

Housing Crisis Paradox: A comparative analysis of Malaysia and Spain

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Abstract

Housing affordability is a persistent global challenge, shaped by interdependent financial, social, spatial, and governance dynamics. This study compares Malaysia and Spain, revealing systemic paradoxes in which surplus housing coexists with restricted access and costs increasingly outpace incomes. Using qualitative documentary analysis, cross-case comparison, and systems mapping, it identifies shared and context-specific structural contradictions, such as the spatial isolation of affordable units in Malaysia and the low supply of social housing in Spain. Findings highlight that housing crises emerge from complex, reinforcing interactions rather than simple supply shortages, underscoring the need for anticipatory, system-informed, context-sensitive approaches to housing planning.

Keywords: Housing Crisis Paradox ; Housing Affordability ; Futures Thinking ; Systems Thinking

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1.0 Introduction

Housing is a fundamental human need and a cornerstone of social and economic stability. Beyond providing shelter, it shapes access to employment, education, healthcare, and community networks, while influencing capital flows, investment, and urban development trajectories (Aalbers et al., 2020). Affordability has emerged as a persistent global challenge, driven by rapid urbanisation, rising inequality, and insufficient supply, often framed as a production shortfall that densification, incentives, and regulatory reforms are meant to address (Wetzstein, 2017).

Recent evidence complicates this supply-focused view. In the European Union, approximately 30 million dwellings remained vacant in 2021 despite widespread rental stress (INE, 2021). In Malaysia, large numbers of completed but unsold units are concentrated in low to medium-cost segments, while lower and middle-income households face ongoing affordability constraints (Department of Statistics Malaysia, 2024). These trends reveal a paradox: housing crises often coexist with surplus stock and restricted access, pointing to deeper structural distortions beyond aggregate supply.

As urban environments comprise interdependent economic, social, and regulatory subsystems that evolve over time, understanding these dynamics requires viewing housing systems as complex, adaptive networks rather than linear markets. This study compares Malaysia and Spain due to their contrasting housing conditions and policy contexts: Spain experiences widespread vacant dwellings

amid rental stress, while Malaysia faces surpluses of completed but unsold units, particularly in low- to mid-cost segments, alongside persistent affordability constraints for lower- and middle-income households.

By examining these divergent contexts, the study investigates systemic paradoxes in housing provision and assesses their implications for proactive housing policy and planning. It identifies structural contradictions in housing supply, affordability, and urban density, compares housing dynamics, policy frameworks, and speculative pressures across the two countries, and highlights the potential value of structured, anticipatory, system-informed approaches to support context-sensitive housing planning.

2.0 Literature Review

2.1 Housing Crisis Theory

Current discourse frames the housing crisis as a systemic outcome of capitalism, extending beyond mere unit shortages to persistent structural conditions (Holgerson & Blackwell, 2025). Narratives of supply shortages are frequently politicised to support pro-developer policies (Ellis, 2025), while factors such as financialisation, market instability, investor demand, declining homeownership, and shrinking social housing intensify inequality (Rahman et al., 2024). Collectively, these dynamics reveal shortcomings in both the housing system and the broader political economy, highlighting a persistent gap between policy interventions and the needs of those seeking housing.

2.2 Housing Paradox Framing

The housing crisis is often characterised as paradoxical, arising from tensions between structural availability, affordability, speculative development, and quality of life. Housing prices frequently increase faster than incomes, even in contexts where sufficient units exist, as financialisation, market instability, and investor demand prioritise housing as an investment rather than a basic need (Yin et al., 2024). While urban densification can improve efficiency and ecological sustainability, inadequate supporting infrastructure may undermine liveability, generating spatial and social tensions (Ustaoğlu & Williams, 2024). These interconnected dynamics demonstrate that housing crises emerge from complex interactions among structural, financial, and policy forces, often producing outcomes that conflict with fundamental housing needs and equity.

2.3 Speculation and Market Dynamics

Short-term speculation often prioritises profit over housing needs, amplifying boom-bust cycles, while momentum trading can create positive feedback loops that further increase price volatility (Wijburg, 2020). Policy interventions, such as transaction taxes, may help curb speculative activity but can also produce unintended consequences (Fu et al., 2015). Although the financialisation of housing is well-documented (Aalbers et al., 2020), strategies that incorporate anticipatory frameworks or strategic foresight to anticipate and manage these dynamics remain limited.

3.0 Methodology

This study employs a comparative qualitative documentary research design to examine structural contradictions within the housing systems of Malaysia and Spain, as it investigates systemic, context-dependent, and multi-layered phenomena, such as housing affordability paradoxes that cannot be fully captured by quantitative measures alone. The study is exploratory and conceptual, aiming to generate a systemic diagnosis of these paradoxes. To achieve this, a multi-stage framework was adopted, integrating hybrid deductive–inductive logic, cross-case comparison, and systems mapping to analyse housing system dynamics.

3.1 Data Sources and Documentary Selection

Primary sources include government statistics, housing policies, institutional reports, legislative instruments, implementation frameworks, and market analyses. Secondary sources comprise peer-reviewed literature and analytical studies providing theoretical grounding in housing economics, urbanisation, affordability, and policy.

3.2 Analytical Procedure

The analysis progressed through four stages:

1. Stage 1: Situational Diagnosis

Documents were reviewed to construct a macro-level overview of housing system conditions, including supply, demand, affordability, urban concentration, speculative development, and policy measures.

2. Stage 2: Domain Extraction and Categorisation

Findings were organised into analytical domains using a hybrid deductive–inductive approach. Deductive structuring drew on established literature, highlighting supply, demand, finance, regulation, and spatial dynamics, while iterative review enabled context-specific refinement and adjustment of domain boundaries.

3. Stage 3: Comparative Matrix Structuring

Domains were mapped against structural contradiction dimensions in a cross-case matrix, aligning Malaysia and Spain. Structural contradictions capture tensions in the housing system, while domains indicate where these tensions are most concentrated, allowing structured comparison across contexts.

4. Systems Mapping

Findings and the matrix were synthesised into a systems map to identify whether housing problems operate independently or as part of broader systemic configurations. Key dynamics include feedback loops between supply and prices, interactions between urban concentration and speculative development, policy–market misalignments, and gaps between housing stock and effective affordability.

3.3 Comparative Analysis

The Malaysia–Spain comparison is analytical rather than statistical, aiming to identify recurring structural patterns, examine how policy regimes mediate similar pressures, and strengthen conceptual generalisability. This approach enables the analysis of systemic paradoxes and context-specific dynamics that extend beyond what quantitative indicators can reveal.

