



# The Supply & Demographic trends driving demand for Senior Living across Ohio

OHIO ASSISTED LIVING ASSOCIATION | FALL CONFERENCE 2024



## Introductions



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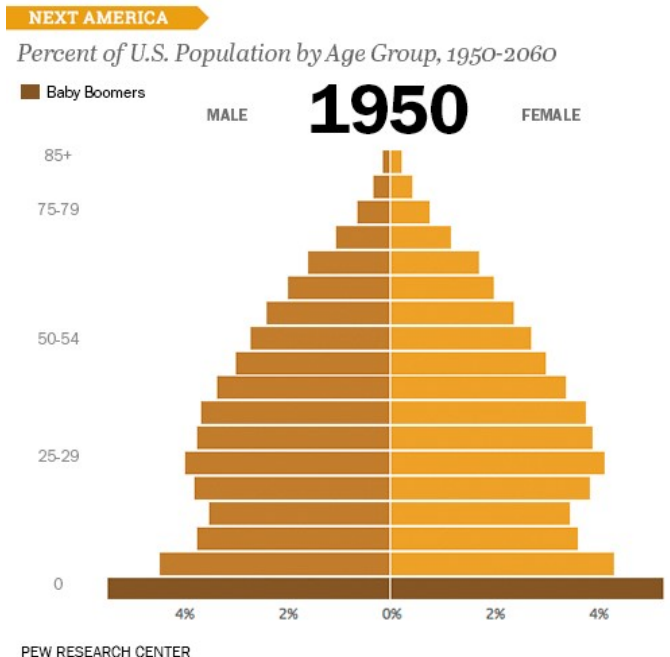
## Session Highlights

- ✓ Macro Trends
- ✓ Ohio Demographic Trends: Historical and Projected
- ✓ Senior Living Supply in Ohio
- ✓ Senior Living Demand Projections in Ohio
- ✓ Nursing Home
- ✓ Call to Action

# Macro Trends

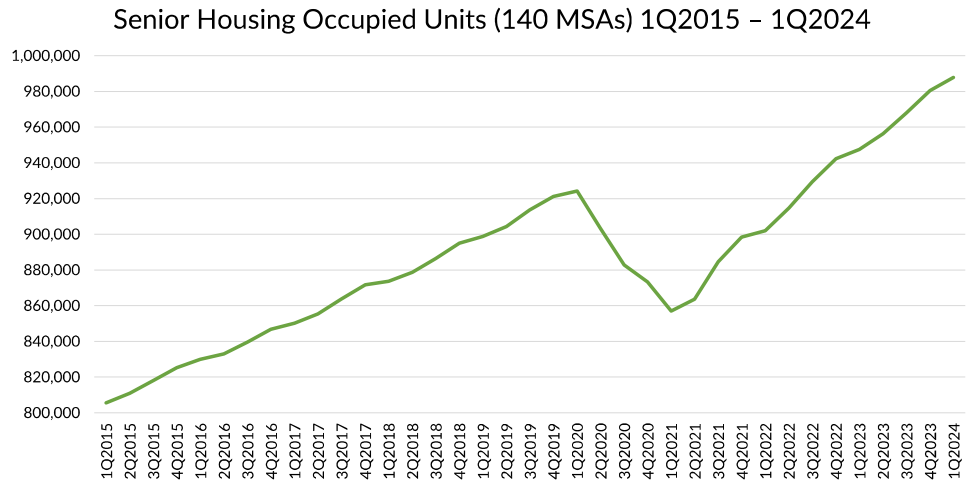
## Demographic Insights

- US Demographics shifting from pyramid to rectangle due to longer lifespans and lower birthrates.
- The 80+ population in the US will more than **double** from 2020 to 2040: 13M to 27M!
- By 2050:
  - US will have as many Americans over age 85 as under age 5.
  - **Age 100** will be commonplace
- The first person to live to 150 has been born!
- While our population is going gray, we're also becoming **multi-colored**. In 1960, the population of the United States was **85%** white; by 2060, it will be **43%** white.



# Occupied Senior Housing at an All-Time High

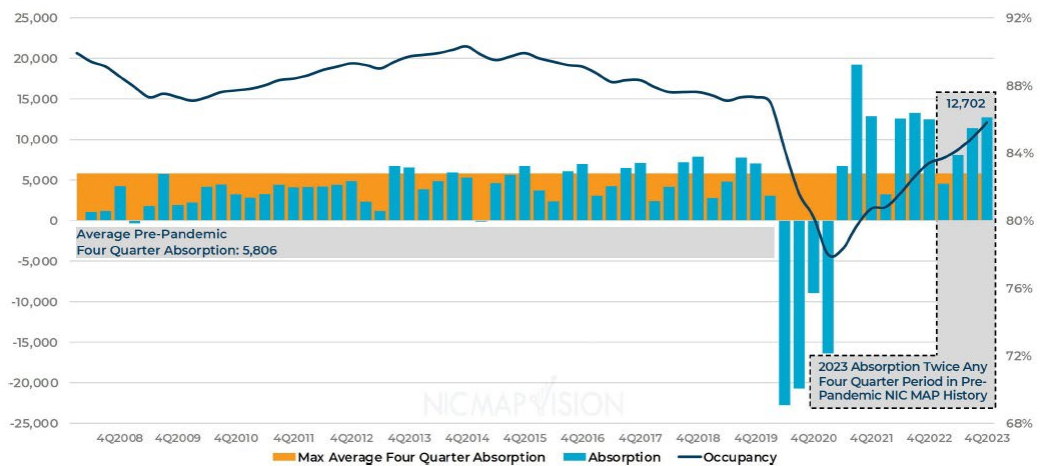
- **Occupied senior housing units are at an all-time high since NIC began tracking the top 140 markets.**
- **The Baby Boomers have not yet turned 80 years old! The first BB will turn 80 in 2026.**



Source: NIC MAP® Data, powered by NIC MAP Vision

# Record Absorption

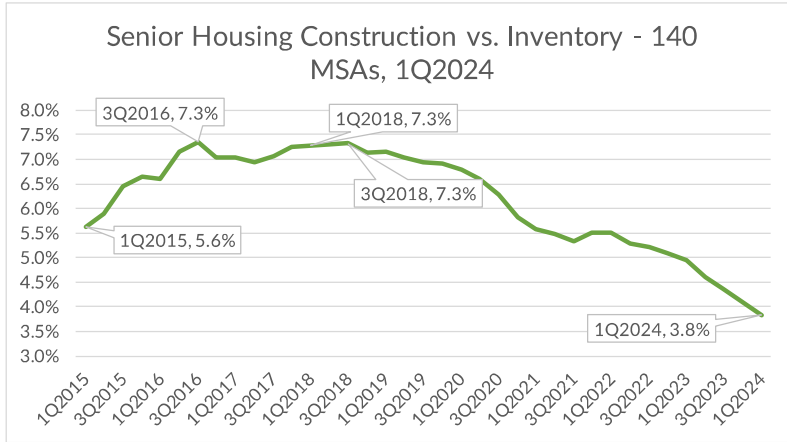
- **In 2023, absorption rates doubled any pre-pandemic four-quarter period, indicating robust demand.**
- **Occupancy growth and absorption are at historic levels and the Baby Boomers have not yet turned 80 years old!**



Source: NIC MAP® Data, powered by NIC MAP Vision, All Data from Primary and Secondary Markets.

