

ING International Survey

September 2013

Homes in Europe: “Dream Home” Hopes and Economic Realities

Homes and Mortgages



This survey was conducted by
Ipsos on behalf of ING

Table of contents

About the ING International Survey **3**

Executive summary **4**

Infographic **5**

Mixed outlook for house prices; costs hard to meet for many **6**

- › Going up? Turkish optimistic, Spanish not
- › UK biggest riser for “house price optimism”
- › Where optimists outnumber pessimists
- › Under 25s more optimistic on prices
- › Housing cost “difficult” for three-in-ten
- › Are you paying off your mortgage more quickly?

Living in the home of my dreams is important – but not at any cost **13**

- › Our “dream home” is a detached house ...
- › But we actually live in an apartment
- › Living in the home of my dreams is important
- › Dream home hopes resistant to money woes
- › “The biggest mortgage is not always the best”
- › Is a home a source of financial strength?
- › Financial decision or emotional choice?

Relocation, relocation, relocation **21**

- › Many are considering moving for work
- › Availability of jobs a reason to move?
- › Owning a home can be a barrier to relocation
- › Tough decision: close to family or a nicer home?
- › The new daily grind: getting to work

Contact details **27**

Disclaimer **28**

About the ING International Survey

The ING International Survey aims to gain a better understanding of how retail customers – and potential customers – of ING Bank around the globe spend, save, invest and feel about money. It is conducted several times a year, with past reports online at www.economics.com/iis.

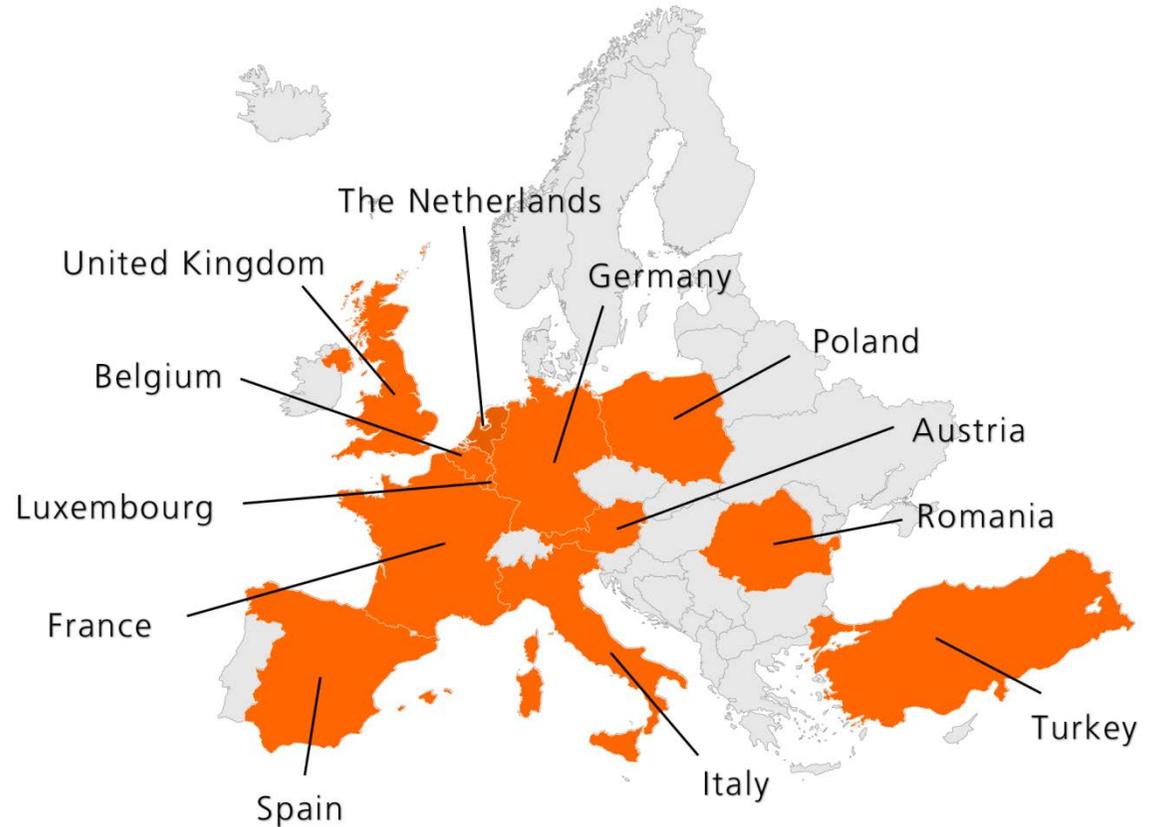
This survey was conducted by Ipsos between 3 July and 24 July 2013 using internet-based polling techniques.

European consumer figures are an average, weighted to take country population into account.

12 countries are compared in this report.

1,000 About 1,000 respondents were surveyed in each, apart from Luxembourg, with 500.

11,703 is the total sample size of this report



Sentiment split but “dream home” hope still lives

Living in a “dream home” is important for most people in Europe. So do they think the price will rise and are they willing to move away to get it?

The second annual ING International Survey on Homes and Mortgages continues to build a picture of housing trends in 12 countries in Europe. The major survey of almost 12,000 people uncovered the following insights about house prices, aspiration and practical realities of choosing where to live.

1. Opinion is **split on whether house prices will rise** in the next 12 months – with the majority in six countries surveyed expecting house prices to fall and the majority in the other six countries surveyed expecting house prices to rise. Turkey is the most optimistic of the 12 countries polled, closely followed by Austria. A turnaround in the United Kingdom is evident, with a 56% increase in the number of people in the United Kingdom who think prices will rise in the next year compared with our 2012 survey. At the other end of the spectrum is Spain, where only 17% think house prices will rise in the next 12 months.

2. Many mortgagors appear to be **missing an opportunity presented by the historically low interest rates** in many countries. Of respondents who find it easy to pay their mortgage, 84% are not paying it back more quickly because interest rates are low. While there might be good reasons for some, others might be stuck in a behaviour trap of inertia and are simply doing what they have done in the past. It is perhaps not surprising that of those who find it difficult to pay their mortgage, only 1% are paying it back more quickly because interest rates are low.

3. The “dream home” of people in Europe is a detached house – but **while they agree living in a home of their dreams is important, people in Europe are not willing to pay any cost** to get it. Just a quarter agree that homebuyers should take on the biggest mortgage they can to get the biggest and best home. And the majority see the oft emotionally-charged step of owning a home as “a purely financial decision”. Overall, only 27% in Europe live in the type of housing they would ideally like to enjoy.

4. **Moving to another country to improve job prospects is being considered by about three-in-ten** of those surveyed. Moving within the European Union is relatively easy – and some argue there is a strong link between housing and migration. The unemployment rate appears to have an impact on willingness to relocate. Owning a home is also a barrier to emigration but family and friends and affection for where respondents currently live are more often cited.



- Ian Bright, ING senior economist

What is our "dream home"?

Many of us aspire to live in the home of our dreams. But what type of home is that? And what are we prepared to sacrifice to get it? The ING International Survey on Homes and Mortgages 2013 asked almost 12,000 people in 12 countries in Europe to find out.

Our "dream home" wish list



Do want:
A detached house

61% prefer to live in a detached house. A detached house is much more popular than a terraced house, boutique apartment or other type of home.



