



SENIOR LIVING

2017 Seniors Housing and Care Survey

In December of 2016, Lancaster Pollard sent an online survey to approximately 4,000 leaders at seniors housing and care facilities throughout the U.S. Over the course of two weeks, 273 respondents completed the online survey. The survey has a 95% confidence level and a confidence interval of 5.38, meaning that the differences in responses of 5 percentage points or more are statistically significant.

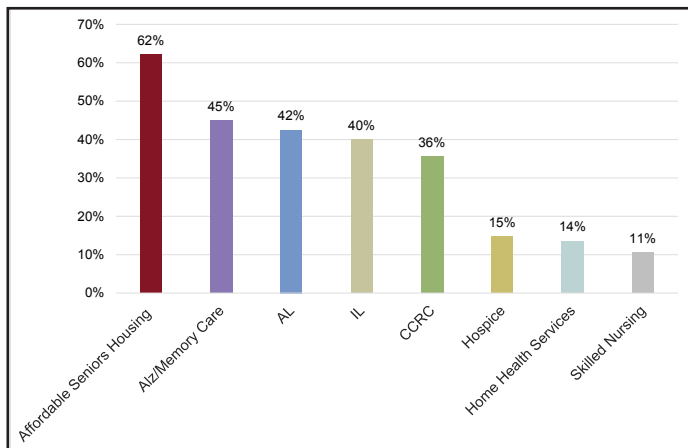
Out of the 273 respondents, 59% were for-profit providers and 73% identified themselves as either CEOs, CFOs or owners. The majority operated facilities with 250 beds/units or fewer and all aspects of the continuum of care were represented.

Overall, our survey findings depict an environment similar to 2016 as new construction and renovation projects are increasingly being pursued, particularly in regards to assisted living (AL) and Alzheimer's/memory care (MC). We also found that the likelihood of respondents attempting to sell a facility is lower than it was the previous year. Some of the more notable findings are discussed below.

Expectations for 2017

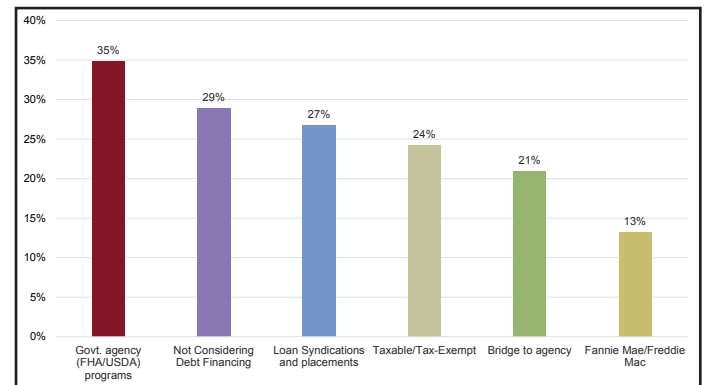
Which elements of the continuum of care do you think will experience the most growth in the next 12 months?

Respondents predicted that affordable seniors housing, Alzheimer's/MC and AL would experience the most growth in 2017. These results are consistent with 2016's findings.



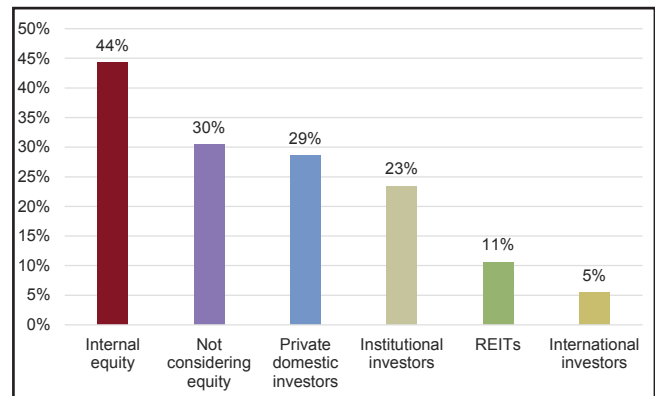
What types of debt financing are you considering for construction/acquisition projects in the next 12 months?

In 2017, 35% of respondents indicated they are considering government agency programs for their construction/acquisition project, up from 30% in 2016. The other types of debt financings listed had statistically similar results to 2016. This shift to HUD may also be driven by data cited in our "2017 Seniors Housing and Care Market Outlook" suggesting lenders are beginning to tighten underwriting standards.



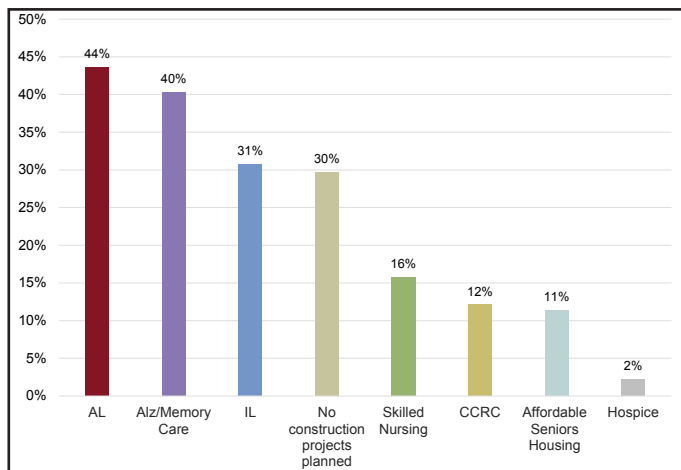
What sources of equity are you considering for construction/acquisition projects in the next 12 months?