# Senior Living Market Dynamics

## Construction vs. Inventory at an All-time Low



Source: NIC MAP® Data, powered by NIC MAP Vision

- Units under construction and construction v inventory are at an all-time low.
- For-profit providers are:
  - Out developing not-for-profits 8:1.
  - Offering new products over renovating old: 90% of for-profit development is new construction while 67% of not-for-profit development is expansion.

## Construction vs. Inventory

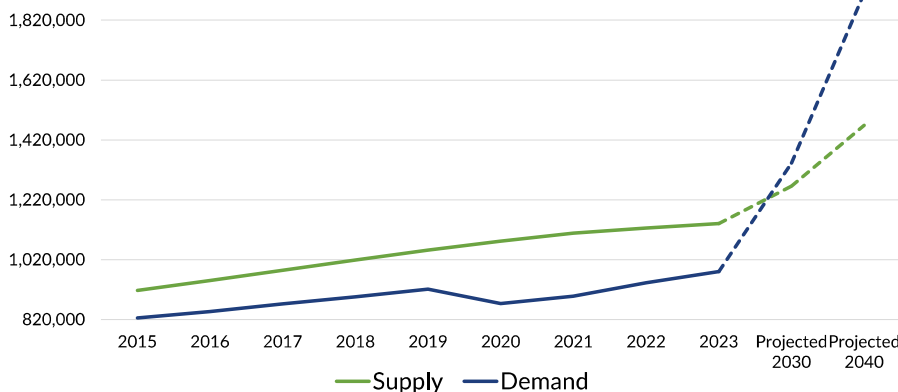


Source: NIC MAP Data Vision 1Q2024. Reflects inventory growth in Primary & Secondary Markets.

# Senior Living Market Dynamics

## Huge Demand Potential

Lagging Senior Housing Supply Growth Projections  
140 MSAs 2015 - 2040

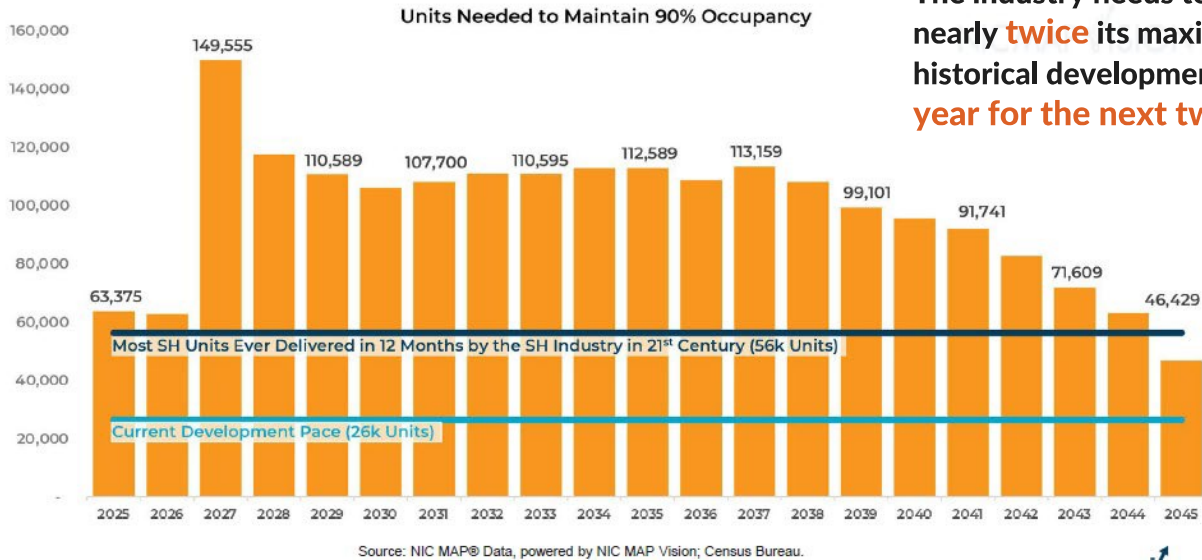


Source: NIC MAP® Data, powered by NIC MAP Vision, 1Q2024 and Plante Moran Living Forward projections

- The solid lines are actual data for the 140 markets tracked by NIC Map Data Vision. The dotted lines offer projections based on the following criteria:
- Projected Demand: Applies the 2023 penetration rate for each of the top 140 markets (defined as occupied senior housing units divided by 80+ population) to the projected 2030 and 2040 80+ population. The average penetration rate in 2023 is 10.2%.
- Projected Supply: Assumes a 1.5% annual growth rate in supply based on the rounded yearly average supply growth over the past two years.

# Senior Living Market Dynamics

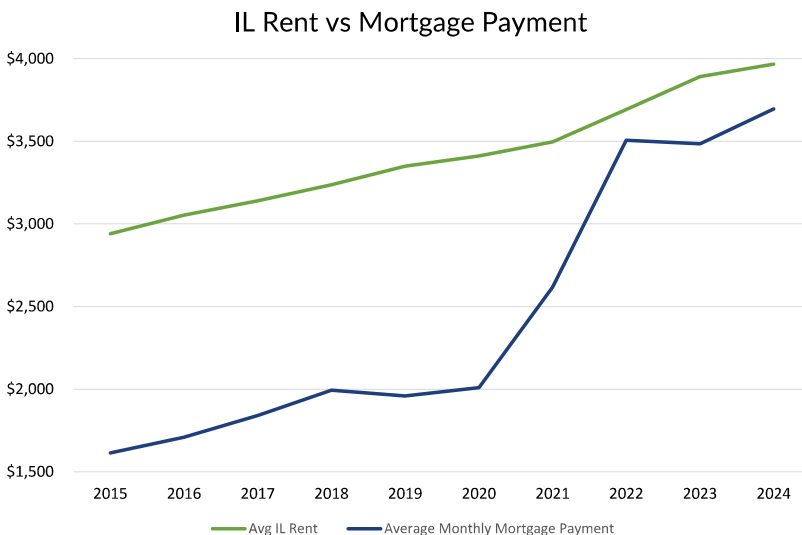
## Huge Demand Potential



The industry needs to develop nearly **twice** its maximum historical development pace **each year for the next two decades.**

