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Boomer Building Boom



By Jennifer S. Evans
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If U.S. Census Bureau estimates prove true, the number of seniors (people 55 and older) living in Texas will increase dramatically in the next quarter century. In 2025, seniors are expected to make up 16 percent of the total Texas population, up from 11 percent estimated for this year. Nationally, 13 percent of the population is 65 or older. This upsurge will result in increasing demand for seniors housing.

The American Seniors Housing Association (ASHA) reports seniors housing construction rose 30 percent nationwide in 1999. The 65,879 units under construction represented a 3 percent increase in total supply of seniors housing units. Assisted living communities represent the largest portion of new seniors housing, with 68 percent of new units. The number of continuing care communities grew 44 percent in 1999, with 17,748 units under construction. Nationwide, average occupancy rates are at 96.2 percent for congregate care facilities, 95.7 percent for assisted living facilities and 97.3 percent for continuing care facilities.

Texas had 45 new seniors housing construction projects in 1999, ranking third in the nation behind California and Florida. Dallas was fourth among the nation's metropolitan areas with 17 seniors developments under construction.

Numerous existing seniors communities in Texas already offer alternatives to the norm in seniors housing, and many more units meeting baby boomers' demands for a new, more active style of retirement living are in the works. The majority of new developments are in the suburbs of Houston, Dallas and Austin, consistent with trends showing that seniors do not want to move far from their pre-retirement homes, quality health care services and their children.

Del Webb's 5,500-acre Sun City in Georgetown is a prime example of a new-style seniors development, offering 18 holes of golf along with numerous other amenities. A 42,000-square-foot Village Center includes indoor and outdoor pools, a fitness

Major Seniors Housing Developments

Development	Developer	Location	Number of Housing Units
Sun City Georgetown	Del Webb	Georgetown	9,500
Robson Ranch	Robson Communities	Northlake	7,500
Heritage Ranch	U.S. Home Corp.	Fairview	1,144
Bellavita	R. West Development	Pearland	650
Heritage Lakes	U.S. Home Corp.	Frisco	600

Source: Local newspapers and company reports

center, a ballroom and ample entertainment opportunities. Single-family homes in Sun City range from \$97,550 for 940 square feet to \$285,950 for 3,150 square feet. Robson Ranch, located between Fort Worth and Denton, is another retirement community in the early stages of development. About 300 homes per year are scheduled for completion over the next 24 years in this 2,775-acre development. Home prices will range from \$120,000 to \$300,000, and the community will boast three golf courses, luxurious clubhouses, several swimming

pools and other fitness- and entertainment-related opportunities for residents.

U.S. Home Corporation's Heritage Ranch in the Collin County town of Fairview is a large-scale community with features similar to those of Sun City and Robson Ranch. Home prices will start at \$140,000 and may exceed \$300,000. The corporation is also developing a smaller seniors housing community, Heritage Lake, in Frisco.

More of these types of single-family residential seniors communities are expected in Texas during the next ten years.

A comprehensive package of amenities is expected to be key to the success of these developments.

Texas is experiencing a state-wide surge in the construction of assisted living communities as well. These communities have a residential rather than institutional appearance but offer special care for those with specific needs. Emeritus Corp. recently put the finishing touches on a \$10 million renovation of Vickery Towers, a retirement community in Dallas. The four towers have 302 apartments, with rents ranging from \$1,200 to \$2,200 per month. Two of the towers are designated



A recent survey conducted by the Del Webb Corporation revealed that:

- Two million baby boomers likely will move to active adult communities like Sun City.
- Half of boomers plan to work part-time after retirement and consequently demand home offices.
- Wiring packages integrating computer, security and entertainment systems are a hot selling point.
- Great rooms are tops on boomers' design priorities; gourmet kitchens rank higher than swimming pools.
- Boomers want to retire to homes the same size as their current homes.
- Flexible spaces that can be used for recreation rooms, guest quarters or play areas are increasingly popular.

Source: Del Webb Corporation retirement poll



NEW HOUSING for seniors accommodates today's active lifestyles.

for independent retirement living, while the other two provide assisted living services. A common area houses a hair salon, party room, exercise area, meeting rooms and a gift shop.

Capital Senior Living Corporation is scheduled to join the action in Dallas with The Waterford at Richardson, a \$13.2 million, 18,000-square-foot facility for independent and assisted living with an average rent of \$1,700 a month. The company is currently developing similar projects in Fort Worth, Mesquite, Plano, North Richland Hills and Pantego, with plans for four additional projects in the Dallas-Fort Worth area.

Marriott International has developed more than 50 assisted living properties since the beginning of 1998, seven of which are in Houston. More developments are planned. The company is testing cottage-style residences housing 12 to 14 seniors and a live-in caretaker.

