

## Millennials face a tough housing market



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We are living in interesting times.

Scary times, if you're in the market for a new home. It is currently a very slow market so even those looking to sell their property are struggling to make a sale. Take a look on [benbuysindyhouses.com](http://benbuysindyhouses.com) to find out more.

Whether I'm at the gas station or convenience store, when acquaintances engage in conversation, they invariably turn to the current economic times. And astronomical house prices.

No one is bragging about the loot their current abode can bring in. No, the conversation centres around our offspring, and the fact we'll be looking after them for quite some time.

At this point, many tail-end Baby Boomers can be described as the "sandwich generation"?? those in between taking care of teens or 20-somethings, and assisting their own aging parents. Being sandwiched between two generations can be quite challenging, in many ways.

I?have lost my parents and never had to care for them. They both went downhill rather quickly. My dad, after battling lymphoma, passed away quickly in the end. My mom suffered a debilitating stroke and went from hospital to nursing home to the great beyond. I'm in a unique situation among my peers ? many people my age are still fortunate in that they have one or both parents to complain about.

My wife's parents ? both in their mid-70s ? are quite active and show few signs of slowing down.

They own their own home in Bolton and have no intention of "scaling down,"?despite fact their nest has been empty for some time.

Most homeowners are fully aware of the expensive real estate markets in the GTA, and right here at home in King.

According to economists, home affordability is getting out of reach of the current batch of "millennials", which is a shame because they are also told, "[don't wait to get on the property ladder](#)", so they are getting very mixed messages.

The historically low-interest rates may have helped some get in on the ground floor, but the prices are outpacing any potential savings.

Some say if millennials have more money for down payments, mortgage payments and other expenses associated with homeownership, this could actually push prices higher. Currently, it seems we have bidding wars, with buyers chasing fewer homes for sale. However, if you look further afield in Connecticut, you'll be able to see the endless supply of [William Pitt homes for sale!](#) Maybe it's time for the Real Estate market to shift to a new state?

I?recently read about shocking affordability issues in the San Francisco Bay area. This region is known for having a lot of well paid, high tech jobs, but these affluent millennials can't even afford the current prices, and rents have skyrocketed.

While increasing the demand will help somewhat, it won't solve the current affordability dilemma.

According to the RBC, prices are still going through the roof at an accelerated pace.

Their affordability scale in late 2016 reached the second-worst level on record for the area since the mid-1980s.

"Left unchecked, this situation will get worse, putting at high-risk Canada's largest housing market."

Some Boomers are opting to downsize to help their adult children buy their first home. It's really the "Bank of Mom and Dad," that fuels the economy and makes future homeownership possible.

But is it sustainable?

My oldest is 19 and when she finishes university and gets her career underway, it will still be some time down the road for her first home purchase. Let's say that happens in 10 years from now. In 2027, what will the average house price in the GTA be? I'm guessing that even if the market cools somewhat in the next few years, by 2027 a single-family home will conservatively sell for \$1.5 million.

I can't see how any young person or family can afford that.

I don't know about you, but there's no way I can afford that now. Back in the day, when my wife and I bought our first townhouse in Bolton, I think we paid \$165,000. Our second home, which we bought in 2008, came in at just under \$500,000. I remember thinking at the time that owning a half-a-million-dollar home was impossible. This was made possible by the sale of our first home, and a substantial contribution by my mom, who then moved in with us.

While simply owning a home has been nice, we've never enjoyed the concept of "living the dream." It's more like "working to live" and "dreaming" when we're dead!

They say it costs roughly \$20,000 to raise a dog from "cradle to grave." It also costs about \$240,000 per child (from baby to age 18).

We have three kids and two dogs. I've done the math!

As I scan the shoulder of the road, looking for the hubcap that fell off my 2002 Buick, I think of all the money I could have today if it weren't for those "meddling kids" (to quote Scooby-Doo).

But I'm told by my very wise wife that our children are "priceless."

Given what they cost, they pretty much are!

Remember the 1992 hit song from Canadian group the Barenaked Ladies: "If I had a million dollars?"

Well, in 1992, the average house price in the GTA was around \$250,000 so yes, a million would buy a decent house and "maybe a nice Chesterfield or an ottoman."

No longer so, my friends.

"If I had a million dollars ... I'd be rich!"

I'm afraid not.

The only advice I can give is to be frugal, try to save and work hard. Leverage every opportunity.

Every generation jumps through their own hoops. I truly hope the next generation will make it through unscathed.