

Beyond Affordability: Bringing Housing Space Inequality on the Political Agenda

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**Research Brief Series 3:
The Politics of Housing**

Progressive Politics Research Network

Abstract

The public housing debate in European countries is mostly focused on affordability issues and the panacea of new housing construction, but overlooks questions of living space, even though both overcrowding and under-occupation in the existing housing stock are on the rise. As shown for the German case, overcrowding is especially common among immigrants, young adults, single parents, and urban renters, while under-occupation is even more widespread, especially among older populations. This is similar in other European countries. Perceived overcrowding rates are even higher. Socio-demographic factors are stronger predictors of overcrowding than income or housing costs, which feature prominently in affordability debates. A key implication for policymakers is to prioritize reallocating space within the existing housing stock—through housing exchanges or downsizing incentives—as an alternative to carbon-intensive new construction, which is not always in tune with demographic trends.

Introduction

Housing has made an impressive comeback to the media and policy agenda in many countries and global cities in recent years, even in countries like Germany which had not been exposed to the housing fallout of the Global Financial Crisis (Gabor and Kohl 2022). The main housing policy issue is affordability, both of rents and prices relative to income, and most policymakers on the moderate left and right seem to agree that building more housing against supply-side constraints is the main solution, even though they may disagree about what causes the diagnosed supply shortages (state regulation, NIMBYists, finance) and who is supposed to build (state vs. market). Given how much of a consensus there is on “Build, build, build” as a panacea for solving the housing problem—despite concerns about the carbon footprint of new construction—, it is surprising that a building boom has yet to materialize in most countries.

Meanwhile, the existing housing stock—while being the main source of annual housing supply—is a less frequently addressed topic by policymakers and the media. Similarly, housing research has privileged affordability over housing quality and living-space issues of already-existing housing. A crucial aspect of the existing housing stock is its unequal distribution, where vacant and under-occupied housing units coexist with overcrowded ones. The reference for this under- and over-use of housing space is offered by Eurostat, where the overcrowding rate refers to the percentage of the population living on less than one room per capita – deflating for age, relationship status, and different gender of children –, where under-occupation refers to having more space at one’s disposal than is considered adequate (more than 1 surplus room). Figure 1 shows a line-up of European countries with their over-crowding and under-

occupation rates by this definition, where households in Eastern- and Southern-European countries are generally more crowded than those in most North-Western European countries.

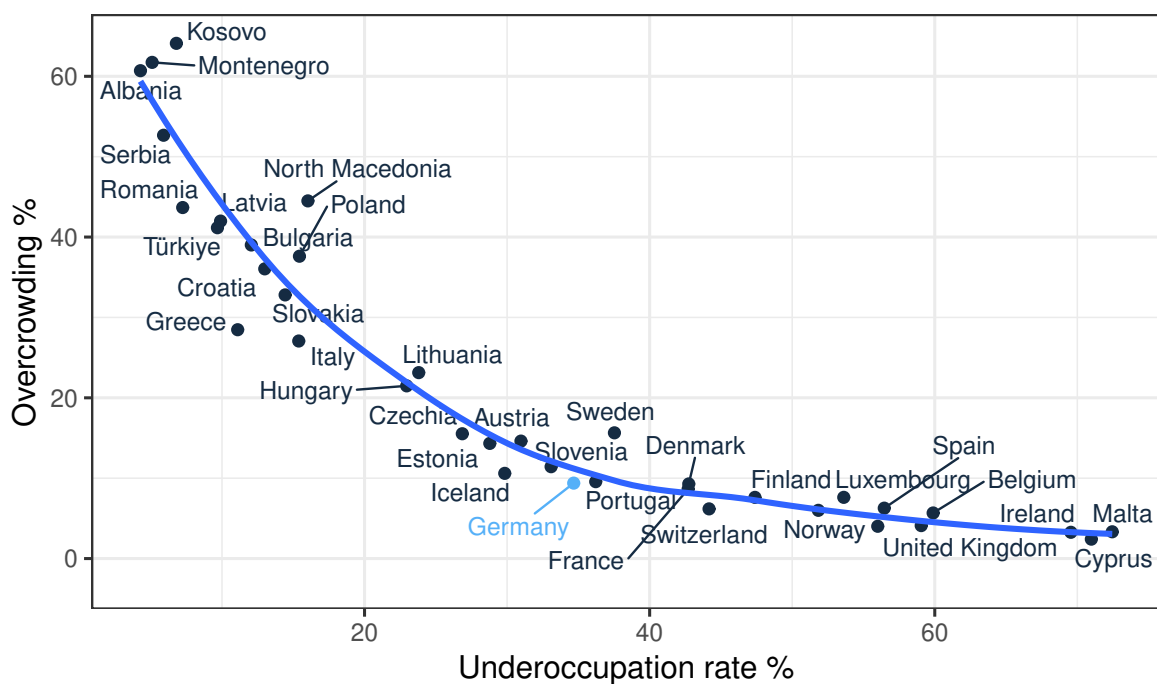
How do these European countries compare internationally? Applying the same standard to the Global South, e.g., Latin American countries where overcrowding starts with having more than two adult persons per bedroom, reveals even higher overcrowding rates, whereas Anglophone countries outside of Europe have become countries of McMansions, with overcrowding (below 5%) confined largely to urban tenants. As precise room definitions – even within the Eurostat area (see below) – can differ across countries, these comparative statistics need to be read with caution.

