Downsizing in Later Life: Myths and Realities Concerning the Movement of Older People in the Housing Market

Bruce Judd
City Futures Research Centre, University of NSW, Sydney, NSW, 2054, Australia
Email: b.judd@unsw.edu.au

Catherine Bridge
City Futures Research Centre, University of NSW, Sydney, NSW, 2054 Australia
Email: c.bridge@unsw.edu.au

Laura Davy
City Futures Research Centre, University of NSW, Sydney, NSW, 2054 Australia
Email: l.davey@unsw.edu.au

Toni Adams
City Futures Research Centre, University of NSW, Sydney, NSW, 2054 Australia
Email: t.adams@unsw.edu.au

Edgar Liu
City Futures Research Centre, University of NSW, Sydney, NSW, 2054 Australia
Email: e.liu@unsw.edu.au

Abstract

In Australia, ‘downsizing’ has become a popular term or stereotype to explain the movements of older people in the housing market. However there is little agreement on its definition and whether it refers literally to a reduction in the size of the dwelling and/or associated land to reduce maintenance, or includes moving to reduce housing costs (downpricing) or relocation due to changing life style and/or locational preferences amongst pre- or post-retirees. As populations age, the preferences of older people will become a more important housing market driver, yet there exists little research on the downsizing behavior of older people or understanding of its implications for housing policy and the housing industry. Drawing on an international literature review and a number of Australian Housing and Urban Research Institute studies, this paper explores the theoretical frameworks useful in understanding ‘downsizing’, supported by preliminary findings from a current AHURI project on downsizing.

Keywords: Ageing, housing, downsizing

Introduction

Population ageing is a global phenomenon with profound implications for social and economic policy, including housing and urban policy. In the early 21st Century, Australia’s rate of ageing is similar to much of Europe whereby in the first 50 years the percentage of people aged 65 and over is expected to double, and the percentage aged 85 and over to quadruple. This has evoked a number of responses in housing policy. Foremost amongst these is a shift from institutional aged care to ageing in place and provision of care in the home, with aged care services available in the home being considerably increased in recent years to the point now where dementia level care is now available. This adds pressure to the need to review the way housing and neighbourhoods are designed to facilitate ageing in place of an increasingly more complex cohort of older people living in the general community. It
seems clear that much of our existing housing and urban design is not particularly supportive of ageing in place (Judd et al, 2010). However, over the last few decades some moves have already been made to facilitate more age-friendly housing through the introduction of:

- a national Home and Community Care (HACC) program to support home modifications (Australian Government ComLaw, 1985);
- an Australian Standard AS 4299 for Adaptable Housing (non-compulsory) (Standards Australia, 1995);
- extension of Access to Premises legislation to residential apartment buildings (compulsory) (Australian Government ComLaw, 2010); and
- Livable Housing Design guidelines (non-compulsory) (FaHCSIA, 2010).

However, apart from home modifications, these provisions apply only to newly constructed dwellings which represent only a small percentage annually of overall dwelling stock and, with the exception of the Access to Premises legislation, are voluntary rather than compulsory. We also know that the vast majority (82%) of older people live in single detached suburban dwellings of 3 bedrooms or more (83%) on large (normally around 500 to 600 sq m) allotments (Judd et al, 2010). As pointed out in our 2011 ENHR Conference Paper (Judd & Bridge, 2011) according to official 2006 Australian Bureau of Statistics (ABS) Census statistics only 4.3% of Australians 65 and over lived in retirement villages (ABS, 2006), while industry research estimated this to be 5.2% in 2008, expected to grow to 7.5% in the following 15 years (RVA as cited in Productivity Commission, 2011). It can be concluded therefore that in the foreseeable future, most of the adjustments older people make in their housing will be within the existing housing stock. What is not certain is that a supply of appropriate, affordable and suitably located housing will be available to meet the needs of an ageing population.

