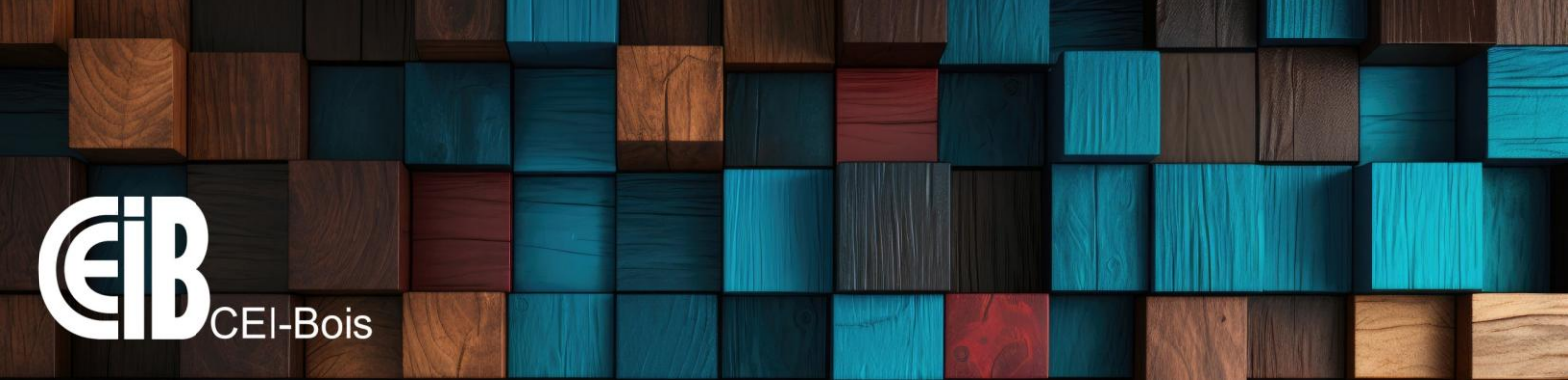

Brussels, 17 September 2025

CEI-BOIS CONTRIBUTION TO THE EUROPEAN COMMISSION'S CALL FOR EVIDENCE FOR A EUROPEAN STRATEGY FOR HOUSING CONSTRUCTION

The European Confederation of Woodworking Industries (CEI-Bois) applauds the European Commission's intention to develop a European Strategy for Housing Construction (the Strategy) as an essential pillar of the upcoming European Affordable Housing Plan – a welcome initiative aimed at alleviating Europe's acute housing affordability crisis. We support the overall objective of creating the framework conditions for increasing the supply of new and renovated housing. We furthermore agree that the success of this endeavour inescapably depends on increasing the productivity and competitiveness of the whole construction ecosystem. In line with this approach, we propose the following **three key recommendations**:

1. Set in motion a wave of new and sustainable construction in Europe
2. Pick up the pace of the renovation wave without disregarding the importance of new buildings
3. Mainstream industrialised construction in conjunction with circular bio-based materials to respond to the affordability and sustainability imperatives

Taking swift and decisive action on the three key recommendations outlined above is essential to achieving the goals set out in the Strategy. However, without addressing several critical remaining challenges - financial, regulatory, and standardisation-related - these efforts risk being undermined. To ensure meaningful progress, additional **targeted solutions** must be adopted, including inter alia:

- Enable access to diverse revenue streams, such as carbon storage credits;
- Improve access to capital and insurance;
- Ensure stable demand through strategic public procurement;
- Undertake deep regulatory simplification and streamlining;
- Harmonise national building codes;
- Simplify and accelerate permitting processes;
- Speed up the update and development of harmonised construction products;
- Allocate resources for the consistent implementation of the second-generation Eurocodes;
- Align standardised methodologies for assessing environmental sustainability with EU policies and legislation;
- Deliver on the European Commission's 2025 priority to advance bio-based standards.

KEY RECOMMENDATIONS FOR THE EUROPEAN STRATEGY FOR HOUSING CONSTRUCTION

1. Set in motion a wave of new and sustainable construction in Europe

Europe is facing a widening gap between the demand and supply of housing, as illustrated by the stark contrast between the decline in the number of approved dwellings in recent years[1] and the increasing demand, especially in conurbations. This has led to an acute housing crisis, with a massive negative impact on affordability[2] for various strata of society. Against this backdrop, **the European Commission and the Member States should set in motion a wave of new and sustainable construction in Europe.**

The construction of new buildings is indispensable to filling this housing gap, alleviating the associated crisis, and improving affordability. Furthermore, strengthening the market for new construction will also enable the construction ecosystem to restart its economic activity, with positive co-benefits in terms of increased investments in productivity, green transition, and further reduced construction costs. **Revitalising the construction ecosystem should be the main objective of the Housing Construction Strategy** as it is indispensable for delivering the European Affordable Housing Plan.