Germany, despite its large stock of urban rentals, is a rather unspectacular middle case in this distribution, but still displays close to 15% of crowded and 35% of under-occupied inhabitants. We use Germany as a case study, leveraging high-quality data from the Socio-Economic Panel (SOEP) to first inquire about the socio-demographic determinants behind these different living arrangements, before secondly exploring some policy implications for progressive politics.

Housing as a social problem

Housing usually enters public discourse primarily as a problem of affordability, when price and rent growth exceed growth in income and where differences between homeowners and tenants as well as between rich and poor homeowners create wealth inequalities beyond existing income inequalities (Pfeffer & Waitkus, 2021). Housing quality, including housing space, had been a crucial topic in debates of the “housing question” of the

Figure 1: Over- and occupied population in European countries, yearly average 2017-2023



Source: Eurostat

late 19th century, but with the diffusion of modern housing standards and the secular rise of rooms and living space per capita, these dimensions have receded into the background, including in academic research.

Yet, the amount of living space people have — whether too much or too little — is socially significant.. A substantial body of research has linked overcrowded housing to a wide range of adverse outcomes, including impaired child health and development (Booth & Johnson, 1975), lower schooling outcomes (Goux & Maurin, 2005), and reduced well-being (Solari & Mare, 2012). Adults, too, are affected: Overcrowding has been associated with poorer mental (Wang et al., 2023) and physical health, as well as with cumulative

inequality across the life course (Lopoo & London, 2016). For comprehensive overviews, see Singh et al. (2019) and Richards et al. (2023).

At the same time, moving into under-occupied space can also be associated with less social ties, less political activity and higher difficulties of emotional adjustment (Hadziabdic & Kohl 2024). With a housing-space Gini coefficient of up to 0.24 in the German case, housing space inequality may thus not be an unproblematic inequality, but rather one with the potential to spill over into other social spheres. It also highlights that the current housing problem is not necessarily one of absolute shortage, but rather one of a misallocation of existing living space.

