

10 Top Ways Agents Can Up Their Downsizing Game



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As more baby boomers retire, Gen Xers become empty nesters and millennials opt for smaller first-time homes, more clients are seeking expertise in navigating this major life transition.

In the wake of the housing crisis of 2008, an interesting trend among home buyers began to emerge. The American Dream, once epitomized by many as a maxed out McMansion with a 30-year fixed interest rate, rounded a corner as an aging population and a cash-strapped middle class started demanding more affordable, smaller residential dwellings.

Even ultra-wealthy clients with multiple properties are now scaling down, trading in the extra square footage of their large estates for luxury apartments and extended-stay spaces with amenities like rooftop running tracks, dog walking, fully stocked kitchens and residents-only restaurants.

The movement toward a smaller, simpler lifestyle is not exclusive to the older or wealthy set either. Younger, first-time millennial home buyers are also parlaying the larger footprints of their parents' homes for minimalist properties that offer affordable down payments.

For all, downsizing can represent an emotionally charged life decision. With seniors, it's a psychological turning point in which they're letting go of long-term

homes and possessions that hold sentimental value. For millennials, a small starter home often symbolizes a first milestone worth celebrating. And more often than not, both the senior and the millennial are competing for the same house.

For the downsizing agent who's tasked with brokering these life changes, it's not enough to simply forge relationships from these leads. The real key to nurturing the downsizing niche comes down to having the proper tech tools that will enable the agent to move prospects from both ends of the home buyer spectrum across the close line.

New Development In Downsizing

According to the U.S. Census Bureau, the senior citizen segment will grow by more than 1.4 million people per year over the next two decades. By 2035, people over 65 will outnumber those under 18 for the first time in American history.

Millennials, who represent 42% of the nation's home buyers, now comprise 61% of first-time home buyers, according to Zillow's 2018 Consumer Housing Trends Report.

As more boomers retire, Gen Xers become empty nesters and millennial first-time buyers turn their sights on micro dwellings — some less than 500 square feet in size — all are finding new draws to not only the affordable price tag but also the greater freedom (think less clutter, less cleaning) a smaller home affords.



Some are turning to “flex housing” with millennials the most likely of all age groups looking at townhomes (23%) as well as duplex/triplex properties, according to Zillow’s 2018 report.

Builders too are embracing the smaller new home construction trend with the average size of new houses falling for the third straight year, from more than 2,500 square feet in 2015 to 2,320 in 2018, according to the National Association of Home Builders (NAHB).

Mark Adkins, a Eugene, Ore.-based builder, who in the past built 2,500 to 3,500 square-foot luxury homes, has more recently been meeting a steady demand for much smaller houses with the same high-end finishes. A typical Adkins home now, for instance, reflects a craftsman style comprising around 1,650 to 2,300 square feet of single-level living space with an above-garage apartment in addition.

Following years of catering to an affluent market, developers are addressing the “missing middle housing” sector, a relatively new term used to describe duplexes, courtyard apartments, bungalow courts and multiplexes built to meet the needs of middle-income residents.

The Psychology of Downsizing

As with most real estate transactions, the motivation to downsize usually stems from major life-change events, with divorce, death and retirement all playing major roles in why people move. According to the National Association of Realtors (NAR), 67% of people who move between the ages of 53 and 92 are responding to a change in a household member’s health.

Writing for The Real Deal, a New York focused real estate news site, V.L. Hendrickson says, “aging baby boomers are fueling demand as they look to downsize

to a maintenance-free lifestyle without leaving the area or giving up social ties. Developers are racing to get ahead of the so-called silver tsunami.”

For the agent, these sellers often offer the added benefit of “dual tracker” clients. In fact, Generation Xers are 85% and millennials 83% more likely to buy as well as sell, according to the Zillow report.

But for agents looking to tap into this specialty niche, it’s important to realize that the older downsizing client often needs a little more hand-holding to walk them through the transaction process. Downsizing into a smaller home, especially for seniors who have lived in the same house for many years, comes with its own unique set of circumstances that agents must consider when managing these deals.

10 Ways Real Estate Agents Can Serve Downsizing Clients More Effectively

1. Be Patient and Empathetic

Seth Tilton of ERA Evergreen, Hilton Head, SC, notes that emotions often run higher with these types of transactions than others, requiring the downsizing agent to demonstrate next-level empathy and patience.

“There is a certain skill set involved when helping clients downsize,” says Tilton, whose downsizing clientele represents about half of his business. “These clients are parting ways with larger family homes and keepsakes of many years.”

Tilton says that downsizing agents also typically have to deal with “third wheel” family members who might have lots of input into the process and details.

“Dotloop is actually a really great tool for the hyper-



focused family members because it allows the agent to include all parties on a loop and let them view documents for their potentially older family members. It also helps move the process along even if they're not physically close to the client," says Tilton.

2. Get Practical

Location is a paramount consideration, especially for older downsizers who need to think about their future health needs. The distance to shopping, healthcare, family members and social connections are top concerns when vetting relocation properties.

Similarly, downsizers want to look closely at factors like stairs, hallways, doorways and interior spaces. Will the home buyer be able to scale a flight of stairs or pass through a 100-year-old house's narrow doorways in a wheelchair? Remember: While a 60-year-old may be in perfect health today, he'll need to think 10, 20 or even 30 years down the line.

"Of course the house should be single-level," says downsizing specialist Michael Beirwagen, leader of The Michael Beirwagen Group in Portland, Ore. "But people also need to consider things like the increasing need for medical care as they age. It's not smart to move an hour or more away from a hospital." (See dotloop's "Downsizing: Planning for the Future" client checklist.)

