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Newsletter

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In the Insider February Issue

- New Name, New Focus: A Conversation with Healthpeak's CEO Tom Herzog
- Ground Break to Grand Opening: New Properties Today Are Taking Longer to Open Than in the Past
- Healthcare Partnerships Smooth Operations, Boost Resident Satisfaction
- Networking Innovations Add Value at the 2020 NIC Spring Conference
- NIC Boot Camp Provides Guidance for Newcomers to Underwriting Acquisitions

New Name, New Focus: A Conversation with Healthpeak's CEO Tom Herzog

Tom Herzog

Tom Herzog has been busy over the last three years in his role as CEO of one of the industry's largest healthcare REITs. He has spearheaded the repositioning of HCP, Inc., an effort that came into sharp focus last October when the company changed its name to Healthpeak Properties, Inc. Its stock symbol also was changed to PEAK (NYSE).

The name change represents a strategic realignment of the company's portfolio to focus on premium real estate in an evolving healthcare industry. It also reflects other changes at the Irvine, California-based company including a strong balance sheet, a new leadership team, the promotion of Scott Brinker to President, who will also continue his role as Chief Investment Officer, and a talented, diversified Board, including four new Board members added in the last two years.

NIC chief economist Beth Mace recently talked with CEO Herzog about Healthpeak's strategy and the outlook for the industry. What follows is a recap of their conversation.

Mace: What's behind the company's new name, Healthpeak Properties?

Herzog: When I joined the company three-and-a-half years ago, we engaged in a full repositioning and restructuring with four elements:

First, we established a new strategy to focus our business solely in the three private pay healthcare businesses: medical office buildings, life science properties, and senior housing. This included the sale or transition of $14 billion of our then $29 billion portfolio.

Second, we rebuilt a strong balance sheet, returning to credit ratings of BBB+/Baa1.

Third, we put in place an outstanding new leadership team.

Lastly, with support from our Board, we implemented leading corporate governance practices related to disclosure transparency, stockholder rights, ESG initiatives, and Board refreshment and diversity, which have culminated in numerous recognitions from prominent governance institutions, including ISS and MSCI.

As a result, the company you see today is barely recognizable from just a few years ago. Accordingly, we felt now was the right time to change our name.

Mace: Healthpeak seems to be on a growth path after a few years of divesting assets, including the sale of HCR ManorCare. Can you tell us more about your new strategy?

Herzog: If you take a step back, and consider the entire landscape of healthcare real estate, it is a very big part of our economy. In fact, it accounts for 18% of our nation's GDP. There are many different investment alternatives such as senior housing, medical office buildings, life science properties, skilled nursing facilities, hospitals, international properties, and high yielding mezzanine debt.

We chose to focus on the three private pay businesses because of the more stable earnings pattern and to avoid the bumpy ride of government reimbursement. We believe all three of these businesses are going to benefit from the upcoming explosion of baby boomers.

Mace: Can you tell us more about your portfolio?

Herzog: We target a split of roughly one-third senior housing, one-third medical office buildings, and one-third life science properties.

Our medical office segment is a steady business that creates reliable and consistent same-store cash flow growth. We focus primarily in on-campus or well-anchored off-campus properties where specialists reside.

The life science segment is a bit more volatile but with growing demand, especially in the three primary markets of San Francisco, Boston and San Diego, which we like.

Senior housing, on the other hand, is an operating business—versus medical office and life science which are leasing businesses—and has enormous upside with the right portfolio, infrastructure and expertise.

We think the blend of the three segments, all benefiting from the same baby boomer demographic, but operating on different cycles, is an attractive combination that will produce stable earnings and dividends growth.

Mace: When you acquire assets, particularly senior housing assets, what do you look for?

Herzog: We seek to own differentiated properties that are likely to produce strong results over time due to competitive barriers. For example, the Oakmont properties we acquired this year are in markets in California where it's very difficult to find land, obtain entitlements, and generate enough rent to justify the cost of development. Another example is the CCRC acquisition that we recently announced in which LCS will take over management of 13 CCRCs concentrated in Florida and valued at more than $1 billion. Due to the size and scale of the communities, there hasn't been a single new CCRC built within 10 miles of these properties in the past 10 years.

Mace: What makes a good partner for Healthpeak?

Herzog: We seek to partner with operating companies that have positive corporate cultures, sophisticated technology/system platforms, successful track records, and strong reputations as being good partners through the inevitable ups and downs of business.

