

HOUSING AND HOUSEHOLD DEBT: AN EXAMPLE OF WHAT THE HFCS CAN TELL US ABOUT DIFFERENCES BETWEEN COUNTRIES AND BETWEEN POPULATION GROUPS WITHIN THE SAME COUNTRY



**DIRECTORATE GENERAL STATISTICS, ECONOMICS AND
INTERNATIONAL**

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- A bit of History
- About the methodology
- Housing and debt in Germany, Italy, France and Spain
- A focus on France
- Indicators of financial fragility

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A BIT OF HISTORY

The French national survey (or *The Life History and Wealth Survey*), previously carried out every six years by the NSI (Insee), is now part of the Eurosystem "Household Finance and Consumption Survey" (HFCS), in partnership with the Banque de France and carried out every three years.

The 2023 survey is the ninth, following those of :

1986 ; 1991-92 ; 1997-98 ; 2003-04 ; 2009-10 ; 2014-15 ; 2017-18 ; 2020-21.

The Life History and Wealth survey asks households about their:

- property;
- financial and professional assets;
- indebtedness;
- their personal history (inheritances and gifts, household formation, professional career).

This survey provides a comprehensive and detailed description of household wealth in France. It enables to:

- understand how wealth is built up and passed on;
- measure inequalities in wealth;
- improve our knowledge of the distribution of wealth in France.



ABOUT THE METHODOLOGY

The survey periods in each country are not perfectly aligned and the reference periods may vary slightly from one country to another.

The 2021 edition was conducted during the Covid period. As a consequence:

- the data collection schedules had to be modified to take account of the confinement periods in the different countries;
- the data collection, which is usually carried out face-to-face, also had to be adapted, with telephone or internet questionnaires being used depending on the country.
 - The analysis showed that these changes had no significant impact on the quality of the information collected (Household Finance and Consumption Network, 2023b).

For the sake of simplicity, the periods covered by each of the survey waves for the three countries studied are referred to as the years 2010, 2014, 2017 and 2021.

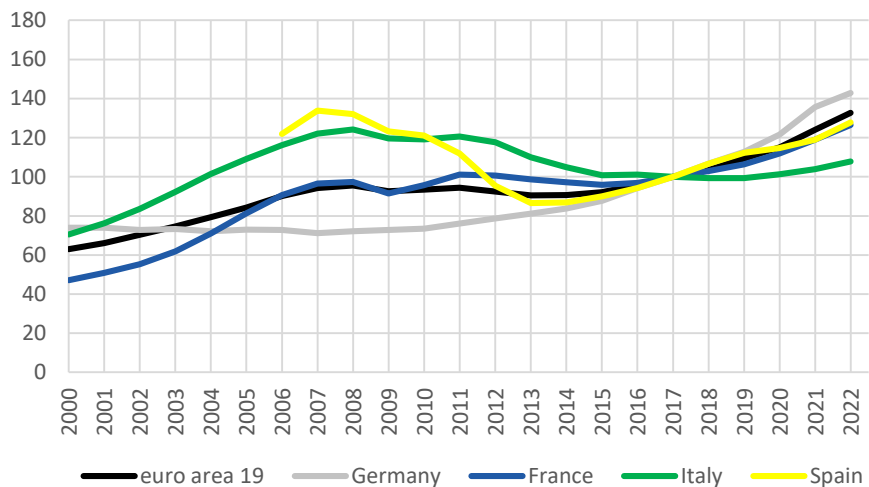
- ✓ In the case of France, the survey period initially scheduled between September and December 2020 was rescheduled from October 2020 and March 2021;
- ✓ 15,820 households were to be surveyed. Only 10,253 households responded, 70% of them by telephone due to the health crisis.

The information is collected at household level, but longitudinal monitoring is carried out at the individual level:

