

FEATURED ARTICLE

FOURTH QUARTER LPC OCCUPANCY: A DEEP DIVE INTO SKILLED NURSING METRICS

The fourth quarter 2024 NIC MAP occupancy for Life Plan Communities (LPCs) was recently released by the National Investment Center for Seniors Housing & Care. This issue of *Z-News* shares the latest LPC occupancy levels and insights into the changing dynamic within the skilled nursing sector.

The table below shows the continued improvement in LPC occupancy across all types of LPCs. The not-for-profit, entry-fee community type has the highest rates of occupancy compared to those communities that are predominantly rental. The rental LPCs saw a greater drop in occupancy during the pandemic years, however, they have rebounded at a faster pace compared to the entry-fee communities. The entry-fee LPCs remain 1.7 percentage points below their pre-pandemic levels (1Q2020). As has been observed in previous cycles, such as the Great Financial Crisis, the entrance-fee model tends to be more stable than the rental communities, but they can also be slower to show movement in some of the key metrics such as occupancy.

LPC Type	4Q24 Occupancy	4Q24 vs 4Q24 Occupancy	4Q24 Occupancy vs Pre-Pandemic (1Q20)
Entry-Fee LPCs	91.3%	+0.5%	-1.7%
Rental LPCs	88.1%	+0.5%	-0.7%
For-Profit LPCs	88.5%	+0.7%	+0.6%
Not-for-Profit LPCs	90.7%	+0.4%	-2.0%
LPCs Overall	90.2%	+0.5%	-1.2%

Source: NIC MAP® data, powered by NIC MAP; NIC MAP Primary and Secondary Markets

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

What are the Skilled Nursing metrics telling us?

Diving deeper into the LPC occupancy statistics shows us that there is indeed variation across levels of living, which NIC refers to as “segments” in its labeling. The highest occupancies nationally fall within the independent living segment of the LPCs, with the national independent living LPC average being 92.0% in the fourth quarter of last year. Conversely, the skilled nursing segment within LPCs has the lowest occupancy level at 85.9%. Additionally, the spread between the LPC and non-LPC occupancy levels are the smallest for the skilled nursing segment, meaning the occupancy advantage seen for LPC versus other community types is the least when looking at nursing care. This is detailed further in the table on the next page.

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	IL Segment		AL Segment		SN Segment	
	LPC	Non-LPC	LPC	Non-LPC	LPC	Non-LPC
4Q24 Occupancy	92.0%	87.2%	90.4%	86.2%	85.9%	84.9%
LPC vs Non-LPC Occupancy	4.8%		4.1%		1.0%	

Source: NIC MAP® data, powered by NIC MAP; NIC MAP Primary and Secondary Markets
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At the same time, the skilled nursing inventory within LPCs continues to drop and at a faster pace than non-LPC communities. Across the past year, the LPC skilled nursing inventory changed by -1.5% compared to a smaller -0.4% change among the non-LPC communities. This decline in inventory is on top of similar patterns observed in prior years. This latest inventory data and occupancy trends suggest that the skilled nursing space within the LPC sector continues to be in transition. While many would argue it has improved from a few years ago, the staffing pressures remain heightened in nursing care in addition to payor headwinds and a challenging regulatory environment among others. As operators continue to assess how and where skilled care services are provided, we anticipate that the skilled nursing marketplace for LPCs will remain in-flux for the short-term.

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.

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NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF FEBRUARY 7, 2025

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Lutheran Senior Services East (PA)	Fitch	BBB	Withdrew Rating	2/7/25
Lutheran Senior Services Obligated Group (MO)	Fitch	BBB Stable	Affirmed Rating Affirmed IDR*	2/7/25

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* IDR – Issuer Default Rating

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INTEREST RATES/YIELDS


WEEK ENDING FEBRUARY 7, 2025

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.90%	3.97%	3.74%
Senior Living 30-Yr "A"	4.73%	4.80%	4.67%
Senior Living 30-Yr "BBB"	5.08%	5.15%	5.00%
Senior Living Unrated	6.18%	6.25%	6.21%
Senior Living New Campus	7.13%	7.20%	7.80%
SIFMA Muni Swap Index	2.07%	2.25%	3.26%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	5.24%	5.26%	1.33%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCING


FAIRVIEW
TRUSTED FOR GENERATIONS

FAIRVIEW
GROTON, CONNECTICUT

Connecticut Health and Educational
Facilities Authority
Bond Anticipation Notes
Series 2025

\$7,500,000
January, 2025

MARKET REVIEW

MONEY MARKET RATES

	02/07	Last week
Prime Rate	7.50	7.50
Federal Funds (weekly average)	4.31	4.32
90 Day T-Bills	4.31	4.28
30-Day Commercial Paper (taxable)	4.29	4.30
SOFR (30-day)	4.32	4.32
SOFR	4.36	4.36
7 Day Tax-Exempt VRDB	2.07	2.25
Daily Rate Average	1.52	1.51

COMPARATIVE YIELDS

TAXABLE REVENUE				MMD	NR*	BB	BBB	A	AA
	GOVT	A							
2 Year	4.21	4.71	1 Year	2.58	4.38	3.83	3.18	2.83	2.58
5 Year	4.27	4.87	5 Year	2.69	4.59	3.99	3.34	2.99	2.69
7 Year	4.35	5.10	7 Year	2.71	4.66	4.06	3.41	3.06	2.71
10 Year	4.43	5.43	10 Year	2.89	4.89	4.29	3.64	3.29	2.89
30 Year	4.63	6.13	30 Year	3.90	6.10	5.45	4.75	4.45	3.90

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE
Bond Buyer			
20 Bond Index	4.06	4.13	-0.07
11 Bond Index	3.96	4.03	-0.07
Revenue Bond Index	4.35	4.42	-0.07
30 Year MMD	3.90	3.97	-0.07
Weekly Tax-Exempt Volume (Bil)	3.95	3.95	0.00
30 Day T/E Visible Supply (Bil)	9.96	5.38	+4.58
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	96.1	94.9	+1.20

Source: Bloomberg