

CASE STUDIES



The growing phenomenon of wellness communities and lifestyle real estate

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Introduction

There's some chance that our ancestors knew more about how to live well than we inherently do in today's modern society. The concepts of community, family, health and wellbeing were ultimately defined by their own need to survive – perhaps even to care for the survival of their neighbours – versus our more sophisticated desires to live well today. The irony is that in many ways, we are now trying to live just as our ancestors once did.

Over the last few years, there have been notable efforts by academia, the medical industry and consumers to grasp and define what it means to live long, meaningful, happy lives; to thrive. The terms “wellness” and “wellbeing” have seemingly permeated every industry from architecture to retail, nutrition to fitness, and for the most part, we are much more savvy when it comes to understanding the basic principles of good health and wellbeing than we were even just a few years ago.

Today's quest for wellbeing is pushing us to consider the overall health of where we work, live, learn and play, how we care for ourselves, the planet and each other. This was the ultimate basis for the creation of the Wellness Communities Initiative, sponsored by the Global Wellness Institute (GWI), and the subsequent release of GWI's landmark *Build Well to Live Well* research report released in January of 2018.

The objective of this article is to highlight some of the key concepts, principles and definitions discovered by both the Initiative and the Institute over the last few years, and to offer some thoughts (and hopes) for the future of wellness communities and lifestyle real estate in the years to come.

A historical perspective: the mission and work of GWI's Wellness Communities Initiative

In May of 2015, fuelled by the belief that consumers had begun to expand their desire for wellness beyond travel (known as wellness tourism inclusive of spa breaks and wellness retreats, for example) to their homes and communities, an international effort – known at the Wellness Communities Initiative – was born. The GWI – a nonprofit educational foundation with the mission to empower wellness worldwide – agreed to provide a forum for the initiative, and soon enough, business leaders with active commercial interests in the development of wellness communities and lifestyle real estate – now estimated

to be a \$134B global market place – began to volunteer their time to share experiences, resources and a vision for the future.

The work of the initiative

For the next two years, the group developed a website complete with articles, sample projects in development and operation, as well as a growing list of related certifications, standards and principles currently in use to guide these kinds of real-estate-driven projects around the globe. Most importantly, it aimed to answer four key questions with the help of pioneers in the field, and further answered below:

- (1) What is a “Wellness Community”?
- (2) What are the minimum criteria recommended to consider to deem a community “well”?
- (3) What other criteria may be considered?
- (4) What measures – qualitative and quantitative – should be considered when attempting to attract, justify and/or measure investment in this type of real estate?

(1) What is a “Wellness Community?”

The group – inclusive of real estate owners-developers, health and wellness professionals and hospitality experts among others – defined wellness communities as *communities and buildings proactively developed with the holistic health of its residents, guests, environment – both natural and built – and local community in mind*. They further noted that communities could take on many different forms including destination spas, hotels and wellness retreats with residential components to master-planned communities, existing or new neighbourhoods, and apartment complexes where individuals may work, live, learn and/or play.

No matter the form, each was linked by a foundational commitment to live well by fostering wellness-focused design and services from blue-print to hand-print, resulting in mindful, healthful programming, buildings and facilities offered on-site, not to mention reverence for the environment both inside and outside any built structures. The ultimate purpose of wellness communities was to optimise the overall health and quality of life of its residents and guests through conscious and effective land plans and facility designs, complimentary programming and access to related resources and support services. In ideal instances, it was also part of the DNA of these communities to place emphasis on connecting people to one another as well as to nature and the world around them.

(2) What are the minimum criteria recommended to deem a community “well”?

After interviewing several pioneering owner-developers, and being sensitive to regional and cultural differences around the globe, the group determined that in order to deem a community “well”, it must demonstrate a commitment to each of the following three principles over the course of its life-cycle:

- (1) *Environmental consciousness* demonstrated by sustainable development and operating practices.

- (2) *Holistic health and wellness* demonstrated by offering residents opportunities via soft programs and facilities – whether indoor or outdoor – to proactively take care of themselves and enhance their overall quality of life and well-being.
- (3) *Social Connections* demonstrated by both physical and programmatic elements that foster intergenerational socialisation and connectivity among fellow residents and guests who may visit.