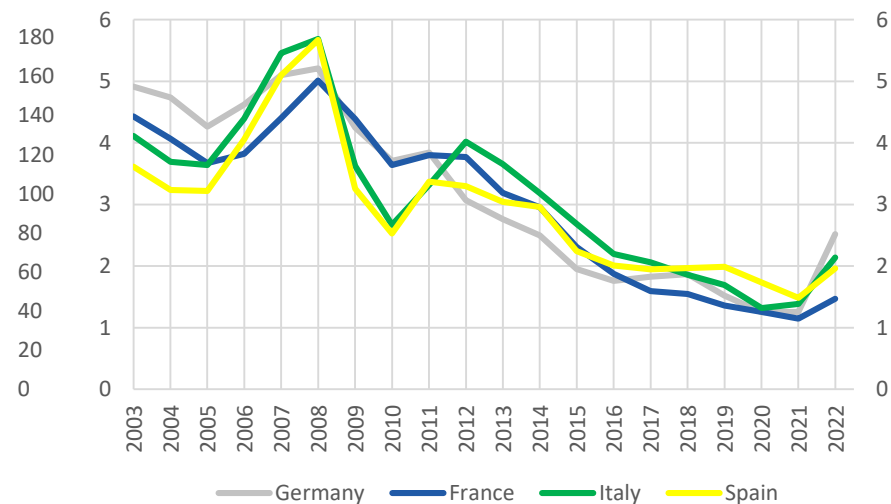
- 36% of respondents were being questioned for the first time (incoming sample drawn from tax files);
- 43% for the second time (from the 2017-18 survey)
- 21% for the third time (2014-2015 survey).

A MACROECONOMIC CONTEXT CONDUCIVE TO A MIXED RISE IN PROPERTY ASSETS AND DEBT

Changes in property prices (2017 = 100)



Household mortgage rates (%)



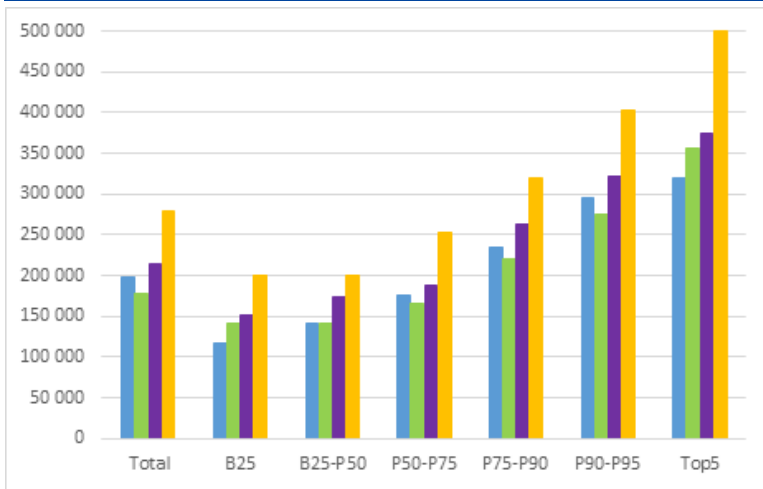
- Germany: uninterrupted price rises since the mid-2000s;
- France, Spain and Italy: prices fell in the wake of the 2008-2009 financial crisis and only rose thereafter.
- But price rises of varying magnitudes between 2017-2021:
 - Germany + 35 %
 - France and Spain + 19 %
 - Italy + 4 %

- Fall in financing costs for households in the euro area from 2017 to 2021:
 - In Spain: only as of 2020
 - France has the lowest mortgage rates among the four countries.
- A noticeable rise in all countries in 2022.

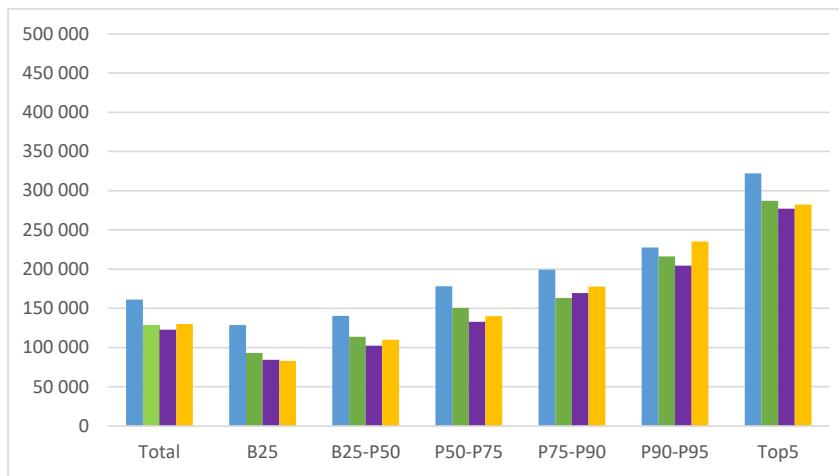
GROWTH IN PROPERTY VALUES VARIES BY INCOME BRACKET IN ALL COUNTRIES

Median value of the main residence (euros, inflation adjusted)

