



## FEATURED OPTIONS RADAR REPORT



### Bulls Active for a Welltower Rebound

Ticker/Price: WELL (\$49.40)

#### Analysis:

**Welltower (WELL)** with a large bull spread today selling 5000 August \$45/\$40 put spreads to buy September \$55 calls 5000X at \$2.75 with shares near \$49.50. WELL already has significant size in September calls with 2000 of the \$50 calls and 9,925 of the \$55 calls. WELL shares were hit hard with COVID and have clawed back some, and above \$53 has a lot of room to make a big move back to \$75 or higher. The \$21.25B REIT has properties that include Senior Housing, Post-Acute Care, and Health Systems. WELL has benefitted from the secular theme of an ageing population and the need for value based care, though senior housing facilities face risks with the current epidemic. WELL is the World's largest health and wellness real estate platform with 1300 senior housing facilities and 24M square feet of outpatient facilities. It estimates senior housing is only 10.5% penetrated and the 75+ population is expected to double the next 20 years. It also notes the shift to outpatient from inpatient with a 51% increase in visits since 1999 compared to 3% growth for inpatient admissions. WELL now trades 14X FFO with a 4.88% dividend yield. Analysts have an average target of \$50.60 with just 2.6% of the float short. Evercore ISI upgraded to Outperform on 6/15 and in a 6/1 business update it noted a slowing pace of occupancy declines. WELL has 62% operating income exposure to the senior housing portfolio. It is a best operator with strong competitive advantages that has been a good deal-maker. Hedge Fund ownership rose 6.95% in Q1 filings.

#### Hawk Vision:



**Hawk's Perspective:** WELL has a weak chart and obviously Senior Housing a tough business moving forward. There may be some value here moving forward and a nice yield, but prefer to stick with growth/trend plays.

**Confidence Ranking:** \$