



Press release

PB08-026
10 April 2008
15:00 hrs

Disposable household income substantially higher in 2007

The real disposable income of Dutch households rose by nearly 4 percent in 2007, the highest growth since 2001. Employment improved substantially and self-employed had a good year. The average Dutch household spent about as much as they earned. The overall mortgage debt increased.

According to the most recent figures published by Statistics Netherlands, profits declined in the financial sector, whereas profits mounted in the non-financial sector.

More income from labour, higher profits from business activities and capital

Households depend on wages as their sole or main source of income. The overall household income rose by 5.2 percent in 2007 as a result of higher wages and more jobs. Self-employed contributed more than 12 percent to the income growth of households. Pensioners saw their incomes rise by more than 5 percent. Households also received considerably more dividend and interest.

Households spent as much as they received in 2007

The increase in real disposable household income by nearly 4 percent was marginally higher than in 2006 and the highest increase since 2001. Households spending exceeded household income by 2 billion euro. In 2006, Dutch households spent 6 billion more than they received in income. The smaller gap between household income and spending is caused by the fact that overall household income grew more rapidly in 2007 than household consumption.

Home mortgage debt increased further

Households were deeper in debt in 2007. Total household debt increased by 40 billion euro to 680 billion euro. The debt increase is almost entirely attributable to home mortgages. The total outstanding mortgage debt rose by 8 percent from 544 to 587 billion euro.

Mixed picture

Profits in the financial sector were less substantial in 2007 than in 2006. Banks faced smaller interest margins, because they had to pay more interest for money they borrowed on the capital market. Insurance companies sold fewer

insurance policies and lost money on health care. The non-financial sector, on the other hand, benefited more successfully from the thriving economy.