

Mauritius: Housing Market Report



April 2017

There's no place like home

The desire to have a place where one can feel safe – both physically and psychologically – is a fundamental human need. However, behaviour towards housing may vary from country to country and in Mauritius, where 2,000 square metre is shared by 1.3 million inhabitants, people strongly value home ownership.

MCB teamed up with DCDM Research to conduct an in-depth survey to examine the attitudes and perceptions of Mauritians towards homeownership. The results, coupled with figures from Statistics Mauritius and MCB's own data, give a clearer view of the market and its drivers, while taking the pulse of the most important part of the jigsaw: the people.

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DEFINITIONS AND DATA SOURCES



Generation (year of reference 2016)

Seniors: Born before 1946

Baby Boomers: Born between 1946 and 1964

Gen X: Born between 1965 and 1979

Gen Y (also known as Millennials): Born between 1980 and 1995

Gen Z: Born 1996 and above



Socio-economic status

AB: Higher managerial, intermediate managerial, professional, administrative

C1: Supervisory, clerical, junior managerial

C2D: Skilled manual workers, semi-skilled and unskilled manual workers

Others: student, retired, unemployed, housewife/ stay-at-home



Housing relationship

Home Owner: Sole owner and co-owner

Home Renter: Sole renter and co-renter (*also known as "tenant" and "joint tenant"*)

Other: Someone else is the owner, someone else is the renter, occupant on a free basis



Data Sources:

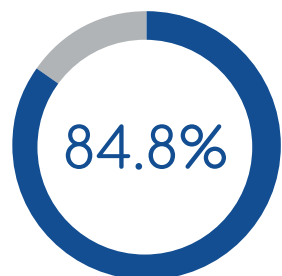
Housing Market in Mauritius - Survey | Statistics Mauritius | Bank of Mauritius | International Monetary Fund |
Official statistical offices

OVERVIEW OF THE LOCAL HOUSING MARKET

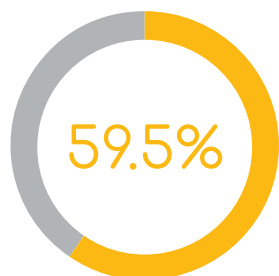
OVERVIEW OF THE LOCAL HOUSING MARKET

Trends in the local housing market

Building type

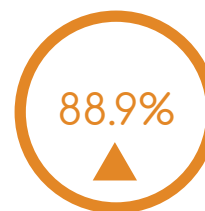


Proportion of resident buildings in 2011



Growth in no. of housing units between 1990 and 2011

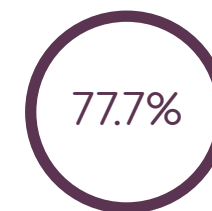
Ownership, rentals & mortgage status



Proportion of households owning their houses in 2011, up from 76% in 1990



Proportion of households renting their houses in 2011, down from 15% in 1990



Proportion of households reported as non-mortgaged in 2011

Decline of average household size



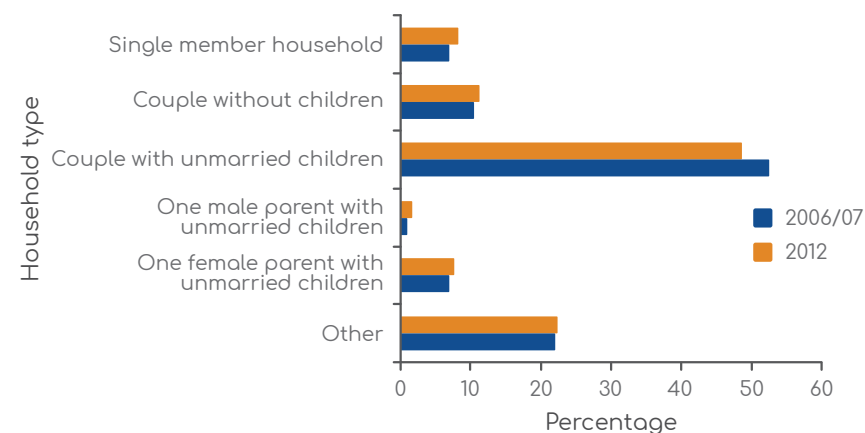
Average household size in 2011, as compared to 4.4 in 1990

Increase of living space



Number of persons per room on average, down from 1.22, implying more living space

Household type



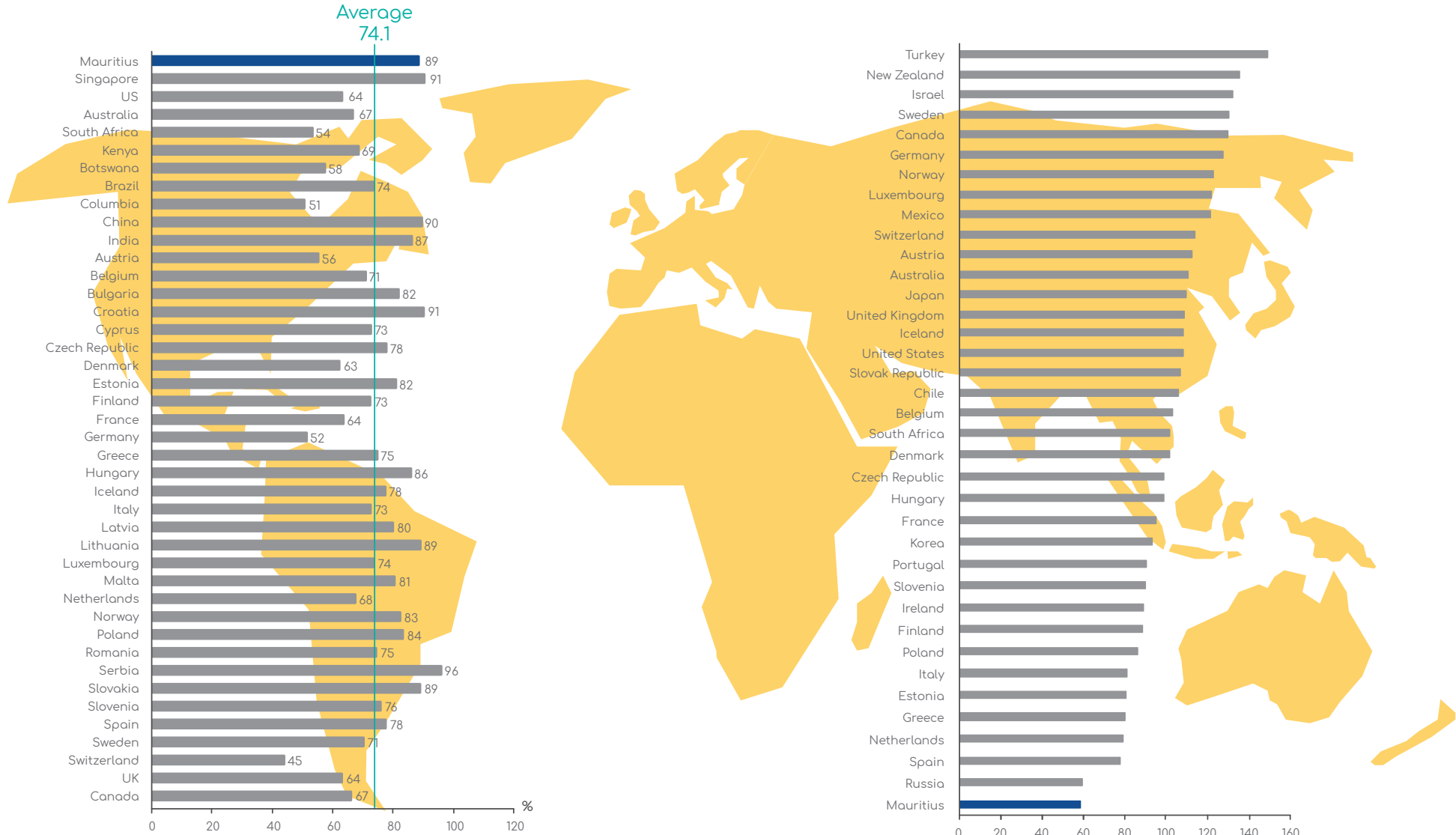
OVERVIEW OF THE LOCAL HOUSING MARKET

Cross-country perspective

Mauritius is above the average rate in terms of homeownership whilst the price-to-rent ratio is estimated to be relatively lower in Mauritius ...

