

# Long-Term Impacts of Retiree In-Migration on Rural Communities

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## INTRODUCTION

Many rural counties throughout the South have hopes of spurring economic development by attracting a share of the increasing number of migrating retirees.

With the first baby boomers having turned 60 in 2006, researchers have estimate that over the next 18 years at least 400,000 retiring boomers a year—with an average of \$320,000 to spend on a new home—will choose to migrate beyond their state borders.

These migrating retirees are increasingly choosing to move to rural areas or small towns. During the 1990s, a half million more persons age 50 or older moved into non-metro counties than out of them. Tennessee has already experienced substantial in-migration of retirees. Census data on migration from 1995–2000 indicate Tennessee ranked seventh nationally, with nearly 10,500 more people age 65+ having moved into the state than having moved out.

Attracting retirees who build houses and spend money locally can be a boon for a rural community's economy and government finances. However, to fairly assess the merits of retiree recruitment as an economic development strategy, community leaders need to know what to expect not only with respect to economic impacts over a longer time frame, but also how in-migration will affect the demand for public services and the quality of life within their community. They need a balanced perspective that incorporates positive and negative impacts, and also recognizes the need to adjust to the inevitable changes associated with the new residents.

## METHODOLOGY

Cumberland County was chosen as the focus area because it is rural, not located near a major metropolitan area, and has experienced substantial in-migration of retirees since the 1960s. As of 2005, an estimated 11,000 in-migrant retirees (IMRs) lived in Cumberland County, representing about 21.5 % of the total population.



The study employed a number of different methodologies drawing on both quantitative and qualitative evidence from various sources. Secondary data were obtained from federal, state, and local government agencies. Primary data were generated from personal interviews of more than 40 community leaders, a series of focus group discussions involving IMRs and local residents, and a telephone survey of more than 700 Cumberland County households, including both IMRs and local residents.

One difficulty in attempting to isolate the long-term impacts of IMRs is that with each passing year it becomes increasingly difficult to know how the county would have looked without the influx of retirees. Thus, two sets of "peer" Tennessee counties were defined for comparison purposes. One set (Peer 1) included six counties chosen on the basis of their close similarity to Cumberland County in 1970 with respect to demographic and geographic characteristics. The second set (Peer 2) included the 78 counties in Tennessee, other than Cumberland, that are essentially non-metropolitan in nature.

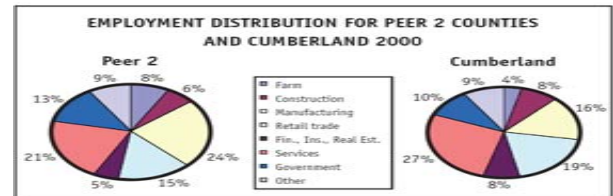
## FINDINGS

### Positive Impacts of Retiree In-Migration

- Increased average income levels for local households
- Increased the number and variety of employment opportunities
- Contributed to a large fiscal surplus, allowing for increased spending on government services and lower property tax rates
- Provided additional leaders and volunteers for community service organizations
- Promoted growth of the health care industry, providing employment opportunities and increasing availability of specialized services

### Mixed Impacts of Retiree In-Migration

- Increased land and housing prices
  - Positive for existing property owners and some business sectors
  - Negative for young residents and low income households
- Accelerated the shift from manufacturing to retail and service employment
  - Greater stability for local economy
  - Greater opportunities for entry-level employment
  - Lower average wage rates



- Led to differences in expectations and values within the community
  - Opportunities to benefit from diversity
  - Potential for unhealthy "us versus them" sentiments
- Generated rapid residential growth in rural parts of the county
  - Positive for IMRs seeking the amenities of rural, small-town living
  - Negative for locals seeking to retain their rural community flavor

### Negative Impacts of Retiree In-Migration

- Increased traffic congestion—This impact highlights the more general challenges facing local governments in planning for and implementing investments in expanded infrastructure, be it roads, sewer, water, or other public services.

## REFLECTIONS ON ECONOMIC DEVELOPMENT

While it is clear that a large influx of IMRs will create numerous jobs, most will be in the service and retail trade sectors. A key question is whether the impacts of IMRs can be leveraged indirectly to foster broader-based economic development and the creation of higher-paying jobs. The presence of IMRs in Cumberland County has generated a fiscal "dividend" that could be used in part to increase local funding for education, and there seems to be substantial support among both IMRs and local residents for doing so. However, the dividend has been largely distributed to residents in the form of lower property taxes. At the same time, there is widespread agreement about the importance of gaining more manufacturing or other types of higher-paying jobs. While increased funding could be devoted to attracting firms that provide such jobs, most economic development specialists agree that long-term success in doing so depends critically on enhancing human capital levels in a community through improved education and workforce development. On the other hand, raising property tax rates to provide greater funding for such things could reduce the area's attractiveness to potential IMRs. A more careful investigation of this question appears warranted. Attracting firms that offer higher-paying jobs is also known to depend on perceptions of the quality of life in a community. To the extent that IMRs contribute to improvements in the quality of life—for example through the expansion of the health care sector—their presence may indirectly influence the prospects for broader-based economic development.