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Mortgage Finance in Central and Eastern Europe

Opportunity or Burden?

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Abstract

Household credit, especially for mortgages, has doubled over the past years in the new European Union member countries, raising concerns about the economic and social consequences of household indebtedness in the event of a macroeconomic crisis. Using household survey data for 2005, 2006, and 2007 for both old and new European Union members, this paper assesses the determinants of access to mortgage finance. It also examines whether mortgage holders were more likely to suffer financial distress compared with non-mortgage holders in the period before the global financial crisis. The analysis does not find any systematic evidence that mortgage holders are financially more vulnerable than renters or outright owners; in fact, the incidence of financial vulnerability generally fell between 2005 and 2007, possibly reflecting the strong income growth experienced by these countries over this period. In addition, although tenure status is more difficult to explain in the new European Union member countries, the analysis finds that many of the same drivers of tenure status in the older member countries generally drive tenure status in the newer member countries as well. Finally, there is no evidence that access to mortgage credit is based on expected income in the old or in the new European Union member countries.

This paper—a product of the Poverty Reduction and Economic Management Sector Unit, Europe and Central Asia Region—is part of a larger effort in the department to understand the process of financial deepening and broadening in the former centrally planned economies. Policy Research Working Papers are also posted on the Web at http://econ.worldbank.org. The authors may be contacted at T.Beck@uvt.nl, KKibuuka@worldbank.org and etiongson@aim.edu.

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Mortgage Finance in Central and Eastern Europe – Opportunity or Burden?

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1. Introduction

Household indebtedness has grown rapidly in recent years in a number of countries in Central and Eastern Europe and the Baltic region, especially in many of the new European Union (EU) member countries. Between 2001 and 2006, for example, household debt grew at an average rate of close to 40 percent across these countries, while rising only by 11 percent in the older EU member countries. Though household debt levels in the new EU countries (about 11 percent of GDP, on average) are still not at the level of more advanced economies (close to 50 percent of GDP), there are significant variations across new EU countries. Much of the growth in household indebtedness has been driven by increasing mortgage debt, underpinned by the availability of a broad range of mortgage instruments.[1] On the one hand, this increase in access to credit by households can be seen as relaxing the financing constraints of households, helping smooth their consumption over the business cycle and life time; on the other hand, household over-indebtedness is typically seen as a root cause of the current global financial distress. This paper uses household data from the EU Statistics on Income and Living Conditions (SILC) to address the welfare and stability implications of increasing household indebtedness in the new EU member countries.[2]

The macro- and microeconomic consequences of rising household access to credit and indebtedness can be significant. A priori, however, it is not clear whether benefits or costs dominate. On the one hand, the rising indebtedness could reflect the benefits of financial deepening, allowing households to smooth consumption and acquire home ownership without significant previous saving periods. A dwelling can constitute an important, if not the most important, asset for households and access to and cost of financing the acquisition of a dwelling has therefore important repercussions for household welfare. On the other hand, while a dwelling can be the most important asset, the loan on

[1] See for example European Central Bank (2007) and Roy (2008).
[2] See ECB (2009) for a discussion on housing finance in the Euro zone.

the dwelling can also be the largest liability of the household, with implications for its financial vulnerability. The implications for financial stability of rapidly rising household indebtedness and the exposure of banking industries to vulnerable households and "risky" borrowers are causes for concern. The poverty and social implications of a rising debt burden can be enormous, especially in the event of a significant economic slowdown, credit tightening or a macroeconomic crisis.[3] The adverse welfare implications for households of rising debt burdens for households may be further compounded by rising energy and food prices, as we saw in 2007/2008.[4]

The costs and benefits of rapidly increasing mortgage holdings and household indebtedness can be compared to a similar debate on financial sector deepening in general. While financial deepening is associated with faster economic growth and reduction in poverty levels (Beck, Levine and Loayza, 2000; Beck, Demirguc-Kunt and Levine, 2007),[5] rapidly increasing credit levels have, at the same time, been found to be good predictors of crises (Demirguc-Kunt and Detragiache, 1998). The rise in household lending is also related to the process of financial deepening. As financial systems deepen and economies develop, typically a larger share of bank lending goes to households as opposed to enterprises (Beck et al., 2009 a,b).

To date, little is known about the incidence of household indebtedness and its distribution in the new EU countries. Although some institutions have called for greater use of micro data to assess household indebtedness and overall financial stability, current assessments of the financial risks faced by the banking sector have been largely based on macroeconomic data, including in many advanced

[3] A significant share of household debt in the new EU countries for which data are available are foreign currency-denominated and have adjustable interest rates, exposing them to exchange rate and interest rate shocks.
[4] In fact, a new World Bank regional study has just been completed precisely to investigate the macroeconomic risks faced by countries in Eastern and Central Europe and the likely welfare consequences should the risks materialize, with special emphasis on an assessment of household indebtedness (World Bank, 2009).
[5] A strand of the literature has also documented the welfare consequences of constrained access to credit. See for example Kang and Sawada (2008) and Sawada, Nawata, Ii, and Lee (2007).

economies.[6] Aggregate or macroeconomic indicators based on average household indebtedness, however, mask the likely concentration of borrowing among selected households, including among those that are more vulnerable or less able to service their debt in the event of an economic slowdown. Debt holding could vary significantly across household income groups, across age and other demographic groups. To answer the above questions on the welfare and stability implications of increasing household indebtedness, micro-level data are therefore necessary.[7]

This paper (i) documents the recent rapid increase in access to consumer and mortgage credit by households in the new EU member countries, (ii) compares use of mortgage credit by households of different characteristics across old and new EU member countries, and (iii) assesses whether mortgage holding can result in a financial burden, at least during the period preceding the current global financial crisis. We use aggregate data as well as household-level data in our analysis. Specifically, we use aggregate lending data across European countries to document recent trends and data from the EU-Statistics on Income and Living Conditions (EU-SILC) to explore benefits and costs of mortgage holding on the household level across countries.

The development of mortgage markets in the transition economies has been part of the overall process of financial deepening in the region. While financing for the purchase of houses was previously available in some Central European countries, such as Hungary or Slovenia, this was not allocated on a market-basis (Roym 2008). However, even before 1990, there was a wide variation in tenure status. According to Struyk (1996), 84% of houses in Bulgaria were privately owned, but only

[6] See Gyntelberg et al. (2007), IMF (2006: 61) and BIS (2007) on the need for micro data in assessing financial stability.
[7] To date, most micro-level studies focus on one country, such as Żochowski and Zajączkowski (2007) on Poland, NBS (2006) on the Slovak Republic, CNB (2009) on the Czech Republic, Beer and Schulz (2007) on Austria, Holló (2007) on Hungary. These studies do *not* assess the drivers of household debt holding and, because they are country specific, do not explore cross-country differences in household indebtedness. In addition, a recent study of Bosnia and Herzegovina (Chen and Chivakul 2008) looks at household credit market participation (self-reported desire to borrow) and credit constraint (whether refused a loan). Even in more advanced economies outside Central Europe, analyses of micro data on household debt have been few and very recent. See for example BIS (2007) and Dynan and Kohn (2007). Crook (2006) reports that most studies using survey data focus on the US, though there are some limited recent work on the UK and Italy.

26% in Russia. If not privately owned, housing was provided by cooperatives or directly by the government. In most countries, the transition process included the privatization of the state-owned housing stock and its distribution to the population. This did not, however, necessarily imply that households immediately used their houses as collateral to obtain financing.

These questions are of immediate policy relevance beyond the economies of Central and Eastern Europe and the Baltics. First, recent research for the U.S. has shown that the product variety introduced in the 1980s (such as variable rate mortgages) and the liberalization of the market has benefitted homeowners, as their borrowing capacity was increasingly based on their expected lifetime income rather than their current income (Gerardi et al. 2009). Second, the recent mortgage crisis in the U.S. has also shown the risk of greater access to mortgage credit. Specifically, mortgage debt beyond a certain threshold ratio of disposable income and with variable interest payment makes households very vulnerable to shocks and can convert the opportunities offered by a mortgage turn into a financial burden (Mian and Sufi, 2009).

In the absence of micro data, the cross-country literature on household credit has focused on aggregate data. Beck et al. (2009a) show that the positive effect of financial development on growth and its dampening effect on income inequality have been driven by enterprise credit, while a deeper household credit segment is associated with more consumption smoothing over the business cycle. Beck et al. (2009b) show that the composition of overall bank lending in enterprise and household credit is mostly driven by socio-economic and demographic country characteristics and less by policy variables. Jappelli *et al* (2008), find that information-sharing arrangements (such as credit bureaus) and judicial enforcement are positively related to household indebtedness and negatively related to defaults. Similarly, Warnock and Warnock (2008) find that credit information systems, strong legal rights for both borrowers and lenders (e.g., bankruptcy law), and macroeconomic stability all serve to

promote housing finance systems. Wolswijk (2006) analyzes mortgage debt holding among households in the older member states of the EU and finds that financial deregulation, among others, have been important drivers of mortgage debt growth.

Regression analyses of tenure status, i.e. the determinants of being a mortgage holder, show that there are still significant structural differences between old and new EU countries. Specifically, the probability of being a mortgage holder is *less* sensitive to income and age in the new than in the old EU countries. In general, it is more difficult to explain variations in tenure status in the new than in the old EU countries. More important, we find no evidence that prospective, rather than current, income determines the use of mortgage finance in any of the new EU countries, though this seems generally true for the older EU members as well. Our empirical analysis also suggests that in spite of the rapid aggregate increase in mortgage finance, mortgage holders are not more likely to report financial burden or incur arrears than renters or outright owners. In fact, the likelihood of financial distress among mortgage holders in the new EU member countries fell between 2005 and 2007, possibly reflecting the generally strong income growth experience by these countries over this period.

While this paper represents significant progress in understanding the benefits and costs of increasing access to household and more specifically mortgage credit, some caution is warranted in interpreting the results. First, given the nature of the SILC surveys as instruments to measure living standards and poverty incidence, we do not have as much information on households' financial assets, liabilities and flows, as we would like. Second, although we have three years of data, these are repeated cross-sections and we do not have the longitudinal dimension available. Finally, our sample ends in 2007, so the results reported here refer the period before the onset of the global financial crisis.

The remainder of the paper is structured as follows. Section 2 discusses the data we use. Section 3 provides an aggregate analysis of recent trends in mortgage lending across transition

economies. Section 4 analyzes household characteristics that predict mortgage holdings across countries, while section 5 explores to which extent mortgage holdings can turn into financial burden. Section 6 concludes

2. Data

We utilize both aggregate and household-level survey data in our empirical analysis. Specifically, we use information from the European Credit Research Institute (ECRI) to illustrate aggregate trends in household and mortgage lending across the new EU member states over time and in comparison between them and the old EU member states. While data are available for 1995 to 2007 for many Western European countries, they are available for most transition economies only starting in the late 1990s. We complement these aggregate data with data on the share of foreign exchange loans and the share of variable interest rate loans in total mortgage lending, hand-collected from country-specific sources. While such aggregate data allow us to make cross-country comparisons, they do not allow us to make in-depth assessment of the benefits and costs of mortgage holdings. We therefore use these data largely for illustrative and motivational purposes, before proceeding to the use of micro-data for a deeper analysis.

To explore the relationship between household characteristics, mortgage holdings and financial vulnerability, we utilize information from the databases of the EU-Statistics on Income and Living Conditions (EU-SILC), an annual, EU-wide household survey anchored in the European Statistical System. This survey is conducted by national statistical offices and has a cross-sectional as well as a longitudinal dimension, i.e., sub-samples of households are surveyed over several years. While the EU-SILC was initiated in 2003, the new EU member countries undertook their first surveys only in 2005. As data are made available to the general public two years after the survey, we currently have data for

2005, 2006 and 2007 for both old and new EU members. Specifically, we have survey data available for the following West and South European countries: Austria, Belgium, Cyprus, Denmark, Finland, France, Great Britain, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden. We have survey data for eight countries that joined the EU in 2005: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, and Slovenia.[8]

The EU-SILC is a census-based stratified survey with at least 3,500 households per country. It collects timely and comparable data on income, expenditures and social exclusion in countries of the European Union. Critically, the survey contains information about (i) whether households own with or without mortgage or rent their current residence, (ii) whether they are in arrears on different credit obligations, and (iii) whether they see their housing costs as financial burden. In addition, the SILC database provides information on several types of variables: those measured at the household level, including household size, composition, and others; basic individual and demographic characteristics of household members (including education, health status, access to health care, detailed labor market activity and age). In our analysis, we focus on households rather than individuals. Where we use individual-level information, we use the information provided by either the household head (if (s)he is the one responding to the survey) or the information provided by the household member with the highest income.

The EU-SILC database offers certain advantages for our purposes as well as limitations. The main strength of the database is that it is consistent across 23 countries, thus allowing us valid comparisons between the new EU members in Central and Eastern Europe and the Baltic region and the old EU member countries in Western European. Further, most survey questions are asked in all countries, which again enables us to undertake cross-country comparisons. Finally, there are detailed

[8] While Cyprus is also a new EU country, we group it together with the old EU countries given its level of economic and financial development. At the time of the first wave of SILC (2005), Bulgaria and Romania were not yet members of the EU. Data for Germany were excluded in the database received from Eurostat.

questions both on the tenure status as well as on a large array of socio-demographic variables and indicators of financial burden and vulnerability which are directly relevant to our analysis.

However, there are some weaknesses in the available data: First, data for the new EU member countries are available only since 2005, which constrains a more in-depth analysis and testing of hypotheses over time. The SILC database includes a longitudinal component but this is yet to be made available in the public domain. Second, the focus of the SILC survey is not access to financial services or financing constraints, but rather on social exclusion and poverty, so that many of the variables do not correspond to exact measures as used in other country-specific studies and as required to test specific theories. For example, we have information on mortgage interest payments but not total mortgage payments (including principal repayment).[9] We also lack information on the access to and use of other financial services by the household. Third, we do not have the necessary information to control for the stratification, so that the standard errors in our regressions are most likely underestimated. Finally, because these are survey data, the volume of household loans and mortgages may not necessarily correspond fully to aggregate data from the banking sector. Nonetheless, they do provide a useful statistical portrait of the distribution of household debt (see, e.g., NBS 2006 and Beer and Schurz 2007).

3. Mortgage credit across Europe: The aggregate view

While the new EU countries have, on average, experienced a rapid increase in household credit, there are large variations across countries. This section documents aggregate trends in household credit across the new EU member countries, contrasting and comparing them with Western Europe as appropriate.

[9] We therefore do not include measures of debt payment-income ratios in our analysis.

Household credit to GDP increased from less than 5% in 2000 to over 25% of GDP in 2007 across the new EU countries, while at the same time, it increased from 42% to 50% in Western Europe (Figure 1). Behind this average statistic, however, is a wide variation. Household credit to GDP reached over 40% in 2007 in Croatia, Estonia, and Latvia, while it was less than 20% in Romania and Slovakia. The difference is even starker when relating household credit to disposable income. While it reached 64% in Latvia and 79% in Estonia, household credit accounted for only 23% of disposable income in Romania. But even among the old EU members, there is substantial variation in household credit, ranging from 30% in Italy to 124% in Denmark.

The share of mortgage credit in total household credit also varies significantly across the new EU member countries (Figure 2). While mortgage credit constituted 80% of household credit in Estonia in 2007, it constituted less than 20% in Romania. In Western Europe, the share of mortgage credit in total household credit ranged from 54% in Austria to almost 90% in the Netherlands. On average, mortgage credit constituted 56% of total household credit in the new EU countries in 2007, compared to 72% in Western Europe. This suggests that mortgage credit is only one, though important, component of overall household credit.

The rapid increase in the importance of household credit has gone hand in hand with a decreasing importance of enterprise credit in overall bank lending (Figure 3). While the share of household lending in total bank lending in the old EU countries has stayed relatively constant over the period 2000 to 2007, with around 55%, it has increased from 22% in 2000 to 54% in 2007 among the new EU countries of Central and Eastern Europe. Behind this rapid increase in household lending is an overall strong lending growth in the new EU countries, from 17% of GDP in 2000 to 55% in 2007.

One important difference between mortgage markets in the old and the new EU countries, with implication for both affordability and household vulnerability, is the currency in which mortgages (and

household loans in general) are denominated. In the old EU countries, almost all household and mortgage loans are denominated in local currency; in contrast, a large proportion of mortgage loans in the new EU countries are denominated in foreign currency, mostly Euro or Swiss Franc (Table 1). The share of foreign exchange mortgage loans, however, varies enormously among the new EU countries, ranging from less than one percent in the Czech Republic to more than 50% in Hungary and almost 90% in Romania. This seems especially risky in the case of Hungary and Poland, where a large share of these foreign-currency denominated loans is in Swiss Franc, which is typically more volatile than the Euro (ECB, 2009). The share of variable interest rate loans also varies a lot, with its share close to 80% in Hungary, Slovakia, and Slovenia, while only a third of mortgage loans in France and Denmark are variable-interest, but 95% in Portugal.

The rapid credit growth, especially in household credit, and the high share of foreign exchange loans all point to the growing role of foreign-owned banks in the new EU countries over the past decade. Foreign banks have played a critical role in breaking the vicious cycle of connected lending from formerly state-owned banks to formerly (or still) government-owned enterprises, fostering broader access to credit and thus promoting private sector development in these economies.[10] Under competitive pressure and having access to cheaper funding sources and better lending technologies than domestic banks, foreign banks also introduced household lending, almost unheard of previously. Given that the deposit base did not experience the same growth as lending, foreign banks have relied mostly on financing from their parent banks. The current global crisis, on the other hand, has shown the risk of this rapid financial deepening, with fragility not only on the macroeconomic, but also on the household level. We explore this in greater depth in section 5. Another factor behind the rapid increase in mortgage finance is the rapid improvement in the contractual framework underlying

[10] See Beck (2009) for an overview of financial sector transformation in the transition economies, including the role of foreign banks.

mortgage finance (EBRD, 2006), although further reforms are needed to fully establish clearly-defined property rights.

The rapid increase in household credit, however, is partly also demand-driven, by higher incomes as well as by higher expected future incomes. Reliance on foreign-currency loans, at significantly lower interest rates, can be explained by the rational expectation of appreciating local currencies following the Balassa-Samuelson hypothesis. The aggregate numbers presented in this section show the rapid increase in household indebtedness over the past years. They do not, however, give any insight into the distribution of access to credit and indebtedness within countries and the effect thereof on welfare and fragility. We turn to these questions now.

4. Who has access to mortgage finance?

Mortgage debt holdings vary significantly across countries as well as within countries by selected household characteristics. Using EU-SILC survey data, this section utilizes graphs and multinomial probit regressions to explore household characteristics that can explain mortgage debt holding. In particular, we compare the significance and elasticity of these different characteristics across countries. We distinguish between renting, owning with and owning without mortgage and relate an array of household and individual characteristics to this tenure status.

Figure 4 shows the distribution of renters, outright owners and owners with mortgage across countries in our sample of SILC countries for 2007.[11] We note two countries in Western Europe without any outright owners in our database – Denmark and the Netherlands – and thus only renters and mortgage holders.[12] In 2007, the share of mortgage holders varied from 1.9% in Slovenia to 57.6% in Denmark, while the share of renters ranged from 10.7% in Lithuania to 48% in Austria.

[11] We weight all household observations according to the weights given in the survey.
[12] This is most likely due to the fact that mortgage interest payments are completely tax-deductible in these countries and both have very high marginal tax rates.

There has been an increasing trend over the three years we have data for; the average share of mortgage holders increased from 31.7% (12.9%) in 2005 to 32.4% (18.3%) in 2007 in old (new) EU member countries. We also note the relatively high share of outright owners in many new EU countries, which could be a legacy of housing privatization in the transition process. Plotting the share of mortgage holders against the ratio of mortgage credit to GDP shows a positive correlation suggesting that the SILC surveys capture aggregate trends in the population (Figure 5). This also suggests that the depth and breadth of mortgage markets coincide broadly.

Figure 6 shows the weighted variation of tenure status across income deciles across the 23 surveys for 2007. We can see some general trends but also some pronounced differences across countries. In most countries, richer households are less likely to rent and more likely to hold mortgages, whereas there is no clear relationship between outright ownership and income across countries. While the sensitivity of tenure status to income varies significantly across countries, these relationships do not seem to vary significantly between Western European countries, on the one hand, and new EU member countries, on the other hand. However, we confirm earlier findings, that mortgage holdings are significantly lower at all income quintiles in the new EU member countries, whereas outright ownership is typically higher in transition economies. Figure 7 shows the variation of tenure status across age brackets of the household head. Specifically, we split the sample according to the age of the household head, forming brackets of (i) below 35 years, (ii) between 35 and 44, (iii) between 45 and 54, (iv) between 55 and 64, (v) 65 and more. There are some general trends, such as outright ownership increasing with age, while renting decreases with the age of the household head. The share of households with mortgages first increases then decreases with the age of the household head. While this most likely reflects patterns of mortgage holding over the life cycle in Western and Southern Europe, this might reflect also exclusion of older households from the mortgage market in the

new EU member countries. Tenure status does not vary as much across age brackets in the new EU countries as it does in Western and Southern Europe.

Many household and individual characteristics are correlated with tenure status, but are also correlated with each other. To formally explore the relationship between household characteristics and the decision to rent, own outright or own with a mortgage, we first run multinomial regressions of the following form:

$$y = X\beta + \varepsilon \qquad (1)$$

where y can take on three values: zero if the household rents the dwelling, one if the household owns the dwelling it lives in and holds a mortgage and two if the household owns the dwelling without holding a mortgage, while X is a set of household characteristics. Given the unordered nature of the three choices, we use multinomial regressions. For two countries – Denmark and Netherlands-, we use simple logit regressions, as the survey sample in these countries does not include any owners without mortgages. We run separate regressions for each survey, yielding a total of 69 regressions. Although we focus mostly on the 2007 results, we make comparisons across survey-years, where there may be some notable trends. All the results make use of household weights provided in each survey.[13] The probability that a household will choose one of the three options is:

$$\text{prob}\,(y=i \mid X) = \exp(X\beta_i) / [1+ \Sigma \exp(X\beta_h)] \qquad i=0,1,2 \qquad (2)$$

Given that the probabilities add up to one, we normalize $\beta_1=0$, which allows us to derive two log-odd ratios:

$$\log[p_j(X, \beta) / p_0(X, \beta)] = \exp(X\beta_i) \qquad i = 1,2 \qquad (3)$$

where p_j denotes the response probability in equation (2).[14]

[13] As mentioned above, we do not have sufficient information on the stratification in order to correct the standard errors for cluster effects. This might result in a downward bias in our standard errors.
[14] See Woolridge (2001) for a discussion.

By construction, the log-odd ratios do not depend on the third omitted choice, a rather strong condition, which we test using a Hausman test, comparing the log odd ratios from the full model with logit estimates from a restricted model where we leave out households taking the third choice. Since in most cases we reject the independence of irrelevant alternatives and thus the validity of the multinomial regressions, we also report the results of nested multinomial regressions. In the case of nested regressions, we use the decision to rent or own as branches, with mortgage holding being one of two choices in the "own-branch".

We include an array of household and individual characteristics. First, we include information on the type and size of the household; specifically, we include dummy variables whether the household is (i) a one-person household or (ii) a family without dependent children, with (iii) family with dependent children being the omitted category. The choice of owning or renting might depend on altruistic inheritance motives, but also on geographic mobility, which in turn might depend on the household type. We expect families with dependent children to be less mobile and more likely to commit to a house. We also control for the number of household members, which might influence both the choice as well as the affordability of tenure status. While larger families might be more likely to prefer owning a house, they might be less likely to afford it. Second, we include dummies for the location of the residence, by including a dummy for urban areas. Availability of dwellings and tenure status might vary across urban and rural areas, although theory does not make any prediction a-priori and this relationship might vary across countries. Third, we include a dummy variable for house, as opposed to apartment, as the tenure status might vary with the dwelling type. We expect apartment residents to be more likely to rent, as apartments are often seen as transitory housing arrangements. Fourth, we include several characteristics of the household head, such as age (in logs), gender, education status - captured by dummy variables for secondary and university education – and the

current employment status. The latter is captured by dummy variables for (i) working full-time, (ii) working part-time, (iii) unemployed and (iv) retired, with (v) others being the residual category. Employment status might influence the affordability of the tenure status beyond income. Finally, and most importantly, we include household income, expecting a higher likelihood of owning than renting as household income increases, as well as a higher likelihood of owning without a mortgage.[15]

We also use the regression analysis to test several hypotheses on access to mortgage and its covariants. Traditional mortgage lending criteria base the mortgage approval and amount on current employment and income. From the consumer's perspective, however, the mortgage should be based on life-time income and thus income expectations over the course of the mortgage. One way to test what determines mortgage finance access would be by examining the coefficients on income, age, and education and their interactions. If households are able to borrow only on their current income, then we should find a positive and significant coefficient on income, while insignificant coefficients on education and its interaction with age or income. If households are able to borrow based on their expected life-time income, we expect a smaller coefficient on current income and a negative coefficient on its interaction with education; while the coefficient on age might be positive, its interaction with education should be negative. This implies, obviously, that higher education is significantly correlated with higher income growth over the lifetime.

Table 2 provides descriptive statistics on the different household characteristics for 2007. Appendix Tables A1 and A2 report descriptive statistics for 2005 and 2006, respectively. We note that the average age is around 50 years. The share of female respondents is higher in the new EU countries, where the household size is also greater, but average income is – not surprisingly – lower. The share of respondents with secondary education is higher in the new EU countries, while the share

[15] As for some surveys some of the categories are very small or some of the dummy variables are highly correlated with each other, in some cases we had to drop some variables from the specification in order for the model to converge.

of respondents with university education is, on average, at similar levels. More respondents in the old EU countries live in houses than in the new EU countries, while household composition is, on average, similar between old and new EU countries. There is, on average, a higher share of full-time employees, but also retirees in the new than the old EU countries, while a higher share lives in urban areas in the old EU countries. Critically, there is even more variation between members of each groups in terms of household characteristics than there is between the two groups.

Table 3 presents the results of the multinomial regressions: Panel A reports the log-odd ratios between renters and mortgage holders and Panel B reports the log-odd ratios between outright owners and owners with a mortgage. We report estimates for separate regressions across the 23 countries and 2007, results for 2005 and 2006 are reported in Appendix Tables A3 and A4, respectively.[16] We report marginal effects rather than coefficients to gauge both the statistical and economic significance of the estimates. As discussed above, we also report the results of the Hausman tests, comparing the log-odd ratios from the full model with logit estimates from a restricted model without the third option. We note that the Hausman test is rejected for most countries, suggesting the need for a nested model, which we report in Table 4. In the following we discuss the findings, focusing on cross-country and cross-time differences in coefficient size and significance, comparing and contrasting old and new EU members.

The regression results in Table 3 show some country traits that are consistently related to tenure status across countries and others that are either insignificant or related to tenure status with different signs across countries. First, there is a strong relationship between income and tenure status; household with higher incomes are more likely to have a mortgage, both in old and new EU countries. However, the elasticity is, on average, higher in the old EU countries (0.083) than in the new EU countries

[16] For Denmark and the Netherlands we do not report the log-odds for outright owners in Panel B as these two countries do not include any such households.

