

Europe Residential Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Europe Residential Construction Market size is estimated at USD 1.14 trillion in 2025, and is expected to reach USD 1.50 trillion by 2030, at a CAGR of 5.67% during the forecast period (2025-2030).

Key Highlights

- The European Commission announced its ambitious goal: to at least double renovation rates over the next decade i.e by 2050. The Commission emphasizes that these renovations should prioritize energy and resource efficiency. Such measures are expected to elevate the quality of life for occupants, curtail greenhouse gas emissions across Europe, promote digitalization, and bolster the reuse and recycling of materials.
- The European Central Bank cut interest rates to spur economic growth. This move lightened financing conditions for construction firms, making it easier and more cost-effective to obtain loans for residential projects. The rate cuts sent a positive signal to the construction sector, bolstering investor confidence and fostering optimism for a rebound in the residential construction market. Notably, this decision offered significant relief to developers grappling with elevated borrowing costs in an uncertain economic landscape.
- A target of 49% renewable energy usage in the buildings sector is introduced as a new benchmark to reinforce new EU building regulations and guide Member States' actions. Additionally, with an allocation exceeding EUR 86 billion (approximately USD 91 billion), the newly established Social Climate Fund, aims to finance a variety of structural measures and investments for these targeted vulnerable groups. These measures include renovating buildings (such as insulation upgrades).
- The extreme temperatures of record-breaking heatwaves in Southern Europe disrupted construction projects, leading to significant delays and also heightened concerns about worker safety, making outdoor tasks more perilous. Such events spotlight the mounting challenges the construction industry grapples with due to climate change, underscoring the urgent need for enhanced preparedness and safety protocols during extreme weather. Furthermore, the heatwave highlighted the necessity of

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adapting construction practices to navigate the growing unpredictability of climate conditions.

- Building information modeling (BIM) and other cutting-edge technologies are being used more frequently in the European residential construction market to increase the effectiveness of construction operations. Integrating augmented and virtual reality with building information modeling will make it easier to manage and carry out construction projects and improve worker safety. It is anticipated to impact the market's growth throughout the forecast period positively. However, the need for more building materials raises the overall construction cost, which is projected to hamper the residential construction market growth during the forecast period.

Europe Residential Construction Market Trends

German Residential Construction: Navigating Challenges with Resilience

German residential construction is navigating challenges, yet signs of adaptation are evident. In November, 49.1% of firms noted a shortage of orders, a slight increase from 48.7% in October. This trend underscores the industry's efforts to maneuver through a tough market. Many firms are innovating to tackle rising construction costs and interest rates, revising project plans, and seeking more efficient pathways forward.

With 21.5% of firms reporting order cancellations, the emphasis on flexibility and adaptability in the industry becomes clear. Yet, the construction sector showcases resilience, with firms actively pursuing growth opportunities and adjusting to the evolving economic landscape. Notably, while 11.1% of firms faced financial challenges, the majority demonstrated an ability to navigate these hurdles, indicating a capacity to endure tough times.

Despite a challenging business climate at -54.6 points, this isn't unexpected given the overarching economic landscape. Factors like the German budget crisis and SIGMA Holding's insolvency loom large, yet the industry's adaptability hints at a potential upswing once market conditions find stability. A sense of cautious optimism pervades the sector as firms strive for long-term sustainability and recovery.

In conclusion, while the German residential construction sector faces significant challenges, its adaptability and resilience indicate a potential for recovery and growth in the long term.

Transforming Buildings: Europe's Path to Sustainability through Multilevel Governance

Leading the charge in decarbonizing the building sector and pushing forward the EU's climate ambitions are European cities like Amsterdam, Stockholm, and Nantes. The European Commission, in its recent communication, set a bold vision for the EU's 2040 climate target: nearly zero greenhouse gas emissions, a step towards the overarching goal of climate neutrality by 2050. Central to this vision is the revamped Energy Performance of Buildings Directive. This directive sets ambitious milestones: all new buildings in the EU must be zero-emission by 2030, with public buildings achieving this benchmark even sooner, by 2027. Furthermore, the directive will introduce efficiency standards, aiming to accelerate the renovation of energy-inefficient structures.

In response to challenges like extreme weather and soaring energy costs, the EU is rethinking its built environment, prioritizing comfort, sustainability, and resilience. Recognizing that inefficient buildings can lead to adverse living conditions and exacerbate climate change, cities are taking proactive measures. For instance, Amsterdam is delving into circular, bio-based insulation materials for home retrofitting. By using materials like hemp, wood fiber, and flax, they're not only boosting energy efficiency but also prioritizing health by reducing toxins. Meanwhile, Stockholm's transformation of Kollkajen, with its green and blue infrastructure, is a testament to creating community spaces that champion biodiversity and manage stormwater effectively.

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Nantes is also making significant strides in sustainable building practices. The city is not just offering bio-based construction solutions and comprehensive renovation services but is also deeply invested in educating property owners and enhancing professional skills. This holistic approach ensures informed decision-making in the realm of sustainability. However, achieving these ambitious objectives isn't a solo endeavor. It demands collaboration across all governance levels, with cities playing pivotal roles in steering the transition to sustainable urban landscapes. By championing local initiatives and harnessing EU resources, the importance of multilevel governance becomes evident in propelling the march towards a more sustainable and resilient future. This was highlighted in a March 2024 report by the European Commission.

In conclusion, the combined efforts of European cities and the European Commission's directives are pivotal in driving through the innovative building practices, stringent efficiency standards, and multilevel governance, the EU is setting a global example in addressing climate change and enhancing urban resilience.

Europe Residential Construction Industry Overview

The Europe residential construction market landscape is fragmented with a mix of global and local players. Some of the major players present in the market include Vinci Construction, Bouygues Construction, Skanska AB, Eiffage Group, Balfour Beatty, Royal BAM Group, Hochtief AG, NCC AB, ACS Hochtief, Sweco AB, Porr AG, Vonovia SE etc. Some of the European players are actively growing their presence on the market by developing new projects. For instance, in July 2024, in Warsaw, Poland, Skanska has allocated PLN 120 million (approximately USD 29.47 million) for phase 2 of its residential project, NU Warszawa Wola. This phase encompasses two buildings featuring a combined total of 136 apartments and 7 commercial units.

Moreover, key players are expanding their businesses through mergers, acquisitions, strategic partnerships, etc., to meet the increasing demand from end users. In January 2024, Steiner AG, one of the prominent Swiss real estate development firms known for its exceptional project deliveries, finalized the sale of its subsidiary, Steiner Construction SA, to the France-based international construction group, Demathieu Bard.

Additional Benefits:

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

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