

PRESS RELEASE

The Florida Keys Assisted Care Coalition, Inc., (Coalition), a group of civic-minded business leaders and residents. In compliance with its vision, mission, and guiding principles, the Coalition is exploring the feasibility of establishing an Independent Living Facility (ILF) and an Assisted Living Facility (ALF) on approximately 4 acres of property transferred to the City from the United States Navy in 2003 and approximately 2 acres adjacent to the City's allocation as designated by Keys Energy Services. They have recently completed research that targeted seniors residing in Monroe County from Marathon south to Key West.

Because the direct mail survey and the focus group findings were so closely aligned, the Summary of Findings is representative of both independent studies. Of the total respondents, 38% indicated they may be "*very likely to consider moving to the community*;" they will be referenced as Very Likely. Of the remaining 62%, 47% were "*somewhat likely to consider moving*," 9% were "*not very likely*," and 5% were "*not at all likely*." These three categories are consolidated into a group referenced as Somewhat Likely. (Total equals 101% due to rounding.)

Survey Method

The study was comprised of two phases:

- *Quantitative*: A direct mail survey targeting a random selection of households, statistically valid in measuring perceptions, awareness, and attitudes.
- *Qualitative*: A series of five exploratory focus groups with local residents of the Lower Keys.

In comparing findings from both research methods, we found the data to be surprisingly complementary. Of the 2,824 surveys distributed a response of 230, or 8.9% response rate appears to indicated not only the need, but also the acceptance of the project.

Study Objectives

There were 10 key objectives developed to address the feasibility of this project:

1. Determine the likelihood of potential buyers to consider moving to the community based on affordability.
2. Evaluate the overall appeal of the concept of an independent and assisted living development to be established in Key West for the senior residents of the Lower Keys.
3. Evaluate the perception of the Florida Keys Assisted Care Coalition as the sponsor.
4. Determine the appeal of the proposed Truman Waterfront location for a retirement community.
5. Measure the relative importance of specific community amenities, residential features, and additional services to potential buyers; and if they should be included in a basic monthly fee or on an "a la carte" basis.
6. Evaluate perceptions of the Life Lease and Monthly Service Fees.
7. Measure consumer interest in options on apartment sizing associated with the

pricing under consideration.

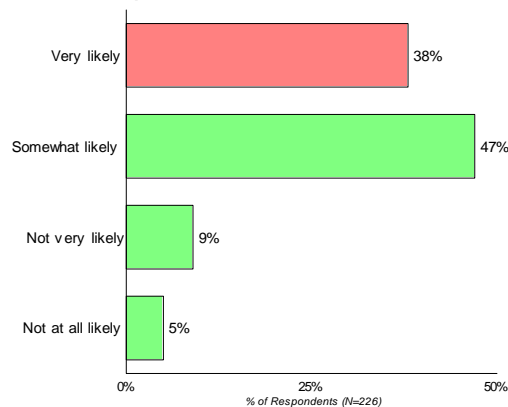
8. Measure the importance of the availability of on-site healthcare in the assisted living community.
9. Explore barriers to the concept of senior living in Key West.
10. Profile the demographics and lifestyle based on their likelihood of moving to this development.

Special Note: It is important to understand that base prices or pricing structures were not exhibited in the survey or brochure. While a strong level of interest was expressed, one's ability to pay is not determined at this time.

Summary of Findings by Objectives

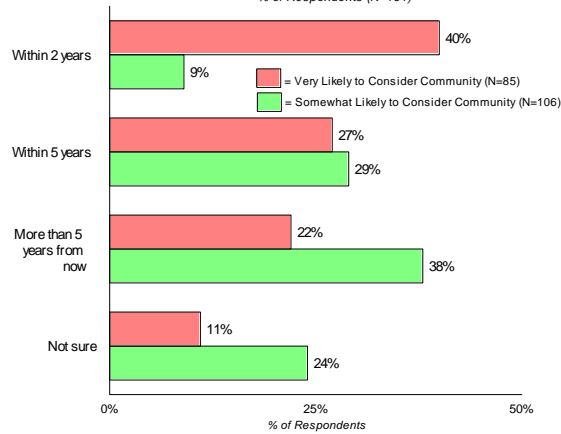
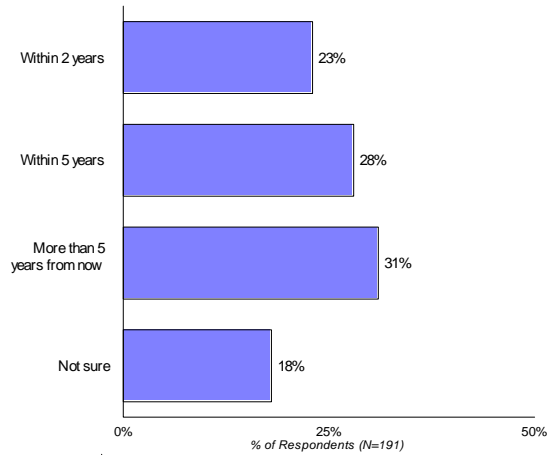
1. Determine the likelihood of potential buyers to consider moving to the community based on affordability.

- 38% of the respondents voiced a strong inclination toward moving to the community, indicating they would be “very likely” to do so based on information in the Overview. This is the core group of respondents for the analyses. An additional 47% said they would be “somewhat likely.”
- “Very Likely” will be represented by the pink bars and “Somewhat Likely” by the green bars throughout the report.



- Two-thirds of the Very Likely (67%) would consider moving within the next 2 to 5 years compared to 51% of all respondents; and 40% of the Very Likely would consider moving in 2 years compared to 23% of all respondents. (It is expected that it will take two to three years to design and develop this community before it is ready for occupancy.)
- 22% of the Very Likely would contemplate moving more than 5 years from now and the remaining 11% of Very Likely are uncertain as to a realistic timeframe. This data indicate a continuous supply of new residents.
- Very Likely estimate they will be ready to move sooner than Somewhat Likely. The difference is statistically significant.

