



**Maxfield**  
Research & Consulting

Real Estate Research  
Providing Comprehensive  
Market Information  
and Feasibility Studies

# Housing Trends

**Presented by: Matt Mullins**

February 20, 2020



# Maxfield Research & Consulting

We are a full-service real estate advisory company providing strategic value to our private and public sector clients' real estate activities.



## OVERVIEW

- ✓ 35+ Years Experience
- ✓ Diverse Client Base
- ✓ Multi-sector Capable
- ✓ Market Driven Strategies
- ✓ Recommending Highest & Best Uses
- ✓ Provide Actionable Plans



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# Demographic Update

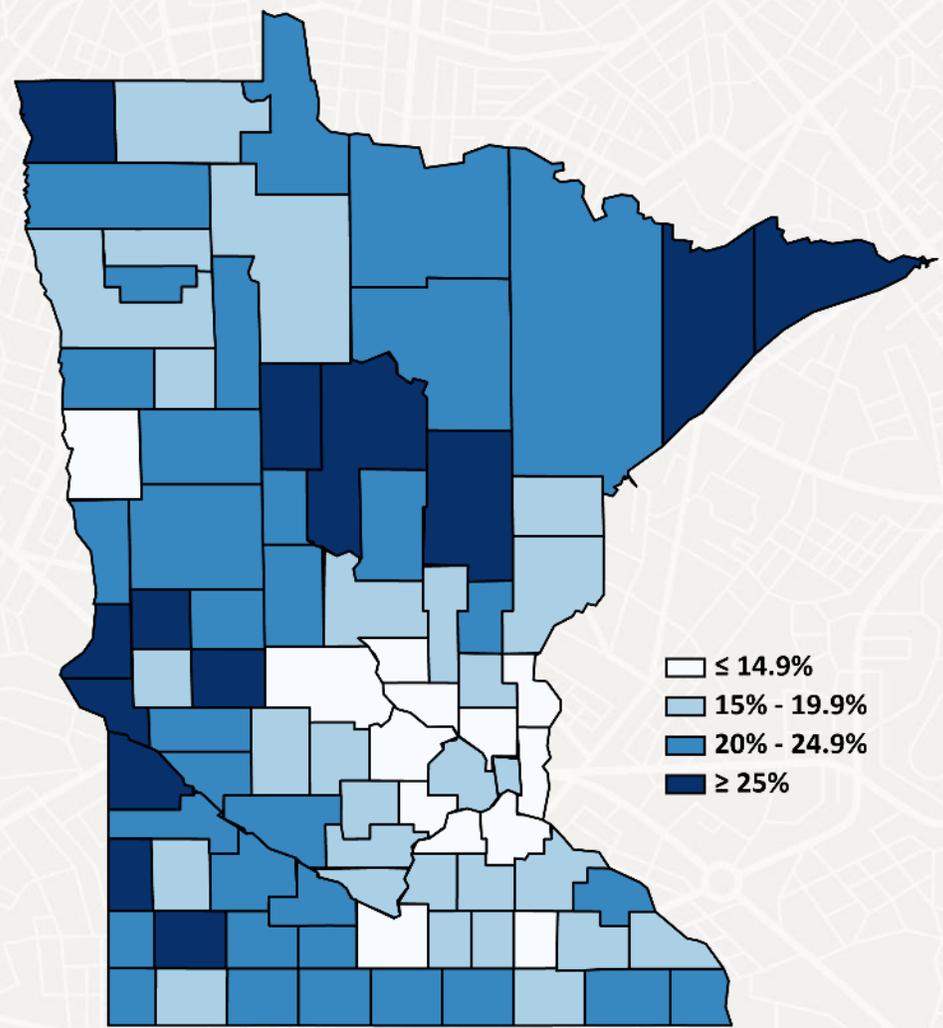
Baby Boomers & For Sale Market

Aging In Place

Twin Cities Outlook

# Big Picture: MN is Aging; Especially Rural MN

Percentage of 65+ Population  
By County, 2019



## 2019

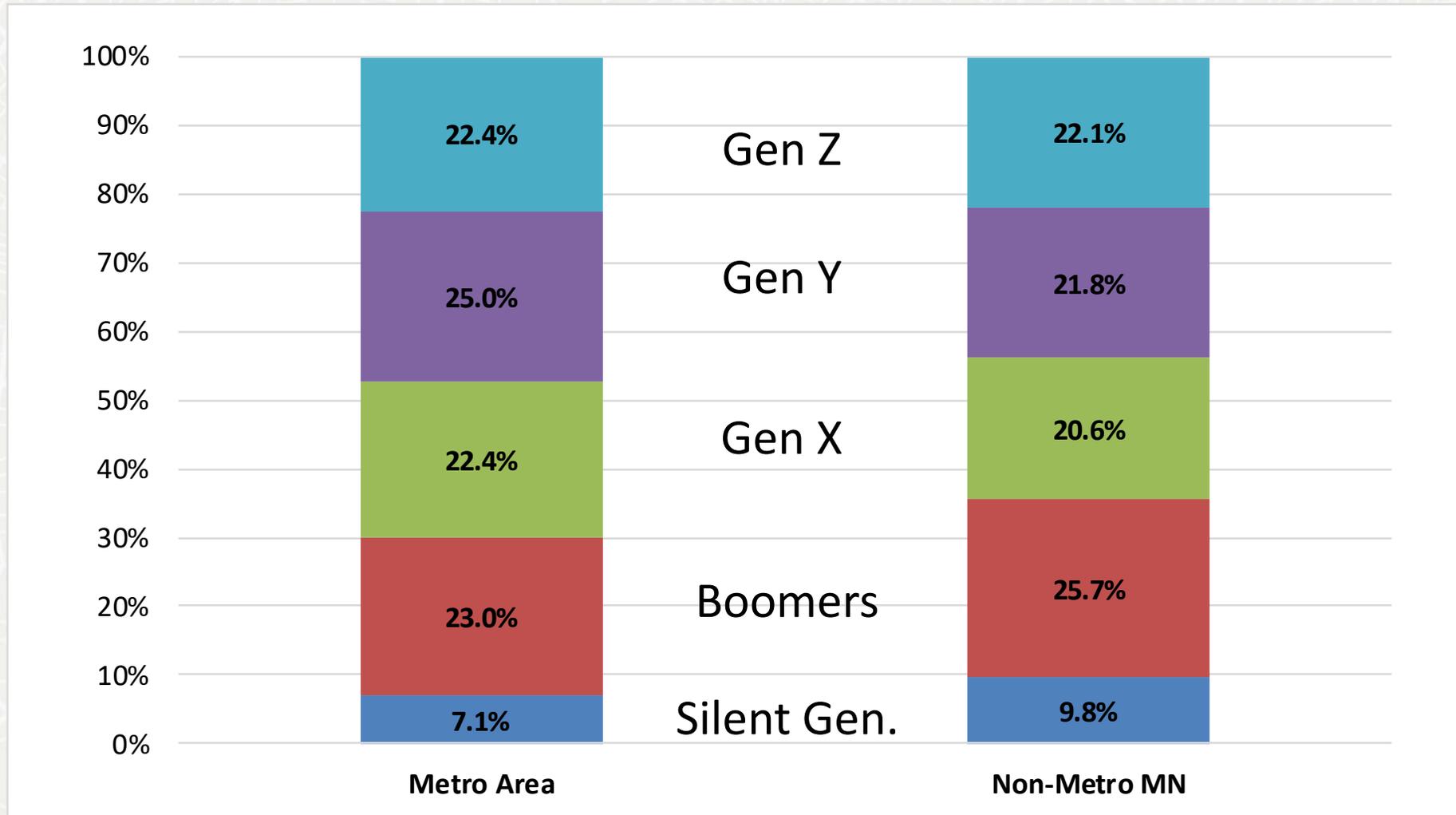
- 5.7 million
- Millennials overtaking Boomers
- 16% pop. 65+
- Metro: 48% of MN 65+

