

4 April 2017

## ‘GENERATION BUY’

### Three quarters of UK millennials expect to be on property ladder in the next five years – HSBC study

Home ownership ambitions of millennials in the UK are still very much alive, despite the challenges of assembling a deposit for a house, according to HSBC’s first Beyond the Bricks study.

The study of more than 10,000 people across nine countries found that three-quarters (74%) of UK millennials expect to be property owners within the next five years, however, this is significantly below the global average of 83%.

Slow salary growth and house price inflation mean the British millennial generation face significant challenges compared to its global counterparts when it comes to housing affordability. The average property price in the UK increased by 7.5% in 2016, with official wage growth figures showing just a 1.9% growth.

#### Global statistics – millennial home ownership:

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

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

Country	Annual house price growth 2016 (%) <sup>1</sup>	Projected real salary growth 2017 (%) <sup>2</sup>
United Kingdom	7.5	1.9
Australia	5.4	1.6
Canada	7.4	0.9
China	3.6	4.0

<sup>1</sup> International Monetary Fund: Global Housing Watch November 2016

<sup>2</sup> Korn Ferry Hay Group: 2017 Salary Forecast

France	0.6	1.5
Malaysia	3.2	3.9
Mexico	5.2	1.9
United Arab Emirates	-5.4	0.5
United States	4.8	1.9

According to Tracie Pearce, HSBC UK's Head of Mortgages: "This study challenges the myth that the home ownership dream is dead for millennials in the UK. With three in ten already owning their own home, the dream of home ownership for millennials is definitely alive and kicking. In the UK, they face a two-pronged problem of rising house prices and slow salary growth meaning the dream of home ownership is a challenge but not unachievable."

Financial support from parents can make all the difference when saving for a home, and over a quarter (27%) of millennials who bought their own home turned to the 'Bank of Mum and Dad' as a source of funding.

Despite the challenges, many UK millennials are willing to consider making sacrifices to afford their own home. Almost half (47%) of those intending to buy would consider spending less on leisure and going out, 33% would be prepared to buy smaller than their dream home.

The report also finds that many millennials need to consider their financials when it comes to planning for their home purchase. Of millennial non-owners intending to buy a home in the next two years, more than 1 in 3 (40%) have no overall budget in mind and a further 48% have only set an approximate budget.

Therefore it is not surprising that over half (57%) of millennials who bought a home in the last two years ended up overspending their budget.

*\* Average national deposit based on current industry figures*

**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 cut backs 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.

#### **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.

This study, *The meaning of home*, represents the views of 10,013 people in 10 countries and territories: Australia, Canada, China, France, Hong Kong, 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 each country. The research was conducted online by Kantar TNS in October and November 2016, with interviews in the UAE conducted face-to-face.

Millennials are defined as those born between 1981 and 1998.

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