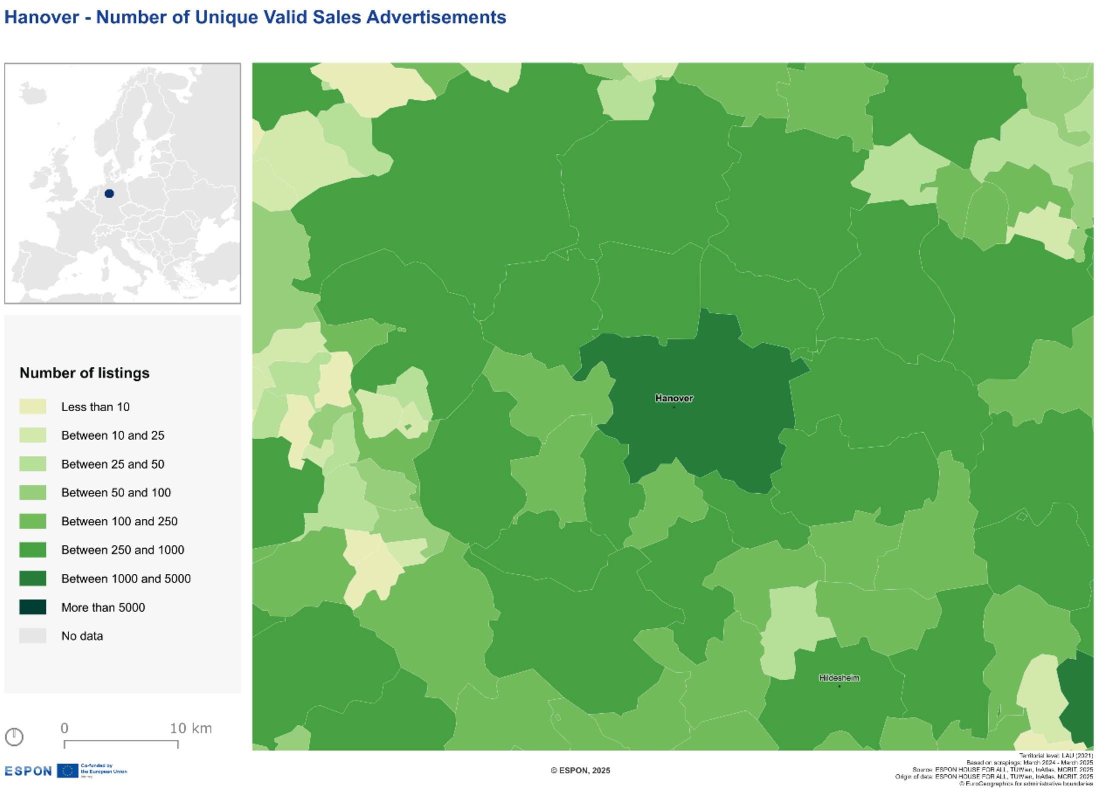

Figure 43: Property sales supply between March 2024–March 2025

Where Hanover's rental markets are concentrated in the city centre and particular peripheral hubs, Hanover's property sales supply has a much flatter distribution across the city. While Hanover's central neighbourhood has the greatest supply, with between 1000-5000 property sales advertisements, the surrounding urban areas have a far more even supply distribution with between 100-1000 advertisements for municipalities bordering the city centre and towards the urban fringe. There are no clear spatial divisions in property sales supply, with municipalities in all directions from the city centre containing a similar annual number of annual property sales listings.

6.2 Lille

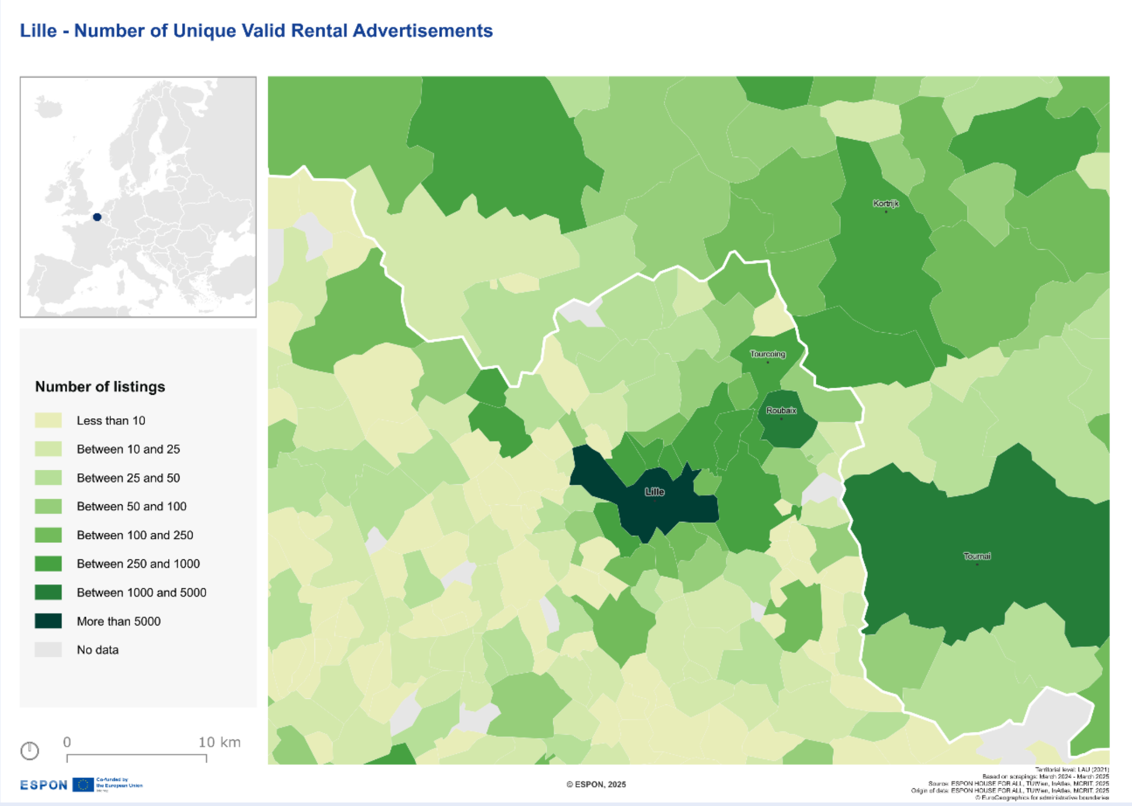

Figure 44: Rental supply between March 2024–March 2025

Lille's rental market is concentrated in the city centre, with several pronounced outlying hubs towards and over the Belgian border. The central municipality has the most consolidated rental supply, with over 5000 annual rental advertisements. Rental supply in surrounding urban areas is comparatively low, with less than 1000 rental advertisements in all municipalities adjacent to the city centre. There is limited rental supply to the south and west of the city towards the French regional areas surrounding Lille. However, to the east and north-east, in areas bordering or within Belgium, there are several outlying municipalities with more active rental markets. Roubaix (France) and Tournai (Belgium) both have between 1000-5000 annual rental advertisements, while Tourcoing (France) and Kortrijk (Belgium) have between 250-1000 advertisements. Therefore, in Lille, in addition to the city centre rental market, there is also greater rental supply towards regional Belgian border zones.

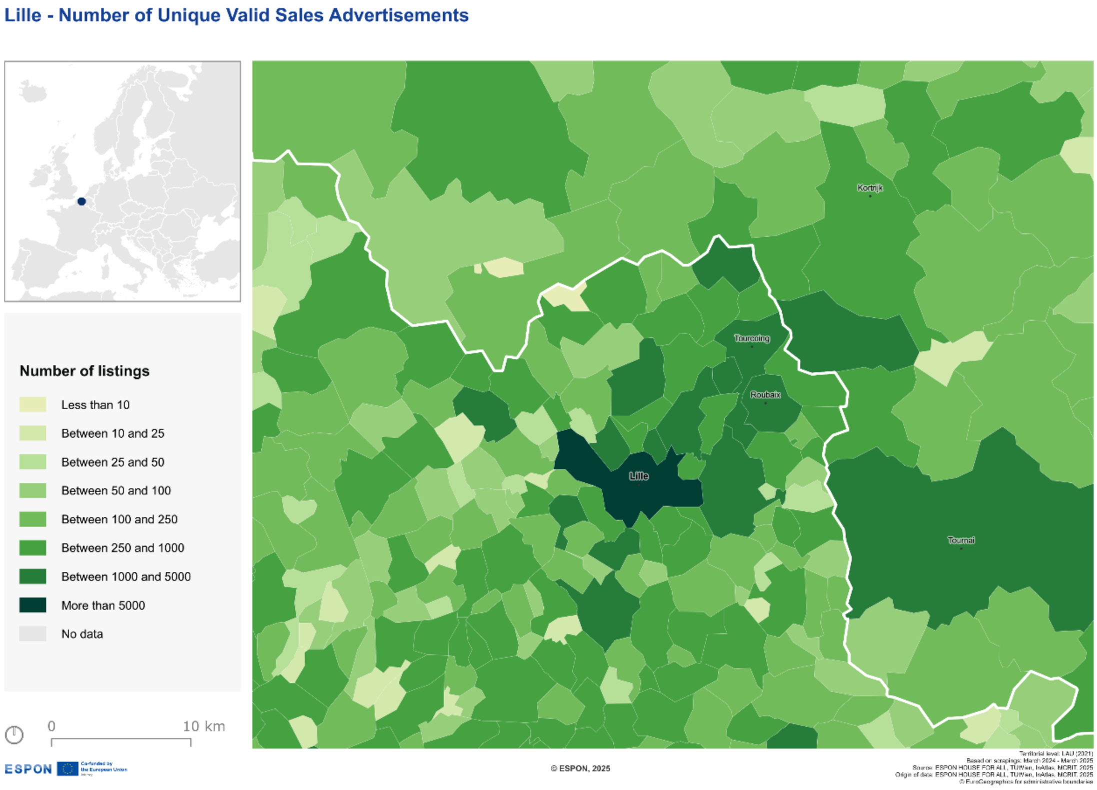

Figure 45: Property sales supply between March 2024–March 2025

In comparison to its rental supply, Lille's property sales supply has a flatter distribution throughout the city, however, is still more concentrated towards its Belgian than its French urban fringes. Property sales supply is most consolidated in Lille's urban centre, with over 5000 annual property sales advertisements. There is also significant property sales activity in surrounding urban areas, with several adjacent municipalities to the city centre containing between 1000-5000 annual advertisements. Whereas there was very limited rental supply towards Lille's southern and western urban fringe areas, property sales supply is far more consistent, with many municipalities containing between 250-1000 annual advertisements. However, as with rental supply, the property sales market is more active towards the Belgian side of Lille's urban periphery, Roubaix (France), Tourcoing (France), Tournai (Belgium) and other north-east municipalities containing between 1000-5000 annual property sales advertisements.

6.3 Munich

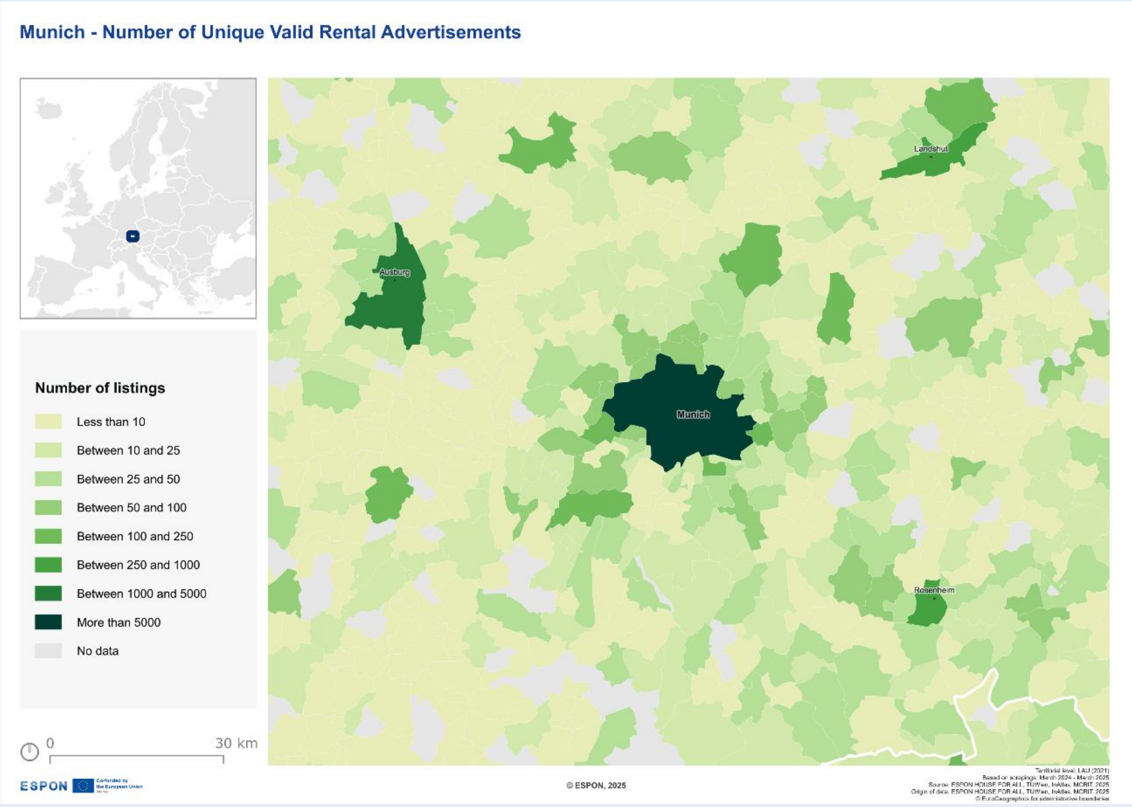

Figure 46: Rental supply between March 2024–March 2025

Munich’s rental supply is heavily concentrated in the city centre, with very limited supply in surrounding urban municipalities outside of cities on Munich's urban fringe. Munich’s city centre has over 5000 annual rental advertisements, however there are less than 250 annual advertisements in adjacent and surrounding municipalities within a 20km band from the city centre, indicating potential issues with rental supply. There are several rental hubs towards Munich’s urban fringe which contain between 250-5000 annual rental advertisements, namely Augsburg, Landshut and Rosenheim, although these areas function as self-sufficient cities in the commuting vicinity of Munich rather than extensions of Munich’s urban fabric.

