

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

MARKET COMMENTARY

FROM A CAPITAL MARKETS PERSPECTIVE

The Presidents' Day Holiday shortened week saw that Treasury yields declined for the week as bond prices rose. The benchmark 10-year Treasury yield declined to 2.317% Friday, the lowest since late November, from a high of 2.446% at the end of 2016. The majority of the decline occurred late in the week. The decline was partly attributed to the weaker than expected University of Michigan's consumer sentiment index and less market confidence that the administration's fiscal stimulus package will be put in place in the near term. Municipal bonds outperformed Treasuries, 10-year MMD finished the week 10 basis points lower at 2.28%, while 30-year MMD moved 7 basis points higher to finish at 3.04%. Municipal outperformance was attributed to very little supply. Limited issuance also helped investment-grade corporate bond prices finish the week in positive territory.

As for equity markets, the major benchmarks had a mixed week. The large-cap Dow Jones Industrial Average stood out and managed to squeak out its 11th consecutive session record close—a run the DJIA has not managed in three decades. The Standard & Poor's 500 Index also improved on the week and continued its run of low volatility. The S&P 500 has not experienced a daily change of over 1% since December of last year. Softness in parts of the technology and biotech sectors kept the Nasdaq Composite Index to a small gain. Higher oil prices also advanced the energy sector, but crude oil prices faded back late in the Holiday week as investors worried about increasing global production.

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See pages 3-4 for current market rates

Market and other data within this report derived from Bloomberg and other sources deemed to be reliable.

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FEATURED ARTICLE

LIFE PLAN COMMUNITIES: A NATIONAL PROFILE

Last week Ziegler and My LifeSite released a report in partnership with LeadingAge Texas entitled [A Profile of Texas Entry-Fee Continuing Care Retirement Communities](#). This report was the third in a series of state-level reports of Entry-Fee Life Plan Communities. Providers and industry professionals are often eager to benchmark against their peers and such reports provide insight into the demographics, history and offerings of these communities. This issue of *Z-News* provides an updated profile for Life Plan Communities across the country.

It is first important to note the definition of a Life Plan Community adopted by Ziegler Investment Banking. Life Plan Communities (aka Continuing Care Retirement Communities) include communities that have at least independent living and skilled nursing on the same campus. While most also include assisted living and some form of memory care, that is not a required component to be included in the listing. Additionally, this definition includes both entry-fee and rental Life Plan Communities.

Ziegler has identified 1,964 Life Plan Communities across the United States. In 1950, it was estimated that this number was close to 450 and in 1980, roughly 1,100. Since the year 2010, a total of 42 communities have been added to the list of Life Plan Communities. Pennsylvania, Ohio, California, Illinois and Florida lead the way with the largest number of Life Plan Communities.

State	Number of Life Plan Communities
Pennsylvania	197
Ohio	150
California	133
Illinois	113
Florida	110

Source: Ziegler Investment Banking

On average, Life Plan Communities have about 275 total units. There are roughly 165 communities that have over 500 units on the same campus and approximately 30 who have 800 or more units. Close to 65% of all the Life Plan Communities in this country are part of a multi-site system. This number continues to grow as the number of affiliations and acquisitions continues in both the not-for-profit and for-profit sectors. The not-for-profit sector continues to represent nearly 8 out of 10 Life Plan Communities. Entry-fee communities are common among not-for-profit Life Plan Communities while in the for-profit, private sector, rental Life Plan Communities are the predominant contract type. Looking at faith-based affiliation, roughly half of the total communities are affiliated with a faith-based organization, but that number rises dramatically when looking at not-for-profits only.

Ziegler will continue to track the newly developed Life Plan Communities as well as the evolution of existing communities. If you have any questions regarding the items in this article or anything else related to Ziegler, please reach out to the Ziegler banker in your region.

