



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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SENIOR HOUSING HAS BECOME A MAJOR REAL ESTATE ASSET CLASS, CAMBRIDGE CHAIRMAN SAYS

Sometimes the writing is clearly on the wall.

"The numbers don't lie. Demographics don't lie. And senior housing performance during the recent economic downturn was there for all to see," says Cambridge Realty Capital Companies Chairman Jeffrey A. Davis.

"What everyone was witnessing was senior housing upping its game and becoming a major real estate asset class, with new lenders recognizing its appeal," he points out.

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

Historically, traditional lenders in senior housing have been HUD, Fannie Mae, Freddie Mac, commercial banks and credit companies. But other new lenders are entering the space, Mr. Davis said.

On the newcomers list are new commercial banks that were not in the space before, private lenders, neighborhood and regional banks, life insurance companies and some foreign lenders.

So what's on everyone's shopping list?

"The basic deal formats these lenders are discussing include existing transactions, turnarounds, stabilized deals, new construction, existing deals with expansion, acquisitions, stabilized deals and opportunistic deals," he noted.

Mr. Davis says the government agencies - HUD, Fannie Mae and Freddie Mac -are focused on stabilized deals. HUD mostly funds skilled nursing homes with a dabbling of assisted living in the mix, while Fannie Mae and Freddie Mac are solely into private pay senior housing.

In today's marketplace, commercial banks are looking at existing and new construction, existing stabilized and existing turnaround, and existing deals with expansion opportunities. Credit companies will complete existing deals with turnaround and existing opportunistic deals.

"Because their capital is not regulated, private lenders have the ability to do a much broader swath of deal, including existing deals, story deals, deals with major changes to operations and any other situation," he explained.

The Cambridge Chairman says foreign banks typically respond to large deals with both existing and new construction. New bank entries have focused primarily on existing and turnaround possibilities and are much more attracted to larger operators or smaller operators with lots of experience and track record.

What's the best way to access money in senior housing today?

"Borrowers and brokers always ask why their deal is moving slowly. They forget that the deals only move based on the data and presentation that is shared with the lender to get their assessment.

"To make sure your deal moves to the top of the pile, have all your data assembled and ready to process. Use Dropbox or other cloud-based data collection to process data, and use check lists from former deals to know what data is important," he advises.

Mr. Davis says lenders expect borrowers to promptly respond to requests for data. It's never a good idea to argue with the lender about whether or not they need a piece of data.

If an inexperienced borrower has a unique request, it's always better to use an intermediary or broker. Also, keep your ask and loan request reasonable so the lender views it as being worth his time to dig into your package.

Senior housing has a very defined type of project, which includes independent living, assisted living, memory care facilities and skilled nursing facilities. The key is to share your material with a lender who works on your type of property, as each lender has a favorite property type.

"It's never a good choice to share your skilled nursing facility with lenders that solely focus on non-Medicaid or Medicare private pay facilities and independent living, assisted living or memory care properties," he said, adding:

"More and more lenders are moving to address senior housing and senior living in both private pay and heavily reimbursed buildings. It's important to understand each space and each type of capital requirement to know where to invest your time and energy and who to work with."

Mr. Davis says it's important to understand how to talk with a lender and to fully understand what types of loans each lender likes and what best way to submit a deal to them might be.

"If you lack this information, use consultants or intermediaries to guide the process," he suggests.

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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