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Engel Burman plans assisted living expansion

by Claude Solnik

After a three-year pause in opening assisted living communities under its Bristol brand, the Engel Burman Group is expanding by opening a 140-bed community in East Northport and more on Long Island and the tri-state area. And they're doing it in the middle of a construction bust.

The Garden City-based company said it hadn't opened an assisted living community due to a noncompete agreement it signed in 2007 when it sold six communities to Canada-based Chartwell Seniors Housing and ING Australia for about \$320 million.

The clause prevented Engel Burman, which continues to manage these communities for Chartwell and ING, from opening new communities until this month.

But now that the agreement has expired, the firm is busy building and opening assisted living communities.

The Garden City-based developer already began building a \$35 million community in East Northport, its first in Suffolk, which is slated to open in February 2011. The company is funding it with Industrial Development Agency bonds issued through the Suffolk IDA.

Engel Burman also is in contract to buy a location on Lakeland Avenue in Sayville as well as two locations in Westchester, one in White Plains and one in Woodcliff Lakes, N.J.

"We think Suffolk County is underserved for the quality of assisted living we provide," said Steven Krieger, an Engel Burman principal. "We're looking for more locations."

Engel Burman's decision to build big comes when the Long Island construction industry is at a near standstill, spiraling into double-digit unemployment.

But Krieger said Engel Burman, which already operates 950 assisted living beds on Long Island, hopes to open 10 Bristals in the tri-state area over the next six years.

"Why are we doing it?" Krieger said. "The general population in Nassau, Suffolk and Westchester is getting older. People are living longer."

Engel Burman isn't the only firm with ambitious assisted-living plans for Long Island. Sunrise Assisted Living built a portfolio of nine Long Island communities. And Atria Senior Living in 2007 bought the Sterling Glen communities on Long Island, which have been renamed Atria.

Demographics may be in developers' favor. More than 20 percent of Nassau and Suffolk households have an income of more than \$150,000 according to Demographics Now.

The median household income was \$91,445 in Nassau in 2009 and \$82,506 in Suffolk, also according to Demographics Now.

The age of the population also is conducive to assisted living, with 24.8 percent of men and 29 percent of women in Nassau and Suffolk age 55 or over, according to Claritas.com.

"This is a desirable market to be in," Krieger said. "Investors want to get into these markets."

Assisted living communities like Engel Burman's also benefit from lifestyle trends. Ellen Antonucci, vice president of marketing for Ultimate Care Management, a subsidiary of Engel Burman that manages the Bristol locations, said more people want to be near family.

"There's a reverse migration," she said. "People who have been in Florida for 30 years are coming back to be close to family members."

Assisted living developers eyeing Long Island for expansion face zoning challenges, prompting some to acquire existing locations rather than building new facilities.

Besides Atria Senior Living's purchase of Sterling Glen, New Jersey-based Brandywine bought the Savoy in Queens and the Huntington Terrace in Huntington.

"Instead of putting more beds in the marketplace, we like to capture beds that are already there," said Anne Pinter, Long Island regional vice president for Louisville, Ky.,-based Atria, which operates 11 communities with 1,250 beds in Nassau and Suffolk. "Atria is always looking to strategically acquire properties."

Engel Burman, meanwhile, has had its own problems in obtaining zoning approvals, which could slow expansion.

"It took three years to get a rezoning and a variance," Krieger said of East Northport. "It's difficult to move through municipalities in a timely fashion."