

HOPE Report: Baby-Boomers Heading into Retirement 2:
Baby-Boomers' Future Living Arrangements

Not all boomer men are tied to their work,
a sizeable number are freedom-seekers.

More than 50% of boomers are renovation-minded.

Close to 40% are interested in living in 2-location living.

Living arrangements with parents and/or children shifting from
living together to living nearby.

Tokyo—July 6, 2007— HakuHodo's Elder Business Development Division (<http://www.h-hope.net/english/>) constantly monitors elder *sei-katsu-sha*¹ (people aged 50 and over) through a variety of surveys and research. With Japan's baby-boomers beginning to head into retirement from April this year, we analyzed results of a survey into the post-retirement living arrangements of 428 men and women aged 58–60 in the Greater Capital and Kansai regions. Results of this analysis appear below.

Our survey results show that slightly more respondents look forward to freer post-retirement lifestyles not restricted by any organization (28.9%) than want to continue working full time at the same company they worked at prior to retiring (28.0%). The baby-boomer penchant for freedom is alive and well in this area.

Around 80% would like to continue living in their present homes after they retire, but if those who have renovated in the last 12 months are included, more than 50% intend to renovate. There is strong support for extending the kitchen among both men and women, but in other areas there were some differences between the genders, such as the desire by women to make their homes barrier-free, and an interest in hobby-related renovations among men. Perhaps they are proactively changing their lives with a freer post-retirement life in mind.

In addition, around 40% of respondents expressed an interest in spending their time

¹ *Sei-katsu-sha* are more than simply consumers, just as people's lives and lifestyles include more than just shopping. HakuHodo introduced this term in the 1980s to emphasize its commitment to a comprehensive, 360-degree perspective on consumer's lives.

between two homes. Of those with such an interest, more than 60% hope to spend time between homes in the city and the country. Around 20% hoped to go back and forth between Japan and somewhere abroad. There was no difference between the genders in this, indicative of a high desire for a free life.

In regard to living with their parents and/or children, far more expressed a desire to live near these immediate family members than did a desire to live with them or far from them. This trend was particularly noticeable amongst women. It appears that baby-boomers are looking to carve out free time for themselves, but still live within easy distance in case anything should happen.

Detailed survey data is presented below.

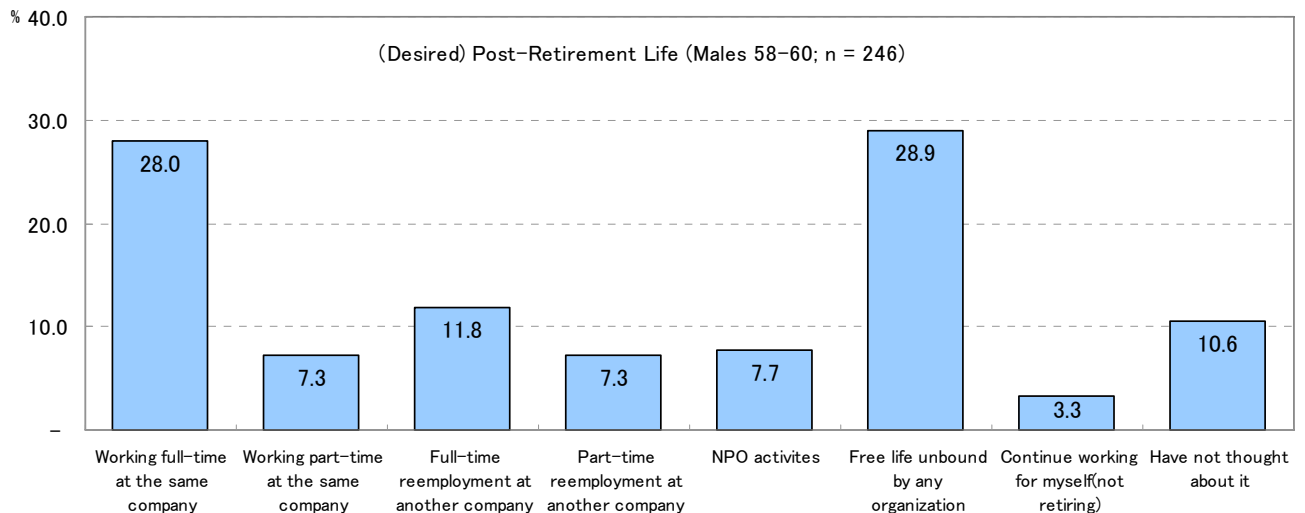
Survey outline

Period: March 2007
 Territory: Area within 40 km of Tokyo; Osaka/Kyoto/Kobe
 Respondents: Baby-boomers (aged 57–61): 298 males and 286 females; n = 584
 Method: Internet survey

