The monumental level of demographic growth in the senior population over the next two decades predicted by the U.S. Census Bureau is both exciting and unsettling, yielding new opportunities and challenges for the senior living industry. One thing that is indisputable: the values, needs and behaviors of the continuing care retirement community (CCRC) resident will continue to evolve.

Consumer, industry and economic trends will most certainly shape the development of the senior living community of the future. To prepare, CCRCs must identify the key characteristics they will need to satisfy to be attractive to the Consumer of the Future. This paper will examine notable trends and influences on the next generation of senior living consumers, as well as the ways CCRCs can adapt their offerings in the coming decade.

This paper represents an analysis of three, major, forward-looking industry research studies. Respondents in the studies had first-hand knowledge of, or familiarity with, CCRCs. Two of the studies draw on the experience and insight of adult children of senior living community and CCRC residents—including those who were of an age that made them likely to be prospects in the next business cycle. The other study integrated the knowledge of a large and diverse set of senior housing professionals ranging from chief officers, executive directors and finance professionals to professionals from related businesses.

The studies were reviewed in depth by a group of LCS® senior living professionals with diverse responsibilities. Group members were provided research articles, a set of discussion questions and worksheets approximately four weeks before meeting. The findings were filtered through the unique experiences of the study group members. This paper describes the perceptions and the recommendations derived from their discussions.

In the next 10 or 20 years, CCRC customers won’t seek dramatic changes, though increasing shifts in their wants and needs can be expected. The decision to move into a senior community will continue to be influenced by three fundamental components:

- Access to a continuum of care that allows residents to age in place, from independent living through skilled nursing
- Quality services and amenities that promote wellness and healthy living
- A maintenance-free lifestyle

Other factors are expected to impact the industry, including:

Technology.
From both a resident and business operations perspective, the increased integration with technology will be apparent over the next decade. Technologies currently being developed will enable potential CCRC customers to age in place—in their own homes—longer. However, new technologies also should be viewed as assets within the CCRC environment, even as the industry remains mindful of the competitive threat they pose.²

- New technologies will be used to meet the growing desire for transparency in the resident/business relationship, lower operating costs by creating efficiencies and bolstering the anticipated shortage of hands-on caregivers.
- Technology will become more pervasive, allowing residents greater access to lifestyle offerings, schedules, medical services, and community financial information and decisions.

Cost.
The affordability and cost of health care and changes in healthcare policy will continue to impact the industry, though the consequences are yet unknown.

CCRC customers will demand more flexibility and choice in their financial options. This may include unbundling services or offering alternative contract arrangements, such as rental agreements.

Programs.
Customers will expect greater breadth in the variety of programs and services offered in their residence. They will seek programming that perpetuates, enhances and grows individual lifestyles.

To strengthen their market position as an appealing choice, progressive CCRCs already are responding to what the next generation is saying it wants: state-of-the-art fitness centers, travel, continuing education programs, flexible choices in dining, and buildings customized to emphasize the unique attributes of the locale.

Interactions.
Seniors will become even more receptive to collaborative relationships that enhance their independence and help them stay connected to the greater community—and their adult children will represent a significant resource in these relationships.

Open, free-flowing floor plans that accentuate the social aspect of the senior living lifestyle will become a component of resident interaction. As an example, when residents return to the community, instead of walking through a staid, formal living room, they will be energized as they pass through areas of interaction and activity.

Independence.
While awareness and acceptance of the senior living lifestyle is increasing in the marketplace, so is its competition with the single-family home. It is clear from the survey data that people highly familiar with CCRCs believe senior living communities offer more opportunities than single-family homes—especially in the areas of personal safety, socialization and maintenance of a healthy way of life. However:

Independence is the sole factor that the single-family home is considered better able to meet.

The CCRC of the future must foster stronger independence among its residents by being the catalyst for individual desires and expectations—becoming the destination that makes it easier to continue a cherished lifestyle and promoting a life lived outside the community walls.
The senior living professionals participating in the study group were asked to complete a collage exercise designed to elicit deep discussion from abstract concepts. This projective technique was used to help uncover associations and reveal subconscious beliefs. The study group was asked to be creative and use any type of visual item to represent feelings, viewpoints and opinions about CCRCs.

These images and related associations summarize the group’s thoughts about the CCRC of the future—what will it look like, who lives there and what problems it will solve.
Maintaining a modern campus and set of desirable amenities will continue to be important in attracting new residents. However, to give customers a reason to move out of their single-family homes, programs must focus on creating connections with the greater community and increasing the availability of independence-enhancing assistive technologies. CCRCs will need to address:

**Resident age.**

It is the norm to see older residents entering CCRCs, raising the average age and the turnover rates. But many senior living communities now—and in the near future—could find themselves in a Catch-22 situation in which their resident populations age to the point that the community is not attractive to younger seniors in their active 70s.

