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INDUSTRY INSIGHT

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

Top Senior Housing Trends for 2022 - Part I

As 2022 begins, headlines are unfortunately reminiscent of 2020, featuring news of Covid-19 case counts, global disruptions to business and transportation, and even whole cities going into lock down.

But for the U.S. senior living industry, history will not repeat itself in 2022.

That's thanks largely to the number of residents vaccinated against Covid-19 and the industry norm of vaccine mandates for workers. Although omicron raises legitimate concerns about increasing infection rates, senior living providers are understandably confident that their communities will remain among the safest places to live and work.

However, the pandemic's fallout — such as labor woes, inflation and supply shortages — will continue to weigh on the senior living industry in 2022. Owners, operators and other stakeholders will need to be proactive, creative and nimble in the face of such challenges.

The good news is that many companies have cultivated just these capabilities throughout the last two years. Best-in-class providers will withstand the pressures of 2022 and will gain strength through new partnerships, portfolio growth, and investments and innovations in operations.

Senior living providers also can take heart in strong consumer demand, which is already leading to occupancy growth and pricing power.

So while 2022 will include more pain, the year ahead also will also bring notable progress toward a brighter future for senior living.

2022 will be a "best-ever" year — and a "worst-ever" year

For senior living, 2022 will be a year of extremes — for better and for worse.

For example, revenue could reach historically high levels, but so too could expenses. Such a scenario already has started to take shape.

Beyond revenue and expenses, 2022 will be a year of extremes in various other ways. Senior living development projects will be bigger than ever and smaller than ever.

On the "bigger" end of the spectrum, expect new highrise projects to be announced, as senior living teams take advantage of the disruption in the hotel and office sectors to secure urban real estate. Continuing care retirement communities (CCRCs) performed well during the pandemic, so anticipate efforts to create these sprawling projects. And 2022 could bring the first U.S. forays for Canadian companies seeking to create versions of the successful — and very large — retirement communities that they have built north of the border.

On the other end of the spectrum, more senior living projects will be focused on the small-home trend, to create affordable environments that are easier to secure from an infection control standpoint. Such projects might involve campuses of modular or prefabricated tiny houses, or dwellings arranged in "pocket neighborhoods."

Not only will communities become bigger and smaller than ever, but some will redefine the high end of the market, while senior living will also become more accessible than ever for less affluent consumers.

The launch of new projects and innovative models will make 2022 a year of renewal and excitement in senior living. Adding to this energy, some providers will regain or surpass pre-pandemic occupancy levels, and harness new technologies and operating practices to increase efficiency and get a handle on the bottom line.

On the other hand, the pandemic has been an increasingly hard slog for some providers, particularly those that were on tenuous financial footing already. While they have been buoyed by a mix of lender flexibility, government relief and post-vaccine occupancy recovery, some will hit the breaking point in 2022, given the labor situation, the omicron variant, growing investor and lender impatience and other factors.

So, along with excitement and momentum, 2022 will include a lot of hand-wringing and dark days — but ultimately, the building designs, operating models, financial margins and penetration rates of the future will come into view.

The 'regional reset' begins

The last 12 months were defined by the "rise of regionals," as many regional operators rapidly gained scale through a slew of acquisitions and management transitions. The next year will be about the "regional reset," as these providers start to reshape the industry.

In particular, regionals are expected to drive occupancy and workforce stability through a localized approach to sales, marketing and hiring. But this has always been the potential upside of regional management; this dawning era will test whether regionals can be even more effective than in the past through additional capabilities and new corporate structures.

Additionally, ownership groups appear to be increasingly aware of the need to more closely align interests with operators and ensure that they are well-capitalized enough to invest in technology. From management contracts that involve larger promotes or incentivize on both top- and bottom-line performance, to programs that subsidize the cost of tech, owners and operators appear to be taking steps to enable steadier performance and continual improvement.

Furthermore, owners and operators have observed the challenges that arise as regionals expand, straining the ability of corporate leadership to closely manage growing portfolios. Now, some regional providers are trying to solve this issue by reconfiguring their org charts.

No doubt, the regional reset will involve some operators that grew too fast and start to struggle, and not all the new approaches to infrastructure, alignment and organization will succeed.

But if the regional reset generally goes well, that will mean that best-in-class operators have seized opportunities to expand during the pandemic, and industry standards will rise thanks to their increased influence.

The price is finally right

In recent years, more powerful business intelligence (BI) capabilities have started to enable a new approach to senior living pricing. In 2022, these new pricing approaches will firmly take hold across the industry.

Such approaches are based on the ability to crunch large volumes of data on market dynamics, consumer profiles, and aspects of operations — such as how often certain services are rendered and how delivering these services equates to staff time and effort.

Now, providers across the industry are pushing to regain occupancy while also protecting margins that are under incredible pressure. Significant rent concessions are not viable in this environment, and so operators will see that BI capabilities are essential in being able to price their offerings appropriately and — in particular — confidently charge for a la carte services.

Doing so will enable providers to "unbundle" their pricing, which should drive sales by allowing operators to offer prospects more customized packages, while also ensuring that operators' revenue closely aligns with what they are delivering to residents.

Data-driven, unbundled pricing also will gain importance as more middle-market product comes to market. Setting rates at the appropriate level and offering some a la carte services are especially important in these emerging models, which are rooted in tight expense management while offering a product that residents see as a good value.

Increasing adoption of BI-driven pricing will also contribute to revamped sales processes, which also will set rates more appropriately than in the past.

Already, sales teams appear to be appropriately emboldened by the fact that prospects with real estate and stocks are flush, while Social Security payments also are up — having business intelligence at their fingertips to explain how prices equate to value will be another valuable tool at sales teams' disposal.

If BI-driven pricing and better sales practices come together, Brookdale's Baier will be proven right in her prediction that 2022 will be a high-water mark for the industry's top-line performance.

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

Stony Plain Project Update

Stony Plain Active Adult Lifestyle Community is located just west of Edmonton, Alberta. When complete, the residence will be a 6-storey apartment building with 85 Active Adult Lifestyle Community suites. It will offer In-suite 24-hour emergency call systems, a recreation facility, housekeeping, laundry services, on-site management and maintenance. A main floor of commercial and retail space will provide residents with easy access to amenities such as a doctor's office, pharmacy, bistro or coffee shop. Below is the progress update and pictures from the site.

- Both the management team and residents continue to organize group events, including weekly cocktail hours, soup socials, and learning opportunities like the *Happier Aging* presentation given by Nurse Next Door.

- The Yarn Group made 52 hats, nine scarves, 26 pairs of mittens, and six pairs of socks to contribute to the Alberta Parenting For The Future Association.

- Residents at Stony Plain worked together to create beautiful centerpieces for their holiday dinner and joined with carolers to celebrate the holiday season.

- Several new promotions have been introduced including a credit for moving expenses and a friends referral program. Targeted online ads and banners have been created to get the word out.

- The management team continues to seek out new ways to attract residents and improve the resident experience. They are currently discussing partnering with a company that will provide a la carte services such as transportation and housekeeping to those who wish to use them.

- The mayor of Stony Plain and two councillors visited the community to learn about seniors active adult living and what the residence has to offer the neighbourhood.

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

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