Boom in seniors' homes reflects the boom

MELISSA DUNNE
GLOBE AND MAIL UPDATE
NOVEMBER 13, 2007 AT 8:35 AM EST

When Jack Pong went looking for a retirement facility for his mother six years ago, he was “appalled” at the selection. The facilities were cold, institutional and boring, he recalls.

So, the Toronto developer has decided to do what comes naturally – he's building one.

In partnership with St. Paul's L'Amoreaux Seniors' Centre, Mr. Pong's **City Core Development Ltd.** plans to transform a car lot in northeast Toronto into a trendy retirement and assisted-living facility.

Just a block away from two conventional retirement facilities that St. Paul's operates, the 650,000-square-foot Harmony Village will house a mix of residential, retail, medical and non-profit services.

Developer Jack Pong didn't like what he saw in the retirement home community - so he's building one himself.

It is Mr. Pong's first foray into this sector, and his effort reflects recent interest by developers to start building sophisticated retirement facilities aimed at relatively younger, affluent seniors.

Over the next 25 years, retirement facilities are expected to get bigger, more sophisticated, and tuned in to aging baby boomers' wants and needs, according to industry analysts and developers.

And private developers aren't the only ones leading the charge. Publicly funded institutions and organizations, such as hospitals, universities, or municipalities, increasingly are teaming up with developers or operators to build these facilities, says Tony McLean, senior vice-president of research and program development at **Chartwell Seniors Housing Real Estate Investment Trust** in Mississauga.

Public-private partnerships allow developers to build facilities aimed at the growing seniors population, while cutting costs by getting non-profit organizations, such as St. Paul's or a local university, to provide most of the services and amenities, he adds.

The $142-million Harmony Village is planned to have two nine-storey towers offering a range of amenities, such as restaurants, cafés, shops, and medical offices Mr. Pong says. The towers will also house a $12-million to $15-million public community centre, operated by St. Paul's, offering a bevy of services, from yoga classes to shuttle buses.

While City Core and **Invar Building Corp.** of Toronto are funding the total cost of development, the operation of the community centre will be covered partly by government funding, using St. Paul's volunteers, and charging modest user fees.

The Village, set in a residential area about 20 minutes outside downtown Toronto, also will have 669 mostly for-sale units in two 20-storey condominium towers and a handful of two-storey townhouses.

Toronto firm TAS DesignBuild will design the interior of the facilities and all the buildings will use solar and geothermal systems to reduce energy costs and greenhouses gas emissions. The grounds will have manicured gardens, ponds, and walking trails.

The move toward trendy facilities in urban settings is expected to sweep the nation as the aging population becomes more discerning and demanding, says Mark Gallagher, associate vice-president of the health care practice group at **Cushman & Wakefield LePage Inc.** in Vancouver.

The 65-plus set tends to be more educated and affluent than their parents were, and are increasingly demanding 1,200- to 1,600-square-foot units equipped with cooking space, wireless Internet, and onsite amenities, ranging from wading pools to sports bars, and cinemas to valet parking, says Gordon White, chief executive officer of the Ontario Retirement Communities Association in Mississauga.

With one in four Canadians projected to be over 65 by 2031, according to Statistics Canada, developers are eager to cash in on the anticipated growing demand for retirement facilities.

The sector still largely comprises “mom and pop operations,” but over the past four years, pension funds, public companies, and private investors have started to buy up and consolidate operations as well as build new inventory, Mr. Gallagher says.

The opportunity to invest in real estate developments that are expected to grow in value over time, plus anticipated growing demand will make these desirable projects for many developers, Mr. White says.

Indeed, Cushman & Wakefield has about $1-billion worth of seniors facilities in North America and another $2-billion worth of “opportunities in the pipeline,” Mr. Gallagher says.

Chartwell Seniors Housing REIT, the Canadian industry leader – it owns or manages 268 facilities with 37,000 suites in Canada – also has substantial expansion plans, adding 900 suites a year to its Canadian portfolio until 2014, Mr. McLean says.

With the increased participation of larger players, the retirement and assisted-living facility sector is expected to almost double in size, from just over 200,000 suites in 2006 to close to 380,000 suites by 2031, according to an analysis of Statistics Canada data by Care Planning Partners Inc., a provider of market and financial consulting services to the Canadian seniors' housing and care services industry.

Most will be built from the ground up close to urban areas, and house retail, medical, and recreational services alongside a mix of hotel- or condominium-style residences for between 50 to 200 people, Mr. Gallagher says.

Mr. White uses a demographic metaphor to describe the sector. “We're teenagers right now,” he says. “There is a lot of growth, change, improvement and challenges ahead.”

With the average age of a retirement facility resident currently at 85, developers looking to appeal to a slightly younger senior will have to be able to strike the right balance between having trendy services that they want when they first move in and the more practical amenities they will need as they age, Mr. McLean says.

That strategy is reflected in the plans for Harmony Village. Only 18 per cent of the units will be geared to assisted living when the facility opens, but the buildings will have handrails in hallways, washrooms and other key areas as well as seniors-safe bathtubs.

Although construction of Harmony Village won't begin until next fall, with completion scheduled for the winter of 2010, Mr. Pong is already thinking about developing more retirement facilities in the Toronto area.

“The demographics are in our favour, there is a strong need and demand for what we are offering,” he says.

Special to The Globe and Mail