

Readiness for Investment: Housing Study by order of MA 50 [Magistrate's Department 50]

Abridged Version

The report at hand shows the results of representative sampling (net n=1000 interviews) among Viennese households on the subject of attitudes to investment. Of interest were on the one hand investments that had already been actually and have been planned, and on the other hand also the reasons for investment and the impediments.

In respect of position and location, the current residence is considered to be excellent in five aspects: Local and regional public transport, local amenities, attractive location and close to schools and kindergartens. At least 80 % of respondents assess those criteria as very or rather good.

A little differentiated are the assessments (approval rates of between 60 % and 70 %) of central, quiet and green location, safe neighbourhood, pleasant people and proximity to pubs / restaurants and shopping streets. Much poorer are the assessments of proximity to bicycle lanes, a good view and parking facilities.

Rather more variable are the marks given for attractiveness of the position. Respondents with fixed-term rental agreements, especially those who are less than satisfied with their living conditions, are clearly more critical in their assessments.

Especially those, who are very satisfied with their living situation, see their neighbourhoods as being safe. Especially strong is the interaction between satisfaction about living conditions and assessment of the safety of the location.

The influence of green surroundings on living satisfaction is great, but not as pronounced as in respect of safety and neighbourhood. However, the location criterion may well be conducive to the making of investments, though.

On the whole, 85 % of respondents are satisfied with their living environment, i.e. feel well in their surroundings. The age of the building has hardly any influence on the satisfaction factor; only constructions of after 1970 show higher levels of satisfaction.

Respondents, who have invested in their residences during the past five years, do not differ more from the average than those, who are planning investments.

On the whole, the assessment of the satisfaction factor shows remarkably few differences in the subgroups.

The homes of the respondents are very well equipped and decorated. Virtually all of the households (at least 97 %) have bathrooms, indoor toilets and antechambers. 94 % of the homes have central heating (floor heating, central heating or district heating) in all rooms. As much as 41 % of the homes have a balcony and one fifth have a patio and / or an own garden.

Similar as with the assessment of the living surroundings, satisfaction with the living situation is also very homogenous among the subgroups, and at a high level to boot. Altogether, more than 80 % of the respondents is satisfied with their living conditions. The age of the premises and their appurtenant expenses hardly play a role in the subjective living satisfaction. And also the previous resp. future investment behaviour makes no difference for this question. But one influencing factor is evident: the larger the size of the home, the clearly higher is living satisfaction.

To the consciously very broadly defined question about investments in the home ("Have you spent anything on your home during the past five years, regardless of whether it meant major expenditure or some smaller acquisition, such as curtains, a small light, etc."), 77 % of respondents indicated to have spent something on their own home. Regardless of the level of investment, be some rules-of-thumb may be discerned: Respondents between the ages of 30 and 44 make the highest investments. The positive correlation with household income is also unambiguous. On in order of stages in life, young couples, young singles, elder couples and young families are most active in making investments.

As a fundamental rule, tenants invest rarely in their homes; a fixed-term agreement makes no difference. The highest propensity for investing is displayed by residents of housing cooperatives, followed by owners and by tenants on municipal estates, i.e. those with "certainty".

The more recent the building, the higher the propensity for investing and the higher the appurtenant expenses, the more often will be invested.

The reason for passing up on investing is given as little need and in some cases as financial considerations or a fixed-term agreement. Larger investments in the more recent past and just having moved into a new home are also stated as reasons.

The investments that have been mentioned, encompass (in this order): redecorating (38 %), large furniture (32 %), sanitation (27 %), flooring (20 %), new kitchen (16 %), heating / gas installation (13 %), bath (12 %), electrical installation (12 %) and garden / balcony design (11 %). Between 7 % and 9 % have invested in safety technology, tiling, painting windows / doors or replacing windows. 5 % have bought new doors and 4 % each have installed air-conditioning or have moved walls / doors.

The mostly frequently made investments, redecorating / wallpapering, are mostly made by younger people when there is a change in the lifecycle (moving in together, children), by people with better incomes (between 2,000 and 3,000 euros) and by residents of cooperative or municipal homes (which tend to be less old). Very similar is the behaviour in buying large items of furniture (young people, periods of transition). Investments in sanitary work rather much depend on income and are more frequently made by young couples.

New kitchens are mostly bought by young people in cooperative and municipal homes, at crossroads (new home, moving in together, children) and with high

income. Age of the property, floor space or cost of the home hardly seem to play a role.

A higher than average number of the youngest as well the oldest people, foremost elderly couples in large homes that have been inhabited for a very long time and that are mostly situated in older estates, invest in central heating. Baths are mostly installed as replacements in larger homes that have been occupied since a long time (mostly cooperative or municipality).

Investments in electrical installations are most found with middle-aged people with a high household income. Security is a clear domain of the elderly, who live as couples, have a higher income and have been living in their homes since a long time.

Replacement windows tend to be installed by older couples and / or families with a household income of 2,500 euros, especially in ownership and municipal properties.

