



Beyond the Bricks

The meaning of home

Canada factsheet

Seventy percent of people in Canada 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. To find out how people

really feel and behave when buying, renting and owning their own home, we surveyed more than 10,000 people in 10 countries around the world.

This is a snapshot of some of the key Canada 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 those who are yet to buy.

Just over a third (34%) of millennials own their own home and among those who don't, more than four in five (82%) intend to buy a home in the next five years.

But with 67% of millennials who don't own a home needing a higher salary before they can buy, the combination of slow salary growth and rising

property prices make it unlikely that all will be able to achieve their goal.

Average property prices in Canada rose by 7.4% in 2016¹.

However, salaries in real terms are projected to grow by only 0.9% in 2017².

The affordability challenge is highlighted by the fact that 73% of millennials intending to buy have not yet saved enough for a deposit, and that 49% are being held back because they cannot afford to buy the type of property that they would like.

Barriers to millennial home ownership

73%

Saving enough money for a deposit

67%

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 Housing Watch November 2016

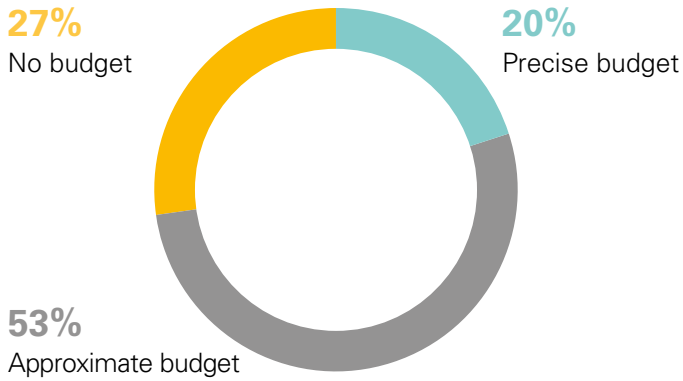
² Korn Ferry Hay Group: 2017 Salary Forecast

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, 27% have no overall budget in mind and a further 53% 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 42% 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.

Nearly three in five (59%) millennials intending to buy would consider spending less on leisure and going out. Around a third (37%) would be prepared to buy a smaller than ideal place, and 32% would consider renting out one of their rooms. Around one in five (19%) would be prepared to move in with a relative to save for a deposit, and eighteen percent would consider buying with a family member. Almost a third (30%) 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)

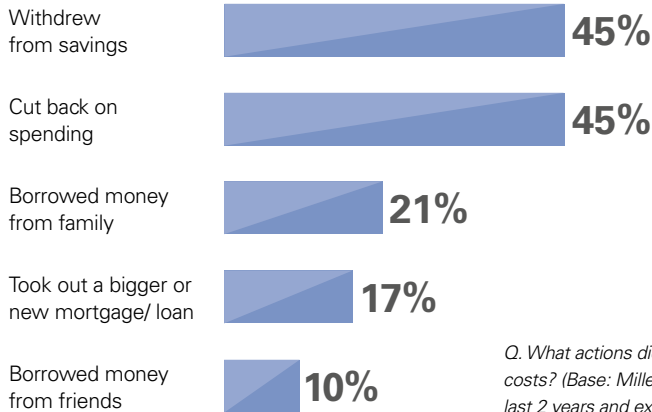
The Bank of Mum and Dad

Financial support from parents can make all the difference when saving for a home. Thirty-seven percent of millennial home owners have used the 'Bank of Mum and Dad' as a source of funding.

Additionally, more than one in five (21%) 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. Twenty-one percent 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

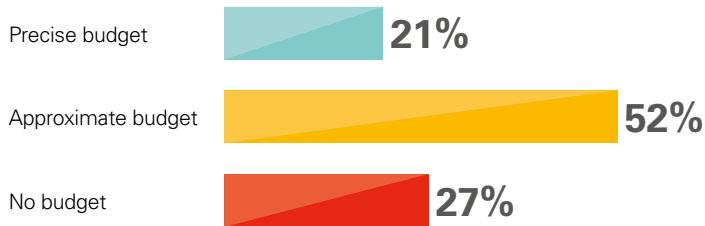
Shaky foundations

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

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

While Canada (54%) had the highest proportion of recent home owners who did not underestimate the total cost of buying their home, around a third (32%) found the total cost 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

While more than a quarter (27%) found their mortgage payments were higher than expected, overspending is also typically caused by not budgeting for the additional costs of home ownership beyond the property purchase price. Legal fees (32%), renovation costs (31%) and buying furniture (21%) are other common reasons why recent home buyers overspent.

