



Urban Land
Institute

Terwilliger Center for Housing

Housing in America: The Boomers Turn 65

John K. McIlwain

Senior Resident Fellow, ULI/J. Ronald Terwilliger Chair for Housing

ULI Fall Meeting

Denver, CO

October 17, 2012





Peter Rummell
ULI Chairman
Chairman,
The Rummell
Company



Robert
Sharpe
Managing
Partner,
Rancho
Sahuarita



John McIlwain
ULI Senior Resident Fellow
for Housing



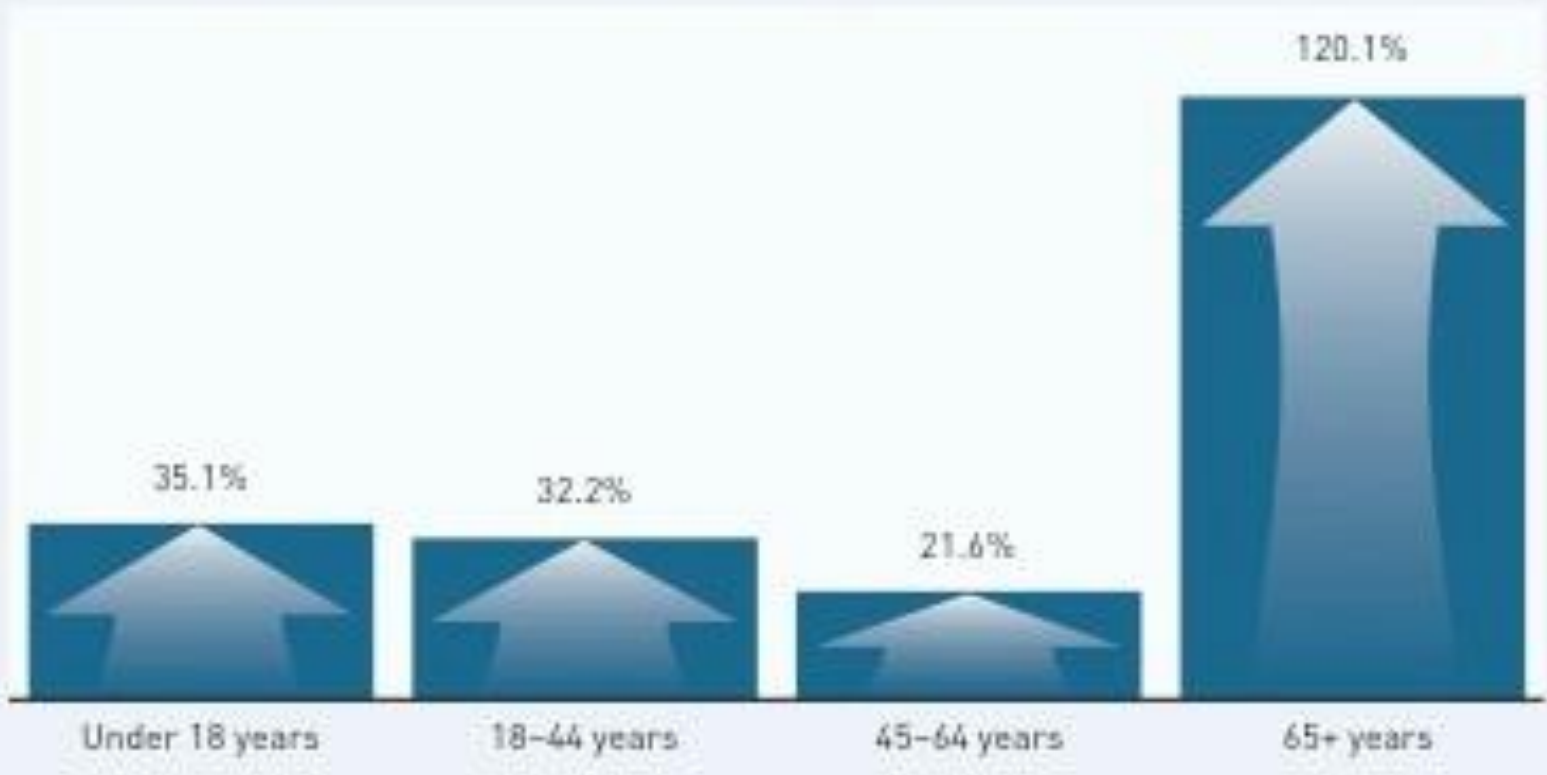
Aaron Conley
President,
Third Act
Solutions

The 65+ group fastest growing in the US

- ▶ Never before in the US or the world have so many people over the age of 65.
- ▶ This will grow 40% + this decade:
 - 40 million in 2010 – 13% of US population
 - 15 million more this decade
 - 55 million in 2020 – 16% of US population