Mace: When do you walk away from an opportunity? Are there any immediate red flags?

Herzog: We avoid senior housing transactions where we don't have an alignment of interest with our operating partner, because it's critical for the real estate partner and operating partner to have a common vision of success and agreement regarding the execution path to get there.

Mace: Do you provide equity to all senior housing segments--independent living, assisted living, memory care, and skilled nursing care? Is there one sector you favor over others? Are you national in scope?

Herzog: We invest in private pay communities to avoid the uncertainty of government reimbursement. Within senior housing, our preference is to own larger properties that offer a continuum of care, which, in our view, improves customer marketability, allows the property to offer superior amenities, operate at higher margins, and retain the highest quality leadership teams.

Mace: Do you invest overseas?

Herzog: We recently exited the U.K. market, which was one of our objectives. For now, we are staying in the U.S.

Mace: Do you provide equity for development, acquisitions or expansions?

Herzog: In the life science and medical office segments, we directly invest in development, acquisitions and redevelopment. For senior housing, we invest in acquisitions and redevelopment, but typically provide equity in new development through loan structures that provide us a pathway to ownership upon stabilization. We think this is a better model for a publicly traded healthcare REIT and it allows the operator/developer to take on the risk and reward of development.

Mace: What are the deal structures you offer? Do you participate in RIDEA structures or triple net leases?

Herzog: We have a combination of both RIDEA and triple net lease structures today, and we are willing to utilize both going forward. In general though, the market has moved to RIDEA structures to create proper alignment between the operator and the real estate partner. Most of our growth will be done through the RIDEA structure.

Mace: Do you provide capital for the operations of the business as well?

Herzog: We have purposefully chosen not to invest in senior housing operating companies. Given our strategy, we prefer our portfolio to consist solely of real estate investments.

Mace: Do you invest in debt or issue debt?

Herzog: We divested of our mezzanine debt business over the last three years. As noted earlier, we will consider debt with existing operating partners on new development, provided there's a pathway to ownership.

Mace: What are the advantages to your partners of Healthpeak Properties being a REIT? Any downsides?

Herzog: Most operating companies we interact with are looking for a long-term owner to be part of their core group of capital partners. Accordingly, publicly traded REITs such as Healthpeak are an excellent fit. One downside is that our cost of capital is impacted by the overall economy and capital markets. Therefore, our ability to grow accretively will fluctuate through the cycles and can impact our appetite for growth.

Mace: There are a lot of newcomers to the industry. What challenges do they face?

Herzog: Newcomers will need to become accustomed to the volatility of senior housing and have the balance sheet to remain strong through the inevitable market cycles. The short-term residency agreements and relatively low operating margins of 20-40%, compared to say multifamily properties with a margin of 65-70%, create a very different investment profile than the long-term leases that are common in most real estate sectors.

Mace: What are the opportunities as well as the challenges you see for the senior housing and care sector in both the near- and long-term?

Herzog: The biggest opportunity is that the target population will roughly double in size in the next 10 years while the adult child caregiver ratio will continue to decline. This creates an urgent social need for high quality and affordable senior housing. The near-term challenges are new supply and the availability of qualified labor, which we believe will balance out over time because of the compelling demand for the product.

Ground Break to Grand Opening: New Properties Today Are Taking Longer to Open Than in the Past

By Beth Mace, Chief Economist & Anne Standish, Research Statistician

NIC has a virtual treasure trove of data related to the seniors housing and care sector that can provide insights into operations for both operators and investors. In the coming months, as we begin a new year and decade, NIC's Analytics and Research Teams will provide such insights. This is the first Actionable Insight article and serves as a preview of more to come. As always, NIC appreciates feedback and commentary on this article as well as our monthly NIC Insider articles and our two frequently updated blogs—NIC Notes Blog and Senior Care Collaboration Blog.