It is nevertheless essential that the revival of the construction ecosystem and its green transition should mutually reinforce each other, in line with the EU's existing climate neutrality ambitions for the built environment. As such, the wave of new construction and the renovation wave (see below) shall respond to both affordability and sustainability imperatives.

Particularly for new construction, a key factor driving high housing prices is the limited availability of land at reasonable costs. Efficient construction systems can only deliver their full potential for affordability when paired with equal attention to land prices; if land dominates project costs, that potential is greatly limited. The core challenge lies in external conditions like land policies, planning regulations, and overall cost structures. To ensure housing affordability, the Housing Construction Strategy must also directly confront the issues of land availability and pricing.

2. Pick up the pace of the renovation wave without disregarding the importance of new buildings

In addition to strengthening the market for new construction, it must be emphasized that there are also significant opportunities within building renovation and the repurposing of existing buildings. Targeted policies, incentives, and a clear political commitment to support the renovation market could enhance the competitiveness of the construction sector.

There are indeed situations when the renovation of existing buildings is ideal both for increasing the housing stock and for improving its use. Given the already high density of Europe's urban areas, reducing the housing gap will oftentimes require greenfield construction. However, as mentioned above, land policies, legislation, and planning frameworks, as well as zoning regulations, can sometimes limit the conversion of undeveloped natural areas into built

[1] In her 2025 State of the Union Address, Commission President Ursula von der Leyen noted that, over the last 5 years, the number of building permits have decreased by over 20% across Europe

[2] In her 2025 State of the Union Address, Commission President Ursula von der Leyen noted an increase of 20% in house prices since 2015 across Europe

environments. While this certainly needs to change, it also reinforces the need to make better use of the existing building stock.

In locations where the availability of supplementary building land is indeed limited, one promising approach is to repurpose and extend existing buildings, including via horizontal and vertical extensions. Many apartment buildings currently have three to five floors and could accommodate one or two additional storeys. Just to provide an example, in Germany, there is an estimated potential of 4.3 million additional apartments by vertically extending existing buildings.

Additional revenue from new units resulting from vertical extensions can also help finance upgrades to the entire building, such as improving energy efficiency and installing elevators. This benefits all residents, both those who already live there and the ones in the new apartments. For example, elevators significantly improve accessibility for elderly residents and people with disabilities, improving their quality of life.

At the same time, for buildings reaching the end of their service life, **it is of utmost importance to overcome the inaccurate perception that renovating an existing building is always better than constructing a new one**. A pragmatic approach anchored in reality is needed as it often makes more economic and environmental sense to demolish/deconstruct existing buildings and rebuild anew rather than pursue the restoration of existing buildings at any cost. Decisions in one direction or another should follow comprehensive whole life-cycle costing (LCC) and whole life-cycle assessments (LCA), rather than a priori political preferences.

Another important area is the energy-efficiency renovation of residential buildings, particularly the worst-performing stock, as set in motion via the Energy Performance of Buildings Directive. While significant financial resources should be made available at European and national level, **renovation efforts should go beyond the installation of energy efficient technical systems (heating and cooling), covering especially the thermal renovation of walls, floors, roofs, and facades.** The use of innovative-renovation systems – such as for example serial retrofitting using prefabricated elements - also makes it possible to achieve high energy savings with reduced costs.

3. Mainstream industrialised construction in conjunction with circular bio-based materials to respond to the affordability and sustainability imperatives

Whether employed in the construction of new buildings or the renovation of existing buildings, industrial methods of construction - such as offsite construction (also known as serial, prefabricated, and modular construction) – feature competitiveness gains, faster construction times (further lowering construction/renovation costs), environmental sustainability benefits, and improved quality. This is especially the case when using bio-based materials such as timber.

Industrialised construction has a significant potential in reducing construction costs with housing affordability benefits. According to industry estimates, offsite construction can reduce costs by between 5% and 10%[3] compared to traditional building methods. This cost efficiency directly supports the development of affordable housing, which is especially important for lower- and middle-income households, as well as for young people and families.