(0.046), i.e. the sensitivity of tenure status to income is not as strong in the new EU countries. In addition, the relationship between income and tenure status is insignificant in several new EU countries, such as Hungary, Latvia, and the Slovak Republic. Second, in most countries, mortgage holders are older, with the notable exception of Denmark, Cyprus, Hungary and the Slovak Republic where the relationship between age and tenure status is insignificant and in the Netherlands, where the relationship is reversed. Third, there is little evidence that households headed by females are less likely to have a mortgage relative to households headed by males except in Belgium, Ireland, Spain and UK, while in some countries they are more likely to have a mortgage (Greece, Lithuania, and Slovenia). In a few countries, larger families are more likely to have a mortgage (Austria, Cyprus, Estonia, Greece, Italy, and Slovenia), while in Denmark such families are more likely to rent. In some countries, especially among new EU countries, families with no dependents are more likely to have a mortgage than to rent. Fourth, in most countries, households living in houses are more likely to be mortgage owners than to rent them, with the notable exception of Denmark, Estonia, and the Netherlands, where the relationship is reversed. On the other hand, there is no clear relationship between living in urban areas and either having a mortgage or being a renter. While urban dwellers are more likely to rent in most countries, they are less likely to rent in Denmark, Latvia, and Sweden. Fifth, characteristics of the household head seem to matter for tenure status, though more so in the old EU countries than in the new EU countries. Full-time workers are more likely to have a mortgage, while unemployed are more likely to rent, with the effect for retirees varying across countries. While the two education dummies – for secondary and tertiary education – enter significantly in the regressions for some countries, their signs vary across countries. Specifically, in Austria, Denmark, Latvia, Sweden, and the UK, households whose head completed secondary education are more likely to have mortgages, while in France, they are more likely to rent. In the Austria, Czech Republic, Denmark, Greece, Italy, Latvia,

Luxembourg, Poland, and Sweden, households whose head has university education are more likely to have mortgages, while in France and Ireland, they are more likely to rent.

There is little evidence that expected income explains tenure status. In particular, in only a few countries do the interaction between age and the education dummies enter positively and significantly – Latvia, Poland, Greece, and the UK – providing little evidence that more educated household heads convert from renters to mortgage holders at an earlier age. In, Estonia, Hungary, Lithuania, Belgium, Cyprus, Finland, and France either or both interaction terms even enter significantly and negatively. Similarly, we find positive interaction terms between income and the education dummies only for the Czech Republic, Denmark and Luxembourg, while the interaction terms enter positive and significant in Greece and Italy. Overall, this suggests that only in few countries are more educated households more likely to have a mortgage rather than rent at an earlier age or at a lower income, with the perspective of higher income growth in the future. We note, however, that we do not find more or less evidence in either old or new EU countries.

The log-odd ratios reported in Panel B of Table 3 show that, first, richer households are more likely to own without a mortgage than with a mortgage in most, but not all, countries. Second, in most of the older EU member countries, older households are more likely to be outright owners rather than mortgage holders. Among the new EU countries, this relationship is insignificant in Latvia, the Slovak Republic and Slovenia. Third, while there is again little evidence of gender differences in tenure status, larger families are more likely to own outright than being a mortgage holder, both in old as in new EU countries. Fourth, compared to families with dependents, singles and families without dependents are more likely to be outright owners than mortgage holders in almost all countries. Fifth, in all countries, except Estonia and Lithuania, house dwellers are more likely to be outright owners than mortgage holders, while in most countries urban dwellers are significantly more likely to be

mortgage holders. Finally, while the employment status of the household head seems to matter in few countries, the education status variables enter often significantly, but with varying signs across countries, as is the case for the interactions of age with the educational dummies.

In summary, we notice some differences between old and new EU countries in these results. The likelihood of ownership with mortgage as opposed to renting increases more rapidly with age in the old than in the new EU countries. The likelihood of owning with mortgage as opposed to renting is also much more sensitive to income in the old than in the new EU countries. We note that the Pseudo R-squares are, on average, lower for the new than for the old EU countries, with the notable exceptions of the Czech and Slovak Republics and Poland, suggesting that tenure status is more difficult to explain in new than in old EU countries with household characteristics. Comparing the survey results across different years for the new EU countries does not yield any major differences (Appendix Tables A 3 and 4). As the results of the Hausman test reject the null hypothesis of independence of irrelevant alternatives in most cases, we turn to nested regressions. In this case, we first test the difference between owning and renting (Panel A of Table 4), before testing the difference between owning without and with mortgage (Panel B of Table 4).[17]

The log-odd ratios between renting and owning in Panel A of Table 4 suggest that in many, though far from all, of the old EU countries, richer households are more likely to own, while among the new EU countries, this relationship is only significant for Estonia, where richer households are more likely to rent. While there is a positive relationship between age and renting in the old EU countries, among the new EU countries, this association only holds for Poland, while in the Czech Republic, Estonia and Hungary, older households are more likely to own. In addition, this result is very different from the non-nested regressions in Table 3, where we found that older households are more

[17] As in Table 3, Denmark and the Netherlands are not included in Panel B. In addition, we had to drop Slovenia as the results did not converge.

likely to have a mortgage than to rent, while here we find that they are more likely to rent as opposed to own (with or without mortgage). In only few countries is there a significant relationship between gender of the household head or household size and the log-odd ratio between renting and owning. Interestingly, in several countries, female-headed households are more likely to rent, while the relationship between household size and tenure status varies across countries. For many countries we find that households with no dependents are significantly more likely own, with the exception of Finland, where this relationship is reverse. In some countries, both old and new EU countries, house dwellers are significantly more likely to own than to rent. The relationship between education and tenure status is highly significant in most countries, with more educated households significantly more likely to rent than to own. Employment status, the location of the dwelling (urban vs. rural) and the household type enter significantly in some countries, but not with consistent signs across countries. Finally, we find negative interaction terms between age and education and age and income in almost all countries, suggesting that the relationship between tenure and income is stronger for more educated households, while more educated households are also more likely to move into ownership status as they grow older. However, neither of these results point to expected income as criterion for tenure status.

The Table 4 Panel B log-odd ratios between owning with and without mortgage show the importance of controlling for the nested nature of the tenure decision. Unlike the results reported in Table 3 Panel B, we now find that richer households that own are more likely to have a mortgage in most countries, especially in the old EU countries, which might be explained with the tax advantage of mortgage payments. As in Table 3, however, older households that own are actually more likely to be outright owners. As before, we find the relationship between gender and tenure status to be insignificant in most countries, while larger households are more likely to own in most countries, both

old and new EU economies. In many countries, households with dependents are more likely to own with rather than without mortgage, and in most countries house owners are more likely to be outright owners. Full-time employees are more likely to own with a mortgage, as are urban dwellers in many countries. In most old EU countries, more educated households are more likely to be outright owners, while few new EU countries show any significant relationship between education and tenure status. Finally, and as before, few of the interaction terms between age and income, on the one hand, and education dummies, on the other hand, enter significantly.

In summary, the results of the nested logit regressions confirm the conclusions from the multinomial regressions that tenure status is less sensitive to income and to age in the new EU countries. Overall, the explanatory variables have less power in the new EU countries explaining cross-household variation in tenure status. Neither for most of the old nor for any of the new EU countries do we find much evidence that prospective, rather than current, income determines access to mortgage finance. Comparing the results across surveys in different years, we do not find many significant differences (Appendix Tables A5 and A6). The lower ability of our variables in explaining cross-household variation in tenure status in the new EU countries can be explained both by historic and policy legacies (inherited housing, rental subsidy programs etc.) as well as financial systems that are still in the process of developing.

5. Can mortgages turn into a financial burden?

The main benefit of a mortgage loan, as of loans for consumer durables such as cars, is that the consumer is not forced to save the whole amount for the good or house upfront, but can smooth payments over time. In the case of mortgages, the underlying asset – the house – typically appreciates over time, both in real and nominal terms, at least in the medium to long-term. However, while a

mortgage can help mitigate liquidity constraints and help realize large investments in housing earlier, mortgage debt holding itself may turn into a financial burden. If the income stream used to make repayment is subject to macroeconomic shocks, in the absence of a savings buffer, a household may fall into financial distress. These shocks can be channeled through income shocks (such as an economic slowdown) or through exchange rate (if the mortgage is in foreign currency) or interest rate (in case of variable-interest mortgages) shocks. Further, if the mortgage payments represent a large share of disposable income, rising debt burden may curb the household's ability to respond to shocks to other expenditure categories, such as in case of rapidly rising food and energy prices, as observed in 2007 and 2008.

In this section, we assess whether mortgage holders are more subject to financial distress than non-mortgage holders, be they renters or owners without mortgage. Specifically, we use different financial burden and vulnerability measures and test for the marginal effect of being a mortgage holder on financial distress controlling for numerous other household characteristics. In the existing literature on household loan delinquency, the relevant threshold used to identify household borrowers in financial distress or at risk of default has been based on three primary approaches. First, some studies have used the concept of a "financial margin" (e.g., Johansson and Persson, 2006; Vatne, 2006; Żochowski and Zajączkowski, 2007 and 2008) or the disposable income net of debt service payments and average basic living costs. Second, some studies have employed a more arbitrary approach, using some indicative threshold debt service obligation as a share of disposable income, typically around 30 percent (e.g., Beer and Schurz, 2007). A third approach analyzes actual financial distress, as evidenced by mortgage payment arrears and other types of payment arrears.[18] The analysis in this section falls under this third approach. We control for the same variables that we used as explanatory variables in

[18] Cash-flow difficulties have been analyzed, for example, by La Cava and Simon (2005) using Australian micro data and Whitley, Windram, and Cox (2004) using household survey data from the UK.

Tables 3 and 4 and also control for the possible endogeneity of the tenure status with a Two-Stage-Least-Squares regression.

We use several measures of financial vulnerability. Our first measure is FINBURDEN, an ordinal response to the question how burdensome the total housing cost is. Responses vary from 3 = a heavy burden, over 2 = somewhat a burden, to 1 = not a burden at all, higher values thus indicating a higher burden. While this is a subjective measure of financial burden, we also use several objective measures of financial vulnerability. First, we use three binary variables indicating whether a household has (i) arrears on mortgage or rent payments, (ii) arrears on utility payments, and (iii) arrears on hire purchase installments or other loan payments. Second, we use a binary variable indicating whether a household had any arrears on one of the above payments. Finally, we use an indirect indicator of financial vulnerability; a binary variable indicating whether a household has unmet medical needs due to lack of finance. As medical care should be high on the priority list of any household, not being able to meet medical needs due to lack of financial resources certainly indicates financial vulnerability.

There is a large variation across countries in indicators of financial burden and vulnerability, as reported in Table 5. Here we report data for 2007, while Appendix Tables A7 and A8 report the same statistics for 2005 and 2006, respectively. The average self-reported burden varies from 1.3 in Denmark to 2.6 in Cyprus. Self-reported burden are significantly higher in the new EU countries than in the old EU countries, with little variation over time. In 2007, the share of population that has (i) arrears on mortgage or rent payments, (ii) arrears on utility payments, or (iii) arrears on hire purchase installments or other loan payments varied from 2.7% in Luxembourg to 26.6% in Greece. While in 2005, the share of population with arrears was, on average, significantly higher in the new EU countries (16.0%) than in the old EU countries (9.7%), there was no significant difference in 2007, due

to a subsequent drop of this share in the new EU countries, possibly reflecting the strong income growth experienced by most of these countries over this period. In 2007, the new EU countries still had, on average, a higher share of the population with arrears on utility bills, while there was no significant difference in arrears on mortgage/rent payments or hire purchase installment and other loan payments. Across the new EU countries, however, there are stark differences. While 16% of the population in Hungary and Poland had arrears in 2007, with an increasing trend in Hungary and a decreasing trend in Poland, the share of population with arrears was 5% in Czech Republic and Estonia, with a decreasing trend. There is a large variation across countries on composition of arrears. While in Hungary and Poland arrears on utility bills are typical, arrears on mortgage and rent payments are the most common form of arrears in Estonia, Lithuania and Slovenia.

The share of households with unmet medical needs due to lack of financial resources is very low, on average 2.6% in the new EU member countries in 2007 and 1.9% in the old EU countries. For the new EU economies, however, this share halved between 2005 and 2007. In 2007, the share of households with unmet medical needs due to lack of financial resources was highest in Latvia (9.4%) and lowest in the UK, with less than 0.1%. These differences might be to a large extent driven by the different health care systems, with countries with government-provided health care likely to have significantly lower shares of population reporting unmet medical needs in the first place.[19]

The different indicators of financial burden and vulnerability are significantly correlated with each other, within and across countries. They also provide similar rankings, with Hungary, Latvia, Poland and Slovenia being the new EU countries with the highest incidence of financial vulnerability across the different indicators and Czech Republic and Estonia being the ones with the lowest incidence. Similarly, among the old EU countries in our sample, Denmark is consistently the country

[19] The low share in the UK is certainly due to the availability of the National Health Services.

with the lowest incidence of financial burden and vulnerability, while Cyprus and Greece have the highest incidence of financial vulnerability.

Interestingly, there is a negative and often significant correlation between the size of mortgage markets and the share of households that are in default on at least one loan product as well as with the financial burden as reported by households. We find this negative correlation both across the sample of all countries, as well as within the subsample of new EU countries. On the aggregate level, a deeper mortgage market does therefore not seem to be associated with higher financial vulnerability of households.

How do financial burden and arrears vary across income and age groups? Figure 8 shows a significant negative correlation of income with financial burden across all countries in 2007. Here we show the average weighted survey response across income deciles for all surveys in 2007; the share of households reporting that housing costs are a heavy financial burden decreases with income in most countries, although the increase is not always linear. There do not seem to be significant differences across countries. Similarly, Figure 9 shows that, on average, arrears in payments decrease with the income deciles, though not monotonically, most likely due to the small number of households with arrears. Figure 10 shows that the financial burden is, on average, not correlated with the age of the household age, with the exception of Denmark, Great Britain, Ireland, Netherlands, Norway, Sweden and the UK, where we see a decline in self-reported financial burden with the age of the household head. In none of the new EU countries can we see a clear relationship between self-reported financial burden and age. On the other hand, Figure 11 shows that with few exceptions – most prominently Greece – there is a negative relationship between the age of the household head and the likelihood that the household is in arrears. While these graphs show us the distribution of financial burden and

vulnerability across the general population, we now turn to the question whether tenure status is significantly associated with financial burden and vulnerability.

We use regression analysis to test whether mortgage holders report a higher financial burden or are more likely to incur arrears, thus controlling for an array of other household and individual characteristics that might also impact a household's financial burden and the likelihood of arrears. We use probit regressions for the binary indicators of financial vulnerability and ordered probit regressions for the subjective indicator of financial burden. The general regression set-up is as follows:

$$FINBURDEN = \beta_1 \cdot MORTGAGE + \beta_2 \cdot RENT + \delta' \cdot X + \varepsilon$$

where RENT and MORTGAGE are binary variables which take one if household is a renter or has a mortgage, respectively, X is a vector of household and individual characteristics of the household head. We run separate regressions for each survey, i.e. we have three coefficient estimates on MORTGAGE for each country and for each dependent variable. While β_1 tells whether mortgage holders are significantly more likely to report a financial burden or be financially vulnerable than outright owners, we also test for the significance of the difference between β_1 and β_2, thus testing whether mortgage owners report higher financial burden and are more likely to be financially vulnerable than renters. As in the previous regressions, we weight observations according to their representativeness.[20] Rather than reporting coefficient estimates, we report marginal effects for the binary indicators, thus indicating the increase or decrease in percentage points on the likelihood of arrears or unmet medical needs for financial reasons if a household holds a mortgage. In the case of the subjective measure of financial burden, we report the difference in percentage points in the likelihood that a household reports a heavy financial burden if it holds a mortgage as opposed to not holding a

[20] As noted above, we do not have stratification information and the standard errors are therefore most likely to be underestimated.

mortgage.[21] We focus on the results for 2007 in the main text, but we report estimates for 2005 and 2006 in Appendix Tables A9 and A10, respectively.

To avoid confounding the relationship between mortgage holding and financial vulnerability with the impact of other household characteristics on financial vulnerability, we control for the same household characteristics as in the previous section. We expect larger families with more dependents to be more likely to report a financial burden and incur arrears, households with lower income and whose head is not full-time employed or draws on a stable retirement income are expected to have higher financial burden and higher likelihood of arrears. The location and type of the dwelling, as well as other characteristics of the household head (age, gender, and education) do not have an a-priori positive or negative impact on financial burden and arrears.[22]

The regressions results in Table 6 show similarities but also differences between old and new EU countries. First we find substantial variations across countries in the relationship between tenure status and financial burden. In Belgium, Estonia, France, Ireland, Lithuania, Netherlands, Poland and Sweden, we find that mortgage holders report a lower financial burden than outright owners, with the reverse relationship in Austria, Cyprus, Finland, Greece, Hungary, Italy, Latvia, Portugal, Slovenia, Spain and the UK. When comparing mortgage holders with renters, we find that in Hungary, Greece, Ireland, Luxembourg, and Poland mortgage holders report, on average, a lower financial burden, than renters, while they report, on average, a higher financial burden than renters in Austria, Cyprus, Italy, Lithuania, Portugal, Slovenia, and Spain. Only in Austria, Cyprus, Italy, Portugal, Slovenia, and Spain, do mortgage holders report the highest financial burden compared to the other two groups, but in none of the new EU countries.

[21] Since it is not possible to compute such an effect in the 2SLS regressions – as there we work with continuous predicted variables rather than dummies - we report marginal effects on the coefficients.
[22] See Anderloni and Vandone (2008) for a literature review of studies of household indebtedness and different variables that are typically included.

Turning to actual arrears, we find that in most countries, mortgage holders are significantly more likely to incur arrears than outright owners. In most of the old EU countries, on the other hand, mortgage holders are less likely to incur arrears than renters, with the notable exceptions of Cyprus and Greece, where the relationship is reversed. In the Czech and Slovak Republics, mortgage holders are less likely to incur arrears than renters, while there is no significant difference between these two groups in the other new EU countries. Turning to specific arrears, we find that in most countries, mortgage holders are less likely to incur arrears on their mortgage payments than renters on their rent. It is only in Cyprus that mortgage holders are more likely to incur arrears than renters. In the case of arrears on utility bills, we find mixed evidence across countries whether owners with or without mortgage are more likely to incur arrears, while mortgage holders are, on average across countries, either less likely to incur arrears on utility payments than renters or there is no significant difference. Concerning arrears on hire purchase installments or other loans, we find significant differences between the three groups in few countries. Similarly, the probability of unmet medical needs for financial reasons is significantly higher for mortgage holders in few countries, while renters are more likely to report unmet medical needs for financial reasons than outright owners in quite a few countries. When considering the relationship between mortgage holdings and financial burden and vulnerability over time, thus comparing results in Tables 6 and Appendix Tables A9 and A10, we find, that if there has been any trend within the group of new EU countries, there has been a decrease in financial vulnerability, i.e. in the likelihood of incurring arrears, for mortgage holders, between 2005 and 2007, both in the statistical as in the economic sense.

The control variables, which for ease of presentation are not reported, vary greatly in statistical significance across the countries, years as well as financial vulnerability measures. However, income, household size and tertiary or post-secondary education are significant in at least 60% of all the

financial vulnerability regressions over the three years. As anticipated, higher incomes, smaller household sizes and tertiary education are on average associated with lower levels of financial burden and vulnerability. In addition to these variables, having a full time job was consistently significant in 2007; in particular, those with full-time employment are on average less likely to be financially vulnerable. Interestingly, this variable did not register significantly in the majority of these regressions for 2005 and 2006. Of these significant characteristics in 2007, household size is more likely to contribute to financial vulnerability on average in the new EU countries. Over 80% of the regressions for these countries reported these variables as statistically significant as opposed to 60% in old EU countries. Meanwhile, tertiary education is more significant on average in old EU countries (60% in old EU compared to 45% in new EU). Full-time employment in both groups is significant in 60% of all regressions. Not surprisingly, income is the biggest determinant of financial burden and vulnerability in this analysis as it entered significantly into at least 90% of the regressions over all countries and all years.

Comparing the relative financial burden and arrear probability of mortgage holders to the other two groups, there is no evidence that in countries with larger mortgage markets, mortgage holders are more likely to report financial burden or incur arrears. When comparing mortgage holders to outright owners, there is a negative or insignificant correlation between the size of the mortgage markets and the coefficient estimate on the mortgage coefficient in the financial burden and arrears regression. Comparing mortgage holders with renters, there is a positive correlation with the size of the mortgage markets; i.e. there is some evidence that mortgage holders suffer from higher financial burden and are more likely to incur arrears in countries with larger mortgage markets. However, this inference does not extend to the new EU countries, where we find a negative correlation in the financial burden regression and most of the coefficient estimates are insignificant in the arrears regression.

The regression results reported in Table 7 show even more strongly that being a mortgage holder does not imply a higher financial burden or a higher likelihood of incurring arrears. Here, we present two-stage-least square regressions. Specifically, we compute the predicted probability of (i) being a mortgage holder, (ii) being an outright owner, and (iii) being a renter from the nested multinomial regressions in Table 4 and use these instead of the actual dummy variables in Table 6. To satisfy the overidentifying conditions, we drop regressors that did not enter significantly in Table 6, and which vary across countries. In most countries, we find either a negative or insignificant coefficient on the mortgage dummy in the financial burden regressions, indicating that the predicted likelihood of being a mortgage holder does not imply a higher financial burden than being an outright owner. Only in the Slovak Republic, Belgium, Cyprus, Greece, Spain and the UK is the likelihood of being a mortgage holder significantly associated with a higher financial burden. Similarly, with the exception of Belgium, Cyprus, Hungary, Spain and the UK, predicted mortgage holders do not report a higher financial burden than predicted renters. In Estonia, Latvia and Poland, predicted mortgage holders report significantly lower financial burden than predicted renters.

Turning to actual arrears, the likelihood of being a mortgage holder is positively and significantly associated with a higher probability of arrears only in Greece, Spain and the UK but none of the new EU countries. When comparing the predicted probabilities of being a mortgage holder and being a renter, it is only in Cyprus that the former is associated with a higher arrear probability than the latter. Similarly, it is only in Cyprus that the probability of incurring mortgage arrears is higher than the probability of incurring rent arrears. Similarly, in comparison to outright ownership and renting, the likelihood of holding a mortgage is not associated with a higher probability of incurring arrears on utility payments, with the exception of Austria and Belgium. The same applies to arrears on hire purchase and other loans, with the exception of Sweden. There are few significant differences in unmet

medical needs for financial reasons across the three groups, and the economic effects are typically very small. The Two-Stage-Least-Square regression results for 2005 and 2006 (Appendix Tables 11 and 12, respectively) confirm these findings in broad terms for the two earlier years.

In summary, there is no consistent evidence that mortgage holders are more likely to report financial burden than non-mortgage holders in neither old nor new EU member countries. While mortgage holders experienced higher arrears in the new EU countries in 2005, the difference compared to non-mortgage holders lost significance by 2007. Taken all together, the evidence presented in this section does not offer convincing evidence that the recent deepening of mortgage markets in the new EU countries has contributed to financial vulnerability, at least in the period preceding the global financial crisis. Interestingly, rather than one of the new EU member countries of Central and Eastern Europe, it is Cyprus that shows a significantly higher financial burden and vulnerability for mortgage holders than for other groups.

6. Conclusions

This paper assessed the benefits and costs of increasing mortgage holding in the new EU countries of Central and Eastern Europe and the Baltic Region. Many of the same characteristics that explain tenure status in the old EU countries also explain tenure status in the new EU countries, although we generally find that these characteristics have lower explanatory power in the new EU countries. In addition, we find that tenure status is less sensitive to income and age in the new than in the old EU countries. Across old and new EU countries, we find little evidence that mortgage holders face higher financial burdens or experience a greater likelihood of incurring arrears, compared to non-mortgage holders or renters.

This paper is a first step in better understanding the determinants and consequences of households' access to mortgage markets across countries. More complete data on households' mortgage payments and the use of other financial services will help us gain more insights. As data for 2008 and 2009 become available, the effect of the crisis on different household groups can be better assessed, especially comparing mortgage holders to others. Making the longitudinal dimension available will allow for the testing of additional hypotheses on financing constraints and tenure status. Finally, combining supply data on mortgage characteristics and interest rates with demand data as provided by SILC will be helpful to gain a more complete picture on housing finance and its economic consequences for households.

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Table 1. Share of Foreign Currency-Denominated Loans

	Banks Loans to Households	Mortgage Loans	Variable Interest Rates
New EU Countries			
Bulgaria	29.82	36.00	
Czech Republic	0.10	0.10	
Estonia	82.35		
Hungary	70.21	46.30	73.60
Latvia	87.38		
Lithuania	61.64		
Poland	39.83	54.90	
Romania	58.73	88.50	
Slovak Republic	2.79	4.60	78.00
Slovenia			78.00
Other Countries			
Armenia	23.58		
Croatia	69.10	88.10	95.60
Kazakhstan	50.80		
FYR Macedonia	44.30		
Russia	10.00	20.90	
Turkey	0.70	6.60	
Ukraine	71.90		
Belgium			32.40
Denmark			30.00
France			32.00
Ireland			64.40
Italy			86.90
Netherlands			36.00
Portugal			95.40
United Kingdom			34.90

Note: The variable rate refers to an interest rate that remains unchanged for up to one 1 year. Data for Croatia and Slovenia refer to 2007.

Sources: European Central Bank; National Central Banks; and UniCredit.
Variable Interest rate data Sources: Bank of Slovenia (2008); Croatian National Bank (2008); EMF (2006); and OECD/Schich and Ahn (2007).

