

# 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
2018 Year-end	1,957

Source: Ziegler National CCRC Listing

**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%
2018 Average Annual Change in Monthly Fees:	3.17%

Source: Ziegler CFO Hotline<sup>SM</sup> (October, 2018)

**CPI CHANGES**

Medical Care Cost of Living Increases:		
2010 increase: 3.4%	2013 increase: 2.5%	2016 increase: 2.6%
2011 increase: 3.5%	2014 increase: 2.4%	2017 increase: 2.3%
2012 increase: 3.2%	2015 increase: 2.6%	2018 increase: 2.0%
CPI Increase: For 2018: 1.9%		

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

**STAFFING**

Annual U.S. Unemployment Rates*:		
For 2010: 9.6%	For 2013: 6.7%	For 2016: 4.7%
For 2011: 8.5%	For 2014: 5.6%	For 2017: 4.1%
For 2012: 7.8%	For 2015: 5.0%	For 2018: 3.9%

\*Year-end totals as of 12/31

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

Life Plan Community (LPC) Average FTEs per Resident	
In Assisted Living/Alzheimer's Care: 0.44	In Skilled Nursing: 1.04

Source: The State of Seniors Housing 2018.

Table 11.3. ASHA, NIC, LEADINGAGE, ARGENTUM, NCAL 2018

**ZIEGLER**

One North Wacker Drive | Suite 2000  
Chicago, IL 60606

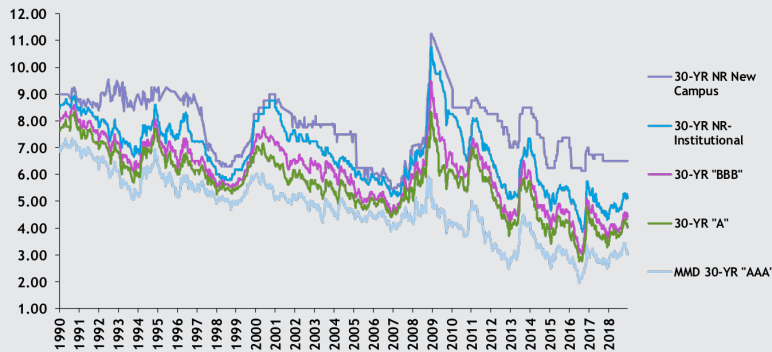
**CONTACT US**

800 366 8899  
[askziegler@ziegler.com](mailto:askziegler@ziegler.com)

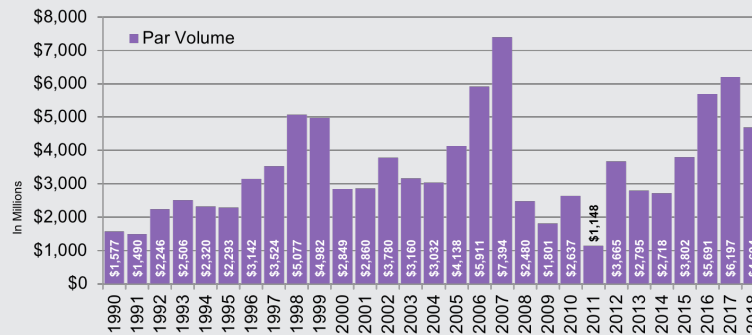


CAPITAL :: INVESTMENTS :: ADVICE

FEATURED ARTICLE  
 SNAPSHOT! SENIOR LIVING STATS AND MORE (CONT.)

**SENIOR LIVING TAX-EXEMPT INTEREST RATES**


Source: Ziegler Investment Banking, as of 12/31/18

**NOT-FOR-PROFIT SENIOR LIVING VOLUME 1990-2018**


Source: Thomson Financial Securities Data, as of 12/31/18

Top Lead Managing Underwriters Senior Living Finance Issues 2018			
Rank	Underwriter	# of Issues	\$ Millions
1	Ziegler	37	\$ 2,037.1
2	Piper Jaffray & Co.	18	1,021.2
3	BB&T Capital Markets	15	512.2
4	Herbert J. Sims & Co.	9	410.5
5	Bank of America Merrill Lynch	1	187.2
6	Dougherty & Company	8	121.1
7	RBC Capital Markets	1	117.2
8	Northland Securities	4	63.7
9	Raymond James Morgan Keegan	2	56.5
10	Cross Point Capital	4	35.2

