

What a boomer wants

Housing, community trends emerge for baby boomer generation

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CHICAGO (MarketWatch) -- The country's more than 77 million baby boomers represent more than a quarter of the U.S. population and have a substantial build up of spending power. As more of them move toward retirement age, businesses are paying attention to what this generation's real estate needs are.

And if they learn anything about the boomer consumers, it's to not classify them as over the hill.



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"Don't call them aging, don't call them seniors and certainly don't offer them early-bird specials," said Neale Redington, national director of hospitality practice at Deloitte & Touche LLP. They don't like it, he said. For good reason.

After all, this is a generation that expects to work past the traditional retirement age, said Paul D. Prescott, the national director for Deloitte Tax LLP's home-building sector. It's also a generation with active, healthy lifestyles that are in turn helping them live longer.

Deloitte's recent conference call, "The Aging Population: The Impact on the U.S. Real Estate Market," aimed to give some perspective on what this generation wants from its homes, communities and vacation spots.

Residential

On the residential side, people aren't waiting until retirement to acquire a second -- or even a third -- home, Prescott said. Sometimes the additional home will be located in a favorite vacation spot; oftentimes the intent is to retire there eventually, he said. Many baby boomers want these second homes to be located near a body of water or close to recreational activities.

While retirees tend to gravitate toward places that complement their active lifestyles or provide them a lower cost of living, they're also getting more comfortable with the idea of owning real estate in other countries, Prescott said. Mexico offers retirees warm weather, lower property taxes and more affordable health care, while areas including Panama and Costa Rica offer tax breaks to foreigners seeking to retire there, he added.

On the other hand, many boomers expect to "age in place," given their active lifestyles and plans to work past the traditional retirement age, he said.

What they want from their homes and communities is the flexibility to accommodate a range of physical abilities and medical needs -- along with other amenities including accessibility to services and wired houses that have convenient access to the Internet, Prescott said.

"As a group, the boomers have unprecedented wealth and this wealth gives them choices that earlier generations may not have had," he said.

Although this generation doesn't view itself as being old, the boomers also could create more demand for assisted living down the line. "Even though you think you aren't old, your body is going to have a need for those kinds of facilities," Prescott said.

Retail/hospitality

Teens may frequent their local shopping mall more, but older customers are bigger spenders -- and retail centers have been moving to cater to boomers as a result. said James E. Maurin, chairman of Stirling Properties and a past

chairman of the International Council of Shopping Centers.

For one, safety concerns that mature customers have about going to the mall are being addressed in some locations, Maurin said. For example, "malls are starting to clamp down on unruly teenagers," he said, adding that some shopping centers have escort policies for younger customers.

Mall owners also are taking steps to make their buildings easier to navigate, sometimes even offering valet parking services to shoppers, he said. More sit-down restaurants, day spas, even doctors and dentists are being incorporated in malls for convenience.

When it comes to travel, boomers want "adventure without great risk," Redington said. This could mean dog sledding in Alaska with warm accommodations and hot meals or room service in Machu Picchu, he said. "Pre-arrival" Internet research on a hotel's services also is becoming a staple, allowing customers to their homework before they check in.

Good spenders, bad savers

Despite the spending power that boomers have, it's also important to note that they haven't traditionally been the best savers, said James P. Gaines, of the Real Estate Center at Texas A&M University. Gaines wasn't involved with the conference call, but has been studying baby boomers and their housing needs.

"I don't think the boomers are going to retire the same way our parents did," he said. "They're terrific spenders but no great savers."

He also anticipates baby boomers seeking quality over quantity in new homes, more interested in granite counters and Internet wiring than the amount of space they have.

But acknowledging that boomers have much of their wealth concentrated in their home equity, he also thinks that retirees looking to relocate will look for places with lower costs of living, lower taxes and where home appreciation rates have been modest.

"Some of the states that are going to experience some growth (in retirees) are not the ones that have had a run-up in home prices," he said. ■



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