

Housing and Bausparen in Austria



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06.06.2013

In General

- ❖ **The Lisbon Treaty (Charter of Fundamental Rights) codifies the right to housing for every citizen of the European Union**
- ❖ **Every citizen of the European Union should have a dwelling unit**
- ❖ **Affordability is the key**
 - **for a balance of interests in society**
 - **for a national economy, with special regard to housing policy and to the fair chance to consume**
 - **for a balance of risks for the finance industry**
 - **for the implementation of everyone's personal dream of an individual „home“**
- ❖ **Therefore, affordable housing is part of the political discussion**

In General

The Austrian housing model rests on 5 pillars:

- ❖ **The system of government housing promotion**
- ❖ **The legal framework consisting of private law, building regulations and property development regulations**
- ❖ **The so-called non-profit building associations**
- ❖ **Bausparkassen and mortgage banks**
- ❖ **The financial industry including property investment funds**

The Austrian finance model in practice

- ❖ **Housing financing consists of**
 - **Private equity / own capital (for downpayment)**
 - **Government loans**
 - **Financing through Bausparkassen, mortgage banks and other credit institutions**

The Austrian finance model in practice

Positive:

- High investments in housing, even in the financial crisis since 2008 – 4.1 housing units per 1,000 inhabitants



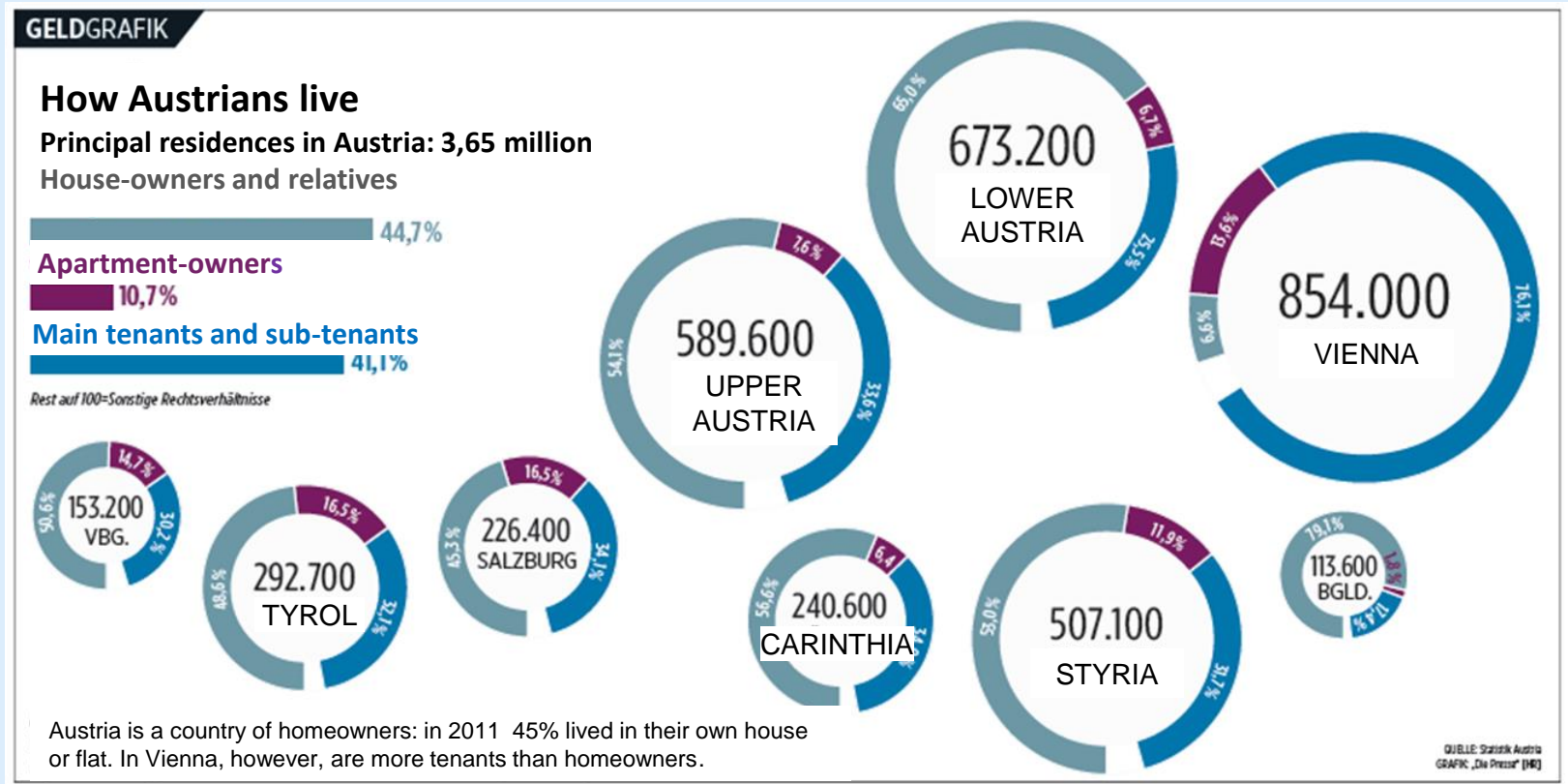
Problem:

- Government subsidies are constantly decreasing
- Migration results in a shortage of housing in Austria



