

LOOK AT THE BIG PICTURE WHEN IDENTIFYING AMENITIES FOR THE 50+ MARKET*

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The million-dollar question when it comes to active adult developments is “What amenities will attract the most prospective customers?” The reason it’s the million-dollar question is because if a developer chooses the wrong amenities it can cost millions of dollars in additional marketing costs. Unfortunately, there is no simple answer to the question.

It’s no secret that the market for mature home buyers is fundamentally different from the market for younger home buyers. A high percentage of the 50+ market have already retired and many are relocating to a destination – a region and surrounding community that is compatible with their unique interests – and a development that can in some measure help them fulfill these interests.

Answering the million-dollar question is further complicated by the fact that the 50+ market is rapidly becoming dominated by the Baby Boomers (people born between 1946 and 1964). While the oldest Baby Boomer is 62 this year, the youngest is 44 and will become part of the mature market in only 6 years. There are about twice as many Baby Boomers as members of the Silent Generation (Silents), and it is expected that Baby Boomers will be at least twice as likely to relocate when they retire as were their parents. Taken together, this means that there will be about four times as many relocating Baby Boomers as there have been relocating Silents.

The problem with determining what amenities will attract Baby Boomers is that there is no consistency among their interests. What their parents, the Silent Generation, wanted in retirement amenities was fairly simple; they were “sun migrants.” If they relocated after they retired, (and about 10% did relocate) they relocated to a warm climate, frequently Florida or Arizona. Other than personal safety, they were not amenity seekers. They seemed content to simply relax in their gated community with rather sedentary pursuits.

Although generalizations about Baby Boomers can be difficult, it is possible to differentiate them from their parents. The Silent Generation were (and still are) the conformists that the Baby Boomers spent their lives rebelling against. About the only thing similar between the Baby Boomers and their parents is that they are all growing older.

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However, unlike their parents, for Baby Boomers retirement is the beginning of the second half of their lives, not the end of their lives. For Baby Boomers retirement is not so much the onset of old age, it is the opportunity to finally do all those things that they always wanted to do but couldn't because of career and kids. Relocating Baby Boomers are, in general, much more active than were their parents and do not necessarily put the same emphasis on seeking out a warm climate. In short, Baby Boomers are "amenity migrants" not "sun migrants." Consequently it is crucial for developers of active adult communities to identify the amenities the Baby Boomers are seeking.

The first step in identifying those amenities that will attract Baby Boomer home buyers is to recognize that it is not necessarily the amenities of the house itself – the style of home, its floor plan, or its special features – that initially attracts them. Nor is it the features of the development. Rather, it is the amenities of the area and community in which the development is located that provide a first filter for the potential Baby Boomer home buyers. This means that the geography where a mature housing development is located is important. Someone who wants to live at or near the seashore is not going to be attracted to a mature housing development in the mountains or desert. The role of geography can also include past migration patterns. Because it usually includes some of the familiarity of home, retirees tend to relocate to places where people from their home region have already relocated.

Climate, *e.g.*, temperature, rainfall, is still an important regional amenity for Baby Boomers, albeit not as important as it was for their parents. In the early years of retirement community development, sunshine dominated the decision-making process. That's why Florida, Arizona and California ranked among the most popular retirement destinations throughout the 60s, 70s, 80's, and 90s. During the last decade however, Baby Boomers have begun to dominate the mature market and they are far less insistent on a warm climate. For example, Baby Boomers are actually moving to Hamilton, MT not because of its climate but in spite of it. Although it bills itself as being in "the banana belt of the Bitterroot Valley", no one is moving there because of its temperate climate.⇒

In the early stages of the Baby Boomer's home buying decision process, the amenities of the community where an active adult community is located are more important than the amenities of the development or its structures. Almost no one is going to pick up and move to another state simply because of the features of a house or a development. There are literally thousands of very good developments and well designed houses across the U.S. that look relatively the same taken out of the context of the amenities of the community at large.

Baby Boomers who are deciding whether to relocate are going to make their choices based on their current or desired “lifestyle”. However, what defines lifestyle is almost always the larger community in which a 50+ development is located, not the development itself. Retiring Baby Boomers recognize they are going to be living in the community at large, not just their development. The amenities that the community has to offer are of particular importance to them and what initially will attract them. Thus the community’s amenity strengths should be emphasized along with those of the development at least in the initial marketing material.

A community’s amenities are also of importance to an active adult development for yet another reason. Not only are these amenity strengths going to first draw Baby Boomers to the development and be featured in the development’s marketing materials, the development should consider these amenities (or lack of them) when developing their own amenities. For example, a development located in a community with several, good, nearby golf courses, may want to include an amenity other than a golf course, say hiking trails, within its confines. On the other hand, if the community has, say, a dearth of hotel rooms, the mature housing developer may want to include a hotel on or near the property because potential home buyers need a place to stay while visiting the development.

