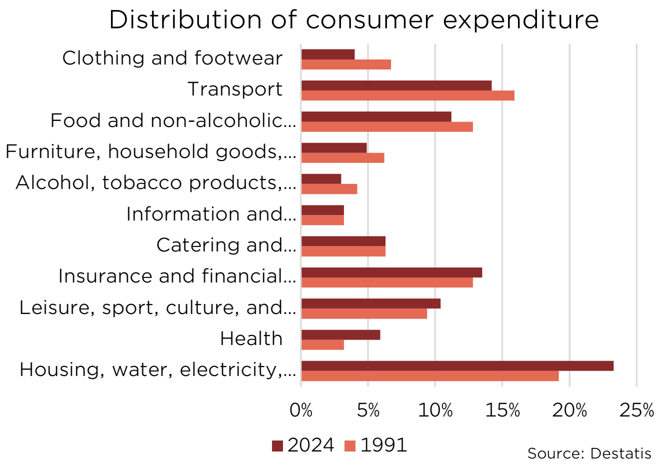
04. September 2026

The Paradox of Prosperity

"You had it easier, Dad." Anyone sitting at the Sunday table with adult children is familiar with this remark - and perhaps also the feeling of not quite knowing how to respond. After all, at first glance, there is little evidence to support it: air travel was a once-a-year event, not a routine weekend getaway; mortgage rates at times exceeded ten percent in the early 1990s. Yet, is this merely complaining from a position of privilege? This perceived reality warrants a closer look, for it masks a tangible shift: those seeking to buy a home today face a different kind of hurdle than the previous generation did.

Why we have everything today but own less

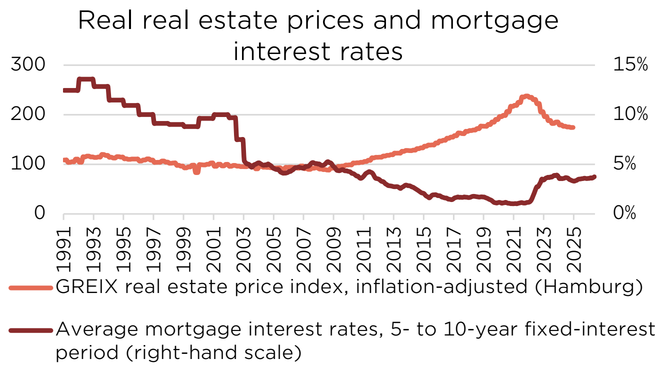
This trend is rooted in a massive shift in relative prices-a fact well-supported by statistics. Since 1992, median net income in Germany has risen by around 30 percent in real terms (adjusted for inflation). Overall, we can afford more than the generation before us. This is particularly striking when looking at everyday technology: in 1960, buying a simple black-and-white television required an average of 339 hours of work; today, just 24 hours of work suffice to purchase a state-of-the-art device with vastly superior picture quality. The same applies to smartphones, clothing, and streaming services. Prestigious consumer goods that once served as status symbols have now become mass-market commodities. A look at the structure of our consumer spending reveals where the money actually goes. Housing and energy now account for a significantly larger share of the household budget than they did thirty years ago. Households are currently feeling the impact of this reality once again; after a temporary easing, energy prices rose by more than ten percent year-on-year in August-driven by the reignited conflict involving Iran-and remain a major cost factor for private households. Spending on services, leisure, and healthcare has also increased, whereas the share allocated to clothing, food, transport, and household goods has declined. In short, we spend less on tangible items we can touch and own, and more on things that provide access, convenience, and experiences. This is not a criticism, but an assessment of the current situation.



This trend creates a deceptive impression: someone who owns a new iPhone and eats out every weekend appears affluent. Yet prosperity and wealth are two different things. What looks like ownership at first glance often turns out to be merely access upon closer inspection: we own fewer and fewer physical goods-no CDs, no DVDs, and often no software. Instead, we pay ongoing fees for usage rights-for music, movies, software, gym memberships, and delivery services. Subscription culture offers flexibility and choice, yet it creates no tangible assets. Money flows out without leaving anything behind. This leads to a phenomenon sociologists describe as "luxury poverty." The effect is compounded by the fact that a significant portion of visible affluence is simply borrowed. The volume of private consumer credit in Germany has tripled since 1990. Added to this is the rapidly growing market for "buy now, pay later" offers, which makes consumption on credit a routine practice for increasingly younger demographics. While this phenomenon is far more advanced in the US, it is gaining ground here at an accelerating pace.