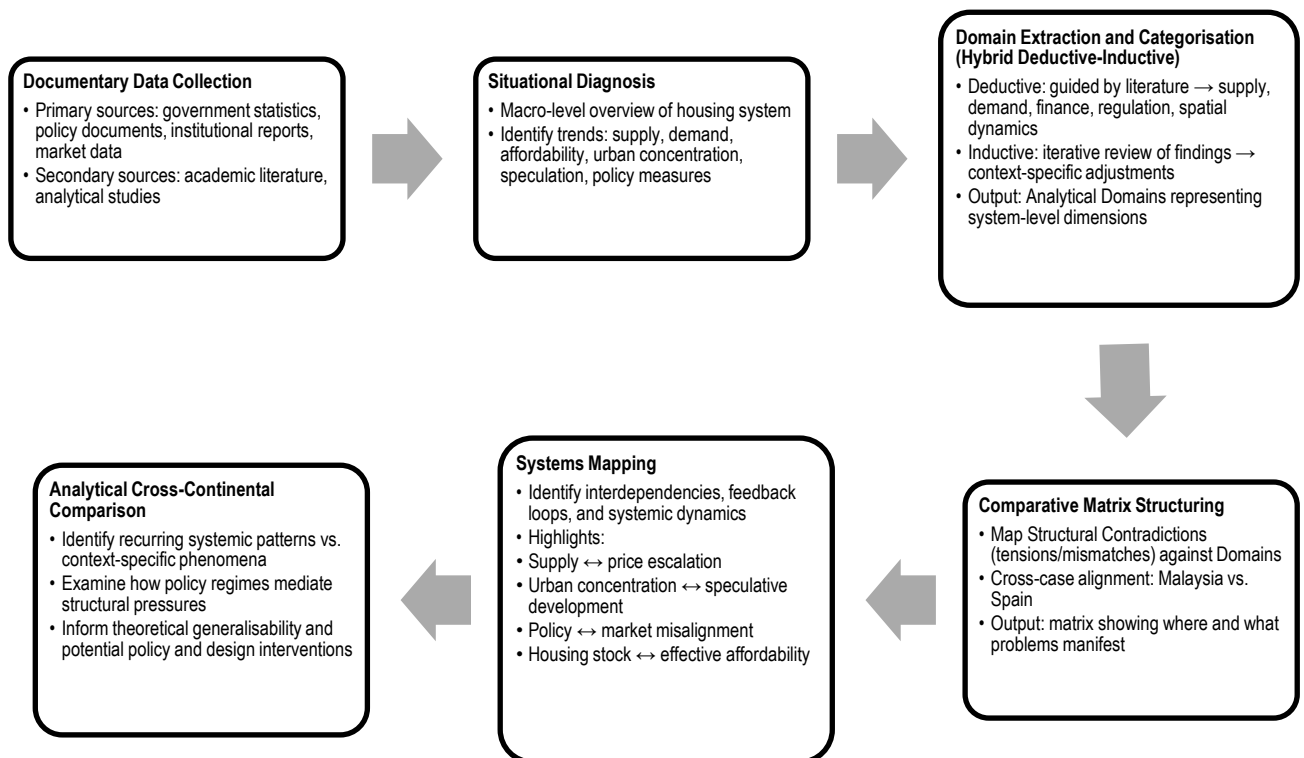


Fig. 1: Methodology Workflow Diagram
(Source: Author)

4.0 Findings

The findings are organised into three sections: the Malaysia case study, the Spain case study, and a comparative analysis of both contexts.

4.1 Malaysia: Structural Contradictions in Housing Provision

The Malaysian findings are organised into five analytical dimensions: overhang patterns; affordability indicators; policy commitment vs. systemic delivery gaps; urban concentrations and spatial misalignment; and speculative development and typological transformation.

4.1.1 Overhang Patterns

According to the 2025 National Property Information Centre (NAPIC) Property Market Report, Malaysia recorded 30,471 unsold residential units worth RM17.73 billion, up 31.6% in volume and 27.2% in value from 2024. Notably, overhang is not confined to luxury housing: units below RM300,000 accounted for the largest share (37.7%, 11,502 units), indicating that nominal affordability does not guarantee absorption. The highest overhang occurred in high-rise strata properties (47.7%), suggesting a production bias toward vertical, high-density formats.

Ready to Build Number Not Sold



Fig. 2: Unsold housing units in Malaysia in 2025
(Source: JPPH, 2025)

Completed Unsold by Price Range



Fig. 3: Unsold housing units below RM300,000 in 2025
(Source: JPPH, 2025)

Ready to Build Unsold by Type



Fig. 4: Strata properties unsold units in 2025
(Source: JPPH, 2025)

4.1.2 Affordability Indicators

According to the 2024 Household Income Survey by the Department of Statistics Malaysia, median monthly household income reached RM7,017, growing 5.1% annually. Meanwhile, the 2025 NAPIC Property Market Report recorded the Malaysian House Price Index in 2024 at 227.3 points, with an average residential price of RM490,313.

Despite income growth slightly outpacing price growth in percentage terms, the price-to-income ratio remains high at about 5.8 times annual median income, placing Malaysia in the “severely unaffordable” category and indicating structural rather than cyclical affordability pressures.

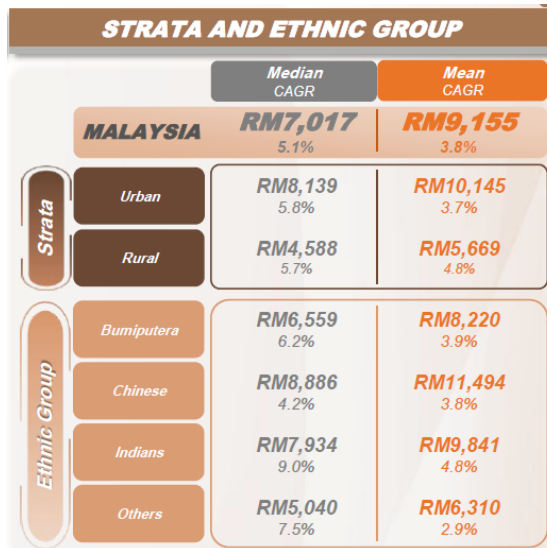


Fig. 5: Malaysia median monthly household income in 2024 (Source: Department of Statistics Malaysia, 2025)

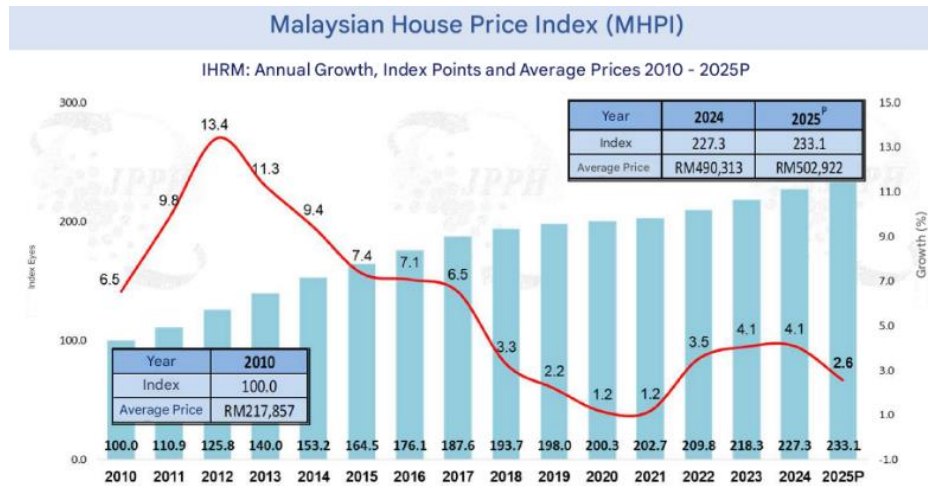


Fig. 6: Malaysia's average property price in 2024 (Source: JPPH, 2025)

4.1.3 Policy Commitment vs. Systemic Delivery Gaps

Under the Twelfth Malaysia Plan (2021–2025), the affordable housing policy builds on the Eleventh Malaysia Plan (2016–2020), intensifying commitments with a 500,000-unit target, stronger public–private partnerships, mixed-use integration, and enhanced coordination. The 11MP had already structured policy around expanding access, strengthening planning and management, and promoting sustainable liveability, reinforcing federal coordination through financing mechanisms (including Rent-to-Own), private sector participation, and major programmes such as PPR, RMR1M, PR1MA, and PPA1M, alongside state and settlement-based delivery.

Nevertheless, persistent challenges persist in the form of delivery delays, supply and demand misalignment, price escalation, typological mismatch, and weak post-occupancy management (Willis & Mohsin, 2025), indicating continued institutional and market fragmentation.

4.1.4 Urban Concentrations and Spatial Misalignment

According to the 2025 NAPIC Property Market Report, residential overhang is spatially concentrated rather than nationally uniform. Perak recorded the highest number of unsold completed units (3,943; 12.9%), followed by Johor (3,705; 12.2%) and Selangor (3,547; 11.6%), indicating regional imbalances within rapid growth corridors.

