

## **Retiree Attraction: The Carolina Condition...*Cashing in on Tourism!***

By Patrick Mason

Celebrating 30 years in destination marketing, we're often asked to observe, assess and contribute research for economic development leaders seeking low-cost options to traditional industrial/manufacturing solutions. The following represents our observations on the rationale and strategies to take advantage of migrating retirees and people of all ages.

Back in 1986, we launched the SC Retirement Communities Association. That (501.C) non-profit received ten years of grants (totaling about \$250,000) from the SC Tourism Department. Those enlightened leaders also invested \$53,000 on a USC research study focusing on the economics generated by the retiree in-migration economy. That activity occurred at the earliest dawn of the Boomer retirement lifecycle which, through 2030, will be a coveted and robust economic job creation bonanza for Sunbelt destinations.

The Florida, Arizona, and Carolinas experiences serve as models of how retirement as an industry has evolved. It's fair to say that state programs to attract retirees have been low-key compared to enormous incentives mounted to recruit the likes of manufacturing and (now) knowledge-based industries. Costs per new job created range from \$124,000 (Boeing, Charleston) to \$1 million (Google server farm). See data [Chart #1](#) below for more examples, including the Del Webb Sun City Hilton Head cost per job of \$2,700. And yes, the Carolinas NEED all these firms, whatever the cost!

Some, like Florida, Tennessee, Nevada and Texas harnessed the “no taxes, ya’ll come” strategy and have seen significant market share gains. Trouble is, that approach has created considerable red ink by attracting many more, lower-middle income people who put huge burdens on the Medicaid funds, where the state picks up as much as 43% of the medical bills. Compare that to attracting the more affluent Medicare recipients, where the healthcare funding comes 100% from Federal sources.

In fact, some question the wisdom of a strategy that lowers the price (of any product) in the face of unprecedented increases in natural demand from mobile retirees with median household incomes of \$112,000, triple the indigenous population. [Truth is, per capita taxes are actually higher in Florida than in either of the Carolinas.] See [Chart #2](#) below.

Here's the current condition regarding Boomer retirees:

1. Harris Polls document 26% of the 74 million living Boomers “say” they want to relocate at retirement (half across state lines). This is compared to 7% of their parents. Harris concludes the Carolinas are the new Florida among the younger and older Boomers.
2. CarolinaLiving.com surveys of 130,000 willing movers over 30 years documents 53% have earned college degrees and they enjoy a median household income of \$112,000.
3. Only about 22% seek “age-qualified” communities, leaving huge opportunities for what's called, Naturally Occurring Retirement Communities (NORCs). In the case of North Carolina, their Certified Retirement Towns ([RetireNC.com](#)).

4. The definition of “retirement” is transforming from age, to stage of life, with many opting in their 50s and others (yours truly) more in line with the 70’s plan.
5. Today, the propensity once “retired” is to work, part time, full-time or volunteer ... for free. [A third of Sun City residents are on a payroll.]
6. Boomer cohort psychographics vary widely creating a hazy profile. See the positive Boomer characteristics from JWT research [Chart #3](#) below.

Six ranked 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 close-by.
5. Access to multi-modal transportation options.
6. Resources for the entrepreneurially inclined. See what Hilton Head Island economic development leaders are doing [HERE](#).

The key driver to grow a retiree economy is healthy tourism. Destinations with strategic marketing IQ (read: job creation) who build on their existing visitor flow, will win big. In the Carolinas today about 8 million of the 68 million annual visitors are what’s called, “Turbo-Tourists.” These visitors arrive with relocation/investment motivations and much fatter checkbooks. Hotels and resorts love this affluent leisure guest segment that delivers longer stays and much higher return visit rate.

Once relocated, the “turbo-effect” kicks in, as friends and family roll-in to visit. It happens again with massive 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 geometric growth metrics that continue thru 2030. Today, across the Carolinas, 63% of the in-migration in 2016 (we forecast to be 465,000 total gross-in, all ages) is from families over the age of 50. They arrive as Turbo-Tourists, with high propensity for long-term retirement. [Chart #4 below](#): Carolinas In-migration Impact.

**Note:** The Center For Carolina Living assumed an “ageless” attraction strategy (eight years into the game) thanks to the wisdom of David B. Wolfe (now deceased), and his books, [Serving The Ageless Market](#) and [Ageless Marketing](#). Turns out, as David proved, older people desire the same *Maslow Hierarchy of Needs* as young people. Made no sense to deliver a cordial invitation to just retirees. The objective is to have all generations to see the Carolinas as attractive for visiting and living. See [Chart #5](#).

### **What’s next?**

Competition to attract retirees gets steep – including with offshore destinations where Xpat’s are incentivized and live royally.