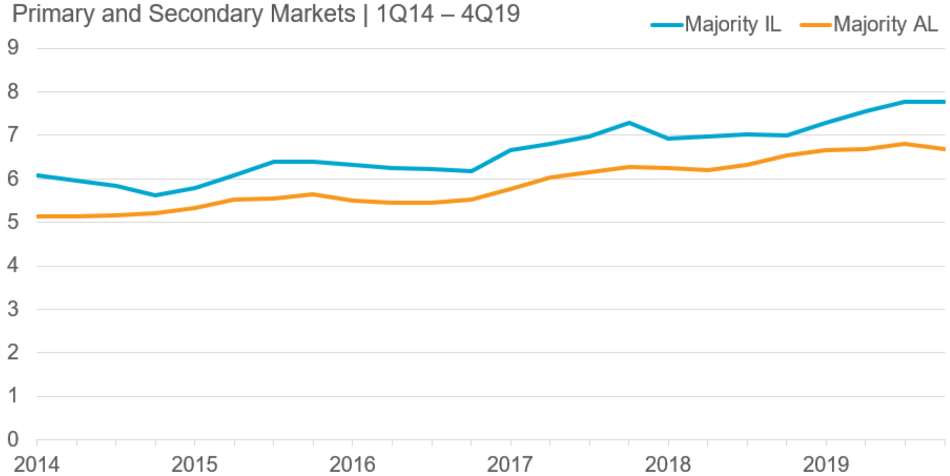
Actionable Insight: For this article, NIC's analysis shows that on a rolling four quarter basis, the average time to construct a new seniors housing property — either assisted living or independent living— takes nearly two quarters longer today than it did in 2014. This suggests that when underwriting a new seniors housing property development, a longer time frame should be considered between the time when a project breaks ground and the time when it is opened for occupancy.

Executive Summary: Construction, delivery pipelines, and development are hot topics in the seniors housing sector. Anecdotes abound regarding the time to opening from the time ground is broken on a new property. This commentary uses NIC MAP® data to investigate the anecdotal comments that new property development projects are taking longer today than they did in 2014. The reasons could include but are not limited to changing unit mix and complexity of projects, rising construction costs, changing regulatory environments, and limited availability of trained subcontractors— especially for those who specialize in subtrades that require more skill.

Key Findings: Key findings from NIC's analysis include:

- The rolling four quarter average number of quarters between when a new property breaks ground to when it is open for occupancy has increased since 2014. Data from 1Q 2014 through 4Q 2019 for both majority independent living (IL) and majority assisted living (AL) properties for the NIC MAP® 99 Primary and Secondary Markets supports this anecdote.
    - » For majority IL properties, the analysis showed that the rolling four quarter average number of quarters from groundbreaking to opening increased by 1.7 quarters from 6.1 quarters in 1Q 2014 to 7.8 quarters in 4Q 2019.
    - » For majority AL properties, the rolling four quarter average number of quarters from groundbreaking to opening increased by 1.6 quarters from 5.1 quarters in 1Q 2014 to 6.7 quarters in 4Q 2019.
- Over this time period for the 99 Primary and Secondary Markets on a rolling four quarter basis, majority IL consistently took longer on average from ground break to opening than majority AL did.

Rolling 4-Qtr Average Number of Quarters from Ground Break to Opening
Primary and Secondary Markets | 1Q14 – 4Q19



Source: NIC MAP® Data Service

Explanation of Findings: Potential factors affecting these observations include but are not limited to:

- Freestanding memory care (MC) properties are a subset of the majority AL properties. Freestanding MC properties tend to have smaller unit counts. If the size of a property is a contributing factor to how long it takes for a property to be built, freestanding MC properties may be a playing a role in majority AL averaging a shorter time to open than majority IL through the time series.
- Continuing care retirement communities (CCRCs, also known as life plan communities) also tend to be majority IL properties and tend to be larger properties. Again, if the size of a property is a driving factor in time to opening, CCRCs could be a contributing factor to majority IL properties having longer times to opening.
- Unit counts and/or unit sizes may be getting larger and elongating the construction process, thereby lengthening the time from groundbreaking to opening. Projects may be getting more complex in terms of having more amenities and finishes as well as more common space, therefore taking longer to construct. Additionally, it is common to have two to three product types in each building, which may add to the complexity of the project.
- In general, there are fewer majority IL properties opened in any rolling four quarter period during this time period than majority AL properties. Majority IL averaged 40.3 properties per rolling four quarter period since 1Q14 (i.e., on a quarterly basis, this averaged as 8.8 new majority IL properties per quarter). Majority AL averaged 195.2 properties per rolling four quarters (i.e., on a quarterly basis, this averaged 41.4 new majority AL properties per quarter).

Other external factors contributing to a longer length of time to opening may include:

- Rising costs of construction for all types of construction, residential and commercial, including seniors housing.
- Increased competition for construction labor, especially for the subtrades that require certain skills. During the Great Recession, some workers in the subtrades left the industry and have not come back. This has led to a shortage of trained workers and has made scheduling projects particularly challenging. Often one delay leads to others, as one's place in the scheduling queue shifts.