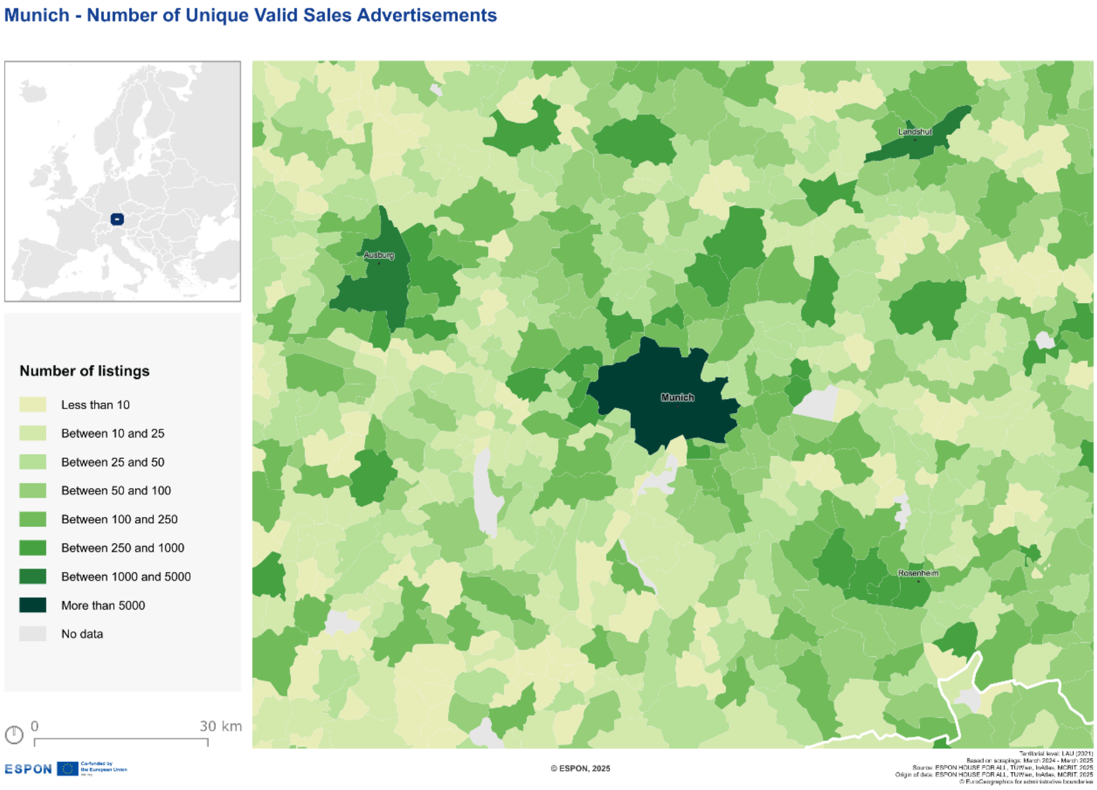

Figure 47: Property sales supply between March 2024–March 2025

Compared to its rental market, Munich's property sales market has greater supply outside of its city centre, with more pronounced supply hotspots in surrounding cities. Munich's property sales market is most concentrated in its city centre, with over 5000 annual property sales advertisements. Supply in surrounding urban areas drops off at a slower rate than the rental market, with many municipalities adjacent to and surrounding the urban centre sitting at between 100-1000 annual property sales advertisements. There is a ring of sparser supply outside of Munich's immediate urban core, before several property sales hotspots towards the surrounding cities of Augsburg, Landshut and Rosenheim. These cities contain their own mini urban cores, with between 250-5000 annual property sales advertisements, and have adjacent municipalities with increased property sales supply. Therefore, Munich's property sales market demonstrates a strong urban core with several peripheral cities creating their own mini supply hotspots.

6.4 Salzburg

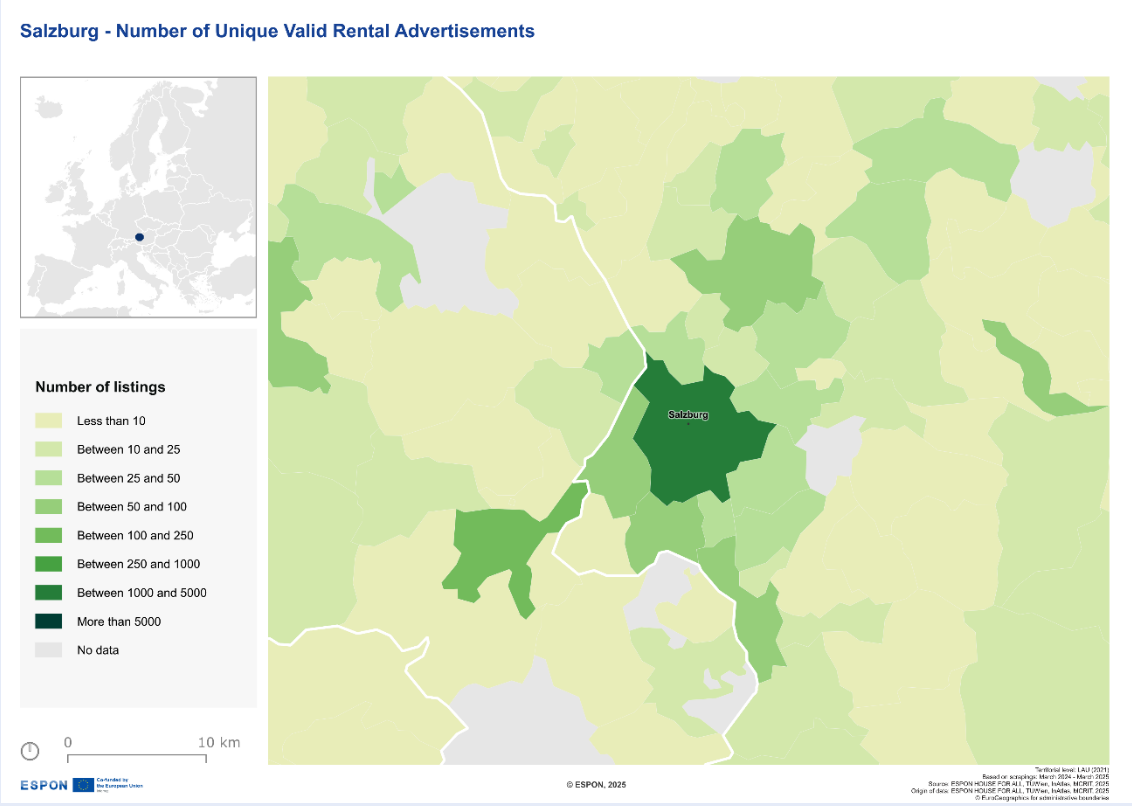

Figure 48: Rental supply between March 2024-March 2025

Salzburg's rental market is centralised, with limited rental supply outside of the city centre. The city centre contains between 1000-5000 annual rental advertisements, whereas no other municipalities in the urban surroundings contain more than 250 annual advertisements. There is no clear distinction between rental supply on the German (west) and Austrian (east) sides of Salzburg.

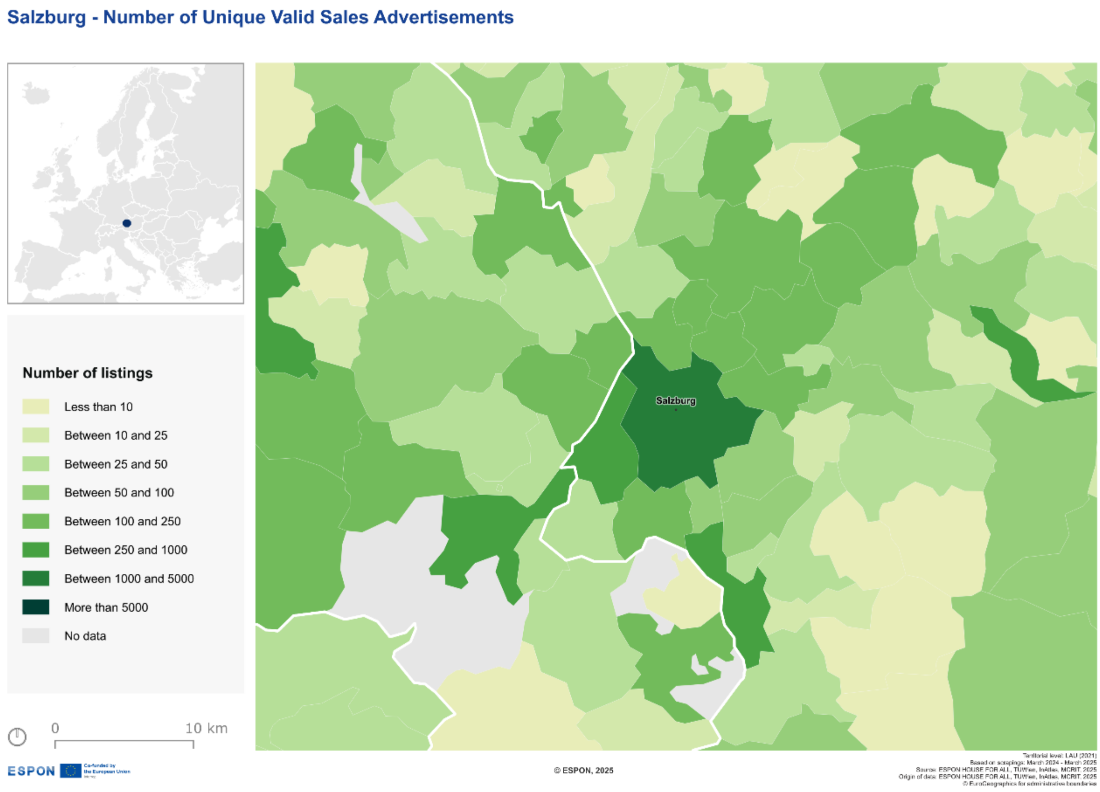

Figure 49: Property sales supply between March 2024 March 2025

Whereas Salzburg's rental supply was limited outside of the city centre, Salzburg's property sales market is more consistently distributed throughout the city. Salzburg's central municipality is the most concentrated supply area with between 1000-5000 annual property sales advertisements, while there is reasonable supply in most adjacent municipalities of between 100-1000 annual advertisements. There are pockets of greater supply to the north-east (Austria) and west (Germany) of Salzburg, where many municipalities in peripheral urban areas contain between 100-1000 annual advertisements. As with the rental market, there is no clear distinction in property sales supply on the Austrian and German sides of Salzburg's urban catchment.

7 Housing listing duration

7.1 Hannover

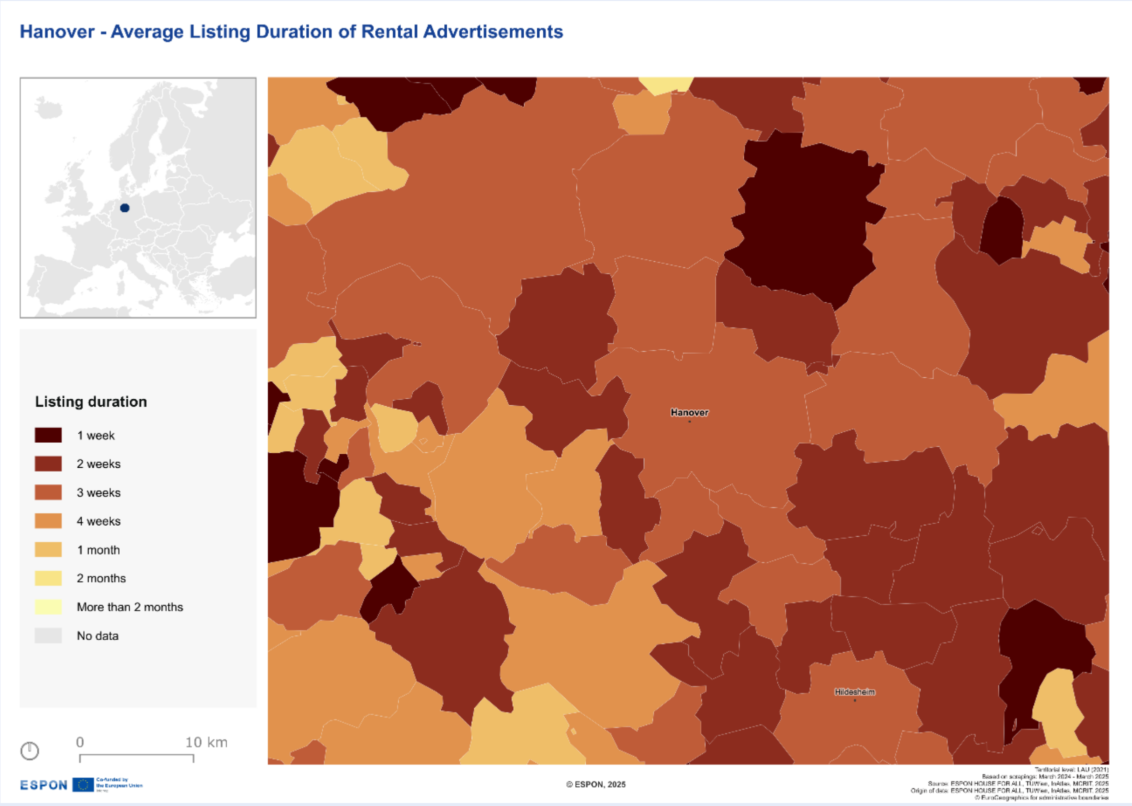

Figure 50: Average Listing Duration of Rental Advertisements between March 2024–March 2025

The average listing duration of Hanover rental advertisements does not follow a clearly distinguishable pattern throughout the city. The city centre, where rental supply is most concentrated, has a moderate average listing duration for rental advertisements of 3 weeks. Municipalities adjacent to the city centre have average listing durations between 2-4 weeks. There are some municipalities towards the north and south-east urban fringes of Hanover with average listing durations of 1 week, where rental supply is incidentally lower. Average listing duration is generally highest towards the south-west of the city.

