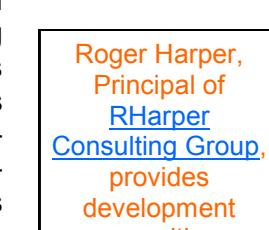




# **RHarper Consulting Update**

## **Senior Housing Trends for 2013**



2013 is now upon us and, as with every new year, we consider the “new” trends that may affect our businesses and organizations. The senior housing industry is experiencing a recovery that, although not quite as robust yet, parallels the overall recovery in the housing market. Our prospects are still feeling the effects of the recession in both retirement savings and their peace of mind. The uncertainty created by the recession is slower to resolve itself with seniors but, ultimately, seniors’ willingness to make housing changes is what drives our business.

The recovery is underway. Barring further bad news, it should continue well into 2014 – and these trends bear watching as the economy grows stronger:

**Increased activity by for-profit providers** – 2012 saw a relatively increase in new development activity by for-profit operators and developers. This activity is primarily being fueled by REIT-supplied capital driving current operators to expand into new markets. This sector of new development is focused primarily in assisted living, memory care, and skilled nursing facilities. Many of my contacts in design firms have commented recently on how much new business they did with for-profit operators in 2012, and continue to do as we move into 2013.

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**CCRC without walls** – Progressive, not-for-profit CCRC operators have been embracing this emerging trend and starting up pilot programs or full scale implementation. Clearly, there is a demand for this product, and it is a “win – win” for seniors and CCRC operators. Being able to extend your brand to seniors not currently occupying a unit in your community while providing more scale for the CCRC’s home health, activities, and other ancillary services provides benefits for all the parties. Now that the pioneers have paved the trail and shown some success with the programs, more will follow and advance this trend.

**Aging-in-place** – Allowing residents to remain in their apartments, with the facility providing an ever increasing load and array of services, is becoming even more popular. This attractive concept and is being embraced, not only by seniors and their families, but by regulators as well. Many communities are actively studying implementation of this model. Its long-term viability and the effect of an ever increasing median age and acuity level on new resident acquisition are still being evaluated, but clearly, the industry is intrigued by the concept.

**Naturally occurring retirement communities (NORC)** – A NORC is an apartment or small subdivision that becomes a de facto retirement community as a result of its attraction of and occupancy by a large segment of seniors. While the community may not have a formal age restriction, in effect the community is only attractive to seniors. Community-based or commercially available services are provided on an ad hoc basis, helping NORCS provide a lower cost alternative for many seniors as traditional retirement communities continue to increase in price.

The trends outlined above are based upon my continual observations, discussions, and research of the industry literature. Many of these have been emerging for several years, and I expect them to become even more important through 2013; I welcome your feedback on these and other initiatives and activities in our constantly changing industry.

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*RHarper Consulting Group provides development consulting, program management, and owner representation services focused on the senior living and mixed use sectors. In addition, Mr. Harper is also a listed mediator and arbitrator providing dispute resolution services for the construction and real estate industries.*

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