3. Purge the Extra Possessions

One of the biggest hurdles for the outgoing homeowner is how to get rid of all that stuff they've accumulated for many years — stuff that's often charged with high sentimental value. Many books have been written on the subject and lifestyle coaches even make a living off this very subject. Agents like Beirwagen and Tilton know that they must be sensitive to this emotional process of

deciding what to take along and what to discard.

From the onset of the agent/client relationship, Tilton advises sellers immediately begin the decluttering process and to start packing those belongings that they won't be needing for the immediate future.

"It's amazing when you realize you don't need something because it's been packed away for so long," he notes. "I find this process helps sellers let go of items they previously thought they couldn't part with."

4. Consider Cash Offers

There's a great deal of competition for smaller, affordable homes in today's market. Aging boomers and Gen Xers who face increased competition from millennials might profit by selling their existing house first before making an offer to provide the leverage needed for a competitive cash offer.

Alternatively, clients who have paid off their home mortgages and need extra time moving can take advantage of a home equity line of credit to make a down payment on a new smaller home then pay it off once they sell their existing home.

Tilton also advises his clients who are downsizing and nearing retirement to discuss the advantages of a reverse mortgage with their lender and CPA. "There can be significant lifestyle and financial advantages for buyers who utilize a reverse mortgage instead of making a large cash down payment or even paying off the entire home with cash," he says. "Reverse mortgages aren't for everyone, but it's amazing how much peace of mind they can give retirees who may see significantly reduced income."



5. Get Certified

Agents looking to build long-term sustainable growth are finding that by specializing they bring more value to their clients and are in turn more sought out for their expertise. One step that can help you grow this niche is becoming a Certified Seniors Real Estate Specialist (SRES). Mike Robinson with Keller Williams Realty Atlanta Partners, Peachtree City, GA, says SRES-certified agents have received training specific to the needs of seniors with regards to purchasing and selling real estate and specialize in retirement relocations.

6. Go Mobile

Millennials live in a hyperconnected, mobile-first world and expect their agents to communicate in a digital way. They're used to pushing a button to call an uber, order a pizza and even find a mortgage. While many are researching homes for themselves on Zillow and other sites, they very much appreciate the negotiation and transaction skills agents bring to the table. Tech-savvy agents who want to tap into the millennial first-time homebuyer base must get on their level by communicating digitally.

Dotloop's end-to-end transaction management platform creates a seamless consumer experience that "speaks" in a language that all consumers can understand, whether they're tech-savvy millennials or boomers.

Dotloop also offers text Messenger, a free, in-app texting feature that lets agents fully transact to share documents, gain eSignatures, group-text and gain real-time notifications all via texting on their smartphones.

"In a competitive real estate market," Tilton says, "speed to offer is often critical. Utilizing mobile and digital tools such as dotloop significantly enhance the speed at which offers can be made, often times beating

other offers to the table."

7. Market Your Specialty

As with any real estate specialty, the key to building the agent's business is to identify the niche that can provide enough business for growth and then create a plan to methodically capture that share of the market.

"Even if you can work with everyone, it doesn't mean that you should," say real estate branding experts Tonya Eberhart and Michael Carr of BrandFace. "By focusing your branding efforts, you're much more likely to attract potential clients, especially those who want someone with your specific skills and experience. Niching will bring you more business, not less."

If downsizing sounds like a specialty you'd like to pursue, you might set a long-term gameplan in which this segment comprises 10% of your business the first year, 20% the next and so on as you build the lead funnel.

8. Network with Professional Partners

Agents who want to specialize in serving downsizing clients must also build a network of professionals who can help their clients with downsizing-related issues, such as financial advisers who consult on purchase affordability and long-term savings.

Whether the downsizer is a retiree who needs financial assistance or a millennial looking for a home inspector, mover and contractor, agents can bring all third-party providers to the table using dotloop's Trusted Service Provider feature. Tilton finds the collaborative platform makes it easy to share those vital documents with the clients, co-op agents and trade professionals.



"If a client has chosen to work with a lender, attorney or insurance provider that I'm not familiar with or who isn't familiar with our neighborhoods or codes and laws, then it helps to have my connected professionals already established in dotloop so I can easily send the file to them for a quick resolution or guidance," says Tilton.

9. Assess Your Market

Before diving headfirst into your new downsize gig, first consider your current sphere of influence — do you have access to millennial and Gen X leads and can you configure your front-end software to segment these leads? What is the demographic makeup of your community? Is there enough small home inventory in your area to support such a move?

Next, explore the full functionality of your CRM and lead gen software to see how you might better target these leads. Many CRMs, for instance, offer the ability to source prospects according to their click patterns on your site in addition to their demographics. This information can be valuable in identifying real-time interest levels of a prospect and specific properties.

10. Evangelize Your Specialty

Real estate coach Tom Ferry suggests holding downsizing seminars and inviting prospects from this target demographic as well as financial and legal experts. Keep in mind that many of your prospects may not convert immediately but are likely to become future clients.

Additionally, agents wishing to expand into this demographic should build a base of online testimonials that speak to this niche. Dotloop can help in several ways. You can create a referral document, explaining your specialty and including any certifications you have.

Upload it into your templates as a document that you share with all co-op agents then offer a percentage of business to referring agents and Trusted Service Providers (TSPs).

In addition, Premier Agents who integrate their accounts with dotloop enjoy the advantage of review requests automatically sent to clients after a transaction has closed in dotloop. The reviews appear on the Premier Agent's online profile page, building a bank of testimonials that speak to this specialty.

Riding the "Silver Tsunami"

While the top end of the housing market may be softening, the demand for smaller homes is not.

Agents who can solve the downsizer's unique challenges and bring greater proven expertise to these clients by enlisting the help of tech tools like dotloop will be in a much better place to ride this "silver tsunami" over time

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and teams trust dotloop as to
grow their business.

