

BABY BOOMERS AND REAL ESTATE: TODAY AND TOMORROW



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BABY BOOMERS AND REAL ESTATE: TODAY AND TOMORROW

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PUTTING STATISTICS AND REALITY TOGETHER: A DEMOGRAPHER'S PERSPECTIVE ON BABY BOOMERS

A Special Foreword by Peter Francese¹

SO MANY OF US ARE BABY BOOMERS OR HAVE BABY BOOMER COLLEAGUES, FRIENDS or customers that personal observations and remarkable stories quite often elbow aside the facts about the nation's 78 million baby boomers. It may be helpful to keep this in mind about a generation this large: the plural of anecdote is not good data.

Rather than be influenced by the power of sometimes compelling but nearly always unrepresentative personal stories, this report will look at an array of facts gathered in a nationwide survey by Harris Interactive® in the spring of 2006 for the NATIONAL ASSOCIATION OF REALTORS®. To present a more complete picture of baby boomers, statistics from the NAR survey have been supplemented below with data from the U.S. Census Bureau's mid-2006 estimates and March 2006 demographic survey.

EXHIBIT I

BABY BOOMERS BY AGE, GENDER AND WORK STATUS

(Percentage Distribution)

Age	Male Baby Boomers			Female Baby Boomers		
	Number (millions)	Working	Working Full-time Year Round	Number (millions)	Working	Working Full-time Year Round
42-49	18.1	90%	77%	18.4	79%	55%
50-54	10.0	86	72	10.5	76	53
55-60	10.2	80	65	10.8	69	47
All baby boomers	38.3	87	73	39.7	76	52

Source: U.S. Census Bureau

Despite what you may hear about boomers being on the verge of retirement, the U.S. Census Bureau estimates that nearly half of them (47 percent) are in their 40s (ages 42 to 49 years old) and another one-quarter (26 percent) are 50 to 54 years old. Just 27 percent of baby boomers are 55 to 60 years old, the age when many workers start thinking hard about retirement.²

A large majority of both baby boomer men and women are in the workforce, and most work full-time year-round (Exhibit I). One reason for the high labor force participation is that nearly a third of boomers (30 percent) are college graduates, compared with one-fifth of the preceding generation.

Over the next 10 years a projected 8 to 9 million employed baby boomers who are now in their 50s are likely to retire. That's less than a million a year

¹ Peter Francese is the founder of American Demographics magazine, Demographic Trends Analyst at Ogilvy & Mather in New York and Demographic Advisor to the New Hampshire Association of REALTORS®.

² A percentage reported from the U.S. Census Bureau March 2006 survey may differ slightly from a similar percentage tabulated from the NAR Baby Boomer survey. This is due to differences in sample size as well as sampling variability that often occurs between two surveys of the same population.

out of over 60 million workers ages 42 to 60. For the vast majority of baby boomers, retirement will occur sometime in the future, but it's not imminent.

It is unlikely that baby boomers will exhibit the retirement characteristics of their predecessors. More baby boomer men and women than members of any previous generation have been to college and therefore have higher management or office-related work skills.

But, as we will see later, baby boomers who married later and had children later in life also have financial obligations which likely will preclude retirement at the traditional age. Many boomers, for example, have some financial responsibility for their aging parents.

High workforce participation combined with high educational attainment also means a preponderance of two-earner households and consequently a higher household income. The median income of the nearly 43 million boomer households was \$60,700 in 2005, which was 31 percent above than that of all households.

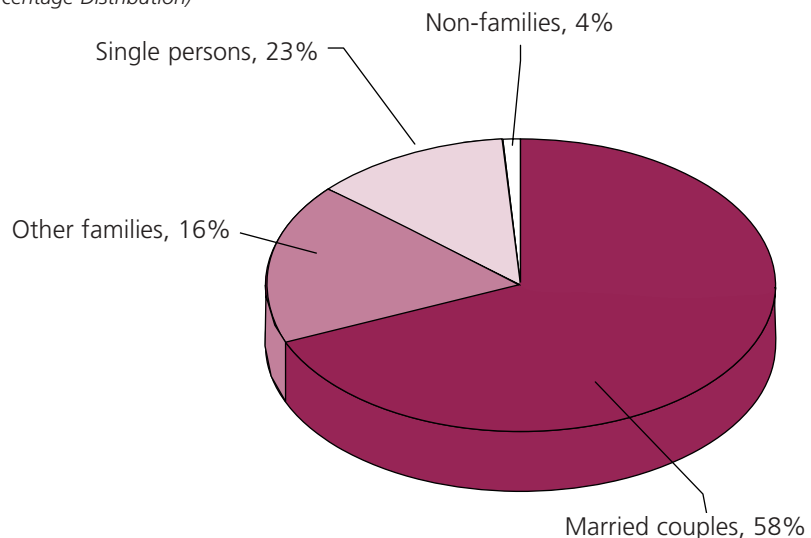
Baby boomer households are just 38 percent of all U.S. households, but receive nearly half (47 percent) of all aggregate household income and are the majority (54 percent) of all households with an income of \$100,000 or more, according to the U.S. Census Bureau. One reason for this high-income profile is that married baby boomers are 51 percent of all working age married couples.

As Exhibit II illustrates most boomer households are married couples. But 43

EXHIBIT II

COMPOSITION OF BABY BOOMER HOUSEHOLDS

(Percentage Distribution)



Source: U.S. Census Bureau

Note: Data in this chart may differ slightly from similar tabulations based on the NAR Baby Boomer survey due to differences in sample size as well as sampling variability that often occurs between two surveys of the same population.

percent are other types of households, almost two-thirds of which are headed by women. This means, not including married couples, that nearly 11 million of the 43 million baby boomer households are headed by women.

BABY BOOMERS' STRONG CONNECTION TO REAL ESTATE

Saying boomers have a strong connection to real estate greatly understates the facts. Virtually all baby boomers (96 percent) agree that owning a home is a good financial investment, almost four in five (78 percent) boomer households are homeowners and one in four boomers owns other real estate, as well. The latest Census Bureau figures show that baby boomers represent 42 percent of all U.S. homeowners, but NAR surveys have found that they are at least 50 percent of all owners of vacation homes or other investment properties.

As we would expect, married couples and high-income households are the most likely to own real estate. Among baby boomer households with an annual income of \$100,000 or more, over 90 percent are homeowners. But a majority of every boomer household type and income group are homeowners.

U.S. Census Bureau income surveys have found that even in the lowest-income quintile, half of all households own their home. But among middle-income baby boomer households (annual income \$50,000 to \$100,000) this NAR survey found that owning a home is particularly important, because their equity in it constitutes fully 50 percent of their net worth, compared with just 40 percent for all boomer homeowners.

Two-thirds of baby boomer homeowners are married couples. But the next largest category is households headed by women (20 percent). Over the next decade women homeowners are likely to be among the fastest-growing category,

EXHIBIT III

BABY BOOMER HOMEOWNERSHIP AND HOMEOWNER CHARACTERISTICS

(Percent)

Population Segments	Baby Boomer Homeownership Rate	Baby Boomer Homeowners
Married couples	90%	67%
Other families	66	13
Single persons	58	18
Non-families (2+ persons)	65	3
Exclusive of married couples:		
Female-headed households	63	20
Male-headed households	59	14

Source: U.S. Census Bureau

partly because women ages 60 to 69 years old are an even larger fraction (25 percent) of homeowners in that older age group. So as baby boomers age into their sixth decade, the number of women homeowners is likely to increase much faster than average.

This NAR survey also found that about half of all baby boomers plan to rely on the value in their primary home to at least partly fund their retirement. It's no surprise that those who are better prepared for their retirement are significantly less likely to rely on their home value for that purpose.

One in 10 survey respondents said they were likely to buy real estate within the next year. Two-thirds of those likely near-future buyers said they were looking for a primary residence with the remainder wanting to purchase a second home or some other kind of property.

This corresponds very closely with the most recent U.S. Census Bureau mobility survey, which found that over 8 percent of baby boomers actually changed their residence in the past year. That meant at least 3.5 million boomer households packed up and moved. Most of those moves resulted in at least one and possibly two home sales each. One interesting survey finding is that most prospective home buyers say they searched the Web first when thinking about making a move.

WHAT BABY BOOMERS EXPECT FROM REAL ESTATE AGENTS

A solid majority of baby boomer homeowners, and two-thirds of high-income boomer homeowners, used a real estate agent when they last purchased a home. So in this age of widespread Internet listings it's important to understand what baby boomers now expect from a real estate agent and perhaps to learn why they continue to use an agent when buying or selling a home.

Baby boomers expect, and appear to be quite willing to pay for, professional service and guidance from real estate agents. What they say is of less importance, but not totally irrelevant, is data or property information from agents that they can get for free online.

The single most important and desirable service cited by respondents who worked with an agent to purchase a home was this: represent my interests in this complex transaction. When selling a home, boomers want the real estate agent's help to establish the right asking price for a home.

Other services cited frequently as important to boomers were explaining all the complicated contracts and/or agreements, managing the closing process from start to finish and negotiating on their behalf. Home buyers also wanted advice on critical issues throughout the purchasing process.

Among the services that home buyers said were less important: help finding a mortgage lender, help in determining how much home a buyer can

afford, help in identifying potential neighborhoods or help finding the right kind of home to buy.

Most baby boomer home buyers and sellers are experienced home owners who clearly want professional real estate services. But the most Web-savvy boomers don't appear to want or need as much handholding or help searching for what they want in a home, compared with those buyers and sellers with less experience using the Internet.

BABY BOOMERS' IDEAL RETIREMENT PLANS

While the vast majority of boomers are some years away from retirement, and many may not be able to or want to retire for more than a decade, it's clearly on their minds. Some respondents indicate, for example, that they bought a vacation home with the expectation that it will become their retirement home in the future.

Not too surprisingly, most respondents said they wanted to retire in the South or West. A high proportion of those who live in the South and the West would like to retire in the same state, while a high proportion of those who live in the Northeast and the Midwest say they would like to retire in another region.

Half of those who now live in an urban or city area would like to retire in a small town or rural area. When asked for ideal retirement location characteristics, those respondents cited a lower cost of living, being near family, quality health care, better climate, and being near a river or other body of water.

But more than one in three boomers (37 percent) said they wanted to retire to an urban or suburban area, and for them the most salient location characteristics were access to quality health care and being near cultural activities. Boomers with higher net worth and single boomers were the ones most likely to want to retire to a suburban or urban location.

Considering how much age-restricted housing is being built, it is interesting that only half of respondents said they would consider living in a community for those aged 55 and older.

MANY BOOMERS ARE UNCERTAIN ABOUT THEIR FINANCIAL FUTURE

Believing that millions of boomers are on the edge of retirement, the financial press and cable news channels have run dozens of scary stories in the past year about how ill-prepared most boomers are for the imminent end of their working life.

It should not be too surprising then that when surveyed, three-quarters of baby boomer respondents say they are not financially prepared for

retirement. Even among boomers with annual incomes over \$100,000, barely half say they feel prepared to retire.

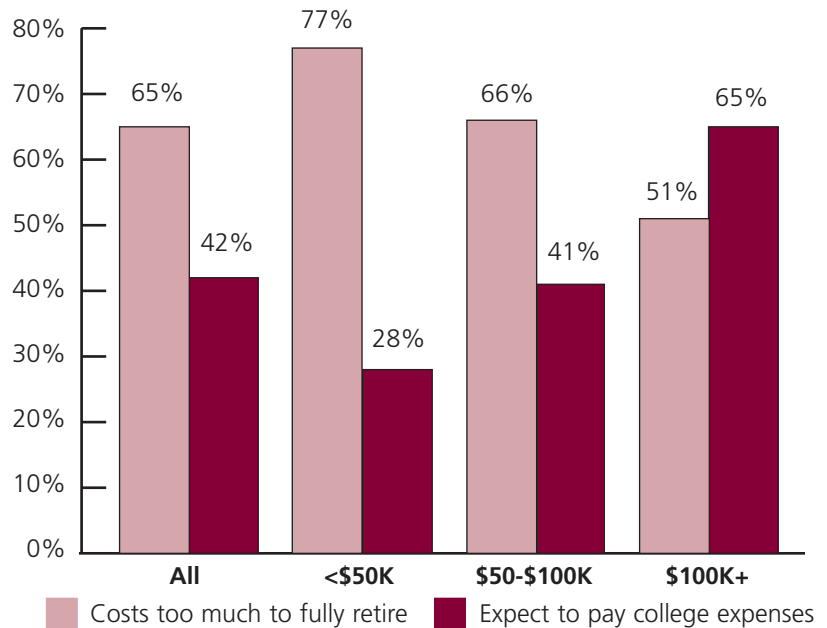
Exhibit IV shows the percent of baby boomer respondents who agreed or strongly agreed with these two statements: “It costs too much today to truly ‘retire’ and never work again” and “I expect to pay for at least some college expenses for my children or grandchildren.”

Also, fully 71 percent of boomer women agree or strongly agree that it costs too much to truly retire, versus 58 of baby boomer men. That gender difference in perception makes sense when considering that on average women live longer than men but have lower lifetime earnings.

EXHIBIT IV

BABY BOOMER RETIREMENT ATTITUDES, BY HOUSEHOLD INCOME

(Percentage Distribution)



Source: NAR Baby Boomer Survey

This financial uncertainty, whether reality or just media-driven perception, reinforces survey results showing that a large number of baby boomers at all income levels say they intend to work beyond the traditional retirement age of 65. Considering that baby boomers are healthier and more likely to work in an office setting than their predecessors, it makes sense that many of them might want to, and be able to, work five to 10 years beyond age 65.

Another reason for thinking that baby boomers will stay in the workforce longer than past generations is that they have some significant financial obligations beyond their own living expenses. Among boomers ages 50 to

60, for example, half say they are having financial difficulty or they just have enough money to make ends meet.

For some, an extended family suggests heavier financial commitments. More than one in four (28 percent) of 50 to 60-year-old boomers have one or more adult children living with them. In addition, a majority of that age cohort (60 percent) also have aged parents who may require assistance.

The U.S. Census Bureau reports that only one-third of the pre-boomers, ages 65 to 69 now, are working, compared with almost three-quarters (74 percent) of baby boomers ages 55 to 59. It is hard to imagine that over the next 10 years, more than half of employed baby boomers – now 55 to 59 years old (who make an average of \$51,000 a year) – will just drop out of the workforce.

It is more likely that many of them will actualize their stated ideal plan for retirement. In NAR's current survey, one-third (33 percent) said their ideal retirement was to "go back and forth between periods of work and periods of leisure." Another 35 percent said their ideal was to work full- or part-time or start a business. This suggests strongly that the housing needs of boomers as they age may be quite different from their predecessors. Boomers may want or need, for example, a somewhat larger dwelling that includes at least one and possibly two home offices or workspaces.

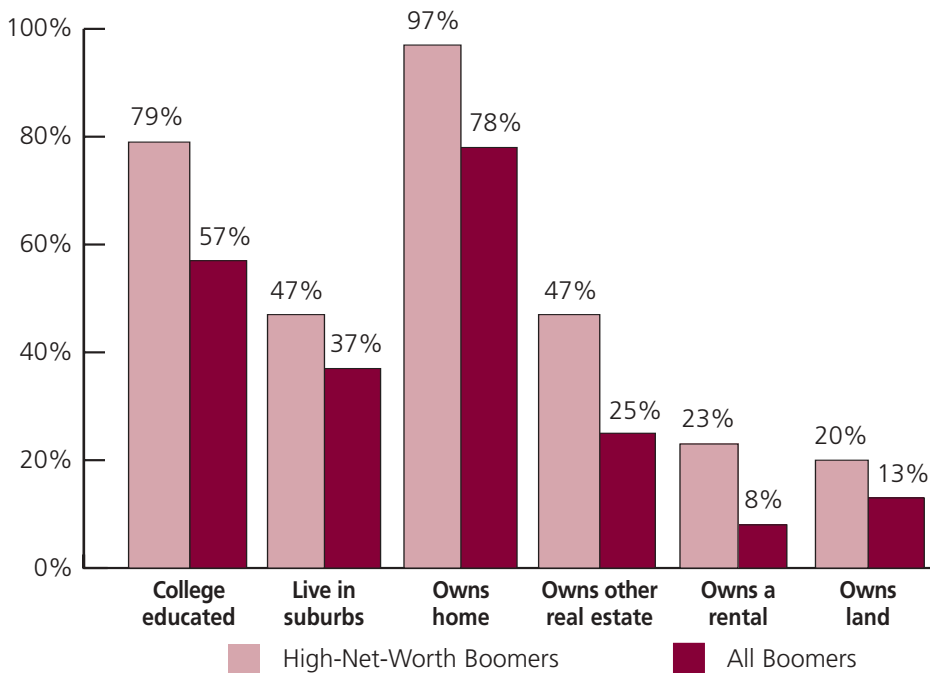
HIGH-NET-WORTH AND HIGH-INCOME BABY BOOMERS

Almost one in four (24 percent) survey respondents said they had a net worth of \$500,000 or more, and 26 said their household income was \$100,000 or more. As boomers age, we can expect that well above one in four boomer households overall, and, in some large metro suburban areas, perhaps as many as one in three boomer households, will have a high net worth of at least \$500,000.

These high-net-worth households are important to real estate professionals because they are virtually all homeowners (97 percent) and are almost twice as likely to own other real estate, as well (47 percent versus 25 percent of all boomers). The median value of their home is double that of all boomers, and they are more likely than average to purchase real estate in the next year (19 percent versus 11 percent overall).

High-net-worth boomers are also more likely to use a real estate agent when buying or selling a home and more than a third (35 percent) say they expect to help their children or grandchildren with a down payment for a home (compared to just 22 percent of all boomers).

These high-net-worth boomers say that key amenities of any place they live, move to or retire to must include cultural activities such as museums and art galleries. As a result, they are more likely to retire to an urban area or city than all boomers.

EXHIBIT V**ATTRIBUTES OF HIGH-NET-WORTH BABY BOOMERS***(Percentage Distribution)**Source: NAR Baby Boomer Survey***IMPLICATIONS FOR REAL ESTATE PROFESSIONALS**

This survey has provided a large number of useful details about baby boomers' desires and intentions with regard to buying homes and other real estate. There are several key implications for real estate professionals:

Baby boomers are a large, but extremely differentiated market segment.

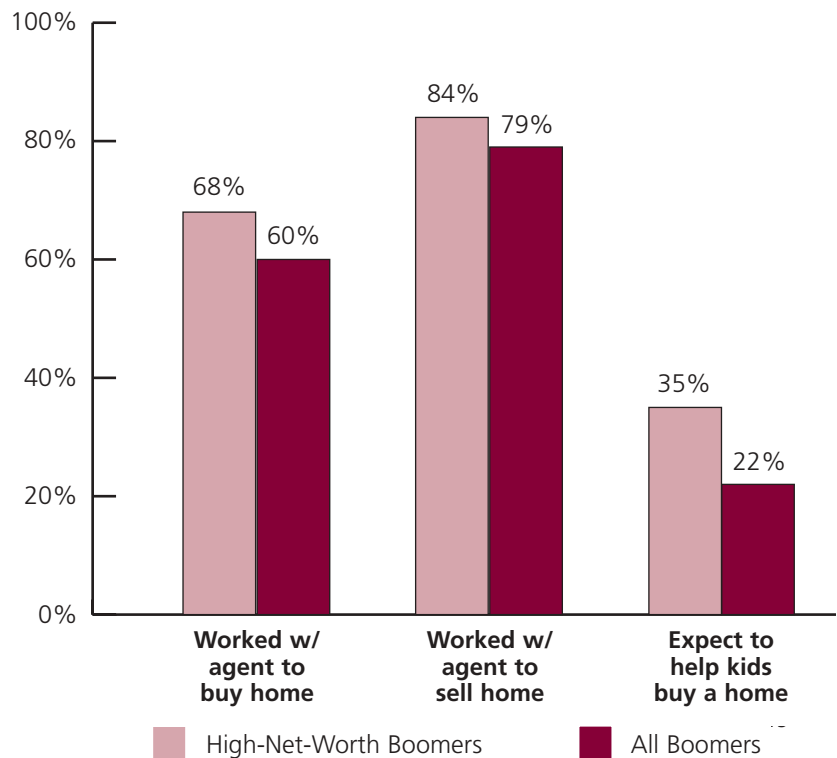
- Married couples are the dominant household type. But fully two out of five boomer households are other kinds of family or non-family households, most of which are headed by women.
- Non-traditional households may have different needs and desires about where they want to live compared to married couples. For those boomer households with children, neighborhood schools are obviously of concern. But for those without children, neighborhood security may be a bigger issue.
- This survey points to clear differences between the housing needs and home buying behavior between high-income or high-net-worth baby boomers and all others. But a clear majority of baby boomers are concerned about their financial future regardless of their present condition.

Older boomers are thinking about retirement, and some are making plans

- Older baby boomers are clearly thinking about their retirement years even though they may be working during part or all of that time. Their housing preferences are likely to include at least one home office and may lean to a low-maintenance dwelling as well as the possibility of living completely on one floor.
- Most baby boomers surveyed showed significant anxiety about their ability to retire. Many worried about the high cost of housing and indicated a desire to retire to a small town or rural area that might be a less expensive place to live.
- Almost one-third (31 percent) of baby boomers 50 to 60 years old who said they might withdraw money from their retirement fund specified that they would use it for housing or real estate related expenses. And about one in seven said they would use the funds to help their children or grandchildren go to college or buy a home.
- But here is where we should be cautious. Surveys of future intentions often include a heavy dose of wishful thinking and attitudes about retirement can be greatly influenced by the media and outside pressures including job status, illness, and family changes. For example, millions of baby boomers are probably not going to be able to or even really want to retire to a small rural town far from the large city they live near now, even if they might sometimes dream about doing so.
- There isn't much doubt, however, that very large numbers of baby boomers will delay their retirement beyond the traditional age 65. Some will do so because they have to, but many because they want to and like their work.
- This trend suggests that in the coming years baby boomers will have housing needs quite different from their predecessors. But they will also have a larger income stream with which to purchase possibly two homes, which they may move back and forth between during their retirement life and their working life.

Real estate professionals must adapt to real shifts in what boomers expect from them

- Real estate professionals must adapt to major shifts in what baby boomers, and perhaps many other buyers and sellers, expect from them. Buyers and sellers are able to obtain much more real estate

EXHIBIT VI**HOME BUYING BEHAVIOR OF HIGH-NET-WORTH BOOMERS***(Percentage Distribution)*

related data from the Web than was ever possible in the past. But that doesn't make them trained real estate professionals.

- This survey confirms what many real estate brokers and agents have no doubt observed. The high value of a real estate professional is established by providing professional services such as representing their client's interests, establishing the best price, negotiating on their behalf, as well as managing and advising during the closing process.
- The "culture of free" that permeates the Internet means it's of critical importance that REALTORS® increase their efforts to establish and maintain the value of the professional services they provide. No search engine can do what a real estate professional does on a daily basis for their clients. But the knowledge gained from this survey should be of great help in providing those real estate services baby boomers most want and need.

HIGHLIGHTS

B

ABY BOOMERS HAVE BEEN A DRIVING FORCE IN MANY AREAS OF THE ECONOMY,

culture and consumer attitudes for several decades. As the oldest members of this group of 78 million approach retirement in the next few years, they will begin contemplating not just whether to retire, but also where they want to live in the next stage of their life. One big component of this decision is the choices that boomers will make as they decide whether to buy or sell a home, relocate or invest in other types of real estate.

