

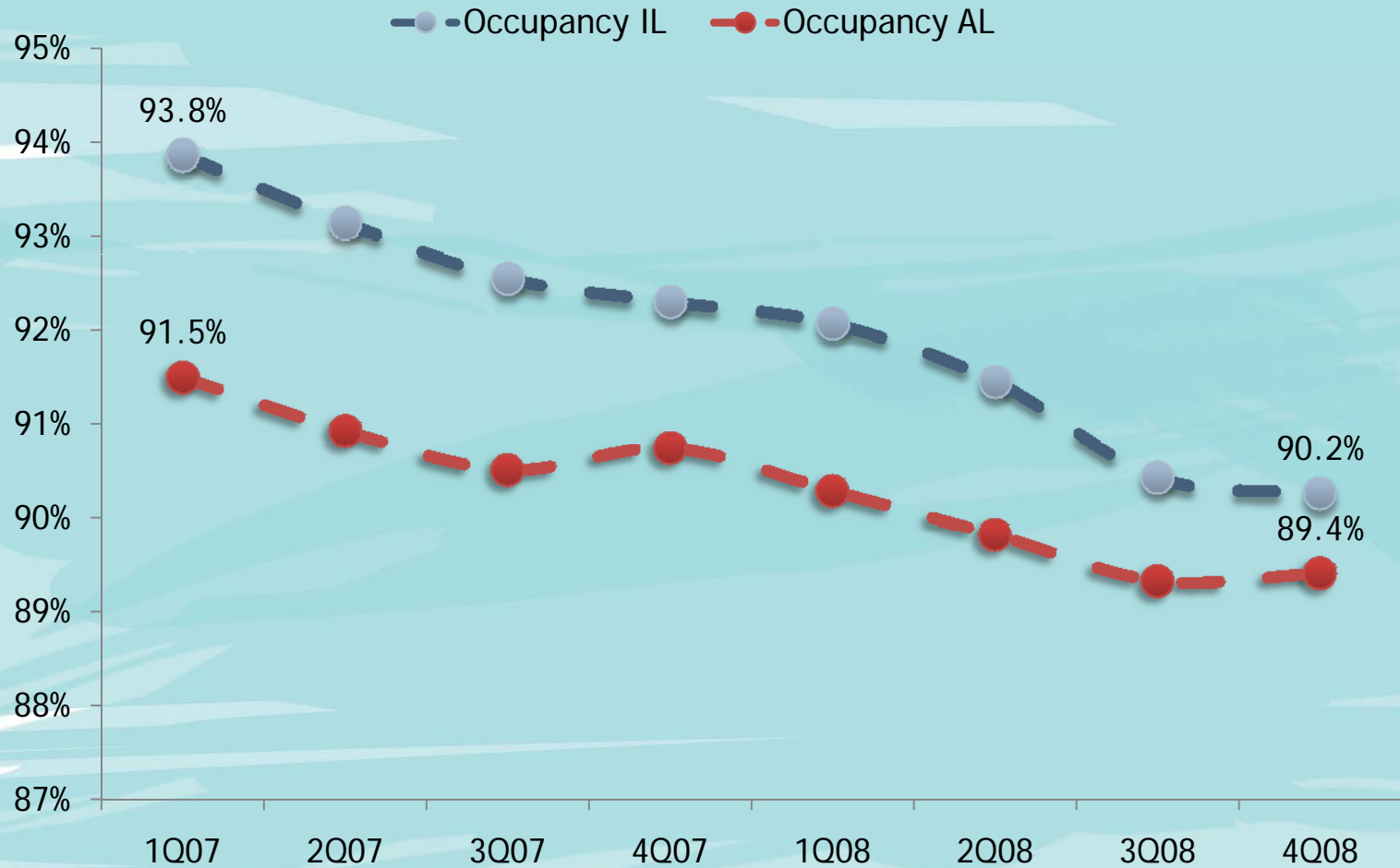


Do Not Wait for the Boom!

