



Saving priorities reflect  
ownership challenge

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# Housing affordability challenges lead to juggling financial goals: we save for both housing and travel

Houses are expensive and increasingly people say the housing market is on the wrong track due to inaccessibility and affordability challenges. Yet home ownership remains an important goal – most still want to buy houses. The result is buying later, saving and repaying over longer periods, and prioritising both short- and long-term financial goals today.

## Multiple saving goals are important right now

The way we prioritise saving for a home reflects perceptions of a market that is considered to be expensive and inaccessible. While perception might be that past generations placed almost all their effort into building a house deposit early, the latest ING International Survey suggests wider economic pressures are among several reasons why this may not be happening today.

Buying a house remains a life goal for most: just 16% of those currently renting and who have never owned say they never want to. But a growing opinion that housing has become unaffordable, considered in conjunction with an environment of slow wage increases and uncertain interest rates, means many people think they need time to save for a home. Just 7% of renters say they expect to buy before they turn 30.

Given many are saving a house deposit over longer periods and becoming home owners later in life, it's perhaps unsurprising that how we save for one of life's biggest purchases is being impacted. Our survey suggests we are prioritising both short- and long-term financial goals. Travel now and a house deposit soon, for example. This may reflect a change in life cycles. Increasing expectations of a longer working life could mean there is more time to take a first step onto the property ladder. And while some argue spending on increasingly affordable alternatives such as travel, contributes to the challenge of home ownership, our survey suggests this is part of a broader shift. We are managing multiple and diverse financial goals. Four in five (81%) non-owners say funding at least one of these alternatives -- raising children, renting in a convenient

location, repaying education expenses, travelling or enjoying fun hobbies -- is more important than saving to buy a new home.

## Buying a home is an economic and an emotional decision

Although seven in ten Europeans consider buying a home to be a smarter financial decision than renting, just a fifth (21%) of home owners say financial return was among their reasons to buy. A significant majority see buying a home as an emotional investment, being driven to own where they live (66%) and seeing ownership as key to a family environment (33%).

Even though it's a financial challenge, most are keen to enter the property market. And arguably the sooner the better, despite the extended saving and buying timeframes many are experiencing. While the main purchase concerns for non-owners are high property prices and a fear of taking on a lot of debt in the face of possible interest rate increases, 62% expect further price hikes over the next 12 months. If perceptions are to be believed, it may only get more challenging for aspirational first-home-buyers.

And these affordability challenges have led to growing dissatisfaction over the way regulators handle their respective housing markets. The number of people who say their country is on the 'wrong track' when it comes to property has increased year-on-year, now at 55% of survey respondents, compared to 45% just two years ago. Accessibility challenges are a main driver of this.

Increasing house prices, stagnant wages and an uncertain interest rate environment means housing is considered expensive. Many are consequently juggling saving for a home with other expenses.



Saving priorities go beyond  
banking on a home

# Saving for property among multiple priorities

*In an environment where potential interest rate increases are discouraging some first-home buyers, and homes are increasingly considered unaffordable, people are prioritising multiple savings goals, with a house one of many.*

## Potential home owners juggle many financial goals

Saving to buy a house is just one of several burdens placed upon household finances today. Paying off education, raising a family, and funding hobbies or travel all figure highly in people's thinking.

We asked respondents a series of questions on whether they prioritise saving for five specific goals, over saving to buy a home.

The graph shows the percentage of non-owners currently renting or living with friends or family, and therefore who might be considered most likely to be potential first-home buyers, who said at least one of our alternatives was more important than saving to buy a home. On average, four in five Europeans say housing isn't their top priority right now.

