

PHASE I FEASIBILITY REPORT FOR {CITY, STATE}

**Prepared For:
{CLIENT NAME}**

{DATE}



Essential Decisions Inc.



SENIOR HOUSING RESEARCH & DEVELOPMENT SERVICES

2489 Rice Street, Suite 240
Roseville, MN 55113
651.328.8194
www.team-edi.com

Table of Contents

Summary Letter	2
Purpose of Report	6
Definitions	7
Executive Summary	8
Primary Market Area – Demographic Maps and Reports	9
Primary Market Area Map	10
Demographic Reports	11
Regional Market Area Geodemographic Maps	19
Population Density	21
Population Change	22
Population Age 75 and Older	23
Median Household Income	24
75+ With Income \$35,000+, Over Median Income	25
Competitive Inventory Analysis – Primary Market Area	26
Allocation of Units	27
Map of Competition	28
Quantitative Market Analysis & Methodology	29
EDI Methodology	30
Qualitative Factor Adjustments	33
Target Market Income Requirements	34
Detail of Net Demand Calculations	35
Senior Limited Service	36
Independent/Congregate Housing	37
Assisted Living	40
Assisted Memory Care	44
High Acuity Assisted Living	46
Skilled Nursing	47

Purpose of the Report

A Phase I Feasibility Report is designed as a preliminary management tool to forecast the potential for assisted living, assisted memory care, independent living, and nursing home units in a specific market. The report does not eliminate the need for full comprehensive market analysis but provide valuable information in the progressive process of project development.

The report contains the following:

- Phase I audit of existing senior housing providers in the Primary Market Area (PMA)
- Geodemographic maps of economic factors influencing project successes
- Geodemographic maps of senior population, household and income characteristics
- Historical (2000), current year, and projected 5 year demographic reports for the PMA detailing metrics of age, age by income, gender, education levels, home ownership, etc.
- Current year and 5 year projected demographic demand analysis for
 - Independent Living
 - Senior Limited Service
 - Congregate Independent Living
 - Assisted Living
 - Assisted Memory Care
 - High Acuity Assisted Living
 - Skilled Nursing Care

Origin of information:

Primary Market Area (PMA)

This report identifies a market area where 60-80 percent of potential residents will originate. The PMA is then used to collect basic information about the total counts of existing nursing home, assisted living, assisted memory care and independent living units. Whenever possible a Phase I Market Feasibility Report incorporates all sponsor supplied information to validate the PMA. In many cases this is done through an analysis of current residents' previous addresses or zip codes.

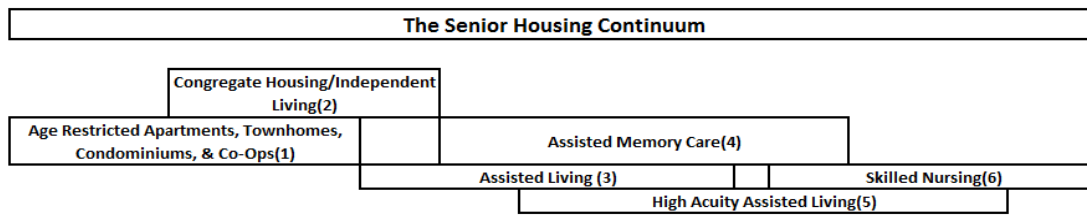
Competitive Inventory

EDI staff has performed a basic market inventory compilation using primary and secondary sources of information. While every effort has been made to complete the inventory accurately, a full study is necessary to verify and further detail the competitive environment.

Price Structure

The targeted monthly rates are based on either client provided information or by applying EDI estimates of typical industry entry point rates by classification.

Definitions



Senior Limited Service (1): Multifamily market-rate residential properties restricted to adults at least 55 years of age or older. These properties do not have central kitchen facilities and generally do not provide meals to residents, but may offer community rooms, social activities, and other amenities. This could include single family, townhome, or apartment style housing designs. *Subsidized low income projects or other projects that have income limits are not considered competitive to Senior Limited Service.*

Congregate Independent Living Communities (2): Age-restricted, market rate, multifamily properties with central dining facilities that provide residents, as part of their monthly fee, access to meals and other services such as housekeeping, linen service, transportation, and social and recreational activities. Such properties do not provide, in a majority of the units, assistance with activities of daily living (ADLs) such as supervision of medication, bathing, dressing, toileting, etc.

Assisted Living (3): State regulated/registered properties that offer personalized assistance, supportive services and health care in a professionally managed group living environment. Typical services include assistance with activities of daily living, management of medications, bathing, dressing, toileting, mobility and eating.

Assisted Memory Care (4): A property that specializes in the care of residents with Alzheimer's or other forms of dementia that is not a licensed nursing facility. The growing knowledge of dementia and Alzheimer's disease has lead to new ways to care and manage residents that are in need of specialty memory care. Small 12 to 20 bed secured apartment neighborhoods have become a very successful model of assisted memory care.

High Acuity Assisted Living (HAAL) (5): A program of supportive care services providing 24 hour direct care and supervision by both licensed and unlicensed nursing staff. The focus is on expanded personal care beyond the limits of traditional assisted living programs. As an emerging market, EDI continues to update the methodology used to determine penetration rates. EDI continues to survey providers of HAAL, and will continue to adjust this demand model as resident data becomes available.

Skilled Nursing (6): Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) or nursing facilities (NF) where the majority of individuals require 24-hour nursing and/or medical care.

Executive Demand Summary

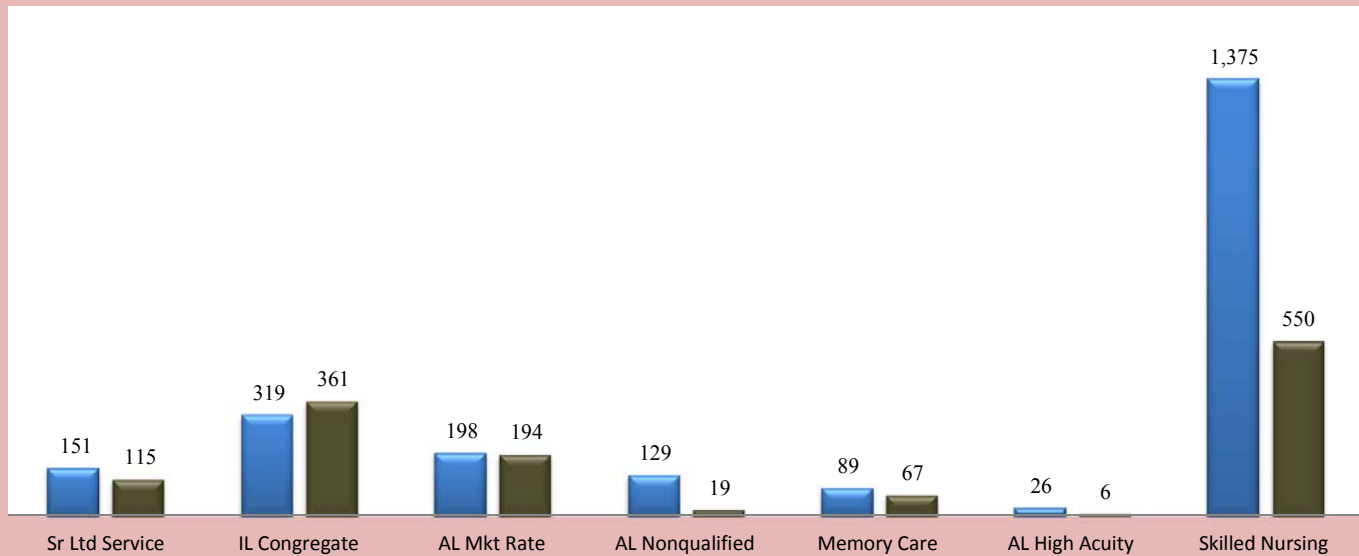
Sample Study

DEMAND SUMMARY CALCULATIONS

Unmet Market Demand Potential	2010	2015
SENIOR LIMITED SERVICE - NET DEMAND	31	36
INDEPENDENT LIVING - NET DEMAND	4	(42)
ASSISTED MARKET RATE - NET DEMAND	35	4
ASSISTED NON-INCOME QUALIFIED - NET DEMAND	112	110
ASSISTED MEMORY CARE - NET DEMAND	36	22
HIGH ACUITY ASSISTED LIVING	26	20
SKILLED NURSING CARE - NET DEMAND	843	825

2015 Projected Demand and Supply

■ Total Demand ■ Adjusted Supply



Market Distribution/Positioning Year 2015

	Sr Ltd Service	IL Congregate	AL Mkt Rate	AL Nonqualified	Memory Care	AL High Acuity	Skilled Nursing
Total Demand	151	319	198	129	89	26	1,375
Adjusted Supply	115	361	194	19	67	6	550
Net Demand	36	-42	4	110	22	20	825

The information and statistics used in this report that are the basis for the EDI conclusions. The demographic data utilized in this report was provided by SCANUS and we believe this information is reliable within typical industry standards. The conclusions are based on our interpretation of the information collected during the scope of this engagement and represent our best judgments of normal market responses. EDI disclaims any express or implied warranty of assurance the projections will be realized as stated. The outcomes of the proposed project may vary due to changing market conditions, operator effectiveness, and/or material changes in the facts that were basis of the conclusions in the report.

Extrapolated Net Demand*	2010	2011	2012	2013	2014	2015
Senior Limited Service	31	32	33	34	35	36
Independent Living	4	(5)	(14)	(24)	(33)	(42)
Assisted Market Rate	35	29	22	16	10	4
Assisted Nonqualified	112	112	111	111	110	110
Assisted Memory Care	36	33	30	28	25	22
High Acuity Assisted	26	25	24	22	21	20
Skilled Nursing	843	839	835	832	828	825

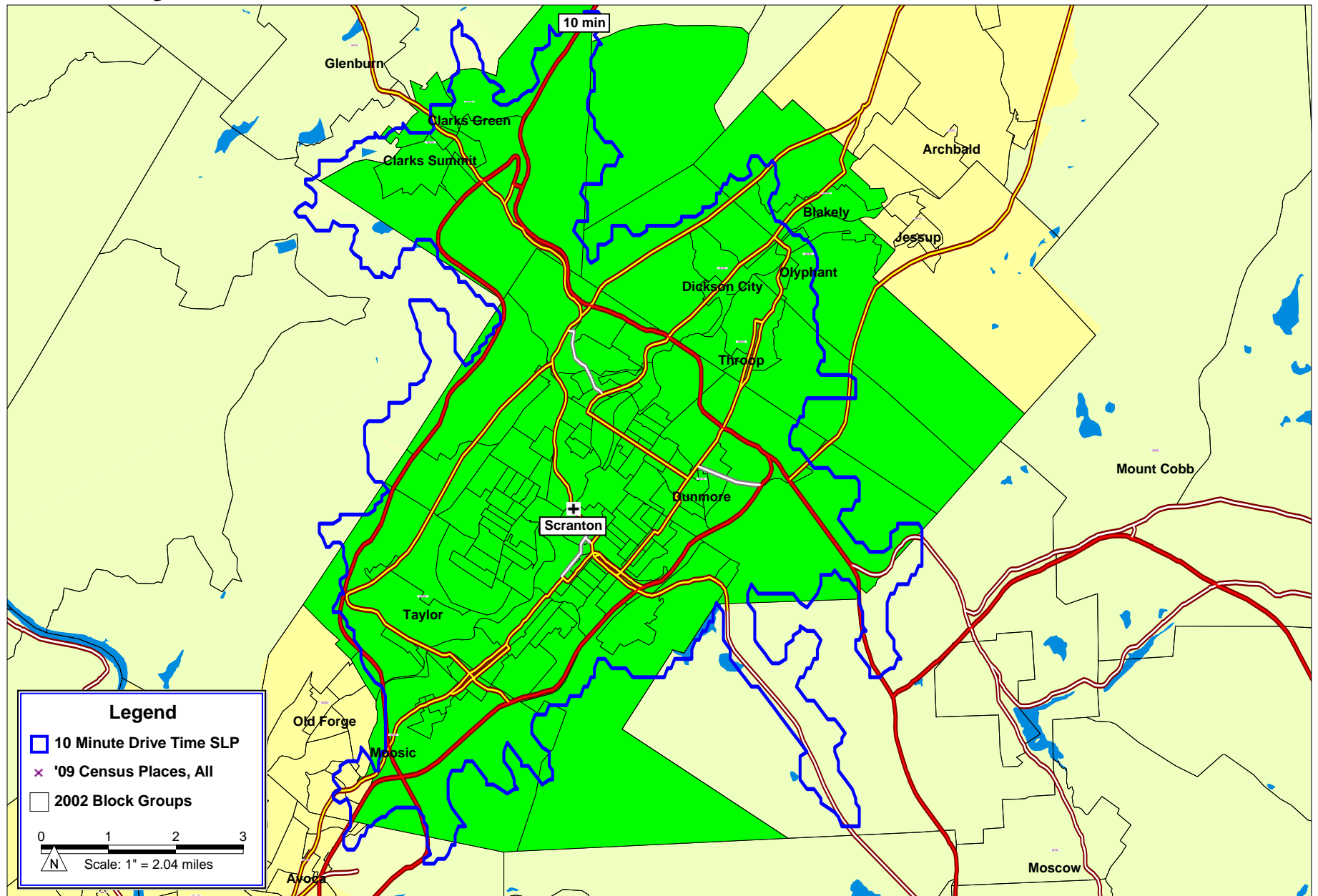
*Assumes that the rate of growth is a constant

Primary Market Area

Demographic Reports

Primary Market Area

Scan/US, Inc.



