

TFI Consumer Research

On housing and mortgages in Europe

August 2021

As the results of TFI's survey by Ipsos show, when it comes to a budget item as big as housing, there are some big differences across Europe between renting and owning a home. In Germany over half the population rents their home, while the Netherlands has the highest rate of homeowners with a mortgage. Owning is popular in countries such as Romania and Poland too, but with much less reliance on a mortgage. How the expense of housing plays out on people's financial health therefore varies by country.

What everyone has in common, however, is their outlook. Many think housing has become unaffordable, especially for younger people interested in buying a home. And people in some countries struggle to pay their rent. This could make it more difficult for Europeans to achieve their dream – prompted by COVID-19 – of having more indoor *and* outdoor living space. It's yet another reminder of the urgency for us to find financial solutions for people to adapt to a changing reality in the housing market and beyond.

Stefan van Woelderen:

“Although more than half of people in Europe are very satisfied with their current housing situation, a non-negligible part of the population has concerns. Twenty-three per cent of Europeans worry about being able to pay their rent or mortgage in the next six months. In fact, one in five renters say they have trouble paying their rent each month. This is less so for homeowners paying a mortgage: only one in nine.”





The TFI Consumer Research is developed in conjunction with IPSOS and conducted on a quarterly basis amongst European consumers.

This quarter's edition of the research is on the personal housing situation and mortgages and we have asked European consumers to reflect on the following topics:

- The personal housing situation
- Paying mortgages or rent
- Current and future housing prices
- Intention to buy home property
- Most important characteristics of a home-property when buying

In total 8057 consumers participated in the survey with an even distribution across the following countries: The Netherlands, Belgium, Germany, Spain, Poland, Romania, UK & Turkey.

The survey was conducted in Q2 2021.

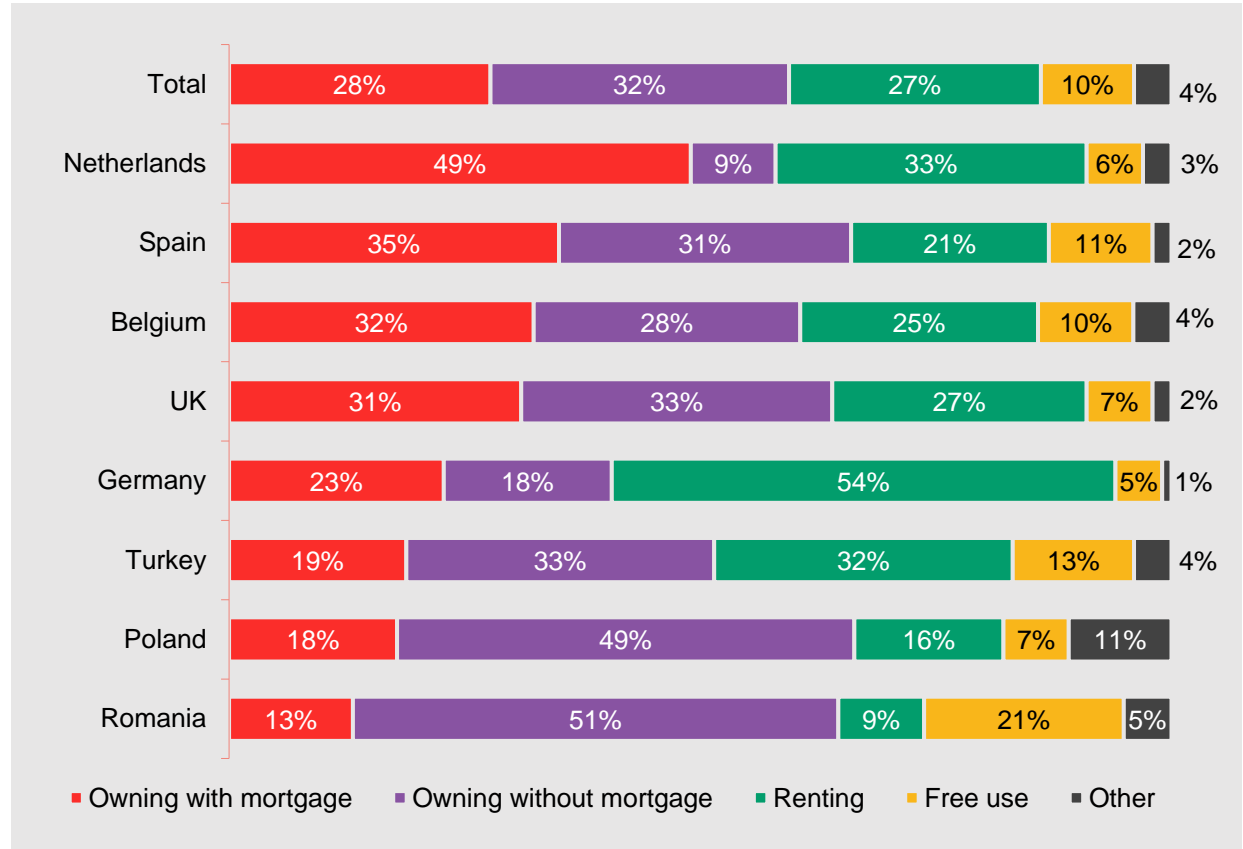
Six out of ten Europeans own a house with or without a mortgage and a quarter rents.

