

# SENIOR LIVING: THE NEXT DECADE

+ CHALLENGES, OPPORTUNITIES  
(AND WISHES) FOR THE FUTURE  
OF SENIOR HOUSING

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# Industry Insiders Agree Surviving and Thriving Comes Down to Taking Risks!

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**F**or our third annual industry analysis, SLIF reached out to a wider cross-section of industry thought leaders, from relative newcomers to those with decades of experience.

These leaders shared their insights on a range of topics to help us develop this analysis of where the senior housing industry is headed over the next decade and a half. We covered a lot of ground, but, not surprisingly, there's still a lot more we didn't have room to include. The CEO's and thought leaders we spoke with gave suggestions for expanding services to attract a wider range of new prospects, while improving satisfaction and quality of life for their current residents.



# OUR LEADERS INCLUDE:



**David Barnes**, *President of Watermark Retirement Communities* (Tucson, AZ), which offers home health, memory, life care, and skilled nursing services.



**Dan Hutson**, *Chief Strategy Officer for HumanGood* (Pleasanton, CA), a nonprofit provider of senior housing and services.



**Adam Kaplan**, *Founder and CEO of Solera Senior Living* (Denver, CO), a next-generation senior living operations, development and investment company targeted at the luxury segment.



**Lynne Katzmann**, *Founder and CEO of Juniper Communities*, which invests in, develops and manages senior living and long term care communities.



**Robert Kramer**, *Founder and Strategic Advisor at the National Investment Center for Seniors Housing & Care (NIC)*, a non-profit education and resource center based in Annapolis, MD.





**Rick Matros**, *Chairman of the Board, President and CEO of Sabra Health Care REIT* (Irvine, CA), with a portfolio that includes skilled nursing, transitional care, senior housing and other healthcare related properties.

**Bill Pettit**, *President and Chief Operating Officer of R.D. Merrill Company*, the parent company of Merrill Gardens (Seattle), which has 33 communities offering independent living, assisted living and memory care across six states.



**Jeramy Ragsdale**, *Founder and CEO of Thrive Senior Living* (Atlanta, GA), which designs, develops and operates innovative independent living, assisted living and memory care communities nationwide.

**Greg Smith**, *President and CEO of Maplewood Senior Living and luxury urban brand Inspir* (Westport, CT).



**Thomas Wellner**, *President and CEO of Revera* (Mississauga, ON), a leading owner, operator and investor in senior housing in Canada, the U.S. and U.K.

## **GROWING PAINS**

Just a few decades old, senior living is still an adolescent industry, and dramatic innovations are inevitable as it approaches maturity. Watermark's David Barnes makes this point: "In 1987 when we got started, assisted living wasn't even a defined term. The seniors housing profession is still relatively young."

One of this young industry's biggest challenges is attracting the huge, untapped senior demographic, a situation outlined by Human Good's Hutson.

"If you define our market as people 65 and older, then you're looking at a market opportunity in excess of 50 million. Of that number, we're currently serving 3 to 4 million, and the majority is needs-based. Many of those would probably say they feel forced by circumstances--usually health-related-- into choosing our products. Where are the products and services that consumers not only need but desire? That's the great untapped opportunity."



## **TOPICS FOR DISCUSSION**

To give our report structure, we've organized content across a number of themes,

- **Recruitment & Retention**
- **Meeting Boomer Expectations**
- **Well-Being**
- **Taking Risks**
- **Seniors in the City**
- **Tech Adoption**
- **Innovation in the Boardroom**
- **Aligning Senior Housing & Healthcare**
- **Serving the Middle Market.**

We've added a Conclusion which includes insights that didn't fit into any of these categories.



# I. RECRUITMENT & RETENTION

When discussing the pervasive, industry-wide competition to recruit and retain a qualified labor force, a more passive vibe predominated in past reports. Leadership acknowledged the problem, but didn't offer many constructive ideas for fixing it.

This year, our panel seems to have decided "Enough with the hand wringing!" They're offering proactive solutions, including taking a more hands-on approach to education—on the job and in developing curriculum at colleges and universities.

Kramer believes recruitment and retention will only get more competitive over the next few decades. "Ten years from now there will be companies with capital but no people to execute it. The challenges will be around people and culture," he said.

"The reality is that labor challenges in our field will be pronounced and acute for the next 15 years. There will be fewer informal caregivers between the ages of 45 and 65 caring for the population over 80. The demand will be there, but where will we get the staff?"

This puts more pressure on senior living providers to create a desirable culture for staff. "In the future, you're going to have to be the employer of choice, competing against not only other providers in our industry, but also retailers and Starbucks."

This competitive market means companies will have no choice but to completely rethink their recruitment strategy to stay competitive.



## **WORKFORCE: OUR BIGGEST CHALLENGE?**

Education is a priority for R.D. Merrill Company president Bill Pettit, who is working in the trenches to educate and attract the next generation of senior living staff. "First off, I think workforce for the senior housing industry is the largest challenge we face and will continue to be in the next decade," Pettit predicted, citing several reasons:

- 1** Not only will more people be moving into senior housing over the next decade, but a good number of senior living's current staff, many of whom joined the industry during the 1980s and 1990s, will be retiring in large numbers. "We're faced with not only generating a workforce to run all the new supply, but also to recruit and develop leaders to replace those retiring."
- 2** To recruit from the hospitality industry, colleges, high schools, technical schools and other fields, senior housing needs to polish its message to help prospects better understand the opportunities and rewards the industry offers, Pettit said. "I think the most common perception when you address that younger age group is that senior housing is only about 'end-of-life.'"
- 3** The perception of the workforce is often limited to a few sectors, like skilled nursing. However, "The skill sets we need are much broader, including marketing, finance, life enrichment activities, physical plant maintenance, nutrition and more. They're all wide open." Over the next 15 years, there will be a growing number of jobs to fill in all of these categories," Pettit emphasized.

## **EDUCATION AND THE LABOR MARKET**

After years of teaching a Senior Housing Administration course at Washington State University, Pettit is uniquely positioned to see how his industry is falling short of hospitality and other industries, which offer degrees at countless colleges and universities.

"A broad base of these students don't understand the breadth of opportunities available in our industry," he said. "They also don't understand the type of residents we work with, the majority of whom are still pretty vibrant."

"Washington State, Cornell and USC have recognized the need to implement curriculum that applies to senior housing. We just need to share that knowledge and what that means with other universities," Pettit said. "The truth is many 4-year universities and community colleges which offer targeted degrees in hospitality and real estate have applicable training that they could tailor to the senior housing industry."

## A FUTURE OF INDUSTRY-WIDE TRAINING?

"There are about 150 recognized larger operators in our industry and about 2,500 that operate one or two properties. However, all of us realize we need to better train our team members to increase their professionalism, help them understand how to interact with different types of residents and comply with regulations," Pettit said. "The resources available to tackle these challenges are very different. Smaller operators have very limited dollars for training."

Pettit believes solutions can be developed by smaller operators coming together, pooling resources to provide training.

He's heavily involved with Argentum, which launched Senior Living Works, a platform and website that allows anybody interested in senior housing to learn about jobs, as well as how to find training to prepare for a career in senior housing. Online training makes it easier for staff working for smaller providers to build skills and advance their careers.

Pettit believes another way to improve recruitment is to encourage colleges to add senior housing educational courses to other degree programs, including hospitality and nutrition degree programs. He believes improved professional development opportunities and certifications are key. It's a practice he sees becoming more of an industry standard by 2025.

"Argentum is doing a great job of setting basic standards of excellence in their credentialing program for executive directors and community managers, with training, tests and designation of professional accomplishment," he said. "The goal is to get senior housing into the same level of recognition that multi-family housing has in its industry with more clearly defined professional designations."

Looking to 2035, Pettit believes that although it's important for academia to provide more training and educational opportunities for students interested in pursuing careers in senior housing, the industry itself must step up its support to make this happen. It won't happen in a vacuum.

"With recruitment, by 2035, or 2050, the size of the workforce will create the opportunity," Pettit said. "While we can organize universities to provide training, operators must provide a clear career path, including a point of entry and path for reaching career objectives."

"If all we offer our graduates is entry-level work as a marketing person or caregiver, and we can't show them a path to leadership, then I don't think collectively we'll get there. Our best intentions will die on the vine."

## DEVELOPING CAREER PATHS

Pettit's organization is not alone in this effort. Greg Smith adds that Maplewood also is recruiting from outside the sector. "Labor remains tough overall. For us, it's about creating a best-in-class work environment and looking outside our industry to bring new talent in. And Maplewood has been successful at doing that," Smith said. "We're looking for people who love to work with seniors."

