

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

ZIEGLER CFOSM HOTLINE: MARKETING & SALES SPENDING & COMMISSIONS

In early 2015, Ziegler launched a *Ziegler CFO HotlineSM* survey to gather feedback on metrics related to marketing and sales staff budgeting, compensation and other related topics. This month, the survey was repeated again. Nearly 200 not-for-profit senior living CFOs and financial professionals from around the country responded to the survey.

In the current survey, respondents were first asked whether they pay their marketing and sales staff a commission, to which 71% of single-sites and 85% of multi-sites (75% overall) said they do. A higher percentage of both single-site and multi-site organizations reported they pay such commissions more than they did in 2015. Of the overall 75%, most indicated they pay commissions on a monthly basis; quarterly and bi-weekly payments were also common. The remainder of the providers indicated they pay commissions directly following a sale, in a mix of monthly/quarterly instances, or by another method. Less than half of the respondents said they split their commissions between the deposit phase and settlement phase of new sales. Of the 40% who do, most of them (61%) weigh the split heavier on the settlement side. About one-third (34%) split the commissions 50/50, and a very small number indicated they weigh the split heavier on the deposit side (4%). This is similar to the breakdown in 2015.

When asked what percentage of the total operating budget is reserved for community marketing, most providers answered 3% or less. Many answered between 4% - 6%, while answers between 7% - 10% or between 11% - 20% were less common. As shown in the following table, the overall average percentage of the budget for marketing and sales is above what was reported in 2015. The largest proportion of providers reported annual marketing costs per budgeted sales at \$10K or less (34%) or between \$10 - \$20K (30%).

What is the average community marketing budget as a percentage of the total operating budget?						
	Single-Site		Multi-Site		Overall	
	2015	2022	2015	2022	2015	2022
Average	3.40%	4.22%	4.70%	6.31%	3.90%	4.86%
Median	3.00%	3.00%	3.00%	4.00%	3.00%	3.00%

A question was also incorporated related to proposed changes in the contract options being offered. Roughly 3 out of 10 respondents indicated that they are looking to modify their contract options. The two most common proposed changes included the addition of more options available for prospective residents, as well as changes in refundability options.

We encourage readers to access the full report on the [Ziegler website](#) to review more detailed results from the recent survey. Ziegler will also be delving further into this topic at the upcoming Senior Living Finance + Strategy Conference in September. If you have questions about 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 JUNE 14, 2022

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Army Retirement Residence Foundation (TX)	S&P	BB+ Negative	Downgraded Rating	6/10/22
Marquette Manor (IN)	Fitch	BBB Stable	Affirmed Rating Affirmed IDR*	6/10/22
Acts Retirement-Life Communities (PA)	Fitch	A- Stable	Affirmed Rating Affirmed IDR*	6/13/22
Orchard Park CCRC, Inc. dba Fox Run at Orchard Park (NY)	Fitch	BBB Stable	Affirmed Rating Affirmed IDR*	6/13/22
Kendal at Lexington (VA)	Fitch	BBB- Stable	Affirmed Rating Affirmed IDR*	6/14/22

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* IDR – Issuer Default Rating (FitchRatings)

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INTEREST RATES/YIELDS

WEEK ENDING JUNE 10, 2022

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.97%	2.78%	1.93%
Senior Living 30-Yr “A”	4.63%	4.44%	2.73%
Senior Living 30-Yr “BBB”	4.97%	4.78%	3.05%
Senior Living Unrated	5.60%	5.30%	3.97%
Senior Living New Campus	6.50%	6.25%	5.39%
SIFMA Muni Swap Index	0.62%	0.68%	0.19%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	4.90%	4.81%	1.90%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCING

CATHOLIC CARE CENTER
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Bel Aire, Kansas

Bank Direct Purchase / Refunding

\$9,596,000

Construction Loan / New Money

\$10,637,000

June, 2022

MARKET REVIEW

MONEY MARKET RATES

	6/10	LAST WEEK
Prime Rate	4.00	4.00
Federal Funds (weekly average)	0.80	0.80
90 Day T-Bills	1.34	1.15
30-Day Commercial Paper (taxable)	1.01	0.86
Libor (30-day)	1.25	1.05
7 Day Tax-Exempt VRDB	0.62	0.68
Daily Rate Average	0.40	0.53

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	3.06	3.81	1 Year	1.41	3.41	3.16	2.71	1.96	1.51
5 Year	3.25	4.30	5 Year	2.01	4.11	3.91	3.41	2.66	2.21
7 Year	3.24	4.59	7 Year	2.30	4.50	4.30	3.80	3.05	2.55
10 Year	3.15	4.75	10 Year	2.50	4.95	4.60	4.10	3.30	2.80
30 Year	3.19	5.34	30 Year	2.97	5.62	5.27	4.77	3.97	3.47

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

Bond Buyer	THIS WEEK	LAST WEEK	CHANGE
20 Bond Index	3.16	3.03	+0.13
11 Bond Index	3.06	2.93	+0.13
Revenue Bond Index	3.44	3.31	+0.13
30 Year MMD	2.97	2.78	+0.19
Weekly Tax-Exempt Volume (Bil)	4.14	1.78	+2.36
30 Day T/E Visible Supply (Bil)	7.72	10.55	-2.83
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	124.4	122.7	+1.70

Source: Bloomberg