CATERING TO SENIORS CAN MAKE YOUR BUSINESS BOOM

Even when business isn't booming, there are still plenty of opportunities to enter the senior market, especially since baby boomers often seek a simpler way of life regardless of the push or pull of market forces. Boomers are an ever-growing market segment, and they are more active and picky than the 50+ buyers in the past. Whether you've been working in the senior market for ages or are just looking to discover its hidden potential, you must understand how to cater to boomers' needs to tap into a market that may lead you to new success. By Morgan Phelps

BEGIN WITH A SOLID EDUCATIONAL FOUNDATION
As with any aspect of this industry, starting with education is key. The first step is identifying your potential boomer clientele, and understanding what makes them tick. A recent survey conducted by VibrantNation.com found that only a third of the boomer women who were questioned plan to move to a new home in the next 10 years. Another third said that they plan to remain right where they are, and a final third remains unsure.

That final third that remain unsure are waiting for a reason to take the plunge, and understanding current market conditions could push them in the right direction. Also, understanding concepts such as aging in place and reverse mortgages (see sidebar and Lending column), can give you the tools necessary to work with any of the above. Walking into a presentation armed with this knowledge and market statistics will help prepare you for what that future client has in mind.

Some agents recommend earning the Seniors Real Estate Specialists (SRES) designation as a part of the education process – although others claim they have been successful in the senior market without earning the title.

“I have found that agents who have the SRES designation have a better understanding of how to communicate with boomers and seniors,” says Linda Kunicki, marketing director of IRED LaGrange and IRED Elmhurst. “Anyone who works with seniors should try to find someone they can work with that can take them through some senior sensitivity training.”

Maggie Lucchetti of Baird & Warner says the SRES designation gives agents a better understanding of laws and restrictions specific to senior communities and the senior market as a whole. “I think becoming a trusted resource and advocate is the best way to become part of any market, especially with baby boomers and seniors,” says Kunicki. “Learn about the different generations and their thoughts about lifestyle, how they spend their money and what they see as a value to them.”

WHAT SENIORS WANT – AND HOW YOU CAN PROVIDE IT
With all of the options available to seniors today, not only must you know your clientele, but you should know what will best fit their changing needs. They can select a home in an independent living community, an active adult community with or without age restrictions or communities that offer continuing care options – as well as all the traditional options available to buyers of all ages. Some may choose to migrate downtown to enjoy the city life for their golden years, while others will want to settle in the suburbs near their families.

While downsizing might immediately come to mind, the truth is some actually desire more space. Another survey conducted by VibrantNation.com found that nearly two-thirds of the female boomers surveyed had one or more of their adult children return home to live, and nearly half of those adult children have brought one or more of their own children with them as well. In addition, 13 percent of boomer women surveyed are living with their parents or in-laws, indicating that downsizing may not be on their agenda. These aren’t the empty nesters of the past, meaning the opportunities to tap into their market have increased tenfold.

There are still plenty looking for smaller homes, and on the whole, homes are generally getting smaller. The U.S. Census recently found the average square footage of a single-family home dropped from 2,541 square feet in 2007 to 2,343 square feet at the end of 2008. A January survey by the National Association of Home Builders (NAHB) found 88 percent of its members plan to build smaller homes this year. Experts report that what’s on the mind of boomers is well thought-out floor plans that maximize space and are low-maintenance.

Boomers are more active today than in the past, but the preferred activities might not include cleaning a large house or doing yard work. Findings from the 2010 Baby Boomer Survey by Del Webb indicate that many are seeking new activities, and 40 percent of both younger and older boomers have taken up a new hobby or activity in the last few years. When working with a new homeowner, there is a focus on finding a place that will fit a growing family or other changing needs, which is no different than working with seniors. “You get involved in peoples’ lives on a different level,” says Lisa A. Thompson with Century 21 S.G.R. Depending on your client’s age, Thompson notes it is important to find a place that caters to a client’s changing health care needs. Many of her senior clients list proximity to health care – particularly their preferred hospital or other health care provider – as an important factor in the decision-making process.

