



Baby Boomer Housing a Hot Market Over Next Decade

By Bobby Freeman, Realtor | March 3, 2015

Sixty-five percent of retirees say they're living in the best homes of their lives, according to a new Merrill Lynch study conducted in partnership with Age Wave.

But many retirees – free from work and family restrictions – will choose to move.

The study, "Home in Retirement: More Freedom, New Choices," found that 64 percent of retirees are likely to move at least once during retirement, with 37 percent having already done so and 27 percent planning to relocate.

During the next decade, the number of age 65+ households in the U.S. will increase by nearly 11 million, while growth in the number of households across all other age groups will be less than 2 million.

Powerful demographic forces, including the massive baby boomer generation now moving into their retirement years and increasing longevity leading to longer retirements, is driving the growth among older households.



"How and where our nation's aging population chooses to live will have widespread implications on the way homes are designed, the resources people will need, and how communities and businesses nationwide should prepare," says Andy Sieg, head of Global Wealth and Retirement Solutions for Bank of America Merrill Lynch.

The new research explores priorities and concerns of retirees and pre-retirees when choosing the type of homes and communities they hope to live in during retirement.

Home free in retirement

Through most people's lives, where they reside is determined in large part by work and family.

However, as people enter their late-50s and 60s, they approach and begin to cross what the study calls the "Freedom Threshold," with retirement representing a gateway to unprecedented freedom to choose where to live:

By age 61, most people feel free to choose where they most want to live.

Retirees (67 percent) are more than twice as likely to say they're free to choose where they want to live compared to pre-retirees (30 percent).

Four out of five (81 percent) Americans age 65+ are homeowners, and among them, 72 percent have fully paid off their mortgage.

Retirees on the move: The “downsize surprise”

Retirees’ top motivations for moving include being closer to family (29 percent), reducing home expenses (26 percent), and changes in health (17 percent) or marital status (12 percent):

Many people assume they’ll downsize once retired. However, the study found that half (49 percent) of retirees didn’t downsize in their last move – and, in fact, 30 percent moved into larger homes.

Retirees’ top reasons for upsizing were to have a home large and comfortable enough for family members to visit (33 percent) or even live with them (20 percent). According to the study, one out of six retirees (16 percent) today has a “boomerang” child who moved back in with them.

Retirees who did downsize (51 percent) cite greater freedom from the financial (64 percent) and maintenance (44 percent) burdens of a larger home among their top reasons.

Among retirees who do not plan to move during retirement, the top reasons include a deep emotional connection to their home (54 percent), close proximity to family (48 percent) and friends (31 percent), a desire to remain independent (44 percent), or because they simply can’t afford to move (28 percent).

Prior to age 55, more homeowners say the financial value of their home outweighs its emotional value. As people age, however, they become far more likely to say their home’s emotional value is more important – a reason cited by nearly two out of three people (63 percent) age 75 and older.

Retirement hotspots

Currently in Brevard County, there are 141 properties for sale in 55+ communities ranging from \$24,500 for a 1 bedroom mobile home in Palm Bay to \$399,500 for a 4 bedroom 3 bath single-family home in popular Heritage Isle in Viera.

Heritage Isle is a gated community featuring a 20,000+ sq. ft. club house pool, spa, tennis courts, organized activities social events and more.

Nationally, among people age 65+ who moved last year, most (83 percent) chose to remain in the same state; however, roughly one out of six (17 percent) relocated to a different state:

Sixty percent of pre-retirees anticipate staying in the same state or region, while the remaining 40 percent see retirement as a chance to try living in a new part of the country.

To a large degree, where pre-retirees say they want to stay or move to in retirement mirrors where today’s retirees say they are the happiest.

For instance, roughly four out of five pre-retirees living in both the South Atlantic (80 percent) and Pacific (77 percent) regions say they want to continue living there in retirement – two of the top three regions where current retirees give the highest marks among ideal places to live.

Among pre-retirees who want to move to a different region once retired, the South Atlantic is the clear winner – with 39 percent saying they would most want to move to that region, followed by the Mountain (25 percent) and Pacific (16 percent) regions.

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