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## REAL ESTATE

# People Are Staying in Their Homes Longer—a Big Reason for Slower Sales

Homeowners nationwide are staying put an average of five years longer than they did in 2010, a new analysis shows

*By Laura Kusisto / Photographs by Lindsay D'Addato for The Wall Street Journal*

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U.S. homeowners are staying in their residences much longer than before, keeping a glut of housing inventory off the market, which helps explain why home sales have been sputtering.

Homeowners nationwide are remaining in their homes typically 13 years, five years longer than they did in 2010, according to a new analysis by real-estate brokerage Redfin. When owners don't trade up to a larger home for a growing family or downsize when children leave, it plugs up the market for buyers coming behind them.

“If people aren't moving on, there just are fewer and fewer homes available for new home buyers,” said Daryl Fairweather, Redfin's chief economist.

More homeowners staying put has helped cause housing inventory to dwindle to its lowest level in decades, which has also helped push up prices on homes for sale. Adjusted for population, the inventory of homes for sale is now near the lowest level in 37 years of record-keeping, according to housing-data firm CoreLogic Inc.

Fewer homes for sale is a big reason why even ultralow mortgage rates, record levels of home equity and a strong job market haven't jump-started the sluggish housing market.

Economists say aging baby boomers are the biggest culprits because many are staying healthier later in life and choosing not to downsize. Some look around at the lack of smaller, less expensive homes and are loath to get into bidding wars with their children's generation to get one.

States, such as California and Texas, have also implemented tax policies that make it easier for older residents to remain in place.

Barbara O'Mara, a 67-year-old retired accountant, and her husband have lived in their home in Danville, Calif., about a half-hour drive east of Oakland, for 32 years.

The couple bought the home for \$440,000 in 1987 and it would now be valued at around \$1.8 million, she said. If they sold, they would have to pay capital-gains taxes on the windfall and pay much higher property taxes because California limits property tax increases as long as homeowners stay put.

The couple were without power for four days as the local utility seeks to prevent the spread of wildfires, but Ms. O'Mara said they still have no plans to leave. "We would adore a change. We'd like to move to the ocean," she said.

There are few young people moving into the neighborhood, she added, "because none of the old people are moving out."



Potential home buyers tour a \$1.2 million home in Salt Lake City.

In the San Francisco metropolitan area, a typical homeowner stays 14 years, up from less than 10 years in 2010. Inventory in the same period has plunged more than 46%.

Meanwhile, the Seattle metro has seen a huge influx of new jobs, and housing supply hasn't kept pace. Homeowners there are staying more than three years longer than they did in 2010. The inventory of homes for

sale in Seattle has declined more than 50% over the last nine years, while home prices have risen more than 80%, according to Redfin.

Kristen Schriver and her husband found their family of four had outgrown their 1,000-square-foot Seattle home, which she bought for \$140,000 a couple of decades ago.

But Ms. Schriver, a 53-year-old recruiter, soon realized prices had risen so much that homes no bigger than theirs were selling for \$600,000. They couldn't afford to upgrade, so instead they tore their home down and built a new 2,000-square-foot house.

"You always think this is my little tiny starter home," she said. "Then the market starts changing, outpacing what your income is doing."



Real-estate agent Gregory Earl with a 'for sale' sign in front of a home in Salt Lake City.

But this isn't just a problem in pricey coastal markets. Homeowners are staying longer in every one of the 55 metros that Redfin studied. Cities where it was once relatively easy to buy a home are seeing owners staying much longer, creating a serious inventory crunch.

The number of homes for sale ticked up last year and in the early part of this year, but in recent months it has dropped back down near the record lows hit in 2018.

The fall in inventory levels quickly damped hopes that the housing market would rebound in the second half of the year. The pace of existing home sales fell 2.2% in September, the National Association of Realtors reported last Tuesday.

The lack of mobility among homeowners isn't the only reason why supply is tight. Since the recession, home construction hasn't been keeping up with demand due to shortages of labor and land. The share of U.S. homes that are purchased by investors rose to an all-time high of 11% in 2018, according to CoreLogic. Some of those investors quickly flip those purchases, but others turn them into single-family rentals and hold on to them for years.

In Houston, homeowners are staying for more than 23 years, up from less than 15 years in 2010. Inventory in the same period has fallen 7%. One reason, real-estate agents and economists say, is that the warm local weather means few people leave the area when they retire.

The shortage of homes is especially acute in the Salt Lake City metropolitan area, where there are nearly 60% fewer homes for sale than there were nine years ago, according to Redfin.



Anjee Barber thought it wouldn't be hard to find a house in Salt Lake City. She was wrong.

Real-estate agents say that home prices in the area have risen so much that it is difficult for longtime residents to afford to move.

Around Salt Lake City, owners now typically remain in their homes for more than 23 years, or nearly nine years longer than they did in 2010, according to Redfin. The shortage of homes has

helped drive the median home price up nearly 75% in the same period to around \$340,000.

“It’s really a traffic jam,” said Daniel Lopez, a Redfin agent in Salt Lake City.

When Anjee Barber left San Diego to move to Salt Lake City, she and her partner thought it wouldn't be hard to find a house.



A neighborhood in Salt Lake City.

The couple spent a year looking before they eventually found a five-bedroom, three-bathroom home with a small yard. When the sellers cut the price from \$575,000 to \$549,000, the couple made an offer and closed last week.

“This isn't any easier than it would be in California,” she said.

Scott Robbins, president of the Salt Lake Board of Realtors, said

he is working with a couple who is looking for a house close to downtown.

“On Saturday a new listing pops up and there's 14 showings the first day because everybody is just waiting and waiting and waiting and boom,” he said.

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*Do you think now is a good time to sell your home? Why or why not? Join the conversation below.*

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