MARKET FEASIBILITY STUDY

for

A SENIOR HOUSING COMMUNITY

in

EL CAJON, CALIFORNIA

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STUDY BACKGROUND

STUDY BACKGROUND AND PURPOSE

Robert Garmo (Client) has requested that Brecht Associates, Inc. (BAI) conduct a preliminary market feasibility study to assess the ability of the market to support Independent Living (IL), Assisted Living (AL) , and Memory Care (MC) units in a location in El Cajon, San Diego County, California (Project). To accomplish this, BAI determined the depth of the market in the defined market area (MA). In accordance with our proposal dated August 10, 2022, we have completed this preliminary market feasibility study, which is organized as follows.

- Significant Findings, Conclusions and Recommendations
- Area and Site Description
- Market Area Definition
- Demographic Trends
- Competitive Environment
- Market Depth Analysis for IL, AL, and MC
- Appendix A: Demographic Data
- Appendix B: Competitive Community Profiles

SIGNIFICANT FINDINGS, CONCLUSIONS and RECOMMENDATIONS

SIGNIFICANT FINDINGS AND CONCLUSIONS

Site

The Project site is in El Cajon, California. El Cajon is approximately 17 miles east of downtown San Diego.

Market Area (MA)

The MA consists of eight zip codes found in San Diego County. This MA is based the local roadway system, as well as various other factors that support senior housing, including access to healthcare, retail opportunities, local travel patterns and the distribution of local competitive communities.

Demographics

In the MA, overall population and household growth is projected to increase from 2022 to 2027 (trend period) in this area. Future target populations and age and household target income groups are also expected to increase, which is favorable for the Project.

- The target population age 75+ (for IL) is estimated to increase 1.8 percent annually representing 7.9 percent of the total population in 2027.
- Households 75 years of age or more with incomes of $75,000+ represent 30.1 percent of total 75+ households in 2022. This will increase by 3.3 percent per year to 35.0 percent in 2027. This represents the approximate target market[1] for the Project's units.
- Households 75 years of age or more with incomes of $100,000+ represent 21.0 percent of total 75+ households in 2022. This will increase by 5.8 percent per year to 25.9 percent in 2027.
- Nearly 37 percent of adult children (age 45 to 64) have incomes of $150,000+ in 2027. This may be enough to assist an elderly parent in supporting a Project unit.

[1] Income parameters are discussed in detail in the Market Demand section of this report.

Competitive Environment

- All competitors are rental communities, and apart from one (Good Samaritan), all are for profit. The Project is expected to be a rental community.
- There are six communities offering IL within the MA. The newest is Westmont of La Mesa (2019); the others are 10 or more years old.
- Most communities report full occupancy in IL. The weighted average occupancy is 96.9 percent. Stabilized occupancy in the San Diego MetroMarket[2] is 87.1 percent for IL.
- There are eight communities offering AL levels of care in the MA. All offer other levels of care, including IL, MC, or nursing units.
- There is one stand-alone MC community within the MA, and among the other communities, five offer MC units along with IL, or AL.
- Occupancy rates are relatively strong in AL (94% to 100%) and MC (79% to 100%). Stabilized occupancy in the San Diego MetroMarket is 82.4 percent for AL.
- No new planned competitive communities were identified. Two existing communities are adding units; Good Samaritan plans to add 24 MC units in a newly developed memory care wing and Lantern Crest will add 66 AL units.

Market Depth

A market depth analysis was conducted for IL, AL, and MC. The table below displays the results of each analysis. The highlighted rows (percentages) represent industry benchmarks.

TABLE 1
Demand Analysis Results 2027

	Total Unit Potential	*Market Penetration Rate*
Independent Living	*3% - 5%*	*< 15% IL*
Independent Living	273 – 455	*2022 – 7.3%* *2027 – 6.9%*
Assisted Living & Memory Care	*5% - 10%*	*< 30-40% AL*
Assisted Living Memory Care	172 - 343 32 – 65	*2022 – 28.7%* *2027 – 29.4%*

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[2] The NIC MAP of MetroMarket Report for the 2nd Q 2022 for the San Diego MetroMarket is from the National Investment Center and analyzes trends in the senior housing and care sector for investors and providers.

Independent Living

There is additional Total Unit Potential for IL, and the Market Penetration Rates (MPR) are well below accepted industry standards for a competitive market. For the analysis (assuming a rental product), there is a total unit potential of 273 to 455.

The IL analysis assumes that the Project will draw 75 percent of IL residents from within the MA and 25 percent from areas outside of the defined MA.

Assisted Living and Memory Care

Total Unit Potential and Market Penetration Rates (MPR) for AL and MC are within accepted industry standards suggesting a market that is sufficiently deep to support additional units. The analysis assumes that the Project will draw 85 percent of the AL and MC residents from the defined MA, and that 15 percent will come from areas outside of the defined MA.

CONCLUSIONS AND RECOMMENDATIONS

Current plans for the Project include development of up to 200 units on a site in El Cajon. This study included a variety of quantitative analyses to determine the ability of the market to support additional units. The results of the demand analyses indicate that this market is able to support additional IL, AL, and MC units, and we recommend proceeding with plans to develop approximately 200 units in total. **This would result in building a community with a total of 200 units (140 IL, 40 AL, and 20 MC) or something close to this.** We do not recommend "building out" to the full capacity indicated by the analyses.

It is the experience of most communities that IL units are the driver for development of the "care-based" units such as AL and MC. Some communities choose to begin with offering only IL units and develop the supportive AL and MC services as their resident population becomes established. The three existing competitive communities within the MA (with all three levels of care) provide a glimpse into what has been developed in this market.

	Lantern Crest	***% Total Units***	**La Vida Real**	***% Total Units***	**Westmont of La Mesa**	***% Total Units***
IL	229	*61%*	210	*61%*	62	*45%*
AL	110	*30%*	99	*29%*	41	*30%*
MC	36	*9%*	34	*10%*	34	*25%*
Total	**375**	***100%***	**343**	***100%***	**137**	***100%***

Based on our experience in markets nationwide, we would recommend considering a configuration of approximately 70 percent IL, with the remainder 20 percent AL and 10 percent MC. This results in a community with 140 IL, 40 AL and 20 MC.

AREA AND SITE DESCRIPTION[3]

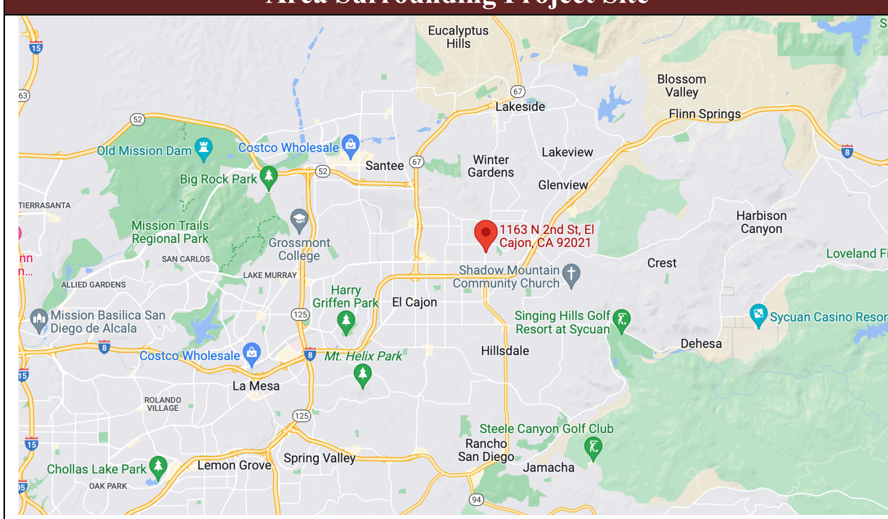
EL CAJON AND SURROUNDING AREAS

El Cajon is a mid-size city (100,000+ residents), located in the San Diego-Carlsbad metro area. It is located approximately 17 miles east of San Diego, 120 miles south of Los Angeles and 20 miles north of the Mexican border. This part of California is known for an ocean-moderated Southern California climate, enabling year-round enjoyment of outdoor amenities and activities. The economy is described as "strong," and the city is well-endowed with many arts and cultural and recreational activities, including the recently opened (2019) Magnolia (performing arts center) and St. Madeleine Sophie's Center and Gardens (a therapeutic organic garden and orchard that is fully ADA accessible). Gillespie Field, one of the San Diego County's eight airports, is in the northwest corner of El Cajon.

SITE LOCATION[4]

The Project site is located on 1.33 acres along 1163 N. 2nd Street in El Cajon (92021) in an established commercial/retail corridor. The site currently features a plant nursery. This location is easily accessed via several local highways, among them I-8, and CA-67, 125, 52 and 54. The surrounding area features abundant retail and dining opportunities as well as access to parks and recreational facilities. Sharp Grossmont Hospital is located about five miles from the site.

MAP 1
Area Surrounding Project Site



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[3] Information obtained from various sources including, bestplaces.net, elcajon.gov, downtownelcajon.com, and wikipedia.com.
[4] Excerpted from Marketing Brochure_Flyer – 1163 N 2nd St, provided by the client.

MARKET AREA DEFINITION

MARKET AREA

The defined local market area (MA) for the Project is that contiguous area from which the largest concentration of residents is drawn. Most senior housing communities find a portion of their residents move from outside the defined local MA, usually to be near their family or friends. The defined MA applies only to those residents who can be expected to move from “local” communities.

