



**A Presentation of Findings**  
**Market Research and Analysis**  
**For Expansion Plans Within**  
**The Moorings of Arlington Heights**

**April 2014**



**Prepared by**



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## Objectives

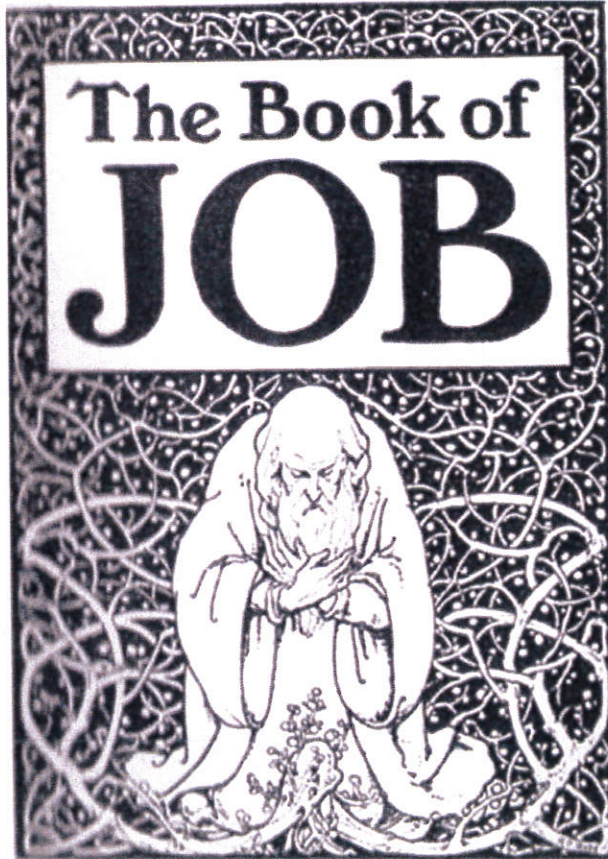


- ❑ Determine depth of market for CCRC development in the Arlington Heights area.
- ❑ Distribute demand estimates over the 2014 and 2019 time periods and extend estimates through 2040.
- ❑ Distribute demand estimates by product type, i.e., independent, assisted, and memory support living forms.
- ❑ Translate findings of market analysis and competitive evaluations into specific product recommendations.
- ❑ Provide entrance fee and service fee suggestions by product type.

Source: Tracy Cross & Associates, Inc.



## Background to the Market -- Key Dependencies --



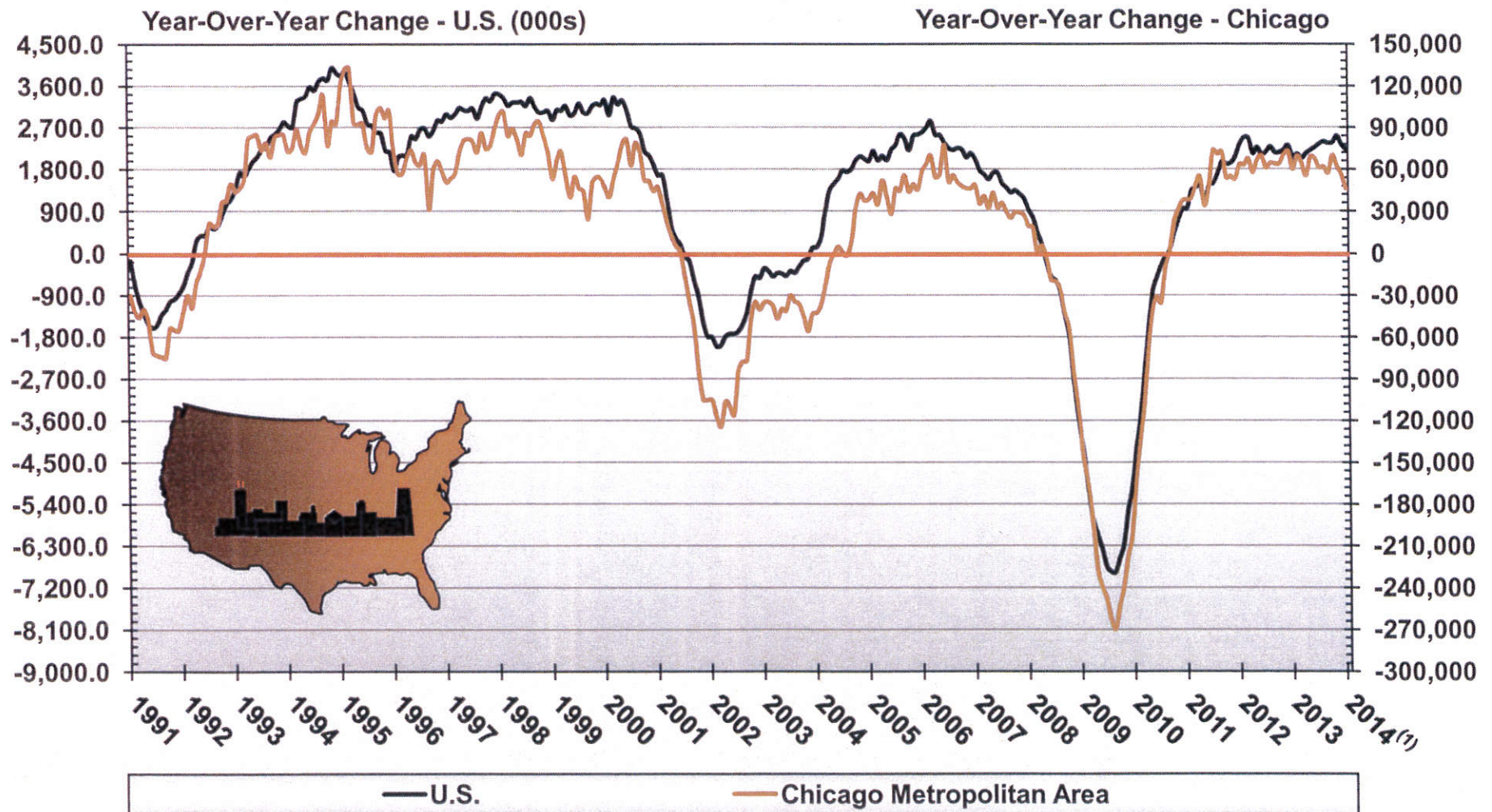
- ☐ Employment growth.
- ☐ Housing growth both volume and price.
- ☐ Population and household growth.
- ☐ Level of competition existing and future.