- With some areas across the nation experiencing heightened volumes of construction activity and new supply, licensing, approval and regulatory departments have backlogs, which often contribute to delays in construction schedules. Anecdotally, it is becoming more common that a completed project can wait four to six weeks to open due to inspector delays.
- More recently, hurricanes and natural disasters have also delayed certain projects for emergency work and repair, ex., electrical hook ups.

Methodology: To investigate this topic, we took a deep dive into the NIC MAP® construction data for the 99 Primary and Secondary Markets. We calculated at the property level the number of quarters a property was under construction from the quarter it broke ground to the quarter it had open units.

Some properties have phased openings, where a portion of the units are opened first while construction wraps up for the rest of the community. For this analysis, we used the first quarter that a property had open inventory as the open quarter regardless of whether additional units were still under construction. We also excluded expansion projects at already established properties from this analysis in order to focus on new property construction.

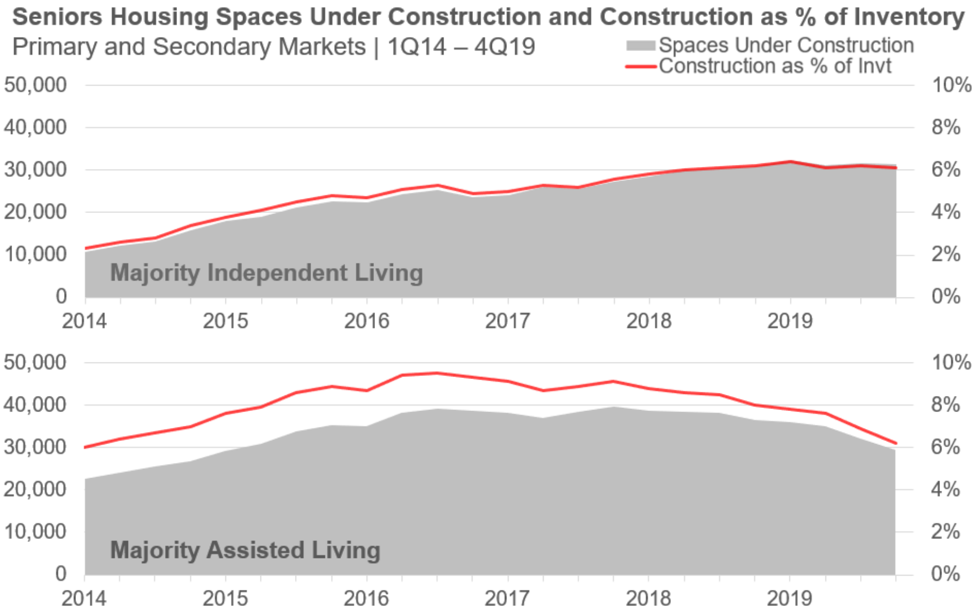
After calculating the number of quarters under construction prior to opening for the new properties in this analysis, we calculated the rolling four quarter average number of quarters under construction for the cohorts of properties that opened in the time series. For example, this means 4Q19's values represent that the majority AL properties that opened in 2019 averaged 6.7 quarters from ground break to open and the majority IL properties that opened in 2019 averaged 7.8 quarters.

We've chosen the 1Q 2014 period onward to focus on projects that were likely planned and began after the recession in order to focus on the more recent construction cycle.

Limitations and Caveats. It is important to note that construction data is revised. NIC occasionally finds out that a project has broken ground after it has done so or that a property indicated groundbreaking prematurely. Occasionally, a property will open sooner than they had thought or indicate a shift in the open date. This means that over time there may be shifts to what cohort a property falls into or occasionally potential shifts to length of time under construction before being open for business.

Future analyses could investigate questions around unit mix, frequency of phased openings, and other questions around inventory trends like the relationship between project size and time to opening. Future analyses could also investigate whether the trend observed in the current data continues over time.

Background: Construction levels today are generally high. For the 99 Primary and Secondary Markets, there are approximately 29,400 units under construction at majority AL properties and 31,400 units under construction at majority IL properties as of 4Q 2019. For majority IL, that's nearly 1,000 units less than the peak of approximately 32,400 in 1Q 2019. For majority AL, while still high, construction is 10,300 units less than the recorded peak of 39,700 in 4Q 2017.