There are many different factors that attract seniors to a community ranging from commuting and shopping habits to traffic patterns and congestion, to the perception of an area and the availability of family. The proportion of residents moving from the MA to a Project can typically range from 50 to 90 percent depending on a number of other factors including the following.

- The extent to which the area is geographically segmented
- The appeal of the area in general and the Project site in particular
- The sphere of the sponsor’s influence
- The extent to which younger family members living in the MA may influence or bring elderly relatives from outside the area to live near them.

The MA map and zip codes are presented in Table 2 and Map 2. A radius of seven miles (from the Project site) is found on the map, and the blue line indicates a 15-minute drive time. These are included as a point of reference but are not used to define the MA.

TABLE 2
Zip Codes Within the MA

Zip Code	*Location*	*Zip Code*	*Location*
91941	La Mesa	92021	El Cajon - *SITE*
91942	La Mesa	92040	Lakeside
92019	El Cajon	92071	Santee
92020	El Cajon	92119	El Cajon

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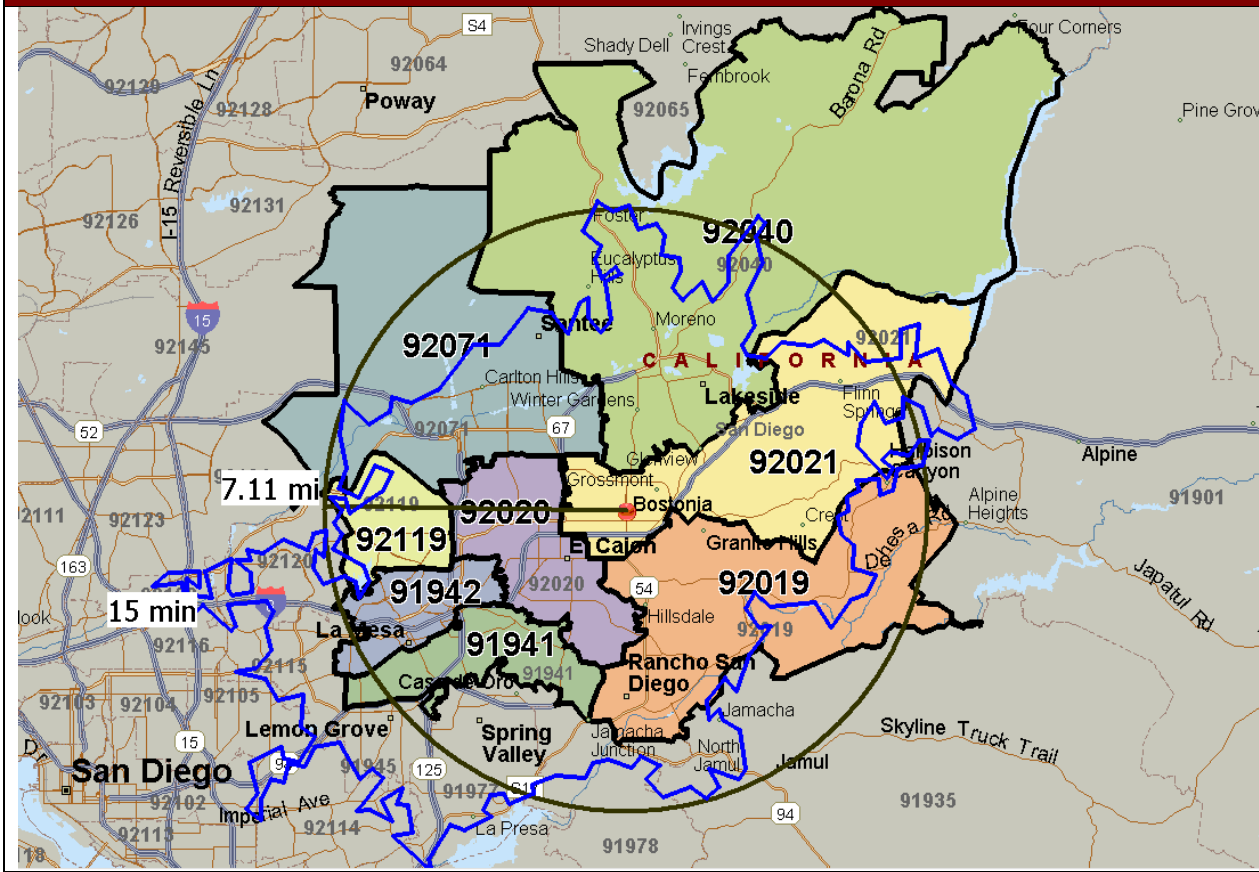
MAP 2
Market Area



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The MA definition is based on the following factors.

- The MA consists of eight zip codes in San Diego County, California. The Project site is located at 1163 N. 2nd Street in El Cajon. This roadway travels north-south in the location of the Project and is an easily recognized commercial/retail corridor.

- The Project site has excellent access to the area's major roadways. It is situated within minutes of Interstate 8 (I-8) which travels west to east in the southern portion of the MA, providing connection from areas in La Mesa, northeast to El Cajon, and proceeding in a northeast direction toward Blossom Valley. The site is easily accessed via several local highways, among them CA-67, connecting El Cajon to Lakeside in the northeast, CA-125, connecting El Cajon to Santee in the northwest. Each of these road systems provides good access throughout the MA. Numerous smaller local roads facilitate local travel throughout the MA.

- In defining this MA, we looked at the service area[5] of the closest local hospital to the Project site. We have found that in many cases, local residents moving to a community like the Project will reflect the service area of the closest hospital. Sharp Grossmont Hospital (La Mesa) is approximately five miles from the Project site. There is a very strong correlation between the Top Ten Zip Codes of Patient Origin and the MA zip codes for this hospital.

- Distances from the Project to locations within the MA are realistic in terms of industry experience as to how far seniors are likely to move for a community like the Project in this type of area. Most of the areas included in the MA are almost all within seven to 10 miles of the Project. This is considered a reasonable traveling distance for a senior housing community in a suburban location. Almost all areas are within a drive time of 15 minutes, which is acceptable in terms of travel to a retirement community for family and friends.[6]

- We do expect residents to be drawn from areas outside of the MA, and this is accounted for in the demand analysis. This includes areas to the west toward the city of San Diego, as well as areas to the east, north and south of I-8, which appear somewhat less densely populated. While these areas are not included in the MA for purposes of the market demand calculations, we believe they may be a potential source of future residents.

[5] 2021 data obtained from AHD.com.

[6] Studies published by the Pew Research Center (pewresearch.org) indicate that urban/suburban residents travel 17.5 minutes or more for health services. Rural residents may travel twice as far as this.

DEMOGRAPHIC OVERVIEW

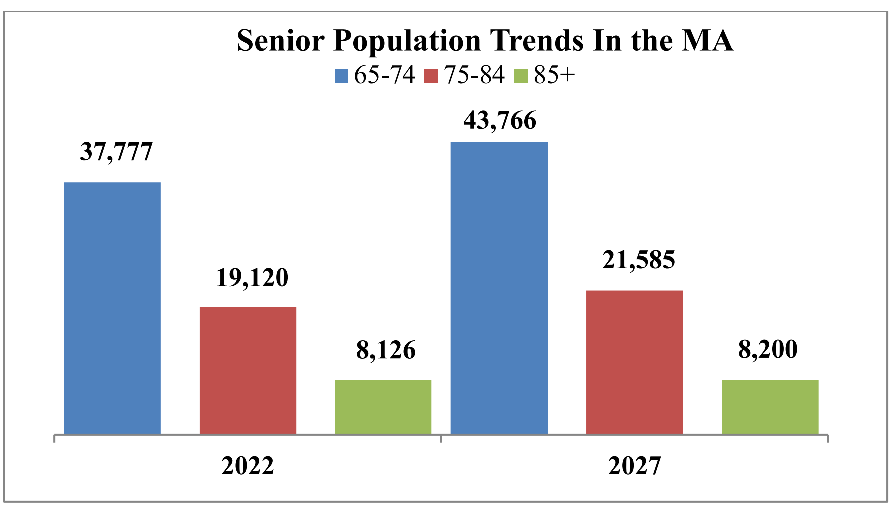
BACKGROUND ON DATA

Brecht Associates obtains demographic data from Claritas, a leading provider of demographic and Census data. At this time, Claritas provides data estimates for year 2022 and projections for 2027, which are based on information from the 2020 Census. Claritas incorporates findings from the American Community Survey on a rolling annual basis, as well as local level data ensuring improved data quality.

Key demographic findings are summarized below and presented in Table 4. The complete Claritas report is found in Appendix A.