Don't want:
Out of our financial reach

25% agree "you should take on the biggest mortgage you can to buy the biggest and best home".



Do want:
Easy access to good public transport

77% agree "access to good public transport is important to my decision where to live". In capital cities, 92% agree.



Don't want:
Sacrifice quality to live close to ma and pa

59% agree "living in a property I like is more important than living near my friends and family". It's a tough choice between living close to family or in a nicer home – but often the home wins.



Do want:
The dream to come true

76% agree "living in the home of my dreams is really important to me". Where we live matters and a dream home is something most of us long to acquire.



Mixed outlook for house prices; costs hard to meet for many

Going up? Turkish optimistic, Spanish not

The Spanish still appear to be feeling the post-2007 troubles in their country's housing market, with only 17% surveyed in Spain expecting house prices to rise in the next 12 months – the survey low. Only a quarter in the Netherlands expect rises in the next year. Changes to the deductibility of mortgage interest and a fall in house prices from their 2008 peak may be among the factors driving attitudes of the Dutch.

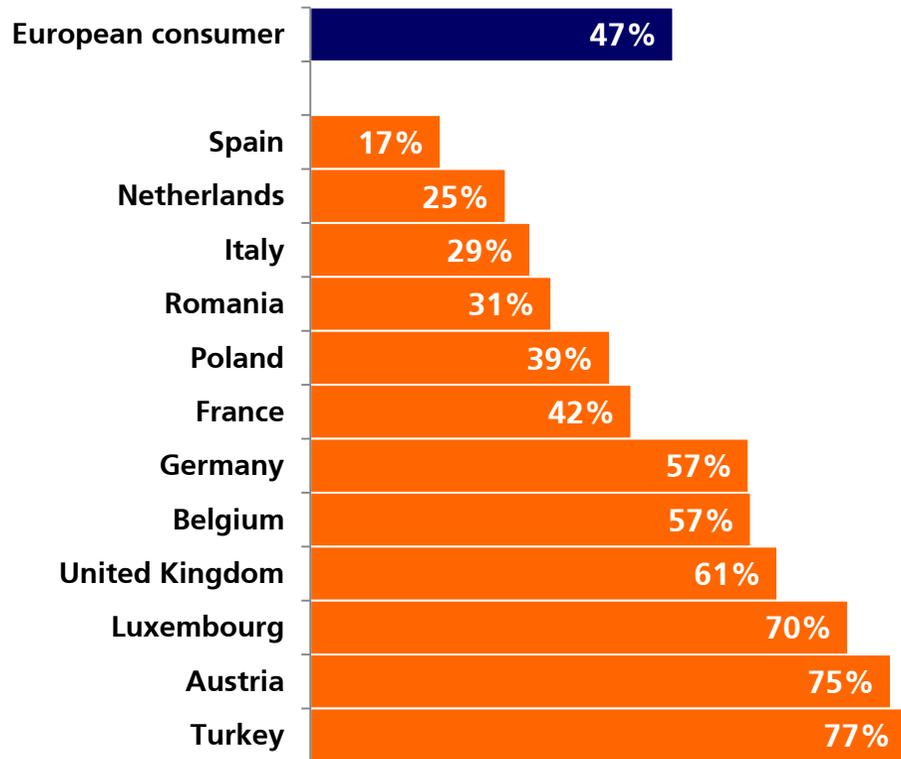
The most optimistic in the survey are the Turks.

House prices are often highly influenced by conditions in the local market. This perhaps explains why there are such diverse results within Europe, with the majority in six countries surveyed expecting house prices to fall and the majority in the other six countries surveyed expecting house prices to rise.

THE QUESTION

Do you think house prices will rise or fall over the next 12 months where you live?

Percent who answered "rise sharply" or "rise slightly"



UK biggest riser for “house price optimism”

A comparison with results of the ING International Survey on Homes and Mortgages 2012 demonstrates a very large rise in the number of people in the United Kingdom who think house prices will rise where they live this year – 22 percentage point or 56% increase on last year. The UK government introduced policies to assist first-time buyers that may be contributing to the rise and the costs of borrowing for a home have fallen significantly in the last year.

In France, however, the view that house prices will rise over the next 12 months is much less widely held now than it was last year, with an 11 percentage point or 21% fall on last year. Turkey is at the top of the “house price optimism league table” for 2013 because of a three percentage point drop in Austria. Spain and the Netherlands are at the bottom of the league table for the second year in a row but both have more respondents this year saying they think prices will rise in the next 12 months.

Overall, however, there is still a sense of pessimism as seven countries have fewer people who expect house prices to rise compared to last year. In four countries there is an increase in optimism.

THE QUESTION

Do you think house prices will rise or fall over the next 12 months where you live?

Percent who answered “rise sharply” or “rise slightly”

	2013	2012	Change
Turkey	77%	77%	=
Austria	75%	78%	-3
Luxembourg	70%	74%	-4
United Kingdom	61%	39%	+22
Belgium	57%	61%	-4
Germany	57%	61%	-4
European consumer	47%	47%	=
France	42%	53%	-11
Poland	39%	35%	+4
Romania	31%	36%	-5
Italy	29%	35%	-6
Netherlands	25%	17%	+8
Spain	17%	11%	+6

Where optimists outnumber pessimists

A second measure of house price attitudes is a “diffusion index”, calculated by subtracting the number who think prices will fall from the number who think prices will rise.

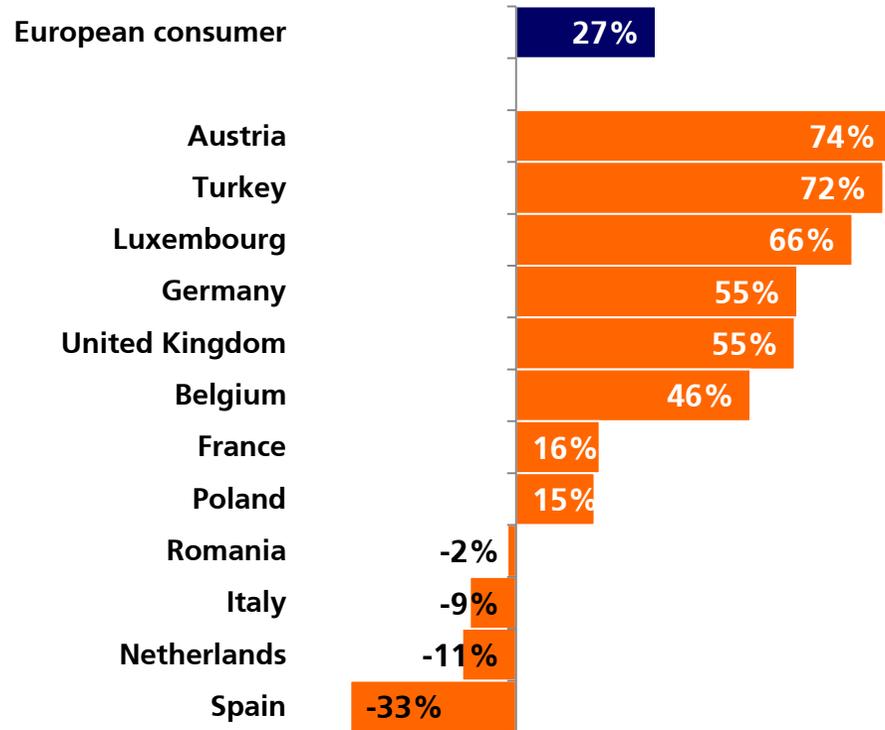
This has Spain at -33%, showing many more Spanish think house prices will fall over the next 12 months than think they will rise. The Netherlands is at -11%, Italy at -9% and Romania at -2%.