When looking at the individual countries there are big differences in the personal housing situation across the European countries.

INSIGHTS

- While in the Netherlands nearly half of the residents owns a house with a mortgage and owning without a mortgage is uncommon, we see the opposite in Romania and Poland: half of the residents owns a house without a mortgage, while a much smaller group owns with a mortgage.
- Germany is the only country where renting is the most common housing situation: over half of the Germans rents.

HOUSING SITUATION



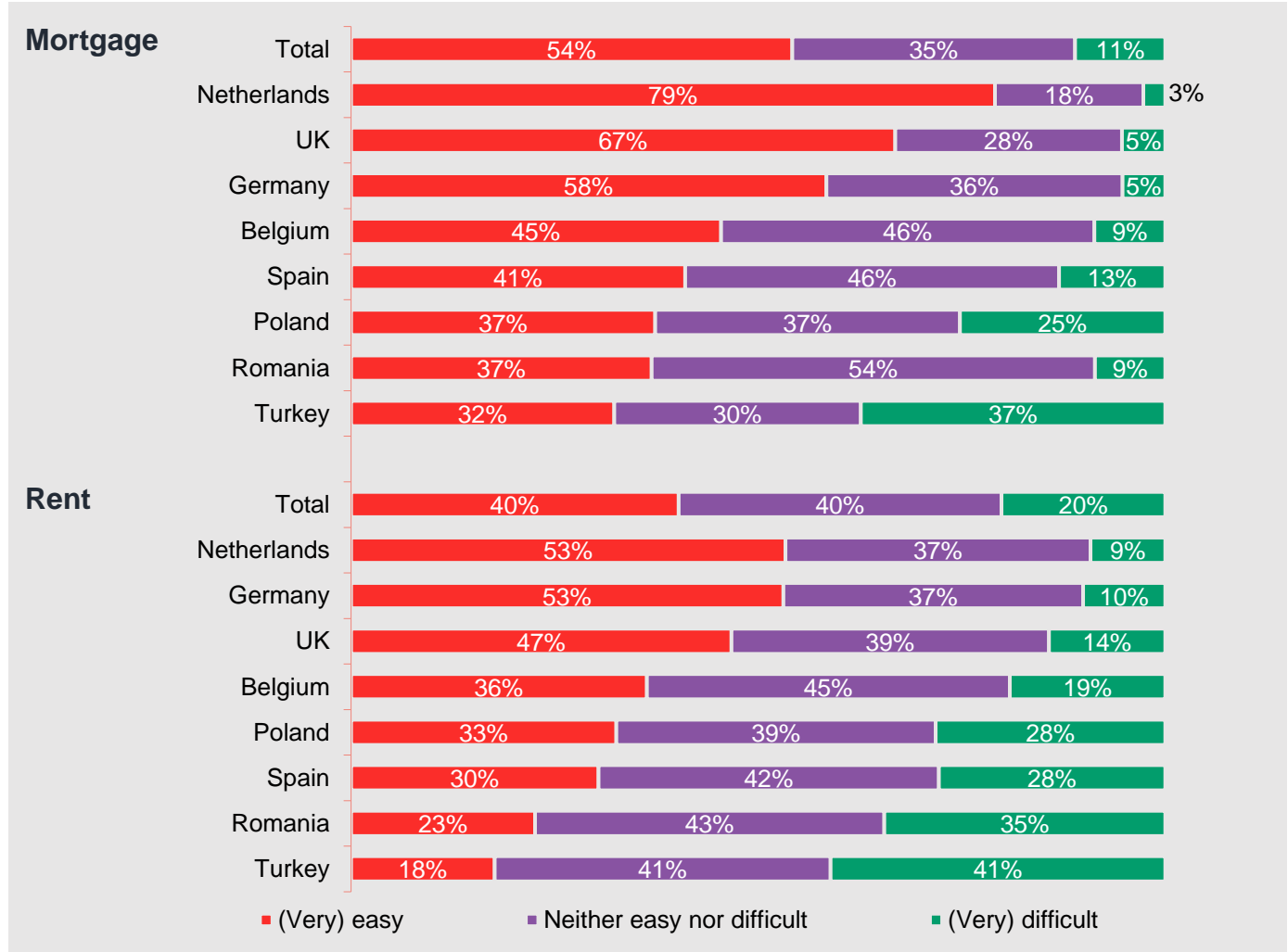
DIFFICULTY TO PAY MORTGAGE/RENT EACH MONTH

Most Europeans have little difficulties in paying their mortgage each month. Renters have more difficulties in paying their rent each month: 20% finds it (very) difficult.

