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ECONOMY | HOUSING

Boomers Bought Up the Big Homes. Now They're Not Budging.

Many empty-nesters are staying put rather than downsizing, keeping housing inventory tight

By *Rachel Louise Ensign* [Follow](#) and *Rachel Wolfe* [Follow](#)

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Baby boomers bought up many of the big homes across the U.S. when they were raising their families. Now they're staying put, even though their kids are all grown up.

Boomers are on top in a housing market where tight inventory, higher interest rates and steep prices are making homeownership less affordable for the average family. Many of these older homeowners paid off their mortgages on properties that have appreciated tremendously in value.

Some are happy with their big houses. Others would like to downsize, but are deterred by the same high costs that are restraining other prospective buyers on lower rungs of the housing economy. Many are working longer or planning on an active retirement, and are in no rush to move to a retirement community.

About 28% of all U.S. homes with three or more bedrooms are owned by people between the ages of 60 and 78 living by themselves or with another adult, according to a Redfin analysis of 2022 census data. Millennials living with children own just 14% of these bigger homes. A recent Fannie Mae survey found that most Americans 60 and older don't intend to ever move.

Just a decade earlier, empty-nesters in the silent generation, who at the time were about 67 to 84, owned 16% of homes with three or more bedrooms. Meanwhile, members of Generation X with kids, who were 32 to 47, owned 19% of those large homes, Redfin found.

Boomers own half of all of the \$32 trillion in home equity in the U.S., according to a Redfin analysis of Federal Reserve data.

For years, some have predicted that boomers would start selling off their big houses en masse, flooding the market with properties. Instead, many aren't budging, similar to younger homeowners who don't want to give up their low-rate mortgages.



The Sandifers, who are 73 and 77, have no plans to leave the three-bedroom home they bought in 1992. PHOTO: JOE BUGLEWICZ FOR THE WALL STREET JOURNAL

The problems, though, are deeper than boomers not moving.

Home-building activity plummeted during the housing crisis and remained depressed for years, contributing to a historic decline in the construction of new homes and a housing shortage. A rapid run-up in interest rates over the past two years sent mortgage rates soaring.

And older homeowners downsizing in droves wouldn't actually solve the overarching issue that there are not enough homes on the market. Instead, it would likely lead to more competition for smaller homes.

The state of the housing market has left people on all ends of the housing spectrum unhappy. Renters can't buy first homes, homeowners can't trade up and older homeowners are disappointed their adult children can't afford to live nearby. That's contributing to gloomy feelings about the economy at a time when many of the typical metrics, like unemployment, indicate that the U.S. is going strong.

Mortgage rates, after falling late last year, are creeping back toward 7%, which promises to keep some would-be homeowners from being able to buy. Hotter-than-expected inflation data released Wednesday will likely prevent the Fed from cutting rates any time soon, which means mortgage rates will stay high, too.

Empty nests



Richard Brooks at his home in Martha's Vineyard with his daughter Sandy, her husband, Robert, son Taylor and dog Ellie. Sandy, Robert and Taylor live in the guesthouse on the property. PHOTO: LARISA STINGA FOR THE WALL STREET JOURNAL

Hanging onto their properties has helped boomers accumulate a level of wealth greater than any other living generation. Median prices of existing single-family homes have increased more than 10-fold since the early 1970s, when the oldest boomers were buying their first homes.

Richard and Laurie Brooks have bought and sold some half-dozen properties over the past four decades, starting with a condo Richard bought when he was 24 for \$122,000.

The couple traded up to their current Westwood, Mass., home 22 years ago. They paid \$1.5 million for the 5,000-square-foot, five-bedroom property because they liked the top-rated school district and family-oriented vibe. The couple also have a Martha's Vineyard home and rent an apartment in Boston to take advantage of the city's restaurants and theaters. They estimate the Westwood home could sell for \$2.5 million. They own both of their properties outright.

Richard and Laurie say they have too much space in Westwood, but don't like their other options. They have effectively closed off the second and third stories except when their two daughters come to visit.

When the couple moved in, every house in their small neighborhood held a young family. Now, half are empty-nest boomers like them. "You would think our entire generation would have all moved out by now," said Richard, a 64-year-old attorney.



Richard Brooks reads to Taylor while Sandy (at laptop) works to plan the wedding of her sister, Sam (standing), and her fiancé, Luke Markham. PHOTO: LARISA STINGA FOR THE WALL STREET JOURNAL

The Brooks's daughter Sandy Kovacs, 33, would like to buy a home but feels she can't afford one in Martha's Vineyard, where she lives. She, her husband, Robert Kovacs, and their 2-year-old son reside in the guesthouse of her parents' island property. Sandy, a wedding planner, and her husband earned a combined \$250,000 in 2023, but Robert was laid off from his tech job in January. The median home price in broader Dukes County is \$1.8 million, according to Redfin.

