

Home Ownership and Housing Policies in Germany

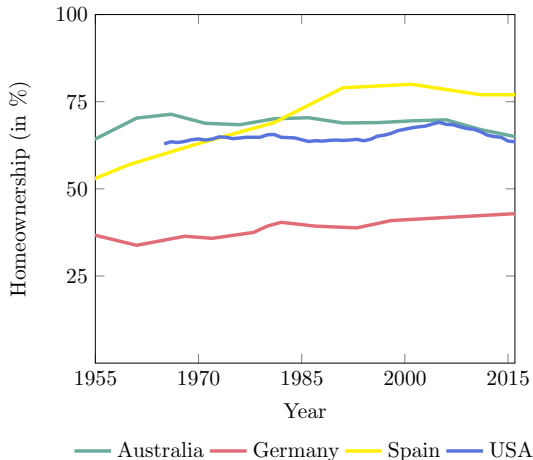
Hans Fehr

University of Wuerzburg

Policy Dialogue on Housing and Ageing

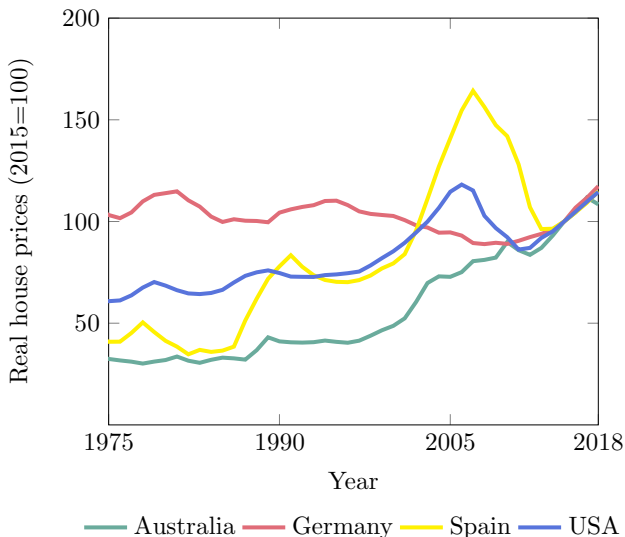
18 November 2019 - Australian National University

Motivation: Home Ownership Rates 1955-2016



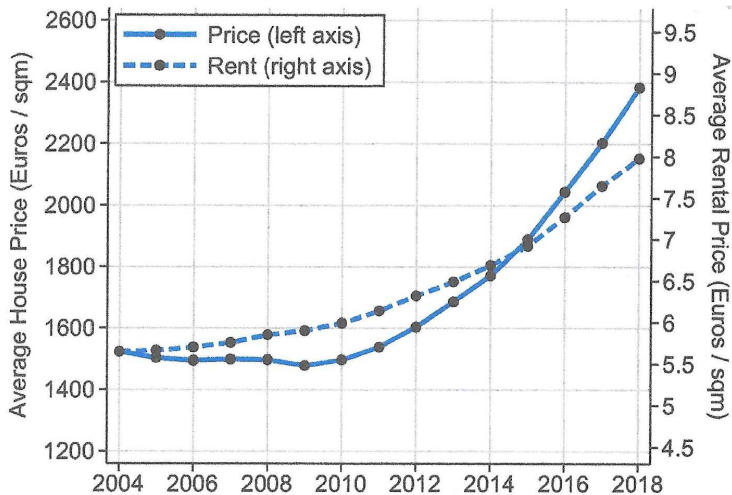
Source: ABS, Statistisches Bundesamt, INE, FED St. Louis

Motivation: House Prices 1975-2018



Source: OECD Database

Motivation: Recent Price Developments in Germany



Source: Kindermann et al. (2019)

Central Policy Issues

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- ▶ Why has the house price dynamic changed recently?
- ▶ What can we expect for the future?

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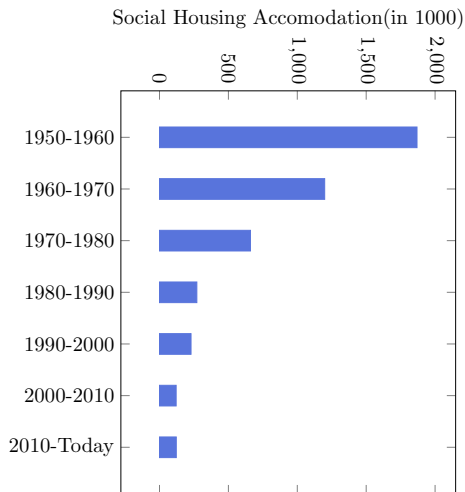
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- ▶ High transfer taxes and transaction cost for owners;
- ▶ Capital market conditions and housing policies;
- ▶ Low rates of co-residence of younger family members;

Social Housing in Germany



Source: Deutscher Bundestag (2018)

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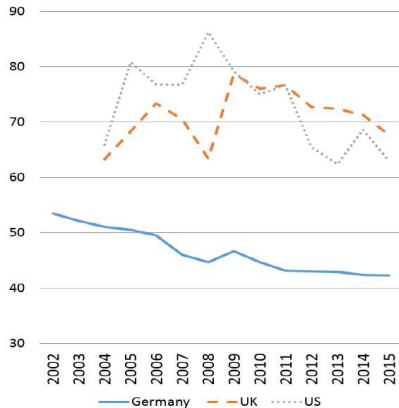
- ▶ Stable rents at low level.
- ▶ Large private rental housing market!

Transfer taxes and transaction cost for owners

| Country | Germany | Netherlands | United Kingdom |
|------------------------|---------------------|---------------|----------------|
| Price of property | €250,000 (£215,000) | | |
| Transfer tax | 3.5% – 6.5% | 2% | 0.8% |
| Notary fees | 0.8% – 1% | 0.3% – 0.4% | – |
| Entry in land registry | 0.3% – 0.5% | 0.2% | 0.4% – 0.5% * |
| Total | 4.6% – 8% | 2.5% – 2.6% | 1.2% – 1.3% |
| in EUR | 11,500 – 20,000 | 6,250 – 6,500 | 3,000 – 3,250 |

Source: Voigtländer (2016)

Mortgage-to-GDP Ratios in %



Source: Dustmann et al. (2018)

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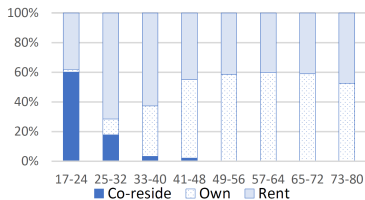
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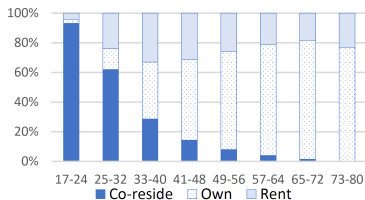
- ▶ High price-rent ratio!
- ▶ Low numbers of real estate transactions;
- ▶ Severe reduction in mobility; (One property per lifetime!)

Co-residence in Germany and Italy

(a) Germany



(b) Italy



Source: Grevenbrock (2019)

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- ▶ Rising housing expenditures exacerbate negative trend in income inequality!

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Rising divergence between cities and countryside! (or East and West Germany) can be expected!

Literatur

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