

Chancery Monthly December Issue

Echelon Wealth Partners Publishes Senior Living Real Estate Sector Note

Echelon believes that the timing of this report is optimal as their views on the global economy remain relatively cautious at the end of 2018 and looking forward to 2019. They believe that investors should continue to favour quality names within sectors less sensitive to interest rate fluctuations and that one of the best examples of such a sector is the Senior Living space.

Says Echelon “In our opinion, the current political environment could mean a longer period of uncertainty should we see any market dislocation, while lack of US political coherence could translate into delays of implementation of so-called eventual “unconventional measures”.

For these reasons, among others, we think the Canadian Senior Living sector is well positioned to benefit from investors’ attention over both short- and long-term horizons, as the sector continues to be exposed to strong fundamentals and should not be significantly affected by rising interest rates, all else being equal.”

Some highlights of the report include:

- It is All About Demographics! It’s undeniable that the main driver behind Senior Living Real Estate demand and new supply is the demographic profile of the country.
- The population aged 65+ has increased by more than 70% over the last 30 years, now totalling more than 6M individuals and representing 17% of the population. By 2037, the Canadian population aged 65+ and 80+ could total ~10.4M and ~3.5M individuals, respectively, representing ~24% and ~8%, respectively, of the overall Canadian population.
- Being private-pay in nature, Senior Housing facilities generate higher margins than LTC facilities. Demand for higher end products is relatively solid.
- Since 2010, the national average vacancy rate has steadily decreased from 10.8% to 8.2%, while the average rent increased from \$1,857 to \$2,210 over the same time period.
- Overall, Canadian provinces and territorial governments are expected to need an additional \$93B over the next 10 years to address the Canadian aging population needs.
- Exciting Times for Both Direct and Listed Senior Living Real Estate
- On the direct side, fund flows directed towards the Canadian Senior Living space have been steady. As a result, capitalization rates have continuously compressed since 2009.
- The Canadian listed Senior Living sector has decreased in size in 2014 and 2015 as a result of the consolidation movement, during which three Canadian listed senior living REIT/REOCs were taken over during a period of ~12 months.
- Today, the Canadian listed universe comprises only four names: 1) Chartwell Retirement Residences; 2) Sienna Senior Living, offering exposure to relatively diversified portfolios of senior housing and LTC products; 3) Invesque; as well as 4) Extencicare, exposed to LTC products.

Surprise Behavioral Hospital...On Time and On Budget!

Chancery is partnered with long time Suske Capital partner, Avenir Senior Living, in the development of this 32-bed geriatric behavioral hospital in Surprise, Arizona.

The Surprise Behavioral Hospital will benefit from its proximity to Surprise Memory Care, which is located on the adjacent land. The Surprise Memory Care community will provide referrals to the hospital, and the hospital will allow for higher level of care for the existing residents of Surprise Memory Care.

Avenir's President, Les Craik, reports that the hospital is going to be completed "on time and on budget."

Avenir filed for the Certificate of Occupancy this week, and they expect to receive their license at the beginning of February. It is expected that first residents will move in in February.

Below are some pictures showing the great progress being made on the building construction.



Construction Update from The Bartlett in Oshawa

Chancery Seniors Housing Investments Inc., a partnership between Suske Capital and our strategic partner, LD Capital, is pleased to provide a construction update on The Bartlett Seniors Housing Complex, a development project in Oshawa, Ontario.

The Bartlett 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.

So far, the project has been progressing at a great pace. The capital raise closed a year ago in December 2017 and they broke ground in April of this year.

The team has completed most of the work in the substructure and have begun work on the superstructure.

