
Market Demand Analysis

For Senior Housing in Capitola, CA



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EXECUTIVE SUMMARY

Zurite LLC, “the client” has engaged **Paradigm Senior Living** to analyze and review market conditions and demand analysis for additional senior living housing units in the primary market area of Capitola, CA.

For this scope of service, the client has identified a parcel of land located at 3720 Capitola Rd. Santa Cruz, CA 95062. The client is considering the development of a senior living community which may include assisted living, and memory care rental apartments with care services.

The purpose of this analysis is to identify the existing and near-term elder demographic conditions and trends within the Primary Market Area (PMA) for the development site. The trends were then compared to the existing supply of elder housing options in the target market area to determine if any opportunities exist for the development of additional senior housing units.

Our analysis of demand involves estimation of current demand using Environics 2021 estimates and projections of future demand using 2026 demographic projections. If developed, it is likely that the proposed project would open in 2022 or later, and the current dynamics in the market, we believe that the 2021 projections and estimates of demand are the most conservative and relevant to this discussion/analysis.

Study Objectives & Approach

In our approach, we evaluated a variety of market factors and issues including, without limitation, the following:

- We defined the Primary Market Area (PMA) as a 7-mile radius from the subject site. We assumed that 80% of the units in the community would originate from within the primary market area. A more detailed discussion of the impact of secondary market demand, and the influence of “affluent adult children” living in the PMA on penetration rates, will be found later in the report.
- What is the age, income, household, and housing demographic trends in the market area for seniors aged 75+ with annual incomes of \$50,000+? (overall median annual income in the PMA is \$91,850)
- What are the number “adult children” of seniors seeking senior-living housing and services, those ages 45-64 with above median household incomes ?
- From what geographic area, would The Project be likely to capture most of its residents?
- Is the site on which The Project is to be developed suitable for this use?
- What are the characteristics (demographic) of the elderly population in the defined geographic market area(s) and what will be the profile of the most likely residents of The Project?
- What competition does the Project face, and what impact would competition have on its future potential for success?
- Are the characteristics of the target market and its depth suitable to allow each component of the project to fill up, given the project site and prevailing market rate? Also, what will be the pace of absorption?

This report presents a summary of these results, with specific findings and recommendations that emerged from the analysis.

GROSS DEMAND for Assisted Living that could be expected to be drawn *exclusively* from the PMA is sufficient to support an estimated 169-211 (2021) increasing to 198-247 units (2026) of market rate Assisted Living & Memory Care units. When one factors in the impact of those originating from outside of the PMA and the impact of “affluent adult children” aged 45-64 with above median annual incomes, 2021 estimates suggest that there may be 9,533 households within the PMA that meet these criteria, increasing to 10,561 by year 2026. Conservatively estimating penetration rates of 2-3% of this segment of the population could conceivably create demand for up to an additional 143 units at present, increasing to up to 158 additional units by 2026.

It is important to note that much of the gross demand is attributed to this sector of the population. If there is intergenerational crossover between the seniors 75+, and the affluent adult children 45-64 years old, the estimate of demand could be reduced.

There are currently 354 comparable/competitive assisted living & memory care units and 157 competitive/comparable independent living units within the current PMA. Additional comments regarding its status will be found later in the report.

Considering the demographics and the competitive set within the PMA, we believe the best option would be to develop 75-80 units, with an emphasis on Assisted Living, Memory Care and possibly an additional component of High Acuity Assisted Living within that model.

Given the state and reputation of the current supply of professionally managed, competitive senior living housing in the PMA, if the client were to proceed with development of this community, we would recommend a medium-sized unit-count community, weighting the unit mix heavily towards strictly private pay Assisted Living/ Memory Care (ALZ) units. Furthermore, it would be prudent to conservatively estimate the lease up through stabilization period to be 18-24 months.

Assisted Living / Memory Care	2021	2026
Estimated Total Demand AL/ALZ within the PMA	169-211	198-247
Estimated Total Demand outside the PMA	42-53	49-62
Estimated Adult Children Demand	95-143	106-158
Estimate of GROSS DEMAND	306- 407	353-468

Given the results of this preliminary market feasibility analysis and PSL’s significant national experience in evaluating successful senior living communities, it is our opinion that there may be demographics to support additional units within the PMA.

While this report focuses on demand for rental assisted and memory care units, our recommendations, depending on site planning and zoning limitations, should include one or more of the following product types:

45-50 Market Rate Assisted Living – including high acuity, requiring assistance with more than three activities of daily living, (ADLs) and low acuity, requiring assistance with 1-3 ADLs. AL units characterized by private occupancy, kitchenette, 3-fixture bathroom, independent environmental control units and services including: 24-hour supervision, three meals per day, medication management, weekly housekeeping, personal laundry/linens, social activities, assistance with bathing, dressing, grooming etc. and emergency call systems.

20-30 Market Rate Memory Care in a secured environment characterized by private occupancy, 3-fixture bathroom, and services including: 24-hour supervision, three meals per day, medication management, weekly housekeeping, personal laundry/linens, specialized according to ability--social activities, assistance with bathing, dressing, grooming etc. and emergency egress systems. These units are specifically for residents with Alzheimer's-type dementia, who require specialized care and 24-hour supervision for cognitive impairments.

TOTAL UNITS: 75-80

We believe the key competitive elements for the success of a project in this marketplace include:

- Offer all units on a pay as you go rental basis.
- Develop private apartments with “higher-end” finishes for AL & Memory Care
- Offering “next generation” common areas & amenities that are catered toward the frailer elderly and memory loss clientele
- Innovative programs, therapies for Memory Care
- Larger square footage assisted living apartments with private washer/dryer to set yourself apart from competitors’ offerings

Should the developer proceed, if the project were to be successful in pre-leasing 15% of its total units (11) prior to the completion of construction, and experience net absorption of 3-4 units per month thereafter, the project would achieve stabilized occupancy (93%) 15-20 months of opening. The Client should plan on 24 months and set aside significant amount of reserve funding during lease up.

For the purposes of this report, it is assumed that the subject facility will be 100% private pay.

Our conclusions and recommendations in this report are based on more than 30 years of experience in the senior housing industry and an understanding of the location, site amenities, market dynamics, and population trends of senior housing communities across the country.

METHODOLOGY

This report presents a detailed description of these results, with specific findings and recommendations that emerged from the analysis.

The following data was collected, reviewed, analyzed, and/or compiled into relevant tables and a narrative:

1. General population and household demographics and trends in the market area for 2000, 2021, 2026, from Environics, Inc. and the 2000 US Census.
2. 75+ population and household demographics and trends in the market area from Environics, Inc. and the US Census for 2000, and estimates/projections from Environics, Inc. for 2021 and 2026.
3. Nearly 30 years' experience of market analysis and marketing senior living communities throughout the US.
4. Current market data collected by personal site visits, senior housing directories, websites, and affiliations with industry associations.
5. Industry publications:
 - Seniors Housing Digest, American Seniors Housing Association, 2001-2019
 - National Housing Survey of Adults Age 60+, National Investment Center for Senior living and Long-Term Care Industries, 1999-2010
 - Understanding Senior Housing – Into the Next Century, American Association of Retired Persons
 - NIC National Survey of Adult Children: How They Influence Their Parents' Housing and Care Decisions, ProMatura Group/National Investment Center for Senior Living, and Long-Term Care Industries
 - State of Seniors Housing, American Seniors Housing Association, 2001-2020
 - Senior Housing & Care Insights, CBRE National Senior Housing, 2019

PROJECT DESCRIPTION-IMMEDIATE LOCAL AREA

Every neighborhood has a dynamic quality of its own. This quality can be described as the life cycle of the neighborhood. There are four stages that a neighborhood will typically encounter. These phases, in the order in which they typically appear, are defined below:

- Growth – a period during which the neighborhood gains public favor and acceptance.
- Stability – a period of equilibrium without marked gains or losses.
- Decline – a period of diminishing demand
- Revitalization – a period of renewal, modernization, and increasing demand.

The complementary land uses that comprise a neighborhood typically evolve around these stages. These stages describe the neighborhood in a general way and are not a specific guide to market trends. No set number of years is assigned to any of the cycles and a neighborhood can remain in a cycle for many years.

The subject's area is projected to see a modest increase in population (1.67%) between 2021 and 2026. On a positive note, the 75+ segment of the population is projected to increase by 11% over the same time frame. The rate of increase for those seniors over seventy-five with incomes of \$50,000 or greater, is expected to increase by 17% over the same time frame.

This bodes well for future demand for senior housing.

A neighborhood is affected by social factors that will determine why people reside and work in the area. Potential residents and workers are attracted or put off from a neighborhood based upon its status, physical environment, services, affordability, safety, and convenience.

The potential site is in Santa Cruz, CA, a city located within Santa Cruz County, approximately 1.2 miles from the nearest direct competitors, Valley Haven and 1.3 miles from Paradise Villa. These two closest competitors only have 30 and 29 apts, respectively, with Valley Haven being the newer of the two, licensed since 2013, while Paradise Villa is much older, open since 1978. While counted as a competitor, given the size and age, these would attract a different clientele than this proposed project. Paradise Villa needs updating and repairs before it would truly compete. Given the condition, location, and approach to marketing, it is our opinion that they will be focusing on the lower end of the market.

Many of the sales directors we met in the Santa Cruz area indicated that they do not "pull" from the San Jose nor Monterey markets and that most people, particularly seniors, like to stay closer to home.