Homeownership rate (as per latest available data for each country)

Price-to-rent ratio (2010=100)



Note: The average of 74.1 is based on a sample of 42 countries.

OVERVIEW OF THE LOCAL HOUSING MARKET

Demand for and supply of housing



HOUSING UNITS

FACTORS IMPACTING
DEMAND & SUPPLY



Economic
environment



Evolution of
interest rate



Cost of buying
vs rental



Budgetary incentives
& property schemes



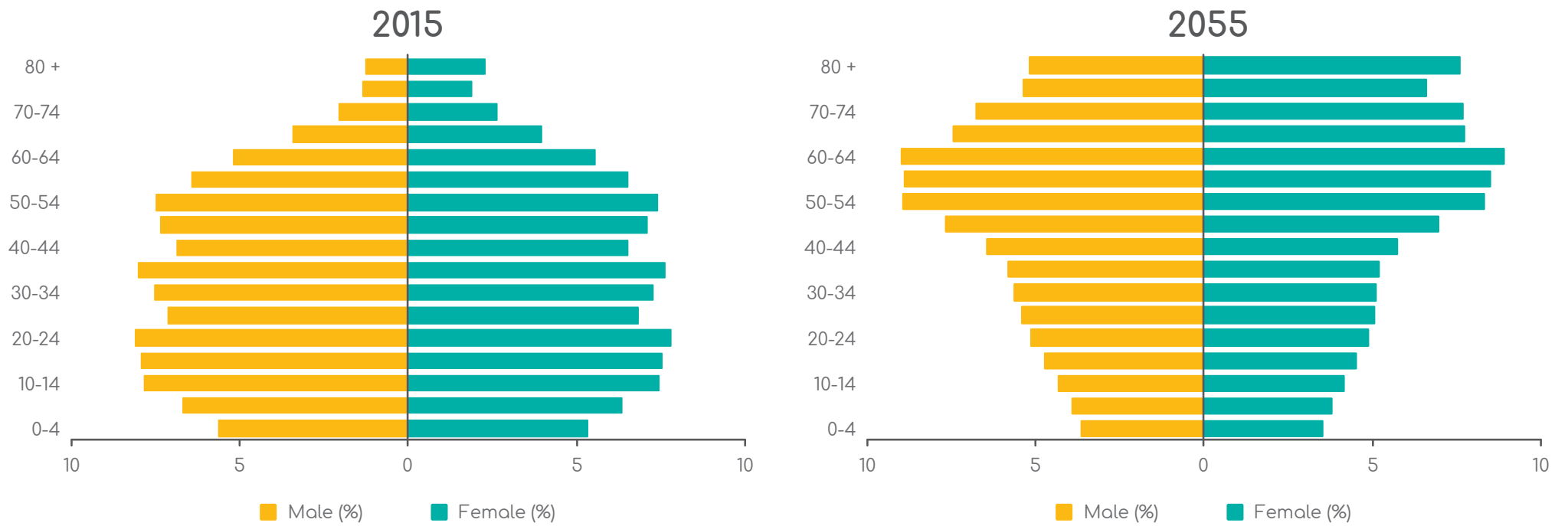
Demographic &
societal changes



Foreign
demand

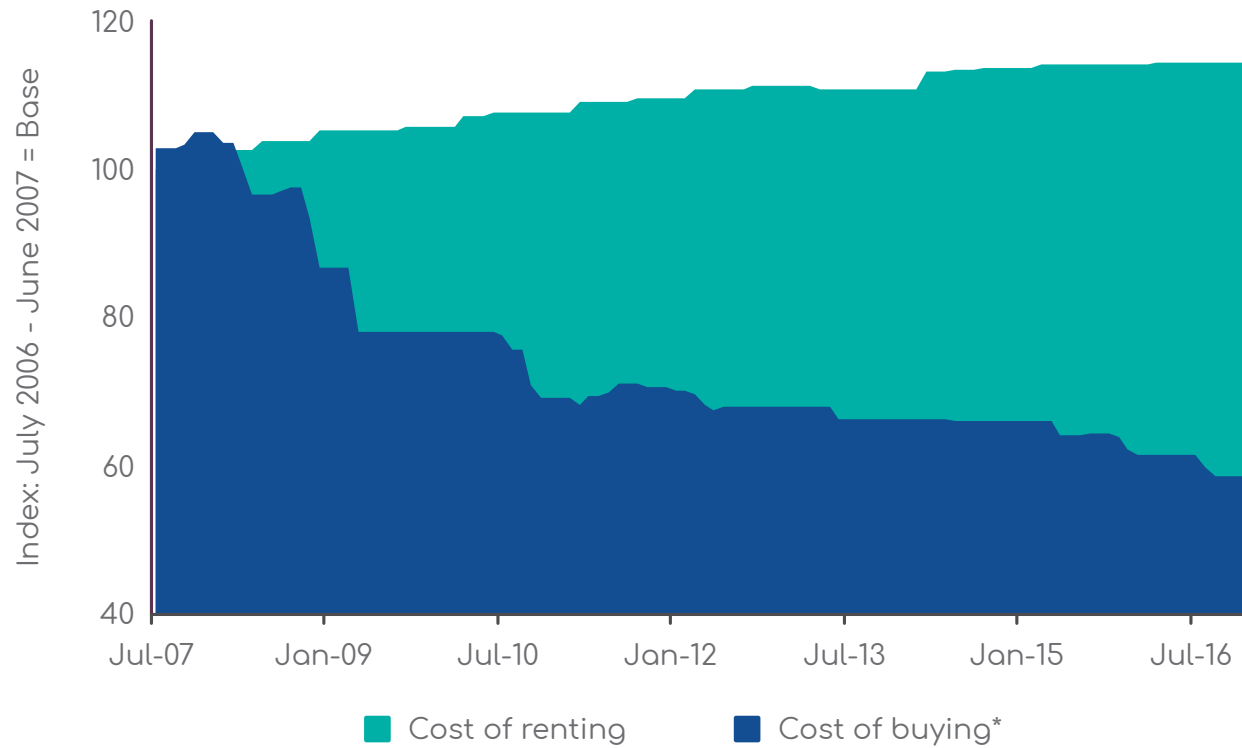
OVERVIEW OF THE LOCAL HOUSING MARKET

Demographics and societal changes Ageing population



OVERVIEW OF THE LOCAL HOUSING MARKET

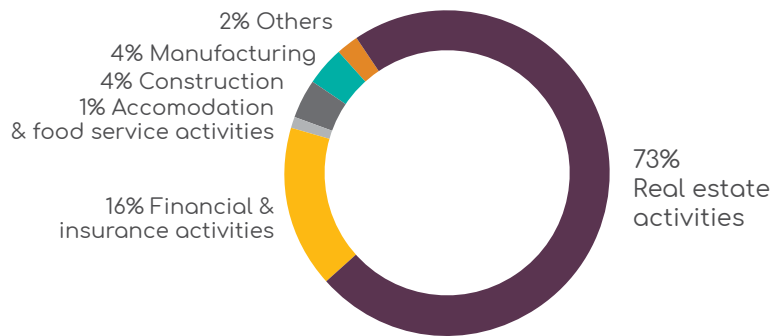
Cost of buying vs rental



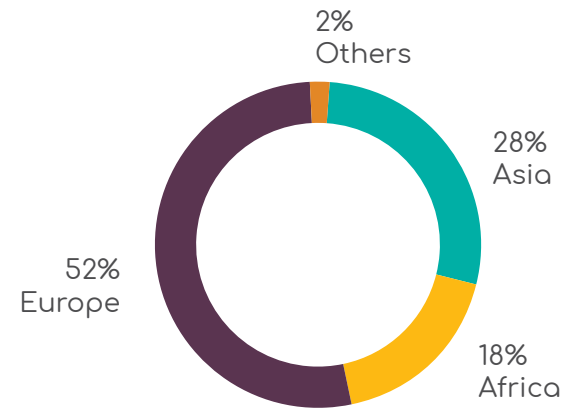
* Proxied by the evolution of mortgage interest on housing loans

