



No Place Like Home

Latinos are investing in real estate, lifting the economy

BY MATT ALDERTON

Sonoma County, Calif., is best known for wine. But when Adriana Buenrostro moved there from Los Angeles six years ago, she wasn't interested in growing grapes. Instead, what she most wanted to cultivate was a stable future for her family. "I wanted to start building wealth for my children," says Buenrostro, 35, a single mother of two sons, ages 6 and 7. "And in my book, the best investment out there is real estate."

Buenrostro found work as a property manager and eventually obtained her real estate license. In October 2016, she began selling real estate part time while she continued managing properties. For more than a year she lived off the salary from her first job and saved the commissions from her second. Then, in spring 2018, she had enough money for a down payment on her first home in Santa Rosa, Calif. Although the house needed work, it's more than twice

the size of her previous apartment — big enough to accommodate her mother, a first-generation Mexican immigrant who has moved in to help with child care.

Buenrostro is one of millions of Latinos whose American dream includes homeownership, according to the National Association of Hispanic Real Estate Professionals (NAHREP). In 2017, it reported that 7.5 million Hispanics owned homes in the United States, which equates to 46.2 percent of the Hispanic population. Although that's down from 49.7 percent in 2007 — before the subprime mortgage crisis — it's increased from a post-crisis low of 45.4 percent in 2014. In fact, Hispanics are the only demographic whose rate of homeownership has increased each of the last three years, according to the study.

Clearly, Latinos hunger

for homes of their own. If they can sate their appetite, the entire country stands to gain.

PRIMED TO PURCHASE

NAHREP co-founder and CEO Gary Acosta attributes the surge in Latino homeownership to a perfect storm of demographic, economic and cultural factors. According to NAHREP research data, demographically, he says, Latinos are a young population: Their median age is 28, which is 10 years younger than the general population. "Nearly 30 percent of Hispanics are millennials, who are just now moving into what I would consider prime homebuying years," Acosta says.

Economically, Latinos have been buoyed by rising incomes and education. In 2016, for instance, median Hispanic household income increased 4.3 percent to

\$47,675, while the number in poverty declined to 19.4 percent or 11.1 million.

"The college graduation rate for Hispanics in this country is up almost 15 percent in the last 15 years, which is a big change," says Ralph DiBugnara, vice president of retail sales at New Jersey-based mortgage lender Residential Home Funding. "Second- and third-generation homebuyers, especially, are more educated. With that, you're seeing more established credit and improved income, which means more Hispanics in general are qualifying for loans."

Additionally, there are cultural drivers. "Hispanics by nature have a very strong affinity towards homeownership," Acosta says. "Family is very essential to Hispanic culture, and the home provides the perfect setting for a thriving family environment."

Jasmin Elizarraras is typical of many Latino homebuyers. The 28-year-old pediatric nurse recently purchased her first home. "I grew up in California and lived in an apartment for basically all of my childhood," says Elizarraras. Her parents immigrated from Mexico and had always dreamed of owning a home. "Because the cost of living in California is so high, their dream was unattainable until we moved to Memphis. That was in 2005, and my parents bought their first home in 2006. That influenced me. I decided not to rent and instead put money into something that's mine."

HOMEBUYING HURDLES

Although real estate is

attractive to Latino buyers, it doesn't always come easy. One challenge is financing, according to NAHREP, which reports that 56 percent of surveyed Latinos believe it would be difficult for them to qualify for a mortgage. In many cases they're correct, according to Rick Sharga, executive vice president of Carrington Mortgage Holdings, the lending subsidiary of real estate consortium Carrington Holding Company.

"The Hispanic population skews heavily toward small-business ownership," he says. "A lot of small-business people have problems with their FICO scores because they mix personal credit with

business credit. That makes it tough to qualify for a conventional loan."

A related issue is education. "The Hispanic community doesn't understand the system," says real estate attorney Teresa Bernhardt, board chair of Mi Techo, a Memphis-based nonprofit

that provides bilingual education and counseling. "Most of us grew up with parents who had a mortgage and talked to us about credit. Hispanic buyers didn't, because in Latin American countries the process is not nearly as

complicated as it is here." Another hurdle is the lack of affordable housing. "The biggest challenge right now is the fact that there's very

7.5 million

Hispanics owned homes in the United States in 2017

SOURCE: National Association of Hispanic Real Estate Professionals