Population Data

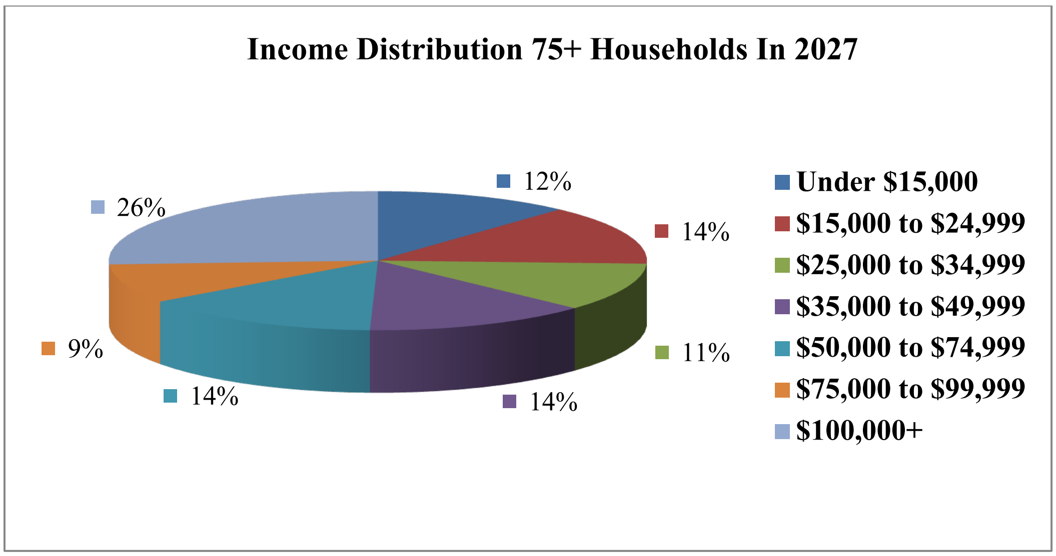
- The total population within the MA is projected to increase between 2022 and 2027 from 371,932 to 378,708 (0.4% per year).
- The target population age 75+ (for IL)[7] within the MA is estimated to increase at a rate of 1.8 percent annually during the trend period, from 27,246 to 29,785. This 75+ age cohort will represent 7.9 percent of the total population by 2027.
- Indicative of future demand, the population age 65 to 74 is estimated to increase from 37,777 to 43,766 (3.0% annually). This is the greatest rate of annual growth in the MA. This future growth is a positive finding for the Project.



[7] The use of age 75+ is a widely accepted industry standard. According to the *2017 Independent Living and Assisted Living Resident Profiles,* over 93% of residents are age 75 or older at move-in.

Household Income Data[8]

- There are a total of 16,913 households age 75+ within the MA in 2022. This is projected to increase to 18,226 in 2027 (at a rate of 1.5% per year).
- Households 75 years of age or more with incomes of $75,000+ (5,086 in 2022) represent 30.1 percent of total 75+ households. This will increase by an annual average of 4.6 percent to 35.0 percent (6,383) in 2027. This is favorable for the Project.
- Households in the MA age 75+ with $100,000 or more are projected to be 4,717 (25.9%) of the total 75+ households by 2027. This is an average annual increase of 5.8 percent.



Adult Child Households

Households age 45 to 64 represent the typical age of adult children who are providing guidance, social, and sometimes financial support to aging and or/frail parents. It is this group that represents a significant target market, since they influence and frequently play a major role in the older relative's decision to move to a community such as the Project.

- It is estimated that 30.0 percent of adult children (age 45 to 64) in the MA have incomes of $150,000+ in 2022. These number 14,574 and may have sufficient means to assist an elderly parent in affording the fees in a retirement community. This percentage is projected to increase (3.7% per year) to 17,470 or 36.8 percent by 2027.

[8] Income parameters are discussed in detail in the Demand Analysis section of this report.

Household Income Density

Map 3 and Table 3 show 75+ households with annual incomes of $50,000+ in 2027. Areas shaded darkest green have the greatest proportions of age/income-qualified households, including Hillside and Rancho San Diego, just south of the Project site. The areas immediately around the Project site have just under 1,000 qualified households (921-988).

MAP 3
75+ Households with Annual Incomes of $50,000+ in 2027

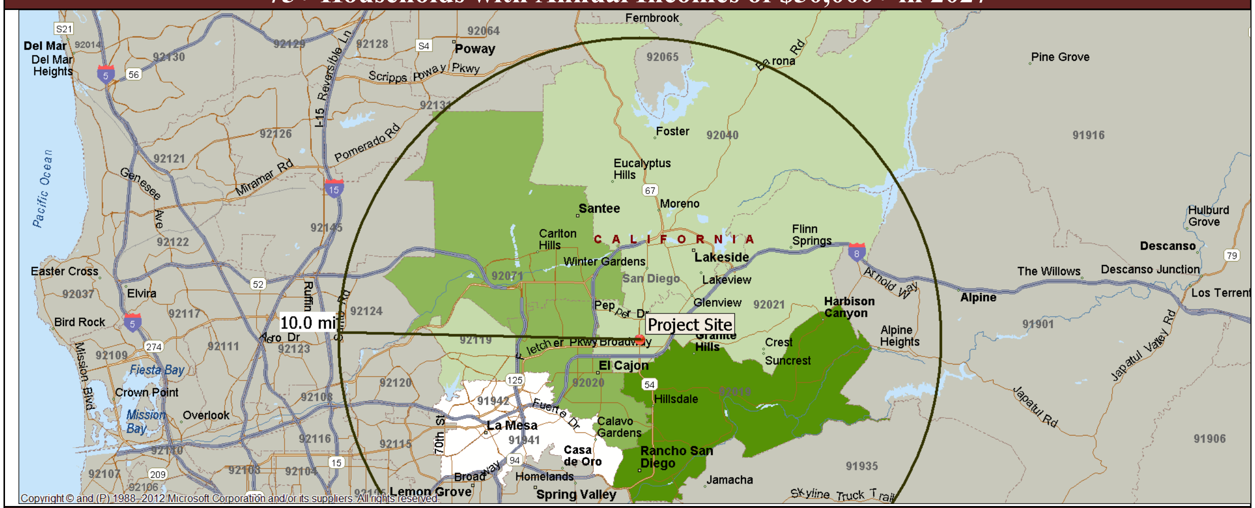


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TABLE 3 **75+ Households with $50,000+ in Annual Income in 2027**	
Map Color	*# Households*
(dark green)	1,144
(medium green)	1,017 - 1,038
(light green)	921 - 988
(white)	771 - 839
Claritas Data	

TABLE 4 Demographic Summary			
	Estimated *2022*	*Projected* *2027*	*Avg. Annual* *% Change* *2022-2027*
General Demographic Trends			
Total Population All Ages	371,932	378,708	0.4%
Population Age 65-74	37,777	43,766	3.0%
Population Age 75-84	19,120	21,585	2.5%
Population Age 85+	8,126	8,200	0.2%
Population Age 75+	27,246	29,785	1.8%
Percentage	7.3%	7.9%	
Total Households (Project Target Market)			
Total Households 75+	16,913	18,226	1.5%
Households with Incomes of $50,000+	7,656	9,026	3.3%
Percentage	45.3%	49.5%	
Households with Incomes of $75,000+	5,086	6,383	4.6%
Percentage	30.1%	35.0%	
Households with Incomes of $100,000+	3,552	4,717	5.8%
Percentage	21.0%	25.9%	
Households Age 45 - 64 (Adult Child Market)			
Total Households Age 45 - 64	48,539	47,500	-0.4%
Households with Incomes of $150,000+	14,574	17,470	3.7%
Percentage	30.0%	36.8%	
Appendix A Claritas Senior Life Report			

COMPETITIVE ENVIRONMENT

BACKGROUND

The analysis of the competitive environment considered existing and planned IL, AL, and AL/MC (MC). Each community met the following criteria.

- Located within the MA identified for this Project or immediately proximate to this market,
- Have more than 25 residential units or licensed beds (except for facilities which are part of a continuum of services),
- Target those age 75+ and offer substantive supportive services such as one or more meals, housekeeping, laundry, activities, transportation, emergency response system, and/or utilities,
- Serve primarily private pay residents (fewer than 30% SSI residents).

The following existing communities are considered competitive based on the criteria established and described above. A description of all competitive communities can be found in Appendix B.

EXISTING COMMUNITIES

Independent Living

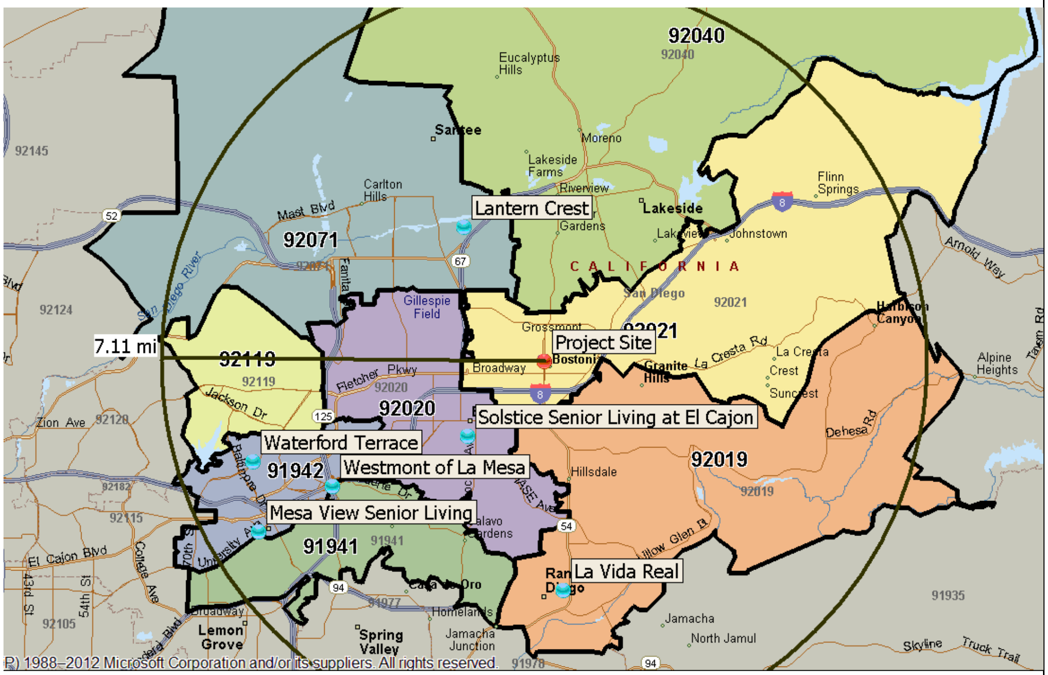
There are six IL communities within the MA. Two of these communities are stand-alone IL communities, the others also offer AL or AL and MC units. No competitive communities were identified proximate to the MA. All communities are rental communities.

