

Baby Boomers Launch Remodeling Boom

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The first wave of Baby Boomers turned 65 last year, which will have a significant impact on [real estate](#) and the nation's housing market. Not only should [home sales](#) increase, but hammers and nails will be flying as homes change hands from older to younger owners, while the [home remodeling](#) industry strikes it rich.

In fact, [home remodels](#) could be in for their best years ever. According to the [Joint Center for Housing Studies at Harvard University](#), home owners over age 55 comprised a third of all home sellers

between 1997 and 2007. That is a trend that experts say will only increase over the next 20 years as more Boomers retire.

And home remodelers have it made in the shade because if the Boomers [sell their homes](#) and move, younger buyers are extremely likely to [remodel](#). If Boomers decide prices are too soft to sell and stay put, they are likely to adapt their home for old age, adding in more lighting, elevators, and principles of [universal design](#). So the home remodelers win either way.

Looking at recent housing turnover data between the years 1997 and 2007, buyers of existing homes tend to be younger, the sellers, older. Of the 24.5 million owner-occupied sellers between 1997 and 2007, about 7.6 million, or almost one-third, were over age 55 when they sold their home.



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And who [buys these homes](#)? People under age 45, who purchased 57 percent of the homes the old folks sold off. In fact, the median age buyer was about 33. With the median age seller almost 68 years old, we see that buyers tend to be about 35 years younger than the owners of the homes they purchase. And old people tend not to buy other old people's homes: Fewer than 25 percent of homes sold between 1997 and 2007 by sellers who were age 55 or older were swooped up by contemporaries.

Which means, of course, that the housing stock these Boomers are shedding is at least as old as they are.

In fact, the age of owner-occupied housing stock has been trending upwards over the last ten years. In 1997, the median age of the average American home was 29 years, but crept to 32 by 2007.

You know what we Boomers used to say: Never trust anyone over age 30.

With housing stock that old, the likelihood for a buyer coming in and [remodeling](#) is huge. The age and condition of these units makes them more affordable to younger buyers, and they tend to be located in the suburbs. On average, 80 to 90 percent of homes sold by older sellers to spring chicken buyers are single family detached units.

"The new owners of baby boomer suburban housing," the report said, "will likely be concentrated in the 35-44 and 45-54 age groups and higher income categories that have historically spent the most on remodeling."

But here's a new headache for buyers: Thanks to the financial crisis, many seniors who planned to downsize and free up some home inventory are staying put, because the financial melt down took a toll on both the equity in their homes and their retirement accounts. Mobility rates among older homeowners posted sharp drops between 2005 and 2009. But fewer "senior" seniors have had [home equity](#) wiped out, because most of these folks have owned their home for years and paid down mortgages. Still, many Boomers may postpone moving out of their homes because they simply cannot afford to move.

Which means that when they do finally vacate those homes, the places are going to need a lot of work. The study also showed something we real estate reporters have always known: recent home buyers spend buckets of money when they first buy a home. There's a reason why Lowe's caters to the 45 to 54 year old age group: home buyer expenditures peak in the 45-54 age group because these are the wonder years when families, home equity and incomes grow and flourish. And goodbye Formica: what rooms do buyers who buy from older sellers focus on? Kitchens and baths. Which is why Lowe's very best customer is the new homeowner. Home buyers age 35 to 44 spend more on average for home improvements than any other age group.

But then, the Boomers are the generation who did things "their way." Don't expect them to follow their parents' retirement patterns. As this study notes, they have made different housing decisions the whole way. Boomers are more likely to live in newer, suburban homes, and continue to spend a lot on home improvements once the housing market stabilizes and mortgage lending loosens. Remodeling, says Dallas architect Gary Gene Olp, is in their DNA.

"I see more Boomers moving back into the city from the suburbs, to older homes they are remodeling because they love urban social fabric and cultural amenities," says Olp, who specializes in LEED certified green architecture and building. "They are re-populating the inner city, ditching cars and walking, even in Dallas and Houston."

San Antonio developer Leobardo Trevino of Ricchi Dallas Investments, LLC, who is undergoing three ambitious Dallas commercial projects, has begun building what he calls "Smart Mansions" outside of San Antonio, TX. His buyer: downsizing baby boomers who want it all but in 2500 square feet or less.

"These people want all the bells and whistles, " he says, " but not necessarily all the space."

Trevino's Smart Mansions have a main living room, dining room and Euro-kitchens, decked out marbled masters and secondary bedrooms. They have high ceilings and top energy efficiency but less lawn to tend, and zero wasted space.

"Boomers no longer want to overspend or overbuild," says Trevino, "Been there, done that. But at the same time, there is absolutely no lowering of their standards."



Candy is an award-winning, Dallas-based real estate reporter, blogger, and consultant. She's the gal who brought House Porn to the Bible Belt! Read more at SecondShelters.com. and send story ideas and tips to CandyEvans@secondshelters.com.

Thinking about adding value with home improvements? Here are some AOL [Real Estate](#) guides to help you, whether you're selling or staying.

- [Home Improvements: Do It Yourself or Hire a Contractor?](#)
- [10 Home Improvements That Pay You Back](#)
- [Home Renovation: Tips for Thrifty Upgrades](#)