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AFFORDABLE HOMES EVEN FURTHER OUT OF REACH ACROSS EUROPE

- 63 per cent in Europe expect property prices to increase over the next year
- Half (53%) say their country is on the wrong track with housing; up from 45 per cent last year
- Of non-home owners, over a third (35%) don't expect to ever buy

People in Europe expect property prices to continue rising over the next 12 months, according to new ING research.

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

Wrong track

Almost two-thirds (63%) in Europe expect house prices to rise over the next year. Half (53%) of respondents believe their country is on the wrong track with housing, up from 45 per cent in 2017, suggesting that many are becoming frustrated. (See table below for full country breakdown).

The portion who think their local housing market is on the wrong track has increased in the vast majority of countries. Only a quarter (25%) of Europeans say housing is on the right track in their country.

High prices

Commonly, property prices are linked to and influenced by local market conditions. Yet it's clear that many in Europe feel that house prices where they live are too high.

The majority (57%) believe that housing is expensive, with a quarter (25%) finding it difficult to pay their rent or mortgage each month. Renters are more likely than home owners to characterise property in their country as expensive (62% vs 55%) or unfair (32% vs 22%).

Over the last decade, interest rates have been low, which has helped increase property prices but made it harder for newcomers to enter the housing market. Now, nearly three-quarters (72%) in Europe believe it is difficult for first-time buyers to get on the property ladder.

Given up

Over a third (35%) of non-home owners in Europe don't expect to ever own a house. The largest shares who say this are in Germany (45%), Italy (44%) and the UK (41%).

And the study reveals that only one in 10 (9%) now expects to own a first home by the time he or she turns 30. By comparison, 60 per cent of those who already own a property bought before age 30.

People cite many reasons for not being able to buy, but most point to issues around affordability. Over half (56%) of Europeans blame it on insufficient incomes, one in five (19%) anticipate prices will stay too high, and 16 per cent indicate a lack of long-term job security.

Jessica Exton, behavioural scientist at ING, said: *“Getting a foot on the property ladder appears just as important as it has ever been, both emotionally and financially. But many who do not own expect that home ownership will happen at a later age than for those already settled. While a sizeable minority think they will never have a place to call their own. It is therefore not surprising a majority consider housing to be on the wrong track – an opinion that is shared across the 15 countries surveyed, despite economic and cultural differences.*

“Whether old or young, owner or not, there is recognition that owning a property is now more difficult than in the past and likely to occur later in life. Affordability is the main hurdle but the next most common characteristic describing housing markets is that they are unfair. This may be cause for a re-think on how we organise property in our society.”

James Knightley, chief international economist at ING, said: *“The housing market is typically associated with a strong consumer sector, but that was when home ownership was broader and more people could feel the wealth benefits of higher house prices. With so many young buyers priced out of the market, either having to spend a significant proportion of their income on rent or live with parents, ownership rates are falling fast. As such, the economic boost from a strong housing market is becoming less clear-cut.*

“Moreover, the fact that so many respondents suggest their countries are ‘on the wrong track’ with housing should be a wake-up call for mainstream politicians, who are already on the back foot against a growing populist political tide.”

Respondents who indicate their country is on the wrong track with housing

| Country | My country is on the wrong track when it comes to housing (2018) | Change from 2017 |
|-------------------|--|----------------------|
| European Consumer | 53% | 8 percentage points |
| 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 points |

– ENDS –

About the research

The ING International Survey Homes and Mortgages 2018 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 at www.ezonomics.com/iis and 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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