



industry | **BABY BOOMER**

Have We Reached the Top?

Everywhere you turn people are asking “have we reached the bottom of the real estate market yet?” **By Sue Marshall**

In the age-qualified communities in Minnesota we are asking “have we reached the top?” Minnesota as a general rule has followed trends from east to west when it comes to housing. But, there is one niche market where this is not the truth. This niche is the 55+ age-qualified community. Minnesota has been considered top in the country for the number of units for age-qualified housing per capita. Heck, we did produce the first cooperative community. Since then we have continued producing award-winning senior cooperative communities. We have some of the top developers/builders that are recognized nationally and the Builder’s Association of the Twin Cities is proud.

Recently we were fortunate to have one of the best researchers and trend analysts in the country, Margaret Wylde, here to instruct the CAASH 3 course in research and trends. After attending the class and reviewing her new book, “Right House, Right Place, Right Time,” there are two things that really got me thinking. One being

the percentage of folks wanting to live in age-qualified communities. The second being the importance of social connectedness and how Minnesotans compare.

To determine if we have reached the top of the market, the question we want to answer is how many baby boomers will choose to live in an age-qualified community? Margaret’s recent studies show 22 percent say absolutely, 38 percent maybe and 42 percent say no. So, we can count on about 40 percent of the market buying in age-qualified communities if we deliver the right home in the right place at the right time. Then we add Minnesotans to the formula and it gets more complicated.

Last weekend I was holding an open house in a small yet adorable single-family Cape Cod across from Lake Nokomis. I had a couple who visited that was very interested. Guess who? A Minnesota baby boomer coming from condo living. They had transitioned two years ago from their large home nearby in which they raised their children to a condo downtown. At one point they looked at each other and said, “We want to move home.” The condo lifestyle was not for them. Lucky for them they had sold their

previous single-family home at the height of the market and decided to rent a condo. Now prices are down and interest rates are low. They are positioned extremely well and they are ready to move.

The question is will the Minnesota market accept higher-density age-qualified housing to the same degree as the national market which Margaret Wylde describes in her book? How much more should we supply the market before demand wanes?

During class, Margaret spoke on the need for social connectedness among baby boomers as the main reason for interest with this generation. I concur in the older baby boomer. This subset of baby boomers worked for the same employer for their professional lives and is more than likely collecting a pension. Once they retire their social sphere as they know it changes. Their work was their life. They look to the age-qualified higher-density housing lifestyle as an opportunity to replace the loss of social connectedness. Amenities that bring people together are a must.

What about the younger baby boomer? They are likely to have worked for several employers, perhaps even for themselves. The likelihood of them receiving a pension dramatically decreases. A large portion will continue working and these social connections remain for years to come. Will this group have the same needs? This question and the fact that we have supplied the market with adequate age-qualified housing make this statement “be diligent with research and hire the best” something all developers/builders need to consider. The strategy, “Build it and they will come” will not produce the same results as it has in the past.

Have we reached the top? The oldest baby boomer turns 62 this year and the youngest turns 44. Within certain geographical markets within Minnesota we will continue to have demand while others just may have a terrific view from the top.

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