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Lane Bajardi, Anchor:

Ventas is a real estate investment trust and owns healthcare facilities throughout the US. Though the Louisville, Kentucky company has seen its stock falter a bit year to day, and that's a very short year to date, of course, total one year returns are still running ahead of its peers as you can see here on this chart comparing Ventas to the Bloomberg REIT healthcare index.

And right now, Deborah Cafaro, the CEO, joins us from the New York Stock Exchange with an outlook on her company and the industry. Thanks for joining us.

Deborah Cafaro, CEO, Ventas:

My pleasure, thank you.

Bajardi:

What's the outlook for the new year for you? What's going to be the key for your company as we make our way though two thousand five?

Cafaro:

Well, we're looking forward to doing more of the same for our shareholders this year, which involves continued reliable cash flow growth, dividend growth, continued implementation of our growth and diversification program and superior risk adjusted return.

Bajardi:

Let's talk about the diversification program. How are you going to diversify here? What types of things are you going to branch out into?

Cafaro:

Well, currently we own two hundred and eighty eight healthcare and senior housing facilities in thirty nine states. About three quarters of those are operated by our principal tenant, Kindred Healthcare. We would expect to diversify within the healthcare space by acquiring skilled nursing facilities, assisted living facilities, independent living and hospital facilities, and do so with tenants other than our principal tenant, Kindred Healthcare, so that we grow the pie, diversify the asset base by tenant and by asset character.

Bajardi:

And you're taking advantage of demographics here, as well, as you see more and more people taking this opportunity. Talk to a bit about that, where the potential is for that.

Cafaro:

That's a great question. The over-eighty-five population in the United States is the fastest growing segment. They're the segment most likely to use skilled nursing facilities, for example, and we intend to continue acquiring those assets in the coming year.

We also love the supply-demand fundamentals in the space as our population inexorably ages. Yet, there is constrained supply in the space. So as a real estate person, I love the supply-demand fundamentals as our country ages.

Bajardi:

Why is that an attractive opportunity, real estate investment trust-wise, compared to some other opportunities for real estate investment trusts, because we have seen apartment trusts, which may be a little bit closer when you're looking at those long terms…

Cafaro:

…Yes…

Bajardi:

…and retail trusts doing better, outperforming healthcare trusts.

Cafaro:

Right. Another good question. The key point is that REITs as a whole have outperformed all the major market indices over the last five consecutive years, and within the REIT space, there is this demarcation, as you have said, among the different sectors. Apartments and hotels will continue to do well as there's job creation and our economy grows. Healthcare REITs will do well as well, we believe, as the population ages and as there continues to be more demand for our facilities. We tend to be a less economically sensitive sector that's driven more by cycles of reimbursement and by demographics as you point out.

Bajardi:

And you recently sold hospitals in Indiana and in California. It generated twenty one million dollars in cash to do that and to diversify.

Cafaro:

We did.

Bajardi:

Is this a sign that you'd like to accelerate the pace of acquisitions here?

Cafaro:

Well, we've already acquired about three hundred and ninety million dollars of assets in two thousand four. We intend to keep up the pace and continue to grow our company for the benefit of the shareholders.

Bajardi:

Deborah Cafaro, thank you very much. CEO of Ventas.

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