SENIOR HOUSING MARKET INSIGHT

Q2 2021

CBRE

CBRE SENIOR HOUSING

SENIOR HOUSING **INVESTMENT SALES & INVESTMENT BANKING**

LISA WIDMIER
Executive Vice President
Senior Housing
Investment Sales & Banking
Member FINRA/SIPC
CA Lic. 01258647
lisa.widmier@cbre.com
T +1 858 729 9890
M +1 858 952 4743

ASHAY SHAH
Transaction/
Underwriting Manager
Senior Housing
ashay.shah@cbre.com
T +1 619 417 7295

ALLISON FORD
Financial Analyst
Senior Housing
alli.ford@cbre.com
T +1 858 546 2632

ALLIE SURGES
Client Services Coordinator
Senior Housing
allie.surges@cbre.com
T +1 858 546 2679

SENIOR HOUSING **LAND PRACTICE**

MATT MARSCHALL
Senior Vice President
Lic. 01035488
matt.marschall@cbre.com
T +1 858 404 7202

ADAM PETERSON
First Vice President
Lic. 01815802
adam.peterson@cbre.com
T +1 310 550 2592

SENIOR HOUSING **DEBT & STRUCTURED FINANCE**

SCOTT W PETERSON
Executive Vice President
Lic. 01383970
scott.peterson@cbre.com
T +1 858 546 4607

BILL CHILES
Executive Vice President
Lic. 01092364
bill.chiles@cbre.com
T +1 858 646 4735

SENIOR HOUSING **VALUATION ADVISORY SERVICES**

JAMES GRABER
Managing Director, Senior
Housing & Healthcare
Lic. 1380726
james.graber@cbre.com
T +1 212 715 5725

SENIOR HOUSING **PROPERTY TAX CONSULTING**

MIKE WING
Director, Property Tax Services
TDLR Lic. 3680
michael.wing@cbre.com
T +1 214 425 3747

IN THIS REPORT

3 Introduction

Dear Colleagues,

Welcome to CBRE Senior Housing's Senior Housing & Care Market Insight (SHMI) Q2 2021 industry report. Our Team has diligently collected data from various industry and economic sources relating to industry performance statistics, supply and demand, buyer and seller activity and transaction statistics.

2020 was a challenging year across all sectors and around the world due to the COVID-19 pandemic including the senior housing sector. Now that approximately 90% of all congregate care senior housing residents and the majority of staff are vaccinated, the senior housing sector is starting to see green shoots of resilience spring up. The sector seems to have reached the cyclical pandemic occupancy bottom. In fact, for many providers, March and April 2021 move-ins exceeded pre-pandemic monthly move-in levels.

The outlook for the senior housing sector is robust:

- Increasing demand for senior housing as the 85+ population is forecasted to grow 177% to 18.5 million by 2050
- Increasing demand for need-based care
- Increasing generational undersupply as there are just over 2 million institutional units/beds in the top 140 Metro Areas, with skilled nursing beds accounting for 46% of this supply.

Growing demographic demand and constrained new supply creates a catalyst for robust sector performance and significant value-creation opportunity for investors. As the world and the sector move beyond this COVID-19 storm towards blue skies, increasing operating margins accompanied by downward pressure on capitalization rates may soon indicate it will be time to harvest profits from core assets again.

On Behalf of CBRE Senior Housing,

Lisa Widmier
lisa.widmier@cbre.com
www.cbre.com/nationalseniorhousing.

4 Senior Housing Demand is Driven by Demographic Demand

The baby boomers (post-World War II babies) began turning 65 in 2011 and by 2030, the remainder will also reach age 65 and account for approximately 21% of the total United States population. By 2050, the 65-plus age group is estimated to exceed 85.6 million, a more than 50% increase over its estimated 2020 population (56.1 million). The same figure for 85-plus group is even higher. By 2050, the 85-plus age group is estimated to exceed 18.5 million, a 177% increase over its estimated 2020 population (6.7 million). Additionally, by 2035 the 65-plus age group is estimated to be larger than the population under age 18. By 2035, there will be 78.0 million people 65 years and older compared to 76.7 million under the age of 18. The projected growth in the senior population will present many challenges to policy makers and programs by having a significant impact on families, businesses, healthcare providers and, most notably, on the demand for senior housing.[1]

One of the primary drivers in trends for the aging population is mortality rates. Survivorship rates have shown consistent improvement for many decades. In the United States in 1972, the average life expectancy of a 65-year-old was 15.2 years. By 2017, the most recent available data, this metric increased by 5.2 years to approximately 20.4 years. Additionally, it is estimated that about one out of every four 65-year-olds will live to be 90 years old, with one of every 10 expected to live past 95 years of age.[2]

Driving this increased life expectancy, and consequentially average population age, is the advancement in public health strategy and medical treatment. Life expectancy in the United States has increased by approximately 30 years over the past century, primarily due to the reduction of acute illness threats. However, an unforeseen consequence of longer life expectancy has been the increased prevalence of heart disease, cancer and other chronic diseases as the leading causes of death. As Americans age during the next several decades, the elderly population will require a larger number of formally trained, professional caregivers as a direct effect of these chronic diseases, which often affect independence and mobility.[3]

Moreover, the problems facing the United States aging population can be witnessed as a global phenomenon. Fifty countries had a higher proportion of people aged 65-plus than the United States in 2010. This number is expected to increase to approximately 98 countries by 2050.[1]
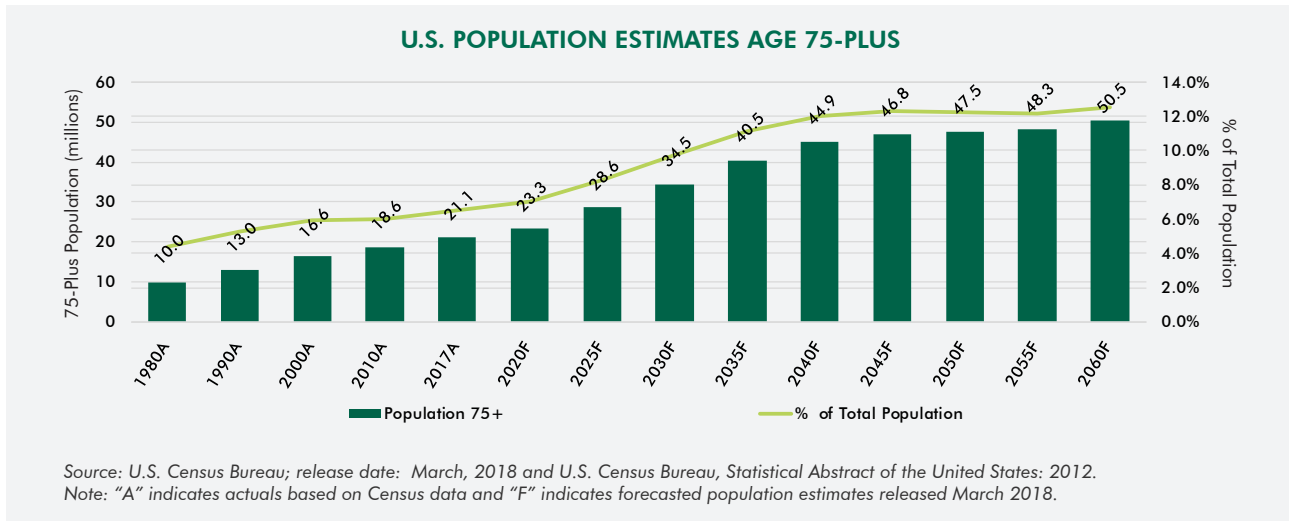

NUMBER OF PEOPLE AGE 65 & OVER AND 85 & OVER
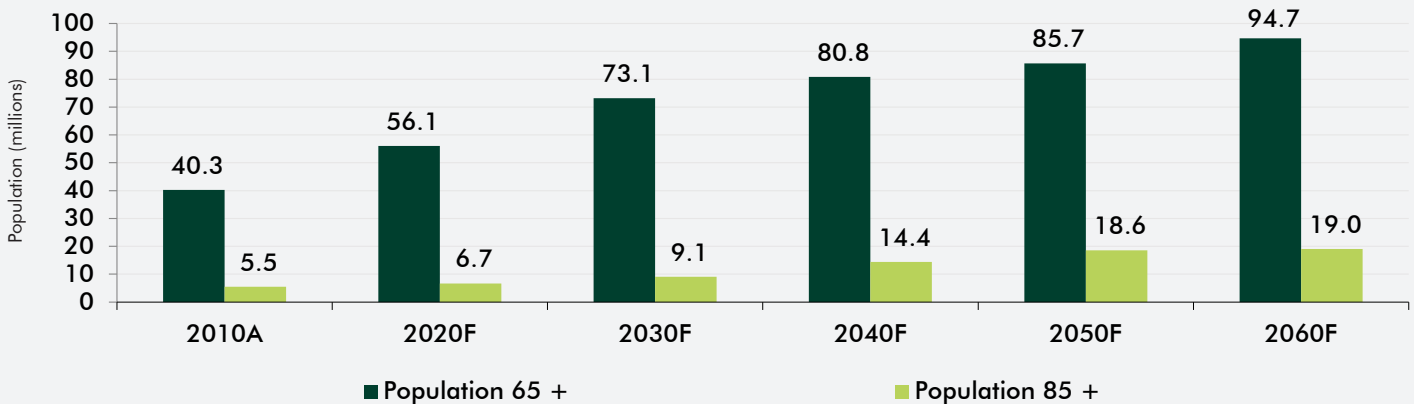
Source: U.S. Census Bureau; 2017 National Population Projects: Summary Table 3: Projections of the Population by Sex and Age for the United States: 2017 to 2060. Released March 2018 historical data per census data.
Note: "A" indicates actuals based on 2010 Census and "F" indicates forecasted population estimates released March 2018
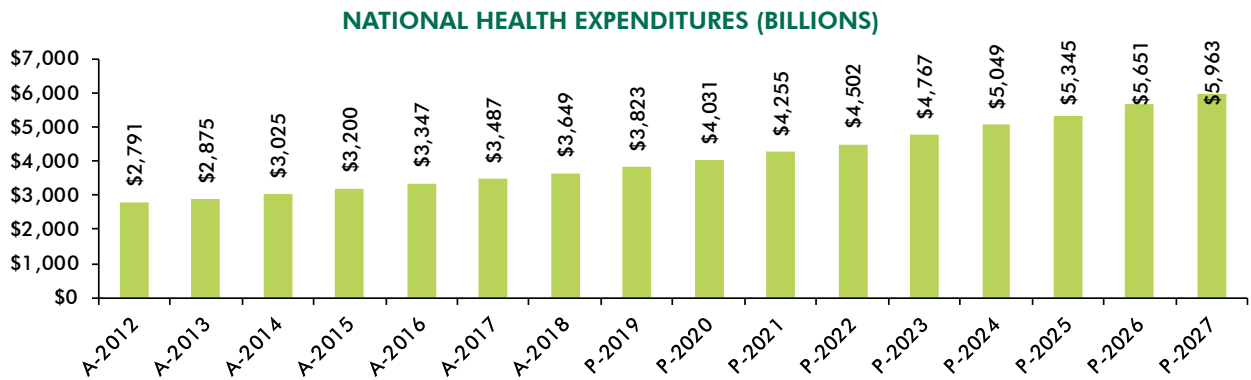
(1) U.S. Census Bureau. (2) Social Security Administration, Retirement & Survivors Benefits: Life Expectancy Calculator, 2019. (3) Center for Disease Control and Prevention. The State of Aging and Health in America Report.

