

Impact of COVID-19 on the Senior Housing Market

Industry Survey Results
April 2020

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HEAVENRICH & COMPANY, INC.
SENIOR HOUSING INVESTMENT BROKERAGE

Executive Summary

- ▶ More than half of respondents intend to **invest the same or more capital** in senior housing in the next 12 months
- ▶ More than 75% of respondents expect their investment strategies to **return to normal within the next 12 months**
- ▶ Majority of respondents expect an acquisition **pricing decrease of less than 15%** within the next 6 months
- ▶ Investors are most concerned with **market liquidity** and **occupancy**
- ▶ Most respondents are **looking for acquisition opportunities**, signaling investor optimism
- ▶ The vast majority of respondents currently **target value-add** private-pay acquisitions

Introduction

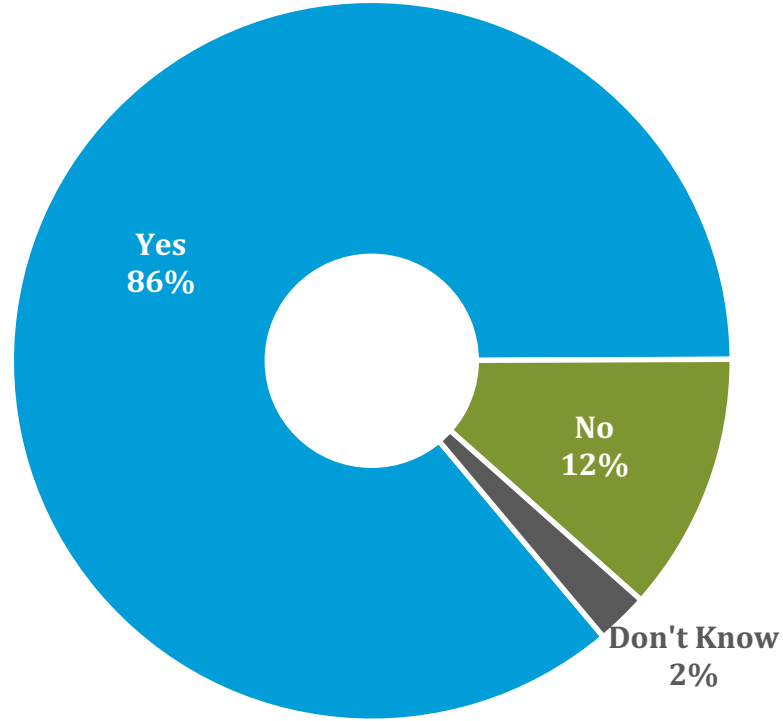
Survey Results

Respondent Profiles

About Us

Most respondents are looking for acquisition opportunities, signaling investor optimism

Are you currently seeking senior housing acquisitions?



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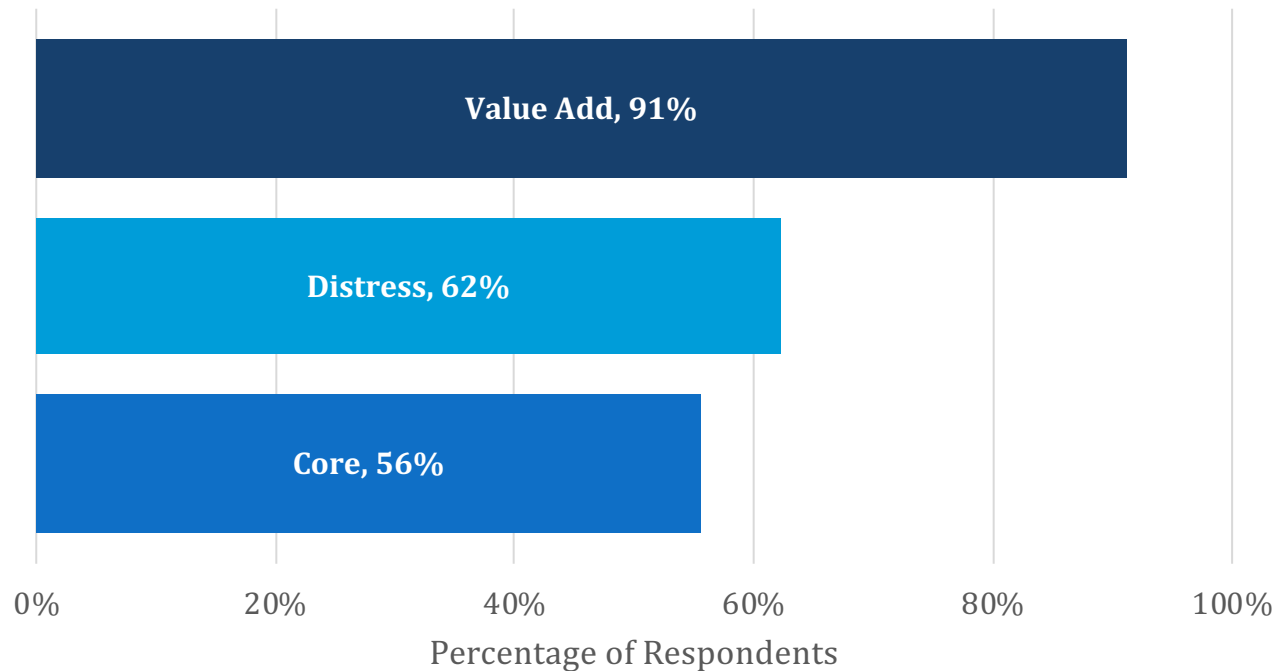
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The vast majority of respondents currently target value-add acquisitions