Table 2: Descriptive Summary Statistics
Weighted Averages - Explanatory Variables

Country	age	female	hhsize	lnincome	secedu	teredu	house	apartment	hh1	hhnodep	hhdep	fulltime	parttime	unemp	retired	other	urban	rural
New EU countries																		
Czech Republic	50	0.33	2.52	9.06	0.84	0.16	0.43	0.56	0.24	0.41	0.36	0.62	0.01	0.04	0.28	0.05	0.37	0.39
Estonia	50	0.46	2.32	8.72	0.59	0.36	0.31	0.69	0.34	0.32	0.34	0.65	0.03	0.02	0.25	0.05	0.50	0.50
Hungary	51	0.45	2.60	8.75	0.68	0.25	0.64	0.34	0.24	0.38	0.37	0.56	0.02	0.04	0.30	0.09	0.35	0.45
Latvia	50	0.48	2.64	8.49	0.64	0.32	0.28	0.72	0.25	0.34	0.40	0.64	0.03	0.03	0.25	0.04	0.49	0.51
Lithuania	51	0.45	2.57	8.50	0.39	0.50	0.41	0.59	0.27	0.32	0.41	0.64	0.02	0.03	0.27	0.05	0.42	0.58
Poland	51	0.42	2.84	8.72	0.56	0.23	0.44	0.55	0.25	0.33	0.40	0.51	0.03	0.03	0.28	0.16	0.46	0.43
Slovak Republic	51	0.40	2.82	8.77	0.78	0.21	0.47	0.53	0.24	0.37	0.39	0.64	0.01	0.02	0.32	0.02	0.29	0.23
Slovenia	51	0.42	2.82	9.71	0.72	0.23	0.69	0.31	0.21	0.37	0.43	0.60	0.01	0.03	0.34	0.02		
EU-15 and Cyprus																		
Austria	51	0.35	2.32	10.19	0.69	0.30	0.51	0.48	0.35	0.35	0.30	0.52	0.05	0.04	0.34	0.03	0.41	0.35
Belgium	51	0.34	2.31	10.10	0.47	0.39	0.71	0.26	0.34	0.35	0.31	0.49	0.08	0.06	0.30	0.06	0.56	0.04
Cyprus	50	0.27	2.94	10.19	0.42	0.30	0.73	0.25	0.16	0.36	0.48	0.69	0.03	0.02	0.23	0.03	0.59	0.29
Denmark	50	0.41	2.01	10.28	0.75	0.25	0.62	0.37	0.44	0.29	0.27	0.53	0.05	0.03	0.25	0.13	0.36	0.24
Finland	50	0.42	2.12	10.12	0.49	0.31	0.57	0.43	0.39	0.35	0.26	0.54	0.05	0.05	0.25	0.10	0.29	0.54
France	51	0.38	2.27	10.09	0.52	0.31	0.59	0.40	0.34	0.34	0.32	0.51	0.05	0.04	0.35	0.04	0.50	0.17
Greece	52	0.30	2.68	9.71	0.39	0.24	0.45	0.55	0.20	0.46	0.34	0.57	0.03	0.02	0.29	0.08	0.43	0.44
Ireland	49	0.35	2.83	10.49	0.38	0.36	0.96	0.04	0.21	0.33	0.46	0.55	0.10	0.05	0.14	0.16	0.34	0.37
Italy	54	0.34	2.44	10.02	0.54	0.18	0.41	0.53	0.29	0.38	0.33	0.54	0.03	0.02	0.29	0.12	0.44	0.17
Luxembourg	50	0.30	2.47	10.78	0.44	0.28	0.65	0.33	0.29	0.33	0.38	0.62	0.04	0.02	0.22	0.10	0.49	0.20
Netherlands	50	0.31	2.26	10.19	0.54	0.34	0.68	0.26	0.35	0.35	0.30	0.48	0.14	0.01	0.19	0.18		
Portugal	52	0.35	2.75	9.49	0.29	0.14	0.62	0.38	0.17	0.41	0.42	0.60	0.04	0.04	0.28	0.04	0.45	0.25
Spain	50	0.29	2.75	9.88	0.41	0.30	0.34	0.66	0.17	0.45	0.37	0.62	0.03	0.04	0.23	0.08	0.54	0.27
Sweden	51	0.39	2.11	10.09	0.54	0.36	0.48	0.51	0.39	0.32	0.29	0.53	0.09	0.02	0.26	0.09	0.22	0.68
United Kingdom	51	0.36	2.35	10.32	0.69	0.31	0.82	0.18	0.30	0.37	0.30	0.52	0.07	0.02	0.26	0.13	0.76	0.05

Note: Data used to create dummy variables – urban and rural - are not available for the Netherlands and Slovenia.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2007

Table 3: Panel A – Multinomial Regressions

Log Odds ratio between Renters and Mortgage holders (Marginal Effects)

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	-0.1905 ***	0.0141	-0.0088	-0.1391 ***	-0.0475 **	-0.0008	-0.2820 ***		-0.5195 ***	-0.0365
Estonia	-0.2852 ***	0.0081	-0.0506 ***	-0.0358 **	-0.0976 ***	-0.0155	0.0374 **		0.2462	-0.0130
Hungary	-0.0695	0.0017	0.0007	-0.0398	-0.0224 *	-0.0027	-0.1290 ***	0.4006	0.2215	-0.0434 ***
Latvia	-0.4303 ***	-0.0250	0.0117	-0.0982	-0.0480 **	-0.0452 *	-0.1245 ***	-0.9904 ***	-0.9248 ***	-0.0311
Lithuania	-0.2006 ***	-0.0183 *	-0.0132	-0.0412 ***	-0.0339 **	0.0127	0.0103		0.0793	-0.0032
Poland	-0.2896 ***	0.0150	-0.0100	-0.0749 ***	0.0258	0.0394	-0.5823 ***	-0.5512	-0.5621 ***	-0.002
Slovak Republic	-0.1963	-0.0150	0.0004	0.0114	-0.0307 *	0.0298	-0.0964 ***	0.1450	0.7868	0.0347
Slovenia	-0.1687 *	-0.0285 ***	-0.0196 ***	-0.1244 ***	-0.0625 ***	0.0873 ***	-0.1136 ***	-0.0579	-0.0918	0.1402 ***
EU-15 and Cyprus										
Austria	-0.6764 **	0.0043	-0.0252 **	-0.2457	-0.0187	-0.0102	-0.4861 ***	-0.9232 ***	-0.9671 ***	-0.0343
Belgium	-0.2716 **	0.0405 *	0.0013	-0.2824 ***	-0.0722 **	-0.0061	-0.4598 ***	-0.0055	-0.0205	-0.1544 ***
Cyprus	0.0764	0.0133	-0.0288 *	-0.1987 ***	0.0135	-0.0424	-0.2652 ***	0.4060	0.7276	0.0209
Denmark	-0.3377	-0.1023 ***	0.0637 ***	-0.5600 *	0.0810 **	-0.0723	0.5214 ***	-0.9997 ***	-0.9998 ***	0.2031 ***
Finland	-0.3005 **	-0.0034	-0.0030	-0.3458 ***	0.0148	0.0612	-0.3450 ***	0.2375	0.6248	-0.0842 ***
France	-0.3813 ***	0.0364 *	-0.0039	-0.1541 ***	-0.0479	-0.0413	-0.4723 ***	0.9512 ***	0.9655 ***	0.0438
Greece	-0.5006 ***	-0.0296 *	-0.0798 ***	-0.0014	-0.0890 ***	0.0461	-0.2025 ***	0.2732	-0.4130 ***	-0.0288
Ireland	-0.5735 ***	0.1005 ***	0.0192 *	-0.1396 ***	0.0338	0.0289	-0.6699 ***	-0.2334	0.8394 **	-0.1362 ***
Italy	-0.3677 ***	-0.0094	-0.0226 ***	-0.0863 ***	-0.0584 ***	0.0322	-0.1085 ***	0.0700	-0.2201 **	0.0286
Luxembourg	-0.2668 **	-0.0301	0.0076	-0.3874 ***	0.0771	0.0547	-0.4626 ***	-0.5687	-0.9415 ***	-0.0365
Netherlands	0.3008 **	-0.0085	-0.0049	0.3158 ***	0.0362	0.0535	0.3215 ***	0.5840	-0.1458	0.2447 ***
Portugal	-0.2721 ***	0.0354	-0.0113	-0.1106 ***	-0.0459	-0.0437	-0.0626 ***	0.3513	-0.2865	-0.0797
Spain	-0.2110 ***	0.0263 **	0.0012	-0.0799 ***	-0.0625 ***	-0.0692 ***	-0.0618 ***	-0.2463	-0.0398	0.0213
Sweden	-0.3274 **	0.0204	0.0018	-0.2552 ***	-0.0195	0.0422	-0.5192 ***	-0.9495 ***	-0.8644 ***	-0.0871 ***
United Kingdom	-0.6659 ***	0.0336 **	0.0062	-0.1588 ***	-0.0449 **	0.0456	-0.4159 ***	-0.7518 ***		-0.2984 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table 3: Panel A – Multinomial Regressions

Log Odds ratio between Renters and Mortgage holders (Marginal Effects)

Country	parttime	unemp	retired	urban	lage*secedu	lage*teredu	inc*secedu	inc*teredu	Hausman F-Statistic	Pseudo r^2
New EU Countries										
Czech Republic	-0.0277	0.1536 ***	-0.0170	0.0520 ***		0.0167		0.1138 ***	0.95	0.31
Estonia	0.0511	-0.0451	0.0896 *	0.0119		-0.0980 *		0.0152	0.82	0.20
Hungary	-0.0160	-0.0076	0.0117	0.0617 ***	-0.1125 **	-0.0844	-0.0136	0.0084	1.55 *	0.11
Latvia	-0.0035	-0.0086	-0.0399	-0.0460 ***	0.3202 **	0.3600 **	0.0386	0.0716	1.06	0.10
Lithuania		0.0018		-0.0013		-0.0692 **		0.0175	0.89	0.23
Poland	0.0161	0.1087 **	0.0008	0.2000 ***	0.1446 ***	0.1660 ***	0.0092	0.0200	3.44 ***	0.32
Slovak Republic	0.0118	0.0542	0.0267	0.0096	0.0855	0.0136	-0.0718	-0.0736	0.75	0.30
Slovenia	0.2500 **	0.2302 ***	0.1853 ***		-0.0661	-0.1653	0.0086	0.0263	1.47 *	0.11
EU-15 and Cyprus										
Austria	-0.0271	-0.0509	0.0302	0.1659 ***	0.4344	0.2960	0.0106	0.1328	2.45 ***	0.25
Belgium	-0.1460 ***	0.0202	-0.0374	0.0456 **	-0.2000 *	-0.3604 ***	0.0588	0.0948	1.88 **	0.34
Cyprus	0.0428	0.1871 *	0.1250 *	0.0902 ***	-0.3229 ***	-0.2526 **	-0.0657	-0.0418	1.61 **	0.19
Denmark	0.0947 *	-0.0182	0.0969 **	-0.0542 **	0.4869	0.3635	0.6578 **	0.6601 **		0.34
Finland	-0.0755 *	0.1002 **	-0.0726 *	0.0717 ***	-0.2186	-0.4100 **	0.0532	0.0700	2.87 ***	0.32
France	0.0411	0.2284 ***	0.0172	-0.0053	-0.3743 ***	-0.3626 ***	-0.0956 *	-0.1190 **	2.05 ***	0.32
Greece	0.0180	-0.0434	-0.0603 **	0.0371 **	0.1672 ***	0.2712 ***	-0.1006 ***	-0.0456	1.91 ***	0.17
Ireland	-0.0661 **	0.0274	-0.0186	0.0850 ***	0.0452	-0.1613	-0.0087	-0.0469	3.05 ***	0.31
Italy	0.0388	0.0811 **	-0.0240	0.0679 ***	0.0294	0.0800	-0.0316 **	-0.0535 **	3.38 ***	0.13
Luxembourg	-0.1484 **	0.1576	0.0106	-0.0470	-0.0632	-0.0214	0.1089	0.2617 ***	1.09	0.35
Netherlands	0.0724 **	0.0651	0.0858 ***		-0.1427	-0.0483	0.0103	0.0648		0.29
Portugal	-0.0726	0.0101	-0.0109	0.1293 ***	0.0123	0.1429	-0.0493	-0.0358	2.33 ***	0.16
Spain	0.0779 *	0.0187	0.0221	-0.0135	0.0107	0.0540	0.0202	-0.0243	1.88 **	0.14
Sweden	-0.1277 ***	0.0284	-0.1287 ***	-0.0394 **	0.1942	0.1972	0.0734	0.0722	1.08	0.31
United Kingdom	-0.1915 ***	0.1615 **	0.0158	-0.0096	0.2652 ***			-0.0285	4.85 ***	0.32

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2007

Table 3: Panel B – Multinomial Regressions

Log Odds ratio between Outright Owners and Mortgage holders (Marginal Effects)

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	0.1973 ***	-0.0101	0.0453 ***	-0.0152	0.0290	-0.1214 ***	0.7002 ***		0.4479	0.0014
Estonia	0.3668 ***	-0.0163	0.0565 ***	-0.0212	0.1266 ***	-0.0044	-0.0520 ***		-0.2967	-0.0175
Hungary	0.2588 ***	0.0099	0.0022	0.0244	0.0460 **	-0.0473 *	0.1333 ***	0.0637	0.1215	0.0217
Latvia	0.0808	0.0232	0.0007	-0.1522 *	0.0820 ***	0.0333	0.2193 ***	-0.0077	-0.0752	0.0119
Lithuania	0.2215 ***	0.0155	0.0202 **	0.0294 **	0.0346 **	-0.0290	-0.0084		-0.1828	-0.0205
Poland	0.3170 ***	-0.0120	0.0176 ***	0.0654 **	-0.0281	-0.0643 **	0.5769 ***	0.6416 ***	0.5662 ***	-0.0145
Slovak Republic	0.3462	-0.0218	0.0417 ***	-0.2012	0.0191	-0.1053 ***	0.6178 ***	-0.2883	-0.2234	0.0379
Slovenia	0.1664	0.0298 ***	0.0259 ***	0.0817 **	0.0538 ***	-0.1183 ***	0.1167 ***	-0.9303 ***	-0.9081 ***	-0.1548 ***
EU-15 and Cyprus										
Austria	0.7034 *	-0.0046	0.0376 ***	0.0035	0.0199	-0.1222 ***	0.3340 ***	0.4981	0.0671	-0.1241 ***
Belgium	0.5650 ***	-0.0239	0.0119	-0.0469	0.1614 ***	-0.1001 **	0.2518 ***	-0.9115 ***	-0.9582 ***	-0.0033
Cyprus	0.0904	0.0015	0.0531 ***	0.0878 **	0.0367	-0.0188	0.2113 ***	-0.9920 ***	-0.9209 ***	-0.0885
Finland	0.8250 ***	0.0021	0.0119	0.0473	0.0849 ***	-0.0856 ***	0.1558 ***	0.4033	-0.5851	-0.0177
France	0.6918 ***	-0.0209	-0.0106	0.0439	0.0530 **	-0.0284	0.2247 ***	0.0292	-0.2549	-0.0849 **
Greece	0.5214 ***	0.0037	0.0838 ***	-0.0314	0.0724 **	-0.1198 ***	0.2156 ***	-0.0665	0.5234 ***	-0.0628
Ireland	0.8503 ***	-0.0586 *	0.0166	0.0373	0.0042	-0.2083 ***	0.5183 ***	0.6455	-0.8552 ***	-0.0607
Italy	0.5061 ***	0.0202 *	0.0437 ***	-0.0024	0.0647 ***	-0.0986 ***	0.1283 ***	-0.3768	-0.6931 ***	-0.1004 ***
Luxembourg	0.8991 ***	0.0747 *	0.0360 *	0.1702 *	-0.0127	-0.2062 ***	0.2774 ***	0.9738 ***	0.5804	-0.1755 ***
Portugal	0.4245 ***	0.0107	0.0538 ***	-0.0248	0.0449	-0.1718 ***	0.2752 ***	-0.0309	-0.3417	-0.1275 *
Spain	0.6515 ***	0.0193	0.0808 ***	-0.0601 ***	0.0481 *	-0.1776 ***	0.0800 ***	0.2004	-0.4026	-0.1255 ***
Sweden	0.0714 ***	-0.0047 **	-0.0042 *	-0.0086 *	0.0066	0.0020	0.0391 ***	0.5376	0.9512 ***	-0.0063
United Kingdom	0.8818 ***	-0.0262 *	0.0272 **	-0.0373 **	0.0724 ***	-0.1529 ***	0.1969 ***	0.8422 ***		0.0365

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table 3: Panel B – Multinomial Regressions

Log Odds ratio between Outright Owners and Mortgage holders (Marginal Effects)

Country	parttime	unemp	retired	urban	lage*secedu	lage*teredu	inc*secedu	inc*teredu	Hausman F-Statistic	Pseudo r^2
New EU Countries										
Czech Republic	0.0808	-0.0458	-0.0061	-0.0390 ***		-0.0140		-0.0544	9.12 ***	0.31
Estonia	-0.0322	0.0430	-0.0436	-0.0153		0.1138 **		-0.0179	1.22	0.20
Hungary	-0.0696	0.0322	0.0291	-0.0815 ***	0.0663	0.0308	-0.0082	-0.0471	1.59 **	0.11
Latvia	0.0108	0.0070	-0.0202	-0.1145 ***	0.0470	0.1136	0.1485 *	0.1550 *	0.71	0.10
Lithuania		-0.1535		-0.0038		0.0872 **		-0.0197	1.73 **	0.23
Poland	-0.0565	-0.1095 **	-0.0149	-0.2015 ***	-0.1409 **	-0.1619 **	-0.0194	-0.0236	2.01 ***	0.32
Slovak Republic	0.0202	0.1297	0.0478	-0.1780 ***	-0.2994	-0.3168	0.1911	0.1653	2.49 ***	0.30
Slovenia	-0.3018 ***	-0.2449 ***	-0.1937 ***		0.0812	0.1762	0.0300	0.0148	1.67 **	0.11
EU-15 and Cyprus										
Austria	-0.0988 **	-0.0880	-0.0460	-0.0637 ***	-0.4656	-0.3653	0.0979	0.0518	3.09 ***	0.25
Belgium	0.0112	0.1021	0.1878 ***	-0.0642 ***	0.2008	0.3102 **	0.0948 *	0.1322 **	2.29 ***	0.34
Cyprus	-0.0298	-0.1728	-0.1028	-0.1157 ***	0.3496 ***	0.2398 **	0.1422 ***	0.0838 *	0.92	0.19
Finland	0.0833 *	-0.0143	0.0795 **	-0.0300	-0.0375	0.1658	-0.0294	0.0256	2.58 ***	0.32
France	-0.0109	-0.0918 ***	-0.0184	-0.0053	0.0571	0.0898	-0.0214	0.0402	3.36 ***	0.32
Greece	-0.1398 *	-0.0122	0.0079	-0.0363 *	-0.2091 ***	-0.3359 ***	0.0882 ***	0.0489	1.51 *	0.17
Ireland	-0.0436	-0.1165	0.1337 ***	-0.1609 ***	-0.2227	0.1792	0.0110	0.0558	1.78 **	0.31
Italy	-0.1103 ***	-0.1067 **	-0.0131	-0.0771 ***	-0.0594	-0.1074 *	0.0666 ***	0.1108 ***	4.23 ***	0.13
Luxembourg	-0.0352	0.0483	0.0076	-0.0016	-0.1425	-0.0529	-0.0994	-0.0861	1.08	0.35
Portugal	-0.0969	-0.0987	-0.0520	-0.1339 ***	-0.1042	-0.1532	0.0411	0.0999	2.98 ***	0.16
Spain	-0.1251 **	-0.0097	0.0076	-0.0071	-0.1453 **	-0.1051	0.0333	0.0810 ***	2.10 ***	0.14
Sweden	0.0040	-0.0004	-0.0030	-0.0011	-0.0450 **	-0.0553 **	0.0052	0.0072	2.01 ***	0.31
United Kingdom	0.1237 ***	-0.0789	0.2263 ***	-0.0161	-0.2704 ***			0.0703 ***	15.02 ***	0.32

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2007

Table 4: Panel A – Nested Logit Regressions
Log Odds ratio between Renting and Owning

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	-0.20 *	0.16 **	-0.09	0.09	-0.48 ***	-0.05	-2.89 ***		0.94	-0.21
Estonia	-3.03 **	0.22	-0.63 ***	0.97 ***	-1.71 ***	0.15	0.53 **		8.63 ***	0.59
Hungary	-2.42 *	-0.16	-0.05	0.48	-0.38	0.94	-1.66 ***	14.20 ***	8.27 **	-0.16
Latvia	-0.57	-0.16	0.11	0.39	-0.33	-0.41 *	-0.84	7.73	1.84	-0.23
Lithuania	-14.15	-0.86	-3.89	1.63	-0.48	5.19	0.24		-3.45	30.88
Poland	5.52 ***	0.66	1.49 ***	-0.65	-0.22	-3.51 ***	-0.97 *	25.55 ***	9.50 *	-3.28 **
Slovak Republic	-0.31	-0.22 *	0.14	-0.05	-0.30	-0.01	1.12	7.97 ***	11.62 ***	0.48
EU-15 and Cyprus										
Austria	-0.79	-0.06	-0.25 ***	0.33	-0.15	0.99 ***	-2.85 ***	16.25 ***	11.00 ***	1.16 **
Belgium	0.80	0.22 **	0.01	-0.14	-0.29 *	-0.29	-1.99 ***	15.15 ***	14.43 ***	-0.83 ***
Cyprus	-4.97	-0.16	-0.43 **	1.47	-0.10	0.77	-0.98 ***	26.76 ***	17.00 ***	0.53
Denmark	-1.43	0.43 ***	-0.27 ***	0.80	-0.35 **	0.30	-2.32 ***	8.69 ***	6.28 ***	-0.86 ***
Finland	5.12 ***	0.01	0.04	-1.83 ***	0.60 **	0.03	-1.68 ***	21.43 ***	18.16 ***	-0.70 ***
France	2.12 ***	0.13	-0.06	-0.55 ***	0.00	-0.41 **	-1.81 ***	21.59 ***	18.34 ***	-0.36
Greece	0.15	-0.44	-0.31	0.42	-0.65	-0.63	-0.73	19.26	14.35	-1.15
Ireland	0.45	0.67 ***	0.17	0.21	0.06	-0.63	-2.59 ***	21.97 ***	25.05 ***	-1.74 ***
Italy	3.03 ***	0.15	0.24 **	-0.79 ***	-0.10	-0.84 **	0.02	11.92 ***	7.43 ***	-1.04 **
Luxembourg	1.32 ***	-0.06	0.05	-0.44 ***	0.19	0.05	-2.13 ***	14.90 ***	6.10 *	0.28
Netherlands	0.70 **	0.03	0.00	-0.06	-0.20 *	-0.22	-1.31 ***	17.05 ***	20.41 ***	-1.06 ***
Portugal	1.47 ***	0.36 **	0.16 *	-0.52 ***	-0.17	-1.16 ***	1.12 ***	13.16 ***	4.87	-0.90 *
Spain	-0.80	0.19 **	-0.04	0.14	-0.49 ***	-0.36	-0.46 ***	7.12 ***	8.85 ***	0.55 **
Sweden	1.44 ***	0.10	0.00	-0.49 **	-0.15	0.19	-2.64 ***	11.77 ***	11.63 ***	-0.45 ***
United Kingdom	-0.65 ***	0.43 ***	-0.04	0.36 ***	-0.43 ***	0.31 **	-1.70 ***		19.27 ***	-1.39 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table 4: Panel A – Nested Logit Regressions
Log Odds ratio between Renting and Owning

Country	parttime	unemp	retired	urban	suburban	lage*secedu	lage*teredu	inc*secedu	inc*teredu
New EU Countries									
Czech Republic	-0.15	1.02 ***	-0.27 *	0.21 ***			-0.32		-0.01
Estonia	-0.14	-0.21	-1.51	0.16			-1.58 ***		-0.34
Hungary	0.57	-0.44	-0.96	1.20 ***	0.17	-2.26 **	-1.71 *	-0.74	-0.33
Latvia	-0.01	0.05	-0.45	-0.79		-0.19	0.45	-0.96 ***	-0.63
Lithuania		30.17		1.02			-2.41		1.31
Poland	-4.36 **	0.36	-1.53	-0.65	0.29	-0.14	-0.10	-3.23 ***	-1.63 **
Slovak Republic	0.19	0.88 *	0.36	-0.32	-0.02	-0.72	-1.53	-0.62	-0.73
EU-15 and Cyprus									
Austria	1.12 *	0.59	-0.48	0.84 ***	0.75 ***	-2.24 **	-2.34 **	-0.97 ***	-0.49
Belgium	-0.76 ***	0.42	-0.56	0.23	0.08	-1.96 ***	-2.32 ***	-0.78 ***	-0.60 ***
Cyprus	-0.23	0.39	-0.95	0.98 **	-0.38	0.57	2.79	-2.79 *	-2.57
Denmark	-0.42	0.09	-0.42 **	0.27 **	0.07	0.80	1.32	-1.22 **	-1.23 **
Finland	-0.18	0.62 **	0.08	0.36 ***	0.05	-4.93 ***	-5.49 ***	-0.19	0.26
France	-0.05	0.68	0.02	-0.02	0.05	-3.09 ***	-3.13 ***	-0.98 ***	-0.70 ***
Greece	-0.56	-0.33	-0.84	-0.03	-0.41	-1.64	-1.49	-1.43 *	-0.98 ***
Ireland	-0.90 *	0.00	0.10	0.14	0.09	-2.82 ***	-3.10 ***	-1.23 ***	-1.41 ***
Italy	-0.70	-0.03	-0.66 **	-0.29	-0.41	-2.22 ***	-2.10 ***	-0.44 ***	-0.09
Luxembourg	-0.12	1.62 **	-0.08	-0.16	0.03	-1.71 ***	-1.49 **	-0.82 ***	-0.04
Netherlands	-0.34 ***	-0.23	-0.45 ***			-1.30 ***	-1.70 ***	-1.25 ***	-1.48 ***
Portugal	-0.45	0.30	0.07	0.53 **	0.44 **	-1.88 ***	-0.82	-0.68 ***	-0.26
Spain	0.87 ***	0.54 **	-0.12	-0.08	0.00	-0.53 *	-0.21	-0.52 ***	-0.83 ***
Sweden	-0.72 ***	0.16	-0.78 ***	-0.19 **	-0.05	-1.99 ***	-1.99 ***	-0.36 *	-0.37 *
United Kingdom	-1.00 ***	1.65 ***	-2.02 ***	0.10			-2.35 ***		-1.07 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2007

Table 4: Panel B – Nested Logit Regressions

Log Odds ratio between Owning with and without a Mortgage

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	0.89 ***	-0.07	0.21 ***	-0.73 ***	0.14	-0.68 ***	4.36 ***		4.56	0.32 *
Estonia	2.73 ***	-0.12	0.21 ***	-0.90 ***	0.92 ***	-0.32	-0.40 ***		2.62	-0.83
Hungary	1.03 ***	0.10	0.03	-0.33 *	0.08	-0.48 ***	0.25 ***	-2.58 ***	-1.40	-0.12
Latvia	1.56 *	0.03	0.07	-0.63	0.33 *	-0.02	1.04 ***	4.19 **	-1.77	-0.05
Lithuania	2.77 ***	0.17	0.80 ***	-0.37	0.02	-1.00 ***	-0.01		3.01	-6.10
Poland	1.59 ***	0.17	0.45 ***	-0.24	-0.08	-1.07 ***	0.58 ***	5.64 ***	1.29	-0.93 **
Slovak Republic	1.38	-0.13	0.23 ***	-0.99 *	0.04	-0.50 ***	3.20 ***	-1.39	0.25	0.20
EU-15 and Cyprus										
Austria	1.49 **	0.04	0.13 **	-0.65 **	0.00	-0.92 ***	0.45 ***	-3.68 ***	-1.93	-0.81 **
Belgium	2.96 ***	-0.04	0.09	-1.13 ***	0.71 ***	-0.68 ***	0.04	-10.03 ***	-14.60 ***	-0.53 *
Cyprus	3.54 ***	0.20	0.24 ***	-1.14 ***	0.04	-0.76 ***	-0.11	-9.24 ***	-4.76 *	-0.32
Denmark	-3.61	0.22 ***	-0.12	-1.21	-0.18	0.12	-1.19 ***	-22.41 ***	-24.05 ***	-0.45
Finland	2.66 ***	0.04	0.05	-1.01 ***	0.73 ***	-0.19	-0.16 *	-2.57	-9.60 ***	-0.29 *
France	1.52 ***	-0.03	-0.10 **	-0.49 ***	0.35 ***	-0.26	0.30 ***	-4.16 **	-9.64 ***	-0.73 ***
Greece	1.37 ***	-0.29	0.16 **	-0.19	-0.09	-0.97 *	0.41 ***	6.42 **	6.93 ***	-1.25 ***
Ireland	1.79 ***	0.13	0.19 ***	-0.45 ***	0.24	-1.17 ***	0.36	-0.30	-8.24 ***	-1.13 ***
Italy	2.15 ***	0.14 **	0.26 ***	-0.57 ***	0.18 *	-0.75 ***	0.41 ***	-0.12	-3.60 ***	-0.93 ***
Luxembourg	2.84 ***	0.39 *	0.24 **	-1.08 ***	0.03	-1.39 ***	0.92 ***	-13.38 ***	-20.45 ***	-1.22 ***
Netherlands	-1.72 ***	0.00	-0.05	-1.96 ***	0.11	0.04	-0.70 ***	-16.76 ***	-14.74 ***	-0.49
Portugal	1.16 ***	0.16	0.25 ***	-0.47 ***	0.15	-1.07 ***	1.35 ***	1.47	-3.38	-0.83 ***
Spain	2.30 ***	0.18 **	0.49 ***	-0.85 ***	0.07	-1.17 ***	0.16 **	-4.37 ***	-6.95 ***	-0.65 ***
Sweden	2.09 ***	-0.36 *	-0.38 **	-1.16 ***	0.50 *	0.23	2.01 ***	-5.54 *	-4.01	-0.55
United Kingdom	1.99 ***	-0.32 ***	0.15 **	-0.72 ***	0.04	-1.06 ***	-0.18		-13.00 ***	-0.83 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table 4: Panel B – Nested Logit Regressions

