



## Wellness Communities & Wellness Living Real Estate

Report Author & Moderator:

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Panelists:

**Alfredo Carvajal**, COO, WTS International, U.S.

**Susan Harmsworth**, Founder & CEO, ESPA International, U.K.

**Steve Nygren**, Founder, Serenbe, U.S.

**Paul Scialla**, Founder, Delos, U.S.

### ***Wellness Communities: A Brief Presentation on Serenbe***

Steve Nygren kicked off the panel with a brief presentation about Serenbe – a wellness-oriented community that he founded and runs just outside of Atlanta, GA in the U.S. Serenbe is a strong example of one model of what “wellness communities” in the future could look like. Serenbe sits on a 40,000 acre parcel of land, and it balances development with nature. The community is design-driven, and subtly leverages the principles of sacred geometry. The community is also fully sustainable – it is a community of food, a community of art, a community of education, a community of health and a community for meditation and mindfulness. It is also very much a cross-generational community.

Additional Highlights of Serenbe:

- Only 500 acres of the land is currently developed.
- The community is easily accessible to one of the world’s largest airports/transportation hubs – but feels completely removed from urban bustle.
- There is an inn at Serenbe that can accommodate visitors and groups.
- Bosch chose Serenbe for the first-of-its-kind environmental experience center.
- Serenbe is now breaking ground on the next phase, including a destination spa. “Wellness” is a much more holistic founding principle of Serenbe – it was *not* originally based around a spa.
- In 48 hours, Serenbe sold its first 20 units. Despite the relatively novel nature of this type of community in the U.S., there is a clear market demand for property within the community.

Health-Related Outcomes:

- Currently, there is a 0% asthma rate among community residents.
- Diagnosis rates for behavioral drugs have decreased among children who moved to Serenbe.
- The infertility rate has decreased among women who have moved to Serenbe – including two women who considered themselves infertile before moving to the community.
- Residents have exhibited greater lung capacity and health since moving to Serenbe.

## ***Wellness Living Real Estate***

Paul Scialla, founder of Delos, talked about the future of sustainability and wellness in the real estate market. Delos is a pioneer of the concept of Wellness Real Estate, and has founded the WELL Building Standard. A point of emphasis was that the future of real estate will go beyond “sustainability” as we consider it today, and it will do a more comprehensive job of accounting for the way that both human bodies and minds *interact* with the built environment. Currently, around five million buildings in the U.S. are seeking to achieve official “well certification.” Aligned with that movement, experts in architecture, design, medicine and sustainability have been tapped to help develop a comprehensive 250-page handbook for achieving the WELL Building Standard.

### *Additional Highlights of Wellness Real Estate:*

- Specific attributes of the built environment that are considered as integral to wellness real estate include: water, air quality, light, comfort, nourishment and mind.
- Wellness real estate projects extend far beyond the residential space. They also include offices/commercial space, hotels, mixed-use projects, hospitals, schools, retail and restaurants.

### *Some Economic Metrics:*

- There was only a 1.5% premium on construction costs to achieve the Well Building Standard for CBRE’s new, state-of-the-art office in Los Angeles. In order to achieve that certification, the office space was rated across more than 50 criteria.
- MGM Grand *Stay Well* rooms required an initial expenditure of \$2,400 per room. The property is currently realizing 25% premiums on those rooms, and they broke even on the investment within 6 weeks of introduction.
- *Well Signature* student housing units have commanded 17% premiums.
- With regard to residential/home sales, premiums on construction costs are only around 2%, but premiums on sale prices have increased by as much as 30%.

## ***Additional Observations***

*A Movement Beyond Healthcare-Focused Retirement Communities:* Susan Harmsworth, Founder & CEO of ESPA International, talked about the emerging distinction between *medically*-driven and *wellness*-driven communities. The paradigm is beginning to shift from more traditional healthcare-oriented communities catering to the older demographic to more cross-demographic, mixed-use wellness projects.

*“Wellness Capitalism”:* Alfredo Carvajal, COO of WTS International, emphasized that we must think about the concept of “wellness capitalism” with regard to all future wellness community and real estate projects. How do these projects achieve *both* a high wellness standard *and* economic viability? Disney’s EPCOT was used as an example of a project that was launched with a capitalist justification for wellness-oriented outcomes.

