



“Housing and Real Estate Trends Among Americans Retiring in Mexico’s Coastal Communities”

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Table of Contents



- International Community Foundation Overview
- Research Methodology
- Key Research Findings
- Observations & Recommendations
- Questions & Answers

Foundation Overview



- **Mission:** To increase charitable giving and volunteerism across U.S. borders to benefit overseas nonprofit organizations
- **Est.:** 1990
- **Donors Base:**
 - Close to 50% of donors have 2nd homes or retirement homes in Mexico
 - Approx. 20% of donors are immigrants with a desire to give back to their communities of origin
 - Additional support from various private foundations
- **Assets:** \$12.86 million (Year end June 30, 2009)
- **Grantmaking**
 - FY-09: \$5.2 million
- **Geographic Focus:**
 - Mexico with emphasis on Baja California peninsula & coastal communities of the Gulf of California
 - Central America
- **Key Funding Areas:** Education; Health; Environment

Research Methodology



- Surveyed U.S. retirees and baby boomers ages 50 or over residing either full-time or part-time in Mexican coastal communities in the states of Baja California, Baja California Sur, Sonora, Sinaloa, Nayarit, Jalisco, and Quintana Roo
 - Online survey with recruitment through English language community newsletters/publications and local charities
 - 88 questions
 - 842 useable respondent surveys (1,103 received)
 - confidence level of 95% +/- 3.4%
- Five additional focus groups held with U.S. retirees along the Baja California peninsula.

General Demographics



- 72.6% of respondents are fully retired
 - 45% of “baby boomers” (ages 50-66) are fully retired
- U.S. retirees in Mexico are relatively young and well-educated.
 - 53% are under 65 years of age
 - 80% are under 70 years of age
 - Two-thirds have at least a college degree
 - 31% have a master’s or doctoral degree
- 61% are married (US average: 65% among similar age group)
- Almost 70% have an annual income over \$25,000, giving them more than \$2,000/month allowance
- 70% spend less than \$2,000/month
 - 44% have monthly expenses of less than \$1,000



General Demographics

continued



Duration in Mexico:

- 71 % live more than 180 days of the year in Mexico.
- 79 % of respondents have lived in Mexico three years or longer
- Nearly 80% still visit the U.S. at least once per year.