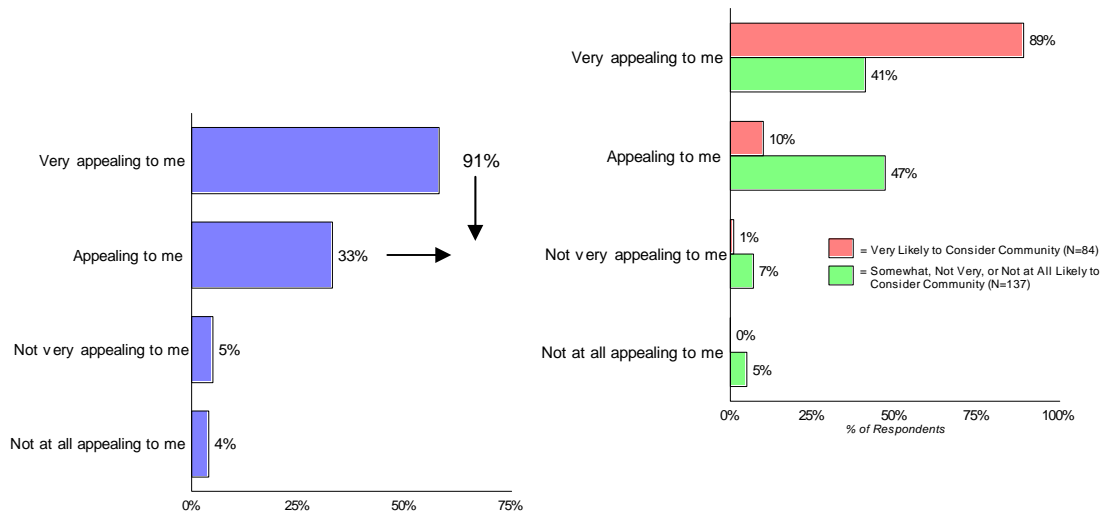
Anticipated Timeframe for Moving



2. Evaluate the overall appeal of the concept of an independent and assisted living development to be established in Key West for the senior residents of the Lower Keys.

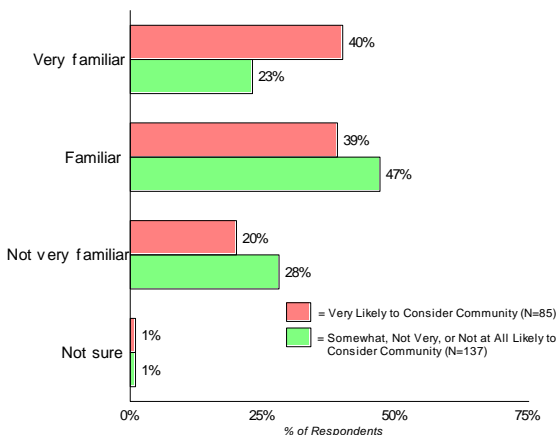
- More than half (58%) agreed the concept as described in the Overview is “very appealing.” A third (33%) said it was “appealing,” for a total of 91% showing positive receptivity to the concept.
- Of the 58% who found it “very appealing,” 89% are “very likely” to consider moving to the community. Of the 33% who found it “appealing,” only 10% are “very likely” to consider such a move.

Community Appeal Based on Overview Description



- Less than one-third of all respondents (30%) said they were familiar with communities of this type. This tracks with data from similar studies.
- Nearly twice as many Very Likely were “very familiar” with the concept compared to the Somewhat Likely (40% vs. 23%). This was a statistically significant difference.
- 20% of Very Likely indicated they were “not very familiar” with the concept, but there was no statistically significant difference from the Somewhat Likely.
- It appears the more educated the audience is regarding the mechanisms of a senior community, the more likely it is to seriously consider this as a viable alternative. This observation, in conjunction with the high ratings from the favorable perception of the Coalition, reinforces the need for a widespread, well-communicated marketing campaign to educate seniors throughout the primary target areas.

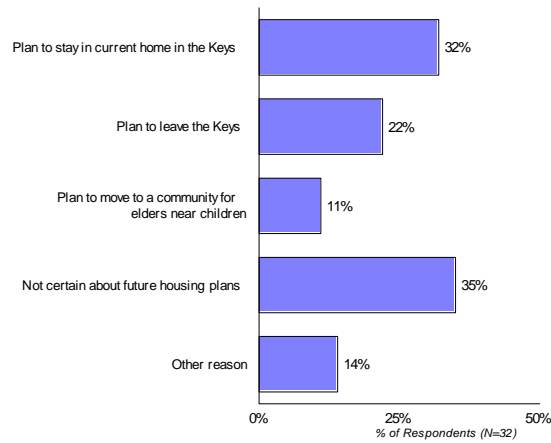
Familiarity with Concept



- Of the group who indicated they are “not very likely” or “not at all likely” to move to this community, they were asked to provide further explanation. It is apparent that the reasons have little or nothing to do with the project itself. This list encompasses some of the barriers and resistance the Coalition may encounter.
- Many who said “Other” indicated they would stay in their own home as long as

possible and would move only if forced to so do by health or other factors. Many are unsure what they would do in these circumstances. Additional comments are in the Appendix.

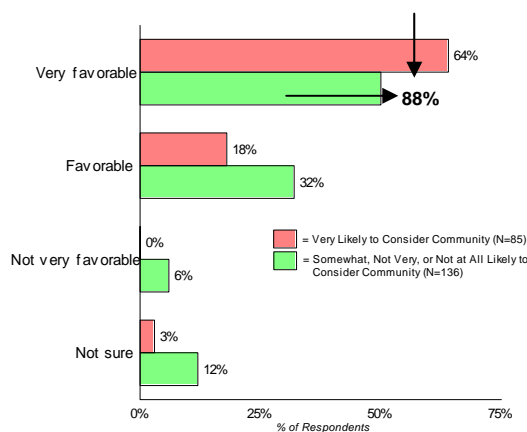
Reasons for Not Considering Relocating



3. Evaluate the perception of the Florida Keys Assisted Care Coalition as the sponsor.

- 88% of all respondents reported a positive perception of the Coalition, with 60% being “very favorable” and 28% indicating a “favorable” perception.
- Of the Very Likely, 64% viewed the Coalition “very favorably,” compared to 50% of the Somewhat Likely. There appears to be a strong correlation between those considering the location and their affinity with the Coalition – its sponsors or its mission.
- None of the Very Likely registered a “not very favorable” perception of the Coalition.