What type of senior housing acquisitions do you target?
Select all that apply.



Survey Definitions

Value Add: in-place cash flow, but seek to increase cash flow through repositioning or capex

Distress: minimal or negative cash flow but seek to increase cash flow through repositioning or capex

Core: stable income, low risk

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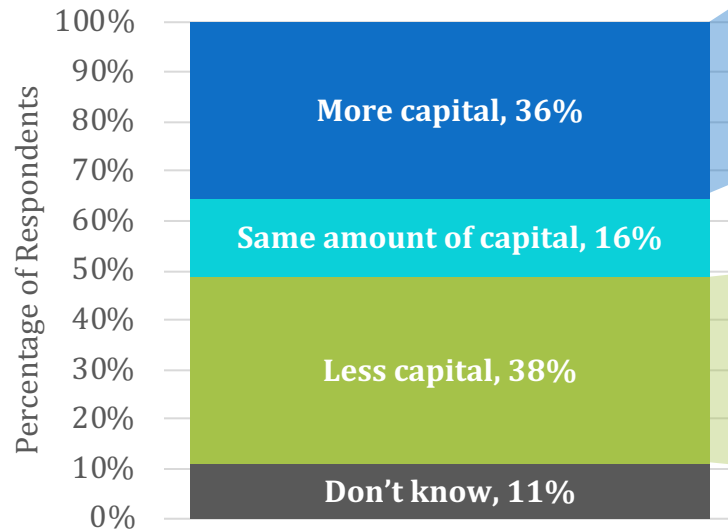
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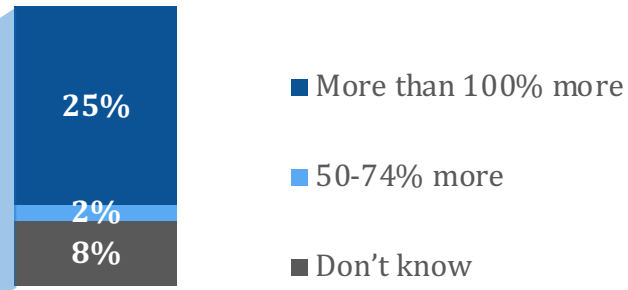
More than half of respondents intend to invest the same or more capital in senior housing in the next 12 months

- ▶ 36% expect to invest more capital in senior housing
- ▶ 25% expect to more than double their capital investment in senior housing

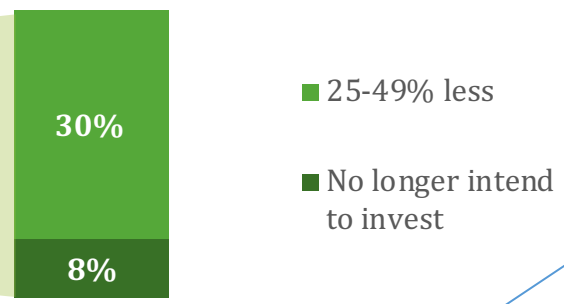
How does the **total amount of capital** (debt + equity) you intend to invest in senior housing in the **next twelve months** compare to the **past twelve months**?



