

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

## FEATURED ARTICLE

## A PROFILE OF TODAY'S LIFE PLAN COMMUNITIES

At Ziegler we often get inquiries regarding Life Plan Communities ("LPCs") (aka Continuing Care Retirement Communities; CCRCs) and their overall composition of units, the states where they are most heavily concentrated, etc. This issue of *Z-News* gives an overview of the national landscape for LPCs and how external trends and influencers are impacting this type of seniors housing alternative.

Ziegler's National Life Plan Community Database is currently tracking 1,955 Life Plan Communities throughout the U.S. The definition that Ziegler utilizes for LPCs reflects a community that offers at least independent living units and the provision of skilled nursing services. The majority also offer assisted living and often memory support as well.

Below are some details regarding the 1,955 LPCs throughout the U.S. Nearly 8 out of 10 are sponsored by a not-for-profit organization. This percentage is slightly below what it was five years ago. The number of LPCs that are part of a larger system has also grown in recent years and currently reflects nearly 65% of communities. This percentage is even higher among for-profit owned and operated LPCs, whereby 8 out of 10 are part of a multi-site organization. These figures reflect the overall consolidation trends in the sector over the past 10 years or so.



Life Plan Communities are also defined by their predominant contract type, which can vary significantly between not-for-profit sponsored communities and those owned by for-profit and private sector entities. While the entrance-fee model is most common among not-for-profit communities, there is a sizeable portion of providers who offer a rental contract option. The grid below details the current contract types as tracked by the Ziegler National LPC Database.

Contract Type by Owner/Sponsor Type				
	% Entry-fee	% Rental	% Blend	% Equity
Not-for-Profit	64%	25%	10%	<1%
For-Profit/ Private Sector	26%	64%	7%	3%
Overall	54%	35%	9%	1%

*Note: "Blend" refers to those communities who offer both an entrance-fee contract and a rental contract option*

Pennsylvania remains the most densely populated for Life Plan Communities with slightly fewer than 200 communities within the state. Ohio, California, Florida and Illinois round out the top five states. Wyoming is the one state in the country with no Life Plan Communities.

Life Plan Communities have been at the forefront of conversations in recent years as seniors housing options evolve and consumer preferences change. What is known is that Life Plan Communities are a significant option for older adults and represent nearly 600,000 market-rate units nationally. While the pace of development of new LPCs has slowed since the recession (only two known openings so far this year), the existing communities continue to expand and build out their current geographic footprint. This segment continues to grow, but in slightly different ways than in previous decades.

If you have questions related to information presented in this article or other related matters, please reach out to the Ziegler banker in your region.

LISA McCracken  
DIRECTOR, SENIOR LIVING RESEARCH & DEVELOPMENT  
ZIEGLER

### ZIEGLER

200 South Wacker Drive | Suite 2000  
Chicago, IL 60606

### CONTACT US

800 366 8899  
askziegler@ziegler.com



CAPITAL :: INVESTMENTS :: ADVICE

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

MAY 15 - 21, 2018

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Masonicare Obligated Group (CT)	Fitch	BBB+ Stable	Affirmed Rating	5/15/18
Bishop Gadsden Episcopal Retirement Community (SC)	Fitch	BBB Stable	Assigned IDR*	5/21/18
Fox Run at Orchard Park (NY)	Fitch	BBB- Stable	Affirmed Rating	5/21/18
Presbyterian Villages of Michigan (MI)	Fitch	BB+ Stable	Affirmed Rating	5/21/18

\*IDR - Issuer Default Rating (FitchRatings)

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/YIELDS**

(AS OF MAY 18, 2018)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.07%	2.97%	2.82%
Senior Living 30-Yr "A"	3.87%	3.77%	3.68%
Senior Living 30-Yr "BBB"	4.07%	3.97%	4.02%
Senior Living Unrated	4.87%	4.77%	4.70%
Senior Living New Campus	6.50%	6.50%	6.59%
SIFMA Muni Swap Index	1.38%	1.51%	1.08%

  

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.69%	4.68%	1.65%

\*Ziegler Senior Living Municipal Long Bond Index  
Source: Ziegler Capital Markets

**IN YOUR CORNER**
**LEADINGAGE ARIZONA 2018 ANNUAL CONFERENCE & EXPO**

We-Ko-Pa Resort & Conference Center  
Scottsdale, Arizona  
May 30-June 1, 2018

Ziegler Participant: Daren Bell  
Session 3O: Friday, June 1 | 9:30 – 11:00am  
Hot Topics in Senior Living

