



KORMOS AND COMPANY LLC
STRATEGY • FEASIBILITY • DEVELOPMENT

Attracting the younger 'senior' – Lessons from Home Builders and Developers



July 31, 2014

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Agenda

- A bit about me
- Here Come the Boomers
- Too young for a retirement community?
- What is Active Adult Housing?
- What do Active Adults Want?
- Attracting the Younger 'Senior'
- Pricing Models
- Building for the Active Adult Market

Kormos and Company LLC

Strategy, Feasibility, Development

- **Over Thirty Years Experience**
- **Certified Woman Owned Business**
- **NYS HCR approved Market Analyst**
- **Senior Housing, Long Term Care and Healthcare**
- **Services:**
 - Strategic Planning
 - Market Feasibility
 - Financial Feasibility
 - CON's and licenses
 - Direct Market Research (surveys, focus groups)
 - Development Planning and Coordination
 - Approvals
 - Project Management
 - Grant writing (wrote over \$46 million in HEALNY grants)

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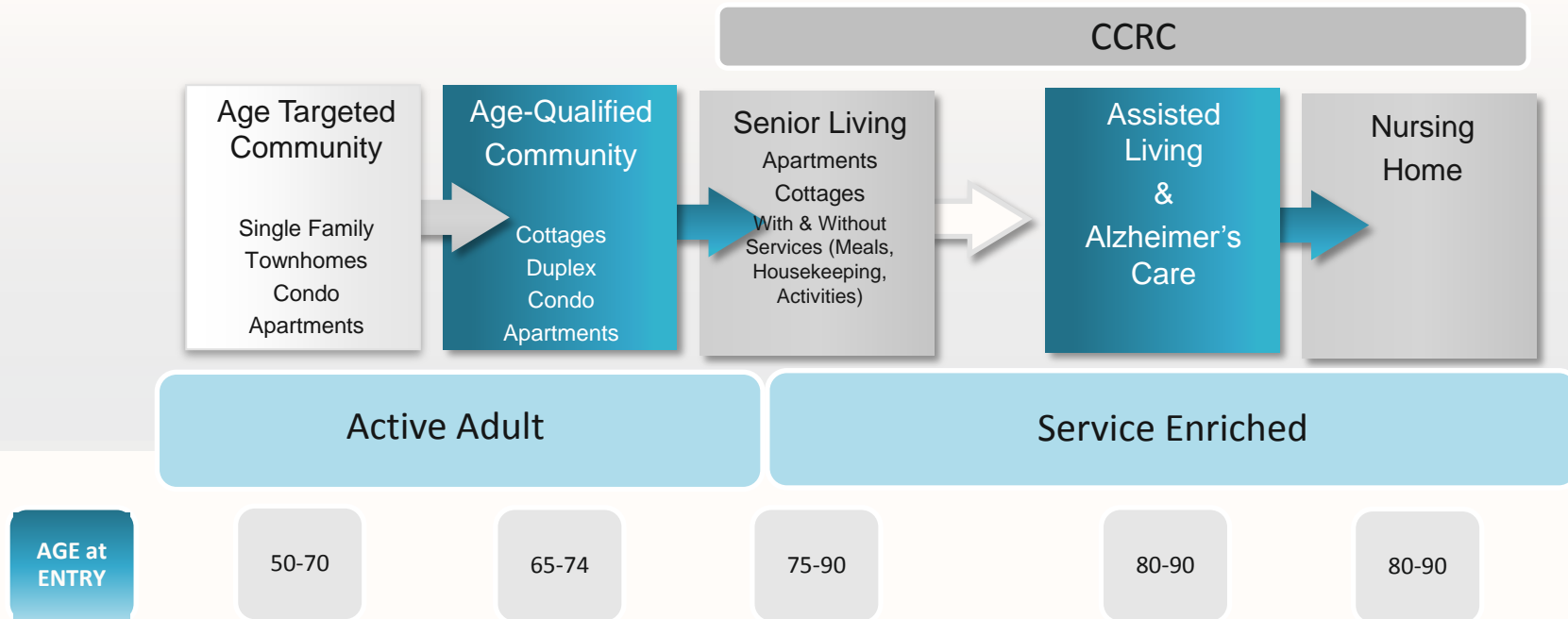
Education

