



# 1Q20 NIC MAP Data Release Webinar & Discussion



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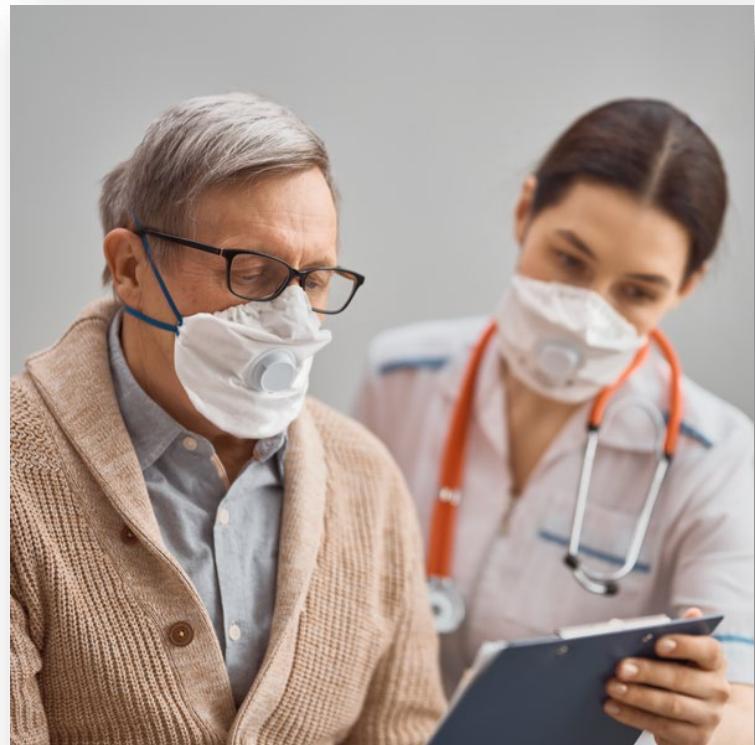
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# Serving America's Elders

NIC strongly supports all actions that:

- Prioritize testing
- Increase the availability of PPE
- Help frontline health care workers ably meet personal obligations



# Webinar Outline

1. Setting the Stage with 1Q 2020 Data
2. Leadership Huddle Webinars Key Takeaways
3. Executive Survey Insights
4. Transactions Market
5. Skilled Nursing Data from 4Q 2019 Report
6. Q&A and Discussion

# Seniors Housing Key Themes During First Quarter 2020

1. The first quarter data largely does not reflect the effects of the COVID-19 pandemic. It sets the stage.
2. The senior housing occupancy rate has been generally flat for the past few years, with 10-20 basis point changes from one quarter to the next since late 2017.
3. There is wide variation in property-level occupancy rates among the NIC MAP Primary Markets, with fully one-third of the property set recording occupancy rates above 95%.
4. Development and new construction starts for assisted living continue to slow, likely presaging further slowdowns ahead.
5. NIC's new weekly Executive Survey of industry leaders shows half to two-thirds of senior care organizations reported no change in March aggregate occupancy rates.
6. Preliminary data suggests that property sales transaction dollar volume was strong prior to COVID and totaled \$3.3 billion in the first quarter.

