

Arun Paul

We're operating in an area that, there's a lot of pent up demand and there's no supply. That's different, you hear a lot of concern in the industry about oversupply.

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Lucas

Welcome to Bridge the Gap podcast, the Senior Living podcast with Josh and Lucas. Another exciting conversation on the Bridge the Gap Network, while we're in DC at the NIC conference. I wanna welcome Arun Paul, you're the founder and CEO of Priya Living. Welcome to the show.

Arun 0:50

Thanks for having me.

Lucas 0:51

Yes, we're super excited that we're having this opportunity to sit down with you. You're a new, well you're not new, but an emerging platform that's very, very specific and also dedicated to improving the lives of older adults, the ones that you serve. I'm very interested in learning your story and your background. Why senior living?

Arun 1:14

It's a good question. I didn't think I'd be sitting here today at NIC with you both. Years ago, I wouldn't have seen this. I came from outside the industry. You know, this all started in a very personal place. I was living in San Francisco. My parents were aging in the same home I grew up in, in Southern California. And I was going back home to visit them. Every time I'd go, I'd see that, you know, they were a bit older, a bit older. I'm an only child, so I think for me, that's also added something which was, you know, if I don't do something, no one else will. So, you know, it didn't even start as a business. Priya 1.0 was, I was gonna buy a duplex in San Francisco, close to where I lived, and I was gonna have my parents move in with their best friends.

So two couples living, you know, having each other. And then I'm close by. And that was it. That was, that was gonna be the end of the story. So I started down that path and almost immediately I started getting calls from their friends and friends of their friends that would call and say, I hear you're doing something. How many apartments are there? You know, where is it? How big is this? That was how this whole thing got started. I mean, I think that was the first time where I realized this was a lot bigger than just my family. That was the beginning.

Josh 2:46

What an interesting story that I've gotta know a lot more of. But...

Lucas 2:51

There's way more details. Way more detail that details the beginning. But

Josh 2:54

I want to know, go backwards just a little bit. I mean, so you started at this point, but prior to even that, what were you doing prior to senior housing?

Arun 3:05

Yeah, so right at that point, and what I had been doing for many years prior to that was, I was in the resort business. Okay. So I was building resorts, I was operating resorts, and it was as fun as it sounds, you know, I really enjoyed it. I wasn't looking to do anything different, so that was really my experience. It was hospitality. But, I think there are a lot of parallels with senior housing, now that I look back. So even though it was outside the industry, as you could say, I think there's a lot of things that are similar.

Josh 3:43

Yeah. So now fast forward, you saw the need of your parents. You don't really have any ambition of building necessarily senior communities, but all of a sudden the demand starts coming to your doorstep. I mean, take us on a little bit of the journey, cuz Priya's like 13 years old, is that correct?

Arun

Mm-Hmm.

Josh

So on that 13 year journey, I mean, what has it been like and what progression did you go from? Okay, I'll, I'll build maybe one of these to Okay, now I just wanna build a lot of 'em all over the country. That didn't happen overnight.

Arun 4:19

Yeah. Well, of those 13 years, there were probably, you know, the first three, we hadn't done a thing. I was working to make this happen. But, at the beginning, it was hard. I mean, there were a lot of questions about this, it was a new idea. You know, there were a lot of questions in places like this about, is this gonna work? Is there a need? Why do you feel like you need to do this? I mean, there were, there were a lot of questions. So, you know, the beginning it was, it's not easy for sure. I didn't give up. I was stubborn, you know, I felt really strongly about it. We opened our first community in 2013, and so that is a community in Santa Clara. We acquired an existing multi-family building and then renovated it.

That was, I guess you could say our proof of concept. And my parents moved in, the thing filled up. You know, at the time it was really a one person show. I mean, I was going to pick up lunch for folks at the restaurant, and dropping people off at the airport and doing all those things. And then slowly, you know, we got to our second community and then our third community. But from the beginning, I did really deeply feel that this was gonna be much, much bigger than one community. I mean, I just knew that. But, you know, it took a long time for that to manifest itself. I think most significantly for us, I mean, in the last two years, you know, we entered into a partnership with Well Tower and are now expanding nationally and have development sites in multiple states.

Josh

Wow.

Arun

I can say it's finally, after all these years, it feels like, you know, taken off.

Josh 6:18

What a great success story. So what would you say is Priya's secret sauce? What makes you guys special? What, what's a little bit different about you guys that separates you from NIC players that are here with us today?

