



Seniors Housing & Care Trends

January 30, 2020

The Nebraska Chapter of the Healthcare Financial
Management Association

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National Investment Center for Seniors Housing & Care (NIC)

NIC is a 501(c)3 organization whose mission is
to enable access and choice
by providing data, analytics and connections
that bring together investors and providers.



NIC: Advancing Transparency on Seniors Housing & Care

- Tracks and reports on seniors housing and care data across more than 15,000 properties within 140 U.S. metropolitan markets.
- 12+ years of quarterly time series data for the 31 Primary Markets.

Seniors Housing & Care Trends

- Composition of the Sector
- Seniors Housing Market Fundamentals
 - National Trends
 - Regional Trends
- Skilled Nursing Data
- Labor and Wages
- Long-Term Demand
- Significant Impacting Factors



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Composition of the Seniors Housing & Care Sector

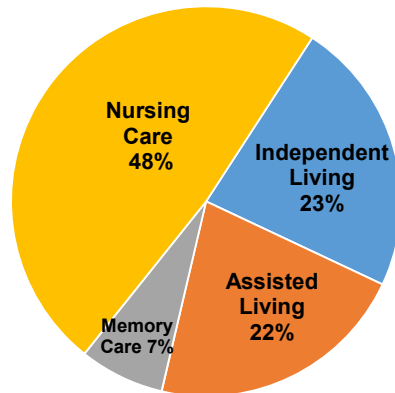


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Seniors Housing and Care Properties: U.S. Estimates

Percentage by Care Segment



Source: NIC Investment Guide, Fifth Edition, NIC MAP® Data Service | 4Q2017



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Supply of Investment-Grade*

Seniors Housing and Care Properties in the U.S.

By Property and Unit Counts across Community Types, Campus Types, and Care Segments | Estimates as of 4Q17**

By Community Type	# Properties	# Units***
Independent Living (IL)	2,800	427,000
Assisted Living (AL)	7,200	595,000
Memory Care (MC)	1,400	73,000
Nursing Care (NC)	10,300	1,344,000
CCRC/Life Plan Community	1,800	604,000
Total	23,500	3,043,000
By Campus Type	# Properties	# Units***
CCRC/Life Plan Community	1,800	604,000
Combined	6,900	845,000
Freestanding	14,800	1,594,000
Total	23,500	3,043,000
By Care Segment	# Properties	# Units***
Independent Living (IL)		695,000
Assisted Living (AL)		659,000
Memory Care (MC)		215,000
Nursing Care (NC)		1,474,000
Total		3,043,000

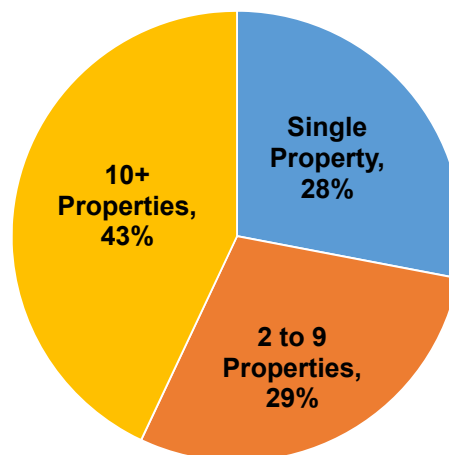
* Current estimates are not comparable to estimates from prior years due to different estimation techniques.

** Estimates are representative of properties with at least 25 units/beds that charge market rates and/or accept Medicaid for the housing and services offered.

*** One nursing bed is equivalent to one unit. Source: NIC MAP® Data Service, NIC

A Lot of Consolidation, Still a Fragmented Industry

Percentage of Units Operated by Number of Properties Operated in the NIC MAP 99 Primary and Secondary Markets As of 4Q17

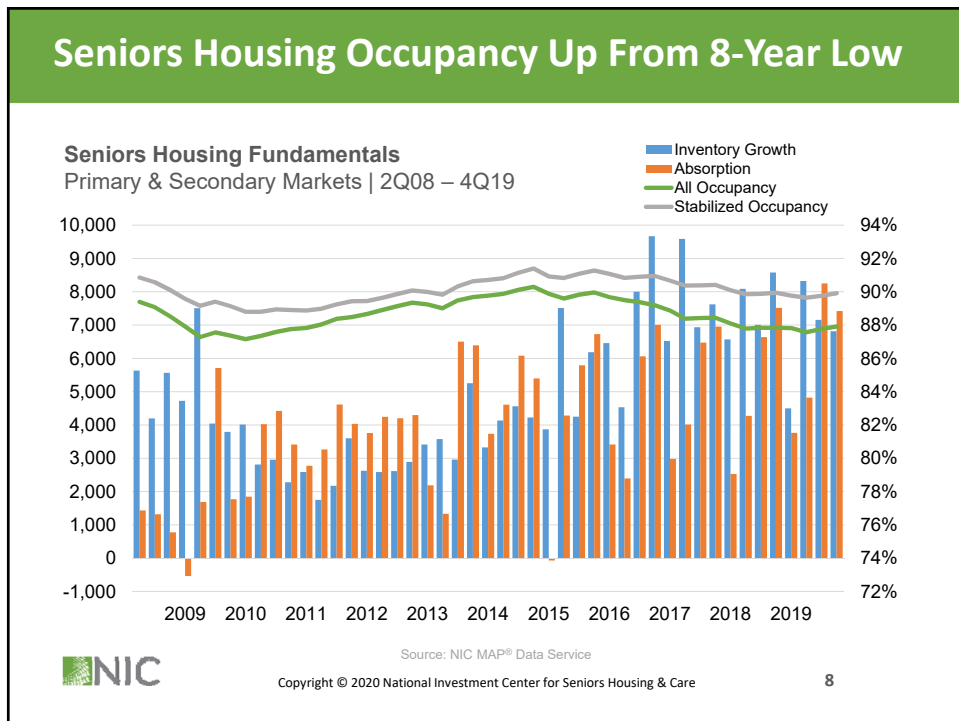
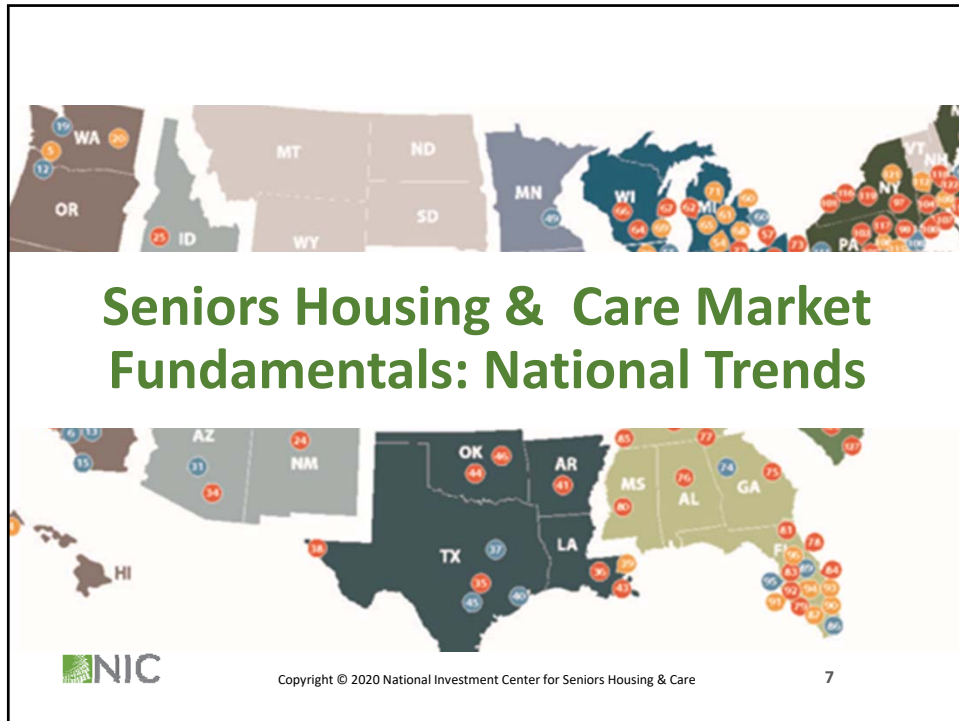