Source: Tracy Cross & Associates, Inc.





## Trends in Nonfarm Employment -- Chicago Metropolitan Area and the U.S. --



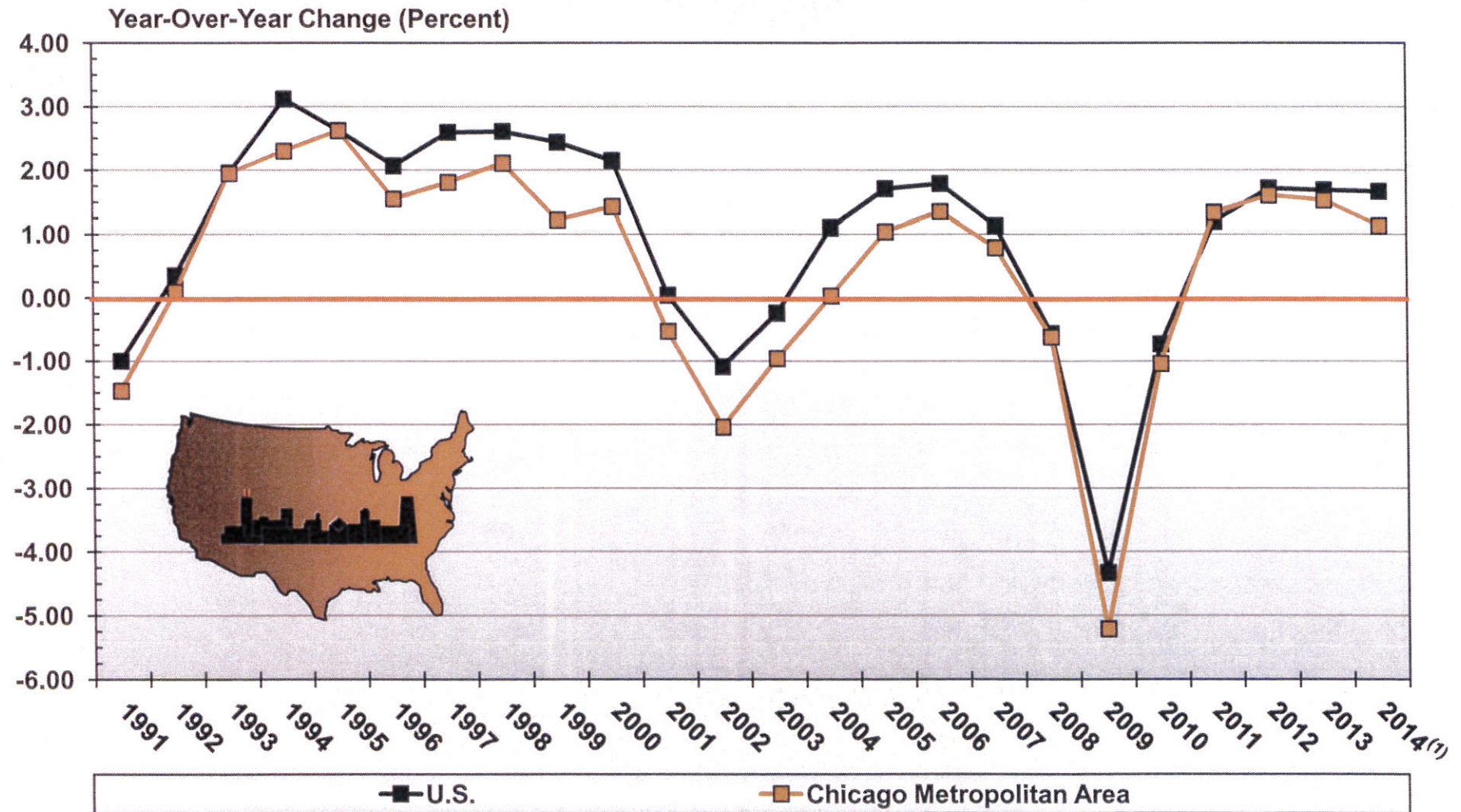
(1) YTD February.

