

The boom is coming!
What do they want?

Real Estate and Maine's Aging Population

MEREDA

Abromson Center, USM

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3 years ago at a MEREDA event in Auburn
I described the coming retirement wave as a
“tsunami”



So far we've just seen a trickle...
... But the wave is still out there!



Today I want to...

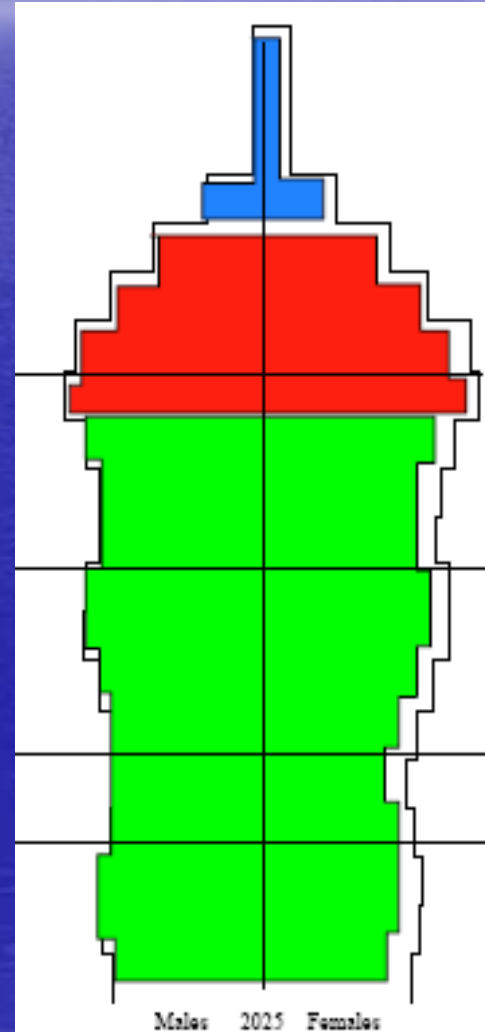
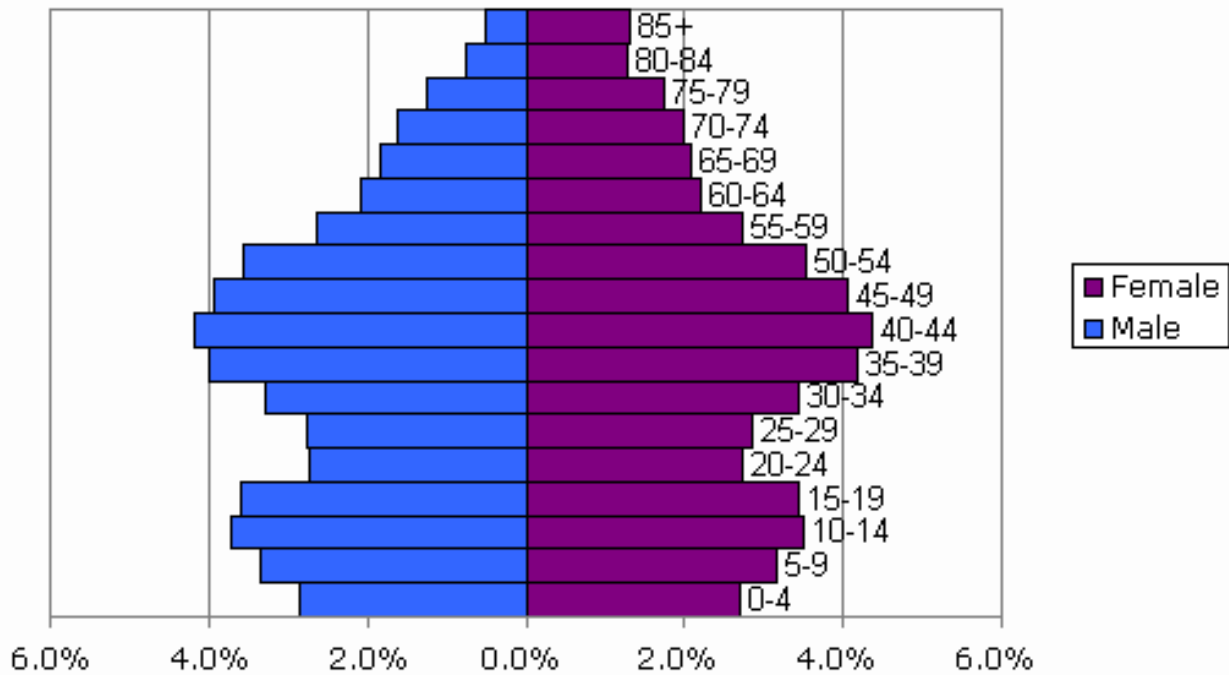
1. Recap the basic numbers
2. Revisit the economics
3. Describe generally what they are seeking

1. The numbers

Here are Maine's baby boomers moving into retirement age.

