

Preferences of Retirees and Future Retirees



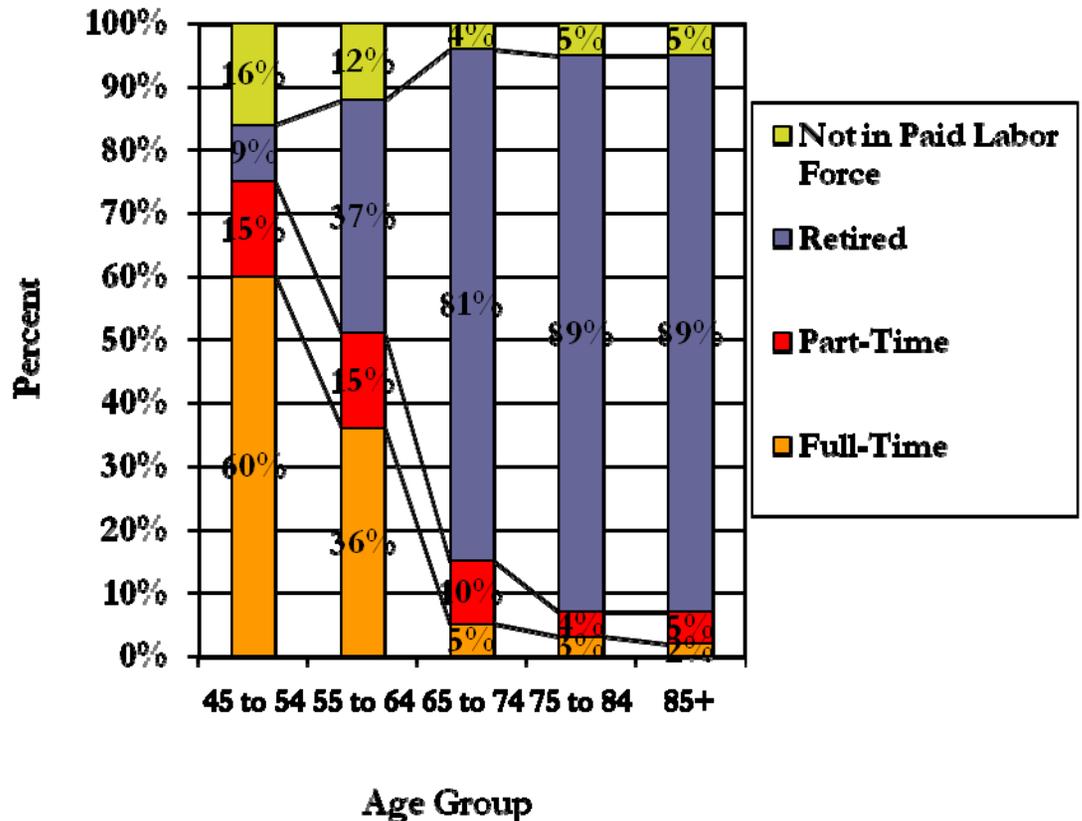
Who are Retirees?

It is somewhat easy to define people who are retired, because retirement is the period of time when one is not gainfully employed. The greatest proportion of individuals who are retired are 65+ years of age. Approximately 50 percent of the middle American households between 55 and 64 years of age work either full or part-time. Fifteen percent of the individuals 65 to 74 years of age and 7 percent who are 75+ years of age continue to work.

The Term Retirees May Limit the Market Potential. It may be somewhat risky using the term “retirees” to refer to the households targeted by the “retiree attraction program.” The program should target households who are of any age who have sufficient wealth to purchase a retirement home and/or to purchase a second home (or third) as a vacation home and perhaps as a future retirement home.

The goal is to attract households of some means to spend time and money in the Paso del Norte region. Some may do this by moving to the region permanently and others may purchase a second or vacation home and visit periodically.

Percent of 45+ Middle Americans by Employment Status and Age Group



Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Why Retirees are Targeted

Retirees with middle incomes or higher are targeted in the retiree attraction program because they offer the greatest opportunity for economic growth, and increase in retail and property tax base. These households typically own at least one home and have some form of retirement income that may be supplemented by part-time employment and social security (for those who are 62+ years of age).

Specific benefits realized by communities that target 50+ households include:

- Increase in retail and property tax base
- Increase in taxpayers with little drain on community services
- Increase in bank deposits
- Increase in retail sales
- Increase in local expertise
- Increase in volunteers and contributors in churches and local service organizations
- Increase in tourism
- Increase in households who can afford to pay for their healthcare

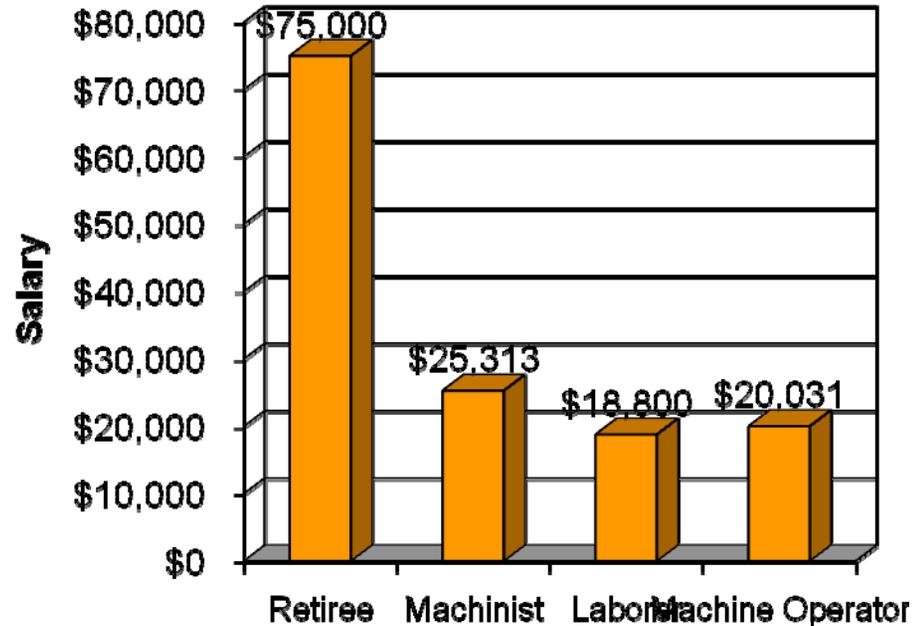
Why the 55+ for Economic Development?