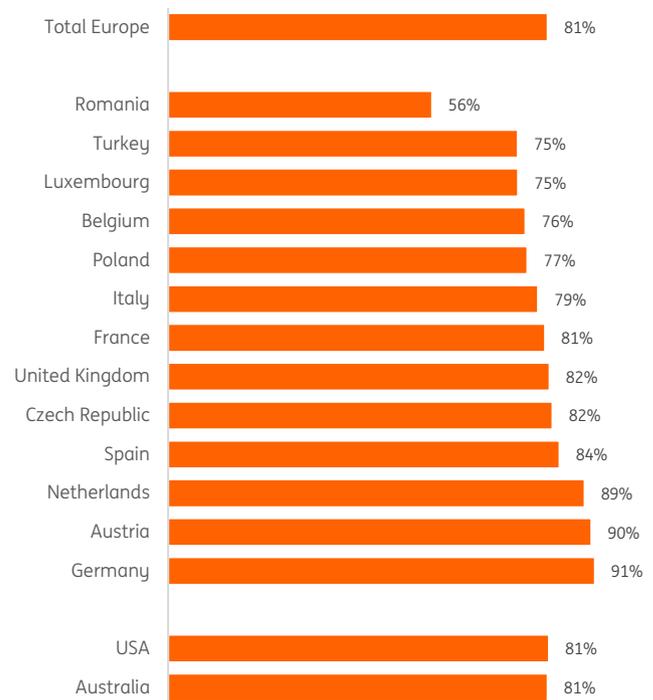
Romania, a country with a comparatively high 96% home ownership rate [1], has the smallest group (56%) who say they place at least one other financial goal above saving for a home. Germany, a country with a relatively high percentage of renters, perhaps due to high-quality rental housing or effective regulation of the rental market [2], has the largest group (91%) who prioritise at least one other spending alternative.

Travelling is the most favoured alternative to saving for a new home across all respondents. This may make sense for older people and those who already own a home. While younger potential buyers appear to have multiple financial priorities: both a home and travel are important to them right now.

It should be noted that not everyone will feel they have a choice in what to prioritise. Renting conveniently may be considered essential to attending a job, for example.

1 <https://tradingeconomics.com/romania/home-ownership-rate>  
 2 <https://qz.com/167887/germany-has-one-of-the-worlds-lowest-homeownership-rates/>

**Percentage of non-owners who say funding at least one of these alternatives is more important than saving for a house right now: hobbies, travel, paying off education debt, renting conveniently, having children.**



Sample size: 4,390

Asked to everyone. Responses from people living with friends/family and not paying rent or renting and who have never owned shown. Each question asked on a separate page. Alternative option was to select 'not applicable to me'.

# Travel important for both owners and renters

*The relative ease and affordability of travel these days, especially compared to saving for a house, may have helped build a new wave of globetrotters, while also influencing our savings habits.*

## Home and Away: Should I save, or should I go?

On average, 54% of Europeans say funding travel is most important to them right now, compared to 38% who prioritise saving for a home. The remaining 8% say this choice isn't relevant.

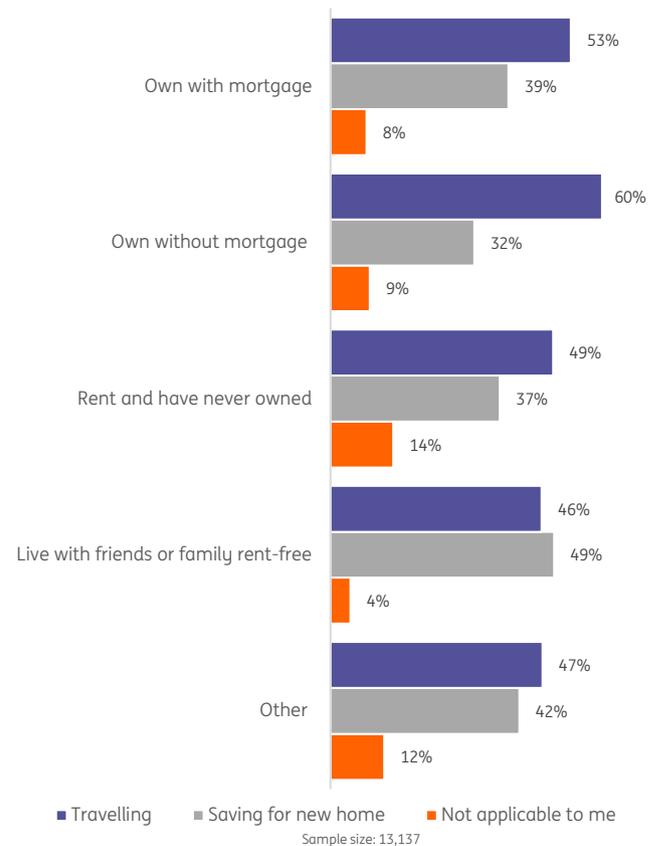
The findings may suggest that buying a house is becoming increasingly difficult or considered out of reach. Or, they may indicate that home ownership is simply one of many financial aims. With alternatives such as travel becoming increasingly affordable, people may be spending and saving across a range of personal goals.