Internal equity, not considering equity and private domestic investors were the most selected by respondents for use with construction and/or acquisition projects. This remains consistent with our results from 2016. For-profits were responsible for 53% of the response levels for private domestic



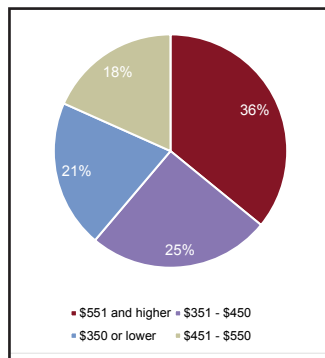
For which elements of the continuum of care do you have construction projects planned in the next 12 months?

Reflecting their expectations for the elements of the continuum of care with the most growth in 2017, respondents cited AL and Alzheimer's/MC most often as the type of construction projects they have planned, which is consistent with the results from our 2016 survey.



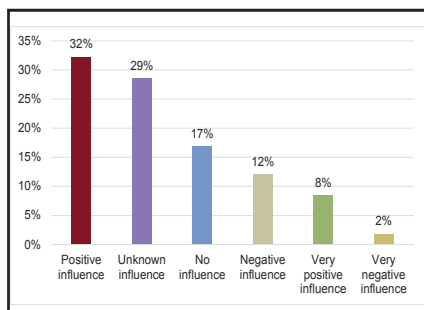
What are the annual estimated capital expenditures per bed required to maintain your organization's competitive market position?

Thirty-six percent of respondents estimate that it costs \$551 and higher to maintain their organization's competitive market position. In addition, 25% of respondents estimate it costs \$351 to \$450 to maintain their organizations competitive market position. This is consistent with the results from 2016.



What influence do you anticipate the incoming presidential administration will have on your business?

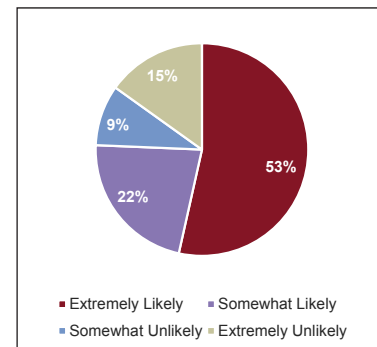
Forty percent of respondents indicated that they anticipate the presidential administration will have a very positive or positive influence on their business. Fourteen percent indicated that they anticipate a very negative or negative influence on their business. We did not ask this question in previous surveys.



Respondent's Likelihood for 2017 Projects

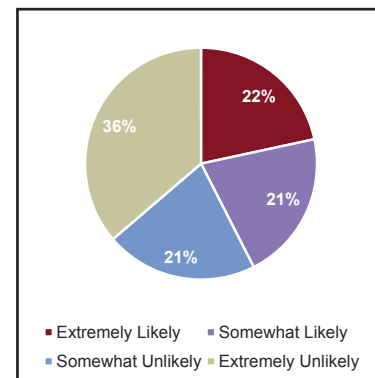
Likelihood you will pursue a construction project in the next 12 months.

There is a high probability that the majority of respondents will pursue a construction project in 2017, as 53% are extremely likely and 22% are somewhat likely, a total of 75%. When we asked this question last year, 70% of respondents stated they were likely to pursue a construction project in the coming year.



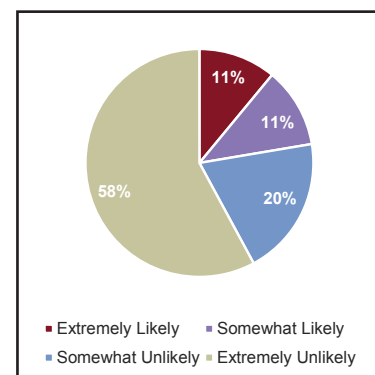
Likelihood you will pursue an acquisition project in the next 12 months.

Down from 2016, 43% of respondents stated that it is extremely likely or somewhat likely that they will pursue an acquisition project. When we asked this question in 2016, 53% of respondents stated they were likely to pursue an acquisition project in the coming year.



Likelihood you will attempt to sell a facility in the next 12 months.

Twenty-two percent of respondents indicated that they are extremely likely or somewhat likely to attempt to sell a facility. When we asked this question in 2016, a majority (65%) of respondents stated that they are extremely likely or somewhat likely to attempt to sell a facility in the next 12 months. In 2017, a majority (58%) of respondents stated they are extremely unlikely to attempt to see a facility, compared to 2016's 20% of respondents.



The two questions immediately above may be somewhat driven by the Real Capital Analytics data in our "2017 Seniors Housing and Care Market Outlook" showing that M&A transaction volume has slowed and valuations are off their highs.

The full report can be downloaded at: <http://www.lancasterpollard.com/Uploads/survey-results-17.pdf>



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