5 Senior Housing Demand is Driven by Demographic Demand (CONT'D)

U.S. POPULATION ESTIMATES AGE 75-PLUS

Legend: Population 75+ ; % of Total Population

Data labels (line, % of Total Population): 10.0, 13.0, 16.6, 18.6, 21.1, 23.3, 28.6, 34.5, 40.5, 44.9, 46.8, 47.5, 48.3, 50.5

X-axis: 1980A, 1990A, 2000A, 2010A, 2017A, 2020F, 2025F, 2030F, 2035F, 2040F, 2045F, 2050F, 2055F, 2060F

Source: U.S. Census Bureau; release date: March, 2018 and U.S. Census Bureau, Statistical Abstract of the United States: 2012.
Note: "A" indicates actuals based on Census data and "F" indicates forecasted population estimates released March 2018.
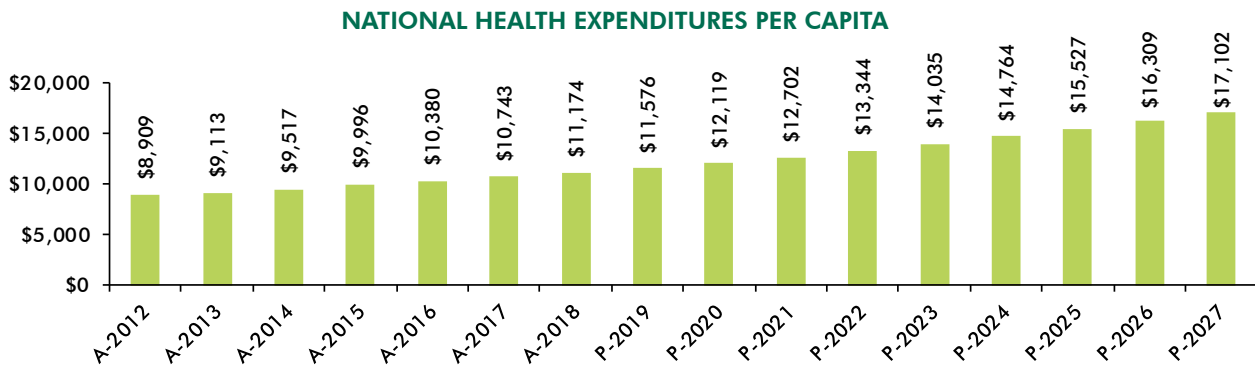
A Multi-Trillion Dollar Industry

Annual United States healthcare services expenditures totaled almost $3.5 trillion in 2017. Healthcare is one of the largest line items in Federal and State Government spending. Healthcare spending is estimated to grow at an average of 5.5% per year from 2018 through 2027. Furthermore, over the same period, healthcare spending is estimated to grow 0.8% faster than GDP per year. As a result, the healthcare portion of GDP is expected to rise from 17.9% in 2017 to 19.4% by 2027.[4]

NATIONAL HEALTH EXPENDITURES (BILLIONS)

Data labels: $2,791, $2,875, $3,025, $3,200, $3,347, $3,487, $3,649, $3,823, $4,031, $4,255, $4,502, $4,767, $5,049, $5,345, $5,651, $5,963

X-axis: A-2012, A-2013, A-2014, A-2015, A-2016, A-2017, A-2018, P-2019, P-2020, P-2021, P-2022, P-2023, P-2024, P-2025, P-2026, P-2027

Source: Centers for Medicare & Medicaid Services, actuals published as of 2/2019. The projections incorporate estimates of GDP and spending as of May 2017.

NATIONAL HEALTH EXPENDITURES PER CAPITA

Data labels: $8,909, $9,113, $9,517, $9,996, $10,380, $10,743, $11,174, $11,576, $12,119, $12,702, $13,344, $14,035, $14,764, $15,527, $16,309, $17,102

X-axis: A-2012, A-2013, A-2014, A-2015, A-2016, A-2017, A-2018, P-2019, P-2020, P-2021, P-2022, P-2023, P-2024, P-2025, P-2026, P-2027

Source: Centers for Medicare & Medicaid Services, actuals published as of 2/2019. The projections incorporate estimates of GDP and spending as of May 2017.

(4) Centers for Medicare & Medicaid Services, National Health Expenditure Projections 2018 – 2027 https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/downloads/forecastsummary.pdf.

6 2021 Census Data - Population Growth

Population Change Shapes the Future of Cities

Once a year, the U.S. Census Bureau publishes metro population estimates for the prior year (as of July 1). These estimates are separate from the decennial census.

The latest statistics released in Q2 2021 by the U.S. Census Bureau provide salient insights into where growth is occurring and where it is not – an important framework for understanding the future of cities. They represent largely long-term trends, rather than short-term COVID-related migration.

The new metro population data also helps us understand the future of senior housing demand as more adult children

move to these major metro areas. Population is a key demand driver. Generally, the greater the population growth, the greater the chances that the adult children would want their parents to move near to where they live. Past population growth trends do not precisely predict the future, but they certainly point to patterns which are likely to occur over the near term.

As the U.S. Census Bureau releases more data based on the 2021 Census, we will receive a better projection for the population growth in the senior population (65+, 75+, and 85+).

Top 20 Metros for Total Population and Population Growth

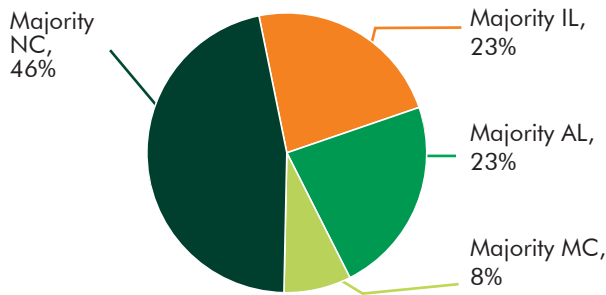| Total Population, 2020			Total Growth, 2020			Population Growth Rate, 2020		
Rank	MSA	Millions	Rank	MSA	No. Gain	Rank	MSA	Percent
1	New York	19.1	1	Dallas/Ft. Worth	119,700	1	Austin	2.8
2	Los Angeles	13.1	2	Phoenix	106,000	2	Raleigh	2.1
3	Chicago	9.4	3	Houston	91,100	3	Phoenix	2.0
4	Dallas/Ft. Worth	7.7	4	Austin	67,200	4	Las Vegas	1.8
5	Houston	7.2	5	Atlanta	60,500	5	Jacksonville	1.8
6	Washington	6.3	6	Charlotte	44,200	6	Charlotte	1.7
7	Miami	6.2	7	Tampa	43,800	7	Dallas/Ft. Worth	1.6
8	Philadelphia	6.1	8	Seattle	40,800	8	Nashville	1.6
9	Atlanta	6.1	9	San Antonio	40,600	9	San Antonio	1.5
10	Phoenix	5.1	10	Las Vegas	40,100	10	Orlando	1.3
11	Boston	4.9	11	Inland Empire	35,500	11	Houston	1.3
12	San Francisco	4.7	12	Orlando	31,100	12	Tampa	1.3
13	Inland Empire	4.7	13	Raleigh	28,000	13	Atlanta	1.3
14	Detroit	4.30	14	Washington	27,800	14	Oklahoma City	1.1
15	Seattle	4.02	15	Minneapolis	27,200	15	Seattle	1.0
16	Minneapolis	3.66	16	Nashville	26,400	16	Atlanta	1.0
17	San Diego	3.33	17	Raleigh	26,100	17	Denver	0.9
18	Tampa	3.24	18	Jacksonville	17,800	18	Indianapolis	0.9
19	Denver	2.99	19	Miami/So. Florida	17,700	19	Inland Empire	0.8
20	St. Louis	2.81	20	Indianapolis	17,600	20	Salt Lake City	0.8

Source: CBRE Research, U.S. Census Bureau, Q2 2021. Note that the Inland Empire is a separate MSA and not included in Los Angeles. When combined, the metro population is 17.8 million. Similarly, San Jose is a unique MSA and not included in San Francisco MSA. When combined, the population is 6.7 million. Including San Jose, San Francisco would rank sixth largest after Houston. Salt Lake City MSA does not include adjoining MSAs of Provo and Ogden. If they were included, the population would total 2.6 million and Salt Lake City would rank 25th largest. Raleigh MSA does not include adjoining Durham MSA. Combined they had 2.1 million population in 2020.

7 Senior Housing Supply
Total Supply

NUMBER OF COMMUNITIES BY MAJORITY TYPE

- Majority MC, 6%
- Majority NC, 42%
- CCRCs, 8%
- Majority IL, 11%
- Majority AL, 33%
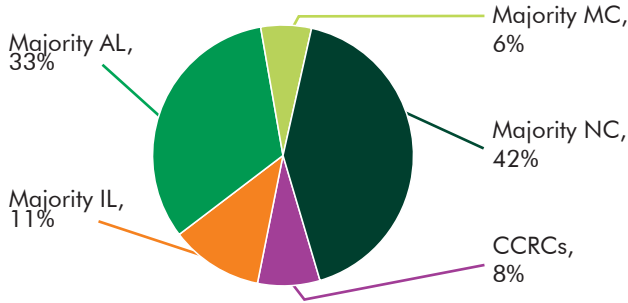
NUMBER OF UNITS BY SEGMENT TYPE

- Majority IL, 23%
- Majority AL, 23%
- Majority MC, 8%
- Majority NC, 46%

Source: NIC MAP Data & Analysis Service; Q1 2021 Supply Report, All Markets.

Community Location in the top 100 NIC MAP Metro Markets

Although the 85+ plus population is predicted to increase by more than 11.8 million over the next 30 years, there are merely 2.0 million institutional quality units/beds in the major metro areas, of which nearly 46% are skilled nursing beds. The past and certainly the current rate of new supply additions cannot keep up with this forecasted growth in demand.

Region	Total No. of Communities	Total No. of Units/Beds
Northeast	3,320	483,901
Southeast	3,706	466,420
North Central	3,303	407,837
South Central	2,244	263,584
West	3,436	389,598
Top 100 Metro Market Totals	16,009	2,011,340

LOCATION MIX (UNITS/BEDS)

- West, 19.2%
- Northeast, 24.6%
- South Central, 13.2%
- Southeast, 22.8%
- North Central, 20.2%

Note:
Northeast – CT, DE, ME, MA, NH, NJ, NY, PA, RI, VT
Southeast – AL, DC, FL, GA, KY, MD, NC, SC, TN, VA, WV
North Central – IA, IL, IN, MI, MN, NE, ND, OH, SD, WI
South Central – AR, KS, LA, OK, TX, MO, MS
West – AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY

Source: NIC MAP Data & Analysis Service; Q1 2021 Supply Report, All Markets.
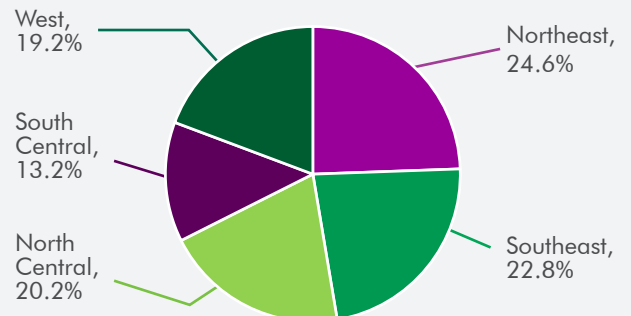
8 Senior Housing Investment Returns Exceed Other Asset Classes

The Property Index Performance Data provided by the National Council of Real Estate Investment Fiduciaries (NCREIF) indicates that reporting senior housing properties have generally outperformed the broader National Property Index (NPI) since at least 2003.

The senior housing total return for Q1 2021 was 0.52%, which includes a 0.60% income return and a -0.08% capital appreciation return. Over the past four quarters, senior housing returned 0.73% (3.00% income and -2.22% appreciation). By comparison, the four quarters ending 2019 (Pre-COVID-19) returned 7.83% (4.41% income and 3.32% appreciation.) The five-year total return of 8.20% is 196 basis points higher than the NPI return (all asset classes) of 6.24% and 235 basis points higher than the multifamily total return of 5.85%.

Over a five-year period, senior housing returns have outperformed the NPI and multifamily in total returns and income returns. The senior housing sector's stronger performance may reflect the fact that senior housing has experienced continuous demand growth, despite the effects of COVID-19 significant fluctuations in the general economy. The following charts compare the returns achieved by the senior housing component, the multifamily component, and the overall index. Items shown for each quarter represent that particular quarter's return, while periods showing a single year or multiple years represent the compounded annual index returns achieved for that period. All returns are before fees.