(source: Census, Maine Development Foundation)

Age Distribution, 2000



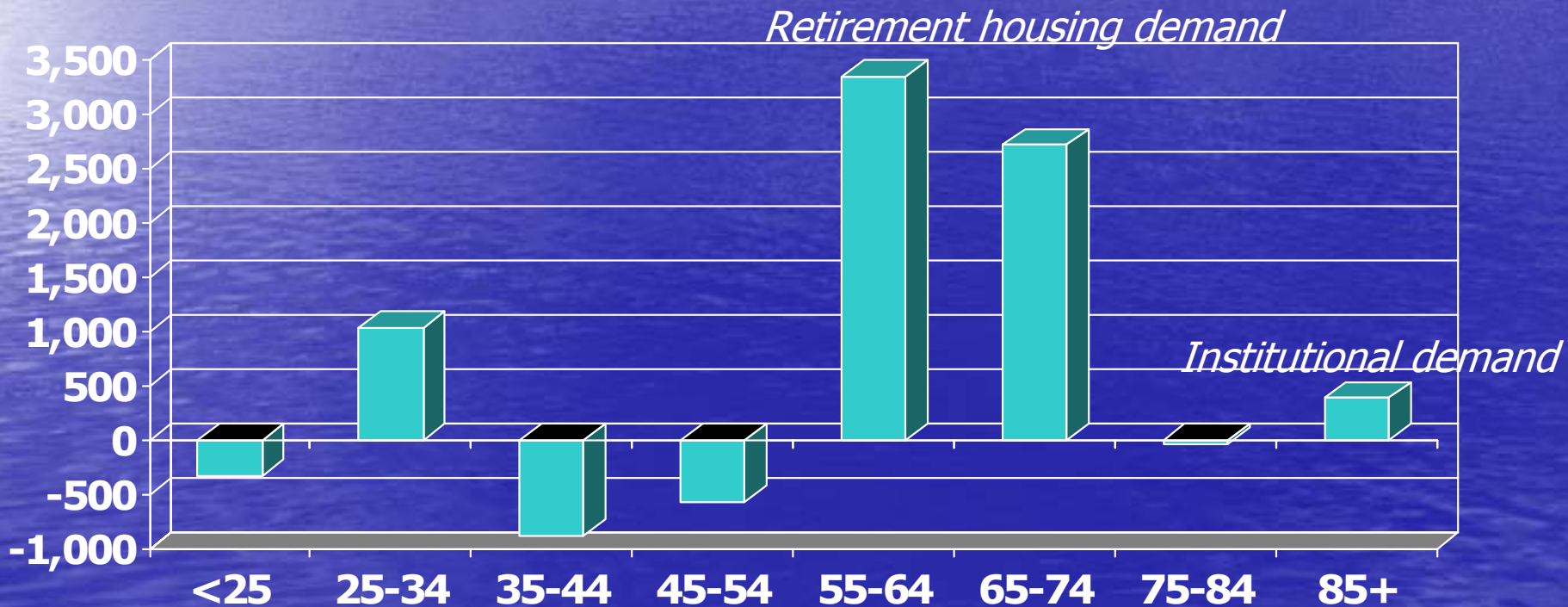
The boomers have changed Maine's housing landscape in the past

<i>In the...</i>	<i>The boomers were....</i>	<i>And we built...</i>
1960s	In college	Dorms
1970s	Starting off	Apartments
1980s	Coupling up	Starter homes
1990s	Raising kids	Larger homes
2000s	Empty nesters	Condos

They're about to move into a new phase of life – with comparable impacts on society
(but note differences in growth in different elderly cohorts)

