



HEALTHTRUST

Seniors Housing & Healthcare Real Estate Advisory Services



TRENDS IN SENIORS HOUSING

A Message from Alan Plush, MAI

ABOUT US

As we prepare for the ASHA and NIC conferences in Chicago from September 30 - October 3, I'd like to elaborate on a question I get quite often, "What is HealthTrust"? Clearly most of you know that HealthTrust is an outgrowth of Gulf/Atlantic Services, a firm that Colleen Blumenthal and I founded 25 years ago. At that point I had five years of experience as a healthcare and senior housing valuation specialist. I won't do the math, but that means that I've done this for... a while. Colleen for just short of a while. Since founding HealthTrust the partnership has grown to include five partners, all MAI's, with seven total MAI's in the firm and offices in Sarasota, Birmingham, Boston, Los Angeles, and Ontario.

HealthTrust is also very active with industry events. In order to provide relevant valuations we need to understand all aspects of the industry, including where we are in cycles, what capital thinks, what capital is available, and how the market views various products and product types. We also need to hear of successes failures. We rarely see competitors at many of these events, further illustrating what to me is a sound value proposition offered by the partners and staff at HealthTrust.

As we look back on almost 30 years, it's amazing to see how the industry has grown. We've evolved from a "wild west" environment to one that attracts top talent and continues to provide a valuable and much-needed service to our aging and senior populations. I hope to see you at the conferences this coming week, reach out and say hello, and as always, if we can help you in any way, feel free to ask.

I can be reached at alan.plush@healthtrust.com or 941-363-7501.

WHAT MAKES US DIFFERENT

Seven MAI's on staff with several other candidates

Offices in the United States and Canada

HealthComps™, an unparalleled resource for comparable data only available in our reports

All staff specialize exclusively in healthcare and seniors housing

Co-produce, annually, the State of Seniors Housing with ASHA

OUR RECENT WORK

Completed over 2,000 appraisal, valuation and feasibility assignments in the past 12 months

Appraisals for a 167-property SNF portfolio - CMBS

Fair Market Lease Opinion for an 80-property seniors housing portfolio - CMBS

Purchase Price Allocations for publically traded REITs

Net Asset Valuations of a non-traded REIT

Due Diligence support for newly formed development platform

Fair Market Opinion on a newly formed seniors housing investment fund

Several high profile engagements for real estate tax appeal and litigation support



Housing Trends in Canada with Peter Matteson

SURVEY OF SENIORS' HOUSING - CANADA

Canada Mortgage and Housing Corporation (CMHC), a Crown Corporation of the Canadian government, is the leading provider of mortgage insurance for residential housing in the country. Additionally, CMHC provides mortgage insurance for all housing forms in the seniors' housing sector, including licensed long-term care.

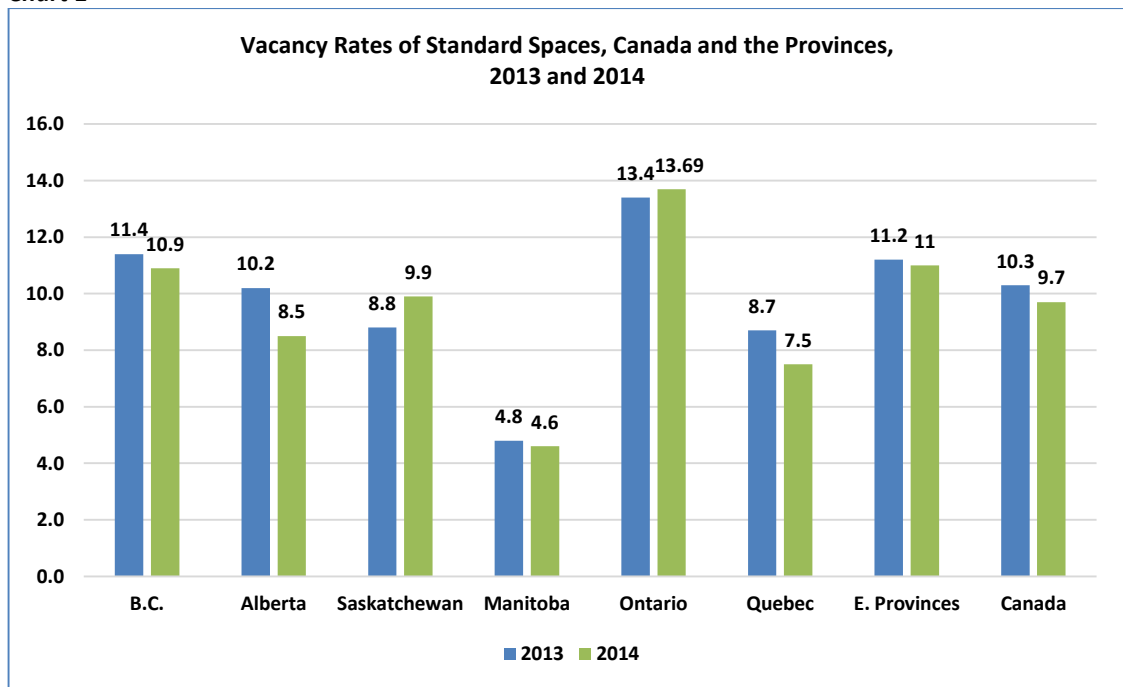
The corporation has a deep commitment to research in housing design, types of tenure and financial support to new and innovative housing practices.