- BA from Mount Holyoke College, South Hadley, MA
- MS from Northeastern University, Boston, MA
- MBA from Northeastern University, Boston, MA

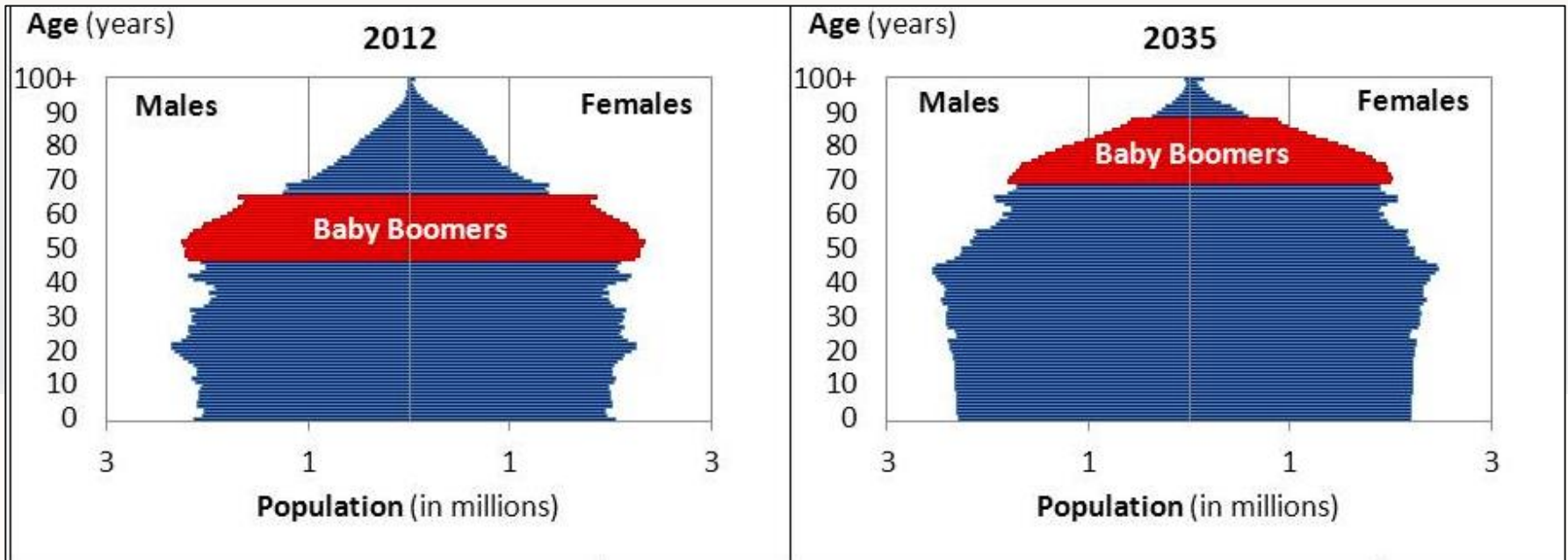
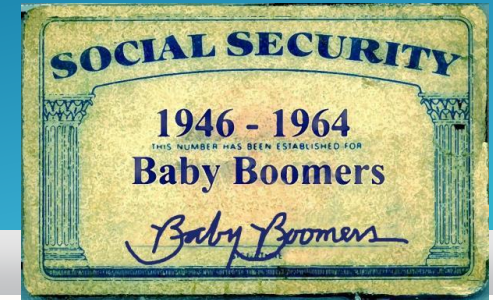
Background

- National Medical Care – Business Planning
- VHA Development (now Greystone Communities)– Real Estate Feasibility & Development
- Baylor Health Care System – Market Research & Planning
- First Columbia – Healthcare, Senior Housing, Commercial Real Estate Planning & Development
- Kormos and Company –Planning, Feasibility & Development