OVERVIEW OF THE LOCAL HOUSING MARKET

Breakdown of inward Foreign Direct Investment by sector, 2016



Breakdown of inward Foreign Direct Investment by region, 2016



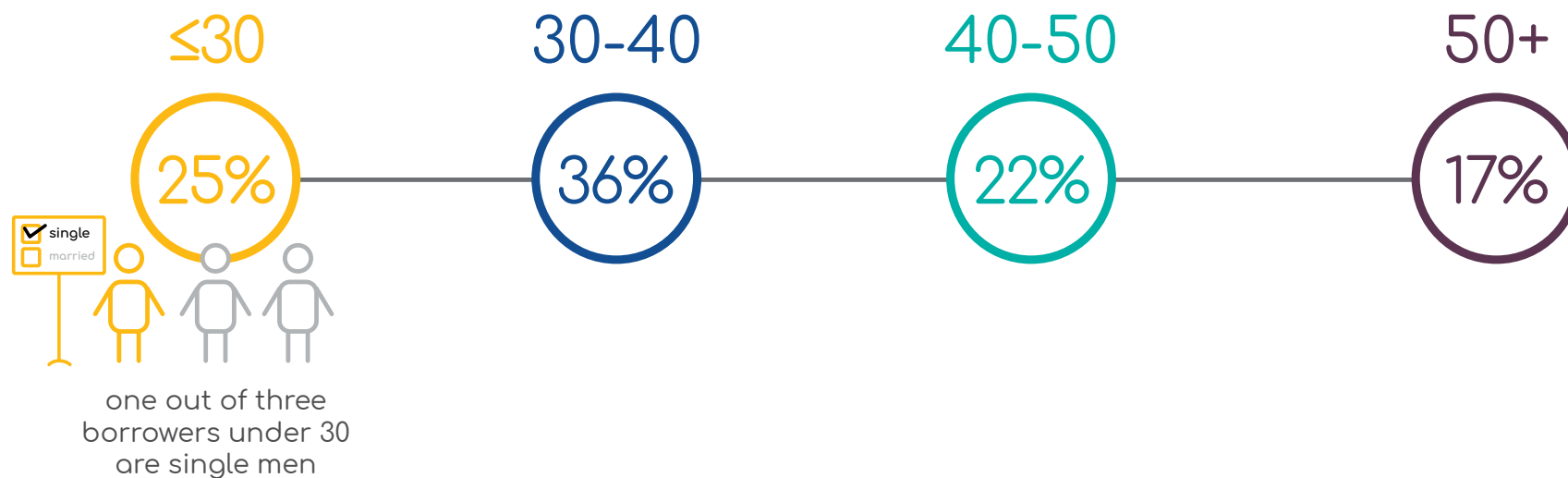
In Mauritius, housing units are forecasted to increase by 4,500-5,000 yearly up to 2025

PROFILE OF CUSTOMERS WHO TOOK THEIR FIRST MCB HOUSING LOAN

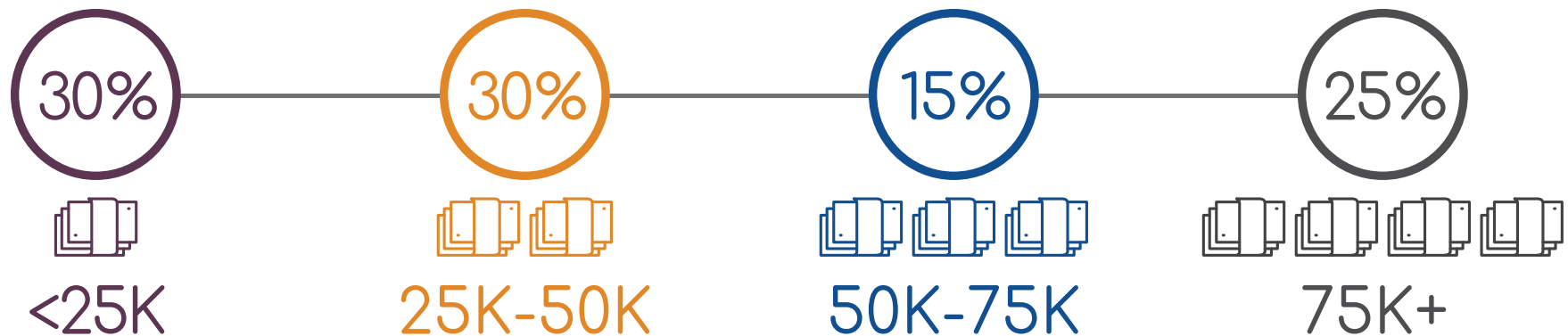
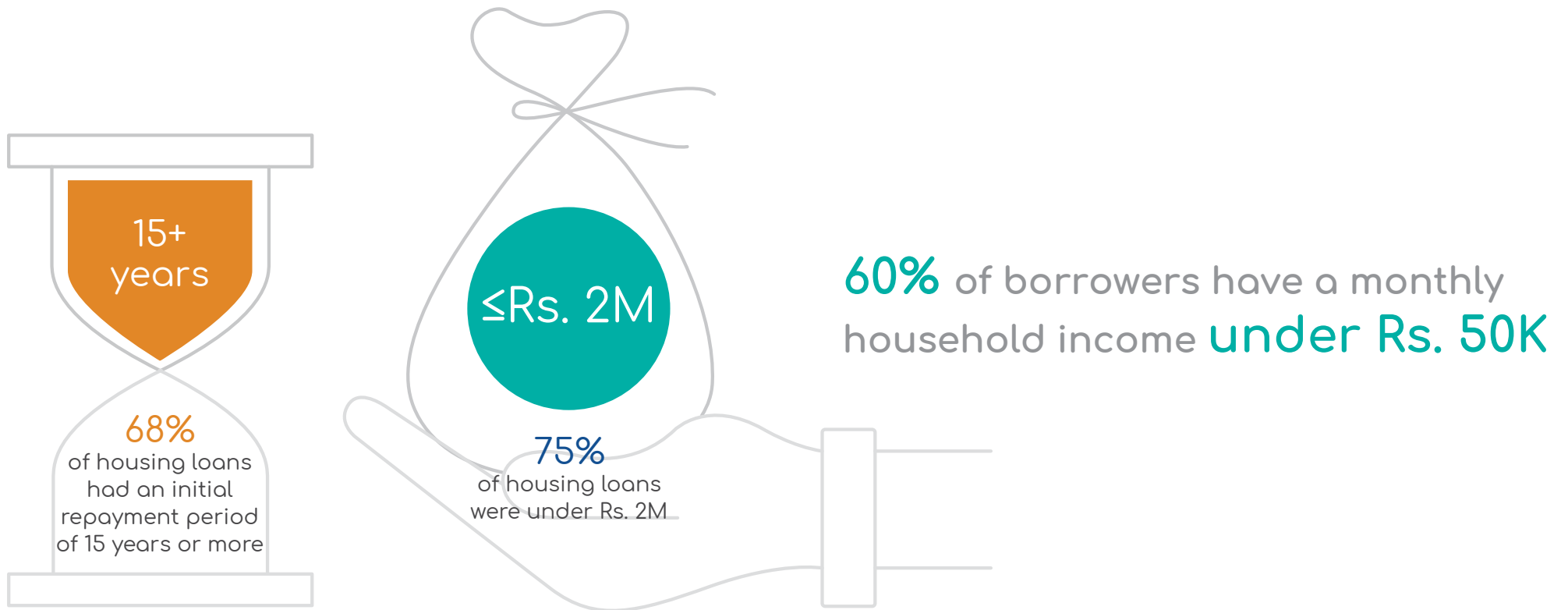
PROFILE OF CUSTOMERS WHO TOOK THEIR FIRST MCB HOUSING LOAN (2011-2016)



Age distribution for first-time MCB borrowers



PROFILE OF CUSTOMERS WHO TOOK THEIR FIRST MCB HOUSING LOAN (2011-2016)



