

# A Boom In Senior Housing Deals

(November 27, 2011, by Harold Brubaker, Inquirer Staff Writer)

*Independent and assisted living facilities appeal to investors. Locally, Brandywine is part of the trend.*

Though the overall housing market has not escaped the doldrums, the senior housing sector, driven by investment companies, has gone gangbusters since 2010.

In the third quarter of 2011 alone, 39 senior housing deals worth \$5.5 billion were completed, primarily by real estate investment trusts that specialize in housing for the elderly. That figure includes independent-living and assisted-living communities, but not nursing homes.

The total value of senior housing deals in the quarter ended Sept. 30 was greater than the combined total in the previous two full years, according to the National Investment Center for the Seniors Housing & Care Industry in Annapolis, Md.

Locally, Brandywine Senior Living in Mount Laurel has participated in the consolidation frenzy. Brandywine, which had been owned by New York private equity firm Warburg Pincus L.L.C. since 2006, sold its 19 assisted-living facilities in five states in December to Health Care REIT of Toledo, Ohio, in a deal valued at \$600 million.

Brandywine Senior Living, now primarily a management company owned by chief executive Brenda G. Bacon and other executives, leased the facilities back and continues to operate them, including five in the Philadelphia area.

Brandywine, with 2,000 employees, is not standing still.

This fall, Brandywine, in partnership with Health Care REIT, bought five more assisted-living facilities in New Jersey, including the former Haddonfield Home in Haddonfield, for an undisclosed price and indicated that it would add more New Jersey locations soon.

Driving the consolidation in senior housing is the ability of real estate investment trusts to borrow cheaply in conjunction with the resilience of senior housing during the recession, giving investors confidence that strong returns will continue.

"The senior-living industry survived the pressure on real estate after Lehman Bros. collapsed," said Bacon, 61, who cofounded Brandywine in 1996 with two nursing homes that she owned and \$65 million in private equity.

Steve Monroe, editor of the trade newsletters SeniorCare Investor and Senior Care Acquisition Report in Norwalk, Conn., cited the relatively small drop in the senior housing occupancy rate during the real estate collapse of recent years as reason for its attractiveness to investors.

"It dropped from 91 percent to 87 percent," Monroe said. "If you only dropped that much in the worst we can throw at you in 70 years, that's pretty damn good."

Senior housing includes independent living and Brandywine's specialty, assisted living, which is for the elderly who can no longer live safely on their own but who do not need the more intense level of care provided in nursing homes.



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*At Moorestown Estates, butler Lisa Laphan, top, takes a dinner order from Mary Stiles. Above, Brandywine's Brenda J. Bacon (right) talks to Kim Stewart, who is working with Jean Anderson, 85, in the therapy pool.*

accommodations and the level of care, said Bacon, who started her career as a social worker before earning an M.B.A. at the Wharton School of the University of Pennsylvania in 1980.

Bacon said assisted-living residents, most of whom move in at about 85, typically pay their rent with the money they get from selling their houses, with help from Social Security and, for some, a pension. Medicare does not pay for assisted living. Medicaid can contribute in some states, including New Jersey.

Brandywine has wings at five of its communities that charge more than \$10,000 per month. Bacon called it "Ritz-Carlton" living, with the services of a butler, a daily happy hour from 3 to 4 p.m., and the choice of room service for meals among the perks.

The Serenade wings at two Brandywine communities opened in 2008, as the economy was tanking, and "filled up immediately," Bacon said.

Mary Stiles, 97, who moved into the Serenade wing in Moorestown about a year and a half ago, enjoyed the attention of butler Lisa Laphan one afternoon this month.

"Lisa will do anything I ask her," Stiles said. "She's so good."



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*Brenda J. Bacon talks with residents Cecilia Sacca, 93 (left), and Marie Ruggeri, 89 (right), at Moorestown Estates. Brandywine bought five more facilities in New Jersey this fall.*