Features

Honey, I Shrunk the House

Baby boomers are downsizing en masse. For enterprising CRSs, their appetite for small homes represents a big opportunity.

BY MATT ALDERTON

Mary Jo Ochylski, CRS, admits that when her kids were young, her 3,000-square-foot house sometimes seemed small. Now that they're grown, however, her home of more than 20 years feels a lot larger. Maybe too large.

"My husband and I are living in a house that used to support five people," says Ochylski, a real estate agent at Coldwell Banker Caine in Greenville, South Carolina. "Now there's just two of us."

Although they're not yet ready to move, the couple would like to spend the next chapter of their lives in a new, smaller home. And they aren't alone: 51 percent of retirees 50 and older say their most recent move was into a smaller home, according to a 2016 survey by Merrill Lynch.

That number will likely keep growing, as the number of Americans ages 65 and older will more than double from 46 million today to over 98 million by 2060, predicts the Population Reference Bureau. Many of those seniors will be potential homebuyers, according to Freddie Mac, which in 2016 reported that 40 percent of homeowners ages 55 and older would like to move at least one more time in their lives.

If you're a residential real estate agent who recognizes the trend, small homes could be big business. That is, if you understand what downsizers want and how to reach them. Follow these four steps to ensure that you do:

1. Understand the Urge to Purge

The first step to attracting and serving downsizers is understanding why clients downsize in the first place.

Merrill Lynch found that 64 percent of those over 50 downsized to lower their housing costs, 44 percent to reduce home maintenance, 18 percent because family members have moved out and 16 percent to access home equity. If you ask Margaret Rome, CRS, however, the No. 1 reason people downsize is because their home no longer suits the life they want to live. For that reason, she calls it rightsizing instead of downsizing. It's not about what homeowners give up: square footage. Rather, it's about what they gain—a space that better suits their needs.

"I prefer the term rightsizing because it's about moving into a home that has spaces you are going to use," says Rome, a broker/owner at HomeRome Realty in Baltimore.

Consider, for example, a 70-year-old woman who lives alone in a three-story townhouse. When she moves into a full-service condo, she exchanges her kids' vacant bedrooms and a staircase she can no longer climb for an updated kitchen, a guest room, a large master suite and a balcony—all on one level in an elevator building that has a doorman and a concierge.

"It's not necessarily about moving into a smaller space," Rome says. "It's about moving into a different kind of space."

2. Sell the Small-Home Lifestyle

If step one is understanding why downsizers want to leave a bigger home, step two is understanding what will attract them to a smaller one.

For baby boomers, the answer usually boils down to lifestyle, according to Keller Williams REALTOR® Carol Marra, CRS, of Destination Realty Group in Bradenton, Florida. For exactly that reason, when her team launched a website targeting buyers in Lakewood Ranch, a master-planned community that's popular among retirees, they made sure homebuyers could use it to search for a home based on their preferred lifestyle, using terms such as "boating," "golf," "tennis" or "equestrian."

"Clients in this age group really seem to know what they want, and what they want is often a maintenance-free home that gives them more time to enjoy leisure activities," Marra says.

3. Make Moving Easier

Of course, wanting to downsize is one thing. Actually doing it is another. The third step to succeeding with downsizers, therefore, is facilitating the transition for them with value-added services.

For example, Cathy Kelleher, CRS with W.C.& A.N. Miller Realtors in Bethesda, Maryland, makes it easier for her clients to imagine a better life in a smaller home by delivering to them much-needed retirement- and estate-planning tools.

"I market to homeowners who are 60 years and older in a geographical area, then I put together a seminar that includes myself, a traditional lender, a reverse mortgage lender, an estate attorney, an estate accountant and a home organizing specialist, all of whom get together to deliver a presentation on retirement-age real estate," Kelleher explains.

Getting her Senior Real Estate Specialist® (SRES®) designation from the National Association of REALTORS® helped her understand more clearly how she could make moving into a smaller home easier for her older clientele.

"SRES® designees are uniquely qualified to assist seniors in housing sales and purchases," Kelleher says, adding that the designation gave her training in the physical, emotional and financial concerns that seniors face when they move to a new home, which has differentiated her among downsizing clients.

One of those concerns, for example, is the condition of the client's current home, which they have to sell, and all the possessions inside it, which they also have to downsize.

"Some of the things that hold clients back from downsizing are physical, like what to do with a house full of possessions they've spent their entire life collecting," Kelleher says. "I like to give them solutions, then line up those solutions for them. I will bring in people to do estate sales, for example. I will bring in people to pack things up and take them to Goodwill, then give the client receipts for tax purposes. Whatever it takes."

4. Keep Your Eye on the Prize

Working with downsizing clients has many advantages. For example, they already have experience with the homebuying process and know what to expect from it. Likewise, they typically have a good idea what they want, having lived in their current home long enough to know what they like and dislike.

Downsizers could also experience unique challenges, however. For instance, they're typically very discerning, according to Marra, who says downsizers often have a long wish list and—because of their retirement planning—little give in their budget. As a result, home searches may take longer than usual.

"They know exactly what they want and they know exactly how much they can spend. I just have to find it," Marra says.

One of the most common challenges is adult children. "If a buyer is beyond age 70, there's a higher chance they'll have other family members in the picture helping to make the buying decision," Ochylski says. "When that's the case, you have to find out at the very beginning who the real decision-maker is—the parent or the child."

Given these and other potential hurdles, the final step toward succeeding with downsizers is keeping in mind how and why you're helping them. If you do, you'll be inspired to serve them with creativity and commitment—both of which can stimulate word-of-mouth referrals that turn a single downsizing client into a thriving downsizing specialty.

"Baby boomers have been very good to me," Marra concludes. "I find it very fulfilling to help them start a new phase in their lives."

Bagging a Boomer

Real estate agents are going gaga over millennials. And for good reason: They comprise approximately a quarter of the U.S. population and have approximately $200 billion in purchasing power. There's just one catch: Many of them don't want to buy a home yet. A 2016 survey by Forbes, for example, found that purchasing a home was the highest financial priority for only 19 percent of millennials. For real estate agents, therefore, "tried and true" might be more lucrative than "shiny and new."

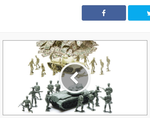
"There are about 66 million baby boomers, and they control about 70 percent of American wealth," Lee Barrett, CRS, a national CRS instructor based in Las Vegas, Nevada, says. "We're a big part of the marketplace."

A big market can yield big benefits for your business—provided you understand what boomers want. According to Barrett, their wish list includes:

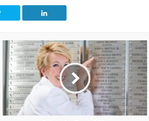
- **High quality:** "Boomers are used to living in nice homes and quality neighborhoods, and they want to continue doing so even when they downsize to a smaller home," Barrett says.
- **Facebook friends:** Boomers are among the largest and most active groups on social media—especially Facebook, according to Barrett.
- **An active lifestyle:** Barrett says boomers want to live in communities where they can be physically, socially and even civically active.
- **Sound advice:** Real estate's impact on their retirement means boomers seek agents who can connect them with expert resources—financial planners, estate planning attorneys, etc.—and objective advice. "Their biggest challenge is understanding when the real estate cycle is perfect for them," Barrett concludes.

Matt Alderton is a freelance writer based in Chicago.

For even more information, check out the webinar "Building a Profitable Seniors Business," with Sandy Borman.



Ways to Win a Battle of the Bids



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