

## The aging first-time homebuyer

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**Warm-up question:** Do you think buying a home is still an important life goal? Why or why not?

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**Nova Safo:** The share of home buyers who are first-timers is at an all-time low—one in five. That's according to a new report from the National Association of Realtors. The group also says the **median** age of first-time buyers is now 40. Marketplace's Mitchell Hartman has more on the consequences of this trend.

**Mitchell Hartman:** I meet Kim Tate-Wistrike at his new home on a tree-lined street in Portland, Oregon. The house is 120 years old with original **moldings** and huge bay windows.

**Kim Tate-Wistrike:** We moved in without anything, just bought a dining room table, a couple of pack-and-plays for the babies.

**Mitchell Hartman:** 17-month-old twins. Tate-Wistrike is 38. For more than a decade, he and his wife lived in Thailand. Back in the US with a young family, they started **house hunting** while moving from rental to rental.

**Kim Tate-Wistrike:** The market was pretty tough, and we actually **bid** above the market value, which was, you know, felt like a pretty bold move at the time, maybe not the right move.

**Mitchell Hartman:** But it was a move they could make, at least with savings in the bank and help from their parents. Their broker, Israel Hill, sees a lot of similar first-time buyers.

**Israel Hill:** Definitely an older crowd. The cost of homes has gone up. Someone needs to have a substantial **down payment** and be pretty stable in their economics to be able to afford a property.

**Mitchell Hartman:** Data from real estate site Zillow confirm the trend, says senior economist Orphe Divounguy. The typical **prospective buyer** is 39.

**Orphe Divounguy:** They have to have a much higher income than they used to to grab onto the first rung of the homeownership ladder.

**Mitchell Hartman:** Some analysts have disputed the National Association of Realtors' finding that the typical first-time buyer is as old as 40, though NAR stands by its data. Redfin has done its own analysis and concluded the average age of first-time ownership has risen gradually over the past two decades, says Chen Zhao, head of economic research.

**Chen Zhao:** Partly for affordability reasons, partly because people just do everything later in life. They get married later, they have kids later, right? So they buy a house later.

**Mitchell Hartman:** As to whether it's a good idea to wait until age 35 or 40 to buy a first home, here's Northwestern Mutual wealth management advisor Ashley Russo.

**Ashley Russo:** I like to remind people who are going for houses and it might be torturing themselves, right? Owning a home is not the only way to build wealth.

**Mitchell Hartman:** She says first priorities should actually be saving for an **emergency fund** and retirement. Orphe Divounguy at Zillow says delaying homeownership can have advantages.

**Orphe Divounguy:** If you are starting later and invested in the stock market, you're probably **in good shape**.

**Mitchell Hartman:** There are benefits to buying at any age, says Mike Fratantoni at the Mortgage Bankers Association. While rents tend to go up, with a **fixed-rate mortgage**, a homeowner...

**Mike Fratantoni:** ...locks in their housing cost and actually can result in significant buildup in wealth over time.

**Mitchell Hartman:** That's if home prices keep going up and if you stay in the home long enough to **build some equity**. I'm Mitchell Hartman for Marketplace.

**Vocabulary and Phrases:**

1. **median:** the middle value in a set of numbers, where half are higher and half are lower
2. **moldings:** decorative strips or designs attached to walls, ceilings, or furniture
3. **house hunting:** the process of searching for a home to buy
4. **bid:** an offer to buy something, often in a competitive situation
5. **down payment:** an upfront payment made when purchasing a property, usually a percentage of the total price
6. **prospective buyer:** someone who is considering buying something in the future
7. **emergency fund:** money saved for unexpected expenses or financial emergencies
8. **good shape:** in a strong or stable condition, especially financially
9. **fixed-rate mortgage:** a home loan with an interest rate that does not change over time
10. **build equity:** to increase ownership value in a property over time as it is paid off or rises in price

**Fill in the Blank** Use the correct word or phrase from the vocabulary list.

1. The couple decided to \_\_\_\_\_ above the asking price to secure the property.
2. They admired the original wooden \_\_\_\_\_ in the historic house.
3. Over time, homeowners can \_\_\_\_\_ as their property value increases.
4. Saving for a large \_\_\_\_\_ can take years.
5. The \_\_\_\_\_ carefully reviewed their finances before making an offer.
6. The \_\_\_\_\_ home price in the city is higher than ever before.
7. Financial advisors recommend having an \_\_\_\_\_ before buying a home.
8. If your savings and income are stable, you are in \_\_\_\_\_ financially.
9. A \_\_\_\_\_ protects homeowners from rising interest rates.
10. After months of \_\_\_\_\_, they finally found a place they loved.

**Comprehension Questions:**

1. What is the current share of first-time homebuyers in the market?
2. What is the median age of first-time homebuyers mentioned in the report?
3. Why is it harder for first-time buyers to enter the housing market today?
4. What factors, besides affordability, are causing people to buy homes later?
5. What financial priorities does Ashley Russo recommend before buying a home?
6. How can delaying homeownership sometimes be beneficial?

**Discussion Questions:**

1. Is renting a better financial decision than buying in some situations?
2. How important is it to have an emergency fund before making a large purchase?
3. Would you feel comfortable bidding above market value for a home? Why or why not?
4. How does homeownership compare to investing in stocks as a way to build wealth?
5. What factors are most important when deciding to buy a home?