© 1992-2009, Scan/US, Inc. All rights

01/18/11

10 Minute Drive Time

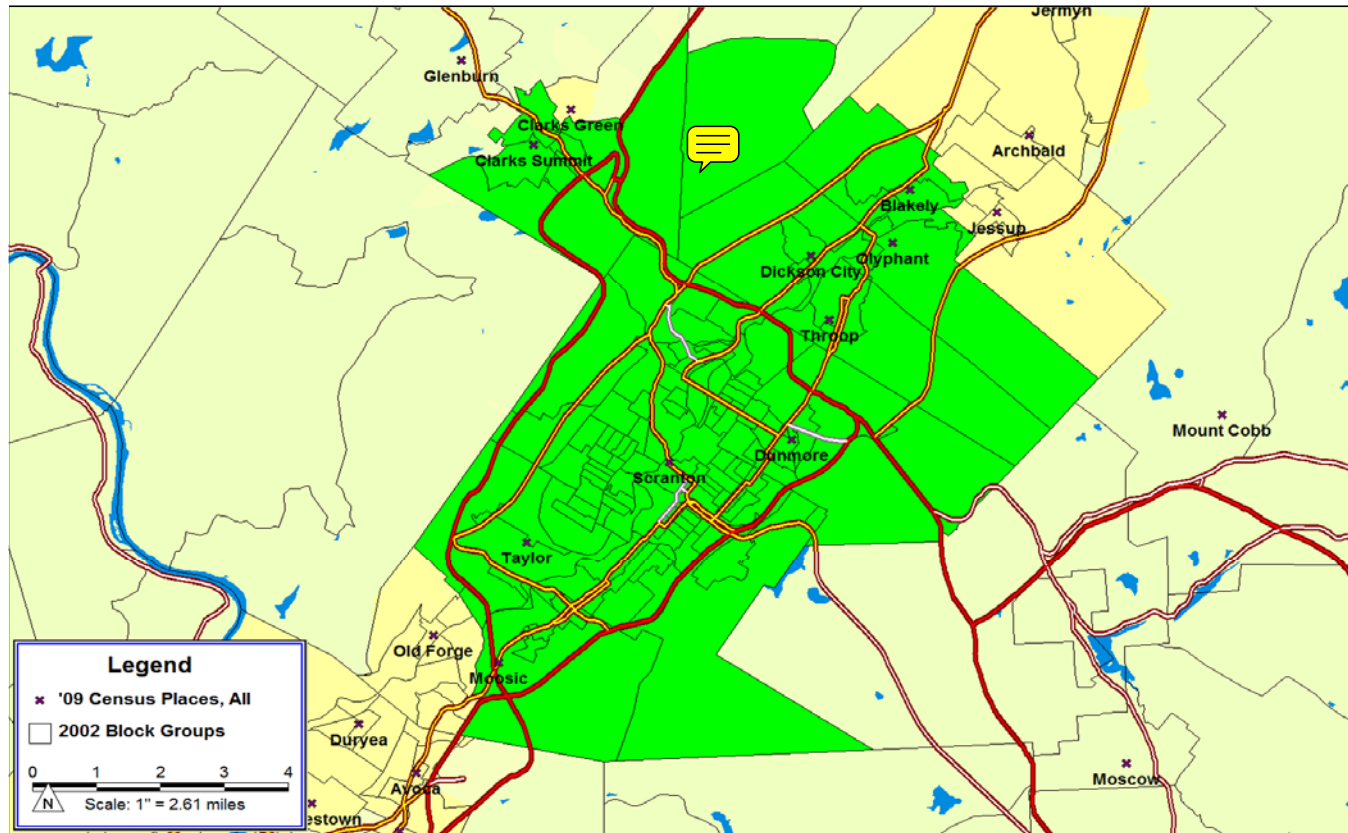
MapFacts Demographic Trends: 2000/2010/2015

Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011



2000 Census

2010 Estimates

2015 Projections

Population	134,071		129,177		126,990	
In Households	127,409	95.0%	121,959	94.4%	119,840	94.4%
In Families	100,692	75.1%	96,034	74.3%	94,287	74.2%
In Non-Families	26,717	19.9%	25,925	20.1%	25,553	20.1%
In Group Quarters	6,662	5.0%	7,218	5.6%	7,150	5.6%
Males	62,551		61,056		60,469	
Median Age (Male)	37.8		39.4		40.4	
Females	71,520		68,121		66,521	
Median Age (Female)	42.8		44.1		44.7	
Households	55,102		54,943		54,803	
Families	33,668	61.1%	33,015	60.1%	32,675	59.6%
Non-Families	21,434	38.9%	21,928	39.9%	22,128	40.4%
Average Household Size	2.3		2.2		2.2	
Average Family Size	3.0		2.9		2.9	
Average Non-Family Size	1.2		1.2		1.2	
Average Household Income	\$42,243		\$53,292		\$58,471	
Median Household Income	\$32,835		\$40,521		\$43,675	
Per Capita Income	\$17,773		\$23,526		\$26,191	

Demographic Summary: 2010

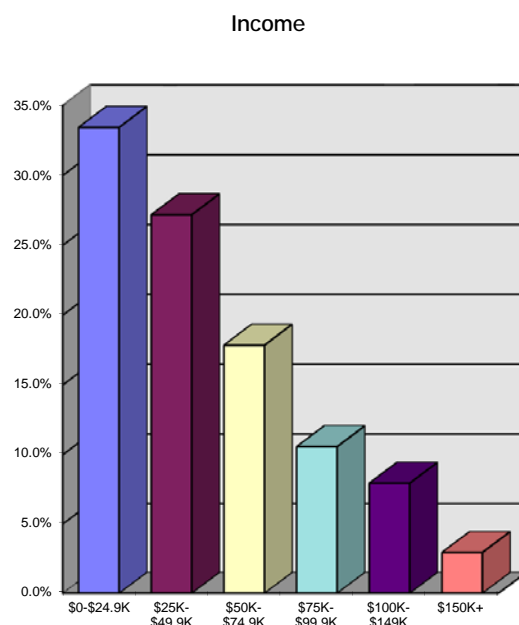
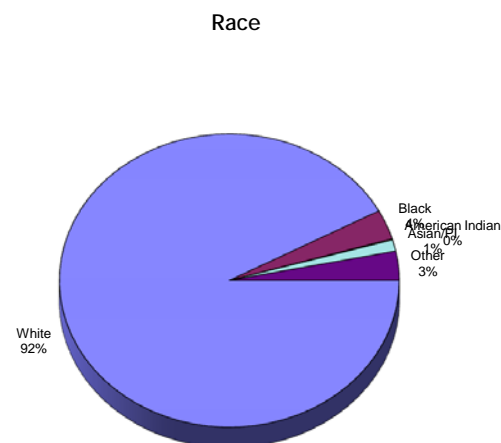
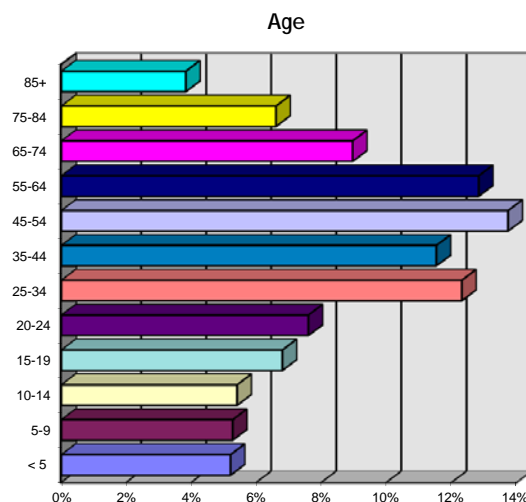
Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011

Population	129,177	
In Group Quarters	7,218	
Race: White	119,014	92.1%
Black	4,250	3.3%
American Indian	150	0.1%
Asian	1,583	1.2%
Pacific Islander	27	0.0%
Other/Multi-Racial	4,153	3.2%
Hispanic Origin	6,370	4.9%
Sex: Male	61,056	47.3%
Female	68,121	52.7%
Age: < 5 Years	6,714	5.2%
5-9 Years	6,803	5.3%
10-14 Years	6,976	5.4%
15-19 Years	8,776	6.8%
20-24 Years	9,810	7.6%
25-34 Years	15,894	12.3%
35-44 Years	14,889	11.5%
45-54 Years	17,724	13.7%
55-64 Years	16,564	12.8%
65-74 Years	11,568	9.0%
75-84 Years	8,521	6.6%
85+ Years	4,938	3.8%
Median Age	41.8	
Households	54,943	
Average Household Size	2.2	
Family Households	33,015	60.1%
Average Family Size	1.2	
Households by Income		
\$0 - \$24,999	18,378	33.4%
\$25,000 - \$49,999	14,941	27.2%
\$50,000 - \$74,999	9,810	17.9%
\$75,000 - \$99,999	5,815	10.6%
\$100,000 - \$149,999	4,377	8.0%
\$150,000+	1,622	3.0%
Average HH Income	\$53,292	
Median HH Income	\$40,521	
Per Capita Income	\$23,526	
Vehicles Available	88,421	
Average Vehicles/HH	1.6	
Total Housing Units	61,232	
Owner Occupied	32,188	52.6%
Renter Occupied	22,755	37.2%
Vacant	6,289	10.3%



Demographic Summary: 2015

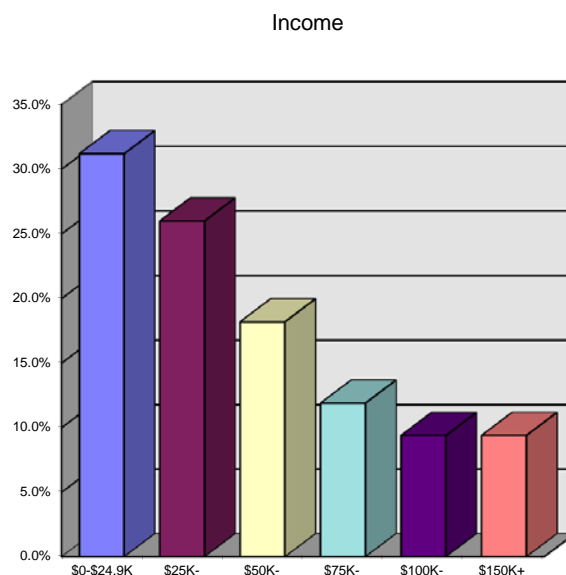
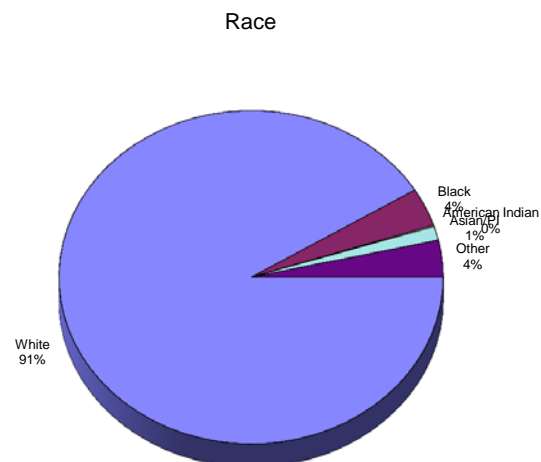
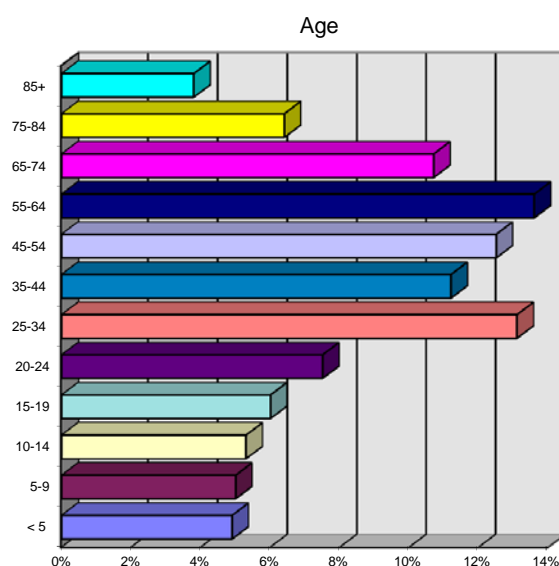
Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011

Population	126,990	
In Group Quarters	7,150	5.6%
Race: White	115,874	91.2%
Black	4,712	3.7%
American Indian	166	0.1%
Asian	1,684	1.3%
Pacific Islander	23	0.0%
Other/Multi-Racial	4,531	3.6%
Hispanic Origin	8,340	6.6%
Sex: Male	60,469	47.6%
Female	66,521	52.4%
Age: < 5 Years	6,171	4.9%
5-9 Years	6,409	5.0%
10-14 Years	6,713	5.3%
15-19 Years	7,620	6.0%
20-24 Years	9,524	7.5%
25-34 Years	16,631	13.1%
35-44 Years	14,202	11.2%
45-54 Years	15,909	12.5%
55-64 Years	17,276	13.6%
65-74 Years	13,558	10.7%
75-84 Years	8,171	6.4%
85+ Years	4,806	3.8%
Median Age	42.6	
Households	54,803	
Average Household Size	2.2	
Family Households	32,675	59.6%
Average Family Size	2.9	
Non-Family Households	22,128	40.4%
Average Non-Fam HH Size	1.2	
Households by Income		
\$0 - \$24,999	17,081	31.2%
\$25,000 - \$49,999	14,252	26.0%
\$50,000 - \$74,999	9,984	18.2%
\$75,000 - \$99,999	6,512	11.9%
\$100,000 - \$149,999	5,151	9.4%
\$150,000+	1,823	3.3%
Average HH Income	\$58,471	
Median HH Income	\$43,675	
Per Capita Income	\$26,191	
Vehicles Available	92,550	
Average Vehicles/HH	1.7	
Total Housing Units	61,101	
Owner Occupied	32,070	52.5%
Renter Occupied	22,733	37.2%
Vacant	6,298	10.3%