PROFILE OF CUSTOMERS WHO TOOK THEIR FIRST MCB HOUSING LOAN (2011-2016)

For most borrowers, the monthly repayment on their housing loan represents **≤30%** of their monthly household income



Service and manual workers



of main borrowers

avg. housing loan amount **900K**
avg. monthly household income **34K**
avg. monthly repayment **9K**

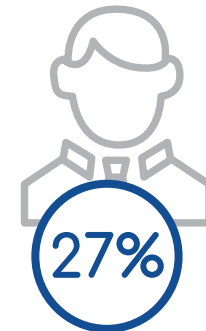
Clerical and technical workers



of main borrowers

avg. housing loan amount **1.5M**
avg. monthly household income **52K**
avg. monthly repayment **13K**

Managers and professionals



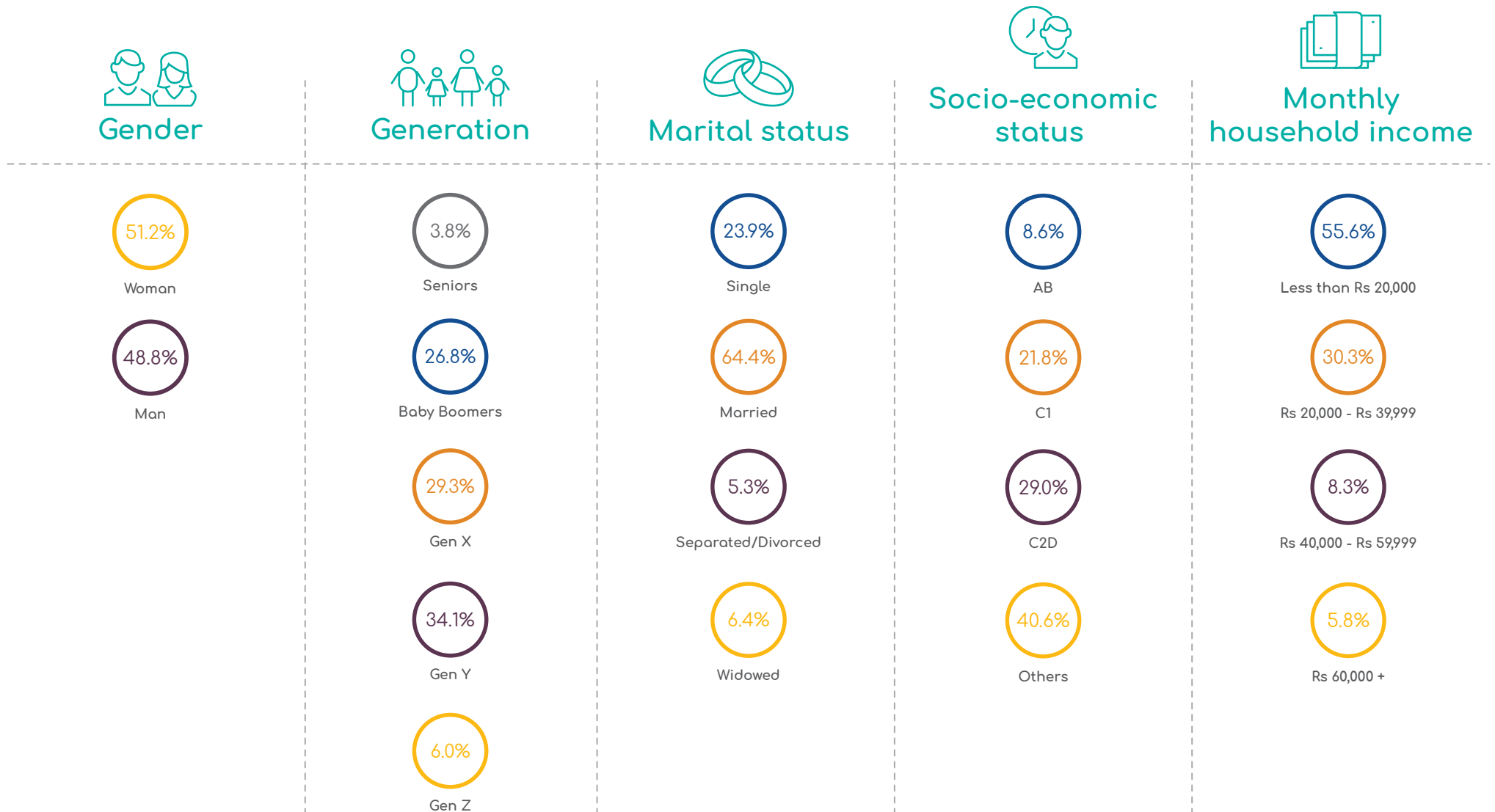
of main borrowers

avg. housing loan amount **3.3M**
avg. monthly household income **120K**
avg. monthly repayment **28K**

SURVEY BACKGROUND

SURVEY BACKGROUND

The survey was conducted in collaboration with DCDM Research amongst a sample of 549 respondents representative of Mauritius' population in terms of gender, age, marital status, occupation, residential district and ethnicity.

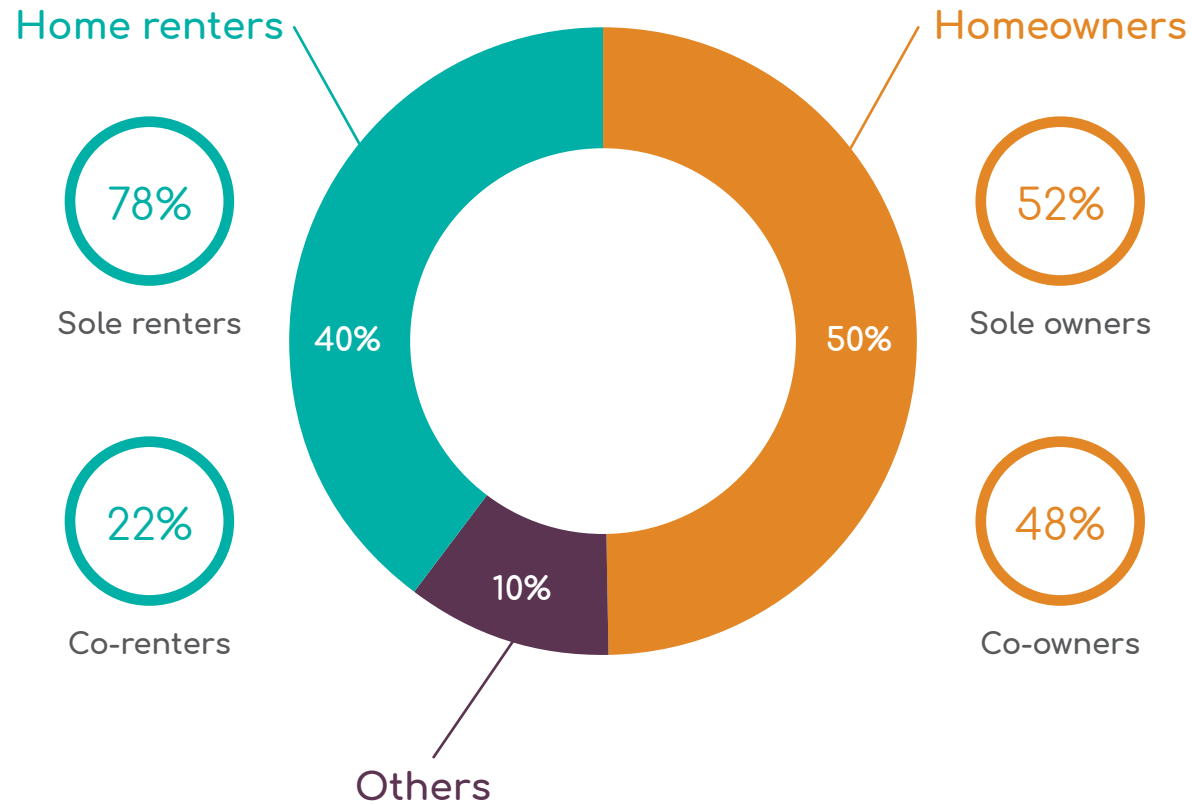


BEHAVIOURS OF MAURITIANS TOWARDS HOUSING

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Mauritians are mostly homeowners

- Slightly younger, aged between 35 and 44 years (35%)
- Separated or divorced (28%)
- A monthly household income of Rs20,000 or less (72%)



- Mostly Baby Boomers (41%), Gen X (33%)
- Married or in a relationship (77%) or single (10%)
- A monthly household income of less than Rs40,000 (82%)

PROFILE AND BEHAVIOUR OF MAURITIAN HOMEOWNERS

PROFILE AND BEHAVIOURS OF MAURITIAN HOMEOWNERS



81% of homeowners lived with their parents before owning their current residence.