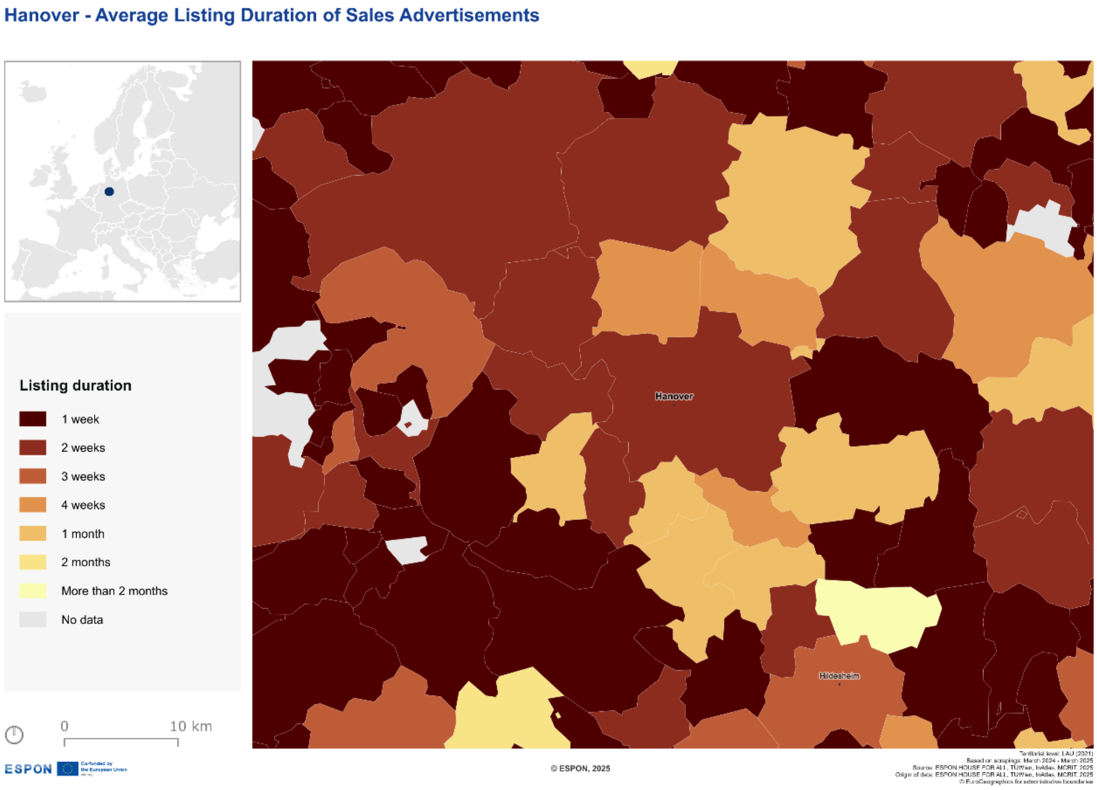

Figure 51: Average Listing Duration of Sales Advertisements between March 2024 March 2025

The average listing duration of Hanover property advertisements is highly varied throughout the city. Hanover's city centre has an average sales listing duration of 2 weeks, while several municipalities adjacent to the city centre have average listing durations of 1 month, indicating lower demand for these surrounding urban areas. The lowest average listing durations of just 1 week appear consistently in all directions towards Hanover's urban fringe municipalities, particularly concentrated in Hanover's south-west. This indicates that property sales demand, relative to supply, is greatest in Hanover's urban fringe areas.

7.2 Lille

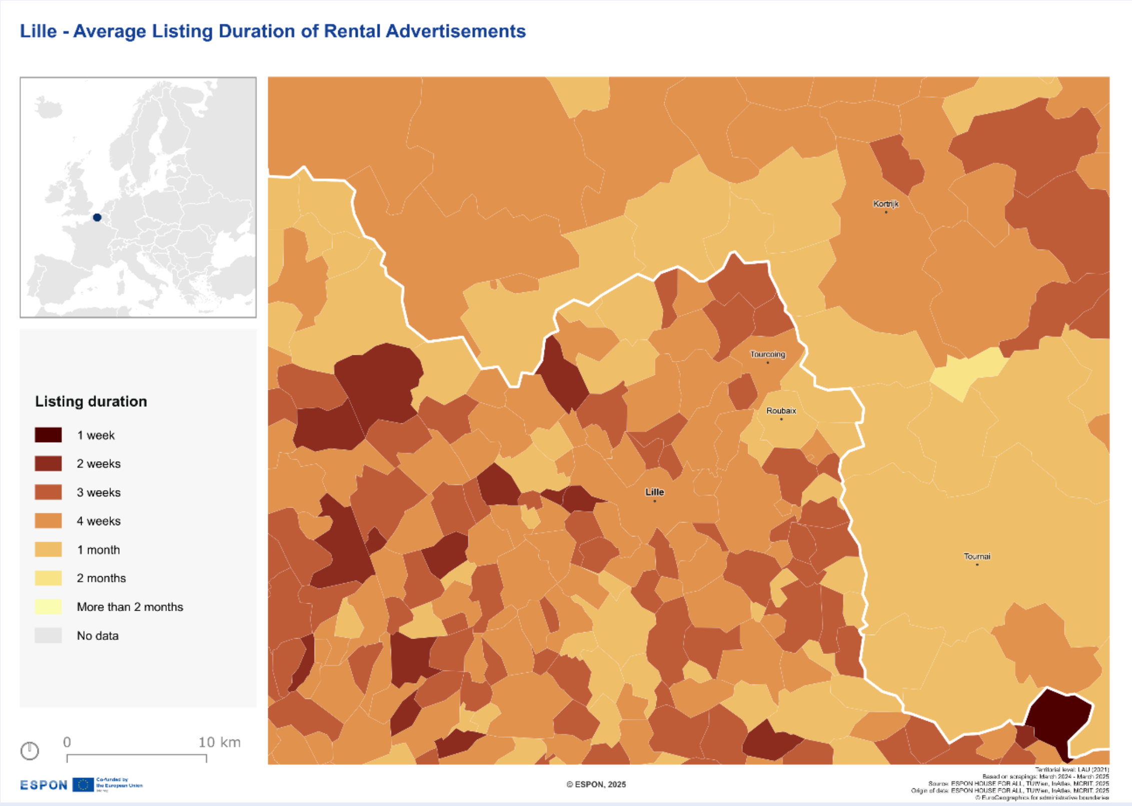

Figure 52: Average Listing Duration of Rental Advertisements between March 2024–March 2025

Lille’s average rental listing duration is generally consistent in its urban core, however, reveals a clear distinction in the French and Belgian surrounding peripheral areas. The average listing duration of rental advertisements in Lille’s city centre is 4 weeks, and a listing duration of between 3-4 weeks is broadly accordant with adjacent and surrounding municipalities. However, whereas the rental listing duration declines towards Lille's French southern and western urban fringes, ranging primarily between 2-4 weeks, it increases towards Lille’s Belgian northern and eastern fringes, ranging between 3 weeks-2 months. This may reflect the greater rental supply on Lille’s Belgian side (see Figure 3), or other factors such as national tenancy laws or new builds.

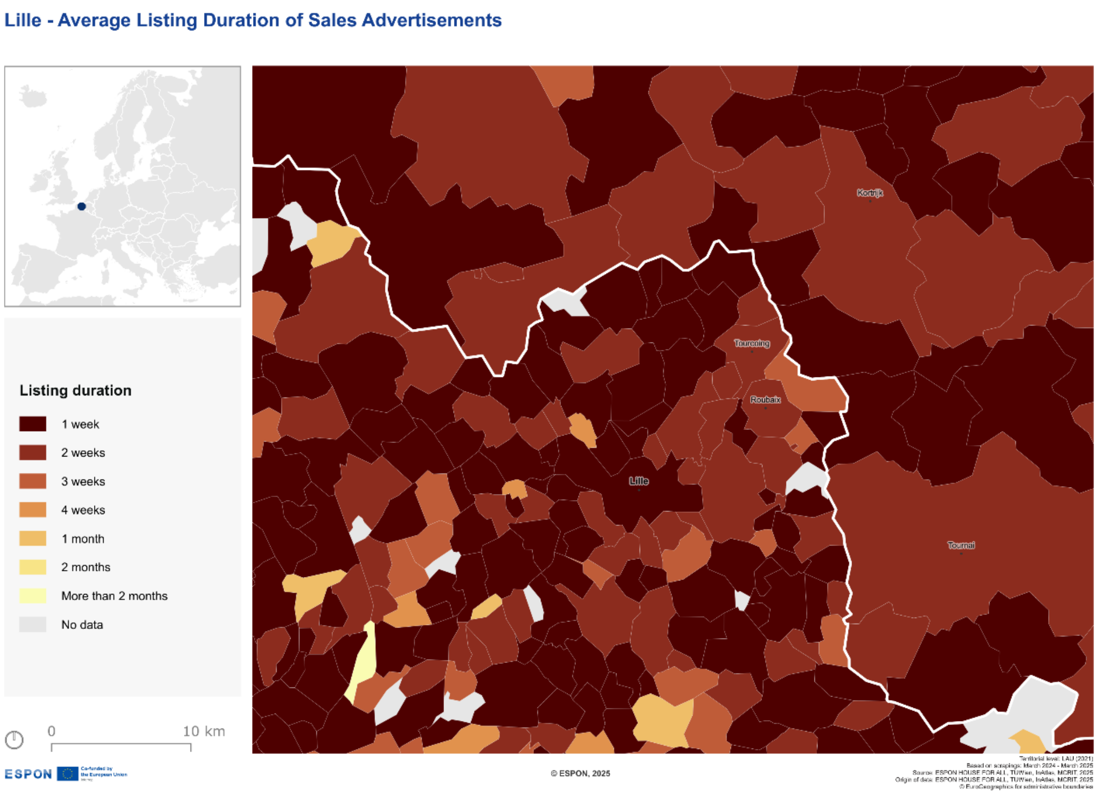

Figure 53: Average Listing Duration of Sales Advertisements between March 2024–March 2025

Lille’s average sale listing duration is consistently low throughout the city and its surrounding urban areas. The average listing duration of sales advertisements in Lille’s city centre is just 1 week, and municipalities in adjacent and surrounding areas are predominantly within the 1-2 weeks band for average listing duration. In Lille's urban fringes, whereas there is a clear distinction in average rental listing duration either side of its French and Belgian borders, sales duration is consistently low in both areas, remaining broadly within the 1-2 weeks range. This may indicate that property sales supply relative to demand in Lille’s urban catchment is low.

7.3 Munich

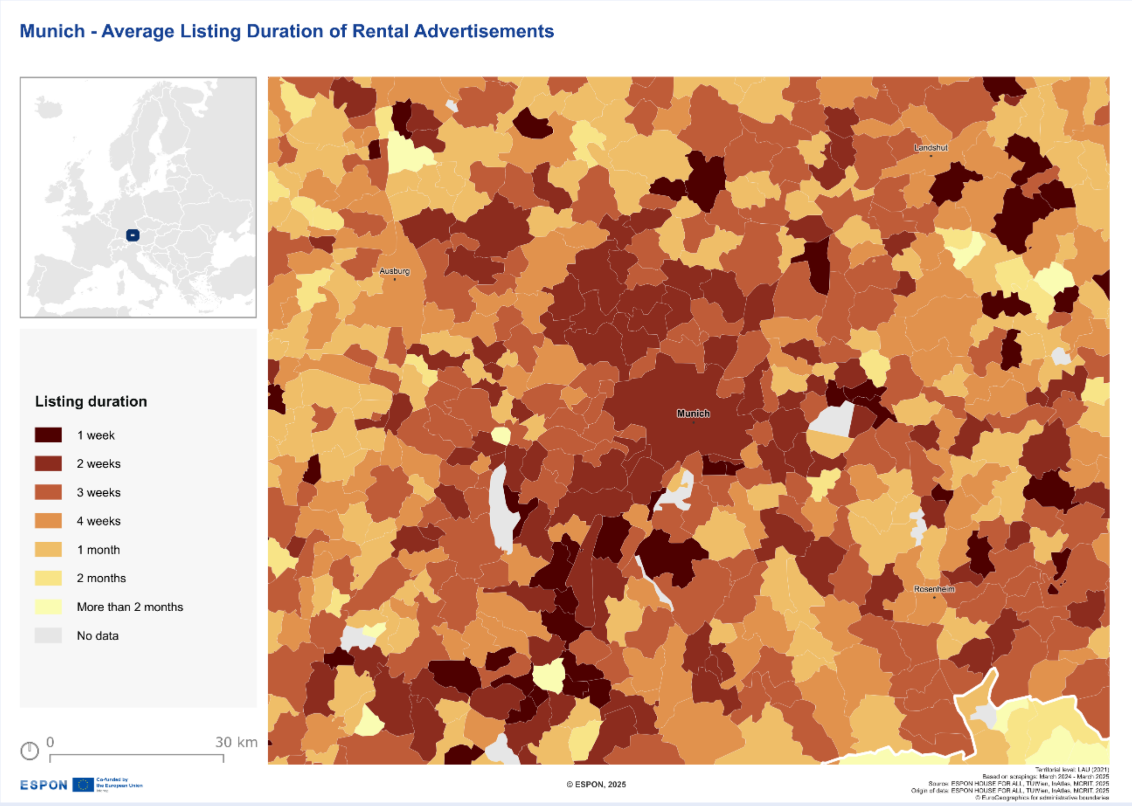

Figure 54: Average Listing Duration of Rental Advertisements between March 2024–March 2025

Munich's average rental listing duration predominantly increases further away from its city centre, albeit with some lower listing duration areas towards surrounding cities and along major road networks. The city centre and surrounding municipalities in the urban centre have average listing durations of rental advertisements between 2-3 weeks. Moving outwards from these central areas, average rental listing duration generally increases to 3-4 weeks. To the southwest of the city, there is a corridor of lower rental listing duration municipalities between 1-3 weeks, potentially revealing an imbalance of rental supply and demand along this highway network. There are also some pockets of lower rental duration municipalities in the vicinity of Landshut and Rosenheim, indicating that these surrounding cities have their own rental market hubs.