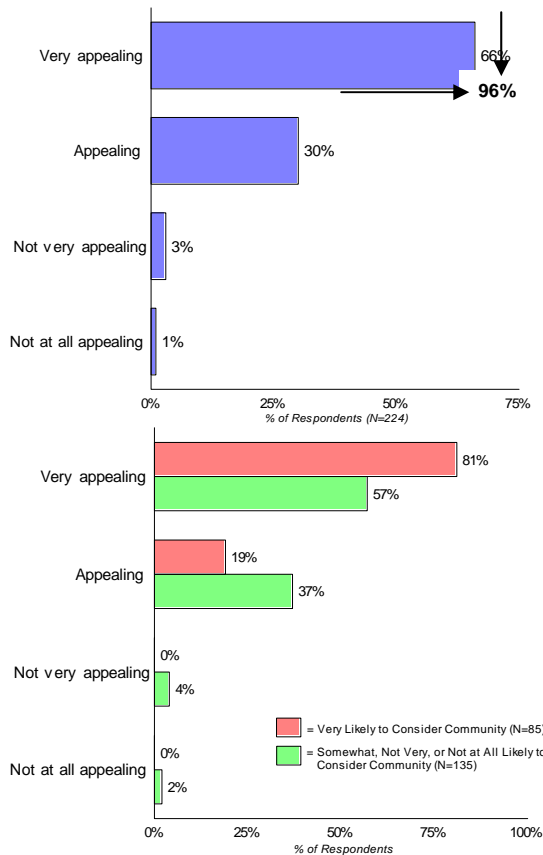
Perception of Coalition as Sponsor



4. Determine the appeal of the Truman Waterfront as the proposed location for the retirement community.

- 66% of respondents found the proposed site to be “very appealing;” 30% felt it was “appealing,” for a net of 96% who registered positive feelings toward the site.
- Of the Very Likely, 81% found the site “very appealing” compared to 57% of the Somewhat Likely.

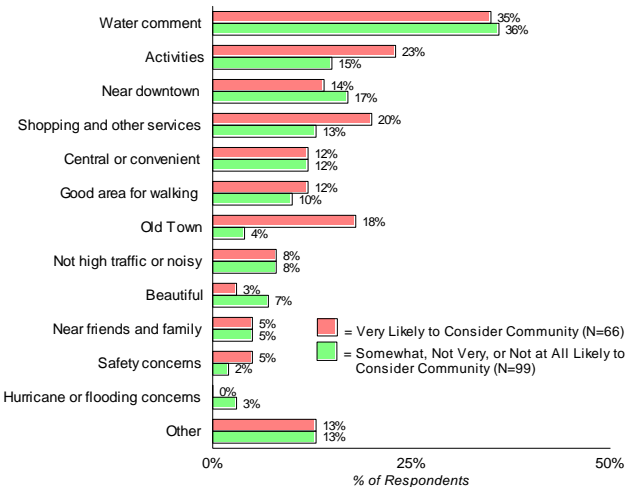
Appeal of the Location



- Proximity to the water was one of the most frequently mentioned reasons for the appeal of the site. Other comments dealt with its proximity to the Downtown / Old Town area of Key West and associated activities such as shopping and other services.
- Comments about the site included, “In the midst of a vibrant area. No boredom there.” Another respondent wrote, “This is the ideal location to spend the rest of my life.”
- There was some concern stated about access to the property, adequate parking for residents and staff, and the potential barriers created by the gated community.
- There is a strong affinity for the Navy in this community, and the focus group participants and survey respondents acknowledged this relationship.
- Residents are aware that other property to build such a facility in Key West is non-existent, which makes this location even more valuable.
- The following chart corresponds to reasons given for why the location was or was

not appealing. The complete list of verbatim comments is located in the Appendix.

Reasons Location is Appealing or Not Appealing

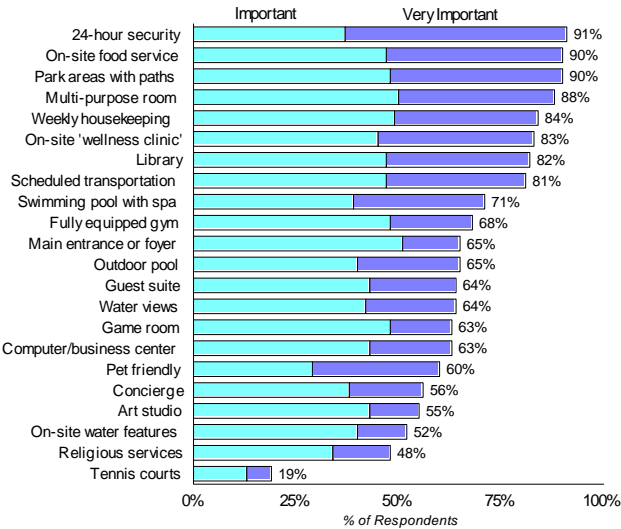


5. Measure the relative importance of specific community amenities, residential features, and additional services to potential buyers; and if they should be included in a basic monthly fee or on an “a la carte” basis.”

Amenities

- 24-hour security, on-site food service, park areas with walking paths, and a multi-purpose room ranked highest in importance among the available amenities. This expresses the respondents’ potential needs for safety, convenience, physical fitness, and an opportunity to socialize.