A Long Term Trend – up 120% by 2050

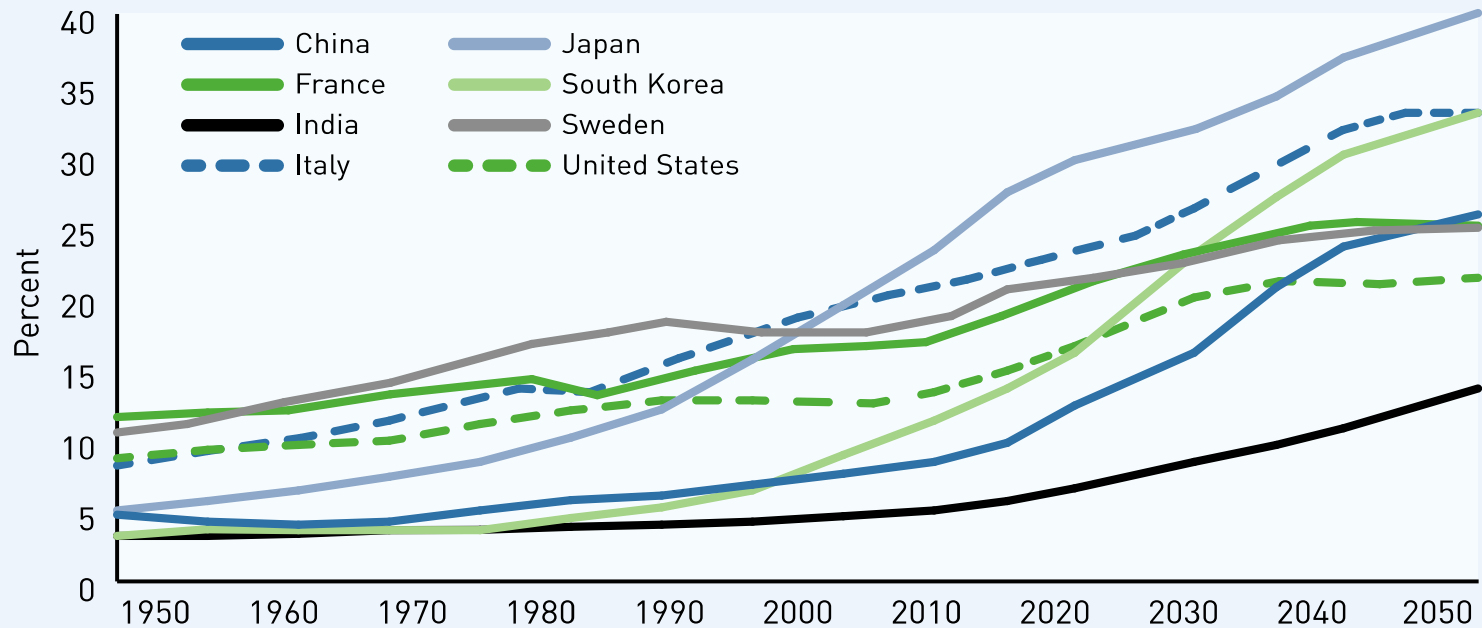
FIGURE 6 Compared with Other Age Groups, the Number of Americans 65 and Older Will Change Most Significantly | PROJECTIONS OF THE CHANGE IN POPULATION BY AGE GROUP, 2010 TO 2050



A Global Trend

- ▶ Yet comparatively, the U.S. population is relatively young

FIGURE 3 Proportion of 65-Plus Population by Country



Sources: Statistics Bureau, *Statistical Handbooks of Japan 2011* (Ministry of Internal Affairs and Communications); Ministry of Health, Labour and Welfare; United Nations.

❖ **People 65+ are healthier, more active, and will live longer than at any prior time in history.**

❖ **The 60's and 70's are a new phase of life: "Adulthood II,"**

❖ **According to cultural anthropologist Mary Catherine Bateson.**



What This Report Covers:

- What is the makeup of the 65+ population?
- Where are they moving?
- What is the impact on the suburbs of “ageing-in-place?”
- How are cities and suburban towns meeting the needs of the of those over 65?
- Will those over 65 move into traditional senior housing communities, or will they “age in place?”
- What new markets are opening up, and which trends may be significant.

➤ And More...



Two Major Takeaways

- ▶ **The Future Will Not Be Like the Past**
 - This is a time of significant change in the 65+ population – in numbers, health, energy, culture...
 - And housing markets!
- ▶ **There will be growing political tension over the need for government support between those 65+ and those 35 and below.**
 - Already over 40% of federal domestic funds goes to those over 65 and it will need to increase.



