



THE NEW ACTIVE ADULT HOUSING

*And how senior living providers can
thrive in a 55+ world*

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Photo by Christopher Mayer



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KEY TAKEAWAYS

“This is not your daddy’s Sun City.”

Those are the words of an active adult housing provider in the Southwest, and though he was referring to one specific property type that his company builds, his statement applies to the new active adult, 55+ space now at play.

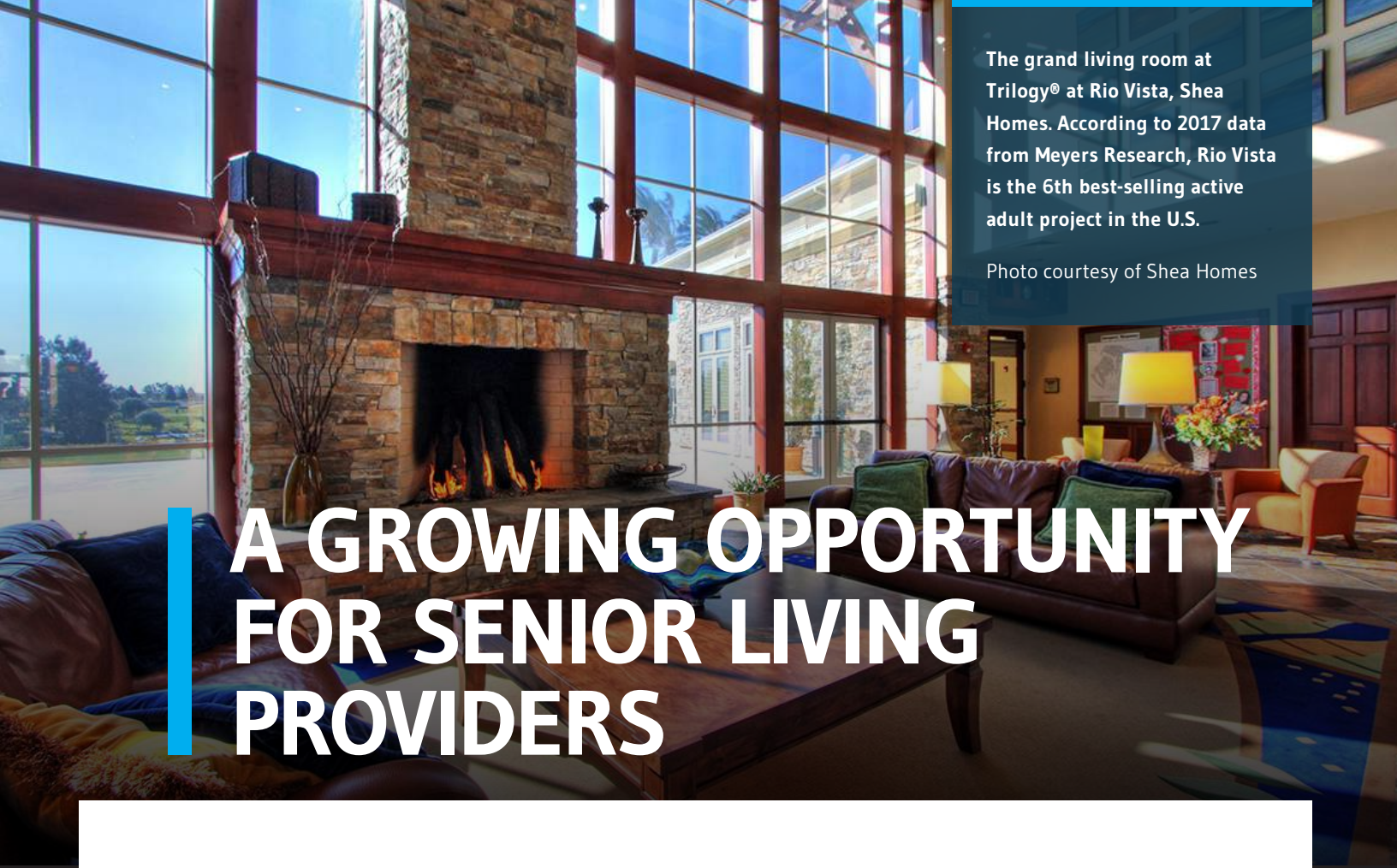
In both sales and rentals, both single-family housing and apartments, the active adult space is beginning to fill the gap between consumers who have turned 55 and consumers who require independent living services. Traditional senior living providers are even entering the space because the sheer number of potential residents makes not doing so a “missed opportunity.”

