

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

2Q LPC OCCUPANCY GROWTH UNEVEN ACROSS LEVELS OF LIVING

For the past several years, the National Investment Center for Seniors Housing & Care (NIC) has partnered with Ziegler to provide additional insights into the occupancy, growth and other key indicators for the Life Plan Community sector. This article summarizes the 2Q 2024 metrics for Life Plan Communities by level of living and also in comparison to the non-LPC community types. This analysis covers the primary and secondary markets across the U.S. that are tracked by NIC MAP®.

NIC MAP®, powered by NIC MAP Vision, collects primary data on occupancy, asking rents, demand, inventory, and construction for about 16,200 independent living, assisted living, memory care, skilled nursing, and life plan communities (LPCs — also referred to as continuing care retirement communities) across 140 U.S. metropolitan markets. The dataset includes more than 1,164 not-for-profit and for-profit entrance fee and rental LPCs in these 140 combined markets, including 1,086 in the 99 combined Primary and Secondary Markets.

LPC Occupancy by Level of Living

The exhibit below shows that LPC occupancy continues to inch upward, with the Independent Living segment reporting the highest levels of occupancy. The Assisted Living and Memory Care occupancy figures are fairly similar at 89.5% and 89.7% respectively, followed by skilled nursing occupancy within the LPCs of 85.1%. Overall LPC occupancy increased 0.2 percentage points between the first quarter and second quarter of this year.

LPC Segment	2Q 2024 Occupancy	1Q 2024 Occupancy	Change from One Year Prior (2Q 2023)
Independent Living	91.1%	91.0%	+1.2%
Assisted Living	89.5%	88.9%	+2.8%
Memory Care	89.7%	88.7%	+3.7%
Skilled Nursing	85.1%	85.1%	+2.1%
LPCs Overall	89.3%	89.2%	+1.7%

Source: NIC MAP® data, powered by NIC MAP Vision

Prepared by: NIC Analytics of the National Investment Center for Seniors Housing & Care (NIC)

While the Independent Living occupancy is the highest among all segments, it continues to demonstrate slower overall growth compared to the Assisted Living and Memory Care segments with a 0.1 percentage point increase from the first quarter of this year. The occupancy within the Memory Care segment of Life Plan Communities increased by a full percentage point from the first quarter. Conversely, the Skilled Nursing occupancy went unchanged from the prior quarter. It should also be noted that the Life Plan Community occupancy exceeds the non-LPC community occupancy across each segment, with the greatest gap within Independent Living. The LPC Independent Living occupancy is 5.3% above the non-LPC Independent Living occupancy.

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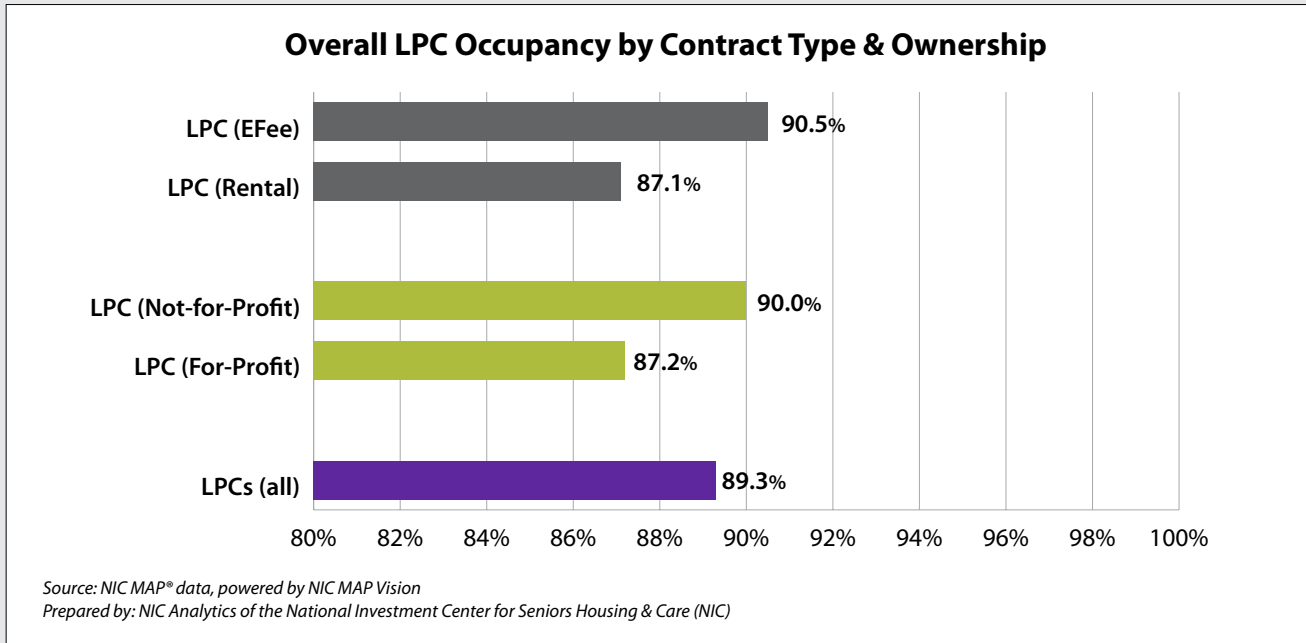
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Entrance Fee vs Rental Comparisons

