



Beyond the Bricks

The meaning of home

UAE factsheet

Eighty-two percent of people in the UAE who do not own their own home expect to do so within five years.

Beyond the Bricks is HSBC's new international study on home ownership, providing insights into how people really feel and behave

when buying, renting and owning their own home. This factsheet series represents the views of more than 9,000 people in nine countries around the world.

This is a snapshot of some of the key UAE research findings about millennials' home ownership

prospects, the changing role of the home, and the pitfalls of budgeting.

There are also some practical tips to help people make their home ownership dream a reality.

Millennials and home ownership

Is the dream dead?

Millennials' home ownership ambitions are alive and kicking, but growing affordability challenges look set to defer the dreams of many.

Just over a quarter (26%) of millennials own their own home and among those who don't, four in five (80%) intend to buy a home in the next five years.

Despite declining house prices in 2016, 64% of millennials who don't own a home still say they need a higher salary before they can buy.

While average property prices in the UAE fell by 5.4% in 2016¹, salaries in real terms are expected to grow by only 0.5% in 2017².

The affordability challenge is highlighted by the fact that 45% of millennials intending to buy have not yet saved enough for a deposit, and that 18% are being held back because they cannot afford the type of property they would like.

Barriers to millennial home ownership

45%

Saving enough money for a deposit

64%

Having a higher salary

*Q. Which of these need to happen before you are able to go ahead with buying a home?
(Base: Millennial non-owners who intend to buy)*

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

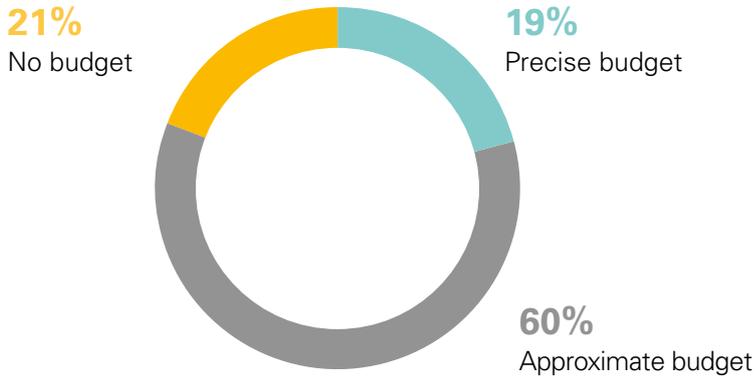
² Korn Ferry Hay Group: 2017 Salary Forecast

Budget blindness

Millennials also do not have their house in order when it comes to financial planning for their home purchase.

Of millennial non-owners intending to buy a home in the next two years, 21% have no overall budget in mind and a further 60% have only set an approximate budget.

Budget setting among millennials intending to buy



Q. Have you set an overall budget for your home purchase?
(Base: Millennial non-owners who intend to buy in next 2 years)

Overspending

So it is not surprising that 70% of millennials who bought a home in the last two years ended up overspending their budget.

Millennials who overspent on their home purchase



Q. Was the total cost of buying your home higher or lower than you budgeted/expected?
(Base: Millennials who bought a home in last 2 years)

Making sacrifices

On the other hand, many millennials are willing to consider making sacrifices to afford their own home.

Almost half (45%) of millennials intending to buy would consider spending less on leisure and going out, 34% would be prepared to buy with a family member and 22% would consider buying somewhere that is not their preferred location. Seventeen percent would be prepared to buy with friends or buy a smaller place than they would ideally like.

One in ten (10%) would even be prepared to delay having children.

