



Beyond the Bricks

The meaning of home

Global factsheet

Seventy-six percent of people who do not own their own home expect to do so in the next five years.

Beyond the Bricks is HSBC's new international study on home ownership, providing insights into how people really feel and behave when

buying, renting and owning their own home.

This factsheet represents the views of more than 9,000 people in nine countries and provides a snapshot of some of the key research findings about millennials' home ownership

prospects, the changing role of the home, and the pitfalls of budgeting, around the world.

There are also some practical tips to help people make their home ownership dream a reality.

Millennials and home ownership

Is the dream dead?

Millennials' home ownership ambitions are alive and kicking, but growing affordability challenges look set to defer the dreams of many.

Two in five (40%) millennials around the world own their own home. However, there is significant variation between countries.

Among millennials who don't own, more than four in five (83%) intend to buy a home in the next five years.

But with 64% of millennials who don't own a home needing a higher salary before they can buy, the combination of slow salary growth and rising property prices makes it unlikely that all will be able to achieve their goal.

Seven of the nine countries below are projected to experience real wage growth of less than two percent in 2017¹.

Eight of the nine have seen property price rises in 2016².

Millennial home ownership

	Average	China ³	Mexico	France	Malaysia	USA	Canada	UK	Australia	UAE
Millennial home owners	40%	70%	46%	41%	35%	35%	34%	31%	28%	26%
Millennial non-owners intending to buy in next 5 years	83%	91%	94%	69%	94%	80%	82%	74%	83%	80%

Q. Thinking about the main home you live in, which of the following best describe (a) your current situation (b) your expected situation in five years from now?
(Base: Millennials)

¹ Korn Ferry Hay Group: 2017 Salary Forecast

² International Monetary Fund: Global House Price Index October 2016 (2016: Q2 or latest, annual percent change)

³ The China survey sample includes 85% urban, 14% suburban and 1% rural respondents

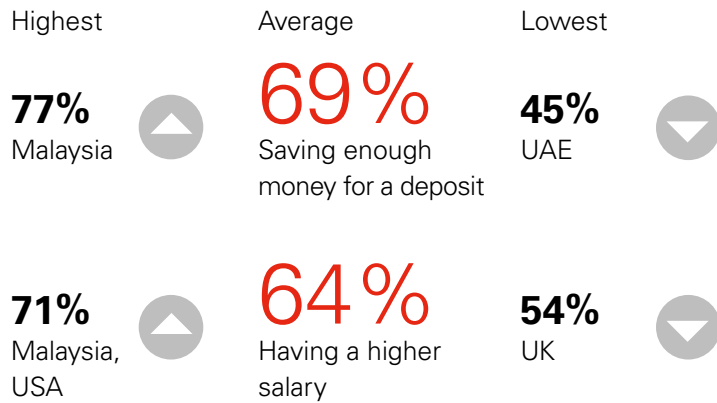
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The affordability challenge is highlighted by the fact that 69% of millennials intending to buy have not yet saved enough for a deposit.

In Malaysia, this figure rises to more than three quarters (77%) of millennials. This is lowest in the UAE at 45%.

In addition, 34% are being held back because they cannot afford to buy the type of property that they would like.

Barriers to millennial home ownership



Q. Which of these need to happen before you are able to go ahead with buying a home?
(Base: Millennial non-owners who intend to buy)

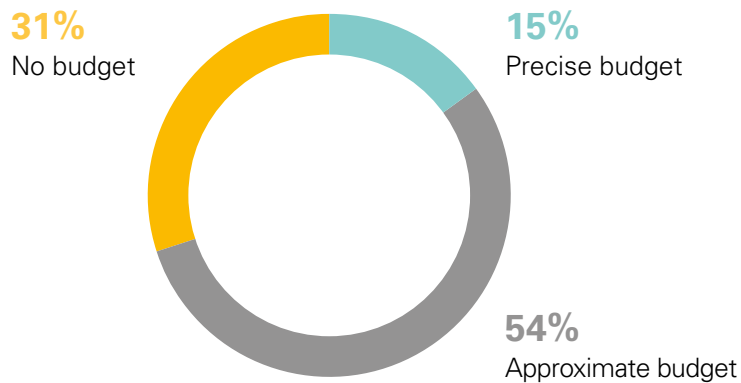
Budget blindness

Millennials also do not have their house in order when it comes to financial planning for their home purchase.