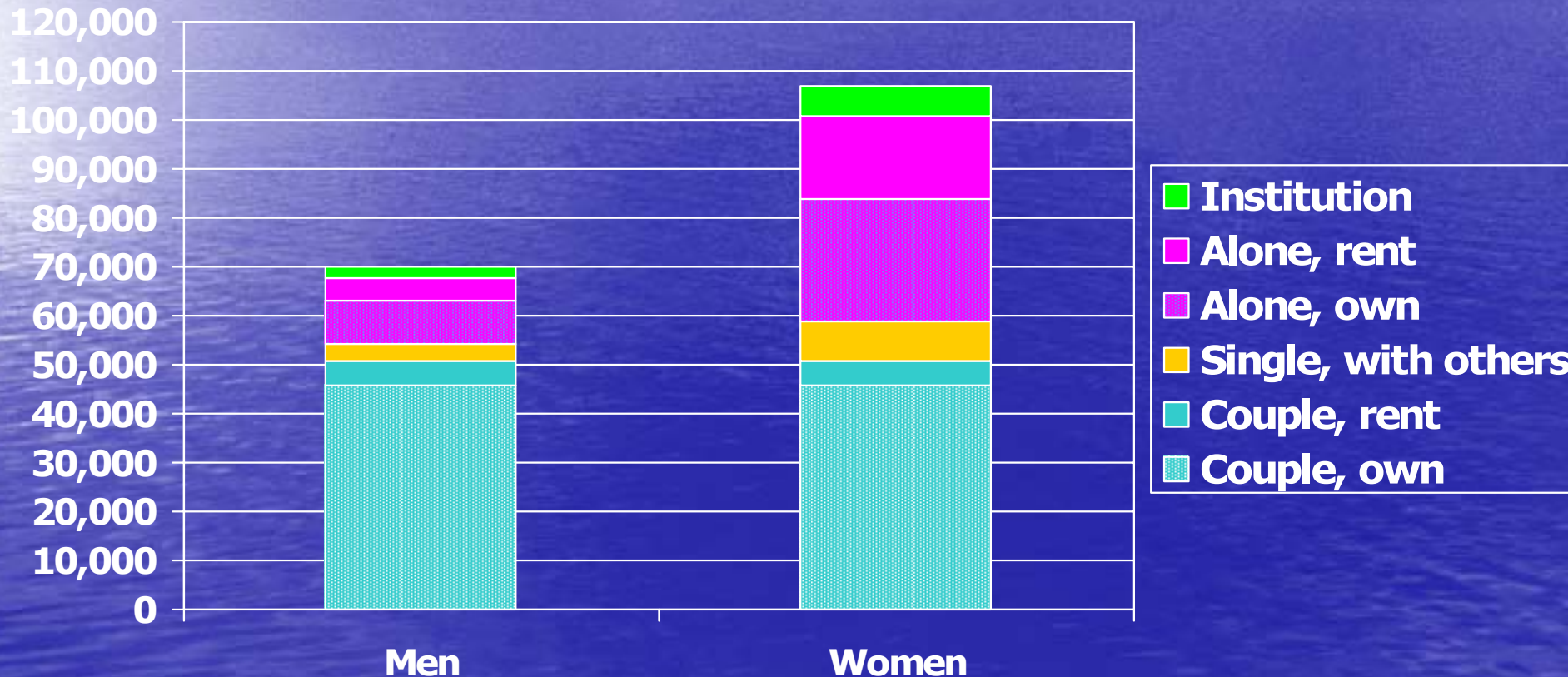
Projected Annual Household Growth, Maine 2005-2015

