

## U.S. RETIREMENT IN MEXICO RESEARCH SERIES

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### *U.S. Retirement Trends in Mexican Coastal Communities Lifestyle Priorities and Demographics*

#### Executive Summary

With the looming economic pressures on America's baby boom generation brought on by rising health care costs and the loss of personal wealth due to the global recession, a growing number of Americans aged 50+ are now actively considering relocating outside the country to retire. Today there are a growing number of foreign locales where Americans have chosen to retire, including Panama, Costa Rica, Belize, Ecuador and the Dominican Republic as popular destinations. Yet, because of its close proximity to the United States and its affordability, Mexico remains the #1 destination for Americans retiring internationally.

According to U.S. State Department estimates, in 1999 an estimated 1 million Americans were living in Mexico on either a part-time or full-time basis, although a 2004 survey estimated that the number of Americans residing in-country at between 500,000 and 600,000. Though no reliable estimate exists for the number of American retirees now residing in Mexico, over the past decade the number of Americans has

noticeably increased as measured by the rapid growth of large-scale real estate projects, particularly in Mexico's coastal communities targeted specifically at 50+ U.S. and Canadian second homebuyers and retirees.

While Mexico's appeal among retirees had increased during 2000-2008, the weakening of the U.S. economy, coupled by growing U.S. consumer public safety and health concerns related to the H1N1 flu virus, growing narco-violence and recent U.S. State Department travel alerts, has led to a noticeable decline in tourist-related travel from the United States to Mexico. According to statistics from the Mexican Ministry of Migration, tourist travel to Mexico dropped by over 79% during the month of May 2009 versus the same period in 2008 due to the impact of the H1N1 flu outbreak. In September 2009, total tourist travel totaled 454,826 individuals versus 994,315 during the same period in 2008 - a 45% decline.

As the vast majority of retirees visit the

location they have selected several times before they purchase a retirement property, the International Community Foundation has sought to better understand what impact recent events might have on that audience. To do this, the Foundation surveyed over 840 U.S. retirees in coastal areas of Mexico over 50 years of age, resulting in rich data on their demographics, preferences, environmental inclinations, and sense of civic responsibility. Through our independent research, we know that these consumers want to make smart, socially responsible, and sustainable choices when purchasing property and creating a life in coastal communities in Mexico. Some of that information is presented below, with other key findings included in subsequent briefings.

Based on the survey results, a general profile of U.S. retirees over 50 years of age residing in coastal communities in Mexico emerges:

- U.S. retirees in Mexico are relatively young and well-educated. Nearly 53% are under 65 years of age (and, in fact, 80% are 69 years or younger), perhaps indicating that Mexico may not be as attractive for older Americans that require additional medical care. In addition, almost two-thirds have at least a college degree, and another 28% had attended at least one-year of college.
  - The respondents chose Mexico for retirement due to its proximity to the United States and its affordability
- relative to other U.S. retirement destinations.
  - U.S. retirees residing in Mexico continue to maintain strong ties to the U.S.: 50% consider the U.S. their primary country of residency, and almost 22% return to the U.S. on a monthly basis. 85% remain in contact with friends and family in the U.S. through the internet, 64% used the telephone, and 33% used Skype.
  - Retirees living in Mexico are worldly and world-wise. Of those that had considered retirement locations other than Mexico, 41% considered retiring in Central America or the Caribbean; 19% considered other non-U.S. destinations as possible retirement locations. Should quality of life decline in Mexico, those that are financially able could begin to look elsewhere.
  - Mexico may become an alternative for those U.S. retirees facing economic challenges in the future. While survey results and focus group participants clearly express that economic reasons were a major factor in leading them south of the U.S.-Mexico border, the potential is likely greater than is being realized. In 2007, the California Elder Economic Security Standard Index (a financial measure that indicates basic financial needs for seniors in California)

ranged from \$21,000-\$27,500 as the minimum needed for major California cities. The survey results show that **nearly 44% of U.S. coastal retirees in Mexico live comfortably on less than \$1,000 per month** - an amount which underscores the potential demand for retirement options for low and middle income retirees in Mexico.