# Seniors Housing Occupancy Largely Unchanged in 1Q 2020

## Seniors Housing Fundamentals

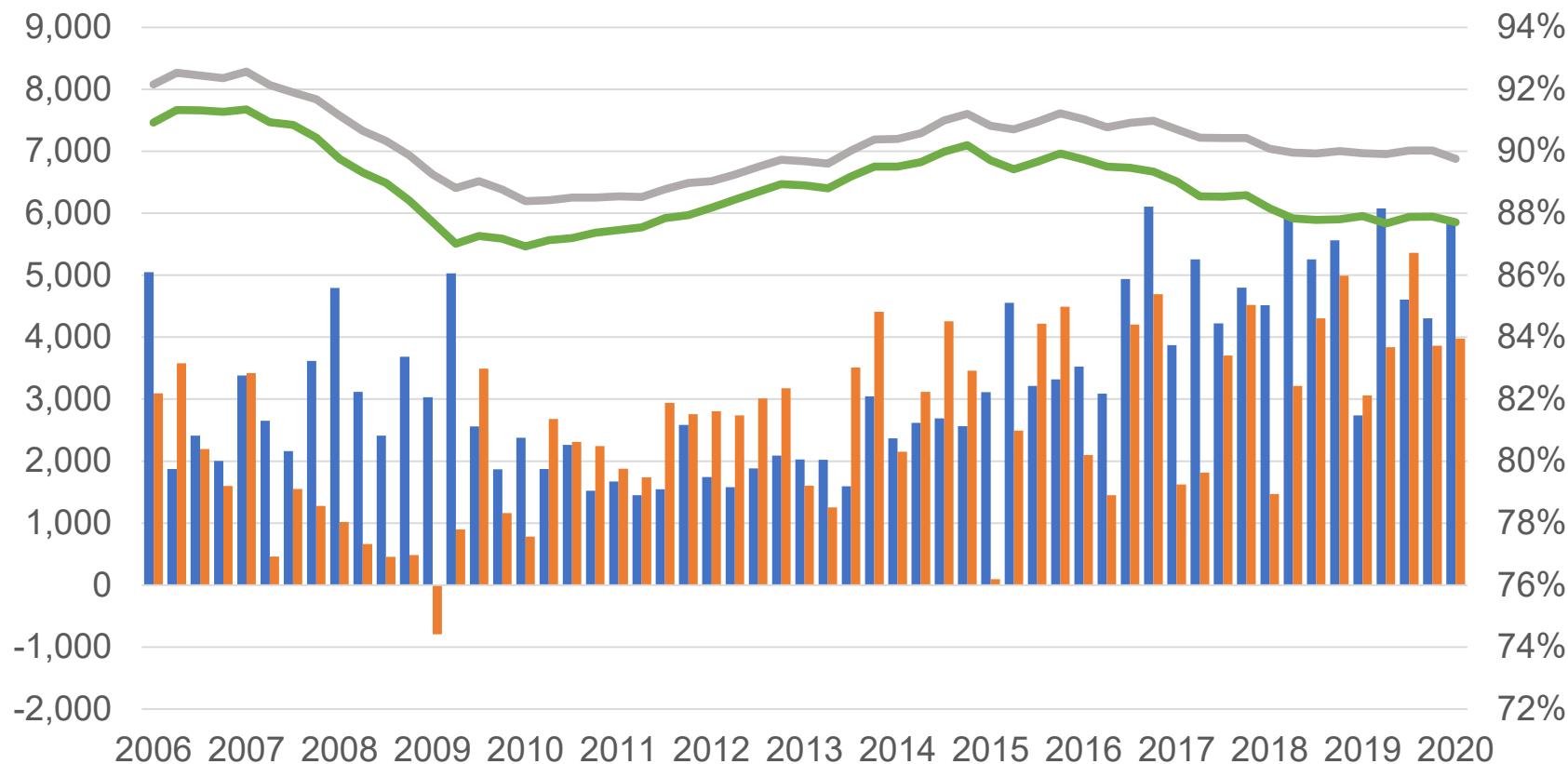
Primary Markets | 1Q06 – 1Q20

Inventory Growth

All Occupancy

Absorption

Stabilized Occupancy



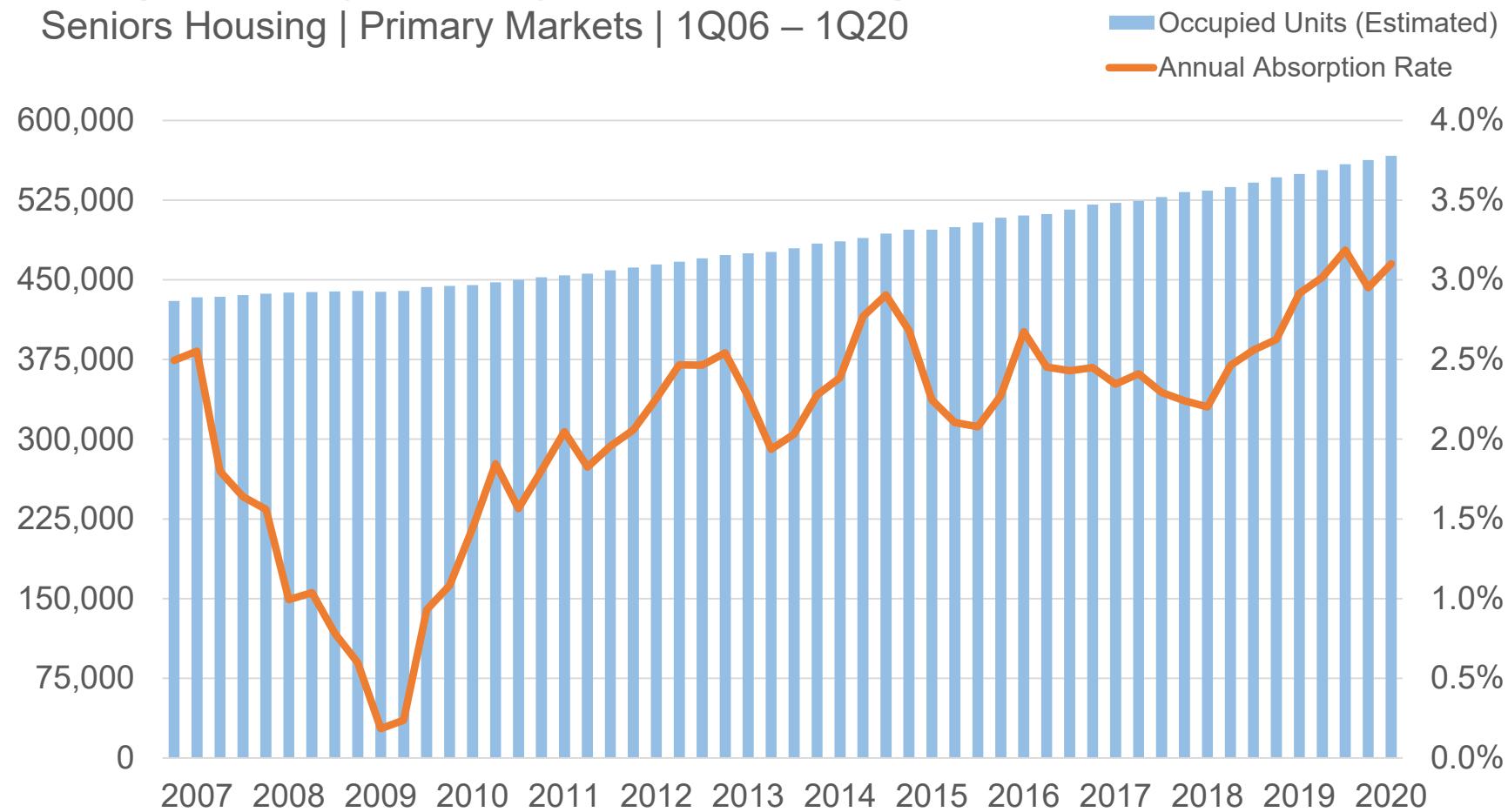
Source: NIC MAP® Data Service

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# Occupied Units Steadily Increasing Since 2006

## Occupied Units (Estimated) and Annual Absorption Rate

Seniors Housing | Primary Markets | 1Q06 – 1Q20

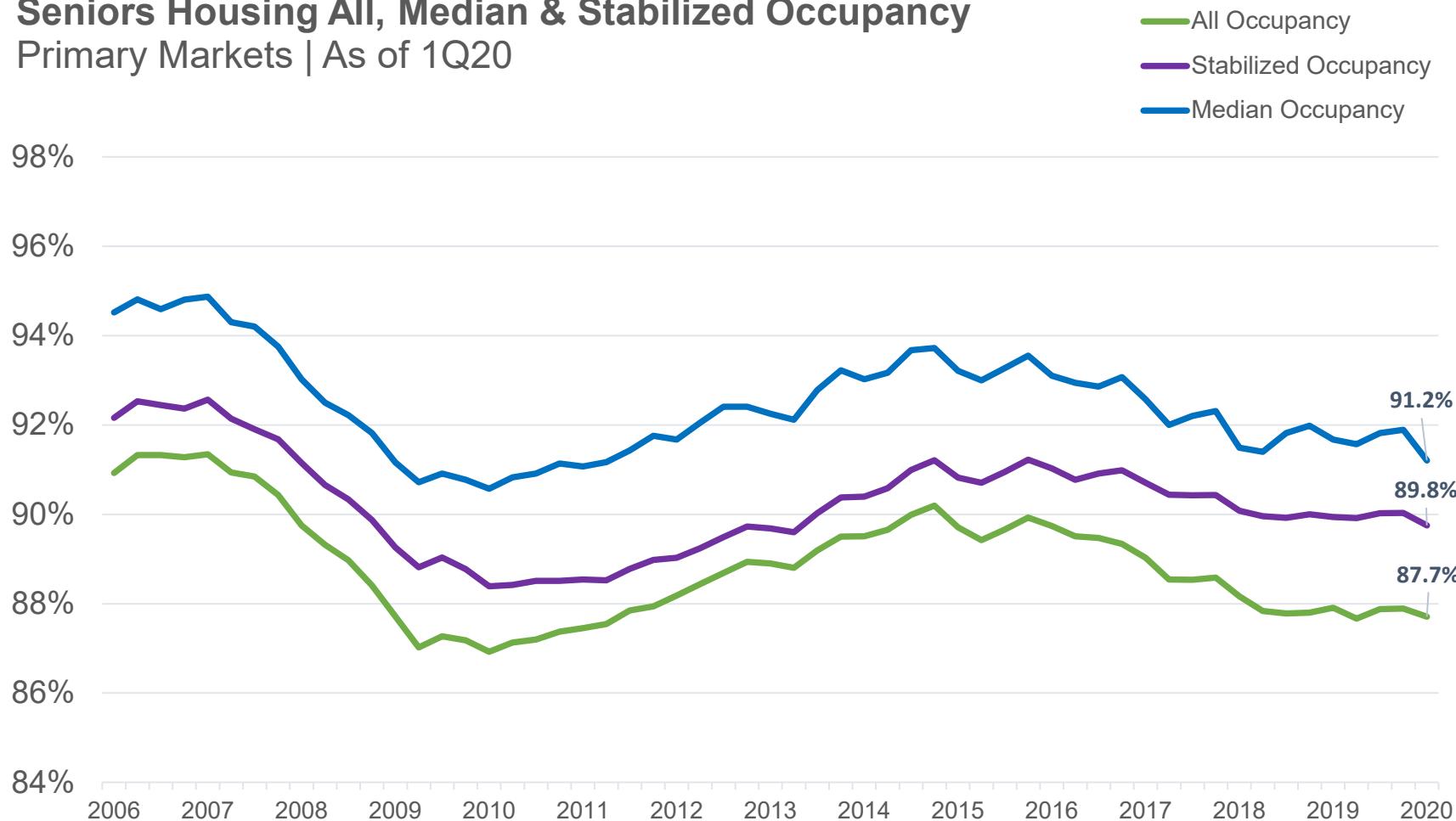


Source: NIC MAP® Data Service

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# Median Occupancy Rate Well Above Average Occupancy

## Seniors Housing All, Median & Stabilized Occupancy Primary Markets | As of 1Q20



\*All and Stabilized Occupancy are weighted averages.

