

By Michael Chamernik, Associate Editor

BUYERS

DOGS FACTOR INTO HOMEBUYING

When shopping for a home, Millennials often aren't just thinking of themselves; they're considering the needs of their furry companions.



One-third of people between the ages of 18 and 36 said that space or yard for a dog was a factor in buying their first home, according to a recent survey from SunTrust Mortgage.

Additionally, among Millennials who have yet to buy a home, 42 percent said their dog, or the desire to have one, will influence their homebuying decision in the future.

Having a dog isn't always easy for renters. Even if pets aren't outright forbidden by the lease, renters often don't have enough space, both inside or outside, for their dog to run around.

"For those with dogs, renting can be more expensive and a hassle," Dorinda Smith, SunTrust Mortgage president and CEO, said in a statement. "Homeownership takes some of the stress off by providing a better living situation."

According to the poll, 66 percent of respondents said the need for more space in general was the biggest influence for

buying a home, the most common response. Young adults also took into account equity (36 percent), marriage (25 percent), and the birth of a child (19 percent) when making their purchase decision.

The survey sought responses from 412 U.S. adults between 18 and 36, of which 248 had purchased their first home. A 2016 survey from Mintel, a market research company, found that 71 percent of men and 60 percent of women between 18 and 44 own a dog, compared to 50 percent of American men and women of all age groups.

DEMOGRAPHICS

MIDDLE CLASS STATE OF MIND

Seven in 10 American adults consider themselves as belonging to the middle class, according to survey results in the 2017 Planning & Progress Study from Northwestern Mutual Life Insurance.

Most respondents defined "middle class" as a combination of income, assets, and lifestyle. Half of respondents who said they're middle class earn between \$50,000 and \$125,000 a year, with the highest proportion, 19 percent, making between \$50,000 and \$74,999. But, the broad definition of "middle class" led to a wide income range: 12 percent of those who say they're middle class earn less than \$35,000 a year, and 14 percent bring in \$150,000 or more.

People in the middle class are optimistic about their standing and the economy. The survey found that 58 percent of respondents who said they were middle class said that they feel "very secure" when asked about their current financial security. In comparison,

only 47 percent of the general population said they feel "very secure."

The self-defined middle class had a higher share of respondents who said that the American Dream was attainable for most Americans (55 percent of middle class respondents versus 48 percent of the general population), that the U.S. economy will be better this year than in 2016 (47 percent versus 43 percent), and that their retirement plan is better suited to endure market cycles (51 percent versus 43 percent).

The Northwestern Mutual results, which come from an online survey of 2,117 Americans aged 18 or older, suggest that "middle class" may be more of a mindset than a strict classification based on income.

According to a 2015 study from Pew Research, the share of middle-income Americans has steadily decreased from 61 percent in 1971 to 50 percent two years ago. In that case, middle income was defined as two-thirds to double the national median income, roughly between \$42,000 and \$126,000 a year.

COSTS

HIDDEN FIGURES

Renters who have never heard of a water bill will quickly learn all about it once they buy a house.

Research from Zillow and Thumbtack found that homeowners can expect to spend at least \$6,000 a year on average on "hidden," or overlooked, costs beyond just the mortgage, including insurance, property taxes, and utilities.

Of course, that average fluctuates wildly by location. Homeowners in expensive markets in tax-heavy states, such as San Francisco, San Diego, Los Angeles, Boston, and Austin, Texas, may spend more than \$9,000 a year on

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these costs. More affordable markets, including Indianapolis and Charlotte, N.C., have annual costs under \$5,000.

And those unavoidable costs don't

include house upkeep and maintenance, which tack on even more expenses. Homeowners can save money by taking on household chores and

yard work themselves, as outsourcing the jobs can be costly. According to the report, homeowners spend an average of \$3,021 a year for carpet cleaning, yard work, gutter cleaning, HVAC maintenance, house cleaning, and pressure washing through Thumbtack, a service that connects homeowners with professionals.

Additionally, new homeowners have to pay for closing costs when buying a house, and they may have to spring for HOA fees. Mortgage payments are only the start of housing costs for buyers.

"Determining how much a home will ultimately cost you each year and what you can afford is one of the most challenging aspects of home buying, especially for first-time buyers," Svenja Gudell, Zillow's chief economist, said in a statement.

CONSTRUCTION

CONSTRUCTION UNDERSUPPLY

According to a new study from Apartment List, only 10 of the nation's 50 largest metros have built enough housing to keep up with job growth over the last few years.

Four metro areas have added more than two jobs for every new housing unit constructed between 2005 and 2015: San Jose, Calif. (3.2), San Francisco (3.0), Boston (2.4), and Salt Lake City (2.2). From 2010 to 2015, San Francisco added 6.8 jobs for every one housing unit, topping San Jose (5.5) and Boston (4.1).

San Antonio, Denver, New York City, and Seattle are among the other markets that have added more new jobs than new housing over the last decade. Apartment List notes that a healthy market should add one new unit for

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every one to two new jobs to keep pace with demand.

The mismatch has resulted in rising rental costs. Charlotte, N.C. added the

same number of jobs as San Jose did between 2005 and 2015, but issued permits for three times as many housing units. Rents increased 57 percent in San

Jose, but only 30 percent in Charlotte. Atlanta added nearly as many jobs as Denver did over the same time period, but Atlanta approved twice as many permits. Rents rose 52 percent in Denver, but only 25 percent in Atlanta.

The report also found that metros' core counties tend to be stingy with supply, but the outlying counties are more likely to add new housing as people find more affordable homes farther away from the city. For instance, San Francisco County added 6.2 jobs per permitted unit from 2005 to 2015, but the city's non-core suburban counties had a more balanced 1.8 job-to-home ratio. Boston, New York City, San Jose, and Washington, D.C., have similar core-to-non-core splits.

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BUYERS

HOMEOWNERS HAVE REGRETS

According to a recent survey, 21 percent of Americans say that a past home purchase now prevents them from changing their current housing situation.

The survey, conducted by Harris Poll on behalf of Trulia, got responses from more than 2,200 U.S. adults who either own or rent homes.

Some 44 percent of respondents also said that they have a regret about their current home or the homebuying process that they endured.

When it comes to regrets, 41 percent of renters said they wished they had bought instead of rented, and 33 percent said they wish they had rented a larger home. Of homeowners surveyed, some 33 percent said they would prefer to own a larger home, and 26 percent said they wish they had done more (or less) remodeling. **PB**