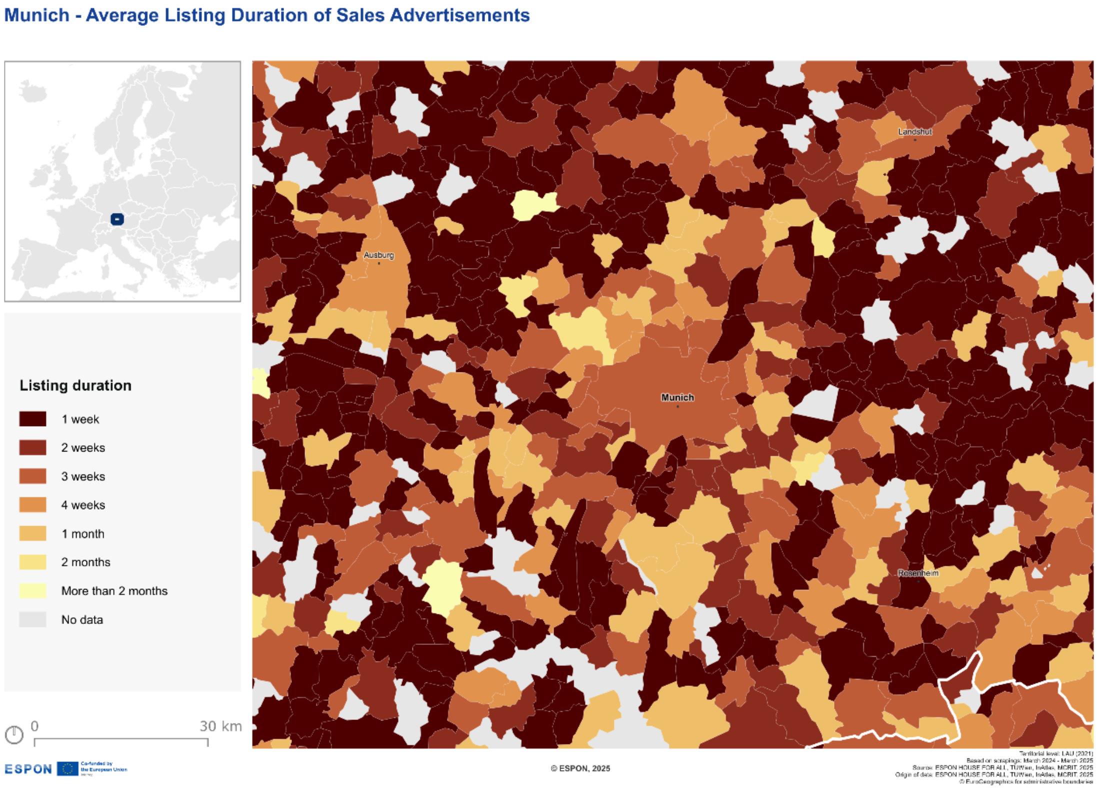

Figure 55: Average Listing Duration of Sales Advertisements between March 2024–March 2025

Munich's average sales listing duration seemingly reveals a relationship with property sales supply (see Figure 6), with higher listing durations in central areas and towards surrounding cities where housing supply is also higher. Average listing durations of sales advertisements in Munich's city centre and adjacent areas, where property supply is highest (see Figure 6), is generally between 2 weeks-1 month, whereas listing durations in municipalities further out from the city centre are often in the 1-2 weeks band. This pattern is reflected on a smaller scale in the surrounding cities on Munich's urban fringe, namely Augsburg, Landshut and Rosenheim, where listing durations in the city centres are higher and listing durations in surrounding municipalities are lower.

7.4 Salzburg

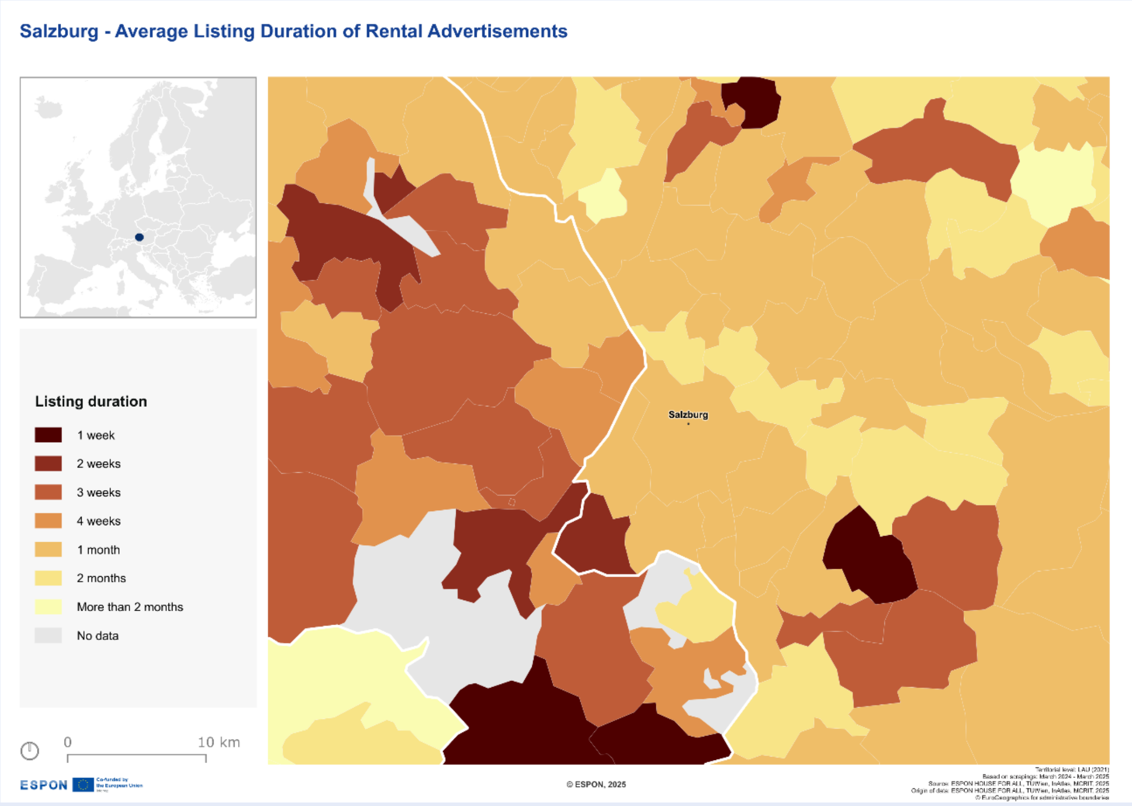

Figure 56: Average Listing Duration of Rental Advertisements between March 2024 March 2025

Salzburg's average rental listing duration demonstrates a clear distinction between the Austrian and German sides of Salzburg's urban catchment. The average listing duration of rental advertisements in Salzburg's city centre is 1 month, while municipalities on the eastern (Austrian) side of the city predominantly have an average rental listing duration of between 1-2 months. On the German side of Salzburg's urban catchment, the rental listing duration is generally between 2 weeks-1 month. This may indicate lower rental supply relative to demand on the Salzburg's German side, or difference in national tenancy laws or new builds.

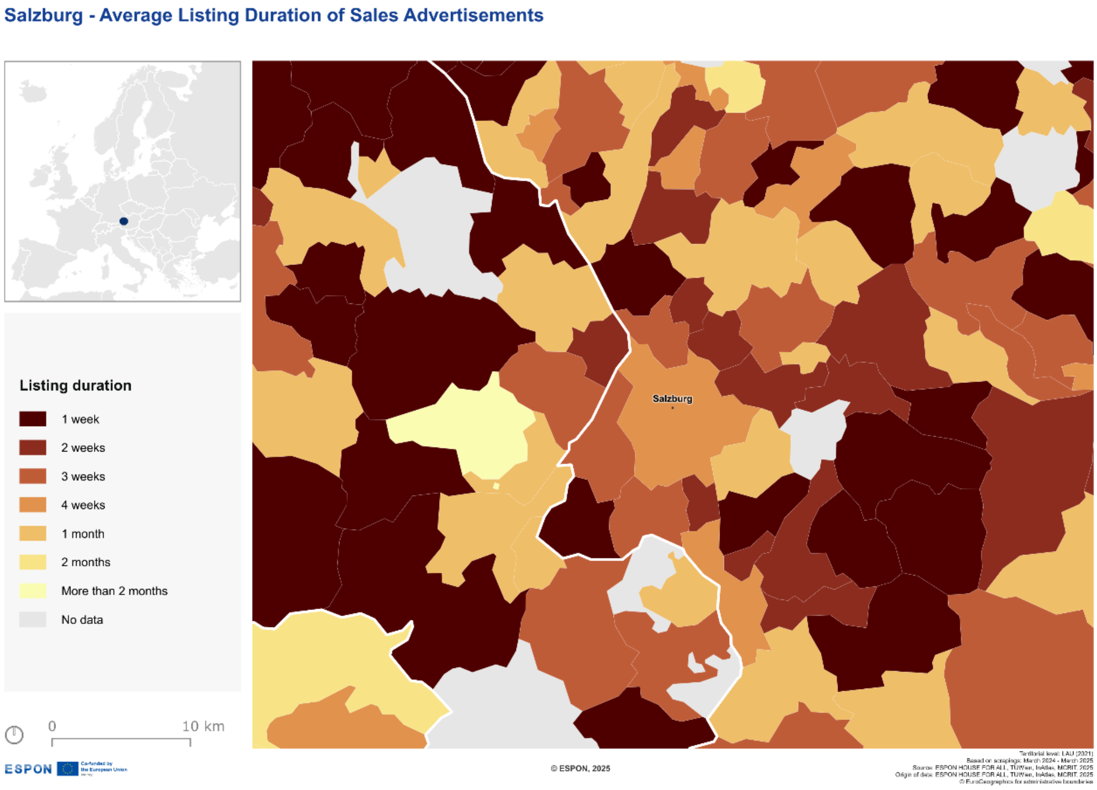

Figure 57: Salzburg – Average Listing Duration of Sales Advertisements between March 2024 – March 2025

Whereas Salzburg's average rental listing duration displayed an Austrian-German border divide, average sales listing duration is more consistent within Salzburg's urban catchment. Salzburg's city centre has an average listing duration of sales advertisements of 4 weeks, while adjacent municipalities have sales listing durations between 1 week-1 month. In Salzburg's outlying areas, sales listing durations are randomly distributed with durations ranging from 1 week-2 months, however there are pockets of lower listing duration municipalities to the east (Austria) and west (Germany) of the city centre. Overall, there is no clear divide in average sales listing durations between the inner and outer city, or between the Austrian and German sides of Salzburg's urban catchment.

8 Housing price

8.1 Hanover

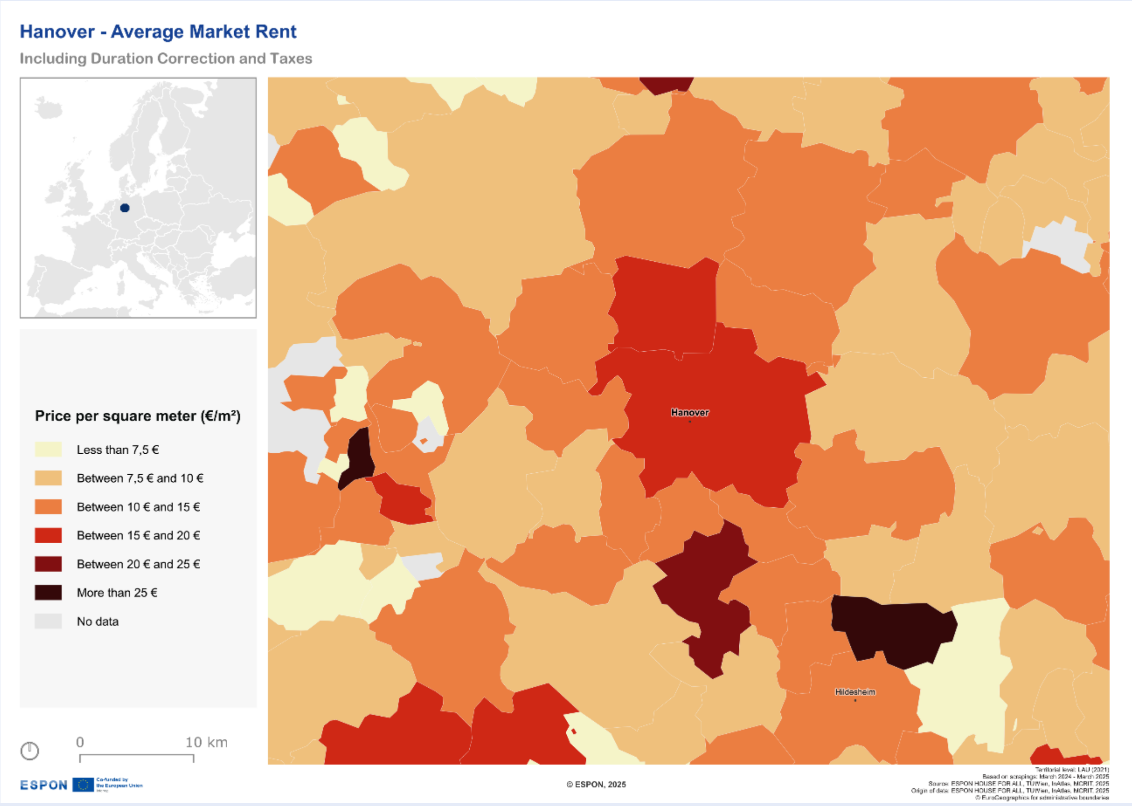

Figure 58: Average market rent price per square meter between March 2024–March 2025

Hanover's rental prices decrease moving outwards from the city centre, with some exceptions in the city's west and south-east following major road networks. Hanover's city centre has an average market rent per square meter of €15-20, while adjacent municipalities tend to have market rents of between €10-15. Municipalities further out from the city centre generally have more affordable rental prices between €7.5-15 per square meter, nothing that prices are typically higher moving in a north-south axis than comparable municipalities along an east-west axis. However, there are peripheral municipalities to the west and south-east of the city, along major highways, with higher rental prices ranging from €10 to above €25 per square meter, indicating that rental properties in well-connected urban fringe areas are in high demand relative to supply.