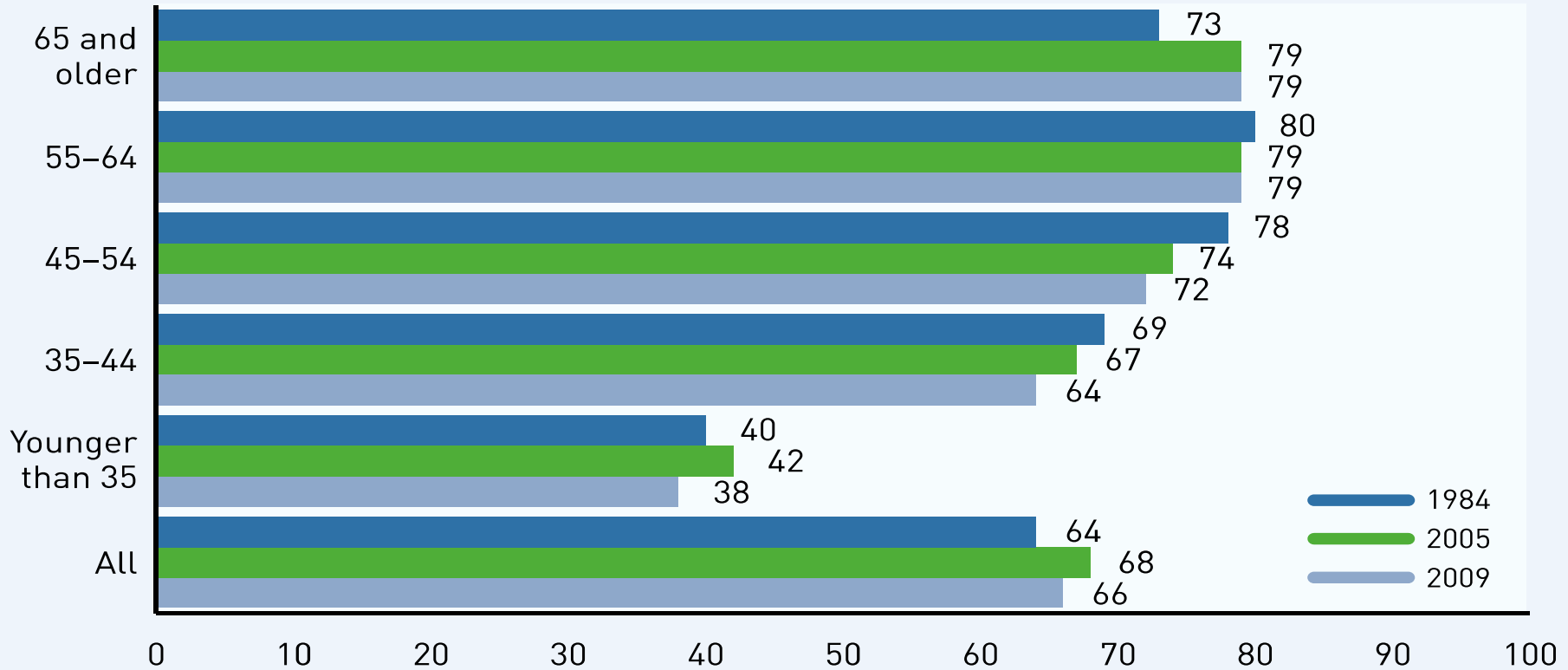
A Look at the 65+ Population as a whole



- ▶ **The 65+ population has been less affected by the Great Recession than those under 35:**
 - Homeownership
 - Incomes
 - Household net worth

79% still homeowners

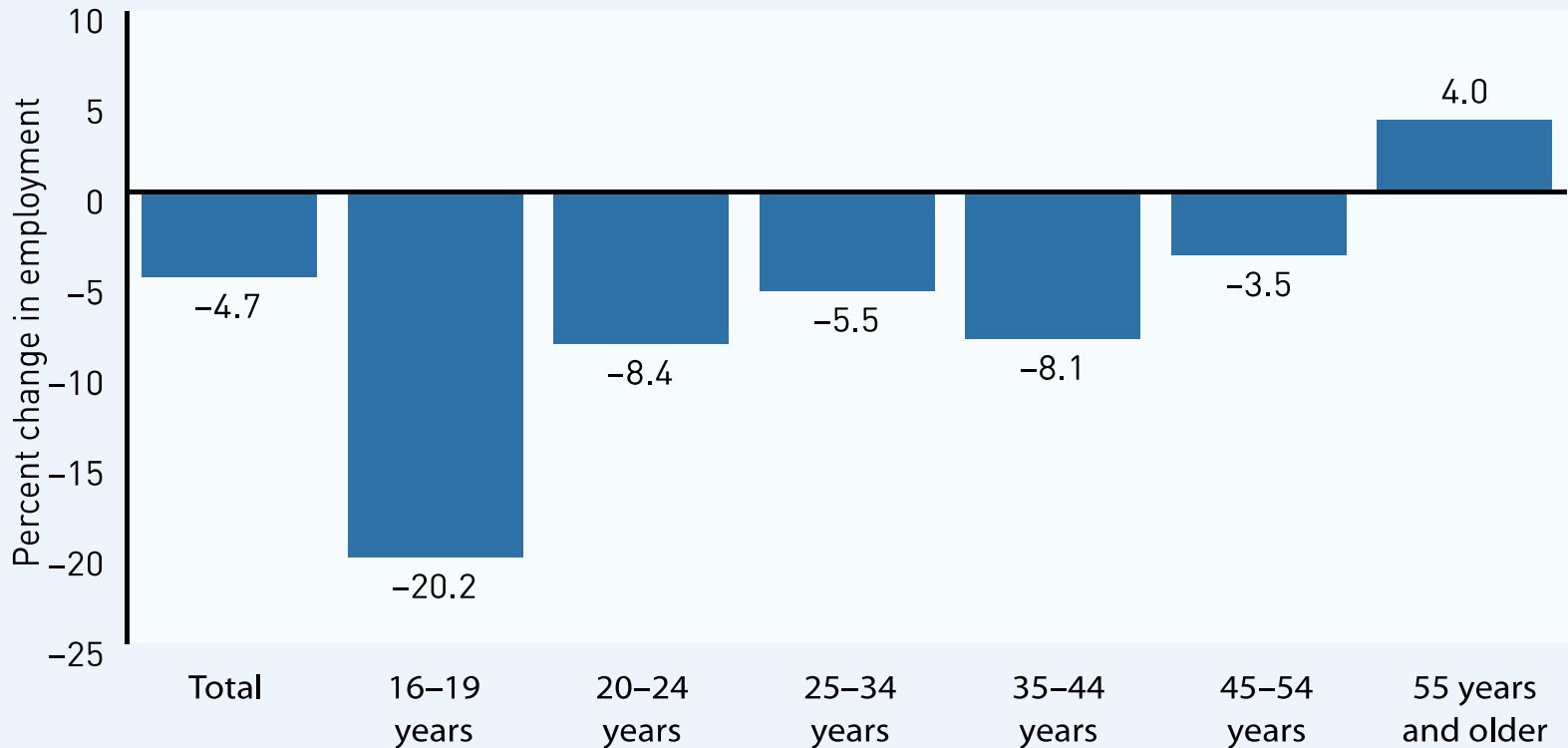
FIGURE 11 The Recession Did Not Lower Homeownership Rates of Older Americans | HOMEOWNERSHIP RATE BY AGE OF HOUSEHOLDER, 1984, 2005, AND 2009 (%)