Source: NIC Investment Guide, Fifth Edition, NIC MAP® Data Service | 4Q2017



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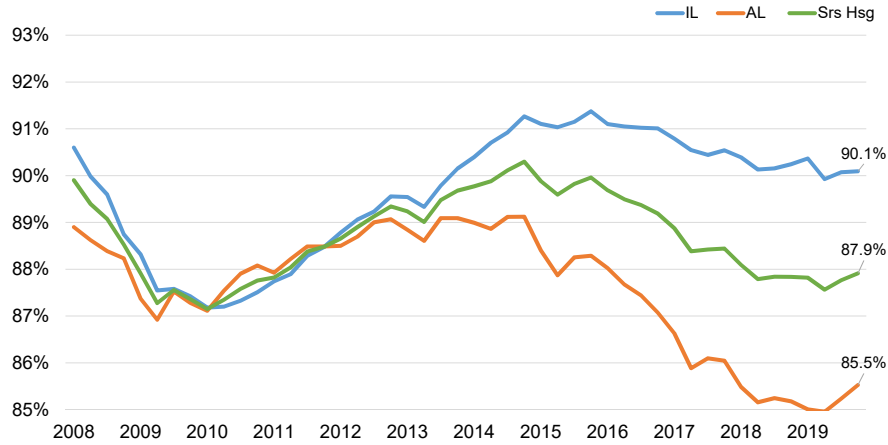
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Assisted Living Occupancy Edging Up

Occupancy

Primary & Secondary Markets | 1Q08 – 4Q19



Source: NIC MAP® Data Service

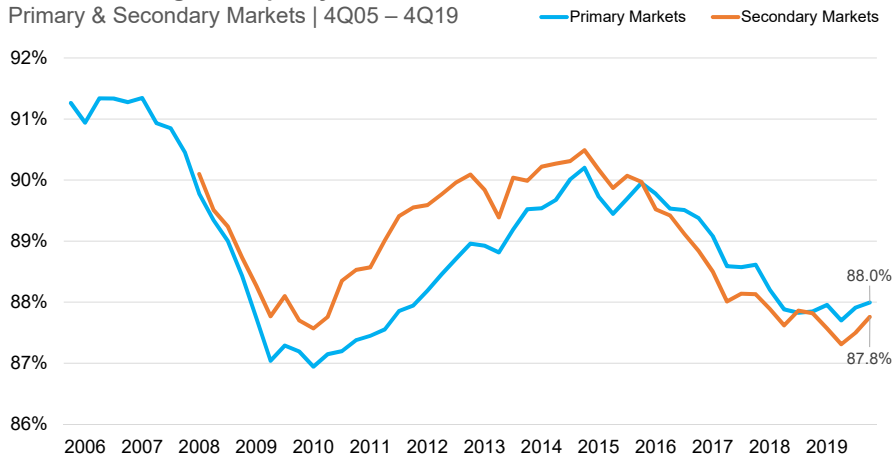
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Secondary Markets' Occupancy Slightly Below Primary Markets'

Seniors Housing – Occupancy

Primary & Secondary Markets | 4Q05 – 4Q19



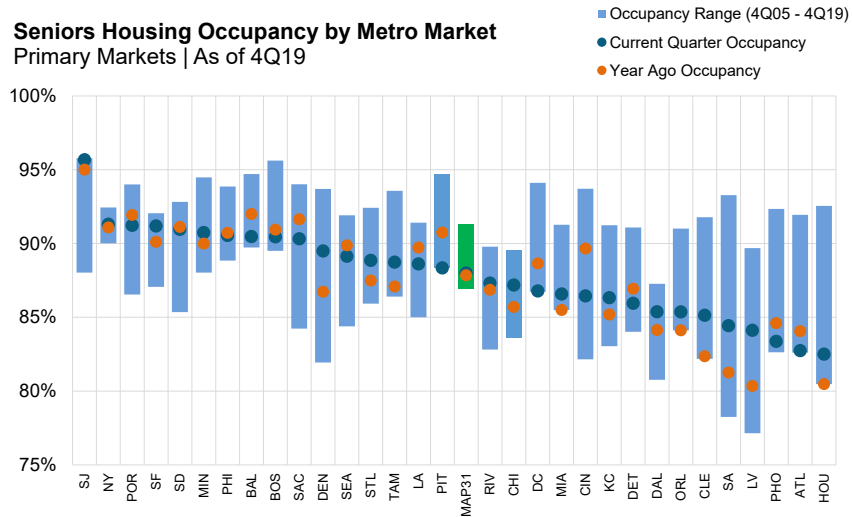
Source: NIC MAP® Data Service

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Seniors Housing Occupancy Primary Markets Y/Y: 13 Markets Down, 17 Up