Source: NIC MAP® Data Service

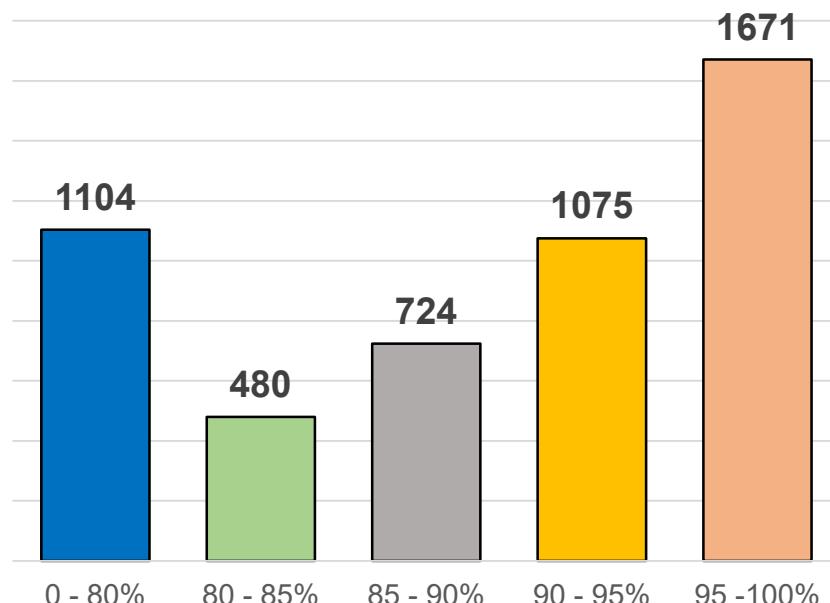
# One Third of Properties Have 95% or Higher Occupancy

