

File No. NYKV984020

Milliken Developments
234 19th Street West
North Vancouver, BC
V7M 1X5

Attention: Ms. Kate Milliken Binns

**Re: Market Overview for a Proposed Assisted Living & Memory Care Retirement Residence
825 Taylor Way, West Vancouver, BC**

Dear Ms. Milliken Binns:

We have completed investigations and analyses pursuant to your request for a market overview of the assisted living and memory care market in the West Vancouver area, specifically relating to your proposal for development of the above noted property. The purpose is to examine potential demand for a luxury retirement residence providing assisted living (AL) and memory care (MC) in West Vancouver. The intended use is for internal planning and decision making and no other use.

The following map captures the market area under analysis.





Based on our data, the West Vancouver market area had a total population of approximately 73,000 in 2011. The total seniors' population was about 14,700, or almost 20% of the total population. By 2021 it is forecasted to reach nearly 25%. The following table captures total and seniors' population statistics.

Population							
Year	Van CMA	PMA	65-74	75-84	85+	65+	75+
2006	2,111,581	69,734	6,424	5,243	2,098	13,765	7,341
2011	2,415,782	73,042	7,150	5,067	2,514	14,731	7,581
2014	2,538,522	73,714	8,541	4,893	2,623	16,057	7,516
2016	2,621,378	74,017	9,149	4,913	2,687	16,749	7,600
2021	2,839,988	74,498	10,063	5,430	2,664	18,157	8,094

Percentage of PMA Population						
Year		65-74	75-84	85+	65+	75+
2006		9.2%	7.5%	3.0%	19.7%	10.5%
2011		9.8%	6.9%	3.4%	20.2%	10.4%
2014		11.6%	6.6%	3.6%	21.8%	10.2%
2016		12.4%	6.6%	3.6%	22.6%	10.3%
2021		13.5%	7.3%	3.6%	24.4%	10.9%

Population Growth Forecast							
Period	Van CMA	PMA	65-74	75-84	85+	65+	75+
2006 - 2011	14.4%	4.7%	11.3%	-3.4%	19.8%	7.0%	3.3%
2011 - 2014	5.1%	0.9%	19.5%	-3.4%	4.3%	9.0%	-0.9%
2014 - 2016	3.3%	0.4%	7.1%	0.4%	2.4%	4.3%	1.1%
2016 - 2021	8.3%	0.6%	10.0%	10.5%	-0.9%	8.4%	6.5%

The West Vancouver area is one of the most affluent in the GVA. The following table illustrates the difference in average seniors' and household incomes.

Average Incomes					
65-74		75+		Household	
PMA	Van CMA	PMA	Van CMA	PMA	Van CMA
\$66,224	\$32,198	\$46,553	\$28,671	\$126,195	\$72,639
51.4%	<i>Delta</i>	38.4%	<i>Delta</i>	42.4%	<i>Delta</i>

West Vancouver also has the highest priced real estate in the GVA. According to Greater Vancouver Real Estate Board statistics, the House Price Index* (HPI) for West Vancouver was \$1,608,800 in January 2012, almost 2.5 times the corresponding Vancouver HPI at \$660,600. In fact, the next highest HPI is Vancouver West at \$933,600. This will have a major impact on affordability since it is well documented that seniors count on equity release from the sale of their home in moving to retirement housing.

As noted above, the population of seniors' 65 years of age and older in the market area is estimated at 14,730. Based on our research and analysis of dementia occurrence, we estimate that in total about 1,585, or 10.8% of the population, have a need for memory care assistance.

* The MLS® HPI is a more stable price indicator than average prices, because it tracks changes of "middle-of-the-range" or "typical" homes and excludes the extreme high-end and low-end properties



However, the subject proposal involves an upscale offering, commensurate with the affluent profile of the West Vancouver community. When we take into consideration affordability factors, including income levels and housing values, we estimate that the potential qualified demand is for over 300 memory care spaces. In addition, we estimate that the need for assisted daily living would add up to 150 spaces for a total of 450 spaces.

It is also well documented in surveys that wealthy neighbourhoods tend to draw significant demand from outside the primary market area due to “influencers”, or adult children living in the area. Seniors very often choose to relocate closer to their adult children (and grandchildren). This tendency is more common in assisted living and memory care than independent living. While our own research indicates that between 25% and 35% of demand comes from outside a ten kilometre radius of the site, it is our experience that the ratio is typically upwards of 50% for affluent areas.

Based on our research and demand modeling, we estimate that the total potential demand would be for as many as 900 AL/MC spaces in an upscale residence in West Vancouver.

Our research into existing supply indicated a total of 394 existing care beds in the market, including both funded and private long term care and private retirement residences.

Property Name	Operator	Units
Amica at West Vancouver	Amica	34
Hollyburn House	Revera	36
Kiwanis Manor	InSite Housing	30
West Vancouver Care Centre	VCHA	79
Capilano Care Centre	Revera	73
Inglewood Care Centre	VCHA	142
	Total	394





The only competitive high-end, private pay supply to the proposed subject development would be Amica West Vancouver and Hollyburn House. Opened in 2006, Amica is a 118 suite independent living residence with a secured floor containing 32 suites. It is primarily for assisted living but they do provide early dementia care. Hollyburn House opened in 1987 and has been renovated over the years. It has a designated wing containing 36 units for private pay care, including dementia.

Therefore, only 70 spaces are available for private pay care in upscale retirement residences in West Vancouver and neither specializes in memory care. The nearest true competitor is Sunrise Lynn Valley in North Vancouver which is reported to have a long waiting list.

The balance of existing supply (324 beds) noted in the chart involved publicly funded or subsidized care units. While they may have some impact on demand, they are there for seniors who are not income qualified in our analysis. Notwithstanding, based on our needs analysis, that this segment of the market is also significantly under-supplied in West Vancouver.

Conclusion

Based our research and analysis, we conclude that the West Vancouver market is significantly under-supplied with respect to upscale assisted living and memory care spaces, having a potential demand for 900 seniors relative to an existing supply of only 70 units. This is supported by the long waiting lists at other comparable upscale residences in the GVA such as Sunrise Senior Living.

We hereby certify that we have no present or contemplated interest in the herein described property of any kind whatsoever. If you require any further information on this matter, please do not hesitate to contact the undersigned.

Respectfully submitted,
Altus Group Limited

Stephen Hiscox, AACI, PApp.
Senior Director