How did Mauritian homeowners acquire their current residence?



6 homeowners out of 10 who **inherited of their residence** are men

44%
inheritance/
gift



56%
purchase/
construction



6 homeowners out of 10 who **purchased / built their current residence** are women

Budget allocated
for the purchase of
their current residence



< Rs3.0M

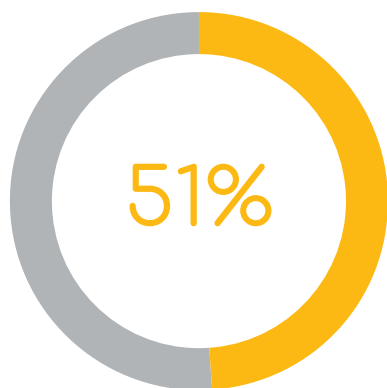
Length of ownership
of their current residence



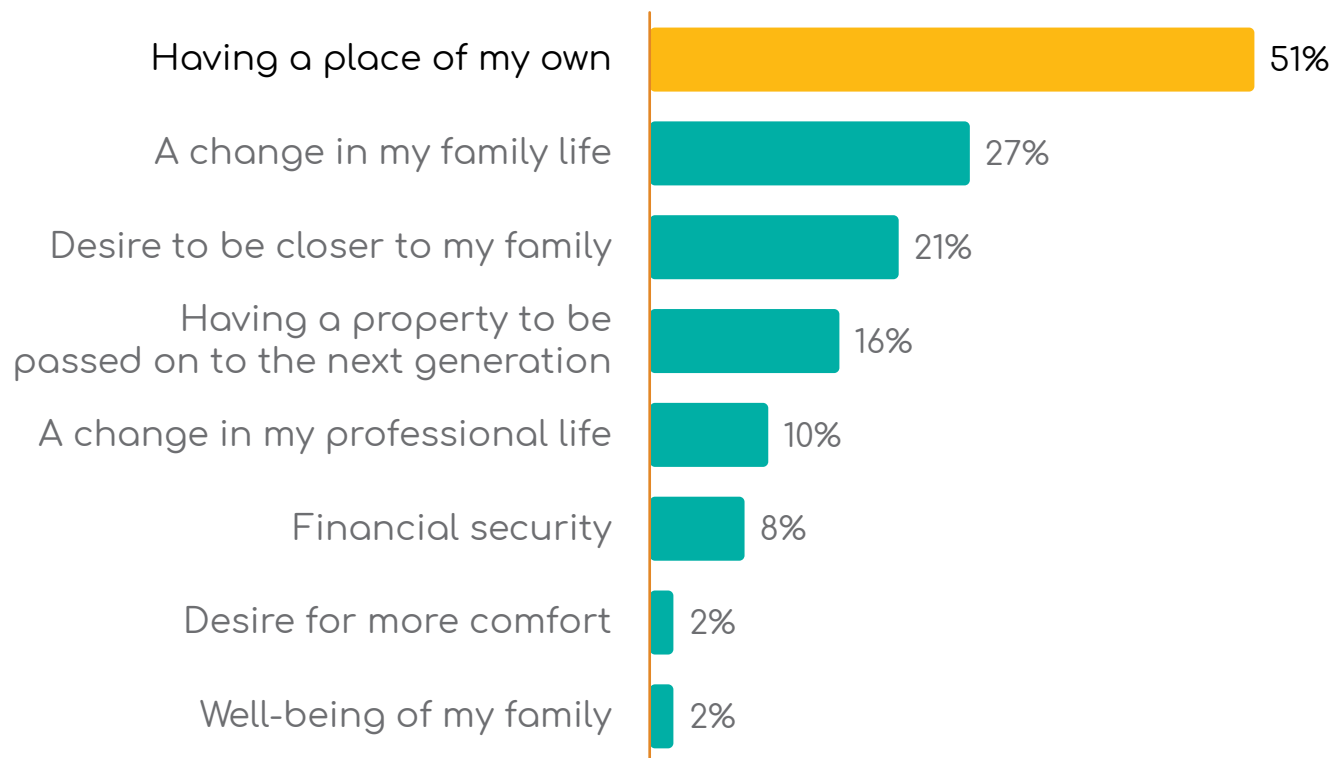
> 10 years

PROFILE AND BEHAVIOUR OF MAURITIAN HOMEOWNERS

What are the drivers of homeownership?



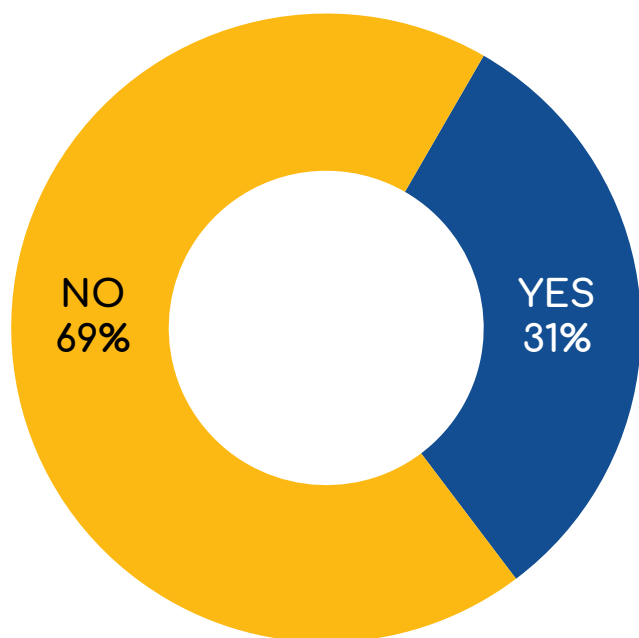
Having a place
of my own



The desire to own their own residence is higher amongst men (56%) and far higher amongst Millennials (67%)

PROFILE AND BEHAVIOUR OF MAURITIAN HOMEOWNERS

Did Mauritian homeowners make trade offs for the purchase of their current residence?

