

FEATURED ARTICLE

LIFE PLAN COMMUNITY OCCUPANCY Q2 2022

LPC Care Segment Performance 2Q 2022

Our partners at National Investment Center for Seniors Housing & Care (NIC) are once again providing an in-depth analysis of the Life Plan Community (LPC)/CCRC occupancy figures for the most recent quarter of 2022. The focus of this issue of *Z-News* is a deep-dive into the Q2 data for the LPC/CCRC segment with guest contributor Omar Zahraoui with NIC.

NIC MAP®, powered by NIC MAP Vision, collects primary data on occupancy, asking rents, demand, inventory, and construction for more than 15,000 independent living, assisted living, memory care, skilled nursing, and life plan communities (LPCs) across 140 U.S. metropolitan markets. The dataset includes 1,173 not-for-profit and for-profit entrance fee and rental LPCs in these 140 combined markets, including 1,097 in the 99 combined Primary and Secondary Markets.

The following analysis examines occupancy and year-over-year changes in inventory, and same-store asking rent growth—by care segment—within LPCs and non-LPCs in the 99 combined NIC MAP Primary and Secondary Markets. The analysis also highlights occupancy by payment type (entrance fee LPCs vs. rental LPCs), and the relative performance of for-profit LPCs and not-for-profit LPCs during the second quarter of 2022 — by region.

2Q 2022 LPC Market Fundamentals

LPC occupancy increased to 86.0% in the second quarter of 2022 for the 99 NIC MAP Primary and Secondary Markets aggregate, up 0.5 percentage points (pps) from the prior quarter, a level 6.9pps above the occupancy rate for non-LPCs (79.1%).

From its time series low of 84.2% reached in the second quarter of 2021, LPC occupancy increased by 1.9pps but remained 5.5pps below its pre-pandemic level of 91.5% in the first quarter of 2020. Alternately, non-LPC occupancy gained 4.0pps from year-earlier levels but still has the most room to make up with a gap of 6.7pps from pre-pandemic level.

In the first quarter of 2020, before the pandemic began to influence the senior housing sector, the gap between LPC and non-LPC occupancy rates was 5.8pps. In the second quarter of 2022, the gap between LPC and non-LPC occupancy rates stood at about 7.0pps, down 2.8pps from its pandemic high of 9.7pps in the first quarter of 2021 but still 1.1pps wider than it was pre-pandemic.

By Payment Type. In the second quarter of 2022, entrance fee LPC occupancy (88.3%) was 6.2pps higher than rental LPCs (82.1%). Compared with the first quarter of 2020, entrance fee LPCs are now 4.7pps lower, while rental LPCs remained far below pre-pandemic levels by 7.0pps.

While possible recession scenarios continue to develop, senior housing occupancy continues on the road to recovery, reinforcing confidence and optimism among senior housing constituents. As background, the recently released NIC Intra-Quarterly Snapshot report featuring NIC MAP data, powered by NIC MAP Vision (available for download on the [NIC website](#)), showed that the occupancy rate for senior housing (majority independent living and majority assisted living properties) for the 31 NIC MAP Primary Markets increased to 82.0% in the July 2022 reporting period, up 0.7pps from the June 2022 reporting period (2Q 2022) on a three-month rolling basis. This was the largest monthly gain since October 2021.

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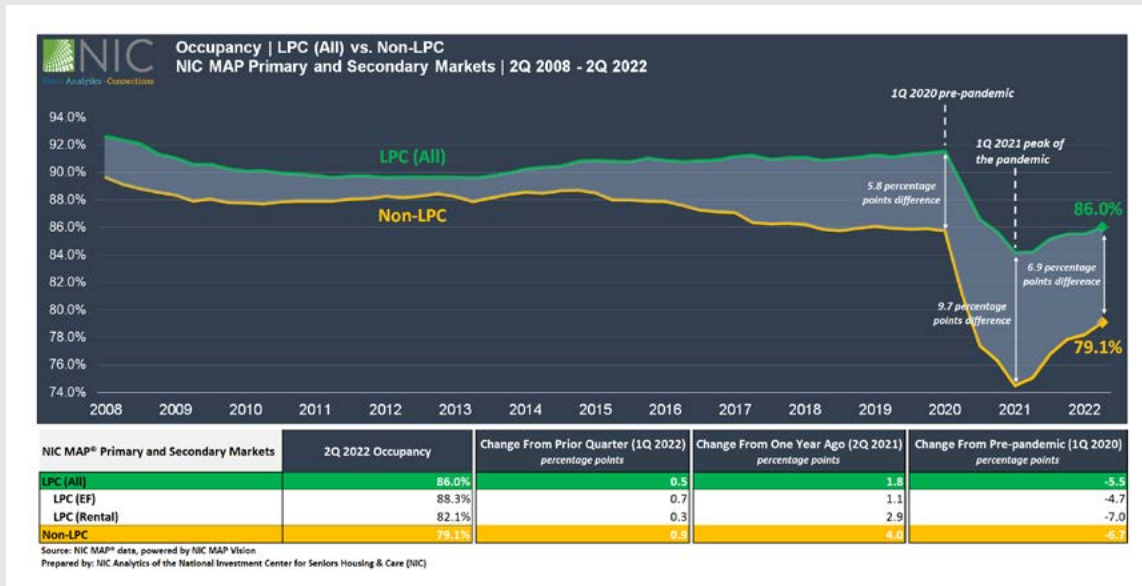
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Exhibit 1: Unit Mix and Occupancy Recovery for LPC (All) vs. Non-LPC