Legal status of housing in Austria

- ❖ The percentage of privately owned housing is overwhelming



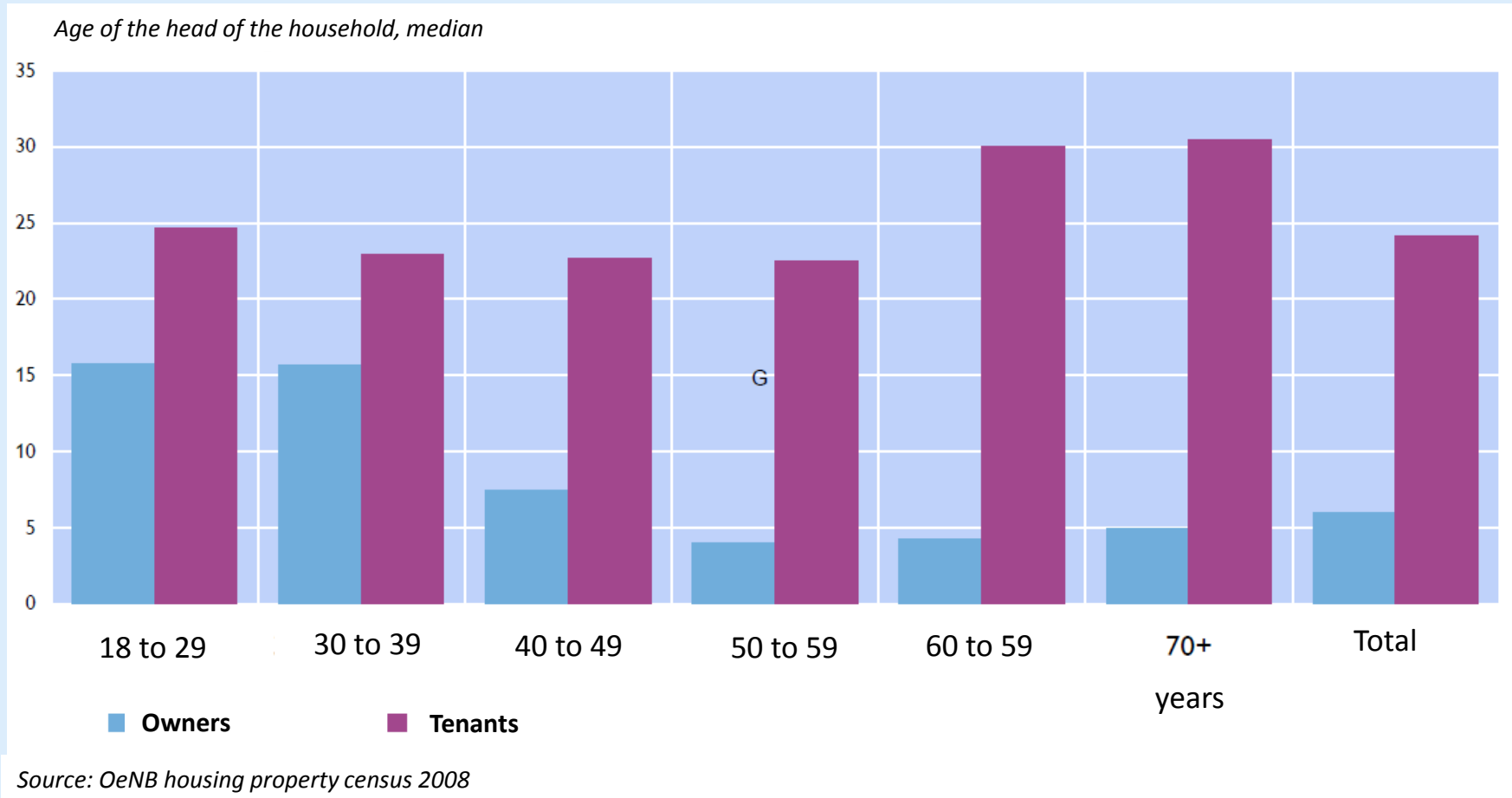
Source: Die Presse, 28.01.2013

Legal status of housing in Austria

- ❖ Nearly 90% of newly-built flats in multi-storey houses are in tenement houses.
- ❖ Restrictive tax regulations for housing property
- ❖ The burden of paying rent may become a problem in old age

Housing costs

Owners versus tenants, by age



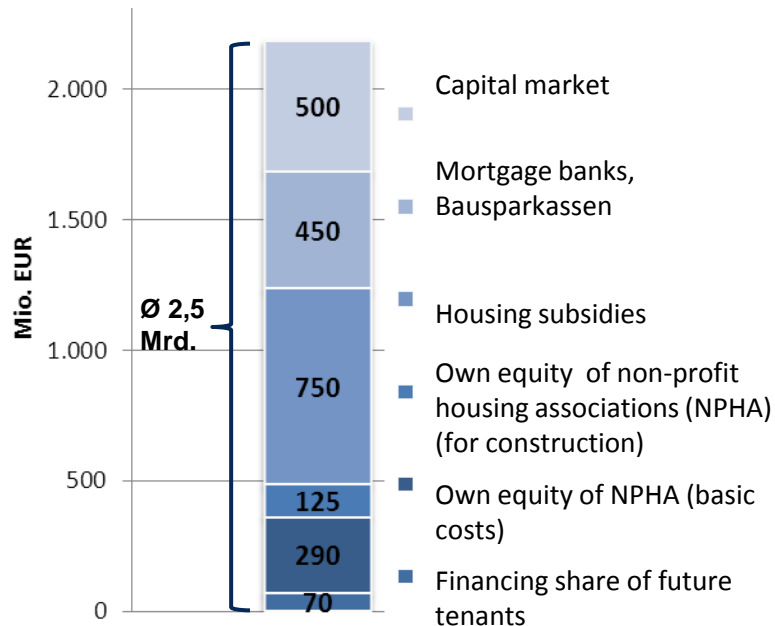
Who finances the construction of new flats and houses in Austria (annual production)

- ❖ Substantial share of own equity (for downpayment) of the buyer (e.g. Bauspar savings)
- ❖ Subsidised loans and government grants
- ❖ Bausparkassen
- ❖ Mortgage banks
- ❖ The finance industry in general
- ❖ Real estate investment funds
- ❖ Managed rental houses as investment for old age

