

Intro

Welcome to season eight of Bridge the Gap, a podcast dedicated to informing, educating, and influencing the future of housing and services for seniors. The BTG network is powered by sponsors, Aline, NIC MAP, Procare HR, Sage, Hamilton CapTel, ServiceMaster, The Bridge Group Construction, and Solinty and produced by Solinity Marketing. Bridge the Gap in three, two.

00:52 - 01:07

Lucas McCurdy

Welcome to the Bridge the Gap podcast. The senior living podcast with Josh and Lucas. Beautiful day here in Austin at the Fall, NIC. And we've got our great friends. We've got Arick Morton, Kyle Gardner of NIC MAP. Welcome to the show. Thanks for having.

01:07 - 01:09

Arick Morton

Thanks for having us. Doing the two-for-one here today.

01:09 - 01:39

Lucas McCurdy

I know we're stacking the deck, our stack in the nick map deck today, and it's going to be good. So our listeners, this is a continuing conversation that we do in roll out, over the course of the year where we get to really pick the brains of Kyle and Arick, who are, really on the bleeding edge of data in the industry. And so, Arick, you know, let's start. Big picture. Yeah. What's the most pressing trends that you're seeing right now in the senior living market, and how are they shaping operator and investor strategy?

01:39 - 02:55

Arick Morton

Yeah, sure. You know, I feel a little bit like a broken record. Unfortunately. But, you know, the trends kind of continue, which is demand continues to expand at, you know, near historic rates each quarter. And then, in, in from the absorption perspective and then construction and supply, you know, inventory growth remains at near historic lows.

You know, I think we're maybe looking in the pipeline, starting to see a little bit more, you know, development activity. And people are kind of starting to say, hey, you know, should I prepare for what's in 4 or 5 years? You know, should I get the product that the market's going to need at that point? So, you know, I think that that's the primary kind of major tide that's, that's driving things.

I think some of the kind of interesting ancillary data points there are, you know, you've been added to the net grief index. The net grief index is kind of a private equity return index. And so, we were the number one performing asset class, I think, for the last two quarters, you know, over the last two years, senior housing occupancy gain has been greater than any other real estate asset class. So, you know, we're really kind of seeing the results of, you know, kind of that supply demand gap start to really play out well.

02:55 - 03:11

Josh Crisp

And with the demand increasing, you guys have the opportunity to see so much strategy of operators. How are the models changing for pricing to not only meet that demand, but the changing expectations that we're seeing and we're expecting?

03:11 - 04:40

Arick Morton

Yeah, I think, you know, I think there's we're coming out of obviously an incredibly difficult period for the industry. It's kind of, you know, out of the out of this, historically dark time and into kind of the blinding light, to a little bit of whiplash in between. Right. So I think you have people who are kind of.

All right. I'm I've healed up, from from the Covid experience. And now I'm really trying to understand and kind of optimize what I got for what's going forward. So I think what I'm hearing a lot of is I'm trying to look at all of my buildings and really understand, okay, where's the market going? You know, both from just a basic supply demand perspective, but also, you know, a changing consumer profile.

And how do I really kind of position this building to be optimized for that for that future. And I think, you know, there we got folks looking at should I expand this building. Should I reposition this building. You know, kind of what how do I make this thing into how do I make this community into kind of, the highest and best that it possibly can be.

And so I think that's a kind of an industry wide reckoning right now. I think obviously on the investor side, you know, people are kind of saying, all right, well, I want to get in because it seems like it's kind of the industry is moving in in one direction. And so I, you know, better to get in today than tomorrow or the next day.

And so I think that's driving a very competitive acquisition process. That is, is really driving a lot of capital formation and hopefully, you know, all of that will kind of flow into helping the industry really meet the needs of, of a growing senior population.

04:40 - 05:44

Lucas McCurdy

And, Arick, how has the role of data shifted in recent years when it comes to evaluating the market performance of the investments? Yeah, I think I mean, I think AI is is really kind of starting to be a piece of that where you can really kind of synthesize market insights at a speed and scale and sophistication that previously was kind of quite difficult. This we are an industry that generates a lot of information. Our operations generate a lot of information.

You know, there's a lot of market data. Historically, it's been challenging. The greatest bottleneck has been in the kind of the analytical bandwidth inside of most operators or investors are just,

you know, 5% management fee doesn't pay for a huge team of analysts. And so I think you're starting to see kind of AI come into that, into that gap in really kind of help take data and turn it into insights.

And so that's allowing investors to move quicker with more certainty and kind of really identify deals that are worth leaning into a little more and kind of, look at more and, you know, say no a little bit quicker. So I think, you know, there's there's plenty of different areas where it's really making a difference. But I mean, we're seeing that, for sure.

