

Content:

1. European Semester Autumn Package.....	p.1
2. The Single Market.....	p.2
3. A Clean Planet for All.....	p.2

1. European Semester Autumn Package

The 2019 European Semester process of economic and social policy coordination began with the publication on 21 November of the Autumn Package based on the Autumn 2018 Economic Forecast. The package includes a number of documents having reference to the housing market and professional services including most importantly:

The 2019 Annual Growth Survey which sets out the general economic and social priorities for the EU and offers policy guidance for the following year to guide national reform plans including:

- Targeted investments in residential construction, coupled with simplified national regulations, are needed to make housing more affordable and curb energy consumption.
- Member States should take both collective and individual responsibility in the Single Market to release its untapped potential. While some Member States have a favourable business environment, others need deeper reforms to facilitate entry and exit in markets for goods and services.

The 2019 Alert Mechanism Report identifies Member States for which the Commission should undertake in-depth reviews to assess whether they are experiencing macroeconomic imbalances based on a scoreboard of agreed indicators including housing. With regard to the housing market it mentions that:

- House price growth has accelerated and turned positive in a growing number of Member States, and more countries are exhibiting possible signs of overvaluations. In a number of countries signs of possible overheating are present.
- Close analysis in the country reports seems warranted for risks linked to housing market developments in a number of Member States (Austria, Belgium, Czechia, Denmark, Hungary, Luxembourg, and the United Kingdom) and in relation to competitiveness developments (Czechia, Estonia, Hungary, Latvia and Lithuania).
- House prices kept increasing in almost all EU countries in 2017, but house price growth rates seem to be moderating where signs of overvaluations are the strongest. Despite continued sustained growth in house prices across the EU, 2017 data reveal fewer countries where house price growth is above the scoreboard threshold as compared to 2016. In 2017, only six countries (Bulgaria, Czechia, Ireland, the Netherlands, Portugal, and Slovenia) exhibited values beyond the threshold, while the AMR 2018 identified cases above threshold in ten countries on the basis of 2016 data.
- Sustained rates of real house price growth have brought house prices back to or above the pre-crisis maxima in a number of countries, namely Austria, Belgium, Czechia, Germany, Luxembourg, Malta, and Sweden. Real house price growth rates above those of income and other relevant variables normally determining house prices are driving house price levels in a territory of possible overvaluation in a growing number of countries. An alternative indicator based on ratios of house price levels to household disposable income per capita suggests that overvaluations could be present in Croatia, Cyprus, Estonia, while indications of overvaluation are less evident for Denmark, Czechia, Latvia.
- In a number of countries, including Denmark, Luxembourg, Sweden, and the United Kingdom, overvalued house prices coexist with large household debt levels. The Netherlands is marked by very high household debt. The growth of the mortgage stock in 2017 was particularly rapid (above 5% over the previous year) in Austria, Belgium, Bulgaria, Czechia, Estonia, France, Lithuania, Luxembourg, Malta, Poland, Romania, and Slovakia.
- In Sweden, and to a smaller extent in Austria, Denmark, Luxembourg, the Netherlands, and the United Kingdom sustained house price growth has been taking place in a context of possible overvaluation gaps and significant levels of household debt, but recent evidence is pointing at house price decelerations. In a number of countries, strong house price growth is coupled with more limited evidence of overvaluation and contained household debt stocks (e.g., Czechia, Hungary, and Latvia).

The Draft Joint Employment Report provides an overview of the main employment and social developments in the EU and monitors the performance of Member States in relation to the Social Scoreboard accompanying the European Pillar of Social Rights. It contains a number of references to housing including:

- Access to housing of good quality has been improving since 2008, but in some countries a significant proportion of the population report quality problems with dwellings.
- The share of household disposable income spent in housing-related expenditures remains significant in a number of Member States. In 2017, 10.2% of households in the EU spent over 40% of their disposable income on housing costs. The housing cost overburden rate remains the highest in Greece, at 39.6% in 2017. Bulgaria, Denmark and Germany are, after Greece, the Member States with highest rates of population experiencing housing cost overburden (over 15% of the population in each). In most countries, tenants who rent at market price are considerably more overburdened by housing related costs than owners with a mortgage or a loan (EU average of 25.1% for tenants paying market rent, compared to around 5% for owners).
- Rising rents represent an increasing burden on the poor in some Member States. In 2016, in 7 countries (Ireland, Estonia, Lithuania, Slovenia, Hungary, Austria and Poland) rents calculated in real terms have increased by more than 5% since 2015.

The guidance contained in the documents making up the Autumn Package will be discussed by the Commission with the European Council and the European Parliament to determine policy priorities for the EU and its Member States in 2019. Based on the country reports which will be published the Commission will prepare country-specific recommendations.

2. The Single Market

On 22 November the European Commission published two communications concerning the Single Market. The first, the Communication Single Market: Europe's best asset in a changing world presents an assessment of the Single Market and calls for renewed political commitment to it. This is the Commission's first response to an invitation by the European Council in March to present a state of play and assessment of remaining barriers and opportunities for the Single Market. The second, the Communication on Harmonised Standards sets out an action plan for the development of harmonised standards for the Single Market.