It's not exactly what Sandy envisioned for her adulthood. Still, she doesn't want to complain. "There are such benefits," she said, "because we would never be able to afford something like this."

Low-rate loans

Even though families have struggled with inflation, U.S. household wealth has grown in recent years, helped by massive government stimulus measures during the pandemic and a still-hot job market. Boomers had a median net worth, defined as assets like homes minus liabilities like mortgages, of nearly \$411,000 as of 2022, St. Louis Fed researchers found. That was higher than any other age group.

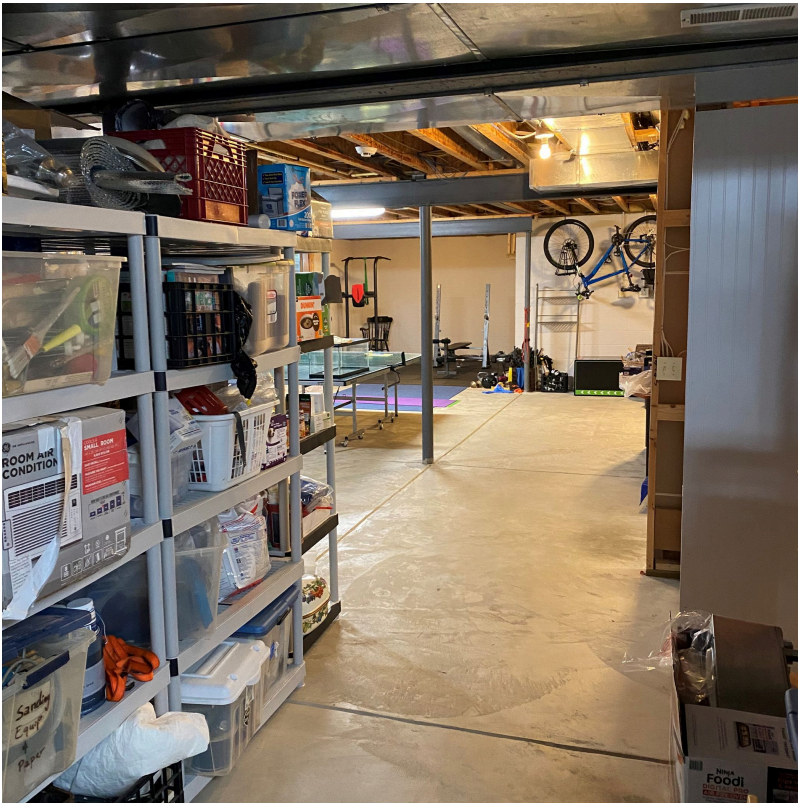
"The timing has been advantageous for this generation. They had access to and purchased a diverse range of assets at affordable prices," said Lowell Ricketts, a data scientist for the St. Louis Fed who researches wealth.

Nearly 80% of boomers own their primary residence and about a quarter own an investment property, the St. Louis Fed analysis found. More than half of them have retirement accounts

like 401(k)s, with a median balance of \$191,200. About 27% own stocks and bonds outside of retirement accounts, with a median amount of \$201,800.

Boomers are much less likely than millennials to have credit-card debt or auto loans. Those with mortgages often locked in ultralow rates in the years that followed the 2008 financial crisis.

Mark Aldridge, 63, grew up in a 900-square-foot home in Middletown, Ohio, when the town's steel industry was still vibrant. After studying finance in college, he started investing his and his parents' money in the stock market.



Mark Aldridge, 63, grew up in a 900-square-foot home in Middletown, Ohio, when the town's steel industry was still vibrant. 'I have a bigger basement than the entire house I grew up in,' he said of his current home, a five-bedroom spread over five split levels. PHOTO: MARK ALDRIDGE

He paid \$68,000 for his first home in Middletown in 1988. He traded up as prices rose, using the proceeds of each sale to fund the next. Eventually he moved to the Columbus suburbs, where he had four children and built a business as a financial adviser.

In 2016, he and his wife, Komal Aldridge, who is a doctor, paid \$535,000 for their biggest home yet, a five-bedroom with 4½ bathrooms spread over five split levels. "I have a bigger basement than the entire house I grew up in," Mark said.

The Aldridges have paid off their mortgage. They are considering buying a somewhat smaller home in cash once their two youngest graduate from college. Home prices in the Columbus area are up 65% in the past five years, according to Redfin. The couple aren't sure exactly what they'll decide.

"I've read a lot of Warren Buffett. He lives in the same house he's been in for decades," Mark said. (Buffett, 93, has lived in his five-bedroom Omaha, Neb., house since 1958.)