## 2040

- 6.1 million
- 21% pop. 65+
- Metro: 75% of MN 65+

# Outstate MN Aging Faster than Metro Area...For Now

## Metro vs. Non-Metro Population Distribution: 2019



### 2019 Age

7 - 22

23 - 38

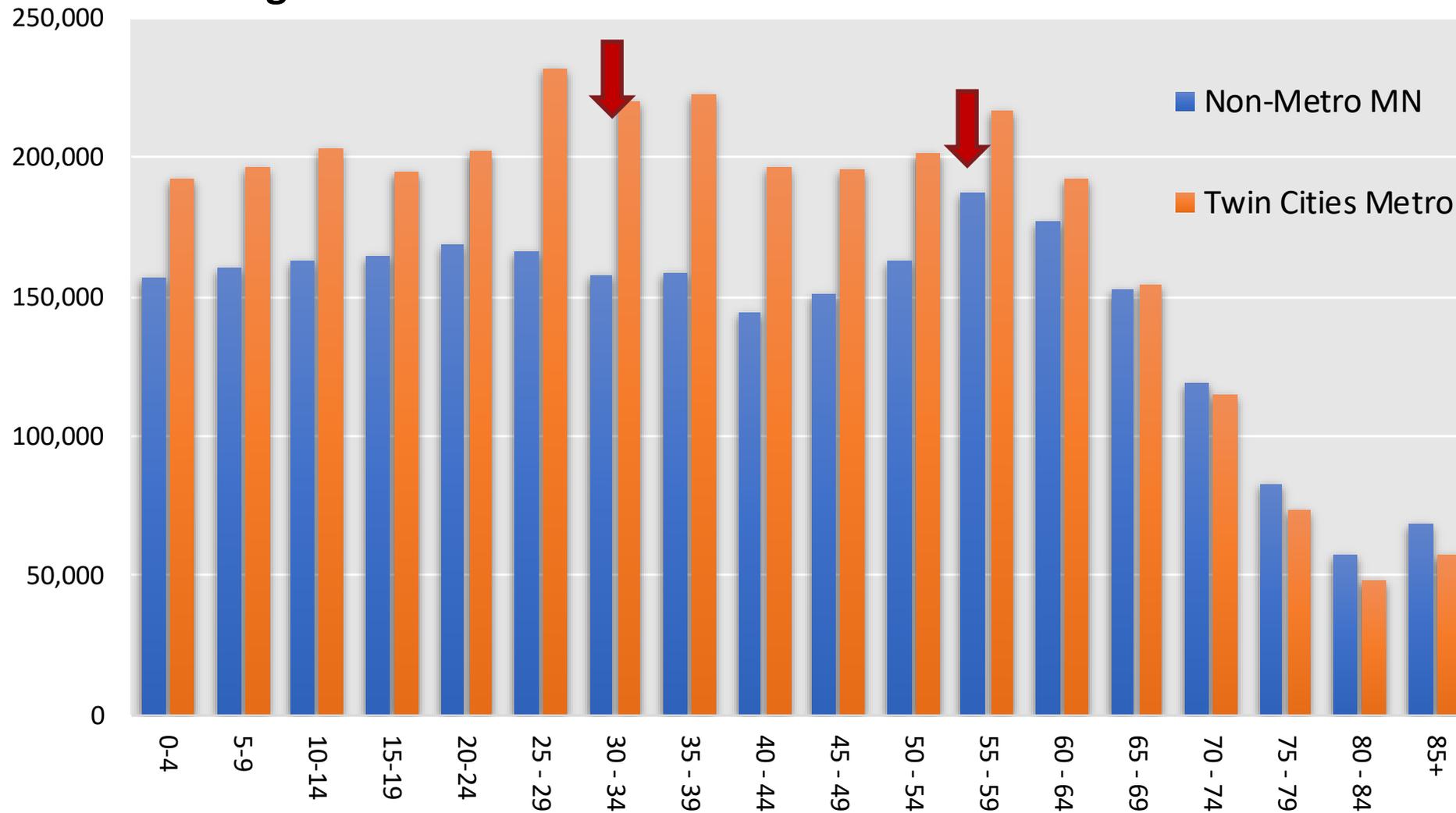
39 - 54

55 - 73

73+

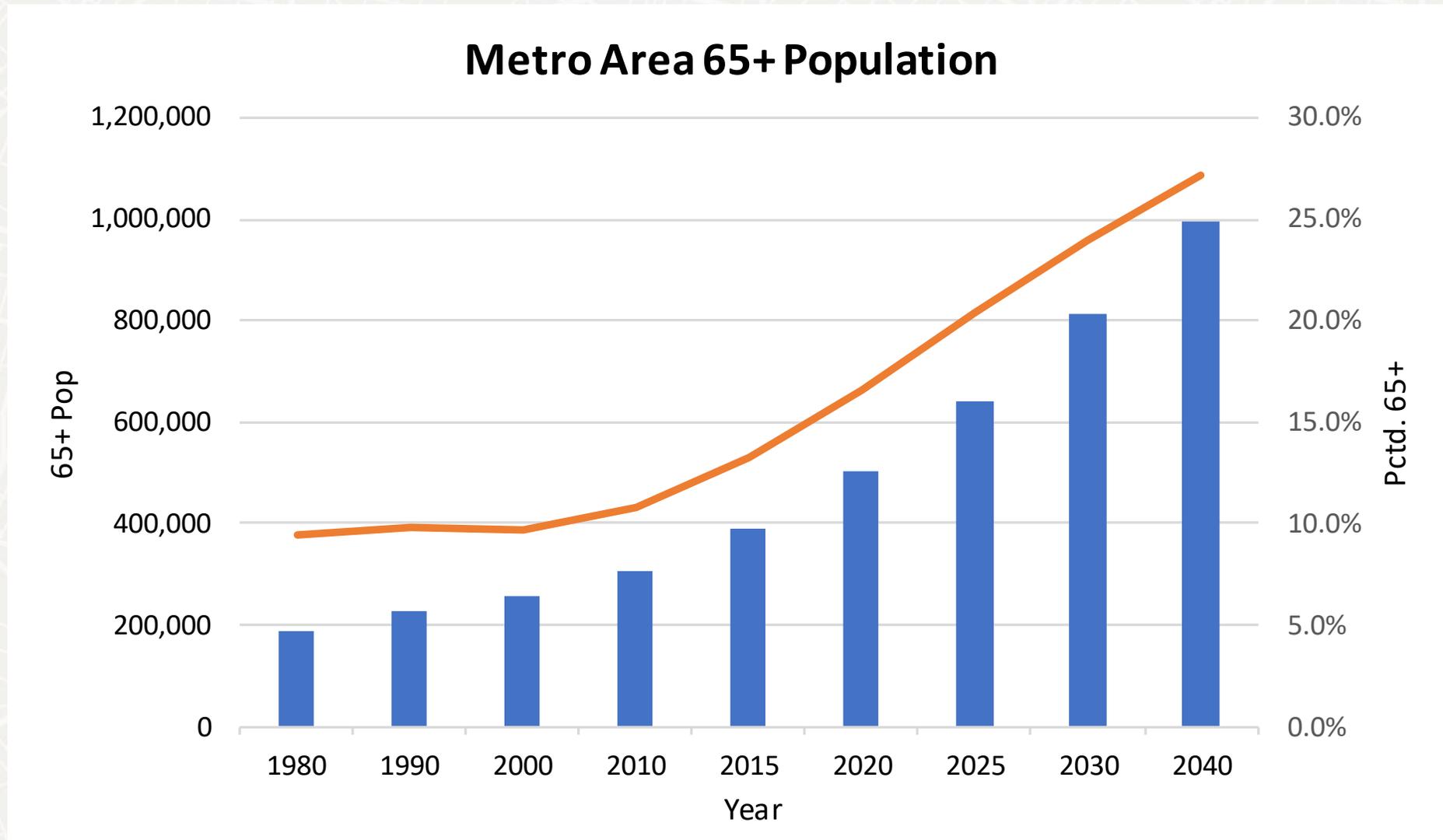
# Millennials Have Recently Overtaken Boomers

## Age Distribution 2019: Twin Cities vs. Remainder of MN



Source: ESRI, Inc.

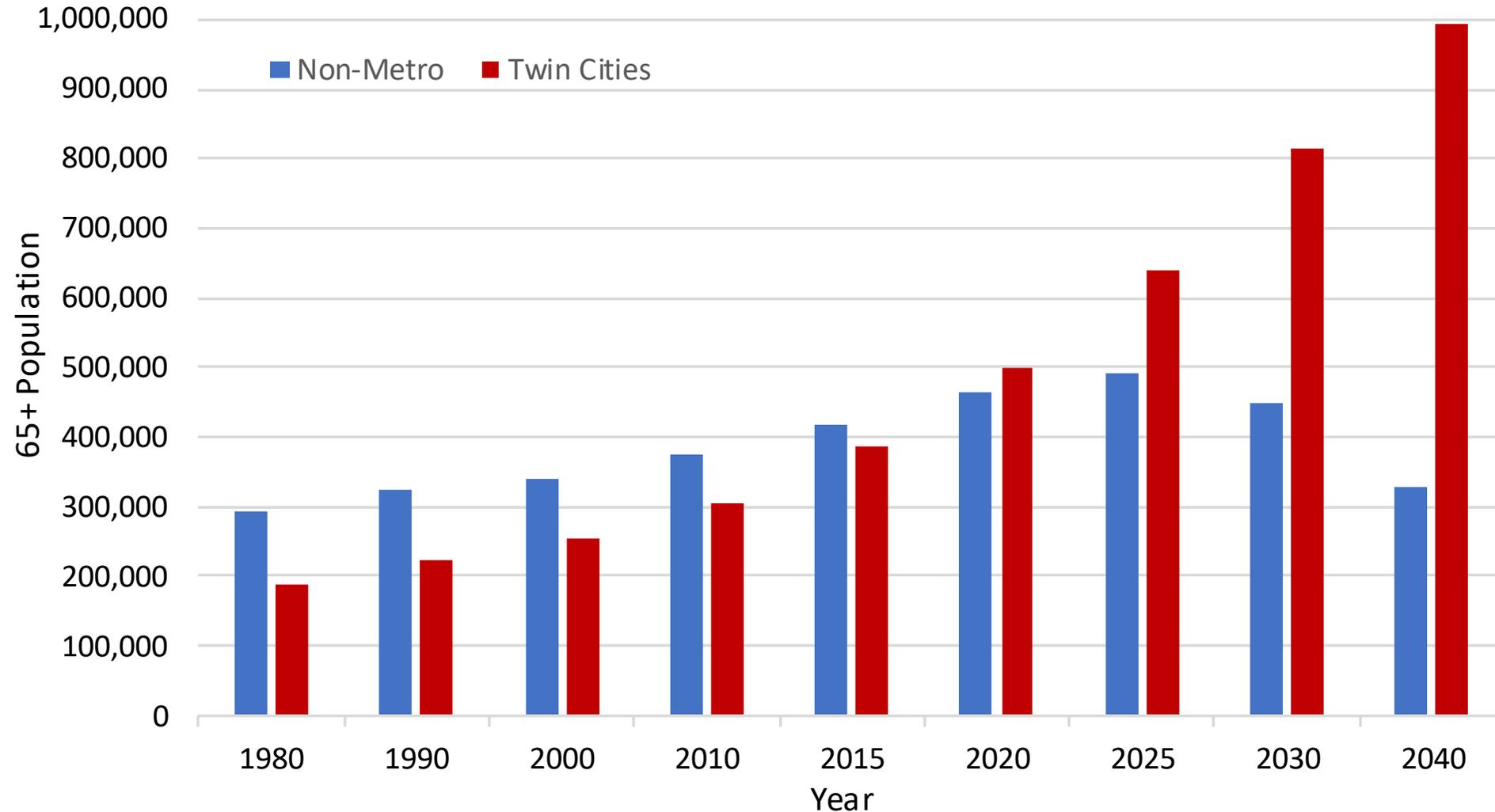
# Twin Cities 65+ Population +98% by 2040!