Roughly **how much more capital** do you intend to invest in senior housing in the next twelve months compared to the past twelve months?

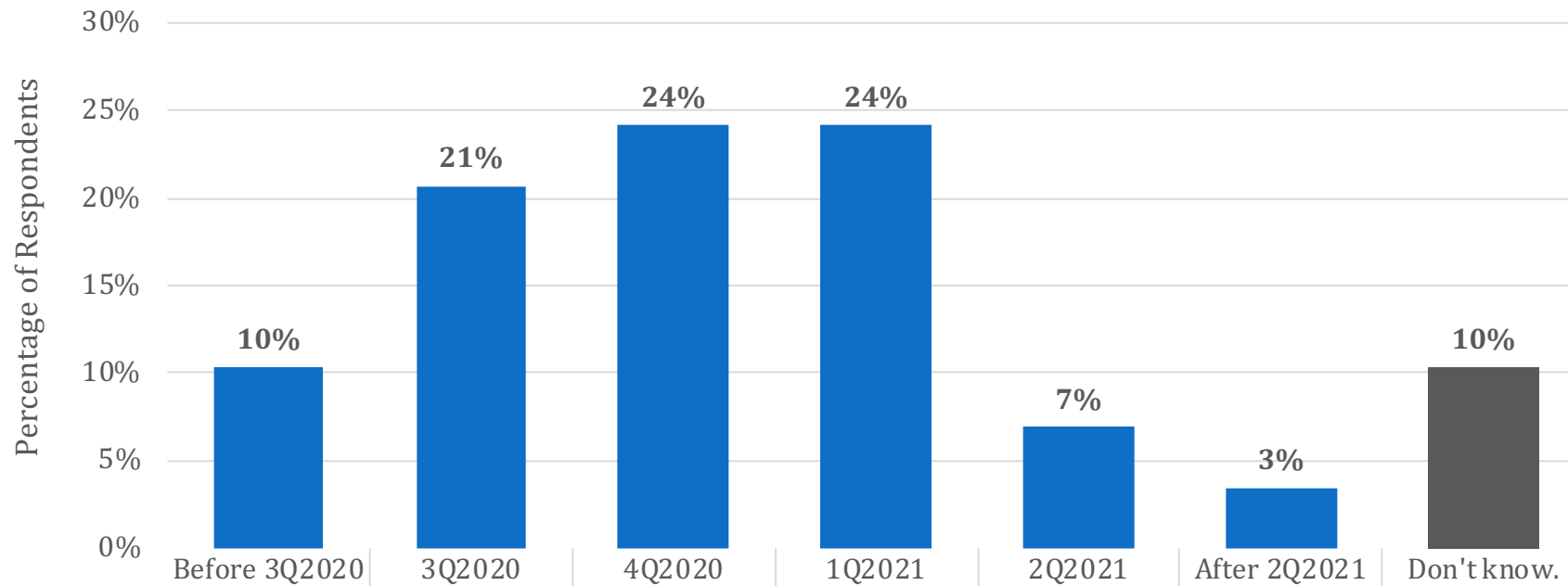


Roughly **how much less capital** do you intend to invest in senior housing in the next twelve months compared to the past twelve months?



