CHANCERY MONTHLY NEWSLETTER

INDUSTRY INSIGHT

This article summarizes the state of the senior living industry in 2021 from various aspects, while predicting and analyzing the industry's development trends in 2022.

Top Senior Housing Trends for 2022 - Part III

Personalization reshapes the resident experience

Streaming platforms suggest shows that subscribers might like. Retail websites prompt consumers to re-stock on their favorite products just when they're needed. Music playlists learn listeners' preferences, and ads on social media reflect users' interests.

For better or worse, this is the age of personalization. In 2022, senior living operating models will be reshaped around the need to customize the experience for each resident.

Some providers already are leading the way.

Holiday Retirement is seeking to collect and analyze data to customize residents' experiences to their interests and goals, CEO Lilly Donohue told SHN in 2021. The independent living giant is leveraging its Holiday365 tech platform to make it easier for residents to see available engagement options, sign up to participate, and share information about their favorite pursuits. The goal is to adjust each community's offerings to meet its resident base, and to increase engagement by promoting activities, programs and other opportunities to individuals in a targeted manner.

Mather is another provider focused on personalization. The nonprofit recently proposed a new wellness framework for senior living, in a report that posed this question:

"At a time when virtually everything else around us can be customized, shouldn't our wellness plan be as well?"

Mather's "person-centric wellness model" is meant to replace the typical "six dimensions of wellness" that many providers use to organize their resident experience programs. To drive the more individualized approach, Mather is developing a wellness assessment tool and is engaged in a wellness coaching initiative, envisioning that such coaches will play an important role in working with residents on their unique wellness plans.

Furthermore, new luxury communities take inspiration from the concierge-style, individualized experience that high-end hotels have traditionally delivered, based on their knowledge of frequent guests' habits and preferences.

As these examples show, personalization is now possible at any price point — from the mid-market independent living communities of Holiday to the $20,000-a-month communities opening in major metros.

In the age of personalization, providers will have to address privacy concerns as they collect more individualized information about residents. And in more moderately-priced communities, providers will have to achieve personalization without sacrificing too much operational efficiency or driving labor costs too high in order to facilitate a "high-touch" experience.

But forward-thinking providers will be solving these problems in 2022, while investing in the technology and undertaking the change management needed to meet future consumers' expectations — which are being shaped day-by-day by the likes of Netflix, Amazon and Pandora.

Active adult faces more competition from unconventional models

In recent years, the rise of active adult rental communities has been one of the major stories in senior living, and this trend will continue in 2022. But in the coming year, active adult communities will face more competition from the likes of co-living, manufactured housing and co-ops, as entrepreneurs and investors vie for the sought-after demographic of younger boomers.

Manufactured housing is a particularly hot segment, with a recent JLL report showing transaction activity and valuations at all-time highs. Soaring single-family home prices have caused consumers of all ages to consider manufactured housing as a more attainable option. Private equity capital is pouring into the space, and age-restricted manufactured housing should be an especially attractive opportunity to investors who are eyeing demographic trends and the growing middle-market demand.

With PE funds sitting on vast amounts of capital heading into the new year and uncertainty still gripping traditional senior living, expect some manufactured housing plays. The influx of capital should support innovation in manufactured housing, including more elevated amenities and perhaps even co-location with senior living properties. Investors such as Harrison Street, SmartStop and Green Courte — which already have manufactured housing and senior living portfolios — could drive the creation of next-generation manufactured housing for active adults.

While for-rent manufactured housing could be a growth market in 2022, the traditional manufactured housing model involves ownership of the housing units — and this appeals to a segment of the older adult population that is reluctant to give up home ownership. This desire also will fuel continued growth of co-op senior living.

In what could be a harbinger of things to come in 2022, United Properties recently announced intentions to triple its senior living portfolio, which includes rental active adult and co-op communities in which older adults own their homes.

Given the size and diversity of the baby boomer generation, a variety of different models can and will flourish. As more startups and innovative projects burst on the scene in 2022 and beyond, the most successful efforts will be those that meet the needs and desires of their particular consumer bases, and clearly define and market their value propositions.

Well-capitalized developers lap the competition

As 2022 begins, developing new senior living communities is an even more difficult undertaking than usual, due to supply chain disruption, high costs for labor and materials, and wariness on the part of lenders to finance projects in an uncertain environment.