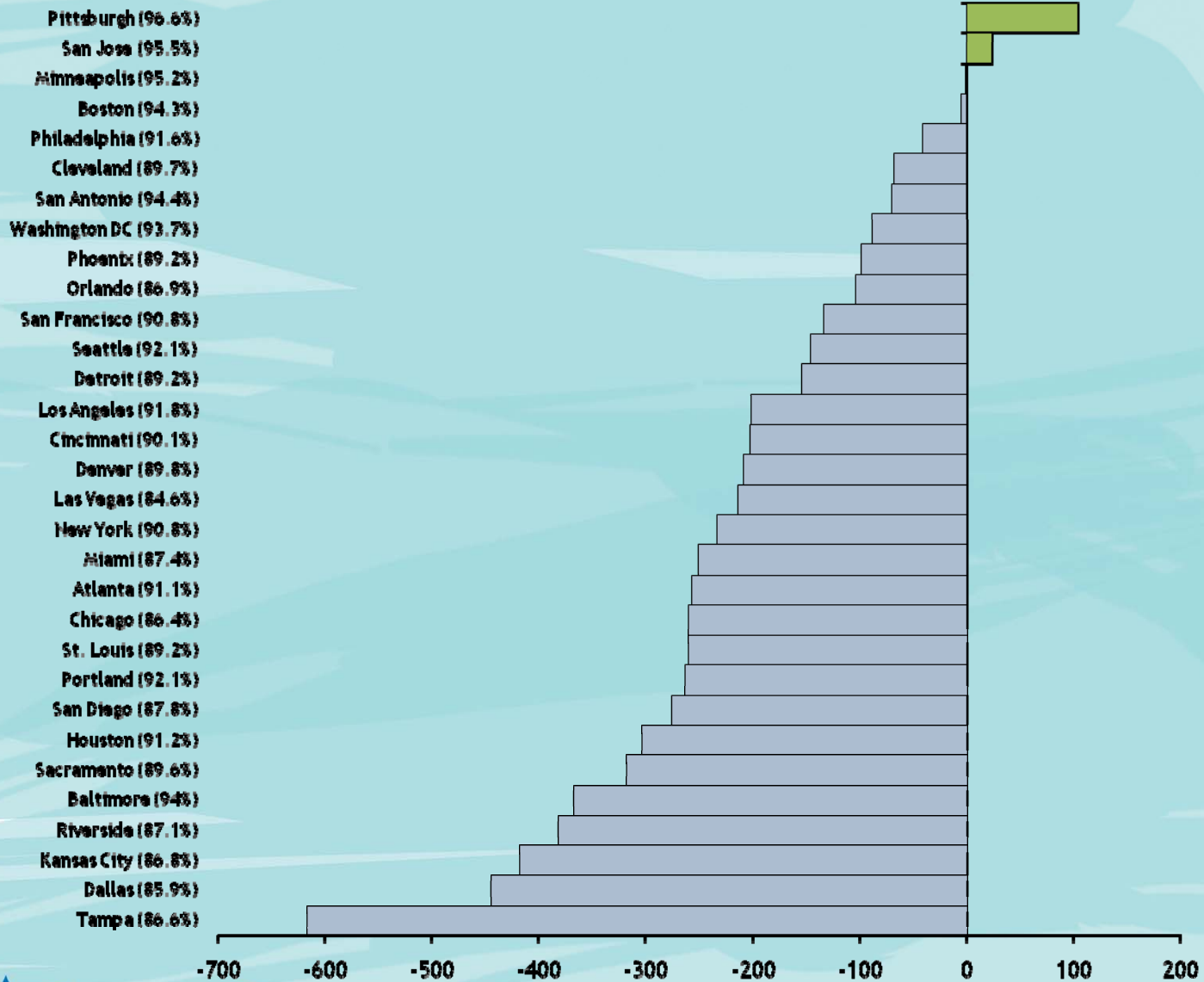
Today's Opportunity for Growth

ALFA2009  
CONFERENCE & EXPO

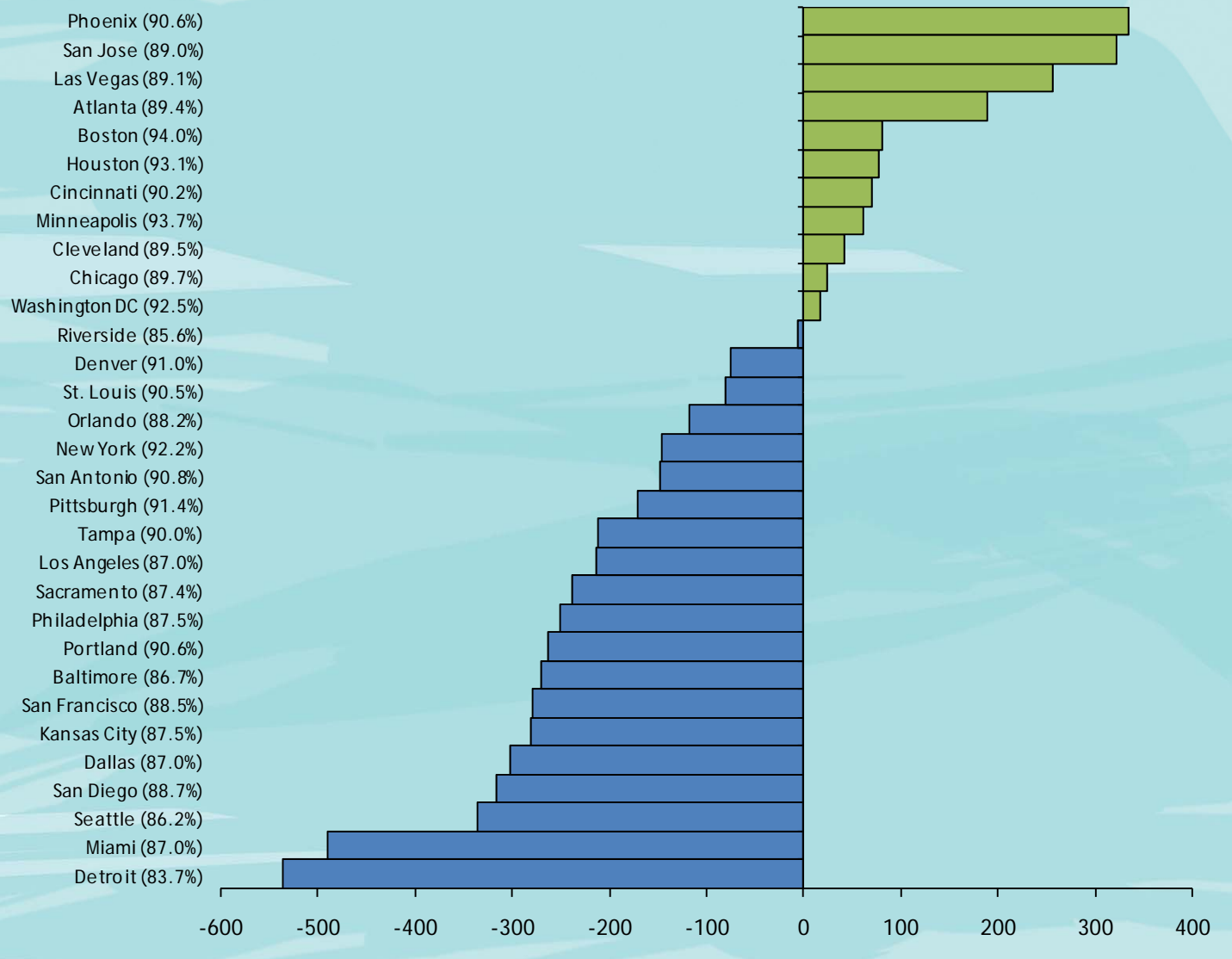
# IL and AL Occupancy Trends...