492,000+ New Seniors (2020 to 2040)

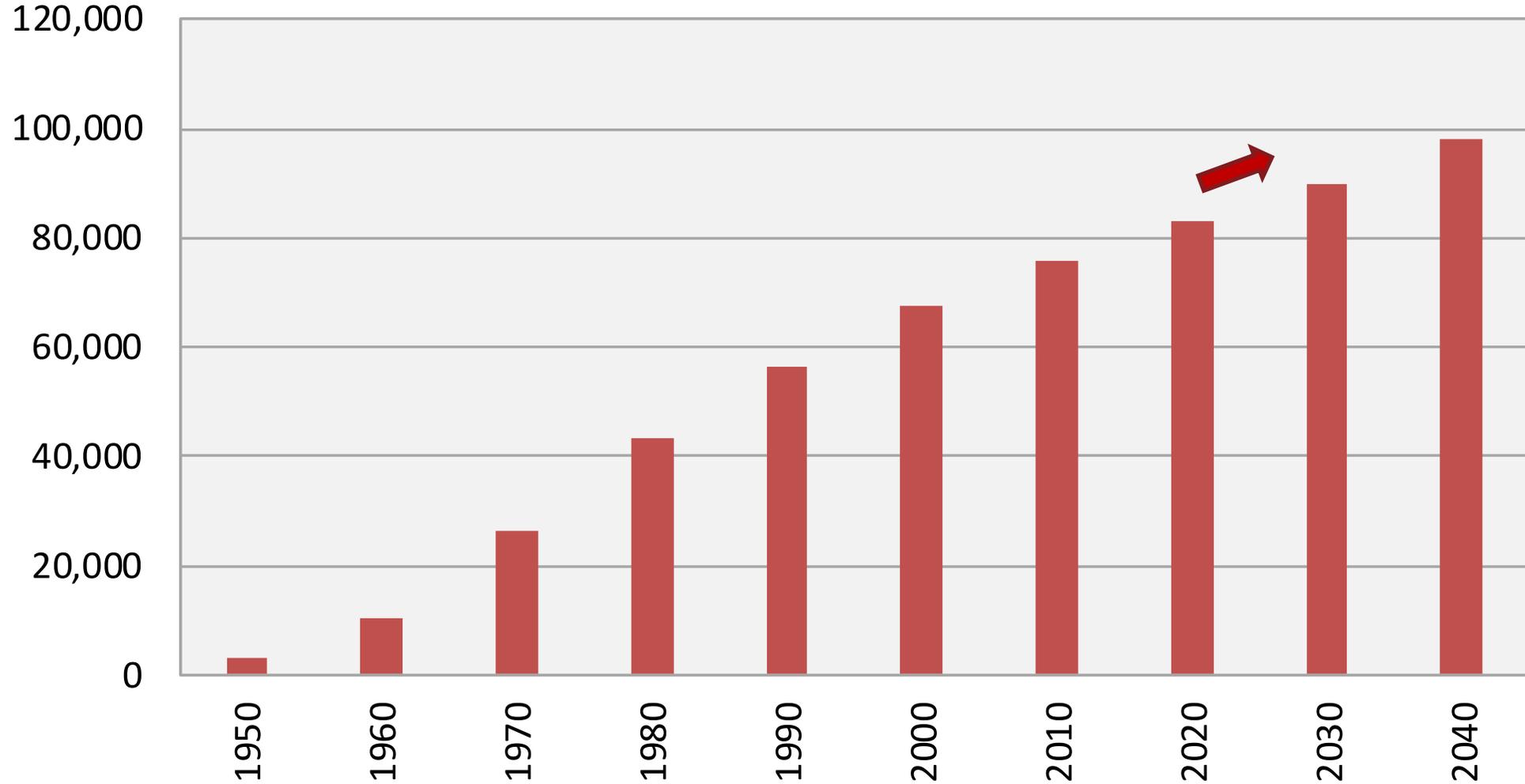
# Metro Area Seniors Pass Non-Metro in 2020

## 65+ Population: Metro vs. Non-Metro



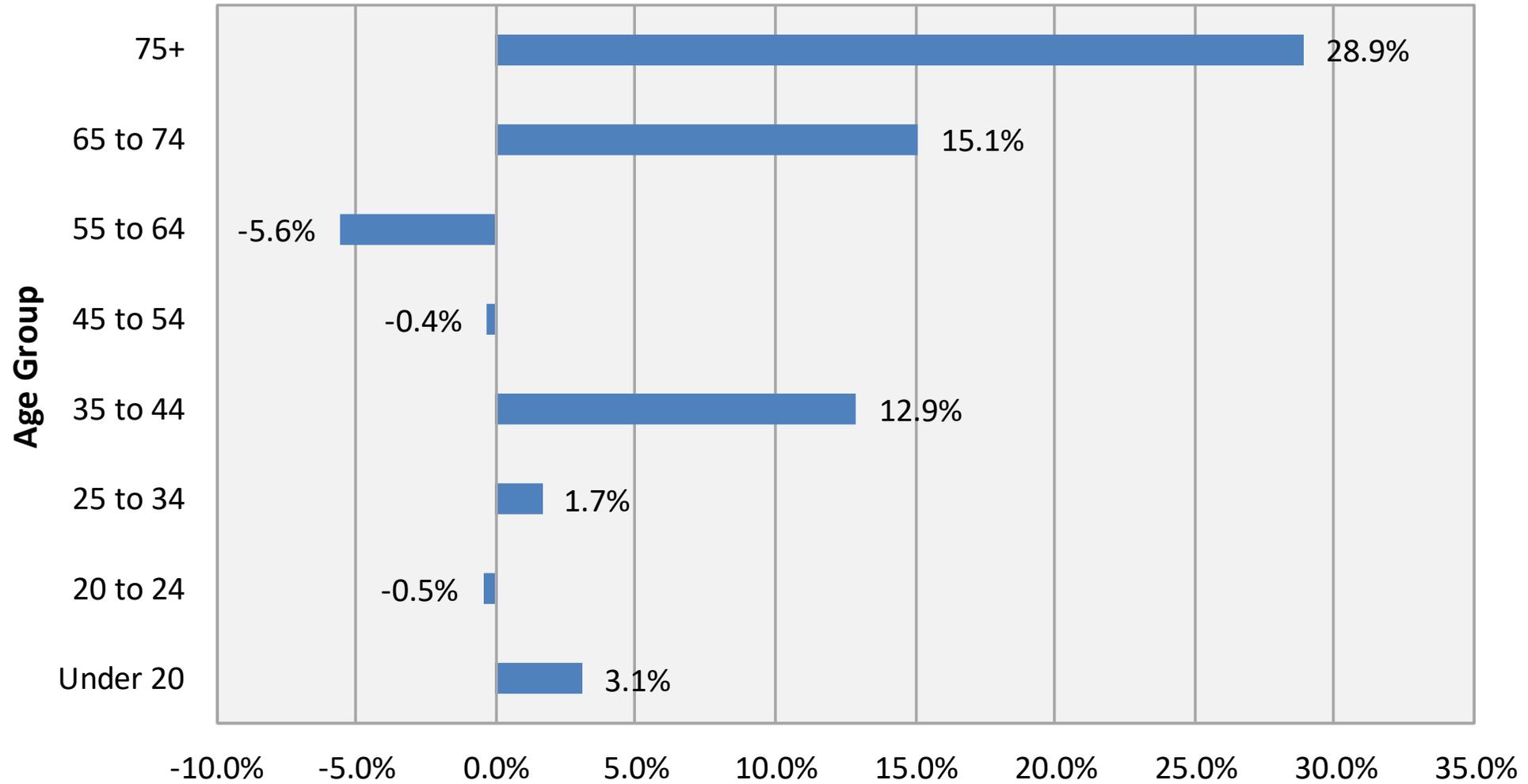
# 18% Growth Rate Projected Through 2040

## Historic & Projected Population: Brooklyn Park



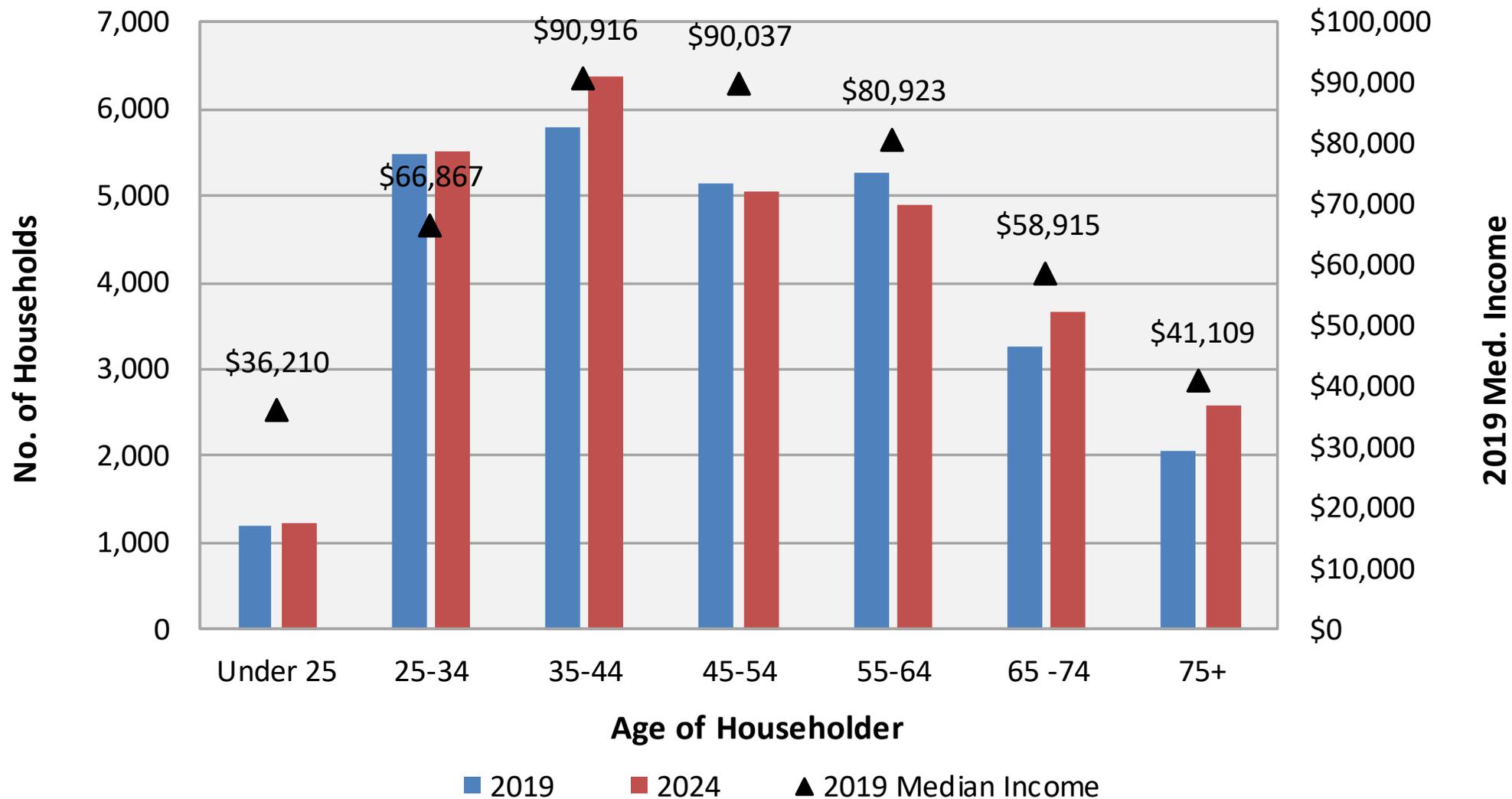
# Strong growth in 65+ population in Brooklyn Park