All other countries are positive, showing more people there think prices will rise than think they will fall. Top is Austria, then Turkey, Luxembourg and Germany and the UK.

THE QUESTION

Do you think house prices will rise or fall over the next 12 months where you live?

Percent who answered “fall sharply” or “fall slightly” subtracted from percent who answered “rise sharply” or “rise slightly”



Under 25s more optimistic on prices

People who are younger tend to be more optimistic about house prices over the next 12 months.

Like the illustration on the previous page, this “diffusion index” split by the age of respondents is created by subtracting the share who think house prices will fall from the share who think they will rise.

It clearly shows optimism falling among older age groups.

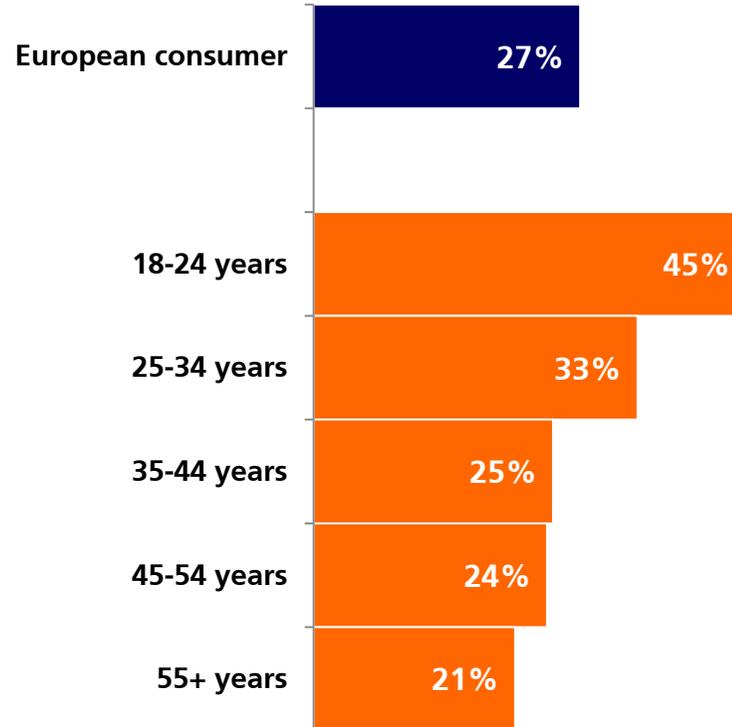
The survey results themselves do not offer explanation of why younger people are more optimistic on prices. However, it might be that first-time buyers see house prices from a different perspective (such as falls presenting an opportunity to buy). Or their tolerance to financial risk might be different to an older person looking for safe investments as they get closer to retirement.

It could also be that older respondents have watched property markets for many more years and may have witnessed “asset bubbles”, “corrections” and other dramatic movements and are scarred from an investment point-of-view by it.

THE QUESTION

Do you think house prices will rise or fall over the next 12 months where you live?

Percent who answered “fall sharply” or “fall slightly” subtracted from percent who answered “rise sharply” or “rise slightly”



Housing cost “difficult” for three-in-ten

Housing is one of life’s essentials but the cost of a mortgage or rent can be difficult to meet.

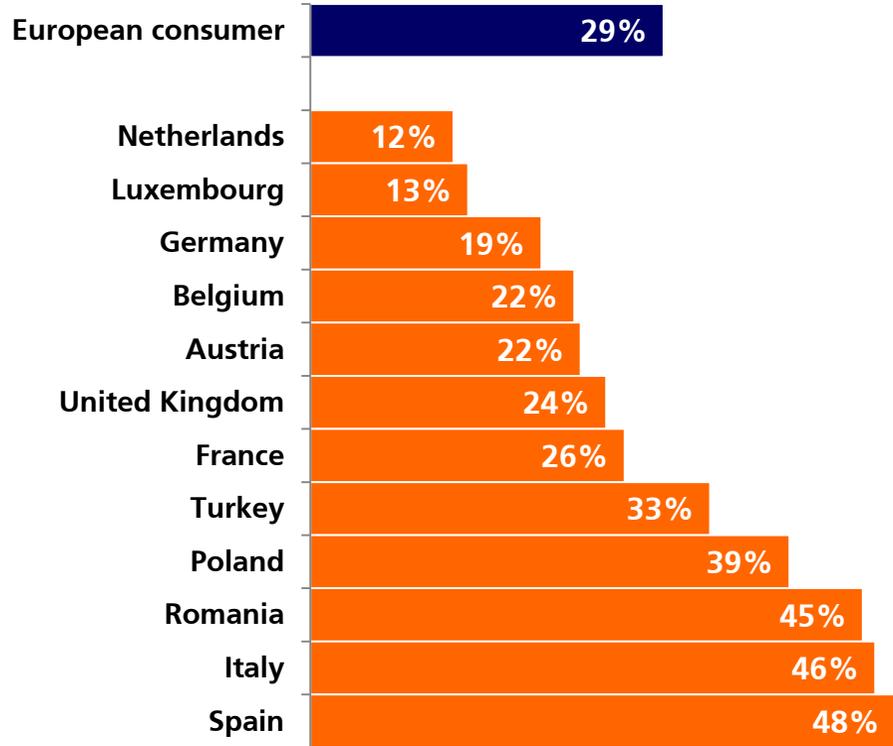
Paying the mortgage or rent month-to-month is difficult for almost three-in-ten people surveyed.

The largest share facing difficulty are in Spain and Italy, where the share rises close to one-in-two. Both countries face particularly challenging economic struggles including high unemployment amid the recovery of the global financial crisis. The Dutch are the least likely to be struggling to pay, with only 12% saying they find it difficult.

THE QUESTION

How easy do you find it to pay your mortgage/rent each month

Percent who answered “difficult” or “very difficult”(asked only to respondents with a mortgage or who are paying rent.)



Are you paying off your mortgage more quickly?

Interest rates are low in many countries and this can have an impact on the way people manage their loans. We asked respondents who have a mortgage how economic conditions are influencing their mortgage decisions.

84%

of respondents who find it easy to pay their mortgage say they are not paying their mortgage back more quickly because interest rates are low. While there might be good reasons for some, others might be missing an opportunity and be stuck in a behaviour trap of inertia and are simply doing what they have done in the past.

53%

of all respondents with a mortgage have not made and are not planning any changes to their mortgage arrangements given the current economic climate.

21%

of respondents with a mortgage in Germany say they are paying it off more quickly because interest rates are low, the highest share of the 12 countries surveyed. The figure for the European consumer is 12%. Germany, however, has an unusual homeownership profile as the majority of survey respondents in Germany rent rather than own their home.

21%

of respondents with a mortgage in Turkey say they are considering changing mortgage provider given the current economic climate, the highest share of the 12 countries surveyed. The European consumer figure is 14%. In addition, 14% of mortgagors in Turkey say they have already changed provider, double the European consumer figure of 7%.

