



# Measuring the High-End Seniors Housing Market

PCBC

Adam Ducker | June 24, 2011



# ABOUT THE DATA

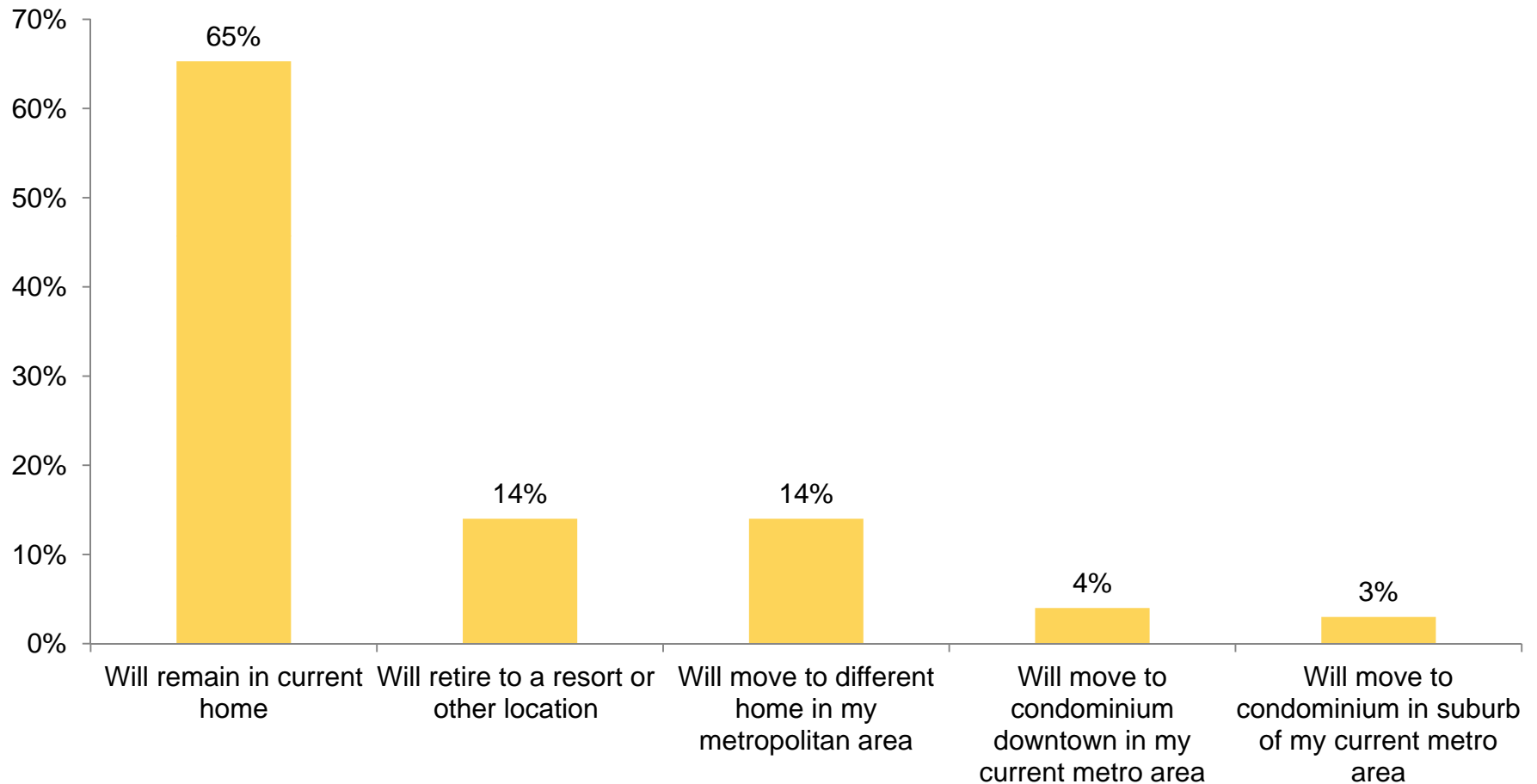
- Analysis based on a March 2010 paper survey conducted by the American Affluence Research Center, with the participation of RCLCO
- Results based on 405 completed surveys
- Respondents represent the top 10% of Americans in terms of “net worth,” or more than \$800,000, reflecting both home equity and net investible assets
- Survey participants reflect a broad range of ages (1/3<50), but were asked to “contemplate a change of lifestyle related to retirement and/or their children leaving home.”

| Net Worth     | Percentile of U.S. Households | % of Rebalanced Survey Results |
|---------------|-------------------------------|--------------------------------|
| \$800K-\$1.5M | 90-95                         | 50%                            |
| \$1.5M-5.9M   | 95-99                         | 40%                            |
| \$6M+         | 99+                           | 10%                            |
| Total         | 90-100                        | 100%                           |

