Seniors and the South Carolina Housing Market

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Executive Summary

This study examines South Carolina's growing senior population and its implications for the real estate market. Seniors, defined as the population aged 55 and older, will grow rapidly in the early decades of the 21st century. Already, the senior living industry is a major force in the South Carolina economy, and may bring substantial benefits to some local economies and real estate markets. Retirees offer possible new market niches for the real estate markets, not only along the coast, but also in urban and rural areas throughout South Carolina.

Central questions addressed in this study include:

• How large is the senior age group and how fast is it growing?
• Are seniors changing the dynamics of housing in South Carolina?
• Where are senior migrants coming from?
• Where do they settle?
• What are the characteristics of senior housing?

The real estate market for seniors can be segmented into resizers and migrants. Resizers are mostly looking to move within the state, usually within the same community, while migrants bring additional demand for housing and real estate from out-of-state. Most seniors prefer to stay where they are, but the overall market for resizers will grow as the bulge of baby boom generation retires between 2008 and 2025. To understand the characteristics of senior housing, the Division of Research conducted a survey of older South Carolinians.
How much housing will be needed for future seniors? According to Census records, in 1996 the number of 55-and-older individuals was 757,020. By 2015, 1,586,583 seniors are expected to populate The Palmetto State. In less than 2 decades, this growing segment of senior citizens will take about 40 percent of today's housing stock. This study presents the results of a survey of seniors and the housing market in South Carolina.

A random sample of 5,000 names was drawn from South Carolina's population aged 55 and over (our definition of seniors). Of these, 410 completed surveys. Nearly all seniors live in single-family dwellings, and few in mobile homes. More live in rural areas than in suburban communities. The survey of senior South Carolinians suggest that only 6 percent of South Carolinian seniors resize. Still, by 2015, if only 6 percent of the projected population of South Carolina moves into new residences, that will amount to roughly 100,000 people—over twice as many as today.

Contrary to the image of seniors living in high density senior developments, it should be emphasized that most seniors live in and seem to prefer detached homes. Eighty-six percent of respondents to the survey report living in single family homes. Many seniors live in rural communities, offering the possibility for economic development in South Carolina communities often passed over by major manufacturing investors.

The pecuniary benefits of the senior real estate market are should be considered carefully. The results show that the overall income of our senior sample was low. Most earned less than $20,000. Just 3 percent reported 1997 household income before taxes of $90,000 or more. These numbers are not that surprising given that most seniors are no longer working and have paid off their house. Most of their wealth is held in real estate.

A supplementary document to this study provides detailed U.S. Census migration patterns in South Carolina and each county. These figures can serve as a benchmark for examining 1999-2000 South Carolina migration when it becomes available early in the next decade. An interesting fact that emerges from the study is that most senior migration originates from another region of South Carolina, not from other states. Only Horry County has more out-of-state than in-state migration.

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Introduction

The residential real estate industry in the United States has enjoyed some of the best years ever in the late 1990s. Economic growth and falling mortgage rates have helped the industry reach new plateaus for existing home sales: 4.79 million units in 1998, up 14 percent from 1997. Some analysts believe, however, that these trends will be hard to sustain in the years ahead. One economist even predicted that 1998 will prove to be the U.S. housing market's "high-water mark" for years to come.1

The reason housing sales may have peaked is demographics. In particular, household formation will slow as the population ages. Baby boomers have peaked in household formation, and the next generation is much smaller. This may dampen housing demand, although there is always considerable local mobility. Housing demand also expands as people migrate from one place to another. However, as the population inexorably ages
early in the next century, overall migration may fall simply because seniors tend to be less mobile than younger people.

Even so, the trends in South Carolina may take a different turn from that of the nation. South Carolina is the smallest in the southeast, but the population is still growing rapidly (eleventh fastest among all states in 1998). Moreover, migration continues to provide a boost to housing demand in many areas. As the U.S. population ages, the local housing market may shift toward seniors--including new retirement developments in coastal and mountain communities and assisted-living centers scattered across the state.

