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The SRES® Professional

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A Growing Segment Serving Healthy, Active Seniors

For many in the Baby Boom generation, retirement is not about settling down and living a life of the routine. They are open to exploring new things, maintaining a social life and enjoying their life savings. Active adult communities—sometimes referred to as 55+ communities—are meeting their dynamic retirement needs, offering amenity-rich environments for seniors seeking an engaged lifestyle rather than traditional retirement.

This market is anticipated to have a compound annual growth rate (CAGR) of over 4% from now to 2030.

Demographic and sociological factors underlie both the growth of the active adult audience and the complexities of how active adult communities serve them.

Active adult communities are categorized as age-restricted or age-targeted. In the former, federal housing rules dictate that at least 80% of residents must be aged 55 and above. The age-targeted category is aimed at those 55 and older but doesn't have strict legal residency requirements.

These communities come in many different sizes, forms and locations. Rental or ownership. Urban or suburban. From stand-alone buildings to city-sized communities. With amenities as varied as on-premises hair salons, pet-washing facilities, heated soaking spas, art studios, golf courses and pickleball courts. Though there are many kinds of active adult communities, as an SRES® Professional, no one is better suited to help a senior find the right home than you. 🏠



FAST FACTS SERVING HEALTHY, ACTIVE, SENIORS

\$587 BILLION

— the value of the active adult housing market in 2022.

[Grandview Research](#)

2/3

of active adult community residents are female.

[NIC](#)

17%

of active adults prioritized price and affordability when choosing a community, followed by safety (14%) and location (13%).

[McKnights Senior Living](#)

140-180 UNITS

— the typical size of active adult communities, with individual units ranging from 650 to 1,300 square ft.

[NIC](#)

\$50K

INCOME

\$150+K

ASSETS

—that's the financial profile of a typical active adult resident, excluding housing.

[NIC](#)

PROS & CONS

of Active Adult Communities

55+ communities are an increasingly popular option for seniors. They offer many advantages, but there are also some disadvantages that individuals should consider before making a move.

THE PROS

Convenient for downsizing

Downsizing in an active adult community offers seniors the opportunity to simplify their lifestyle with reduced maintenance and living expenses. They'll have more time for activities that promote an active and social lifestyle.

Available amenities

An active adult community can elevate a senior's living experiences with amenities including pools, fitness centers, golf courses, walking trails, spas, gourmet kitchens, smart home technology and services catering to residents' comfort and convenience.

Activities create community

Regular social events and activities promote camaraderie and provide opportunities for companionship within the community. This sense of community makes these communities an attractive option for those seeking a socially engaging living environment.

Enhanced safety and security

Active retirement communities are often gated or have secure entries and regular staffing. Visitors of residents usually will need to be approved by their host who lives in the community before the visitor can enter. Some active adult communities also have on-site security for additional safety.

Low-maintenance living

In these communities, outdoor maintenance is typically covered by monthly rent or association dues, resulting in a hassle-free lifestyle for residents.



THE CONS

Before committing to an active adult community, seniors should consider how these areas of potential concern may influence their decisions.

Smaller homes

Units in most active adult communities are designed for one or two people and are likely smaller than the home from which the individual is moving. Residents should plan to organize belongings for storage or sort through family possessions before moving.

Lack of age diversity

Usually, at least one person in each residence must be 55 or older. However, most people living in these communities are above the minimum age. Residents may feel disconnected from younger generations, missing out on their energy and perspectives. The exclusivity enforced by age restrictions can hinder the sense of inclusivity and openness that some individuals seek in their living environments.

Age restrictions

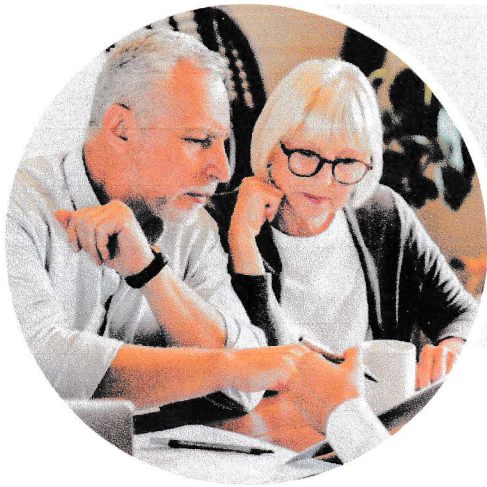
Younger household members might face constraints on residing in the community full-time. Rules against younger residents buying or inheriting property in some 55+ communities could complicate future ownership.

No on-site medical care

Active adult rental communities don't typically offer health care services or assisted living care. Home care assistance can be arranged through a third party, adding to the cost of the residence.

Limited assistance with daily needs

Almost by definition, active senior communities are created for individuals who are independent and do not need assistance with daily needs. Although most active adult communities allow a companion caregiver to accompany a resident, that individual is responsible for the resident's independence.



