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PERSONAL FINANCE

'Mingles' moving housing markets

GARRY MARR | Nov 19, 2011 9:00 AM ET | Last Updated: Nov 21, 2011 4:51 PM ET



Melissa Yan, with her dog Sam, is one of a growing number of 20-somethings who are no longer waiting until they get married to purchase a home for the first time. Ben Nelms for National Post

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Melissa Yan wondered why she had to wait until she got married to buy a home.

She decided she didn't. So the 28-year-old, who works in marketing for Magnum Projects, opted to jump into Vancouver's hot housing market at Christmas in 2010.

She picked up a 600-square-foot, one-bedroom apartment in Vancouver's trendy Yaletown district in a design that would fit her needs and a price tag that would allow her to enter the market and establish equity so that one day she could get an even bigger house.

"I have always known I had wanted to own, so I made it a priority for myself to put aside money for the past five years," says Ms. Yan, who was living with family as she saved. "It's a home, it's an investment — a bit of both."

Ms. Yan, who says her work in real estate convinced her she needed to buy, is one of a growing number of 20-somethings who are no longer waiting until they get married to purchase a home for the first time. She is part of a trend that adds an extra stage to the housing market.

Traditionally, people bought their first property upon marriage, looked for a move-up when their families got larger, scaled down as the kids moved out and then were off to the retirement home.

But the new reality is that more first-time buyers fit Ms. Yan's profile.

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A TD Canada Trust survey this spring found 45% of first-time homebuyers were going it on their own rather than with a co-purchaser.

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“I would say a lot of my friends are doing this,” says Ms. Yan. “People are getting married later in life, too. Weddings are so expensive. I figured I would invest in an asset for now. I know it’s not my final home.”

Farhaneh Haque, regional manager of mobile mortgage specialists with TD Canada Trust, says low interest rates have supported purchases by younger people.

“Younger buyers and single buyers are looking to get into the market, and it is an evident trend,” Ms. Haque. “Where we can facilitate the financing for it, we do.

“This is a relatively new thing.”

Singles don’t have special borrowing issues; they just have to meet minimum financial standards. But increasingly, singles not willing, or able, to go it alone are teaming up to buy a home without being in any romantic relationship.

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“There are people who buy homes in partnerships,” says Ms. Haque. “You can do it as long as the two people qualify [independently]. We have to have conversations with each person about their mortgage.”

Peter Simpson, chief executive of the Greater Vancouver Home Builder’s Association and an almost three-decade veteran of the real estate industry, has a term for the new model of home sharing.

“We call it mingles,” says Mr. Simpson, noting he often sees single women teaming up to get that first home.



savings, RRSPs are so much more about the near-term than Canadians often appreciate

Young people need motivation to save



Young Canadians are not learning effective financial habits from their parents and lack a contextual understanding of their money, says financial planning expert Tom Sellery

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“Single women are not waiting for Mr. Right to come along and sweep them off their feet. If they can’t afford it on their own, they mingle and pool their resources.”

He says the relationship is not much different than that of roommates, two people getting together to rent an apartment. What’s different is that they are buying.

Much of the desire for homeownership is driven by fear of being priced out of the market. The Real Estate Board of Greater Vancouver says the benchmark price for a detached home in Vancouver is \$884,778, but even a condominium apartment has a price tag of \$402,702.

“They look at rental rates in an era of low vacancy and they figure they can put their money to work for them,” Mr. Simpson says. “They want to jump on the equity train right away and build equity.”

Nor is it difficult to set up a joint ownership agreement.

In its spring first-time buyers’ report, real estate firm Re/Max noted that developers have begun to cater to singles by building smaller, more affordable units that allow them to get into the market. That usually means a condominium apartment in the core of a city.

“People are getting married later, so there is a need to buy a condo sooner,” says Michael Polzler, executive vice-president of Re/Max Ontario-Atlantic Canada. “People go to school later; the whole life cycle has changed.”

Scott Plaskett, a certified financial planner in Toronto, says he advises young singles to forge ahead with purchasing a home.

“They’re not getting married, so they should get on with their financial lives,” he says. “They have cash flow increasing and they can afford it, plus financially it makes

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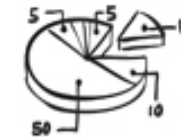
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Debt

tremendous sense.”

The same old arguments for homeownership hold true, namely, it encourages forced saving that usually results in price appreciation that keeps pace with inflation — all of it tax free.





“A home is a great asset,” says Mr. Plaskett. “From a financial planning perspective well down the line, these people who bought a home and built up equity in their home from a young age will have an asset that will give them the confidence to retire.”

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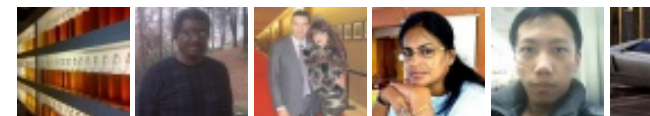
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mortgage financing is not only a place to live, but an investment. You need to climb property ladder".

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ifeelpretty2 · a year ago

Interesting that the interviewee, Melissa Yan, actually works in Condo Marketing. Garry con that detail and just says that she works in "....marketing"

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The equity train in condos is a little overloaded. It might not climb the next hill.

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(Canada's bubble is explained in bottom half of article)

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The fact that the article is supported by a "mortgage specialist" from a bank isn't very reass leave it to a realtor to let you know if it's a good financial decision to buy a home. the realtor mortgage broker has to deal with the finances of it. Talk to your LICENSED financial advisor equity.

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Gary Gary Gary,

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