Again, we see big differences when looking at the individual countries.

INSIGHTS

- In the Netherlands people have little difficulties in paying their mortgage or rent each month. In Germany where renting is the most common housing situation people also have little difficulties in paying their rent.
- In Turkey and Poland people have the most difficulties: both paying mortgage and rent is not easy for a relatively big group. In Romania renters also encounter difficulties in paying their rent each month.

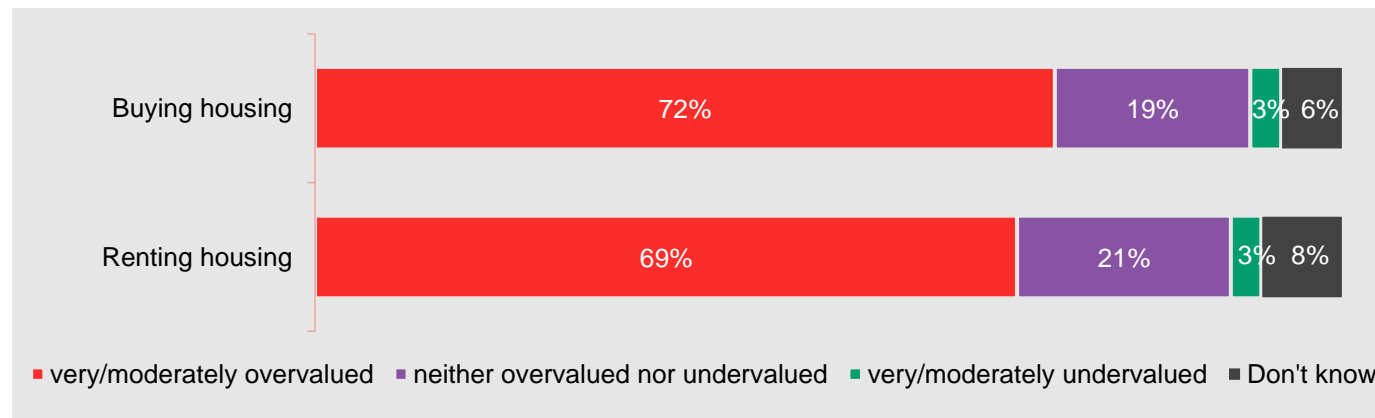


Most Europeans think the prices for both buying and renting a house in their city/municipality are overvalued and they expect the prices to rise even further in the next year.