In Selangor, the Rumah Selangorku (RSKU) scheme, introduced in 2014, expanded the supply of sub-RM300,000 housing; however, such schemes may be affected by additional costs and long-term expenses that reduce effective affordability. RSKU units are frequently located in peripheral areas with limited public transport integration, increasing reliance on private vehicles and raising cumulative household costs. While purchase prices meet affordability thresholds, combined housing–transport burdens often undermine living affordability, revealing a structural contradiction between location and affordability.

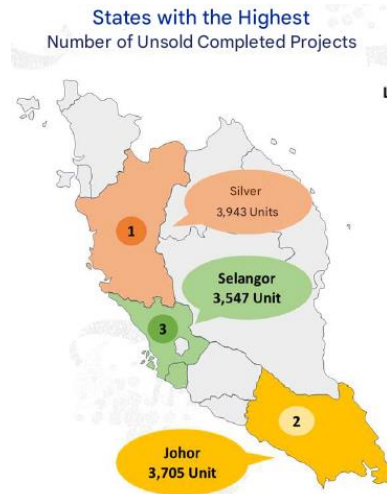


Fig. 7: Unsold units in Perak, Johor and Selangor
(Source: JPPH, 2025)

4.1.5 Speculative Development and Typological Transformation

High-density development has driven the rise of “shoebox” units—compact apartments typically 530 sq ft or less, marketed as affordable urban options. By reducing floor area, developers lower absolute prices without altering land costs or profit structures, reflecting a market adjustment to affordability pressures.

Although not formally categorised in national data, transaction trends in Kuala Lumpur and Selangor show a clear shift toward smaller high-rise units. Serviced apartment supply in Kuala Lumpur expanded by over 400% in the past decade, alongside a doubling of condominium and apartment stock (Kamaruzuki & Jas, 2025), indicating the growing dominance of compact formats.

While aligned with densification goals, these units also generate strong rental yields, attracting speculative investment. The contradiction is structural: affordability is achieved through spatial compression rather than reform of land or financing systems, expanding supply quantitatively while reproducing qualitative mismatches between built form and household needs.

4.1.6 Synthesis and Structural Mapping of Housing Contradictions in Malaysia

Table 1. Structural Contradictions Dimensions and Domains in Malaysian Housing Provision

Structural Contradiction Dimension	Brief Explanation	Relevant Domain					
		Financial - Economic	Market Structural	Household and Social Reality	Spatial-Urban Form	Infrastructure and Environment	Governance and Policy
Affordable price vs. unsold units	Low-priced units remain unoccupied due to location and connectivity issues	✓		✓	✓		
High-density supply vs. actual demand	High-rise units remain unsold, showing supply-demand mismatch		✓	✓	✓		
Income vs. housing affordability	Incomes insufficient to afford median-priced housing	✓	✓	✓			
Policy commitment vs. systemic delivery	Ambitious policies fail to achieve functional accessibility		✓	✓			✓
Spatial isolation vs. true affordability	Peripheral affordable units increase long-term living costs	✓			✓	✓	
Speculative product vs. habitation needs	Shoebox units prioritise investment over livable space	✓	✓	✓	✓		

(Source: Author)

Table 1 summarises structural contradictions across six analytical domains: financial-economic, market structural, household and social reality, spatial-urban form, infrastructure and environment, and governance and policy, highlighting the relative intensity and systemic impact of each. The distribution reveals varying levels of concentration, with the financial-economic, market structural, and household domains exhibiting the highest intensity. Building on this diagnostic, the systems-thinking visualisation (see fig. 8) connects these domains by mapping interconnections and feedback loops, thus providing a holistic understanding of the housing ecosystem's complexity.



Fig. 8: Housing Crisis as a Reinforcing Feedback System in Malaysia
(Source: Author)

Fig. 8 illustrates Malaysia's housing system as a cross-domain feedback network. Financial imperatives drive speculative, high-density development, pushing projects to peripheral locations and intensifying spatial pressures. These outcomes increase transport burdens and reduce liveability. As market demand slows and oversupply rises, these pressures reinforce speculative behaviour. The crisis emerges not from isolated failures but from a self-reinforcing system linking finance, planning, infrastructure, households, market absorption, and governance, making affordability a product of recursive interactions rather than price alone.

4.2 Spain: Structural Contradictions in Housing Provision

The Spain findings are organised into six analytical dimensions: homelessness and housing stock; affordability pressures; social housing and public housing share; price-income mismatch; structural market misalignment: rentalisation and vacancy; and policy commitment vs. systemic delivery gaps.

4.2.1 Homelessness and Housing Stock

According to the Council of Europe, around 1.3 million people were homeless in 2023, with Spain among the top 10 affected countries. The OECD reports that Europe averaged 514 dwellings per 1,000 people in 2025, with Spain slightly higher at 538 dwellings per 1,000 people. Despite sufficient housing stock, homelessness persists, highlighting that the crisis stems not from quantity but from spatial and economic accessibility.

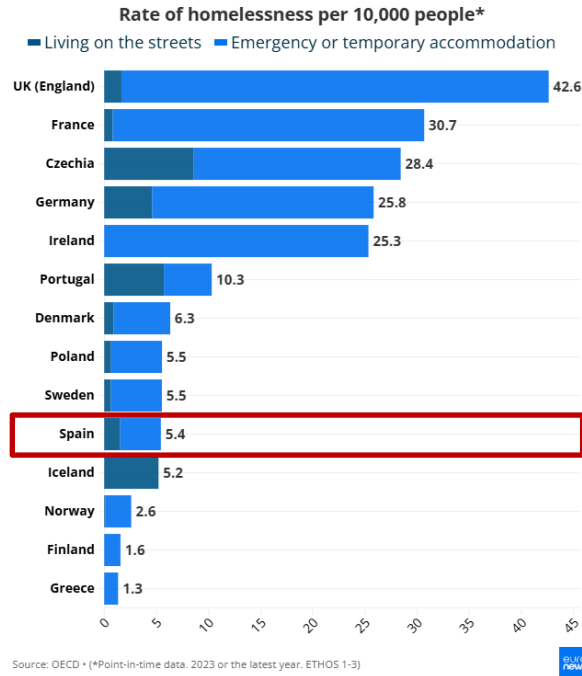


Fig. 9: Homeless population distribution across Europe in 2023
(Source: OECD, 2023, as cited in Yanatma, 2024)

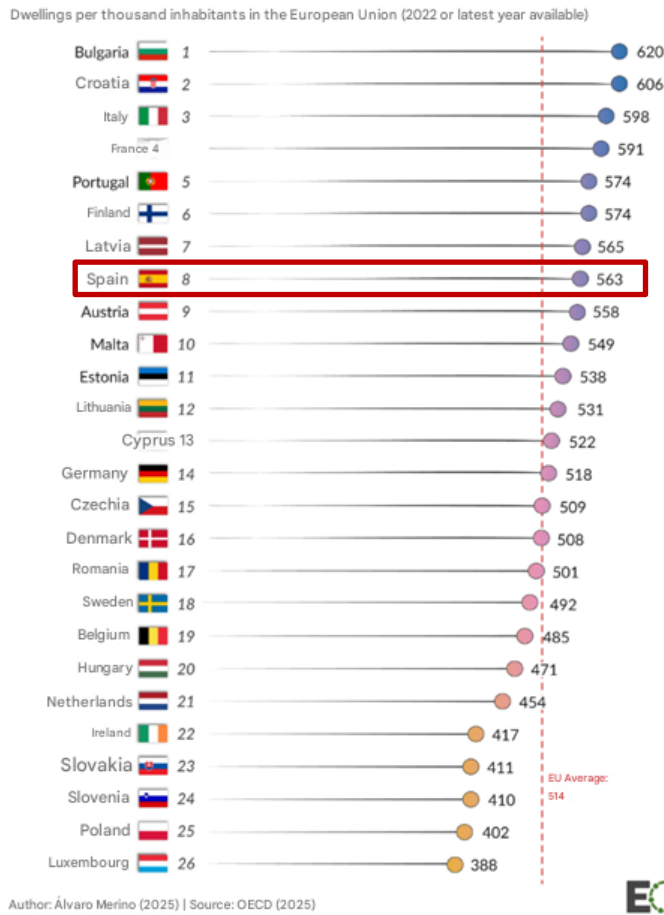


Fig. 10: Average housing stock per 1,000 inhabitants in Europe in 2025
(Source: OECD, 2025, as cited in Seijas & Merino, 2025)

