

Senior Living Portfolio Trades as Investors See Rebound for Sector

Partners Purchase Eight Western Canada Hamlets Properties



The Hamlets in Red Deer, Alberta, was one of the properties included in an eight-property portfolio that sold for more than \$300 million to a pair of investors. (CoStar)

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CoStar News

October 5, 2022 | 3:09 P.M.

A portfolio of eight senior living properties across Western Canada traded hands this week, a positive sign as investor confidence builds and the sector appears primed for a post-pandemic rebound.

Brokerage Newmark announced Monday that the portfolio of properties under the Hamlets brand had been sold by H&H Total Care Services, a Surrey, British Columbia,

company, to a partnership of Axiom Infrastructure, a Toronto-based investment firm and Optima Living, a Vancouver-based operator of senior living properties.

While the price was not disclosed, Newmark said the Axiom-Optima partnership paid more than \$300 million for the portfolio of 1,092 units. That pencils out to at least \$275,000 per unit.

Three of the properties are in Alberta, five in British Columbia, and while figures can vary widely across an area as large as Western Canada, the baseline per-unit price is slightly above the average in that region, which according to CoStar research stands at about \$232,000 per unit for senior living of all types. That's up from about \$219,000 at the same point in 2021.

Karim Kassam, co-founder and principal of Optima Living, said in a call with CoStar after the sale was announced that the properties increased the company's penetration in Western Canada and also gave it its first presence on Vancouver Island.

"It's an accretive transaction for our portfolio," Kassam said. "It allows us to bring scale to our Vancouver Island, Lower Mainland, and Okanagan and Central Alberta markets, where we currently operate."

The partnership was created to focus on the acquisition of government-funded senior living facilities in British Columbia and Alberta, Kassam said.

"We see senior housing and the whole publicly funded infrastructure space as being a long term growth sector. Senior populations in North America, generally speaking, continue to age, and that demographic will continue to grow," Kassam said. "We are looking at it from a long-term strategy perspective."

The sale comes as investor confidence in the sector has rebounded after taking a hit in the depths of the COVID-19 pandemic. Total sales volume for senior housing in Canada dropped to \$1.1 billion in 2020, its lowest total since 2011, according to a report from brokerage Cushman & Wakefield.

Institutional buyers also pulled back in historic fashion, making up almost none of that volume, compared to the previous decade in which they reliably accounted for at least a third of the sector's transaction volume. In 2021, however, institutional buyers including Blackstone, Ventas and Harrison Street reentered the market, ultimately accounting for 74% of the year's volume.

According to an April survey by CBRE, Canadian investors feel optimistic about the immediate future, with 82% saying they expect senior housing communities to reach pre-pandemic resident levels within 18 months. More than 70% of respondents to the CBRE survey said they expected rental rates in senior living complexes to increase between 1% and 7% in 2022.

The properties in the portfolio include Hamlets locations in Vernon, Kamloops, Penticton, Duncan and Surrey in British Columbia, as well as Deer Park, Airdrie and Red Deer in Alberta.

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