



48th Annual Conference | Victoria Conference Centre

# Hammer Time:

## *The ROI of Senior Living Renovation*

Sponsored by



*A Resident First Experience*

#BCCPA2025



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# HAMMER TIME!

*The ROI of Senior Living Renovations*

## PANELISTS:



**Christine  
Weber**

*Principal, Interior  
Design  
Kasian Architecture*



**Ben Bakk**

*President,  
VPAC Construction*



**Mark Dobson**

*Senior Director of  
Operations,  
Cogir Senior Living*



**Mike Chiu**

*CWM Director,  
Capital West Mortgage*



**Christine  
Boulton**

*Interior Designer,  
Kasian Architecture*

## MODERATOR:



# **HAMMER TIME**

The ROI of Senior Living Renovations



# *Whats your why?*

Why did you get involved in the Senior Living Sector, and why do you continue to work in it?



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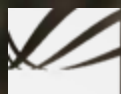
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# *Whats the benefit?*

Financially, is a capex renovation in a senior living community really worth it?



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# PRE - RENO VS POST - RENO Comparison





# CASE STUDY

## PRE-RENO STATS

- 94 Independent Living Units
- Located in a major metropolitan area
- Built in the 1990's
- No previous reno's





# RENOVATION PRICE TAG



## Renovation costs

- Approximately \$1,000,000 spent on common area upgrades
- A cost of \$25,000 for per unit update.
  - Includes new flooring, paint, cabinetry in the kitchens and bathrooms, and lighting fixtures.

# RENOVATION IMPACT

## Renovation Impacts on Revenue

- The average rent pre-reno unit is \$3,745
- Post reno the rent per month increases by \$950 to \$4,695
- The side-by-side analysis below shows that the increase in monthly rent would be \$89,300. This equates to \$1,071,600 annually.



<u>Pre-renovation vs Post-renovation rent summary</u>	<u>Pre-renovation</u>	<u>Post-renovation</u>	<u>Increase</u>
Rent per unit	\$ 3,745	\$ 4,695	\$ 950
Units	\$ 94	\$ 94	0
Total rent per month	\$ 352,030	\$ 441,330	\$ 89,300
Total annual rent	\$ 4,224,360	\$ 5,295,960	\$ 1,071,600



# RENOVATION IMPACT

## VALUE ADDED

Total costs for the renos ~\$3,350,300

<u>Cost Analysis</u>	
Cost per unit	\$ 25,000
Total units	\$ 94
Total unit costs	\$ 2,350,000
Common area cost	\$ 1,000,000
<b>Total Costs</b>	<b>\$ 3,350,000</b>

Total value added ~\$16,486,150

<u>Added Value Analysis</u>	
Rental increase per unit	\$ 950
Total units	\$ 94
Total rent increase per month	\$ 89,300
Total rent increase per year	\$ 1,071,600
Cap rate	6.50%
<b>Value increase</b>	<b>\$ 16,486,150</b>
<b>Return on renovation investment</b>	<b>392%</b>

Net value added ~\$13,136,150: ROI 394%



# FINANCING PRE RENO

## CMHC MLI Select vs Conventional Financing Scenario

	<u>Conventional Financing</u>	<u>CMHC MLI Select Financing</u>
<b>Net Operating Income</b>	\$ 3,510,690	\$ 3,510,690
<b>Net Loan Amount</b>	\$ 39,890,734	\$ 40,330,734
CMHC Fees	\$ -	\$ 1,756,722
<b>Renovation Costs</b>	\$ 3,350,300	\$ 3,350,300
<b>Energy Retrofit Costs</b>	\$ -	\$ 440,000
Pay Existing Mortgage	\$ 36,540,434	\$ 36,540,434
Interest Rate	4.92%	3.55%
Amortization Period	25 Years	45 Years
Annual Debt Payments	\$ 2,762,318	\$ 1,866,232
<b>Annual Cash Flow After Debt Payment</b>	\$ 748,372	\$ 1,644,458

