

DOWNSIZING

WHY DOWNSIZE, HOW TO DOWNSIZE, AND THE EXPERIENCE OF A RECENT DOWNSIZER IN MELBOURNE

Downsizing

by Jodie Walker

**It's a difficult decision to choose to
downsize your family home.**

**The longer you've been living in it, the
more memories it has and the more
uncomfortable it will be to leave.**

**Just because it may be easier to stay,
doesn't mean you should.**

When it comes to downsizing, there are many benefits, as well as downsides. The experience can be a positive or negative one depending on a number of things. The more thought you put into weighing up the pros and cons for your situation, as well as choosing a new home, the more likely you will be happy with the final outcome.

In this report, Secret Agent aims to help you feel more confident in your decision to downsize. It will give you some insight into the experience so you can get a better idea of whether downsizing is the right move for you and how to best prepare.

REASONS TO DOWNSIZE

Everyone has different reasons to downsize. There are some common factors that seem to play a part in most people's decision. A study of people who had downsized found that the top 5 reasons for doing so were to move closer to lifestyle preferences, to move closer to family, to ease financial strain or because their house/yard was too big to manage. (Earl et al, 2019)

Reason to Downsize #1: Family

Changes to your own family such as children leaving home, death of a partner or retirement, are some of the most common circumstances driving downsizing. (AHURI, 2014) Downsizing might allow you to choose to move closer to family. It may also be something to consider if you plan to buy in an area that is far away from your family.

Reason to Downsize #2: Financial

Depending on your specific situation, downsizing can help to reduce debt and/or increase cash flow into your retirement. It might mean that you can get rid of your mortgage or reduce the payments. If you own your home already, you can



Another factor driving downsizing is the minimalist trend. Decluttering and having less stuff has become cool.

potentially put the money left over from selling your home into other activities like travelling. The new tax benefits introduced in Australia might mean that you can increase your super fund surplus in a tax efficient manner from the proceeds of selling your home and downsizing. It's something you can raise with your accountant to see whether it's applicable to your situation.

For many it makes sense to move into a smaller house, even if you don't have a mortgage. Once the children have left home it isn't efficient to have 5 bedrooms, 3 bathrooms and multiple lounge rooms.

Unused space is a waste of resources both in terms of time and money. Those rooms still cost money to maintain and could contribute to you paying higher than necessary property taxes or utility and maintenance costs. As you get older house upkeep becomes more of a challenge which may mean that you need to pay others to come and complete certain household tasks for you. Downsizing your home and the associated expenses can leave you with more money and time to do other things and enjoy your retirement.

Reason to Downsize #3: Lifestyle

Change of scenery can be a good thing especially if it creates more opportunity to enjoy your life. One major benefit of living in an apartment or townhouse is that they're often more secure than a house. Having a home you can lock up and leave makes it easier to go overseas for extended periods of time.

Also, a smaller home will mean that you accumulate less stuff which can simplify your life.

When it comes to lifestyle, it's not only baby boomers and those over 50 who are looking to downsize. It seems a large proportion of people from all generations are wanting to live a simpler life. This means owning less stuff and living in a property that is convenient both in terms of maintenance and also location.

Smaller homes save time and money, two things that most of us desire regardless of age. Trends in the workplace and with birth rates are making it more possible to live comfortably in a smaller home. Many women are focusing on careers and putting off childbirth or choosing not to have children at all. Career-focused women and men, whether in a relationship or single, are wanting to live closer to entertainment and work. They don't need the extra bedrooms for children so can choose to live in apartments or townhouses close to the city, instead of a large house in the suburbs. According to the ABS, women aged 30-34 have the highest fertility rates and the age of women having their first child has been increasing. (ABS, 2017) From 1960 up until about the year 2000, it was far more common to have a child between the age of 20-29.

Another factor driving downsizing is the minimalist trend. Decluttering and having less stuff has become cool.

Less is more since it allows you a lifestyle where you can travel and go out. Millennials want to start life out of their family

home with less stuff. They've watched their parents having to maintain large houses and the associated issues. Baby boomers aspire to create a less complicated life into their retirement. Downsizing enables a simpler life and it isn't an age specific event. The fact that it's now easier than ever to rent items when you need them has also contributed to this.

WHAT TO LOOK FOR

The main reason you decide to downsize will help guide you in what to look for when choosing a new property. There may be some extra considerations that you want to be aware of.