Seniors Housing Occupancy by Metro Market
Primary Markets | As of 4Q19



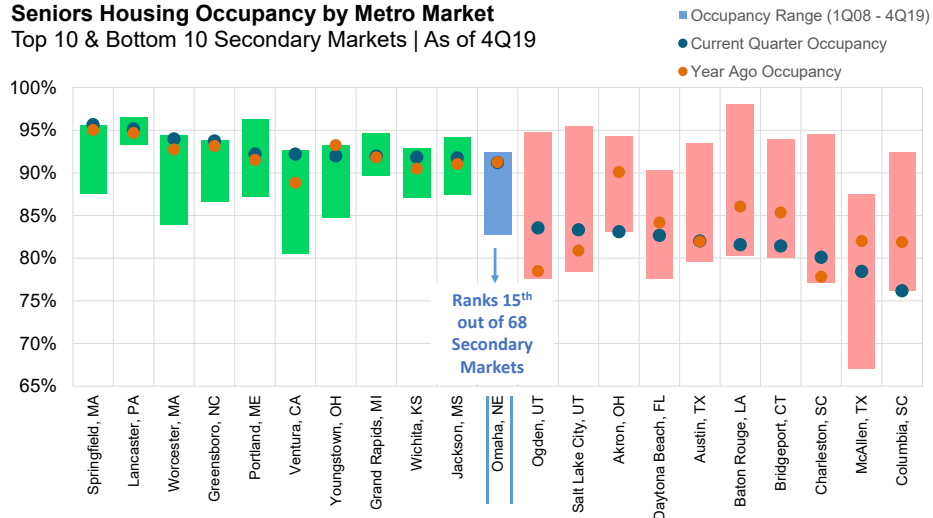
Source: NIC MAP® Data Service

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Omaha Occupancy Ranks 15th out of 68 Secondary Markets

Seniors Housing Occupancy by Metro Market
Top 10 & Bottom 10 Secondary Markets | As of 4Q19



Source: NIC MAP® Data Service

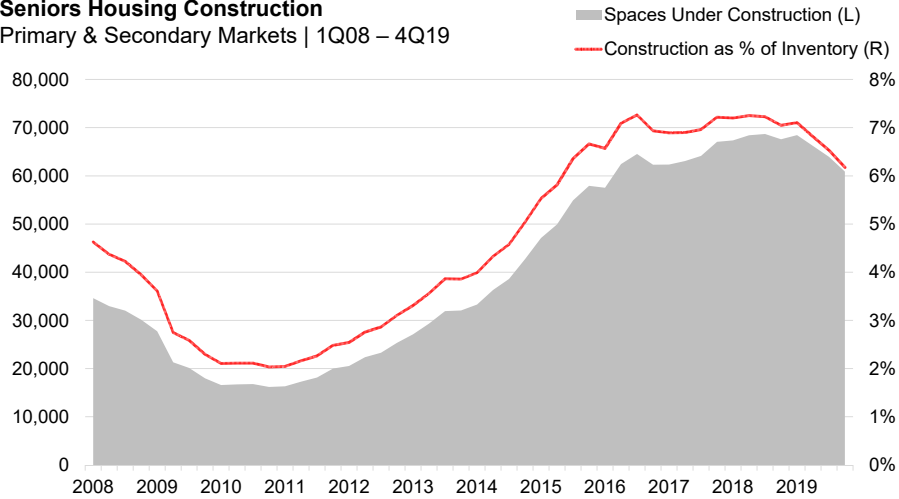
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Construction as a Share of Inventory Remains High

Seniors Housing Construction

Primary & Secondary Markets | 1Q08 – 4Q19



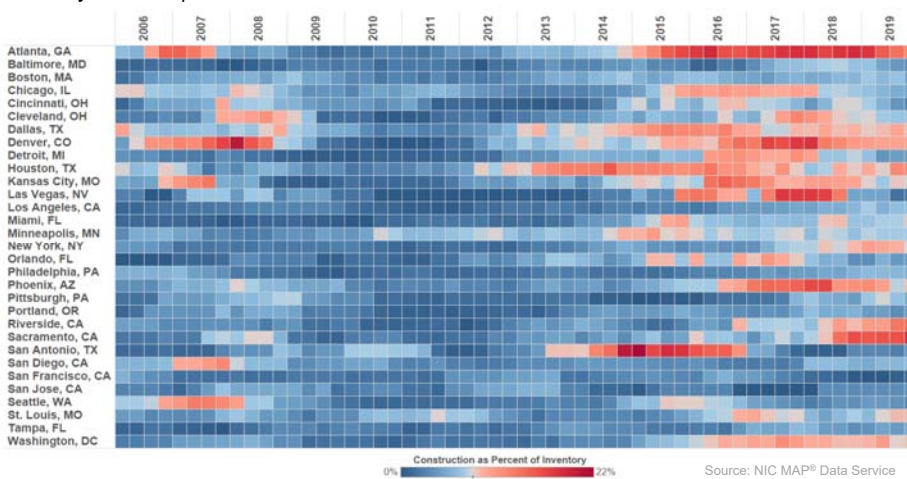
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Construction Cycles: Primary Markets

Seniors Housing Construction as Percent of Inventory

Primary Markets | 1Q06 – 4Q19



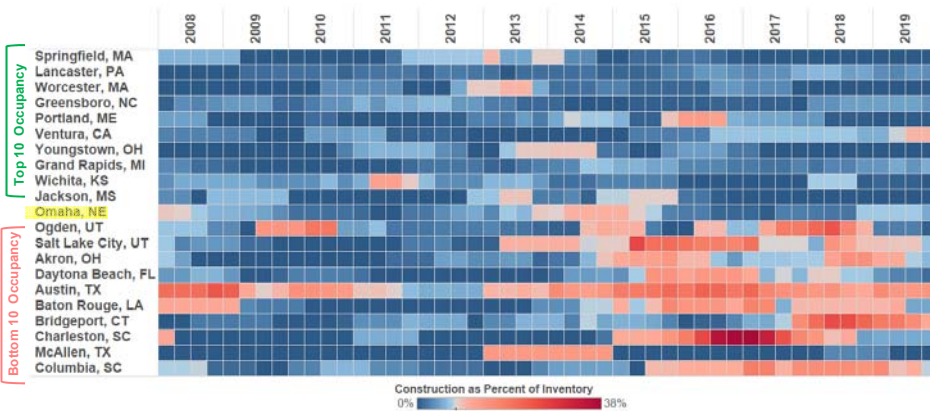
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Construction Cycles: Select Secondary Markets

