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Comparing Operator Performance Across SHOP Holdings

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The operator-evaluation framework REITs need when reported financials lag operating reality by 60 to 90 days.

In a SHOP structure, the REIT carries operating exposure but typically receives data on a delay measured in months and through reporting categories defined by the operator. The result is a structural visibility gap: the REIT learns about deterioration after the operator has already absorbed it, and after the optionality to intervene has narrowed. The framework below is what closes that gap.

The framing

Operator comparison in a SHOP portfolio requires three things the typical reporting package does not deliver: timely data, normalized peer-segment context, and operator-effect isolation.

1. The Limitation of Reported Financials

Reported NOI and occupancy lag operating reality by 60 to 90 days for two reasons. First, accounting close cycles defer the visibility of the period that has just ended. Second, the most predictive operating signals — staffing pressure, family complaints, move-out reasons, inquiry velocity — are not in the financial reporting package at all. An operator can be deteriorating for a full quarter before the REIT sees it.

2. The Operator Performance Metrics That Matter

Five metric families allow a REIT to evaluate operator performance with the timeliness and normalization the structure requires.

- Care-adjusted NOI margin. NOI normalized for acuity mix and unit mix, allowing a same-care-segment comparison across the portfolio.
- Labor stability index. Composite of overtime concentration, agency reliance, and 90-day caregiver retention. The leading indicator of margin pressure.
- Inquiry-to-move-in conversion velocity. The earliest demand signal available — predicts occupancy 60–120 days out.

- Move-out reason mix. The shift in the percentage of move-outs attributable to higher level of care, dissatisfaction, or financial reasons indicates whether the operator is losing demand or losing residents to acuity drift.
- Family satisfaction trend. Two consecutive declines predict the next quarter's move-out spike with high reliability.

3. Normalizing for Operator Effect

Two operators in the same building, same trade area, same year would not produce identical results. To isolate the operator effect, REIT-grade comparison adjusts for:

- Trade-area demand. Population-weighted demand for the relevant care level within the trade area.
- Competitive supply. New supply added or announced within the trade area in the prior 24 months.
- Acuity and unit mix. Acuity-adjusted revenue and expense baselines.
- Asset age and condition. Capital deferral and unit-condition normalization.

With these adjustments, the residual variance is what the operator owns. Without them, the comparison is uninterpretable.

4. The Underperformance Detection Cadence

The cadence that produces actionable underperformance signals — not after-the-fact reporting:

- Weekly: labor stability index, agency hours, inquiry-to-tour conversion velocity.
- Monthly: care-adjusted NOI estimate, move-out reason mix, family satisfaction pulse.
- Quarterly: peer-normalized operator scorecard against the portfolio.
- Trigger: any two leading indicators in the bottom decile for two consecutive periods initiates a structured operator review.

5. The Governance Output

The discipline produces three governance outputs the REIT board and investment committee can act on: an operator scorecard refreshed quarterly with peer-normalized context; an early-warning alert log showing flagged communities with documented intervention; and a portfolio concentration view showing operator-level, manager-level, and trade-area exposure.

6. Where SeniorCRE Fits

SeniorCRE is the operator-performance layer between the REIT and the operating reality of its SHOP holdings. The platform aggregates the leading-indicator data that does not appear in financial reporting, normalizes for trade-area, supply, acuity, and asset-condition effects, and produces the operator scorecard at the cadence governance

requires. The REIT preserves the operator relationship and gains the visibility the structure has historically denied.

What changes when operator visibility becomes timely

- Underperformance is identified 60–90 days earlier.
- Operator interventions are evidence-based and documented.
- Capital allocation decisions across the portfolio are defensible.
- Concentration risk by operator and manager is continuously visible.
- Investor reporting has a credible operating substrate.

REITs do not need more reports. They need an operator-performance system that closes the visibility gap their SHOP structure created. SeniorCRE is built to be that system.

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See how SeniorCRE makes this operational

SeniorCRE unifies clinical, financial, and operating signals into one platform — so the analysis above becomes a daily workflow, not a one-time report.

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