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Priority given to travelling as savers face escalating property prices

Just over half of people prioritise saving to travel than buying a house, according to ING's recent Homes and Mortgages International survey



Right now, are you placing more effort towards saving to buy a new home, or saving to travel? This is the question we asked more than 15,000 people around the globe. The results indicate that savings priorities are shifting to reflect perceptions of a housing market that is increasingly becoming perceived to be inaccessible and unaffordable.

Across Europe, slightly more than half (54%) of people say travelling is more important to them right now. A third (38%) say saving for a new home is their top priority. The remainder say this question isn't relevant to them.

As we might expect, responses vary a little based on people's living situation. i.e. whether they own, with or without a mortgage, rent, or live with friends and family rent-free. But not drastically.

Unsurprisingly, home owners, particularly those who have already paid off their mortgage, are more likely to be prioritising saving to travel. But travel remains a popular choice across all living situations. Only half (49%) of those living rent-free with friends and family, and who may have kinder circumstances in which to save for a home, say buying a house of their own is

more important than travelling right now. Forty-six percent say travel takes precedence.

Similarly, responses vary slightly with age, but not dramatically. Older people, who are more likely to own, are also more likely to say they are saving to travel. But among 25-34-year olds, just half (52%) say saving for a home is most important, while 46% choose travelling. This is the only age bracket to have more than half of people say saving for a home is their top priority. Travel is important to many people across all ages.

[Read the full report here](#)

Flights of fancy

The cost of airfares has decreased in recent years, making travel an attractive option. [The Economist reports](#) multiple reasons are at play. The cost of jet fuel has decreased, competition in the long-haul flight market has heightened with the expansion of 'budget' airlines and new players benefiting from subsidisation in their local markets, all contribute.

In an environment where the cost of jumping on a plane is relatively small, it's not necessarily surprising that travel is a popular choice, particularly given the alternative option of buying a house is considered increasingly expensive.

While travel was the most popular option over saving for a house, responses suggest people are juggling multiple financial goals

Yet, we didn't only ask about travel. We also asked people whether they were prioritising saving for a home over repaying education expenses, renting conveniently, starting a family and participating in fun hobbies. And we see similar trends. While travel was the most popular option over saving for a house, responses suggest people are juggling multiple financial goals. Life expenses such as these factor into people's financial planning.

To buy or not to buy

Whereas once, building funds towards buying a house may have been perceived to be a key reason to save, today's environment of escalating property prices, uncertainty surrounding interest rates, relatively low salary rises and increasing levels of personal debt, means this has become harder still for a significant number. House prices rose [4.2%](#) in the second quarter of 2019 across Europe, whereas wage and salaries saw only a [3.2%](#) jump.

And the perception of an inaccessible housing market is a trend we have seen across many years. This year, 70% agree it is increasingly difficult for first-home buyers to get a foot on the property ladder, even though the same number agree that it is better, from a financial point of

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view, to own than to rent. This could be driven by the 63% who expect prices to further increase in the next 12 months. Which would be a very good thing for current owners, but a further challenge for those saving up their deposit.

But most people haven't stopped wanting to buy a home. Even though 38% of renters who have never owned now say they don't expect to be able to buy, just 16% say they don't want to be a home-owner.

Buying a property is not only a financial decision. Those who already own are much more likely to say their reasons for purchase stem from an emotional or personal goal. The most popular responses being that they wanted to live in a place they owned and that they saw it as important to building a family environment. Return on investment is a reason for relatively few.

In an environment where houses are expensive, but most people still want to buy them, we are seeing that many expect they will need more time to save a deposit. For example, 27% of 25-34-year olds say they expect they will be over 35 before buying. They are therefore buying later in life and incurring additional financial obligations and opportunities along the way. Responses to our survey suggest many are now juggling multiple financial priorities, with housing just one. And that this is part of a broader shift in spending and saving activities.

How we save for a house reflects the view that the market is expensive and inaccessible.

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