These criteria clearly allowed for flexibility and interpretation, no matter where the real estate projects or communities existed, and were considered “baseline” principles for any project of it’s kind.

(3) *What other criteria may be considered?*

In addition to the (3) minimum criteria referenced above, the following principles also surfaced during the interview process, and varied depending upon type of venue, available resources and/or related business requirements:

- Access to nature and biophilic design (whether inside or outside)
- Access to diversity in both population base and levels of affordability
- Access to medical care across all demographic groups (including clinics, critical response services, etc)
- Access to healthy food (often sourced and/or grown locally on site), whether for residential or commercial purposes (ex: within schools, retail, office buildings, etc)
- Care for optimum air and water quality to include hydration stations, monitoring indoor air quality, etc
- Access to physical activities that easily enable regular fitness and exercise for all ages (ex: stairs to encourage daily use, low-impact walking trails, etc)
- Minimise sources of man-made and natural disruptions that lead to noise, light pollution, etc
- Access to arts and culture to both enhance quality of life and foster social connections
- Promotion of the use of local, sustainable materials and guide residents on sustainable, living practices
- A guided focus on living mindfully with inherent opportunities to enhance individual awareness, personal growth and/or spirituality
- Creating a self-sufficient community, with easy access to transportation services whereby individuals and families can easily work, live and play
- Rerouting automobile traffic to the perimeters of the community, allowing the establishment of high traffic pedestrian corridors and open spaces like a “village green”, plaza and other natural, open spaces
- Encouraging walkability through streets (i.e. canopies over sidewalks, sitting sanctuaries, art installations, etc) as well as walking and biking paths that encourage exercise and sociability
- Design that brings focus to high-quality public spaces, some programmed and some undefined open spaces, that encourage high levels of interaction to foster community integration.

(4) *What measures should be considered when attempting to attract, measure or justify investment in this type of real estate?*

Perhaps one of the most important discussions the group hosted at industry conferences and amongst themselves, was how best to attract, measure and justify investment in wellness-related real estate. While it was clear that the pursuit of these projects was ultimately to the benefit of both people and planet, it was also understood that they must be designed to generate a return on investment. Early research and experience also suggested that people would pay more for healthier, sustainable living options if the assets were designed and positioned correctly.

To effectively legitimise a case for building well, the initiative group determined that projects were best served if they included (1) a minimum investment cycle of 10 years and (2) systems that would track the true value – inclusive of both financial and qualitative measures – of wellness communities and lifestyle real estate over time.

As such, they proposed considering the following development and operating principles when attempting to instill and/or evaluate the short- and long-term success of these kinds of projects:

- (1) Starting from the user or resident's perspective, with special attention to the cultural norms and values of the location and people and ask what they need to live healthy, sustainable and fulfilling lives, noting that the answer could vary by location and culture.
- (2) Develop a "community manifesto" to describe the design pillars that establish the project vision as well as a blueprint to guide project teams from development, marketing and operations (i.e. what will the community ultimately offer and how?)
- (3) Integrate descriptions of the health and sustainability components into the business plan and manifesto to ensure the residents' ultimate quality of life and wellbeing.
- (4) Identify and select scientific measures to evaluate the long-term health impact of living in a wellness community versus elsewhere including baseline and periodic future assessments over time (e.g. age quality index, sleep index, happiness index, biometric measures, etc). Related to this:
 - (a) Be sure to explore the use of technology in support of community health and wellness (e.g. sensors to monitor/track individual activity, health stations to check vitals, intranet sites to capture group and individual progress, community health portal, etc)
 - (b) Develop community-wide health goals (ex: to reduce obesity, increase longevity or happiness) and operating policies (ex: smoke-free environments) that will support them
 - (c) Promote community-wide health goals tracking through voluntary participation and systems designed to further support social connectedness and intergenerational living
- (5) Identify and promote the role of a "community manager" to design, implement and monitor community activities and facilities that promote a sense of belonging and community as well as overall culture.

