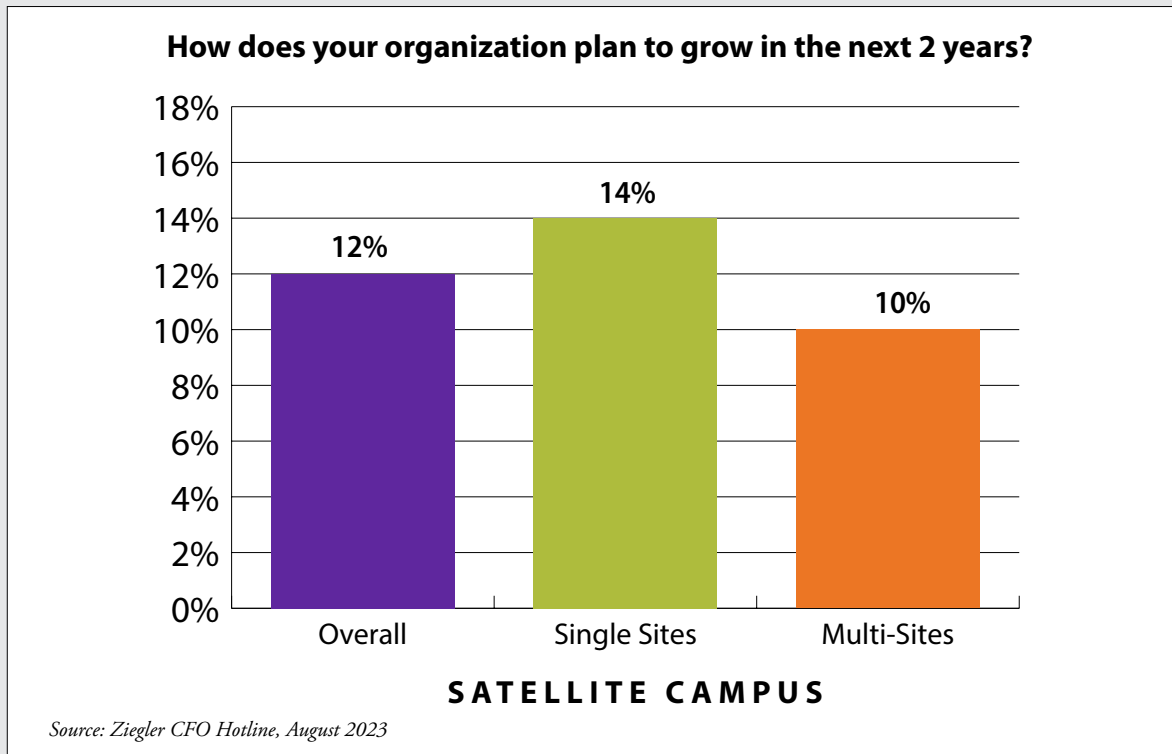


## FEATURED ARTICLE

# THE PROMISE OF SATELLITE CAMPUS DEVELOPMENTS

In last week's issue of *Z-News*, we featured the results of a recently conducted *CFO Hotline<sup>SM</sup>* poll devoted to the topic of Growth Projections. This week, we wanted to do a deep dive into one specific area of the survey, satellite campuses. This has been an emerging development trend that we have been monitoring for several years now and we are continuing to see increased momentum for this type of development. To recap these survey findings, roughly 12% of senior living provider organizations reported that they plan to grow through the development of a satellite campus in the next two years. This figure was slightly higher among single-site providers compared to multi-site organizations, the only growth category whereby single-sites reported more aggressive growth plans than their multi-site counterparts.



### Defining Satellite Campuses

While the actual definition of a satellite campus can be defined individually by each organization, there are some common characteristics worth noting.

- Geographic proximity to a larger, main-campus (often a full-continuum LPC) is a common trait; in some cases, a satellite might be in a downtown, more urban location while the main campuses is situated in a suburban setting.
- Satellite campuses generally have a smaller geographic and unit-count footprint than other larger full-campus developments.

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- New satellite developments often have no skilled nursing; they are generally independent-living centric.
- Branding is tied to and builds off the parent/main campus.
- In some cases, there is a contractual or preferred relationship with the main campus for healthcare services or amenities needed or desired.
- Satellite campuses generally would not exist without the resources and infrastructure of the original/main campus.
- Governance, leadership responsibilities and operational oversight tied closely to the main campus.