## Seniors Housing Property Count by Occupancy Cohort

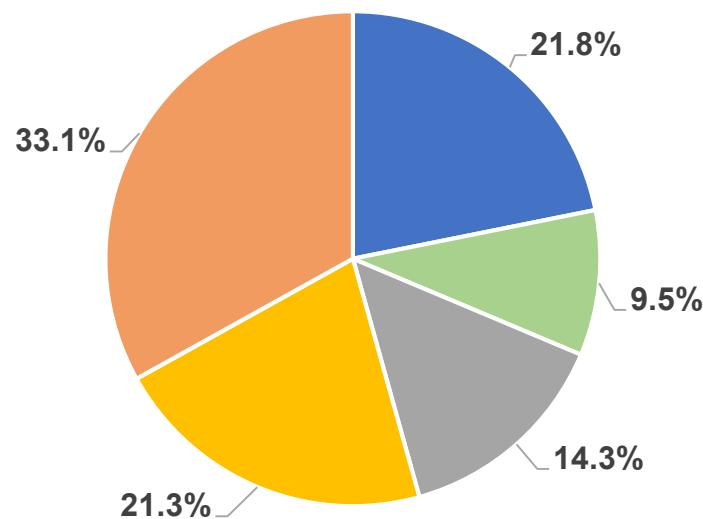
Primary Markets | 1Q20

Average (Mean) Occupancy: 87.7%

Median Occupancy: 91.2%



■ 0 - 80% ■ 80 - 85% ■ 85 - 90% ■ 90 - 95% ■ 95 - 100%

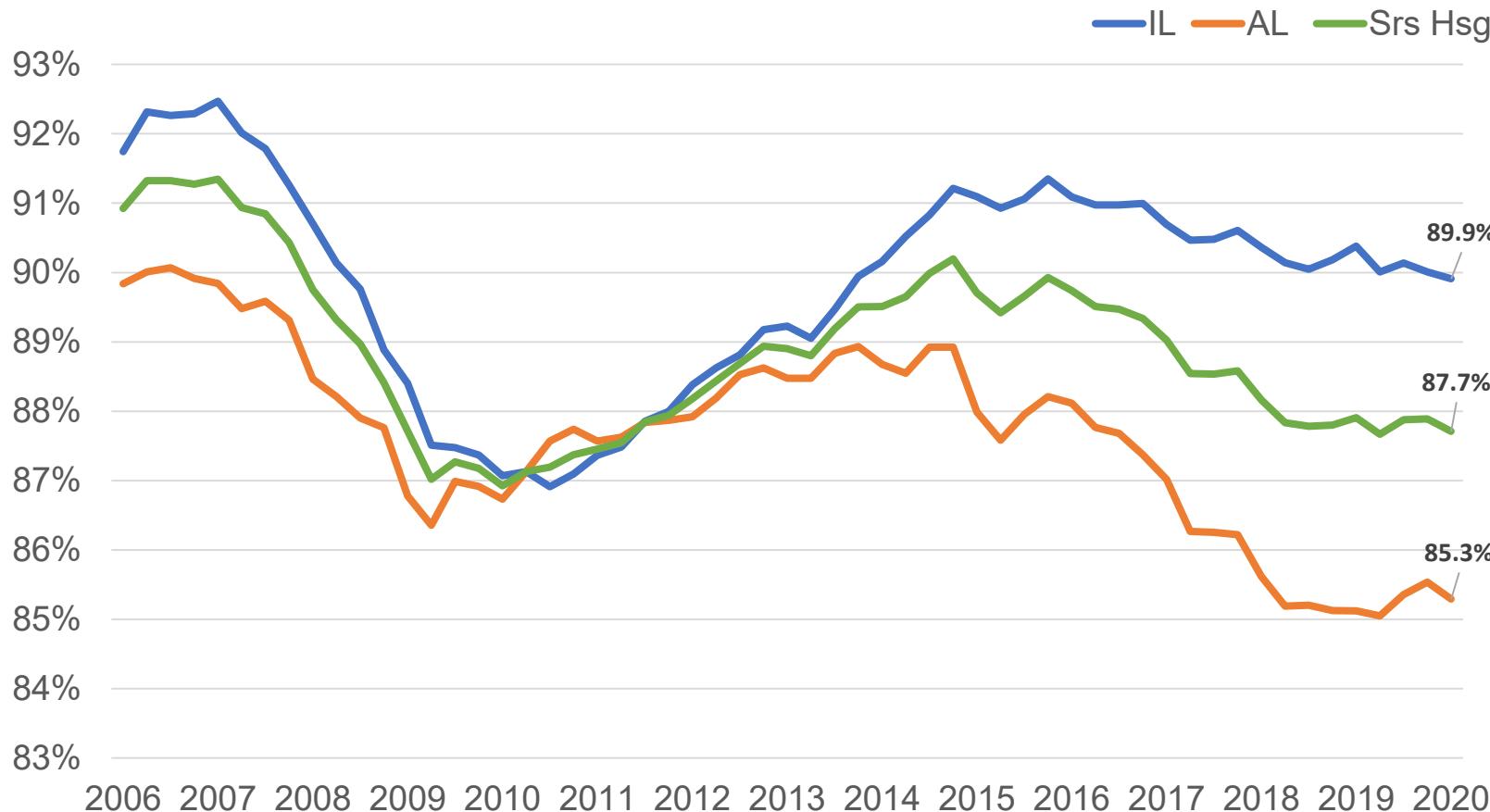


Source: NIC MAP® Data Service

# Wide Disparity of Occupancy Rates Between IL and AL

## Occupancy

Primary Markets | 1Q06 – 1Q20

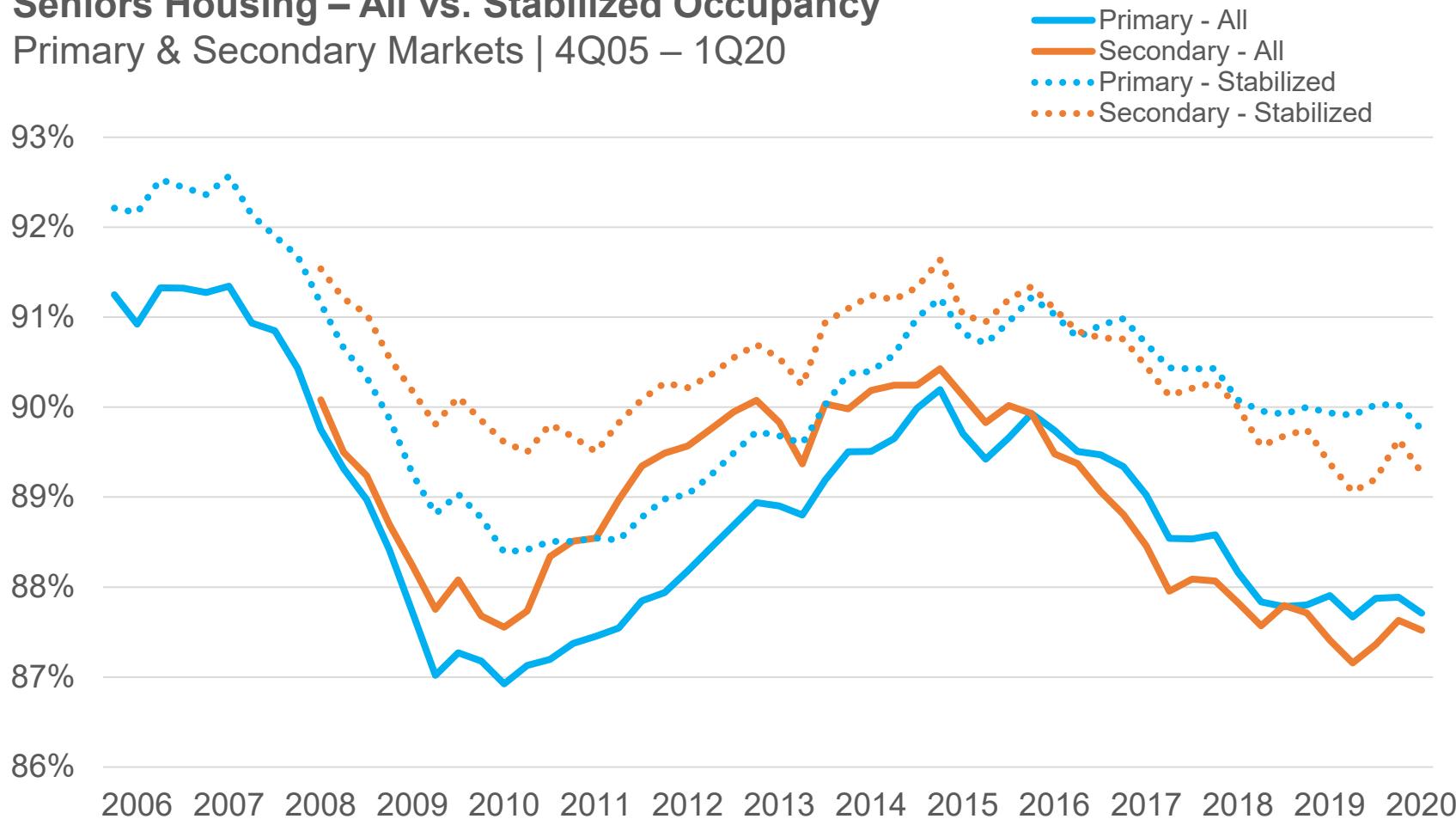


Source: NIC MAP® Data Service

# Secondary Markets' Occupancy Slightly Below Primary

## Seniors Housing – All vs. Stabilized Occupancy

Primary & Secondary Markets | 4Q05 – 1Q20