Germany

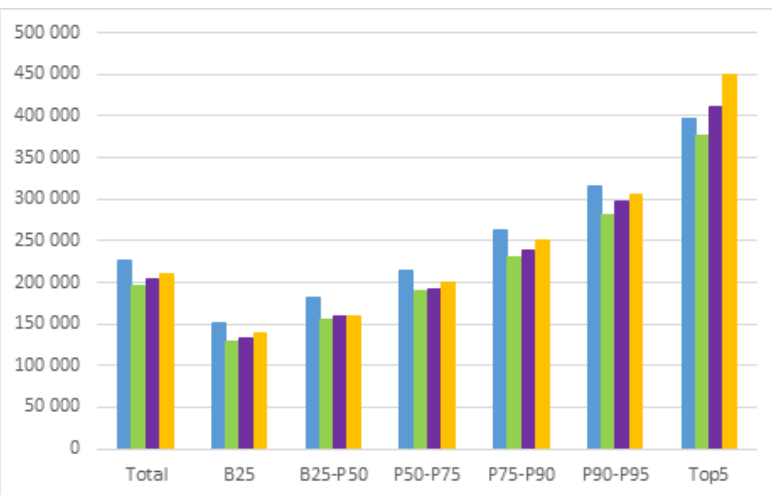


Spain

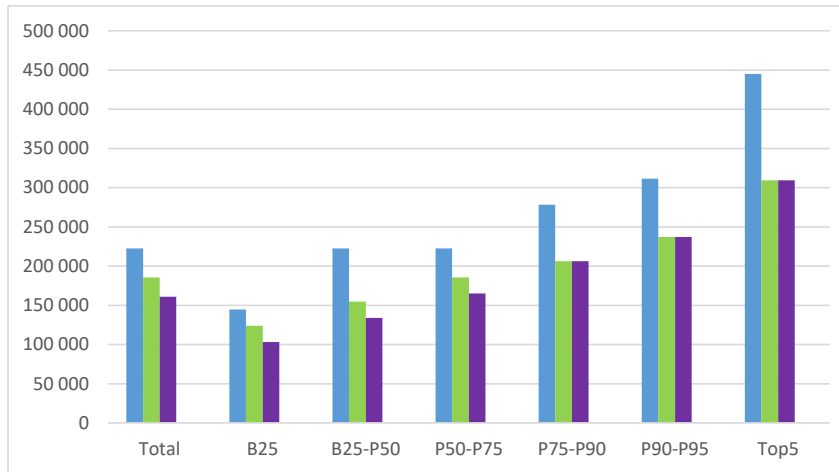


France

2010 2014 2017 2021

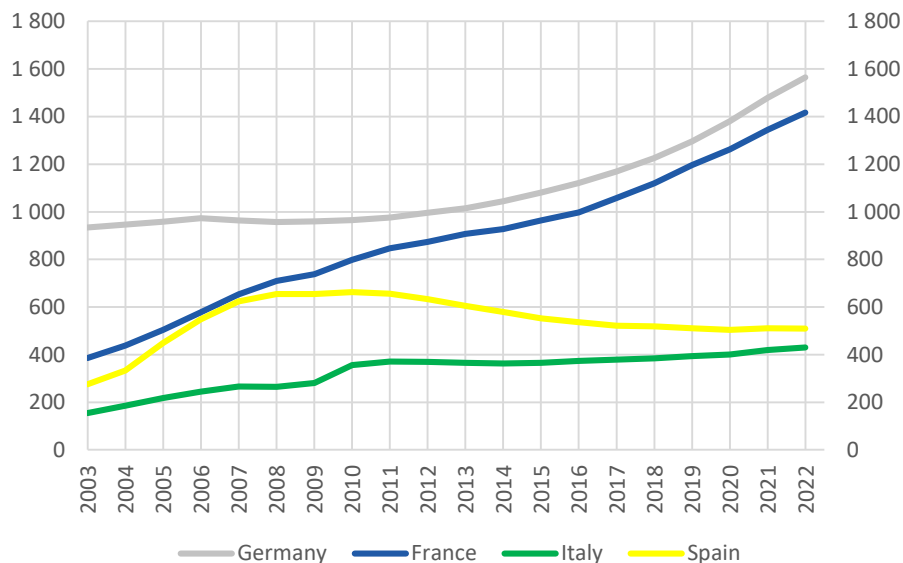