Source: Maine State Planning Office populations, Planning Decisions households



More are women, and more women live alone

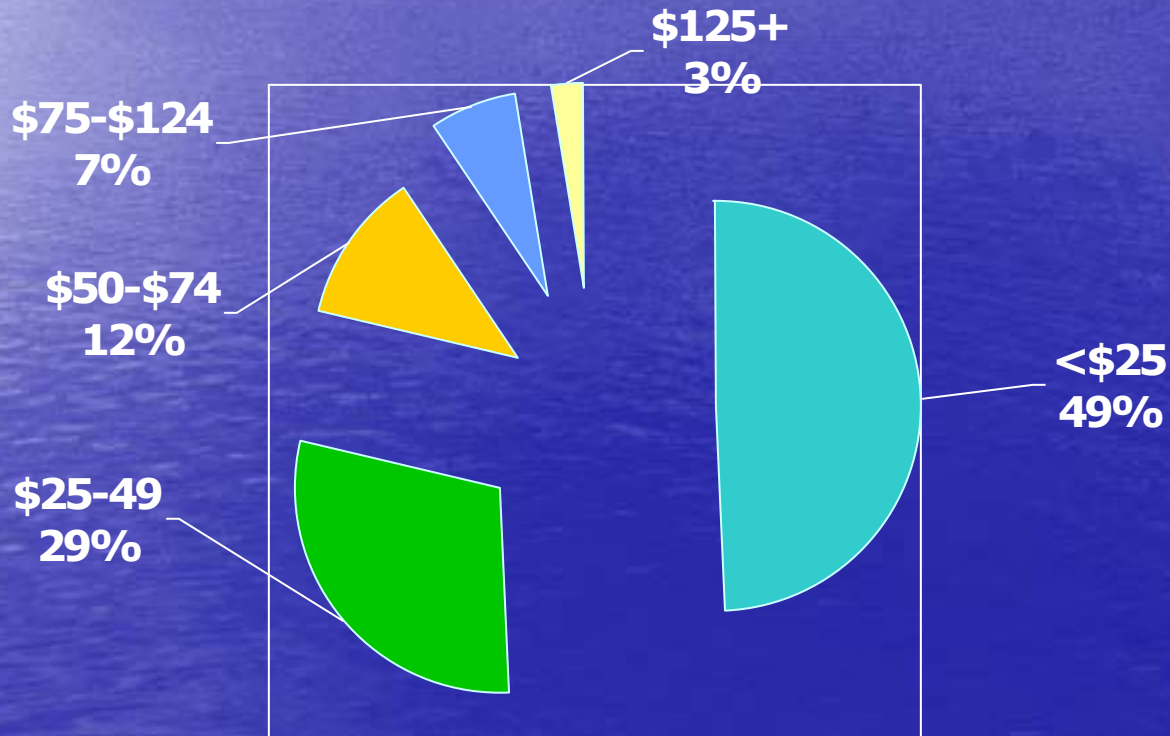
Over 65 in Maine - living patterns, 2000



Most have only modest incomes

(and are stressed by the current economy)