To better gauge the ongoing influence of the baby boomer generation, the NATIONAL ASSOCIATION OF REALTORS® surveyed adults born between 1946 and 1964 about their current housing situation, their real estate-related investments and their plans for the future. This survey, conducted by Harris Interactive® in Spring of 2006, is a benchmark for evaluating how this group will influence trends in the economy and in real estate markets across the country.

WHO ARE BABY BOOMERS?

- The median age of all baby boomers is 50. Forty-six percent are still in their 40s.
- Seventy-eight percent of boomers own their own home.
- Twenty-five percent of baby boomers live alone; 61 percent live in two-person households.
- Twenty-seven percent have children under 18 residing in the home.
- Ten percent of baby boomers are self-employed.

BABY BOOMERS' REAL ESTATE OWNERSHIP EXPERIENCE

- Nearly all baby boomers view homeownership as a good financial investment.
 - Thirty-seven percent of boomers live in the suburbs, 24 percent live in an urban area, and 40 percent live in a small town or rural area.
 - The typical baby boomer has owned one or more homes for a total of 15 years.
 - Baby boomers plan to live in their current home a median of five more years.
 - Five percent of baby boomers own at least one vacation home.
-

BABY BOOMERS' EXPERIENCE BUYING AND SELLING HOMES

- The typical baby boomer has not purchased a home in 11 years.
- Among baby boomers who have purchased a home, 60 percent used a real estate agent to assist with their most recent transaction.
- Baby boomers rated representation of their interests and coordination with other parties in the sales process as the most important activity their agent could perform.
- Nearly 80 percent of baby boomers who have sold a home worked with a real estate agent.
- The most important thing baby boomers want when working with a real estate agent to sell their home is help in establishing the right asking price.

BABY BOOMERS' NET WORTH AND FINANCIAL SITUATION

- Slightly more than four in ten baby boomers consider themselves financially comfortable while only 4 percent view themselves as financially well-off.
- The median net worth (including home equity) of baby boomer households was \$149,500 as of early 2006.
- Boomer households reporting financial difficulty have a typical net worth of \$18,000 while boomers who are financially comfortable or well-off report a median net worth of \$436,500.
- Twenty-five percent of boomers believe they are completely, very or well prepared for retirement, while the remaining 75 percent describe themselves as either somewhat prepared or not prepared.
- Among baby boomers who are homeowners, 30 percent believe they are prepared for retirement, compared with only 9 percent of renters.
- Nearly two-thirds of baby boomers “strongly agree” or “agree” with the view that it costs too much today to retire and never work again.

BABY BOOMERS' PLANS AND EXPECTATIONS

- Eleven percent of baby boomers report that they are likely to purchase real estate in the next 12 months.
- Among baby boomers who report that they are “very” or “extremely” likely to purchase a vacation home, 39 percent plan to convert it to their primary residence at some point in the future.
- Four in ten boomer households report that they are concerned about future housing affordability.
- Twenty-six percent of baby boomers plan to stop working for pay upon retirement, while one-third plan to go back and forth between periods of work and leisure.
- Small towns and rural areas are the locations most often considered by baby boomers when deciding where to retire.
- The five top-rated retirement location characteristics are a lower cost of living, being near family, access to health care, a better climate and being near a river or lake.
- Thirty-two percent of boomer households plan to spend some portion of their retirement money on housing and real estate related activities.

CHAPTER 1: WHO ARE BABY BOOMERS?

B

ABY BOOMERS RANGE IN AGE FROM 42 TO 60 YEARS OLD IN 2006. CONSEQUENTLY,

boomers are a diverse group, with younger boomers differing in important ways compared with older boomers. Many of these differences are reflected in variations in income, number of children under 18 years old, likelihood of owning a home and employment status.

...the number of boomers turning 60 will grow rapidly since more than one-quarter of boomers are now at least 55 years old.

AGE

The typical member of the baby boomer generation is 50 years old. Forty-six percent of boomers are still in their 40s, while one in six is between 42 and 44 years old. At the same time, the number of boomers turning 60 will grow rapidly since more than one-quarter of boomers are now at least 55 years old. The 18-year boomer age span suggests that younger and older boomers not only have a variety of social and economic experiences, but also are at different stages in their careers and in many cases still in the midst of raising a family, acquiring their first home or planning for retirement.

WHERE BOOMERS LIVE

Among all baby boomers, 37 percent live in the suburbs, 24 percent live in urban areas and the remaining 40 percent live in rural areas or small towns. There are some notable differences in the ages of boomers who live in each of these areas. Although 46 percent of baby boomers are in their 40s, they account for 51 percent of boomers living in urban areas. This boomer age group is less likely to live in a rural area, accounting for 42 percent of all rural boomer residents. In contrast, baby boomers at least 50 years old are somewhat more likely to live in a rural area and account for more than half of the boomers living in the suburbs.

EXHIBIT 1-1

AGE

(Percentage Distribution)

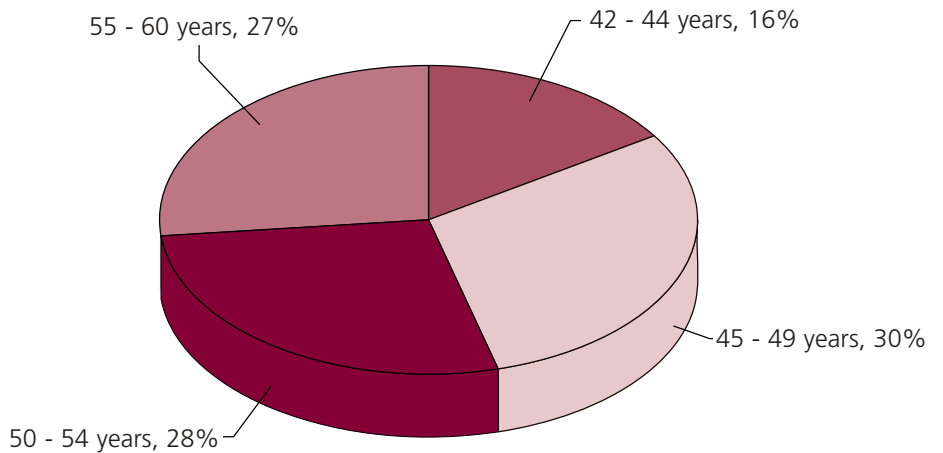


EXHIBIT 1-2

AGE OF BABY BOOMERS, BY LOCATION OF RESIDENCE

(Percentage Distribution)

	All Baby Boomers	Baby Boomers Living in:			
		An urban or city area	Suburban area next to a city	A small town	A rural area
42-49 years	46%	51%	44%	45%	42%
50-60 years	54	49	56	55	58
Median age (years)	50	49	50	51	51

HOMEOWNERSHIP

Seventy-eight percent of baby boomers own their home compared with 69 percent of all U.S. households. Another 19 percent are renters. Among all boomers, 11 percent have never owned a home while 8 percent have owned a home in the past but now rent.

EXHIBIT 1-3

HOMEOWNERSHIP OF BABY BOOMERS

(Percentage Distribution)

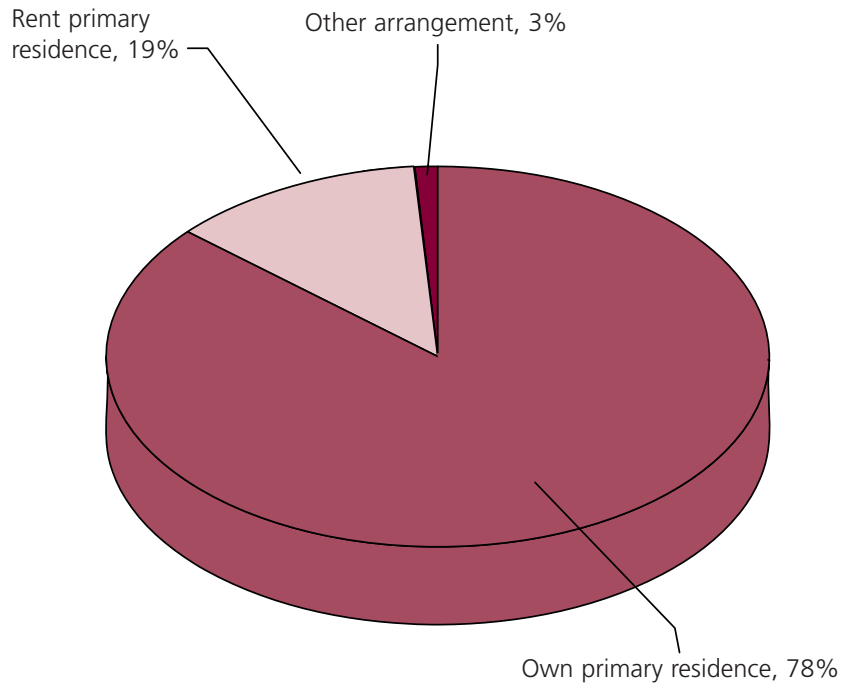


EXHIBIT 1-4

AGE OF BABY BOOMERS, BY HOMEOWNERSHIP STATUS

(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
42-49 years	46%	43%	56%	47%	62%	44%
50-60 years	54	57	44	53	38	56
Median age (years)	50	51	49	50	48	50

AGE AND HOMEOWNERSHIP

Among boomer homeowners, the median age is 51, a somewhat higher median age than among all boomers, reflecting a higher homeownership rate in the older boomer age group. The median age of renters is 49 years. While baby boomers in their 40s account for 46 percent of all boomers, they account for 56 percent of boomer renters. Furthermore, among the group of baby boomers who have never owned a home, 62 percent are in their 40s.

MARITAL STATUS

A majority of baby boomers are part of a married-couple household. Among younger boomers, 57 percent are married, while the number of older married boomers rises to 68 percent. Among all U.S. households, 53 percent are composed of married couples. The share of single, never married boomers in younger households, at 18 percent, is twice as large as the share among older boomer households.

HOUSEHOLD COMPOSITION

Over 60 percent of baby boomer households are two-person households. Twenty-five percent of baby boomers live alone, while only 13 percent have three or more adults in the household.

EXHIBIT 1-5

MARITAL STATUS OF BABY BOOMERS

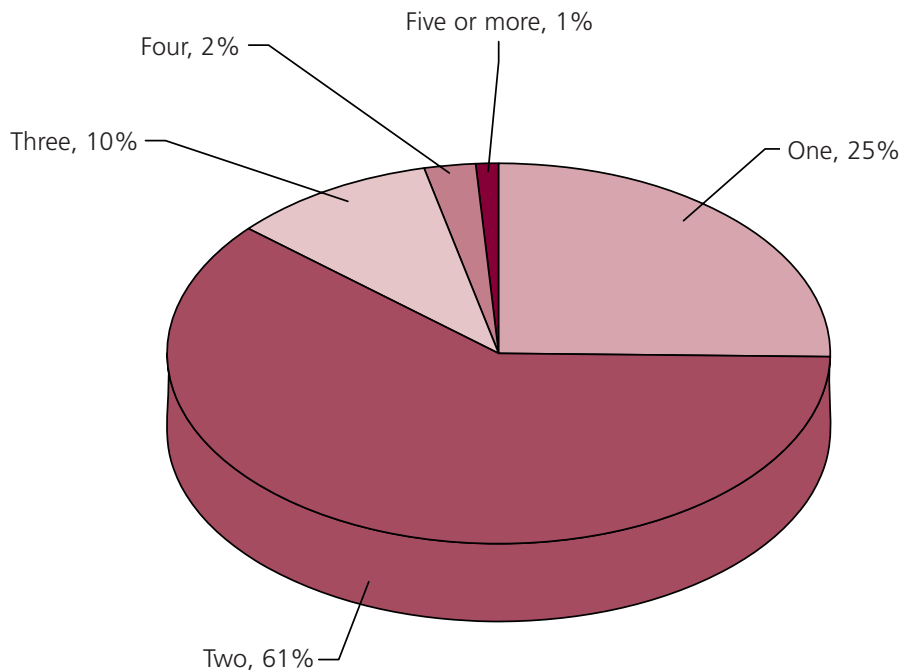
(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Married	63%	57%	68%
Single, never married	13	18	9
Divorced	13	12	14
Living with partner	7	8	5
Widowed	2	1	4
Separated	2	3	1

EXHIBIT 1-6

NUMBER OF ADULTS IN THE HOUSEHOLD

(Percentage Distribution)



HOUSEHOLD COMPOSITION VARIES BY AGE

Older baby boomers are more likely to live in a household with two adults. Fifty-eight percent of boomers between 42 and 49 years old live in a household with two adults compared with 64 percent of those between 50 and 60 years old. The share of baby boomers living alone remains nearly constant, at about one-quarter, in each age group.

EXHIBIT 1-7

NUMBER OF ADULTS IN THE HOUSEHOLD, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
One	25%	27%	24%
Two	61	58	64
Three	10	11	9
Four	2	2	2
Five or more	1	1	1

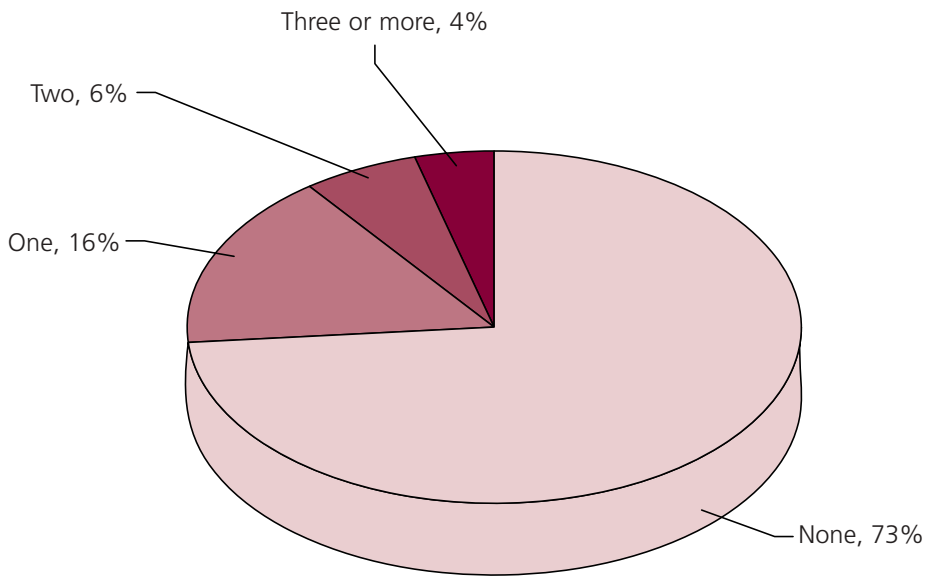
CHILDREN UNDER 18

Nearly three-quarters of baby boomer households have no children younger than 18 living in the home; 16 percent have only one.

EXHIBIT 1-8

NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN BABY BOOMER HOUSEHOLD

(Percentage Distribution)



CHILDREN AND BOOMERS BY AGE

As boomers mature, it is less and less likely that any children, their own or even grandchildren, under 18 years old live in the home. While 39 percent of boomer households between ages 42 and 49 have children under 18 living in the home, this share steadily and rapidly declines; just 16 percent of boomer households in their 50s still have children under 18 in the home.

ADULT CHILDREN IN THE HOME

Nearly one-third of baby boomer households have children 18 years old or older residing in the home. Most often, there is one child over 18, but still, one in 10 households has at least two adult children in the home.

EXHIBIT 1-9

NUMBER OF CHILDREN UNDER THE AGE OF 18 RESIDING IN BABY BOOMER HOUSEHOLD, BY AGE

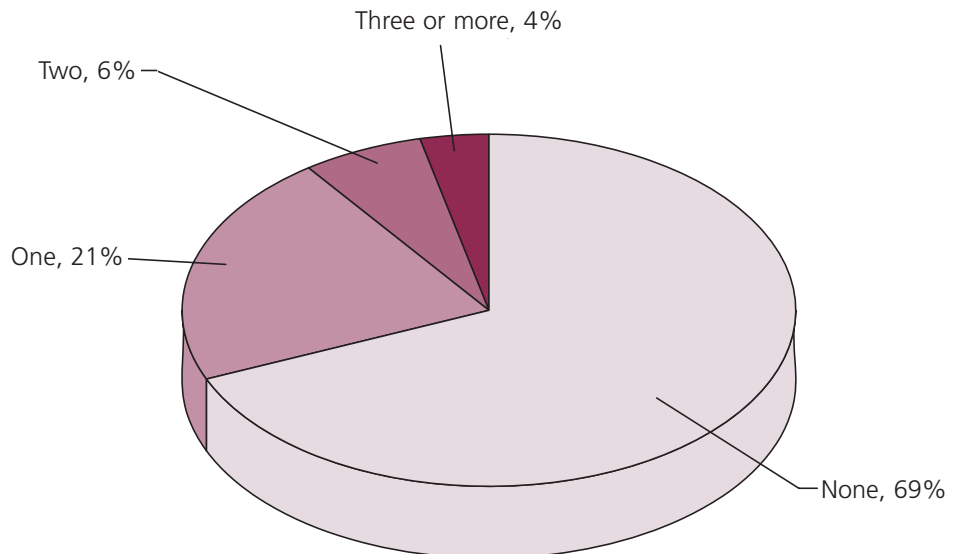
(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
None	73%	61%	84%
One	16	22	11
Two	6	10	3
Three or more	4	7	1

EXHIBIT 1-10

NUMBER OF CHILDREN AGE 18 OR OLDER RESIDING IN BABY BOOMER HOUSHOLD

(Percentage Distribution)



ADULT CHILDREN AND BOOMERS BY AGE

While the likelihood of adult children residing in the home diminishes among older boomer households, even among older households, 28 percent report that at least one adult child lives with them. For younger boomer households, 35 percent report at least one adult child in the home.

BOOMERS' PARENTS

Among a majority of baby boomers one or both parents are still living. Thirty-two percent of boomer survey respondents report that both of their parents are living; 28 percent note that both of their spouse's parents are still living. Among older boomer households 21 percent report that both of their parents are still living with a comparable share reporting that both of their spouse's parents are still alive.

EXHIBIT 1-11

NUMBER OF CHILDREN 18 OR OLDER RESIDING IN BABY BOOMER HOUSEHOLD, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
None	69%	65%	72%
One	21	23	20
Two	6	7	6
Three or more	4	6	2

EXHIBIT 1-12

NUMBER OF PARENTS AND SPOUSE'S PARENTS STILL LIVING, BY AGE

(Percentage Distribution)

OWN PARENTS	All Baby Boomers	Age	
		42-49	50-60
None	29%	16%	40%
One	39	40	39
Both	32	44	21

SPOUSE'S PARENTS		Age	
		42-49	50-60
None	37%	24%	47%
One	35	34	36
Two	28	42	18

RACE AND ETHNICITY

Seventy-eight percent of survey respondents reported their race as white, while 10 percent considered themselves black or African American. The racial composition of baby boomers varies considerably across each region of the country. The share of white baby boomers is greatest in the Northeast and the Midwest. Black baby boomer households are more concentrated in the South, while Hispanic/Latino households are most prevalent in the South and West.

RACE AND ETHNICITY ACROSS AGE GROUPS

The racial composition of baby boomers is quite consistent across different age groups with relatively little variation between the youngest and oldest baby boomers.

EXHIBIT 1-13

RACE/ETHNICITY OF BABY BOOMERS

(Percentage Distribution)

	All Baby Boomers	Baby Boomers Living in the:			
		Northeast	Midwest	South	West
White	78%	85%	81%	72%	77%
Black/African American	10	9	11	14	3
Hispanic/Latino	9	5	4	12	15
Asian or Pacific Islander	1	1	*	*	2
Native American or Alaskan Native	1	*	2	1	1
Mixed racial background	1	*	1	1	1
Other race	1	*	*	*	1

* Less than one percent

EXHIBIT 1-14

RACE/ETHNICITY OF BABY BOOMERS, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
White	78%	78%	78%
Black/African American	10	9	10
Hispanic/Latino	9	10	9
Asian or Pacific Islander	1	1	*
Native American or Alaskan Native	1	1	1
Mixed racial background	1	1	1
Other race	1	1	1

* Less than one percent

EDUCATION

Thirty-nine percent of baby boomers have a high school (or equivalent) education. Nineteen percent hold an undergraduate college degree while slightly fewer than one in 10 hold a graduate degree. To the extent there is any variation in education level, younger baby boomers are less likely to hold a graduate degree than older boomers. Some of these younger boomers may not have completed their desired level of education and are still in the process of acquiring their final degree.

EMPLOYMENT

Well over half of baby boomers report that they are employed full-time. Baby boomers in their 40s are the most likely to work full-time. Within the older boomer age group, one in six consider themselves retired, although some may still work part-time or as homemakers, for example. Fewer than one in 10 baby boomers work part-time with a majority working part-time by choice. Ten percent of baby boomers are to some extent self-employed, a share that varies little across age groups. Only 5 percent report that they are not employed and are not looking for work.

EXHIBIT 1-15

EDUCATION LEVEL OF BABY BOOMERS, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Less than high school	1%	*	1%
Some high school	3	4	2
High school or equivalent (e.g., GED)	39	39	39
Some college, but no degree	17	18	17
Associate's degree	9	10	8
College (e.g., B.A., B.S.)	19	19	19
Some graduate school, but no degree	3	3	4
Graduate school (e.g., M.S., M.D., Ph.D.)	8	6	10

* Less than one percent

EXHIBIT 1-16

EMPLOYMENT STATUS OF BABY BOOMERS, BY AGE

(Percent of Respondents)

	All Baby Boomers	Age	
		42-49	50-60
Employed full-time	56%	60%	53%
Employed part-time	8	8	9
Working part-time but would prefer to work full-time	2	2	2
Working part-time by choice	6	6	6
Self-employed	10	10	10
Not employed, but looking for work	5	6	4
Not employed and not looking for work	5	5	5
Retired	10	2	16
Student	2	3	1
Homemaker	14	15	12

NOTE: Respondents could choose more than one category to describe their employment status. Percentages in each age group will not necessarily sum to 100 percent.

INCOME

The median household income of baby boomers in 2005 was \$64,700. This compares with a median household income of \$46,300 for all households. Thirty-eight percent of boomer households report a household income of less than \$50,000, while over one-quarter (26 percent) have household incomes of at least \$100,000. The median income of younger boomer households is somewhat lower than older households—\$63,000 versus \$65,900.

EXHIBIT 1-17

HOUSEHOLD INCOME OF BABY BOOMERS, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Less than \$50,000	38%	39%	36%
Less than \$15,000	8	9	7
\$15,000 to \$24,999	8	7	8
\$25,000 to \$34,999	8	8	8
\$35,000 to \$49,999	14	15	13
\$50,000 to \$99,999	37	35	38
\$50,000 to \$74,999	21	21	21
\$75,000 to \$ 99,999	16	14	17
\$100,000 or more	26	26	26
\$100,000 to \$124,999	13	12	13
\$125,000 to \$149,999	7	6	7
\$150,000 to \$199,999	4	5	3
\$200,000 to \$249,000	1	1	1
\$250,000 or more	1	1	1
Median income (2005)	\$64,700	\$63,000	\$65,900

The median household income of baby boomers in 2005 was \$64,700.

INCOME AND WHERE BOOMERS LIVE

Household income varies by location as well as by age of boomers. Boomers who live in suburbs report the highest median income at \$81,700, while boomers in rural areas report the lowest at \$48,200. Thirty-six percent of suburban baby boomer households earned at least \$100,000 compared with just 16 percent of rural households. Over half of rural households had incomes of less than \$50,000.