Stemming “age creep” will require communities to make dramatic changes in the way they attract younger retirees. To reach this audience, communities must focus on offering services that make life easier and providing access to the greater community that these seniors couldn’t have achieved on their own.

**Market share.**

To extend market share, communities will find it beneficial to connect with the growing section of the target market that chooses to age in place at home—or that simply cannot afford independent or assisted living. Options may include:

- Providing home healthcare services
- Offering home maintenance and renovation services—such as widening doorways, lowering countertops and installing grab bars
- Selling access to on-campus amenities including dining, fitness center, swimming pool and clinic services

Each option has the potential to increase the community’s exposure among prospective residents, ease the transition to CCRC living and provide the community with alternate income streams.

At the same time, communities would be well advised to conduct additional research to determine the benefits and viability of extending a set of services to nonresidents, as well as the ramifications on occupancy rates that these at-home options might have.
Affordability.
Entrance fees and monthly fees for residents are expected to continue to increase over the next 10 years, with healthcare costs bringing significant upward pressure on independent living prices.

The study group suggests that the most likely future residents of CCRCs will have incomes of $75,000 or more, and Nielsen predicts that in 2016 about one in ten persons age 65 and older will have an annual household income of at least that much. The data from the Leading Age survey showed that about two-thirds of respondents who said they were very likely to move to a CCRC in the future had current annual household incomes of $75,000 or more. Yet to broaden the customer base, consideration should be given to developing a senior living community model for middle-income residents that does not have all the bells and whistles associated with today’s CCRC, and affords similar lifestyle opportunities that can drive occupancy.

Cost containment.
Managing rising costs will continue to test the CCRCs of the future. The costs of carrying adequate liability insurance and maintaining an experienced, highly trained staff—especially one that can meet the needs of an increasingly diverse and demanding customer base—will be especially challenging.

Capitalizing on economies of scale through building design is not the answer it once was. Research suggests large senior living communities, such as those with around 150 units or more, are less attractive to the Consumer of the Future. The benefits of modular designs, energy-efficient construction and reducing generalized common space may prove to be more cost-effective solutions.

CCRCs can realize economies of scale by effectively partnering together. As an example, leveraging group purchasing may help the participating communities mitigate the rising costs of doing business. Structuring services so that they are more selective to the resident also may help contain operational costs—as well as add value for the consumer.

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1Nielsen 2016 population estimates
2Senior Living for the Next Generation: A View Through the Lens of the Experienced Adult Child, Volume 1. 2011.
3Senior Living for the Next Generation: A View Through the Lens of the Experienced Adult Child, Volume 1. 2011.
For those in the GI Generation (born 1901–1924) and the Silent Generation (born 1925–1945), *need* is a primary motivator for a move to a CCRC. Those in the Silent Generation will continue to be in the target market for the next decade.

Conversely, members of the Baby Boomer Generation (born 1946–1965) are just beginning to think about their retirement plans and where they will live. The motivation to move to a senior living community for these consumers is to satisfy a lifestyle change. And although they won’t be in the target market for another 10 years, Boomers influence the parents and family members of current residents and prospects.

Residents’ family members are more knowledgeable about the CCRC concept than the general public, and their experiences and expectations will influence their own interests and those of others.

**Expanded interaction.**
Addressing motivation from a lifestyle perspective may present new choices for CCRCs. Among them:

- Blurring the barrier between the CCRC and the external community to engage residents and expose prospects to the CCRC lifestyle. Opportunities may include inviting the public on campus for services such as rehab therapy, fitness programs and spa treatments, or offering space for meetings or the offices of volunteer organizations.

- Partnering with retailers for space on campus (such as spas, Starbucks, Brookstone or an Apple Store) to help bring life outside of the community into the resident’s home. Retail space overages could be passed on as savings to residents to enhance CCRC affordability.

- Developing a set of standardized educational materials about the CCRC lifestyle that communities can use to respond to all inquiries and generate accurate and consistent messaging.

Lifestyle options will need to be flexible and targeted to individual desires. However, as desirable as these options may be for consumers, CCRCs will experience new administrative challenges related to resident health and safety when they offer additional experiences and exposures.

