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CLOCKWISE FROM TOP: JOHNNY KOMPAN FOR WSJ; STEPHANIE GOSSETT; LOUIS BAKER Jessica Locati, Mark Gross and Jennifer Gross in Jennifer's home.



## Young Buyers Tap Bank of Mom & Dad In Tight Home Market

BY RACHEL WOLFE

There's a lot to love about Jennifer Gross's new Phoenix home. The stucco four-bedroom with a clay-tiled roof has a three-car garage, overlooks a park and comes with a brickbordered pool and a hot tub. It has arched entryways, floor-to-ceiling windows and a secondstory balcony. The best feature: Her dad bought it for her.

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After years of annual moves in search of lower rent, Gross had ended up with a roughly two-hour round-trip commute to work. Her father stepped in and offered to buy her a house. She gratefully accepted.

"I save and I can afford a couch but I can't afford a house," said Jennifer, adding that she never accepted financial help from her parents before—aside from staying on their cellphone plan. "What am I working for day after day?"

Buying a home has always been a milestone of financial independence. For some young Americans caught in the least affordable housing market in decades, it has become a family affair—strings attached.

Jennifer's dad, Mark Gross, had a spending limit of \$700,000, and one condition: She had to stay within 2 miles of him. The house they closed on last month was \$625,000, and an 8-minute bike ride away. The mortgage is in her father's name, and Jennifer pays him \$2,200 a month to cover a portion of the payments. He bought her sister, Jessica Locati, a house nearby a few months earlier, fulfilling their mother's dying wish that the family live close to each other.

"Face value, there is immediate judgment, my dad bought me a house," Jennifer said. But, she noted, her family didn't grow up wealthy. The older generations saved and invested well, and are now in a position to help the younger generation. She recalls the emotional scene from "My Big Fat Greek Wedding," in which the father, who owns a diner, buys his daughter the house next door as a wedding gift. "This is the pinnacle of every sacrifice each generation has made to pay it forward to the next," Jennifer said.

Older family members have helped younger generations buy their first homes for decades. That financial support has tended to rise when the market or borrowing tightens, some data show. Buying a house with a parent's contribution can complicate family dynamics. Parents often want to weigh in on such a major investment.

In Chicago, Amanda Magallanes' parents helped with the down payment and cosigned the mortgage on the condo she closed on this month. Her dad followed the inspector around, rechecking every inch of the roughly 600-square-foot apartment and exclaiming proudly when he found a loose lock to add to the report. Magallanes called her mother to ask her to tell him to relax.

Mostly, however, Magallanes was grateful to have her parents along for every listing appointment. "They just know more, I hate to say it," the 27-year-old tech consultant said, adding that they "had questions I never thought of" about topics like HOAs.

Amanda's mom, Mildred Magallanes, remembers buying a two-bedroom bungalow in Chicago with her husband for less than \$100,000 in 1992. "It did not feel impossible in the way it is today," said the 61-year-old IT worker, who lives in Aurora, Ill. She added that Amanda earns on her own around what they did combined back then.

The family's Chicago real-estate agent, William Sherman, has had 10 clients whose parents have helped purchase their homes in the last year. The Gross's real-estate agent in Phoenix, Shawna Perkins, has had five.

At wealth-management firm AITi Global, co-head of U.S. wealth planning Brittany Cook said her clients are more apt to ask about buying—and then actually buy—homes for their kids than they were in the past. Many are giving cash or short-term loans up front so that their kids can make their offers more competitive.

Cook attributes the shift to increased housing market competition—"but also because wealth has grown, and people want their kids to enjoy it before their death."

Americans aged 55 and over now hold the bulk of the nation's wealth, and are living longer. Many are passing on at least some of that wealth to their heirs now.

Though real-estate professionals said they are seeing more cases of home buying as a family affair, the data is murkier. There are a number of ways that parents and sometimes grandparents can help younger family members buy a home: a cash down payment as a gift, a family loan, cosigning on a mortgage, buying the house outright or inheritance. Nobody measures all of them.

The share of 25- to 34-year-old first-time home buyers with a co-borrower 55 or older rose to 2.5% in the first quarter of 2023, up from 0.6% in 2000, according to government-sponsored mortgage buyer Freddie Mac.

Surveys from the National Association of Realtors showed 22% of first-time buyers used a gift or loan from family or friends to help with a down payment in 2023, down from a peak of 36% in 2010, after the housing crash and implementation of the firsttime buyer tax credit. The organization attributes the decline partly to first-time purchasers who are buying later in life and accumulating more of their own savings. The share who tap an inheritance has increased, however, to an all-time high of 8% in 2023. The data doesn't capture cosigners or gift purchases.

Redfin found in a November 2023 survey that 26% of Americans ages 18 to 44 used family money to help fund their down payment. "There is no other way for you to get into the housing market, so now you need parental help more than ever," said Redfin chief economist Daryl Fairweather, referring to those priced out by the combination of high mortgage rates and high prices.

In Savannah, Ga., Jessica and James Torrence knew their days of squeezing their three kids into a 900-square-foot apartment were numbered. James is a self-employed truck driver and Jessica is a stay-at-home mom. But after looking at the homes they could afford in their budget, which topped out at \$250,000, they figured they would just move to a bigger rental. Until James's mom stepped in.

She had already been coming along to listing appointments, and was equally unimpressed by the dilapidated options in struggling school districts available in the \$200,000s. So she started sending the couple listings in the \$300,000s, saying she would help.

The couple still felt as though the decision was theirs. But that didn't stop Jessica from being able to tell immediately by her mother-in-law's facial expressions whether she liked a house or not.

"You are so grateful that somebody wants to give you money, but you also don't want to ask for too much," said Jessica, 29. "If somebody is offering to buy you a house, you need to take their input. That's just how it goes."

Her mother-in-law ended up contributing \$155,000 to the four-bedroom they bought for \$375,000, keeping their mortgage around \$1,900.

"Never in a million years would we have been able to do this on our own," Jessica said.

Stephanie Gossett, who helps run the Charlotte, N.C., offices for real-estate brokerage Howard Hanna, has been encouraging her team of almost 400 real-estate agents to involve clients' parents in the first-time home buying process. She has been frustrated to watch the average age of first-time home buyers tick higher, and thinks that parents are doing their kids a disservice by waiting to pass on wealth until they die.

Then she realized: "I need to practice what I preach."

Gossett bought a \$430,000, three-bedroom ranch for her 20-year-old daughter, Ava, in Wilmington, N.C., where Ava is an incoming junior at the University of North Carolina. The idea is for Ava to start contributing to the mortgage once she graduates. So far, Ava said, her favorite part of homeownership has been having a better place to hang out with her friends than in between the lofted beds in someone's dorm. "We have to help these kids be able to have a leg up in life," Gossett said, "because they won't be able to do it on their own."

Jessica and James Torrence with one of their three children.

At far right, Ava Gossett in her house in Wilmington, N.C.

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