



For immediate release

Affluent baby boomers raise bar on retirement living, says RE/MAX

Mississauga, ON. (February 18, 2004) – Forget downsizing in the traditional sense — wealthy baby boomers are setting new standards for retirement living in Canada, according to a report released today by RE/MAX.

The RE/MAX First Wave Report examined aging baby boomers and their impact on retirement housing in 18 major Canadian centres. The study found that a significant number of baby boomers were upgrading to more expensive properties and some, in fact, were assuming mortgages-- unlike previous generations who typically downsized their homes and cashed in their equity as retirement approached. To illustrate, 59 per cent of Canadian homeowners between 45 and 54 years of age and 35 per cent of homeowners between 55 and 64 years of age held a mortgage in 1999. In 2001, Statistics Canada reported those figures had risen to 61.6 per cent and 39.1 per cent – an increase of 2.6 and 4.1 per cent respectively.

“As the first wave of baby boomers head into their retirement years, realtors and builders alike are scratching their heads,” says Elton Ash, Vice President and Regional Director, RE/MAX of Western Canada. “Bigger, better, and more expensive homes? Most of us work all our lives to be mortgage-free...the thought of incurring debt at this stage of the game has given many of us reason to pause.”

Low interest rates and healthy real estate markets, combined with financial security have been in large part responsible for the shift in current attitudes. “Money is so cheap these days, the principal residence has become part of the overall investment strategy and ultimately, the retirement plan,” explains Ash.

With Canada’s senior population expected to double in the next 20 years – rising to close to seven million people – housing the aging boomer may prove to be more difficult in the future. Although supply appears to be adequate at this point in time, inventory levels in the years ahead may be heavily taxed by this growing segment of the market. New home builders and condominium developers are just now moving to accommodate this demographic, which represents about one-third of the Canadian population.

“As they’ve moved through the cycle, baby boomers have time and again challenged our way of thinking and changed our way of life,” says Pamela Alexander, CEO, RE/MAX Ontario-Atlantic Canada. “Now that they’re nearing ‘old age,’ it comes as no surprise that they are redefining retirement too.”

There are a number of factors that set boomers apart from their predecessors, says Alexander. Today’s boomers are living longer and are more active than previous generations. They’re planning for their golden years but don’t intend to go quietly. Many of them have accumulated significant wealth—and inheritance has played a role to an extent. Some are setting their sights on early retirement—freedom 55 comes to mind—while others are working longer.

“And while they may have us guessing about the future,” says Alexander “when it comes to boomers, there is one thing we know for certain: they are prepared to live life to its fullest, and their housing choices are a direct reflection of that.”

Baby boomers, the oldest of which are 58 years of age, are not content to live with the existing housing mix — especially as it pertains to retirement living. As it turns out, baby boomers yearn for the simple life – low maintenance, security, and location are major factors driving activity. Condominium sales, as a result, are on the upswing from coast-to-coast, representing anywhere from five per cent of total sales activity in Cornwall to a more significant 31 per cent in Vancouver and 30 per cent in cities like Toronto and Edmonton.

“To borrow a line from Bachman Turner Overdrive – you ain’t seen nothing, yet. Baby boomers are going to blow the roof off retirement living,” says Alexander. “The sedentary lifestyle, retirement homes, the desire to move all worldly possessions to small rural communities – the time has come and gone for these concepts. The new retirement will encompass today’s active lifestyle, with all future movement driven by preference, not by lifecycle events.”

Highlights

- Luxury condominiums, golf and adult lifestyle communities, secondary residences, and smaller homes in better areas are attracting this powerful age group.
- Aging baby boomers are moving into major centres to be close to family, friends, cultural activities and health care services.
- Not surprisingly, bells and whistles are extremely popular with this segment of the market – a trend most evident in the renovation and restoration boom currently underway.
- Warmer communities are luring aging baby boomers with milder climates – Victoria, Kelowna, Niagara, and Halifax.
- Investment in U.S. real estate (ie. condominiums in Florida, Arizona, and California) has lost some of its appeal due to the high cost of health insurance and the rate of exchange.

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