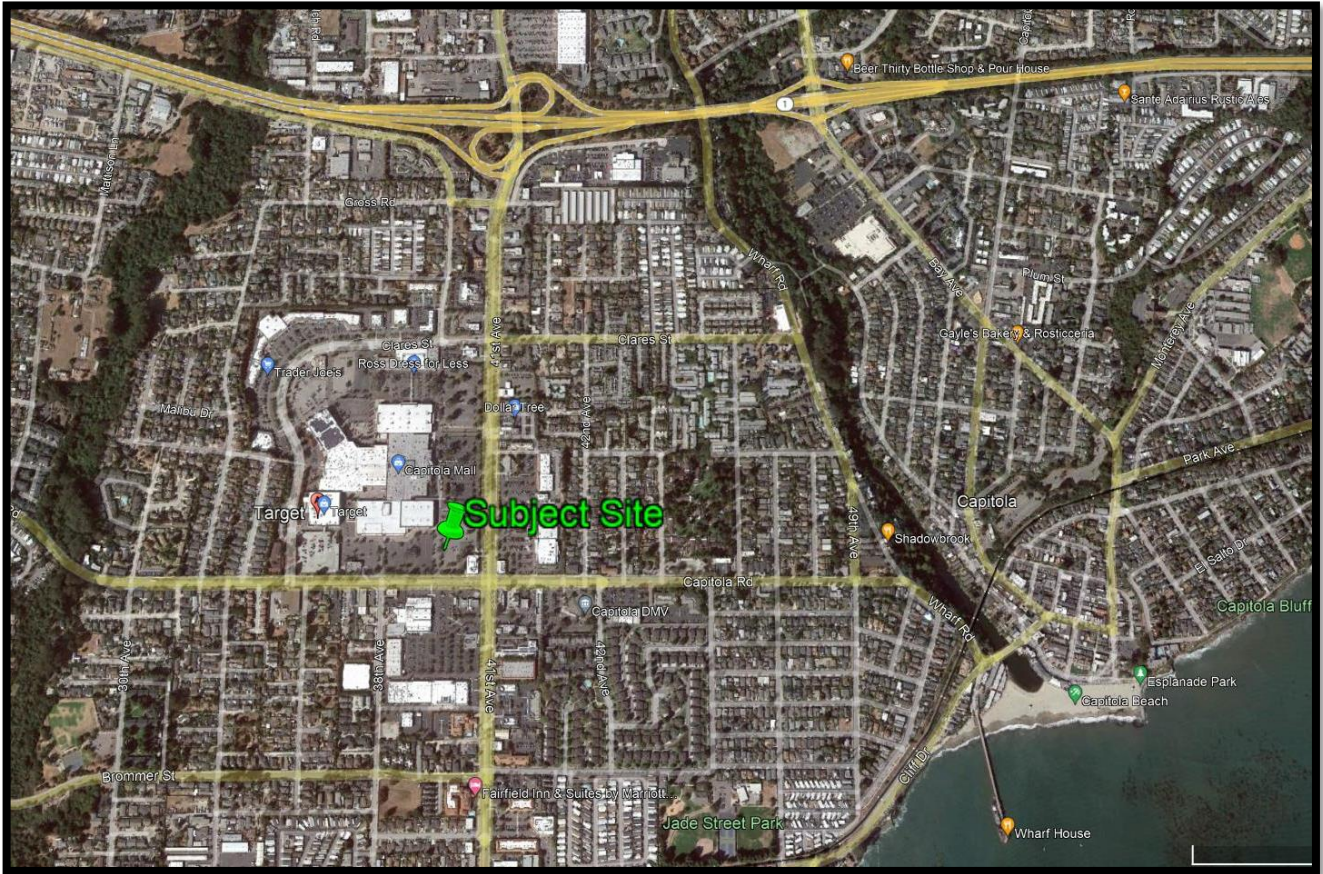
In our opinion Santa Cruz/Capitola would support a new community in the market and with modern amenities, close ties to the community referral sources and strong operations, a new community should be able to pull from the older existing facilities as well as surrounding areas within the Secondary Market.

Governmental considerations relate to the laws, regulations, and taxes that are imposed on the neighborhoods' properties. The more desirable these attributes are, the more desirable the neighborhood becomes to prospective residents. Real estate tax rates appear to be in-line with neighboring communities, and do not pose an adverse effect on the neighborhood. Regulations regarding zoning and land use are dictated by the city. There appears to be no adverse effects on the neighborhood due to governmental considerations.

PROJECT LOCATION

Located behind the Capitola Mall, on Capitola Rd. off of 41st Avenue which is a busy street with substantial amounts of routine drive by traffic, will provide easy access for potential families and visitors to the proposed community. That combined with street front signage, advertising, and outreach by staff, should provide ample foot traffic and awareness of the local community. The site is located just behind the Capitola Mall but has quick access to Dominican Hospital and other surrounding medical offices, which bodes well for a potential project at this location.

Covering the market to include Santa Cruz, Aptos, Capitola and Soquel, there are numerous current competitors; some are doing well in terms of occupancy, others have decreased as of the last 2 years due to covid but anticipate occupancy trending up in the coming 6 months. After visiting the competitors in the market, the nicest project in our opinion is Atria Aptos. It is 100% occupied, well maintained, and located, and are without any current covid cases.



The area around the site consists primarily of retail businesses and single-family housing. The recommendations of project size should be determined through site-density analysis, architectural design, local zoning restrictions, and other planning considerations. The recommendations in this report are also taking into consideration the ongoing operations and marketability of a senior living community.

OVERVIEW – CAPITOLA , CA

According to local news sources, Capitola is built on the location of an Indian village that existed for more than a thousand years. The Native inhabitants were removed to the Mission Santa Cruz when it was established in 1791. The village area was originally founded as a resort, “Camp Capitola,” in 1869 and was incorporated as a city in 1949, the third city in Santa Cruz County. As settlers engaged in logging and agriculture, the beach became a busy shipping point known as Soquel Landing. Santa Cruz County was formed in 1850, shortly before German immigrant Frederick Hihn—a pioneer credited with developing much of the county’s early industry—acquired the site of present-day Capitola Village.

Capitola is located near the center of Santa Cruz County. The city lies on Hwy 1 between the towns of Santa Cruz and Aptos, approximately 35 miles south of San Jose. According to the United States Census Bureau, the city has a total area of just under 2.0 square miles.

Communities neighboring Capitola include Live Oak, Soquel, Pleasure Point, Aptos, Rio Del Mar, and Twin Lakes.

HOSPITALS/MEDICAL CENTERS NEAR PROPOSED COMMUNITY

Dominican Hospital (Santa Cruz, CA) – Emergency Services Available – Approx. 2 miles from site

Sutter Health (Santa Cruz, CA) - Non-emergency services only – Approx 1.7 miles from site

East Cliff Family Health Center (Santa Cruz, CA) – Non-emergency services only – Approx 2.3 miles from site

Palo Alto Medical Foundation (Santa Cruz, CA) – Non-emergency services only – Approx 2.2 miles from site

ECONOMY

Capitola has an unemployment rate of 8.1%. The US average is 6.0%. Capitola has seen the job market increase by 1.8% over the last year. Future job growth over the next ten years is predicted to be 31%, which is lower than the US average of 33.5%.

Tax Rates for Capitola

- The Sales Tax Rate is 9%. The US average is 7.3%.
- The Income Tax Rate is 9.3%. The US average is 4.6%.

Income and Salaries for Capitola

- The average income of a resident is \$37,940 a year. The US average is \$28,555 a year.
- The Median household income in 2019 was \$69,016 a year. The US average was \$53,482 a year.

As of October, on average, homes in Capitola, CA sell after 35 days on the market with a median home sold price of \$660K.

DEFINITION OF TARGET MARKET

PRIMARY MARKET AREA

To define the market for senior assisted and senior living, the best methodology is to examine credible national sources of information on the resident profiles of such facilities. ALFA, the Assisted Living Federation of America, studied the independent living market for the first time ever. In conjunction with their [Overview of the Assisted Living Industry](#), they surveyed eighty-three properties in thirty states, representing 8,992 units and about 8,470 residents.

Of the responding properties, 69.5% were in metropolitan areas and 30.5% were in non-metropolitan areas. Most the responding properties were for-profit operations. What ALFA found were the following important statistics relating to the location of metropolitan residents (cities over 50,000 populations):

- 76.4% relocated from a private residence.
- 14.9% relocated from living with family.
- Only 19.4% relocated from within a 5-mile radius, 37.7% from within fifteen miles.
- 25.8% relocated from more than twenty-five miles' distance.
- 50.4% of family members live within fifteen miles of the facility.

Studying these statistics in detail, it appears that the adult children of seniors are also a factor with assisted living & memory care. In assisted living, per the same ALFA survey, 14% of metropolitan seniors relocated from outside a 25-mile radius and 54% lived within fifteen miles of the facility, while 58% of family members lived within fifteen miles.

The much greater percentage of relocations from greater distances with independent living coupled with only a slightly smaller percentage of family residents from within fifteen miles, implies more relative deciding power in the hands of adult children than the seniors in the choice of location, or perhaps a greater emphasis on family “closeness” in the location decision.

IDENTIFICATION OF PRIMARY MARKET AREA BOUNDARIES

For the reasons previously mentioned, and for the purposes of this study, we have defined the primary market area as encompassing a 7.0-mile radius from the site, which is consistent with our definition of many “coastal/suburban” markets nationwide. We did factor in that there would be some migration to Capitola within the 20% Secondary Market Area assumptions.

Given the way things are trending in the market in terms of growth and normal distances people are routinely willing to drive to visit a loved one, we have narrowed down the PMA radius to the above 7-mile radius, as people have several current options wherever they live in the area. A map depicting the approximate boundaries of this PMA is shown below.