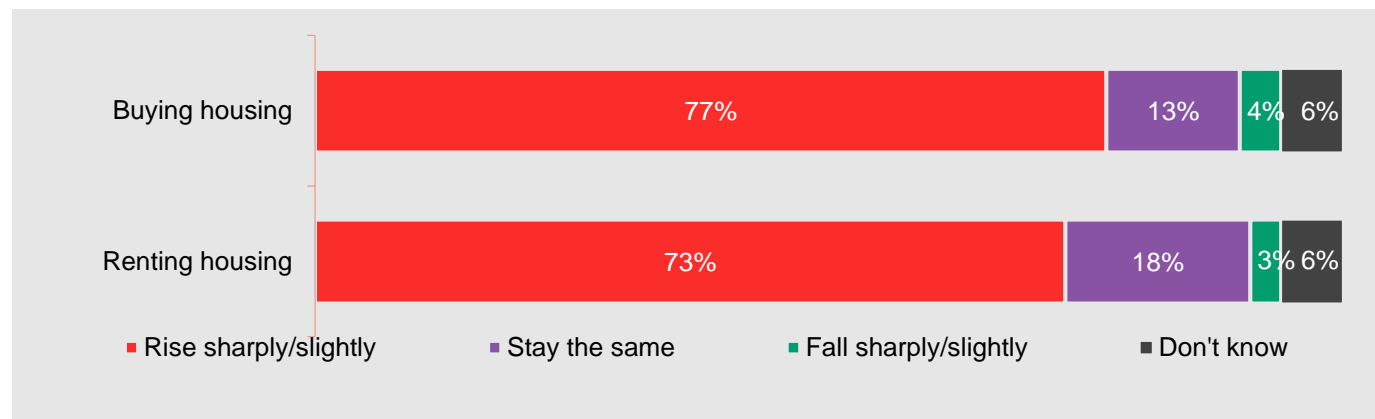
INSIGHTS

- While people in the Netherlands have little difficulties in paying their mortgage or rent, they do think the housing prices are overvalued and that the prices will rise even further in the next year, especially for buying a house.
- In Turkey where people have the most difficulties in paying their rent, they also have the biggest concerns for the housing prices: more than eight out of ten people not only think the housing prices for both renting and buying are overvalued, but they also think these will rise even further in the next year.

CURRENTLY PRICES FOR BUYING/RENTING ARE...



IN THE NEXT 12 MONTHS PRICES FOR BUYING/RENTING WILL...



2. Do you think housing prices will rise or fall over the next 12 months in the municipality/city you live in?

3. What do you think about the current housing prices in the municipality/city you live in?

Base: all respondents (n=8,057 across 8 countries)

Most Europeans that plan to buy a new home property will do this jointly and with a mortgage. For most Europeans this will be their only property, however there are differences across the countries.

INSIGHTS

- In Romania where relatively many people own a home property without a mortgage, owning more than one property is not uncommon. Over half of the Romanians that are planning to buy a new home in the coming year indicate this will not be their only property.
- The opposite is true for the Netherlands, most people own with a mortgage and not surprisingly owning more than one home property is not very common.

PLANS TO BUY A HOME PROPERTY IN THE NEXT 12 MONTHS



4a. Are you thinking of buying a new home property in the next 12 months?

4b/4c. Are you planning to buy...

4d. If you would buy this new home property in the next 12 months, how many home properties in total would you be the owner of?

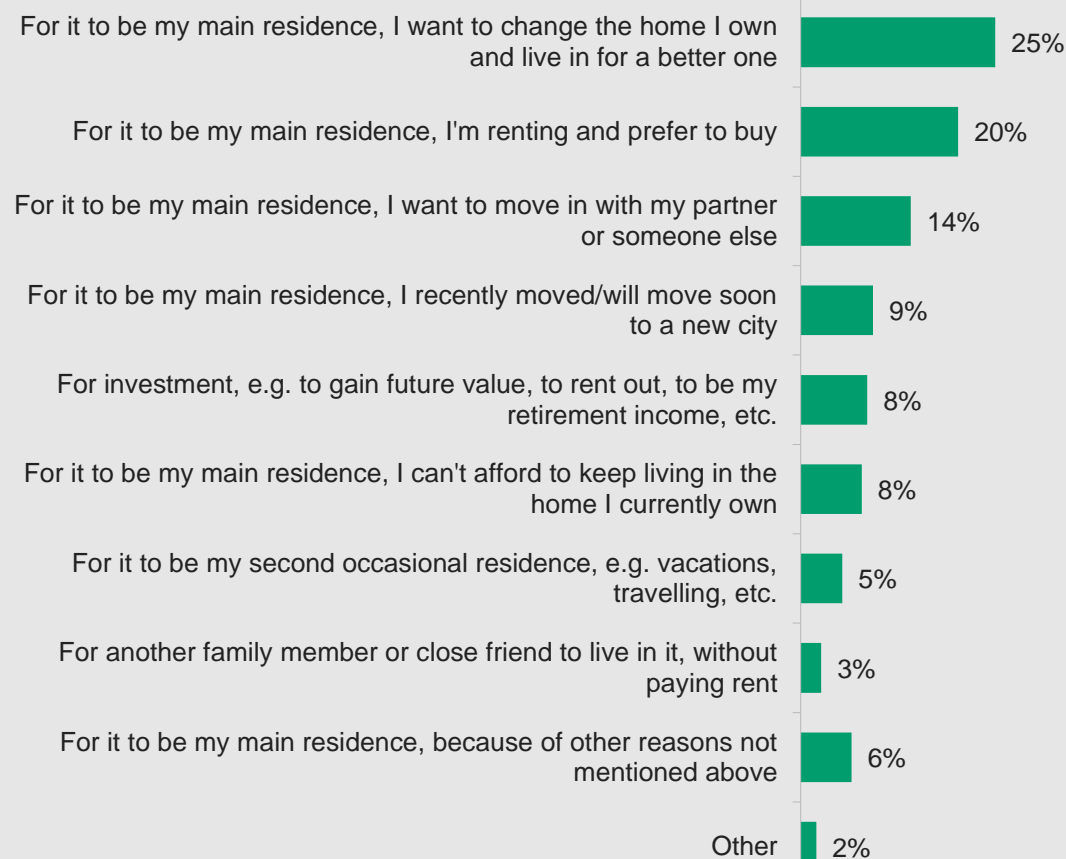
Base 4a: all respondents (n=8,057 across 8 countries) / Base 4b, 4c, 4d: intention to buy home property in the next 12 months (n=2,049 across 8 countries)

The main reason why Europeans are thinking of buying a new home property is because they want to change their current home to live in a better one or because they are renting and prefer to buy.

