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Finding a home is still possible for those under 30

Boston Globe, 6/27/2004

Some might call her savvy, others might say she's got foresight, but sometimes, Nicolé Keane just feels old.

"I'm definitely an anomaly among my friends," said the 26 year-old home owner, who purchased her 700 square foot, \$149,000 Salem condo when she was just 24. "The drawback is I feel like I'm a lot older."

Data from the Massachusetts Association of Realtors shows that, statewide, average prices of single family homes jumped from \$242,777 in 1999 to \$ 372,316 in 2003 and condos increased from \$152,558 to \$268,613 during the same period.

According to the National Association of Realtors (NAR), last year's state-wide median for first time buyers was \$216,000, a price-tag that leaves many 20-somethings - who were barely out of high school when the market started its precipitous spike - on the sidelines of ownership.

While buying a home is something adults under 30 might not even consider until well after they've established careers and found a way to save a lot of cash (the NAR's numbers indicate that in 2003 the average age of first time buyers was 33) a number of young buyers are entering the market looking to invest in their future while having a place to live in the present.

"People with jobs want to belong to the community," said Ruston Lodi, director of public affairs for the Massachusetts Housing Partnership, a public-private collaboration that provides financial programming to low and moderate income home buyers. "Having a home is what people worry about the most," Lodi said.

Plenty of 20-somethings are paying off student loans, making low salaries in entry level positions, living in fear of doing their own home repairs or simply enjoying their new-found status as legal drinkers and independent renters, the anxiety exists for many that if they don't get in on the housing market now, they're afraid they never will.

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Young home owner Nicole Keane works in the garden outside her Salem condo.



Young home owner Nicole Keane paints the kitchen cabinets.

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A self-selected minority are taking the plunge, paying the mortgage, buying electric drills, and feeling good about their investments.

Nicolé Keane

Age: 26

Home: A 700-square-foot, one bedroom condo in a two-unit, late 1800's house in Salem, which she purchased in September, 2003.

Price: \$149,900

Occupation: Portfolio assistant for a Boston money manager

Why she bought: "For two years I had the luxury of living at home with my father and stepmother and saved \$900 a month, but then they were moving to Maine and I was petrified. I had to rent or buy, and buying is so much smarter than renting."

How she did it: "There's lots of assistance for first time homebuyers. There are grants, soft second mortgages, and a variety of other programs." (see tip box on P.TK) Keane is planning to put the Salem condo on the market this summer, and begin looking for her next home purchase. She hopes to make \$50,000 on the sale and move closer to the city. "You have to go in with the attitude that 'this isn't where I'll live forever.' You have to walk in saying there are compromises. I wanted wood floors, near the ocean, lots of sunlight, and I got those things. There's really a lot out there for first time owners."

James Levasseur

Age: 26

Home: Closing on a two-bedroom ranch in Medway this week with his girlfriend, Beth Foster

Price: \$298,000

Occupation: Levasseur is a high school biology teacher, track and soccer coach, and works weekends at The Olive Garden restaurant. Foster works for Tufts Health Care and at Olive Garden on weekends.

Why he bought: "Every year we threw away thousands of dollars in rent. This year we threw away nearly \$20,000."

How he did it: "My girlfriend and I went in fifty-fifty. We knew we were going to live together and it was just a waste of money to rent. I graduated from college in 2000, worked as a chemist for a year and lived at home and saved money, paid off my student loans, then I lived in Japan and saved a few thousand there. Then I lived at home, worked two jobs, and all my money went right into the bank. We're getting a 30 year mortgage and putting 10% down, and she's taking out a loan for about 5%." When asked what deters younger buyers from venturing into the market ? in addition to cost ? Levasseur had a theory. "It's definitely the price. Secondly you have to commit to the place. At lot of people at 24 or 25 might not be married, don't have anyone to go in with them, and might not know where they want to be in a couple of years."

And when questioned if he saw this home as a "starter house," Levasseur laughed. "We're thinking at least five years so we can make money on it and then we're not sure. But my parents saw their first house as a starter house, and they're still in it."

Massachusetts first-time home buyer profile for 2003 (National Association of Realtors):

Median age: 33

Median income for first time buyer households: \$59,500 (for all buyers: \$75,700)

Median price paid for a first home: \$216,000

42% of all 2003 home buyers were first time buyers

A variety of private, local, state, and federal financing programs are available to assist first time home buyers. Application criteria vary, from being a school teacher or veteran, to keeping the home for a specific period of time. Doing the legwork can save thousand of dollars off the purchase price.

▶ www.homebuyerfunds.com lists assistance programs by state, for both first time and repeat buyers.

▶ www.mhp.net (The Massachusetts Housing Partnership) The Soft Second Loan Program has provided below-market mortgages to first-time homebuyers since 1991. There are over 280 participating communities and 38 participating lenders.

▶ www.hud.gov The Department of Housing and Urban Development has research, information on programs, and data useful for the new home buyer.

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Jon Gilbert

Age: 26

Home: three-bedroom Colonial in Dedham he has owned with his wife Madaline, 31, since March, 2003.

Price: \$365,000

Occupation: Both are scientists

Why he bought: "To have the freedom of being your own landlord and doing things you couldn't do in a rented apartment."

How he did it: "We've been working since we graduated from college, and I've been working since I was 12 or 13. Paper routes, in a grocery store, at a summer camp, and all through college. We didn't have any additional financial help. It was me, my wife, and my bank."

Gilbert didn't hesitate when asked if he saw the responsibilities of home ownership as complicating the life of two full-time working parents with two small children. "No, there's no comparison," he said. "You have the freedom of your own home, and I enjoy doing that stuff so I see it more as a hobby than a job." And is this a starter home? "Probably," he said. "Eventually it becomes an issue of schools more than anything else."

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