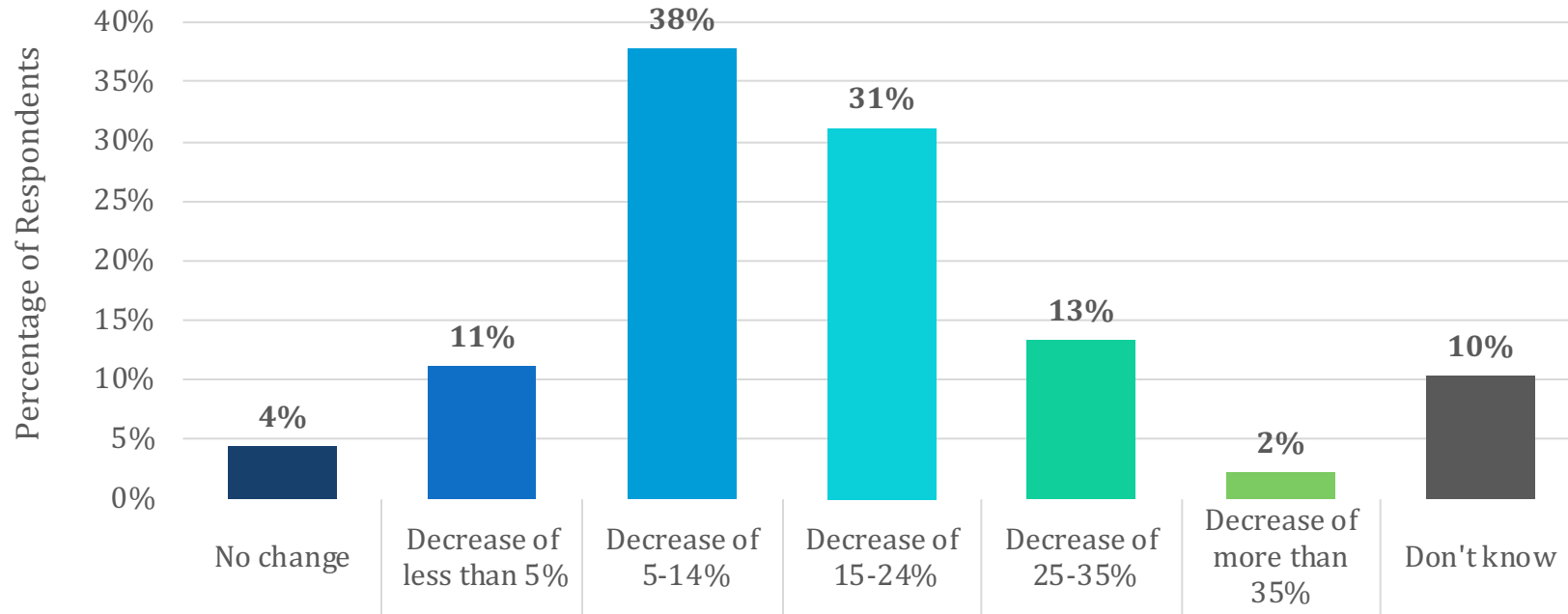
Respondents generally expect their investment strategies to return to normal within the next twelve months

When do you expect your senior housing acquisition strategy to **return to normal**?



Majority of respondents expect an acquisition pricing decrease of less than 15% within the next six months

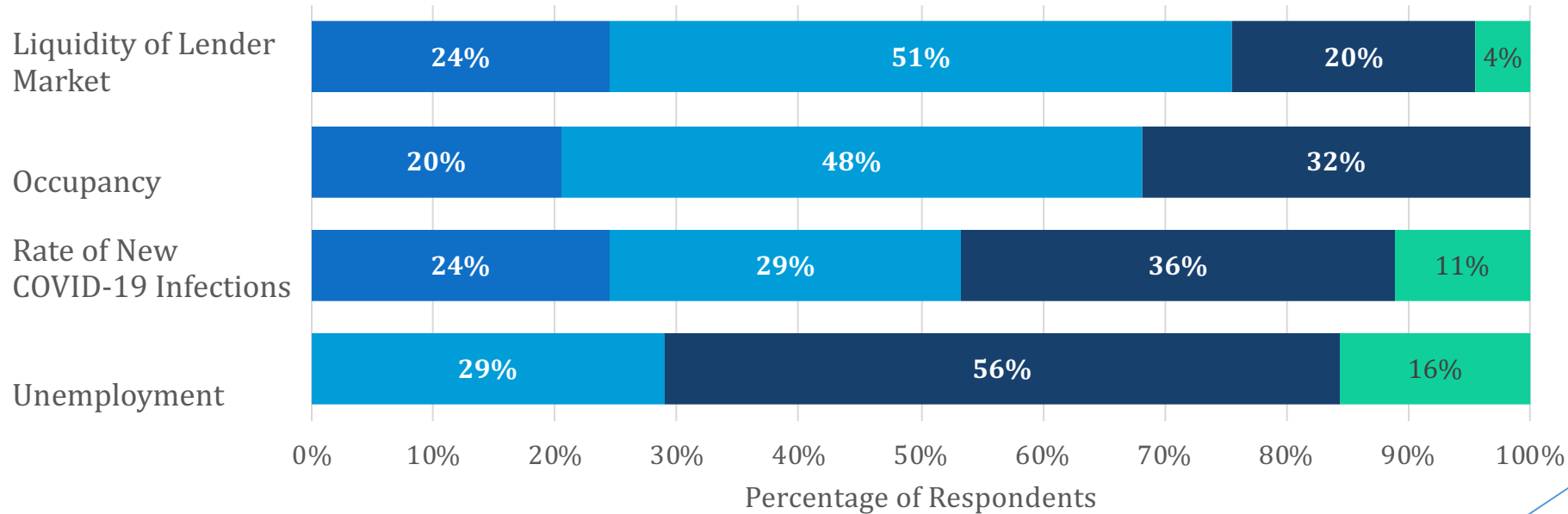
We anticipate that COVID-19 will have the following impact on senior housing acquisition **pricing** in the immediate term (**next six months**).