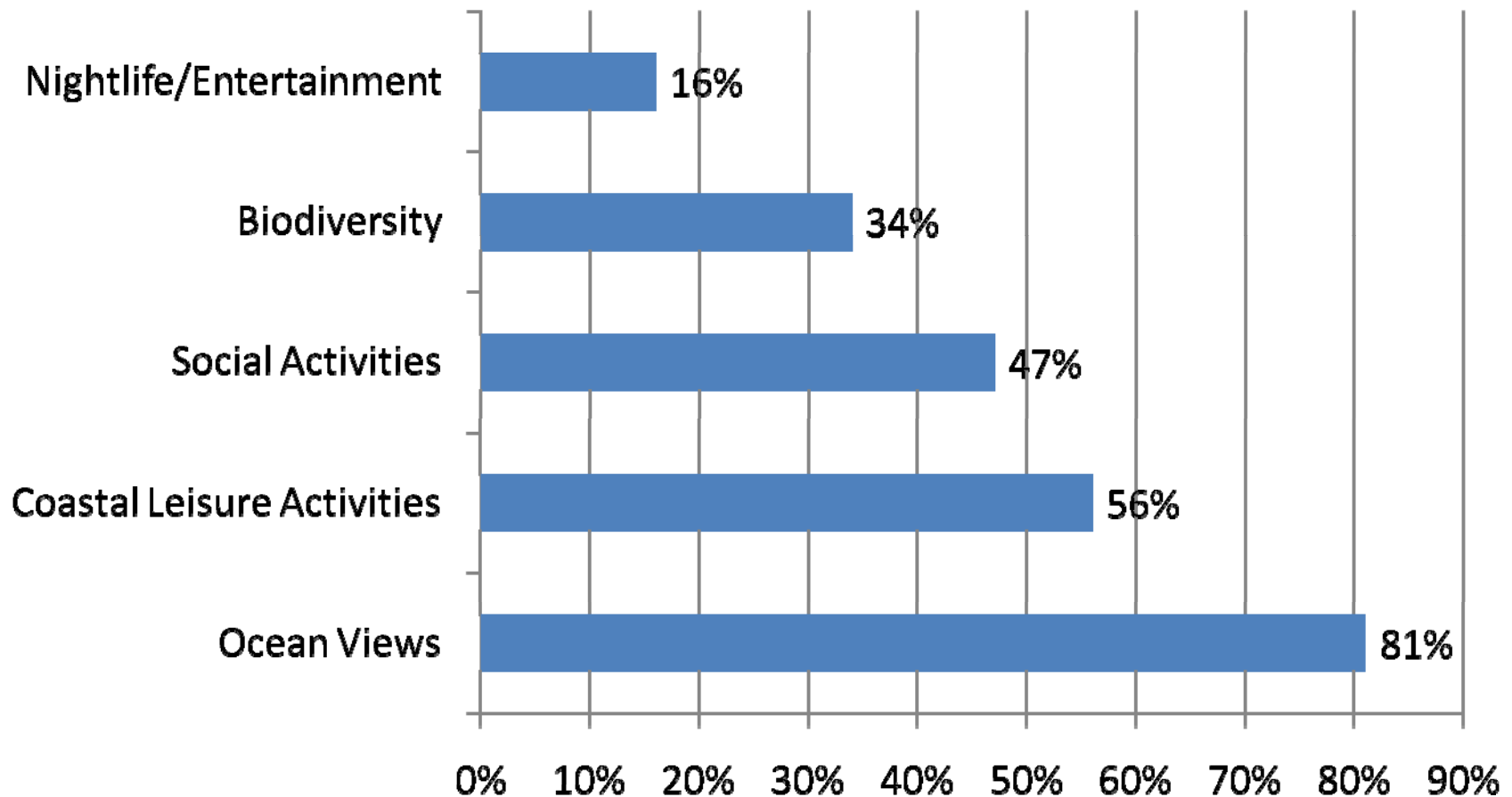


Language Ability:

- 48% are either fluent or intermediate Spanish speakers

Coastal Lifestyle Preferences

How U.S. Retirees Spend Their Time



Decision to Move to Mexico



- #1: Lifestyle: 79%
- #2: Economics/Cost of Living;
75%
- #3: Weather: 69%
- #4: Proximity to the United
States: 63%



52% of respondents indicated that Mexico offered them the potential to own a beachfront home that would otherwise be unattainable in the United States.

Key Considerations for Buying a Home in Mexico



- Legal including clarity of title: 75%
- Availability of water and other basic utilities: 68%
- Price: 58%
- Safety: 56%
- Access to Health care: 51%
- Ease of day to day living: 47%

Home Ownership Trends

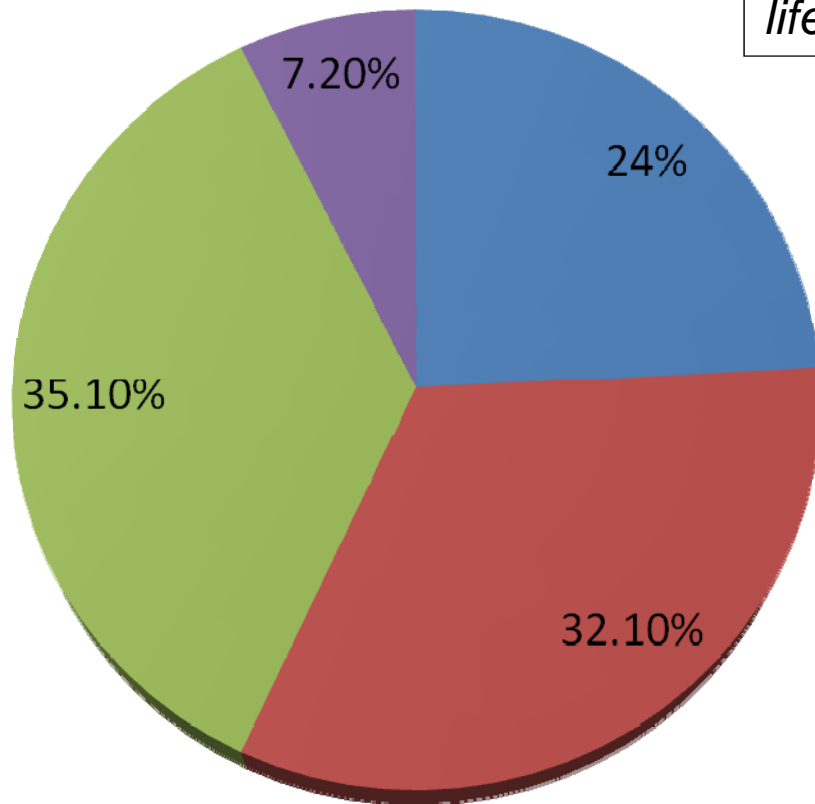
- 77% own their homes (only 16% are renters)
- Almost 50% of American retirees live in a planned unit development
- 45% live in communities that had a homeowners association (HOA)
- 39% live in a gated community



U.S. Retiree Living Arrangements



Many focus group participants expressed their desire for a “coastal village” quality of life rather than high-rise urban living.



- Condo
- 1-story home (attached or detached)
- 2-story home (attached or detached)
- No Response



What Are U.S. Retirees Looking For?

Access to Long-Term Care

Many respondents are considering “aging in place” in Mexico:

- Almost 26% of all respondents have considered looking for assisted living facilities in Mexico; 42.9% of those over 75 years of age indicate they are not planning to return to the U.S. for long-term care.
- In the under-65 age category, 22% are already thinking about assisted living in Mexico.
- Of respondents between 65-75 years of age, 31% are considering assisted living in Mexico.