He added, "We can bring in people from the hospitality industry and then train them. We love to cultivate individuals who have strong growth potential and then coach and promote from within."

Smith offers an example of an employee who built a strong career with Maplewood. "We have a young man who started as a dishwasher and worked his way up. Now he's a project manager on construction projects. We supported him through college," he added. "This is the type of work that needs to be done by employers to cultivate from within."



## A NEXT GEN PERSPECTIVE

A rising player in the industry, Adam Kaplan founded Solera Senior Living in 2016. "Most senior living companies either lead with healthcare or hospitality. We're at the intersection of both, a hospitality company that services seniors," Kaplan said.

"We draw a lot from the spa, fitness and restaurant industries," he added. "Senior living is very attractive to people who have worked in restaurants. It offers less stress, better hours and more work/life balance. It's very appealing to people with young families who don't want to work nights and weekends."

As an up-and-coming industry, senior living often provides more opportunity for advancement than restaurants, hospitality and other mature industries. "We're providing a growth plan. The appeal for many is that they could be influencers within the senior living space, which is still in its infancy," Kaplan emphasized.

With a background in senior living, hospitality as well as academia (he teaches a senior living course at Cornell University), Kaplan draws on a variety of outlets and relationships for recruitment. These include hotel and restaurant management programs, hospitality, and the foodservice industry. "From a talent perspective, we are spending time thinking about how we can attract customer service-oriented people," he said.





## 2.

# MEETING BOOMER EXPECTATIONS

An age group that rejected the status quo, Baby Boomers are more demanding than the “silent generation” or “the greatest generation.” They won’t settle for mediocre housing options that don’t address their needs, Hutson believes.

Boomers are putting off moving as long as possible. While many are physically healthy, they’re often depressed and bored, spending most of their time at home with limited social interaction or mental stimulation. One bright spot—when they do make the decision to move into independent living, assisted living or another community that meets their needs, they’re usually much happier.

The key, our sources say, is overcoming the “nursing home” stigma and motivating prospective residents to put aside their prejudices and objectively look at the options available to them.

## **LOSING OPPORTUNITIES**

Though often frustrated by his industry’s yet-to-be-tapped markets, Hutson sees opportunities to expand senior living’s tiny slice of the pie.

“As the market we serve is growing older and frailer and is dealing with more health issues, it feels as if, as an industry, we are surrendering the opportunity to engage with a younger, more active resident. Today we’re serving folks largely in their 80s and 90s because what we offer isn’t desired or relevant to older adults in their 60s and 70s. We should already be serving baby boomers; I don’t think waiting for them to age into our crosshairs is a good strategy.”

"Beyond the very real needs presented by an older, frailer population, there are incredible opportunities to serve those who are now transitioning into a new phase of life. If we in seniors housing don't do it, there are many companies who don't define themselves as being in senior living who will," Hutson said. "Looking into the future, my greatest fear is that we're perpetuating an industry that delivers a product that fails to align with the real needs and desires of a growing market segment. We run the risk of simply holding onto a dwindling share of a rapidly expanding market."

Hutson acknowledges that there will always be a market segment for people who need care. "But if you want to create a living experience that active people will look at, I hate to break it to you—we're not!"

Barnes also sees the oldest boomers and the last of the previous generation are doing everything possible to stay in their homes, to postpone moving as long as possible. Recent technological advancements like Amazon Alexa, Uber, and GrubHub are all making this big stall possible.

"A few years ago the average age of people moving into senior living was 80.5. Now, it is closer to 84," he said. "They're staying home longer and with the advances in medicine, therapies, and multiple approaches to whole-person wellness, individuals are living longer and healthier."



"We've done a poor job of creating environments where people want to live," said Thrive Senior Living Founder Jeremy Ragsdale. "It's been reported that we've seen an increase in the penetration rate, from 10% of the market to 12%. That means 88% of our potential market is rejecting our product."

He adds that most seniors are waiting to the very last minute to move out of their homes into assisted living. "We're seeing ridiculously short stays with people waiting longer and longer to make that decision. They're staying at home until it is absolutely necessary they move out."

## **TWO GROUPS OF PROSPECTIVE RESIDENTS**

Seniors born between 1946 and 1965 will impact marketing and services in many ways over the next decade, forcing the industry to up its game, said Kramer.

First, as a demographic group they're accustomed to making demands and getting what they want, much more than "the silent generation." Second, many of them have already spent time touring senior living facilities, helping their parents find communities that best meet their needs.

## **BOOMERS DEMAND BESPOKE CARE**

"Boomers," Kramer says, "want things personalized for them." To illustrate this point, he draws from his own life.

Kramer's wife and their four young granddaughters have bonded over a love of dolls. However, as a collector, his wife, Diane is fairly particular about figurines she sees with shoddy workmanship and inauthentic period costumes. "She's looking at her tablet at the breakfast table, wondering how all this advertising is 'everything I'm looking for' within this specific niche," Kramer says. "I tell her she's been 'mass customized.' They've gathered mass amounts of information on your shopping habits and interests and funneled that information into an algorithm that you perceive as a personalized experience."

This is the new market senior living must satisfy—one that's grown accustomed to being catered to by retail, hospitality and other industries. Senior living must learn to customize services to better meet their individual needs.

## **DON'T LABEL ME, MAN!**

One final point—as a generation, boomers hate labels, especially those perceived as negative or associated with aging.

"Whereas today you have to raise your hand and be identified by your disability, the future will see an 'unbundling of product types' with seniors able to receive assistance and services without self-identifying by their disabilities," Ragsdale predicted. "Down the road we'll see physical therapy, home care, and other services provided discreetly through white-label concierge-type services. So no matter what the actual mix, you won't feel like you're living in a senior community."

"Boomers are beginning to utilize our product, no one in that group wants to raise their hand and be identified by a disability; you could even make the extreme case that labeling a community with the terms 'Alzheimer's' and 'Dementia' could be a HIPPA violation," he said. "In the latter stages of life we live in buildings that are labeled. It goes to show how desensitized we've become in our culture. "The bar will be raised a lot in the next 15 years and we'll see more environments with unbundled services."



## **SOCIAL ISOLATION—THE DARKER SIDE OF HOME TECHNOLOGY**

Home assistants like Amazon's Alexa and other innovative technology is helping seniors stay in their homes longer, Wellner believes the tradeoff is often extreme social isolation. He agrees with other thought leaders that senior living's challenge is to develop communities that seniors want to live in.

"With all the discussion of tech, the concept of social isolation often gets lost," he said. "It's still far too needs-based."

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***"In 15 years, I want to see seniors moving into our communities sooner because they 'want to' not because they 'have to.'"***

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Wellner added that he wants to see more seniors mirror the reaction of a colleague's mother. "She's 85 and when she visited our new independent living community in Toronto, she said, 'I didn't know retirement living was like this!'"



## ONLY CONNECT

"As more boomers age into our market, you're going to see a groundswell of products and services that recognize and address these needs. "In your 60s and 70s you have greater freedom, fewer responsibilities. You're freed up to explore things that interest you. People want to live their best lives possible. The winners in senior living will recognize and deliver products that help realize this aspiration," Hutson said.

"All human beings have a fairly basic set of emotional needs that change in intensity and importance as we age. We want to have meaning and purpose in our lives. We want others to value us, and our contributions to their lives. Humans are social animals, so we want to be connected to others in a meaningful way," he continued.

"As an industry we tend to focus on more basic needs like health, safety and security. These are important, of course, but we should be capitalizing on people's deeper needs, desires and aspirations. Designing to this set of needs would go a long way to differentiate your offering from the competition."

Kramer echoes Hutson's sentiments, fearing a crisis of isolation down the road. "If we don't put money into home services, we'll have an unprecedented epidemic of shut-ins over the next 15 years. The situation will be similar to the closing of mental hospitals in the 1980s, which led to an epidemic of homelessness.

"When you're 89 and single and your partner and friends have died, staying at home is a death sentence. That's a danger for our country."



# 3.

## WELL- BEING



Many senior housing providers have begun shifting their focus from providing quality care after seniors experience setbacks in their health, to emphasizing wellness through nutrition, exercise and by providing stimulating and holistic environments.

Watermark is studying quality of life through collaboration with a local university and introducing new forms of exercise and therapies for its memory care population.

