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Three inconvenient truths: How to stop housing radicalising the young and killing the political centre

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Abstract

This article utilises the experiences of Italy and Ireland to highlight how political failures to combat intergenerational housing inequalities have contributed to the rapid disaffection of huge segments of the population. In this context, this article identifies three inconvenient truths that Europe's centrist political parties need to face before real progress can occur. First, all property markets are national and are driven by a complex set of historical, social and economic norms. The EU cannot directly impact these domestic markets. Second, home ownership can only succeed in a diversified-tenure model. To protect home ownership as a viable pathway for middle-class families, Europe's centre–right must also deliver on social and affordable housing. Third, widening the tax base (and reducing the burden of income taxes on working people) should be a core centre–right principle. The centre–right has to confront its most inconvenient truth—the fact that its most important voter group (older and retired people, who mostly live mortgage free) needs to contribute towards ensuring a more sustainable economic model for their children.

Keywords

Housing, Debt, Intergenerational, Inequalities

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Introduction

House prices increased by 48% in the EU between 2015 and 2023 (European Parliament 2025). Prices more than doubled during the same period in countries as diverse as Portugal (106%), Czechia (112%), Lithuania (114%) and Hungary (172%). In addition, 'from 2013 to 2023, rents skyrocketed 50% to 100% in many major cities, such as Lisbon, Dublin, Budapest, Berlin and Luxembourg' (Lefort 2025). Housing affordability has declined significantly across Europe since 2010, particularly for single-person households (Langen 2025).

Yet, rising prices and rents tell only half the story. Recent data also clearly highlight that increases in household income—in particular after-tax disposable income—are significantly lagging behind the growth in house prices. For example, an approximate 45% rise in gross disposable income between 2010 and 2023 nearly matches house price growth (48%) across the same period. However, when adjusted for inflation, the real increase in household disposable income has not exceeded 3% per annum since at least 2003, with real declines evident in 2022 and 2023 (Eurostat 2024). The sad reality is that housing affordability continues to decline for those seeking to enter the housing market for the first time.

Soaring house prices across the EU are also entrenching intergenerational wealth divides, with property ownership increasingly concentrated among older cohorts. Older people continue to own the vast majority of property assets across the EU. This is a trend that is becoming more pronounced over time. For the younger generations the opposite issue has emerged. In 2010, 50% of EU residents aged 25–34 owned a home; by 2023, this figure had dropped to 43% (Dubois and Nivakoski 2023).

Young people's ability to access property markets is increasingly dependent on the financial capacities of their parents, or other close family members. 'In France, nearly one-third of low-income young households were homeowners in 1973, compared to just 16% four decades later, in part because in later years they did not benefit as much as their more affluent peers from personal family financial support to buy a home' (OECD 2021, 12). This dependence on family support is often coupled with the ongoing difficulties for young people in accessing secure employment (often a prerequisite to gaining mortgage approval).

This article is structured as follows. Part one provides a snapshot of the property market in Italy and highlights how existing household wealth, coupled with low growth and a lack of employment opportunities, is widening intergenerational inequalities. Part two offers a similar assessment for Ireland, noting how its failure to keep up with housing demand is also a recipe for increased dissatisfaction among young people. Part three offers conclusions by identifying three inconvenient truths that Europe's centre–right will have to address if the failures seen in Italy and Ireland are to be overcome on a broader level.

Italy: a gerontocracy in action

Economically, Italy and Ireland appear polar opposites. Italy with its high public debt, low growth and demographic decline stands in contrast to modern Ireland, which is characterised by high growth, low unemployment and an increasing population caused by mass immigration (McGreevy 2025). However, on the issue of housing—specifically widening intergenerational inequalities—Italy and Ireland are both clear examples of policy failure.

Despite house prices only rising 8% in Italy between 2013 and 2023 (compared to an EU average of 48%), the lack of housing opportunities for young people continues to worsen. In spite of perceptions in Brussels, Italy remains a very wealthy country. Italian households' overall wealth amounted to €5.2 trillion in 2023: €80 billion more than in the previous year and €552 billion more than in 2019. This wealth corresponds to two and a half times the national GDP (€2.1 trillion), and is nearly twice as high as the value (€2.9 trillion) of public debt (Mercuri 2024).

Italian households are also characterised by a very low level of household debt relative to overall income (57% in 2023). This compares to 78% in Germany and 95% in France (Eurostat 2024). Italians' strong propensity to save is deeply rooted in both historical experience and constitutional values. One of the most distinctive aspects of Italian financial culture is that Article 47 of the Italian Constitution explicitly mandates that 'The Republic shall encourage and safeguard savings in all forms' (Italy, Senate of the Republic 2023). Given the financial turbulence associated with much of Italy's twentieth-century history, the focus on personal savings is understandable.

