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Attracting Retirees as a Rural Development Strategy: Mapping the Potential

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Attracting Retirees as a Rural Development Strategy: Mapping the Potential

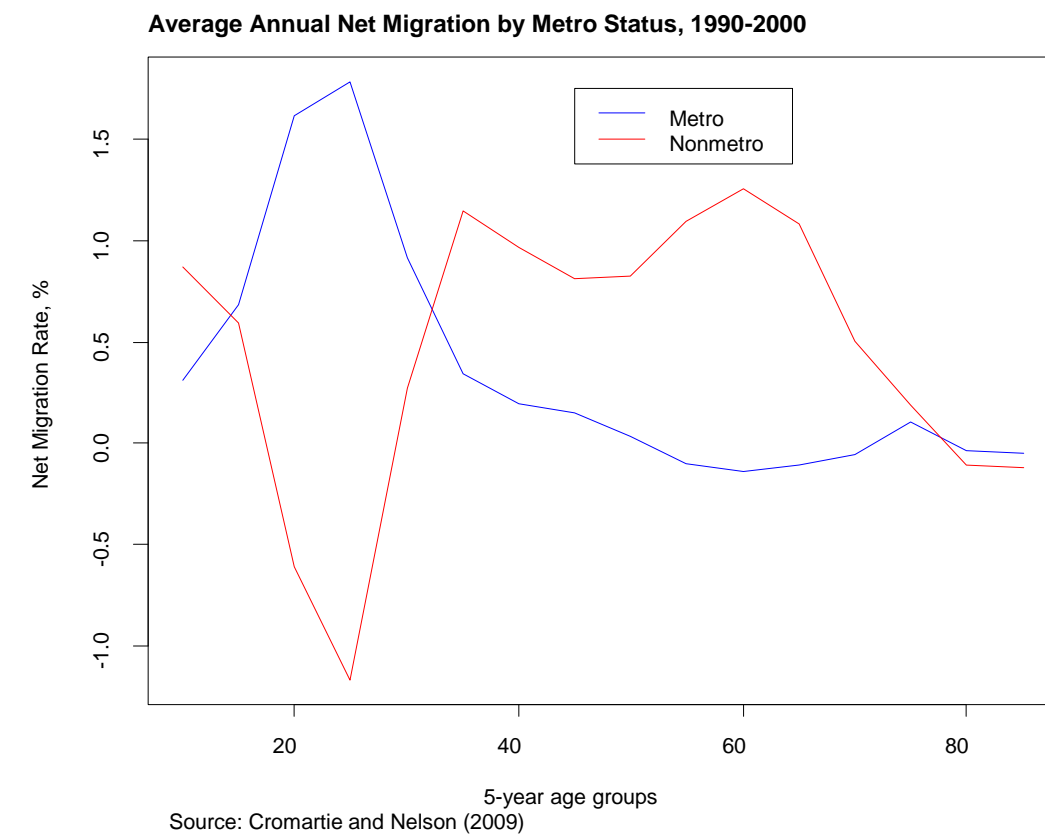
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Introduction

- Sustainable rural prosperity requires economic development strategies suited to local comparative advantages.
- Little research has sought to identify and map “what works where”.
- Attracting retirees is an important rural development strategy whose potential domain can be mapped.
- Retirement destination communities generally have had more favorable economic outcomes than other areas, though not all positive (Reeder 1998).
- Many retirees migrate to rural areas (figure).
- Attracting retirees will be increasingly important as Baby Boomers retire.
- Current ERS method of classifying retirement destination communities ($\geq 15\%$ net migration rate over 10 years) is not predictive; it doesn't account for potential to attract migrants.