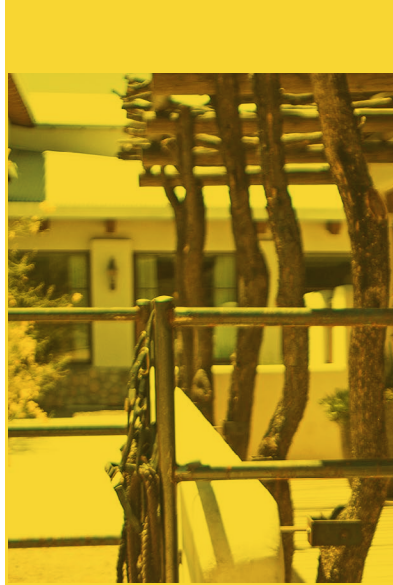
In addition to providing more traditional physical, occupational and speech therapies offered at most rehab centers, Watermark's Hacienda on the River property in Tucson also includes less traditional, more cutting-edge offerings such as equine-assisted therapy at Hacienda's on-site equine center, aquatic therapy and other holistic treatments including acupuncture, meditation and massage therapies.

"Our integrative approach to well-being is a combination of Eastern and Western philosophies," Watermark's CEO said. "It's assisted living, memory care and skilled nursing with strong ties to the University of Arizona, combining modalities of skilled nursing in synergy with other modalities such as Yoga, Tai Chi and diet."

Watermark also is conducting detailed cognitive assessments when residents move into a community. This has become standard practice and this approach will only expand over the next 10-15 years.

"We're partnering with the University of Arizona on the research side, with three projects related to cognitive assessments and resulting outcomes," Barnes said. "We conduct an extensive assessment when individuals move in and then we use this information to track progress, target reasons for any decline, help stabilize and improve overall well-being."





**"With equine therapy we have positive anecdotal results but no reports yet. For example, a resident came to us with cognitive degeneration and she bonded with one particular horse. The outcome was nothing short of amazing." Her agitation was greatly reduced and she truly thrives when she spends time with the horse.**



Another study, conducted at Watermark skilled nursing and rehabilitation facility The Springs, focuses on the impact of lighting on well-being. "With all the natural light and the overall design of the building people continuously ask to be directed to the skilled nursing area. This is what Watermark is all about. In many ways, the healing begins the moment they walk through the doors," Barnes said.

Watermark also is collaborating with UA on the Thrive Index to learn what makes residents prosper in senior living. Barnes sees a situation in which someone is wearing a Smartwatch and able to set it up to measure what's important to them based on seven dimensions of well-being.

"If I walked into the yoga studio and did 45 minutes of yoga, it would add that activity to my index and this information can be used to put together the pieces of the puzzle to ensure residents are thriving.

## **KEEP MOVING**

Across the board, the leaders we spoke with stressed the significance of improving and maintaining wellness among the senior population. Revera CEO Wellner emphasized the importance of maintaining strength and especially mobility. "We've been focusing on the challenges of cognitive decline, but there's also the issue of declining mobility. We need to do everything we can to prevent that. All of us can benefit from continual efforts to maintain mobility and balance."

"If you get down to what it is that everybody wants, it's a feeling of relevance—physical, emotional and spiritual engagement," he emphasized. "To achieve that, we're designing and continuing to enhance our wellness program. It's not just the physical side, it's the holistic side. We try to tailor to the needs of residents."

"It goes back to the issue of falls resulting in injuries. That emphasis has helped us galvanize our efforts."



Maplewood Southport CT

## **RAISING THE BAR?**

By 2035, Smith believes more developers will follow Maplewood's lead, with initiatives like those they're developing with Western Connecticut Health Network at the wellness-focused Center for Healthy Living in Norwalk, CT. The mixed-use development will feature hospital services and physician practices, a fitness center and an assisted living component. Norwalk Hospital is collaborating with Maplewood to build this five-story health center and assisted living facility at the site of a former YMCA. The \$100 million, 250,000 sq. ft. project is scheduled to open in 2021.

"Access to healthcare is the number one driver for most of our residents and that's where you'll see a fundamental shift over the next 5 years," Smith said. "You'll see more incorporation of health systems working directly with senior housing developers to create a population of wellness-focused residents. I feel this will be a real shift down the road."

Embracing healthy and green facility designs will also play a big part of this wellness movement. Maplewood's Inspīr Development in Manhattan emphasizes sustainability throughout, with a tremendous amount of natural light. "In our Carnegie Hill property we've incorporated floor-to-ceiling windows. People don't feel as though they're confined to a small apartment," Smith said. "LEED Certification blends organically with our brand."



# 4.

# TAKING RISKS



HumanGood

Hutson believes new investors are necessary to support true innovation. What he sees today is more of what the industry has seen before, conservative, even fearful investors.

"We've been seeing a lot of new capital coming into the seniors housing space, much of it from the multifamily sector," he said. "This is a group that doesn't necessarily have a deep understanding of how our customer differs from their usual customer, and so they treat it as just another real estate vertical. Quality of operations and services is a critical differentiator in this space, but we don't see a lot of attention or willingness to invest in this area. I'm afraid many capital sources think operators are pretty much all the same and interchangeable. They're not."

HumanGood's Chief Strategy Officer continued, "The introduction of uninformed capital into the space contributes to the lack of product variety and differentiation. They see what's been done in the past and just build newer, shinier versions of product that may not have a very long shelf life."

## UNANTICIPATED DISRUPTION?

Hutson continued, "One of the dangers for our industry is that there will be disruption from outside. The people who will crack these (untapped) opportunities aren't senior service organizations."

"One of the biggest questions we need to answer is this: Will we disrupt our business from within and create new market opportunities that position us for the future, or will we leave it to others to serve our customers in more relevant, better-aligned ways and render our products irrelevant?"



Barnes has started to see new interest, especially from overseas.

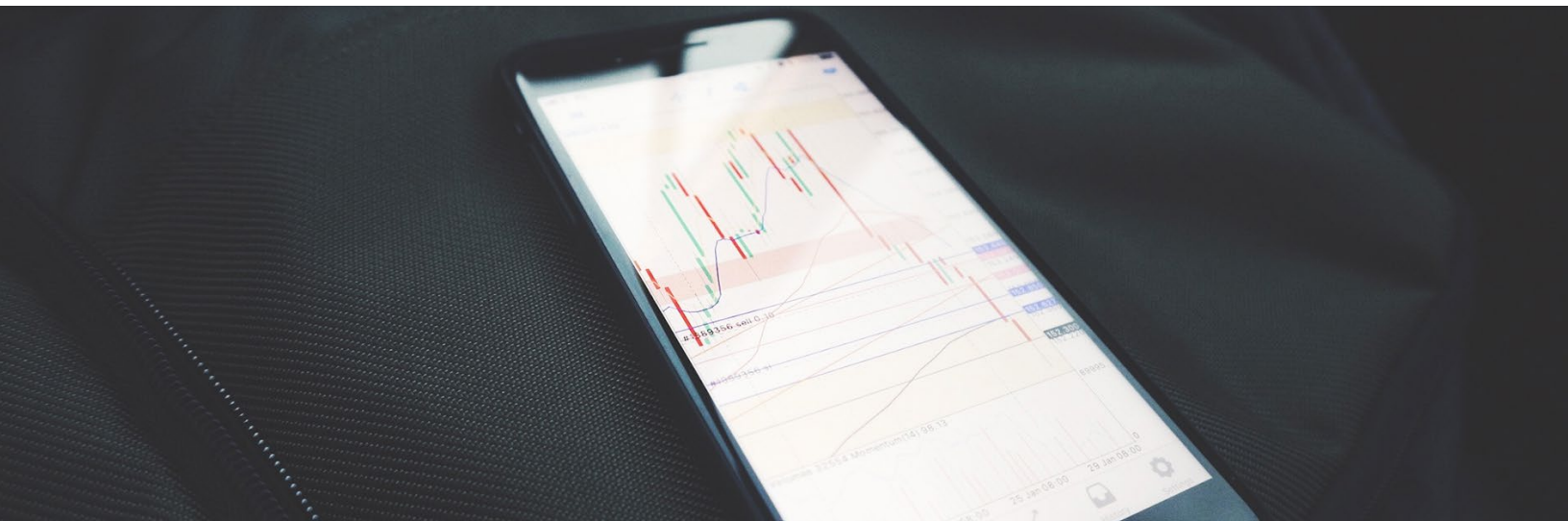
"Several developers and builders have reached out to Watermark to better understand the seniors housing space. We anticipate an increase in foreign investments as well. Countries around the globe are seeing similar demographics and want to learn our formula for success," he said.

## **THE REIT PERSPECTIVE**

Sabra's Matros has a diverse background (which includes senior living, healthcare and a degree in Gerontology) that opens up a unique understanding of the opportunities for investment in skilled nursing, assisted living, independent living and other senior living sectors.