Of millennial non-owners intending to buy a home in the next two years, nearly one in three (31%) have no overall budget in mind and a further 54% have only set an approximate budget.

Those in Mexico are the most likely to have set no overall budget (43%) and those in France the least likely (18%).

Budget setting among millennials intending to buy



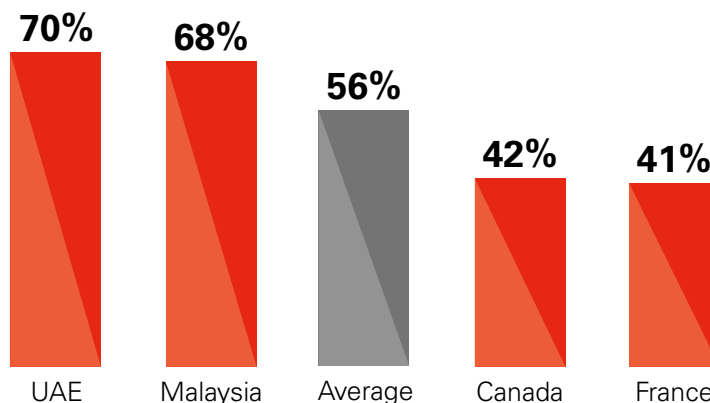
Q. Have you set an overall budget for your home purchase?
(Base: Millennial non-owners who intend to buy in next 2 years)

Overspending

So it is not surprising that 56% of millennials who bought a home in the last two years ended up overspending their budget.

This overspend was most common in the UAE and Malaysia (70% and 68%) and least common in France and Canada (41% and 42%).

Millennials who overspent on their home purchase



Q. Was the total cost of buying your home higher or lower than you budgeted/expected?
(Base: Millennials who bought a home in last 2 years)

Making sacrifices

On the other hand, many millennials are willing to consider making sacrifices to afford their own home.

More than half (55%) of millennials intending to buy would consider spending less on leisure and going out, 33% would be prepared to buy a smaller than ideal place and 21% would consider renting out one of their rooms. Eighteen percent would consider buying with a family member and 11% with friends. More than one in five (21%) would even be prepared to delay having children.

Sacrifices millennials would consider to own a home



Q. Which of these would you consider to help you own a home? (Base: Millennial non-owners who intend to buy)

The Bank of Mum and Dad

Financial support from parents can make all the difference when saving for a home. Thirty-six percent of millennial home owners have used the 'Bank of Mum and Dad' as a

source of funding. This was most common in the UAE (50%) and least common in France (26%). Additionally, one in five (20%) millennial home owners moved back

in with their parents to save for a deposit. This was most prevalent in the USA (28%), compared to only six percent in the UAE.

Parental support for millennial home owners

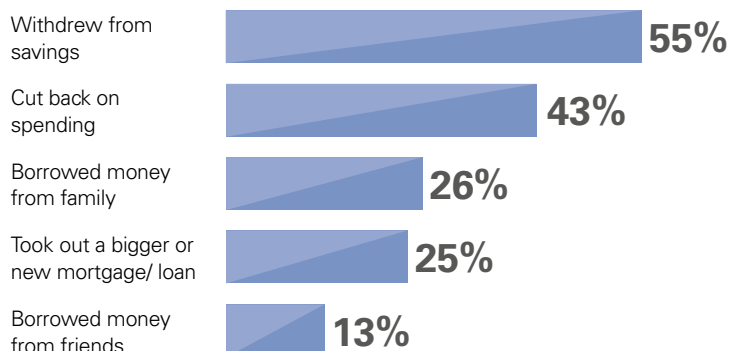
	Average	UAE	Mexico	China	Canada	UK	USA	Australia	Malaysia	France
Millennial home owners whose parents helped them to buy	36%	50%	41%	40%	37%	35%	32%	30%	29%	26%
Millennial home owners who moved back home with parents to save for a deposit	20%	6%	21%	20%	21%	27%	28%	25%	23%	14%

Q. Which sources of finance have you used to buy a home? (Base: Millennial home owners)

The Bank of Mum and Dad is in demand again when millennials who recently bought a home found they had exceeded their budget.

