



Cooper Valuation Group, 5 South Monroe, Hinsdale, Illinois 60521
630-734-3215 www.CooperValuationGroup.com


NIC NATIONAL CONFERENCE – CHICAGO - OCTOBER 2013

We attended the 23rd NIC National Conference on October 9-11, 2013 that was held in the Sheraton Chicago Hotel & Towers.

From nic.org: " For 20 years, the National Investment Center for the Seniors Housing & Care Industry (NIC) has been committed to advancing the quality of seniors housing and care — an industry with a market value of more than \$250 billion — by facilitating informed investments."

The following are our highlights from the conference:

1. The **senior care industry held up well in this recession**. Seniors housing was the only segment with no rent decline. While sales activity decreased, prices and cap rates have not been dramatically affected as much as other real estate segments like retail, office, etc.
2. **Hospitals continue to narrow SNF partners** that they refer to - hospitals are focused on readmissions rates and length of stay.
3. A presenter laid out a detailed template "**Medicare fix**" to reward/penalize Medicare/therapy providers based on length of stays and "equal functional improvement". The point is to streamline and cut costs to Medicare. The template has been sent to federal policymakers with little or no push to implement.
4. Another presenter suggested that the poor health and future outlook of our social security system might lead to **8 patients in a hospital or SNF room**.
5. Baby boomers are being referred to as the "**Silver Wave**" - which continues to drive demand for new facilities.
6. Investors (REITs, etc.) continue to chase **great assets in great markets with great operators**.
7. Investors are less concerned with **high price per bed/unit** indicators as long as the underlying NOI is sufficient and the operator is high quality.
8. New construction metrics need to focus more on per square foot metrics. For example, why build a large 3,000 SF common dining room if all residents are served meals in their rooms? Why build a giant nurse's station when a chair and desk will suffice? So, to drive down construction prices, maybe we can **build smaller buildings**.
9. In SNFs, Medicaid is often thought to cover fixed costs and **Medicare to drive profits**.
10. In an economy discussion, it was predicted that **all the jobs we lost in the recession will be recovered by 2014**.

 The **Cooper Valuation Group** is a commercial real estate appraisal and market analysis firm in the Chicago area specializing in healthcare and senior housing properties.