



Millennials: How to Make 2022 the Year You Buy a House

Description

It's been a really hard time for millennials trying to buy a [house](#). Housing prices have been climbing higher for years. At first, the pandemic actually helped those seeking to get in on the market. Low interest rates led to a surge in real estate buying, but of course, this led to climbing housing prices. Some that are far out of anyone's reach.

In fact, the affordability index is now through the roof for Canadians trying to afford a home. The average mortgage would take up 46.5% of a household's income, according to the **National Bank of Canada's** November 2021 report. That is far and away above the [recommended](#) 25% used as a jumping off point.

But don't fret! There are ways to afford a home in 2022. This could be the year millennials get in on the market if that's your dream.

Start a side hustle

I've written a few times about the glory that is the side hustle. There are so many ways to get in on the action these days. In fact, it's now becoming a great way to find your true passion project. During the pandemic, many of these passion projects turned lucrative. From crafting to carpentry, millennials can make a side business that you do at your leisure, and sell it for some extra cash to put towards a deposit.

But if you're too cooked after a day at work, or already have a dream job, millennials can still make extra cash from other side hustles. One I'm a fan of is renting out space. Anything you can! Have a parking spot and no car? Rent it out. How about a garage, a shed, even an attic? Rent it out! That's easy money each month, all of which would be hundreds of dollars with minimal work.

Use your RRSP, and budget

If you're a first-time [home buyer](#) and have a Registered Retirement Savings Plan (RRSP), millennials

can use up to \$35,000 of their RRSP towards a down payment, tax-free. However, you must pay it back within 15 years, so make sure that's calculated into your plan and budget for the next decade or so.

This is an excellent way to use your savings and get used to budgeting, which is a key to affording a home. And in fact, it should be considered before millennials even look at buying a house. See what you can afford to cut back on, and put as much as you can aside. Then, put that back towards your RRSP after you purchase a home.

Ask the bank of mom and dad

It's a growing part of our culture to go to our parents or other family members to help buy a home. While some families can afford to help out their children, others may not have the funds to simply hand over tens of thousands of dollars.

Not to worry. If you come to your parents, showing that you're using your RRSP, have a budget, with a repayment plan for this loan, it will go a long way. Just make sure you have it down on paper so no one is left wondering when you'll be making your payments. Don't take advantage of your parent's generosity!

Still stuck? Consider renting

Here's the thing. Salaries still need to catch up to the increasing housing market. And yet millennials remain focused on being in urban centres, where they can find work. Sure, you could drive until you can afford the houses. But... why?

Instead, ask yourself why you want to buy in the first place. There is a cultural focus on buying a home in North America, where there traditionally has been a lot of space. While working from home has left some flexibility to work anywhere, many still need to work close to big cities. So until salaries meet home expectations, you should *never* see renting as any type of failure.

Meanwhile, you can always put aside your cash for one day when you may be able to afford a home. If not, great! You now have a load of cash to use for the lifestyle you want. And hey, maybe that's a cottage in the wilderness instead of a home downtown.

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alegatewolf

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