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Bowden's **Market Barometer**™

Regional Trends

The Carolinas

By Pat Mason, Center for Carolina Living

Celebrating 35 years in destination marketing, we are often asked to observe, assess and contribute research for economic development leaders seeking low cost alternatives to traditional industrial/manufacturing solutions. The following represents our observations on the rationale and strategies that target migrating retirees.

Back in 1986, we launched the South Carolina (SC) Retirement Communities Association. That non-profit organization received ten years of annual grants from the SC Tourism Department. Those enlightened leaders also spent $53,000 researching the economics generated by retiree migration behavior. That activity occurred at the earliest dawn of the Boomer retirement lifecycle which, for the *next* 18 years will (finally) be a coveted and robust economic bonanza for Sunbelt destinations.

The Florida, Arizona, and Carolinas experiences serve as models of how the retirement segment has evolved an industry. It's fair to say that state programs to attract retirees have been low-key compared to the incentives mounted to recruit the likes of manufacturing and, more recently, knowledge-based industries. Costs per new job created range from $124,000 (Boeing, Charleston) to $1 million (Google server farm, Lenoir, NC). In comparison, the Del Webb Sun City Hilton Head project had a cost per job of $2,700. (Click here for more examples).

Some states, like Florida, Tennessee, Nevada and Texas harnessed the "no taxes, ya'll come" strategy and have seen significant market share gains. Trouble is, it has created a blood bath of public red ink by attracting many lower income people, some of which become indigent. This puts huge burdens on the Medicaid program, in which the state picks up as much as 43% of the medical bills. Compare that to the more affluent Medicare recipient where the healthcare funding comes 100% from Federal sources.

Here's the current condition regarding Baby Boomer retirees:

1. Harris Polls document 26% of 74 million Baby Boomers want to relocate at retirement -- half of them across state lines. This compares to 7% of their parents who moved at retirement.

2. Harris concludes that the Carolinas represent the new Florida among both younger and older Boomers.

3. CarolinaLiving.com conducts surveys of willing movers over 26 years of age. The most recent survey comprised 110,000 and revealed that 77% have earned college degrees and currently enjoy a median household income of $119,000.

Regional Trends (Continued)

4. Only about 20% seek "age-qualified" communities, leaving huge opportunities for what's called Naturally Occurring Retirement Communities (NORC's).

5. The definition of "retirement" has transformed from "reaching a certain age" to "evolving into a stage of life" with many opting to do so in their 50's and others in their 70's.

6. Today, the propensity of retirees is to continue to work -- part time, full-time, or volunteer; one-third of Sun City residents are on a payroll.

7. Boomer cohort psychographics vary widely creating a hazy profile. Click here for Boomer characteristics from JWT research.

Five destination assets that will spur Boomer market share growth:

1. Pristine scenic beauty and pleasant four-season climate.
2. Cultural, historical and recreational assets.
3. Relatively low cost of living and modest tax conditions.
4. Top rated health care, life-long learning and employment opportunities
5. Access to multi-modal transportation options.

The main driver to grow a retiree economy will always be tourism. Destinations with existing visitor flow and marketing IQ will win big. In the Carolinas today about 6% of the 68 million annual visitors are what are called "Turbo-Tourists." These visitors arrive with relocation motivations and much fatter checkbooks. Hotels and resorts love this affluent, leisure guest mini-segment that delivers longer stays and a much higher return visit rate.

Once relocated, the "turbo-effect" kicks in, as friends and family roll-in to visit. It happens again with huge economic impact, as some of these visiting "birds of a feather" also relocate, bringing their wealth and talent.

The emerging Carolina Retirement Industry is a clean, low cost, job creation machine with expanding growth metrics that will continue through 2030. Across the Carolinas, nearly half of the forecasted 460,000-person in-migration in 2012 is represented by families over the age of 50, with a high propensity for long-term retirement. [Click here for data on Carolinas In-migration Impact.]

What's next?

Regional Trends *(Continued)*

✓ Competition for retirees is steep. We will see more smart states awakening to the economics of 1.9 new jobs for every new retiree household created, and low-cost tax base growth by launching sophisticated attraction efforts. Alabama started up this road with its Robert Trent Jones, Sr. Golf Trail to stimulate tourism and attract retirees. North Carolina is the latest example with legislation harnessing their savvy Tourism Division to market Certified Retirement Towns nationally via www.RetireNC.com. There is little evidence of an organized retiree attraction program in South Carolina.

✓ Major homebuilder firms are aggressively developing products with qualities appealing to the mature market. Think EarthCraft, Universal Design, New Urban, small-palaces, multi-generational, maintenance-free, high-performance homes loaded with digital communication gear in walkable locations and social/cultural systems imbedded, similar to those immediately available to Sun City residents.

✓ The Pulte Del Webb brand will grow dramatically and continue to dominate the active, age-qualified sector. New iterations of the traditional Continuing Care Retirement Community (CCRC) formula will emerge with more rental offerings unencumbered from the life-care covenants.

Editor's Note: Patrick Mason is a nationally recognized destination research and marketing expert. He co-founded the Center for Carolina Living in 1986 after eleven years in marketing with Marriott and three years as a marketing executive with a developer of destination resort condominium properties. Mr. Mason has been a Clemson Associate Adjunct Professor since 1998, a speaker at NAHB and ULI. He serves as a USC International Tourism Institute Fellow. Among the first to co-brand the Carolinas, in 2012 the Center's Carolinaliving.com Guide and (330 page) website will reach 500,000 people interested in touring the Carolinas for relocation. For further perspective: http://www.carolinaliving.com/press-release/press-and-research-room.asp.

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