These issues were cited repeatedly during the Senior Housing News BUILD event in November, where LCS Development Executive VP and Managing Director Chuck Murphy said that he expects the challenges to persist for the foreseeable future.

“The new buzzword is ‘just in case,’ instead of ‘just in time,’” he said, referring to the strategy of ordering equipment and supplies in light of uncertain delivery timelines.

Yet despite the complications and costs, Murphy and other BUILD speakers agreed that now is an ideal time to pursue development — for organizations that have the right capabilities.

One requirement is ready access to capital, with partners who understand the senior living market and are patient. Welltower (NYSE: WELL) fits that profile, and the REIT is active on the development front, including through a recently announced joint venture with Kisco Senior Living.

The current costs are not deterring Kisco and Welltower from seeking out development opportunities, because the organizations have a long timeline, Kisco's Kohlberg recently said during an SHN+ TALKS appearance.

"It doesn't scare us because we think that down the road, it'll be a full community, and we know whether prices are up, say, 5% or 10%, 10 years from now, isn't going to make that much of a difference," he said.

Welltower also is partnering on developments with Atria Senior Living, including the luxury Coterie highrises and a community in a mixed-use development in New Jersey. At BUILD, Atria CEO John Moore commented that now is the time to "step on the gas" with regard to development, in order to have new communities opening to meet the incipient demand from baby boomers.

And Welltower is not the only REIT bullish on development. Omega Healthcare Investors (NYSE: OHI) is also ready to seize the moment, with partner Maplewood Senior Living.

"Knowing that things will take longer and be more expensive, we take that into consideration when we do our underwriting, and we know that we could hit a hiccup, but I don't think that's a reason not to be developing right now," Maplewood CEO Greg Smith said at BUILD. "Being out there when there's not a lot of supply, and hitting the ground running, is something we're going to be focused on."

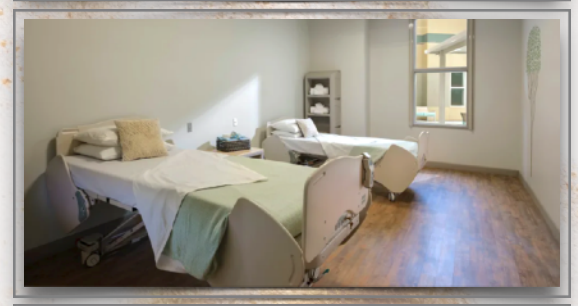
Current barriers to development eventually will ease, but in the meantime they are helping solve the oversupply problem that the industry faced prior to the Covid pandemic. In the long run, construction will ramp back up and banks will again start to finance projects involving sponsors with less senior housing experience — but the industry will benefit from the high-quality projects that will be announced in 2022 and open a few years down the line.

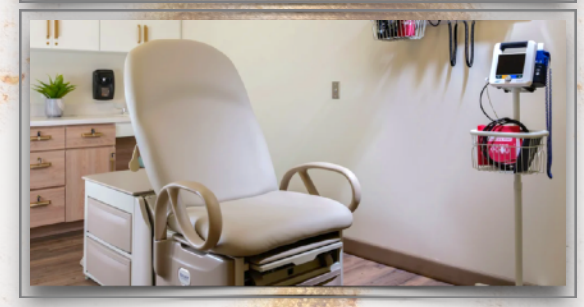
Original Article:
https://seniorhousingnews.com/2022/01/02/top-senior-housing-trends-for-2022/

Surprise Project Update

Chancery is partnered with long time Suske Capital partner, Avenir Senior Living, in the development of this 32-bed geriatric behavioral hospital in Surprise, Arizona. The Surprise Behavioral Hospital benefits from its proximity to Surprise Memory Care, which is located on the adjacent land. The Surprise Memory Care community provides referrals to the hospital, and the hospital allows for higher level of care for the existing residents of Surprise Memory Care. Below is most recent project update.

- With an increase in COVID-19 vaccine administration, operational changes at Chancery Surprise Behavioral Hospital, and reopening of the state of Arizona, Chancery Surprise Behavioral Hospital continues to show improvements.





Chancery Seniors Housing Investments Inc. is a private real-estate investment firm with a focus on seniors housing. Powered by its two strong founding partners, Suske Capital Inc. and LD Capital Corp., Chancery creates a team with the expertise and experience of over 55 years in real estate and seniors housing developments with an estimated completion value of over $5 billion.

For more information about our company and projects, please visit www.chanceryseniors.com