

**UPDATED CAPTURE RATE/
DEMAND ANALYSIS
FOR NEW ASSISTED LIVING IN
REDONDO BEACH, CALIFORNIA**

Prepared For:

BEACH CITIES HEALTH DISTRICT

August, 2018

MDS RESEARCH COMPANY, INC.

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TO: Leslie Dickey

DATE: August 28, 2018

FROM: Lynne Moore

SUBJECT: **Update of Capture Rate/Demand Analysis
For A Site in Redondo Beach, California**

Contained herein are the results of an update of a capture rate analysis evaluating the size and depth of the market and potential demand for the development of a proposed a new assisted living and memory care community on your campus in Redondo Beach, California. Exhibit 1 summarizes the revised product definition for the new assisted living unit. It should be noted that there will also be memory care units in the building, however, this space will be master leased by Silverado, who will be operating those special care units. MDS did, however, also implement a capture rate analysis to test the feasibility of new memory care units in this market area.

The results of this updated capture rate analysis have been summarized in this Executive Summary report supported by generally self-explanatory technical data exhibits. MDS will also be available to respond to questions upon review of this report.

Primary Market Area (PMA) Definition

The Primary Market Area (PMA) that has been defined and evaluated for the subject new development consists of a mosaic of contiguous zip codes within an approximate 5-mile radius of the Beach Cities Health Center campus. For this analysis, MDS has assumed that 65% to 75% of new assisted living units will be absorbed (or occupied) by Senior households residing in this PMA. In the capture rate/demand models, a factor of 70% was utilized for the PMA absorption assumption. Exhibit 2 presents a list of the zip codes/communities that comprise this PMA. Figure 1 presents a zip code map depicting the approximate boundaries of this PMA.

The remaining 25% to 35% is expected to come from Secondary and Tertiary Market Areas - including the remainder of the Los Angeles MSA, other areas in the state of California and in-migration from outside the state. This in-migration will be primarily driven by the actions of the adult children/decision influencers attempting to bring their aging parents closer to them in the later stages of their life.

Professional Market Feasibility Opinion

Based upon the preliminary results of this updated capture rate/demand analysis and MDS' significant national experience in evaluating successful Senior housing communities, it is our preliminary opinion that there is sufficient size and depth of the age and income qualified market to support the prudent introduction of new assisted living and memory care units into the Redondo Beach PMA – based on this quantitative analysis and assuming the affordability levels evaluated herein. This opinion considers both existing and planned/announced Senior housing competition as well as unit turnover - the re-filling of existing occupied units due to natural resident attrition that will occur at mature competitive communities in the market area.

Following is a discussion of the capture rate/demand analysis for assisted living and memory care units and the conservative factors and assumptions utilized herein.

Senior Housing Capture Rates - Trends and Benchmarks

Project “capture rate” is defined as the percentage of the age and income qualified prospects an individual Senior housing community will have to attract or capture in order to achieve 93% occupancy. The required capture rate for a Senior housing community is calculated by dividing the number of units to be absorbed from within the PMA by the number of net potential age-, income- and health-qualified prospects residing in that market area.

Independent Living Capture Rates - While there have been various industry standards for maximum acceptable capture rates for an individual project in a specific market area, **an industry figure of approximately 5% (based on limited age and income screening only) evolved over time and was historically considered an acceptable project capture rate for market rate independent living/congregate units.** It should be noted that this figure was initially based on age 65+ households (the age criteria is now considered to be age 75+) with very little or no income screening or competitive analysis techniques.

In addition to more detailed age and income demographic screening and pragmatic competitive analysis, the MDS capture rate model for independent living now factors out Seniors who are estimated to need assistance with activities of daily living (ADLs). These Seniors are excluded from the potential pool of independent living prospects as it is assumed that they are no longer health-qualified for the independent living lifestyle. **Based on these more detailed screening criteria, MDS now considers up to 10% as an acceptable acuity-adjusted capture rate for independent living.**

Assisted Living Capture Rates - Assisted living capture rates have traditionally been calculated in a similar manner to independent living - based on limited age and income qualifying criteria and little or no competitive analysis. It has been MDS’ experience; however, that assisted living involves a more highly need-driven situation. The typical age profile for residents in assisted living is early 80s and they have a need for assistance with the activities of daily living (ADLs).

In addition to screening for age and income and more pragmatic competitive analysis, the demand model for assisted living also factors in levels of incidence for the need for assistance with the activities of daily living (ADLs). While there are some Seniors who will move into assisted living before they need significant levels of ADLs, Seniors needing these services are the most likely target market for assisted living. **It is MDS’ opinion that an individual assisted living community should not count on capturing more than 20% of this specific age and income qualified and need-driven target population in a specific market area in order to achieve stabilized occupancy. The final assessment of acceptable assisted living capture rates is obviously contingent upon the subject property being evaluated and market conditions at the time of the analysis.**

Summary of Age 75+ Capture Rates for New Assisted Living Units in the Redondo Beach PMA

MDS implemented three capture rate/demand models for **140 assisted living units** being considered for the proposed new development. Later in this analysis, MDS has also implemented a separate demand model for **120 Alzheimer’s/memory care beds in an assisted living setting**. Each of the assisted living models has considered different qualifying income criteria in order to test the elasticity of affordability in this market area. These income criteria will support the pricing outlined in Exhibit 1. Exhibits 3 through 5 present the assisted living capture rate models.

Following is a summary of the resulting age 75+ capture rates for **140 new assisted living units** at each of the various income thresholds, along with the base monthly service fee supported by each of the qualifying income criteria:

Minimum Qualifying Cash Flow Income Screen	140 Assisted Living Units			
	2020	2023	Refer to Exhibit	Base Monthly Service Fee Supported
@ \$115,000+	6.6%	5.2%	3	\$6,900
@ \$125,000+	7.9%	6.1%	4	\$7,500
@ \$135,000+	9.3%	6.9%	5	\$8,100

These capture rates assume that 70% of the unit absorption will be by qualified Senior prospects residing within the defined PMA. They also assume that any proposed new development will be brought to 93% occupancy. The base monthly service fees supported by the various qualifying income criteria assume that 80% of the Senior’s disposable cash flow income can be allocated for the assisted living pricing. They also assume an average 10% income tax factor.

All of the capture rate models factored in an ADL incidence level factor of 32.1% in 2020 and 31.7% in 2023 for the Redondo Beach PMA. This represents the percent of age 75+ households estimated to require assistance with the activities of daily living in each of the time frames evaluated (refer to Exhibit 6 for the calculation for this PMA). This insures that, in the assisted living demand models, we have included only those Senior households that are estimated to require assistance with ADLs. This approach also ensures that there is no overlap or double counting of households in the evaluation of the demand for the independent living versus assisted living lifestyles.

The capture rates reflected in Exhibits 3 through 5 are **based on both qualifying annual cash flow income and the estimated impact of the investment of home equity in the defined PMA. It is the opinion of MDS that the capture rates for the unit counts evaluated are conservative, realistic and well within the range of acceptable and recognized industry standards.** As discussed earlier, the threshold over which the capture rate for any one community should not exceed is 20% for assisted living - based on the current screening criteria.

Exhibit 7 presents a more detailed explanation of the supporting rationale and key assumptions involved in the capture rate analysis for market rate assisted living units. These capture rate/demand models have been projected to the 2020 time frame in order to attempt to be consistent with a proposed development time frame and potential introduction of new products at

the subject site location. We have also considered the potential out to the 2023 time frame to give consideration to future estimated changes/growth in the Senior population.

Impact of Home Equity

Exhibits 8a through 9 outline a home equity analysis in which the minimum qualifying income criteria could be reduced (for those Seniors selling their homes) due to annual cash flow that would result from the sale of a home in the Primary Market Area and the prudent reinvestment of the net, after-tax sales proceeds. This analysis estimates the number of additional households (whose actual incomes are below 115,000) who would be qualified at this level, assuming they could sell their home and conservatively invest the net equity proceeds at 4%. This would allow these Seniors to supplement their income with the interest earnings, while leaving the principal from the sale of their home intact and in their portfolio of assets for their estate.

It should be noted that MDS recognizes that Senior investments may not be realizing 4% interest rates at this time. If one was to alternatively consider this as a modest spend down strategy, this would allow for a 25 year spend down – assuming no interest earning at all on the investment of this home equity. It is MDS' opinion that it is not prudent to rely heavily on spend down in evaluating affordability for Senior housing, however, this scenario illustrates that spend down can be a prudent financial strategy – under the right conditions. Spend down and financial assistance from family is difficult to quantify and, therefore, are primarily considered forecasting safety margin when evaluating the demand for new Senior living.

Capture Rates for Alzheimer's/Memory Care Beds in an Assisted Living Setting

MDS has evaluated the potential for the development of **120 Alzheimer's/memory care beds (60 units) in an assisted living/residential care setting**. These units would offer similar services and amenities as would be provided for the assisted living residents; however, the personal care services would be more frequent and intensive and the physical space would be specially designed to be secure and to effectively care for the special needs and requirements of these residents.

MDS has conducted a significant amount of internal research and development and has developed a demand methodology for projecting the need for Alzheimer's beds in a market area. The Alzheimer's capture rate model is conservative, realistic and gives consideration to all of the relevant key factors and assumptions with regard to this very specialized type of living arrangement.

Exhibit 10 shows the calculation for computing the weighted average level of incidence for age 75+ households in the PMA in 2020 and 2023. MDS has conservatively assumed that all of the potential residents will be age 75+ and has given the appropriate (heavier) weighting to the age 85+ cohort using the levels of incidence.