**Integrated living.**
Addressing the lifestyle needs of the Consumer of the Future will likely cause CCRCs to reexamine traditional approaches to property development. Changes may include:

- Building senior living communities in “walkable” interior suburbs or urban areas instead of quiet, outlying suburban neighborhoods.
• Featuring building design that incorporates the natural environment and the surrounding community.
• Promoting energy-efficient and environmentally friendly building design. Consumers will also seek convenient recycling opportunities that allow them to “live green” in their homes.
• Situating villas or townhomes near the front of the community instead of the back. This move will enhance public perception of the community as an active senior neighborhood rather than an apartment building with attached nursing home.

**Enhanced independence.**
CCRCs must begin to adapt their options, programs and features to appeal to the interests of younger, more independent residents. Opportunities and challenges could include:
• Facilitating social interaction among smaller groups of residents. For example, including more purposeful outdoor common spaces that accommodate intimate group get-togethers, such as multiple dining areas and outdoor kitchens.
• Continuing to examine flexibility in dining options and their impact on operations. Of note: While flexible dining credits contribute to more choices for residents, they also will challenge CCRCs to keep up with the dietary preferences of new consumers.
• Incorporating features into apartment design that appeal to younger residents and their continued independence. For example, increasingly user-friendly kitchens could include built-in indoor grill appliances in addition to the standard microwave oven and stove.
• Offering in-home cooking “services” for those who wish to continue to entertain in their homes as they did before moving to the community.
• Partnering with a local farmer’s market organization or small grocer to provide for easy food shopping.

**Interest-based programs.**
Progressive programs will deliver a high level of hospitality, but incorporate more wellness activities, outdoor interactions and a broad range of activities that appeal to resident pursuits. This can mean:
• Offering continuing education programs to meet the needs of a demographic that pursued higher education in greater numbers than any generation before.
• Creating national group travel opportunities to attract younger residents and connect seniors with others who have similar interests.
• Accessing intergenerational volunteer opportunities such as the local Foster Grandparents organization and global volunteer opportunities such as Senior Corps. Volunteering will allow the Silent Generation and emerging Baby Boomer Generation to continue contributing their resources to society.
• Maintaining residents’ sense of independence with on-demand transportation or driving privileges.
Over the next decade, the most important programs and services for the Consumer of the Future will still relate to wellness and the community’s ability to meet future healthcare needs.

**Outlook.**
The pool of middle- to upper-middle-income seniors able to afford the continuum of care is anticipated to shrink. A potential proliferation of healthcare options also may reduce the demand for full-care residency agreements except in select, typically large metropolitan markets.

As qualified populations increase, a growing demand for memory care services will influence the continuum of care.

**Adaptations.**
CCRCs will need to adapt their care offerings in response to the market conditions and consumer preferences, in ways such as:

- Health services will need to be designed with greater flexibility to meet health-related needs in the least restrictive physical environment.
- Technologies will play a larger role in resident healthcare programs. Residents will be able to stay in independent living longer with automated medication reminders. They also will be able to self-report tests to their doctors via the Internet, and access online therapy delivery programs. Additionally, healthcare providers and family members will gain the ability to monitor and track resident health status online.
- Personal wellness programs will be run by staff members or outside providers with specific expertise, such as personal trainers, nutritionists and other specialists.

**Other options.**
- An independent living/assisted living rental prototype may satisfy some of the changes in the continuum of care model. This model affords more choice and flexibility in financing for a broader group of consumers, while still offering the all-important continuum of care.
- Senior living communities could establish partnerships with reputable, outstanding healthcare service providers for assisted living, memory care and nursing care to provide a seamless continuum for residents.
- Developing communities in proximity to healthcare service providers would benefit both providers and the community, and help residents maintain a level of vibrant
Conclusions

The Consumer of the Future is not seeking a resort community. The goal of these seniors will not be to escape to a different world. These customers will be attracted by programs and services that foster their lives in ways to which they’ve become accustomed. They will want to be involved and productive—and needed.

The Consumer of the Future will:

- Desire access to a full continuum of healthcare services
- Place high importance on wellness, transportation and technology
- Expect personalized service packages and activities that are more about life enrichment than just passing the time
- View the conveniences of maintenance-free living as affording more time for socializing, exploring new interests and pursuing lifelong passions
- Want a residence that encourages connections with the outside community
- Prefer communities that are within walking distance to restaurants, shops and other attractions
- Will be attracted to designs that connect them to the natural environment and the surrounding community
- Will place importance on sustainability within the community

Given the evolving nature of consumer desires, CCRCs must be amenable to breaking new ground and exploring approaches to products and services that may not have been previously delivered in senior housing.

To attract and serve the Consumer of the Future, CCRCs have to explore the possibilities, embrace the opportunities and maintain an open dialogue with customers. In this way, CCRCs will ensure they are continuing to provide the services and amenities that enhance the lives of their residents and strengthen their communities.
The Consumer of the Future
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