Over the past few years, Sabra has diversified its portfolio, investing heavily in senior housing in addition to skilled nursing facilities. According to Matros, the REIT is currently studying new asset classes like addiction and recovery centers.

As other industry leaders shared their thoughts, one key theme emerges—senior living needs new, less conservative investors, willing to take measured risks on new models. From an investor's perspective, Matros sees strong possibilities for senior living, but not in the current market, which he believes is largely overpriced.



## **OUT OF THEIR PRICE RANGE (FOR NOW)**

"Right now, for us, the problem with senior housing is its priced out of the market. We feel good about the future of senior housing...but further out," Matros said. "The timing isn't going to happen until around 2021. You'll see signs of it in 2020."

"We're a competitive bidder, but senior living is too expensive right now. As some of these private equity funds look to exit in three years, there will be more opportunities to invest in senior housing."

## **STRONG OPERATORS MAKE THE DIFFERENCE**

Senior housing, including skilled nursing, remains a people-driven business. Sabra has built a team with a strong healthcare background that always prioritizes the owners and leadership of properties it chooses to invest in.

"When we go and look at an acquisition, before we make a decision we know whether we believe in the operator or not. We talk to residents and families and carefully study the interaction between staff, residents and families," he said. "I'll walk up to a resident and interview them. That's how our team functions."

Matros believes with most healthcare and senior living-related investment categories, the "operators are the most important factor in enhancing or degrading our evaluation. It's not just real-estate driven."

For Sabra, investing in senior living is about finding properties with strong balance sheets, priced competitively and run by responsible operators. "In the past we've walked away from good deals because the operator was going to stay with the asset and we didn't like the operators."

The importance of collaborative relationships exists on both sides.

"I'll also say that Sabra has almost never gotten deals by being the high bidder. Once you get close, an operator looks at who they want as their partner for the next 15 years."

## **BATTLING THE CURRENT PERCEPTION OF SKILLED NURSING**

Sabra has drawn scrutiny for investing in the skilled nursing sector. "We saw a number of good operators who were getting choked by high rents and thought if we could get the merger done with Care Capital Properties (CCP) at the right price we could give them more breathing room to invest in their businesses," Matros said.

He added that there continues to be "some negative sentiment around skilled nursing, but we saw positive changes coming in reimbursement and the demographics and believed it was a strong investment."

## **OPPORTUNITIES IN DISRUPTION**

Kramer said investors with a tolerance for risk are excited by a few truly innovative ventures. "Senior living, per se, is attractive to private equity, not venture capital. However, venture capital is excited by opportunities to "disrupt the healthcare space," he said. Several companies like Call9, developed by entrepreneurial physicians, are disrupting the flow of patients from nursing homes to hospitals.

"They reduce the use of hospitals and emergency rooms and thus lead to better health outcomes. Venture capital is flooding this sector," Kramer added.



## 5. SENIORS IN THE CITY

Inspir Carnegie Hill

Where will seniors live in 2035 and what will these developments look like?

Our sources largely agree that the current trend toward high-end urban communities will continue, filtering down to high middle-income in smaller urban areas ripe for gentrification. From 65 to 90+, a growing population of retiring baby boomers will opt for communities near colleges, museums, entertainment, dining and retail, while in-house dining will continue to move away from the cafeteria-style model of three meals a day, providing more specialty dining, coffee shops and even bars.

From independent living to memory care, more new developments will borrow design innovations from hospitality, offering bright, open environments that look nothing like stereotypical "nursing homes" from the 1980s.

Addressing the topic of cafeteria dining, Barnes said, "Right now, most senior living communities are operating on a 1980s model, with large dining rooms serving three meals a day. This is changing to a model of greater choice and flexibility, offering a number of smaller venues providing more options. For example, in Tucson, The Hacienda at the River has five dining venues."



## **DOWNTOWN: THINGS WILL BE GREAT**

Based on the buzz generated by Maplewood's [Inspir highrise](#) in Manhattan's Upper East Side, Smith believes a growing number of seniors will continue to remain in cities or become drawn to cities in the coming 10-15 years. "You're going to have this transition and evolution of what senior housing looks like."

He adds that the demand for senior housing in urban settings will continue to grow over the next decade and beyond. "There are more developers going into these markets. Our focus is on delivering high-quality residences for seniors incorporating all the necessities, plus the unexpected. It will take us some time to fill the gap in demand for this type of housing," he said. "Demand is very high."

In addition to its Inspir, Maplewood is planning two more developments in Manhattan in the coming years.

While providing middle income senior housing in urban centers is a major challenge in crowded cities like New York, San Francisco and London, Smith does see tremendous growth opportunity for middle-market housing in smaller urban centers as well as those in a gentrifying mode, like Detroit.



## **DOWNTOWN ADJACENT**

With an integrated senior living platform that includes operations and investing, Solera is developing upscale communities in Denver, Austin, Washington, DC. and Philadelphia. "We're focused on the high-end segment, weighted toward development," Kaplan said.

"We are looking for areas with higher home values in select markets that have been more insulated from the building boom." With all of its communities in city centers, or easily accessible to them, Solera's approach reflects the growing trend toward urban living.

"I've taken the philosophy that people don't want to be 10 miles outside of a city center. The more urban the better," Kaplan stressed.

"We've built a five-story property with underground parking. It includes two historic buildings which have been converted into a wellness center on one end, and a coffee shop on the other. The coffee shop is open to the public and run by Compass Coffee, which is training our staff to operate the shop."



Wellness Lounge Solera

## ONE SIZE DOES NOT FIT ALL

Ragsdale also sees opportunities in slowly gentrifying downtown areas, including Thrive's base in Atlanta and in Washington, D.C. "Some of our biggest growth has been in major, more urban markets, like the DC metro area. We've seen great success there."

Over the next 15 years, Wellner believes senior housing providers will continue experimenting with different urban development models.

"One of the trends moving forward is urbanization and discovering a model that works," he says. "We've been really focused on trying to figure that out for today and for the next 10 years. I'm not sure we've got it fully cracked."

## **BUILDING FOR THE UPSCALE MARKET**

"Looking to the next three to five years, we will be incorporating more lifestyle components in our design and development and utilizing more common spaces," Smith said.

"Our approach is that this is a different market. The expectations are different. We're staying hyper-focused on the expectations of urban consumers. We're incorporating access to healthcare into our developments and often physically have healthcare components in our buildings," he said.

Smith believes common areas will become more important, allowing for greater interaction between residents and their communities. "Our residents need to be engaged. They expect a high-quality social life."

## **THEME COMMUNITIES SHOW CHANGES IN ATTITUDE**

While its aesthetic may not be for everyone, the Jimmy Buffet-themed Latitude Margaritaville is definitely tapping into a trend. Seniors want to retire on their own terms and with their own 'tribe,' whatever that might be. Niche markets will grow.

Dan Hutson said, "You're already seeing some developers experimenting with communities where housing is designed to reflect the fact that you might have non-traditional family units living together."

"I do see some signs of hope when it comes to greater product variety. Although it's a product I have no interest in for myself, the whole Latitude Margaritaville concept is viable. At least it's an intentionally designed community that targets a very specific customer persona. Its success shows people in our industry who think they have to create a product based on the lowest common denominator that they're wrong. I hope their success will encourage others to do more down that road."

"If we could design for specific customers without alienating those it doesn't appeal to, there's great promise in that for me," he said. "I'm hoping people in our industry will realize we don't have to be all things to all people. We can develop a deeper understanding of a particular consumer and build for that consumer."





## 6. TRUE TECH ADOPTION

For a number of years, industry leaders have been talking about the coming impact of new technology on communities and on the lives of seniors still living at home. Now, the tech effect is shifting from talk to action, with providers like Thrive (discussed below) implementing new systems that enhance care and quality of life for residents and their families, while helping teams focus on the most important aspects of their jobs. But there's still a long way to go. Technology's impact on senior living will continue to evolve over the next two decades, in ways senior leaders can anticipate and in ways they haven't considered yet.

### **MAKING TECH FRIENDLY & ACCESSIBLE**

Thrive recently launched an integrated technology platform in all its senior living communities, 20 open and five scheduled to open over the next two years. The platform uses Google Home, Amazon Echo and smart speakers to allow residents to contact caregivers for assistance, check the weather, search the web, listen to music and stay up-to-date with their community's social programming and dining.

The platform's mobile app lets caregivers track and manage resident requests and has a performance reporting dashboard that has the ability to control voice assistants' settings and interactions with other smart devices such as TVs, lights and thermostats.

