Downsizing: Motivations, Processes and Outcomes for Older Australians

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Background

- Population ageing – one of the major policy challenges of the 21st C
- Profound impact on social and economic policy (Australian Treasury 2002)
- Important implications for housing and urban policy
- Ageing in place is a key policy strategy – seen as a win/win policy
- But ageing in what place?
- Suitability of dwelling stock for ageing in place?
- Under-utilisation/inefficient use of dwelling stock by older Australians? (Judd et al 2010)
- Urban planning policy assumes need for greater diversity in housing types to accommodate demographic change (Major Cities Unit, 2010)
- Meanwhile the vast majority of older people continue to live in 3 or more bedroom suburban dwellings (ABS; Judd et al, 2010)
- No specific data on downsizing available from ABS Census
- Little known about downsizing behaviour amongst older Australians
The Research Project:  
Downsizing Amongst Older Australians

- **Funding:** Australian Housing and Urban Research Institute
- **Research Team:** Bruce Judd, Catherine Bridge, Hazel Easthope, and Edgar Liu (assisted by Laura Davy & Toni Adams)
- **Aims:** To understand the how, when, where, what and why of downsizing; the outcomes for older people, and policy implications
- **Methods:**
  - Systematic local and international literature and policy review
  - Analysis of relevant ABS Census and SDAC statistics
  - National survey of 2,815 older people who had moved since turning 50 years of age (43% had downsized)
  - 60 in-depth interviews three states (NSW, Victoria, SA)
  - policy forums in each of the three states

This presentation will focus on survey and interview findings on the motivations, processes and outcomes for older Australians
The Definitional Problem

- **Narrow definitions**
  - Size of dwelling (no of bedrooms)
  - Consumption of less housing (US Federal Reserve - Lenhert, 2004)
  - But less of what? (rooms, floor area, land, cost?)

- **Broader definitions include:** (Banks et al, 2007)
  - Reduced dwelling size (floor area or number of rooms)
  - Reduced garden/yard size and/or maintenance
  - Value of the dwelling (‘downpricing’, cashing in housing equity)
  - Reduction of personal possessions (Luborsky, 2011)

- **Our Definition:** Downsizing encompasses decreases in:
  - The number of rooms within the dwelling
  - The area of the dwelling and/or yard/garden
  - The value of the dwelling (Judd et al 2012)

- No of bedrooms used as a proxy for the survey analysis
Survey Results
Figure 2: Change in Development Type

Before/After:

- **28% less were** in the general community
- **22% more were** in retirement villages
- **5% more** were in seniors housing

(n=1213, 1210)
Survey Results

Figure 1: Change in Dwelling Type – Downsizers

Before/After:
- 48% less were in separate houses
- 21% more were in flats/apartments
- 12% more were in row/terrace houses
- 11% more were in semi/duplex houses

(n=1212, 1205)
Survey Results

Figure 2: Change in No of Bedrooms

Before/After:

- 100% less were in 4+ bedrooms
- 8% more were in 3 bedrooms
- 43% more were in 2 bedrooms
- 10% more were in 1 bedroom
Survey Results
Figure 2: Change in Floor Area of Dwelling

(n=894, 894)

<table>
<thead>
<tr>
<th>Floor Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 50 m²</td>
<td>0.6</td>
</tr>
<tr>
<td>50-99 m²</td>
<td>5.8</td>
</tr>
<tr>
<td>100-149 m²</td>
<td>17.6</td>
</tr>
<tr>
<td>150-199 m²</td>
<td>34.6</td>
</tr>
<tr>
<td>200-249 m²</td>
<td>21.6</td>
</tr>
<tr>
<td>250-299 m²</td>
<td>21.4</td>
</tr>
<tr>
<td>300+ m²</td>
<td>20.5</td>
</tr>
</tbody>
</table>

- Former dwelling
- Current dwelling
Factors Leading to Downsizing: Literature

- **Economic Factors:**
  - **Reduction of housing consumption:** Use of accumulated wealth to finance current and anticipated future non-housing consumption (Banks et al, 2007; Faulkner, 2007)
  - **Release of capital:** as a buffer against future health expenditure (Woodbridge, 2003)
    - Reluctance to draw on housing wealth unless non-housing wealth close to exhausted (Faulkner, 2007)
  - **Wealth:** impacts housing choices, influenced by demographic shocks (Feinstein & McFadden, 1989)
  - **Other economic factors:** volatile housing markets, transitions to age pension, moving costs (including stamp duty, legal costs, real estate fees (Lin, 2005; Sane, 2010))
Factors Leading to Downsizing: Literature