Source: Pew Research Center, 2011.

Those 55+ untouched by unemployment

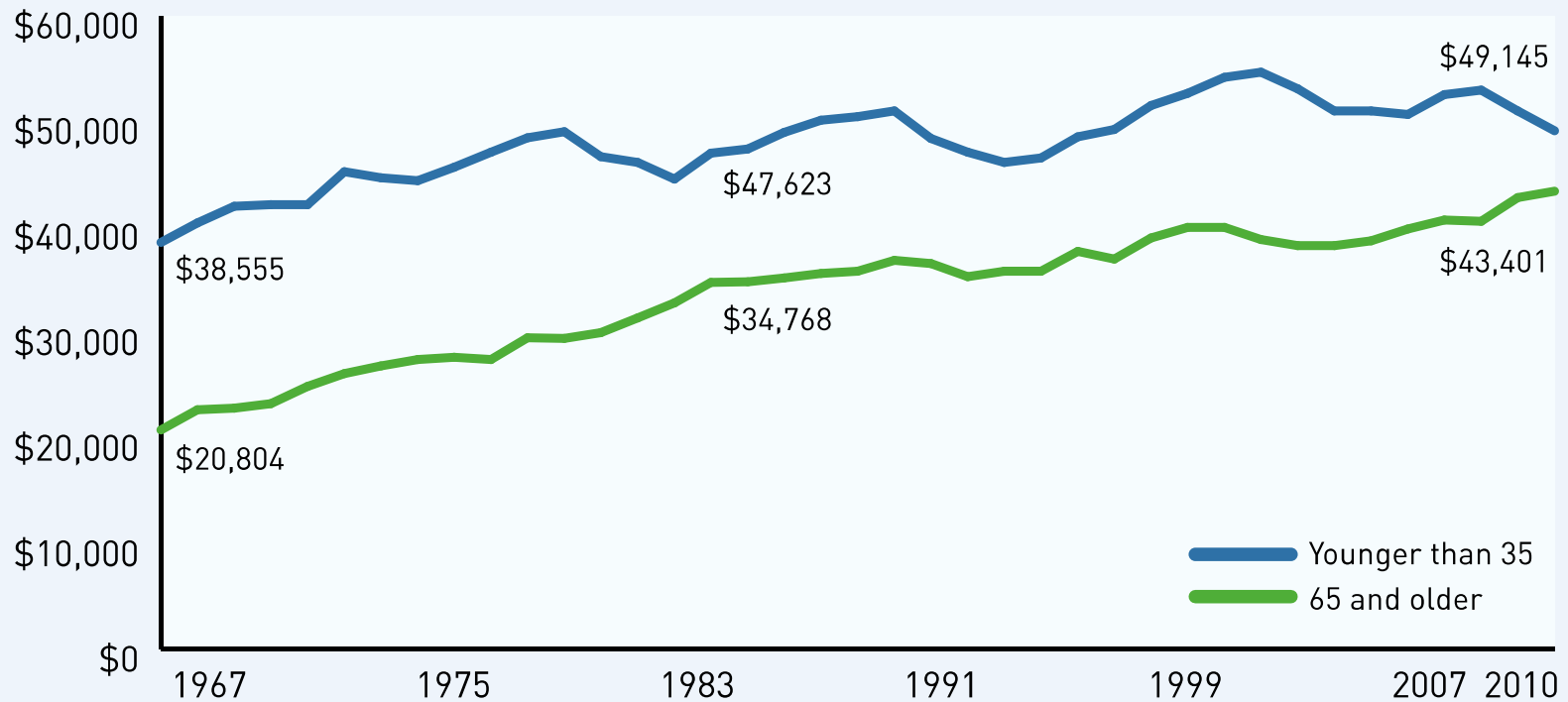
FIGURE 14 During the Recession, Americans over Age 55 Experienced a Positive Change in Employment | EMPLOYMENT CHANGES BY AGE GROUPS, 2007:Q4–2009:Q3



