

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

ZIEGLER CFO HOTLINESM RESULTS: TECHNOLOGY SPENDING

In 2012, Ziegler began dedicating a biannual *Ziegler CFO HotlineSM* poll to the topic of Technology Spending. This survey is conducted in partnership with LeadingAge CAST and is intended to gather feedback on trends in technology spending, specifically within the senior living & care sector. For this year's poll, more than 150 CFOs and finance professionals participated in the survey, with a diverse representation from both single-site and multi-site organizations.

The table below shows the top five technology investments that senior living providers made across the past year. A comparison is also given to the top five areas mentioned in the 2020 survey. The top categories of investment for 2020 show a clear connection to the COVID-19 pandemic, while the top categories for 2022 show a return to priorities of years past.

TOP FIVE IN 2022	TOP FIVE IN 2020
ICT Infrastructure (high-speed internet connectivity, wired/wireless) (74%)	Video Conferencing Capabilities (SKYPE, etc.) for Residents/Clients (75%)
Electronic Medical/Health Record Systems (EMR/EHR) (54%)	ICT Infrastructure (high-speed internet connectivity, wired/wireless) (71%)
Electronic Point of Care/Point of Service Documentation Systems (POC/POS) (51%)	Resident/Client access to the Internet and Social Networking Sites (57%)
Workforce/Staffing Scheduling Systems (47%)	Infection Control Systems (including Air Purification, Disinfection, and Hand Hygiene Monitoring Technologies) (45%)
Access Control/Wander Management Systems (47%)	Access Control/Wander Management Systems (42%)

Source: Ziegler CFO Hotline, January 2023

The survey also asked about future spending. Specifically, the respondents were asked to specify whether they plan to invest in various technologies in the year ahead. The top five areas where providers plan to invest in the coming year include:

- ICT Infrastructure
- Data Analytic Tools
- Electronic Medical/Health Records
- Access Control/Wander Management Systems
- Electronic Point of Care/Point of Service Platforms

The two areas of lowest reported spending for the year ahead are very much related to pandemic-deployed technologies.

- Infection Control Systems
- Staff and Resident Screening Technologies

ZIEGLER

One North Wacker Drive | Suite 2000
Chicago, IL 60606

B.C. Ziegler and Company | Member SIPC & FINRA

CONTACT US

800 366 8899
askziegler@ziegler.com



CAPITAL :: INVESTMENTS :: ADVICE

Survey respondents were asked to identify what percentage of their capital and operating budgets were devoted to these technologies in the past 12 months. The table below shows the average and median figures for the capital budgets.

	PERCENTAGE OF TOTAL CAPITAL BUDGET DEVOTED TO TECHNOLOGIES				
	2022	2020	2018	2016	2014
Average percent (TOTAL)	8.3%	8.0%	10.0%	11.8%	12.2%
Median percent (TOTAL)	5.0%	5.0%	7.0%	7.0%	9.5%
Average percent (Single-sites)	9.1%	7.2%	10.4%	11.7%	12.1%
Median percent (Single-sites)	5.0%	5.0%	7.0%	7.0%	10.0%
Average percent (Multi-sites)	7.1%	9.3%	9.7%	11.8%	12.2%
Median percent (Multi-sites)	5.0%	5.0%	5.0%	7.0%	8.0%

Source: Ziegler CFO Hotline, January 2023

There are additional findings from the survey that can be accessed via the Ziegler [website](#). We encourage readers to read the full report to dig deeper into these spending trends in recent years and for the year ahead. If you have additional questions related to this article, we encourage readers to reach out to the Ziegler representative in your region.

LISA McCRACKEN
 DIRECTOR, SENIOR LIVING RESEARCH & DEVELOPMENT
lmccracken@ziegler.com

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF JANUARY 23, 2023

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
San Antonio Gardens (CA)	Fitch	BBB- Stable	Affirmed Rating Affirmed IDR*	1/17/23
Pennswood Village (PA)	Fitch	BBB+ Positive	Affirmed Rating Affirmed IDR*	1/18/23
Heritage Community of Kalamazoo (MI)	Fitch	BB Stable	Affirmed Rating Affirmed IDR*	1/18/23
Peconic Landing at Southold (NY)	Fitch	BBB- Stable	Affirmed Rating Affirmed IDR*	1/20/23

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* IDR – Issuer Default Rating (FitchRatings)

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

INTEREST RATES/YIELDS

WEEK ENDING JANUARY 20, 2023

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.14%	3.26%	3.10%
Senior Living 30-Yr "A"	4.70%	4.85%	4.52%
Senior Living 30-Yr "BBB"	5.10%	5.25%	4.92%
Senior Living Unrated	5.90%	6.05%	5.65%
Senior Living New Campus	7.10%	7.15%	6.54%
SIFMA Muni Swap Index	1.86%	2.50%	1.37%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	5.40%	5.45%	2.15%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCING

BETHANY HOME
 Ripon, California

 California Municipal Finance Authority
 Insured Revenue Bonds
 Series 2023

\$49,560,000

January, 2023

MARKET REVIEW

MONEY MARKET RATES

	01/20	Last week
Prime Rate	7.50	7.50
Federal Funds (weekly average)	4.32	4.32
90 Day T-Bills	4.53	4.47
30-Day Commercial Paper (taxable)	4.32	4.34
Libor (30-day)	4.50	4.45
SOFR	4.31	4.30
7 Day Tax-Exempt VRDB	1.86	2.50
Daily Rate Average	1.40	2.06

COMPARATIVE YIELDS

TAXABLE REVENUE									
	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	4.12	5.12	1 Year	2.33	4.53	4.08	3.43	2.63	2.38
5 Year	3.48	4.73	5 Year	2.07	4.37	3.92	3.22	2.47	2.17
7 Year	3.43	4.83	7 Year	2.11	4.51	4.11	3.41	2.61	2.26
10 Year	3.39	5.09	10 Year	2.21	4.71	4.31	3.76	2.81	2.41
30 Year	3.56	5.86	30 Year	3.14	5.89	5.44	4.89	4.04	3.54

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

Bond Buyer	THIS WEEK	LAST WEEK	CHANGE
20 Bond Index	3.33	3.45	-0.12
11 Bond Index	3.23	3.35	-0.12
Revenue Bond Index	3.61	3.73	-0.12
30 Year MMD	3.14	3.26	-0.12
Weekly Tax-Exempt Volume (Bil)	6.30	2.95	+3.35
30 Day T/E Visible Supply (Bil)	5.66	7.46	-1.80
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	113.4	116.5	-3.10

Source: Bloomberg