Sacrifices millennials would consider to own a home



Q. Which of these would you consider to help you own a home?
(Base: Millennial non-owners who intend to buy)

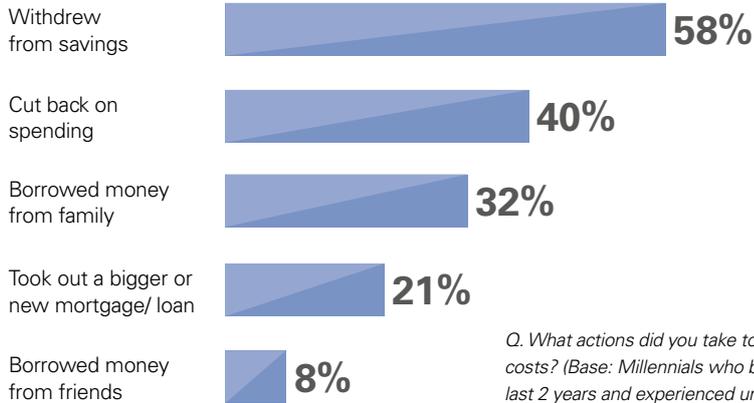
The Bank of Mum and Dad

Financial support from parents can make all the difference when saving for a home. Half (50%) of millennial home owners have used the 'Bank of Mum and Dad' as a source of funding.

Additionally, six percent of millennial home owners moved back in with their parents to save for a deposit.

The Bank of Mum and Dad is in demand again when millennials who recently bought a home found they had exceeded their budget. Nearly a third (32%) borrowed from their family to manage the unexpected costs.

How millennial home owners managed unexpected costs



Q. What actions did you take to manage the unexpected costs? (Base: Millennials who bought their home in the last 2 years and experienced unexpected costs)

Too little too late

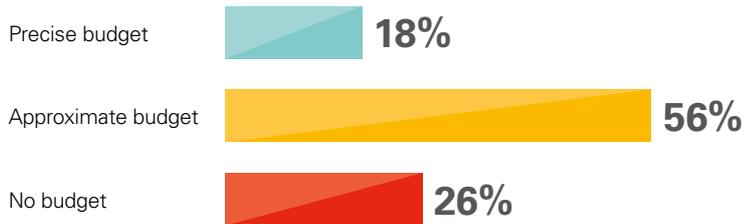
Shaky foundations

Millennials are not the only generation to find the full cost of buying a home higher than they expected.

Twenty-six percent of all non-owners intending to buy in the next two years have set no overall budget. Fifty-six percent have an approximate budget in mind, and only 18% have set a precise one.

Two thirds (67%) of recent home owners found the total cost of buying a home was more than they had budgeted.

Budget setting among non-owners intending to buy



Q. Have you set an overall budget for your home purchase? (Base: Non-owners who intend to buy in next 2 years)

Unwelcome surprises

Overspending is typically caused by not budgeting for the additional costs of home ownership beyond the property purchase price. Broker fees (64%) and legal fees (62%) are the most common reasons why recent home buyers overspent, followed by renovation costs (57%) and buying furniture (50%).

40% intend to redecorate the first home that they buy

These reflect the fact that half (50%) of people see their home as their own space, nearly two in five (37%) as a place to make their own and more than a quarter (29%) as a place to show their own style.

To cope with unexpected costs, 59% of recent home buyers withdrew money from their savings, 37% cut back on their spending, 30% borrowed money from family, 20% took out a new or larger loan/mortgage, and 8% borrowed from friends.

Most common reasons why recent home buyers overspent



Q. For the following costs, compared to what you expected, did you spend... (Base: Those who have bought a home in the last 2 years and spent more than they expected)