Working out what you're unhappy with in your current property can help you determine what is a priority when choosing a new home to downsize into. You should also go one step further and try to identify problems that may come up as a result of removing these things. For example, you might be sick of feeling so far away from everything and decide it's important to live close to a main strip of shops. Depending on how close you are, this could result in a much noisier home that could be a problem if you're sensitive to noise. As is often found, most benefits come with a cost.

#1 LOCATION

Location is key when it comes to most moves. One of the hardest things about downsizing to a completely new area is missing family, friends and neighbours that you've gotten to know over the years. Maintaining strong social bonds is a way to improve your health and quality of life as one ages. (Cramm, 2015)

Moving to an area that is accessible not only for you, but also for your significant others, can help maintain these social ties. This can help ease the transition into a new area, especially since it can take a while to get to know your new neighbours.

The last thing you want is to feel alone and trapped in your home. The older you get, the more important location becomes. It might not be fun to think about getting older, but considering where you intend to be living in your later years is vital.

Even though services like UberEats and meal delivery companies are becoming more common, they can be expensive and still limit you. It's necessary to think about how close the nearest shops are, and whether you can walk or will need to drive.

It's also helpful to anticipate what you will do once you can no longer safely drive. Being within easy access of public transport can give you the freedom to get around affordably. A further bonus is if you can easily access medical facilities such as your local GP or a hospital.

Most likely, the property you downsize into will have a much smaller outdoor area than you're used to. It might not even have any greenery.

Being located nearby some kind of natural setting such as a park or the beach, can benefit your mental and physical health.

The external environment is perhaps more important than the property itself. Another aspect of location to take into account is how the blocks of land surrounding the property are used. Is there potential for them to be developed in the future? If so, would they block any views or natural light in your property of interest? Anticipating the future of the nearby area is critical. Planning codes should be investigated to safeguard you against any unexpected changes to the surroundings. For example, if an adjacent mixed-use property became a restaurant, this could change the demographics of people coming into your area, as well as the smells and noises, which could become an issue.

In summary, locations in which no car is needed may be best. Ideally you want to have access to shops, restaurants, culture (theatre/ art galleries) and public transport. As urban development makes green space more scarce, being close to parklands or beaches is increasingly desirable.

#2 STRUCTURE

The physical structure of the property is another key consideration. Again, it's important to look at the current structure and how it suits, and also anticipate whether it will continue to suit you into the future.

Identifying a sound structure is one thing. You also want to investigate any potential issues that might be due to arise in the long term. Ageing infrastructure can be a ticking time bomb of problems that could result in you needing to pay for expensive rectification works or deal with the inconvenience of a complete renovation. Often these can be found through a detailed building inspection of the property. For example, signs of old water damage can indicate leaks that have been covered up or poorly fixed. Properties with rising damp or poor ventilation and thermal control should be avoided.

Newer properties might have defects related to inferior quality workmanship or products. For example, window and facade leaks can be common in new buildings. Wood floorboards that don't have time to settle properly may expand and contract causing warping or gaps. It is best to do your research on the developer if buying a new structure.

Dangerous tripping hazards and any stairs in the property need to be considered with a long term perspective.

Globally, falls are the second leading cause of accidental death with adults over 65 years of age suffering the most from fatal falls. (WHO, 2018) Even the activity of taking a daily shower is not as innocent as you might think. If you were told there was a 1/1000 chance of winning a raffle, you might think the chance is so small that it's not worth entering. Those seemingly unlikely events can be deceiving though. In an article he wrote for the New York Times, Jared Diamond (2013) showed that if the risk of falling in the shower was 1/1000 in your last 15 years of life, then you'd fall at least 5 times during those years. One of those falls could be enough to cripple or even kill you.

It can be a benefit to have stairs in your home to force you to stay active as you get older, however it does increase the risk of injury. It might be that you get arthritis which makes walking up and down stairs multiple times a day very difficult. If you can afford to install a lift later on, stairs might not be a problem. If you don't want that hassle, choosing a single level property or an apartment building with an elevator is best.

Other elements to think about are lighting, noise and overall efficiency. How the property is insulated can make a huge difference when it comes to running costs and also your comfort. This is not only in terms of temperature control but also noise and vibrations, especially if you move into a busier neighbourhood or an apartment building. Being able to hear someone moving about their apartment through your ceiling is not ideal but can be common in some buildings.

Small details such as lighting and position of the windows are something to be mindful of as these can affect household efficiency and ambience. For example, if all the windows open out onto a main road, then they'll let a lot of noise in when opened. If the windows don't have an option to be opened, it could impact ventilation. If the windows are all south facing, then it will limit the amount of natural light.

