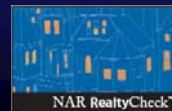


# Housing <sup>the</sup> & Baby Boomer

Robert Barr  
VP, NAR Research

November 11, 2006



## The Baby Boom Generation

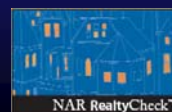
Started in 1946, when the number of American births jumped by **20%** from the year before.

Between 1946 and 1964, **78.2 million** Americans were born.

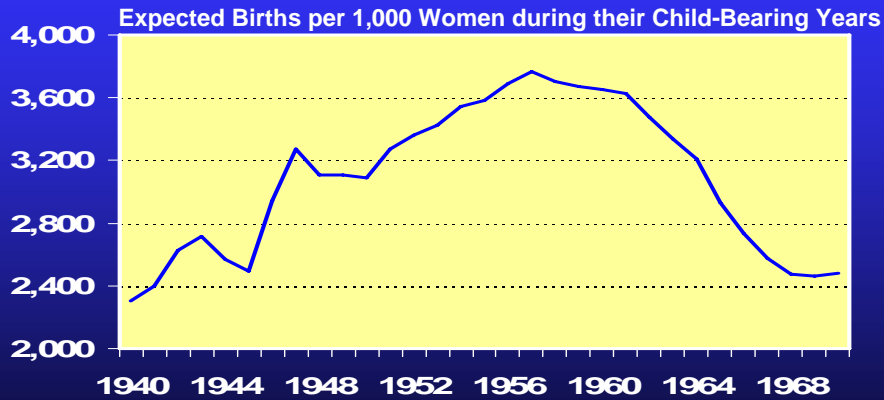
Birth rate settled down in the mid-1960s.



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## The Genesis of the Generation *The Increase in Total Fertility Rate*



The rate of 2,480 in 1970 means that if a hypothetical group of 1,000 women were to have the same birth rate in each age group observed in the actual childbearing population in 1970, the women would have a total of 2,480 children by the time they reached the end of the reproductive period (taken here as age 50), assuming that all of the women survive to that age.

Census, Historical Statistics, Series B11-49

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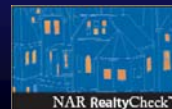
## The Baby Boom Generation

In 2006. . .

- About 1 in 3 adult Americans are Boomers
- The oldest Boomers are turning 60  
*at the rate of one every 11 seconds*
- The youngest are turning 42

**Nearly half are in their 40s – so retirement isn't imminent for most Boomers**

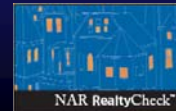
November 11, 2006



# Housing the & Baby Boomer

## Boomers' Attitudes about Housing

November 11, 2006



## Boomer Homeownership

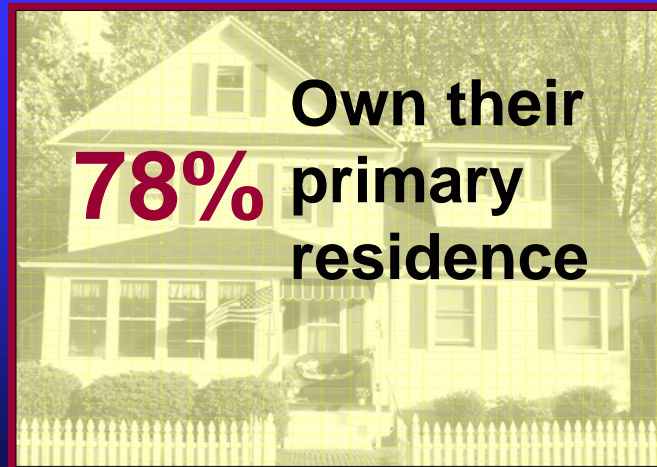
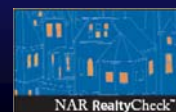


Exhibit 2-4

November 11, 2006



# Household Net Worth

*Median*

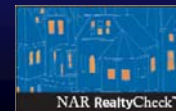
Homeowners      \$233,100

Renters            \$21,200

The typical Boomer homeowner has a net worth more than **10 times greater** than the typical Boomer renter.