Source: U.S. Department of Labor, Bureau of Labor Statistics





## Nonfarm Employment Growth Comparisons -- Chicago Metropolitan Area and the U.S. --



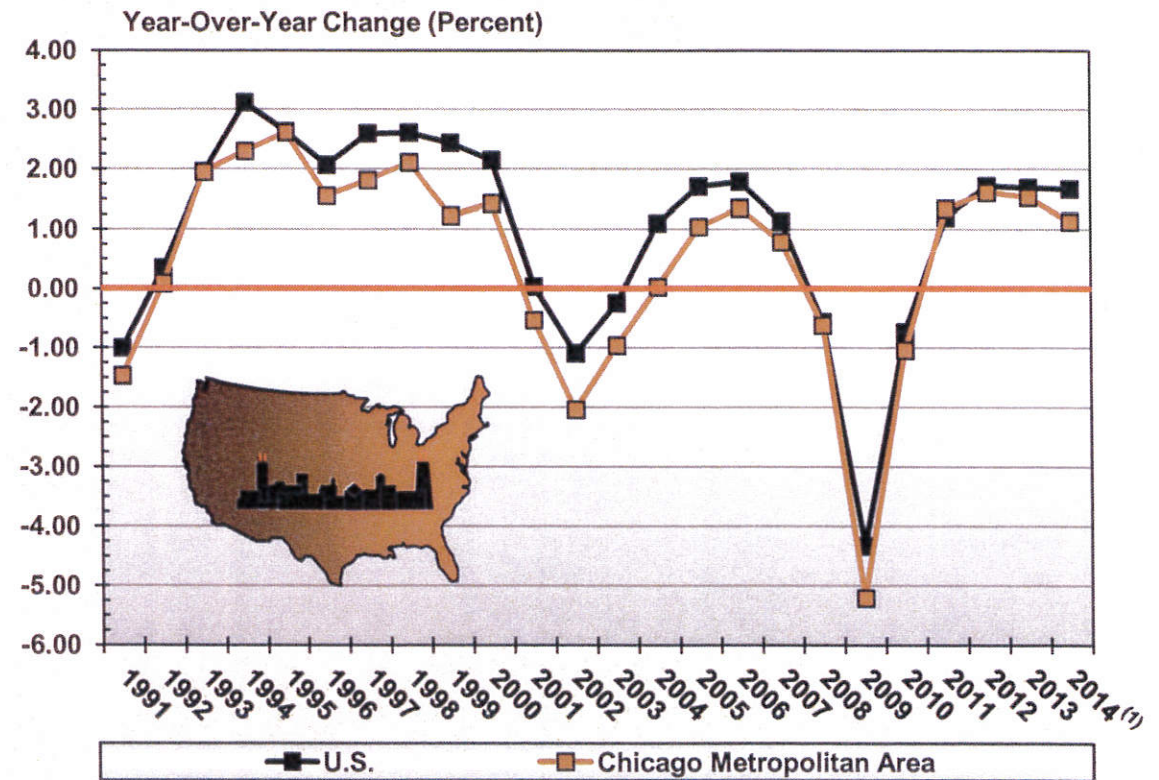
(1) YTD February.

Source: U.S. Department of Labor, Bureau of Labor Statistics



# Nonfarm Employment Growth Comparisons -- Chicago Metropolitan Area and the U.S. --

<u>Year</u>	<u>U.S.</u>	<u>Chicago</u>
1991	-1.00	-1.47
1992	0.35	0.09
1993	1.96	1.95
1994	3.12	2.30
1995	2.63	2.62
1996	2.07	1.55
1997	2.60	1.81
1998	2.61	2.11
1999	2.44	1.22
2000	2.15	1.43
2001	0.04	-0.53
2002	-1.09	-2.04
2003	-0.24	-0.96
2004	1.10	0.03
2005	1.71	1.04
2006	1.79	1.35
2007	1.13	0.79
2008	-0.56	-0.62
2009	-4.33	-5.21
2010	-0.73	-1.04
2011	1.20	1.34
2012	1.72	1.61
2013	1.69	1.53
2014 <sup>(1)</sup>	1.67	1.13



<sup>(1)</sup> YTD February.

Source: U.S. Department of Labor, Bureau of Labor Statistics

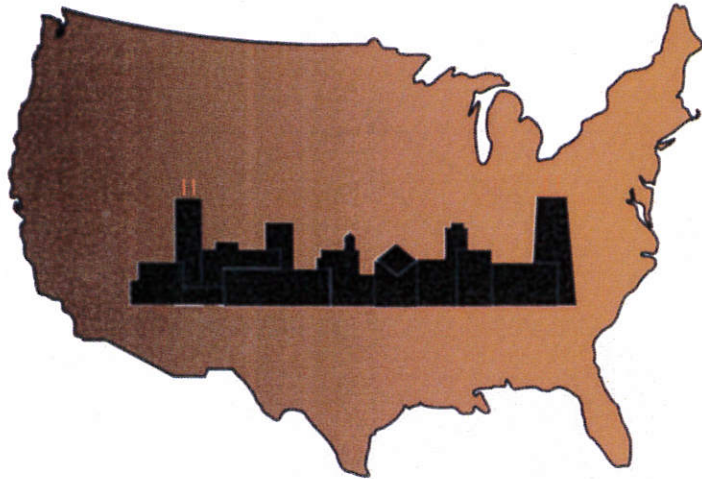
<sup>(1)</sup> YTD February.