## A CUTTING EDGE PARTNERSHIP

Rather than take the project on internally, Thrive sought outside help. "We considered doing this on our own, but realized we needed more functionality. We came across Aiva, an LA-based company that had developed a backend piece of software utilizing the Alexa platform," Ragsdale said. Aiva also works with hospitals, physicians' offices and skilled nursing facilities.

The collaboration was a win/win for Thrive and Aiva. "We loved the platform and agreed to help adapt their technology to the post-acute care world and run pilots for them. In exchange, we got to be their launch partner." This tech is being rolled out gradually across Thrive's entire portfolio and has received positive feedback from residents, their families and Thrive team members.

The system is providing better service while freeing up team members to provide quality care. "Team members love the fact that they can communicate with residents and (when requested) even listen in to a resident's room."

Residents can ask it a variety of questions that otherwise they might direct to a team member, such as the day's lunch menu or the title of that night's movie. "It saves a tremendous amount of time because sometimes residents will hit their 'call button' for just about anything," he said. "It also directly connects with their caregiver's mobile phone and the caregiver can speak with the resident from anywhere in the community and often handle issues verbally rather than needing to visit their site."

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***"We want to utilize as many tools as we can to allow caregivers to spend quality time with residents."***

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Ragsdale adds that Thrive was surprised by the level of utilization for other Alexa features, including music and trivia games. "We're averaging more than an hour a day of usage, and some are using it up to eight hours a day. Some residents will even use Alexa to settle an argument."

## **SPECIALTY APPLICATIONS**

As an investor and someone with hands-on experience working with seniors (he interned in a senior living facility in college), Matros is excited that the industry has jumped on the technology bandwagon—finally. He firmly believes tech will improve quality of life. "It's nice to see technology finally be a focal point for senior living. A few years ago, we went to our first Aging 2.0 Conference and all the tech was basically from 1997," he said.

"I'm so excited to see all of the products out there. Next I believe we'll see more comprehensive products that can do a number of things, with single applications consolidating into more comprehensive solutions. This evolution will occur naturally."

To illustrate this evolution, Matros points to memory care as a sector with rapidly improving tech. "You used to have patients wearing big clunky ankle bracelets that made them look like prisoners. If they 'got out' the device would trigger something. Now we have devices like Apple Watches."



## **THE FUTURE IS NOW WITH EVERYDAY TECH**

"One thing that excites me the most is the opportunity to embrace and adapt technology to improve quality of life. And the emphasis on tech and how it may crossover and provide solutions for seniors isn't confined to senior housing," Pettit said. "It applies to seniors in communities and those living at home too."

However, he believes many of these devices are only being used for a small percentage of their capabilities. "I gave my dad an Echo, which we set up to remind him of every friend's birthday and phone number. However, if I just take that a step farther, this device can be used to initiate conversations and ask questions when you plug it in, questions like 'Did you take your medication today?'" He added that the opportunities for software and app developers are enormous. "Our industry needs to inform the brightest people in the tech field so they understand how big this market is and how to serve it correctly."



## **NO MORE PULL CORDS**

Wellner is optimistic about the possibilities tech is opening up in the industry. "I think there is a ton of opportunity here, across many levels. The challenge is, 'What is scalable?' We care for over 50,000 residents, either directly or through partnerships."

"For us, technology is very important. As long as you get the IT backbone in. You want to make the interfaces as adaptable as possible to be ready for future developments and upgrades."

One basic, but extremely beneficial, upgrade at some facilities has been to replace the "archaic" pull cords used to call nurses with new "Skynet" technology that's being rolled out across a vast network of properties. It's connecting all care staff through iPhones.

## **ENHANCING QUALITY OF LIFE**

Maplewood is using tech and media in pragmatic ways and using it to provide state-of-the-art education and entertainment options to its residents.

"We've always been in front of where technology is going, incorporating it as seamlessly as possible into our residents' lives," Smith said. "Currently we're leveraging touch-screen technology to provide easy access to information."

"We're facilitating all sorts of engagement, using Amazon Alexa to control their lighting and ask about the weather," he said. "With interactive voice technology, it's important that we teach our residents how to use it so they can get the most out of it. Even if they're living with physical limitations, it truly enhances their sense of independence to be able to control light, temperature and turn the TV off."

## **ALWAYS ON CALL**

Maplewood also is adding community-specific information to this technology for all of its properties. "In the short-term we will see a leveraging of AI, combining Alexa and Google Assist," he said.

Looking to the not too distant future, Maplewood anticipates benefitting from 'passive sensory technology,' which will help 'get in front of medical episodes by regularly checking heart rates and biorhythms. "We can step in and take a look at this resident's clinical condition right now, before something more serious happens."

Smith added that this technology can help streamline communication and save time. "How will this work? Here's an example. A resident can say, 'My thermostat is not working.' Alexa will route this message directly to maintenance, rather than the resident having to call a nurse and having the nurse call maintenance," he explained.

"We see many seniors working on their tablets. Fifteen years from now, we'll have residents in their 80s who are technologically sophisticated and will look for technology to be incorporated into their daily lives," Smith predicted.

## **ACCESSING CULTURE & ADVENTURE**

Maplewood is using technology to bring adventure and culture to its residents onsite through media options like a recent LIVE 3D interactive Hawaiian shark tour, with residents in New York, Massachusetts, Ohio and Connecticut experiencing a live shark dive. "Physically you feel like you're in the space," Smith said. "It's pretty cool."

Maplewood has offered similar live interactive experiences with knowledgeable guides taking residents on virtual tours of museums around the world. These tours allow residents to ask questions, interacting with their docent in real time, he said.

## **NUDGING PAST THE COMPETITION**

Viewing the industry as whole, Hutson believes more companies should be pursuing tech to better serve residents and staff.

"We're already seeing how on-demand technologies are going to change communities. Senior living providers need to rethink what they're going to "own" (what capabilities to develop internally) vs. what they will "lease" (which functions will be carried out by strategic partners)," he said. "With the rise of Uber and Lyft, I should probably rethink my transportation model. The same with dining and GrubHub and DoorDash. What other disruptive technologies should I be looking at for reimagining my service offerings?"

"As technology makes it easier for prospective customers to age in place with many of the supportive services that used to be our unique selling proposition, what services will we add that again differentiate us from the single-family home? Nothing is a sure thing, not community, not health care, not dining or transportation. I think our greatest opportunity is to design experiences that can't be delivered or enjoyed at home."

## **STAYING AHEAD OF THE TECH CURVE**

Barnes is optimistic about the power of tech to improve lives, but adds that most senior living operators are still behind the curve. "We've been looking at wearables and how they will be developing over the coming years," he said, adding that few providers are optimizing the technology currently available, but believes it will help "revolutionize" senior living over the next few decades.

Pettit mirrors Barnes' sentiments, stressing that most users are only accessing a small percentage of the capabilities offered by Alexa, wearables and the affordable tech available in 2019.



# 7.

## INNOVATION IN THE BOARDROOM

A select few companies have begun creating new executive positions focused on innovation in many forms, from integrating tech into daily operations to building stronger relationships between leadership, front-line staff, residents and families. For many of these hires, their directive is to anticipate and accelerate inevitable future developments.

These new positions are breaking ground for a trend that will continue to grow over the next 15 years, as senior living companies look to meet the demands of boomers, stay ahead of the competition and avoid being blindsided by outside players looking to annex pieces of their market.

Three years ago, Watermark hired Tammy Farris, who was working at the University of Arizona. Watermark created the position of Director of Strategic Innovation with the understanding that technology and the needs and preferences of future residents are evolving quickly.





"Farris is looking 5-10-20 years into the future anticipating trends so Watermark can prepare to meet and exceed expectations now and in the future," Barnes said.



## **NEW HIRES FOCUS ON INNOVATION**

When Wellner joined Revera in 2014, he began developing a "2020 Strategy" which emphasized a number of factors, including Growth (they acquired a major portion of Sunrise Senior Living), Leadership and Innovation. A theme that unites all its programming is one of fighting "ageism" through knowledge.

Innovation included the addition of three new positions:

-  Senior Vice President of Innovation. Revera veteran Trish Barbato took this position in 2015 and is focusing on developing a culture of innovation across Revera's portfolio of properties.
-  Chief Elder Officer (CEO), a position filled by now 97-year old Hazel McCallion, and Former Mayor of Mississauga, Ontario. She collaborates with Barbato and other members of leadership, helping keep the issues important to residents front-and-center with decision makers.
-  Chief Medical Officer, Dr. Rhonda Collins. With a strong background in geriatrics, she was a natural addition in line with Revera's heightened interest in mobility and overall wellness.
-  A number of Innovation Ambassadors, representing residents from both public and private systems, including those in long-term care.