Overcrowding and under-occupation: Studying the German case

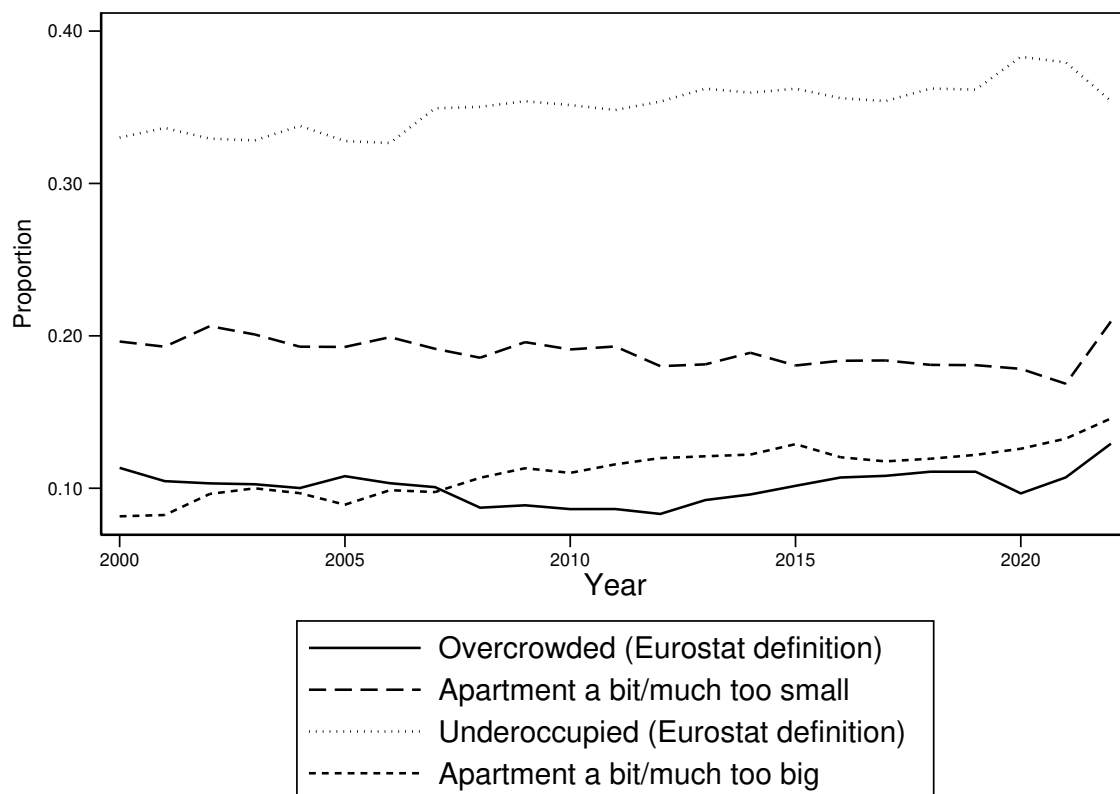
Over the past decade, housing overcrowding has reemerged as a pressing issue in Germany, despite previous gains in housing space during the post-reunification period. According to longitudinal data from the German Socio-Economic Panel (SOEP), the share of people living in objectively overcrowded homes—defined by Eurostat criteria based on room availability per household composition—has increased significantly in the last ten years, as reported in a study underlying our policy brief (Kohl et al. 2024), funded by the Hans-Böckler Foundation. This also holds for urban areas as documented in Figure 2. By 2022, approximately 13 percent of Germans in urban areas were living in such conditions, up from around 8 percent a decade earlier. More strikingly, subjective perceptions of crowding are even more widespread: about one in five respondents report feeling that their dwelling is too small. This gap between objective and perceived overcrowding has grown over time and suggests that housing constraints are not only measurable in terms of square meters or room counts, but also reflect broader feelings of stress, discomfort, and unmet social needs.

Simultaneously, our study shows a seemingly paradoxical development: under-occupation has also been on the rise. By 2022, 35 percent of urban households were objectively under-occupied—that is, they had more rooms than would be considered appropriate based on their household size. Yet only approximately 15 percent of urban respondents subjectively viewed their homes as too large. This asymmetry illustrates that many individuals do not perceive excess housing space as a problem, even when they live alone in multi-room homes.

We also document that the risk of overcrowding is far from evenly distributed but strongly patterned by demographic characteristics. This is documented in Figure 3 for urban areas in 2022, where migrants in particular are consistently overrepresented among those living in crowded conditions. Even after adjusting for income, education, type of housing, and other socio-demographic and regional variables, being foreign-born is associated with a 11-percentage point higher likelihood of overcrowding in urban areas (Kohl et al. 2024). Similarly, household structure plays a powerful role. Having children increases the likelihood of living in a crowded home, with each additional child further raising the risk. Educational attainment offers a significant protective factor. Individuals with a college degree are notably less likely to experience overcrowding compared to those without even a high school diploma.

Tenure status and housing type also influence housing space. Renters, who constitute a majority of about 75% in major German cities above 500k inhabitants, are at greater risk of overcrowding than homeowners. The type of dwelling matters as well: those living in detached houses tend to have more space than those in apartments. Interestingly, we do not find any substantial differences between the Western and Eastern part of Germany in the urban context. Finally, when disaggregating by self-reported political preferences, individuals who identify with centre-right parties (CDU/CSU, FDP) or centre-left parties (SPD, the Greens) are less likely to live in overcrowded households than others. The residual category, which is the largest group, includes people who do not express a clear party preference or who align with the political extremes. Among these, by far the largest group (94.29%) consists of respondents who either have no party preference or at least chose not to state one.