Demographic Trends: 2000/2010/2015

Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011

	2000 Census		2010 Estimates		2015 Projections	
Population	134,071		129,177		126,990	
In Households	127,409	95.0%	121,959	94.4%	119,840	94.4%
In Families	100,692	75.1%	96,034	74.3%	94,287	74.2%
In Non-family Households	26,717	19.9%	25,925	20.1%	25,553	20.1%
In Group Quarters	6,662	5.0%	7,218	5.6%	7,150	5.6%
Race:						
White	128,187	95.6%	119,014	92.1%	115,874	91.2%
Black	2,531	1.9%	4,250	3.3%	4,712	3.7%
American Indian	112	0.1%	150	0.1%	166	0.1%
Asian	1,164	0.9%	1,583	1.2%	1,684	1.3%
Pacific Islander	21	0.0%	27	0.0%	23	0.0%
Other/Multi-Racial	2,056	1.5%	4,153	3.2%	4,531	3.6%
Hispanic Population	2,444	1.8%	6,370	4.9%	8,340	6.6%
Labor Force: Pop, 16+ Years	109,487	81.7%	107,047	82.9%	106,263	83.7%
In Armed Forces	69	0.1%	89	0.1%	91	0.1%
Employed	59,714	54.5%	58,278	54.4%	60,107	56.6%
Unemployed	3,654	3.3%	5,843	5.5%	3,335	3.1%
Not In Labor Force	46,050	42.1%	42,837	40.0%	42,730	40.2%
Education: Pop, 25+ Years	92,449	69.0%	90,098	69.7%	90,553	71.3%
No HS Diploma	18,253	19.7%	11,414	12.7%	9,103	10.1%
HS Graduate	37,315	40.4%	36,106	40.1%	35,800	39.5%
College, No Degree	14,116	15.3%	15,327	17.0%	16,036	17.7%
Associate Degree	5,723	6.2%	7,425	8.2%	8,295	9.2%
College Degree	10,930	11.8%	12,568	13.9%	13,457	14.9%
Graduate/Professional Degree	6,112	6.6%	7,258	8.1%	7,862	8.7%
Households	55,102		54,943		54,803	
Families	33,668	61.1%	33,015	60.1%	32,675	59.6%
With Children	14,859	27.0%	14,851	27.0%	14,812	27.0%
Non-Families	21,434	38.9%	21,928	39.9%	22,128	40.4%
With Children	132	0.2%	106	0.2%	100	0.2%
Average Size:						
Household	2.3		2.2		2.2	
Family	3.0		2.9		2.9	
Non-Family	1.2		1.2		1.2	
Households by Persons:						
1	18,954	34.4%	18,229	33.2%	17,853	32.6%
2	17,059	31.0%	18,948	34.5%	19,692	35.9%
3+	19,089	34.6%	17,766	32.3%	17,258	31.5%
Total Housing Units:	60,640		61,232		61,101	
Vacant	5,538	9.1%	6,289	10.3%	6,298	10.3%
Owned	33,802	55.7%	32,188	52.6%	32,070	52.5%
Rented	21,300	35.1%	22,755	37.2%	22,733	37.2%
Vehicles Available	78,818		88,421		92,550	
Average Vehicles/HH	1.4		1.6		1.7	

Demographic Trends: 2000/2010/2015

Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011

		2000 Census		2010 Estimates		2015 Projections	
Total Households		55,102		54,943		54,803	
Total Aggregate Income (\$Mil)		\$2,382.9		\$3,039.1		\$3,326.0	
Per Capita Income		\$17,773		\$23,526		\$26,191	
Households	< \$10,000	7,171	13.0%	5,161	9.4%	4,568	8.3%
By	\$10,000 - \$14,999	5,754	10.4%	4,615	8.4%	4,249	7.8%
Income:	\$15,000 - \$19,999	4,925	8.9%	4,722	8.6%	4,579	8.4%
	\$20,000 - \$24,999	4,348	7.9%	3,880	7.1%	3,685	6.7%
	\$25,000 - \$29,999	4,039	7.3%	3,633	6.6%	3,466	6.3%
	\$30,000 - \$34,999	3,582	6.5%	3,418	6.2%	3,332	6.1%
	\$35,000 - \$39,999	3,411	6.2%	3,025	5.5%	2,863	5.2%
	\$40,000 - \$49,999	5,625	10.2%	4,865	8.9%	4,591	8.4%
	\$50,000 - \$59,999	4,518	8.2%	4,881	8.9%	4,960	9.1%
	\$60,000 - \$74,999	4,663	8.5%	4,929	9.0%	5,024	9.2%
	\$75,000 - \$99,999	3,936	7.1%	5,815	10.6%	6,512	11.9%
	\$100,000 - \$124,999	1,477	2.7%	3,051	5.6%	3,583	6.5%
	\$125,000 - \$149,999	663	1.2%	1,326	2.4%	1,568	2.9%
	\$150,000 - \$199,999	433	0.8%	957	1.7%	1,120	2.0%
	\$200,000 - \$249,999	81	0.1%	156	0.3%	174	0.3%
	\$250,000+	476	0.9%	509	0.9%	529	1.0%
Average	Household	\$42,243		\$53,292		\$58,471	
Income:	Family	\$52,366		\$66,395		\$73,515	
	Non-Family	\$24,291		\$33,562		\$36,254	
Median	Household	\$32,835		\$40,521		\$43,675	
Income:	Family	\$44,459		\$54,792		\$59,654	
	Non-Family	\$18,289		\$23,228		\$25,045	
Households	< \$10,000	8,037	14.6%	5,850	10.6%	5,204	9.5%
By	\$10,000 - \$14,999	5,518	10.0%	4,511	8.2%	4,178	7.6%
Disposable	\$15,000 - \$19,999	5,440	9.9%	5,144	9.4%	4,973	9.1%
Income:	\$20,000 - \$24,999	5,242	9.5%	4,671	8.5%	4,442	8.1%
	\$25,000 - \$29,999	4,802	8.7%	4,477	8.1%	4,322	7.9%
	\$30,000 - \$34,999	4,229	7.7%	3,826	7.0%	3,651	6.7%
	\$35,000 - \$39,999	3,916	7.1%	3,309	6.0%	3,104	5.7%
	\$40,000 - \$49,999	6,344	11.5%	6,582	12.0%	6,585	12.0%
	\$50,000 - \$59,999	4,326	7.9%	4,564	8.3%	4,657	8.5%
	\$60,000 - \$74,999	3,824	6.9%	5,600	10.2%	6,250	11.4%
	\$75,000 - \$99,999	1,929	3.5%	3,870	7.0%	4,504	8.2%
	\$100,000 - \$124,999	668	1.2%	1,362	2.5%	1,624	3.0%
	\$125,000 - \$149,999	244	0.4%	481	0.9%	560	1.0%
	\$150,000 - \$199,999	126	0.2%	220	0.4%	255	0.5%
	\$200,000 - \$249,999	43	0.1%	67	0.1%	79	0.1%
	\$250,000+	414	0.8%	409	0.7%	415	0.8%
Disposable Aggregate (\$Mil)		\$2,068.2		\$2,579.5		\$2,790.8	
Disposable Average Income		\$37,535		\$46,949		\$50,925	
Disposable Median Income		\$29,101		\$34,945		\$37,427	

Demographic Trends: 2000/2010/2015

Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011

	2000 Census		2010 Estimates		2015 Projections	
Total Population	134,071		129,177		126,990	
< 5 Years	6,919	5.2%	6,714	5.2%	6,171	4.9%
5 - 9 Years	7,758	5.8%	6,803	5.3%	6,409	5.0%
10 - 14 Years	8,278	6.2%	6,976	5.4%	6,713	5.3%
15 - 19 Years	9,537	7.1%	8,776	6.8%	7,620	6.0%
20 - 24 Years	9,130	6.8%	9,810	7.6%	9,524	7.5%
25 - 34 Years	15,883	11.8%	15,894	12.3%	16,631	13.1%
35 - 44 Years	18,986	14.2%	14,889	11.5%	14,202	11.2%
45 - 54 Years	17,572	13.1%	17,724	13.7%	15,909	12.5%
55 - 64 Years	12,474	9.3%	16,564	12.8%	17,276	13.6%
65 - 74 Years	12,563	9.4%	11,568	9.0%	13,558	10.7%
75 - 84 Years	10,954	8.2%	8,521	6.6%	8,171	6.4%
85+ Years	4,017	3.0%	4,938	3.8%	4,806	3.8%
Median Age	40.4		41.8		42.6	
Population, Female	71,520	53.3%	68,121	52.7%	66,521	52.4%
< 5 Years	3,361	4.7%	3,277	4.8%	3,117	4.7%
5 - 9 Years	3,862	5.4%	3,329	4.9%	3,140	4.7%
10 - 14 Years	4,031	5.6%	3,439	5.0%	3,288	4.9%
15 - 19 Years	4,781	6.7%	4,496	6.6%	3,814	5.7%
20 - 24 Years	4,761	6.7%	5,001	7.3%	4,853	7.3%
25 - 34 Years	7,937	11.1%	7,896	11.6%	8,269	12.4%
35 - 44 Years	9,619	13.4%	7,520	11.0%	7,172	10.8%
45 - 54 Years	8,954	12.5%	9,067	13.3%	8,102	12.2%
55 - 64 Years	6,614	9.2%	8,758	12.9%	9,129	13.7%
65 - 74 Years	7,356	10.3%	6,327	9.3%	7,324	11.0%
75 - 84 Years	7,183	10.0%	5,353	7.9%	4,864	7.3%
85+ Years	3,061	4.3%	3,658	5.4%	3,449	5.2%
Median Age (Females)	42.8		44.1		44.7	
Population, Male	62,551	46.7%	61,056	47.3%	60,469	47.6%
< 5 Years	3,558	5.7%	3,437	5.6%	3,054	5.1%
5 - 9 Years	3,896	6.2%	3,474	5.7%	3,269	5.4%
10 - 14 Years	4,247	6.8%	3,537	5.8%	3,425	5.7%
15 - 19 Years	4,756	7.6%	4,280	7.0%	3,806	6.3%
20 - 24 Years	4,369	7.0%	4,809	7.9%	4,671	7.7%
25 - 34 Years	7,946	12.7%	7,998	13.1%	8,362	13.8%
35 - 44 Years	9,367	15.0%	7,369	12.1%	7,030	11.6%
45 - 54 Years	8,618	13.8%	8,657	14.2%	7,807	12.9%
55 - 64 Years	5,860	9.4%	7,806	12.8%	8,147	13.5%
65 - 74 Years	5,207	8.3%	5,241	8.6%	6,234	10.3%
75 - 84 Years	3,771	6.0%	3,168	5.2%	3,307	5.5%
85+ Years	0,956	1.5%	1,280	2.1%	1,357	2.2%
Median Age (Males)	37.8		39.4		40.4	

Census Update Trends: 2000/2010/2015

Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011

		2000 Census		2010 Estimates		2015 Projections	
Population		134,071		129,177		126,990	
In Households		127,409	95.0%	121,959	94.4%	119,840	94.4%
In Families		100,692	75.1%	96,034	74.3%	94,287	74.2%
In Non-family Households		26,717	19.9%	25,925	20.1%	25,553	20.1%
In Group Quarters		6,662	5.0%				
Race:							
White		128,187	95.6%	119,014	92.1%	115,874	91.2%
Black		2,531	1.9%	4,250	3.3%	4,712	3.7%
American Indian		112	0.1%	150	0.1%	166	0.1%
Asian		1,164	0.9%	1,583	1.2%	1,684	1.3%
Pacific Islander		21	0.0%	27	0.0%	23	0.0%
Other/Multi-Racial		2,056	1.5%	4,153	3.2%	4,531	3.6%
Hispanic Population		2,444	1.8%	6,370	4.9%	8,340	6.6%
Labor Force: Pop, 16+ Years		109,487		107,047		106,263	
In Armed Forces		69	0.1%	89	0.1%	91	0.1%
Employed		59,714	54.5%	58,278	54.4%	60,107	56.6%
Unemployed		3,654	3.3%	5,843	5.5%	3,335	3.1%
Not In Labor Force		46,050	42.1%	42,837	40.0%	42,730	40.2%
Education: Pop, 25+ Years		92,449		90,098		90,553	
No HS Diploma		18,253	19.7%	11,414	12.7%	9,103	10.1%
HS Graduate		37,315	40.4%	36,106	40.1%	35,800	39.5%
College, No Degree		14,116	15.3%	15,327	17.0%	16,036	17.7%
Associate Degree		5,723	6.2%	7,425	8.2%	8,295	9.2%
College Degree		10,930	11.8%	12,568	13.9%	13,457	14.9%
Graduate/Professional Degree		6,112	6.6%	7,258	8.1%	7,862	8.7%
Households		55,102		54,943		54,803	
Families		33,668	61.1%	33,015	60.1%	32,675	59.6%
With Kids		14,859	27.0%	14,851	27.0%	14,812	27.0%
Non-Families		21,434	38.9%	21,928	39.9%	22,128	40.4%
With Kids		132	0.2%	106	0.2%	100	0.2%
Average Size:							
Household		2.3		2.2		2.2	
Family		3.0		2.9		2.9	
Non-Family		1.2		1.2		1.2	
Total Housing Units		60,640		61,232		61,101	
Vacant		5,538	9.1%	6,289	10.3%	6,298	10.3%
Owned		33,802	55.7%	32,188	52.6%	32,070	52.5%
Rented		21,300	35.1%	22,755	37.2%	22,733	37.2%
Households by Persons:							
1		18,954	34.4%	18,229	33.2%	17,853	32.6%
2		17,059	31.0%	18,948	34.5%	19,692	35.9%
3-4		14,954	27.1%	14,593	26.6%	14,441	26.4%
5+		4,135	7.5%	3,173	5.8%	2,817	5.1%
Vehicles Available		78,818		88,421		92,550	
Per Household:	0	9,141	16.6%	6,507	11.8%	5,395	9.8%
	1	21,696	39.4%	21,620	39.3%	21,270	38.8%
	2	17,946	32.6%	18,893	34.4%	19,384	35.4%
	3+	6,314	11.5%	7,923	14.4%	8,754	16.0%
Average Vehicles/HH		1.4		1.6		1.7	

Source: 2000 U.S. Census, 2010/2015 Scan/US Estimates

Page 1 of 3

Scan/US, Inc.

