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DEPOSIT DASH: HOW TO GET ON THE PROPERTY LADDER BY THE AGE OF 25

Average child could receive over £130k by the time they are 25 years old

HSBC has teamed up with multi Olympic medallists and property coaches Steve Backley and Roger Black to help young Brits achieve their home ownership goals

Getting on the property ladder by the age of 25 is an achievable ambition for many, according to new research from HSBC that shows what could be accomplished when saving from an early age.

The research showed that the average child could receive £131,832.94 by the age of 25 – enough to put down a deposit on a property, if they save just 25% of their earnings.

A fifth of 18-25 year olds don't think they'll ever be able to afford to buy their own home and 31 per cent say it will only be possible with a lottery win. However, examining the total income received during each year of a child's life, HSBC's findings demonstrate that it could be possible to save the required average house deposit of £32,000*, if parents and children are savvy with cash from birth.

The study, to show how a Brit can attain a mortgage by their early 20s, looks at all aspects of income from pocket money and tooth fairy donations, to gifts for special occasions, odd jobs and part time work, selling unwanted items and money given by parents for encouragement and rewards.

The study also revealed:

- During its first year of life, a baby will on average receive gifts, savings and treats to the tune of £1,325.88
- Over the next five years, the average child could receive £8,759.22
- By the age of 10, this figure will have reached £22,004.99
- A child's 'income' includes £3,652.48 of pocket money received by the age of 18, and a further £4,844.60 in handouts between the ages of 19 to 25
- By 25, the same child can expect to bring home £14,457.12 worth of income from full-time and part-time work, handouts from mum and dad, selling unwanted items, and rewards.

Tracie Pearce, HSBC UK's Head of Mortgages, commented *"The findings are really quite astonishing. Through our Deposit Dash study, we have shown that it is possible to get onto the property ladder reasonably quickly, even by the age of 25. For parents, the key is to start saving for your child early and to encourage a savings habit so when they are old enough to make financial decisions by themselves, they can see the benefit of saving towards their first home.*

"We're not suggesting that children and young adults shouldn't spend any of their pocket money or enjoy themselves, but they should be aware of what money they have and receive, and regularly save some of it. It's interesting to see that many young people don't think they'll ever be able to afford to buy their own home, however by starting saving early on, home ownership is a realistic and achievable aspiration."



The study shows how earnings increase as a child gets older, pocket money rises and they begin to take on jobs. One of the most notable income leaps occurs when a child turns 19, when income rises from £4,912.15 in their eighteenth year to £7,568.64 in their nineteenth.

Yet despite having this income, 63 per cent of parents don't think they currently save enough money for their children's future, and while 67 per cent worry about their children being able to get onto the property ladder, the same percentage have no financial plans in place to make this possible.

HSBC has teamed up with Olympians turned property coaches, Steve Backley and Roger Black, to guide young Brits to plan in order to become homeowners. Together, they have built their own property business by applying their sporting skills to the field.

Roger Black commented: *"The psychology behind saving for a mortgage deposit is the same as the psychology needed to achieve any big life goal. You need dedication, determination and the right attitude."*

Steve Backley said *"Having made the move into property myself, many of the skills and discipline I developed in sport are exactly what you need to reach homeownership success."*

"It is achievable, but it's about adopting good spending and saving habits early on, sticking to a plan and keeping the end goal in sight."

By planning and saving early on, and following HSBC's hints and tips, a mortgage could be achievable by your early 20s. HSBC's tips include:

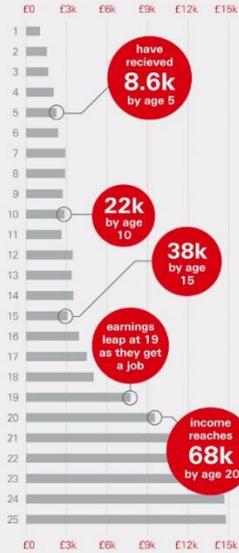
- 1) Plan early and don't underestimate the deposit:** Start planning early to make home ownership a reality sooner. Include saving for the deposit, usually the first payment you will need to make. Find a competitive mortgage to help make borrowing the rest more affordable.
- 2) Budget beyond the purchase 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.