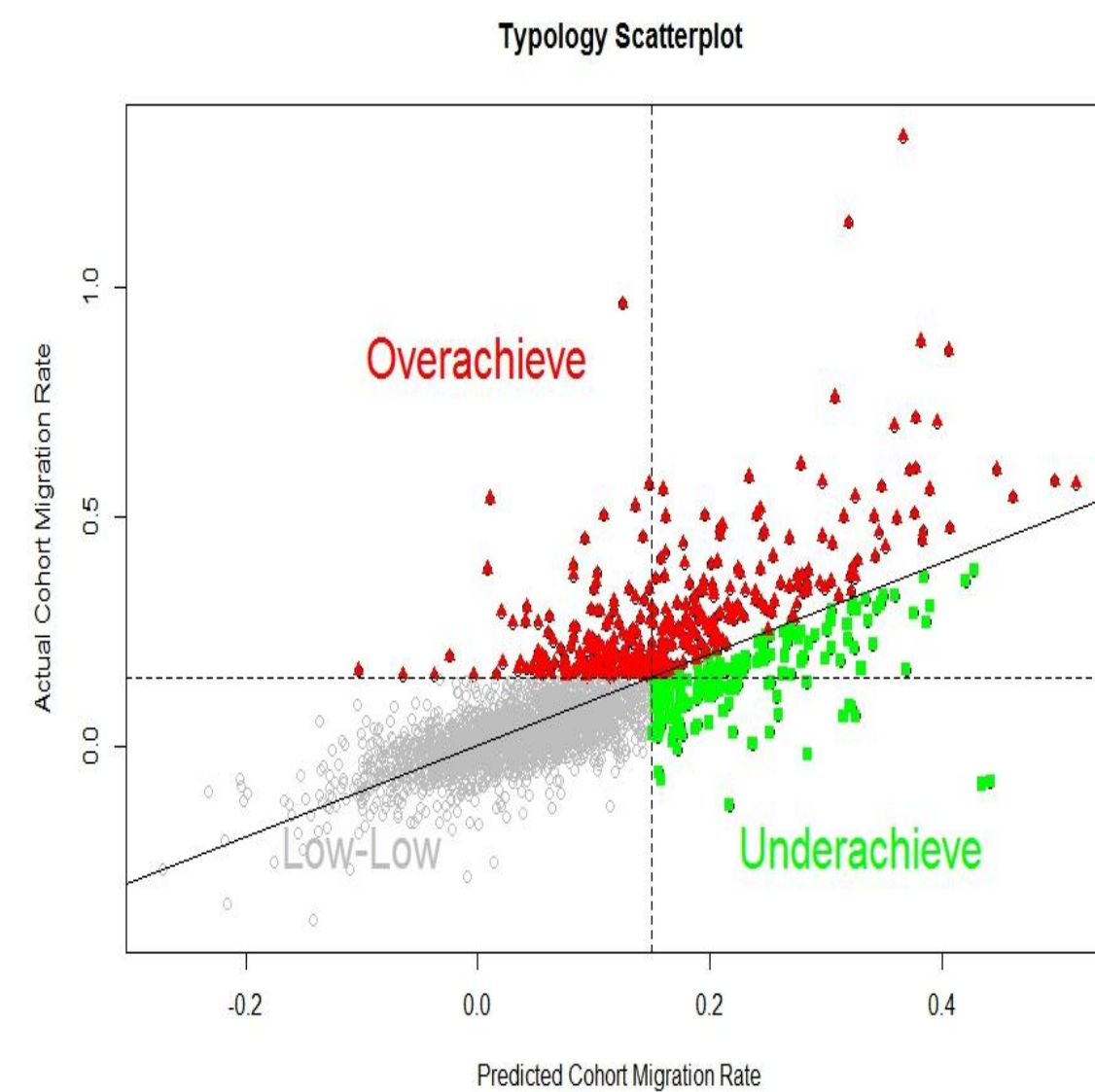


Objective

To identify and map counties with potential to attract retirees, and compare potential with actual migration of retirees

