



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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A CHAOTIC YEAR AHEAD FOR SENIOR HOUSING?

Will the apparent chaos in the nation's capital seismically impact the senior housing/healthcare industry in 2017?

While commenting on the outlook for the year ahead, Cambridge Realty Capital Companies Chairman Jeffrey A. Davis minimized the impact he believes the new administration is likely to have on the industry moving forward.

"Senior housing figures to be a very minor focus of the new administration. At the moment, the administration is clearly focused on large, visible infrastructure developments it believes can be a major difference-maker.

"By cutting taxes, President Trump believes that revenues can be increased, so this is a major priority as well," Mr. Davis said.

Cambridge is one of the nation's leading senior housing healthcare lenders, with more than \$5 billion in closed senior housing transactions. The company is one of the country's top FHA-approved HUD lenders.

The Cambridge Chairman notes that senior housing and the new administration only intersect in the Medicaid and Medicare arena. Here, skilled nursing facilities and, to a lesser extent, third party payors for assisted living facilities, could conceivably be impacted by policy course corrections.

Home health care and other services funded by Medicaid and Medicare could potentially be impacted as well, he observes.

Mr. Davis points out that over the last 10 years, senior housing has come of age. The industry has progressed from being a niche business to a semi-mainstream business, with lots of significant players exploring a variety of different opportunities.

"In the past, when dealing with senior housing, lenders were challenged to determine whether they were funding a business or a commercial real estate project. But this distinction has blurred as the number of participants in the market has increased significantly.

"It's common knowledge that senior housing performed extremely well during the Great Recession of 2007 and 2008. And, today, the demographics and growth of the industry remains strong," he added.

Mostly, lending activity today is being driven by a combination of government-sponsored entities, commercial banks and private credit companies. However, insurance companies and commercial mortgage-backed security lenders (conduits) still have not reentered the senior housing environment in a major way since earlier experiments in the late 1990s and early 2000's did not turn out as expected, Mr. Davis noted.

"But all the other players appear to have a green light on making senior housing loans in 2017, and view the senior housing landscape as a safe and solid place to make investments. They do not see many clouds on the horizon," he added.

According to Mr. Davis, each of the various government lenders has a different focus, but all provide long-term, fixed-rate financing on senior housing facilities. For example, HUD solely focuses on licensed facilities and participates in the entire spectrum of licensed senior housing, including assisted living, memory care, skilled nursing and post-acute facilities.

The other government entities, Fannie Mae and Freddie Mac, take a slightly more measured approach and are solely focused on independent living, assisted living and memory care facilities.

Commercial banks and credit companies are primarily short-term lenders and remain bullish on senior housing/healthcare properties at this time, Mr. Davis said.

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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