

# Renters face much higher housing costs than homeowners

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Housing costs are felt more by households that rent, according to new research by Vienna University of Economics and Business.

The study, conducted by Professors Emanuel List and Wilfried Altzinger, investigated the financial burden that housing costs place on particular households and found that housing costs are felt much more strongly by households who rent than those who own.

The research revealed that for homeowners, the average monthly housing costs are 448 Euros, whereas for tenants, the average costs are 40 percent higher at 646 Euros a month.

“Only 3.1 percent of homeowners face a heavy financial burden due to their housing costs, compared to 19.4 percent of people who rent their homes. Even if we add loan on mortgage rates to the housing expenses, the relative financial burden caused by housing expenses is still lower for homeowners who have to pay back loans than it is for tenants,” says Professor Emanuel List.

The study also found that people who rent their homes have a significantly lower incomes than property owners – about 60 percent of people in the bottom third of the income range rent their homes, this number drops to 20 percent in the top third of the income distribution.

Based on the analysis in the study that used a sample of households in Austria, young people, single households, and single parents face a particularly high financial burden caused by housing costs.

For this reason, the researchers suggest that economic policies aiming to reduce the burden of housing costs should focus primarily on people who rent their homes.

“Suitable approaches could include strengthening social and public housing or eliminating VAT on private rents. Subsidising property purchases, in contrast, always presupposes a certain amount of available wealth and a medium or high income. This means that subsidies for would-be homeowners would entirely miss their purpose and fail to target households actually struggling high housing expenses,” says Professor Wilfried Altzinger.

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For more information, or to speak to Professors List and Altzinger, contact Katie Hurley at BlueSky Education on [khurley@bluesky-pr.com](mailto:khurley@bluesky-pr.com) or call +44 (0) 1582 790708.