

‘GENERATION BUY’

Four in ten millennials own their own home: HSBC study

The home ownership dream is not dead but deferred for many millennials around the world according to HSBC’s first Beyond the Bricks study, with slow salary growth and house price inflation the greatest barriers to millennials buying a home.

Released today, the study of more than 9,000 people in nine countries finds that 40% of millennials currently own their own home. Among millennials who don’t own, more than four in five (83%) intend to buy in the next five years.

Country	Millennial home owners (%)	Millennial non-owners intending to buy in next 5 years (%)
Average	40	83
Australia	28	83
Canada	34	82
China*	70	91
France	41	69
Malaysia	35	94
Mexico	46	94
United Arab Emirates	26	80
United Kingdom	31	74
United States	35	80

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

However, millennials still face significant challenges when it comes to housing affordability. Sixty-nine percent of those intending to buy have not yet saved enough for a deposit, and 34% are being held back because they cannot afford the type of property they would like. Property prices in eight of the nine countries increased in 2016.

Country	Annual house price growth 2016 (%) ¹	Projected real salary growth 2017 (%) ²
Australia	5.4	1.6
Canada	7.4	0.9
China	3.6	4.0
France	0.6	1.5
Malaysia	3.2	3.9
Mexico	5.2	1.9
United Arab Emirates	-5.4	0.5
United Kingdom	7.5	1.9
United States	4.8	1.9

With 64% of millennials who don’t own a home saying they need a higher salary to be able to buy, not all millennials are likely to achieve their goal of home ownership.

¹ International Monetary Fund: Global House Price Index October 2016 (2016: Q2 or latest, annual percent change)

² Korn Ferry Hay Group: 2017 Salary Forecast

Seven of the nine countries are projected to experience real salary growth of less than two percent in 2017.

According to Louisa Cheang, HSBC's Global Head of Retail Banking: *"This study challenges the myth that the home ownership dream is dead for millennials around the world. With four in ten already owning their home, the dream of home ownership for millennials is definitely alive and kicking. The greatest challenges are in those countries where there is a perfect storm of stagnating salaries and rising house prices – for millennials in those countries, the dream, while not dead, looks set to be deferred."*

The report also finds that many millennials do not have their house in order when it comes to financial planning for their home purchase. Among 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.

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

On the other hand, the millennial generation is willing to consider making big sacrifices to afford their own home. Fifty-five percent of non-owners intending to buy would consider spending less on leisure and going out, 33% would consider buying a smaller than ideal place and 21% would even be prepared to delay having children.

Financial support from parents can make all the difference when saving for a home, and 36% of millennials who bought their own home turned to the 'Bank of Mum and Dad' as a source of funding.

HSBC's research identified four actions that millennials can take to help make their home ownership dream a reality:

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.

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Notes to editors:

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.

The global 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.

Millennials are defined as those born between 1981 and 1998.

HSBC Holdings plc:

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For more information about Beyond the Bricks, visit www.hsbc.com