Exhibit 4-9

November 11, 2006

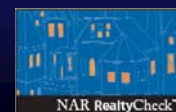


# Satisfaction with Present Home



Exhibit 2-11

November 11, 2006



# Attitudes about Housing

## Percentage Agreeing

---

- 96%** Homeownership is a good financial investment
- 65%** It's important to pay off a home loan early
- 58%** I'm comfortable buying with a very small down payment
- 13%** It's a good idea to buy the most expensive home I qualify for

Exhibit 2-3

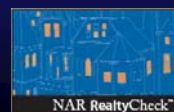
November 11, 2006



Housing  
& the  
Baby  
Boomer

# Boomers and their Realtors®

November 11, 2006



## Boomers & Realtors®

**60%** used a real-estate agent for their last home purchase.



**79%** used a real-estate agent for the last home they sold.

Exhibits 3-3 and 3-11

November 11, 2006



## Boomers & Realtors®

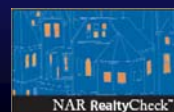
### *Services Buyers Want*

- 23%** Represent my interests and coordinate with other parties
- 14%** Manage the closing process, from start to finish
- 14%** Explain all contracts, forms and agreements
- 11%** Negotiate on my behalf

Percentage of respondents rating the service as the most important agent activity.

Exhibit 3-4

November 11, 2006



## Boomers & Realtors®

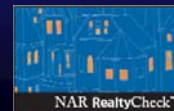
### Services Buyers Rate as Least Important

- 1%** Follow-up after closing
- 1%** Provide support through emotional decisions
- 3%** Help finding a mortgage lender
- 3%** Provide regular feedback and progress reports
- 5%** Determine housing affordability

Percentage of respondents rating the service as the most important agent activity.

Exhibit 3-4

November 11, 2006



## Boomers & Realtors®

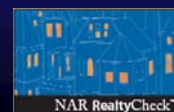
### Services Sellers Want

- 17%** Help establishing the right asking price
- 14%** Represent my interests and coordinate with other parties
- 12%** Show my home to interested parties

Percentage of respondents rating the service as the most important agent activity.

Exhibit 3-12

November 11, 2006



## Boomers & Realtors®

### *Services Sellers Rate as Least Important*

---

- 1%** Follow-up after closing
- 1%** Provide virtual tours to market my home
- 3%** Provide insights about competing properties
- 3%** Provide regular feedback and progress reports
- 5%** Provide advice on critical issues

Percentage of respondents rating the service as the most important agent activity.

Exhibit 3-12

November 11, 2006



## Boomers & Realtors®

### *Implications*

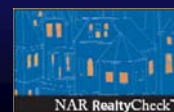
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Buyers and sellers both want and expect **service** from their Realtors®

They're not looking for emotional support

They don't want information they can find themselves

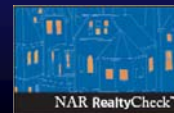
November 11, 2006



# Housing the & Baby Boomer

## What Boomers Want in Retirement

November 11, 2006



## Ideal Retirement Location *Proximity to Current Residence*

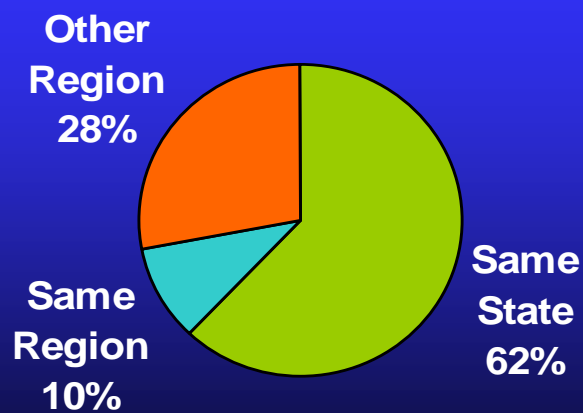
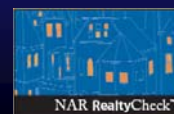