Income distribution, households over 65, Maine, 2006

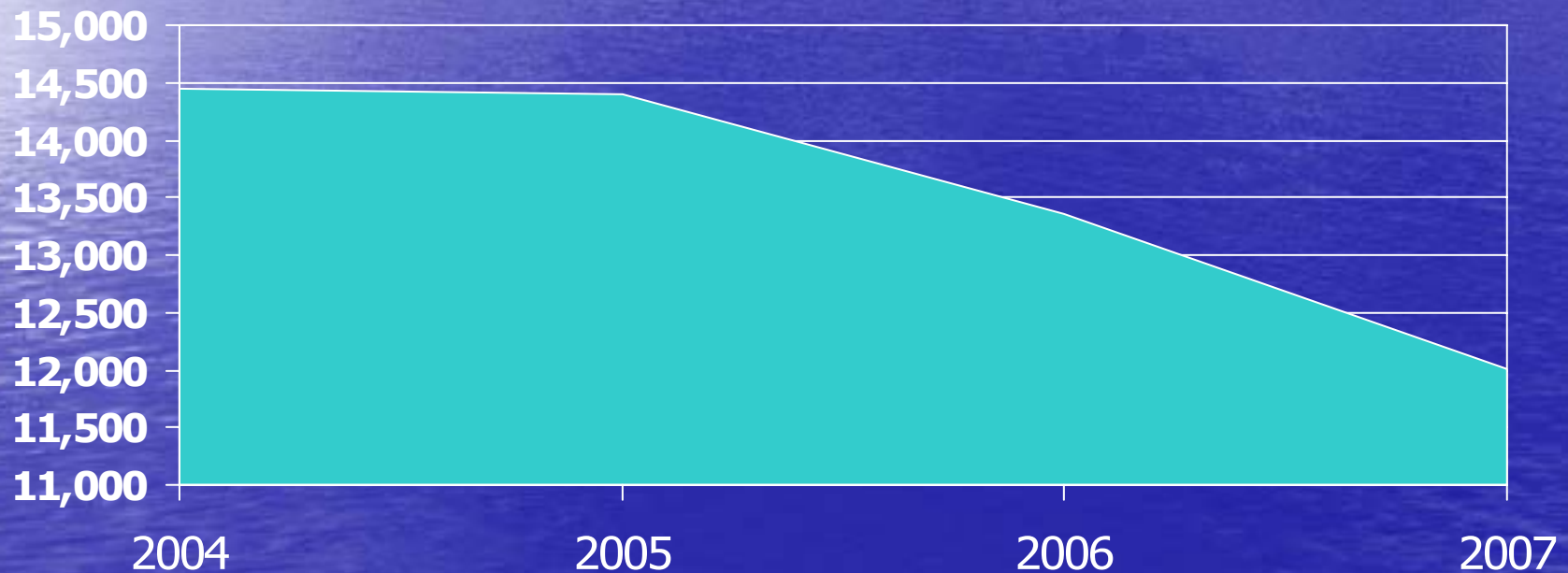


2. The wave hasn't arrived yet

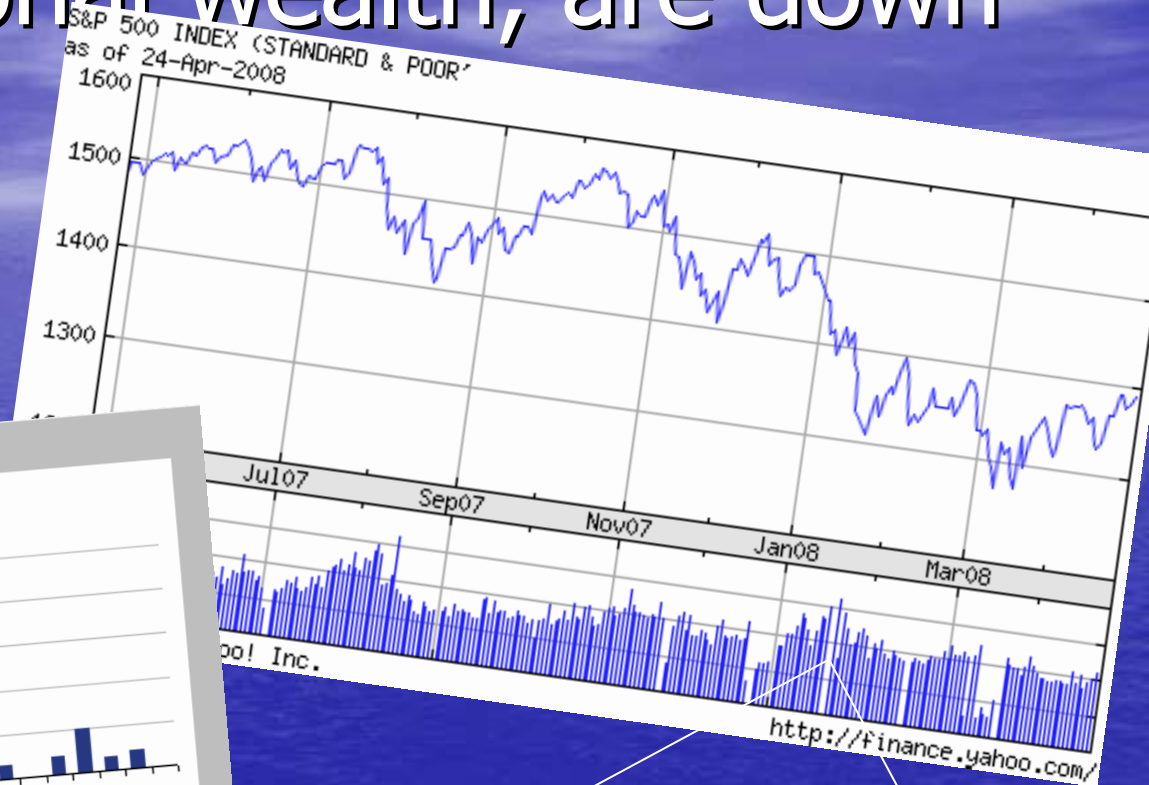
-- changing economics are the reason

Decline in Maine home sales volume, 2004-2007

Maine Association of Realtors



Savings, personal wealth, are down

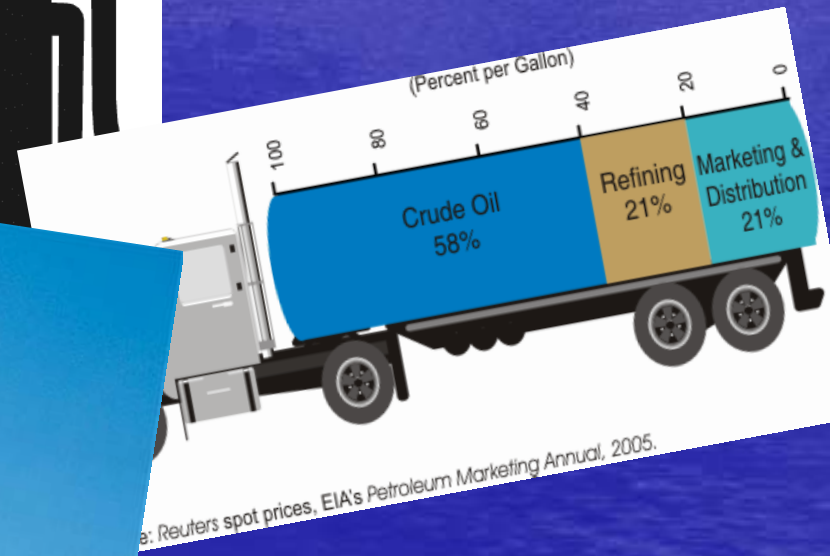


**Real estate sales,
prices down in Maine**
Bangor Daily News, April 23, 2008

Which means that people have less money to put down for a new home.