4.2.2 Affordability Pressures

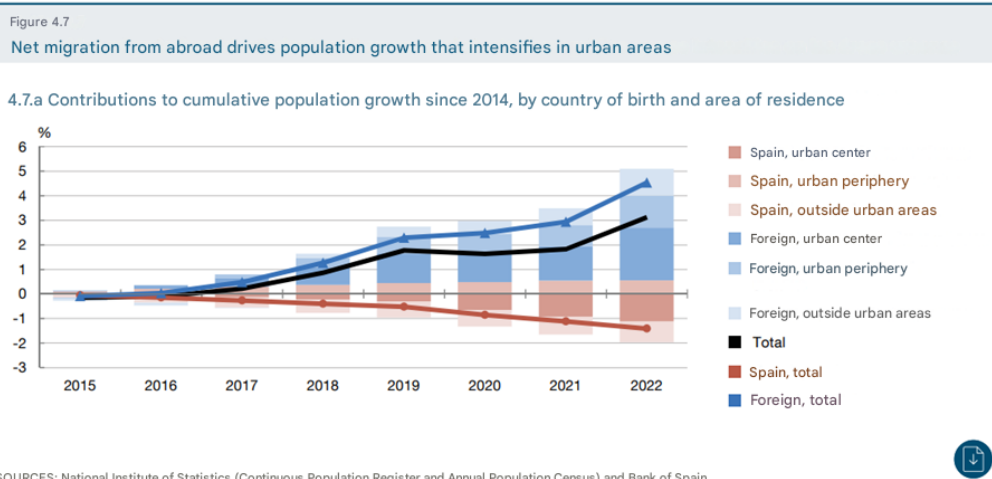


Fig. 11: Intensification of urban areas through population growth due to net migration from abroad (Source: Banco de España, 2023)

Urban migration and population growth have sharply increased housing demand in Spain's cities. Rural-to-urban shifts and international immigration have concentrated population growth in urban centres (fig. 11), intensifying competition for housing. Tourism, with around 485 million overnight stays in 2023, equivalent to over 1.3 million people temporarily occupying housing units nationwide (table 2), adds further pressure. High concentrations of short-term rentals in dense areas worsen the shortage, limiting access for long-term residents (fig. 12).

Table 2. Tourist accommodation establishments in Europe in 2023

Tourist accommodation establishments, 2023

Note that comparability of the number of establishments may be affected by differences in registration schemes or obligations across Europe.

	Number of establishments (units)	Number of bed places (thousands)	Total nights spent (millions)
EU	636,308	29,205	2,943.2
Belgium	10,685	473	44.7
Bulgaria	4,019	360	26.9
Czechia	10,293	759	55.8
Denmark	1,237	452	38.9
Germany	48,275	3,665	431.4
Estonia	1,307	62	6.4
Ireland	2,459	246	40.6
Greece	28,854	1,238	147.2
Spain	57,492	3,821	485.0
France	29,375	5,095	460.3
Croatia	117,476	1,149	92.3
Italy	229,531	5,207	447.2
Cyprus	771	85	15.6
Latvia	1,182	52	4.4
Lithuania	4,793	122	8.5
Luxembourg	363	58	3.5
Hungary	3,959	362	30.5
Malta	335	51	9.9
Netherlands	9,122	1,400	142.3
Austria	25,097	1,138	127.8
Poland	9,809	793	92.8
Portugal	8,141	710	84.9
Romania	11,547	420	29.2
Slovenia	10,860	189	16.1
Slovakia	3,648	203	14.4
Finland	1,367	256	22.8
Sweden	4,311	840	63.9
Iceland	.	.	9.5
Liechtenstein	99	2	0.2
Norway	3,040	609	37.0
Switzerland	35,696	644	59.3
Montenegro ^(*)	453	54	5.1
North Macedonia	518	49	2.1
Albania	.	.	6.0
Serbia	24,242	173 ^e	12.4
Turkiye ^(*)	.	.	203.2
Kosovo ^(*)	.	.	1.5

(*) Nights spent by residents and non-residents estimated using 2023 monthly data.

"-" - data not available or very unreliable.

"e" - estimated.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence.

Source: Eurostat (online data codes: tour_cap_nat, tour_occ_ninat, tour_occ_nim)

(Source: Eurostat, 2023)

Figure 4.12

Tourist rentals have reached a significant relative weight in certain urban areas and in the central districts of large cities with high tourist activity

4.12.a Proportion of tourist accommodation to rental accommodation in the 25 largest urban areas, in % (a)

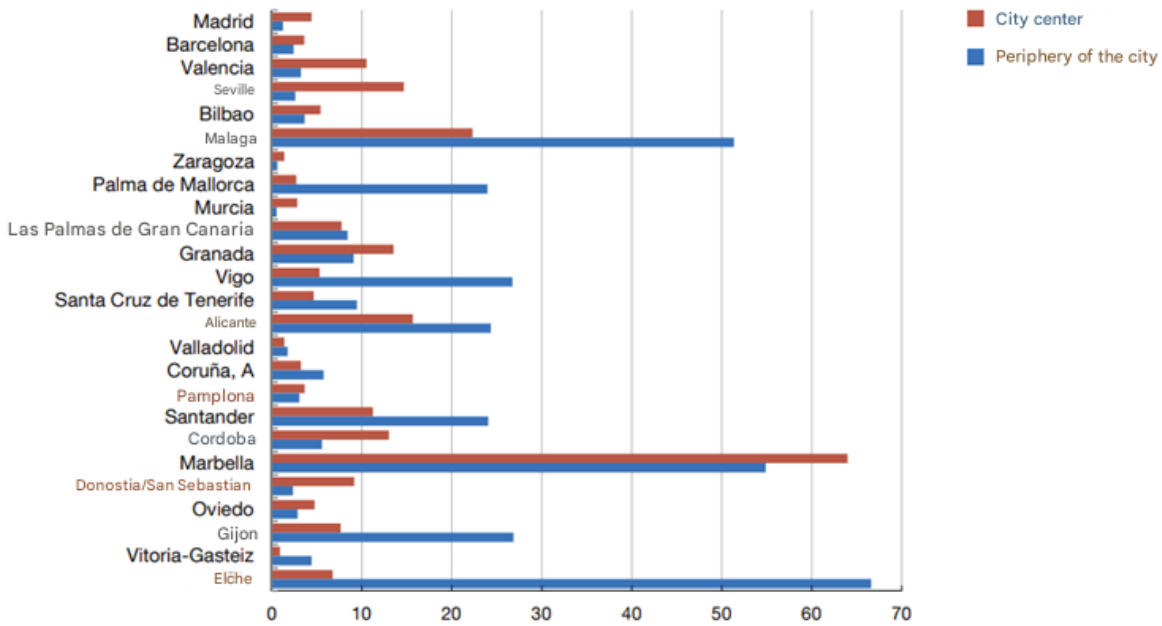


Fig. 12: Tourist rentals relative weight in urban areas
(Source: Banco de España, 2023)

New housing production has lagged behind demographic growth since 2022 (fig. 13). Fig. 14 shows Spain's housing crisis trajectory: an over-investment boom before 2008, followed by a persistent supply deficit. Unlike the pre-2008 overbuilding, the current crisis stems from a shortage of affordable urban housing. Since 2013, housing investment has stayed low (4–6% of GDP), creating a cumulative deficit of 400,000–450,000 homes needed for new households between 2022 and 2024.