(800) 272 - 2687

www . ScanUS . com

Census Update Trends: 2000/2010/2015

Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011

		2000 Census		2010 Estimates		2015 Projections	
Total Aggregate Income (\$Mil)		2,383		3,039		3,326	
Per Capita Income		17,773		23,526		26,191	
Households	< \$10,000	7,171	13.0%	5,161	9.4%	4,568	8.3%
By	\$10,000 - \$14,999	5,754	10.4%	4,615	8.4%	4,249	7.8%
Income:	\$15,000 - \$19,999	4,925	8.9%	4,722	8.6%	4,579	8.4%
	\$20,000 - \$24,999	4,348	7.9%	3,880	7.1%	3,685	6.7%
	\$25,000 - \$29,999	4,039	7.3%	3,633	6.6%	3,466	6.3%
	\$30,000 - \$34,999	3,582	6.5%	3,418	6.2%	3,332	6.1%
	\$35,000 - \$39,999	3,411	6.2%	3,025	5.5%	2,863	5.2%
	\$40,000 - \$49,999	5,625	10.2%	4,865	8.9%	4,591	8.4%
	\$50,000 - \$59,999	4,518	8.2%	4,881	8.9%	4,960	9.1%
	\$60,000 - \$74,999	4,663	8.5%	4,929	9.0%	5,024	9.2%
	\$75,000 - \$99,999	3,936	7.1%	5,815	10.6%	6,512	11.9%
	\$100,000 - \$124,999	1,477	2.7%	3,051	5.6%	3,583	6.5%
	\$125,000 - \$149,999	663	1.2%	1,326	2.4%	1,568	2.9%
	\$150,000 - \$199,999	433	0.8%	957	1.7%	1,120	2.0%
	\$200,000 - \$249,999	81	0.1%	156	0.3%	174	0.3%
	\$250,000+	476	0.9%	509	0.9%	529	1.0%
Aggregate	Household	\$2,327.7		\$2,928.0		\$3,204.4	
Income:	Family	\$1,763.1		\$2,192.0		\$2,402.1	
(\$Mil)	Non-Family	\$520.7		\$736.0		\$802.2	
Average	Household	\$42,243		\$53,292		\$58,471	
Income:	Family	\$52,366		\$66,395		\$73,515	
	Non-Family	\$24,291		\$33,562		\$36,254	
Median	Household	\$32,835		\$40,521		\$43,675	
Income:	Family	\$44,459		\$54,792		\$59,654	
	Non-Family	\$18,289		\$23,228		\$25,045	
Households	< \$10,000	8,037	14.6%	5,850	10.6%	5,204	9.5%
By	\$10,000 - \$14,999	5,518	10.0%	4,511	8.2%	4,178	7.6%
Disposable	\$15,000 - \$19,999	5,440	9.9%	5,144	9.4%	4,973	9.1%
Income:	\$20,000 - \$24,999	5,242	9.5%	4,671	8.5%	4,442	8.1%
	\$25,000 - \$29,999	4,802	8.7%	4,477	8.1%	4,322	7.9%
	\$30,000 - \$34,999	4,229	7.7%	3,826	7.0%	3,651	6.7%
	\$35,000 - \$39,999	3,916	7.1%	3,309	6.0%	3,104	5.7%
	\$40,000 - \$49,999	6,344	11.5%	6,582	12.0%	6,585	12.0%
	\$50,000 - \$59,999	4,326	7.9%	4,564	8.3%	4,657	8.5%
	\$60,000 - \$74,999	3,824	6.9%	5,600	10.2%	6,250	11.4%
	\$75,000 - \$99,999	1,929	3.5%	3,870	7.0%	4,504	8.2%
	\$100,000 - \$124,999	668	1.2%	1,362	2.5%	1,624	3.0%
	\$125,000 - \$149,999	244	0.4%	481	0.9%	560	1.0%
	\$150,000 - \$199,999	126	0.2%	220	0.4%	255	0.5%
	\$200,000 - \$249,999	43	0.1%	67	0.1%	79	0.1%
	\$250,000+	414	0.8%	409	0.7%	415	0.8%
Disposable	Aggregate (\$Mil)	\$2,068.2		\$2,579.5		\$2,790.8	
Income:	Average	\$37,535		\$46,949		\$50,925	
	Median	\$29,101		\$34,945		\$37,427	

Census Update Trends: 2000/2010/2015

Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011

	2000 Census			2010 Estimates		2015 Projections	
Total Population	134,071			129,177		126,990	
< 5 Years	6,919	5.2%		6,714	5.2%	6,171	4.9%
5 - 9 Years	7,758	5.8%		6,803	5.3%	6,409	5.0%
10 - 14 Years	8,278	6.2%		6,976	5.4%	6,713	5.3%
15 - 19 Years	9,537	7.1%		8,776	6.8%	7,620	6.0%
20 - 24 Years	9,130	6.8%		9,810	7.6%	9,524	7.5%
25 - 34 Years	15,883	11.8%		15,894	12.3%	16,631	13.1%
35 - 44 Years	18,986	14.2%		14,889	11.5%	14,202	11.2%
45 - 54 Years	17,572	13.1%		17,724	13.7%	15,909	12.5%
55 - 64 Years	12,474	9.3%		16,564	12.8%	17,276	13.6%
65 - 74 Years	12,563	9.4%		11,568	9.0%	13,558	10.7%
75 - 84 Years	10,954	8.2%		8,521	6.6%	8,171	6.4%
85+ Years	4,017	3.0%		4,938	3.8%	4,806	3.8%
Median Age	40.4			41.8		42.6	
Population, Female	71,520	53.3%		68,121	52.7%	66,521	52.4%
< 5 Years	3,361	4.7%		3,277	4.8%	3,117	4.7%
5 - 9 Years	3,862	5.4%		3,329	4.9%	3,140	4.7%
10 - 14 Years	4,031	5.6%		3,439	5.0%	3,288	4.9%
15 - 19 Years	4,781	6.7%		4,496	6.6%	3,814	5.7%
20 - 24 Years	4,761	6.7%		5,001	7.3%	4,853	7.3%
25 - 34 Years	7,937	11.1%		7,896	11.6%	8,269	12.4%
35 - 44 Years	9,619	13.4%		7,520	11.0%	7,172	10.8%
45 - 54 Years	8,954	12.5%		9,067	13.3%	8,102	12.2%
55 - 64 Years	6,614	9.2%		8,758	12.9%	9,129	13.7%
65 - 74 Years	7,356	10.3%		6,327	9.3%	7,324	11.0%
75 - 84 Years	7,183	10.0%		5,353	7.9%	4,864	7.3%
85+ Years	3,061	4.3%		3,658	5.4%	3,449	5.2%
Median Age	42.8			44.1		44.7	
Population, Male	62,551	46.7%		61,056	47.3%	60,469	47.6%
< 5 Years	3,558	5.7%		3,437	5.6%	3,054	5.1%
5 - 9 Years	3,896	6.2%		3,474	5.7%	3,269	5.4%
10 - 14 Years	4,247	6.8%		3,537	5.8%	3,425	5.7%
15 - 19 Years	4,756	7.6%		4,280	7.0%	3,806	6.3%
20 - 24 Years	4,369	7.0%		4,809	7.9%	4,671	7.7%
25 - 34 Years	7,946	12.7%		7,998	13.1%	8,362	13.8%
35 - 44 Years	9,367	15.0%		7,369	12.1%	7,030	11.6%
45 - 54 Years	8,618	13.8%		8,657	14.2%	7,807	12.9%
55 - 64 Years	5,860	9.4%		7,806	12.8%	8,147	13.5%
65 - 74 Years	5,207	8.3%		5,241	8.6%	6,234	10.3%
75 - 84 Years	3,771	6.0%		3,168	5.2%	3,307	5.5%
85+ Years	956	1.5%		1,280	2.1%	1,357	2.2%
Median Age	37.8			39.4		40.4	

Income By Age Update: 2010/2015

Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011

	2010 Estimates		2015 Projections		2010-2015 Change	
Total Households	56,317		56,146		-171	
Householder, < 25 Years	2,519	4.5%	2,356	4.2%	-163	-0.3%
< \$10,000	554	22.0%	475	20.2%	-79	-1.8%
\$10,000-\$19,999	400	15.9%	361	15.3%	-39	-0.6%
\$20,000-\$29,999	480	19.1%	431	18.3%	-49	-0.8%
\$30,000-\$39,999	265	10.5%	244	10.4%	-21	-0.2%
\$40,000-\$49,999	242	9.6%	223	9.5%	-19	-0.1%
\$50,000-\$59,999	261	10.4%	257	10.9%	-4	0.5%
\$60,000-\$74,999	82	3.3%	93	3.9%	11	0.7%
\$75,000-\$99,999	172	6.8%	190	8.1%	18	1.2%
\$100,000-\$124,999	45	1.8%	61	2.6%	16	0.8%
\$125,000-\$149,999	6	0.2%	8	0.3%	2	0.1%
\$150,000-\$199,999	8	0.3%	6	0.3%	-2	-0.1%
\$200,000 +	4	0.2%	7	0.3%	3	0.1%
Median Income	\$26,705		\$29,343		\$2,638	
Householder, 25 - 34 Years	7,614	13.5%	7,953	14.2%	339	0.6%
< \$10,000	485	6.4%	460	5.8%	-25	-0.6%
\$10,000-\$19,999	1,096	14.4%	1,080	13.6%	-16	-0.8%
\$20,000-\$29,999	1,223	16.1%	1,201	15.1%	-22	-1.0%
\$30,000-\$39,999	1,160	15.2%	1,173	14.7%	13	-0.5%
\$40,000-\$49,999	864	11.3%	863	10.9%	-1	-0.5%
\$50,000-\$59,999	839	11.0%	906	11.4%	67	0.4%
\$60,000-\$74,999	746	9.8%	802	10.1%	56	0.3%
\$75,000-\$99,999	589	7.7%	708	8.9%	119	1.2%
\$100,000-\$124,999	333	4.4%	426	5.4%	93	1.0%
\$125,000-\$149,999	137	1.8%	175	2.2%	38	0.4%
\$150,000-\$199,999	90	1.2%	108	1.4%	18	0.2%
\$200,000 +	52	0.7%	51	0.6%	-1	0.0%
Median Income	\$40,096		\$42,459		\$2,363	
Householder, 35 - 44 Years	8,348	14.8%	7,920	14.1%	-428	-0.7%
< \$10,000	471	5.6%	384	4.8%	-87	-0.8%
\$10,000-\$19,999	854	10.2%	736	9.3%	-118	-0.9%
\$20,000-\$29,999	980	11.7%	846	10.7%	-134	-1.1%
\$30,000-\$39,999	1,038	12.4%	917	11.6%	-121	-0.9%
\$40,000-\$49,999	889	10.6%	785	9.9%	-104	-0.7%
\$50,000-\$59,999	880	10.5%	853	10.8%	-27	0.2%
\$60,000-\$74,999	963	11.5%	934	11.8%	-29	0.3%
\$75,000-\$99,999	1,078	12.9%	1,153	14.6%	75	1.6%
\$100,000-\$124,999	609	7.3%	673	8.5%	64	1.2%
\$125,000-\$149,999	293	3.5%	330	4.2%	37	0.7%
\$150,000-\$199,999	149	1.8%	164	2.1%	15	0.3%
\$200,000 +	144	1.7%	145	1.8%	1	0.1%
Median Income	\$51,215		\$55,007		\$3,793	

Income By Age Update: 2010/2015

Sample Study

Scan/US, Inc.

All Objects in Groups: (2002 Block Groups)

01/24/2011

	2010 Estimates		2015 Projections		2010-2015 Change	
Total Households	56,317		56,146		-171	
Householder, 45 - 54 Years	10,710	19.0%	9,555	17.0%	-1,155	-2.0%
< \$10,000	555	5.2%	411	4.3%	-144	-0.9%
\$10,000-\$19,999	1,039	9.7%	807	8.4%	-232	-1.3%
\$20,000-\$29,999	866	8.1%	693	7.3%	-173	-0.8%
\$30,000-\$39,999	1,059	9.9%	856	9.0%	-203	-0.9%
\$40,000-\$49,999	947	8.8%	772	8.1%	-175	-0.8%
\$50,000-\$59,999	1,112	10.4%	986	10.3%	-126	-0.1%
\$60,000-\$74,999	1,286	12.0%	1,152	12.1%	-134	0.0%
\$75,000-\$99,999	1,761	16.4%	1,759	18.4%	-2	2.0%
\$100,000-\$124,999	1,025	9.6%	1,047	11.0%	22	1.4%
\$125,000-\$149,999	435	4.1%	451	4.7%	16	0.7%
\$150,000-\$199,999	403	3.8%	411	4.3%	8	0.5%
\$200,000 +	222	2.1%	210	2.2%	-12	0.1%
Median Income	\$59,632		\$64,556		\$4,925	
Householder, 55 - 64 Years	10,422	18.5%	10,793	19.2%	371	0.7%
< \$10,000	827	7.9%	750	6.9%	-77	-1.0%
\$10,000-\$19,999	1,373	13.2%	1,321	12.2%	-52	-0.9%
\$20,000-\$29,999	1,274	12.2%	1,224	11.3%	-50	-0.9%
\$30,000-\$39,999	1,148	11.0%	1,117	10.3%	-31	-0.7%
\$40,000-\$49,999	922	8.8%	892	8.3%	-30	-0.6%
\$50,000-\$59,999	931	8.9%	962	8.9%	31	0.0%
\$60,000-\$74,999	1,011	9.7%	1,064	9.9%	53	0.2%
\$75,000-\$99,999	1,456	14.0%	1,696	15.7%	240	1.7%
\$100,000-\$124,999	721	6.9%	869	8.1%	148	1.1%
\$125,000-\$149,999	322	3.1%	383	3.5%	61	0.5%
\$150,000-\$199,999	247	2.4%	303	2.8%	56	0.4%
\$200,000 +	190	1.8%	212	2.0%	22	0.1%
Median Income	\$48,821		\$52,892		\$4,071	
Householder, 65 - 74 Years	7,777	13.8%	9,044	16.1%	1,267	2.3%
< \$10,000	802	10.3%	832	9.2%	30	-1.1%
\$10,000-\$19,999	1,805	23.2%	1,994	22.0%	189	-1.2%
\$20,000-\$29,999	1,347	17.3%	1,491	16.5%	144	-0.8%
\$30,000-\$39,999	1,002	12.9%	1,134	12.5%	132	-0.3%
\$40,000-\$49,999	573	7.4%	641	7.1%	68	-0.3%
\$50,000-\$59,999	493	6.3%	607	6.7%	114	0.4%
\$60,000-\$74,999	509	6.5%	625	6.9%	116	0.4%
\$75,000-\$99,999	511	6.6%	687	7.6%	176	1.0%
\$100,000-\$124,999	383	4.9%	539	6.0%	156	1.0%
\$125,000-\$149,999	145	1.9%	208	2.3%	63	0.4%
\$150,000-\$199,999	123	1.6%	182	2.0%	59	0.4%
\$200,000 +	84	1.1%	104	1.1%	20	0.1%
Median Income	\$31,912		\$35,091		\$3,178	

Income By Age Update: 2010/2015

Sample Study

Scan/US, Inc.