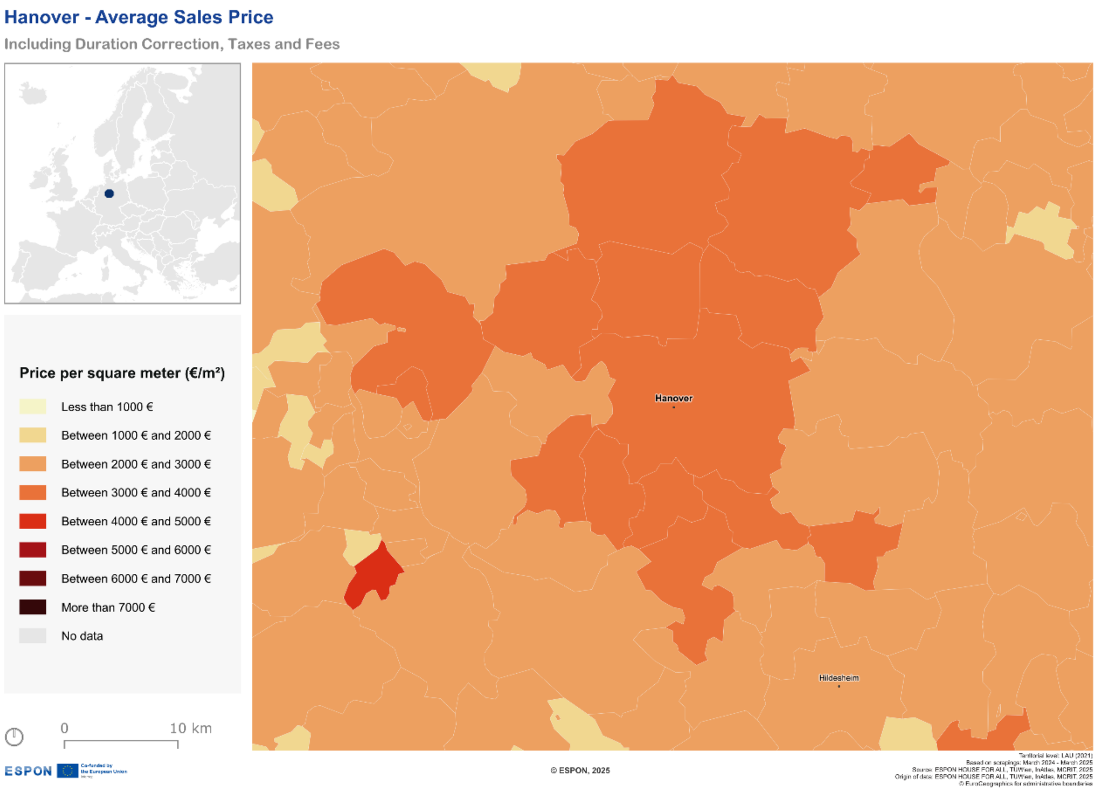

Figure 59: Average sales price per square meter between March 2024–March 2025

Whereas Hanover's rental prices vary significantly throughout the city, sales prices are remarkably consistent and are generally lower in comparison to other cities in the case study. The average sales price per square meter in Hanover's city centre is between €3000-4000 per square meter, and this is consistent in most surrounding municipalities north and south of the city centre. To the west and east of the city centre, and in more peripheral urban areas, the average sales price drops to €2000-3000 per square meter. There is otherwise very little variation in average sales price, indicating a similar ratio of rental supply to demand across the city.

8.2 Lille

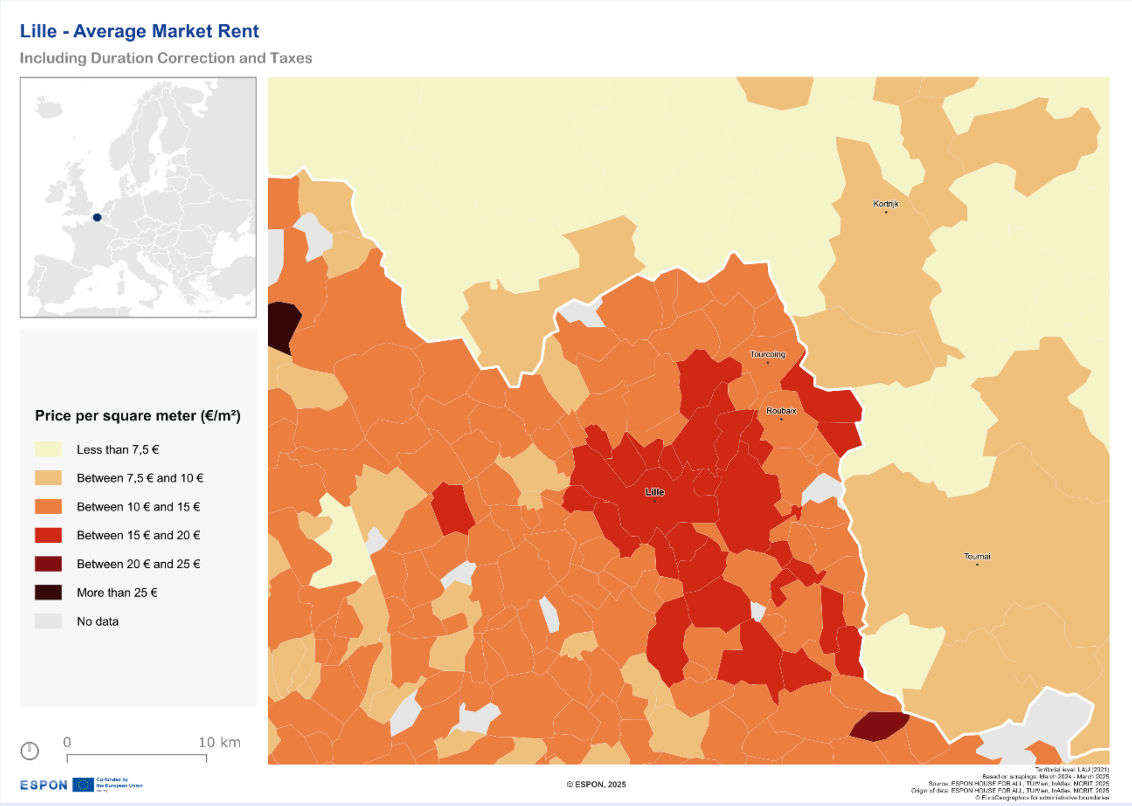

Figure 60: Average market rent price per square meter between March 2024–March 2025

Lille's average rental price decreases outwards from the city centre and reveals a clear distinction in rental prices between the French and Belgian areas of its urban catchment. The average market rent per square meter in the city's centre and adjacent municipalities is between €15-20. This falls to between €10-20 per square meter in the next ring of municipalities outwards from the city centre, and remains broadly between €7.5-15 per square meter to the south and west of the city in Lille's French urban periphery. However, to the north and east of the city on the Belgian side of the border, market rental prices are less than €10. Therefore, in addition to higher central rental prices, market rents in Lille's urban periphery are clearly higher on the French than the Belgian side of the border.

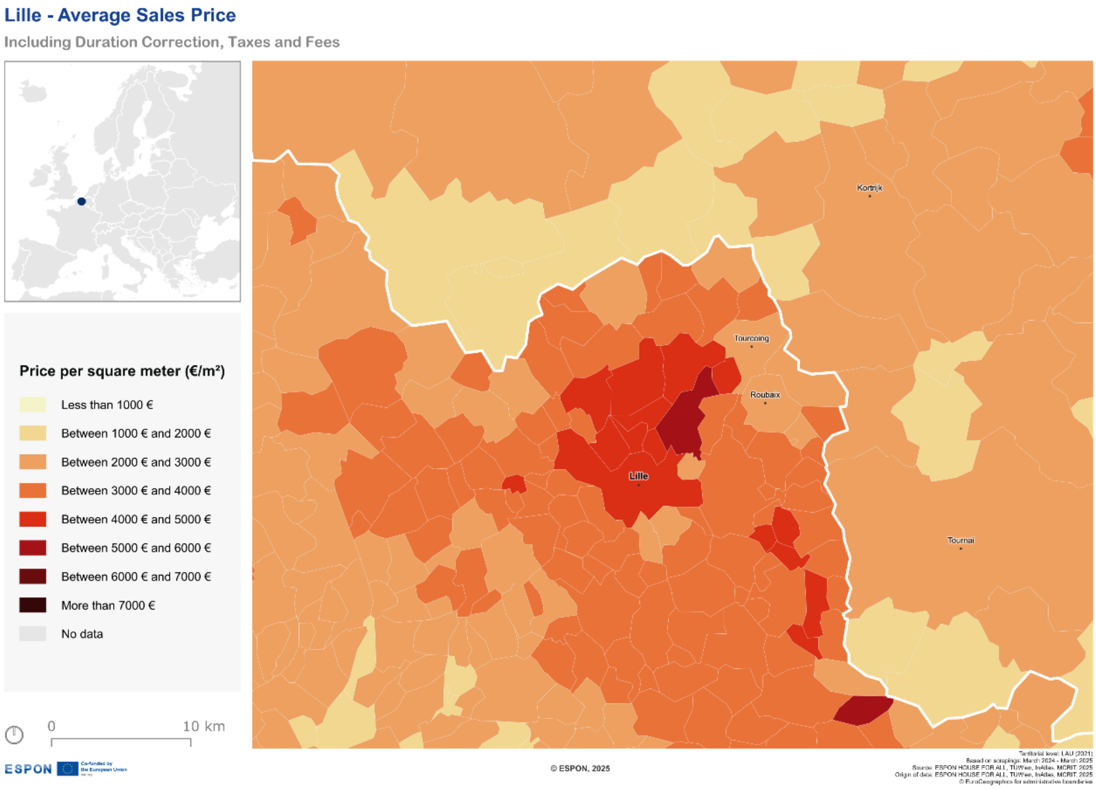

Figure 61: Lille – Average sales price per square meter between March 2024 – March 2025

Lille's average sales prices demonstrate a similar pattern to its average rental prices, with higher sales prices in central areas and outlying French areas compared to the Belgian side of the border. Average sales prices are highest in Lille's city centre and immediately north of the city, with prices ranging between €4000-6000 per square meter. These prices drop off moving outwards from the city centre to between €2000-4000 per square meter to the southern and western urban areas on the French side of the border. In Lille's Belgian urban peripheral areas, sales prices are comparatively lower, ranging between €1000-3000 per square meter. Therefore, for both rental and sales properties, Lille's French urban areas have comparatively higher prices than its Belgian urban catchment, potentially indicating greater housing demand relative to housing supply, greater purchasing power, or other related factors.