Fifty-five percent of respondents to a 2009 survey by NAHB and the MetLife Mature Market Institute say a home’s proximity to a hospital or doctor’s office is somewhat to very important. In response, builders have considered these needs when building their senior communities.
THE BOOMER STYLE
The amenities, upgrades and home styles that seniors seek are different from younger buyers – as they often desire a simpler way of life as they age. Sixty-three percent of builders responding to the NAHB/MetLife survey say their clients are seeking a maintenance-free lifestyle, while 32 percent are looking for lower living expenses.

Important features for senior housing include access to health care services, a sense of community, maintenance-free living and ranch-style living. Kunicki says other typical amenities include housekeeping, transportation, building security, emergency call services and planned events, while seniors tend to shy away from remote locations, central dining rooms with mandatory meals and places where they have no voice in planned events.

“This age group has been there, done that, so they don’t want to elaborate on everything as they age,” says Linda Metallo of RE/MAX Impact, who often works with the active adult communities developed by Hartz Homes. “[Many upgrades] become not quite as important as they age.”

Like any client, the needs and desires of boomers will vary, and as their agent you must be in tune with what they want. From the VibrantNation.com survey, of those that plan to move in the next decade, 30 percent want to try out a new city, another 30 percent want a house and green space (24 percent), onsite parking and pet-friendlyness (19 percent) and walking distance to shopping and cultural activities (18 percent).

“I think many would be surprised at the way of life in the 55 and over community," says Phil Hartz, president of Hartz Homes. Hartz says the clubhouse at Lago Vista opened the doors to building an expansive network as referral business across the country as my clients actively working this market segment locally, as well as the repeated need for additional knowledge in counseling my senior clients and their families, I joined an elite group of more than 16,000 real estate professionals in North American who have earned the SRES designation.

After successfully completing a comprehensive course, I am now more knowledgeable in understanding the needs, considerations and goals of real estate buyers and sellers aged 50 and older. It has also opened the doors to building an expansive network of senior specialists, such as estate planners, CPAs and eldercare attorneys serving this demographic. My business success has been in finding my passion in actively working this market segment locally, as well as referral business across the country as my clients embrace the next chapter of life.

The SRES designation became an official member of the National Association of Realtors family of designations in 2007, though it was originally developed by the Senior Advantage Real Estate Council in 1997. The mission of the SRES Council is to promote member success by providing high-quality training and tools necessary to position the SRES designee as the trusted real estate resource for the 50+ market.

You can receive further information at the SRES Web site, seniorsrealestate.com.

An Inside Look at the SRES Designation
By Debra DeFrancesco

A few years ago, after seeing the repeated need for additional knowledge in counseling my senior clients and their families, I joined an elite group of more than 16,000 real estate professionals in North American who have earned the SRES designation.

After successfully completing a comprehensive course, I am now more knowledgeable in understanding the needs, considerations and goals of real estate buyers and sellers aged 50 and older. It has also opened the doors to building an expansive network of senior specialists, such as estate planners, CPAs and eldercare attorneys serving this demographic. My business success has been in finding my passion in actively working this market segment locally, as well as referral business across the country as my clients embrace the next chapter of life.

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DEBRA DEFRANCESCO BRINGS MORE THAN 35 YEARS OF SALES AND MARKETING EXPERIENCE TO HER PROFESSION UTILIZING A VARIETY OF SKILL SETS. SHE IS THE CURRENT PRESIDENT OF THE ILLINOIS WEST SUBURBAN CHAPTER OF THE WOMEN’S COUNCIL OF REALTORS, AS WELL AS THE MARKETING CHAIR AND A MEMBER OF THE STRATEGIC PLANNING COMMITTEE FOR THE ILLINOIS STATE CHAPTER. SHE CAN BE REACHED AT DEBRA.DEFRANCESCO@CBEXCHANGE.COM.

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3% BROKER COMMISSION!
Looking to expand your clientele and tap into an often ignored segment of the market? The answer is to think older, as in older homeowners, many of whom may be past customers of yours. Since statistics show that elders prefer aging in place in the homes they know and love, this could be an untapped gold mine that you are missing out on. In fact, 90 percent of seniors want to stay in their homes as they age, according to research by the American Association of Retired Persons (AARP).