Why Retirees?

Retirees are targeted because as a group they have many more positive attributes than negative attributes when compared to other economic development initiatives and when compared to other target market sectors.

- 55+ in-migration households are a clean business
- One 55+ in-migration retiree household is equivalent to 3.1 factory jobs
- Households who move at retirement typically have higher incomes and greater wealth
- Households who move are typically more educated than non-movers

Transfer Incomes of Retirees are Equal to 3 or More Manufacturing Jobs

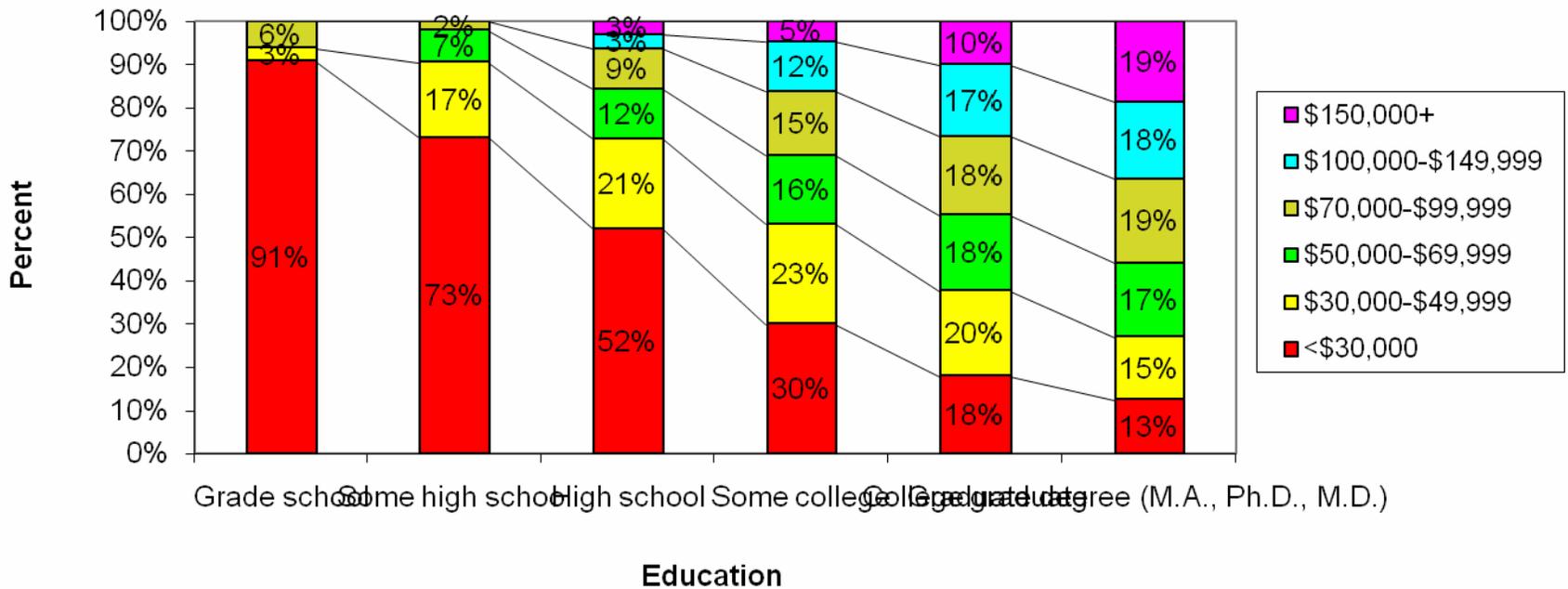


Source for Wages: www.elpasoredco.org

Households with Higher Incomes have Completed More Education

Targeting households with higher incomes means increasing the base of households with higher educational achievement. Typically households with more education support economic initiatives to support public schools.

