

## Berkshire Targets Senior Housing

Berkshire Group has formed a joint venture that will invest in senior-housing properties.

The partnership will shoot for opportunistic returns by developing and buying assisted-living and memory-care facilities in the Northeast.

Berkshire and its partner, LCB Senior Living of Norwood, Mass., have seeded the joint venture with \$40 million of equity. They plan to team up with institutional investors on a deal-by-deal basis to boost their buying power. Under that plan, the joint venture, called LCB Berkshire Senior Living, would source and manage the individual investments, holding minority interests.

Including outside capital and leverage, the joint venture projects that it could make \$450 million of investments within five years.

Boston-based Berkshire, a diversified real estate firm founded in 1969 by brothers Douglas Krupp and George Krupp, is investing via a wholly owned subsidiary, Berkshire Realty Ventures of New York. That operation is led by senior partner Larry Ellman and partner Jason Grossman. Vice president Matthew Medearis works on investments.

LCB Senior Living was founded in 1994. It is led by chief executive Michael Stoller.

The joint venture's investment strategy is partly based on the assumption that the aging of the Baby Boomer generation will increase demand for housing that incorporates healthcare services, such as assistance for residents with Alzheimer's disease or dementia.

About 70% of the capital is allocated for development projects, with the rest earmarked for acquisitions. Investments will typically require about \$25 million of capital, including debt.

The joint venture was formally launched two weeks ago with its first two investments, both with outside partners. It will develop a 90-unit facility in Watertown, Mass., that should be completed in the spring of 2014. And it bought a 50-unit facility in Bedford, N.H.

Last fall, Berkshire formed a similar joint venture with Montecito Medical of Corona, Calif., to build and develop some \$700 million of medical-office properties over five years.

In 2011, Berkshire and Lodging Capital of Chicago set up a joint venture to buy up to \$750 million of value-added hotels. The portfolio is now valued at about \$600 million, with about half of the partners' original equity invested.