Market research can provide a quantitative evaluation of a community’s amenities in terms of their strengths compared to those of communities with whom they are competing for mature home buyers, and in terms of their value to potential buyers. It’s not uncommon to evaluate more than 80 different amenities important to mature adults in these evaluations. Besides the usual housing, medical, recreation, shopping, dining, entertainment, and transportation amenities, these evaluations now include the availability of other amenities such social, spiritual and volunteer opportunities, and professional services such as veterinarians (after all, to retirees pets are simply children in fur coats).

When characterized by their amenities, geography, climate, and socioeconomics, no two communities are exactly alike. Each community has characteristics that appeal to some, but by no means all, relocating Baby Boomers. Also it seems that no two Baby Boomers are exactly alike in what they want in retirement. Each of them is looking for a different set of characteristics in the community in which they choose to settle. This means that there is no one amenity or group of amenities that are preferred by all or even most Baby Boomers. There is however, one very nebulous group of amenities that appear to be important to Baby Boomer retirees – lifestyle.

One way of thinking of lifestyle amenities is as the “ings”. The suffix *ing* indicates an activity, thus these amenities include things like *golfing*, *fishing*, *hiking*, *reading*,

volunteering, dining, and shopping. This is perhaps the best way to characterize the difference between Baby Boomer retirees and their parents; in general, retired Baby Boomers are more focused on pursuing an avocation (*i.e.*, one of the *ings*) than are their parents. The list of *ings* important to Baby Boomers has expanded far beyond the list of their parents. Besides including such newer activities as kayaking and mountain biking, some planned active adult communities now feature farming (including a common farm area worked collectively – recall Baby Boomers were once hippies), racing (as in automotive race tracks), and flying (active adult airparks).

Other than their continuing effort to NOT be like their parents, the reason for this increased activity by Baby Boomers may have something to do with their mindset about retirement. Although their life expectancy has not increased dramatically during the last 20 years (the time period over which the Silent Generation retired), because of medical advances over this period, Baby Boomers are healthier than their parents were at the same age. It is said that Baby Boomers feel at least 10 years younger than their chronological age. Since this wasn't true for their parents, today's Baby Boomers feel like their parents did at 40. With this in mind, it is no wonder that retiring Baby Boomers want to remain active and not become sedentary. This young feeling could also account for those Baby Boomers who do not retire, but simply change careers and open a business, become an artist, or simply become a full time volunteer.

For many mature housing developments their location may determine the recreational activities or *ings* that they make available. For example, a mature housing development in Louisiana cannot offer potential home buyers the opportunity for snow skiing, but it can offer many different fishing and hunting opportunities if it is determined that that is what will attract relocating Baby Boomers. Furthermore, the development can be designed and built in such a way so as to facilitate such activities. For example, it may build canals to bodies of water and boat slips at home sites to facilitate fishing or runways to facilitate flying. Other mature housing developments can be built to accommodate recreational activities that do not require man-made amenities, like hiking trails, for example.

The defining amenity for the Silent generation seemed to be golf courses. Arizona and Florida are dotted with age restricted, mature housing developments that include at least one golf course. However, no single amenity, like golf courses, has yet emerged for the Baby Boomer generation. Nor may one ever emerge because of the individuality of the Baby Boomers.

Within just a few years, the market for mature housing will be dominated by Baby Boomers. The two characteristics of the Baby Boomer Generation that distinguish them

from other preceding generations are their greater numbers and their individuality. The number of Baby Boomers expected to retire and relocate over the next 22 years is huge, perhaps as large as 15 million people. Their unique character is demonstrated by the fact there is no one amenity or small set of amenities that they are all looking for. Thus they are and will continue to be amenity migrants not sun migrants. Because of this there are many unique opportunities for active adult communities featuring all types of amenities literally all over the country. Taken together, these factors present tremendous opportunities for developers of mature housing in the coming years.

Tips On Capitalizing On The Right Amenities (side bar)

Gene Warren and Alan Church have been advising clients across the county on the subject of how to attract affluent retirees for the past decade. Here are a few of their tips on how to appeal to the Baby Boomer generation.

- Know Your Strengths. No two communities are created equal in the eyes of today's Baby Boomers. Take the time and do a thorough assessment of what makes your community distinctive.
- Be an Individual. Don't try to be everything to everybody. Baby Boomers have always been individuals and danced to their own beat. If you have a vibrant arts community, capitalize on it and some of those 76 million Boomers will find you.
- Understand **PLM**. That's **People Like Me**. Every community in America, since the beginning of our Republic, has grown on PLM. Why does the original Sun City in Arizona have such a large concentration of people from Chicago? **PLM**.
- Communicate Well. Once you find out what makes your community distinctive, tell the world! PR, target marketing, ambassador groups and word-of-mouth testimonials can get your message out to receptive audiences. Mass marketing just doesn't work anymore.
- Cooperation is Key. If you want to attract today's retirees make it easy for them. If your community needs more hotel rooms, better restaurants, more churches or a happening entertainment scene, get local business leaders involved. It turns out to be a win-win for everybody because Boomers have the bucks!

- Green is Growing. For Boomers, the environment is King – every since the Clean Air and Clean Water Acts of the 70's. Boomers loved nature and always will. The environment is the cheapest amenity. Think hiking trails, nature preserves, community gardens, birding clubs and a staff naturalist.