### ***Why the Appeal of Satellite Campuses?***

Given the common element of building off a main campus or a larger, nearby hub, it is not surprising that this is a common growth strategy for single-site providers. This allows for a single-site provider to test-the-waters by growing to a second location without the risk of building out a full-continuum campus that might be geographically much further away from the existing community. The risk for satellite campus developments is less than larger new developments. Given the focus largely on independent living offerings, this is also a model that has been able to heavily focus on Boomer preferences and a hospitality and lifestyle offering over potentially a care-centric housing alternative. A satellite campus offering provides for an additional housing product option for providers to offer. Choice and alternatives can be a big selling point for the prospective customer.

Several groups have provided additional resources on this topic for organizations looking to learn more about this housing model. LeadingAge devoted a recent LPC Networking call to this topic whereby providers shared examples of newly developed satellite communities. RLPS architects also released a white paper last year entitled, "[Should you Consider a Satellite Community?](#)" This white paper is a helpful resource to frame the concept and outline the value proposition for providers looking to grow in their respective markets.

If you have questions about the information included in this issue of *Z-News* or related items, we encourage you to reach out to the Ziegler representative in your region.

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

AS OF AUGUST 14, 2023

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Buckner Retirement Services (TX)	Fitch	A Negative	Affirmed Rating Affirmed IDR* Revised Outlook	8/8/23
Moorings Park (FL)	S&P	A+ Stable	Affirmed Rating	8/9/23
Village on the Isle (FL)	Fitch	BB+ Stable	Affirmed Rating Affirmed IDR*	8/9/23
United Methodist Retirement Communities (nka Brio Living Services) (MI)	Fitch	BBB- Stable	Affirmed Rating Affirmed IDR*	8/10/23
Life Enriching Communities (OH)	Fitch	BBB- Stable	Assigned Rating Affirmed Rating Affirmed IDR*	8/14/23
Rogue Valley Manor (OR)	Fitch	A- Stable	Affirmed IDR*	8/14/23

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\* IDR – Issuer Default Rating

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

**INTEREST RATES/YIELDS**

WEEK ENDING AUGUST 11, 2023

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.69%	3.73%	3.49%
Senior Living 30-Yr "A"	5.28%	5.32%	5.08%
Senior Living 30-Yr "BBB"	5.73%	5.77%	5.48%
Senior Living Unrated	6.53%	6.57%	6.27%
Senior Living New Campus	7.68%	7.72%	7.23%
SIFMA Muni Swap Index	3.00%	3.49%	2.75%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index <sup>†</sup>	5.99%	6.01%	2.31%

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

Source: Bloomberg BVALS

**FEATURED FINANCING**


AT KIAWAH ISLAND

**Kiawah Life Plan Village, Inc.  
(Seafields at Kiawah Island)**
**Kiawah Island, South Carolina**

 South Carolina Jobs-Economic Development  
Authority, Retirement Community Revenue Bonds  
Series 2023

**\$212,930,000**

July, 2023

## MARKET REVIEW

## MONEY MARKET RATES

	08/11	Last week
Prime Rate	8.50	8.50
Federal Funds (weekly average)	5.32	5.32
90 Day T-Bills	5.43	5.40
30-Day Commercial Paper (taxable)	5.27	5.25
Libor (30-day)	5.42	5.43
SOFR	5.30	5.30
7 Day Tax-Exempt VRDB	3.00	3.49
Daily Rate Average	2.46	3.29

## COMPARATIVE YIELDS

## TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	4.84	5.84	1 Year	3.26	5.51	5.11	4.36	3.56	3.36
5 Year	4.23	5.58	5 Year	2.77	5.12	4.72	4.02	3.27	2.92
7 Year	4.18	5.68	7 Year	2.66	5.11	4.71	4.06	3.26	2.86
10 Year	4.10	5.90	10 Year	2.70	5.40	4.85	4.30	3.40	2.95
30 Year	4.24	6.59	30 Year	3.69	6.69	6.14	5.54	4.59	4.09

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE
Bond Buyer			
20 Bond Index	3.71	3.75	-0.04
11 Bond Index	3.61	3.65	-0.04
Revenue Bond Index	3.99	4.03	-0.04
30 Year MMD	3.69	3.73	-0.04
Weekly Tax-Exempt Volume (Bil)	5.61	7.21	-1.60
30 Day T/E Visible Supply (Bil)	6.09	7.30	-1.21
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	108.2	107.9	+0.30

Source: Bloomberg