19%

of European consumers aged 35-to-44 with a mortgage are considering changing mortgage provider given the current economic climate, the highest share of all age groups surveyed. It falls to a low of 7% among European consumers aged 55-plus.



Living in the home of my dreams is important – but not at any cost

Our “dream home” is a detached house ...

The “dream home” in Europe is a detached house. This is the case no matter which country you are in, if you live in a city or by the coast or how old you are.

When asked which type of property they would prefer to live in, the majority in all countries and across all age groups answered that they would prefer a detached house, firmly cementing its place as dream home ahead of terraced houses, boutique apartments and other types of properties.

This fondness is particularly strong in Luxembourg, however, this property type also appears to be particularly prevalent in Luxembourg already, with the survey showing Luxembourg has twice the number of people living in detached houses than the European consumer.

Even in the Netherlands, the place people are least likely to dream of living in a detached house, it is the top pick of more than half of respondents.

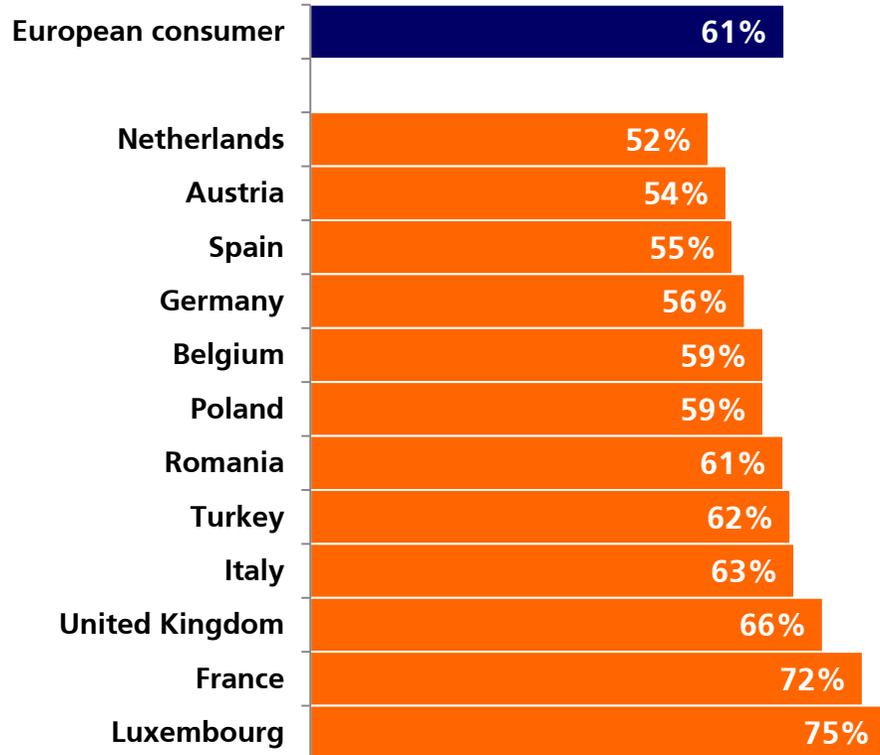
In reality, our European consumer figure indicates only 24% in the survey live in a detached house.

The numbers living in a detached house rises among older age groups, from 19% of 25-to-34s to 28% for people aged 55-plus.

THE QUESTION

“I would prefer to live in ...”

Percent who answered “detached house”



But we actually live in an apartment

Most people don't actually live in the type of housing they would ideally like to enjoy.

When asked what type of housing they currently live in and what type of housing they would prefer to live in, the answers were often different – particularly for apartment dwellers.

Only 12% of people who live in an apartment or flat also say that style of housing is their preference.

For people living in detached houses, 66% also say that style of housing is their preference, further cementing the detached house as the “dream home”.

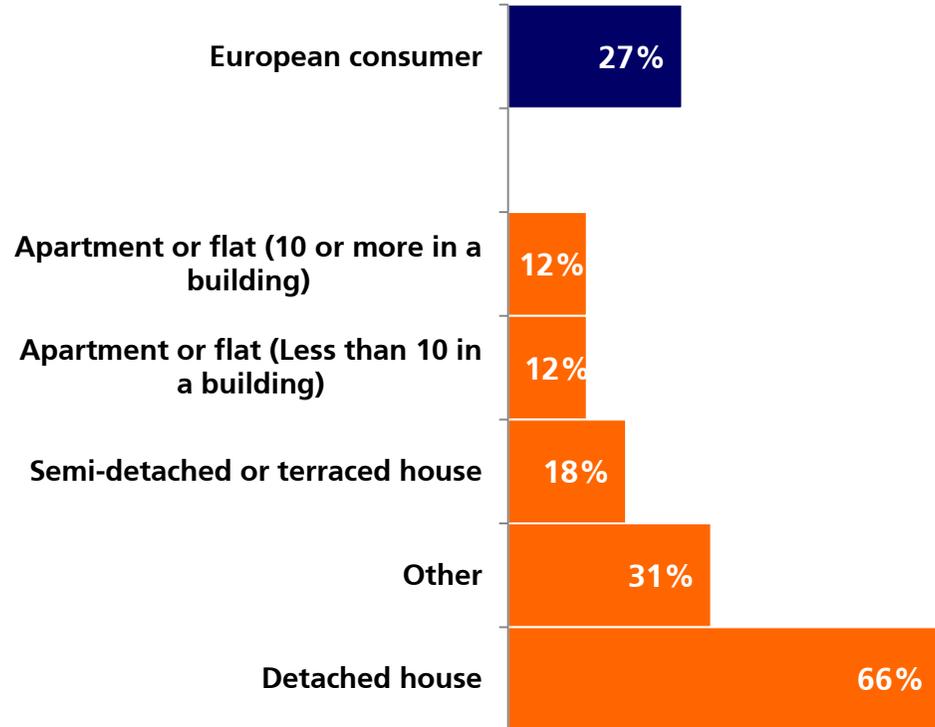
Of all European consumers, 27% are currently living in their ideal type of property.

With apartments housing the most respondents in the survey, it suggests many people are aspiring to move to a different property in years to come, perhaps with the goal of moving from a high density environment to a location with fewer close neighbours and more personal space.

THE QUESTION

I currently live in.../I would prefer to live in...

Percent who answered the same for the questions “I currently live in” and “I would prefer to live in...”



Living in the home of my dreams is important

Although we have seen that many people don't live in the home of their dreams, the goal is important to more than three-in-four of the people surveyed.

