

HOUSING

Downsizing Goes Bust for Boomers

Rising property costs are not just affecting young Americans—older people are ‘aging in place’ due to a dearth of affordable accessible housing

ANONYMOUS

BABY BOOMERS WHO ENJOYED watching equity in their homes rise over recent decades are facing a new retirement problem: accessible and affordable homes in which to age.

Millions of Americans born before 1964 have benefited from skyrocketing house prices. But now, due to a glut of unfavorable conditions in the U.S. housing market, they are “aging in place” in their current homes—a trend likely to affect younger generations.

According to a recent Redfin study, 78 percent of boomers plan to stay put for retirement. And a 2022 Redfin report found that

empty-nest boomers take up 28.2 percent of all “large homes”—three bedrooms or more—compared with 14.2 percent of millennials, who are more likely to have children still living at home.

Downsizing into a home designed with retirement in mind seems to be a distant prospect for America’s aging boomer population, yet retrofitting homes for accessibility is costly, particularly for those living on fixed incomes.

“Baby boomers are increasingly choosing to ‘age in place,’ meaning they remain in their homes longer instead of selling to downsize or relocate,” New York City real

by
**ALISS
HIGHAM**

estate broker Alexandra Gupta told *Newsweek*. “This trend is contributing directly to the housing shortage, as millions of homes that would otherwise be available to younger buyers remain occupied.”

Shortage of Accessible Homes

Accessible homes are scarce, with a slowdown in the building of new homes a major factor. A 2023 report by CNBC found that less than 5 percent of housing supply is accessible.

In addition, U.S. housing inventory and the speed at which homes are being built are yet to return to levels seen before the 2008 financial crash. In January 2006, some 2.2 million new units were started. Three years later, this fell to 490,000. In October 2024, 1.3 million units had been started—still nearly 1 million shy of the 2006 level.

The lack of homes for sale is a significant factor in today’s high housing prices and a key reason why boomers want to stay put, despite a likely increase in the value of their homes, Ralph DiBugnara, founder and president of Home Qualified, told *Newsweek*. “The biggest problem I see facing homeowners today is they are equity rich, cash poor and without as many options to fix it because of high interest rates and high home prices,” he said.

“Baby boomers are at a stage where they want to move or downsize but cannot because of the lack of homes for sale, which has driven up prices. That combined with the high cost of a new home due to increased interest rates and insurance costs are keeping them locked in homes with equity. This is also a major factor in the inventory shortage problem the market is facing.”

Costly Modifications

Wider hallways, fewer stairs and other modifications may be a necessity for many people as they age, but a stair





HIGH PRICE Despite seeing the value of their homes soar over the years, retired Americans face staying put and making costly modifications to their properties.

may increasingly turn to rentals for longer periods. This could lead to rising rents, especially in desirable metropolitan areas, as younger people delay purchasing homes, further challenging their ability to save for down payments.”

Solutions in Sight

While the federal government has some solutions, such as the U.S. Department of Agriculture’s Rural Housing Service and home-buying programs from the Department of Housing and Urban Development, Jesse Saginor, associate professor of real estate development in the University of Maryland School of Architecture, Planning and Preservation, said more has to be done.

“One solution is to significantly increase funding, subsidies, tax credits and/or zoning flexibility to allow for the construction of affordable senior housing so that seniors have somewhere affordable to move, given that many may only live on Social Security and little else,” he told *Newsweek*. “So, that solution focuses on building housing for seniors that is affordable, and, assuming they are willing to move, also attainable. It removes the cost-prohibitive nature of moving to housing given their fixed incomes.”

But “until we build for all segments of population in terms of income and age, there are bound to be shortages irrespective of mortgage rates and inflation, because the demand for housing tends to be dynamic while the supply of housing is largely static,” Saginor said. **N**

► **Aliss Higham** is a news reporter at *Newsweek*. You can email her at a.higham@newsweek.com

lift can cost from \$3,500 to \$6,000 to install, according to Thrive Homes. Concrete ramps can cost up to \$500 per foot and door widening as much as \$2,500. Modifications can also be unattractive to buyers, potentially pushing down a house price. In a 2021 National Association of Home Builders survey of homebuyer attitudes, 56 percent of respondents said they would not buy a home with an elevator. But features such as wide hallways and step-free entries were desirable for the majority.

Knock-on Impacts

Boomers own the lion’s share of U.S. housing, a trend that has broadened since the 2008 crash and the ebbing away of their parents in the Silent Generation. It expanded during the coronavirus pandemic, with Generation X and millennials also widening their share of America’s real estate market.

This has a broader impact, Gupta said. “Many boomers hold substantial home equity, which has allowed them to leverage their property for wealth or to secure retirement. Younger generations, however, may struggle to build

similar wealth through homeownership. As real estate remains increasingly out of reach for younger buyers, the wealth divide between...generations may widen, with homeownership becoming an even more significant driver of financial inequality.”

This in turn is likely to impact on the rental market, including for boomers if they cannot find an affordable, accessible property to buy, Gupta said. “As more boomers age in place or choose to downsize...the rental market may see an uptick in demand for senior-friendly housing,” she added. “Millennials and Gen Z, who are already delaying homeownership due to rising prices,

“Homeowners today... are equity rich, cash poor and without as many options to fix it because of high interest rates and high home prices.”

FROM LEFT: SKIBRECK/GETTY; OLIVER DE LA HAYE/GETTY