Exhibit 5-34

November 11, 2006



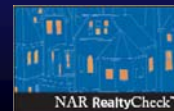
## Location of Primary Residence

*... And Where They'd Like to End Up*

	<u>Today</u>	<u>Retirement</u>
Urban Areas	24%	12%
Suburbs	37%	25%
Small Towns	20%	30%
Rural Areas	20%	33%

Exhibits 2-8 and 5-27

November 11, 2006



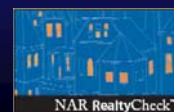
## Preferred Amenities

*Features Boomers Will Look For*

	<u>Share of Respondents</u>
Lower Cost of Living	38%
Near Family	38%
Access to Quality Health Care	38%
Better Climate	37%
Near Body of Water	36%

Exhibit 5-32

November 11, 2006



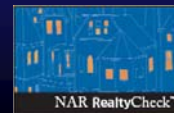
# Preferred Amenities

## Features Boomers Will Look For

	<u>Share of Respondents</u>
Near Cultural Offerings	18%
With Family	9%
On a Golf Course	4%
Access to Education	3%

Exhibit 5-32

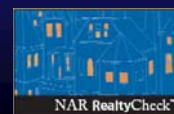
November 11, 2006



# Housing <sup>the</sup> & Baby Boomer

## Boomers' Financial Attitudes

November 11, 2006



## Working Beyond Age 65

### Boomers' Current Expectations

---

	<u>Likelihood of Working</u>
<b>All Baby Boomers</b>	<b>41%</b>
42- 49 year-olds	46%
50- 60 year-olds	37%

Exhibit 5-22

November 11, 2006



## Financial Situation

### How Boomers Describe Themselves

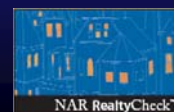
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Well Off	4%
Comfortable	43%
Making Ends Meet	37%
Having Difficulty	17%

**54% have some work to do!**

Exhibit 4-1

November 11, 2006



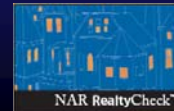
# Financial Situation

## How Boomers Describe Themselves

	<u>All</u>	<u>42-49</u>	<u>50-60</u>
Well Off	4%	4%	4%
Comfortable	43%	38%	46%
Making Ends Meet	37%	38%	35%
Having Difficulty	17%	19%	14%

Exhibit 4-1

November 11, 2006



# Financial Situation

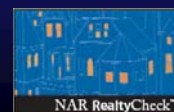
## How Boomers Describe Themselves

	<u>All</u>	<u>42-49</u>	<u>50-60</u>
Well Off	4%	4%	4%
Comfortable	43%	38%	46%
Making Ends Meet	37%	38%	35%
Having Difficulty	17%	19%	14%

**57% -- or almost  
3 out of every 5 younger Boomers**

Exhibit 4-1

November 11, 2006



# Financial Situation

How Boomers Describe Their Financial Situation

	50-59	60-64	50-60
Financial Situation	43%	38%	46%
Making Ends Meet	37%	38%	35%
Having Difficulty	17%	19%	14%

**And at 49%, older Boomers aren't doing much better**

Exhibit 4-1

November 11, 2006



# Age at Retirement

When Boomers Expect to Quit Working

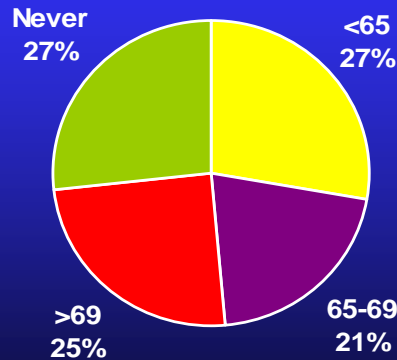
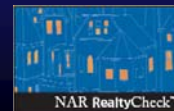


