

ZIEGLER INVESTMENT BANKING

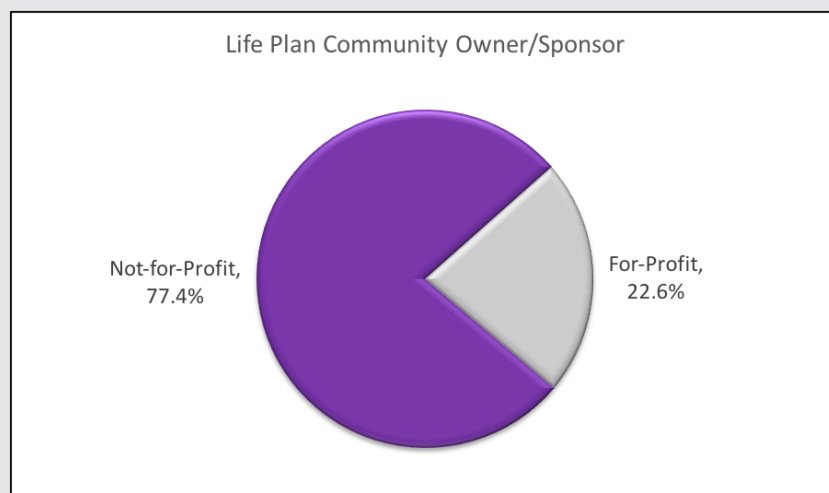
SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

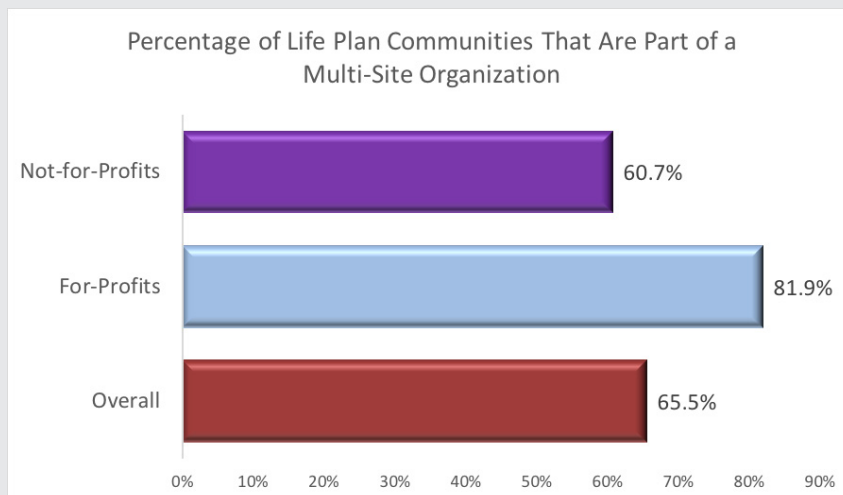
A PROFILE OF LIFE PLAN COMMUNITIES: 2019 UPDATE

About this time last year, Ziegler prepared a *Z-News* article that highlighted key metrics for the national Life Plan Community (aka Continuing Care Retirement Community) landscape. This year's newsletter article serves as an update to last year's edition and provides new information from Ziegler's ongoing data mining of the National Life Plan Community database.

Ziegler's current count of Life Plan Communities (LPCs) stands at 1,950. Approximately 1,500 of these communities are sponsored by not-for-profit providers, which represents roughly 77% of the total number of Life Plan Communities. Among Life Plan Communities, roughly 59% are faith-based organizations with another 3% affiliated with a fraternal or military organization (e.g. Masons, Retired Military). Both of these numbers increase when looking at just not-for-profit sponsored communities.



One of the clear trends that is being followed in the sector is the growing consolidation, not only of single-site communities affiliating with a larger platform, but also multi-site mergers. Overall, nearly 66% of Life Plan Communities are part of a multi-site organization, meaning at least two distinct communities (although not all communities within the system may necessarily be Life Plan Communities). There are, however, meaningful differences between the for-profit owners and the not-for-profit organizations in that the vast majority of for-profit Life Plan Communities are part of a larger system. This trend is evidenced in the graphic below.



ZIEGLER

One North Wacker Drive | Suite 2000
Chicago, IL 60606

CONTACT US

800 366 8899
askziegler@ziegler.com



CAPITAL :: INVESTMENTS :: ADVICE

FEATURED ARTICLE

A PROFILE OF LIFE PLAN COMMUNITIES: 2019 UPDATE (CONTINUED)

The bullets below outline additional facts and figures associated with the 1,950 Life Plan Communities.

- We know that the entrance-fee contract is more widely adopted by not-for-profit sponsors than for-profit owners. For-profit owners and operators are more likely to offer a rental-only contract.
- The average number of total units among today's Life Plan Communities is 285.
- Less than 5% of Life Plan Communities are sponsored by a hospital or health system.
- The metropolitan markets with the largest number of Life Plan Communities are Philadelphia (87), Chicago (60), New York (39), Cincinnati (36) and Minneapolis (36).