To meet the rise of this new active adult, senior living providers can use this report to learn:

- No care component exists within active adult, which might be an avenue for traditional senior living providers to lay claim to the space
- How to adjust their care offering to serve the apartment rental population between the ages of 55 and around 75
- The little-known battle for residents and resources between active adult and independent living
- What specifications the experts in active adult are using in both rental apartments and single-family houses
- The must-have amenities to attract consumers — and which ones drive consumers away
- How to serve the next generation of active adults once the baby boomers age out

For active adult providers, the key word to describe the space is “lifestyle.” That positions active adult as the counter to the care-based housing in traditional senior living. And with seniors living longer and growing frailer later in life, lifestyle is a word, and a space, that traditional senior living providers would be wise to explore.





The grand living room at Trilogy® at Rio Vista, Shea Homes. According to 2017 data from Meyers Research, Rio Vista is the 6th best-selling active adult project in the U.S.

Photo courtesy of Shea Homes

A GROWING OPPORTUNITY FOR SENIOR LIVING PROVIDERS

A great deal of confusion and ambiguity exists around the definition of the active adult housing and development type, as well as the term itself. We'll call it "active adult" throughout this report, but some in the space use 55+ and or age-restricted to describe the style of 55-and-over housing.

No matter the term one uses, there is one easy way to think about this space and its purpose and place within the market compared to the traditional independent living, assisted living, skilled nursing and memory care. And it's this:

Active adult is not care-continuum housing. It is **lifestyle housing.**

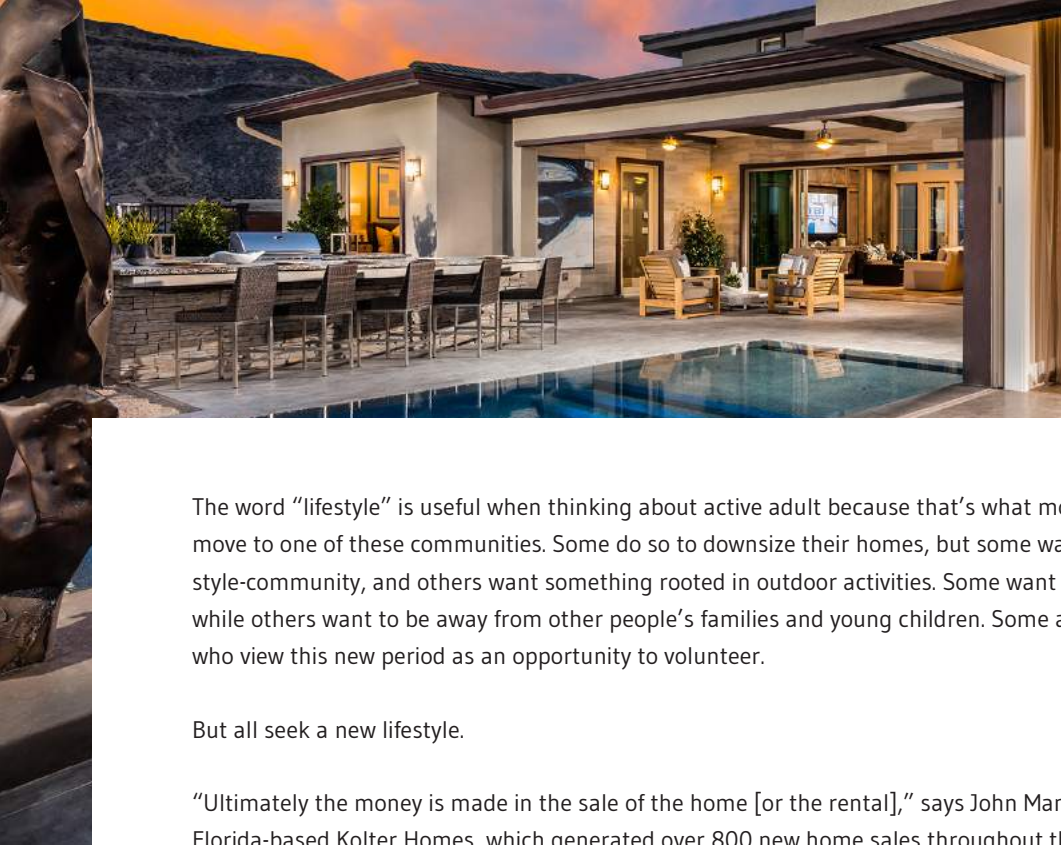
Active adult is not care-continuum housing. It is lifestyle housing.

