

Millennials need REALITY CHECK before buying home

BY JOANNA LAVOIE

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Newlyweds Tripti Ninan and Ryan Perera are Millennials and purchased their first home in Toronto just under a year ago.

Based on their combined income and the down payment they were able to come up with, the couple bought a 700-square-foot, one-bedroom-plus-den condo unit in Toronto's west end near a subway station.

"We knew our first step would be a condo. We wanted to start small and we wanted something low maintenance," said Ninan. "And for us, location was key because we wanted to be close to transit. I did not want ridiculous commutes anymore."

Ninan, a 30-year-old marketing professional who works downtown, and 27-year-old Perera, an aerospace engineer whose office is near Pearson Airport, understood sacrifices were required to make their dream a reality.

About five years ago, they both started setting aside money for their wedding and future home purchase.

"We were actually planning for quite a few years and saving up," said Perera. "We saved for both our wedding and our property even before we knew what kind of place we wanted and how big the wedding would be."

Ninan, who also paid her own way through college and university, said she was lucky to have taken a few financial courses and had a good understanding of what was involved in getting into the Toronto real estate market.

It also helped that both Ninan and Perera's parents have purchased a condo in the last five years and they were actively involved in helping their parents navigate the experience.

"We took what we learned from our parents and applied it when the time came to buy a condo," she said.

The couple sacrificed having a second vehicle to save more money and followed the guidance of their financial advisor, Darlene Wang, who advised them about maximizing their investments and the importance of



Photo/Benjamin Priebe

budgeting.

"We don't go on crazy shopping sprees at all and we're smart with our purchases; no impulse buying," Perera said. "But we're still enjoying life. Short-term sacrifices mean long-term gains," added Ninan.

In the next four or five years, the couple said, they'll likely sell their condo and get a house. Depending on what they want and their needs, they did admit they'd consider moving outside Toronto proper.

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Getting into the Toronto real estate market isn't impossible for Millennials (those ages 18 to 35), but it's no walk in the park.

Purchasing a property in the city's hot market requires two things: preparation and the willing-

ness to compromise.

For the last 16 years, financial advisor Wang has helped scores of young adults to get their finances in order so they can buy their first home in Toronto.

"You have to be realistic in terms of what you want and what you can get. If you have an ego, you can't play this game," said Wang, who admitted the likelihood of Millennials purchasing a detached home in the city as their first property is slim.

According to a recent report by Altus Group for the Building Industry and Land Development Association, the average price for a newer detached home in the GTA was \$1.05 million, which is more than double what it cost a decade ago and 21 per cent higher than just over a year ago.

"An actual standalone home in

the GTA will be near impossible unless you have two steady incomes over \$100,000," Wang explained.

"Millennials have to start with a condo to build equity, a townhouse, or a small bungalow, or (purchase) not in the GTA."

To help her clients get ready to get into the Toronto market, Wang, who works for Investors Group, helps future homebuyers sort out their priorities and come up with a plan of action to maximize their finances in a set time frame.

Getting "house ready" as she put it requires a change of mindset, a new way of living.

"You need to sacrifice more than ever and make smart decisions," said Wang, adding understanding what's involved in reaching your goals helps avoid disappointment.

Wang said Millennials aren't usu-



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Tripti Ninan

Newlyweds Ryan Perera and Tripti Ninan are proud owners of a condo in Etobicoke. They were fed up with 'ridiculous commutes'.

ally thinking about getting their finances in order and saving up for a down payment on a property.

"In their head it's 'pay back me' time," she said, noting most Millennials in the 18 to 30 age range are in school or just finishing up their first post-secondary degree or diploma, usually carry school debt, have no kids, and want to travel and party.

Under her guidance, Wang has helped her clients to get "house ready" by tracking their spending, making small adjustments to their budget, investing wisely, and being realistic about vacations and big purchases.

"Incomes have nowhere near increased the way real estate has increased. You must learn to do more with less," she said.

Real estate broker Frank Leo, who has been serving clients in Toronto and the GTA for 28 years, said for Millennials the biggest thing is the pressure of being "squeezed out of the market."

Leo, of RE/MAX West Realty Ltd., advises young buyers to avoid jumping into the market before doing their research, specifically knowing exactly what they want and can afford.

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