Italy



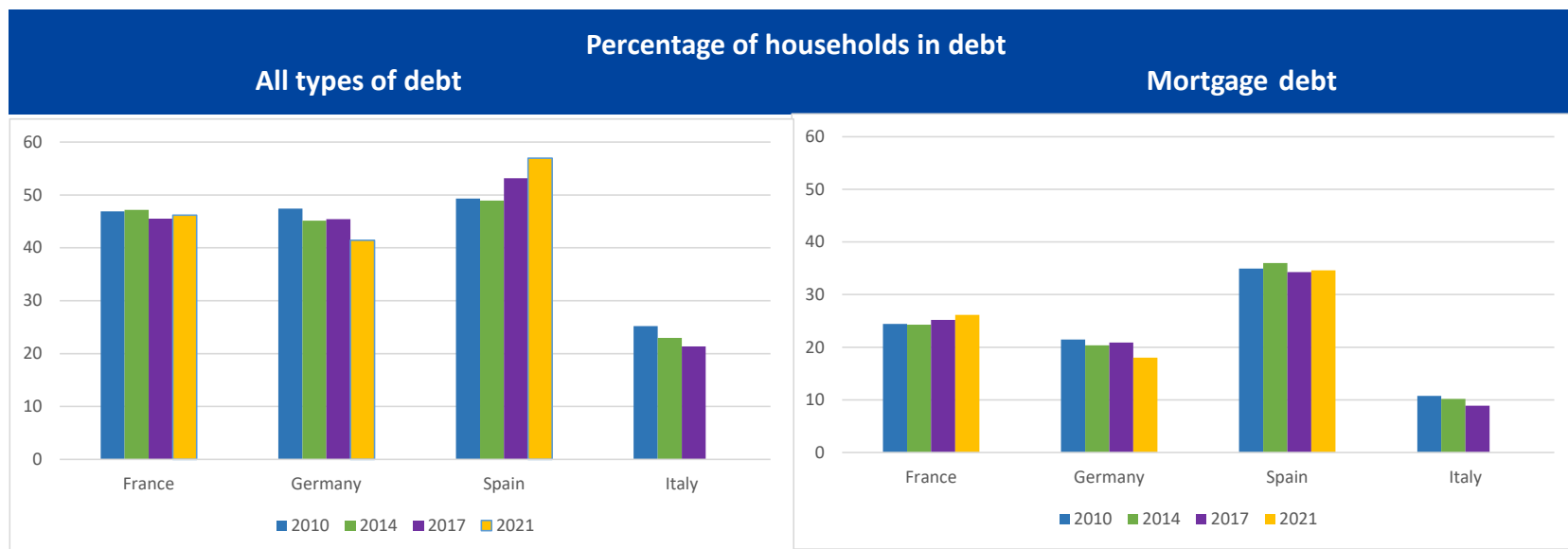
VERY DIFFERENT TRENDS IN HOUSING DEBT BETWEEN COUNTRIES

Household property debt by country (euro billions)



