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Introduction

In this Market Snapshot, **FORVIS** outlines independent living (IL) trends across North Carolina's (NC) large markets, including a summary of demographics, occupancy, inventory, and demand across six core-based statistical areas in NC. For the purposes of this Market Snapshot, FORVIS defines "large markets" as CBSAs with more than 25,000 age-qualified households.
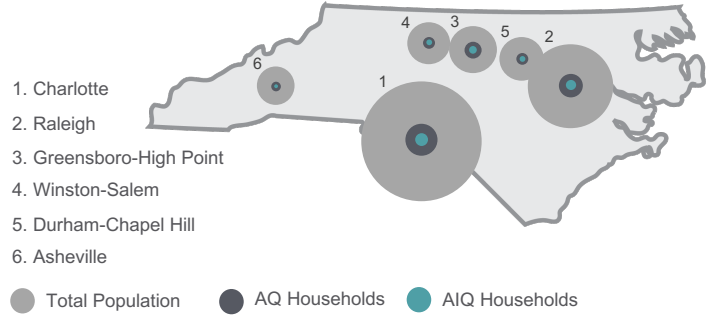
> A core-based statistical area (CBSA) is a geographic area comprised of metropolitan and micropolitan areas. The six NC CBSAs profiled herein include 59.8% of the total NC population.[1]

Demographics

Some of the first indicators of a strong market are overall population and senior population growth. NC's total population in 2023 is approximately 11,000,000.[1] Between 2021 and 2022, NC had the third highest net domestic migration compared to all 50 states and D.C., just behind Florida and Texas.[2] By 2028, the projected population in NC is expected to be 3.7% higher than its current population.[1]

> The map (right) shows total population, age-qualified (AQ) and age- and income-qualified (AIQ) households in the six specified large CBSAs in NC. The table below compares these populations to NC and the United States.

North Carolina's Population

1. Charlotte
2. Raleigh
3. Greensboro-High Point
4. Winston-Salem
5. Durham-Chapel Hill
6. Asheville

○ Total Population ● AQ Households ● AIQ Households

| 2023	Charlotte	Raleigh	Greensboro-High Point	Winston-Salem	Durham-Chapel Hill	Asheville	NC	U.S.
Total Population	2,757,733	1,488,262	784,949	685,673	665,048	477,919	10,668,766	334,500,069
Age 75+ Population[a]	166,050 6.0%	80,672 7.8%	57,479 7.3%	53,549 7.8%	45,722 6.9%	47,238 9.9%	765,349 7.2%	24,379,591 7.3%
AQ Households[b]	105,182	49,553	37,942	35,955	28,493	30,787	499,756	15,552,426
AIQ Households[b, c]	42,623 40.5%	23,605 47.6%	13,904 36.6%	12,640 35.2%	13,255 46.5%	11,826 38.4%	193,330 38.7%	6,534,035 42.0%

(a) – Age 75+ population is shown as a percentage of total population in 2023.
(b) – For purposes of this Market Snapshot, FORVIS defines AQ households as those 75 years of age or older and AIQ households as AQ households with an annual income $50,000 and above.
(c) – AIQ Households are shown as a percentage of AQ Households in 2023.

> Of the CBSAs profiled, the Asheville market has the highest percentage of 75+ population (9.9%) and Raleigh has the highest percentage of AIQ households (47.6%). Overall, Charlotte has the greatest number of AQ households and AIQ households. By 2028, the Raleigh market has the highest projected growth in AIQ households at 38.9%.[1]

North Carolina Large Markets' Occupancy & Inventory[a, b]
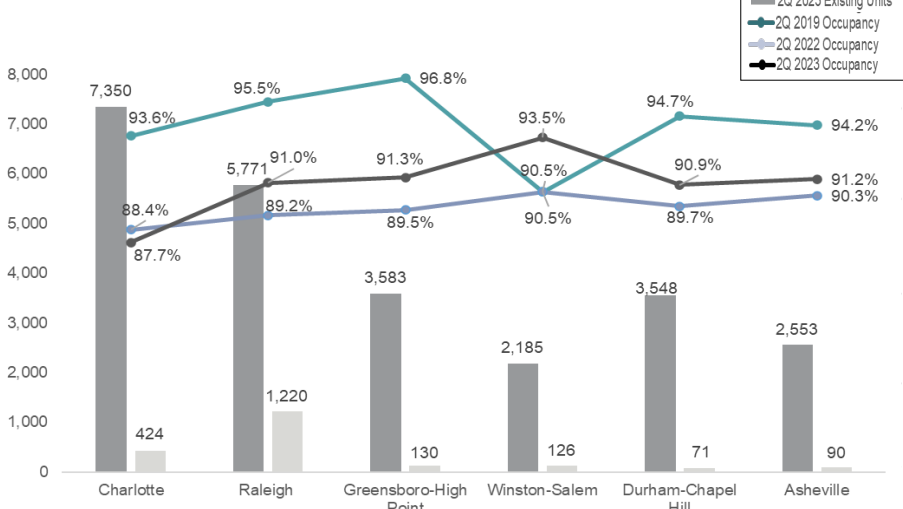
(a) Data includes properties at least two years old, or, if less, then have achieved stabilized occupancy (95%) since opening.[3]
(b) 1Q 2020 and 1Q 2021 occupancy is excluded due to anomalies associated with the COVID-19 Pandemic.