Methods

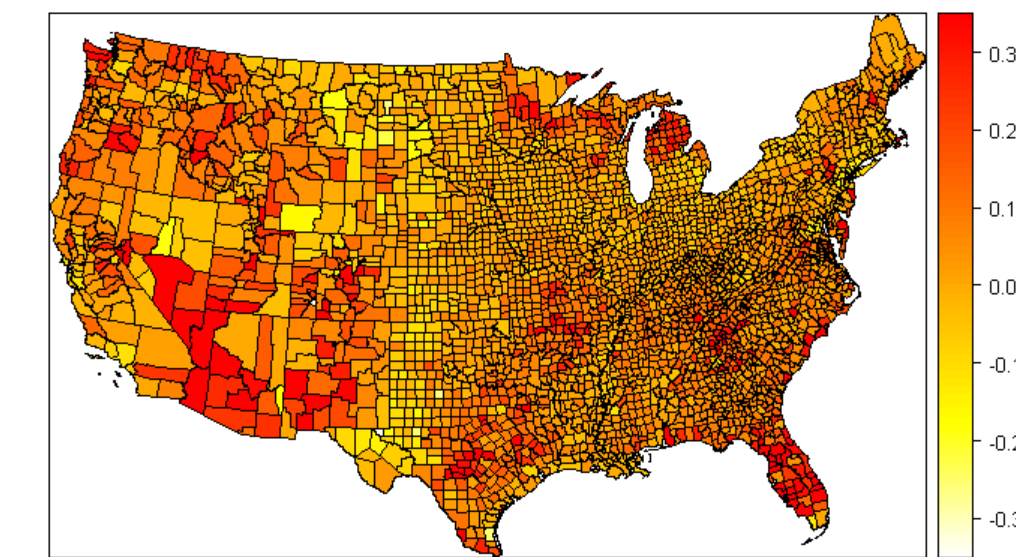
- We predicted county net migration rates from 1990 to 2000 of the retirement and near retirement age cohort (ages 50-69 in 1990) using ordinary least squares (OLS), spatial error (SEM), and simultaneous autoregressive (SAR) models.
- The explanatory variables in the models included almost all of the explanatory variables used by McGranahan (2008), Poudyal et al. (2008), and Cromartie and Nelson (2009). These included indicators of natural and recreational amenities; access to urban areas, infrastructure, and health care; employment and housing market factors; property tax rate; poverty rate; crime rate; industrial structure; and demographic characteristics.
- Counties were classified based on both actual and predicted net migration rates: i) $< 15\%$ predicted and actual (“low-low”); ii) $\geq 15\%$ predicted, actual $<$ predicted (“underachievers”); iii) $\geq 15\%$ actual, actual $>$ predicted (“overachievers”)