Alzheimer's/Memory Care Capture Rate Summary - Exhibits 11 and 12 presents the detailed capture rate/demand models that calculate the percent of age 75+ income qualified households (estimated to be afflicted with Alzheimer's) who will be required to successfully absorb the subject new Alzheimer's assisted living beds and bring them to 93% occupancy. These models

consider two qualifying cash flow income criteria and also assume 70% of the unit absorption by qualified prospects residing in the PMA.

There are no firm industry standards for maximum acceptable capture rates for Alzheimer’s assisted living units in a specific market area. However, in our evaluation of these project capture rates, MDS has made comparisons to other similar, but more traditional type, living arrangements - primarily assisted living/personal care. Based on our national experience, we are observing 20% as an assisted living ceiling capture rate benchmark based on age, income and need-driven qualifying criteria.

It is the opinion of MDS that the Alzheimer’s assisted living capture rates should be reasonably consistent with traditional assisted living capture rates; however, they could be higher - depending on market conditions. The needs of this particular target market are highly specialized and, as a result, they do not have as many options available to them as Seniors who are not afflicted with Alzheimer’s. Therefore, we could expect a higher percent of capture of this particular target market. MDS did, however, utilize the assisted living benchmark of 20% in the evaluation of these special care units.

Following is a summary of the age 75+ capture rates for **120 Alzheimer’s/memory care beds** in an assisted living setting:

Minimum Qualifying Cash Flow Income Screen	120 Alzheimer’s/Memory Care Beds			
	2020	2023	Refer to Exhibit	Base Monthly Service Fee Supported
@ \$135,000+	9.5%	7.3%	11	\$8,600
@ \$145,000+	11.1%	8.3%	12	\$9,240

It is the opinion of MDS that the resulting capture rates are within the range of capture rates that we have observed in other market areas - and they are conservative and acceptable capture rates for this living arrangement and lifestyle.

If I can answer any questions or provide additional information regarding this updated capture rate analysis, please do not hesitate to call me. We stand ready to support you in any way that we can with your project.

Lynne Moore

Lynne Moore
President
MDS RESEARCH COMPANY, INC.

EXHIBIT 1

PROPOSED PRODUCT CHARACTERISTICS
FOR A NEW ASSISTED LIVING DEVELOPMENT
IN REDONDO BEACH, CALIFORNIA¹

Market Rate Rental Pricing

<u>Assisted Living Units</u>			Projected		Potential Ranges of		
			Monthly Service Fees		Pricing Assuming Increased		
			Single	Double	Single	Double	
		Occupancy	Occupancy	Occupancy	Occupancy	Occupancy	
Studio	78	55.7%	375 - 450 s.f.	\$6,350 - \$6,850	None	\$7,000 - \$9,450 ³	None
One Bedroom	56	40.0%	500 - 600	\$7,950 - \$8,500	\$9,225 - \$9,775	\$8,600 - \$11,100 ³	\$9,875 - \$12,375 ³
Two Bedroom	6	4.3%	800 - 850	\$10,600 - \$11,140	\$11,875 - \$12,415	\$11,250 - \$13,740 ³	\$12,525 - \$15,015 ³
Weighted Average	140	100.0%					
			443 - 527 s.f.	\$7,172 - \$7,694	\$4,199 - \$4,442	\$7,822 - \$10,294	\$4,487 - \$5,594

Source: MDS Analysis

¹ Subject to further analysis and discussion between MDS and the Development Team.

² Pricing for a married couple occupying a larger unit.

³ These price ranges assume four levels of care at \$650 per level.

EXHIBIT 2

PRELIMINARY PRIMARY MARKET AREA

DEFINITION FOR A NEW SENIOR HOUSING

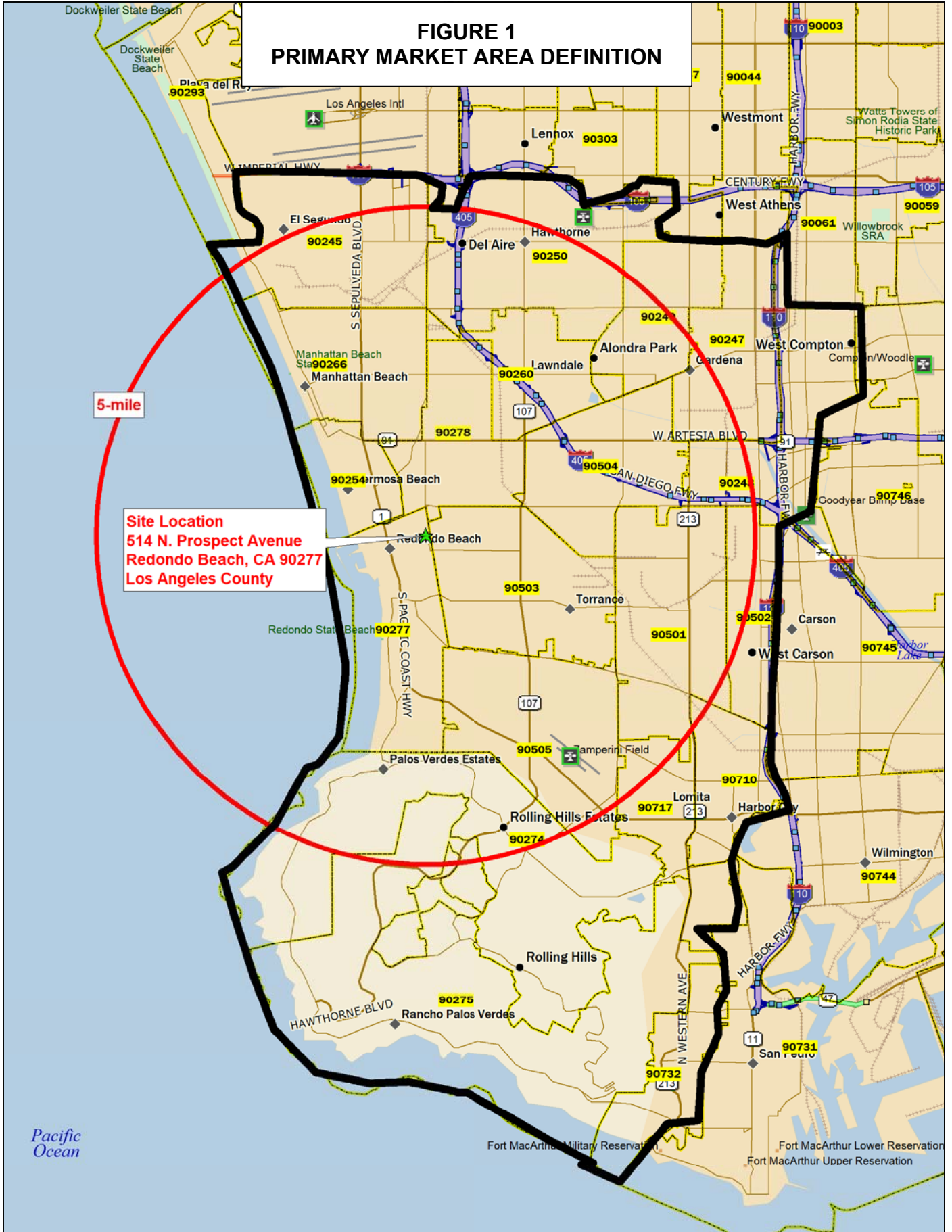
DEVELOPMENT IN REDONDO BEACH, CALIFORNIA

- 90245 El Segundo
- 90254 Hermosa Beach
- 90260 Lawndale
- 90266 Manhattan Beach
- 90274 Palos Verdes Peninsula
- 90275 Rancho Palos Verdes
- **90277 Redondo Beach ***
- 90278 Redondo Beach
- 90503 Torrance
- 90504 Torrance
- 90505 Torrance

*** Zip Code for the Beach Cities Health Center site location**

Figure 1 presents a map depicting the approximate boundaries of this PMA. MDS has assumed that 65% to 75% of the new unit absorption will come from age and income qualified households residing in this PMA.

**FIGURE 1
PRIMARY MARKET AREA DEFINITION**



Site Location
514 N. Prospect Avenue
Redondo Beach, CA 90277
Los Angeles County

Data use subject to license.

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www.delorme.com



Scale 1 : 125,000



1" = 1.97 mi

Data Zoom 10-6

EXHIBIT 3

SUMMARY OF REQUIRED AGE 75+ CAPTURE RATE
FOR NEW ASSISTED LIVING UNITS IN THE PRIMARY MARKET AREA

140 Assisted Living Units

	\$115,000 + Income 70% PMA		
	Absorption Impact		
Pragmatic Sequential Screening Process ¹	Year:	2020	2023
Estimated Non-Institutionalized Age 75+ Households ²		19,378	20,596
Estimated Weighted Average Level of Incidence for ADLs for Age 75+ Cohort ³		0.321	0.317
Subtotal		6,229	6,529
Apply Minimum Qualifying (Private Pay) Annual Income Screen ⁴		0.241	0.277
Subtotal Age/Income Qualified Households Who Are Estimated to Have ADL Needs		1,503	1,810
Less Competitive State-of-the-Art Assisted Living Units: ⁵			
Existing Occupied Assisted Living Units		(239)	(239)
Vacant/Planned Assisted Living Units at 93% Occupancy		(172)	(172)
Unit Turnover @ 45% of Existing Units ⁶		(108)	(108)
Subtotal Age/Income Qualified Prospects		984	1,291
Additional Qualified Households Due to Home Equity Considerations with Incidence Level Applied ⁷		399	461
Net Age/Income Qualified Available Prospects		1,383	1,752

Calculation of Required Age 75+ Capture Rates:

Number of Subject Assisted Living Units to be Absorbed ⁸	91	91
Net Available Prospects in the PMA	1,383	1,752
	↓	↓
Required Age 75+ Capture Rate Factoring in ADL Incidence Levels	6.6%	5.2%

¹ Refer to Exhibit 7 for a more detailed explanation of the supporting rationale and key assumptions involved in the assisted living demand analysis.

