A Focus on Treplus Communities

Originally Published by The Senior Care Investor | April 18, 2022

Active Adult communities have been the hot topic for the past year for many reasons. First, they fill a void in the senior living spectrum, a void that will be growing. Second, there are very few labor concerns with Active Adult – no care providers, kitchen help or much of anything else – which is huge in today's labor-constrained market. Third, they are a cheaper alternative to traditional senior living communities. Fourth, if all fails, they are very easy to convert to traditional multifamily apartments or sell as condos. And five, the average length of stay appears to be between four and five years, although it may be too early to say that with any conviction.

At the recent NIC conference in Dallas we bumped into the CEO and co-founder of Treplus Communities, Jane Arthur Roslovic, and followed up with a lengthy conversation to see where they were going as we enter this post-pandemic world. Currently, the Ohio-based developer and operator manages three Active Adult communities in Ohio, has one under construction, another breaking ground this month and a sixth in development. This, however, is just the start. In three years, they would like to be developing up to 10 a year. That would certainly put them on the map.

But their kind of Active Adult is very different from what we are seeing being developed and then sold in the secondary market. Most of those are mid-rise or high-rise apartment buildings with one-and two-bedroom apartments and onsite parking, both covered and open air. Treplus Communities follows a very different model, which is also less risky from a fill-up perspective.

With a campus comprising about 20 acres on average, they build single-story units, anywhere from two to five or six connected units, all with attached garages (apparently key for their clientele moving from a house, which is understandable) in mostly suburban infill areas. About 70% of their residents come from a seven-mile radius, with 30% from all over, often moving to be closer to their children. In addition, about 50% are married and 50% single, with 60% of them still working, either full or part-time. The units are large, about 1,200 square feet for a one-bedroom and 1,600 square feet for a two-bedroom. That is much larger than traditional senior living, but the customer is also about 10 years younger. Rents range from $1,900 to $3,000 per month, and the ideal community size is 120 units, but their next one will be 150 units.

They typically have the slab poured for each cluster before they start construction on the first building, and then start the buildout, usually based on how quickly the sales process goes. This build as they go is less risky just in case the units do not sell out as planned. So far, that has not been a problem. During lease-up they typically have two employees, the community director and the leasing agent. Once fully leased, it is the community director, a maintenance director and a “lifestyle” coordinator, not an “activities” director. Their residents do not want “activities.” The maintenance director can actually be shared with one of their nearby communities. The clubhouse is usually close to 4,000 square feet and includes a business center. Remember, typically more than half their residents are still working.
Today, the development goals are hampered by the sharp rise in construction costs nationwide. Hopefully, by the time they are developing up to 10 a year, costs will have normalized. Financing has not been an issue, and they look for the cheapest bank construction debt they can find. It certainly helps that their equity backer is Welltower, which stands ready to fund the new developments. The relationship is strong and both parties are looking to grow it. A pandemic reoccurrence would also have minimal effect because there are no shared hallways or elevators, so little risk of community spread. We expect to be hearing more from Treplus, especially as construction costs start to edge back down. Stay tuned.

Source:
The SeniorCare Investor Dealmakers Forum
Irving Levin Associates LLC. - Publisher
www.seniorcareinvestor.com
P.O. Box 1117, New Canaan, CT 06840