Source: U.S. Department of Labor, Bureau of Labor Statistics





## Nonfarm Employment Comparisons -- Chicago Metropolitan Area and the U.S. --

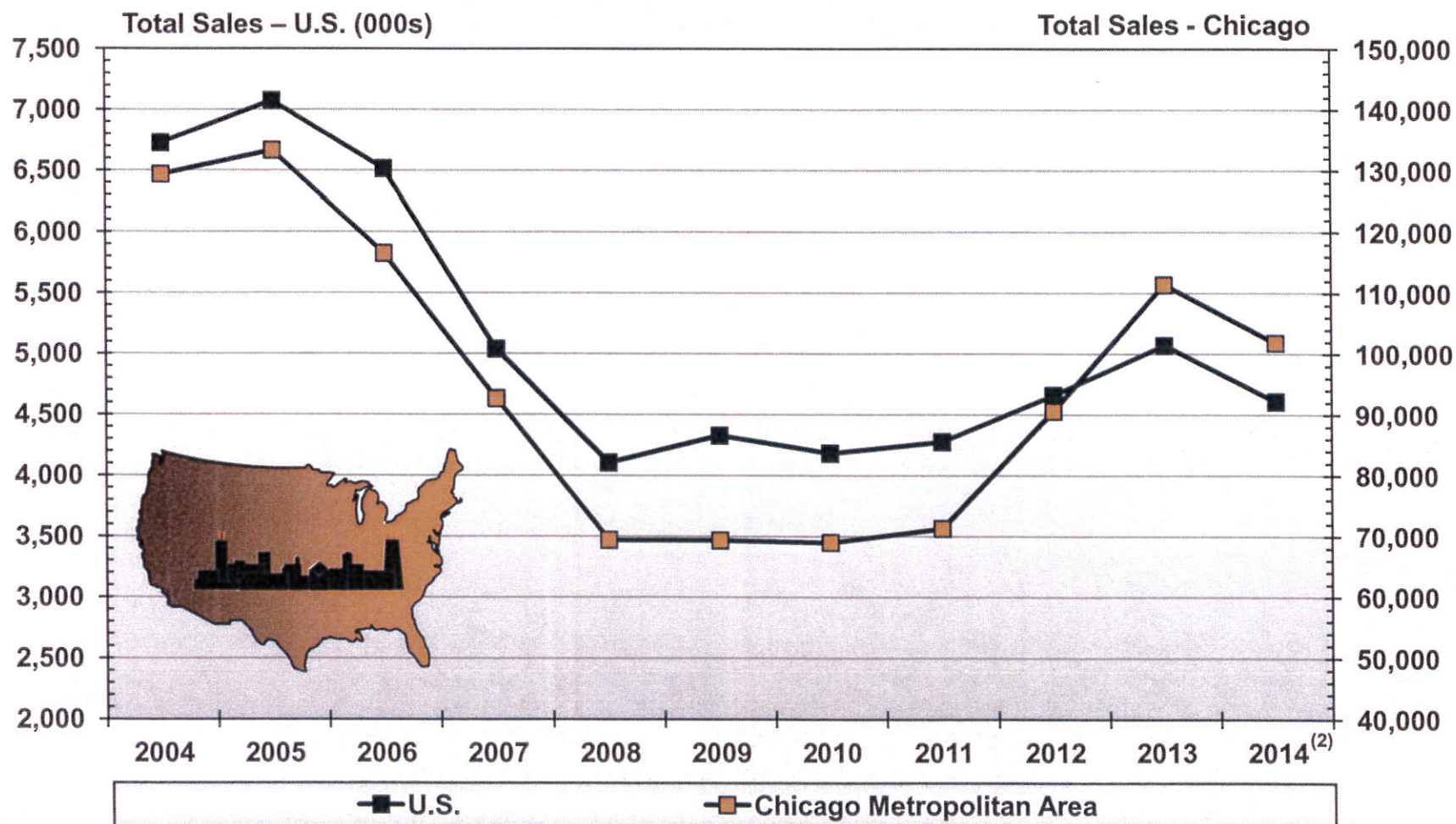


	<u>2000 - 2014</u>	
	<u>U.S.</u>	<u>Chicago</u>
Peak Employment	139,443,000 (Nov. 2007)	4,351,700 (Dec. 2000)
Feb. 2014 Employment	136,194,000	4,102,600
Percent Change from Peak	-2.33	-5.72

Source: U.S. Department of Labor, Bureau of Labor Statistics



## Trends In Existing Home Sales: A Comparison -- Chicago Metropolitan Area<sup>(1)</sup> and the U.S. --



(1) Excludes Kenosha County, Wisconsin.

(2) Seasonally adjusted, annualized rate YTD February.

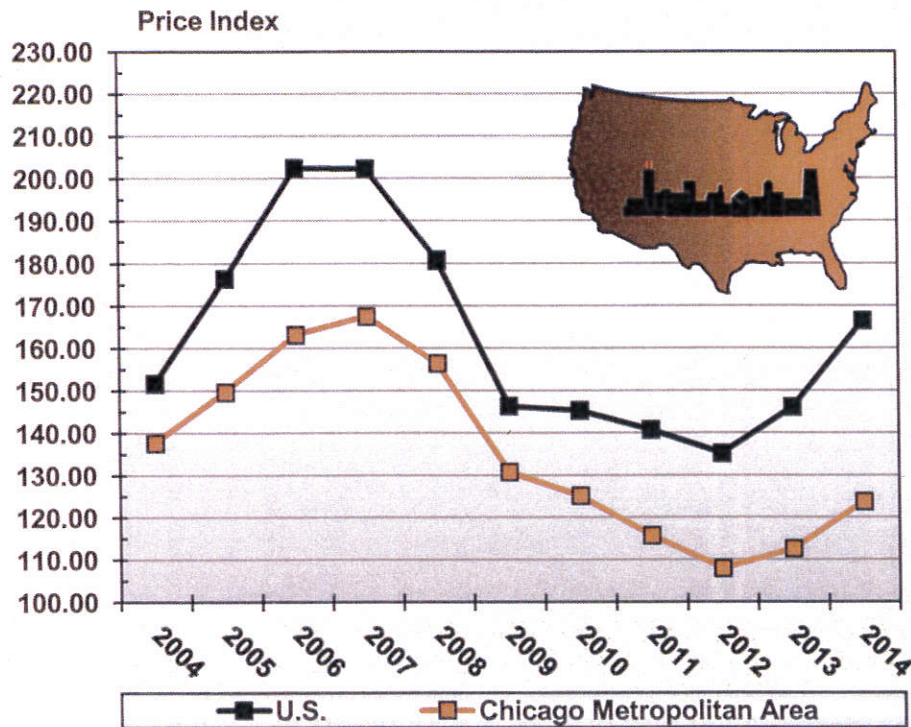
Sources: National Association of Realtors, Illinois Association of Realtors, and Tracy Cross & Associates, Inc.