² Refer to Exhibit A-1 in Appendix A for the calculation of total age 75+ households.

³ Refer to Exhibit 6 for calculation of levels of incidence for the need for ADL services in the PMA.

⁴ Refer to Exhibit A-2 for the calculation of age 75+ households who meet the minimum qualifying income criteria of \$115,000 + .

⁵ Refer to Exhibit B-1 in Appendix B for the number of competitive units factored into the capture rate/demand analysis.

⁶ 239 existing units x 45% turnover = 108 units.

⁷ Refer to Exhibits 8a and 8b for the home equity analysis/impact:
 1,242 additional qualifying households x 0.321 incidence level 399 additional qualified households in 2020;
 1,455 additional qualifying households x 0.317 incidence level 461 additional qualified households in 2023.

⁸ 140 units x 93% occupancy x 70% absorption from the PMA = 91 units.

EXHIBIT 4

SUMMARY OF REQUIRED AGE 75+ CAPTURE RATE
FOR NEW ASSISTED LIVING UNITS IN THE PRIMARY MARKET AREA

140 Assisted Living Units

	\$125,000 + Income 70% PMA	
	Absorption Impact	
<u>Pragmatic Sequential Screening Process</u> ¹	Year:	2020 2023
Estimated Non-Institutionalized Age 75+ Households ²		19,378 20,596
Estimated Weighted Average Level of Incidence for ADLs for Age 75+ Cohort ³		0.321 0.317
Subtotal		6,229 6,529
Apply Minimum Qualifying (Private Pay) Annual Income Screen ⁴		0.213 0.248
Subtotal Age/Income Qualified Households Who Are Estimated to Have ADL Needs		1,330 1,620
Less Competitive State-of-the-Art Assisted Living Units: ⁵		
Existing Occupied Assisted Living Units		(239) (239)
Vacant/Planned Assisted Living Units at 93% Occupancy		(172) (172)
Unit Turnover @ 45% of Existing Units ⁶		(108) (108)
Subtotal Age/Income Qualified Prospects		811 1,101
Additional Qualified Households Due to Home Equity Considerations with Incidence Level Applied ⁷		336 400
Net Age/Income Qualified Available Prospects		1,146 1,502

Calculation of Required Age 75+ Capture Rates:

<u>Number of Subject Assisted Living Units to be Absorbed</u> ⁸	91	91
Net Available Prospects in the PMA	1,146	1,502
	↓	↓
Required Age 75+ Capture Rate Factoring in ADL Incidence Levels	7.9%	6.1%

¹ Refer to Exhibit 7 for a more detailed explanation of the supporting rationale and key assumptions involved in the assisted living demand analysis.

² Refer to Exhibit A-1 in Appendix A for the calculation of total age 75+ households.

³ Refer to Exhibit 6 for calculation of levels of incidence for the need for ADL services in the PMA.

⁴ Refer to Exhibit A-4 for the calculation of age 75+ households who meet the minimum qualifying income criteria of \$125,000 + .

⁵ Refer to Exhibit B-1 in Appendix B for the number of competitive units factored into the capture rate/demand analysis.

⁶ 239 existing units x 45% turnover = 108 units.

⁷ Refer to Exhibits 8a and 8b for the home equity analysis/impact:

1,045 additional qualifying households x 0.321 incidence level 336 additional qualified households in 2020;

1,263 additional qualifying households x 0.317 incidence level 400 additional qualified households in 2023.

⁸ 140 units x 93% occupancy x 70% absorption from the PMA = 91 units.

EXHIBIT 5

SUMMARY OF REQUIRED AGE 75+ CAPTURE RATE
FOR NEW ASSISTED LIVING UNITS IN THE PRIMARY MARKET AREA

140 Assisted Living Units

	\$135,000 + Income 70% PMA		
	Absorption Impact		
Pragmatic Sequential Screening Process ¹	Year:	2020	2023
Estimated Non-Institutionalized Age 75+ Households ²		19,378	20,596
Estimated Weighted Average Level of Incidence for ADLs for Age 75+ Cohort ³		0.321	0.317
Subtotal		6,229	6,529
Apply Minimum Qualifying (Private Pay) Annual Income Screen ⁴		0.193	0.226
Subtotal Age/Income Qualified Households Who Are Estimated to Have ADL Needs		1,200	1,478
Less Competitive State-of-the-Art Assisted Living Units: ⁵			
Existing Occupied Assisted Living Units		(239)	(239)
Vacant/Planned Assisted Living Units at 93% Occupancy		(172)	(172)
Unit Turnover @ 45% of Existing Units ⁶		(108)	(108)
Subtotal Age/Income Qualified Prospects		681	959
Additional Qualified Households Due to Home Equity Considerations with Incidence Level Applied ⁷		298	357
Net Age/Income Qualified Available Prospects		979	1,316

Calculation of Required Age 75+ Capture Rates:

Number of Subject Assisted Living Units to be Absorbed ⁸	91	91
Net Available Prospects in the PMA	979	1,316
	↓	↓
Required Age 75+ Capture Rate Factoring in ADL Incidence Levels	9.3%	6.9%

¹ Refer to Exhibit 7 for a more detailed explanation of the supporting rationale and key assumptions involved in the assisted living demand analysis.

² Refer to Exhibit A-1 in Appendix A for the calculation of total age 75+ households.

³ Refer to Exhibit 6 for calculation of levels of incidence for the need for ADL services in the PMA.

⁴ Refer to Exhibit A-6 for the calculation of age 75+ households who meet the minimum qualifying income criteria of \$135,000 + .

⁵ Refer to Exhibit B-1 in Appendix B for the number of competitive units factored into the capture rate/demand analysis.

⁶ 239 existing units x 45% turnover = 108 units.

⁷ Refer to Exhibits 8a and 8b for the home equity analysis/impact:

927 additional qualifying households x 0.321 incidence level 298 additional qualified households in 2020;

1,127 additional qualifying households x 0.317 incidence level 357 additional qualified households in 2023.

⁸ 140 units x 93% occupancy x 70% absorption from the PMA = 91 units.

EXHIBIT 6

CALCULATION OF WEIGHTED AVERAGE LEVEL OF INCIDENCE

FOR ASSISTANCE WITH ACTIVITIES OF DAILY LIVING

FOR THE PRIMARY MARKET AREA

	2018	Estimated	2018 Age 75+ Seniors
<u>Age Cohort</u>	<u>Age 75+ Population</u>	<u>Level of Incidence</u>	<u>Estimated to Require Assistance with ADLs</u>
75 to 79	11,085	20.0%	2,217
80 to 84	9,070	31.0%	2,812
85+	<u>8,652</u>	50.0%	<u>4,326</u>
Total	28,807		9,355
Weighted Average		32.5%	

	2020	Estimated	2020 Age 75+ Seniors
<u>Age Cohort</u>	<u>Age 75+ Population</u>	<u>Level of Incidence</u>	<u>Estimated to Require Assistance with ADLs</u>
75 to 79	11,834	20.0%	2,367
80 to 84	9,683	31.0%	3,002
85+	<u>8,669</u>	50.0%	<u>4,334</u>
Total	30,186		9,703
Weighted Average		32.1%	

	2023	Estimated	2023 Age 75+ Seniors
<u>Age Cohort</u>	<u>Age 75+ Population</u>	<u>Level of Incidence</u>	<u>Estimated to Require Assistance with ADLs</u>
75 to 79	12,958	20.0%	2,592
80 to 84	10,602	31.0%	3,287
85+	<u>8,694</u>	50.0%	<u>4,347</u>
Total	32,254		10,225
Weighted Average		31.7%	

This exhibit summarizes the calculation of the weighted average incidence level for the Age 75+ households in the Primary Market Area - based on factors by age cohort. This weighted average level of incidence is utilized in the capture rate models outlined in Exhibits 3 through 5.

Sources: U.S. Bureau of the Census, the Need for Personal Assistance With Everyday Activities: Recipients and Caregivers
Nielsen
MDS Analysis

EXHIBIT 7

SUPPORTING RATIONALE AND KEY ASSUMPTIONS

INVOLVED IN QUANTIFYING THE DEMAND

FOR STATE-OF-THE-ART ASSISTED LIVING

The MDS approach utilized in determining assisted living demand involves the following pragmatic sequential screening process:

- I. **Total Age 75+ Non-Institutionalized Households** - The estimated number of age 75+ non-institutionalized households in the Primary Market Area is first determined. This figure is considered to be conservative in that it does not include age 75+ households which reside in households headed by a person who is not age 75 or older - such as adult children/relatives, etc. It also screens out those persons who reside in group quarters, nursing homes or other institutionalized settings.
- II. **Need-Driven Incidence Level Screen** - The estimated weighted average level of incidence for the need for assistance with the activities of daily living (ADLs) within the age 75+ household cohort is determined. Exhibit 6 summarizes the calculation of the weighted average incidence level utilized in this analysis for the PMA. This gross total of age and incidence level qualified households represents a need-driven pool of prospects which are the true market for assisted living - exclusive of income qualification and consideration of existing comparable/competitive product offerings.
- III. **Minimum Annual (Private Pay) Income Qualification Screen** - These age and incidence level (need-driven) qualified Senior households are adjusted to include only those income qualified households based on annual after-tax cash flow income alone - allowing for discretionary expenditures and exclusive of economic support by children and spend-down of assets. This minimum qualifying income screen should be sufficient to support the proposed market rate assisted living monthly service fees. The income screening process essentially eliminates existing residents of traditionally lower quality, older/smaller board and care type facilities which typically require monthly fees lower than those that would be established for the new units being considered for the proposed new community.
- IV. **Home Sale/Equity Investment Impact** - The impact of homeowner equity liquidation is factored into the demand analysis. This analysis assumes that the minimum qualifying income criteria could be reduced, for those Seniors selling their homes, due to the additional annual cash flow that would result from the sale of a home and the reinvestment of the net, after-tax sales proceeds (refer to Exhibits 8a through 9 summarize the home equity impact analysis).