# THE VAST MAJORITY OF AMERICANS STILL PLAN ON “AGING IN PLACE”

## *Empty Nester Housing Plans*

All respondents

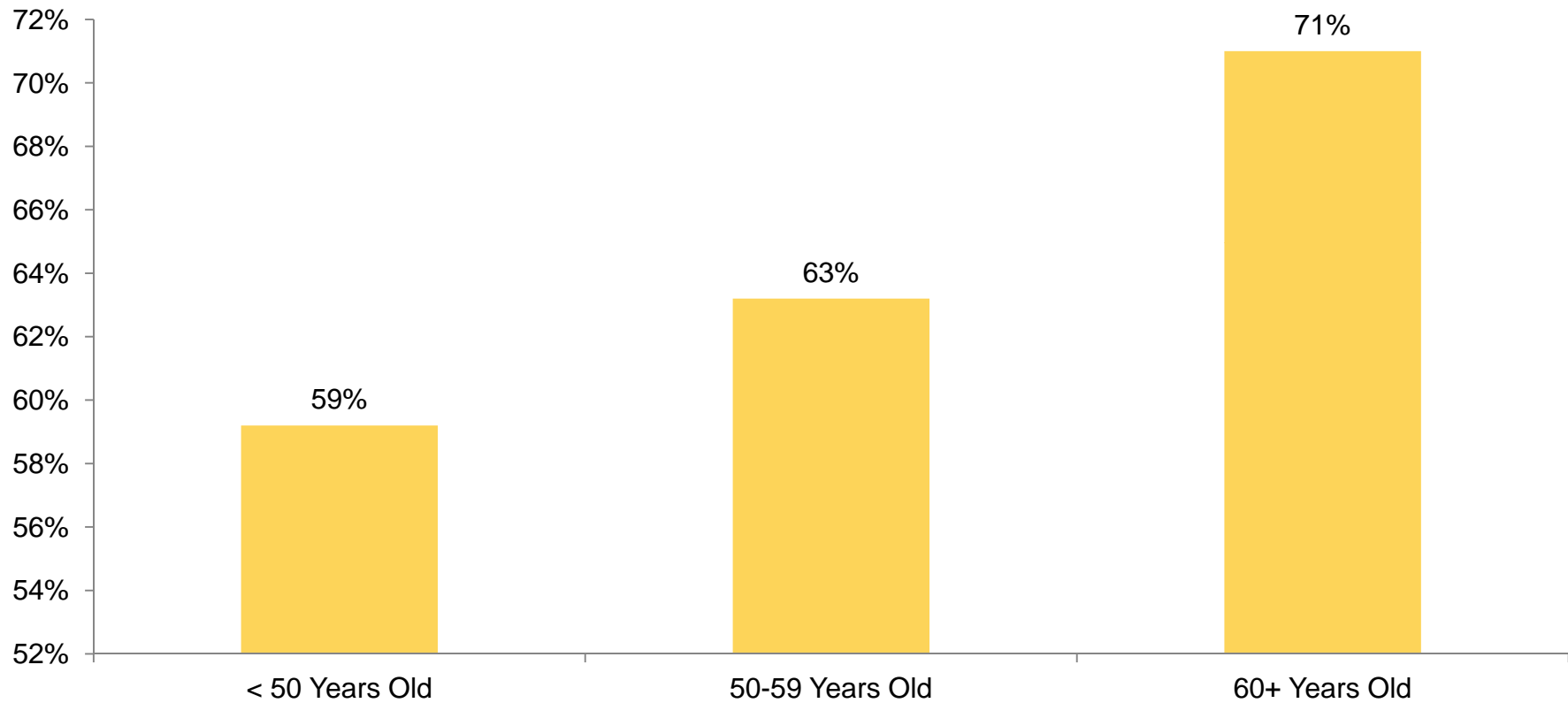


N=391

# YOUNGER HOUSEHOLDS EXPRESS HIGHER LIKELIHOOD TO CHANGE HOUSING MODE

## *Empty Nesters Who Intend to Remain in Current Home*

All respondents by age

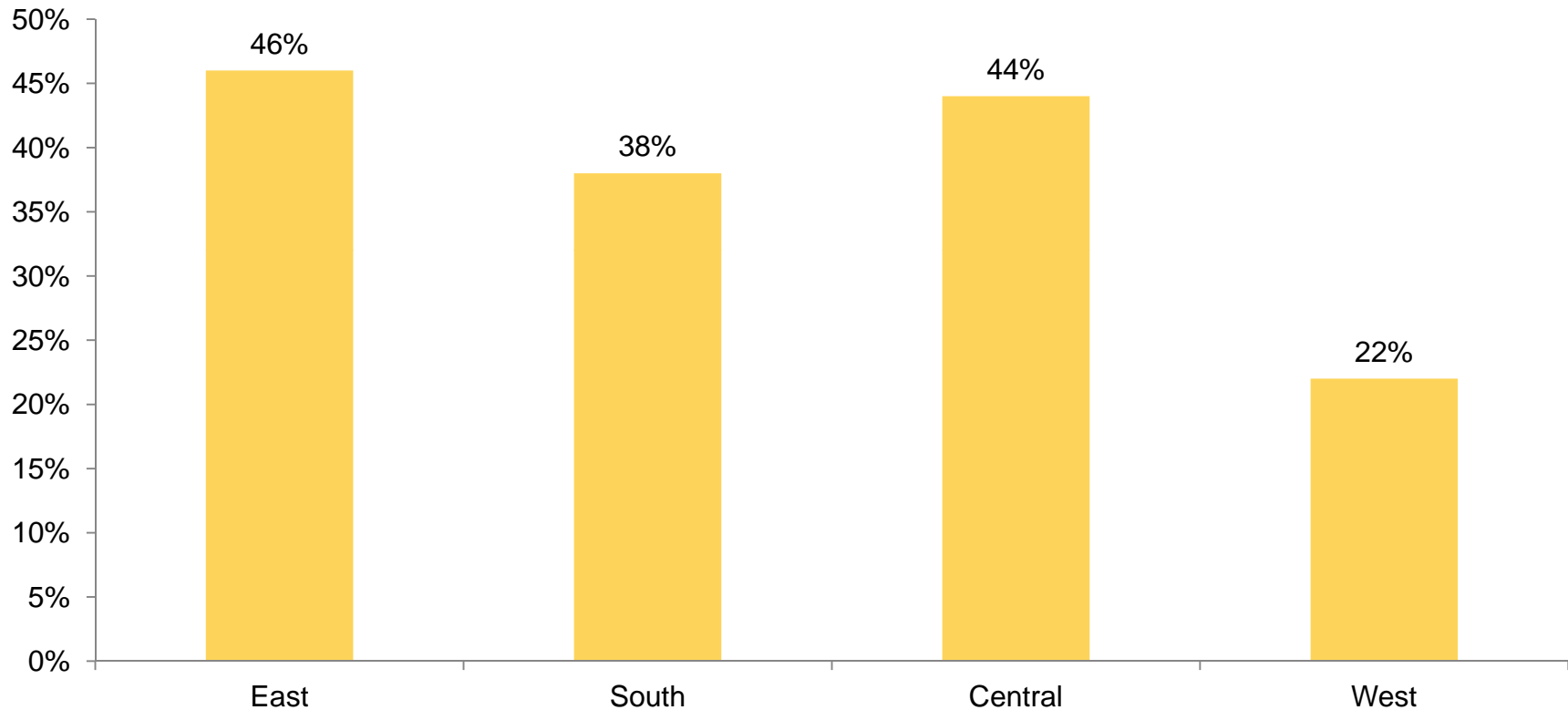


N=391

# NORTHEASTERNS/MIDWESTERNERS MORE LIKELY TO CHANGE HOUSING IN EMPTY NEST

## *Empty Nests Who Intend to Change Housing During Empty Nester-hood*

All respondents by region

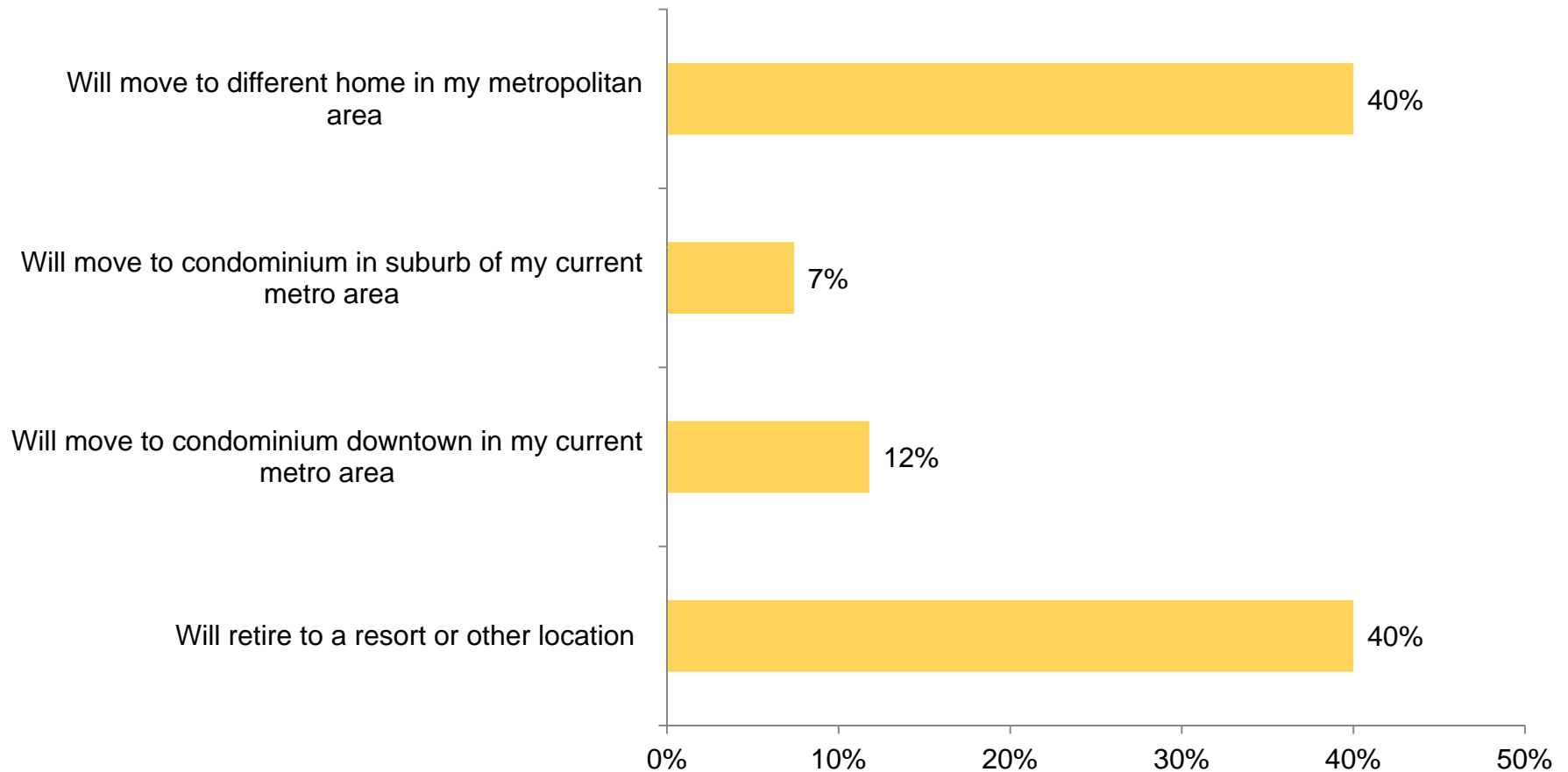


N= 139 (East), 40 (South), 31 (Central), 157 (West)

