

A Market Feasibility Study for  
Senior Housing on a Site adjacent to  
The Lakes Lutheran Church in  
Las Vegas, Nevada  
(Executive Summary)

*Prepared for:*

The Lakes Lutheran Church  
Las Vegas, Nevada

December 2008



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## **EXECUTIVE SUMMARY**

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### **Purpose and Scope of Study**

Maxfield Research Inc. was engaged by The Lakes Lutheran Church to analyze the potential demand for various senior housing products that could be supported on property owned by The Lakes Lutheran Church and which is located adjacent to their facility. The subject property is approximately two acres in size.

The following components were evaluated for this analysis: site characteristics and quality, local demographics of the senior population, the competitive supply of senior housing products in the draw area and pending developments that may have an impact on the proposed development.

Maxfield Research Inc. visited all of the competitive senior developments and the information provided is accurate to the best of our knowledge.

### **Site Location Characteristics and Quality**

The subject property is located on Cimarron Road, just north of West Sahara Avenue in western Las Vegas. The property is situated in a predominantly commercial area but one that also has residential neighborhoods nearby. The Summerlin area is one of the largest master-planned developments in the country and is considered to be an upscale commercial and residential district. Many people are attracted to the Summerlin area for living, working, shopping and entertainment. The property's location in this prestigious area will enhance its ability to draw residents from the primary market area as well as those from outside who may move to Las Vegas.

The subject property is situated in close proximity to retail goods and services, healthcare facilities, recreation areas, and religious facilities. Seniors will find the access to the property excellent from major thoroughfares. Adult children of senior parents will also find access to the property convenient, typically a factor in their decision-making processes.

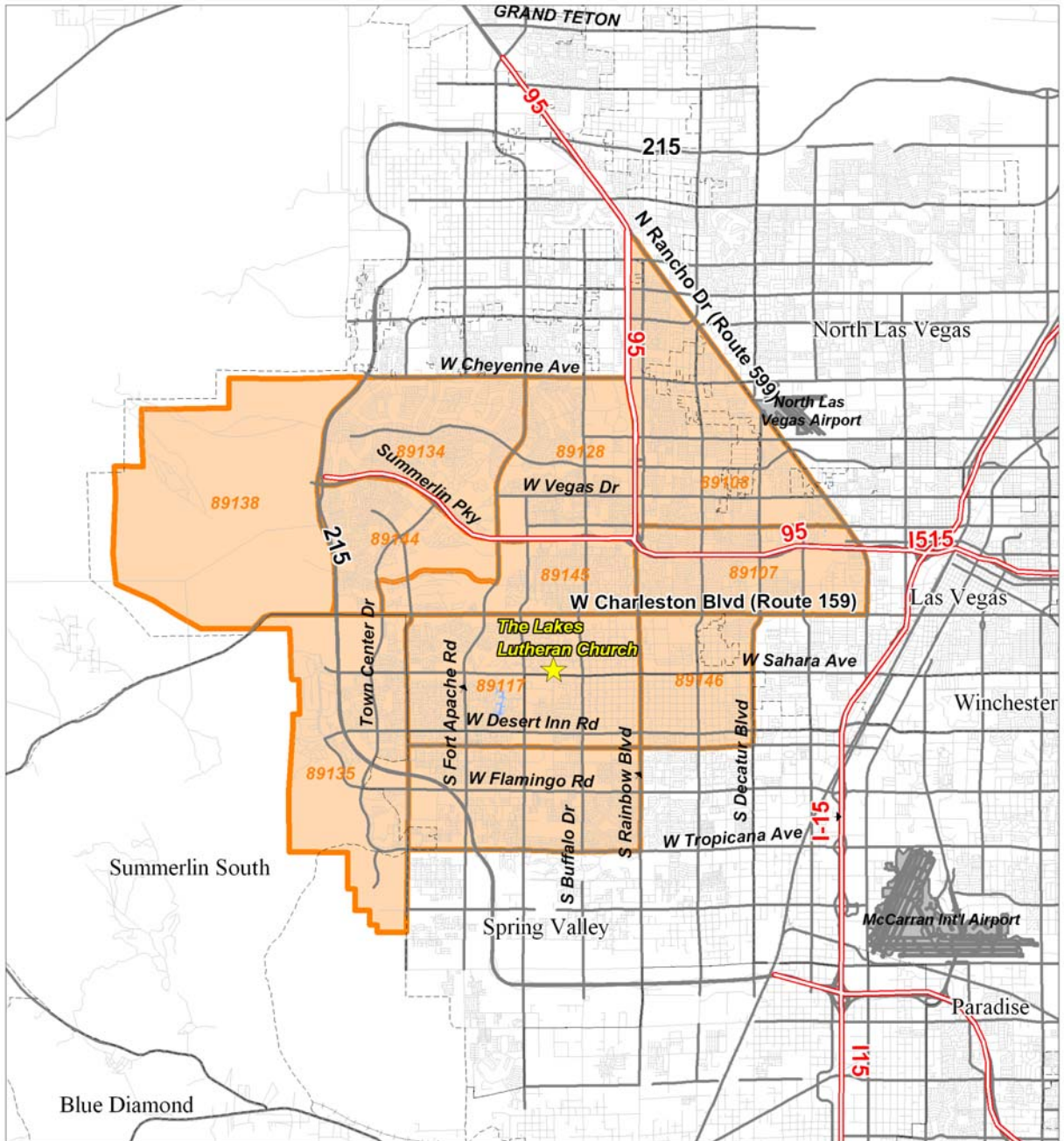
It is our professional opinion that the subject property is well-suited to the development of senior housing and that the features of the Site and the amenities of the surrounding area will be highly attractive to prospective residents.