Source: NIC MAP® Data Service

Conclusion: The rolling four quarter average length of time from a new seniors housing property breaking ground to having open units has increased since 2014 for both majority IL and majority AL in the 99 Primary and Secondary Markets. As of 4Q19, majority IL properties have a rolling four quarter average of 7.8 quarters from ground break to opening. Respectively, majority AL properties have a rolling four quarter average of 6.7 quarters from ground break to opening. These numbers reflect the aggregate trend for the 99 Primary and Secondary Markets, and there is likely variability at the metropolitan market level. Some markets may not be not seeing an elongation of the construction cycle, while other markets are possibly experiencing longer delays (potentially markets with a larger number of projects underway). When putting together plans for development, it makes sense to consider today's environment of a more elongated construction cycle.

Senior Care COLLABORATION
A NIC Initiative

The Housing & Healthcare BLOG

Healthcare Partnerships Smooth Operations, Boost Resident Satisfaction

Faced with the challenge of caring for residents with increasingly complex medical needs, owners and operators of senior living communities are turning to innovative insurance programs that link seniors housing and healthcare delivery networks.

A case in point: The large real estate investment trust Welltower (NYSE: WELL) formed a partnership last September with insurer Anthem and its affiliate CareMore Health. Though the partnership is still relatively new, early results show promise to help reduce resident hospitalizations, increase assisted living length of stay, improve resident satisfaction, and provide support to overstretched community staffs.

"We are energized about the opportunities these partnerships create for residents, operators and shareholders," said Mark Shaver, senior vice president, Business Strategy and Health Systems Initiatives, Welltower.

The company partnered with the nonprofit health system ProMedica last year to acquire the HCR ManorCare portfolio of skilled nursing and senior living communities. Welltower also recently announced its intention to form a partnership with Philadelphia-based Thomas Jefferson University and Jefferson Health.

"These partnerships with CareMore, Manor Care, and the impending partnership with Jefferson Health are about making our real estate more consequential to where and how healthcare is delivered, and working in partnership with best in class payors, providers and innovators to achieve strong health outcomes and reduce the overall cost of care," said Shaver.

CareMore's senior living solution—called "Touch"—has been rolled out so far to a handful of Welltower communities operated by Belmont Village Senior Living and SRG Senior Living. Most of the communities are in California.

In 2020, Welltower plans to expand the CareMore program to five more states with five additional operators. Welltower selects operators based on where CareMore has a market presence. CareMore is based in Cerritos, California, and has operations in nine states and the District of Columbia.

"Since we have a national footprint, we can scale this program across the region or country," said Shaver. The partnership with CareMore and Anthem provides operators with best-practice, evidence-based programs, he added.

With a portfolio of about 1,300 seniors housing properties in the U.S., Welltower is providing healthcare for residents through its other partnerships. ProMedica offers a Medicare Advantage plan for residents, allowing the provider to more closely manage and coordinate their care.

The partnership with Jefferson Health will create a joint venture where Welltower would acquire a stake in certain Jefferson real estate assets. Additionally, Jefferson's clinicians would provide care at Welltower seniors housing, assisted living, and memory care communities throughout the region, as well as at future ones the organizations could build together.

The CareMore Model Explained

From the operator's perspective, CareMore's Touch program is relatively seamless. Residents sign up for a Medicare Advantage insurance plan offered by Anthem. The plan is what's called an Institutional Special Needs Plan, or I-SNP for short. These insurance plans, offered by a handful of companies, are restricted to those who require the level of service provided by a long-term care facility, such as an assisted living or a skilled nursing facility.

CareMore provides access to teams of medical professionals such as physicians and nurse practitioners. They treat residents who enroll in the program on-site, help coordinate care, and make referrals to specialists. The CareMore team can also directly admit residents to skilled nursing facilities in the network.

SRG Senior Living introduced the Touch program last August at six of its buildings. The company plans to offer the program at another six buildings early this year.

"We are extremely happy with the program," said Isaac Hagerman, vice president of Health and Quality at SRG, Solana Beach, California. "Our staff is happy, and our residents are happy. The program is a more cost-effective insurance solution for residents."

A big benefit of the program is the ease of access to medical services needed by residents. "There's no more waiting," said Hagerman. The CareMore practitioners are on call 24/7. Building staff does not have to wait for a return call from the resident's private physician.

