

## FEATURED ARTICLE

# UNDERSTANDING OCCUPANCY DIFFERENCES BETWEEN ENTRY-FEE AND RENTAL LPCS

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 (LPC) sector. This article summarizes key takeaways from the 3Q 2024 occupancy, absorption and inventory growth. 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 Trends by Contract Type and Owner

When looking at all Life Plan Communities combined, the most recent quarterly data shows occupancy at 89.7%. This is 1.6% percentage points above the occupancy one year ago, and a similar amount below the pre-pandemic level (-1.7%). While the LPC occupancies are highest among not-for-profit and entry-fee communities, these same communities are also among the furthest behind their pre-pandemic levels. These 3Q results are detailed in the table below.

| LPC Type            | 3Q24 Occupancy | 3Q24 vs 2Q24 Occupancy | 3Q24 vs 3Q23 Occupancy | 3Q24 Occupancy vs Pre-Pandemic (1Q20) |
|---------------------|----------------|------------------------|------------------------|---------------------------------------|
| Entry-Fee LPCs      | 90.8%          | +0.3%                  | +1.2%                  | -2.1%                                 |
| Rental LPCs         | 87.5%          | +0.5%                  | +2.4%                  | -1.3%                                 |
| For-Profit LPCs     | 87.8%          | +0.6%                  | +2.5%                  | -0.1%                                 |
| Not-for-Profit LPCs | 90.3%          | +0.3%                  | +1.3%                  | -2.4%                                 |
| <b>LPCs Overall</b> | <b>89.7%</b>   | <b>+0.4%</b>           | <b>+1.6%</b>           | <b>-1.7%</b>                          |

Source: NIC MAP® data, powered by NIC MAP Vision; NIC MAP Primary and Secondary Markets  
Prepared by: NIC Analytics of the National Investment Center for Seniors Housing & Care (NIC)

Historically, the entry-fee LPC model has demonstrated slower occupancy movement, both upwards and downwards than the LPCs that are primarily rental contracts. This pattern was consistent during the Great Financial Crisis as well as the COVID-19 pandemic, with the rental contracts showing a more pronounced occupancy drop than the entry-fee communities. Despite that more rapid drop, the rental and for-profit owned LPCs are closer to their pre-pandemic levels than entry-fee LPCs and are showing more rapid pace of growth on a quarterly and annual basis. It will be interesting to observe this pattern moving forward. The current pace of occupancy growth within the rental and for-profit LPCs may narrow the gap in the historical occupancy trends with their entry-fee peers.

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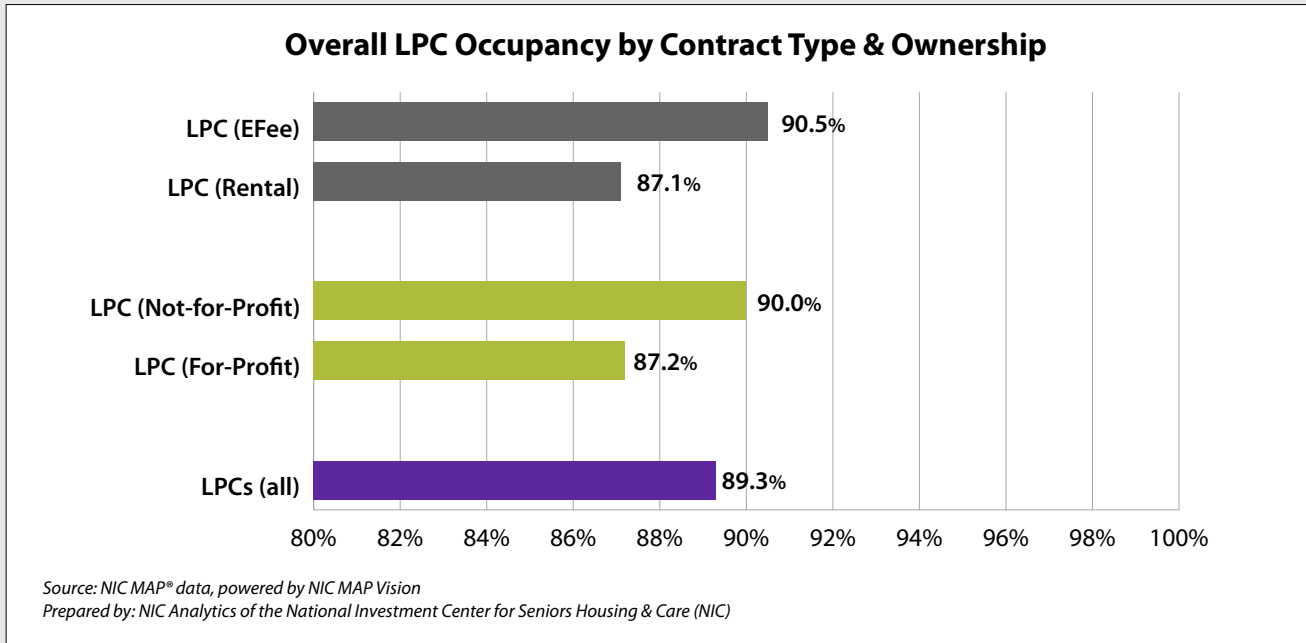
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### LPC Occupancy by Segment

When looking at all Life Plan Communities occupancy by level of living, Independent Living continues to dominate with a national occupancy level of 91.6%. The assisted living and memory care segments of LPCs reported occupancies of 89.8% and 89.9% respectively for the 3Q of 2024. As depicted below, the skilled nursing occupancy within LPCs was 85.3% in the most recent quarter, which is also the most similar to the non-LPC occupancy cohort.