INSIGHTS

- In Germany where over half of the people rent their home, the most important reason for wanting to buy a new home property is because they want to stop renting and prefer to buy.
- In Romania 18% is planning to buy a new home, because they want to move in with someone else, this is significantly higher than in the other countries. In Poland, a relatively large group (17%) wants to buy a home, because they see it as an investment.

MAIN REASON FOR THINKING OF BUYING A NEW HOME PROPERTY



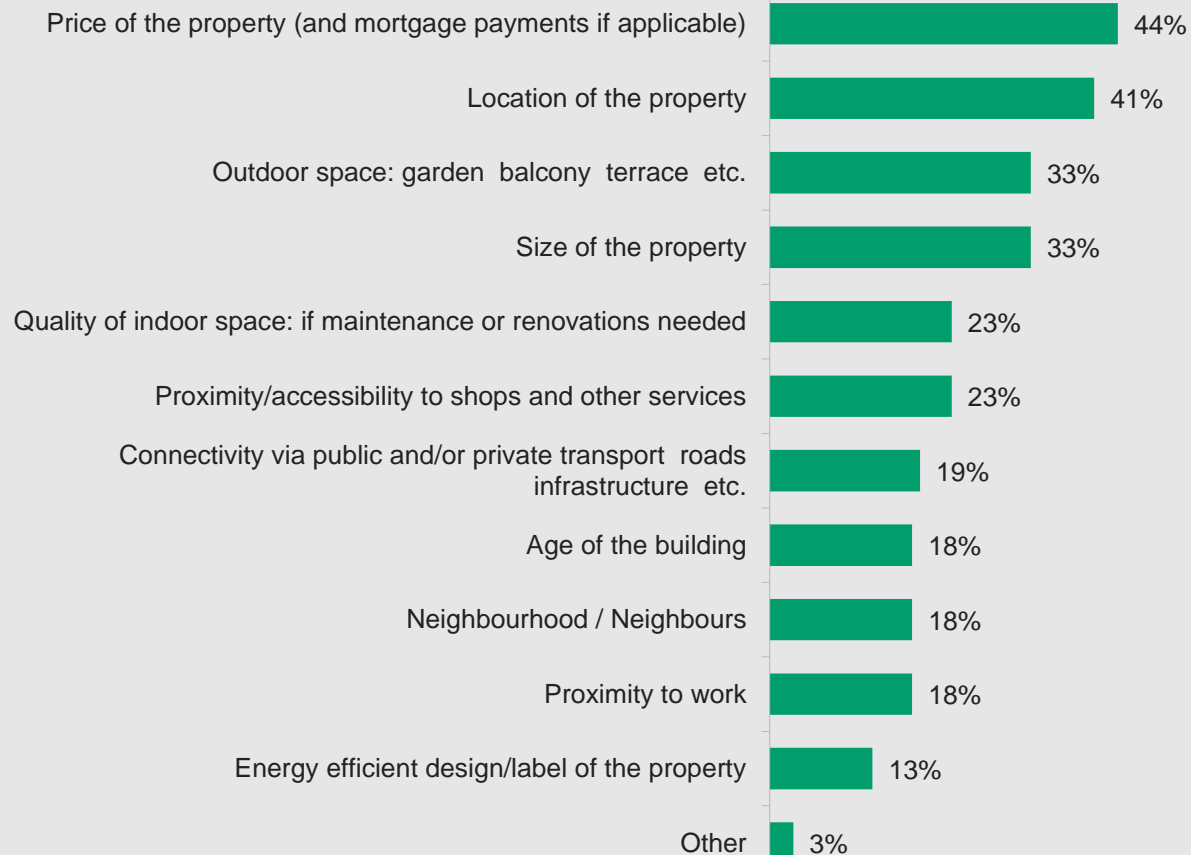
Most important when buying a home are the price and the location of the property. In addition, outdoor space and the size of the property also matter.

INSIGHTS

- When looking at the individual countries, location, price and the size of the property are important for all buyers. A notable difference is the importance of the outdoor versus the indoor space. While in nearly all countries the outdoor space is more important than the indoor space, the Germans find the indoor space more important.
- In Romania and Poland, the proximity/accessibility to shops and other services is significantly more important than in the other countries and in Turkey the age of the building is more important than in the other countries.