#3 AFFORDABILITY & TIMING

Obviously a final consideration is the amount of money you have or are willing to spend on your new home. If it's a final move, you might be willing to invest a bit more into the property. If it's a stepping stone to your final home then you might not want to spend as much.

It's important to keep in mind that moving twice could impact any social bonds formed. Community engagement, especially as you get older, is crucial to leading a happy and healthy life. Rather than settling for a place and having to move again in a few years, it could be wise to invest in the place you really like if you can make it work financially (being mindful that moving again could cost more in the long run).

You should also make the decision to downsize earlier rather than later. Staying put in a house that becomes too hard to maintain could reduce its value, or increase the cost of any work required to sell it.

This will have downstream effects on what you can afford to downsize into and ultimately your quality of life.



Small details such as lighting and position of the windows are something to be mindful of as these can affect household efficiency and ambience.

EXPERIENCES FROM OTHERS

A study looking at the psychological impact of downsizing found that it can be a stressful experience for many. (Earl et al, 2019)

Aspects such as regret, stress, adjustment and life satisfaction were investigated amongst participants who had downsized in the past 5 years and were over 55 years old. It found that most people experienced a high level of stress but only 17% had regrets about the move.

It can be useful to speak to any friends you know who have downsized to learn about what their biggest stressors were during the move so that you can better prepare for them. Any setbacks are only temporary and are a normal part of the process. If you know that your friend managed to get through difficulties then it can help you get through them too.

Below is a case study that you might find helpful. The answers are from a client of Secret Agent who recently downsized.

AN INTERVIEW WITH A RECENT DOWNSIZER

-- Why did you decide to downsize?

* To free up capital to repay loans and since I was going to move anyway it was an opportunity to get something with fewer bedrooms.

-- What were the main difficulties you faced when downsizing?

* I was initially looking at 1 bedroom but the living areas were too small. I knew I would probably have to look at 2 bedrooms in order to get big enough living areas, including using the 2nd bedroom as an extension to the living room if needed.

-- What were your key considerations when choosing a location?

* Not having longer travel time to an from work than I had and walking distance to train station, shops and services.

--What were your key considerations when choosing out of different types of accomodation?

* Orientation, floorplan and design. Initially I only looked at accomodation either at ground floor or with lift but decided that I shouldn't let that limit my search.

-- How would you describe the quality of varying accommodation types within the market that suited your requirements?

* Compared to what I had I knew it would be difficult to get something similar with regards to orientation, design and energy efficiency. I don't think I found anything that satisfied all these criteria. Some places were perhaps more show than substance, particularly when the vendor was an investor.

-- Did you have a preference for brand new or existing properties?

* I was open to either, the floorplan and design was more important.

-- Were there any emotional elements or surprises that you came across when downsizing?

* That I ended up with something quite different in style and design compared to what I had.

-- Any advice to other people seeking to do the same thing?

* Keep an open mind, have a look at different types of places, both in respect to size and style to determine what you actually like. You might be surprised, and if it feels good being in a place then it is probably the right place.

-- Any advice to developers on creating developments that are suitable?

* Cater for owner occupiers. Downsizing doesn't necessarily mean smaller living areas, but fewer bedrooms. Don't include 1 bedroom accomodation as an after thought or second rate accomodation, they deserve to be designed as well as bigger accomodation and there needs to be more of them. More storage space.

--Any comments on the overall experience?

* Keep an open mind and expect to be surprised by what you might not have considered. Be prepared to compromise.

A SUMMARY OF DOWNSIZING TIPS

Secret Agent has compiled the following list of tips to help you prepare for downsizing. Having a better idea of what to expect can help you avoid the potential stress associated with moving. It will also ensure you have the right expectations for the period following a downsize so that you don't have any surprise issues and can adjust more easily.

TIP 1: Start decluttering now

It's never too early to start getting rid of things you don't need. Whether you end up downsizing or not, you'll have a tidier house. Those things sitting in the back cupboard that haven't been looked at for years will have to be removed at some point. The older you get, the harder it will be to do. If you do downsize, one of the most time consuming and difficult parts can be decluttering.

You won't be able to take most of what you own with you. Getting rid of things day by day can help make it easier when it comes time to actually sell your home and transition into a new one.

TIP 2: Update your house

Making sure your home is clean, uncluttered and in a good condition can help with the selling process. For any areas that have become dated, it can be a good idea to refresh these. For example, a new coat of paint on the walls and good lighting can go a long way in changing the overall feel of the home. Also make sure the garden and lawns are neat and have been watered regularly leading up to the sale.

TIP 3: Measure everything

Once you have found your new home, it is a good idea to measure your current furniture to make sure it will fit in the space. It might not be worth moving it if it doesn't suit the new property.