Occupancy & Inventory Growth

Occupancy is a key indicator of an organization's success and long-term viability. Occupancy varies market-to-market or community-to-community based on the market's population size, market demographics, acceptability of the product, community size, and staffing levels.

The graph to the left shows the total number of existing and IL units under construction for each CBSA in 1Q 2023 and compares IL occupancy in 1Q 2023 to 1Q 2022 and 1Q 2019.
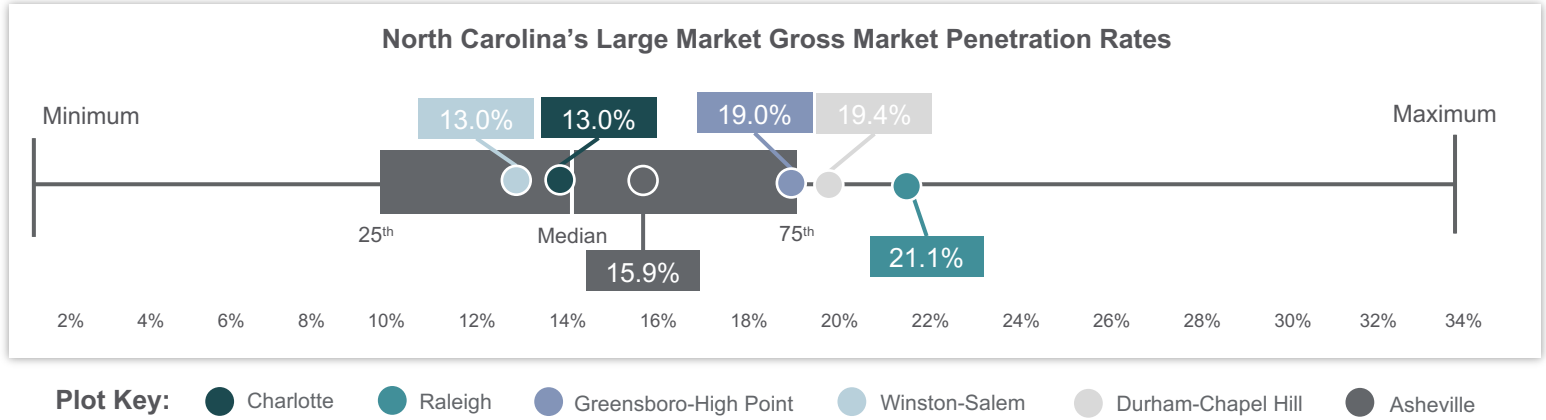
While all occupancies in markets profiled are still in recovery from pre-COVID levels, compared to 1Q 2022, occupancy increased in all markets, except Charlotte. Occupancy most substantially increased in Winston-Salem.

As a percentage of all units, Raleigh (17%) has the most IL units under construction, followed by Charlotte and Winston-Salem (both 6%).

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Demand

Penetration rates demonstrate the degree to which a market is underserved or oversaturated. The Gross Market Penetration Rate (GMPR) is the percentage of AIQ households the total market area must absorb for the entire market to achieve stabilized occupancy.

The box and whisker plot below illustrates the GMPR for the $50,000 income qualification according to the FORVIS proprietary IL database, which includes over 200 senior housing projects across 35 states.[4] Each dot plotted on the graph represents the 2023 GMPR for the six specified CBSAs.

North Carolina's Large Market Gross Market Penetration Rates

Minimum — 13.0% — 13.0% — 19.0% — 19.4% — Maximum

25th — Median — 15.9% — 75th — 21.1%

2% 4% 6% 8% 10% 12% 14% 16% 18% 20% 22% 24% 26% 28% 30% 32% 34%

Plot Key: ● Charlotte ● Raleigh ● Greensboro-High Point ○ Winston-Salem ○ Durham-Chapel Hill ● Asheville

In the plot above, the minimum and maximum GMPR are denoted by the lines on the far left and far right, respectively. The 25th and 75th quartiles are denoted by the left side and right side, respectively, of the inner gray box. The white bar in the middle indicates the median.

Penetration rates are an indicator of market demand and should be supplemented with consideration of occupancy levels, proposed projects, unit designs, community spaces, contracts, marketing plans, demographic trends, local economic conditions, awareness and acceptability of the product, and velocity of pre-sales at projects.

Conclusion

While the senior living industry still faces challenges post-pandemic, many of NC's larger markets are experiencing growing demand, improving occupancy levels, and positive GMPRs. These trends may indicate opportunities for providers to explore additional service offerings across NC's larger markets.

About FORVIS

FORVIS, LLP is a professional services firm providing assurance, tax, and advisory services. Created by the merger of equals of BKD, LLP and Dixon Hughes Goodman LLP (DHG), FORVIS is driven by the commitment to use our forward vision to deliver an **Unmatched Client Experience**®. Ranked among the top 10 public accounting firms in the country, FORVIS has 5,700 dedicated professionals who serve clients in all 50 states as well as across the globe. FORVIS is built upon the strong legacies of BKD and DHG, which are reflected in a name that comprises partner initials and represents our unique focus on preparing our clients for what is next. Visit forvis.com for additional information.

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Sources

(1). Claritas, Inc. (2023, April). Senior Life Report.
(2). U.S Census Bureau. (2022, December 22). Growth in U.S. Population Shows Early Indication of Recovery Amid COVID-19 Pandemic.
(3). NIC MAP Vision Q1 2019, 2022 and 2023.
(4). FORVIS. (2023, April). Independent Living Penetration Rate Database.