

The Role of Real Estate Investments in Retirement Planning

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Abstract

Using data from the 1997 Property Owners and Managers Survey (POMS), this study examines the use of real estate in retirement planning. It explores the role of owner characteristics (socioeconomic and behavioral) and ownership characteristics in predicting the likelihood of using multifamily property for retirement purposes and the likelihood of reporting a profit. The sample consists of property owners who own real estate other than their primary residence (N=1,319). The results of logistic regression analysis indicate that gender, income, the amount of time contributed to maintenance by the owner, owner living at the property, individual ownership, and the number of units in the property were significantly related to the likelihood of owning real estate for retirement purposes. Moreover, being older, being white, having higher income, more time contributed to maintenance by owner, being an individual owner, owning the property for more than ten (10) years, and having more than five units in the property were significantly related to the likelihood of reporting a profit. The information in this study may be use by financial planners in counseling clients seeking to invest in multifamily housing to fund their retirement.

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