



CAMBRIDGE

Realty Capital Companies

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PRESS RELEASE

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NEW SENIOR HOUSING CONSTRUCTION ACTIVITIES GAINING MOMENTUM DESPITE FRIGID START TO THE YEAR, CAMBRIDGE CHAIRMAN SAYS

The slight first-quarter downturn in senior housing construction activity is being blamed, like many other things, on the weather.

A PulsePoints blog on the Cambridge Realty Capital Companies website, www.cambridgcap.com, quotes a report from the National Investment Center for the Seniors Housing & Care Industry (NIC) that crunched these numbers: Current construction as a share of existing inventory dropped from 3.2 percent in the first quarter of 2013 to 3.1 percent for the same period a year later.

"But senior housing owners and operators may be happy to learn that the general consensus among industry professionals is that, despite the slight slowdown, all is well. The market is not oversaturated at this time," Cambridge Chairman Jeffrey A. Davis said. "According to a broad swath of economists and analysts, the unusually harsh weather conditions experienced in many areas of the country caused economic growth to falter and new senior housing construction activity to take a first-quarter hit as well," Cambridge Chairman Jeffrey A. Davis said.

Beth Burnham Mace, the chief economist and director of capital markets for NIC, agreed that weather slowed new construction plans earlier in the year. But there's a lot of capital in the sector. The expectation is there will be more product coming into the market as we go forward, she says.

Davis says data from the Federal Reserve shows construction starts in other commercial real estate segments also slowed during the first quarter, which indicates that the slowdown in senior housing had less to do with demand and more to do with the weather.

NIC analysts do see different scenarios unfolding for the different senior housing categories. The analysts are especially bullish on growth in the assisted living sector, he noted.

Davis says NIC analysts expect inventory growth in the assisted living sector to be about 3.4 percent and the absorption rate to be about 3.9 percent. If these figures materialize, they will both be greater than during the last four quarters when inventory growth increased by 2.3 percent and absorption by about 2.8 percent.

"These numbers demonstrate that there is ample demand for senior housing services and that industry participants have taken note of this and are adding inventory in order to meet anticipated demand," 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 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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