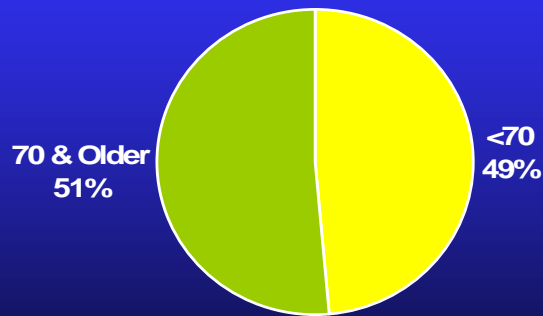
Exhibit 5-24

November 11, 2006



## Age at Retirement

*When Boomers Expect to Quit Working*



**More than half expect to be working into their 70s.**

Exhibit 5-24

November 11, 2006



## Financial Goals

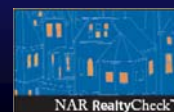
*Percentage Agreeing*

**65%** It costs too much to truly 'retire'

**41%** I expect to work after becoming eligible for Social Security

Exhibit 2-3

November 11, 2006



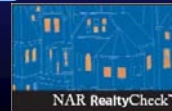
# Social Security: *Workers per Beneficiary*

1960	5.1
Today	3.3
2032	2.1



<http://www.ssa.gov/pubs/10055.html>

November 11, 2006

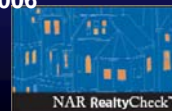


# Real Estate Wealth *As a Share of Total Assets*



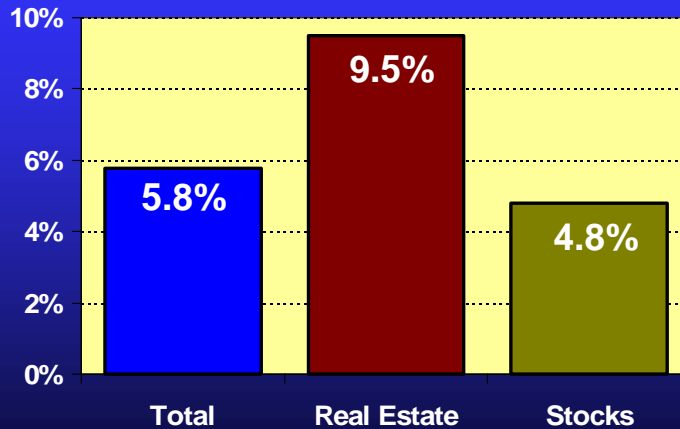
Federal Reserve Flow of Funds

November 11, 2006



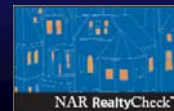
# Wealth Gains

*Average Annual Growth, Last 10 Years*



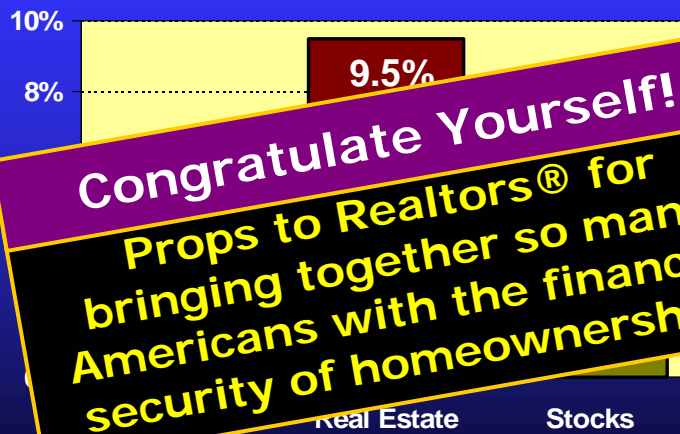
Federal Reserve Flow of Funds

November 11, 2006



# Wealth Gains

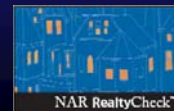
*Average Annual Growth, Last 10 Years*



**Congratulate Yourself!**  
**Props to Realtors® for bringing together so many Americans with the financial security of homeownership!**