Percent of 45+ Middle Americans by Level of Educational Achievement and Income

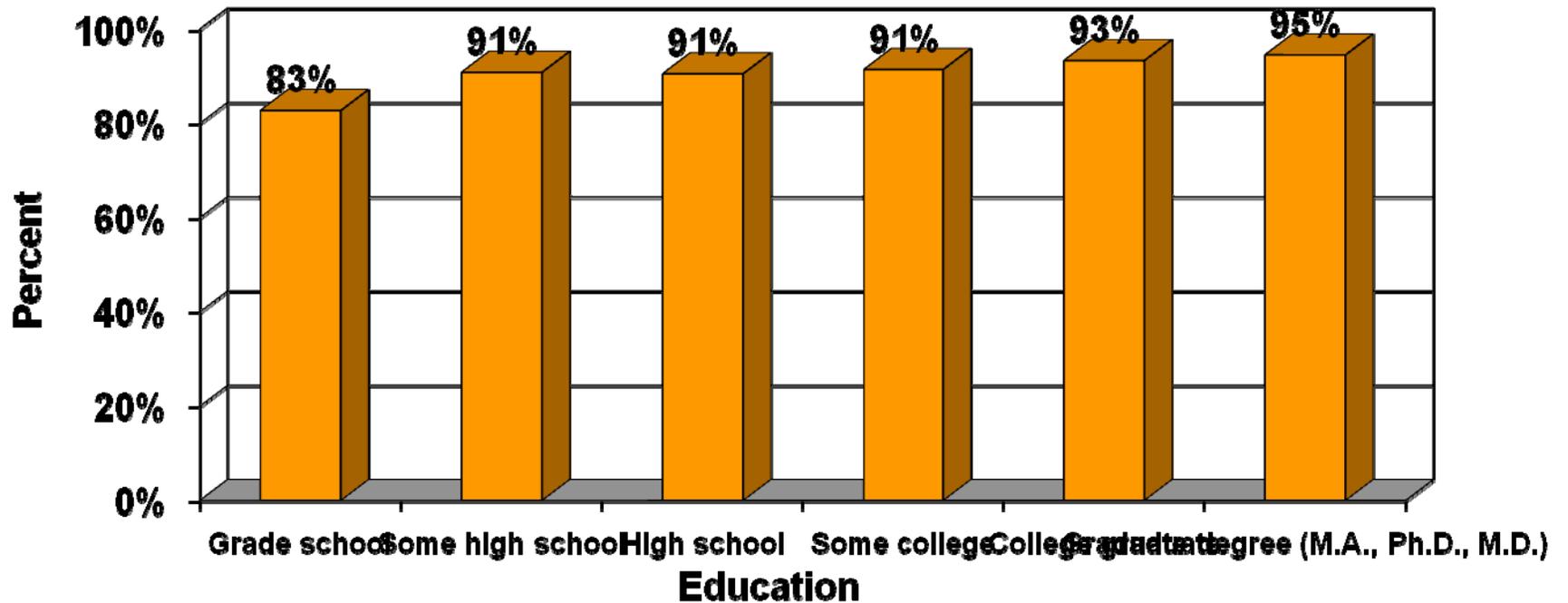


Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Home Ownership is High Among Middle Americans

Home ownership is strong among all middle American households, but it increases slightly with educational level.

Percent of 45+ Middle Americans Who Own Home by Educational Achievement

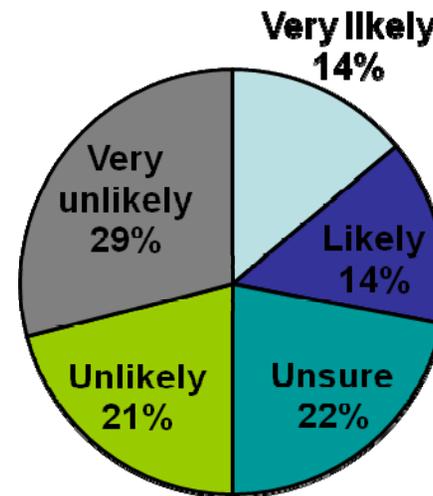


Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Mobility of 55+ Households

Today, more than in the past, a higher percentage of middle American households say they are likely to move from their home some day. The proportion who are likely to move will increase as more baby boomers move into their "retirement" years because boomers have been more mobile than their parents.

Percent by Likelihood of Moving from Primary Home

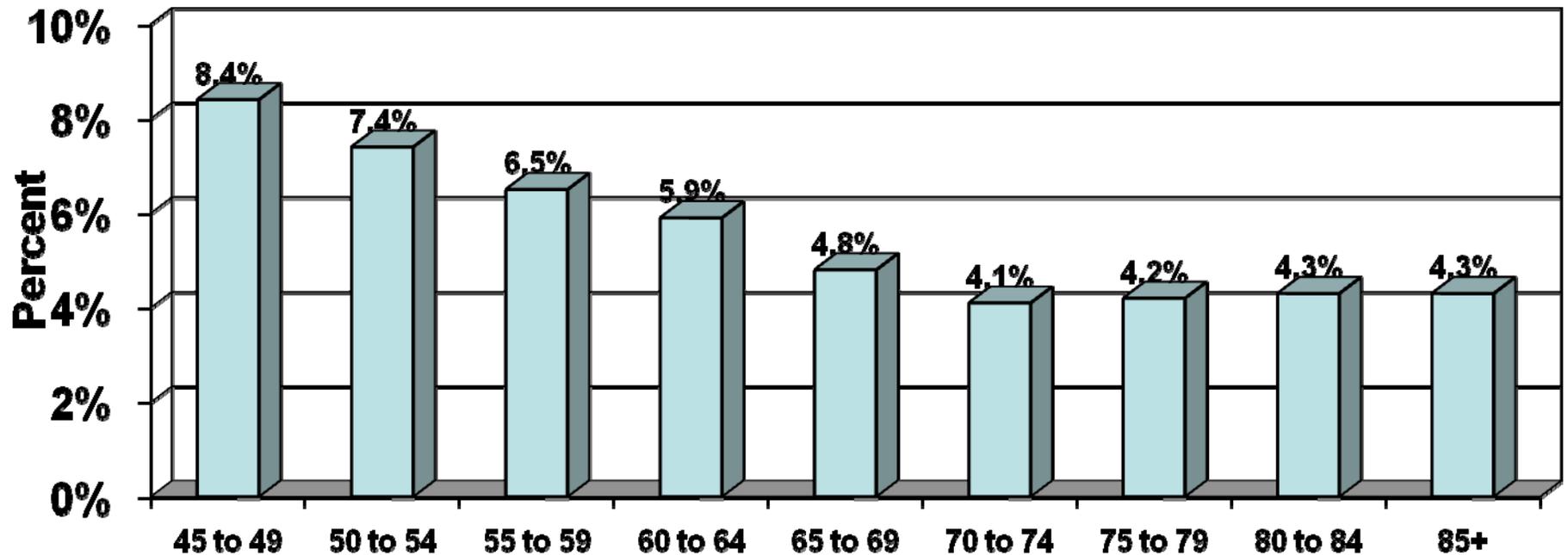


Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Mobility of 55+ Households

Approximately 7 percent of the 50 to 64 year age group households (of all incomes) move in a given year. The proportion decreases by age up to about 70 years and then remains at slightly above 4 percent who move per year.

