

COMMUNITYMANAGER

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Boomers Set the Bar—Again

Forget everything you thought you knew about baby boomers.

BY JULIE WARREN

Trendsetters for decades, the nearly 75 million baby boomers—anyone born between 1946 and 1964—are at it again. As the oldest baby boomers celebrated turning 70 in 2016, a large percentage of this enormous demographic continues to remain in the workforce, pay mortgages, and owe a lot of money. Over the last decade, baby boomers’ “per capita debt at age 65 grew by 48 percent,” according to a February report by ZeroHedge.com, which cites mortgages and auto loans as boomers’ biggest obligations.

While this cohort is still large enough—and vigorous enough—to remain influential for some time, boom-

ers no longer comprise the largest U.S. demographic; as a group, the millennials (ages 19 to 35) now include slightly more—75.4 million—according to a Pew Research Center report published earlier this year. And the number of Generation Xers (those ages 36 to 51) is expected to surpass the number of boomers by 2028.

Together, these three demographics will keep the peak age group in the mid-50s to early 60s for decades, according to the Pew research, and communities and developers should take heed.

CHANGING EXPECTATIONS

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of new businesses in 2015, a big jump from 20 years ago, when this group was responsible for less than 15 percent of new business startups, according to a recent article by *Washington Post* columnist Rodney Brooks in his “On Retirement” column.

During this same 20-year period, the number of baby boomers—both men and women—who continue to work and who are seeking jobs has increased by as much as 10 percent, says “5 Baby Boomer Retirement Trends” posted on USNews.com/money.

And so much for aging in place, the popular theory that baby boomers want to stay in their current homes for the remainder of their lives. More than half, i.e., 57 percent, want to move to a different type of home, according to a 2014 *Better Homes and Gardens* Real Estate survey.

Baby boomers who are planning a move want more livable homes, i.e., all living areas—as well as the washer, dryer, master bedroom, and a full bathroom—on one floor and easier access to restaurants and shopping; they also want to be near outdoor areas like walking trails and parks.

“Housing Preferences Across Generations,” a March 2016 paper by the National Association of Homebuilders (NAHB), says that boomers consider in-home elevators one of the least desirable residential features. The same document indicates that golf courses also aren’t so popular any more.

The *BH&G* survey points out, however, that while boomers want to move to “make a lifestyle change,” more than 70 percent of them will stay near enough to their previous neighborhoods to maintain relationships with family and friends.

BOOMERS AND TECH

According to “Technology Adoption by Baby Boomers (and Everyone Else),” another recent article by the Pew Research Center, boomers “embrace technology” and are prepared to adapt to technological advances and new products.

A posting earlier this year on NetworkWorld.com says that baby boomers are just as tech-savvy as their millennial offspring but tend to use it in different ways.

For instance, more than three-quarters of baby boomers over age 60 use the internet, a figure that jumps to 83 percent for those who are somewhat younger.

Around 90 percent of boomers have and use cellphones, half of which are smartphones. About half of all baby boomers—remember, that’s almost 75 million people—are accessing social media of some kind.

MORE BOOMER STATS

Other important facts to note about baby boomers:

- More than 80 percent of boomers—both men and women—consider themselves in good or excellent health.
- The youngest baby boomers—those

born in the early 1960s—will not be eligible for full Social Security benefits for another 10 to 15 years.

■ Currently, younger boomers are less concerned with saving for retirement and more focused on their careers and putting their kids through school.

BOOMERS AND HOMEOWNERSHIP

In its white paper, “Demographics for an Aging America,” the Joint Center for Housing Studies of Harvard University says that homeownership “provides a vital safety net for boomers” because:

■ Monthly housing costs usually are less for those who own their homes, especially those who have accrued some equity.

■ It’s easier to modify a home you already own to meet “evolving needs and preferences,” as well as to make it more accessible.

■ The equity in a home is a valuable resource to tap in retirement. (See sidebar on below, left.)

An NAHB study says 80 percent of baby boomers are homeowners. Just as significant, more than half of all vacation/seasonal homes and more than half of rental properties are owned by baby boomers.

EFFECTS ON ASSOCIATIONS

So how will baby boomers’ homebuying behavior affect community associations?

“If your product depends heavily on a person’s retiring or on the activities of retirees, it’s time to re-think your strategies,” says “The Baby Boomer Retirement Fallacy and What It Means to You,” an article posted on the *Harvard Business Review’s* website a few years ago.

In fact, because the baby boomer age range is so broad, the HBR.com article emphasizes that “the growth rate in both the number of new retirees and the total number of retired persons will be less than 3 to 4 percent each year for the next 25 years—and could even be zero.”

The article cautions companies that make “products that help fill seniors’ leisure hours,” like boats, golf clubs, and gardening equipment—along with developers of retirement communities—to reconsider their market.

SENIOR RESIDENTS IN COMMUNITY ASSOCIATIONS MAY BE EXCLUDED FROM REVERSE MORTGAGES

The Joint Center for Housing Studies of Harvard University recognizes that homeownership can give people an economic advantage in their retirement. The accrued equity in a home is a valuable resource to tap, especially for retirees on fixed or modest incomes.

But the Federal Housing Administration has proposed a federal regulation that would exclude millions of senior citizens living in community associations from the agency’s Home Equity Conversion Mortgage (HECM) program. This reverse mortgage program enables qualified homeowners to withdraw some of the equity in their homes—either in a fixed monthly amount, as a line of credit, or a combination of both—to supplement living expenses.

» For more information about HECM, who may be excluded from this program, and what managers and residents can do, visit www.caionline.org/HECM.



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WHAT BOOMERS REALLY WANT

Despite HBR.com's prediction, Jim Chapman Jr., the 2017 chair of NAHB's 55+ Housing Council, says the 55+ market is "the fastest-growing component of the single-family sector."

An Atlanta builder who specializes in active adult communities of luxury one-level homes, Chapman is well aware of what baby boomers and older cohorts

want in their communities.

"We're selling to a ton of people who are in their 60s," Chapman says. "And they are just the first wave of the boomers." He points out a number of features that can persuade baby boomer homeowners to relocate, including a current home that's "untenable and unmanageable." Motivators include too much land or too much square footage to take

care of, or no main level bedroom or bathroom.

"If you have the right setup, you can age in place in Minnesota," Chapman says. "But...there's a strong chance you want to be in a warmer climate, be closer to adult children who might take care of you in later years, and see your grandchildren more often."

Julie Warren is editor of Community Manager.



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