05:44 - 05:58

Josh Crisp

so, Kyle, what are some of these emerging markets that we're seeing that, you know, that you think will be great, awesome opportunities to look, for development or places that, developer and or operator wants to be, you know, have it on the radar.

05:58 - 07:08

Kyle Gardner

Yeah. I think there's an opportunity across the country, and it just depends on what type of product you want to bring to the space. So for someone who has a prototype, the answer is going to be really different. So generally speaking, I think there's opportunity across the board. But to get some specifics in place, we're seeing, kind of an East Coast versus West Coast dynamic where the East Coast has been seeing higher absorption, more demand over the past 12 to 18 months relative to West Coast.

Both sides are picking up speed. But the East Coast was kind of ahead. And now that their, their gap or their lead, if you will, on the demand side is starting to cool off. And I think that's more a function of West Coast is accelerating a little bit in markets like Seattle. And Los Angeles and a few others.

So there's opportunity to be had, if you wanted to go into more of, prototype specific, I think there's a lot of opportunity in secondary markets. We're seeing those continue to perform and, you know, you know, grow faster than the primary markets. That's one of the reasons that map we're looking at expanding our market coverage to more than 200 metros in the next 12 months. We think that'll help unlock even more activity.

07:08 - 07:19

Josh Crisp

So, just dumb this down a little bit. But, you know, a lot of people are talking about second secondary markets. How does NIC MAP officially define a secondary market?

07:19 - 07:44

Kyle Gardner

Yeah, we use a very simple approach and it's just population based okay. So for us a secondary market quote unquote is not necessarily a measure of quality of that market. It's just how big it

is. So we typically think about that as like the 32nd largest market to the hundredth. So something like Raleigh or Nashville falls in the secondary market. Something like Charlotte or New York would be a primary market.

07:44 - 07:54

Josh Crisp

Well, and that's interesting because I've actually heard some, some folks mention Nashville as a primary market. And so that's I think that's, something that we can't overlook when you're talking about the data. So.

07:54 - 07:55

Kyle Gardner

Absolutely.

07:55 - 08:05

Lucas McCurdy

So let's talk about your latest innovation at NIC MAP. It's called the rate intelligence, which is really cool. What inspired the creation of this tool and how can operators use it to improve what they're doing.

08:05 - 08:56

Kyle Gardner

Yeah. So our rate and occupancy data has been around for 20 years now. It's always at the market level. And we've heard constantly customers wanting to be able to analyze, building performance or building data more strategically. And so what we've done is basically established, wholesale market shop function. So we go in secret shop the market, collect data, the same type of pricing information that would be provided to a customer and a consumer.

And we make that available within our system. So now you have market occupancies, market rates and building level or asking rates as well. It's going to let operators be faster with their strategy. It's going to be, helpful for underwriting growth and competition. And transparency should just help generally with transactions activity. So it's kind of a win across the board.

08:56 - 09:06

Lucas McCurdy

That's that's a big deal. I mean, that's something that I think this industry has asked for for years and years and years. So to unlock that, I mean, you have to be pretty excited about that.

09:06 - 09:23

Kyle Gardner

Yeah, absolutely. Incredibly so. And, you know, we're it's live now. So we've got over 5000 building, level asset level pricing in the system ready for customers to use. We're expanding our coverage in 2026. So more data will be coming in a couple of times a year. We're really pumped about it. Yeah.

09:26 - 09:36

Josh Crisp

Well, and that new tool, that new innovation that you guys have, I mean, practically speaking, who's who's the end user for that. And like how are they using that tool on a daily basis.

09:36 - 10:09

Kyle Gardner

Yeah. So the kind of the traditional NIC MAP customer is going to be the main user, the investment analyst, the asset manager, the operations leader, the kind of the operator, CIO, CFO. But we also have some functionality that's coming, out actually in the next few weeks where we'll be putting the data in the inbox of executive directors or sales leaders. So, companies won't have to use man hours to go in secret shop competitors will bring that secret shop data directly to them with our other information as well. And some analysis.

10:09 - 10:52

Arick Morton

Now I also the one other area where, you know, I'll just I'll piggyback on Kyle's, you know, I think on the the kind of the development side it's going to be very helpful to really be able to understand, you know, with development margins, getting new supply. It's it's tight. So really understanding what is the market pricing. And you know, can I add new supply to this market.

And you know, is it possible what's the rate structure. And can I you know can I get in there with a little bit more certainty? I think that's going to be really helpful to to kind of helping to stimulate, supply growth, because it will provide, you know, greater transparency and greater certainty, to help, you know, kind of really, help folks get over that edge and get projects built.

10:52 - 10:59

Lucas McCurdy

Are there any other unique insights that raid intelligence brings to operators that they may not traditionally get in other tools?