EXHIBIT 1-18

HOUSEHOLD INCOME OF BABY BOOMERS, BY LOCATION OF RESIDENCE

(Percentage Distribution)

	All Baby Boomers	Baby Boomers Living in:			
		An urban or city area	Suburban area next to a city	A small town	A rural area
Less than \$50,000	38%	46%	25%	38%	52%
Less than \$15,000	8	12	5	7	11
\$15,000 to \$24,999	8	9	4	9	12
\$25,000 to \$34,999	8	8	7	7	12
\$35,000 to \$49,999	14	17	9	14	18
\$50,000 to \$99,999	37	33	39	42	32
\$50,000 to \$74,999	21	17	20	29	19
\$75,000 to \$99,999	16	15	19	13	13
\$100,000 or more	26	22	36	20	16
\$100,000 to \$124,999	13	10	19	9	9
\$125,000 to \$149,999	7	4	10	7	4
\$150,000 to \$199,999	4	6	5	3	2
\$200,000 to \$249,999	1	2	1	*	1
\$250,000 or more	1	1	2	1	1
Median income (2005)	\$64,700	\$56,300	\$81,700	\$60,300	\$48,200

* Less than one percent

Boomers who live in suburbs report the highest median income at \$81,700, while boomers in rural areas report the lowest at \$48,200.

INCOME OF HOMEOWNERS AND RENTERS

There are also wide differences in income between homeowners and renters. Baby boomers who own their home report a median income of \$73,400 with just over one-fourth (29 percent) reporting a household income of less than \$50,000. Among renters, the typical household income is \$37,800 with nearly two-thirds (65 percent) earning less than \$50,000.

EXHIBIT 1-19

HOUSEHOLD INCOME OF BABY BOOMERS, BY HOMEOWNERSHIP STATUS

(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Less than \$50,000	38%	29%	65%	56%	72%	75%
Less than \$15,000	8	4	18	17	19	38
\$15,000 to \$24,999	8	6	13	13	12	17
\$25,000 to \$34,999	8	6	15	9	21	10
\$35,000 to \$49,999	14	12	18	17	19	10
\$50,000 to \$99,999	37	40	27	29	25	15
\$50,000 to \$74,999	21	22	18	19	17	8
\$75,000 to \$99,999	16	18	9	10	8	6
\$100,000 or more	26	31	8	15	4	10
\$100,000 to \$124,999	13	15	4	7	2	10
\$125,000 to \$149,999	7	8	2	4	*	*
\$150,000 to \$199,999	4	5	2	4	1	*
\$200,000 to \$249,999	1	1	*	*	1	*
\$250,000 or more	1	2	*	*	*	*
Median income (2005)	\$64,700	\$73,400	\$37,800	\$44,500	\$33,800	\$22,500

*Less than one percent

HEALTH

Over one-quarter of baby boomers report that a health problem keeps them or someone in their household from participating fully in work or other activities. Twenty-one percent report that their health keeps them from participating, while an additional 7 percent note that a health problem or disability limits the activities of someone else in their household. There is some variation in health status by age, with older boomer households more frequently reporting limitations due to a health problem.

EXHIBIT 1-20

HEALTH PROBLEM, DISABILITY OR HANDICAP, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Keeps someone in household from participating fully	28%	26%	30%
Keeps me from participating fully	21	19	22
Keeps another member of the household from participating fully	7	7	7
Does not keep anyone in household from participating fully	72	74	70

HEALTH AND HOUSEHOLD INCOME

The occurrence of health problems and income are related since those with health problems may be limited in their ability to earn a living or in the job opportunities available to them. Among those households earning less than \$50,000 per year, 48 percent report that they or someone in their household face some health-related limitations. In contrast, only 11 percent of households with incomes of at least \$100,000 note that health problems are a limitation.

EXHIBIT 1-21

HEALTH PROBLEM, DISABILITY OR HANDICAP, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less Than \$50,000	\$50,000 \$99,999	\$100,000 or more
Keeps someone in household from participating fully	28%	48%	22%	11%
Keeps me from participating fully	21	38	16	5
Keeps another member of the household from participating fully	7	10	6	6
Does not keep anyone in household from participating fully	72	52	78	89

CHAPTER 2: BABY BOOMERS' REAL ESTATE EXPERIENCE

BABY BOOMERS HAVE A STRONG AFFINITY FOR REAL ESTATE. THE HOMEOWNERSHIP

rate among boomers, at 78 percent, exceeds the overall national rate among all households of 69 percent. This relationship is even stronger among high-income baby boomers, where the homeownership rate exceeds 90 percent.

These numbers reflect the underlying belief, held by nearly all baby boomers including both current owners and renters, that homeownership is a good financial investment. Baby boomers also are active in other segments of the real estate market including the vacation home, investment property, commercial and land sectors.

Nearly three-quarters of baby boomers in their 40s, and over 80 percent of baby boomers in their 50s, own their home.

ATTITUDES TOWARD HOMEOWNERSHIP

Nearly all baby boomers, regardless of age or income, view homeownership as a good financial investment. Two-thirds also agree that it is important to pay off a home loan quickly, although younger baby boomers are somewhat less likely to agree with this view than older boomers. More than half (58 percent) are comfortable buying a home with a small downpayment. In general, baby boomers do not think it is a good idea to buy the most expensive home for which they can qualify.

ATTITUDES AMONG INCOME GROUPS

While all income groups view homeownership as a good investment, high-income baby boomers are less likely to agree that paying off a home loan quickly is a good idea (61 percent), compared with households earning less than \$50,000 (72 percent). Far fewer high-income households believe they would have trouble qualifying for a mortgage loan (10 percent) than lower income households; over half of households earning less than \$50,000 believe they would have trouble. Twice as many high-income households believe they should purchase the most expensive home they qualify for (20 percent), compared with households earning less than \$50,000 annually (9 percent).

EXHIBIT 2-1

ATTITUDES TOWARD HOMEOWNERSHIP, BY AGE

(Total of "Strongly Agree" and "Agree" by Percent of Respondents)

	All Baby Boomers	Age	
		42-49	50-60
Owning a home is good financial investment	96%	96%	96%
It is important to me to pay off a home loan quickly	65	64	66
I am comfortable buying a house with a very small down payment	58	59	57
It would be hard for me to qualify for a mortgage loan	29	35	24
I am willing to postpone buying a house until I can pay for it in cash	13	13	13
It is a good idea to buy the most expensive home I qualify for	13	10	15

EXHIBIT 2-2

ATTITUDES TOWARD HOMEOWNERSHIP, BY INCOME

(Total of "Strongly Agree" and "Agree" by Percent of Respondents)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Owning a home is good financial investment	96%	94%	98%	98%
It is important to me to pay off a home loan quickly	65	72	58	61
I am comfortable buying a house with a very small down payment	58	60	62	59
It would be hard for me to qualify for a mortgage loan	29	52	23	10
I am willing to postpone buying a house until I can pay for it in cash	13	20	8	10
It is a good idea to buy the most expensive home I qualify for	13	9	12	20

ATTITUDES OF OWNERS AND RENTERS

Renters and owners both agree owning a home is a good financial investment, but 71 percent of renters believe that they would have trouble qualifying for a mortgage loan. Only 17 percent of homeowners share this view. Renters do, however, more often report that they are comfortable buying a home with a small downpayment. One in five renters reports a willingness to postpone homeownership until they can pay for a home with cash.

HOMEOWNERSHIP

Seventy-eight percent of baby boomers own their home, compared with 69 percent of all U.S. households. Nearly three-quarters of baby boomers in their 40s, and over 80 percent of baby boomers in their 50s, own their home. Still, many baby boomers choose to rent rather than own their home. One in five baby boomers are renters, and one in 10 has never owned a home. Eight percent of boomer households previously have owned a home, but are now renting.

EXHIBIT 2-3

ATTITUDES TOWARD HOMEOWNERSHIP, BY HOMEOWNERSHIP STATUS

(Total of "Strongly Agree" and "Agree" by Percent of Respondents)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Owning a home is good financial investment	96%	96%	96%	96%	96%	95%
It is important to me to pay off a home loan quickly	65	64	66	68	64	75
I am comfortable buying a house with a very small down payment	58	57	65	75	58	50
It would be hard for me to qualify for a mortgage loan	29	17	71	68	74	70
I am willing to postpone buying a house until I can pay for it in cash	13	11	19	19	19	32
It is a good idea to buy the most expensive home I qualify for	13	14	8	7	8	13

EXHIBIT 2-4

OWNERSHIP OF PRIMARY RESIDENCE, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Own primary residence	78%	74%	82%
Rent primary residence	19	23	16
Previously owned a home	8	8	8
Never owned a home	11	15	8
Other arrangement	3	3	3

HOMEOWNERSHIP AND HOUSEHOLD INCOME

Homeownership also is closely related to income. Sixty percent of baby boomer households that earned less than \$50,000 in 2005, own their home, while 35 percent are renters. Homeownership rises to more than 90 percent among households earning at least \$100,000 while the rental share falls to just 6 percent. The share of those that have never owned a home and those that have owned a home in the past but now rent, also falls as income rises. One in five households with incomes of less than \$50,000 has never owned a home compared with just 2 percent of households with incomes of at least \$100,000.

TYPE OF RESIDENCE BY INCOME GROUP

Baby boomers, like most other demographic segments, prefer detached single-family homes. Among baby boomer households, including owners and renters, who earned less than \$50,000 in 2005, 58 percent reside in a single-family home, compared with 88 percent of households with incomes of at least \$100,000. Boomers with incomes below \$50,000 are far more likely to live in an apartment – many of whom are renters – or in a manufactured/mobile home.

EXHIBIT 2-5

OWNERSHIP OF PRIMARY RESIDENCE, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Own primary residence	78%	60%	84%	92%
Rent primary residence	19	35	15	6
Previously owned a home	8	13	7	5
Never owned a home	11	21	7	2
Other arrangement	3	6	1	1

EXHIBIT 2-6

TYPE OF PRIMARY RESIDENCE, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Detached single family home	74%	58%	78%	88%
Apartment	10	17	7	3
Manufactured/Mobile home	6	12	5	1
Townhouse	3	2	4	4
Condo	2	3	2	2
Duplex	2	4	2	1
Other	2	3	2	1

TYPE OF RESIDENCE AND HOMEOWNERSHIP STATUS

While three-quarters of baby boomers reside in a detached single-family home, this preference is even stronger among those who own their home; 84 percent of homeowners reside in a detached single-family home. Among renters, nearly half live in an apartment and an even greater percentage of those that have never owned a home (55 percent) reside in an apartment. Renters are less than half as likely to live in a detached single-family home as homeowners.

LOCATION OF PRIMARY RESIDENCE

Baby boomers most frequently live in the suburbs, while nearly equal shares of boomers live in urban areas, small towns or rural areas. The most pronounced difference in location patterns of baby boomers is reflected in the difference in urban location by age. Twenty-seven percent of baby boomers in their 40s live in an urban area, versus 22 percent of older boomers. Rural areas are somewhat more popular among older baby boomers.

EXHIBIT 2-7

TYPE OF PRIMARY RESIDENCE, BY HOMEOWNERSHIP STATUS
(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Detached single family home	74%	84%	33%	40%	27%	71%
Apartment	10	*	49	42	55	2
Manufactured/Mobile home	6	7	3	4	4	2
Townhouse	3	3	3	4	1	*
Condo	2	2	2	4	1	*
Duplex	2	1	7	5	9	2
Other	2	1	2	1	3	24

* Less than one percent

EXHIBIT 2-8

LOCATION OF PRIMARY RESIDENCE, BY AGE
(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
An urban or city area	24%	27%	22%
A suburban area next to a city	37	35	38
A small town	20	19	20
A rural area	20	18	21

LOCATION AND INCOME

Location patterns are also related to household income. Twenty-one percent of high-income households live in an urban area, compared with nearly one-third of households with incomes of less than \$50,000. In contrast, over half of high-income baby boomers households reside in the suburbs, compared with one-quarter of households with incomes of less than \$50,000. Households with incomes of at least \$100,000 are only half as likely to live in a rural area as households earning less than \$50,000.

LOCATION AND HOMEOWNERSHIP

Among boomer households that own their home, 38 percent live in the suburbs, compared with about one in five in each of the other locations. Renter households are more likely urban-centered than owner households, although 31 percent of renter households live in a suburb. Renters are least likely to live in a rural area.

EXHIBIT 2-9

LOCATION OF PRIMARY RESIDENCE, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
An urban or city area	24%	30%	22%	21%
A suburban area next to a city	37	24	39	52
A small town	20	20	23	16
A rural area	20	26	16	12

EXHIBIT 2-10

LOCATION OF PRIMARY RESIDENCE, BY HOMEOWNERSHIP STATUS

(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
An urban or city area	24%	19%	42%	37%	46%	38%
A suburban area next to a city	37	38	31	30	32	20
A small town	20	20	18	25	13	13
A rural area	20	22	9	9	9	29

SATISFACTION WITH HOME

Three-quarters of baby boomer households are satisfied with their current home. Among homeowners, satisfaction is higher at 81 percent. Just 2 percent of owners report they are not at all satisfied with their home. Forty-three percent of renters are satisfied with their current home and one in five is not at all satisfied. Among this group of renters, those that have never owned a home are most likely to report some level of dissatisfaction with their current home.

LENGTH OF TENURE

Baby boomers have been in their current home a median of 9 years, with more than four in 10 residing in their current home for at least 11 years. Homeowners are generally less mobile than renters. Consequently, typical baby boomer owners have been in their home for a somewhat longer period of 10 years, while typical renters have been in their home for a median of three years; just 15 percent of renters report tenure of at least 11 years in their current home.

EXHIBIT 2-11

SATISFACTION WITH CURRENT HOME, BY HOMEOWNERSHIP STATUS

(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Extremely satisfied	15%	18%	4%	5%	3%	15%
Very satisfied	30	34	17	19	15	13
Satisfied	28	29	23	24	22	40
Somewhat satisfied	20	17	37	34	38	16
Not at all satisfied	6	2	20	18	22	16
TOTAL SATISFIED	74%	81%	43%	48%	40%	67%

EXHIBIT 2-12

LENGTH OF TENURE IN CURRENT HOME, BY HOMEOWNERSHIP STATUS

(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Less than 1 year	2%	1%	6%	9%	3%	17%
1 to 2 years	18	12	42	55	31	26
3 to 5 years	17	16	18	20	17	13
6 to 10 years	21	22	20	12	26	9
11 to 20 years	26	30	13	2	20	13
21 years or more	16	20	2	1	2	22
Median (years)	9	10	3	2	5	4

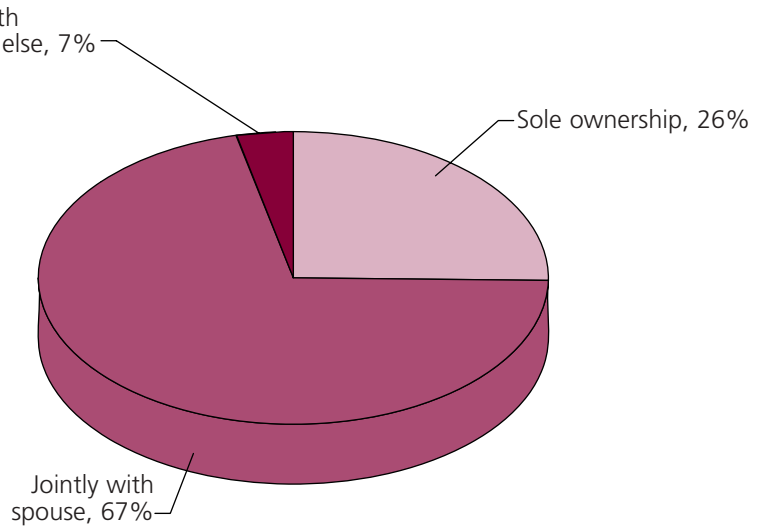
FORM OF OWNERSHIP

Two-thirds of baby boomers own their primary residence jointly with their spouse. Just over one-quarter of baby boomers are the sole owners of their home. In the relatively few cases where a residence is owned jointly with someone other than a spouse, ownership is most frequently shared with a life partner, other family members, or someone else.

EXHIBIT 2-13

FORM OF OWNERSHIP OF PRIMARY RESIDENCE

(Percentage Distribution)



MARKET VALUE OF RESIDENCE

The current value of the typical baby boomers' home is \$181,700. Reflecting generally different home values throughout the country, the median value in the West is the highest at \$359,100 and lowest in the Midwest at \$143,400.

EXHIBIT 2-14

MARKET VALUE OF PRIMARY RESIDENCE, BY REGION

(Percentage Distribution Among Current Homeowners)

	All Baby Boomers	Baby Boomers in the:			
		Northeast	Midwest	South	West
Less than \$100,000	21%	23%	26%	26%	8%
\$100,000 to \$149,999	20	15	28	25	9
\$150,000 to \$199,999	13	10	17	14	9
\$200,000 to \$249,999	11	7	10	13	10
\$250,000 to \$299,999	8	10	8	8	8
\$300,000 to \$499,999	15	23	10	9	21
\$500,000 to \$749,999	7	7	1	3	20
\$750,000 to \$999,999	3	2	*	1	9
\$1 million or more	2	3	*	1	7
Median	\$181,700	\$215,000	\$143,400	\$147,800	\$359,100

* Less than one percent

MARKET VALUE AND INCOME

Home values are highly correlated with household income. Nearly half of homeowners with an income of less than \$50,000 own a home valued at less than \$100,000, compared with just 4 percent of owners with a household income of \$100,000 or more. Nearly one-quarter of high-income boomers own a home valued at \$500,000 or more.

PLANS TO LIVE IN CURRENT HOME

Baby boomers plan to live in their current home a median of five years. Age has little impact on boomer expectations, with younger boomers planning to live in their current home five more years and older boomers expecting to remain in their current home for a median of six years.

EXHIBIT 2-15

MARKET VALUE OF PRIMARY RESIDENCE, BY INCOME

(Percentage Distribution Among Current Homeowners)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Less than \$100,000	21%	48%	18%	4%
\$100,000 to \$149,999	20	22	26	10
\$150,000 to \$199,999	13	11	16	13
\$200,000 to \$249,999	11	7	12	14
\$250,000 to \$299,999	8	4	8	14
\$300,000 to \$499,999	15	5	13	23
\$500,000 to \$749,999	7	1	6	11
\$750,000 to \$999,999	3	1	1	7
\$1 million or more	2	*	*	6
Median	\$181,700	\$104,200	\$169,000	\$288,900

* Less than one percent

EXHIBIT 2-16

YEARS PLANNING TO LIVE IN CURRENT HOME, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Less than 1 year	7%	7%	6%
1 to 2 years	24	28	21
3 to 5 years	22	23	21
6 to 10 years	14	13	15
11 years or more	33	29	36
Median (years)	5	5	6

OWNER AND RENTER PLANS

When looking forward, boomers have much different views about how long they expect to remain in their home depending on whether they are owners or renters. Owners plan to live in their current home a median of 10 years. In contrast, typical renters expect to remain in their current home just one year. Only one-quarter of renters plan to remain in their current home at least three years.

HOMEOWNERSHIP EXPERIENCE

The typical baby boomer has owned one or more homes for a total for 15 years with over one-third reporting at least 21 years of homeownership experience. Across each of the baby boomer age groups, total homeownership experience is strongly related to age. Half of older baby boomers have owned a home for at least 21 years.

CONSIDERED BUYING A HOME

The benefits of homeownership are understood by owners and renters. Even among the 11 percent of baby boomers who have never owned a home, nearly two-thirds report they have considered buying a home.

EXHIBIT 2-17

YEARS PLANNING TO LIVE IN CURRENT HOME, BY HOMEOWNERSHIP STATUS

(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Less than 1 year	7%	3%	17%	13%	21%	28%
1 to 2 years	24	15	58	56	59	38
3 to 5 years	22	25	14	16	13	*
6 to 10 years	14	17	5	5	4	7
11 years or more	33	40	6	10	3	28
Median (years)	5	10	1	2	1	2

* Less than one percent

EXHIBIT 2-18

NUMBER OF YEARS OF HOMEOWNERSHIP, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
1 year or less	2%	3%	2%
2 to 5 years	15	21	10
6 to 10 years	19	28	12
11 to 20 years	30	34	26
21 years or more	34	15	50
Median (years)	15	10	20

EXHIBIT 2-19

CONSIDERED BUYING A HOME, BY INCOME

(Percent Among Those Who Never Owned a Home)

	All Baby Boomers	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Yes	64%	61%	73%	88%
No	36	39	27	13

HURDLES TO HOMEOWNERSHIP

There are many reasons that baby boomers report for not purchasing a home. Financial reasons, such as bad credit, are the most frequently cited reasons. Among baby boomers between 42 and 49 years old, 89 percent said financial considerations were one of the reasons for foregoing homeownership. Financial reasons dominate among all age groups, but are somewhat less prominent among older households.

Lifestyle considerations also play a role in preventing some households from buying a home. One in five households report that they do not want the burden of home maintenance and a nearly equal percentage report that buying a home is too complicated. Lifestyle preferences are a more important consideration for older boomers.

EXHIBIT 2-20**REASONS FOR NOT BUYING A HOME, BY AGE***(Percent of Respondents Among Those Who Never Owned A Home)*

	All Baby Boomers	Age	
		42-49	50-60
FINANCIAL REASONS	85%	89%	78%
Have 'bad' or no credit	54	59	47
House prices are just too high	49	52	44
Property taxes are too high	24	22	25
Do not want to incur debt by borrowing for a house	20	23	17
Can't afford/Not enough money	10	13	6
Unable to make downpayment	3	*	7
The house I would want would be too expensive	*	1	*
LIFESTYLE PREFERENCES	41	38	45
Don't want the burden of home maintenance	20	19	23
Buying and owning a home is too complicated	19	19	21
Don't want the responsibility of home ownership	16	15	16
Prefer the renting lifestyle	12	12	13
Buying a home is too risky	9	13	3
Do not want to be tied down	9	9	7
OTHER REASONS	12	12	13
Job requires frequent relocation	3	3	4
Personal/Family problems	3	3	4
Became disabled	2	2	1
I/Spouse lost job	1	1	1
None/Nothing	1	*	2
Other	2	3	2

* Less than one percent

HURDLES TO HOMEOWNERSHIP ACROSS INCOME GROUPS

Household income is correlated with the financial and lifestyle reasons that households report for not owning a home. While 85 percent of households with incomes of less than \$50,000 consider financial reasons a hurdle to homeownership, a still significant, but smaller, 63 percent of households with incomes of at least \$100,000 believe financial considerations prevent them from buying a home.

Instead of financial reasons, high-income baby boomer households more frequently report that lifestyle factors are the primary reason they do not own a home. Half of high-income households report they do not want the burden of home maintenance, and over one-third report that buying a home is too complicated. In contrast, households with incomes of less than \$50,000 are less likely to consider lifestyle preference a hurdle to homeownership, with one in five reporting that they simply do not want the responsibility of homeownership.

EXHIBIT 2-21

REASONS FOR NOT BUYING A HOME, BY INCOME

(Percent of Respondents Among Those Who Never Owned A Home)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
FINANCIAL REASONS	85%	85%	84%	63%
Have 'bad' or no credit	54	61	55	*
House prices are just too high	49	47	49	50
Property taxes are too high	24	22	27	25
Do not want to incur debt by borrowing for a house	20	22	14	*
Can't afford/Not enough money	10	12	*	*
Unable to make downpayment	3	1	10	*
The house I would want would be too expensive	*	1	*	*
LIFESTYLE PREFERENCES	41	41	47	75
Don't want the burden of home maintenance	20	23	10	50
Buying and owning a home is too complicated	19	23	14	38
Don't want the responsibility of home ownership	16	21	6	*
Prefer the renting lifestyle	12	12	10	25
Buying a home is too risky	9	11	8	*
Do not want to be tied down	9	10	8	*
OTHER REASONS	12	13	10	*
Job requires frequent relocation	3	4	6	*
Personal/Family problems	3	3	6	*
Became disabled	2	3	*	*
I/Spouse lost job	1	1	*	*
None/Nothing	1	1	*	*
Other	2	2	*	*

* Less than one percent

OTHER REAL ESTATE OWNED

One-quarter of baby boomers own some type of real estate other than a primary residence. Of those who do own other types of real estate, 13 percent own land and 8 percent own rental property. There are very small differences in ownership patterns of each type of real estate between younger and older baby boomers.