TIP 4: Don't expect to take everything with you

Even if your couch is in decent condition, it might not suit the style of the new home or fit right in the new space. Selling everything and starting from a fresh slate is sometimes easier than choosing what to keep.

TIP 5: Be mindful of parking

Moving to the inner city or a townhouse/ apartment might mean that you need to downsize your cars too. This could mean selling one or both, or replacing a large car with a smaller one that is easier to move in tight spaces.

TIP 6: Everything has a trade off

Every downsizing experience will be different in detail but overall the process is a series of trade offs. Getting a smaller place means less space but more time to spend on the things you love to do. Getting rid of old furniture that doesn't fit or suit your new life can be hard but getting new things to replace it is exciting. Your new home might be noisier but enable you to walk to the shops rather than drive. Focus on all the positive aspects of each trade off to put things into perspective. This will allow you to enjoy the process more.

TIP 7: Embrace the unknown

Downsizing will involve moments where you don't know the exact outcome. If you begin preparing in advance it might mean that you don't have an exact address that you're moving to until much later on. You might end up selling your house without having purchased a new one. Or you might purchase the home you'll downsize into before putting your current home on the market. If this is the case, you might not get as much money as you expect when you sell. Other unknowns include things like what will the new neighbours will be like, what if you don't like the area and will it be worth it.

The unknown can be scary. It's important to be aware of different possible outcomes and have back up plans. Having the support of family or friends and talking to them can also be helpful.

TIP 8: Remember to have fun

Downsizing is an emotional experience but it doesn't have to be stressful. Going through your belongings with your family can be an opportunity to bring everyone together. Plus it will be more enjoyable reliving memories with everyone rather than doing it alone. If for some reason your new home isn't ready in time for settlement of your old home then take it as an opportunity to go on a vacation, or have a staycation in the suburb you're moving to.

TIP 9: Don't leave things to the last minute


This includes making the decision to downsize. The longer you put it off, the harder it will be, both in terms of cleaning up your current home and also the moving process. When it comes to moving, make sure you overestimate how long it will take to pack up and clean your home. It's best to give yourself lots of time to find what you need for your new home too.

CONCLUSION

Downsizing is a trend that is here to stay. It's a craving for simplicity that is not age related. Downsizing forces you to cut out the burdens that drain so much time from your life and instead focus on what's important; things like seeing friends and loved ones more often and experiencing the world through travel.

Everyone is different and will have their own motivation to downsize. This report hopes to shed some similar traits from those seeking to downsize. Hopefully this helps you with any decision making and how to best prepare for the transition.

Ultimately, even the best of plans will involve unexpected events. Back up plans and staying focused on the long term goal for the downsize can help you move through any challenges.

Also, remember to enjoy the process. Moving is hard but it doesn't mean you can't have fun along the way. Your new life is just getting started and there are many things you can look forward to in a smaller, more convenient home. 

REFERENCES

ABS, 2017, <<https://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/3301.0Main%20Features42017?opendocument&tabname=Summary&prodno=3301.0&issue=2017&num=&view=>>>

AHURI, 2014, <<https://www.ahuri.edu.au/policy/ahuri-briefs/what-are-the-barriers-to-downsizing>>

Cramm, 2015, Social cohesion and belonging predict the well-being of community-dwelling older people, BMC Geriatr, 15:30.

Earl et al, 2019, Applying Psychological Models to Explain Responses to Downsizing, CEPAR.

Diamond, J, 2013, <<https://www.nytimes.com/2013/01/29/science/jared-diamonds-guide-to-reducing-lifes-risks.html>>

WHO, 2018, Falls, <<https://www.who.int/news-room/fact-sheets/detail/falls>>

SECRET

INSIDE PERSPECTIVE

AGENT



Downsizing
Vol.84 Sep 2018

Words
Jodie Walker

Design
Sheng Yi Lee

Front Cover

The data upon which this report is based was sourced from:
The Australian Bureau of Statistics (abs.gov.au/census),
REIV (reiv.com.au/property-data/auction-results),
The Department of Human Resources, Google Maps,
Land Victoria (land.vic.gov.au), realestateview.com.au,
realestate.com.au, domain.com.au, Fairfax, Residex, various
individual real estate agents operating in inner Melbourne, and
other specialised sources as noted in the content.

© 2018 Secret Agent HQ Pty Ltd. All rights reserved.
No reproduction, distribution or transmission is permitted
without the prior written permission of Secret Agent HQ Pty Ltd.

info@secretagent.com.au
(+61) 3 9349 4333