[3] Conservative estimate gathered from CEI-Bois Members when consulted in view of the High Level Construction Forum online survey on the market potential of offsite construction for housing supply

In the midst of a severe housing shortage and a need to urgently revitalise the construction sector, the rapid delivery of projects is crucial. Industry estimates suggest that offsite construction can cut overall project timelines by 30–50%[4] compared to traditional building methods. This acceleration is primarily due to its highly automated, mechanized, and standardized processes, as well as precise design execution. Progressively adopting these processes within conventional construction could also enhance productivity across the broader construction sector. Equally important, the rapid installation of prefabricated modules and construction systems minimizes disruption for current residents and users of the building.

The EU could look to Canada's new affordable housing strategy as a source of inspiration for its own affordable housing policies. With a strong focus on cost-efficient and modern construction methods, Canada's Build Canada Homes initiative is designed to scale innovation through bulk procurement and long-term financing. In Canada, this approach has the potential to reduce building timelines by up to 50%, cut costs by as much as 20%, and lower construction-related emissions by approximately 20%. It's a bold, practical model for delivering affordable, sustainable housing at scale.[5]

Indeed, offsite construction offers not only economic but also environmental advantages. Its sustainability benefits are largely due to lower greenhouse gas emissions during production and construction, along with enhanced resource efficiency. Given the high population density in Europe's cities, closing the housing gap often requires greenfield projects. Delivering pre-assembled building elements to these sites helps minimize the transportation impact. In locations with limited available land, however, new living space can be added by extending buildings upward—adding extra floors—using modular, lightweight construction solutions.

Importantly, there is a clear synergy between timber construction and offsite methods, as countries with higher rates of timber construction also tend to have greater adoption of offsite construction techniques. Wood's properties, including its lightweight nature, high strength, and ease of fabrication into structural components, make it especially well-suited for offsite construction, including horizontal and vertical extensions. When paired with offsite construction, the competitiveness of timber as a building material is also significantly enhanced. Timber is a versatile building material, suitable for everything from small residential homes to large-scale projects and high-rise buildings. This gives flexibility when planning a project.

The use of wood in construction furthermore offers clear and significant environmental sustainability advantages. Timber structures are widely acknowledged worldwide as crucial components in climate change mitigation efforts, providing a direct means to reduce reliance on materials with high fossil fuel intensity and to achieve long-term carbon storage in built environments. In essence, timber construction has the potential to transform our urban areas into extensive carbon pools. As a renewable and recyclable resource, wood is fundamental to advancing the circular economy, and timber buildings are increasingly being designed with principles of circularity at their core.

Affordable and sustainable housing in the EU must also meet high quality standards. Today, it is widely recognized that timber-based buildings and wooden interiors can enhance both the psychological and physical well-being of occupants. Wood naturally offers acoustic and thermal

[4] Conservative estimate gathered from CEI-Bois Members when consulted in view of the High Level Construction Forum online survey on the market potential of offsite construction for housing supply
[5] https://www.pm.gc.ca/en/news/news-releases/2025/09/14/prime-minister-carney-launches-build-canada-homes

insulation, contributes to a healthier indoor climate, and creates a warm, comfortable living environment. Beyond structural use, wood plays a vital role in non-structural applications such as flooring, furniture, cladding, and interior or external panelling. These elements not only improve aesthetic appeal but also support durability, indoor comfort, and a sense of natural harmony—key aspects of high-quality, sustainable living.

CRITICAL CHALLENGES AND TARGETED SOLUTIONS

Prompt and decisive implementation of the three key recommendations highlighted above is vital to realizing the goals of the Strategy. Yet, unless the critical remaining challenges - financial, regulatory, and standardisation-related - are also tackled via targeted solutions, these efforts may be compromised

Financial challenges and targeted solutions

As a general rule, construction and renovation must become cheaper and faster. What we are witnessing instead is that costs are steadily rising for a variety of reasons, including stricter environmental performance standards for buildings.