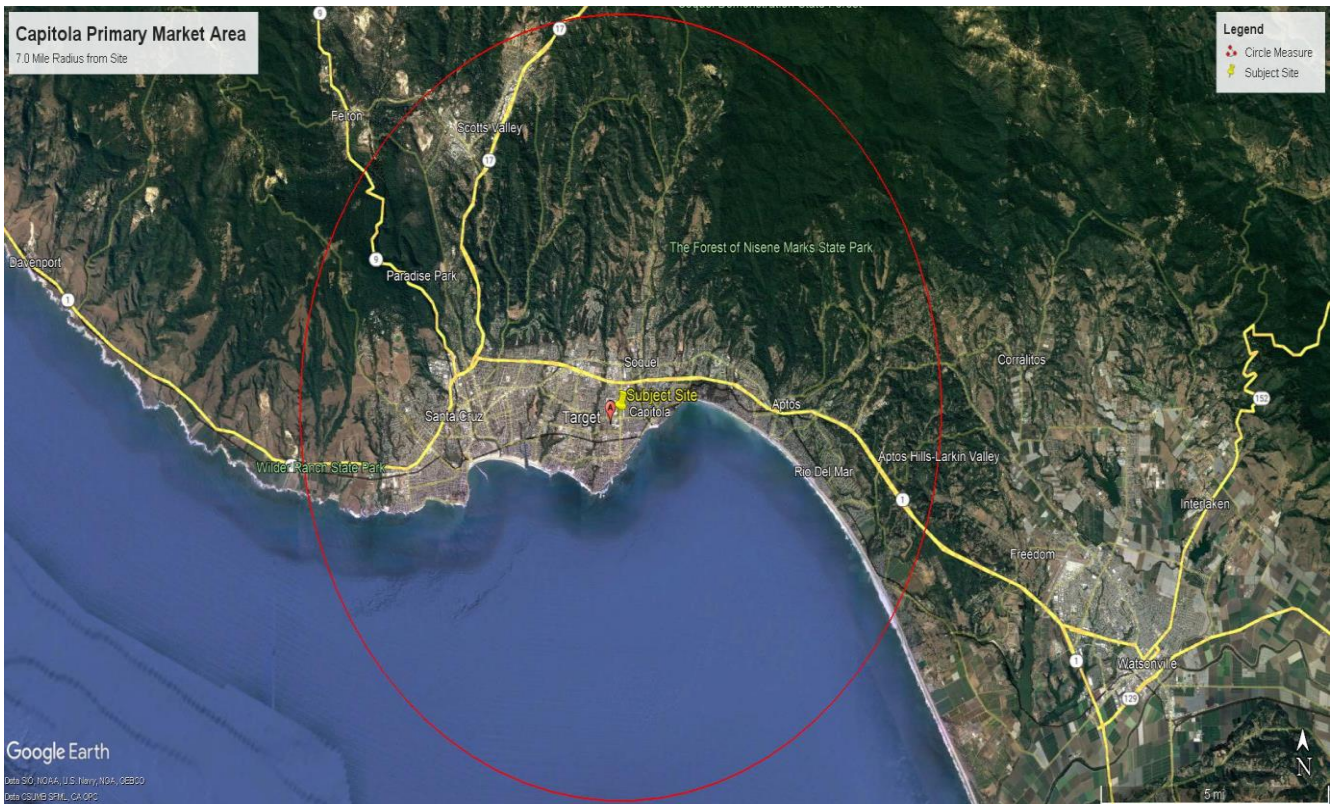
The rationale for selection of this market area includes:

- The location of similar properties – including recently built communities.
- Transportation patterns in the area and likely times and distances people are willing to travel for healthcare services
- The location of shopping, work, and other area destinations

PRIMARY MARKET AREA (PMA) DEFINITION

For this analysis, as noted above, we have assumed that approximately 80% of these senior living units will be absorbed (or occupied) by senior households originating in this PMA. The remaining 20% are expected to come from secondary and tertiary market areas as in-migration from outside the PMA or even outside of Santa Cruz County. This in-migration is primarily driven by the actions of the adult children/decision influencers attempting to bring their aging parents closer to them in the later stages of their life. If feasible demand levels for a proposed project can be proven within a conservatively defined area, the need to exactly define and analyze secondary and tertiary markets is reduced.

There are no physical or logistical factors that will decrease or increase the available market to the proposed project from that strictly defined by PMA radius. It is our opinion that the proposed project will primarily draw from within the PMA as defined as a 7-mile radius from the proposed development site as defined in this report.



SECONDARY MARKET

It is conservatively estimated that 80% of the proposed units will be filled from within the primary market area. It is also expected that some of the remaining 20% of the proposed units will be filled by those living in communities directly adjacent to the market area, or other parts of the region.

Another secondary market typical for senior housing is those seniors who do not live in the primary market area, but whose adult children live in the primary market area or are relocating to Santa Cruz County for work or retirement. It is anticipated that the bulk of those from secondary markets will be the parents of those who already live in the market area. This is consistent with our experience in managing and marketing senior living communities over the past 30 years.

TARGET AUDIENCE

As mentioned above, we have defined the target audience for all senior housing product types to be those seniors aged 75+ with annual incomes more than \$50,000, (overall 2022 median income for the PMA was \$91850) .

TABLE ONE
Senior Life Demographic Analysis

7 Mile Radius from Subject Site								TOTAL	
Capitola, CA								75+	% OF TOTAL
SENIORS AGED 75+									
	City, State	Area	Age 75+ < \$50K	Age 75+ > \$50K	Age 75+ TOTAL	ALL AGES	%T	% OF TOTAL INCOME QUAL 75+	
Capitola, CA									
	2026 Projection		7,754	4,724	12,478	161,876	7.71%	37.86%	
	2021 Estimate		7,242	4,027	11,269	159,215	7.08%	35.74%	
Growth Rate	2021-2026		7.07%	17.31%	10.73%	1.67%			
SOURCE :									
Environics									
Paradigm Senior Living									

Our research indicates that there are presently 4,027 households that meet the qualifications. This is expected to increase 17% to 4,724 households by 2026.

It is important to note that the fastest growing segment of this population are those aged 75+ with incomes in excess of \$150,000 at 41%, followed by those with annual incomes between \$100K and \$150K\$ at 15%.

ELDERLY POPULATION: DERIVED PREVALENCE FACTOR ANALYSIS

Another available method of estimating senior living demand is the application of prevalence factors derived from the National Health Statistics compiled by the National Center for Health Statistics. The assisted living definition utilized in that analysis is similar to the definition applied by the Assisted Living Federation of America (ALFA).

Assisted living is defined as requiring assistance with two or more of the activities of daily living. The study measured the number of people receiving assistance with self-care and/or mobility limitations. When applied against the entire age group, a prevalence factor is derived.

Our experience tells us that (conservatively) 35% of households comprised of individuals aged seventy-five and over are unable to carry out at least two ADL's or have mobility limitations "prevalence factor." By applying the actual prevalence ratio against the target population (75+; \$50,000+) total private-pay demand within the primary market can be estimated.

The Environics data indicates that in 2021 there are an estimated 1,409 senior households aged 75+, with qualifying incomes, that have some self-care or mobility limitation, increasing to 1,653 by 2026. (17% increase) This is a positive indicator as the general population in the PMA is projected to increase by less than 2% during the same period.

This trend indicates a growing and relatively affluent aging population and bodes well for future demand for both Assisted Living and Independent housing in the area.

TABLE TWO

Capitola CA	7 Mile Radius from Subject Site	Senior Life Demographics							
		PMA	Total	Age 75+	Age 75+	Age 75+	Age 75+	Age 75+	Age 75+
		Population	\$50K- \$75K	\$75- \$100K	\$100K- \$150	\$150K+	Age Income Qualified	(ALF)	(ILF)
2026 Projection		161,876	1,226	798	1,119	1,581	4,724	1,653	3,071
2021 Estimate		159,215	1,176	750	976	1,125	4,027	1,409	2,618
GROWTH RATE	2021-2026	1.67%	4.25%	6.40%	14.65%	40.53%	17.31%		

SENIOR HOUSING LIVING INDUSTRY

Within the senior housing industry, there are three general categories of housing types available to the senior population. These include congregate care or independent living, assisted living (including memory care) and nursing facilities. The following overviews will focus on assisted living and memory care specifically as that is those care types that we believe would best suit this potential location; skilled nursing facilities are more specialized, and care driven.

ASSISTED LIVING OVERVIEW

ALFA (Assisted Living Federation of America) and Price Waterhouse Coopers annually report on the state of Assisted Living via the publication: Overview of the Assisted Living Industry, which paints a picture of steady growth over the past few years and continued acceptance of Assisted Living by seniors as follows:

- ◆ The median length of stay in months, for stand-alone assisted living communities was 22.4 in 2019; those with just memory care was 16.6. For reference, independent living was 37.3 months.
- ◆ The average age of an assisted living resident in 2019 was 87 years old with a requirement for help with 3-4 ADLs versus 83.7 in 2000 with a requirement for help with 2-3 ADLs.
- ◆ Some 52.1% of residents have some level of Alzheimer’s or Dementia.
- ◆ Median net operating income (NOI) per resident per day in 2019, for AL only communities was \$51.26; for AL with ALZ was \$53.58.
- ◆ Median square footage for standalone memory care communities in 2019 is 276 SF.
- ◆ Nationally, the median resident turnover in stand-alone memory care in 2019 was 72.5%

- ◆ Average monthly base rental fee in 2018 for Assisted Living alone across the country was \$3,564, and communities offering both assisted living and memory care was \$4,744.
- ◆ Nationally, the Memory Care average monthly base fee per occupied unit, with average Level of Care (LOC) Fees included, was \$7,104 in 2019.
- ◆ The median assisted living apartment square footage size in 2019 was 386, median independent was 577 square feet, and independent with assisted living was 666 square feet.