In the MA

- La Vida Real (IL, AL, MC) 92019
- Lantern Crest (IL, AL, MC) 92071
- Solstice Senior Living at El Cajon (IL) 92020
- Mesa View Senior Living (IL, AL) 91942
- Waterford Terrace (IL) 91942
- Westmont of La Mesa (IL, AL, MC) 91942

Map 4 shows the location of the of the competitive IL communities in relation to the Project.

MAP 4
IL Competitive Communities



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Assisted Living

In addition to the communities listed above which provide AL, four additional communities offering AL levels of care were identified within the MA. No competitive communities were identified proximate to the MA.

Within the MA

- Good Samaritan Retirement Center (AL) 92019
- Grossmont Gardens (AL, NF) 91942
- Lo Har Gardens (AL, MC) 92019
- The Montera (AL, MC) 91942

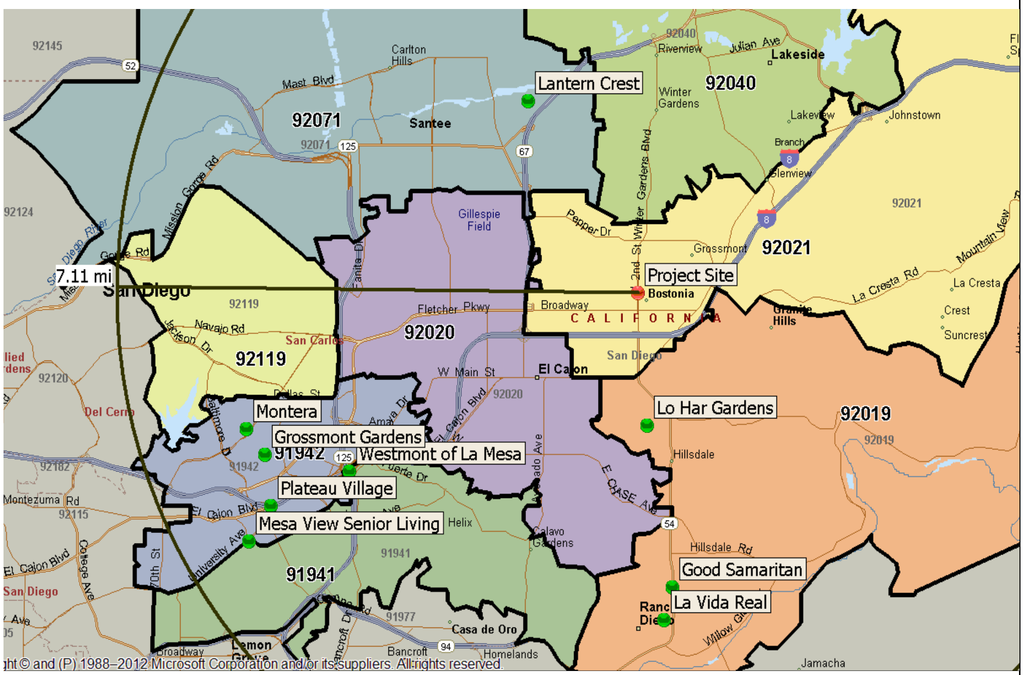
Memory Care

In addition to the five communities listed above which provide IL and/or AL, one stand-alone MC community was identified. No competitive MC communities were identified proximate to the MA.

- Plateau Village (MC) 91942

Map 5 shows the location of the of the competitive AL and MC communities in relation to the Project.

MAP 5
AL and MC Competitive Communities



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PLANNED COMMUNITIES

The following procedures were used to determine whether any IL, AL, or MC communities are planned within or immediately proximate to the MA.

PLANNED COMMUNITIES

The following procedures were used to determine whether any IL, AL or MC communities are planned within or immediately proximate to the MA.

- The Property Inventory 2nd Quarter 2022 for Planned Properties developed by NIC MAP® Data Service was obtained and reviewed for planned communities.

- Representatives of municipalities within and immediately proximate to the MA were queried regarding planned communities for seniors.
- Representatives of existing competitive communities were asked if they have plans for expansion or if they were aware of any new communities being planned.

Based upon these activities no planned new projects were identified. Two existing communities are adding units.

- Good Samaritan Retirement Center is adding 24 MC units in a new memory care wing, and these are expected to be open by December 2022.
- Lantern Crest is adding 66 AL units, estimated to open by 2023, bringing the total number of units (all types) on campus to 375. Lantern Crest has additional space available and may add more IL units in the future.

Summary of Competitive Attributes

This section of the report provides an overview of the competitors, more detailed information can be found in Appendix B.

Comparison of IL Attributes

The Project is planned as a rental community. All the competitive communities are also rental communities.

TABLE 5
Independent Living Year of Opening and Occupancy

Name	*Total IL Units*	*Year Open*	*Occupancy*	*Other Levels of Care*
Lantern Crest	229	2012	97% Apt 100% Villa	AL, MC
La Vida Real	210	2003	96%	AL, MC
Mesa View Senior Living	10	1982	100%	AL
Solstice Senior Living at El Cajon	104	1993	94%	None
Waterford Terrace	90	1989	99%	None
Westmont of La Mesa	62	2019	97%	AL, MC

Appendix B

Among the communities surveyed:

- Among the competitors, the most recently opened are Westmont of La Mesa (2019) and Lantern Crest (2012). The remainder are more than 10 years old.
- Most communities offer only apartment units. Lantern Crest offers a choice between apartments and villas, and Mesa View offers only cottage units.
- Most IL competitive communities report full occupancy (defined as 95% or better). Solstice Senior Living reports 94 percent, just slightly below the threshold. According to NIC MAP, stabilized occupancy for majority IL units in the San Diego MetroMarket was 87.1 percent as of 2nd Quarter 2022.
- No planned IL units were identified either within or proximate to the MA.

Monthly Fees - Apartments and Cottages

Fees have not yet been established for the Project.

- Among the competitors, studios range from $2,645 at Solstice to $4,750 at Westmont of La Mesa. One-bedroom units begin at $2,775 (Solstice), and reach $5,860 at Westmont, and two-bedroom units are $3,875 (Solstice) and $7,770 at (Westmont).

TABLE 6
Monthly Fees Lowest Priced Independent Living Apartment Units

Name	*Studio*	*1BR*	*2 BR*
Lantern Crest	$4,050	$4,605	$5,450
La Vida Real	$4,530	$5,145	$6,565
Mesa View Senior Living (cottages only)		$2,800	$3,800
Solstice Senior Living at El Cajon	$2,645	$2,775	$3,875
Waterford Terrace	$2,800	$4,100	$4,500
Westmont of La Mesa	$4,750	$5,860	$7,770

Appendix B

Only Lantern Crest and Mesa View offer cottage units. Mesa View is a smaller community (just 10 IL units) and is priced far lower than Lantern Crest, at $2,800 for a one-bedroom and $3,800 for a two-bedroom. Lantern Crest offers only two bedroom/den villa units, and these begin at $6,200.

Services

While service packages vary between communities and between unit type (apartment vs cottage), most provide basic services included in the monthly fee.

TABLE 7 Services Included – Independent Living Communities							
Name	*HK*	*Linens*	*Meals*	*Sched. Trans*	*Utilities*	*Basic Cable*	*Internet*
Lantern Crest	Weekly	Weekly	$600/mo	Yes	Yes	Yes	Yes
La Vida Real	Weekly	Weekly	2	Yes	Yes	Yes	Yes
Mesa View Senior Living	Weekly	Weekly	2	Yes	$100 credit	No	Yes
Solstice Senior Living at El Cajon	Weekly	Free facility	No	Yes	No	Yes	No
Waterford Terrace	Weekly	No	3	Yes	Yes	No	No
Westmont of La Mesa	Weekly	No	3	Yes	Yes	Yes	Yes
Appendix B							

Comparison of AL and MC Attributes

The Project is expected to offer AL and MC units.

Among the communities surveyed:

- Among the AL competitors, the most recently opened are Westmont of La Mesa (2019) and Lantern Crest (2012). The remainder are more than 10 years old.
- The number of AL units ranges from 30 (Mesa View) to 375 (Grossmont Gardens).
- The number of MC units ranges from 23 (Lo Har Gardens) to 63 (The Montera).
- Occupancy rates at AL communities are close to or above the industry standard for full occupancy (95%); weighted average occupancy is 96.9 percent. According to NIC MAP, stabilized occupancy for majority AL units in the San Diego MetroMarket was 82.4 percent as of 2nd Quarter 2022.
- Considering MC, except for Plateau Village (a stand-alone MC community at 79%), occupancy rates are good (91% to 100%). MC occupancy is not separately reported by NIC MAP and is included in the AL occupancy rate.

TABLE 8 Assisted Living and Memory Care Units Year of Opening, Units by Type and Occupancy					
Name	*Year Open*	*AL*	*Occupancy*	*MC*	*Occupancy*
Good Samaritan Ret. Ctr	2000	52	94%		
Grossmont Gardens	1964	375	94%		
Lantern Crest	2012	44	100%	36	100%
La Vida Real	2003	99	98%	34	94%
Lo Har Gardens	1947	32	94%	23	96%
Mesa View Senior Living	1982	30	100%		
The Montera	2006	120	98%	63	98%
Plateau Village	1981			39	79%
Westmont of La Mesa	2019	41	97%	34	91%
Appendix B					

Monthly Fees Assisted Living

Fees have not yet been established for the Project.