OTHER REAL ESTATE OWNED BY INCOME GROUPS

Fourteen percent of baby boomers with household incomes of less than \$50,000 own other real estate, compared with 40 percent of boomers with household incomes of at least \$100,000. High-income baby boomers are much more likely to own one or more homes than those with lower incomes. High-income baby boomers own vacation homes (11 percent), rental properties (18 percent) or land (19 percent) each more frequently than baby boomers with lower incomes.

EXHIBIT 2-22

TYPE OF REAL ESTATE OWNED OTHER THAN A PRIMARY HOME, BY AGE

(Percent of Respondents)

	All Baby Boomers	Age	
		42-49	50-60
Vacation home	5%	4%	6%
Seasonally occupied home	2	2	2
Rental property	8	8	9
Commercial property	2	2	2
Land	13	13	12
Other	3	4	3
None	75	76	74

EXHIBIT 2-23

TYPE OF REAL ESTATE OWNED OTHER THAN A PRIMARY HOME, BY INCOME

(Percent of Respondents)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Vacation Home	5%	1%	6%	11%
Seasonally occupied home	2	2	1	3
Rental property	8	2	8	18
Commercial property	2	1	1	5
Land	13	9	12	19
Other	3	2	4	3
None	75	86	75	60

VACATION HOMES

Overall, 5 percent of baby boomers own at least one vacation home. Baby boomers with higher incomes are more likely to own a vacation home, and in some cases, two or more homes. Among those households that own vacation homes, 88 percent own one home while 12 percent own at least two. Higher-income households are more likely to own multiple vacation homes; 17 percent of these households own at least two vacation homes.

TIME SPENT IN VACATION HOME

During each visit to their vacation home, baby boomers typically spend seven days there. Fourteen percent spend at least 16 days during a typical visit, although the majority (62 percent) spend anywhere from three to 10 days.

EXHIBIT 2-24

NUMBER OF VACATION OR SEASONAL HOMES OWNED, BY INCOME

(Percentage Distribution Among Those Who Own A Vacation Home)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
One	88%	100%	89%	83%
Two or more	12	*	11	17

* Less than one percent

EXHIBIT 2-25

NUMBER OF DAYS SPENT IN VACATION HOME IN A TYPICAL VISIT, BY REGION

(Percentage Distribution Among Those Who Own A Vacation Home)

1 to 2	16%
3 to 5	31
6 to 10	31
11 to 15	8
16 or more	14
Median (days)	7

TRIPS TO VACATION HOME

Typical vacation-home owners make 10 trips to their vacation home each year, or approximately once a month. One in five vacation-home owner visits two or three times a year, while a surprisingly large share (40 percent) report 11 or more visits each year.

RENTAL PROPERTIES

Eight percent of baby boomer households report that they own rental property. Two-thirds of these households own just one rental property, while one in five own three or more. Regardless of income, about one-third of those who own rental properties own more than one.

EXHIBIT 2-26

ANNUAL NUMBER OF TRIPS OF TYPICAL LENGTH TO VACATION HOME

(Percentage Distribution Among Those Who Own A Vacation Home)

1	15%
2 to 3	21
4 to 5	7
6 to 10	17
11 or more	40
Median (trips)	10

EXHIBIT 2-27

NUMBER OF RENTAL PROPERTIES OWNED, BY INCOME

(Percentage Distribution Among Those Who Own A Rental Property)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
1	66%	64%	69%	65%
2	14	14	20	10
3	5	*	*	8
4	1	*	*	1
5	7	*	9	6
6 or more	7	21	2	9

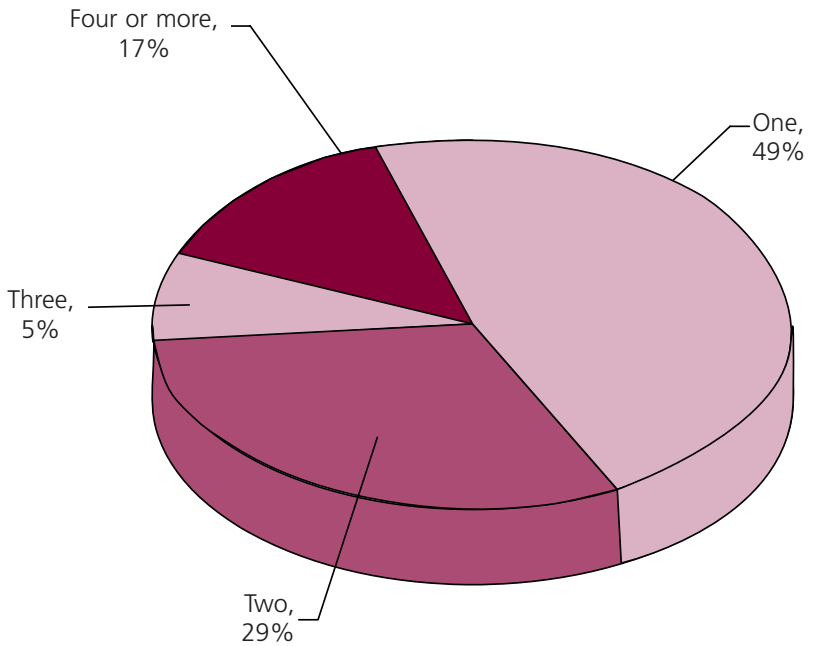
* Less than one percent

COMMERCIAL PROPERTIES

In addition to vacation homes and rental properties, 2 percent of baby boomer households have an ownership interest in commercial properties. Half of these households own one property; an additional 29 percent report that they own two commercial properties.

EXHIBIT 2-28

NUMBER OF COMMERCIAL PROPERTIES OWNED
(Percentage Distribution Among Those Who Own A Commercial Property)



LAND

Thirteen percent of boomer households own land. The median land holding among those who own land is five acres, although 29 percent report that they own just one acre. While landowning households need not own land in close proximity to where they live, rural households typically hold the most land (a median of 13 acres). Small-town residents are more likely to have large land holdings of more than 100 acres.

EXHIBIT 2-29

ACRES OF LAND OWNED, BY LOCATION
(Percentage Distribution Among Those Who Own Land)

	All Baby Boomers	Baby Boomers Living in:			
		An urban or city area	Suburban area next to a city	A small town	A rural area
1 or less	29%	33%	35%	43%	13%
2 to 3	13	18	12	7	14
4 to 5	10	11	9	7	11
6 to 10	5	4	9	*	5
11 to 20	10	2	9	10	14
21 to 50	13	13	9	7	19
51 to 100	7	4	8	5	8
101 or more	14	13	9	21	14
Median (acres)	5	3	5	4	13

* Less than one percent

CHAPTER 3: BABY BOOMERS' EXPERIENCE BUYING AND SELLING HOMES

W

ITH A HOMEOWNERSHIP RATE APPROACHING 80 PERCENT, MOST BABY

boomers have either bought or sold a home – and in some cases several homes – in the past. In a majority of cases, whether buying or selling, boomers have worked with a real estate agent.

Consequently, baby boomers are able to determine what they want most from real estate professionals. Although there is some variation across age or income groups, it is clear that home buyers most want their agent to represent their interests and coordinate the home-buying process, while sellers most want their agent to help establish the right asking price.

Nearly 80 percent of baby boomers who have sold a home worked with a real estate agent.

LAST HOME PURCHASE

The typical baby boomer has not purchased a home in 11 years. For one-third of baby boomers, it has been at least 15 years. For younger baby boomers in their 40s, the median time since they last purchased a home is eight years, while the typical boomer 50 years or older has not purchased a home in 14 years.

LAST HOME PURCHASE BY INCOME GROUPS

Higher-income baby boomers have purchased a home more recently (a median of nine years ago) than baby boomers earning less than \$50,000 annually (a median of 12 years ago). Fifty-six percent of boomers with household incomes of less than \$50,000 have not purchased a home in at least 10 years, compared with 46 percent of high-income baby boomers.

EXHIBIT 3-1

TIME SINCE LAST HOME PURCHASE, BY AGE

(Percentage Distribution Among Current and Past Homeowners)

	All Baby Boomers	Age	
		42-49	50-60
Less than 1 year	4%	5%	3%
1 to less than 2 years	5	6	4
2 to less than 5 years	16	22	11
5 to less than 10 years	23	28	19
10 to less than 15 years	19	20	19
More than 15 years	33	18	45
Median (years)	11	8	14

EXHIBIT 3-2

TIME SINCE LAST HOME PURCHASE, BY INCOME

(Percentage Distribution Among Current and Past Homeowners)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Less than 1 year	4%	4%	3%	6%
1 to less than 2 years	5	4	5	7
2 to less than 5 years	16	12	16	21
5 to less than 10 years	23	23	24	21
10 to less than 15 years	19	20	17	19
More than 15 years	33	36	35	27
Median (years)	11	12	11	9

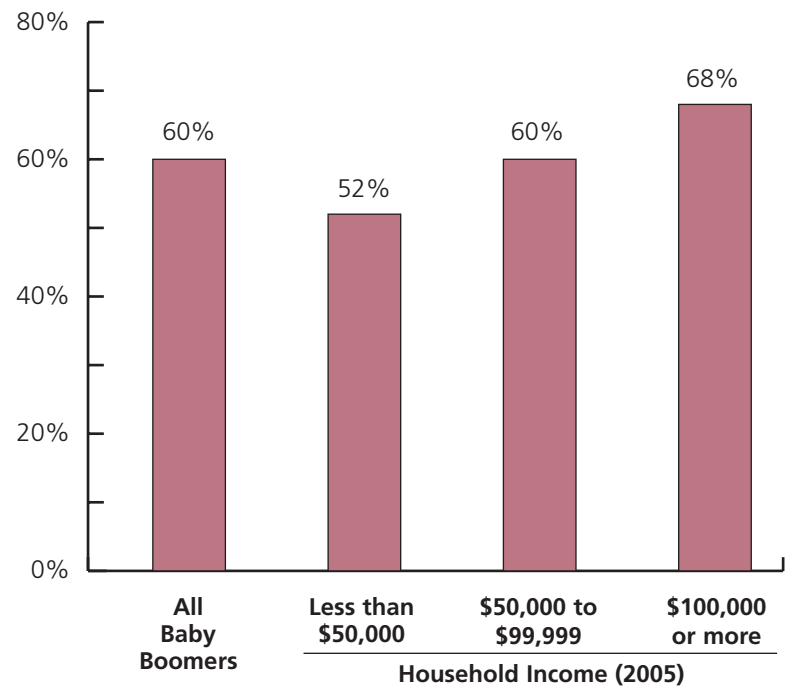
WORKING WITH AN AGENT WHEN BUYING

Among baby boomers who have purchased a home, 60 percent used a real estate agent to assist with the transaction. Higher-income baby boomers are more likely to use a real estate agent. Among those with a household income of at least \$100,000, 68 percent used an agent compared with 52 percent of those with an annual household income of less than \$50,000.

EXHIBIT 3-3

WORKED WITH A REAL ESTATE AGENT TO PURCHASE A HOME, BY INCOME

(Percentage Distribution)



... the first choice of nearly one-quarter of baby boomers was that their agent represent their interests and coordinate with all of the other parties involved in the buying process.

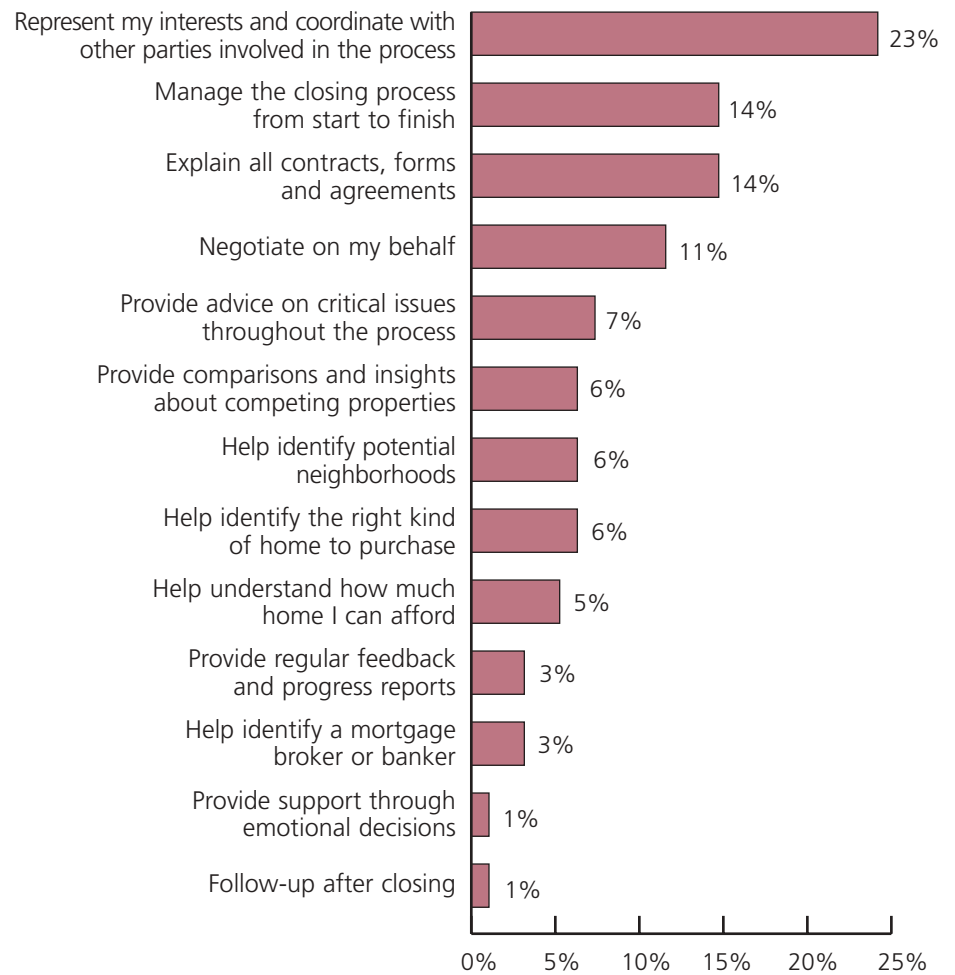
WHAT BABY BOOMERS WANT FROM THEIR AGENT WHEN BUYING A HOME

When asked what they most want from a real estate agent when buying a home, the first choice of nearly one-quarter of baby boomers was that their agent represent their interests and coordinate with all of the other parties involved in the buying process. Fourteen percent of boomers said that managing the closing process was most important, while a similar percentage thought it was most important that their agent explain all contracts and agreements. Just one in 10 reported that they want their agent to negotiate on their behalf. Although potentially important at some stage of the buying process, relatively few baby boomers ranked activities such as help in determining how much home they can afford or help in finding a mortgage broker as the most important activity.

EXHIBIT 3-4

WHAT BOOMERS MOST WANT FROM A REAL ESTATE AGENT WHEN PURCHASING A HOME

(Percentage Distribution)



WHAT YOUNGER AND OLDER BOOMERS MOST WANT WHEN BUYING

Both younger and older baby boomers place equal emphasis on the importance of an agent representing their interests. Younger baby boomers are somewhat less likely to want an agent to manage the entire process. Rather, this group places a somewhat greater emphasis on an agent explaining contracts and agreements. In most other areas of the home purchase transaction there is close agreement between younger and older boomers about what they want a real estate agent to do for them.

PREFERENCES RELATED TO INCOME WHEN BUYING

While most baby boomers want their agent to represent their interests regardless of their income, other activities of agents are correlated with income. Households with incomes of less than \$50,000 are nearly three times as likely to want their agent to explain contracts and forms compared with households earning at least \$100,000. A similar pattern emerges when boomers are asked about the importance of their agent helping them determine how much home they can afford. Higher-income households somewhat more frequently want their agent to negotiate on their behalf, provide information about competing or comparable properties or identify potential neighborhoods.

EXHIBIT 3-5

WHAT BOOMERS MOST WANT FROM A REAL ESTATE AGENT WHEN PURCHASING A HOME, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Represent my interests and coordinate with other parties involved in the process	23%	23%	23%
Manage the closing process from start to finish	14	12	15
Explain all contracts, forms and agreements	14	15	13
Negotiate on my behalf	11	10	12
Provide advice on critical issues during the process	7	8	6
Provide comparisons and insights about competing properties	6	5	7
Help identify potential neighborhoods	6	6	7
Help identify the right kind of home to purchase	6	7	6
Help understand how much home I can afford	5	5	5
Provide regular feedback and progress reports	3	3	3
Help identify a mortgage broker or banker	3	2	3
Provide support through emotional decisions	1	2	1
Follow-up after closing	1	2	*

* Less than one percent

EXHIBIT 3-6

WHAT BOOMERS MOST WANT FROM A REAL ESTATE AGENT WHEN PURCHASING A HOME, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Represent my interests and coordinate with other parties involved in the process	23%	22%	23%	26%
Manage the closing process from start to finish	14	13	14	14
Explain all contracts, forms and agreements	14	19	12	7
Negotiate on my behalf	11	10	11	13
Provide advice on critical issues during the process	7	6	8	5
Provide comparisons and insights about competing properties	6	4	7	9
Help identify potential neighborhoods	6	3	6	9
Help identify the right kind of home to purchase	6	6	7	6
Help understand how much home I can afford	5	9	4	2
Provide regular feedback and progress reports	3	4	3	2
Help identify a mortgage broker or banker	3	3	3	3
Provide support through emotional decisions	1	1	1	3
Follow-up after closing	1	2	*	1

* Less than one percent

CONSIDERATIONS BASED ON LENGTH OF TENURE WHEN BUYING

When working with a real estate agent, homeowners who have owned a home for a long period of time may have different preferences for what they want from an agent compared with those who have more recently purchased a home. When buying a home, baby boomers who have been in their home a relatively short period of five years or less place a somewhat stronger emphasis on their agent representing their interests than do those who have been in their home for six to 10 years.

EXHIBIT 3-7

WHAT BOOMERS MOST WANT FROM A REAL ESTATE AGENT WHEN PURCHASING A HOME, BY TENURE IN CURRENT HOME

(Percentage Distribution)

	All Baby Boomers	Length of Tenure			
		2 years or less	3 to 5 years	6 to 10 years	11 or more years
Represent my interests and coordinate with other parties involved in the process	23%	26%	30%	19%	21%
Manage the closing process from start to finish	14	11	15	12	16
Explain all contracts, forms and agreements	14	13	12	13	15
Negotiate on my behalf	11	14	9	12	10
Provide advice on critical issues during the process	7	3	7	9	7
Provide comparisons and insights about competing properties	6	3	8	10	6
Help identify potential neighborhoods	6	8	5	6	6
Help identify the right kind of home to purchase	6	7	6	7	5
Help understand how much home I can afford	5	5	3	5	6
Provide regular feedback and progress reports	3	3	2	3	3
Help identify a mortgage broker or banker	3	3	2	3	3
Provide support through emotional decisions	1	1	1	1	2
Follow-up after closing	1	2	*	1	1

* Less than one percent

Both younger and older baby boomers place equal emphasis on the importance of an agent representing their interests.

HOME SELLING EXPERIENCE

Just over half of baby boomers who either currently own or have owned a home in the past have put their home up for sale. Older baby boomers have more experience in the housing market and are more likely to have sold a home. For example, 43 percent of younger boomers have put a home up for sale, compared with 58 percent of older boomers.

LAST HOME SALE

The typical baby boomer sold a home nine years ago. More than one-quarter report that they have not engaged in a home sale for at least 15 years, while almost one in 10 have done so within the past year. Younger baby boomers generally have sold a home most recently, typically seven years ago. As baby boomers age, they tend to stay in their home longer. For older boomers, the median time since their last home sale is 11 years; more than one-third have been in their home at least 15 years.

EXHIBIT 3-8

BABY BOOMERS WHO HAVE EVER PUT THEIR RESIDENCE UP FOR SALE

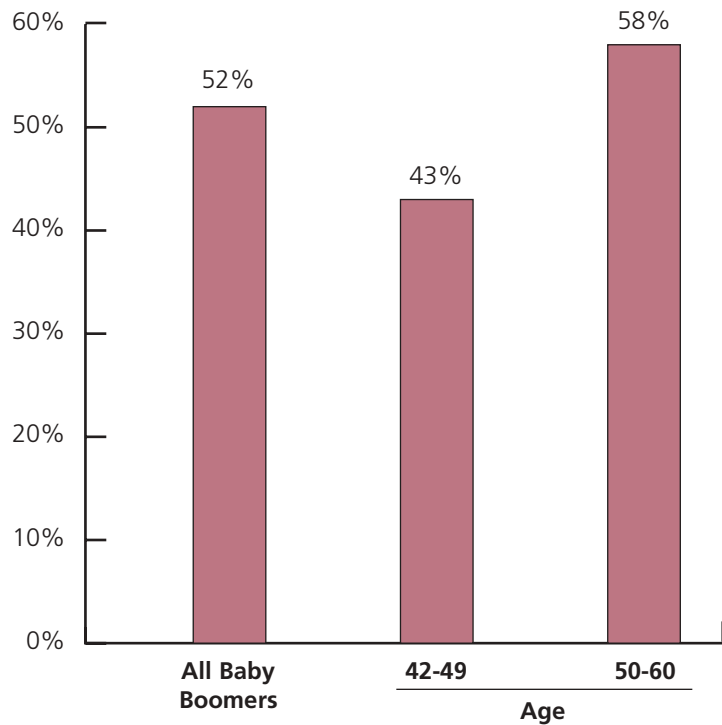


EXHIBIT 3-9

TIME SINCE LAST HOME SALE, BY AGE

(Percentage Distribution Among Current or Past Homeowners)

	All Baby Boomers	Age	
		42-49	50-60
Less than 1 year ago	9%	10%	9%
1 to less than 2 years ago	6	8	4
2 to less than 5 years ago	17	24	13
5 to less than 10 years ago	21	24	19
10 to less than 15 years ago	21	23	20
More than 15 years ago	26	12	35
Median (years)	9	7	11

LAST HOME SALE BY INCOME GROUPS

There is little variation across different income groups in the length of time since the last home sale.

Fourteen percent of baby boomers in the highest income group have sold a home in the past two years, virtually the same share as households with incomes of less than \$50,000.

However, 20 percent of households in the highest income group have not sold a home for more than 15 years, compared with 31 percent of lower-income boomer households.

WORKING WITH AN AGENT WHEN SELLING

Nearly 80 percent of baby boomers who have sold a home worked with a real estate agent. There is little meaningful difference in the use of real estate agents across income groups, ranging from 74 percent among households with incomes of less than \$50,000 to 80 percent for higher-income households.