Investors are most concerned with market liquidity and occupancy

Please indicate the importance of the following indicators on your senior housing investment decisions

■ Extremely important ■ Very important ■ Somewhat important ■ Not at all important



Additional thoughts from survey respondents

“Hopeful we will learn to manage this in **six months.**”

– CEO, West Coast Private Equity Firm

“Think there will be **significant increases in regulations** in licensed buildings (assisted living, managed care).”

– President, West Coast Operator

“**Having a business plan** to improve operations is extremely important.”

– SVP, Midwest Private Equity Firm

“The **level of competitive supply** is a very important market indicator for us.”

– SVP, Midwest Operator

“**Delaying acquisitions**, but barring catastrophic experience at target facility, **strategy remains same.**”

– SVP, Midwest Private Equity Firm

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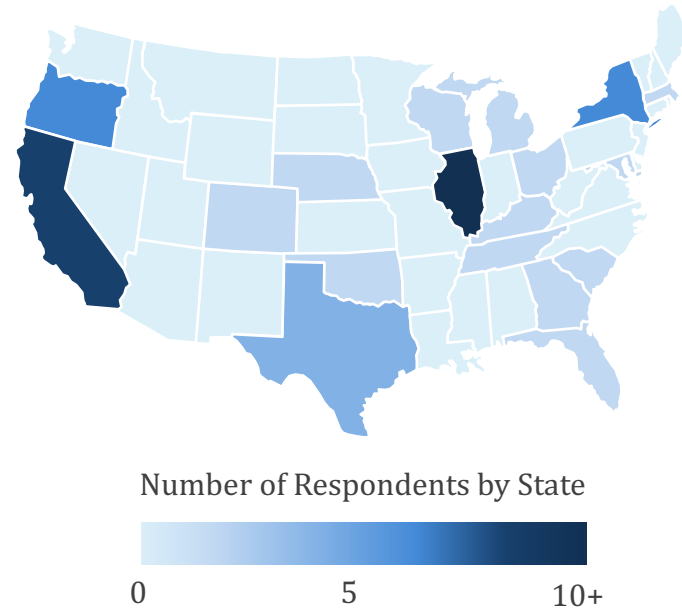
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Survey Methodology

- ▶ Heavenrich & Company reached out to 448 senior housing owners, operators and investors with a custom survey on the market impact of COVID-19
- ▶ Survey ran from April 15–April 20, 2020, and achieved a 10% completion rate

