



Ocean View/Bethany Beach Market Study

Executive Opinion

Sage Age thanks Silverstock for the opportunity to complete this Market Feasibility and Demand Analysis study to help guide the potential development of a senior living community in the greater Bethany Beach market area. Based upon the results of the market analysis efforts that were completed, there is obvious support for the development of a new community in the area. However, Sage Age would also like to make several additional points that, we believe, provide even stronger support for the Silverstock project in this particular market.

One of the first important considerations for this project is the “destination location” of the site. Because the site is located in the greater Bethany Beach area, less than two miles away from the beach on Route 26, the location has tremendous appeal for those seniors who have enjoyed vacations in the southern Delaware and Maryland beaches for many years. Typically, these beaches pull vacationers from most of Delaware, as well as from across the Chesapeake Bay (including Baltimore and Annapolis areas) and southeastern Pennsylvania. It is believed that this project could pull a strong resident base from these same areas if properly marketed. To further support this belief, several reports have been provided as an Appendix to this report, which speak to the unexpected influx of retirees to the Sussex County area in recent years and the appeal of this area in itself.

In addition, and to compliment the point made above, Sage Age completed further research to determine the origins of residents already residing in competitive communities in the market area. After speaking with marketing representatives at several facilities, it was determined that communities in this market typically see approximately 50% to 70% of their residents coming from within the market area identified in this study. The other 30% to 50% are coming from further destinations; most commonly Baltimore, Annapolis and areas in northern Delaware. Considering this information, the 70% market area draw that was utilized in this study was conservative for the realities of the market area, and therefore, it can be assumed that the project would likely have an even larger pool of potential residents.

Finally, at Sage Age, we pride ourselves in completing conservative, realistic market demand studies for each market we assess. Because our organization is also commonly hired to manage pre-marketing and pre-sales efforts for new development projects that we have completed feasibility studies for, we approach all studies with the mindset of setting the project up for success, rather than potential failure. All of the assumptions we utilize in our analyses (including the market draw percentage referenced above) are low-end projections and assumptions and, therefore, there is typically even more opportunity in the market than is presented in our studies.



In closing, it is the executive opinion of Sage Age that, given the destination location of the site itself, the origins of residents at competitive communities, and the positive results from the demographic and conservative demand analyses that were completed, the greater Bethany Beach market area provides tremendous opportunity for the development of a senior living community, offering supportive services and care.

Again, Sage Age greatly appreciates the opportunity to work with Silverstock on this analysis effort and looks forward to future discussions about the project.

Respectfully,

A handwritten signature in blue ink that reads 'Faith' in a cursive script.

Faith Ott
President
Sage Age Strategies

A handwritten signature in black ink that reads 'Malissa' in a cursive script.

Malissa Illiano
Senior Research Analyst
Sage Age Strategies