

# COOPER VALUATION GROUP

We attended the **2016 NIC Fall Conference** from September 14-16 in the Marriott Marquis in Washington, DC.

From [www.nic.org](http://www.nic.org): " The National Investment Center for Seniors Housing & Care (NIC) works to enable access and choice by providing data, analytics, and connections that bring together investors and providers."

## 2016 NIC FALL CONFERENCE - HIGHLIGHTS

1. SNF operators are under pressure from **hospitals to track Medicare A results** including re-admits, outcomes, length of stays. Early adopters will have strong Medical Directors, openly communicate with hospitals, and share data.
2. CMS is shifting from a **Fee-For-Service model to a Value-Based** model. Medicare Advantage is now 32% of the market and CMS has a targeted goal of 50% alternate Medicare A payments by 2018.
3. **Medicare Star Ratings** are often used by ACOs to define which SNFs can be in their Medicare A referral network. Traditional SNF / hospital relationships will fade.
4. The **silver wave** (baby boomers born 1946-1964) will begin turning 75 in 2021 (in 5 more years). By 2029, the last round of silver wave to reach age 65+ will have increased a whopping 73%.
5. Although demand is increasing, the **existing nursing staff will also start retiring**, so a quality nursing workforce will be a challenge.
6. **Transaction volume is down in 2016** but asset pricing has been stable.
7. In mid-2013, **REITs** were trading at premiums and had a low cost of capital which drove transactions. Public REITs often decline to sell stock to raise capital due to the risk of diluting the REIT's stock.
8. **Portfolios do command a price premium** as the sheer size of the opportunity is enough to demand the premium from large investors.
9. Analysts reminded the industry that "**Price is a Fact while Value is an Opinion**". Price and Value often vary.
10. Accurately estimating the **Intangible Value remains a vexing industry issue for lenders**. Some lenders apply a 75% LTV for the total asset value, but others set different LTVs for the components of value: 75% RE; 50% FF&E; 25% Intangible.



The Cooper Valuation Group is a commercial real estate appraisal and market analysis firm specializing in healthcare and senior housing properties. Our valued clients include HUD Lenders, banks, financial institutions, private firms, developers, owners/operators, and buyers/sellers. Our clients are active in Illinois, Wisconsin, Indiana, Michigan, Missouri, Ohio, and Iowa.

**Michael L. Cooper, MAI**  
**Cooper Valuation Group**

[MCooper@CooperValuationGroup.com](mailto:MCooper@CooperValuationGroup.com)

5 South Monroe, Hinsdale, Illinois 60521

630-734-3215 [www.CooperValuationGroup.com](http://www.CooperValuationGroup.com)