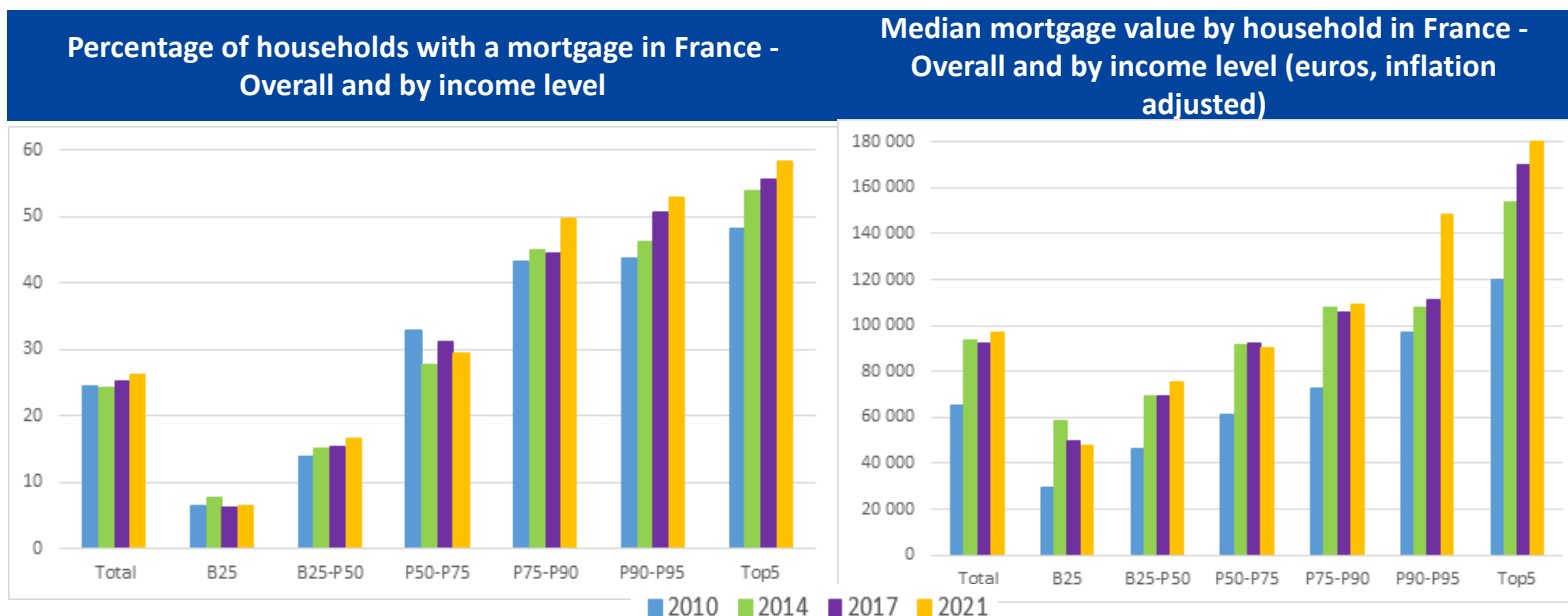
- In Spain, property prices and the relative level of interest rates led to a reduction in household debt, with the homeownership rate falling from 83% in 2010 to 73% in 2021;
- In Germany and France, the amount of debt has risen (+26 / 27%) with the rise in property prices
- Less marked increase in Italy (+10%) where property prices have been less dynamic.

BREAKDOWN OF HOUSEHOLDS IN DEBT BY TYPE AND BY COUNTRY



- Spain: against a backdrop of falling outstanding housing debt (and a stable rate of households indebted for housing reasons (35%)), the percentage of households in debt (all types of debt) rises steadily over 2010-2021 (from 49% to 57%). This rise is explained by the spread of consumer credit (from 25% in 2014 to 40% in 2021). This increase affects all income levels, but is more marked at the lower end of the income distribution: the percentage of indebted households with incomes below the first quartile (B25) has risen from 31% to 39% between 2017 and 2021.
- In France, the percentage of households in debt (all types of debt) has been relatively stable since 2010 (around 46%, of which around 25% is for property), but with differences by income level
- In Germany, it has fallen (from 47% to 41%), with the fall in the proportion of households in debt occurring across the income scale and affecting all reasons for indebtedness.
- In Italy, the proportion of households in debt (all types of debt) is the lowest.