Total Returns			
	Total NPI	Total Multi-Family	Total Stabilized Senior Housing
Q1 2021	1.81%	1.72%	0.52%
Q4 2020	1.32%	1.04%	0.46%
Q3 2020	0.89%	0.63%	0.47%
Q2 2020	-0.88%	-0.57%	-0.72%
One Year Return	3.16%	2.84%	0.73%
Three Year Return	5.30%	4.88%	5.51%
Five Year Return	6.24%	5.85%	8.20%
Ten Year Return	9.19%	8.97%	11.06%
Fifteen Year Return	6.88%	6.56%	9.86%

Capital (Appreciation) Returns			
	Total NPI	Total Multi-Family	Total Stabilized Seniors Housing
Q1 2021	0.83%	0.91%	-0.08%
Q4 2020	0.36%	0.25%	-0.26%
Q3 2020	-0.07%	-0.19%	-0.33%
Q2 2020	-1.83%	-1.48%	-1.56%
One Year Return	-0.73%	-0.52%	-2.22%
Three Year Return	1.10%	1.14%	1.47%
Five Year Return	1.89%	1.98%	3.80%
Ten Year Return	4.25%	4.54%	5.76%
Fifteen Year Return	1.82%	2.08%	4.29%

Income Returns			
	Total NPI	Total Multi-Family	Total Stabilized Seniors Housing
Q1 2021	0.98%	0.81%	0.60%
Q4 2020	0.95%	0.78%	0.72%
Q3 2020	0.96%	0.82%	0.80%
Q2 2020	0.95%	0.91%	0.85%
One Year Return	3.90%	3.36%	3.00%
Three Year Return	4.16%	3.70%	4.00%
Five Year Return	4.28%	3.82%	4.29%
Ten Year Return	4.79%	4.30%	5.09%
Fifteen Year Return	4.98%	4.42%	5.41%

Source: NCREIF. Quarterly returns are not annualized.

CUMULATIVE NCREIF TOTAL RETURNS NPI VS. MULTI-FAMILY VS. SENIOR HOUSING

Over the last ten years, Seniors Housing returns have consistently outperformed other types of real estate.
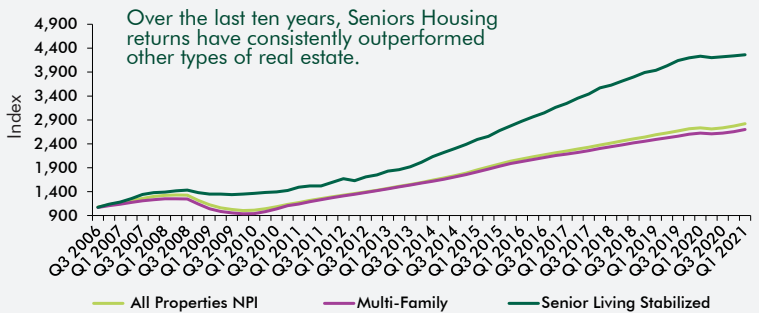
Chart Source: NCREIF Query Tool. 1Q 2006 = 1,000.

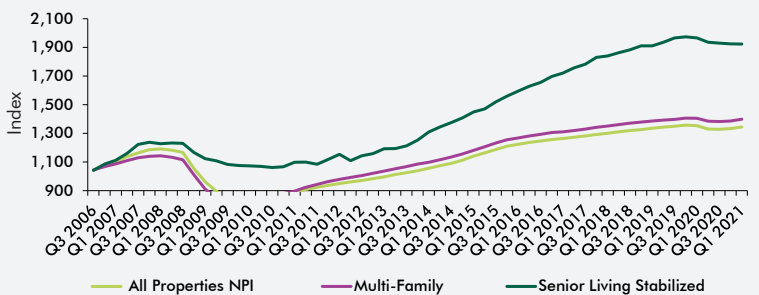**CUMULATIVE NCREIF APPRECIATION RETURNS NPI VS. MULTI-FAMILY VS. SENIOR HOUSING**

Chart Source: NCREIF Query Tool. 1Q 2006 = 1,000.

CUMULATIVE NCREIF INCOME RETURNS NPI VS. MULTI-FAMILY VS. SENIOR HOUSING
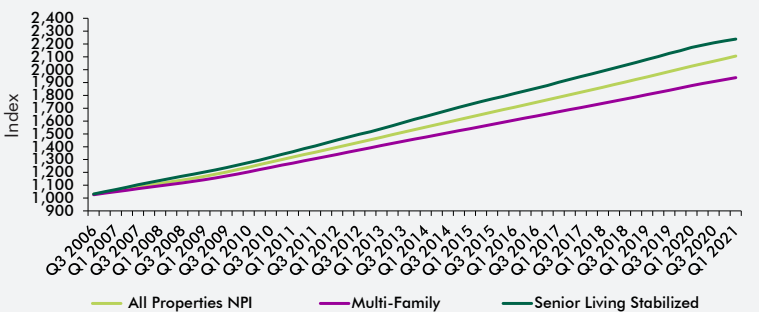
Chart Source: NCREIF Query Tool. 1Q 2006 = 1,000.

9 Capitalization Rates

Summary of Capitalization Rates Fall 2020 Survey

The table below summarizes the results of CBRE's U.S. Senior Housing & Care Cap Rate Survey for the second half of 2020. The survey revealed that senior housing capitalization rates have increased since the survey for the first half of 2020. The spread changes range from -24 to 84 basis points for Class A properties and from -22 to 94 basis points for Class B and C properties, depending on the respective level of care and core versus non-core locations.

Spreads by investment class also changed from the first half of 2020 and now show more fluctuation between Classes B to C and A to C. The change from the first half of 2020 for the spread from Class A to Class B properties increased for most property types, except for core NC properties and non-core Active Adult. The spreads between core and non-core assets were largest for independent living and assisted living communities, which indicates that location remains a key element in determining the capitalization rate. When survey respondents were asked about the biggest opportunities for investment in the current environment most respondents reported that the most attractive investment opportunities are in assisted living followed by independent living. The increase in cap rates for core Class A assets was smallest for independent living and CCRCs indicating their stronger resilience during the pandemic relative to that of assisted living and memory care segments.

		Class A				Class B				Class C		
		Low (%)	High (%)	Average (%)	Change (bps)	Low (%)	High (%)	Average (%)	Change (bps)	Low (%)	High (%)	Average (%)	Change (bps)
Core	Active Adult	4.00%	8.00%	5.20%	84	4.00%	9.00%	6.20%	94	5.00%	10.00%	7.20%	88
	IL	4.00%	8.00%	5.60%	8	5.00%	9.00%	6.50%	28	5.00%	10.00%	7.50%	21
	AL	4.00%	9.00%	6.30%	38	5.00%	10.00%	7.30%	65	6.00%	11.00%	8.40%	15
	MC	5.00%	10.00%	7.20%	36	5.00%	10.00%	8.00%	40	6.00%	11.00%	8.90%	32
	NC	9.00%	14.00%	11.20%	8	9.00%	14.00%	11.90%	-8	11.00%	16.00%	13.70%	34
	CCRC/LPC	5.00%	10.00%	7.20%	7	6.00%	11.00%	8.30%	32	7.00%	12.00%	9.30%	19
Non-Core	Active Adult	4.00%	8.00%	5.80%	83	5.00%	9.00%	6.70%	75	5.00%	10.00%	7.50%	55
	IL	5.00%	9.00%	6.30%	-11	5.00%	10.00%	7.20%	18	6.00%	11.00%	8.10%	-1
	AL	5.00%	10.00%	6.90%	26	5.00%	10.00%	7.60%	39	6.00%	11.00%	8.60%	27
	MC	5.00%	10.00%	7.50%	28	5.00%	10.00%	8.10%	38	6.00%	11.00%	9.10%	38
	NC	9.00%	14.00%	11.50%	-24	9.00%	16.00%	12.20%	-22	11.00%	16.00%	13.70%	9
	CCRC/LPC	6.00%	11.00%	8.00%	37	6.00%	11.00%	8.70%	51	7.00%	12.00%	9.60%	23

Investment Class Spreads (bps)

		A-B	Change	B-C	Change	A-C	Change
Core	Active Adult	93	10	99	-6	193	3
	IL	98	19	100	-7	198	13
	AL	100	27	111	-51	211	-23
	MC	74	4	95	-8	170	-3
	NC	79	-16	172	42	251	26
	CCRC/LPC	108	25	103	-12	211	12
Non-Core	Active Adult	88	-7	81	-20	169	-28
	IL	92	29	90	-19	182	10
	AL	71	13	101	-12	172	1
	MC	61	10	96	0	157	10
	NC	70	1	153	32	223	33
	CCRC/LPC	69	14	84	-28	154	-14

Location Spreads (Core Vs. Non-Core in bps)

	A	Change	B	Change	C	Change
Active Adult	57	-1	52	-19	34	-33
IL	76	-19	69	-9	60	-22
AL	62	-12	34	-26	24	12
MC	30	-8	17	-2	17	6
NC	36	-32	26	-15	7	-25
CCRC/LPC	80	30	42	19	23	4

Source: CBRE Senior Housing & Care Investor Survey, H2 2020. Change from H1 2020 Survey.

10 Historical Capitalization Rates Trends

CBRE has published the Seniors Housing & Care Investor Survey since the beginning of 2014 and included the following capitalization rate trends as consolidated from the historical trends for each care level.

Historical data from the survey indicates overall compression in capitalization rates. However, the COVID-19 pandemic has reversed this trend, with rates for nearly all care levels increasing. Skilled nursing is the only care level that maintained flat capitalization rates through this period.
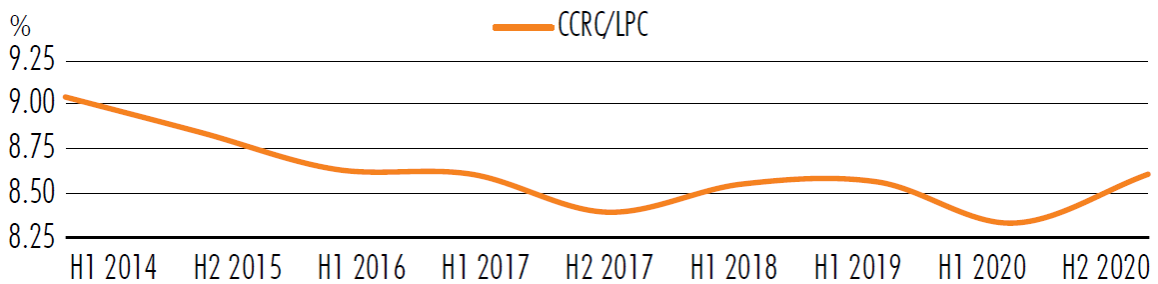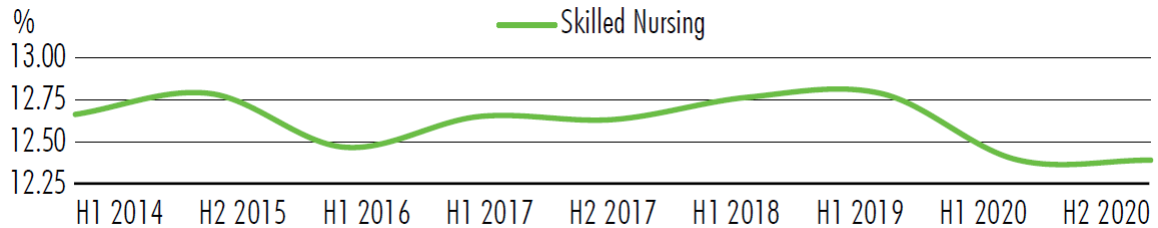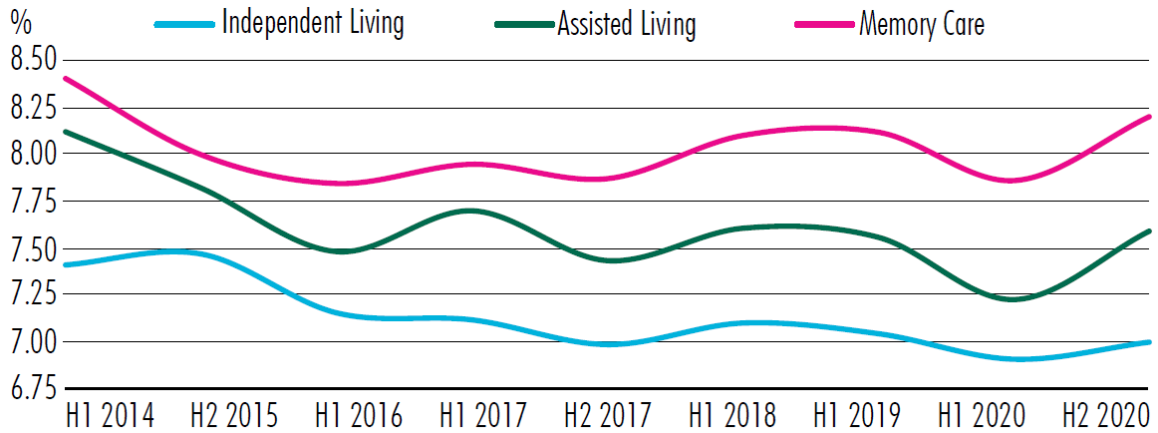
Source: CBRE Seniors Housing & Care Investor Survey, H2 2020.