- Among the communities offering a studio or private room, monthly fees range from $2,280 (Grossmont Gardens) to $6,300 (Mesa View). Monthly fees should be interpreted with caution as each community charges differently for levels of care.

TABLE 9 Lowest Priced Assisted Living and Levels of Care			
Name	*Studio*	*1BR*	*Levels of Care*
Good Samaritan Ret. Ctr	$3,950		2 LOC: +$800 - +$1,600
Grossmont Gardens	$2,280	$3,145	6 LOC: +$425 - +$2,550
Lantern Crest	$5,395	$5,995	Pt system with max $2,500
La Vida Real	$5,150	$6,400	4 LOC: +$500 - +$2,500
Lo Har Gardens	$3,800		4 LOC: +$500 - +$800
Mesa View Senior Living	$6,300		Inclusive of care
The Montera	$3,770	$6,440	4 LOC: +$601 - +$2,847
Westmont of La Mesa	$4,750	$5,860	Pt system with max $10,000
LOC is Level of Care			
Appendix B			

Monthly Fees Memory Care

Fees have not yet been established for the Project.

- Among the communities offering a studio or private room, monthly fees range from $5,025 (Lo Har Gardens) to $8,070 (La Vida Real). Monthly fees should be interpreted with caution as each community charges differently for additional levels of care.

TABLE 10
Lowest Priced Memory Care and Levels of Care

Name	*Studio*	*Levels of Care*
Lantern Crest	$5,695	Point System up to $2,500
La Vida Real	$8,070	3 LOC: +$900 - +$1,300
Lo Har Gardens	$5,025	2 LOC: +$275 - +$825
The Montera	$5,480	6 LOC: +$601 - +$2,847
Plateau Village	$5,385	6 LOC: +$425 - +$2,550
Westmont of La Mesa	$6,985	6 LOC: +$1,050 - +$3,550
LOC is Level of Care		
Appendix B		

MARKET DEPTH FOR IL, AL, and MC

BACKGROUND

In this section we will calculate the depth of the market for IL, AL, and MC. Our methodology for analyzing the depth of the market is based on the most current demographic information from the 2020 Census by Claritas as well as other sources that address the elderly. The market depth analysis is a quantitative methodology that is based on age, income, and housing tenure criteria only. It is not possible to factor in product preferences such as unit sizes/types or building configuration into the analysis.

The terms total unit potential and market penetration rate are used in this section and are defined below.

- **Total Unit Potential** represents the number of units that may be built in the MA in addition to existing and planned competitive communities.

- **Market Penetration Rate** (MPR) is broadly defined as the depth of sales of a particular product in a given market. The deeper the penetration rate, the higher the volume of product sales.[9] The MPR for a senior housing product reflects the percentage of age and income qualified households within the defined geographic market area assumed to reside in existing competitive units (at 95% occupancy) as a percentage of the total age and income qualified households. According to *Analyzing Seniors Housing Markets* by Susan B. Brecht as well as "Measuring Demand for Senior Housing" (Robert Wexler and Rebecca Lageman), throughout the industry MPR rates of greater than 15 percent for IL with services indicate a competitive market, which may be approaching saturation. Market penetration rates from 30 to 40 percent for are acceptable for AL and MC.

Assumptions

The baseline assumptions for each level of care used in the analysis are presented in Table 11. These assumptions are explained more thoroughly in the analysis that follows.

[9] Barron's real estate terms

TABLE 11 Market Depth Analysis Assumptions			
Assumption	*IL*	*AL*	*MC*
Age at Entry	75+		
Year of Analysis	2027		
Units to be Filled from the Market Area	75%	85%	85%
Minimum Annual Income (2027)	Renters: $87,000 Homeowners: $68,500	Renters: $72,500 Homeowners: $40,000	Renters: $100,000 Homeowners: $40,000
Full Occupancy	95%		
Brecht Associates, Inc. ®			

Methodology

The determination of the market depth for IL, AL, and MC in the MA consists of a series of steps that build on each other and are presented on the following pages.

INDEPENDENT LIVING

Step A: Household Age Qualification

The analysis for the Project's IL units includes households age 75+. The use of age 75+ is a widely accepted industry standard.

Step B: Income Group Served by Market Rate Housing

For purposes of the baseline analysis, households with a minimum of $40,000 (2022$) in income are considered the likely minimum target market for IL communities in the area. This is equivalent to $46,371 in 2027 at three percent inflation per year. Use of this baseline income level is intended to represent the group of households served by existing market rate competitive retirement communities and includes both homeowner and renter households. It is this group that is used to calculate the MPR.

Step C: Competitive Adjustments

In this step, we remove all existing competitive IL units within and proximate to the MA based on information presented earlier in the Competitive Environment section. The number of competitive units is removed from the number of age-qualified households with incomes of $40,000 or more. In this case, no competitive proximate communities or planned IL units were identified.

TABLE 10 Competitive IL Communities					
Community Name	*Total Units*	*Year Open*	*% MA Overlap*	*Occupancy*	*Competitive ILUs*
Existing IL Communities Within the MA Opened Before 2020					
La Vida Real	210	2003	100%	95%	200
Lantern Crest	229	2012			218
Solstice Senior Living	104	1993			99
Mesa View Senior Living	10	1982			10
Waterford Terrace	90	1989			86
Westmont of La Mesa	62	2019			59
Total Existing Competitive IL Units					**672**
Total Planned Competitive IL Units					**0**
TOTAL EXISTING and PLANNED COMPETITIVE UNITS					**672**
Appendix B					

Step D: Income and Tenure-Qualified Households for the Project

The analysis for the market depth for IL is based on a rental product. We consider homeowners and renters, assuming homeowner households will use a portion of the proceeds from the sale of a home to purchase the unit. We use the average base rent for the lowest priced studio unit among MA competitors (2022$) which is $3,755. We apply a 60% rent to income ratio, resulting in an income requirement (2027$) of approximately $68,500 per year for homeowners and $87,000 for renters.

Step E: Total Unit Potential

In Step F, a "likely to move" factor of three to five percent is applied to the net qualified households. There is a total unit potential 273 to 455 for IL (75% MA draw).

The steps described within this section are consolidated in the analysis and presented in Tables 11 and 12.

TABLE 11 75+ IL Market Depth Analysis			
Steps		*2027*	
A	Total Age Qualified Households Age 75 - 84 Age 85+ Total Age 75+	13,084 5,142 18,226	
B	Total Age Qualified Households with Incomes of $46,371+ Age 75 - 84 Age 85+ Total Age 75+	7,529 2,153 9,683	
C	Less Competitive Units	672	
D	Net Age Qualified Households	9,011	
	Total Age/Income and Tenure Qualified Households for the Project (*71.8%)*	6,470	
E	Total Unit Potential	3%	5%
	Likely to Move	194	324
	Adjusted for 75% MA Draw	259	432
	Adjusted for 95% Occupancy	273	455
	TOTAL UNIT POTENTIAL	**273**	**455**
Brecht Associates, Inc. ®			

Market Penetration Rate

The MPR for a senior housing product reflects the percentage of age and income qualified households within the defined geographic market area assumed to reside in existing competitive units (at 95% occupancy) as a percentage of the total age and income qualified households. It is calculated for households with minimum annual incomes of $40,000, which are assumed to be served by competitive communities in the MA.

- The **Current MPR** is calculated in year 2022 and includes the existing competitive units, including the (adjusted) Project units.
- The **Future MPR** is calculated in year 2027 and includes existing and planned competitive units.

Table 12 illustrates the current and future Market Penetration Rates for the MA. Results indicate an MPR of 7.3 percent (2022) decreasing to 6.9 percent (2027) due to the increase in age and income qualified households within the MA and the lack of planned units. This is well below the industry benchmark of 15 percent. Based on hundreds of markets across the country, MPRs of 15 percent or higher indicate a market with a significant number of IL units as compared to the number of qualified households and typically indicates a competitive market.

TABLE 12 Market Penetration Rate		
	Current MPR 2022	*Future MPR 2027*
Total Age and Income Qualified Households	9,214	9,683
Number of Competitive Units[10]	672	672
MARKET PENETRATION RATES	**7.3%**	**6.9%**
Brecht Associates, Inc. ®		

Weighted average occupancies can be helpful in assessing the impact of MPRs on the Project. The weighted average occupancy among area ILs is 96.9 percent. Ninety-five percent is considered fully occupied. According to NIC, stabilized occupancy in the San Diego MetroMarket is 87.1 percent. The MA appears to be outperforming the MetroMarket. Caution should be used in interpreting these figures, as the competitive communities self-report occupancy.

ASSISTED LIVING AND MEMORY CARE

The determination of the need for AL/MC units consists of a series of steps that build on each other and are presented on the following pages.

Step A: Age and Size Qualification

The market for AL/MC communities is comprised of households age 75 and older. The use of age 75+ is a widely accepted industry standard. The use of age 75+ is a widely accepted industry standard. According to the *2017 Independent Living and Assisted Living Resident Profiles,*[11] over 93 percent of residents are age 75 or older at move-in. It is important to note that among households age 75+ only the frailty qualified households are included in this analysis. ASHA's 2019 Seniors Housing Statistical Handbook[12] indicates that the mean age of AL residents at move-in is 84.7, and nearly 30 percent are between 75 and 84.

Experience has clearly indicated that the vast majority of residents in AL/MC communities are

[10] This includes 673 existing IL units after adjustment for MA draw and occupancy. No planned units were identified.

