

## A STRATEGIC VIEW ON SENIOR LIVING

*Reflecting on relevant living spaces in an Era of change and disruption.*

### ABSTRACT

The present article aims to present **Reify's** strategic vision for Senior Living projects based on its propriety model tool PSCL. This tool allows to define different positioning segments that are portrayed in diverse ways and embody lifestyles relevant for this target group. We invite readers to embark on a journey where the grounds for relevance and significance are set to then give space to a vision focusing on designing, developing and managing living spaces. Always relying in a human centred perspective with the clear objective of maximizing the project's value and finding the best economic fit.

### There is a clear investors' appetite for senior living:

Investment in residential sector grew by 56% over the past five years (2014-2019), an increase that has been accompanied by an appetite for "alternative" residential assets. Investment into operational residential real estate allowed investors to diversify from traditional real estate sectors reaching an all-time high in 2019. According to the Investments Intentions Survey 2020, these are expected to increase further as, about one fifth of investors intend to put money into operational real estate. Senior living, rented residential and student accommodation are the key beneficiaries supported by robust fundamentals.

2019 was a record year for senior living investment globally, with volumes reaching €18bn. 15% of this investment (€ 2,7bn) was done in Western Europe's (excluding the UK).

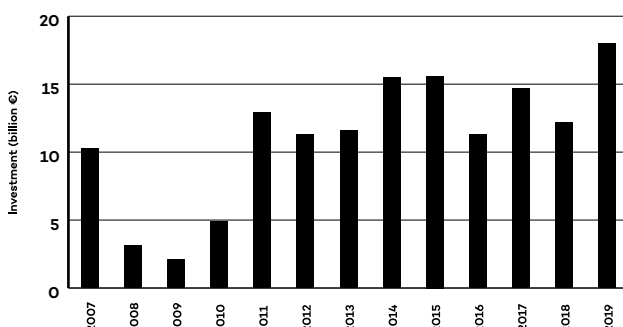
In the 2020 Emerging Trends in Real Estate report, retirement/assisted living sector ranked second in terms of development and first for investment among top 25 asset classes in Europe. Therefore, there is no shortage of capital targeting senior living assets and the challenge is to find the right opportunities to invest.

Compared to sectors such as student housing and multifamily, Senior living is less established but offers the fastest growing opportunity. The demand for this type of assets has been accelerated by the Covid-19 pandemic.

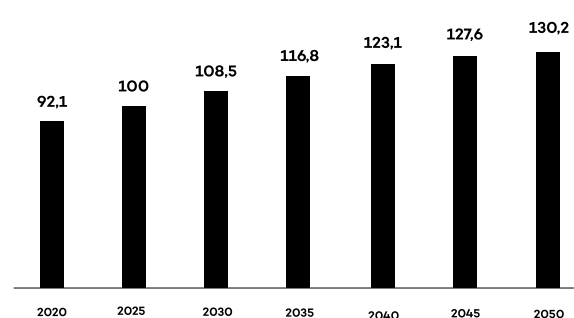
### Senior living drivers represent an opportunity

**The recent but growing demand for senior residences in Europe is underpinned by strong demographic fundamentals** namely, the increase in life expectancy and the rapidly ageing population. European population over 65 years old is expected to increase by 72% reaching 130 million in 2050.

Global investment into Senior Living



EU Senior population forecast (millions)



In 2020 one in four individuals in the EU were seniors while in 2050, they will represent 29,5% of the population. According to the UN, those cities in which the 65-plus age group makes up more than 20% of the population are already at the super-aged tipping point.


**As average life expectancy increases and people live healthier for longer, residential model choices for the senior class needs to reflect these changes.**

Furthermore, seniors' profile has changed significantly. Today, seniors are more active, more informed and demanding about spending the last decades of life with greater quality.

Baby Boomers (aged between 57-75) disrupt the stereotype of old people, they do not want to feel old and reject age ghettos. They maintain a youthful mindset, have no desire to slow down (both mentally and physically) and wish to maintain cultural and societal influence.

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**RELATE WITH OTHERS**  
43% live alone and are concerned about loneliness due to health issues

**WORK**  
are retired even though many remain active (more growth)

**HAVE FUN**  
30% travels  
47% has hobbies

**FOCUS**  
77% health and wellness - staying physically and mentally active and socializing  
87% use technology to communicate with their family

**BABY BOOMERS**  
Generation 55-75 years old

An optimistic, consumeristic and mostly traditional generation. They represent a disruption of the stereotype for older people, they do not want to feel old, they want to remain active assimilating new knowledge and they reject age ghettos

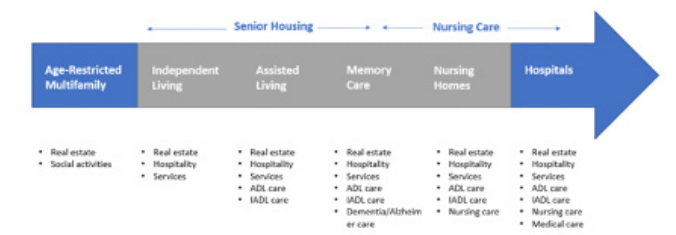
## But there is a supply/demand imbalance

