



## **Commercial Classroom: Real estate activity by age - by Edward Smith**

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This column is offered to help educate agents new to commercial and investment brokerage and serve as a review of basics for existing practitioners.

Generational Update: A look at real estate activity today by age.

### **Senior or Silent Generation Born 1925 – 1945, Ages 74+**

Mostly now in retirement with 34% living in a home they will not move from. Only 7% of this group moved in the last year with 29% moving to senior housing. Any investment properties they have they will hold onto for the cash flow, and the properties will eventually pass into their estate. If they decide to sell something, they will defer paying Capital Gains taxes by doing a 1031 Exchange. Communicate with them by direct mail, and an in-person presentation as opposed to the Internet.

### **Older Baby Boomers Born 1946 – 1954, Ages 65 - 74**

Many are still working having lost considerable money in their 401 accounts during the crash of 2008. However, this group would probably still be working as they like to work. But they are now planning for or figuring out how they can retire. 14% did move last year with 47% making a retirement move. These “empty nesters” may be looking to downsize their home. If they own investment property, they are a good candidate for a 1031 Exchange.

### **Younger Baby Boomers Born 1955 – 1964, Ages 55 - 64**

Still active in their careers. They represent 18% of home buyers; making moves calculated to reduce housing expenses. Thinking about the future and retirement, they will consider buying investment properties.

Both groups of Baby Boomers regularly use the Internet, however they still like to talk to people. Communicating with them by e-mail or text is fine but follow up with a personal phone call.

### **Generation X Born 1965 – 1979, Ages 40 - 54**

In the prime of their careers. They are a highly educated group, with 35% of them having college degrees. This group represents 24% of home buyers with 56% of the homes bought being in the

suburbs. They are buying large (over 2,000 s/f) multi-generational houses because their adult children and/or their parents are moving in with them. 49% searched for properties online. They do not believe social security will be functioning when they are eligible for it. They are looking to buy multiple investment properties to provide their retirement funds. They did not grow up with the Internet but have adapted to it; this is where and how you will reach them.

#### Older Millennials Born 1980 – 1989, Ages 30 - 39

Building their careers. Very hard working but an employer's nightmare because they have no job loyalty. If a new opportunity arises, even in a far distant location, they are gone tonight. This is the largest group of home buyers 26%, of which 51% are first time buyers. They have had smart phones almost all their lives, 81% of them found their home using a mobile app. Many (42%) are still paying off student loans. They too do not believe in social security and will look to invest in real estate as an alternative.

#### Younger Millennials Born 1990 – 1994, Ages 25 - 29

They are like the older Millennials regarding their career and lack of job loyalty. They represent 11% of new home buyers with 81% being first time buyers. In deciding where to live 40% consider commuting costs; 71% based their buying decision on convenience to their job. They want to live close to where they work, literally being able to walk, bike or briefly use mass transit.

Many Millennials are entrepreneurs, having difficulty in finding good jobs they are starting their own businesses. If they are looking for commercial space to buy or rent for their business or investment properties it is important that they be located close to their homes. To this generation e-mail is old—all there is, is texting. They are big on social media; this is where they will find you.

#### I Generation (Innovative) Born 1995 – 2012, Ages 7 - 24

Called “digital natives” because of their technology skills, many in this age group are finding high paying jobs in that industry. Others are pursuing the “trades” becoming plumbers, electricians or carpenters as these skills are highly in demand. They have seen their older brothers and sisters get college degrees but cannot get a good job. Meanwhile no one has been entering the “trades,” which now pay very well. All this generations' communication is on their smart phones and social media. It is interesting

to note that over 100,000 I-Gens have already bought a home and they want large homes! They want to own their own business, not be employees. They too will be looking for commercial properties to buy, rent or invest in.

\*\*Statistics are from NAR Report on Generational Trends 2019

Edward Smith. Jr. CREI, ITI, CIC, GREEN. MICP, CNE and CIREC program developer, is a commercial and investment real estate instructor, author, broker, speaker and a consultant to the

trade.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540