



# CAMBRIDGE

Realty Capital Companies

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## PRESS RELEASE

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### CAMBRIDGE BLOG QUESTIONS WHETHER SENIOR HOUSING/HEALTHCARE INDUSTRY IS ON THE CUSP OF OVERBUILDING

The latest new construction boom in senior housing is only just getting started, but already we're hearing cautionary words from industry analysts concerned that providers might be boosting construction too much.

On the other hand, a PulsePoints blog post on the Cambridge Realty Capital Companies website, [www.cambridgecap.com](http://www.cambridgecap.com), suggests that many industry professionals are taking the opposite view and continue to ramp up construction.

So what's it going to be?

"On the demand side, the statistics are compelling. Over the next 15 years the population of senior citizens is expected to double. Senior housing providers have adjusted their behavior accordingly by ramping up construction activities," says Cambridge Chairman Jeffrey A. Davis.

He points out that the supply of senior housing units in the nation's largest 31 markets increased by 1.4 percent from the first quarter of 2013 to the first quarter of this year. According to tallies provided by the National Center for the Seniors Housing & Care Industry (NIC), the total number of units now stands at 526,144, with an additional 16,181 new units currently under construction.

"These numbers show that senior housing providers are moving quickly to address the projected increase in demand for their services, as more than 10,000 baby boomers retire each day as the nation's population gets older. However, a recent article in *Bloomberg Business Week* talks about how this could lead to a glut of supply in the market that eventually overtakes demand," Davis said.

He notes that analysts at Green Street Advisors Inc., a research company, are projecting a corresponding decline in the growth of senior-housing net operating income, from 3.3 percent this year to 1.8 percent in 2015 and 1.4 percent in 2016.

Experts quoted in the Cambridge blog don't believe the market is close to being oversaturated yet.

"You go down and look at what's happening in each local market and we just don't see that much truly, directly adversely new competition," says Brookdale Senior Living CEO T. Andrew Smith.

According to Debra Cafaro, Chairman and CEO of the Ventas Inc. real estate investment trust, "Demand is inexorably increasing. From a long-term standpoint it's a great asset to have because the demand is there."

Ian Goltra, a portfolio manager at the investment firm Forward Management, acknowledges that the supply issue is something to keep an eye on but believes "this demographic wave is real."

Davis says no one is anxious to see a return to the industry's overbuilding problems of the nineties. But, he notes, statistics published by NIC show demand is keeping pace with the supply of senior housing, which is currently at its highest level since the fourth quarter of 2005.

"The evidence for this is that occupancy rates climbed to 89.8 percent during the first quarter of 2014, which is as high as it has been since 2008."

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](http://www.cambridgecap.com), and Cambridge can be reached at [\(312\) 357-1601](tel:3123571601) or via e-mail to [info@cambridgecap.com](mailto: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](http://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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