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## Developers Seeing Green in Graying Boomers

By Connie Gore

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GULF COAST-It's all about attitude. At least that's what today's developers of residential, hospitality and retail space have discovered from the 77 million Baby Boomers in various stages of life's play.

The checklist shows they're healthier, wealthier, freer-spending and more adventurous than retiring generations of yesteryear. The "psychographics," the buzz word for Boomers' demographics, show that they think they're special, demand immediate gratification, are time deprived, want a good deal and will pay for luxury, convenience and expertise. All that translates into "gray is green" for developers, says a panel of pros in a Deloitte Touche Tohmatsu-sponsored webcast.

"Developers follow the demographic trends and what you're looking at is where people want to live," Paul Prescott, national head of the homebuilding section in Deloitte's Costa Mesa, CA office, tells GlobeSt.com. "I believe that people generally want to be near some amenity." Whether it's a mountaintop resort or an oceanfront condo, the Boomers are looking to get far more out of retirement than their forefathers.

"The Sunbelt will continue to be the fastest-growing area," Prescott says. "But, the availability for someone to have a vacation home in a place like Wyoming is more available than ever. Development has increased, availability has increased and the capability of the Internet has provided the flexibility that you can be anywhere and still feel connected."

The Deloitte panel also included James E. Maurin, chairman and founder of Covington, LA-based Stirling Properties Inc., and Neale Redington, national partner of hospitality in Deloitte's Los Angeles office. Dorothy Alpert, national managing director for retail estate, hospitality and construction in Deloitte's Northeast region, moderated the session, "The Aging Population: The Impact on the US Real Estate Market."

Thanks to Internet capabilities, traditional retirement hotspots now are in competition for more exotic domestic and foreign properties. "I believe the trend is for people to have split primary residences," Prescott says, adding it's creating synergies for condo hotels, fractionals, timeshares and the emerging concept of ownership pools for percentage buy-ins of former single-family properties like Tuscan villas, castles and island estates.

In a poll, two-thirds of the generation wants to be near the ocean, a lake or river. Another 39% of the respondents wanted to be near a recreation or sporting amenity; 38% preferred vacation hotspots or resorts; and 31% favored mountains or other natural attractions. But regardless of where they want to be, 82% say Internet access is a must-have.

Boomers also aren't waiting until retirement to pick up second and third homes. The poll shows that 40% want single-family properties; 22% are looking for cabins and cottages; 21% are leaning toward condos in buildings with five or more units; 5% are opting for mobile homes; and 6% are buying timeshares.

Hospitality development could be the biggest winner from the aging generation. Boomers' health, wealth and sense of adventure from growing up in the '60s have them crossing borders, spending months abroad and sizing up exotic vacation locations from Costa Rica's eco-tours to Alaska's dog-

sledding with an attitude that travel is a necessity and no longer a luxury.

Redington says the new hype is "uberluxury," the full experience from the minute the plane lands until the trip's over. "It starts before you arrive at the property," he says. "It's a concept for a sixth star hotel." The demand to be pampered means more development of condo hotels, timeshares and fractionals.

With less than 3% of the US households as timeshare owners, the development door clearly is standing wide open. Redington cautions, though, that it can be risky: resales, identifying the right spots and managing marketing costs are at the top of the list. Similar concerns exist for the condo hotel sector. He says "linked contracts" between the unit owner and hotel owner can create problems on the resale end. "There's a risk you'll run afoul of the securities law so you'll need to have the contract very well structured," he stresses. "Making sure you don't create a white elephant is the challenge."

The hotspots of the past remain the favorite playgrounds of today although there is an increasing number of Boomers testing waters to live or play in less crowded US markets, Canada and Mexico. "Developers are still looking to where traditional growth has been for the last 10 years," Prescott says, "and that's the Sunbelt states."

The Gulf Coast's rebuilding is hitting on all development cylinders, creating miles and miles of opportunities for ground-up construction of waterfront commercial and residential space. "I'm sensing all along the Gulf Coast we are seeing people respond to pricing," Prescott says. "As long as they can get insurance, it's just human nature for people to want to be near to the ocean as long as they can afford it. We've always had hurricanes. People will come back. And, condos allow you to be in a particular geographical market at an affordable price."

As residential development changes so does retail. Boomers' buying power is now up to \$1.7 trillion per year. Citing stats from the International Council of Shopping Centers, Maurin says Boomers go to the mall less often, but spend at least double the amount of the teen-age crowd.

The Boomers' influence on retail real estate goes much deeper than their spending power. Maurin says some malls now are requiring young shoppers to have parent escorts after certain hours, offering valet service, bringing in day spas and replacing food courts with sit-down restaurants.

As developers adapt bricks and mortar to Boomers' preferences, retailers have had to change as well. Maurin says it's widely accepted that Boomers aren't adverse to brand-hopping. "They shun any label that says 'senior citizen,'" he told the 400 webcast participants.

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