# OF HOUSEHOLDS THAT MOVE - 60% WILL STAY LOCAL, 40% TO MOVE TO RESORT LOCATION

## ***Empty Nester Housing Plans***

All respondents who intend to move

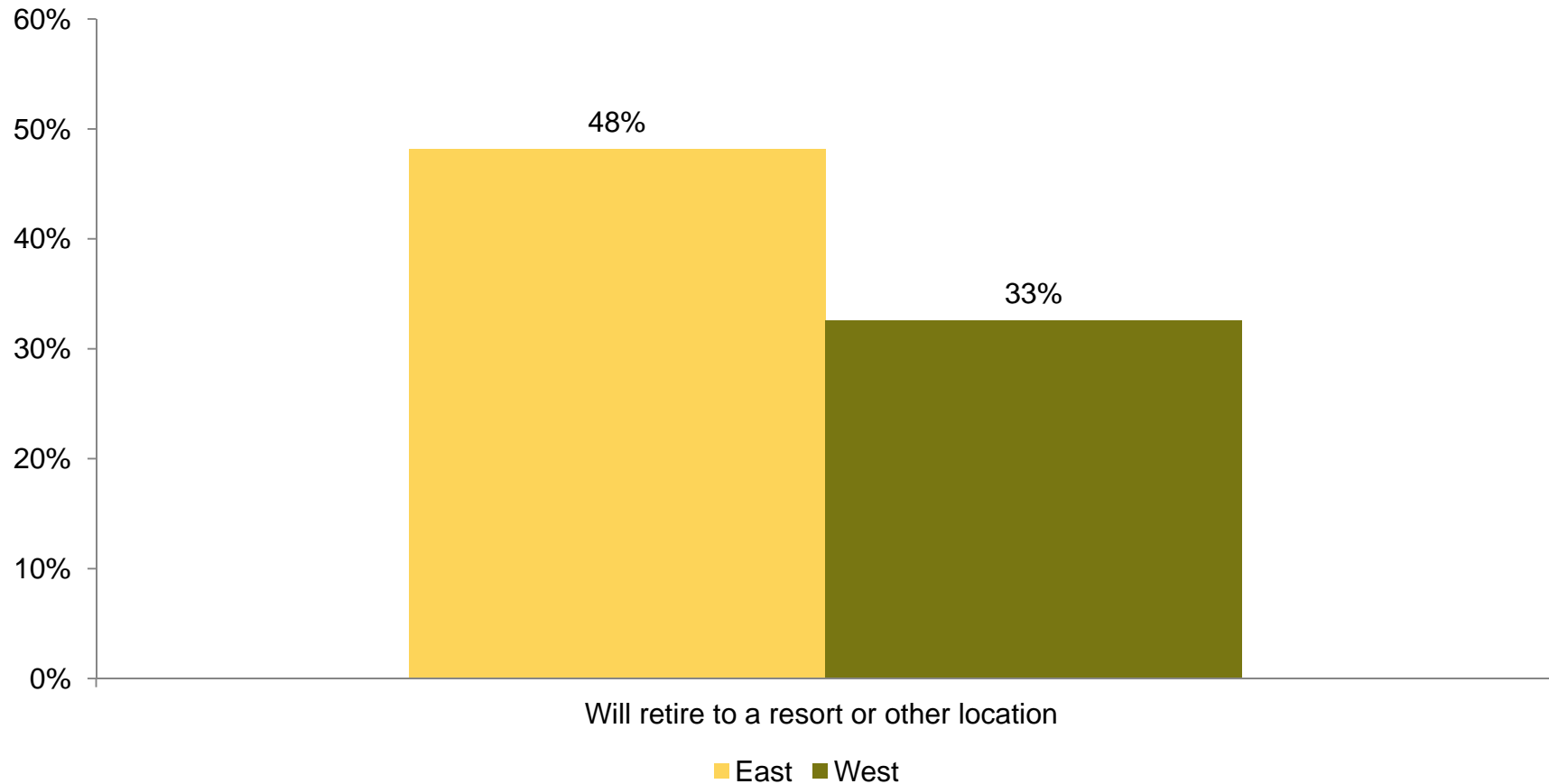


N=117

# EASTERNERS MOST LIKELY TO MOVE TO A RESORT THAN WESTERNERS

## *Empty Nester Interest in Resort Setting - West Coast versus East Coast*

All respondents who intend to move

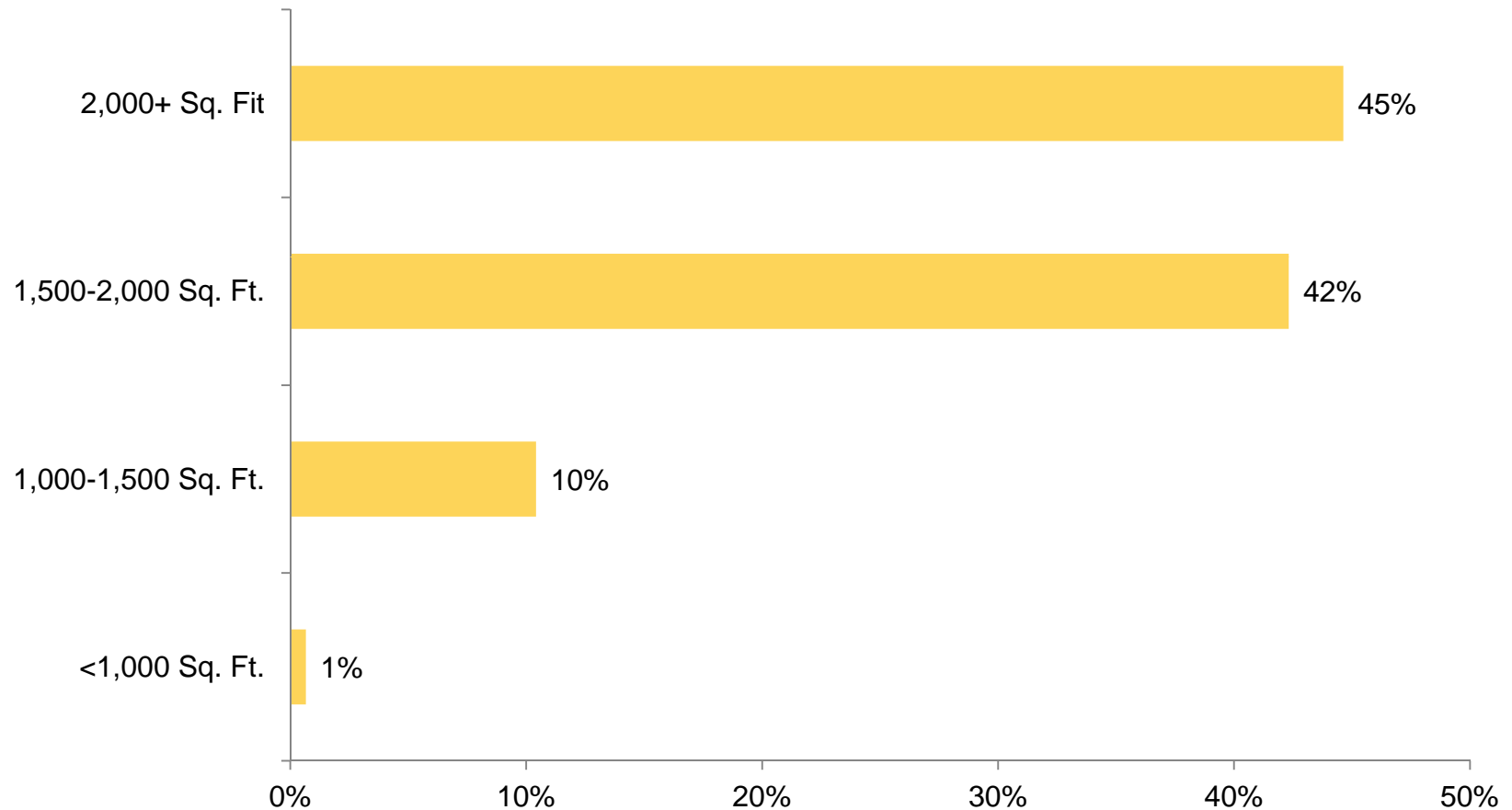


N=85

# LARGER UNITS REQUIRED TO ACCOMMODATE THIS BUYER

## *Empty Nest Condominium Size Requirements*

All respondents who would consider condominiums



N=231

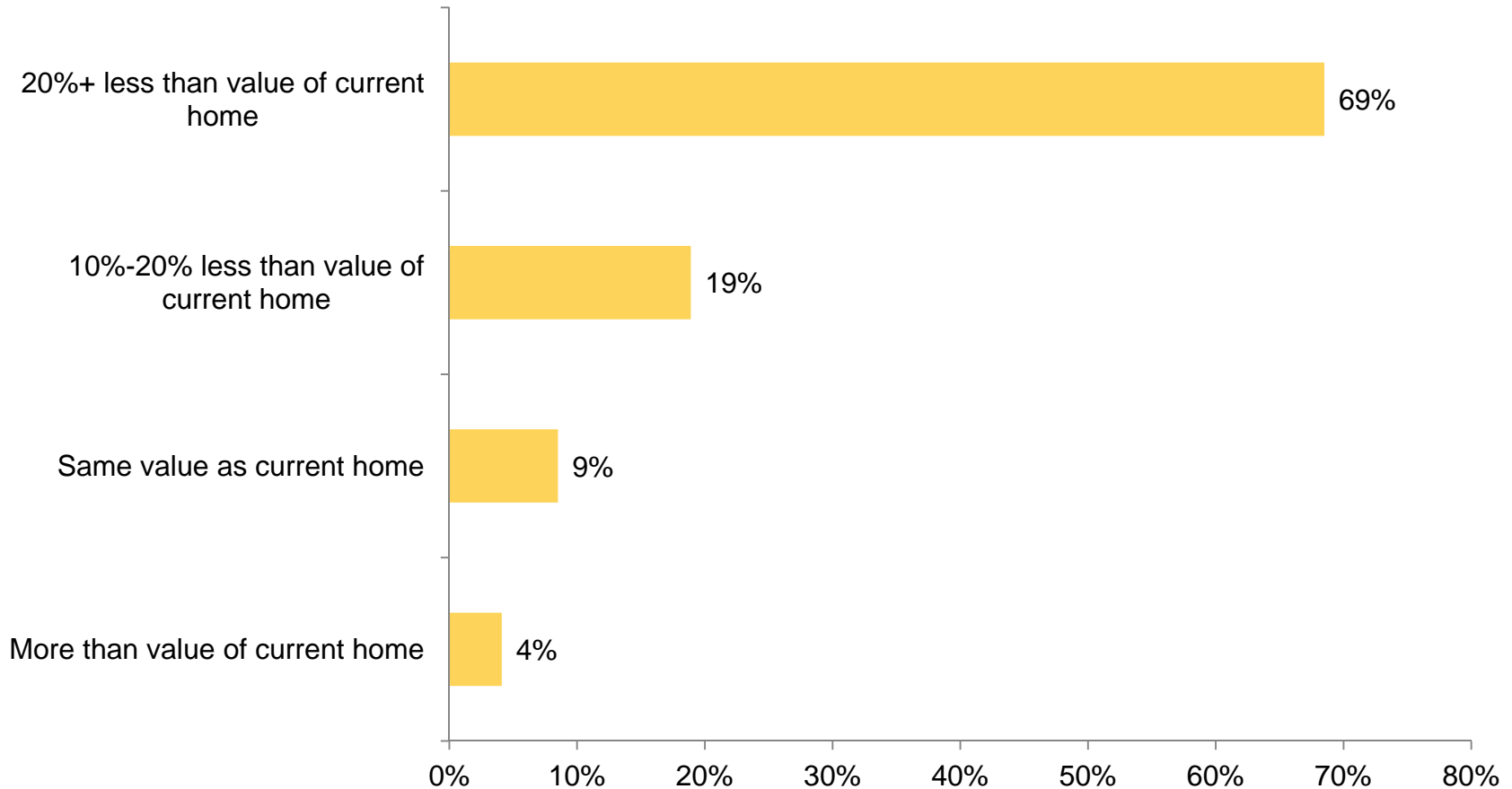
Note: 41% would not consider condominium under any circumstance



