Tony Seruga Tackles Issue Of Senior Housing Supply Outgrowing Demand From Baby Boomers

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Tony Seruga, Managing Director of New York-based Prospector Capital Partners, has recently tackled a growing concern in the real estate industry, the rising amount of senior housing developments, raising concerns of supply outpacing the demand from the "Baby Boomer" generation.

Prospector Capital Partners is a private commercial real estate banker whose primary objective is to meet their clients' need for structured finance products and to provide real estate financial borrowing. Seruga has been a part of the company for years and has serviced clients in need of real estate financial advice. In a recent blog published at the company's website, Seruga elaborated on a recent issue that may affect real estate developers and investors in the form of new senior housing being developed at a fast rate all over the United States.

"I'm skeptical that you can avoid the rising supply of senior housing, and investing may pose unnecessary risks unless you really understand the industry and your market," Seruga observed. This observation was conceived after the Wall Street Journal reported that the recent rise in senior housing developments may lead to higher vacancy rates and lower rent increases for real estate firms that own housing dedicated to seniors.

The statistics cause concern: shares of big U.S. companies that own a lot of senior housing have already tumbled this year. According to a Wall Street Journal article, Health REIT Inc's stock is down 11% this 2015. HCP's stock has dwindled to 14%, while Brookdale Senior Living is down 20%. Seruga and the rest of the team at Prospector Capital Partners advise real estate developers and investors to proceed with caution before diving headfirst into the growing senior housing property business. The occupancy rate for all senior housing has been declining recently, causing alarm for developers and investors in the market. "Please focus on the fact that while everybody's thinking about 10,000 baby boomers turning 65 everyday, it is still difficult to predict what type of living arrangements they will seek out as they are growing older," he warned. "In addition, it's uncertain when exactly will they need senior housing, given longer lifespans and changing attitudes about such types of housing."

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Prospector Capital Partners

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