Top Lead Managing Underwriters Senior Living Finance Issues (Excludes For-Profit Issues) 2018			
Rank	Underwriter	# of Issues	\$ Millions
1	Ziegler	37	\$ 2,037.1
2	Piper Jaffray & Co.	18	1,021.2
3	BB&T Capital Markets	13	411.4
4	Herbert J. Sims & Co.	8	359.1
5	Bank of America Merrill Lynch	1	187.2
6	RBC Capital Markets	1	117.2
7	Dougherty & Company	7	116.1
8	Northland Securities	4	63.7
9	Raymond James Morgan Keegan	2	56.5
10	Cross Point Capital	4	35.2

Top Lead Managing Underwriters Senior Living Finance Issues 1990 - 2018			
Rank	Underwriter	# of Issues	\$ Millions
1	Ziegler	899	\$32,873.2
2	Herbert J. Sims & Co.	351	11,392.5
3	Cain Brothers	176	6,305.1
4	Piper Jaffray & Co.	267	5,997.8
5	BB&T Capital Markets	134	5,016.1
6	Wachovia	220	4,117.9
7	Citi	82	2,372.2
8	UBS Securities	50	2,308.2
9	Dougherty & Company	220	2,103.0
10	RBC Capital Markets	113	1,947.5

Top Lead Managing Underwriters Senior Living Finance Issues (Excludes For-Profit Issues) 1990 - 2018			
Rank	Underwriter	# of Issues	\$ Millions
1	Ziegler	899	\$32,873.2
2	Herbert J. Sims & Co.	335	10,976.3
3	Cain Brothers	176	6,305.1
4	Piper Jaffray & Co.	254	5,659.1
5	BB&T Capital Markets	121	4,617.7
6	Wachovia	220	4,117.9
7	Citi	82	2,372.2
8	UBS Securities	50	2,308.2
9	Dougherty & Company	219	2,098.0
10	RBC Capital Markets	113	1,947.5

Source: Thomson Securities Financial Data as of 12/31/18, and Ziegler Investment Banking

 CATHY OWEN  
 ASSISTANT VICE PRESIDENT, SENIOR LIVING RESEARCH

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

JANUARY 25, 2019

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Westhills Village Retirement Community (SD)	S&P	A+ Stable	Affirmed Rating	1/22/19
East Ridge Retirement Village (FL)	Fitch	B- Negative	Downgraded Rating Rating Watch	1/24/19

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**INTEREST RATES/YIELDS**

(AS OF JANUARY 25, 2019)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.11%	3.04%	3.03%
Senior Living 30-Yr "A"	4.10%	4.04%	3.90%
Senior Living 30-Yr "BBB"	4.50%	4.44%	4.15%
Senior Living Unrated	5.20%	5.14%	4.90%
Senior Living New Campus	6.50%	6.50%	6.50%
SIFMA Muni Swap Index	1.28%	1.28%	1.42%
	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.92%	4.91%	1.82%

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

**FEATURED FINANCINGS**

**STILL HOPES**

**SOUTH CAROLINA EPISCOPAL HOME AT STILL HOPES**  
 Columbia, South Carolina

South Carolina Jobs-Economic Development Authority, Residential Care Facilities Revenue and Revenue Refunding Bonds, Series 2018A

**\$67,950,000**

**STILL HOPES**

**SOUTH CAROLINA EPISCOPAL HOME AT STILL HOPES**  
 Columbia, South Carolina

Bank Direct Purchase / New Money

**\$32,000,000**


**THE SPIRES AT BERRY COLLEGE**  
 Rome, Georgia

Development Authority of Floyd County, Retirement Facility Revenue Bonds, Series 2018A

**\$81,930,000**


**THE SPIRES AT BERRY COLLEGE**  
 Rome, Georgia

Bank Direct Purchase / New Money

**\$37,750,991**

## MARKET COMMENTARY

## FROM A CAPITAL MARKETS PERSPECTIVE

On an abbreviated week, equities saw some sharp daily movements, yet the major indices changed little over the course of week. This lack of movement was a deviation from the recent pattern of steady gains produced over the previous four weeks. As earnings season continues, we are seeing that fourth-quarter results have exceeded expectations. Roughly 75% of S&P 500 companies that have reported through last Thursday have exceeded analysts' expectations.

On Friday, President Trump and congressional leaders announced a tentative deal that would reopen the government for three weeks in order to continue negotiations on border security. The reopening comes just in time for important economic releases, including the government's initial estimate of fourth-quarter GDP on Wednesday, and monthly employment report, due on Friday. The U.S. government reported on Thursday that claims for unemployment benefits fell to the lowest weekly level since 1969, affirming labor market strength. Overseas, the European Central Bank kept its interest rates unchanged as risk in the European economy appears to be increasing.