The Communication Single Market: Europe's best asset in a changing world highlights three main areas where further efforts are needed to deepen and strengthen the Single Market:

- Swiftly adopt current proposals. Of the 67 proposals already presented, 44 remain to be agreed and the Commission wants to make sure that the key proposals are adopted before the end of its term. For example these include the outstanding measures in the Services Package (the services e-card and the notification procedure) and the New Deal for Consumers.
- Ensure that the rules deliver. This means better implementation and enforcement.
- Continue adapting the Single Market. Potential remains for further economic integration in the areas of services, products, taxation and network industries.

The Communication on Harmonised Standards provides an overview of the European standardisation system and presents four key actions to be taken by the Commission:

- Eliminate the backlog of harmonised standards not yet published. A harmonised standard is a European standard developed by a recognised European Standards Organisation following a request from the European Commission.
- Streamline internal decision making processes.
- Elaborate a guidance document on practical aspects of implementing the Standardisation Regulation.
- Reinforce the system of consultants to support swift assessments and timely publication of harmonised standards.

It is 25 years since the creation of the Single Market and in presenting these assessments of the current situation the Commission is calling on Member States to renew their political commitment to the Single Market and inviting the European Council to identify common priorities for action.

3. A Clean Planet for All

On 28 November the European Commission presented its strategic long-term vision for a prosperous, modern, competitive and climate neutral economy by 2050 "A Clean Planet for All". The strategy looks into the portfolio of options available for Member

States, business and citizens, and how these can contribute to the modernisation of the economy of the EU. A climate neutral economy would require joint action in seven strategic areas:

- Energy efficiency measures should play a central role in reaching net-zero greenhouse emissions by 2050 reducing energy consumption by as much as half compared to 2005. Much of the reduced energy demand will occur in buildings, in both the residential and services sectors, which today are responsible for 40% of energy consumption. Given that most of the housing stock of 2050 exists already today, this will require higher renovation rates, fuel switching with a large majority of homes using renewable heating (electricity, district heating, renewable gas or solar thermal), diffusion of the most efficient products and appliances, smart building/appliances management systems, and improved materials for insulation. Sustainable renewable heating will continue to play a major role and gas, including liquefied natural gas, mixed with hydrogen, or e-methane produced from renewable electricity and biogas mixtures could all play a key role in existing buildings as well as in many industrial applications. To achieve and sustain higher renovation rates, adequate financial instruments to overcome existing market failures, sufficient workforce with the right skills and affordability for all citizens are of central importance. An integrated approach and consistency across all relevant policies will be necessary for the modernisation of the built environment and mobilisation of all actors. Consumer engagement, including through consumer associations, will be a key element in this process.
- Deployment of renewables: the clean energy transition would result in an energy system where primary energy supply would largely come from renewable energy sources.
- Clean, safe and connected mobility. Transport is responsible for around a quarter of greenhouse gas emissions in the EU. All transport modes therefore need to contribute to the decarbonisation of the mobility system. Urban areas and smart cities will be the first centres of innovation in mobility not least because of the predominance of short-distance journeys and air quality considerations. With 75% of the population living in urban areas, city planning, safe cycling and walking paths, clean local public transport, the introduction of new delivery technologies such as drones, and the advent of car and bike sharing services, will alter mobility.
- Competitive industry and circular economy. A competitive resource-efficient and circular economy will need to develop to maintain the efficiency of industry in the EU.
- Infrastructure and interconnections. A net-zero greenhouse gas emissions economy will be achieved only with an adequate and smart infrastructure ensuring optimal interconnection and sectoral integration across Europe.
- Bio-economy and natural carbon sinks. EU agriculture and forestry will have to provide sufficient food, feed, and fibres as well as support the energy and various industrial and construction sectors.
- Carbon capture and storage.

It is anticipated that better building insulation and other measures to improve the housing stock on a much higher scale than today will help reduce energy use for heating. More efficient products and appliances, deployment of “smart” buildings/appliances management systems and consumer behaviour will help to further moderate energy demand. Fuel switching will need to happen with almost all homes using renewable heating (electricity, district heating (produced from renewable sources), renewable gas and solar thermal). Importantly, biogas, hydrogen (up to some proportion) or e-methane produced from renewable electricity are renewable gaseous fuels that could all play a role in existing buildings without changing the current transmission/distribution grid and type of appliances.

Member States will submit to the European Commission, by the end of 2018, their draft National Climate and Energy Plans, which are central for the achievement of the 2030 climate and energy targets. Extensive policy debates will take place at the Special Summit for Shaping the Future of Europe on 9 May 2019 in Sibiu. Presenting this vision will allow for a thorough debate involving European decision-makers, stakeholders and citizens at large to consider how the EU can make a fair contribution to meeting the long-term temperature goals of the Paris Agreement and how this transformation can be achieved. The aim of this debate is to allow the EU to adopt an ambitious strategy for a climate neutral Europe by early 2020 in accordance with the Paris Agreement.



We wish all member associations, their members and families a happy and prosperous 2019!



Useful links

www.cepi.eu

European Semester Autumn Package

http://europa.eu/rapid/press-release_MEMO-18-6463_en.htm

Communication Single Market

http://europa.eu/rapid/press-release_IP-18-6490_en.htm

Communication on Harmonised Standards

http://europa.eu/rapid/press-release_IP-18-6491_en.htm

A Clean Planet for All

http://europa.eu/rapid/press-release_IP-18-6543_en.htm