A large proportion of LPCs, particularly among not-for-profit sponsors, offer entrance-fee contracts as their primary type of resident agreement. Patterns emerge when comparing the entrance-fee model to the rental LPCs. There are also differences when comparing not-for-profit communities versus those owned and operated by for-profit organizations. The graph below details those differences.



The overall LPC occupancy for the second quarter increased slightly from 89.1% in the first quarter. The entrance-fee communities reported no overall occupancy gain quarter-over-quarter while the rental LPC communities had a 0.6 percentage point increase from the first quarter to the second.

Additional LPC Observations

Readers should be reminded that these figures represent national statistics and that regional differences do indeed exist across the country. This holds true for market variances as well, so providers should stay on top of the occupancy benchmarks in their particular geographic region.

The annual growth in the monthly fees, or rent, is an important measure to track as well. Compared to one year ago, the Memory Care and Assisted Living segments had the greatest year-over-year increases in monthly rent at 4.6% and 4.2% respectively. The independent living annual monthly fee growth was slightly lower at 3.7%. These figures have come down from prior record highs when inflationary pressures, such as wage escalation and rising costs, were greatly impacting the Life Plan Communities.

For further insights and data on the LPC market fundamentals, please visit www.nic.org and also follow the NIC Insider newsletter for additional deep-dive information.

LISA McCracken
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NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF AUGUST 9, 2024

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Presbyterian Retirement Communities (FL)	Fitch	A- Stable	Affirmed Rating Affirmed IDR*	8/5/24
Brio Living Services fka UMRC (MI)	Fitch	BBB- Stable	Affirmed Rating Affirmed IDR*	8/6/24
Messiah Lifeways (PA)	Fitch	BBB- Stable	Review – No Action	8/9/24
Rogue Valley Manor (OR)	Fitch	A- Stable	Review – No Action	8/9/24

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* IDR – Issuer Default Rating

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

INTEREST RATES/YIELDS

WEEK ENDING AUGUST 9, 2024

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.58%	3.62%	3.81%
Senior Living 30-Yr “A”	4.46%	4.50%	5.07%
Senior Living 30-Yr “BBB”	4.81%	4.85%	5.45%
Senior Living Unrated	5.96%	6.00%	6.57%
Senior Living New Campus	7.71%	7.75%	7.92%
SIFMA Muni Swap Index	3.03%	3.51%	3.52%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	5.25%	5.21%	1.71%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCING



**GARDEN SPOT
VILLAGE**

GARDEN SPOT VILLAGE
New Holland, Pennsylvania

Lancaster Municipal Authority
Healthcare Facilities Revenue Bonds
Series 2024

\$67,720,000
August, 2024

MARKET REVIEW

MONEY MARKET RATES

	08/09	Last week
Prime Rate	8.50	8.50
Federal Funds (weekly average)	5.31	5.31
90 Day T-Bills	5.22	5.25
30-Day Commercial Paper (taxable)	5.30	5.31
Libor (30-day)	5.44	5.46
SOFR	5.34	5.35
7 Day Tax-Exempt VRDB	3.03	3.51
Daily Rate Average	3.08	3.31

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	4.03	4.53	1 Year	2.68	4.68	4.08	3.33	3.03	2.78
5 Year	3.82	4.42	5 Year	2.59	4.69	4.04	3.29	2.99	2.74
7 Year	3.88	4.63	7 Year	2.63	4.83	4.13	3.38	3.08	2.83
10 Year	3.99	4.99	10 Year	2.70	5.00	4.25	3.50	3.20	2.90
30 Year	4.27	5.77	30 Year	3.58	6.18	5.28	4.58	4.28	3.83

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE
Bond Buyer			
20 Bond Index	3.85	3.94	-0.09
11 Bond Index	3.75	3.84	-0.09
Revenue Bond Index	4.14	4.23	-0.09
30 Year MMD	3.58	3.62	-0.04
Weekly Tax-Exempt Volume (Bil)	10.75	5.65	+5.10
30 Day T/E Visible Supply (Bil)	9.49	13.40	-3.91
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	100.2	101.1	-0.90

Source: Bloomberg