Phase I Executive Summary Report for University of California San Diego Retirement Community (UCSD-RC)

FINAL
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Introduction

In early 2020, a work group of faculty, staff and alumni from University of California San Diego (UCSD) engaged The Kendal Corporation to conduct a comprehensive multi-modal market research study in support of the exploration of the development of a “one of its kind” life plan community (LPC) on the campus of UCSD. This proposed LPC is being referred to as the University of California San Diego Retirement Community (UCSD-RC). The overall purpose of the study is to assist the work group in understanding the full capacity of its market today and in the future, as well as to provide insight that will inform the project.

Phase I of the study commenced in January 2020 and included the following research initiatives:

- Market Analysis/Feasibility Study (including competitive analysis)
- Demographic Market Survey (emailed to 60,640 UCSD affiliated individuals)

Project Overview

The core idea of the UCSD-RC, as envisioned by the UCSD-RC Work Group, is “to enable older adults to continue their journey of lifelong learning and exploration in a community integrated with the teaching, research, and service aspects of UCSD. With the vision that the UCSD-RC will be integrated with many aspects of UCSD, the proposed UCSD-RC will prioritize admission to persons affiliated with UCSD. While UCSD affiliates will have priority access, the community will be open to all age-appropriate people interested in continued growth, learning and wellness as they age in an intergenerational living and learning environment on the UCSD campus.”

To help shape the UCSD-RC and explore its feasibility, the work group sought a professional consultant who shares a similar vision and possesses the necessary experience and business skills. Ultimately, the work group is exploring this new community with The Kendal Corporation because they, too, strive to advance the traditional model for senior living and are experienced developers and operators of successful LPCs across the country, including the development of some of the first University Affiliated-LPC Partnerships. Kendal is pleased and proud to be a thought partner with the Work Group and has been providing advisement in the areas of finance, marketing, design and the LPC development process.

At present, the UCSD-RC is envisioned as:

- Being located on the East campus of UCSD (on one of two potential sites along Regents Road)
- A highrise or mid-rise development
• A continuum of care to include Independent Living (IL) residences, Assisted Living (AL), Memory Care (MC), Nursing Care (NC), and possibly in-home care. The total number of IL is currently envisioned as 200 residences.

• Having some amenities located within the community, with others accessible on the UCSD campus.

Overall Findings and Recommendations

As a result of Phase I research to date, we note the following key findings for the work group’s planning effort:

• The market feasibility study found strong, positive demand for all four levels of care analyzed – IL, AL, MC and NC, with what appears to be sufficient depth to warrant adding a new LPC on the campus of UC San Diego. The ranges of market demand accommodate the number of residences envisioned in preliminarily discussions, approximately 200 IL residences.

• The positive demand found in the market feasibility study is bolstered by the high response rates and interest rates the demographic market survey generated. We believe the strong survey response rate (7.9%) validates the market demand findings, as high response rates tend to proxy for consumer excitement for the project.

• The work group who is leading this exploration is both deeply engaged and motivated. Every successful project needs a champion, and the UCSD-RC has a work group of champions from across the disciplines and service areas who are committed to learning what the market needs and wants, what is operationally feasible, and what aligns with UCSD’s strategic growth plan, in order to create an LPC aimed at meeting all of these needs. Kendal’s role has been to provide competent expertise about the burgeoning field of seniors housing and services.

• Making the decision to move to an LPC is a large and weighty one. The reputation and financial success of the sponsor is an essential component of the evaluation process. The combination of two highly regarded brands (UCSD and The Kendal Corporation), has the potential to add significant credibility to the UCSD-RC. The UCSD-RC’s ability to integrate with existing aspects of both UCSD and Kendal would not only be appealing to consumers, but also operationally efficient.

• The San Diego market area has several large existing LPCs. Consumer knowledge and acceptance of LPCs can help the sales and lead conversion process. Demographic market survey results indicate high levels of LPC awareness and acceptance, with reported familiarity at 59% in the demographic market survey and likelihood of moving to an LPC at 86% (this is much higher than what Kendal typically reports in other markets).
The UCSD-RC has a strong and real group of early interest leads. A total of 1,604 new leads were generated from the Phase I demographic market survey. This group opted in to learn more about the community as it develops, and this figure proxies for interest in the UCSD-RC.

The cohort surveyed is largely qualified for the project, with 72% reporting incomes of $100,000 or higher and 49% reporting total assets of $1 million or more.

The work group has the ability to immediately begin relationship building and early marketing to the 1,604 new leads generated from the survey efforts.

Ultimately, this project is significant for its ability to truly evolve the nation’s model for university-affiliated retirement living. As previously discussed with the work group, most of the university-affiliated retirement living examples throughout the country are at best programmatic and marketing-focused. The potential to build this new community on the UCSD campus as well as integrate residents into the UCSD community via a host of partnership opportunities positions the UCSD-RC to be able to attract consumers nationally. If done well, the UCSD-RC will be a model for the fields of aging, senior living and intergenerational education, especially one that is fully integrated into the instructional, research, and service life of a modern research public university. Additionally, by having both UCSD and Kendal involved with the project, the UCSD-RC may well be resistant to negative impacts resulting for economic downturns, given the experience, longevity and support from both organizations.

Demographic market survey respondents indicate some key amenities need not be located in the building, but rather within walking distance or available via transportation, namely educational programs and an aquatic facility.

As a result of Phase I key findings, we recommend the following:

It is Kendal’s professional opinion that the UCSD-RC development research continue in earnest. Whereas Phase I updated statistical depth for senior housing products, Phase II research will focus on consumer preferences by testing the express opinions, needs, and desires of potential consumers. Phase II will determine if the current and projected statistical need aligns with practical consumer desire for the project. The goals of the Phase II research are to gather direct consumer input to continue to help shape specific aspects of the project. Kendal recommends that Phase II focus group research begin as soon as feasibly possible.