After raising interest rates in its December meeting, the Federal Reserve is likely to keep rates unchanged on Wednesday after a two-day meeting. The market will be watching to see if Fed Chairman Powell will signal how policymakers will handle the slowing of rate hikes relative to 2018, where there were four increases. Last week, municipal bond funds experienced \$834 million of weekly fund inflows. Municipal long-term funds had \$500 million of weekly inflows, high yield funds had \$383 million of weekly inflows, national funds had \$701 million of weekly inflows, and ETF funds had \$118 million of weekly outflows. In 2019, there have been 3 weeks of inflows and 1 week of outflows. In 2018, there were 29 weeks of inflows and 23 weeks of outflows.

ADAM J. BUCHANAN  
SENIOR VICE PRESIDENT

*See pages 5-6 for current market rates*

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

## MARKET REVIEW

## MONEY MARKET RATES

	1/25/19	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	5.50	5.50	5.50	4.50
Federal Funds (weekly average)	2.40	2.40	2.39	1.41
90 Day T-Bills	2.36	2.35	2.33	1.42
30-Day Commercial Paper (taxable)	2.45	2.51	2.42	1.50
Libor (30-day)	2.51	2.50	2.51	1.56
7 Day Tax-Exempt VRDB	1.29	1.28	1.71	1.16
Daily Rate Average	1.11	1.20	1.69	1.02

## COMPARATIVE YIELDS

## TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
1 Year	2.59	3.04	1 Year	1.67	3.17	2.92	2.52	2.12	1.87
5 Year	2.58	3.43	5 Year	1.82	3.52	3.22	2.92	2.52	2.17
7 Year	2.65	3.70	7 Year	1.95	3.85	3.50	3.20	2.80	2.40
10 Year	2.74	3.99	10 Year	2.23	4.33	3.98	3.63	3.23	2.68
30 Year	3.05	4.70	30 Year	3.10	5.20	4.85	4.50	4.10	3.55

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2019 HIGH	LOW
Bond Buyer					
20 Bond Index	4.23	4.19	+0.04	4.20	4.09
11 Bond Index	3.70	3.68	+0.02	3.70	3.58
Revenue Bond Index	4.70	4.66	+0.04	4.70	4.56
30 Year MMD	3.11	3.04	+0.07	3.11	2.93
Weekly Tax-Exempt Volume (Bil)	3.66	4.92	-1.26	5.80	0.20
30 Day T/E Visible Supply (Bil)	3.25	3.97	-.72	6.53	3.25
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	134.42	130.74	+3.68	134.42%	130.74%

## 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)		
01/25/19	1.29	5.50	2.40	2.36	2.45	2.51	4.10	-	3.55
01/18/19	1.28	5.50	2.40	2.35	2.51	2.50	4.04	-	3.49
01/11/19	1.39	5.50	2.40	2.42	2.51	2.51	4.05	-	3.50
01/04/19	1.63	5.50	2.40	2.42	2.47	2.52	3.93	-	3.38
12/28/18	1.71	5.50	2.39	2.33	2.42	2.51	4.02	-	3.47
12/21/18	1.68	5.50	2.24	2.37	2.50	2.47	4.04	-	3.49
12/14/18	1.64	5.25	2.19	2.41	2.46	2.45	4.17	-	3.62
12/07/18	1.65	5.25	2.19	2.39	2.30	2.38	4.08	-	3.55
11/30/18	1.69	5.25	2.18	2.35	2.27	2.34	4.14	-	3.69
11/23/18	1.69	5.25	2.18	2.39	2.25	2.31	4.18	-	3.73
11/16/18	1.66	5.25	2.18	2.36	2.34	2.31	4.25	-	3.80
11/09/18	1.62	5.25	2.18	2.35	2.29	2.31	4.34	-	3.89
11/02/18	1.61	5.25	2.18	2.25	2.25	2.31	3.83	-	3.38
10/05/18	1.53	5.25	2.16	2.21	2.21	2.28	4.11	-	3.76
09/07/18	1.49	5.00	1.91	2.13	2.04	2.12	3.86	-	3.51
08/03/18	1.29	5.00	1.90	2.00	1.94	2.08	3.80	-	3.50
07/06/18	1.19	5.00	1.90	1.91	1.96	2.09	3.67	-	3.37
06/01/18	1.06	4.75	1.69	1.91	1.86	1.98	3.62	-	3.32
05/04/18	1.61	4.75	1.68	1.83	1.85	1.92	3.80	-	3.50
04/06/18	1.60	4.75	1.68	1.71	1.82	1.89	3.78	-	3.48
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

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