### **Demographic Analysis**

Maxfield Research Inc. determined the draw area for senior housing on the subject property based on conversations with leadership of The Lakes Lutheran Church, city planning and community development professionals, professionals involved with seniors' housing choices and our knowledge of the draw areas for senior housing. The Lakes Market Area includes several Zip Codes in western Las Vegas including 89107, 89108, 89117, 89128, 89134, 89135, 89138, 89144, 89145, 89146 and 89147. A map of the draw area is shown on the following page.

The Lakes Market Area is currently estimated to have 48,240 seniors and 28,900 senior households. This is an average household size of 1.67, indicating that many seniors are living alone. Seniors living alone are more likely to consider various senior housing options although couples

# The Lakes Market Area



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are more likely to consider independent senior housing options, depending on their health situations.

Over the next five years, senior households (65+) are projected to increase by 7,795, a growth rate of 27.0%, which is significant.

Senior household incomes are relatively high in the Market Area. The analysis identified that median household incomes by age group for 2008 are as follows:

55 to 64 = \$67,708

65 to 74 = \$51,965

75+ = \$37,418

The higher household incomes for those under age 75 are because many in the younger age groups continue to work and a higher proportion are couples. Overall, we find that incomes are generally high enough to support the costs for market rate senior housing, depending on the care levels required.

Seniors in The Lakes Market Area generally have a high homeownership rate. Overall, 83% of young seniors (65 to 74) own their homes and 76% of older seniors (75+) do so. These rates indicate that many moderate income seniors would be able to take advantage of equity from an existing home to support the costs for market rate senior rental housing and services.

### **Home Values**

Despite the slowdown in the Las Vegas housing market, the most recent figures indicate an increase in market activity (home sales) as buyers move into the market to take advantage of strong values and greater affordability. Sales of single-family homes jumped dramatically during the summer and early fall 2008, easily surpassing sales in 2007. Pricing remains much lower than two years ago, but the strong increase in activity bodes well for those who may want to sell their homes.

According to national statistics, most seniors own their homes outright and most have lived in those homes for some time. Although Las Vegas is a more mobile market than many in the U.S., we believe that seniors considering selling their homes would still be able to realize a reasonable equity gain even with today's somewhat lower values.

### **Competitive Market Supply**

The Lakes Market Area contains a wide variety of senior housing developments including larger size facilities that are professionally managed as well as smaller, private facilities that usually provide assisted living services with 10 units or less. If a facility is providing personal care to residents, they must be licensed by the State of Nevada with a Category 2 license.

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Most often, we find that facilities with 10 units or less do not compete directly with larger facilities of 25 units or more. Therefore, our analysis focused on larger facilities in the Market Area, those that are age-restricted at varying service levels.

