

NIC Releases Report on Housing Demand, Choices and Behavior

Research Shows All-Ages Rental Apartments Are Significant Competition to Seniors Housing

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ANNAPOLIS, Md. – A new report issued by the National Investment Center for the Seniors Housing & Care Industries (NIC) shows that rental apartments – and not the familiar “aging in place” – are among the seniors housing industry’s biggest competitors. The report found that households who do not move to seniors housing do not necessarily remain in their homes. Instead, they often downsize and leave their “roots” by moving to apartments in non-age restricted communities. Some eventually do move to seniors housing. The report also found that seniors who live in age-qualified housing are happier than those who live in all-ages neighborhoods.

Copies of the new report, *Understanding Seniors Housing Demand, Choices and Behavior: Insights From the AHEAD and HRS Studies*, can be purchased for \$75 by calling NIC at 410-267-0504 or visiting the bookstore section of the organization’s Web site, www.NIC.org. ProMatura Group, LLC of Oxford, Miss., led by Dr. Margaret Wylde, prepared the report and compiled the data on behalf of NIC.

The report provides investors and operators with a range of insights into the decision-making process, preferences and experiences of seniors when they consider moving to new housing. The report utilizes data from the University of Michigan Health and Retirement Survey (HRS) and a companion study, the *Asset and Health Dynamics Among the Oldest Old (AHEAD)*.

NIC conducted an in-depth analysis – from a seniors housing perspective – of 13,000 households and more than 22,000 occupants that were included in the University of Michigan studies. Interviewed every two years, residents answered questions on topics such as health, living environments, housing expenses, and sources of personal income. The most significant conclusions in *Understanding Seniors Housing Demand, Choices and Behavior: Insights From the AHEAD and HRS Studies* are that seniors tend to move into market-rate all-ages apartments at a greater rate than to seniors housing, and that age-qualified residents receiving congregate care and assisted living services are substantially less depressed and less lonely than people of the same age renting in all-ages communities.

These insights offer seniors housing owners and operators major selling points, while identifying opportune times to attract potential customers, according to NIC. First, when an individual initially moves from their all-ages neighborhood home, either from desire or need. The second opportunity comes when an individual, having already moved initially, is then required to move again due to a need for care.

This is particularly applicable to the 80+ households, especially given the additional NIC finding that those living in age-qualified housing report greater satisfaction with their healthcare. The report found that seniors residing in all-ages housing were more likely to

believe that they will need to move from their current homes should they require substantial care, and those who live in market-rate all-ages rental housing are far more likely to believe that safety in their neighborhood is poor or only fair. For operators, the challenge is persuading potential customers they may be happier and less likely to move a second time by moving into seniors housing in the first place, according to the report.

“The report contains a wealth of data, charts and graphs that lenders and operators can use when marketing their properties,” said Robert G. Kramer, president of the Annapolis, Md.-based NIC. “For example, the fact that many seniors are moving to apartments means marketers now have two opportunities to reach them – when they are deciding to downsize and sell their homes, and after they have been in their new apartments for a period of time,” he said. “These are tremendous selling points that can help market a seniors housing community. Operators can benefit greatly from understanding this information, all of which is detailed in the report.”

The finding that a greater proportion of those living in age-qualified communities are happier than those who own or rent in all-ages neighborhoods gives marketers a “better mental health” message to emphasize. “This speaks directly to the quality of the product and will help adult children feel more comfortable in persuading their parents to consider moving into a seniors community,” Kramer said.

The report also showed that some seniors typically use part of their assets to supplement their income in order to cover their housing expenses, a finding that NIC has previously reported in other studies, Kramer said. As people age, they typically spend more money than they generate, meaning developers should not use income as the sole qualifier for an individual moving into a retirement community. Developers also need to look at how prospects will be able to monetize their homes and other assets before moving to seniors housing.

Additional key findings from Understanding Seniors Housing Demand, Choices and Behavior: Insights From the AHEAD and HRS Studies:

- Residents living in age-qualified housing reported that they were “very satisfied” with their healthcare in comparison to those who lived in all-ages housing.
- Respondents in age-qualified housing who own their home (for example, in a continuing care retirement community) or pay a market rate rental fee enjoyed as much or more positive mental health than respondents who own their homes or rent in all-ages neighborhoods, despite the fact that age-qualified housing respondents had more physical limitations than their all-ages housing counterparts.
- Nearly half of all age 50+ respondents had physical limitations and difficulty stooping, kneeling, or crouching, indicating the importance of designing an environment that accommodates differences in abilities.
- A greater proportion of owners in age-qualified housing believe they can continue living in their own homes even if they need substantial care in comparison to those in all-ages neighborhoods.

About NIC

Founded in 1991, the National Investment Center for the Seniors Housing & Care Industries is a nonprofit, educational forum providing information about capital formation and business

strategy for the seniors housing and care industry. Proceeds from the annual conference are used to fund research on issues of importance to the industry. For more information about the Annapolis, Md.-based NIC, its research or annual conference – now in its 13th year and scheduled next for October 15-17, 2003, in Washington, D.C. – visit www.NIC.org or call (410) 267-0504.

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***Attention seniors housing and care, business and financial editors: To register for conference media credentials, contact Renee Tilton at (410) 626-0805 or rtilton@crobymarketing.com. ***

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