Percent Who Moved Annually by Age of Head of Household, 2004



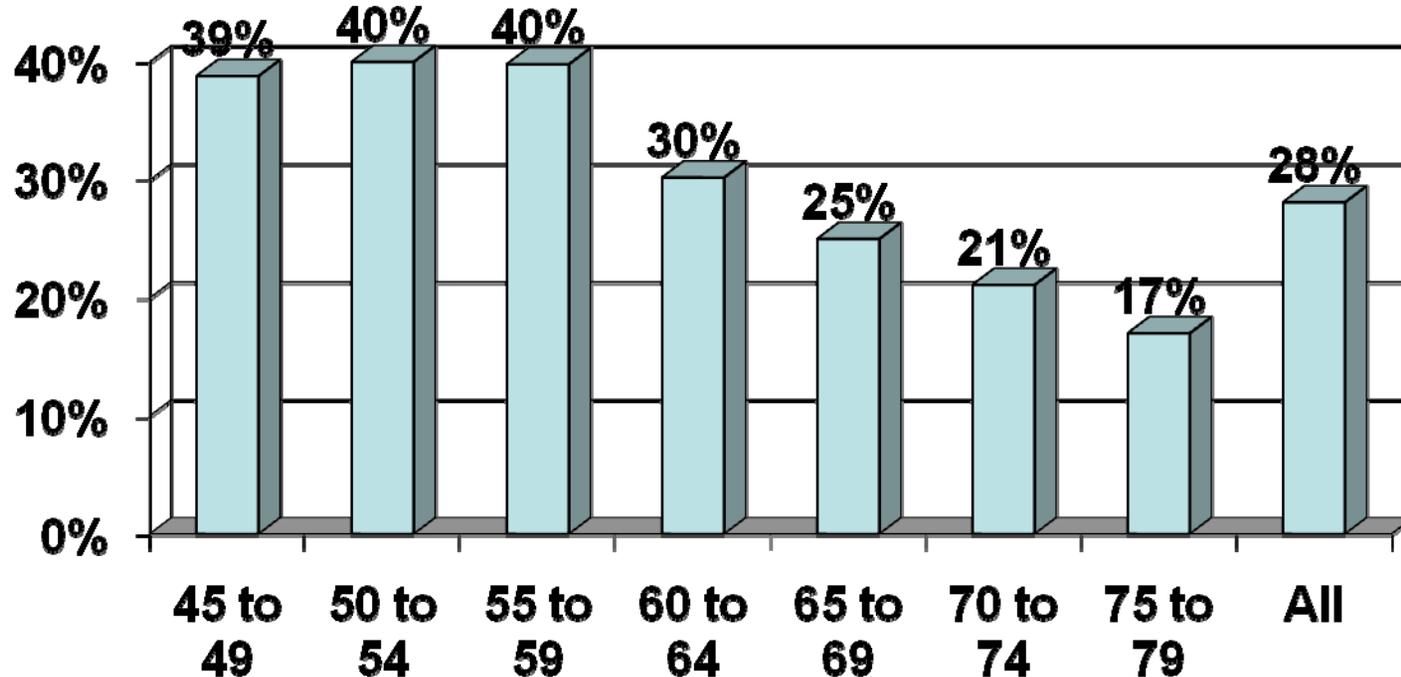
Source: US Census, American Housing Survey, 2004

Likelihood of Moving in the Future

The proportion who are likely to move will increase as more baby boomers move into their "retirement" years because boomers have been more mobile than their parents.

Boomers are less likely to be attached to their homes than their parents or their grandparents. Boomers, on average, have owned already in their lifetime as many homes as their grandparents owned in their entire lifetime. Both groups – those in the GI Generation and Boomers have owned during their lifetimes three homes.

Likelihood of Moving from Primary Home in the Future by the Age of Head of Household

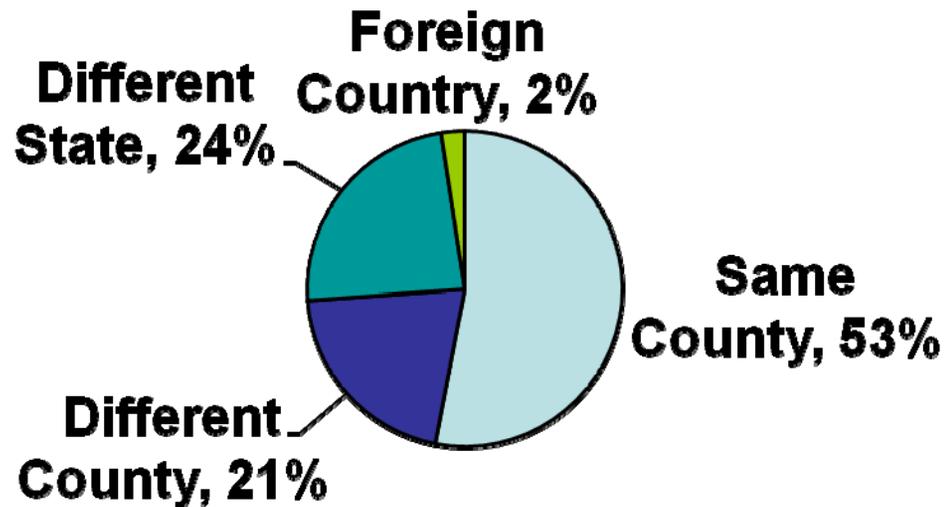


Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Where People Move

Most migrants move to a home within their same county (53 percent). A little more than one-fifth move to a different county in the same state and 24 percent move to a different state. Two percent move to a foreign country. These data, which are from the US Census include households of all incomes. Households with higher incomes are twice as likely to move to another country than households with lower incomes.