Arun 6:33

Well, I guess, you know, there's a lot of things. I think the one that's most obvious to people is, we are serving an underserved demographic, right? I think the senior living industry has not done a good job of serving people of color. There has been no focus on it. And frankly, I think from a lot of people, there was just a lack of understanding that there's a need for this. That's really the starting point. If you look at the demographics of the US, there's this phenomenon that's been called the browning of the graying of America, which is obviously people understand the graying part, people understand the browning part, but, you put 'em together and the fastest growing segments of the US population are elderly immigrants. That's one part of it, just from a strategy standpoint.

But, I think beyond that, I mean, we take a lot of pride in creating communities that feel very joyful, very uplifting. We bring design principles in from the hospitality industry, for example. We very intentionally, you know, wanted to create places that make people happy. And it's not, there's that perception of senior living that's out there, right? And I think for us, we wanted to go the extra mile in trying to change that, largely because, in the beginning, because there were so many questions about what we were doing, I think we felt like we had to do more. So I think what makes us different is all of those, all those things.

Josh 8:12

Well, that's really exciting. And something that I know our listeners are gonna love to hear more about. I, I'm curious, so obviously this started for you as you told us, really with, Okay, mom and dad need a place. Obviously, you weren't doing feasibility studies and all these kind of things, and you were, you want 'em close to you. So now that it's a sophisticated, well capitalized machine, so to speak, where you're developing, you're acquiring it. Do you think your approach to finding underserved areas how is that different, that process may be different than what a traditional developer that's going out and either getting just your typical feasibility study and looking for market rate demand, are there other characteristics you're looking for in a market that determine whether you're gonna acquire there or build there versus a traditional developer that's here at, at NIC?

Arun 9:12

Sure, Sure. Well, you know, we focus on MSAs that have, that are diverse, and then within those MSAs we focus on neighborhoods that are diverse. I would say that's probably a different approach than what most people here are doing. So we go out very intentionally looking for those areas. I think. Yes, I think you know, that's different than the conventional approach.

Josh 9:46

Yeah. Well, does that also mean curious, so when you're tapping into an underserved market, does that mean that these are market rates? Are you having to do creative models? Are you also hitting middle market? Are you hitting lower part of the market? Like, is that tied any part to income status, or is it just other means of underserved?

Arun 10:08

Yeah, no, our product is market rate. You know, this demographic is affluent. Okay.

Josh

Right.

Arun

I mean, this demographic is actually, in terms of income levels, has the highest income levels of any group in the us. So highly educated, highly levels of income. So it's a market rate, it's a premium product. But look, the need exists across the board. I think there's, even within this, this one area that we're serving, there's a need for all segments, right? I mean, it's big enough to support all those segments.

Josh

So the hospitality background you've had developing resorts, how much has that played an influential part of what you're actually designing and building today?

Arun 11:02

Yeah, it's huge. You know, I spent time in the hospitality industry both as a developer and operator, mostly on the development side, but also on the operation side. But when I was on the development side, I had the good fortune of working with some of the leading players, really the leading brands in hospitality. And look, in the resort business, your goal is to create a place where people are happy. I mean, that's, that's what you do, right? I think for me, that certainly influenced how we went about it. I'll also say, I think, and look this is not a knock on the industry, but if you take a look at, for example, hospitality or even retail concept development is much more sophisticated, right?

In other areas, you're seeing that people understand how to emotionally connect with consumers. How to make, how to make people happy, right? And so that's an area that I think,, we in the industry have some work we should do. I mean, I think this idea, and again, it shouldn't be that people's association of senior living is negative, right? I mean, that's just the starting point. We gotta turn that thing around. So that's where some of these other industries we can certainly learn from.

Josh 12:30

Well, Lucas, I think he's being extremely kind.

Josh

to our industry. We can do a lot better job. And we talked about that a lot. And what a great example that Priya's pushing our industry, pulling our industry, into what maybe is a little bit of an uncomfortable zone, cuz we're not that familiar. It's uncharted territory.

Lucas

Yeah.

Josh

So what a great model.

Lucas 12:49

When it comes through, in a lot of your branding and your marketing. Talk to us about how obviously there's a deep cultural association here. How are you programming that into the real estate, the lifestyle, the making them happy while they're there? Your marketing and your branding, it doesn't look and feel like a standard senior living website even, talked us through some of that.

Arun 13:15

We think about everything. When you walk into a community, you know, what do you see? A lot of people think about that. What do you hear? Maybe some people don't think about that. What do you smell? What are your five senses telling you? I think it goes to everything. It's the music, it's the playlist, it's the books in the library. It's when you do offsite trips, where are you going? Does your staff have like-language skills, right? I mean, there's so many ways that you can customize. And what we call it is, there's the hardware and the software, right? I mean, our hardware is not all that different than other people, but it's really in the software, which is, the staffing, the music, the books, all those things, right? And so we look at each of everything that the resident sees as an opportunity to convey to them that we're paying attention. We care. So I mean, that list is just infinite. You can, I could walk into a community and like, it's at every level you can, you can change things, right?