Senior Housing Capitalization Rate Comparison

Seniors - Yield Opportunity

Senior housing continues to provide a yield premium over conventional multifamily. The following capitalization rates for each asset class are based on the actual transactions completed Q1 2021.

CAP RATE COMPARISONS - CONVENTIONAL MULTI-FAMILY VS. SENIOR HOUSING & NURSING CARE

US Senior Housing	7.0%
US Office	6.6%
US Retail	6.6%
US Industrial	5.9%
US Multi-Family	5.1%

Source: Real Capital Analytics TrendTracker Report, Q1 2021. Note: U.S. Senior housing cap rates exclude nursing care transactions.

Historical Multi-family and Senior Housing & Nursing Care Cap Rates

Senior housing acquisitions provide an income yield advantage over multifamily value-add acquisitions, trading at higher capitalization rates.

CAP RATE COMPARISONS - CONVENTIONAL MULTI-FAMILY VS. SENIOR HOUSING & NURSING CARE

Legend: US Seniors Housing — US Multi-Family
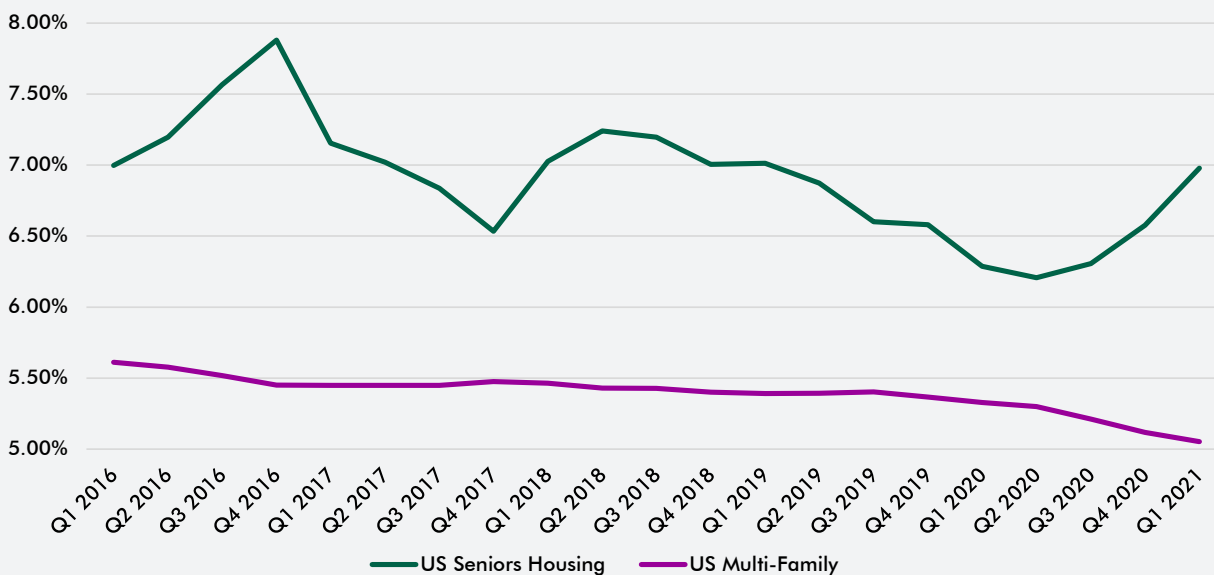
Source: Real Capital Analytics TrendTracker Report, Q1 2021. Note: Actual transactions based cap rates.

12 Pricing Per Unit/Bed

Per Unit Pricing 2008 through Q1 2021

Based upon transactional data collected by NIC/RCA, pricing per unit is up from prior lows for 2020.

SENIOR HOUSING PRICE PER UNIT TREND
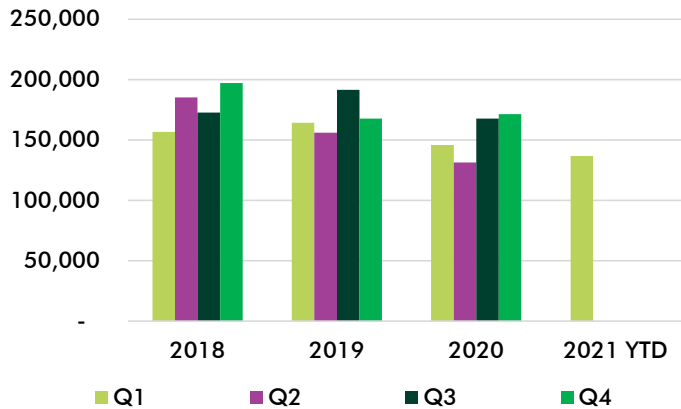
NURSING CARE PRICE PER UNIT TREND
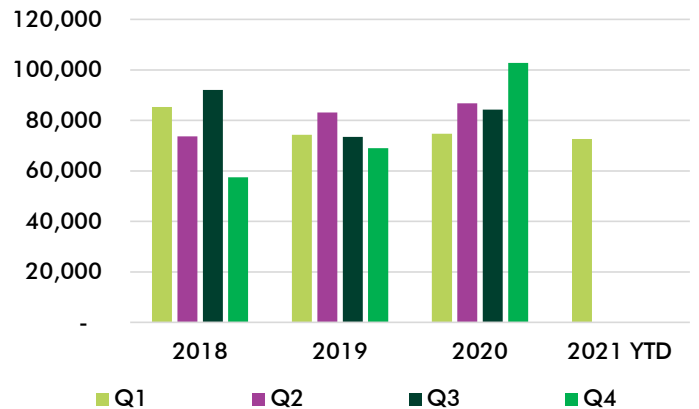
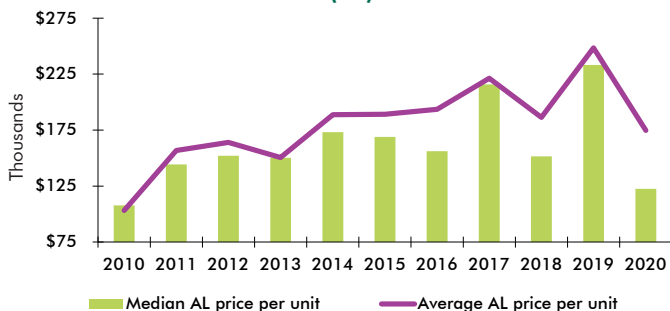*Source: NIC-RCA Sales Transactions Trend.*

Historical Value Per Unit Pricing
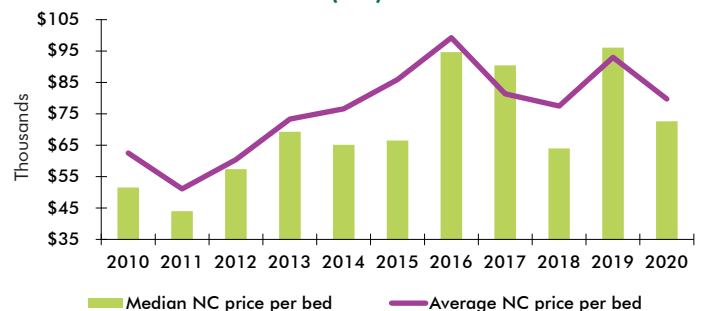
SENIOR HOUSING (IL/AL) PRICE PER UNIT
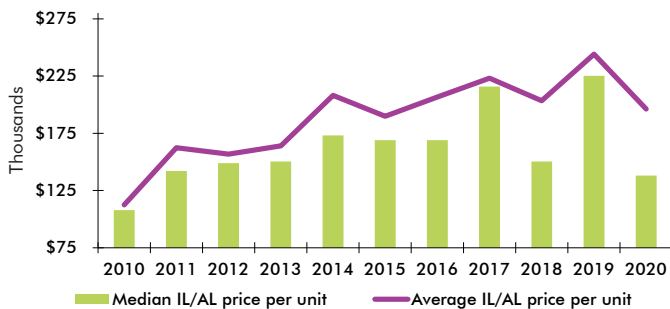
INDEPENDENT LIVING (IL) PRICE PER UNIT

ASSISTED LIVING (AL) PRICE PER UNIT

NURSING CARE (NC) PRICE PER UNIT

Source: The Seniors Housing Acquisition & Investment Report, Twenty-Sixth Edition, 2021.

13 Transaction Activity

Senior Housing Transaction Volume Trends

Although transaction volume for 2020 declined significantly due to COVID-19 compared to prior years, the volume still was greater than the entire years of 2008 and 2009, and the annual volume for 2020 has surpassed the 2010 volume. Q1 2021 transaction volume fell short of the same period of 2020, but was slightly higher than 2019 Q1 volume. Q4 2020 and Q3 2020 volume grew from the Q2 2020 volume making Q2 2020 the slowest quarter for senior housing transactions in over a decade. Nursing Care Q1 2021 transaction volume was the lowest volume reported in the last four years.

SENIOR HOUSING TRANSACTION VOLUME TREND
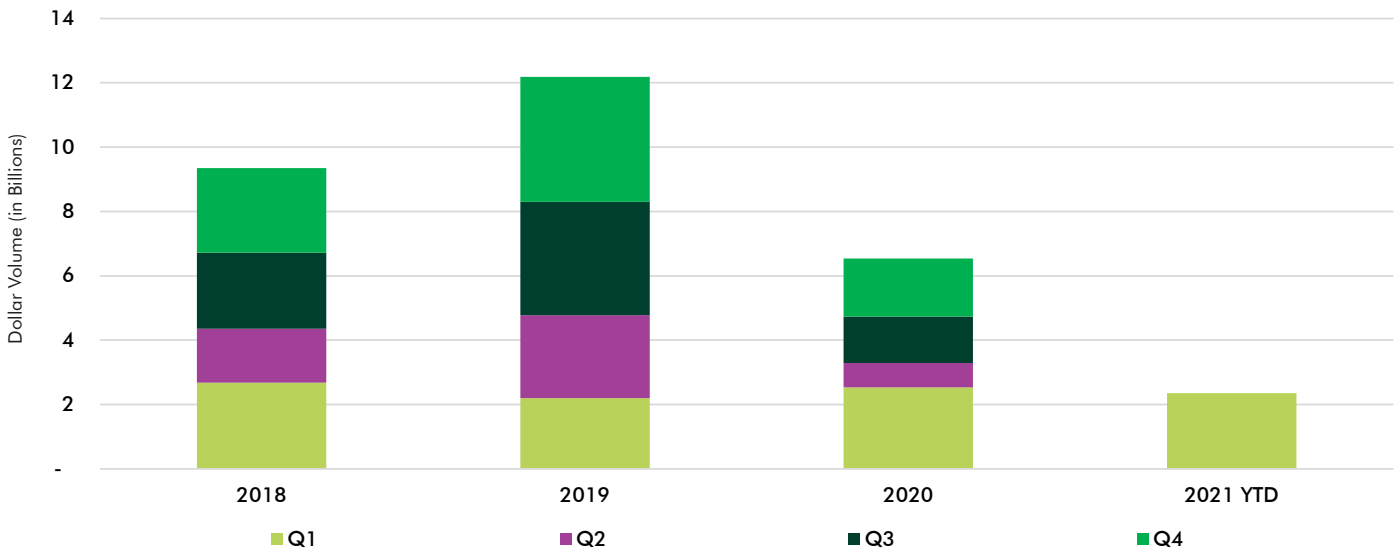
Source: NIC-RCA Sales Transactions Trend Q1 2021.