Investment patterns are important for assessing the various types of investment behaviour. On average, an investment during the past five years (still 77 % of respondents), means additionally between 3.1 and 6.3 of the verified activities. The by and large largest levers are formed by construction work, moving of walls or doors, that appertain to a further 6.3 investment projects. However, this bundle only concerns 4 % of households.

Not quite so strong are the effects from new doors (5 % of households). On average, initial investments attract a further 5.1 measures.

The picture for window replacement is similar, which is good for a further 4.7 reasons for investment. Within this particularly strong lever, replacement windows play a special role, because they affect 7 % of households, after all.

Only a minority of 4 % of respondents indicated to have spent money on ventilation resp. air-conditioning. The lever shows an additional 4.1 measures here.

A special position is occupied by both of the projects "retiling" and "painting of windows and doors", which are often connected with umpteen other investments (tiling plus 5.9 and painting plus 4.7), though at the end of the chain.

The target group of elder couples that are mainly affected by security investments may also actually spend money on that in conjunction with comprehensive investments.

As such, the rather rare investments (fewer than 10 % of the random testing) show the greatest leverage. All other investigated reasons for investment (mentioned by more than 10 % of respondents) are (except for "electrical installations" resp. "bath installation"), on average, accompanied by just over three other measures.

Acquisition of a kitchen is connected with 3.7 further investment projects. Especially buying of furniture is a frequent companion, as well as redecorating.

The three most frequent reasons for investment, sanitation installation (27 %), purchasing furniture (32 %) and redecorating (38 %), trigger 3.1 to 3.4 further measures, on average.

Not all those investment projects lead to comparable sales by the professionals. Redecorating / wallpapering, designing of balcony or patio, arranging furniture, laying floors, painting of doors and windows or retiling are mostly done without engaging the services of expert companies.

On average, almost 7,000 euros have been spent on investments in the home, over the past five years. It adds up to an impressive 5,893 million euros over five years, meaning roughly almost 1,200 million euros per year, that are spent by Viennese households on investments in the home.

In the age groups from 30 to 44 years and of those over 60, investments are higher than average. Because of the greater number of people, it are especially the eldest that are responsible for more than a third of all investments. Broken down into lifecycles, older couples spend the most. During the period of observation, it amounts to a total of 1,500 million euros. Altogether, old singles reach 1,200 million euros and young families reach more than 1,000 million euros.

Although average expenditure per household may well be higher for home that have been recently occupied, it rather are the homes that have been in use for six to 20 years, especially those that have been occupied for more than 20 years, that account for the lion's share (around half) of all expenditure.

Because of the higher level of expenditure per investment project (at 12,900 euros almost double the average), expenditure of owners accounts for more than a third of total expenditure. Residents of cooperative and municipal dwellings, which together account for about the tenants in Vienna, clearly spend more than residents of private rental housing. Especially tenants with fixed-term agreements show noticeable reticence, here.

The (obvious) connection between amounts that are spent and size of the home is evident. Nevertheless, from 90 m² onward, expenditure does not increase linearly, but rises to double the amount of the next smaller category.

The amounts that are invested per household hardly differ according to the age of the premises; older premises merely attract some minor additional investments. Low taxation on homes leads to higher average expenses, but the influence of the housing costs is altogether minor.

But the correlation with living satisfaction is very obvious. Whoever feels well in his home spends, on average, more than 2,000 euros more than those, who are less satisfied.

Almost two thirds of all investments over the past five years are lower than 5,000 euros, a further quarter accounts for expenditure of up to 20,000 euros and every eighth investment requires more than 20,000 euros.

In respect of age, it is noticeable that, from 30 years onward, the proportion of very high investments remains almost constant and that only from 60 years onward, a further increase can be observed once again. Tenants of private owners and tenants on municipal estates display a very similar expenditure structure.

In old buildings, where there are few housing costs and where living satisfaction is high, especially the share of the highest captured category with more than 50,000 euros of expenditure, is greater than average.

But those investments are supported through public subsidies. But, according to information from the respondents, those subsidies are, on average, very small. 80 euros worth of subsidies versus investments amounts of 6,900 euros (average values) mean that the subsidies do not make out even 1.2 %.

The vast majority of investments is prompted by replacements. In 42 % of cases it is wear and tear, in 31 % of cases it is optical enhancement and in 25 % of cases it is a deficiency that prompts an investment. On the other hand, aspects of changes in the lifecycle (birth, marriage / moving in together, children flying out, reaching retirement) play (superficially) a clearly subordinate role. By specifically asking about the moment of investing, it has become clear that around every seventh investment was made before moving into the home. Obviously, that concerns in the first instance young singles, young couples and young families, whose change in life circumstances prompts them to look for a new home.

It is striking that moving (in), i.e. investing in a home before occupying it, is hardly mentioned, which could mean that nowadays almost only renovated objects are on offer in the market place. But that also means that investments made by landlords before letting (anew) would significantly exceed the investments made by users of the properties.

Investments in conjunction with general renovation of the premises occur, at 7 %, comparatively often. This mainly affects respondents with shorter stays, occupants of municipal estates, and often also tenants with fixed-term agreements and occupants of smaller dwellings.