CareMore brings everything on site. A nurse practitioner makes routine rounds to care for residents daily who are enrolled in the program. Mobile lab tests and x-ray units are brought into the community, so the resident does not have to be transported to the doctor's office or sent to the hospital. "This is a good solution for assisted living," said Hagerman. "It avoids the red tape and gets immediate solutions for residents."

Learning Curve

Belmont Senior Living has had the CareMore program at two of its communities in Northern California for about 18 months. The program is currently being expanded to two other Belmont properties in Houston, and three in the Los Angeles area.

"We've learned a lot," said Sheri Easton-Garrett, senior vice president of Clinical Services at Belmont Village. She emphasized that the program is a collaborative model that must be a true team approach. For example, a resident who needs I.V. therapy might have previously been sent to the emergency room. But the CareMore team can directly admit the resident to a skilled nursing facility and arrange for transportation.

Another advantage: CareMore offers services such as behavioral health, podiatry, dental, and social work services as well as a pharmacy team to review medications, dependent on the location.

CareMore launched its Touch program in 2006, which has grown rapidly since 2010. It currently provides healthcare services for 7,000 senior living residents in California, Arizona and Nevada. Most of the residents are insured through an Anthem Medicare Advantage plan.

In 2019, CareMore offered its Touch program in seven markets but expects to expand this year to 17 markets in seven states. "We enroll about 200 members a month," said Jim Lydiard, general manager of CareMore's Touch program.

Lydiard will be featured on two panel discussions at the upcoming 2020 NIC Spring Conference, March 4-6, San Diego. The sessions are "What's the Physician's Role in the Value Equation?" and "Planning for the Care Needs of the Forgotten Middle." To view the full conference agenda and session details, visit the 2020 NIC Spring Conference website.

The CareMore program works best when at least 30 percent of residents enroll, said Lydiard. "That's when we become a difference maker." The CareMore team visits the facility more often as more residents sign up for the service. Also, the building staff develops a rapport with the CareMore team to better coordinate care and flag emerging problems. The process not only benefits the resident but also the building staff who can access immediate medical help.

Resident adoption takes time. Seniors and their families are often reluctant to change insurance plans, especially if that means changing doctors. Also, seniors with an existing Medicare Advantage plan tend to revert to a traditional Medicare plan when they move to a senior living setting in order to access a vaster network of providers. But CareMore offers an alternative. "We are a Medicare Advantage solution that provides all the bells and whistles," noted Lydiard.

Belmont Village conducts town halls to introduce residents to the program. "We are involved on the front end," said Doug Lessard, chief operating officer and executive vice president at Belmont Village. The discussion with residents focuses on the convenience of on-site care, which in many cases, can help avoid a trip to the emergency room.

Lessard emphasized that the CareMore team signs up residents and handles the paperwork. "It's relatively simple," he said.

Enrollment tends to grow as residents relate their positive experience to others who live in the building. "From the resident satisfaction standpoint, the ratings are high with the customers who are using it," said Lessard.

The Next Step

A big question going forward is whether an operator or owner should take on the risk of insuring residents by offering its own Medicare Advantage plan.

Welltower has focused on partnerships instead. "We don't dabble in risk," said Shaver. He explained that providers and payers such as Anthem and CareMore understand how to deliver high quality care to seniors and manage the risk. "We are not in the business of managing medical loss ratios and clinical risk in an acute care setting," said Shaver.

The partnerships are not easy to execute, however. Shaver noted that Welltower has been thoughtful about how to partner, which operators to include in the programs, and how to scale the initiative. "We continue to be excited about the future of these partnerships," he said.

The 2020 NIC Spring Conference will be held March 4-6, at the Marriott Marquis San Diego Marina. To explore partnerships in seniors housing and healthcare collaboration, make lasting professional connections, and expand networks, register here.

Networking Innovations Add Value at the 2020 NIC Spring Conference

NIC encourages networking, not only because it is popular, but because it advances our mission. Our events connect investors to owners and developers, innovators to operators, and leaders to each other. These connections can germinate new construction and investment, develop advanced new models, and bring game-changing innovations to life. Ultimately, what might begin in a networking event at "the NIC" can result in a wider selection of options in the market, offering a broader availability of housing and care (and healthcare) solutions, thereby improving access and choice for America's elders.

Post-conference surveys indicate that most NIC participants place a priority on leveraging the event's rich potential for meeting face-to-face with decision-makers from across the U.S. This is likely due to the fact that no other conference convenes such a high-level, business-focused crowd of seniors housing and care executives. That concentration of potential new business partners, prospects, and deal-makers makes it possible to achieve a higher quantity and quality of meetings in three days than many busy executives can get scheduled in as many weeks or months otherwise – all under one roof.