## Background

### *U.S. Retiree Profile*

According to the 2008 US Census Current Population Survey, almost 39 million U.S. residents were 65 years of age or older.<sup>1</sup> A 2006 AARP research report states that only 9.4% or 4.4 million of the 60+ population moved across state or county borders between 1995 and 2000.<sup>2</sup> In fact, most retirees continue to live in their home community near friends and family.

However, another survey by PRG, Inc. reports that 22% of American respondents aged 50 and over were very likely to change their current primary residence; another 22% indicated that they would probably move. In the age group of 50-60 years old, 32% of the PRG survey respondents indicated that they were very likely to move.<sup>3</sup>

Retirees that decide to retire abroad visit the location they have selected before they purchase a retirement property. In fact, many of them discover these places as tourists while on vacation or an extended visit in a rental property or time-share.<sup>4</sup> For example, in Mazatlán in 2007, there were

20,000-35,000 visits from U.S. nationals per month,<sup>5</sup> and in the Los Cabos region, over one million visitors visited in 2007, double the state population.<sup>6</sup> One local researcher noted that between 95-97% of his survey respondents had visited Mazatlán or Los Cabos at least once before deciding to purchase property and retire there.<sup>7</sup>

**With the first wave of Baby Boomers turning 60 years of age, what is known as the “silver surge” is well under way and growing.**

According to Grantmakers in Aging, today **one in eight Americans is 65 years or older. By 2020, the number will be one in six.**

Based on these figures the U.S. population **over 65 years of age is predicted to double during 2000-2030.**<sup>8</sup>

The U.S. Census in 2000 reported that 40% of elder households (aged 65-74) in the U.S. had incomes under \$25,000, the equivalent of over \$29,000 today. Of this amount, the U.S. population over 65 years of age spent 37% on housing, 11% on health care, 14% on food, and 15% on transportation.<sup>9</sup> Among those 65 years of age or older, the mean retirement income was \$21,014 in 2008. Of those retirees, about 10% were living in poverty, and many more would be in this category without Social Security.<sup>10</sup> Most older adults living in poverty are women and minorities.<sup>11</sup>

### *The History of Retirement Communities*

By the early 1970s, sales of vacation and retirement residential units in U.S. subdivisions totaled over \$5 billion. These developments were designed to provide everything a retiree could need -

administrative buildings, housing, golf, swimming, tennis, biking/hiking trails, and more recently, commercial and office complexes.<sup>12</sup>

When selecting a retirement community site, developers have typically sought out large tracts of inexpensive land near a large urban area, as well as flexible government regulations and land use controls. They looked for land that was easily financed and zoned for subdivisions that also had sufficient utilities and available drinking water.

This profile fits Mexico perfectly - the country has thousands of miles of undeveloped beaches and coasts that have been opened up due to Mexican land reforms in the 1990s, as well as a willing government partner at the Federal, state, and local level to adjust land-use zoning requirements if necessary. FONATUR and municipal elected officials have assured water and utility access for proposed tourism developments, even when that access is not available to local residents. In recognition of this opportunity for Mexico, President Felipe Calderón has prioritized tourism development in his National Development Plan, providing financing for major tourism and second-home developments along Mexico's coastline in at least ten destinations.<sup>13</sup>

### U.S. Consumers Are Choosing Mexico

*"The five largest projects aimed at*

*foreigners, including Loreto Bay, will attract \$5 billion of investment by developers and homebuyers within 15 years, according to Mexico's National Trust Fund for Tourism Development (FONATUR)."*<sup>14</sup>

*"In 2004, 36% (or \$560 billion) of all real estate sales were of vacation homes and investment properties."*<sup>15</sup>

*"While the estimated population of 50+ seniors in the North American marketplace in 2008 is impressive - 121 million individuals - the forecasted growth is even more impressive, with nearly 159 million adults aged 50+ expected in the combined countries of the USA, Canada and Mexico by the year 2020."*<sup>16</sup>

With many U.S. retirement destinations becoming saturated, including Florida, the desert Southwest, the front range of the Rocky Mountains, the Poconos of northeastern Pennsylvania, and Austin and Houston Texas,<sup>17</sup> real estate development companies are turning to Mexico. Over 23 million people live within a seven-hour drive of the U.S.-Mexico border, many of them approaching retirement age.<sup>18</sup>