Figure 2: Subjective and objective over- and under-occupation in urban German regions, 2000-2022

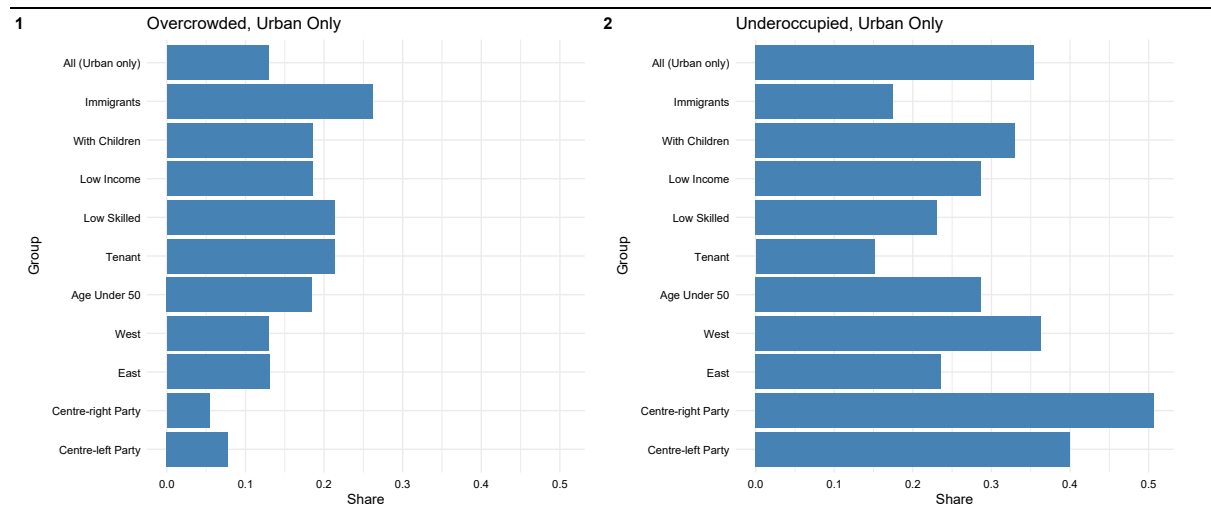


Only 3.65% expressed support for the Left Party and 1.85% for a far-right party, while the remaining respondents either aligned themselves with smaller parties or indicated support for a combination of parties across the political spectrum.

The distribution of under-occupation is similarly uneven and follows clear socio-demographic patterns. As panel 2 of Figure 3 shows, household characteristics are a central driver: families with children are less likely to experience surplus housing space, while younger persons (under age 50) also show comparatively lower rates. Socio-

economic position is another decisive factor: Low-income and low-skilled groups display below-average rates of under-occupation, suggesting that limited resources constrain access to larger dwellings. Similarly, tenants are far less likely to benefit from underoccupied housing than homeowners, likely reflecting both tenure-specific cost pressures and differences in dwelling types. Regional patterns add further nuance. Western Germany exhibits higher rates of under-occupation compared to the East. Finally, immigrants also report comparatively low rates of under-occupation, echoing their greater exposure to overcrowding risks

Figure 3: Overcrowding and under-occupation rates in urban areas by different risk groups (2022)



