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## ONE IN THREE GIVING UP ON FIRST HOME OWNERSHIP

- Over a third (35%) of those who have never owned a home don't expect to ever buy
- Only nine per cent of non-home owners expect to buy their first home before they turn 30, yet 60 per cent of people who already own bought before this age
- More than two in five (44%) agree parents should financially support their children to help them buy a home

More than a third of people in Europe don't believe they will ever own a property, as soaring rental costs<sup>1</sup>, low wage growth<sup>2</sup>, and high property prices take effect in many places.

This finding comes from *Are house prices too big a stretch?* – part of the seventh annual ING International Survey on homes and mortgages. The full report, which canvasses the views of nearly 15,000 people across 13 countries in Europe as well as the USA and Australia, can be found at [www.economics.com/iis](http://www.economics.com/iis).

### Given up

Higher shares of respondents in Germany (45%), Italy (44%) and the UK (41%) who don't yet own their own home say they don't expect to ever be able to buy.

The ING study reveals that only nine per cent of non-home owners living in Europe expect to buy a first home before their 30th birthday.

Of those who don't expect to buy, 56 per cent say they don't expect to earn enough money. About one in five (19%) said they anticipate that house prices would remain too high, and 16 per cent cite a lack of long-term job security.

Those in older age brackets tended to get on the housing ladder earlier. Among current home owners, three in five (60%) bought into the property market before they turned 30.

### Expensive and unfair

Many in Europe clearly feel house prices in their area are too high. Over half (57%) say that housing is expensive, while a quarter (25%) find it difficult to pay their rent or mortgage each month.

And renters are more likely than home owners to characterise housing in their country as either expensive (62% vs 55%) or unfair (32% vs 22%).

With many priced out of the housing market, 61 per cent of those in rental accommodation now believe their country is on the wrong track when it comes to housing – 12 percentage points higher than those who own their home (See full table below for country breakdown).

### Should parents help?

Over the last decade, low interest rates have helped increase property prices and made it harder to buy a first home<sup>3</sup>.

In ING's research, almost three quarters (72%) in Europe agree it is increasingly difficult for first-time buyers to get on the property ladder, with the majority (65%) agreeing that this has been particularly true since 2015.

One solution might be to get help from the so-called 'Bank of Mum and Dad'. Of course, this assumes that people are in a position to do this.

However, more than two in five (44%) in Europe agree that parents should offer financial support to help their children buy a home. And 62 per cent believe helping children buy a house is a good investment.

The study also finds that people may be open to living with extended family. Overall, 13 per cent in Europe say they share their home with more than two generations, with the largest shares in Romania (22%) and Poland (19%). Another 34 per cent indicate they would consider doing this in the future, with the share rising to nearly half (47%) in Spain.

**Jessica Exton, behavioural scientist at ING, said:** *"We are seeing a generational shift in attitudes towards housing. While a majority of owners bought their first home before their 30th birthday, just one in 10 non-home owners now anticipate they will do the same. Affordability challenges are having strong effects, with some giving up on the dream of home ownership completely.*

*"Getting a step on the property ladder appears just as important as it has ever been; a large majority agree that ownership is better financially. Many are addressing affordability challenges by moving later in life, living with extended family and, for those with the option, getting help from 'the Bank of Mum and Dad'. Indeed, a majority agree that when parents help their children buy a home they are making a good investment.*

*"Many perceive the housing market as expensive and unfair, a trend that is particularly concerning given the concept of a home encompasses so much more than bricks and mortar. Notions of shelter, connection and achievement contribute to our high valuation of property. Expectations of future price rises will likely fuel the growing level of discontent regarding housing in Europe."*

**Maria Ferreira, senior economist at ING, said:** *"The housing sector in Europe is changing. Affordable housing is becoming scarce, particularly in urban hot spots, with high demand driving up rental prices and construction costs. Our survey reveals that these are the most challenging factors for younger generations and newcomers to the housing market (particularly those just starting a family).*

*"With the housing markets rising steadily in Europe, it's no surprise that housing costs are overburdening many households. However, the situation is particularly difficult for renters in the Netherlands, Spain, Czech Republic and Germany, where they earn lower incomes than homeowners and pay relatively higher rents than in all other countries in our survey.*

*"Many younger Europeans feel priced out of the market and frustrated about their chances of buying a home in the next five years. For residents in some countries the situation is worse: 45 per cent of younger people (<45 years old) in Austria, Belgium, Luxembourg, Netherlands, Romania and Spain are spending over 50 per cent of their take-home income just to keep a roof over their heads. This explains why they have negative expectations about the future and believe their country is definitely on the wrong track in housing matters."*

## References

<sup>1</sup> Connolly, K; Collinson, P; and Burgen, S (2018) Renting property: how does it compare around the world? <https://www.theguardian.com/money/2018/apr/21/renting-property-how-does-it-compare-around-the-world>

<sup>2</sup> OECD Employment Outlook (2018) <http://www.oecd.org/newsroom/rising-employment-overshadowed-by-unprecedented-wage-stagnation.htm>

<sup>3</sup> Elledge, J (2018) Bubble, bubble, toil and trouble: why ultra-low mortgage rates are dangerous <https://www.theguardian.com/commentisfree/2017/apr/24/ultra-low-mortgage-rates-bubble-interest-house-prices>

**Table showing the proportion of consumers who believe their country is on the wrong track when it comes to housing**

Country	My country is on the wrong track when it comes to housing (2018)	Percentage point change (from 2017)
<b>European Consumer</b>	<b>53%</b>	<b>8 percentage points</b>
Turkey	69%	17 percentage points
Spain	68%	10 percentage points
Germany	59%	9 percentage points
Luxembourg	57%	8 percentage points
United Kingdom	56%	6 percentage points
Czech Republic	51%	11 percentage points
Romania	49%	14 percentage points
France	46%	6 percentage points
Austria	45%	-1 percentage point
Netherlands	43%	16 percentage points
Belgium	40%	4 percentage points
Italy	39%	No change from 2017
Poland	35%	5 percentage points
Australia	46%	-4 percentage points
USA	37%	1 percentage point

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### About the research

The ING International Survey Homes and Mortgages 2018 – ‘Are house prices too big a stretch?’ – was conducted by Ipsos using internet-based polling. Fifteen countries were surveyed: Austria, Belgium, Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Poland, Romania, Spain, Turkey, the United Kingdom, Australia and the United States of America. Polling took place between 6 June and 18 June 2018. The full report is available via [www.ezonomics.com/iis](http://www.ezonomics.com/iis) and at [www.slideshare.net/ING](http://www.slideshare.net/ING)

The ING International Survey is produced several times a year by ING eZonomics. It is about money and life - combining ideas around financial education, personal finance and behavioural economics to produce regular and practical information about the way people manage their money - and how this can affect consumers' lives.



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