It should be noted that the overall count of Life Plan Communities is slightly less than previous data releases. There are several reasons for the slight decrease in counts. With the ever-increasing pressures on skilled nursing providers, there are some communities who have elected to exit the skilled nursing business. While this is generally isolated to certain regions of the country and does not represent a significant number of providers, there are indeed examples where this is the case. Conversely, there are some previously-recorded Life Plan Communities that were largely assisted living and skilled nursing with small-scale independent living operations. A number of these restructured and elected to commit to their healthcare offerings and eliminate the independent living option. In most of these cases, these independent living units were rental apartments with limited, if any, amenities and would not be reflective of the modern-day market-rate independent living unit. There have also been a handful of community closures in recent years. Again, the numbers have not been significant, but there have been closures in rural markets and among those with heavy skilled nursing exposure and limited independent living offerings. A final explanation is that the number of new not-for-profit LPCs under development has slowed down dramatically post-recession. While the for-profit seniors housing new location growth is dramatic, the not-for-profit new location growth has plateaued, particularly for Life Plan Communities. The new not-for-profit Life Plan Communities currently under development include Ventana by Buckner (TX), RiverWoods Durham (NH), and The Spires at Berry College (GA) to name a few.

If you have any questions related to information included in this article or any other related topics, please contact the Ziegler banker in your region.

LISA MCCRACKEN
DIRECTOR, SENIOR LIVING RESEARCH AND DEVELOPMENT
ZIEGLER

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF MARCH 5, 2019

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Saint John's Communities (WI)	Fitch	BBB- Stable	Affirmed Rating	2/28/19
Care Initiatives (IA)	S&P	BB+	Placed ICR on Watch Negative	3/1/19
John Knox Village (MO)	Fitch	BB+ Stable	Affirmed Rating	3/5/19

Fitch: Copyright © 2018 by Fitch Ratings, Inc., Fitch Ratings LTD. And its subsidiaries

S&P: Copyright © 2018, S&P Global Market Intelligence

**ICR – Issuer Credit Rating (Standard & Poor's)*

Any non-Ziegler sources referenced in this Z-News are believed to be reliable but cannot be guaranteed.

INTEREST RATES/YIELDS

(AS OF MARCH 1, 2019)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.98%	3.01%	3.03%
Senior Living 30-Yr "A"	3.88%	3.91%	3.92%
Senior Living 30-Yr "BBB"	4.23%	4.31%	4.18%
Senior Living Unrated	4.98%	5.01%	4.93%
Senior Living New Campus	6.50%	6.50%	6.50%
SIFMA Muni Swap Index	1.74%	1.75%	1.48%
	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.87%	4.86%	1.89%

**Ziegler Senior Living Municipal Long Bond Index*

Source: Ziegler Capital Markets

FEATURED FINANCING

PINNACLE
LIVING

PINNACLE LIVING
Glen Allen, Virginia

Economic Development Authority of Henrico County, Virginia, Residential Care Facilities Revenue Bonds, Series 2019A

\$95,685,000

MARKET REVIEW

MONEY MARKET RATES

	3/01/19	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	2.40	1.38
90 Day T-Bills	2.43	2.44	2.39	1.65
30-Day Commercial Paper (taxable)	2.43	2.44	2.40	1.65
Libor (30-day)	2.49	2.48	2.51	1.67
7 Day Tax-Exempt VRDB	1.74	1.75	1.43	1.09
Daily Rate Average	1.70	1.70	1.47	1.15

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
1 Year	2.54	2.99	1 Year	1.57	3.07	2.77	2.37	1.92	1.77
5 Year	2.54	3.39	5 Year	1.67	3.27	3.02	2.67	2.27	2.02
7 Year	2.64	3.69	7 Year	1.81	3.61	3.31	2.96	2.56	2.26
10 Year	2.74	3.99	10 Year	2.10	4.10	3.70	3.35	3.00	2.55
30 Year	3.11	4.76	30 Year	2.98	4.98	4.58	4.23	3.88	3.43

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2019 HIGH	LOW
Bond Buyer					
20 Bond Index	4.19	4.23	-.04	4.24	4.09
11 Bond Index	3.66	3.70	-.04	3.71	3.58
Revenue Bond Index	4.66	4.70	-.04	4.71	4.56
30 Year MMD	2.98	3.01	-.03	3.11	2.93
Weekly Tax-Exempt Volume (Bil)	3.51	1.62	+1.89	5.80	0.20
30 Day T/E Visible Supply (Bil)	4.84	5.16	-.32	6.60	1.92
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	124.75	130.33	-5.58	134.42%	124.75%

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)		
03/01/19	1.74	5.50	2.40	2.43	2.43	2.49	3.88	-	3.43
02/22/19	1.75	5.50	2.40	2.44	2.44	2.48	3.91	-	3.46
02/15/19	1.72	5.50	2.40	2.42	2.44	2.48	4.00	-	3.45
02/08/19	1.51	5.50	2.40	2.41	2.45	2.51	4.00	-	3.45
02/01/19	1.43	5.50	2.40	2.39	2.40	2.51	4.02	-	3.47
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
11/02/18	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

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