Source: NIC MAP® Data, powered by NIC MAP Vision primary and secondary markets

## Affordability



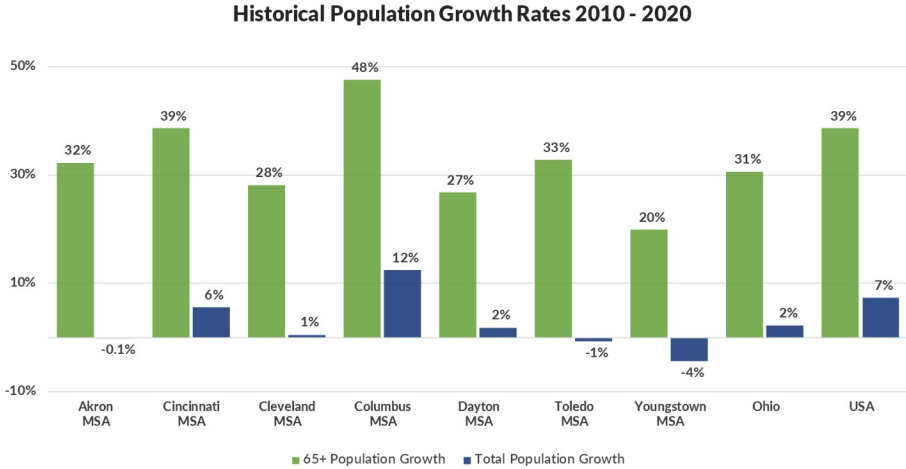
- The typical mortgage payment on a median-priced home (including principal, interest, taxes, and insurance) has risen to \$3,696 as of April 2024, roughly \$270 shy of the average rent in an independent living community.
- Before the pandemic, that gap was 5x as wide.
- These cost considerations could prompt some older adults to shift directly into independent living or a life plan community, instead of taking an intermediate step of downsizing.

Sources: teamprice.com and NIC MAP® Data, powered by NIC MAP Vision

# Ohio Demographic Trends: Historical and Projected

## Metro Population Projections

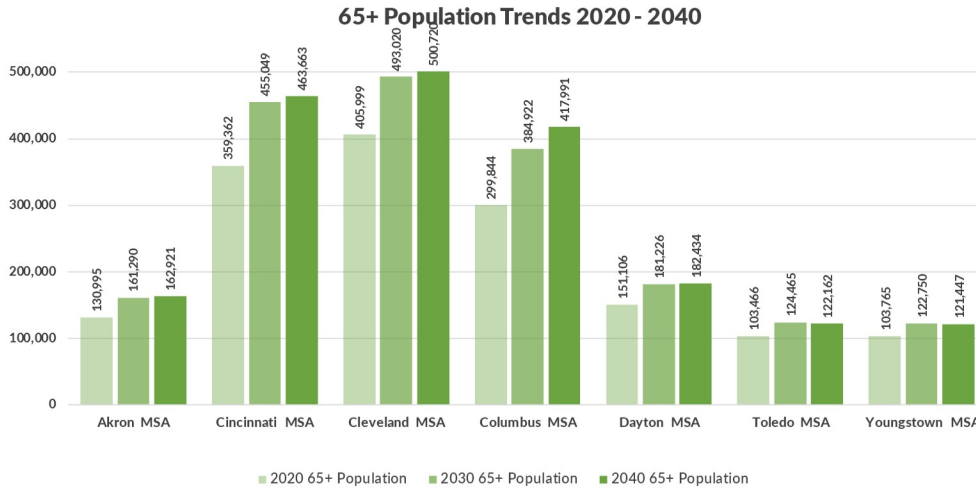
Historical Population Growth 2010-2020



Source: Claritas

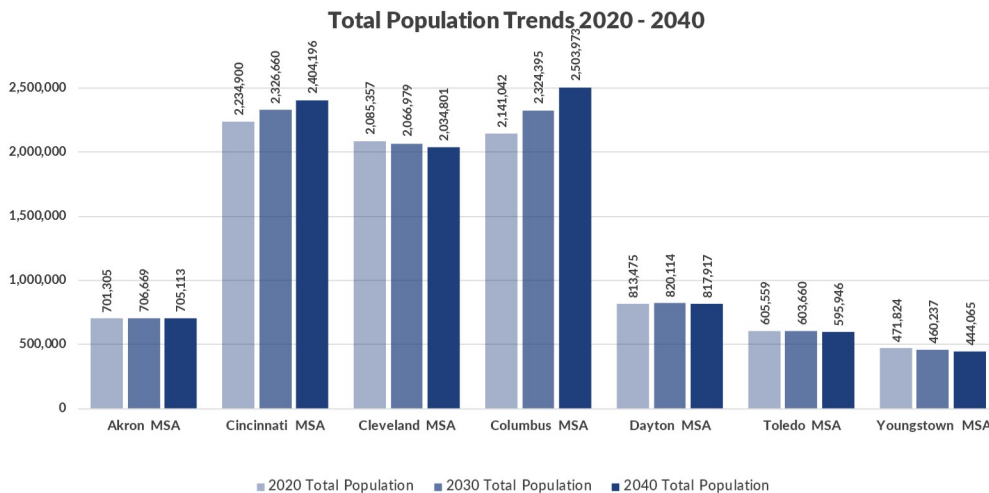
# Long Term Population Projections by MSA

Projected 65+ Population 2020-2040



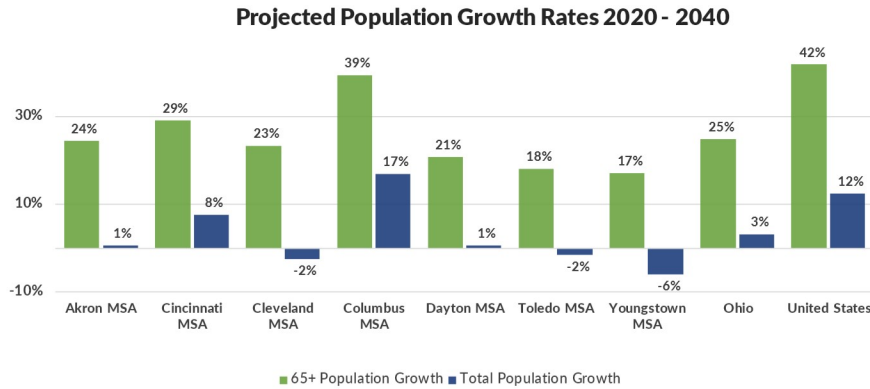
# Long Term Population Projections by MSA