One 2004 study puts 500,000-600,000 U.S. nationals living in Mexico already<sup>19</sup> yet these numbers are speculative at best. In 2006, the Migration Policy Institute, a US-based nonprofit think tank, found that according to the 2000 Mexican census, only 28,000 out of 358,600 of U.S.-born residents were of

retirement age (55 and older), mostly concentrated in Mexican border states or Mexico's "retirement states" - states that are home to key communities popular with US retirees.<sup>20</sup>

But the Migration Policy Institute also acknowledged the accelerating population growth in Mexico's "retirement states." The report found that between 1990 and 2000, the retirement-age population in important Mexican "retirement states" grew by as much as 188% (Baja California Sur). Some municipalities that are **hot spots for US retirees experienced growth of 581.4% (Lake Chapala) and 308.3% (Los Cabos).**<sup>21</sup> This data and others suggests that retiring in Mexico is becoming an increasingly popular option for US citizens.

**In addition, those that retire to these communities bring their friends.** A recent study documents that 95% of the people that visit retirement destinations such as Mazatlán and Cabo San Lucas recommend these locales to others.<sup>22</sup> In fact, many of them discover these places as tourists while on vacation or an extended visit to coastal zones, which are targeted for "sun-and-fun" resort complexes that double as residential time-shares, rental properties, and retirement condominium complexes. The skyline of multi-story hotels targets foreigners, even though a recent study in Mexico show that 80% of visitors to all Mexican tourism destinations are actually Mexican citizens.<sup>23</sup> Yet, as more retirees return from vacation and decide to purchase, the result is a self-fulfilling prophecy - a tourism destination

that evolves into a retirement destination.

Finally, the MPI report cites increased demand in the real estate market as evidence of a growing retiree population.<sup>24</sup> In fact, "retirement migration" reflects an increasing retirement-age population in the U.S., a heightened interest in travel, longer life expectancy, availability of U.S. goods and services abroad, and improvements in transportation and communications in Mexico.<sup>25</sup> None of these elements is likely to slow in the coming years, making Mexico a long-term retirement destination, especially in cities that already have a large retirement community. The existence of a strong, active, and organized retiree community is one factor that draws other retirees to these destinations.

### Key Findings

In order to better understand some of the key trends and drivers for U.S. retirees in Mexico's coastal areas, the International Community Foundation conducted an online survey between June-November 2009, resulting in over 1,000 total responses. The Foundation targeted U.S. retirees over 50 years of age that are residing part-time or full-time in Mexican coastal communities. These communities included Puerto Vallarta, the Riviera Maya, Cabo San Lucas, Rosarito, La Paz, Loreto, Puerto Peñasco, and many smaller villages along Mexico's extensive coastline. After filtering out non-target respondents, the Foundation had over 840 survey participants, resulting in a high degree of confidence with results that reflect

this targeted group (Please see methodology section below).

### ***What do you consider your adopted community in Mexico?***

Baja California Norte (Rosarito, Ensenada)	25.9%
Baja California Sur (Mulege, Loreto, La Paz, Todos Santos, Los Cabos)	29.7%
Riviera Maya (Playa del Carmen, Cancún, and Cozumel)	7.5%
Riviera Nayarit/Puerto Vallarta	32.9%
Sonora (Guaymas, Rocky Point)	4%

Source: International Community Foundation, 2009

Almost 53% of survey respondents are under 65 years of age, making them part of the “baby boomer” age group. 67% of all respondents have at least a college degree, and, in fact, 31% of respondents have masters’ or doctoral level degrees. 73% of all respondents are fully retired; while 46% of the “baby boomer” group is fully retired.

61% of respondents are married, compared to the U.S. national average of approximately 65% for a similar age group. Among those residing in Mexico, a higher percentage (15.2%) are divorced, compared to approximately 10% for the same age group residing in the United States. Less than 8% of survey respondents are widowers, compared to 15% of those residing in the United States. Finally, approximately 30% of survey respondents are “solo” - including those never married, or previously divorced,

separated, or widowed.