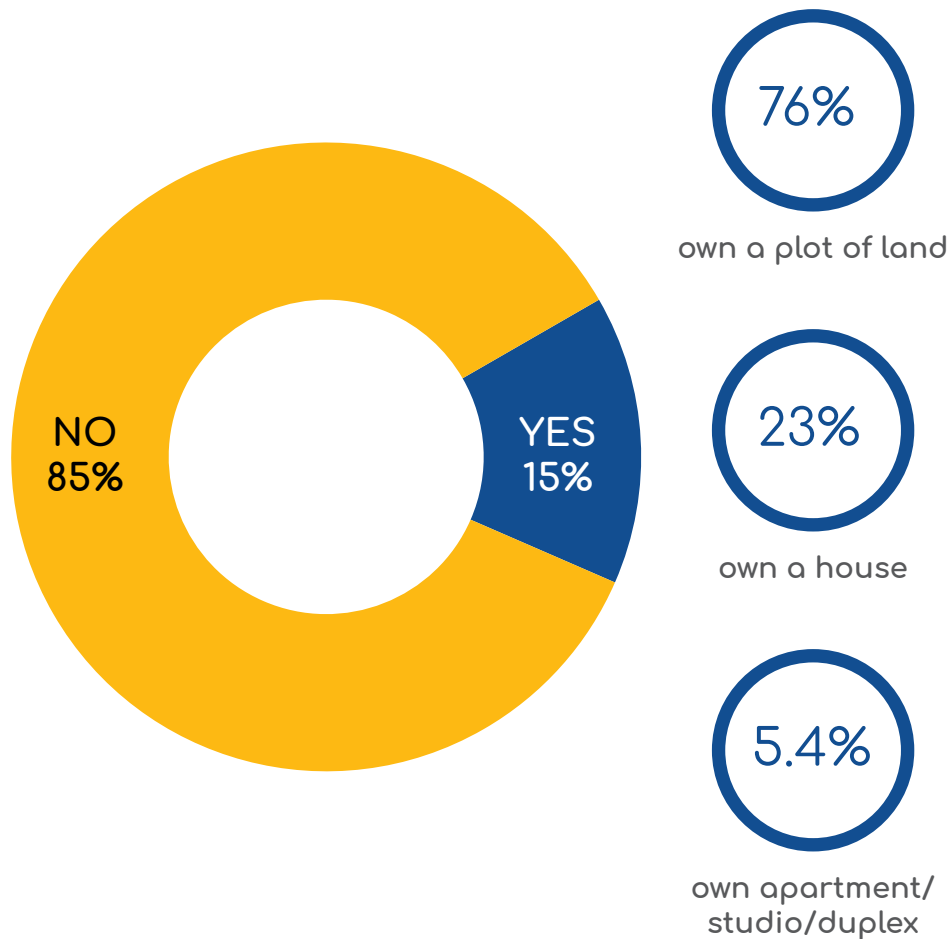


TYPES OF TRADE OFFS

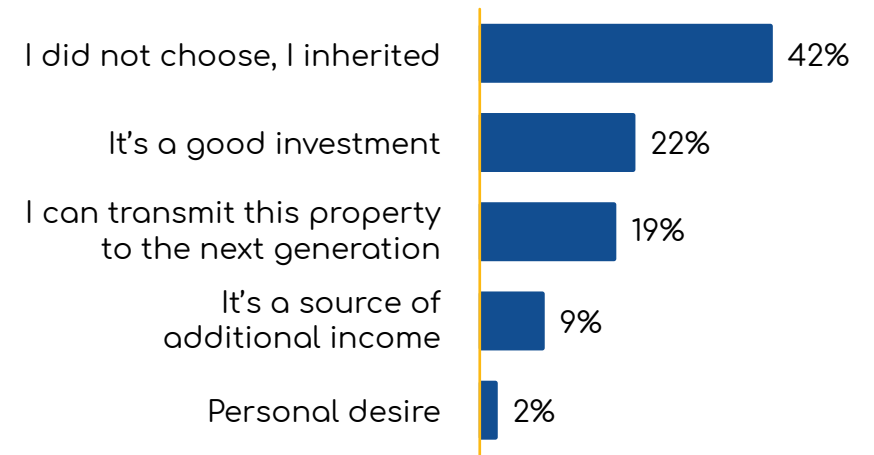
Residence price: they paid a higher price than initially budgeted	39%
Residence size	19%
Neighbourhood quality	18%
Distance from workplace	12%
Bank's level of financing	10%
Residence style/architecture	9%
Reduced their spending	5%
Borrowed money from family/friends	4%
Held two jobs concurrently	3%
Decreased budget allocated to leisure/entertainment	2%
Postponed studies abroad	1%