A commonly held view amongst housing and urban policy makers is that an ageing population will require greater diversity in housing types (implying smaller dwellings and associated outdoor space). This is either explicit or implied in recent metropolitan planning strategies (e.g. NSW Department of Planning, 2005; Department of Infrastructure and Planning, 2009) as well as in recent national urban policy documents (Department of Infrastructure and Transport, 2011). This suggests that at some point in life, older people will need, or want, to move from their current ‘oversized’ housing to more ‘appropriate’ accommodation. This is where the issue of downsizing enters the debate concerning housing for an ageing population. However the view that smaller households implies demand for smaller dwellings has been contested, as indicated by Wulff et al:

“[a]dvocates of the compact city have often assumed that the long-term decline in household size in Australia, which is in part expressed in the rapid growth in lone-person households, is being reflected in increased demand for smaller, higher-density housing. This belief, however, is not supported by the available evidence.” (Wulff et al, 2004:68)

With regard to older people Wulff et al concluded that “…older lone persons may have adult children or grandchildren live with them for a period, or have relatives visit”, which explains their need to maintain a larger dwelling. Previous research by the author and colleagues (Judd et al, 2010) appears to confirm this view. In a national survey of 1604 older home owners, most (84%) were found to be living in detached suburban dwellings and (83%) with three or more bedrooms, 91% regarded their homes as suitable for the needs of their current household and the majority fully utilized the space in their home (including ‘spare’ bedrooms) for purposes important to their health and wellbeing in retirement (Judd et al, 2010).

It is this conundrum, and a dearth of research on the downsizing phenomenon, that prompted the research with which this paper is concerned. Do older people wish to, or need to, downsize; at what stage in their lives; to what kind of accommodation? If so, what precipitates such a move, how difficult or easy do they find the process of downsizing; and with what kind of outcomes?
The Research Project

The research is funded by the Australian Housing and Urban Research Institute, commenced in mid 2011, and is due for completion in December 2012. So far a review of local and international literature and policy related to downsizing has been completed, along with a preliminary analysis of ABS data and a national survey of 3,293 older Australians via the largest circulation magazine for seniors ’50, Something’ plus a variety of online sources. Analysis is currently under way so only a few preliminary results are available, some of which are reported in this paper. Sixty in-depth interviews in three states of Australia (New South Wales, Victoria and South Australia) of both urban and regional respondents are also currently being undertaken. Finally, a series of policy forums will be held in each state to enable stakeholders to reflect on the findings and consider policy options. This paper will deal primarily with the results of the ABS data analysis and the systematic literature and policy review but will also include some preliminary findings from the national survey.

Defining Downsizing

The first question to be addressed when considering downsizing is how is defined? The literature indicates that definitions vary from the very narrow (i.e., referring only to the size of the dwelling – in terms of number of bedrooms) through to a those incorporating a wider range of spatial, economic and social factors. There is general agreement in the literature that downsizing involves the consumption of less housing, but less agreement as to what this includes. The US Federal Reserve (Lehnert, 2004) for example defines downsizing as decreasing housing stock, but even this begs the question as to what ‘housing stock’ includes. The US Federal Reserve (Lehnert, 2004) for example defines downsizing as decreasing housing stock, but even this begs the question as to what ‘housing stock’ includes.

In a study of house price volatility and housing ownership over the lifecycle, Banks et al (2007) take the broader view that downsizing can take many forms including reduced dwelling size (both living areas and garden), number of rooms, value of the dwelling, or even a change from ownership to rental tenure. However they also argue that “[t]he most direct quantitative measure of housing consumption available…is the number of rooms per dwelling” (Banks et al, 2007:27). Luborsky, on the other hand, takes the narrower view focusing on the size of the dwelling by defining downsizing as “a residential move to smaller quarters and the necessary reduction of personal possessions” (Luborsky, 2011:1). As Banks et al (2007:9) observe, in some studies “downsizing essentially involves cashing in housing equity”. An example is a recent Australian study by Bradbury who argues that downsizing only occurs if there is a reduction in the value of the home since “…some elderly might move into smaller houses that are nonetheless just as valuable as their old house (for example in a better location)” (Bradbury, 2010:6).

Our view is that a compelling case can be made for a more inclusive definition since the actual downsizing of a dwelling may be less important than reducing the amount of associated open space, maintenance of home or property, or the value of the dwelling. We therefore accept a definition consistent with that of Banks et al (2007) that downsizing “encompasses: 1) decreases in the value of the dwelling; 2) decreases in the number of rooms within the dwelling; and 3) decreases in the spatial dimensions of the dwelling including living and garden/yard areas.” (Judd et al, 2012 forthcoming). However similar to Banks et al (2011), based on the limited data available on the area of dwellings and their gardens/yards from normal ABS sources, we also regard reduction in the number of bedrooms to be a simple (if somewhat crude) measure.