Why real estate seems unaffordable today

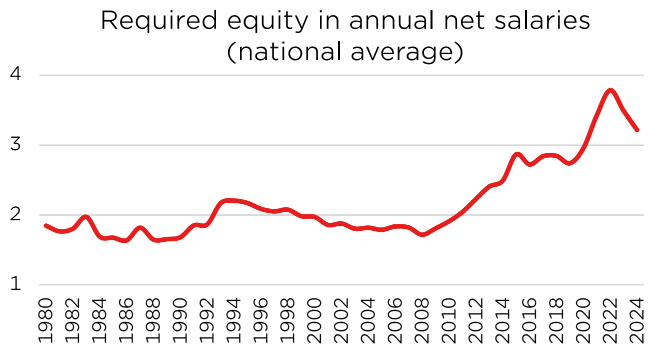
A look at the real estate market reveals where this shift is most pronounced. Since 2012, inflation-adjusted rents in major German cities have risen by over twenty percent-and by more than forty percent in Berlin alone. It is often argued that earlier generations benefited from low purchase prices. However, the picture is more nuanced. GREIX, the leading real estate price index for Germany, shows that inflation-adjusted property prices have risen by around 60 percent since 1990. At the same time, mortgage interest rates moved in the opposite direction: while they briefly reached ten percent in 1990, they now stand at around four percent. This counter-movement ensured that monthly loan repayments remained relatively stable in relation to income.



Source: GREIX, Deutsche Bundesbank; as of 19 February 2026

What has changed fundamentally, however, is the hurdle standing in the way of that first step: the required equity. The Kiel Institute for the World Economy has quantified this precisely in a recent study. In the 1980s, households needed the equivalent of roughly 1.7 annual salaries in equity to purchase a property; today, that figure exceeds three. The required equity share has thus nearly doubled. This trend is also driven by higher ancillary purchase costs. In particular, the real estate transfer tax has been significantly raised in many federal states since 2006. Buyers generally have to cover these costs out of their own pockets-in addition to the purchase price itself-since banks often do not include them in the financing. Consequently, the increased need for equity affects not only the purchase price but, above all, the costs incurred before the actual loan financing even begins. This is changing the profile of who is actually able to buy a home. The share of home financing covered by gifts and inheritances rose from 21 percent between 2012 and 2017 to 31 percent between 2018 and 2021, while the share funded by personal savings fell from 50 to 38 percent. Consequently, home ownership is increasingly being acquired through inheritance rather than accumulated savings.

A simple calculation illustrates what this means in practical terms: assuming a savings rate of 20 percent of disposable income, today's generation of homebuyers needs an average of around 14 years to accumulate the necessary equity-twice as long as in the 1980s. Back then, the initial hurdle was simply lower, making home ownership an achievable goal within a realistic timeframe even without exceptional savings discipline. Today, the situation is different: anyone aiming to buy a home without being able to rely on family support must actively prioritize saving from an early stage. Currently, the actual savings rate of private households in Germany stands at around ten percent. At this pace, it would take closer to 28 years, rather than 14, to save the required amount.



Source: Kiel Institute; As of: February 19, 2026

What remains to be done

The paradox of prosperity is real. We live more comfortably, enjoy a wider range of consumer choices, and have access to more technology, entertainment, and goods than ever before. For those who find the path to homeownership difficult, early participation in the capital markets is not merely an abstract option, but the most concrete solution available. Anyone who has built up wealth firsthand understands the value of starting early. The gap between visible affluence and lasting wealth has rarely been wider than it is today. Those who grasp this and act early do not encounter closed doors-they open them.