# MOST BUYERS STILL SEE CONDOMINIUMS AS A BUY-DOWN OPTION

## ***Condominium Buy-Down Expectations***

All respondents who would consider condominiums

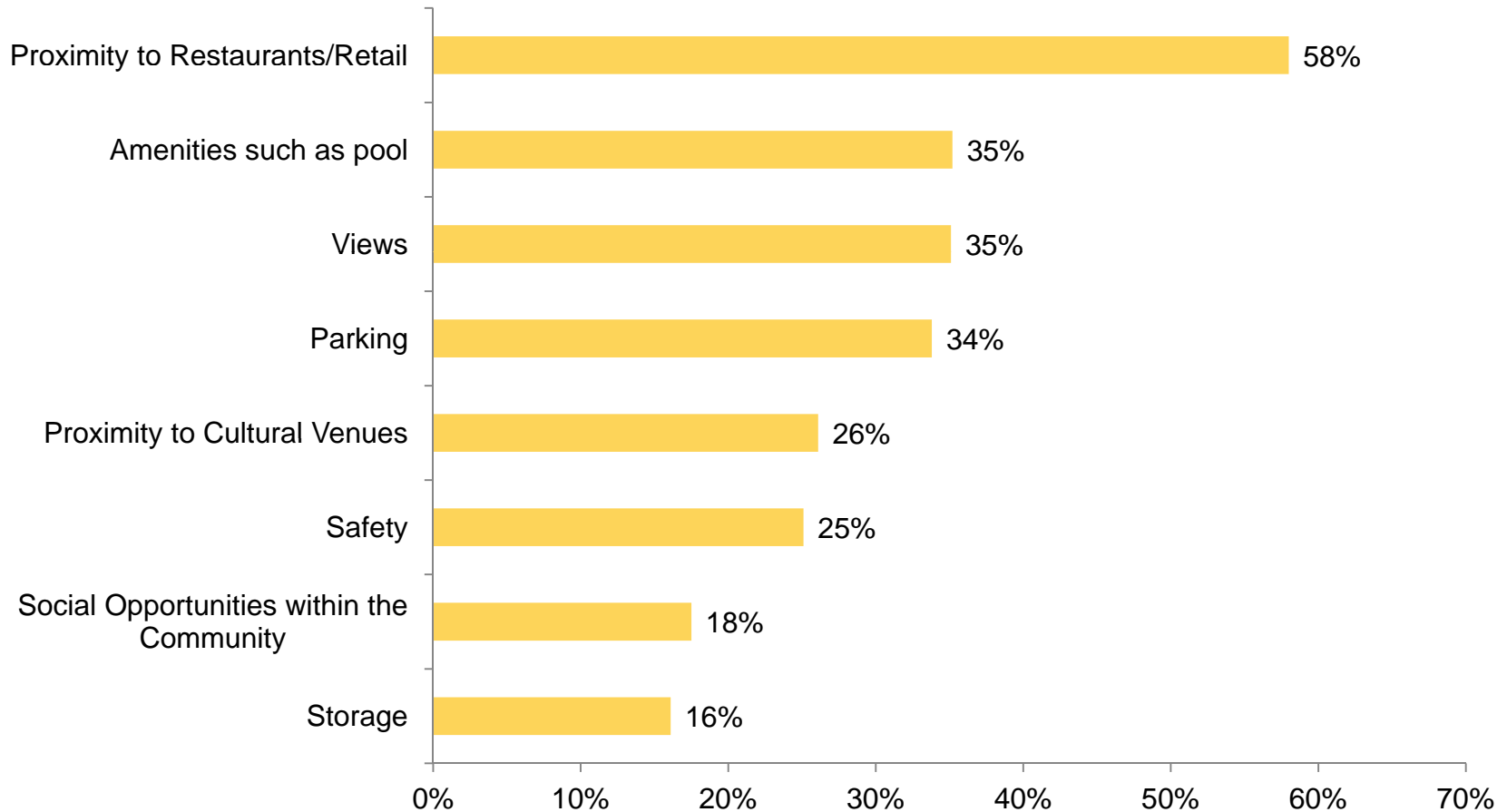


N=231

# BUYERS EQUALLY CONCERNED WITH UNIT FEATURES AND LOCATION FACTORS

## ***Most Important Features for Condominium Buyers***

All respondents who would consider condominiums indicating one of top three factors



