

Renters bear brunt of housing cost struggles across Europe

Our latest consumer survey highlights rent and mortgage payers' difficulties in making their monthly payments and reveals how they view overall housing affordability and first-time buyers' problems



A protest for more affordable housing in Madrid last year

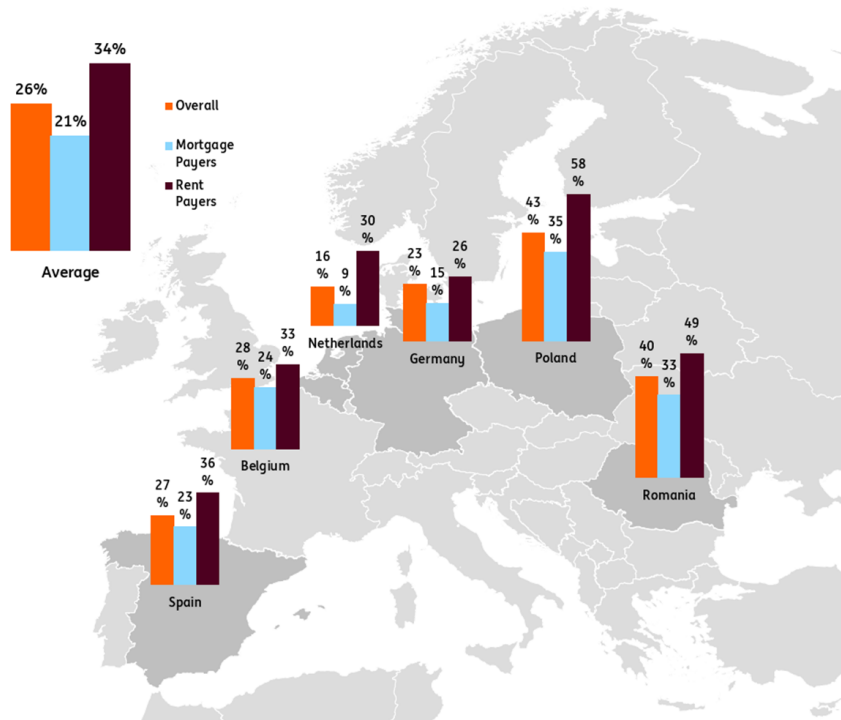
Varying degrees of difficulty in paying housing costs across Europe

More than a quarter of those who pay mortgages or rent in six European countries report difficulties making those monthly payments, according to our latest ING Consumer Research survey. The exact numbers vary across the surveyed countries – Belgium, Germany, the Netherlands, Poland, Spain and Romania. But one common theme is that, across all countries, a higher percentage of renters are struggling than homeowners with a mortgage.

The extent to which renters' problems affect overall results depends on the role the rental market plays in each country's housing market.

Housing cost struggles vary from 9% of Dutch owners to 58% of Polish renters

“How easy or difficult do you find it to pay your mortgage/rent each month?”, percentage that answered “difficult” or “very difficult”



Source: ING Consumer Research

The country charts above also reflect varying home-ownership ratios. In Germany, with the EU’s lowest ownership ratio at just 47%, more people pay rent than a mortgage, which is why the orange column is much closer to the brown than to the light blue one. None of the other five countries has a home-ownership rate below 69%.

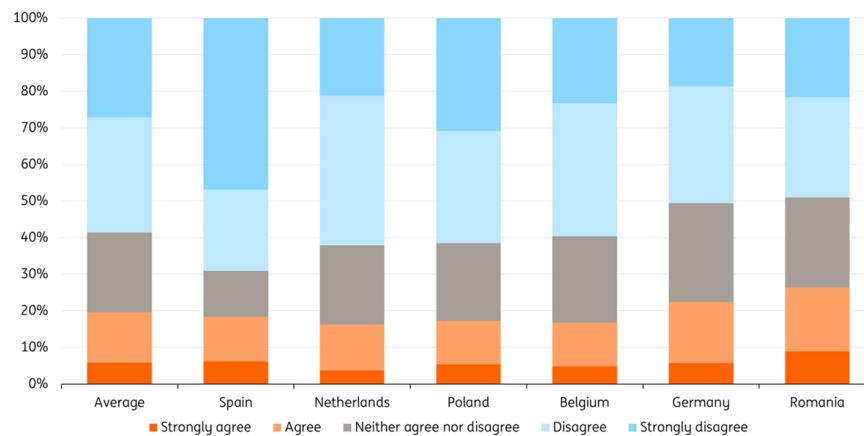
Housing affordability is widely seen as a problem