Theorising Downsizing

A second question is what theoretical perspectives are most appropriate to view the phenomenon of downsizing? Again this is a contested area as downsizing has been viewed from a wide range of
perspectives (Wahl & Lang, 2004). Our literature review revealed three dominant theoretical approaches:

1. **The housing equilibrium model**: an economic perspective drawing on functionalism in architecture which proposes that older people underutilizing space in their home are in disequilibrium, i.e. consuming more housing than they need (Reschovsky, 1990), and that mobility is discouraged by the costs of moving. Under-occupancy is typically measured in terms of a simple mathematical relationship between the number of persons in the household and the number of rooms, bedrooms or floor area of the home (Clark and Deurloo, 2006). This has led to the emergence of occupancy standards such as the HUD Fair Housing Enforcement in the USA, the ‘Bedroom Standard’ in the UK and the ‘Canadian National Occupancy Standard’ in Canada – which is also used in modified form in Australia.

2. **The lifecycle model**: a gerontological perspective proposing that wealth and assets accumulated during life (of which housing is an important part) are decumulated in retirement years releasing capital for their living expenses in later life as a natural part of the life cycle (Heiss et al, 2005; Kazi, 2008; Banks et al, 2007). While initially this focused on economic factors, later in its development non-economic life cycle events (e.g. retirement, changes in family composition and loss of a spouse) were also acknowledged as important drivers of housing transitions. Ostrovsky (2002) notes that other planning factors (precautionary planning, bequest motives, housing markets and attachment to the home) are also incorporated into these demographic and structural factors.

3. **The life course model**: a sociological model focusing on the individual circumstances and decisions of older people within a wider personal, familial, social and structural framework (Thorns, 1994; Wulff et al, 2010). In this model housing wealth and consumption is the product of these wider circumstances including housing policies and markets. Important life course influences on housing wealth include: labour market history, superannuation, family structure and relationships, and the situation and conditions upon entering the housing market (Thorns, 1994). The theory proposes that typically the transition to a smaller household due to children leaving home will heighten mobility in later life “…as a natural response to a change in housing requirements as families progressed through stable life-cycle stages” (Wulff et al, 2010).

Housing equilibrium theory has be criticized for its ageist assumptions regarding the social expectations, participation, rights and obligation of older people (Jaffe, 1989) as well as for its underlying functionalist spatial tradition that assumes that older people need less space in the home than families with children (Ytrehus, 2000). Likewise, the life cycle and life course theories are also potentially vulnerable to such criticism since they propose that the housing transitions of older people are based on normative peer behaviours, when in reality older people can be extremely diverse in terms of their health, capabilities, attitudes, choices, and familial and social networks.

The ageist critique of prevailing theories, leads us to draw on wider person-environment theories for the purposes of our study. Of particular relevance is environmental press theory (Lawton, 1985) which sees behaviour as a joint function of the person and the environment and adaptive behaviours occurring within a physical context. Press is the balance struck between a person’s level of competence and an environmental stressor. The less ability a person has, the more impact the environment will have. This takes into account of the heterogeneity of older people and their needs to consider who will use a particular environmental feature so that the right balance in the competence-press continuum is achieved (Lawton 1977). This model is also able to take into account economic and biological influences as environmental stressors, since they are viewed as part of the response continuum likely to impact housing transition decisions.
Evidence of Downsizing in Australia from Existing ABS Data

Part of the early stages of this research was to investigate what indications of downsizing existed within available Census data. To do this we commissioned tables from the ABS based on the 1996, 2001 and 2006 Censuses, cross tabulated by five age groups (0-54, 55-64, 65-74, 75-84, and 85+) (ABS, 2006). The ABS also undertakes a Survey of Disability, Ageing and Carers (SDAC), from which the most recent data available was from the 2003 survey (ABS, 2004). From this we analysed responses to one question on the motivation for relocating due to a functional impairment or need for care (though downsizing is not specifically identified).

The analysis of Census data indicated the recent growth in Australia’s older population. Overall, in the 10 year period from 1996-2006 the 65+ population had grown by 23%. Amongst the older age cohorts the greatest growth was in the 85+ age group (62%) followed by the 55-64 ‘baby boomer’ cohort (48%). A significant factor also is that overall dwelling size as indicated by the percentage of the older population in dwellings with 3 or more bedrooms actually grew by 38% for those 65 and over, and by 100% for those 85 and over – reflecting the general increase in dwelling sizes, increasing affluence and the tendency toward ageing in place. The percentage of older residents in smaller (2 or fewer bedroom dwellings) reduced by 7% for the same period, but also increased by 21% for those in the 55-64 baby boomer cohort.