If anything, Revera is ahead-of-schedule on achieving the goals of its 2020 Strategy. "We've hit most of our milestones already and we're in the process of developing our 2025 strategy," Wellner said.

## **MORE NEW TITLES ON THE HORIZON**

Kramer singles out HumanGood and Revera for not only creating executive positions centered on innovation, but also for backing them up to get things done.

"Their role is to serve as an arm of the executive team and bring and drive new innovations into the company," he said. "You must hire a person who is truly part of the executive team and has the confidence of the CEO. Disruption must be backed by the C-Suite or it won't happen."

## **COME FOR THE EXERCISE, STAY FOR THE FOOD**

Kaplan envisions a number of new positions evolving over the next 10-15 years and believes Solera is doing its part to shake up the status quo, in a number of ways, including hiring fitness coordinators for its facilities. Focusing more on recreation instead of physical or occupational therapy, Solera's trainers emphasize fun, preventative care, from free weights to circuit training to leading Zumba, yoga and tai-chi classes.

Other positions he foresees becoming standard at upscale communities, include roles for executive chefs and even pastry chefs. "At a resort you expect homemade bread and desserts, made from the chef's own recipes. I definitely see that becoming standard."

A booming industry presents opportunity for segmentation. Kaplan believes that in time, senior living will take a more niche approach, with developers opening communities focusing on a variety of interests that could include wellness, active continuing education and food.

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***"You'll see people Instagramming entrees, I believe that's well within the realm of possibility. These will be places people want to live."***

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## **FOCUS ON VALUE AND COLLABORATION**

Kramer also believes there will be more transparency relating to the value of senior living services (Are residents and their families getting what they pay for?) and around collaboration.

"Right now it's all about cost, but over the next decade – as we get more transparency – the value of services will also be important to the consumer," he said. "More partnerships will emerge because it will become impossible for any one system and company to provide all the services and settings an individual will need," he said.

"We'll continue to see strange bedfellows with alliances that wouldn't have been conceivable a short while ago." Example: in NYC, Sunrise is collaborating with New York-Presbyterian Hospital.

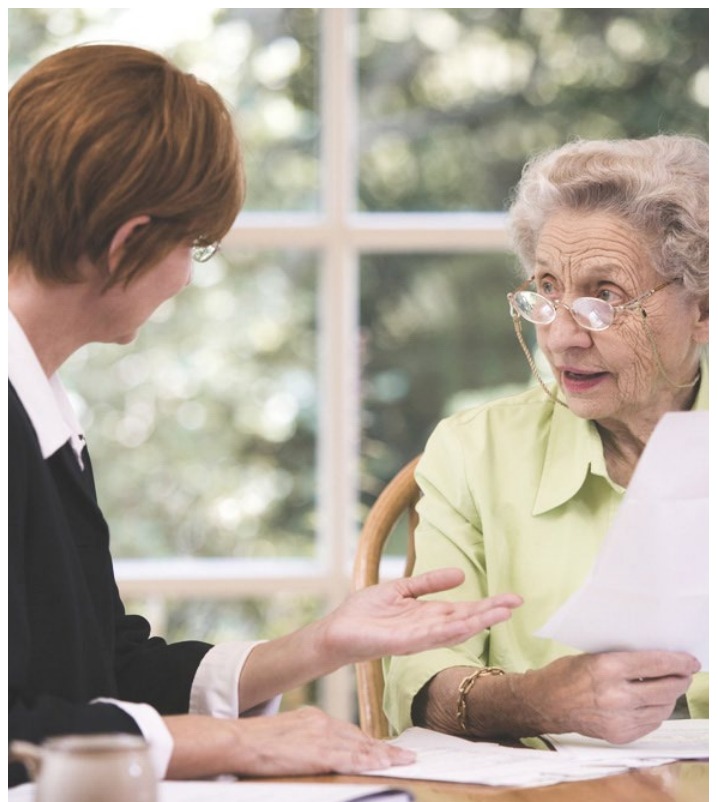
## OPPORTUNITY OR WORST NIGHTMARE?

New collaborations like these are essential to remaining competitive, especially against big players from outside industries.

Ragsdale, for one, welcomes this potential competition. "There seems to be a lot of fear around big players like Google and Amazon making an entry into senior services. I think we should welcome them. I'm a big believer in the philosophy that a 'high tide raises all ships.' So I don't quite understand the fear around these new players coming in."

However, anticipated innovations from other real estate sectors haven't materialized, he said. "For a while there was hope that we would see hospitality and multifamily bringing innovations into the industry, but we haven't really seen that. We've seen a number of great development deals and buildings, but nothing really groundbreaking."

"Where will outside innovation come from? I'm not sure. I wish I had a Magic 8-Ball."





# 8.

## SERVING THE MIDDLE MARKET



While tech, wellness and other quality of life issues are improving for the top 10-12% of seniors who can afford the best care, the issues facing middle-income and especially low-income seniors will continue over the next few decades, with some believing things may get worse before they get better.

### **CHALLENGES MOUNTING FOR LOW-INCOME SENIORS**

Matros, who worked as a senior living intern in college, is especially worried, about the future of "truly indigent Medicare patients," asking, "Where will they go? They've been going to skilled nursing facilities, but by 2035 most of these mom-and-pop facilities won't be around. What safety net is there for them? I worry about that."

We don't have nuclear families anymore and the 55 and older group is the fastest growing population in the country," he said. "It only takes one incident for them to be homeless. We have a real problem in this country. We've looked at senior housing models that are focused on the Medicaid waiver, and the economics just don't work."

### **BUILDING FOR THE MIDDLE MARKET**

Kramer jumps in with a key point, "We don't use the term affordable, because, for many, affordable means subsidized."

He's spent over a year investigating the myriad challenges facing middle income seniors. NIC will be releasing a report this spring focusing on the challenges of the enormous middle income market, which is too affluent for subsidized housing, but can't afford most of the senior living options available today.

He sees hope in the developments of a few providers, including LeisureCare, Benchmark, and Presbyterian Homes and Services, which are developing middle-income products. As an investment sector, Kramer sees middle-market developments as a huge investment opportunity. "Investors will get consistent returns because there is just so much demand. However, margins will be lower."



HumanGood

## **MODULAR SOLUTIONS ON THE WAY?**

Hutson is also concerned about "cracking the nut of creating affordable housing for the middle market."

He asked, "Are there changes we can make in our communities to make them accessible to those with more modest incomes?" Though HumanGood has communities for low-income seniors, the demand far outstrips availability. Creating affordable housing is especially challenging in California. "The cost per housing unit is in excess of \$400,000. The cost to acquire land and move through the regulatory process is extremely difficult, which is why we have multi-year wait lists."

He worries that seniors who've lived in affordable housing developments for years are often forced to leave when they need care. However, there often is no senior living alternative available. "Do they live with relatives, seek Medicaid skilled nursing or become homeless?"

New building options do offer hope, however. He sees a number of new construction options making affordable housing more of an option, including 3D printing and modular design. "As the tech gets better, these might present opportunities for affordable, non traditional housing models."

Ragsdale predicted, "Fifteen years down the road someone is going to solve the problem on affordability. There is still a big swath of the population that can't afford what we do at any level. Honestly, it's probably not going to be us (Thrive)."

He thinks failures in other sectors may present opportunities for senior living developers who recognize and seize the opportunity. "It may take business failures in different sectors of real estate to open up options for us. For example, suburban and rural hotels and motels could provide opportunities."



## 9.

# ALIGNING SENIOR HOUSING AND HEALTHCARE

For insights into the dynamic changes in store for the growing healthcare component of senior living, we turned to Lynne Katzmann, Founder and CEO of Juniper Communities, which has been leading the industry in healthcare innovation.

She's leading a bold initiative to unite other providers – with a total of 50,000+ residents and counting – in a consortium designed to optimize the possibilities of Medicare Advantage plans and help make senior housing a dominant provider of pre-acute care across all industries.

All of Juniper's initiatives strive to achieve the triple aim of healthcare: improving outcomes, reducing costs and improving the resident experience.

## **PRIMARY CARE—THE MISSING PUZZLE PIECE**

Juniper has begun offering primary care onsite and Katzmann believes a number of factors will compel other senior housing providers to do the same over the next several years.

"Primary care is important because it's part of pre- and post-acute care and it's been the missing puzzle piece in the senior housing arena. Primary care is the bridge between senior housing, chronic care management and acute care," she said. "We've been doing it for years, it's part of Connect4Life."