Structure of financing

Large-volume housing construction

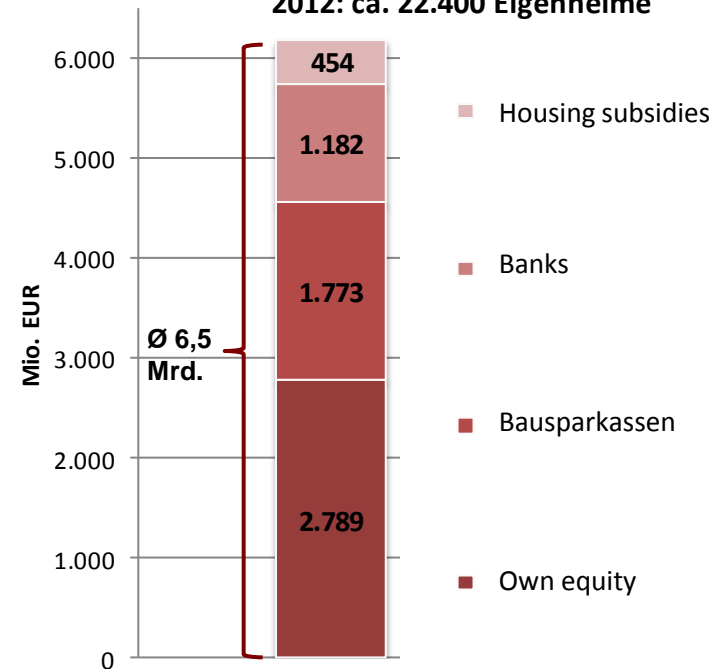
2012: approx. 14,000 housing units



Private housing construction

2012: approx. 22,400 housing units

2012: ca. 22.400 Eigenheime

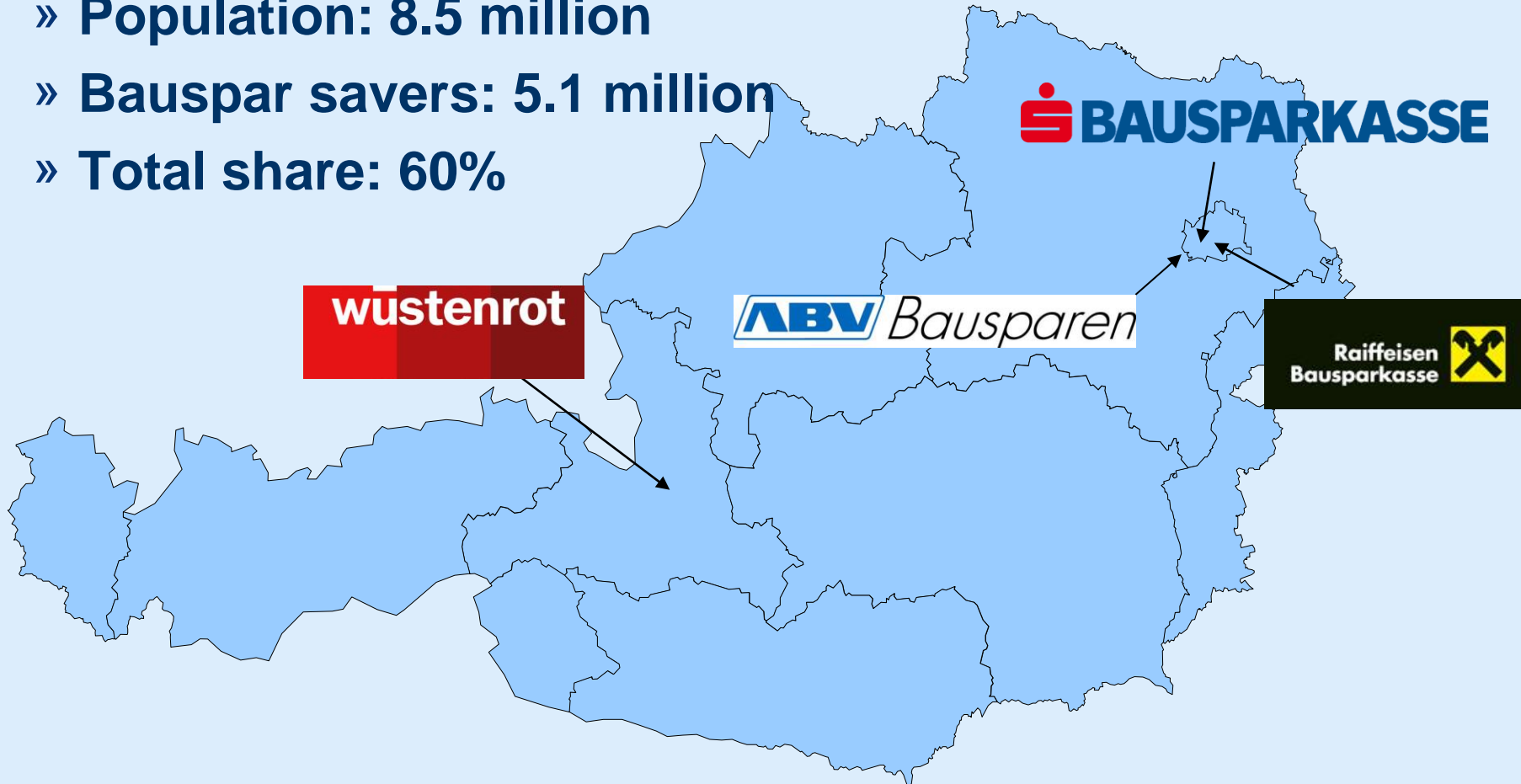


The Bauspar system in Austria

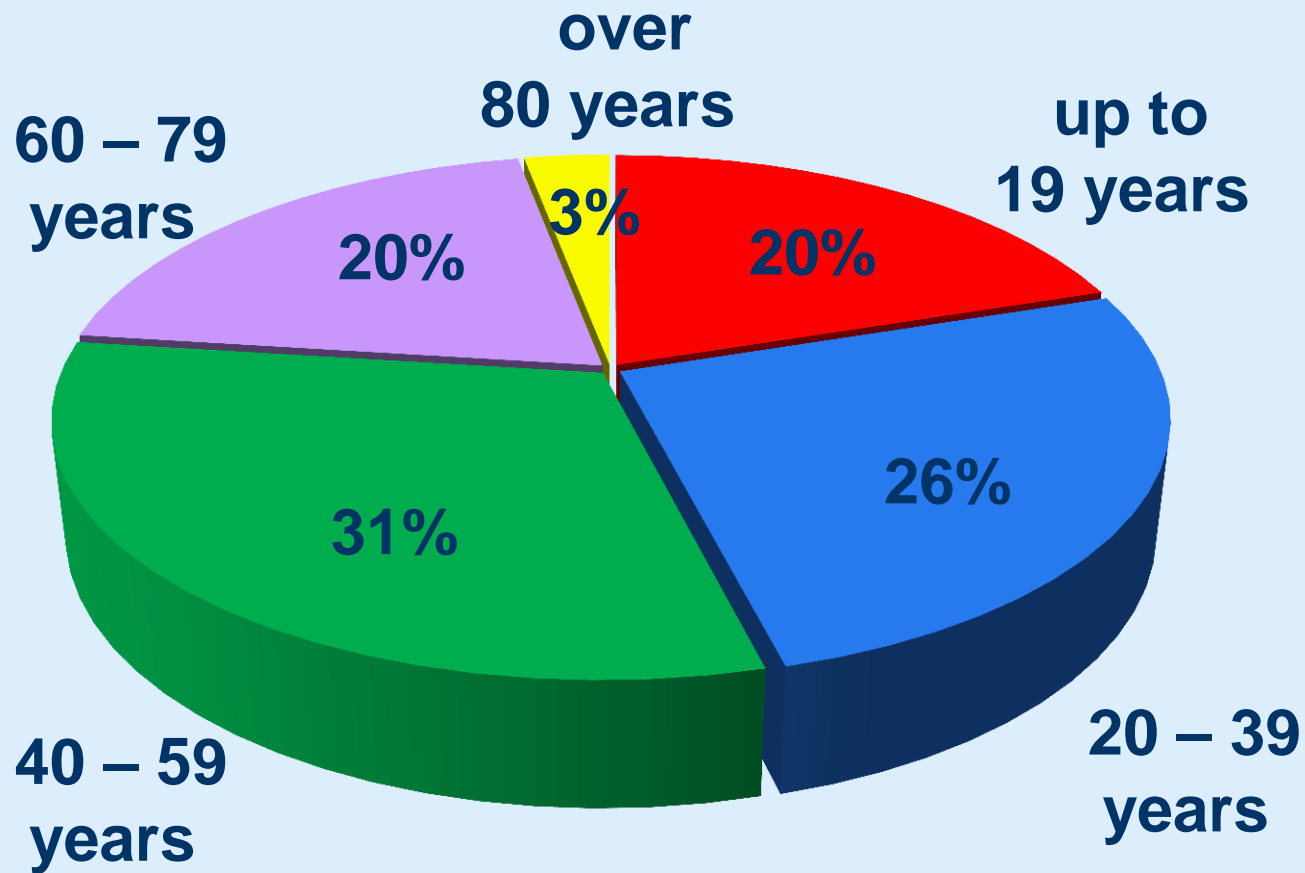
- ❖ Reform of tariffs in 1999 – introduction of a variable system of tariffs
- ❖ Bonus system to ensure continued stream of savings
- ❖ Extension of the system to include the financing of infrastructure, old-age care and education
- ❖ Key element is mortgage finance for family homes and multi-storey residential buildings
- ❖ Large share of long-term financing
- ❖ Handling of rehabilitation/refurbishment promotion on behalf of the government
- ❖ The Bauspar system has an excellent market penetration and enjoys great confidence among the population