## Independent Living 4Q08 Occupancy and Annual Change (bps)

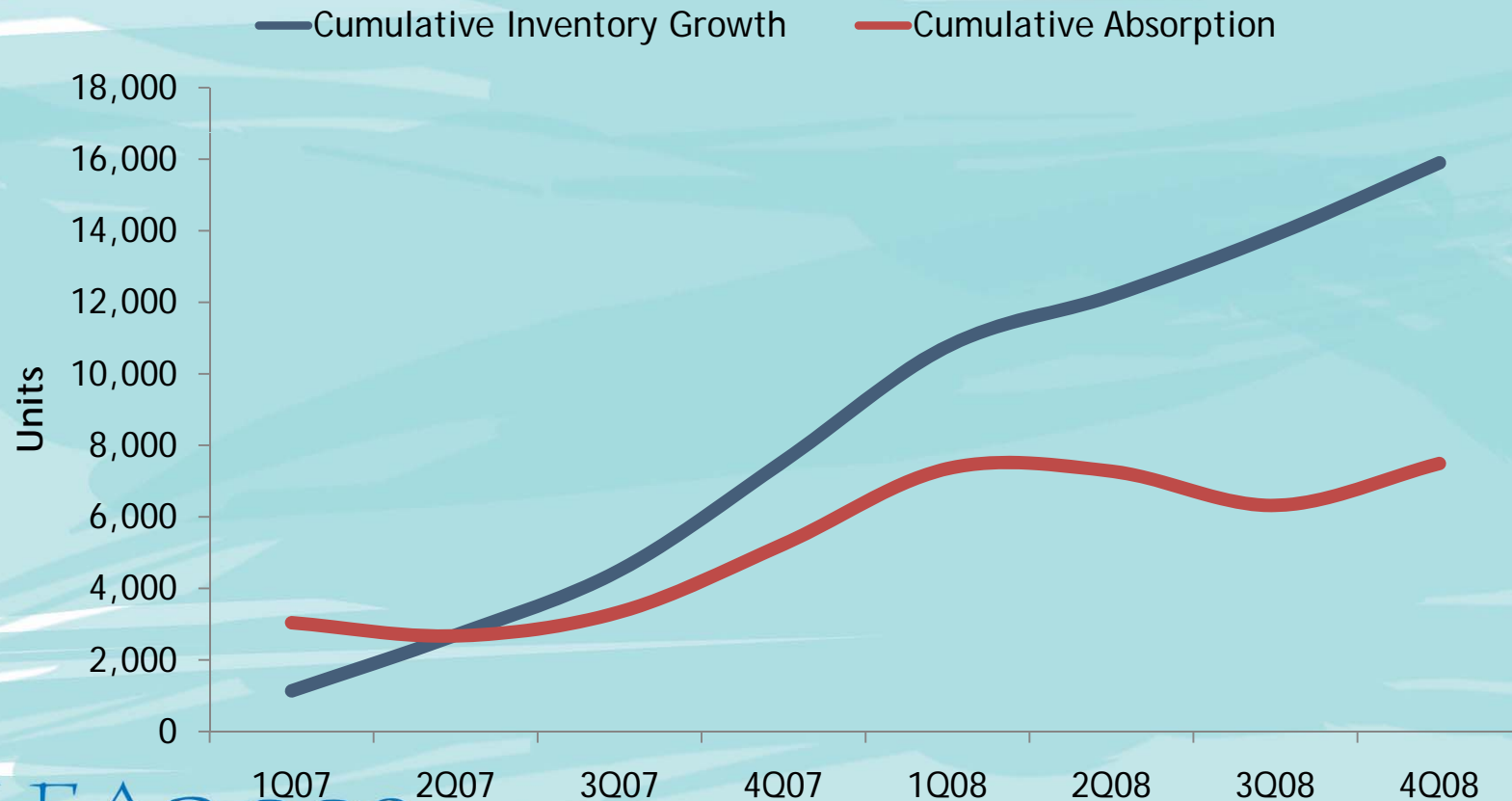


### Assisted Living Living 4Q08 Occupancy and Annual Change (bps)



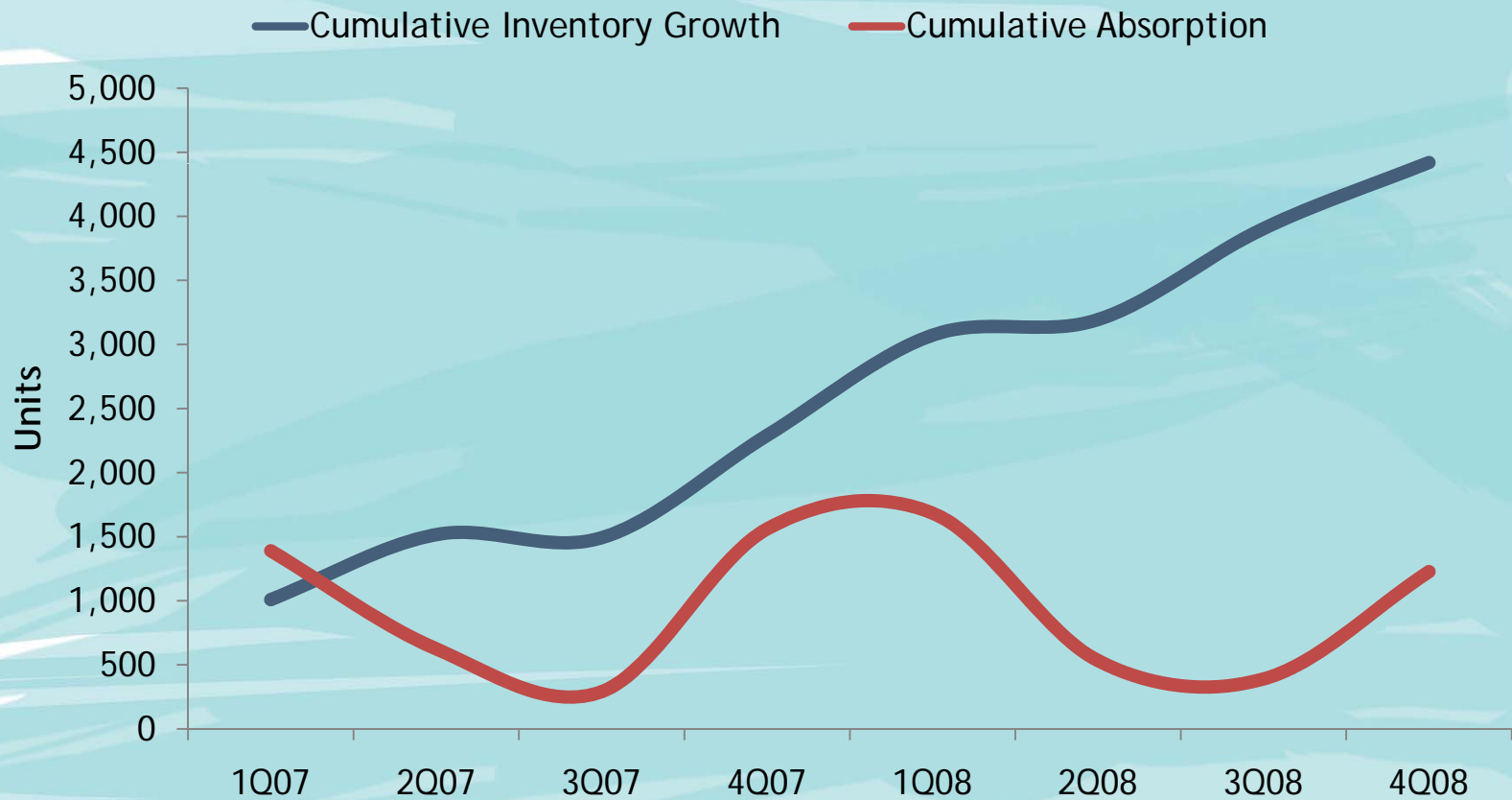
# Is it Supply or Demand?