Exhibit 7
Supporting Rationale and Key Assumptions
Involved in Quantifying the Demand
for State-of-the-Art Assisted Living

- V. **Current Competitive Supply Adjustment** - Senior households currently residing in existing comparable assisted living communities were then subtracted from the targeted pool of age, income and incidence level qualified households (refer to Appendix B for a list of assisted living competitors factored into this analysis).
- VI. **Adjustment for Overall Market Stabilized Occupancy** - Vacant and planned purpose-built assisted living units are assumed to be filled to 93% occupancy. It is presumed that all vacant and planned units would achieve 93% occupancy before evaluating the future net demand (refer to Appendix B).
- VII. **Compensation for Annual Unit Turnover** - Finally, annual resident turnover of approximately 45% for assisted living is calculated and subtracted for existing occupied units. This factor accounts for units at existing competitive projects that will constantly (annually) need to be refilled or re-occupied due to resident attrition.

The bottom-line result of this detailed analysis and screening process is to identify the net pool of age, income and incidence level qualified Senior households that are currently need-driven and would qualify for assisted living.

EXHIBIT 9

EXPLANATION OF CALCULATION/QUANTIFICATION

OF POTENTIAL IMPACT OF HOME EQUITY

MDS has conducted an analysis giving consideration to the impact of home equity potential on Senior household incomes in the Primary Market Area (refer to Exhibits 8a and 8b). **This analysis assumes that the minimum cash flow income threshold could be reduced (for those Seniors selling their homes) due to the additional annual cash flow that would result from the sale of a home and the reinvestment of the net after-tax sales proceeds.** This analysis was accomplished as follows:

1. MDS assumed that the net equity (after closing costs) earned from the sale of these Seniors' homes would be equal to 90% of the sales value and that this equity could be invested at 4% (average over a three to four year period), which would generate an additional annual cash flow of \$25,599 in 2020 and \$25,931 in 2023.
2. MDS then reduced the minimum income criteria of \$115,000 by the amount of the additional cash flow that would be generated from the sale of the home and calculated the percentage of new additional age qualified households that would now qualify at the new reduced income level.
3. MDS again reduced the new age and income qualified households to reflect only that percentage that are estimated to be homeowners (versus renters) in the Primary Market Area. Based on census data, it is estimated that approximately 80% of Seniors live in owner-occupied units.

As can be seen from Exhibit 8a, approximately 1,242 additional age 75+ households (whose income is below \$115,000) would be qualified at this level, providing they could sell their home and invest the net equity at 4%, thereby supplementing their existing annual cash flow income.

EXHIBIT 10

CALCULATION OF WEIGHTED AVERAGE LEVEL OF INCIDENCE

FOR ALZHEIMER'S DISEASE/RELATED DEMENTIA

IN THE PRIMARY MARKET AREA

Age Cohort	2018	Estimated Level of Incidence for Alzheimer's Disease/Related Dementia	2018 Age 75+ Seniors Estimated With Alzheimer's/Dementia
	Age 75+ Population		
75 to 84	20,155	18.7%	3,769
85+	<u>8,652</u>	47.2%	<u>4,084</u>
Total	28,807		7,853
Weighted Average		27.3%	

Age Cohort	2020	Estimated Level of Incidence for Alzheimer's Disease/Related Dementia	2020 Age 75+ Seniors Estimated With Alzheimer's/Dementia
	Age 75+ Population		
75 to 84	21,517	18.7%	4,024
85+	<u>8,669</u>	47.2%	<u>4,092</u>
Total	30,186		8,115
Weighted Average		26.9%	

Age Cohort	2023	Estimated Level of Incidence for Alzheimer's Disease/Related Dementia	2023 Age 75+ Seniors Estimated With Alzheimer's/Dementia
	Age 75+ Population		
75 to 84	23,560	18.7%	4,406
85+	<u>8,694</u>	47.2%	<u>4,104</u>
Total	32,254		8,509
Weighted Average		26.4%	

This exhibit summarizes the calculation of the weighted average incidence level for Alzheimer's Disease or other related dementia in this PMA. This weighted average level of incidence is utilized in the Alzheimer's capture rate models outlined in Exhibits 11 and 12.

Sources: Alzheimer's Association
Nielsen
MDS Analysis

EXHIBIT 11

MARKET DEMAND / CAPTURE RATE MODEL FOR ALZHEIMER'S / RELATED

DEMENTIA UNITS IN AN ASSISTED LIVING SETTING

120 Beds

<u>Pragmatic Sequential Screening Process</u>	\$135,000 + Income 70% PMA Absorption Impact		
	Year:	2020	2023
1. Estimated Non-Institutionalized Age 75+ Households ¹		19,378	20,596
2. Less Existing and Planned/Announced Assisted Living Units:		<u>(968)</u>	<u>(968)</u>
Subtotal		18,410	19,628
3. Estimated level of Incidence of Dementia ²		<u>0.269</u>	<u>0.264</u>
Subtotal - Dementia Level of Incidence		4,949	5,178
4. Qualifying Income Screen: \$135,000 + ³		<u>0.193</u>	<u>0.226</u>
Subtotal Income Qualified Households		954	1,172
5. Additional Age/Income Qualified Households Available Due to Impact of Home Sale/Equity ⁴		<u>125</u>	<u>149</u>
Subtotal Equity Adjusted Households		1,078	1,321
6. Less Occupied Alzheimer's/Dementia Units ⁵		(120)	(120)
7. Less Vacant and Planned Alzheimer's/Dementia Units ⁵ (@ 93% Occupancy)		(81)	(81)
8. Less Annual Turnover @ 45% of Occupied Units		<u>(54)</u>	<u>(54)</u>
9. Net Potential Prospects for Alzheimer's Facility		822	1,065
10. <u>COMPUTATION OF REQUIRED CAPTURE RATE</u>			
Subject Proposed Units to be Absorbed ⁶		<u>78</u>	<u>78</u>
Potential Qualified Households		822	1,065
		9.5%	7.3%

Source: Moore Diversified Services, Inc.
Nielsen

¹ These are non-institutionalized households - does not include persons in nursing homes or institutionalized group quarters. (Refer to Exhibit A-1 in Appendix A.)

² Information provided by The Alzheimer's Disease and Related Disorders Association, Inc. The incidence level is a weighted average of two age cohorts - age 75 to 84 and 85+.

³ Refer to Exhibit A-6 in Appendix A.

⁴ Refer to Exhibits 8a and 8b - applied level of incidence and assumed that only 50% of these residents would be coming directly from their own home - see calculation below:

$$927 \times 26.9\% \times 50.0\% = 125 \text{ for year 2020;}$$

$$1,127 \times 26.4\% \times 50.0\% = 149 \text{ for year 2023.}$$

⁵ Refer to Exhibit B-2 in Appendix B for a list of Alzheimer's/special care communities factored into this analysis.

⁶ 120 units x 93% occupancy x 70% absorption from PMA = 78 units to be filled by qualified prospects residing in the PMA.

EXHIBIT 12

MARKET DEMAND / CAPTURE RATE MODEL FOR ALZHEIMER'S / RELATED

DEMENTIA UNITS IN AN ASSISTED LIVING SETTING

120 Beds

<u>Pragmatic Sequential Screening Process</u>	\$145,000 + Income 70% PMA Absorption Impact		
	Year:	2020	2023
1. Estimated Non-Institutionalized Age 75+ Households ¹		19,378	20,596
2. Less Existing and Planned/Announced Assisted Living Units:		<u>(968)</u>	<u>(968)</u>
Subtotal		18,410	19,628
3. Estimated level of Incidence of Dementia ²		<u>0.269</u>	<u>0.264</u>
Subtotal - Dementia Level of Incidence		4,949	5,178
4. Qualifying Income Screen: \$145,000 + ³		<u>0.172</u>	<u>0.204</u>
Subtotal Income Qualified Households		851	1,059
5. Additional Age/Income Qualified Households Available Due to Impact of Home Sale/Equity ⁴		<u>111</u>	<u>133</u>
Subtotal Equity Adjusted Households		962	1,192
6. Less Occupied Alzheimer's/Dementia Units ⁵		(120)	(120)
7. Less Vacant and Planned Alzheimer's/Dementia Units ⁵ (@ 93% Occupancy)		(81)	(81)
8. Less Annual Turnover @ 45% of Occupied Units		<u>(54)</u>	<u>(54)</u>
9. Net Potential Prospects for Alzheimer's Facility		706	936
10. <u>COMPUTATION OF REQUIRED CAPTURE RATE</u>			
<u>Subject Proposed Units to be Absorbed</u> ⁶		<u>78</u>	<u>78</u>
Potential Qualified Households		706	936
PROJECT CAPTURE RATES (for 120 beds)		11.1%	8.3%

Source: Moore Diversified Services, Inc.
Nielsen

¹ These are non-institutionalized households - does not include persons in nursing homes or institutionalized group quarters. (Refer to Exhibit A-1 in Appendix A.)