Since apartments are usually smaller than single detached dwellings, an analysis of the percentage of the older population in these two dwelling types indicated that the growth of those living in detached dwellings (26%) outstripped those in flat dwellings (20%) indicating a net increase in detached (normally larger) dwellings amongst older Australians. Similarly there was a reduction in dwellings owned outright (without a mortgage) of 36% and a corresponding increase of 38% in people aged 65 and over in mortgaged dwellings. While there had been a 38% increase in the percentage of people 65 and over in residential aged care (i.e. nursing homes), there was a reduction of 12% living in accommodation for the aged (i.e. retirement villages) - again possibly reflecting trends toward ageing in place.

The Census collects information on whether people have moved in the five years since the previous Census. This revealed that three quarters (75%) of Australians aged 65 and over had not moved during this period. The SDAC data indicated that 8% of older disabled Australians had to move house because of their disability.

What this analysis has revealed is that there is very little, and sometimes contradictory, evidence from existing statistical sources indicative of downsizing. The data is complicated by the general increase in dwelling size and cohort effects due to the baby boom generation entering older age. The literature review also found no studies that attempted to enumerate downsizing in Australia. This justifies the need for the current research which will enable estimates of the extent of downsizing, as well as understanding the stages in life that this occurs and the motivations, processes and outcomes of downsizing.

Factors Leading to Downsizing

There is considerable discussion and debate in the literature on the factors leading to downsizing. What is clear is that the factors are complex and varied, reflecting the heterogeneity of older people and the diversity of their backgrounds and circumstances.

“People's housing decisions are multi-faceted, based on their current and future needs, and intermixed with aspirations about dwelling forms, owning or renting, location and neighbourhood, and affordability. Each of these decisions is constrained or enhanced by the level of household income. In summary, housing preferences are shaped by a combination of
macro level factors (housing market, housing system, economic climate) and micro level factors (age, household composition, income and current housing situation)” (Wulff et al, 2004:59).

Factors leading to downsizing identified in the literature fall into two main categories – economic, and non-economic factors.

**Economic Factors**

Classical life cycle and economic theories regard the reasons for downsizing to be primarily economic, namely to reduce housing consumption and use accumulated housing wealth to finance current and anticipated future non-housing consumption in later life (Banks et al, 2007, Faulkner, 2007). Woodbridge’s (2003) study of older people who had moved into relocatable homes found that this enabled them to release capital invested in the family home as a buffer against future health expenditure. However, Faulkner (2007) found older people were reluctant to draw on their housing wealth unless their non-housing wealth was close to exhausted, or they experienced a sudden shock such as illness, or the death of a spouse. Likewise, Feinstein and McFadden (1989) using the life cycle approach found that wealth had an important impact on housing choices, influenced also by demographic shocks such as retirement and changes in household size and composition.

Other factors influencing older households to downsize identified in the literature include volatile housing markets, transition to the age pension, and moving costs including stamp duty, legal costs and real estate fees. A Canadian study by Lin (2005) using longitudinal data from the Canadian Survey of Labour and Income Dynamics (SLID) found that the mobility of older people in Canada was strongly influenced by the costs of moving. Whether an older person is in receipt of the age pension or not can also be an important factor in downsizing decisions as revealed in Sane’s (2010) doctoral research on Australian retirement incentive effects which found pensioners were more residentially mobile, but less likely to downsize, and loss of the pension often resulted in a decision not to move or downsize.

**Non-Economic Factors**

Outside of life cycle or economic circles, there is general consensus that non-economic factors are the main triggers for downsizing (VanderHart, 1998; Ellwood and Kane, 1989; Megbolugbe et al, 1997). Residential mobility is associated with life events as well as changes in financial circumstances (Ermish & Jenkins, 1999). The key non-economic factors identified in the literature on moving and downsizing in older age are as follows:

1. **Negative shocks**: including divorce, ill health, death of a spouse (Beal, 2001; Beer et al, 2006; Calvo et al, 2009; Venti & Wise, 2004).