In addition, the group suggested that any financial analysis of wellness communities and lifestyle real estate projects should include additional inputs, such as:

- (1) The indirect value generated by public spaces when amenity costs, increased sales velocities and price premiums are spread over the for-sale spaces
- (2) The direct sales premiums generated by building healthier, sustainable buildings and facilities
- (3) The savings in operating costs associated with constructing energy efficient, sustainable buildings both for individual residents/households and managed services/facilities
- (4) The unique brand position and higher customer loyalty an owner achieves when one has a legitimate, healthy value proposition to offer to the marketplace
- (5) The measurable social and environmental impact of the development that positively/negatively reflects on the owner, particularly when projects are designed to be net-zero or net-positive in their relationship to the environment (that is, designs that either mitigate or positively contribute back to the natural environment)
- (6) An assessment of a household's health costs prior to assuming residence within the community, and then reported annually in the same way, over time.

It's worth noting that the sales of goods and services have historically relied on selling one of three market positions: (i) an affordable price, (ii) ultimate luxury, or (iii) product uniqueness. Most real estate is positioned somewhere on a continuum to sell either "the right address" or "the best value for your dollar". However, market disruptors sell uniqueness first, and the group strongly believed that wellness communities – real estate ultimately developed with the optimum health of our planet and its citizens – was indeed disruptive.

The landmark study: GWI's "Build Well to Live Well" research report

While the work of The Global Wellness Communities Initiative was notable and groundbreaking at the time, and continues today, it became clear, after two years of voluntary work (inclusive of monthly meetings, white paper development and speaking engagements at industry conferences designed to raise awareness) that a formal, global study was needed. The research fellows at the GWI agreed, and in January of 2018, the *Build Well to Live Well* landmark study was released. It was reflective of both the Initiative's early thinking as well as the truly pioneering efforts of the Institute to globally define, size and ultimately advocate for this growing segment of the \$3.7 trillion wellness economy.¹

The research work of the Global Wellness Institute™

The exhaustive study is 140+ pages and does a fantastic job of setting the stage by identifying early movements to live well (mapping back to the 1900s) and what is *unwell* about the places we call home today. The report also distinguishes the important definitions and differences between wellness lifestyle real estate and communities (to be discussed below) and provides both a business case and a wellness case for these kinds of real estate projects. It concludes with regional trends as well a pipeline of over 700 projects currently in development and/or operations today, and GWI has graciously made the full report available for free here: <https://globalwellnessinstitute.org/industry-research/>

In the spirit of brevity, and to further facilitate understanding of this budding sector of the wellness and real estate industries, below is a review of key definitions and differences published in GWI's inaugural report which will help guide effective development in the future.

(a) *Key definitions*

In order to prevent "well-washing" and consumer confusion, GWI research fellows published the following definitions for both wellness lifestyle real estate and wellness community:

- *Wellness Lifestyle Real Estate (WLRE)* is defined as homes that are proactively designed and build to support the holistic health of their residents.
- *Wellness Community* is a group of people living in close proximity who share common goals, interests, and experiences in proactively pursuing wellness across it's many dimensions. It can be rooted in a purpose-built space, or can be cultivated around shared culture or social networks without purpose-built structures.

They further suggest that the power of WLRE lies in its potential to foster wellness communities but the connection between the two is not automatic. It requires a great deal of care and intention along with supporting design and operational principles, as referenced both above and below.²

(b) *Key design and operating principles*

The researchers highlighted (4) key principles to help further distinguish the differences between wellness lifestyle real estate and communities, and ultimately how to shift from the former to the latter in order to deliver greater value to future residents:³

- *From "Do No Harm" to Optimising Wellness*: Projects may be designed to "do no harm" to buildings or even the environment, but ideally, building homes that help to enhance the health and wellbeing of it's occupants is the ultimate goal.
- *From Passive to Active Wellness*: Projects that offer facilities and services is not enough; finding ways to encourage proactive behaviours and habits that help to drive individual wellness is key.
- *From Hardware to Software*: Bricks and mortar are also not enough. It is important to complement them with policies, management and programming that build social connections and help to nurture healthy behaviours over time.
- *From "Me" to "We"*: Perhaps most compelling, creating awareness that our individual health and wellbeing is intrinsically linked to our broader environment and the people around us is essential to fostering a true sense of community.