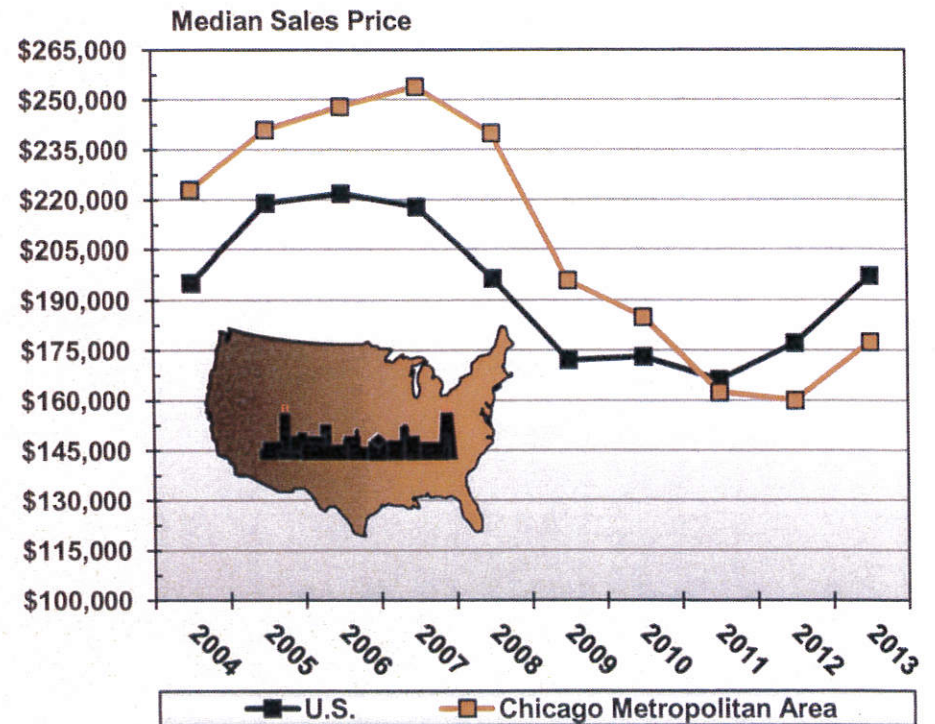


# Trends in Existing Home Prices: A Comparison -- Chicago Metropolitan Area and the U.S. --

The Case-Shiller Index  
(January 2000 = 100.00)



Association of Realtors

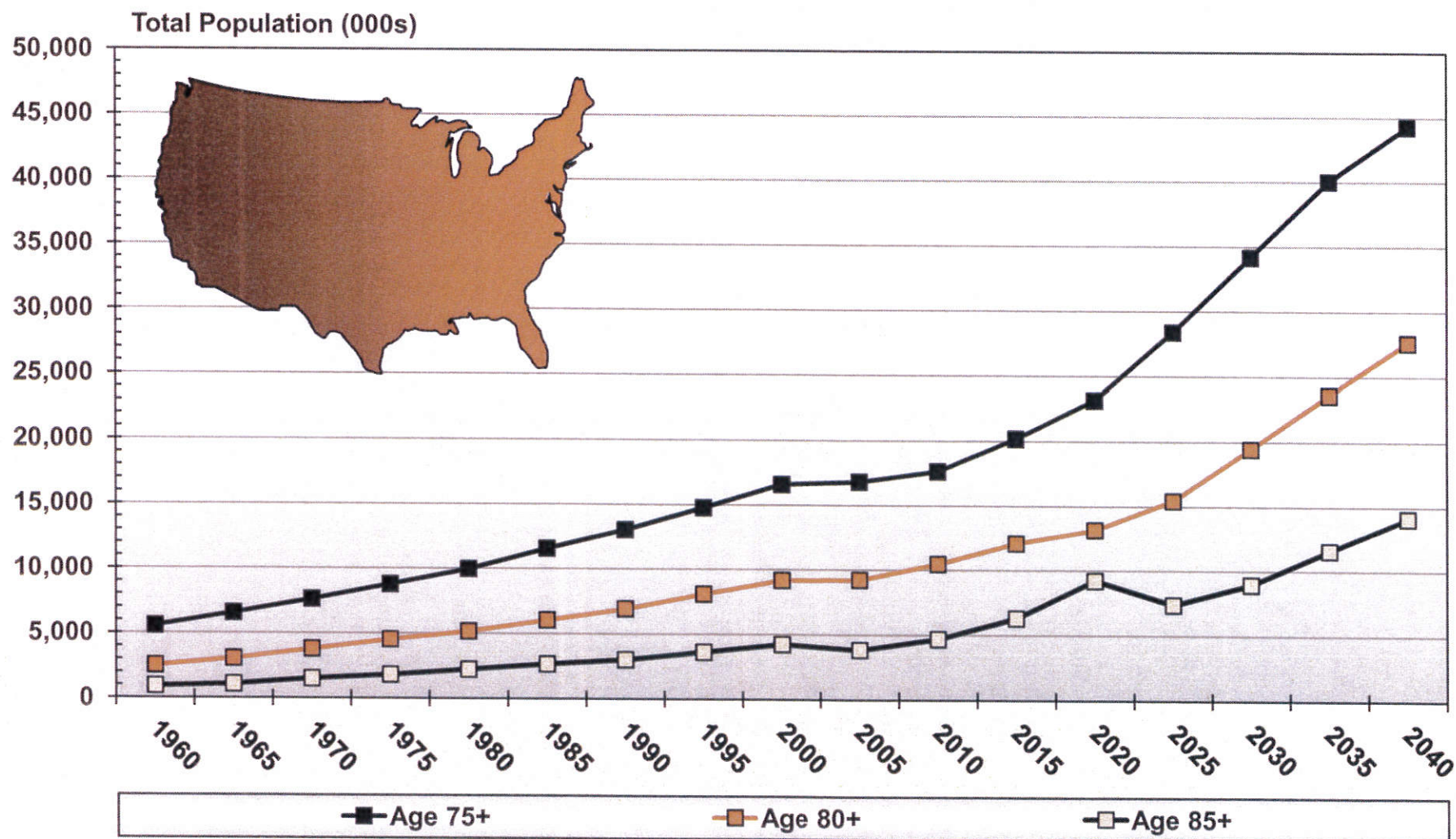


Sources: Standard & Poor's Case-Shiller Home Price Index, National Association of Realtors, Illinois Association of Realtors, and Tracy Cross & Associates, Inc.