EXHIBIT 3-10

TIME SINCE LAST HOME SALE, BY INCOME

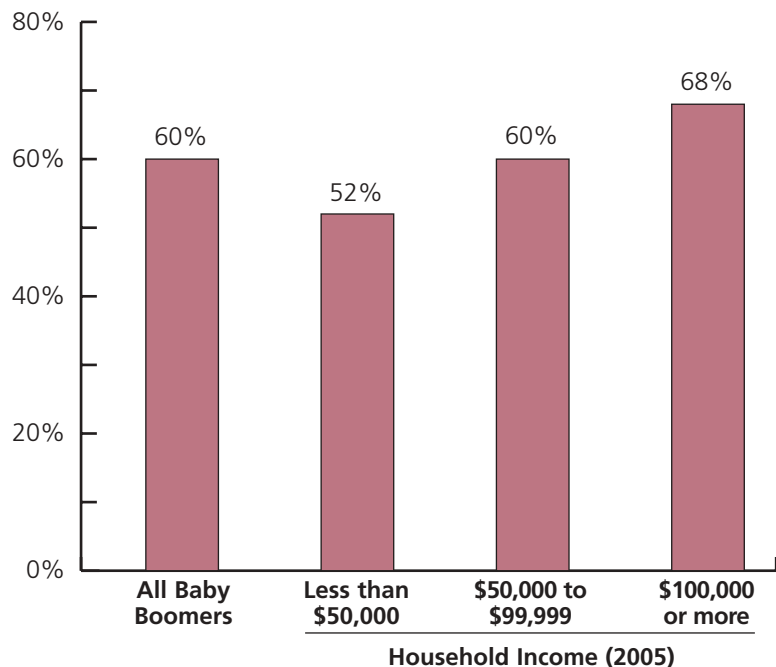
(Percentage Distribution Among Current or Past Homeowners)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Less than 1 year ago	9%	10%	10%	7%
1 to less than 2 years ago	6	4	6	7
2 to less than 5 years ago	17	14	19	19
5 to less than 10 years ago	21	20	21	21
10 to less than 15 years ago	21	22	13	26
More than 15 years ago	26	31	31	20
Median (years)	9	11	9	9

EXHIBIT 3-11

WORKED WITH A REAL ESTATE AGENT TO SELL A HOME, BY INCOME

(Percentage Distribution)



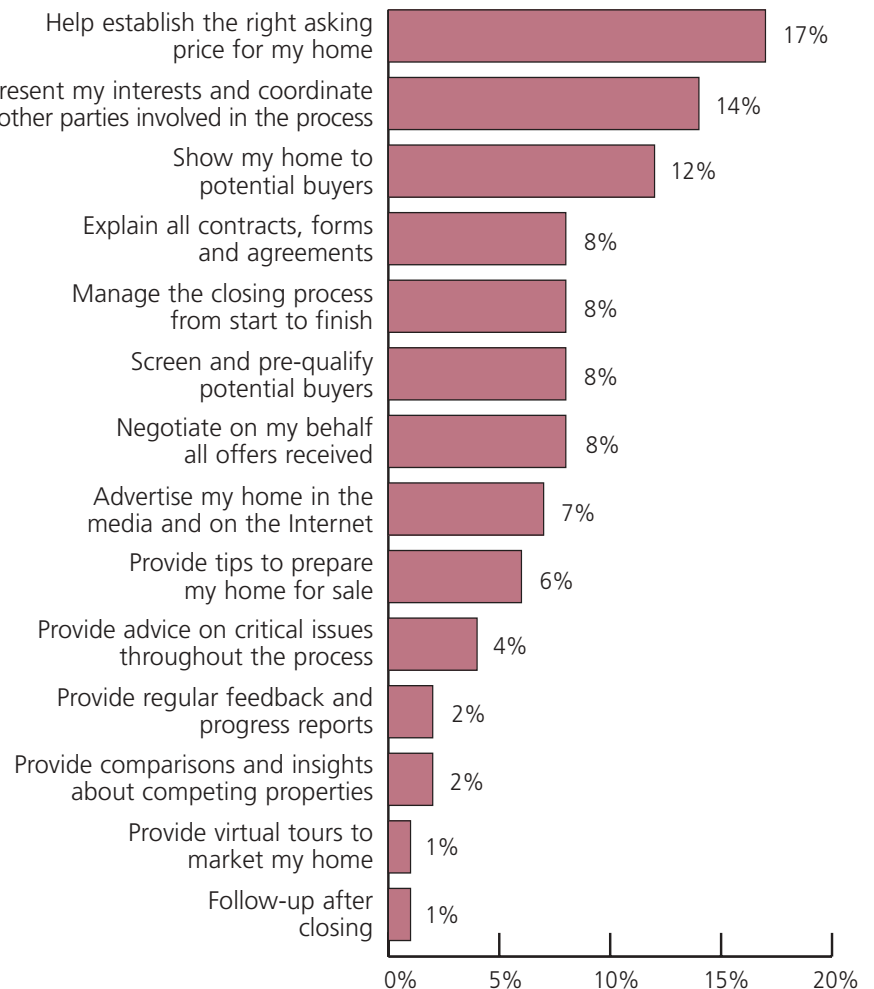
WHAT BABY BOOMERS WANT FROM THEIR AGENT WHEN SELLING A HOME

The most important thing baby boomers want when working with a real estate agent to sell their home, cited by 17 percent of respondents, is help in establishing the right asking price. Fourteen percent of boomers ranked representation of their interest as the most important activity, followed closely by showing the seller's home to potential buyers, at 12 percent.

EXHIBIT 3-12

THE MOST IMPORTANT ACTIVITY BOOMERS WANT FROM A REAL ESTATE AGENT WHEN SELLING A HOME

(Percentage Distribution)



WHAT YOUNGER AND OLDER BOOMERS MOST WANT WHEN SELLING

Among both younger and older baby boomers, help establishing the right asking price was ranked as the most important activity of real estate agents. Younger baby boomers were somewhat more likely to rank screening and pre-qualifying potential buyers as a desired activity of agents. For all other activities there were few differences between the expectations of younger and older baby boomers.

EXHIBIT 3-13

THE MOST IMPORTANT ACTIVITY BOOMERS WANT FROM A REAL ESTATE AGENT WHEN SELLING A HOME, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Help establish the right asking price for my home	17%	17%	18%
Represent my interests and coordinate with other parties involved in the process	14	13	14
Show my home to potential buyers	12	12	13
Explain all contracts, forms and agreements	8	9	8
Manage the closing process from start to finish	8	7	10
Screen and pre-qualify potential buyers	8	10	6
Negotiate on my behalf all offers received	8	9	7
Advertise my home in the media and on the Internet	7	6	7
Provide tips to prepare my home for sale	6	5	7
Provide advice on critical issues throughout the process	4	5	4
Provide regular feedback and progress reports	2	2	3
Provide comparisons and insights about competing properties	2	1	3
Provide virtual tours to market my home	1	1	1
Follow-up after closing	1	1	*

* Less than one percent

Younger baby boomers were somewhat more likely to rank screening and pre-qualifying potential buyers as a desired activity of agents.

PREFERENCES RELATED TO INCOME WHEN SELLING

Lower-income baby boomer households, those earning less than \$50,000 per year, less often wanted their agent to help establish the right asking price for their home or to show their home to potential buyers. Instead, these same sellers were far more likely than higher income households to indicate that they wanted their agent to explain contracts and forms. The desire of sellers to have their agent negotiate on their behalf was more often cited as household income increased along with showing the home to potential buyers.

EXHIBIT 3-14

THE MOST IMPORTANT ACTIVITY BOOMERS WANT FROM A REAL ESTATE AGENT WHEN SELLING A HOME, BY INCOME

(Percentage Distribution)

	Household Income (2005)			
	All Baby Boomers	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Help establish the right asking price for my home	17%	15%	21%	18%
Represent my interests and coordinate with other parties involved in the process	14	14	14	13
Show my home to potential buyers	12	9	13	15
Explain all contracts, forms and agreements	8	14	6	5
Manage the closing process from start to finish	8	9	9	7
Screen and pre-qualify potential buyers	8	7	7	9
Negotiate on my behalf all offers received	8	6	8	10
Advertise my home in the media and on the Internet	7	5	8	6
Provide tips to prepare my home for sale	6	6	5	7
Provide advice on critical issues throughout the process	4	6	4	3
Provide regular feedback and progress reports	2	3	2	3
Provide comparisons and insights about competing properties	2	2	1	2
Provide virtual tours to market my home	1	2	1	*
Follow-up after closing	1	1	1	*

* Less than one percent

The desire of sellers to have their agent negotiate on their behalf was more often cited as household income increased along with showing the home to potential buyers.

CONSIDERATIONS BASED ON LENGTH OF TENURE WHEN SELLING

Regardless of tenure in their current home, help establishing the right asking price was cited as the most important activity of real estate agents by baby boomers. When selling a home, the longer the tenure in the current home, the more likely baby boomers are to rank explaining contracts and agreements as the most important activity. One in 10 boomers who have been in their home for two years or less said screening and pre-qualifying potential buyers was the most important activity, a higher share than all other tenure categories.

EXHIBIT 3-15

THE MOST IMPORTANT ACTIVITY BOOMERS WANT FROM A REAL ESTATE AGENT WHEN SELLING A HOME, BY TENURE IN CURRENT HOME

(Percentage Distribution)

	Length of Tenure				
	All Boomers or less	Baby 2 years or less	3 to 5 years	6 to 10 years	11 or more years
Help establish the right asking price for my home	17%	17%	14%	19%	18%
Represent my interests and coordinate with other parties involved in the process	14	11	14	16	13
Show my home to potential buyers	12	17	12	10	12
Explain all contracts, forms and agreements	8	4	7	9	10
Manage the closing process from start to finish	8	7	15	7	7
Screen and pre-qualify potential buyers	8	10	7	6	8
Negotiate on my behalf all offers received	8	7	6	10	8
Advertise my home in the media and on the Internet	7	7	8	7	6
Provide tips to prepare my home for sale	6	8	5	5	6
Provide advice on critical issues throughout the process	4	4	6	5	4
Provide regular feedback and progress reports	2	4	1	2	3
Provide comparisons and insights about competing properties	2	1	2	4	2
Provide virtual tours to market my home	1	2	1	*	1
Follow-up after closing	1	1	2	*	1

* Less than one percent

CHAPTER 4: BABY BOOMERS' NET WORTH AND FINANCIAL SITUATION

THE FINANCIAL SITUATION AND NET WORTH OF BABY BOOMERS UNDERPIN MANY OF

the decisions they will make in the future about retirement – where they want and are able to live, how they plan to spend their nest egg and the extent to which they will be able to meet many other financial and lifestyle goals. Since homeowners tend to be better prepared for retirement and have a higher net worth that will allow them to choose among a wider range of retirement options, homeownership gets high marks from baby boomers.

Among boomers who consider themselves well prepared for retirement, 15 percent are financially well-off and 76 percent are financially comfortable.

CURRENT FINANCIAL SITUATION

When describing their financial situation, just over four in 10 baby boomers consider themselves financially comfortable. Only 4 percent view themselves as financially well-off. Somewhat surprising, well over one-third of boomers report that they currently have just enough to make ends meet and nearly one in five are having financial difficulty.

Older boomers are more likely to report that they are financially comfortable and less likely to be in a financially distressed situation. Still, older boomers are no more likely to consider themselves financially well-off than younger boomers.

FINANCIAL SITUATION AMONG DIFFERENT INCOME GROUPS

The financial situation among boomers with higher incomes is far more favorable than the situation for lower-income households. Over one-third of boomers with household incomes of less than \$50,000 report they are having financial difficulty, while an additional 45 percent have just enough to make ends meet. For boomers with household incomes of at least \$100,000, only 4 percent are having financial difficulty, while 12 percent of this income group consider themselves financially well-off. For boomers earning \$50,000 to \$99,999, half report that they are financially comfortable.

EXHIBIT 4-1

CURRENT FINANCIAL SITUATION, BY AGE
(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Financially well-off	4%	4%	4%
Financially comfortable	43	38	46
Just enough to make ends meet	37	38	35
Having financial difficulty	17	19	14

EXHIBIT 4-2

CURRENT FINANCIAL SITUATION, BY INCOME
(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Financially well-off	4%	1%	2%	12%
Financially comfortable	43	18	50	61
Just enough to make ends meet	37	45	39	23
Having financial difficulty	17	36	9	4

CURRENT FINANCIAL SITUATION AND PREPAREDNESS FOR RETIREMENT

By and large, boomers who report that they are in a favorable financial situation also are more prepared for retirement. Among boomers who consider themselves well prepared for retirement, 15 percent are financially well-off and 76 percent are financially comfortable. In contrast, nearly half of boomers who are not prepared for retirement currently have just enough to get by, and an additional 43 percent are currently having financial difficulty. Nearly all of the boomers who are somewhat prepared for retirement are either financially comfortable or have just enough to make ends meet.

HOMEOWNERSHIP AND BOOMER FINANCIAL SITUATION

Boomers who own their home are far more likely than renters to report that they are financially well-off or financially comfortable. For example, half of homeowners consider themselves financially comfortable, while only 17 percent of renters make a similar claim. Ten percent of boomer homeowners are currently having financial difficulty, compared with 38 percent of renters. The likelihood of financial distress is even greater among renters who have never owned a home than among previous homeowners who are now renting.

EXHIBIT 4-3

CURRENT FINANCIAL SITUATION, BY FINANCIAL PREPAREDNESS FOR RETIREMENT

(Percentage Distribution)

	All Baby Boomers	Not prepared at all	Somewhat prepared	Well prepared
Financially well-off	4%	1%	1%	15%
Financially comfortable	43	8	49	76
Just enough to make ends meet	37	49	45	7
Having financial difficulty	17	43	6	1

EXHIBIT 4-4

CURRENT FINANCIAL SITUATION, BY HOMEOWNERSHIP

(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Financially well-off	4%	5%	1%	1%	*	*
Financially comfortable	43	50	17	22	14	15
Just enough to make ends meet	37	35	44	45	44	22
Having financial difficulty	17	10	38	32	42	64

* Less than one percent

FINANCIAL SITUATION AND OWNERSHIP OF OTHER REAL ESTATE

The financial situation of baby boomers is also reflected in the likelihood of owning and planning to purchase other real estate. Among boomers who own real estate other than a primary residence, 65 percent are financially well-off or comfortable, compared with 41 percent of boomers who do not own real estate other than possibly a primary residence. Boomers planning to purchase real estate in the next 12 months are also more often financially well-off or comfortable than those not planning to make a purchase in the near-term.

HOUSEHOLD NET WORTH

The median net worth (including home equity) of baby boomer households was \$149,500 as of early 2006. Just as a relatively large share of boomers report that they are having financial difficulty or are just making ends meet, a significant share of boomers also report a relatively low net worth. For example 16 percent of boomers report a total net worth of less than \$10,000, while just over one-third have a net worth of less than \$50,000. Eight percent of boomers report a net worth of at least \$1 million.

Younger boomers, not surprisingly, typically have a lower household net worth than older boomers. Among

EXHIBIT 4-5

CURRENT FINANCIAL SITUATION, BY OWNERSHIP OF OTHER REAL ESTATE

(Percentage Distribution)

	All Baby Boomers	Real estate other than primary residence		Will purchase real estate	
		Own	Do not own	Likely in the next 12 months	NOT likely in the next 12 months
Financially well-off	4%	9%	3%	13%	3%
Financially comfortable	43	56	38	51	42
Just enough to make ends meet	37	27	40	23	38
Having financial difficulty	17	8	20	14	17

EXHIBIT 4-6

HOUSEHOLD'S TOTAL NET WORTH, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Less than \$10,000	16%	17%	14%
\$10,000 - \$24,999	8	9	7
\$25,000 - \$49,999	10	12	8
\$50,000 - \$99,999	11	12	10
\$100,000 - \$249,999	18	16	19
\$250,000 - \$499,999	15	12	17
\$500,000 - \$749,999	10	9	11
\$750,000 - \$999,999	6	5	6
\$1,000,000 - \$2,499,999	5	4	6
\$2,500,000 - \$ 4,999,999	1	1	1
\$5,000,000 or more	2	1	2
Median	\$149,500	\$96,900	\$189,100

boomers 42 to 49 years of age, the median household net worth was \$96,900, compared with \$189,100 among older boomer households. Thirty-eight percent of younger households report a net worth of less than \$50,000, compared with 29 percent of older boomer households. Nine percent of older boomer households have a net worth of at least \$1 million, compared with 6 percent of younger boomers.

HOUSEHOLD NET WORTH RISES WITH INCOME

While it is expected that household net worth and income are highly correlated, net worth varies considerably within each broad income group. The typical household with an income of less than \$50,000 reports a net worth of \$25,600. One-third of households in this group report a net worth of less than \$10,000. Still, nearly one in five households in this group has a household net worth between \$100,000 and \$500,000. For those households with incomes of at least \$100,000, the median net worth is \$616,000, 24 times more than the typical household with an income of less than \$50,000. Even in this high-income group, 8 percent have a household net worth of less than \$100,000. Nearly one-quarter of households in the higher-income group report a net worth of at least \$1 million.

EXHIBIT 4-7

HOUSEHOLD'S TOTAL NET WORTH, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Less than \$10,000	16%	33%	7%	2%
\$10,000 - \$24,999	8	17	4	1
\$25,000 - \$49,999	10	17	7	2
\$50,000 - \$99,999	11	10	17	3
\$100,000 - \$249,999	18	13	25	14
\$250,000 - \$499,999	15	6	22	17
\$500,000 - \$749,999	10	1	9	24
\$750,000 - \$999,999	6	1	4	13
\$1,000,000 - \$2,499,999	5	1	3	16
\$2,500,000 - \$4,999,999	1	*	*	3
\$5,000,000 or more	2	1	1	5
Median	\$149,500	\$25,600	\$183,100	\$616,000

* Less than one percent

For those households with incomes of at least \$100,000, the median net worth is \$616,000, 24 times more than the typical household with an income of less than \$50,000.

NET WORTH AND FINANCIAL SITUATION

Just as income is correlated with net worth, boomers' financial situation is also positively related to net worth. Boomer households reporting financial difficulty have a typical net worth of \$18,000; more than four in ten have a net worth of less than \$10,000. For boomers who are financially comfortable or well-off, just under half of all households, the median net worth is \$436,500. Sixteen percent of this group reports a net worth of at least \$1 million.

EXHIBIT 4-8

HOUSEHOLD'S TOTAL NET WORTH, BY FINANCIAL SITUATION
(Percentage Distribution)

	All Baby Boomers	Having financial difficulty	Just enough to make ends meet	Financially comfortable or well off
Less than \$10,000	16%	43%	17%	3%
\$10,000 - \$24,999	8	12	13	2
\$25,000 - \$49,999	10	17	12	5
\$50,000 - \$99,999	11	11	16	7
\$100,000 - \$249,999	18	6	23	17
\$250,000 - \$499,999	15	4	12	22
\$500,000 - \$749,999	10	3	5	16
\$750,000 - \$999,999	6	1	1	12
\$1,000,000 - \$2,499,999	5	2	1	10
\$2,500,000 - \$ 4,999,999	1	*	*	2
\$5,000,000 or more	2	*	*	4
Median	\$149,500	\$18,000	\$76,900	\$436,500

* Less than one percent

NET WORTH OF HOMEOWNERS EXCEEDS RENTERS

The typical boomer homeowner has a net worth more than 10 times greater than the typical boomer renter household. The median net worth of homeowners is \$233,100, compared with \$21,200 among renters. More than one-third of renters reported a net worth of less than \$10,000, compared with 10 percent of homeowners. Few renters reported a net worth of at least \$500,000, compared with 29 percent of homeowners.

EXHIBIT 4-9

HOUSEHOLD'S TOTAL NET WORTH, BY HOMEOWNERSHIP
(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Less than \$10,000	16%	10%	35%	32%	37%	47%
\$10,000 - \$24,999	8	4	20	21	20	16
\$25,000 - \$49,999	10	8	17	15	18	13
\$50,000 - \$99,999	11	10	15	16	13	6
\$100,000 - \$249,999	18	21	8	8	7	3
\$250,000 - \$499,999	15	18	4	7	1	3
\$500,000 - \$749,999	10	12	*	1	*	13
\$750,000 - \$999,999	6	7	1	1	2	*
\$1,000,000 - \$2,499,999	5	7	*	*	*	*
\$2,500,000 - \$ 4,999,999	1	1	*	*	1	*
\$5,000,000 or more	2	2	*	*	*	*
Median	\$149,500	\$233,100	\$21,200	\$23,100	\$19,800	\$13,000

* Less than one percent

OWNERSHIP OF OTHER REAL ESTATE AND NET WORTH

Baby boomers who own real estate other than a primary residence report a far greater net worth than boomers who do not own other real estate. Owners of other real estate had a typical net worth of \$416,700, compared with \$98,500 among those who do not own real estate other than possibly a primary residence. Those households planning to purchase real estate in the next 12 months also report a median household net worth far greater than those with no plans to purchase real estate within a year. The typical household in the market to purchase real estate reported a net worth of \$337,000, compared with a typical net worth of \$131,800 for households with no plans to purchase real estate in the near future.

EQUITY IN PRIMARY RESIDENCE

The typical baby boomer homeowner has \$100,000 in equity in their primary residence. Thirty percent have less than \$50,000 in equity, while less than one in five report home equity of \$250,000 or more. Boomers in their 40s, with generally fewer years of homeownership experience, have a median of \$80,000 in home equity. Among older boomers, the typical household reports home equity of \$100,000, with nearly one-quarter noting that they have at least \$250,000 in equity.

EXHIBIT 4-10

HOUSEHOLD'S TOTAL NET WORTH, BY OWNERSHIP OF OTHER REAL ESTATE

(Percentage Distribution)

	All Baby Boomers	Real estate other than primary residence		Will purchase real estate	
		Own	Do not own	Likely in the next 12 months	NOT likely in the next 12 months
Less than \$10,000	16%	10%	18%	7%	17%
\$10,000 - \$24,999	8	2	10	9	8
\$25,000 - \$49,999	10	5	11	9	10
\$50,000 - \$99,999	11	9	12	3	12
\$100,000 - \$249,999	18	14	19	16	18
\$250,000 - \$499,999	15	15	14	15	15
\$500,000 - \$749,999	10	14	9	13	9
\$750,000 - \$999,999	6	10	4	3	6
\$1,000,000 - \$2,499,999	5	13	3	13	4
\$2,500,000 - \$4,999,999	1	3	*	4	1
\$5,000,000 or more	2	5	1	7	1
Median	\$149,500	\$416,700	\$98,500	\$337,000	\$131,800

* Less than one percent

EXHIBIT 4-11

EQUITY IN PRIMARY RESIDENCE, BY AGE

(Percentage Distribution Among Homeowners)

	All Baby Boomers	Age	
		42-49	50-60
Zero	2%	1%	2%
Less than \$10,000	6	4	8
\$10,000 to \$24,999	7	9	6
\$25,000 to \$49,999	15	18	12
\$50,000 to \$99,999	19	21	18
\$100,000 to \$149,999	15	16	15
\$150,000 to \$249,999	16	16	17
\$250,000 to \$499,999	14	11	17
\$500,000 to \$999,999	4	4	5
\$1,000,000 or more	1	*	1
Median	\$100,000	\$80,000	\$100,000

* Less than one percent

HOME EQUITY AND HOUSEHOLD INCOME

Higher-income boomers, who often own higher-value homes, report more home equity than lower-income households. Baby boomer households with incomes of \$50,000 or less typically have \$50,000 in home equity, with 13 percent reporting less than \$10,000. In contrast, higher-income boomer households, those with incomes of at least \$100,000, typically have \$150,000 in home equity. Within this group, 35 percent report equity of at least \$250,000.

RELATIONSHIP OF HOME EQUITY AND FINANCIAL SITUATION

Boomer households who report that they are having financial difficulty have a median home equity of \$30,000, with one-quarter reporting less than \$10,000. The household that is just making ends meet has somewhat higher home equity (a median of \$55,000), but even in this group 7 percent report equity of less than \$10,000. The level of home equity is far greater among those households who are financially comfortable or well-off. The typical household in this group has home equity of \$125,000, with one-quarter reporting at least \$250,000.