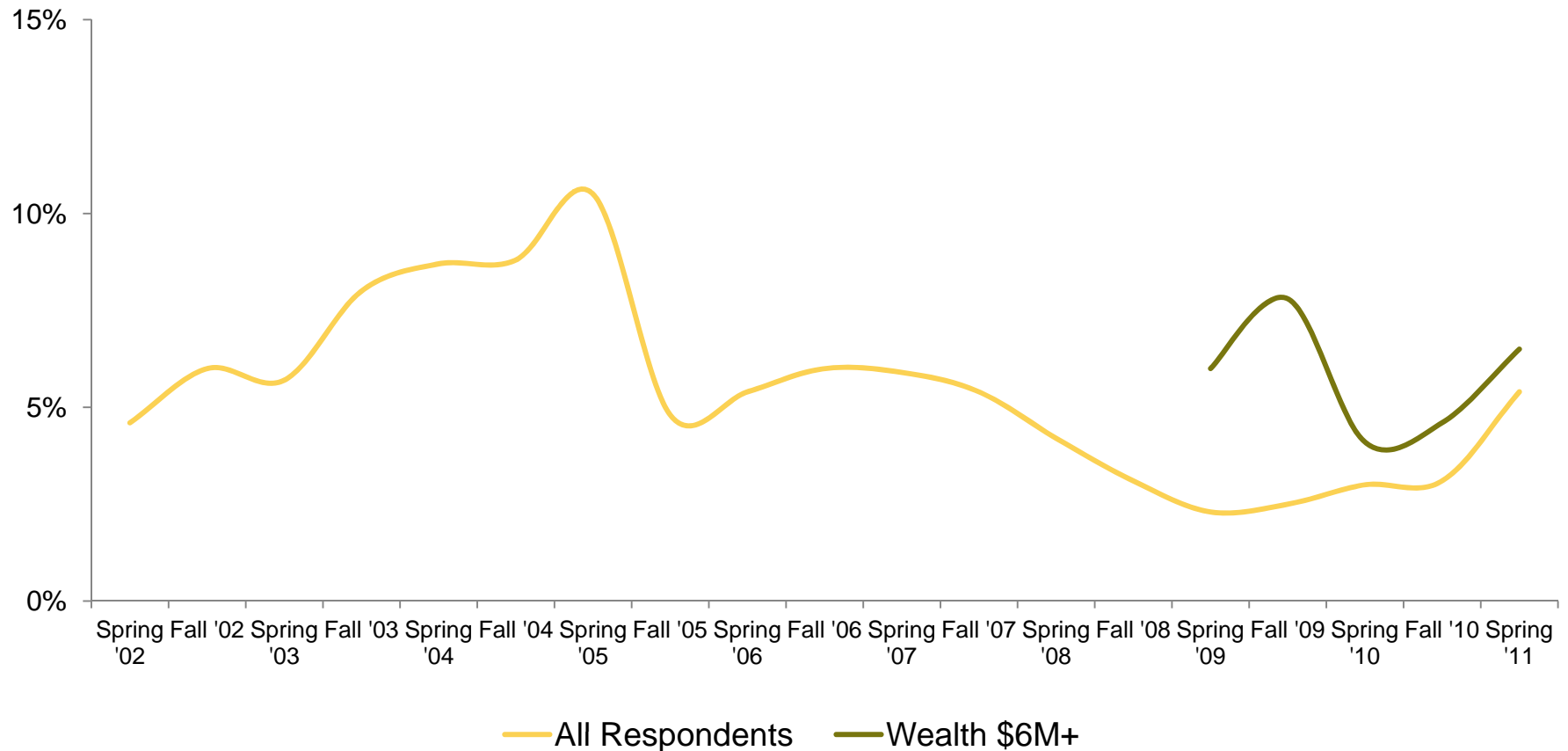
N=231

# STATED INTEREST IN SECOND HOME PURCHASE REBOUNDED SIGNIFICANTLY

## *Intent to Purchase a Second Home Next Twelve Months*

All Respondents

2002-2011

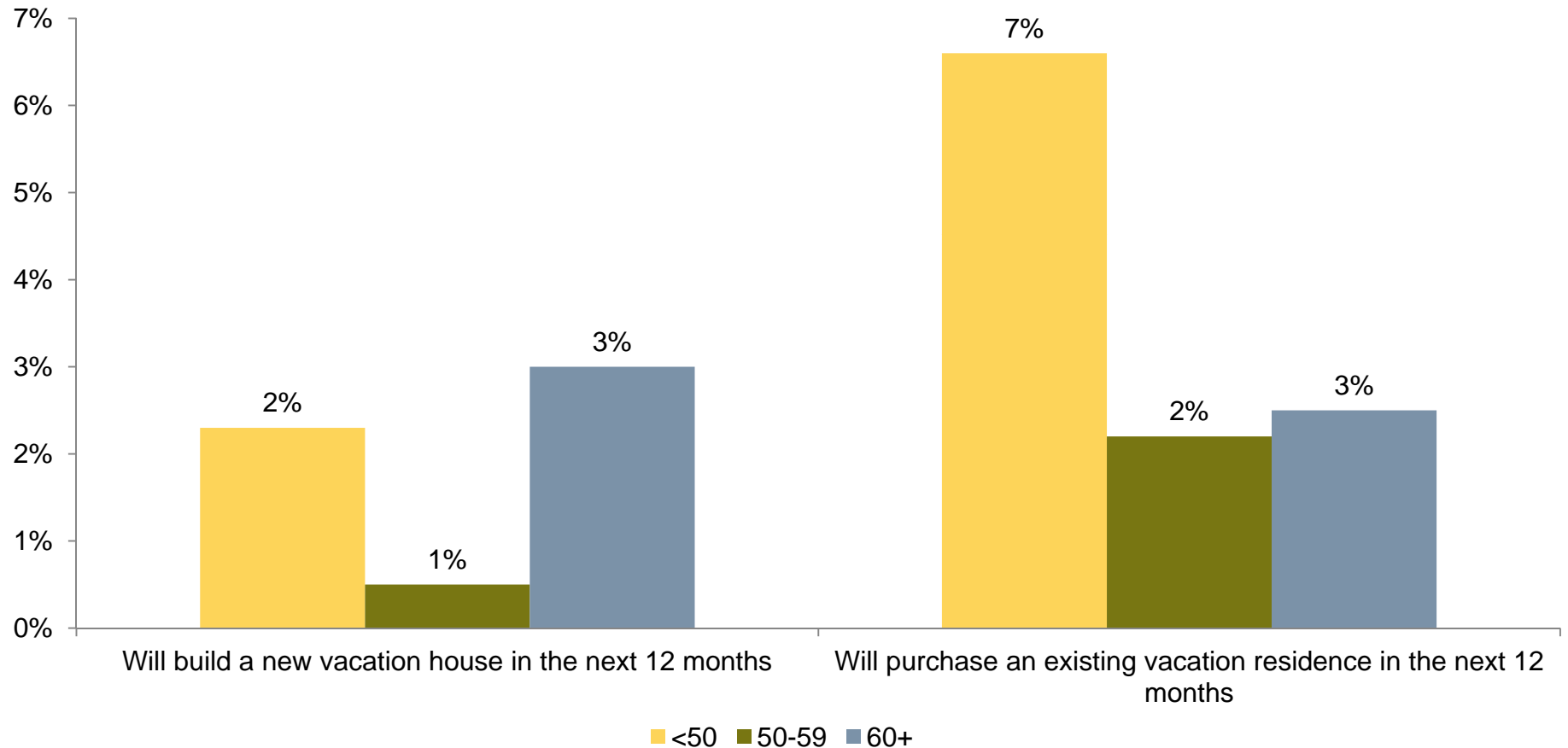


N=405

# SECOND HOME BUYING INTEREST MOST SIGNIFICANT AMONG <50 YEAR-OLDS

## Interest in Second Home Purchase by Age

All respondents

