Challenges and Opportunities
Senior Housing Development

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Session Information

- The Ecumen Story – Who we are
- Ecumen’s Age Wave Study
- Current Senior Housing Snapshot
- Customer demographics and future housing plans of Boomers
- Challenges and Opportunities for the future.
Yesterday
Today
Our Mission

We create HOME for older adults wherever they chose to live.

Vision

We envision a world in which aging is viewed and understood in radically different ways.

Brand Promise: Innovate Empower Honor
Ecumen Quick Facts

- $160 million in annual revenue (Owned and Managed properties)
- 5000 units of housing and services
- Honored for the past 7 years as one of the "Best Places to Work" in Minnesota.
- Provide consulting and development services nationwide.
- Currently Operate:
  9 continuum Care Campuses
  17 Long- Term Care Properties
  70 Senior Housing Properties
  5 Home Care Agencies
- Employ more than 4,000 staff and 10,000 volunteers
- $72 million (283) units under construction in 4 locations and 3 states.
Ecumen Communities
Age Wave Facts

- In 1950, Minnesota had nearly 69,000 people 65+. By 2030, we will have nearly 1.3 million boomers over the age of 65.

- For the first time in history, people age 65+ will soon outnumber children under the age of 5.

- In Minnesota, from 2000 to 2030, the 65+ population will double from 12.2% to 24% of the total state population – 1 in 4 Minnesotans will be 65+

- In Minnesota, from 2000 to 2050, the 85+ population will nearly triple from 90,000 to 250,000 people.

Aging isn’t partisan. Nor does is discriminate. We’re all growing older. And we’re in this together – from beginning to end.

Kathryn Roberts
CEO & President | Ecumen
AGE WAVE FACTS

The “Young Old” 65-74

The first wave of aging Baby Boomers reached full retirement age in 2011. For the next 20 years, 74 million Boomers will retire. This means that 10,000 new retirees will be added to the Social Security and Medicare rolls each day.

The “Old” 75-84

1 in 10 individuals over the age of 65 and nearly half of those 80 and older suffer from Alzheimer's or dementia.

- The ‘Oldest-Old 85+
  - 5.3 million people have Alzheimer’s
- 7th leading cause of death
- $172 billion in annual costs
- 10.9 million unpaid caregivers
2010 Department of Human Services / Minnesota Board on Aging Boomer Survey*

Current Situation
- 93% Own their home
- 88% Single Family Homes
- 77% Live with spouse
- 14% Live alone

Future Plans
- 52% plan to stay in current home 10+ years
- 27% plan to live in same home 20+ years
- More prevalent in outstate Minnesota than in 7 county area

Future Living Arrangements for Boomers planning to move within 10 Years:

Reasons for Moving:
- Home characteristics (41%)
- Better Location – New place, new climate, freedom to travel (33%)

Their next home:
- Single level living (68%)
- Plan to own it (69%)
- Considering apartment (10%)
- Senior only apartment (6%)

*3800 people surveyed
Types of Senior Housing

The Senior Housing Continuum

Social Model

- Single Family Home
- Townhome or Apartment
- Age Restricted Independent Townhomes, Apartments, Condominiums, or cooperatives

Medical or Clinical Model

- Traditional Assisted Living
- Skilled Nursing Facility
- Enhanced Assisted Living and Memory Care
- Fully or Highly Dependent on Care
- Independent Housing
- Senior Housing Product Type
Impact of Economic Recession

- Greatest occupancy impact has been on ownership segment without services
- Entry Fee CCRC’s have experienced the greatest difficulty in attracting new residents
- Independent seniors are delaying moving into senior housing
- Age of seniors at all service levels is increasing
- Average age at entry for Assisted Living is now mid/late 80’s
- Average age at entry for independent is now early 80’s
Current Development Conditions

Pipeline of product declined with the recession significantly, but is now picking up with the wider variety of available financing

New product is outperforming and surpassing older dated product

Existing providers are expanding and there are a number of new developers

Financing is more readily available but equity requirements remain at 20-25%
Desirable site and location Characteristics

High proportion of people age 75+ with lower penetration rates

Site Characteristics vary with service level but generally close to:
- Retail Goods and Service
- Health Care Facilities
- Places of Worship
- Community Facilities
Age Demographics by Housing Type

- Active 55+
- Adult, Few Services – 70+
- Independent with Services – 75+
- Assisted Living – 80+
- Memory Care – 75+ (but may serve younger if afflicted with Alzheimer's)
Challenges

• Metro Area Continues to have opportunities, but some markets are nearing temporary saturation

• Senior population figures will decline before increasing due to the Depression Era babies currently 70 to 80

• The first baby boomers will not reach service-enriched senior housing for at least another 10 years.

• To attract Baby Boomers we will need to reinvent senior housing to meet their demands or they will stay at home.
Challenges

- Improvement in the senior housing market is tied to the general housing market.
- Most independent seniors need to sell their homes to move to senior housing.
- Assisted Living and Memory Care are slightly less affected by the economic recession, but households are considering other options such as home health.
- Inexperienced developers moving into the market need to partner with an experienced health care provider.
Opportunities to reinvent Senior Housing:

- Shift away from traditional nursing homes
- Build places seniors are proud to call “Home” and want to bring their friends
- Build “communities” without walls
- Offer Lifelong learning opportunities, Fitness classes and outdoor sports, and travel
Boomers and Senior Housing

“At every encounter with tradition and convention, Boomers have challenged and remade the established way of doing things.” (Generation Ageless, Smith and Clurman 2007)

• What will they “do” to senior housing and how will we anticipate their needs and demands to gain their business?

• Not “senior housing”
• Move up, not down