

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

FEATURED ARTICLE

SNAPSHOT! SENIOR LIVING STATS AND MORE

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%
2019 Average Annual Change in Monthly Fees:	3.14%

Source: CFO HotlineSM (October, 2019)

TOTAL NUMBER OF LIFE PLAN COMMUNITIES (LPCS FKA CCRCS)

2010 Year-end	1,924	2015 Year-end	1,954
2011 Year-end	1,930	2016 Year-end	1,963
2012 Year-end	1,935	2017 Year-end	1,955
2013 Year-end	1,944	2018 Year-end	1,957
2014 Year-end	1,946	2019 Year-end	1,950

Note: The slight decrease in the overall LPC count is attributed to a number of factors. The predominant driver has been communities who have repositioned campuses and removed a level of care (generally either SN or the dropping of IL when only a small number of units existed as part of a larger healthcare campus. There have been a small number of LPC closures and, as reported, the number of new LPCs opening each year has dropped dramatically post-recession.

Source: Ziegler National CCRC Listing

STAFFING

Annual U.S. Unemployment Rates*:		
For 2010: 9.6%	For 2014: 5.6%	For 2018: 3.9%
For 2011: 8.5%	For 2015: 5.0%	For 2019: 3.5%
For 2012: 7.8%	For 2016: 4.7%	
For 2013: 6.7%	For 2017: 4.1%	
*Year-end totals as of 12/31		

Source: Bureau of Labor Statistics (www.bls.gov)

Life Plan Community (LPC) Average FTEs per Resident	
In Assisted Living/ Alzheimer's Care: 0.46	In Skilled Nursing: 0.98

Source: The State of Seniors Housing 2019.

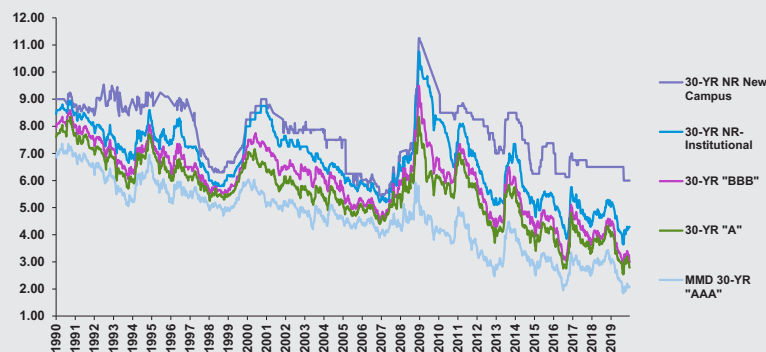
Table 11.3. ASHA, NIC, LEADINGAGE, ARGENTUM, NCAL 2019

CPI CHANGES

Medical Care Cost of Living Increases:		
2010 increase: 3.4%	2014 increase: 2.4%	2018 increase: 2.0%
2011 increase: 3.5%	2015 increase: 2.6%	2019 increase: 2.6%
2012 increase: 3.2%	2016 increase: 2.6%	
2013 increase: 2.5%	2017 increase: 2.3%	
CPI Increase: For 2019: 2.3%		

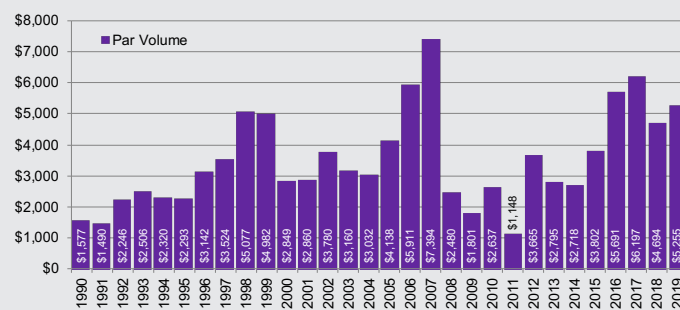
Source: Bureau of Labor Statistics (www.bls.gov)

SENIOR LIVING TAX-EXEMPT INTEREST RATES



Source: Ziegler Investment Banking, as of 12/31/19

NOT-FOR-PROFIT SENIOR LIVING VOLUME 1990-2019



Source: Refinitiv Data, as of 12/31/19

ZIEGLER

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FEATURED ARTICLE

SNAPSHOT! SENIOR LIVING STATS AND MORE (CONT.)