Log Odds ratio between Owning with and without a Mortgage

Country	parttime	unemp	retired	urban	suburban	lage*secedu	lage*teredu	inc*secedu	inc*teredu
New EU Countries									
Czech Republic	0.36	0.38	0.60 ***	-0.31 ***			-0.54		-0.26
Estonia	0.34	0.32	1.22 *	-0.11			0.08		-0.36
Hungary	-0.36	0.22	0.36 **	-0.24 ***	0.03	0.35	0.29	0.18	0.07
Latvia	0.11	0.09	-0.33	-1.20 ***		-1.29	-0.42	0.21	0.49
Lithuania		-5.85		-0.26			0.10		-0.39
Poland	-1.28 ***	-0.07	-0.41	-0.45 ***	0.01	0.10	0.19	-0.79 ***	-0.38 *
Slovak Republic	0.11	0.55	0.16	-0.98 ***	-0.14	-1.28	-1.47	0.84	0.70
EU-15 and Cyprus									
Austria	-0.62 *	-0.30	0.05	-0.03	-0.37 ***	-0.04	-0.30	0.52 *	0.45
Belgium	-0.39	0.90 **	1.08 ***	-0.07	0.20	0.67	0.68	0.72 **	1.12 ***
Cyprus	0.16	0.35	0.60	-0.47 **	-0.10	-0.96	-1.96 ***	1.24 ***	1.11 ***
Denmark	-0.23	0.05	-0.23	0.14	0.03	3.29	3.55	0.98	1.02
Finland	0.26	0.11	0.46 ***	0.01	-0.12	0.11	0.77 *	0.18	0.60 ***
France	-0.33	-0.38	-0.12	-0.17 *	-0.20 **	1.16 ***	1.50 ***	-0.08	0.30
Greece	-1.06 *	-0.46	-0.47	-0.20	-0.37 **	-1.15	-1.63 ***	-0.28	-0.12
Ireland	-0.62 *	-0.64	0.88 **	-1.00 ***	-0.81 ***	-0.32	1.29 **	0.10	0.24
Italy	-0.78 ***	-0.46	-0.33 *	-0.56 ***	-0.42 ***	-0.41	-0.43	0.11	0.44 ***
Luxembourg	-0.69	0.70	0.16	-0.25	-0.13	0.88	1.50	0.96 **	1.39 ***
Netherlands	0.00	-0.05	0.03			1.29 ***	1.03 **	1.18 ***	1.06 ***
Portugal	-0.57	-0.25	0.01	-0.32 **	0.03	-0.48	-0.15	0.02	0.41
Spain	-0.45	-0.01	0.18	-0.27 ***	-0.41 ***	-0.27	0.20	0.52 ***	0.60 ***
Sweden	0.24	-0.06	-0.16	-0.17	-0.09	-0.36	-1.21	0.66	0.85 *
United Kingdom	-0.09	-1.05 **	1.30 ***	-0.10			1.81 ***		0.56 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2007

Table 5: Descriptive Summary Statistics
Weighted Averages - Financial Vulnerability Dependent Variables

Country	finburden	finvul	arrears1	arrears2	arrears3	himedcost
Recently Added EU Countries						
Czech Republic	2.075	0.051	0.052	0.035	0.065	0.002
Estonia	1.946	0.049	0.047	0.043	0.030	0.011
Hungary	2.221	0.160	0.116	0.149	0.136	0.021
Latvia	2.099	0.103	0.087	0.090	0.049	0.094
Lithuania	2.071	0.087	0.107	0.082	0.045	0.021
Poland	2.284	0.164	0.127	0.151	0.128	0.045
Slovak Republic	2.280	0.066	0.049	0.050	0.039	0.008
Slovenia	2.183	0.129	0.205	0.106	0.142	0.002
EU-15 and Cyprus						
Austria	1.833	0.037	0.031	0.020	0.112	0.005
Belgium	1.901	0.056	0.040	0.040	0.026	0.004
Cyprus	2.600	0.208	0.184	0.093	0.250	0.046
Denmark	1.324	0.052	0.021	0.020	0.035	0.003
Finland	1.902	0.087	0.059	0.042	0.059	0.004
France	1.756	0.088	0.079	0.058	0.049	0.013
Greece	2.224	0.266	0.241	0.168	0.434	0.053
Ireland	1.927	0.075	0.085	0.056	0.029	0.015
Italy	2.534	0.107	0.101	0.088	0.156	0.032
Luxembourg	2.125	0.027	0.026	0.020	0.007	0.002
Netherlands	1.701	0.043	0.028	0.022	0.088	0.002
Portugal	2.030	0.066	0.057	0.050	0.040	0.097
Spain	2.442	0.062	0.062	0.037	0.075	0.000
Sweden	1.503	0.059	0.026	0.033	0.042	0.006
United Kingdom	1.863	0.077	0.058	0.043	0.039	0.000

Source: EU Statistics on Income and Living Conditions (SILC) database, 2007

Table 6: Ordered Probit and Probit Regressions

Financial Vulnerability Regressions (Marginal Effects)

	finburden				finvul				arrears1	
Country	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**Pseudo r^2**
New EU Countries										
Czech Republic	-0.0253	0.0737	0.08	0.69	0.0185 **	0.0531 ***	0.16	-4.63 ***	-0.0271 ***	0.17
Estonia	-0.1512 *	0.0040	0.12	-0.52	0.0171	0.0241 **	0.10	-0.40	-0.0369	0.15
Hungary	0.0437 ***	0.0825 ***	0.07	1.66 *	0.0444 ***	0.0687 ***	0.13	-1.30	-0.0878 ***	0.13
Latvia	0.0217 **	0.0518 **	0.09	-0.32	0.0566 ***	0.0769 ***	0.09	-0.75	-0.0344	0.09
Lithuania	-0.0118 ***	-0.0424 *	0.07	3.89 ***	0.0329	0.0289	0.08	0.09	-0.1195 **	0.34
Poland	-0.1706 **	0.0886 ***	0.08	-4.09 ***	0.0672 ***	0.0325 ***	0.09	1.23	-0.0615 **	0.13
Slovak Republic	-0.0539	0.0484	0.06	-0.88	0.0041	0.0774 ***	0.10	-5.76 ***	-0.0555 ***	0.15
Slovenia	0.1375 ***	0.0435	0.06	4.58 ***	0.0401	0.0261 **	0.09	0.38	-0.1278 **	0.16
EU-15 and Cyprus										
Austria	0.0524 ***	0.0001	0.06	6.55 ***	0.0347 ***	0.0226 ***	0.14	0.65	0.0108	0.10
Belgium	-0.0525 ***	0.1200 ***	0.05	1.37	0.0258 ***	0.0752 ***	0.19	-5.29 ***	-0.0297 ***	0.16
Cyprus	0.0920 ***	-0.0448	0.10	6.47 ***	0.0892 ***	0.0136	0.10	2.72 ***	0.0760 **	0.11
Denmark	-0.0247		0.07		-0.0369 ***		0.24		-0.0048	0.24
Finland	0.0458 ***	0.0567 ***	0.06	1.54	0.0562 ***	0.1043 ***	0.17	-4.30 ***	-0.0426 ***	0.15
France	-0.0131 ***	0.0668 ***	0.04	0.85	0.0040	0.0643 ***	0.14	-5.59 ***	-0.0450 ***	0.11
Greece	0.0522 ***	0.0845 ***	0.06	1.67 *	0.2553 ***	0.1578 ***	0.16	2.72 ***	0.0206	0.18
Ireland	-0.0458 ***	0.2174 ***	0.09	-2.46 **	0.0164	0.0892 ***	0.26	-3.89 ***	-0.0494 **	0.20
Italy	0.2176 ***	0.0821 ***	0.08	13.94 ***	0.0925 ***	0.0987 ***	0.13	-1.41	-0.0491 ***	0.11
Luxembourg	0.0066	0.0661	0.08	3.64 ***	0.0082	0.0265	0.19	-2.07 **	-0.0133 *	0.19
Netherlands	-0.0897 ***		0.05		-0.0418 ***		0.13		-0.0265 ***	0.12
Portugal	0.1007 ***	-0.0261	0.10	8.50 ***	0.0311 **	0.0508 ***	0.10	-1.24	-0.0070	0.14
Spain	0.1106 ***	-0.0450 **	0.06	10.48 ***	0.0585 ***	0.0625 ***	0.09	0.29	-0.0080	0.09
Sweden	-0.0894 ***	0.0914 ***	0.07	-7.90 ***	0.0210	0.0935 ***	0.14	-7.46 ***	-0.0224 ***	0.11
United Kingdom	0.0256 ***	0.0782 ***	0.06	0.74	0.0216 **	0.1150 ***	0.21	-9.64 ***	-0.0602 ***	0.16

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table 6: Ordered Probit and Probit Regressions

Financial Vulnerability Regressions (Marginal Effects)

	arrears2				arrears3				himedcost			
Country	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**renter**	**Pseudo r^2**	**t-test**
New EU Countries												
Czech Republic	0.0067	0.0312 ***	0.17	-4.46 ***	0.0091	0.0512 **	0.10	-2.88 ***	-0.0009	-0.0001	0.14	-1.50
Estonia	0.0086	0.0117	0.10	-0.20	0.0154	0.0393 **	0.15	-1.03	-0.0005	0.0076 **	0.19	-1.19
Hungary	0.0294 **	0.0537 ***	0.13	-1.39	-0.0271 *	0.0136	0.09	-1.67 *	0.0070 *	0.0046	0.09	0.42
Latvia	0.0371 **	0.0475 ***	0.10	-0.45	0.0265	0.0321	0.09	-0.19	0.0399 **	0.0395 ***	0.15	0.04
Lithuania	0.0081	0.0190	0.09	-0.31	-0.0037	0.0219	0.07	-0.77	-0.0009	-0.0067	0.13	0.77
Poland	0.0437 *	0.0216 **	0.09	0.87	0.0119	0.0401 ***	0.07	-0.90	0.0149	0.0053	0.10	0.67
Slovak Republic	0.0014	0.0424 ***	0.11	-3.89 ***	-0.0125	0.0109	0.09	-2.54 **	-0.0021	0.0047	0.20	-2.62 ***
Slovenia	0.0436	-0.0043	0.08	1.61	-0.0422	0.0327	0.06	-1.21				
EU-15 and Cyprus												
Austria	0.0054	0.0051	0.13	-0.07	0.1047 *	0.0440	0.17	0.97	0.0019	0.0007	0.07	0.47
Belgium	0.0154 **	0.0489 ***	0.16	-4.17 ***	0.0121	0.0246 *	0.16	-1.42	0.1137 ***	0.1810 ***	0.29	-0.89
Cyprus	-0.0154	0.0057	0.07	-1.24	-0.0236	0.0153	0.10	-1.05	-0.0003	0.0080	0.10	-0.70
Denmark	-0.0157 ***		0.28		-0.0294 ***		0.20		-0.0006		0.18	
Finland	0.0320 ***	0.0175 **	0.10	1.99 **	0.0120	0.0526 ***	0.14	-3.27 ***	0.0014	0.0030 *	0.12	-1.04
France	-0.0128 *	0.0215 **	0.12	-5.03 ***	0.0027	0.0296 **	0.09	-2.72 ***	0.0043	0.0107 ***	0.14	-1.75 *
Greece	0.0234	0.0924 ***	0.28	-3.28 ***	0.1153 **	0.0929 **	0.11	0.42	0.0134	0.0208 **	0.08	-0.58
Ireland	0.0011	0.0428 ***	0.26	-3.40 ***	0.0000	0.0072	0.19	-1.03	0.0033	0.0023	0.39	0.35
Italy	0.0659 ***	0.0725 ***	0.12	-1.31	0.0163	0.0351 *	0.09	-0.86	0.0177 ***	0.0224 ***	0.09	-1.10
Luxembourg	-0.1392 **	-0.0907 *	0.20	-1.48	-0.0060 ***		0.28			0.0016 **	0.34	
Netherlands	-0.0208 ***		0.13		-0.0442 **		0.14		0.0000		0.27	
Portugal	0.0046	0.0190 *	0.10	-1.26	0.0129	0.0285 *	0.12	-0.95	0.0350 **	0.0616 ***	0.09	-1.56
Spain	0.0191 ***	0.0244 ***	0.07	-0.49	0.0265 *	0.0581 ***	0.06	-1.53				
Sweden	-0.0047	0.0152	0.13	-3.98 ***	0.0098	0.0753 **	0.16	-7.94 ***	-0.0016	0.0039	0.15	-3.64 ***
United Kingdom	0.0074	0.0482 ***	0.17	-5.80 ***	-0.0003	0.0519 ***	0.15	-6.36 ***				

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2007

Table 7: Two Stage Least Squares Regressions

Financial Vulnerability Regressions (Marginal Effects)

	finburden				finvul				arrears1	
Country	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**Pseudo r^2**
New EU Countries										
Czech Republic	0.0259	-0.0567	0.08	0.65	0.0026	0.0330	0.14	-0.66	0.0872	0.15
Estonia	-0.2403 ***	0.3102 **	0.11	-2.92 ***	0.0031	0.0491	0.09	-0.55	-0.0905 **	0.10
Hungary	0.1746	-0.1711 *	0.06	1.81 *	-0.1388	0.0734	0.12	-0.93	0.0952	0.10
Latvia	-0.4368 ***	-0.0052	0.08	-2.17 **	0.0781	0.0037	0.06	0.79	0.0679	0.07
Lithuania	-0.2804	0.0394	0.07	-0.72	0.1015	-0.0985	0.08	0.87	-0.0832	0.26
Poland	-0.5140 ***	0.0870	0.08	-5.03 ***	-0.1950 **	0.0458 ***	0.09	-2.48 **	0.0713	0.10
Slovak Republic	0.2575 **	0.0930	0.06	0.58	-0.0659	0.1788 **	0.08	-1.59	0.0333 **	0.11
EU-15 and Cyprus										
Austria	0.0450	-0.0057	0.06	1.03	0.0285	-0.0555 *	0.13	2.49 **	0.0047	0.12
Belgium	0.0875 ***	-0.0077	0.04	1.78 *	0.0287	0.0577 ***	0.16	-1.10	-0.0144	0.13
Cyprus	0.1998 **	-0.0912	0.08	2.40 **	0.0340	-0.0522	0.09	0.55	0.1916 **	0.06
Denmark	-0.0098		0.08		-0.0452 ***		0.18		-0.0172 ***	0.18
Finland	0.0201	0.1025 **	0.04	-1.25	-0.1244 **	0.0754 *	0.15	-2.88 ***	-0.0573 *	0.13
France	0.0362	0.0079	0.03	0.39	0.0020	0.1077 ***	0.12	-3.15 ***	0.0101	0.09
Greece	0.2276 *	-0.0035	0.05	1.58	0.3357 **	0.0826 *	0.13	1.49	0.0955	0.18
Ireland	-0.0199	0.0353	0.07	-0.66	-0.0083	0.1187 ***	0.21	-2.78 ***	0.0410	0.16
Italy	0.0783	0.0584	0.04	0.16	-0.0186	0.1579 ***	0.10	-3.29 ***	-0.0382	0.09
Luxembourg	0.0941	-0.0664	0.08	1.17	0.0155	0.0034	0.17	0.64	0.0116	0.16
Netherlands	-0.1724 ***		0.04		-0.0667 ***		0.10		-0.0428 ***	0.09
Portugal	0.0079	-0.0294	0.07	0.45	0.0112	0.1083 ***	0.08	-1.46	0.0104	0.13
Spain	0.2978 ***	-0.2811 *	0.04	2.76 ***	0.0095	0.0801 *	0.07	-1.30	0.0014	0.08
Sweden	0.0679	0.0353 ***	0.06	0.58	0.1294 *	0.0897 *	0.11	0.39	0.0139	0.08
United Kingdom	0.1507 ***	0.0563	0.05	2.16 **	0.0928 ***	0.0872 ***	0.18	0.15	0.0136	0.12

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table 7: Two Stage Least Squares Regressions
Financial Vulnerability Regressions (Marginal Effects)

	arrears2				arrears3				himedcost			
Country	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**
New EU Countries												
Czech Republic	0.0188	0.0154	0.15	0.06	0.0002	0.0508	0.07	-0.45	-0.0025 ***	0.0077	0.07	-2.54
Estonia	-0.0091	0.0601	0.10	-0.85	-0.0359	0.0085	0.11	-0.33	0.0131	-0.0137	0.18	1.35
Hungary	-0.3048	-0.0031	0.12	-1.37	-0.1129	0.0395	0.08	-0.55	-0.0574	-0.0191	0.09	-0.73
Latvia	0.0511	-0.0171	0.09	0.83	0.1138	0.0452	0.06	0.53	0.0745	0.0061	0.14	0.84
Lithuania	0.0520	-0.1019	0.08	0.68	-0.0532	0.0359	0.04	-0.38	-0.0460	-0.0301	0.13	-0.13
Poland	-0.2675 ***	0.0446	0.09	-3.58	-0.0817	0.1153	0.06	-1.55	-0.0547 **	0.0133	0.10	-1.17
Slovak Republic	-0.0835 **	0.1720	0.09	-2.03	-0.0303 **	0.1135	0.07	-2.49	0.0049	0.0074	0.18	-0.16
EU-15 and Cyprus												
Austria	0.0150 **	0.0157	0.15	-0.07	-0.1631	0.0694	0.13	-1.12	0.0058	-0.0030	0.06	1.01
Belgium	0.0330 ***	0.0321	0.14	0.04	0.0072 ***	0.0379	0.13	-1.49	-0.0022 ***	0.0021	0.19	-3.45
Cyprus	-0.0238	0.0324	0.07	-0.61	-0.0511	-0.0175	0.09	-0.15	-0.0307	0.0393	0.09	-1.27
Denmark	-0.0035		0.18		-0.0278		0.14		-0.0012		0.13	
Finland	0.0034	-0.0256	0.09	0.73	-0.0805 ***	0.1361	0.13	-3.90	-0.0028 **	0.0063	0.10	-1.93
France	0.0255 ***	0.0445	0.09	-0.76	0.0218 **	0.0451	0.06	-0.68	-0.0048 ***	0.0152	0.11	-2.76
Greece	0.0116	0.0202	0.27	-0.09	-0.4762	0.0461	0.10	-1.53	0.0064	0.0037	0.07	0.06
Ireland	-0.0119 ***	0.0594	0.23	-2.01	-0.0579	0.0191	0.20	-2.72	0.0039	0.0047	0.38	-0.10
Italy	-0.0020 ***	0.1383	0.10	-2.92	-0.0785	0.0369	0.09	-0.58	-0.0127	0.0199	0.08	-1.15
Luxembourg	0.0149	-0.0014	0.14	1.09	0.0002	0.0012	0.15	-0.20	0.0008	-0.0008	0.17	0.41
Netherlands	-0.0151		0.10		-0.0457		0.11		0.0000		0.34	
Portugal	-0.0242 *	0.0582	0.08	-1.47	-0.0092 **	0.0942	0.05	-1.92	0.0305 *	0.0791	0.07	-0.87
Spain	-0.0047	0.0171	0.06	-0.57	-0.0601 ***	0.2618	0.05	-2.84	0.0000	0.0000	0.24	-1.85
Sweden	0.0446 ***	0.0296	0.10	0.31	0.1551	0.0637	0.10	0.77	0.0400 *	0.0105	0.11	1.06
United Kingdom	0.0346 ***	0.0444	0.15	-0.40	0.0118 ***	0.0608	0.11	-2.61	-0.0001 **	-0.0002	0.22	0.86

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2007

Figure 1: Total Household Credit to Households, 1995-2007

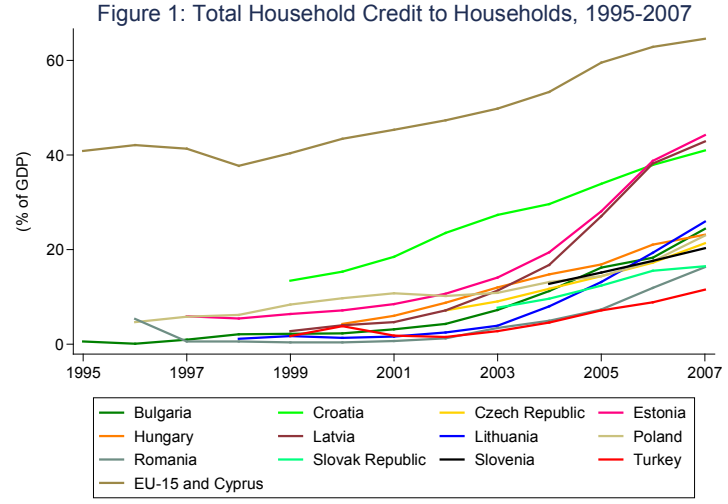


Figure 2: Mortgage Credit to Households,1995-2007

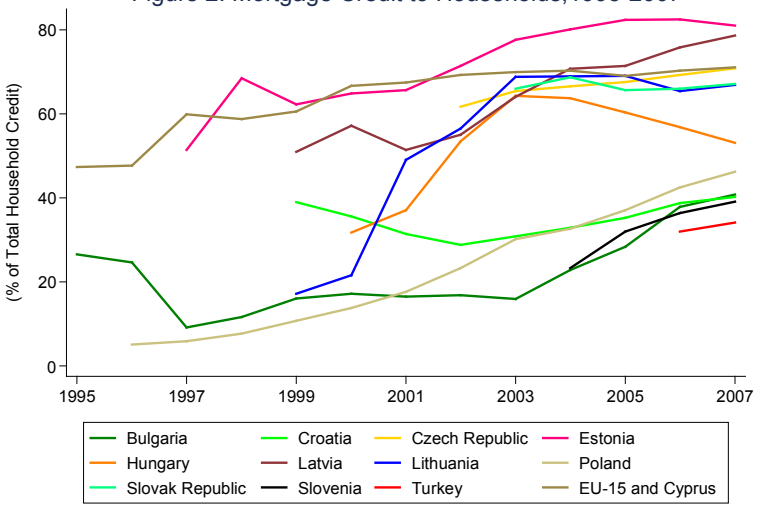


Figure 3: Credit to Enterprises, 1995-2007

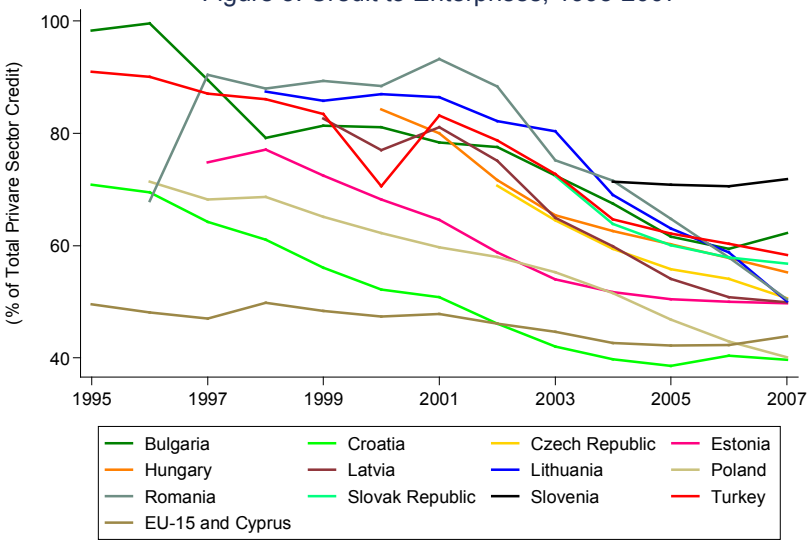
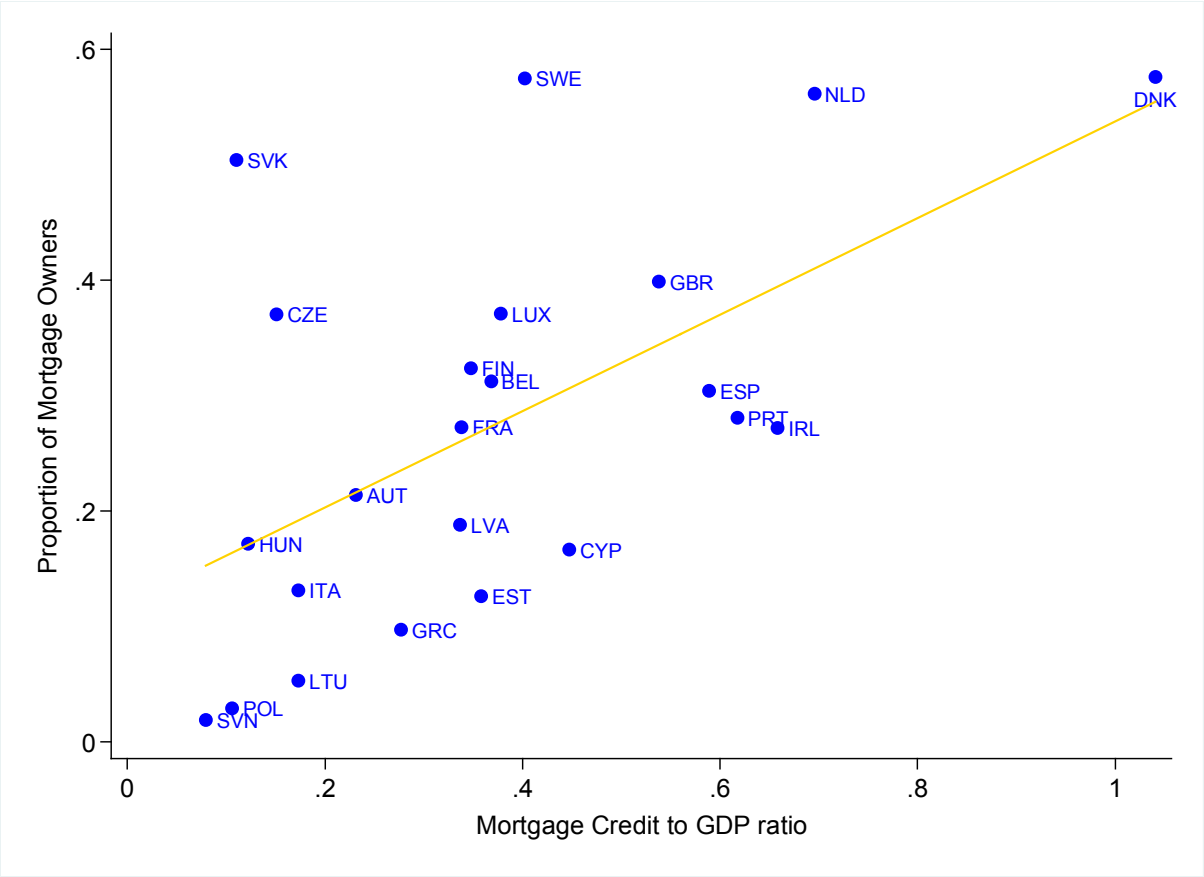