Then, the outright “fear of moving” will restrain many who ask, “Will we fit-in to the culture, moving from the deep north to the deep south?”

We will also see more smart states awakening to the economics of 1.9 new jobs for every new household created and low cost tax base growth, by launching sophisticated attraction efforts. North Carolina is the latest example with legislation harnessing their savvy Tourism Division (part of NC Economic Development Partnership) to market Certified Retirement Towns nationally via [RetireNC.com](http://RetireNC.com).

Thanks to the vision of Dr. Simon Hudson, Director and Endowed Chair of the USC Center for Tourism & Economic Excellence, a research grant is currently funding a study of the impact and job creation metrics for attracting retirees to SC.

Major homebuilder firms are aggressively developing shelter product 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. They come with social/cultural systems imbedded, similar to the dozens of clubs immediately available to Sun City residents.

The Pulte Del Webb, Kolter and K. Hovnanian brands are growing dramatically and continue to dominate the active adult, age-qualified sector. New iterations of the traditional CCRC formula will emerge with more rental offerings unencumbered from the life-care covenants.

In summary, we lobby for balanced economic strategies that focus on building long-term quality of life infrastructures for current residents. Examples abound where too much of a “good” thing ends up being “toxic.” Think: tourism, car manufacturing, gambling. Our vision is to have the Carolinas be a great place to visit, grow, live and do business.

**Note: Regional Trends Column for Bowden’s Market Barometer (2012) - Updated 2/15/16  
For The American Association of Retirement Communities**

Patrick Mason is widely recognized for innovative research and destination marketing strategies. 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, a speaker at NAHB, AARC and ULI. He serves as a USC International Tourism Institute Fellow. The first to co-brand the Carolinas, in 2016 the Center’s [Carolinalive.com](http://Carolinalive.com) Guide and (450 page) website (redesigned and coded to be “responsive” to all devices) are projected to be used by 500,000 people interested in visiting the Carolinas for relocation. For further perspective, visit the [Press Room](#). To schedule the In-migration Research Briefing, click [HERE](#). Comments are welcome: [PMason@CarolinaLiving.com](mailto:PMason@CarolinaLiving.com). Feel free to pass on to your networks.

Chart #1: Cost Per Job Analysis

## Carolina Industry Recruitment


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### Cost Per Job Analysis

Company Recruited	Incentive Package	Direct Jobs	Cost Per Job
Mack Trucks, Winsborro, SC ('86)	\$18 Million	1,200	\$15,000
BMW, Greer, SC ('92)	\$155 Million	1,900	\$81,000
Mercedes-Benz, AL ('94)	\$300 Million	1,500	\$200,000
FedEx, Greensboro, NC ('99)	\$273 Million	1,500	\$182,000
Nucor, Hertford, NC ('00)	\$155 Million	300	\$516,000
Daimler Chrysler, Savannah, GA ('03)	\$200 Million	3,000	\$66,666
Dollar General, Union, SC ('04)	\$46 Million	600	\$76,000
Apple Server Farm, Maiden, NC (09)	\$47 Million	50	\$940,000
Dell Computer, Winston-Salem, NC ('04)	\$280 Million	2,000	\$140,000
Carolina Google Server Farm, NC ('08)	\$200 Million	200	\$1 Million
Boeing Dreamliner N. Charleston ('09)	\$470 Million	3,800	\$124,000
Del Webb, Bluffton, SC ('92)	\$3.7 Million	1,350	\$2,700

**Note:** Numbers do not reflect new indirect permanent jobs created. In the case of Del Webb Sun City Hilton Head, 8,000+ indirect new jobs will be created over 10 years. BMW supports 23,000 jobs across the state.

**Sources:** USC Moore School of Business, South Carolina , Alabama, North Carolina & Georgia Departments of Commerce.



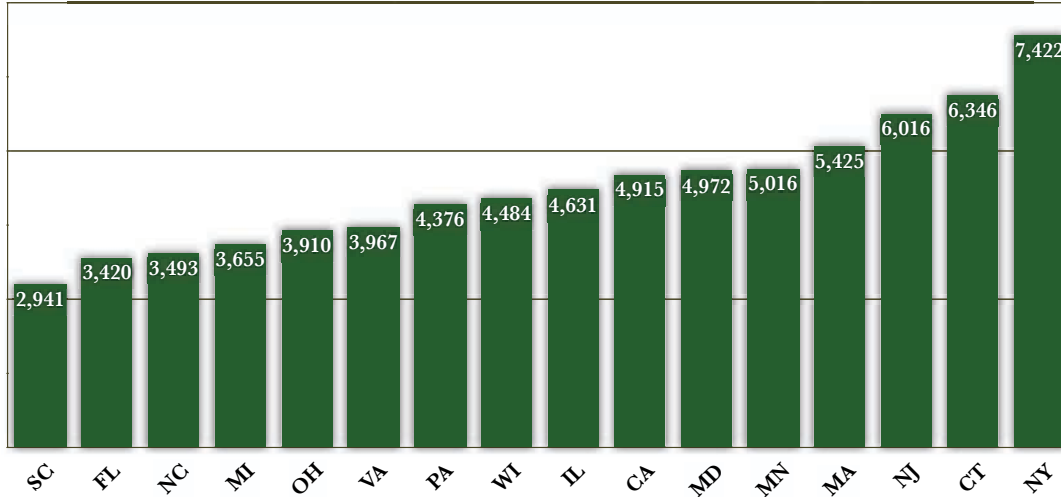
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Chart #2: Per Capita Tax Comparison