More than a quarter (26%) borrowed from their family to manage the unexpected costs.

How millennial home owners managed unexpected costs



Q. What actions did you take to manage the unexpected costs? (Base: Millennials who bought their home in the last 2 years and experienced unexpected costs)

Too little too late

Shaky foundations

Millennials are not the only generation to find the full cost of buying a home higher than they expected.

Thirty-one percent of all non-owners intending to buy in the next two years have set no overall budget. Fifty-three percent have an approximate budget in mind, and only 16% have set a precise one.

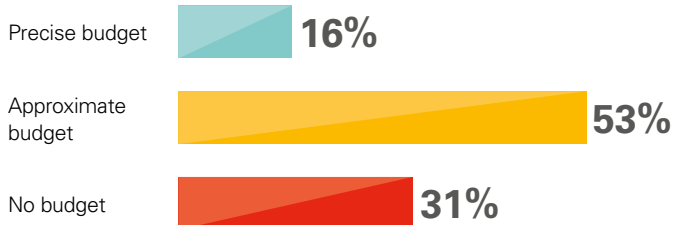
Ironically, the least financially prepared to buy in the next two years are those who are currently living rent-free (e.g. with parents), with more than two in five (41%) having no budget in mind.

It should come as no surprise therefore that more than half (53%) of recent home owners found the total cost of buying a home was more than they had budgeted.

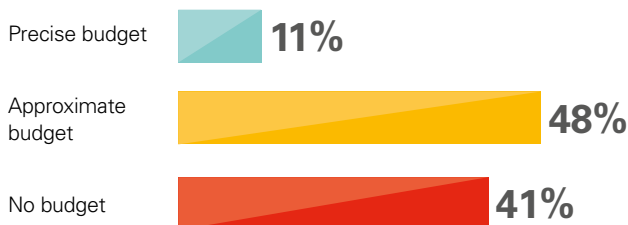
Overspending was most common in the UAE and Malaysia (67% and 65%) and least common in Canada and France (32% and 39%).

Budget setting among non-owners intending to buy

Those who intend to buy



Those who intend to buy and currently live rent-free



*Q. Have you set an overall budget for your home purchase?
(Base: Non-owners who intend to buy in next 2 years)*

Unwelcome surprises

Overspending is typically caused by not budgeting for the additional costs of home ownership beyond the property purchase price. Renovation costs (47%) and buying furniture (42%) are the most common reasons why recent home buyers overspent.

This reflects the fact that more than half (56%) of people see their home as



their own space, two in five (40%) as a place to make their own and nearly a quarter (23%) as a place to show their own style.

To cope with unexpected costs, 56% of recent home buyers withdrew

money from their savings, 42% cut back on their spending, 24% took out a new or larger loan/mortgage, 24% borrowed money from family and 11% borrowed from friends.

Most common reasons why recent home buyers overspent



*Q. For the following costs, compared to what you expected, did you spend...
(Base: Those who bought a home in the last 2 years and spent more than they expected)*

