

Need a Smaller House?

5 ways to know if downsizing is for you

The kids are grown and out of the house and maintaining the place where they took their first steps, wrestled with algebra or learned to hit a pop fly now takes more time and energy than you want to give. Or maybe you want to reduce your carbon footprint along with your energy bill. Or perhaps the prospect of tucking more dollars into your retirement (or travel!) account than into your mortgage is awfully appealing.

Whatever your reason, choosing to downsize your home is not an easy decision. Bittersweet memories collide with the excitement of starting a new chapter, albeit in smaller digs. So if you're thinking about trading down – in square footage, not in lifestyle or convenience – consider these questions before taking the plunge.

Why Downsize?

This seems obvious but it's important to know why you want to move to a smaller house before putting your more-spacious home on the market. Are you an empty nester rattling around in a too-big house? Do you want to live smaller and greener? Is saving your key motivator? If so, downsizing typically reduces your mortgage, but not always. It almost certainly means lower energy and maintenance costs, savings that could feather a retirement nest egg or help send your kids to college if wisely invested.



What's the market like?

As both seller and buyer, you'll want to know the real estate market for each situation. As a seller, will you be able to sell your house at a good price and in a timely manner? If you have to lower your price, how will that affect your financial plans? As a buyer, find out how much smaller houses and condos cost in your area and if there are enough of them to choose from. After all, you don't want wind up paying more for less room than you'd bargained for because inventory was low.

The market will also dictate how quickly you can buy and sell. In a buyer's market, you'll have an easier time finding a new house at a lower price, but your current house will likely sell for less too. In a seller's market, the opposite will be true.



What are my total costs?

Many downsizers expect a windfall when they sell their current homes. But that doesn't always happen in today's still-fragile market. After paying off the old mortgage and buying the smaller home, many people find they have little cash left over. Plus, monthly expenses don't always drop as much as expected. For example, moving to a warmer climate saves on heating, but you may pay a pretty penny for A/C. If your new home includes amenities like a pool, a gym or concierge service, monthly expenses could even increase.



Will a smaller home mean a smaller life?

As you weigh the pros and cons of downsizing, consider your physical and emotional needs as well as your financial ones. Ask yourself:

- Will moving into tighter quarters feel like a step forward or a step backward? Where we live is often a reflection of how we see ourselves – or how others see us.
- Will your new home be close to good friends or present the opportunity to make new ones? Depending on where you move you may lose friends or at least how often you see them.
- What about family? Will yours still be able to gather at your place for Thanksgiving? If not, are you OK with that?
- Will you still be able to get to work or church or book club easily? Are you open to discovering new, equally rewarding pursuits post downsizing? Changing places for the better means choosing a location that has the intensity and density of activities that makes the move worthwhile.



Is It Worth It?

In the end, that's a question only you can answer. You can save money by sizing down. You can live greener in less square footage. And you'll likely have more time to work on your bucket list when you're not cleaning or maintaining a too-big house. Many people trade the sleepy suburbs for hip, happening downtown, close to restaurants, culture and night life. If you're thinking about sizing down, experts suggest doing so sooner rather than later; good deals are out there. Rely on your broker to help you find a quality smaller home in a neighborhood you'll love.





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