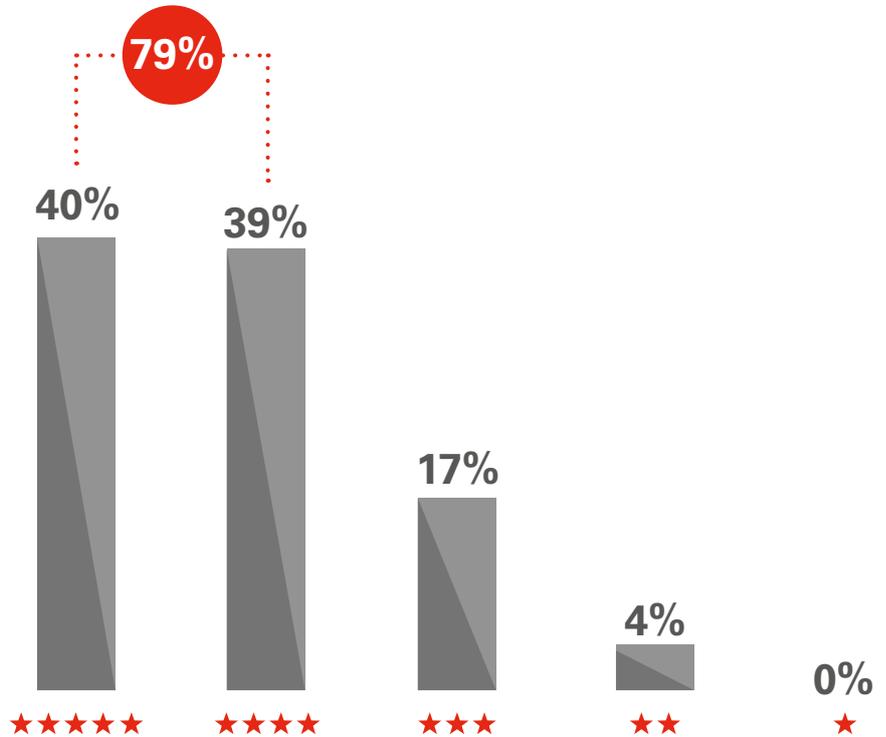
Home reinvention

Star quality

Nearly four in five people (79%) are very happy with their homes, awarding them a 4 or 5 star rating. Home owners are happier (89%) than non-owners (76%).

Forty percent alone give them 5 stars, the highest proportion in all nine countries.

Home star ratings

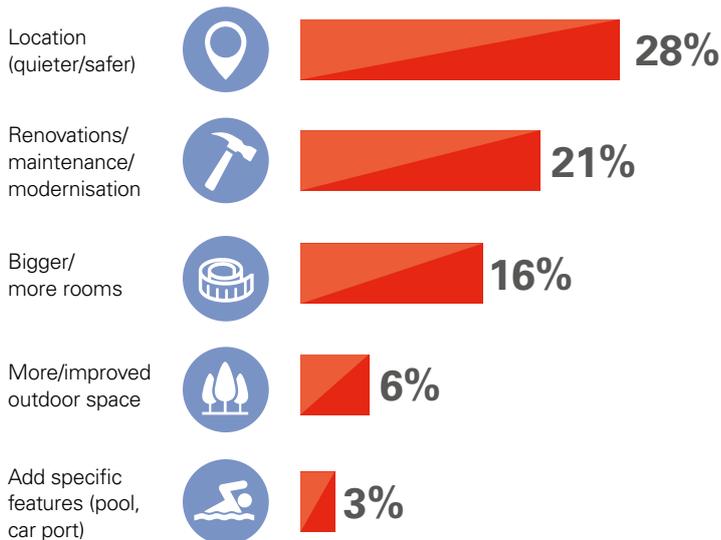


Q. Imagine you were rating your home out of 5. What star rating would you give it? (Base: All)

When people were asked what they would do to achieve a 5 star rating for their home, the most popular change is a quieter or safer location (28%).

Twenty-one percent would like to renovate or modernise, 16% would add space or rooms and six percent would like more or improved outdoor space. Three percent would add specific features such as a pool.