*Equal Benefits Across Socioeconomic Strata?:* The question of equal and fair access to wellness real estate across socioeconomic strata was raised. Would this turn into a “have” versus “have not” landscape? The case was made that if we truly focus more on human/biological sustainability, we can prove out the long-term economic viability of this model from a public perspective. According to Paul Scialla, the goal behind wellness real estate should be to deliver wellness in both a *preventative* and *passive* way – where people collectively achieve tangible long-term health benefits without any forced behavioral changes. Similarly, other panelists agreed that true wellness benefits in real estate will be fully-integrated and *imperceptible*. The panelists did acknowledge that the benefits would initially go disproportionately to the wealthiest strata of society. But,

they also agreed that over time, this wellness-oriented paradigm would produce benefits that would trickle down the pipeline and would help dramatically reduce healthcare (and other) costs in the system.

*Urban Lungs*: As more wellness communities spring up in urban centers, these communities have the potential to serve as “lungs” for the surrounding environment.

*Wellness Ownership*: Alfredo Carvajal posited that in the future, a key question will be: How do we align home ownership with health and wellness “ownership?”

### **Fast Forward: What This Will Mean in the Future**

The future will be increasingly urban. Currently, more than 50% of the world’s population lives in cities. That is the first time in human history that we have exceeded that threshold. By mid-century, various projections put 60-75% of the world’s population in urban environments. That fundamentally changes the way that we collectively, as humanity, live and achieve/define “wellness.” Many observers point to the social isolation that urban living can bring. In other words, as futurist Kjell Nordstrom put it, we are increasingly living “alone, together.” As a result, the whole notion of “community” takes on new significance. Wellness communities and wellness living real estate represent a huge growth area that will be at the forefront of this transition.

Considering this, will wellness communities of the near future be:

- Oases that exist outside of urban centers (e.g., Serenbe), and serve as refuge to urban living?
- *Vertical* communities within urban environments (e.g., mixed-use, high-rises that have wellness principles integrated into every aspect of the built environment)?
- Thousands (or millions) of micro-communities within urban centers?
- Virtual, values-based, communities that connect digitally as much as they do in physical space?
- Or...a combination of all of the above?

The panelists were generally in agreement that in the future, what we define as “wellness communities” will likely exist as a complicated tapestry of all of the above. Wellness communities will serve as escapes from increasingly urban living. But, they will also *redefine* urban living by aggregating people according to their preference in striving to achieve wellness. These communities will further redefine urban living by serving as lungs and/or green spaces within city centers. And, eventually, health and wellness benefits will lead to economic benefits realized throughout the entire socioeconomic chain.

### **The Collaborative Economy**

The world’s economy is becoming more collaborative – oriented toward what many call the “shareconomy.” Throughout the developed world, consumers are putting an increasing premium on sharing, leasing, renting and borrowing over ownership – ownership of homes, ownership of cars, etc. This is neither an economic fad nor something driven exclusively by Millennials. Rather, it is a fundamental shift in the consumer mindset, and it is here to stay. In the future, many more people will be interested in the concept of community living. Wellness communities will be a major cog in this movement. Even though people may technically “buy”-in to these communities, they will benefit longer-term from the shared services provided.

### **Holistic, Alternative and Integrated Wellness Approaches**

A growing body of scientific research is validating the benefits of disciplines like mindfulness/meditation, light therapy, sound therapy and hydrotherapy on physical well-being, mental well-being, sleep, circadian rhythms and productivity. What were once considered to be “alternative” approaches to wellness are now becoming mainstream as part of a more holistic approach to wellness. Wellness real estate developers will increasingly

embed these principles as value-added features of future projects. And, as evidence for the effectiveness of these disciplines continues to mount, consumers will be willing to pay higher premiums for them.

### **The Critical Role of Design**

The future will be all about design. And nowhere will this be more apparent than in the design of the built environment (or, by extension, physical communities). Design will be one of the most important determinants of the future success of wellness communities and other real estate projects. How aesthetically pleasing will they be? How eco-friendly will they be? How novel and exciting will they be? How easily will they facilitate social interaction? Will they be designed to have cross-generational appeal? Will they take into account cross-cultural differences? How easily will they integrate into the surrounding environment? And, ultimately, will they successfully integrate wellness-enhancing features in ways that are completely (or nearly) *imperceptible*?