Most common reasons why recent home buyers overspent



This reflects the fact that more than half (54%) of people see their home as their own space, almost half (48%) as a place to make their own and around one in five (19%) as a place to show their own style.

To cope with unexpected costs, 45% of recent home buyers withdrew money from their savings, 44% cut back on their spending, 17% took out a new or larger loan/mortgage, 14% borrowed money from family and 5% borrowed from friends.



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)

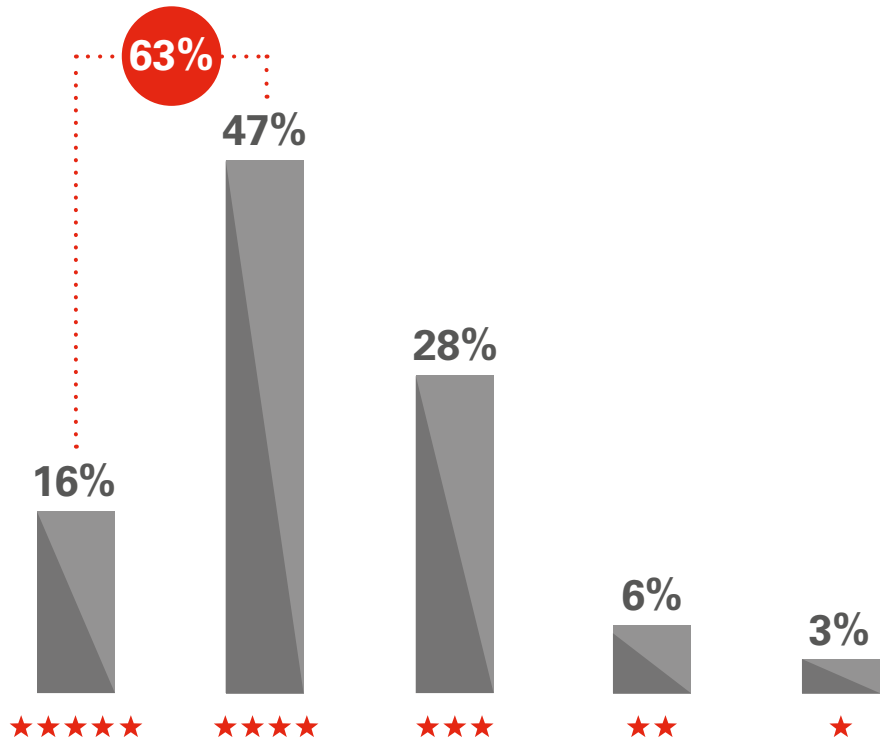
Home reinvention

Star quality

More than three in five people (63%) are very happy with their homes, awarding them a 4 or 5 star rating.

Home owners are noticeably happier (74%) than non-owners (51%).