This study takes a close look at the implications of an aging population on the housing market in South Carolina. The research, funded by CAREER, examines recent trends in senior living, with a special emphasis on housing market trends. The study looks broadly at the aging population and its implications for the economy and real estate. It also includes a survey of South Carolina seniors that produced some interesting findings. As it turns out, most South Carolina seniors stay put. Very few in the Palmetto State have any intention of moving from their communities, or indeed their houses. Few expect to move to senior living developments, or "resize" as they age. Early in the next century, however, that may change with the graying of the population. Aging baby boomers will represent a major demographic change that could have a large effect on the state. South Carolina has witnessed the rapid growth of the senior living industry. New communities have sprung up in former swamps, plantations, and mountain tops. Northerners join Southerners in South Carolina's cities, small towns, and rural areas. Now, as did previous generations, many like to socialize, participate in civic life, and simply share the news. Dell Webb's development near Hilton Head typifies this image of the burgeoning trend in senior living.

How accurate is the picture of booming senior living? Will South Carolina see the developments swell as baby boomers turn increasingly into senior citizens? It is important to anticipate the trends and prepare for the future.

Literature Review

For the past fifty years, first-time home buyers have dominated the housing market. However, the aging of the population may have a dramatic effect on the housing industry. According to John A. Tuccillo, as the population ages, "the focus of the housing market will be with 'resizers,' the 35-64 year-olds looking to alter their housing consumption in anticipation of retirement". Between 1990 and 2020, the Census Bureau projects the number of Americans younger than 50 will decline. During the same time period the 50-plus population will increase by 76 percent. By 1997 alone, the 85 and older age group had grown to 29 times its size in 1990.

With the baby boom generation approaching retirement age, the importance of "resizers" and retirees on the home building and selling industry should become more pronounced. These "resizers" are typically childless, less interested in heavy maintenance, and more economically well off than any other retirees in American history. Therefore, they will have the financial resources to adjust their housing needs to fit their changing lifestyles. Tuccillo argues that "demand will grow for houses designed for small households looking to fit their high-amenity, low-maintenance dwellings with good access to leisure activities." Furthermore, the shift in lifestyle and home choice by the boomers will lead to "a growing glut of traditional homes (four-bedroom, center-hall colonial on a quarter-acre lot).

Another result of the boomers nearing retirement age will be a decrease in the "follow-the-sun" movement that has characterized retirement for the past few decades. Tuccillo points out that several recent surveys indicate reluctance on the part of older Americans to relocate after retirement. He contends that this will result in increased construction in the east and north east to fit the changing needs of the boomers.

Baby boomer will have a variety of choices for their retirement. Perhaps the most difficult decision they will
make will be whether to move. That decision may be closely followed a choice of location. In the final half
decade of the 1980s less than five percent of the 60-plus age group decided to make an interstate an interstate
move, but a 1997 survey by the Del Webb Corporation discovered that nearly 20 percent of today's fifty year
olds are planning an interstate move once they retire. Alan Fox, editor of Where to Retire magazine claims that
if even 10 percent actually decide to relocate it would mean an enormous boost to all the small town and rural
areas that are trying to attract retirees.7

The baby boom generation will also be the most educated generation of retirees in American history. Thus,
intellectual life is another serious concern for retirees throughout the next few decades. Living near universities
and colleges often place seniors near top medical care and provides retirees with intellectual stimulation.4

The aging of the population will also have a dramatic affect on home ownership rates in general, claims David
W. Berson and Eileen Neely.9 The rate of home ownership increases until age seventy. In 1996, the 65 plus
age group had the highest home ownership rate in the United States with nearly 80 percent. They were closely
followed by the 45-64 year-old group. Berson and Neely predict a 0.5 percent increase in the overall home
ownership rate by 2005. They claim the aging of the population will fuel this increase. In fact, the authors
"estimate that the combination of expanded programs that help seniors remain in their homes and improved
health and longevity could add an additional 0.5 percentage points to the aggregate home ownership rate--
pushing it up to 66.5 percent by 2005."10