And across almost all living situations, travel is considered relatively important. Only those currently living with friends or family rent-free are more likely to prioritise saving for a home, although marginally (49% v 46%). Renters who have never owned, possibly looking to buy their first home, still prioritise travel (49% v 37%).

Age also has less bearing on responses than may have been expected. Those aged over 65, and who are more likely to have paid off a mortgage, are unsurprisingly more likely to prioritise travel. But it also remains a popular activity within the younger age brackets too. Those aged 25-34 are the only age to favour saving for a home over traveling. But again, only marginally (51% v 46%).

None of this is to say that people do not want homes. But for various reasons it is not their immediate priority. Our survey results suggest that people are buying later and paying off their mortgage over longer periods. Timeframes are shifting outwards, which arguably provides an opportunity to prioritise multiple financial needs in the shorter-term.

## Which is more important to you right now: travelling or saving to buy a new home?



Asked to everyone. European responses shown.

# Buying a first home seen as increasingly difficult

*For first time buyers, stepping onto the property ladder is increasingly considered difficult. More than half of people in every country agree this is a trend affecting those interested in purchasing.*

## Getting on the property ladder considered trickier still

Perceived challenges surrounding home ownership are supported by wider economic indicators. Interest rate uncertainty is a key deterrent for non-owners, and while house prices rose 4.2% in the second quarter of 2019 [1], wages saw an increase of just 3.2% [2]. Such circumstances put homes further out of reach for some and cause others to take more time saving before buying.

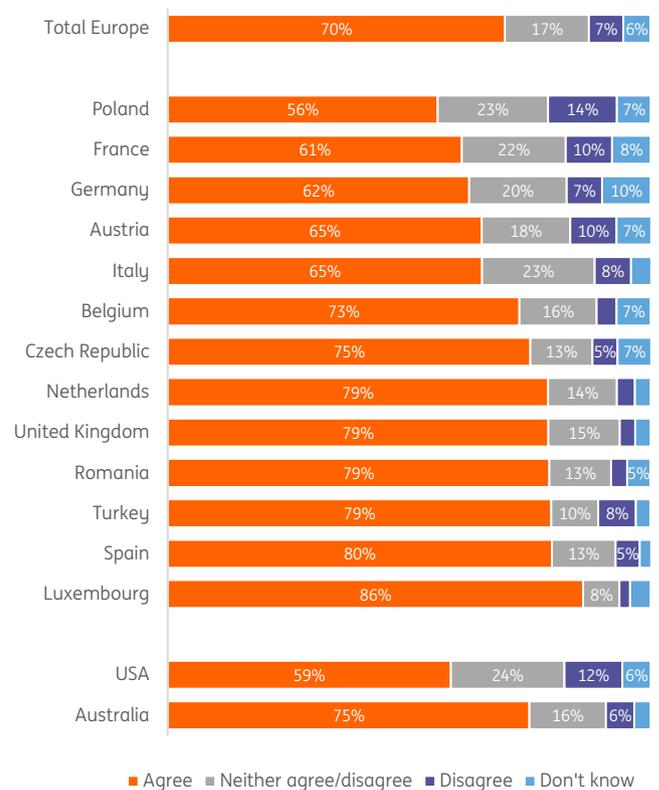
Under such circumstances, it is perhaps not hard to see why 70% of Europeans agree it has become increasingly difficult for first-time buyers. Just 7% say it is now no more difficult.

But responses have changed a little since we first asked this question in 2015. Then, the European Central Bank introduced its quantitative easing measures [3] aimed at increasing affordability across many countries. Since then, we see the average percentage who agree it is increasingly difficult for first-home buyers has slightly decreased from 78% in 2015, to 70% in 2019.