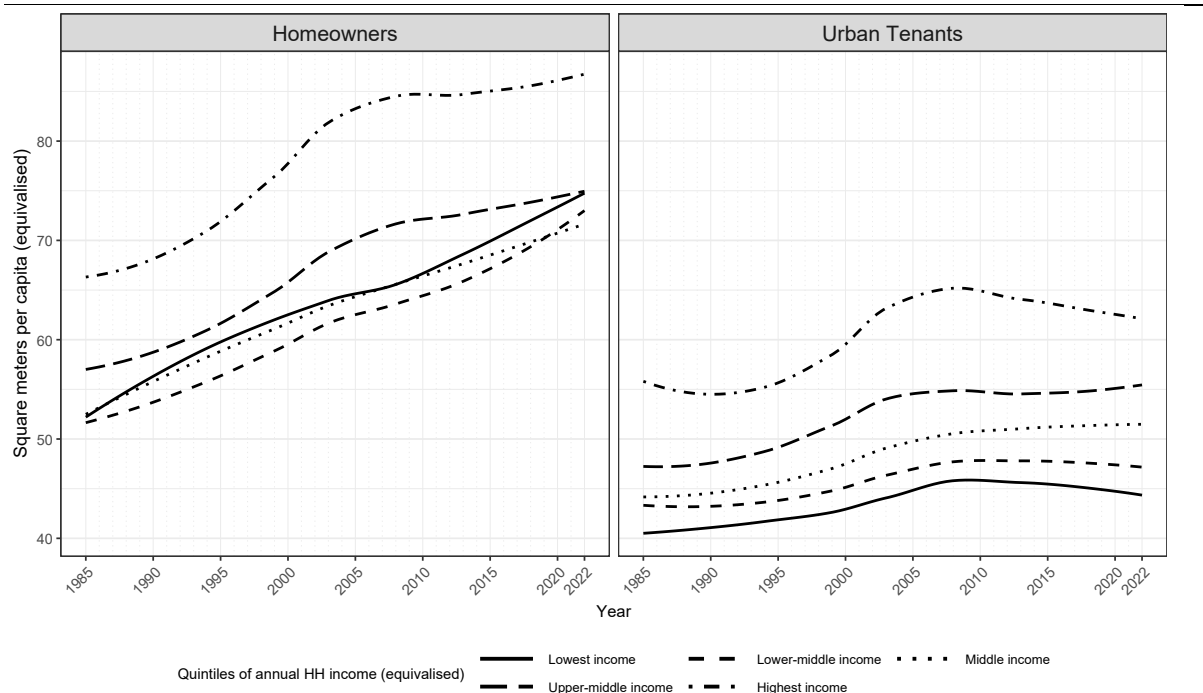
highlighted earlier. Together, these findings illustrate that housing space is deeply structured by socio-economic resources, household composition, and regional context. Finally, we again look at differences regarding political preferences. Compared to overcrowding, the pattern now differs. Individuals aligned with centre-right parties are much more likely to be under-occupied, than those with centre-left preferences and others.

The most extreme housing class divide, this time in terms of square meters per capita, is summarized in Figure 4, which shows that the poorest homeowner income quintile has in recent years outpaced the richest quintile of urban tenants, for which starting around 2011 living space has started to stagnate or even decline after decades of expansion.

Lastly, our study reveals that housing overcrowding is closely tied to the life course. Overcrowding

is particularly prevalent among young adults aged 18 to 25, with rates exceeding 20 percent in this age group. As individuals age, the likelihood of overcrowding declines steadily, while the share of those living in under-occupied homes rises. This pattern reflects typical life-cycle transitions— young adults starting families in small rentals, mid-life households expanding and later contracting, and older adults remaining in larger dwellings after children move out or spouses pass away. Generally, these descriptive findings carry over into our longitudinal analyses of the risk to enter or exit under- or over-occupied housing arrangements. The results show that migrants, families with children, single parents, low-income renters, and younger people are consistently more likely to end up in overcrowding, while high-income homeowners are the least likely.

Figure 4: Square meters per capita, different quintiles, homeowners vs. tenants, over time



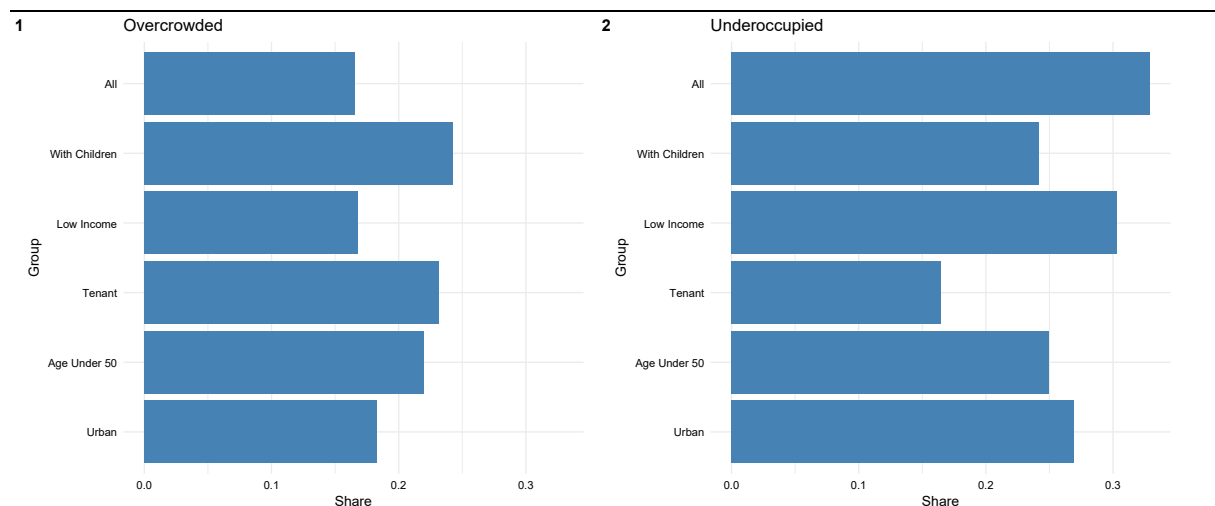
Overcrowding and Under-Occupation: The European Context