Continuum of Housing and Services

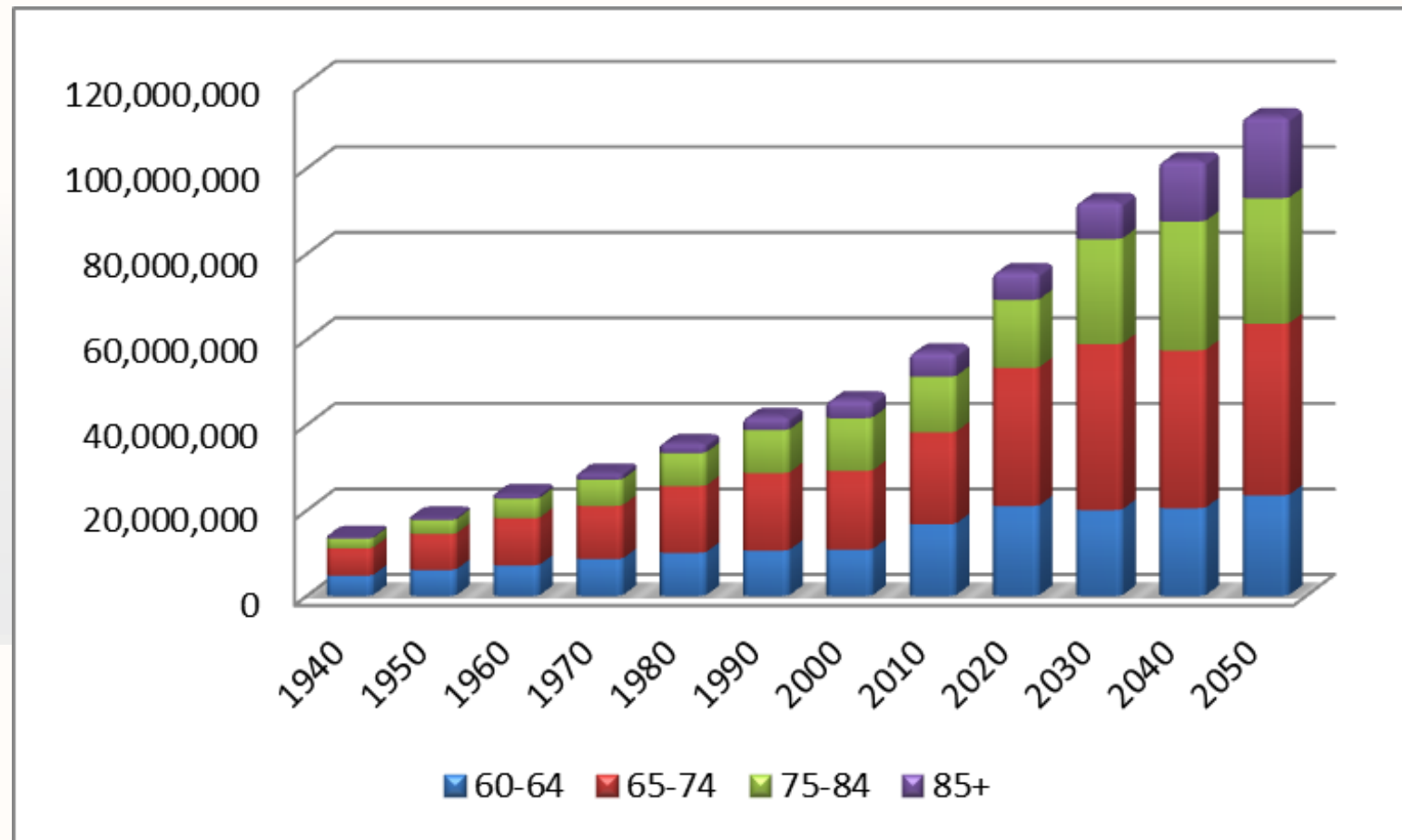


Here Come the Boomers



Source: US Census

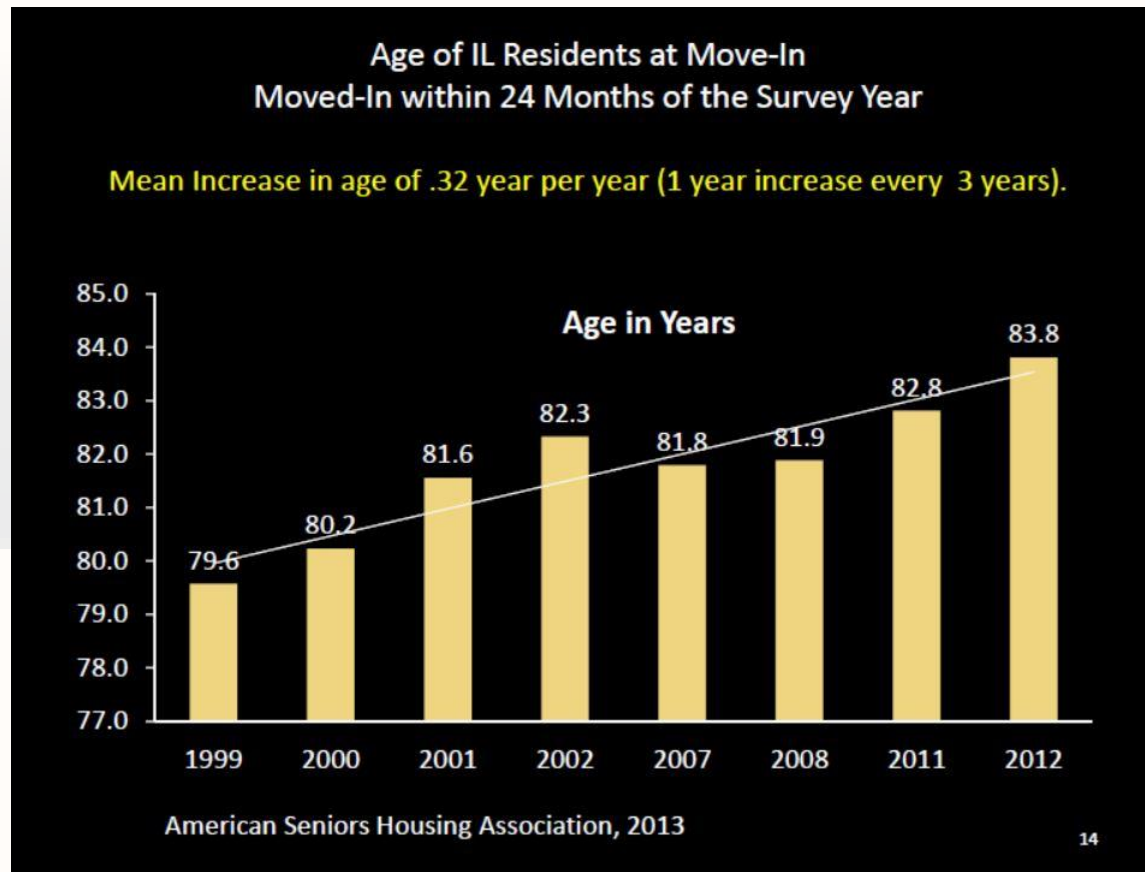