Seniors Housing Construction as Percent of Inventory

Select Secondary Markets | 1Q08 – 4Q19



Source: NIC MAP® Data Service

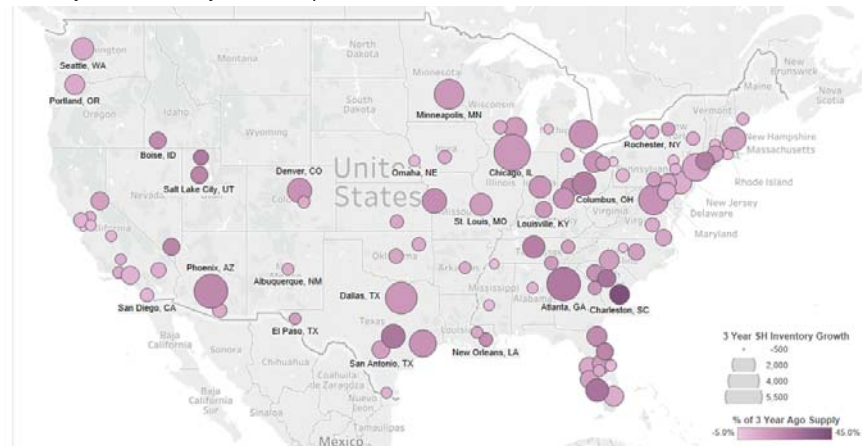
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Seniors Housing Inventory Growth since 4Q16

Seniors Housing Annual Inventory Growth

Primary & Secondary Markets | 4Q16 – 4Q19



Source: NIC MAP® Data Service

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Seniors Housing & Care Market Fundamentals: Regional Trends

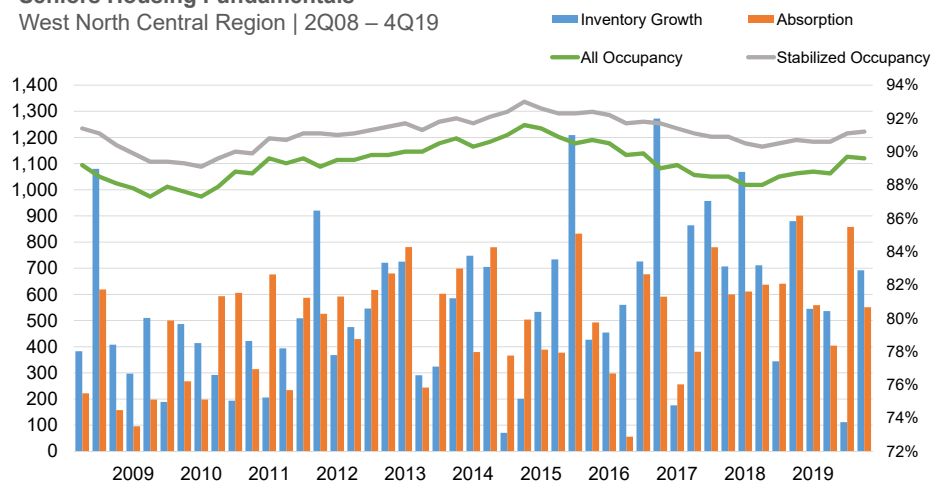


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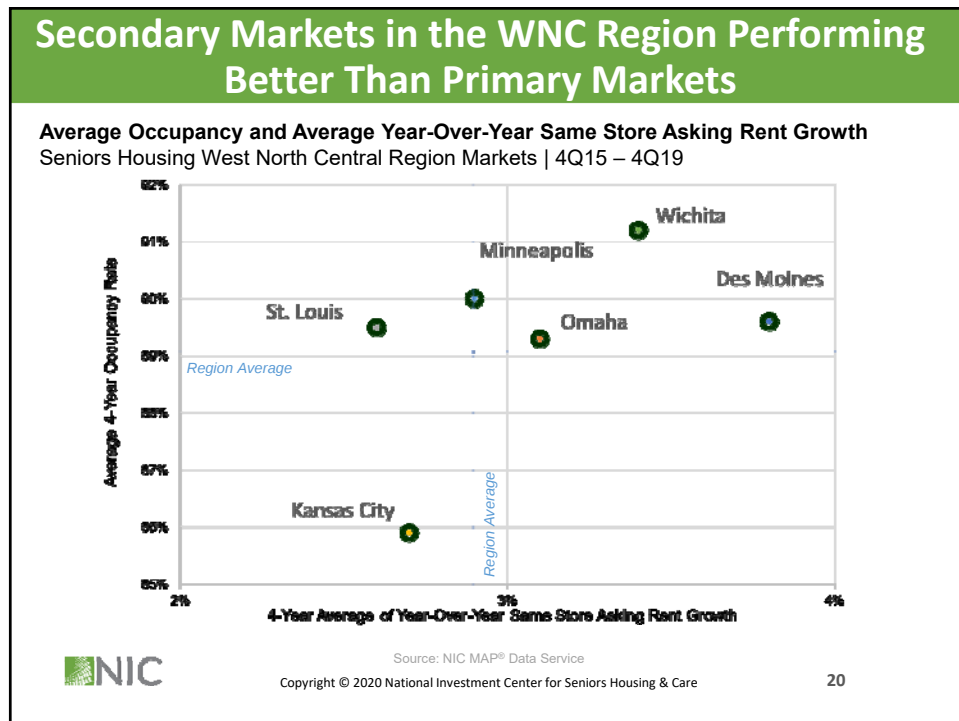
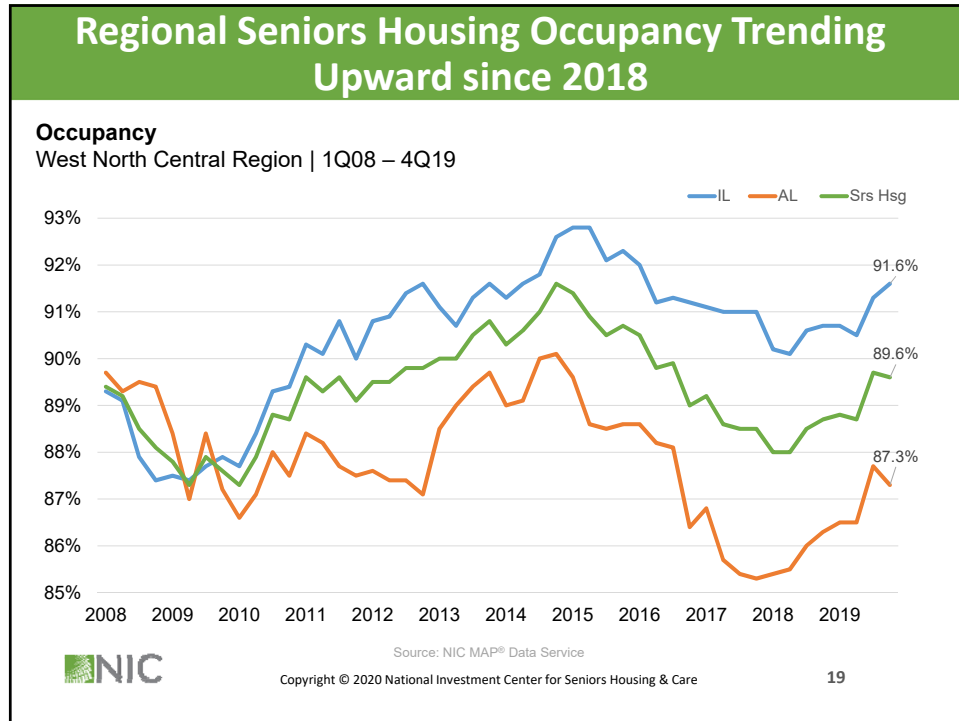
Regional Seniors Housing Occupancy Near 90%