Source: Kristie M. Engemann and Howard J. Wall, "The Effects of Recessions across Demographic Groups," *Federal Reserve Bank of St. Louis Review* (January/February 2010).

65+ incomes still up

FIGURE 16 Income of Americans 65 and Older and Younger Than 35 Is **Converging** | MEDIAN ADJUSTED HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER, 1967-2010

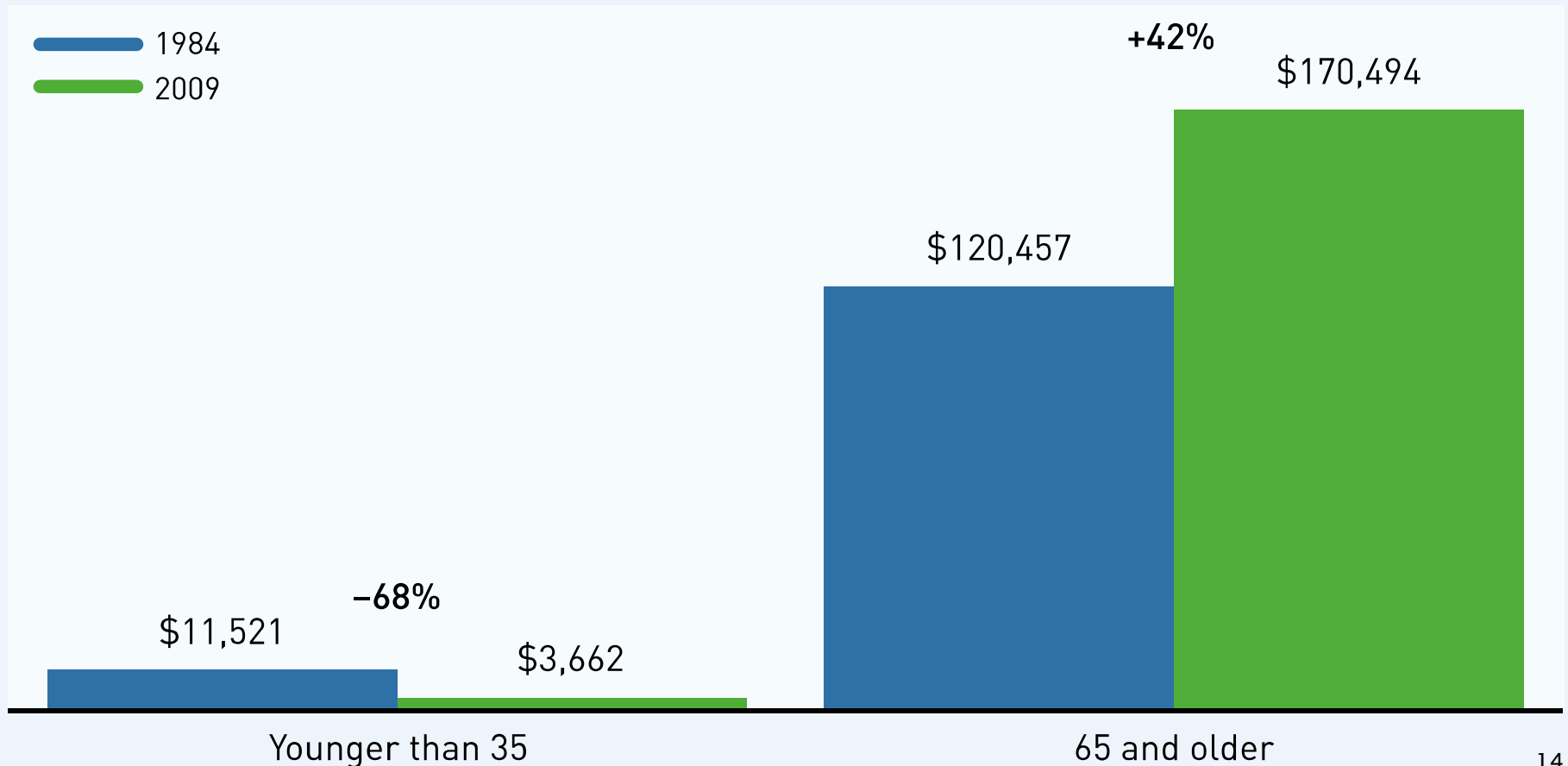


Source: Pew Research Center, 2011.

Note: Standardized to 2010 dollars and a household size of three.

