

EUROPEANS EXPECT RISING HOUSE PRICES, MANY ALREADY STRUGGLING

- Three in five (59%) people in Europe expect house prices to rise over the next 12 months
- But 61 per cent say housing is expensive
- Overreaching sees one in five people find it difficult to pay for housing

Confidence in European house prices is rising, but the temptation to over-stretch financially is putting consumer finances under pressure.

According to the sixth annual *ING International Survey Homes and Mortgages 2017*, which surveyed almost 15,000 people in 15 countries about their attitudes on the housing market, overall people across Europe are feeling more bullish. The majority of consumers (59%) believe that prices will rise over the next 12 months; confidence is up by three percentage points from last year – the first rise in two years.

House price expectations have leapt in Romania (72%), Spain (66%) and the Czech Republic (65%) as their economies continue to grow. Romania shows the largest leap (20 percentage points), although most people only expect house prices to rise slightly, but in Spain, where mortgages have reportedly become easier to secure, expectations are up by 14 percentage points.

On the other hand, expectations in the UK have plummeted. The proportion of people who believe house prices will rise over the next 12 months is down by 13 percentage points since 2016, from 57 per cent to 44 per cent. See Figure 1 for full international table.

Financial fragility

However, latest IMF data shows house prices are continuing to increase relative to incomes and rent in a number of countries¹, making housing increasingly less affordable. ING's study found a similar reaction with three in five (61%) people considering housing to be expensive.

With prices continuing to rise, the study reveals a number of consumers could be lured into a false sense of security and are overstressing their finances as a result.

Across Europe, two in five (41%) of those who set a budget for their total costs report that their current home was over or at the top of their budget, while nearly a quarter (23%) of all respondents in Europe find that their running costs are higher than they anticipated, and one in five (20%) find it difficult to manage their housing payments.

The impact could be leaving many people with limited disposable income, affecting the amount they are able to save and put towards other expenses.

This is supported by findings from the [ING International Survey Savings 2017](#) released earlier this year, which found that 29 per cent of people in Europe have no savings at all. Of the 71 per cent who say they do have savings, more than a third (36%) have no more than three months' take-home pay put aside, leaving them potentially vulnerable to unexpected costs or loss of income.

In the ING International Survey Homes and Mortgages 2017, when consumers were asked whether their country is on the right track in terms of housing, just 29 per cent of people in Europe agreed, while 45 per cent disagreed.

ING behavioural scientist Nathalie Spencer commented: *"People across Europe are finding housing expensive; many have paid at the top of or even above their budget for their home, and some have higher-than-expected running costs too. The result is many are feeling the pinch and finding it difficult to pay their rent or mortgage each month."*

“When housing is expensive people have less available for saving or investment, which may leave them vulnerable if faced with unexpected income or expenditure shocks. Planning and sticking to a budget is crucial when buying and renting a home and will help ease pressure on the purse strings in the long term.”

- ENDS -

¹ International Monetary Fund (2017) - [House Price-to-Income Ratio Around the World](#)

² ING International Survey Savings 2017 - [report](#)

Figure 1:

Expectation house prices will rise over the next 12 months

Country	2014	2015	2016	2017	Change (2017-16)
Romania	46%	53%	52%	72%	+20
Spain	35%	49%	52%	66%	+14
Czech Republic	47%	50%	52%	65%	+13
Poland	44%	43%	43%	51%	+8
France	42%	41%	46%	54%	+8
Luxembourg	72%	76%	78%	86%	+8
Austria	71%	69%	71%	78%	+7
Germany	60%	61%	61%	64%	+3
Netherlands	57%	70%	69%	72%	+3
Italy	30%	33%	37%	38%	+1
Turkey	72%	82%	81%	77%	-4
Belgium	60%	55%	65%	59%	-6
United Kingdom	72%	70%	57%	44%	-13
European Consumer	53%	56%	56%	59%	+3
Australia	n/a	63%	50%	56%	+6
United States	56%	60%	57%	59%	+2

About the research



The *ING International Survey Homes and Mortgages 2017* 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 2 and 22 June 2017. The full report is available via https://www.ezonomics.com/ing_international_surveys/homes-and-mortgages-2017-housing-costs-and-prices/ and also <https://www.slideshare.net/ING/homes-and-mortgages-survey-2017>

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.

For further information, please contact:

Press enquiries

Beth Hardwick/Tim Amoui
Third City PR
+44 20 3657 9773
+44 7919 592 408
+44 7710 529 953
ingteam@thirdcity.co.uk

Carolien van der Giessen
ING Group
+31 20 576 6386
Carolien.van.der.Giessen@ing.com

For further information on ING, please visit www.ing.com. Frequent news updates can be found in the [Newsroom](#) or via the [@ING_news](#) Twitter feed. Photos of ING operations, buildings and its executives are available for download at [Flickr](#). Footage (B-roll) of ING is available via videobankonline.com, or can be requested by emailing info@videobankonline.com. ING presentations are available at [SlideShare](#).

ING PROFILE

ING is a global financial institution with a strong European base, offering banking services through its operating company ING Bank. The purpose of ING Bank is empowering people to stay a step ahead in life and in business. ING Bank's 52,000 employees offer retail and wholesale banking services to customers in over 40 countries.

ING Group shares are listed on the exchanges of Amsterdam (INGA AS, ING.AS), Brussels and on the New York Stock Exchange (ADRs: ING US, ING.N).

Sustainability forms an integral part of ING's strategy, which is evidenced by the number one position among 395 banks ranked by Sustainalytics. ING Group shares are being included in the FTSE4Good index and in the Dow Jones Sustainability Index (Europe and World) where ING is among the leaders in the Banks industry group.

IMPORTANT LEGAL INFORMATION

Elements of this press release contain or may contain information about ING Groep N.V. and/ or ING Bank N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) potential consequences of European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) changes affecting interest rate levels, (7) changes affecting currency exchange rates, (8) changes in investor and customer behaviour, (9) changes in general competitive factors,



(10) changes in laws and regulations, (11) changes in the policies of governments and/or regulatory authorities, (12) conclusions with regard to purchase accounting assumptions and methodologies, (13) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (14) changes in credit ratings, (15) ING's ability to achieve projected operational synergies and (16) the other risks and uncertainties detailed in the most recent annual report of ING Groep N.V. (including the Risk Factors contained therein) and ING's more recent disclosures, including press releases, which are available on www.ING.com. Any forward looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States or any other jurisdiction.