The question then arises—why are young Italians finding it increasingly difficult to access the housing market? Particularly, in an economy with relatively stable property prices and very high levels of household wealth? The answer lies in a combination of the labour market challenges facing young people and the concentration of housing wealth in the older generations—a concentration that is becoming stronger due to the declining number of births in Italian society. These factors are giving rise to a growing generational chasm which successive Italian governments have deliberately failed to tackle over the past three decades.

The lack of well-paying, secure employment opportunities for young Italians is well documented (e.g. Bitetti and Morganti 2017). As the oldest society in the EU—24% of Italians were aged over 65 years in 2024—Italian public services are defined by a social security system focused almost exclusively on the needs of older generations: over 77% of public social spending in Italy benefits people over the age of 65. Conversely, just 3% of total expenditure ends up with families and children (Eurostat 2025a; Drea 2024).

The distribution of Italian wealth is thus monopolised by very well-off, home-owning older generations, the vast majority of whom are now mortgage free. Remarkably, only

15% of Italian homeowners have a mortgage, compared to 61% of homeowners in the Netherlands (Ditta 2024). Conversely, younger workers struggle to find stable long-term employment—a prerequisite for saving the capital required to access mortgage lending in Italy. It is no wonder that young Italians are living with their parents for longer and delaying family formation (Drea 2024).

Italy has become a nation defined by the 'haves' and the 'have nots'. Increasingly, inherited family wealth is the defining factor in young Italians' ability to become economically independent and socially mobile. The 'have nots' face a much more insecure economic future in a state which continues to entrench generational inequalities. This has given rise to a whole generation of young Italians who are dependent on inherited wealth.

Ireland: an 'inheritocracy'

Unlike Italy, for the past decade Ireland has enjoyed high economic growth, full employment and considerable inward migration to meet the growing need for labour. However, Ireland has also experienced one of the most severe boom-to-bust (and back to boom) property price cycles in the world. Between 2007 and 2012 property prices declined by 55%, with the global financial crisis forcing Ireland to accept an external financial bail-out in 2010 (Ireland, Central Statistics Office 2023). However, following a decade of strong economic growth, Irish house prices are now over 13% higher than their 2007 peak and have risen by over 150% since 2012 (Campbell 2024).

This has created unstable socio-economic conditions as the legacy effects of the 2008–12 period continue to shape Irish property market dysfunction. Ireland's construction output and employment have never recovered fully from the collapse of the early 2010s (CIOB 2023). As a result, Ireland is experiencing a severe housing shortage—exacerbated by a strong economy and inward migration.

The dramatic post-crisis rise in house prices, combined with stricter lending rules and a lack of supply, has priced out many would-be buyers. 'Close to 80 per cent of people over the age of 40 in Ireland own their home . . . yet barely a third of adults younger than 40 are homeowners' (Flanagan 2023). This has occurred in a very strong economy with very little unemployment, even among the young. It is no wonder that housing continues to top the concerns of people living in Ireland (Eurobarometer 2023).

Without parental support, homeownership is increasingly out of reach for younger cohorts. Ireland has become a global example of a 'broken' property system (Stothard 2024). Complementing these trends is the traditionally short-term and insecure rental system in Ireland where average rents are now over €2,000 per month (Cox 2025). In response, Irish policymakers have flip-flopped on rent caps, with a more flexible—but confusing—policy recently announced (Fletcher 2025).

In response to the shortage of housing, successive Irish governments have brought in a wide range of policies. While well-meaning, some of these initiatives have just added to the distortion of the wider property market. The establishment of bodies such as the Land Development Agency and Home Building Finance Ireland has been complemented by a bewildering number of other schemes designed to provide varying financial incentives to home buyers, developers and state bodies.[1] The Help to Buy Scheme directly helps first-time buyers to either buy a newly built house/flat or to self-build a new home by offering tax rebates of up to €30,000. The Irish government now spends a staggering €8 billion a year, directly and indirectly, on housing policy (Taylor and Bowers 2024).

One other notable characteristic of the Irish property market has been the increasing outsourcing of social and affordable housing provision. Rather than being directly constructed by local councils, a significant proportion of social housing provision in Ireland is now delivered by private developers (by leasing/selling units to local government or through public–private partnerships) or by approved housing bodies (not-for-profit organisations or private companies).

Three inconvenient truths

Italy and Ireland have fundamentally different economic models, growth patterns and demographic profiles—yet both suffer from malfunctioning property markets and significant intergenerational inequalities. Italy's and Ireland's traditional home-owning models are failing their young people, resulting in a wide array of socio-economic issues. These include, but are not limited to, delayed family formation and increased dependence on inherited wealth. This is not a sustainable model for healthy societies.

What's Europe got to do with it? Very little

As Italy and Ireland clearly show, housing markets are distinctly national in nature and reflect varying historical, social and economic norms. Ireland is currently suffering from a chronic supply shortage of affordable homes, while Italy is struggling with a tepid labour market for young people, excessive financial caution among households and a conspicuous concentration of wealth among its older generations. None of these issues can be directly solved by the EU, nor does their resolution sit within any established European competence.