Seniors Housing Fundamentals
West North Central Region | 2Q08 – 4Q19



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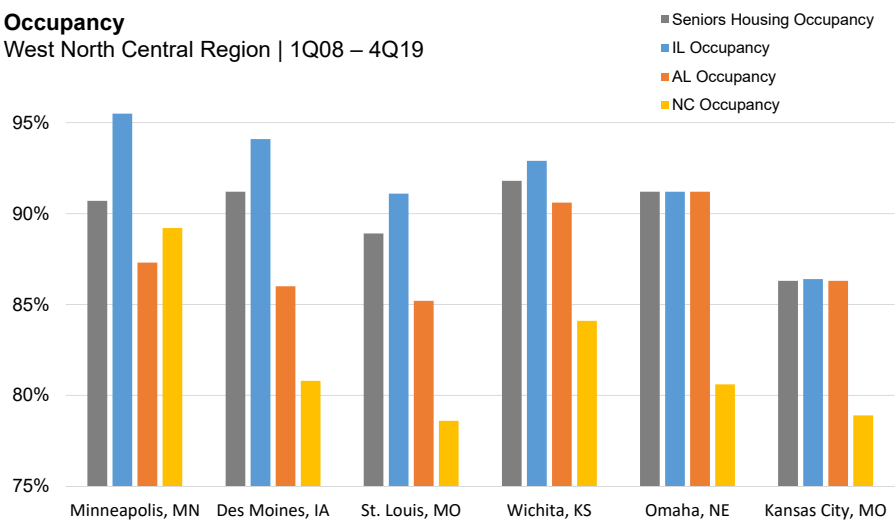
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Majority Property Type Occupancy Varies by Market

Occupancy

West North Central Region | 1Q08 – 4Q19



Source: NIC MAP® Data Service

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Skilled Nursing Occupancy and Revenue Trends

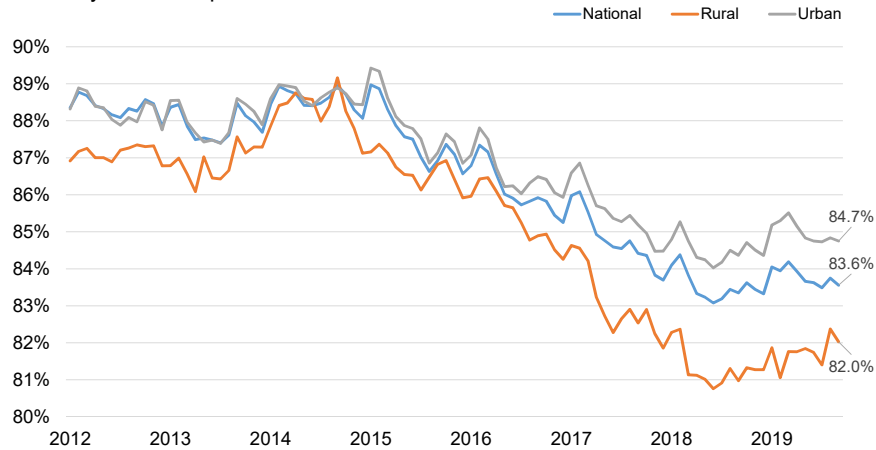


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Rural Occupancy 2.7 Percentage Points Lower than Urban