Despite the majority still viewing ownership as increasing difficult, it remains an important financial and personal target for most. Seven-in-ten Europeans agree that owning is better than renting from a financial point of view. In line with this, 44% have an unflinching view that 'house prices never fall'.

With a quarter (27%) of Europeans compromising their standard of living to cover their monthly rent or mortgage repayments, housing makes up a significant portion of our ongoing spending and is therefore often front of mind.

## Do you agree or disagree: for first-home buyers, it is increasingly difficult to buy a house or piece of land?



Sample 15,146

Asked to everyone

1 [https://ec.europa.eu/eurostat/statistics-explained/index.php/Housing\\_price\\_statistics\\_-\\_house\\_price\\_index%23Annual\\_and\\_quarterly\\_growth\\_rates#Annual\\_and\\_quarterly\\_growth\\_rates](https://ec.europa.eu/eurostat/statistics-explained/index.php/Housing_price_statistics_-_house_price_index%23Annual_and_quarterly_growth_rates#Annual_and_quarterly_growth_rates)  
 2 <https://tradingeconomics.com/european-union/wage-growth>  
 3 <https://www.reuters.com/article/us-eurozone-ecb-qe/the-life-and-times-of-ecb-quantitative-easing-2015-18-idUSKBN10B15M>

# Markets see first-home buyers delaying ownership

*Most of those who think buying a house remains possible, don't anticipate being able to do so until they are over 30. Timeframes for home ownership are extending, as are mortgage repayment and expected earning periods.*

## Hopes of owning a home before thirty fading

Buying a house is one of the biggest financial decisions many people make. But affording to do so is considered increasingly difficult.

Of those who rent and have never owned, 38% in Europe say they don't expect to be able to buy. This is most largely felt in Netherlands (48%); Belgium (45%); Germany (43%); France (40%); Australia (39%); and the UK (39%).

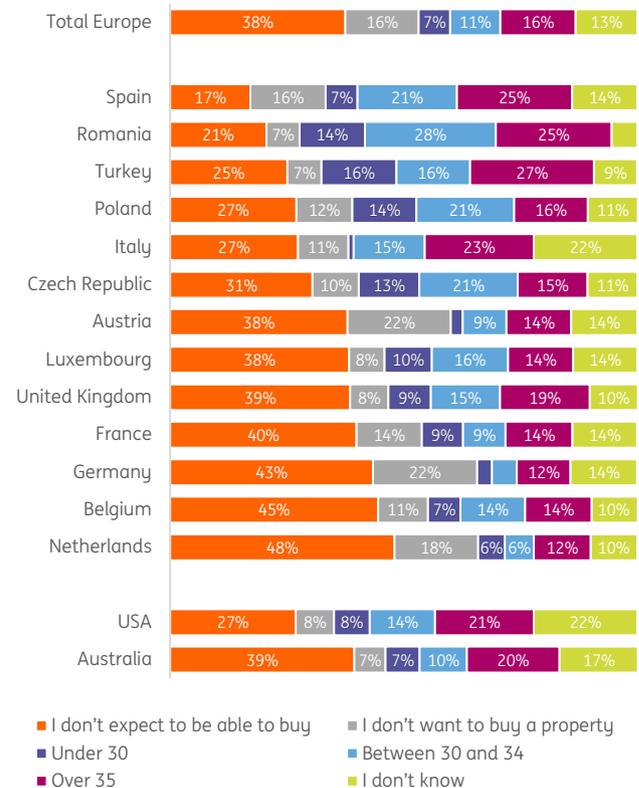
Those who do expect to eventually own a house appear to accept this will more likely come later in life. A quarter (27%) of 25-34-year olds who are currently renting and have never owned, anticipate having to wait until they are older than 35 before buying. Indeed, the median age of first-home buyers in the US was 47 in 2019 [1].

## What lies beneath our need to own?

Notwithstanding the housing market's upward trajectory [2], those who already own say financial return was of little relevance to their decision to buy.