(c) *Promising marketing and consumer insights*

As of 2017, the GWI estimates that wellness lifestyle real estate is now a \$134 billion global industry and further expects that it will expand by 6% annually, growing to \$180 billion by 2022.⁴ The report further identifies the world's top 25 markets for wellness real estate as well as a summary by region with the United States as the largest at this time.

In addition, the report highlights one of the first consumer studies of its kind – the *Health and Wellness Lifestyle Survey* – conducted by American Lives market research firm

in the United States. The study covered a representative sample of US households with incomes over \$75,000 USD (the top 50% of US households) and determined that there are approximately 1.3 million potential buyers in the United States seeking wellness communities each year, greatly exceeding supply of such properties.⁵

Additional consumer research is highlighted, such as a recent study by the UK Green Building Council, which determined that 90% of surveyed buyers and renters in the United Kingdom would like a home that “does not compromise their health and well-being” and that nearly 30% would be willing to pay more for this type of home.⁶ Similar reports in India, China and Australia were referenced, all providing early signs that demand for wellness lifestyle real estate and communities will only continue to grow.

Closing thoughts for today and tomorrow

After nearly a decade of witnessing the shift in consumer desires from merely visiting health and wellness practitioners and destinations, to making health and wellness a greater part of daily life, there is good reason to be optimistic about the future of wellness lifestyle real estate and communities. At the same time, one should expect a great deal more “noise” in the market, and even some confusion as this important industry matures and evolves over time.

Some communities have started to embrace principles of wellness and wellbeing but the offerings are often thin and seemingly related more to marketing than to actual product. The time of change is upon us, and resources such as those provided by both the Global Wellness Communities Initiative and the GWI should help to positively propel the conversation moving forward.

Regardless of the growing number of definitions, standards, certifications that exist today and that will undoubtedly surface in the future, or the regional differences in both culture and approach to wellness and real estate, the successful development of these kinds of projects seems to come down to three things: *initiative*, *intuition* and *investment*. That is, the INHERENT desire to help people live well, the instinct to effectively design a project that stands a chance to become a community, and of course, the willingness to fund a dream whereby the optimal health of people and planet may indeed happily co-exist.

Notes

1. <https://www.globalwellnessinstitute.org/press-room/statistics-and-facts/>
2. *Build Well to Live Well*, Global Wellness Institute, pg. vii., January 2018.
3. *Build Well to Live Well*, Global Wellness Institute, pg. vii., January 2018.
4. *Build Well to Live Well*, Global Wellness Institute, pg. 29, January 2018.
5. *Build Well to Live Well*, Global Wellness Institute, pg. 31, January 2018.
6. *Build Well to Live Well*, Global Wellness Institute, pg. 31, January 2018.

Notes on contributors

Mia Kyricos is president and founder of Kyricos & Associates LLC, a boutique advisory firm providing strategic guidance to wellness, hospitality, tourism and lifestyle companies on a global scale with a speciality in brand strategy. With over 25 years of experience, Mia has helped to develop, operate,

and market wellness-related brands and facilities across 100+ countries, and has worked for industry pioneers including Spafinder Wellness, Inc., Canyon Ranch Health Resorts, Exhale, EXOS and Starwood Hotels & Resorts Worldwide. She also regularly advises owners on the development of wellness communities, is a Global Wellness Summit Board Member, an Advisory Board Member for the University of California Irvine, and the Brand Architect of the GWI. She simply aspires to help people live well.

The global *Wellness Communities Initiative*, sponsored by The Global Wellness Institute™ (GWI) brings together senior stakeholders from around the world with active commercial interests in communities and buildings proactively developed with the holistic health of its residents, guests, environment and surrounding community in mind. These stakeholders include a diverse group of real estate owners, developers and capital groups, hotel operators, spa and wellness consultants, industry researchers and more. The group has been established with the goal to identify common principles, resources and best practices that will help to foster effective development and operations of wellness communities in the years ahead.

Disclosure statement

No potential conflict of interest was reported by the authors.