

# Success Stories



## LIGHTHOUSE INN NORTH AND LIGHTHOUSE IN SOUTH

The sale was a two-facility portfolio, known as Lighthouse Inn North and Lighthouse Inn South, located within five city blocks of each other in Pompano Beach, Florida. Lighthouse Inn North is a converted open corridor motel built in 1954, while Lighthouse Inn South is a specialty built assisted living facility built in 1964. Lighthouse Inn North is the larger of the two facilities and is made up of 25 units with 42 beds. Lighthouse Inn South is made up of 19 units and 33 beds. The seller was an absentee owner with an outstanding HUD loan that exceeded the current market value of the facilities. Marketing these facilities and ultimately the successful escrow closing faced many challenges. These challenges included the age of the properties; the buildings having considerable deferred maintenance; 69% occupancy; the mix of resident types (geriatric intermingled with limited mental health), all of which further contributed to declining interest in the investor/operator pool. Additionally, the Seller was seriously delinquent in the mortgage obligation, and as a result, HUD elected to sell the note.

- > **Strategy:** Realizing that this facility would not fit into the typical seniors housing business model of a national or institutional investor, a decision was made to present this opportunity to a smaller buyer pool whose business plan would be flexible enough to see the value of this opportunity.

A new operator would have to reposition the facilities by reorganizing each facility into specific resident types; geriatric residents in Lighthouse Inn South and limited mental health in Lighthouse Inn North.

The second phase to our strategy was to develop a dialog with the note holder to negotiate a win-win situation, whereby the note could be purchased at a price less than the actual mortgage balance, yet allowing the note buyer to receive a considerable profit.

- > **Result:** Through our target market, a private REIT was established who envisioned renovating the facilities, as well as putting in place an operator with an aggressive marketing campaign, to attract the right type of residents to the facilities. Their concept positioned and organized each facility into specific care centers. Our team worked diligently with the note holder to provide them with a substantial profit, in a short period of time, thus enabling this opportunity to culminate into a successful closing. The team's marketing efforts surpassed the seller's expectation. The sale of the property escalated from a potential foreclosure, to a closing with net proceeds in excess of six figures.

## THE SHIRE AT CULVERTON AND NORTH VILLAGE APARTMENTS

The sale consisted of two components, The Shire at Culverton, an Assisted Living Facility (ALF) and North Village Apartment, an Independent Living Facility (ILF). The marketing of these facilities faced many challenges. The properties were 40 years old and there was deferred maintenance, a mix residents types in the ALF. An important attribute was the current license is approved for Medicaid support, Very few assisted living facilities in New York have access to this funding source. The North Village Apartment complex consists of one and two bedroom.

- > **Strategy:** Realizing that this facility would not fit into the typical seniors housing business model of a national or institutional investor, a decision was made to present this opportunity to regional, local and non-profit organizations. A new operator would have to reposition the facility by reorganizing it into an independent living/seniors apartment complex, which was its intended use.
- > **Result:** Through our target market, a buyer was found who envisioned renovating the facilities as well as putting in place, an aggressive marketing campaign to attract the right type of residents to The Shire at Culverton and North Village Apartments. Finding a REIT, whose vision aligned with the buyer, enabled the opportunity to culminate into a successful closing. The transaction closed at a 7.6% cap rate, which is uncommon for a facility of this age and condition.

## FLORIDA PORTFOLIO

Assisted living facility (ALF) portfolio located in central Florida, along the I-4 corridor. The portfolio included Tangerine Cove, Tender Loving Care Retirement Residence and Heart of Florida, with a total of 310 beds and 199 units.

The seller, who was an optionee, did not have title to the real estate. As a result, we worked through the logistics of satisfying the requirements of the option contracts with the optionors. The real estate owners needed to understand and Additionally, each facility had title and survey issues which needed to be addressed and resolved prior to closing.

- > **Strategy:** This opportunity was presented to a national REIT together with a regional operator. The real estate owners needed to understand and accept that in order for the optionee to complete the purchase, it would be necessary to implement the options contract in escrow and simultaneously close with the REIT.
- > **Result:** There were several obstacles, that that had to be overcome, including title and survey encroachments. Colliers worked diligently with the Seller's attorney to resolve the issues. The transaction closed within the compressed timeframe with an unprecedented cap rate of 7.9% for facilities that were over 30 years old.