Maxfield Research Inc. classifies senior housing into four categories based on the level and type of services offered. These four categories are described as follows:

**Adult/Few Services** = these developments are similar to apartments or condominiums because they offer virtually no services but are usually restricted to people age 55 or 62 and over. Most of these developments have a central clubhouse for activities and socializing, a swimming pool and fitness area for exercise and some type of van transportation to events and shopping. No meals or personal care is offered at these facilities.

**Congregate** = these developments are considered to be independent living, but usually offer the residents some services, either included in the monthly fee or optional. Services that may be available include van transportation, housekeeping, meals, activities, medication reminders and laundry/linen services.

**Assisted Living** = these developments offer services similar to congregate facilities, but usually included in the monthly fee. In addition, they have the availability of personal care services such as assistance with bathing, grooming, dressing and medication administration. Staff is available 24 hours a day and there is usually 24-hour emergency response.

**Memory Care** = these developments provide housing and services to people that have either Alzheimer's or other dementias. Specialized activity programming, living environments and supervision are provided to these individuals to assist them in maintaining a high quality of life.

In The Lakes Market Area, we identified:

7 adult/few services facilities;  
6 congregate facilities;  
7 assisted living facilities; and  
4 memory care facilities

Some developments offer more than one level of care within the facility. The analysis identified that vacancies are generally below market equilibrium levels (5% or 7% depending on the care level) and that the overall vacancy rate among all facilities was 2.7%. These vacancy rates indicate some pent-up demand exists for additional senior housing.

The analysis identified three pending developments, but only one of these is likely to be directly competitive with the proposed facility. We accounted for this pending development in our demand calculations.

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### **Demand Calculations**

The analysis identified excess demand for senior housing in The Lakes Market Area based on the age and income-qualified senior household base along with appropriate capture rates based on national statistics, local trends and the competitive market situation in the area. Demand calculations were completed for each of the four senior housing service levels, adult/few services, congregate, assisted living and memory care. In total, excess demand among the four service levels was calculated at 476 units in 2008, rising to 682 units by 2013 based on senior household growth.

These figures indicate that sufficient excess demand exists in The Lakes Market Area to support senior housing on the site adjacent to The Lakes Lutheran Church. Demand is expected to rise over the next five years, further supporting the potential to develop additional senior housing.

### **Recommended Development Concept**

Demand is more than sufficient to support the development of senior housing on property adjacent to The Lakes Lutheran Church. Key factors that will weigh in on the size of the development include maximum building heights and set-backs, parking requirements, service level design requirements, among other factors.

Maxfield Research Inc. recommends the development of 180 units of service-based senior housing at varying service levels on the subject property. Monthly fees are recommended to be competitive with other facilities in the area offering similar features and amenities.

We recommend that the development focus on differentiating itself from other facilities in the area by:

- Creating unit layouts that are spacious and interesting, that offer a higher level of finish and features that those currently available at competitive properties;
- Creating a facility where people can age in place and easily obtain the services they need;
- Creating attractive outdoor spaces for residents to enjoy fresh air and natural settings;
- Promoting sponsorship of the development as faith-based and appealing to persons of all faiths.

### **Estimated Absorption**

If the full number of units recommended is developed (180 units), we expect that stabilized occupancy (94%) would occur approximately 12 months after opening. This rate of absorption is considered to be reasonable and could be supported financially.

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### **Marketing Considerations**

We recommend that you begin the marketing effort at least a year prior to opening, escalating to full-scale six months before grand opening. Prospective residents who need extra income through the sale of their home are likely to need six months or more to prepare their home for sale and to find a buyer, especially if the home is older, smaller or in need of repair.

Develop attractive brochures detailing information on support services, building design, features, amenities, and monthly fees. These items should be made available at the time marketing begins, preferably at groundbreaking. Open houses and tours should be implemented to give area seniors and caregivers a chance to become acquainted with the development.

Utilize referral networks in the Market Area (i.e. hospitals, clinics, social workers, home health agencies, senior centers, and The Lakes Lutheran Church, other Lutheran churches and other denominations in the area) to inform prospective residents of the development before construction begins. Networking may also bring about valuable input, which may further refine the concept and the delivery of support services.

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