



Stemming from the most basic human need for shelter, the real estate industry is fundamentally built to last. The state of the housing market is impacted by many factors including mortgage interest rates and the volatility of other investment options. However, it is the limited supply along with the growing population that drives the need for housing.

The next surge in demand will be stimulated when Echo Boomers join the Baby Boom generation as active participants in the housing industry, reinvigorating the real estate market with opportunity and validating the purchase of a home as a lucrative investment.

## New Household Formation Will Fuel Housing Demand.

In real estate, it's not enough to keep your eye on the ball; you have to anticipate where the ball is heading. Demographics dictate that the U.S. population will continue to rise, creating new households and a greater need for housing. According to the Joint Center for Housing Studies at Harvard University, population trends will restore vitality to the housing market as the nation emerges from the current recession.

The massive size of the Echo Boom generation "will give a powerful boost to long-run housing demand," according to the Harvard study. Household growth is expected to increase by more than 1.25 million annually over the next decade.



The chief reason is the presence of the millions of Echo Boomers. Together with immigration to the United States, Echo Boomers are expected to raise housing demand for the next decade and beyond.

## Who Are the Echo Boomers?

The Echo Boom generation, also known as Generation Y or the Millennial Generation, are the children of the Baby Boomers. Now the nation's largest demographic group, Echo Boomers are entering the peak years for forming their own households.



# The Perfect Home?



## It's All in the Eye of the Beholder.

### Urban Appeal.

The stage of life that the home buyer is in can greatly influence their list of desired amenities. Many Echo Boomers will need starter homes in order to enter the housing market. Those who plan to have a family will seek homes with yards or nearby recreation areas.

Younger buyers today often reject the low-density, suburban lifestyle favored by their parents. The Echo group can be described as more willing to take risks than previous generations. They tend to be less resistant to living in transit-oriented developments. Echo Boomers are more likely to consider purchasing lofts or townhomes in urban settings, such as downtown redevelopment districts. Their grandparents may have preferred quieter areas, but the Echo Boomers are being drawn to the city by restaurants, entertainment venues and a faster pace of life.

### Easy Living.

The eldest Baby Boomers are beginning to retire, and many who are entering the housing market today are likely to downsize. Attached homes may appeal to them because of the reduced need for maintenance. If they are beginning to find that stairs are difficult to navigate, they will favor one-story floor plans.



Many Baby Boomers still consider themselves to be young and vital. Indeed, they are far more health

conscious than previous generations. Advances in medicine and increased longevity should make them an active part of the housing economy for years to come.

A recent study found that Americans age 55 and older look for homes that are close to such resources as shopping centers and medical facilities. They like suburban living but don't want to be too far off the beaten track. When asked what home amenities they preferred most, these adults responded with the following top five choices:

1. A washer and dryer within the home
2. Adequate storage space
3. Windows that open easily
4. A master bedroom on the ground floor
5. A thermostat that is easy to use

Source: 2009 National Association of Home Builders and the MetLife Mature Market Institute

# What's Ahead?

## The Future Looks Bright.

The long-term outlook for the housing market is very promising, thanks to the presence of the Echo Boomers. The sheer size of the generation now reaching adulthood, combined with the increasing life expectancy of past generations, should keep household growth on track in the United States. Over time, the pent-up demand for housing and today's low levels of home building are expected to reduce the vacancy inventory, bringing markets into balance.



*If historical patterns hold true, the housing market will lead the economic recovery that is now under way.*