- **Non-Economic Factors:**
  - **Negative shocks:** divorce, ill health, death of spouse (Beal, 2001; Beer et al, 2006; Calvo et al, 2009; Venti & Wise, 2004)
  - **Health Concerns:** and associated difficulty maintaining house or yard, need to move closer to medical services, family or friends, or live in a more age-friendly home (Clark & Duerloo, 2006; Painter & Lee, 2009; Ostrovsky, 2002)
  - **Change in employment status:** retirement (mobility not necessarily downsizing) (Ermish & Jenkins, 1999; Banks et al 2007)
  - **Family Reasons:** social pressure, closer proximity, intergenerational living (Luborsky et al 2011, Painter & Lee, 2009; Banks et al, 2007)
Survey Results

Figure 5: Circumstances Contributing to Downsizing

Question:
Which of the following circumstances contributed to moving from your former home? (multiple answers)

<table>
<thead>
<tr>
<th>Circumstances</th>
<th>Percentage</th>
<th>Downsizers</th>
<th>Other Movers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifestyle preference</td>
<td>37.9%</td>
<td>40.6%</td>
<td></td>
</tr>
<tr>
<td>Inability to maintain house/garden</td>
<td>26.6%</td>
<td>12.5%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Child(ren) leaving home</td>
<td>17.2%</td>
<td>7.0%</td>
<td>17.0%</td>
</tr>
<tr>
<td>Retirement of self or partner</td>
<td>16.4%</td>
<td>11.9%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Relationship breakdown</td>
<td>11.9%</td>
<td>5.4%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Death of partner</td>
<td>10.1%</td>
<td>4.7%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Financial gain</td>
<td>10.1%</td>
<td>7.5%</td>
<td>10.9%</td>
</tr>
<tr>
<td>Self/partner's illness</td>
<td>7.5%</td>
<td>5.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Self/partner's disability</td>
<td>6.8%</td>
<td>4.6%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Financial difficulties</td>
<td>4.8%</td>
<td>5.8%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Distance from family</td>
<td>3.7%</td>
<td>2.4%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Formed new relationship</td>
<td>3.3%</td>
<td>1.9%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Dwelling too big</td>
<td>1.7%</td>
<td>0.8%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Employment reasons</td>
<td>4.3%</td>
<td>1.7%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Locational Dissatisfaction</td>
<td>1.9%</td>
<td>0.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Other</td>
<td>15.1%</td>
<td>6.9%</td>
<td></td>
</tr>
</tbody>
</table>

(n=1212, 1551)
“It was eight years ago that we moved and we didn't need such a big house and when we're travelling a lot you've got a responsibility of a house whereas in an apartment you just close your front door and go.” (Male, 65-69, couple, owner, urban, NSW)

“We moved] because of my husband's illness and we were on a corner plot with lawn everywhere. A backyard, fruit trees and all that sort of thing, it was too much for him.” (Female, 80-84, single, lease, urban, SA)

“We had a split-level house and the downstairs had the kids’ bedrooms and bathroom. They’d both moved out and so...we weren’t using a third of the house... They only came home occasionally.” (Male/Female, 65-69, couple, owner, regional, NSW)

“So when business was closed and I retired, there was no real reason to keep me in that area from a business perspective.” (Male, 60-64, couple, own, urban, SA)
Survey Results

Figure 6: Considerations in Moving to Current Home

Question:
When moving from your former to your current home, how important were each of the following considerations? (multiple answers)

- Less maintenance of the home: Downsizers 74.0%, Movers 72.3%
- Less maintenance of the yard: Downsizers 43.4%, Movers 44.1%
- Smaller dwelling: Downsizers 21.9%, Movers 66.5%
- Lifestyle improvement: Downsizers 57.2%, Movers 62.2%
- Closeness to shops: Downsizers 47.2%, Movers 55.3%
- Closeness to public transport: Downsizers 38.8%, Movers 48.7%
- Closeness to health services: Downsizers 42.5%, Movers 47.5%
- More accessible home: Downsizers 38.3%, Movers 40.6%
- Closeness to children or relatives: Downsizers 31.0%, Movers 40.6%
- Reduce cost of living: Downsizers 25.9%, Movers 33.2%
- More attractive area: Downsizers 31.8%, Movers 42.7%
- Closeness to friends: Downsizers 21.7%, Movers 29.2%
- Closeness to aged care services: Downsizers 20.6%, Movers 24.4%
- More modern home: Downsizers 23.5%, Movers 34.4%
- Better investment: Downsizers 19.2%, Movers 35.1%
- Discharge or reduce a mortgage: Downsizers 11.5%, Movers 14.5%
- Larger dwelling: Downsizers 1.9%, Movers 20.8%
- Other: Downsizers 1.5%, Movers 16.8%

(n=1211, 1551)
Survey Results
Figure 7: Information and Advice Sought in Downsizing

Question:
Did you seek advice or information about moving from any of the following? (multiple answers)

Source of Information

- Downsizers
- Other Movers

(n=868, 968)