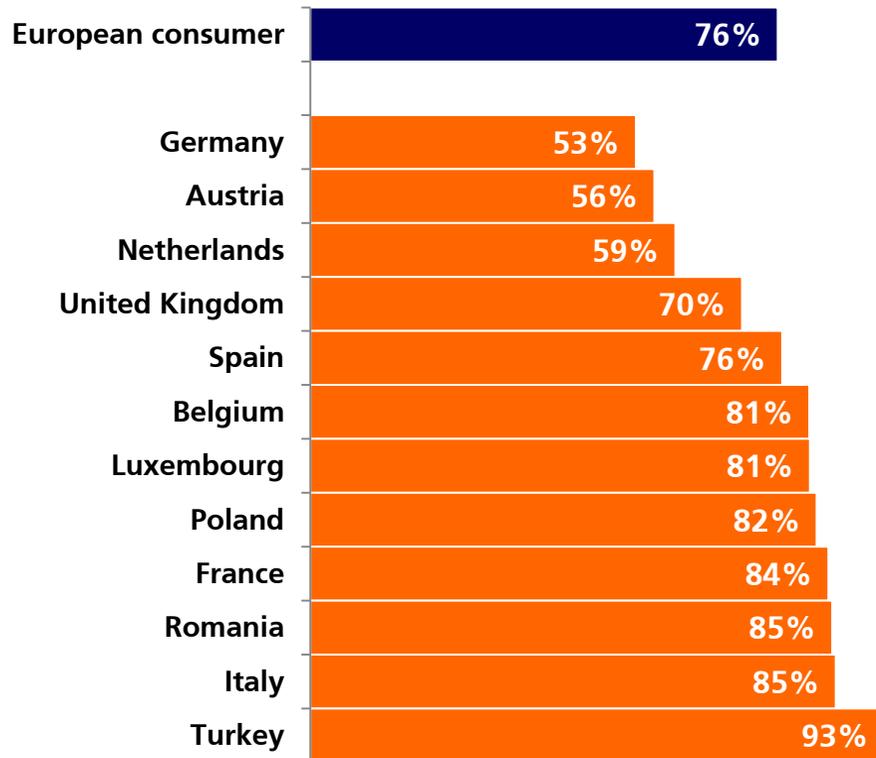
Turkey stands out as a spot where the dream home is something they long to acquire.

At the European consumer level, the aspiration does lessen in importance in different age groups, with 85% of under 25s agreeing living in dream home is really important compared with 70% among the 55-plus group.

THE QUESTION

Living in the home of my dreams is really important to me

Percent who answered "strongly agree" or "agree"



Dream home hopes resistant to money woes

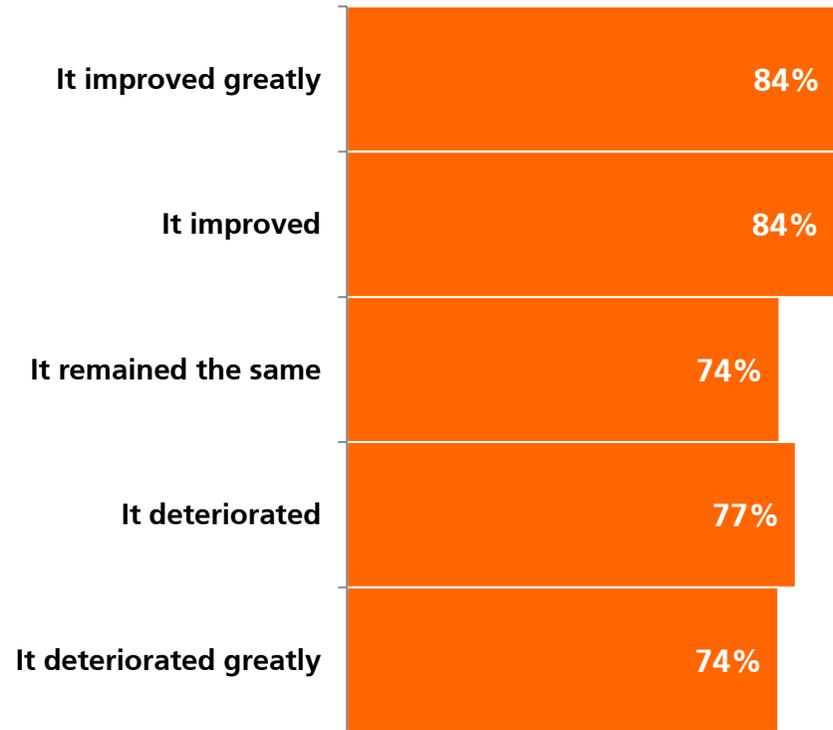
The aspiration to live in the home of our dreams is so resilient that even a deterioration in economic situation does little to lessen it.

Most people who say their finances deteriorated due to the economic situation in the last three months still hold onto the aspiration to live in their dream home. The proportion is only slightly lower than among those enjoying an improved financial situation.

THE QUESTION

Living in the home of my dreams is really important to me.../ How has the economic situation affected your finances in the past three months?

Percent who answered “strongly agree” or “agree”



“The biggest mortgage is not always the best”

Getting a dream home is important but it appears that most people will not go to any lengths to get it.

Overall, 25% of European consumers agree with the statement “You should take on the biggest mortgage you can to buy the biggest and best home”.

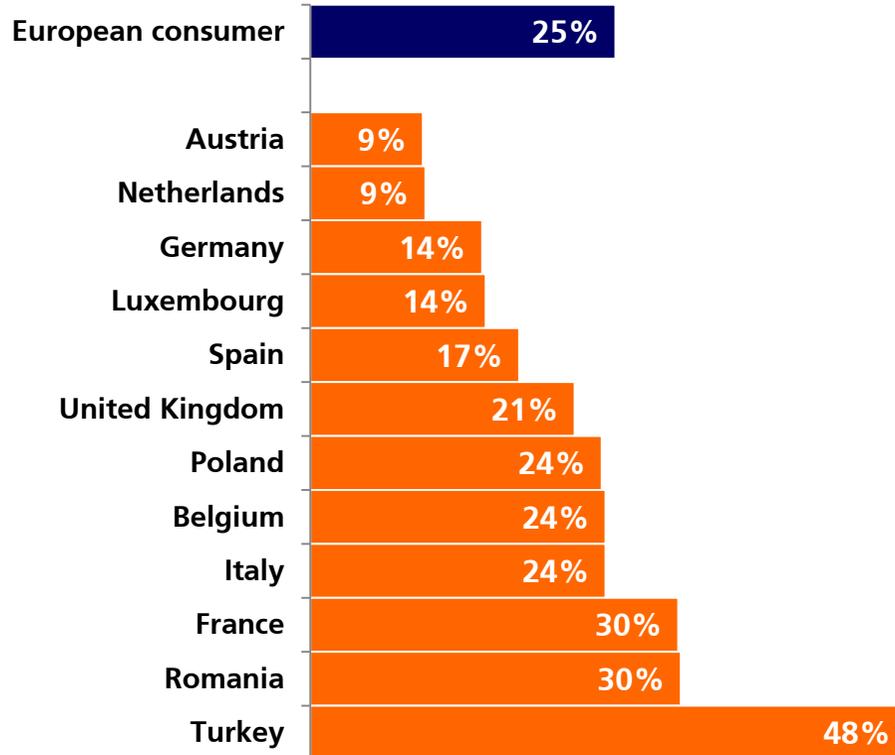
In Turkey, where there is strong aspiration to live in a dream home, there is the strongest agreement.

A more conservative approach to taking the biggest mortgage is shown in Austria and the Netherlands, countries where living in a dream home is also seen as important by fewer people.

THE QUESTION

“You should take on the biggest mortgage you can to buy the biggest and best home”

Percent who answered “strongly agree” or “agree”



Is a home a source of financial strength?

Despite the high-profile role of housing as a contributor to the global financial crisis, owning property is still seen as an important source of financial strength in much of Europe.

The share agreeing with the view reaches a high of 93% in Turkey, and it is held by more than 80% in an additional six countries.