Projected Total Population 2020-2040



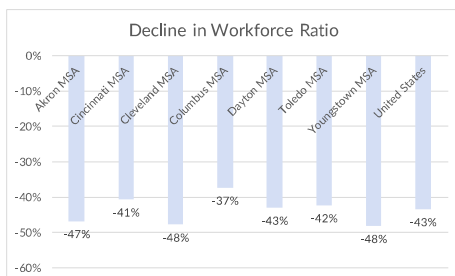
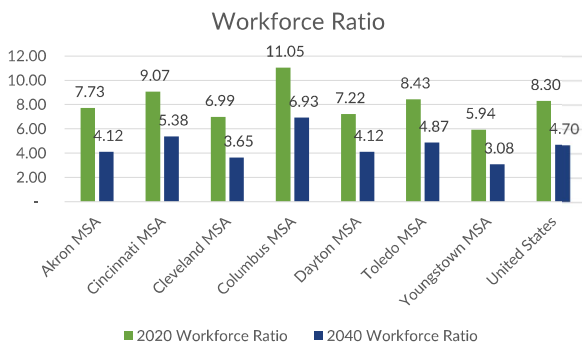
# Long Term Population Projections by MSA

## Projected Population Growth Rates 2020-2040



Source: Woods & Poole

# Workforce vs Seniors Projections by MSA



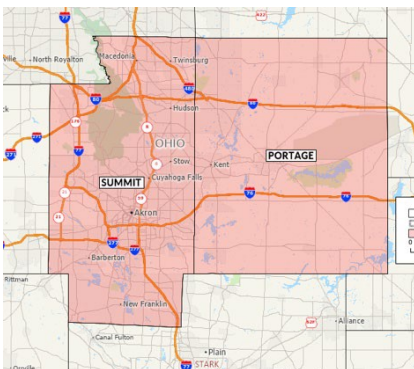
- The workforce ratio compares the work force (ages 20-64) to the senior 75+ population.
- The nation's work force (ages 20-64) is projected to grow at a slower rate than the senior 75+ population, resulting in a dramatic decline in workers compared to seniors.
- 2000 to 2020 was the era of labor abundance due to having both the boomer and millennial workforces in the market concurrently.
- In the 2020s, boomers are retiring, and the subsequent generations are not close to keeping up with providing enough new workers to take their place.
- Cleveland, Akron, and Youngstown are projected to have the steepest declines.
- Columbus has the highest ratio in 2020 and 2040 with the smallest decline.