How to make a 5 star home



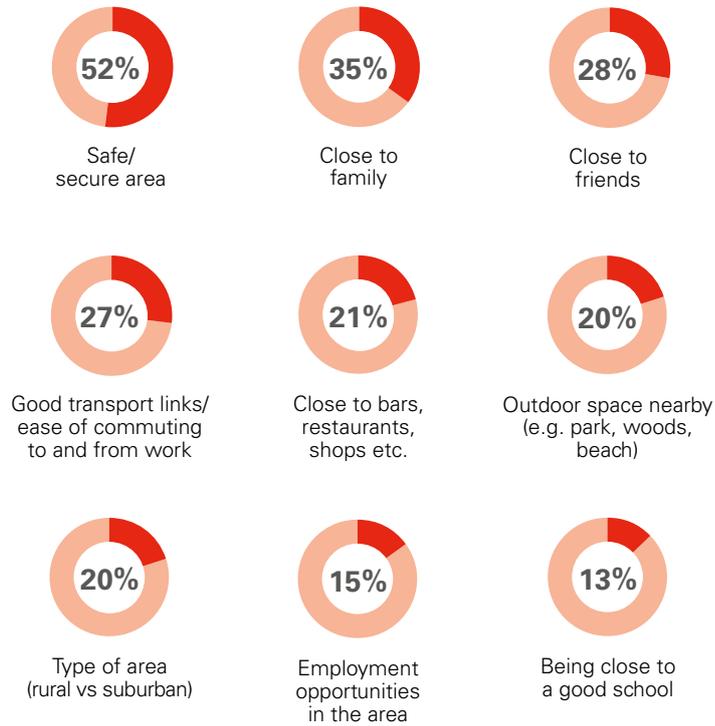
Q. What would you change about your home to get it to a 5 star rating? (Base: All)

Location, location, location

When choosing the location of their current home, being in a safe and secure area (52%), being close to family (35%) and friends (28%), and having good transport links (27%) were important.

The least important reasons were being close to a good school (13%) and having employment opportunities in the area (15%).

Location reasons for choosing a home



Q. What was important when choosing your current home? (Base: All)

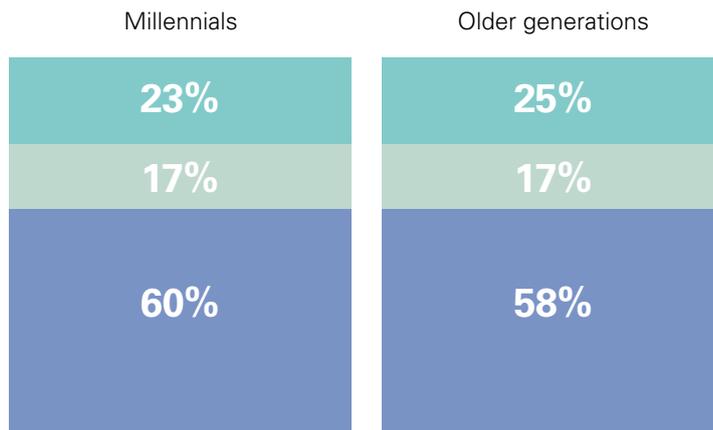
Work-life balance

In the UAE, the home is a place to live rather than a place to work. This is in contrast to the other eight countries, where working from home is more common among and more aspirational for millennials than for older generations.

Only around a quarter of millennials (23%) and of older generations (25%) work from home, and less than one in five (17%) of both age groups would like to.

Around three in five (61% millennials, 58% older generations) never work from home and do not want to. These are the highest proportions among all nine countries.

Home is home



■ Sometimes/often work from home
■ Never work from home but would like to
■ Never work from home and do not want to

Q. Do you... (Base: All)

Practical steps

Here are some practical steps, drawn from the research findings, to help people bring their home ownership dream to life:

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.

The research

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 factsheet series, *The meaning of home*, represents the views of 9,009 people in nine countries: Australia, Canada, China, France, Malaysia, Mexico, UAE, UK and 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.

This factsheet represents the views of 1,006 people in the UAE.

Definitions

Millennials: Those born between 1981 and 1998.

Baby boomers: Those born between 1946 and 1963.

Recent home owners/buyers: Those who bought their home in the last two years.

Older generations: Those born before 1981.

Legal disclaimer

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