Percent of Movers 45+ by Where They Move

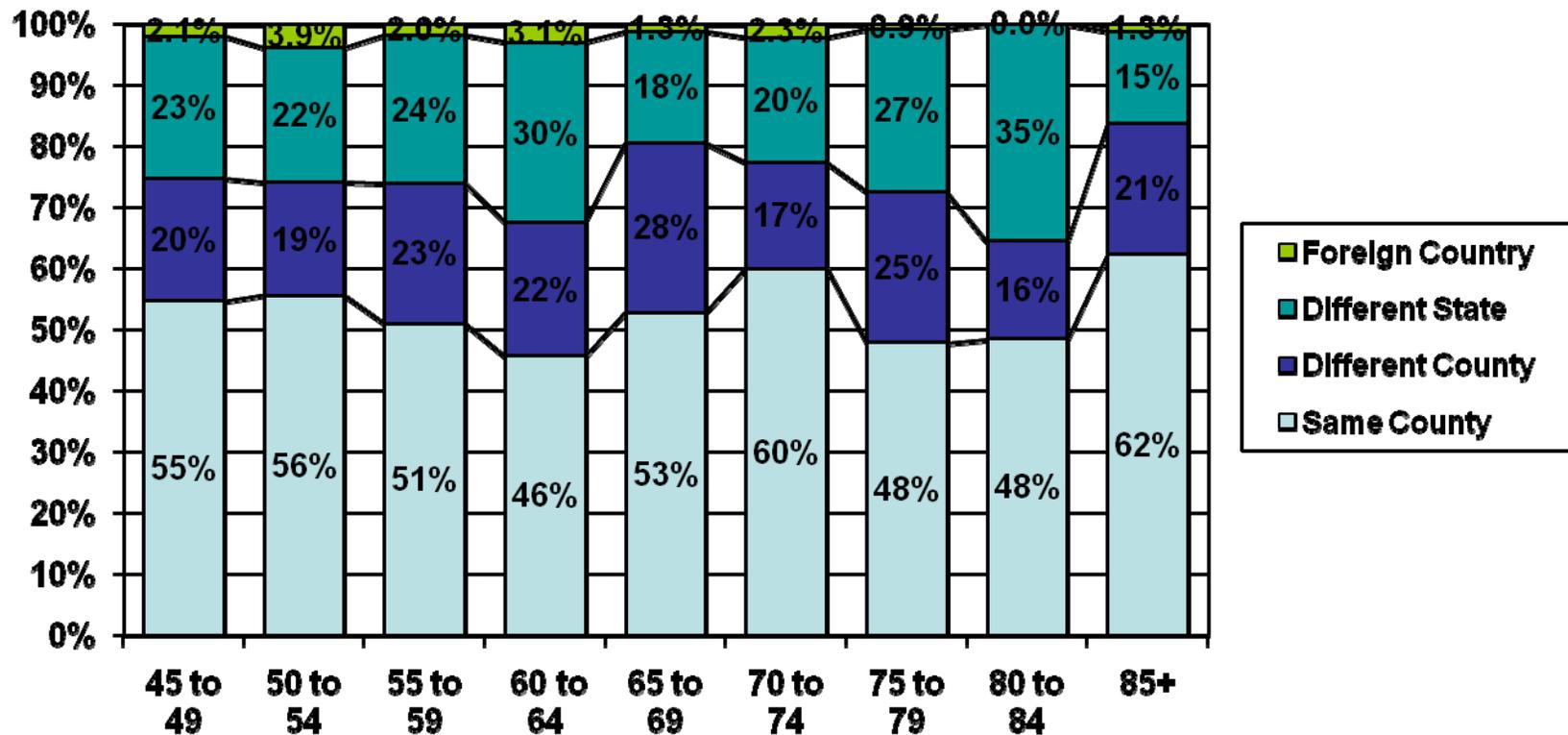


Source: US Census, American Housing Survey, 2004

Where People Move by Age

Higher proportions of households move between the ages of 60 and 64 and between the ages of 80 to 84 than other age groups. These moves are likely related to young retirees moving to a retirement destination in their early 60's and moving to be closer to family or back to their native community when they are in their 80's.

Percent of Movers by Destination of Move and Age of Head of Household



Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

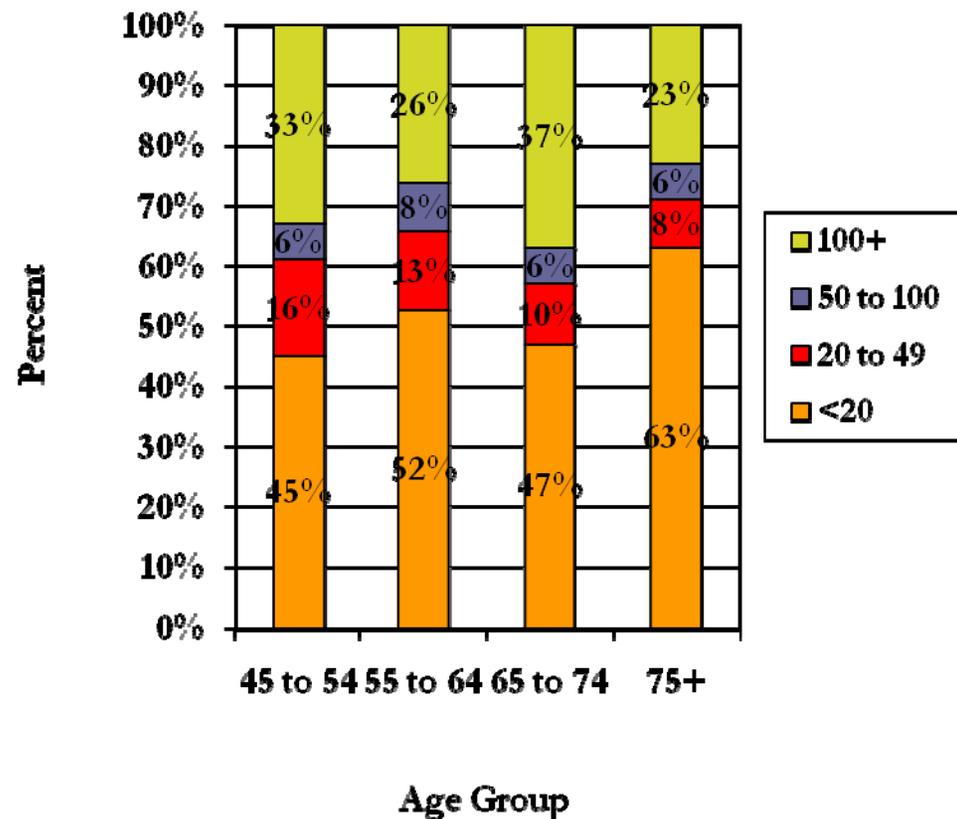
Number of Miles Moved by Middle Americans by Age Group

Households headed by someone between 45 and 74 years of age are more likely to move distances greater than households headed by someone 75+ years of age.

The proportion who move fewer than 20 miles increases with age. Forty-five percent of the 45 to 54 year age group compared to 63 percent of the 75+ age group moved less than 20 miles.

These proportions are used in estimating the numbers of households that may be attracted from other market areas.