US Population Age 60+



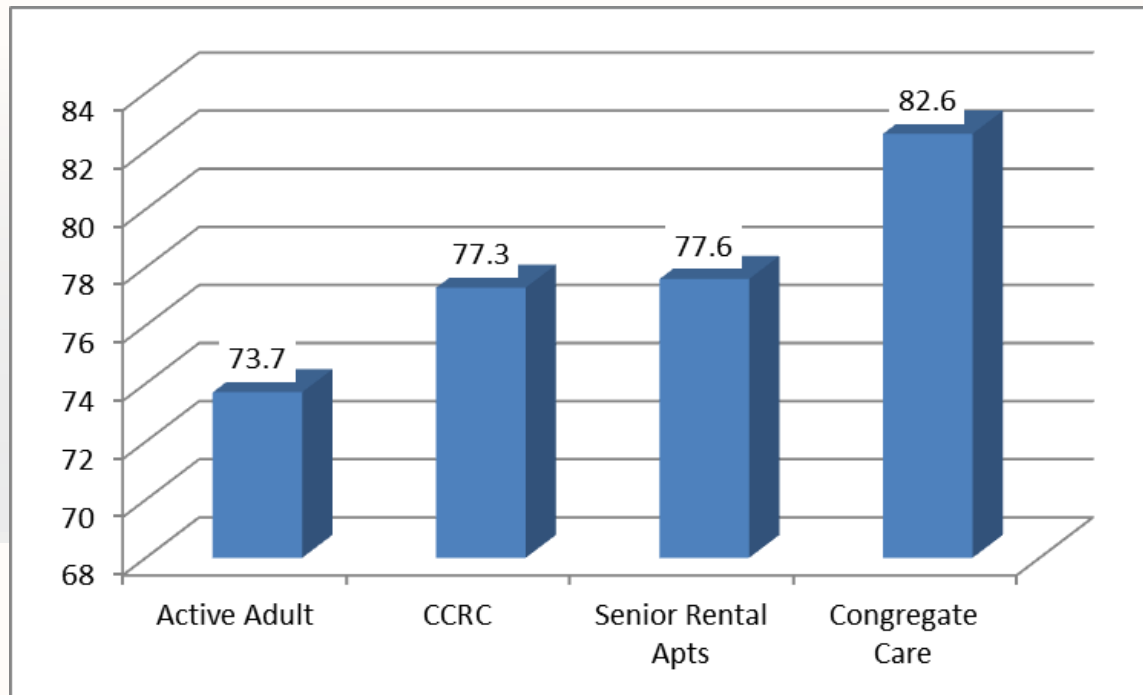
Source: US Census

Too Young for a Retirement Community?