Preferred Amenities



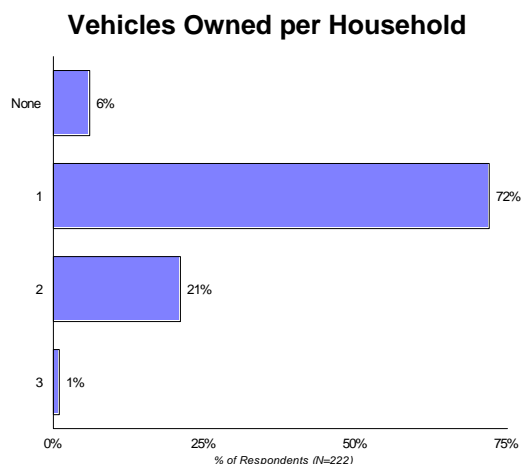
- Some of the amenities were debated in the focus groups but supported in the context of the survey. These amenities present a hard cost to the development,

requiring dedicated staff, space, or facilities for their execution (food services, multi-purpose room, and fitness center). Others are more of an enhancement to the area (walking and biking paths, swimming pool, and game rooms).

- The least important amenities were the concierge, art studio, on-site water features such as ponds and fountains, and religious services. The amenity rated as least important was the tennis courts. This type of exercise may be seen as too strenuous for the residents of such a community. Focus group participants struggled to justify the expenses for a small percentage of residents.
- The lack of relative importance for some of these amenities indicates that the development could be scaled back if necessary for financial considerations.
- Creating a pet-friendly community was debated. The majority of people are in favor of allowing pets as long as there are regulations regarding weight and type of pet. It is expected that all pets will be house pets and that owners will be required to maintain the property in a sanitary fashion.
- Because there are people who have allergies to pets, consideration may be given to restricting pets to a limited area of the community.

➤ Residential Features

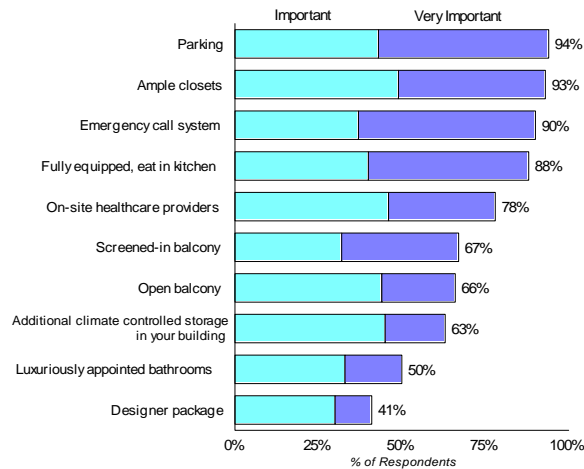
- The most important residential feature was the inclusion of parking for residents, guests, and staff. Parking availability is especially important to 83% of the respondents who own 1 or more vehicles. This data strongly enforces the focus group feedback which indicated the lack of adequate parking and the ability to own one's vehicle is a "deal-breaker." At the time of entry to the community, parking is crucial and there are no assurances this expectation will diminish significantly over the years. Adequate guest and staff parking will be necessary regardless of the residents' needs.



- Other top-rated features include ample closet space for storage, an emergency call system, and a fully equipped, eat-in kitchen. Elders are often encouraged or required to scale down and discard many of their belongings, so ample closet space means the ability to continue storing possessions after leaving their own home.
- The least important features were the luxurious bathrooms and the designer packages; the majority of respondents did not feel these were important. However, some expressed the desire for an optimal modest upscale design. It may be wise

to offer the option to upgrade as a way to attract residents with greater financial assets.

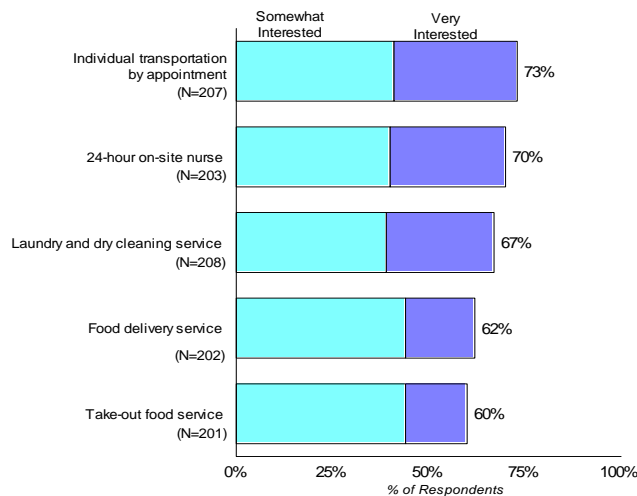
Preferred Residential Features



➤ Services

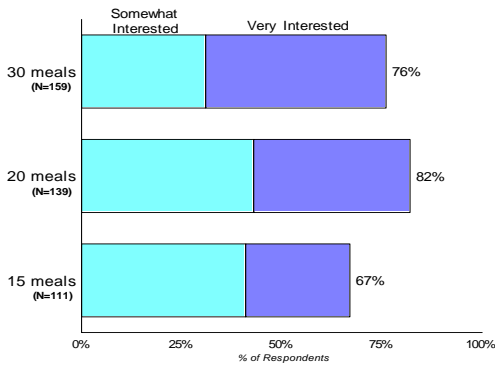
- A la carte services are perceived as those services more personal in nature and not mutually beneficial to keeping down costs to those who do not need or use them. Respondents expressed interest in additional a la carte services on a pay-as-you-go basis. The services receiving the most interest were the individual transportation by appointment and the 24-hour on-site nurse.
- Three other ‘additional services’ (laundry, food delivery, and take-out food) received modest interest, with 67% and 60% of respondents either “somewhat” or “very interested.”

Interest in A la Carte Services



- On-site meals in a central dining area received adequate support, although many respondents indicated they prefer to do their own cooking. This may change with age. More interest was expressed in 20 meals per month than in the other two options. Prospective buyers need to understand the minimum guaranteed meal plan helps ensure the quality of food service. Focus group participants stressed the desire for a casual dining atmosphere compared to a formal setting.