[11] *Independent Living and Assisted Living Resident Profiles,* published by American Seniors Housing Association and ProMatura.

[12] Senior's Housing Statistical Handbook, Edition VI

single individuals rather than couples. To allow for the small proportion of two-person households that are prospects for AL/MC communities, we have adjusted the number of single person households (47.5%) upward by adding 10 percent (57.5%).

Step B: Frailty Qualification

AL/MC communities primarily serve seniors who require assistance in activities of daily living (ADLs). There are numerous sources of data that delineate the need for assistance with ADLs among seniors. The source of the data used in this methodology is the 2010 Panel of the Survey of Income and Program Participation (SIPP).[13] The SIPP defines a disability as meeting any *one* of a variety of criteria, including having difficulty with ADLs and IADLs.[14] The SIPP report also presents the number and percentage of individuals with a disability by age group. The SIPP 2010 data shows that 60.8 percent of the age 75 to 84 cohort and 70.6 percent of the 85+ age cohort are disabled and for purposes of this analysis are considered appropriate for AL/MC. These percentages are applied to the age qualified households in the MA. Since we are applying them to a market segment comprised almost entirely of one-person households, we believe that the use of population-based disability data is appropriate.

Step C: Adjustment for Memory Care

In this step, we determine the number of MC households that exist based on the percent of individuals affected by dementia by age cohort. We are using a widely recognized study published in the *Neurology* in 2013.[15] The study includes all levels of dementia (mild, moderate and severe) and uses the 2010 US Census to estimate future year data. The study estimates the following percentage rates of dementia by age group for 2020.[16]

TABLE 13
Percentage with Dementia by Age Group

	65 - 74	*75 - 84*	*85+*
2020 Percentage with Dementia	3.1%	16.7%	32.2%

Source: Neurology, 2013

We are applying these percentages to the frailty-qualified households (age 75+) in Step B.

[13] Data collected in 2010 and reported in July 2012; it has not been updated. SIPP data was published in Brault, Americans with Disabilities: 2010, *Current Population Reports*, U.S. Census Bureau, Washington, DC, 2012.

[14] ADLs are defined as difficulty getting around inside the home, getting in or out of a bed or chair, taking a bath or shower, dressing, eating, and getting to or using the toilet. IADLs include difficulty going outside the home alone, keeping track of money, preparing meals, doing light housework and taking prescription medicines appropriately.

[15] Neurology. 2013 May 7, 80(19): 1778–1783. Table 1: Percent of Group Affected by Age Group by Year.

[16] 2020 is the most recent year available. We are applying these percentages to a market segment comprised almost entirely of single-person households, and the use of population-based disability data is appropriate.

Step D: Competitor Adjustments

In this step, we remove all operating AL/MC units within and proximate to the MA that are serving private pay residents. These units are adjusted by 95 percent occupancy and 100 percent MA draw if the competitor is in the MA and opened prior to the 2020 Census. In this case, all the existing AL and MC units opened before 2020, and no competitive proximate communities were identified.

Planned competitive units are taken into consideration if opening by 2027 or earlier, in this case there are two planned expansions of an existing communities. Lantern Crest is expected to add 66 AL units by 2023, and Good Samaritan is adding 24 MC units expected to open December 2022.

TABLE 14
Competitive AL Communities and MC Communities

Community Name	*Total Units*	*Year Open*	*% of MA Overlap*	*Occupancy*	*Competitive ALUs*
Existing AL Communities Within the MA Opened Before 2020					
Good Samaritan Retirement Ctr	52	2000	100%	95%	49
Grossmont Gardens	375	1964			356
Lantern Crest	44	2012			42
Lo Har	32	1947			30
La Vida Real	99	2003			94
Mesa View Senior Living	30	1982			29
The Montera	120	2006			114
Westmont of La Mesa	41	2019			39
Existing MC Communities Within the MA Opened Before 2020					
Lantern Crest	36	2012	100%	95%	34
Lo Har	23	1947			22
La Vida Real	34	2003			32
The Montera	63	2006			60
Plateau Village	39	1981			37
Westmont of La Mesa	34	2019			32
Planned AL or MC Communities Within the MA					
Good Samaritan Retirement Ctr MC	24	2023	85%	95%	19
Lantern Crest AL	66	2023	85%	95%	53
Total Existing Competitive AL Units					**753**
Total Existing Competitive MC Units					**217**
Total Planned Competitive Units AL and MC Units					**72**
TOTAL EXISTING and PLANNED COMPETITIVE UNITS (AL and MC)					**1,042**

Appendix B

Step E: Project Income Qualification

To calculate the depth of the market for AL and MC we need to income qualify the two groups (Full Private Pay and Asset Assisted).

AL: In AL, the minimum annual income is based on the average of the lowest monthly fee for a private unit at area competitive communities ($4,424 in 2022$). Assuming a resident will spend 85% of their income on the monthly fee, renters will need an income of approximately $72,500 in 2027. It is assumed that owners will sell their home and "spend down" the proceeds, and the analysis will include owners with a minimum income of $40,000 (asset assisted). It is assumed that $40,000 is also the minimum income at area competitive communities, and this income is used to calculate the market penetration rate.

MC: For the MC units we will use the average of the lowest monthly fees at area competitors, $6,107 (2022$). This results in a minimum income of $100,000 for renters, and $40,000 for owners (asset assisted) in 2027.

Step F: Total Unit Potential

Step F determines the Total Unit Potential in 2027. A "likely to move" factor of five to ten percent is applied to the net qualified households. This results in 172 to 343 AL units or 32 to 65 MC units.

The steps described within this section are consolidated in the analysis and presented in Tables 15 and 16.

TABLE 15 Assisted Living and Memory Care Demand Analysis 2027					
		75 - 84	*85+*	*Total AL*	*Total MC*
A	Total Households By Age	13,084	5,142		
	% Single Person	*57.5%*			
	# Single Person	7,523	2,957		
B	% Frailty Qualified Households	*60.8%*	*70.6%*		
	# Frailty Qualified HHs	4,574	2,087		
	Total Age/Frailty Qualified Households	6,662			
C	Percentage of MC Households	*16.7%*	*32.2%*		
	Total Age/Frailty Qualified Households with MC	764	672		
	Total AL and MC			5,226	1,436
D	Competition (Existing and Planned)			806	236
	Net Qualified Age/Frailty Qualified Households			4,420	1,200
E	Income Qualified Households				
	Full Private Pay: (*36.8%/14.6%*)			1,626	175
	Asset Assisted: (*25.9%/28.9%*)			1,145	347
	Number of AL and MC Age/Frailty/Income Qualified Households			2,771	522
	Total AL/MC Age/Fragility/Income Qualified Households			3,293	
F	Total Unit Potential				
	Likely to Move 5% to 10%			139 - 277	26 - 52
	Adjusted for MA Draw (85%)			163 - 326	31 - 61
	Adjusted for Occupancy (95%)			172 - 343	32 - 65
	TOTAL UNIT POTENTIAL			**172 - 343**	**32 - 65**
Brecht Associates, Inc. ®					

Market Penetration Rate

The Market Penetration Rate (MPR) is based on the number of single, age and frailty-qualified households with an annual income of $40,000 a year or more which is considered the minimum income in the market for all competitors. This reflects the number of age and income qualified households in the MA that are already residing in an AL or MC. The MPR is calculated by dividing the total number of competitive units (including any planned units) by the total number of qualified households.

TABLE 16 AL/MC Market Penetration Rate Analysis		
	Current Year 2022	*Future Year 2027*
Total Single, Age and Frailty qualified Households	6,203	6,662
# of Age 75+ Households all incomes	16,913	18,226
# of Age 75+ Households with $40,000+[17]	9,214	9,682
% of Single, Age Qualified HHs with $40,000+	*54.5%*	*53.1%*
# of Single, Age & Frailty Qualified HHs $40,000+	3,381	3,548
Number of Competitive Units[18] (Step D)	970	1,042
MARKET PENETRATION RATE	**28.7%**	**29.4%**
Brecht Associates, Inc. ®		

The current and future MPRs are within the benchmark range (30 to 40%), which is favorable. The slight change from 2022 to 2027 reflects the slight decrease in qualified households, as well as the small number of planned units. The MPRs indicate a market able to absorb additional units.

Weighted average occupancies are helpful in assessing MPRs. The weighted average occupancy among competitive AL is 96.9 percent, and MC occupancy is 93.2 percent. Ninety-five percent is considered fully occupied. According to NIC, stabilized occupancy for AL is 84.2 percent for the San Diego MetroMarket. NIC does not provide separate occupancy statistics for MC; they are incorporated into the AL rates presented above. As in the case of IL, the AL and AL/MC competitors appear to be performing somewhat better than expected.

USE

The report, which is prepared and presented, is intended for use in the planning of the Project. Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, loan or other agreement or document.

Sincerely,

Susan B. Brecht

Susan B. Brecht, President

[17] Projected forward to the year of analysis, this is $46,371 in 2027.
[18] 970 existing competitive units in 2022, 72 planned units by 2027 = 1,042 total existing and planned AL and MC units after adjustment of MA overlap and occupancy.

