

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

FINANCIAL RATIOS FOR LIFE PLAN COMMUNITIES: 2017 UPDATES

With the flurry of activity since the beginning of November regarding the tax bill, we did not have the opportunity to write about the release of key reports of financial ratios for Life Plan Communities. This fall, the *2017 edition of the CARF Financial Ratios & Trend Analysis* was released and Ziegler's own Amy Castleberry joined a panel of speakers from Baker Tilly and Ingleside at the LeadingAge Annual meeting in New Orleans to discuss the updated ratios. Key findings shared during the presentation are listed below.

- The median Net Operating Margin (NOM) for single-site providers is roughly 5% and for multi-site providers, approximately 6.3%.
- For both multi-site and single-site providers, the Days Cash on Hand (DCOH) median remains in the roughly 300-day range for the past 10 years. For calendar year 2016, both single-site and multi-site providers had increases in their DCOH from the prior year.
- Debt Service Coverage Ratio (DSCR), which reflects the ability to fund debt service with cash flow, declined slightly for both single-site and multi-site providers, but remains strong.
- The Average Age of Community is roughly between 12 and 13 years for Life Plan Communities.

In addition to the CARF publication, there are other reports on key ratios for Life Plan Communities that are generally released on an annual basis. Just prior to the Ziegler Senior Living Finance + Strategy Conference, Ziegler Research released its publication *Financial Ratio Medians for Not-For-Profit Entrance Fee Continuing Care Retirement Communities*. Unlike the CARF publication, which reflects communities that have a CARF accreditation, the Ziegler Research report includes communities for which Ziegler has underwritten debt. The most recent report reflects figures for 96 not-for-profit Continuing Care Retirement Communities (CCRCs). Slightly above the CARF comparison, the median NOM figure was 8.6% for fiscal year 2016. Days Cash on Hand was fairly similar to the CARF figure at 315 days. To access the full Ziegler Research Medians report, please [click here](#).

Another highly anticipated annual report is the *2017 Median Ratios for Nonprofit Continuing Care Retirement Communities*, prepared by FitchRatings. This report obviously reflects communities that are investment-grade and rated through FitchRatings. During 2016, Fitch upgraded the ratings on eight CCRCs, downgraded six and affirmed 77. The DCOH median for "A" ratings increased to more than 750 days while the "BBB" category came in at just below 400 days. Additionally, the investment-grade median NOM increased slightly to 7.9% in 2016, up from 7.7% the year prior.

Each of these reports, as well as other benchmarking resources, present a unique universe of communities. Organizations are encouraged to utilize the respective reports as additional perspective on their own ratios, knowing that some reports may align more closely to their peer group than others.

If you are interested in further information on Ziegler, or any of the publications included in this article, please contact the Ziegler banker in your region.

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CAPITAL :: INVESTMENTS :: ADVICE

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

DECEMBER 7 - 13, 2017

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Frasier Meadows (CO)	Fitch	BB+ Stable	Assigned Rating Affirmed Rating	12/7/17
Miami Jewish Health Systems (FL)	Fitch	BBB Stable	Affirmed Rating	12/7/17
Southern California Presbyterian Homes nka be.group (CA)	S&P	BBB- Stable	Affirmed Rating	12/7/17
Pickersgill Inc. (MD)	S&P	A Stable	Affirmed Rating	12/12/17
Landis Homes Retirement Community (PA)	Fitch	BBB- Stable	Affirmed Rating	12/13/17
Park Pointe Village (SC)	Fitch	BBB Stable	Affirmed Rating Revised Outlook	12/13/17

This ratings table represents review of the reports released by Fitch Ratings, Standard & Poor's, and Moody's Investors Service and has been compiled by Ziegler Investment Banking.