Age at move in has been climbing

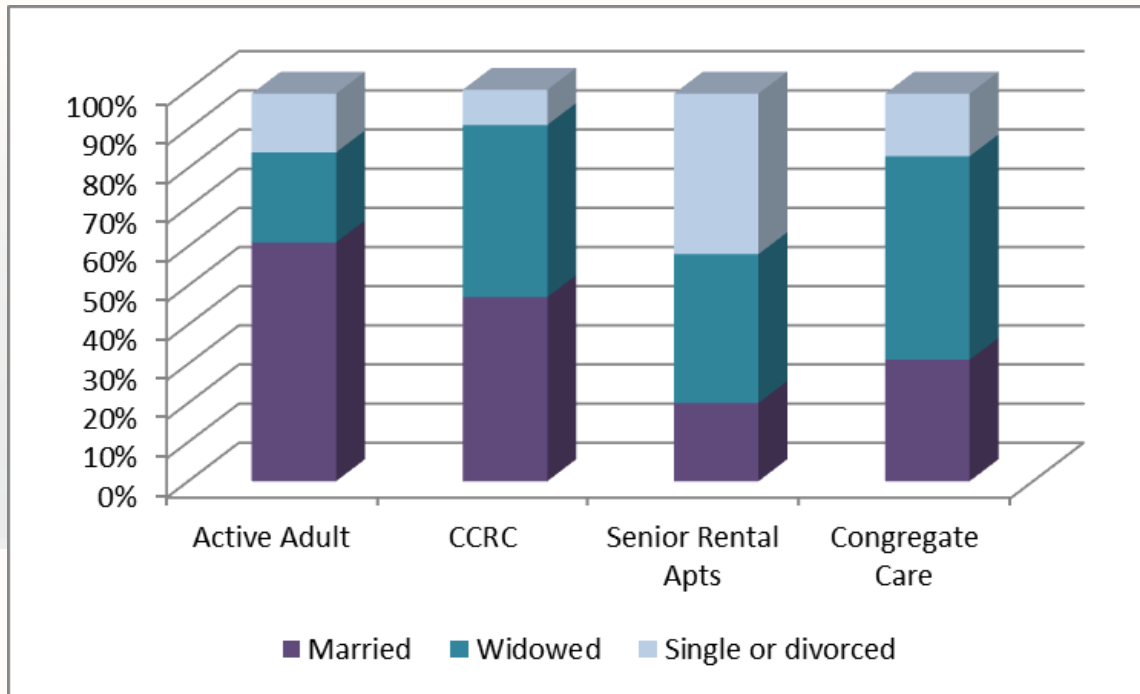


Average Age



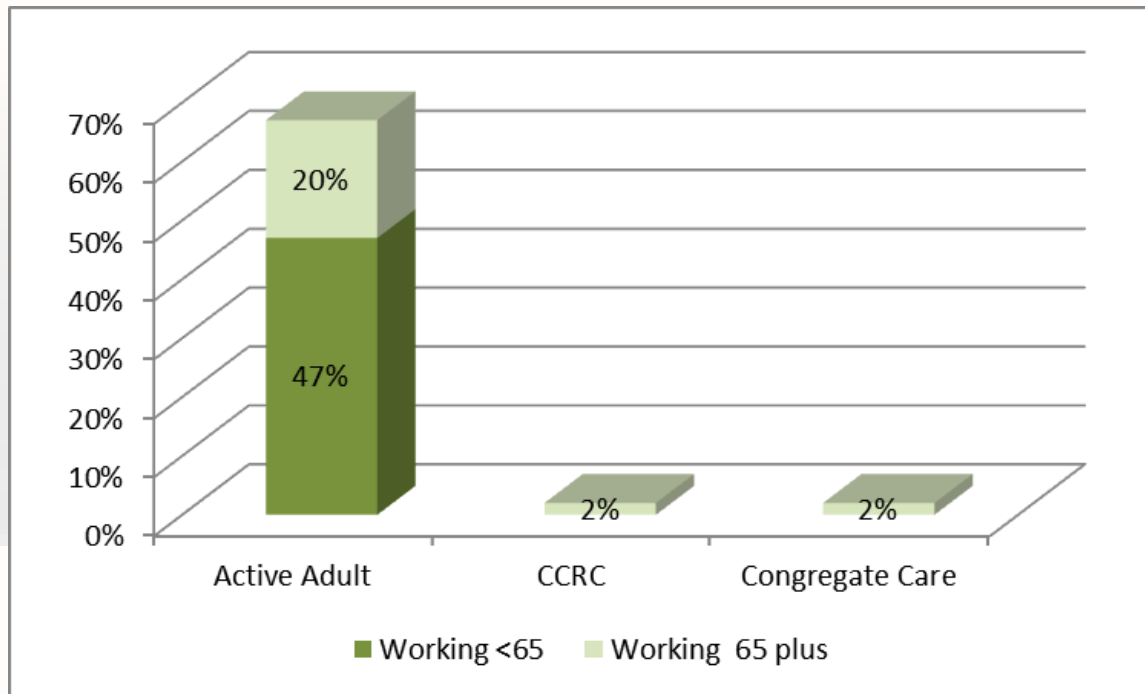
Understanding Seniors Housing: Demand, Choices and Behavior, 2003

Marital Status



Understanding Seniors Housing: Demand, Choices and Behavior, 2003

Still Working?



Understanding Seniors Housing: Demand, Choices and Behavior, 2003

Active Adult Communities

- Independent lifestyle
- Single-family homes, town homes, cluster homes, mobile homes, and condominiums
- Amenities such as a clubhouse, golf course and recreational spaces
- Outdoor maintenance is included in the monthly homeowner's association or condominium fees
- No increased care as the individual ages

Two Types of Active Adult Communities

- Age Restricted community
 - Restricted to adults at least 55 years of age or older
 - Fair Housing Act of 1988
- Age-targeted community
 - Markets to persons 55-years-of-age and older

CCRC vs Active Adult Community

Why someone moves to a CCRC?

- Want lifetime security of knowing that health care is available
- Want the convenience of services and amenities all under one roof
- Don't want to move again

Why someone moves to an AAC?

- Want homeownership but a smaller home with less maintenance
- Want a neighborhood with no children and lots of social activity
- Want to live closer to their children

What do 'Active Adults' Want?

- Autonomy and Choice
- Maintenance Free Living
- Universal Design
- Energy Efficiency
- Wellness
- Family Involvement
- Community Engagement
- Walking
- Technology



Active Adult Market Segments

- 40% want to relocate to low-density housing in a suburban or exurban location;
- 40% want to live in a resort or other non-metropolitan location — including college towns;
- 20% express an interest in high-density product in urban and urbanizing suburban locations.

Source: National Home Builders Association

A Significant Share of the Housing Market

- About 20% of all new homes will be built for or bought by people 55 and older
- 14% of the recent movers in the current housing market are 55 or older. (2011 American Housing Survey)
- Boomers and seniors were 21.8% of the existing home market and 24.3% of the new home market
- They represented 27.4% of the new production home market, and 17.3% of the new custom home market

Source: National Home Builders Association

Who's Building Active Adult Communities?