Distances Moved (in Miles) by Age Group

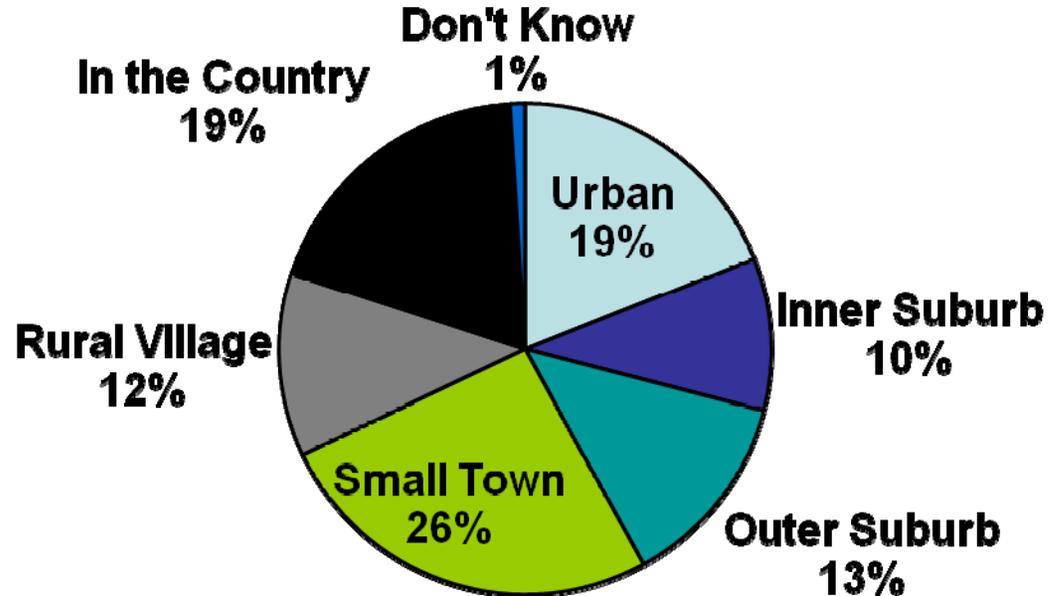


Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Location of Home

Where people want to live is fairly evenly distributed across the types of locations from urban to rural areas in the country. Younger households are more likely to prefer a more rural environment than households in their 80's. Households whose head is 80+ years of age living in a rural area are more likely to move to a small town or suburb to be closer to services, shopping and other amenities.

Percent of 45+ Households by Preferred Location for Home

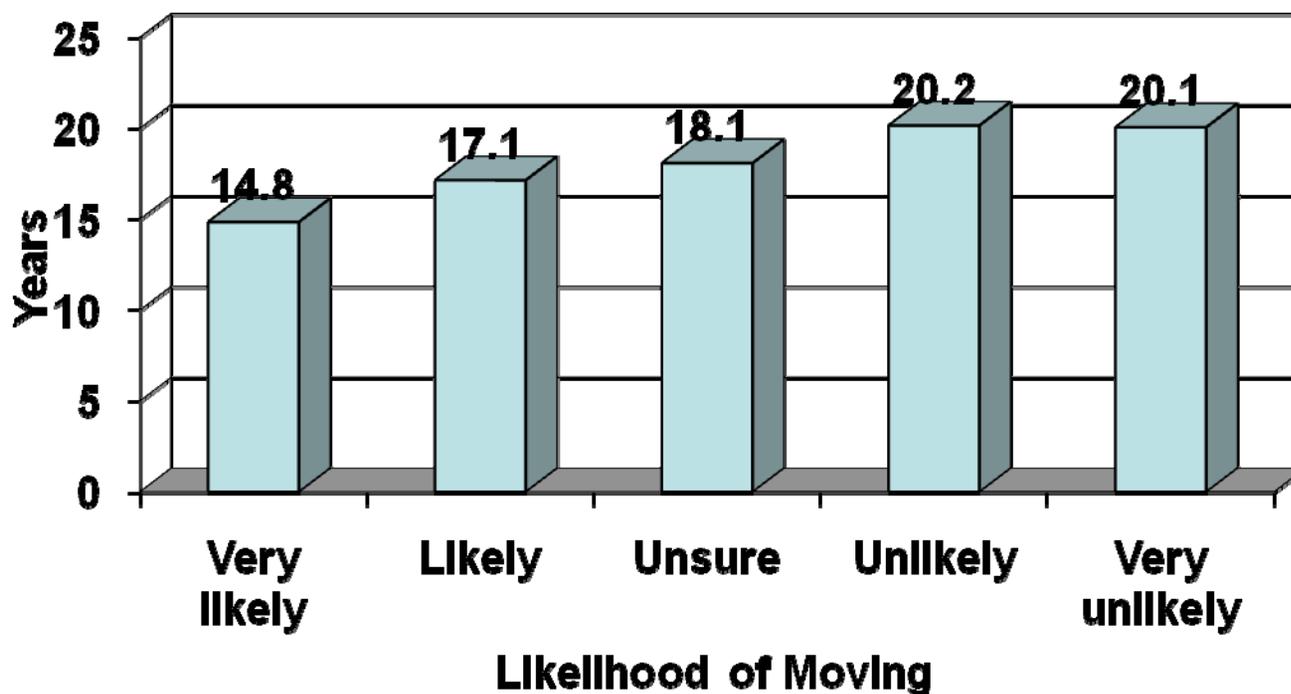


Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Tenure in Residence

Households who have lived in their homes for shorter periods of time are more likely to move from their homes than those who have lived in their homes for 20 years or more. Boomers have been more mobile than their parents and will be more likely to move in future years because their attachment to the home will not be as strong.

Average Number of Years Middle Income Households Have Lived In Current Residence and Likelihood of Moving

