

Active Seniors Trigger New Housing Market

By RAY A. SMITH

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Three years ago, Evelyn Williams moved from the five-bedroom house in Walnut, Calif., where she had lived for 20 years to an apartment in nearby Mission Viejo.

Surrounded by college students, it was hard for her to adjust to the party-hard atmosphere there. "When you're in your 70s, you have almost nothing in common with college kids," she says.

Tired of all the loud music, Ms. Williams, now 72 years old, decided it was time to move again -- to somewhere with people closer to her age. Instead of buying a spot in a retirement community, in November she rented a two-bedroom apartment at the Remington at Ladera Ranch, a 154-unit complex in Orange County, Calif., that is part of a burgeoning trend in real estate.

Unlike traditional senior housing, where homes or lots typically are purchased and developments may be located far from cities, the Remington and similar apartment complexes are popping up in established neighborhoods. Geared to independent, healthy residents who want to socialize with other seniors, these apartments usually don't include on-site medical care or help with routine activities like bathing or dressing. Some real-estate developers and marketers call these new complexes, which tend to charge higher rents than conventional units, "apartments for active adults."

Developers have their sights set on millions of older people like Ms. Williams who are in good financial shape, active and interested in downsizing from houses that feel too big after the kids are grown and gone. Some senior renters are drawn to the apartments because they want to cash out from their houses and be freed from lawn mowing and other home-ownership headaches.

As a result, senior-apartment construction reached a total of 8,789 units last year, almost double the 4,566 such units built in 2002, according to the American Seniors Housing Association, a trade group in Washington, D.C. The apartments usually are built garden-style, not as high-rise buildings.



Photo: Sonal Vyas, / Kisco Senior Living/SARES-REGIS Group

The community room at the Remington at Ladera Ranch, a 154-unit rental apartment complex in Orange County, Calif., for seniors.

The building surge makes apartments for independent seniors one of the hottest sectors in the \$1.3 trillion U.S. apartment industry -- and the \$182.5 billion senior-housing business. The number of new assisted-living units, which come with long menus of extra services, grew 69% to 6,147 in 2003, but is nowhere close to matching a boom during the 1990s that resulted in a glut of assisted-living facilities.

The growth in apartments for active seniors who don't need outside assistance is driven partly by the increasing life span of Americans. More than 16% of U.S. residents are expected to be at least 65 years old in 2020, according to the Census Bureau, up from about 13% in 2002. Only 4.1% of Americans were at least 65 in 1990.

"We got into our 80s, and decided we could no longer maintain a home," says Louis J. Servizio, 82, a retired international-finance specialist. "It was too much of a hassle." In November, Mr. Servizio and wife Emmy moved into a two-bedroom, two-bathroom apartment equipped with a washer, dryer and dishwasher in the Gardens at Wakefield Plantation. The complex, near Raleigh, N.C., is designed to look like a plantation and features a day spa, fitness center and billiards room. "Here, we don't have to do anything," Mr. Servizio says.

The push toward upscale senior rental housing also is a response to baby boomers, who developers say are looking for housing choices for their aging parents that don't feel as institutional or isolated as many older facilities.

Architects on new senior-apartment projects make a point, for instance, to shun the harsh, fluorescent lights associated with hospitals and nursing homes. Instead, designs often include lots of windows and skylights to catch natural light.

Of course, developers are hoping baby boomers eventually will want to move into the same kind of apartments themselves. The first wave of baby boomers will start hitting the age of 65 in 2011, creating an even bigger opportunity for apartment builders. There are about 81 million boomers in the U.S., according to Economy.com, a West Chester, Pa., economic-research firm, accounting for more than a quarter of the total U.S. population.

The age-restricted apartment complexes are similar in design and layout to conventional apartments, though they also include important modifications like attractively designed "grab bars" in bathtubs that are large enough to fit a removable chair. Some apartments, like the Gardens of Annapolis, a lushly landscaped complex near the Chesapeake Bay in Annapolis, Md., do offer optional meal programs, housekeeping services or assistance with errands.

At many new senior apartments, electrical outlets are installed higher on walls so residents don't have to bend over as much, and doors open and close using



Photo: First Centrum Communities

The Gardens at Wakefield Plantation near Raleigh, N.C.

levers instead of knobs. Bells and panic buttons are included in case of emergency. The apartments usually are roomier than conventional ones, on the theory that seniors accumulate a lot more stuff than younger renters and need more space to put it.

"The kitchen design is not going to be Formica, not low-end," says Manny Gonzalez, a principal at KTG Group Inc., an Irvine, Calif., architecture firm. "It's stainless steel, cherry wood cabinets, granite countertops, more tile rather than vinyl. These are people used to living in a house. They want to live in a place like their house."

That's one reason why these apartments tend to cost more than conventional rental units. One-bedroom, one-bathroom apartments in the Remington, where Ms. Williams lives, have starting rents of \$1,150 to \$1,410 a month, depending on size and features, according to Kisco Senior Living LLC, one of the complex's developers. Two-bedroom, two-bathroom units cost \$1,405 to \$1,600 a month.

No one tracks overall rents for senior apartments. But the average monthly rent for a top-of-the-line, one-bedroom, market-rate apartment in the U.S. is \$897 a month, according to Reis Inc., a real-estate research firm based in New York. A two-bedroom unit averages \$1,098.

Some housing experts aren't so sure seniors will be eager to move into apartments, especially since interest rates are so low. And older homeowners who are ready to downsize could choose to buy condominiums instead. "As long as interest rates stay where they are, condos may still be a viable option to consider," says Gleb Nechayev, an economist with real-estate research firm Torto Wheaton Research in Boston. "Why rent if you can buy?"

Developers' eagerness to cater to older Americans also is fueling worries that too many companies will rush to build senior apartments simply because they seem hot. The worst-case scenario is another real-estate boom and bust. "My fear is we will have a glut of senior apartments like we saw with assisted living," says Margaret A. Wylde, president and chief executive officer of ProMatura Group LLC, a senior-oriented research, marketing and consulting firm in Oxford, Miss.

Developers say they are simply responding to the lifestyle needs and demands of healthy seniors. "There's a big gap for seniors that are healthy who don't need assistance or anyone to fix meals for them, and who just want to live around healthy, active seniors like themselves," says Ken Templeton, president of Templeton Development Corp., a Las Vegas apartment developer.