01/24/2011

All Objects in Groups: (2002 Block Groups)

	2010 Estimates		2015 Projections		2010-2015 Change	
Total Households	56,317		56,146		-171	
Householder, 75+ Years	8,927	15.9%	8,525	15.2%	-402	-0.7%
< \$10,000	1,495	16.7%	1,278	14.3%	-217	-2.4%
\$10,000-\$19,999	2,821	31.6%	2,571	28.8%	-250	-2.8%
\$20,000-\$29,999	1,445	16.2%	1,351	15.1%	-94	-1.1%
\$30,000-\$39,999	848	9.5%	819	9.2%	-29	-0.3%
\$40,000-\$49,999	491	5.5%	468	5.2%	-23	-0.3%
\$50,000-\$59,999	444	5.0%	462	5.2%	18	0.2%
\$60,000-\$74,999	426	4.8%	440	4.9%	14	0.2%
\$75,000-\$99,999	438	4.9%	509	5.7%	71	0.8%
\$100,000-\$124,999	239	2.7%	287	3.2%	48	0.5%
\$125,000-\$149,999	140	1.6%	174	1.9%	34	0.4%
\$150,000-\$199,999	73	0.8%	91	1.0%	18	0.2%
\$200,000 +	67	0.8%	75	0.8%	8	0.1%
Median Income	\$23,299		\$25,914		\$2,615	

Regional Market Area

Geodemographic Maps

Relational Demographics

Regional Demographics

Demographics have meaning when compared. The *Primary Market Area* is part of a larger *Regional Market Area*. Analyzing specific variables in the Primary Market Area and comparing them to the same variables in a Regional Market Area can help to understand how a market may utilize senior housing.

The report includes a section about the regional market area as a benchmark for your own study and specific interests. The maps included in this section typically are:

- Population Density
- 5 Year Projected Population Change
- Population Density of Age 75 and Older
- Median Household Income
- 75 and Older with Household Income over \$35,000

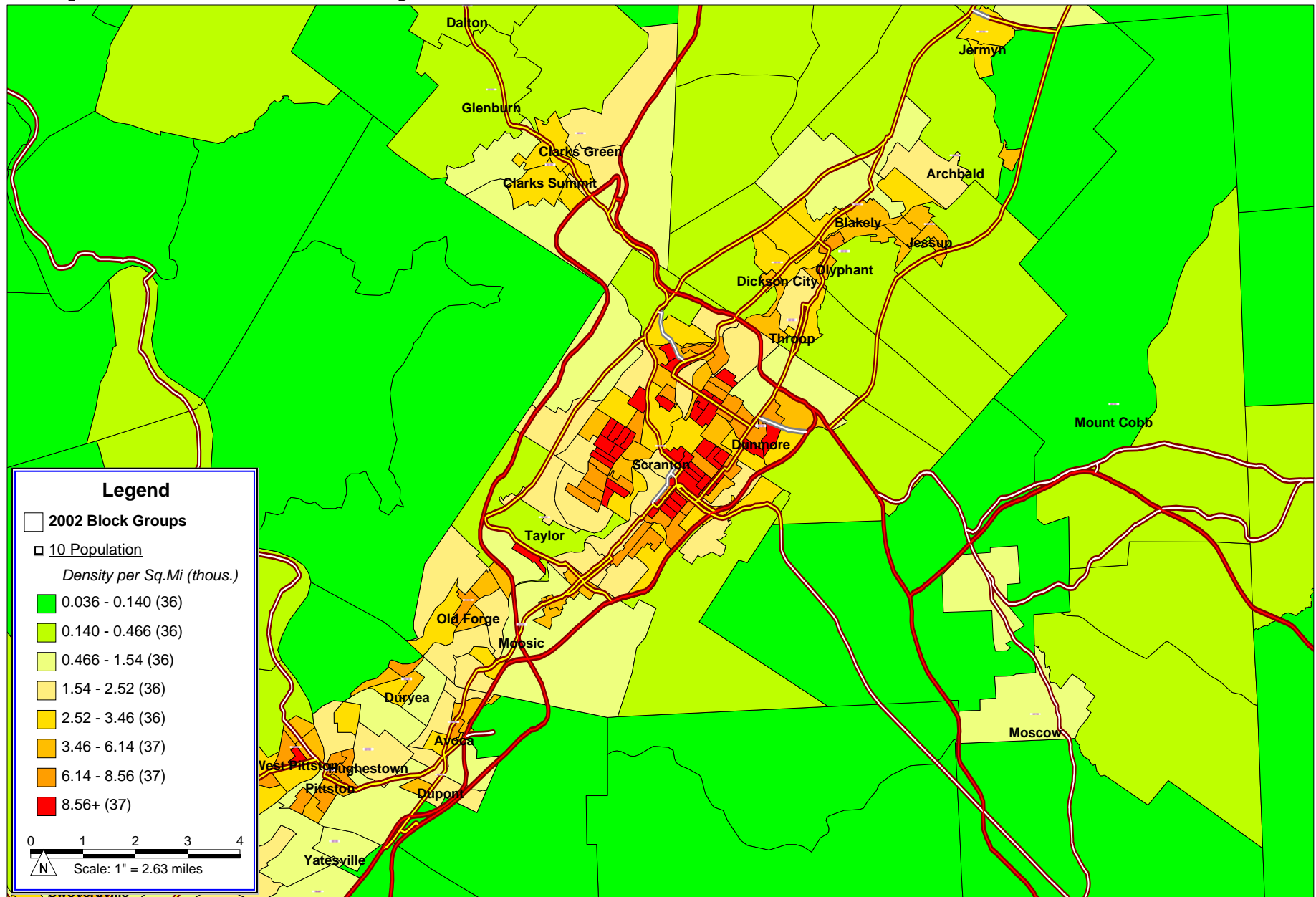
Site Selection

Although not part of the scope of a Phase I Feasibility Study, site selection can directly impact success or failure of a new campus. In reviewing demographic maps, it is important to compare your site to the surrounding areas and consider how variations in the market area may impact the success of the project. In addition to demographic analyses, potential considerations for site selection may include:

- Location to important retail and community services
- Proximity to public transportation
- Convenience and accessibility to the site
- Traffic controls
- Project awareness from drive-by traffic
- Perception of the neighborhood security and safety
- Attractiveness and visual environment of site
- Impact of current or future adjacent commercial and residential activity
- Future planned expansion or parking needs
- Proximity to other senior providers

Population Density 2010

Scan/US, Inc.

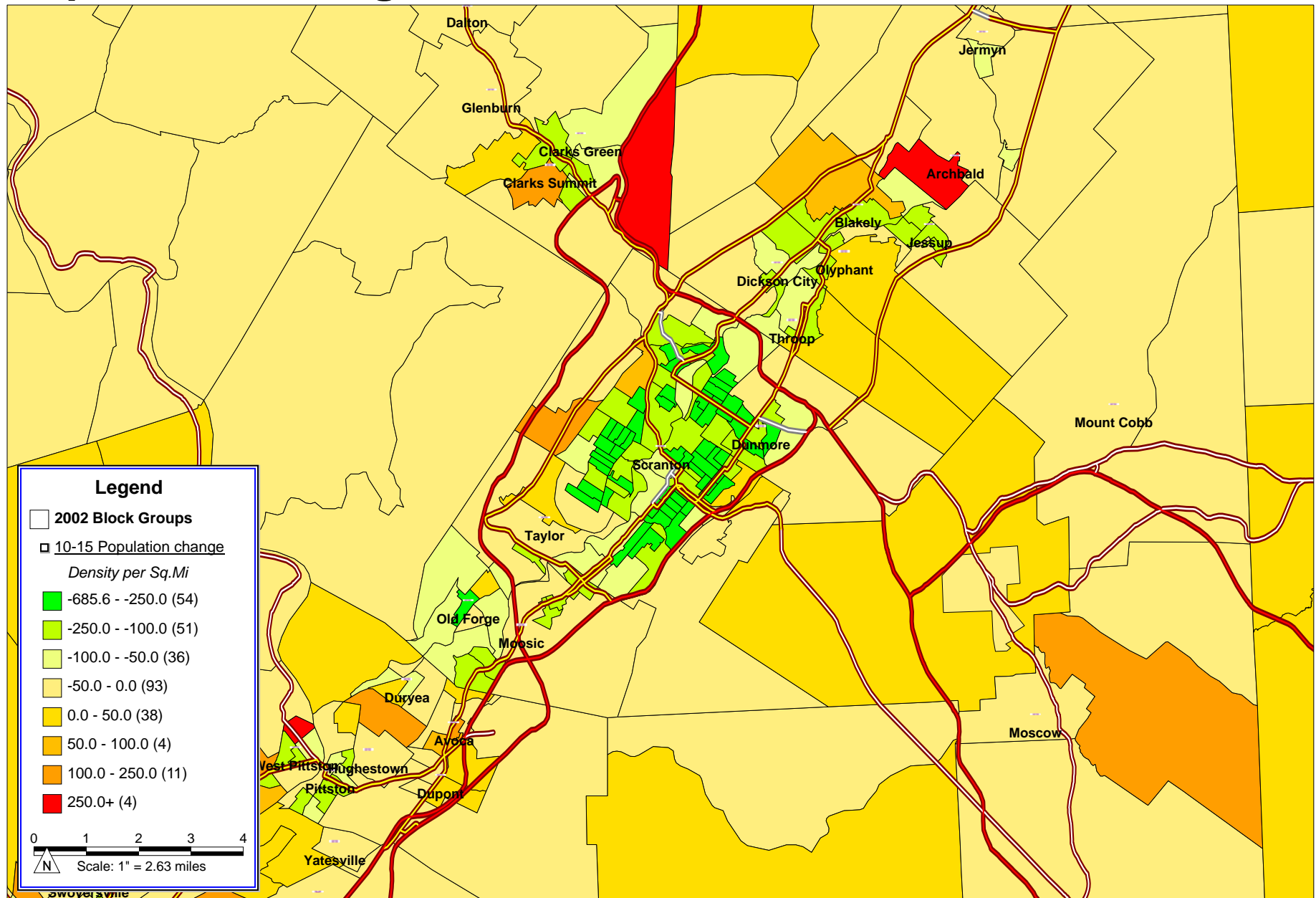


© 1992-2009, Scan/US, Inc. All rights

01/18/11

Population Change 2010 to 2015

Scan/US, Inc.

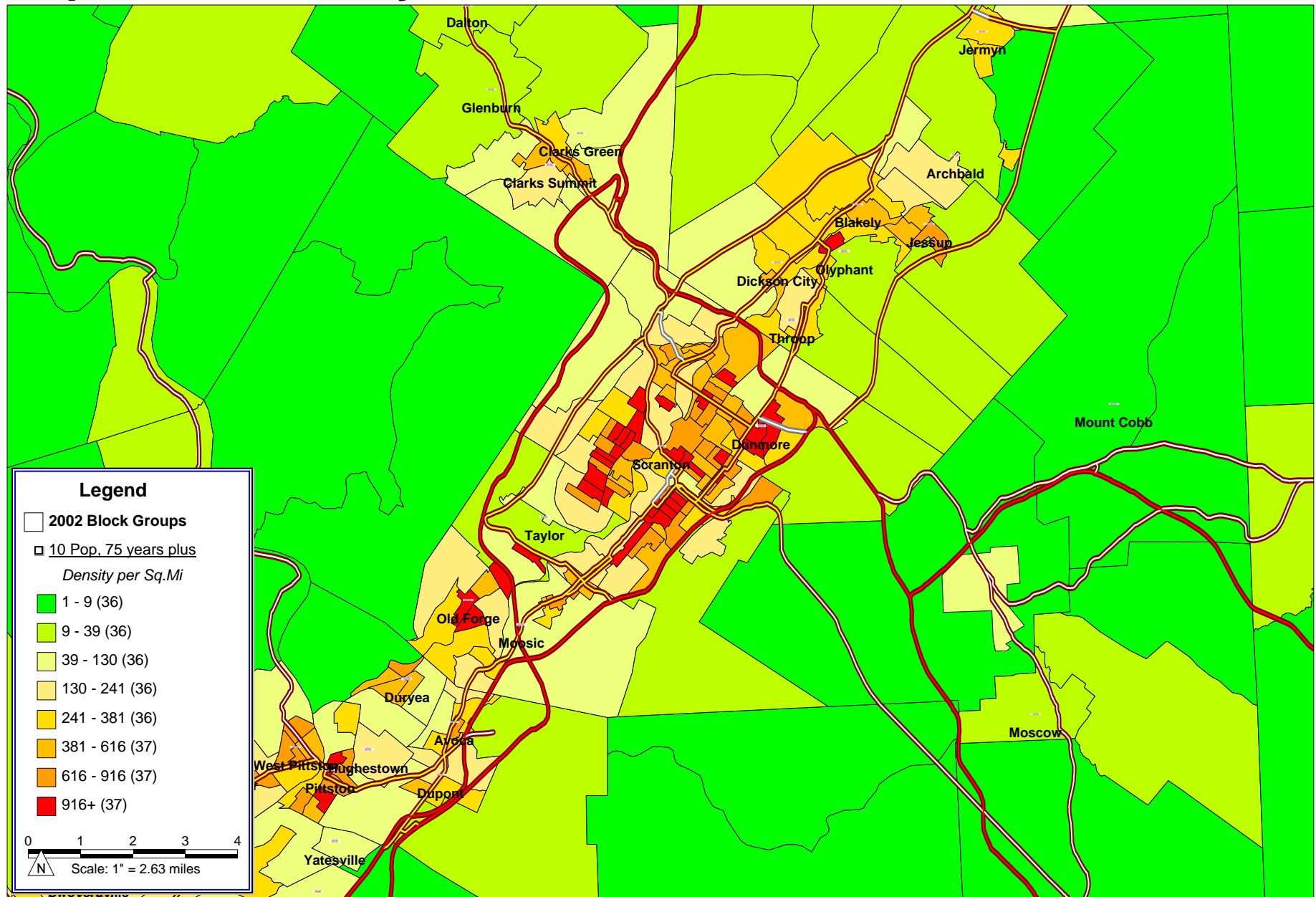


© 1992-2009, Scan/US, Inc. All rights

01/18/11

Population Density of 75 and Older

Scan/US, Inc.