EXHIBIT 4-12

EQUITY IN PRIMARY RESIDENCE, BY INCOME

(Percentage Distribution Among Homeowners)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Zero	2%	2%	1%	1%
Less than \$10,000	6	11	5	4
\$10,000 to \$24,999	7	13	7	3
\$25,000 to \$49,999	15	21	17	7
\$50,000 to \$99,999	19	25	21	14
\$100,000 to \$149,999	15	11	19	14
\$150,000 to \$249,999	16	8	16	23
\$250,000 to \$499,999	14	4	10	27
\$500,000 to \$999,999	4	3	3	7
\$1,000,000 or more	1	1	*	1
Median	\$100,000	\$50,000	\$80,000	\$150,000

* Less than one percent

EXHIBIT 4-13

EQUITY IN PRIMARY RESIDENCE, BY FINANCIAL SITUATION

(Percentage Distribution Among Homeowners)

	All Baby Boomers	Having financial difficulty	Financial Situation	
			Just enough to make ends meet	Financially comfortable or well off
Zero	2%	6%	1%	1%
Less than \$10,000	6	19	6	4
\$10,000 to \$24,999	7	17	14	2
\$25,000 to \$49,999	15	19	22	10
\$50,000 to \$99,999	19	16	22	18
\$100,000 to \$149,999	15	9	12	18
\$150,000 to \$249,999	16	3	12	21
\$250,000 to \$499,999	14	9	10	17
\$500,000 to \$999,999	4	3	1	7
\$1,000,000 or more	1	*	*	1
Median	\$100,000	\$30,000	\$55,000	\$125,000

* Less than one percent

NON-REAL ESTATE ASSETS

While most households consider their home to be their most important asset, there are other assets in the mix, as well. For the typical baby boomer household, 50 percent of their assets are non-real estate. Only 8 percent of households have no non-real estate assets, while 15 percent report that all of their assets are something other than real estate. There is little difference in the share of non-real estate assets across each major boomer age group.

NON-REAL ESTATE ASSETS AND INCOME

The value of assets held by households varies by income, with higher-income households more frequently reporting a larger net worth. However, the share of net worth among real estate and non-real estate assets does not vary in any significant way across income groups. Households with incomes of less than \$50,000 typically hold 50 percent of their net worth in something other than real estate, comparable to the share reported by households with incomes of at least \$100,000. For households with incomes of \$50,000 to \$99,999, non-real estate net worth is typically a somewhat smaller share of assets suggesting that for these households real estate, and especially their primary residence, is a significant share of their financial holdings.

EXHIBIT 4-14

PROPORTION OF NET WORTH IN NON-REAL ESTATE ASSETS, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Zero	8%	5%	9%
1 to 10 percent	12	13	11
11 to 25 percent	13	13	12
26 to 50 percent	23	20	26
51 to 75 percent	20	20	20
76 to 90 percent	8	9	8
91 to 99 percent	2	2	2
100 percent	15	17	12
Median	50%	50%	50%

EXHIBIT 4-15

PROPORTION OF NET WORTH IN NON-REAL ESTATE ASSETS, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Zero	8%	10%	7%	5%
1 to 10 percent	12	14	13	8
11 to 25 percent	13	10	14	17
26 to 50 percent	23	18	26	23
51 to 75 percent	20	10	19	29
76 to 90 percent	8	3	8	13
91 to 99 percent	2	1	3	1
100 percent	15	35	9	4
Median	50%	50%	45%	50%

SIGNIFICANCE OF PRIMARY RESIDENCE IN NET WORTH

For the typical baby boomers who owns a home, their home accounts for 40 percent of their net worth. For younger baby boomer households, their primary residence accounts for 40 percent of their net worth, while older homeowners report that it accounts for 45 percent. Some of this difference can be accounted for by the length of time that older boomers have owned any home, with a longer period over which they could benefit from both price appreciation and equity gains through a reduction in their mortgage balance.

IMPORTANCE OF HOME EQUITY AMONG INCOME GROUPS

Homeownership accounts for a significant share of net worth for most baby boomer households, but especially among those with incomes of less than \$50,000. In this group, the typical household reports that their primary residence accounts for 57 percent of their net worth, compared to just over one-third of net worth among higher income households. While the dollar value of home equity held by higher-income households generally is greater, higher-income households also tend to invest in a larger number of other investments that can make home equity a smaller share of their overall investment portfolio.

EXHIBIT 4-16

PROPORTION OF NET WORTH IN PRIMARY RESIDENCE, BY AGE

(Percentage Distribution Among Homeowners)

	All Baby Boomers	Age	
		42-49	50-60
Zero	3%	4%	2%
1 to 10 percent	8	10	8
11 to 25 percent	18	16	19
26 to 50 percent	34	33	35
51 to 75 percent	17	16	18
76 to 90 percent	10	13	7
91 to 99 percent	4	4	4
100 percent	6	5	7
Median	40%	40%	45%

EXHIBIT 4-17

PROPORTION OF NET WORTH IN PRIMARY RESIDENCE, BY INCOME

(Percentage Distribution Among Homeowners)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Zero	3%	8%	2%	*
1 to 10 percent	8	9	8	10
11 to 25 percent	18	6	15	27
26 to 50 percent	34	27	33	40
51 to 75 percent	17	19	21	13
76 to 90 percent	10	13	12	6
91 to 99 percent	4	10	3	*
100 percent	6	10	6	4
Median	40%	57%	50%	34%

* Less than one percent

NET WORTH AND OTHER REAL ESTATE OWNED

For most baby boomers, ownership of investment real estate and land does not account for a significant share of their total net worth. Over three-quarters of baby boomers report that they do not own other real estate or that such ownership contributes little to their household net worth. Still, 13 percent report that investment real estate and land account for up to 25 percent of their net worth, with an additional 6 percent reporting that it accounts for 26 to 50 percent of their net worth.

Higher-income households are more likely to report that ownership of investment real estate and land accounts for a significant share of their net worth. For households with incomes of at least \$100,000, 35 percent report that investment real estate and land account for some portion of their net worth. For 10 percent of households in this group, it accounts for up to 10 percent of their net worth. Nearly one-quarter of higher-income baby boomer households report that investment real estate and land account for 11 to 75 percent of their net worth.

EXHIBIT 4-18

PROPORTION OF NET WORTH IN INVESTMENT REAL ESTATE AND LAND, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Zero	77%	88%	80%	65%
1 to 10 percent	7	1	5	10
11 to 25 percent	6	2	5	9
26 to 50 percent	6	4	7	9
51 to 75 percent	3	1	2	6
76 to 90 percent	1	3	1	*
91 to 99 percent	*	*	*	*
100 percent	1	1	*	*
Median	0%	0%	0%	0%

* Less than one percent

Over three-quarters of baby boomers report that they do not own other real estate or that such ownership contributes little to their household net worth.

NET WORTH AND OWNERSHIP OF OTHER REAL ESTATE

For a majority of baby boomers, investment real estate and land do not contribute to their net worth. However, for many who own real estate other than their primary residence, ownership of investment real estate and land is significant. For these households investment real estate and land typically accounts for 15 percent of net worth.

Among those looking to purchase real estate in the next 12 months, 34 percent report that investment real estate and land make a contribution to their household net worth. Thus, many likely near-term buyers of real estate are experienced real estate investors.

IMPORTANCE OF DIVERSIFICATION

Most baby boomers are aware of the importance of diversifying retirement investments. Seventy-nine percent of baby boomers report that it is important to diversify investments, with 21 percent noting that it is extremely important to do so. Higher-income boomers are more likely to view investment diversification as important, compared with lower-income boomer households. Ninety percent of households with incomes of at least \$100,000 believe investment diversification is important, compared with 71 percent of households with incomes of less than \$50,000.

EXHIBIT 4-19

PROPORTION OF NET WORTH IN INVESTMENT REAL ESTATE AND LAND, BY OWNERSHIP OF OTHER REAL ESTATE

(Percentage Distribution)

	All Baby Boomers	Real estate other than primary residence		Will purchase real estate	
		Own	Do not own	Likely in the next 12 months	NOT likely in the next 12 months
Zero	77%	25%	100%	66%	79%
1 to 10 percent	7	21	*	2	7
11 to 25 percent	6	18	*	11	5
26 to 50 percent	6	20	*	12	5
51 to 75 percent	3	9	*	8	2
76 to 90 percent	1	4	*	1	1
91 to 99 percent	*	*	*	*	*
100 percent	1	2	*	*	1
Median	0%	15%	0%	0%	0%

* Less than one percent

EXHIBIT 4-20

IMPORTANCE OF DIVERSIFYING RETIREMENT INVESTMENTS, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Extremely important	21%	14%	17%	33%
Very important	28	27	27	37
Important	30	29	35	21
Somewhat important	16	21	17	9
Not at all important	5	8	3	1
TOTAL IMPORTANT	79	71	79	90

* Less than one percent

DIVERSIFICATION AND OWNERSHIP OF OTHER REAL ESTATE

While a large share of boomer households recognize the value and importance of investment diversification, those who own real estate other than a primary residence place an even higher value on diversification. Among boomers who own other real estate, 83 percent consider investment diversification important, with 30 percent considering it extremely important. In comparison, 78 percent who do not own real estate other than possibly a primary residence consider diversification very important, with 18 percent viewing diversification as extremely important.

Among those likely to purchase real estate in the next 12 months, 86 percent consider diversification important with 37 percent listing it as extremely important. Among those not likely to purchase real estate in the next 12 months, 79 percent consider diversification important, but only 19 percent consider it extremely important. These differences suggest many households view real estate as one way to bring investment diversity to their portfolio, with likely near-term buyers most often to holding this view.

EXHIBIT 4-21

IMPORTANCE OF DIVERSIFYING RETIREMENT INVESTMENTS, BY OWNERSHIP OF OTHER REAL ESTATE

(Percentage Distribution)

	All Baby Boomers	Real estate other than primary residence		Will purchase real estate	
		Own	Do not own	Likely in the next 12 months	NOT likely in the next 12 months
Extremely important	21%	30%	18%	37%	19%
Very important	28	30	28	25	29
Important	30	22	33	24	31
Somewhat important	16	16	16	10	17
Not at all important	5	2	5	4	5
TOTAL IMPORTANT	79	83	78	86	79

Among boomers who own real estate other than their primary residence, 83 percent consider investment diversification important, with 30 percent considering it extremely important.

FINANCIAL PREPAREDNESS FOR RETIREMENT

Relatively few baby boomers consider themselves prepared for retirement. Twenty-five percent of boomers believe they are at least well prepared, while the remaining 75 percent describe themselves as either somewhat prepared or not prepared. Younger boomers are only somewhat less likely to report that they are prepared for retirement than older boomers. Twenty-eight percent of older boomer households describe themselves as prepared, compared with 21 percent of boomers in their 40s. Even in the older age group, only 3 percent consider themselves completely prepared.

INCOME INFLUENCES RETIREMENT PREPARATION

Household income is strongly related to whether or not baby boomers feel ready for retirement. Only 10 percent of households earning \$50,000 or less consider themselves prepared for retirement, while more than half, 56 percent, say they are not prepared at all. About one in five baby boomers with incomes of \$50,000 to \$99,999 believe they are prepared for retirement, but nearly half of boomers with household incomes of at least \$100,000 consider themselves prepared.

EXHIBIT 4-22

FINANCIAL PREPAREDNESS FOR RETIREMENT, BY AGE (Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Completely prepared	3%	2%	3%
Very well prepared	7	7	8
Well prepared	15	13	18
Somewhat prepared	43	42	44
Not prepared at all	32	37	28
TOTAL PREPARED	25	21	28

EXHIBIT 4-23

FINANCIAL PREPAREDNESS FOR RETIREMENT, BY INCOME (Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Completely prepared	3%	1%	2%	5%
Very well prepared	7	2	6	15
Well prepared	15	7	15	27
Somewhat prepared	43	34	52	41
Not prepared at all	32	56	26	11
TOTAL PREPARED	25	10	22	48

HOMEOWNERSHIP AND RETIREMENT

Among baby boomers who are homeowners, 30 percent believe they are prepared for retirement, compared with 25 percent of all baby boomers. For renters, the uncertainty of retirement looms large. Only 9 percent of renters consider themselves prepared for retirement, with 57 percent reporting that they are not prepared at all.

PREPARATIONS FOR RETIREMENT AND OWNERSHIP OF OTHER REAL ESTATE

While one-quarter of baby boomers feel prepared for retirement, 41 percent of those who own real estate other than a primary residence report that they are prepared. Within this group, only 14 percent consider themselves not prepared at all, compared with 38 percent of those who do not own real estate other than possibly a primary residence. Similarly, those households who report that they are likely to purchase real estate in the next 12 months are more likely to feel prepared than those who do not plan to make a purchase in the near-term.

EXHIBIT 4-24

FINANCIAL PREPAREDNESS FOR RETIREMENT, BY HOMEOWNERSHIP

(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Completely prepared	3%	3%	1%	*	1%	2%
Very well prepared	7	9	1	2	1	*
Well prepared	15	18	7	7	7	2
Somewhat prepared	43	46	34	40	29	24
Not prepared at all	32	24	57	50	62	73
TOTAL PREPARED	25	30	9	10	9	4

* Less than one percent

EXHIBIT 4-25

FINANCIAL PREPAREDNESS FOR RETIREMENT, BY OWNERSHIP OF OTHER REAL ESTATE

(Percentage Distribution)

	All Baby Boomers	Real estate other than primary residence		Will purchase real estate	
		Own	Do not own	Likely in the next 12 months	NOT likely in the next 12 months
Completely prepared	3%	5%	2%	10%	2%
Very well prepared	7	13	5	12	7
Well prepared	15	23	13	23	14
Somewhat prepared	43	45	43	28	45
Not prepared at all	32	14	38	27	32
TOTAL PREPARED	25	41	20	44	23

RETIREMENT ACCOUNTS

Part of being prepared for retirement is having a range of assets, such as one or more retirement accounts through which financial investments can be made. Fifty-four percent of baby boomers have a 401k or similar retirement account. Forty-two percent have a pension from a current or previous employer, although younger households are less likely than older households to report holding a retirement account of this type. Similar percentages of younger and older boomers also hold some form of individual retirement account (IRA).

RETIREMENT ACCOUNTS AND INCOME

Higher-income households are far more likely than lower-income households to hold each type of retirement account. While just over half of all boomer households have a 401k, 74 percent of households earning at least \$100,000 hold one. Higher-income households are nearly three times more likely to have an IRA than households earning \$50,000 or less. Fourteen percent of households with incomes of at least \$100,000 hold some of their assets in a real estate investment trust (REIT) compared with 4 percent of households earning less than \$50,000.

EXHIBIT 4-26

RETIREMENT ACCOUNTS, BY AGE

(Percent of Respondents)

	All Baby Boomers	Age	
		42-49	50-60
401k, 403b	54%	54%	54%
Pension from a current or previous employer	42	35	47
IRA, Roth IRA	41	38	43
SEP (Simplified Employee Pension Plan)	12	12	12
Investments in a REIT (Real estate investment trust)	7	6	7

EXHIBIT 4-27

RETIREMENT ACCOUNTS, BY INCOME

(Percent of Respondents)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
401k, 403b	54%	29%	64%	74%
Pension from a current or previous employer	42	26	45	60
IRA, Roth IRA	41	21	43	59
SEP (Simplified Employee Pension Plan)	12	6	12	22
Investments in a REIT (Real estate investment trust)	7	4	4	14

FINANCIAL SITUATION AND RETIREMENT ACCOUNTS

Not surprisingly, boomer households who are having financial difficulty are far less likely to hold any type of retirement account, compared with households who are financially comfortable or well-off. While nearly one-quarter of households having financial difficulty have a 401k, 70 percent of households who are financially comfortable hold this type of account. Households that are financially comfortable are five times more likely to have an IRA and 12 times more likely to have REIT investments than households having financial difficulty.

FINANCIAL ATTITUDES AND GOALS

Baby boomers share many attitudes and concerns about financial matters, some of which are reflected in how they view their own financial condition and how prepared they believe they are for retirement. Nearly two-thirds of baby boomers “strongly agree” or “agree” with the idea that it costs too much today to retire and never work again. Younger households are somewhat more likely to share this view than older households. Forty-two percent of boomer households expect to pay some college expenses for their children or grandchildren, with younger households holding this view more frequently than older households. Just

EXHIBIT 4-28

RETIREMENT ACCOUNTS, BY FINANCIAL SITUATION

(Percent of Respondents)

	All Baby Boomers	Having financial difficulty	Just enough to make ends meet	Financially comfortable or well off
401k, 403b	54%	24%	48%	70%
Pension from a current or previous employer	42	21	35	55
IRA, Roth IRA	41	13	25	64
SEP (Simplified Employee Pension Plan)	12	5	10	16
Investments in a REIT (Real estate investment trust)	7	1	3	12

EXHIBIT 4-29

FINANCIAL ATTITUDES AND GOALS, BY AGE

(Percent of Respondents Indicating “Strongly Agree” or “Agree”)

	All Baby Boomers	Age	
		42-49	50-60
It costs too much today to truly 'retire' and never work again.	65%	68%	63%
I expect to pay for at least some college expenses for my children or grandchildren.	42	48	37
I have so many current financial needs that I give little attention to financial planning for retirement.	38	40	36
It's important to me to leave a significant amount of money to my family.	35	39	32
I expect to help my children or grandchildren with a down payment for a house.	22	26	19
It's important to me to leave a significant amount of money to charitable organizations.	17	19	16
I expect to receive a sizeable enough inheritance that it will be a critical help for me during retirement.	14	16	12

over one-third of households admit that they give little attention to financial planning for retirement. Again, younger boomers more frequently agree with this view than older boomers. Still, younger boomers more often say that it is important for them to leave an inheritance than their older counterparts.

FINANCIAL ATTITUDES ARE RELATED TO INCOME

Financial attitudes are influenced by boomer household income in many cases. Households with incomes of less than \$50,000 are much more likely to agree with the view that it costs too much to retire and never work again while they are less likely to believe that they will pay some of the their children’s or grandchildren’s college expenses. Lower-income households also are more than three times as likely to report that they have so many current financial obligations that they do not pay attention to financial planning. Regardless of income there is little difference in agreement with the view that it is important to leave a significant amount of money to one’s family.

EXHIBIT 4-30

FINANCIAL ATTITUDES AND GOALS, BY INCOME

(Percent of Respondents Indicating “Strongly Agree” or “Agree”)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
It costs too much today to truly 'retire' and never work again.	65%	77%	66%	51%
I expect to pay for at least some college expenses for my children or grandchildren.	42	28	41	65
I have so many current financial needs that I give little attention to financial planning for retirement.	38	58	34	18
It's important to me to leave a significant amount of money to my family.	35	36	31	38
I expect to help my children or grandchildren with a down payment for a house.	22	16	18	39
It's important to me to leave a significant amount of money to charitable organizations.	17	18	14	20
I expect to receive a sizeable enough inheritance that it will be a critical help for me during retirement.	14	18	13	13

Forty-two percent of boomer households expect to pay some college expenses for their children or grandchildren, with younger households holding this view more frequently than older households.

FINANCIAL ATTITUDES AND FINANCIAL SITUATION

Baby boomers' financial situations very strongly influence attitudes about future financial goals. For example, 83 percent of households who are having financial difficulty believe that it costs too much to retire. Also among this group, 77 percent report they have so many financial obligations that they give little attention to financial planning. However, those facing financial difficulty are somewhat more likely to feel that it is important to leave a significant amount of money to their family.

EXHIBIT 4-31

FINANCIAL ATTITUDES AND GOALS, BY FINANCIAL SITUATION

(Percent of Respondents Indicating "Strongly Agree" or "Agree")

	All Baby Boomers	Having financial difficulty	Just enough to make ends meet	Financially comfortable or well off
It costs too much today to truly 'retire' and never work again.	65%	83%	80%	47%
I expect to pay for at least some college expenses for my children or grandchildren.	42	28	41	48
I have so many current financial needs that I give little attention to financial planning for retirement.	38	77	55	10
It's important to me to leave a significant amount of money to my family.	35	40	33	35
I expect to help my children or grandchildren with a down payment for a house.	22	14	20	27
It's important to me to leave a significant amount of money to charitable organizations.	17	17	16	19
I expect to receive a sizeable enough inheritance that it will be a critical help for me during retirement.	14	11	15	14

. . . 83 percent of households who are having financial difficulty believe that it costs too much to retire.

HOMEOWNERSHIP AFFECTS GOALS AND ATTITUDES

There are also some differences in financial attitudes between homeowners and renters. For example, 72 percent of renters feel it costs too much to retire and never work again, compared with 63 percent of homeowners. Fifty-five percent of renters report that they have so many financial obligations that they do not plan for their retirement, while 32 percent of homeowners share this attitude. Additionally, almost a quarter of homeowners report they expect to help their children or grandchildren with a down-payment for a house.

EXHIBIT 4-32

FINANCIAL ATTITUDES AND GOALS, BY HOMEOWNERSHIP

(Percent of Respondents Indicating "Strongly Agree" or "Agree")

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
It costs too much today to truly 'retire' and never work again.	65%	63%	72%	73%	72%	84%
I expect to pay for at least some college expenses for my children or grandchildren.	42	46	30	36	25	22
I have so many current financial needs that I give little attention to financial planning for retirement.	38	32	55	49	60	68
It's important to me to leave a significant amount of money to my family.	35	35	37	30	43	29
I expect to help my children or grandchildren with a down payment for a house.	22	24	16	19	13	11
It's important to me to leave a significant amount of money to charitable organizations.	17	17	18	19	16	33
I expect to receive a sizeable enough inheritance that it will be a critical help for me during retirement.	14	14	13	14	11	15

CHAPTER 5: BABY BOOMERS' PLANS AND EXPECTATIONS

M**ANY BABY BOOMERS WILL CONTINUE TO INVEST IN REAL ESTATE EVEN**

as retirement planning takes on added urgency. Investing in real estate is strongly related to how comfortable boomers feel about their current and future financial situation. Higher-income baby boomers and those well-prepared for retirement are the most likely to continue investing in real estate, even into retirement. In addition to these investment decisions, boomers will also be planning how they want to live in retirement, including where they plan to retire and determining the types of locations that offer the most amenities. Together, direct investment in housing and boomer choices about retirement will have broad and influential impacts on the real estate market and local communities nationwide.

Higher-income baby boomers and those well-prepared for retirement are the most likely to continue investing in real estate, even into retirement.

LIKELIHOOD OF PURCHASING REAL ESTATE

Baby boomers have a close relationship to real estate as evidenced by their homeownership rate of 78 percent. Baby boomers will remain an active part of real estate markets in the years ahead, as well. Eleven percent of baby boomers report that they are likely to purchase real estate in the next 12 months. About one in eight younger baby boomers report that they are likely to purchase real estate in the next 12 months, compared with about one in ten older boomers. It should be noted, however, that those planning to make a purchase may not actually follow through on their intentions for a number of reasons or may not complete a transaction in the timeframe they expect.

LIKELIHOOD AMONG INCOME GROUPS

Higher-income baby boomers – households earning at least \$100,000 annually – are twice as likely to purchase real estate in the near term, compared with lower-income boomers with household incomes of less than \$50,000. Overall, 16 percent of higher-income boomers plan to purchase real estate in the next 12 months, while 8 percent of lower-income boomers plan to make a real estate purchase. Among higher-income boomer households, 11 percent are extremely or very likely to make a purchase, compared with 4 percent of lower-income boomers and 7 percent of boomers with incomes of \$50,000 to \$99,999.