Chart 4.5

New housing production has been significantly below demographic trends since 2022

4.5.a Housing starts two years prior, completed housing and net household creation (a)

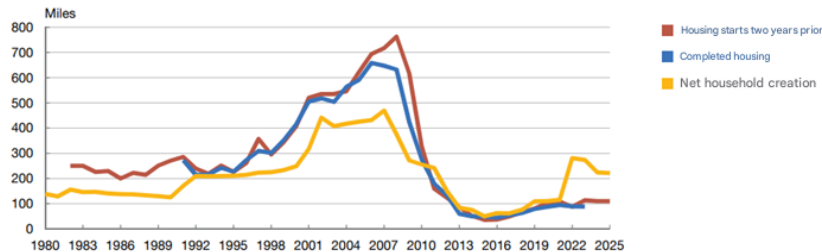


Fig. 13: New housing production in Spain
(Source: Banco de España, 2023)

4.15.a Residential investment and employment in the real estate market (a) (b)

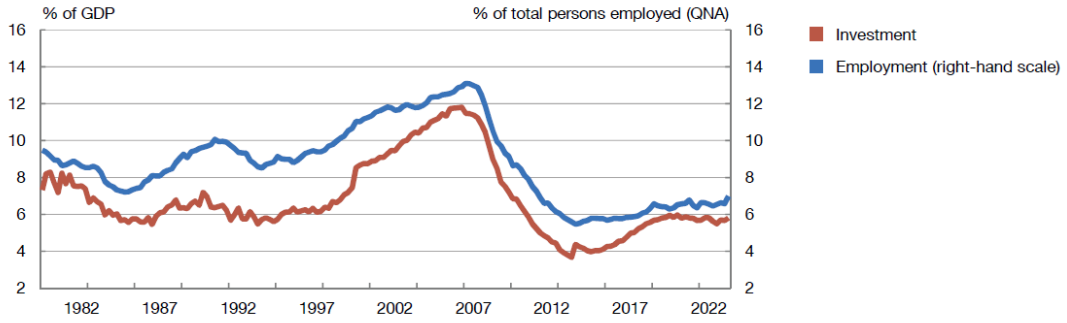


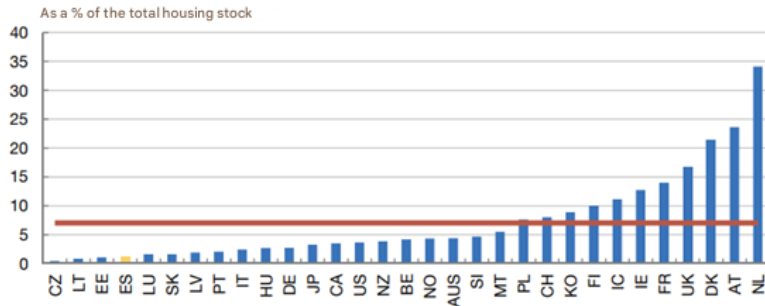
Fig. 14: Residential investment and employment in the real estate market in Spain (Source: Banco de España, 2023)

4.2.3 Social Housing and Public Housing Share

Figure 4.28

Spain stands out among advanced economies for the scarcity of social rental housing

4.28.a The social rental housing stock in advanced economies (a) (b) (c)



SOURCE: OECD (2024).

a Data corresponds to 2020 or the latest year with available information [see OECD (2024) for details]. The horizontal line represents the average for OECD economies.

b In the case of Spain, the publicly owned social rental housing stock would be around 290,000 dwellings, in which 1.6% of households would reside

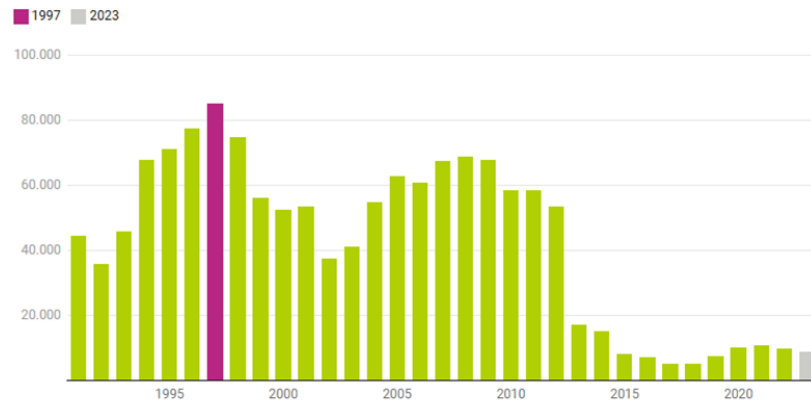
AT: Austria, AUS: Australia, BE: Belgium, CA: Canada, CH: Chile, CZ: Czech Republic, DE: Germany, DK: Denmark, EE: Estonia, ES: Spain, FI: Finland, FR: France, HU: Hungary, IE: Ireland, IT: Italy, JP: Japan, KO: Korea, LT: Lithuania, LU: Luxembourg, LV: Latvia, MT: Malta, NL: Netherlands, NO: Norway, NZ: New Zealand, PL: Poland, PT: Portugal, SI: Slovenia, SK: Slovakia, UK: United Kingdom



Fig. 15: Social rental housing in Spain (Source: OECD, 2024, as cited in Banco de España, 2023)

Subsidized housing with final classification in Spain

Annual data from state and regional plans. Number of dwellings



Source: Ministry of Housing and Urban Agenda (MIVAU) Created with Datawrapper

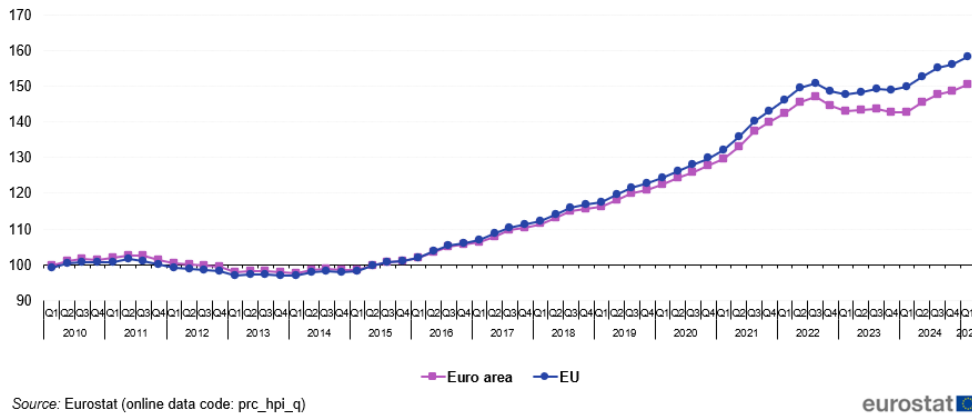
Fig. 16: Subsidised housing with final classification in Spain (Source: Ministry of Housing and Urban Agenda [MIVAU], as cited in Alarcos, 2024)

Spain trails behind Europe in social housing, with only 2.5% of stock subsidised in 2024 (fig. 15). Production has stagnated since 2013 (fig. 16), and post-crisis recovery has not addressed the persistent deficit. This long-term stagnation has created a systemic shortage, leaving Spain far behind its European peers in affordable housing provision.

4.2.4 Price Income Mismatch

Since 2014, European house prices have rebounded post-crisis, with Spain seeing particularly sharp growth (fig. 17). Between 2015 and 2023, prices rose faster than incomes, pushing the price-to-income ratio to 114.2, a 14.2% increase, placing Spain alongside Ireland, Hungary, and Germany in declining affordability (fig. 18). The surge highlights a structural imbalance where prices outpace income, sustaining affordability challenges.