Figure 4: Share of Renters, Mortgage Owners and Outright Owners, 2007



Source: SILC - EU Statistics on Income and Living Conditions, 2007

Figure 5: Share of Mortgage Owners and Mortgage Credit to GDP Ratio, 2007



Source: SILC - EU Statistics on Income and Living Conditions, 2007 and ECRI - Lending to Households in Europe, Statistical Package 2008

Figure 6: Tenure Status by Income Decile, 2007



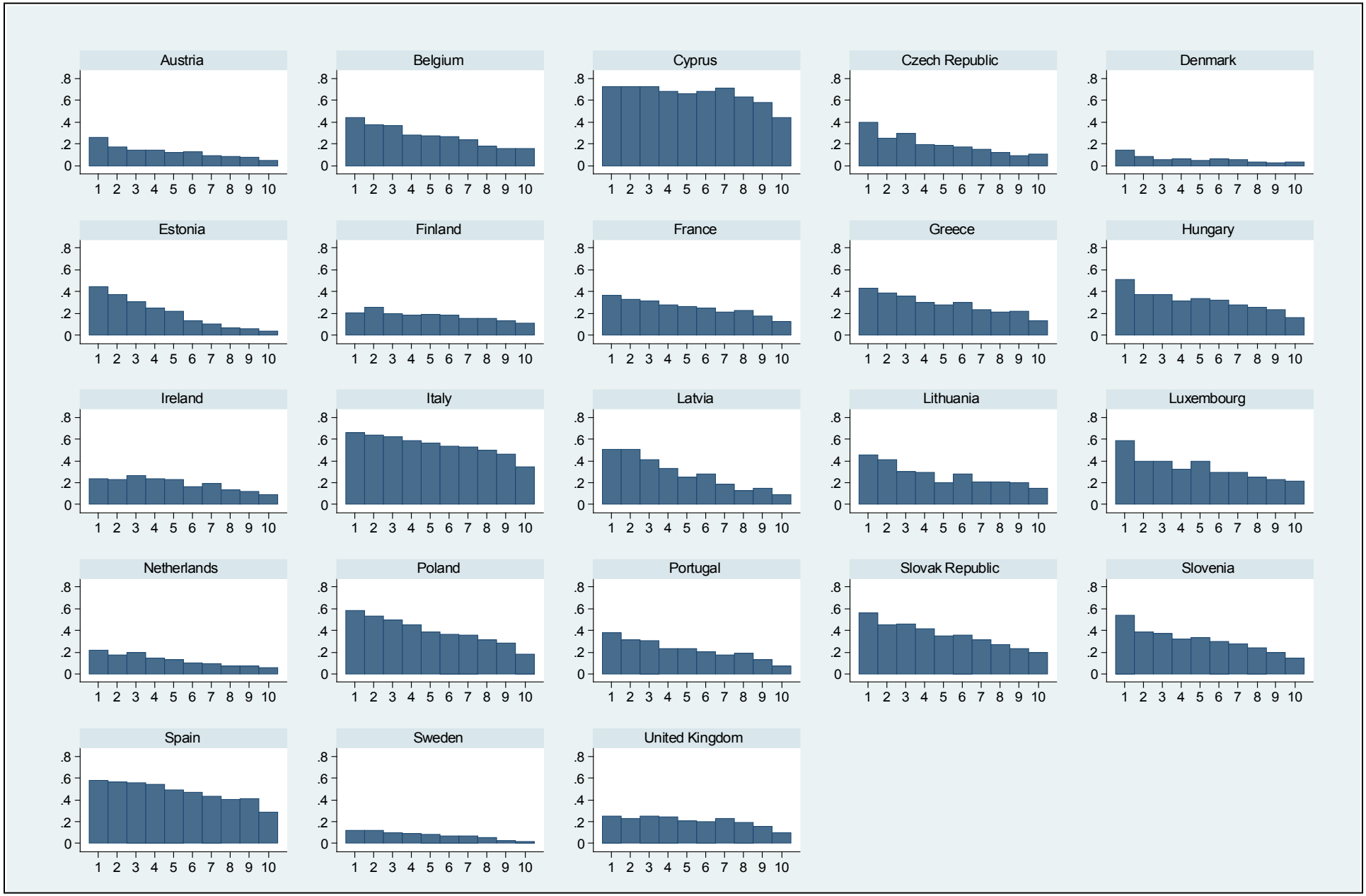
Source: SILC - EU Statistics on Income and Living Conditions, 2007

Figure 7: Tenure Status Owners by Age Group, 2007



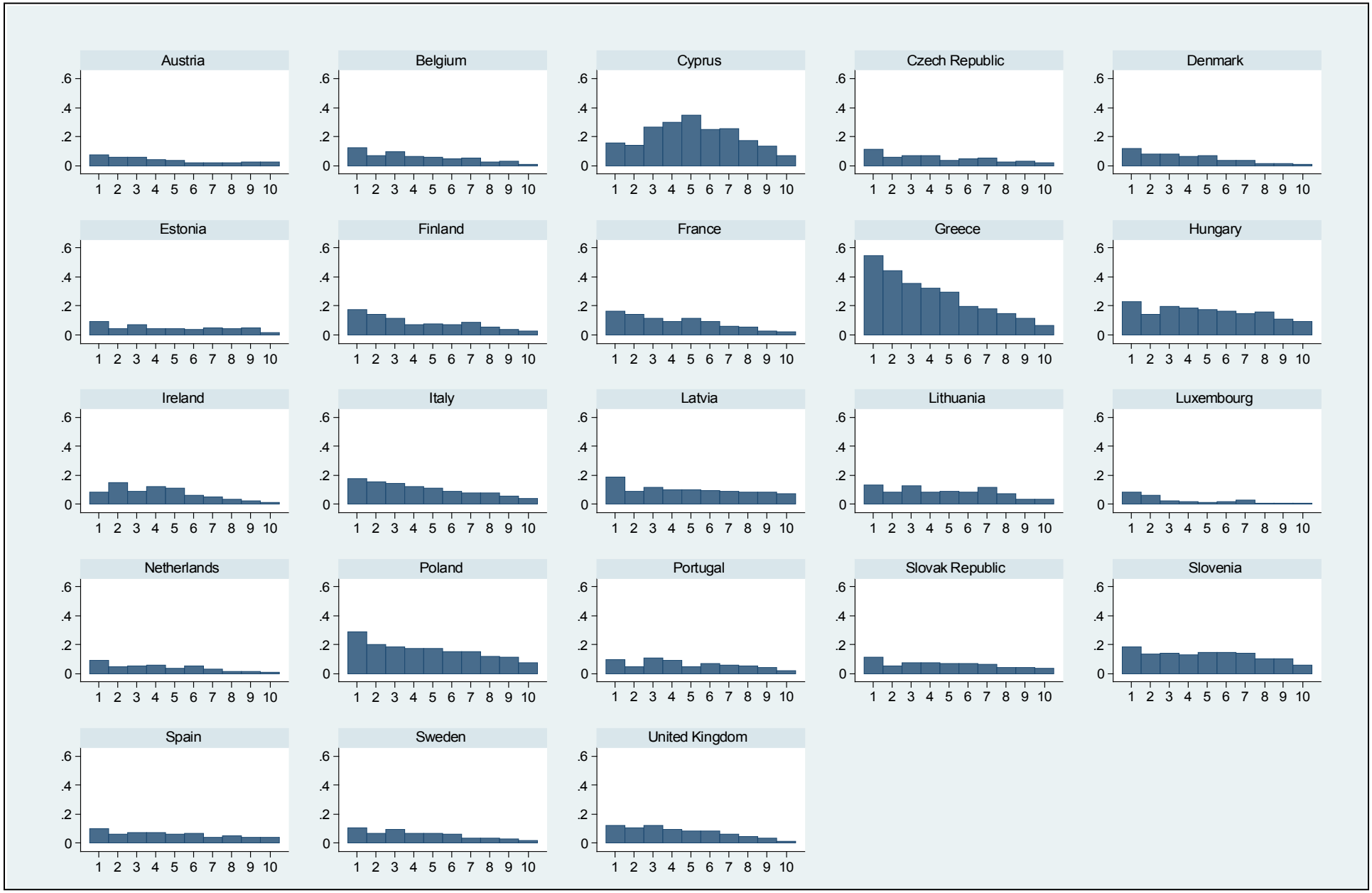
Source: SILC - EU Statistics on Income and Living Conditions, 2007

Figure 8: Share of Households for whom finburden=3 by Income Decile, 2007



Source: SILC - EU Statistics on Income and Living Conditions, 2007

Figure 9: Share of Households that have any bills in arrears by Income Decile, 2007



Source: SILC - EU Statistics on Income and Living Conditions, 2007

Figure 10: Share of Households for whom finburden=3 by Age Group, 2007



Source: SILC - EU Statistics on Income and Living Conditions, 2007

Figure 11: Share of Households that have any bills in arrears by Age Group, 2007



Source: SILC - EU Statistics on Income and Living Conditions, 2007

Table A1: Descriptive Summary Statistics, 2005
Weighted Averages - Explanatory Variables

Country	age	female	hhsize	lnincome	secedu	teredu	house	apartment	hh1	hhnodep	hhdep	fulltime	parttime	unemp	retired	other	urban	rural
New EU countries																		
Czech Republic	50	0.33	2.52	8.82	0.84	0.15	0.43	0.56	0.23	0.42	0.35	0.61	0.02	0.05	0.27	0.04	0.38	0.39
Estonia	51	0.48	2.40	8.35	0.57	0.37	0.31	0.68	0.31	0.31	0.37	0.61	0.04	0.03	0.27	0.05	0.48	0.52
Hungary	51	0.45	2.47	8.58	0.73	0.18	0.64	0.36	0.29	0.37	0.34	0.54	0.05	0.04	0.30	0.07	0.35	0.43
Latvia	50	0.48	2.56	8.10	0.49	0.32	0.28	0.72	0.25	0.37	0.37	0.62	0.03	0.05	0.28	0.03	0.48	0.52
Lithuania	50	0.47	2.53	8.04	0.42	0.47	0.40	0.59	0.28	0.31	0.41	0.59	0.04	0.05	0.27	0.05	0.41	0.59
Poland	51	0.45	2.84	8.36	0.56	0.20	0.43	0.56	0.25	0.32	0.42	0.48	0.03	0.05	0.29	0.15	0.46	0.42
Slovak Republic	50	0.42	2.90	8.45	0.82	0.18	0.52	0.48	0.24	0.33	0.43	0.61	0.01	0.04	0.32	0.02	0.27	0.25
Slovenia	51	0.42	2.80	9.54	0.56	0.21	0.67	0.33	0.21	0.36	0.43	0.59	0.01	0.03	0.35	0.02		
EU-15 and Cyprus																		
Austria	51	0.33	2.34	10.18	0.68	0.31	0.51	0.48	0.34	0.35	0.31	0.56	0.04	0.03	0.33	0.03	0.40	0.36
Belgium	51	0.35	2.32	10.04	0.47	0.37	0.73	0.25	0.34	0.35	0.31	0.49	0.07	0.08	0.30	0.07	0.57	0.04
Cyprus	50	0.26	2.97	10.00	0.41	0.29	0.75	0.22	0.16	0.36	0.48	0.68	0.03	0.02	0.23	0.04	0.59	0.30
Denmark	50	0.41	2.02	10.22	0.75	0.25	0.61	0.37	0.44	0.29	0.27	0.54	0.05	0.04	0.25	0.12	0.36	0.35
Finland	50	0.42	2.14	10.05	0.50	0.29	0.57	0.42	0.38	0.34	0.27	0.54	0.05	0.06	0.25	0.10	0.30	0.53
France	51	0.38	2.30	10.06	0.54	0.27	0.59	0.40	0.31	0.35	0.34	0.52	0.05	0.05	0.34	0.04	0.50	0.17
Greece	52	0.30	2.67	9.63	0.38	0.23	0.45	0.55	0.20	0.44	0.36	0.58	0.02	0.02	0.29	0.09	0.42	0.58
Ireland	49	0.35	2.85	10.31	0.37	0.35	0.95	0.04	0.22	0.34	0.44	0.56	0.08	0.04	0.14	0.18	0.35	0.37
Italy	53	0.34	2.48	9.98	0.55	0.16	0.47	0.51	0.28	0.39	0.33	0.53	0.03	0.03	0.29	0.12	0.44	0.18
Luxembourg	50	0.28	2.51	10.73	0.44	0.27	0.67	0.32	0.29	0.34	0.37	0.62	0.04	0.02	0.22	0.11	0.50	0.19
Netherlands	50	0.31	2.29	10.12	0.54	0.34	0.68	0.25	0.35	0.35	0.31	0.47	0.12	0.02	0.13	0.26		
Portugal	51	0.34	2.79	9.41	0.27	0.15	0.63	0.36	0.17	0.41	0.42	0.61	0.04	0.04	0.28	0.04	0.44	0.25
Spain	50	0.29	2.83	9.75	0.36	0.29	0.36	0.64	0.16	0.45	0.37	0.61	0.03	0.04	0.24	0.09	0.53	0.27
Sweden	51	0.40	2.08	10.02	0.53	0.34	0.49	0.51	0.42	0.29	0.29	0.54	0.07	0.03	0.25	0.11	0.21	0.66
United Kingdom	50	0.37	2.31	10.20	0.61	0.39	0.81	0.19	0.31	0.37	0.29	0.49	0.08	0.02	0.24	0.18	0.77	0.05

Note: Data used to create dummy variables - urban, suburban and rural - are not available for the Netherlands and Slovenia.
Source: EU Statistics on Income and Living Conditions (SILC) database, 2005

Table A2: Descriptive Summary Statistics, 2006
Weighted Averages - Explanatory Variables

Country	age	female	hhsize	lnincome	secedu	teredu	house	apartment	hh1	hhnodep	hhdep	fulltime	parttime	unemp	retired	other	urban	rural
New EU countries																		
Czech Republic	50	0.33	2.52	8.94	0.85	0.15	0.43	0.56	0.24	0.41	0.35	0.61	0.02	0.04	0.28	0.05	0.37	0.40
Estonia	50	0.48	2.36	8.53	0.57	0.37	0.30	0.69	0.33	0.31	0.36	0.64	0.03	0.03	0.25	0.05	0.49	0.51
Hungary	51	0.44	2.61	8.72	0.68	0.23	0.67	0.33	0.25	0.37	0.38	0.55	0.02	0.04	0.31	0.08	0.35	0.44
Latvia	50	0.47	2.63	8.25	0.64	0.33	0.29	0.71	0.24	0.35	0.40	0.64	0.03	0.04	0.26	0.03	0.48	0.52
Lithuania	50	0.46	2.55	8.23	0.42	0.48	0.39	0.61	0.28	0.30	0.42	0.63	0.02	0.04	0.27	0.05	0.41	0.59
Poland	51	0.43	2.84	8.60	0.56	0.21	0.44	0.56	0.25	0.32	0.42	0.50	0.03	0.03	0.28	0.16	0.46	0.43
Slovak Republic	51	0.43	2.88	8.61	0.79	0.19	0.51	0.49	0.24	0.34	0.42	0.62	0.02	0.03	0.32	0.01	0.26	0.25
Slovenia	51	0.43	2.82	9.61	0.62	0.22	0.70	0.30	0.20	0.38	0.41	0.60	0.01	0.03	0.34	0.01		
EU-15 and Cyprus																		
Austria	51	0.34	2.33	10.15	0.70	0.29	0.51	0.48	0.35	0.35	0.30	0.54	0.05	0.04	0.34	0.04	0.41	0.35
Belgium	52	0.33	2.31	10.08	0.46	0.38	0.74	0.25	0.33	0.35	0.31	0.49	0.07	0.06	0.31	0.07	0.56	0.04
Cyprus	50	0.26	2.97	10.10	0.41	0.30	0.74	0.24	0.16	0.37	0.47	0.70	0.03	0.02	0.23	0.02	0.59	0.29
Denmark	50	0.42	2.02	10.25	0.75	0.25	0.62	0.37	0.44	0.29	0.27	0.53	0.05	0.03	0.25	0.14	0.36	0.34
Finland	50	0.42	2.13	10.08	0.49	0.31	0.57	0.43	0.39	0.35	0.27	0.54	0.05	0.05	0.26	0.10	0.29	0.54
France	51	0.39	2.29	10.08	0.54	0.28	0.60	0.40	0.31	0.35	0.34	0.52	0.05	0.05	0.34	0.05	0.49	0.17
Greece	52	0.30	2.68	9.68	0.40	0.23	0.45	0.55	0.20	0.45	0.35	0.58	0.03	0.02	0.29	0.09	0.41	0.45
Ireland	49	0.34	2.85	10.38	0.37	0.35	0.95	0.04	0.22	0.34	0.45	0.58	0.07	0.04	0.14	0.17	0.35	0.37
Italy	53	0.34	2.46	9.99	0.54	0.17	0.43	0.52	0.29	0.38	0.33	0.54	0.03	0.03	0.29	0.11	0.44	0.18
Luxembourg	50	0.30	2.47	10.75	0.44	0.27	0.66	0.32	0.29	0.34	0.37	0.61	0.05	0.02	0.22	0.10	0.49	0.20
Netherlands	50	0.31	2.27	10.14	0.54	0.34	0.69	0.26	0.35	0.35	0.30	0.47	0.14	0.02	0.19	0.17		
Portugal	52	0.35	2.76	9.42	0.27	0.14	0.65	0.34	0.17	0.42	0.42	0.60	0.04	0.04	0.28	0.04	0.40	0.29
Spain	50	0.29	2.79	9.81	0.38	0.29	0.37	0.63	0.16	0.45	0.38	0.61	0.02	0.04	0.23	0.09	0.53	0.28
Sweden	51	0.40	2.11	10.02	0.55	0.37	0.50	0.49	0.41	0.29	0.30	0.53	0.08	0.02	0.26	0.11	0.21	0.64
United Kingdom	50	0.36	2.34	10.23	0.65	0.35	0.81	0.18	0.30	0.38	0.29	0.50	0.07	0.02	0.25	0.16	0.77	0.05

Note: Data used to create dummy variables - urban, suburban and rural - are not available for the Netherlands and Slovenia.
Source: EU Statistics on Income and Living Conditions (SILC) database, 2006

Table A3: Panel A – Multinomial Regressions, 2005

Log Odds ratio between Renters and Mortgage holders (Marginal Effects)

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	-0.2534 ***	0.0095	0.0030	-0.1868 ***	-0.0250	-0.0235	-0.2708 ***		-0.4032 ***	0.0243
Estonia	-0.1701 ***	-0.0028	-0.0246 ***	-0.0159	-0.0720 ***	-0.0554 ***	0.0155		0.0795	-0.0900 ***
Hungary	-0.2323 ***	-0.0176 *	-0.0095	-0.0376	-0.0234 *	0.0005	-0.1278 ***	-0.3171	-0.0637	-0.0080
Latvia	-0.2000 ***	0.0382 **	0.0081	-0.0311	-0.0544 **	-0.0540 *	-0.1626 ***	-0.0868	-0.2184	-0.0593
Lithuania	-0.2716 ***	-0.0346 ***	-0.0165 **	-0.0342 ***	-0.0507 ***	0.0012	0.0108		-0.1377	-0.0292
Poland	-0.2704 ***	0.0138	-0.0200 ***	-0.0523 **	0.0453 **	0.0478 **	-0.6144 ***	-0.3846	-0.3613 *	0.0134
Slovak Republic	-0.3695 ***	-0.0550 ***	-0.0244 ***		-0.2369 ***	-0.0962 ***	-0.0645 ***	-0.3431		-0.0798 *
Slovenia	-0.1418 ***	-0.0112	-0.0377 ***	-0.0168	-0.0500 ***	0.0890 ***	-0.1792 ***	0.7582 ***	0.9552 ***	0.0622 *
EU-15 and Cyprus										
Austria	-0.2042 ***	0.0067	-0.0387 ***	-0.1687 ***	-0.0113	0.0130	-0.4904 ***		0.2252	0.0314
Belgium	-0.5392 ***	0.0462 **	-0.0204	-0.2190 ***	-0.0159	0.0664	-0.4962 ***	0.4386	-0.2780	-0.1352 ***
Cyprus	-0.0998	-0.0159	-0.0079	-0.1792 ***	0.0083	-0.0881 **	-0.2166 ***	0.3999	0.4291	-0.0691
Denmark	1.1392	-0.1038 ***	0.0620 ***	0.5896 **	-0.0034	-0.1880 ***	0.5353 ***	0.9999 ***	0.9996 ***	0.2028 ***
Finland	-0.5927 ***	0.0043	-0.0113	-0.2502 ***	0.0196	0.0719 *	-0.3478 ***	0.5301	0.2103	-0.2002 ***
France	-0.4434 ***	0.0310 *	-0.0291 **	-0.1053 **	-0.0669 **	0.0179	-0.5021 ***	0.9539 ***	0.9332 ***	-0.1116 ***
Greece	-0.3803 ***	-0.0141	-0.0722 ***	0.0030	-0.0385	0.0665 *	-0.1556 ***	0.8484 ***	0.4796	0.0014
Ireland	-0.5264 ***	0.0259	0.0029	-0.0659 **	-0.0025	0.0586 *	-0.6633 ***	0.7508 *	0.5408	-0.2043 ***
Italy	-0.3474 ***	-0.0143	-0.0151 **	-0.0809 ***	-0.0658 ***	0.0164	-0.1335 ***	-0.1101	-0.2359 ***	0.0290 *
Luxembourg	-0.2086 *	-0.0808 **	-0.0074	-0.1946 **	0.0032	0.0085	-0.5284 ***	0.8019 *	-0.2943	-0.0383
Netherlands	0.3940 ***	-0.0684 ***	0.0290 **	0.2696 ***	-0.0064	-0.0431	0.3462 ***	0.8541 ***	-0.0612	0.2457 ***
Portugal	-0.2499 ***	0.0152	0.0051	-0.1297 ***	-0.0866 ***	-0.1205 ***	-0.0337	-0.1770	-0.0277	-0.0241
Spain	-0.2461 ***	-0.0024	-0.0186 ***	-0.0769 ***	-0.0318 *	0.0004	-0.0476 ***	-0.1912	-0.1055	-0.0309
Sweden	-0.4169 **	0.0465 **	0.0097	-0.1165 *	-0.045	-0.0411	-0.5563 ***	-0.7319	-0.5136	-0.1386 ***
United Kingdom	-0.7063 ***	0.0202	0.0006	-0.1273 ***	-0.0351 *	0.0831 ***	-0.4215 ***	-0.6757 ***		-0.3818 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A3: Panel A – Multinomial Regressions, 2005

Log Odds ratio between Renters and Mortgage holders (Marginal Effects)

Country	parttime	unemp	retired	urban	lage*secedu	lage*teredu	inc*secedu	inc*teredu	Hausman F-Statistic	Pseudo r^2
New EU Countries										
Czech Republic	0.0066	-0.0223	0.0685	0.0996 ***		-0.0583		0.1067 **	1.05	0.24
Estonia	-0.0230	-0.0304	-0.0214	-0.0324 **		-0.0518		0.0112	1.70 **	0.21
Hungary	0.0484	0.0251	0.0508 **	0.0428 ***	0.0698	-0.0298	0.0049	-0.0125	2.29 ***	0.12
Latvia	-0.0777 *	-0.0673 *	-0.0789 *	-0.0260	0.0324	0.0810	-0.0307	-0.0497	0.95	0.09
Lithuania		-0.0212		-0.0137		0.0190		0.0070	0.74	0.22
Poland	-0.0216	0.0647 *	0.0048	0.1871 ***	0.0632	0.0883	0.0149	-0.0056	4.37 ***	0.34
Slovak Republic	-0.0256	-0.0953 ***	-0.0006	0.0602 ***	0.2157 ***		-0.0886 ***	-0.0328	4.57 ***	0.17
Slovenia	0.2351 **	0.1258 *	0.0729		-0.0947 **	-0.1347 **	-0.0542 ***	-0.0533 **	1.81 **	0.15
EU-15 and Cyprus										
Austria	0.0368	0.1555 **	0.0830	0.1475 ***		-0.1346 *		-0.0084	2.21 ***	0.25
Belgium	-0.1247 ***	-0.0623	-0.0243	0.0428 **	-0.1451	0.0738	-0.0810	0.0008	1.67 **	0.35
Cyprus	-0.1187 **	0.1033	0.0181	0.0703 ***	-0.0995	-0.1612 *	-0.0202	-0.0149	1.29	0.16
Denmark	0.1360 ***	-0.0244	0.1517 ***	-0.0313	-1.0301	-0.9949	-0.4199	-0.3710		0.35
Finland	-0.1296 ***	0.0066	-0.0305	0.0562 ***	-0.1245	-0.2312	-0.0148	-0.0001	2.62 ***	0.31
France	-0.0882 *	0.0607	-0.0760 *	0.0024	-0.3185 ***	-0.3562 ***	-0.0953 **	-0.0931 *	2.03 ***	0.32
Greece	0.0865	0.0806	0.0028	0.0718 ***	-0.0311	0.0097	-0.0892 ***	-0.0619 **	1.09	0.13
Ireland	-0.0851 ***	-0.0133	-0.0344	0.1004 ***	-0.0099	-0.0435	-0.0964 ***	-0.0432	3.32 ***	0.28
Italy	0.0761 ***	0.0748 **	-0.0321 **	0.0507 ***	0.0709 *	0.0351	-0.0284 *	-0.0352	4.02 ***	0.12
Luxembourg	-0.0455	0.1971	-0.0586	-0.0315	-0.1852	-0.0306	-0.0547	0.0585	0.68	0.35
Netherlands	0.1462 ***	-0.0591	0.0755 ***		-0.2294 ***	-0.1074	-0.0162	0.0852		0.29
Portugal	-0.0829	-0.0677	-0.0046	0.1860 ***	0.0369	0.1034	-0.0071	-0.0612	1.47 *	0.19
Spain	0.0164	0.0283	-0.0068	-0.0051	0.0211	0.0616	0.0123	-0.0147	2.73 ***	0.15
Sweden	-0.1522 ***	0.0279	-0.0593	-0.0236	0.1607	0.2078	0.0101	-0.0399	2.16 ***	0.31
United Kingdom	-0.2447 ***	0.0225	-0.0166	-0.0150	0.2805 ***			-0.0355	4.76 ***	0.32

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2005

Table A3: Panel B – Multinomial Regressions, 2005

Log Odds ratio between Outright Owners and Mortgage holders (Marginal Effects)