One of the most challenging prospects facing the housing industry is predicting the needs of the aging
population. No one challenge is more formidable than estimating the impact of migration on the housing
market. Retirees clearly fall into two categories: migrants and non-migrants. Elderly Americans are stereotyped
as amenity seekers. However, according to Patricia Gober, "the majority of elderly persons in the United States
do not relocate upon retirement, but remain rooted to their longtime homes neighborhoods, and
communities."11 People of retirement age are nearly one-third less prone than the general population to move
inter-county or interstate. People aged 60 plus represented 17 percent of the population in 1990-1991, but
accounted for only 7 percent of all interstate migrants. Elderly Americans who decide to relocate have many
concerns, but one overriding concern is health. 51 percent of seniors claim that they would be interested in
living in a facility that provide "meals, transportation, housekeeping services, and social activities.12

Despite the low rate of interstate migration of American senior citizens, the economic impact and visibility of
those who do choose to relocate should not be overlooked. Most of the nation's elderly migrants are amenity
driven, and tend to relocate to areas with a dense population of other retirees. The high concentration of retirees
in a few areas make them very visible and tend to make the casual observer overestimate the migration patterns
of retirees. Nevertheless, the economic effects of retirees are significant. Gober argues that elderly migration is
important because generally elderly migrants do not require jobs but augment the demand for local goods and
services, thereby generating additional jobs and attracting labor migrants. Elderly migrants are typically better
off economically than their non-migratory counterparts.13 Although only a small percentage of the elderly
population currently chooses to relocate for their retirement years, the impact of those who do is consequential.

Amenity relocation is the most widely-known form of elderly migration, but retirees also relocate for assistance
or take place in return migration. Graham D. Rowles and John F. Watkins14 maintain that amenity driven
migrants are "young" retirees (those between 65 and 74). They are usually married and have previously moved
in their lifetimes. Many times they retire to places they have previously visited. The group, in general, is well
educated, in good health, and economically well off. Furthermore, amenity driven migrants tend to place very
little service demands on their new communities. Another category of elderly migrant is the "return migrants."
Return migrants are those people who are returning to a place they formerly lived. This section can be further
divided into "provincial" and "counterstream" return migrants. Provincial returnees tend to be people returning
to an area that they left when they were much younger. They are generally between 55 and 74. They have a high relative degree of financial independence, but are not as affluent as amenity driven retirees. Counterstream returnees are older (most tend to be over 74), and in more demand of services. They are less active, less mobile, and not as healthy are amenity driven retirees and provincial return migrants. Counterstreamers tend to move back to family and friends when they are in need of some assistance, but retain the ability to care mostly for themselves. Counterstream return migrants should not be confused with retirees who relocate solely for assistance. These retirees are usually over 75 and require assistance to live. Those who migrate for assistance typically move closer to family members or service providers who furnish long term care. They are more likely to be unmarried, place considerable demand on local resources, and to be disabled.15

Given the economic impact of retirees on communities, many localities have taken to adopting policies to attempt to attract retirees. Rowles and Watkins argue that rural areas have adopted a notable interest in trying to attract elderly migrants. For these communities, Rowles and Watkins maintain, the perplexity "is one of reconciling potential benefits of elderly-migration-based development with anticipated costs-in settings where an influx of even limited numbers of migrants can result in the complete transformation of communities."16

Despite the significant impact (both positive and negative) of retirees on local economies and communities, the fact remains that most elderly people do not wish to move. Also, a 1993 survey by the American Association of Retired Persons (AARP) found that, when older people did consider relocation, health issues are the overriding concern.17 However, these facilities can be expensive. The Harvard Health Letter reported in 1994 that a CCRC that provided an unlimited amount of nursing home care might cost buyers and endowment of between $80,000 and $180,000 with monthly fees to provide service. Furthermore, most CCRC residents must be healthy at the time of first payment. Other facilities allow buyers to pay less up front, but only guarantee a certain number of days of nursing home care if the resident becomes disabled. Regardless of the situation, most CCRCs require a monthly fee of $700 to $1,800 for a one person, one bedroom apartment. The fee increases by 50 percent for a spouse.18

