

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

### FEATURED ARTICLE

## ZIEGLER AND LEADINGAGE RELEASE THE LARGEST NOT-FOR-PROFIT SENIOR LIVING PROVIDER RANKINGS

This week, Ziegler and LeadingAge released the 16th Edition of the *LeadingAge Ziegler 200 (LZ 200)* publication. The report details the nation's 200 largest not-for-profit senior living providers, as well as relevant business trends for the industry. The report is developed annually through a partnership between Ziegler, one of the nation's leading underwriters of financings for not-for profit senior living providers in the United States, and LeadingAge, the nation's largest association of nonprofit aging service providers in the country. The 2019 LZ 200 report reflects the largest 200 providers of not-for-profit multi-site organizations, 150 single-site campuses, and government-subsidized multi-site housing.

The LZ 200 is a ranking and analysis of the largest, most complex, not-for-profit senior living organizations across the country. This year's report showed that not-for-profit senior living providers have grown primarily through expansion within existing campuses, as well as affiliations, mergers and acquisitions. Nearly 30% of the total number of units for all senior living systems in the LZ 200 are represented by the 10 largest providers.

The 10 largest not-for-profit multi-site senior living organizations include:

1. National Senior Campuses – Catonsville, MD
2. The Evangelical Lutheran Good Samaritan Society – Sioux Falls, SD
3. Acts Retirement Services, Inc. – West Point, PA
4. Presbyterian Homes and Services – Roseville, MN
5. Ascension Senior Living – St. Louis, MO
6. Trinity Health Senior Communities – Livonia, MI
7. Covenant Living Communities & Services – Skokie, IL
8. HumanGood – Pleasanton, CA
9. Benedictine Health System – Duluth, MN
10. Retirement Housing Foundation – Long Beach, CA

So what do we know about the largest 200 not-for-profit multi-site senior living organizations in the country? Below are some key takeaways from the report.

- The organizations range in size from 20,513 market-rate units (National Senior Campuses, MD) to 402 market-rate units (SCBMA fka South Carolina Baptist Ministries for the Aging, SC).
- The 200 organizations represent a total of 1,555 market-rate communities, the largest proportion of which (45%) are Life Plan Communities.
- In the last 10 years, the average annual growth in total units was 2.8%. The majority of the unit increases are accounted for by expansions and growth through affiliation and acquisition.
- Minnesota and Pennsylvania have the largest proportion of market-rate communities as represented by the LZ 200 with 233 and 152, respectively.
- When looking at the states with the highest proportion of LZ 200 headquarters, Pennsylvania ranks first with 29 organizations. This is followed by Ohio (16), New York (15), Minnesota (14), and Illinois and Michigan, each tied with 11 organization headquarters among the LZ 200.
- The LZ 200 has a total of 63 debt ratings across 58 organizations, with 45 of the 54 in the "A" and "BBB" category.
- Twenty-six (26%) of the organizations have at least one accredited community. Acts Retirement-Life Communities (23), and Presbyterian Senior Living and Presbyterian SeniorCare Network, each with 20, have the largest number of accredited communities.
- Of all the organizations represented in the LZ 200, 82% are faith-based, 2.5% are fraternal, and 0.5% are military-affiliated.
- Nearly half (42%) of the LZ 200 organizations provide Affordable Housing for seniors, either through units within a market-rate campus or via free-standing Affordable Housing properties.
- Nearly 33% of the providers manage one or more senior living communities for another organization.

### ZIEGLER

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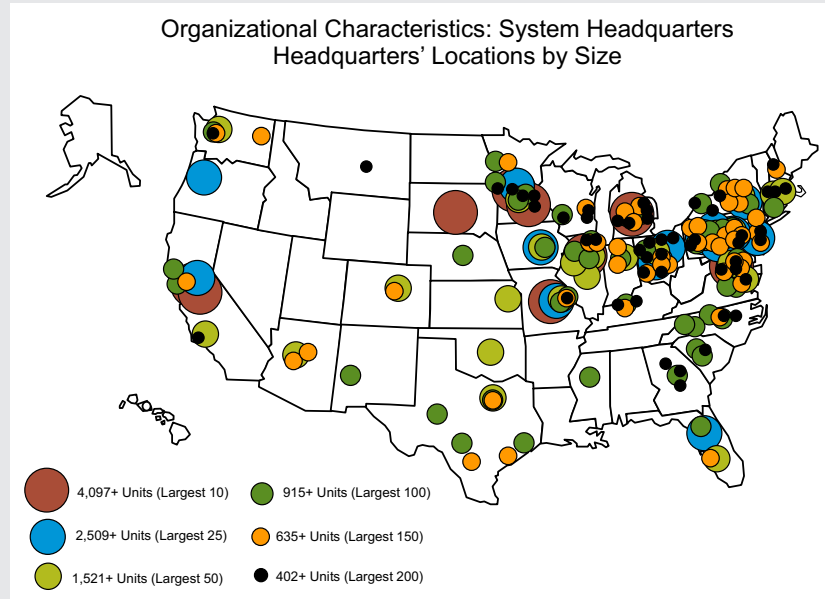