8.3 Munich

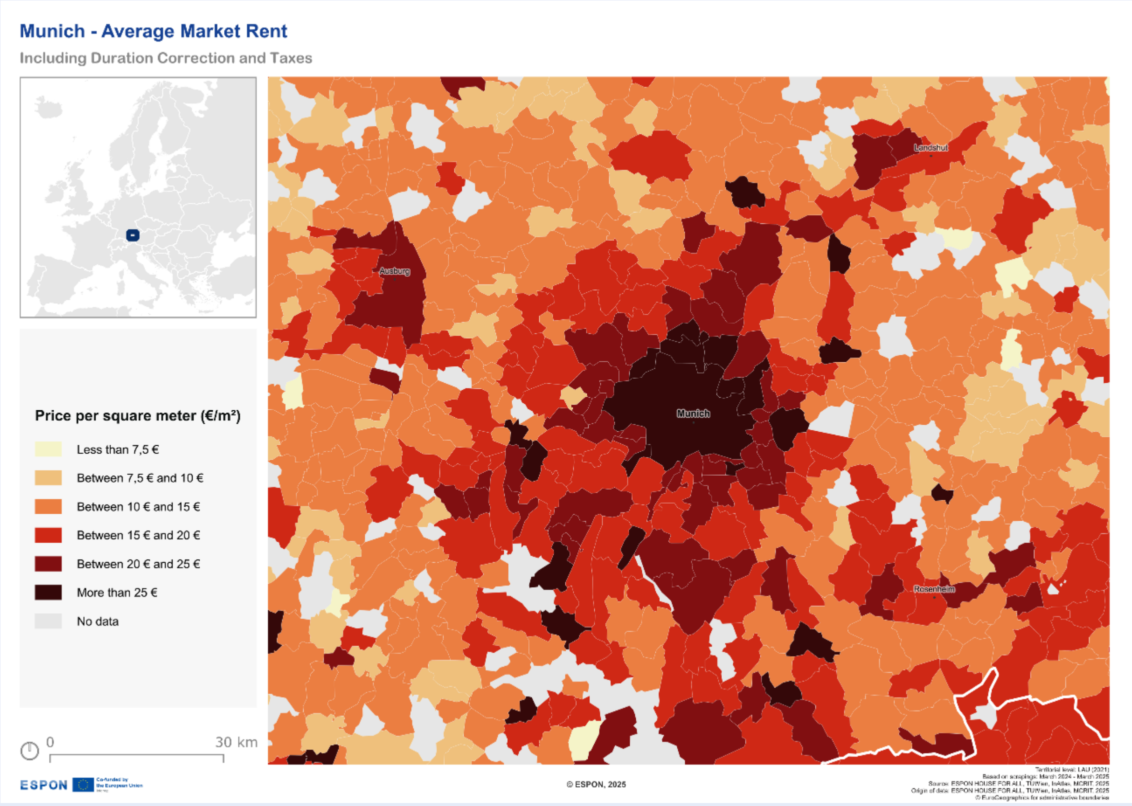

Figure 62: Average market rent price per square meter between March 2024–March 2025

Average rental prices in Munich display a typical declining rental gradient moving outwards from the city centre, with several exceptions towards surrounding cities and to the south along transport networks. Average market rent is highest in the city centre and adjacent municipalities at over €25 per square meter. There are rings of similarly priced municipalities moving outwards from the city centre, with a €20-25 per square meter rental price band immediately surrounding the city centre, followed by a €15-20 band, and continuing on to €7.5-15 price bands towards the city's urban fringe. Exceptions to this trend are municipalities to the south-west and south-east of the city along major road corridors, and towards the surrounding cities of Augsburg, Landshut, and Rosenheim, where market rents are between €15-25 per square meter.

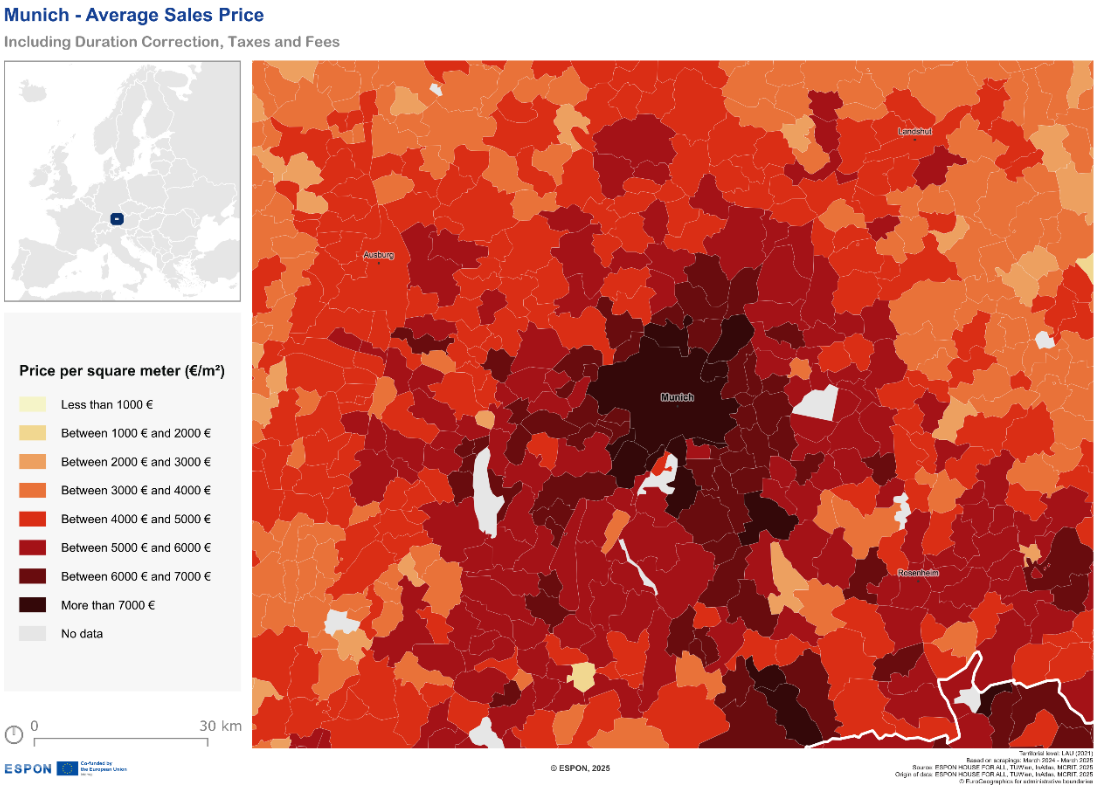

Figure 63: Average sales price per square meter between March 2024–March 2025

Similarly to rental prices, average sales prices in Munich display a declining gradient, albeit with less exceptions in surrounding cities and outlying areas. Munich's city centre and adjacent municipalities have the highest sales prices of more than €7000 per square meter, while sale prices decline in rings around the city centre to between €3000-5000 per square meter at its urban fringes. Sales prices remain higher towards the south-west and south-east of the city centre along major road corridors, ranging primarily between €5000-7000 per square meter. While rental prices in the surrounding cities of Augsburg, Landshut and Rosenheim were higher than other municipalities on Munich's urban fringe, sales prices in these areas are reasonably similar to surrounding areas, ranging between €4000-6000.

8.4 Salzburg

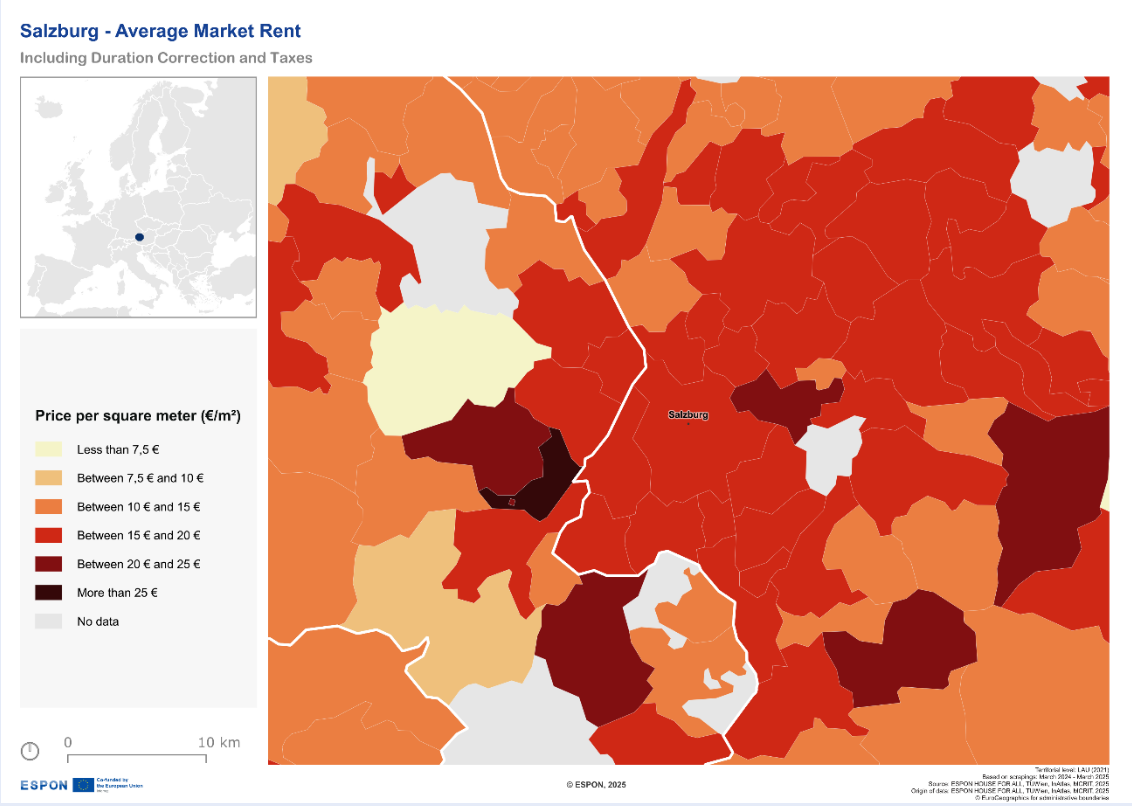

Figure 64: Average market rent price per square meter between March 2024–March 2025

Salzburg's rental prices are reasonably consistent throughout the city and peripheral areas on both its Austrian and German urban fringes. Average market rent per square meter in the city centre and adjacent municipalities is between €15-20, and rental prices in surrounding and more peripheral urban municipalities generally stay within the €10-20 per square meter band. There are some pockets of higher average market rents of between €20-25 per square meter to the east and south east in municipalities on Salzburg's Austrian urban fringes, and above €20 per square meter in select municipalities closer to the city centre to the western German side of the border. Overall, Salzburg displays a gentle rental price gradient throughout the city, with limited price distinction between its Austrian and German catchment areas.

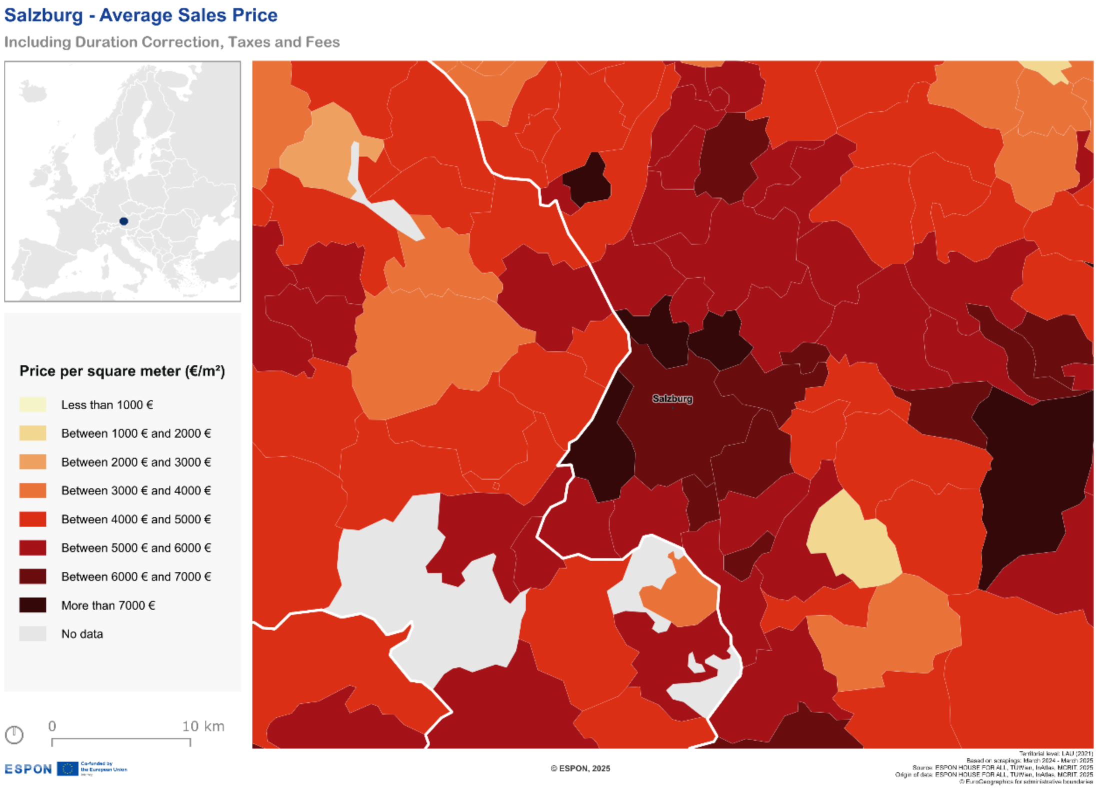

Figure 65: Average sales price per square meter between March 2024–March 2025

Compared to its rental prices, Salzburg's property sales prices display a greater degree of variation based on degree of centrality and a distinction between prices on its Austrian and German sides. Average sales price per square meter is highest in the city centre and adjacent municipalities at above €6000. There is a declining price gradient moving outwards from the city centre, with municipalities further out from the city centre broadly sitting within the €4000-6000 per square meter price band. However, sales prices to the north, south and east of the city centre on Salzburg's Austrian urban fringe tend to remain higher, between the €5000-7000 per square meter price band, whereas prices on Salzburg's German side sit in the €3000-6000 per square meter range. This potentially indicates greater property sales demand relative to supply, greater purchasing power, or other factors that are pushing up sales prices in Salzburg's Austrian urban catchment relative to its German side.