MOST IMPORTANT WHEN BUYING

Top 3 choices



6. Which would be the top 3 most important characteristics of the home-property you are thinking of buying in the next 12 months?

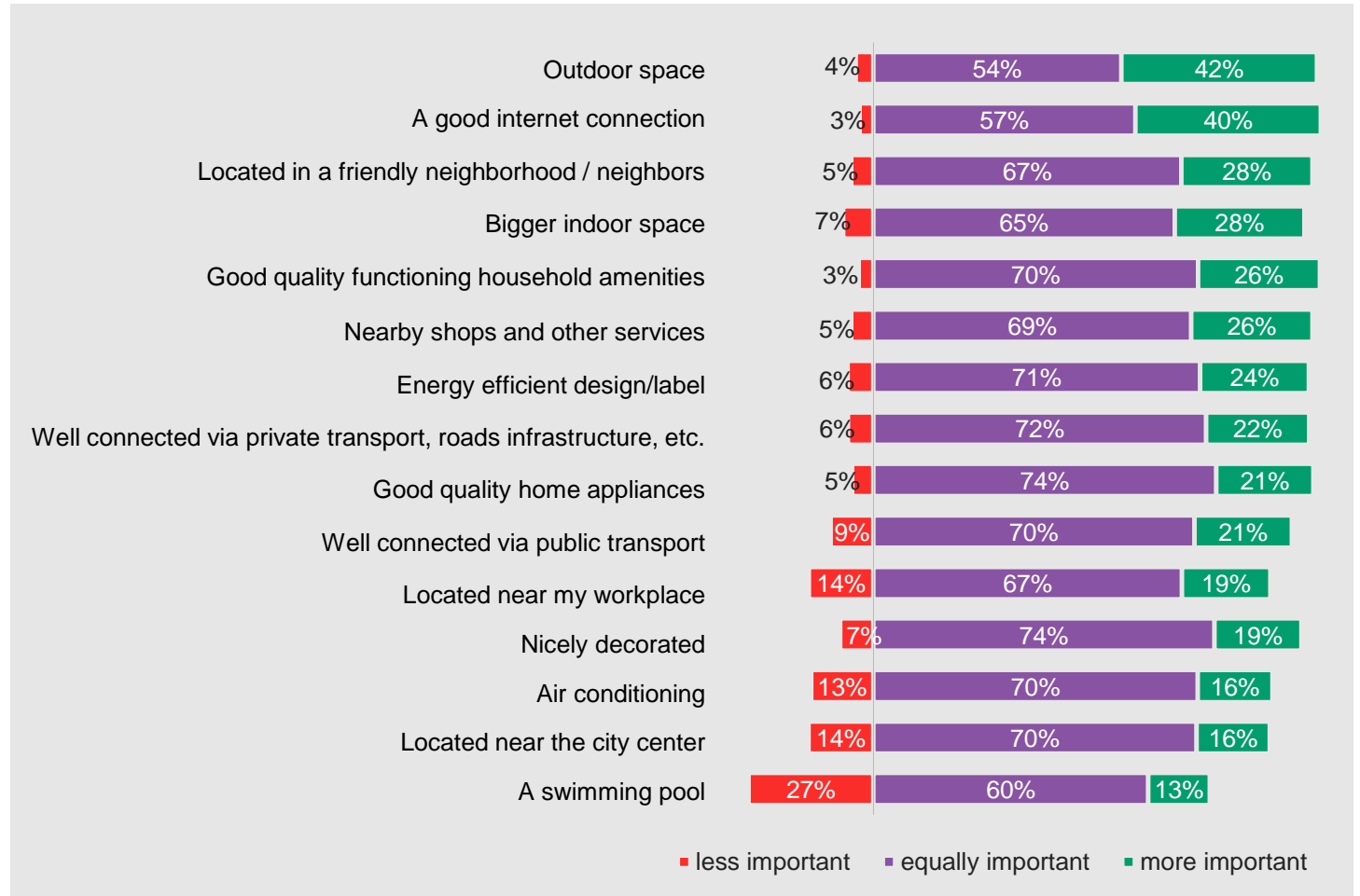
Base: intention to buy home property in the next 12 months (n=2,049 across 8 countries)

The outdoor space and a good internet connection have become more important due to Covid-19 in all countries. A swimming pool, a location near the city center and a location near the workplace have become less important.

INSIGHTS

- In Turkey and Romania nearly all aspects have become more important due to Covid-19, except for the swimming pool.
- In West-Europe (Belgium, Germany, Netherlands and UK) it has become less important to be located near the workplace due to Covid-19.