By Care Segment - LPCs Maintained Higher Occupancy Rates but Relatively Smaller Asking Rent Growth Compared with Non-LPCs

The table below illustrates the relative market performance of LPCs compared with non-LPCs by care segment in the second quarter of 2022 and includes year-over-year changes in occupancy, inventory, and asking rent growth. Note that LPCs often offer both entrance fee and rental contracts to give residents financial choice and flexibility. NIC MAP categorizes LPC communities by the contract type held by the majority of residents.

Occupancy. Overall, occupancy for LPCs continued to outpace that of non-LPCs across all care segments. The difference in second quarter occupancy between LPCs and non-LPCs was largest for the independent living segment (7.7pps), and smallest for the nursing care segment (2.2pps).

The LPC independent living care segment had the highest occupancy (89.1%) in the second quarter of 2022, followed by LPC assisted living and memory care (84.8% and 84.0%, respectively). Although in terms of occupancy improvements from one year ago, the independent living segment had the smallest gain across all care segments for both LPCs and non-LPCs.

Asking Rent. While monthly average asking rent for LPCs across all care segments remained higher than non-LPCs, non-LPCs experienced stronger asking rent growth in the past four quarters, with assisted living reporting the highest year-over-year asking rent growth in the second quarter of 2022 of 4.2%, and nursing care reporting the lowest (2.5%).

Similarly, the highest year-over-year asking rent growth for LPCs was noted in the assisted living segment (3.5%). Note, these figures are for asking rates and do not consider any discounting that may be occurring.

Inventory. From year-earlier levels, inventory for LPCs decreased (or shifted) across all care segments except memory care, while non-LPCs saw increased inventory in all but nursing care. Nursing care inventory for both LPCs and non-LPCs decreased by 3.4% and 1.0%, respectively. Negative inventory growth can occur when units/beds are temporarily or permanently taken offline or converted to another care segment, outweighing added inventory.

Historically, LPCs had reported lower rates of inventory growth (year-over-year change in inventory) by segment than non-LPCs. In the second quarter of 2022, the highest year-over-year inventory growth was reported for the non-LPC independent living and memory care segments (5.4% and 3.0%, respectively).

NIC Map® Primary and Secondary Markets	LPC (All) vs. Non-LPC — By Care Segment							
	Independent Living Segment		Assisted Living Segment		Memory Care Segment		Nursing Care Segment (Beds)*	
	LPC (All)	Non-LPC	LPC (All)	Non-LPC	LPC (All)	Non-LPC	LPC (All)	Non-LPC
Total Units (2Q22)	203,515	236,679	50,528	394,042	14,962	142,052	95,405	774,369
Occupancy (2Q22)	89.1%	81.4%	84.8%	79.3%	84.0%	78.9%	80.5%	78.3%
LPC (All) vs. Non-LPC Care Segment Occupancy Difference (percentage points)	7.7		5.5		5.1		2.2	
Average Monthly Rent – Asking Rent (2Q22)	\$3,650	\$3,534	\$6,281	\$5,590	\$7,882	\$7,214	\$385	\$352
2Q21 to 2Q22								
YoY Change in Inventory	-1.2%	5.4%	-2.0%	1.7%	1.0%	3.0%	-3.4%	-1.0%
YoY Change in Occupancy (percentage points)	0.8	2.6	2.5	4.6	1.5	5.1	3.6	3.9
YoY Same Store Asking Rent Growth	2.9%	3.6%	3.5%	4.2%	2.9%	3.3%	2.9%	2.5%

*YOY Change in Asking Daily Rate

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

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

Not-for-Profit LPC Occupancy is Relatively Higher Compared with For-Profit LPCs

Among the 1,097 LPCs spread across the 99 Primary and Secondary Markets tracked by NIC MAP Vision, approximately 70% are operated as not-for-profit, and 30% are operated as for-profit.

