



Things To Consider Before Downsizing Your Home

Expert advice on how to downsize the right way

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1. Preface

Downsizing...

For some, it's a welcome and exciting thing to look forward to. For others, it's something you'd rather not even *think* about, let alone actually do. Not to mention, you and your partner may not even be on the same page with it.

Downsizing can be an emotional decision and process. It helps to take an objective look at it before you make any decisions. This booklet isn't intended to encourage or discourage you from downsizing; it's to help you give it appropriate thought and planning.

There's no "right" or "perfect" time to downsize. Everyone's life, lifestyle, and financial picture are different.

The decision to downsize — and the process of doing so — can take some time. So, while you may not be ready to downsize right now, starting to think it through and making a plan is one of the smartest things you can do.

If you've already made the decision to downsize, this booklet will help you get where you want more smoothly, thoughtfully, and quickly.

We hope you find this booklet helpful and that it addresses any thoughts, concerns, and questions you may have. If it doesn't, please feel free to contact VillaMía directly by phone, text, or email, and we'll be happy to answer any questions you have.

2. Less Is More In Many Cases

When people hear the word “downsizing,” they often assume it is for:

- ▶ older people/retired
- ▶ empty nesters
- ▶ people headed into assisted living or nursing homes

While those are certainly people who are likely to consider downsizing, they're not the only ones.

More and more people are seeking less house to call home. Housing has become more and more costly, and the upkeep, maintenance, and bills are more costly the bigger the property is. As well as the cost benefits, people are doing it because it's “cool” and desirable to do.

What's so appealing about downsizing to so many people?

Freedom. Less to worry about. Less on their minds. Fewer costs. Lower property taxes. Less cleaning! More liquidity and money to do things they love or want to do. In many ways, you can get an easier life by downsizing. Often people downsize so they can afford a property where they can walk to the beach and amenities.

While some people see downsizing as something sad or negative, it isn't. Certainly you have emotions and memories attached to your house, but don't overlook the life, lifestyle, and memories you'll be able to create in your *next* home.

If you're on the fence about downsizing, spend some time weighing up the possibilities and your future...

- ▶ Think through whether you need the amount of property you currently own.
- ▶ Consider how much of your house you currently use versus how much you don't.
- ▶ Spend some time truly thinking about what you want and need in your next home.

3. What Are You Working With?

And there's more.....

One of the benefits of owning a home is that you'll build wealth. Presumably, you bought your house some years ago, the value went up, and you paid off all or a big chunk of the mortgage over time.

Ideally, you should have some money to work with once you sell your home.

As far as buying your next home, figuring what you can afford is likely to have a lot to do with how much your current house is worth and how much you still owe (if anything).

Most people have a general idea about how much their house is worth. Sometimes it's from seeing or hearing through the grapevine what other places in the area have sold for.

The main problem with the grapevine is that it's often a bit exaggerated by people. Or it can be misleading because you don't know the entire story about a particular house or the market itself. Not to mention, people are often biased toward their own house.

If you're selling your property on the North Costa Blanca, we can give you an accurate valuation. We'd also love to help you buy your new property if you are staying here when downsizing or relocating here.

We cover these Costa Blanca resorts:

- ▶ Jávea
- ▶ Benissa coast
- ▶ Benitachell
- ▶ Cumbre del Sol
- ▶ Dénia

- ▶ Jesús Pobre
- ▶ Moraira

When calculating what you can afford to buy, you need to understand the financial costs. Remember to take off any costs involved with the sale, taxes and debts, such as the mortgage. With the mortgage, you'll need to find the outstanding balance and check if there is a penalty for paying it off early.

If buying another property in Spain remember to factor in additional costs such as the 10% purchase tax, notary fees and Land Registry. Budget for these costs to be around 13% on top of the purchase price.

You may want to rent rather than buy again. Even as a stop-gap, it is worth considering. Come and talk to us about rentals on the North Costa Blanca as we can certainly help you find a suitable property.

4. Before You Spend A Cent...

Now that you have an accurate idea about how much you'll have to work with, there are a few more people you may want to chat with before you spend any money or put your house up for sale. If you don't already have an accountant, a financial planner, and perhaps even a lawyer who helps with estate planning, you should strongly consider doing so before you make any firm decisions.