Interest in Meal Plans



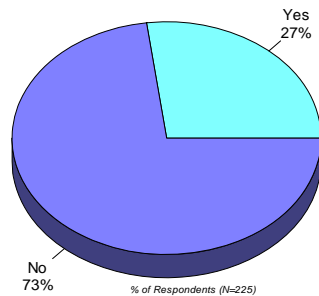
Suggested Affordable Price of 2 Bedroom/1 Bath – 800 sf

Suggested Life Lease for 2 Bedroom/1 Bath Based on Likelihood to Move

6. Measure the importance of the availability of on-site healthcare in the assisted living community.

- 27% currently own a home healthcare policy. This is consistent with similar studies we have conducted within the last three years.

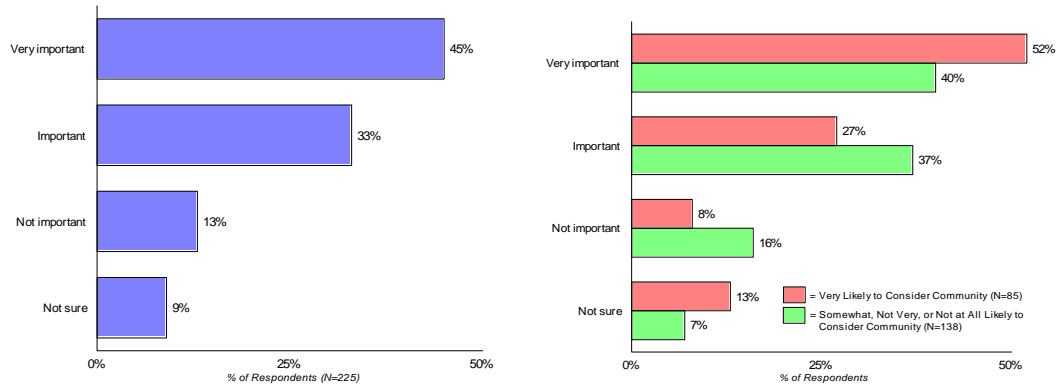
Own a Home Healthcare Policy



- When asked about the availability of on-site healthcare delivered inside the independent living unit, 45% responded that it is “very important” and 33% indicated it is “important;” 13% felt it is “not important,” and 9% of respondents were “not sure.”
- Of the Very Likely, 52% indicated it is “very important” and 27% said it is “important,” for a net of 79%.

Overall Importance of On-Site Healthcare

Importance of On-Site Healthcare by Likelihood to Consider Moving



- It seems the anticipated need for healthcare is based on one's current state of health. On-site healthcare becomes a major factor when there is a healthy spouse or partner taking care of a frail spouse or partner. The focus group discussions addressed how illness or incapacitation of one person adversely impacts the quality of life and living accommodations of the healthier spouse or partner. They are either required to live apart, incurring expenses for two households; or they are required to relocate jointly to a community that can accommodate their needs.
- A few Very Likely indicated on-site healthcare is either not important or they are not sure. This should not negate the importance given to the development of an on-site health component of this community. What this may indicate is that there could be an opportunity to open the assisted living component to the community on an as-needed basis if it cannot be filled with residents from the independent living section.

7. Explore barriers to the concept of senior living in Key West.

- Loss of independence: Similar to other senior communities, the standard points of resistance are loss of independence, relinquishing one's automobile and mobility to come and go as desired, and the realization and confrontation that one is aging.
- Change of residence: Even if located in the same vicinity, there is the trauma that can accompany transitioning from one residence to another. It involves giving up what is familiar and comfortable for the unknown – even if it is in one's own best interest.
- Home healthcare: Some people prefer bringing home healthcare into their current residence, rather than relocate to a community designed to better meet their needs around the clock.
- Price point: It was evidenced in the focus groups that education was needed before launching the direct mail survey. The subsequent Town Meetings provided an excellent format to enable attendees to complete the survey with a better understanding of the Life Lease and Monthly Service Fees.
- Ambiance: The respondents adhere to the casual lifestyle that exemplifies the Keys. Unlike Naples or other upscale beach communities, there was stated resistance to anything luxurious. They are seeking comfort, convenience, and safety.
- The perceptions expressed in the focus groups as well as the written comments in the survey were consistent with findings from previous focus groups with similar audiences in different parts of the nation. Roughly one-fourth have some type of long-term healthcare policy; there is a strong affinity for the region; many are

dependent on family for current or future care; and they want to be able to exercise some degree of control over their future.

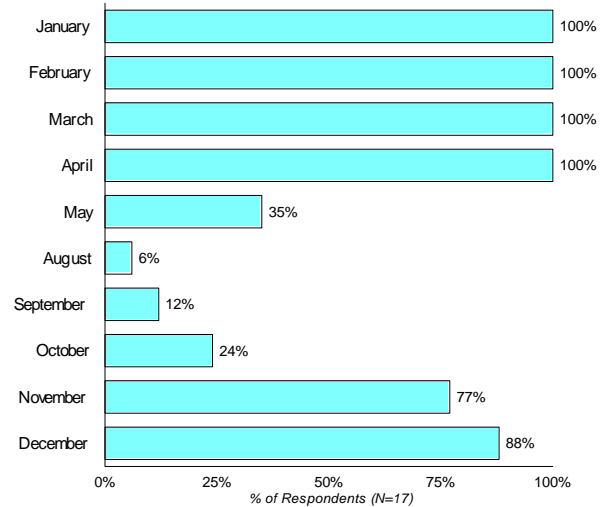
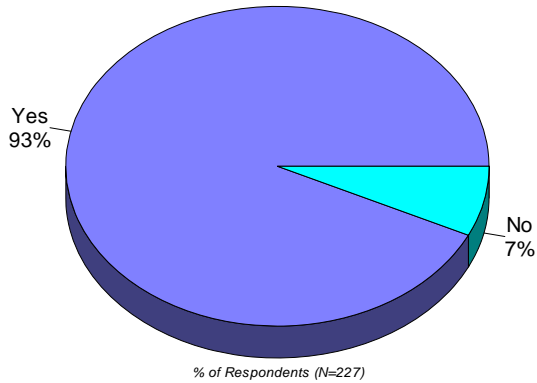
8. Profile the demographics and lifestyle based on their likelihood of moving to this development.

