

Targeting the Over-55 Consumer: Here Come the Boomers!

by John Tuccillo, PhD, Economist
May, 2002

Senior housing has often meant assisted care, or inexpensive condos in the sun, or some such other marginal part of the shelter sector. Well, as my late Italian grandmother would say, "Fuggedaboutit!" From now on, senior housing will grow to be a major (if not the major) segment of the market for the next two decades. And it's all about aging baby boomers who will dominate the housing market as they have dominated every aspect of American life since 1950. For Realtors, this is a huge opportunity. But seizing that opportunity will require some care and applied expertise.

First the facts. Between 1946 and 1964, 75 million children were born in the United States. This dwarfs the production of any other like period in American history. The peak year of the Baby Boom was 1957, which means that there are more 45-year-olds in the United States now than there are people of any other age. The leading edge of the Baby Boom-born in 1946 is now 56. For the next twenty years, better than 70 million Americans will be moving toward that time when they buy their last house.

Dealing with senior buyers and sellers will be easier if you keep in mind the following points:

- Boomers are healthy. Given advances in medicine, the typical 65-year-old today is younger than the 65-year-old of a decade ago. With further improvements likely, the life span of the boomer will be long. So they will be looking for their last home in a place suited to an active lifestyle, one where they can enjoy their added years and improved health, without having to mow, rake, or shovel.
- Boomers are wealthy. To begin with, they are the heirs of the "gray flannel" generation that built the prosperity of the Fifties and early Sixties. Then, they enjoyed participation in pension and 401(k) plans through most of their work years. All this means that their retirements will be comfortable, and their ability to afford housing great.
- Boomers are wise-guys. The primary characteristics of the boomers are that they know what's best for themselves, they know what's best for you and they have no compunction about expressing either. They live-in fact they demand -to be involved in anything that affects their lives or environments. That means a more difficult client or customer for the Realtor. It's even worse, since most Realtors are also boomers.

There are two final points. First, the boomers are technologically savvy. They are comfortable using electronic communication and will often prefer it to more conventional channels. To serve this generation, Realtors need to be as technologically adept as their clients and customers. Second, most boomers will choose their last house in a place within 50 miles of their roots. That means looking where they now live. Real estate professionals need to ask whether housing that will attract boomers is available where they practice. If it is, figure out the best way to showcase property for boomers. If it isn't work with builders and local officials to make it happen. The market is simply too promising to stand by and let it go past.