CHANGE IN IMPORTANCE DUE TO COVID-19



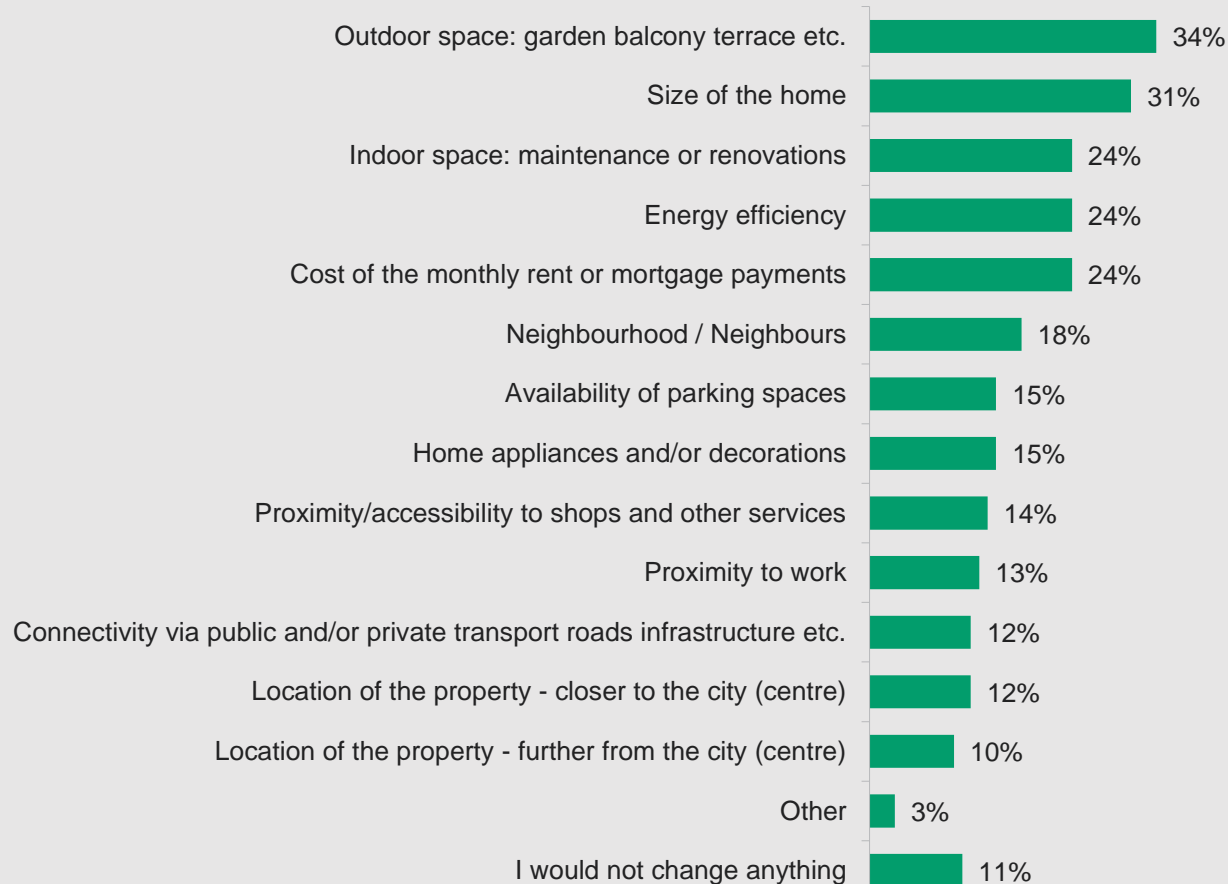
The outdoor space and the size of the home are the aspects that many Europeans would change about their housing situation.

INSIGHTS

- The outdoor space and the size of the home are aspects that many of the people in all countries would change, however there are differences between the countries.
- In Turkey nearly a quarter of the people would change their neighborhood/neighbors. In Poland, Belgium and the UK over a quarter would change the energy efficiency of their home and in Romania over a quarter would change their indoor space.

MOST IMPORTANT THINGS YOU WOULD CHANGE ABOUT CURRENT HOUSING SITUATION...