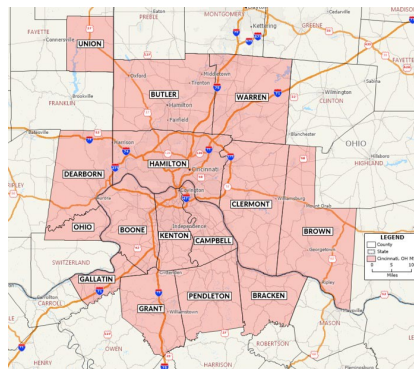
# Senior Living Supply in Ohio

## Ohio's Seven Metros

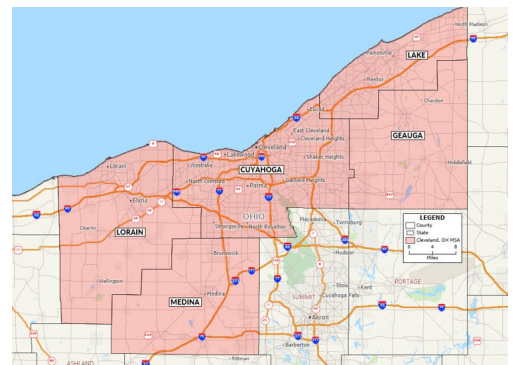
Akron



Cincinnati

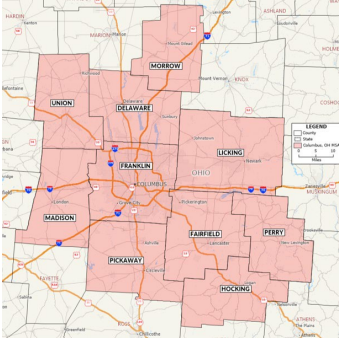


Cleveland

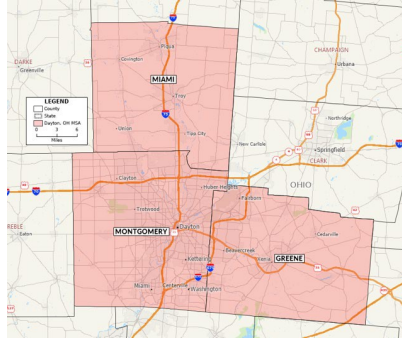


# Ohio's Seven Metros

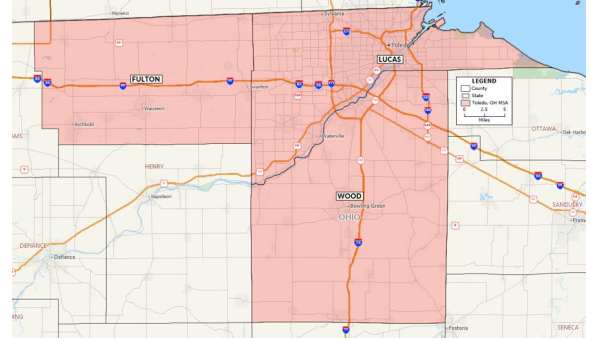
## Columbus



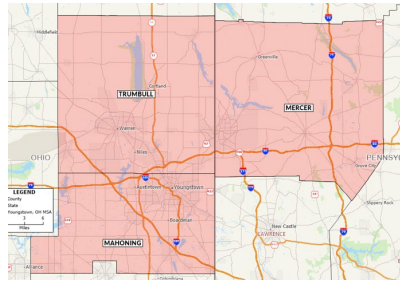
## Dayton



## Toledo



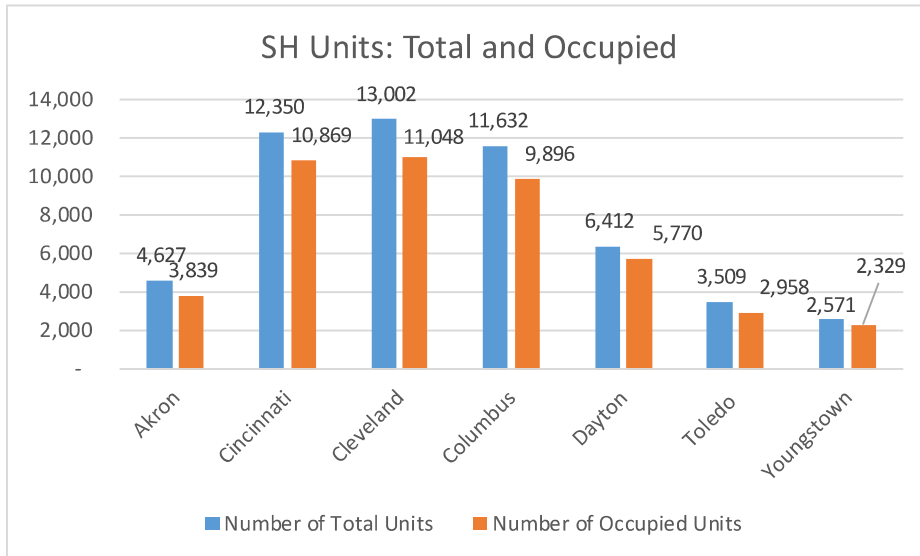
## Youngstown



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# Senior Housing Units

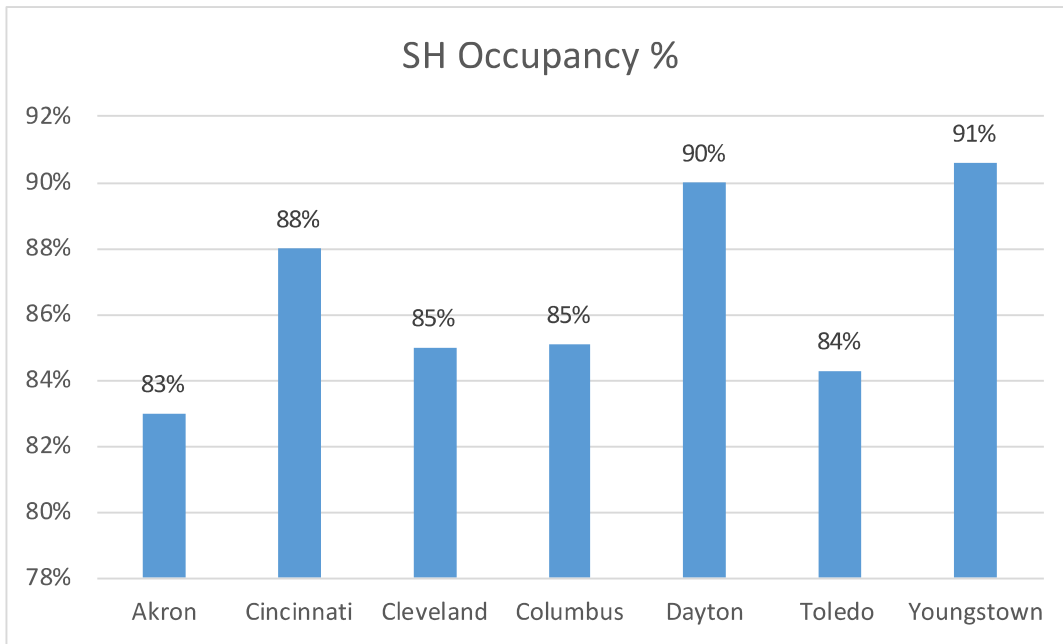


Source: NIC MAP® Data, powered by NIC MAP Vision 3Q2024 data for all senior housing units (defined as IL, AL, and MC)

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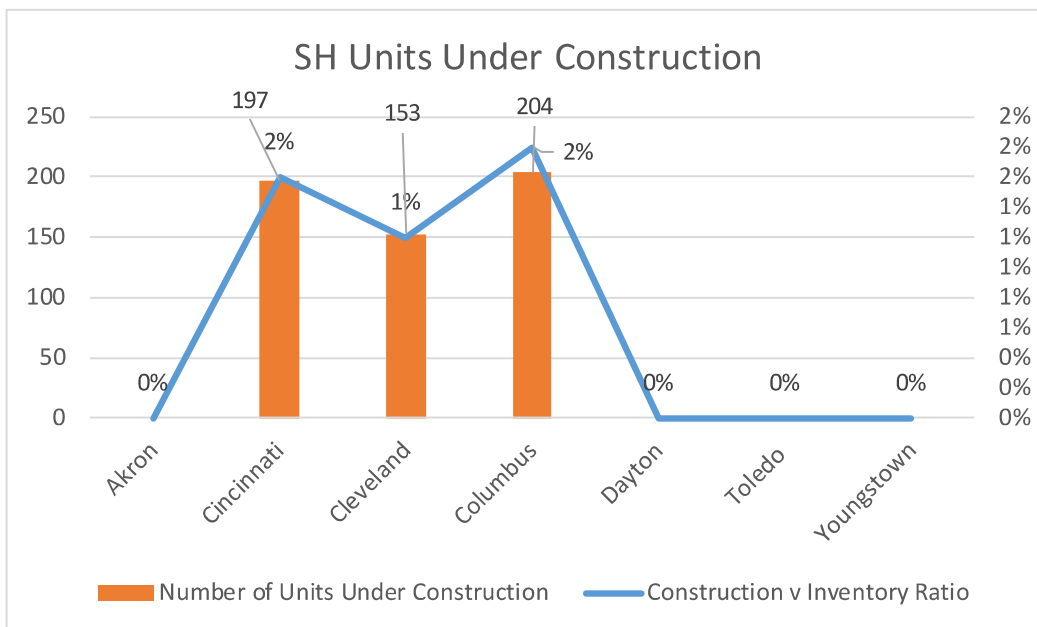
# Senior Housing Occupancy



Source: NIC MAP® Data, powered by NIC MAP Vision 3Q2024 data for all senior housing units (defined as IL, AL, and MC)

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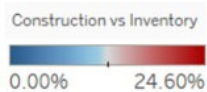
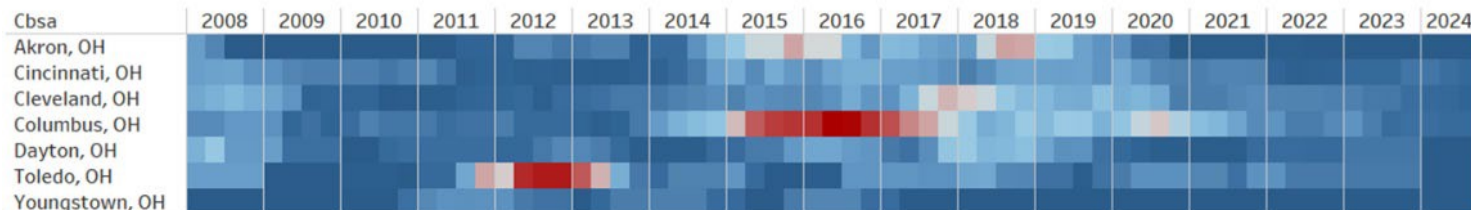
# Senior Housing Units Under Construction



Source: NIC MAP® Data, powered by NIC MAP Vision 3Q2024 data for all senior housing units (defined as IL, AL, and MC)

