

RETIREMENT

Rent or Buy? What Seniors Are Doing—and Why.

By Alice Kantor

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Some senior rent because of high mortgage rates, other because they want to more flexibility.
(ALLISON DINNER/GETTY IMAGES)

Key Points

About This Summary ⓘ

- The number of American renters aged 65 and older surged by 30% between 2013 and 2023, making seniors the fastest-growing group of renters.
- Some seniors are renting due to high mortgage rates, while others choose to rent to unlock home equity, increase retirement income and gain flexibility.
- According to Redfin, a typical U.S. mortgage payment runs about 37% above typical rent, and a third of baby boomer renters have stayed over 10 years.

American seniors are the fastest-growing group of renters in the country, with the number of renters aged 65 and older surging by 30% between 2013 and 2023, according to a [Point2Homes](#) analysis of census data.

While some are pushed to rent because high mortgage rates make homeownership unaffordable, others are choosing to rent to have higher retirement income and more flexibility to travel and see family.

Doug Ressler, senior analyst at real estate intelligence firm Yardi Matrix, says many Americans in their 60s, 70s, and even 80s choose to rent after selling their homes. Retirees are increasingly viewing housing as a lifestyle service rather than an asset, selling their homes to unlock equity and eliminate maintenance burdens, he says.

“It’s not that people can’t afford to buy, it’s that they don’t want to,” he says.

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This trend is particularly pronounced in high-cost coastal markets such as California and Seattle, he says, where all-in ownership costs vastly exceed rents, as well as in oversupplied Sunbelt metro areas such as Austin and Dallas offering attractive tenant concessions.

“Historically, people bought because they felt they had to. Now, some households are deciding: ‘I’d rather rent in Scottsdale and spend summers elsewhere,’” he says.

Barbara O'Neill, chief executive of financial education provider Money Talk, says those buying a home generally expect to remain there for many years.

“Some people value the control that comes with owning a home and they like to see the home value appreciate over time,” she says.

But for those who know they might run into issues with mobility in a few years' time or don't want to deal with maintenance costs and repairs, renting might seem easier. In fact, that is her plan.

She and her husband, who are in their 70s, have owned three houses in 48 years. Their current home in Florida was bought without a mortgage for \$550,000. The couple plans to sell in seven years and move into a continuing care retirement community, to avoid home maintenance, HOA fees, insurance and other costs.

“It will make our lives easier,” she says.

Teresa Ghilarducci, a professor of economics at The New School for Social Research in New York City, says looking at the math of owning versus renting, “the calculation tilts more toward renting in most parts of the country as people get older.”

Taking into account transaction costs, annual property taxes, homeowner's insurance, homeowner association (HOA) fees, maintenance and repairs, owning a home can cost \$30,000 a year easily. There's also the opportunity cost of tying money down in a deposit, versus investing it. And there's interest on the mortgage.

“Mortgage interest is money down the drain,” she says. “But people will choose not just based on finances but also based on what they prefer,” she adds.

Michael W. Landsberg, a financial planner in Punta Gorda, Fla., says he sees more people renting in fast-growing markets like Florida, where strong home

price appreciation across much of the state has raised property taxes.

Florida's insurance, HOA, and condo-related costs have also become larger and more unpredictable, he says. This is particularly true for luxury coastal properties and larger condos, which have seen some of the steepest increases in homeowners and flood insurance premiums, he says.

"Homeownership comes with a number of expenses, both predictable and unpredictable, that tend to increase over time," he says.

Jenna Stauffer [↗](#), a broker at Sotheby's International Realty, agrees.

She recently worked with a couple in their 60s who sold their multimillion-dollar waterfront home in Key West, Fla., and are now looking to rent rather than buy again.

They wanted to keep more of their newly released capital as investments and also wanted to be able to travel for work and to visit family across the country more freely, she says.

"They just didn't want to feel tied to another home right away. They may eventually buy again, but for now, they're enjoying the freedom," she says.

And while some see renting as a transition, a third of baby boomer renters have stayed in their current rental for more than 10 years, according [↗](#) to Redfin, reflecting a growing trend of people deciding to rent long-term, says Daryl [↗](#) Fairweather, chief economist at the housing site.

That's in part due to the high cost of owning: a typical mortgage payment runs about 37% above typical rent [↗](#) across the U.S., according to Redfin. That means home buyers need to earn approximately \$35,000 more a year than renters to comfortably afford the monthly payments on a median-priced home, according to the company's calculations [↗](#).

Scott Fuller, an Arizona-based real estate [agent](#) , says retirees increasingly are valuing cash flow over building long-term equity.

The first \$250,000 of capital gains on a home sales is [exempt](#)  from taxes, rising to \$500,000 for a married couple. “Many people choose to sell their primary residence, take those tax-free gains, invest and use it for supplemental retirement purposes,” he says, “This creates its own nest egg of liquid funds.”

He also says people value the freedom to move around in their later years.

“Many retirees don’t dream of spending the rest of their years in one home or location. Renting allows them the flexibility to experience different locations and lifestyles without being tied down to a mortgage,” he says. “It also allows easier relocation if healthcare or family needs change,” he adds.

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