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	0.2574 ***	0.0041	0.0321 **	0.0677 **	0.0271	-0.0594	0.5884 ***		0.8488 ***	-0.0258
Estonia	0.2328 ***	-0.0012	0.0304 ***	-0.0378 **	0.0996 ***	0.0366	-0.0288 *		-0.1745	0.0713 *
Hungary	0.1254	0.0052	0.0239 ***	-0.1594	0.0306	-0.0628 **	0.1120 ***	-0.6720	-0.9360 ***	-0.0172
Latvia	0.1815 ***	-0.0453 ***	-0.0036	0.0059	0.0479 **	0.0305	0.1674 ***	-0.4582	-0.7367 ***	0.0511
Lithuania	0.2860 ***	0.0327 ***	0.0203 ***	0.0152	0.0426 **	-0.0261	-0.0084		-0.0729	0.0221
Poland	0.2917 ***	-0.0067	0.0231 ***	0.0420 **	-0.0395 **	-0.0555 **	0.6128 ***	0.4187 *	0.1289	-0.0255
Slovak Republic	0.2313 ***	0.0285	0.0529 ***		0.2265 ***	0.1037 ***	0.4044 ***	0.2565		0.0810
Slovenia	0.1678 ***	0.0146	0.0385 ***	0.0153	0.0397 **	-0.1094 ***	0.1867 ***	-0.7034 ***	-0.9190 ***	-0.0959 ***
EU-15 and Cyprus										
Austria	0.2094 ***	0.0090	0.0449 ***	0.0801 ***	0.0224	-0.1294 ***	0.3545 ***		-0.5646 ***	-0.0625
Belgium	0.6986 ***	-0.0062	0.0466 ***	-0.0349	0.0685 **	-0.2316 ***	0.2864 ***	-0.9813 ***	-0.7037 **	-0.0569
Cyprus	0.2976 ***	0.0226	0.0316 ***	0.0349	0.0044	-0.0375	0.1570 ***	-0.6674 **	-0.7840 ***	-0.0428
Finland	0.7958 ***	0.0144	0.0151	0.0421	0.0421	-0.0835 **	0.1804 ***	-0.4694	-0.8413 ***	0.0204
France	0.7209 ***	-0.0021	0.0012	0.0154	0.1026 ***	-0.0235	0.2065 ***	-0.0154	-0.2465	-0.0270
Greece	0.3201 ***	0.0091	0.0688 ***	-0.0335	0.0169	-0.1400 ***	0.1666 ***	-0.7204 ***	-0.6621 **	-0.0461
Ireland	0.8212 ***	0.0056	0.0258 **	-0.0255	0.0386	-0.2204 ***	0.4648 ***	0.0243	-0.4000	0.0544
Italy	0.5062 ***	0.0186 *	0.0368 ***	-0.0180	0.0609 ***	-0.1021 ***	0.1615 ***	-0.1632	-0.6996 ***	-0.0682 ***
Luxembourg	0.7133 ***	0.0307	-0.0031	0.0212	0.0828 *	-0.0651	0.3013 ***	-0.9093 ***	-0.5908	-0.1480 ***
Portugal	0.4229 ***	0.0090	0.0478 ***	-0.0587 ***	0.0732 *	-0.1439 ***	0.3265 ***	0.4172	-0.3553	-0.2307 ***
Spain	0.5651 ***	0.0249	0.0797 ***	-0.0593 ***	0.0457 *	-0.1801 ***	0.0868 ***	0.0183	-0.3163	-0.0874 ***
Sweden	0.1073 **	-0.0062	-0.0085	0.0221	0.0082	-0.0131	0.0444 ***	0.8609 **	0.9971 ***	-0.0186
United Kingdom	0.8130 ***	0.0005	0.0192 **	-0.0679 ***	0.0764 ***	-0.1442 ***	0.1799 ***	0.9659 ***		0.1076 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A3: Panel B – Multinomial Regressions, 2005

Log Odds ratio between Outright Owners and Mortgage holders (Marginal Effects)

Country	parttime	unemp	retired	urban	lage*secedu	lage*teredu	inc*secedu	inc*teredu	Hausman F-Statistic	Pseudo r^2
New EU Countries										
Czech Republic	0.0535	0.0250	-0.0415	-0.1097 ***		-0.0881		-0.1202 **	3.96 ***	0.24
Estonia	-0.0378	0.0436	0.0133	0.0300 **		0.0837 *		-0.0190	0.65	0.21
Hungary	-0.0587	-0.0267	0.0006	-0.0400 ***	0.1118	0.2545 **	0.1424	0.1944 *	2.48 ***	0.12
Latvia	0.0929 **	0.0721	0.0771 *	0.0186	-0.0003	-0.0427	0.0362	0.0570 *	0.46	0.09
Lithuania		0.0029		0.0126		-0.0061		-0.0037	1.13	0.22
Poland	0.0212	-0.0898 ***	-0.0103	-0.1821 ***	-0.0697	-0.0755	-0.0164	0.0065	2.49 ***	0.34
Slovak Republic	0.0556	0.0360	0.0156	-0.1187 ***	-0.1148		-0.0059	-0.0233	10.30 ***	0.17
Slovenia	-0.2574 **	-0.2096 **	-0.1215 **		0.0762 *	0.1375 **	0.0563 ***	0.0445	1.88 **	0.15
EU-15 and Cyprus										
Austria	-0.0495	-0.0862	0.0084	-0.0758 ***		0.1495 **		0.0316	2.13 ***	0.25
Belgium	-0.0412	0.0239	0.1427 ***	-0.0488 **	0.2080	0.0611	0.1580 **	0.1253 *	2.31 ***	0.35
Cyprus	-0.0110	-0.1098	-0.0310	-0.1112 ***	0.1001	0.1239	0.0460	0.0674	2.05 ***	0.16
Finland	0.0268	0.0034	0.0298	-0.0241	0.0871	0.3399 ***	0.0134	0.0461	3.13 ***	0.31
France	0.0484	-0.0696 *	-0.0006	0.0068	0.0121	0.1141	0.0164	0.0154	2.80 ***	0.32
Greece	-0.0647	-0.0934	-0.0241	-0.0821 ***	-0.0121	-0.0249	0.0873 ***	0.0834 **	1.76 **	0.13
Ireland	0.0078	-0.0364	0.2068 ***	-0.1677 ***	-0.2133 **	-0.0410	0.0501	0.0540	2.52 ***	0.28
Italy	-0.1057 ***	-0.0573	0.0249	-0.0518 ***	-0.1359 ***	-0.0876	0.0768 ***	0.1091 ***	5.04 ***	0.12
Luxembourg	-0.0458	-0.0701	-0.0146	0.0040	0.2475	0.2383	0.0596	0.0274	1.03	0.35
Portugal	-0.0378	-0.2982 ***	-0.1984 ***	-0.1664 ***	-0.1718 **	0.0015	0.0269	0.0624	2.96 ***	0.19
Spain	-0.1229 ***	-0.0851 *	0.0382	-0.0240 *	-0.0663	-0.1295 **	0.0180	0.0735 ***	3.01 ***	0.15
Sweden	-0.0108	0.0383	0.0177	-0.0130 *	-0.0443	-0.0732	-0.0290 *	-0.0317 **	1.59 **	0.31
United Kingdom	0.2245 ***	0.0700	0.2677 ***	-0.0252 *	-0.2665 ***			0.1144 ***	9.79 ***	0.32

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2005

Table A4: Panel A – Multinomial Regressions, 2006

Log Odds ratio between Renters and Mortgage holders (Marginal Effects)

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	-0.2284 ***	-0.0160	-0.0111	-0.1279 ***	-0.0670 ***	-0.0076	-0.2734 ***		-0.4526 ***	-0.0476
Estonia	-0.2921 ***	0.0025	-0.0402 ***	-0.0518	-0.0820 ***	0.0031	0.0381 **	-0.4777	-0.1999	-0.0637 **
Hungary	-0.1530 ***	-0.0100	-0.0096	-0.0226	-0.0358 ***	-0.0125	-0.12 ***	0.0507	-0.0791	-0.0319 *
Latvia	-0.2663 **	0.0084	0.0040	-0.0093	-0.0333 *	-0.0339	-0.1296 ***	-0.3599	-0.1874	-0.0767 *
Lithuania	-0.1655 ***	-0.0277 ***	-0.0157 **	-0.0308 ***	-0.0326 ***	-0.0030	0.0128		-0.0037	-0.0015
Poland	-0.2196 ***	0.0210	-0.0181 ***	-0.0839 ***	0.0306	0.0523 **	-0.5958 ***	-0.0408	-0.5135 ***	0.0207
Slovak Republic	-0.5318 **	-0.0251 **	-0.0032	0.0750	-0.0199	0.0381 *	-0.1114 ***	-0.8940	-0.1563	-0.0329
Slovenia	-0.1245 ***	0.0003	-0.0373 ***	-0.0004	-0.0670 ***	0.0705 ***	-0.0872 ***	0.7900 ***	0.9712 ***	0.1010 ***
EU-15 and Cyprus										
Austria	-1.2767	0.0092	-0.0250 *	-1.9602 ***	-0.0505 *	-0.0135	-0.4781 ***	-1.0000	-1.0000	-0.0432
Belgium	-0.3224 **	0.0334	-0.0247	-0.1925 **	-0.0442	0.0456	-0.5021 ***	0.0336	0.0135	-0.1744 ***
Cyprus	0.0159	0.0072	-0.0146	-0.1968 ***	0.0602 *	-0.0471	-0.2319 ***	0.9305 ***	0.8724 ***	0.0973 *
Denmark	0.1007 *	-0.1098 ***	0.0819 ***	0.2343 ***	0.0018	-0.1940 ***	0.5194 ***		-0.0015	0.1702 ***
Finland	-0.2824 *	0.0002	-0.0118	-0.2720 ***	0.0220	0.0718 *	-0.3208 ***	0.8040 ***	0.9368 ***	-0.1473 ***
France	-0.4545 ***	0.0638 ***	-0.0158	-0.1641 ***	-0.0471 *	0.0100	-0.4982 ***	0.9064 ***	0.9407 ***	-0.0610
Greece	-0.3211 ***	-0.0430 **	-0.0815 ***	0.0121	-0.0714 **	0.0288	-0.1654 ***	0.8618 ***	0.2360	0.0159
Ireland	-0.4601 ***	0.0561 **	0.0185 *	-0.1235 ***	-0.0341	0.0055	-0.6479 ***	0.3920	0.7084	-0.1598 ***
Italy	-0.3815 ***	-0.0126	-0.0235 ***	-0.0924 ***	-0.0583 ***	0.0278	-0.1128 ***	-0.4355 **	-0.2274 *	0.0399 **
Luxembourg	-0.1814 *	-0.0490	0.0282	-0.2724 ***	0.0264	-0.0171	-0.5028 ***	0.8920 ***	-0.6124 **	0.0037
Netherlands	0.3258 ***	-0.0363 *	-0.0217	0.1451 **	0.0272	0.0883 *	0.3812 ***	-0.8784 ***	-0.9380 ***	0.2257 ***
Portugal	-0.2731 ***	0.0216	-0.0094	-0.1075 ***	-0.0072	-0.0314	-0.0537 **	0.0818	0.7502 **	-0.0836
Spain	-0.1729 ***	0.0239 *	-0.0057	-0.0771 ***	-0.0669 ***	-0.0572 **	-0.0449 ***	-0.2863	0.0998	0.0512 **
Sweden	-0.4284 **	0.0035	-0.0061	-0.1266	-0.0721 **	-0.0389	-0.5426 ***	-0.7485	-0.7752 **	-0.1163 ***
United Kingdom	-0.8167 ***	0.0295 *	0.0088		-0.0820 ***	0.0237	-0.4289 ***	-0.9062 ***		-0.4009 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A4: Panel A – Multinomial Regressions, 2006

Log Odds ratio between Renters and Mortgage holders (Marginal Effects)

Country	parttime	unemp	retired	urban	lage*secedu	lage*teredu	inc*secedu	inc*teredu	Hausman F-Statistic	Pseudo r^2
New EU Countries										
Czech Republic	-0.0270	0.0634	0.0116	0.1109 ***		0.0083		0.0966 ***	0.97	0.26
Estonia	-0.0244	-0.0280	0.0318	-0.0146	0.0630	-0.0159	0.0216	0.0323	1888.07 ***	0.18
Hungary	-0.0524 **	0.0146	0.0436 **	0.0659 ***	-0.0610	-0.0223	-0.0203	0.0010	1.86 **	0.13
Latvia	-0.0407	-0.0624 *	-0.0862 ***	-0.0448 ***	0.1418	0.1140	-0.0357	-0.0488	1.05	0.07
Lithuania		-0.0227		-0.0233 **		-0.0223		0.0047	1.03	0.24
Poland	-0.0253	0.0976 **	0.0156	0.2000 ***	0.0153	0.0737	0.0158	0.0445	2.99 ***	0.32
Slovak Republic	-0.0562 **	-0.0521 **	-0.0346	0.0172	0.4221 **	0.3552 *	-0.1178	-0.1358	1.25	0.29
Slovenia	0.1746 *	0.1794 **	0.1637 ***		-0.1311 ***	-0.1968 ***	-0.0524 ***	-0.0361	1.57 *	0.10
EU-15 and Cyprus										
Austria	-0.0906	0.0913	0.0584	0.1479 ***	1.1195	0.9986	1.7892 **	1.8079 **	3.86 ***	0.24
Belgium	-0.1624 ***	-0.0823 **	-0.0661	0.0572 ***	-0.2079	-0.3132 **	0.0167	-0.0010	1.73 **	0.35
Cyprus	0.0877	0.0876	0.1964 ***	0.0866 ***	-0.3356 ***	-0.2513 **	-0.0565	-0.0310	2.18 ***	0.16
Denmark	0.0992	0.0338	0.0927 *	-0.0702 ***		-0.0351		0.0210		0.37
Finland	-0.0834 **	0.0931 *	-0.0655 *	0.0919 ***	-0.3296 **	-0.4673 ***	0.0110	0.0062	2.93 ***	0.31
France	-0.1209 **	0.0393	-0.0779	0.0092	-0.2911 ***	-0.2854 **	-0.0628	-0.1220 **	1.62 **	0.32
Greece	0.0330	0.0591	-0.0559 *	0.0662 ***	-0.0267	0.0794	-0.0988 ***	-0.0872 ***	1.10	0.14
Ireland	-0.0464	-0.0403	-0.0406	0.0969 ***	-0.0922	-0.2177 **	-0.0174	-0.0025	2.59 ***	0.28
Italy	0.0570 *	0.1120 ***	-0.0464 ***	0.0732 ***	0.1182 ***	0.0594	-0.0133	-0.0325	3.32 ***	0.13
Luxembourg	-0.1749 ***	0.0173	0.0014	-0.0399	-0.0903	-0.0439	-0.0916	0.1169 *	0.96	0.35
Netherlands	0.0950 ***	-0.0003	0.0657 **		-0.1629	0.0180	0.2239 ***	0.2162 ***		0.31
Portugal	-0.1100 *	-0.0905	-0.0471	0.1604 ***	0.0456	0.0779	-0.0370	-0.1589 ***	1.66 **	0.19
Spain	0.1007 **	0.0515	0.0494 *	-0.0063	0.0184	-0.0522	0.0254	0.0041	2.31 ***	0.14
Sweden	-0.0747 **	0.0627	-0.1424 ***	-0.0663 ***	0.1991	0.1729	-0.0082	0.0365	1.44 *	0.33
United Kingdom	-0.2297 ***	-0.0308	-0.0458 *	-0.0272 *	0.3641 ***		-0.0963 ***	-0.1390 ***	13.4 ***	0.33

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2006

Table A4: Panel B – Multinomial Regressions, 2006

Log Odds ratio between Outright Owners and Mortgage holders (Marginal Effects)

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	0.2519 ***	0.0208	0.0381 ***	0.0265	0.0405	-0.0898 **	0.6088 ***		-0.1990	-0.0226
Estonia	0.2298 ***	-0.0027	0.0458 ***	-0.0372	0.1030 ***	-0.0157	-0.0474 ***	-0.5223	-0.8001 ***	0.0685 **
Hungary	0.1414 **	0.0077	0.0211 ***	-0.1182 **	0.0355 **	-0.0724 ***	0.1083 ***	-0.9260 ***	-0.9197 ***	-0.0004
Latvia	0.0605	0.0302	-0.0040	-0.0213	0.0745 ***	0.0251	0.2284 ***	-0.2548	-0.8046 ***	0.0994 *
Lithuania	0.1691 ***	0.0279 ***	0.0172 **	0.0212 **	0.0345 ***	-0.0009	-0.0132		-0.6783	-0.0082
Poland	0.2426 ***	-0.0176	0.0216 ***	0.0821 ***	-0.0263	-0.0613 **	0.5926 ***	0.4126	0.5389 ***	-0.0296
Slovak Republic	0.7571 *	-0.0014	0.0362 ***	0.0077	-0.0115	-0.0826 ***	0.5959 ***	0.9146 ***	0.9877 ***	0.0681
Slovenia	0.1460 ***	0.0037	0.0377 ***	-0.0075	0.0700 ***	-0.0750 ***	0.0965 ***	-0.7970 ***	-0.9451 ***	-0.1114 ***
EU-15 and Cyprus										
Austria	0.6515	0.0217	0.0446 ***	0.2535	0.0348	-0.1480 ***	0.3496 ***	0.0000	0.0000	-0.1032 *
Belgium	0.5760 ***	-0.0154	0.0425 ***	-0.1560	0.1143 ***	-0.1659 ***	0.2832 ***	-0.9742 ***	-0.9915 ***	-0.0362
Cyprus	0.2300 ***	-0.0015	0.0296 **	0.0722 **	0.0078	-0.0043	0.1668 ***	-0.9598 ***	-0.8109 ***	-0.2310 ***
Finland	0.8166 ***	0.0088	0.0189 **	0.0480	0.0465 **	-0.0929 ***	0.1383 ***	0.0323	-0.6641 **	-0.0268
France	0.8020 ***	-0.0247 *	-0.0129	0.0081	0.1047 ***	-0.0080	0.2099 ***	-0.0027	-0.3105	-0.0855 **
Greece	0.2693 ***	0.0431 **	0.0850 ***	-0.0497 **	0.0230	-0.1193 ***	0.1726 ***	-0.7836 ***	-0.7469 ***	-0.0143
Ireland	0.8663 ***	-0.0519 *	0.0196	-0.0263	0.0478	-0.2036 ***	0.4784 ***	-0.1067	-0.7416 **	-0.0535
Italy	0.5573 ***	0.0207 *	0.0428 ***	0.0060	0.0500 ***	-0.1061 ***	0.1387 ***	0.2681	-0.5568 **	-0.1117 ***
Luxembourg	0.7725 ***	0.0541	-0.0212	0.0854	0.0432	-0.0383	0.2832 ***	-0.4913	0.1179	-0.1773 ***
Portugal	0.4818 ***	-0.0137	0.0620 ***	-0.0549 **	-0.0073	-0.2329 ***	0.3152 ***	-0.0053	-0.6773 ***	-0.1776 ***
Spain	0.6083 ***	-0.0087	0.0717 ***	-0.0360 *	0.0415	-0.1691 ***	0.1051 ***	0.4272	0.1789	-0.1219 ***
Sweden	0.0875 *	0.0015	-0.0015	-0.0072	0.0043	-0.0156 *	0.0483 ***	0.8637	0.7084	-0.0091
United Kingdom	0.8303 ***	-0.0135	0.0148		0.0886 ***	-0.1324 ***	0.2001 ***	0.9009 ***		0.0376

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A4: Panel B – Multinomial Regressions, 2006

Log Odds ratio between Outright Owners and Mortgage holders (Marginal Effects)

Country	parttime	unemp	retired	urban	lage*secedu	lage*teredu	inc*secedu	inc*teredu	Hausman F-Statistic	Pseudo r^2
New EU Countries										
Czech Republic	-0.0450	-0.0355	-0.0454	-0.1474 ***		0.0708		-0.0294	8.11 ***	0.26
Estonia	0.0418	0.0408	0.0048	0.0204	0.0421	0.1354 *	0.0310	0.0212	1.33	0.18
Hungary	0.0287	-0.0109	0.0103	-0.0608 ***	0.1454 **	0.1464 **	0.1147 **	0.1360 ***	1.98 ***	0.13
Latvia	0.0264	0.0802	0.0767	-0.0035	0.0722	0.1812	0.0085	0.0552	0.91	0.07
Lithuania		-0.0622		0.0219 **		0.0361		-0.0036	0.95	0.24
Poland	0.0020	-0.0907 **	-0.0233	-0.1970 ***	-0.0192	-0.0662	-0.0280	-0.0558 *	1.73 **	0.32
Slovak Republic	0.0765	0.0308	0.0639	-0.0882 ***	-0.6625	-0.7351	-0.0228	0.0092	3.28 ***	0.29
Slovenia	-0.1908 *	-0.2158 **	-0.1704 ***		0.1200 ***	0.1704 ***	0.0582 ***	0.0401	1.60 *	0.10
EU-15 and Cyprus										
Austria	-0.1330 ***	-0.1598 **	-0.0691	-0.0711 ***	-0.4666	-0.3479	-0.1646	-0.1571	3.42 ***	0.24
Belgium	-0.0509	0.0610	0.1914 ***	-0.0670 ***	0.2081	0.2625	0.1696 *	0.2631 ***	2.25 ***	0.35
Cyprus	-0.2080 ***	-0.1814 *	-0.2058 ***	-0.1085 ***	0.2418 ***	0.1117	0.1170 ***	0.0815 *	1.45 *	0.16
Finland	0.0237	-0.0642	0.0019	-0.0391 **	0.0288	0.1886	-0.0232	0.0514	2.43 ***	0.31
France	0.0055	-0.0536	-0.0702 **	-0.0157	0.0071	0.0009	0.0102	0.0736 **	3.15 ***	0.32
Greece	-0.0147	-0.0436	0.0411	-0.0832 ***	0.0362	-0.0758	0.0819 ***	0.1113 ***	1.51 *	0.14
Ireland	-0.0952	-0.0782	0.0096	-0.1754 ***	-0.1571	0.0709	0.0752 *	0.0719	1.30	0.28
Italy	-0.1374 ***	-0.1278 ***	0.0147	-0.0812 ***	-0.1951 ***	-0.1205 **	0.0569 ***	0.0896 ***	4.70 ***	0.13
Luxembourg	-0.0778	-0.1344	0.0044	-0.0221	0.0739	0.0153	0.0461	-0.0261	1.13	0.35
Portugal	-0.1358	-0.1356	-0.1543 *	-0.1694 ***	-0.1151	0.0087	0.0506	0.1773 ***	2.64 ***	0.19
Spain	-0.0643	-0.0703	0.0322	-0.0028	-0.1731 ***	-0.1232 *	0.0142	0.0215	2.30 ***	0.14
Sweden	-0.0142 ***	-0.0136 ***	-0.0012	0.0035	-0.0572	-0.0415	-0.0018	0.0006	1.35	0.33
United Kingdom	0.0934 ***	0.0251	0.2498 ***	-0.0229 *	-0.2802 ***		-0.0562 ***	0.0340 **	12.09 ***	0.33

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2006

Table A5: Panel A – Nested Logit Regressions, 2005
Log Odds ratio between Renting and Owning

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	-0.08	0.03	0.32 ***	-0.36 **	-0.48 **	-0.76 **	-21.9 ***		-3.61	-0.28
Estonia	-2.77	0.09	-0.37 ***	0.97	-1.86 **	-0.69	0.53		5.99 *	-0.74
Hungary	-19.53 ***	0.15	-1.72 ***	5.23 **	2.38 *	6.47 ***	0.30	13.27 *	42.05 ***	2.74
Latvia	-3.31	1.25	-0.86	0.26	1.09	3.10	-2.74 *	-22.09	-11.12	-1.48
Lithuania	-0.31	-0.36	-0.11	0.21	-1.22	-0.80	0.33		15.69	0.23
Poland	6.26 ***	1.14 **	0.83 ***	-1.04 *	1.55 *	-1.37	1.38	19.64 ***	-0.39	-2.49 **
Slovak Republic	-1.37 **	-0.46 **	0.63 ***	-0.57 *	-0.38	-0.74 *	17.07 ***	14.49 ***	14.85 ***	-0.42
EU-15 and Cyprus										
Austria	-2.60 ***	-0.55	-0.52 ***	0.18	-0.01	3.21 ***	-3.12 ***		19.03 ***	3.01 *
Belgium	-0.49	0.26 ***	-0.05	0.39	-0.23	0.04	-2.18 ***	22.59 ***	15.24 ***	-0.53 ***
Cyprus	-2.05	-0.12	-0.17	0.58	0.13	0.27	-0.98 ***	11.14 ***	13.46 ***	0.28
Denmark	0.39	0.44 ***	-0.27 ***	0.13	0.04	0.83 ***	-2.37 ***	11.10 ***	13.40 ***	-0.88 ***
Finland	-0.06	0.05	-0.06	0.04	-0.09	0.23	-1.55 ***	21.60 ***	21.16 ***	-0.81 *
France	-0.61	0.12	-0.13 ***	0.34	-0.43 ***	0.03	-2.19 ***	20.43 ***	20.30 ***	-0.14
Greece	-0.33	-0.08	-0.36	0.41 **	-0.43	-0.35	-0.51	19.50	14.06	-0.23
Ireland	1.20 *	0.33 **	0.15	0.12	0.16	-0.83 **	-2.93 ***	27.46 ***	17.85 ***	-2.30 ***
Italy	2.19	-0.01	0.17	-0.69	-0.37 ***	-0.74	-0.20	9.78 ***	7.16 ***	-0.17
Luxembourg	0.80 *	-0.40 **	-0.07	-0.17	-0.03	-0.02	-2.39 ***	14.43 ***	6.71 *	0.14
Netherlands	-2.25 ***	0.41 ***	-0.45 ***	0.90 ***	-1.25 ***	-0.79 ***	-0.17		14.02 ***	-1.25 ***
Portugal	1.75 ***	0.25 *	0.25 ***	-0.72 ***	-0.19	-1.36 ***	1.41 ***	11.81 ***	9.53 ***	-0.51
Spain	-0.37	0.03	-0.10	0.03	-0.26 **	-0.05	-0.32 ***	7.81 ***	8.77 ***	0.12
Sweden	0.86	0.16	0.05	-0.09	0.08	-0.25	-2.74 ***	14.88 ***	13.77 ***	-0.91 ***
United Kingdom	-0.67 ***	0.20 ***	-0.04	0.42 ***	-0.34 ***	0.37 ***	-1.74 ***		17.63 ***	-1.84 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A5: Panel A – Nested Logit Regressions, 2005
Log Odds ratio between Renting and Owning