## IL Supply and Demand Since 1Q07



# Is it Supply or Demand?

## AL Supply and Demand Since 1Q07



# What Are The Culprits?

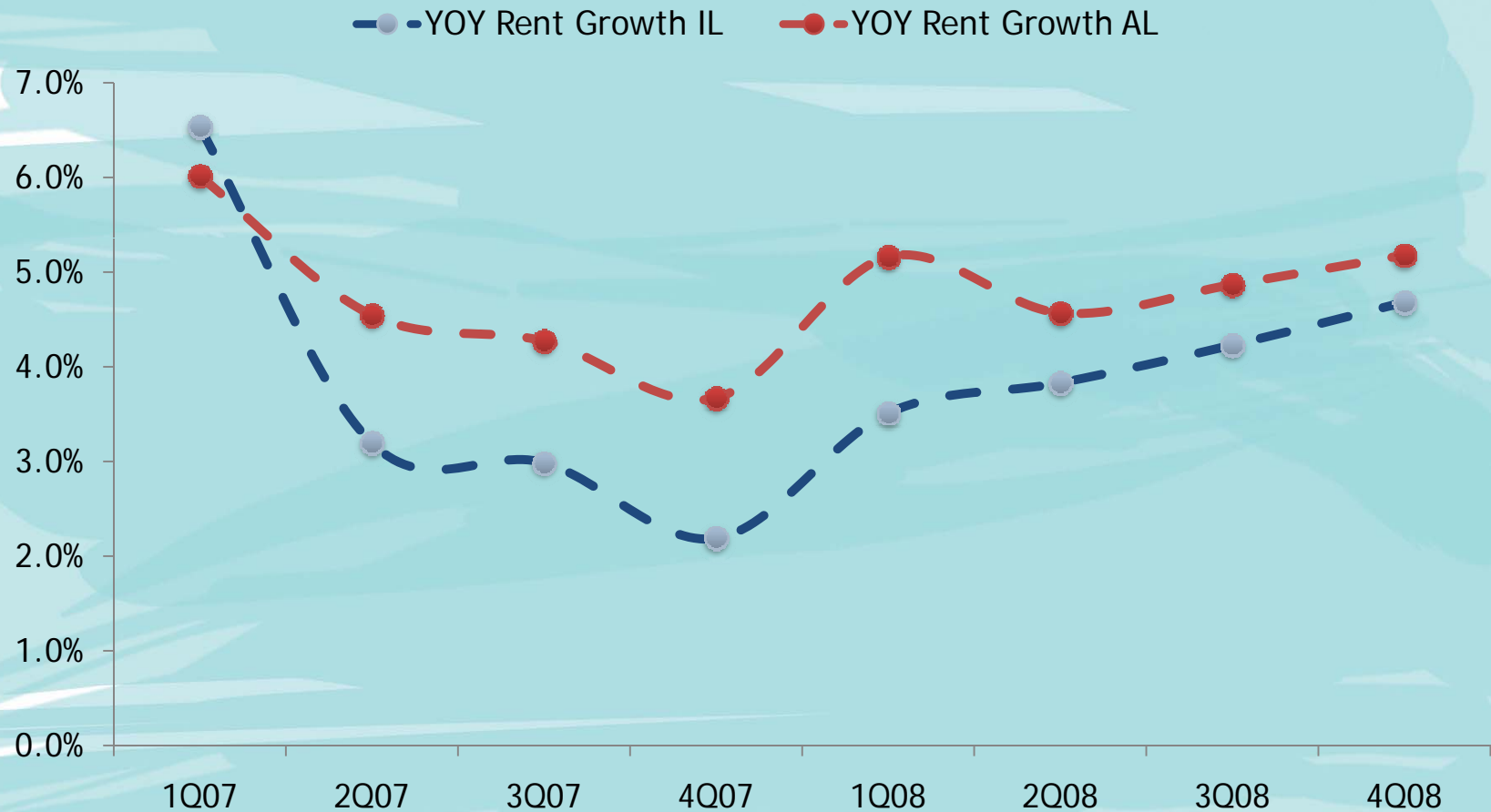
## The Known's

- Residential Housing Trends (IL)
  - Sales Velocity
  - House Prices
- Adult Children Economics (AL)
  - 45-64 Yr Old Income
  - Unemployment