Respondent Geographic Profile



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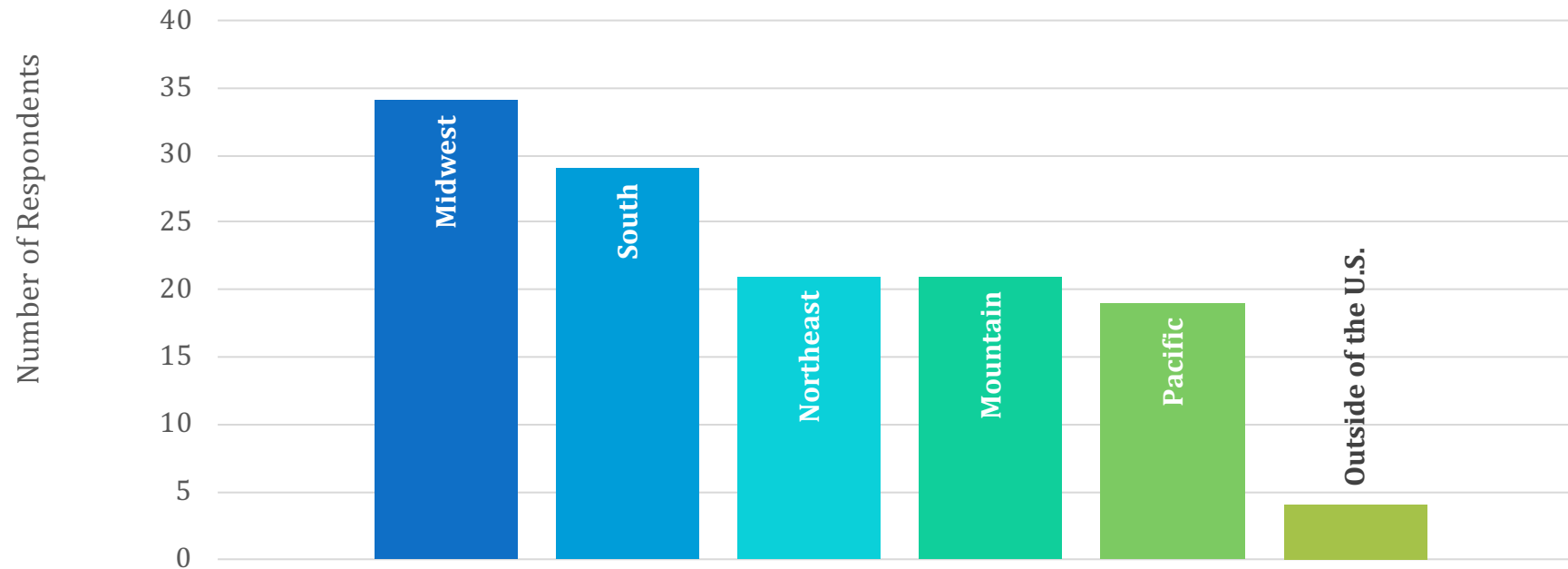
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Respondents exhibit a range of regional focuses, with the most attention on the Midwest

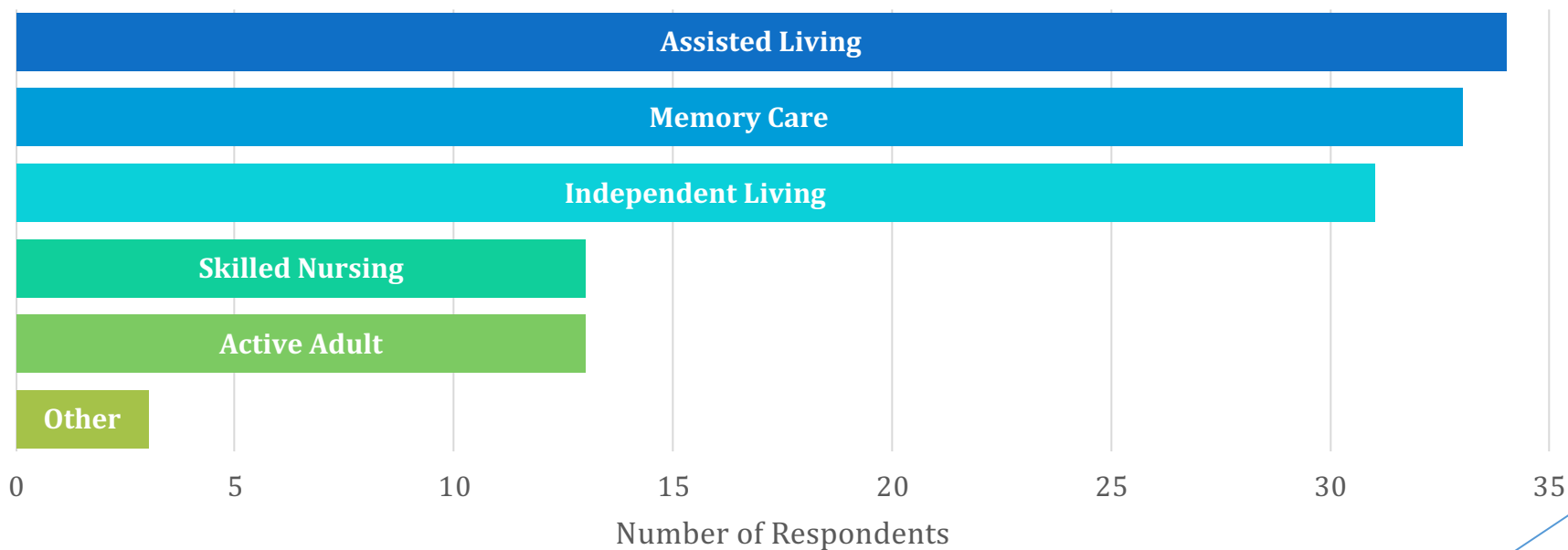
Which regions does your company target when making senior housing acquisitions?
Select all that apply.