House Prices - Euro area and EU - Index levels, Q1 2010 - Q1 2025
(2015 = 100)

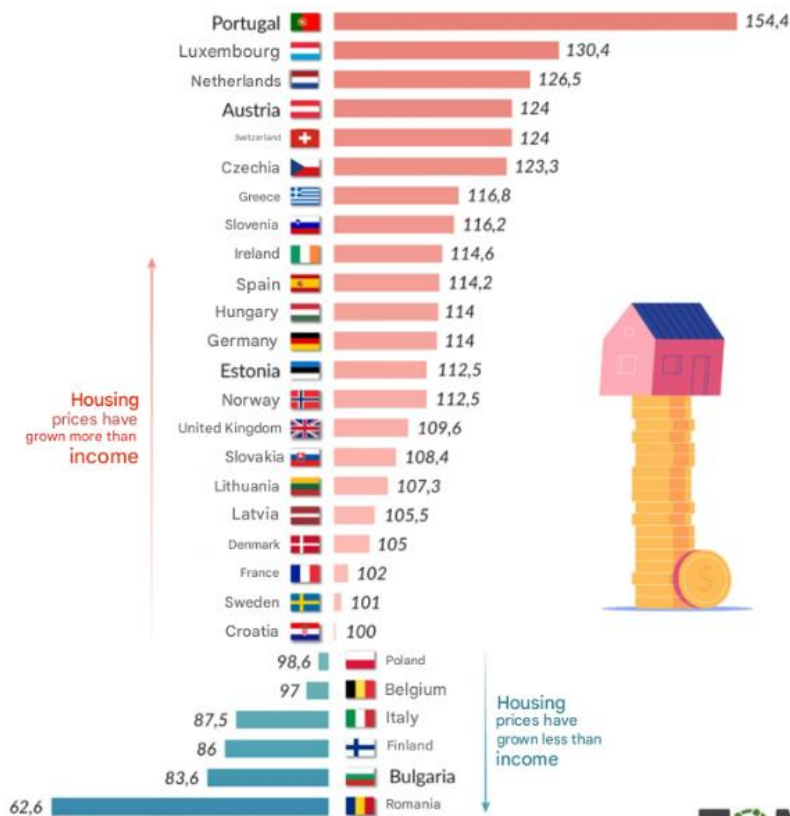


Source: Eurostat (online data code: prc_hpi_q)

eurostat

Fig. 17: Housing prices in the Euro area
(Source: Eurostat, 2026)

Housing price ratio* / population income in Europe (2023, 100=2015)



*Includes rental prices and purchase prices for new or used housing

Author: José Luis Marin (2025)

Source: OECD (2024)



Fig. 18: Housing price ratio vs. population income in Europe in 2023
(Source: OECD, 2024, as cited in Marin, 2025)

4.2.5 Structural Market Misalignment: Rentalisation and Vacancy

Spain's housing system shows a structural mismatch between availability, tenure, and household capacity. Over the past two decades, homeownership declined from 80% in 2005 to 75% in 2023, while market-rate renting nearly doubled from 10% to over 15% (fig. 29). This shift reflects rising reliance on private rental housing rather than growth in subsidised or reduced-rate housing, which has remained largely stagnant.

Figure 4.4

The proportion of households residing in rented accommodation has shown remarkable growth over the last decade, driven by the increasing relevance of this market among younger people.

4.4.a Tenure of main residence

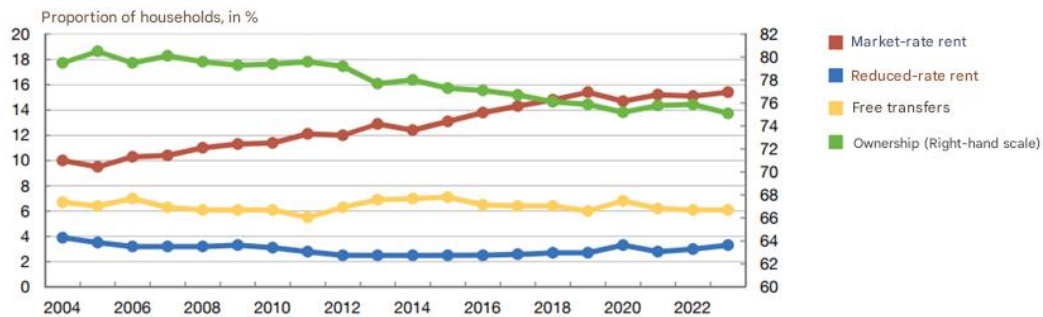


Fig. 19: Tenure of main residence
(Source: INE, 2024, as cited in Banco de España, 2023)

The shift is generational: renting among 16–29-year-olds rose from 40% in 2004 to nearly 60% in 2023, and among 30–44-year-olds from 20% to 35%, while older groups remained stable (fig. 20), reflecting structural displacement from ownership rather than a voluntary cultural change.

4.4.b Rental residence by age group (a)

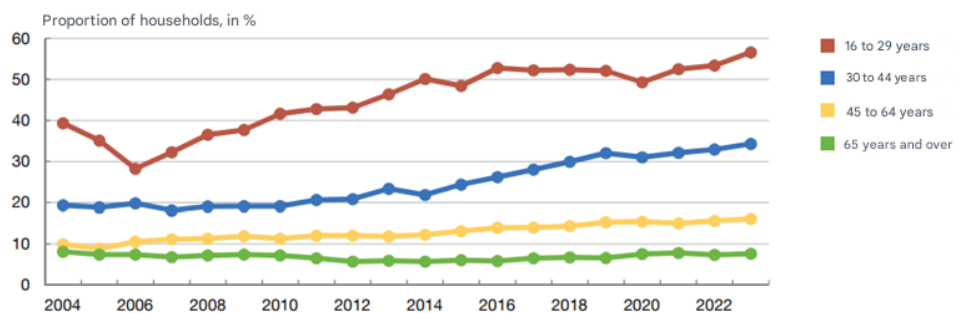


Fig. 20: Rental residence by age group
(Source: INE, 2024, as cited in Banco de España, 2023)

4.18.a Percentage of young adults (18-34) living with their parents

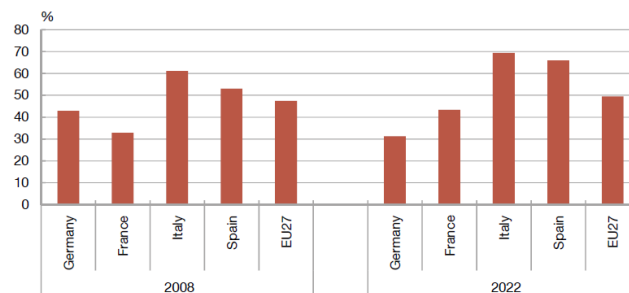


Fig. 21: People aged 18 to 34 living with their parents
(Source: Banco de España, 2023)

Fig. 21 shows a “generation trapped” pattern: young people delay homeownership and independent living, staying longer in rental housing. With the average age of leaving home now over 30, these trends reflect affordability constraints rather than choice, highlighting structural imbalances in Spain’s housing system.

Europe has about 30 million vacant dwellings, with Spain holding roughly 3.8 million in 2021 (INE, 2021). Only 3% are intentionally unoccupied; most are constrained by financial, administrative, or structural factors, including renovation costs (20%), inherited property issues (20%), post-2008 effects, speculation (11%), temporary renovations (10%), and location or personal circumstances (40%). Combined with post-crisis construction slowdowns and one of Europe’s lowest social housing shares, this limits housing access for lower- and middle-income households.

4.2.6 Policy Commitment vs. Systemic Delivery Gaps

Spain’s Law 12/2023 on the Right to Housing (May 2023) aims to improve affordability and access through rent caps, “stressed area” designations, limits on agency fees, tax incentives, eviction protections, and definitions of vacant or large rental properties. While this legislation demonstrates strong policy intent, debates about its effectiveness persist. Critics warn rent caps may reduce supply and investment (Páez, 2025), and certain institutional arrangements may complicate implementation, highlighting the challenge of achieving durable outcomes.