While there are vast inconsistencies between how each defines Assisted Living facilities, there are certain basic service offerings which generally characterize this senior housing type. These include: 24-hour on-site supervision, provision of two or three meals per day, housekeeping services, regular snacks, provision of some level of daily personal care, recreational activities, transportation services, social services, and a personalized health care plan to address each resident's health needs.

Memory Care monthly fees generally entail a fixed amount which covers housing costs, utilities, meals, snacks and often some level of reminders. Many memory care facilities now are moving towards a more all-inclusive care model, where the base rate covers the care as well.

Care needs are generally measured by the extent to which residents require assistance with regular activities of daily living (ADLs). ADLs may include activities such as: dressing, showering, walking, eating, or toileting. A clinician measures dependency by determining whether the individual is at risk of not meeting an essential daily need unless outside help is provided. While residents generally have at least one ADL dependency, many residents will have up to three or four ADL needs. It should also be noted that ADL dependencies do not imply a greater need for medical care, as ADLs are associated with personal care services rather than medical care.

In California, Assisted Living Communities are regulated by the Department of Social Services. All adult residential care facilities for the elderly (RCFEs) (also known as board and care facilities, assisted living facilities (ALFs), personal care homes, shelter care homes, foster homes, and other names) must be licensed, including facilities or agencies owned or operated by any governmental, profit, non-profit, private, or church organization. California also has two other license types for senior living, Residential Care Facilities for the Chronically Ill, as well as Continuing Care Retirement Communities (CCRC), but this report focuses solely on RCFEs.

A link to the state regulations can be found in the appendix of this report.

STAFFING TRENDS

Stand-alone memory care facilities have higher staffing ratios than their independent living and CCRC counterparts. In 2019, according to State of Senior Housing, average staff-to-resident ratios range from about 0.21 (meaning, one full-time-equivalent employee for every five residents) in freestanding independent living communities, to approximately 0.41 (that is, two FTEs for every five residents) when assistance with activities of daily living is involved, up to 0.80 where Alzheimer's care is involved. An FTE (full time equivalent) is a unit of 2,080 hours worked in one year, whether by one full-time employee or multiple employees. Roughly 20% of the staffing need within the Assisted Living setting comes from dietary and cafeteria staff, and half of the staffing demand is for Assisted Living care professionals who provide non-medical assistance with daily activities. Another 13.5% of the staffing

breakdown arises from skilled nursing professionals which provide some level of professional medical care to the Assisted Living residents.

DESIGN-CONSTRUCTION TRENDS

Across the board, new Assisted Living & Memory Care facilities are beginning to favor independent living (IL) environments in terms of amenity offerings, interior and exterior finishes, and spaciousness.

Observed trends in personal living space allocation are as follow:

- Individual units are roughly 100 to 150 square feet (SF) larger in new construction.
- New construction Memory Care (ALZ) private apartments ranging from 300-400+ SF.
- Developers are further accentuating spaciousness by incorporating higher 9-foot ceilings, generous window openings for more light into the apartment.
- Fully accessible, ADA approved three-fixture bathrooms are also becoming the standard as the aging population seeks to maintain a sense of privacy and independence.
- Other popular features include walk-in closets with organizers and personal linen closets to reduce clutter and create a home-like atmosphere.
- Like other senior housing property types, warm colors, rich molding, plush carpet, and other home-like finishes are defining features within the modern Senior Living space

Even for memory care, the residents' adult children (and staff) who visit them are also more tech savvy and wish to remain connected to family and the outside world through technology. To meet this demand, many communities are now offering broadband connections, computers with stimulating software, and wireless internet.

Though many new upscale features and design trends are emerging, balancing consumer demand for larger units and increased amenities with affordability constraints, has proven to be quite challenging. Special attention will need to be paid to the cost versus benefit decision of each option as it pertains to each facility's projected resident profile.

DEMENTIA/ALZHEIMER/MEMORY CARE UNITS

According to the 2019 Alzheimer's disease Facts and Figures, published by the Alzheimer's Association, an estimated 5.5 million people in the U.S. are afflicted with some form of Alzheimer's disease. Of this total, 5.3 million people aged sixty-five and older are afflicted, while the 200,000 remaining people have early onset Alzheimer's. That works out to approximately 1 in 10 people aged 65+ having Alzheimer's dementia. Women are more likely to have Alzheimer's disease than men.

It is anticipated that by 2025, the number of people sixty-five and older who have Alzheimer's disease will grow to 7.1 million, which represents more than a 50% increase over those currently afflicted. Between 2019 and 2025 every state across the country is expected to experience an increase of at least 14 percent in the number of people with Alzheimer's due to increases in the population age 65 and older.

Recent improvements in dementia unit design have centered on mitigating various components of Alzheimer's and dementia ailments. For added comfort and security, many facilities offer shelving to display and/or store familiar personal effects such as pictures or sentimental items. New facilities are being laid out to allow spontaneous and frequent access to an outdoor environment, often dedicated exclusively to dementia residents.

Where appropriate, those residents who are not prone to behavioral outbursts are urged to participate in social activities with the larger assisted living community. Likewise, these lower acuity residents are extended access to the full amenity offerings available to assisted living residents.

Modern facilities offer comprehensive technological integration that extends beyond traditional medication management and other skilled nursing applications. Among pertinent applications, nurses and administrators can be alerted to deviations from regular movements and routines of the residents, as well as entrance/exit activities among residents from a central station.

OCCUPANCY PATTERNS

Median senior housing occupancy rates continue to display softening occupancy patterns across all facility types. Per the National Investment Center for Seniors Housing (NIC), for the 2nd quarter of 2021, overall occupancy across all senior living communities in 31 major markets, hit a record low of 78.7%. However, for reference, in the 2019 "The State of Seniors Housing" industry report, median occupancy for stand-alone, private, for-profit memory care facilities was 84.7% while those with strictly assisted living units were 89.9% and those with AL/ALZ were 90.2%. Though most professionals in this industry project that covid-19 is not a forever issue affecting senior living occupancy, these past 2 years have seen a dramatic decrease in overall occupancy; with covid vaccines now widely available, project owners across the country anticipate an increase in occupancy over the coming years.

This trend is also due in large part to the influx of new construction and new units coming into already busy markets; plus, the trend that seniors are waiting longer to make the move into communities such as these until their medical needs are much more advanced to save money, and their length of stays are therefore decreasing.

Facilities which cater to higher acuity residents and those which require a greater level of personal care have fared better than the non-need driven facilities. However, it often is tied to shorter lengths of stay and therefore more frequent unit turnover.

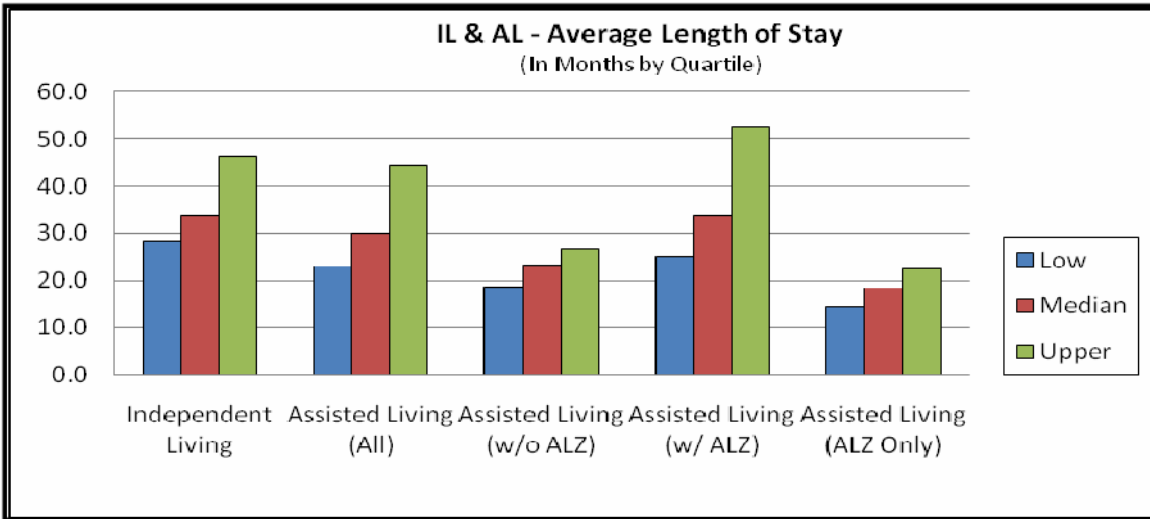
While adding levels of care (i.e., assisted living within an independent living setting or Alzheimer's care in assisted living) has not proven to boost occupancy levels, it may curb declines in communities that would have otherwise suffered more during the fallout since the housing bubble burst.

LENGTH OF STAY & ABSORPTION

Per the most recent "The State of Seniors Housing, 2019," among all senior housing types, annual turnover was highest for stand-alone Memory Care residences; with a median rate of 72.5%. This is consistent with the purpose of these facilities, as their residents are often frail and vulnerable to illness when they are admitted, which generally leads to shorter life expectancies and thus, shorter stays.

In the same 2019 report, the median length of stay for a resident in a strictly Assisted Living facility was roughly 22.4 months. This is approximately seventy-five percent of the length for independent living (37.3 months) and approximately 43% of the CCRC rate (71.5). The standalone Assisted Living facility had a

median annual resident turnover rate of 53.5%. There was a 1.3% differential between Assisted Living facilities which offer memory care, versus those who do not. Additional length of stay observations for each property type is represented in the graph below:



SENIOR HOUSING GROSS PENETRATION RATES – TRENDS AND BENCHMARKS

Project “capture rate” is defined as the percentage of the age and income qualified prospects an individual senior housing community will have to attract or capture to achieve stabilized occupancy. The required capture rate for a senior housing community is calculated by dividing the number of units to be absorbed from within the PMA, by the number of net potentials, age-, income- and health-qualified prospects residing in that market area.