As a real estate professional, your job is to match sellers to buyers who are motivated to move and purchase. So why should you care about this older segment of the population — including baby boomers, who number 78 million based on 2009 data from the U.S. Census Bureau — when the vast majority of them don’t want to move from their beloved residences?

The answer is that homes age just like people do, and most of the features necessary to ensure a safe and accessible home environment for seniors — including non-slip floors, bathroom grab bars and fewer stairs — don’t currently exist in most seniors’ homes, per the AARP.

Consider the excellent opportunity this presents: You can contact past clients now in their golden years and learn more about their changing needs. If appropriate, you can try to consult with them on the merits of moving into a more accommodating single-family home, condo or assisted living residence — one that will allow them to age in place in comfort, style and independence.

This demographic segment of the market has doubled in the past two years, so there’s never been a better time to prospect this niche market, with many baby boomers who are likely to be major influencers in their final purchase. When it comes to elderly buyers, their kids become significant forces.

Hartz says one of the great upsides to the senior market is serving as a resource for an entire family, or essentially becoming the family Realtor. She calls this a “prospecting strategy,” in which success hinges on working with the family as a unit. “I’m most successful when I stay in touch with them frequently. Just because these clients are more mature, it doesn’t mean they are still living in the dark ages. Tricia Fox of Keller Williams Luxury Homes says she e-mails back and forth with most baby boomer clients, and occasionally texts with those savvy enough to do so. Find out which method of communication works best for the client, and proceed accordingly.

“Knowing the effects that arthritis, as well as loss of hearing and vision, can have on communication and decision making has a big impact on how you deal with boomers and other seniors,” says Kunicki.

**IT’S A FAMILY AFFAIR**

When working with baby boomer clients over an extended timeframe, agents often get involved with their families, who can play a large role in many seniors’ housing decisions.

When working with first-time homebuyers, you may deal with their parents or other family members who are likely to be major influences in their final purchase. When it comes to elderly buyers, their kids become significant forces.

Thompson says one of the great upsides to the senior market is working with families — in which success hinges on working with the family as a unit. “I’m most successful when working with seniors when I work with their children,” says Thompson. “We work in tandem.”

Hartz says his firm advertises for its active adult communities in its other developments that cater to all ages — as the parent of a first-time homebuyer may be enlightened to his developments through such advertising, increasing the chances of cross-selling.

**HOW YOU CAN BENEFIT FROM BOOMER BUSINESS**

Despite all the additional work required, Fox says the senior market is the “best market” to be in at the moment, as many seniors are buying a second home or downsizing and embracing the Chicago area.

While it is not always true, oftentimes boomers are the ones out there with money to spend. Boomer Project founder/president Matt Thornhill claims that the over-50 crowd outsends the under-50 crowd by $400 billion. Additionally, the latest survey conducted by ProMatura Group found that 50+ sentiment is on the rise, and that 50+ primary home purchases have risen by 5 percent. With more years in the workforce, boomers have the potential to spend a lot more money on their next step in life.

With Social Security no longer a primary source of income for many boomers, there is a growing trend of delaying retirement. The Del Webb survey found that boomers turning 50 this year plan to retire a median of four years later than 50 year olds in 1996, at age 67 versus 63. Among the younger boomers, 72 percent plan to work in some fashion during their retirement years. With more and more seniors continuing to work and putting off retirement, many are no longer interested in communities that are far from employment opportunities.

When it comes to the bottom line, most agents claim the commission in the senior market is comparable to the pre-retirement age market. Additionally, some independent senior communities offering rental properties, such as LaGrange Pointe in LaGrange, provide commission to agents.

Overall, boomers and seniors are not a market to be ignored. The U.S. Census states that the over-50 crowd will grow 21 percent in size in 10 years, while the 18 to 49 population will remain the same size. As the number increases, so do your opportunities to find additional clients – and sales. Those who cater to the senior market may find that their business grows on all fronts, if they take the time to understand the specific and changing needs of baby boomers and their families.

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