While these requirements are essential for driving the sector's green transition, they can be difficult for the industry to implement without a supportive financial framework—particularly for SMEs. Rather than encouraging sustainable construction and accelerating renovation, they risk suppressing demand for new projects and discouraging much-needed investment, ultimately undermining efforts to address the housing crisis. The forthcoming Housing Construction Strategy can play a crucial role by introducing targeted financial measures to reinvigorate the sector. Several initiatives are already underway in the context of the European Affordable Housing Plan, including the pan-European investment platform for affordable and sustainable housing, which we fully support. However, additional financial mechanisms are needed to help SMEs meet environmental sustainability requirements and remain competitive.

With some noteworthy exceptions, the wide majority of businesses operating in the construction ecosystem, including manufacturers of bio-based materials and products, as well as offsite construction companies, are SMEs or even start-ups. Their financial stability is not only crucial to maintaining their market position but, in some cases, to their continued existence and of that of the sector itself. These companies face significant financial challenges, including market volatility, high upfront investment costs, high interest rates, narrow profit margins, restricted access to affordable insurance and financing, and rising raw material prices.

Potential **targeted solutions** to address these financial challenges may include the following proposals:

- In line with the EU Regulation on the Carbon Removals Certification Framework (CRCF), **clear rules should be established for monetising the carbon stored in buildings and construction products**. This could provide valuable financial incentives for both the supply and demand sides of bio-based construction. A key prerequisite is the development of a certification methodology that is easy to apply and fully aligned with the Regulation's objective of encouraging long-term carbon storage in construction.
- In line with the EPBD, **ensure the adoption of science-based national-level limit values for the global warming potential (GWP) of new buildings**. This would serve as

a key market driver for the use of low-carbon construction materials and products, such as bio-based solutions.

- **Acknowledge investments in bio-based and offsite construction as environmentally sustainable and aligned with the EU Taxonomy,** in order to improve access to sustainable finance and attract private capital.
- **Establish new funding mechanisms via the Housing Construction Strategy and integrate bio-based and offsite construction** so that targeted incentives are provided for investments in these solutions.
- **Introduce tax incentives, capital grants, or other forms of financial support** for manufacturers of bio-based construction products, offsite construction companies, and property developers that choose these sustainable solutions.
- **Ensure stable, reliable, and predictable demand for bio-based and offsite construction through public procurement**, while avoiding additional administrative burdens. This will give the industry the confidence to plan long-term, invest, and scale up its operations.
- **Introduce EU and national level incentives for savings schemes** to help low-and-middle-income households finance new construction or renovation.
- **Promote the involvement of housing cooperatives and non-profit real estate developers** that build and operate housing, and that tend to be able to focus more strongly on life-cycle-optimised, healthy, and sustainable construction, rather than on short-term returns.

Regulatory challenges and targeted solutions

As stated above, construction and renovation must also be faster. The speediness of procedures and processes is closely linked to the level of administrative requirements and complexity, which has unfortunately increased massively in recent years. EU regulation should avoid imposing unnecessary administrative burdens that lead to legal uncertainty, increased compliance costs, delayed project timelines, and paused investment plans. Unfortunately, this increasingly pressing issue also applies to the construction ecosystem.

Particularly debilitating is the cumulative effect of separate pieces of EU legislation, each promoting their own standards, requirements, due diligence obligations, and other reporting duties. For example, the combined impact of requirements arising from the Construction Products Regulation (CPR), the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, the Energy Performance of Buildings Directive (EPBD), the Energy Efficiency Directive (EED), and the Regulation on Deforestation-Free Products (EUDR) is increasingly significant.

We therefore welcome the European Commission's acknowledgment of this challenge and its ongoing efforts toward regulatory alignment and simplification. We strongly encourage the Commission to continue streamlining requirements to support businesses in achieving sustainable competitiveness. Additionally, we urge the European Commission to refrain from revising or introducing any new legislation affecting forestry and the bioeconomy before conducting a comprehensive impact assessment that considers the effects on urban development, housing affordability, economic growth, and the green transition of industry.

The new Construction Products Regulation is of particular importance to the construction sector, and its streamlined implementation is essential. Streamlined solutions should include, among other aspects, the provisions related to the assessment and verification of environmental

sustainability performance. As strong advocates of a whole lifecycle carbon approach - one that acknowledges the climate benefits of carbon stored in wood - we support the calculation and reporting of lifecycle GWP as well as biogenic carbon storage. At the same time, it is crucial that businesses, particularly SMEs, are able to carry out this assessment with minimal complexity and costs, especially considering their limited financial resources. Financial support mechanisms for SMEs are also vital to ensuring a streamlined implementation of the CPR, alongside the development of publicly accessible, reliable, and user-friendly product LCA databases and tools, as well as the mobilisation of resources to train a large number of verifiers.