What are Retirees Looking For? “Green” Options



- Issues of environmental sustainability are “very” or “somewhat” important to 63% of respondents.
- 59% indicate they did not have any “green” or environmentally sustainable options when buying a home in Mexico.
- 46% of respondents would recycle if a recycling program were available; 31% already do recycle.

What are Retirees Looking For? Good Infrastructure



73.5 % of U.S. retirees surveyed indicate that they would be willing to pay higher property taxes if they could be guaranteed better municipal services (including zoning enforcement, water, police, fire).

Presently, most Mexican coastal communities are designed for active retirees, not ones that are physically challenged.

What are Retirees Looking For? A Way to Give Back to their “Adopted Community”

- 42% of American retirees surveyed are members of 1-2 Mexican charities
 - 44% indicated that they joined on their own
- 70% of respondents contribute financially to a Mexican nonprofit group
 - 53% gave over \$100
 - 79% reported in-kind gifts
- 60% of those surveyed volunteer for a Mexican charity
 - 30% almost once a week or on a regular basis



What Are Retirees Not Looking For? More Golf Courses



- Conventional wisdom suggests that U.S. retirees have a preference for golf but our data suggests otherwise
- More U.S. retirees in Mexican coastal communities enjoy fishing (30%) and birdwatching (15%) than play golf (14%)

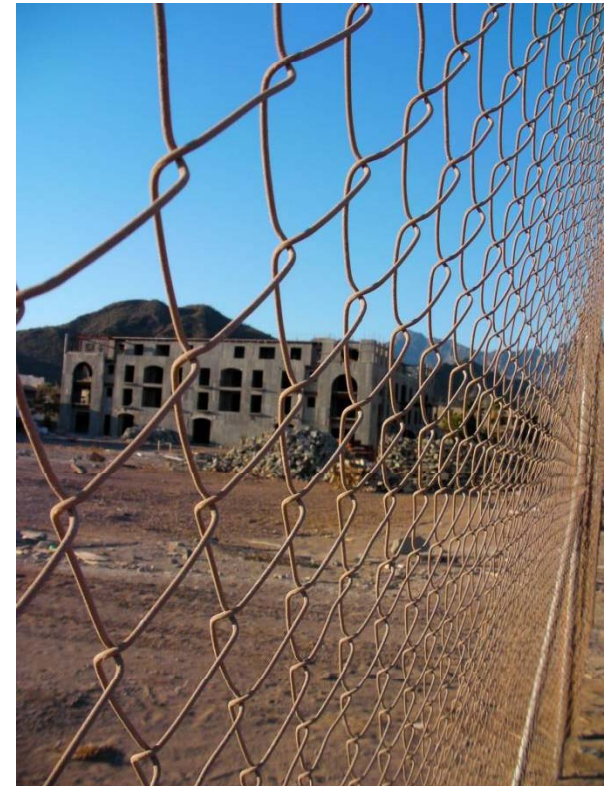


The majority of respondents prefer to just walk on the beach or relax.

Factors Impacting Retirees' Decisions on Relocating to Mexico



- Adverse media coverage focused on narco-violence in Mexico has reduced the number of Americans that are travelling to Mexican tourist destinations.
- U.S. real estate crisis inhibits potential retirees from selling their primary homes in the U.S. to purchase a home in Mexico.
- 47.1% indicated that growing narco-violence and security concerns in Mexico has led to a noticeable reduction family and friends visiting with an additional 14.1% not sure.



The net effect is a steep decline in consumer demand for Mexican real estate. A prominent research firm predicts a 4-5 year window for recovery of the second-home market in Mexico.

Observations

- **In coastal areas, view corridors and beach access matter.** Retirees are coming to Mexico for coastal access they cannot obtain in the U.S. They prefer “coastal village”-style development, not high-rise urban living.
- **Purchases of second homes by U.S. retirees for vacation purposes are declining,** not only because of the global economic crisis, but also because of falling equity in the U.S. real estate market and concerns about public safety in the Mexican tourism market, which is keeping people from visiting.
- **An increase in property taxes would help improve municipal services as well as infrastructure.**

Recommendations

- **Local municipalities and/or state officials in Mexico should seriously consider requiring real estate developers to hold all home buyer deposits in a secure escrow account** precluding the use of such monies to be used until a development project is completed.
- **Re-think emphasis of real estate development projects with golf courses** as a key amenity.
- **Promote land use policies that allow retirees to “age in place.”**
- **Consider increases in local property tax** to meet the growing infrastructural needs of Mexican coastal communities.

Research Series



- *“U.S. Retirement Trends in Mexican Coastal Communities”* (March 2010)
- *“Healthcare & Americans Retiring in Mexico”* (May 2010)
- *“Housing & Real Estate Trends Among Americans Retiring in Mexico’s Coastal Communities”* (May 2010)
- *“Volunteerism, Philanthropy & Civic Engagement Among U.S. Retirees in Mexico”* (June 2010)
- *“Environmental Sustainability & American Retirees Abroad”* (July 2010)

More Information



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