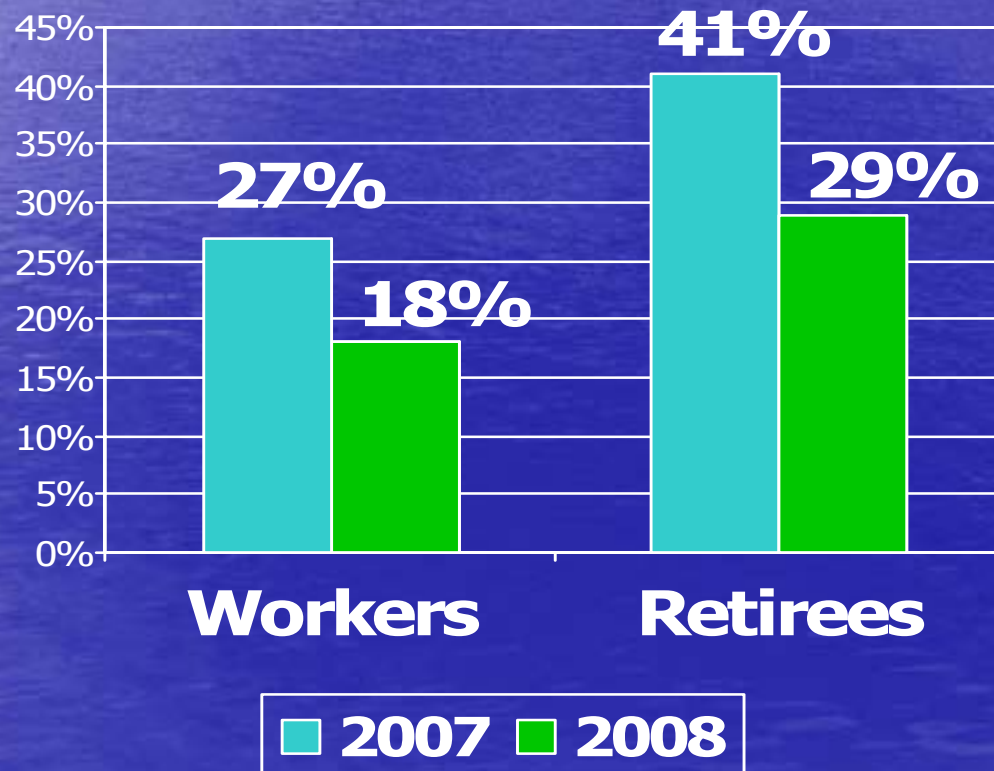
Meanwhile, living costs are rising – so people have less money to spend on mortgage payments.



For these reasons
(compounded by credit tightening)
the amount a retiree has,
and wants to use,
on a new home
is down significantly
from 3 years ago.

People are nervous.

% very confident of enough
money for retirement (US)
Employee Benefit Research Institute



But despite all this –
their goals remain the same.