While Germany stands out for the granularity of its microdata, it is not a unique case. According to the latest EU-SILC data (2023), overcrowding rates vary substantially across Europe: they are highest in Eastern and Southern EU member states—such as Romania, Bulgaria, and Italy—where rates often exceed 30%, and lowest in Northern and Western countries like the Netherlands, Belgium, or Ireland, with rates below 5%. What sets Germany apart is its housing market structure: a high share of rental households and relatively low homeownership rates, and strong urban-rural contrasts. In countries with higher ownership levels and more detached housing (e.g., Spain or

Poland), under-occupation tends to be even more widespread, especially among older adults. Conversely, countries with tighter urban markets and larger immigration flows (e.g., France, Sweden) show similar socio-demographic patterns of overcrowding as observed in Germany (see Figure 1).

Across Europe, vulnerable groups, such as young adults, single parents, tenants, and people in urban areas, are consistently more exposed to overcrowded living conditions (see Figure 5). Meanwhile, across EU-SILC countries, under-occupation is concentrated among older, higher-income, homeowner, and non-urban households, while families with children, younger adults, low-income households, renters, and urban residents show below-average rates (see panel 2 of Figure 5).

Figure 5: Overcrowding and under-occupation rates by different risk groups – Average across European countries (2022)



This international comparison underlines that Germany’s housing space inequality is not an anomaly, but part of a broader European challenge. It also suggests that policy solutions may benefit from cross-national learning—particularly regarding incentive structures, downsizing schemes, and models for intergenerational housing exchange.

Methodological caution

While these figures are routinely reported via Eurostat, a methodological caveat is warranted: EU-SILC relies on country-specific definitions of “rooms” without further harmonization. This concerns not only minimum room sizes but also which spaces qualify as rooms (e.g., kitchens, bathrooms). For countries where documentation on such differences is available, we therefore additionally recalculated the indicators as functions of the respective national definitions to harmonize room counts across countries. In Spain, Ireland, and Finland—where kitchens are explicitly

counted as rooms—we subtracted one room from the reported total before recomputing the overcrowding and under-occupation measures. The resulting rates diverge markedly from the non-harmonized versions. Using the harmonized measure, the average overcrowding rate across these three countries is 20.30%, compared with 6.82% under the original definition. The gap is similarly large for under-occupation: 26.66% of households are classified as under-occupied with the harmonized measure, versus 55.82% using the non-harmonized variable. In many other cases, the survey wording does not make clear whether kitchens should be included in the room count, precluding a consistent rule for harmonization. Consequently, estimates based on EU-SILC are less robust for fine-grained country comparisons and should be interpreted with caution.

Some takeaways

Our study generally highlights that living space is a crucial vector of inequality in housing markets — and one that is becoming increasingly important: both extremes of the distribution, overcrowded and underoccupied households, have been growing in recent years. While these living arrangements do not concern the entire population, certain groups are particularly vulnerable and exposed to overcrowding, such as migrant families, single parents, urban tenants, the younger population and households with low education levels. As a social problem, this rather requires targeted than catch-all housing solutions.

The coexistence of rising overcrowding and increasing under-occupation points to a structural misallocation of housing space, rather than a general shortage, and our study has not even factored in underused vacant housing units and shrinking towns in depopulating areas in Europe. The politically naïve question is this: disregarding implicit locational choices behind over- and under-occupation, can the housing shortage be solved through a simple scheme that would redistribute existing living space without a single new unit being built with a substantial carbon footprint?