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The largest 25 organizations represent a similar list of providers from previous years. The largest organization, National Senior Campuses (MD), with a total market-rate unit count of 20,513, has held the number one spot for the last four years; prior number one spot was held by The Evangelical Lutheran Good Samaritan Society for the first 11 years of the publication. Masonic Villages of the Grand Lodge (PA), rounds out the largest 25 with a total of 2,509 market-rate units. Note that the difference between the first ranked organization (National Senior Campuses, MD) and the second-ranked organization (The Evangelical Lutheran Good Samaritan Society, ND) has a gap of 3,956 units. Pennsylvania is home to five of the largest 25 organizations while California and Minnesota are tied for second with three LZ 200 organizations among the largest 25.

#### The Nation's Largest Not-for-profit Multi-site Senior Living Organizations Ranked by Total Senior Living Units

2019 Rank	2018 Rank	System Name	State	Units (as of 12/31/18)			
				Total	ILU	ALU	NCB
1	1	National Senior Campuses	MD	20,513	17,764	1,556	1,193
2	2	The Evangelical Lutheran Good Samaritan Society	SD	16,557	5,038	2,179	9,340
3	3	Acts Retirement Services, Inc.	PA	8,626	6,121	980	1,525
4	4	Presbyterian Homes and Services	MN	7,824	3,994	2,352	1,478
5	8	Ascension Living	MO	7,722	1,957	1,203	4,562
6	6	Trinity Health Senior Communities	MI	6,377	2,228	1,102	3,047
7	5	Covenant Living Communities & Services fka Covenant Retirement Communities	IL	4,901	3,116	842	943
8	7	HumanGood	CA	4,714	2,911	887	916
9	9	Benedictine Health System	MN	4,561	720	1,398	2,443
10	10	Retirement Housing Foundation	CA	4,097	2,645	841	611
11	11	Lifespace, Inc.	IA	4,014	3,011	174	829
12	15	Westminster Communities of Florida	FL	3,934	2,642	511	781
13	49	Cassia fka Augustana Care/Elm Care	MN	3,920	522	1,512	1,886
14	12	The Kendal Corporation	PA	3,640	2,516	612	512
15	13	Presbyterian Senior Living	PA	3,601	1,920	547	1,134
16	14	Lutheran Senior Services	MO	3,560	1,679	744	1,137
17	16	Asbury Communities, Inc.	MD	3,353	2,120	501	732
18	18	Ohio Living	OH	3,309	1,747	575	987
19	19	The Carmelite System, Inc.	NY	3,129	144	421	2,564
20	20	Pacific Retirement Services, Inc.	OR	3,084	2,311	380	393
21	21	Front Porch Communities and Services	CA	2,819	2,108	193	518
22	35	Concordia Lutheran Ministries	PA	2,712	912	1,137	663
23	22	Otterbein SeniorLife fka Otterbein Senior Lifestyle Choices	OH	2,626	1,123	476	1,027
24	23	Springpoint Senior Living Inc.	NJ	2,546	1,753	302	491
25	25	Masonic Villages of the Grand Lodge of Pennsylvania	PA	2,509	1,566	259	684

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#### The Nation's Largest Not-for-profit Multi-site Senior Living Organizations Total Senior Living Communities