The 2020 NIC Spring Conference: Investing in Seniors Housing & Healthcare Collaboration will take place March 4-6 in San Diego, California, and will feature all the networking opportunities that attendees have come to expect, including welcome and networking receptions, networking breakfasts and breaks, meet up points, and the highly effective networking lounges. Plus, the conference mobile app and attendee list is provided to all conference registrants in advance of the event to allow for meeting planning and efficient scheduling.

But the NIC Spring Conference is also unique, in that it offers an opportunity for seniors housing and healthcare leaders to build relationships with each other. Decision makers from both sectors have begun to explore opportunities to partner and collaborate as they adapt their businesses to a value-based world and seek to achieve better outcomes at lower cost. To that end, this year's conference features a number of new networking features designed to help attendees focus their networking efforts and get the most out of connections made while onsite, even if they're new to the event, or, in the case of some healthcare leaders, new to seniors housing.

2020 NIC Spring Conference
braindate™

New this year, NIC has teamed up with peer-learning experts, e180, who are known for transforming knowledge driven events into vibrant collaborative learning hubs. Braindates are an innovative, highly effective means of sharing knowledge. They are one-on-one or group conversations that attendees book with each other online, either well in advance of the event itself, or during a break in the action onsite.

Braindate™ will help attendees find and start conversations with other attendees who share interests or challenges for topic-driven, learning-focused conversations. Whether you are exploring partnership opportunities between healthcare organizations and seniors housing, wish to browse and join proposed group discussions, or want a focused 30-minute one-on-one on any topic you choose, use braindate to break the ice and maximize the impact of the time you spend onsite.

NIC's intent in partnering with braindate is to help attendees learn, share knowledge, and make more meaningful connections. Using the braindate app, attendees can post topics that they'd like to discuss related to their expertise or interests, then browse and book others to join them for conversations.

Conference registrants can find easy-to-follow instructions and further information on this novel, powerful approach to efficient networking here.

"Talk to Me About" Ribbon Wall

Not every attendee is comfortable breaking the ice with a stranger. As conference attendees arrive on site, they'll be invited to visit the Ribbon Wall where they can select a topic to display on their conference badge. Topics provide effective ice-breakers for fellow attendees with similar interests. Find one of a broad selection of hot-button issues, perennial favorites, and newsy conversation starters, and use it as a means to ease a conversation into a productive discussion.

Thematic Networking

As close to two thousand executives flock to San Diego from across the U.S., it can be challenging knowing who to talk to – and about what – when entering a networking space. Two major networking receptions at the conference will feature thematic and geographical drivers designed to encourage and guide attendees into meaningful discussions with each other. The opening night's reception will prompt discussions on seniors housing, skilled nursing, and healthcare collaboration. The following morning's networking breakfast will offer the opportunity to gather with attendees from common regions of the country. Attendees may be surprised to find that this simple approach can help them engage with fellow attendees by providing common ground.

New Conference App Platform

Over the years, the conference app has grown more powerful – and more popular. This year, NIC re-launches the mobile app with all the features attendees have grown to depend on, on a more reliable and user-friendly platform. The conference mobile app is the source of many conference details and updates, many of which are useful weeks ahead of the event itself. The new platform for the 2020 NIC Spring Conference mobile app will further enhance attendees' ability to navigate all the event has to offer, including scheduling meetings with fellow attendees.

Huddle Spaces

As with previous conferences, the 2020 NIC Spring Conference will feature a dedicated Networking Lounge, designed to facilitate relationship-building in a comfortable, convenient, central location. As in previous years, the Networking Lounge is only badge-accessible. While the main area must always remain accessible and open to all attendees, and no signage or materials not posted by NIC are permitted, this year, NIC is introducing an alternative option.

A new feature of the Networking Lounge is a section for dedicated Huddle Spaces. These reservable spaces within the Networking Lounge offer an effective place to conduct meetings as they provide a table, seating for six, power outlets, and storage for materials. They also include display signage for company name and logo.

Huddle Spaces are available for each day of the conference and can be reserved here. Please direct questions to Jill Gately, Director, Event Operations.

The 2020 NIC Spring Conference will be held March 4-6, at the Marriott Marquis San Diego Marina. To explore partnerships in seniors housing and healthcare collaboration, make lasting professional connections, and expand networks, register here.