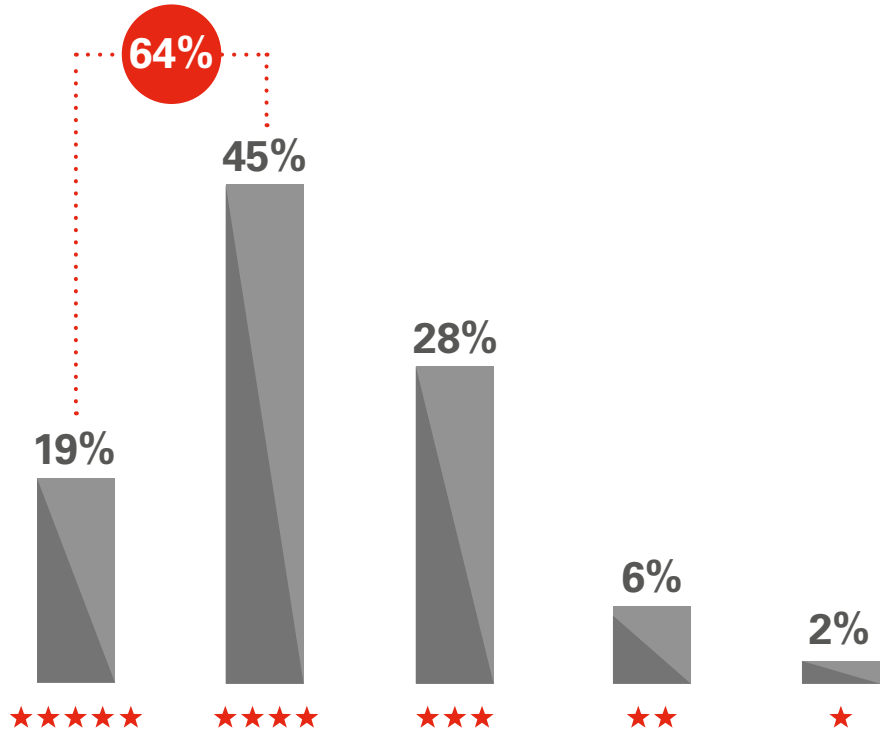
Home reinvention

Star quality

Almost two thirds of people (64%) are very happy with their homes, awarding them a 4 or 5 star rating.

Home owners are noticeably happier (74%) than non-owners (55%).

Home star ratings

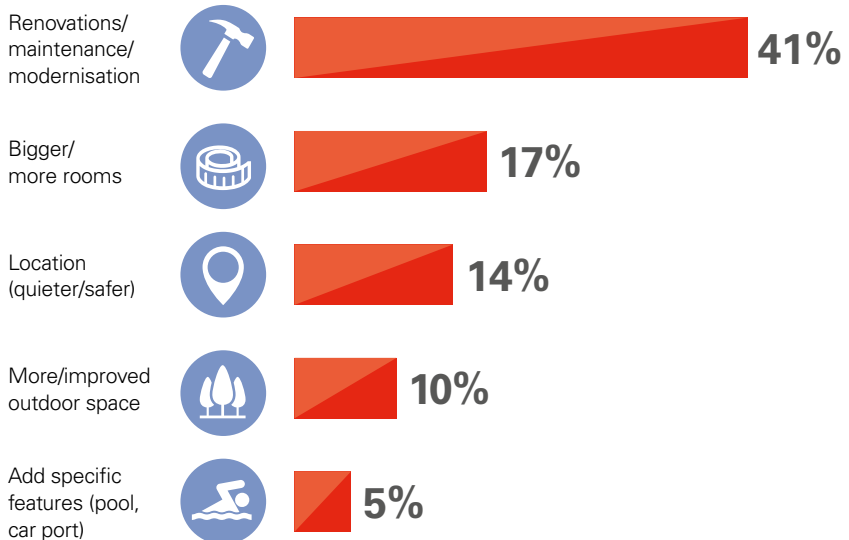


Q. Imagine you were rating your home out of 5. What star rating would you give it? (Base: All)

When people were asked what they would do to achieve a 5 star rating for their home, the most popular change was to renovate or modernise (41%).

Seventeen percent would add space or rooms, 14% would choose a quieter or safer area, 10% would like more or improved outdoor space and five percent would add specific features such as a pool.

How to make a 5 star home



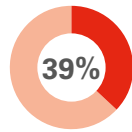
Q. What would you change about your home to get it to a 5 star rating? (Base: All)

Location, location, location

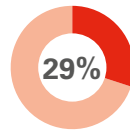
When choosing the location of their current home, being in a safe and secure area (39%), good transport links (29%) and the right type of area (26%) were important.