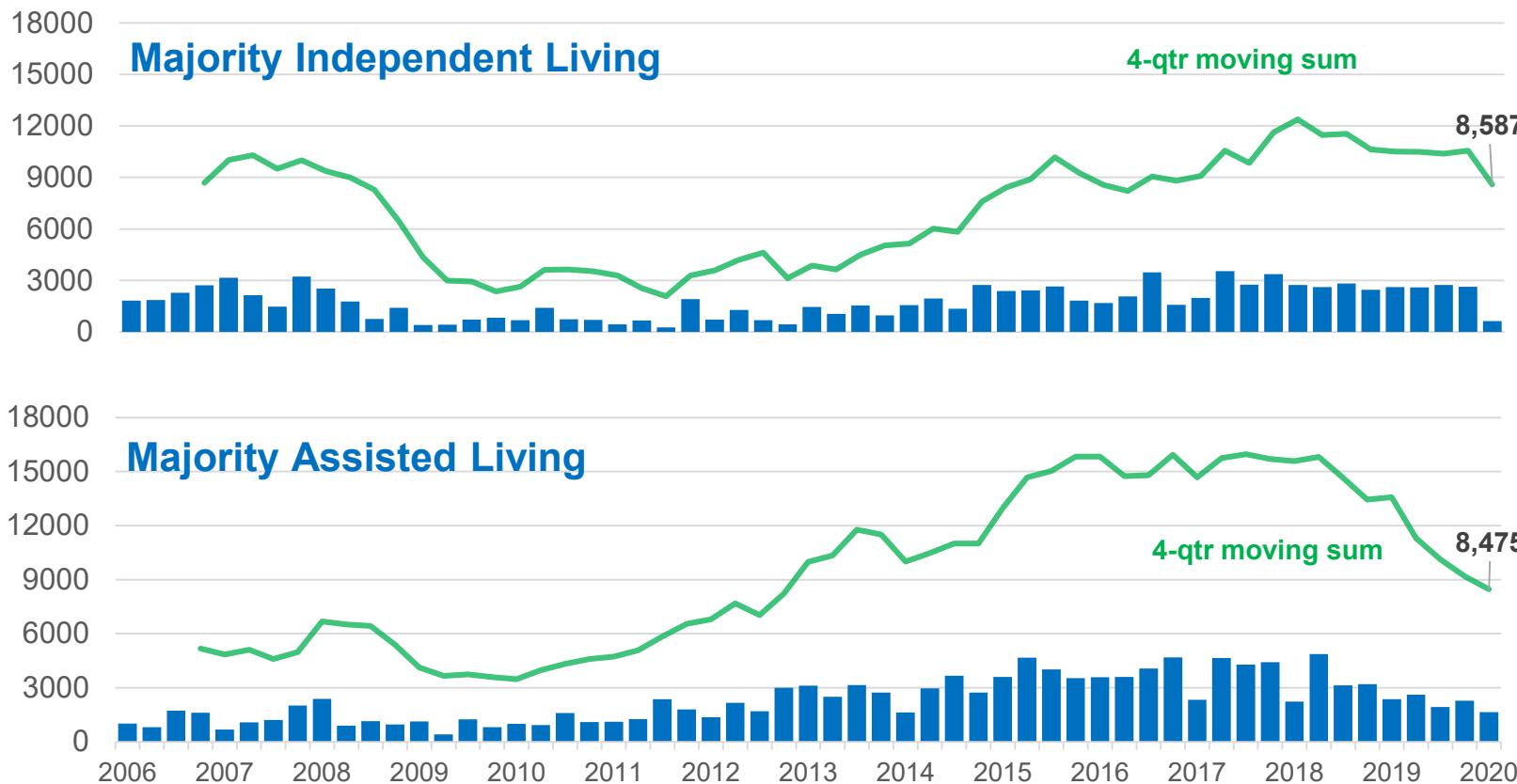


Source: NIC MAP® Data Service

# Construction Starts Continued to Slow for Assisted Living

## Seniors Housing Construction Starts (Units)

Primary Markets | 1Q06 – 1Q20



Source: NIC MAP® Data Service

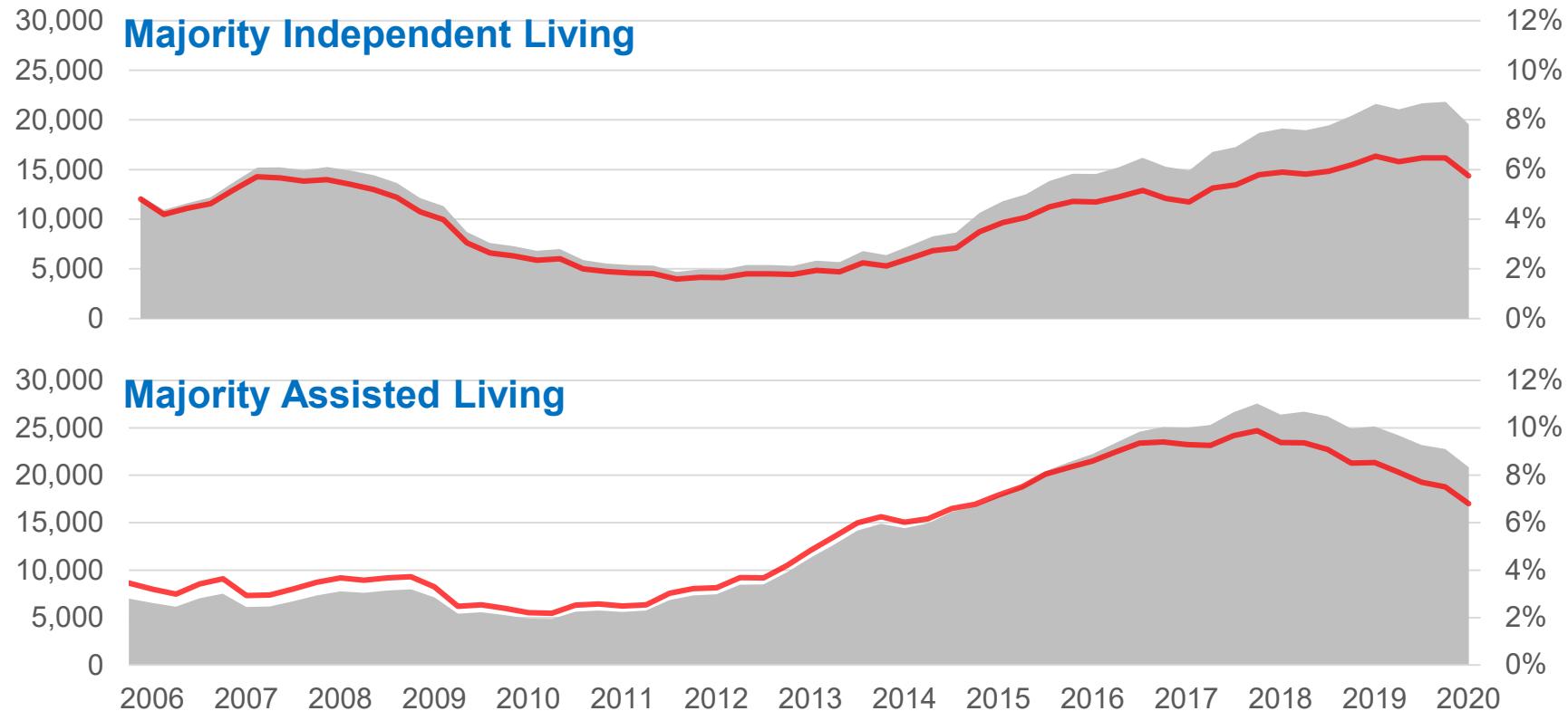
# Assisted Living Units Under Construction Declining

## Spaces Under Construction and Construction as Percent of Inventory

Primary Markets | 4Q05 – 1Q20

Spaces Under Construction (L)

Construction as % of Inventory (R)



