

## **REALTOR: Baby Boomers are Driving Force in Housing Market, Study Shows**

**Baby boomers have a wide variety of housing needs in the future, depending on their retirement plans – or lack thereof – according to a study by the National Association of Realtors®. Most of the 78 million baby boomers in the U.S. are far from retirement, with diverse plans and timelines, resulting in different housing requirements and significant shifts from patterns established by earlier generations.**

The comprehensive study is based on a survey of nearly 2,000 American baby boomers born between 1946 and 1964 – the largest generation in U.S. history. The survey was conducted for NAR by Harris Interactive®.

David Lereah, NAR’s chief economist, said baby boomers are living longer and are different from previous generations because they have no set path for retirement and have more varied circumstances in life.

“The differences from past generations – and between baby boomers themselves – will have a significant impact on housing needs over the next 10 to 20 years that is very different from the World War II generation, and many boomers simply don’t know how they’ll retire,” he said.

“A significant portion of baby boomers married later in life and had children at a later age, which means many will continue to work beyond the traditional retirement age,” Lereah explained. “Older boomers are thinking about retirement, but one-third expect to go back and forth between periods of work and periods of leisure, and another 35 percent want to work at least part-time or start a business – all of this will have an impact on the kind of homes they buy as well as where they buy them.”

Many baby boomers are currently in the workforce. The median age at which baby boomers expect to stop working is 70, but 27 percent say they never intend to stop working. A good portion of them have children living at home, and boomers remain a driving force in the housing market.

Nearly eight in 10 boomers own their own homes and almost nine out of 10 have owned at some point in their lives; 96 percent believe owning a home is a good financial investment – evidenced by their actions. One-quarter of survey’s respondents own one or more other kinds of real estate in addition to a primary residence: 13 percent own land, 8 percent own rental property, 7 percent a vacation home or seasonally occupied property, 2 percent commercial real estate and 3 percent some other kind of real estate.

In addition to a higher rate of homeownership, the study shows baby boomers are proportionately more active in the second home market, owning 57 percent of all vacation/seasonal homes and 58 percent of rental property. For the segment of boomers who own rental investment property, 34 percent own multiple properties.

“When boomers plan for the next stage in life, they may search for a new home or multiple homes,” said San Mateo County Association of Realtors® (SAMCAR) President John Gieseke. “Realtors understand that baby boomers value the wealth gained from owning real estate and can help them capitalize on their investments.”

“We are recognizing baby boomers as more inclined to own second homes as investment property, a place for eventual retirement and ‘a home away from home,’” Gieseke observed. “Since people lead busier lives today, many boomers want to get away from it all. Before, a second home meant a cabin or cottage by the lake or in the country; for many boomers today, a second home is a real house.”

At a recent presentation before the Women’s Council of Realtors® (Santa Clara Valley Chapter), California Association of Realtors® Vice President Leslie Appleton-Young made the same observation.

“Much activity in the housing market can be expected from the baby boomers,” explained Appleton-Young. “Baby boomers are inheriting wealth from their parents and they have a keen interest in real estate for their kids, for their parents and for retirement investment.”

Appleton-Young said, “Baby boomers love real estate. They are buying homes now as retirement and investment properties sooner, and more of it.”

“Just over a quarter of the boomer generation is aged 55 to 60, which is when many people traditionally begin to focus on their retirement plans, but analysis of the survey suggests they are more likely to stay in the workforce longer and will be less likely to downsize than previous generations – the leading edge of the boomer generation is the key to future housing impact,” Lereah said. “Because they will be in the workforce longer, boomers will postpone purchase of retirement property and won’t be making those moves as early as assumed.”

Forty-two percent of survey respondents would like to retire in the South, 32 percent in the West, 15 percent in the Midwest and 12 percent in the Northeast.

“This tells us that the Sunbelt will remain a traditional draw for retirees,” Lereah said.

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***About SAMCAR:***

*The San Mateo County Association of REALTORS® (SAMCAR) is a professional trade organization representing over 3,800 REALTORS® and Affiliate members engaged in the real estate business on the Peninsula. SAMCAR promotes the highest ethical standards of real estate practice, serves as an advocate for homeownership and homeowners, and represents the interests of property owners in San Mateo County.*

*The term "REALTOR®" is a registered collective membership mark which identifies a real estate professional who is a member of the National Association of REALTORS® and who subscribes to its strict Code of Ethics.*

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