² Information provided by The Alzheimer's Disease and Related Disorders Association, Inc. The incidence level is a weighted average of two age cohorts - age 75 to 84 and 85+.

³ Refer to Exhibit A-7 in Appendix A.

⁴ Refer to Exhibits 8a and 8b - applied level of incidence and assumed that only 50% of these residents would be coming directly from their own home - see calculation below:

$$823 \times 26.9\% \times 50.0\% = 111 \text{ for year 2020;}$$

$$1,008 \times 26.4\% \times 50.0\% = 133 \text{ for year 2023.}$$

⁵ Refer to Exhibit B-2 in Appendix B for a list of Alzheimer's/special care communities factored into this analysis.

⁶ 120 units x 93% occupancy x 70% absorption from PMA = 78 units to be filled by qualified prospects residing in the PMA.

APPENDIX A

SUMMARY SENIOR DEMOGRAPHICS FOR THE PRIMARY MARKET AREA

MDS RESEARCH COMPANY, INC.

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www.m-d-s.com • mdsresearch@m-d-s.com**

EXHIBIT A-1

AGE 65+ AND AGE 75+ HOUSEHOLD GROWTH IN THE PRIMARY MARKET AREA

	<u>Year</u>	<u>Number of Households</u>	
		<u>65-74</u>	<u>75 +</u>
	2000	15,215	12,089
	2018	22,024	18,606
	2020	23,706	19,378
	2023	26,472	20,596
Change in Households	2018 - 2023		
- Absolute		4,448	1,990
- Percentage		20.20%	10.70%
Average Annual % Change	2018 - 2023	3.75%	2.05%

See Figure 1 of this report for details on specific market area definitions.

Figures pulled from detailed demographic runs acquired from Claritas and included in Appendix C.

Sources: Nielsen
Moore Diversified Services, Inc.

EXHIBIT A-2

CALCULATION FOR INCOME QUALIFYING CRITERIA IN THE PRIMARY MARKET AREA

Income Qualification Level:	\$115,000
------------------------------------	------------------

	Year	Number of Households	
		65-74	75 +
	2000 ¹	2,633	1,210
	2018 ¹	9,409	4,094
	2020	10,776	4,676
	2023 ¹	13,208	5,708
Change in Income			
Qualified Households	2018 - 2023		
- Absolute		3,799	1,615
- Percentage		40.37%	39.44%
Average Annual % Change		7.02%	6.88%
Qualified Households -	2018	9,409	4,094
Total Households -	2018 ²	22,024	18,606
% Income Qualified @ \$115,000 + in 2018		42.7%	22.0%
Qualified Households -	2020	10,776	4,676
Total Households -	2020 ²	23,706	19,378
% Income Qualified @ \$115,000 + in 2020		45.5%	24.1%
Qualified Households -	2023	13,208	5,708
Total Households -	2023 ²	26,472	20,596
% Income Qualified @ \$115,000 + in 2023		49.9%	27.7%

Sources: Nielsen
MDS Analysis

¹ Figures pulled from detailed demographic runs acquired from Claritas and included in Appendix C.

² The denominator in this calculation (total 2017 households) is provided on Exhibit A-1.

EXHIBIT A-3

CALCULATION FOR INCOME QUALIFYING CRITERIA IN THE PRIMARY MARKET AREA

Income Qualification Level:	\$120,000
------------------------------------	------------------

	Year	Number of Households	
		65-74	75 +
	2000 ¹	2,389	1,119
	2018 ¹	8,922	3,843
	2020	10,252	4,406
	2023 ¹	12,627	5,410
Change in Income			
Qualified Households	2018 - 2023		
- Absolute		3,706	1,567
- Percentage		41.54%	40.77%
Average Annual % Change		7.19%	7.08%
Qualified Households -	2018	8,922	3,843
Total Households -	2018 ²	22,024	18,606
% Income Qualified @ \$120,000 + in		2018	40.5%
			20.7%
Qualified Households -	2020	10,252	4,406
Total Households -	2020 ²	23,706	19,378
% Income Qualified @ \$120,000 + in		2020	43.2%
			22.7%
Qualified Households -	2023	12,627	5,410
Total Households -	2023 ²	26,472	20,596
% Income Qualified @ \$120,000 + in		2023	47.7%
			26.3%

Sources: Nielsen
MDS Analysis

¹ Figures pulled from detailed demographic runs acquired from Claritas and included in Appendix C.

² The denominator in this calculation (total 2017 households) is provided on Exhibit A-1.

EXHIBIT A-4

CALCULATION FOR INCOME QUALIFYING CRITERIA IN THE PRIMARY MARKET AREA

Income Qualification Level:	\$125,000
------------------------------------	------------------

	Year	Number of Households	
		65-74	75 +
	2000 ¹	2,145	1,029
	2018 ¹	8,434	3,592
	2020	9,727	4,136
	2023 ¹	12,047	5,111
Change in Income			
Qualified Households	2018 - 2023		
- Absolute		3,613	1,519
- Percentage		42.84%	42.29%
Average Annual % Change		7.39%	7.31%
Qualified Households -	2018	8,434	3,592
Total Households -	2018 ²	22,024	18,606
% Income Qualified @ \$125,000 + in		38.3%	19.3%
Qualified Households -	2020	9,727	4,136
Total Households -	2020 ²	23,706	19,378
% Income Qualified @ \$125,000 + in		41.0%	21.3%
Qualified Households -	2023	12,047	5,111
Total Households -	2023 ²	26,472	20,596
% Income Qualified @ \$125,000 + in		45.5%	24.8%

Sources: Nielsen
MDS Analysis

¹ Figures pulled from detailed demographic runs acquired from Claritas and included in Appendix C.

² The denominator in this calculation (total 2017 households) is provided on Exhibit A-1.

EXHIBIT A-5

CALCULATION FOR INCOME QUALIFYING CRITERIA IN THE PRIMARY MARKET AREA

Income Qualification Level:	\$130,000
------------------------------------	------------------

	Year	Number of Households	
		65-74	75 +
	2000 ¹	2,019	966
	2018 ¹	8,046	3,406
	2020	9,305	3,935
	2023 ¹	11,573	4,886
Change in Income Qualified Households 2018 - 2023			
- Absolute		3,526	1,480
- Percentage		43.82%	43.44%
Average Annual % Change		7.54%	7.48%
Qualified Households -	2018	8,046	3,406
Total Households -	2018 ²	22,024	18,606
% Income Qualified @ \$130,000 + in 2018		36.5%	18.3%
Qualified Households -	2020	9,305	3,935
Total Households -	2020 ²	23,706	19,378
% Income Qualified @ \$130,000 + in 2020		39.3%	20.3%
Qualified Households -	2023	11,573	4,886
Total Households -	2023 ²	26,472	20,596
% Income Qualified @ \$130,000 + in 2023		43.7%	23.7%

Sources: Nielsen
MDS Analysis

¹ Figures pulled from detailed demographic runs acquired from Claritas and included in Appendix C.

² The denominator in this calculation (total 2017 households) is provided on Exhibit A-1.

EXHIBIT A-6

CALCULATION FOR INCOME QUALIFYING CRITERIA IN THE PRIMARY MARKET AREA

Income Qualification Level:	\$135,000
------------------------------------	------------------

	Year	Number of Households	
		65-74	75 +
2000 ¹		1,893	903
2018 ¹		7,659	3,221
2020		8,884	3,734
2023 ¹		11,098	4,661
Change in Income			
Qualified Households	2018 - 2023		
- Absolute		3,439	1,441
- Percentage		44.91%	44.73%
Average Annual % Change		7.70%	7.67%
Qualified Households -	2018	7,659	3,221
Total Households -	2018 ²	22,024	18,606
% Income Qualified @ \$135,000 + in 2000		34.8%	17.3%
Qualified Households -	2020	8,884	3,734
Total Households -	2020 ²	23,706	19,378
% Income Qualified @ \$135,000 + in 2020		37.5%	19.3%
Qualified Households -	2023	11,098	4,661
Total Households -	2023 ²	26,472	20,596
% Income Qualified @ \$135,000 + in 2023		41.9%	22.6%

Sources: Nielsen
MDS Analysis

¹ Figures pulled from detailed demographic runs acquired from Claritas and included in Appendix C.

² The denominator in this calculation (total 2017 households) is provided on Exhibit A-1.

EXHIBIT A-7

CALCULATION FOR INCOME QUALIFYING CRITERIA IN THE PRIMARY MARKET AREA

Income Qualification Level:	\$145,000
------------------------------------	------------------

	Year	Number of Households	
		65-74	75 +
	2000 ¹	1,642	776
	2018 ¹	6,884	2,850
	2020	8,040	3,332
	2023 ¹	10,149	4,212
Change in Income			
Qualified Households	2018 - 2023		
- Absolute		3,266	1,362
- Percentage		47.44%	47.80%
Average Annual % Change		8.07%	8.13%
Qualified Households -	2018	<u>6,884</u>	<u>2,850</u>
Total Households -	2018 ²	<u>22,024</u>	<u>18,606</u>
% Income Qualified @ \$145,000 + in 2018		31.3%	15.3%
Qualified Households -	2020	<u>8,040</u>	<u>3,332</u>
Total Households -	2020 ²	<u>23,706</u>	<u>19,378</u>
% Income Qualified @ \$145,000 + in 2020		33.9%	17.2%
Qualified Households -	2023	<u>10,149</u>	<u>4,212</u>
Total Households -	2023 ²	<u>26,472</u>	<u>20,596</u>
% Income Qualified @ \$145,000 + in 2023		38.3%	20.4%

Sources: Nielsen
MDS Analysis

¹ Figures pulled from detailed demographic runs acquired from Claritas and included in Appendix C.

