

Growth 2030: Expect over-55 developments to boom in Palm Beach County

By Jeff Ostrowski

Bruce Weisberg was scarcely old enough to live in an over-55 community when he closed on a \$700,000 **home at Valencia Bay west** of Boynton Beach.

Weisberg, who moved to the active-adult development from Boston in 2017, has no regrets. In fact, he loves the full schedule of **organized activities at Valencia Bay's clubhouse**.

Weisberg is active in the community's photography club. His husband, Serge, **teaches dance classes at Valencia Bay**.

"You can stay busy all day if you want," Weisberg says. "You're really buying a lifestyle — it's a resort-style lifestyle."

Judging from the continued boom in active-adult developments in Palm Beach County, there's no shortage of older buyers who are keen on the updated version of Florida retirement — which still promises low taxes, but not as much golf.

The youngest baby boomers turned 55 this year, and the affluent slice of that generation is an irresistible target for real estate developers. They're newly unencumbered from the demands of work and children, and unlike their millennial children, they have plenty of money for down payments and upgrades.

GL Homes, the developer of Valencia Bay and a number of other over-55 communities in west Boynton, is moving on to its next active-adult project. Valencia Sound will have 546 units priced at \$490,000 to more than \$1 million.

Other builders are following suit.

In Westlake, the new municipality in western Palm Beach County, Kolter Homes' Cresswind at Westlake will include 700 units priced from the high \$200,000 range to about \$450,000.

In Palm Beach Gardens, luxury builder Toll Brothers plans Regency at Avenir. That project is slated for 469 homes. Starting prices are more than \$500,000.

West of Delray Beach, 13th Floor Homes just broke ground on **Avalon Trails**, a project of 217 single-story townhomes with prices starting in the \$300,000s.

Those four projects will add nearly 2,000 new homes to a Palm Beach County real estate market that has seen historically low residential construction over the past decade.

“We’re about to see the strongest growth in retiree housing demand that we’ve ever seen in our lives,” says real estate economist Brad Hunter, managing director at RCLCO Real Estate Advisors. “We’re seeing extremely strong demand for active-adult housing.”

Indeed, builders are bullish on boomers. The National Association of Home Builders’ 55+ Housing Market Index for the third quarter of 2019 reached a record high. The measure is based on a survey of builders nationally.

The boom in over-55 housing fits a pronounced graying of Palm Beach County’s population. From 2017 to 2030, the University of Florida expects huge jumps in the 65 and older population — that segment is expected to double for blacks and Hispanics, and to rise nearly 40 percent for whites.

Hunter and others are banking on a variety of demographic and political factors to drive home sales here. The youngest of the baby boomers turned 55 this year, and the generation enters or approaches retirement at an economically propitious moment. Their homes up north have appreciated strongly since the Great Recession, and the stock market is at all-time highs.

What’s more, Florida’s long-marketed position as a tax haven is especially attractive now. **President Donald Trump**’s tax reform, signed in late 2017, ended the ability of taxpayers to deduct state income taxes and local property taxes from the income they report to the IRS. As a result, affluent taxpayers — including Trump himself — are considering making Florida home base.

Of course, the decision to move isn’t all about taxes. Active-adult developers take pains to create social opportunities and a sense of community.

Spacious clubhouses are the rule at Palm Beach County’s over-55 communities. And while golf courses are out, fitness centers, pickleball courts and community rooms are in.

“They see facilities and a lifestyle that caters exclusively to them,” said Jill DiDonna, senior vice president of sales and marketing at GL Homes. “They are excited about the prospect of being with people who are all at the same stage of life as they are. It promotes a lot of friendships and a lot of fun.”

For builders, the home itself is just part of the pitch. While open floor plans and single-story layouts are the rule in new over-55 communities, the social aspects are crucial.

“It’s more about the lifestyle and the programming and the club experience than it is about the home,” said John Manrique, vice president of marketing at Kolter Homes.

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That explains why Cresswind at Westlake will include a food truck court. And while none of the new over-55 projects in Palm Beach County include golf courses, many feature walking trails prominently in their designs.

“We find the retirees today are much more interested in physical fitness than the generation we saw in the 1990s,” DiDonna said.

Unlike the Century Villages and Leisurevilles of yesteryear, today’s Palm Beach County retirement communities don’t offer bargain prices. Palm Beach County is becoming more affluent. According to IRS data, new arrivals to Palm Beach County in 2016 reported average taxable income of about \$81,000 a year, far above the \$42,300 average reported by those moving out.

Meanwhile, as the county becomes more densely populated, cheap land is a thing of the past. Active-adult buyers who want to spend less than \$250,000 on new homes will have to look to Port St. Lucie, DiDonna and others said.

“There’s definitely a scarcity of land,” DiDonna said. “In Palm Beach County at this point, it’s tough to do anything that’s affordable.”