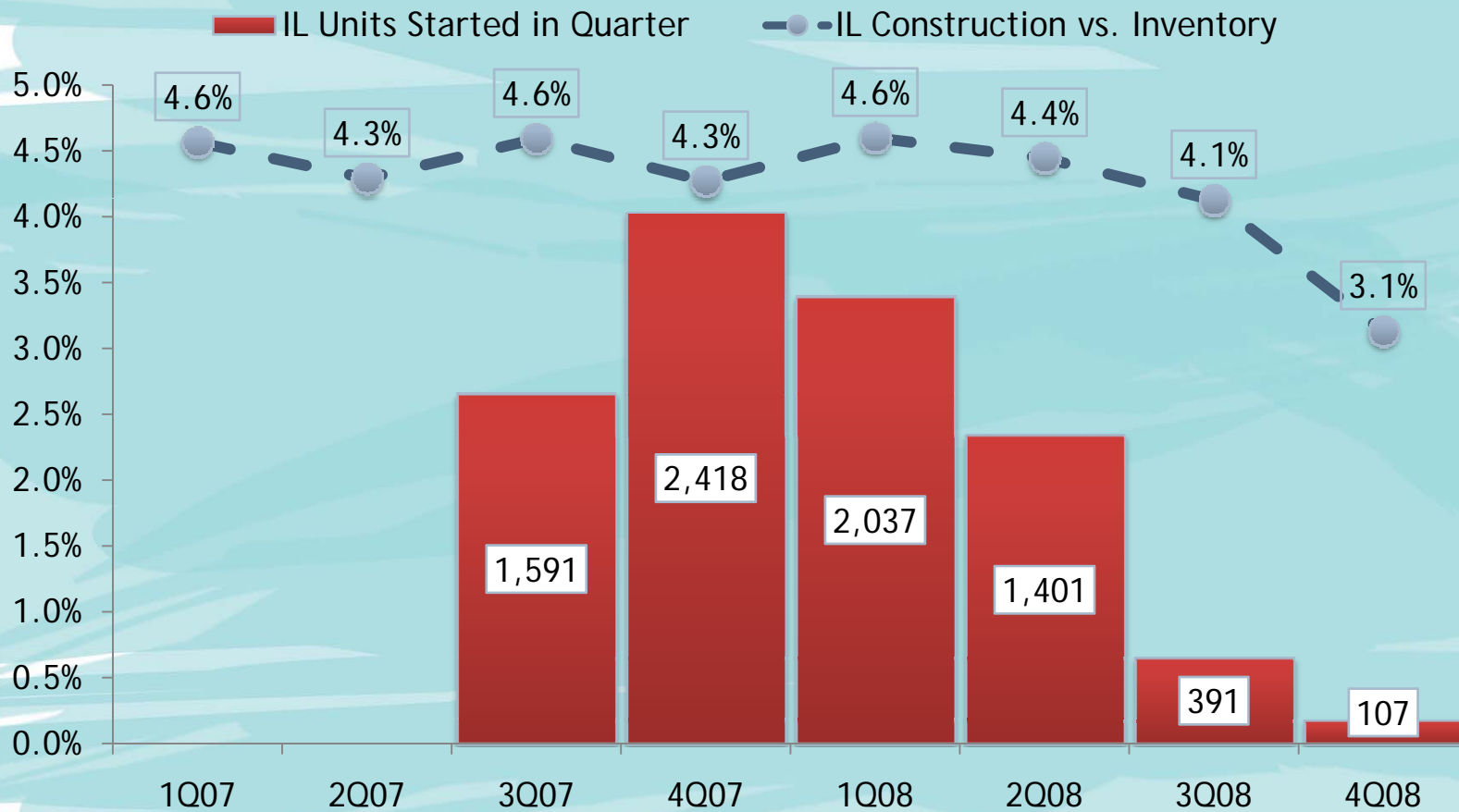
## The Unknown's

- GDP
- Other Assets
- Other Workforce Issues

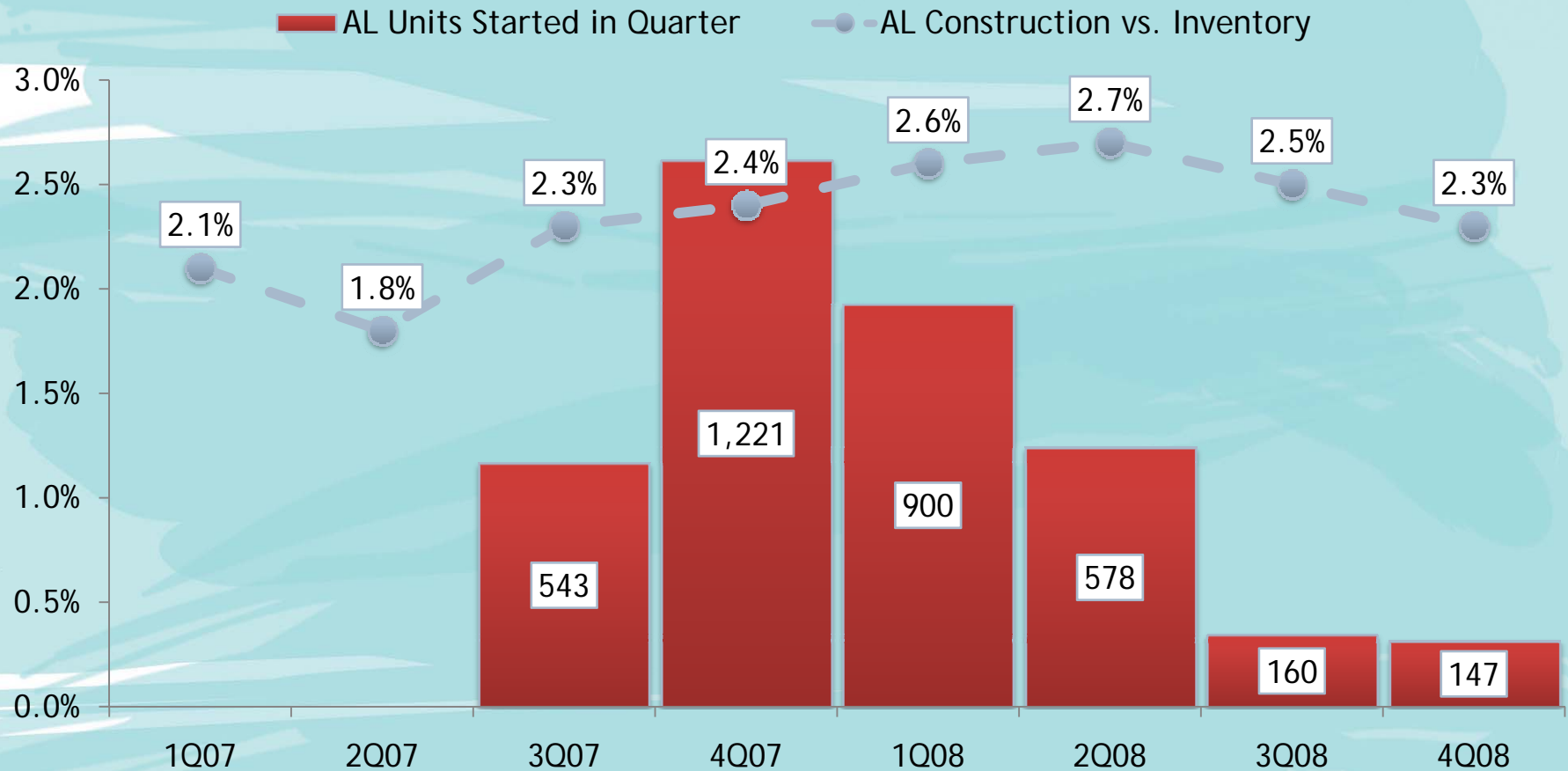
# An Investment Case...

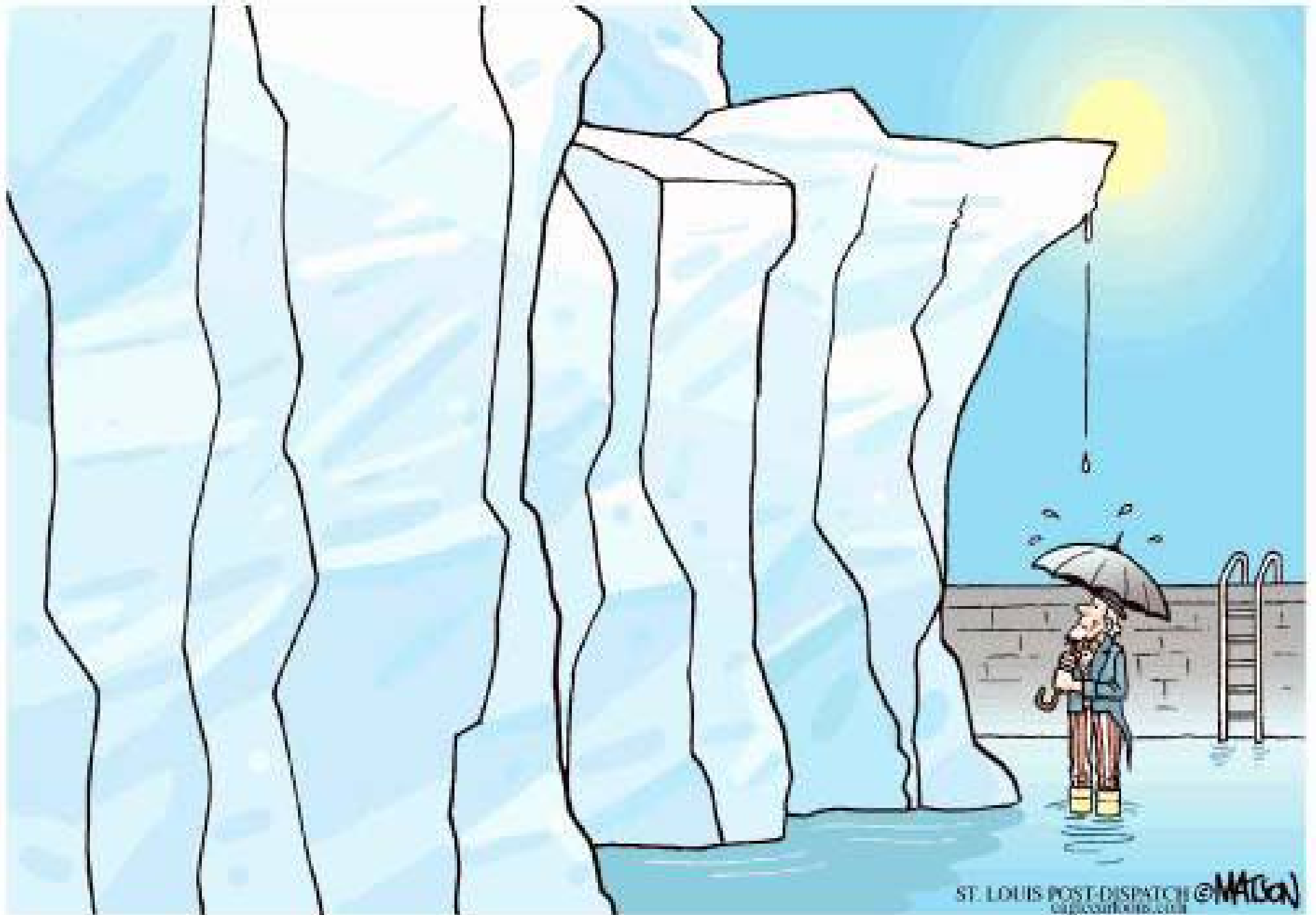


# What Does the Future Hold?



# What Does the Future Hold?





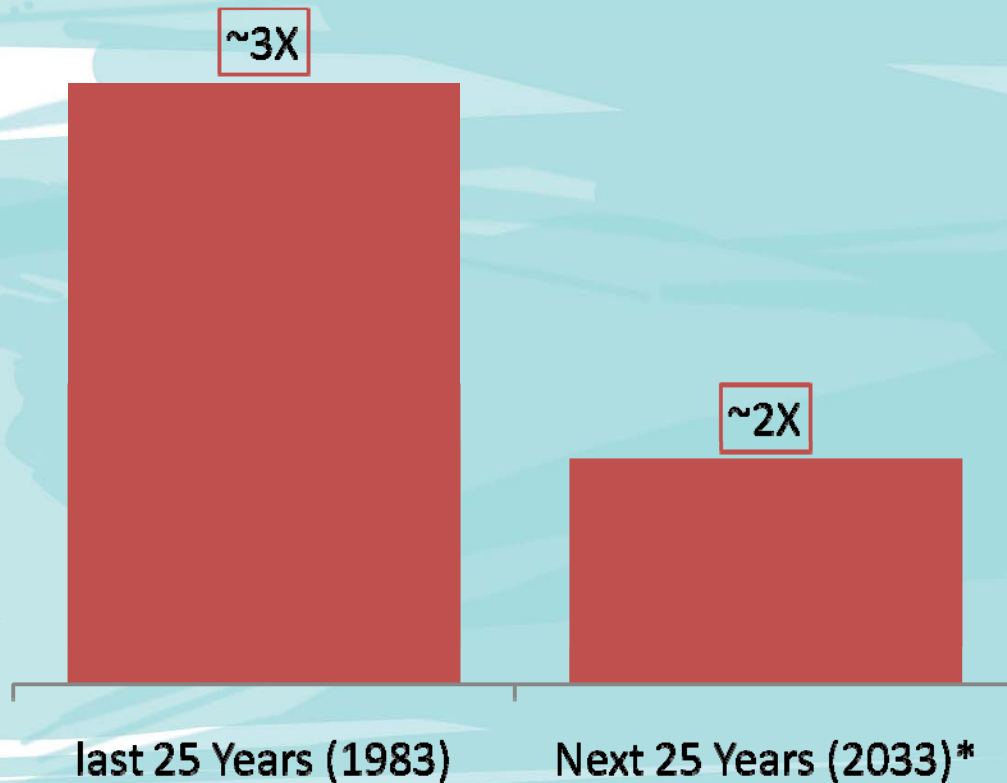
ST. LOUIS POST-DISPATCH © MATT GROENING  
http://www.groening.com