As most industry insiders know, since 2012, Juniper's Connect4Life program has proven extremely successful at both improving quality of care, reducing costs, hospitalizations and readmissions. Hospitalization rates have dropped more than 50%.



She stressed that Medicare Advantage is incentivizing the move toward including primary care services onsite at senior living communities. With Medicare Advantage, private insurance companies compete for federal funding to provide plans with benefits comparable to those typically offered by Medicare, but with enough flexibility for the insurers to be profitable and still provide additional services to seniors.

"Adding primary care onsite becomes part of the fabric of a community and increases the level of professionalism," she said. "I do believe primary care will become part of the basic conversation in both the pre-acute and post-acute sectors."

## **A BOLD MOVE**

To have an industry wide-impact and stay on top of a growing trend, Juniper is organizing a perennial consortium, one that also includes founders Christian Living Centers, Ohio Living and AllyAlign Health.

"We put together a holding company that has been engaging other participants in a variety of states that are interested in participating either on a state or national level. We have providers with more than 50,000 residents total expressing interest. How many will actually become a part of it, we're not sure. But the number of interested parties increases every day," she said.

"There is lots of work involved, including pulling together all the parties and applying for an HMO license. Right now we are planning on going live on January 1, 2021."

The consortium will break new ground in senior living. "There are plans out there that are physician-provider based plans and skilled nursing provider based plans. However, this is the first that is senior housing based, that's the differentiator. And it makes sense because senior housing cares for the target population that Medicare needs to address."

Katzmann said the consortium was an outgrowth of Juniper's Connect4Life success. "When we did Connect4Life, it had an integrated care model that unites service-enriched housing and care management. The impact of that has been great. The Connect 4Life model is about convenience. It's about saving money and increasing wellbeing."

"Instead of curing people, our emphasis is on prevention of disease exacerbation. Our goal is to control chronic disease so that it doesn't become more serious, affect our residents' quality of life or require them to be hospitalized."

She added, "Medicare Advantage is the only way to control the dollar. That's how it all goes together."

While enthusiasm for the new consortium has been high, some operators aren't able to participate at this time because they lack the requisite technology foundation and data sets, Katzmann admitted.

"Not everybody is able to use an integrated care model for a number of reasons. They may not have the electronic foundation or communication tools necessary. Another reason is that some people don't want to take the risk," she said, adding that many senior housing providers continue to think of their product as belonging solely in the "hospitality" sector.

"Others say it's not the direction they want to go in, but we're saying that they can't put their heads in the sand anymore."

## **ONSITE CONCIERGE SERVICE**

In this report, we discuss new executive positions – like VPs of innovation – emerging in senior living. Over the past year, Juniper has introduced and empowered healthcare concierge positions at all of their communities. Katzmann is thrilled with the early outcomes and believes other providers will soon follow Juniper's lead.

"The concierge role is a new one on the leadership team. They're responsible for coordination between service-enriched housing and ancillary service providers. This person functions as an administrator and an auditor. They make sure data flows, and also serve as a coach for providers, residents and families," she said.

The unique responsibilities of this concierge position are important because "You can't have part of your wellness team play that function because they will get eaten up by labor issues. If you're going to make an integrated care model work, you need someone whose function it is to make sure all the players are doing their thing."

She continued, "And you need a high-touch person, a human being for families and residents to associate with rather than just looking at a smartphone for information. You need someone willing to make phone calls and answer questions. For us, it's definitely a leadership role."

## **TIME TO SHAPE UP**

Sharing her thoughts on the future, Katzmann believes seniors and senior living will need to take an honest look at nutrition, exercise and other aspects of preventative care. Seniors have to take more responsibility for their own health, including pursuing a less sedentary lifestyle, with more exercise and healthier eating habits, among other improvements.

"I see us moving to a more preventative model, one that understands that what you eat and how you live makes a huge difference in your healthcare needs," she said. "If you look at our population, the number of overweight people you see is increasing all the time and these people tend to have diabetes and other chronic conditions," she emphasized.

"We talk a good game, but most of us aren't living the lifestyle we need to maintain our health. If we don't do something about weight, high blood pressure and exercise, costs will continue to escalate and, fortunately, the government is beginning to see that these issues matter and has begun redefining what healthcare is."

## 2035: COMPETING WITH THE SMART HOME

Katzmann agrees with other leaders that tech, AI and on-demand services will make it possible for seniors to stay in their homes even longer, but at what cost? "The value of senior housing is community and relationships and I think all of this smart home tech will be incorporated into senior housing.

"Tech has two important uses that I believe will be even more important in the future –for transmission of data through wearables, and for making homes totally accessible regardless of the person's frailty. These two developments will occur in both homes and in senior living," she said.

"So what's the difference between living in your family home or in a senior living community? It's 'community' and 'experience,'" Katzmann said. "And what we provide now and what we provide in five years will be different."

She also predicts that Juniper and other senior living communities will be far more integrated into their communities at large. "In 10 years, at Juniper, you'll see greater integration between the community at large and senior housing. Our residents will be going out more and others will be coming in more," she said, adding that some properties will resemble boutique hotels, with coffees shops, bars, restaurants, common areas, galleries and more that community members will visit on a regular basis.

She provides an example. "Let's say we built a 200-seat black box theater and become a place where a small community theater group perform. That brings in people from the community, gets residents involved and becomes a destination," Katzmann said.

"What else does that do? When a younger person comes into the space and sees everything that's going on, they can envision themselves living there without giving up anything."





10.

## CONCLUSION: TIME TO TAKE RISKS!

With increased emphasis on tech, wellness, education and other new initiatives, the future of senior living looks bright.

However, for an industry less than three decades old, senior living has become a bit too stuffy and conservative at a young age. As a group, the industry leaders interviewed for this report believe it's time to take a few more chances, to embrace failure and continue striving to innovate, especially as more boomers age into the industry's target market.

Barnes believes a risk-taking approach is essential if senior living as an industry is going to evolve over the next 15 years. "We're big on experimenting and innovating. We actually celebrate breakdowns, because we see them for what they are: milestones on the path to breakthroughs. If an associate or community team experiments with a new idea and it fails, we encourage them to keep going," he said.

"We foster a culture and environment for our associates where breakthroughs occur because they are encouraged to experiment, learn and grow with an eye on future successful outcomes rather than a fear of failure."

### TWO ESSENTIAL TYPES

Kramer defines two types of risk and believes both are important.

The first is risk involved in launching new programs and services in companies. "The instinct is to wait until the dust settles, but the companies that do that will usually get left in the dust ten years down the road when they're trying to catch up," Kramer said. "You have to have some risk toleration or otherwise you'll be out of business."

The second type of risk is Direct Financial Risk/Capitated Payments. "You'll receive dollars and take the risk that you'll provide good quality healthcare to individuals at that price without losing your shirt doing it." He cites Sunrise and Juniper Communities as providers that are taking this type of risk. However, in exchange these providers get more control over how their spending.

## **GONNA TAKE A LITTLE TIME**

Kramer's final thoughts emphasize the importance of building corporate cultures that top "Best Of" lists, a process that incorporates both "continuous" and "disruptive" innovation.

Continuous innovation focuses on consistent improvements and upgrades in systems and services; disruptive innovation is finding a whole different way of doing things. "A classic example is Blockbuster and Netflix. We know how that turned out," Kramer pointed out. "Neither is bad and the companies that do both will succeed."

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***In this period, you want to be the disruptor.  
The disrupted will get left behind."***

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While taking risks is essential to achieving this level of excellence, reinventing the stagnant and dysfunctional aspects of senior living won't happen overnight, he emphasized. However, thoughtful, creative risk-taking will gradually make senior housing communities more desirable places to live and work, appealing to a wider demographic of prospective residents and employees.

Continuous and transformational risk will result in communities that are almost unrecognizable, compared to what's around today in 2019.

"The number one success factor down the road in our industry will be culture. Culture can't be produced overnight. It takes a deliberate plan. It takes time to develop and for employees to see it and embrace it. To see it and say, 'Wow.' You can't create that overnight."

# THOUGHT LEADER *Bios*

David Barnes, President of Watermark Senior Living, began his career with Fountains Retirement Communities in 1988 when I served as an operational trouble-shooter. Traveling to communities across the United States, typically living at the community and working with the Executive Director to implement our policies, procedures and systems, I could not have asked for a better primer in healthy aging. I met a resident who worked with Harry S. Truman and still spoke of him with fond enthusiasm, and another who, never having learned to swim, picked a date to swim with Bottle-nosed dolphins in Biscay Bay for her 98th birthday celebration. Another resident went skydiving as a remedy for a seriously debilitating muscular disease. Talk about expressing your Self!



