
Millennials: Can $100 a Week Buy You a Home?

### Description

If you’re in your late teens or early 20s, being able to buy a house is probably a bigger concern for you than saving for retirement. The price of an average home has skyrocketed in recent years, and a growing number of millennials are being priced out of the best housing markets in the country.



With an expanding population and steady demand for new homes, there seems to be no end in sight for this affordability crisis. However, if you start early and make the right moves, you could put yourself ahead of the game and build a down payment for when you’re ready. Here’s how socking away just $100 a week can help you meet this seemingly impossible target.

## Aim for 20%

The average house price in Canada recently touched $481,000. You can probably expect that to reach $500,000 in a few years, which means you’ll need a 20% down payment, $100,000, to secure an average home with a reasonable mortgage.

If you start right away, saving a $100 a week will help you maximize your Tax-Free Savings Account (TFSA) contributions for the year. So, you can expect to save roughly $5,200 every year (which is well below the TFSA contribution limit for 2019). However, savings alone won’t get you to your goal. At this pace, you’ll need 19 years to meet your target. That’s not good enough.

To get there faster, you’ll need to leverage the power of compounding.

## Bolster your returns

Earning just 2-3% on your annual savings will cut several years off your road map to a down payment. Saving $100 a week and earning 3% on that every year will help you accumulate $100,000 in just over 15 years.

However, you can boost your returns even further and reach your goal much faster with stocks. The average historical return on stocks has been around 7% a year. At that rate, you can reach your target in just over 12 years. In other words, if you start saving at the age of 20, you will be able to buy a house by the age of 32.

How practical is a 7% annual return? Well, the **S&P/TSX Composite Index**, which passively tracks the 250 largest listed companies in the country and represents 70% of the stock market's total capitalization, has delivered a 157% return or 9.89% annualized return over the past 10 years.

In other words, you don't even need to pick the right stocks. You can simply *bet on them all* and expect a decent return over time.

However, if you're a stock picker, like me, there are plenty of ways to bolster your returns even further. Innovative technology stocks like **Shopify** and **Constellation Software** have delivered 94% and 21% annualized over the past four years, respectively. Some non-tech stocks even provide 7% or higher dividend yields.

## Foolish takeaway

The housing affordability crisis is particularly unfair for young savers. The average house now costs nearly half a million dollars, and saving up for a down payment is an uphill battle for most.

However, by saving just $100 a week, maximizing your TFSAs and investing wisely, you can certainly reach this target sooner than most of your peers. If you're young and savvy enough, you should probably get started right away.



**CATEGORY**

1. Investing
2. Stocks for Beginners

**PARTNER-FEEDS**

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

**Category**

1. Investing
2. Stocks for Beginners

**Date**
2025/07/27
**Date Created**
2019/12/17
**Author**
vraisinghani