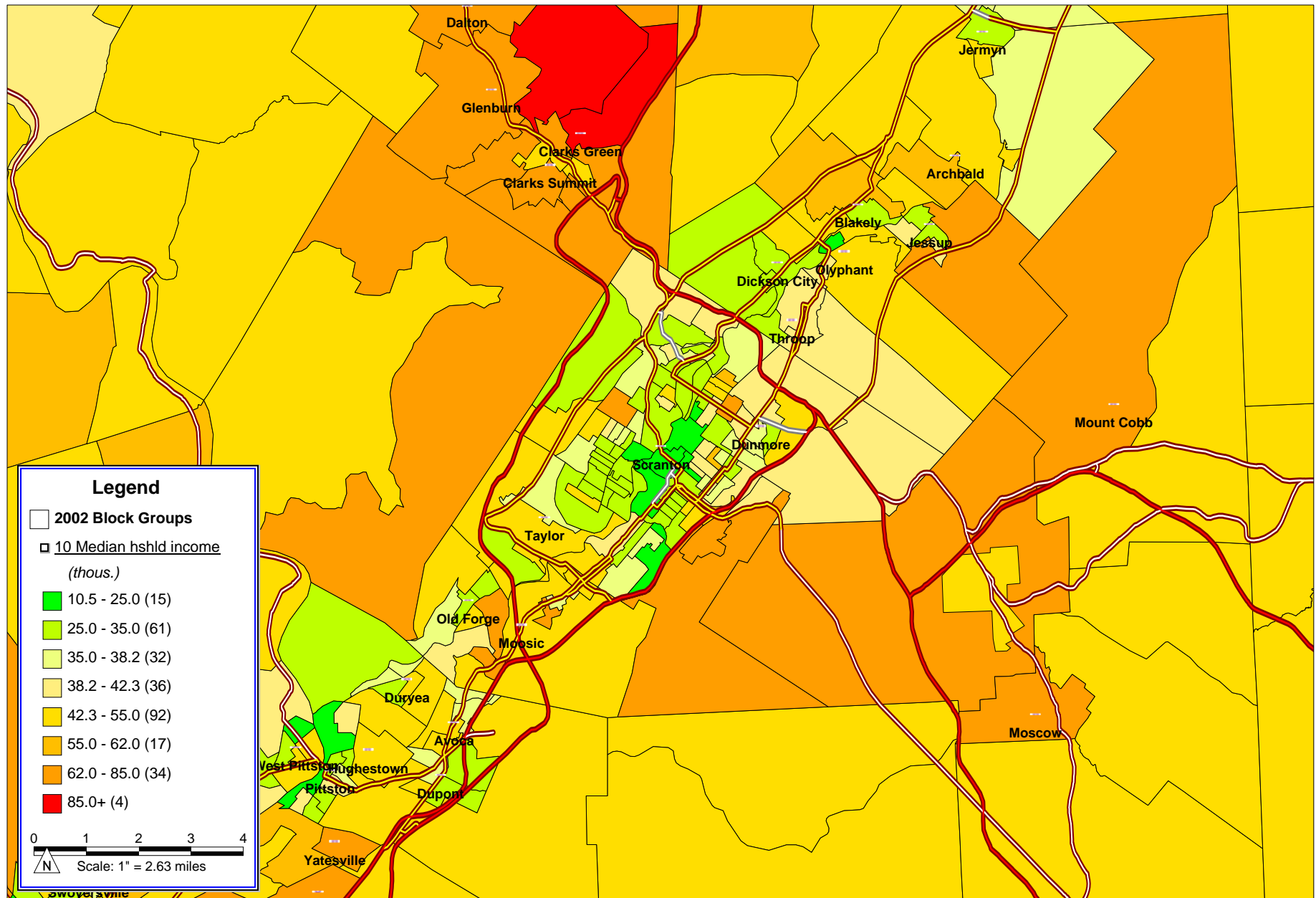


© 1992-2009, Scan/US, Inc. All rights

01/18/11

Median Household Income 2010

Scan/US, Inc.

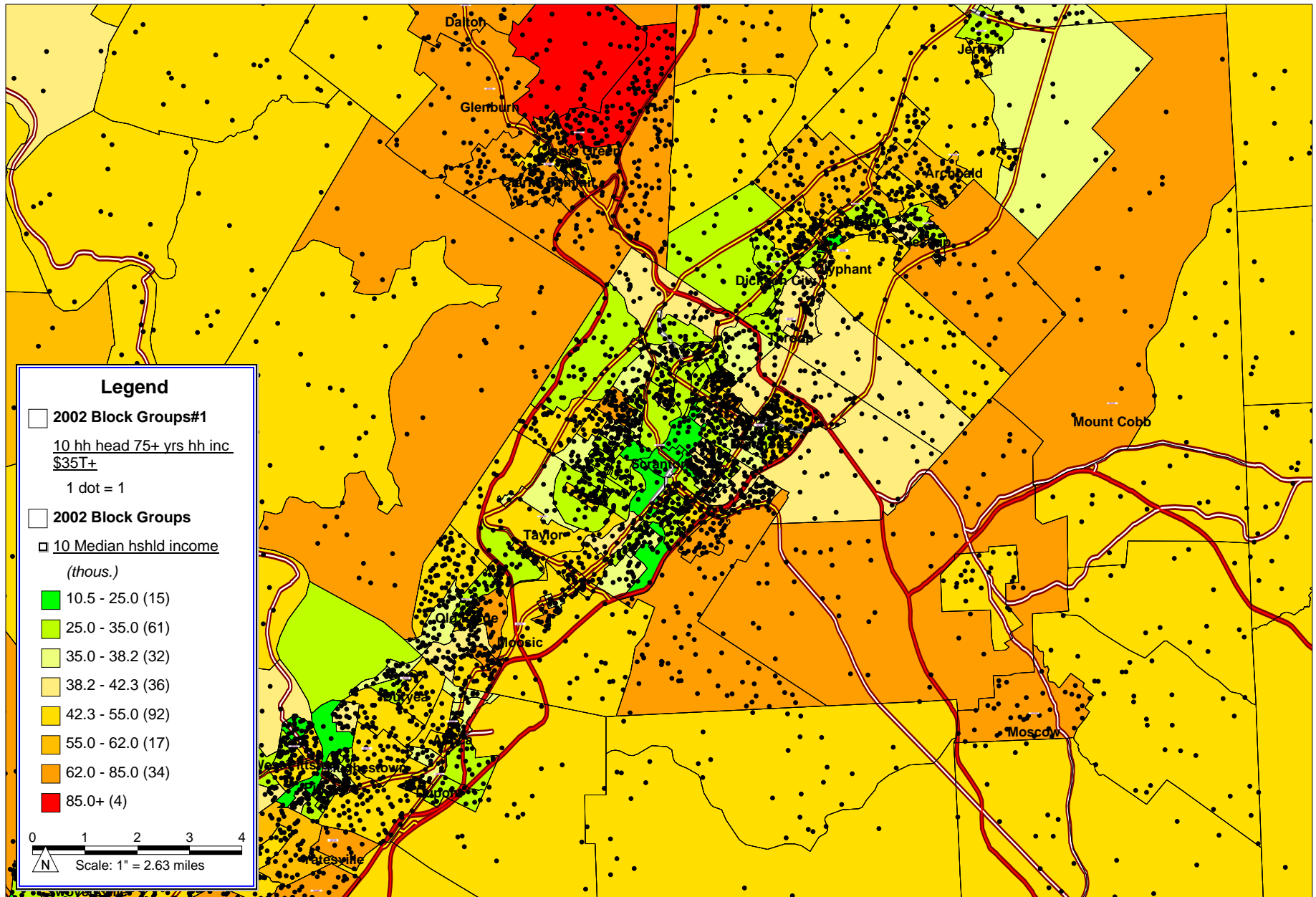


© 1992-2009, Scan/US, Inc. All rights

01/18/11

75+ With Income 35k+ Over Median Income

Scan/US, Inc.



© 1992-2009, Scan/US, Inc. All rights

01/18/11

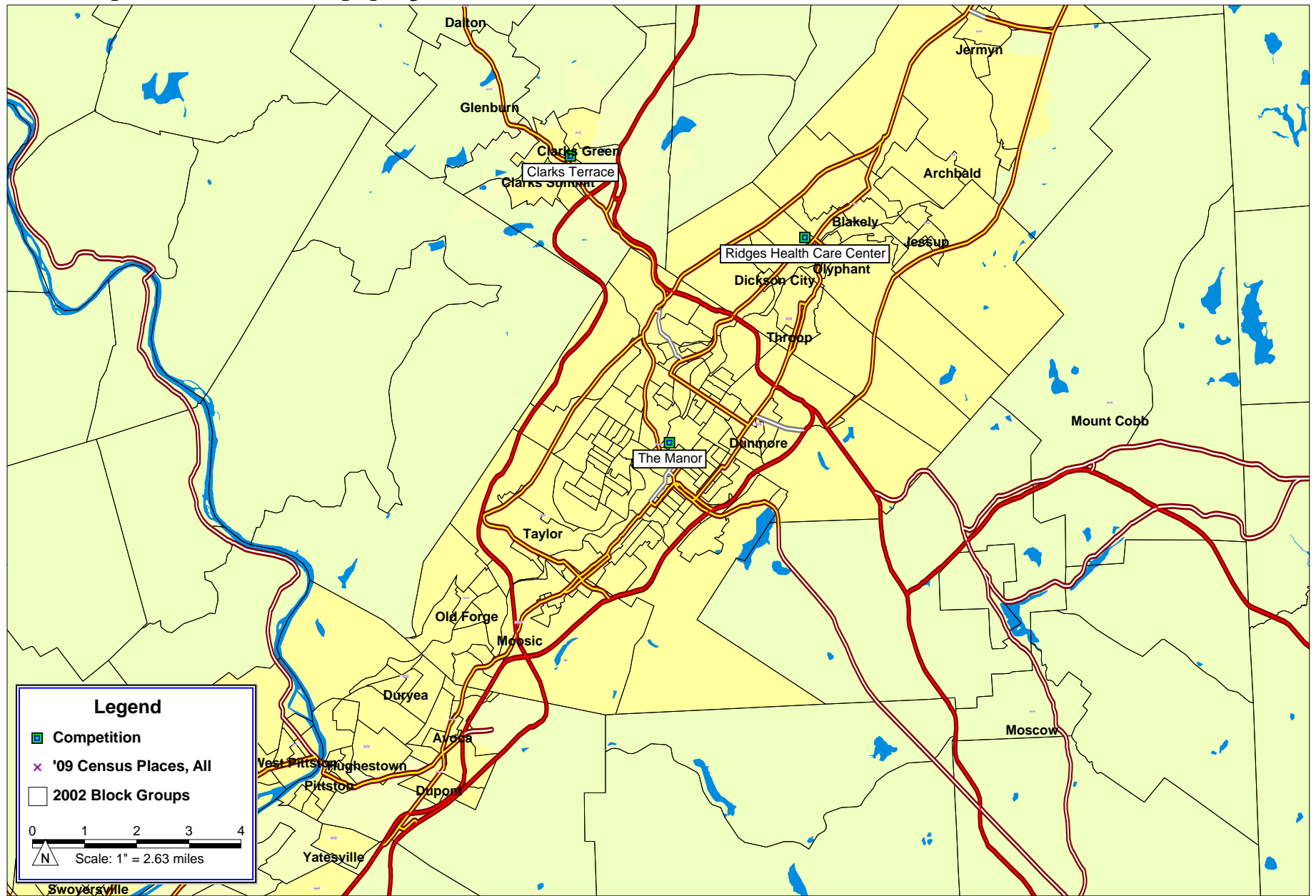
Competitive Inventory

Primary Market Area

Competitive Inventory										Competitive Allocation (Adjusted)							
Business Name	Current Occupancy	City	Senior Ltd Service	Independent Living	Assisted Market Rate	Assisted Non Income Qualified	Assisted Memory Care	High Acuity Assisted	Skilled Nursing	% Competitive (1)	Senior Ltd Service	Independent Living	Assisted Market Rate	Assisted Non Income Qualified	Assisted Memory Care	High Acuity Assisted	Skilled Nursing
Clarks Terrace	95.0%	Clarks Green	25	75	30	5	15		125	100%	25	75	30	5	15	-	125
Ridges Health Care Center	96.0%	Olyphant	40	100	45	4	10		200	100%	40	100	45	4	10	-	200
The Manor	98.0%	Scranton	50	125	75	10	25		225	100%	50	125	75	10	25	-	225
											-	-	-	-	-	-	-
			115	300	150	19	50	-	550		115	300	150	19	50	-	550
										-							
Proposed Projects																	
Business Name	Current Occupancy	City	Senior Ltd Service	Independent Living	Assisted Market Rate	Assisted Non Income Qualified	Assisted Memory Care	High Acuity Assisted	Skilled Nursing	% Competitive (1)	Senior Ltd Service	Independent Living	Assisted Market Rate	Assisted Non Income Qualified	Assisted Memory Care	High Acuity Assisted	Skilled Nursing
Eden Village				61	44		17	6		100%	-	61	44	-	17	6	-
											-	-	-	-	-	-	-
Total		-	-	61	-	-	-	-	-		-	61	44	-	17	6	-
										Grand Total	115	361	194	19	67	6	550

Competitive Supply

Scan/US, Inc.



© 1992-2009, Scan/US, Inc. All rights reserved.

01/27/11

Quantitative Market Analysis

Market Demand and Penetration Rates

EDI Methodology

The first step in analyzing market rate projects is to qualify the market. The following factors are used in the study:

Geographic Location

The primary market area, as determined by EDI.

Ages

For the purposes of this report, calculations are based on 65-74 and 75+ households for both independent living and assisted living services and memory care programs; nursing home utilization is based on population estimates for specific age segments.

Household Income

Seniors will generally use 40 to 60 percent of their pretax household income for independent senior housing, depending on the level of services offered. For assisted living projects, 80 percent or more of household income is reasonable, due to many other services included in the rate. Memory care programs market to individuals utilizing in excess of 90% of their income and frequently augmenting care and rental fees through a spend down of their assets. For nursing homes, the need driven basis and access to Medicaid and Medicare subsidies render income factors irrelevant to utilization rates. However, the demand for nursing home beds may be affected as nursing home alternatives such as assisted living and community-based home care services continue to grow.

The Need for Services

For independent living, this factor is not specifically reflected. Assisted living services provide a wide range of care levels and design options. The study utilizes a methodology that was developed by Essential Decisions, Inc. as an expansion from traditional age by income analysis and further projects utilization based on the need for care by specific age.