The issues in Italy and Ireland require differing responses. Brussels may be involved in setting the overall parameters (e.g. standards for the energy efficiency of new buildings), but it will have no meaningful impact on the national-level issues impacting domestic housing markets. As Ireland shows, a lack of financing is far from the fundamental issue restricting supply. In Italy, the question is not so much the lack of capital, but the distribution of household wealth among an older (mostly mortgage-free) population while younger home buyers face very conservative mortgage-lending requirements.

In this context, the EU would be better served by focusing on broad macroeconomic policies that will deliver higher economic growth and more stable public finances at the member state level. This in turn will give national capitals more financial options to address their specific housing needs. In this context, Ireland provides a clear warning as to the need for a consistent output of new housing, rather than the stop–start model it has experienced since 2008.

Home ownership can only succeed in a diversified-tenure model

Ireland and Italy both emphasise ‘home ownership’ as the cornerstone of their property model. However, when this objective is pursued to the detriment of all others it can ‘undermine growth, fairness and public faith in capitalism’ (*Economist* 2020). This was most evident during the sub-prime mortgage crash in the US between 2007 and 2010.

The home-ownership model, particularly for young working families, can only succeed if the wider political approach also caters adequately to the lower paid (social and affordable housing), long-term renters, students and the retired. Ireland and Italy have different approaches to public housing—it accounts for a little more than 10% of total housing stock in Ireland but just 3% in Italy (OECD 2021). Furthermore, while in Ireland social housing is increasingly provided by the private sector or non-governmental actors, in Italy such provision is still viewed as a suboptimal solution compared to home ownership.

If the centre–right in Europe is serious about maintaining home ownership as an achievable model for the middle class, it must disentangle the private home ownership market from the necessary role of government in providing social and affordable homes for those on low incomes.

Europe has experienced a significant reduction in expenditure on social and affordable housing over the last two decades (OECD 2001). Yet, social housing is integral to well-functioning private property markets. To deliver on the home ownership model Europe’s centre–right must also deliver on social and affordable housing. And it is in this context that countries such as Denmark—where public/cooperative housing equates to over 30% of the total housing stock and relatively stable private markets—should be studied more closely (Housing Europe 2023).

Widening the tax base should be a core centre–right principle

The social market economy model is based on the principles of personal responsibility and sustainability. Yet, younger generations in Europe are now being confronted by structural inequalities which are increasingly rendering social mobility and economic success less dependent on hard work, talent and flexibility. Inherited wealth is becoming increasingly important as a driver of progress for young people. In Ireland, 50% of first-time home buyers are receiving financial help from their parents (Lynott 2023). This has created an ‘inheritocracy’ which is widening societal divisions.

Nowhere is this seen more than in the generational differences in household wealth which are underpinned by property values. Mortgage-free older generations are now faced with their children and grandchildren struggling to buy or rent an affordable property. These divisions are exacerbated by a taxation system which disproportionately penalises young people by being heavily skewed towards income taxes. These are paid by the working generations who are also paying significant social security contributions to fund the very generous pensions of their parents and grandparents. This is not a sustainable social contract.

Across the EU27 taxes on earned income account for 20% of total GDP, while taxes earned on property account for just 1.9%. Taxes on property account for only 4.7% of total taxation across the EU27 (European Commission 2025).

For the centre–right this issue may require significant political trade-offs to be made. The traditional approach has been to try to increase the affordable housing supply for young people, including by providing direct financial support to younger generations to buy a home. However, this approach has only had a limited impact and—in some cases—may have just further stimulated housing inflation.

The reality is that housing's structural imbalances are becoming so pronounced that the centre–right must deal with its most inconvenient truth—the fact that its most important voter group (older and retired people, who mostly live mortgage free) needs to contribute towards ensuring a more sustainable economic model for their children. Addressing this issue will not be an easy task, but if it is not addressed it is one that will ensure that the support for centrist political parties among young people continues to decline as these voters become radicalised.

Conclusion

The political consequences of soaring house prices across Europe are now clear. They are a prime driver of deepening intergenerational inequalities and are feeding a sense of hopelessness among younger generations. This article utilises the experiences of Italy and Ireland to highlight how political failures to combat intergenerational housing inequalities have contributed to the rapid disaffection of huge segments of the population. In this context, this article identifies three inconvenient truths that Europe's centrist political parties need to face before real progress can occur.

Note

1. These include initiatives such as the Croí Cónaithe fund, which provides finance for building flats to sell to owner–occupiers and also to refurbish vacant properties. A new Secure Tenancy Affordable Rental scheme provides equity to private developers and authorised housing bodies to build cost-rental homes, along with a cost-rental equity loan scheme which loans money to approved housing bodies for these developments. Cost-rental properties are properties where the rent is set at a rate that only covers construction costs.

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