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## **UK HOMEOWNER FINANCES MORE RESILIENT THAN THOSE IN OTHER COUNTRIES NEW BANK STUDY FINDS**

### ***HSBC releases latest global research findings into home ownership***

While the end of the low interest rate environment could come as a shock for some homeowners around the world, UK homeowners have some of the most resilient finances, according to HSBC's new survey *Beyond the Bricks The value of home*.

The survey of more than 10,000 people in 10 countries, including 1,000 in the UK, examines the impact of a significant rise in interest rates upon mortgage holders.

In the UK, one in six (16%) homeowners say that a 2 percentage point increase in the interest rate of their mortgage or home loan would cause them to struggle or not be able to afford their mortgage repayments. Only China has a lower percentage of homeowners, 13%, saying they would struggle.

Globally, an average of twenty-two percent say they would struggle with a 2 per cent increase in their interest rate, although in France this increases to 36% who say they would struggle, more than double the UK.

UK homeowners are also confident that their finances could withstand a much greater hike in interest rates, should their interest rate increase by 5 per cent.

Thirty five per cent of UK homeowners, the lowest of the countries surveyed, say they would struggle with a 5 percentage point rise, with the global average 47%, but those in France most concerned with 57% saying they would struggle.

<b>Country</b>	<b>Would struggle or not be able to afford a 2 point rate rise</b>	<b>Would struggle or not be able to afford a 5 point rate rise</b>
<b>Average</b>	22%	47%
China	13%	37%
UK	16%	35%
Australia	18%	41%
Taiwan	18%	48%
Canada	20%	48%
Singapore	22%	54%
USA	24%	45%
Mexico	26%	51%
Malaysia	27%	51%
France	36%	57%

The research also reveals the high levels of expenditure on home ownership, with UK mortgage holders spending on average 34% of their monthly income on their mortgage, 4% lower than the global average of 38%. Affordability continues to be a challenge for those looking to buy a home, with 84% of prospective homebuyers finding it difficult to save for a deposit, higher than the global average of 80%.

**According to Tracie Pearce, HSBC UK's Head of Retail Products:** *"Interest rates have been at historic lows for many years, and many people who got onto the property ladder in the last decade have never experienced anything else. In fact the recent increase in the UK's Bank of England Base Rate would be the first time they have seen one.*

*"Many home owners are heading into uncharted territory having entered the housing market with record low mortgage rates. They may have taken out a fixed rate that is due to come to an end or are on a Tracker rate and will possibly see their rate creep up over time.*

*"While it is positive to see UK homeowners' resilience and confidence in their finances, it's important they are conscious of potential interest rate rises and how they might affect household budgets.*

*"Our mortgages are strictly stress-tested at a higher rate at a given point in time and take into account what might happen if interest rates go up. Customers will have their own views on where they should be spending their spare cash, but with the average home owner already spending one third of their monthly income on their mortgage, some might benefit from taking stock, thinking about changes they would make if they needed to and shopping around for a better deal."*

The Beyond the Bricks research also showed that most prospective buyers (69%) plan to pay up to 20% of the purchase price as a deposit to secure a mortgage and will largely rely on their regular savings (78%) to help them achieve this. Owners who hold a mortgage took an average of 5 years to save for their deposit, with those in France taking longest to save up (7 years). By comparison, those in the UK took only 4 years to save for their deposit.

Despite the affordability challenge and the prospect of rising interest rates, 41% of those intending to buy a home are willing to stretch themselves to some extent financially to afford a better home.

*The value of home* is the second survey in the Beyond the Bricks series of global research studies into home ownership from HSBC.

**Media contacts:**

For more information, please contact:

Steve Gracey, Senior Media Relations Manager: [steve.gracey@hsbc.com](mailto:steve.gracey@hsbc.com) / 020 7991 4118.

**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.

**PUBLIC**

*The value of home* survey represents the views of 10,005 people in 10 countries: Australia, Canada, China, France, Malaysia, Mexico, Singapore, Taiwan, UK and USA.

The findings are based on a survey of current and prospective home owners aged 21 or older from a nationally representative online sample in each country. The research was conducted by Kantar TNS in September and October 2017.

#### **HSBC UK**

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