

Chancery Monthly

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INDUSTRY INSIGHTS

SenbridGe West 2019 Conference Top Takeaways

Katherine Wilson

November 14, Chancery's CEO Jessica Zhang and Managing Director Sarah Cathrae attended the Senbridge West Conference in Vancouver, BC, with a number of Chancery's partners, including Linda Revell and Doug Mills of Connecting Care, Doug Murphy of 103 Street Living and Connecting Care.

SenbridGe West included a bus tour to PARC's new White Rock community (below left) and Amica White Rock (below right). The assets were very complimentary of one another – where Parc was a very bright, LEED Gold Standard building that was very modern and caters strictly to



independent seniors, Amica was stately and traditional and caters to the full spectrum of care. Both were beautiful assets that opened in the fall of 2019.



There were a number of networking opportunities, as always, and Jessica and Sarah were happy to be able to meet with so many of our stakeholders in one place.

The conference itself took place on Thursday, November 14. Below is Chancery's key takeaways:

1. There was much talk about livable cities and the common elements of communities that successfully integrate seniors. Age-friendly cities include affordable housing, transportation, opportunities for community engagement and social interaction, etc. The need for, and approach to, affordable housing was tackled in a number of talks.
2. There was much discussion on the impact of government tax schemes on the housing market has been felt across the country, but the clearest example has been Vancouver, whose sale volume has dropped 76% since its peak in 2016. This has opened up the market for purpose built rental, including seniors apartments – which seem to be the exception to anti-development and NIMBY initiatives.
3. It was suggested that Canadian operators and developers are uniquely positioned to take advantage of opportunities abroad, where capture rates are much lower, and the seniors housing markets are in the nascent stages of development.
4. Industry leaders spoke about the collegiality in the industry and strongly suggested that the market support benchmarking and data sharing initiatives, as they believe the industry could benefit from transparency with respect to occupancy, revenue, and new stock.
5. The issue of oversupply in some markets was discussed. Most believe that vacancy creep will be short-lived and that the markets will support good product.
6. The average age in IL/AL has increased to almost 89 in many communities, especially those with some form of care.
7. Luc Maurice took the group through the story of his recent transaction leading to Groupe Maurice partnering with Ventas. The transaction was a \$2.4 billion transaction involving 34 communities of which 26 were stabilized, three were in lease-up, and five were in development.
8. There was an enlightening talk about destigmatizing seniors living in 2020. The speakers suggested that seniors are still reluctant to go into care – despite the fact that we don't



build 1970s LTC anymore. Ways to combat this stigma include showing seniors someone like them in all marketing materials, but in real life as well, residents should be encouraged to continue to be out in the community and the community should be invited in whenever possible. There must be pathways to joining in that are very easy to do – small things that don't take all day – day programs, gym access for seniors from the surrounding community, etc. This was definitely the most talked-about session at the later networking events.

9. There were a number of conversations about the cost of development outpacing our ability to increase rents to preserve the profit margins. It is for this reason that several panelists suggested that cap rates for existing stabilized product would compress in the near term.
10. Project sizes have increased to try to offset costs and increase efficiencies. Five years ago, the average project cost approximately \$30,000,000 and consisted of a maximum of 125 suites, where now the average project costs have doubled, and it is rare for communities to be built with fewer than 150 suites.
11. In addition, we are in a favourable debt environment, with access to capital, very favourable pricing and even the ability to lock in for 10 plus years on stabilized product at extremely competitive rates.

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.

- We have been expediting the installation of the window frames and glazing with additional crews.
- Sliding door frames continue to be installed with door and window frames arriving daily.
- Elevator #1 installation is proceeding well with the counterweights now installed.
- Paving is mobilizing next week and will start with curbs at the west end and ramp area.
- Mechanical rough ins are ongoing and proceeding on schedule.
- Masonry on the west side ground floor is nearing completion.





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.

- Some of the wells are showing water. They have been inspected by the Geotech Engineer and a recommendation to control the water has been provided and is under review. It is expected to be a minor fix of a few pumps and weeping tiles.
- Surface water that has ponded is being managed.
- Excess soil has been removed from the site.
- Snow on site this week has resulted in a minor slow down.





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