

The Rentership Society

The idea that owning your own home is the ultimate American dream is being turned inside out by a **NEW WAY OF THINKING**.

THREE YEARS AGO, WHEN I MOVED from Georgia to Arizona to fulfill my long-held desire to live in the Southwest, I decided to try a novel approach to my new living situation: I opted to rent a home rather than purchase one. Meanwhile, back in Atlanta, my real estate agent found an affluent renter for the 100-year-old midtown condominium that I had owned for two decades — a 40-something attorney new to town who wanted to experience an urban Southern lifestyle while establishing his practice. Turns out, he owned a home in San Diego that he was renting out.

When I relocated, I spent my first seven months leasing a single-family house in a Scottsdale golf-course community that featured a view of the city's famed Camelback Mountain. After my stint in Scottsdale, I set my sights on Cave Creek, Ariz., a tiny community carved out of the pristine Sonoran Desert. This time around, I opted for a three-bedroom, two-bath Santa Fe-style rental in a quiet neighborhood within walking distance of the town center and hiking trails. As it turns out, the novel approach of renting instead of owning has been a dream come true for me — and numerous others are turning similar dreams into reality.

The Rise and Whys of the New Rentership Society

It used to be that the only folks who rented were low-income or bad-credit types with limited options. But not anymore. Since the housing bust in 2008, the renter population has swelled to 43 million households, according to a 2013 study conducted by the Joint Center for Housing Studies of Harvard University. Demand is expected to

continue to grow by 4 to 4.7 million households by 2023, according to the Harvard report. And surprise — that population includes successful professionals, families and retirees. A 2011 Morgan Stanley report posits that a combination of falling home prices, limited mortgage credit, continued liquidations and better rental options is fundamentally changing the way Americans live. This movement has been dubbed “The Rentership Society.”

As voluntary renters, or renters by choice, many Americans across all stages of their lives are living in far better (read: nicer, safer) neighborhoods than ones in which they could — or want — to buy. Additionally, they're able to try on different neighborhoods, cities or states without having their money tied up in a mortgage — leaving them the freedom and flexibility to vacation frequently, relocate for a job, start a business or make other investment choices.

The stigma of renting being akin to throwing your money away is also beginning to fade. Much like the choice to remain single or child-free, the decision to rent versus buy a home is increasingly





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being accepted as a legitimate — even favorable — option. According to a 2013 report from the MacArthur Foundation, 57 percent of U.S. consumers say buying has become less appealing, and 54 percent say that renting has become more appealing. A majority — 61 percent — say that renters can be just as happy as homeowners, turning the American dream on its head.

As property values have plummeted, owner-occupied housing is losing some of its luster. For the first time in recent history, the government is no longer promoting home ownership for all Americans. Many past and current owners are skittish about owning, while many millennials — those born between 1980 and 2000 — have seen the market volatility and are rejecting home ownership as a rite of passage altogether. Andy Seth is an entrepreneur, philanthropist and co-founder of Denver-based wealth-management firm LotusGroup Advisors. He says that from a global perspective, a \$500,000 mortgage is hardly the stuff of dreams. He chooses to rent a house, and he's keen to perpetuate a fresh American standard of success. "The new American dream is all about having the money, time and mobility to make life count. I choose to rent and fix my monthly costs, using the spare time and money to invest, travel and cultivate my community," he explains.

Doing the Math

"There are tremendous emotional and financial benefits to renting," says Jill Schlesinger, a certified financial planner and CBS News business analyst. "Renters have a blissful peace of mind. They never have to worry about the boiler imploding or the roof leaking or an appliance that stops working. All of those problems are easily solved with a quick call to a landlord, who has to deal with the hassle of repairs. It took a housing crisis for us to realize this."

As appealing as this stress-free, no-strings-attached life is, though, it does have its drawbacks. Schlesinger herself is not immune to the societal pressures of home ownership, likening it to achieving grown-up status. "While renting can instill a sense of freedom, many homeowners will tell you about the great psychic benefits of owning their own homes, of nesting and creating a 'home' rather than simply a place to hang your hat for a while," she says. If you're thinking about buying a home merely as an investment, however, you might want to

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REAL ESTATE

think again. Schlesinger explains, "When you really get down to it, housing is not exactly a financial asset — there are better ways to build wealth."