NURSING CARE TRANSACTION VOLUME TREND
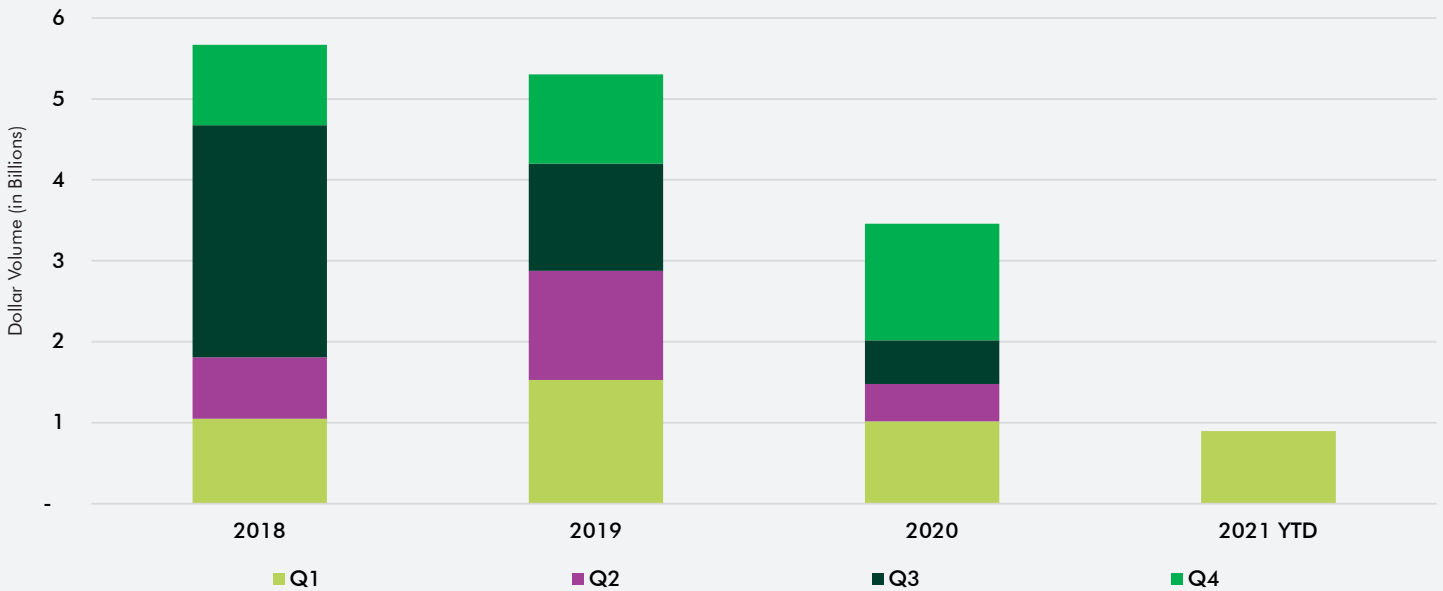
Source: NIC-RCA Sales Transactions Trend Q1 2021.

U.S. Based Senior Housing & Care Transaction Activity by Buyer Type

Cross-Border (Internationally Based)
A buyer is defined as "cross-border" if the buyer or major capital partner is not headquartered in the country where the property is located. An increasing number of firms have subsidiaries accessing capital in multiple countries. A firm may have two headquarters locations for the purposes of the pie chart analysis. For example, Deutsch Bank (DB Real Estate) is assumed to be based in Germany for deals outside of the United States while their acquisitions within the United States are assumed to be made via its domestic headquartered subsidiary, RREEF.

Institutional
"Institutional" refers to an investor, such as a bank, insurance company, retirement fund, hedge fund, or mutual fund, that is financially sophisticated and makes large investments, often held in very large portfolios of investments.

Private Equity
"Private equity," as an investor type, refers to companies whose control is in private hands and whose business is primarily geared toward operating, developing, or investing in commercial real estate. This includes private equity joint ventures, commingled funds, and high net worth family offices.

Public Listed/REITs
Companies and or funds traded on open public markets whose business is primarily geared toward investing in and or operating or developing commercial real estate. These include REITs, REOCs, and publicly-listed funds.

User/Other
Users of commercial property for specific purposes; business users, government, educational or religious institutions that own real estate for their own use.

SENIOR HOUSING TRANSACTION ACTIVITY BY BUYER TYPE — U.S. BASED SENIOR HOUSING & CARE PROPERTIES

Legend: ■ Cross-Border ■ Institutional ■ REIT/Listed ■ Private ■ User/Other
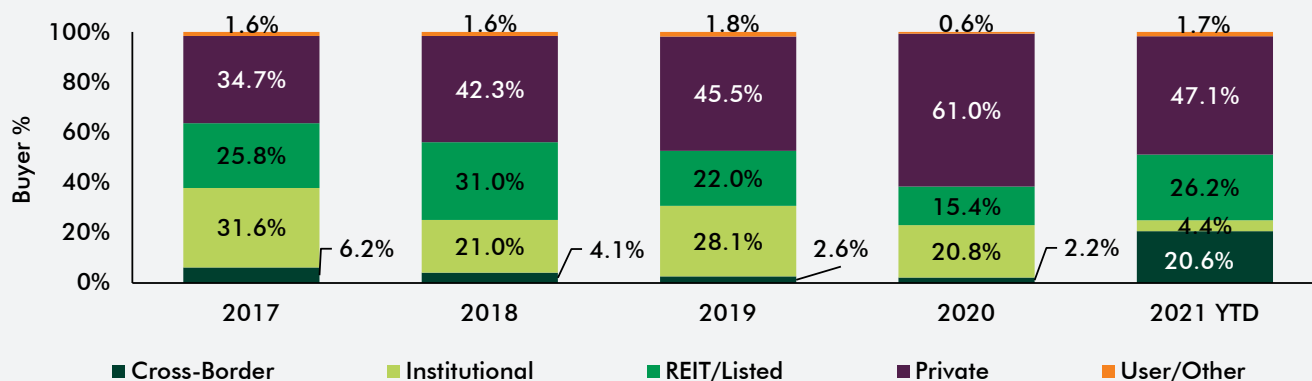
Source: Real Capital Analytics, April 30, 2021. Note: 2021 YTD through Q1.

SENIOR HOUSING TRANSACTION ACTIVITY BY SELLER TYPE — U.S. BASED SENIOR HOUSING & CARE PROPERTIES

Legend: ■ Cross-Border ■ Institutional ■ REIT/Listed ■ Private ■ User/Other
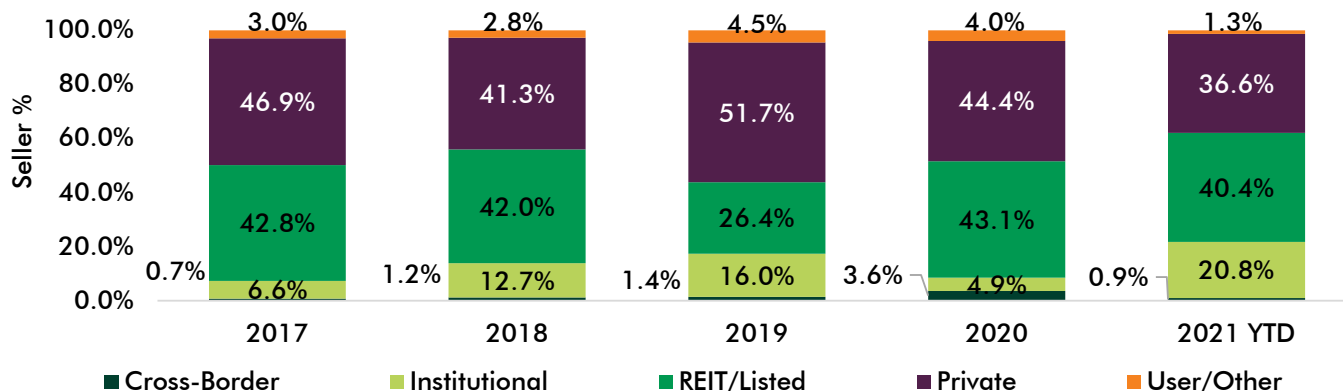
Source: Real Capital Analytics, April 30, 2021. Note: 2021 YTD through Q1.

15 Senior Housing Construction Activity

COVID-19 continues to take a toll on the construction activity in the senior housing space. The new construction starts declined further during Q1 2021, making it the fourth consecutive quarter of muted new construction activity. Under-construction units as a percentage of current inventory were at the lowest levels in the last five years across all segments. Significant dip in occupancy, pullback from construction financing lenders, and the skyrocketing material costs were amount the major reasons impacting the construction activity.
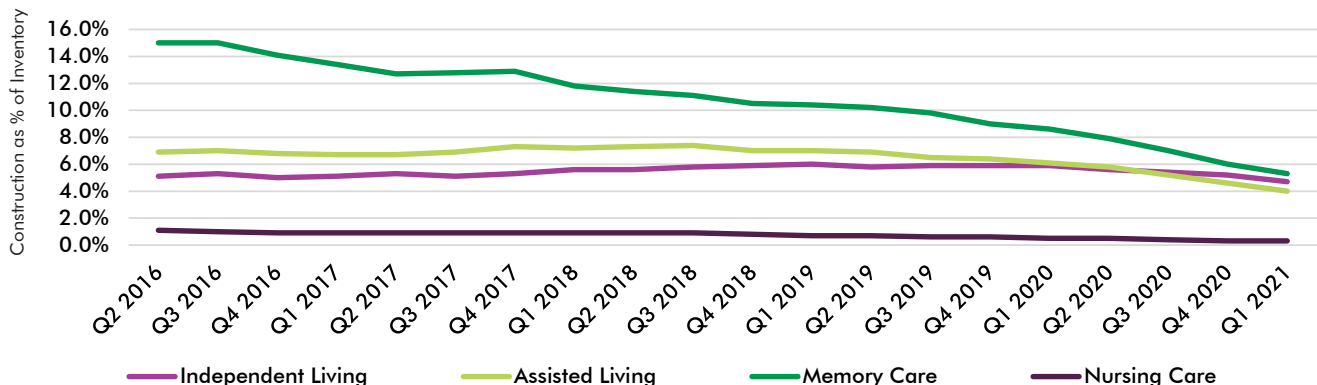
NEW CONSTRUCTION STARTED BY QUARTER
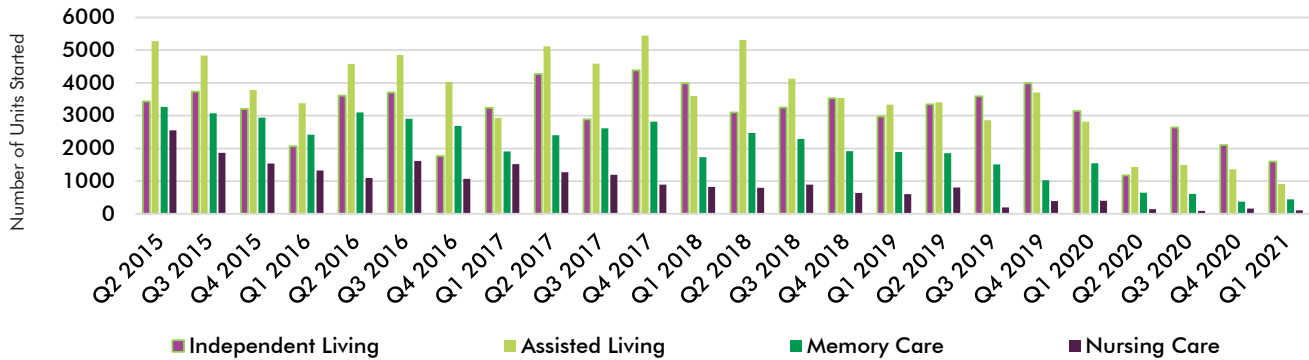
Source: NIC MAP Construction Starts Trends (Q1 2021).

ANNUAL INVENTORY GROWTH BY SEGMENT
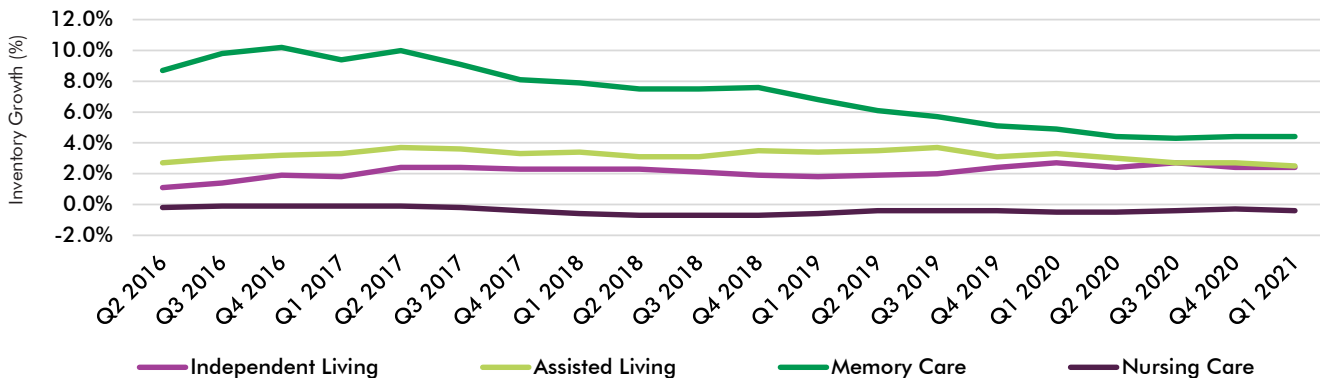
Source: NIC MAP® Data Service, Q1 2021. All Markets.

