World’s housing crisis impacts nearly half of humanity

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The United Nations World Cities Report 2026: *The Global Housing Crisis: Pathways to Action* may lay claim to be the most important housing report ever produced. It finds that the scale of global housing inadequacy affects around 42 percent of humanity. This has never previously been measured.

Approximately 3.4 billion of the world’s 8 billion population lack access to secure, safe, and adequate housing. Housing inadequacy encompasses insecure tenure, overcrowding, exposure to environmental hazards and a lack of access to basic services such as water, sanitation, power and waste collection. More than 1.1 billion people live in informal settlements and slums, the highest number ever, up from 201 million in 2010.

Slums and informal settlements are becoming an increasingly dominant feature of the rapidly expanding urban landscape. The global urban population has expanded dramatically with the ongoing decline of the peasantry, surpassing 50 percent of humanity for the first time in 2007.

Yet roughly one in four urban residents now lives in a slum or informal settlement—whether a favela, barrio, township, kampung, gecekondu, villa miseria, or local equivalent. Displacement from conflict, violence, and climate?related disasters has also reached unprecedented levels, pushing millions of internally displaced persons and refugees into precarious urban living conditions.

UN-Habitat describes the crisis as driven by rising housing costs, limited supply, widespread displacement, inadequate grading of existing homes and informal settlements and the growing impact of climate change.

The affordability figures are at an all-time high as housing costs rise much faster than incomes. Between 2010 and 2023, in the aftermath of the 2008 global financial crisis and the bailout of the banks, the global price-to-income ratio increased from 9.3 to 11.2. That is nearly four times the conventional affordability benchmark of three. Fully 44 percent of households globally spend more than 30 percent of their income on rent, rising to 55 percent in Sub-Saharan Africa.

While the report estimates that an additional 269 million homes are needed to close the housing gap, it acknowledges that expanding the number of homes will not solve the problem. While a shortage of dwellings requires building more homes, a housing crisis rooted in unaffordability, land prices, insecure tenure and financial speculation is a problem of ownership and distribution. More houses do not necessarily mean more affordable houses.

If housing is treated primarily as a financial asset rather than a social necessity, building more homes does not make housing affordable to those who need it.

The response to the 2008 global financial crisis accelerated this process. Near-zero interest rates and quantitative easing, policies embraced by the central banks in the advanced countries, channelled enormous quantities of cheap credit into financial and property markets, helping to inflate asset prices and further entrench housing as a store of wealth.

To cite one example, between 70 and 75 percent of housing cost in Britain reflects the price of land, not the building, up from 2 percent in the 1930s. Real estate has become the largest single sector in the UK economy. Land values have risen 300 percent in real terms since 1995, outpacing every other asset class.

Moreover, the British government, having protected the banks and financial markets, imposed the full cost of the financial crash and bank bailouts on workers and their families via years of austerity policies that proclaimed “There is no money” for housing, health, education and the social safety net.

Britain provides one example, but it is not an isolated one. Across the world, the increasing value of urban land has made housing an attractive vehicle for investment. In the less developed countries, it is even more extreme, with land—not construction—the dominant component of housing cost. According to UN and World Bank sources, in many large cities land represents 70–90 percent of total housing value, and in the most land?constrained megacities—Mumbai, Manila, Dhaka, Lagos, Nairobi and Cairo—land prices exceed construction costs several times over.

The scarcity of serviced land, combined with speculation and weak planning systems, drives extreme land inflation. Workers and their families are thus caught: the more valuable the land becomes, the greater the incentive to treat housing as an investment rather than a necessity.

Housing as a global financial asset

The consequences can be seen in the growing role of financial capital in residential property.

Blackstone, the world’s largest asset management company, and other private equity firms buy up residential blocks across the world’s major cities. Sovereign wealth funds and pension funds pour into real estate investment trusts (REITs). AirBnB converts rental stock into tourist accommodation, driving up prices globally.

The same calculus operates, at a vastly higher price point, in London, Vancouver and Sydney where the land and property value is determined by the rent it can extract. Slum and the eviction notice are products of the same global process: the subordination of shelter to rent extraction.

The impact is global. In Kenya, Kibera sits on extremely valuable land, adjacent to Nairobi’s CBD, near major transport corridors, surrounded by middle?class and elite neighbourhoods and close to major institutions, making it one of the most valuable informal settlements in Africa and leaving its tenants subject to repeated eviction pressures.

Governments everywhere have aided and abetted “market forces”, changing the institutional framework governing housing, land and finance. In Britain, the policies of successive governments, Conservative and Labour, enabled this transformation through measures including tenants’

"Right-to-Buy" public housing, the end of rent controls, the creation of Buy-to-Let mortgages, the introduction of Real Estate Investment Trusts, the forced sale of public land and the reduction of directly provided public housing. Housing associations operate within financial markets and carry substantial private debt.