- Family (52.2%)
- Friends (29.5%)
- Real estate agent/website (33.9%)
- Financial advisor (14.1%)
- No one / own decision (11.9%)
- Health/aged care professional (6.8%)
- Local Government information (6.8%)
- State Government information (3.5%)
- Australian Government information (2.8%)
- Popular media (3.3%)
- Legal advisor (0.9%)
- Other seniors' organisation(s) (0.4%)
- National Seniors Association (1.1%)
- Council of the Ageing (COTA) (0.3%)
- Other (4.4%)
Interviewee Perspectives on Information and Advice

- I looked a lot on the website. My brother was also greatly involved in helping me. ...He kept an eye on the website as well and did a lot of phoning around for me and had a look at a couple…when I couldn't, because he knows what I needed” (Female, 60-64, single, renter, urban, NSW)

- “We had very good friends who were living quite near to us at that time. We discussed our plans to move. We respected their advice. They were very wise people. ...I don’t think we sought advice from anyone else.” (Male, 70-74, couple, owner, urban, NSW)

- “We…paid a consultant, and they've come up with options for us… They have obviously made a wide study of what's available in South Australia. We were referred to them because [my wife’s] brother and sister and sister-in-law were clients, and they were delighted with what service they got.” (Male/Female, 85+, couple, owner, urban, SA)
Survey Results

Figure 8: Difficulties Encountered in Downsizing

74% of both Downsizers and Other Movers found downsizing easy or fairly easy.

Question:
If it was difficult or very difficult, what were the main difficulties?
(multiple answers)
Interviewee Perspectives on Difficulties in Downsizing

- “We're not alone in saying, well where's this suitable smaller place? …That type of dwelling…that's being built within retirement villages where they're two or three bedrooms; they're really quite well set up and…well designed. But their problem is, that's where they are, in a retirement village often on edges of suburbs.” (Female, 60-64, couple, owner, urban, VIC)

- “There are other expenses in selling houses – [Stamp] Duty, Agent's fees and so on - and then removal fees. …I paid a monthly fee…while the furniture was in storage. So, that was another cost…I wasn't really prepared for.” (Male, 60-64, single, owner, regional, NSW)

- “…We'd been looking for about 10 years… for…a block about this size, a dwelling rather like this that we could buy on our own. We couldn't find such a thing. Doesn't exist. We looked as far up the central coast. So…what this retirement village offers was the next best thing.” (Male/Female, 75-79, couple, lease, urban, NSW)
Survey Results

Figure 9: Satisfaction with the Dwelling

60.6 59.2

29.9 31.6

4.1 3.8

3.9 4.0

1.6 1.4

Very satisfied
Mostly satisfied
Neutral
Not very satisfied
Dissatisfied

Percentage

Satisfaction

91% of downsizers either mostly satisfied or very satisfied
Survey Results

Figure 10: Reasons for Dissatisfaction with Current Home

Reasons for dissatisfaction

- Building/village defects/maintenance: 26.6%
- Building/village management issues: 21.7%
- Inadequate space: 20.3%
- Affordability: 15.9%
- Unexpected costs: 15.9%
- Neighbours/social issues: 27.7%
- Strata issues: 11.6%
- Dislike cohort living: 13.0%
- Poor construction quality: 9.6%
- Noise: 8.7%
- Crime/safety/security issues: 8.7%
- Lack of privacy: 7.4%
- Inappropriate/poor design: 7.2%
- Accessibility/location/transport: 11.7%
- Stairs: 11.7%
- Other: 11.7%

(Multiple answer question)

(n=69,94)
Conclusions

- One quarter of all older Australians (65+) moved within a 5 year inter-census period (2006-2011) (ABS, 2011 Custom Tables)
- 43 percent of survey respondents who had moved since turning 50 years of age had downsized
- The majority (70%) remained in the general community, and less than a quarter (22%) downsized into retirement villages
- Most moved to detached houses (42%), a quarter (24%) into flat/apartments and (29%) into attached forms of housing
- Most moved from 3 and 4 bedroom to 2 and 3 bedroom dwellings
- The main reasons they downsized was for lifestyle change; to reduce maintenance; children leaving home and retirement
- Less emphasis on financial motivations than in much of the international literature
- Sought housing that was: low maintenance, smaller (but not too small), well located to shops, public transport and health services
Conclusions

- Relied primarily on the advice of family, friends and real estate agents/websites, rather than professionals, government sources, or seniors organisations.
- Difficulties usually related to unavailability of suitable housing types, affordability or unsuitability of available locations.
- Most were satisfied with the move.
- Dissatisfaction was mostly with building/village defects and/or maintenance or management issues; inadequate space, or affordability/unforeseen costs associated with village/multi-unit living.
- Final stages of the research focuses on barriers to downsizing and policy implications.
- Final Report due at end of February.
- Will be published on the AHURI website: [www.ahuri.edu.au](http://www.ahuri.edu.au)
- Note: Full references will be included in the written paper.