While there have been various industry standards for acceptable capture rates, 12% to 16% are recognized as the acceptable capture rate ranges for an individual assisted living community in a specific market area.

Although there are several unique approaches to calculating capture and penetration rates, this range is generally recognized by other senior housing industry professionals including market feasibility consultants/appraisers and senior housing trade associations including ASHA, NIC and ALFA.

WHAT ARE THE BASIC COMPONENTS OF A PENETRATION RATE CALCULATION?

PRIMARY MARKET AREA DEFINITION

The primary market area (PMA) for senior living services is typically defined as the geographic area from which most prospective residents reside, prior to assuming occupancy at a project. The PMA for a project is typically determined by the origin of its depositors, the historical experience of the provider (if applicable) and/or the experience of existing providers in the PMA.

PERCENT OF SENIORS ORIGINATING FROM THE PMA

Once the PMA is determined, the percentage draw from the PMA is applied to estimate how many ages

and income-qualified persons would originate from the PMA, versus other areas. This number can be subjective and can vary based on the firm and/or the individual performing the calculation. Industry experience and data suggests that the draw from the PMA typically ranges from 60% to 80%. The percentage draw from the PMA can be lower if a project is in an area considered to be a retirement destination. We used a rate of 80% for this report.

Number of Existing and Planned Units in the PMA

Determining the number of existing and planned units to include in a penetration rate is one of the more subjective components affecting the calculation. While there may be several existing and planned units in the PMA, it is important to consider which units are comparable to a project. Do the units have a similar pricing structure and income qualification? What are the product and service offerings at the community?

We typically use a conservative approach and consider all units with similar services to be competing for the same pool of age and income-qualified persons.

Number of Units Available Due to Attrition

To calculate the net market penetration rate, the number of units to be absorbed in each year must be determined. Available units could enter the marketplace via planned communities and through the turnover of existing units in the PMA. Therefore, it is necessary to take into consideration the number of existing units in the PMA that would be vacated due to attrition.

Age and Income Qualification

To qualify for residency at a senior living community, a prospective resident must meet an age requirement – generally 62 years of age – and demonstrate sufficient financial resources to pay the required monthly service fees and other expenses not provided by a project.

Accordingly, management typically establishes certain criteria to identify prospective residents who would be eligible to reside in an independent living unit at the project (i.e., annual income from all sources and assets of approximately 1.25 to 1.5 times the annualized monthly service fee at the project). For quantifying the number of age-qualified persons in the PMA, management of a project typically assumes that persons aged seventy-five or older are most likely to move to a senior living community. In 2010 the average age of residents moving into a senior living community was 79 years old; however, in 2019, CBRE reported in their 2nd quarter senior housing report that the average age when moving into assisted living was 87 years old indicating people are waiting longer to move into these types of communities, and often time arrive with much higher care needs, which results in shorter lengths of stay.

How are industry penetration rates calculated?

While there are multiple penetration rates, each one has a different purpose and set of components. They all intend to paint a picture of the estimated market demand for senior living units. Although terminology varies within the industry, we have found the methodologies applied for feasibility studies to be generally consistent.

We have analyzed the penetration rate methodologies of BB&T Capital Markets (BB&T), Fitch Ratings (Fitch), the National Investment Center for the Seniors Housing and Care Industry (NIC) and Ziegler

Capital Markets Group (Ziegler). BB&T, Fitch and Ziegler calculate penetration rates using similar methodologies. BB&T refers to its calculations as “project saturation rates” and “market saturation rates.” Fitch and Ziegler refer to their calculations as “penetration rates” and “saturation rates.”

Regardless of the industry term used to describe these calculations, project penetration rates show a project’s inventory of units relative to market depth, whereas market penetration and saturation rates show the market’s total inventory of units relative to market depth.

These calculations assume that all communities in the market are competing for the same or similar pool of age and income-qualified persons.

A penetration rate is a simple ratio between the number of ALF units in each market area and age-income qualified households in the same area. Historical average penetration rates for Assisted Living have averaged 12% to 16% in underserved markets.

Using these rates would suggest that there is sufficient unmet demand in the PMA for additional assisted living and independent units. The proposed project would need to capture a slightly above average number of income qualified seniors with self-care or mobility limitations to fill to stabilization within a reasonable timeframe.

Under normal conditions this would be difficult to achieve, however given the high historical penetration rates for Assisted Living and Memory Care units, and the lack of larger units in the area, we can safely assume one or more of the following to be true:

- More residents may be originating from outside the boundaries of the Primary Market Area than the 20% that we assumed.
- Many residents may not meet the \$50,000 income qualifier but may still afford community living due to income and assets from other sources, as well as financial assistance from their affluent adult children who reside in the PMA.
- Possible pent-up demand in the marketplace.

Therefore, it is our opinion that the capture rates assumed in this report are within the minimum acceptable range for assisted living & memory care.

Judging from the older competitive properties offering assisted living and memory care housing, it seems likely that if the project were to proceed, providing a new, more modern purpose-built community would help set itself apart in a meaningful way and provide a better option than most of the current supply in the market.

It is reasonable to assume that by offering large units at a reasonable price point, specifically in memory care, it would absorb more than its share of new customers in the market and should draw from neighboring communities.

TABLE THREE PENETRATION RATES

Capitola, CA				
Absolute Market Penetration				
<u>Market Rate Assisted Living & Memory Care</u>				
Total Existing and Planned Units in PMA				
	Total Units	Total	Vacant	Occupancy Rate
Proposed Subject (80% Drawn From PMA)	57	0	57	0.00%
Paradise Villa	29	25	4	85.00%
Dominican Oaks	49	47	2	96.00%
Valley Haven	30	24	6	80.00%
Aegis Aptos	88	88	0	100.00%
Sunshine Villa	107	91	16	85.00%
Westwind ALZ	51	43	8	84.00%
Totals (existing and pipeline)	354	317	93	89.68%
Total income eligible households (> \$50,000)	2021	2026		
within the Primary Service Area	1409	1653		
Historical Penetration Rate	22.53%	19.20%		
Penetration Rate Req.to Fill Proposed Project/ Mkt Vacancies	6.60%	5.62%		

Capitola, CA		Market Rate Assisted Living		
Dynamic Penetration Rate Analysis				
Total Existing and Planned Units in Primary Service Area	Total Units	Occupied Units	Vacant Units	Occupancy Rate
Competitive Units	354	317	36.52	89.68%
Proposed Project (from PMA)	57	0	57	0.00%
Total	411	317	93	77.28%
Units requiring re marketing annually @40% per year (Occupied Units X 40%)	89			
	2021	2026		
Net Total Units to Market (from PMA)	182	182		
Total Age and Income Qualified Seniors With Care or Mobility Limitations	1,409	1,653		
Dynamic income and Age Penetration Ratio (Net Units/ Eligible Households)	13%	11%		
SOURCE :				
US Census Bureau-Claritas Nielsen				

The penetration rate required to fill the proposed project is well within acceptable norms for both 2021 and 2026 projections.

Even when one factors in demand from annual turnover at existing facilities , the project’s projected penetration rates are well within acceptable industry norms.

The historical penetration rate within the PMA is 23%. This combined with a probability that La Posada caters to a lower income clientele and will probably never really compete with a new private pay community, mitigates the higher overall penetration rate within the PMA.

AVERAGE INCOMES IN THE MARKET AREA

It is also important to look at median incomes and income trends in the market area as shown in the tables below. The 2020 average household income for households of all ages in the market area was estimated at \$106,894. While it remains average when compared to other parts of the state and the nation, it is expected to grow significantly to \$120,295 by year 2026.

The 2021 median income for seniors ages 75+ the PMA is illustrated in the chart below:

TABLE FOUR

Age Group	2000 Median Household Income	2021 Median Household Income	2026 Median Household Income
75-84	\$33,435	\$59,436	\$67,137
85+	\$25,900	\$39,291	\$45,068
All Households	\$40,376	\$60,728	\$65,575

This illustrates that while median incomes for seniors in the PMA are considerably below those of comparison to younger wage earners, they are, by comparison, like comparable markets in the region as is the overall average household income for the PMA.

HOUSING VALUES IN THE MARKET AREA

As noted previously, the median home sale price for homes in Capitola was \$660K. The average size for an apartment is 669 square feet, but this number varies greatly depending on unit type, with an average rent of \$2,324/mo. as of November 2021.

Capitola Occupied Housing Units

- Renter-occupied Households 46%
- Owner-occupied Households 53%

2,053 or 46% of the households in Capitola are renter-occupied while 2,408 or 53% are owner-occupied.

Because most people over the age of seventy-five own their houses free and clear, this increase in housing values will have minimal impact on seniors’ net worth, and hence their ability to pay for service enriched housing.

POTENTIAL IMPACT OF “ADULT CHLADREN” ON MARKET DEMAND

As most professionals in this field are aware, projections about seniors and their behavior are less than accurate if they do not consider the local economy and the likely behavior of adult children. If the local economy is strong, adult children typically stay and care for their parents and other senior relatives.

WILLINGNESS OF ELDERLY TO MOVE AND REASONS FOR MOVING

It is typical for the elderly to have strong emotional ties to remaining in their homes. These ties are based on the memories and family histories associated with the home and are related to an elderly person's desire and ability to continue to maintain an image of independence and self-reliance.

Our interviews indicate that the elderly in this market area tend to remain in their homes for as long as possible and move only after some type of crisis has occurred, or when their family has intervened. For those who choose to remain in their original homes, if possible, the move that is eventually made is frequently to a senior care facility or a nursing home.