Home star ratings

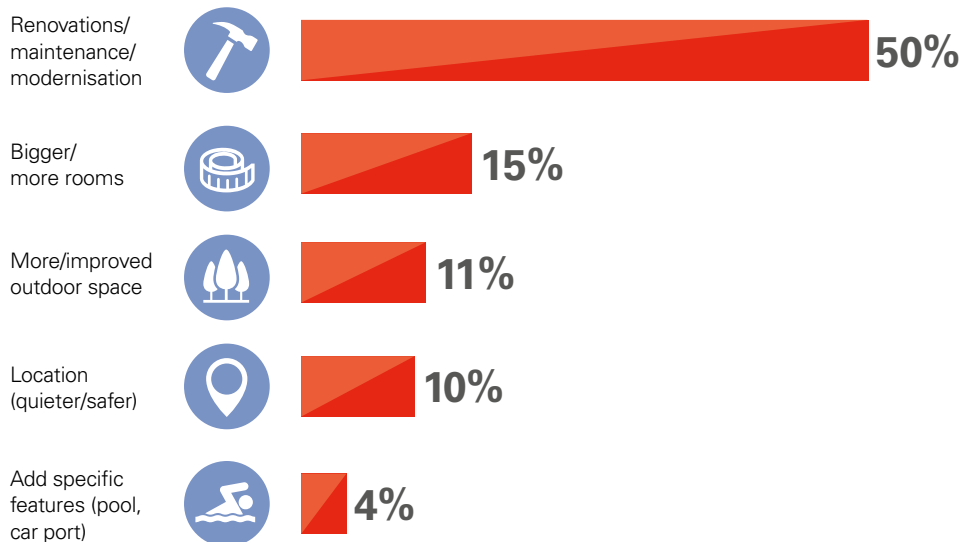


Q. Imagine you were rating your home out of 5. What star rating would you give it? (Base: All)

When people were asked what they would do to achieve a 5 star rating for their home, the most popular change was to renovate or modernise (50%).

Fifteen percent would add space or rooms, 11% would have more/improved outdoor space, 10% would choose a quieter or safer area and four percent would add specific features such as a pool.

How to make a 5 star home



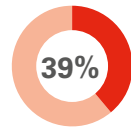
Q. What would you change about your home to get it to a 5 star rating? (Base: All)

Location, location, location

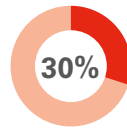
When choosing the location of their current home, being in a safe and secure area (39%), the right type of area (30%), good transport links (26%) and being close to family (22%) were important.

The least important reasons were being close to bars and restaurants (10%), being close to friends and employment opportunities in the area (both 11%).

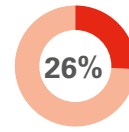
Location reasons for choosing a home



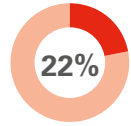
Safe/secure area



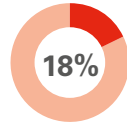
Type of area (rural vs suburban)



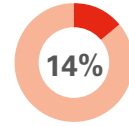
Good transport links/ease of commuting to and from work



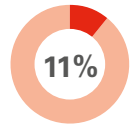
Close to family



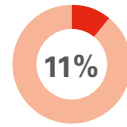
Outdoor space nearby (e.g. park, woods, beach)



Being close to a good school



Employment opportunities in the area



Close to friends



Close to bars, restaurants, shops etc.

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

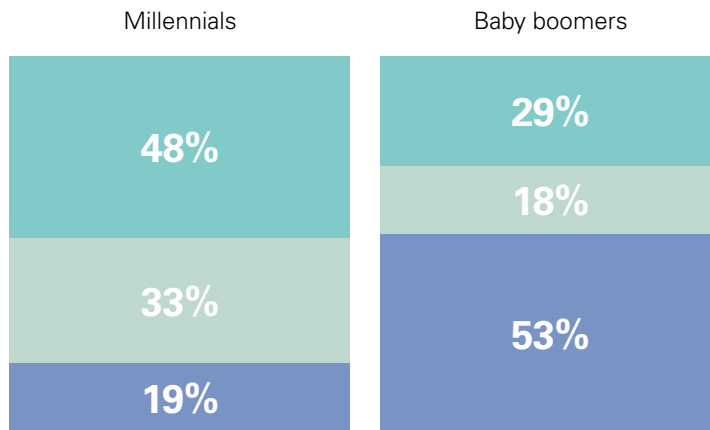
Work-life balance

The meaning of home is changing as our homes become places to work as well as places to live.

Just under half (48%) of millennials work from home and a third (33%) would like to, whereas less than a third (29%) of baby boomers work from home and only 18% would like to.

More than half (53%) of baby boomers never work from home and do not want to.

Home is not just 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 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.

This country factsheet represents the views of 1,000 people in the Canada.

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.

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HSBC Holdings plc, 8 Canada Square, London E14 5HQ