## The Older Population – Age 75+, 80+, and 85+ -- United States --



Source: U.S. Department of Commerce, Bureau of the Census





## Occupancy Characteristics

-- Selected Independent Living and Assisted Living/Memory Care Communities --  
Northwestern, Northern, And Western Suburbs



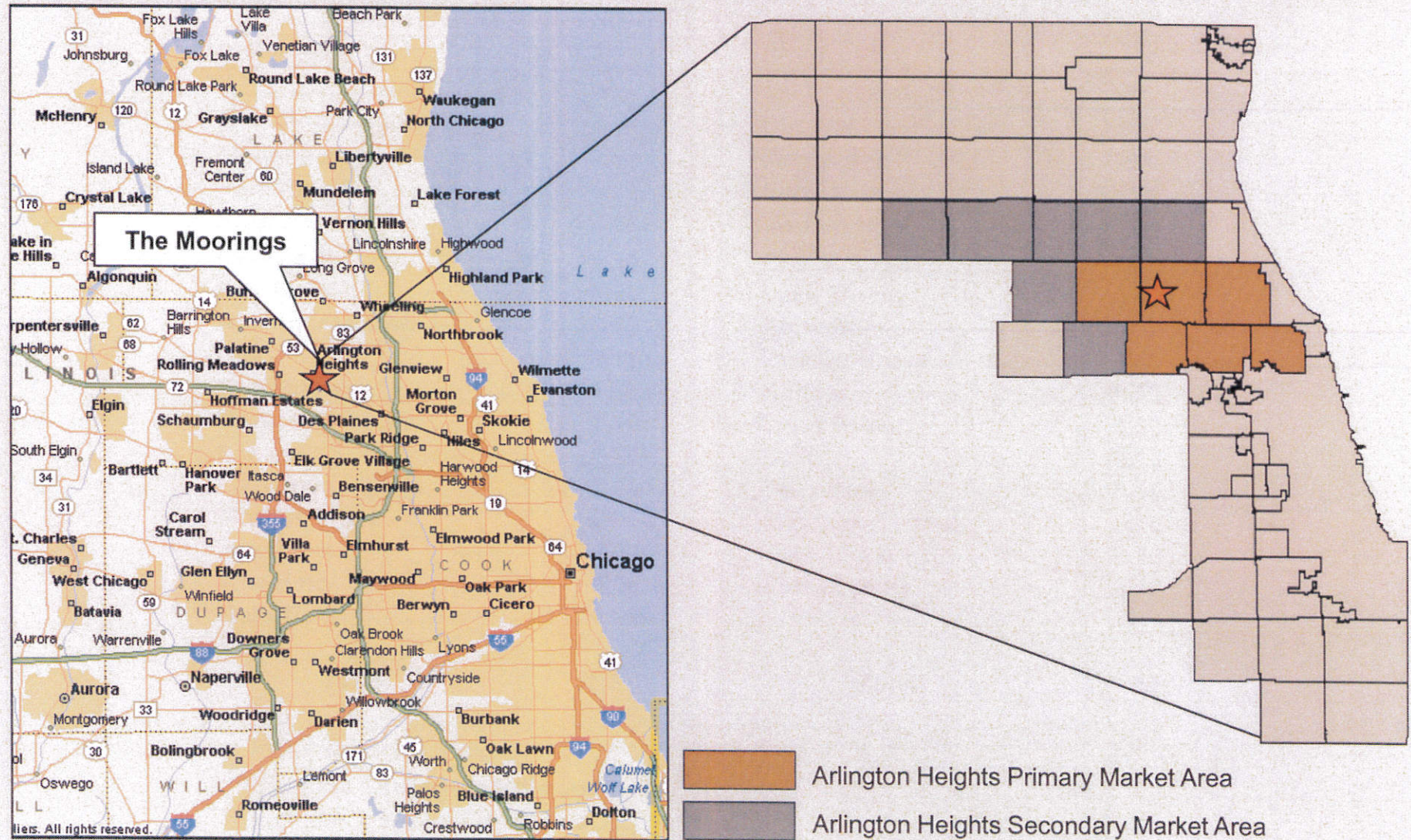
<u>Location</u>	<u>Number of Units</u>	<u>Number Vacant</u>	<u>Percent Vacant</u>
<b>Independent Living</b>			
<b><i>TOTAL ALL CORRIDORS</i></b>	<b><i>9,369</i></b>	<b><i>686</i></b>	<b><i>7.3</i></b>
Northwestern	2,478	188	7.6
Northern	4,171	265	6.4
Western	2,720	233	8.6
<b>Assisted Living/Memory Care</b>			
<b><i>TOTAL ALL CORRIDORS</i></b>	<b><i>2,190</i></b>	<b><i>121</i></b>	<b><i>5.5</i></b>
Northwestern	581	43	7.4
Northern	1,123	46	4.1
Western	486	32	6.6

Source: Tracy Cross & Associates, Inc.





## Delineation of the Arlington Heights Market Area



Source: Microsoft Streets & Trips and Tracy Cross & Associates, Inc.





## The Moorings of Arlington Heights -- Resident Point of Origin --

Primary Market Area		Secondary Market Area	
<u>Community</u>	<u>Percent</u>	<u>Community</u>	<u>Percent</u>
Arlington Heights	13.31	Huntley	3.57
Mount Prospect	10.55	Barrington <sup>(2)</sup>	2.92
Park Ridge	6.17	Schaumburg	1.79
Palatine	5.68	Vernon Hills	0.65
Glenview <sup>(1)</sup>	3.90	Crystal Lake	0.49
Des Plaines	3.25	Lake Zurich	0.49
Rolling Meadows	2.60	Algonquin	0.32
Niles	2.11	Buffalo Grove	0.32
Northbrook	1.46	Kildeer	0.32
Prospect Heights	1.46	Long Grove	0.32
Skokie	1.30	Cary	0.16
Elk Grove Village	1.14	Deer Park	0.16
Morton Grove	0.97	Hoffman Estates	0.16
Inverness	0.65	Lake in the Hills	0.16
Wheeling	0.65	Lincolnshire	0.16
Northfield	0.32		
<i>Total</i>	<i>55.52</i>	<i>Total</i>	<i>11.99</i>

<sup>(1)</sup> Includes Golf.

<sup>(2)</sup> Includes Barrington Hills and Lake Barrington.