Appendix: Survey data

- **Around 30% of men look forward a free post-retirement life not bound to any organization**

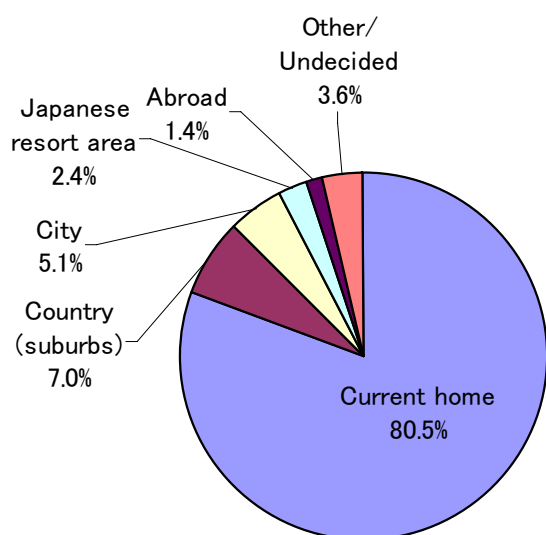
When we asked baby-boomers what kind of lives they want after retirement, slightly more looked forward to autonomous live not bound to any organization (28.9%) than looked forward to working full-time at the same company as prior to retirement (28.0%). It seems that close to 30% of men from the baby-boom generation, which has always exhibited a strong independent streak, retain that feeling today.



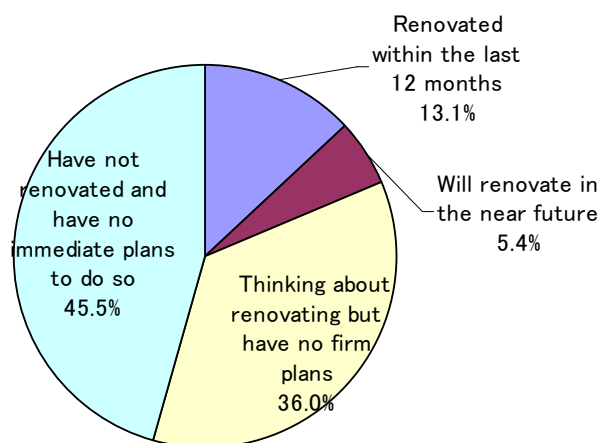
- **Around 80% of boomers intend to continue living in their current homes after they retire. More than half are thinking about renovating their homes**

With regard to post-retirement living, just over 80% of respondents would like to continue living in their current homes. Meanwhile, when those who have renovated in the past 12 months are included, a majority of all respondents are interested in renovating their homes. Perhaps they are getting serious about changing their lives with a view to greater freedom after they retire.