Projected Population Growth by Age Group: Brooklyn Park 2019 - 2024



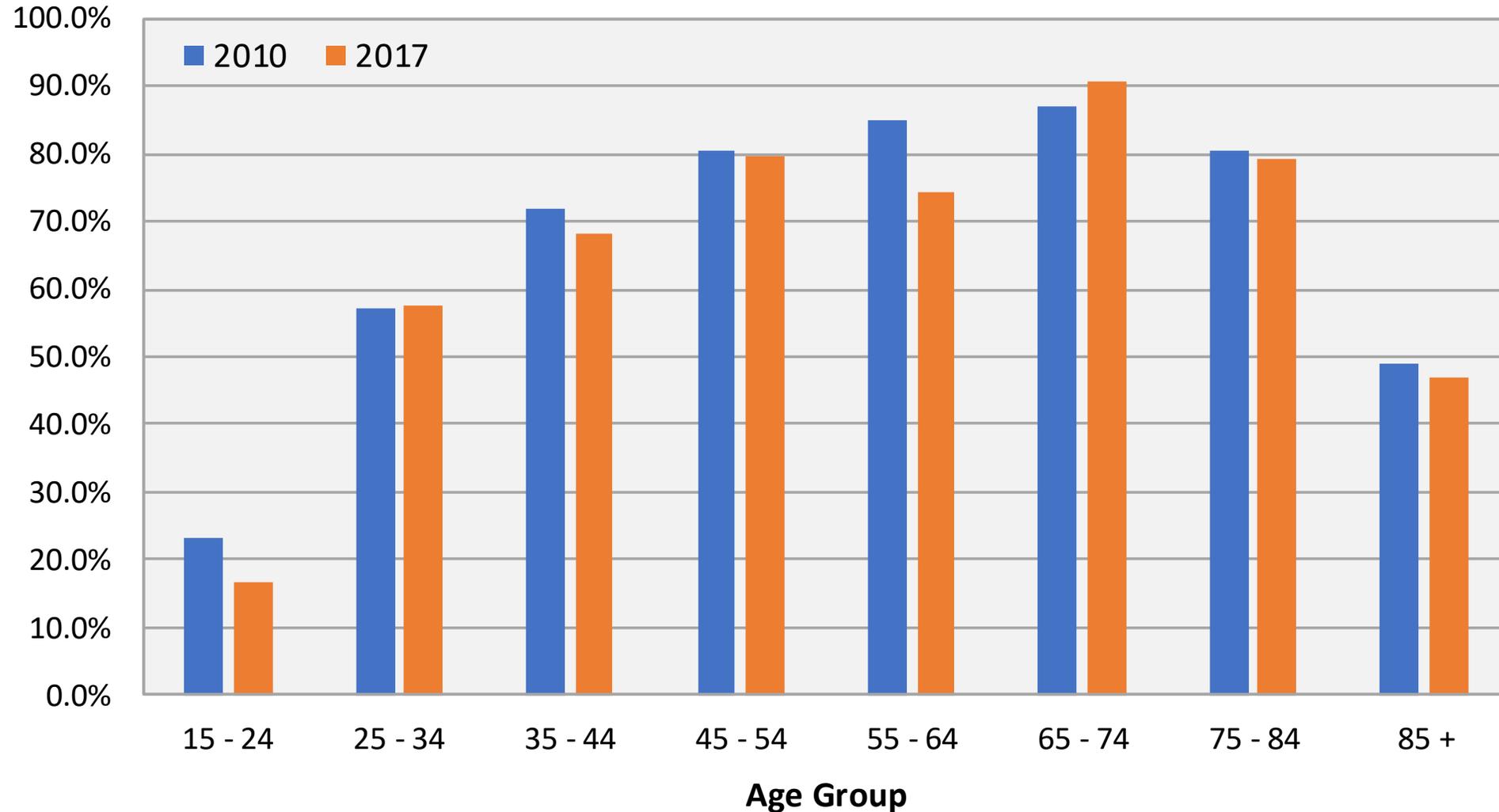
# Incomes Peak for Millennials/Gen X

## Growth & Income Trends by Age of Householder: Brooklyn Park



# Homeownership Rates Peak for Boomers

H/O Rate by Age: Brooklyn Park, 2010 & 2017





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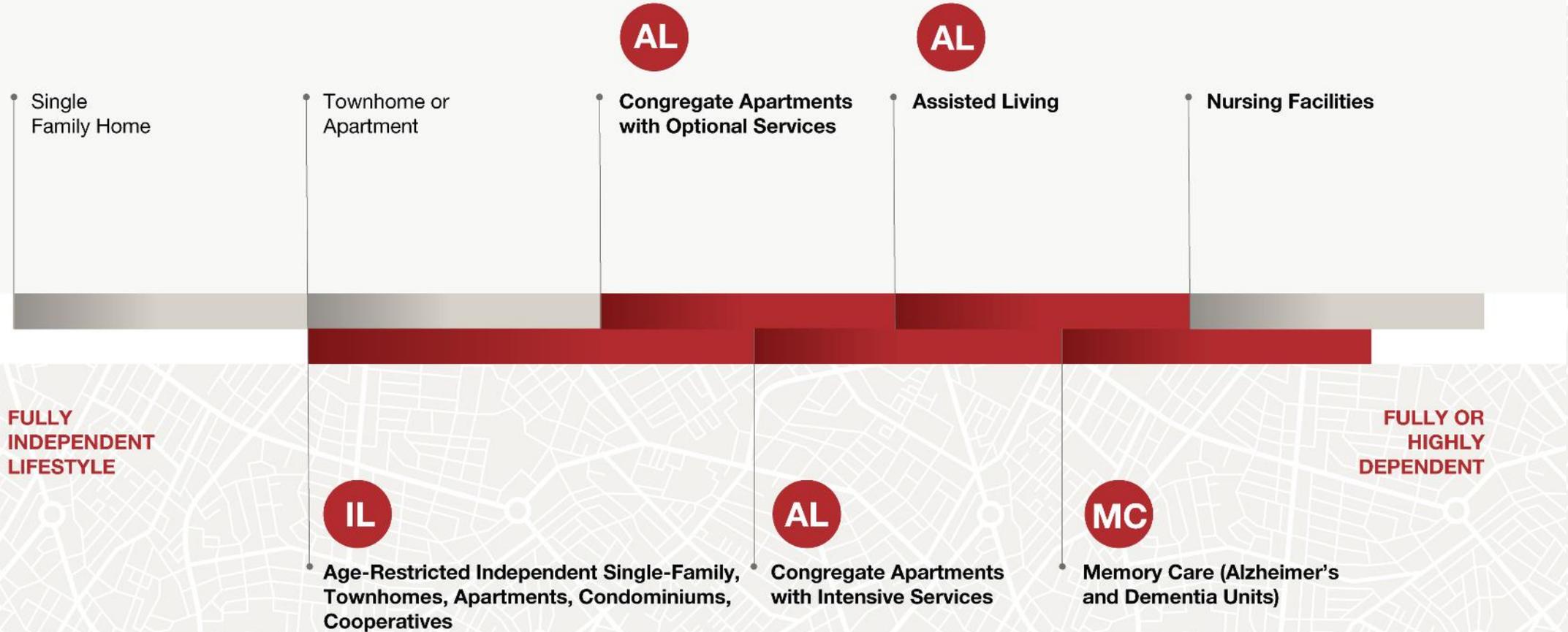
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# Older Adult Housing Continuum



● SENIOR HOUSING PRODUCT TYPE

# Age Targeted vs. Age-Restricted

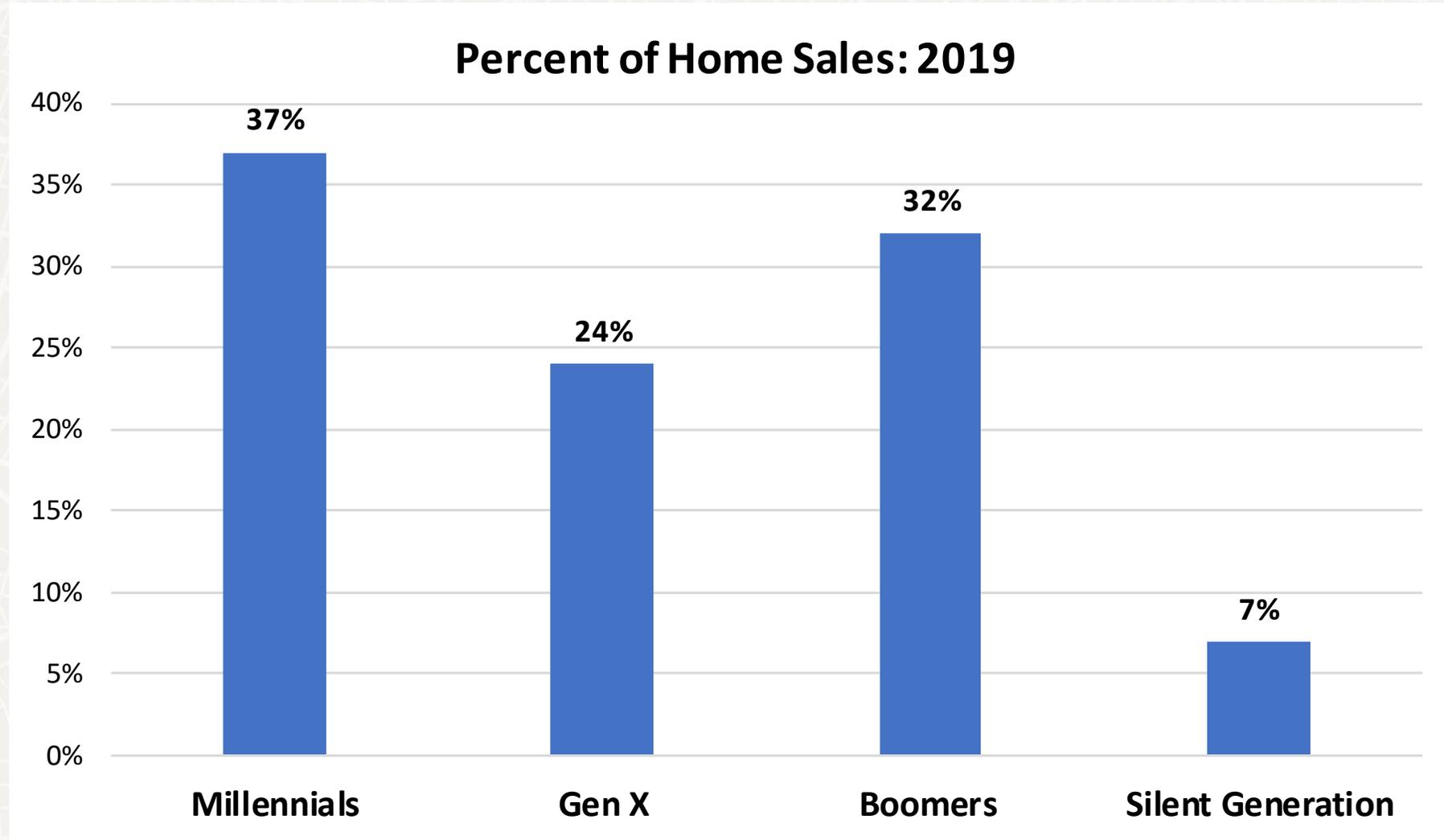
	<b>Age-Targeted</b>	<b>Age-Restricted</b>
<b>Age Restriction</b>	None - but caters to older adults	Typically 55+
<b>Price Points</b>	More expensive, larger homes	More price sensitive
<b>Age of Buyers</b>	Early empty nesters	Propensity increases with age
<b>Lifestyle</b>	More independence	More Social interaction
<b>Visitor Policy</b>	More flexibility for all ages	More restrictive visitor policies

