



Nursing-Home Stigma Impacts Senior Housing

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Part 1 of 2



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SAN DIEGO—The stigma often associated with traditional **nursing homes** of stark semi-private rooms and shared bathrooms still looms over the **senior-housing** sector, causing many seniors to stay in their homes longer than previous generations did, **Lorne Polger**, senior managing director and co-founder of **Pathfinder Partners**—a San Diego-based **private-equity** firm that makes **opportunistic** real estate **investments**—tells GlobeSt.com. Polger says one of the most significant trends impacting the real estate industry today is an aging **Baby-Boomer** population and its impending housing

transition. According to the **National Investment Center for Seniors Housing & Care**, an Annapolis, MD-based non-profit organization that tracks the senior market, the senior-housing segment fell off a cliff during the **recession**, along with the rest of the housing market. It has since bounced back, says Polger, but it may take a few more years for demand to fully crank up. In part 1 of this exclusive Q&A, Polger discusses the growth of the senior housing market, how it compares to the general housing market and housing options for seniors. In part 2, he will discuss the trends in senior living and key factors leading to the upswing in senior-housing **development**.

GlobeSt.com: Baby boomers are now the primary market for senior housing. Can you discuss this market?

Polger: Baby Boomers, those born between 1946 and 1964, number 76 million. By 2020, Boomers will be pre- and early-retirement ages (55 to 64 years) and the young old ages (65 to 74 years). **The Social Security Administration** estimates that 9,600 people a day are turning 65 in 2015, up from

7,800 a day in 2010. Today, 6.1% of the population is over 75, and by 2030, that's expected to grow to 9.5%. In 1994, 3.5 million Americans were age 85 or older; that grew to 5.8 million in 2012 according to the **US Census Bureau**, and by 2040, it is expected to increase to a whopping 14.1 million. So, we have a significant increase in the aging population, many of whom will have alternative housing requirements.

GlobeSt.com: Can you discuss the growth of the senior housing market?

Polger: Following the Great Recession, the senior-housing market has experienced a robust recovery in terms of both investment and **construction**. Since reaching an occupancy low point in early 2010, the inventory of seniors housing for the nation's largest 31 metropolitan areas has grown by 8.9% (47,000 units), with 25% of those units delivered in the past 12 months. A notable trend in senior housing is the surge in new construction. According to the NIC, the largest number of units came online in the second quarter of this year (in comparison to any other quarter over the past six years). As of the second quarter, construction versus inventory over the previous 12 months grew by 4.2% for senior housing.

GlobeSt.com: Has senior housing paralleled the resurgence in the general housing market?

Polger: Along with the rest of the housing market, senior housing crashed during the recession. It has since recovered, but since 80 is the new 65, it may take a few more years for demand to fully crank up, especially because the target population segment may choose to stay in their homes longer than previous generations did. The stigma often associated with traditional nursing homes (stark semi-private rooms, shared bathrooms, etc.) still looms over the sector, and while the majority of existing stock is obsolete, new options are becoming more readily available. With people living longer, there is a gray period that could last decades when seniors can live semi-independently. This factor has altered the makeup of 55-plus developments in recent years.

GlobeSt.com: When is the time right to consider senior housing, particularly given longer life spans and changing attitudes about such types of housing?

Polger: Today, people may be able to continue to live independently long past the time that we used to think was the "right time" to send an elderly person off to the senior home. Perhaps they want to downsize, but can no longer easily accommodate multi-level **housing** due to health issues. They may be considering moving into communities that provide special services to seniors but are fearful of increased costs or potential loss of independence. These trends suggest a growing need for various types of transitional housing for our aging community.

We have plenty of **affordable housing** options for our senior community, right? Think again. While there are plenty of choices, the vast majority are expensive—especially for those on fixed incomes.