



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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FUTURE FOR SENIOR CARE INDUSTRY LOOKS BRIGHT

Over the next 10 years, senior housing will leave its "niche" real estate status and become a major part of the commercial real estate landscape, Cambridge Realty Capital Companies Chairman and Founder Jeffrey A. Davis predicts.

Cambridge is one of the nation's leading senior housing/healthcare lenders and is consistently ranked among the top FHA-approved HUD lenders in the country. Over the years the company has closed more than 400 senior care loans totaling more than \$4.5 billion.

"Our business transitioned into financing and investing in senior housing and long-term care properties beginning in the early 1990s. From a unique perspective, the company's 25 years of serving the industry as senior care funding specialists has honed our ability to analyze and scrutinize what happened in the past and anticipate what the future might bring," Mr. Davis said.

As in the past, the Cambridge Chairman foresees many changes impacting the industry in the future. Some will expand upon earlier trends and developments, but others will be new.

He says the Cambridge team watched the first assisted living properties come on stream and prosper in the current century. Maturation and growth of the senior housing industry has continued apace with the expansion of the senior housing population.

By 2020, the median age for baby boomers is expected to reach 65 years, he noted.

"During this period we've seen changes in management structures. Industry businesses have morphed from unorganized groups of buildings into professional management companies," he said, adding:

"Changes in government programs to finance long-term care have facilitated industry growth. And in the last decade we began to see a lot more institutional capital investing in senior housing and long term care," he said.

Mr. Davis says efforts to reduce expenses at skilled nursing home facilities have progressed, but assisted living properties have become the choice of institutional investors by a clear cut margin. Skilled nursing homes have become the facilities primarily serving the older, lower income population or branching into post-acute care facilities.

"Over the next 10 years, the line in the sand between skilled nursing facilities and assisted living will become clearer. More and more capital will be attracted to senior housing and the Baby Boom bulge will continue to expand.

"Developers have been getting a better handle on the importance of operations, so more experienced management companies figure to chart a more professional course for their businesses," he said.

Similar to the way it happened for multifamily, manufactured housing, student housing and the hospitality sectors, senior housing will leave its niche real estate status and become a major part of the commercial real estate landscape. Prices for senior housing assets should continue to rise while new development comes on stream.

"Senior housing addresses a unique housing population that is 100 percent demand-based. It is solely based on aging, with little or nothing to do with the economy. Moving forward, we anticipate that more sophisticated developers will realize the unique attributes of senior housing and make this a bigger part of their capital allocation.

"From our vantage point, senior housing appears to have an exceptionally bright and promising future in the decade ahead," he 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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