Since most CCRCs do not welcome new residents who already have difficulty caring for themselves, elderly people who need assistance eating, going to the bathroom, dressing, and other daily needs must look for Assisted Living Facilities (ALFs). These facilities provide a degree of privacy not found in nursing homes, but grant 24-hour care to residents. People living in ALFs generally have their own rooms, private bathrooms, and (sometimes) kitchenettes. They receive assistance with personal care, daily activities, transportation, and various other actions. In 1994, The Assisted Living Facilities Association estimated that 30,000 to 40,000 ALFs housing between 25 and 100 people each were operating in the United States. ALFs rarely require endowment fees (like CCRCs) and charge between $600 and $3,000 per month. The typical resident is an 85-year-old single woman who pays her own fees.19

For the retirees who do decide to relocate, the most significant decision they will make is where to retire. One of the most basic choices for migrant retirees is whether to move to an urban or rural setting. According to Glasgow in American Demographics, the net migration of the 60-plus population since 1960 has been toward rural areas. Furthermore, between 1970 and 1980, "515 of America's 2,400 non metropolitan counties were hot retirement areas."20 Just in the final five years of the 1970s over 250,000 migrants aged 60 and older relocated to these 515 counties. Still, the growth rate in rural areas of senior citizens is only slightly higher than the growth rate of other age groups. One possible explanation for the growth in rural retirement areas, according to Glasgow, is that the local economies are being fed by the retirees creating a need for services. Since social security and other retirement benefits are often adjusted for inflation, the unearned income of retired migrants can insulate an area against cyclical downturns in the economy. Also, retirees who migrate from urban to rural areas are generally better off economically than "long-term-resident elderly populations".21
Over the past few years the biggest trend in senior housing has been in assisted care facilities. In 1997 more than one million Americans populated over 30,000 assisted living communities. An ASHA survey found that 35,000 new assisted living facilities were under construction by major developers in 1996 alone. Thousand more are being created out of existing hospitals and nursing homes that are undergoing remodeled. However, the retirees who are most interested in assisted living are the ones who can least afford it. Of those who said they might be interested in retiring in an assisted care community, only 27 percent claim to be able to come up with the funds to pay for such a facility.\textsuperscript{22}

Another contributing factor for relocation may be the presence of a college or university. Colleges often provide free services for seniors. From free classes to concerts and sporting events, colleges and universities provide abundant leisure activities to senior citizens. Universities also provide top notch medical care. University medical centers usually house the best physicians and a wider range of facilities.\textsuperscript{23}

Predicting the housing choices of retirees is not an exact science. In the mid-1980s occupancy failed to meet projections leaving empty beds and rooms at many assisted care facilities. An AARP survey in 1990 found that 86 percent of older people want to stay in their current homes and never move. Furthermore, the ones who want to stay in their homes the most were over 75 and had an income less than $12,000 a year. These findings were backed by a Princeton Survey Research Associates in 1991 that found that older Americans who feel they will always live in their current homes are generally over 70. 78 percent of lived alone, 72 percent were functionally limited, and 77 percent had incomes $25,000 or lower. However, the unwillingness to relocate may be the result of not being able to afford to move, a weak housing market in the mid to late 1980s, or a general lack of local resources. In fact, many believe that "aging in place" may be a "non-decision" prompted by an inability and not an unwillingness to move. AARP found in 1990 that only about half of America's elderly population had planned for their retirement housing needs. Furthermore, 88 percent had not consulted with anyone. Many older people expect to move against their wishes. Only 13 percent claimed they would like to move in the AARP survey, but 22 percent expected to move.\textsuperscript{24}