3. **Health concerns**: and the associated difficulties in maintaining a large house and yard, the need to move closer to medical services or family or friends, or into a more age-friendly home (Clark & Duerloo, 2006; Painter & Lee, 2009; Ostrovsky, 2002).

4. **Changes in employment status**: including retirement – evidence of being associated with residential mobility but not necessarily downsizing (Ermish & Jenkins, 1999; Banks et al, 2007).
5. **Family reasons:** including social pressure from family, closer proximity to family (though this may enable older people to remain in their own home for longer), and intergenerational living (Luborsky et al, 2011; Painter & Lee, 2009; 2010; Banks et al, 2007).

6. **Demographic factors and circumstances:** including income, educational level, housing history, housing and non-housing wealth (Ferraro, 1981; Calvo et al, 2009; Thorns, 1994).

Sane’s (2010) Australian doctoral thesis identified four main reasons for moving in later life: 1) family; 2) health; 3) change in lifestyle; and 4) the desire to obtain a smaller home. However, the same study found that that downsizing did not necessarily mean moving to a cheaper home, but could be to a more expensive one. A change in tenure from homeownership to rental was most likely to be associated with releasing housing equity, motivated primarily by health concerns.

**Obstacles to Downsizing**

It seems clear from the above that moving and downsizing is primarily motivated by necessity rather than choice. There is considerable evidence from the literature that without the negative triggers identified above, most older people are reluctant and unlikely to downsize. This is supported by many studies in Australia, the UK, the USA and New Zealand (Shan, 2010; Denton & Kusch, 2006; Munnell et al, 2007; Beal, 2001; Ostrovsky, 2002; Beer et al, 2006). If downsizing or moving is considered to be beneficial then this suggests that there may be barriers or disincentives that prevent or discourage older people from making this choice. Possible incentives that can be identified in the literature fall into three categories: 1) the attitudes of older people themselves; 2) financial disincentives, and 3) a lack of suitable housing alternatives.

A number of studies provide some insight into the attitudes of older Australians that may represent obstacles to downsizing. Beer et al’s (2006) international literature review for the AHURI funded 21st Century Housing Careers project identified both external factors such as high costs and housing market fluctuations, and internal factors such as desire to bequeath wealth, and feelings of attachment to the home. Earlier AHURI funded research by one of the authors (Judd et al, 2010) on older home owners found high levels of satisfaction with the size of the home and utilization of space for home offices, study spaces, hobbies and exercise equipment with 91% of respondents favouring remaining in their own home with the support of professional services, rather than moving. Studies in the USA also refer to the deep-seated attachment to the home (Munnell, et al, 2007), habitual demand (Banks et al, 2007) and psychological cost of moving (Reschovsky, 1990). Beer et al’s (2006) AHURI research and two of the US studies (Munnell, et al, 2007; Banks et al, 2007) suggest that the desire to bequeath housing wealth is a reason older people choose not to downsize, but an AHURI report by Olsberg & Winters (2005) found that very few had moved in with children or downsized for this reason.

Financial disincentives also figure prominently in the literature including costs associated with moving. Amongst these are the costs of removalists, stamp duty on the purchase of a dwelling, commissions paid to real estate agents and mortgage related fees (Reschovsky, 1990; Faulkner, 2001; Munnell et al, 2007). Other financial disincentives in the Australian setting are the exemption of the primary residence from capital gains tax (Beer et al, 2006) and the potential impact that the sale of the house will have on pension entitlements (Faulkner, 2001), especially if transitioning from home ownership to rental.

The lack of suitable alternative housing is also cited in some studies as a disincentive for moving (Howe, 2006; Reschovsky, 1990). This may be for reasons of accessibility, size, affordability or location. Our study will provide detailed information on disincentives in the Australian context.
Policy Impacting on Downsizing

Our review of policy associated with downsizing included analysis of federal, state and selected local government policy initiatives in Australia for supporting downsizing, as well as an analysis of policy initiatives in the USA, Canada, the UK, Europe and New Zealand.

There is no explicit policy in Australia to support downsizing per se, but a number of policy initiatives do impact indirectly on downsizing, either positively or negatively. These fall under the following five categories:

1. **Information provision:** The federal government provides an information booklet Accommodation Choices for Older Australians and their Families (FaHCSIA, 2010) which, while not mentioning downsizing specifically, discusses issues around moving to a range of different housing options (including retirement villages, moving in with friends or family, an accessory dwelling (granny flat) or a residential aged care facility. It advises on selling the home, how this will impact on pension eligibility, finding a new home and the process of moving. Similar documents are provided by some of the state governments, e.g. the NSW Seniors Guide for older consumers (Fair Trading, 2011).