Bausparen in Austria

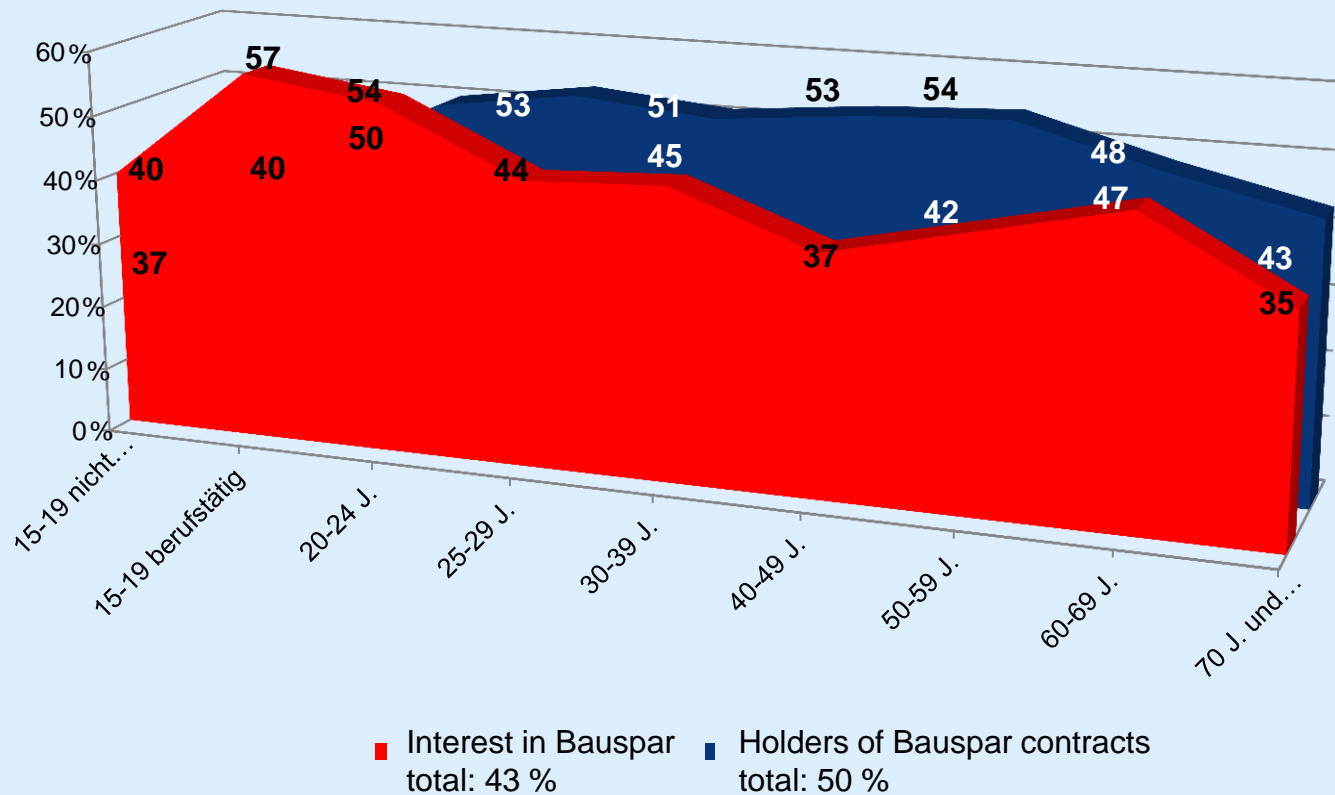
- » Population: 8.5 million
- » Bauspar savers: 5.1 million
- » Total share: 60%