**Baby Boomer generation changing lifestyle, which includes a greater desire for privacy and independence, does not match most of the supply available on the market.**

The public sector has been unable to provide a comprehensive response to the needs and desires of this generation creating opportunities for private investors. One of the most prominent trends in the senior living asset class is that some providers are moving away from targeting dependent seniors (nursing/long-term care) to independent and autonomous persons (senior living). New concepts for European Senior Living are being created targeting active and independent seniors and allowing them to pursue independent lifestyles, age in communities of like-minded people and enjoy a range of amenities, leisure options, activities and care services tailored to their needs.

Moreover, the relative vitality of future generations means that more are likely to be nationally or internationally mobile and will want their housing to reflect this. International retirement migration or moving from one place to another during or for retirement, is a growing trend.

### Senior life offer segmentation



Yet, solutions that foster the ability to live independently for longer, while also offering the benefits of being part of an organized community, are underdeveloped in many markets. An understanding of cultural, operational and regulatory factors is required in order to unlock its growth potential. For example, Southern European countries still rely on informal care. However, family size decline, increase in geographical mobility and rising participation rates of women in the labour market mean there will be fewer family members able to provide care.

Whether under the concepts of Independent Living, Assisted Residences or Continuous Care facilities, there is a gap between demand and supply that is set to grow continuously in the future.

Therefore, leveraging the demand requires:

- Developing solutions with an attractive value proposition to younger targets.

- Developing more effective communication strategies by raising awareness on the benefits of real estate solutions for independent seniors.
- Supporting seniors on the decision-making process, including financing options.

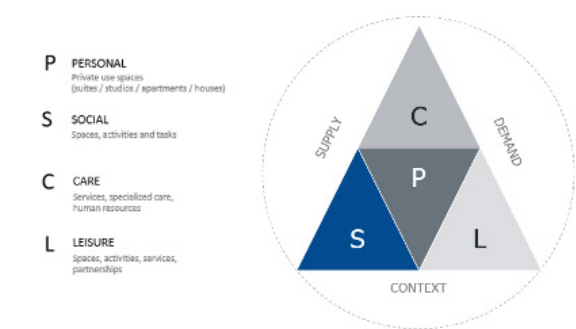
### The Reify. vision for the sector:

**Design, develop and manage assets with a modern, meaningful and human perspective**, which translates into:

- Creating intentional communities.
- Catalysing market transformation.
- Attracting a wider audience.

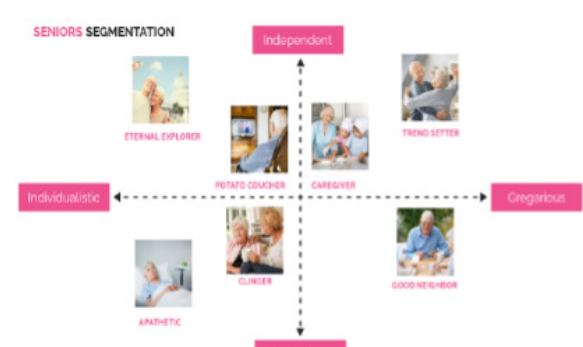
### The Reify. segmentation for the sector:

**PSWL segmentation model is a proprietary tool which is based on a flexible principle.** Based on freedom of use, Reify's positioning framework can be adapted to the particularities of a specific location and community. The positioning framework is embodied through four dimensions – Personal, Social, Work, Leisure.



The model displays elasticity to assign different relevancy to each of its component and generate five different positioning segments /ways of living which are characterized by its activators, persona and focus. Within this frame of reference, the following segments are defined: cosmopolitan living, convivial living, family living, neighbourly living and support living.

This framework is also supported by the vision that Seniors are an heterogeneous group. So, a senior psychographic segmentation allows to understand the distinct values, needs and aspirations of each specific subgroup regarding their preferred way of living, which feeds the above-mentioned framework.



### The Reify. added value:

Reify deploys a consultancy approach that respects the project's particularities – location and ecosystems – defining the best economic fit.

This methodological framework is set on three different steps:

1. Adapt to the local reality: Adapt the concept to the project needs considering the human reality in the location under analysis.
2. Model based on an economic layer: Potential opportunities are placed in the context of the macro and micro-environment, including an analysis of demand, supply and competitive environment.
3. Test to find the best solution: With the accumulation of previous layers find the best solution for the project.





**Find out more:**

If you found this article relevant and interesting, we would be thrilled to tell you more and work with you and your company in any project you find fit. Please contact our Head of Strategy and Intelligence, Rafael Pelote, by sending him an email at [rgpelote@reify.com](mailto:rgpelote@reify.com)