These moves are generally precipitated by a change in health status and/or increased frailty that results in the inability to maintain the home, the death of a spouse, or the desire for more security, companionship, and activities.

The adult children reflect the pressures of the “sandwich” generation, caring for both elderly relatives and their own children. Adult children of seniors are more likely to have their own children under eighteen living at home, are more likely to be employed full-time, have a greater number of living parents, have fewer siblings with whom to share the responsibility for the senior, and have a higher proportion of elder relatives for whom they are responsible.

Upon retirement, some parents of adult children relocate to be closer to their children and their grandchildren. Adult persons aged 45-64 comprise the age group considered most likely to have parents in the age 75+ category, which are those people considered most likely to move to retirement or assisted living communities.

In 2021 it is estimated that there are 39,395 households in the 45 to 64 age group; this number is projected to decrease to 37,803 by 2026.

Experience has shown that people with incomes above the median are most likely to select senior living communities as an option for their parents and are most likely to be able to assist with payment if necessary.

Of those households 45-64, it is estimated that there are 9,533 households that meet the income criteria of \$150,000+ annually within the PMA. By year 2026 that number is expected to increase by an additional 27% to an estimated 10,561 households. This is particularly important as it is this demographic cohort that typically assists with or manages to care for their elderly relatives.

This is a positive trend considering the total population is only expected to grow by less than 2% over the same period, indicating an above average affluent “caregiver” or adult child demographic in the PMA. The 45-64 population is expected to decrease over the next 5 years. The population of the more affluent members of that group is expected to increase.

This bodes well for senior living, specifically assisted living as the adult children influences or direct the decision to move to a senior living environment.

A likely percentage of these adult children will have parents and/or in-laws that reside “outside” of the PMA (so, they are not counted in penetration rate analysis). Many of these adult children are in the work force and may seek out local housing/care provisions for their geographically displaced senior parents, due to wanting them nearby. Doing this will help to ensure that they reduce disruptions in their own lives, and simply be within comfortable driving distance for regular visitation.

How large of a possible demand source will these adult children be in the subject’s primary target market?

DEMAND – PARENTS OF ADULT CHILDREN RESIDING IN SULPHUR

TABLE FIVE

<u>Potential Adult Children Demographics</u>		<u>Above average Income Aged 45-64 cohort</u>		
			Age 45-64	%T
Capitola, CA		Tot. Hshlds	Income \$150K+	
	2026	161,876	10,561	6.52%
	2021	159,215	9,533	5.99%
	Growth Rate		27%	
SUGGESTED	PENETRATION RATES	Potential Impact on Unit Demand (Units)		
Those Actively Seeking Shelter for Parents				
	Capture Rate	1.00%	1.50%	
	2021	95	143	
	2026	106	158	

While this chart conservatively indicates that if only 1% of these households are seeking housing for their parents or elderly relatives at any given time, they could impact demand by up to 95 additional units in 2021 and 106 units in 2026 because of the “caregiver effect” in the PMA alone.

Nonetheless, they are a positive indicator of both current and future demand for service-enriched housing. Considering this data, the analyst foresees above average growth in the affluent adult children population in the PMA through the year 2026.

The data indicates that the average annual population growth rate over the next 5 years expected among the senior population will likely be matched by the growth in the adult children population. In summary, high concentrations of affluent caregivers within a PMA are an excellent indicator of both current and future senior housing demand.

COMPETITIVE ANALYSIS

As noted previously, Capitola has six truly competitive /comparable senior living communities offering some form of assisted living, and or memory care: Sunshine Villa, Dominican Oaks, Aegis Aptos, Valley Haven, Paradise Villa and Westwind, which combine for a total of 511 apts. They are reporting occupancy rates of 85, 96, 100, 80, 80%, respectively. (Paradise Villa would not disclose their occupancy) Though built in 1999, Aegis of Aptos in our opinion is the best competitor in the market and would be the benchmark in terms of amenities, quality of care, apartment features, pricing, etc. for assisted living. While Dominican Oaks offers a small contingent of assisted living apartments, which are nearly fully occupied, their primary product type (157 out of 209 units) is independent living. Though a much older project, built in 1989, this has direct ties to Dominican Hospital; it also offers government low-income financial assistance as a payment method to some residents. Westwind, a strictly memory care community, is the newest built of all the communities. It shares an entrance driveway with the Elks Club and has views of the cemetery just down the street. It would be the benchmark to compare for the memory care side of this potential project.



Competitive Units in the Primary Market Area

A summary of unit sizes and rental rates can be found in the Appendix of this report the design and the interiors are dated, and the feel was institutional and uninspiring. Any new project if designed to “next generation” standards will have a distinct competitive edge.

REGULATORY INFORMATION

As noted previously in the report, California is overseen by the California Department of Social Services. More information can be found at: <https://www.cdss.ca.gov/inforesources/senior-care-licensing>

CONCLUSION

Paradigm Senior Living believes that this analysis accurately depicts demand for senior living (including assisted living, and memory care) in the Capitola, CA primary market area, as defined in this report.

Analysis based upon that methodology suggests that from a purely senior income demographic standpoint, and penetration rate analysis there is sufficient demand to support the development of a 75-80 unit assisted living community within this market. Gross demand is somewhat dependent upon the affluent adult child 45-64 with above average household incomes.

The senior life report section of this report illustrates the factors of the senior population most important to the operation of a senior housing development. The raw demographics for the primary market areas can be found in the back of this report.

Operational/financial feasibility for the proposed project can only be determined through a more in-depth compilation and analysis of local development cost assumptions, absorption trends, rental rates, wage rates and other operating variables.

ABOUT THE CONSULTANT

Paradigm Senior Living is a professional management and consulting firm that specializes exclusively in the development, marketing, and management of Senior Living Communities. Presently, PSL has communities under development or management and has ongoing consulting relationships with clients across the US.

PSL was established in 1994 and its principals' experience in the Senior Living Industry spans nearly 30 years. Our clients include private investors, hospitals, banks, and not-for-profit organizations.

Over that time, the company has been instrumental in the acquisition, development, marketing, and ongoing operation of more than 75 Senior Living Communities throughout the United States including: Continuum of Care Retirement Communities, Age-Restricted Housing, Assisted Living, and Memory Care communities totaling more than 6,000 living units and valued at more than \$750MM. PSL has been involved as Management Agent for \$150 MM of HUD- 232 insured loans.

Additionally, PSL has performed financial feasibility, investment, and underwriting analysis for more than two hundred proposed senior housing projects, in more than thirty-five states. Our work has been accepted and highly regarded by HUD, conventional lenders, and equity investors.

Lee E. Cory is the founder and President of Paradigm Senior Living. Prior to beginning his involvement with senior housing in 1983, Mr. Cory spent several years in the field of Hotel and Restaurant Management. Mr. Cory earned a BS Degree from Michigan State University in 1979.

He has been a nationally recognized speaker and educator for many regional and national senior housing and health care associations including: The National Association for Senior Living Industry Executives (NASLIE), Member and Past Board Member – Assisted Living Federation of America (ALFA), Advisory Member of The American Seniors Housing Assn. (ASHA), AIC Conferences, and The American Health Care Association (AHCA). Mr. Cory's viewpoints and insights have been published in numerous trade periodicals including Assisted Living Success, Journal of Property Management, Retirement Community Business, Contemporary Long-Term Care, Assisted Living Business, and Assisted Living Today.

ACKNOWLEDGEMENT

Information estimates and opinions contained herein were obtained from sources believed to be reliable and are believed to be true and correct. No single item of information was completely relied upon to the exclusion of any other. However, Paradigm Senior Living “PSL” assumes no responsibility for accuracy.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions. Neither PSL, nor its principals have a present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

Our compensation is not contingent upon the reporting of a predetermined result or direction that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event.

I do not authorize the out-of-context quoting from or partial reprinting of this market study report.

Further, neither all nor any part of this market study report shall be disseminated to the public using media for public communication without the prior written consent of the consultant signing this market study report.

Furthermore, neither the consultant nor Paradigm Senior Living assumes any responsibility for the business decisions of those who become aware of this feasibility study.

November 15, 2021

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APPENDIX



- RAW DEMOGRAPHIC DATA
- COMPETITIVE ANALYSIS DATA
- SITE MAPS

APPENDIX



- RAW DEMOGRAPHIC DATA
- COMPETITIVE LISTINGS SUMMARY
- PMA MAP

Pop-Facts® Senior Life Demographics | Summary



Trade Area: Capitola Project - 7 mi Radius

	Population
2000 Census	148,357
2010 Census	152,737
2021 Estimate	159,215
2026 Projection	161,876

	Population Change (%)
Growth 2000 - 2010	2.95
Growth 2010 - 2021	4.24
Growth 2021 - 2026	1.67

Benchmark: USA

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Trade Area: Capitola Project - 7 mi Radius