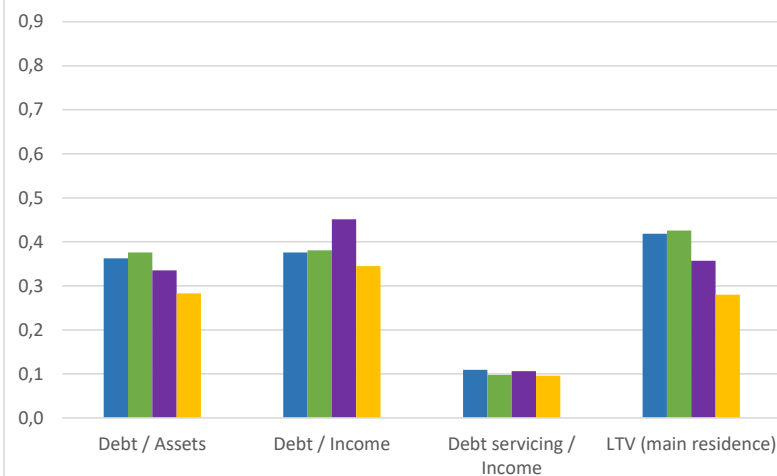
A CLOSER LOOK AT FRANCE



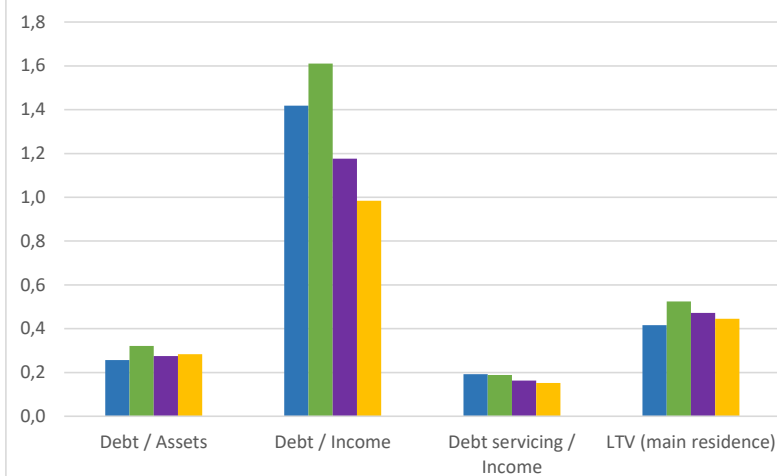
- The apparent stability in the percentage of households in debt in France conceals contrasting trends according to income level:
 - a more marked increase among the highest income levels (+2 percentage points, from 51% to 53% for the P90-P95 group, and from 56% to 58% for the top 5);
 - for the first time, it also affected households in the P75-P90 group between 2017 and 2021, for whom the proportion with a mortgage rose from 44% to 50%.
- The median amount of debt also increased. Households with incomes in the P90-P95 group have seen the biggest increase in France (+33%), with a median mortgage debt of 148,000 euros in 2021. For households in the top 5%, the median property debt will reach €180,000, corresponding to an increase of around 6% between 2021 and 2017, which is less than that seen between 2014 and 2017.

FINANCIAL FRAGILITY INDICATORS (MEDIAN) OF INDEBTED HOUSEHOLDS BY COUNTRY

Germany

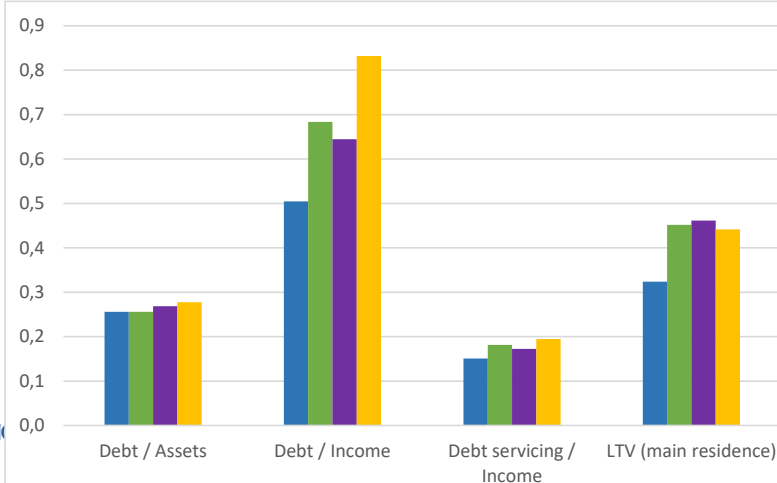


Spain

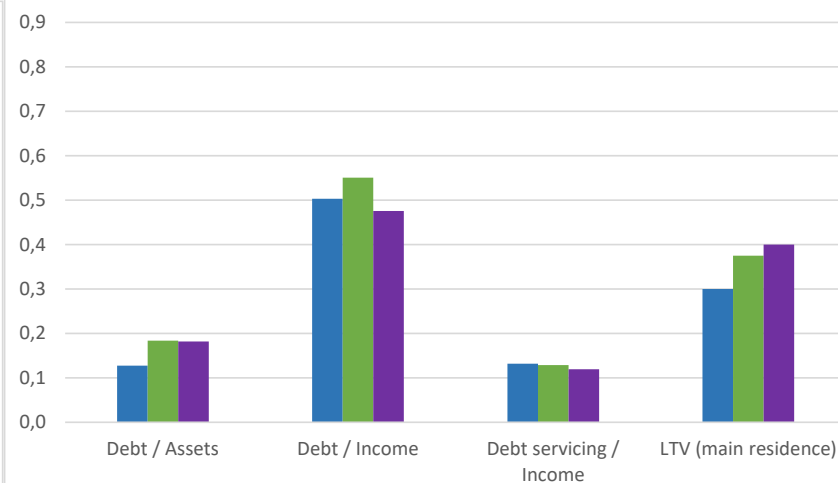


France

■ 2010 ■ 2014 ■ 2017 ■ 2021



Italy



Thank you for your attention

