Housing the Boomers: Design-Targeted Market-Rate Apartments
Wednesday, 9:30am
FIGURE 6  Compared with Other Age Groups, the Number of Americans 65 and Older Will Change Most Significantly

PROJECTIONS OF THE CHANGE IN POPULATION BY AGE GROUP, 2010 TO 2050

Source: U.S. Census Bureau, 2008.
Housing the Boomers: Design-Targeted Market-Rate Apartments
Housing the Boomers: Design-Targeted Market-Rate Apartments

Average Monthly Rents by Senior Market Segments

- Rents are typically 40% to 50% of independent living rents
- Average independent living product is ~20 years old and functionally obsolete

### Housing the Boomers: Design-Targeted Market-Rate Apartments

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Rent</td>
<td>+30%-50%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>+20-30%</td>
</tr>
<tr>
<td>Lease Up Pace</td>
<td>8-10 units per month (vs 15+)</td>
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<tr>
<td>Tenure</td>
<td>4 years or more (vs 24 months)</td>
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<tr>
<td>Average Age</td>
<td>70 (vs 37)</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>+25%</td>
</tr>
<tr>
<td>Design &amp; Engineering</td>
<td>+90%</td>
</tr>
<tr>
<td>Unit Finishes</td>
<td>+20%</td>
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<tr>
<td>Return on Cost (Stabilized)</td>
<td>7% or better (vs 6%)</td>
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</table>
Housing the Boomers: Design - Targeted Market - Rate Apartments
Housing the Boomers: Design-Targeted Market-Rate Apartments

@ApartmentWire
#NMHCresearch
Housing the Boomers: Design-Targeted Market-Rate Apartments
• Baby Boomers are 65% of residents so far, the rest are older
• Average age of 70, right on target
• 50/50 split between married and single.
• 76% of applicants are from Pennsylvania, almost exclusively from the nearby suburbs. 12% are from the city itself.
• 10% of applicants are from Florida, Texas and Arizona.
• 62% of leased units are larger while only 36% of the unit mix.
• Highest average credit score in the BMC portfolio (723).
REMINGTON SENIOR APARTMENTS  
Rancho Mission Viejo, CA  
Sares-Regis Group

EMERALD ISLE SENIOR APTS  
Placentia, CA  
Sares-Regis Group
AZULON APARTMENTS – Costa Mesa, CA

214 Units
50% 1 BRM
10% 1 + Den
40% 2 BRM

28.3 DU/AC
1.24 Spaces/DU
# TOP AMENITIES OUTSIDE OF THE COMMUNITY

<table>
<thead>
<tr>
<th>Amenities</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Grocery stores</td>
<td>64%</td>
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<tr>
<td>Restaurants, cafes</td>
<td>59%</td>
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<tr>
<td>Nature</td>
<td>56%</td>
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<tr>
<td>Walking trails</td>
<td>55%</td>
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<tr>
<td>Shopping (other than for groceries)</td>
<td>50%</td>
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<tr>
<td>Natural water feature</td>
<td>48%</td>
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<tr>
<td>Farmers’ market</td>
<td>47%</td>
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<tr>
<td>Parks and green spaces</td>
<td>42%</td>
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<tr>
<td>Fitness center</td>
<td>42%</td>
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<tr>
<td>Swimming pool</td>
<td>40%</td>
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</tbody>
</table>

**SOURCE:** Margaret Wylde – Pro Matura Group, LLC
AERIAL VIEW

PASEO TO SHOPPING
AVALON – 736 SF

- PATIO
- LIVING 12' x 22'
- DINING
- BEDROOM 11'-2" x 12'
- WARDROBE
- COAT
- PANTRY
- LINEN
- KITCHEN
- ENTRY
- STACKED W/D
- REF.

@ApartmentWire
#NMHCResearch
SANTA CRUZ – 780 SF

PATIO LOCATION MAY VARY

STORAGE

PATIO

17' x 13'-6"

DINING

LIVING
13' x 11"

KITCHEN

10'-6" x 13"

BEDROOM

ENTRY

BATH

WARDROBE

W/H

PANTRY

F/R

H/W

STACKED W/D

LINEN

@ApartmentWire
#NMHCresearch

NMHC 40
HOUSING THE BOOMERS
AMERICA’S AGING POPULATION AND THE FUTURE OF HOUSING

Quinn W. Eddins
Managing Director, Research and Analytics Services
Greystar
BY THE MID-2020s, NEARLY 17 MILLION MORE PEOPLE WILL BE AGE 55 OR OLDER