Top Lead Managing Underwriters Senior Living Finance Issues 2019			
Rank	Underwriter	# of Issues	\$ Millions
1	Ziegler	42	\$ 2,576.5
2	Herbert J. Sims & Co.	9	630.5
3	BB&T Capital Markets	15	545.9
4	Bank of America Merrill Lynch	2	367.7
5	Piper Jaffray & Co.	8	318.6
6	Oppenheimer & Co.	2	162.9
7	KeyBanc Capital Markets	5	154.5
8	RBC Capital Markets	2	108.2
9	Robert W. Baird & Co.	2	74.3
10	Zions Bank	3	71.2

Top Lead Managing Underwriters Senior Living Finance Issues (Excludes FP & 142(d) Issues) 2019			
Rank	Underwriter	# of Issues	\$ Millions
1	Ziegler	42	\$ 2,576.5
2	Herbert J. Sims & Co.	7	539.8
3	BB&T Capital Markets	11	420.8
4	Piper Jaffray & Co.	7	303.1
5	KeyBanc Capital Markets	4	139.7
6	RBC Capital Markets	2	108.2
7	Robert W. Baird & Co.	2	74.3
8	Zions Bank	2	63.0
9	Dougherty & Company	3	57.0
10	Fifth Third Bank	1	46.2

Top Lead Managing Underwriters Senior Living Finance Issues 2000 - 2019			
Rank	Underwriter	# of Issues	\$ Millions
1	Ziegler	649	\$ 30,009.7
2	Herbert J. Sims & Co.	214	8,923.3
3	BB&T Capital Markets	148	5,554.7
4	Cain Brothers	132	5,371.8
5	Piper Jaffray & Co.	189	5,367.5
6	UBS Securities	34	1,728.4
7	Dougherty & Company	136	1,573.9
8	RBC Capital Markets	55	1,521.2
9	Wachovia	58	1,436.4
10	Bank of America Merrill Lynch	13	1,157.3

Top Lead Managing Underwriters Senior Living Finance Issues (Excludes FP & 142(d) Issues) 2010 - 2019			
Rank	Underwriter	# of Issues	\$ Millions
1	Ziegler	311	\$ 16,815.4
2	Herbert J. Sims & Co.	78	3,946.6
3	BB&T Capital Markets	65	2,873.0
4	Piper Jaffray & Co.	76	2,440.9
5	Cain Brothers	41	2,285.5
7	RBC Capital Markets	15	891.4
6	Dougherty & Company	63	890.9
8	Citi	11	699.2
9	Northland Securities	65	671.9
10	Bank of America Merrill Lynch	11	669.5

Top Lead Managing Underwriters Senior Living Finance Issues 1990 - 2019			
Rank	Underwriter	# of Issues	\$ Millions
1	Ziegler	941	\$35,508.9
2	Herbert J. Sims & Co.	360	12,108.2
3	Cain Brothers	177	6,339.5
4	Piper Jaffray & Co.	275	6,329.8
5	BB&T Capital Markets	149	5,561.9
6	Wachovia	220	4,117.9
7	Citi	83	2,384.7
8	UBS Securities	50	2,308.2
9	Dougherty & Company	223	2,160.0
10	RBC Capital Markets	115	2,055.7

Top Lead Managing Underwriters Senior Living Finance Issues (Excludes FP & 142(d) Issues) 1990 - 2019			
Rank	Underwriter	# of Issues	\$ Millions
1	Ziegler	940	\$35,343.8
2	Herbert J. Sims & Co.	341	11,584.0
3	Cain Brothers	176	6,321.0
4	Piper Jaffray & Co.	253	5,278.2
5	BB&T Capital Markets	128	4,973.1
6	Wachovia	220	4,117.9
7	Citi	82	2,372.2
8	UBS Securities	50	2,308.2
9	Dougherty & Company	221	2,115.7
10	RBC Capital Markets	115	2,055.7

Source: Refinitiv Data, as of 12/31/19

CATHY OWEN
VICE PRESIDENT, SENIOR LIVING RESEARCH
ZIEGLER

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

JANUARY 27, 2020

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Acres United Methodist Retirement Community (NC)	Fitch	BBB+ Stable	Affirmed IDR	1/23/20
Morningside Ministries (TX)	Fitch	BB+ Stable	Assigned Rating Affirmed Rating	1/24/20

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**IDR - Issuer Default Rating (FitchRatings)*

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

INTEREST RATES/YIELDS

(AS OF JANUARY 24, 2020)

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	1.90%	1.94%	2.31%
Senior Living 30-Yr "A"	2.40%	2.49%	3.11%
Senior Living 30-Yr "BBB"	2.60%	2.69%	3.37%
Senior Living Unrated	3.90%	3.99%	4.29%
Senior Living New Campus	6.00%	6.00%	6.31%
SIFMA Muni Swap Index	0.82%	0.80%	1.42%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
*ZSLMLB Index	4.27%	4.28%	2.37%