<sup>(3)</sup> Includes Harwood Heights and Norridge.

Source: Presbyterian Homes, Lead Count Analysis





## The Moorings of Arlington Heights -- Resident Point of Origin --

All Other Areas			
<u>In State</u>	<u>Percent</u>	<u>Out of State</u>	<u>Percent</u>
Chicago <sup>(3)</sup>	6.01	Florida	3.08
Other Chicago Suburbs	10.89	Arizona	1.79
Libertyville	0.65	California	1.14
Mundelein	0.65	Indiana	1.14
All Other	9.59	Wisconsin	1.14
Other Illinois	2.60	Other Out of State	4.70
<i>Total</i>	<i>19.50</i>	<i>Total</i>	<i>12.99</i>

(1) Includes Golf.

(2) Includes Barrington Hills and Lake Barrington.

(3) Includes Harwood Heights and Norridge.

Source: Presbyterian Homes, Lead Count Analysis





## Population and Household Trends: Persons/Householders Age 75+ -- Arlington Heights Market Area --

Attribute/Area	2000	2010	2014	2019	Average Annual Change		
					2000 - 2010	2010 - 2014	2014 - 2019
Population							
Arlington Heights Market Area	64,652	78,207	80,459	85,870	1,355	563	1,082
Arlington Heights Primary Market Area	51,792	58,403	59,308	61,619	661	226	462
Village of Arlington Heights	6,129	6,882	6,876	7,002	75	-2	25
Remainder of Primary Market Area	45,663	51,521	52,432	54,617	586	228	437
Arlington Heights Secondary Market Area	12,860	19,804	21,151	24,251	694	337	620
Households							
Arlington Heights Market Area	39,182	51,133	52,597	55,822	1,195	366	645
Arlington Heights Primary Market Area	32,244	38,793	39,392	40,818	655	150	285
Village of Arlington Heights	3,884	4,748	4,779	4,915	86	8	27
Remainder of Primary Market Area	28,360	34,045	34,613	35,903	569	142	258
Arlington Heights Secondary Market Area	6,938	12,340	13,205	15,004	540	216	360

Sources: U.S. Department of Commerce, Bureau of the Census: *Census 2000* and *Census 2010*; The Nielsen Company: *Demographic Report 2014*; and Tracy Cross & Associates, Inc.





## Population Change by Race/Hispanic or Latino: 2010 - 2014

### -- Arlington Heights Market Area --

<u>Population</u>	<u>Arlington Heights Market Area</u>			<u>Arlington Heights Primary Market Area</u>			<u>Arlington Heights Secondary Market Area</u>		
	<u>2010</u>	<u>2014</u>	<u>Annual Change</u>	<u>2010</u>	<u>2014</u>	<u>Annual Change</u>	<u>2010</u>	<u>2014</u>	<u>Annual Change</u>
<b>Total Population</b>	<b>1,101,310</b>	<b>1,114,660</b>	<b>3,337</b>	<b>686,285</b>	<b>697,953</b>	<b>2,916</b>	<b>415,025</b>	<b>416,707</b>	<b>421</b>
White	859,650	853,531	-1,530	522,745	521,277	-367	336,905	332,254	-1,163
Black	26,039	26,750	178	16,653	16,942	72	9,386	9,808	106
American Indian & Alaskan Native	2,969	3,248	70	2,050	2,258	52	919	990	18
Asian	140,637	147,743	1,776	94,537	98,846	1,077	46,100	48,897	699
Hawaiian & Pacific Islander	285	332	12	189	214	6	96	118	6
All Other	71,730	83,056	2,831	50,111	58,416	2,076	21,619	24,640	755
<b>Hispanic or Latino</b>	<b>128,471</b>	<b>144,190</b>	<b>3,930</b>	<b>89,879</b>	<b>101,094</b>	<b>2,804</b>	<b>38,592</b>	<b>43,096</b>	<b>1,126</b>
Percent	11.67	12.94	---	13.10	14.48	---	9.30	10.34	---

Sources: U.S. Department of Commerce, Bureau of the Census: *Census 2010*; The Nielsen Company: *Demographic Report 2014*; and Tracy Cross & Associates, Inc.



# Household Incomes - Householders Age 75+ -- Arlington Heights Market Area --

Income Range	Arlington Heights Market Area		Arlington Heights Primary Market Area		Village of Arlington Heights		Arlington Heights Secondary Market Area	
	2014	2019	2014	2019	2014	2019	2014	2019
Under \$15,000	8,324	8,336	6,335	6,295	684	667	1,989	2,041
15,000 - 24,999	10,930	10,994	8,362	8,330	1,006	957	2,568	2,664
25,000 - 34,999	8,712	9,008	6,737	6,836	690	708	1,975	2,172
35,000 - 49,999	8,242	8,741	6,150	6,371	719	728	2,092	2,370
50,000 - 74,999	7,474	8,062	5,545	5,811	798	842	1,929	2,251
75,000 - 99,999	3,583	4,120	2,515	2,785	423	452	1,068	1,335
100,000 - 124,999	2,113	2,495	1,498	1,698	202	248	615	797
125,000 - 149,999	1,073	1,333	806	957	89	113	267	376
150,000 - 199,999	1,081	1,296	739	848	86	98	342	448
200,000 and Over	1,065	1,437	705	887	82	102	360	550
<b>Total</b>	<b>52,597</b>	<b>55,822</b>	<b>39,392</b>	<b>40,818</b>	<b>4,779</b>	<b>4,915</b>	<b>13,205</b>	<b>15,004</b>
<b>Median</b>	<b>\$33,086</b>	<b>\$34,529</b>	<b>\$32,544</b>	<b>\$33,460</b>	<b>\$35,197</b>	<b>\$37,586</b>	<b>\$35,524</b>	<b>\$38,996</b>
<i>Householders With Incomes of...</i>								
<b>\$50,000+</b>	<b>16,389</b>	<b>18,743</b>	<b>11,808</b>	<b>12,986</b>	<b>1,680</b>	<b>1,855</b>	<b>4,581</b>	<b>5,757</b>
<b>Percent</b>	<b>31.2</b>	<b>33.6</b>	<b>30.0</b>	<b>31.8</b>	<b>35.2</b>	<b>37.7</b>	<b>34.7</b>	<b>38.4</b>
<b>\$75,000+</b>	<b>8,915</b>	<b>10,681</b>	<b>6,263</b>	<b>7,175</b>	<b>882</b>	<b>1,013</b>	<b>2,652</b>	<b>3,506</b>
<b>Percent</b>	<b>16.9</b>	<b>19.1</b>	<b>15.9</b>	<b>17.6</b>	<b>18.5</b>	<b>20.6</b>	<b>20.1</b>	<b>23.4</b>
<b>\$100,000+</b>	<b>5,332</b>	<b>6,561</b>	<b>3,748</b>	<b>4,390</b>	<b>459</b>	<b>561</b>	<b>1,584</b>	<b>2,171</b>
<b>Percent</b>	<b>10.1</b>	<b>11.8</b>	<b>9.5</b>	<b>10.8</b>	<b>9.6</b>	<b>11.4</b>	<b>12.0</b>	<b>14.5</b>

