

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

### FEATURED ARTICLE

## SNAPSHOT! SENIOR LIVING STATS AND MORE

#### TOTAL NUMBER OF LIFE PLAN COMMUNITIES (fka CCRCs)

2010 Year-end	1,924
2011 Year-end	1,930
2012 Year-end	1,935
2013 Year-end	1,944
2014 Year-end	1,946
2015 Year-end	1,954
2016 Year-end	1,963
2017 Year-end	1,955

Source: Ziegler National CCRC Listing (12/31/17)

#### LIFE PLAN COMMUNITY (LPC) AVERAGE FTES PER RESIDENT

In Assisted Living/Alzheimer's Care:	0.44
In Skilled Nursing:	1.00

Source: The State of Seniors Housing 2017  
Table 11.3. ASHA, NIC, LEADINGAGE, ALFA, NCAL 2017

#### LIFE PLAN COMMUNITIES – MONTHLY FEE INCREASES

2013 Average Annual Change in Monthly Fees:	2.94%
2014 Average Annual Change in Monthly Fees:	3.05%
2015 Average Annual Change in Monthly Fees:	3.16%
2016 Average Annual Change in Monthly Fees:	3.09%
2017 Average Annual Change in Monthly Fees:	3.12%

Source: Ziegler CFO Hotline<sup>SM</sup> (October 2017)

#### CPI CHANGES

##### Medical care cost of living increases:

2009 Increase: 3.3%	2012 Increase: 3.2%	2015 Increase: 2.6%
2010 Increase: 3.4%	2013 Increase: 2.5%	2016 Increase: 2.6%
2011 Increase: 3.5%	2014 Increase: 2.4%	2017 Increase: 2.3%

CPI Increase: For 2017: 2.1%

Source: Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov) (1/12/18)

#### STAFFING

##### Annual U.S. Unemployment Rates\*:

For 2009: 10.0%	For 2012: 7.8%	For 2015: 5.0%
For 2010: 9.6%	For 2013: 6.7%	For 2016: 4.7%
For 2011: 8.5%	For 2014: 5.6%	For 2017: 4.1%

\*Year-end totals as of 12/31

Source: Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov) (1/15/18)

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#### ZIEGLER

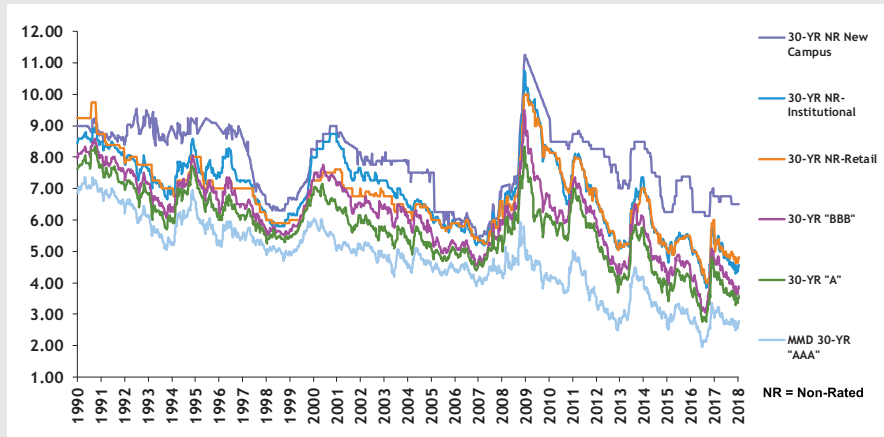
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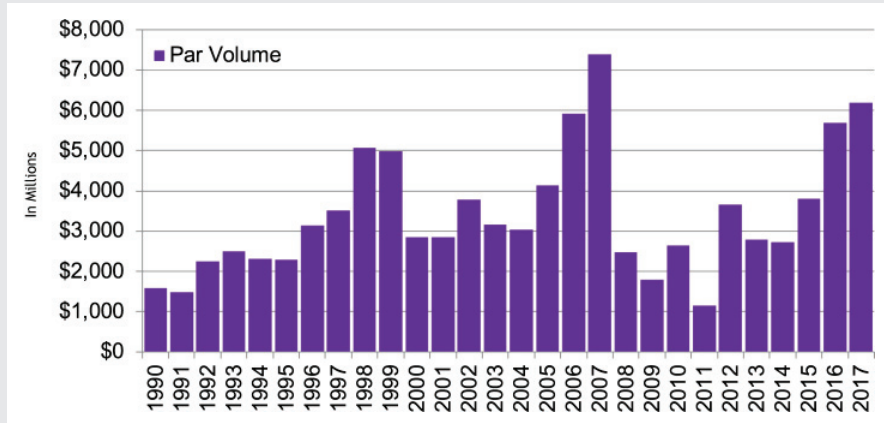


**SENIOR LIVING TAX-EXEMPT INTEREST RATES**



Source: Ziegler Investment Banking, as of 1/26/18

**NOT-FOR-PROFIT SENIOR LIVING VOLUME 1990-2017**



Source: Thomson Financial Securities Data; and Ziegler Investment Banking as of 12/31/17