Top 3 choices

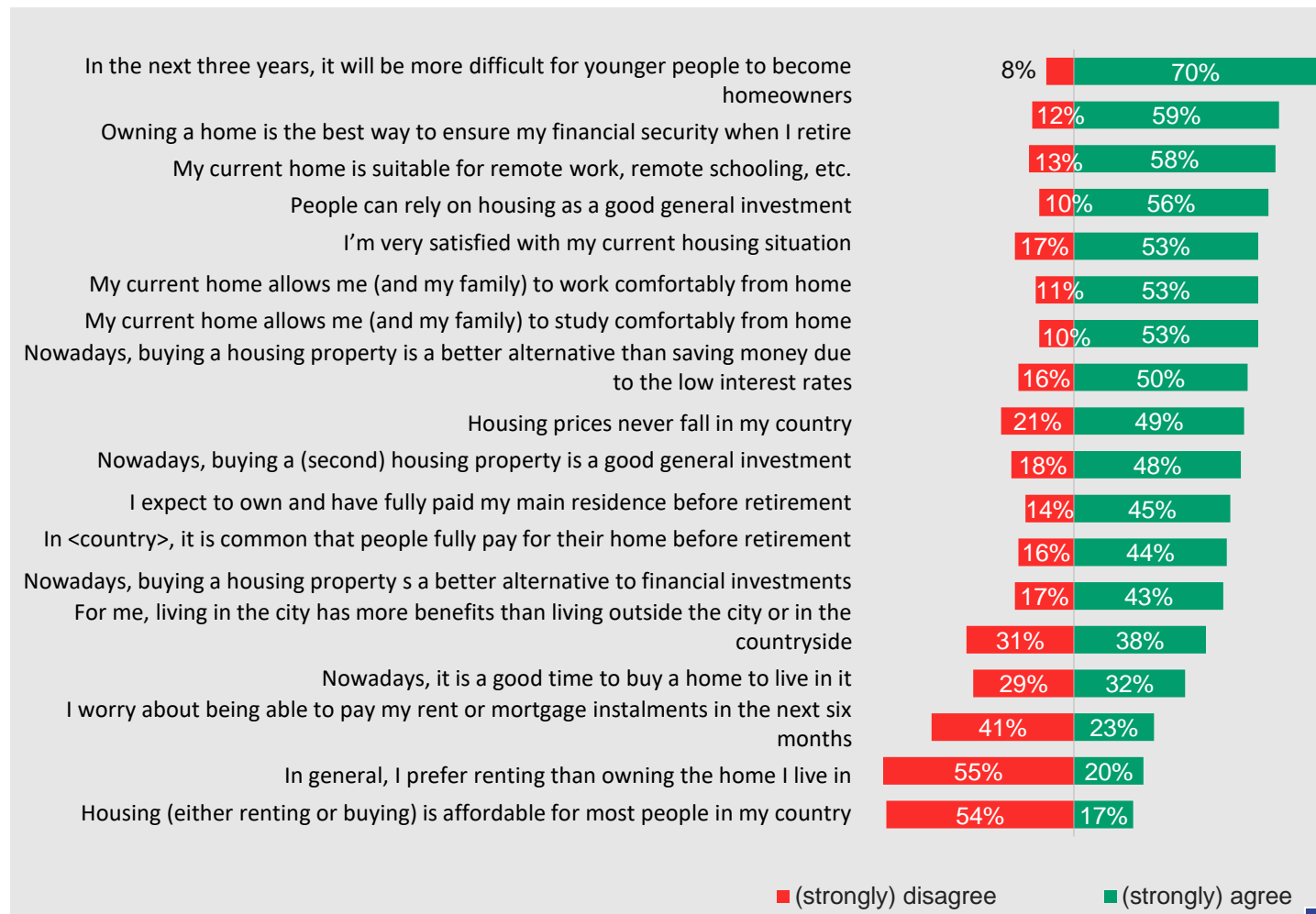


Most Europeans believe that in the next three years it will be more difficult for younger people to become homeowners, over a half also thinks that housing is not affordable for most people in their country.

INSIGHTS

- In Turkey where people have the biggest concerns about the housing prices, a large majority (81%) believes that the housing prices will never fall in their country.
- In Romania, Poland and Turkey, countries where it is more common to own more than one home property, most people believe that buying a (second) housing property is a good general investment.

STATEMENTS ABOUT HOUSING



■ (strongly) disagree ■ (strongly) agree

About the Think Forward Initiative:

The Think Forward Initiative is based on the belief that our society is better off when people make sound financial decisions. TFI’s Research Hub does cutting-edge, data-driven research in social and behavioural sciences to learn more about people’s decision-making. TFI’s Accelerator Hub translates research insights into innovations. It scouts and selects start-ups and supports them to scale faster and helps people to change their behaviour and improve their financial well-being. Lastly, TFI’s Community Hub promotes the activities of the other two hubs through our network of TFI community members, and it launches campaigns to ensure our work reaches the people that need it the most.

TFI Partners:





Contact: info@thinkforwardinitiative.com

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