Desired Place of Residence



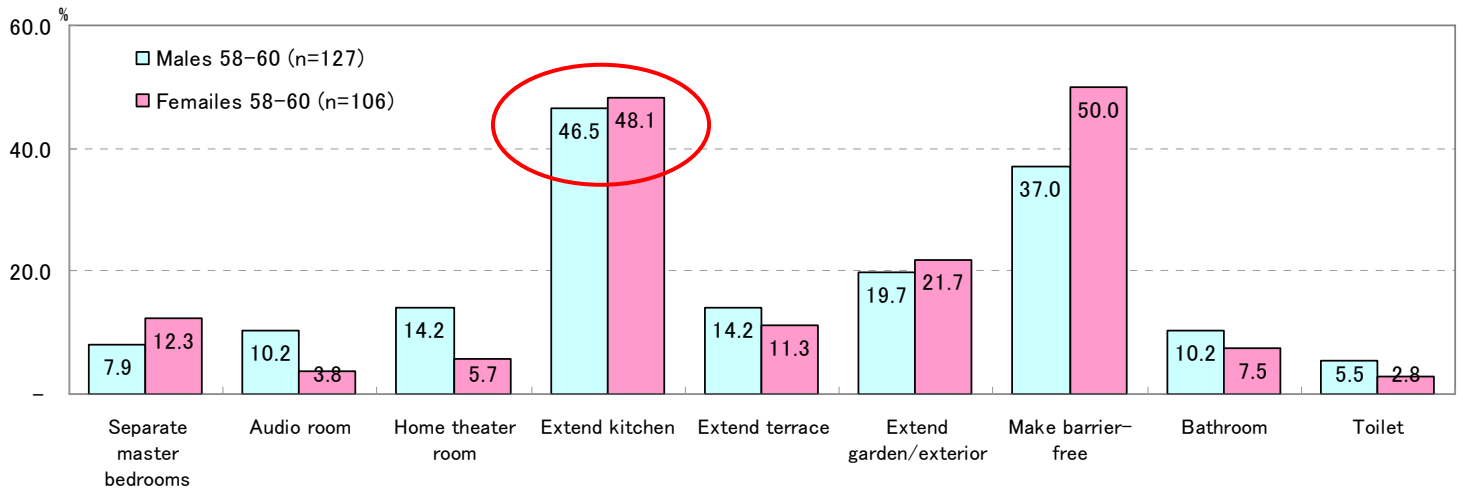
Intention to Renovate



- **In renovations, close to 50% of both men and women would like to extend their kitchens**

When we asked those intending to renovate and those who had renovated their homes during the past year about the content of their renovations, almost 50% of men and women mentioned extending their kitchens. This would seem to indicate that more men are now cooking for themselves. By gender, there was more interest in hobby-related renovations like putting in a home theater or audio room among men, and higher interest in making the home barrier-free among women (50%).

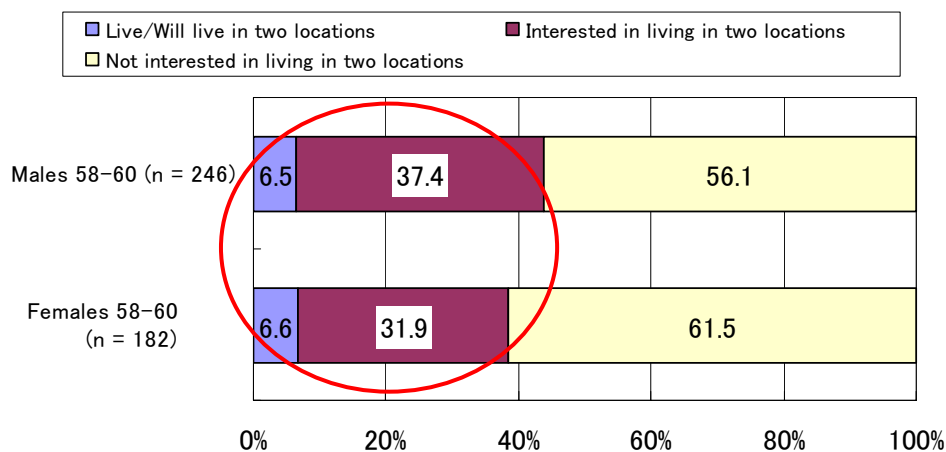
Content of Renovation (Renovated in the past 12 months/Interested in renovating; n=233)