Bauspar savers by age groups

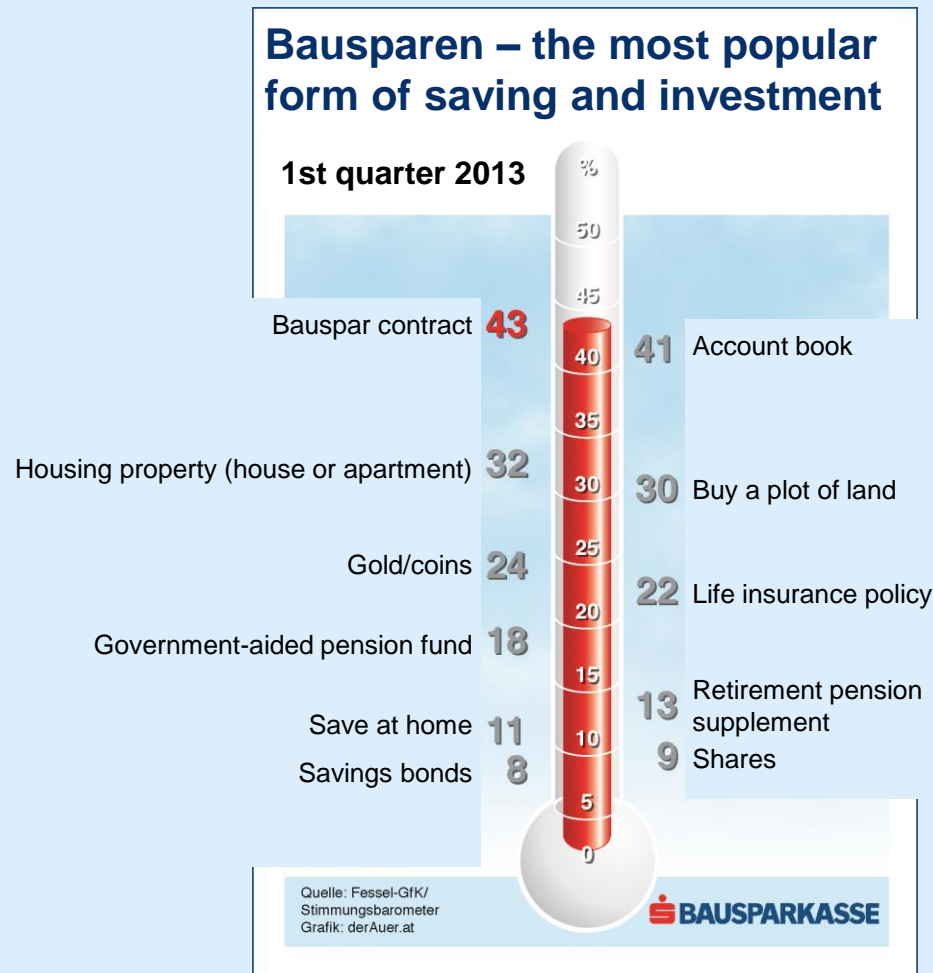


Interest in Bausparen compared to holders of Bauspar contracts by age groups

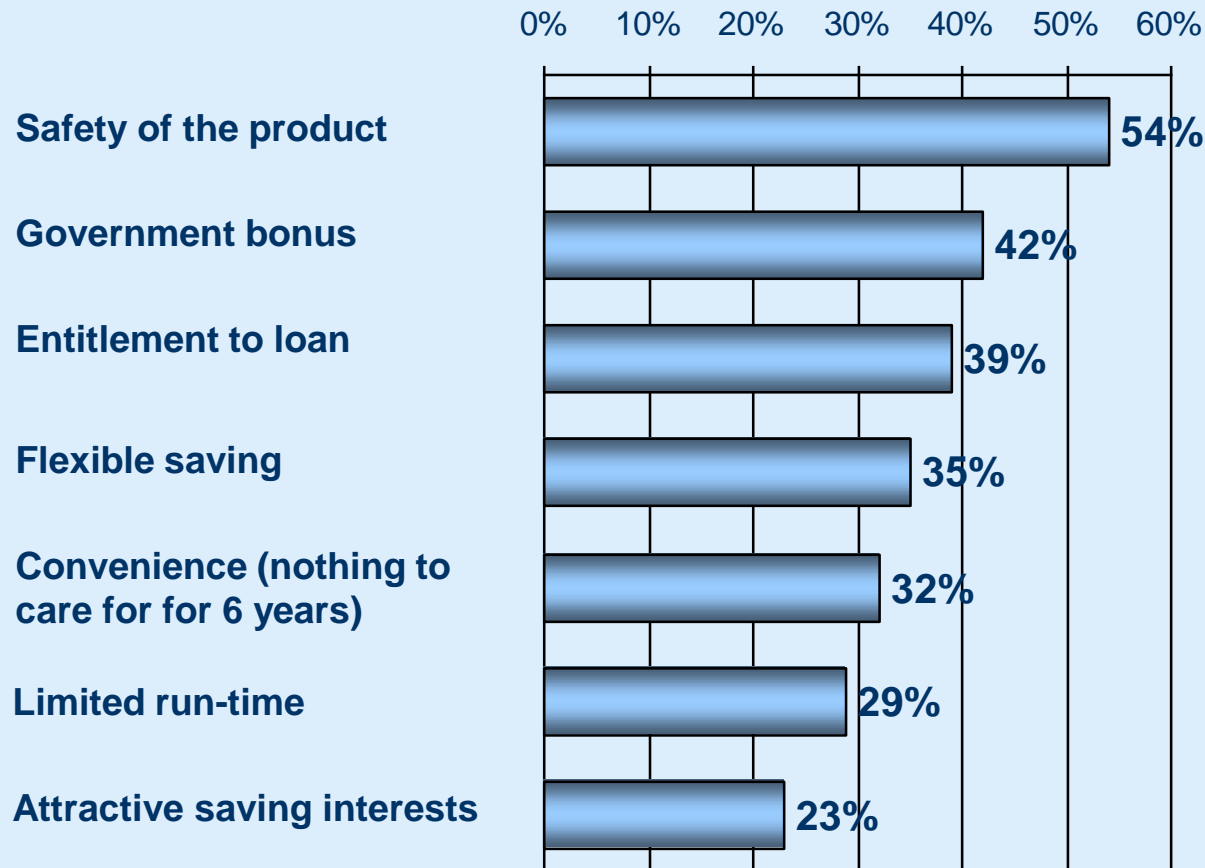


Source: Finanzmarktdatenservice 2012 (FMDS)

Barometer of public opinion with regard to various forms of saving and investment



Reasons and motivations to conclude a Bauspar contract



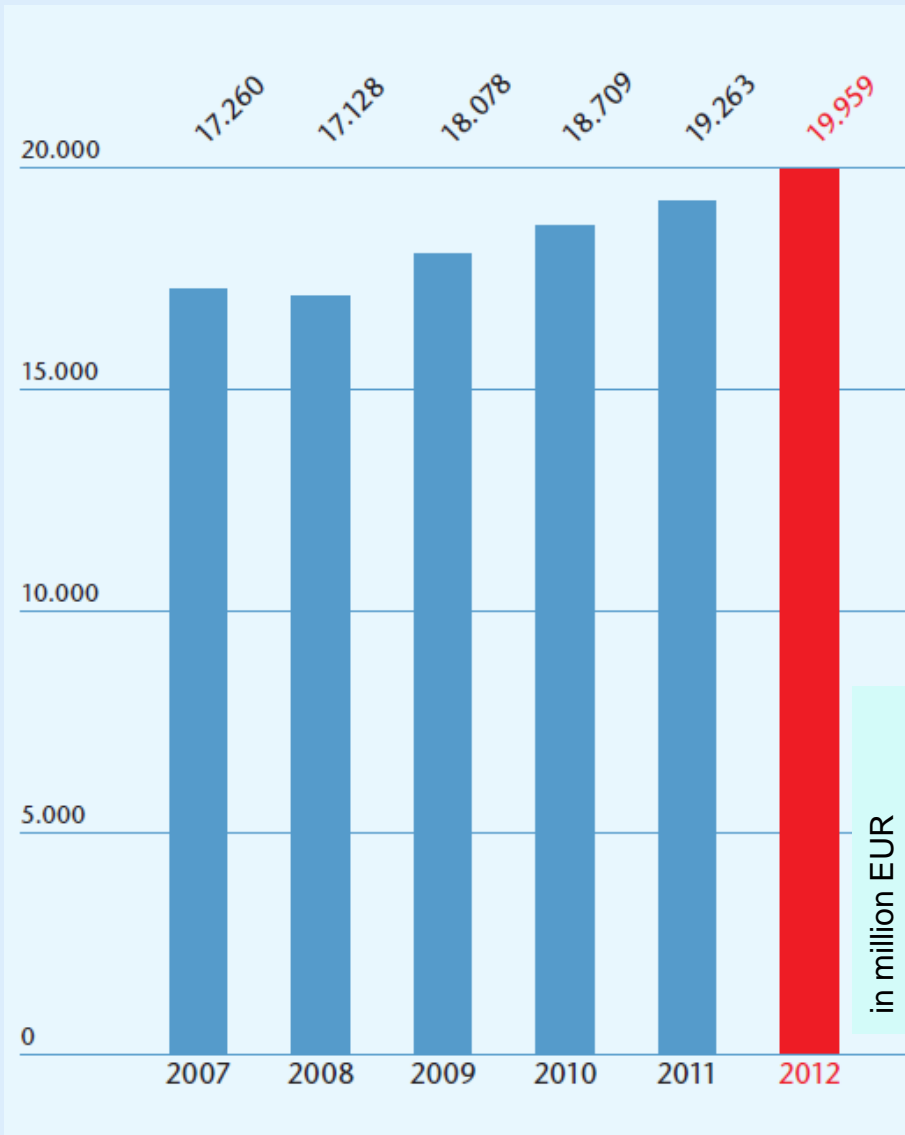
Source: Market Study – February 2012
497 interviews

Reasons for Bausparen!

- » Safety through deposit guarantee
- » Government bonus
- » Regular monthly savings with attractive conditions for private asset formation
- » Guaranteed capital and interest (minimum or fixed interests) after 6 years
- » Attractive mortgage option with interest cap
- » Financial precaution for children and grandchildren (also for financing)

75% of Bauspar savers conclude a new contract once their old contract is finished!