Data compiled by  
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 LIVING RESEARCH  
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TOP LEAD MANAGING UNDERWRITERS SENIOR LIVING FINANCE ISSUES 2017			
RANK	UNDERWRITER	# OF ISSUES	\$ MILLIONS
1	Ziegler	40	\$ 2,549.8
2	Herbert J. Sims & Co	16	1,017.7
3	Piper Jaffray & Co	12	449.7
4	BB&T Capital Markets	11	438.7
5	Cain Brothers	5	419.3
6	Bank of America Merrill Lynch	4	272.5
7	Citi	1	220.7
8	Cross Point Capital	6	160.3
9	RBC Capital Markets	2	142.2
10	Dougherty & Company	9	134.0

TOP LEAD MANAGING UNDERWRITERS SENIOR LIVING FINANCE FIXED-RATE ISSUES 2010-2017			
RANK	UNDERWRITER	# OF ISSUES	\$ MILLIONS
1	Ziegler	233	\$ 12,366.9
2	Herbert J. Sims & Co	79	3,429.8
3	BB&T Capital Markets	56	2,403.8
4	Cain Brothers	40	2,251.2
5	Piper Jaffray & Co	72	2,201.9
6	Dougherty & Company	58	752.6
7	Citi	9	677.0
8	RBC Capital Markets	12	666.0
9	Bank of America Merrill Lynch	54	602.4
10	Northland Securities	59	520.3

Based on full credit given to senior manager of lead-managed underwriting principal volume for senior living transactions completed nationally. Rankings and amounts through Thomson Financial Securities Data, as of 12/31/17.

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

JANUARY 23 - 26, 2018

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Covenant Retirement Communities (IL)	Fitch	BBB+ Positive	Affirmed Rating	1/25/18

*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 JANUARY 26, 2018

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.78%	2.71%	2.83%
Senior Living 30-Yr "A"	3.58%	3.51%	3.79%
Senior Living 30-Yr "BBB"	3.88%	3.81%	4.19%
Senior Living Unrated	4.58%	4.51%	4.83%
Senior Living New Campus	6.50%	6.50%	6.65%
SIFMA Muni Swap Index	1.16%	1.31%	0.89%

*Source: Ziegler Capital Markets*

## MARKET REVIEW

**MONEY MARKET RATES**

	1/26/18	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.50	4.50	4.50	3.75
Federal Funds (weekly average)	1.41	1.41	1.38	0.67
90 Day T-Bills	1.42	1.42	1.35	0.50
30-Day Commercial Paper (taxable)	1.50	1.51	1.49	0.63
Libor (30-day)	1.56	1.55	1.56	0.77
7 Day Tax-Exempt VRDB	1.16	1.23	1.71	0.66
Daily Rate Average	1.02	1.10	1.75	0.65

**COMPARATIVE YIELDS**
**TAXABLE REVENUE**

	GOVT	NR*	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	1.77	2.00	2.28	1 Year	1.38	2.63	2.56	2.53	2.13	1.83	1.63
5 Year	2.47	4.25	3.37	5 Year	1.72	3.12	3.36	2.97	2.67	2.37	2.12
7 Year	2.60	4.75	3.75	7 Year	1.93	3.58	3.82	3.33	3.03	2.73	2.43
10 Year	2.67	5.25	4.02	10 Year	2.20	4.00	4.20	3.70	3.30	3.00	2.70
30 Year	2.92	6.25	4.52	30 Year	2.78	4.58	4.83	4.28	3.88ssss	3.58	3.28
				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	2018 HIGH	LOW
Bond Buyer					
20 Bond Index	3.59	3.52	+0.07	3.59	3.44
11 Bond Index	3.09	3.02	+0.07	3.09	2.94
Revenue Bond Index	4.08	4.01	+0.07	4.08	2.92
30 Year MMD	2.78	2.71	+0.07	2.78	2.56
Weekly Tax-Exempt Volume (Bil)	5.56	2.36	+3.20	5.56	0.71
30 Day T/E Visible Supply (Bil)	6.21	7.16	-.95	7.16	4.00
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	122.60	120.61	+1.99	124.02%	120.43%

## 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)		
01/26/18	1.16	4.50	1.41	1.42	1.50	1.56	3.58	-	3.28
01/19/18	1.23	4.50	1.41	1.42	1.51	1.55	3.51	-	3.21
01/12/18	1.31	4.50	1.41	1.41	1.51	1.55	3.51	-	3.21
01/05/18	1.47	4.50	1.41	1.40	1.50	1.55	3.36	-	3.06
12/29/17	1.71	4.50	1.38	1.35	1.49	1.56	3.35	-	3.05
12/22/17	1.40	4.50	1.41	1.34	1.65	1.53	3.50	-	3.20
12/15/17	1.11	4.50	1.15	1.29	1.40	1.49	3.37	-	3.07
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
10/06/17	0.92	4.25	1.16	1.04	1.10	1.23	3.73	-	3.43
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

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