EXHIBIT 5-1

LIKELIHOOD OF PURCHASING REAL ESTATE IN THE NEXT 12 MONTHS, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Extremely likely	3%	4%	3%
Very likely	4	5	3
Likely	3	3	3
Somewhat likely	17	17	16
Not likely at all	73	71	75
TOTAL LIKELY	11	12	9

EXHIBIT 5-2

LIKELIHOOD OF PURCHASING REAL ESTATE IN THE NEXT 12 MONTHS, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Extremely likely	3%	2%	3%	5%
Very likely	4	2	4	6
Likely	3	3	3	4
Somewhat likely	17	15	15	22
Not likely at all	73	78	75	62
TOTAL LIKELY	11	8	10	16

LIKELIHOOD OF PURCHASING ADDITIONAL REAL ESTATE

Among younger boomers who are extremely or very likely to purchase real estate, some will be looking to purchase their first home or trade up to another home. However, for those boomers who own real estate other than a primary residence, 17 percent report that they are likely to purchase real estate in the near-term compared with 8 percent of boomers who do not own real estate other than possibly a primary residence.

WHAT BOOMERS PLAN TO PURCHASE

Among boomers who are extremely or very likely to purchase real estate in the near-term, two-thirds report that they are in the market for a primary residence. Just over one-quarter is looking for land and one in five are looking to purchase rental property. Vacation homes are a significant segment of the market for baby boomers as well, with 15 percent indicating that they plan to make a purchase in the next 12 months.

EXHIBIT 5-3

LIKELIHOOD OF PURCHASING REAL ESTATE IN THE NEXT 12 MONTHS, BY OWNERSHIP OF OTHER REAL ESTATE

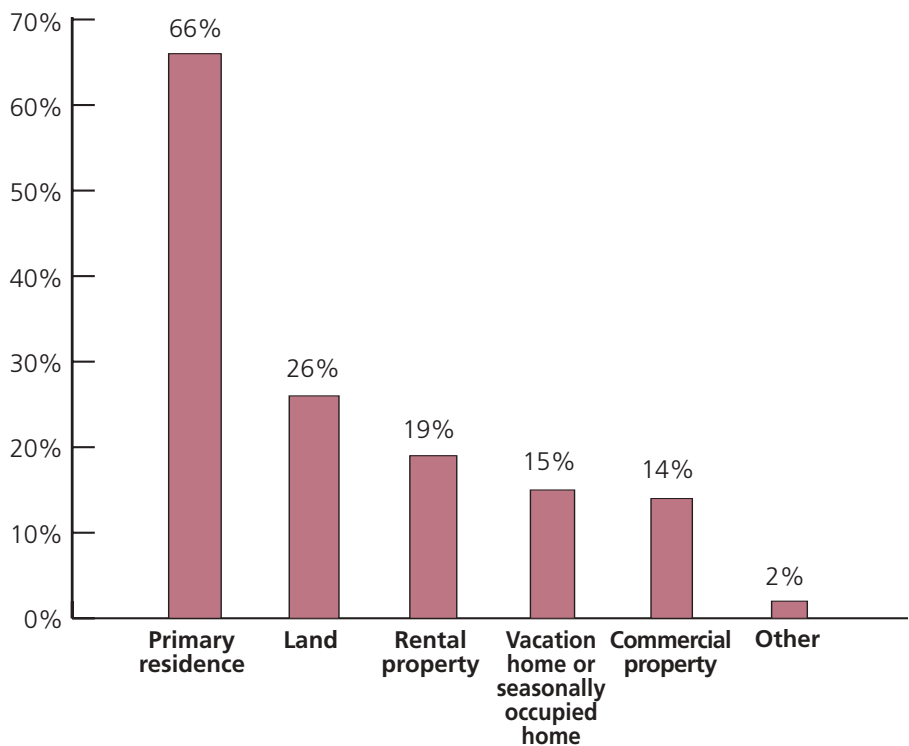
(Percentage Distribution)

	All Baby Boomers	Real estate other than primary residence	
		Own	Do not own
Extremely likely	3%	4%	3%
Very likely	4	7	3
Likely	3	5	3
Somewhat likely	17	19	16
Not likely at all	73	64	76
TOTAL LIKELY	11	17	8

EXHIBIT 5-4

TYPE OF REAL ESTATE LIKELY BUYERS PLAN TO PURCHASE

(Percent of Respondents Among those "Extremely" or "Very" Likely to Purchase in Next 12 Months)



BOOMER PURCHASE PLANS BY AGE

There are some differences among younger and older boomers in the type of real estate they plan to purchase. Sixty-one percent of boomers in their 40s who are likely to purchase real estate in the next year plan to purchase a primary residence, compared with 73 percent of older boomers. Compared with their older counterparts, a greater percentage of younger boomers report they are extremely or very likely to purchase all other types of real estate. Younger boomers in the market to purchase real estate are twice as likely to be planning a rental property purchase and more than twice as likely to be in the market for a vacation home or commercial property.

PURCHASE PLANS AND INCOME

Purchase plans also vary considerably by income. Among boomers with household incomes of less than \$100,000 75 percent are planning to purchase a primary residence compared with 50 percent of those in households earning more than \$100,000. Higher-income baby boomers are far more likely to be in the market for a vacation home, a commercial property, or land. Both groups of boomers are about as likely to be in the market for rental properties, however.

EXHIBIT 5-5

TYPE OF REAL ESTATE LIKELY BUYERS PLAN TO PURCHASE, BY AGE

(Percent of Respondents Among those "Extremely" or "Very" Likely to Purchase in Next 12 Months)

	All Baby Boomers	Age	
		42-49	50-60
Primary residence	66%	61%	73%
Land	26	28	23
Rental property	19	24	12
Vacation home or seasonally occupied home	15	19	8
Commercial property	14	18	8
Other	2	1	3

EXHIBIT 5-6

TYPE OF REAL ESTATE LIKELY BUYERS PLAN TO PURCHASE, BY INCOME

(Percent of Respondents Among those "Extremely" or "Very" Likely to Purchase in Next 12 Months)

	All Baby Boomers	Household Income (2005)	
		Less than \$100,000	\$100,000 or more
Primary residence	66%	75%	50%
Land	26	17	33
Rental property	19	20	22
Vacation home or seasonally occupied home	15	6	27
Commercial property	14	6	29
Other	2	3	*

* Less than one percent

PURCHASE PLANS AND OWNERSHIP OF OTHER REAL ESTATE

Among baby boomers in the market to purchase real estate, 85 percent of those who do not own real estate other than possibly a primary residence, are planning to buy a primary residence. This group includes the “typical” home buyer looking to purchase another primary residence. A far smaller share of boomers who own real estate other than a primary residence are planning to purchase a primary residence. This group is more likely to be in the market for other types of property such as a vacation home, rental or commercial property, or land.

NEW OR PREVIOUSLY OWNED

When in the market for a property, some buyers have a preference for new or previously owned properties, while other buyers will consider both. Among those boomers in the market to purchase a primary residence, 22 percent were looking for new construction, 33 percent were looking for previously owned properties and 45 percent would consider both. Relatively few potential vacation-home and rental-property buyers were looking specifically for new construction.

EXHIBIT 5-7

TYPE OF REAL ESTATE LIKELY BUYERS PLAN TO PURCHASE, BY OWNERSHIP OF OTHER REAL ESTATE

(Percent of Respondents Among those “Extremely” or “Very” Likely to Purchase in Next 12 Months)

	All Respondents	Real estate other than primary residence	
		Own	Do not own
Primary residence	66%	36%	85%
Land	26	39	17
Rental property	19	27	13
Vacation home or seasonally occupied home	15	18	13
Commercial property	14	21	9
Other	2	4	1

EXHIBIT 5-8

CONSIDERING NEW OR PREVIOUSLY OWNED PROPERTY, BY TYPE OF REAL ESTATE

(Percent of Respondents Among those “Extremely” or “Very” Likely to Purchase in Next 12 Months)

	Primary residence	Vacation home or seasonally occupied home	Rental property
New construction	22%	4%	*
Previously owned	33	46	55
Both	45	49	45

* Less than one percent

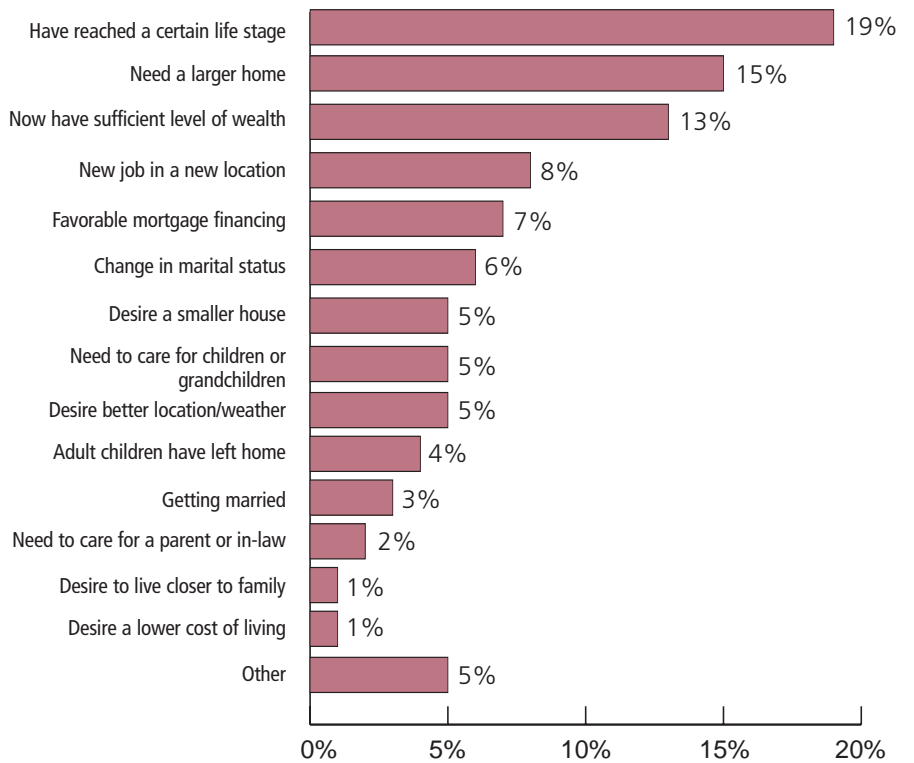
REASONS FOR BUYING A PRIMARY RESIDENCE

The chief reason buyers are in the market to purchase a primary residence is that they have reached a stage in their lives where they want to purchase a home. For example, first-time buyers may desire a home of their own, or there may be lifestyle considerations that are important to some boomers at this point in their life. Fifteen percent of buyers are looking for a larger home, while 13 percent have the financial resources to purchase a primary residence.

EXHIBIT 5-9

MOST IMPORTANT REASON FOR BUYING A PRIMARY RESIDENCE AT THIS POINT IN LIFE

(Percentage Distribution Among those "Extremely" or "Very" Likely to Purchase a Primary Residence in Next 12 Months)



Fifteen percent of buyers are looking for a larger home, while 13 percent have the financial resources to purchase a primary residence.

WHY IN THE MARKET FOR A HOME NOW

There are many factors that boomers consider when deciding whether or not to seriously look for a home. Some of these factors are lifestyle related and others are driven by financial reasons. Among all boomers, 49 percent said that having a sufficient level of wealth mattered a great deal or a fair amount when deciding whether or not to buy a home. Favorable mortgage financing ranked second, followed by those factors associated with reaching a certain stage in life. For renters, a favorable mortgage rate was the most important factor in their decision to look for a home followed by having sufficient wealth.

EXHIBIT 5-10

CONSIDERATIONS WHEN DECIDING TO BUY A PRIMARY RESIDENCE, BY HOMEOWNERSHIP

(Percent of Respondents Considering each "A Great Deal" or "A Fair Amount")

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Having a sufficient level of wealth	49%	46%	58%	59%	58%	53%
Favorable mortgage financing	48	45	62	63	60	42
Reaching a certain life stage	42	43	39	35	41	35
Desire for better location/ weather	37	38	35	28	41	25
Change in my health	28	29	29	32	26	22
Desire for a larger home	25	24	30	30	30	20
New job in a new location	24	24	23	30	18	13
Desire to live closer to family	23	22	27	27	27	35
Desire for a smaller house	19	20	14	19	11	18
Need to care for children or grandchildren	18	18	18	17	20	13
Need to care for a parent	16	16	15	14	17	15
Change in marital status (e.g., divorce/separation, etc.)	15	14	18	27	11	18
Getting married	10	7	19	20	18	9
New child in family	6	6	7	6	7	*

* Less than one percent

Among all boomers, 49 percent said that having a sufficient level of wealth mattered a great deal or a fair amount when deciding whether or not to buy a home.

FINANCIAL SITUATION AND A HOME PURCHASE

Not surprisingly, boomers who have some degree of financial difficulty were more likely than those in a favorable situation to weigh financial factors, such as having a sufficient level of wealth and favorable mortgage financing, when deciding to enter the housing market. For boomers who are just making ends meet, a favorable mortgage rate was the most important factor, while those who are financially comfortable or well-off considered their own wealth and life stage equally.

EXHIBIT 5-11

CONSIDERATIONS WHEN DECIDING TO BUY A PRIMARY RESIDENCE, BY FINANCIAL CONDITION

(Percent of Respondents Considering each "A Great Deal" or "A Fair Amount")

	All Baby Boomers	Having financial difficulty	Just enough to make ends meet	Financially comfortable or well off
Having a sufficient level of wealth	49%	53%	50%	46%
Favorable mortgage financing	48	53	57	40
Reaching a certain life stage	42	38	39	46
Desire for better location/ weather	37	40	37	37
Change in my health	28	36	27	27
Desire for a larger home	25	25	26	24
New job in a new location	24	26	25	21
Desire to live closer to family	23	29	25	20
Desire for a smaller house	19	18	20	19
Need to care for children or grandchildren	18	21	22	13
Need to care for a parent	16	21	16	13
Change in marital status (e.g., divorce/separation, etc.)	15	19	14	13
Getting married	10	16	11	6
New child in family	6	8	8	4

REASONS FOR BUYING A VACATION HOME

The most frequently cited reason for purchasing a vacation home among those likely to make a purchase was a desire to have a home to use for vacations (47 percent), followed by having sufficient wealth (43 percent), and owning a home to use as a family retreat (39 percent). About one in five potential vacation-home buyers considered the investment potential of a vacation home.

PLAN TO CONVERT VACATION HOME TO PRIMARY RESIDENCE

Some boomers plan to convert their vacation or seasonal home to a primary residence at some point in the future. Especially as baby boomers approach retirement, this option may be more appealing and is one factor motivating the purchase of a vacation home. Among baby boomers who report that they are very or extremely likely to purchase a vacation home, 39 percent plan to convert it to their primary residence at some point in the future.

EXHIBIT 5-12

MAIN REASONS FOR BUYING A VACATION OR SEASONAL HOME AT THIS POINT IN LIFE

(Percent of Respondents Among those "Extremely" or "Very" Likely to Purchase a Vacation or Seasonal Home in the Next 12 Months)

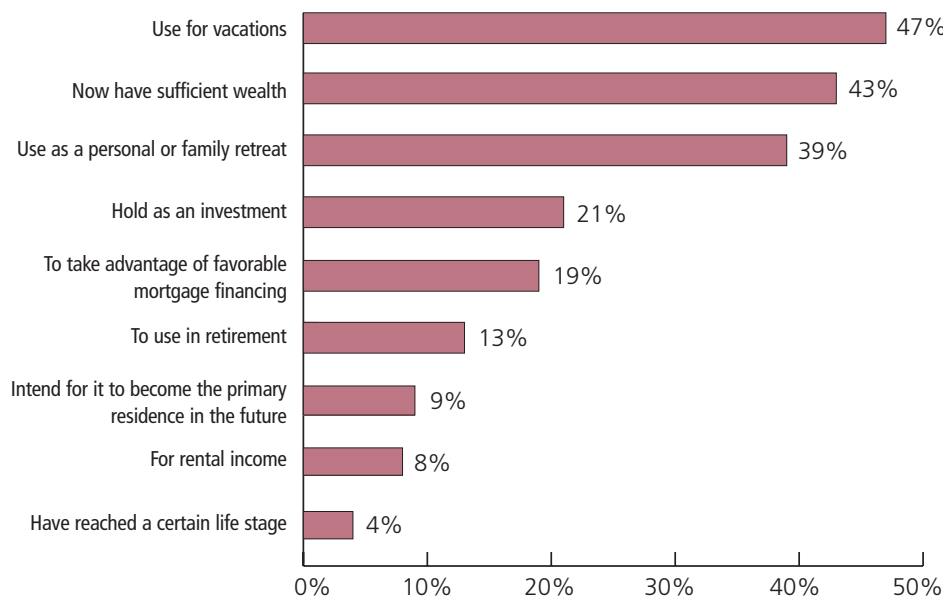
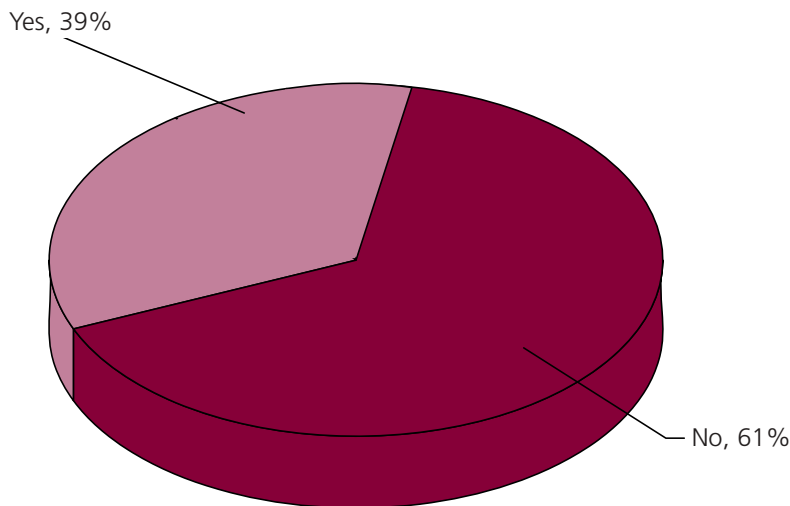


EXHIBIT 5-13

PLAN TO MAKE THE SEASONAL OR VACATION HOME PRIMARY RESIDENCE

(Percent of Respondents Among those "Extremely" or "Very" Likely to Purchase a Vacation or Seasonal Home in the Next 12 Months)



TAKING THE FIRST STEP TO PURCHASING REAL ESTATE

The Internet continues to be where a majority of home buyers begin the home search process. Among boomers who are likely to purchase real estate in the next several months, 73 percent have used the Internet to search for a home. Among those who already own a home, 78 percent have used the Internet, compared with 57 percent of renters looking to purchase a home. Over four in ten boomers have driven around specific neighborhoods or looked at real estate listings in the local newspaper. Just over one-third has started working with a real estate agent. However, over a quarter of renters who are extremely or very likely to purchase real estate in the next 12 months reported not having taken any steps yet.

CONCERN ABOUT AFFORDABLE HOUSING

Baby boomers have a number of concerns about their future financial situation. They also have concerns about the future affordability of housing. Forty percent of boomers have some level of concern about the affordability of housing in the future, with one in ten extremely concerned. Younger boomers exhibit greater concern than older boomers. One-third of older boomers indicate that they are not at all concerned about future housing affordability, compared to one-quarter of younger boomers.

EXHIBIT 5-14

STEPS TAKEN TOWARD PURCHASING REAL ESTATE, BY HOMEOWNERSHIP

(Percent of Respondents Among those "Extremely" or "Very" Likely to Purchase Real Estate in the Next 12 Months)

	All Respondents	Own	Rent		
			All Renters	Previous homeowner	Never owned a home
Used Internet to search for homes	73%	78%	57%	63%	47%
Driven around specific neighborhoods	43	42	40	40	40
Looked at the real estate listings in the local newspaper	42	42	41	37	47
Worked with a real estate agent	37	38	34	37	27
Read home books/magazines	34	39	20	16	25
Visited open houses	31	30	34	42	20
Researched mortgage options	30	28	34	37	33
Visited new construction site	29	35	6	10	6
Gotten pre-approved for a mortgage	26	23	34	30	40
Visited real estate offices	17	17	17	15	20
Have not taken any steps	15	11	29	20	40
Other	9	9	6	*	13

* Less than one percent

EXHIBIT 5-15

CONCERN ABOUT FUTURE HOUSING AFFORDABILITY, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Not at all concerned	30%	26%	33%
Somewhat concerned	30	32	29
Concerned	17	17	17
Very concerned	13	14	11
Extremely concerned	11	12	10
TOTAL CONCERNED	40	42	38

AFFORDABILITY CONCERNS AND INCOME

While four in ten boomers report that they are concerned about future housing affordability, the level of concern also is closely related to household income. Half of boomers with household incomes of less than \$50,000 expressed concern about future housing affordability, compared with 29 percent of higher-income boomer households earning at least \$100,000 annually.

RETIREMENT AND CONCERNS ABOUT AFFORDABILITY

Concerns about the future affordability of housing play out most clearly in boomers' views about retirement. Sixty percent of boomers who are not at all prepared for retirement are concerned about housing affordability, with one in five extremely concerned. Far fewer boomers who consider themselves somewhat prepared for retirement are extremely concerned about affordability, although over one-third show some degree of concern. Among those who are well prepared for retirement, 19 percent report some level of concern, with only 2 percent noting that they are extremely concerned.

EXHIBIT 5-16

CONCERN ABOUT FUTURE HOUSING AFFORDABILITY, BY INCOME (Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Not at all concerned	30%	25%	26%	43%
Somewhat concerned	30	25	35	28
Concerned	17	19	18	13
Very concerned	13	17	11	9
Extremely concerned	11	14	10	6
TOTAL CONCERNED	40	50	39	29

EXHIBIT 5-17

CONCERN ABOUT FUTURE HOUSING AFFORDABILITY, BY FINANCIAL PREPAREDNESS FOR RETIREMENT (Percentage Distribution)

	All Baby Boomers	Not prepared at all	Somewhat prepared	Well prepared
Somewhat concerned	30	21	38	28
Concerned	17	18	19	13
Very concerned	13	21	11	4
Extremely concerned	11	21	8	2
TOTAL CONCERNED	40	60	38	19

HOMEOWNERSHIP AND AFFORDABILITY CONCERNS

Homeowners are generally far less concerned about future housing affordability than renters. Thirty-four percent of homeowners report some level of concern, with 8 percent being extremely concerned. Among renters, nearly two-thirds are concerned about affordability with one in five indicating that they are extremely concerned.

EXHIBIT 5-18

CONCERN ABOUT FUTURE HOUSING AFFORDABILITY, BY HOMEOWNERSHIP

(Percentage Distribution)

	All Baby Boomers	Own	Rent			Other
			All Renters	Previous homeowner	Never owned a home	
Not at all concerned	30%	34%	13%	12%	14%	24%
Somewhat concerned	30	32	24	23	24	15
Concerned	17	15	23	27	20	18
Very concerned	13	11	20	19	21	13
Extremely concerned	11	8	20	19	21	31
TOTAL CONCERNED	40	34	63	65	62	62

IDEAL PLANS FOR RETIREMENT

Boomers have an array of preferences when considering how they want to live in retirement. Unlike the expectations of generations past, relatively few boomers (26 percent) plan to stop working for pay upon retirement. Instead, one-third plan to go back and forth between periods of work and leisure; another quarter plan to work part- or full-time. Both younger and older boomers share these expectations. Younger baby boomers more often indicated that they would like to start a business.