10:59 - 11:56

Arick Morton

Yes. I think obviously having, you know, the, the levels of care and you know, kind of the rate structure, I mean, some of that kind of call it metadata in there is helpful to really kind of understand your, your competitive context and, and also, you know, what are the, you know, what are the, the customers in your market kind of hearing or the perspective residents like, what are they getting, from your competitors.

So I think that's really valuable. You know, in addition, I think when you kind of layer that in with the broader picture of here's what, you know, the demographics are doing, here's what the new supply is looking like. And, you know, I think it just helps build a richer picture where kind of each of these pieces feed upon each other and unlock a richer kind of analytical, capability that,

you know, can hopefully really help the industry kind of grow and expand and, and really meet its, its mission to kind of, scale up to, to, to serve the growing demand.

11:56 - 12:33

Kyle Gardner

Yeah, I'd add on top of that, too, because of the scale we're bringing with the secret jobs that we're we're providing

through this product. The type of analytics you can do when you have five data points, which is kind of the traditional secret job order versus 5000 data points, which is where our product is today. You know, we unlock kind of a scale analysis of what trends are we seeing in concessions in different markets.

What are we seeing in, market positioning and number of other items. So it unlocks new questions to ask? I don't know if I have answers to give right here at the table, but, things, things we can talk about in the future.

12:33 - 12:53

Josh Crisp

Well, and so here at NIC, there's obviously a lot of positive energy. We've talked about that on some of, the recordings that we've had. But you guys also seem very optimistic. You're very real about the challenges and the opportunities, but you seem to have this optimism. What's sort of shaping that feeling that you guys have? What would you say, Arick?

12:53 - 14:49

Arick Morton

Yeah, sure. You know, I think I'm optimistic because I think that we're I think we're kind of coming up on a point. I mean, what I care most about my top priority is, you know, it's kind of how do we make sure that the industry is is kind of meeting the mission of of serving the need because I think, you know, all of the the good investment returns and all of, you know, all of the other benefits are kind of downstream of that if we do what we're supposed to do and serve society, serve the resident, you know, the rest of it will follow.

Given that there's just so much growth. Right. And so that's the thing, you know, if we if we fall short on there, do we get regulatory solutions that we don't necessarily want or things like that? I mean, those are the kind of the what I see as the, the the the dark, the silver or the, the dark clouds on the horizon of a very bright sky.

And so, you know, I think what I'm optimistic about is I think we're, you know, I'm starting to hear, hey, you know, I'm going to start looking at development. I'm going to start looking at expansion. I'm going to start, you know, kind of looking to to build. And I mean, I'm, you know, personal opinion. So not investment advice.

You know, I think that when you look go back to 2008 and say who killed it in 2012, it was the people who had the conviction to kind of develop through the great financial crisis. I mean, I think we're kind of in a similar place where it's like, you know, if you can if you can get close enough and kind of kick the ball into the end zone and say, I'm going to go for it.

I think the folks who are doing that right now and there there are folks who are doing that are going to look up and say, you know, I'm really thankful that I did that, in 2029 or 2030 or whenever those buildings start to deliver to the market. So that's what gives me, you know, a lot of positivity.

I think also, we have a level of sophistication in this industry now, and, you know, a level of talent, there's kind of a, you know, so many new people who are incredibly talented, so many, you know, old faces who are incredibly talented. So I think the industry has a kind of a really deep bench to go and meet the challenge. And so I'm really excited about that.

14:49 - 15:27

Josh Crisp

You're exactly right. I feel I feel the same way. Lucas, you and I have had the opportunity even while we've been here, to sit down with some of those great leaders that have been here a long time and are innovating, new product coming out of the ground, new services, and it's going to be, we're we're cheering them on.

You know, I mean, I think everybody here is we want to see those successful models, those new models and, learn, from the data points that you guys provide us. What a valuable insight that just a few years ago, we didn't have all this. So thank you guys for the time investment. I know this has been a huge labor for you guys for a lot of years. You've been working on this, and it's making us all better, right, Lucas?

15:27 - 15:33

Lucas McCurdy

That's right. Right. Congratulations on this new release on the rate intelligence. And thanks for bringing all this content to the Bridge the Gap.

15:34 - 15:36

Arick Morton

Anytime. Thank you. It's a pleasure.

15:36 - 15:38

Kyle Gardner

And I'm happy to be here. Thank you guys.

15:38 - 15:52

Lucas McCurdy

We'll let you get back to your meetings. I'm sure. It's a long list for today. And, for our listeners, if you scroll down the notes, hit that link in the comment section for Nick Matthew and learn more and go to btgvoice.com. Thanks for listening to another great episode, Bridge the Gap.

Outro

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