Nowhere else to go

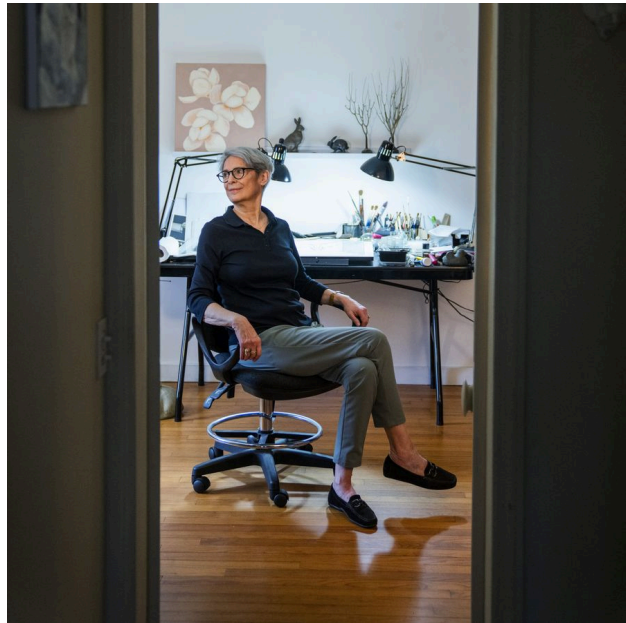
Many just don't see a better alternative to their big homes. Smaller properties with amenities that might appeal to older homeowners, such as no stairs and close proximity to services, are scarce in many areas, said Jennifer Molinsky, director of the Housing an Aging Society program at Harvard's Joint Center for Housing Studies. The ones that do exist can be expensive, she said.

People also have big financial incentives to stay put. More than half of boomers have no mortgage. That group pays a median \$612 in monthly housing costs, which includes insurance and property taxes, the Redfin analysis found. These homeowners could, at least theoretically, sell and use the windfall to buy something else. Those with mortgages face a different calculus: They would generally have to give up their cheap loans and borrow at today's much higher rates to move.

Homeowners whose properties have appreciated dramatically might also face a big capital-gains tax bill if they choose to sell.

Elaine Garrison would love to move from the Palm Beach Gardens, Fla., home where she and her husband, Rick Garrison, raised their two sons.

"The house is too dang big," said Elaine, 69. "I don't need a formal dining and living room. I don't need four bedrooms." What she does need: a place without stairs that aggravate her lower back every time she uses them.



Sandy, her father, Richard, and her son, Taylor, enjoying the slides at the local playground. Heather Sandifer in her art studio, formerly her child's bedroom, at her Greenwich, Conn., home.

LARISA STINGA FOR WALL STREET JOURNAL, JOE BUGLEWICZ FOR THE WALL STREET JOURNAL

The couple's primary mortgage costs \$1,750 a month including taxes, interest and insurance. A second mortgage, which they took out 15 years ago to pay for living expenses, runs between \$700 and \$800 a month. Their home insurance is up steeply, from around \$7,000 in 2020 to \$11,000 this year.

Still, they believe they would have to pay more if they bought a smaller home in the area. The Garrisons have also looked into renting, but they found that it would run them about \$4,000 a month.

She might be able to buy something in another state, she said, "but I'm not doing that."

Still, boomers are often in a better position to buy than anyone else. They are much more likely to buy in cash, which blunts the effects of higher interest rates and gives them room to bid more in hot housing markets. Boomers made up 31% of home buyers, while millennials made up 38%, a 2023 National Association of Realtors survey found.

The Foam Dome

Jim and Sharon Erwin paid \$300,000 in 2015 for their three-bedroom home in Gunnison, Colo., a small college town where skiing is popular. It was a downsize from a 4,000-square-foot home in the Denver area, and they now own it outright. The third bedroom is set up as an office, where Jim, a 71-year-old retired property appraiser, watches financial news accompanied by the family cat, Boomer.

In recent years, the Erwins decided to lend money to their son, Jeff, to help him buy a home. Home prices in their county have doubled in the past five years.

Their son had a hard time finding properties he could afford, even with the parental help. So Jeff, an artist, zeroed in on an offbeat property a five-minute drive from his parents, and used the loan from them to pay \$420,000 for it in September 2021. He now pays his parents about \$1,100 a month.

Much of the two-bedroom home is covered in a thick layer of spray foam, which keeps it insulated in the town's very cold winters but also makes it look like something from "The Flintstones." Jeff, 33, and his wife and 1-year-old son love living there. They call it the Foam Dome.

His father was less enthusiastic at first. "When I saw his face when I showed him the house, it was not encouraging," Jeff said.

Michael and Heather Sandifer, who are 73 and 77, have no plans to leave the three-bedroom Greenwich, Conn., home they bought in 1992. They love the place and figure that moving to an apartment or smaller house in the area would cost them much more. They owe about \$170,000 on the property at a rate around 3%.

Heather, a former textile designer, has taken over two of the bedrooms as studios for her botanical-focused art. The property is close to local walking trails and a train line to New York City. The Sandifers enjoy cooking together in the kitchen almost every day.

"We're kind of stuck where we are, but in a nice way," said Michael.



'We're kind of stuck where we are, but in a nice way,' Michael Sandifer said. PHOTO: JOE BUGLEWICZ FOR THE WALL STREET JOURNAL

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