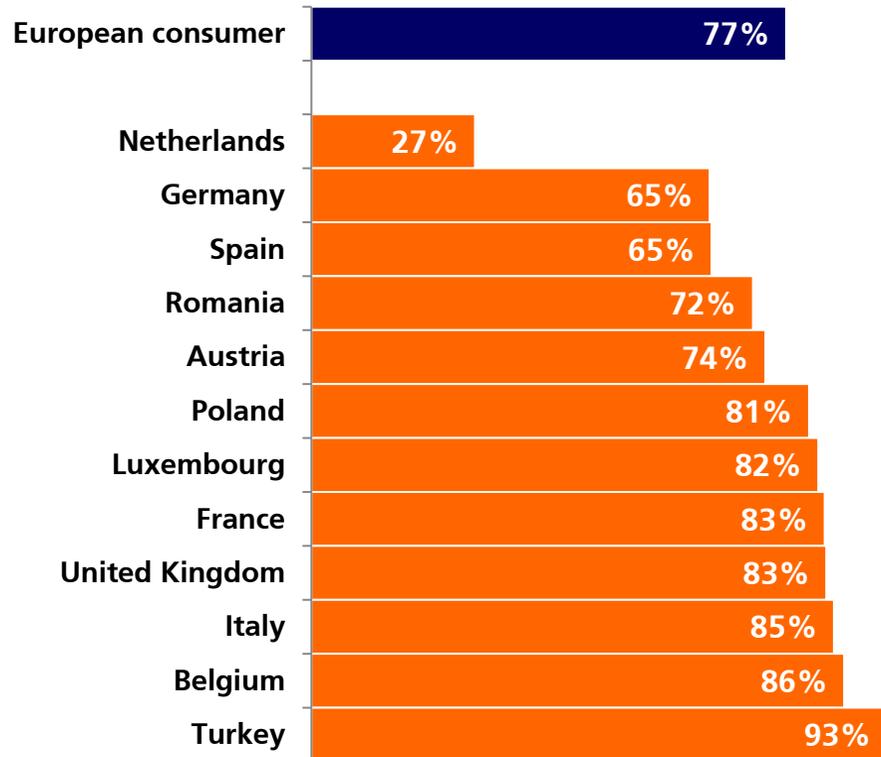
Even in Spain, which suffered from a big drop in house prices, 65% agree that owning a property is an important source of financial strength.

Like we have seen in several other statements about property and aspiration, attitudes in the Netherlands buck the wider trend.

THE QUESTION

“Owning a property is an important source of financial strength”

Percent who answered “strongly agree” or “agree”



Financial decision or emotional choice?

Views on whether owning a home is a purely financial decision gets to the heart of if homeownership is partly an emotional choice.

The answers provide some surprising results.

In Turkey, where we have seen strong aspirations to own a dream home, willingness to take on a large mortgage and the widespread view that a home is a source of financial strength, the prevailing view is that owning a home is a purely financial decision. It seems that despite the home being a symbol of prosperity, stability and success, financial considerations are still at the fore.

In the Netherlands, where few aspire to own a dream home, there is reluctance to take on a large mortgage and few consider a home as a source of financial strength, the prevailing view is the opposite. It appears the Dutch may be driven by a degree of emotion when buying a home even though they show prudence about aspiration and borrowing.

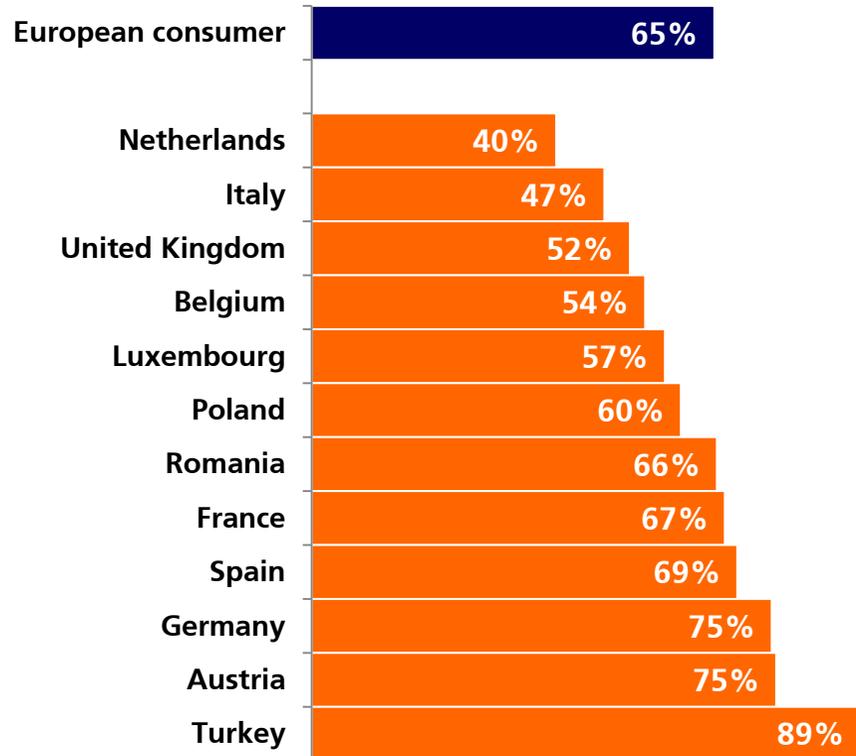
Other countries sit between the two extremes.

In Austria, where many people expect house prices to rise in the next 12 months, and Germany, where there is a high number of renters, there is strong agreement owning is a purely financial decision.

THE QUESTION

“Owning a home is a purely financial decision”

Percent who answered “strongly agree” or “agree”





Relocation, relocation, relocation

Many are considering moving for work

Moving within the European Union is relatively easy – and there is a link between housing and migration.

The survey results show many European consumers are considering moving within their country or to another country to improve their job prospects.

In six countries, more people are considering moving to another country (emigrating) than are considering moving within their nation.

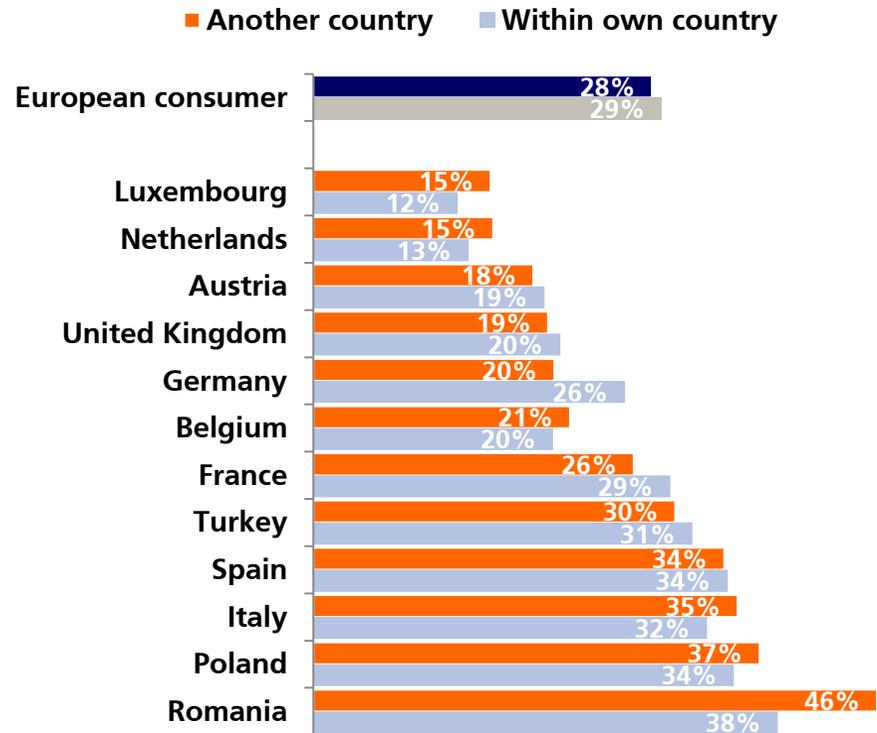
Romania has the highest proportion that are considering moving for work, followed by Poland, Italy and Spain.