OCTOBER 15, 2007 - THE FIRST BABY BOOMER APPLIES FOR SOCIAL SECURITY BENEFITS

# Facts About the Baby Boom

- The leading edge of baby boomers is 63 years old
- They will require a doubling of current inventory ----- BY 2033!
- Modest demographic growth next 12 years (avg. 1.9%/year)

# Total Seniors Housing Growth (IL and AL)



- # of units has tripled in the last 25 years
- Assuming the Boom, needs to double in the next 25 years\*

\*Projected - assumes growth due to 75+ HH growth only

Should we Rely on Demand Being  
Driven by the Baby Boom?

OR

Should we Believe that **WE** Can  
Drive Demand?

# Increasing Penetration

- Is Real and Measurable
- Is Happening Right Now
- Is Much More Powerful than the Boom
- Has Staggering Growth Potential

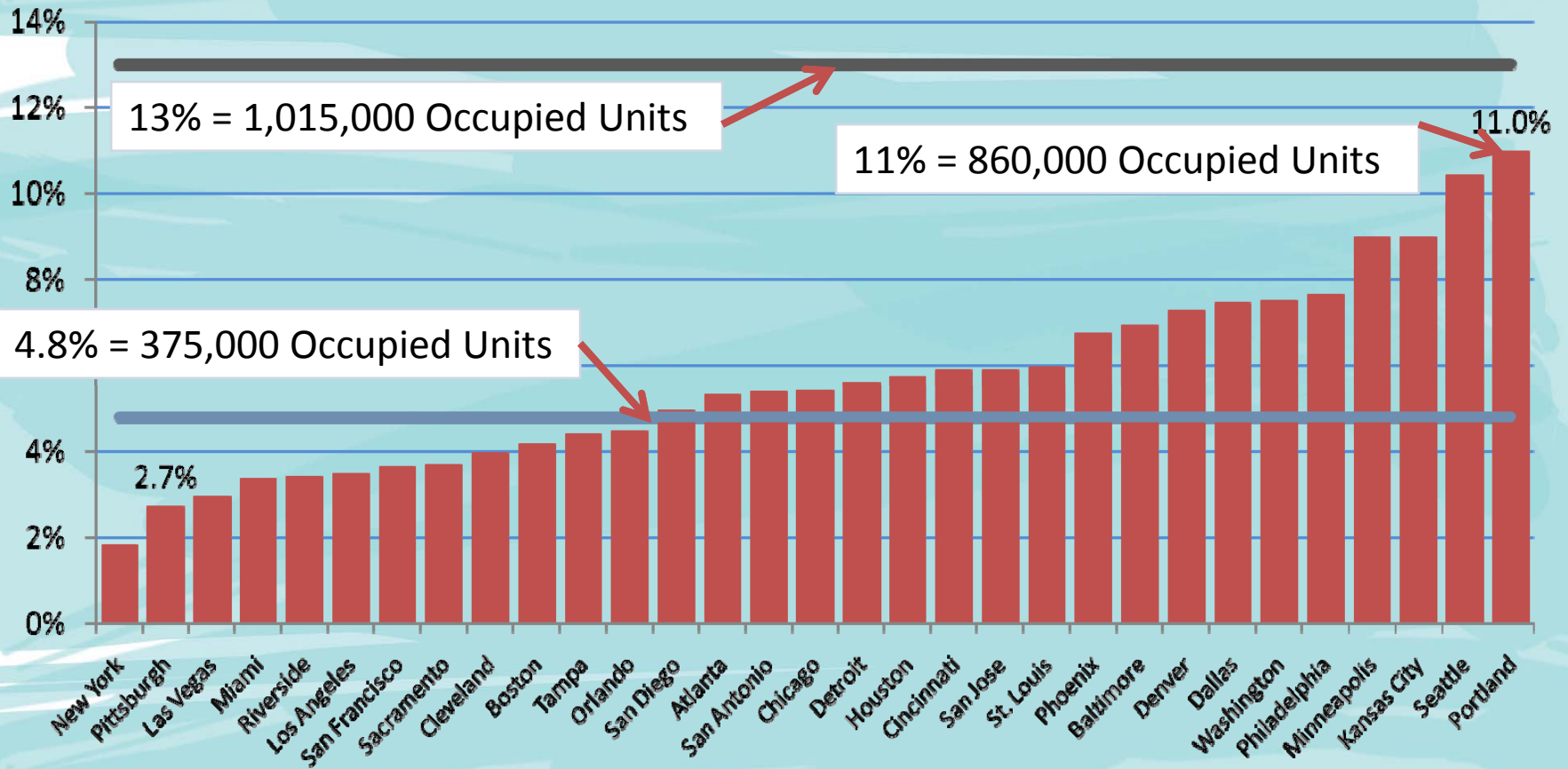
# Occupied Penetration - IL

■ %75+ HH Living In IL



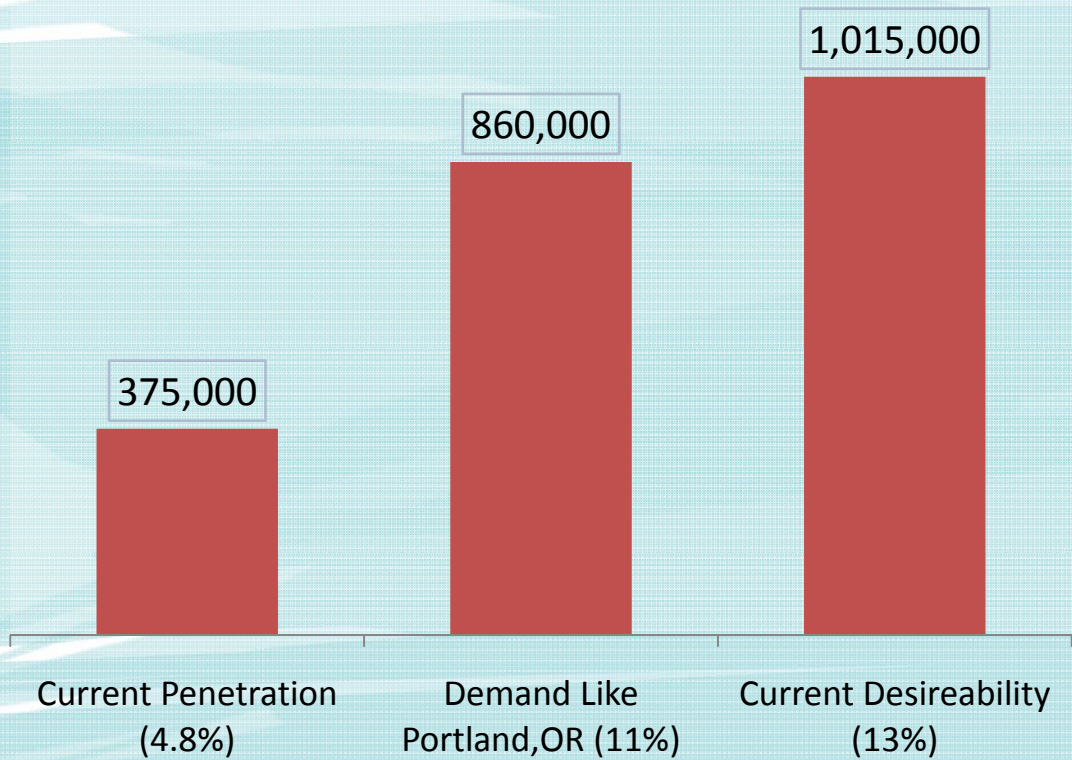
# Occupied Penetration – IL\*

■ %75+ HH Living In IL   
 — 31 MSA Average   
 — Very Desireable



# Increasing Penetration – IL, 100 MSAs

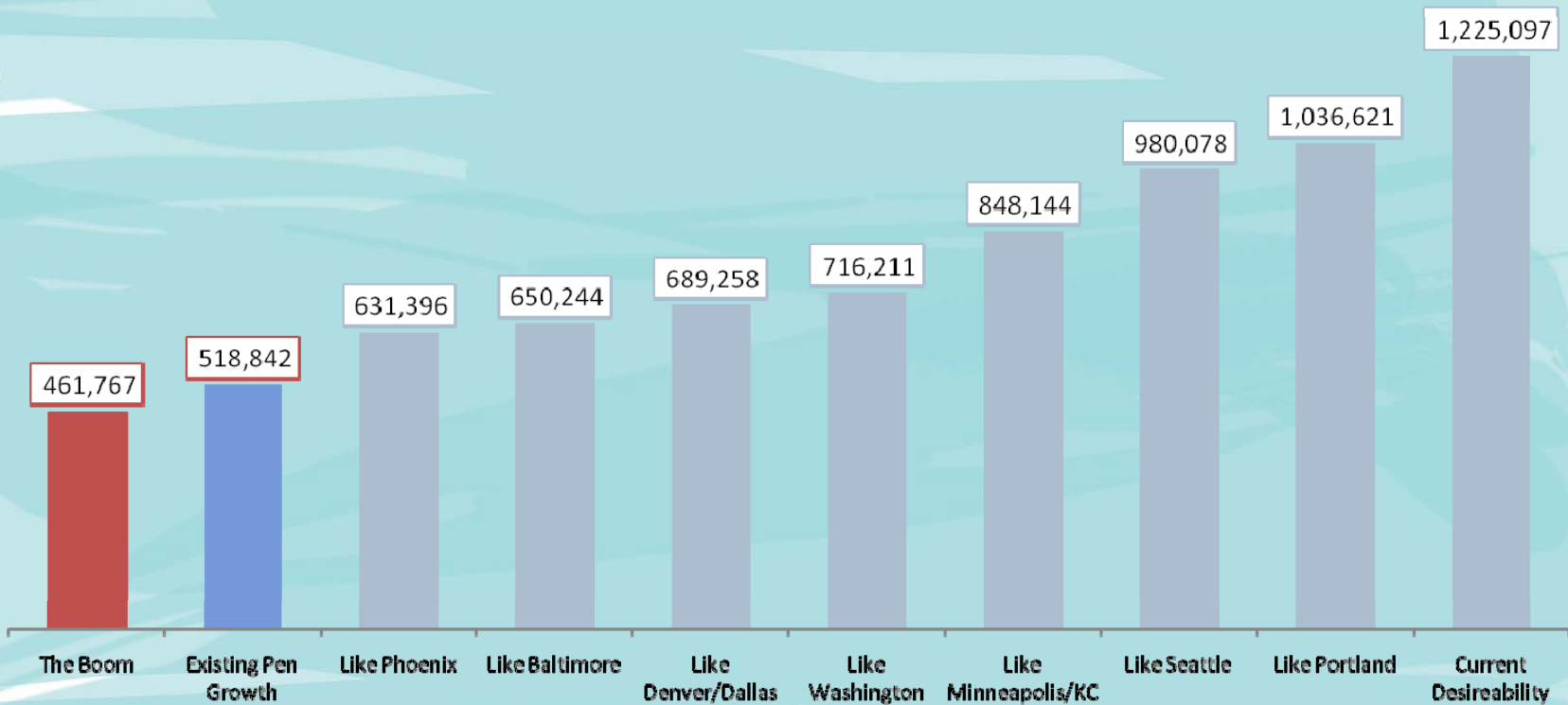
■ Occupied Unit Demand 100 MSAs



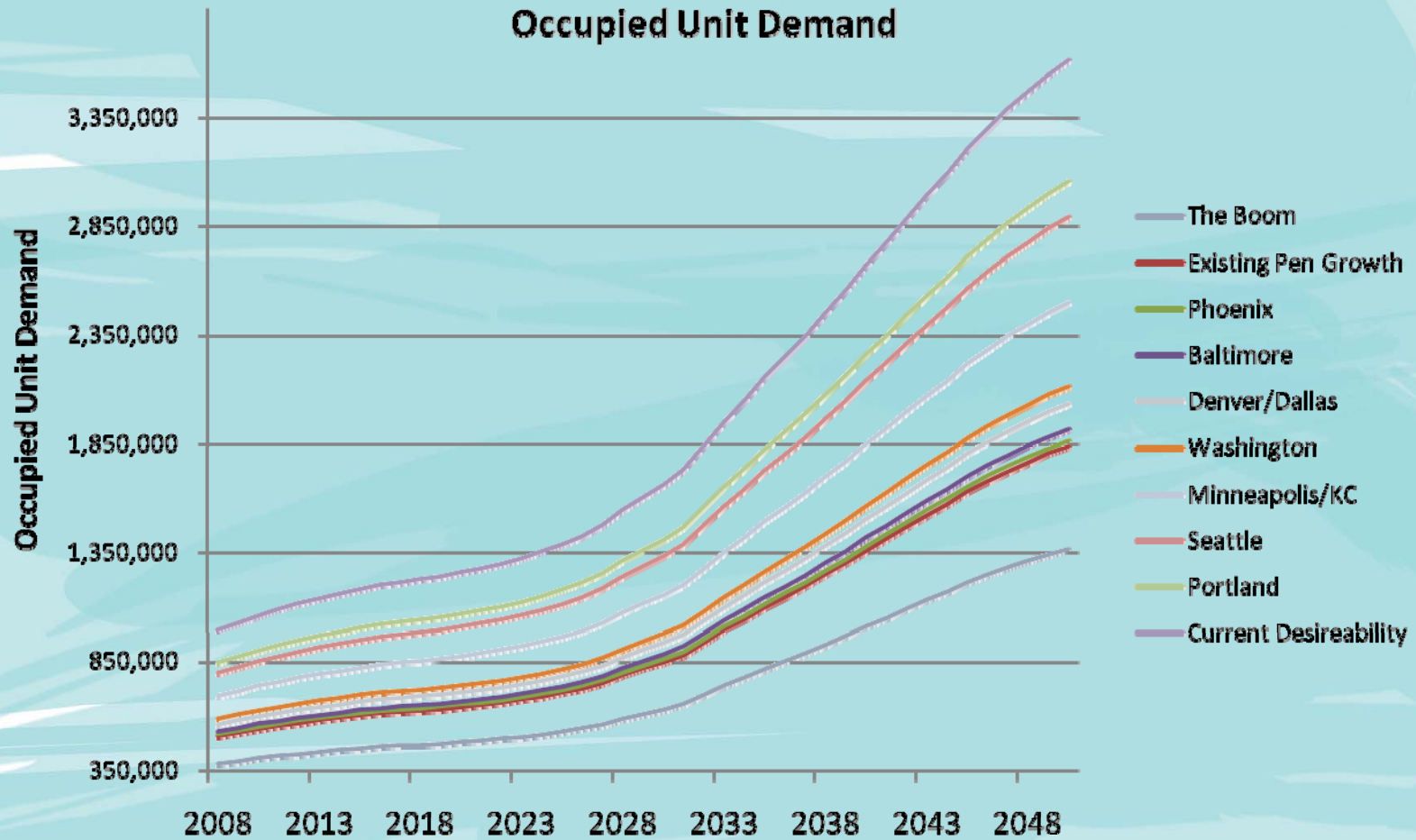
- Actual demand is more than **2X**
- Implied Demand is more than **2.5X**

