

'Empty Nest' Boomers Own Twice as Many Big Homes as Millennials With Kids

A recent study by Redfin found that 28% of "empty nester" baby boomers owned homes with three or more bedrooms, while only 14% of millennials with children had homes with 3+ bedrooms. The study was based on 2022 census data, the most recent available.

Looked at another way, 45.5% of empty nester boomers own big homes. Only 27% of millennials with kids own a big home, and only 3% of Gen Z families with children own a big home. Those are national numbers. Here are the numbers for Denver and three other cities:

	Boomers	Millennials
Denver	25.0%	15.1%
Los Angeles	23.7%	9.4%
San Francisco	26.1%	10.9%
New York City	23.9%	11.8%

Gen Z parents with children are even worse off. The report states that almost none of them (0.3%) own homes with 3+ bedrooms. Remember, the key word here is "own." Gen Z and many millennial families are more likely to be renters than homeowners.

(Adult Gen Zers are 19 to 25 years old, millennials are 26 to 41, Gen Xers are 42 to 57, and baby boomers are 58 to 76.)

Rita and I, as baby boomers, are part of a trend I expect to grow — selling our big home and becoming renters. As our fellow boomers get older, they are already wanting to downsize, and not only because of the empty bedrooms in their oversized home. They want freedom from home maintenance, lawn care, and other household responsibilities.

Buying a condo or renting an apartment (as we did) has the additional advantage of creating a "lock and leave" opportunity, allowing seniors to go on vacation — to see their grandchildren or take a cruise.

What surprised me was that ten years earlier, the numbers were almost equal for those two groups, according to Redfin; "In 2012, empty nesters of the silent generation (who were 67 to 84 at the time) took up 16% of homes with 3+ bedrooms. That's a *smaller* share than Gen Xers (who were 32 to 47 at the

time) with kids, who took up 19% of those large homes."

I can think of several possible explanations for the most recent statistics. Change is hard and uncomfortable, especially if you are elderly. For the 54% of boomers who own their home free and clear, the cost of staying put is low, and the cost of moving is high. For boomers who have a mortgage, it is at a very low rate if, like the rest of us, they refinanced into loans around 3% or even lower. They can't take that mortgage with them to a replacement home, and current rates (6 to 7 percent) seem really high given what they're paying now.

The failure of boomers to put their large homes on the market has reduced the supply of bigger homes for millennials to purchase. Additionally, millennials who don't currently own a home wouldn't have any equity to help them with a down payment on a new home.

Affordability remains a big obstacle for millennials, and Redfin estimates that 19% of them don't even *want* to purchase a new home. Also, many like to live "where the action is" in center cities, where big homes are scarce.

Whether or not they are waiting for the opportunity to buy a large home, millennials with kids already make up the largest age group that is renting homes with three or more bedrooms — 24.8%. Millennials *without* kids are the next biggest age group renting homes with 3+ bedrooms — 11.6%. The third largest age group renting such homes is us empty-nest baby boomers — 11.4%.

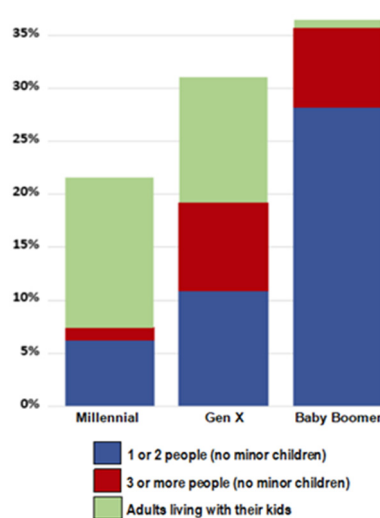
Rita and I are renting a 3-bedroom apartment because I need an office and we wanted to have a room for guests.

Older baby boomers might want to make the same calculation Rita and I made when we sold our big home. We realized that, because of the increase in market value of our home, we could net a substantial amount of cash by selling our home, even after paying capital gains above the \$500,000 marital exclusion. Our home's equity was not paying us any dividends sitting in

our house, and it wouldn't pay us dividends if we sequestered it in, say, a replacement patio home.

Thanks to Medicare, we realized that by investing the net proceeds from the sale of our house we would generate a monthly income greater than the rent we would be paying, and that's without dipping into the Social Security income that we were already earning. The big increase we were seeing in our property tax added to that calculation, as did my hunch that the surge in home values may have peaked and could decline in future years. It was a good time to sell.

If you're a senior citizen sitting on substantial equity, you might reach the same conclusion we did — that selling and renting is, surprisingly, the smart thing to do. (I never thought, especially as a Realtor, that renting would make more sense, but, at our age, it actually does.)



And consider this: The "rate lock in effect" doesn't apply if you are giving up your mortgage by selling your current home but not purchasing a replacement home.

This & That: Smaller Topics Not Worth Full Articles

Beware of Cloned Realtor Voices

The Colorado Association of Realtors recently warned that a new use of artificial intelligence involves cloning the voices of trusted real estate professionals to scam them and their clients. This happened to one CAR member.

CAR makes these suggestions for staying safe:

Intercept Suspicious Calls: Be cautious of robocalls that pressure you to act immediately, particularly from unknown numbers.

Confirm Identities: If you receive a robocall or suspicious call claiming to be someone you know, hang up. Contact that person directly using a number you trust to verify the call.

Limit Public Information: Consider the personal information you share online. Scammers can use this to tailor attacks like robocalls.

Report and Block: If you receive a robocall that seems like a scam, report it to your local police. They will guide you from there. You can also block the number to prevent future calls.

I Recommend Subscribing to Big Pivots

Big Pivots® is a Colorado-based non-profit. It aims to document, understand, and educate about the changes made necessary by climate change. Those changes include the energy, water, and other areas of urgent attention in the 21st century and beyond.

Subscribe free at BigPivots.com. The latest bi-monthly issue (#81) included a dozen topics on 23 printable letter-size pages. Editor Allen Best does an incredible job providing statewide information that matters.

EVs Could Drive Down Electric Costs

On my posting of this article at <http://RealEstateToday.substack.com>, there is a link to a report about several studies which conclude that EVs will actually contribute to more efficient utilization of the electric grid and thereby drive down electric costs for all consumers. One reason is that most EV charging is done overnight, creating a revenue stream for utilities during hours of low electric demand.

REAL ESTATE TODAY



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I'm on a Viking world cruise with my wife, Rita, until May 6 (you can follow us at <http://WhereAreJimandRita.substack.com>), but it's a "working vacation." I answer my cell phone and return emails, so reach out to me with your real estate needs and questions! This week I'm 6 hours earlier than Denver time.

"Concentrate on giving, and the getting will take care of itself." —Anonymous