

## Money

# Sadly, the Pandemic Could Be Millennials' Best Chance to Buy a House

The next couple of years could be a once-in-a-lifetime chance to buy a first home for the lucky people who still have jobs.

*This article originally appeared on [VICE Canada](#).*

By **Anne Gaviola**

May 12 2020, 5:09am

The coronavirus pandemic has created a unique set of circumstances that suddenly make home ownership seem like a possibility for people looking to buy a first home. (Provided they are some of the lucky people largely unaffected by the worst economic situation in nearly a century.)

Millennials have seen historically high prices and this sadly could represent their best chance to get on the property ladder. Mortgage rates are at historically low levels and home prices in many major cities have softened and show signs of coming down even more.

If you're tempted to get into the housing market—and you feel comfortable your income source isn't going anywhere—here's what you need to know.

### **Is now a good time to buy?**

Maybe not right away, but over the next few months, you could get deals on your first place. “We’re approaching one of the best times in more than a decade to buy real estate,” said Ilyce Glink, a Chicago-based personal finance expert and the author of ***100 Questions Every First-Time Home Buyer Should Ask***.

Glink says that for now, some homeowners have been given breaks, including the option to defer mortgage payments and a pause on foreclosures. But if those financial lifelines aren't extended, and mass joblessness persists, Glink says home prices could come crashing down.

“There’s going to be a real opportunity starting in a few months from now (through 2022) to buy homes that nobody else wants at prices that are going to be lower than they are today,” she said.

Recent **research** by New York-based real estate firm Streeteasy shows that during the last major economic downturn, the financial crisis of 2008, it took years for home prices to hit bottom. The silver lining for first-time home buyers is the prices of the cheapest third of homes fell the most—but also took the longest to do so, declining by more than 20 percent by April 2012.

### **What should I be looking for? What are prices like?**

Glink suggests keeping an eye on properties that the U.S. government foreclosed, known as HUD Homes. They're listed on **[HudHomeStore.com](#)**, are extremely cheap, and require very small down payments of

sometimes just a few hundred dollars. But **they're often in need of major (and costly) repairs**. During and immediately after the last recession, the number of HUD Homes quadrupled; 10 million homes foreclosed between 2006 and 2016.

Spring is typically the busiest season for residential real estate activity but this year because of the virus listings have plummeted. Only a subsection of the market is available because people who can hold off on selling are waiting.

According to James Laird, the co-founder of **Ratehub.ca**, a Canadian financial product comparison site, prices have held steady because although there are fewer sellers, there are also fewer buyers. He expects a slower pace of transactions which means that in cities such as Toronto and Vancouver, buyers won't have to deal with bidding wars.

"Buying will be similar to many years ago when you could make an offer at ask or below and you could take a couple of days to get the home inspected, to get your mortgage in place, before you make your offer firm. That's a far more comfortable way to purchase a home versus a bidding war," said Laird.

The Canada Mortgage and Housing Corporation (CMHC) expects a "prolonged period" of **weak real estate prices because of the COVID-19 pandemic**. It doesn't forecast a return to pre-recession pricing for another two years, though, so you have time to think things over.

#### **I couldn't afford a house before the pandemic. Should I buy one now?**

The most important factor is your job situation and how stable your employment outlook is. With unemployment already at **record highs in both Canada and the U.S.**, and total job losses due to the pandemic in the tens of millions, you're fortunate if your job is secure.

Then you have to figure out whether your relationship situation is stable (do you see yourself with your partner in the long run, or if you're single are you planning to stay that way for more than a couple of years?). "We don't ask enough questions when it comes to the single biggest purchase of your lifetime," said Glink.

Laird says not to jump into the market just because you think it might be a good time to buy. Trying to time the market is a losing proposition if you're not in it for the long haul. "No one should buy if they think they need to sell in a year or two," he said.

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