Jan Mooren

Market data

Stock markets (in local currency)	As of 11.09.2026 09:09	Change versus 04.09.2026 -1 week	10.08.2026 -1 month	10.06.2026 -3 months	10.09.2025 -1 year	31.12.2025 YTD
S&P 500	7632	-1,1%	-1,6%	5,0%	16,8%	11,5%
Nasdaq	26082	-1,6%	-2,0%	3,6%	19,2%	12,2%
DAX	25361	-2,6%	-3,7%	4,8%	7,3%	3,6%
MDAX	31596	-2,3%	-2,0%	1,0%	4,8%	3,2%
TecDAX	3941	-2,0%	-3,1%	-1,0%	9,5%	8,8%
EuroStoxx 50	6269	-1,9%	-4,1%	4,3%	16,9%	8,2%
Stoxx 50	5300	-2,4%	-4,3%	2,8%	16,3%	7,8%
SMI (Swiss Market Index)	13740	-4,6%	-6,1%	2,1%	12,5%	3,6%
Nikkei 225	64011	-1,6%	-4,4%	-0,3%	46,0%	27,2%
Brasilien BOVESPA	188269	1,7%	9,3%	11,7%	32,3%	16,8%
Indien BSE 30	74508	-2,6%	-5,1%	0,7%	-8,5%	-12,6%
China CSI 300	4507	-0,9%	-4,2%	-5,2%	1,4%	-2,7%
MSCI Welt	4906	-1,6%	-2,0%	4,8%	16,2%	10,7%
MSCI Emerging Markets	1745	1,1%	4,5%	4,7%	33,5%	24,2%
Bond markets						
Bund-Future	120,57	-247	-399	-463	-857	-700
Bobl-Future	112,27	-91	-169	-207	-597	-389
Schatz-Future	104,62	-65	-89	-98	-251	-218
3 Monats Euribor	2,63	-5	15	23	60	60
3M Euribor Future, Dec 2026	3,02	19	28	24	108	91
3 Monats $ Libor	3,95	4	6	16	-14	28
10 year US Treasuries	4,95	17	24	40	92	81
10 year Bunds	3,50	19	36	43	89	68
10 year JGB	2,99	10	19	33	143	95
10 year Swiss Government	0,56	13	15	12	30	24
US Treas 10Y Performance	621,07	-1,2%	-1,4%	-1,9%	-2,5%	-2,9%
Bund 10Y Performance	544,23	-1,1%	-2,2%	-2,3%	-3,3%	-2,5%
REX Performance Index	453,72	-0,4%	-1,0%	-1,0%	-1,2%	-1,1%
IBOXX AA, €	4,14	18	36	47	106	81
IBOXX BBB, €	4,40	21	42	52	101	83
Commodities						
MG Base Metal Index	589,60	0,2%	1,3%	3,7%	35,7%	14,3%
Crude oil Brent	105,95	10,0%	20,7%	13,9%	56,9%	74,1%
Gold	4349,49	-2,1%	0,1%	5,5%	19,2%	0,6%
Silver	63,57	-4,0%	-3,3%	-0,3%	54,4%	-10,8%
Aluminium	3315,77	0,7%	-0,2%	-4,3%	26,2%	11,7%
Copper	14222,85	-1,8%	-0,8%	5,6%	42,9%	14,2%
Iron ore	98,68	-0,9%	4,4%	-3,0%	-6,7%	-7,9%
Freight rates SPCI	3590	0,0%	9,6%	31,7%	148,5%	116,7%
Currencies						
EUR/ USD	1,1606	-0,1%	0,4%	0,6%	-0,9%	-1,2%
EUR/ GBP	0,8584	-0,1%	0,5%	-0,4%	-0,8%	-1,7%
EUR/ JPY	178,95	-1,5%	-2,4%	-3,4%	3,6%	-2,8%
EUR/ CHF	0,9439	0,4%	1,1%	2,4%	1,1%	1,3%
USD/ CNY	6,7093	-0,1%	-0,6%	-1,0%	-5,8%	-4,0%
USD/ JPY	154,43	-1,2%	-3,1%	-3,8%	4,7%	-1,4%
USD/ GBP	0,74	0,0%	0,0%	-0,9%	0,2%	-0,5%

Source: LSEG Datastream

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