2. **Taxation and stamp duties:** Historically, in Australia the exemption of the principal residence from capital gains tax and stamp duties on the purchase of a dwelling have acted as disincentives to moving and downsizing. Recently some state and territory governments (ACT, NSW, NT and Victoria) have introduced stamp duty exemptions or concessions on the purchase of a dwelling by older people. Arrangements vary between states and generally apply only to the purchase of new dwellings.

3. **Age pension:** Again, the exemption of the principal residence from capital gains tax and from age pension eligibility calculations can be a disincentive to downsizing, particularly when transitioning from ownership to rental accommodation.

4. **Urban planning and age-friendly housing:** Including extension of Access to Premises legislation to apartment buildings (Australian Government ComLaw, 2010) and the introduction of voluntary universal design guidelines for new housing (FaCHSIA, 2010). Also state government strategic plans for capital cities advocate more diverse housing types to accommodate an ageing population. NSW has introduced a Seniors Housing policy which permits a relaxation of zoning regulations for the provision of over 50s private housing schemes (NSW Dept of Planning & Infrastructure, 2011).

5. **Access to aged care services:** Recent Productivity Commission recommendations regarding uncapping of subsidised aged care services, thus disengaging care from accommodation, have recently been adopted by the Federal Government. This will enable greater choice of accommodation without impacting on service entitlement. (Productivity Commission, 2011).

Of these, only provision of information and concessions/exemptions from stamp duty provide some support for moving, including downsizing. A recent national review of the Australian taxation system known as the Henry Review (Australian Treasury, 2009: Box C2.3) noted that “[s]tamp duties may discourage older Australians from moving to a smaller home and reduce the amount of equity withdrawn from a home if they do downsize” and that “the assessability of capital withdrawn from the home through relocation to a lower value property (or by way of a reverse mortgage) also discourages downsizing” (ibid: Section 10.3). The total costs of moving (stamp duty plus other moving costs) were calculated as ranging from $23,485 to $47,699) for Australian capital cities (ibid: Chapter C2.3).
Some Preliminary Findings

A preliminary analysis of our survey responses indicates that downsizing is prevalent amongst older people, revealing that 44% of those who had moved since turning 50 years of age had moved to a house with fewer bedrooms than their previous dwelling. Given that this is the narrowest measure of downsizing and that over half of the respondents had moved twice or more, this is likely to be an underestimate as interviews are revealing that downsizing sometimes occurred when moving into a previous dwelling.

When asked about the circumstances that led to moving (in this case downsizing), the responses were as indicated in Figure 1. This illustrates that lifestyle preference was by far the most common factor contributing to downsizing followed by maintenance of house and garden, children leaving home, retirement and relationship breakdown. The data is yet to be disaggregated by age group, and so it is not yet clear how the factors contributing to downsizing vary with age.

Figure 1: Circumstances Contributing to Downsizing (percentage of respondents)
(Multiple answer question)

When asked how important a range of considerations were in the decision to moving from the former to the current home, maintenance ‘less maintenance’ of both dwelling and yard were rated as important/very important by over three quarters of respondents (see Figure 2). ‘Smaller dwelling’ was also ranked very highly – a direct indication of downsizing intentions. Lifestyle improvement also figured highly amongst the most important considerations, followed by three locational factors - ‘closeness to shops’, ‘public transport’ and ‘health services’, all identified as important or very important by over half the respondents in their housing choices. Financial aspects (to discharge or reduce a mortgage, or as a better investment, were amongst the considerations of lowest importance in the choice of new home, though reducing the cost of living was in the middle range. This is supported from evidence emerging from current interviews which suggests that the cost of obtaining assistance with dwelling and property maintenance can be a factor in downsizing decisions – more so than the need to reduce the cost of the dwelling itself.
Figure 2: Considerations in downsizing (percentage of respondents) (Multiple answer question)

When current and former dwelling types are compared (Figure 3), the relationship between dwelling type and downsizing is apparent with downsizers living much less in (generally larger) single detached houses and more in (generally smaller) attached and flat/apartment housing types.

