



Retiring: Selling Your Home Won't Cover Rent in 80 Percent of U.S. Cities

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New MoneyRates.com study reveals the best places to downsize in retirement, a list dominated by California municipalities.

Foster City, CA – July 11, 2019 – Personal finance resource [MoneyRates.com](https://www.moneyrates.com) today announced the 10 best places to downsize in retirement. Downsizing can provide convenience, safety and financial benefits, but the latest study finds the benefits can vary starkly by location.

In compiling the report, a MoneyRates.com expert analyzed and compared proceeds from selling the average valued home in 387 U.S. metropolitan areas to the expected change in monthly housing expenses by shifting from a house to a two-bedroom apartment. Those expenses consisted of the average rent minus the amount a homeowner would have to pay in property taxes.

The analysis shows it makes the most sense to downsize in metropolitan areas with expensive rent; these markets tend to have even more inflated home values than they do rents. Essentially, homeowners who have paid off most or all of their mortgages can benefit greatly from selling their homes and renting a smaller residence.

Top 10 Best Places to Downsize in 2019

- San Francisco, CA
- San Jose/Sunnyvale/Santa Clara, CA
- Santa Cruz/Watsonville, CA
- Kahului/Wailuku/Lahaina, HI
- The Villages, FL
- San Luis Obispo/Paso Robles/Arroyo Grande, CA
- Los Angeles/Long Beach/Anaheim, CA
- Santa Rosa, CA
- Salinas, CA
- Napa, CA

In the above cities, proceeds from selling a home and the potential savings (from no longer having to pay property taxes) would finance at least 35 years' worth of rent on a two-bedroom apartment. The study's author, Richard Barrington, finds it significant that California's pricey real estate markets dominate the list.

"People don't want to be uprooted away from friends and family when they retire, but it can be difficult to remain in an expensive area when you are on a limited retirement income," explains Barrington, senior financial analyst for MoneyRates.com. "However, in areas where home prices and real estate taxes are disproportionately large compared to rental rates, the economics can work in favor of downsizing."

Barrington adds that retirement planning is an exercise in thinking ahead. "Our study finds that in four out of five U.S. cities, the sale of a home and savings from property taxes wouldn't finance renting a place for 25 years. That makes counting on downsizing as a retirement strategy a risky proposition in most places. It only makes sense if those expenses don't burn through the value of that asset too quickly. In most areas, this is a potential problem."

The MoneyRates.com study shows some exceptions:

- **San Francisco** is the city where it makes the most sense to downsize. While it has the nation's second-highest rental rates for a two-bedroom apartment, home prices are disproportionately higher. When savings from property taxes are factored in, downsizing in this metropolitan area could finance 43 years' worth of rental expenses.
- **Pine Bluff, Arkansas** is the area where downsizing in retirement makes the least economic sense. Despite a \$707 average monthly rent on a two-bedroom apartment, the area has one of the most depressed real estate markets in the nation. As a result, selling a home there would barely finance 10 years' worth of rental expenses.

For the complete ranking and methodology visit <https://money-rates.com/research-center/best-places-to-downsize-in-retirement.htm>.

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