Senior Living in South Carolina

Since the mid-1970s, South Carolina has emerged as a major retirement destination. Consider how different the world was hundred years ago. At the beginning of the twentieth century, retirement did not exist as we know it today. Those lucky enough to make it to old age left the labor force primarily because of physical ailments. Few workers had retirement income. South Carolina was still a poor, primarily agricultural state. The first large-scale pension program began in the late nineteenth century, but covered only Union veterans of the Civil War, not South Carolinians. Other elderly people depended largely on their families and charity. After ending their working lives, some seniors would go to live with their offspring. Few strayed far from home, although farmers sometimes migrated to nearby towns to socialize and read the news with other elderly citizens.\textsuperscript{25}

As we approach the beginning of the next century, retirement, or more broadly, "senior living," has blossomed into a multibillion-dollar industry. Older Americans move into new developments built especially around their wants and needs. Some migrate far from their families. The fact that more Americans will live longer than ever, and be more physically fit, means that this industry will certainly continue to prosper.

In many ways, the aging of South Carolina is a perfectly predictable event. The senior population (i.e., the 55 and over age group) is expected to more than double between 1995 and 2015. The 15 to 55 age group, in contrast, is expected to grow merely 3.9 percent during the same period. Thus, more and more the people, and thus the housing needs, in the United States, will shift toward seniors. The population of South Carolina will be no exception. In 1990, the State of South Carolina provided housing for an estimated 3,486,703 people. At that time 690,799 (20 percent) where individuals of age 55 or older (i.e., seniors). By 1996, the number of 55-and-
over individuals increased to 757,020. By 2015, 1,586,583 seniors (i.e., almost 50 percent of today's total population) are expected to populate the Palmetto state. In other words, in less that two decades, almost 50 percent of today's housing stock will have to facilitate senior living.

What is not so predictable are the impact and the implications of the aging structure on the economy. We do know that the senior industry is already one of the largest in South Carolina. Moreover, there is a direct link between the senior living industry and tourism activities in South Carolina. Most retirees surveyed chose to settle around popular tourism areas, and the net migration trends to these areas further highlights the importance of the link between the tourism industry and the retirement industry.

What about the future? Developers have responded to the particular demands of baby boomers as they bought starter homes and then moved into larger houses as they raised families and saw their incomes increase during the economic booms of the 1980s and 1990s. The market will change again—and just as dramatically—as baby boomers reach the latter stages of their life cycle. Older baby boomers are already facing empty nests. Some are beginning to retire. Many, if not most, will face a series of important decisions about housing in the next 10-15 years. The oldest baby boomers will turn 65 in the year 2011. By 2030, over a quarter of the population will be 65 and over.

It is likely the senior living industry's already substantial impact will increase as baby boomers enter the market. Earlier studies by The Darla Moore School's Division of Research—which uncovered real economic benefits of the once-neglected senior living industry—could have been used to justify using public policy to attract even more retirees. Like the state, many localities have begun considering or adopting policies designed to attract retirees. Rural areas, many bypassed by the large amount of capital investment that has stoked economic growth in South Carolina's urban areas, have adopted a notable interest in trying to attract elderly migrants.

However, it is exceedingly difficult to quantify the future costs and benefits of retirees. For South Carolina communities it is patently clear that senior living development must be carefully planned. In terms of policies to entice more seniors to move, state and local governments should avoid the two extremes of either aggressively marketing to seniors or ignoring the potential for economic development altogether. Senior living should be viewed as one component of the economic development mix. The best use of limited state resources may be to focus on providing the necessary amenities that make South Carolina a desirable state in which to live for all age groups. Then retirees and other migrants would "discover" the state on their own.

Implications for Housing

The implications of growing senior living trends on housing in South Carolina have already been felt. Data from 1998 suggest that Charleston had the highest housing price appreciation of any major city in the United States. Some news reports attribute that fact to an influx of seniors into the market. Is this what is in store for the rest of the state as the population ages?