² The denominator in this calculation (total 2017 households) is provided on Exhibit A-1.

APPENDIX B

SUMMARY OF COMPETITIVE

ASSISTED LIVING

AND ALZHEIMER'S/MEMORY CARE UNITS

FACTORED INTO THE

CAPTURE RATE/DEMAND MODELS

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EXHIBIT B-1

SUMMARY OF COMPETITIVE ASSISTED LIVING UNITS

FACTORED INTO THE CAPTURE RATE / DEMAND MODELS

**Redondo Beach, CA
Primary Market Area**

<u>Project Name</u>	<u>Total Units</u>	<u>Percent Weight ¹</u>	<u>Occupied</u>	<u>Vacant</u>	<u>Planned/ Announced</u>
Units With Pricing That Is <u>Lower Than Subject Community</u> ²					
Palos Verdes Villas	71	70	50	0	0
Spring Assisted Living	51	70	36	0	0
Villa Sorrento	100	70	70	0	0
Total Units Requiring Qualifying Incomes Lower Than the Minimum Threshold Assumed Herein ²					
	222		155	0	0
Units With Pricing That Is Comparable To Or Higher Than <u>The Subject Community</u> ³					
			<u>Number of Units Factored Into the Capture Rate/Demand Model</u>		
Belmont Village	91	70 %	64	0	0
The Canterbury	28	70	20	0	0
Huntington Retirement Hotel	67	70	47	0	0
Sunrise of Hermosa Beach	65	70	46	0	0
Sunrise of Palos Verdes	37	70	26	0	0
Welbrook South Bay	54	70	38	0	0
Kensington Assisted Living	60	70	0	0	60
Del Amo Senior Village	66	70	0	0	66
Sunrise Senior Living	75	70	0	0	75
Torrance Assisted Living	63	70	0	0	63
Total Units Backed Out (Subtracted) <u>After</u> the Income Screen ³					
	606		239	0	264

264 Vacant/Planned Units @
93% Occupancy = 246 Units X
70% absorption from the PMA =
172 Units

¹ Percent of units estimated to be filled with households residing in the Primary Market Area.

² It is assumed that these households have already been excluded from the pool of prospects through the income screening.

³ The minimum cash flow income required to pay the monthly service fees is \$155,000 or more.

EXHIBIT B-2

SUMMARY OF COMPETITIVE ALZHEIMER'S UNITS

FACTORED INTO THE CAPTURE RATE / DEMAND MODELS

**Redondo Beach, CA
Primary Market Area**

<u>Project Name</u>	<u>Total Units</u>	<u>Percent Weight ¹</u>	<u>Occupied</u>	<u>Vacant</u>	<u>Planned/ Announced</u>
Units With Pricing That Is Lower Than Subject Community ²					
None	0	70 %	0	0	0
Total Units Requiring Qualifying Incomes Lower Than the Minimum Threshold Assumed Herein ²					
	0		0	0	0
Units With Pricing That Is Comparable To Or Higher Than The Subject Community ³					
			<u>Number of Units Factored Into the Capture Rate/Demand Model</u>		
Belmont Village	24	70 %	17	0	0
Rose Garden Court at Huntington	30	70	21	0	0
Sunrise of Hermosa Beach	15	70	11	0	0
Sunrise of Palos Verdes	40	70	28	0	0
Wellbrook South Bay	63	70	44	0	0
Kensington Assisted Living	34	70	0	0	34
Del Amo Senior Village	34	70	0	0	34
Sunrise Senior Living	36	70	0	0	36
Torrance Assisted Living	21	70	0	0	21
Total Units Backed Out (Subtracted) After the Income Screen ³					
	297		120	0	125

↓ ↙
 125 Vacant/Planned Units @
 93% Occupancy = 116 Units X
 70% absorption from the PMA =
 81 Units

¹ Percent of units estimated to be filled with households residing in the Primary Market Area.

² It is assumed that these households have already been excluded from the pool of prospects through the income screening.

³ The minimum cash flow income required to pay the monthly service fees is \$115,000 or more.

APPENDIX C

DETAILED DEMOGRAPHIC REPORTS

ACQUIRED FROM CLARITAS

MDS RESEARCH COMPANY, INC.

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MDS Research Company, Inc.

Pop-Facts: Household Income by Age of Householder	Redondo Beach, CA - PMA										Total		
	Age 15-24	Age 25-34	Age 35-44	Age 45-54	Age 55-64	Age 65-74	Age 75-84	Age 85+					
2000 Census Age/Income Household Totals													
% Of Total Households	3,373	25,160	36,174	29,614	19,557	15,215	9,659	2,430	141,182				100.00%
Income Less than \$15,000	713	1,417	1,668	1,559	1,193	1,753	1,696	633	10,632				100.00%
% Across Age Ranges	6.71%	13.33%	15.69%	14.66%	11.22%	16.49%	15.95%	5.95%	100.00%				7.53%
% Within Age Ranges	21.14%	5.63%	4.61%	5.26%	6.10%	11.52%	17.56%	26.05%	7.53%				
Income \$15,000 to \$24,999	487	1,518	1,715	1,280	1,054	1,586	1,525	428	9,593				100.00%
% Across Age Ranges	5.08%	15.82%	17.88%	13.34%	10.99%	16.53%	15.90%	4.46%	100.00%				6.79%
% Within Age Ranges	14.44%	6.03%	4.74%	4.32%	5.39%	10.42%	15.79%	17.61%	6.79%				
Income \$25,000 to \$34,999	436	2,253	2,212	1,857	1,176	1,564	1,282	300	11,080				100.00%
% Across Age Ranges	3.94%	20.33%	19.96%	16.76%	10.61%	14.12%	11.57%	2.71%	100.00%				7.85%
% Within Age Ranges	12.93%	8.95%	6.11%	6.27%	6.01%	10.28%	13.27%	12.35%	7.85%				
Income \$35,000 to \$49,999	557	3,971	4,277	3,117	2,043	2,453	1,472	320	18,210				100.00%
% Across Age Ranges	3.06%	21.81%	23.49%	17.12%	11.22%	13.47%	8.08%	1.76%	100.00%				12.90%
% Within Age Ranges	16.51%	15.78%	11.82%	10.53%	10.45%	16.12%	15.24%	13.17%	12.90%				
Income \$50,000 to \$74,999	724	5,953	6,999	5,381	3,454	2,738	1,562	327	27,138				100.00%
% Across Age Ranges	2.67%	21.94%	25.79%	19.83%	12.73%	10.09%	5.76%	1.20%	100.00%				19.22%
% Within Age Ranges	21.46%	23.66%	19.35%	18.17%	17.66%	18.00%	16.17%	13.46%	19.22%				
Income \$75,000 to \$99,999	206	3,709	6,150	4,243	2,824	1,756	898	165	19,951				100.00%
Income \$75,000 to \$99,999	1.03%	18.59%	30.83%	21.27%	14.15%	8.80%	4.50%	0.83%	100.00%				14.13%
% Across Age Ranges	6.11%	14.74%	17.00%	14.33%	14.44%	11.54%	9.30%	6.79%	14.13%				
Income \$100,000 to \$124,999	155	2,450	4,397	3,589	2,350	1,220	386	66	14,613				100.00%
% Across Age Ranges	1.06%	16.77%	30.09%	24.56%	16.08%	8.35%	2.64%	0.45%	100.00%				10.35%
% Within Age Ranges	4.60%	9.74%	12.16%	12.12%	12.02%	8.02%	4.00%	2.72%	10.35%				
Income \$125,000 to \$149,999	50	1,470	2,437	2,261	1,564	629	245	71	8,727				100.00%
% Across Age Ranges	0.57%	16.84%	27.92%	25.91%	17.92%	7.21%	2.81%	0.81%	100.00%				6.18%
% Within Age Ranges	1.48%	5.84%	6.74%	7.63%	8.00%	4.13%	2.54%	2.92%	6.18%				
Income \$150,000 to \$199,999	29	1,278	2,803	2,815	1,658	627	269	63	9,542				100.00%
% Across Age Ranges	0.30%	13.39%	29.38%	29.50%	17.38%	6.57%	2.82%	0.66%	100.00%				6.76%
% Within Age Ranges	0.86%	5.08%	7.75%	9.51%	8.48%	4.12%	2.78%	2.59%	6.76%				
Income \$200,000 or more	16	1,141	3,516	3,512	2,241	889	324	57	11,696				100.00%
% Across Age Ranges	0.14%	9.76%	30.06%	30.03%	19.16%	7.60%	2.77%	0.49%	100.00%				8.28%
% Within Age Ranges	0.47%	4.53%	9.72%	11.86%	11.46%	5.84%	3.35%	2.35%	8.28%				
Median Household Income*	\$ 36,360	\$ 64,367	\$ 79,943	\$ 84,504	\$ 82,600	\$ 52,296	\$ 38,327	\$ 30,133	\$ 69,416				

MDS Research Company, Inc.