Given that more than a quarter of respondents in our survey report problems with paying their rent or mortgage, it’s no surprise that housing affordability is widely seen as a problem. In all six countries, far more people disagree or strongly disagree with the statement that “housing [...] is affordable for most people in my country” than there is agreement or strong agreement.

But the share of respondents who have difficulty paying their rent or mortgage does not directly translate into how the problem is perceived more generally. While a high share of Romanian rent and mortgage payers, for instance, find it difficult to bear their housing costs, more people in Romania agree with the affordability statement than in any other country (and fewer disagree).

On average, 59% don't think that housing is affordable

“To what extent do you agree or disagree with the statement: Housing (either renting or buying) is affordable for most people in my country”



Source: ING Consumer Research

At the other end of the scale, comparatively few people in the Netherlands have difficulties paying their rent or mortgage. Still, the numbers for those agreeing with the affordability statement are the lowest among the six countries, and those who disagree are the second-highest.

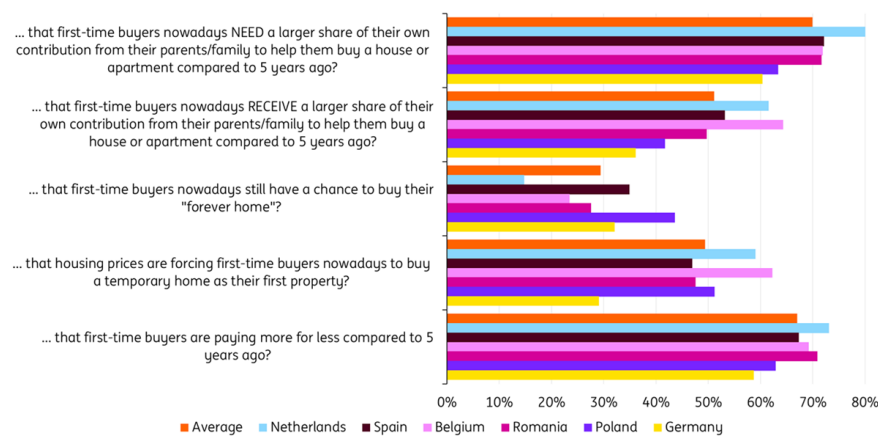
Our survey results suggest two possible explanations for this discrepancy. On one hand, a high ownership ratio doesn't necessarily mean many people are still paying off mortgages. In fact, even though Romania has the EU's highest home ownership ratio at 94%, the absolute number of mortgage payers in the survey is the lowest among the six countries. This suggests that many of those owners have either inherited their property or have already paid it off. Thus, the absolute combined number of mortgage and rent payers is also the smallest among surveyed countries, possibly explaining a lower urgency of this problem compared to elsewhere.

First-time buyers face challenges

On the other hand, in countries with ownership-dominated housing markets, housing affordability might be interpreted by many as the first-time buyers' ability to get onto the property ladder. When prices climb, first-time buyers will be more vulnerable than those simply switching homes, as they can't profit from the proceeds that a previous home will earn in a higher-priced environment. This might explain why people in the Netherlands rate affordability so badly despite the low number of respondents who actually report problems, as the Dutch are especially aware of the challenges first-time buyers face.

“Forever home” is considered out of reach for first-time buyers

“Do you think ...”, percentage that answered “yes”



Source: ING Consumer Research

The Dutch feature the highest share of respondents who expect first-time buyers to need more support from their parents or family than five years ago, and also the highest share who think value-for-money has gone down for first-time buyers. The Netherlands also has by far the fewest respondents who think someone’s first property can still be their ‘forever home’.

As it appears, concerns about the affordability of housing don’t necessarily have to be based on costs that people actually pay. Instead, these concerns can also focus on money that people would like to spend but don’t because they can’t get a foot on the property ladder.

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