
More Mortgages are Smaller Mortgages: 2019 Trends for Young Homeowners

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Many young home-buyers are opting for so-called “starter homes” in efforts to get into the market early and on a budget. With high levels of student loans and other debt, millennials are starting families later and waiting longer until they need as much space in their homes as their parents may have needed at the same age. Other young people are choosing not to have children at all, and are in the market for small homes whether they’re choosing a first home or not. That means that young buyers across the board are hopping into smaller homes, and with experts predicting¹ that the United States will have 40 million millennial households by 2025, this is likely to have a major market impact.

The average home in the United States is getting smaller and smaller, and in early 2018 the average home was 2,436 square feet², down from 2,660 in 2017³. In a recent survey⁴, 47% of people who live in homes that they describe as smaller than average say that they bought a small home because they weren’t able to afford anything larger. Thirty-eight (38%) of people in small homes in that survey also said that they’re staying in their current home because they can’t afford somewhere larger. Respondents in these small homes focused on quality over square footage, with many saying that they valued their homes’ natural light, outdoor space, or other features.

As the market worries about a future possible contraction, the message for lenders, builders, and spenders may turn out to be that smaller will be bigger in 2019.

¹ <http://jchs.harvard.edu/research-areas/housing-markets-conditions>

² <http://eyeonhousing.org/2018/05/single-family-home-size-increases-at-the-start-of-2018/>

³ <https://www.statista.com/statistics/529371/floor-area-size-new-single-family-homes-usa/>

⁴ <https://www.forbes.com/sites/houzz/2017/12/19/the-pros-and-cons-of-small-houses-according-to-new-houzz-survey/#76061112c3dc>

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