For many years, first-time home buyers have dominated the housing market in South Carolina, as they have across the United States. That may change early in the next century as seniors dominate demographics. Figure 1 (Use your Browser's Back button to return) shows how the population will increasingly shift toward seniors. Between 1995 and 2015, the Census Bureau projects that the population aged 55 and older will increase from about 20 percent to 35 percent of the population.

Accordingly, when the biggest bulge of the baby boom generation approaches retirement age around 2020, the housing market may shift dramatically. The market could feel the influence of a growing number of "resizers": individuals and households changing their housing as they settle into retirement and/or face an empty nest.
As a result of resizing, there may be an oversupply of housing built for young families. Older resizers are typically less interested in homes that require ongoing upkeep and significant maintenance. Demand could explode for smaller houses designed with amenities that appeal to older people and close to leisure activities senior citizens enjoy. Moreover, the shift in lifestyle and home choice by aging boomers could lead to a relative oversupply of traditional homes, i.e., suburban four-bedroom, center-hall colonial on a quarter-acre lot.

Survey Results

To understand the characteristics of senior housing, the Division of Research conducted a survey of older South Carolinians. A random sample of 5,000 names was drawn from South Carolina's population aged 55 and over (our definition of seniors). Of these, 410 completed surveys. Figure 2 shows the location of respondents by ZIP code areas.

As it turns out, nearly all seniors (85.7 percent) lived in single-family dwellings. Notwithstanding pejorative perceptions about "red-necks" and trailer park proliferation in South Carolina, only about 7 percent of our survey's respondents lived in mobile homes (Figure 3).

Seniors did seem to prefer rural areas, however. As Figure 4 shows, an almost equal proportion of the sample responded that they lived in rural communities (37.7 percent) as in suburban communities (34.2 percent).

As for resizing, there may be less to this phenomenon than we had originally anticipated when we conducted the survey. A number of findings cast doubt on resizing as a widespread rule. The current senior population, for example, appears to live in modest-sized homes--so there's no need to find smaller dwellings as families shrink and the desire to maintain larger houses diminishes. The size of the dwelling space for the greatest proportion of respondents (23.3 percent) was 1,000 to 1,500 square feet (see Figure 5). Just 5 percent of respondents lived in very small (under 1,000 square feet) houses. About the same proportion lived in large dwellings (over 3,000 square feet) who may be prime candidates for resizing. Surprisingly, one-fourth of the respondents did not even know the square footage in their dwelling spaces.

When asked about moving, 94.0 percent of the respondents indicated they were not planning to leave their current residence. A major reason could be the modest home size that easily accommodates the elderly. Moreover, the longer one resides in a home, the less likely one is to move. Figure 6 displays the length of time the seniors surveyed had lived in their current residences. Notably, 20.5 percent had lived in their present homes more than 35 years. Only 14 percent of the respondents had lived in their dwellings 5 or fewer years.

Another reason seniors may be reluctant to resize is that often they have no housing payments in their current dwellings. Respondents were asked to indicate their monthly housing payments, excluding taxes, for their living spaces (Figure 7). About two-thirds (65.5 percent) indicated they made no payments. When these responses are analyzed by age of respondent, it is clear that as respondents age, the proportion paying neither rent nor mortgage for their dwellings rises. Of those remaining, about one-fourth paid $200-$300 or $300-$400 per month. When this response is examined by years in the residence, we see that respondents in their dwellings more than 35 years made smaller monthly payments.

Many seniors will not resize to upscale senior living developments because they subsist on relatively modest incomes. Social Security was the primary source of income for 42.5 percent of the respondents (see Figure 8). Retirement benefits accounted for another 21.8 percent. Only 20.2 percent received wages and salaries as their primary source of income. Investment income (stocks and bonds) was the primary source of income for only 7.6 percent of the respondents.
The overall income of our senior sample was low (see Figure 9). Most earned less than $20,000. A fortunate 3 percent report 1997 household income before taxes of $90,000 or more.