At the other end of the spectrum is Luxembourg, where 41% say they do not need to move to improve job prospects when asked if they would emigrate. In the Netherlands, 32% say their family and friends are a reason they would not emigrate.

THE QUESTION

Would you move to elsewhere in your country/another country to improve your job prospects?

Percent who answered “Yes, I am considering this”



Availability of jobs a reason to move?

In countries where jobs are scarce, the willingness to relocate to another country to improve job prospects tends to be higher. The situations in Poland, France Spain and Italy demonstrate this correlation.

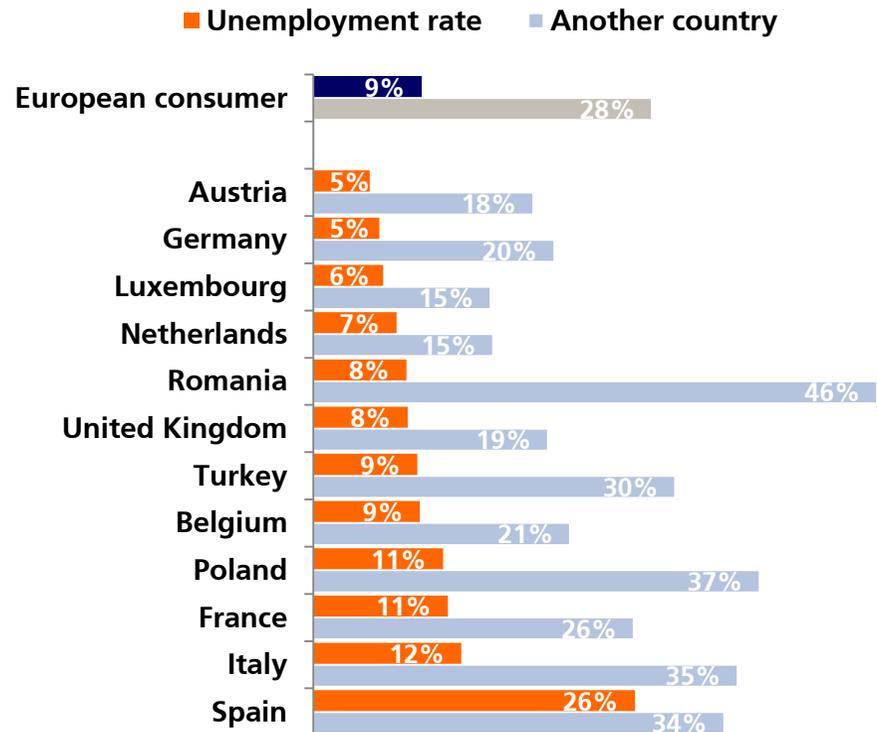
Countries with lower unemployment rates tend to have lower numbers considering emigrating to improve their job prospects, as shown in Austria and Luxembourg.

The standout is Romania, with an 8% unemployment rate but with 46% considering moving to another country to improve their job prospects. The lower wages in Romania is likely to be a factor, as median gross hourly earnings in Romania were the second lowest in the European Union in 2010.

THE QUESTION

Would you move to another country to improve your job prospects?

Percent who answered "Yes, I am considering this" and latest unemployment rates from Eurostat (April 2013 for United Kingdom and Turkey and June 2013 for all other countries)



Owning a home can be a barrier to relocation

Economic studies dating back several decades explore links between unemployment and owning a home. One explanation is that some homeowners find it more difficult to move because of their house or are reluctant to sell for a job.

However, of European consumers who are homeowners and have not and are not considering emigrating to improve their job prospects, only 15% say owning a home is a reason.

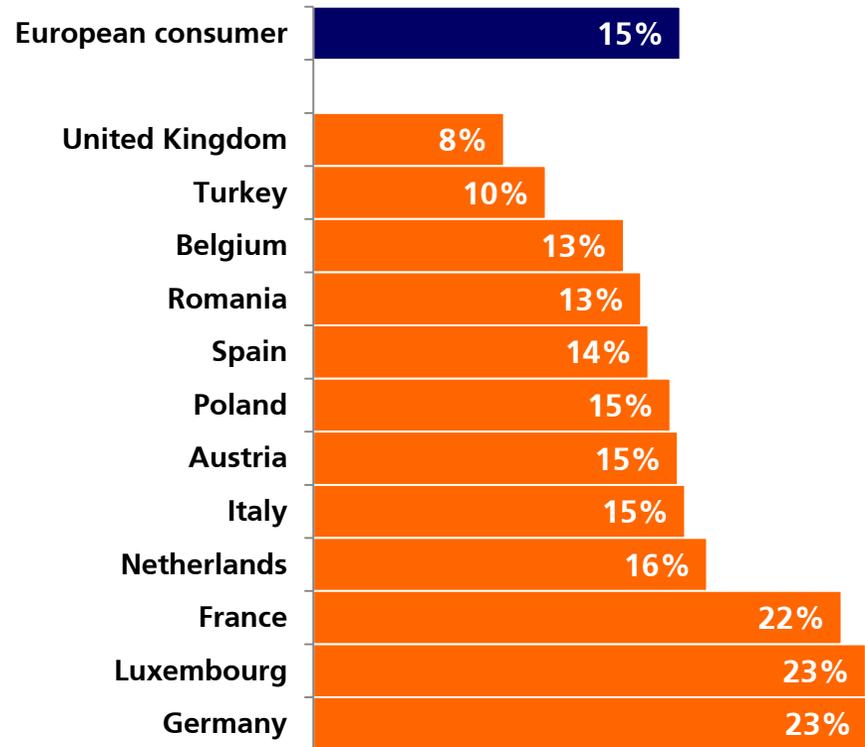
The share varies between countries from the survey high of 23% in Germany and Luxembourg to the low of 8% in the United Kingdom.

The most common responses for not relocating, however, include family and friends or affection for their current area. Not having the money to move is also a barrier.

THE QUESTION

Would you move to another country to improve your job prospects?

Percent of homeowners who answered "No, owning a home makes it difficult"



Tough decision: close to family or a nicer home?

What are we willing to sacrifice to live in a home we like?

The majority of European consumers rate living in a home they like as more important than living near to friends and family – but not by much.