Occupancy | Urban and Rural Trends
January 2012 – September 2019

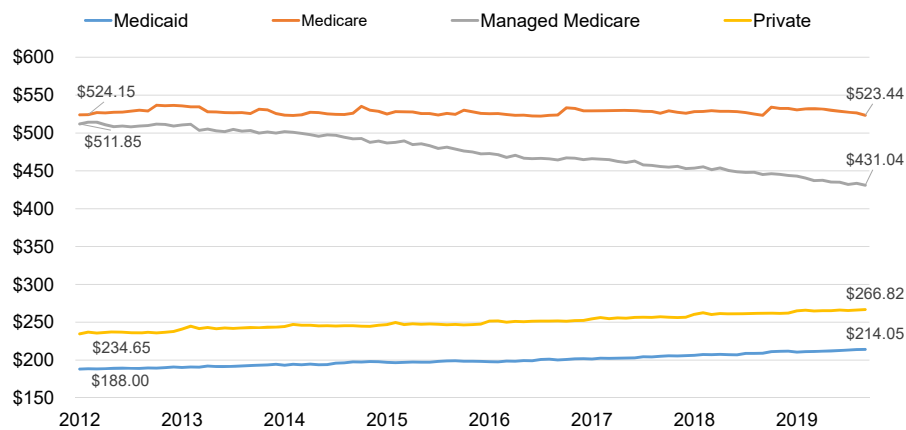


Source: NIC Skilled Nursing Data Initiative
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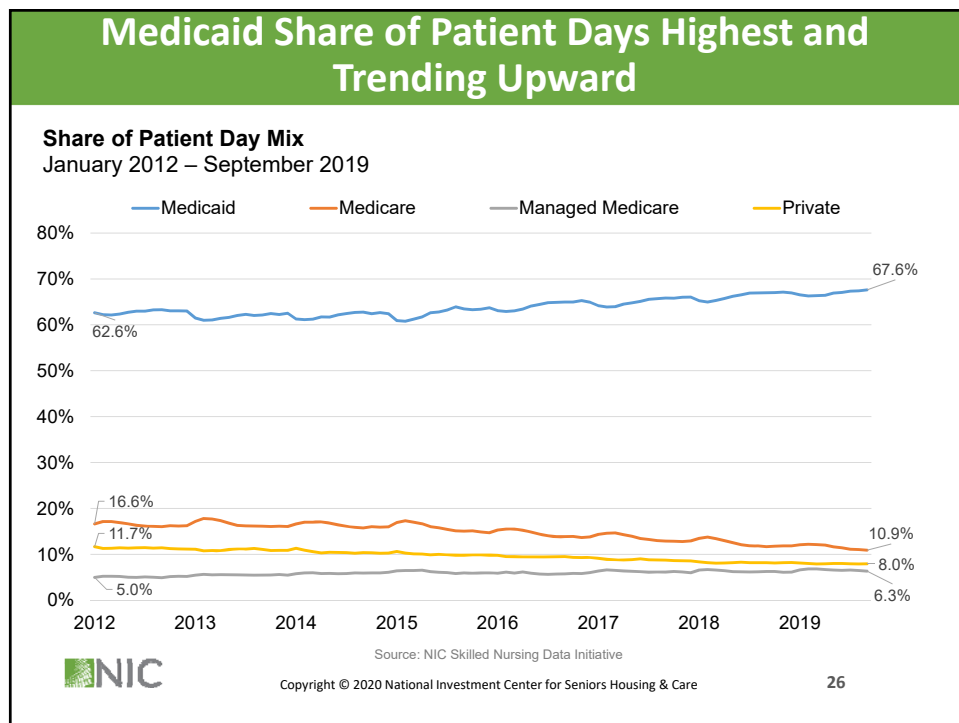
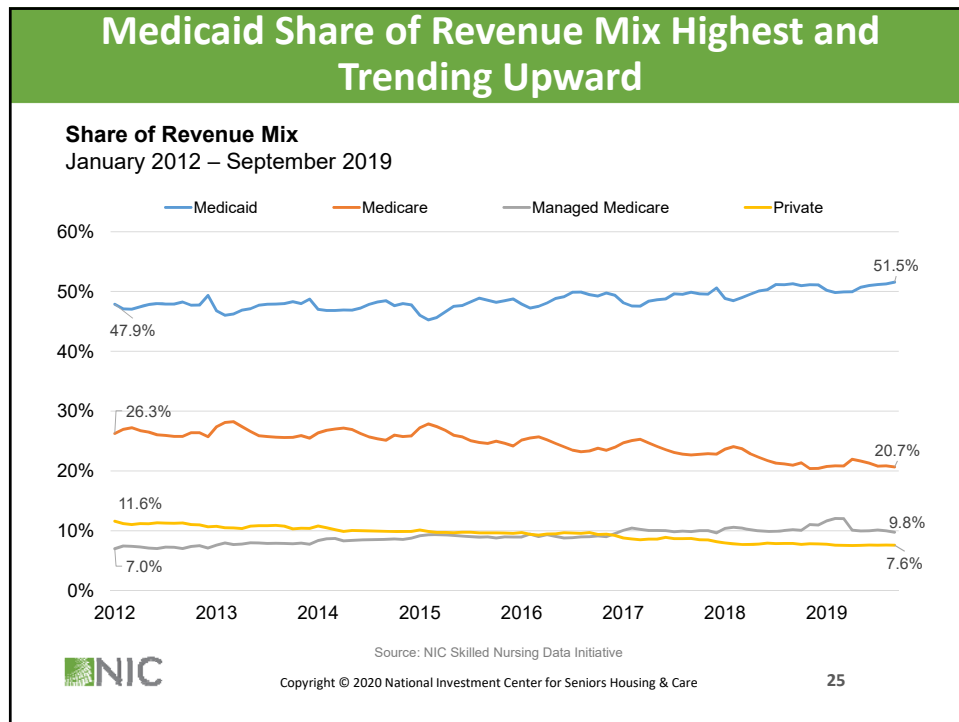
Managed Medicare RPPD Trending Lower

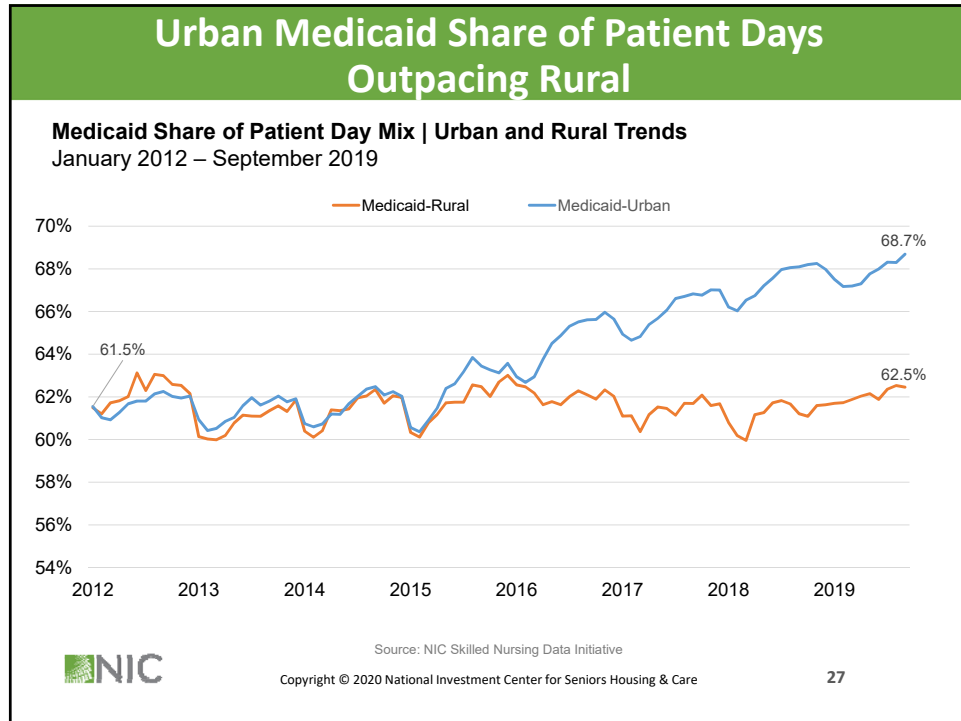
Revenue Per Patient Day (RPPD)
January 2012 – September 2019

