



SCHWARTZ *Report*

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THE SILVER TSUNAMI

I was going to illustrate this month's Schwartz Report with a picture of the Grim Reaper surfing a wave but decided on a big wave instead. That substitution will make this tale somewhat less grim. "TSUNAMI, (Japanese: 'harbor wave') also called seismic sea wave or tidal wave, catastrophic ocean wave, usually caused by a submarine earthquake, an undersea or coastal landslide, or a volcanic eruption..." Seismologists tell us that such tidal waves are often caused by tectonic shifts releasing built up stress along geologic faults. Apart from the destruction wrought on land by such geologic events, what does this all have to do with real estate? Forces have been building within our nation's housing market not unlike two plates of rock stuck rubbing against each other. They are poised to release a geriatric wave of significant economic proportions. Real estate pundits have dubbed this the Silver Tsunami.



Baby Boomers* currently hold \$8 trillion in home equity which represents two thirds of the entire nation's home equity. These are the same Boomers whose families caused countless Levittowns to be built; demanded the school building boom of the 1950's and 1960's and the college and university expansion thereafter. The U. S. homeownership rate recently passed 65% but a little watched fact within that percentage is that 79% of that 65% is represented by homeowners aged 65 and older. A recent AARP survey tells us that three quarters of those seniors want to remain at home throughout their golden years. This "aging in place" has been one of the major

causes restricting the turnover rate in housing. Across the country the mobility rate has gone down. The time the average family stays in their home has gone from six to seven years to an average of ten to twelve years. Furthermore, the home owning population at present is skewed towards the least utilizing end of the homeownership spectrum. Their homes no longer meet their needs but could serve younger generation families very well.

Father Time will eventually force the above mentioned tectonic shift as the Boomers leave their

homes. According to a recent study by Zillow, some 21 million homes will be vacated by seniors between 2017 and 2037. The good news is that there is a large force of Millennials* in the 22 to 37 year age range, now 46.5 million of them, waiting in the wings. They represent the largest home buying group following behind the Boomers. Perhaps the moving tectonic plates will align and ease our inventory stressed markets. That was the function heretofore taken up almost exclusively by new home building. The National Association of Home Builders predicts 1.42 million housing starts in 2020. Against this 450,000 obsolete and dilapidated housing units will be removed or demolished. The net increase will not even meet the demand caused by the 1.2 million new households being formed this year. Now let's throw in the 1.17 million housing units being vacated by seniors every year from now to 2027. We will further assume that the number of housing units that transfer every year will track along the current level of 2020 which is

*As of 2018: Baby Boomers: Born 1946-1964 (54 to 72 years old); Generation X: Born 1965-1980 (38 to 53 years old); Millennials: Born 1981-1996 (22 to 37 years old); Post-Millennials: Born 1997-present (0 to 21 years old)

predicted to be about 5.56 million housing units. The about to be vacated Boomer units would seem to take up the slack.

Hold on, there is one undisputed fact about real estate we left out of this equation. Unless we are selling mobile homes, we can't move them to where they are needed. Most of the homes that seniors will be vacating over the next seventeen years are concentrated in traditional retirement communities in states like Florida and Arizona with more modest numbers in the Rust Belt and even some of the pricier costal neighborhoods of New York and San Francisco. The cities with the "most tenured homeowners", i.e. those staying in their homes the longest, are predominately in tight housing markets.

California, for example, has six of the top twenty. Therefore the bulk of whatever the supply windfall may come our way will not necessarily be in the places that have the jobs that the Millennials and the Gen Xers* are seeking. Remember each new job created typically calls forth the demand for a housing unit.

A recent RIS Media House Call survey highlighted 5 cities to which Millennials are flocking. They are Salt Lake City, Utah; Seattle, Washington; Austin and Dallas, Texas; and Charlotte, North Carolina. Not surprising is the fact that three of these five are ranked among the highest for percentage of new homeowners. Clearly some markets will be hit harder by the silver wave than others. Stay tuned!



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11 Critical Home Inspection Traps to be Aware of Weeks Before Listing Your Home for Sale

DE, MD, PA – According to industry experts, there are over 33 physical problems that will come under scrutiny during a home inspection when your home is for sale. A new report has been prepared which identifies the eleven most common of these problems, and what you should know about them before you list your home for sale.

Whether you own an old home or a brand new one, there are a number of things that can fall short of requirements during a home inspection. If not identified and dealt with, any of these 11 items could cost you dearly in terms of repair. That's why it's critical that you read this report before you list your home. If you wait until

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the building inspector flags these issues for you, you will almost certainly experience costly delays in the close of your home sale or, worse, turn prospective buyers away altogether. In most cases, you can make a reasonable pre-inspection yourself if you know what you're looking for, and knowing what you're looking for can help you prevent little problems from growing into costly and unmanageable ones.

To help homesellers deal with this issue before their homes are listed, a free report entitled "11 Things You Need to Know to Pass Your Home Inspection" has been compiled which explains the issues involved.

To order a **FREE Special Report**, visit www.charlieschwartz.com and select **10 Seller Tips** from the side bar menu, or to hear a brief recorded message about how to order your **FREE** copy of this report call toll-free 1-888-322-5252 and enter 1003. You can call any time, 24 hours a day, 7 days a week.

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