# Baby Boomers (56-74) - 75 Million Strong!

- 10,000 baby boomers turn 65 every day in the US until 2030
- Healthier, savvier than previous generations
- Highest spending power (70% of disposable income in US) | 71% of all net worth in the U.S.
- 50%+ of baby boomers support their adult children
- 65% of boomers plan to work past age 65
- 45% of boomers have no retirement savings
- Boomers and seniors carrying more debt: 40% of 65+ population carry a mortgage
- 45% of boomers purchased their 1<sup>st</sup> home between 25-34 (37% Millennials today)
- Boomers 80% Home ownership rate | 20% of the new construction market
- Accumulated substantial home equity | \$6.3 Trillion!

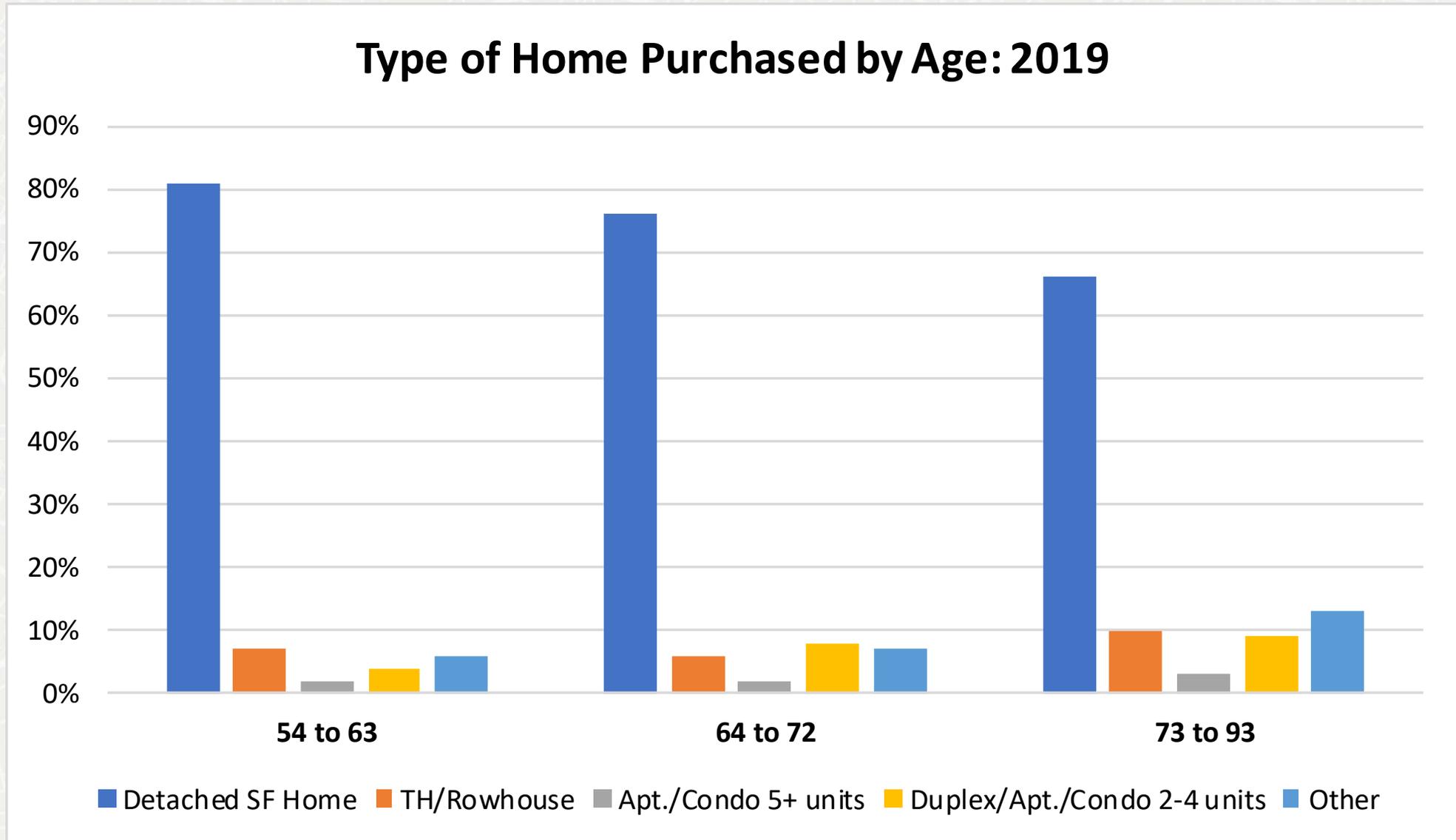
# Boomers & Seniors: 39% of All Home Purchases