## Compare Per Capita Tax Burden

The Carolinas consistently remain two of the most advantaged places to live.



Source: 10/1/2013 Per Capita State & Local Tax Burden: Dornfest, Idaho "tax burden study"  
[http://tax.idaho.gov/reports/EPB00074\\_10-23-2013.pdf](http://tax.idaho.gov/reports/EPB00074_10-23-2013.pdf)

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Chart #3: Boomer Psychographics

## Boomer Psychographics

- **Boomers give back.** 12 million Boomers (20% of the 58 million employed Boomers) say they will volunteer part-time after they retire.
- **Boomers are powerful.** If a country, they'd be the 11th wealthiest nation in the world.
- **Boomers are busy!** The typical Boomer regularly participates in an average of 10 activities at a time.
- **Boomers have a future.** One in nine Boomers (or 9 million) will survive into their late 90s, and one in 26 (or 3 million) will reach 100.
- **Boomers are clicking.** 80% of adults 45+ are Internet users.
- **Boomers are celebrating.** A Boomer turns turns 60 every 7 seconds.
- **Boomers want meaning.** Nearly six in 10 Boomers who intend to work after retirement say they want a job that gives them a greater sense of purpose.
- **Boomers are on the job.** Most Boomers plan to work past traditional retirement age, not only because they need the money or the health insurance, but because they enjoy being challenged and engaged.
- **Boomers have dough.** The Boomer generation represents the wealthiest generation in the U.S., with an estimated annual spending power of more than \$2 trillion.

Source: *J. Walter Thompson 2014*

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Chart #4: Carolinas In-migration Impact (All age stages.)

## Both Carolinas Consumer Economic Impact

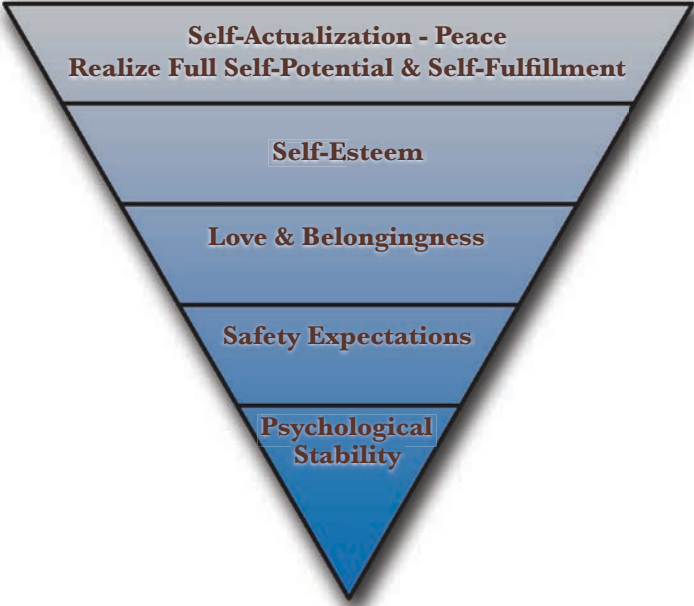
### Estimated Opportunity from In-Migration

	<u>Net Migration</u>	<u>Gross Migration</u>
	183,600	465,000
Annual Expenditures (\$16k/cap)	\$2.94 Billion	\$ 7.44 Billion
Home Transactions (@ \$174k)	\$12.3 Billion	\$31.2 Billion
<b>Annual Economic Contribution</b>	<b>\$15.23 Billion</b>	<b>\$38.6 Billion</b>
<b>PLUS</b>		
Creates/Sustains Employment Impact	134,690 Jobs	341,120 Jobs
Creates Paycheck Earnings	\$6 Billion	\$15.2 Billion

Source: SCPRT-USC - Economic Impact Study, US Census 2013, Clemson Benefits & Consequences Study.  
 Average 2.59 people per household. Jobs created per new household 1.9. Median per capita income \$44,700.  
 Living expenditures exclude housing and auto. (11/21/13)

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# Maslow's Ageless Hierarchy of Needs



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