Average child could receive over £130k by the age of 25

Enough to put a deposit down on a property if they save 25%

The HSBC Deposit Dash study aims to guide young people onto the property ladder.

Income each year by age



TOTAL INCOME OF £131,832.94

Getting on the property ladder



A fifth

of 18 to 25 year-olds don't think they'll ever be able to **afford to buy their own home**



31% say it will only be possible with a lottery win



63% of parents don't think they currently **save enough money** for their children's future



67% worry about their children being able to get onto the **property ladder**, however...



67% have no financial plans in place to make this possible

An average child will receive...



from the **tooth fairy**



in **pocket money** received by the age of 18

and a further **£4,845** in **handouts** between the ages of 19 to 25

Saving money



2 in 5 aged 18-25 are currently saving for a **deposit for a house**



35% are saving for a **holiday**



23% are saving for a **rainy day**



21% want to buy **their own car**



12% for **further education**

Total "received" looks at all aspects of income, from pocket money and gifts for special occasions, to part time work, selling unwanted items and the tooth fairy.
Survey conducted by OnePoll for HSBC, with a sample of 1800 parents of 1-18 year olds & 2000 18-25 year olds in January 2017

BREAKDOWN OF INCOME PER YEAR OF LIFE – AGE 1 TO 25

Year	Yearly Income
1	£1,098.18 + Average receipt of savings at birth of £227.70
2	£1,493.23
3	£1,649.88
4	£2,043.16
5	£2,247.07
6	£2,328.58
7	£2,841.01
8	£2,834.04
9	£2,650.47
10	£2,791.67
11	£2,576.29
12	£3,391.99
13	£3,311.76
14	£3,438.40
15	£3,008.77
16	£3,842.21
17	£4,395.71
18	£4,912.15
19	£7,568.64
20	£9,388.36
21	£11,347.91
22	£11,051.82
23	£12,479.49
24	£14,408.53
25	£14,457.12
	Plus tooth fairy payments of £48.80
TOTAL INCOME	£131,832.94

ENDS

About the research

Research conducted in January 2017 by One Poll with a study of 1,800 parents of 1-18 year-olds and 2,000 18-25 year-olds.

Earnings for 1 – 18 year olds calculated by measuring:

- Money given at birth
- Value of Christmas gifts from parents
- Value of Christmas gifts from others
- Christmas money
- Value of Birthday gifts from parents



- Value of Birthday gifts from others
- Birthday money
- Value of Easter gifts from parents
- Value of Easter gifts from others
- Pocket money from parents
- Pocket money from others
- Money from tooth fairy
- Part time job
- Holiday jobs
- Jobs at University
- Odd jobs
- Money made from selling belongings via car boot sales
- Money made from selling belongings online
- Money made from incentives
- Savings
- Rewards for studies etc.

Earnings for 19 – 25 year olds include:

- Annual pay
- Handouts
- Birthday money
- Value of birthday gifts
- Christmas money
- Value of Christmas gifts
- Easter money
- Value of Easter gifts
- Odd jobs
- Savings from parents
- Money from relatives
- Money for incentives / rewards for studies
- Money made from selling belongings via car boot sales
- Money made from selling belongings online

* Average national deposit based on current industry figures

For more information:

For the latest updates, visit the **HSBC UK newsroom:**

<http://www.about.hsbc.co.uk/news-and-media>

HSBC UK

HSBC serves c17 million customers in the UK and employs approximately 43,000 people. In the UK, HSBC offers a complete range of personal, premier and private banking services including bank accounts and mortgages. It also provides commercial banking for small to medium businesses and corporate and institutional banking services. HSBC Bank plc is a wholly owned subsidiary of HSBC Holdings plc.



The HSBC Group

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