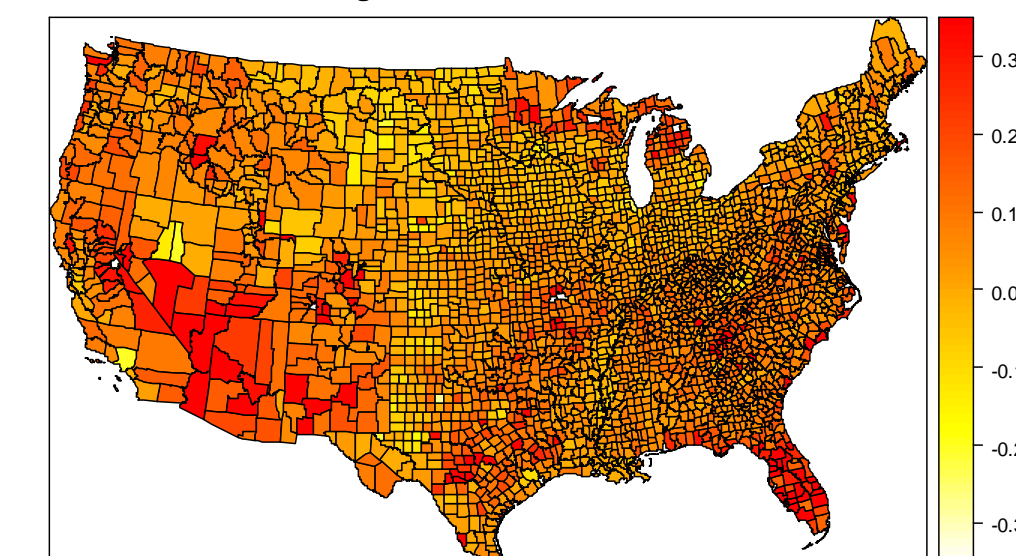
Results

- The OLS model explains more than 55% of the variance in net migration (60% in SAR, 61% in SEM). We present results using OLS (results with other models were similar).
- The ten factors accounting for the largest shares of the variance in net migration include:
 - Percent seasonal housing units, 1990 (positive effect (+))
 - Mean temperature in January (+)
 - Elderly percent of population, 1990 (+)
 - Percent of workers employed in agriculture, 1989 (-)
 - Percent of workers employed in mining, 1989 (-)
 - Mean humidity in July (-)
 - Percent of married couples with no children, 1990 (+)
 - Percent of land that is public land, 1992 (+)
 - Number of golf courses per capita, ~1990s (+)
 - South Atlantic region (+)
- The model predicts fairly well retirement destination regions, including the Southwest, Florida, northern Great Lakes, the Ozark Mountains, and the Great Smoky Mountains regions

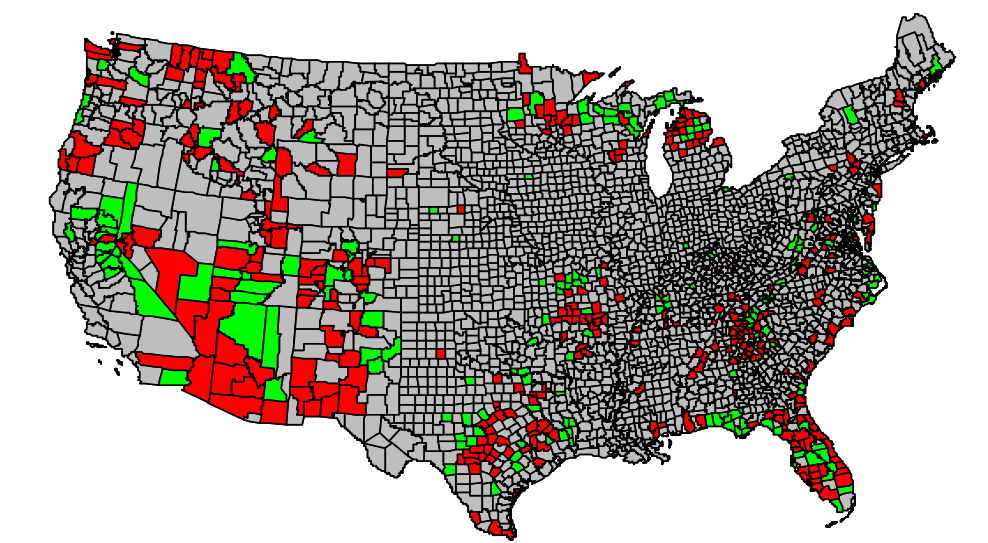
Actual Annual Net Migration Rates of Retirees/Near Retirees 1990-2000



Predicted Annual Net Migration Rates of Retirees/Near Retirees 1990-2000



- Underachievers are in many traditional retirement destination regions, including parts of the Southwest, Florida, the Smoky Mountains, and northern Great Lakes. The Sierra Nevada region of California also stands out.
- Overachievers are in much of the West, parts of Texas, Florida and various other states.



Conclusions

- Our results do not say whether attracting retirees is a good strategy; they only help identify the potential.
- Many areas of the U.S. have low potential for this development strategy.
- Our results suggest there may be unexploited potential to attract retirees in traditional retirement destination regions such as the Southwest and Florida, and in some other areas, such as the Sierra Nevada region of California.
- Case study research comparing similar underachievers and overachievers could help identify key discriminating factors.

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