

More millennials buying homes without parents' help

By Marlaina Cockroft, Special to The Record Published 2:48 p.m. ET Jan. 10, 2017 | Updated 2 hours ago

Millennials were the largest generation of homebuyers in 2015 at 35 percent



(Photo: Mitsu Yasukawa/NorthJersey.com)

Younger homeowners are increasingly buying first homes, without the Bank of Mom and Dad.

Sometimes they go it alone out of a desire for independence; sometimes it's a reflection of their parents' financial realities. Whatever the reason, area real estate agents say the trend speaks well of millennial homebuyers.

According to the National Association of Realtors, millennials were the largest generation of homebuyers in 2015 at 35 percent, and 67 percent of them were first-timers. The association's 2016 "Profile of Home Buyers and Sellers" report notes that the second-most popular way for first-time buyers to finance their down payment was a gift from a relative or friend, at 24 percent – a drop from 27 percent in 2015. (Savings was the preferred

choice among 76 percent of respondents.)

"Five, six years ago, it seemed like more couples were getting gifted the money from family. In the last couple of years, I haven't seen it really as much," said Jaimie Bolnick-Yannalfo, of Keller Williams Village Square Realty in Wyckoff.

In a 2016 survey of 55-and-up homeowners nationwide, Freddie Mac found that 14 percent of them were financially able to help adult children with a down payment but weren't going to do so. That statistic "staggered me," said Freddie Mac Chief Economist Sean Beckett, and equally surprised other housing economists who saw the survey results. "All the other economists in the room were saying, 'Well, I would never have gotten my first home without help from my parents, and I was sort of expecting to do the same for my own children.'"

However, that statistic doesn't seem to be borne out locally. Real estate agents said they didn't know of any cases where parents had refused to help their children buy homes.

Barbara Ostroth, of Coldwell Banker Residential Brokerage in Closter, said she has worked with clients who did and clients who didn't get help from parents. Some of her first-time buyers actively seek out opinions from their parents, "and some really want to keep them at arm's-length and make some decisions for themselves. And money complicates that relationship."

Ostroth sees a lot of buyers in their 20s and 30s who are careful about the level of debt they take on. "But they do want to own property. That's part of the redefinition of the millennial generation." They've held multiple jobs, they've traveled, they have a lot of student loan debt and they haven't been able to save as much as typical buyers would. She's had first-time buyers who qualified for up to \$350,000 and "their parents come to see what they're looking at and say, "Oh, no no, we'll give you \$50,000 so that you can buy a better house.'"

Linda Stamker, of Sotheby's International Realty in Fort Lee, said parents can't necessarily afford to help their children. "And it's happening more now, I think, than ever before because people need a lot of money for retirement, the costs of college are so exorbitant that they spent so much on college education for their kids, they have less savings for themselves. And that's put them in a situation where they don't really have enough money after paying for college to buy them a house as well."

Stamker said clients of hers recently bought their first home without help from their parents; the husband's parents couldn't help because they were still putting his youngest siblings through private school.

Recent economic uncertainty is a factor, according to Dianne DiMassino, of Vikki Healey Properties in Maywood. "Ten years ago, I felt more financially secure. So if my kids were buying a house and I wanted to be nice, I'd say, 'Here, I'll help you out with this.' I would do so, but it wouldn't have been expected or asked for. Now, 10 years later, I wouldn't be so quick to hand out thousands of dollars, to be honest with you. So much is in flux," and she wouldn't want to become a burden to her children later, she said. "Which is becoming a bigger issue, I think, just taking care of your parents and the expense of that, particularly if they don't have any money."

According to "Boomer Expectations for Retirement 2016," the sixth annual report from the Insured Retirement Institute, which represents the retirement income industry, about 35 million baby boomers nationwide lack any retirement savings. The 2016 survey found 30 percent of boomers have stopped contributing to their retirement accounts, have found it more difficult to pay mortgages or rent and have postponed plans to retire.

Emilia Freitag, of Keller Williams City Views in Fort Lee, is impressed that her son and his wife don't want her financial help to buy a home, though she is helping them search for one. "There's no better feeling than that, because you know that they are successful." Her son owns his own business, she said. "They're going over and above to work hard enough to say, 'We can do this ourselves.'"

Bolnick-Yannalfo said she still has clients who accept help from parents. She and her husband, whom she works with, closed one recent deal in which the wife's father contributed a down payment toward the purchase of a home in Wyckoff. The father was a big part of the process, and saw every house under consideration, she said.

And Ostroth sold to a client last year who unexpectedly needed help from family to buy her home. Sonia Santana, 26, originally was house-hunting with her mother, but her mother decided to keep their apartment in the Bronx, preferring city life. Santana went on to find a house in Teaneck, which "I fell in love with." But an issue with land Santana had previously owned nearly stopped the sale.

"It was the worst time of my life," said Santana, who was informed about the issue the day before closing. Her brother and her mother helped her buy the house last April for \$355,000. "But I'm the one living here and doing all the payments and everything that has to get done in the house," said Santana, who commutes from Teaneck to her teaching job in the Bronx.

She said she didn't mind asking her family for help, because the house was meant to be for the family. "I don't say this is my house, I say this is our house," said Santana, who said her fiancé and her father also live with her. Her brother lives in Brooklyn and her mother is still in the Bronx, but for holidays or other occasions, "everyone is always here, which is great. It felt like a dream. ... For the holidays, seeing how everyone came together, it was a really good feeling."

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