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MARKET REVIEW

MONEY MARKET RATES

	2/24/17	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	3.75	3.75	3.75	3.50
Federal Funds (weekly average)	0.66	0.66	0.67	0.37
90 Day T-Bills	0.49	0.51	0.50	0.31
30-Day Commercial Paper (taxable)	0.60	0.59	0.63	0.34
Libor (30-day)	0.78	0.77	0.77	0.43
7 Day Tax-Exempt VRDB	0.65	0.65	0.66	0.02
Daily Rate Average	0.56	0.56	0.65	0.01

COMPARATIVE YIELDS

TAXABLE REVENUE				TAX-EXEMPT REVENUE							
	GOVT	NR*	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	0.75	2.25	1.50	1 Year	0.82	2.32	2.25	2.22	1.82	1.32	1.02
5 Year	1.80	4.00	2.65	5 Year	1.53	3.43	3.50	3.28	2.78	2.28	1.93
7 Year	2.12	4.50	3.25	7 Year	2.34	4.54	4.50	4.34	3.84	3.34	2.94
10 Year	2.31	4.75	3.50	10 Year	2.74	4.99	5.00	4.74	4.34	3.74	3.34
30 Year	2.95	2.95	4.50	30 Year	3.09	5.30	5.25	5.09	4.69	4.09	3.69
				5 year ADJ RATE			4.25				

(* Representative of recent non-rated issues underwritten by Ziegler retail sales); (** Representative of institutional sales.)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2017	
				HIGH	LOW
Bond Buyer					
20 Bond Index	3.92	3.94	-0.02	3.94	3.72
11 Bond Index	3.43	3.45	-0.02	3.45	3.25
Revenue Bond Index	4.08	4.11	-0.03	4.11	3.83
30 Year MMD	3.09	3.14	-0.05	3.14	2.88
Weekly Tax-Exempt Volume (Bil)	2.91	4.08	-1.17	7.39	2.91
30 Day T/E Visible Supply (Bil)	5.66	4.64	+1.02	13.37	5.55
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	138.64	140.06	-1.42	147.05%	120.39%

INTEREST RATE COMPARISON

DATE	7-DAY T/E VRDB	PRIME RATE	FED FUNDS WEEKLY AVG.	13-WEEK T-BILL RATE	C.P.RATE TAXABLE	LIBOR (30-DAY)	30-YEAR T/E BONDS (A-AAA)		
02/24/17	0.65	3.75	0.66	0.49	0.60	0.78	4.09	-	3.69
02/17/17	0.65	3.75	0.66	0.52	0.59	0.77	4.23	-	3.73
02/10/17	0.65	3.75	0.66	0.54	0.61	0.78	4.16	-	3.66
02/03/17	0.65	3.75	0.64	0.49	0.61	0.78	4.35	-	3.55
01/27/17	0.66	3.75	0.67	0.50	0.63	0.77	4.35	-	3.55
01/20/17	0.66	3.75	0.67	0.50	0.65	0.77	4.30	-	3.50
01/13/17	0.67	3.75	0.66	0.51	0.61	0.76	4.20	-	3.40
01/06/17	0.68	3.75	0.62	0.51	0.62	0.76	4.40	-	3.55
12/30/16	0.72	3.75	0.62	0.51	0.63	0.77	4.50	-	3.60
12/23/16	0.73	3.75	0.66	0.50	0.43	0.76	4.65	-	3.70
12/16/16	0.55	3.75	0.47	0.50	0.66	0.70	4.60	-	3.70
12/09/16	0.57	3.50	0.41	0.50	0.54	0.65	4.55	-	3.60
12/02/16	0.56	3.50	0.38	0.47	0.50	0.62	4.80	-	3.85
11/04/16	0.56	3.50	0.38	0.37	0.40	0.53	3.55	-	2.85
10/07/16	0.87	3.50	0.40	0.31	0.39	0.52	3.30	-	2.75
09/02/16	0.56	3.50	0.38	0.32	0.39	0.52	2.75	-	2.40
08/05/16	0.44	3.50	0.40	0.26	0.36	0.49	2.90	-	2.45
07/01/06	0.41	3.50	0.39	0.25	0.37	0.46	2.85	-	2.35
06/03/16	0.39	3.50	0.35	0.27	0.38	0.46	3.20	-	2.70
05/06/16	0.39	3.50	0.37	0.18	0.34	0.43	3.30	-	2.90
04/01/16	0.40	3.50	0.35	0.22	0.33	0.43	3.60	-	3.10
03/04/16	0.02	3.50	0.35	0.26	0.36	0.43	3.85	-	3.30

Market and other data within this report derived from Bloomberg and other sources deemed to be reliable.