

HOME ALONE— And Loving It!



The Hot New Housing Trend Is Single Women Buying Real Estate

By Rosemary Rys

For centuries—back as far as chauvinistic caveman days—real estate was considered man's bailiwick. Women waited until marriage to save for a down payment and search for their dream home with their husbands. But no longer. These days, with increasing frequency, "a woman's place" is in *her own* home. Single women aren't waiting for marriage and a man to carry them over the threshold before they take out a mortgage, and divorcees and widows are cashing out equity in the family home to invest in properties that fit their new, altered lives. In fact, research shows that single women are purchasing homes in record numbers. The National Association of Realtors reports that 20 percent, or one out of every five home buyers, is a single woman these days—up from 14 percent in 1995. We're the second-largest segment of

homeowners in the country.

What's driving this trend? The fact that interest rates have been so low for so long, making homes more affordable, no doubt has something to do with it. But perhaps more important is the fact that women are postponing marriage longer these days. We're also taking a greater interest in our own financial security. It simply doesn't make sense for a woman to wait for her Prince to come before she buys her castle. "Women don't want to be dependent on marriage. They are taking control of their own destiny. That includes a home in their own name and stability, no matter what," says founder and publisher of *Her Home* magazine (www.her-home.com) Linda Reimer.

No doubt about it: Real estate, in the form of a "fix-her-up" starter home, rental property or vacation home is the best investment any woman can make, according to many experts. A quarter of all home purchases in

2004 were made as investments, not for use as the buyer's residence, the National Association of Realtors reported recently, and women are buying their share of investment properties, as well as residences. Every mortgage payment you make buys you equity in an asset you can use in any number of ways, from collateral for a small business loan to a source of rental income—and always as a tax advantage. Best of all, while you're making those payments, you're not throwing away rent money to pay for the roof over your head. How can you beat that?

Real estate agents corroborate the single female homebuyer trend. "There are more affluent women than ever before, and they're more interested in business than in matrimony. Here, most of them are buying condos," says Eloise Atkinson, a Coldwell Banker broker associate in San Diego.

Realtor Capri D'Amaro of Prudential Fox & Roach in the Society Hill section of Philadelphia adds: "What's great is that I am constantly running into women investors. They invest in a single home or duplex, which they live in for a while. They'll collect rent on the other half, and then move into a home they really want and continue to collect rent from the first property."

Architects and builders are starting to accommodate women buyers, as well, designing homes with extra closets, office space for home businesses, and other amenities women want and need. It's hard to ignore the trend when more than 90 percent of the units in a certain town-home community in the Midwest were pur-

Reasons women buy: "Rents got too high. I didn't want to throw my money away"; 'I felt my 'homeological clock' ticking as I reached a certain age'; and "I wanted to feel independent and stable."

chased by single women. As it turned out, they liked the direct-entry, one-car, attached garage, which lent an element of security in this fringe neigh-

borhood. The community had a 500-person waiting list and was sold out in less than 45 days.

Mortgage lenders have made it easier than ever for women with good credit histories to qualify. Many even offer a zero-down option, in which buyers finance the entire amount at present low interest rates, taking out a separate loan for the 20 percent down payment. While these offers are tempting, there are risks involved in taking out a no-down-payment loan, particularly if housing values decline. Still, there's no question that, with today's still-low rates and the various low- and no-down-payment programs aimed at first-time homebuyers, it's become easier than ever to stop paying rent and start building wealth.

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Consider this example: Let's say the monthly rent on a condo or townhouse is \$1,700. The home's value is \$170,000, and you take out a mortgage of \$166,175 to purchase it. Your net payment, after tax deductions (assuming a 15 percent tax bracket and a 6.25 percent, 30-year fixed-rate loan, with tax and insurance money held in escrow) would be \$1,319.63. You've saved nearly \$400 a month.

Some Down-Home Advice

MAKING BREAD asked single women from their 20s to their 60s who had bought real estate what made them "homeward bound." The answers we got ranged from the very practical ("Rents got too high. I didn't want to throw my money away." Or "I wanted an investment and equity.") to the more personal ("I felt my "homeological clock" ticking as I reached a certain age." And "I wanted to feel independent and stable."). Besides the considerable emotional rewards, all of them saw the value of their investment increase dramatically.