Respondent Strategic Focus

- ▶ Most respondents target assisted living, memory care, or independent living facilities (29 targeted all three)

What are your company's target senior housing acquisitions?
Select all that apply.



Respondent Company Size

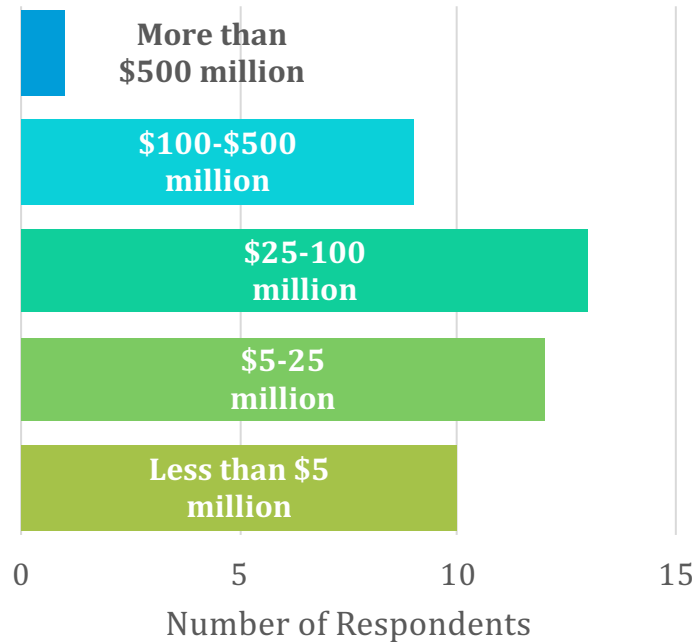
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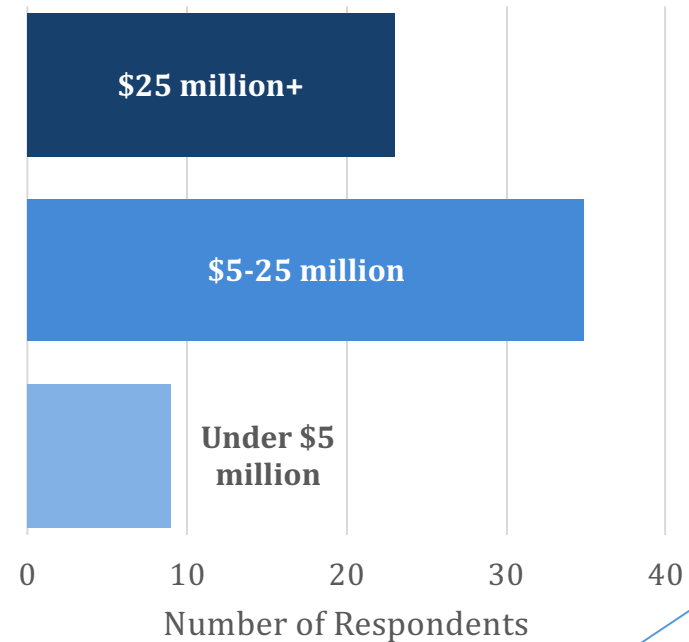
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What is your best estimate of the total value of senior housing transactions your company has completed the past 12 months?



What size are your target senior housing acquisitions?
Select all that apply.



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With 25 years in business, **Heavenrich & Company** is one of the first dedicated, boutique senior housing investment brokerage firms in the country. The firm exclusively brokers the sale of public and privately-held independent living, assisted living, memory care and skilled nursing companies. It has served as lead financial advisor to hundreds of acquisitions and has closed well over \$1 billion in transactions. Heavenrich & Company is based in Chicago with offices in Denver.

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