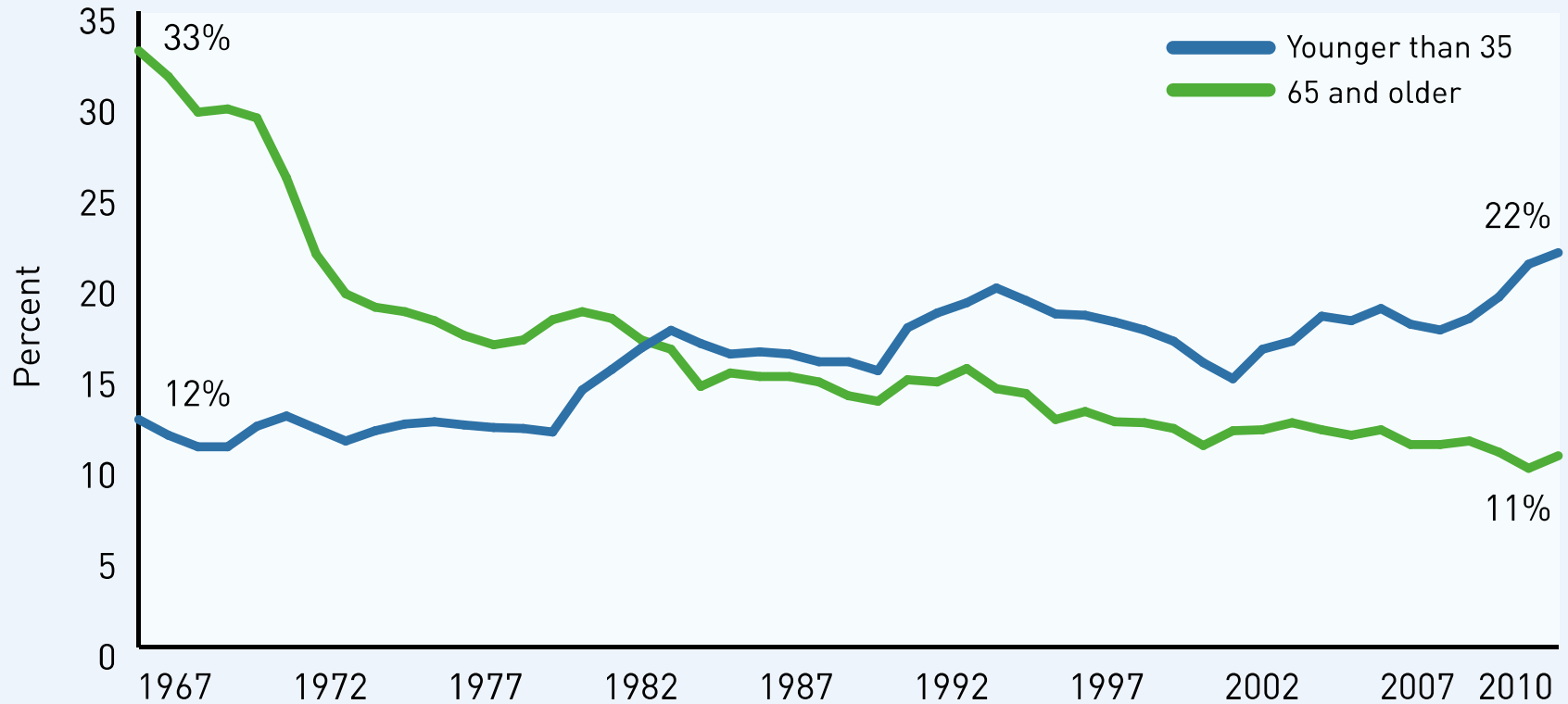
And also net worth...

FIGURE 17 The Age Gap in Household Net Worth Is Rising | MEDIAN NET WORTH BY AGE OF HOUSEHOLDER, 1984 AND 2009 (2010 DOLLARS)



The result: A lower poverty rate

FIGURE 20 Since 1967 the Rate of Older Americans in Poverty Has Dramatically Decreased | SHARE OF HOUSEHOLDS IN POVERTY BY AGE OF HOUSEHOLDER, 1967-2010



Unlike the Past – There is No One Senior Generation Today!

- ▶ **Today there are 3 generations 65 and older**
 - **The Leading Edge Boomers**
 - **The Greatest Generation**
 - **The Silent Generation**



A Look at the Three Generations

Who are they?

➤ Leading Edge Boomers –

- 40 million born 1943 to 1954, now 56 to 67.
- The older half of the 74 million Baby Boom Generation born from 1946 to 1964 who grew up in the 60s and 70s!

➤ Greatest Generation –

- 4.5 million born 1901 to 1924, now 85+.
- They grew up during the Great Depression and fought in World War II.

➤ Silent Generation –

- 28 million born 1925 to 1942, now 68 to 84.
- They grew up during the late 1940s and 1950s.