➤ *Resident Status*

- 93% of the respondents are permanent residents of the Lower Keys. Of the 7% who do not consider themselves permanent residents, most reside in the Keys from November through April.

Consider Themselves Permanent Residents

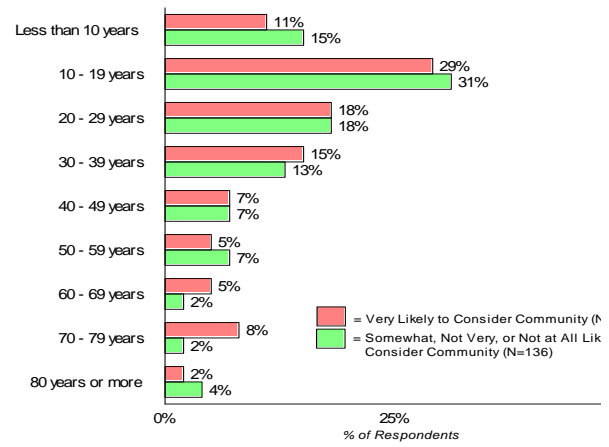
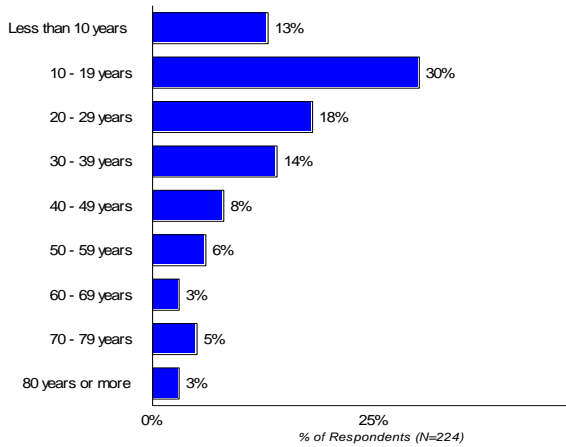
Months Frequented by Non-Residents



- The average length of residency is 28 years; only 13% have been there less than 10 years and 3% have resided in the Keys for 80 years or longer. The greatest proportion is 30% with 10 to 19 years in the Keys.
- Although the length of residency is similar between Very Likely and Somewhat Likely respondents, there is a slight increase of the likelihood of considering moving to this community among the respondents over 60 years of age (15% vs. 8%).
- Very Likely have lived in the Keys for about the same length of time as the Somewhat Likely.
- The comparison changes slightly as the years increase. Among those living in the Keys between 70 and 79 years, they are statistically more likely to consider moving to this community. They are also more likely to be native to the Keys. However, it is important to realize that there may be avid interest among the “newcomers” and they should not be discounted for residency if their presence makes the project financially feasible.

Length of Residency

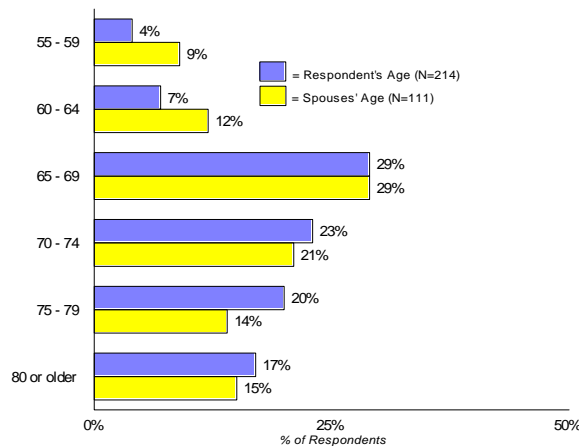
Length of Residency based on Likelihood to Consider Moving



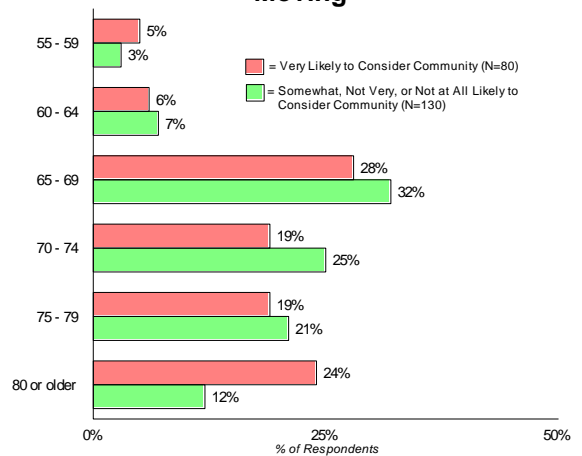
➤ Age Profile

- Although the survey was targeted to 65+ households, younger respondents were not restricted from taking part. As evidenced by the answers, even a small percentage of those below 65 shows a sincere interest in potentially moving to the development in the future.
- Although the Very Likely appear to show less interest in moving than their age-counterparts, there is no statistically significant difference until the 80 or older category, in which the Very Likely group is statistically more likely to consider this move than the Somewhat Likely.

