

Europe Prefabricated Housing - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Europe Prefabricated Housing Market size is estimated at USD 32.5 billion in 2024, and is expected to reach USD 44.71 billion by 2029, growing at a CAGR of 6.59% during the forecast period (2024-2029).

COVID-19 negatively impacted the European market for prefabricated houses. The pandemic significantly increased vendor and contractor uncertainty in Europe's building sector. Some construction enterprises had to suspend work due to restrictions and lockdowns. However, the demand for prefabricated materials surged as a result of pressing needs in the hospital and quarantine sectors. Prefabricated houses were the ideal choice during the pandemic because conventional construction requires a large team.

The European prefabricated housing market is mainly driven by low- to mid-rise residential buildings, project homes, and public housing demand. According to a market study conducted by industry experts, the prefabricated housing market volume and price are expected to be favorably driven by several trends. The study focused on the following regions: Germany, Scandinavia, the United Kingdom, Switzerland, Austria, and Poland. According to the study, among 1+2 family housing, prefabricated housing is expected to gain relevance. Geographically, absolute growth is projected to be driven by Germany, the United Kingdom, and Scandinavia. The United Kingdom is expected to be negatively impacted by Brexit and is forecasted to grow stably but well below strong historical growth figures.

Croatia has the highest single-family house rate for prefabricated houses at 95.5%. The rate is 84.5% in Austria and 88.4% in Germany. Compared to most European countries, prefabricated multi-story residential buildings are very popular in Denmark and represent a major market share. The shell-finished and turnkey houses are developing better than the floor-covering houses.

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Overall, turnkey expansion is already dominating in many places. In Spain, the sales share of turnkey solutions is 86.3%. Turnkey solutions are also popular in Hungary, Poland, Switzerland, France, Great Britain, and Italy. In Germany, however, the floor covering houses is just ahead. In Croatia, on the other hand, turnkey solutions are not at all popular and hold only 2.2% of the market. Cultural differences have a great impact on the construction method.

While solid construction is an exception in Sweden and timber frame construction dominates with a share of 95.2%, conversely, solid construction accounts for the lion's share in Croatia with 87.9%. Solid construction in Germany shows a lower increase than timber frame construction. According to the study, solid construction is expected to increase in Austria, if only slightly.

The prefabricated housing market is growing across Europe as people increasingly focus on turnkey solutions that tick all the modern boxes. The manufacturing firms' acceptance and ease of planning and consent processes are expected to boost demand further. Modular construction is gaining popularity across the European region owing to population growth and shortages in housing. It is gaining momentum as an effective means to build affordable housing.

In Italy, the demand for prefabricated, anti-seismic houses in steel is expected to gain popularity, owing to their validity and efficiency in housing safety. It is applicable, especially in those areas subjected to recurrent seismic events. Sweden is one of the world's most developed markets for prefabricated construction, with a high penetration rate.

Sweden is the leading country in implementing penalized building systems, where around 80% of its housing sector uses structures and elements prefabricated in factories. Offsite manufacturing is used in Sweden to build at least 45% of its new homes and 30% of new-build multi-residence buildings. According to an industrial study, about eight out of 10 detached houses in Sweden are built using modern methods.

Europe Prefabricated Housing Market Trends

Huge demand for prefabricated housing driving the market

Currently, you can see the demand for prefabricated products in various shapes and dimensions across the region. People also use prefabricated metal products to fulfill modern architectural demands where the building structures include decorative elements with unique shapes. There is a trend in the increased usage of prefabricated components in the construction sector owing to the cost benefits and time constraints. Rapid urbanization and the need to overcome the shortage in housing are providing a market scope for prefabricated structures.

The prefab construction market in the United Kingdom is transforming with increasing confidence and capacity in prefabrication construction solutions. The penetration of prefab housing in the United Kingdom is lower compared to other European countries, such as Sweden or Germany. According to an industrial source, out of the 200,000 homes constructed in the country every year, about 15,000 are modular. Modular construction technology has gained more attention in Europe's building industry over the last few years. The increasing investments in the UK's modular construction sector are also boosting the prefab industry growth. Homes, Legal & General announced plans to deliver thousands of modular homes annually.

The desire for higher-quality, environmentally friendly homes is increasing across the continent, with the biggest percentages being in the United Kingdom and Germany. The prefabricated construction sector is anticipated to grow dramatically when additive manufacturing is adopted in Europe. Businesses are implementing environmentally friendly products and production techniques to differentiate themselves.

The emphasis on energy efficiency led to the invention of materials that absorb energy, including micro homes. Prefabricated house demand is expanding as more new home purchasers take advantage of the construction method's benefits in a market

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experiencing improved economic and demographic conditions. Six Northern European countries were expected to sell an estimated 70,100 units by the end of 2022, with German demand representing a sizeable level, particularly for turnkey solutions.

Huge demand for multi-family houses is driving the market growth

The UK, France, and Spain had significant gains in investment, with volumes increasing by 43%, 31%, and 48%, respectively, over the same period in 2021. Yet, the current socioeconomic environment will likely force activity to slow down through Q3. But, we anticipated that investment activity would take up again as the market adjusted to these new circumstances, with solid underlying demand fundamentals supporting a revival in activity towards the end of 2022. More than 20% of renters in Spain currently pay more than 40% of their income in rent. The possibility of rent control regulation consequently moved up the political agenda. The current state of economic uncertainty and the potential for new laws may be a barrier to investors.

In H1 2022, multifamily yields in Europe showed a mixed picture. Other markets, like France, Ireland, Germany, and Sweden, saw stable yields. It occurred in Germany due to persistent demand from equity-rich investors, which supported yield performance. While this happened, yields in the UK became harder as the market matured and early investments beat their initial underwrites, increasing investor interest.

However, rates shifted marginally in other areas, such as Amsterdam, Madrid, and Oslo, rising by 25 bps, 15 bps, and 10 bps, respectively, in Q2 2022. Investors are more cautious in light of the current political and economic unpredictability. Investors that use a lot of leverage temporarily leave the market while they await the outcome of the next few months with interest rates, inflation, and build costs.

Europe Prefabricated Housing Industry Overview

Europe's prefabricated housing market is highly competitive and fragmented, with no players occupying the major share. Skanska AB, Peab AB, Swietelsky AG, Laing O'Rourke, and Bouygues Batiment International are major players. The market is expected to grow during the forecast period due to increased prefab construction building investments, upcoming major projects in the country, and other factors driving the market. Prefabricated building systems and construction hold a high potential to improve the efficiency and performance of the European construction industry in a more sustainable sense. Companies are using environmentally friendly materials and manufacturing techniques to differentiate their products from competitors.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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