In the second quarter of 2022, not-for-profit LPC occupancy (87.3%) was 5.0pps higher than that of for-profit LPCs (82.3%) within the NIC MAP Primary and Secondary Markets. As shown in the table below, not-for-profit LPCs have higher occupancy rates than for-profit LPCs across all regions except in the Pacific. The largest differences in the second quarter occupancy between not-for-profit LPCs and for-profit LPCs were in the West North Central (11.8pps), followed by the Southwest (10.0pps), and the Southeast (6.8pps).

For not-for-profit LPCs, the Mid-Atlantic (89.7%), West North Central (89.5%), and Southeast (88.1%) regions had the strongest occupancy rates in the second quarter of 2022. The East North Central region had the lowest occupancy at 83.9%.

For for-profit LPCs, the Pacific (90.0%), Northeast (83.9%), and Mid-Atlantic (83.7%) regions had the strongest occupancy rates in the second quarter of 2022. The Southwest region had the lowest occupancy at 76.6%.

NIC MAP® Primary and Secondary Markets		LPC Occupancy 2Q2022		Not-for-Profit LPC vs. For-Profit LPC (Difference in percentage points)
Region	LPC (Not-for-Profit)	LPC (For-Profit)		
Mid-Atlantic	89.7%	83.7%		6.0
West North Central	89.5%	77.7%		11.8
Southeast	88.1%	81.3%		6.8
Southwest	86.6%	76.6%		10.0
Mountain	85.4%	82.3%		3.1
Northeast	85.2%	83.9%		1.3
Pacific	84.8%	90.0%		-5.2
East North Central	83.9%	81.4%		2.5
Totals	87.3%	82.3%		5.0

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

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

Look for future [blog posts from NIC](#) to delve deep into the performance of LPCs.

Are you interested in learning more?

To learn more about NIC MAP Vision data, and about accessing the data featured in this article, [schedule a meeting](#) with a product expert today.

OMAR ZAHRAOUI, SENIOR DATA ANALYST, NIC

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF AUGUST 15, 2022

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Lasell Village (MA)	Fitch	A Stable	Affirmed IDR*	8/9/22
Buckner Retirement Services (TX)	Fitch	A Stable	Affirmed Rating Affirmed IDR*	8/11/22
Jerome Home (CT)	Fitch	BBB Stable	Affirmed Rating Affirmed IDR*	8/11/22
Christian Horizons (IL)	Fitch	BB Negative	Downgraded Rating Downgraded IDR*	8/15/22

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* IDR – Issuer Default Rating (FitchRatings)

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INTEREST RATES/YIELDS


WEEK ENDING AUGUST 12, 2022

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.91%	2.85%	2.21%
Senior Living 30-Yr "A"	4.11%	4.20%	3.19%
Senior Living 30-Yr "BBB"	4.41%	4.50%	3.52%
Senior Living Unrated	5.16%	5.20%	4.37%
Senior Living New Campus	6.25%	6.19%	5.63%
SIFMA Muni Swap Index	1.83%	1.68%	0.38%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	4.89%	4.90%	1.98%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCING


Green Cay
A LIFE PLAN COMMUNITY

GREEN CAY LIFE PLAN VILLAGE
Boynton Beach, Florida

Palm Beach County Health Facilities Authority,
Revenue Bond Anticipation Notes,
Series 2022A

\$36,175,000
July, 2022

MARKET REVIEW

MONEY MARKET RATES

	8/12	LAST WEEK
Prime Rate	5.50	5.50
Federal Funds (weekly average)	2.32	2.32
90 Day T-Bills	2.50	2.45
30-Day Commercial Paper (taxable)	2.33	2.33
Libor (30-day)	2.39	2.37
7 Day Tax-Exempt VRDB	1.83	1.68
Daily Rate Average	1.67	1.64

COMPARATIVE YIELDS

TAXABLE REVENUE									
	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	3.22	4.17	1 Year	1.64	3.49	3.14	2.84	1.99	1.74
5 Year	2.98	4.23	5 Year	1.82	3.77	3.42	3.17	2.22	2.02
7 Year	2.94	4.49	7 Year	2.05	4.15	3.85	3.45	2.55	2.30
10 Year	2.88	4.73	10 Year	2.24	4.44	4.14	3.74	2.84	2.54
30 Year	3.16	5.56	30 Year	2.91	5.31	5.06	4.46	3.96	3.46

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

Bond Buyer	THIS WEEK	LAST WEEK	CHANGE
20 Bond Index	3.27	3.21	+0.06
11 Bond Index	3.17	3.11	+0.06
Revenue Bond Index	3.55	3.49	+0.06
30 Year MMD	2.91	2.85	+0.06
Weekly Tax-Exempt Volume (Bil)	4.51	3.35	+1.16
30 Day T/E Visible Supply (Bil)	12.77	11.44	+1.33
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	125.3	130.0	-4.70

Source: Bloomberg