Bauspar deposits



Source: Annual report 2012, Arbeitsforum österreichischer Bausparkassen

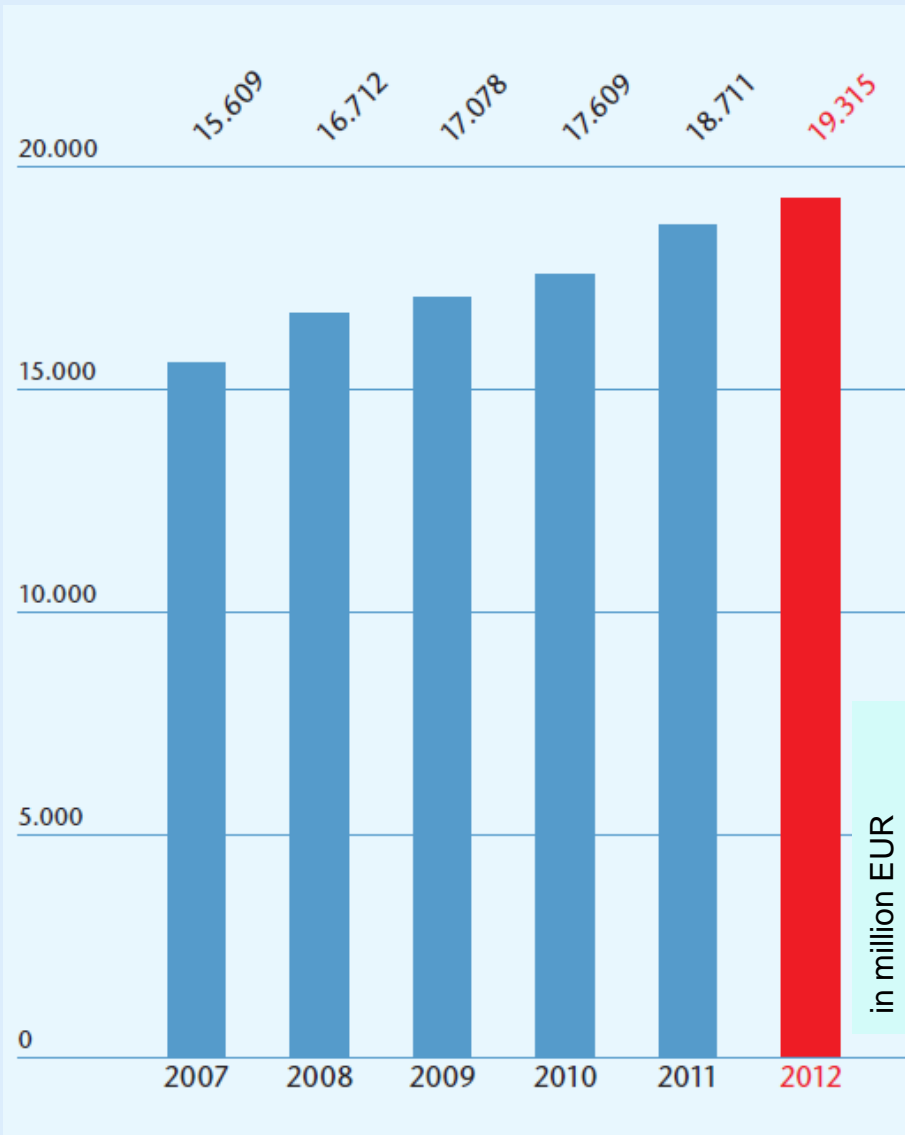
The non-mathematical benefit of Bausparen

- » Every Bauspar saver helps to secure jobs in the building and auxiliary industries in Austria.
- » Every saved Bauspar Euro remains in Austria and contributes to housing construction.
- » Bauspar saving makes a contribution to providing affordable housing for young people by attractive and stable mortgages.

Resons for Bauspar loans

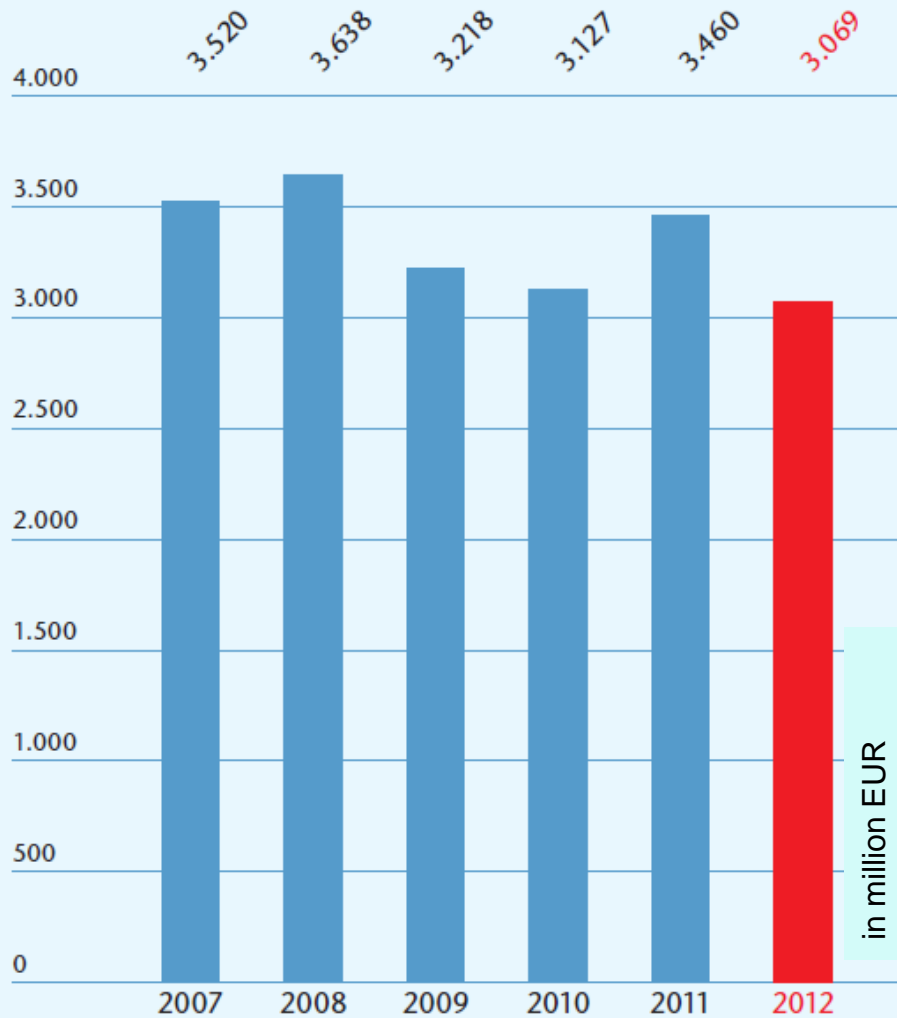
- » Admissible financing purposes: housing, building and education
- » Up to 180,000 Euro per person, with partner up to 360.000 Euro
- » Long duration – up to 30 years
- » Safety due to interest limit of 6 % at no extra charge
- » Flexible repayment
- » Not subject to call on the part of the Bausparkasse

Outstanding Bauspar loans (in million Euro)