Determine the minimum annual household income required for residency in the project. EDI bases this on rates that are set by the client, or rates from local providers in the area. In all cases, rates used to determine home income eligibility are based on the average monthly rental rate for a one bedroom apartment for independent living, and average rental rate and basic care package for a studio apartment in assisted living and assisted memory care.

There are other sources of potential income that a resident may have upon moving. The most significant single asset owned by many of the elderly is their home. EDI methodology provides the opportunity for homeowners to convert home equity to annual income.

Determine the number of households by age able to afford the project. The number of income qualified households by age of householder is determined. EDI methodology allows for the additional income of homeowners to derive interest from the invested equity upon the sale of their home. The combined results represent the number of income qualified households by age group.

Assisted Living Only: Determine the number of elderly persons residing in income qualified households within the primary market that require assistance. A significant number of elderly individuals require assistance with the activities of daily living (ADL's) and independent activities of daily living (IADL's). EDI methodology reflects the findings of a study completed by the U.S. Department of Health and Human Services National Center for Health Statistics that shows the need for assistance of ADL's and IADL's for each of the elderly aged categories. When the number of elderly individuals projected to reside in age and income qualified households multiplied by the respective percentages of those needing assistance, the result is a gross potential need for assisted living apartments.

Determine the need for additional units by deducting the number of competitive units already in existence. After subtracting these units, the true net market potential is derived. In performing this calculation, we have assumed that these facilities are 93 percent occupied. Penetration rates vary significantly based on the type of project and the means used for calculating the market potential. Depending on the individual market, it is projected that 15% to 35% percent of the age and income qualified seniors who have impairments and need assistance will utilize assisted living services.

Determine Market Potential Adjustments. It is important to determine the positive or negative contribution that socio-economic factors and projected five year growth have on a potential project. Essential Decisions, Inc. has developed a methodology that adjusts for the influence of some of these factors. This adjustment is made to the "market potential" calculation on the independent living and assisted living demand analysis pages of this report.

These adjustments are subjective weighed evaluations comparing the Primary Market Area to statewide and national averages, with each variable having a maximum impact available. These factors could impact net demand calculations a maximum of 15% provided all factors are qualified for inclusion.

Projected 5-year Population Growth	-2% to 2%
Senior Population Growth for those 75+	-4% to 4%
Median Household Income (all age households)	-2% to 2%
Sponsorship – higher utilization if presently serving the community or on campus	0 to 2%
Location Value	0 to 5%

Qualitative Factor Adjustments

A thorough examination of a project's market feasibility includes the collection of both primary and secondary data. The analysis of the following demographic data is intended to provide a preliminary measure of expected market response for a proposed project.

The methodology used is intended to create a conservative projection for a project based on qualifying senior households by:

- * Location within Primary Market Area (PMA)
- * Age
- * Household Income
- * Relative Need for Housing/Services

Adjustments to Primary Market Area Market Demand

	%	Maximum	PMA	National
<i>Qualitative Factor</i>	<i>Adjusted</i>	<i>Adjustment</i>		
Population Change - 5 yr. projected	-2.0%	2.0%	-1.7%	4.7%
Age 65+ Growth 5 Yr Projected	-4.0%	4.0%	6.0%	12.8%
Median Household Income	-2.0%	2.0%	\$ 40,521	\$ 51,953
Sponsor Recognition		2.0%		
Location value		5.0%		

Total Adjustment To Market Demand -8%

The **Qualitative Adjustment Factor** is designed to further refine the market potential beyond age and income related criteria. Once the age, income, and competitive calculations are completed the "Total Adjustment" percentage is applied to the market potential.

Target Market Income Requirements

<i>Additional Income Generated from Home Sale</i>	
Median Home Value (1)	\$ 133,620
Senior Discounted Home Value @ 15%	\$113,577
Less Selling Costs of 7%	\$7,950
Net Senior Home Sale Proceeds	\$105,627
Interest Rate on Home Sale Proceeds	2.0%
Added Annual Interest Income	\$2,113

(1) Value from Trulia.com Neighborhood Profiles

<u><i>Monthly Senior Limited Service Rate</i></u>	<i>\$1,250</i>
Calculated Annual Rental Rate	\$15,000
% Income Used for Independent Living Charges	45%
Qualifying Income for Senior Renters	\$33,333
Less Annual Income from Home Proceeds	\$2,113
* Qualifying Income for Senior Home Owners	\$31,221

<u><i>Monthly Congregate Independent Living Rate</i></u>	<i>\$2,000</i>
Calculated Annual Rental Rate	\$24,000
% Income Used for Independent Living Charges	55%
Qualifying Income for Independent Renters	\$43,636
Less Annual Income from Home Proceeds	\$2,113
* Qualifying Income for Independent Home Owners	\$41,524

<u><i>Monthly Assisted Living Rate</i></u>	<i>\$3,500</i>
Calculated Annual Rental Rate	\$42,000
% Income Used for Assisted Living Charges	95%
* Qualifying Income for Assisted Renters	\$44,211
Less Annual Income from Home Proceeds	\$2,113
* Qualifying Income for Assisted Home Owners	\$42,098

<u><i>Monthly Assisted Memory Care Rate</i></u>	<i>\$5,500</i>
Calculated Annual Rental Rate	\$66,000
% Income Used for Memory Care Charges	95%
* Qualifying Income for Memory Care Renters	\$69,474
Less Annual Income from Home Proceeds	\$2,113
* Qualifying Income for Memory Care Home Owners	\$67,361

* The income necessary to qualify a household is based on the amount of household income which may be reasonably used to purchase housing and/or services and varies according to the type of housing or services offered. It is assumed that seniors who are homeowners will sell the home and derive additional earnings from invested proceeds.

Net Demand Calculations



SENIOR LIMITED SERVICE

MARKET DEMAND

Senior Limited Service Income Qualified Households

Annual Income	2010		2015	
	Age 65-74	Age 75+	Age 65-74	Age 75+
Owner Qualifying Income =	\$31,221		\$33,794	
Income \$ 0 to \$9,999	0	0	0	0
Income \$ 10,000 to \$19,999	0	0	0	0
Income \$ 20,000 to \$29,999	0	0	0	0
Income \$ 30,000 to \$39,999	510	431	408	295
Income \$ 40,000 to \$49,999	332	285	372	271
Income \$ 50,000 to \$59,999	285	257	351	267
Income \$ 60,000 to \$74,999	294	245	361	254
Income \$ 75,000 to \$99,999	292	250	393	291
Income \$100,000 to \$124,999	208	129	295	156
Income \$125,000 to \$149,999	78	74	112	94
Income \$150,000 to \$199,999	65	39	97	48
Income \$200,000 or more	44	35	54	39
Total Owner Income Qualifying HHs	2,107	1,745	2,445	1,716
# Owners	3,852		4,160	

Renter Qualifying Income =	\$33,333		\$36,081	
Income \$ 0 to \$9,999	0	0	0	0
Income \$ 10,000 to \$19,999	0	0	0	0
Income \$ 20,000 to \$29,999	0	0	0	0
Income \$ 30,000 to \$39,999	274	232	182	132
Income \$ 40,000 to \$49,999	235	201	263	192
Income \$ 50,000 to \$59,999	201	181	248	189
Income \$ 60,000 to \$74,999	207	174	255	179
Income \$ 75,000 to \$99,999	206	176	278	206
Income \$100,000 to \$124,999	147	92	209	111
Income \$125,000 to \$149,999	55	53	80	67
Income \$150,000 to \$199,999	46	27	69	34
Income \$200,000 or more	31	24	39	27

Total Renter Income Qualifying HHs	1,403	1,160	1,622	1,136
# Renters	2,563		2,758	

Year	2010		2015	
Total Qualified Households	6,414	39%	6,918	40%

Senior Limited Service Market Demand Analysis

SENIOR LIMITED SERVICE - DEMAND		2010	2015
Income Qualified Age 65-74 Households		3,509	4,066
Demand by Age 65-74 Households	1.0%	35	41
Income Qualified Age 75+ Households		2,905	2,852
Demand by Age 75+ Households	3.0%	87	86
Total Age and Income Qualified Households		6,414	6,918

Demand Total All Age 65+ Households		122	126
% Qualitative Market Adjustment		-8%	-8%
Adjusted Number of Units to Fill Market Demand		112	116
Demand from Outside the Market Area	25%	28	29
Total Demand Potential		141	145

Competitive Units		115	115
Maximum Occupancy in Competitive Units		95%	95%
Adjusted Competitive Units		109	109

SENIOR LIMITED SERVICE - NET DEMAND	31	36
--	-----------	-----------

Senior Limited Service: Multifamily "market rate" residential properties restricted to adults at least 55 years of age or older. These properties do not have central kitchen facilities and generally do not provide meals to residents, but may offer community rooms, social activities, and other amenities. This could include single family, townhome, or apartment style housing designs.

Subsidized low income projects or other projects that have income limits are not considered competitive to Senior Limited Service

CONGREGATE INDEPENDENT LIVING

MARKET DEMAND and PENETRATION RATES

Congregate Independent Living Income Qualified Households				
Annual Income	2010		2015	
	Age 65-74	Age 75+	Age 65-74	Age 75+
Owner Qualifying Income =	\$41,524		\$44,947	
Income \$ 0 to \$9,999	0	0	0	0
Income \$ 10,000 to \$19,999	0	0	0	0
Income \$ 20,000 to \$29,999	0	0	0	0
Income \$ 30,000 to \$39,999	0	0	0	0
Income \$ 40,000 to \$49,999	282	241	188	137
Income \$ 50,000 to \$59,999	285	257	351	267
Income \$ 60,000 to \$74,999	294	245	361	254
Income \$ 75,000 to \$99,999	292	250	393	291
Income \$100,000 to \$124,999	208	129	295	156
Income \$125,000 to \$149,999	78	74	112	94
Income \$150,000 to \$199,999	65	39	97	48
Income \$200,000 or more	44	35	54	39
Total Owner Income Qualifying HHs	1,546	1,270	1,852	1,286
# Owners	2,816		3,139	
Renter Qualifying Income =	\$43,636		\$47,233	
Income \$ 0 to \$9,999	0	0	0	0
Income \$ 10,000 to \$19,999	0	0	0	0
Income \$ 20,000 to \$29,999	0	0	0	0
Income \$ 30,000 to \$39,999	0	0	0	0
Income \$ 40,000 to \$49,999	149	128	73	53
Income \$ 50,000 to \$59,999	201	181	248	189
Income \$ 60,000 to \$74,999	207	174	255	179
Income \$ 75,000 to \$99,999	206	176	278	206
Income \$100,000 to \$124,999	147	92	209	111
Income \$125,000 to \$149,999	55	53	80	67
Income \$150,000 to \$199,999	46	27	69	34
Income \$200,000 or more	31	24	39	27
Total Renter Income Qualifying HHs	1,044	855	1,249	866
# Renters	1,899		2,115	
Year	2010		2015	
Total Qualified Households	4,715	29%	5,254	30%

Congregate Independent Living Market Demand Analysis

INDEPENDENT LIVING DEMAND		2010	2015
Income Qualified Age 65-74 Households		2,590	3,102
Demand by Age 65-74 Households	1.5%	39	47
Income Qualified Age 75+ Households		2,125	2,152
Demand by Age 75+ Households	10.0%	213	215
Total Age and Income Qualified Households		4,715	5,254

Demand Total All Age 65+ Households		251	262
% Qualitative Market Adjustment		-8%	-8%
Adjusted Number of Units to Fill Market Demand		231	241
Demand from Outside the Market Area		58	60
Total Demand Potential		289	301

Competitive Units		300	361
Maximum Occupancy in Competitive Units		95%	95%
Adjusted Competitive Units		285	343
INDEPENDENT LIVING - NET DEMAND		4	(42)

Congregate Independent Living Communities: Age-restricted, market rate, multifamily properties with central dining facilities that provide residents, as part of their monthly fee, access to meals and other services such as housekeeping, linen service, transportation, and social and recreational activities. Such properties do not provide, in a majority of the units, assistance with activities of daily living (ADLs) such as supervision of medication, bathing, dressing, toileting, etc.

Congregate Independent Living Penetration Rates

The *Project Penetration Rate* is the percentage of age- and income-qualified households in the primary market area that the **proposed project** would need to capture in the year of opening (the year in which at least six months of occupancy have occurred).

PROJECT PENETRATION RATE		Opening	Benchmark
Number of Planned Project Units		61	
Adjusted for % Occupancy		58	
Percentage of Project Units to be Filled from the PMA		75%	
Total Number of Planned Project Units to be Filled from the PMA		43	
Percent of Units to be occupied by age 75+	90%	39	
Number of Age (75+) and Income-Qualified Households (4)		2,136	Target
Less Existing and Planned Inventory of Competitive IL Units		343	6.0%
Net Number of Age- and Income-Qualified Households		1,793	Maximum
PROJECT PENETRATION RATE		2.2%	15.0%

Net Market Penetration Rate is the percentage of age- and income-qualified households the available units in the market would need to capture in order for the proposed project and planned projects to achieve stabilized occupancy in the year of opening

NET MARKET PROJECT PENETRATION RATE		Opening	Benchmark
Planned Units in the PMA			
The Project (adjusted for % occupancy and % draw from PMA)		39	
Other Planned Projects (adjust for % occupancy)		58	
Total Planned Projects (adjusted)		97	
Total Existing IL Units Available due to Attrition	20.0%	57	
Total IL Units to be Occupied from the PMA		154	
Estimated Number of Age & Income-Qualified Households (4)		2,136	Target
Less Existing IL Units		285	10.0%
Adjusted Number of Age & Income-Qualified Households		1,851	Maximum
NET MARKET PROJECT PENETRATION RATE		8.3%	18.0%

Gross Market Penetration Rate is the percentage of age- and income-qualified households in the defined geographic market area that the total market would need to absorb for the competitive properties in the entire market to achieve stabilized occupancy.

