

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

## FEATURED ARTICLE

# INDUSTRY SALES DATA REFINES CONVENTIONAL WISDOM

It has been some time since we have devoted an issue of *Z-News* to sales-related benchmarking statistics. In this week's feature, we asked Lana Peck with Aline to share perspective on industry data they track related to leads, inquiries and time-to-close, among other key metrics. The following data and insights come from their organization's expansive database and provides perspectives as to where we stand today compared to pre-pandemic levels.

### Sales Data & Insights from Aline

The conventional wisdom suggests that the pandemic prompted greater urgency among some prospects to move in. This analysis examines move-ins that occurred within 30 days and the average time it took for prospects to move in between 2019 and the first quarter of 2023. The results, broken out by community type, broadly indicate that the magnitude of change brought on by the pandemic in terms of urgent need and days in the sales funnel from inquiry to move-in has been minimal. However, operators must analyze their own internal data and verify that their sales strategies align with their specific market conditions. Countering the belief that it now takes longer to convert prospects to sales may result in teams that are more responsive and more successful.

The data in this article includes US senior housing data from the Aline Marketing and Sales CRM. It comprises 1,623,614 new leads and 175,561 move-ins across 3,214 communities since January 1, 2022, and reaches back to January 1, 2019. While independent living, assisted living, memory care, and life plan communities (LPCs) are included here, Aline also tracks active adult, skilled nursing, home health care, and other post-acute services in the US, Canada, and the UK.

**The tables below include data cleaned of outliers and user-entered errors to derive a nuanced look at how long it typically takes for a prospect to move in.** The first table shows the percentage of move-ins with "urgent need," defined as move-ins that take 30 days or less. Life plan communities have a longer sales cycle than other community types due to distinct differences in products and consumers. The decision to move to a life plan community is primarily choice- or lifestyle-driven, even though a health condition or recent health event may prompt an inquiry. The table also shows the percentage of LPC leads that could be considered "long-term" (not having converted to sale after 365 days).

Percent of Move-Ins With 30 Days or Less Since Inquiry				
	Independent Living	Assisted Living	Memory Care	Life Plan Communities
2019	43%	57%	58%	25%
2020	44%	54%	65%	25%
2021	47%	56%	64%	25%
2022	48%	54%	61%	23%
2023*	49%	56%	62%	28%

LPC: 365 or +
25%
25%
26%
25%
25%

Source: Aline CRM, 3,214 US Senior Housing Communities (IL, AL, MC & Life Plan Communities)  
\*1Q2023

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**The volume of prospects with an “urgent need” to move in (less than 30 days) has changed little since before the pandemic. (It is important to note that “urgent need” does not necessarily equate with prospect acuity.)** The percentage of residents that moved in within 30 days of inquiry in 2019 compared to 2023 was 57% versus 56% for assisted living communities, 58% versus 62% for memory care communities, and 25% versus 28% for Life Plan Communities. Independent living communities saw the most change, from 43% to 49% (6 percentage points). Accordingly, approximately 50% to 60% of independent living, assisted living or memory care prospects could be considered less-demanding conversions in terms of time and effort compared to around 25% of LPC leads.

Of note, the proportion of LPC leads that stay in the sales funnel for longer than 365 days has hovered around 25% since before the pandemic, suggesting that the sales process has not been extended.

The table below describes the length of time in days from inquiry to move-in, based on individual prospects’ move-in dates. In March 2023, it took an average of 66 days (about 2 months) to move in an independent living resident compared to 106 days (about 3 and a half months) for an LPC resident (excluding long-term leads, which made up 25% of the sample), compared to 73 days (about 2 and a half months) and 109 days (about 3 and a half months) for independent living and LPCs in 2019.

Average Inquiry to Move-In by Care Type (Days) Excluding > 365 Days				
	Independent Living	Assisted Living	Memory Care	Life Plan Communities
2019	73	55	53	109
2020	77	60	46	115
2021	60	52	44	97
2022	65	55	47	108
2023*	66	58	49	106

Source: Aline CRM, 3,214 US Senior Housing Communities (IL, AL, MC & Life Plan Communities)

Data excludes long-term prospects (more than 365 days in the sales funnel)

Data anchored on move-in date; (excluding long-term prospects > 365 days)

\*1Q 2023

While still positive, the momentum of occupancy growth has been waning since 2022. Some potential reasons for the slowdown include downward pressure due to rising rents, increased competition from other senior living options and in-home care, a downturn in housing markets due to interest rate hikes to combat inflation, and deferred capex spending to keep aging properties up to date. Higher acuity options — memory care and assisted living — have experienced the most improvement in occupancy rate growth since emerging from the pandemic.