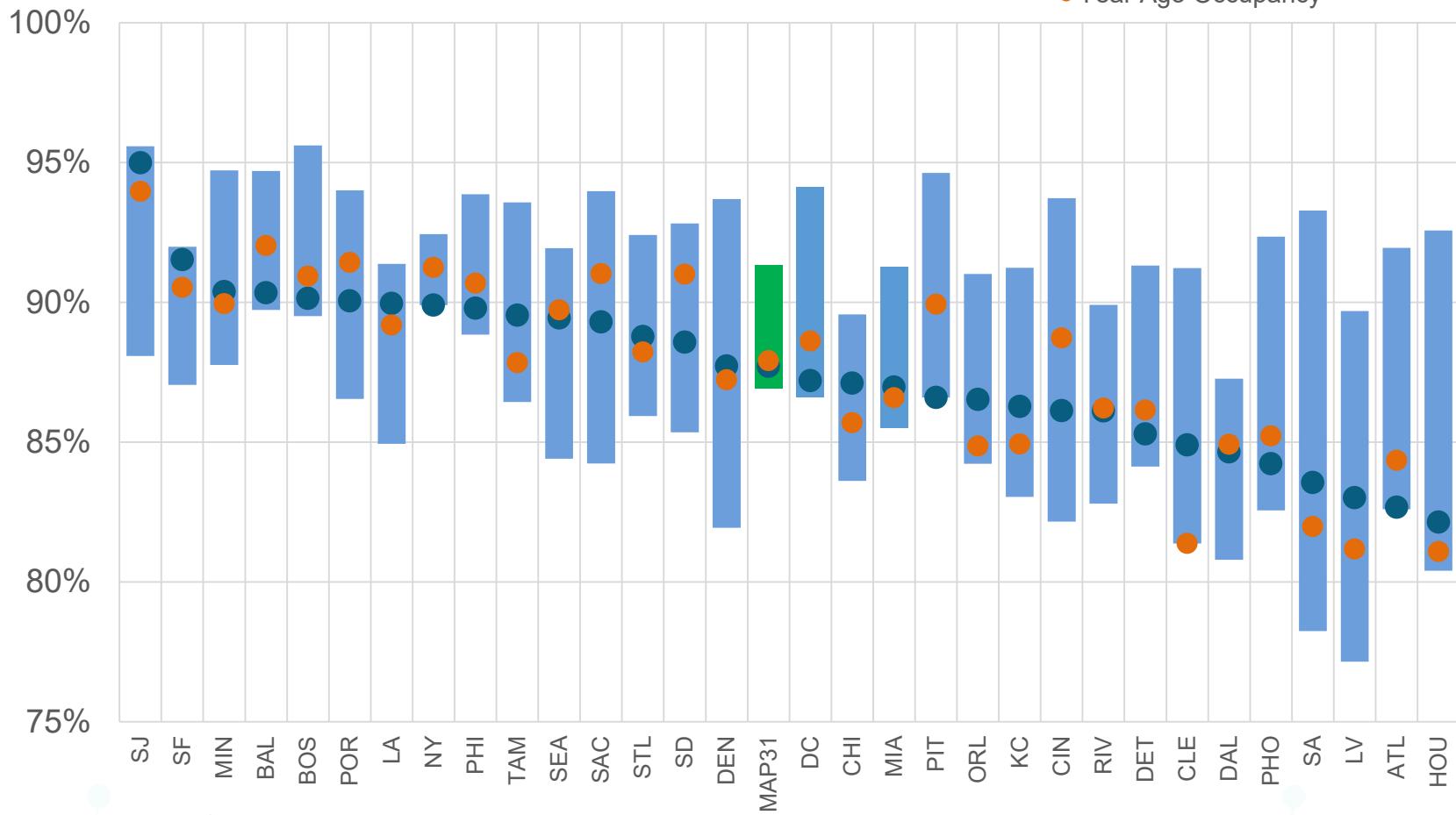
Source: NIC MAP® Data Service

# Seniors Housing Occupancy Y/Y: 15 Markets Up, 15 Down

## Seniors Housing Occupancy by Metro Market

Primary Markets | As of 1Q20

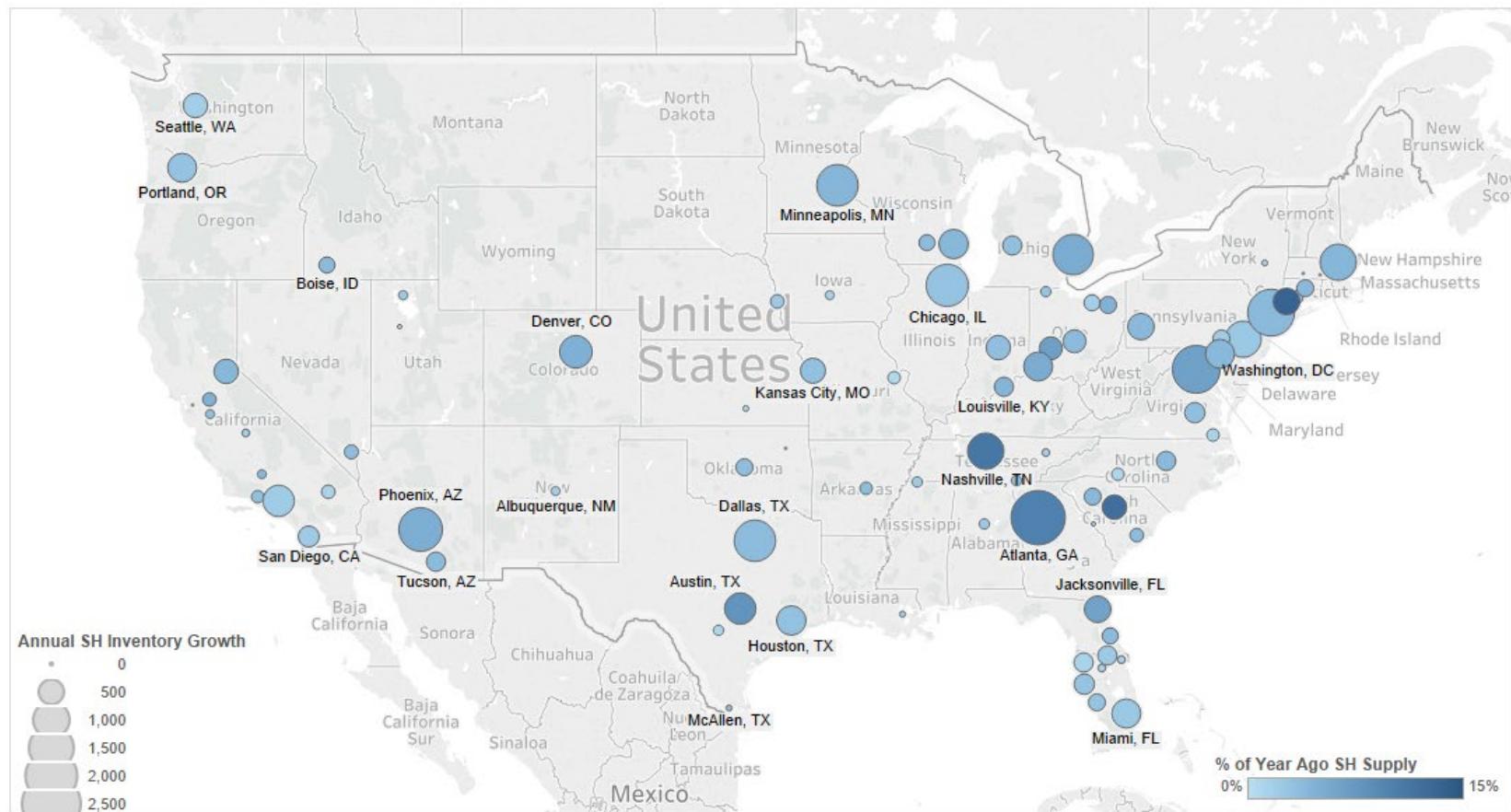
- Occupancy Range (4Q05 - 1Q20)
- Current Quarter Occupancy
- Year Ago Occupancy



Source: NIC MAP® Data Service

# Where Did Inventory Growth Occur Since 1Q 2019?

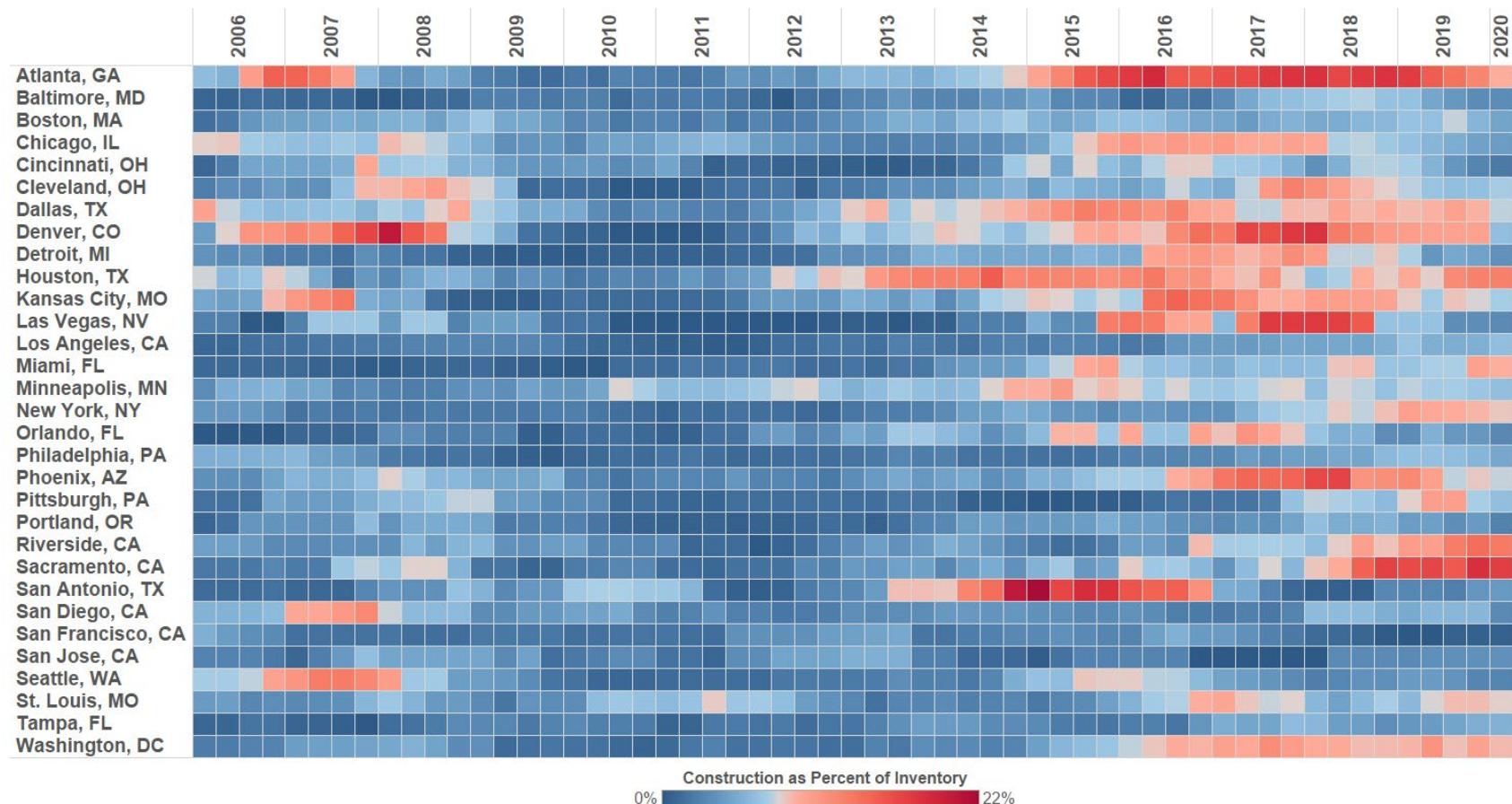
## Seniors Housing Annual Inventory Growth Primary & Secondary Markets | 1Q19 – 1Q20