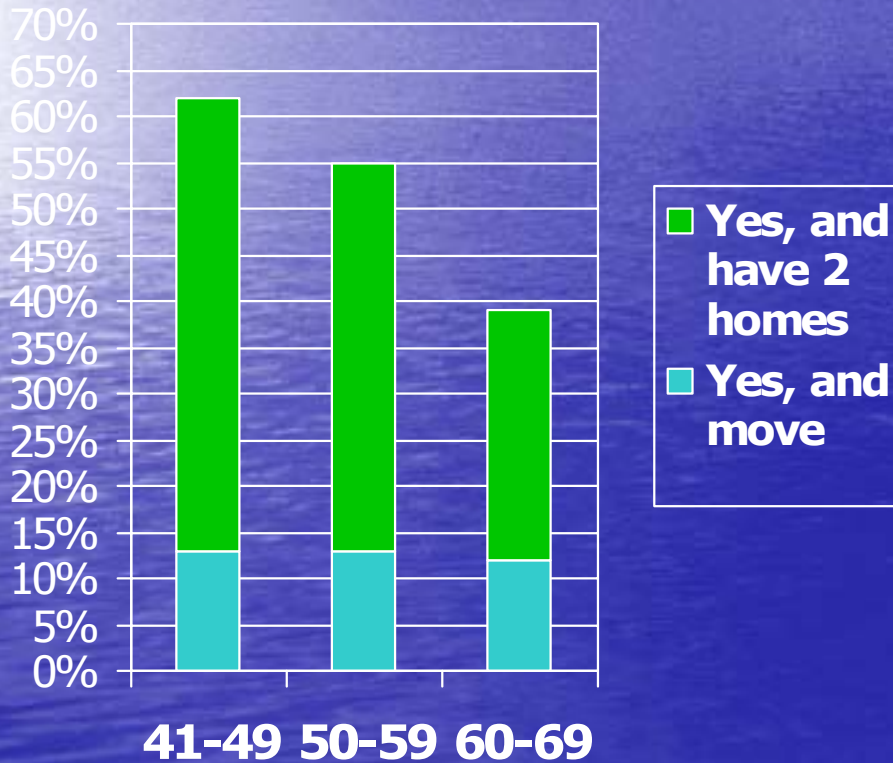


They want to move!

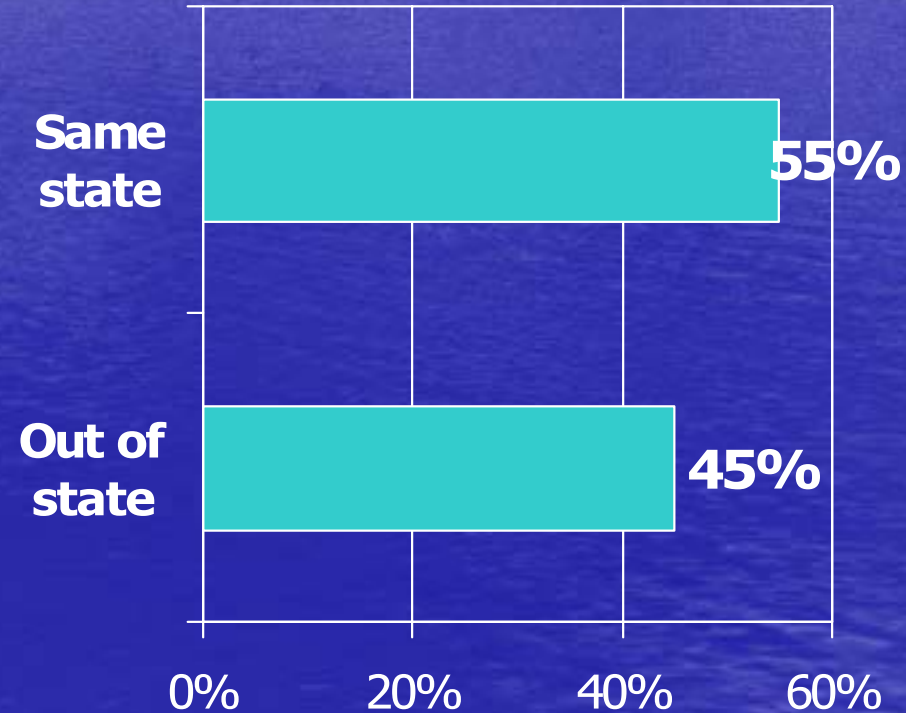
But your *competition* is not just in Maine.
Nor is your *potential market*!

Source: Harris Interactive for Pulte Homes, May 2005 Survey results, US

Want to buy new home?

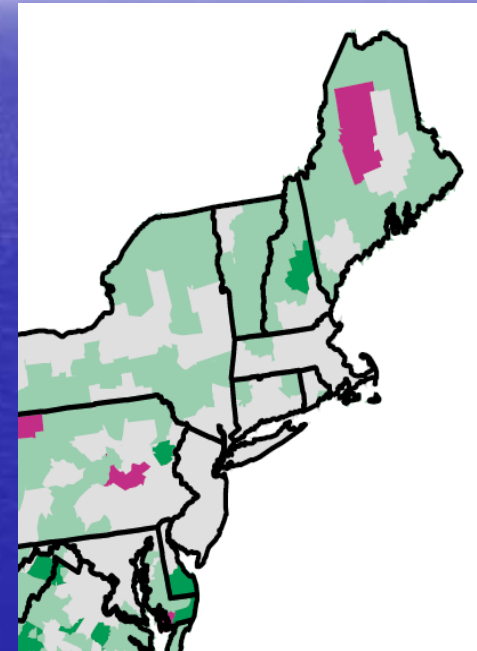


Destination of Potential movers



Maine is doing *moderately* well in the competition

- Maine had a net of 36,000 in-migrants in the 2000-07 period – probably mostly retirees
- But net migration was negative in 2006-7 (-18)