Many companies are capitalizing on the popularity of assisted living facilities that have a residential look. The new Belmont Village Mini-Mansions assisted living community in Houston offers an environment out of the ordinary. Seniors receive the professional assistance they need in a large well-decorated home filled with antiques and glassware. This alternative setting appeals to those who prefer an environment that reflects their personal tastes and pre-retirement lifestyles.

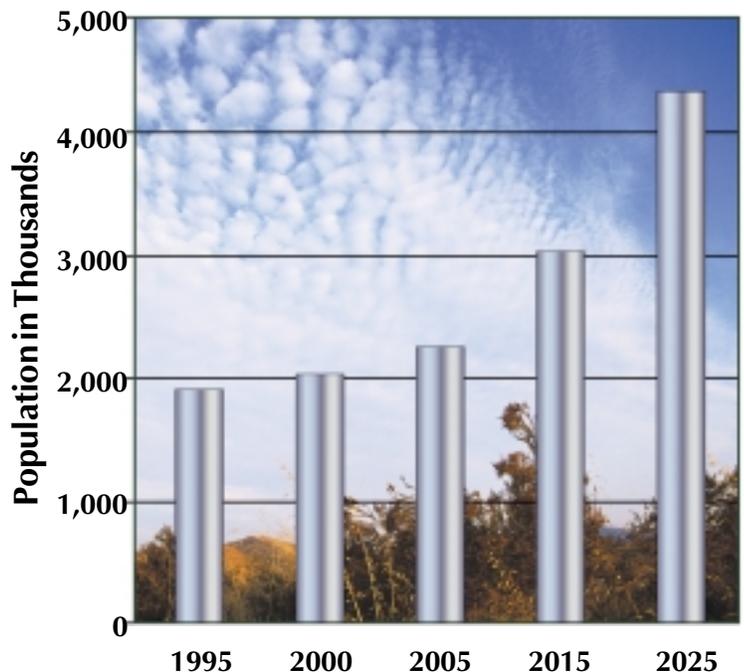
Developers also are responding to the need for specialized nursing care for seniors. Mariner Post-Acute Network has plans for two nursing facilities in San Antonio, one of which will be dedicated to the care of Alzheimer's patients and the other to subacute long-term care patients. Williamsburg Village Nursing Care Center in DeSoto and Provident Living Centers in Dallas offer specialized care for dementia and Alzheimer's patients. Williamsburg Village has proved so popular that expansion plans are imminent.

Large metropolitan areas in Texas are not the only places seeing construction activity in seniors housing. Smaller cities

are seeing a rise in the construction of assisted living communities, two of which opened in Amarillo in 1999. Additional developments are planned for Amarillo as well as Victoria and other Texas cities.

How is the investor faring in the seniors housing market? According to "The State of Senior Housing," a report recently released by PriceWaterhouseCoopers, median current returns on investment (unleveraged) are highest for congregate residences (13.1 percent) followed by assisted living residences (12.4 percent) and continuing care retirement communities (11.8 percent). Assisted living acquisition prices likely will decrease this year, as will the rate of construction of most types of senior housing, according to ASHA Executive Director David Schless. Combination housing has the lowest overall capitalization rate at 8.9 percent, compared with 9.8 percent for congregate housing and 11 percent for

Texas Population Age 65+



Source: U.S. Census Bureau

assisted living. As a whole, the seniors housing and care industry compares favorably to the multifamily and lodging industries.

As the age of Texas' population shifts upwards in the next two decades, so will the number of developments catering to the various needs of seniors. Specialized environments such as the ones just described will become increasingly common as developers strive to satisfy the demands of vocal baby boomers. ➤

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Seniors' Housing Primer



Independent Living Facility

A multifamily apartment complex restricted to people age 55 and older. Offers various services but does not have a common dining facility.

Congregate Seniors Facility

A multifamily complex limited to seniors that has kitchens in individual units as well as a common dining facility. Housekeeping, transportation and recreational activities usually are provided.

Assisted Living Facility

A complex for seniors who require assistance with common activities of daily life such as bathing, dressing and eating. Offers programs through a professional staff as well as services such as handling of personal finances, housework and

taking medication. Units may have a refrigerator, but usually not a kitchen, as residents are expected to use the common dining facility.

Skilled Nursing Facility

Also called nursing homes, these provide licensed skilled nursing care and related services to patients who need nursing or rehabilitation services. Individual units may have refrigerators but no kitchens. A common dining facility is available.

Continuing Care Community

Senior living complexes that provide a continuum of care including housing, health care and support services.

Source: *Research Issues in Real Estate* (Vol. 4): *Seniors Housing*, Michael A. Anikeeff and Glenn R. Mueller, Eds. (1998) and Real Estate Center at Texas A&M University

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