**LEADINGAGE WASHINGTON ANNUAL CONFERENCE & EXPO**

Davenport Grand Hotel  
Spokane, Washington  
June 18-21, 2018

Ziegler Participant: Sarkis Garabedian  
Tuesday, June 19 | 11:00am – 12:30pm  
Hot Topics in Senior Living

Ziegler Participant: Daren Bell  
Wednesday, June 20 | 10:45am – 12:15pm  
Improving Your Organization through Benchmarking

**FEATURED FINANCING**

**PRESBYTERIAN MANORS, INC**

Wichita, Kansas

City of Wichita, Kansas,  
Health Care Facilities Revenue  
Bonds, Series 2018

**\$27,800,000**

## MARKET REVIEW

## MONEY MARKET RATES

	5/18/18	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.75	4.75	4.75	4.00
Federal Funds (weekly average)	1.69	1.69	1.68	0.91
90 Day T-Bills	1.89	1.89	1.80	0.91
30-Day Commercial Paper (taxable)	1.82	1.79	1.87	0.83
Libor (30-day)	1.94	1.92	1.89	1.00
7 Day Tax-Exempt VRDB	1.38	1.50	1.81	0.78
Daily Rate Average	1.21	1.33	1.79	0.68

## COMPARATIVE YIELDS

## TAXABLE REVENUE

	GOVT	A		MMD	NR**	NR*	BB	BBB	A	AAA
1 Year	2.28	2.78	1 Year	1.73	2.98	3.08	2.83	2.48	2.18	1.98
5 Year	2.88	3.78	5 Year	2.08	3.48	3.58	3.28	2.98	2.73	2.48
7 Year	3.01	4.16	7 Year	2.32	3.97	4.07	3.62	3.32	3.12	2.82
10 Year	3.06	4.41	10 Year	2.55	4.35	4.55	3.95	3.55	3.35	3.05
30 Year	3.20	4.80	30 Year	3.07	4.87	5.07	4.47	4.07	3.87	3.57

(\* Representative of retail sales.); (\*\* Representative of institutional sales.)

## TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2018 HIGH	LOW
Bond Buyer					
20 Bond Index	3.95	3.88	+07	3.97	3.44
11 Bond Index	3.43	3.36	+07	3.45	2.94
Revenue Bond Index	4.44	4.37	+07	4.46	2.92
30 Year MMD	3.07	2.97	+10	3.14	2.56
Weekly Tax-Exempt Volume (Bil)	5.90	5.58	+32	6.62	0.71
30 Day T/E Visible Supply (Bil)	5.58	6.35	-77	8.29	4.00
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	119.81	121.61	-1.80	126.26%	119.81%

## 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)		
05/18/18	1.38	4.75	1.69	1.89	1.82	1.94	3.87	-	3.57
05/11/18	1.50	4.75	1.69	1.89	1.79	1.92	3.77	-	3.47
05/04/18	1.61	4.75	1.68	1.83	1.85	1.92	3.80	-	3.50
04/27/18	1.75	4.75	1.68	1.77	1.83	1.90	3.94	-	3.64
04/20/18	1.81	4.75	1.68	1.80	1.87	1.89	3.80	-	3.50
04/13/18	1.70	4.75	1.68	1.75	1.81	1.89	3.74	-	3.44
04/06/18	1.60	4.75	1.68	1.71	1.82	1.89	3.78	-	3.48
03/30/18	1.58	4.75	1.67	1.67	1.84	1.88	3.75	-	3.45
03/23/18	1.36	4.75	1.48	1.72	1.84	1.86	3.80	-	3.50
03/16/18	1.22	4.50	1.42	1.76	1.79	1.78	3.84	-	3.54
03/09/18	1.13	4.50	1.41	1.66	1.75	1.71	3.85	-	3.55
03/02/18	1.09	4.50	1.38	1.63	1.65	1.67	3.82	-	3.52
02/02/18	1.08	4.50	1.39	1.48	1.49	1.57	3.73	-	3.43
01/05/18	1.47	4.50	1.41	1.40	1.50	1.55	3.36	-	3.06
12/01/17	0.97	4.25	1.13	1.26	1.18	1.37	3.59	-	3.29
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

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