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Forget Rocking Chairs Senior Homebuyers: Retired but Not Retiring

By David S. Jones



There are 5,000 new ones every day. They control half the nation's discretionary income. Their net worth is a staggering \$7 trillion. Unemployment and economic squeezes have little effect on them. Seventy-five percent own their home, and 80 percent of the homes are paid for. In 1991, there were 31.8 million of them, but by 2010 they will number 56.6 million.

They are the seniors' market—those mature Americans who have been working and saving for retirement and are contemplating buying another home.

More than 30 years ago, retirees were buying homes—without air conditioning—in Sun City, Arizona. The 1,000-square-foot homes were selling for \$8,000 and did not offer any special features for older residents.

Today, the Del Webb Corporation, America's largest developer of master-planned active adult communities, has replaced its Sun City rocking chairs and recliners with golf, square dancing and aerobics. The most popular home is 2,100 square feet and costs about \$130,000. Air conditioning is standard and special features abound.

The numbers bear out the influence older homebuyers have on the nation's real estate market. According to the U.S. Census Bureau, nearly 1.5 million Americans retire annually. In 1990, one in ten Texans was age 65 or older.

Baby-boomers begin turning elderly in 2011, and by 2030, one in six Texans will be a senior.

More than half of the senior population lives in eight states. Texas is one of them. When seniors decide to move, Texas is one of the five most favored relocation states.

Equity-Rich Buyers

It is important to understand the "active" seniors market. Two-thirds are retired, and 90 percent are still married. The majority are long-time

New Sun City Comes to Texas

Del Webb Corporation's newest planned community for active retirees is under construction 20 miles north of Austin at Georgetown. When completed in about 22 years, Sun City Georgetown will be home to some 17,000 residents.

An official opening for the 5,300-acre development is planned for early 1996, but homes are already being built and sold. In the first two weeks, 120 units were purchased. Plans call for 80 percent of the 9,500 homes to be single-family detached, depending on demand. Four 18-hole golf courses are planned.

Easy-Living Features

The retirement housing market is a \$3-billion-per-year industry. By 2011, that number is expected to increase tenfold. Since its first retirement community was built 30 years ago in Arizona, the Del Webb Corporation's homes have changed to meet changing tastes of buyers. Here are some features included in modern retirement homes.

- Easy-to-clean surfaces
- Raised electrical outlets and lower switches
- Lever-handle door hardware
- Heated and cooled utility rooms
- Wall ovens
- Cooktops with front controls
- Adjustable upper kitchen shelves
- Large luminous kitchen ceilings with increased light levels
- Single-lever faucet handles
- Raised vanities and large medicine cabinets
- Large storage areas

homeowners seeking to use equity from an older, single-family home. They have been called the "equity rich."

Typically 60 percent of the senior homebuyers will pay cash for their home. Most buy two-bedroom, detached homes. According to a 1991 U.S. census report, single-detached housing is preferred by 67 percent of retirees. While they have a move-down motivation, they do not want small homes.

Reluctant by Nature

The typical senior does not want to move. Research shows only 15 percent have a desire to relocate. Only 7.4 percent of Americans aged 55 to 64 moved in 1991. Only 1 percent will move across a state line. They are not likely to be convinced by an "everyone's-doing-it" approach.

When a senior says they are "thinking about" relocating, that is a positive signal. Real estate agents who develop a lead generation and tracking system have the advantage because many contacts may be required before the senior makes a decision.

Shunning the Gray Ghetto

It is a mistake to assume mature adults want to surround themselves with older neighbors. Less than half of the seniors prefer an age-restricted community. Many avoid what they call the "gray ghetto." "Young people keep you young" is a frequent refrain. In response, many developers incorporate a senior's section within a larger planned community that includes all ages.

Remembering the Depression

The active seniors' market is not driven by needs. More often than not, the move is discretionary. An untapped market awaits those who determine ways to tap into the seniors' wants.

Senior homebuyers are price sensitive and value conscious. They remember the Depression, and they are stamped with the lessons of frugality taught by that era. When they sell their existing home, they are not likely to put all the proceeds into a new home. They want to bank some of it for the proverbial "rainy day."

Finding Hot Buttons

Sales approaches for seniors differ from other markets. For example, seniors are attracted to areas that offer an improved cost of living. Taxes are not a big factor because seniors usually can afford them.

Experts say selling and sensitivity go hand in hand. Real estate agents need to learn about the buyer's stage of life and communicate good feelings about older age.

Be-back Buyers Want Value

If a senior prospect says he or she will "be back," that is not necessarily a bad sign. Empty-nesters and retirees are notorious

comparison shoppers. Experts say mature shoppers will visit a retirement community three to five times before they even ask about floor plans. Keeping in touch is important; a periodic postcard is effective.

Value—not just price—attracts seniors. They will pay for quality construction, top-grade appliances, better carpeting, unique window treatments, extra finishing options and landscaping.

Anything in the house that suggests replacement or high maintenance is a red flag to seniors. They are attracted by those amenities that reduce maintenance—landscaping and lawn services and warranties.

Successful Sales Formula

Experts offer these hints for selling to the seniors market. The sales center should include an activities wall with numerous photographs of actual residents having a good time. Avoid professional models.

Be prepared to answer lots of questions. Before going public with the sales material, preview the presentation to a group of seniors. Show them the plans, and invite questions. Have someone record their questions and revise sales material accordingly.



Sell the neighbors more than the neighborhood. Senior buyers are concerned with who will be living on either side of them. Ads that promote "You can find good friends here" have appeal because seniors need to be reassured they will find new friends to replace the ones left behind.

Advertising copy is not the place to skimp. Seniors like to read. Too little copy means the senior prospect has insufficient information. An 800 number works well if a mature woman takes the calls. Exceed the expectations of the older buyer, and referrals will result.

Avoid patronizing senior buyers. Do not tell them, "You've earned this." Be sincere. Nostalgia has a place with big bands but less so in home marketing. Emphasize the senior buyer's future years, not the past.

As noted in a recent issue of *Tierra Grande*, appealing to women is a successful sales technique. Older women are no exception. One expert has observed that "older women get more powerful with age."

"Looking to the future, my most important question is, What do the adult buyers of tomorrow want in their homes?" says Philip J. Dion, chairman and CEO of Del Webb Corporation. "The baby-boom generation is 75 million strong. They are going to have a tremendous impact on our society, and the only way to remain successful is to begin preparing now for what their needs are going to be at retirement." ■

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