While nearly two-thirds of the respondents in our sample believed their income was adequate, a lucky 13 percent stated their income was more than adequate (Figure 10). Yet, 25 percent found their income less than adequate. The latter result surprised us, given the widespread belief that Social Security and retirement had substantially reduced poverty among today's elderly.

The upshot of our survey is that, with only 6 percent of seniors planning to move, the market for resizing and senior living development appears small. Yet, with the elderly population expected to boom, the senior demand for housing will grow. In 2015, even if only 6 percent of the projected population of South Carolina moves into new residences, that will amount to roughly 100,000 people. That's over twice as many as today.

At the same time, baby boomer resizers will be better positioned financially than any other retirees in U.S. history. Many will have the financial resources to adjust their housing needs to fit their changing life-styles.

In short, the size of the market for seniors will certainly grow significantly.

Migration Patterns

At the same time, South Carolina's housing market will continually be affected by migration trends, including an influx of snowbirds, the out-of-state elderly migrants who have turned Florida and Arizona into retirement meccas. As baby boomers approach retirement age, will they, too, "follow the sun"? Already, the coastal and, to a lesser extent, the mountain areas of South Carolina have seen a huge development in senior living.

Senior Americans are stereotyped as sun-loving amenity seekers willing to travel far and wide in search of leisure. Elderly migrants also appear to be influenced by factors such as local tax burdens and service levels. Yet a close look at seniors suggests that most do not relocate far from home. By and large, seniors remain tethered to their traditional homes, neighborhoods, and communities. The literature on this issue reveals that seniors are actually one-third less likely to move intercounty or interstate than the general population.

Even so, a growing number of senior migrants from other regions, many who may have once considered Florida or the mountains of North Carolina, have "discovered" South Carolina. Moreover, there is evidence that people are increasingly willing to move across state boundaries -- especially ones just below senior status (55 and over). A 1997 survey by the Del Webb Corporation discovered that nearly 20 percent of today's 50-year-olds are planning an interstate move once they retire.

According to a study in Growth and Change, the younger elderly, who are likely to be healthy, financially secure, and seeking amenities, tend to be interstate movers. Aggregate level data indicate that these younger elderly migrants to the Sunbelt tend to be high income and well educated interstate movers. Alan Fox, Editor of Where to Retire magazine, told writer Robert K. Outterbourg that if even 10 percent actually decide to relocate, it would mean "an enormous boost to all the small towns and rural areas that are trying to attract retirees."

On the other hand, several recent national surveys indicate growing reluctance on the part of older Americans to relocate far from home after retirement. This reluctance stems from problems many have observed in the current generation concerning care for the elderly when they move a long distance from their closest family members. As they have aged, some Americans have migrated back from Sunbelt developments to their
traditional communities in the North. This may result in increased construction of retirement communities in the East and Northeast to fit the changing perceptions of retirees about long-distance migration. However, this transformation of the elderly migration pattern may be of benefit to Sunbelt states such as South Carolina. Many younger, financially secure elderly will tend to move to the Sunbelt in search of sun and leisure activities. As these retirees age and their health concerns rise, the tendency to move home will help alleviate the local burden of increased health care.

What are the present trends in South Carolina? Cross-state migration will continue to stimulate the state’s real estate market. Census projections suggest that from 1995 to 2000, gross migration (in- plus out-migration) will be substantial, involving more than 1.5 million people. But the migrants aged 55 and older will account for only about 6 percent, or nearly 90,000 persons, of this huge migration stream. Most relocation, then, involves younger workers seeking jobs, not seniors seeking retirement meccas. According to U.S. Census projections, the 1998 senior in-migration (those people moving from out of state) to South Carolina amounts to about 10,100, just a small share of the overall movement into the state.