2019 Rank	2018 Rank	System Name	State	Communities (as of 12/31/18)				
				Total	LPC	IL	AL	NH
1	1	National Senior Campuses	MD	16	16	0	0	0
2	2	The Evangelical Lutheran Good Samaritan Society	SD	153	59	8	9	77
3	3	Acts Retirement Services, Inc.	PA	23	23	0	0	0
4	4	Presbyterian Homes and Services	MN	45	15	27	0	3
5	8	Ascension Living	MO	32	8	2	3	19
6	6	Trinity Health Senior Communities	MI	45	6	17	2	20
7	5	Covenant Living Communities & Services fka Covenant Retirement Communities	IL	17	12	2	2	1
8	7	HumanGood	CA	18	17	1	0	0
9	9	Benedictine Health System	MN	34	24	1	4	5
10	10	Retirement Housing Foundation	CA	18	9	8	1	0
11	11	Lifespace, Inc.	IA	12	12	0	0	0
12	15	Westminster Communities of Florida	FL	12	10	2	0	0
13	49	Cassia fka Augustana Care/Elm Care	MN	51	0	5	28	18
14	12	The Kendal Corporation	PA	15	13	2	0	0
15	13	Presbyterian Senior Living	PA	20	12	6	2	0
16	14	Lutheran Senior Services	MO	11	8	0	1	2
17	16	Asbury Communities, Inc.	MD	7	7	0	0	0
18	18	Ohio Living	OH	13	13	0	0	0
19	19	The Carmelite System, Inc.	NY	17	0	1	2	14
20	20	Pacific Retirement Services, Inc.	OR	9	9	0	0	0
21	21	Front Porch Communities and Services	CA	10	5	5	0	0
22	35	Concordia Lutheran Ministries	PA	14	6	0	6	2
23	22	Otterbein SeniorLife fka Otterbein Senior Lifestyle Choices	OH	15	6	0	0	9
24	23	Springpoint Senior Living Inc.	NJ	9	8	0	0	1
25	25	Masonic Villages of the Grand Lodge of Pennsylvania	PA	5	3	1	0	1

We want to thank LeadingAge for the collaborative, 16-year partnership, and also to acknowledge the several hundred providers who take the time every year to share their updated information. We have collectively built a significant annual publication that providers and industry professionals embrace and look forward to reading each year. The full report, which can be accessed via the [Ziegler website](#), also details the largest 150 not-for-profit single-site providers, as well as a listing of the 100 largest Affordable Housing providers throughout the country.

If you have questions related to information presented in this article or the LZ 200 publication, please contact Cathy Owen at [cowen@ziegler.com](mailto:cowen@ziegler.com). If you have questions on other related matters, please reach out to the Ziegler banker in your region.

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

AS OF OCTOBER 30, 2019

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Carol Woods Retirement Community (NC)	S&P	A+ Stable	Upgraded ICR	10/25/19
Buckner Retirement Services (TX)	Fitch	A Stable	Affirmed Rating	10/30/19

*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 OCTOBER 25, 2019)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	2.05%	2.05%	2.54%
Senior Living 30-Yr "A"	3.05%	3.05%	3.41%
Senior Living 30-Yr "BBB"	3.25%	3.25%	3.70%
Senior Living Unrated	4.15%	4.15%	4.53%
Senior Living New Campus	6.00%	6.00%	6.43%
SIFMA Muni Swap Index	1.29%	1.29%	1.54%
	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.30%	4.36%	2.26%

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

**LUTHERAN SENIOR SERVICES**
**LUTHERAN SENIOR SERVICES**
**St. Louis, Missouri**

 Health and Educational Facilities  
 Authority of the State of Missouri,  
 Senior Living Facilities Revenue Bonds,  
 2019C

**\$123,915,000**

## MARKET COMMENTARY

## FROM A CAPITAL MARKETS PERSPECTIVE

Last week in equities, the major indexes posted their strongest weekly results in a couple of months, thanks in part to a modest rally on Friday. Quarterly earnings results were mostly at or above expectations across the broad market. The S&P 500's rise over the past three weeks moved the index on Friday to a level that was just one-tenth of a percentage point below the record high that it set three months earlier. The Dow and the NASDAQ had a little further to go, as both indexes were around 1% shy of their records.

While quarterly profits are expected to decline this earnings season, a large proportion (40%) of the companies that had reported as of Friday had surpassed analysts' expectations, providing some lift for stocks. About 80% of the S&P 500 companies that had reported third-quarter results exceeded earnings expectations, according to FactSet<sup>1</sup>. The U.S. Federal Reserve is widely expected to cut interest rates for the third time in three months when it concludes a two-day meeting on Wednesday. Fed statements will be closely watched for any indications as to whether the latest reduction is likely to be the last one for this year or whether another cut could come at the Fed's December meeting.