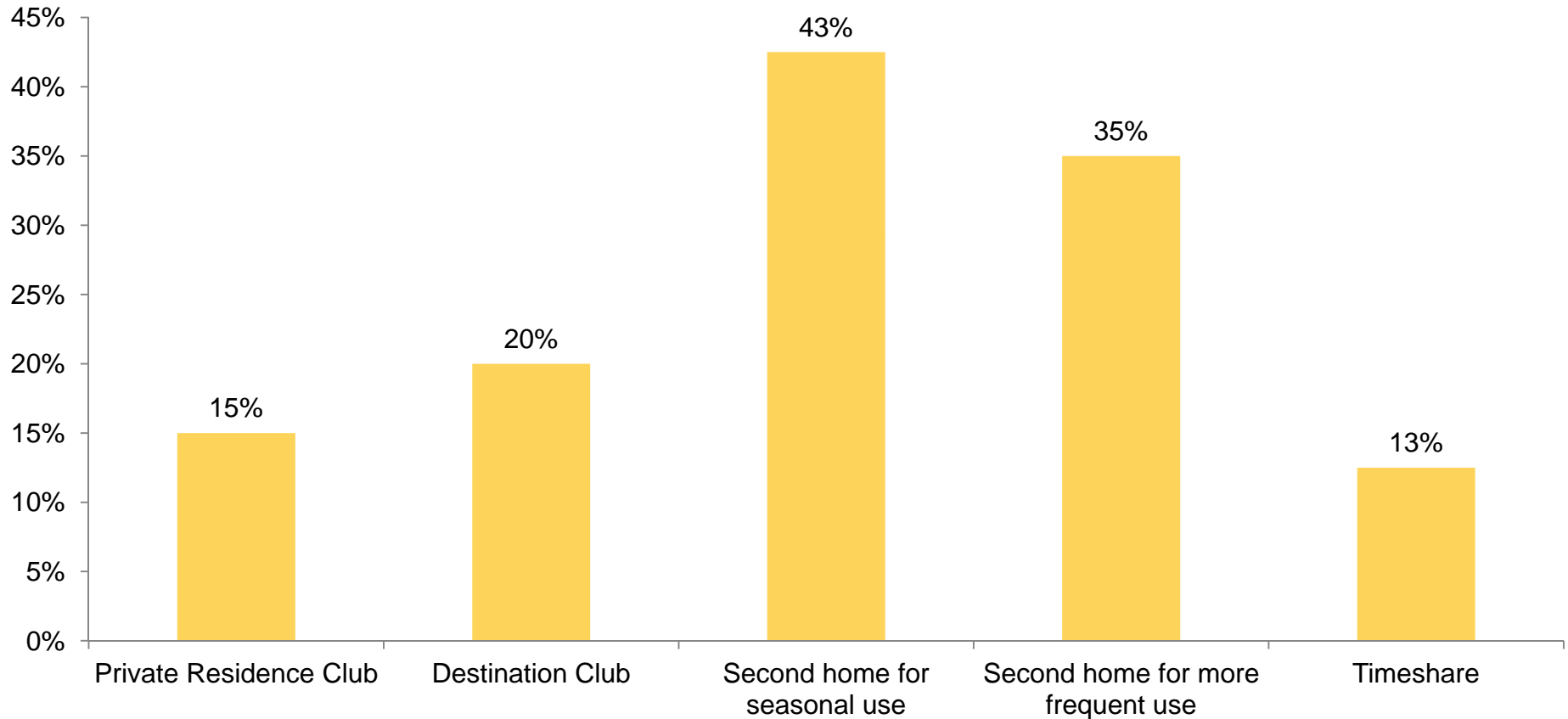


N=405

# INTEREST IN DESTINATION CLUB AND PRC SURPRISINGLY HIGH

## ***Second Home Types Respondents Would Seriously Consider Buying in the Next 12 Months***

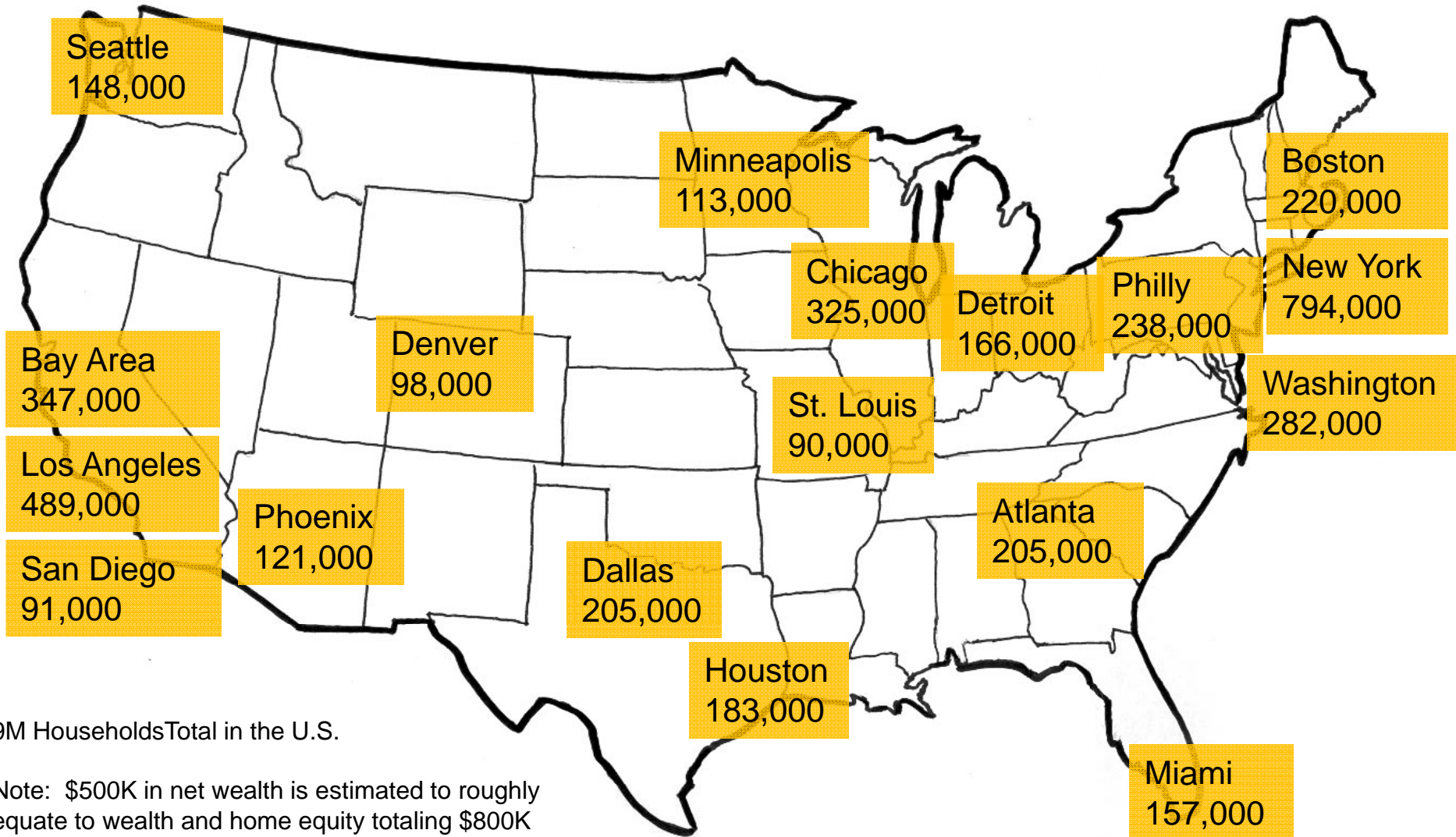
All respondents who would seriously consider a second home purchase