- ▶ An accountant can help you assess any tax implications, obligations, and benefits you may be able to take advantage of.
- ▶ A financial planner can help you assess how much of your money you should spend on housing and perhaps even help you decide whether it makes more sense for you to rent something or buy it and whether to pay cash or finance it. They can also help you allocate the proceeds from the sale of your house to achieve what you'd like to in the future (beyond just your housing needs, such as savings or a pension plan).
- ▶ A lawyer who specialises in handling estates is becoming more crucial for people. You need to consider the inheritance laws and taxes in Spain, and make sure your will is up-to-date.

If you have professionals in these fields that you already know, trust, and work with, make sure to consult them. Otherwise, contact us. We can recommend:

- ▶ [Impley](#) in Jávea for legal and tax advice
- ▶ [The Spectrum IFA Group](#) for financial advice including inheritance tax planning and mortgages
- ▶ [Foreign Currency Direct](#) for competitive exchange rates if you are relocating to Spain from outside the eurozone

Contacting these professionals can really pay off by helping to ensure you don't lose any of the wealth you've created for yourself.

5. Time For Timing

Before you put your house on the market, you should spend a little time thinking about coordinating the timing of your sale and moving on to your next home.

The first thing you should think about is whether or not you *need* to sell your house to buy another place. If you've owned your house for many years and have little or no mortgage, you may not have to sell your house to look for, and commit to, another housing arrangement.

On the other hand, if you still have a mortgage and are watching your cash flow, you may need to sell your house to fund your move.

If you'll be obtaining a mortgage to fund the purchase of your next home, make sure you speak with a lender and see what options are available to you. Depending upon your financial situation, you may be approved to buy a place without having to sell first. However, many people have to sell their current house to qualify for a new loan. Just check to see where you stand if you will be getting a mortgage.

The next thing you should look into is the availability of the type of home you're looking for. Are you looking for a villa, townhouse, newbuild, project to do up, or apartment? Beach, rural location or in the mountains?

If you're considering a 55+ community or an assisted living development, there can sometimes be a waiting list to get in. So make sure you check out any developments you may be interested in and get on the list.

If you plan on renting, take a look at the rental market. Some areas have plenty of rentals, while some areas have a scarcity. Are there plenty of rentals in the area you want to live in? Are they the type of home you want or need? Get in touch with us at VillaMía if you want a rental property on the Costa Blanca North.

Finally, get a feel for how long your current house will take to sell. If you're selling a

property on the Costa Blanca North, get in touch with us and we can give you an idea of market value and how much demand there is for your property. We will start making sure all your paperwork is in order. We may even have someone in mind who is looking for the exact same property that you are selling.

6. Declutter

When you're selling a house, you want to make sure it shows as well as possible in order to get the best possible price in the shortest amount of time.

To achieve this, one of the most important things to do before putting it on the market is to *declutter*.

Clutter doesn't mean it's useless stuff that you need to throw away though. Use this opportunity to go through everything you own and get rid of anything you don't want or need. (Especially when you're downsizing since you'll have less room to keep unnecessary things.)

But there are probably some things you want to keep that take up too much space and would prevent your house from showing as nicely as it would otherwise.

So, go room by room, wardrobe by wardrobe, drawer by drawer. Don't strip the house down so much that it looks vacant. Keep the essentials and "stage" your house to look as good as possible. But do:

- ▶ Pack up the things you don't need on a daily basis while you sell your house. You'll be getting a head start on packing and moving.
- ▶ Rent a storage unit and store the stuff you want to keep. If you're on the fence about getting rid of something, put it in storage for now. If you don't miss it or need it that whole time, it's probably a good sign you don't need to re-clutter your new home with it. Use this as a good way to gradually part with things.
- ▶ Make a list or tag everything in the house that you don't want, need, or won't have room for, and have your family and friends come over to see if they want any of it.
- ▶ Sell things online that nobody in the family wants.
- ▶ Hire a company, give stuff away to charity or rent a skip to get rid of anything you aren't keeping or that nobody wants.
- ▶ Carry out any small repairs to show the property in the best possible light

7. Debating Updating

We often hear people say they are going to update their house before selling. That they feel it is a smart thing to do. In a sense, it is. It'll most likely increase the value, and it will most likely help the house sell more quickly.

