



Chancery Monthly

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INDUSTRY TREND

Senior Apartments Gain Traction, Skew 10 Years Younger Than Independent Living

By Chuck Sudo

Senior-only apartments have emerged as their own product type, which may compete to some degree with independent living but is mostly attracting a different, younger resident. That's according to JLL's 2019 Seniors Housing Survey, which reached out to over 1,000 lenders, operators and industry consultants about their confidence in senior living as an investment class through the next 12 months.

Overall, respondents are cautiously optimistic about the senior housing market, even with a slight drop-off in transaction volume in 2018. While transaction volume totaled \$13 billion last year, the total number of deals increased 41% year-over-year. This is a sign that, while large portfolios with price tags of over \$1 billion were on the wane compared to previous years, investors were checking down and acquiring single assets and smaller portfolios, JLL Vice President of Research Lisa Strobe told Senior Housing News.

Senior apartments gaining traction

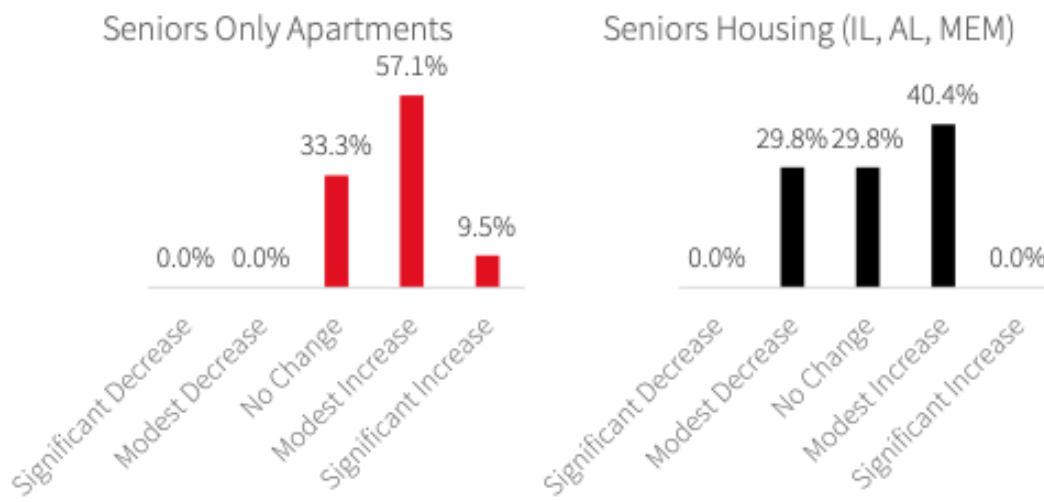
Emboldened by stabilizing occupancy rates, rising rents and the eventual influx of baby boomers into senior living, respondents expressed optimism in values appreciating moving forward. And they are particularly bullish on senior apartments. "What came across in the survey is that it's turned out to be a unique asset type," Strobe said.



JLL’s research indicates an average age of occupancy for senior apartment move-ins in the low 70s, compared to the low 80s for full-service independent living. That, and the lack of the service component standard in independent living, makes senior apartments a more affordable alternative to independent living, while fostering community and security. Between 5% and 8% of baby boomers are expected to transition to senior apartments over the next 20 years. This equates to as many as 6 million people born between 1946 and 1964 needing age-restricted housing.

More important, the 10-year differential in average age of entry suggests senior apartments can be considered their own product type, able to exist alongside independent living without causing a significant impact on the latter’s performance. “Senior apartments are targeting a different part of the population,” Strope said. “This is becoming clearer as the product type matures.” Still, 75% of respondents said that they expect senior apartments to be competitive “to some degree” with independent living. JLL’s research found that 57.1% of respondents indicated they see modest increases in value for senior apartments, compared to 45% for freestanding independent living and 40.4% for senior housing.

These findings track with the 2019 Senior Housing Outlook Report from Hunt Real Estate Capital and Senior Housing News, which found active adult surpassed memory care in the eyes of investors, and was second only to independent living as an investment type.





Lower expenses

Another contributing factor in investor confidence for senior apartments is less growth in expenses, compared to that of the higher acuity product types.

Since senior apartments are almost exclusively a real estate play, they have no service component compared to independent living, assisted living and memory care communities. If an investor can acquire senior apartments at a low cap rate, it can push revenues through rent increases over time, and realize a higher yield upon exit regardless of length of hold, Strope told SHN.

Although active adult is gaining in popularity, it is still a relatively new product type and Strope noted it needs to go through some growing pains before it overtakes independent living among investor appetites. "Both are going to be very strong moving forward," she said.

Original article:

<https://seniorhousingnews.com/2019/05/15/senior-apartments-gain-traction-skew-10-years-younger-than-independent-living>

PROJECT UPDATE

Bartlett Project Update

The Bartlett Seniors Housing Complex will be a 129-unit apartment building designed for active senior living, located at 550 Bond Street in Oshawa, ON. The Bartlett represents an affordable alternative to conventional seniors housing, offering services that permit seniors to live independently, on an à-la-carte basis through a concierge, in a regular apartment building, while providing the comfort to seniors and their families that care will be available in short order should the need arise.

1. Sidewalk protection installation is complete.
2. Columns on the 4th floor are being poured through.
3. Additional precast stairs have been installed and platforms have been poured for the 4th to 5th floor in the west stairwell!





Bradford Project Update

The Middleton will be a 122-unit apartment building designed for active senior living. It represents an affordable alternative to conventional seniors housing, offering services that permit seniors to live independently, on an à-la-carte basis through a concierge, in a regular apartment building, while providing the comfort to seniors and their families that care will be available in short order should the need arise.

1. We have received the final comments from the Town of Bradford with regard to our Site Plan and all work on the plans have been completed for the third round SPA submission. The Town instructed their lawyers to proceed with the documentation.
2. We have demolished the house on the site and installed the construction fencing.
3. We have finalized all tender documents in April and the General Contract has confirmed with the project budget.
4. We officially launched second tranche capital raise on May 21, 2019.





UPCOMING PROJECT

Grandview Retirement Residence

Project Summary

- Located in downtown Hamilton, Ontario, adjacent to the affluent Stoney Creek neighborhood. Central location with access to retail, restaurants, parks and health care providers.
- Designed to provide seniors with accommodation in a beautiful neighborhood with a host of services and amenities
- 1.85 acres of development land, a 158-suite building including 131 independent supportive living units, and 27 assisted living units.
- Construction expected to start in Q2 2019 and opening in Q4 2020.



Chancery Seniors Housing Investments Inc. is a private real-estate investment firm with a focus on seniors housing. Powered by its two strong founding partners, Suske Capital Inc. and LD Capital Corp., Chancery creates a team with the expertise and experience of over 55 years in real estate and seniors housing developments with an estimated completion value of over \$5 billion.

For more information about our company and projects, please visit www.chanceryseniors.com