N=40

Note: Respondents allowed multiple answers so percentages do not sum to 100%

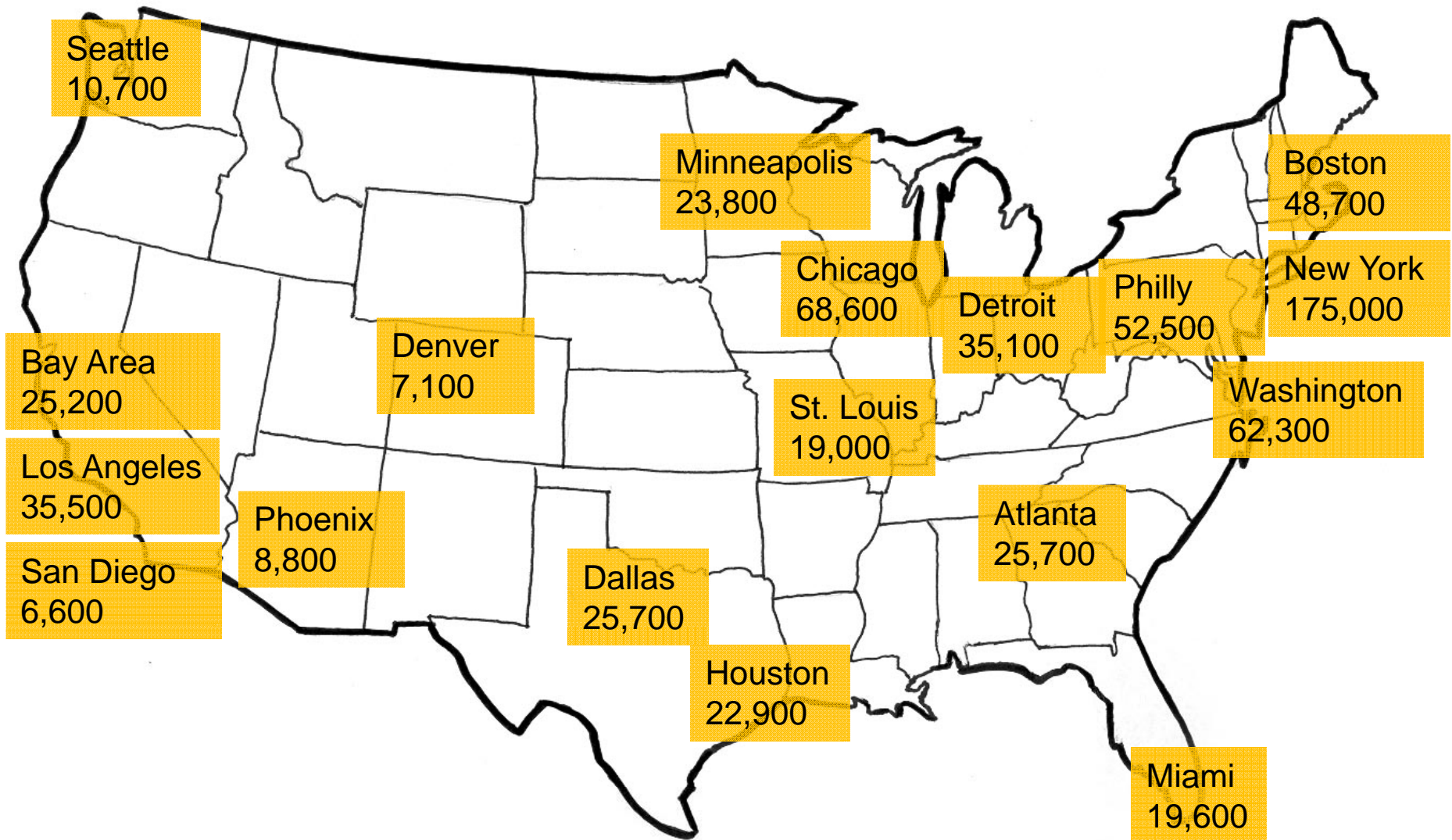
# MAJOR U.S. METROS WITH HIGH NUMBER OF HOUSEHOLDS 55-74 WITH NET WEALTH \$500K+