Instead, the most common reasons given for purchase were emotionally driven: 'I wanted to live in a property I own' (66%); 'I wanted a family home' (33%); and 'It was a personal goal of mine' (25%). Wanting to invest in property came fourth (21%).

## At what age do you expect to buy your first property or piece of land?



Sample size: 2,963

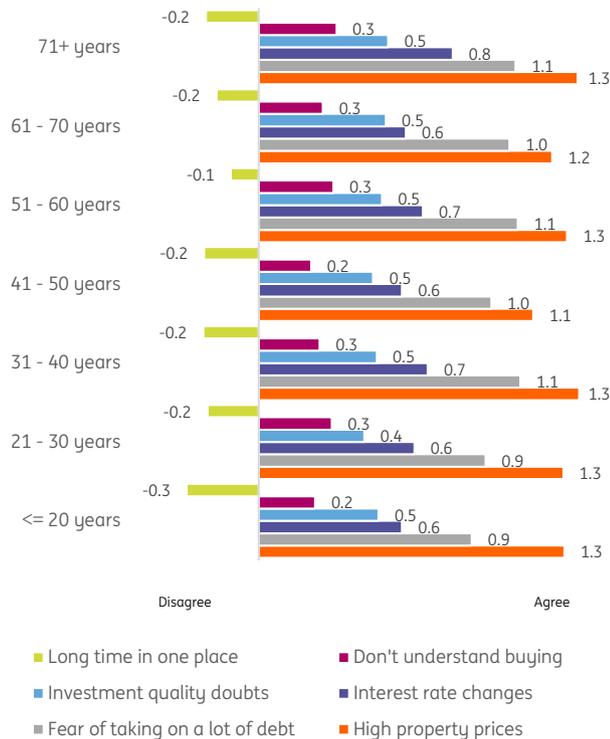
Asked only those who are currently renting and have never owned before.

1 <https://www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers#homebuyers>  
 2 <https://tradingeconomics.com/european-union/housing-index>

# Prices and debt major concerns for non-owners

*While taking that first step onto the property ladder is largely acknowledged as an ever-increasing challenge with costs front of mind, the reasons go beyond rising house prices.*

**To what extent do you agree that the below factors discourage you from buying a property?**



Sample size: 2,963

Asked only those who are currently renting and have never owned before. All countries included. Answers were allocated scores: -2 = strongly disagree, 0 = neither agree nor disagree, 2 = strongly agree. Average responses between -2 and 2 per age bracket shown.

## High prices and debt hang heavy for non-owners of all ages

Taking on large amounts of debt to buy a home is among one of the biggest concerns of those yet to buy and is cited by 70% of Europeans who rent and have never owned. It ranks second only to high property prices, cited by 77% of renting non-owners.

Today's low interest rate environment makes borrowing an attractive option, but if rates begin to rise, monthly mortgage payments could become less affordable for many.

The percentage of those agreeing that the fear of debt plays a major factor in their housing options deviates very little across ages, despite younger people arguably having longer to manage repayments and making up a larger portion of the renters asked.

*"I don't have much knowledge of the property sector and this might be because information is difficult to access in my country. I'd be cautious about trying to take out a home loan as I might be rejected."* – Male, 25, Austria

Ratings agency Moody's confirms that larger amounts of debt are now needed in order to buy a home. It calculates that in today's environment it would take on average 15 years of saving disposable income to afford a house outright in 10 of Europe's main cities. This compares to 12 years in 2005-07 [1].

1 <https://www.ft.com/content/38f8c8e4-8227-11e9-9935-ad75bb96c849>

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Negative housing market outlook driven by inaccessibility

# For most, market continues down wrong track

*Owning property is an important goal for most people across many countries, and opinions as to whether their region's housing market helps investors more than buyers are clear.*