*The Leading Edge Boomers (57–
67) are the Future of the 65+
Population*



The Leading Edge Boomers (57–67) are the Future of the 65+ Population

- Children of the 60s and 70s,
- **DON'T EXPECT THEM TO ACT LIKE PRIOR GENERATIONS!**
 - They have redefined every age they entered
- Civil rights, Vietnam, drugs, rock 'n roll, women's lib, environmentalism, technology, etc.



Largely white

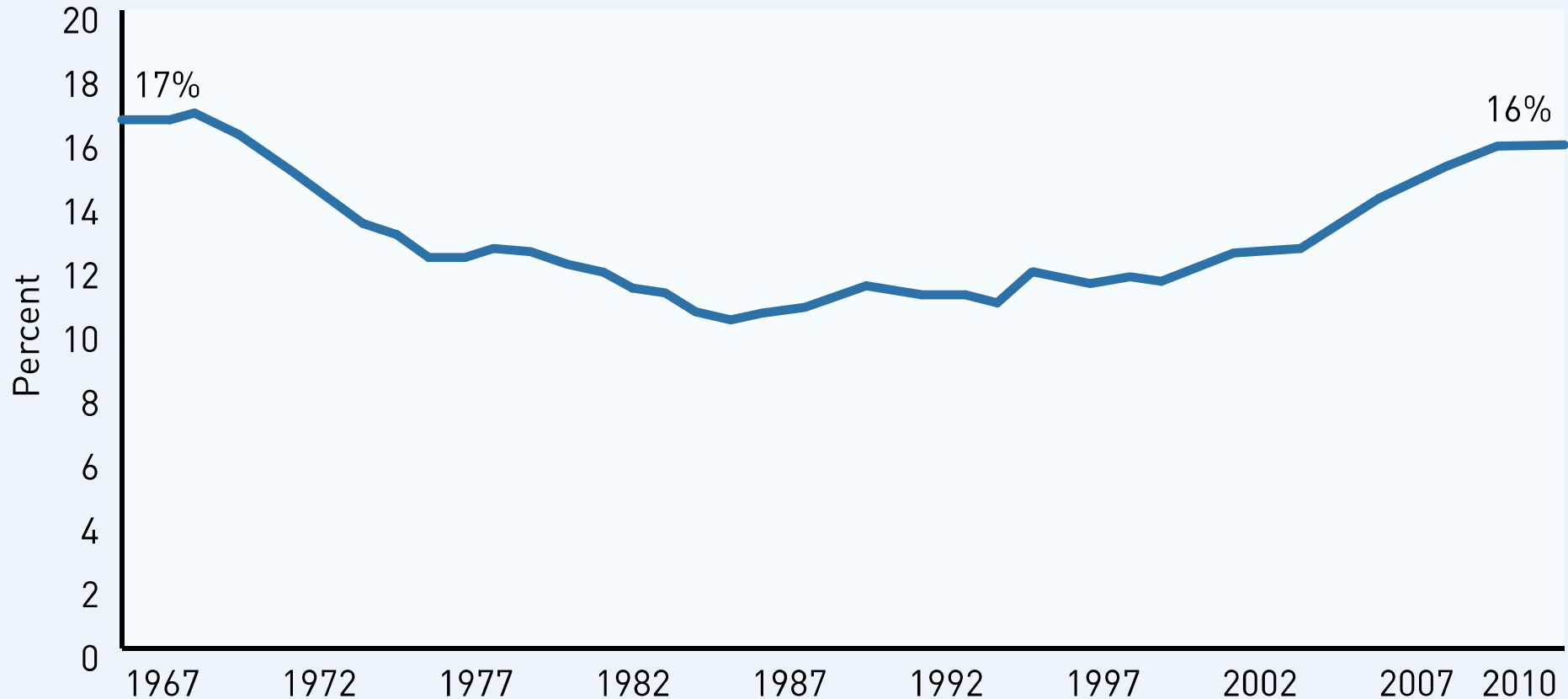
FIGURE 7 Shifting Ethnicities between U.S. Generations | PERCENT OF
POPULATION BY AGE AND ETHNICITY, 2009

Ethnicity	Silent and Greatest generations	Leading-Edge Boomers
Black	8.6%	10.5%
Asian	3.4%	4.0%
Hispanic	7.0%	8.6%
White	80.1%	75.7%

Source: U.S. Census Bureau, 2012.

Working longer...

FIGURE 13 More Leading-Edge Boomers Are Working Today Than over the Past 30 Years | SHARE OF POPULATION EMPLOYED, AGE 65 AND OLDER, 1967-2010



But their home equity hurt by the recession more than the prior generations

FIGURE 12 The Home Equity of 65-Plus Americans Has Fared Better Than That of Younger Generations | CHANGES IN MEDIAN HOME EQUITY BY AGE GROUP, 1984, 2005, AND 2009

Age group (years)	Home equity 1984	Home equity 2005	Percent change 1984–2005	Home equity 2009	Percent change 2005–2009	Percent change 1984–2009
All	\$81,143	\$111,685	38%	\$87,420	-22%	8%
Younger than 35	\$35,150	\$50,258	43%	\$24,396	-51%	-31%
55–64	\$108,051	\$139,606	29%	\$114,864	-18%	6%
Older than 65	\$92,336	\$156,359	69%	\$145,361	-7%	57%

Source: Pew Research Center, 2011.