Respondents are also financially comfortable by Mexican standards. **Almost 70% have an annual income over \$25,000, giving them over \$2,000/month allowance. This is higher than the \$11,410 average per capita annual income of a Mexican citizen<sup>26</sup> or the U.S. Department of State country estimate of \$14,200.** Even so, our respondents signaled that although they spend less in Mexico (**nearly 70% spent less than \$2,000/month on household expenses**), **a majority feel their quality of life is actually higher than in the U.S.** **Nearly 75% stated that the cost of living was a major factor in their decision to retire to Mexico.**

**Survey respondents reside in Mexico, but are also active international travelers.**

Approximately 47% identified Mexico as their full-time country of residence. In fact, 71% stated that they **live more than half the year in Mexico.** 78% of respondents have lived in their adopted community three years or longer; 52% have lived there over five years. **Nearly 80% still visit the U.S. at least once per year.** Yet, most respondents enjoy traveling, and consider their favorite destinations to include the U.S. (55%), Europe (34%), Canada (12%), and Central America (12.5%).

### **Why do retirees stay in Mexico?**

Survey respondents enjoy the cultural and social interaction and want to learn more about their adopted communities. Although the overwhelming majority of respondents are Caucasian, over 48% consider themselves to be either fluent or intermediate Spanish

speakers; only 7% commented that they spoke no Spanish. 46% get their news from Mexican news sources in Spanish or English. Despite the perception that there is not a language barrier for many retirees in their adopted communities, it is also important to recognize that Mexican tourist destinations often have many fluent English speakers in the service sector, and therefore, speaking Spanish may not be essential for a retiree's daily life.

88% of our respondents feel that they are either somewhat integrated or very integrated into their adopted Mexican community. And 91% said that they found it easy to adapt to their new life in Mexico. In fact, a full 29% only return to the U.S. once a year or even less frequently, while another 20% go back just twice a year.

In focus groups, U.S. retirees commented that their Mexican neighbors, slow pace, and interesting culture were all reasons they enjoy their "adopted" community. Yet, U.S. retirees admitted to a "respectful distance" from their Mexican acquaintances. The Mexican social fabric and civil society are still evolving; and it was felt there are not many opportunities to publicly interact, except in church, philanthropic clubs (i.e. Rotary), or

during cultural festivals. Yet, because most of these retirement destinations are also tourist destinations, there are many immigrants (from other parts of Mexico and elsewhere) that are more open to establishing new relationships with U.S. retirees.

Because of the interest of the U.S. retirees in establishing a sense of community in their "adopted" home, they create their own social networks that grow in size and strength over time. Church masses in English, Bingo games (instead of the Mexican *lotería*), and English-speaking gathering places like restaurants and cafes have gained popularity in more-established retirement communities such as Mazatlán and Puerto Vallarta. English-speaking newspapers, magazines, listservs, and websites are also common throughout Mexico's coastal communities. These comfortable and culturally familiar interactions make it difficult for retirees to later reach out to their Mexican neighbors, further restricting the potential for social integration.

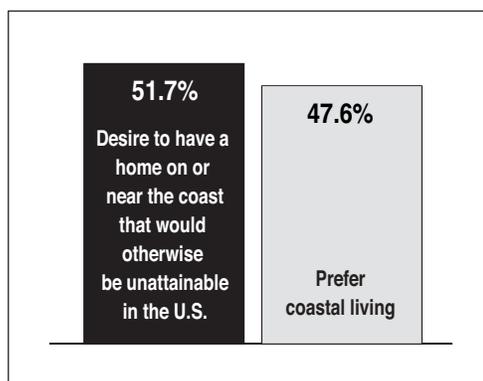
The respondents that chose Mexico's coastline did so for its quality of life and they plan to stay. They selected their retirement destination because of lifestyle (79%), cost of living (75%), weather (69%), and proximity to

*"I wanted very much to make friends with my Mexican neighbors when we first moved here, but instead we have solid relationships of mutual respect."*

*– focus group participant*

the U.S. (63%). 31% stated that they already owned property in Mexico when they decided to retire there, but 77% own their home now.

