

Press Release
For Immediate Release

**HKU Survey Finds “Buying Property” Remains the Top Life Goal
for the Post-80s and 90s Generation
Convoy: 14 Years Needed to Become a Home Starter by
a “Saving But Not Investing” Strategy**

(Hong Kong, 30 July 2014) Facing rocketing property prices, “buying property” is not only a desire of previous generations in Hong Kong, but is also the top life goal for the young generation. According to the latest survey findings released by Public Opinion Programme, The University of Hong Kong (“HKU”) commissioned by **Convoy Financial Group (“Convoy”)**, respondents aged between 18 and 29 regard “buying property” as their top life goal (25.3%), followed by “pursuing further study/having high academic qualifications” (15.5%) and “travelling around the world” (11.5%). However, most of the respondents of the same age group said that they do not yet have an investment habit. Under the current property price level, assuming annual salary increases of about 5% and that other conditions remain unchanged, it is estimated that it would take around 14 years to realise their goal of buying a home.

The survey focused on Hong Kong people’s attitudes and approaches towards financial management. From 21 May 2014 to 9 June 2014, the Public Opinion Programme conducted phone interviews with 1,013 Hong Kong residents aged between 18 and 65 to understand the financial management habits and preferences of different age groups.

The survey found that nearly 70% of the respondents have a saving habit. Of the respondents aged between 18 and 29, more than 80% said that they had money left over every month in the past 12 months (80.4%), but nearly 15% described themselves as a “moonlight clan who spend all of their earnings every month” (14.4%) and only 3.7% responded that they are “living beyond their means.” As for investment, more than 80% of the respondents aged 18-29 said they don’t have an investment habit (80.7%), mainly because of lack of investment knowledge (38%), not enough money (24.9%) or excessive investment risk (21.8%).

Rosetta Fong, Group Chief Executive Officer, said, “Buying a home is a deeply rooted concept in Hong Kong society, and it has long been a top life goal for the majority here. While 80% of young respondents said they have money left every month, less than 20% have an investment habit. With the rocketing property prices and extraordinary low saving interest rates, the value of money saved in a bank every month for the down payment will only be eroded by inflation.”

She cited a hypothetical case of a graduate whose monthly salary is \$12,000 targeting to purchase a \$3,000,000 “starter home” as an example. If he saves one-third of his monthly salary, i.e., approximately \$4,000 at the start, his salary increases around 5% each year, and his bank saving offers no interest, it would take him around 14 years to save the 30% down payment for his first property. This assumes the property price remains unchanged, and does not include other costs involved in the transaction. It would seem to be a daunting undertaking indeed to fulfil his dream depending only on his savings.

However, if that young person has an investment habit, and invests the HK\$4,000 he saves each month with a salary increase of around 5% each year and an investment return of 9%, it would only takes ten years to accumulate the 30% down payment for his first property, four fewer years to fulfil his property-purchase goal.

Time required to accumulate a 30% down payment through savings or investment:

Year	30% Down Payment	Saving	Investment Tools (Assume 9% Investment Return)
1	\$900,000	\$48,000	\$52,320
2	\$900,000	\$98,400	\$111,965
3	\$900,000	\$151,320	\$179,724
4	\$900,000	\$206,886	\$256,467
5	\$900,000	\$265,230	\$343,144
6	\$900,000	\$326,492	\$440,802
7	\$900,000	\$390,816	\$550,588
8	\$900,000	\$458,357	\$673,760
9	\$900,000	\$529,275	\$811,699
10	\$900,000	\$603,739	\$965,918

11	\$900,000	\$681,926	\$1,138,074
12	\$900,000	\$764,022	\$1,329,985
13	\$900,000	\$850,223	\$1,543,643
14	\$900,000	\$940,734	\$1,781,228
15	\$900,000	\$1,035,771	\$2,045,129

Source: Convoy Financial Services Limited

As for investment preference, out of the 20% of respondents aged 30 or under who invest (19%), nearly 70% choose stocks (68.5%) and 40% select funds (45.7%). Young people prefer to live for the moment and spend their money mostly for dining, drinking and daily leisure activities. Some 64.7% of respondents stated that their money is mostly spent for “dining/ leisure and entertainment,” 30.9% for “transportation,” 15.6% for “shopping,” and only 4.3% said their largest cash expense is “providing for parents.”