Better educated than prior generations

FIGURE 21 **Leading-Edge Boomers Earn a Higher Percentage of Bachelor's Degrees Than Older Generations** | BACHELOR'S DEGREE BY AGE, 2011

Age (years)	Percent of age group
55-59	19%
60-64	18%
65-69	15%
70-74	13%
75+	11%

Source: U.S. Census Bureau, 2011.

- ▶ **But less educated than their kids**
 - **National average – 32% have Bachelor's degrees**

The Leading Edge Boomers (57–67) are the Future of the 65+ Population

- ▶ When will they retire?
- ▶ For most, not for years
 - Healthier and more energetic
 - “60 is the new 50!”
 - Need to rebuild retirement accounts
 - Fear they may out live their money
 - **And unfortunately many (most??) of them will!**



The Big Debate – Will They Move?

- ▶ No longer moving TO the suburbs
– will they move out?
- ▶ RCLCO: More older Boomers want urban areas
- ▶ A time of major life transition
 - Expect many to change careers, jobs and homes
 - But many are trapped in “underwater” homes and cannot move



Leading Edge Boomers: 57-67

- ▶ If they move, where to?
 - To new jobs in new cities
 - Back to where they grew up
 - To central cities and suburban town centers
 - To where housing is cheap
 - *Will they move to the sunbelt?*

To be near family
and *grandkids*



World's cutest granddaughter!

Nolen McIlwain



The Greatest Generation – 85+ Years

The Greatest Generation – 85+ Years

- ▶ Culturally like prior generations at their age.
- ▶ Most will have significant healthcare needs, and require many personal services.
- ▶ Where is the best place to provide these services?
 - Suburbs?
 - Cities?



The Greatest Generation – 85+ Years

- ▶ They will live longer than any older group in history
- ▶ Many will outlive their retirement funds
- ▶ Challenges:
 - How to provide retirement housing they can afford
 - NORCs – How will the suburbs handle those who age in place?
 - How to design cities for them





The Silent Generation- 68-84

The Silent Generation- 68-84

- ▶ **Between Leading Edge Boomers and Greatest Generation.**
- ▶ **One foot in the culture of the Greatest Generation and one foot in culture of the Boomers.**
 - **“Think Tina Turner, Mick Jagger, or Harrison Ford, all Silents.”**
- ▶ **Not silent politically**
 - **Politically conservative and were the only age group to vote for McCain in 2008.**

The Silent Generation– 68–84

- ▶ **What about aging-in-place?**
 - Many say they don't want to move
 - Some can't sell homes as underwater
- ▶ **What happens to the suburbs when they don't move?**
 - Designed for young families with cars
 - How can suburbs support the Silent and Greatest generations?

The Silent Generation– 68–84

- ▶ Not moving to traditional housing communities for seniors.
 - Average move in age now up to 84.
- ▶ A “crisis” for housing communities for seniors.
 - Vacancies rising as they can’t replace those who leave.
- ▶ Why?
 - Cost?
 - Growing dislike of institutions and institutional living?
 - Growing numbers choosing to live alone.

The Silent Generation– 68–84

- ▶ **An opportunity/need for new housing communities for seniors that are:**
 - Stylish and “green.”
 - Walkable urban neighborhoods
 - Multigenerational
 - For people actively engaged in the world
 - With state-of-the-art technology
 - Connected to state of-the-art health care

Silent Generation – the Canaries in the Cage!

▶ **WATCH THIS GROUP FOR NEW TRENDS**

- Many are following the Greatest Generation
- But Increasing numbers are exploring new ways of aging



The many roles for government

The many roles for government

- ▶ **No level of government is ready for the challenge these generations present.**
- ▶ **All three generations will live longer than any past generations.**
- ▶ **Many (most??) will outlive their savings.**

The Local Level

- ▶ **Create “age–friendly” cities and suburbs:**
 - Support local senior centers and “virtual villages.”
 - Focus on zoning and building codes.
 - Allow group homes, ADUs SROs, smaller units.
 - Provide transportation.
 - Benches, shelters, and accessible transit.
 - Help retrofit homes to make them accessible.
 - Cap property taxes for those over 65 on limited, fixed incomes.

The Federal Role

- ▶ **The pressure on the federal government for more money for housing and health care will grow.**
- ▶ **This comes when Gen Y is the most financially challenged generation in 80 years!**
- ▶ **The tension over resources for the generations (e.g., education and child care vs. housing and health care) will be a defining debate for this decade and the next.**



Peter Rummell
ULI Chairman
Chairman,
The Rummell
Company



Robert
Sharpe
Managing
Partner,
Rancho
Sahuarita



John McIlwain
ULI Senior Resident Fellow
for Housing



Aaron Conley
President,
Third Act
Solutions



Housing in America: The Boomers Turn 65

John K. McIlwain

Senior Resident Fellow, ULI/J. Ronald Terwilliger Chair for Housing

ULI Fall Meeting

Denver, CO

October 17, 2012