***What drew you to your Mexican coastal community versus other more affordable locales in Mexico's interior?***



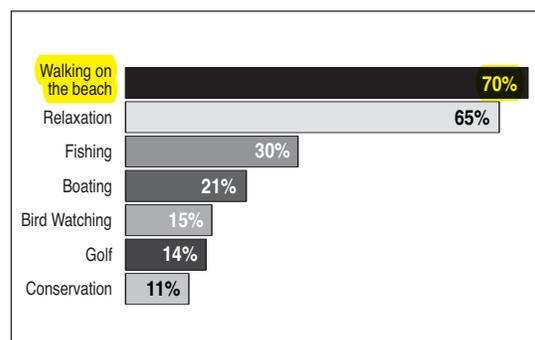
Source: International Community Foundation, 2009

They also prefer coastal living and enjoy recreational activities that center on the water. Nearly 56% take pleasure in coastal leisure activities such as fishing, swimming, surfing and boating. Just walking along the beach was mentioned by 70% of respondents; and relaxation was a major "activity" mentioned by 65% of respondents. Notably, only 14% mentioned golf as a desired pastime.

Of course, these are typical recreational activities for any tourist destination, but Mexican communities offer U.S. retirees much more. Cultural and educational attractions such as festivals, painting/music classes,

opera, and gallery openings also create opportunities for Mexicans and Americans to explore shared interests. In addition, Americans have brought other pastimes with them, including yoga, massage, reiki, and embroidery/knitting.

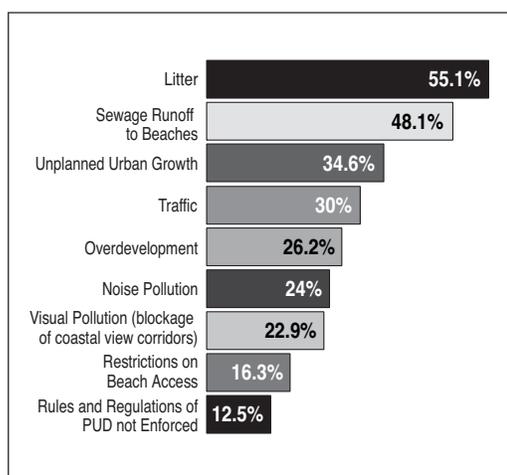
***What Leisure Activities Have Drawn You to Mexico's Coast?***



Source: International Community Foundation, 2009

***What would make retirees depart Mexico?***

We know that retirees are still considering their options. 41% had considered retiring in the U.S. instead. Respondents also cited several factors that would prompt them to consider leaving Mexico - among them, escalating drug violence in their local community (43%); declining environmental quality (45%); or a declining quality of life because of increased urban growth (30%). 39% stated that an increase in the cost of living would cause them to reconsider Mexico.

***What aspects of your coastal lifestyle do you find unattractive?***


Source: International Community Foundation, 2009

Public safety is another key factor in retirees' decision to stay in their "adopted" coastal communities in Mexico or move on. The single-strongest factor that would cause respondents to consider leaving Mexico was a noticeable increase in crime impacting retirees or tourists (58%); 46% stated that safety issues were a concern they considered when deciding on Mexico as a retirement destination. 22% have noticed an increase in crime following the global economic recession, and 66% cite narco-violence as an important public policy issue to retirees in Mexico. For those who were purchasing a home, 78% stated that safety was an important consideration in their decision.

Despite this, only 39% own property in a gated community, and U.S. retirees insist that

**Mexico is safe.** When the H1N1 virus outbreak occurred in Mexico, only 2% of respondents stated that they changed their frequency or duration of trips to Mexico. Despite their concerns, only 7% reported that narco-violence and security concerns have reduced the frequency or duration of their trips to Mexico. Furthermore, 60% have not changed their attitude in any way about their personal safety since they have been living in Mexico.

Economic security is a factor as well. **Almost 44% of Americans residing in Mexican coastal communities were able to live comfortably on less than \$1,000 a month** for household expenses; 15% indicated that they live on less than \$500 a month. This is significantly different from the U.S. where **in California, a senior might need \$21,000-27,000/year, and in New Jersey, a senior could need up to \$43,000/year just for food, shelter, transportation and health care.**<sup>27</sup> **Low property taxes are also an attraction in Mexico;** most focus group participants reported paying a fraction of what they paid in the U.S., but recognized that with additional taxes, infrastructure and services would likely improve.