4.2.7 Synthesis and Structural Mapping of Housing Contradictions in Spain

Table 3. Structural Contradictions Dimensions and Domains in Spain Housing Provision

Structural Contradiction Dimension	Brief Explanation	Relevant Domain					
		Financial - Economic	Market Structural	Household and Social Reality	Spatial-Urban Form	Infrastructure and Environment	Governance and Policy
Quantity vs. access	Spain has above-average housing stock (538 dwellings per 1,000 inhabitants) yet persistent homelessness and exclusion, indicating misalignment between physical supply and effective accessibility	✓	✓	✓	✓		✓
Investment cycles vs. long-term provision	Housing production follows financial cycles—overbuilding pre-2008 and underinvestment post-2013—rather than demographic demand, resulting in cumulative supply deficits	✓	✓		✓		✓
Price-income decoupling	Housing prices have risen faster than household incomes (ratio 114.2), reducing affordability and weakening purchasing power	✓	✓	✓			✓
Low social housing vs. rising need	With only 2.5% social housing and stagnant post-2013 production, public provision remains insufficient to buffer market volatility and affordability pressures	✓		✓	✓		✓
Rentalisation and generational displacement	Declining homeownership and rising market-rate renting, particularly among youth, reflect structural barriers to ownership and delayed household independence	✓	✓	✓	✓		✓
Vacancy vs. affordability pressure	3.8 million vacant dwellings coexist with affordable housing shortages, revealing utilisation constraints linked to financial, legal, spatial, and administrative barriers	✓	✓	✓	✓	✓	✓
Policy Commitment vs. Systemic Delivery	Strong policy commitment to housing access is undermined by systemic gaps from market realities and legal constraints.		✓	✓			✓

(Source: Author)

Table 3 presents Spain’s structural housing contradictions across six domains: financial–economic, market structural, household and social, spatial–urban, infrastructure and environment, and governance and policy. Rising prices and market dynamics dominate, impacting affordability and delaying homeownership, while spatial and policy factors add pressure through uneven distribution, vacancies, and limited social housing. This framing highlights systemic interactions and supports the systems-thinking visualisation of Spain’s housing ecosystem in Fig. 22.

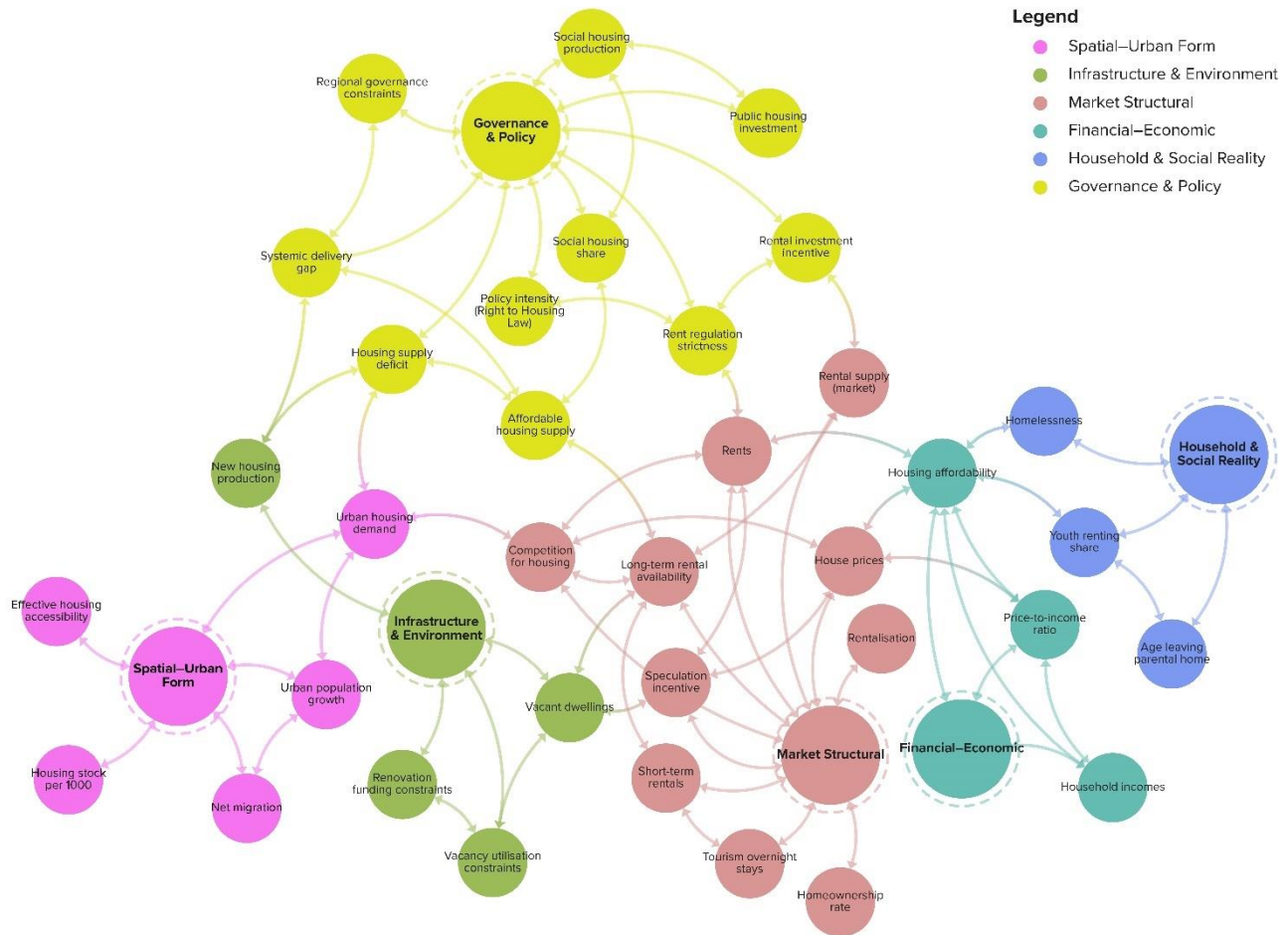


Fig. 22: Housing Crisis as a Reinforcing Feedback System in Spain
(Source: Author)

Fig. 22 shows Spain’s housing system as a network of governance, markets, finance, spatial dynamics, infrastructure, and household dynamics. Rising prices, speculation, and short-term rentals boost profit-driven investment, reducing long-term supply and pushing rents above income growth, especially for young households. Urban migration concentrates demand, while delivery delays, planning restrictions, and infrastructure limits constrain usable supply. Governance measures such as rent regulation, social housing, and public investment help, but are limited by fiscal and institutional fragmentation. Unaffordability thus arises from self-reinforcing feedback loops across finance, speculation, spatial concentration, income gaps, and institutional constraints.

4.3 Structural Contradictions and System Dynamics: Malaysia vs. Spain

This sub-section compares Malaysia and Spain’s housing systems in two parts: first, it examines structural contradictions across key domains, highlighting shared and country-specific tensions; second, it visualizes these interactions through systems maps, showing feedback that shapes outcomes. Together, they provide a descriptive and systemic understanding of cross-country housing challenges.

The analysis in Table 4 identifies shared, partially shared, and country-specific structural contradictions in Malaysia’s and Spain’s housing systems. Shared issues include policy gaps and investment-driven pressures (Malaysia’s micro-units; Spain’s short-term rentals). Partially shared contradictions involve supply-demand mismatches and affordability gaps, such as unsold high-density units in Malaysia versus boom-bust cycles and price-income decoupling in Spain. Unique issues include spatial isolation of affordable units in Malaysia and low social housing, rising rentalisation, generational displacement, and vacant units in Spain.

Systems mapping further shows that housing unaffordability in both countries emerges from reinforcing cross-domain feedbacks rather than simple supply shortages or isolated policy failures. In Spain, financialisation primarily affects the allocation stage: although total stock appears sufficient, short-term rental conversion, speculative vacancy, and asset-driven investment reduce effective long-term

supply, driving rents upward. In Malaysia, financialisation is embedded in production: high-density peripheral developments are misaligned with household incomes, leading to oversupply and unaffordability. Despite these differences, both systems share a core contradiction: housing costs grow faster than incomes. These dynamics highlight how similar systemic mechanisms can yield divergent outcomes depending on governance, market structure, demographic pressures, and spatial configurations, underscoring the need to analyse housing crises as feedback systems rather than linear market imbalances.