In addition to the significant administrative burden stemming from the EU level, construction sector companies, including those ones specialising in timber construction and offsite construction, face specific regulatory barriers at the national level that hinder their ability to scale. These include, for example, outdated national building codes and challenges related to permitting procedures.

National building codes and local regulations can pose barriers by imposing unnecessarily stringent requirements or by applying unsuitable construction tendering procedures. In many cases, these regulations continue to reflect the needs of traditional on-site construction methods. For example, the building control process often fails to account for the fact that load-bearing elements can be manufactured off-site. Additionally, the absence of harmonisation at the EU level is often compounded by a lack of coherence at the national level, leading to varying regional or state-level building requirements within a single Member State.

In many Member States, the building permit process remains excessively long, unpredictable, and burdened by overlapping requirements. This creates significant bottlenecks - especially for offsite construction, where efficient capacity planning is vital. The lack of predictability and consistency leads to project delays, underutilised capacity, and increased costs, disrupting the entire industrial value chain, which relies on precise production planning and predictable project timelines. Prefabricated timber elements are frequently subject to unjustified additional documentation demands, further slowing approvals. These delays are often driven by limited experience with timber construction systems and innovative construction methods, leading to overly cautious interpretations and prolonged administrative reviews.

The situation is made worse by fragmented permitting systems, where outdated paper-based procedures coexist with newer digital tools, creating unnecessary complexity and resistance to change. Such inefficiencies are particularly harmful to time-sensitive timber projects, which rely on streamlined processes to deliver environmental and economic benefits.

Moreover, obsolete zoning regulations can unintentionally or disproportionately hinder timber construction, particularly in high-density urban or infill areas, where the need for sustainable housing solutions is most urgent.

Potential **targeted solutions** to address these regulatory challenges may include the following proposals:

- **Advance the EU's regulatory simplification agenda** to reduce administrative burdens and support the revitalisation of the construction sector.
- **Refrain from revising or introducing any new legislation affecting forestry and the bioeconomy before conducting a comprehensive impact assessment** that considers the effects on urban development, housing affordability, economic growth, and the green transition of industry.

- **Ensure a streamlined implementation of the new Construction Products Regulation**, with a strong focus on the assessment and verification of environmental sustainability performance. Compliance should be made as simple as possible, especially for SMEs. This includes establishing financial support mechanisms for SMEs, creating publicly accessible and user-friendly product LCA databases and tools, and investing in the training of qualified verifiers.
- **Modernise and harmonise national building codes** to provide clearer, more consistent rules across Member States, thereby facilitating cross-border construction and renovation activities.
- **Simplify and gradually digitalise planning and permitting procedures**, including reducing the number of required approvals, introducing maximum time limits for decision-making, and deploying digital platforms for application, approval, and monitoring processes.
- **Prevent excessive regulation and over-engineering**, particularly where rules are driven by outdated assumptions rather than evidence-based risk assessments.
- **Revise local zoning regulations** to eliminate obsolete restrictions and to actively incentivise the use of bio-based materials and offsite construction methods.
- **Bridge the skills gap among public authorities at national and local levels** to enable faster, more informed evaluations of timber construction systems and modern building methods. Harmonise cross-border regulations, such as transportation regulations for oversized prefabricated building elements, as differing national limits on width and length currently act as a direct barrier to the Single Market for modular housing.
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Standardisation-related challenges and targeted solutions

The EU construction sector relies on two key elements: harmonised standards for construction products and the Eurocodes. Harmonised standards, developed under the Construction Products Regulation, establish the technical requirements for evaluating and certifying the performance of construction products, allowing them to circulate freely within the EU Single Market. Eurocodes, on the other hand, offer a unified methodology for the structural design of buildings and civil engineering projects throughout EU Member States. Together, these standards are essential for a thriving and efficient construction industry.

Unfortunately, the harmonised standards for many construction products, including for traditional timber construction products, are outdated and require immediate revision, while several important and established timber products still do not have harmonised standards at all. The situation is similar for kits and prefabricated elements used in industrialised construction. As a result, manufacturers of these products must depend on European Technical Assessments (ETAs) in order to market them.