To Rent or Buy

An important decision that a client should consider before moving to an active adult community is whether to rent or buy. There are reasons for both; the individual's financial situation, lifestyle and long-term care needs may lead them to choose one over the other.

A FEW AREAS CLIENTS MIGHT CONSIDER WHEN DECIDING BETWEEN RENTING OR BUYING INCLUDE:

Renting in a 55+ Community

Buying in a 55+ Community

INITIAL COSTS

No large upfront investment or entrance fees.

Buying can require a significant upfront investment, including a down payment and closing costs.

ONGOING EXPENSES

Monthly rent typically includes amenities and services, leading to predictable costs during the term of the lease.

Homeowners are responsible for property taxes, insurance, maintenance, repairs and likely HOA fees.

LONGER-TERM COSTS

Rent can increase over time.

Costs of ownership are likely to stay constant unless intentionally changed by the homeowner or HOA. And homeowners may be eligible for tax benefits.

FINANCIAL RISK

The primary risk is in the possibility that the ownership of the rental community changes hands, faces insolvency or other issues that might impact its ongoing viability.

Homeownership value can fluctuate with the real estate market. And active adult communities can have a more limited resale market because of their narrower age group.

STABILITY

Stability depends on the lease and the landlord: if the landlord wishes to sell the property, change its use or increase rents, residents may be forced to move or make difficult decisions.

Owned communities are typically managed by a HOA designed to act in the best interest of owners, thereby providing a greater degree of stability.

FLEXIBILITY

Renting can make it easier to move if needs or circumstances change.

Ownership can mean less flexibility if a need to move arises.

FREEDOM & CONTROL

Renovations or improvements are typically disallowed or limited when renting.

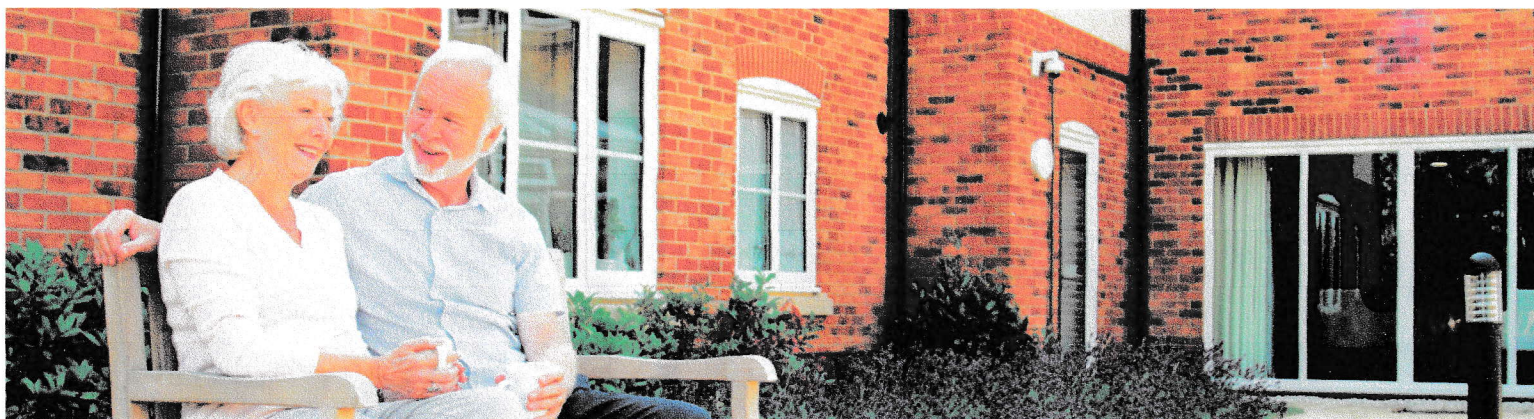
Homeowners typically have more freedom to make decisions about their property and renovations.

COMMUNITY

Rental communities may have a greater turnover of occupancy, resulting in a constant change of residents.

Owning provides a sense of permanence and security with the likelihood of longer tenure for residents.





Is Investing in an Active Adult Community a Good Idea?

Today's active adult communities can be incredibly appealing investments—amenities, ease of upkeep, seemingly low fees and often warmer weather are draws that lure seniors moving from their long-time residences. However, there are also elements that can impact the value of an investment in an active adult community.

Changing Density

Developers of these communities do so for one reason—to make money. A senior may look at a community and see easy access to all the amenities offered. They may not appreciate that the developer has the room and intention to add units without adding to amenities, thereby changing the density of the community and making a once easy-living existence more crowded.