But the problem is, updating the house may not increase the value as much as it even *costs* to update. So updating your house may not actually make any monetary sense.

There's no absolute answer or advice that can be given. It depends entirely upon the real estate market you're in and what else the buyers in the market have to choose from. It also depends on what makes sense for you to do financially.

The best thing to do is speak with us and ask for advice on what you should and shouldn't do in terms of updating... based upon your house, your current real estate market, and taking your personal situation into consideration.

8. Times Have Changed

Just because you're downsizing doesn't necessarily mean you haven't bought or sold a house recently, but for many people that's the case. So, there's a good chance that you bought your house decades ago.

Even if the last time you bought or sold a house was as recent as the early 2000s, the way houses are bought and sold has changed considerably since then.

Well, the *process* of buying and selling hasn't entirely changed, but the way houses are marketed and how buyers look for houses sure has. The internet is now an important and useful tool for real estate agents, homeowners, and home buyers.

Not that long ago, anyone looking for a house to buy had to contact a real estate agent for access to everything that was on the market. Now pretty much every house on the market can be found online, and a buyer can see not just the outside but the inside as well. At VillaMía we can do 3D videos and live video walkthroughs of Costa Blanca properties for sale, as well as loads of photos.

There's no single, universal, or "best" marketing plan — every agent has their own approach. But make sure you hire an agent who uses the latest technology and marketing tactics available. If the real estate agent you used 20 or 30 years ago is still in business and you want to work with them again, make sure they've adopted all of the best current practices for selling houses.

Why use VillaMía?

- ▶ We're well-established and have an excellent reputation
- ▶ Our office is in a prime location on the Arenal in Jávea
- ▶ Our team is multi-lingual - our languages include Russian, German, English, Spanish, Romanian, Japanese, and French
- ▶ We offer free valuations

- ▶ We have extensive knowledge of the property buying and rental market on the North Costa Blanca
- ▶ Trusted members of the Costa Blanca Business Association and Association of International Property Professionals

9. Hire A Downsizing Specialist

A good marketing plan, using the best current practices, isn't the only thing that your agent should be great at...

Certainly, you want to find and hire an agent who can and will get your house sold for as much as possible and as quickly as possible. But you should also look for one who has experience helping people who are *downsizing*.

There are certain things an agent needs to think about, prepare for, handle, avoid, and execute well on any sale. But when a client is downsizing, it often takes more thought, attention to detail, and care.

Ultimately, the agent is helping a client make a huge life transition and handling what may be the largest asset of their net worth, which the client will be using to fund their future. It's both an important business transaction to manage well and an important personal and emotional event they need to be able to help the client deal with.

So, find and hire an agent who does not dismiss the importance of a downsizing move and just chalks it up to any other house sale. It isn't.

Good news for you is that VillaMía deals with rentals too. That means we can coordinate the sale and rental for you if needed - and know the times in the year to avoid.

10. If This Was Helpful...

Thanks again for requesting this booklet! We hope you found it thoughtful, informative, and helpful.

If you found this booklet about downsizing helpful, you might want to read our booklet "The Ultimate Home Seller's Guide." While this booklet addresses aspects you should consider specifically related to downsizing, our seller's guide gets into what you should expect from start to finish when selling a house, and it will help you sell your house for as much as possible and as quickly as possible.

If you also plan on *buying* another home, you should also request and read a copy of our booklet "The Ultimate Buyer's Guide." That one will help you find the best home for your wants and needs and get it at the best possible price.

Of course, just like this booklet, both of these booklets are free, and there's no obligation. All you have to do is ask, and we'll send you copies of whichever ones you want. (You can either send us an email or give us a call.)

If you have any questions at all, please feel free to reach out and ask. We'd love the chance to work with you when you're ready to relocate to the North Costa Blanca!

Compliments of:



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