These policies changed the relationship between the state, housing and private capital and created a rentier class, transforming housing from a basic necessity into an important vehicle for the extraction and storage of wealth. This history makes a nonsense of efforts to persuade the government in power to change its policy: the housing crisis is a state-built crisis serving the interests of financial capital.

A crisis older and worse than UN figures suggest

There is another striking feature of the 2026 report. The UN-Habitat has been producing housing reports since 2001: as the Global Report on Human Settlements (GRHS) until 2015 and subsequently as World Cities Report. Yet it did not publish a global estimate of "people lacking adequate housing" in 2001.

The 3.4 billion figure appears for the first time in the World Cities Report 2026 and represents a new, expanded definition of housing inadequacy, incorporating factors such as inadequate physical conditions, overcrowding, affordability, tenure insecurity, informal settlement and displacement.

Because UN-Habitat did not publish a comparable global estimate in 2001, this writer attempted to reconstruct one using the components of housing inadequacy employed in the 2026 report. The comparison is sobering. In 2001, when UN-Habitat began its global housing reporting, roughly 3.2 billion people, the most conservative estimate, out of a global population of 6.2 billion may already have lacked adequate housing. This suggests that there was already a massive housing crisis in 2001.

Twenty-five years later, the UN's first comprehensive estimate puts the number at up to 3.4 billion. Despite a quarter-century of economic growth, urban development and housing programmes, the absolute number of inadequately housed people has barely changed—and the number of people forcibly displaced has increased more than fivefold. The beneficiaries of this growth have been overwhelmingly the financial oligarchy.

These pressures are likely to intensify. UN-Habitat and the UN Department of Economic and Social Affairs (DESA), which generates and compiles major global demographic, economic, and social data, project a global population of about 9.7 billion by 2050, with about 68 percent living in urban areas—around 6.6 billion people. With continued financialisation, speculative land markets, climate and conflict displacement, even the most optimistic reformist scenarios struggle to reduce the absolute number of inadequately housed people much below today's 3.4 billion.

UN-Habitat forecasts that 50 percent of the growth in slum populations will be concentrated in eight countries: Nigeria, the Philippines, Ethiopia, Tanzania, India, the Democratic Republic of Congo, Egypt and Pakistan.

This is before fully factoring in the impact of wars, conflicts, state collapse and forced displacement, let alone climate change.

In 2001, about 21 million people were forcibly displaced. In the 2026 report, this figure had risen to 120 million, a more than fivefold increase. UN-Habitat notes the enormous housing consequences of contemporary conflicts in Gaza, Sudan and Ukraine. Climate change adds another layer. The 2026 report estimates that climate-related hazards could destroy 167 million homes by 2040. Taken together, the projections of the various UN agencies and the World Bank for displacements due to conflicts and climate change would add a further 300 to 400 million to the 2050 housing inadequacy number.

Even the limited data presented in the 2026 UN-Habitat report testify to the inability of the dominant housing policies to reverse the global trajectory—microfinance for slum dwellers, land titling schemes, slum upgrading programmes, affordable housing targets, rent controls and the rest. They failed because they do not address the property relations that generate the crisis. Sometimes, they even increased the value of the land on which that hosing sits, increasing the pressure on poorer residents.

A deafening silence

For a report that is extraordinarily rich in material about global housing conditions impacting billions, the response in the three months since its publication has been remarkably muted. There has been some specialist and UN-related coverage, but remarkably little sustained attention in the mainstream media and almost no wider policy debate. Few think tanks appear to have responded, and discussion among academics and urbanists has been limited.

Governments regularly announce targets for building hundreds of thousands of new homes. Economists debate interest rates, planning restrictions and mortgage costs. Investors discuss the next property cycle. But much less attention is paid to the underlying question raised by the UN's evidence: who owns the land and housing, who determines its price, and who captures the enormous rents generated by urbanisation?

Asking those questions seriously would reveal that the dominant policy measures—market-enabled and finance-driven—are incapable of counteracting the economic and political forces driving housing inadequacy. Furthermore, the institutions responsible for producing housing policy are deeply embedded in the same system.

The central problem is that land and housing remain commodities whose allocation is governed by ownership and profitability. Any reform that leaves that underlying relationship intact, that does not set out to oppose capitalism and fight for a socialist alternative, can at most redistribute housing temporarily or mitigate this or that egregious abuse. But the housing crisis is not a "malfunction" of capitalism: land and property are among its most characteristic and profitable products.

The alternative cannot simply be another programme of subsidies, planning reforms or affordable-housing targets. It requires housing and land to cease being commodities and become collectively controlled social resources. That means taking land, finance, the property companies and the entire apparatus of housing as an asset class out of the hands of private capital and placing them under democratic control. A state controlled by banks and corporations will not do this. It requires the working class, organised on an international basis, to take state power in a socialist revolution and reorganise economic life and the whole of society to meet human need rather than corporate profit.