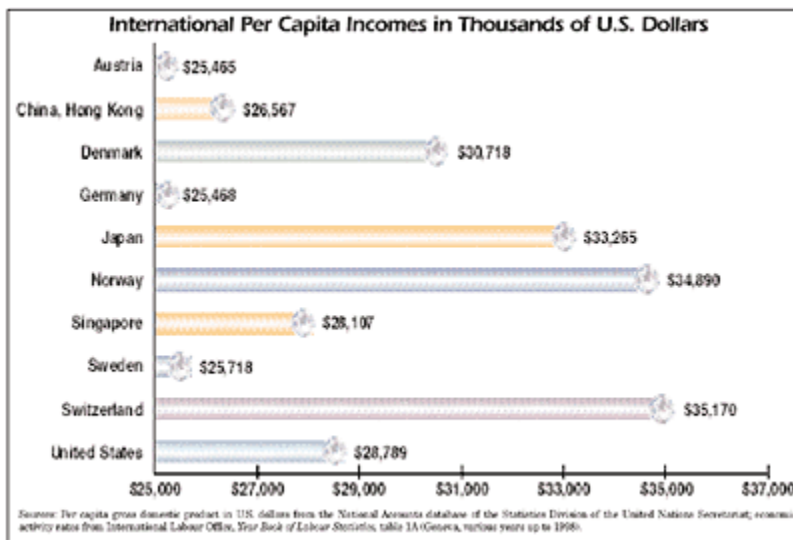


Going Global

Statistics indicate benefits in international development of senior housing

By David Collins, ARV Assisted Living Inc.

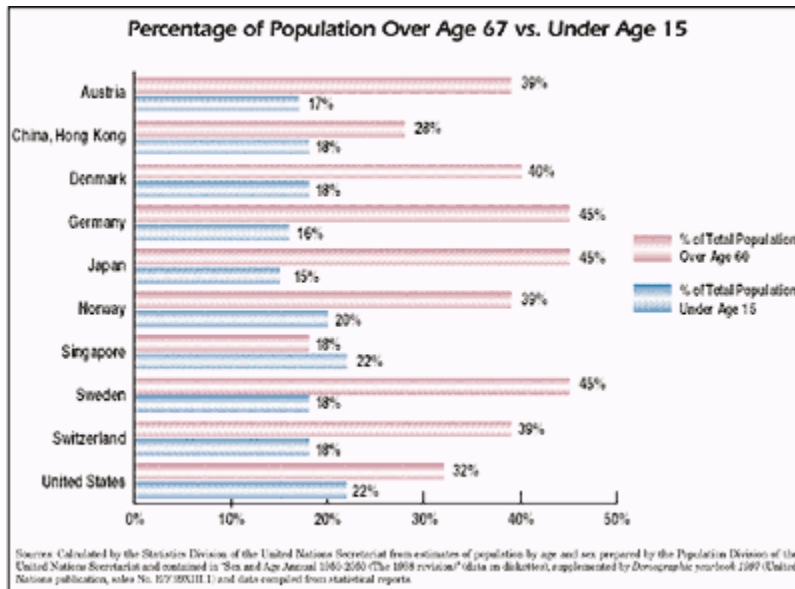
"Knock-your-socks-off" demographics relating to aging are popping up East and West. The United Nations Department of Economics and Social Affairs has just published a wall chart entitled *Population Aging 99*¹, with figures that truly call out for attention. One set relates to caregivers and *Potential Support Ratios*, and indicates that for every person over 65, the number of persons in the 15 to 64 age range drops from nine to five over the next 50 years. In the United States and most of Europe, caregivers disappear by an even greater percent as that same number for eastern Asia drops from nine to three. Pete Peterson, in his new and highly recommended book *Gray Dawn*², says the new demographics may become the greatest trial man has ever faced. Wheelbarrows full of statistics like these, however, do not make a market until supply-and-demand figures are thoroughly studied.



Pick up the Yellow Pages in virtually any city in the world and thumb through them until you come to retirement housing. You are not likely to find models similar to those of the United States, though local religious societies, charities, medical groups and an occasional entrepreneur are filling in some gaps.

With the exception of the United Kingdom, Japan, France and Oceania, where the markets are huge, little progress was made during the '90s towards full-scale international development of senior housing. Considering the size of the U.S. market, most developers stayed close to home, although Sunrise and Emeritus developed projects outside the country and more are coming while welcoming arms wait. Local expertise in building

and construction is readily available, but what local developers do not have--and eagerly seek--is a level of expertise for the design and operation of assisted living and retirement housing.



While U.S. entrepreneurs can "go it alone," and some do, it is wise to have a strategic relationship with a well-placed local partner. Here's what to look for in a strategic alliance:

- Make sure the overseas partner is capitalized sufficiently to participate in deals. Avoid the locals who simply "know" the market and can provide introductions. An experienced developer will help you to avoid pitfalls such as using carpeting in countries where carpeting is considered a cover for dirt.
- Agree on market studies so that questions, no matter how they must be asked, lead to responses that are clear to your frame of reference. In most cases, you will be breaking new ground, so set the rules your way for what you need to know and then work with the host groups to accommodate their needs for structuring.
- Meet and get to know the local and regional government authorities. They may want to claim a benefit for "helping" to find and attract American senior-living companies to their communities.
- Look for financing from sources aiming to invest in the social-welfare aspect of the market. Many international finance and government agencies have funds available at rates from 3 percent to 5 percent. Some will require that a certain percentage of units be kept available for "special-care" elderly, usually citizens who cannot afford housing on their own, and most sources will pay for the rooms whether occupied or vacant.
- Adapt. In many countries, those who could easily afford to rent will not. Some societies have the conviction that renting is for the "lower classes" and must be

avoided. Novel financing must be engineered so that a potential resident's requirements are met and you still get paid. One form would be the sale of a "right to occupy" with a guaranteed buy-back at a fixed discount. Monthly services would be purchased separately from a menu of services.

- Try to tie in U.S. architects who are expert in assisted living and senior housing with the project's lead architect. The American / local architect component ratio should be about 25 / 75, and their first work should be on a prototype to take to government agencies and landowners.
- Explore with the area's political powers opportunities for tapping funds to translate manuals and to train their citizens in U.S. "sister" communities. In many cases, governments actively seek to help with job creation, some with great offers.
- Understand the commonality and the disparity in caring for an 80-year-old woman--the typical age and sex of a U.S. resident--compared to caring for an 80-year-old woman overseas. While both may need help getting dressed, can just anyone do it and at what time of day? These are simple questions with widely disparate answers.

The United Nations estimates that the number of people over 60 will grow from 600 million to 2 billion in the next 50 years. Europe and Asia together have 78 percent of the world's current 60-plus population and represent enormous potential for the successful development of assisted-living and senior-living communities.

1. *To request a copy contact the United Nations, Population Division, Department for Economic and Social Information and Policy Analysis, e-mail population@un.org; phone (212) 963-3179; fax (212) 963-2147 or (212) 963-2638.*
2. *Gray Dawn, How the Coming Age Wave Will Transform America--and the World by Peter G. Peterson, published by Times Books.*

David Collins is one of the founders and participating board members of ARV Assisted Living Inc. in Costa Mesa, Calif. Also president of Senior Living International, Mr. Collins was active for many years in international finance, particularly in the Middle East. He co-founded the World Trade Center in Orange County, Calif., in 1974, and in 1981 began his career in the senior-housing industry. Mr. Collins is a member of the board of the International Association of Homes and Services for the Aging. He currently resides with his wife, Victoria Collins, Ph.D., an asset manager and author, in Laguna Beach, Calif.