	2000*/2010**		2021		2026	
	Census	%	Estimate	%	Projection	%
Total Population**						
Total Population	152,737	100.00	159,215	100.00	161,876	100.00
Age 45 - 54	22,459	14.70	18,686	11.74	18,520	11.44
Age 55 - 64	21,813	14.28	20,709	13.01	19,284	11.91
Age 65 - 74	9,886	6.47	19,430	12.20	23,228	14.35
Age 75 - 84	5,586	3.66	7,786	4.89	8,902	5.50
Age 85 and over	3,214	2.10	3,483	2.19	3,576	2.21
Age 65 and over	18,686	12.23	30,699	19.28	35,707	22.06
Age 80 and over	5,889	3.86	6,503	4.08	7,179	4.43
Population by Single - Classification Race**						
White Alone	121,645	79.64	120,297	75.56	119,290	73.69
White Alone: Age 65 and over	17,371	14.28	27,768	23.08	31,788	26.65
Black/African American Alone	1,970	1.29	2,302	1.45	2,459	1.52
Black/African American Alone: Age 65 and over	126	6.40	270	11.73	337	13.71
American Indian/Alaskan Native Alone	1,107	0.72	1,299	0.82	1,371	0.85
American Indian/Alaskan Native Alone: Age 65 and over	72	6.50	152	11.70	190	13.86
Asian Alone	8,034	5.26	10,125	6.36	11,073	6.84
Asian Alone: Age 65 and over	574	7.14	1,216	12.01	1,605	14.49
Native Hawaiian/Pacific Islander Alone	243	0.16	271	0.17	288	0.18
Native Hawaiian/Pacific Islander Alone: Age 65 and over	17	7.00	33	12.18	46	15.97
Some Other Race Alone	12,170	7.97	15,361	9.65	16,895	10.44
Some Other Race Alone: Age 65 and over	309	2.54	744	4.84	1,027	6.08
Two or More Races	7,568	4.96	9,560	6.00	10,500	6.49
Two or More Races: Age 65 and over	218	2.88	516	5.40	714	6.80
Population by Hispanic or Latino**						
Hispanic/Latino	26,931	17.63	32,843	20.63	35,593	21.99
Hispanic/Latino: Age 65 and over	1,058	3.93	2,282	6.95	3,054	8.58
Not Hispanic/Latino	125,806	82.37	126,372	79.37	126,283	78.01
Total Population, Male**						
Total Population, Male	75,411	49.37	78,038	49.01	79,344	49.02
Male: Age 45 - 54	11,042	14.64	9,346	11.98	9,198	11.59
Male: Age 55 - 64	10,772	14.28	9,983	12.79	9,347	11.78
Male: Age 65 - 74	4,662	6.18	9,433	12.09	11,257	14.19
Male: Age 75 - 84	2,204	2.92	3,401	4.36	3,852	4.86
Male: Age 85 and over	1,043	1.38	1,126	1.44	1,199	1.51
Male: Age 65 and over	7,909	10.49	13,960	17.89	16,308	20.55
Male: Age 80 and over	2,066	1.35	2,400	1.51	2,702	1.67
Total Population, Female**						
Total Population, Female	77,326	50.63	81,177	50.99	82,532	50.98
Female: Age 45 - 54	11,417	14.77	9,340	11.51	9,322	11.29
Female: Age 55 - 64	11,041	14.28	10,726	13.21	9,936	12.04
Female: Age 65 - 74	5,224	6.76	9,997	12.31	11,971	14.51
Female: Age 75 - 84	3,382	4.37	4,386	5.40	5,051	6.12
Female: Age 85 and over	2,171	2.81	2,356	2.90	2,377	2.88
Female: Age 65 and over	10,777	13.94	16,739	20.62	19,398	23.50
Female: Age 80 and over	3,823	2.50	4,102	2.58	4,477	2.77

Benchmark: USA

*2000 Census generated data/**2010 Census generated data

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<https://claritas.easptlight.com/Spotlight/About/3/2021>

Trade Area: Capitola Project - 7 mi Radius

	2000*/2010**		2021		2026	
	Census	%	Estimate	%	Projection	%
Householder Age 45 - 54*						
Householder Age 45 - 54	14,628	28.35	10,210	16.41	9,900	15.56
Income Less than \$15,000	1,038	7.10	383	3.75	314	3.17
Income \$15,000 - \$24,999	899	6.15	177	1.73	153	1.55
Income \$25,000 - \$34,999	873	5.97	462	4.53	360	3.64
Income \$35,000 - \$49,999	1,968	13.45	542	5.31	376	3.80
Income \$50,000 - \$74,999	2,939	20.09	939	9.20	773	7.81
Income \$75,000 - \$99,999	2,348	16.05	1,026	10.05	842	8.51
Income \$100,000 - \$124,999	1,880	12.85	1,052	10.30	872	8.81
Income \$125,000 - \$149,999	894	6.11	1,002	9.81	946	9.56
Income \$150,000 - \$199,999	950	6.49	1,368	13.60	1,361	13.75
Income \$200,000 or more	838	5.73	3,240	31.73	3,903	39.42
Median Household Income	-	71,272.89	-	137,676.93	-	187,007.73
Householder Age 55 - 64*						
Householder Age 55 - 64	7,197	13.95	12,175	19.57	11,078	17.42
Income Less than \$15,000	755	10.49	726	5.96	559	5.05
Income \$15,000 - \$24,999	491	6.82	322	2.65	249	2.25
Income \$25,000 - \$34,999	723	10.05	636	5.22	495	4.47
Income \$35,000 - \$49,999	898	12.48	777	6.38	509	4.59
Income \$50,000 - \$74,999	1,226	17.04	1,235	10.14	976	8.81
Income \$75,000 - \$99,999	910	12.64	1,271	10.44	1,027	9.27
Income \$100,000 - \$124,999	714	9.92	1,160	9.53	943	8.51
Income \$125,000 - \$149,999	526	7.31	1,142	9.38	1,023	9.23
Income \$150,000 - \$199,999	499	6.93	1,442	11.84	1,359	12.27
Income \$200,000 or more	456	6.34	3,463	28.44	3,938	35.55
Median Household Income	-	64,111.58	-	124,122.72	-	143,786.72
Householder Age 65 - 74*						
Householder Age 65 - 74	4,987	9.66	12,153	19.53	14,172	22.28
Income Less than \$15,000	714	14.32	754	6.20	763	5.38
Income \$15,000 - \$24,999	707	14.18	698	5.74	705	4.97
Income \$25,000 - \$34,999	753	15.10	792	6.52	791	5.58
Income \$35,000 - \$49,999	741	14.86	1,012	8.33	971	6.85
Income \$50,000 - \$74,999	907	18.19	1,746	14.37	1,820	12.84
Income \$75,000 - \$99,999	492	9.87	1,467	12.07	1,592	11.23
Income \$100,000 - \$124,999	235	4.71	1,207	9.93	1,358	9.58
Income \$125,000 - \$149,999	198	3.97	924	7.60	1,118	7.89
Income \$150,000 - \$199,999	155	3.11	1,258	10.35	1,609	11.35
Income \$200,000 or more	83	1.66	2,295	18.88	3,446	24.32
Median Household Income	-	40,683.43	-	92,847.88	-	107,718.78
Householder Age 75 - 84*						
Householder Age 75 - 84	4,678	9.07	5,277	8.48	5,873	9.23
Income Less than \$15,000	1,027	21.95	546	10.35	555	9.45
Income \$15,000 - \$24,999	789	16.87	553	10.48	560	9.54
Income \$25,000 - \$34,999	613	13.10	604	11.45	614	10.46
Income \$35,000 - \$49,999	834	17.83	593	11.24	584	9.94
Income \$50,000 - \$74,999	652	13.94	830	15.73	871	14.83
Income \$75,000 - \$99,999	310	6.63	526	9.97	575	9.79
Income \$100,000 - \$124,999	190	4.06	414	7.84	469	7.99
Income \$125,000 - \$149,999	77	1.65	338	6.41	407	6.93
Income \$150,000 - \$199,999	71	1.52	340	6.44	431	7.34
Income \$200,000 or more	114	2.44	532	10.08	806	13.72
Median Household Income	-	33,435.31	-	59,436.23	-	67,137.64
Householder Age 85 and over*						
Householder Age 85+	1,230	2.38	2,449	3.94	2,481	3.90
Income Less than \$15,000	370	30.08	373	15.23	352	14.19
Income \$15,000 - \$24,999	230	18.70	429	17.52	396	15.96
Income \$25,000 - \$34,999	144	11.71	327	13.35	305	12.29
Income \$35,000 - \$49,999	192	15.61	273	11.15	262	10.56
Income \$50,000 - \$74,999	143	11.63	346	14.13	355	14.31
Income \$75,000 - \$99,999	55	4.47	224	9.15	223	8.99
Income \$100,000 - \$124,999	32	2.60	115	4.70	121	4.88
Income \$125,000 - \$149,999	21	1.71	109	4.45	122	4.92
Income \$150,000 - \$199,999	20	1.63	101	4.12	125	5.04
Income \$200,000 or more	24	1.95	152	6.21	219	8.83
Median Household Income	-	25,900.18	-	39,291.89	-	45,068.64

Benchmark: USA

*2000 Census generated data/**2010 Census generated data

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Trade Area: Capitola Project - 7 mi Radius