Country	parttime	unemp	retired	urban	suburban	lage*secedu	lage*teredu	inc*secedu	inc*teredu
New EU Countries									
Czech Republic	0.15	-0.20	-0.75 **	0.45 ***			-0.43		0.57 *
Estonia	0.41	-0.71	-0.85	-0.28			-1.51 ***		-0.07
Hungary	3.18	-0.11	-5.87 *	-0.16	0.79	7.69	3.23	-4.03	-5.25 **
Latvia	-6.60	-4.59	-2.90	0.94		-1.41	-0.39	3.09	1.51
Lithuania		0.88		-0.31			-2.19 *		-0.99
Poland	0.27	-4.82 ***	-0.71	0.16	0.50	-2.11	0.44	-1.61 **	-0.64
Slovak Republic	-0.89	-0.59	-1.19 *	-1.52 ***	-1.75 ***	0.89		-0.29	
EU-15 and Cyprus									
Austria	2.92 *	2.36	-4.25 *	1.02 ***			-1.84 *		-1.19 ***
Belgium	-0.40 *	0.02	-0.96 **	0.10	-0.10	-1.96 ***	-0.85 *	-1.58 ***	-1.28 ***
Cyprus	-0.24	1.08	-0.46	0.70 **	0.10	-0.31	0.29	-1.02 **	-1.42 *
Denmark	-0.63 **	0.06	-0.71 ***	0.24 *	0.21 *	-0.84	-0.99	-0.88	-1.08
Finland	-0.55 **	0.17	-0.97 **	0.18	-0.13	-2.71 ***	-2.85 ***	-1.06 **	-1.00 **
France	-0.04	0.64 **	-0.70 ***	0.05	0.07	-2.42 ***	-2.41 ***	-1.10 ***	-1.15 ***
Greece	0.92	0.74	-0.19	0.17	-1.32	-2.28	-1.86	-1.13	-0.76 ***
Ireland	-1.24 ***	-0.55	1.54 *	-0.07	-0.11	-3.05 ***	-2.48 ***	-1.67 ***	-0.96 ***
Italy	0.16	0.70 ***	-0.26	0.04	-0.20	-2.07 **	-2.11 **	-0.23	0.01
Luxembourg	0.39	1.48 **	-0.54 *	-0.13	0.00	-1.34 ***	-0.69	-0.91 ***	-0.38
Netherlands	-0.57 ***	0.84 ***	-0.64 **	-0.01			-1.29 ***		-0.93 ***
Portugal	0.58	-0.51	-0.14	0.84 ***	0.54 ***	-1.97 ***	-0.64	-0.52 **	-0.77 ***
Spain	0.54 *	0.70 ***	-0.28 *	-0.13	-0.15	-0.79 ***	-0.45	-0.50 ***	-0.72 ***
Sweden	-1.01 ***	0.38	0.06	-0.24 *	-0.20	-1.61 **	-1.45 **	-0.91 ***	-0.89 ***
United Kingdom	-1.39 ***	0.58 **	-1.92 ***	0.15 *			-1.99 ***		-1.04 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2005

Table A5: Panel B – Nested Logit Regressions, 2005
Log Odds ratio between Owning with and without a Mortgage

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	-0.20 ***	0.01	-0.07 **	-0.07 ***	0.07 *	0.13 **	2.94 ***		1.07	0.10
Estonia	2.65 ***	0.02	0.15 *	-0.82 ***	0.86 **	-0.34	-0.52 ***		3.79	-0.46
Hungary	2.00 ***	-0.04	0.21 ***	-0.55 **	-0.32 ***	-0.83 ***	-0.17 *	-1.44 *	-4.96 ***	-0.34 *
Latvia	0.81 *	-0.29	0.26 **	-0.02	-0.42	-1.00 **	0.46	7.83 *	4.61	0.35
Lithuania	3.20 ***	-0.10	0.38 **	-0.92 ***	-0.48	-1.77 ***	0.17		5.58 **	-0.22
Poland	1.38 ***	0.25 **	0.21 ***	-0.26 **	0.31 *	-0.37 *	1.01 ***	3.12 **	-1.70	-0.59 **
Slovak Republic	0.12	-0.01	0.10 ***	-0.03	0.15 **	-0.04	2.04 ***	-1.17 ***	-1.40 ***	0.01
EU-15 and Cyprus										
Austria	0.42 ***	0.11	0.08 *	-0.09	-0.03	-0.74 ***	0.18 *		-2.92 **	-0.57 **
Belgium	3.19 ***	0.16	0.22 ***	-1.24 ***	0.35 **	-1.21 ***	0.17	-13.16 ***	-11.94 ***	-0.66 **
Cyprus	2.74 ***	0.11	0.19 ***	-0.85 ***	-0.23	-1.07 ***	0.06	-0.19	-2.74	-0.65
Finland	-3.29	0.21	-0.12	-1.32	0.02	0.39	-1.21 ***	-21.07 ***	-20.55 ***	-0.48
France	2.18 ***	0.05	0.02	-0.71 ***	0.04	-0.52 *	0.05	-9.34 ***	-15.14 ***	-0.66 ***
Greece	2.03 ***	0.08	-0.05	-0.73 ***	0.52 ***	-0.08	-0.11	-10.73 ***	-14.69 ***	-0.59 **
Ireland	0.78 **	-0.02	0.05	-0.04	-0.24	-0.93 **	0.40 ***	7.74 ***	3.96	-0.46
Italy	1.41 ***	0.11	0.14 ***	-0.33 ***	0.29 *	-1.06 ***	-0.04	1.60	-4.99 **	-0.76 ***
Luxembourg	2.57 ***	0.09	0.28 ***	-0.81 ***	0.04	-0.95 ***	0.53 ***	-0.15	-4.40 ***	-0.56 ***
Portugal	3.01 ***	0.06	0.01	-1.11 ***	0.42	-0.60	1.00 ***	-18.88 ***	-22.63 ***	-0.94 **
Spain	2.04 ***	-0.16	0.27 ***	-1.14 ***	0.68 ***	-0.53 **	2.68 ***		-11.79 ***	-0.16
Sweden	1.44 ***	0.10	0.27 ***	-0.60 ***	0.27	-1.06 ***	1.74 ***	3.34 *	-0.89	-0.98 ***
United Kingdom	2.04 ***	0.14 *	0.41 ***	-0.72 ***	0.14	-1.01 ***	0.27 ***	-3.08 ***	-4.10 ***	-0.76 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A5: Panel B – Nested Logit Regressions, 2005
Log Odds ratio between Owning with and without a Mortgage

Country	parttime	unemp	retired	urban	suburban	lage*secedu	lage*teredu	inc*secedu	inc*teredu
New EU Countries									
Czech Republic	-0.04	0.06	0.24 ***	-0.01			-0.03		-0.11
Estonia	-1.14	0.75	-0.27	-0.20			0.22		-0.60 **
Hungary	-0.33	0.07	0.62 ***	0.10	-0.04	-0.68	-0.12	0.35	0.49 *
Latvia	1.74	1.21	0.67	-0.32		0.28	0.12	-1.04 ***	-0.66 *
Lithuania		-0.21		-0.06			-0.52		-0.48
Poland	0.08	-1.21 ***	-0.15	-0.16	0.05	-0.26	0.39	-0.30 *	-0.07
Slovak Republic	-0.09	0.01	-0.15 *	-0.16 *	-0.14 **	-0.04		-0.01	
EU-15 and Cyprus									
Austria	-0.51 *	-0.27	0.59 **	-0.08			0.32		0.16 **
Belgium	-0.59 **	-0.03	0.84 ***	0.08	0.23	0.71	0.51	1.03 ***	0.97 ***
Cyprus	-0.29	-0.55	0.19	-0.53 ***	-0.45 ***	-0.74	-1.12 *	0.30	0.65 **
Finland	-0.36	0.01	-0.41	0.13	0.11	3.05	2.99	0.93	0.88
France	-0.25	-0.03	0.10	-0.06	-0.24 *	1.11 ***	2.25 ***	0.44	0.56 ***
Greece	-0.04	-0.52	-0.18	0.00	0.01	1.35 ***	2.05 ***	0.50 ***	0.60 **
Ireland	0.44	0.03	-0.22	-0.27 *	-3.93 ***	-1.36 ***	-1.11 **	-0.27	0.00
Italy	-0.38 *	-0.54 *	1.27 ***	-0.87 ***	-0.76 ***	-0.07	0.73 **	-0.15	0.15
Luxembourg	-0.49 **	0.09	-0.04	-0.45 ***	-0.48 ***	-1.01 ***	-0.80 **	0.39	0.71 ***
Portugal	-0.47	0.34	-0.08	-0.36 *	-0.34	2.25 ***	2.75 ***	0.95 ***	1.14 ***
Spain	-0.27	-0.16	0.35 *	-0.33 ***			0.37		0.95 ***
Sweden	0.16	-1.37 ***	-0.50	-0.35 ***	0.07	-0.79 ***	0.27	-0.05	0.03
United Kingdom	-0.68 ***	-0.51 **	0.18	-0.28 ***	-0.27 ***	-0.02	-0.26	0.30 ***	0.48 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2005

Table A6: Panel A – Nested Logit Regressions, 2006
Log Odds ratio between Renting and Owning

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	-0.50 ***	0.02	-0.09	0.20 ***	-0.62 ***	-0.11	-3.71 ***		2.11	-0.27
Estonia	-5.11 **	-0.01	-0.79 ***	1.71 ***	-3.03 **	0.39	1.09 **		7.86 *	-0.36
Hungary	-3.46	-0.12	-0.41	0.68	-0.03	1.67	-1.04 ***	8.06 ***	11.61	0.20
Latvia	-1.17	-0.11	0.05	0.35	-0.56	-0.31	-1.98	2.32	6.79 ***	-0.68
Lithuania	-3.34	-0.52	-0.65	0.94	-1.51	0.22	0.45		12.06	1.44
Poland	4.43 *	0.53	0.82 ***	-0.02	0.85	-1.71 *	-0.16	19.09 **	6.91	-2.68 *
Slovak Republic	-1.77	-0.29 **	0.19 **	0.89	-0.36 *	-0.12	3.64 *	6.99 ***	11.16 ***	-0.22
EU-15 and Cyprus										
Austria	0.44	-0.18	-0.25 ***	-0.25	0.26	1.62 ***	-3.21 ***	13.47 ***	10.36 **	1.55 *
Belgium	0.44	0.20 **	-0.08	0.06	-0.18	-0.09	-2.22 ***	15.10 ***	15.83 ***	-0.95 ***
Cyprus	-2.55	0.08	-0.20	0.60	0.01	0.23	-0.86 ***	20.33 ***	13.10 ***	1.39 *
Denmark	0.06	0.53 ***	-0.49 ***	0.24 ***	-0.49 ***	0.54 **	-2.42 ***		10.92 ***	-1.14 ***
Finland	3.90 ***	0.06	0.00	-1.33 ***	0.36	0.06	-1.60 ***	20.42 ***	17.46 ***	-1.10 ***
France	0.19	0.27 ***	-0.09 *	0.05	-0.21	0.01	-2.18 ***	20.00 ***	21.62 ***	-0.08
Greece	-9.52 *	-1.41	-1.42	1.64	3.79	6.04 **	-5.68	-27.55	-23.90	-7.96
Ireland	0.12	0.34 **	0.17 **	0.22	-0.40 **	-0.44	-2.67 ***	21.31 ***	22.34 ***	-1.57 ***
Italy	3.55 ***	0.13	0.26 *	-0.95 ***	-0.37 **	-1.15 **	0.19	9.79 ***	6.48 ***	-1.12 *
Luxembourg	1.09 **	-0.26	0.09	-0.35 **	0.01	-0.10	-2.37 ***	18.68 ***	8.58 ***	0.53
Netherlands	-1.94 ***	0.36 ***	-0.36 ***	0.74 ***	-0.97 ***	-0.53 **	-0.24		12.00 ***	-1.17 ***
Portugal	1.94 ***	0.10	0.22 **	-0.70 ***	0.02	-1.30 ***	1.36 ***	11.35 ***	10.92 ***	-1.16 **
Spain	0.34	0.19 **	0.06	-0.26	-0.46 ***	-0.60 **	-0.21 *	4.12 ***	7.17 ***	0.47 **
Sweden	1.10	-0.03	-0.01	-0.23	-0.29	-0.33	-2.45 ***	12.76 ***	11.76 ***	-0.65 **
United Kingdom	-0.87 ***	0.31 ***	-0.04	0.52 ***	-0.52 ***	0.20	-1.75 ***		18.87 ***	-1.95 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A6: Panel A – Nested Logit Regressions, 2006
Log Odds ratio between Renting and Owning

Country	parttime	unemp	retired	urban	suburban	lage*secedu	lage*teredu	inc*secedu	inc*teredu
New EU Countries									
Czech Republic	-0.12	0.78 ***	-0.26	0.67 ***			-0.24		-0.19
Estonia	-0.06	-1.71	-3.79 *	-0.45			-1.42 *		-0.25
Hungary	-0.57	-0.12	-1.26	0.84 ***	0.64 **	-1.00	-0.56	-0.32	-0.89
Latvia	-0.19	-0.57	-0.66	-0.08		0.08	-0.43	-0.32	-0.66
Lithuania		1.98		-0.39			-2.82 *		-0.22
Poland	-3.52 *	0.64	-1.70	-0.07	-0.29	0.07	1.55	-2.79 **	-2.23 *
Slovak Republic	-0.81	-0.56	-0.48	-0.84 ***	-0.88 ***	1.07	0.01	-1.43	-1.48
EU-15 and Cyprus									
Austria	1.57 *	1.61	-0.16	0.81 ***	0.45 **	-2.92	-2.81	-0.40	-0.22
Belgium	-0.87 ***	-0.19	-0.74 **	0.30	0.09	-1.92 ***	-2.10 ***	-0.82 ***	-0.85 ***
Cyprus	1.01	1.24	0.07	0.92 **	0.34	-0.55	0.80	-1.81 *	-1.55 *
Denmark	-0.68 **	-0.14	-0.60 ***	0.26 **			-0.59 *		-0.89 ***
Finland	-0.44	0.28	-0.35	0.35 ***	-0.21	-4.33 ***	-4.73 ***	-0.34	0.02
France	-0.23	0.46	-0.54 **	0.15	0.16	-2.56 ***	-2.41 ***	-1.01 ***	-1.27 ***
Greece	-10.72	-9.01	-7.90	-0.90	-2.51	6.84	12.97	0.84	-1.58
Ireland	-0.53	-0.29	-0.70 ***	0.60 **	0.48 *	-3.00 ***	-3.38 ***	-1.05 ***	-1.02 ***
Italy	-0.87	0.19	-0.62 **	-0.31	-0.47	-2.47 ***	-2.45 ***	-0.14	0.14
Luxembourg	-0.33	0.94 *	-0.32	-0.21	-0.07	-1.36 ***	-1.25 **	-1.30 ***	-0.35
Netherlands	-0.77 ***	-0.46	-1.06 ***	-0.03			-1.35 ***		-0.70 ***
Portugal	-0.43	-0.44	-0.57	0.60 ***	0.50 **	-1.70 ***	-0.52	-0.58 **	-0.95 ***
Spain	0.88 ***	0.60 **	0.18	-0.12	-0.13	-0.69 *	-1.12 ***	-0.16	-0.33
Sweden	-0.68	0.05	-0.66	-0.22	0.00	-1.71 **	-1.63 **	-0.64 **	-0.58 *
United Kingdom	-1.27 ***	0.49 *	-2.11 ***	0.08			-2.45 ***		-1.01 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2006

Table A6: Panel B – Nested Logit Regressions, 2006

Log Odds ratio between Owning with and without a Mortgage

Country	lage	female	hhsize	lnincome	hhnodep	hhdep	house	secedu	teredu	fulltime
New EU Countries										
Czech Republic	0.68 ***	0.06	0.06	-0.49 ***	0.19	-0.14	3.16 ***		-3.83	0.12
Estonia	2.40 ***	0.10	0.24 ***	-0.83 ***	1.13 ***	-0.23	-0.45 ***		0.51	-0.15
Hungary	1.18 ***	0.02	0.19 ***	-0.21	-0.17	-1.02 ***	0.06	0.43	-3.97 **	-0.27
Latvia	0.35	0.25 *	-0.03	0.07	0.40 **	0.05	1.09 ***	3.12 **	-1.83	0.27
Lithuania	2.80 ***	0.18	0.35	-0.70 **	0.60	-0.44	-0.12		4.73	-1.25
Poland	1.21 *	0.13	0.26 ***	-0.02	0.22	-0.57 **	0.81 ***	3.60	0.58	-0.80 **
Slovak Republic	0.46	-0.04	0.19 ***	-0.60	-0.12	-0.46 ***	3.58 ***	-3.83 ***	-4.49 ***	0.04
EU-15 and Cyprus										
Austria	0.43	0.11	0.13 **	-0.17	-0.29 *	-1.30 ***	0.66 ***	-3.91 ***	-0.98	-0.99 **
Belgium	3.30 ***	-0.01	0.23 ***	-1.27 ***	0.49 ***	-1.01 ***	-0.11	-7.29 ***		-0.79 ***
Cyprus	2.80 ***	0.03	0.15 **	-0.85 ***	0.14	-0.64 *	-0.13	-6.60 ***	-2.28	-0.89
Denmark	-1.12 ***	0.11	0.12	-2.28 ***	0.86 ***	0.79 **	-1.09 ***		-16.80 ***	1.03 ***
Finland	2.50 ***	0.08	0.08 **	-0.90 ***	0.53 ***	-0.24	-0.17 **	-4.10 *	-11.82 ***	-0.49 **
France	2.70 ***	0.03	-0.13 **	-0.91 ***	0.65 ***	0.08	-0.08	-9.10 ***	-12.25 ***	-0.94 ***
Greece	0.73 **	0.11	0.10	-0.13	-0.40	-0.57	0.45 **	3.36	2.93	0.78 ***
Ireland	2.45 ***	-0.09	0.18 ***	-0.73 ***	0.14	-1.17 ***	0.38	-2.72	-7.55 ***	-1.16 ***
Italy	2.26 ***	0.13 **	0.25 ***	-0.61 ***	0.00	-0.89 ***	0.50 ***	-0.09	-3.84 ***	-0.97 ***
Luxembourg	2.94 ***	0.22	-0.05	-1.07 ***	0.26	-0.46	0.92 ***	-18.42 ***	-17.71 ***	-1.08 ***
Netherlands	1.43 ***	-0.14	0.10	-0.90 ***	0.52 ***	-0.72 ***	2.68 ***		-11.69 ***	-0.01
Portugal	1.53 ***	-0.04	0.30 ***	-0.59 ***	0.07	-1.33 ***	1.58 ***	1.12	-4.82 *	-1.07 ***
Spain	2.22 ***	0.03	0.41 ***	-0.79 ***	0.04	-1.13 ***	0.37 ***	-4.16 ***	-3.81 ***	-0.60 ***
Sweden	0.99	-0.15	-0.08	-0.59	0.22	-0.78	0.91	-3.16	-6.11 **	-0.54
United Kingdom	1.86 ***	-0.09	0.10 *	-0.71 ***	0.14	-0.91 ***	-0.12		-11.57 ***	-0.63 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A6: Panel B – Nested Logit Regressions, 2006
Log Odds ratio between Owning with and without a Mortgage

Country	parttime	unemp	retired	urban	suburban	lage*secedu	lage*teredu	inc*secedu	inc*teredu
New EU Countries									
Czech Republic	-0.32	-0.26	0.36	-0.84 ***			0.48		0.20
Estonia	-0.18	0.83	1.53 **	0.16			0.16		-0.18
Hungary	0.00	0.18	0.68 ***	0.00	-0.06	0.15	0.28	-0.22	0.20
Latvia	-0.12	0.10	0.02	-0.33 ***		-0.01	0.58	-0.48	-0.20
Lithuania		-1.61		-0.14			0.65		-0.89 **
Poland	-1.00 **	0.02	-0.48	-0.27 *	-0.13	0.30	0.76	-0.71 **	-0.61 *
Slovak Republic	-0.11	0.04	-0.15	-0.56 ***	-0.39 ***	-0.04	-0.31	0.53	0.70
EU-15 and Cyprus									
Austria	-0.94 **	-0.51	-0.05	-0.08	-0.25 ***	0.77	0.36	0.19	0.09
Belgium	-0.74 ***	0.19	1.01 ***	0.07	0.28	0.10	-0.09	0.69 ***	1.23 ***
Cyprus	-0.45	-0.58	0.27	-0.54 ***	-0.48 ***	-0.83	-1.46 ***	0.96 ***	0.73 ***
Denmark	0.43	0.76 **	1.30 ***	0.09			0.96 ***		1.31 ***
Finland	0.01	-0.23	0.07	-0.01	-0.12	0.45	1.07 **	0.18	0.67 ***
France	-0.46	-0.60 *	-0.79 ***	-0.23 **	-0.22 *	1.00 **	0.97 **	0.47 **	0.77 ***
Greece	1.03 *	0.89 *	0.72 ***	0.12	0.25	-0.65	-1.23 **	-0.16	0.08
Ireland	-0.83 ***	-0.77 *	-0.14	-1.03 ***	-0.79 ***	-0.60	0.28	0.48 **	0.60 ***
Italy	-0.93 ***	-0.38	-0.21	-0.58 ***	-0.47 ***	-0.74 ***	-0.45	0.24	0.50 ***
Luxembourg	-0.94 **	-1.00	0.11	-0.53 **	-0.36 *	1.85 **	1.60 *	1.07 ***	1.10 ***
Netherlands	-0.07	1.26 *	0.87 ***	-0.22 **			0.77 *		0.78 ***
Portugal	-0.48	-0.53	-0.47	-0.34 ***	0.18	-0.42	0.57	0.03	0.30
Spain	0.00	-0.35	0.41 **	-0.25 ***	-0.40 ***	-0.32	-0.25	0.51 ***	0.45 ***
Sweden	-1.47 **	-1.28 **	-0.25	0.26	-0.13	0.66	1.71	0.01	-0.11
United Kingdom	0.25	0.06	1.77 ***	-0.26 ***			1.24 ***		0.64 ***

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2006

Table A7: Descriptive Summary Statistics, 2005
Weighted Averages - Financial Vulnerability Dependent Variables

Country	finburden	finvul	arrears1	arrears2	arrears3	himedcost
Recently Added EU Countries						
Czech Republic	2.116	0.096	0.094	0.063	0.112	0.003
Estonia	2.075	0.105	0.097	0.097	0.067	0.027
Hungary	2.097	0.148	0.122	0.132	0.145	0.031
Latvia	2.193	0.227	0.230	0.182	0.156	0.167
Lithuania	2.226	0.203	0.183	0.196	0.115	0.044
Poland	2.326	0.237	0.205	0.215	0.201	0.077
Slovak Republic	2.314	0.123	0.081	0.090	0.039	0.029
Slovenia	2.220	0.137	0.206	0.113	0.138	0.000
EU-15 and Cyprus						
Austria	1.861	0.030	0.021	0.016	0.091	0.003
Belgium	1.978	0.069	0.045	0.053	0.053	0.009
Cyprus	2.527	0.194	0.185	0.089	0.233	0.035
Denmark	1.314	0.074	0.032	0.030	0.042	0.002
Finland	1.919	0.103	0.066	0.064	0.085	0.028
France	1.712	0.095	0.083	0.064	0.051	0.015
Greece	2.169	0.336	0.236	0.276	0.318	0.040
Ireland	1.936	0.084	0.089	0.061	0.039	0.013
Italy	2.491	0.110	0.101	0.090	0.148	0.039
Luxembourg	1.997	0.036	0.032	0.028	0.020	0.002
Netherlands	1.810	0.055	0.037	0.030	0.067	0.002
Portugal	2.032	0.062	0.052	0.045	0.038	0.036
Spain	2.407	0.055	0.062	0.033	0.078	0.004
Sweden	1.609	0.093	0.060	0.052	0.092	0.007
United Kingdom	1.895	0.060	0.065	0.001	0.025	0.001

Source: EU Statistics on Income and Living Conditions (SILC) database, 2005

Table A8: Descriptive Summary Statistics, 2006
Weighted Averages - Financial Vulnerability Dependent Variables

Country	finburden	finvul	arrears1	arrears2	arrears3	himedcost
Recently Added EU Countries						
Czech Republic	2.115	0.073	0.067	0.050	0.105	0.002
Estonia	2.037	0.064	0.054	0.057	0.047	0.024
Hungary	2.105	0.143	0.094	0.130	0.123	0.017
Latvia	2.155	0.140	0.094	0.129	0.053	0.121
Lithuania	2.211	0.135	0.097	0.129	0.072	0.052
Poland	2.306	0.201	0.189	0.183	0.149	0.063
Slovak Republic	2.355	0.090	0.074	0.059	0.044	0.026
Slovenia	2.229	0.127	0.205	0.105	0.114	0.000
EU-15 and Cyprus						
Austria	1.830	0.029	0.024	0.016	0.094	0.004
Belgium	1.964	0.063	0.043	0.046	0.050	0.006
Cyprus	2.636	0.196	0.198	0.092	0.229	0.035
Denmark	1.308	0.058	0.020	0.028	0.035	0.002
Finland	1.908	0.092	0.072	0.040	0.054	0.016
France	1.756	0.088	0.080	0.060	0.054	0.016
Greece	2.199	0.311	0.181	0.266	0.278	0.052
Ireland	1.968	0.076	0.076	0.062	0.034	0.013
Italy	2.486	0.113	0.104	0.093	0.131	0.033
Luxembourg	2.063	0.023	0.016	0.017	0.013	0.002
Netherlands	1.743	0.050	0.029	0.027	0.089	0.002
Portugal	1.999	0.062	0.048	0.047	0.027	0.036
Spain	2.423	0.055	0.056	0.034	0.068	0.002
Sweden	1.549	0.075	0.039	0.043	0.066	0.013
United Kingdom	1.894	0.055	0.058	0.002	0.024	0.001

Source: EU Statistics on Income and Living Conditions (SILC) database, 2006

Table A9: Ordered Probit and Probit Regressions, 2005

Financial Vulnerability Regressions (Marginal Effects)

	finburden				finvul				arrears1	
Country	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**Pseudo r^2**
New EU Countries										
Czech Republic	-0.0025 **	0.0335	0.07	1.43	0.0200	0.0589 ***	0.13	-2.93 ***	-0.0535 ***	0.16
Estonia	-0.0980	-0.0619 ***	0.12	3.20 ***	0.0151	0.0312	0.10	-0.55	-0.0580 *	0.21
Hungary	0.0191 **	0.0014	0.06	1.49	0.1078 ***	0.0738 ***	0.12	1.50	-0.0509 **	0.11
Latvia	-0.1037	0.0569	0.08	-0.47	0.1204 ***	0.0967 ***	0.10	0.40	-0.0427	0.07
Lithuania	-0.0761	0.0036	0.09	0.50	0.1442 ***	0.0395	0.08	1.69 *	0.0039	0.28
Poland	-0.1257	0.0978 **	0.08	-3.04 ***	0.0586	-0.0130	0.08	2.46 **	-0.0827 ***	0.12
Slovak Republic	-0.0074 *	-0.0494 ***	0.04	3.49 ***	-0.0053	0.0261	0.05	-2.31 **	-0.0263 **	0.12
Slovenia	0.0520 **	0.0487	0.06	2.07 **	0.1402 ***	0.0488 ***	0.09	2.50 **	-0.0004	0.09
EU-15 and Cyprus										
Austria	0.0508 ***	-0.0095	0.04	6.46 ***	0.0105	0.0265 ***	0.14	-2.63 ***	-0.0069	0.14
Belgium	-0.0037 ***	0.1049 ***	0.05	3.83 ***	0.0243 **	0.0659 ***	0.17	-3.72 ***	-0.0057	0.18
Cyprus	0.1595 ***	-0.0481	0.06	7.65 ***	0.1205 ***	0.0578 ***	0.11	2.68 ***	0.0865 ***	0.12
Denmark	-0.0688		0.08		-0.0438 ***		0.19		-0.0122 *	0.17
Finland	0.0297 ***	0.0707 ***	0.05	1.66 *	0.0725 ***	0.1508 ***	0.18	-6.99 *	-0.0495 ***	0.13
France	-0.0179 ***	0.0754 ***	0.04	0.44	0.0202 *	0.0857 ***	0.16	-6.88 ***	-0.0513 ***	0.13
Greece	-0.0685	0.0757 **	0.04	-2.74 ***	-0.0616 **	0.0941 ***	0.08	-4.56 ***		0.10
Ireland	-0.0130 ***	0.1981 ***	0.09	0.58	0.0446 ***	0.1203 ***	0.24	-4.24 ***	-0.0515 ***	0.17
Italy	0.1612 ***	0.0305 ***	0.05	12.90 ***	0.0702 ***	0.0845 ***	0.13	-1.88 *	-0.0429 ***	0.13
Luxembourg	0.0199 ***	0.1048 ***	0.07	2.11 **	0.0089	0.0256 **	0.15	-1.61	-0.0267 ***	0.18
Netherlands	-0.1145 ***		0.05		-0.0477 ***		0.14		-0.0315 ***	0.14
Portugal	0.0708 ***	0.0541 ***	0.09	4.14 ***	0.0348 ***	0.0167	0.06	1.51	0.0126	0.11
Spain	0.0782 ***	-0.0194	0.04	6.94 ***	0.0250 ***	0.0601 ***	0.11	-3.30 ***	-0.0253 **	0.08
Sweden	-0.1126 **	0.1220 ***	0.06	-8.32 ***	0.0468 *	0.1183 ***	0.13	-5.48 ***	-0.0329 ***	0.15
United Kingdom	0.0105 ***	0.0900 ***	0.05	0.08	0.0284 ***	0.1305 ***	0.20	-11.24 ***	-0.0823 ***	0.16