Source: Annual report 2012, Arbeitsforum österreichischer Bausparkassen

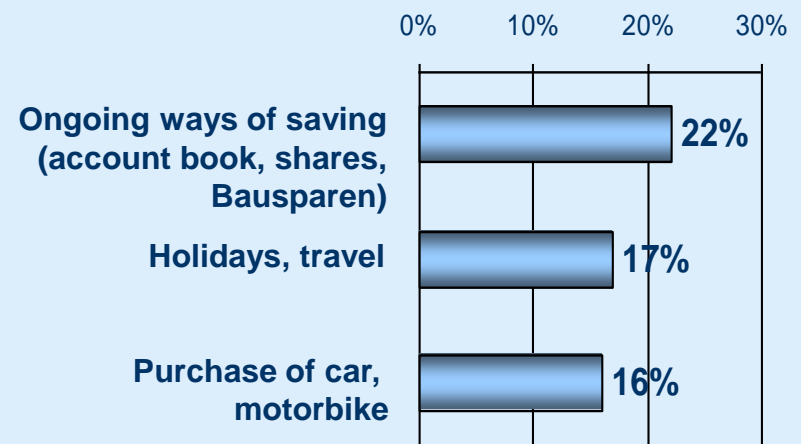
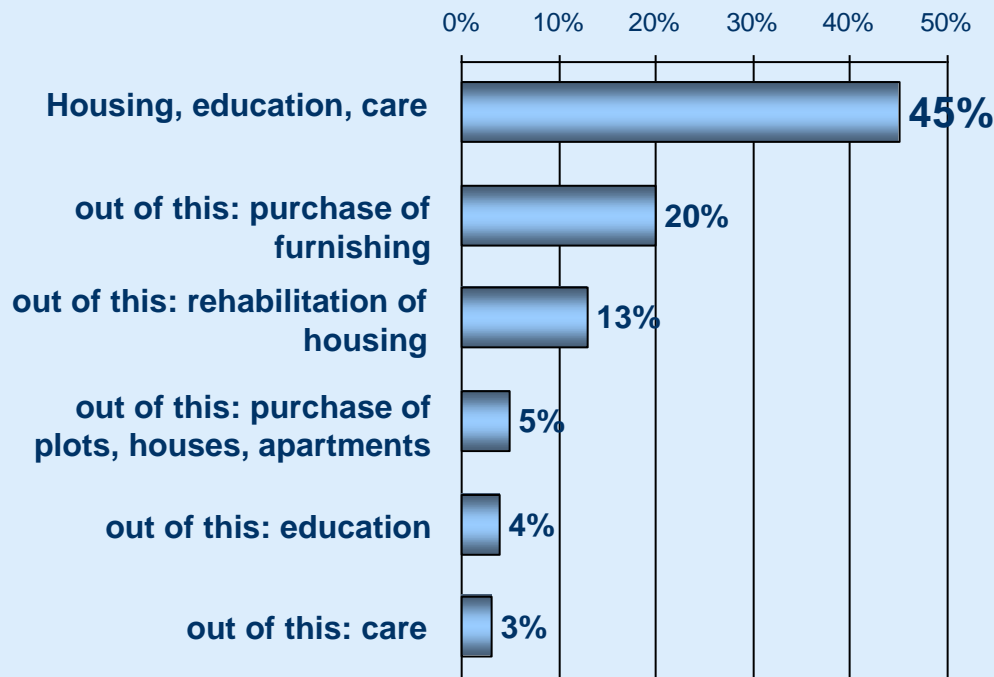
New Bauspar loans



Source: Annual report 2012, Arbeitsforum österreichischer Bausparkassen

Expired Bauspar contracts stimulate Austrian economy

- » Every year Bauspar contracts with the value of 3.4 billion Euro expire
- » This is how the money is spent:



Source: Market Study – February 2012
497 interviews

Bausparen is more than the word says!



HOUSING EDUCATION CARE

 **BAUSPARKASSE**

Example for a marketing and sales strategy

» Aim of s Bausparkasse:

- » to be a trend setter of the industry
- » to be a competent source of information for home-owners regarding building and housing issues

» Since 2008 housing renovation and rehabilitation were in the focus

» Next step 2012: energy generation and self-sufficiency with regard to energy



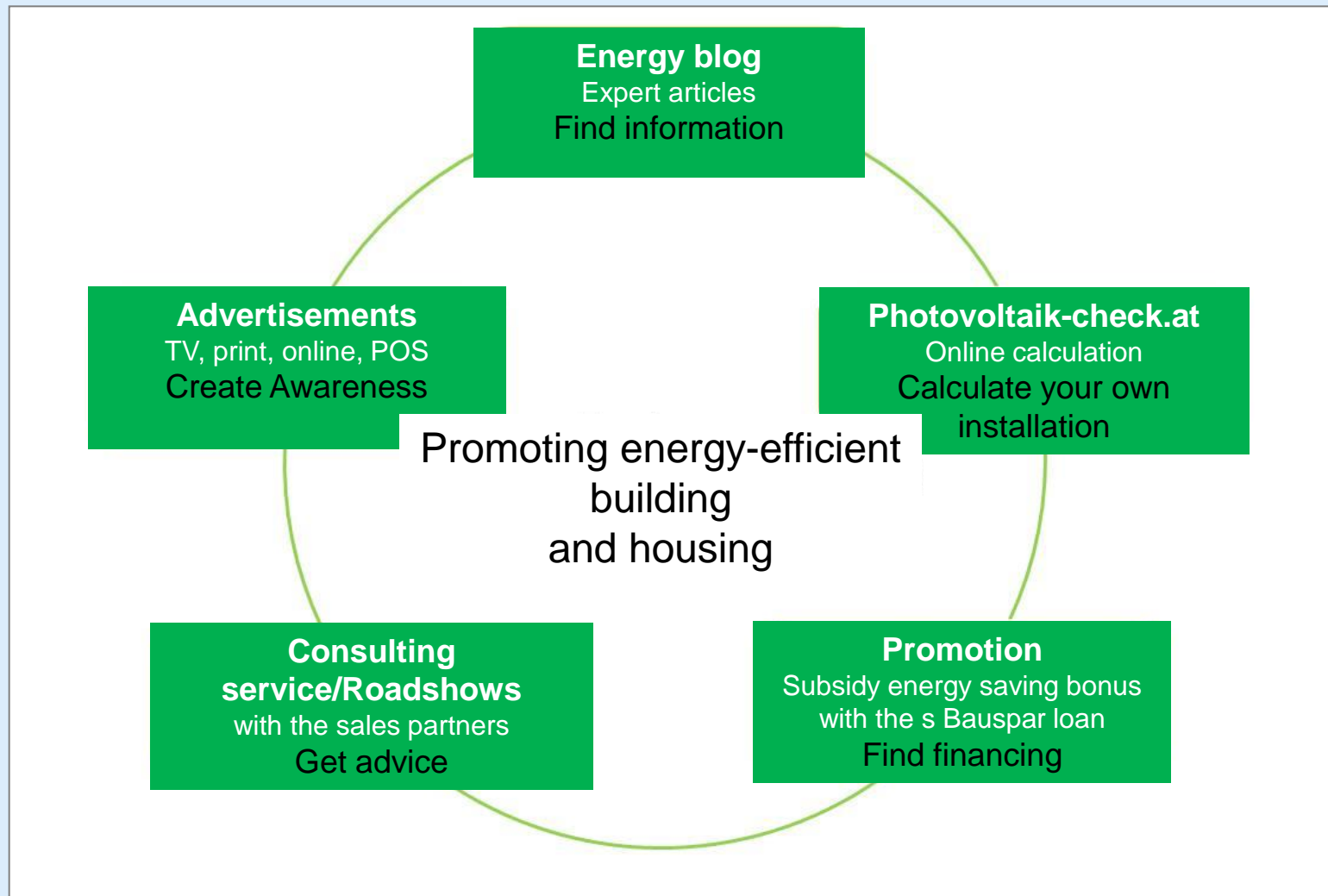
Promotion of energy-efficient housing and building

Strategy:

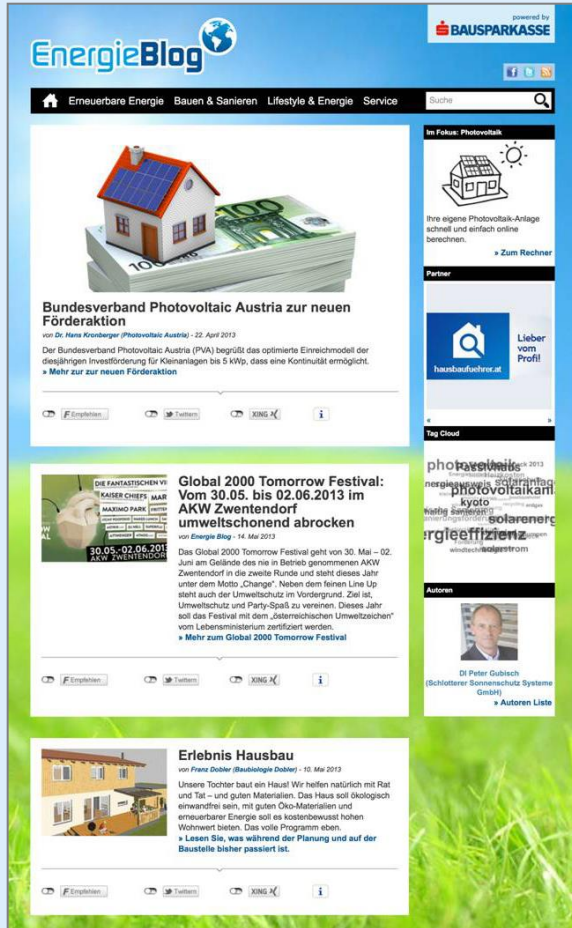
Utilization of various channels of information

- » Classic advertisement: TV, Print, POS
- » Online advertisement
- » Web 2.0 offer: energy blog
- » New online tool photovoltaics check to calculate one's own photovoltaics installation
- » Public relation
- » Involvement of the sales force
- » Attractive product range: energy bonus for Bauspar loans

Wholistic strategic marketing concept



New online and product offer



Online tool

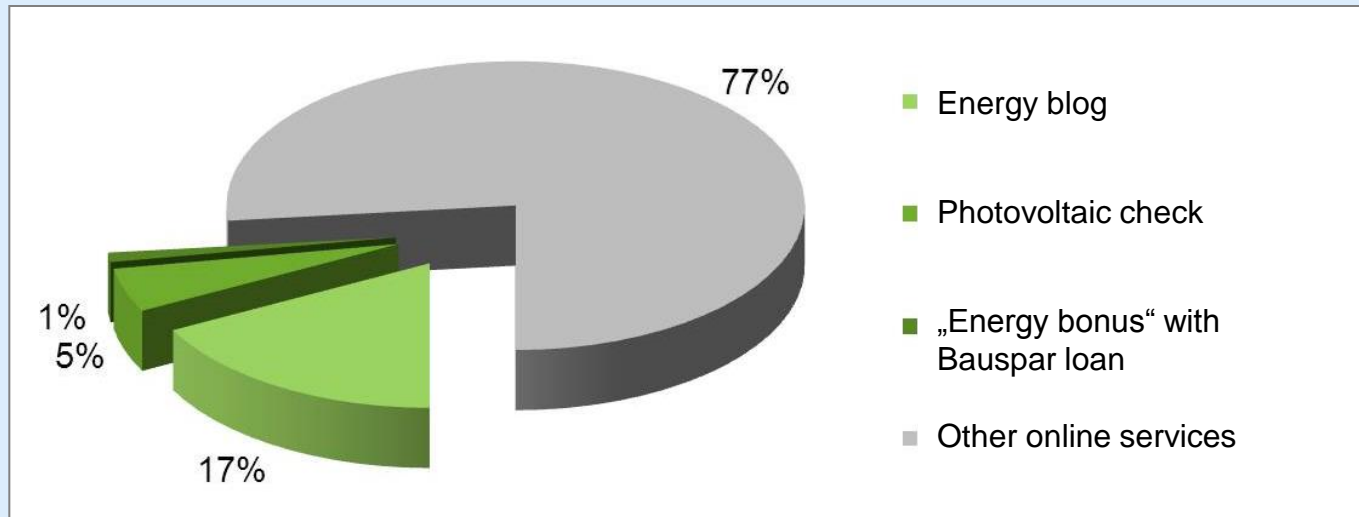


POS poster

Web 2.0 Energy blog

Results

» Strong usage of the new online offers: 23 %

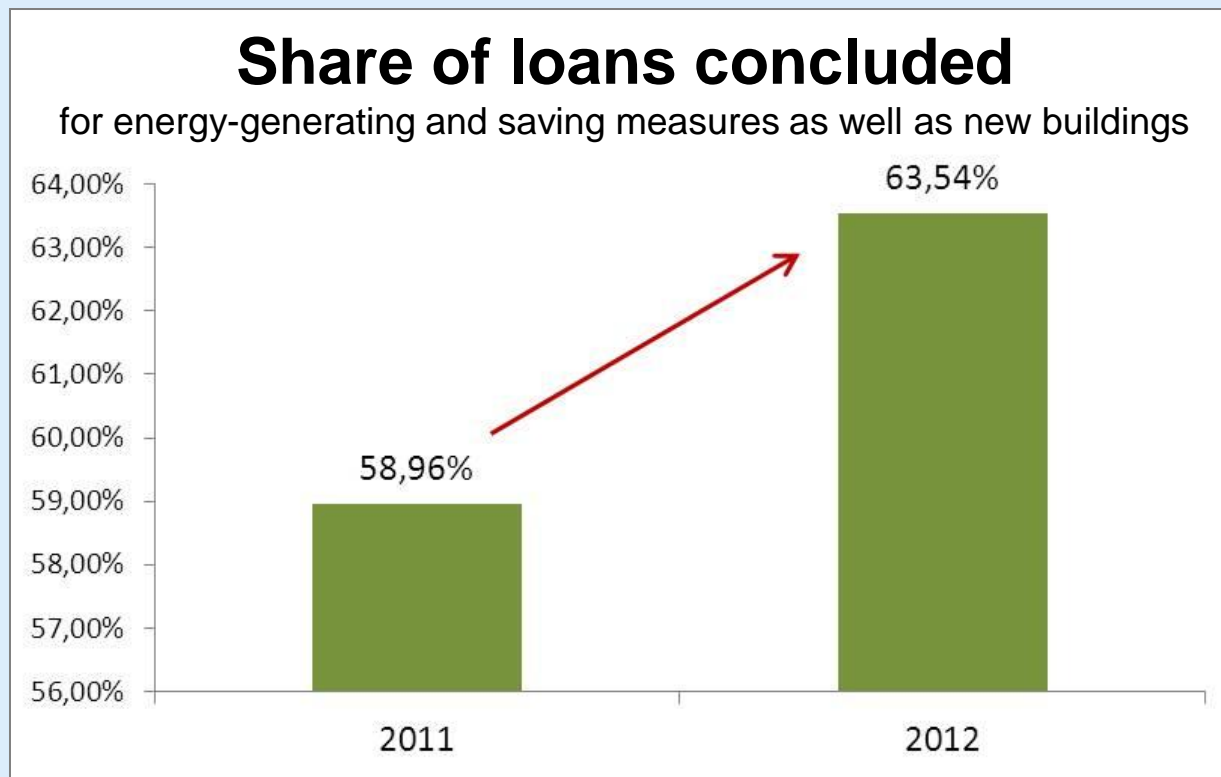


» The new online offers reached 9 % of the target group

Number of households in Austria	Out of these: Households in single-family homes	Number of clicks to the new online offers	Reached households in single-family homes
3.650 million	1.303 million	116,646	8.95%

Results

- » **Increase of loans for energy-generating and saving measures and for new buildings to a share of 63,54 %**



Provide affordable housing for everybody