	2000*/2010**		2021		2026	
	Census	%	Estimate	%	Projection	%
Households by Household Income*						
Total Households	58,500	100.00	62,221	100.00	63,605	100.00
Income Less Than \$15,000	6,893	11.78	5,336	8.58	4,647	7.31
Income \$15,000 - \$24,999	5,558	9.50	3,459	5.56	3,137	4.93
Income \$25,000 - \$34,999	5,904	10.09	3,584	5.76	3,244	5.10
Income \$35,000 - \$49,999	8,546	14.61	4,614	7.42	3,963	6.23
Income \$50,000 - \$74,999	10,893	18.62	7,295	11.72	6,776	10.65
Income \$75,000 - \$99,999	7,453	12.74	6,705	10.78	6,191	9.73
Income \$100,000 - \$124,999	5,213	8.91	5,972	9.60	5,693	8.95
Income \$125,000 - \$149,999	2,811	4.80	4,867	7.82	5,050	7.94
Income \$150,000 - \$199,999	2,669	4.56	6,519	10.48	7,101	11.16
Income \$200,000 - \$249,999	1,209	2.07	4,241	6.82	5,019	7.89
Income \$250,000 - \$499,999	962	1.64	5,320	8.55	6,901	10.85
Income \$500,000 or more	378	0.65	4,310	6.93	5,882	9.25
Average Household Income	-	73,650.00	-	147,047.00	-	168,574.00
Median Household Income	-	54,691.96	-	100,462.28	-	116,591.08
Age 55+ Median Household Income	-	44,246.64	-	92,110.18	-	105,668.63
Age 65+ Median Household Income	-	35,729.57	-	75,622.83	-	88,515.37
Owner-Occupied Housing Units by Value*						
Value Less Than \$20,000	309	0.91	323	0.93	328	0.93
Value \$20,000 - \$39,999	567	1.68	95	0.27	79	0.22
Value \$40,000 - \$59,999	643	1.90	94	0.27	100	0.28
Value \$60,000 - \$79,999	477	1.41	79	0.23	75	0.21
Value \$80,000 - \$99,999	710	2.10	176	0.51	86	0.24
Value \$100,000 - \$149,999	1,129	3.34	419	1.21	448	1.27
Value \$150,000 - \$199,999	1,480	4.38	237	0.68	285	0.81
Value \$200,000 - \$299,999	4,937	14.60	552	1.59	472	1.33
Value \$300,000 - \$399,999	7,540	22.30	738	2.13	705	1.99
Value \$400,000 - \$499,999	6,901	20.41	1,087	3.14	934	2.64
Value \$500,000 - \$749,999	6,319	18.69	5,794	16.73	5,024	14.20
Value \$750,000 - \$999,999	1,808	5.35	8,935	25.80	7,667	21.66
Value \$1,000,000+	969	2.87	-	-	-	-
Value \$1,000,000 - \$1,499,999	-	0.00	10,185	29.41	10,771	30.43
Value \$1,500,000 - \$1,999,999	-	0.00	3,597	10.39	4,932	13.94
Value \$2,000,000+	-	0.00	2,322	6.71	3,486	9.85
Median All Owner-Occupied Housing Unit Value	-	388,298.76	-	964,404.95	-	1,055,556.42
Group Quarters by Population Type**						
Group Quarters Population	9,469	6.20	12,486	7.84	12,485	7.71
Correctional Facilities	352	3.72	460	3.68	460	3.68
Nursing Homes	469	4.95	611	4.89	611	4.89
Other Facilities	7	0.07	9	0.07	9	0.07
Juvenile Facilities	50	0.53	67	0.54	67	0.54
College Dormitories	6,698	70.74	8,824	70.67	8,822	70.66
Military Quarters	5	0.05	7	0.06	7	0.06
Other Noninstitutional Quarters	1,888	19.94	2,509	20.09	2,510	20.10
Occupied Housing Units by Tenure*						
Owner-Occupied	33,788	53.28	34,632	55.66	35,392	55.64
Renter-Occupied	24,683	38.92	27,588	44.34	28,212	44.35

	2000*/2010**		2021		2026	
	Census	%	Estimate	%	Projection	%
Households by Tenure by Age of Householder**						
Total Households	59,878	100.00	62,221	100.00	63,605	100.00
Owner-Occupied	33,346	55.69	34,632	50.34	35,392	50.41
Householder Age 55 - 64	9,571	28.70	8,504	24.55	7,571	21.39
Householder Age 65 - 74	5,054	15.16	9,359	27.02	10,903	30.81
Householder Age 75 - 84	2,977	8.93	3,976	11.48	4,366	12.34
Householder Age 85 and over	1,483	4.45	1,518	4.38	1,551	4.38
Renter-Occupied	26,532	44.31	27,588	44.34	28,212	44.35
Householder Age 55 - 64	3,690	13.91	3,671	13.31	3,507	12.43
Householder Age 65 - 74	1,341	5.05	2,793	10.12	3,269	11.59
Householder Age 75 - 84	917	3.46	1,301	4.72	1,508	5.34
Householder Age 85 and over	832	3.14	931	3.38	930	3.30

Benchmark: USA

*2000 Census generated data/**2010 Census generated data

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Report Details

Name: Pop-Facts® Senior Life Demographics 2021
Date / Time: 10/18/2021 2:52:51 PM
Workspace Vintage: 2021

Trade Area

Name	Level	Geographies
Capitola Project - 5 mi Radius	5 mi Radius	N/A
Capitola Project - 7 mi Radius	7 mi Radius	N/A
Capitola Project - 10 mi Radius	10 mi Radius	N/A

Benchmark

Name	Level	Geographies
USA	Entire US	United States

DataSource

Product	Provider	Copyright
Claritas Pop-Facts® Premier 2021	Claritas	©Claritas, LLC 2021 (https://claritas.easpotlight.com/Spotlight/About)
SPOTLIGHT Pop-Facts® Premier 2021, including 2000 and 2010 US Census, 2021 estimates and 2026 projections	Claritas	©Claritas, LLC 2021 (https://claritas.easpotlight.com/Spotlight/About)

COMPETITIVE ANALYSIS



Location: 3720 Capitola Rd. Santa Cruz, CA 95062

Date: 11/22/2021

	InDirect Competitor #1	Competitor #1	Competitor #2	Competitor #3	Competitor #4	Competitor #5	Competitor #6
Name	La Posada Retirement Community	Paradise Villa	Dominican Oaks	Valley Haven	Aegis Living Apts	Sunshine Villa	Westwind ALZ
Address	609 Frederick St Santa Cruz, CA 95062	2177 17th Ave Santa Cruz, CA 95062	3400 Paul Sweet Road Santa Cruz, CA 95065	2266 Chanticleer Ave Santa Cruz, CA 95062	125 Heather Terrace Aptos, CA 95003	80 Front St Santa Cruz, CA 95060	160 Jewell St Santa Cruz, CA 95060
Phone	831-429-9230	831-475-1380	831-462-6257	831-818-8372	831-706-2977	831-226-1879	831.421.9100
Website Address	laposadaretirementcommunity.com	paradisevillaassistedliving.com	www.dominican-oaks.com/	www.valleyhaven-care.com/home	www.aegislivingof.com/aegis-living-of	www.merrillgardens.com/senior-emorcare.com/	www.westwindm.com/
Marketing Director	Sam Sunday		Cheir Harty		Jennifer Andronico	Kathleen Gleitsmann	Ricardo de la Cruz
General Manager		Erin Wiley		Josephine Arcilla		Tami Ojwang	

City / Miles from property	2.3	1.3	2.5	1.2	4.4	3.9	4.4
# of Units	150	29	206	30	88	107	51
Profit/Not-For-Profit	HUD - Section 8	Profit	NFP	Profit	Profit	Profit	Profit
Care Type Offered	IL - 62+	AL / ALZ	IL/AL	AL/ALZ	AL / ALZ	IL/AL/ALZ	ALZ
Date Opened	1980	1978	1989	2013	1999	1990	2017
Current Occupancy	100%	would not divulge	AL - 96%	80%	100%	85%	84%
Accept Medicaid	Yes	No	Yes	No	No	No	No
Direct Competitor?	No	Yes	Yes	Yes	Yes	Yes	Yes

CURRENT STREET RATE in \$ (monthly or daily)

Deposit Amount	n/a	\$2,500	2500*	1500	\$2,500	1 mo rent	2000
Date of Last Increase							
IL Studio						3495	
IL 1 Bdrm			5580-5940				
IL 2 Bdrm			6510-6900				
AL Studio	\$3,890				\$6,448	3495	
AL 1 Bdrm					\$7,843		
AL 2 Bdrm							
ALZ - Semi Private							
ALZ - Private							6300
ALZ - Companion						4995	5750
Cottage/Villa							
Buy-In (Y/N)	No			No	No	No	
2nd Person Fee	\$400		\$1,200		\$1,500		

COMPETITOR ASSESSMENT AND CARE CAPABILITIES

Care Cost Method (if applicable)							
All Inclusive, Points, Levels, Hybrid					Points	Levels	

SIZES (sq. ft.)

IL - Studio							
IL - 1 Bdrm			640				
IL - 2 Bdrm			850-980				
AL - Studio		225			377	320	
AL - 1 Bdrm		425-575	640		650	490-576	
AL - 2 Bdrm			850-980				
ALZ - Semi Private							
ALZ - Private							312
ALZ - Companion							330

SERVICES INCLUDED IN RATE

Meals (#/day)	2	3	3	3	3	3	3
Housekeeping (x's/wk.)	1	1	1	1	1	1	1
Laundry (#/wk)	1	1	1	1	1	1	1
Utilities (yes/no)	yes	yes	yes	yes	Yes	Yes	yes
Cable TV (yes/no)	yes	yes	yes	yes	Yes	yes	yes
Telephone (yes/no)	no	yes	no	yes	yes	yes	no
Internet (yes/no)	no	yes	no	yes	Yes	yes	yes
Furniture (yes/no)	No	no	no	no	No		no
Care (yes/no)	No	no	no	no	No	no	no

OTHER

Managed By			Dominican Hospital Group			Aegis Living	Merrill Gardens
Photo of Bldg Exterior							
Observations / Notes	Low-income HUD project. With private pay option. Has heated swimming pool and jacuzzi	residential feel. Needs lots of improvements and updates. Not a true competitor	located next to dominican hospital. Older building, primarily IL. Currently being updated as it looks very dated interior. Accepts low income for some rooms	very residential feel, like large homes.	Respite is 10 day minimum, \$300-350/day. Sold in 2018 for \$80M	close proximity to wharf/beach. Good views from top of hill location. Entry very dark, low ceilings.	stand alone ALZ. Shares driveway with Elks club. On hill, overlooking cemetery. Nice new interior and common areas

COMMENTS/MARKET PULSE INFORMATION: In this section provide a "snap shot" of activity/information about the competitor - i.e. "just opened", "20 residents" or "low occupancy due to high staff turnover" or "under new management", etc.

Completed by/Title: Karl Drucks

Trade Area: Capitola Project - 7 mi Radius