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A9: Ordered Probit and Probit Regressions, 2005

Financial Vulnerability Regressions (Marginal Effects)

	arrears2				arrears3				himedcost			
Country	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**renter**	**Pseudo r^2**	**t-test**
New EU Countries												
Czech Republic	0.0015	0.0254 **	0.11	-2.25 **	0.0210	0.0210	0.10	0.00	0.0022	0.0042	0.06	-0.71
Estonia	0.0001	-0.0020	0.11	0.09	0.0149	0.0276	0.06	-0.28	-0.0104	-0.0071	0.17	-0.61
Hungary	0.0712 ***	0.0452 ***	0.12	1.29	0.0814 ***	0.1023 **	0.06	-0.34	0.0184 **	0.0202 ***	0.07	-0.17
Latvia	0.0742 **	0.0640 ***	0.11	0.17	-0.0848 **	0.0086	0.04	-1.99 **	-0.0268	0.0261 *	0.12	-1.41
Lithuania	0.1009 *	0.0082	0.08	1.58	0.0928 *	0.0356	0.05	0.76	0.0753 **	0.0056	0.09	1.76 *
Poland	0.0084	-0.0463	0.09	2.00 **	0.0425	0.0678	0.06	-1.00	0.0912 **	0.0328 *	0.06	1.45
Slovak Republic	-0.0176	0.0038	0.05	-1.83 *	-0.0163 *	0.0127	0.06	-3.23 ***	-0.0062	-0.0064	0.09	0.09
Slovenia	0.0850 ***	0.0157	0.08	2.38 **	-0.0121	0.0015	0.05	-0.35			0.32	
EU-15 and Cyprus												
Austria	-0.0005	0.0071 *	0.15	-1.64	0.0836	0.0967 ***	0.22	-1.73 *	0.0029 *	0.0000	0.19	2.51 **
Belgium	0.0112	0.0473 ***	0.15	-3.68 ***	0.0071	0.0280 *	0.15	-1.51	0.0077 **	0.0065 **	0.19	0.35
Cyprus	0.0076	0.0289 **	0.11	-1.51	-0.0115	0.0251	0.09	-1.18	0.0009	0.0169 ***	0.13	-1.93 *
Denmark	-0.0062		0.17		-0.0355 ***		0.17		-0.0015 *		0.17	
Finland	0.0346 ***	0.0716 ***	0.15	-4.42 ***	0.0400 ***	0.1243 ***	0.12	-5.83 ***	0.0168 **	0.0145 **	0.11	0.07
France	0.0004	0.0331 ***	0.14	-4.51 ***	0.0139	0.0337 **	0.10	-2.16 **	0.0047	0.0113 ***	0.16	-1.99 **
Greece	-0.0845 ***	0.0500 **	0.09	-4.32 ***	-0.1216 ***	0.0326	0.07	-3.59 ***	-0.0156 **	0.0128 *	0.11	-3.05 ***
Ireland	0.0159 *	0.0542 ***	0.21	-2.97 ***	0.0044	0.0345 ***	0.28	-3.23 ***	0.0099 **	0.0143 **	0.13	-0.50
Italy	0.0340 ***	0.0556 ***	0.12	-2.62 ***	0.0156	0.0942 ***	0.10	-3.65 ***	0.0308 ***	0.0246 ***	0.09	0.55
Luxembourg	0.0052	0.0141	0.10	-0.91	0.0106	0.0181	0.12	-0.65	0.0270 **	0.0612 **	0.41	0.41
Netherlands	-0.0255 ***		0.13		-0.0268		0.08		-0.0010		0.17	
Portugal	0.0032	0.0053	0.08	-0.23	0.0078	0.0013	0.09	0.59	-0.0033	0.0183 ***	0.13	-3.63 ***
Spain	-0.0027	0.0217 ***	0.10	-3.87 ***	-0.0003	0.0791 ***	0.09	-3.91 ***	0.0013	0.0037 **	0.10	-1.14
Sweden	0.0208	0.0592 ***	0.11	-3.88 ***	0.0671 *	0.1527 ***	0.12	-4.81 ***	0.1699 ***	0.2167 ***	0.13	-1.08
United Kingdom	0.0003	-0.0005	0.09	1.60	0.0040	0.0400 ***	0.10	-6.75 ***	0.0003	0.0005	0.14	-0.38

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2005

Table A9: Ordered Probit and Probit Regressions, 2006

Financial Vulnerability Regressions (Marginal Effects)

	finburden				finvul				arrears1	
Country	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**Pseudo r^2**
New EU Countries										
Czech Republic	-0.0060 ***	0.0611	0.08	1.73 *	0.0101	0.0476 ***	0.17	-4.40 ***	-0.0293 ***	0.20
Estonia	-0.1187	-0.0445 ***	0.11	2.55 **	-0.0201 *	0.0218 *	0.12	-2.81 ***	-0.0469 ***	0.23
Hungary	0.0089 **	0.0097	0.07	2.23 **	0.0629 ***	0.0547 ***	0.11	0.43	-0.0323 *	0.09
Latvia	-0.0257	0.0393	0.08	1.08	0.0546 ***	0.0881 ***	0.11	-1.47	-0.0071	0.13
Lithuania	-0.0131 *	-0.0605 **	0.09	2.98 ***	0.0550	0.0223	0.10	0.60	0.0334	0.19
Poland	-0.1033	0.0861 ***	0.07	-1.43	0.0528 *	0.0464 ***	0.10	0.11	-0.0914 ***	0.10
Slovak Republic	-0.0033 *	0.0221	0.06	0.58	0.0520 ***	0.0917 ***	0.08	-1.53	-0.0260 **	0.09
Slovenia	0.1041 ***	0.0282	0.05	3.01 ***	0.0237	0.0351 ***	0.08	-0.41	-0.1353 ***	0.12
EU-15 and Cyprus										
Austria	0.0521 ***	-0.0137	0.05	5.29 ***	0.0169 **	0.0218 ***	0.20	-1.76 *	-0.0003	0.15
Belgium	-0.0133 ***	0.0971 ***	0.04	3.57 ***	0.0357 ***	0.0647 ***	0.18	-2.90 ***	-0.0153 **	0.14
Cyprus	0.1031 ***	-0.0289	0.09	5.73 ***	0.0979 ***	0.0349 *	0.11	2.52 **	0.1168 ***	0.13
Denmark	-0.0759		0.08		-0.0479 ***		0.17		-0.0101 **	0.16
Finland	0.0326 ***	0.0691 ***	0.05	2.02 **	0.0673 ***	0.1313 ***	0.19	-5.18 ***	-0.0470 ***	0.14
France	-0.0216 ***	0.0622 ***	0.04	0.54	0.0198 **	0.0822 ***	0.16	-7.33 ***	-0.0530 ***	0.12
Greece	-0.1043	0.0900 ***	0.08	-1.94 *	-0.1322 ***	0.0971 ***	0.15	-6.61 ***		0.20
Ireland	-0.0105 ***	0.2213 ***	0.10	-0.75	0.0137	0.1002 ***	0.22	-5.04 ***	-0.0582 ***	0.18
Italy	0.1994 ***	0.0195 ***	0.06	16.04 ***	0.0755 ***	0.0960 ***	0.12	-2.48 **	-0.0600 ***	0.09
Luxembourg	0.0423 ***	0.0651	0.07	2.71 ***	-0.0182 ***	0.0088	0.18	-3.73 ***	-0.0123 **	0.24
Netherlands	-0.1015 ***		0.05		-0.0459 ***		0.13		-0.0324 ***	0.14
Portugal	0.0564 ***	0.0416 ***	0.09	4.76 ***	0.0276 **	0.0094	0.06	1.46	0.0232 **	0.09
Spain	0.0746 ***	-0.0077	0.05	5.27 ***	0.0525 ***	0.0641 ***	0.09	-0.38	-0.0175 *	0.08
Sweden	-0.1002 ***	0.1002	0.05		-0.0822 ***		0.12		-0.0384 ***	0.14
United Kingdom	0.0054 ***	0.1043 ***	0.05	-0.07	0.0282 ***	0.1066 ***	0.20	-9.72 ***	-0.0650 ***	0.16

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A9: Ordered Probit and Probit Regressions, 2006

Financial Vulnerability Regressions (Marginal Effects)

	arrears2				arrears3				himedcost			
Country	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**renter**	**Pseudo r^2**	**t-test**	**mortgage**	**renter**	**Pseudo r^2**	**t-test**
New EU Countries												
Czech Republic	-0.0009	0.019 **	0.15	-3.09 ***	0.0120	0.0217	0.13	-0.48	0.0002	-0.0005	0.12	0.92
Estonia	-0.0268 ***	0.0134	0.13	-3.73 ***	-0.0084	0.0289	0.14	-1.64	-0.0060	0.0077	0.22	-2.26 **
Hungary	0.0392 ***	0.0322 **	0.11	0.40	0.0145	0.0663 *	0.08	-1.31	0.0067	0.0129 ***	0.07	-0.86
Latvia	0.0310 **	0.0728 ***	0.11	-1.95 *	0.0029	0.0596 ***	0.09	-2.26 **	0.0006	0.0343 ***	0.16	-1.96 **
Lithuania	0.0577	0.0022	0.11	1.08	0.0473	0.0272	0.08	0.33	-0.0017	-0.0110	0.12	0.46
Poland	0.0148	0.0317 ***	0.10	-0.67	-0.0215	0.0343 **	0.06	-1.57	-0.0132	-0.0050	0.09	-0.62
Slovak Republic	0.0250 ***	0.0396 ***	0.08	-0.69	0.0099	0.0294 *	0.07	-1.28	-0.0008	0.0040	0.12	-0.95
Slovenia	0.0068	0.0149	0.07	-0.31	0.0278	-0.0344 **	0.07	1.56				
EU-15 and Cyprus												
Austria	0.0009	0.0049 **	0.22	-1.56	0.1148	0.1075 ***	0.23	-1.99 **	-0.0008	-0.0001	0.19	-1.22
Belgium	0.0160 **	0.0329 ***	0.17	-2.15 **	0.0086	0.0198	0.14	-0.94	0.0029 *	0.0057 ***	0.24	-1.23
Cyprus	-0.0102	0.0211 *	0.08	-2.05 **	-0.0377	0.0046	0.11	-1.33	-0.0005	0.0016	0.11	-0.27
Denmark	-0.0236 ***		0.18		-0.0333 ***		0.14		-0.0004 ***		0.18	
Finland	0.0309 ***	0.0218 ***	0.11	1.29	0.0171	0.0694 ***	0.15	-4.71 ***	-0.0036	0.0053	0.08	-1.87 *
France	0.0034	0.0466 ***	0.16	-6.20 ***	-0.0033	0.0197 *	0.13	-3.12 ***	0.0077 **	0.0157 ***	0.14	-2.27 **
Greece	-0.1175 ***	0.0659 ***	0.16	-5.69 ***	-0.2192 ***	-0.0004	0.18	-6.07 ***	0.0023	0.0186 **	0.07	-1.10
Ireland	0.0053	0.0628 ***	0.22	-4.29 ***	-0.0010	0.0327 ***	0.17	-3.19 ***	0.0035	0.0051	0.14	-0.30
Italy	0.0415 ***	0.0627 ***	0.12	-2.52 **	0.0044	0.0415 **	0.08	-1.86 *	0.0227 ***	0.0234 ***	0.08	-0.47
Luxembourg	-0.0139 **	0.0064	0.15	-3.03 ***	-0.0047	0.0133 *	0.19	-2.19 **	0.0255 **	0.1011 **	0.29	-2.24 **
Netherlands	-0.0221 ***		0.12		-0.0661 **		0.08		-0.0002		0.20	
Portugal	-0.0010	-0.0038	0.05	0.30	0.0127	0.0059	0.10	0.75	0.0249 ***	0.0244 ***	0.14	0.25
Spain	0.0193 ***	0.0298 ***	0.07	-0.98	0.0289 **	0.0636 ***	0.08	-1.72 *	0.0014	0.0008	0.12	0.75
Sweden		0.0514 ***	0.11		-0.0733 ***		0.15			0.0178 ***	0.10	
United Kingdom	0.0002	-0.0005	0.10	1.32	0.0130 **	0.0328 ***	0.10	-3.67 ***	0.0005	0.0011 *	0.13	-0.81

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2006

Table A10: Two Stage Least Squares Regressions, 2005

Financial Vulnerability Regressions (Marginal Effects)

	finburden				finvul				arrears1	
Country	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**Pseudo r^2**
New EU Countries										
Czech Republic	-1.0385 *	-0.1352	0.06	-1.60	0.0848 *	-0.0649	0.12	1.08	0.0638 **	0.14
Estonia	-0.1015	-0.0054	0.11	-0.45	-0.1785 **	-0.0012	0.09	-1.38	-0.1905 *	0.05
Hungary	0.0209	0.0017	0.06	0.17	-0.3833 **	0.0853	0.10	-2.57 **	0.1145	0.08
Latvia	-0.6449 **	-0.0988	0.08	-1.64	-0.2680	0.0983	0.09	-1.34	0.0612	0.06
Lithuania	-0.2587	0.1828	0.09	-1.80 *	0.1173	0.1942 *	0.07	-0.32	-0.1849	0.13
Poland	-0.7706 ***	0.0828	0.06	-6.17 ***	-0.4515 ***	-0.2443 **	0.08	-1.53	0.5092 **	0.12
Slovak Republic	0.6020	-0.2389 ***	0.04	1.50	0.0386 *	0.0557	0.04	-0.35	0.1167	0.09
EU-15 and Cyprus										
Austria	-0.0062	0.0096	0.03	-0.39	0.0435	0.0034	0.11	1.28	0.0359 **	0.11
Belgium	0.0935 **	0.0365	0.05	0.91	0.0074	0.0595 ***	0.15	-1.61	0.0332	0.14
Cyprus	0.3377 **	0.0266	0.05	1.27	0.0601	-0.0989	0.10	1.59	0.1264	0.10
Denmark	-0.0174		0.07		-0.0811 ***		0.15		-0.1000 ***	0.16
Finland	0.0448	0.0986	0.04	-0.55	-0.0184	0.1578 ***	0.14	-3.07 ***	-0.0189	0.11
France	0.0763 **	0.0094	0.04	1.51	-0.0835 *	0.1083 ***	0.14	-3.99 ***	0.0135	0.10
Greece	-0.0316	-0.0286	0.04	-0.02	-0.0350	0.0993	0.07	-0.70	0.0654	0.10
Ireland	0.0709	0.0998 ***	0.08	-0.37	0.0162	0.0612 ***	0.20	-0.90	0.0582	0.13
Italy	-0.2132 **	0.1285	0.04	-2.28 **	-0.0944 **	0.2026 ***	0.11	-4.75 ***	-0.0714	0.12
Luxembourg	0.1585 ***	0.0309	0.06	1.56	0.0047	0.0111	0.12	-0.15	0.0798 **	0.12
Netherlands	-0.1789 ***		0.04		-0.0455 ***		0.11		-0.0380 ***	0.11
Portugal	0.1000 ***	0.0074	0.07	1.33	0.0362	-0.0092	0.05	1.04	0.0359	0.09
Spain	0.0772	-0.0826	0.03	0.92	0.0160	0.0809 *	0.08	-1.30	-0.0076	0.05
Sweden	0.2170 **	0.0903 ***	0.05	1.10	0.4231 ***	0.0745 ***	0.11	2.49 **	0.3083 ***	0.13
United Kingdom	0.1668 ***	0.1053 ***	0.05	1.28	0.0503 **	0.0900 ***	0.14	-1.65 *	-0.0012	0.11

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A10: Two Stage Least Squares Regressions, 2005
Financial Vulnerability Regressions (Marginal Effects)

	arrears2				arrears3				himedcost			
Country	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**
New EU Countries												
Czech Republic	0.0002	0.0069	0.10	-0.06	0.0657	-0.0624	0.09	0.57	-0.0009	0.0114	0.03	-1.17
Estonia	-0.0897	0.1102	0.09	-1.92	0.0937 *	-0.2109	0.04	1.71	-0.0083	-0.0164	0.15	0.15
Hungary	-0.4262	0.0754	0.11	-2.15	0.1199	0.0173	0.02	0.38	-0.0626	0.0139	0.05	-1.35
Latvia	-0.1635	0.1345	0.10	-1.20	-0.3989	-0.0621	0.03	-0.94	-0.4378	0.0907	0.11	-1.21
Lithuania	0.1147	0.1422	0.07	-0.12	-0.2144	0.1169	0.04	-1.28	0.1646 ***	-0.1387	0.09	3.44
Poland	-0.4375 ***	-0.2753	0.09	-1.22	-0.2656	0.2438	0.05	-2.21	-0.0047	0.0058	0.06	-0.15
Slovak Republic	0.1744	0.0140	0.04	0.58	-0.0206	0.0216	0.03	-1.11	-0.0755	-0.0119	0.07	-0.57
EU-15 and Cyprus												
Austria	0.0491	-0.0212	0.14	2.93	0.1217	0.0502	0.18	0.55	-0.0023	0.0025	0.14	-1.03
Belgium	0.0041 ***	0.0384	0.13	-1.23	0.0181 ***	0.0783	0.14	-1.86	-0.0026 **	0.0077	0.16	-1.44
Cyprus	-0.0196	-0.0272	0.10	0.10	-0.1762	-0.1123	0.09	-0.42	-0.0090	0.0016	0.12	-0.37
Denmark	-0.0386		0.14		-0.0524		0.13		-0.0015		0.08	
Finland	-0.0108 **	0.0731	0.12	-1.64	-0.1344 ***	0.1074	0.09	-2.74	-0.0081	0.0185	0.09	-0.88
France	-0.0539 ***	0.0434	0.13	-2.65	-0.0012 ***	0.0517	0.08	-2.07	-0.0128 ***	0.0223	0.14	-4.95
Greece	-0.2487	0.0388	0.08	-1.86	0.2041 **	-0.2427	0.06	2.27	-0.0116	-0.0110	0.09	-0.01
Ireland	-0.0058	0.0218	0.19	-0.72	0.0001 ***	0.0328	0.24	-1.38	0.0096 ***	0.0240	0.07	-1.37
Italy	-0.0645 ***	0.1514	0.11	-3.92	-0.2783 ***	0.3291	0.08	-2.73	0.0234	0.0216	0.08	0.05
Luxembourg	-0.0132	0.0099	0.08	-0.98	0.0013	-0.0142	0.05	0.58	-0.0002 *	0.0003	0.39	-1.57
Netherlands	-0.0350		0.10		-0.0554		0.04		0.0000		0.06	
Portugal	-0.0475 ***	-0.0772	0.08	0.88	0.0405	-0.0239	0.06	1.51	-0.0029 **	0.0305	0.11	-1.62
Spain	0.0036	0.0295	0.08	-0.67	-0.0395 ***	0.2728	0.05	-2.45	0.0017	-0.0016	0.06	0.29
Sweden	0.1669 **	0.0888	0.09	0.83	0.1293 ***	0.0964	0.10	0.17	0.0127 ***	0.0124	0.10	0.01
United Kingdom	0.0004	-0.0011	0.01	0.91	0.0345 ***	0.0384	0.08	-0.29	0.0003	-0.0009	0.08	0.96

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2005

Table A11: Two Stage Least Squares Regressions, 2006
Financial Vulnerability Regressions (Marginal Effects)

	finburden				finvul				arrears1	
Country	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**Pseudo r^2**
New EU Countries										
Czech Republic	-0.0473	-0.0426	0.08	-0.03	0.0860 ***	-0.1305 **	0.16	2.46 **	0.0020	0.18
Estonia	-0.2231 **	0.2851 **	0.10	-2.65 ***	-0.0889 **	0.0815	0.11	-1.86 *	-0.1507 **	0.15
Hungary	0.0107	-0.0120	0.07	0.12	-0.2481 *	0.0677	0.10	-1.90 *	-0.0803	0.07
Latvia	-0.2277 *	-0.0216	0.07	-1.23	0.0155	0.0749	0.09	-0.54	-0.2912 **	0.11
Lithuania	-0.3614 **	-0.1271	0.09	-0.87	0.0342	0.0426	0.09	-0.04	-0.0054	0.09
Poland	-0.4520 ***	0.0260	0.07	-3.40 ***	-0.2721 **	0.0477 ***	0.10	-2.59 ***	0.1028	0.07
Slovak Republic	0.0789 **	-0.3338 **	0.05	2.06 **	0.0257	-0.0488	0.06	0.45	0.0890	0.07
EU-15 and Cyprus										
Austria	0.0046	0.0081	0.05	-0.06	0.0100	0.0446 **	0.16	-1.27	0.0341 ***	0.14
Belgium	0.1484 ***	0.0379	0.04	0.93	-0.0050	0.0391 ***	0.16	-1.77 *	0.0257	0.13
Cyprus	0.1165	-0.1261 *	0.08	1.42	0.1402	-0.0747	0.10	2.04 **	0.2389 ***	0.08
Denmark	-0.0369 ***		0.07		-0.0590 ***		0.12		-0.0089	0.13
Finland	0.0755 **	0.0270	0.04	0.62	0.0276	0.0693 ***	0.16	-1.08	0.0204	0.12
France	-0.0547	0.1391 **	0.03	-1.69 *	-0.0413	0.0862 ***	0.14	-2.89 ***	0.0381 **	0.08
Greece	-0.3330 *	0.1004 **	0.08	-2.25 **	-0.8502 **	0.2246 **	0.14	-2.65 ***	-0.0025	0.20
Ireland	-0.0679	0.1150 ***	0.09	-2.31 **	-0.0703	0.0820 ***	0.18	-2.80 ***	0.0829 **	0.15
Italy	0.2246 ***	0.0876	0.04	1.23	-0.0753 **	0.1245 ***	0.10	-3.35 ***	-0.2033 ***	0.08
Luxembourg	0.1810 ***	-0.0393	0.06	2.58 ***	0.0162	0.0169 *	0.14	-0.03	0.0136 *	0.22
Netherlands	-0.1489 **		0.05		-0.0920 ***		0.10		-0.0446 *	0.10
Portugal	0.0400	-0.1067 *	0.08	2.23 **	-0.0044	0.0934 ***	0.05	-2.28 **	-0.0097	0.07
Spain	0.1129	-0.4729 **	0.05	3.02 ***	-0.0336	0.0572	0.06	-1.36	-0.0377	0.07
Sweden	0.1316	0.0492 ***	0.05	0.76	0.0502	0.0780 ***	0.10	-0.24	0.1074 **	0.12
United Kingdom	0.1580 ***	0.0711 ***	0.05	2.68 ***	0.0488 ***	0.0672 ***	0.15	-1.03	0.0043	0.11

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Table A11: Two Stage Least Squares Regressions, 2006
Financial Vulnerability Regressions (Marginal Effects)

	arrears2				arrears3				himedcost			
Country	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**	**p(Mortgage)**	**p(Rent)**	**Pseudo r^2**	**t-test**
New EU Countries												
Czech Republic	0.0204	-0.0392	0.14	0.82	0.0558	-0.0816	0.11	0.75	-0.0012	-0.0005	0.03	-0.04
Estonia	-0.1255 *	0.0946	0.12	-2.62	0.0680	-0.0904	0.12	1.34	-0.0039	-0.0311	0.20	0.52
Hungary	-0.2796	0.0940	0.11	-2.32	0.2199	-0.0269	0.06	1.40	-0.0402	0.0112	0.06	-2.28
Latvia	-0.0484	-0.0262	0.10	-0.21	0.0329	0.0182	0.03	0.12	-0.1449 *	0.1530	0.16	-1.78
Lithuania	0.0269	-0.0398	0.11	0.29	0.1072	0.1445	0.08	-0.13	-0.3750 *	-0.0741	0.12	-1.64
Poland	-0.1983 **	0.0326	0.10	-1.89	-0.1627 **	0.0512	0.06	-1.44	0.0774	0.0025	0.08	0.97
Slovak Republic	0.0004	-0.0777	0.07	0.62	-0.0208	0.0569	0.04	-0.94	0.0357 ***	-0.0907	0.11	2.07
EU-15 and Cyprus												
Austria	0.0290	-0.0011	0.17	2.38	-0.0762 ***	0.1519	0.19	-2.06	0.0013	-0.0044	0.17	1.10
Belgium	-0.0158	0.0139	0.16	-1.49	-0.1012 ***	0.1173	0.13	-3.49	-0.0027	0.0018	0.21	-1.41
Cyprus	0.0279	0.0258	0.07	0.03	0.1340	-0.0604	0.10	1.31	-0.0456	-0.0169	0.11	-0.85
Denmark	-0.0217		0.14		-0.0266		0.11		-0.0017		0.02	
Finland	0.0348 ***	0.0646	0.10	-0.82	-0.0452 ***	0.0835	0.12	-2.66	-0.0229 **	0.0239	0.07	-2.98
France	-0.0340 ***	0.0411	0.14	-2.04	0.0252 ***	0.0492	0.11	-0.65	-0.0021 ***	0.0126	0.11	-1.84
Greece	-0.4497 ***	0.1645	0.15	-1.85	-0.8408	0.0548	0.14	-1.60	-0.0426 *	0.0408	0.06	-0.84
Ireland	-0.0872 ***	0.0571	0.19	-4.55	-0.0203 ***	0.0424	0.14	-2.18	0.0041	-0.0073	0.12	0.73
Italy	-0.0461 ***	0.0907	0.10	-2.65	-0.0738 ***	0.2331	0.07	-2.01	0.0074 **	0.0419	0.07	-1.28
Luxembourg	0.0171	0.0103	0.08	0.44	-0.0109 ***	0.0257	0.11	-1.35	0.0004 **	0.0008	0.27	-0.77
Netherlands	-0.0232		0.09		-0.1206		0.05		-0.0012		0.13	
Portugal	-0.0135	0.0436	0.04	-1.67	-0.0327 ***	0.0872	0.10	-3.34	0.0071	0.0167	0.10	-0.38
Spain	-0.0190	0.0052	0.06	-0.46	-0.0951	0.1859	0.07	-1.94	0.0003	0.0064	0.10	-0.93
Sweden	0.1008 ***	0.0371	0.08	0.82	0.1900 ***	0.0685	0.12	0.94	-0.0851 **	0.0633	0.08	-2.20
United Kingdom	0.0002	-0.0005	0.07	0.53	0.0383 ***	0.0243	0.09	1.32	-0.0006	-0.0001	0.14	-3.32

Note: ***, **, * denote significance at the 99%, 95% and 90% levels respectively.

Source: EU Statistics on Income and Living Conditions (SILC) database, 2006