Josh 14:38

So you're getting quite a bit of experience under your belt as far as time proving this model out, proof of concept as you referred to it. More acquisitions, more developments. I'm curious, with this unique model that you're really targeting, are you feeling some of the same pressures that traditional senior developer operators are experiencing as far as, we talk about occupancy, we're talking more about labor right now, I think in most circles than we are occupancy. But do you feel like you're experiencing those same things, or because of your specific targeting, has that given you certain advantages in those areas over traditional concepts?

Arun 15:24

We're just as vulnerable as anyone else to things like construction costs and labor costs. I mean, those are things everyone's dealing with, but I think what's different is yes, from a supply demand standpoint, we're operating in an area that, there's a lot of pent up demand and there's no supply. That's different, you hear a lot of concern in the industry about oversupply. What I think of is, we collectively are sitting on this enormous untapped market, not just with our demographic, but across the board where there's a number of very, very large groups here in the US that don't have access to senior housing and would like to have access to senior housing and are willing to pay for it. You know, the oversupply concern. I just, I think there's an easy fix here if we make that effort.

Josh 16:29

Yeah. Well I think it's a really interesting conversation because I think so often we talk about meeting demands of underserved, but I think we're typically maybe referring or inferring that that has to do just with economic status. And it's kind of like, oh, so we just kind of, well, we can't fix that, you know? But what I've kind of heard you revealing here is that actually this has nothing to do with economic status. This is something totally different. These are some of the most affluent, educated, these are just untapped markets that we haven't strategically said we're going to meet your specific need of what your preferences are to make a happy place for you. Just like you did in the resort business, you designed something and experience and something around a specific audience that wanted to experience that in that way. So I think that's a conversation, and I'm just wondering how many more of these untapped audiences are out there, that isn't just based on an economic situation. It's more just the preferences or the lifestyle, or whatever group you come from. So thank you for kind of stretching our minds out a little bit to that extent. It's pretty fascinating.

Arun 18:00

And I'll add to that, I think what we do, it's part of what I'll call affinity housing, right? I mean, and you can think of affinity in so many different ways, right? It's not just culture, right? I mean, it's, where did you go to school? It's, do you like golf? It's, do you like to drink wine? I mean, these are all affinity groups. It's, it's veterans, right? It's LGBTQ+, right? There are so many different ways to think about that. For example, I mean, if you turn on your TV today, you've got like, you know, 700 channels and you could watch a channel on, I mean, if you like to fish, there's a channel for that. But, senior living is kind of like TV back in the fifties. You got three channels. I look at cable TV and I'm like, Yeah, there's a channel for it. So that's I think the opportunity for senior living.

Josh

That one that's really exciting. And we've talked about this a lot and we've kind of beat around the bush, but I think you've just surgically inserted what I think a lot of people are talking around in the industry, and we haven't really known how to describe it. I think the channel illustration is really good. I mean, you're right. I think even the three of us at this table, we've probably got all very unique interest, circles we run in, things that we enjoy doing, lifestyles, and all that. We're doing that right now to the best of our abilities. So why, just because we're aging, all of a sudden, do we go from our 700 channel lifestyle to the three channel lifestyle? It doesn't seem like that's what I want to have lived my entire life to be experiencing there. So what a great illustration, Lucas.

Lucas 19:51

Yeah. This is fun. We want to be around whiskey drinkers when we're 90. I mean, that's just the bottom line.

Josh

Exactly. Exactly.

Arun 19:58

No, Margaritaville.

Lucas 19:59

There we go. There you go. There you go. That's right. There is a place that we will be

Arun 20:02

I love that. I do love Margaritaville by the way. So it's

Josh 20:05

We need Whiskeyville. Why can't we get Whiskeyville?

Lucas 20:09

Yeah, any -ville, that'd be great. Okay, great. Well, Arun, thank you for spending time with us today. We know that you're very busy. We've had a lot of fun having this conversation with you. And I know our listeners are gonna wanna learn more and connect and be a part of this conversation. And the best way to do that is go to BTGvoice.com. You can download this episode and more. Connect with us on social

and we'll also connect Arun and all of his organizations in the show notes. And it's gonna be great if you wanna learn more information. Thank you for your time today.

Arun 20:38

That was a lot of fun.

Josh

That was fun.

Arun

Thank you guys.

Lucas 20:40

And thanks to all of our listeners for listening to another great episode of Bridge the Gap.