Source: NIC MAP® Data Service

# Distinct Construction Cycles by Market

## Seniors Housing Construction as Percent of Inventory Primary Markets | 1Q06 – 1Q20

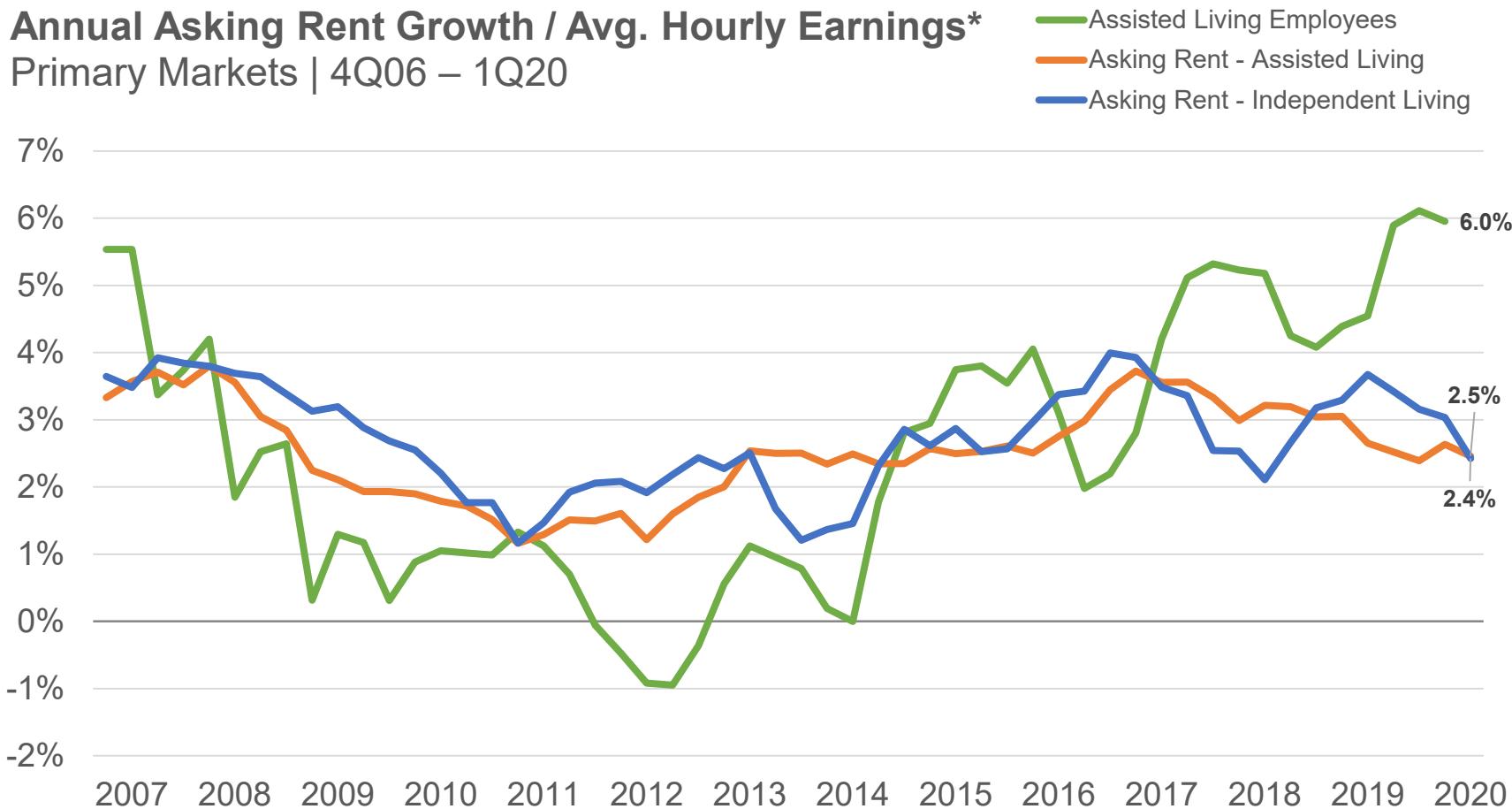


Source: NIC MAP® Data Service

# Wage Growth Outpaced Rent Growth

## Annual Asking Rent Growth / Avg. Hourly Earnings\*

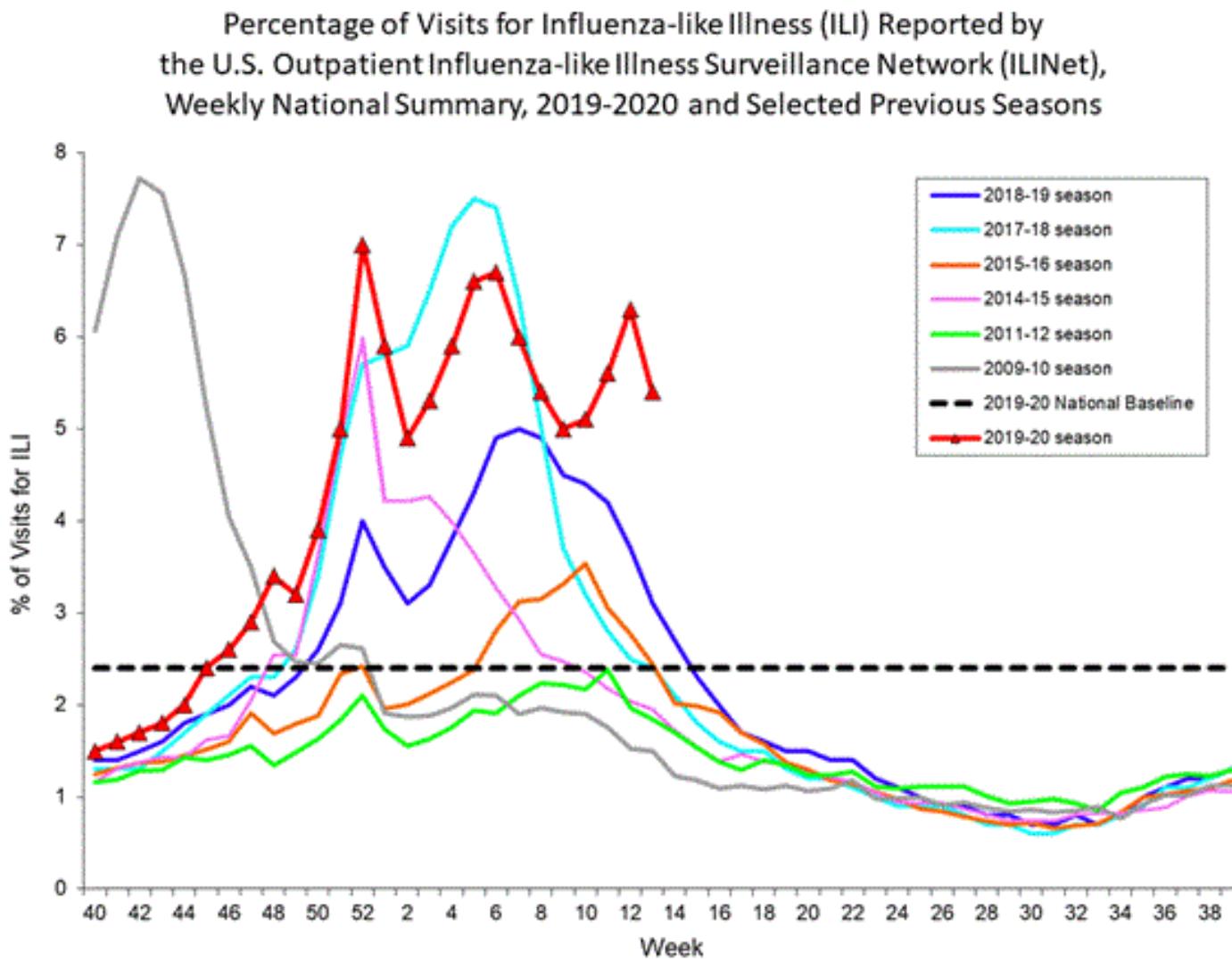
Primary Markets | 4Q06 – 1Q20



\*Wage data as of 4Q19

Source: NIC MAP® Data Service, U.S. Bureau of Labor Statistics

# Early and Widespread Flu Season This Year



Source: Center for Disease Control (CDC)

# Key Takeaways from Leadership Huddle #1



## COVID-19, Financial Market Uncertainty, and the Impact on Seniors Housing & Skilled Nursing

- Transparency is key
- Financial partners are laser-focused on supporting their client/customer relationships and their respective portfolios
- Unlike the hospitality industry, the seniors housing and care industry is still operating and is open for business.
- Seniors housing and care has a foundation underneath it that a lot of other property types in real estate don't have. And that is access to Fannie Mae, Freddie Mac, and HUD lending sources.
- There is capital out there, albeit a more limited supply and priced at rates that are not nearly as aggressive as six months ago.