Mr. Mark Mak, Group Deputy Chief Executive Officer, said, “The survey findings reflect that most young people pay attention to short-term investment and do not have a comprehensive financial management plan. Besides, they should acquire basic investment knowledge. It is shortsighted for them to think that they lack sufficient money so they should avoid investment. The basic concept of investment is ‘many a little makes a mickle,’ so investment does not command a large sum. There are many monthly saving financial investment plans available for those who have smaller savings. Young people should develop a financial management plan that combined with saving and investment elements, if they do not have adequate investment knowledge, they should consider seeking help from professional financial advisor on suggesting suitable investment vehicles.”

Ms. Fong concluded, “Skyrocketing property prices are the main reason stopping young people from buying properties. In addition because of low bank interest rates, it is very difficult to buy a property within a few years with savings only. Financial management is a long-term life planning exercise, with property purchase not the only goal. When setting your own financial management goal, you can consider actual needs at different stages in life and prioritise with reference to risk exposure, thereby creating a complete financial management blueprint, considering three main elements: protection, saving and investment.”



Highlights of Findings of Other Age Groups:

Financial Conditions of Respondents

- Fewer people have money left each month as they age: 18-29 (80.4%), 30-39 (63.1%), 40-49 (55.3%), 50-59 (55%) and 60-65 (43.6%).
- Respondents aged 30-65 have a more serious problem of “living beyond their means” (30-39: 10.4%, 40-49: 10.8%, 50-59: 10.1% and 60-65: 13.0%). Only 3.7% of respondents aged 18-29 face this situation.
- Overall, of the 94 respondents who claim to be “living beyond their means,” excluding the 11% saying they “do not know / hard to say,” overspend by \$2,845 on average each month.

Saving Habits and Approaches

- Overall, nearly 70% of respondents have a habit of saving while 30% of respondents do not have this habit. Out of 591 respondents who save money every month, 25% of them save “20-29%.”
- Among the respondents with a saving habit, the majority (70%) of them have “deposits only to bank current accounts (including HKD, RMB and foreign currencies).” More than 20% of them said they would save through “financial products / investment products” (24%) and “bank time deposits (including HKD, RMB and foreign currencies)” (21%). Only 0.7% of respondents use the Mandatory Provident Fund as a savings tool.

Life Goals

- Regardless of the age group, “buying property” is the life goal that respondents want to achieve most, accounting for 18%. Some 8% wish to “travel around the world” and “earn more / become wealthy,” 7% want “to be healthy” and 6% want “retire earlier.”
- To conclude, when respondents were asked about their level of confidence in achieving life goals, they said 5.6 points* on average which means their confidence tends to be at the “median” level.

Note:

*0 represents “No confidence,” 10 represents “Very confident”, and 5 represents the median indicating “Average confidence.”

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Photo Caption:



Photo 1: Rosetta Fong, Chief Executive Officer of Convoy Financial Group (Right); and Mark Mak, Deputy Chief Executive Officer of Convoy Financial Group (Left) hosting the survey findings press conference regarding Hong Kong people's financial management attitude.



Photo 2: Rosetta Fong, Chief Executive Officer of Convoy Financial Group (Right); and Mark Mak, Deputy Chief Executive Officer of Convoy Financial Group (Left) was at today's press conference. Survey findings show 14 years are needed to become a home starter by adopting the “Saving But Not Investing” strategy.

About Convoy Financial Group

Established in 1993, Convoy Financial Group (the "Group"), has major members including Convoy Financial Services Holdings Limited (Stock code: 1019), Convoy Asset Management Limited and Convoy Collateral Limited. The group strives to provide corporate institutional as well as individual clients integrated financial services with its prudent management and professional service standard, services including financial planning, MPF, life and general insurance, asset management, securities and futures dealing, risk management, capital investment immigration consultancy, mortgage referral and loans services etc.

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