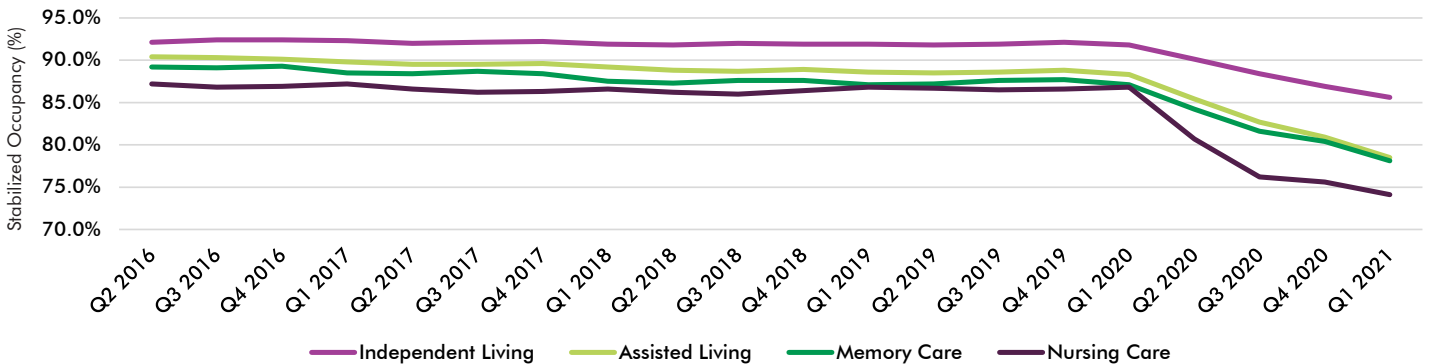### UNDER CONSTRUCTION UNITS VS CURRENT INVENTORY
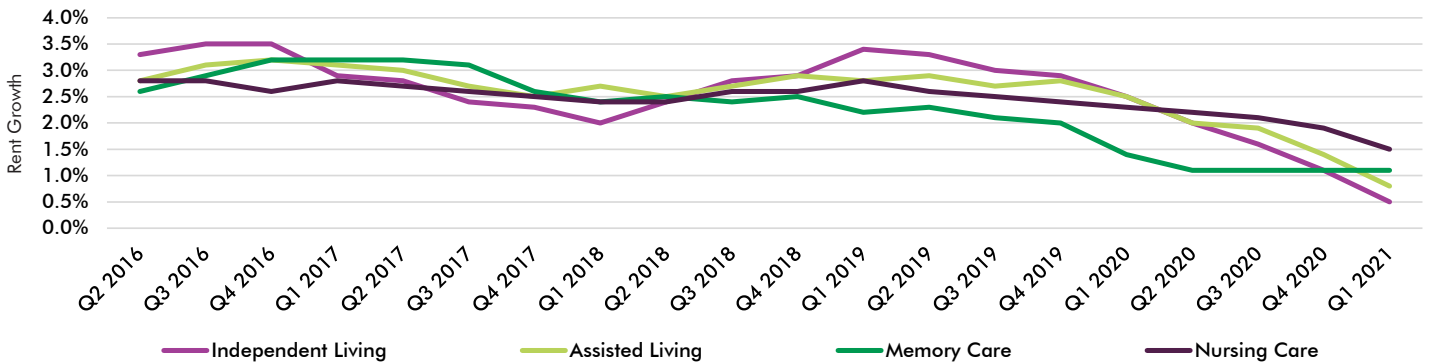

Source: NIC MAP® Data Service, Q1 2021. All Markets.

Occupancy Rates & Average Monthly Rent Growth

As this graph of the historical occupancy rates for stabilized communities shows, Q1 2021 Senior Housing occupancy rates for all segments experienced a decline due to the continuing impact of COVID-19 and now stands at its lowest level in over five years. It is important to note that although the occupancies have suffered significantly due to COVID-19, most communities are reporting nearly 100% vaccination among their residents, and the operators are reporting a tick up in occupancy in Q1 2021.
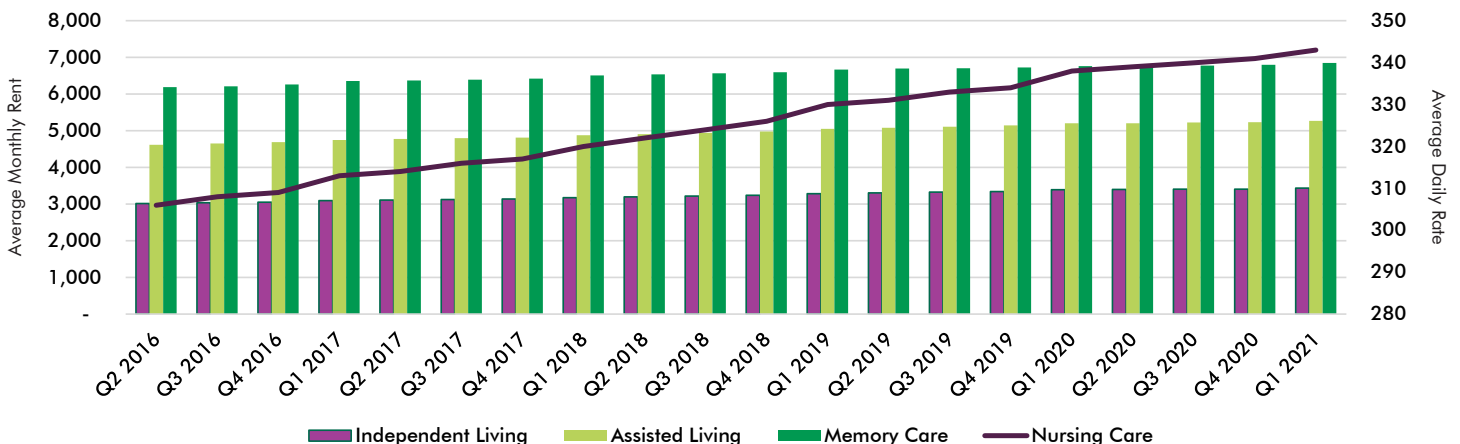
STABILIZED OCCUPANCY BY SEGMENT

— Independent Living   — Assisted Living   — Memory Care   — Nursing Care

ANNUAL RENT GROWTH BY SEGMENT

— Independent Living   — Assisted Living   — Memory Care   — Nursing Care

AVERAGE MONTHLY RENT BY SEGMENT (DAILY FOR NURSING CARE)

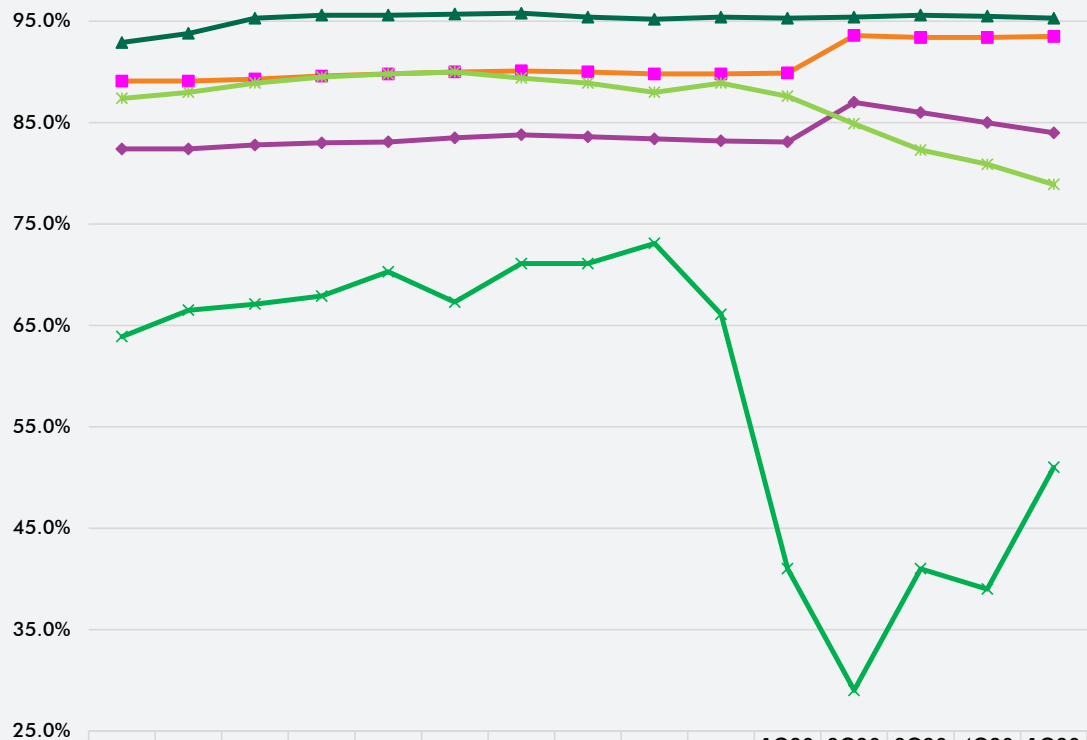■ Independent Living   ■ Assisted Living   ■ Memory Care   — Nursing Care

Source: NIC MAP® Data Service, Q1 2021. All Markets.

17 How Does Occupancy Stack Up With Other Property Types?

While senior housing occupancy suffered throughout 2020 and continues to suffer in 2021 due to COVID-19, hotel occupancy has suffered the most. Q1 2021 senior housing occupancy is the lowest in over 5 years, the hotel occupancy have seen an increase in Q1 2021, indicating increased business activity.

It is interesting to compare occupancy across sectors. The chart below portrays the largest decline in hotel occupancy. This is because hotel occupancy is determined on a day-by-day on a guest-by-guest basis. Office and retail occupancy statistics are based upon "leased" occupancy rather than "physical" occupancy. While an office building or retail center may be reporting that it is 85% leased, the physical occupancy may be significantly less than the leased occupancy. It is uncertain how long tenants will continue to pay their lease or how long the landlords will be able to forbear rent and to keep leases intact.

COMPARISON OF OCCUPANCY SENIOR HOUSING VS. OTHER COMMERCIAL PROPERTY TYPE

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	1Q20 20	2Q20 20	3Q20 20	4Q20 20	1Q20 21
Office Occupancy	82.4%	82.4%	82.8%	83.0%	83.1%	83.5%	83.8%	83.6%	83.4%	83.2%	83.1%	87.0%	86.0%	85.0%	84.0%
Retail Occupancy	89.1%	89.1%	89.3%	89.6%	89.8%	90.0%	90.1%	90.0%	89.8%	89.8%	89.9%	93.6%	93.4%	93.4%	93.5%
Multi-family Occupancy	92.9%	93.8%	95.3%	95.6%	95.6%	95.7%	95.8%	95.4%	95.2%	95.4%	95.3%	95.4%	95.6%	95.5%	95.3%
Hotel Occupancy (rigth axes)	63.9%	66.5%	67.1%	67.9%	70.3%	67.3%	71.1%	71.1%	73.1%	66.1%	41.0%	29.0%	41.0%	39.0%	51.0%
Seniors Housing Occupancy	87.4%	88.0%	88.9%	89.5%	89.8%	90.0%	89.4%	88.9%	88.0%	88.9%	87.6%	84.9%	82.3%	80.9%	78.9%

18 REIT Performance

Prices for all publicly traded REITs across asset classes plummeted in March 2020 due to COVID-19 driven volatility; however, as evidenced by the Change Since 2/14/2020 column in the chart below, Healthcare REITs have rebounded stronger than multifamily, hotel and office REITs, while data centers, malls, and self-storage have performed better. Some of the operators for major healthcare REITs are reporting a rebound in traffic and an uptick in occupancy, projecting the prepandemic level occupancies by year end.