Finally, **while the global economic crisis is still evolving, U.S. retirees already in Mexico have weathered the storm well.** 42% stated that the economic recession had no impact on their retirement plans and 34% said their quality of life has not been impacted by the economic crisis. 27% reported that they will spend the same amount of time in Mexico as in previous years, but 36% noted that they

expected fewer visits from friends and family. Anecdotally, retirees also worried that they might not have as much to contribute to charitable organizations this year.

### Discussion of Key Findings

It is clear that the low-key, slow-paced lifestyle of Mexico's coastal communities - combined with the significant cost savings - is drawing U.S. citizens looking for a location to retire. Those numbers of Mexico-bound retirees will continue to rise, thanks to the number of U.S. baby boomers nearing retirement age. It's not just U.S. retirees, either - the Mexican and Canadian population aged 50 and over is growing as well. By 2020, this age group will make up over 27 million individuals in Mexico, and 14 million individuals in Canada.<sup>28</sup>

Combined with the 118 million U.S. residents that are 50+, North America's 50+ age group will swell to 159 million by 2020.<sup>29</sup> If AARP survey results that showed that 9.4% of the U.S. population will choose to retire outside of their home community hold true, that will mean over 11 million people will move to a new location in their retirement years. Of that population, over 20% might consider Mexico<sup>30</sup> as a potential retirement destination - or 2.2 million seniors. That is potentially up to four times the number of U.S. residents that are currently estimated to live in Mexico of all ages.

While clearly the potential exists for an increased migration of U.S. baby boomers to Mexico, there are a number of factors that could impede this flow including:

- **The impact of adverse media coverage focused on narco-violence in Mexico, which has reduced the number of Americans that are travelling to Mexican tourist destinations.** Focus group research and recent studies in Mexico demonstrate that U.S. retirees travel to their ultimate retirement destination at least once before purchasing their property. Longer term, as many as 95-97% may recommend their choice to friends, encouraging them to retire in the same location. If U.S. travelers continue to perceive Mexico as a security risk, then this will negatively impact future home-buying decisions for years to come.
- **The impact of the current economic recession on the income-earning capacity of pre-baby boomers and baby boomers and how such factors will impact their decision to retire abroad.** In the U.S., net worth fell 45% between 2004-2009 among those aged 45-54, and 50% for those aged 55-64.<sup>31</sup>
- **The degree in which the U.S. real estate crisis inhibits pre-baby boomer and baby boomers from being able to sell their primary homes in the United States in order to purchase a home in Mexico.** Today, many baby boomers have little or no equity in their homes; 30% of U.S. consumers aged 45-54 had to bring cash to a home closing. Between 72-79% of those in the bottom quintile of net wealth had to

bring cash to a home closing, as compared to 27% in 2004.<sup>32</sup>

Assuming the economic gains of relocating to Mexico far outweigh the factors that could impede the south-bound flow of U.S. retirees, there will be a temptation to create a new “Baja boom” to accommodate them.

However, our respondents were clear in their affinity for the small towns of coastal Mexico, the interaction with local residents, and the culture and lifestyle. In fact, lifestyle was the leading factor in our respondents’ decision to select a Mexican coastal community as a retirement destination.

As stated earlier, respondents to the Foundation’s survey are young and well-educated. This profile does not reflect a stereotypical retiree - a sedentary individual or couple that spends their time socializing or on leisure activities. Rather, this profile is of an active individual or couple that is seeking interaction with a new culture and the local population; someone that may want to continue putting their skills to work in a new business or nonprofit; and may even consider moving again. In fact, 26% of respondents do not consider themselves fully retired, as they are still working part-time or volunteering.

This retiree profile has several lessons for Mexican coastal communities that are seeking to attract U.S. retirees as long-term residents. First, it is critical to keep Mexico’s coastal communities clean; almost 45% of our respondents said that a noticeable decline in environmental quality would cause them to

consider moving again. 55% specifically mentioned that litter is the most unattractive part of their coastal lifestyle.

Second, access to the beach - visually and physically - is important to a vast majority of our respondents. Almost 63% of respondents live in one- or two-story single-family homes, as opposed to 24% in a mid-level or high-rise condominium setting. Building up the coastline restricts view corridors (81% want ocean views and 23% said that blockage of coastal view corridors was an unattractive feature); while limits on access to public beaches stops retirees from their favorite activity: 70% list “walking the beach” as a key leisure activity.

