

HOUSING COSTS MOUNT

Price rises are piling pressure on the poorest and adding to intergenerational strife

AFTER RETREATING DURING THE

global financial crisis, house prices have resumed their relentless rise. Over the past decade, the cost of a home across the OECD's mostly high-income countries has risen by 37 percent in real terms, according to the organization's analytical house price indicators. Prices are up 16 percent relative to incomes, on average.

Rising house prices are straining relations between the generations, with younger people yet to get a foot on the property ladder more concerned than their parents. Sixty percent of OECD survey respondents aged 18–39 said they worried about housing affordability, compared with 38 percent of those aged 55–64. The generation gap was greatest in Ireland, Canada, and the United States.

Differences in affordability partly explain stark contrasts in the proportion of people who own a home, though history, culture, and other factors matter, too. Homeownership is highest in Eastern Europe's former communist countries, with 94 percent of Romanians owning their home outright. That compares with just 5 percent of the Swiss.

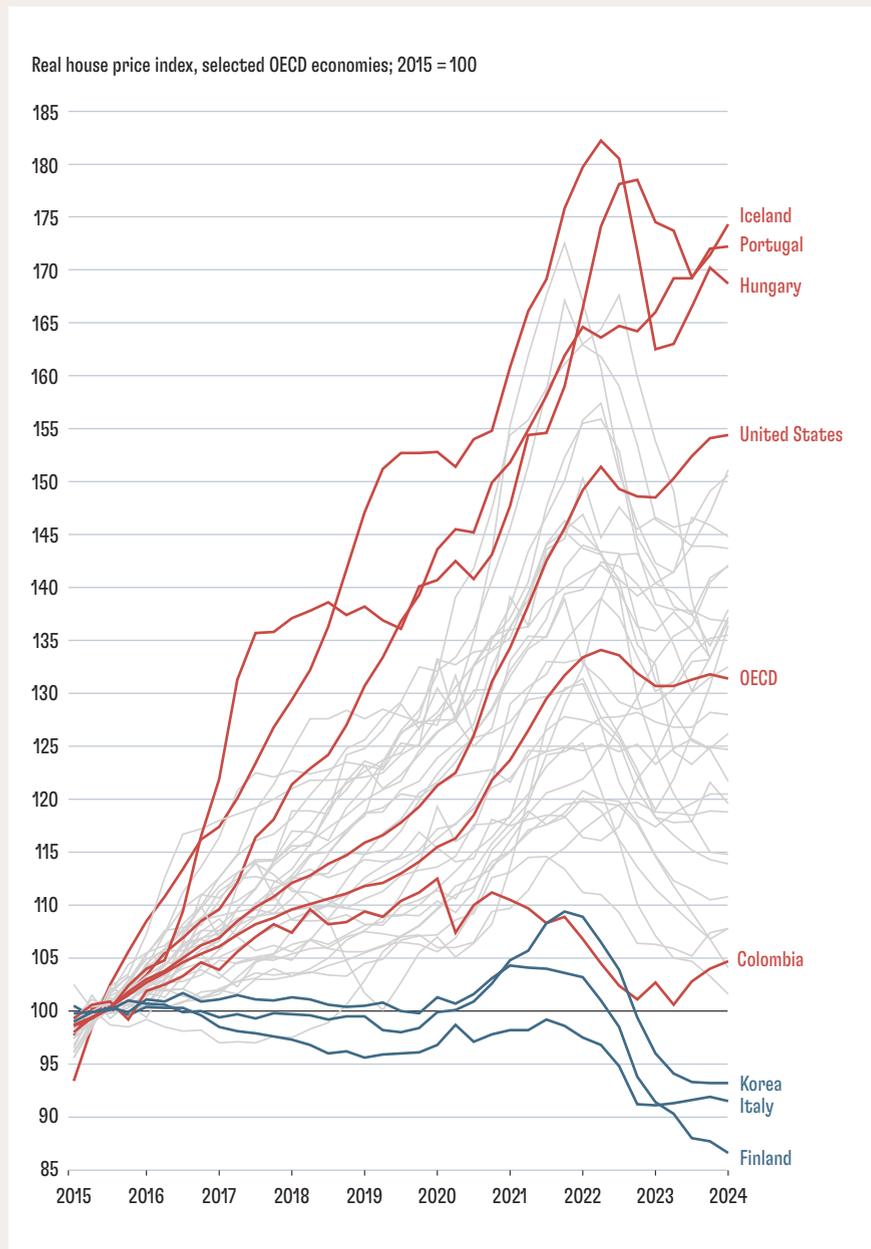
On average, 16 percent of people rent from private landlords in the countries the OECD tracks. For the poorest, it can be crippling expensive. In Colombia, 82 percent of renters in the lowest income quintile hand over more than 40 percent of their income to private landlords. Its rental market is also one of the least regulated.

Higher interest rates mean homeowners who have yet to pay off mortgages don't have it easy, either. In Colombia and Luxembourg, more than half of the poorest who own a home spend at least 40 percent of their income on repayment. **F&D**

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Relentless rise

Home prices have increased in every OECD country except three over the past decade, rising by more than a third on average and by over 50 percent in the US alone.