Pop-Facts: Household Income by Age of Householder	Redondo Beach, CA - PMA										Total							
	Age 15-24	Age 25-34	Age 35-44	Age 45-54	Age 55-64	Age 65-74	Age 75-84	Age 85+										
2023 Projection Age/Income Household Totals																		
% Of Total Households	2,908	15,748	23,006	28,406	33,436	26,472	14,812	5,784	150,572	1.93%	10.46%	15.28%	18.87%	22.21%	17.58%	9.84%	3.84%	100.00%
Income Less than \$15,000	353	506	515	612	1,231	1,260	1,200	898	6,575	5.37%	7.70%	7.83%	9.31%	18.72%	19.16%	18.25%	13.66%	100.00%
% Across Age Ranges	12.14%	3.21%	2.24%	2.15%	3.68%	4.76%	8.10%	15.53%	4.37%									
Income \$15,000 to \$24,999	146	442	422	465	856	1,158	1,441	843	5,773	2.53%	7.66%	7.31%	8.05%	14.83%	20.06%	24.96%	14.60%	100.00%
% Across Age Ranges	5.02%	2.81%	1.83%	1.64%	2.56%	4.37%	9.73%	14.57%	3.83%									
Income \$25,000 to \$34,999	333	618	532	651	1,076	1,423	1,439	667	6,739	4.94%	9.17%	7.89%	9.66%	15.97%	21.12%	21.35%	9.90%	100.00%
% Across Age Ranges	11.45%	3.92%	2.31%	2.29%	3.22%	5.38%	9.72%	11.53%	4.48%									
Income \$35,000 to \$49,999	325	1,216	1,114	1,190	1,587	1,885	1,717	674	9,708	3.35%	12.53%	11.48%	12.26%	16.35%	19.42%	17.69%	6.94%	100.00%
% Across Age Ranges	11.18%	7.72%	4.84%	4.19%	4.75%	7.12%	11.59%	11.65%	6.45%									
Income \$50,000 to \$74,999	601	2,004	1,963	2,480	3,081	3,062	2,252	771	16,214	3.71%	12.36%	12.11%	15.30%	19.00%	18.88%	13.89%	4.76%	100.00%
% Across Age Ranges	20.67%	12.73%	8.53%	8.73%	9.21%	11.57%	15.20%	13.33%	10.77%									
Income \$75,000 to \$99,999	475	2,022	2,307	2,774	3,356	2,735	1,540	550	15,759	3.01%	12.83%	14.64%	17.60%	21.30%	17.36%	9.77%	3.49%	100.00%
% Across Age Ranges	16.33%	12.84%	10.03%	9.77%	10.04%	10.33%	10.40%	9.51%	10.47%									
Income \$100,000 to \$124,999	180	1,591	2,365	2,556	3,183	2,902	1,247	246	14,270	1.26%	11.15%	16.57%	17.91%	22.31%	20.34%	8.74%	1.72%	100.00%
% Across Age Ranges	6.19%	10.10%	10.28%	9.00%	9.52%	10.96%	8.42%	4.25%	9.48%									
Income \$125,000 to \$149,999	206	1,581	2,238	2,475	2,757	2,372	785	339	12,753	1.62%	12.40%	17.55%	19.41%	21.62%	18.60%	6.16%	2.66%	100.00%
% Across Age Ranges	7.08%	10.04%	9.73%	8.71%	8.25%	8.96%	5.30%	5.86%	8.47%									
Income \$150,000 to \$199,999	143	2,193	3,693	4,355	4,279	3,197	949	326	19,135	0.75%	11.46%	19.30%	22.76%	22.36%	16.71%	4.96%	1.70%	100.00%
% Across Age Ranges	4.92%	13.93%	16.05%	15.33%	12.80%	12.08%	6.41%	5.64%	12.71%									
Income \$200,000 or more	146	3,575	7,857	10,848	12,030	6,478	2,242	470	43,646	0.33%	8.19%	18.00%	24.85%	27.56%	14.84%	5.14%	1.08%	100.00%
% Across Age Ranges	5.02%	22.70%	34.15%	38.19%	35.98%	24.47%	15.14%	8.13%	28.99%									
Median Household Income*	\$ 62,354	\$ 116,750	\$ 150,636	\$ 161,481	\$ 146,291	\$ 114,757	\$ 67,862	\$ 45,772	\$ 125,486									

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MDS Research Company, Inc.

Senior Life	Redondo Beach, CA - PMA					
	2000/2010 Census	%	2018 Estimate	%	2023 Projection	%
Population*	362,967		373,797		383,731	
Percent Growth (2000 to 2023)**	3.84%		2.98%		2.66%	
Population by Age*						
Total Population	362,967		373,797		383,731	
Age 45 to 54	62,236	17.15%	57,287	15.33%	51,958	13.54%
Age 55 to 64	44,158	12.17%	55,691	14.90%	59,850	15.60%
Age 65 to 74	26,821	7.39%	36,980	9.89%	45,033	11.74%
Age 75 to 84	17,944	4.94%	20,155	5.39%	23,560	6.14%
Age 85 and over	7,285	2.01%	8,652	2.31%	8,694	2.27%
Age 65 and over	52,050	14.34%	65,787	17.60%	77,287	20.14%
Total Population, Male	179,143		184,013		188,693	
Age 45 to 54	30,889	17.24%	27,450	14.92%	24,758	13.12%
Age 55 to 64	21,776	12.16%	27,398	14.89%	28,967	15.35%
Age 65 to 74	12,811	7.15%	17,658	9.60%	21,622	11.46%
Age 75 to 84	7,887	4.40%	9,074	4.93%	10,596	5.62%
Age 85 and over	2,750	1.54%	3,318	1.80%	3,290	1.74%
Age 65 and over	23,448	13.09%	30,050	16.33%	35,508	18.82%
Total Population, Female	183,824		189,784		195,038	
Age 45 to 54	31,347	17.05%	29,837	15.72%	27,200	13.95%
Age 55 to 64	22,382	12.18%	28,293	14.91%	30,883	15.83%
Age 65 to 74	14,010	7.62%	19,322	10.18%	23,411	12.00%
Age 75 to 84	10,057	5.47%	11,081	5.84%	12,964	6.65%
Age 85 and over	4,535	2.47%	5,334	2.81%	5,404	2.77%
Age 65 and over	28,602	15.56%	35,737	18.83%	41,779	21.42%

MDS Research Company, Inc.

Senior Life	Redondo Beach, CA - PMA					
	2000/2010 Census	%	2018 Estimate	%	2023 Projection	%
Population by Single-Classification Race*						
White Alone	232,323		222,867		218,187	
Age 65 and over	40,337	17.36%	48,342	21.69%	54,451	24.96%
Black or African American Alone	10,679		11,779		12,510	
Age 65 and over	882	8.26%	1,294	10.99%	1,689	13.50%
American Indian and Alaska Native Alone	1,327		1,467		1,543	
Age 65 and over	131	9.87%	188	12.82%	239	15.49%
Asian Alone	78,020		88,292		95,727	
Age 65 and over	8,996	11.53%	13,151	14.89%	16,908	17.66%
Native Hawaiian and Other Pacific Islander Alone	1,177		1,280		1,361	
Age 65 and over	83	7.05%	135	10.55%	176	12.93%
Some Other Race Alone	20,431		23,593		25,900	
Age 65 and over	881	4.31%	1,407	5.96%	1,934	7.47%
Two or More Races	19,010		24,519		28,503	
Age 65 and over	728	3.83%	1,279	5.22%	1,882	6.60%
Population by Hispanic or Latino*						
Hispanic or Latino	60,024		66,189		70,510	
Age 65 and over	4,421	7.37%	6,439	9.73%	8,240	11.69%
Not Hispanic or Latino	302,943		307,608		313,221	

MDS Research Company, Inc.

Senior Life	Redondo Beach, CA - PMA					
	2000/2010 Census	%	2018 Estimate	%	2023 Projection	%
Households by HH Income by Age of Householder**						
Householder Age 45 to 54	29,614		31,446		28,406	
Income Less than \$15,000	1,559	5.26%	897	2.85%	612	2.15%
Income \$15,000 to \$24,999	1,280	4.32%	701	2.23%	465	1.64%
Income \$25,000 to \$34,999	1,857	6.27%	895	2.85%	651	2.29%
Income \$35,000 to \$49,999	3,117	10.53%	1,602	5.09%	1,190	4.19%
Income \$50,000 to \$74,999	5,381	18.17%	3,173	10.09%	2,480	8.73%
Income \$75,000 to \$99,999	4,243	14.33%	3,523	11.20%	2,774	9.77%
Income \$100,000 to \$124,999	3,589	12.12%	3,134	9.97%	2,556	9.00%
Income \$125,000 to \$149,999	2,261	7.63%	2,831	9.00%	2,475	8.71%
Income \$150,000 to \$199,999	2,815	9.51%	4,760	15.14%	4,355	15.33%
Income \$200,000 or more	3,512	11.86%	9,930	31.58%	10,848	38.19%
Median Household Income	\$ 84,504		\$ 140,878		\$ 161,481	
Households by HH Income by Age of Householder**						
Householder Age 55 to 64	19,557		31,456		33,436	
Income Less than \$15,000	1,193	6.10%	1,557	4.95%	1,231	3.68%
Income \$15,000 to \$24,999	1,054	5.39%	1,073	3.41%	856	2.56%
Income \$25,000 to \$34,999	1,176	6.01%	1,248	3.97%	1,076	3.22%
Income \$35,000 to \$49,999	2,043	10.45%	1,866	5.93%	1,587	4.75%
Income \$50,000 to \$74,999	3,454	17.66%	3,333	10.60%	3,081	9.21%
Income \$75,000 to \$99,999	2,824	14.44%	3,554	11.30%	3,356	10.04%
Income \$100,000 to \$124,999	2,350	12.02%	3,216	10.22%	3,183	9.52%
Income \$125,000 to \$149,999	1,564	8.00%	2,648	8.42%	2,757	8.25%
Income \$150,000 to \$199,999	1,658	8.48%	3,858	12.26%	4,279	12.80%
Income \$200,000 or more	2,241	11.46%	9,103	28.94%	12,030	35.98%
Median Household Income	\$ 82,600		\$ 124,075		\$ 146,291	
Households by HH Income by Age of Householder**						
Householder Age 65 to 74	15,215		22,024		26,472	
Income Less than \$15,000	1,753	11.52%	1,284	5.83%	1,260	4.76%
Income \$15,000 to \$24,999	1,586	10.42%	1,202	5.46%	1,158	4.37%
Income \$25,000 to \$34,999	1,564	10.28%	1,449	6.58%	1,423	5.38%
Income \$35,000 to \$49,999	2,453	16.12%	1,858	8.44%	1,885	7.12%
Income \$50,000 to \$74,999	2,738	18.00%	2,913	13.23%	3,062	11.57%
Income \$75,000 to \$99,999	1,756	11.54%	2,446	11.11%	2,735	10.33%
Income \$100,000 to \$124,999	1,220	8.02%	2,438	11.07%	2,902	10.96%
Income \$125,000 to \$149,999	629	4.13%	1,938	8.80%	2,372	8.96%
Income \$150,000 to \$199,999	627	4.12%	2,406	10.92%	3,197	12.08%
Income \$200,000 or more	889	5.84%	4,090	18.57%	6,478	24.47%
Median Household Income	\$ 52,296		\$ 98,569		\$ 114,757	
Households by HH Income by Age of Householder**						
Householder Age 75 to 84	9,659		12,801		14,812	
Income Less than \$15,000	1,696	17.56%	1,185	9.26%	1,200	8.10%
Income \$15,000 to \$24,999	1,525	15.79%	1,429	11.16%	1,441	9.73%
Income \$25,000 to \$34,999	1,282	13.27%	1,438	11.23%	1,439	9.72%
Income \$35,000 to \$49,999	1,472	15.24%	1,601	12.51%	1,717	11.59%
Income \$50,000 to \$74,999	1,562	16.17%	2,080	16.25%	2,252	15.20%
Income \$75,000 to \$99,999	898	9.30%	1,350	10.55%	1,540	10.40%
Income \$100,000 to \$124,999	386	4.00%	1,025	8.01%	1,247	8.42%
Income \$125,000 to \$149,999	245	2.54%	627	4.90%	785	5.30%
Income \$150,000 to \$199,999	269	2.78%	705	5.51%	949	6.41%
Income \$200,000 or more	324	3.35%	1,361	10.63%	2,242	15.14%