PROFILE AND BEHAVIOUR OF MAURITIAN HOMEOWNERS

Among homeowners,
15% own additional properties



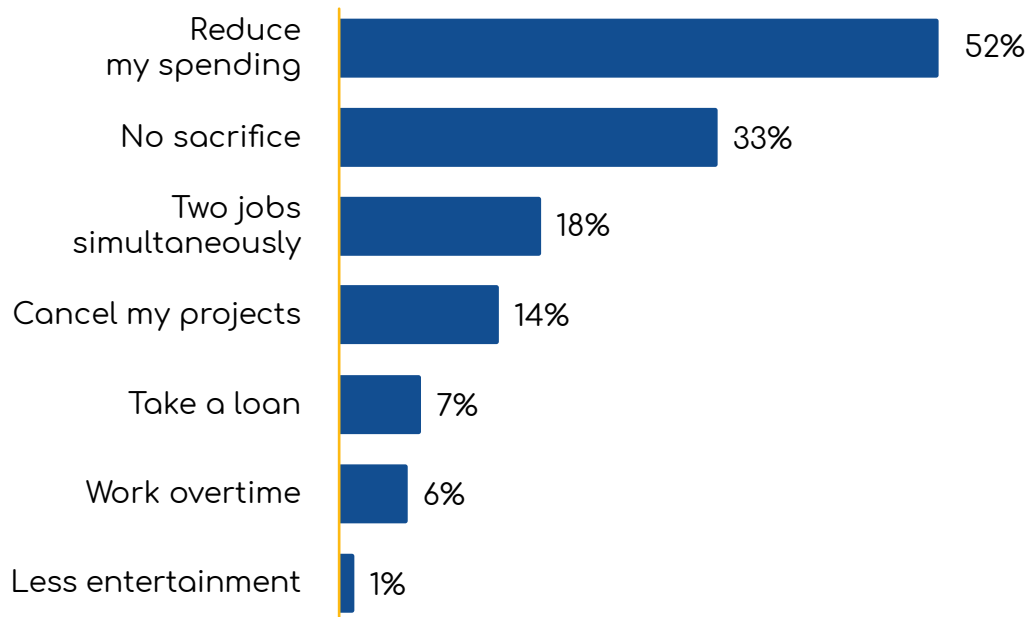
Drivers to own
additional properties



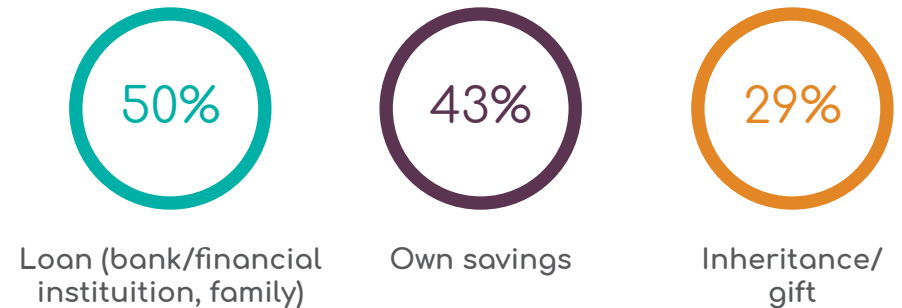
PROFILE AND BEHAVIOUR OF MAURITIAN HOMEOWNERS

Financing of the current residence

Sacrifices made by Mauritians to acquire their current residence



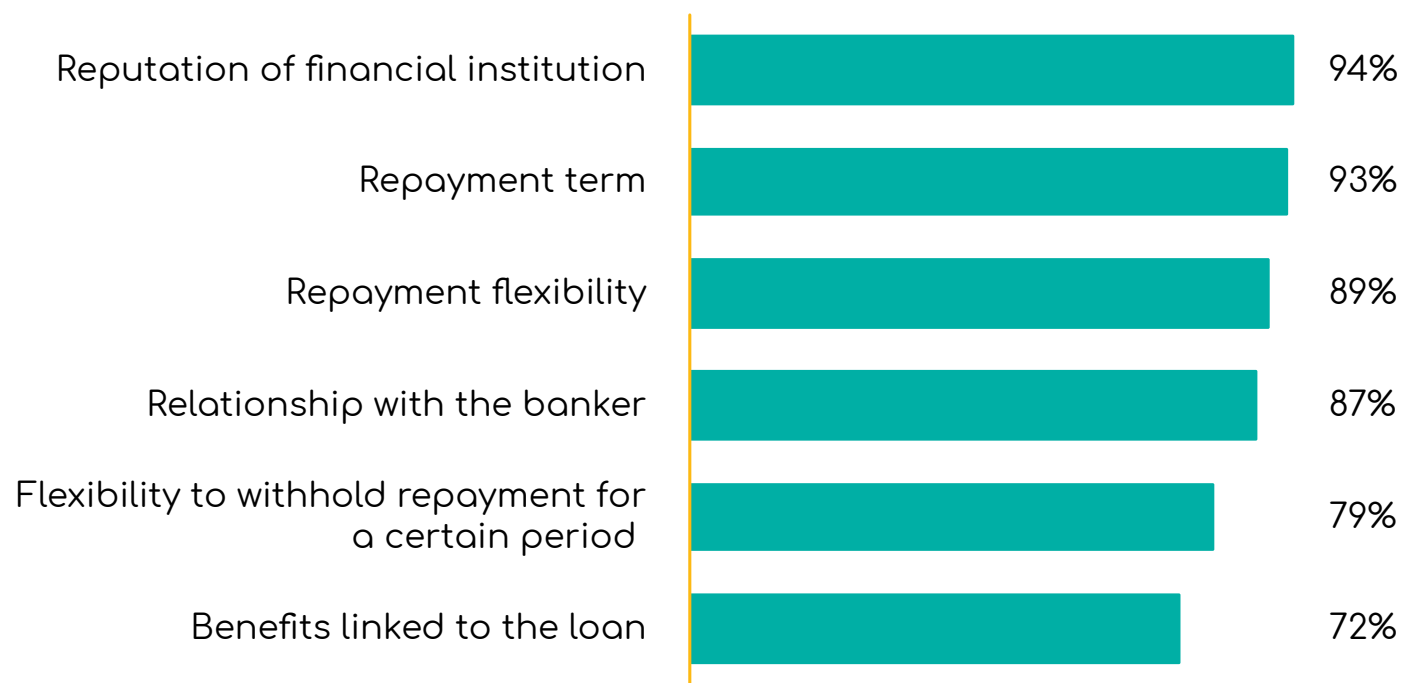
Means to finance acquisition of current residence



The majority of Gen Y (48%) homeowners contracted a loan to finance their current residence compared to Baby Boomers (43%) and Gen X (44%) who mostly used their own savings to finance their current residence

PROFILE AND BEHAVIOUR OF MAURITIAN HOMEOWNERS

Which feature is important when choosing a bank or a financial institution to contract a loan, excluding interest rate?

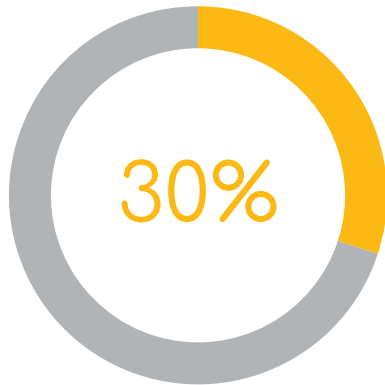


“Reputation of the financial institution” is more important for women (53%) and Gen X (39%)

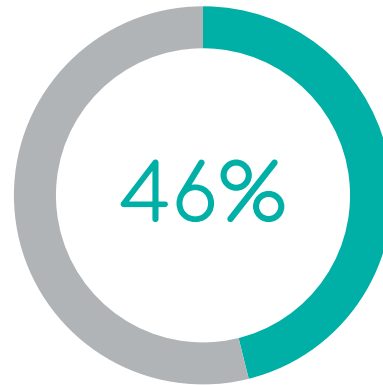
“Benefits linked to the loan” is more important for men (51%)

PROFILE AND BEHAVIOUR OF MAURITIAN HOMEOWNERS

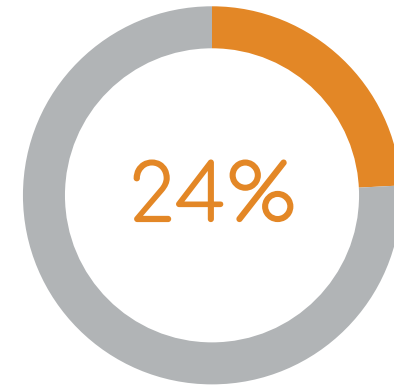
Thinking of your journey to obtain a loan, would you say...



The journey was more difficult than expected



The journey was neither difficult nor easy



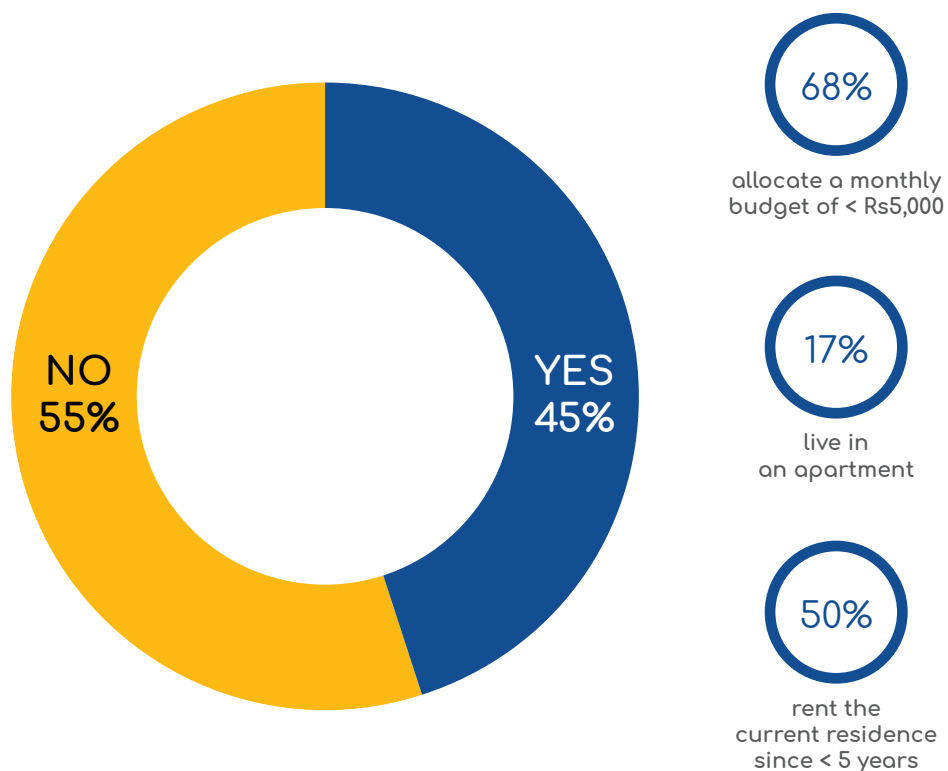
The journey was easier than expected

PROFILE AND BEHAVIOUR OF MAURITIAN HOME RENTERS

PROFILE AND BEHAVIOUR OF MAURITIAN HOME RENTERS

Prior to renting their current residence, **50%** of home renters used to live with their parents, **43%** used to rent another residence and **7%** used to be owner of a residence.

Is residence rental their preferred choice?



3 main drivers to rent

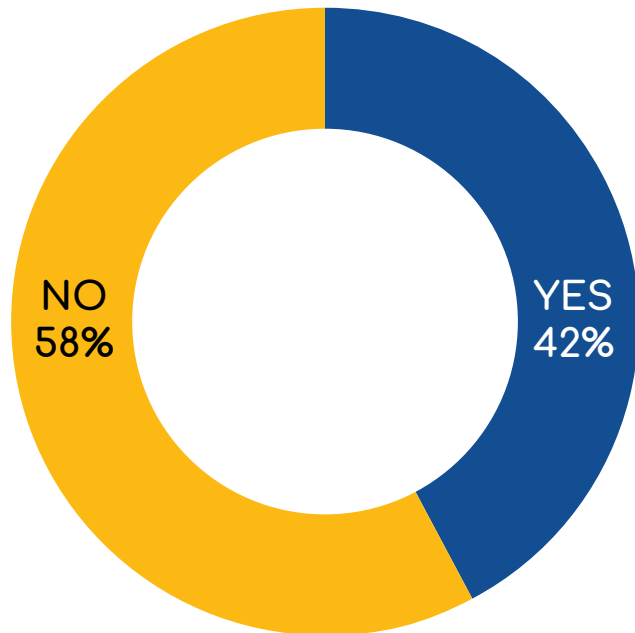


11% of home renters are property owners, of which **7 out of 10** own a plot of land.