Source: The Nielsen Company: *Senior Life Report* and Tracy Cross & Associates, Inc.





Source: Tracy Cross & Associates, Inc.





# Annual Fair Market Senior Housing Demand -- Arlington Heights Market Area -- 2019



<u>Product Type</u>	<u>Annual Net Absorption</u>		
	<u>Total Arlington Heights Market Area</u>	<u>Arlington Heights Primary Market Area</u>	<u>Arlington Heights Secondary Market Area</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>
Independent Living	102	79	23
Assisted Living	23	17	6
Memory Care as a Part	9	6	3
	<u>Annual Net Absorption With Added Impact From Tertiary Areas @ 15.0 Percent</u>		
Independent Living	117	91	26
Assisted Living	27	20	7
Memory Care as a Part	11	7	4

Source: Tracy Cross & Associates, Inc.





# Annual Fair Market Senior Housing Demand -- Arlington Heights Market Area -- 2019 - 2040



<u>Product Type</u>	<u>Annual Net Absorption</u>					
	<u>Total Arlington Heights Market Area</u>		<u>Arlington Heights Primary Market Area</u>		<u>Arlington Heights Secondary Market Area</u>	
	<u>2019</u>	<u>2040</u>	<u>2019</u>	<u>2040</u>	<u>2019</u>	<u>2040</u>
Independent Living	102	223	79	173	23	50
Assisted Living	23	50	17	37	6	13
Memory Care as a Part	9	20	6	13	3	7

Source: Tracy Cross & Associates, Inc.





## Occupancy Characteristics

### -- Selected Assisted Living/Memory Care Communities --

### Arlington Heights Market Area

<u>Location</u>	<u>Number of Units</u>	<u>Occupied</u>		<u>Vacant</u>	
		<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<b>TOTAL ARLINGTON HEIGHTS MARKET AREA</b>	<b>1,312</b>	<b>1,239</b>	<b>94.4</b>	<b>73</b>	<b>5.6</b>
<b>Arlington Heights Primary Market Area</b>	<b>704</b>	<b>661</b>	<b>93.9</b>	<b>43</b>	<b>6.1</b>
Arlington Heights	183	176	96.2	7	3.8
Prospect Heights	104	86	82.7	18	17.3
Wheeling	61	55	90.2	6	9.8
Des Plaines	40	40	100.0	0	0.0
Glenview	156	150	96.2	6	3.8
Niles	35	31	88.6	4	11.4
Northbrook	75	75	100.0	0	0.0
Park Ridge	50	48	96.0	2	4.0
<b>Arlington Heights Secondary Market Area</b>	<b>608</b>	<b>578</b>	<b>95.1</b>	<b>30</b>	<b>4.9</b>
Hoffman Estates	28	23	82.1	5	17.9
Lake Barrington	42	40	95.2	2	4.7
Schaumburg	163	158	97.0	5	3.1
Buffalo Grove	168	164	97.6	4	2.4
Lincolnshire	38	29	76.3	9	23.7
Vernon Hills	169	164	97.0	5	3.0

Source: Tracy Cross & Associates, Inc.

## ***Assisted Living (frail) and Assisted Living (memory support) The Moorings of Arlington Heights***

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### **Background:**

The residents of independent living apartments and villas at The Moorings desire updated and modern accommodations within the continuum of care at the assisted living and memory support levels of care. Although occupancy is high, residents have complained about: the size of the current apartments and the distance to the elevator or dining venue.

It was determined that new assisted living and memory support apartments were needed, so Presbyterian Homes and The Moorings of Arlington Heights retained the professional services of Tracy Cross and Associates, a Schaumburg based market research and analysis consultant to determine the potential and associated demand for additional assisted living and memory support units on its campus at 811 East Central Road in Arlington Heights. With increasing internal demand and overall market growth, the findings clearly indicated that the resident population at The Moorings of Arlington Heights would respond to updated and enlarged accommodations for assisted living services and any additional available units would be in very high demand in the external marketplace. The final report was presented to Presbyterian Homes in April 2014 for consideration.

### **Findings:**

The continued maturing of the independent living residents at The Moorings of Arlington Heights has created significant demand for not only assisted living services, but also memory support services in an assisted living environment. The current assisted living building (originally built in the 1950's) is totally inadequate for this aging campus population. The recommendation was to build new, modern assisted living apartments to serve the needs of our older adults.

In addition, the overall demand for all forms of senior's housing in the northwestern suburbs is very high, not only during the initial study period; from 2014-2019, but well beyond when projected through 2040. This project is designed to satisfy the demand of The Moorings contractual residents, but will also respond to the communities request for assisted living and memory support services if available.

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Sources:

Tracy Cross and Associates, Inc. 2014  
U.S. Department of Commerce, Bureau of the Census