

Hopes high that millennials will embrace homeownership



Sam Rosen, 29, and Linsey Burritt, 31, with their dog, Eli, live in an apartment in Noble Square. After they marry in 2015, they plan to buy a home. (Zbigniew Bzdak, Chicago Tribune)

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Players and prognosticators in the nation's housing market are holding out hope that 2015 will bring reasonably low interest rates, slowly rising home prices and increased mortgage availability.

That's all good, but what they really want to see are millennials, lots of them.

Young adults have been noticeably absent from the closing table, and that's caused a fair amount of hand-wringing by economists, real estate agents and lenders, as well as homeowners who want to move out of their starter home but need to find a buyer first.

Will millennials take the plunge and buy a home? There's a belief that starting in 2015, they will, and much of that optimism is tied to numbers, numbers like birthdays.

In Illinois during 2010, for example, there were 910,273 men and women ages 25 to 29 and another 865,684 ages 30 to 34, according to census estimates. In each year since, the number of Illinois residents in their late 20s shrank while the number in their early 30s rose.

In 2013, according to estimates, there were 887,925 Illinoisans ages 25 to 29 and 896,917 from 30 to 34.

That aging of the millennial generation, roughly those born in the years from 1980 to 1999 and equal in size to the baby boom generation, means some of them are thinking of settling down, having children and possibly buying a home. "They're putting down some roots," said Swati Saxena, an agent at Baird & Warner. "They want to be more than the rent they are paying."

If that proves true, it'd be a welcome change. First-time buyers accounted for 33 percent of the nation's housing market in 2014, the smallest share since 1987 and down from 38 percent in 2013, according to the National Association of Realtors.

So the housing industry is counting on people like Chicagoan Sam Rosen, who will turn 30 in 2015.

Rosen and his fiancée, Linsey Burritt, 31, share a large apartment in the city's Noble Square neighborhood and were intrigued with the idea of buying but also apprehensive. They'd met with mortgage lenders but liked the freedom that renting gave them and knew people caught up in the housing crisis.

"It hit close to home," Rosen said. "I saw people struggle who I always considered smart, hardworking people who lost and got screwed."

The couple will marry in 2015, and they see marriage and homeownership as commitments that go hand in hand. They are looking to trade monthly rent of \$2,000 for a mortgage payment, possibly in the Humboldt Park or Portage Park neighborhoods.

"(Homeownership) is the next big step," Rosen said. "I think the idea of building a home together makes us want to buy a home."

"All of our friends are getting married. All of our friends are having babies. That's a big driver. The people around me are really starting to consider (homeownership)."

The Chicago market may be among those destined to benefit from demographic and societal trends that show millennials are attracted to urban markets, according to Jonathan Smoke, Realtor.com's chief economist. Also in the Chicago area's favor are home prices which, while recovering, have not appreciated as much as they have in other markets.

"Chicago is one of the few cities that offer both (an urban location and affordability)," Smoke said. "You can have your cake and eat it too."

As of October, home prices in the Chicago area were up 1.9 percent from a year earlier, according to the S&P/Case-Shiller home price index. That compared with a gain of 4.6 percent nationally.

Meanwhile, the median rent in the Chicago area rose 7.4 percent in 2014, according to Zillow.

That difference will nudge more young adults to homeownership, said Peter Moulton, president of agent services at Dream Town Realty.

"There's still bargains to be had," he said. "There's a maturation in their perspective on money. When you own something, you're paying yourself. When you rent, you're paying someone else."

Right now, Eric and Jaclyn Huffnus aren't paying anyone but they can't find a space much smaller than the one they've got now. The couple, both 26, sleep in a bedroom at the suburban home of Jaclyn's parents suburban home. The bedroom still has glow-in-the-dark stars on the ceiling.

After living in an apartment in Schaumburg for a few years, the couple moved into the house in June to save for a down payment, thinking they'd be there a few months. A job change has kept them there longer than planned.

Several of their older friends also are living with their parents. If Jaclyn gets a permanent teaching position in 2015, the couple intends to buy a home in the northwest suburbs in 2015. Other plans also are in the works, like a dog and children.

"We both grew up in houses," Eric Huffnus said. "My parents still live in the same house. As much as I want to buy, I want to make sure we're financially set beforehand."

Crystal Ly Tran, a 30-year-old agent at Berkshire Hathaway HomeServices KoenigRubloff Realty Group, certainly understands that mindset. Growing up, she was taught to save money and buy a home. Instead, she took those savings and started a small business. Some of her friends also took the entrepreneurial route and few have bought homes.

She still desires to own a home, but like other millennials, she says money remains an issue. "We want everything perfect, done for us," she said of her generation. "Or we want a blank canvas and that costs money. We are becoming spoiled."

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