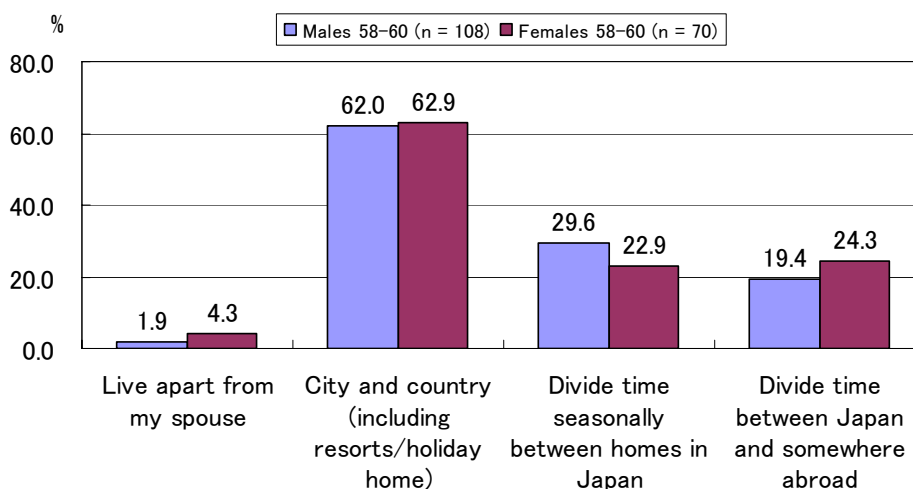
• **Close to 40% of boomers are interested in two-location living**

We found that around 40% of respondents are interested in dividing their time between two homes. Of these, more than 60% said they would like to divide their time between the city and the country (resort areas, holiday homes, etc.). Around 20% expressed a desire to go back and forth between Japan and somewhere abroad.

Interest in Two-Location Living



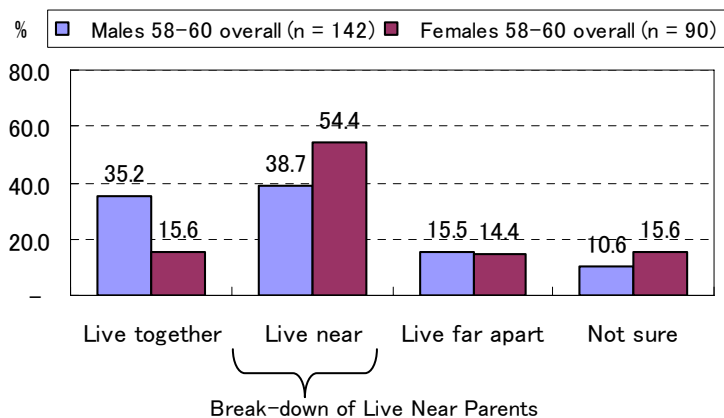
Desired Two-Location Living Arrangements (n=178)



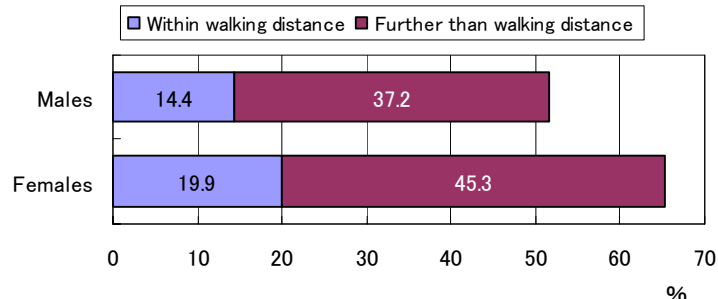
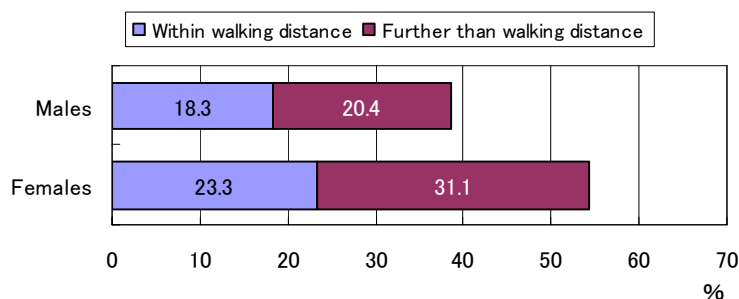
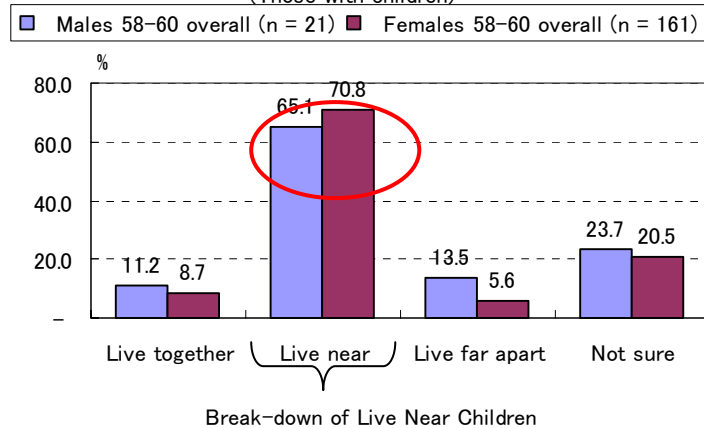
• **Living arrangements with parents and/or children shifting from living together to living nearby**