Figure 3: Difference in Dwelling Type – Former to Current Dwelling

The number of bedrooms also reduced considerably between former and current dwellings as shown in Figure 4. This shows a considerable overall reduction in number of bedrooms amongst respondents.
with three and four bedroom dwellings dominating in former dwellings, and 2 and 3 bedrooms dominating in the current dwelling. Future analysis will enable a direct comparison between the current and former dwellings of individual households, both in terms of number of bedrooms and estimates of floor area which will provide a much more nuanced understanding of the reduction of space in the dwelling.

**Figure 4: Number of Bedrooms of Current and Former Dwellings**

![Bar chart showing number of bedrooms in current and former dwellings.](chart)

**Conclusions**

What the research so far has found is that downsizing amongst older people is under researched and poorly theorised. There is also confusion about how downsizing is defined, particularly whether it refers only to reductions in size of dwellings or includes reductions in the economic value of housing. Our preference for a broader definition is confirmed in the early interviews which indicate that older people themselves who have moved or downsized often describe downsizing as including reductions in garden or yard size and maintenance, household size, housing costs and even belongings along with reductions in no of bedrooms or floor area. There is also a distinct lack of Census and other ABS data that can assist in understanding the extent of downsizing, the demographics of movers or downsizers and the types and sizes of housing that they move into in later life. This justifies the need for the current research.

There is, however, evidence from the literature that moving (including downsizing) are generally triggered by negative shocks, changes in household composition, health, employment status, family reasons and demographic factors and circumstances. Our early survey findings and in-depth interviews confirm that many these are amongst the most common circumstances contributing to downsizing, more so than financial circumstances. However lifestyle preferences were cited as the most common reasons for moving. Further analysis by age group is required to understand how these patterns change over the various age cohorts, but it is conceivable that lifestyle reasons and children leaving home are more applicable to the younger old, and maintenance, illness and disability to the older age groups.

There is a paucity of information on the processes of downsizing and the social, health and economic outcomes including access to care services. This will also be explored in some detail in the current research, both via survey findings and from the in-depth interviews.

Finally, our literature review reveals that compared to the UK and Europe Australia appears to be lagging behind in policy development regarding downsizing. The most explicit initiative to date has been stamp duty exemptions or concessions on the purchase of new dwellings provided in some States.
and Territories. However because this only applies to new dwellings which represent only a small percentage of total housing stock, the impact is likely to be minimal and has yet to be quantified. It is encouraging that the recent Henry Tax Review (Australian Treasury, 2009) has considered the disincentives in the taxation and pension eligibility system for older people moving or downsizing, however its recommendations have yet to be adopted by government. While a limited amount of information is available from government on housing options for older people, downsizing per se is not specifically addressed. Some recent progress has been made in improving housing accessibility through the application of Access to Premises legislation to residential apartment buildings and the introduction of universal housing guidelines, however the jury is still out on the effectiveness of the due to its voluntary status. Once again, these only apply to new housing stock, and hence to a small percentage of all housing.

In much of the literature, residential mobility in older age is not distinguished from downsizing per se. Also the strong support from policy makers and expressed by older people themselves for ageing in place (ie in the existing family dwelling which is typically of 3-4 bedrooms on a 500-60 sq m allotment) (Judd, et al, 2010) suggests that there may be little propensity toward downsizing and hence need for the diverse (smaller) housing types often advocated for by urban policy makers. To what disincentives to moving and downsizing such as fees and taxes and the availability of suitably sized, priced and located housing alternatives constrain residential mobility in later life is not yet fully understood.

Despite the prevailing view in the literature that the vast majority of older people prefer to age in place in a conventional suburban home, and only a small percentage opt for retirement villages, our early survey findings indicate that for those who have moved since turning 50 years of age, almost half (44%) had downsized using the crude measure of number of bedrooms in the dwelling. Since this is only a narrow indicator of downsizing and is based only to the latest move, the actual percentage is likely to be somewhat higher. This suggests that downsizing is indeed for many older people an important objective of moving in later life, and therefore warrants more examination than it has had to date. If removal of taxation and other disincentives was to be pursued, it may well see an increase in downsizing. It also suggests that as population ageing continues, downsizers are likely to represent an increasingly important market for the housing industry.
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Workshop WS15 – Housing and Living Conditions of Aged Populations


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