**DAVID BARNES**

**President  
Watermark Senior Living**



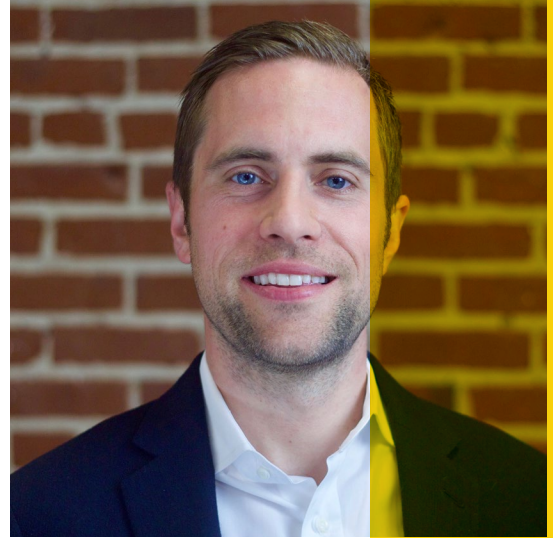
**DAN HUTSON**

**Chief Strategy Officer  
Humangood**

Dan Hutson, Chief Strategy Officer for HumanGood, California's largest nonprofit provider of senior housing and services and one of the 10 largest of its kind in the nation. It serves nearly 10,000 residents in more than 80 life plan and affordable housing communities in five Western states. As CSO, Hutson is responsible for strategic planning, sales and marketing, corporate communications, innovation and experience design. His communications and marketing programs have been honored by the National Mature Media Awards, Content Marketing Awards, EXCEL Awards and Healthcare Marketing IMPACT Awards, among others. Hutson has more than 30 years of experience in helping corporations, nonprofit organizations and educational institutions meet their strategic planning, marketing and communications needs.



Adam has a deep track record of excellence in finance, development, and strategic operations. In April 2016, Adam leveraged his 15 years of experience to launch Solera Senior Living, a next-generation senior living operations, development and investment company targeted at the luxury segment. Solera currently has 6 properties under management or development with a total market capitalization in excess of \$250 MM. Adam received his BA from Cornell University, School of Hotel and Restaurant Management, and his MBA from Northwestern University's Kellogg School of Management.



**ADAM KAPLAN**  
Founder & CEO  
Solera Senior Living



**LYNNE KATZMANN**  
Founder and CEO  
Juniper Communities

With 22 properties in four states and more than 1600 employees, Juniper had over \$70 million in revenues in 2016. Celebrating its 30th Anniversary in 2018, Juniper is ranked #14 by Crain's New York on its Top 50 ranking of woman-owned companies for the New York tri-state area. Juniper is the only woman-founded, owned and led business among the top 40 national assisted living companies. Lynne launched the business when she was 32, with six years' experience in the health care industry and a PhD in economics from the London School of Economics. An active leader in the social entrepreneurship movement at its beginning, she was a firm believer in the so-called double bottom line: doing well by doing good. Lynne leads an organization known for resident-centered, personalized care. Juniper's priorities and its many award-winning innovations are consistent with her belief: "Aging and its challenges are a natural part of our life cycle. Quality of life in this third act should be enjoyed to its fullest according to each person's choosing. There is no reason that a frail body should not allow a life of joy and meaning."

Mr. Kramer is Founder and Strategic Advisor at the National Investment Center for Seniors Housing & Care (NIC), a non-profit education and resource center that serves debt and equity investors interested in the seniors housing and care industry. NIC is the leading provider of research as well as business and financial performance data on this sector for capital providers. NIC's focus is to enable access and choice in seniors housing and care by providing data, analytics and connections that bring together investors and care providers. Mr. Kramer, a frequent writer and speaker on trends in seniors housing and long-term care, directed NIC from its inception in 1991 until July, 2017. A former county government official and Maryland state legislator, Mr. Kramer was a leader on health and environmental issues while representing the state capital of Annapolis in the 1980s. Mr. Kramer was educated at Harvard and Oxford Universities and also holds a Master of Divinity degree from Westminster Theological Seminary.



**ROBERT KRAMER**  
Founder & Strategic Advisor  
NIC



**RICK MATROS**  
Chairman of the Board,  
President & CEO  
Sabra Health Care REIT

Rick Matros has served as Sabra Health Care REIT's Chairman of the Board, President and CEO since its inception in 2010. With a Masters degree in gerontology from USC and an extensive background on the front lines of senior living and as CEO with Sun Healthcare Group, Regency Health Services and Care Enterprises, Matros build a diversified healthcare resume before moving into investing. Sabra Health Care REIT (NASDAQ:SBRA) is a mid market, but growing standalone health care real estate investment trust, or REIT. That said, it's been expanding and diversifying since it came public via a spin-off from Sun Healthcare Group. Sabra has also increased its dividend each year since the separation.

Bill Pettit is President and Chief Operating Officer, R.D. Merrill Company, with responsibility for Merrill Gardens and sister company Pillar Properties. Merrill Gardens is one of the most respected assisted living operators in the country with 33 communities in eight states. Pillar Properties is an award-winning owner and operator of multi-family housing with 1,700 units in operation and the developer for Merrill Gardens new communities. Pettit joined the R.D. Merrill Company in 1992 after 18 years in the banking industry. He was instrumental in the formation of the company, starting with one community in 1993. Pettit was a 2018 Seattle Business Magazine Executive Excellence Award winner and under his leadership the R.D. Merrill Company was named the Family Business of the Year for its commitment to residents, team members and community service. Pettit received a bachelor's degree from Princeton in 1971 and a M.B.A. from the University of Oregon in 1973. He was the first Senior Living Executive in Residence for Washington State University. He serves on the Argentum Board of Directors and he is the past Chairman of the Executive Board of the American Seniors Housing Association (ASHA).



**BILL PETTIT**  
**President & Chief**  
**Operating Officer, R.D.**  
**Merrill Company**



**JEREMY RAGSDALE**  
**Founder and CEO**  
**Thrive Senior Living**

Ragsdale is responsible for Thrive's business development, strategic management, and oversight of the daily operations of both the development and management arms of Thrive. In addition to Thrive Senior Living, he owns multiple senior housing development and holding companies, including Outer Marker Properties, MRA Ventures, and Columbia Real Estate Holdings. He is a frequent speaker and panelist at industry conferences and events, including engagements in the US, Asia, and Europe. Before entering the Seniors Housing industry, Ragsdale served as Vice President of Hatcher Homes Inc. and Belmont Development LLC, developing and building multiple single-family residences and lots throughout metro Atlanta, focusing on unique urban infill opportunities.



Greg Smith, President and CEO of Maplewood Senior Living and Inspir, the new urban international luxury brand, has a career spanning nearly 25 years. In 2005, Mr. Smith founded the Maplewood brand, which consists of luxury senior living residences throughout Connecticut, Massachusetts and Ohio, with future expansion into New Jersey and other parts of the country. He oversees the development, construction, finance, and management of the Maplewood brand including Maplewood Senior Living communities and the latest addition to the Maplewood portfolio, Inspir, an international luxury brand of urban senior living residences. In 2017, Mr. Smith embarked on creating a new concept in senior living and announced the new Inspir brand, which is the convergence of luxury residences, unparalleled hospitality, and world-class healthcare offered to seniors in urban markets. The first Inspir property, Inspir Carnegie Hill is set to open in 2019. Mr. Smith also serves as Chairman of the Board of Directors for Ability Beyond, a not-for-profit organization providing residential, employment and day programs to over 3,000 people with disabilities in Connecticut and New York. Mr. Smith is also proud to sit on the board of directors of the Alzheimer's Association New York City chapter.



**GREG SMITH**  
**President & CEO**  
**Maplewood Senior Living**  
**and Inspir**



**THOMAS WELLNER**  
**President & CEO**  
**Revera**

Thomas Wellner is President and CEO of Revera, a leading owner, operator and investor in the senior living sector. Since joining Revera in early 2014, Mr. Wellner has led the organization through transformational change, developing the company's strategic direction to grow, innovate and lead in the sector. He has worked with a number of strategic partners in Canada, the U.S. and the U.K. to grow Revera's portfolio to more than 500 properties internationally.

Mr. Wellner holds an Honours Bachelor of Science degree in Life Sciences from Queen's University and has completed the ICD Directors Education Program at Rotman School of Management as well as executive education through Harvard Business School.



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