MDS Research Company, Inc.

Senior Life	Redondo Beach, CA - PMA					
	2000/2010 Census	%	2018 Estimate	%	2023 Projection	%
Median Household Income	\$ 38,327		\$ 58,984		\$ 67,862	
Households by HH Income by Age of Householder**						
Householder Age 85 and over	2,430		5,805		5,784	
Income Less than \$15,000	633	26.05%	1,004	17.30%	898	15.53%
Income \$15,000 to \$24,999	428	17.61%	950	16.37%	843	14.57%
Income \$25,000 to \$34,999	300	12.35%	718	12.37%	667	11.53%
Income \$35,000 to \$49,999	320	13.17%	703	12.11%	674	11.65%
Income \$50,000 to \$74,999	327	13.46%	783	13.49%	771	13.33%
Income \$75,000 to \$99,999	165	6.79%	519	8.94%	550	9.51%
Income \$100,000 to \$124,999	66	2.72%	229	3.94%	246	4.25%
Income \$125,000 to \$149,999	71	2.92%	301	5.19%	339	5.86%
Income \$150,000 to \$199,999	63	2.59%	272	4.69%	326	5.64%
Income \$200,000 or more	57	2.35%	326	5.62%	470	8.13%
Median Household Income	\$ 30,133		\$ 39,918		\$ 45,772	
Households by HH Income**						
Total Household	141,182		146,696		150,572	
Income Less than \$15,000	10,632	7.53%	7,620	5.19%	6,575	4.37%
Income \$15,000 to \$24,999	9,593	6.79%	6,623	4.51%	5,773	3.83%
Income \$25,000 to \$34,999	11,080	7.85%	7,582	5.17%	6,739	4.48%
Income \$35,000 to \$49,999	18,210	12.90%	11,030	7.52%	9,708	6.45%
Income \$50,000 to \$74,999	27,138	19.22%	17,605	12.00%	16,214	10.77%
Income \$75,000 to \$99,999	19,951	14.13%	16,783	11.44%	15,759	10.47%
Income \$100,000 to \$124,999	14,613	10.35%	14,584	9.94%	14,270	9.48%
Income \$125,000 to \$149,999	8,727	6.18%	12,543	8.55%	12,753	8.47%
Income \$150,000 to \$199,999	9,542	6.76%	17,969	12.25%	19,135	12.71%
Income \$200,000 to \$249,999	4,621	3.27%	11,282	7.69%	13,508	8.97%
Income \$250,000 to \$499,999	4,422	3.13%	13,966	9.52%	17,603	11.69%
Income \$500,000 or more	2,653	1.88%	9,109	6.21%	12,535	8.32%
Average Household Income	\$ 95,069		\$ 152,980		\$ 172,861	
Median Household Income	\$ 69,416		\$ 110,465		\$ 125,486	
Owner Occupied Housing Units by Value**						
Total Owner-Occupied Housing Units	81,643		85,948		88,136	
Value Less than \$20,000	340	0.42%	339	0.39%	351	0.40%
Value \$20,000 to \$39,999	699	0.86%	99	0.12%	97	0.11%
Value \$40,000 to \$59,999	401	0.49%	121	0.14%	122	0.14%
Value \$60,000 to \$79,999	329	0.40%	149	0.17%	137	0.16%
Value \$80,000 to \$99,999	486	0.60%	96	0.11%	103	0.12%
Value \$100,000 to \$149,999	2,069	2.53%	178	0.21%	187	0.21%
Value \$150,000 to \$199,999	5,134	6.29%	198	0.23%	170	0.19%
Value \$200,000 to \$299,999	15,505	18.99%	625	0.73%	529	0.60%
Value \$300,000 to \$399,999	16,610	20.34%	2,068	2.41%	1,726	1.96%
Value \$400,000 to \$499,999	12,411	15.20%	4,117	4.79%	3,389	3.85%
Value \$500,000 to \$749,999	16,410	20.10%	19,273	22.42%	17,354	19.69%
Value \$750,000 to \$999,999	6,757	8.28%	21,262	24.74%	20,042	22.74%
Value \$1,000,000 or more	4,492	5.50%	37,423	43.54%	43,929	49.84%
Value \$1,000,000 to \$1,499,999			19,284	22.44%	21,570	24.47%
Value \$1,500,000 to \$1,999,999			8,398	9.77%	10,183	11.55%
Value \$2,000,000 or more			9,741	11.33%	12,176	13.82%
Median All Owner-Occupied Housing Unit Value	\$ 395,476		\$ 711,079		\$ 720,302	
Group Quarters by Population Type*	2,111		2,165		2,169	

MDS Research Company, Inc.

Senior Life	Redondo Beach, CA - PMA					
	2000/2010 Census	%	2018 Estimate	%	2023 Projection	%
Correctional Institutions	6	0.28%	6	0.28%	6	0.28%
Nursing Homes	716	33.92%	735	33.95%	736	33.93%
Other Institutions	0	0.00%	0	0.00%	0	0.00%
College Dormitories	131	6.21%	135	6.24%	135	6.22%
Military Quarters	0	0.00%	0	0.00%	0	0.00%
Other Noninstitutional Quarters	1,181	55.95%	1,211	55.94%	1,214	55.97%
Occupied Housing Units by Tenure*	142,658		146,696		150,572	
Owner-Occupied	83,706	58.68%	85,948	58.59%	88,136	58.53%
Renter-Occupied	58,952	41.32%	60,748	41.41%	62,436	41.47%
Households by Tenure by Age of Householder*						
Total Households	142,658		146,696		150,572	
Owner-Occupied	83,706		85,948		88,136	
Householder 55 to 64 years	18,487	22.09%	22,062	25.67%	22,966	26.06%
Householder 65 to 74 years	13,094	15.64%	17,244	20.06%	20,473	23.23%
Householder 75 to 84 years	9,593	11.46%	10,301	11.99%	11,726	13.30%
Householder 85 years and over	3,787	4.52%	4,200	4.89%	4,158	4.72%
Renter-Occupied	58,952		60,748		62,436	
Householder 55 to 64 years	7,139	12.11%	9,394	15.46%	10,470	16.77%
Householder 65 to 74 years	3,217	5.46%	4,780	7.87%	5,999	9.61%
Householder 75 to 84 years	2,037	3.46%	2,500	4.12%	3,086	4.94%
Householder 85 years and over	1,217	2.06%	1,605	2.64%	1,626	2.60%
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*Census column is 2010 Data.						
**Census column is 2000 Data.						
***Percent growth figures are as follows: 2010 (2000-2010), 2018 (2010-2018), and 2023 (2018-2023).						

MDS Research Company, Inc.

Rank	Redondo Beach, CA - PMA ZIP code List	Total Households
	↑	
1	90245 El Segundo	7,299
2	90254 Hermosa Beach	9,726
3	90260 Lawndale	10,546
4	90266 Manhattan Beach	14,064
5	90274 Palos Verdes Peninsula	9,924
6	90275 Rancho Palos Verdes	16,057
7	90277 Redondo Beach	17,670
8	90278 Redondo Beach	16,611
9	90503 Torrance	18,049
10	90504 Torrance	12,033
11	90505 Torrance	14,717

Accepted	11 Targets	146,696
Rejected	0 Targets	0
Total	11 Targets	146,696