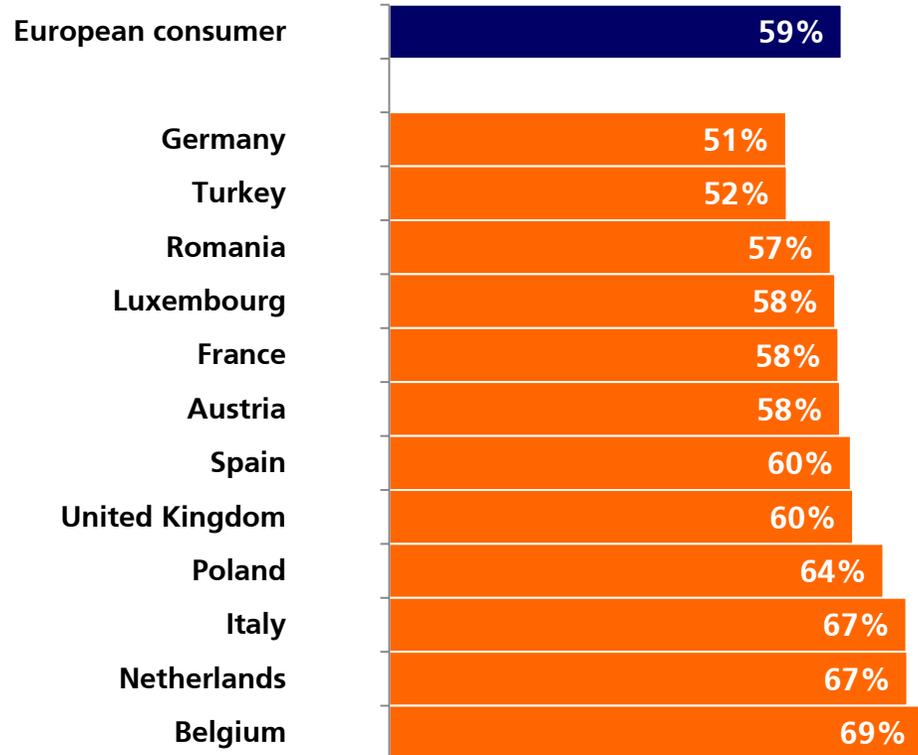
Fewer women (56%) than men (62%) agree with the statement “Living in a property I like is more important than living near my friends and family”.

Family ties are most important to under 25s, the youngest age group surveyed, with 49% agreeing living in a property they like is more important than living near friends and family. By 55-plus the share rises to 61% agreeing.

THE QUESTION

“Living in a property I like is more important than living near my friends and family”

Percent who answered “strongly agree” or “agree”



The new daily grind: getting to work

Travelling from home to the office, university or other important place – the daily commute – takes a toll.

The place people live is not always close to the place they need to be each day and this can cause stress.

More Turks and Romanians suffer in this regard, while few Dutch find their commute a cause of extreme angst.

Of European consumers living in a capital city, 60% agree their daily commute feels like it takes years off their life. It falls to 51% of European consumers in other big cities, 37% in small cities and 33% in rural locations.

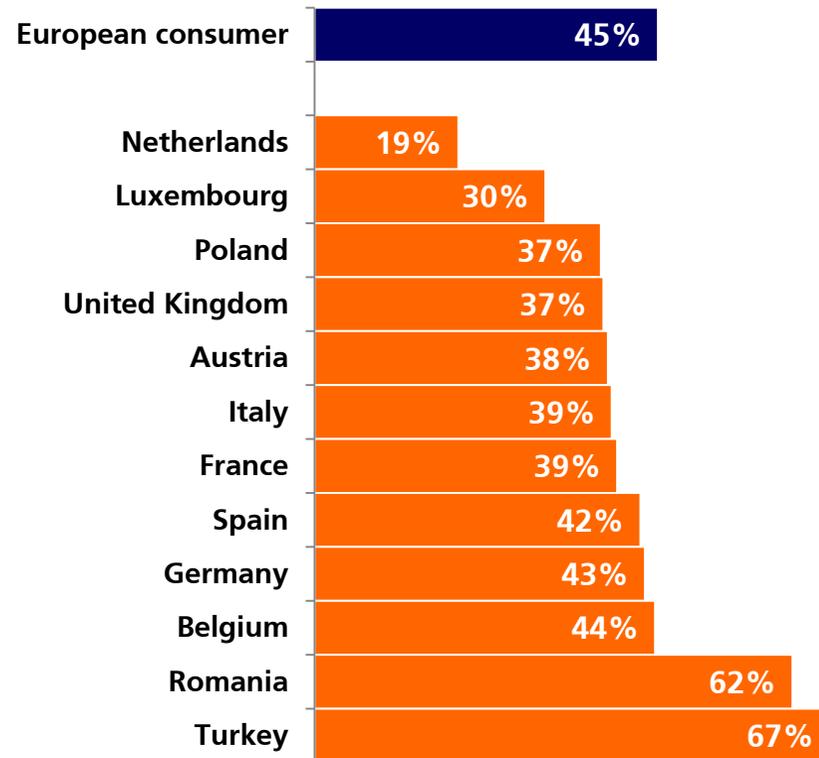
Similar results were seen in a separate question asking if respondents agreed “access to good public transport is important to my decision where to live”.

Overall, 76% of all European consumers agree, reaching 92% for those living in a capital city. It is 86% in other big cities, 73% in small cities and 55% in rural locations.

THE QUESTION

“My daily commute feels like it takes years off my life”

Percent who answered “strongly agree” or “agree”



Contact list

	Name	Phone number	Email
Austria	Pia Kain	+43 1 68000 50181	pia.kain@ing-diba.at
Belgium	Alexandre Pluinage	+32 2 547 25 90	alexandre.pluinage@ing.be
France	Maire Ginhoux	+33 01 57 22 57 57	maire.ginhoux@ing.fr
Germany	Patrick Herwarth von Bittenfeld	+49 69 27 222 66886	p.herwarthvonbittenfeld@ing-diba.de
Italy	Silvia Colombo	+39 02 5522 6645	silvia.colombo@ingdirect.it
Luxembourg	Ingrid Ballesca	+352 44 99 2709	ingrid.ballesca@ing.lu
the Netherlands	Marielle Wolf	+31 20 563 5437	marielle.wolf@ing.nl
Poland	Milosz Gromski	+48 22 820 4093	milosz.gromski@ingbank.pl
Romania	Ana Oglindoiu	+40 3 1406 7118	ana.oglindoiu@ing.ro
Spain	Carmen Ferreró	+34 9163 49200	carmen.ferrero@ingdirect.es
Turkey	Buket Okumus	+90 21 2335 1079	buket.okumus@ingbank.com.tr
UK	Ian Bright	+44 20 7767 6656	ian.bright@uk.ing.com
Ipsos	Nieko Sluis	+31 20 607 0707	nieko.sluis@ipsos.com

Disclaimer

The opinions expressed in this publication are based on information gathered by ING and on sources that ING deems reliable. This data has been processed with care in our analyses. Neither ING nor employees of the bank can be held liable for any inaccuracies in this publication. No rights can be derived from the information given. ING accepts no liability whatsoever for the content of the publication or for information offered on or via the sites. Authors rights and data protection rights apply to this publication. Nothing in this publication may be reproduced, distributed or published without explicit mention of ING as the source of this information. The user of this information is obliged to abide by ING's instructions relating to the use of this information. Dutch law applies.