Not surprisingly, senior migration is highly concentrated in the coastal regions of South Carolina (see table next page). The table following displays the regions where migrants, both in-state and out-of-state, have been moving in South Carolina according to the last Census. Horry County has the highest share of migration as a fraction of its senior population, followed by Charleston. The size of the elderly population in each state may influence migration.\footnote{33} States with a larger share of the elderly population are more likely to attract elderly interstate migrants, given the greater availability of services available to the elderly.\footnote{34} In general, migrants make up about one-tenth to one-fifth of the total senior population. In other words, most seniors—even along the coast—are locals.

Another interesting fact that emerges from the table is that most senior migration originates from another region of South Carolina, not from out of state. Only Horry County has more out-of-state than in-state migration. Complete census information on migration patterns for South Carolina and for each county can be found in a supporting document to this report.

Given the relatively modest numbers of senior migrants in South Carolina, it is possible that rural towns near the coast or mountains will feel the greatest effects on real estate. Overall, according to American Demographics, the net migration of the senior population has been toward rural areas.\footnote{35} Retirees who migrate from urban to rural areas are generally better off economically than long-term-resident elderly populations.

**Conclusion**

The graying of South Carolina is destined to be one of the trends that will profoundly shape the future economy of South Carolina. Retirement benefits and Social Security have provided the most comfortable retirement older Americans have ever enjoyed. Our sample shows that, although the vast majority of seniors have adequate income, a quarter have found their income to be inadequate.

At the present time, many senior South Carolinians are not likely to be a major force in the housing market. Few appear to be resizers, although in the near future there will be more resizing simply because the baby boomer cohort will be much larger than the present senior population.

Another big change in housing will come from migration. We find that most seniors do not fly off to settle in a new nest. Yet, some communities are well positioned to attract aging mobile Americans.

Higher education will serve as a big draw. The baby boom generation will be the most educated generation of
retirees in U.S. history. Living near universities and colleges will provide them cultural and intellectual stimulation. Retirement communities aimed at attracting migrants potentially could revitalize rural areas. But all communities should be prepared for the costs as well as the benefits of senior migration. Senior Americans who decide to relocate have many special needs, but one overriding concern is health. Clearly, communities with good health care facilities will be favored.

Even if few elderly do not intend to move (as indicated by our survey), many will eventually do so. Indeed, over the past few years the biggest trend in senior housing has been assisted care facilities. In 1997, more than one million Americans populated over 30,000 assisted living communities. One national survey found that 35,000 new assisted living facilities were under construction by major developers in 1996 alone.36 Thousands more are being created out of existing hospitals and nursing homes that are undergoing remodeling.

But the retirees most interested in assisted living are the ones who can least afford it. In the survey, of those who said they might be interested in retiring to an assisted care community, only 27 percent claimed to be able to come up with the funds to pay for such a facility.37

Nursing care and assisted living contrasts sharply with the image of seniors living in resort communities built around sun and golf. No doubt, assisted living will be the most significant development in the burgeoning senior living market. Elder boomers will enlarge what is already the fastest growing segment of the population-those age 85 and older--as they age.

Notes


2. "Seniors" are defined throughout the report as the share of the population age 55 and older. This includes not just those who have retired. "Retirement" means permanently leaving the active labor force. Most senior citizens have retired, but some continue to work.


5. Tuccillo, op. cit.

6. Ibid.


10. Ibid., p. 9.


15. Ibid.

16. Ibid., p. 510.

17. Walser, op. cit.

18. Ibid.


20. Ibid., p. 25.


25. For more on the history of retirement in the United States, see Costa, 1998.

26. According to one writer, as the population ages, "the focus of the housing market will be with 'resizers,' the 35-64 year-olds looking to alter their housing consumption in anticipation of retirement." See John A. Tuccillo, op. cit.

27. This yields a 95 percent confidence interval width of plus or minus 5 percent. Data were processed using standard verification techniques and analyzed using Survey Pro®.


29. Gober, op. cit.


34. Newbold, 1996.

35. Glasgow, op. cit.

36. Horvitz, op. cit.

37. Ibid.
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