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. Looking at the primary versus secondary markets within the NIC MAP database, with the exception of the memory care segment, which was fairly similar, the secondary market occupancies across each of the other three segments was slightly above the primary market occupancies. These differences range from 0.8% to 1.1%.

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

LISA McCracken  
HEAD OF RESEARCH & ANALYTICS, NIC

**NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS**

AS OF NOVEMBER 1, 2024

| ORGANIZATION                                   | RATING AGENCY | RATING/ OUTLOOK | TYPE OF ACTION                     | DATE     |
|--|---------------|-----------------|------------------------------------|----------|
| Eskaton Properties, Incorporated               | S&P           | NR              | Withdrew Rating                    | 9/19/24  |
| Landis Communities & Affiliates (PA)           | Fitch         | BBB- Stable     | Affirmed Rating<br>Affirmed IDR*   | 10/23/24 |
| Army Retirement Residence Foundation (TX)      | S&P           | BB+ Stable      | Affirmed Rating<br>Revised Outlook | 10/24/24 |
| Meadowood (PA)                                 | Fitch         | BBB Stable      | Affirmed Rating<br>Affirmed IDR*   | 10/25/24 |
| Springpoint Senior Living Obligated Group (NJ) | Fitch         | BBB+ Stable     | Review – No Action                 | 10/25/24 |
| Waverly Heights (PA)                           | Fitch         | A- Stable       | Affirmed Rating<br>Affirmed IDR*   | 10/30/24 |
| Brethren Village (PA)                          | Fitch         | BB+ Stable      | Affirmed Rating<br>Affirmed IDR*   | 11/1/24  |

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\* IDR – Issuer Default Rating

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**INTEREST RATES/YIELDS**

WEEK ENDING NOVEMBER 1, 2024

|                           | CURRENT | LAST WEEK | 52-WK AVG |
|---------------------------|---------|-----------|-----------|
| 30-Yr MMD                 | 3.87%   | 3.89%     | 3.69%     |
| Senior Living 30-Yr “A”   | 4.75%   | 4.78%     | 4.78%     |
| Senior Living 30-Yr “BBB” | 5.10%   | 5.13%     | 5.13%     |
| Senior Living Unrated     | 6.30%   | 6.33%     | 6.34%     |
| Senior Living New Campus  | 7.75%   | 7.98%     | 7.88%     |
| SIFMA Muni Swap Index     | 3.24%   | 3.51%     | 3.43%     |

|                           | CURRENT | WEEKLY AVERAGE | SPREAD TO MMD |
|---------------------------|---------|----------------|---------------|
| ZSLMLB Index <sup>†</sup> | 5.29%   | 5.29%          | 1.43%         |

<sup>†</sup> Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

**FEATURED FINANCING**


**CONVIVIAL – ST. PETERSBURG**  
 (Convivial Life, Inc.)  
 St. Petersburg, Florida

Capital Trust Authority, Revenue Bond  
 Anticipation Notes,  
 Series 2024A

**\$23,400,000**

Subordinate Notes

**\$6,000,000**

September, 2024

## MARKET REVIEW

## MONEY MARKET RATES

|                                   | 11/1 | Last week |
|-----------------------------------|------|-----------|
| Prime Rate                        | 8.00 | 8.00      |
| Federal Funds (weekly average)    | 4.81 | 4.81      |
| 90 Day T-Bills                    | 4.54 | 4.61      |
| 30-Day Commercial Paper (taxable) | 4.71 | 4.76      |
| SOFR (30-day)                     | 4.84 | 4.85      |
| SOFR                              | 4.86 | 4.85      |
| 7 Day Tax-Exempt VRDB             | 3.24 | 3.51      |
| Daily Rate Average                | 3.32 | 3.52      |

## COMPARATIVE YIELDS

## TAXABLE REVENUE

|         | GOVT | A    |         | MMD  | NR*  | BB   | BBB  | A    | AA   |
|---------|------|------|---------|------|------|------|------|------|------|
| 2 Year  | 4.17 | 4.67 | 1 Year  | 2.85 | 4.85 | 4.25 | 3.50 | 3.20 | 2.85 |
| 5 Year  | 4.15 | 4.75 | 5 Year  | 2.68 | 4.78 | 4.13 | 3.38 | 3.08 | 2.68 |
| 7 Year  | 4.22 | 4.97 | 7 Year  | 2.80 | 5.00 | 4.30 | 3.55 | 3.25 | 2.80 |
| 10 Year | 4.28 | 5.28 | 10 Year | 3.01 | 5.31 | 4.56 | 3.81 | 3.51 | 3.01 |
| 30 Year | 4.47 | 5.97 | 30 Year | 3.87 | 6.47 | 5.57 | 4.87 | 4.57 | 3.87 |

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

|  | THIS WEEK | LAST WEEK | CHANGE |
|--|-----------|-----------|--------|
| Bond Buyer   |           |           |        |
| 20 Bond Index  | 4.16      | 4.18      | -0.02  |
| 11 Bond Index  | 4.06      | 4.08      | -0.02  |
| Revenue Bond Index                                       | 4.45      | 4.47      | -0.02  |
| 30 Year MMD  | 3.87      | 3.89      | -0.02  |
| Weekly Tax-Exempt Volume (Bil)                           | 7.61      | 6.25      | +1.36  |
| 30 Day T/E Visible Supply (Bil)                          | 2.91      | 9.98      | -7.07  |
| 30 year "A" Rated Hospitals as a % of 30 Year Treasuries | 102.2     | 102.6     | -0.40  |

Source: Bloomberg