



CAMBRIDGE

Realty Capital Companies

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PRESS RELEASE

4/28/14

AGING POPULATION NOT THE ONLY THING DRIVING GROWTH IN THE SENIOR HOUSING/HEALTHCARE INDUSTRY, CAMBRIDGE CHAIRMAN SAYS

An aging population isn't the only thing driving growth in the senior housing/healthcare industry.

"A number of factors are contributing to the industry's across-the-board occupancy gains, including the improving residential real estate market and an improving employment outlook," says Cambridge Realty Capital Companies Chairman Jeffrey Davis.

"This is turning out to be a good time for investors to obtain capital needed to acquire senior housing assets or expand existing facilities," he suggests.

Cambridge is one of the nation's leading senior housing/healthcare lenders. The company's principal investment strategy involves direct property acquisitions, joint ventures and sale/leaseback transactions through its Cambridge Investment and Finance Co. subsidiary.

A PulsePoints blog posted on the Cambridge corporate website quotes a recent Marcus & Millichap report that Davis says confirms what industry participants and investors have known for some time.

Because home values are rising in an improving housing market, seniors are able to sell existing homes more easily. And proceeds from the sale can be used to offset the cost of moving into a senior housing facility.

"Why an up-tick in job gains should contribute to senior housing industry growth is less apparent, because seniors who move into senior housing are generally retired. But a closer look reveals that job losses contributed to fewer household formations and to more children returning home to live with parents," Davis said, adding:

"With the economy improving, the same children who moved back in with parents are having better luck finding jobs and are moving out on their own. In turn, older parents are able to sell their homes and move into independent or assisted living properties."

According to the Marcus & Millichap report, senior housing assets are some of the most highly coveted asserts available to investors today for a combination of reasons.

For one thing, cap rate reductions in other sectors of commercial real estate are generating interest in senior housing from nontraditional investors. With average cap rates in the high 6 percent range for newer family units, it's not uncommon for the spread between these units and independent living assets to be more than 100 basis points.

In addition to generous cap rates, increased occupancy across all sectors of senior housing also is fueling investor interest. Investors realize that by purchasing a senior housing facility and installing a quality operator to run it, the facility can generate healthy returns - even if they're required to pay higher management fees, 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 nursing home, [assisted living](#) and healthcare debt and equity capital providers, with more than 400 closed 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 and joint ventures, sale/leasebacks, conventional and mezzanine debt financing, and the acquisition of distressed debt.

Cambridge is the creator of *The Signature Experience(TM)*, 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 e-PULSE!(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](tel:3123571601) 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, via YouTube at <http://www.youtube.com/user/ePulseLive>, 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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