Boomers 21% of Population | 32% of Sales

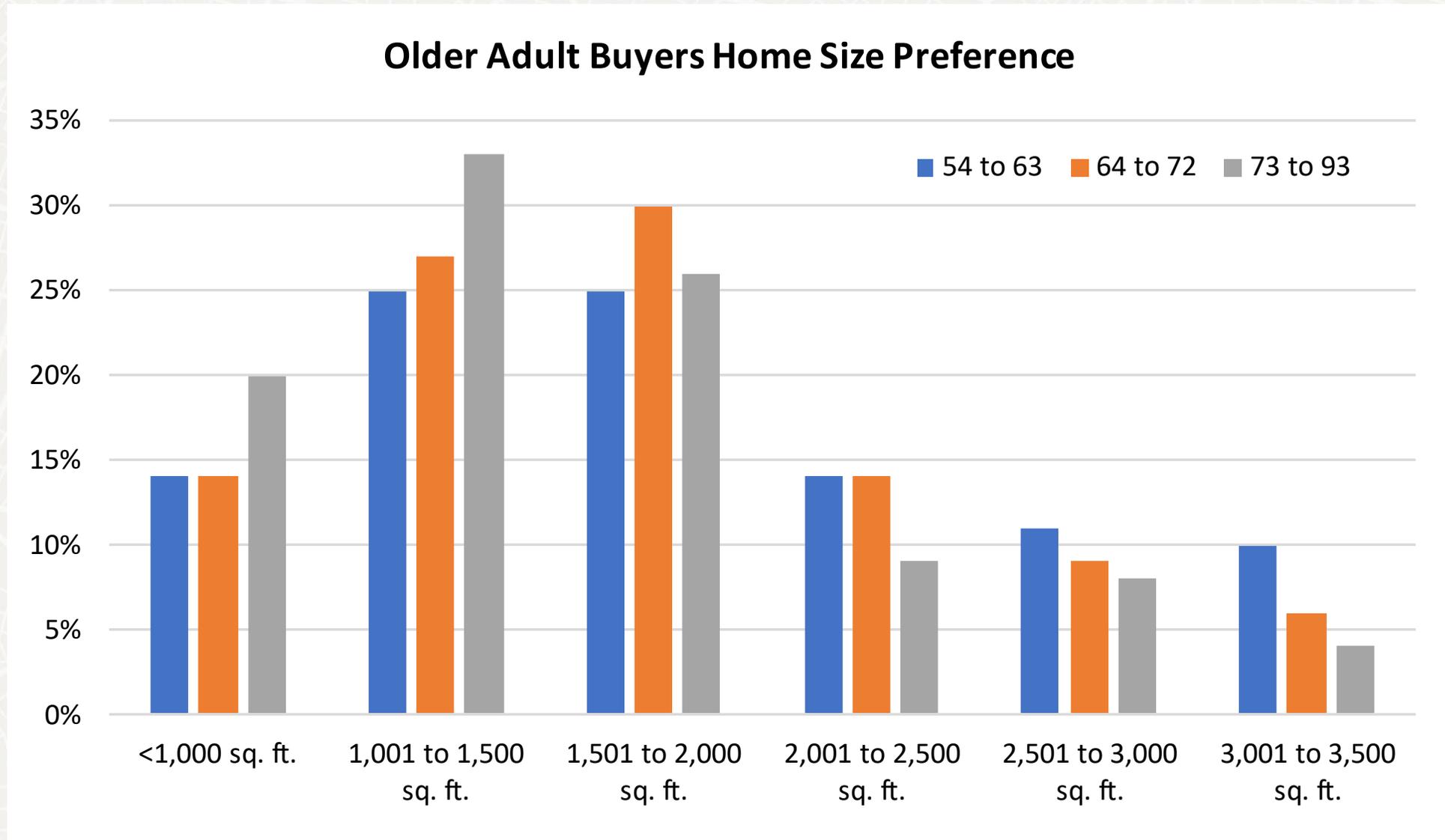


Source: NAR Home Buyer & Seller

# 3/4's of Older Adults Still Buying SF Home

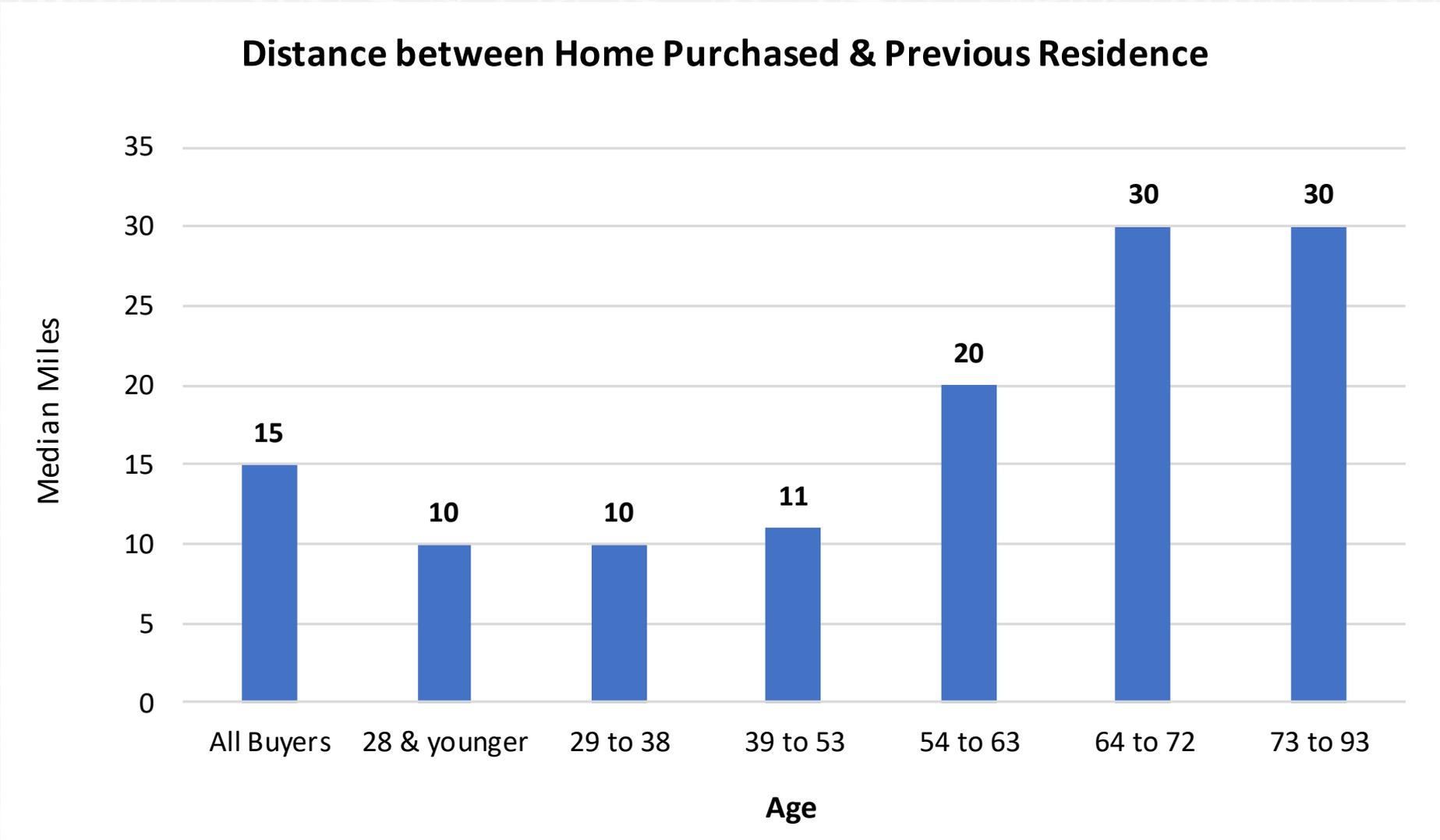


# Older Adults/Seniors Still Desire Square Footage



Source: NAR Home Buyer & Seller

# Older Adults Moving Further Away



# Market for One-Level Living Product

## Single-level Living Products in Demand from Boomers:

- ✓ Rambler single-family homes
- ✓ Detached Townhomes & Twinhomes, villas, etc.
- ✓ Condominiums
- ✓ Single-level and walk-out lower level townhomes
- ✓ Cooperatives
- ✓ Active Adult Rentals
- ✓ General-Occupancy Rentals
- ✓ Retirement Communities



# What about Condos?

- ✓ Condo market soft since recession
- ✓ MN State Statute 515 (“MCIOA”) modified in 2017 to ease construction defects language...but still difficult
- ✓ Most development in DT Mpls. or wealthier suburbs (Wayzata, Edina, Minnetonka, etc.)
- ✓ Strong demand; but developers focusing on apartment sector due to risk
- ✓ Most new product \$500k+ | \$400+ PSF



# Age Restricted For-Sale Communities

## Bellwether Del Webb (Pulte Homes)

- Age-restricted Villa Development
- Build-out 400 Homes...potential for future phases
- Base Pricing: \$320k to \$450k; w/upgrades up to \$600k
- Avg. \$227/PSF
- Floor Plans from 1,222-1,953 sq. ft.
- Strong Absorption
- Amenities: *clubhouse, indoor and outdoor pool, fitness center, bocce ball, pickle ball, multi-purpose rooms, community room, commercial kitchen, walking paths, social clubs, lifestyle director*



# Margaritaville



Introducing  
**LATITUDE MARGARITAVILLE**  
DAYTONA BEACH, FLORIDA

## PARADISE

*just got a new set of coordinates*

The first Latitude Margaritaville is located in Daytona Beach, Florida, one of the world's most iconic destinations for fun, including surfing, fishing, boating, beachcombing and more.

Endless opportunities for daily fun, fitness and recreation include a planned amenity center with a resort-style pool, social gathering areas and a poolside tiki bar and grill. The planned indoor and outdoor athletic facilities include tennis and pickleball courts where you can get and keep your game on. The community even has its own planned private oceanfront beach club!

*Attitude Adjustments*  
**AVAILABLE DAILY.**



**LIVE LIFE LIKE A SONG**

Music is very much at the heart of this Jimmy Buffett-inspired lifestyle. In fact, there's a bandshell for live entertainment right in the middle of the lively Latitude Town Square!

**YOU'LL LOVE YOUR NEW DOWNTOWN**

Our vibrant Town Center - now open - features an exciting restaurant, entertainment venues and more. Served up with Margaritaville's authentic, no-worries vibe, the FiNTastic dining, recreation and live entertainment make this lively downtown the place to be and a golf cart ride away from your new home in paradise!



**CHILL OUT, DINE ON...**

Cheeseburger in paradise? Boat Drink? If you have an appetite for great times with good friends, you're going to love living at Latitude Margaritaville!

**CHANGE YOUR LATITUDE**



*New Homes from the 200s  
Island-inspired living as you  
grow older, but not up*

HILTON HEAD, SC | DAYTONA BEACH, FL



# Desired Home Features for Older Adult Home Buyers

- ✓ Proximity to family and grandkids
- ✓ Desire smaller, lower-maintenance....yet higher-quality than their current home
- ✓ Prefer single-family detached product; but many will consider attached products
- ✓ 90% consider a 1-story; but 1/3<sup>rd</sup> would still consider a two-story
- ✓ Prefer master bedroom and laundry room on main floor
- ✓ No-Step entry preferred, wider doorways & hallways, lever-style handles
- ✓ Abundant storage | Guest bedroom/hobby space
- ✓ Adequate lighting with sensors or timers, home automation, security, smart technology



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# Aging in Place

- Only 3.5% of all U.S. homes are Considered Accessible
- AARP Home Preference Study (2018):
  - 76% of 50+ would prefer to remain in their current residence
  - 77% would like to stay in their community as long as possible
  - Proximity to health care, grocery stores, and transportation very important
  - 31% would consider building an ADU (i.e. granny flat)
  - About one-third of older adult homeowners anticipate home improvement modifications needed to stay in their home

# Requested Modifications

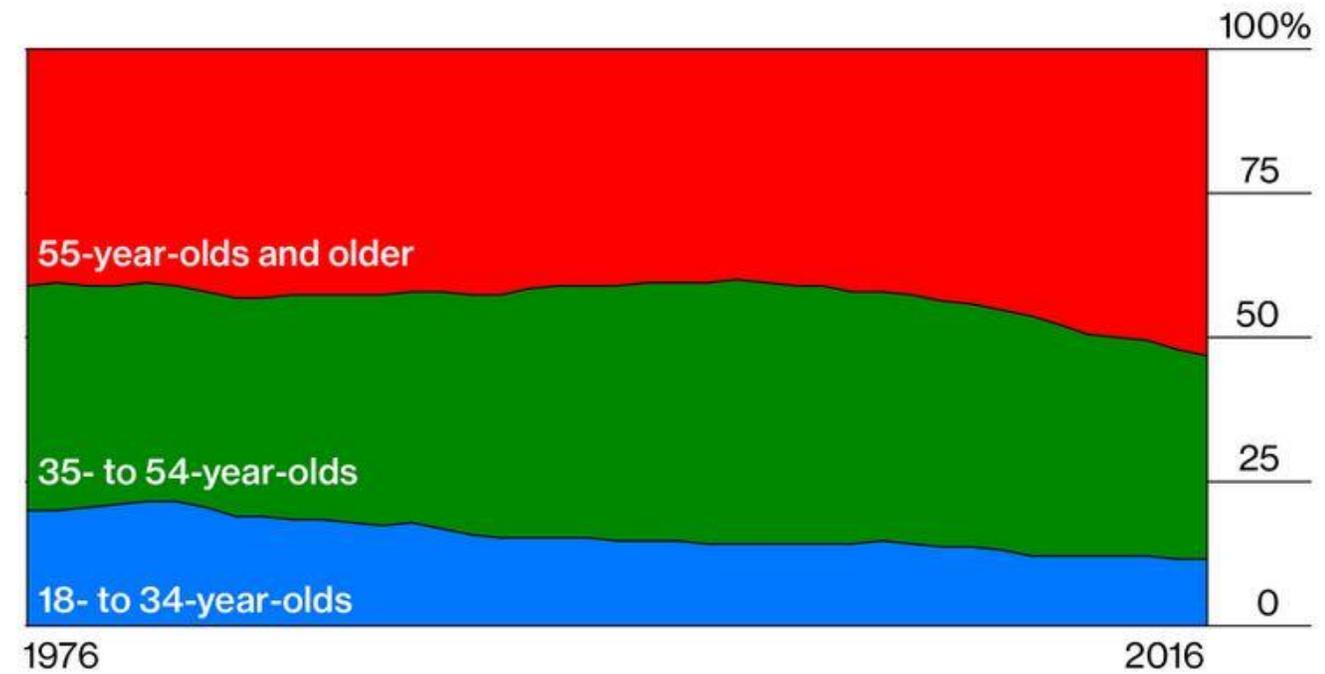
- Installing grab bars
- Walk-in-showers/curb less shower
- Slip-free flooring
- Widened doorways/pocket doors
- Eliminating steps/ramp construction
- Raised toilets
- Adjustable shower heads
- Lever door handles, rocker light switches
- Varied height cabinets and countertops
- Smart home technology
- Touchless faucets
- Chair lift
- Motion activated lighting
- Lower wall switches and raised electrical outlets