Ken H. Johnson, a faculty director of Hollo School of Real Estate at Florida International University and one of the nation's leading experts on the buy-versus-rent debate, agrees. "Home ownership is a tool for people who like to force themselves to save," Johnson says. "Paying down a house is the No. 1 way most Americans acquire wealth. Not all, but most should own rather than rent, due to ownership's embedded commitment to save." And while getting people to invest in something that retains value is a good thing, it's not an across-the-board strategy. According to Johnson's research, there are two groups who find renting advantageous over buying as a strategy for wealth creation:

Is Renting Right for You?

If you're weighing whether to **rent or buy**, consider the following factors:

WHERE DO YOU LIVE? In some markets, such as Manhattan, Los Angeles and San Francisco, owning may be out of reach for even the most successful professionals. Many high-net-worth individuals choose to rent in those markets — sometimes permanently. Even if you can't afford to buy the American dream, you may be able to rent it.

WHAT DOES YOUR CAREER PATH LOOK

LIKE? Post-recession, many professionals are conducting nationwide job searches; some jobs necessitate frequent moves. A house can be an anchor when it comes to the mobility you may need to remain marketable.

HOW'S YOUR CREDIT? Tightened lending standards mean that less-than-sterling credit will cost you more in a mortgage. You might be well served to burnish your credit score now to enjoy better rates in the future.

HOW MUCH PERSONAL FLEXIBILITY DO YOU WANT? Renting gives you the freedom to join an out-of-state love or an aging family member. If you are not sure what your next step is, renting can provide greater peace of mind.

HOW MUCH FINANCIAL EXPOSURE CAN YOU TOLERATE? With a rental, your costs are fixed. As an owner, unforeseen costs are a major stress factor and can really add up, especially if you're not the do-it-yourself type.

HOW MUCH CASH DO YOU HAVE ON HAND? Many experts are now suggesting you not buy a house unless you have 12 months of mortgage payments, taxes, insurance and maintenance costs socked away.

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excellent savers, which Johnson defines as those who save 50 percent of every dollar above expenses, and millennials.

Why millennials? Because millennials move a lot to maximize their income through better jobs, and they lose wealth through the transaction costs associated with home buying.

“We need to tell our parents, our friends, our neighbors that there’s nothing wrong if you’re a tenant,” Johnson concludes. “I went 10 years without owning a house — renting for me was a sound financial decision. Now I think buying is a sound financial decision.”

Josh Hartmann, the vice president of Phoenix-based NEXMetro, is banking on the

new class of voluntary renters. His company is building upscale, detached, single-family, leased-home neighborhoods in desirable suburban Sun Belt cities. To date, NEXMetro has gated communities completed or under construction in Tucson, Goodyear and Chandler, Ariz., and in McKinney, Texas, outside Dallas. Hartmann says units are leasing briskly, with an average occupancy of 90 to 95 percent. Renters run the gamut from new graduates and millennials to empty nesters and retirees.

“There’s been an ideological shift in lifestyle and demographics since the great recession,” Hartmann says. “We are filling a niche that didn’t exist, reaching a customer who wasn’t being served by more traditional multifamily housing options. Demand is really strong for this product. It’s like having a private residence without the obligations — landscaping, HOAs, maintenance — of ownership.”

Cathy Hassett exemplifies that carefree lifestyle. She is over 55 and splits her time between a home in Florida, her equestrian business in Asia and visiting her five children around the country. Her primary residence is a high-rise luxury apartment by Related Midwest on Lake Shore Drive in Chicago. With such a demanding schedule, Hassett prefers renting because of the maintenance-free lifestyle and amenities it affords her.

“Because I travel so much, it’s wonderful to have building staff who will do anything for you,” says Hassett of the five-star service that residents of her building receive.

Thirty-one-year-old Phoenix-based freelance copywriter Sara Arnold and her live-in boyfriend are self-characterized “career changers.” She outlines several reasons they choose to rent.

“We are both working, but the big drivers for us are repaying student loans,” she says. “It’s hard enough to split our money into traditional savings and retirement, and throw in saving for a house. It was a conscious decision of where to focus our money in a way that makes the most sense for us right now.”

She adds that though they think about buying, they may want to make an out-of-state move in the next couple of years. Millennials like Arnold prize mobility.

“We’ve gotten to where we are by having options,” she says. “We want to keep them open.”

SUZANNE WRIGHT lives and hikes in Cave Creek, Ariz., amid cactuses and coyotes. She’s written for *Arizona Highways*, *Men’s Journal*, *National Geographic Traveler*, *Veranda* and *Wine & Spirits*.



