Market Needs and Economic Impact of Continuing Care Retirement Communities in North Carolina

Executive Summary

Stephen J. Appold, Ph.D.
James H. Johnson, Jr., Ph.D.
Allan M. Parnell, Ph.D.

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Frank Hawkins Kenan Institute of Private Enterprise
University of North Carolina at Chapel Hill

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Over the next two decades, North Carolina's senior population is projected increase by 68 percent – from 1.5 million in 2014 to 2.5 million in 2034. Continuing Care Retirement Communities (CCRCs)—institutional entities that meet the health and lifestyle needs of older adults as they age—constitute important residential and care options for our state's rapidly growing population of seniors. CCRCs typically include independent living units, assisted living units, and skilled nursing care facilities. With this continuum of care, CCRC residents can avoid subsequent residential moves as their health and functional abilities decline. CCRCs therefore are a type of serviced real estate – that is, real estate bundled with a set of guaranteed services which are partially prepaid. However, given shifting economic and demographic trends in the marketplace, a number of CCRCs are beginning to expand services beyond their campuses.

Licensed through the North Carolina Department of Insurance, there are 57 CCRCs in the state of North Carolina. All 57 provide independent living units, 51 offer assisted living units, 53 operate nursing facilities, and 36 have dementia care units. Overall occupancy rates are in the high 80 percent range with a degree of variation among the 57 communities.

Driven primarily by the distribution of high wealth seniors—presently their main clientele, CCRCs are concentrated in or near major metropolitan areas and in selected resort retirement areas within the state. The annual cost of living/care in a CCRC is determined in part by land costs. As a consequence, CCRCs may increasingly locate near the suburban frontier of the largest, rapidly-growing metropolitan areas over the next few decades.

In 2014, North Carolina's 57 CCRCs housed 18,961 residents and employed an estimated 14,906 workers across all skill levels. CCRC's total ongoing purchases ($979 million), including payroll ($499 million), generated an estimated total economic impact of $1.7 billion. This included $94 million in direct and indirect state and county taxes and $152 million in federal taxes.

Two decades from now, in 2034, CCRCs are projected to house 35,381 residents and employ 29,752 workers. CCRC's total ongoing purchases ($1.8 billion), including payroll ($931 million), will generate an estimated total economic impact of $3.2 billion, including $174 million in direct and indirect state and county taxes and $283 million in federal taxes.

Beyond our projection horizon, insufficient wealth accumulation may constrain or prevent subsequent cohorts of seniors from considering CCRCs as realistic residential and care options in their maturing years. Recently, in anticipation of this potentiality, CCRCs have extended their circles of care beyond their core, well-to-do clientele to include individuals with a net worth below their normal requirements and to seniors in the local community opting to age in place. As they continue to do so, they will increasingly need to deal with the effects of growing income inequality and with the impacts of rising health threats, such as obesity and its consequences, on aging cohorts.