9 Housing affordability

9.1 Hanover

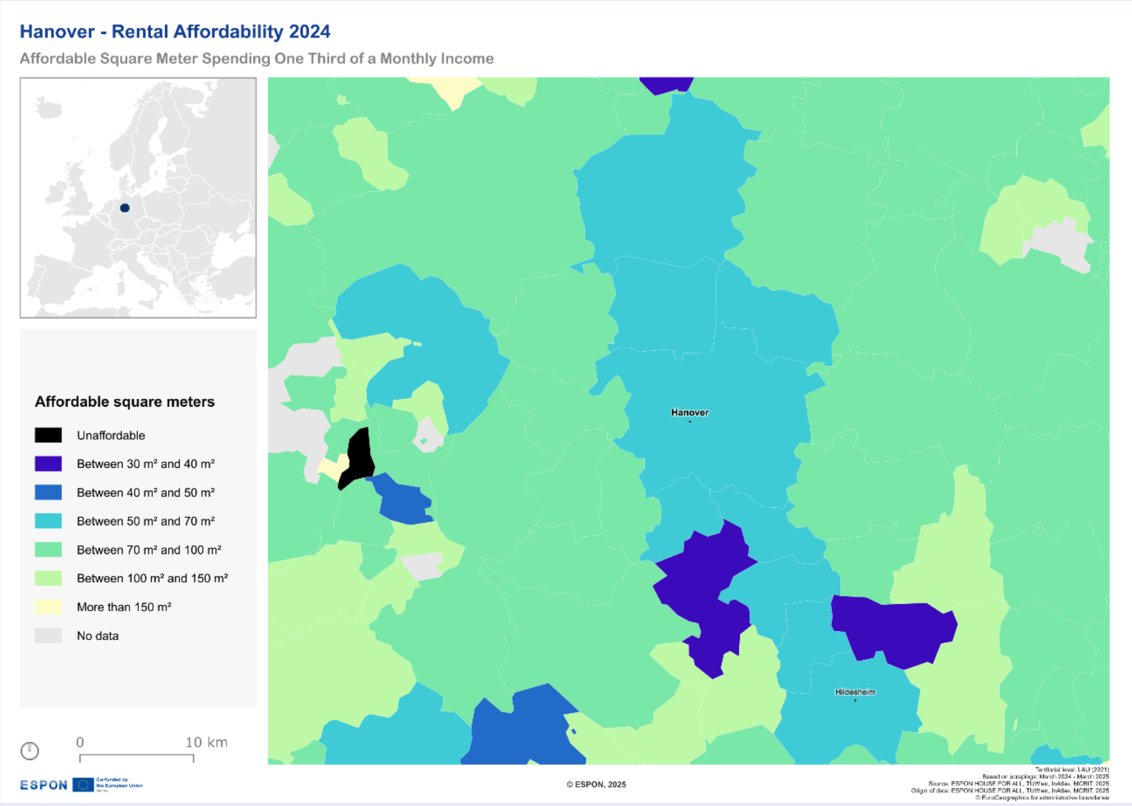

Figure 66: Rental affordable square meters between March 2024-March 2025

Hanover's rental affordability is lower in the city centre and its northern and southern surrounding areas, with some isolated pockets of particularly poor affordability on its urban fringes. Affordable rental square meters, based on spending one third of one's monthly income on rent, is between 50-70 in Hanover's city centre. While affordable square meters remains within this 50-70 square meters band moving outwards from the city centre along a north-south axis, it generally increases to 70-100 square meters along the east-west axis. This is broadly consistent with Hanover's rental prices (see Figure 66: Rental affordable square meters between March 2024-March 2025). Additionally, there are exceptional cases of below 40 affordable square meters towards Hanover's western and south urban fringes along major transport networks.

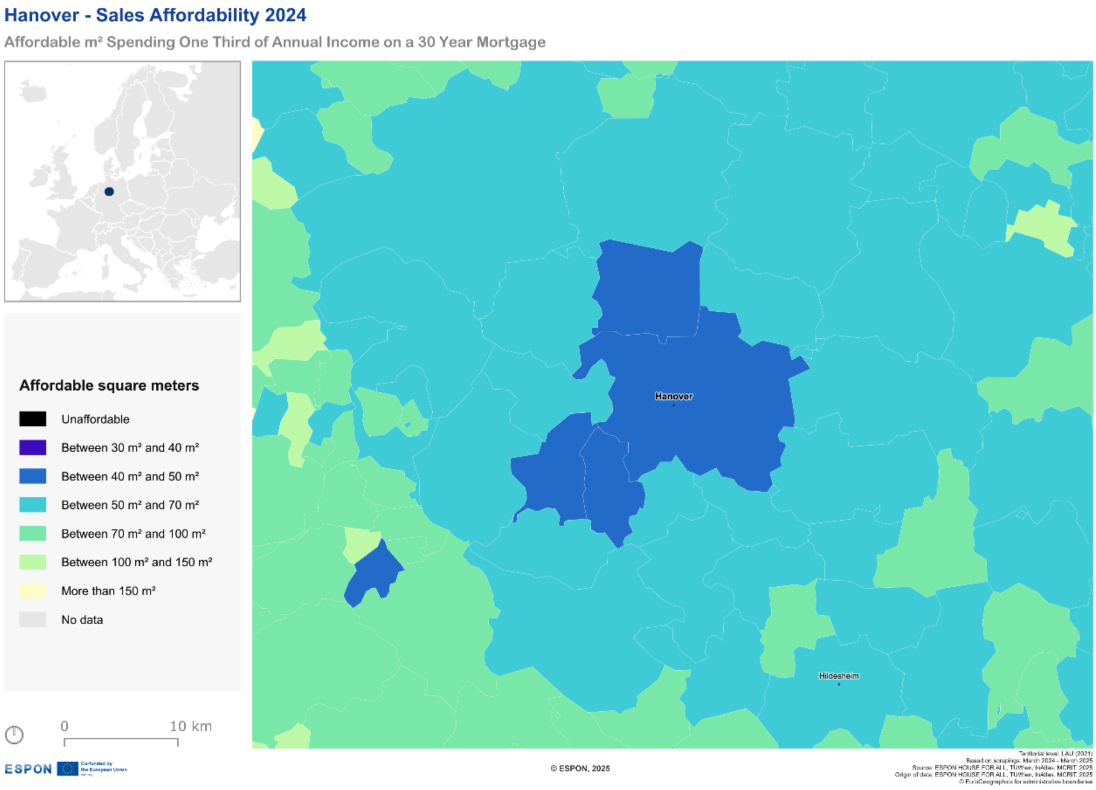

Figure 67: Sales affordable square meters between March 2024–March 2025

Hanover's property sales affordability is poorest centrally, and improves moving outwards from the city centre. Affordable sales square meters, based on spending one third of one's monthly income on 30 year mortgage, is between 40-50 in Hanover's city centre and several adjacent municipalities. This increases to 50-70 square meters in surrounding areas, and 70-100 square meters towards Hanover's urban fringes. Whereas rental affordability displayed a distinction between Hanover's north-south and east-west axis, no such distinction is apparent in sales affordability.

9.2 Lille

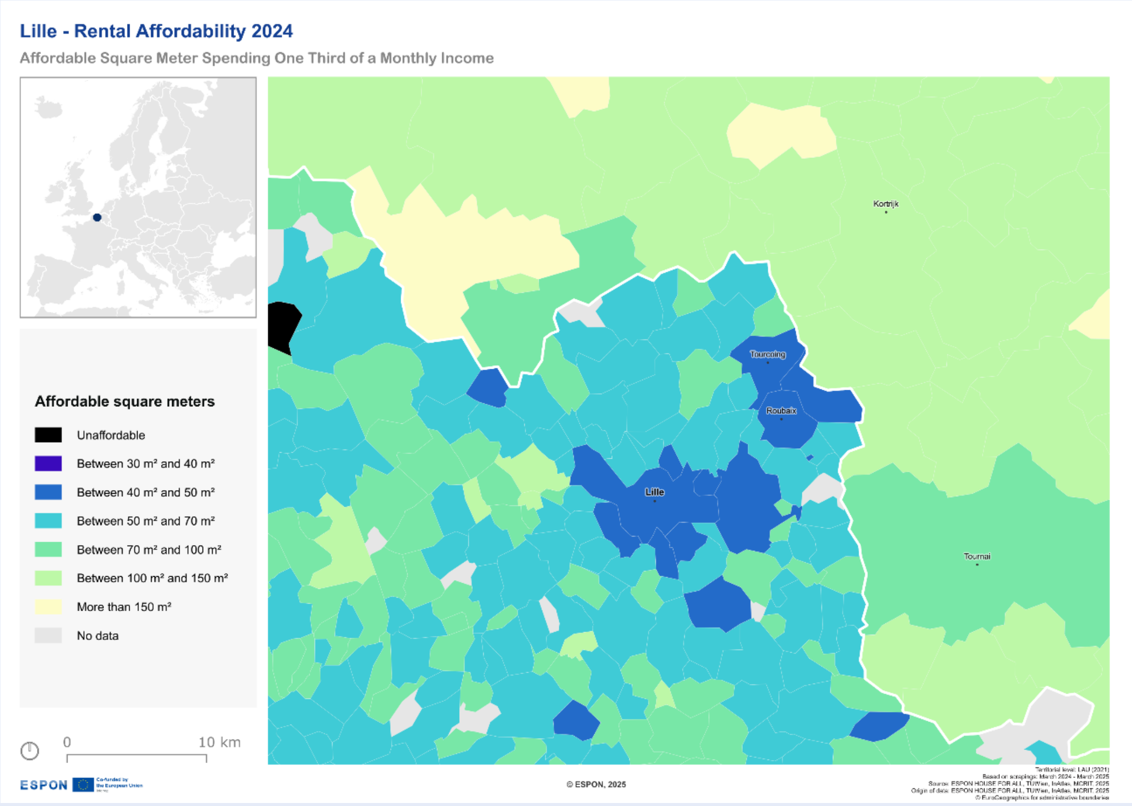

Figure 68: Rental affordable square meters between March 2024-March 2025

Lille's rental affordability increases moving outwards from the city centre, and demonstrates a clear distinction between its French and Belgian urban fringes. Rental affordability is lowest in Lille's city centre and several municipalities on its northeastern border with Belgium, with 40-50 affordable square meters based on the one third of monthly income test. Rental affordability generally increases moving outwards from the city centre to between 50-100 affordable square meters on Lille's French side, and between 70-above 150 square meters on its Belgian side. This pattern is consistent with Lille's rental prices (see Figure 19), indicating that differences in rental affordability between Lille's French and Belgian urban catchment areas may be driven more by rental prices than by income.

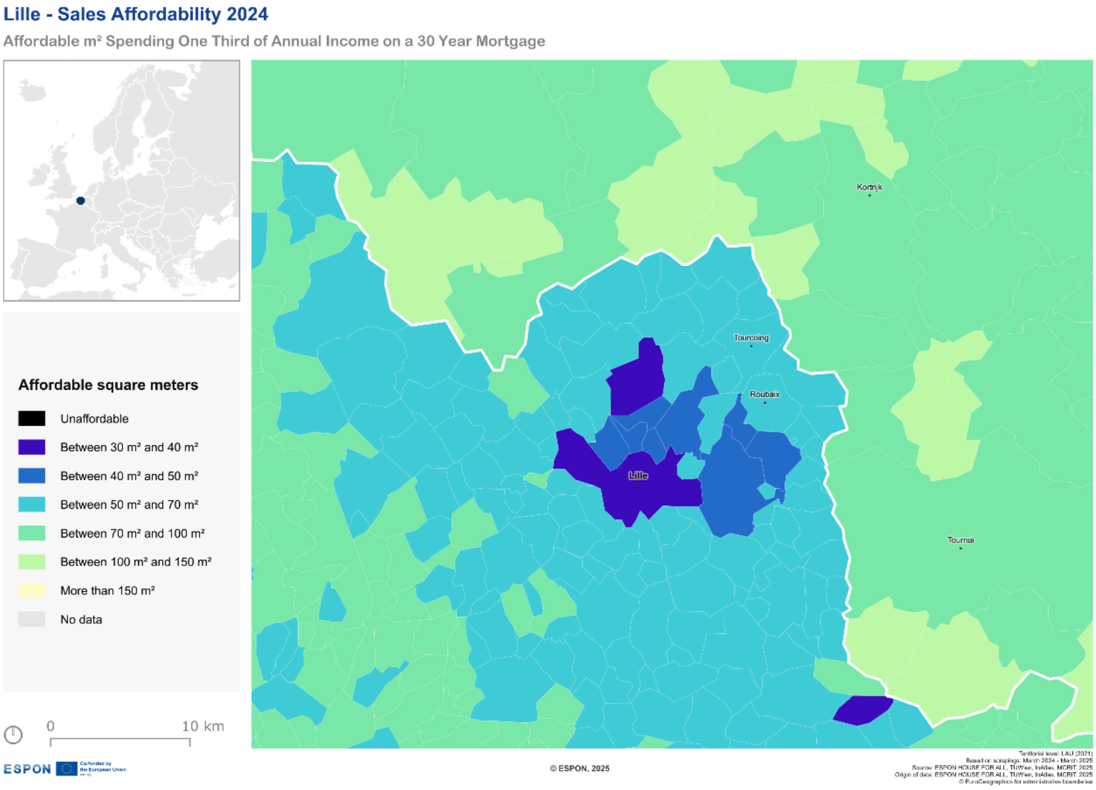

Figure 69: Sales affordable square meters between March 2024–March 2025

Similarly to rental affordability, there is a stark distinction in Lille's property sales affordability based on degree of centrality and national borders. Property sales affordability, based on the one third of median income test, is lowest in Lille's city centre, between 30-40 square meters. This increases to 40-50 square meters to the immediate north and east of the city centre, and to 50-100 square meters in the rest of Lille's French urban catchment. Contrastingly, on Lille's Belgian side, property affordability is between 70-150 square meters, mirroring differences in property sales prices (see Figure 20). As with rental prices, it is likely that differences in sales affordability on either side of Lille's national borders are driven more by differences in sales prices than income.