Age Breakouts

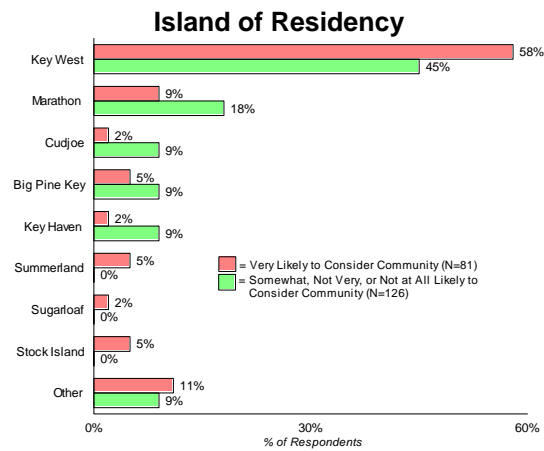
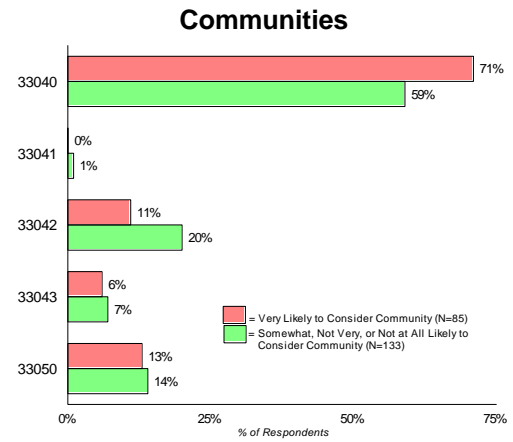
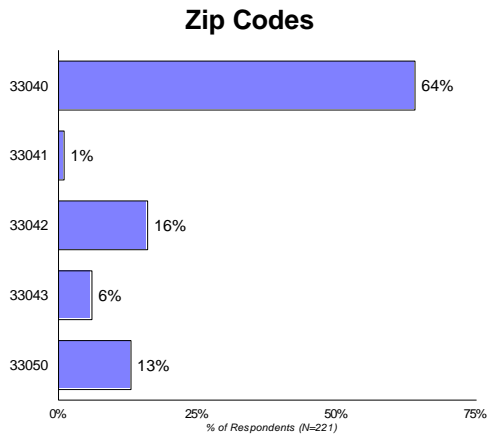


Age Breaks by Likelihood to Consider Moving



➤ Location of Residency

- Great care was taken to ensure representation from the Lower Keys. As is evidenced by the zip codes, the majority of responses were from Key West. Other Keys and areas mentioned include Bay Point, Big Coppitt, Duck Key, Coral Key, Geiger Key, Grassy Key, Little Torch Key, Monroe, Ramrod, Saddlebunch, and Vaca Key.

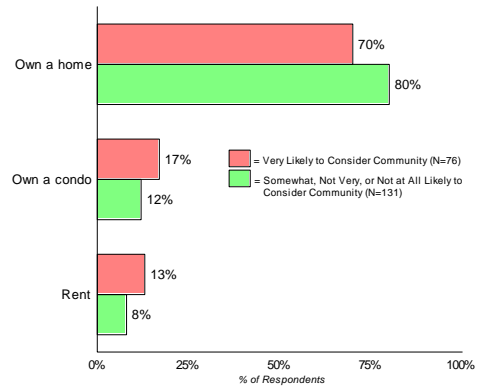
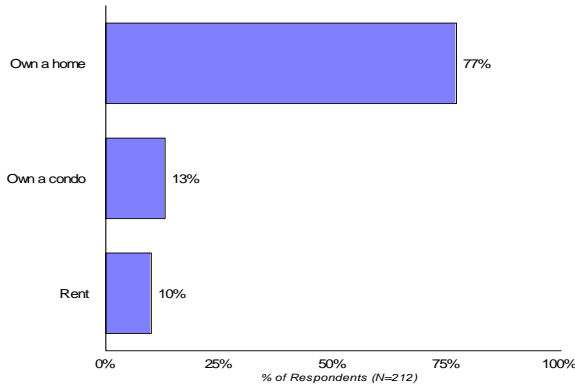


➤ *Living Arrangements*

- 90% currently own a house or condo; 10% rent.

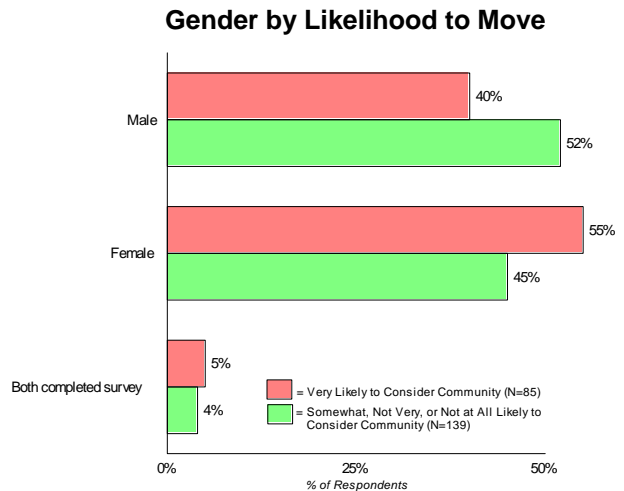
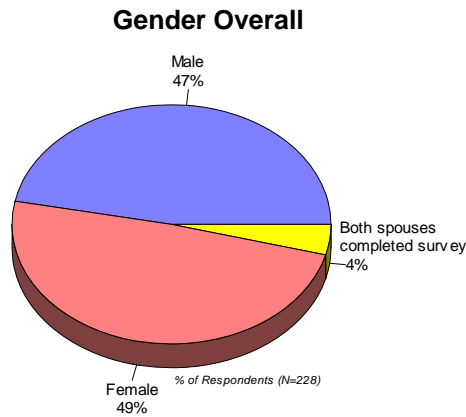
Living Arrangements

Living Arrangements by Likelihood to Consider Moving



➤ **Gender**

- Of the respondents, 49% were female and 47% were male. Of 4%, both spouses completed the survey. The females are more likely to move to the community than their male counterparts (55% to 40%).