Newer Construction

Over the past decade, seniors who purchased homes in active adult communities saw significant property value appreciation, driven by strong demand and limited inventory. However, this trend may be changing due to new constructions in these same communities. As builders develop new homes with modern features and amenities, older properties may struggle to maintain

their value. Current homeowners face two challenges: their homes must compete with brand-new properties at similar price points and likely won't experience the same robust appreciation rates seen in previous years. In fact, some properties may even decline in value as buyers show a preference for newer construction.

The Arc of the Baby Boom

The Baby Boom generation has 78 million members, with the largest number born between 1957 and 1961. Think of this population like a mountain—rising to a peak and then declining.

This pattern affects housing demand in a crucial way: the older adults in this group (born in earlier years) will likely have an easier time selling their homes because there are more buyers than in the later years of the generation. Younger members—born

after 1961—might face challenges when they want to sell because there are fewer potential buyers born after them.

What this means is that as this generation ages and the number of potential buyers decreases, home values might not grow as much as expected—or could even decline.

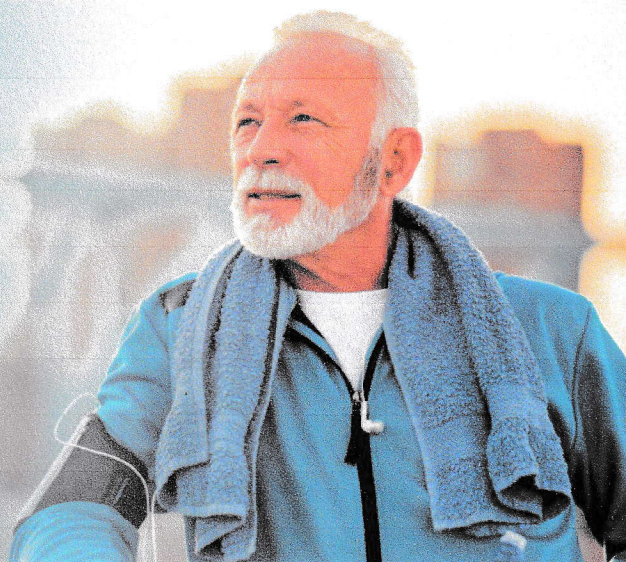
Restrictive Rules

Every active adult community has different rules. That can involve vehicles—the number allowed and where they can be parked. Residents under the age restriction are disallowed. If there is an adult child who needs to move home for a period, a senior in a community with an age restriction can be faced with an issue. Knowing all the rules up front will be important. 📋

MY STORY: One Senior's Journey

As a divorced, active 71-year-old man, I'm exactly the type of person an SRES® serves.

After some periods of loneliness, a friend suggested that I explore active adult communities whose built-in social connections might benefit me. So, I embarked on a journey.



I had always owned a home, but I wanted to try this before I invested, so I decided to rent.

I started by looking online. I found websites that aggregated properties, offering basic information about bedrooms, bathrooms, in-unit washer/dryers, parking, pool and price. But not much about the soft side—community. My search showed websites of individual properties that varied in detail and appeal.

I also saw that I would likely pay 10–25% more per square foot than a traditional apartment.

All the communities I looked at were newer construction. The units seemed small—2-bedroom apartments between 700 and 1000 sq. ft. This would be a change; I was used to a multiple of that. But many were well-appointed with built-in closets, kitchens with in-cabinet touches, large walk-in showers, full-sized washers and dryers, and more.

After visiting half a dozen, I chose a 4-story courtyard building in a nearby suburb. I loved that the courtyard overlooked a nice central area with a decent-sized pool, a large hot tub spa, a communal barbeque area and gardening stations for each resident. Units in other communities looked out on rooftops, parking lots or HVAC equipment.

I liked the offerings: indoor assigned parking, a great fitness room, complimentary continental breakfast with fresh fruit, hard-boiled eggs, yogurt, cheese, baked goods, fancy coffee and a choice of juices. And activities: trivia, cards, improv, arts, guest speakers, two happy hours each week, multiple things going on each day.

I signed a one-year lease.

A year later, I moved out. Here's why.

Many of my friends thought I had moved to an "old folks' home." I quit telling dates where I lived because it was clearly not appealing. Perhaps not an issue for everyone, but it became one for me.

It was very cliquey. Small groups. Gossip. Lots of "you can't sit with them." Geez. Grow up. And it felt as if no one ever ventured out.

Over the course of the year, amenities started changing: two happy hours became one, mixed drinks became wine, appetizers became pretzels, hard-boiled eggs disappeared and fresh fruit turned into fruit cups. Improv lost its outside instructor.

Then, this locally owned community was sold to a conglomerate. Staff was reduced, and rents were about to increase. The value for which I was once willing to pay a premium diminished.

I moved away to a neighborhood in the city. Younger. Noisy. Kind of funky. The loneliness? Pickleball and therapy. The people I left behind—nice folks—seem happy there. But before someone is guided toward the outward appeal of an active adult community, it may be valuable to help them understand whether that's what they really want. 🏠