### MLI Select Highlights

- Additional \$896,086 in annual cashflow after debt servicing with higher loan amount
- Extended amortization up to 45 years
- Lower interest rates
- Additional potential savings in energy cost reductions



# PERFORMANCE POST RENO

CMHC MLI Select vs Conventional Financing Scenario – Post Renovation

	<u>Conventional Financing</u>	<u>CMHC MLI Select Financing</u>
<b>Net Operating Income</b>	\$ 4,582,290	\$ 4,582,290
<b>Net Loan Amount</b>	\$ 39,890,734	\$ 40,330,734
CMHC Fees	\$ -	\$ 1,756,722
<b>Renovation Costs</b>	\$ 3,350,300	\$ 3,350,300
<b>Energy Retrofit Costs</b>	\$ -	\$ 440,000
Pay Existing Mortgage	\$ 36,540,434	\$ 36,540,434
Interest Rate	4.92%	3.55%
Amortization Period	25 Years	45 Years
Annual Debt Payments	\$ 2,762,318	\$ 1,866,232
<b>Annual Cash Flow After Debt Payment</b>	\$ 1,819,972	\$ 2,716,058

## MLI Select Highlights – Post Renovation & Stabilization

- Additional \$896,086 in annual cashflow after debt servicing with higher loan amount
- Extended amortization up to 45 years
- Lower interest rates
- Additional potential savings in energy cost reductions

# OCCUPIED!

What is the best approach to renovating a building that is currently occupied?



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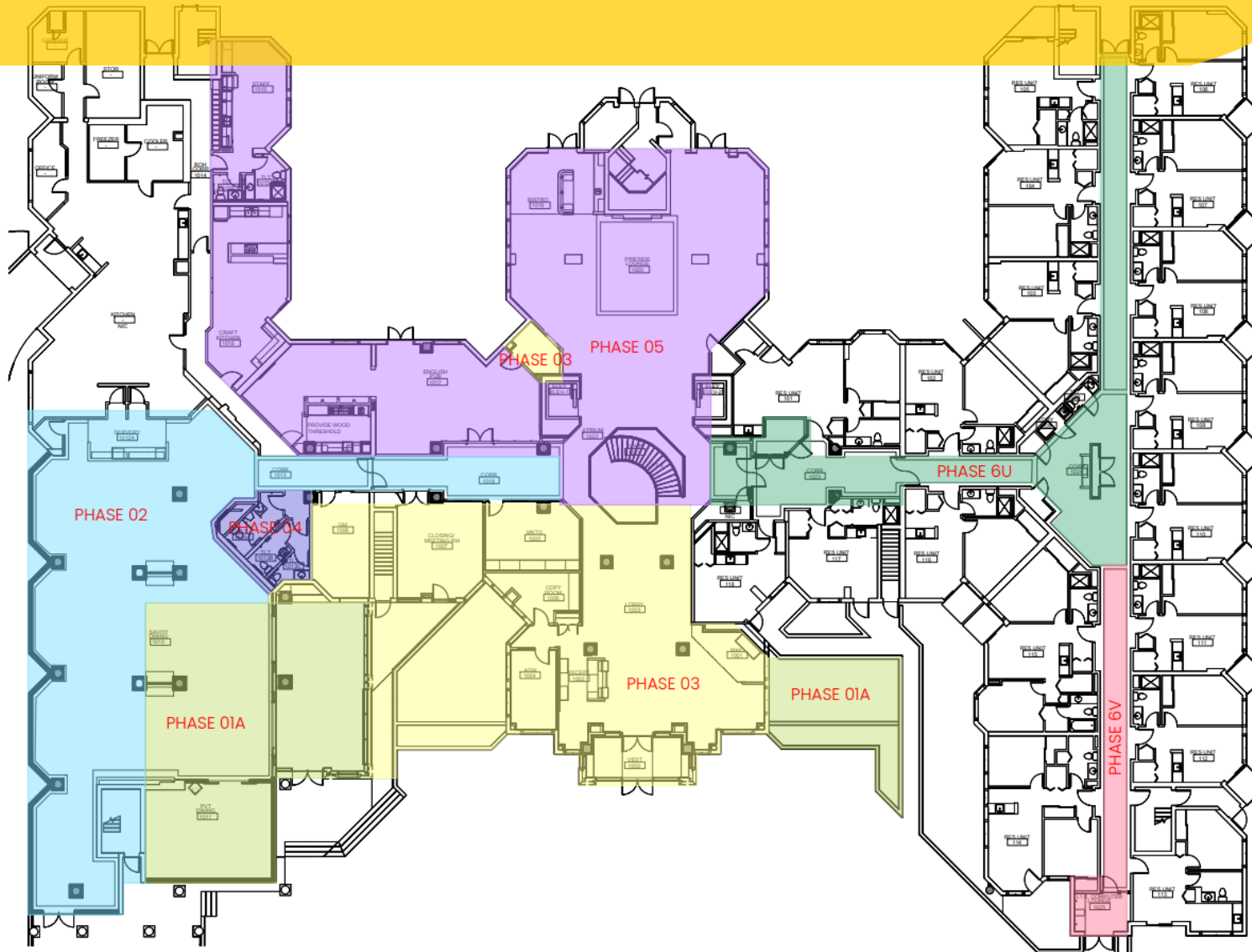
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# PHASED APPROACH