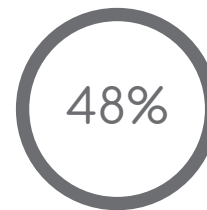
FUTURE INTENTIONS

FUTURE INTENTIONS

Do Mauritians intend to purchase a property?



Who are the Mauritians who intend to purchase a property?



a plot of land and
43% a house



a budget
< Rs3.0M



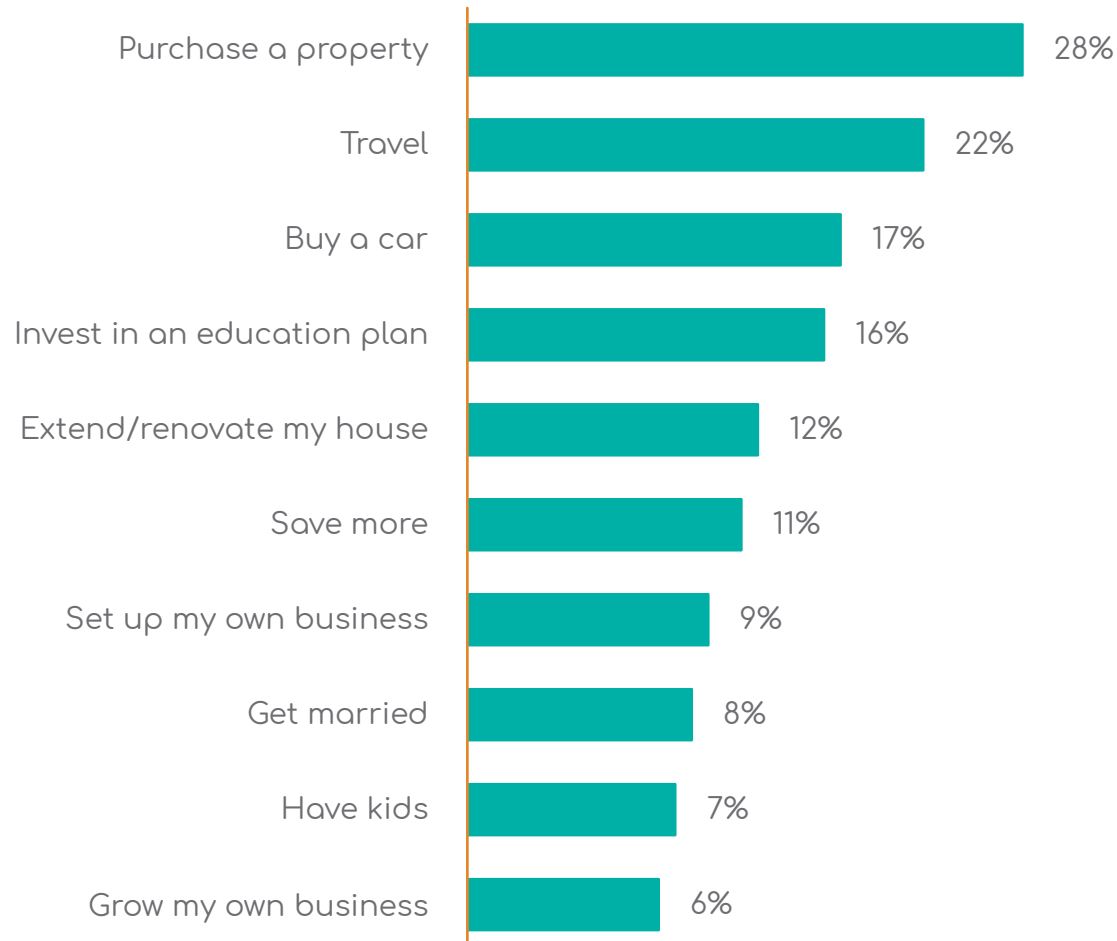
in
> 5 years

7 Mauritians out of 10 intend to contract a loan to finance their property purchase

ASPIRATIONS AND PERCEPTIONS

ASPIRATIONS AND PERCEPTIONS

Mauritians' priorities for the next 3 to 5 years



Mauritians' perceptions of homeownership



find it difficult to become a property owner



agree that becoming a property owner brings peace of mind



agree that it's a good investment to own a property



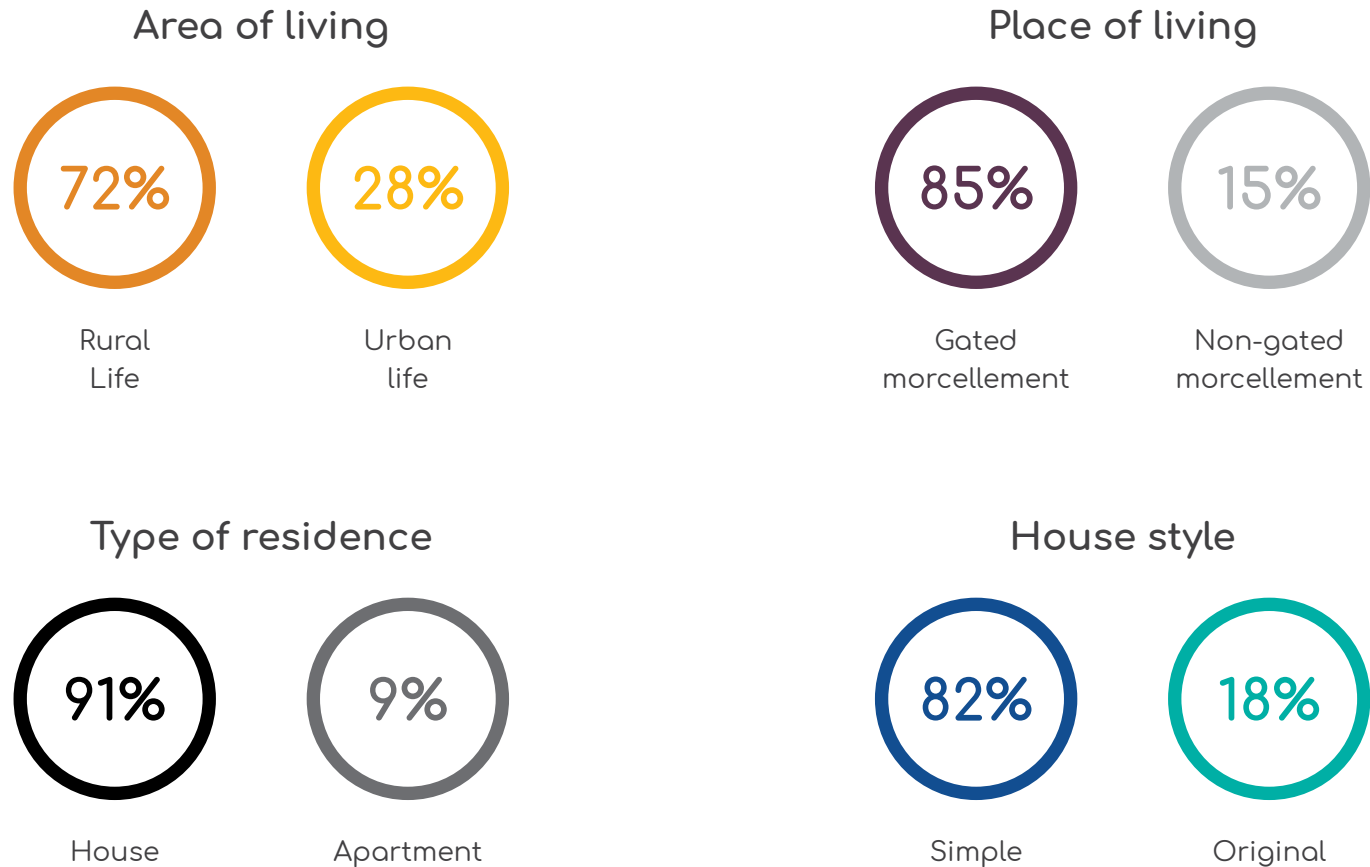
agree that owning a property is equal to debt

Most important priorities for Mauritians



ASPIRATIONS AND PERCEPTIONS

If you win the lottery and have no financial constraints, what and where would be your ideal home?



For 91% of Mauritians, a "home is for life": they do not intend to switch residence throughout their life



In collaboration with