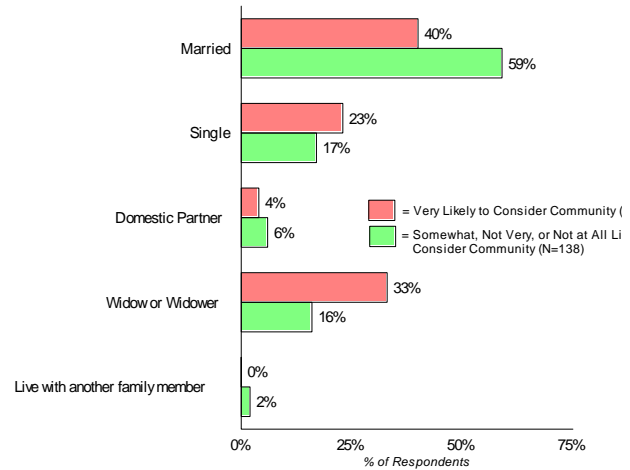
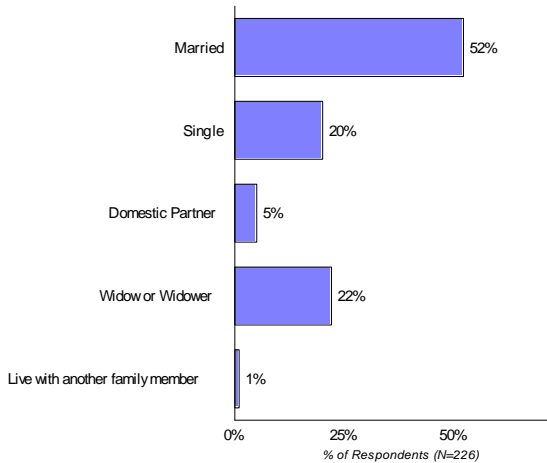


➤ **Family Status**

- Overall, 52% of the respondents are married, 22% are widowed, 20% are single, 5% are in a domestic partnership, and 1% lives with a family member. Given this family status, it is interesting to note that the Very Likely are more likely to be widows or widowers, or single persons. The most likely profile is a single or widowed female, 65 or over.
- The differences between Very Likely and Somewhat Likely in the married and widowed categories are statistically significant.

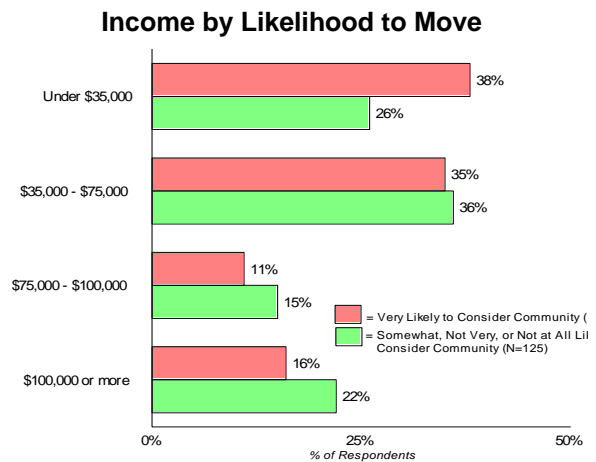
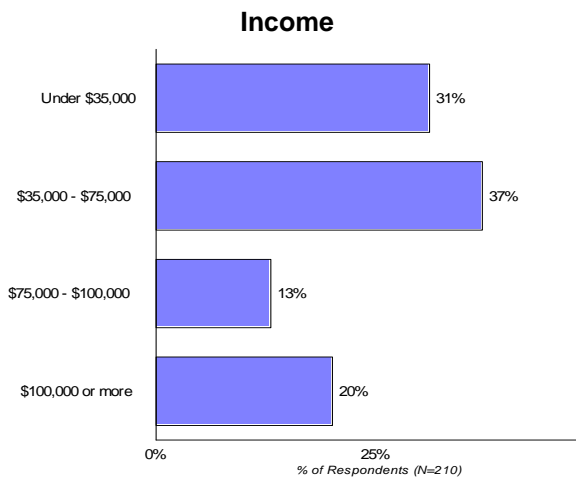
Family Status

Family Status by Likelihood to Move



➤ Household Income

- Two-thirds of the respondents (67%) have a total household income of less than \$75,000 with 31% below the \$35,000 threshold. This lower echelon represents the opportunity for the affordable housing segment since they are still likely to have equity in a home and cash flow to offset the monthly service fees. It is not unusual for affluent households to report a low annual income with high assets.
- The two income categories showing the strongest interest are those earning under \$35,000 annually (38%) and \$35,000 to \$75,000 annually (35%). There is stated interest among the higher income levels, but they may be younger and still earning income, or financially capable of hiring the assistance necessary to enable them to remain in their homes. Among seniors, annual household income is not necessarily an indication of wealth since their cash flow could be purposefully modest in comparison to their assets.



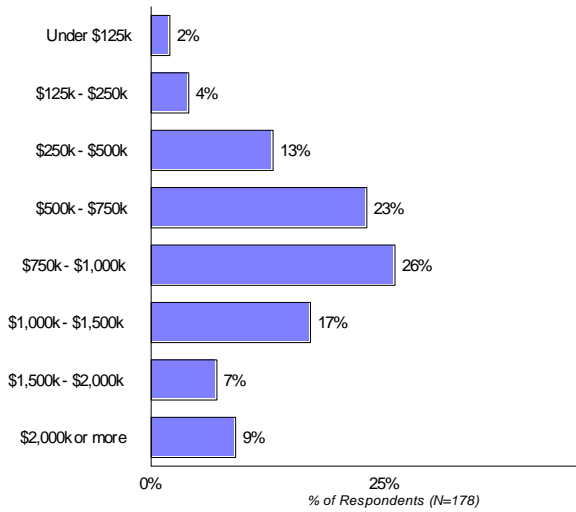
➤ Home Value

- Unlike other markets, these respondents appear to have a firm grasp on the value of their current residence. This could be attributed to the elevated interest in real estate the past few years or recent insurance assessments due to hurricane damage. When the focus group participants discussed the availability of equity in their homes, at no time was there any mention of reverse mortgages or home equity lines of credit that represent a debt to the homeowner.
- Overall, the home value of nearly half (49%) range from \$500,000 to under a

\$1,000,000, with 26% claiming their home value to range from \$750,000 to under a \$1,000,000. 33% indicate a home value of \$1,000,000 or greater; 9% claim \$2,000,000 or more.

- There was no statistical difference between Very and Somewhat Likely to consider moving.

Approximate Home Value



Approximate Home Value by Likelihood to Consider Moving