Take Liz, for example, a 45-year-old writer, who lives in a popular beach town along the Jersey shore. She bought her first home there at age 31 for \$150,000. Her aunt told her it was in a good neighborhood and encouraged her to buy it, because "it would be a terrific investment." Terrific advice! In 13 years, it has appreciated 500 percent. "This is the first thing that has been truly mine, and I can paint the walls bright green if I want to," says Liz. "Years of living in off-white apartments were torture for me. I love my home every single time I walk



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through the door." Her advice? "If you buy an older home, make sure you learn how to do things yourself to save money."

Anna, 40, cautions others not to unknowingly purchase a "money pit," as she did. It looked like the perfect first home for this single mom with six kids ranging in age from 3 to 23. What she didn't count on was that the friend she trusted as her "contractor" wasn't to be trusted. He used her money to hire an expensive helper, and, before she knew it, she was out \$6,000 and had an unfinished project on her hands. This during the winter, no less. Having given up her apartment so that she could afford the mortgage, she and her kids had to live with various family members until the house was inhabitable. Her "friend" didn't get

the necessary permits, left her yard littered with heavy roof shingles, didn't complete the electrical wiring, and then just up and left. A homeowner's warranty would have been a plan, Anna admits now. She'll never let herself be taken like that again.

Susan, 27, who owns a condo, cautions, "Condo fees rise annually, as do property taxes, which could become a negative over time. But the trade-offs are my feeling of independence and the stability and sense of community I get from being part of a neighborhood." Her property in South Jersey, bought for under \$99,000 six years ago, has appreciated 100 percent in value.

Meanwhile, Zsa Zsa, 25, was eager to stop paying rent and invest in her first home. Sweetening the deal was the fact that she worked for a builder at the time and got

a \$10,000 break on the asking price. That cinched it. She became a proud homeowner. Then, 11 months later she lost her job and had to sell her gorgeous new townhouse and move back with her parents for a time. Her advice: "Check with a financial adviser, and make a plan based on your current income. Buy mortgage insurance to protect your investment in case anything happens. Also make sure you have a good disability policy to cover yourself in the event that you're injured and can't work."

Terry, 55, cautions: "It costs more than you'd think to maintain a house. Look at the property taxes and how long it has been since they were re-evaluated. If it's been awhile, they may be due to go up big time. Also, learn just what you get for those property taxes—the frequency and availability of services such as street cleaning, trash pickups, landscape maintenance, snow plowing. Make sure the other homes around you are well-maintained."

Joan, 65, remembers, "I never lived alone until I was 57. What a freeing, albeit scary, feeling! After taking care of various men for some 30-plus years, I promptly gave up cooking in favor of eating out or 'microwaved something,' and did whatever I pleased, without worrying about another person's needs or wants. Putting together a vacuum cleaner from scratch was my first do-it-myself project, and it worked! Wow!

"My husband and I separated in 1979 after 14 years of marriage," Joan continues, adding that this major transition occurred during the same month she celebrated her 39th birthday, graduated with her bachelor's degree from a major university, and quit her job. "Very stressful!" During her separation, she "shared a historic row home in a prestigious neighborhood in Society Hill, Philadelphia, with a friend. Once my divorce was final, two years later, my equity share of our marital home in hand, I decided to buy my own condo. I put a down payment on a

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duplex near a well-known college and rented half of it to students for seven years. (I could write a book about that experience titled, '101 Student Excuses: Why I Can't Pay My Rent!') I knew it was time to get out of the landlord business when I spotted a flyer that said PARTY TONIGHT—and gave a rather familiar street address. The cops were put on alert, the party was held quietly, and the rest is history. It was time to move on." Joan moved on, to another home of her own.

As for me, dear readers, after writing this piece, I realize that I should follow my own advice. For the past seven or so years, I have rented a fabulous apartment, with an amazing cityscape and lake view. It has everything I need—except the big "E": EQUITY. Income taxes are a problem every year, because, without mortgage interest and real estate taxes to deduct, I have no significant write-offs. So, this May, I plan to take a trip to look at active-adult communities down south. I hope to buy a home in one of these communities in a few years. When I do, I'm going to carry my belongings over the threshold and have a big party! If Mr. Right decides to come along at this point in my life, he'll have to live in MY home. □

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