The corporation undertakes an annual Survey of Seniors' Housing in the first quarter of the calendar year that covers residential retirement and assisted living. The survey is Canada-wide and the findings are issued on a provincial basis, with the exception of the eastern provinces and Quebec which are consolidated into one report.

The following highlights the findings of the 2014 surveys.

Please note, the survey process does not include new developments that have been open for less than one year. Furthermore, developments of less than 5 to 10 spaces are generally not included.

Chart 1



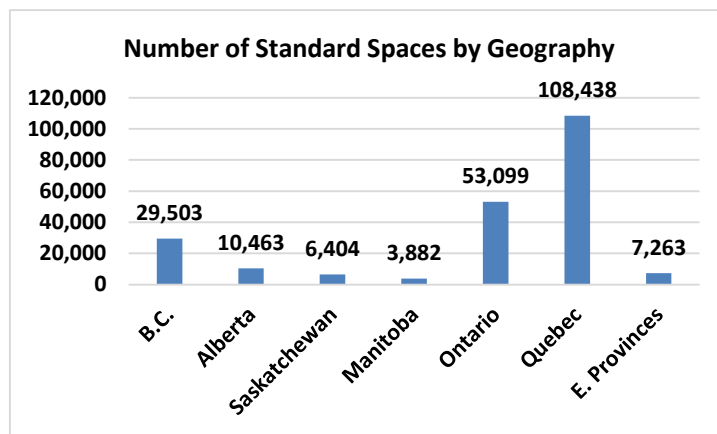
Source: Canada Mortgage and Housing Corporation, Senior Housing Report – Canada Highlights, 2014



A “standard space” is defined by CHMC as a space where a resident does not receive high-level care (less than 1.5 hours of care per day) or the resident is not required to pay an extra amount to receive high-level care. In its 2014 report, CMHC includes a total of 219,052 spaces of which 76.5% were standard spaces.

Other than Saskatchewan and Ontario, vacancy rates declined from 2013 to 2014 [Chart 1].

Chart 2 (Source: Canada Mortgage and Housing Corporation, Senior Housing Report - 2014)

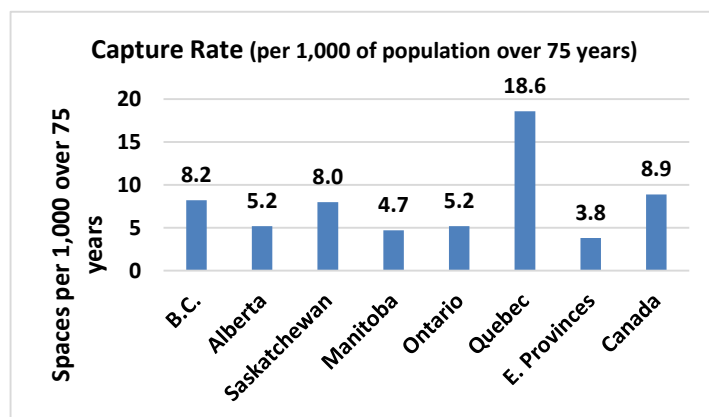


Supply levels for the Province of Quebec are considerably higher than other Canadian provinces [Chart 2]. In Quebec, the survey includes seniors’ housing developments that would otherwise be characterized as rental apartments. Services in many of these residences are minimal and appeal to a 65 year and over age segment. To qualify for the survey, these residences must offer at least one meal per day.