There are obviously both practical and political obstacles, assuming that large parts of households living in under-occupied conditions prefer their current housing situation over moving. Politically, approaches could range from allocating tenants by force, requisitions, outright expropriation and redistribution, as undertaken in large cities like historical St. Petersburg after socialist revolutions, to more modern incentive schemes for under-occupied households to down-size. In current capitalist democracies, only the latter options are politically feasible, but conveying the need to live with less,

to become frugal and move out of one's beloved neighborhood may face the political cost of negative messaging.

A first step for progressive housing politics is to foreground the unequal provision with housing space, particularly the high under-occupation rates: as difficult as living in overcrowded housing can be, the statistics show that under-occupation is much more widespread in most countries, while even the lowest income quintile of urban tenants in Germany has more than 40m² per capita (see Figure 4). Spreading this news via information campaigns may not only be politically relevant, but such information treatments could also alter residents' perception and awareness of their housing situation. Such campaigns could also try to decouple housing size from status consumption which we are currently studying in a new project.

Even without such a campaign, progressive politics could secondly start addressing the large reservoir of residents which subjectively find themselves living on too much space. Many of these residents are of older age, do not necessarily belong to the highest income groups and share potentially receptive centric political views (Figure 3). Potentially, many of these people would be willing to move to smaller apartments. However, in particular in urban contexts, increases in rental prices have created a 'housing trap,' where individuals with old rental contracts in large apartments who wish to relocate are unable to do so due to the high cost of new apartments. Implementing political programs that provide incentives and support for residents to relocate, particularly in favor of young families, could offer a promising solution.

Third, social and municipal housing providers — which are favored in many progressive housing

policies — have the additional advantage of being able to organize and promote apartment swaps internally, for example by offering both parties the same rent after the exchange. (see the case of all municipal housing companies in Berlin, <https://www.inberlinwohnen.de/das-wohnungstauschportal-der-landeseigenen>). These internal swaps can function more efficiently than commercially organized ones, where two landlords and two tenants all need to agree on the arrangement and where more complex exchange chains can easily get disrupted.

Finally, while all these measures concern the existing housing stock, future construction policies should build for future demographics. A key explanation for current misallocations is that many small, modern households occupy dwellings built for larger families in an earlier era. Unit sizes in new construction have only recently begun to decline and should do far more to accommodate the shift toward smaller households.

Executive summary

This research highlights a growing yet under-addressed issue in housing: the unequal distribution of living space. While debates tend to focus on affordability, the increasing coexistence of overcrowded and under-occupied households points to a structural misallocation of housing. Using detailed data from the German Socio-Economic Panel (SOEP), the study reveals a rising share of both overcrowding and under-occupation in recent years.

Overcrowding is not evenly spread across the population. Young adults, single parents, large families, migrants, urban renters, and individuals with lower educational attainment are significantly more likely to live in overcrowded conditions. Conversely, older adults, homeowners, and rural residents are more likely to live in homes with more rooms than necessary. Perceived overcrowding is even more widespread than official measures suggest, indicating a growing gap between statistical definitions of adequacy and subjective housing satisfaction. Notably, the increase in under-occupation reflects broader demographic and life-course trends, such as ageing societies. These findings suggest that the problem is less about absolute housing shortages and more about who lives where—and how. Germany is not alone: similar patterns exist across Europe, particularly in countries with strong urban-rental sectors and lower homeownership rates.

Current policy solutions often focus on increasing supply through new construction, which is costly and carbon-intensive. This brief instead urges a shift toward allocation: encouraging downsizing among older adults, promoting intergenerational housing exchange, and removing barriers to household mobility. Addressing overcrowding and under-occupation together requires nuanced, targeted measures. Living space is not just a housing issue—it affects well-being, social mobility, and inequality more broadly. Promoting the efficient and equitable use of housing space should be a central priority of social policy.

Based on

[Kohl, S.](#), Steinhardt, M. , [Voss, S.](#), [Stella, L.](#) (2024): [Crowding \(at\) the margins: Investigating the unequal distribution of housing space in Germany](#), DP School of Business & Economics, No. 2024/6, Freie Universität.

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