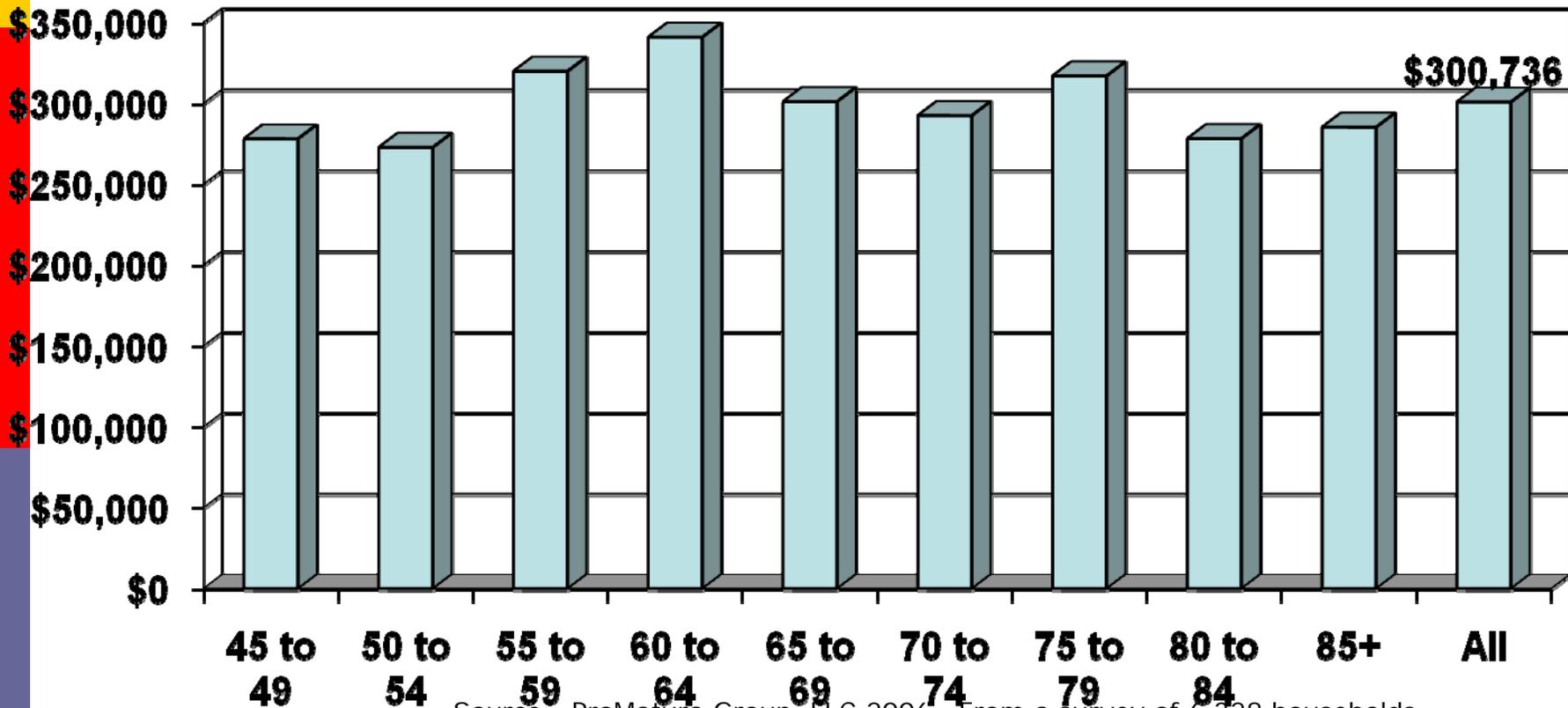


Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Mean Home Value

The mean home value of middle American households is \$300,736 (September 2006). This value suggests that on average, the middle American household would be able to afford a home in the Paso del Norte region.

Mean Estimated Value of Primary Residence by Age Group (Differences Not Statistically Significant)

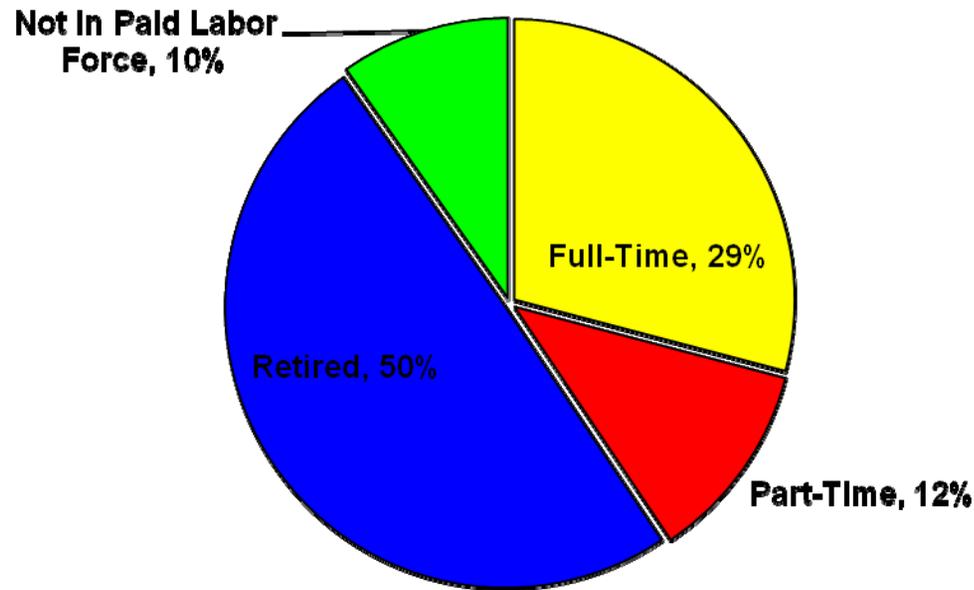


Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Middle American Retirees Among 45+ Age Group

Half of the individuals who are 45+ years of age in the middle or higher income categories are retired. The time period around retirement (before, during and after) are the years when households start to explore where they might move and purchase second and/or retirement homes.