55+ Population by Age Group

2016: 91 Million
2025: 107 Million

BABY BOOMERS ARE WEALTHIER THAN PRIOR GENERATIONS

Household Net Worth by Head of Household's Birth Year

Baby Boomers: $33 Trillion

FOR SENIORS, OWNING A HOME IS NOT AS ATTRACTIVE AS IT USED TO BE

Senior Homeownership Rate
(65+ Years Old, Rolling TTM Average)

Avg since ‘95 = 80.0%

OVERTURE

55+ active adult apartment homes

Modern apartments with designer finishes

Resort-style amenities, activities & services
OVERTURE: APARTMENTS
OVERTURE: AMENITIES

Over 12,000 square feet of amenity space
- Concierge services
- Elevator accessible floors and enclosed, air conditioned corridors
- Great room for large gatherings, dining and events
- Coffee Bar and Bistro
- Demonstration kitchen for cooking classes, guest chef and wine pairing events
- State-of-the-art fitness center
- Yoga studio
- Hair and nail salon
- Movie theater
- Billiards and game room
- Resort-style heated pool with Jacuzzi
- Outdoor kitchen and grill stations
- Cool and tranquil courtyards
OVERTURE: PROGRAMMING

Fitness
- State-of-the-Art Fitness Facility
- Yoga and Tai Chi Classes
- Bocce Team
- Water Aerobics Classes
- Virtual Training

Wellness
- Nutrition Classes
- Safety Seminars
- General Wellness Classes
- Spa Treatments and Beauty Services

Creative
- Cooking Classes
- Wine Pairing Events
- Guest Chef Demonstrations
- Art Classes (Painting, Jewelry-Making, Scrapbooking, etc.)
- Crafts (sewing, knitting, quilting)
- Book Club
- Drama Club

Education
- Computer and Software Courses
- History Courses
- Ancestry Research
- Estate Planning Courses

Social
- Happy Hours
- Yappy Hours (at the Dog Park)
- Potlucks
- Cooking Classes
- Movie Nights
- Game Nights
- Holiday Parties
- Off-site Sporting Events
- Day Trips
# OVERTURE: PROGRAMMING

## March 2018

<table>
<thead>
<tr>
<th>Sunday</th>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
<th>Saturday</th>
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<td>10:30-11:30 Tai Chi</td>
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<td>5-5 Move (Charades)</td>
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<td>7-9 Movie (The Wedding Date)</td>
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<td>4 1-5 Dallas Quilt Show $10 4-5 Bridge</td>
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<td>6 9-10 Walking Club 9-10 Happy Hour 10-11 Yoga &amp; Balance 11-11:30 Balance &amp; Meditation 12:30-12:45 Lunch &amp; Learn Mental Health 4-5 Happy Hour</td>
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<td>8 9-12 Smoothie Bar 9-10 Walking Club 9-10 Happy Hour 10-11 Yoga &amp; Balance 11-11:30 Balance &amp; Meditation 12:30-12:45 Lunch &amp; Learn Mental Health 4-5 Happy Hour</td>
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HOUSING THE BOOMERS
AMERICA’S AGING POPULATION AND THE FUTURE OF HOUSING

Philip J. Martin
Senior Vice President
Waterton
ACTIVE ADULT - DEFINED

LIFESTYLE. WANTS. NEEDS

Residential
Hospitality
Healthcare

NOT “Age-Restricted”, “55+”, a “Facility”...and certainly not “Seniors Apartments”

PROPERTY TYPES BY SERVICES PROVIDED
ACTIVE ADULT - DEMAND

- Demographics (size of senior living population, health/life expectancy)
- Changes in lifestyle, care/services/amenities needs and wants
- Limited existing alternatives
- Relative affordability
- Wealth management
- Improving housing fundamentals
- Increasing consumer awareness
ACTIVE ADULT - POTENTIAL RISKS

1. Lease-up
   a. Demand often not “need” driven
   b. Demand often dependent on the sale of home...and what to do with all our stuff?

2. Obsolescence and related expenditures
   a. Physical plant
   b. Amenities and programming

3. Affordability

4. Not meeting evolving resident “wants” and “needs”

5. Over and/or under amenitizing

6. Labor

7. Not properly integrated with local community, culture, etc.
SENIOR LIVING OUTPERFORMS WITH LESS VOLATILITY

10-year average annualized total returns, through 2017

Seniors Housing: 10.4%  -  Multifamily: 6.1%  -  NCREIF NPI: 6.1%

Senior living rent growth higher and less volatile, relative to other CRE