INTEREST RATES

FOR THE WEEK ENDING DECEMBER 8, 2017

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.49%	2.79%	2.89%
Senior Living 30-Yr "A"	3.29%	3.59%	3.93%
Senior Living 30-Yr "BBB"	3.59%	3.89%	4.34%
Senior Living Unrated	4.29%	4.59%	4.97%
Senior Living New Campus	6.50%	6.50%	6.70%
SIFMA Muni Swap Index	1.00%	0.97%	0.80%

Source: Ziegler Capital Markets

FEATURED FINANCINGS

\$31,235,000

 New Money
Bank Direct Purchase

**THE UNITED METHODIST
RETIREMENT HOMES**

Durham, North Carolina


\$13,355,113

 New Money/Refunding
Bank Direct Purchase

PENNEY RETIREMENT COMMUNITY

Penney Farms, Florida

MARKET REVIEW

MONEY MARKET RATES

	12/08/17	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.25	4.25	4.25	3.50
Federal Funds (weekly average)	1.16	1.13	1.16	0.41
90 Day T-Bills	1.27	1.26	1.20	0.50
30-Day Commercial Paper (taxable)	1.30	1.18	1.15	0.54
Libor (30-day)	1.43	1.37	1.24	0.65
7 Day Tax-Exempt VRDB	1.00	0.97	0.92	0.57
Daily Rate Average	0.88	0.93	0.88	0.50

COMPARATIVE YIELDS
TAXABLE REVENUE

	GOVT	NR*	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	1.66	2.00	2.16	1 Year	1.21	2.46	2.47	2.36	1.96	1.66	1.46
5 Year	2.14	4.25	3.04	5 Year	1.59	2.99	3.30	2.84	2.54	2.24	1.99
7 Year	2.28	4.75	3.43	7 Year	1.70	3.35	3.66	3.10	2.80	2.50	2.20
10 Year	2.37	5.00	3.72	10 Year	1.88	3.68	4.03	3.38	2.98	2.68	2.38
30 Year	2.71	6.25	4.37	30 Year	2.49	4.29	4.63	3.99	3.59	3.29	2.99
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	3.29	3.59	-.30	4.02	3.49
11 Bond Index	2.79	3.09	-.30	3.53	2.79
Revenue Bond Index	3.77	4.04	-.27	4.17	3.70
30 Year MMD	2.49	2.79	-.30	3.24	2.49
Weekly Tax-Exempt Volume (Bil)	15.50	10.02	+5.48	10.02	0.46
30 Day T/E Visible Supply (Bil)	17.95	16.84	+1.11	17.95	3.67
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	121.40	130.54	-9.14	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)		
12/08/17	1.00	4.25	1.16	1.27	1.30	1.43	3.29	-	2.99
12/01/17	0.97	4.25	1.13	1.26	1.18	1.37	3.59	-	3.29
11/24/17	0.96	4.25	1.16	1.26	1.15	1.32	3.61	-	3.26
11/17/17	0.94	4.25	1.16	1.24	1.16	1.26	3.54	-	3.19
11/10/17	0.92	4.25	1.16	1.20	1.15	1.24	3.47	-	3.12
11/03/17	0.92	4.25	1.14	1.17	1.13	1.24	3.65	-	3.30
10/27/17	0.92	4.25	1.16	1.09	1.14	1.23	3.74	-	3.44
10/20/17	0.91	4.25	1.16	1.09	1.15	1.23	3.59	-	3.29
10/13/17	0.91	4.25	1.16	1.07	1.13	1.23	3.68	-	3.38
10/06/17	0.92	4.25	1.16	1.04	1.10	1.23	3.73	-	3.43
09/29/17	0.94	4.25	1.16	1.05	1.09	1.23	3.75	-	3.45
09/22/17	.88	4.25	1.16	1.02	1.10	1.23	3.70	-	3.40
09/01/17	0.79	4.25	1.14	0.99	1.11	1.23	3.60	-	3.30
08/04/17	0.79	4.25	1.14	1.07	1.12	1.23	3.61	-	3.31
07/07/17	0.86	4.25	1.16	1.03	1.08	1.22	3.82	-	3.42
06/02/17	0.76	4.00	0.89	0.95	0.86	1.08	3.75	-	3.35
05/05/17	0.85	4.00	0.91	0.88	0.83	0.99	4.08	-	3.63
04/07/17	0.88	4.00	0.90	0.81	0.86	0.98	4.09	-	3.59
03/03/17	0.62	3.75	0.64	0.69	0.65	0.83	4.26	-	3.76
02/03/17	0.65	3.75	0.64	0.49	0.61	0.78	4.35	-	3.55
01/06/17	0.68	3.75	0.62	0.51	0.62	0.76	4.40	-	3.55
12/02/16	0.56	3.50	0.38	0.47	0.50	0.62	4.80	-	3.85

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