

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

ZIEGLER'S RECOMMENDED READING LIST: Q3 2024

Once a quarter, we feature an issue of *Z-News* that is devoted to recommended reading. These lists include newly released research reports, hot-topic white papers and noteworthy articles that have meaningful information for the senior living & care sector. The list of reading materials below range in topics from demographic, construction and real estate trends to detailed classifications of the top providers in the industry. As always, we welcome feedback on potential future publications or articles to include for our readers.

- [CLA 39th SNF Cost Comparison and Industry Trends Report](#): October 2024. Based on 2023 data, this year's report offers a comprehensive view of the national benchmarks skilled nursing operators can use to measure performance, understand the evolving industry landscape and better their chances of succeeding in a difficult marketplace.
 - [PHI: Direct Care Workers in the United States Key Facts 2024](#): Direct Care Workers in the United States: Key Facts provides an annual snapshot of the direct care workforce, including its demographics, occupational roles, job quality challenges, and projected job openings. The report includes detailed overviews of three segments of this workforce: home care workers, residential care aides, and nursing assistants in nursing homes.
 - [What's Happening in the Real Estate Market: Update Through September 2024](#): Love & Company, November 2024. If you are a regular follower of our real estate market updates—all looking to answer the question, “Can our prospects sell their homes at a reasonable value?”—you’ve seen that home resale values have stayed strong the past few years despite interest rates being much higher than in the previous several years. Fortunately, this update shows more of the same, with one new point of interest (literally): Mortgage rates have dropped significantly since our last update in May.
 - [Senior Living Construction Costs Brief Fall 2024](#): Weitz, October 2024. Many companies that are wanting to grow are finding difficulties locating the quality workers needed to meet their growth expectations. This will drive wages higher. Labor productivity has slowed due to the rate of retiring workers who tend to be more experienced and productive compared to new workers just starting in the industry. The composite material cost index has risen a modest 3.4% over the past 12 months.
- We anticipate construction costs to rise 3% – 6% over the next 12 months.
- [2024 ASHA 50](#): This special edition of Senior Housing Business features the annual compilation by the American Seniors Housing Association (ASHA) of our industry's authoritative ranking of the nation's largest seniors housing owners and operators.
 - [2024 Largest Providers Report – Argentum](#): This report gives you data and information from one of the most turbulent years ever experienced in the senior living industry. See what has changed among providers, discover the results of our survey, and learn about upcoming provider growth.
 - [Meeting the Growing Demand for Age-Friendly Care](#): Health Care at the Crossroads. The study was conducted by Age Wave on behalf of [The John A. Hartford Foundation](#) and in partnership with [The Harris Poll](#). Combining results from a Harris Poll survey with focus group findings, secondary research and recommendations, the study offers an urgent call from older adults for age-friendly care that meets their needs and preferences. The survey was conducted April 17 to May 9, 2024.
 - [LeadingAge Ziegler 200](#): Developed annually through a partnership between LeadingAge and Ziegler, the LeadingAge Ziegler 200 (LZ 200) is a ranking and analysis of the nation's 200 largest not-for-profit senior living organizations across the country as of December 31, 2023. This year's report represents more than 300,000 market-rate units and nearly 1,600 market-rate communities across the country. It also outlines relevant business trends in the industry to showcase the variety of older adult services and offerings provided in this sector.
 - [“Senior Housing Posts Positive Total Returns in Third Quarter 2024; Year-to-Date Index Outperformance Led by Independent Living NCREIF Performance Report Q3 2024”](#): November 2024, by Caroline Clapp. Senior housing posted a positive total return of 0.71% in the third quarter of 2024, slightly trailing the broader Expanded NCREIF Property Index (Expanded NPI), which posted a total return of 0.83%. Positive income returns for senior housing (+1.15%) were partially offset by

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negative appreciation (-0.44%), but still resulted in overall positive returns for the quarter. For the Expanded NPI, the third quarter of 2024 was the first quarter of positive total returns in nearly two years. On a year-to-date basis, senior housing returned 1.53%, outperforming the Expanded NPI by nearly 190 basis points.

- [NIC Blog: “Top Metros for Senior Growth”](#): August 2024. The aging population in the United States is growing rapidly, and metropolitan areas (MSAs) are seeing significant changes in their senior demographics. According to the latest 5-year population growth estimates from Nielsen Claritas data, the number of seniors aged 80 and above is expected to increase substantially in many metropolitan areas. Understanding these trends is crucial for the senior housing industry, as it provides insights that can guide investment and development strategies. This analysis delves into the projections for senior population growth, with a focus on key metropolitan areas and the implications for the industry.

