



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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TEN REASONS WHY OUTLOOK FOR SENIOR HOUSING WILL CONTINUE TO IMPROVE

Cambridge Realty Capital Companies Chairman Jeffrey A. Davis has come up with 10 trending reasons why he believes the senior housing/healthcare sector will continue to be more attractive to investors over the next 10 years:

Resiliency. Senior housing continues to demonstrate that it is very resilient to changes in the economic climate, largely because senior housing demand is solely based on an aging population and demographic changes. As a result, senior housing performed better than any real estate asset class during the Great Recession.

Commitment. The United States government appears to be committed to a social policy that takes care of low income seniors. For many decades, Medicaid and Medicare entitlement programs have survived various political challenges and should continue to prevail and persist in the years ahead.

Two- Income Families. The economic impact of two-income families has been a game-changer in the housing industry at every level, including senior housing. Given today's stagnant wage growth and political uncertainty, this trend is not about to change anytime soon, if ever.

Capital Support. Institutional capital has studied senior housing for many years and increasingly finds itself attracted to the asset class. Mostly, the focus has been on memory care, independent living and assisted living properties, with the demand for investment in skilled nursing significantly lower. Simply, the more senior housing is observed to be performing like commercial real estate, the more attractive it becomes to commercial investors.

Low Cost Setting. It has repeatedly been demonstrated that the cost of living in an assisted living facility is less expensive than the options of living in a nursing home, having your children take care of you, continuing to live in your own apartment or house - or any other similar arrangement.

Low Interest Rates. Today's low interest rates aren't likely to move substantially higher anytime soon. Resulting low bond yields and volatile global stock markets have combined to draw more investors to senior housing, a trend that is unlikely to shift any time soon.

Performance. Senior housing on a micro basis - and commercial real estate on a macro basis - have continued to perform considerably better than the bond market or stock markets, which hasn't been lost on either the private equity providers or major institutional investors. The expectation is that new construction will continue to perform well, with more capital attracted to the sector.

Demographics. The Baby Boom generation will continue to create demand for senior housing. By 2020, more Baby Boomers will be over the age of 65 than under it. Meanwhile, the population's longevity continues to expand, with more individuals living longer into their nineties.

Status Change. Currently lumped with niche product sectors like multi-family, hospitality, student housing and self storage, senior housing will move beyond these niche products to become a "core real estate" segment by 2026. This development should further enhance the industry's appeal to investors.

Optics. The senior housing headwinds have been able to remain strong, which should continue to attract more and more capital to the sector. The industry's image and prosperity levels will continue to improve as more practical and innovative products come on stream.

Privately owned since its founding in 1983 as a real estate investment banker specializing in commercial real estate properties, Cambridge today has three distinctive business units: FHA-insured HUD loans, conventional financing, and investments and acquisitions. The company is one of the nation's leading senior housing and healthcare debt and equity capital providers, with more than 400 closed senior housing transactions totaling more than \$4.5 billion since the early 1990's, when the firm began its specialization in providing senior housing capital.

Cambridge has consistently ranked among the country's top five FHA-insured HUD lenders (now HUD Lean) over the last 15 years and offers an array of conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's principal investment strategy includes direct property acquisitions, joint ventures and sale/leasebacks. The company has acquired 16 facilities totaling approximately \$60 million.

Cambridge is the creator of *The Signature Experience*[™], a four-step process designed to transform the traditional lender/borrower relationship and identify "ideal" capital solutions for worthy projects. The company has a national origination office in Los Angeles, and numerous correspondent and brokerage relationships nationwide.

Cambridge publishes the bi-monthly Capital Wisdom(R) electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients as well as monthly updates of other relevant news and breaking trends. Additional information is available on the Cambridge website, www.cambridgecap.com, and Cambridge can be reached at (312) 357-1601 or via e-mail to info@cambridgecap.com. The firm also has embraced social media and networking via Twitter at <http://twitter.com/cambridgecap>, via Facebook at <http://www.facebook.com/cambridgecap>, via blog at www.cambridgecap.com/blog and via LinkedIn at <http://www.linkedin.com/companies/454232>, where information on the firm and its employees can be found.

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