# Boomers Creating Housing Gridlock?

- 55+ owns 53% of all homes in the U.S.
- Longer tenure in home:
  - 70% 10+ years
  - 47% 20+ years
- Senior Turn Over Rate is Slower than Previous Generations
- Lack of Inventory for Downsizing
- Affordability Concerns
- “Wait and See” if Housing Prices Continue to Rise

## Aging in Place

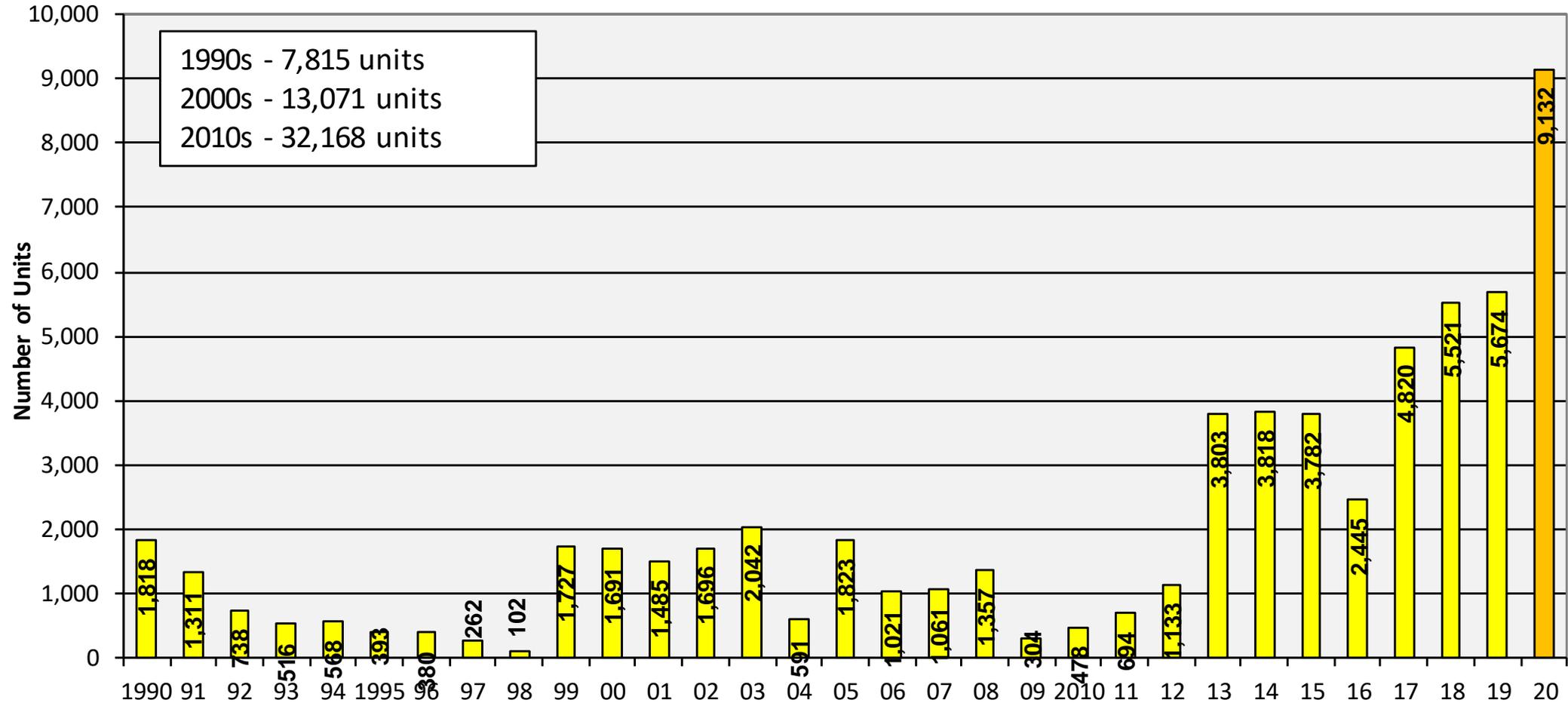
Share of U.S. owner-occupied houses



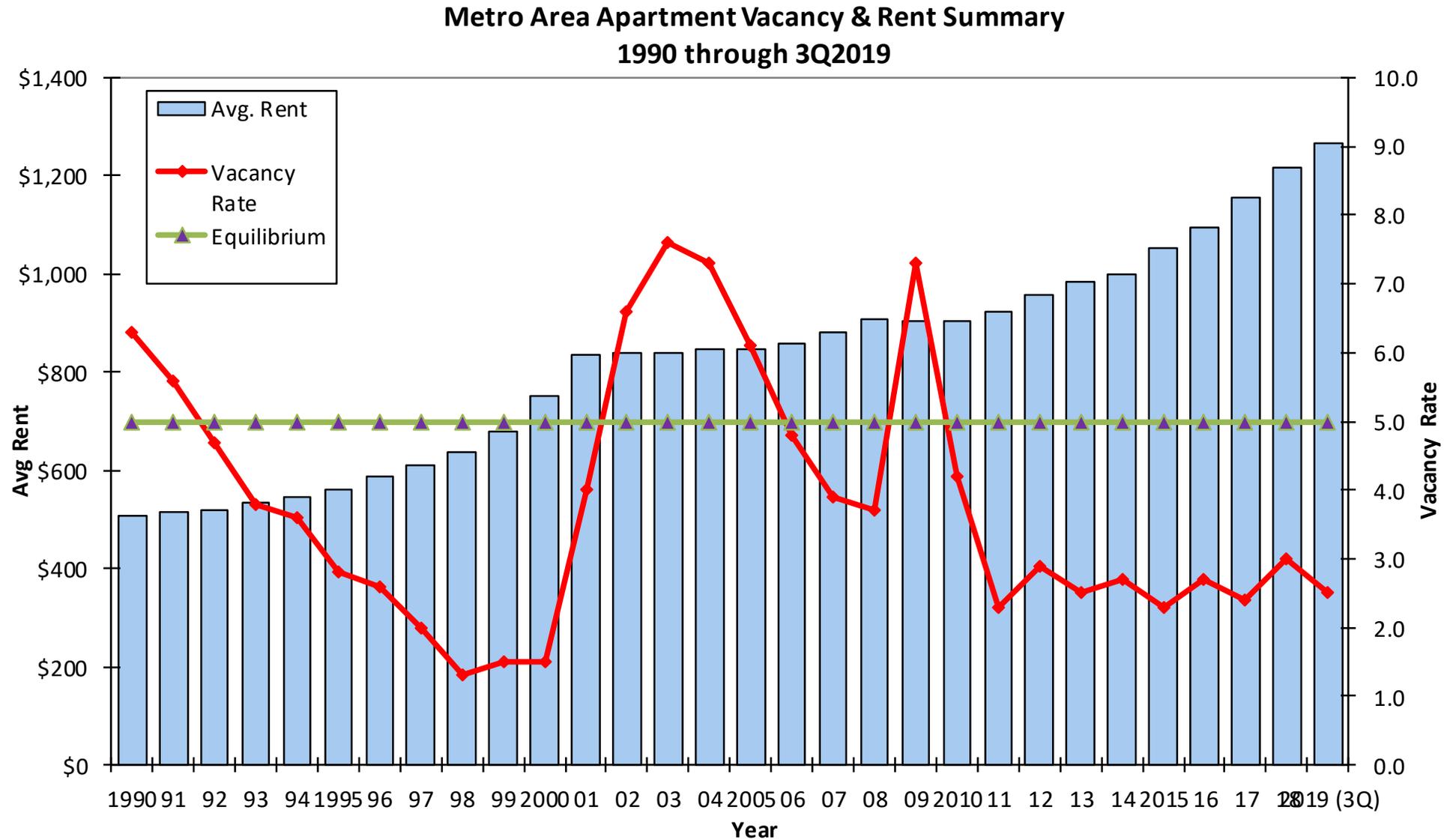
GRAPHIC BY BLOOMBERG BUSINESSWEEK; DATA: TRULIA ANALYSIS OF CENSUS DATA

# Lack of For-Sale Product Driving Apartment Sector

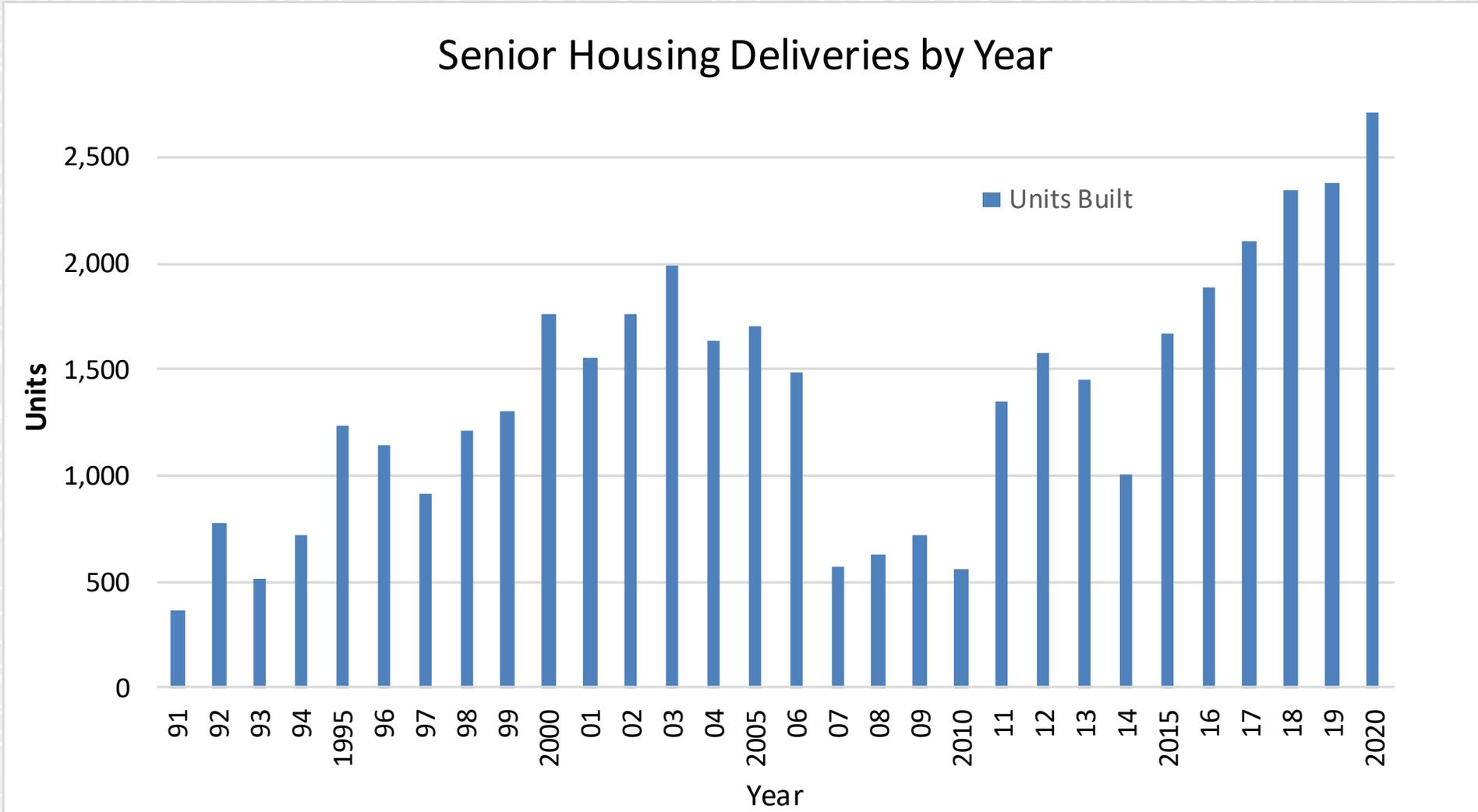
General Occupancy Market Rate Apartment Units Online  
Twin Cities Metro Area: 1990 to 2020



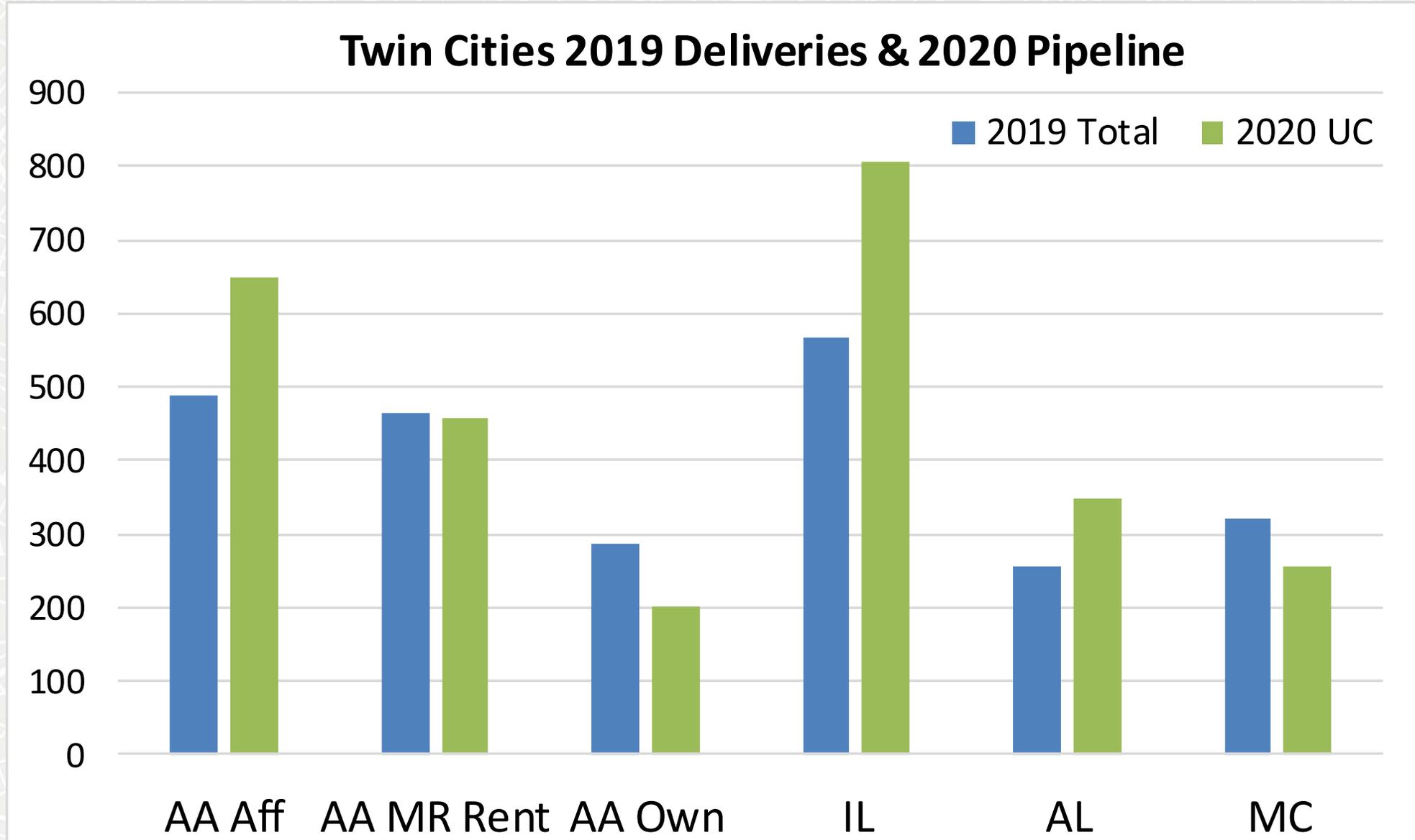
# 9-Year Run of Vacancies Under 3%!



# Senior Housing Deliveries @ Record Peak



# ...More in the Pipeline





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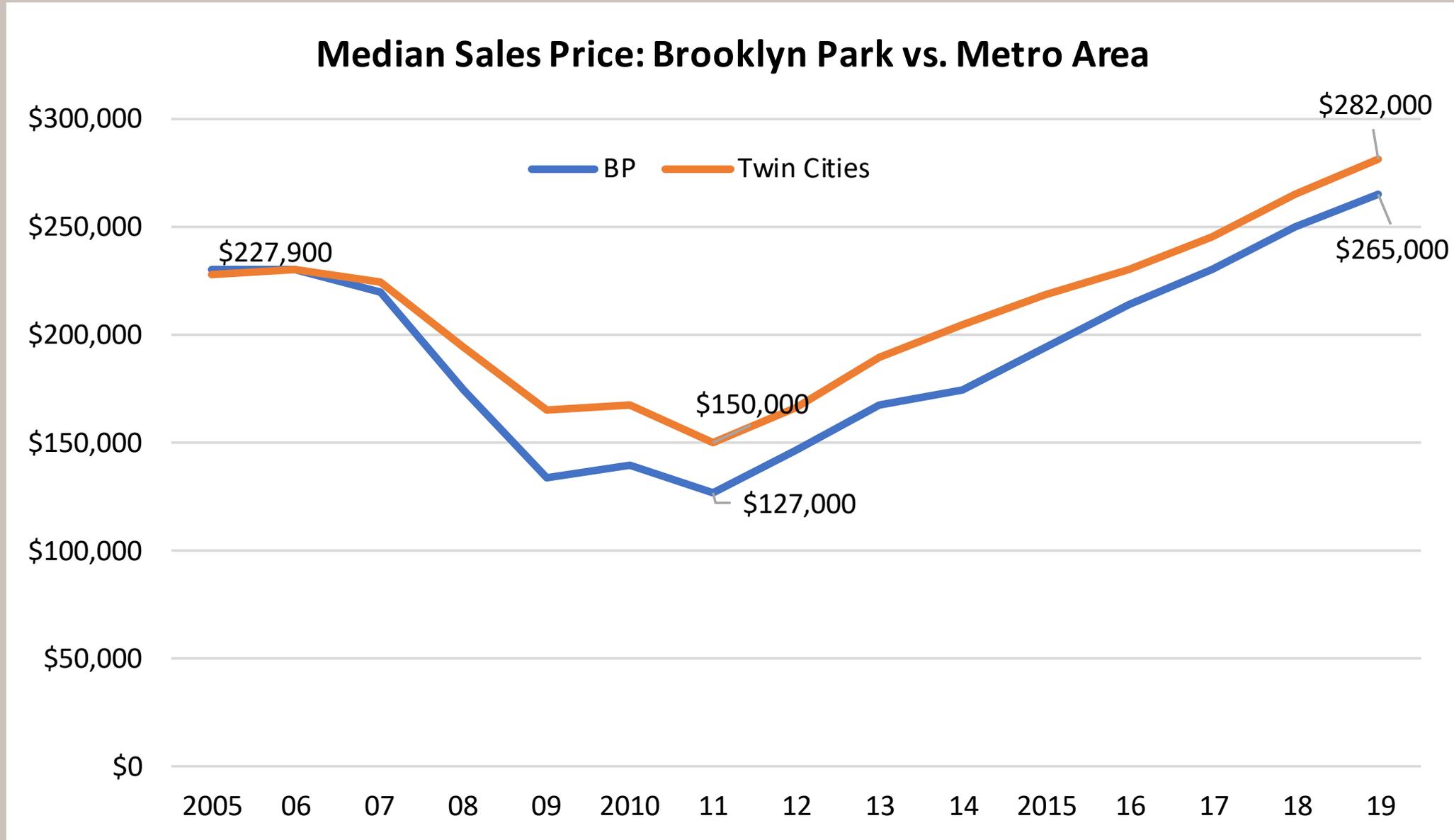
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# Median Home Sales Price @ Peak



# 2020 For-Sale Market Metrics Positive

Median Sales Price



Home Sales



Housing Starts



Interest Rates



Inventory



Distressed Sales



Housing Affordability



# 55+ Outlook

- +17% senior household growth rate in Brooklyn Park in next five years
- 80% of Brooklyn Park 55+ households are homeowners
- ¾'s of households desire to stay in their current home or community
- Proximity to amenities important: walkability, restaurants, fitness, shopping, worship, etc.
- Strong demand for new construction maintenance-free housing or remodeling current residence
- 55+ households accounted for more than 50% of home improvement spending (2019)...projected to rise to 56%
- “Aging in Place” perception changes to “Living in Place”

## Contact Information:

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