If you have any questions about this newsletter or related topics, we encourage readers to reach out to the Ziegler representative in the region.

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NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF NOVEMBER 18, 2024

| ORGANIZATION | RATING AGENCY | RATING/ OUTLOOK | TYPE OF ACTION | DATE |
|--|---------------|-----------------|--|----------|
| Lifespace Communities (IA) | Fitch | BBB Stable | Affirmed Rating Affirmed IDR* Outlook Revised Removed UCO** | 11/11/24 |
| Haverland Carter Obligated Group (NM) | Fitch | BB Stable | Review – no action | 11/13/24 |
| Bishop Gadsden Episcopal Retirement Community (SC) | Fitch | BBB- Stable | Review – no action | 11/15/24 |
| Acts Retirement-Life Communities (PA) | Fitch | A- Stable | Affirmed Rating Affirmed IDR* Removed UCO** | 11/18/24 |

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* IDR – Issuer Default Rating

** UCO – Under Criteria Observation

Any non-Ziegler sources referenced in this Z-News are believed to be reliable but cannot be guaranteed.

INTEREST RATES/YIELDS

WEEK ENDING NOVEMBER 15, 2024

| | CURRENT | LAST WEEK | 52-WK AVG |
|---------------------------|---------|-----------|-----------|
| 30-Yr MMD | 3.79% | 3.93% | 3.68% |
| Senior Living 30-Yr “A” | 4.70% | 4.81% | 4.75% |
| Senior Living 30-Yr “BBB” | 5.05% | 5.16% | 5.09% |
| Senior Living Unrated | 6.25% | 6.36% | 6.30% |
| Senior Living New Campus | 7.70% | 7.81% | 7.87% |
| SIFMA Muni Swap Index | 3.59% | 2.68% | 3.42% |

| | CURRENT | WEEKLY AVERAGE | SPREAD TO MMD |
|---------------------------|---------|----------------|---------------|
| ZSLMLB Index [†] | 5.20% | 5.20% | 1.42% |

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCING

PENICK VILLAGE
PENICK VILLAGE
 Southern Pines, North Carolina

 North Carolina Medical Care Commission,
 Retirement Facilities Frist Mortgage Revenue
 Bonds,
 Series 2024

\$73,295,000

October, 2024

MARKET REVIEW

MONEY MARKET RATES

| | 11/15 | Last week |
|-----------------------------------|--------------|------------------|
| Prime Rate | 7.75 | 7.75 |
| Federal Funds (weekly average) | 4.56 | 4.81 |
| 90 Day T-Bills | 4.52 | 4.53 |
| 30-Day Commercial Paper (taxable) | 4.57 | 4.65 |
| SOFR (30-day) | 4.79 | 4.84 |
| SOFR | 4.58 | 4.82 |
| 7 Day Tax-Exempt VRDB | 3.59 | 2.68 |
| Daily Rate Average | 3.67 | 2.00 |

COMPARATIVE YIELDS
TAXABLE REVENUE

| | GOVT | A | | MMD | NR* | BB | BBB | A | AA |
|---------|-------------|----------|---------|------------|------------|-----------|------------|----------|-----------|
| 2 Year | 4.34 | 4.84 | 1 Year | 2.79 | 4.79 | 4.19 | 3.44 | 3.14 | 2.79 |
| 5 Year | 4.32 | 4.92 | 5 Year | 2.64 | 4.74 | 4.09 | 3.34 | 3.04 | 2.64 |
| 7 Year | 4.38 | 5.13 | 7 Year | 2.76 | 4.96 | 4.26 | 3.51 | 3.21 | 2.76 |
| 10 Year | 4.43 | 5.43 | 10 Year | 2.94 | 5.24 | 4.49 | 3.74 | 3.44 | 2.94 |
| 30 Year | 4.58 | 6.08 | 30 Year | 3.79 | 6.39 | 5.49 | 4.79 | 4.49 | 3.79 |

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

| | THIS WEEK | LAST WEEK | CHANGE |
|--|------------------|------------------|---------------|
| Bond Buyer | | | |
| 20 Bond Index | 4.14 | 4.28 | -0.14 |
| 11 Bond Index | 4.04 | 4.18 | -0.14 |
| Revenue Bond Index | 4.43 | 4.57 | -0.14 |
| 30 Year MMD | 3.79 | 3.93 | -0.14 |
| Weekly Tax-Exempt Volume (Bil) | 4.56 | 1.42 | +3.14 |
| 30 Day T/E Visible Supply (Bil) | 9.26 | 7.22 | +2.04 |
| 30 year "A" Rated Hospitals as a % of 30 Year Treasuries | 98.0 | 102.2 | -4.02 |

Source: Bloomberg