APPENDIX A

DEMOGRAPHIC DATA

EL CAJON, CALIFORNIA

Pop-Facts® Senior Life Demographics | Summary

Trade Area: El Cajon

	Population
2000 Census	344,837
2010 Census	354,048
2022 Estimate	371,932
2027 Projection	378,708

	Population Change (%)
Growth 2000 - 2010	2.67
Growth 2010 - 2022	5.05
Growth 2022 - 2027	1.82

Benchmark: USA

Pop-Facts® Senior Life Demographics | Population & Race

Trade Area: El Cajon

	2000*/2010** Census	%	2022 Estimate	%	2027 Projection	%
Total Population**						
Total Population	354,048	100.00	371,932	100.00	378,708	100.00
Age 45 - 54	54,870	15.50	43,404	11.67	45,777	12.09
Age 55 - 64	42,395	11.97	47,707	12.83	44,059	11.63
Age 65 - 74	22,987	6.49	37,777	10.16	43,766	11.56
Age 75 - 84	15,466	4.37	19,120	5.14	21,585	5.70
Age 85 and over	7,042	1.99	8,126	2.19	8,200	2.17
Age 65 and over	45,495	12.85	65,023	17.48	73,551	19.42
Age 80 and over	14,030	3.96	15,545	4.18	16,864	4.45
Population by Single - Classification Race**						
White Alone	271,678	76.73	265,699	71.44	262,298	69.26
White Alone: Age 65 and over	41,244	15.18	56,681	21.33	62,870	23.97
Black/African American Alone	16,233	4.58	21,530	5.79	23,808	6.29
Black/African American Alone: Age 65 and over	817	5.03	1,606	7.46	2,104	8.84
American Indian/Alaskan Native Alone	3,397	0.96	3,640	0.98	3,709	0.98
American Indian/Alaskan Native Alone: Age 65 and over	287	8.45	489	13.43	569	15.34
Asian Alone	13,254	3.74	16,992	4.57	18,617	4.92
Asian Alone: Age 65 and over	1,340	10.11	2,498	14.70	3,176	17.06
Native Hawaiian/Pacific Islander Alone	1,614	0.46	1,825	0.49	1,904	0.50
Native Hawaiian/Pacific Islander Alone: Age 65 and over	100	6.20	170	9.31	209	10.98
Some Other Race Alone	27,685	7.82	36,317	9.76	39,985	10.56
Some Other Race Alone: Age 65 and over	980	3.54	2,071	5.70	2,754	6.89
Two or More Races	20,187	5.70	25,929	6.97	28,387	7.50
Two or More Races: Age 65 and over	726	3.60	1,495	5.77	1,884	6.64
Population by Hispanic or Latino**						
Hispanic/Latino	73,252	20.69	91,552	24.61	99,129	26.18
Hispanic/Latino: Age 65 and over	4,124	5.63	7,804	8.52	9,898	9.98
Not Hispanic/Latino	280,796	79.31	280,380	75.39	279,579	73.82
Total Population, Male**						
Total Population, Male	172,316	48.67	181,901	48.91	185,244	48.91
Male: Age 45 - 54	26,836	15.57	21,353	11.74	22,931	12.38
Male: Age 55 - 64	20,261	11.76	22,875	12.58	21,073	11.38
Male: Age 65 - 74	10,260	5.95	17,398	9.56	20,282	10.95
Male: Age 75 - 84	6,391	3.71	8,154	4.48	9,184	4.96
Male: Age 85 and over	2,375	1.38	2,821	1.55	2,836	1.53
Male: Age 65 and over	19,026	11.04	28,373	15.60	32,302	17.44
Male: Age 80 and over	5,131	1.45	5,850	1.57	6,392	1.69
Total Population, Female**						
Total Population, Female	181,732	51.33	190,031	51.09	193,464	51.09
Female: Age 45 - 54	28,034	15.43	22,051	11.60	22,846	11.81
Female: Age 55 - 64	22,134	12.18	24,832	13.07	22,986	11.88
Female: Age 65 - 74	12,727	7.00	20,379	10.72	23,484	12.14
Female: Age 75 - 84	9,075	4.99	10,966	5.77	12,401	6.41
Female: Age 85 and over	4,667	2.57	5,305	2.79	5,364	2.77
Female: Age 65 and over	26,469	14.56	36,650	19.29	41,249	21.32
Female: Age 80 and over	8,899	2.51	9,695	2.61	10,472	2.77

Benchmark: USA

*2000 Census generated data/**2010 Census generated data

Pop-Facts® Senior Life Demographics | Household Income

Trade Area: El Cajon

	2000*/2010** Census	%	2022 Estimate	%	2027 Projection	%
Householder Age 45 - 54*						
Householder Age 45 - 54	26,269	23.19	22,558	16.42	23,776	17.00
Income Less than $15,000	2,227	8.48	847	3.75	715	3.01
Income $15,000 - $24,999	1,824	6.94	837	3.71	748	3.15
Income $25,000 - $34,999	2,167	8.25	936	4.15	827	3.48
Income $35,000 - $49,999	3,870	14.73	1,480	6.56	1,288	5.42
Income $50,000 - $74,999	6,509	24.78	3,135	13.90	2,919	12.28
Income $75,000 - $99,999	4,315	16.43	2,976	13.19	2,853	12.00
Income $100,000 - $124,999	2,498	9.51	2,815	12.48	2,717	11.43
Income $125,000 - $149,999	1,183	4.50	2,348	10.41	2,546	10.71
Income $150,000 - $199,999	1,011	3.85	3,039	13.47	3,456	14.54
Income $200,000 or more	665	2.53	4,145	18.38	5,707	24.00
Median Household Income	–	61,226.56	–	109,189.83	–	123,305.92
Householder Age 55 - 64*						
Householder Age 55 - 64	16,641	14.69	25,981	18.91	23,724	16.96
Income Less than $15,000	1,849	11.11	1,545	5.95	1,131	4.77
Income $15,000 - $24,999	1,549	9.31	1,301	5.01	1,002	4.22
Income $25,000 - $34,999	1,770	10.64	1,215	4.68	951	4.01
Income $35,000 - $49,999	2,579	15.50	2,023	7.79	1,543	6.50
Income $50,000 - $74,999	3,828	23.00	3,712	14.29	3,026	12.76
Income $75,000 - $99,999	1,961	11.78	3,372	12.98	2,844	11.99
Income $100,000 - $124,999	1,295	7.78	2,888	11.12	2,488	10.49
Income $125,000 - $149,999	787	4.73	2,535	9.76	2,432	10.25
Income $150,000 - $199,999	571	3.43	3,068	11.81	3,095	13.05
Income $200,000 or more	452	2.72	4,322	16.64	5,212	21.97
Median Household Income	–	53,365.35	–	98,595.93	–	113,475.85
Householder Age 65 - 74*						
Householder Age 65 - 74	13,208	11.66	21,949	15.98	25,085	17.94
Income Less than $15,000	2,056	15.57	1,692	7.71	1,617	6.45
Income $15,000 - $24,999	2,329	17.63	1,601	7.29	1,554	6.20
Income $25,000 - $34,999	1,996	15.11	1,562	7.12	1,581	6.30
Income $35,000 - $49,999	2,123	16.07	2,464	11.23	2,538	10.12
Income $50,000 - $74,999	2,343	17.74	3,513	16.00	3,631	14.47
Income $75,000 - $99,999	1,165	8.82	2,757	12.56	2,998	11.95
Income $100,000 - $124,999	514	3.89	2,012	9.17	2,291	9.13
Income $125,000 - $149,999	256	1.94	1,368	6.23	1,713	6.83
Income $150,000 - $199,999	174	1.32	1,951	8.89	2,534	10.10
Income $200,000 or more	252	1.91	3,029	13.80	4,628	18.45
Median Household Income	–	36,325.26	–	76,143.23	–	87,820.46
Householder Age 75 - 84*						
Householder Age 75 - 84	10,312	9.10	11,767	8.57	13,084	9.36
Income Less than $15,000	2,313	22.43	1,357	11.53	1,315	10.05
Income $15,000 - $24,999	2,163	20.98	1,543	13.11	1,552	11.86
Income $25,000 - $34,999	1,655	16.05	1,327	11.28	1,394	10.65
Income $35,000 - $49,999	1,641	15.91	1,648	14.01	1,764	13.48
Income $50,000 - $74,999	1,365	13.24	1,919	16.31	2,009	15.36
Income $75,000 - $99,999	604	5.86	1,122	9.54	1,234	9.43
Income $100,000 - $124,999	288	2.79	837	7.11	963	7.36
Income $125,000 - $149,999	72	0.70	584	4.96	748	5.72
Income $150,000 - $199,999	63	0.61	622	5.29	824	6.30
Income $200,000 or more	148	1.44	808	6.87	1,281	9.79
Median Household Income	–	28,766.79	–	50,088.64	–	55,368.21
Householder Age 85 and over*						
Householder Age 85+	2,779	2.45	5,146	3.75	5,142	3.68
Income Less than $15,000	851	30.62	959	18.64	839	16.32
Income $15,000 - $24,999	619	22.27	1,066	20.71	981	19.08
Income $25,000 - $34,999	427	15.37	668	12.98	657	12.78
Income $35,000 - $49,999	353	12.70	689	13.39	698	13.57
Income $50,000 - $74,999	306	11.01	651	12.65	634	12.33
Income $75,000 - $99,999	115	4.14	412	8.01	432	8.40
Income $100,000 - $124,999	47	1.69	189	3.67	214	4.16
Income $125,000 - $149,999	21	0.76	137	2.66	168	3.27
Income $150,000 - $199,999	16	0.58	163	3.17	212	4.12
Income $200,000 or more	24	0.86	212	4.12	307	5.97
Median Household Income	–	23,570.82	–	32,920.09	–	36,688.40

