

28 February 2017

‘GENERATION BUY’

Four in ten millennials own their own home: HSBC survey

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. Except United Arab Emirates, property prices in the eight other countries increased in 2016.

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. Except China and Malaysia, the other seven countries surveyed 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 almost 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 these 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.

When it comes to Vietnam, the country witnesses a growing need for home ownership which is driven by its “golden” population structure and speedy urbanisation. The 25-45 age range now accounts for nearly a third (32.8%) of the population with over a half of them millennials¹. The urbanisation rate is recorded at 35% in 2016, expecting to reach 40% by 2020, which leads economic hubs as for Ho Chi Minh City, Da Nang, Ha Noi, and Hai Phong to become home to approximately 36 million citizens in the next four years². According to Ho Chi Minh City Real Estate Association (HoREA), the city sees more than 50,000 newly married millennial couples every year, which is accompanied by a massive number of houses on demand. Their affordability, however, is significantly challenged by the house price inflation and the lack of financial planning that are also facing the majority of millennials in the HSBC’s survey.

Sabbir Ahmed, Head of Retail Banking and Wealth Management, HSBC Vietnam, helps identify 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.

¹ Ke Hoach Viet, April 2016
<http://kehoachviet.com/thap-dan-so-viet-nam-2016/>

² Ministry of Construction, April 2016
<http://www.xaydung.gov.vn/en/trang-chi-tiet/-/tin-chi-tiet/Z2jG/63/296875/hoi-thao-giua-ky-%E2%80%9Cxay-dung-chien-luoc-phat-trien-do-thi-quoc-gia%E2%80%9D.html>

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.

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.

About HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 4,000 offices in 70 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,375bn at 31 December 2016, HSBC is one of the world's largest banking and financial services organisations.

HSBC Vietnam

HSBC has been in Vietnam for more than 140 years – the bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch its locally incorporated entity on 1 January 2009 as HSBC Bank (Vietnam) Ltd. The bank's current network includes two branches and five transaction offices in Ho Chi Minh City, one branch and four transaction offices in Hanoi, and three full-service branches in Binh Duong, Can Tho, and Da Nang. HSBC is one of the largest foreign banks in the country in terms of investment capital, network, product range, staff and customer base.

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