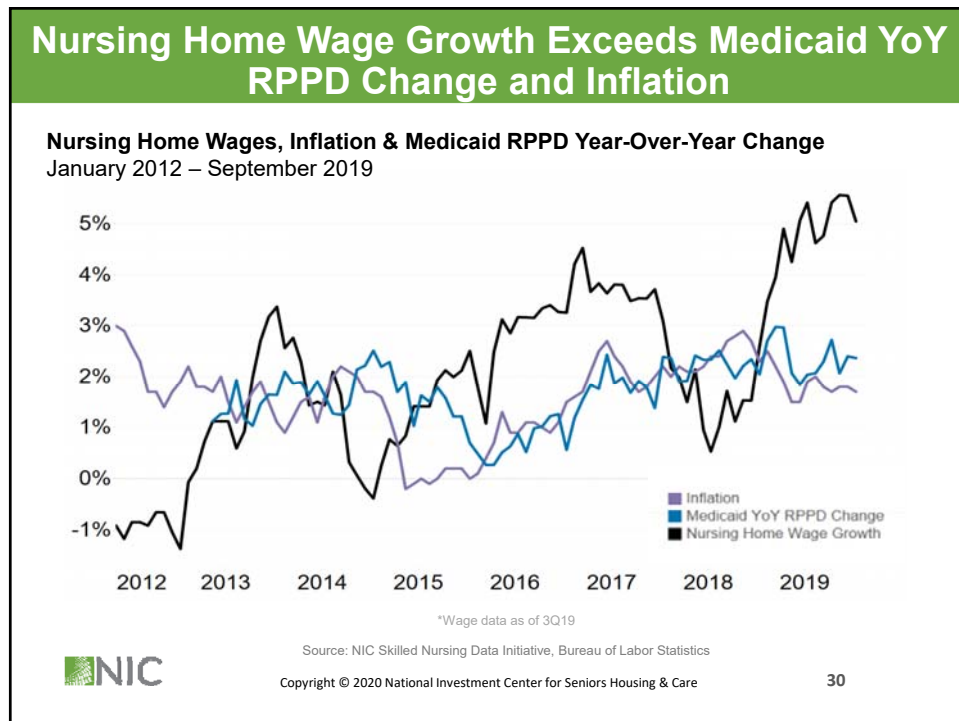
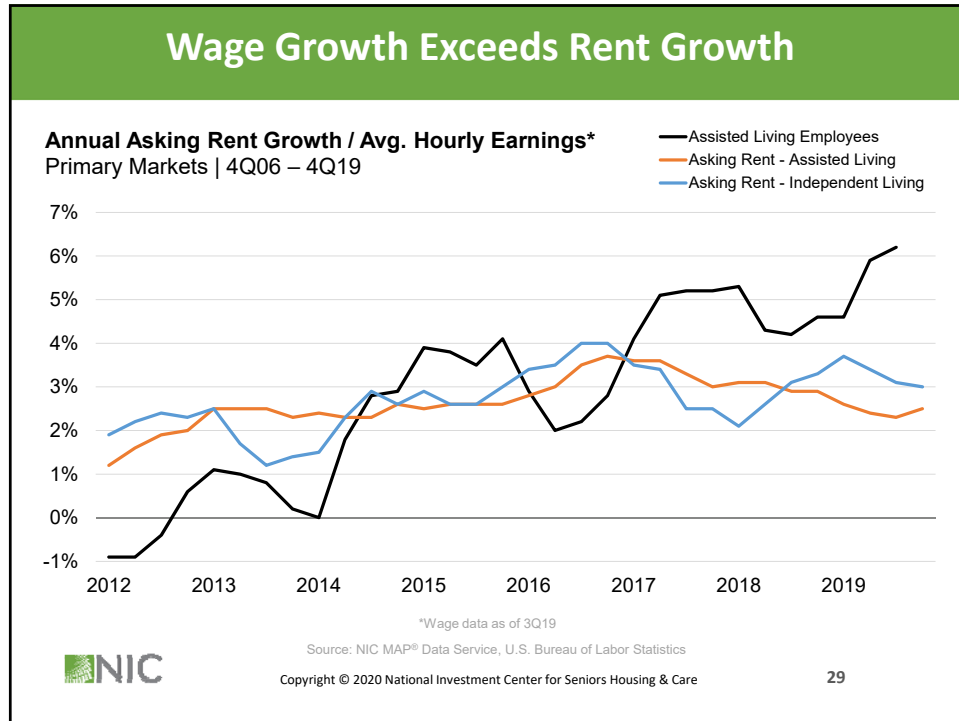


Source: NIC Skilled Nursing Data Initiative
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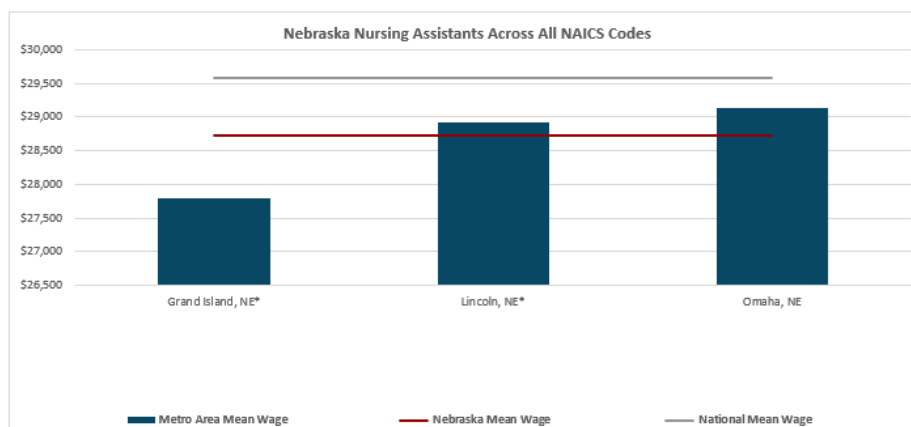
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Nebraska's Mean Wage for Nursing Assistants Below the National Average