In fixed income, U.S. government bond yields climbed for the second week out of the past three—a period that has seen the 10-year Treasury yield rise from a recent low of 1.52% on October 4 to around 1.80% at Friday's close. In addition, the yield curve has continued to steepen in the wake of a recent inversion, with the gap widening between the yields of the 2-year and 10-year bonds. The 10-year Treasury bond yield rose to around 1.80% on Friday, up from 1.755% a week earlier. In Munis, yields matched treasury movements. The 10-Year and 30-Year MMD each increased 4 and 3 bp's from 1.47% to 1.51% and 2.07% to 2.10% respectively. The tax-exempt bond funds saw an inflow of approximately \$1,427.52 million.

ADAM BUCHANAN

SENIOR VICE PRESIDENT

<sup>1</sup> FactSet. Earnings Insight, Key Metrics, (10/25/2019)

*See pages 6-7 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

	10/25/19	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	5.00	5.00	5.00	5.25
Federal Funds (weekly average)	1.83	1.85	1.83	2.17
90 Day T-Bills	1.66	1.66	1.77	2.32
30-Day Commercial Paper (taxable)	1.83	1.87	1.92	2.23
Libor (30-day)	1.80	1.84	2.03	2.29
7 Day Tax-Exempt VRDB	1.19	1.29	1.58	1.60
Daily Rate Average	1.13	1.22	1.58	1.59

## COMPARATIVE YIELDS

## TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
1 Year	1.59	2.19	1 Year	1.16	2.86	2.56	1.96	1.61	1.46
5 Year	1.62	2.67	5 Year	1.18	2.98	2.73	2.18	1.88	1.58
7 Year	1.71	2.96	7 Year	1.30	3.30	3.00	2.35	2.15	1.75
10 Year	1.80	3.60	10 Year	1.51	3.61	3.31	2.71	2.51	1.96
30 Year	2.29	4.09	30 Year	2.10	4.20	3.90	3.30	3.10	2.55

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2019 HIGH	LOW
Bond Buyer					
20 Bond Index	2.75	2.70	+0.05	4.24	2.59
11 Bond Index	2.29	2.24	+0.05	3.71	2.13
Revenue Bond Index	3.23	3.18	+0.05	4.71	3.07
30 Year MMD	2.10	2.05	+0.05	3.11	1.84
Weekly Tax-Exempt Volume (Bil)	7.70	4.52	+3.18	9.36	0.20
30 Day T/E Visible Supply (Bil)	8.46	12.62	-4.16	12.62	.93
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	135.37	136.77	-1.40	145.27%	109.21%

## 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)		
10/25/19	1.19	5.00	1.83	1.66	1.83	1.80	3.10	-	2.55
10/18/19	1.29	5.00	1.85	1.66	1.87	1.84	3.05	-	2.50
10/11/19	1.40	5.00	1.80	1.66	1.90	1.92	2.92	-	2.37
10/04/19	1.49	5.00	1.85	1.71	1.90	1.99	2.92	-	2.37
09/27/19	1.58	5.00	1.83	1.77	1.92	2.03	3.01	-	2.46
09/20/19	1.47	5.00	2.08	1.90	2.06	2.04	3.08	-	2.53
09/13/19	1.31	5.25	2.10	1.94	2.05	2.03	3.03	-	2.48
09/06/19	1.28	5.25	2.11	1.95	2.03	2.04	2.60	-	2.05
08/30/19	1.35	5.25	2.11	1.98	2.02	2.10	2.54	-	1.99
08/23/19	1.36	5.25	2.10	1.94	2.02	2.14	2.61	-	2.06
08/16/19	1.35	5.25	2.11	1.87	2.07	2.18	2.57	-	2.02
08/09/19	1.32	5.25	2.10	1.99	2.11	2.20	2.71	-	2.16
08/02/19	1.40	5.25	2.28	2.05	2.18	2.24	2.89	-	2.34
07/05/19	1.49	5.50	2.38	2.17	2.36	2.39	2.97	-	2.47
06/07/19	1.40	5.50	2.37	2.26	2.38	2.41	3.03	-	2.53
05/03/19	2.12	5.50	2.42	2.41	2.42	2.48	3.23	-	2.73
04/05/19	1.48	5.50	2.40	2.42	2.47	2.47	3.40	-	2.90
03/01/19	1.74	5.50	2.40	2.43	2.43	2.49	3.88	-	3.43
02/01/19	1.43	5.50	2.40	2.39	2.40	2.51	4.02	-	3.47
01/04/19	1.63	5.50	2.40	2.42	2.47	2.52	3.93	-	3.38
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

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