Important Information for Patients about PATADAY® (olopatadine hydrochloride ophthalmic solution) 0.2%

This summary contains risk and safety information for patients about PATADAY® Solution. This summary does not include all information about PATADAY® Solution and is not meant to take the place of talking to your healthcare provider about your medical condition or treatment. Please see the full Prescribing Information for complete product information available at www.Pataday.com. Read the Prescribing Information that comes with PATADAY® Solution before you start using it and each time you get a refill. There may be new information. If you have questions about PATADAY® Solution, talk to your doctor or pharmacist.

INDICATIONS AND USAGE

PATADAY® Solution is indicated for the treatment of ocular itching associated with allergic conjunctivitis.

DOSAGE AND ADMINISTRATION

The recommended dose is one drop in each affected eye once a day.

DOSAGE FORMS AND STRENGTHS

Ophthalmic solution 0.2%: each ml contains 2.22 mg of olopatadine hydrochloride.

CONTRAINDICATIONS

None.

WARNINGS AND PRECAUTIONS

For topical ocular use only.

Not for injection or oral use.

Contamination of Tip and Solution

As with any eye drop, to prevent contaminating the dropper tip and solution, care should be taken not to touch the eyelids or surrounding areas with the dropper tip of the bottle. Keep bottle tightly closed when not in use.

Contact Lens Use

Patients should be advised not to wear a contact lens if their eye is red.

PATADAY® (olopatadine hydrochloride ophthalmic solution) 0.2% should not be used to treat contact lens related irritation.

The preservative in PATADAY® Solution, benzalkonium chloride, may be absorbed by soft contact lenses. Patients who wear soft contact lenses and whose eyes are not red, should be instructed to wait at least ten minutes after instilling PATADAY® (olopatadine hydrochloride ophthalmic solution) 0.2% before they insert their contact lenses.

ADVERSE REACTIONS

Symptoms similar to cold syndrome and pharyngitis were reported at an incidence of approximately 10%.

The following adverse experiences have been reported in 5% or less of patients:

Ocular: blurred vision, burning or stinging, conjunctivitis, dry eye, foreign body sensation, hyperemia, hypersensitivity, keratitis, lid edema, pain and ocular pruritus.

Non-ocular: asthenia, back pain, flu syndrome, headache, increased cough, infection, nausea, rhinitis, sinusitis and taste perversion.

Some of these events were similar to the underlying disease being studied.

USE IN SPECIFIC POPULATIONS

Pregnancy

Teratogenic effects: Pregnancy Category C

Olopatadine was found not to be teratogenic in rats and rabbits. However, rats treated at 600 mg/kg/day, or 150,000 times the maximum recommended ocular human dose (MROHD) and rabbits treated at 400 mg/kg/day, or approximately 100,000 times the MROHD, during organogenesis showed a decrease in live fetuses. In addition, rats treated with 600 mg/kg/day of olopatadine during organogenesis showed a decrease in fetal weight. Further, rats treated with 600 mg/kg/day of olopatadine during late gestation through the lactation period showed a decrease in neonatal survival and body weight. There are, however, no adequate and well-controlled studies in pregnant women. Because animal studies are not always predictive of human responses, this drug should be used in pregnant women only if the potential benefit to the mother justifies the potential risk to the embryo or fetus.

Nursing Mothers

Olopatadine has been identified in the milk of nursing rats following oral administration. It is not known whether topical ocular administration could result in sufficient systemic absorption to produce detectable quantities in the human breast milk. Nevertheless, caution should be exercised when PATADAY® (olopatadine hydrochloride ophthalmic solution) 0.2% is administered to a nursing mother.

Pediatric Use

Safety and effectiveness in pediatric patients below the age of 2 years have not been established.

Geriatric Use

No overall differences in safety and effectiveness have been observed between elderly and younger patients.

NONCLINICAL TOXICOLOGY

Carcinogenesis, Mutagenesis, Impairment of Fertility

Olopatadine administered orally was not carcinogenic in mice and rats in doses up to 500 mg/kg/day and 200 mg/kg/day, respectively. Based on a 40 µl drop size and a 50 kg person, these doses were approximately 150,000 and 50,000 times higher than the MROHD. No mutagenic potential was observed when olopatadine was tested in an *in vitro* bacterial reverse mutation (Ames) test, an *in vitro* mammalian chromosome aberration assay or an *in vivo* mouse micronucleus test. Olopatadine administered to male and female rats at oral doses of approximately 100,000 times MROHD level resulted in a slight decrease in the fertility index and reduced implantation rate; no effects on reproductive function were observed at doses of approximately 15,000 times the MROHD level.

Rx only

Reference: 1. IMS Health, IMS National Prescription Audit, August 2010 to October 2013, USC 61500 OPTH ANTI-ALLERGY.

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