NIC Boot Camp Provides Guidance for Newcomers to Underwriting Acquisitions

By Courtney Nickels, Artemis Real Estate Partners

Courtney Nickels

Furthering its mission of sharing information and increasing transparency of seniors housing and care, NIC hosted another successful Seniors Housing Boot Camp for 80 industry professionals in mid-January. The sold-out event was the fifth Boot Camp held since the program was introduced in 2016, and it was the second time held independently from the NIC Fall Conferences. Attendees at the *NIC Seniors Housing Boot Camp: The Art of Assessing the Deal* in Austin represented over 50 companies, ranging from operators, capital providers, developers, and transactional service providers. The content and programming of the Seniors Housing Boot Camp is aimed at individuals new to underwriting seniors housing property acquisitions, and its faculty is comprised of members and alumni of NIC's Future Leaders Council (FLC). This year's co-chairs for the event were council members Fritz Kieckhefer, CIBC Bank USA; Ryan Chase, Blueprint Healthcare Real Estate Advisors; and Dana Scheppmann, Capital One Healthcare.

The full-day event included speakers with a range of backgrounds and expertise, all sharing their perspectives on key drivers of success in seniors housing. The program format is centered around a case study where attendees, working in small peer groups and led by table captains, learn about industry drivers throughout the day and work together to apply the lessons in real-time to a specific case. By the end of the day, attendees have learned and practiced the key steps in evaluating and valuing a "real-life" seniors housing acquisition. By working in small and diverse groups, attendees can meet other people who also are newer to the industry and bring different perspectives.

The faculty included industry professionals sharing insights on data assessment, market evaluation, sales & marketing, operations, and deal capitalization. NIC's senior principal, Lana Peck, set the stage with an overview of the seniors housing industry, then dove deeper into current trends and fundamentals using data available from the NIC MAP® Data Service. Susannah Myerson, vice president with Wells Fargo and a recurring Boot Camp speaker, added context and practical application tips for how to best glean insights from the vast dataset. Throughout the day, the speakers moved from a high-level macro view and ended at the micro-level with a panel focusing on "Capitalizing the Deal," comparing and contrasting equity and debt structures for consideration. The day was capped off with a networking reception, where attendees were able to further interact with NIC staff members, FLC members and alumni, and guest speakers.

Kurt Read, managing director of RSF Partners and chair of the NIC Board of Directors, delivered a highly engaging keynote presentation as this year's industry icon speaker. Having been in the business over the course of four decades, Read shared his personal experience investing through three economic cycles and described how he has seen the seniors housing industry evolve over the years. He emphasized a simple but key lesson he learned that has served him well through his career—that seniors housing is a local business. Attendees new to the industry remarked that hearing from a successful industry veteran was both insightful and inspiring.

Attendee Robert Price, associate, Longview Senior Housing Advisors, shared his thoughts on the value proposition of the program. "NIC Boot Camp is a great interactive training event which gives you the opportunity to collaborate and underwrite an acquisition, while gaining insights and perspectives through the eyes of many different parties." At the conclusion of the event, each team shared their financial models, underlying assumptions, and final bids before learning what the actual sale price was. From the conclusion of Boot Camp through the evening networking reception, team members shared their models and weighed in on each other's thought processes.

NIC has expanded the Seniors Housing Boot Camp series to take place twice per year, with the next event to be held in Denver on Wednesday July 15, 2020. Registration for the upcoming Boot Camp will open in April. Be sure to sign up early as the event has previously sold out and spaces are limited. To stay informed about future Seniors Housing Boot Camp opportunities, visit the event page here. Be sure to sign up early as the event has previously sold out and spaces are limited. The next Boot Camp is expected to follow a similar format and lineup of speakers, with insights from another industry icon.

Seniors Housing & Care Industry Calendar

FEBRUARY

2/5–7..............LeadingAge Minnesota Institute & Expo, St. Paul, MN

2/6–8..............USC Senior Living Executive Course, Los Angeles, CA

2/9–12............The National Health Policy Conference & Health Datapalooza, Washington, DC

2/26–27..........Senior Living Transformation Summit, Boston, MA

MARCH

3/4–6..............2020 NIC Spring Conference, San Diego, CA

3/9–13............HIMSS20 Global Health Conference & Exhibition, Orlando, FL

3/25................Home Health Care News Capital & Strategy, Washington, DC

3/30–4/1........Population Health Colloquium, Philadelphia, PA

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