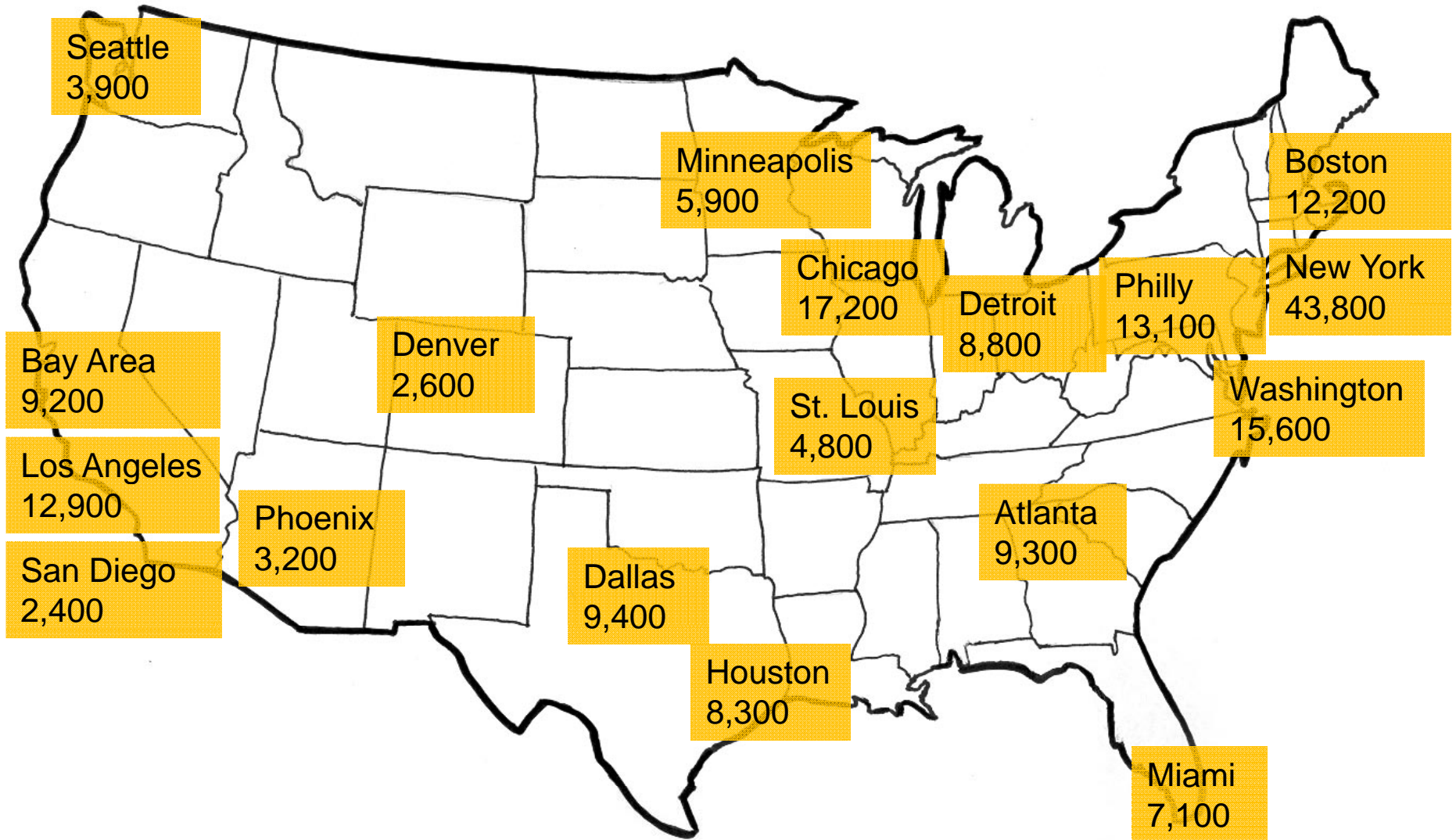
9M Households Total in the U.S.

Note: \$500K in net wealth is estimated to roughly equate to wealth and home equity totaling \$800K

# TOTAL MARKET DEPTH OF AFFLUENT EMPTY NESTERS RELOCATING TO RESORTS

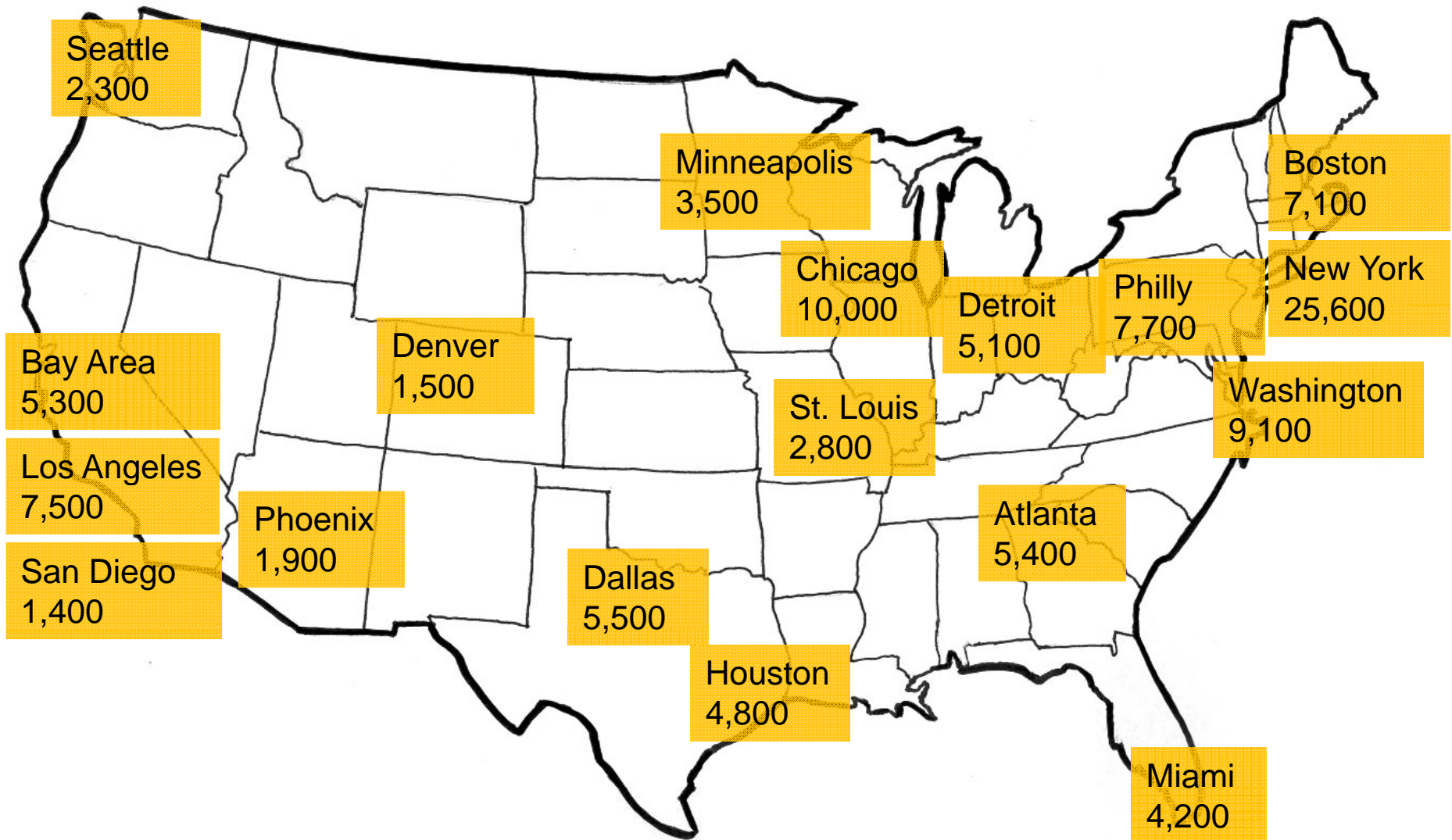


# TOTAL MARKET DEPTH OF AFFLUENT EMPTY NESTERS RELOCATING TO DOWNTOWN CONDOS





# TOTAL MARKET DEPTH OF AFFLUENT EMPTY NESTERS RELOCATING TO SUBURBAN CONDOS



# KEY TAKE-AWAYS

## INCREASE THE “NEED” TO MOVE AS BOOMERS AGE

- Most Americans will remain in their current home as long as they can, builder/developers can encourage empty nesters to choose new and better housing by:
  - Delivering “smarter” housing that is more energy efficient and has more predictable occupancy costs
  - Promoting the health benefits of sustainably built housing
  - Fully embracing emerging technology (particularly around healthfulness) that can improve and pro long life
  - Delivering housing in retail and service rich locations that reduces reliance on the automobile

# KEY TAKE-AWAYS

## EMERGING SEGMENTATION IN RELOCATION PREFERENCES

- Among those empty nesters who intend to move, there is interest in three distinct product segments each of which represents a unique and compelling opportunity:
  - Suburban/exurban low density housing locations – 40% of the market
  - Resort or other non-metropolitan locations including college towns and other places – 40% of the market
  - High-density product in urban and urbanizing suburban locations – 20% of the market

# KEY TAKE-AWAYS

## ANTICIPATE OBJECTIONS TO HIGH-DENSITY SOLUTIONS

- The consumer expects to “buy down” – prepare to educate regarding the health and lifestyle benefits of high-density housing
- The consumer is still expecting a large unit – floor plans need to be efficient and well conceived so that the buyers can visualize their lives in the unit (it will be hard to sell “off paper”); in-building storage a must
- Amenitize buildings smartly but generously, including facilities that allow the move-down customer to have flex space when needed – guest bedrooms, grand/catered dining rooms, guest parking, etc.