

Moving on out: Baby boomers' housing choices vary in retirement

As empty nests and looming retirement change their housing needs, boomers are going their own ways

There was a time when retirement meant a move to a community where all your neighbors belonged to the same generation: Old.

No more. As baby boomers begin to retire, they're going their own way — or ways — when it comes to housing choices and relocation strategies.

"As they age, boomers are going to be doing a lot of different things," says John McIlwain, who just completed a housing report on the generation for the Urban Land Institute. "There's not going to be just one trend."

That may be especially true in South Florida, where so many residents hail from elsewhere.

South Florida boomers "form a lot of different slices," says Michael Greene, a Coldwell Banker broker-associate who has worked in the local market for more than 40 years. "Their choices really depend on their particular situation."

McIlwain's report, "Housing in America – The Baby Boomers Turn 65," details how this 78 million-strong generation is creating both challenges and opportunities for the real estate industry. About 10,000 boomers reach Medicare age every day, and the over-65 crowd is predicted to grow 36 percent by the end of this decade, to 54.8 million — up from 40 million in 2010. By 2030, the total will top 72 million.

Because there are so many of them, boomers will affect the housing market for a long time. But how is anybody's guess. Some will stay in the homes where they raised their children. Others will downsize. Others may move to be closer to family or reduce housing costs down. And the affluent may buy a second home near the kids while keeping the old homestead.

Whatever they do, "two things are important to them," says Ron Shuffield, president of EWM Realtors. "I call them the two C's — community and convenience."

Both come at a price, however, that some may be unable to afford after a housing bust and deep recession decimated their net worth. At a time when they should be retiring their mortgages, some boomers find themselves owing more than their homes are worth and unable to sell.

"The repercussions of the Great Recession are definitely being felt by the baby boomers," says Jack McCabe, CEO of McCabe Research and Consulting in Deerfield Beach. "Some of them took out home equity loans to finance everything from college to renovations, and now they're finding they just don't have the options

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they once had."

Numerous studies also show boomers don't have the retirement savings they need; a recent TD Ameritrade survey found that the average boomer is about a half-million dollars short.

"This generation has expectations that exceed its wallet," says William Hardin, professor of finance and real estate at Florida International University. "The reality is that a lot of boomers are going to be faced with fewer choices."

Even if Florida boomers have accumulated equity in their homes, downsizing may not make economic sense because of the Save Our Homes Amendment to the state constitution. It caps the increase in assessed value of homestead property at 3 percent per year, or the percent change in the Consumer Price Index, whichever is lower. While a 2008 portability law allows homeowners to transfer that accumulated homestead-exemption savings to a new place, those who have been in their homes for decades may end up paying higher taxes for a smaller place assessed at current market value.

Pam and John Admire considered downsizing to a downtown Coral Gables condo from their three-bedroom Coral Gables house when they became empty nesters, but changed their minds when they ran the numbers.

"I was ready to give up on the maintenance," says Pam Admire, 57, "but when we looked into it, the taxes on a smaller place were exorbitant. It just wasn't worth it."

When boomers do move, they want a simpler lifestyle. "They don't want the responsibility of a pool, a yard, something more to take care of," Shuffield says. "They're done with that."

Townhomes and condos often fit the bill. Two years ago, Silvia and Luis Moran sold their Kendall house with its big yard, Jacuzzi, butterfly garden and orchid house and bought, mortgage-free, a two-bedroom condo in West Kendall. It was difficult for the couple to leave their home of 30 years, but the savings were substantial, even when they took into account homeowner association fees.

"We wanted to stay close by, near doctors and everything else," says Silvia, who is retiring later this year. (Husband Luis, 60, who has Parkinson's disease, has already left the workforce.) "But we also knew we wanted to simplify our lives. We positioned ourselves for the future."

When you take into account taxes and insurance, affordability is a huge problem for those who want to stay here on a retirement income.

"If you're not affluent, it's difficult to live in South Florida," FIU's Hardin says. "When you look at it, you can move and retire to less expensive places."

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The Carolinas, as well as Georgia and Tennessee, are growing in popularity, not only for those who used to retire to Florida but also those retiring from Florida.

For some South Floridians, moving out can also mean going abroad, often back to Latin America. "The wealth you accumulate here goes a lot further there," Hardin says.

If they move, boomers prefer urban areas and walkable communities where they can stay physically active long into retirement.

That's what Russell Robertt wanted when he moved from his condo in the Dadeland area. At 49, the Miami native searched for a more affordable city where he could continue teaching until he retired.

"I was looking down the road at what I was going to need," Robertt says. "I needed a bigger place so friends could visit, but I also wanted something that would allow me to save money for retirement."

He found that in Atlanta. Though his building is in Buckhead, an uptown urban area, the gated community has a large, woody area for walking and hiking.

"I just don't see myself in my 60s, sitting in my place watching TV all day. I want to be able to get out," Robertt says.

Because many have cared for elderly parents, boomers also know to look for amenities that are easier on achy backs and creaky knees— one-story homes with wide doors and hallways, accessible bathrooms, good lighting and "flex space" that adjusts to a homeowner's needs over time.

And those with the resources are willing to pay for these amenities.

"Boomers are more demanding than past generations," says Greene of Coldwell Banker. "They want the luxuries that make their lives easier, things like granite or marble, not mica."

In the end, though, where a boomer grows old will depend in large part on what he or she can afford.

"It's not just the desire," FIU's Hardin says, "it's the ability, and that picture is something that's still unfolding."

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