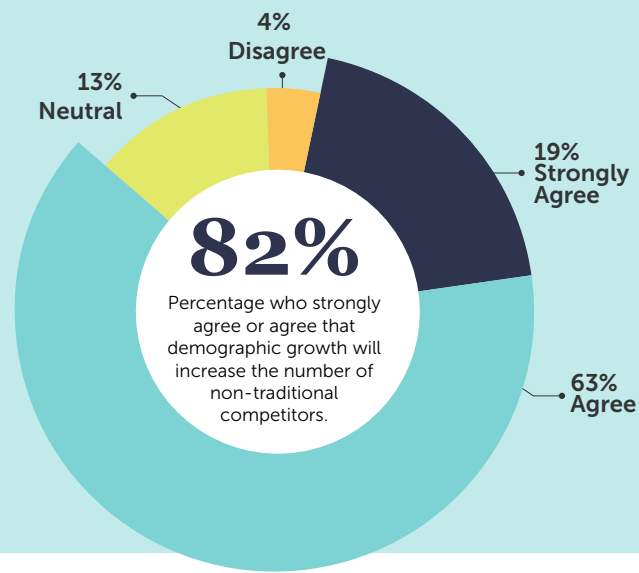




Demographic Growth

Demographic growth is likely to increase the number of non-traditional competitors.

A significant number of participants noted high levels of confidence that the coming demographic growth will expand market opportunities while opening the door to non-traditional competitors, whereas 62% of participants believed they were well prepared for this growth.



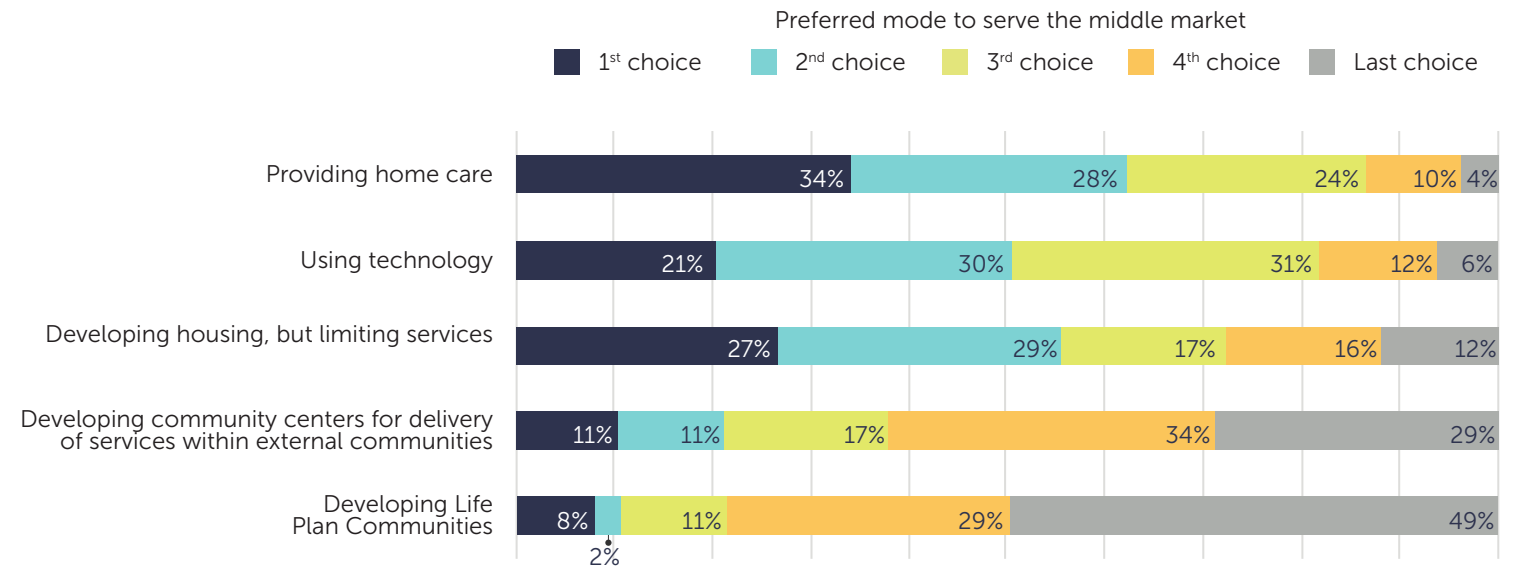
89% strongly agree or agree that demographic growth will expand their market opportunities.



How do you define the "middle market"?

Given the recent focus on the opportunities and challenges in serving the "middle market," review our definitions to establish a common ground:

- The responses highlight the challenge with trying to find the economic points that make up the "middle market," and thus, the challenges in determining what is affordable to them.
- Many responses focused on an objective metric (median household income), with a reasonably tight band around it (plus or minus 10 – 30%).
- Others focused on the experiences within their communities, noting that it should be defined below that level.
- The top approaches to addressing the middle market appeared to be non-brick-and-mortar focused (e.g., providing home care or using technology), rather than using an LPC.



Note: Data may not total 100% due to rounding of numbers.



Demographic Growth

75% said it was financially viable to serve the middle market.

60% planned to serve the middle market based on how it was defined in this question.

CLA recommended action steps:

Planning for demographic growth is critical:

- As at-home aging is still the most frequent choice, home-based and community-based services and technologies provide great opportunities for growth. Developing these capabilities and business models is not capital intensive and offers a clear pathway to serve those at home as they age.
- If you want to develop more independent living capacity, start planning now, given the lengthy development cycles. For many providers, the development of additional units is often measured in six-year cycles (two years of planning, one year of marketing, two years of construction, and opening).
- Capitalizing on growth requires comfort with risk management, risk and reward, and the guidance of the board as well as entrepreneurial teams.
- Consider teaming with others that are in the business of real estate development (e.g., mixed-used developments) in order to evaluate opportunities to grow independent living.
- Develop a strategic plan and consider strategies for capitalizing on demographic growth (and change).
- Size the impact of mandated living wage changes to understand the effect on organizational financial performance.