Capture rates are defined as the number of spaces in relation to the population over 75 years of age. The capture rate for the Province of Quebec is more than double the national rate [Chart 3]. This can be attributed to the large number of apartment units that provide little or no services and appeal to a population over 65 years of age. In the rest of the country, demand for these units is in the +75-year range.

Ontario’s capture rate is strongly influenced by the City of Toronto where the capture rate is 2.9. A significant number of condominium developments has resulted in high per unit land costs where condo developers can achieve high density levels compared to seniors’ housing.

Chart 3 (Source: Canada Mortgage and Housing Corporation, Senior Housing Report - 2014)



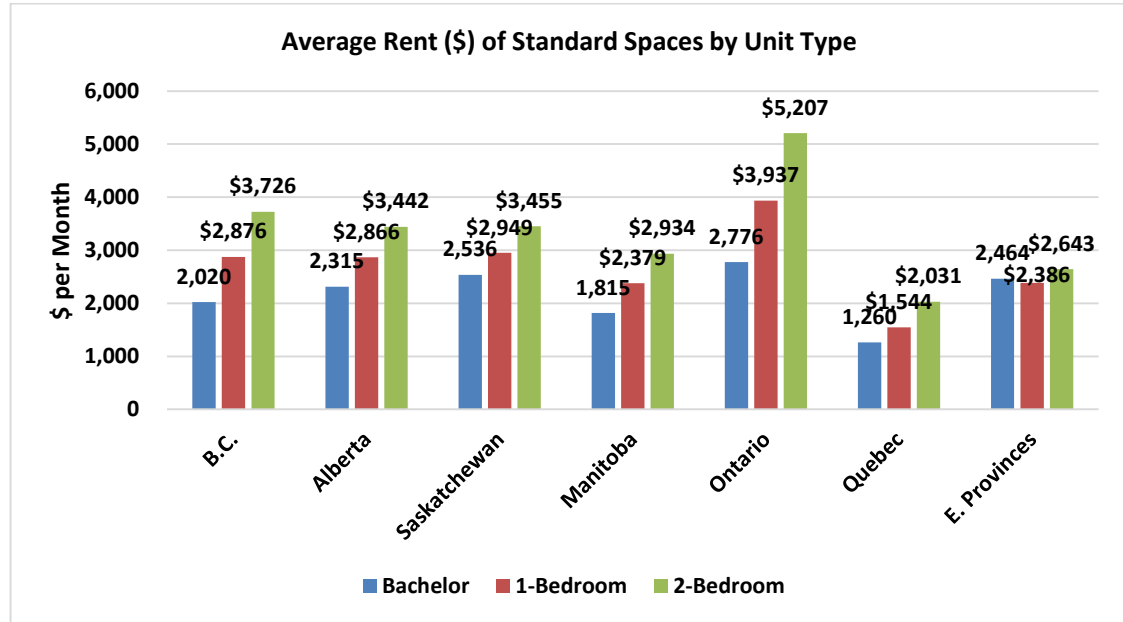
Average rents are highest in the Province of Ontario [Chart 4]. The lowest are in the Province of Quebec and can be attributed to seniors’ apartments with little or no service offerings. Average rents in Manitoba are slightly lower as there are minimal care offerings in these communities.

