

51% of Spaniards spend between 40% and 60% of their income on housing

- According to the Financial Wellness Index (FWI), compiled by Advantere School of Management for the online bank N26, concerns regarding paying the mortgage or rent are on the rise
- Nearly 30% of respondents acknowledge that they spend more than 10% more on housing compared to the previous year

Madrid. April 4, 2023 - The budget that Spaniards dedicate to housing is increasing. More than half, 51%, admit to spending between 40% and 60% of their monthly income on rent or mortgage payments for their home, as reflected in the second edition of the [Financial Wellness Index \(FWI\)](#)¹, prepared by [Advantere School of Management](#) for the [online bank N26](#), with the aim of determining the financial wellbeing of Spanish society.

The latest data published by the National Statistics Institute (INE) in March indicates that the signing of mortgages chains a year of declines with the average interest at the highest since the end of 2014. In this context, the data from the N26 study reflects how the budget that respondents devote to their rent or mortgage has changed: 26% now allocate more than 10% extra to housing payments compared to last year, while 41% pay between 6% and 9% more.

N26's financial well-being report sheds light not only on the difficulties Spaniards face when it comes to coping with their housing payments, but also on their challenges in covering regular bills and expenses.

More than 40% of those surveyed say they run out of money at the end of the month for food or other expenses such as electricity, water or cell phones, a situation that is repeated almost every month. In view of this, the data from this study show that 85% of Spaniards meet their bills and credit commitments with "difficulty" or "a lot of difficulty". In contrast, only 2% do not deal with these complications when it comes to covering their expenses and bills.

These challenges faced by a large percentage of Spaniards are the result, in large part, of the instability of their income. 36% of those surveyed do not consider their income to come from a recurring and reliable source. Moreover, as this study shows, 56% of Spaniards who report running out of money at the end of the month for food or other regular expenses are full-time salaried workers.

¹ **Methodology:** To compile the *Financial Wellness Index*, students of the Master in Finance at Advantere School of Management analyzed the aggregated and anonymous responses of 1051 N26 customers in Spain. The survey was conducted between October and November 2023. The questionnaire covered aspects linked to seven themes or blocks: income, salary, budgeting, housing, savings, planning and indebtedness.

N26

In view of the results of the *Financial Wellness Index*, Jorge Martin Hidalgo, director of the Master in Finance at Advantere School of Management, emphasizes the contrast between the recommendations of the experts and the reality shown by the data: "Historically, experts do not advise allocating more than 30% of income to the purchase or rental of housing. However, the *FWI* data shows that a large percentage of Spaniards devote between 40% and 60% of their income to paying for their home. This difference is closely related to the ECB interest rate hikes from the beginning of 2022 and also to a higher inflation rate that landlords have been passing on to rents".

Regional differences in the cost of living

Residing in the Community of Madrid, Catalonia or the Community of Valencia implies variations in the cost of living, as well as in the real estate market. Residents in these autonomous communities bear a higher cost of living, especially in terms of housing, which means that a greater proportion of income is spent on this purpose.

As the *Financial Wellness Index* data shows, Catalonia and the Community of Madrid are the regions where housing is the most expensive. Among those surveyed who say they spend between 40% and 60% of their income on their rent or mortgage, more than half live in Catalonia or Madrid (15% and 12%, respectively). In contrast, the data from the Community of Valencia shows that only 5% of those surveyed devote that amount to paying for their home.

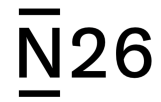
When it comes to meeting their bills and credit commitments, 15% of Catalans and 9% of Madrileños find it "a challenge. In addition, 10% of both groups face them with "great difficulty", while only 4% of those surveyed in the Community of Valencia face these expenses with "great difficulty".

About Advantere School of Management

Advantere School of Management was created under the strategic academic alliance of Universidad Pontificia de Comillas, Universidad de Deusto and Georgetown University with the aim of transforming management education and impacting society through social justice and sustainability. Advantere School of Management educates corporate management professionals to be "problem solvers", people capable of making decisions in scenarios of uncertainty and creating solutions to the new challenges of the business world. This is Advantere's purpose, to educate "leaders of change" through our problem-solving learning.

About N26

N26 AG is Europe's leading digital bank with a full German banking license. Built on state-of-the-art technology, the banking experience offered by N26 makes money management simpler, safer and more accessible. Today, N26 totals more than 8 million customers in 24 markets and processes more than €100 billion in transactions every year. Headquartered in Berlin, N26 has offices in several European cities, including Vienna and Barcelona, and a team of 1,500 people of more than 80



nationalities. Founded by [Valentin Stalf](#) and [Maximilian Tayenthal](#) in 2013, N26 has raised close to €1.8 billion from some of the world's most recognized investors.

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