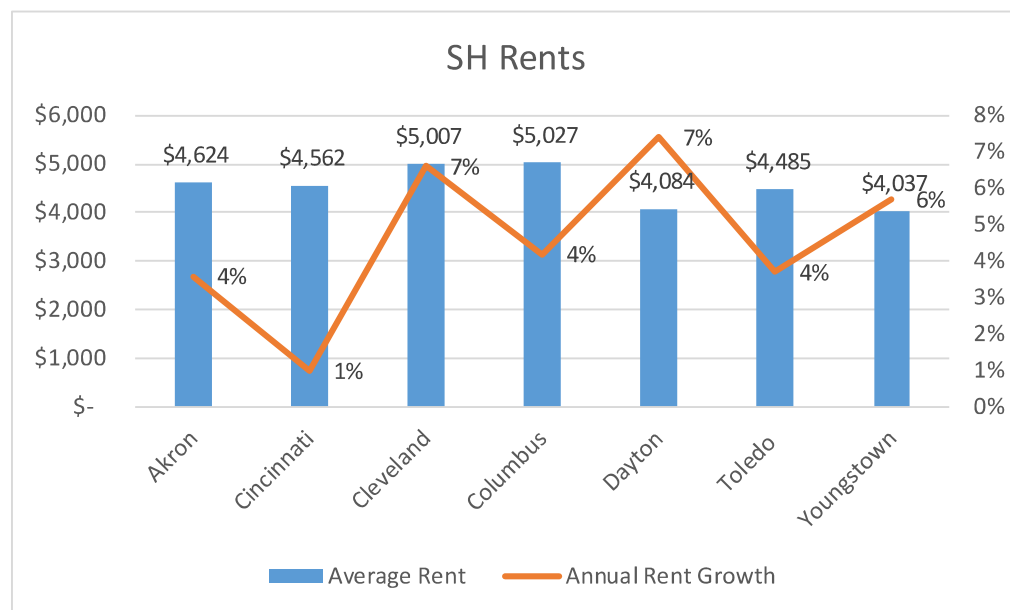
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# SH Construction as Percent of Inventory



Source: NIC MAP® Data, powered by NIC MAP Vision 3Q2024 data for all senior housing units (defined as IL, AL, and MC)

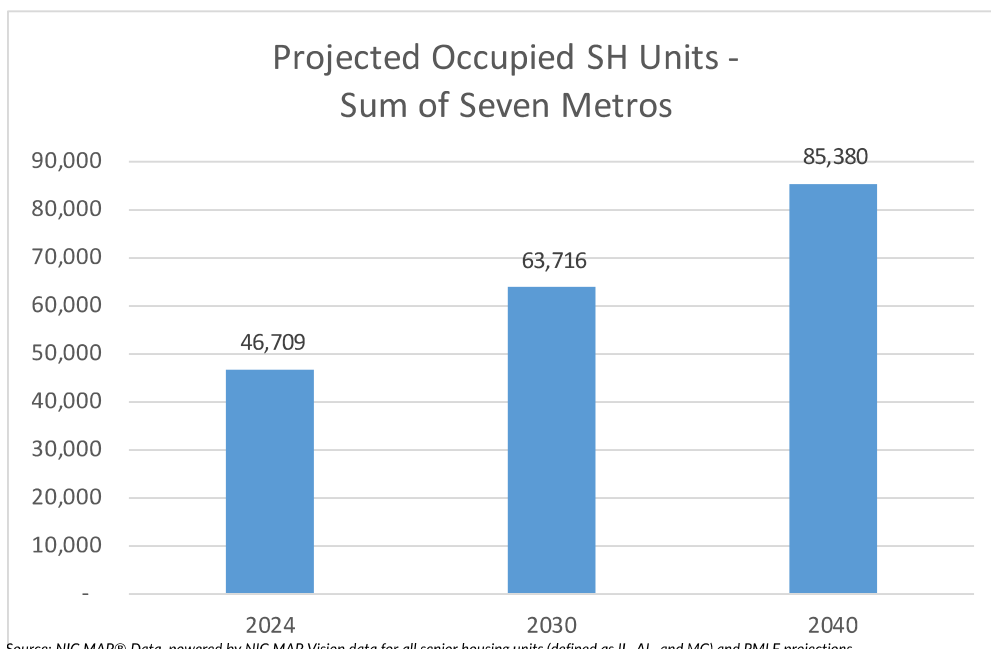
# Senior Housing Rents



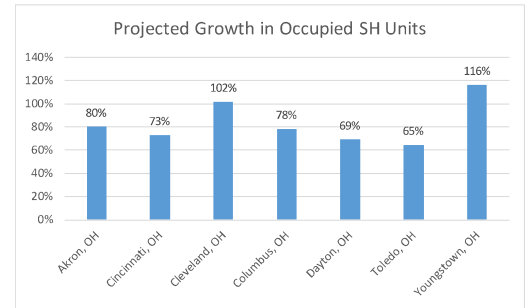
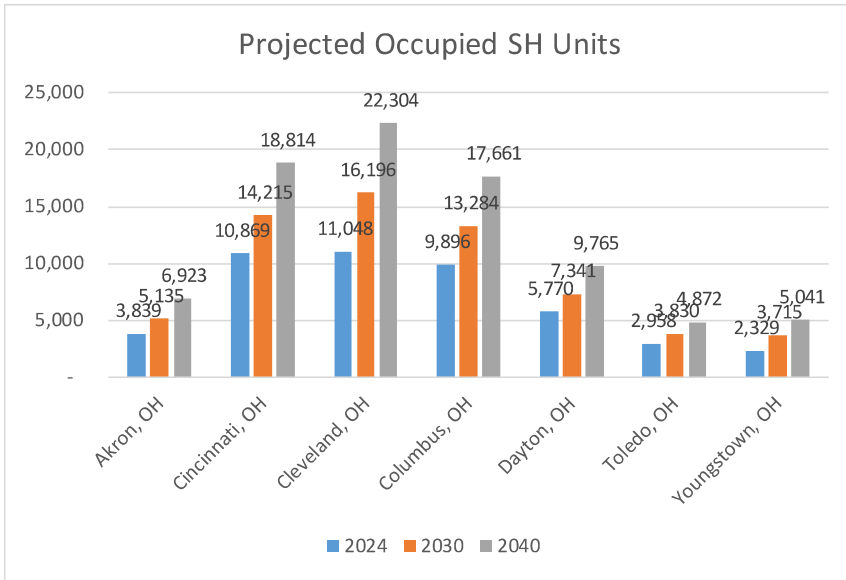
Source: NIC MAP® Data, powered by NIC MAP Vision 3Q2024 data for all senior housing units (defined as IL, AL, and MC)