"'Lifestyle' is certainly a good way to phrase it," says Manny Gonzalez, principal at Irvine, California-based KTG Architecture + Planning. "[The communities are] about lifestyle and the social activities and what the community does to engage the residents."

Lifestyle communities for older adults, typically over 55 years old, date back to the 1960s and Del Webb's Sun City, Arizona community. While active adult communities aren't new, they are now spread across every state with a diversity of offerings accounting for differences in resident age, background, whether they are retired, whether they plan to retire and activity interests.

"This is the beauty [of active adult] — if you want to golf, there's a community for you, and if you are not at all into golfing but you want the social aspect, there are communities for that," says Paul Bessler, vice president of strategic market research for Scottsdale-based homebuilder Taylor Morrison, which offers communities in nine states in multiple regions. "People don't retire and just play. That's the old group."





KTGY Architecture + Planning, Regency at Summerlin in Las Vegas. This view from the backyard reveals multiple indoor/outdoor rooms that allow homeowners to take advantage of the local climate.
Photo by Christopher Mayer

The word “lifestyle” is useful when thinking about active adult because that’s what most residents are seeking when they move to one of these communities. Some do so to downsize their homes, but some want to upsize. Some want a resort style-community, and others want something rooted in outdoor activities. Some want to be closer to their own families, while others want to be away from other people’s families and young children. Some are working, and some are retirees who view this new period as an opportunity to volunteer.

But all seek a new lifestyle.

“Ultimately the money is made in the sale of the home [or the rental],” says John Manrique, vice president of marketing at Florida-based Kolter Homes, which generated over 800 new home sales throughout the Southeast in 2017.

“At the end of the day... what ultimately sells the home is the community and lifestyle the people are going to enjoy from it,” he says.

The customers in this space are, generally speaking, people 55 years and older who do not yet have a care need that would necessitate moving to independent living or assisted living — a move most people don’t make until their 80s. Serving this massive customer segment is the reason both forward-thinking traditional senior living providers and all-ages developers are looking into active adult.

“The demographics are such that to not offer this product is probably a missed opportunity,” says Jeff Hinkle, senior vice president of Scottsdale-based Shea Homes, which works in active adult under its Trilogy® brand.

“Just the pure number of people out there searching for age-qualified and/or lifestyle offerings ... is attractive,” he says. “And in a lot of places, the supply is such that there is room for incremental offerings.”

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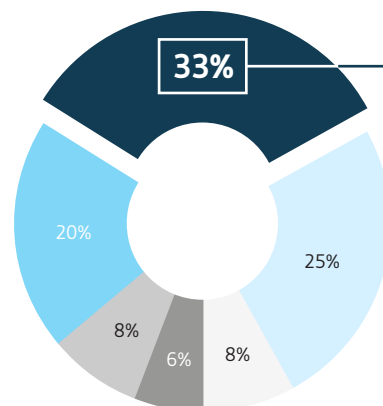
Jeff Hinkle

Senior Vice President, Shea Homes

Significant consumer gap between active adult and independent living

According to a 2013 study of 6,858 independent living rental customers, conducted by American Seniors Housing Association and ProMatura Group, only 6% of IL rental customers are under the age of 75. The largest percentage of these residents, 33%, are between the ages of 85 and 89.

This is the consumer gap that the new active adult looks to fill.



The highest percentage of IL rental customers are aged 85 to 89 — or three decades older than the youngest residents in active adult.

AGE GROUP

- <75
- 75 - 79
- 80 - 84
- 85 - 89
- 90 - 94
- 95+