REIT Pricing as of May 24, 2021					
REIT	Discount/ Premium to NAV	1-Day Change	Change Since 2/14/2020[1]	YTD Change	Change Since YTD Low
SNL U.S. REIT Equity	12.3%	1.1%	(1.6%)	15.8%	20.4%
Data Centers[2]	24.0%	0.0%	23.2%	23.2%	18.4%
Healthcare	22.8%	1.5%	(11.2%)	7.6%	12.9%
Hotel	(4.5%)	1.2%	(12.2%)	14.4%	20.5%
Industrial	21.6%	1.0%	17.0%	15.6%	21.8%
Malls	2.1%	2.0%	(10.1%)	45.3%	48.8%
Multifamily	12.2%	1.5%	(12.4%)	25.1%	29.7%
Office	(11.1%)	1.9%	(17.8%)	13.5%	19.8%
Self-Storage	23.4%	0.7%	22.5%	22.8%	31.1%
Shopping Centers	6.0%	0.9%	(1.5%)	38.1%	43.2%

Sources: CBRE Research, S&P Global Market Intelligence, Bloomberg. (1) Immediately prior to market volatility driven by COVID-19. (2) Index derived using S&P Global Market Intelligence data and includes the following REITs: COR, CONE, DLR, EQIX and QTS. Numbers as of the close of May 24th trading.

19 Markets with Highest Occupancies

Top Ten Markets with Highest Occupancy as of Q1 2021

	IL	% Occ.	AL	% Occ.	MC	% Occ.	NC	% Occ.	CCRC*	% Occ.
1	Lancaster, PA	93.7%	Vallejo, CA	92.0%	Las Vegas, NV	91.2%	Madera, CA	87.7%	Greensboro, NC	94.3%
2	Springfield, MA	92.8%	Jackson, MS	89.7%	Kansas City, MO	88.7%	San Francisco, CA	86.9%	Des Moines, IA	93.3%
3	Utica, NY	92.7%	Saginaw, MI	87.7%	Portland, ME	88.1%	Utica, NY	86.4%	Austin, TX	92.3%
4	Syracuse, NY	90.5%	Reading, PA	87.3%	Albany, NY	87.4%	Albany, NY	85.6%	San Jose, CA	91.7%
5	Portland, ME	90.4%	Honolulu, HI	87.2%	Tulsa, OK	85.2%	Portland, ME	83.7%	Boston, MA	91.5%
6	Spokane, WA	90.3%	Spokane, WA	86.9%	Virginia Beach, VA	84.7%	Fresno, CA	83.5%	San Francisco, CA	91.4%
7	Asheville, NC	90.0%	Sebastian, FL	86.7%	Charleston, SC	82.9%	Lexington, KY	83.2%	Jacksonville, FL	91.2%
8	New Haven, CT	88.0%	Portland, ME	86.6%	San Francisco, CA	82.9%	Grand Rapids, MI	82.1%	Chicago, IL	91.1%
9	Oklahoma City, OK	87.1%	York, PA	86.4%	Raleigh, NC	81.6%	Charleston, SC	81.7%	Grand Rapids, MI	90.9%
10	The Villages, FL	86.7%	Racine, WI	86.2%	Birmingham, AL	81.4%	Greenville, SC	81.6%	Charlotte, NC	90.7%

Source: NIC MAP® Data Service, Q1 2021. All Markets.
*Occupancies for Entry-fee CCRCs only.

20 Markets with Lowest Occupancies

10 Markets with Lowest Occupancy as of Q1 2021

	IL	% Occ.	AL	% Occ.	MC	% Occ.	NC	% Occ.	CCRC*	% Occ.
1	Bridgeport, CT	58.6%	Trenton, NJ	62.9%	Columbia, SC	54.6%	Houston, TX	57%	Oklahoma City, OK	73.2%
2	Akron, OH	60.1%	Charleston, SC	63.1%	San Jose, CA	54.9%	Tulsa, OK	60%	Tampa, FL	76.1%
3	Knoxville, TN	61.0%	Austin, TX	63.8%	Lansing, MI	57.5%	Merced, CA	60%	Houston, TX	76.3%
4	Louisville, KY	63.0%	The Villages, FL	66.2%	Melbourne, FL	60.5%	San Antonio, TX	62%	Hartford, CT	78.3%
5	Columbia, SC	64.0%	Fort Myers, FL	66.9%	Boise, ID	60.9%	Dallas, TX	62%	St. Louis, MO	80.6%
6	Charleston, SC	64.8%	Santa Rosa, CA	67.0%	Columbus, OH	61.1%	St. Louis, MO	63%	Miami, FL	81.2%
7	Cleveland, OH	67.9%	Cincinnati, OH	67.3%	Cincinnati, OH	61.3%	McAllen, TX	63%	Kansas City, MO	82.0%
8	Greenville, SC	67.9%	Baton Rouge, LA	68.6%	Stockton, CA	61.4%	Little Rock, AR	65%	Indianapolis, IN	82.7%
9	Ogden, UT	69.4%	Port St. Lucie, FL	68.9%	Richmond, VA	61.7%	Provo, UT	65%	Youngstown, OH	83.3%
10	Fort Myers, FL	69.7%	Rochester, NY	69.4%	Louisville, KY	64.9%	Janesville, WI	65%	Dallas, TX	83.4%

Source: NIC MAP® Data Service, Q1 2021. All Markets.
*Occupancies for Entry-fee CCRCs only.

Top Ten Senior Housing Owners & Operators

Top Ten Senior Housing Owners

RANK	COMPANY	OWNERSHIP	UNITS/BEDS	PROPERTIES
1	Welltower	Public -> WELL	68,689	701
2	Ventas, Inc.	Public -> VTR	58,425	665
3	Brookdale Senior Living	Public -> BKD	31,130	348
4	Healthpeak Properties (formerly known as HCP Inc.)	Public -> PEAK	30,401	218
5	Boston Capital	Private	29,193	404
6	Diversified Healthcare Trust (formerly Senior Housing Properties Trust)	Public -> DHC	27,253	247
7	Colony Capital, Inc.	Public -> CLNY	18,764	208
8	Harrison Street Real Estate Capital	Private	16,419	114
9	National Health Investors	Public -> NHI	12,852	148
10	Senior Lifestyle	Private	12,475	133

Top Ten Senior Housing Operators

RANK	COMPANY	OWNERSHIP	UNITS/BEDS	PROPERTIES
1	Brookdale Senior Living	Public -> BKD	62,562	728
2	LCS	Private	40,001	134
3	Holiday Retirement	Private	31,684	261
4	Five Star Senior Living, Inc.	Public -> FVE	27,398	242
5	Sunrise Senior Living	Private	24,641	268
6	Erickson Living	Private	23,441	19
7	Atria Senior Living, Inc.	Private	21,722	178
8	Senior Lifestyle	Private	19,027	190
9	Capital Senior Living Corporation	Public -> CSU	11,878	124
10	Enlivant	Private	10,798	229

Source: "ASHA 50 Report" ASHA: American Seniors Housing Association, (as of June 1, 2020).

About CBRE Senior Housing - Our National Presence

CBRE has assembled a fully integrated team with the experience, expertise, and successful track record necessary to structure and execute a transaction to meet the client's objectives.
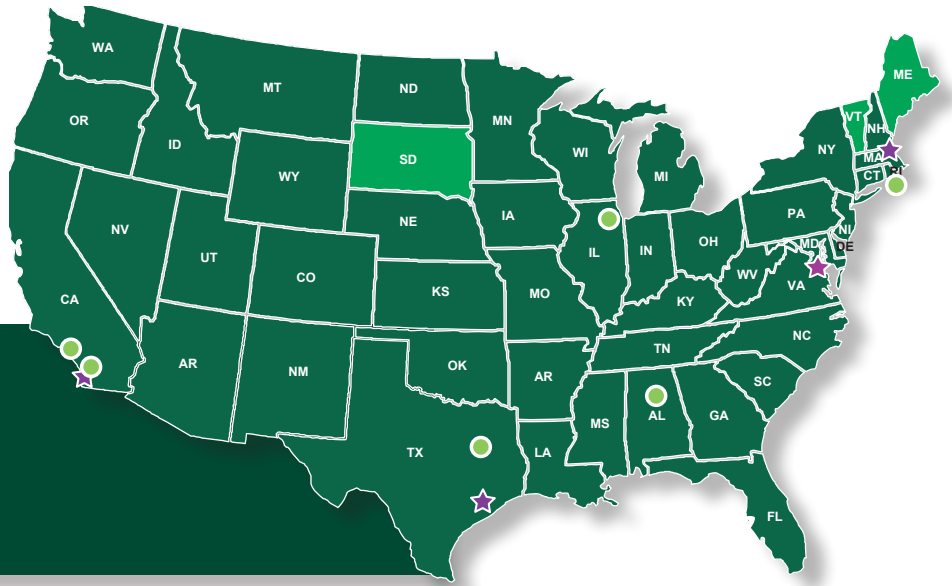
45 States

1,000+ Communities

127,100+ Units/Beds

★ CBRE Senior Housing Offices: San Diego, Houston, Boston, and Washington D.C.

■ States where CBRE Team Members have conducted business

● CBRE Senior Housing & Care Valuation & Advisory Services Offices

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INVESTMENT SALES TRANSACTIONS SINCE 2014

$7.4B+

From 2014 to Q1 2021 principals of the CBRE Senior Housing team completed more than $7.4 billion in senior housing investment sales, investment banking, and leasing transactions spanning across multiple states.

COMPLETED IN 2019 & 2020

$3.1B+

CBRE Senior Housing closed over $3.1 billion in investment sales and debt transactions across the U.S. in 2019 & 2020.

DEBT TRANSACTIONS SINCE 2014

$8.3B+

From 2014 to Q1 2021 CBRE Senior Housing has completed over $8.3 billion in debt transaction volume.

23 Services offered by CBRE Senior Housing

CBRE Senior Housing is an industry leader in investment sales, debt originations, and investment banking within the senior housing sector. CBRE Senior Housing has transacted more than $15.7 billion across the nation since 2014 and over $25.1 billion in transaction volume since 2005.

CBRE Senior Housing offers a depth of expertise rarely found in the senior housing sector. The breadth of our experience as developers, institutional investors, appraisers, and owner/operators has given us the ability to understand a transaction from all sides.

CBRE Senior Housing focuses exclusively on senior housing. We provide a wide variety of services, including:

- Investment property sales
- Development land
- Structured debt
- Investment banking/Capital raise
- Valuation
- Property tax services
- General consulting

We provide investment opportunities to the marketplace across a broad spectrum of senior housing property types including:

- Age-restricted multifamily (55+)
- Active Adult
- Independent living
- Assisted living
- Alzheimer's/memory care
- Skilled nursing and continuum of care
- Continuing care retirement communities (rental and entry fee)
- Post acute/Sub acute care

For more information about CBRE Senior Housing, please visit our website at www.cbre.com/nationalseniorhousing.
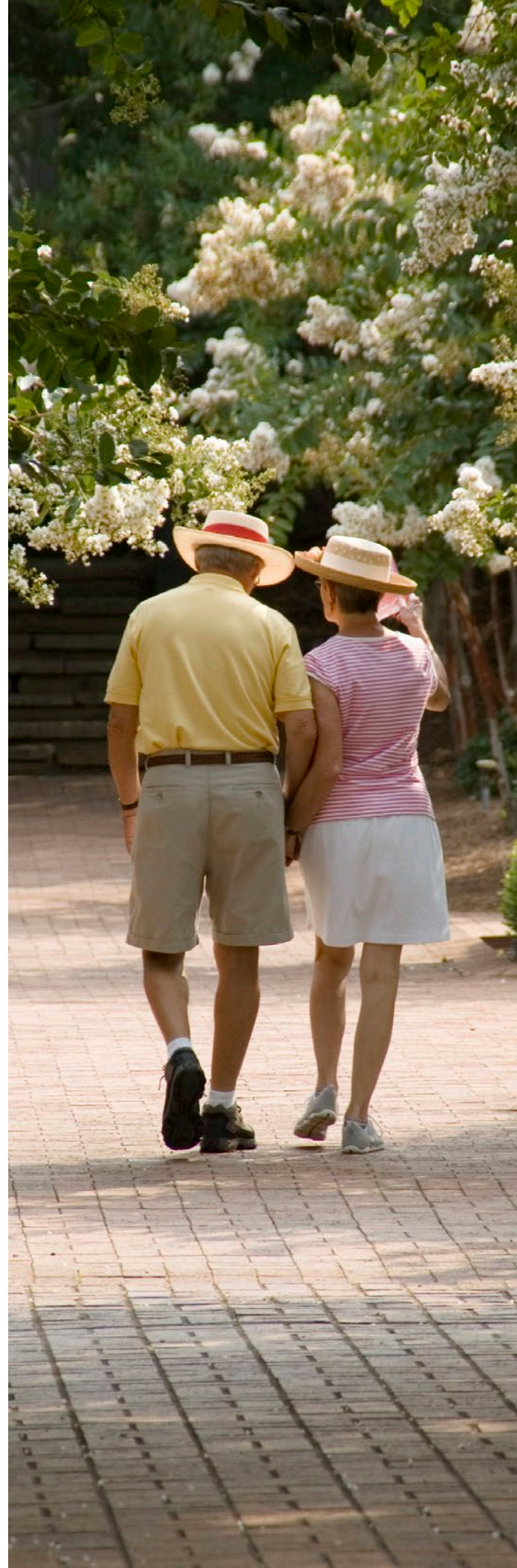
24 CBRE Valuation Services

Industry-Leading Reports & Analyses

We empower clients to make informed business decisions by providing accurate and reliable insights backed by the most comprehensive data and professional experience.