# Senior Living Demand Projections in Ohio

## Projected Need for SH Units

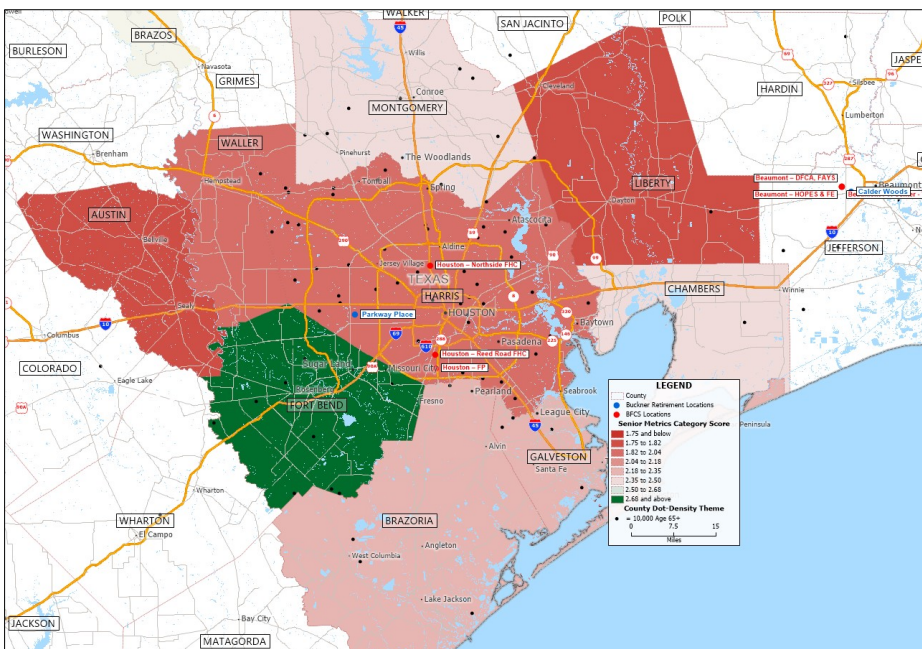


# Projected Demand for Senior Housing



Source: NIC MAP® Data, powered by NIC MAP Vision data for all senior housing units (defined as IL, AL, and MC) and PMLF projections

# Where To Develop?



# Nursing Home

## Nursing Home Utilization

### National Historical Utilization Rates

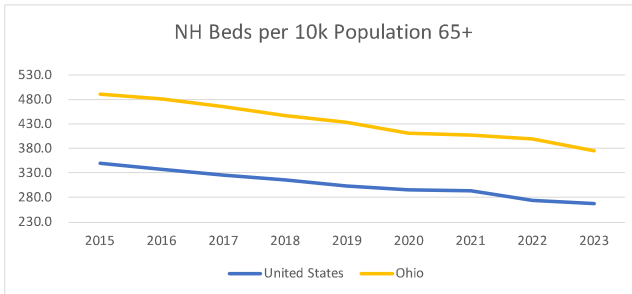
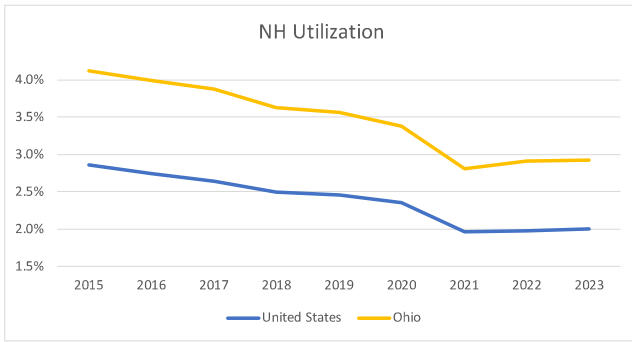
	2015	2016	2017	2018	2019	2020	2021	2022	2023	% change from 2015 to 2023
<b>United States</b>										
Nursing Home Beds	1,667,741	1,666,816	1,657,872	1,654,914	1,642,705	1,646,188	1,639,261	1,607,936	1,605,680	-4%
Nursing Home Occupancy	82%	81%	81%	79%	81%	80%	67%	72%	75%	-9%
Nursing Home Residents (A)	1,367,548	1,350,121	1,342,876	1,307,382	1,330,591	1,316,950	1,098,305	1,157,714	1,204,260	-12%
Population 65+ (B)	47,732,480	49,215,165	50,815,712	52,423,114	54,074,028	55,792,501	55,847,953	58,509,892	60,001,412	26%
Utilization Rate (A/B)	2.9%	2.7%	2.6%	2.5%	2.5%	2.4%	2.0%	2.0%	2.0%	-30%
Nursing Home Beds per 10k Pop 65+	349	339	326	316	304	295	294	275	268	-23%
<b>Ohio</b>										
Nursing Home Beds	90,365	90,711	90,427	89,348	88,672	87,248	86,641	86,745	84,209	-7%
Nursing Home Occupancy	84%	83%	83%	81%	82%	82%	69%	73%	78%	-7%
Nursing Home Residents (C)	75,907	75,290	75,054	72,372	72,711	71,543	59,782	63,324	65,683	-13%
Population 65+ (D)	1,839,554	1,884,914	1,939,616	1,996,163	2,043,548	2,118,737	2,128,370	2,168,665	2,245,863	22%
Utilization Rate (C/D)	4.1%	4.0%	3.9%	3.6%	3.6%	3.4%	2.8%	2.9%	2.9%	-29%
Nursing Home Beds per 10k Pop 65+	491	481	466	448	434	412	407	400	375	-24%

Sources:

KFF analysis of Nursing Home Compare.

Census, American Community Survey DP05, Claritas

# Ohio Compared to the US



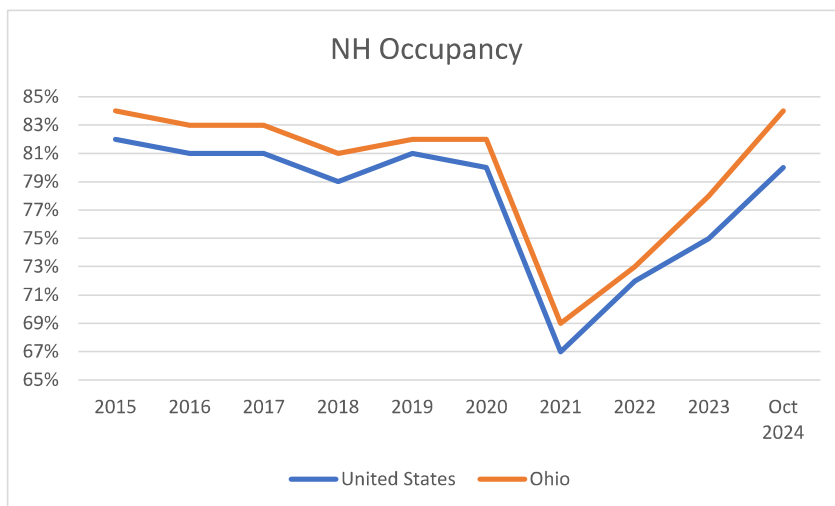
✓ Shift to Home- and Community-Based Services:

- Desire of the senior to remain at home for as long as possible or choose alternative care settings such as assisted living
- Health care industry is offering more services to seniors in their own homes, to include PACE programs whose goal is to keep seniors in their homes
- Federal and state programs as well as payor sources are supporting programs and initiatives to push care out of the nursing home setting

✓ Decreasing hospitalization rates

✓ Decreasing length of stays in nursing homes

# Nursing Home Occupancy





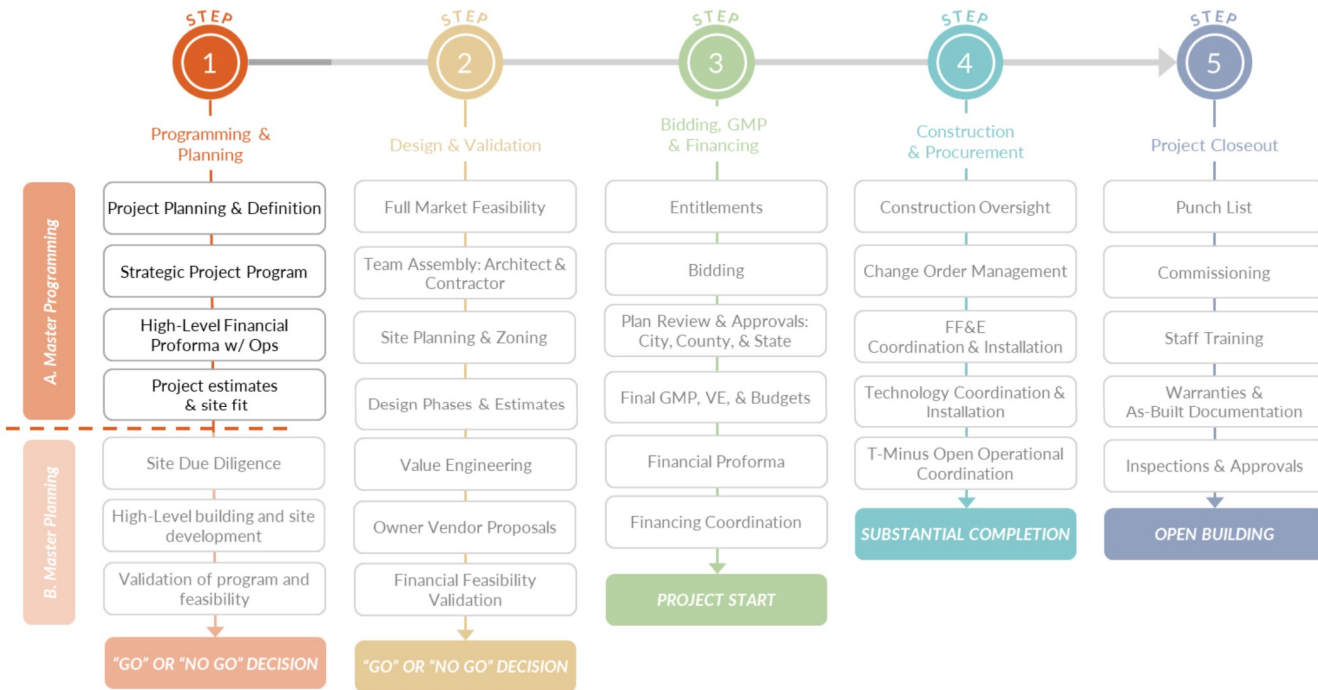
# Call to Action

## So you want to grow! Now what?

Before you call an architect ... know what you can afford.



# Master Programming -> The Business Plan



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# Master Programming -> The Business Plan

## Project Definition, Evaluation & Feasibility

PMLF will evaluate your organization's long-term facility requirements and develop a program and plan for a project. By gaining a thorough understanding of our client's objectives, requirements, standards, budgets, and operations we can test for the validity of individual or combined projects.

### Deliverables:

- Needs Analysis
- Space/Site Program
- Preliminary Budgets
- Preliminary Scheduling
- Financing Considerations
- Project Description

**Site Plan and Development Ideas**

- Using the results from the market analysis on the previous page, we reviewed your site and identified an undeveloped area of approximately 3 acres in the southeast corner of your existing campus.
- Using a computer application, we were able to validate a specific program, including unit sizes, number of units, common and support spaces, etc. Ensuring that this program fits within the specific site boundaries and other defined constraints such as setbacks and parking.
- Below are two potential developments that fit within the identified space and fall within the results of the market study:

**Option #1: 48 Units (Two 24-unit buildings)**

**Option #2: 48 Units (One 48-unit building)**

The program for each unit is found in the right.

The following pages outline the unit mix, revenue and expense assumptions, project cost and financing assumptions, and the results of **OPTION #2** above.

Building Program	Units	Option #1 SF	Option #2 SF
Apex	48,000	47,400	
Commons	1,500	1,400	
Admin	216	500	
Infrastructure	1,828	13,088	
Building Circulation	10,219	11,499	
<b>Total</b>		<b>59,500</b>	<b>62,224</b>

**Sample Development Type**

Architectural renderings showing a modern residential building and interior views of shared/common residential-style kitchens and sample individual resident units.

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# Steps to Growth

Employ a disciplined process to development ensuring future products as [both financially feasible and marketable](#) to the incoming cohort.

A process that aligns your strategy, operations, and facilities:

1. Assess your organization's health and identify opportunities. A [holistic assessment](#) of these four areas is foundational to a strategic plan: market, facilities, operations, and finances. Missing any one piece can jeopardize your planning.
2. [Develop a strategic plan](#) with actional initiatives, clear objectives and outcome measures, and defined action plans and process measures. This plan should be supported by data and tools that allow you to align your operations to your strategy.
3. [Test the feasibility](#) of any new development plans carefully. Look at more than the time until stabilization. Also account for the opportunity costs associated with [repositioning existing assets](#) and the long-term cost of ownership.

# Steps to Growth

4. Get the right team on board to help define and manage your development plans. Construction in today's market can take two years or more, and without a [development advisor](#), that time frame can lengthen significantly.
5. [Create a master plan](#) as the road map to stabilization or transformation, which defines what to build or renovate, where new products should go, and how that growth will be phased out.
6. Leverage your development advisor to develop a disciplined project management process that will [mitigate risks and challenges](#), reduce the management and technical burden on your internal teams, and confirm your project is constructed to your specifications.

# Q & A



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