JENSEN
communities®
Get in on the good life.®

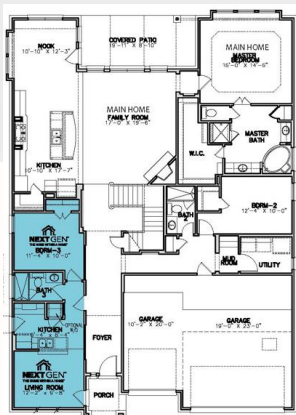


THE
BEECHWOOD
ORGANIZATION



Ryan
Homes

Del Webb®



LENNAR



NEXTGEN®
THE HOME WITHIN A HOME®

Warwick Grove
A RETURN TO VILLAGE LIFE



Toll Brothers
America's Luxury Home Builder®

THE MICHAELS GROUP Builder & Developer

Strategies to Attract Younger Residents

Choice is important: residents want to have options

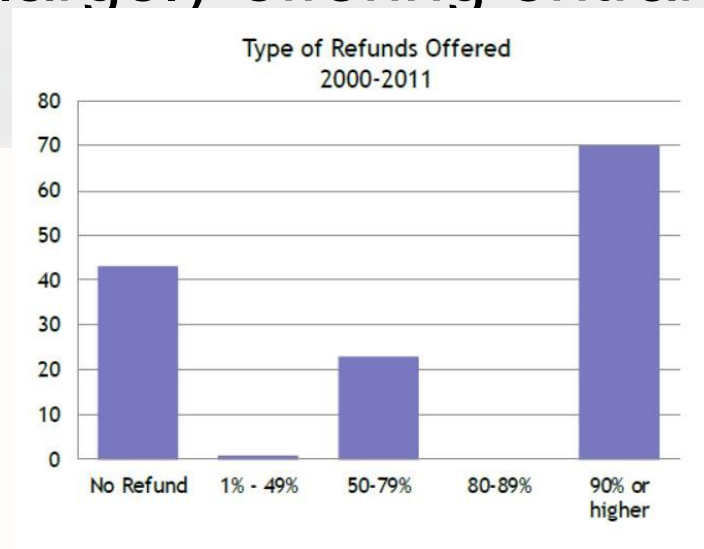
- Unbundle services
 - At one Greystone community that began offering a select-services plan, the average age of a move-in shifted down to an average 72, from 78 and increased the number of couples
- Spa and wellness services offered to non-residents
 - Third-party “upper-end branded” spa that set up shop within the community
- Program coordinator who does nothing but organize wellness events
 - When someone moves into a Greystone community, the program coordinator will work with them for the first 60 days to establish a wellness routine

Other Strategies to Attract Younger Residents

- Concierge Services
- Outsourcing meals to a restaurant
- Coordinating volunteer opportunities
- Barber shops
- Office spaces with shared receptionists
- Dog parks
- Playgrounds for children

Pricing Strategies

- Entrance fee model - median stay 91.9 months
- Rental CCRC independent living - median stay 52.3 months
- New communities largely offering entrance refundable fees



Consider Equity Options

- Residents purchase the home and upon resale, a percent of the gross selling price (typically five to ten percent) is returned to the sponsor
- Ten percent of the original purchase price goes to the sponsor, and at resale, the sponsor charges a six percent commission on ninety percent of the sale price
- Other models allow for a straight “refund” of the purchase price (typically from 90 to 95 percent) by the sponsor. This places all of the risk on the sponsor, and is more typically found in cooperative models

Hands Off Resale Option

- Some communities adopt a very straight forward and “hands off” approach, and resale of the unit is entirely in the purview of the homeowner.
- The homeowner typically sells the unit through a realtor and is responsible for all associated fees.
- Future purchasers must meet age, income and (sometimes) health requirements
- Original sponsor does not become more involved in the transaction and there is no return to the sponsor.

Should You Build for the Active Adult Market?

- Is land available on your campus for a new distinct neighborhood or can you acquire property?
- How many income qualified active adults in your market area?
- Existing and future competition
 - Include age restricted and age targeted
- Is there sufficient market to support a new community?

Contact

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