# Projected Demand for IL – 100 MSAs

## 10 Year (2018) - IL Occupied Unit Demand



# Projected Demand for IL to 2050 (100 MSAs)



# So Where should you build?

Three major questions need to be answered

1. Can they?
2. Will they?
3. Can you?

# Can they?

- This is the demographic data
  - 75+ households
  - Income
  - Home Values
  - Other Assets
  - Proximity to site

# Will they?

- This is the attitudinal data
- Front end of sales process
  - Awareness
  - Consideration
  - Preference

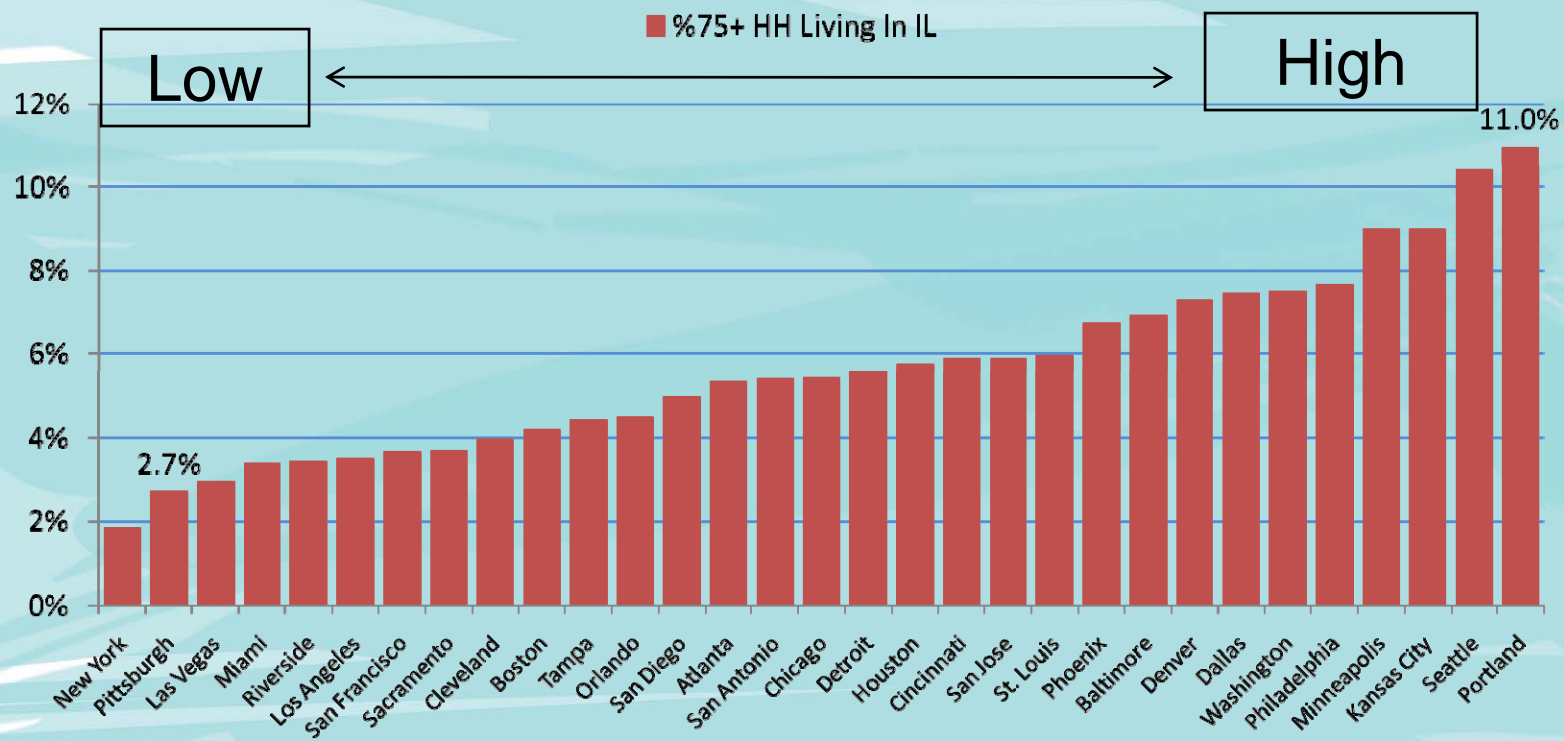
# Attitudinal

- Assessment of psychographic factors
- How does this population mirror your typical resident?

# Front End of Sale Process

- Awareness / Consideration / Preference
  - Element of Social Proof
  - Category
    - Positive – Neutral - Negative
    - Penetration
    - Occupancy Rates

# Category Awareness Based on Penetration



# Top Ten Markets - IL Penetration

Market	Average Rate	Occupancy	Penetration Rate
Portland	\$2,158	92.1%	11.95%
Seattle	\$2,627	92.1%	11.91%
Kansas City	\$2,128	86.8%	10.37%
Minneapolis	\$1,591	95.2%	9.56%
Denver	\$2,337	89.8%	8.88%
Philadelphia	\$2,480	91.6%	8.60%
Dallas	\$2,237	85.9%	8.52%
Washington	\$2,507	93.7%	8.22%
Phoenix	\$2,242	89.2%	7.72%
Baltimore	\$2,400	94.0%	7.17%

Source: NIC Map Ranking Report Q4 2008

# Can you Manufacture and Deliver?

- Financial Model
  - Cost
  - Rate
- Can you finance?

# Contact

Robert Kramer

[RKramer@nic.org](mailto:RKramer@nic.org)

Michael Hargrave

[MHargrave@nic.org](mailto:MHargrave@nic.org)

Scott Gensler

[Scott.Gensler@erickson.com](mailto:Scott.Gensler@erickson.com)

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