As market conditions continue to recover to pre-pandemic states, the demographics will drive inquiries, and more will originate from digital sources — challenging leasing counselors to become more resourceful in managing greater volumes of digital leads. Given the pandemic’s lingering strain on operating budgets and compressed margins, sales and marketing teams are challenged with finding ways to allocate valuable time and resources most effectively. According to Aline’s statistical analysis of the productivity of specific sales activities, being responsive instead of reactive and focusing on high-value tasks such as building relationships with prospects results in a higher probability of converting prospects.

Conventional wisdom, by definition, encompasses certain ideas that are broadly accepted. Operators who accept those ideas fare well in many cases. However, digging into community-level data will bring greater clarity for refining sales strategies that position sales teams for success. Providers with tools to measure, track, and analyze relevant sales performance metrics are best positioned to implement best practices and optimize their sales teams in an ever-increasing competitive landscape.

**Guest Contributor:**

LANA PECK  
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 ALINE

**About Aline**

Aline has the industry’s most extensive and robust set of real-time data for identifying and understanding broad trends in the nation’s senior housing sales and marketing metrics. Providing a senior living operating system created to meet the industry’s most complex challenges — in a single software platform, the company serves sales, operations, and clinical teams in more than 5,700 communities across the senior living, post-acute, and home care sectors. The Aline senior living operating system increases efficiency, delivers performance gains, and connects residents, staff, and family members with industry-leading CRM, marketing automation, financial, reporting and care solutions.

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

AS OF SEPTEMBER 4, 2023

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Judson Obligated Group (OH)	Fitch	BBB- Stable	Review – No Action	8/30/23
Sun Health Obligated Group (AZ)	Fitch	A- Stable	Affirmed Rating Affirmed IDR*	8/31/23

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\* IDR – Issuer Default Rating

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**INTEREST RATES/YIELDS**

WEEK ENDING SEPTEMBER 1, 2023

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.88%	3.91%	3.54%
Senior Living 30-Yr “A”	5.47%	5.50%	5.15%
Senior Living 30-Yr “BBB”	5.92%	5.95%	5.56%
Senior Living Unrated	6.72%	6.75%	6.35%
Senior Living New Campus	7.57%	7.60%	7.30%
SIFMA Muni Swap Index	4.06%	4.47%	2.87%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index <sup>†</sup>	6.07%	6.09%	2.19%

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

Source: Bloomberg BVALS

## MARKET REVIEW

## MONEY MARKET RATES

	09/01	Last week
Prime Rate	8.50	8.50
Federal Funds (weekly average)	5.31	5.32
90 Day T-Bills	5.45	5.46
30-Day Commercial Paper (taxable)	5.28	5.28
Libor (30-day)	5.44	5.43
SOFR	5.31	5.30
7 Day Tax-Exempt VRDB	4.06	4.47
Daily Rate Average	3.88	4.76

## COMPARATIVE YIELDS

## TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	4.86	5.86	1 Year	3.25	5.50	5.15	4.45	3.55	3.35
5 Year	4.25	5.60	5 Year	2.88	5.23	4.88	4.23	3.38	3.03
7 Year	4.20	5.70	7 Year	2.88	5.33	4.98	4.38	3.53	3.08
10 Year	4.10	5.90	10 Year	2.93	5.63	5.13	4.68	3.68	3.18
30 Year	4.21	6.56	30 Year	3.88	6.88	6.38	5.83	4.88	4.33

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE
Bond Buyer			
20 Bond Index	3.81	3.84	-0.03
11 Bond Index	3.71	3.74	-0.03
Revenue Bond Index	4.09	4.12	-0.03
30 Year MMD	3.88	3.91	-0.03
Weekly Tax-Exempt Volume (Bil)	2.41	5.89	-3.48
30 Day T/E Visible Supply (Bil)	7.92	3.94	+3.98
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	115.9	114.1	+1.80

Source: Bloomberg