



PROS & CONS OF HOME OWNERSHIP

FOR MILLENNIALS

TO OWN OR NOT TO OWN

Home-ownership is great because you're finally investing your hard-earned income in your real estate, rather than in someone else's. But, let's be honest, home-ownership also comes with constraints like leaky pipes that are your leaky-pipes. However, if you're not afraid of a little risk and are a willing problem solver (as in, let me Google that for you), and you're looking for an investment that has some upside social benefits, then this may be the moment.

YEP, I'M BIASED

Because I'm a realtor®, of course I see the great things that come from home ownership. And, because it's my personal goal to help more first time home owners get into their first home, I'm just stating my bias up front. Bookmark this page, dig around the internet a bit more and come back here when it makes sense for you.

I'm thinking, you're here because you're asking really reasonable questions. Like, where IS my money going? Whether you're a digital nomad or have an annual lease, you know that while living in someone else's space has the upside of fewer-strings, it also has no ROI. I mean, think about how much you're actually spending on rent. If your rent is \$1000/month (you can do the math for

your locale and reality), then in ten-years, you'll have spent a \$120,000. If you had a 30-year-mortgage, you could have paid for a third-to-half of that over that time. Instead, you paid a third of someone else's mortgage. That's kind of you, but just saying.

PAY YOURSELF

It's not too late to invest in your own bit of land, your own small piece of paradise. Essentially, owning a home allows you to pay yourself. You become your own Airbnb host: for you, a few friends, family, and if you want, for a few strangers who'll be your Airbnb guests and one-day friends.

Unlike a car that depreciates in value, the national median on home prices continues to go up, even during times of recession. Each mortgage payment decreases your debt and increases your equity. Paying the principal (that part of the mortgage that isn't interest) is like depositing money in the bank, because that money becomes available to you whenever you decide to reinvestment in your home or another.

THERE'S FREEDOM IN THAT

And, you may know this (and still it's a bit of a mystery) - but the federal government gives tax breaks to home owners in order to encourage economic growth and social stability. The biggest tax incentive is the option to deduct your mortgage-interest from your income tax when you file. Home ownership can also give you more control over your overhead. You (and not your landlord) get to make decisions about which upgrades will create the most benefit, which improvements you'd like to make now, and which expenses (like utilities) you're willing to rein in. There's some freedom in that.

COMMUNITY

As a home-owner there are also social benefits like neighborhood friendships, community involvement and educational opportunities for children. Once you commit, you get to know people, build community with people, and shape the world with your neighbors. In our highly diverse Twin Cities' region, we have the pleasure of meeting the world in our own backyard. This, IMHO, is an amazing place to build and be part of community.

INTRINSIC VALUE

So, your home can be more than a roof. It can be a shelter for growing your investments and long-term financial stability. You can actually also use the equity in your home to diversify and make another investment, increasing your passive income so that you're not totally dependent on your business. Smart. As a serial-renter or digital-nomad, income is primarily generated by hands-on time and hard work. It works. As long as we work.

But if there's ever a time when we can't work (or are taking a walk-about), a stream of income that's generated by wise investments can make all the difference. You can put your money in the bank, the stock-market, art, or in real estate, where (if you decide to rent your property) you can know that monthly income is naturally reliable because it's tied to wages and thus unlikely to be as volatile as other investments. There's intrinsic value in property. It's a way to invest in community, in yourself, and in those around you. Not to mention, you can own property anywhere and from anywhere in the world.

So, here's the thing - since spending money on stuff isn't your thing, consider saving up to make a decent deposit on some property. That'll help you avoid mortgage-insurance (PMI) and keep interest low. It's a win-win. If you want to get really crazy, brew your own cafe and skip the coffee shops. You'll be amazed by what you can tuck away for a deposit on a home to live in, share, rent, flip or reinvest.

RESEARCH LIKE CRAZY

That's where knowing a really great realtor comes into play. You can research online, and the realtor can use their tools to keep you posted when properties matching your criteria first pop onto the market. When buying a home, building relationships are key. As a top Twin Cities realtor, I've built the kind of relationships that give my clients a leg-up. It's just easier working with proven folks that you know you can trust. We've all got a friend who sells property, but having a realtor with a network means no slip-ups on the big deal.