9.3 Munich

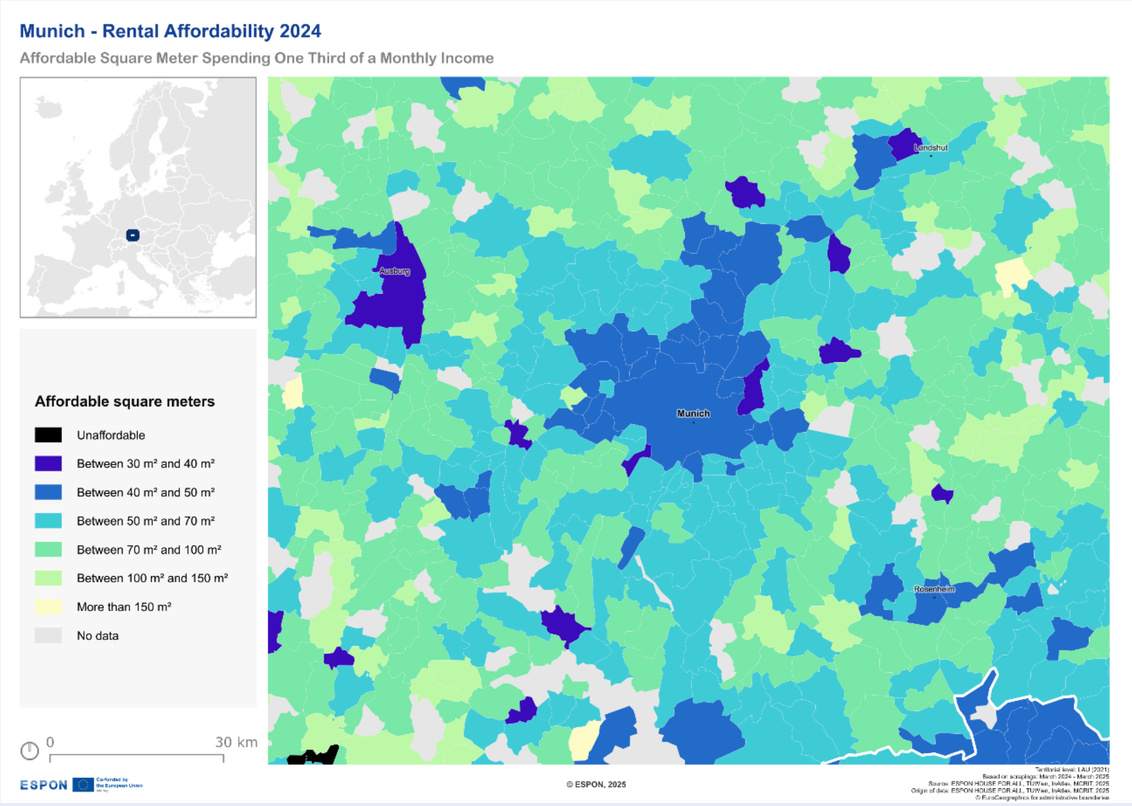

Figure 70: Rental affordable square meters between March 2024-March 2025

Munich's rental affordability is lowest in central areas and surrounding cities. Crucially, while Munich has very high rental prices compared to other case study cities (see Figure 21), its rental affordability is comparatively moderate, indicating that higher rental prices are to some extent offset by higher incomes. Affordable square meters, based on the one third of median income test, are between 40-50 in the city centre and municipalities immediately north of the city centre, increasing to between 50-70 and then 70-100 square meters moving outwards from the city centre. The city centres and surrounding urban areas in Augsburg, Landshut and Rosenheim tend to have poorer affordability, with between 30-70 affordable square meters, in line with higher rental prices in these areas (see Figure 21).

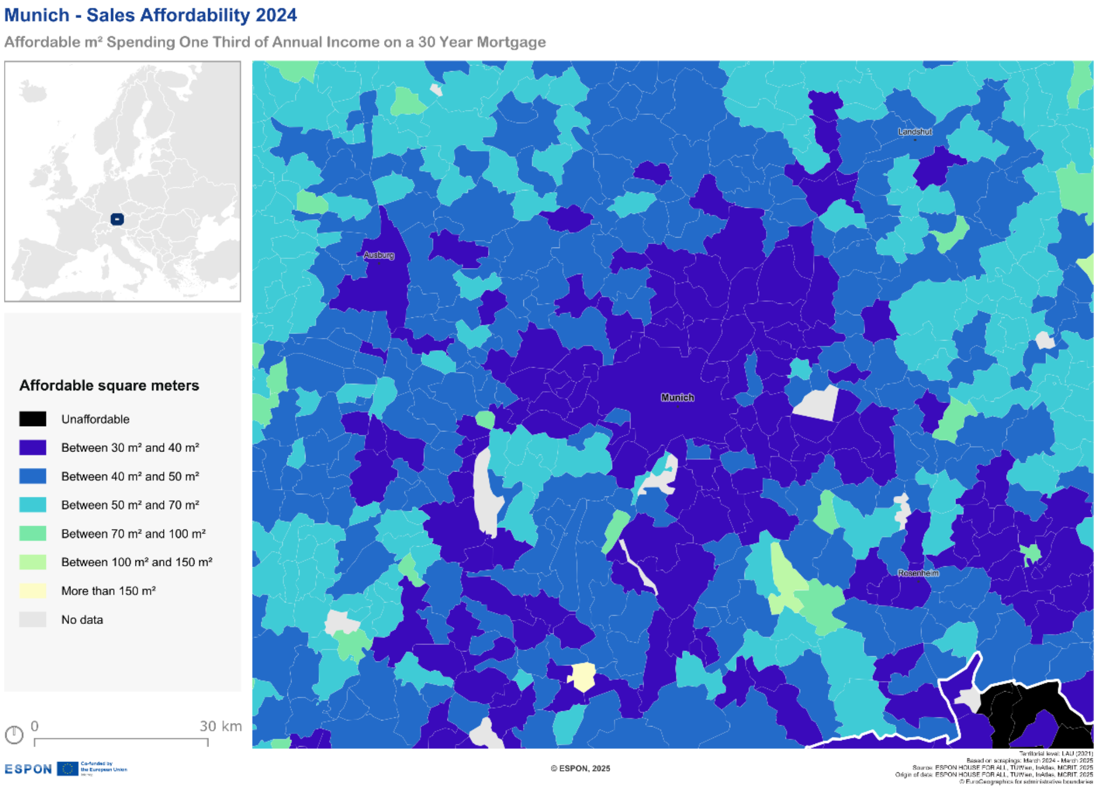

Figure 71: Sales affordable square meters between March 2024-March 2025

Compared to rental affordability, property sales are more consistently unaffordable throughout Munich, and there is less variation in affordability based on proximity to surrounding cities. Affordable property sales square meters in the city centre and adjacent municipalities are between 30-40 square meters. There is increasing affordability moving outwards from the city centre, with surrounding and more peripheral areas having between 40-70 affordable sales square meters. While the surrounding cities of Augsburg, Landshut and Rosenheim do display spikes in unaffordability, with between 30-50 affordable square meters in these cities and adjacent areas, this difference is less pronounced than for rental unaffordability. Interestingly, to the far south-east of Munich across the Austrian border, there are a cluster of particularly unaffordable municipalities, indicating that Austrian incomes are lower relative to their German Munich neighbours.

9.4 Salzburg

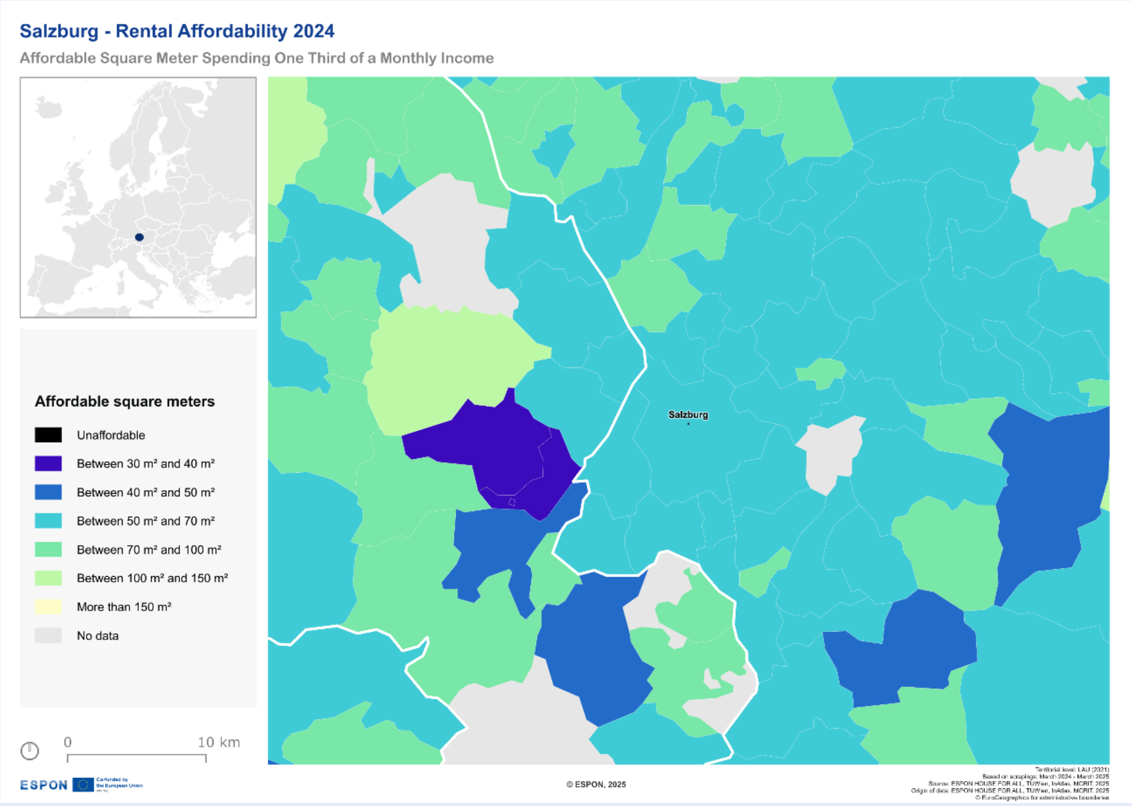

Figure 72: Rental affordable square meters between March 2024-March 2025

Salzburg's rental market is reasonably affordable throughout the city, with limited variation between its German and Austrian urban catchment areas. Rental affordability in the city centre is between 50-70 square meters and remains reasonably consistent in adjacent municipalities with the exception of several more unaffordable municipalities to the immediate west over the German border. Affordable square meters in surrounding and more peripheral municipalities tend to remain in the 50-100 square meters band, with some exceptions on both the German and Austrian sides. However, as with rental prices (see Figure 23), rental affordability is moderate and reasonably consistent throughout Salzburg's urban catchment area.

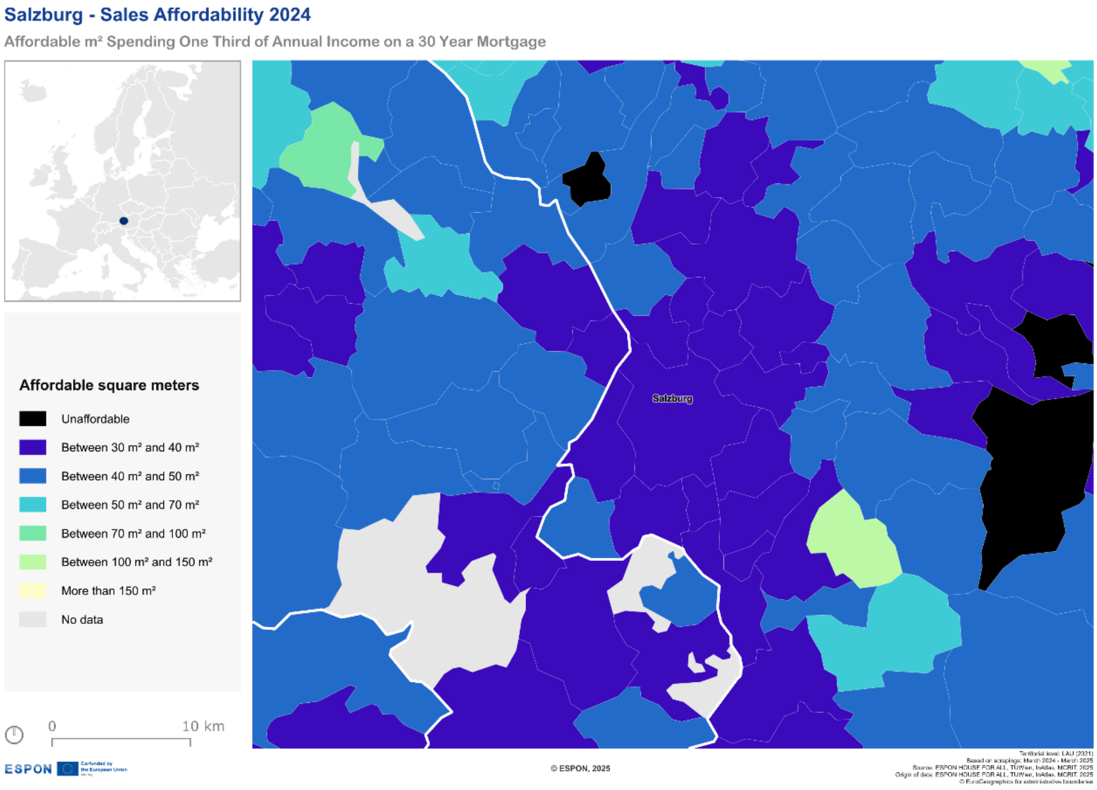

Figure 73: Sales affordable square meters between March 2024-March 2025

Unlike rental affordability, property sales in Salzburg are both more unaffordable and more spatially distinct between the Austrian and German catchment areas. Affordable sales square meters in Salzburg's city centre are between 30-40, and there are similar levels of sales affordability in adjacent municipalities on the Austrian side of the border. In Salzburg's Austrian urban fringe, rental affordability ranges from unaffordable-50 square meters, whereas its German peripheral areas are slightly more affordable, ranging primarily from 30-70 affordable square meters. Overall, greater sales unaffordability and more distinction between Salzburg's Austrian and German surrounding areas mirrors the trends noted in property sales prices (see Figure 24).

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