GROSS MARKET PENETRATION RATE			Benchmark
Market Inventory of Competitive			
Independent Living Units	Current Year	(5) Year	
The Project (1)		43	
Competitive Existing IL Units (2)	285	285	
Planned IL Units (3)		58	Target
Total IL Units in the PMA	285	386	23.0%
Number of Age- and Income-Eligible Households (4)	2,125	2,152	Maximum
GROSS MARKET PENETRATION RATE	13.4%	18.0%	45.0%

- (1) Project units adjusted for % occupancy and % PMA market area draw.
- (2) Competitive units adjusted for % occupancy.
- (3) Planned units adjusted for % occupancy and % market area draw.
- (4) For Purposes of Penetration Rate Analysis only age 75+ Households are used in age qualification

ASSISTED LIVING

MARKET DEMAND and PENETRATION RATES

Assisted Living Income Qualified Households				
Annual Income	2010		2015	
Ranges	Age 65-74	Age 75+	Age 65-74	Age 75+
Owner Qualifying Income =	\$42,098		\$45,568	
Income \$ 0 to \$9,999	0	0	0	0
Income \$ 10,000 to \$19,999	0	0	0	0
Income \$ 20,000 to \$29,999	0	0	0	0
Income \$ 30,000 to \$39,999	0	0	0	0
Income \$ 40,000 to \$49,999	262	225	165	120
Income \$ 50,000 to \$59,999	285	257	351	267
Income \$ 60,000 to \$74,999	294	245	361	254
Income \$ 75,000 to \$99,999	292	250	393	291
Income \$100,000 to \$124,999	208	129	295	156
Income \$125,000 to \$149,999	78	74	112	94
Income \$150,000 to \$199,999	65	39	97	48
Income \$200,000 or more	44	35	54	39
Total Owner Income Qualified HHs	1,527	1,254	1,829	1,270
# Owners	2,781		3,099	
Renter Qualifying Income =	\$44,211		\$47,855	
Income \$ 0 to \$9,999	0	0	0	0
Income \$ 10,000 to \$19,999	0	0	0	0
Income \$ 20,000 to \$29,999	0	0	0	0
Income \$ 30,000 to \$39,999	0	0	0	0
Income \$ 40,000 to \$49,999	136	117	56	41
Income \$ 50,000 to \$59,999	201	181	248	189
Income \$ 60,000 to \$74,999	207	174	255	179
Income \$ 75,000 to \$99,999	206	176	278	206
Income \$100,000 to \$124,999	147	92	209	111
Income \$125,000 to \$149,999	55	53	80	67
Income \$150,000 to \$199,999	46	27	69	34
Income \$200,000 or more	31	24	39	27
Total Renter Income Qualified HHs	1,030	844	1,233	854
# Renters	1,874		2,087	
Year	2010		2015	
Total Qualified Households	4,655	28%	5,186	30%

Assisted Living Potential

2010 Income Qualified Households Requiring Assistance *

	Income		% Need (1)	% Need (2)		Total %	Total
	Qualified		ADL	IADL		Assisted	Assisted
Age	Hholds		Assist	Assist		Needs	Qualified
65-74	2,557		3.5%	5.9%		9.4%	240
75+	2,097		9.0%	17.9%		26.9%	564
Total	4,655						805

2015 Income Qualified Households Requiring Assistance *

	Income		% Need (1)	% Need (2)		Total %	Total
	Qualified		ADL	IADL		Assisted	Assisted
Age	Hholds		Assist	Assist		Needs	Qualified
65-74	3,062		3.5%	5.9%		9.4%	288
75+	2,123		9.0%	17.9%		26.9%	571
Total	5,186						859

2010 Non-Income Qualified Households Requiring Assistance *

	Non-Income		% Need (1)	% Need (2)		Total %	Total
	Qualified		ADL	IADL		Assisted	Assisted
Age	Hholds		Assist	Assist		Needs	Qualified
65-74	5,083		3.5%	5.9%		9.4%	478
75+	6,712		9.0%	17.9%		26.9%	1,805
Total	11,794						2,283

2015 Non-Income Qualified Households Requiring Assistance *

	Non-Income		% Need (1)	% Need (2)		Total %	Total
	Qualified		ADL	IADL		Assisted	Assisted
Age	Hholds		Assist	Assist		Needs	Qualified
65-74	5,824		3.5%	5.9%		9.4%	547
75+	6,286		9.0%	17.9%		26.9%	1,691
Total	12,109						2,238

(1) - Activities of Daily Living, (Bathing, Dressing, Eating, etc) requiring the help of another person

(2) - Instrumental ADL's (chores, necessary business, shopping) requiring the help of another person

* Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2006

Income Qualified Assisted Living Demand		
Year	2010	2015
Available Prospects in Market Area	805	859
Percent of Added Prospects from Outside Market Area	25%	25%
Prospects from Outside the Market Area	201	215
Potential Prospects	1,006	1,074
% Qualitative Market Adjustment	-8.0%	-8.0%
Total Adjusted Market Potential	925	988
Market Net Demand Computation		
Maximum Percent of Need Met by Assisted Living	20.0%	20.0%
Calculated Number of Units to Fill Total Demand	185	198
Less Competitive Units	150	194
ASSISTED MARKET RATE - NET DEMAND	35	4

Non-Income Qualified Assisted Living Demand (1)		
Available Prospects in Market Area	2,283	2,238
Percent of Added Prospects from Outside Market Area	25%	25%
Prospects from Outside the Market Area	571	560
Potential Prospects	2,854	2,798
% Qualitative Market Adjustment	-8.0%	-8.0%
Total Adjusted Market Potential	2,626	2,574
Market Demand Computation		
Maximum Percent of Need Met by Assisted Living	5.0%	5.0%
Calculated Number of Units to Fill Total Demand	131	129
Less Competitive Units	19	19
ASSISTED NON-INCOME QUALIFIED - NET DEMAND	112	110

(1) Non-Income Qualified - households that do not have sufficient income to meet the market rate assisted criteria. Non-income qualified households may utilize other financial means such proceeds from their home, other assets, family supplements, and state administered Medicaid Waiver programs in order to meet the cost of care.

Assisted Living: State regulated/registered properties that offer personalized assistance, supportive services and health care in a professionally managed group living environment. Typical services include assistance with activities of daily living, management of medications, bathing, dressing, toileting, mobility and eating.

Assisted Living Penetration Rates

Parameter Current Year	Current Year	Projected Year
Number of existing ALF competitive units	150	150
Number of planned ALF units at the project	44	44
Number of planned ALF units in the PMA	44	44
Stabilized occupancy percentage	93%	93%
Percent of units to be occupied from the PMA	75%	75%
Number of age-qualified households (Age 75+)	8,809	8,409
Number of age & income-qualified households (75+)	2,097	2,123
Percent requiring assistance	27%	27%
Percentage living alone	50%	50%
Number of Age-Qualified Prospects	1,185	1,131
Number of Age & Income-Qualified Prospects	282	286

	Current Year		Projected Year	
	Age Qualified	Age Income Qualified	Age Qualified	Age Income Qualified
Assisted Living Gross Market Penetration Rates				
Number of Qualified Individuals	1,185	282	1,131	286
Number of Individuals in Existing ALF Units (1)	105	105	105	105
Total Qualified Individuals	1,289	387	1,236	390
Number of Individuals in Existing ALF Units	105	105	105	105
Number of planned ALF units at the project (3) (4)	31	31	31	31
Number of Other Planned ALF units in the PMA (3) (4)			31	31
Total Units Including the Project	135	135	166	166
Gross Market Penetration Rate (project + existing + pending)	10.5%	35.0%	13.4%	42.5%
Upper Acceptable Range			36.0%	50.0%

PROJECT PENETRATION RATE		Year of Opening	Benchmarks
Number of Planned Project Units		44	
Adjusted for (2)		41	
Percentage of Project Units to be Filled from the PMA		75%	
Total Number of Planned Project Units to be Filled from the PMA		31	
Number of Age (75+) and Income-Qualified Households (5)		2,108	
Less Existing & Planned of Competitive Units (2) (3) (4)		126	Target 5.0%
Net Number of Age- and Income-Qualified Households		2,234	Maximum
PROJECT PENETRATION RATE		1.4%	7.5%

- (1) Existing competitive facilities assuming % PMA origin and adjusted for vacancy
 (2) Planned project assuming % originating from PMA and adjusted for vacancy
 (3) Planned units in current Year times PMA % times vacancy adjusted
 (4) Planned units in Projected Year times PMA % times vacancy adjusted
 (5) For Purposes of Penetration Rate Analysis only age 75+ Households are used in age qualification

ASSISTED MEMORY CARE

MARKET DEMAND

Assisted Memory Care Income Qualified Households

Annual Income	2010		2015	
Ranges	Age 65-74	Age 75+	Age 65-74	Age 75+
Owner Qualifying Income =	\$67,361		\$72,914	
Income \$ 0 to \$9,999	0	0	0	0
Income \$ 10,000 to \$19,999	0	0	0	0
Income \$ 20,000 to \$29,999	0	0	0	0
Income \$ 30,000 to \$39,999	0	0	0	0
Income \$ 40,000 to \$49,999	0	0	0	0
Income \$ 50,000 to \$59,999	0	0	0	0
Income \$ 60,000 to \$74,999	149	125	50	35
Income \$ 75,000 to \$99,999	292	250	393	291
Income \$100,000 to \$124,999	208	129	295	156
Income \$125,000 to \$149,999	78	74	112	94
Income \$150,000 to \$199,999	65	39	97	48
Income \$200,000 or more	44	35	54	39
Total Owner Income Qualified HHs	836	652	1,003	664
# Owners	1,488		1,667	

Renter Qualifying Income =	\$69,474		\$75,201	
Income \$ 0 to \$9,999	0	0	0	0
Income \$ 10,000 to \$19,999	0	0	0	0
Income \$ 20,000 to \$29,999	0	0	0	0
Income \$ 30,000 to \$39,999	0	0	0	0
Income \$ 40,000 to \$49,999	0	0	0	0
Income \$ 50,000 to \$59,999	0	0	0	0
Income \$ 60,000 to \$74,999	76	13	0	0
Income \$ 75,000 to \$99,999	206	176	301	223
Income \$100,000 to \$124,999	147	92	209	111
Income \$125,000 to \$149,999	55	53	80	67
Income \$150,000 to \$199,999	46	27	69	34
Income \$200,000 or more	31	24	39	27
Total Renter Income Qualified HHs	562	385	697	462
# Renters	947		1,158	

Year	2010		2015	
Total Qualified Households	2,435	15%	2,825	16%

Assisted Memory Care

2010 Income Qualified Households Requiring Memory Care

Age	% Alzheimer's	Income Qualified HHolds	# Qualified Alzheimer's	Non Income Qualified HHolds	# Nonqualified Alzheimer's	% Draw From Nonqualified	# Draw Non Qualified	# Alzheimer's Total
Age 65-74	7.2%	1,398	101	8,252	594	5%	30	130
Age 75+	24.9%	1,037	258	9,782	2,436	15%	365	624
Total		2,435	359	18,034	3,030		395	754

2015 Income Qualified Households Requiring Memory Care

Age	% Alzheimer's	Income Qualified HHolds	# Qualified Alzheimer's	Non Income Qualified HHolds	# Nonqualified Alzheimer's	% Draw From Nonqualified	# Draw Non Qualified	# Alzheimer's Total
Age 65-74	7.2%	1,699	122	9,202	663	5%	33	155
Age 75+	24.9%	1,125	280	9,299	2,315	15%	347	628
Total		2,825	403	18,500	2,978		380	783

Assisted Memory Care Demand Calculation

	2010	2015
Calculated Market Potential	754	783
Identified Competitive Units in Market Area	50	67
Maximum Occupancy in Competitive Units	95%	95%
Adjusted Competitive Units	48	64
Available Prospects in Market Area	706	719
Percent of Added Prospects from Outside the Market Area	25%	25%
Prospects from Outside Market Area	177	180
Potential Market Area	883	899
% Qualitative Market Adjustment	-8.0%	-8.0%
Total Adjusted Market Potential	812	827

Market Demand Computation

Total Adjusted Market Potential (no competition)	860	891
Estimated Percent of Need Met by Assisted Living Special Care Unit	10%	10%
Calculated Number of Units to Fill Total Demand	86	89
Less Competitive Units	50	67
ASSISTED MEMORY CARE - NET DEMAND	36	22

Assisted Memory Care: A property that specializes in the care of residents with Alzheimer's or other forms of dementia that is not a licensed nursing facility.

HIGH ACUITY ASSISTED LIVING

MARKET DEMAND

High Acuity Assisted Living Market Potential

Assisted Living Market Potential Contribution	2010	2015
Assisted Living Gross Market Demand	185	198
AL Residents in Need of High Acuity(48%) ²	89	95
Capture Rate of Potential Residents from AL Market	5.0%	5.0%
Potential HAAL Residents From PMA	4	5
Percent From Outside the PMA (25%)	1	1
Total Potential Demand from AL Market	6	6
Skilled Nursing Market Potential Contribution	2010	2015
Skilled Nursing Gross Market Demand	1393	1375
Number of Private Pay Residents(23.5%) ¹	327	323
Capture Rate of Residents from Skilled Market	5.0%	5.0%
Potential HAAL Residents From PMA	16	16
Percent From Outside the PMA (25%)	4	4
Total Potential Demand From Skilled Market	20	20

Demand	2010	2015
Total Demand (AL + Skilled)	26	26
Existing Supply	0	6
Net Demand	26	20

High Acuity Assisted Living (HAAL) is a program of supportive care services providing 24 hour direct care and supervision by both licensed and unlicensed nursing staff. The focus is on expanded personal care beyond the limits of traditional assisted living programs. As an emerging market, EDI continues to update the methodology used to determine penetration rates. EDI continues to survey providers of HAAL, and will continue to adjust this demand model as resident data becomes available.

1)Status of Long Term Care in MN 2008-Continuing Care Administration

2) Based on a proprietary internal data study of acuity care levels in 18 assisted living communities, serving 952 residents, 48% of these residents are eligible for HAAL based on cost and level of care.

SKILLED NURSING CARE

MARKET DEMAND and PENETRATION RATES

Skilled Nursing Home Needs

Demand Calculations					
Age Group	% Use (1)	2010	Beds	2015	Beds
Age 65 -74	1.08%	11,568	125	13,558	146
Age 75 - 84	4.30%	8,521	366	8,171	351
Age 85+	18.25%	4,938	901	4,806	877
Total Demand		25,027	1,393	26,535	1,375

Competitive Inventory	550	550
SKILLED NURSING CARE - NET DEMAND	843	825

Nursing Homes: Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) or nursing facilities (NF) where the majority of individuals require 24-hour nursing and/or medical care.

(1) Met Life Mature Market Institute's Survey of Long Term Care 2008

(this page intentionally left blank)