Source: U.S. Bureau of Labor Statistics

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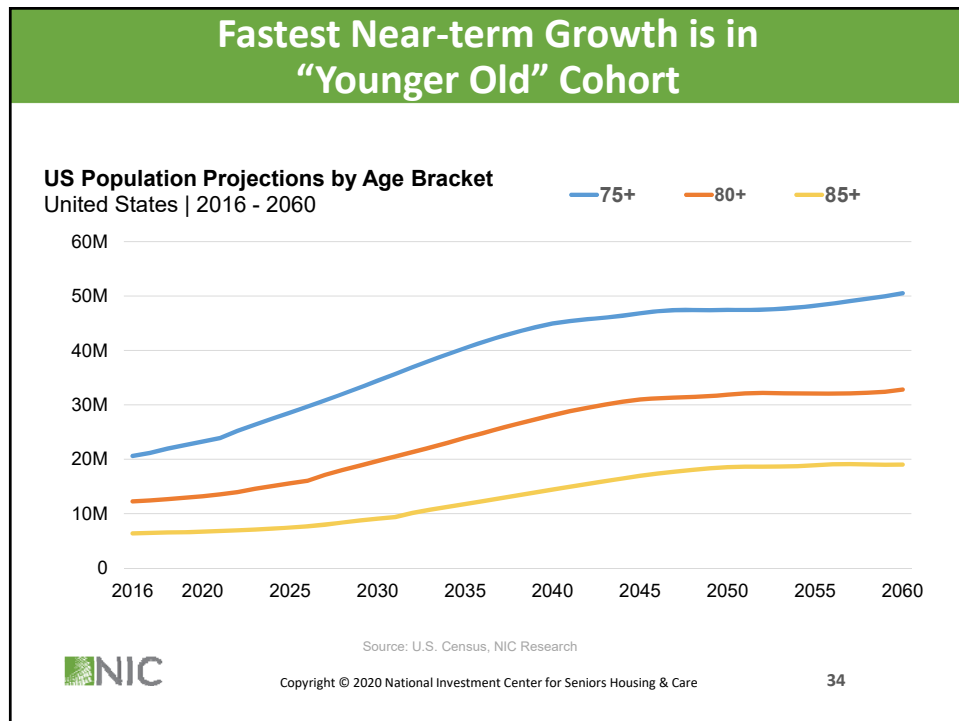
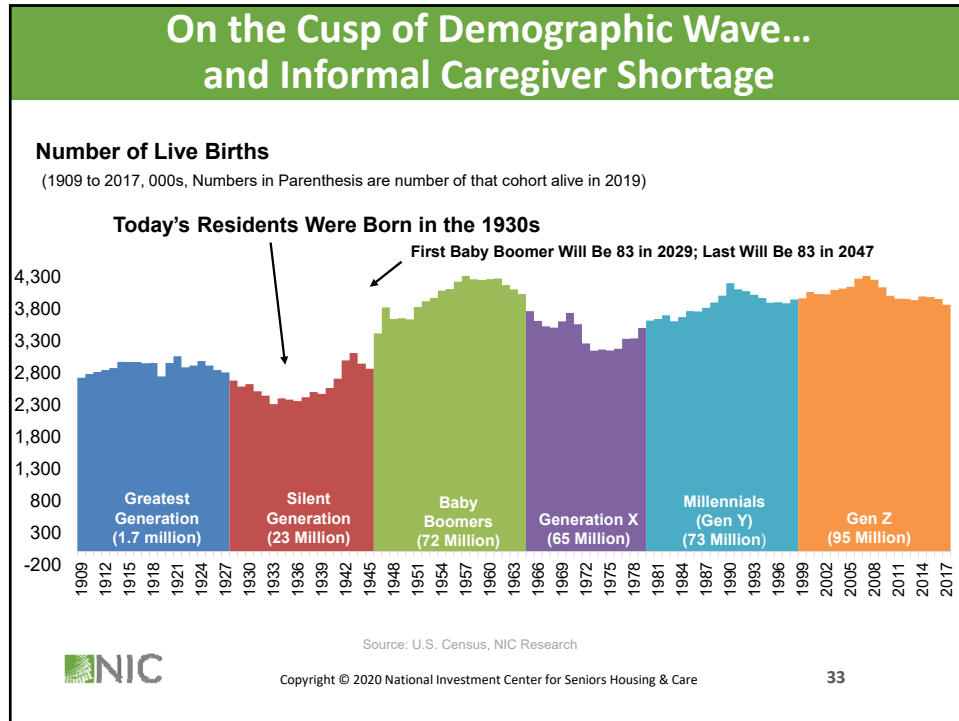
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Long-Term Demand Trends



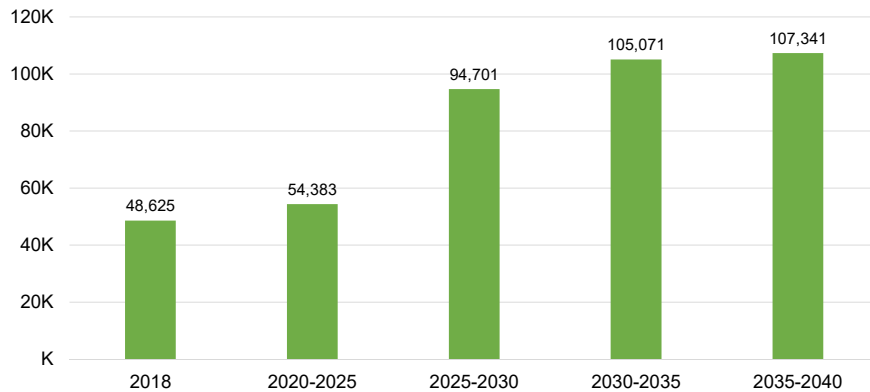
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Demographics Support Stronger Demand Over Time

Annual Seniors Housing New Inventory – 80+
United States | 2018 - 2040



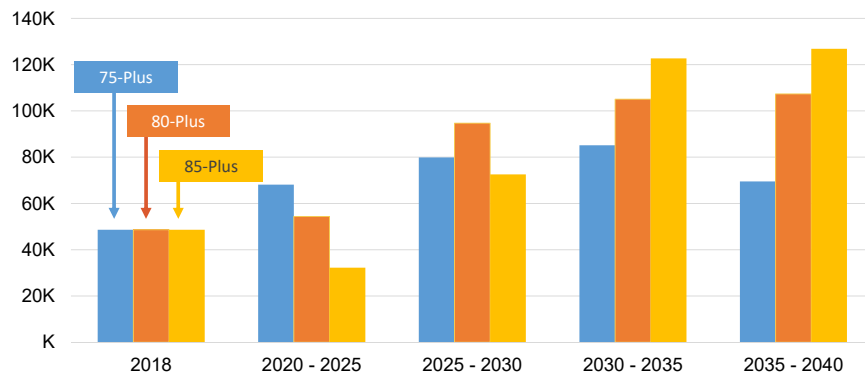
Source: U.S. Census, NIC Research

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Demand by 85+ Age Cohort Increases Dramatically 2025-2030 and Onward

Annual Seniors Housing New Inventory by Age Cohort
United States | 2018 - 2040



*This is based on a conversion of 1.63 people per household 75+, 1.43 for 80+, 1.23 for 85+
*For the 75+ cohort: 11.4% penetration, 80+: 18% penetration, 85+: 30% penetration



Source: U.S. Census, NIC Research

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Short-Term and Long-Term Factors

- Occupancy still trending near lowest levels
- Construction still elevated but moderating
- Supply/demand imbalances in some markets
- Areas of opportunity for the right product at the right price
- Longest economic expansion in U.S. history
- Seniors housing was resilient during the most recent recession
- Favorable demographics on the horizon



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Significant Influences

- Property age and obsolescence
- Rising resident acuity
- Technology
- Better understanding of social/psychological benefits for residents
- Labor costs and scarcity
- Quality operators in demand
- Care coordination/changes in health care industry
- Affordability



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Investing in Seniors Housing & Healthcare Collaboration

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