Percent of 45+ Middle American Households by Employment Status



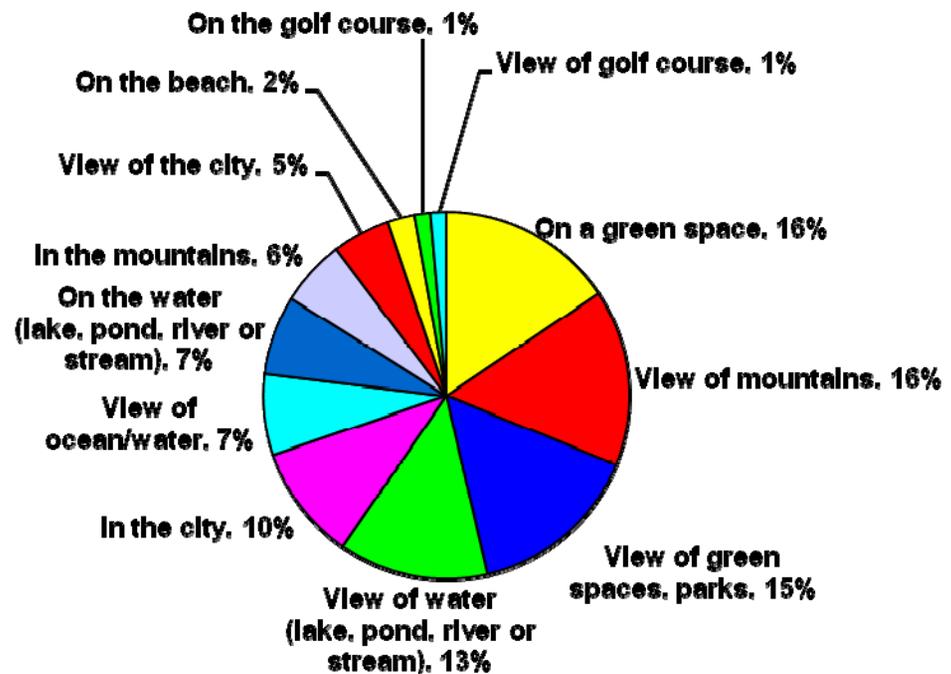
Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Golf Course or a View of the Mountains?

Despite the belief that most households want to live on a golf course, the results of the 2006 study of preferences of where movers wanted to live revealed that living on a green space or having a view of green space or having a view of the mountains was desired by 16 times the number of survey respondents than those who said they wanted to live on the golf course or have a view of a golf course.

Developers in the Paso del Norte region need to plan communities so that the home owners will have a view of the mountains. If they can't have a view of the mountains, then they need a view of a green area.

Where are you most likely to purchase a residence?

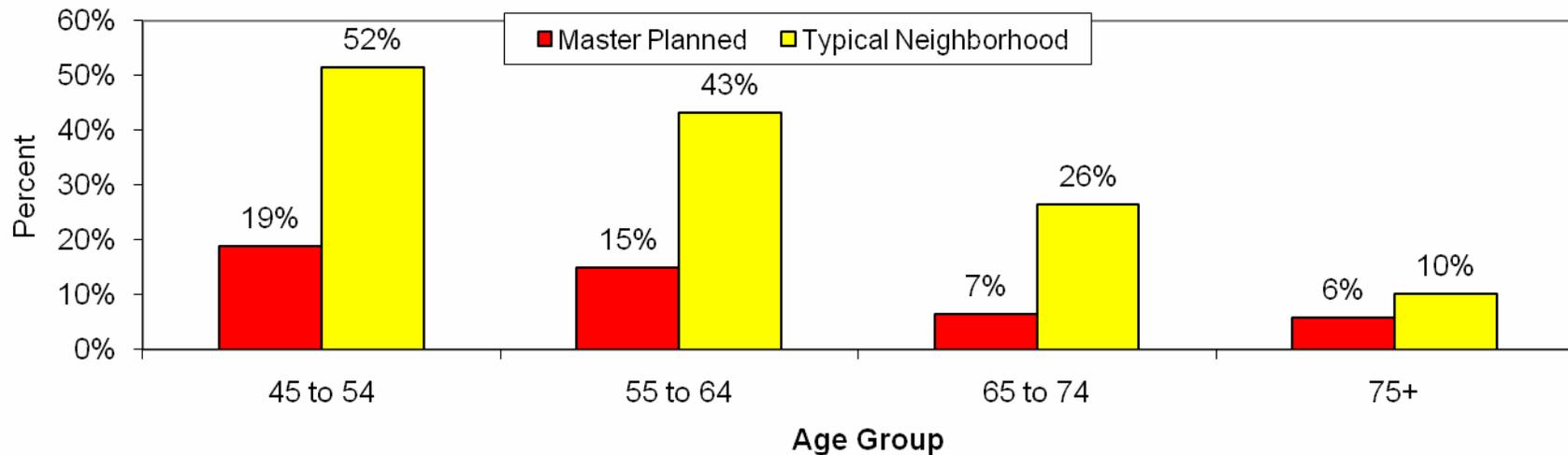


Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Households are More Likely to Prefer a Conventional Neighborhood to a Master Planned Community

The majority of home buyers prefer a home in a traditional neighborhood as opposed to a home in a master planned community. These proportions are likely to change over time as more master planned communities are developed across the country. The point is, however, that many of the households moving to the Paso del Norte region will be happy to purchase an existing home in an older neighborhood instead of a new home in a planned 55+ community.

Percent of 45+ Middle Americans Who Plan to Live in a Master Planned Community or Conventional Neighborhood by Age Group



Source: ProMatura Group, LLC 2006. From a survey of 6,328 households. Households 45 to 64 years of age had incomes of \$50,000 or higher and households 65+ years of age had incomes of \$30,000 or higher.

Attributes of Homes and Communities that Rated 5 or 6 on a 6-point Scale of Desirability

Baby Boomers between the ages of 50 and 60 years of age don't necessarily want the same thing. Almost two-thirds want everything they need on a single floor and an energy efficient home. Some prefer to live in a college town (30 percent) while others prefer to live in an urban center area (26 percent).

A smaller proportion have a strong preference to live in an age-qualified community (13 percent).

The Paso del Norte region is not hampered by not having an age-qualified community – at this time. A destination community would provide greater visibility to the area because the developer would market the community in variety of media outlets to attract prospective customers to the development. Marketing the development is also marketing the area.

| Percent Who Rated the Attributes of the Home or Community as a 5 or 6 on a 6-Point Scale Where the "6" Was of Highest Importance | |
|--|---------|
| Characteristic | Percent |
| Having everything you want or need on one floor | 66 % |
| Energy-efficient home | 65 % |
| Maintenance service for home that includes exterior upkeep, landscaping | 54 % |
| A "green" environmentally friendly home | 51 % |
| Being within walking distance of food store, restaurants | 43 % |
| Living in a college town | 30 % |
| Living in downtown or urban center where you have access to the arts, culture, restaurants, entertainment, sporting events | 26 % |
| Living in a community that only has people your age or at your life stage | 13 % |

Source: Hanley Wood, 2006 – quantitative survey of 2,000 baby boomers who are between 50 and 60 years of age with household incomes of \$100,000 or higher.