Benchmark: USA

*2000 Census generated data/**2010 Census generated data

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Trade Area: El Cajon

	2000*/2010** Census	%	2022 Estimate	%	2027 Projection	%
Households by Household Income*						
Total Households	128,647	100.00	137,357	100.00	139,844	100.00
Income Less Than $15,000	15,531	12.07	8,877	6.46	7,622	5.45
Income $15,000 - $24,999	15,053	11.70	8,900	6.48	7,956	5.69
Income $25,000 - $34,999	16,432	12.77	8,322	6.06	7,630	5.46
Income $35,000 - $49,999	21,640	16.82	13,325	9.70	11,986	8.57
Income $50,000 - $74,999	28,851	22.43	20,970	15.27	19,284	13.79
Income $75,000 - $99,999	14,992	11.65	18,020	13.12	17,027	12.18
Income $100,000 - $124,999	7,981	6.20	15,502	11.29	15,191	10.86
Income $125,000 - $149,999	3,465	2.69	11,676	8.50	12,713	9.09
Income $150,000 - $199,999	2,692	2.09	13,812	10.06	15,757	11.27
Income $200,000 - $249,999	1,079	0.84	7,519	5.47	9,716	6.95
Income $250,000 - $499,999	817	0.64	7,219	5.26	10,019	7.16
Income $500,000 or more	278	0.22	3,215	2.34	4,943	3.54
Average Household Income	–	57,965.78	–	114,282.43	–	130,720.14
Median Household Income	–	46,861.35	–	86,023.48	–	97,549.40
Age 55+ Median Household Income	–	38,792.49	–	74,904.29	–	84,657.93
Age 65+ Median Household Income	–	31,622.12	–	60,673.92	–	69,983.62
Owner-Occupied Housing Units by Value*						
Value Less Than $20,000	3,034	4.01	1,555	1.98	1,496	1.87
Value $20,000 - $39,999	2,886	3.82	902	1.15	789	0.99
Value $40,000 - $59,999	1,428	1.89	995	1.27	986	1.23
Value $60,000 - $79,999	1,477	1.95	777	0.99	788	0.99
Value $80,000 - $99,999	2,447	3.24	943	1.20	896	1.12
Value $100,000 - $149,999	8,743	11.56	1,355	1.73	1,423	1.78
Value $150,000 - $199,999	19,824	26.22	921	1.17	830	1.04
Value $200,000 - $299,999	25,102	33.20	2,117	2.69	2,048	2.56
Value $300,000 - $399,999	6,812	9.01	4,431	5.64	3,742	4.68
Value $400,000 - $499,999	2,336	3.09	8,523	10.85	6,777	8.48
Value $500,000 - $749,999	1,163	1.54	29,913	38.08	26,566	33.26
Value $750,000 - $999,999	162	0.21	16,953	21.58	18,818	23.56
Value $1,000,000+	158	0.21	–	–	–	–
Value $1,000,000 - $1,499,999	–	0.00	6,354	8.09	10,318	12.92
Value $1,500,000 - $1,999,999	–	0.00	1,586	2.02	2,596	3.25
Value $2,000,000+	–	0.00	1,234	1.57	1,806	2.26
Median All Owner-Occupied Housing Unit Value	–	194,769.28	–	638,290.95	–	689,136.91
Group Quarters by Population Type**						
Group Quarters Population	4,882	1.38	5,314	1.43	5,310	1.40
Correctional Facilities	615	12.60	677	12.74	679	12.79
Nursing Homes	2,331	47.75	2,528	47.57	2,525	47.55
Other Facilities	10	0.20	11	0.21	10	0.19
Juvenile Facilities	77	1.58	84	1.58	83	1.56
College Dormitories	143	2.93	153	2.88	152	2.86
Military Quarters	0	0.00	0	0.00	0	0.00
Other Noninstitutional Quarters	1,706	34.95	1,861	35.02	1,861	35.05
Occupied Housing Units by Tenure*						
Owner-Occupied	75,572	57.21	78,559	57.19	79,879	57.12
Renter-Occupied	53,042	40.15	58,798	42.81	59,965	42.88

	2000*/2010** Census	%	2022 Estimate	%	2027 Projection	%
Households by Tenure by Age of Householder**						
Total Households	131,020	100.00	137,357	100.00	139,844	100.00
Owner-Occupied	75,229	57.42	78,559	54.50	79,879	54.45
Householder Age 55 - 64	17,410	23.14	17,944	22.84	16,043	20.08
Householder Age 65 - 74	10,698	14.22	16,494	21.00	18,731	23.45
Householder Age 75 - 84	7,738	10.29	9,089	11.57	9,968	12.48
Householder Age 85 and over	3,104	4.13	3,360	4.28	3,336	4.18
Renter-Occupied	55,791	42.58	58,798	42.81	59,965	42.88
Householder Age 55 - 64	6,882	12.34	8,037	13.67	7,681	12.81
Householder Age 65 - 74	3,348	6.00	5,455	9.28	6,354	10.60
Householder Age 75 - 84	2,264	4.06	2,678	4.55	3,116	5.20
Householder Age 85 and over	1,549	2.78	1,786	3.04	1,806	3.01

Benchmark: USA

*2000 Census generated data/**2010 Census generated data

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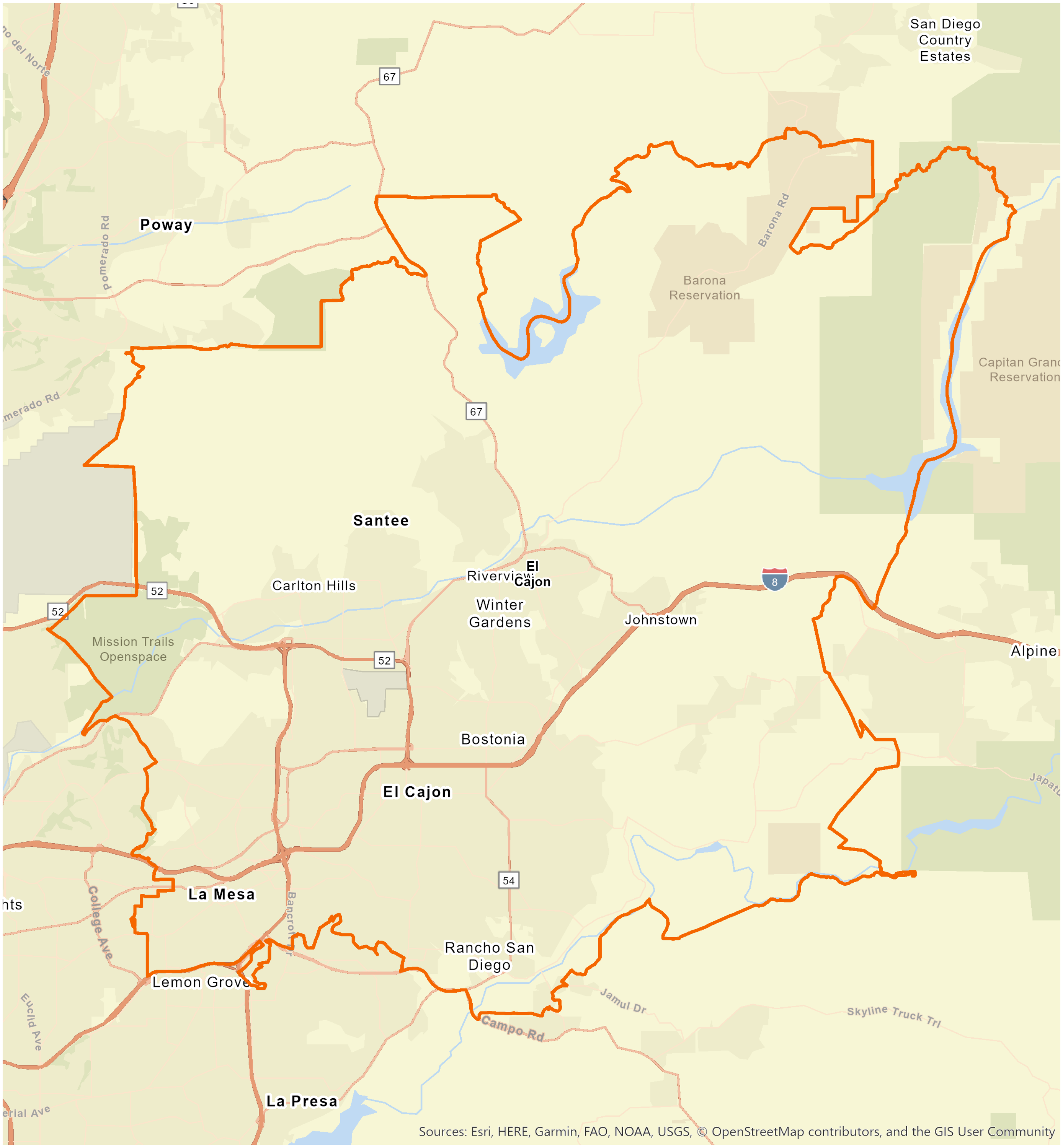
Trade Area: El Cajon



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APPENDIX B

COMPETITIVE COMMUNITIES

EL CAJON, CALIFORNIA

COMPETITIVE COMMUNITIES	
Community	**Levels of Care**
Good Samaritan Retirement Center	AL
Grossmont Gardens	AL, NF
Lantern Crest	IL, AL, MC
La Vida Real	IL, AL, MC
Lo Har Gardens	AL, MC
Mesa View Senior Living	IL, AL
The Montera	AL, MC
Plateau Village	MC
Solstice Senior Living at El Cajon	IL
Waterford Terrace	IL
Westmont of La Mesa	IL, AL, MC

Please see the attached Excel file for the detailed information about the competitive communities.