While European Technical Assessments (ETAs) serve as a valuable temporary solution for innovative products, they are not a sustainable or practical option for established products or long-term use. ETAs often necessitate project-specific efforts or repeated, costly national approvals, which unnecessarily drive-up expenses and create barriers to market entry. Furthermore, even when products or systems hold valid ETAs, some national authorities still require additional testing, undermining the core principles of the Single Market.

Another significant drawback is the protracted and cumbersome process involved in developing European Assessment Documents (EADs), which form the basis for ETAs. In one notable case, the development of an EAD has dragged on for over seven years, with the European Commission reviewing and even altering the requirements during the second half of this period, forcing a complete rewrite of the document.

One of the main reasons for the shortage of essential harmonised standards is the insufficient resources and limited representation within both the relevant European Commission units - responsible for drafting standardisation requests, and the European and national standardisation bodies, which are tasked with developing the harmonised standards themselves. This is a serious concern, as outdated or missing harmonised standards can delay the introduction of advanced technologies and force small and medium-sized enterprises (SMEs) to navigate complicated and burdensome compliance processes.

Another major challenge is the inconsistent application of the Eurocodes across EU Member States, where differing National Annexes lead to substantial market fragmentation. This situation compels manufacturers focused on export to contend with a patchwork of regulations throughout the EU, necessitating multiple product designs, adjusted production planning, new sourcing strategies, duplicate inventories, complex logistics, and reduced production volumes. These factors significantly undermine competitiveness and economies of scale. Furthermore, certain outdated and prescriptive Eurocode provisions are ill-suited to modern construction methods, acting as a brake on technological innovation.

A further set of harmonised standards critical to the construction sector focuses on how to evaluate the environmental sustainability of both products and buildings. Wood-based construction materials and systems are particularly notable for their ability to lock away substantial amounts of carbon over extended periods. Although this carbon storage is not permanent in theory, wooden structures frequently remain in use for decades—or even centuries. Throughout their lifespan, the carbon embedded in these materials is effectively removed from the atmosphere, delivering tangible benefits for climate change mitigation.

Recognising this potential, EU policies actively promote and support the measurement, reporting, and certification of biogenic carbon stored in construction products and buildings. The specific procedures for these calculations and reporting obligations are defined in standardised methodologies, which are presently undergoing revision—most notably, standards such as EN 15804 and EN 15978.

It is crucial that these standardised methodologies not only quantify the volume of biogenic carbon stored, but also clearly demonstrate the duration of this storage within products and buildings, expressing it as a direct reduction in their overall carbon footprint. Only by doing so can we accurately highlight the true value of long-term carbon sequestration, since the timing of emissions reductions is a critical factor in climate change mitigation. One effective method for achieving this is through the adoption of dynamic life cycle assessment (LCA) in carbon storage calculations. However, the lack of consistent application of this approach currently prevents the timber construction sector from fully leveraging one of its most strategic benefits.

Potential **targeted solutions** to address these standardisation-related challenges may include the following proposals:

- **Speed up** the revision of existing harmonised standards and the development of new ones for construction products, alongside updates to secondary legislation, in line with the new Construction Products Regulation.
- **Secure the resources needed** to ensure a seamless transition to the second generation of Eurocodes, promoting their consistent interpretation and uniform implementation across all EU Member States. By establishing a common framework from the outset, potential future discrepancies can be prevented. Investments should target a range of initiatives, from training new professionals to upskilling experienced practitioners.
- **Provide adequate funding and personnel** to the relevant European Commission units and to European and national standardisation bodies, enabling them to accelerate the standardisation process for solutions addressing pressing challenges.
- **Establish a framework for an EU-wide 'Type Approval' for prefabricated systems** and modules to eliminate the need for repeated national certifications, thereby fostering a true single market for industrialised construction.
- **Ensure that standardised methodologies for evaluating the environmental sustainability of construction products and buildings are fully aligned with EU policies and legislation**. This includes recognizing the benefits of biogenic carbon storage in ways that actively encourage the use of wood-based construction products and systems, for instance by incorporating dynamic life cycle assessment (LCA).
- **Develop and implement a unified EU methodology for reporting the lifecycle GWP of buildings**, as well as appropriate limit values at national level, as required by the EPBD.
- **Fulfil the European Commission's commitment to prioritize bio-based standards in 2025**, in accordance with the 2025 Annual Union Work Programme for European Standardisation, which identifies "bio-materials, bio-based and wood-derived products" as the top policy priority.

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