Third, younger, more educated retirees that want to continue working can create new jobs for local residents. Once they have purchased a home - and 77% of our respondents have done so - retirees are more likely to seek out activities that will challenge them intellectually or will fill a need in the community. 88% of our respondents feel somewhat or fully integrated in their adopted community, which means that they are contributing economically both through their buying power and their intellectual capacity. In fact, many of them are creating new businesses in real estate and tourism, which in turn, is encouraging more retirees to consider these coastal communities as their ultimate retirement destination. In Mazatlán, for example, organized retiree groups at times act as unofficial spokespeople for the State government, promoting tourism and real estate to attract more retirees to Sinaloa.

Fourth, because many retirees recommend their retirement destination to family and friends, maintaining Mexico's coastal lifestyle and high quality of life will also bring other residents through informal, social marketing. However, unplanned urban growth was considered unattractive for 35% of our respondents; overdevelopment was a problem for 26%. As such, thoughtful urban planning at the municipal level, attention to coastal view corridors, public transportation, and pollution should be emphasized over "sun and fun" tourism advertising. In that way, Mexico can attract long-term residents that are committed to their adopted community and its residents. In fact, some retirees in coastal communities are already expressing their opinions through meetings with municipal authorities in English, requesting improvements in water, sewer, and trash services.

And, although the news of H1N1 flu, narco-violence, and security concerns are not currently affecting decision-making on the part of U.S. retirees living in Mexico, those issues are definitely impacting family and friends that visit. 42% of respondents reported that family and friends have reduced their trips to Mexico due to heightened security and health concerns. The global economic downturn further affected visitation; 36% reported that they received fewer visits this year because of financial constraints. For a population where almost 22% travel back to the U.S. at least once a month and 90% stay in touch with U.S. contacts on a regular basis, this connection

is an important part of the retirement experience in Mexico.

Finally, the small-town nature and culture of Mexico's coastal villages is a critical part of why these respondents bought their coastal property and settled there. Re-creating a U.S. retirement community is not what most respondents were seeking in a retirement destination, and might actually prompt them to leave Mexico should their "adopted" community evolve in that direction.

### Implications for the Future

Due to its close geographic proximity to the United States and its relative affordability, Mexico remains an attractive retirement destination for a growing number of Americans aged 50 years and older.

While this is so, Mexico has, over the past year, experienced a significant decline in tourism from the United States due to impact of the recession on leisure travel and concerns by the U.S. travelling public about the specific to the risk of the H1N1 flu virus and the growing incidence of narco-violence at the border. As noted in this report, given that U.S. retirees ultimately make their decision about retiring abroad after making trips to a specific destination, the recent decline in leisure travel has the potential to negatively impact future decisions by would-be retirees considering Mexico as a place to retire.

Survey data also suggests that U.S. retirees have placed a strong importance on issues that improve their "quality of life." So,

greater attention must be placed by local governmental officials in Mexico on enforcing land use regulations, maximizing ocean views and dealing with litter and water and air quality. Furthermore, municipal, state, and federal authorities need to focus on Mexico's inherent natural and cultural assets - its architecture, language, culture, and natural beauty - to attract U.S. retirees to their communities. Such policies have dual benefits to both potential retirees and existing residents.

While U.S. retirees do have many options when considering potential retirement destinations and some would-be retirees may opt for other overseas locales, Mexico's close proximity to the United States, the lifestyle it offers, and its affordability will likely continue to trump other key factors.

### Additional Suggested Research

While this study focused on the perceptions and options of existing U.S. retirees in Mexican coastal communities, additional research is necessary of those that are considering a possible relocation to Mexico. Such research is critical as the average number of years that study respondents had lived in Mexico was 3-5 years. In addition, research on retirement options for lower- and middle-income U.S. residents could provide important information to developers that would help expand the potential consumer audience beyond wealthy U.S. retirees.

As so much of the future market will depend on future retirees that may have been

negatively impacted by the recent economic crisis, as well as the downturn in the U.S. real estate market, there is a possibility that retirees may not have the required liquidity to pursue a permanent move to Mexico unless they considered renting. Furthermore, additional research is necessary to better understand the impact of current media attention of narco-violence in Mexico's northern border and how that has translated into the perceptions that travelers and future retirees now have of Mexico.