Being close to family was important for more than one in four (22%), while only just over one in ten (12%) mentioned being close to their friends.

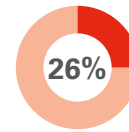
Location reasons for choosing a home



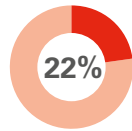
Safe/secure area



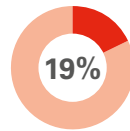
Good transport links/ease of commuting to and from work



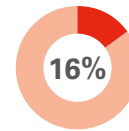
Type of area (rural vs suburban)



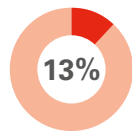
Close to family



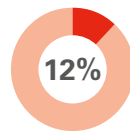
Outdoor space nearby (e.g. park, woods, beach)



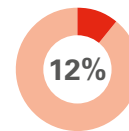
Being close to a good school



Employment opportunities in the area



Close to bars, restaurants, shops etc.



Close to friends

Q. What was important when choosing your current home? (Base: All)

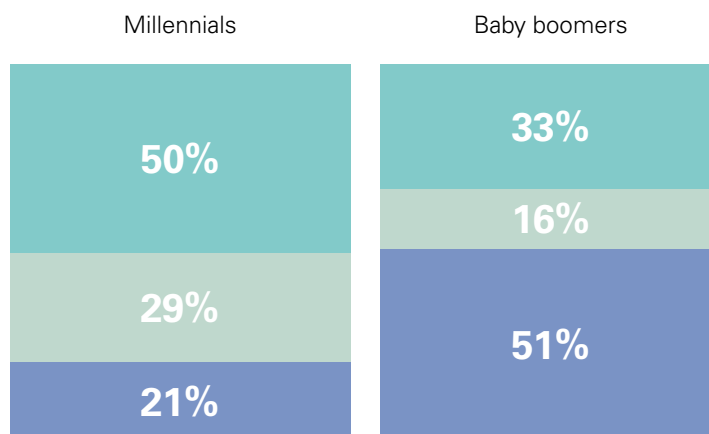
Work-life balance

The meaning of home is changing as our homes become places to work as well as places to live.

Half (50%) of millennials work from home and almost a third (29%) would like to, whereas only a third (33%) of baby boomers work from home and only 16% would like to.

Fifty-one percent of baby boomers have never worked from home and do not want to.

Home is not just home



- Sometimes/often work from home
- Never work from home but would like to
- Never work from home and do not want to

Q. Do you... (Base: All)

Practical steps

Here are some practical steps, drawn from the research findings, to help people bring their home ownership dream to life:

1

Plan early and don't underestimate the deposit

Start planning early to make home ownership a reality sooner. Include saving for the deposit, usually the first payment you will need to make. Find a competitive mortgage to help make borrowing the rest more affordable.

2

Budget beyond the purchase price

Think about the extra things that will make the house you buy the home you want to live in, and make sure to include them in your home purchase budget.

3

Consider what sacrifices you can make

Consider cutting back on your day-to-day spending. Think outside the box about what could help you to buy a home, such as buying with a family member or friend.

4

Get a full view of your finances

Think of your mortgage as part of your long-term financial plan, not as a one-off transaction. Different types of home loan suit different needs and situations. Seek professional financial advice if you need help to make the right choice.

The research

Beyond the Bricks is an independent consumer research study into global home ownership, commissioned by HSBC. It provides authoritative insights into peoples' attitudes and behaviour towards home buying, renting and funding around the world.

This factsheet, *The meaning of home*, represents the views of 9,009 people in nine countries: Australia, Canada, China, France, Malaysia, Mexico, UAE, UK, USA.

The findings are based on a survey of home owners and non-owners aged 18 or older from a nationally representative online sample in eight countries and a nationally representative face-to-face sample in the UAE. The research was conducted by Kantar TNS in October and November 2016.

Definitions

Millennials: Those born between 1981 and 1998.

Baby boomers: Those born between 1946 and 1963.

Recent home owners/buyers: Those who bought their home in the last two years.

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