## Countries not doing enough to ease burden of buying

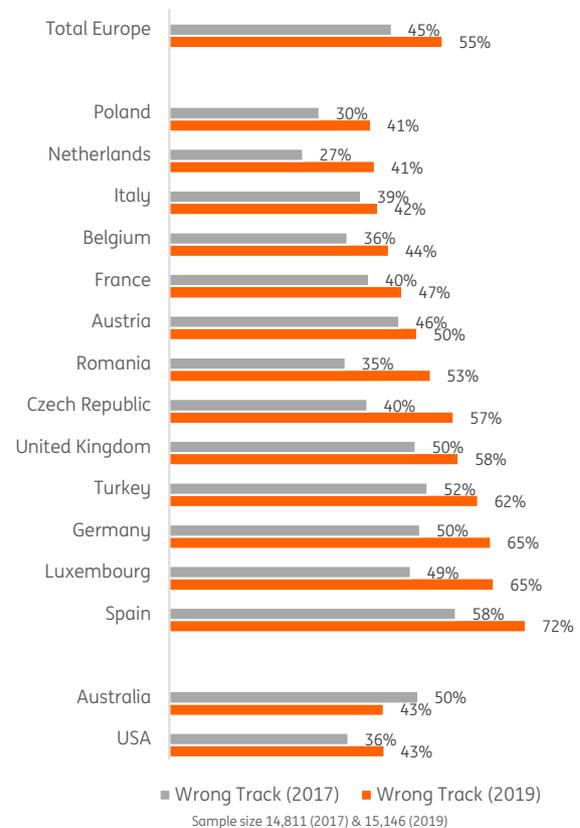
While most people want a home to call their own, with just 16% of renters who have never owned saying they don't want to buy, high house prices and the subsequent lack of affordable residential property are leading increasing numbers to say their country is on the 'wrong track' when it comes to housing.

The percentage has risen for the third year running. This year, 55% of Europeans say this is the case compared to 53% 12 months ago and 45% in 2017. Conversely, the percentage of those saying things are on the 'right track' has remained more consistent at 28%, 25% and 29%, respectively. Only in the group who own and do not have a mortgage do less than half (48%) say their country's housing market is on the wrong track.

But not everyone feels they have an intimate knowledge of the housing market. On average, 17% of Europeans say they don't know if their housing market is on the right or wrong track.

For those who do give a definitive answer, their experiences of the housing market vary. Those who say their country is on the wrong track say this is mostly due to housing being unaffordable (78%) and ineffectively regulated (31%). They are not very likely to say that a lack of investment opportunities has led their country down the wrong track. But this is exactly what those of the opposing view focus on. They are most likely to say financial returns are a key reason why the housing market is on the right track.

## In general, do you think that your country is on the right track or the wrong tack when it comes to housing?



Asked to everyone. Respondents who answered 'wrong track' shown. Alternate responses where 'right track' or 'I don't know'.

# Regulation and costs send market off track

*Ineffective regulation is named among the key reasons people consider their country to be on the wrong track, alongside housing that is unaffordable for most.*

## High house prices and the blame game

While being unable to afford a house ranks higher than any other reason as to why a country's housing market is on the wrong track, 36% also believe houses in their region are less affordable than other countries.

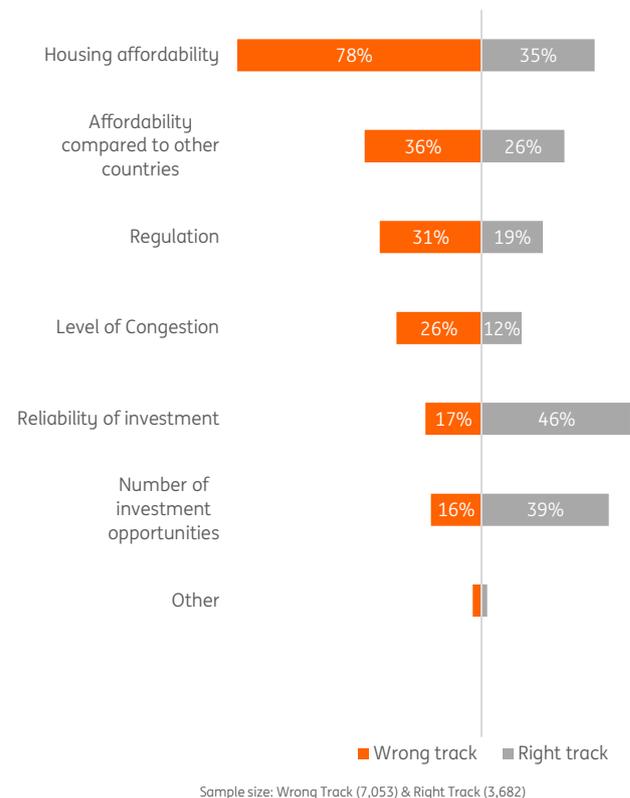
Ineffective regulation is also cited by 31% of respondents who say the housing market in their country is on the wrong track, suggesting people place a degree of blame on how the supply and demand of property is governed.