Overall, the seniors’ housing sector is exhibiting strong occupancy levels



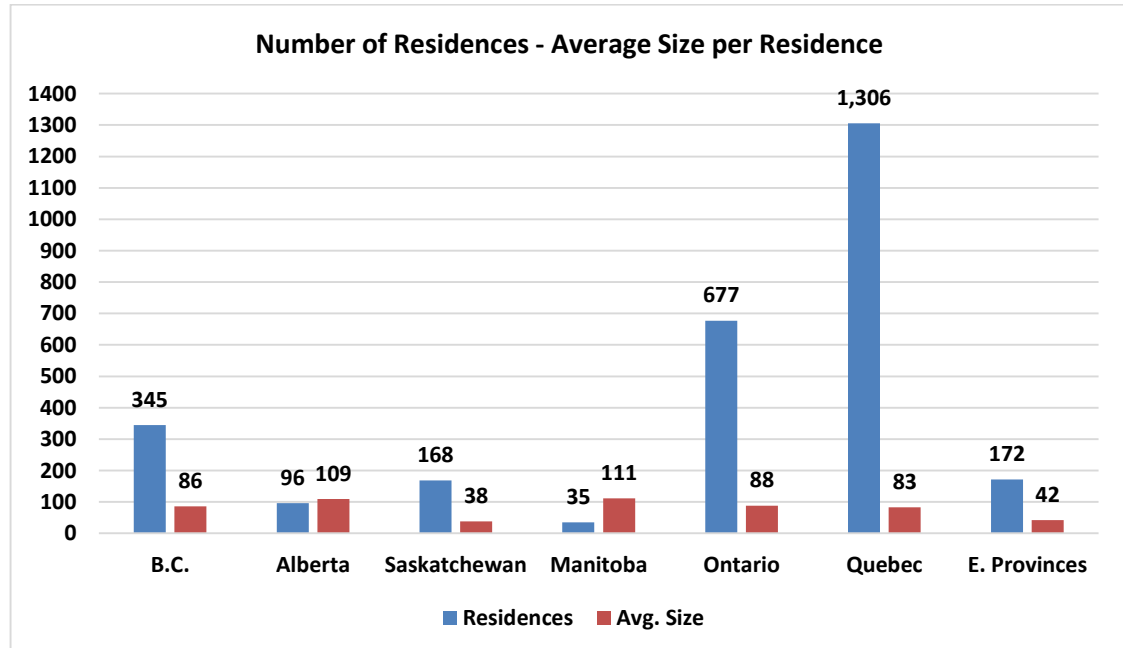
throughout the country. Lower capture rates are being experienced in the larger metropolitan areas where owner/operators must compete with residential condominium developers who have pushed land prices up to a level that doesn't afford an economically profitable development in seniors' housing.

Chart 4



Source: Canada Mortgage and Housing Corporation, Senior Housing Report, 2014

Chart 5



Source: Canada Mortgage and Housing Corporation, Senior Housing Report, 2014



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Chart 5 illustrates the number of residences and average size by province or region. Saskatchewan and Atlantic Canada’s supply is characterized by licensed care homes that tend to be “mom and pop” operations with small resident populations. These homes impact the overall residence size averages. Newer residences are generally in the +80 resident size.

Noted previously, Quebec is impacted by the presence of a large number of seniors’ apartments with very limited services. This is not present in the rest of Canada.

Just over 70% of the residences are located in Ontario and Quebec.

Canadian Division Hires New Appraiser

HealthTrust Canada is happy to announce the hiring of a full-time staff appraiser. Jonathan Sobottka, AACI, P.App. joins with over 5 years of experience in the appraisal industry. He has appraised a wide variety of property types throughout Ontario including commercial, industrial, seniors housing, multi-residential and vacant land. We’re happy to welcome him to the team!

We’re expanding our Canadian division in an effort to better service our client base. Let us know how we can help. We can be reached at 416-818-3030 or email [Peter Matteson](mailto:peter.matteson@healthtrust.com).

Upcoming Events

September 30 - October 1, ASHA Executive Board & Fall Meeting - [More Info](#)

October 1 - 3, NIC National Conference - [More Info](#)

October 21 - 23, ULI Fall Meeting - [More Info](#)

December 15 - 16, RealShare Healthcare Real Estate - [More Info](#)

Contact us today to schedule a meeting.

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6801 Energy Court, Suite 200
Sarasota, FL 34240
P 941-363-7500

Birmingham

3008 7th Avenue South
Birmingham, AL 35233
P 205-320-7523

Boston

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P 617-542-2125

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315 S. Beverly Drive, Suite 202
Beverly Hills, CA 90212
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