Federal Reserve Flow of Funds

November 11, 2006



# Asset Diversification

## Importance for Retirement Investments

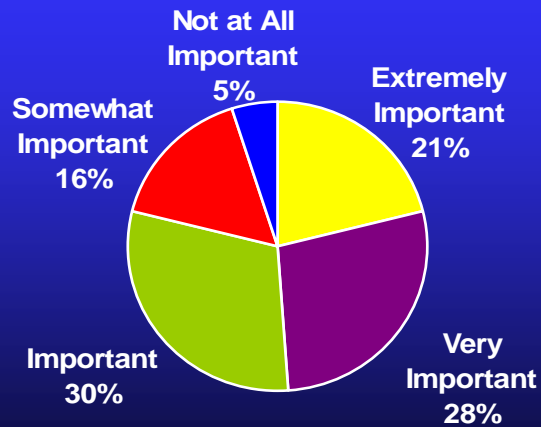
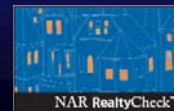


Exhibit 4-20

November 11, 2006



# Asset Diversification

## Importance for Retirement Investments

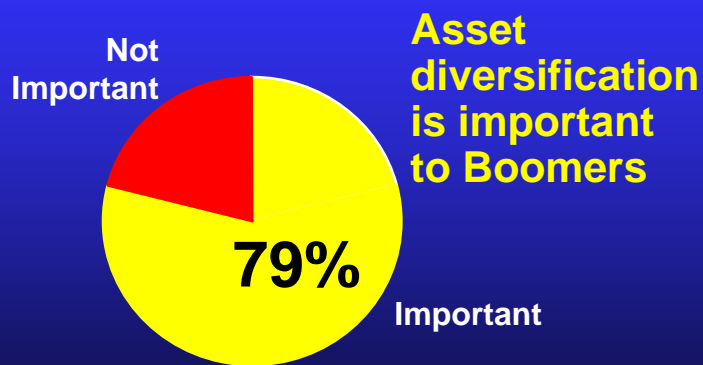
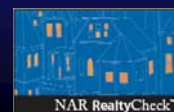


Exhibit 4-20

November 11, 2006



# Real Estate Investments

## Share of Net Worth

*excluding Primary Residence*

	<u>Share of Respondents</u>
More Than 10% of Net Worth	16%
1% to 10% of Net Worth	7%
Zip, Nil, Nada, Nothing	77%

Exhibit 4-19

November 11, 2006



# Real Estate Investments

## Share of Net Worth

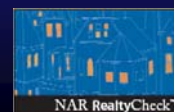
*excluding Primary Residence*

	<u>Share of Respondents</u>
More Than 10% of Net Worth	16%
1% to 10% of Net Worth	7%
Zip, Nil, Nada, Nothing	77%

**3 out of 4 Boomers have no investment properties**

Exhibit 4-19

November 11, 2006



## Equity in Primary Residence Among Boomer Homeowners

	Share of Respondents	Median Equity
\$24,999 or less	15%	All Boomer Households <b>\$100,000</b>
\$25,000 to \$49,999	15%	
\$50,000 to \$99,999	19%	Boomers Earning at Least \$100,000/yr <b>\$150,000</b>
\$100,000 to \$149,999	15%	
\$150,000 to \$249,999	16%	
\$250,000 or more	19%	

Exhibits 4-19 and 4-12

November 11, 2006



## Housing & the Baby Boomer

### Key Results

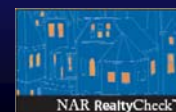
Boomers have a strong attachment to homeownership

Boomers want professional services from their Realtors®

Boomers are likely to keep working well into their retirement years

Adding investment real estate to their financial assets could provide Boomers with additional financial security

November 11, 2006



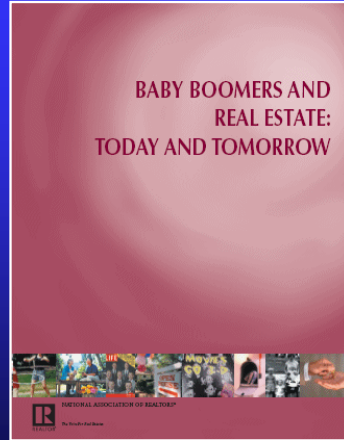
# Learn More!

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Our Profile on Baby Boomers has more analysis and 137 charts and exhibits.

To get your copy:

- Use the order forms
- Visit the NAR Booth - #947
- [www.realtor.org/newresearch](http://www.realtor.org/newresearch)



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November 11, 2006