The Spanish (45%), Dutch (42%) and Germans (37%) are among the most willing to point the finger towards regulation. Italians (15%), Poles (24%) and Belgians (25%) are the least critical. While many governments have put schemes and incentives in place to assist and encourage first-time buyers, people evidently still consider it a challenge.

The right track believers are primarily focused on making financial returns from property, with 46% reasoning they can rely on the housing market to provide good investment opportunities. Thirty-nine percent also say it offers numerous opportunities to make investments.

Unsurprisingly, people who own a home and therefore have the potential to make a return on property price increases, are more inclined to say their country is on the right track compared to renters who have never owned before (33% v 18%). Owners are less likely to say the housing market in their country is on the wrong track (50% v 61%).

## Why do you think your country is generally on the wrong/right track when it comes to housing?

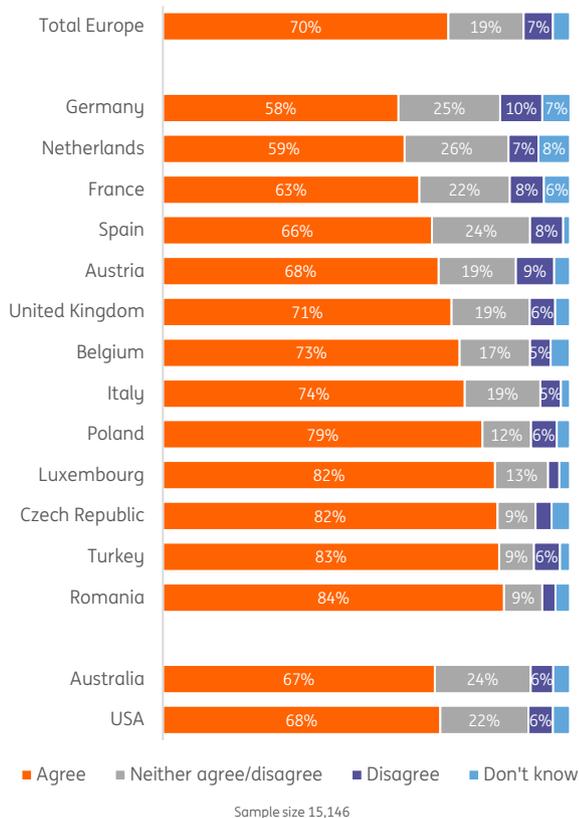


Asked to everyone. European responses shown. Respondents answered right track or wrong track question based on previous response. Selection of multiple answers possible. 'Other' was open field.

# More expect financial gain to come from owning

*Asked whether it is more financially beneficial to own or rent, there is only one winner.*

**To what extent do you agree or disagree: from a financial point of view, it is better to own a property than to rent**



Asked to everyone.

## Owning considered better for the wallet. And the head

On average, 70% of Europeans consider owning a property financially preferable to renting. This is a common opinion cast across all age groups. Even 68% of 18-24-year olds -- the demographic least likely to have experience buying a home -- say ownership is preferable to renting from a financial perspective.

Across countries, the view becomes slightly more diverse. For example, just 58% in Germany and 59% in the Netherlands, agree with this statement. This is reflected in comparatively low home ownership figures in these countries [1].

It also contrasts with the 84% of Romanians and 82% of Czechs that say owning has a greater financial benefit. These both have relatively high rates of home ownership [1].

## Does owning benefit well-being?

While it may be difficult to argue against the financial benefits of owning a property, assuming property prices continue to rise, there could also be reason to believe it brings a sense of well-being.

