



MILLENNIALS ARE BUYING

BY PAMELA BABCOCK

Millennials have been labeled everything from entitled and coddled to tolerant and optimistic. Today, it's time to add a new name to that list: homebuyers.

Many in this generation born between 1981 and 1996 bucked buying homes because of high unemployment, rising rents and student debt. These days, thanks in part to an improving economy, they're getting jobs and looking to have kids.

On a state and national level, millennials – a majority of whom also make up the pool of first time homebuyers – lead all other generations in buying homes. According to the National Association of Realtors®, for the last four years, buyers 36 years and younger have made up the largest share of homebuyers, at 34 percent. But due to low inventory and hot demand in some areas, many are still being priced out.

Edward Verdel, broker/owner of Verdel Real Estate in Hoboken, has seen an uptick in millennial buyers the past two years. "I believe it's a combination of rising rental prices, the market being hot, and millennials finally reaching that age where they have saved enough to buy," said Verdel, who sells in Hudson, Bergen, Essex, Passaic, and Union counties.

There's a desire to be close to transportation to New York and within walking distance to shops and restaurants. Some call Manhattan home while others live with parents or friends. For those who didn't grow up in New Jersey, most are coming from Brooklyn because they're being priced out. Jersey City is a hotspot.



Gillian, Matt and Clover

"Many local agents are pricing properties just below market to generate many bids and therefore bid the prices up," Verdel noted, with some listings going for more than \$100,000 over asking.

Some buyers are getting frustrated and opting to rent for another year or two or move to areas with a bit less demand; a potential Hoboken buyer may end up inking a deal in Jersey City Heights, the area just above the cliff west of Hoboken. And some are competing against Baby Boomers, who are looking to downsize, for the same listings. Verdel said about 20 to 25 percent of his sales are cash, which can make it difficult for many millennials to compete.

Most millennials also expect a property to be move-in ready. Verdel thinks there are several reasons; most don't have experience doing physical labor, lack extra cash to renovate or lastly, because of their busy work-play lifestyles, they "don't have time to deal with renovations."

Michael Gonnelli, broker of record and owner of RE/MAX Infinity in Secaucus, said the county has become a "Gold Coast" and hotbed of millennials renting and



buying. In Hoboken and downtown Jersey City, condos are going for \$700 a square foot, he said. Union City and Jersey City Heights – two areas millennials “would never consider touching” five or six years ago, are increasingly desirable because as prices continue to climb, “millennials keep moving up the New Jersey hill,” Gonnelli said. Some even go as far as the Fort Lee area.

More than ever, “millennials are making multiple offers on different homes because they are being outbid, and learning that their offer will likely have to be over asking if they want a chance at securing a home,” Gonnelli noted.

Morristown has seen a recent flurry of younger buyers and growing number of upscale restaurants and businesses. Janis DeVito, broker/owner of West End Residential in Morristown, said many millennials are thinking about starting a family, so schools are important. They also want homes that offer room to grow but are still smaller than what a typical homebuyer might buy.

DeVito added millennials typically have a good idea what they want, but she and her agents enjoy further educating them so they can feel confident throughout the buying process “and not just like they are along for the ride. We love our millennial buyers and sellers.” Indeed, although areas near major metropolitan areas are often the exception, the notion all millennials want to live in trendy, urban centers is overdone; many just want reasonably affordable housing in a good place to raise kids. According to NAR, they prefer single-family homes (39 percent) or townhomes (34 percent). Only 15 percent want multifamily homes and just 10 percent condos.

EVEN THE DOG IS HAPPY

In April, Gillian McNamara and her husband, Matt, moved from a luxury rental at The Shipyard in uptown Hoboken after buying their first home in Madison, a quaint borough about 25 miles to the west. “We planned to live there just a few years before departing for the suburbs to start a family,” Gillian explained. “We wanted more space and a private yard for our dog.” Concerns about limited inventory and rising interest rates, coupled with Matt’s new job in Morris County, were other factors.

Gillian, 31, is a self-employed publicist and Matt, 33, is an attorney. The pair initially explored towns from Glen Rock to Chester but eventually focused on Madison, Chatham and Florham Park. The couple enlisted Realtor® Annette Marucci of Keller Williams Realty in Summit, who sold Gillian’s parents’ house about five years ago, to help.

Must-haves included a stand-alone home walking distance to the Midtown Direct train since Gillian works in Hoboken. The couple also wanted three bedrooms and an “ample,” fenced yard for Clover, their 3-year-old Cavalier King Charles Spaniel. It was also important to have a formal dining room and garage, live in a good school district, and be close to parks with walking trails and a lively downtown with restaurants.

“I grew up in Madison and so at first the town was on our ‘no way’ list because we wanted to make a place that was completely ours, together. However, when we put our list together it was one of the few towns that fit our qualifications – and our budget,” Gillian said.

By November, the couple had looked at about two dozen homes before paying \$699,900 for a 1,900-square foot, move-in ready colonial with a fenced yard near a major park and a three-minute drive to the train. They saw the house the day it went on the market and there was already a line of prospective buyers waiting to get in.

Gillian admits the home-buying process was a bit scary, but said she was lucky to have a team of trusted experts in their field who “really took the time to explain things to us. I hear from a lot of people that they felt clueless ... we asked a lot of questions until we felt fully comfortable with the process.”

“I had spent way too much time watching House Hunters and had become quite jaded as to what the true process would be like,” Gillian said, adding that the most stress buyers on that show typically face is walking into a listing and finding out the countertops aren’t the material they like.

These days, Clover commutes with Gillian to her job in Hoboken each day. And the dog’s even enjoying her digs: “She loves that the neighbor’s dog also happens to be a Cavalier!” ■