Table 4. Comparative Structural Contradictions — Malaysia vs. Spain

Structural Contradiction Dimension	Classification: Shared/ Partially Shared/ Unique	Reasoning	Similar Domain	Different Domain
Affordable price vs. unsold units (Malaysia)/ Quantity vs. access (Spain)	Partially shared	Both countries face misalignment between supply and effective access, but the causes differ: Malaysia's low-priced units remain unoccupied due to location/connectivity; Spain's issue is economic and spatial accessibility.	<i>Financial – Economic, Household and Social Reality, Spatial-Urban Form</i>	Market Structural and Governance and Policy (Spain)
High-density supply vs. actual demand (Malaysia) / Investment cycles vs. long-term provision (Spain)	Partially shared	Both reflect supply-demand mismatches, but Malaysia's issue is concentrated in high-rise, high-density units remaining unsold, whereas Spain experiences boom-bust investment cycles leading to shortages.	<i>Market Structural, Spatial-Urban Form</i>	<i>Household and Social Reality (Malaysia), Financial – Economic and Governance and Policy (Spain)</i>
Income vs. housing affordability (Malaysia) / Price-income decoupling (Spain)	Partially shared	Both countries face affordability pressures where incomes cannot keep pace with housing costs, but Spain shows a sharper price-income ratio decoupling, whereas Malaysia's issue is also tied to speculative products.	<i>Financial – Economic, Market Structural, Household and Social Reality</i>	<i>Governance and Policy (Spain)</i>
Policy commitment vs. systemic delivery (both)	Shared	In both countries, ambitious policies exist but fail to translate into functional accessibility, showing alignment in governance-related structural failure.	<i>Market Structural, Household and Social Reality, Governance and Policy</i>	-
Spatial isolation vs. true affordability (Malaysia)	Unique	This is specific to Malaysia's peripheral affordable units increasing living costs; Spain does not report this as a major contradiction.	-	<i>Financial – Economic, Spatial-Urban Form, Infrastructure and Environment</i>
Low social/public housing vs. rising need (Spain)	Unique	Spain's extremely low social housing stock and stagnated production is a country-specific issue, not mirrored in Malaysia.	-	<i>Financial – Economic, Household and Social Reality, Spatial-Urban Form, Governance and Policy</i>
Rentalization and generational displacement (Spain)	Unique	Spain's increasing market-rate rentals and "generation trapped" phenomenon is unique; Malaysia's rental market is not similarly pronounced.	-	<i>Financial – Economic, Market Structural, Household and Social Reality, Spatial-Urban Form, Governance and Policy</i>
Vacancy vs. affordability pressure (Spain)	Unique	Inaccessible vacant units due to financial in Spain but not parallel in Malaysia	-	<i>Financial – Economic, Market Structural, Household and Social Reality, Spatial-Urban Form, Infrastructure and Environment, Governance and Policy</i>
Speculative product vs. habitation needs (Malaysia but also relevant in Spain)	Shared	For comparison purposes, this dimension is included for Spain, reflecting investment-focused housing trends such as short-term rentals. In Malaysia, it is represented by micro-units or "shoebox" apartments prioritizing investment over livable space	<i>Financial – Economic, Market Structural, Household and Social Reality, Spatial-Urban Form</i>	-

Note: Shared contradictions show systemic issues that exist across countries; Partially shared contradictions exist conceptually in both countries, but the mechanisms or drivers differ; Unique contradictions reveal country-specific pressures that are context-dependent.

(Source: Author)

5.0 Discussion

This study adopts a two-part comparative framework to examine housing contradictions in Malaysia and Spain, integrating descriptive comparison with systemic explanation. The descriptive analysis identifies structural tensions across shared, partially shared, and context-specific domains. Speculative pressures operate in both contexts—manifesting as investor-driven micro-units in Malaysia and short-term rentals in Spain, while supply-demand imbalances differ in form, ranging from peripheral high-density oversupply in Malaysia to boom-bust volatility and rental stress in Spain. Distinct local configurations are also evident, including spatial isolation of affordable units in Malaysia and limited social housing, generational displacement, and inaccessible vacant stock in Spain. These findings reinforce existing scholarship that conceptualises housing crises as structural and systemic rather than isolated policy failures, while

demonstrating how dominant supply-driven narratives can obscure the financial and speculative dynamics that perpetuate housing unaffordability (Wetzstein, 2017; Rahman et al., 2024).

The systemic analysis moves beyond descriptive comparison to identify reinforcing feedback loops that generate emergent affordability outcomes. In Spain, financialisation operates primarily at the allocation stage, where investor activity and rental commodification constrain long-term availability and accelerate rent escalation, consistent with Southern European patterns linking mortgage expansion, financial liberalisation, and displacement (Janoschka et al., 2020). In Malaysia, financialisation is more visible at the production stage, where developer-finance alignments incentivise peripheral high-density supply beyond effective household demand. Although these mechanisms differ, both cases demonstrate that affordability is not determined by aggregate supply alone but emerges from dynamic interactions between finance, market incentives, spatial development, and governance structures. This distinction between production-stage and allocation-stage distortions extends financialisation debates by specifying where and how structural tensions are concentrated within housing systems.

Together, the findings underscore the value of a systems perspective in understanding housing affordability as an emergent outcome of cross-domain interactions rather than a linear imbalance between supply and demand. By mapping structural contradictions across two distinct contexts, the study contributes to ongoing debates on housing as part of a broader socio-economic “polycrisis,” where financialisation, governance fragmentation, and urban restructuring reinforce one another (Rahman et al., 2024). The analysis suggests that reactive, supply-focused interventions are insufficient where feedback dynamics remain unaddressed. Instead, anticipatory and system-informed approaches, drawing on strategic foresight and integrated governance, may offer more adaptive and context-sensitive pathways for mitigating emerging pressures across financial, spatial, and regulatory domains. While grounded in Malaysia and Spain, the framework provides a transferable analytical lens for examining structural housing contradictions in other contexts experiencing similar financialised urban dynamics.

6.0 Conclusion and Recommendations

This study demonstrates that the housing crisis in Malaysia and Spain emerges from complex systemic interactions across financial - economic, market structural, household and social reality, spatial – urban form, and governance and policy domains, rather than from isolated policy failures or simple supply shortages. Shared pressures, such as investment-driven housing and speculative trends, coexist with context-specific challenges, including spatial isolation of affordable units in Malaysia and low social housing, generational rentalization, and inaccessible vacant units in Spain. Both systems face a central contradiction: housing costs increasingly outpace household incomes.

The study is limited by its reliance on secondary data and documentary sources, which restricts insight into household experiences, real-time market behavior, and informal housing dynamics. While focusing on Malaysia and Spain, it may not fully capture local perspectives or on-the-ground realities. Therefore, the findings should be interpreted as an initial systemic assessment that identifies broader patterns and dynamics, rather than a detailed empirical account.

Future studies could strengthen these insights by incorporating primary data through surveys and interviews with households, market actors, and policymakers; expanding temporal analysis to capture market cycles and policy evolution; conducting micro-level spatial mapping of affordable housing availability and accessibility; and integrating multi-level governance perspectives to assess interactions across national, regional, and local housing systems.

Additionally, further research could explore anticipatory, system-informed approaches to understand emerging pressures and guide adaptive, context-sensitive interventions. Such studies would help translate systemic insights into actionable strategies, bridging diagnostic understanding and innovative planning in complex housing systems.

Paper Contribution to Related Field of Study

This study advances housing research by framing affordability challenges in Malaysia and Spain as outcomes of systemic interactions across financial, market, spatial, and governance domains. By combining comparative and systems perspectives, it highlights reinforcing feedback loops and emergent contradictions, revealing how structural and context-specific pressures shape housing accessibility. The findings demonstrate the value of anticipatory, system-informed approaches to understand complex housing dynamics and emerging pressures across diverse urban contexts.

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