**Ziegler Senior Living Municipal Long Bond Index
Source: Bloomberg BVALS*

FEATURED FINANCING


THE WOODLANDS AT FURMAN
Greenville, South Carolina

South Carolina Jobs-Economic
Development Authority,
Economic Development Revenue
Bonds, Series 2020A
\$18,695,000

Bank Direct Purchase / New Money
\$17,000,000

MARKET COMMENTARY

FROM A CAPITAL MARKETS PERSPECTIVE

Last week in equities, the major U.S. indexes fell around 1.00% as the stock market's positive momentum from the first two full weeks of 2020 was interrupted by geopolitical worries. The Cboe Volatility Index, a gauge of investors' short-term market volatility expectations, jumped 21% to a level that was roughly in line with its historical average.

One of the key factors that weighed on global financial markets last week was the recognition that a new flu-like virus could pose a global health threat. The Coronavirus has been blamed for dozens of deaths in China, and the second U.S. case of Coronavirus infection was confirmed on Friday.

On Wednesday, the U.S. Federal Reserve is widely expected to keep interest rates unchanged when it concludes a two-day meeting.

In fixed income, the yield of the 10-Year U.S. Treasury bond declined to 1.69%. In Munis, the 10-Year and 30-Year MMD each decreased 6 bps from 1.29% to 1.23% and 1.94% to 1.88%, respectively.

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

	1/24/20	1 WEEK AGO	1 MONTH AGO	1 YEAR AGO
Prime Rate	4.75	4.75	4.75	5.50
Federal Funds (weekly average)	1.54	1.54	1.54	2.40
90 Day T-Bills	1.52	1.55	1.55	2.36
30-Day Commercial Paper (taxable)	1.57	1.56	1.48	2.45
Libor (30-day)	1.66	1.65	1.80	2.51
7 Day Tax-Exempt VRDB	0.82	0.80	1.61	1.29
Daily Rate Average	0.75	0.51	1.58	1.11

COMPARATIVE YIELDS
TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
1 Year	1.52	2.07	1 Year	0.84	2.34	1.79	1.34	0.94	0.94
5 Year	1.51	2.51	5 Year	0.86	2.46	1.91	1.46	1.16	1.06
7 Year	1.60	2.80	7 Year	1.00	2.80	2.15	1.65	1.40	1.25
10 Year	1.68	3.43	10 Year	1.25	3.15	2.55	1.95	1.75	1.50
30 Year	2.13	3.88	30 Year	1.90	3.90	3.25	2.60	2.40	2.15

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE	2020 HIGH	LOW
Bond Buyer					
20 Bond Index	2.54	2.56	-0.02	2.73	2.54
11 Bond Index	2.07	2.09	-0.02	2.26	2.07
Revenue Bond Index	3.04	3.06	-0.02	3.20	3.04
30 Year MMD	1.90	1.94	-0.04	2.07	1.90
Weekly Tax-Exempt Volume (Bil)	4.94	5.90	-0.96	5.90	0.00
30 Day T/E Visible Supply (Bil)	5.90	6.99	-1.09	7.89	5.46
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	112.67	108.73	+3.94	123.66%	108.73%

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)		
01/24/20	0.82	4.75	1.54	1.52	1.57	1.66	2.40	-	2.15
01/17/20	0.80	4.75	1.54	1.55	1.56	1.65	2.49	-	2.24
01/10/20	0.94	4.75	1.54	1.53	1.56	1.68	2.68	-	2.43
01/03/20	1.25	4.75	1.55	1.51	1.57	1.73	2.77	-	2.52
12/27/19	1.61	4.75	1.54	1.55	1.48	1.80	2.79	-	2.54
12/20/19	1.27	4.75	1.54	1.56	1.75	1.74	2.79	-	2.54
12/13/19	1.11	4.75	1.54	1.56	1.70	1.74	2.96	-	2.51
12/06/19	1.06	4.75	1.54	1.52	1.58	1.71	2.95	-	2.50
11/29/19	1.10	4.75	1.55	1.59	1.58	1.70	2.96	-	2.51
11/22/19	1.07	4.75	1.55	1.58	1.58	1.70	3.09	-	2.54
11/15/19	1.12	4.75	1.54	1.56	1.63	1.76	3.15	-	2.60
11/08/19	1.09	4.75	1.54	1.55	1.61	1.75	3.20	-	2.65
11/01/19	1.12	4.75	1.70	1.52	1.66	1.78	3.06	-	2.51
10/04/19	1.49	5.00	1.85	1.71	1.90	1.99	2.92	-	2.37
09/06/19	1.28	5.25	2.11	1.95	2.03	2.04	2.60	-	2.05
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

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