### Research Methodology

The International Community Foundation's survey included both quantitative and qualitative methods. First, a thorough literature review of tourism- and retiree-related literature on Mexico was undertaken. The research also included a thorough review of government statistics from multiple sources (U.S. State Department, INEGI, Mexican Migration Institute, and OECD) to assess the size of the population of U.S. citizens in the Republic of Mexico. Based on these data sources, the Foundation estimates that there is a permanent and floating population of U.S. residents in Mexican coastal communities of 200,000-300,000.

In addition, between June 1 and November 15, 2009, the International Community Foundation carried out a survey utilizing a purposive sampling (snowball) technique to secure participation and a representative sampling of U.S. citizens and U.S. permanent residents 50 years of age and older residing in Mexico either on a full-time or part-time

basis. For the study in question, a total of 1,003 individuals elected to participate, responding either using an online survey tool or printed questionnaires. Survey respondents self-identified their “adopted communities” as Baja California, Baja California Sur, Sonora, Nayarit, Jalisco, and Quintana Roo (among other locations). Once the participants were filtered to include only the targeted profile, a total of 842 surveys were able to be used (76%). If it is assumed that some degree of random participation was achieved amongst the target group, results would reflect a confidence level of 95% +/- 3.4%.

Concurrent with the Foundation’s literature review, survey, and subsequent analysis, five focus groups were organized between August-December 2009 in Rosarito, Baja California (BC); La Paz, Baja

California Sur (BCS); East Cape, BCS; San José de Cabo, BCS; and Todo Santos, BCS. Each focus group consisted of 10 to 15 participants all of which were self-identified U.S. retirees living in Mexico. The focus group sessions were 2 hours in duration, allowing the Foundation to assess the viewpoints of participants on a wide range of issues impacting the U.S. retiree community in Mexico. For their participation in the focus groups, each participant and their spouse were invited to a meal hosted by the Foundation. To avoid a possible sample bias, spouses were asked not to participate in the focus group sessions.

Additional details about the study’s research methodology is available at: <http://www.icfdn.org/initiatives/retireesurvey/index.php>.

## References

A full reference list is available at <http://www.icfdn.org/initiatives/retireesurvey/index.php>.

## Acknowledgements

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### **About the International Community Foundation**

Among U.S.-based community foundations, the International Community Foundation is unique in that unlike other community foundations that serve a defined geographic region in the United States, the Foundation is dedicated to assisting American donors to charitably support their communities of interest internationally. Approximately 22% of the International Community Foundation's donors are immigrants; close to 50% of the International Community Foundation's donors are retirees living abroad either full- or part-time with the majority of these American expatriates residing in coastal communities in Northwest Mexico. For more information regarding the International Community Foundation, visit: [www.icfdn.org](http://www.icfdn.org)

### **About the Retiring Responsibly in Mexico Initiative**

With a growing number of Americans now retiring in Mexico, there is a need to better respond to the needs of this fast-growing expatriate population. Through its "Retiring Responsibly in Mexico" initiative, the International Community Foundation seeks to inform, educate, and engage would-be retirees, targeted buyers, real estate developers, nonprofit organizations and policymakers at the local, state and federal levels of governmental in both the United States and Mexico about issues related to environmental sustainability, financial and environmental transparency, and responsibilities for stewardship related to coastal tourism residential developments with an emphasis on the 50+ population from the United States seeking to retire in Mexico. The Foundation's "Retiring Responsibly in Mexico" Initiative has three key objectives:

- 1) Undertake timely and relevant research on the demographic patterns of U.S. retirees in Mexican coastal communities to better understand the impacts of current north to south migration trends as they relate to emerging issues of economic security, health care and public safety.
- 2) Understand the impacts of recent coastal development in Mexico fueled by the influx of U.S. retirees, assessing the impacts on surrounding ecosystems, documenting trends in sustainable retirement communities, and recognizing the legal/financial risk for homebuyers.
- 3) Assess the level of social capital among U.S. retirees residing in Mexico with a focus on volunteerism, charitable giving, and civic engagement in their adopted communities.

## About the Co-Authors

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## End Notes

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