Trusted, Independent Advisors

We serve as independent advisors, offering a consultative approach and flexible solutions that are customizable to meet specific client requirements.

Premier Platform & Global Scale

We cover virtually all property types and geographies, from large, multi-market portfolios to special-use assets, and can accommodate compressed deadlines and multi-year engagements.

800	**90**	**70K**
U.S. Professionals	U.S. Offices	U.S. Yearly Assignments

Services:

Valuation & Advisory Services:

- Appraisals
- Alternative Valuations (Evaluations)
- Valuation Portfolio Services
- Valuations for Financial/Tax Reporting
- Property and Transaction Tax Services
- Right of Way/Eminent Domain
- Litigation Support/Testimony

Assessment & Consulting:

- Property Condition Assessments (PCAs)
- Environmental Site Assessments (ESAs)
- Seismic/Zoning/Fannie/Freddie Reports

25 CBRE Property Tax Consulting Service

Property taxes are one of the largest expenditures that effect a property's bottom line; and they will likely continue to increase. Owners and investors of senior housing properties should be considering how best to address the growing challenge of increasing property tax assessments to their profitability. In most states, lien dates for assessment is January 1st, and adjustments for any possible COVID-19 related losses or interruptions were rejected by the tax assessor due to the onset of COVID in early March 2020; after the assessment date.

Although the three approaches to value are used by most assessors; in many states; such as Texas and Georgia, the taxpayer is entitled to an equal and uniform assessment. By appealing an assessment and providing evidence showing that a property is not assessed in an equal and uniform manner to its competitive set, the assessor must consider the information even if the cost or income support a higher value. CBRE's knowledge of the local market, as well as long standing relationships with the assessors has resulted in large savings in equal and uniform appeals.

At CBRE, we achieve property and transaction tax savings and refunds for our clients by providing expert tax strategies while executing property and transaction tax appeals and abatements. We use our extensive scale and reach, state-of-the art technology and proven innovation processes to deliver quantifiable, results-driven property tax services.

It is important to have a professional property tax consultant review your properties assessment and financial performance on an annual basis. Any loss of income or decline of occupancy due to COVID -19 during the 2020 operating year should be reviewed in detail to determine if a property tax appeal is warranted in 2021.

Typical Timeline for Tax Appeal Process (actual timeline varies depending on which county the property is located in):

- January 1st- Assessment date
- May 1st- Notices of Appraised Value are mailed
- May 31st- Last day to file an appeal (or 30 from Notice of Appraised Value)
- May through July- Appraisal Review Board hearings

CBRE's tax experts can also assist the buyers during the transaction process by evaluating the likely impact of a sale transaction on the future property tax expenses, thereby minimizing any surprises that deviate from the underwritten expenses.

CBRE SENIOR HOUSING REPRESENTATIVE INVESTMENT PROPERTY TRANSACTIONS – 2015 FORWARD

Today's complex and constant changing market environments require special solutions. CBRE SH Team Members consistently achieve the highest sale price/best debt terms in the industry for their Clients.

RECENT PORTFOLIO SALES TRANSACTIONS

Sunwest Portfolio
$1.29 billion
National Portfolio
11,096 IL/AL/MC units/beds
Client was The Blackstone Group

Vintage Portfolio
$1.29 billion
Northern and Southern CA (21) and Western WA (1)
3,054 IL/AL/MC units
Client was Vintage Senior Living and their private investors

The Maestro Portfolio
$921,000,000
Alberta and Quebec, Canada
8,206 IL/AL/MC units/beds
Client was Maestro Funds

The Fountains Portfolio
$640.0 million
National Portfolio
(11 states)
3,637 IL/AL/MC and Entry Fee CCRC units/beds
Client was Fountains Senior Living Holdings, LLC

Brightview I
$498,500,000
National Portfolio
(5 States)
1,584 IL/AL/MC units/beds
Client was Affiliate of Prudential Real Estate Investors
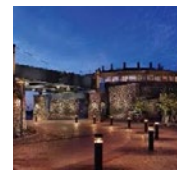
Programmatic Equity Raise
$300,000,000
National Portfolio
Client was LCS

Sunwest Managed Portfolio
$364,250,000
National Portfolio
(11 states)
3,054 IL/AL/MC and Cottages
Client was Sunwest

Brightview II
$363,500,000
National Portfolio (3 States)
1,117 IL/AL/MC units/beds
Client was an Affiliate of The Shelter Group

The Garden Empire Portfolio
$307,500,000
NJ and NY
933 IL/AL/MC units/beds
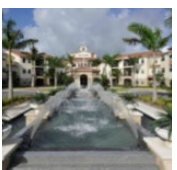Client was an Affiliate of The Carlyle Group

CCRC Portfolio
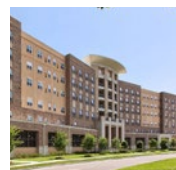$186,500,000
Dallas, TX
1,104 units
Client was LCS

Mid-Atlantic Portfolio
$186.2 million
Greater Baltimore, Maryland (5) and Greater Washington, D.C. (2)
526 AL/MC units
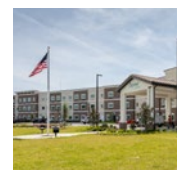Client was an affiliate of Harrison Street

MorningStar 4 Pack
Confidential
CO, IA, NM and OR
415 IL/AL/MC units
Client was Confluent

Five Allegro Communities
$172,500,000
FL and KY
705 IL/AL/MC/NC units/beds
Client was Almanac Realty

The Village 2 Pack
$76,000,000
Dallas and Houston, TX
224 IL/AL/MC units
Client was HSRE/Bridgewood

Kronos FL 2 Pack
$65,000,000
Jacksonville & Stuart, FL
263 units
Client was Kronos

RECENT SINGLE ASSET SALES TRANSACTIONS

MorningStar at RidgeGate
$137,700,000
Denver, CO
224 IL/AL/MC units
Client was AEW

Parker Senior Living
$85,000,000
Parker, CO
191 IL/AL/MC units/beds
Client was Faestel Properties

Renaissance on Peachtree
$78,600,000
Atlanta, GA
229 IL/AL units/beds
Client was The Carlyle Group and Formation Development

Class A IL/AL Community
$77,000,000
Scottsdale, AZ
216 IL/AL units/beds
Client was Affiliate of Prudential Real Estate
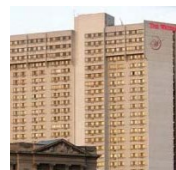
Watermark at Logan Square
$72,500,000
Philadelphia, PA
463 IL/AL/MC/SNF units
Client was Watermark Retirement

Sunrise of Severna
$72,000,000
Severna Park, MD
156 IL/AL/MC units
Client was Sunrise Senior Living

RECENT SINGLE ASSET SALES TRANSACTIONS *(CONT'D)*

The Village at Arboretum
$72,000,000
Austin, TX
172 IL units
Client was BayNorth/
Bridgewood JV

The Village of Tanglewood
$66,850,000
Houston, TX
188 IL units
Client was BayNorth/Bridgewood
JV

Meadowbrook
$60,000,000
Agoura Hills, CA
156 IL/AL/MC units
Client is Confidential

Woodhaven
$57,000,000
Conroe, TX
157 IL/AL/MC units
Client was Padua Realty

MorningStar of Littleton
$45,500,000
Littleton, CO
85 AL/MC units
Client was PREI/MSL JV

The MorningStar Portfolio
$45,000,000
Colorado Springs, CO
112 AL/MC units
Client was Confluent
Development/MorningStar
Senior Living

St. Andrew's Village
$42,500,000
Aurora, CO
(Greater Denver)
246 CCRC units/beds
Client was RSF Partners

Kennewick Campus
$40,500,000
Kennewick, WA
138 IL/AL/MC units
Client was Bourne Financial

Heritage Oaks
$33,500,000
Englewood, FL
118 AL/MC units
Client was NAPCO Companies

The Solana Horsham
$31,500,000
Greater Philadelphia, PA
76 AL/MC units
Client was CSH/Formation-Shel-
bourne Partners JV

Cappella of Grand Junction
Confidential
Grand Junction, CO
66 AL/MC units
Client was Confluent
Senior Living

28 CBRE Advantage

CBRE Cap, the investment banking business of CBRE, provides independent M&A advisory, acts as a global placement agent, actively trades real estate LP secondary interests, and advises institutions on real estate investments. Lisa Widmier has been integrated into this practice to provide specialized investment banking services to clients in the senior housing industry.
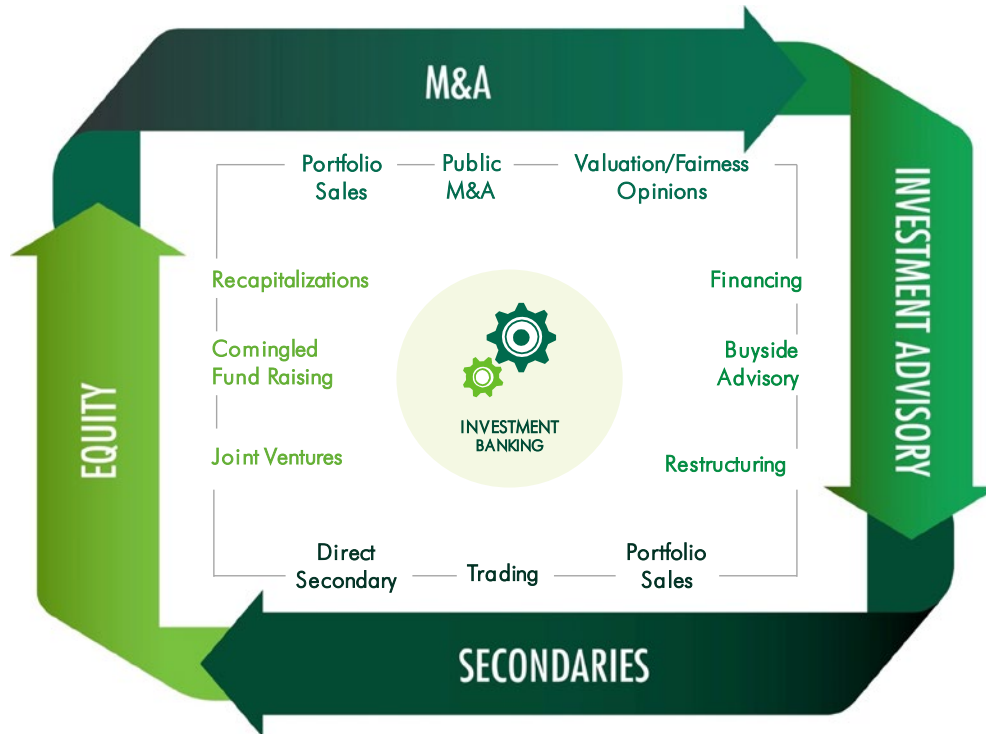
The CBRE platform uniquely combines the critical components for a successful outcome.

Highly Experienced Investment Banking Team

CBRE offers an experienced senior investment banking team with expertise in all forms of capital raising and advisory. Our knowledge base provides the background to structure an opportunity properly and react to change.

World Leading Asset Level Expertise

CBRE is a leader in real estate, senior housing, and local market knowledge. This allows us to leverage expertise encompassing all aspects of real estate and to evaluate, underwrite, and position assets and industry fundamentals to optimize outcomes.

Global Capital Distribution

CBRE has the market presence to access providers of real estate capital in all of the major markets around the world. This capability is enhanced by constant investor dialogue, global infrastructure, and a strong product pipeline, which enables us to utilize live market intelligence to align investment capital targeted investment opportunities.

Today's complex and constantly changing market environments require special solutions. The professionals at CBRE have the experience, knowledge, connections and track record to provide you with the best solutions in the marketplace and the ability and determination to execute those solutions.

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