

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.

<https://www.wsj.com/articles/boomers-want-to-stay-home-senior-housing-now-faces-a-budding-glut-11573554601>

## PROPERTY REPORT

# Boomers Want to Stay Home. Senior Housing Now Faces a Budding Glut.

Aging-in-place technology trend marks a challenge to builders of living facilities for seniors



A rendering of South Seaham Garden Village, a 1,500 home and mixed-use development that's being planned for families, seniors and singles in the U.K. PHOTO: IDPARTNERSHIP

*By Peter Grant*

Nov. 12, 2019 5:30 am ET

The rise of technologies that help the elderly stay in their homes threatens to upend one of commercial real estate's biggest bets: Aging baby boomers will leave their residences in droves for senior housing.

New products and services include sensors that respond to a range of medical conditions, facial recognition for identifying visitors, and houses with malleable fixtures that can be adjusted as residents age.

Venture capital and other firms are expected to invest about \$1 billion this year in these and other so-called "aging in place" technologies, according to 4Gen Ventures, a new venture-capital firm focusing on such startups. That is about double the amount spent three years ago, the firm said.

Driving these efforts is the belief that seniors would prefer to remain at home near families and friends than live among others their own age.

---

## SHARE YOUR THOUGHTS

---

*What has been your experience with senior housing? When is the right time to consider it as an option for yourself or a family member? Join the conversation below.*

---

“People don’t want to go to a place where there’s only a bunch of other old people,” said James Crispino, head of the senior practice at design firm Gensler.

The aging-in-place technology trend marks a challenge to the numerous real-estate developers who have been rushing to build senior housing to accommodate the roughly 72 million Americans born between 1946 and 1964, representing about 20% of the U.S. population. In about one decade, boomers will start reaching their mid-80s, the typical move-in age for senior housing.

Developers continue to build new facilities. New senior housing in 2018 accounted for 3.2% of all senior housing, compared with 2.5% in 2015, according to real-estate research firm Green Street Advisors. The figure is expected to hit 3.5% in 2023, the firm said in a report.



Grand Living at Lake Lorraine is a PGIM Real Estate senior-housing community in Sioux Falls, S.D. PHOTO: MORGAN SHEFF PHOTOGRAPHY

Senior-housing developers added 21,332 new units in 2018—more than double the number that was added in 2014, according to the National Investment Center for Senior Housing & Care, an industry organization. Senior housing is now one of the fastest-growing commercial real-estate sectors, ahead of office, retail, hotels and apartments, according to Green Street Advisors.

But developers might have jumped the gun a bit and now some worry there is an emerging glut of senior housing. Senior-housing occupancy fell in the third quarter of 2019 to 88% compared with 90.2% in the fourth quarter of 2014, according to the National Investment Center for Senior Housing & Care.

Some companies specializing in senior housing are suffering. Shares of Ventas Inc., a big health-care real-estate investment trust, fell close to 9% one day last month after it said the occupancy rate of its senior-housing communities declined to 84.1% on June 30, compared with 84.5% a year earlier and 88.5% in June 2014.

Moreover, the average age that people enter senior housing has been rising, partly because of improving health. It is about 84 to 85 years today, compared with 82 one decade ago, according to Green Street analyst Lukas Hartwich.

Senior housing remains a compelling option for people with medical problems, loneliness, and the need for assistance in eating, shopping and other daily activities.

But some suggest that the new aging-in-place movement could undercut some of those longer-term projections.

“The moment you have a disruptive alternative, that’s when [senior-housing companies] are going to start to feel some pain,” said Dominic Endicott, co-founder of 4Gen Ventures.

Aging-in-place advocates think new innovations will make it easier for seniors living at home to be less dependent on others.

One startup, LifePod Solutions Inc., is launching this month a new voice recognition service that initiates conversations with seniors on such subjects as their health or their plans for the day and then makes suggestions and sends caregivers alerts depending on their responses.

Design firm Gensler is looking at ways to create homes with features like height-adjustable bathroom sinks, living rooms that can easily convert into bedrooms and adjustable cabinets with smart glass doors.

U.K. developer Tolent Construction Ltd. is planning to break ground early next year on South Seaham Garden Village, a 1,500 home and mixed-use development south of Sunderland. The homes will include cutting-edge sensors and other technology so that seniors can live next to families and younger single people.

Three hundred of the homes will be for people over 55 years old. Seaham Garden will also have a village square, health center and 20,000 square feet of office space for startups and others studying new technology to help seniors age in place.

“You’re discouraging social isolation because you’ve designed the development in a way that brings people together,” said Hugh Daghish, associate urban designer at IDPartnership, the architecture firm working on the Seaham Garden development.

Still, executives working at traditional senior-housing companies say facilities have a lot to offer that technology can’t match. “Loneliness has a negative impact that can’t be solved by technology,” said Cindy Baier, chief executive of Brookdale Senior Living Inc., which owns and manages about 800 senior-housing communities.

Other senior-housing developers are trying to modernize their services. PGIM Real Estate, which has \$1.6 billion invested in the senior-housing sector, has been buying and developing properties that include a range of new amenities like pools, gyms and cafes.

“We’re seeing rapid evolution of the product,” said Steve Blazejewski, managing director of PGIM Real Estate.

**Write to Peter Grant at [peter.grant@wsj.com](mailto:peter.grant@wsj.com)**

Copyright © 2019 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.