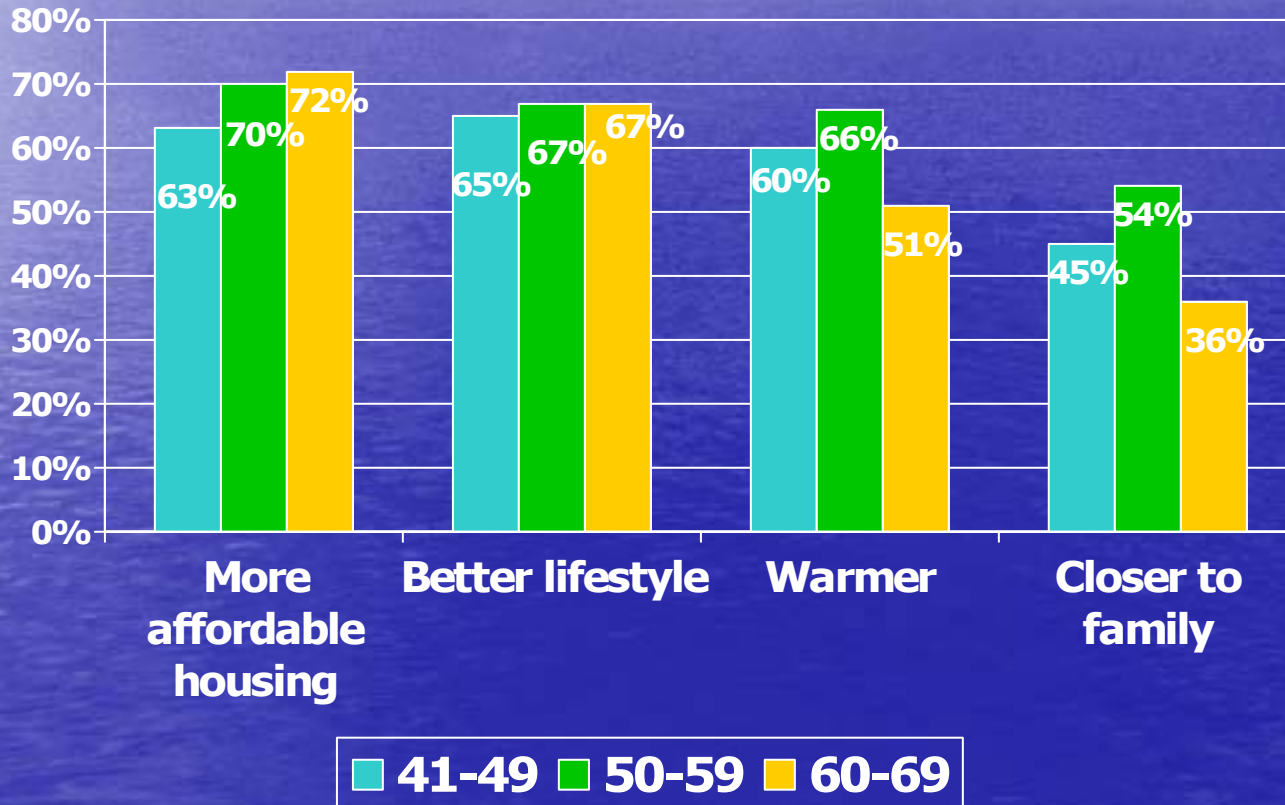


1990 to 2000 Over 65 population growth



There are four big reasons for moving

Source: Harris Interactive for Pulte Homes, May 2005 Survey results, US



A Maine developer can't do anything about
sunshine or families –
but he or she can compete on the others.

COST

- Lower cost than house being sold
- Manageable service fees
- Energy efficiency
- Smaller space, one floor, attached garage

LIFESTYLE

- Low maintenance
- Active
 - Walking, golf, tennis
 - Senior College
 - Hobbies, volunteering
- Culture/arts/night life/social
- Access – near airport
- Quiet, private, safe, health care
- Attractive for kids to visit

One model – the retirement community
– John Wasileski will discuss.



Another - "Houseominiums"



A third – redeveloping urban neighborhoods

- Natural urban benefits
 - Flat
 - Near health and services
 - Public transportation
 - Near friends and family
 - Near culture and arts
 - Affordable homes
- In 2003, 45 Augusta neighbors helped plan development, housing, sidewalks, lights, that would make the area work better for elderly



*In short -- the wave is still coming
But developers must sharpen pencils and be
creative to meet the demand.*