Researchers from the University of North Carolina [2] suggested in 2014 that owning a home can bring residential stability, perceived control over your life and provide a social identity. Such feelings grow with levels of home equity and the kind of home you own. So, while the benefits may be wider than pure economics, they may also take a little time to be fully realised.

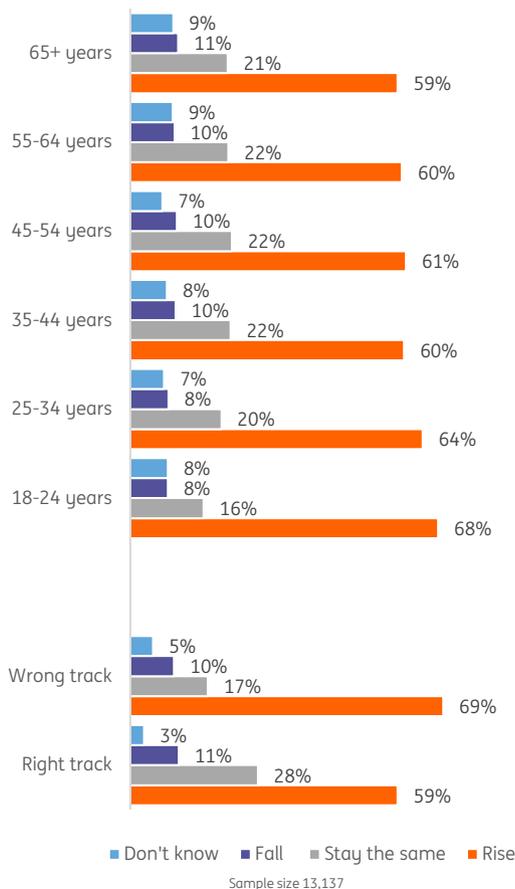
1 <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20171102-1>

2 <https://doi.org/10.1080/10511482.2014.956776>

# New buyers face gloom over housing boom

*Expectations that the housing market will continue its upward trajectory may do little to raise the spirits of first-time buyers. Regardless of real-world price movement.*

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



Asked to everyone. European responses shown.

### Price hikes expected, offering little respite

There is an overwhelming belief that the cost of buying a home will continue to rise over the next year. This is seen across age groups and largely regardless of whether respondents think their country's housing market is on the right or wrong track.

Of the 62% of Europeans expecting further price hikes, 20% anticipate a sharp increase. By contrast, only 9% expect prices to fall and 21% expect no change.

For those in the 'wrong track' camp, price rises would further entrench accessibility challenges. For those who perceive the market to be on the right track and who, as the survey finds, focus on financial returns, price rises will be positive.

In June, ING economist Steven Trypsteen wrote how throughout much of the eurozone, house prices will continue to rise, but at a slower and less-pronounced rate in the coming 12 months [1].

### Doubtful about prices across countries

Only in Italy (37%), the UK (43%) and Australia (42%) did fewer than half the respondents expect house prices to rise over the next year. All other countries answered in the range of 52% in the US to 90% in Luxembourg.

Prices in Italy are fluctuating slightly at a time when most of Europe's are rising [2], while at the time of our survey, the UK was experiencing uncertainty surrounding Brexit.

Australians (20%) and Brits (20%) have the highest percentage of respondents who think prices will drop in the next 12 months.

1 <https://think.ing.com/articles/residential-real-estate-market-cools-in-the-eurozone#When:13:49:00Z>  
 2 [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=prc\\_hpi\\_q&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=prc_hpi_q&lang=en)

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## About the ING International Survey

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Countries are compared in this report

The ING International Survey promotes a better understanding of how people around the globe spend, save, invest and feel about money. It is conducted several times a year, with reports hosted at <https://think.ing.com/consumer/ing-international-survey/>.

This online survey was carried out by Ipsos from the 16th and 30th of August 2019

Sampling reflects gender ratios and age distribution, selecting from pools of possible respondents furnished by panel providers in each country. European consumer figures are an average, weighted to take country population into account.

1,000

Respondents on average were surveyed in each

15,146

Is the total sample size of this report



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