Our findings indicate that living near to parents/children is far more popular than living with or far from them. This trend is particularly noticeable among women. In addition, both men and women hope to live near to their children. The desire to live close to their children is stronger than the desire to live close to their parents. Breaking down responses for living near to children, there is a strong desire to live within walking distance. Maintaining a certain distance appears to be an ideal way of ensuring both mutual autonomy and allowing mutual assistance in times of need.

Desired Living Arrangements with Parents (Those with parents)



Desired Living Arrangements with Children (Those with children)



Analytical perspective

At HakuHodo's Elder Business Development Division, we refer to the late 1960s—when the Japanese baby-boom generation gave birth to youth culture—as the first baby-boomer wave. It was a time of long-haired men, the miniskirt and jeans. The late 1980s—when boomers, then known as the New Families and the Sneakered Middle-Aged, took lead of Japan's consumer market—became the baby-boomers' second wave. It was the age of the station wagon. Now, in 2007, the baby-boom generation is beginning to head into retirement en masse, possibly giving rise to a third baby-boomer wave. Given that the first two boomer waves were social phenomena that affected private lives, and that retirement is in principle a private life issue, the potential for a new wave is clear.

The baby-boom generation has made a habit of setting new phenomena in motion and ushering in new cultures and consumer spending patterns for the next generation. The retirement of the baby-boomers could also potentially result in new social phenomena affecting the next age. Our research paints a picture of perceptions and lifestyles far removed from the traditional image of older people past retirement age. For this reason, we strive to pick up as many indicators of emerging social phenomena as we can. This analysis has raised several hints of a third baby-boomer wave. We will keep a close watch to see whether these ultimately lead to a major trend.

- **Elders: The New 50+ Generation**

Pioneered by HakuHodo's Elder Business Development Division, the term "elder" provides a new way of referring to Japanese people aged 50 or over, one that better reflects the new realities of this group. Against the backdrop of the world's fastest aging society, Japan's 50+ community is a growing and increasingly influential part of society—especially from marketing perspectives.

The three major groups that comprise Japan's elder population are:

- Younger Elders aged 50-64
- Older Elders aged 65-74
- Aged Elders aged 75 and above.

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■ About Hakuhodo Inc.

Founded in 1895, Hakuhodo Inc. (www.hakuhodo.jp) is the second largest advertising company in Japan, and the ninth largest core agency in the world according to *Advertising Age's* agency report 2007. Today, innovation and creativity are still at the heart of its operations. Hakuhodo shares with its clients an unmatched depth of knowledge about the relationship between people and brands – knowledge that has grown from the concept of *sei-katsu-sha* ("consumers with a heartbeat") which Hakuhodo pioneered in advertising. Through its global network, Hakuhodo provides comprehensive marketing and communications services and solutions for some of the best-known brands in the world. Hakuhodo has 64 offices in 16 countries/regions, and approximately 5,000 employees.

Sei-katsu-sha insight is the foundation for Hakuhodo's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuhodo introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumers' lives.

Hakuhodo is one of three advertising agencies under the umbrella of Hakuhodo DY Holdings Inc. (TSE: 2433) (<http://www.hakuhodody-holdings.co.jp/english/index.html>), a holding company which was established in 2003 through the management integration of Hakuhodo Inc., Daiko Advertising Inc. and Yomiko Advertising Inc. Hakuhodo DY Holdings Inc. was listed on the first section of Tokyo Stock Exchange in 2005.