EXHIBIT 5-19

IDEAL PLAN FOR HOW TO LIVE IN RETIREMENT, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Never working for pay again	26%	25%	27%
Working full-time	7	8	6
Working part-time	17	16	18
Starting own business	11	14	8
Going back and forth between periods of work and periods of leisure as needs or desire change	33	32	33
Other	7	5	8

RETIREMENT PLANS AMONG INCOME GROUPS

Ideal retirement plans are quite consistent across income groups, varying only somewhat between those with highest and those with lowest household incomes. Lower-income boomer households, those earning less than \$50,000 annually, are less likely to report that they plan to spend time both in and out of the work force (24 percent), compared with approximately 40 percent of middle- and upper-income households who plan to do so.

PLANS AND PREPAREDNESS

Preparedness for retirement also influences a boomer's ideal plans for retirement. Twenty-nine percent of those boomers who are not at all prepared for retirement would like to never work again, slightly higher than the percentage among all baby boomers and also higher than those who are somewhat prepared for retirement. Those who are somewhat prepared for retirement are more likely to report that they will go back and forth between periods of work and leisure (40 percent) than boomers who are unprepared for retirement (23 percent). Boomers who are well prepared for retirement are the most likely to indicate that they will never work for pay again and about as likely as all baby boomers to plan on going back and forth between periods of work and leisure.

EXHIBIT 5-20

IDEAL PLAN FOR HOW TO LIVE IN RETIREMENT, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Never working for pay again	26%	29%	25%	24%
Working full-time	7	8	7	5
Working part-time	17	18	16	17
Starting own business	11	12	10	11
Going back and forth between periods of work and periods of leisure as needs or desire change	33	24	39	40
Other	7	9	3	3

EXHIBIT 5-21

IDEAL PLAN FOR HOW TO LIVE IN RETIREMENT, BY FINANCIAL PREPAREDNESS FOR RETIREMENT

(Percentage Distribution)

	All Baby Boomers	Not prepared at all	Somewhat prepared	Well prepared
Working full-time	7	9	5	6
Working part-time	17	17	19	15
Starting own business	11	14	10	9
Going back and forth between periods of work and periods of leisure as needs or desires change	33	23	40	33
Other	7	9	5	6

ELIGIBILITY FOR SOCIAL SECURITY

The age at which one is eligible for Social Security is often a benchmark date for stopping work completely or beginning to work part-time. For baby boomers, four in 10 plan to work beyond the time they are eligible for full Social Security. Younger workers, perhaps more uncertain about their financial future, report that they are more likely than older boomers to work beyond their eligibility age.

WORKING AND FINANCIAL PREPAREDNESS

While four in 10 boomers plan to work beyond the age they are eligible for Social Security, the extent to which these adults feel prepared for retirement also plays a role in plans for how long to work. Well over half of boomers (56 percent) who are not at all prepared for retirement report that they will work past the age of eligibility for Social Security, while just over one quarter (28 percent) of those who are well prepared have similar plans.

EXHIBIT 5-22

LIKELIHOOD OF WORKING BEYOND TIME OF SOCIAL SECURITY ELIGIBILITY, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Extremely likely	9%	8%	11%
Very likely	14	15	13
Likely	17	23	13
Somewhat likely	30	31	30
Not at all likely	29	23	33
TOTAL LIKELY	41	46	37

EXHIBIT 5-23

LIKELIHOOD OF WORKING BEYOND TIME OF SOCIAL SECURITY ELIGIBILITY, BY FINANCIAL PREPAREDNESS FOR RETIREMENT

(Percentage Distribution)

	All Baby Boomers	Not prepared at all	Somewhat prepared	Well prepared
Very likely	14	19	14	8
Likely	17	22	16	14
Somewhat likely	30	22	38	28
Not at all likely	29	22	24	44
TOTAL LIKELY	41	56	37	28

AGE TO STOP WORKING

The median age at which baby boomers plan to stop working is 70. Twenty-eight percent of boomers plan to stop working at 64 or younger, while a similar percentage (27 percent) have no plans to stop working. The level of boomers' financial preparedness for retirement is reflected most clearly in these two extremes, early retirement or continuing to work indefinitely. While 70 is the median expected age at which all boomers plan to retire, over one-third of those not prepared for retirement do not expect to stop working at all. One-quarter of those who are only somewhat prepared do not plan to stop working. Among those that are well prepared for retirement, four in 10 plan to stop working at age 64 or younger and only 19 percent plan to never stop working.

ROLE OF PRIMARY RESIDENCE IN FUNDING RETIREMENT

For many boomers, their home is the largest asset they own that will help fund retirement. Individuals may, for example, choose to downsize to a smaller home in a more favorable location or become renters and use their home equity to support their retirement. Among baby boomers, 48 percent do not plan to rely at all on their home to fund retirement, while 33 percent plan to rely on it some-

EXHIBIT 5-24

AGE AT WHICH BOOMERS EXPECT TO STOP WORKING, BY FINANCIAL PREPAREDNESS FOR RETIREMENT

(Percentage Distribution)

	All Baby Boomers	Not prepared at all	Somewhat prepared	Well prepared
64 or younger	28%	23%	24%	41%
65	14	11	15	14
66 to 69	7	5	9	5
70	16	15	18	14
71 or older	9	11	10	7
Never intend to stop working	27	35	25	19
Median	70	70	70	65

EXHIBIT 5-25

PLAN TO RELY ON THE VALUE OF PRIMARY RESIDENCE TO FUND RETIREMENT, BY FINANCIAL PREPAREDNESS FOR RETIREMENT

(Percentage Distribution Among Current Homeowners)

	All Homeowners	Not prepared at all	Somewhat prepared	Well prepared
Not at all	48%	47%	43%	57%
Somewhat	33	29	39	29
A fair amount	11	14	12	9
A great deal	7	10	6	6

what. An additional 11 percent expect to rely on their home a fair amount, and fewer than one in 10 plans to rely on their home a great deal. Among those who are not prepared or only somewhat prepared for retirement, just over half plan to rely to some extent on their home to fund retirement.

COMING UP SHORT

For those boomers who plan to rely on their home a fair amount or a great deal in funding retirement, it becomes necessary to consider what would happen if, for some reason, they were unable to realize their expected contribution to retirement from their home. For boomers not prepared for retirement, most reported that they would have to continue working, would need to sell their current home and downsize or move to a location with a lower cost of living or some combination of these alternatives. Boomers who are somewhat prepared or well prepared more often reported that they would need to sell their current home and downsize and were less likely to consider working beyond the time they planned to retire.

EXHIBIT 5-26

EFFECT ON RETIREMENT PLANS IF UNABLE TO REALIZE ESTIMATED VALUE OF HOME, BY FINANCIAL PREPAREDNESS FOR RETIREMENT

(Percent of Respondents Among those who Plan to Rely a "Great Deal" or a "Fair Amount" on their Home to Fund Retirement)

	All Respondents	Not prepared at all	Somewhat prepared	Well prepared
Would need to sell my current home and move into smaller quarters	51%	48%	56%	45%
Would have to keep working and not be able to stop working completely	43	61	35	35
Would need to move to a location with a lower cost of living	33	33	38	23
Fall back on investments	2	*	*	9
Would stay in the same house/ House will be paid off	2	1	3	*
Would probably need to move in with my children	1	3	*	*
Would have only one instead of two houses	1	*	1	2
Would never sell my home	1	*	1	2
Other	2	*	2	4
None/nothing	3	*	5	6

* Less than one percent

Among baby boomers, 48 percent do not plan to rely at all on their home to fund retirement, while 33 percent plan to rely on it somewhat.

IDEAL REGION TO RETIRE

Most adults, when planning where they would like to retire, have a preference for a particular region of the country. Many baby boomers (42 percent) would like to retire in the South, while just under one-third would like to retire in the West. The Northeast was the least popular location with 12 percent of boomers choosing this region as their ideal location to retire.

IDEAL REGION AND INCOME

While there is little difference in the preferences among younger and older baby boomers when considering the ideal region in which to retire, there are some differences in preference among households of different income levels. While the South and the West remain the most popular regions among all income groups, boomers earning at least \$100,000 are more likely to consider the West an ideal location than those earning less. In contrast, boomers earning less than \$50,000 more frequently select the South as the ideal region in which to retire.

EXHIBIT 5-27

IDEAL REGION TO RETIRE, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Northeast	12%	12%	11%
Midwest	15	16	14
South	42	40	43
West	32	32	32

EXHIBIT 5-28

IDEAL REGION TO RETIRE, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Northeast	12%	10%	13%	7%
Midwest	15	15	15	13
South	42	45	42	41
West	32	30	30	39

IDEAL LOCATION

Within any region, there are a variety of different locations to consider including urban or city areas, suburban settings or small towns and rural areas. Small towns and rural areas are the most commonly selected locations that baby boomers would consider when deciding where to retire. Rural areas are more often cited as the ideal location by older baby boomers, while younger boomers report a somewhat stronger preference for small towns.

IDEAL LOCATION AMONG INCOME GROUPS

Income plays a role in determining where baby boomers would like to retire. Boomers with household incomes of at least \$100,000 are more likely to choose an urban or city area as an ideal location compared with boomers with lower incomes. Among those earning less than \$50,000, 40 percent would like to move to a rural location compared with 23 percent of households with incomes of at least \$100,000. The cost of living in retirement is likely one of the factors underlying this difference.

EXHIBIT 5-29

IDEAL LOCATION TO RETIRE, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Urban or city area	12%	12%	12%
Suburban area	25	25	25
Small town	30	32	29
Rural area	33	31	34

EXHIBIT 5-30

IDEAL LOCATION TO RETIRE, BY INCOME

(Percentage Distribution)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Urban or city area	12%	12%	12%	16%
Suburban area	25	18	26	35
Small town	30	30	31	27
Rural area	33	40	31	23

HOUSEHOLD NET WORTH AND RETIREMENT LOCATION

Given the preferences of baby boomers for particular retirement locations, one factor that will be important as boomers decide where to live in retirement – for the local housing market especially – is the net worth boomers will have as they enter retirement. While the current median net worth of baby boomers is \$149,500, those boomers who would prefer to retire in an urban or city location report a net worth of \$246,300, over 60 percent greater than the typical boomer. Those hoping to retire in a suburban area also have a higher net worth – a median of \$188,100. In contrast, boomers who would prefer a rural or small-town location report a current median net worth well-below that of all baby boomers.

EXHIBIT 5-31

HOUSEHOLD'S TOTAL NET WORTH, BY IDEAL LOCATION TO RETIRE

(Percentage Distribution)

	All Baby Boomers	An urban or city area	A suburban area next to a city	A small town	A rural area
Less than \$10,000	16%	16%	14%	16%	17%
\$10,000 - \$24,999	8	6	7	8	10
\$25,000 - \$49,999	10	11	6	12	10
\$50,000 - \$99,999	11	7	12	12	11
\$100,000 - \$249,999	18	11	18	16	21
\$250,000 - \$499,999	15	15	15	15	15
\$500,000 - \$749,999	10	16	12	8	7
\$750,000 - \$999,999	6	5	8	5	4
\$1,000,000 - \$2,499,999	5	10	3	7	4
\$2,500,000 - \$4,999,999	1	1	2	1	1
\$5,000,000 or more	2	3	3	*	2
Median	\$149,500	\$246,300	\$188,100	\$125,000	\$116,000

* Less than one percent

Boomers with household incomes of at least \$100,000 are more likely to choose an urban or city area as an ideal location compared with boomers with lower incomes.

CHARACTERISTICS OF IDEAL LOCATION

In addition to a regional preference, there are many characteristics that make particular places more or less desirable. Among all baby boomers, the top five preferred characteristics are lower cost of living, being near family, access to health care, a better climate and being near a river or lake. Younger and older baby boomers were largely in agreement over the value of these most often-selected amenities. Although important to some, being near cultural activities or on a golf course were much further down the list of preferred amenities.

PREFERENCES AMONG INCOME GROUPS

The most preferred characteristics vary somewhat by household income. Forty-six percent of boomers with household incomes of less than \$50,000 ranked a lower cost of living as an important characteristic compared with 27 percent of households earning at least \$100,000. Among households earning \$50,000 to \$99,999, a better climate was the top-ranking characteristics. Households with incomes of at least \$100,000 more often considered proximity to a beach and recreational activities as ideal characteristics, along with access to cultural activities.

EXHIBIT 5-32

CHARACTERISTICS OF IDEAL LOCATION TO RETIRE, BY AGE

(Percent of Respondents)

	All Baby Boomers	Age	
		42-49	50-60
Lower cost of living	38%	37%	40%
Near family	38	33	42
Access to quality health care	38	34	41
Better climate	37	37	36
Near a river, lake or other body of water	36	37	35
Near the beach	24	26	23
Access to recreational activities	20	21	19
Near cultural activities, such as museums and art galleries	18	18	18
With family	9	10	8
Access to jobs	6	7	4
In another country	5	6	5
On a golf course	4	6	4
Access to educational choices	3	2	3
Other	7	6	8

EXHIBIT 5-33

CHARACTERISTICS OF IDEAL LOCATION TO RETIRE, BY INCOME

(Percent of Respondents)

	All Baby Boomers	Household Income (2005)		
		Less than \$50,000	\$50,000 to \$99,999	\$100,000 or more
Lower cost of living	38%	46%	38%	27%
Near family	38	39	38	35
Access to quality health care	38	39	38	41
Better climate	37	31	43	32
Near a river, lake or other body of water	36	39	34	34
Near the beach	24	21	25	30
Access to recreational activities	20	15	21	28
Near cultural activities, such as museums and art galleries	18	13	16	27
With family	9	10	8	8
Access to jobs	6	8	3	6
In another country	5	5	7	5
On a golf course	4	4	3	9
Access to educational choices	3	4	2	3
Other	7	8	7	4

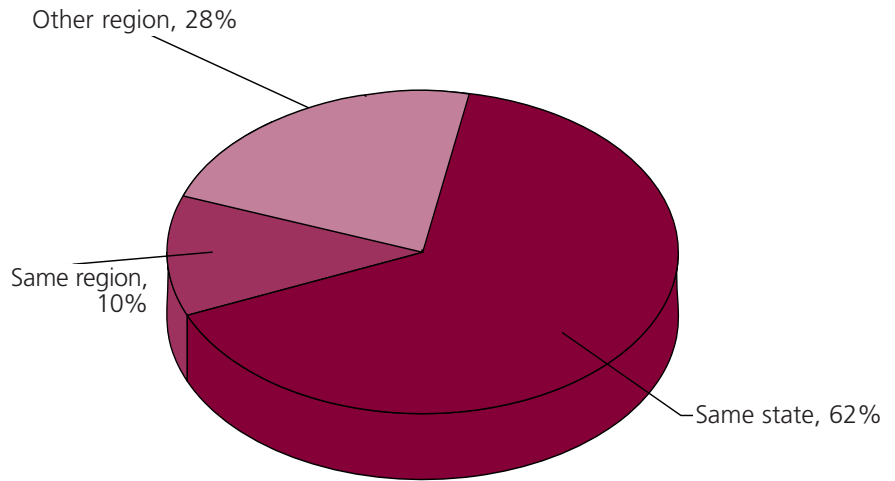
PROXIMITY OF IDEAL RETIREMENT LOCATION

Despite strong preferences for particular locations and characteristics when looking to their ideal retirement, 62 percent of baby boomers would prefer to remain in the same state in which they now currently reside. Ten percent hope to stay in the same region, even if in a different state, while the remaining 28 percent plan to move to another region altogether.

EXHIBIT 5-34

PROXIMITY OF IDEAL RETIREMENT LOCATION

(Percentage Distribution)



AGE-RESTRICTED COMMUNITIES

Age-restricted communities are another option for retirement. Forty-eight percent of baby boomers report that they would consider living in an age-restricted community, with older boomers more frequently indicating that this was an option they would consider.

EXHIBIT 5-35

WOULD CONSIDER LIVING IN AN AGE-RESTRICTED COMMUNITY, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Yes	48%	45%	50%
No	52	55	49
Already live in an age-restricted community	1	*	1

* Less than one percent

WITHDRAWING MONEY FROM RETIREMENT ACCOUNTS

In many instances, one is allowed to begin withdrawing money from retirement accounts at age 59 and a half. Among all baby boomers, only 17 percent reported they would likely begin withdrawing funds as soon as they are eligible, with a wide majority noting that they are unlikely to do so. Older baby boomers appear to be less inclined to withdraw funds as soon as they can; 13 percent report that they are likely to do so compared with 21 percent of younger baby boomers.

TAPPING RETIREMENT ACCOUNTS AND PREPAREDNESS FOR RETIREMENT

The likelihood of withdrawing retirement funds varies by the level of preparedness for retirement. Seventeen percent of boomers who are not prepared believe it is likely that they will tap these funds as soon as they are eligible, while those who are only somewhat prepared are more cautious; only 13 percent of this group are likely to begin withdrawals at 59 and a half. Those who are well prepared are the most likely to begin withdrawing money as soon as possible, perhaps because they have plans for how to invest these funds elsewhere, such as in real estate.

EXHIBIT 5-36

LIKELIHOOD OF WITHDRAWING MONEY FROM ELIGIBLE RETIREMENT ACCOUNT(S) AT AGE 59½, BY AGE

(Percentage Distribution)

	All Baby Boomers	Age	
		42-49	50-60
Have already begun to withdraw	1%	*	1%
Extremely likely	3	3	4
Very likely	5	6	5
Likely	8	12	5
Somewhat likely	26	29	24
Not at all likely	57	50	62
TOTAL LIKELY	17	21	13

* Less than one percent

EXHIBIT 5-37

LIKELIHOOD OF WITHDRAWING MONEY FROM ELIGIBLE RETIREMENT ACCOUNT(S) AT AGE 59½, BY FINANCIAL PREPAREDNESS FOR RETIREMENT

(Percentage Distribution)

	All Baby Boomers	Not prepared at all	Somewhat prepared	Well prepared
Extremely likely	3	5	2	5
Very likely	5	4	4	9
Likely	8	9	7	9
Somewhat likely	26	27	29	21
Not at all likely	57	55	57	57
TOTAL LIKELY	17	17	13	22

* Less than one percent

SPENDING THE NEST EGG

When the time comes for baby boomers to begin drawing down their nest egg, there are many ways to spend these funds. Among boomers who plan to access retirement funds at age 59 and a half, three-quarters expect to spend at least some of it on current living expenses and travel. Nearly-one third of boomers plan to spend some portion of their retirement money on housing and real estate-related activities. Thirteen percent plan to purchase a primary residence, while 12 percent expect to invest in real estate. A similar percentage of boomers plan to remodel their home, while 4 percent will use their retirement funds to purchase a vacation home.

EXHIBIT 5-38

HOW FUNDS FROM ELIGIBLE RETIREMENT ACCOUNTS WILL BE USED, BY AGE

(Percent of Respondents Among Those Who Are Likely to Withdraw from a Retirement Account)

	All Baby Boomers	Age	
		42-49	50-60
Use for personal living expenses	74%	80%	68%
Travel	48	49	47
HOUSING/REAL ESTATE RELATED EXPENDITURES [NET]	32	32	31
Use toward the purchase of a primary residence	13	11	16
Invest in real estate	12	11	12
Remodel current home	11	10	12
Use toward the purchase of a seasonal or vacation home	4	4	4
Re-invest in the stock market	15	17	13
Pay for children's or grandchildren's college tuition	13	14	11
Help children or grandchildren with a down payment for a house	9	10	6
Spend on hobbies/leisure activities	4	6	*
Buy/Spend on vehicle	1	*	2
Pay off bills	1	1	1
Put my parent(s) into a retirement home	1	1	*
Other	1	1	*

* Less than one percent

RETIREMENT SPENDING AND OWNERSHIP OF OTHER REAL ESTATE

Boomers who own real estate other than a primary residence are more likely than those who do not own other real estate to report that they plan to use a portion of these funds for housing and real estate-related expenditures. Sixteen percent of those who own other real estate plan to use their retirement funds to purchase a primary residence, while 21 percent plan to remodel their current home.

EXHIBIT 5-39

HOW FUNDS FROM ELIGIBLE RETIREMENT ACCOUNTS WILL BE USED, BY OWNERSHIP OF OTHER REAL ESTATE

(Percent of Respondents Among Those Who Are Likely to Withdraw from a Retirement Account)

	All Respondents	Real estate other than primary residence	
		Own	Do not own
Use for personal living expenses	74%	79%	73%
Travel	48	67	41
HOUSING/REAL ESTATE RELATED EXPENDITURES [NET]	32	38	28
Use toward the purchase of a primary residence	13	16	13
Invest in real estate	12	16	10
Remodel current home	11	21	7
Use toward the purchase of a seasonal or vacation home	4	2	5
Re-invest in the stock market	15	17	15
Pay for children's or grandchildren's college tuition	13	17	11
Help children or grandchildren with a down payment for a house	9	13	7
Spend on hobbies/leisure activities	4	11	1
Buy/Spend on vehicle	1	*	1
Pay off bills	1	2	1
Put my parent(s) into a retirement home	1	*	1
Other	1	*	1

* Less than one percent

Among those not prepared for retirement, only 13 percent plan to use some portion of their retirement funds for real estate-related activities, compared with 37 percent of those who are somewhat prepared or well prepared.

PREPARATION FOR RETIREMENT AND SPENDING PLANS

Those boomers who are not prepared for retirement more frequently report that they will use their retirement funds for personal living expenses than those who are well prepared. The difference in spending plans is very evident in relation to housing and real estate expenditures. Among those not prepared for retirement, only 13 percent plan to use some portion of their retirement funds for real estate-related activities, compared with 37 percent of those who are somewhat prepared or well prepared. The use of retirement funds to purchase a primary residence or to remodel a current home are the two most frequently noted real estate-related activities planned by these latter two groups of boomers.

EXHIBIT 5-40

HOW FUNDS FROM ELIGIBLE RETIREMENT ACCOUNTS WILL BE USED, BY FINANCIAL PREPAREDNESS FOR RETIREMENT

(Percent of Respondents Among Those Who Are Likely to Withdraw from a Retirement Account)

	All Respondents	Not prepared at all	Somewhat prepared	Well prepared
Use for personal living expenses	74%	83%	76%	68%
Travel	48	27	51	56
HOUSING/REAL ESTATE RELATED EXPENDITURES [NET]	32	13	37	37
Use toward the purchase of a primary residence	13	2	18	15
Invest in real estate	12	8	5	20
Remodel current home	11	2	16	10
Use toward the purchase of a seasonal or vacation home	4	*	6	4
Re-invest in the stock market	15	4	7	29
Pay for children's or grandchildren's college tuition	13	2	16	15
Help children or grandchildren with a down payment for a house	9	2	9	12
Spend on hobbies/leisure activities	4	*	2	6
Buy/Spend on vehicle	1	2	1	*
Pay off bills	1	2	2	*
Put my parent(s) into a retirement home	1	*	*	1
Other	1	*	2	*

* Less than one percent

CONCLUSION

THE FINANCIAL SITUATION AND NET WORTH OF BABY BOOMERS UNDERPIN MANY OF the decisions they will make in the future about retirement – where they want and are able to live, how they plan to spend their nest eggs and the extent to which they will be able to meet many other financial and lifestyle goals. Since homeowners tend to be better prepared for retirement and have a higher net worth that will allow them to choose among a wider range of retirement options, homeownership gets high marks from baby boomers.

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ABOUT THE SURVEY

Survey Methodology.

The survey for the 2006 NATIONAL ASSOCIATION OF REALTORS® study, *Baby Boomers and Real Estate: Today and Tomorrow*, was conducted online by Harris Interactive® between March 31 and April 6, 2006, among a nationwide cross section of 1,969 U.S. adults born between 1946 and 1964. Figures for age, sex, race, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' inclination to be online. With a pure probability sample of 1,969, one could say with a 95 percent probability that the overall results have a sampling error of +/- 2 percentage points. Sampling error for sub-samples would be higher and would vary. However, that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.

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