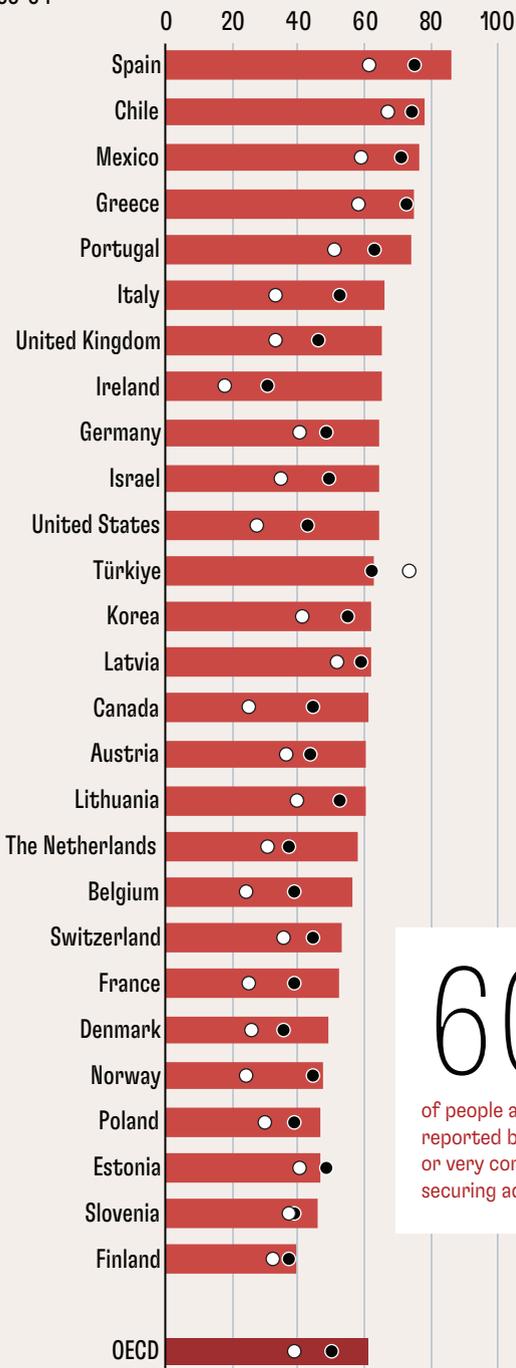


SOURCE: Organisation for Economic Co-operation and Development (OECD), Affordable Housing Database.

Generation gap

Proportion of respondents in selected OECD countries who report they are somewhat or very concerned about finding or maintaining adequate housing, by age group, 2022

- 18-29
- 30-54
- 55-64



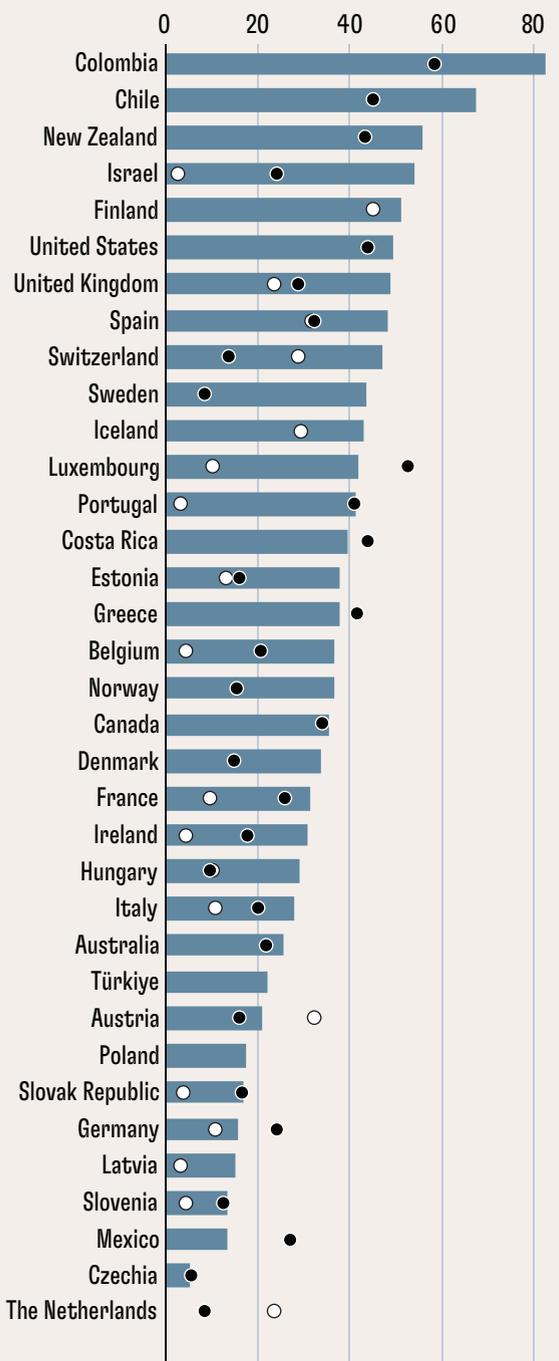
60%
of people aged 18 to 29 reported being somewhat or very concerned about securing adequate housing

SOURCE: Organisation for Economic Co-operation and Development (OECD), Risks that Matter Survey 2022.

Rent distress

Percent of low-income households in selected OECD countries spending more than 40 percent of disposable income on mortgage and rent, by tenancy status, 2022 or latest year

- Rent (private)
- Rent (subsidized)
- Owner with mortgage



SOURCE: Organisation for Economic Co-operation and Development (OECD), Affordable Housing Database – HC1.2 Affordable Housing.