## Public Areas Phasing Example

- Each colour represents a different phase of construction

# PHASED APPROACH

## COGIR SUITE UPGRADES



### For 2024

- 1,295 (Total Number Suites Renovated)
- \$44.2M (Total Investment Spent)
- 45 (Total Number of Buildings)

### For 2025

- 1,190 (Total Suite Turn Target)
- \$36.3M (Total Estimated to Investment Spent)
- 55 (Total Number of Buildings)

2025 Major Renovation – 5 Buildings in 2025

- \$45M total investment



# *The Future of Senior Living*

What are the upcoming technologies and trends that we are going to see?



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# *What can we add?*

- WELLNESS CENTERED DESIGN
- TECHNOLOGY
- COMMUNITY INTEGRATION + INTERGENERATIONAL





A modern, multi-level apartment interior. The ground floor features a large fireplace with a warm fire, a dining table with four chairs, and a lounge area with armchairs. The upper floor has a balcony with a black metal railing. The walls are white with a large, abstract, wavy pattern. The floor is made of light-colored wood. A large yellow graphic element, resembling a stylized 'S' or a path, curves across the right side of the image.

# *What can we add?*

- PERSONALIZED AND DATA DRIVEN, TAILORED TO RESIDENTS
- SUSTAINABILITY
- HOSPITALITY LEVEL LIVING



# *Lessons Learned*



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# *Renovations and ROI Assumptions*



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# Whats the ROI?

- ENERGY RETROFIT & DECARBONIZATION INITIATIVES
- SUITE RENOS
- REFRESH OR FULL RENOVATION
- BUILDING INFRASTRUCTURE & PERFORMANCE





# What about funding?

In the current market is most of the lending going into refinance, or into acquisition?



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A large, yellow, multi-pointed starburst shape with a red outline, centered on a white background. The points of the starburst are of varying lengths and angles, creating a dynamic, explosive effect.

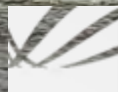
# **RAPID FIRE**

QUICK Q'S AND A'S



# Whats the best bang for your buck?

How do you know what design is best, what to change in the floor plans for a project, to ensure the best ROI?



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*Who are the key  
consultants to  
include early?*



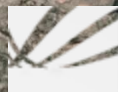
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# *Design bid build or CM?*



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*What are you  
most excited  
about?*



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# THANK YOU!

*Questions & Comments?*