- The GSEs are offering forbearance programs to help borrowers manage through these difficult times.

# Key Takeaways from Leadership Huddle #2



## The Intersection of Operators and the Financial Community in a COVID-19 Environment

- Alignment of interest and agreement among operators and capital providers that safety and health of residents and staff are top priorities
- Operator protocols and best practices to protect residents are top priority.
- Capital providers are working hand-in-hand with operators to secure personal protection equipment (PPE).
- “We’re in this together” -- Cooperation among industry leaders, operators who may be competitors to each other and capital providers—sharing suppliers, strategies and tactics on labor
- Development activity will decline in near term
- Short-term financial impacts, less so in long-term

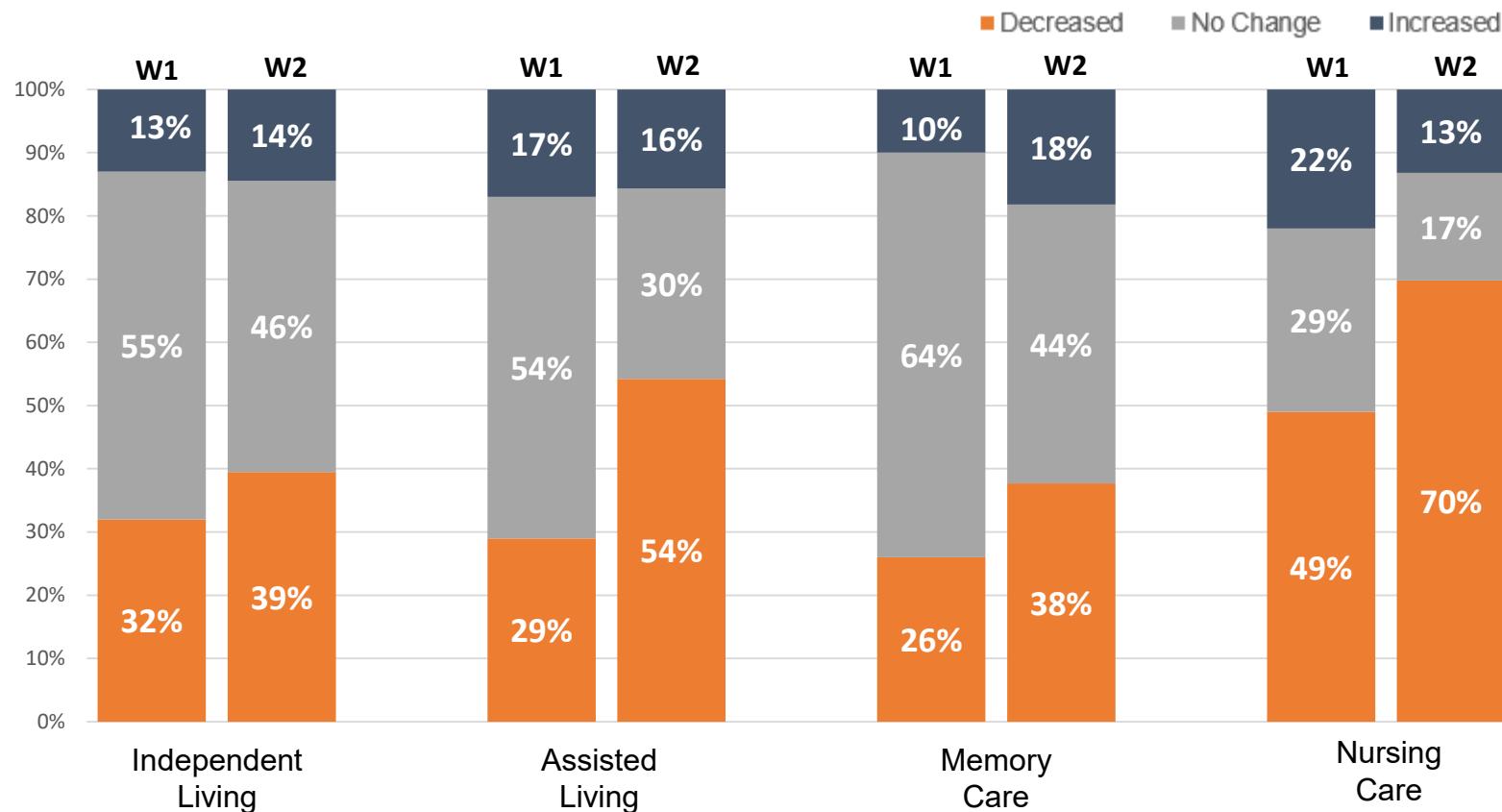
Visit [nic.org/nic-covid-19-resource-center](https://nic.org/nic-covid-19-resource-center) to learn more.

# Executive Survey: Occupancy Increasingly Lower



## NIC Executive Survey – Change in Occupancy by Care Segment

Current vs. One Month Prior | Wave 1 and Wave 2



Wave 1 Data Collection: 3/24/20 – 3/31/20; Approximate Respondents: 180

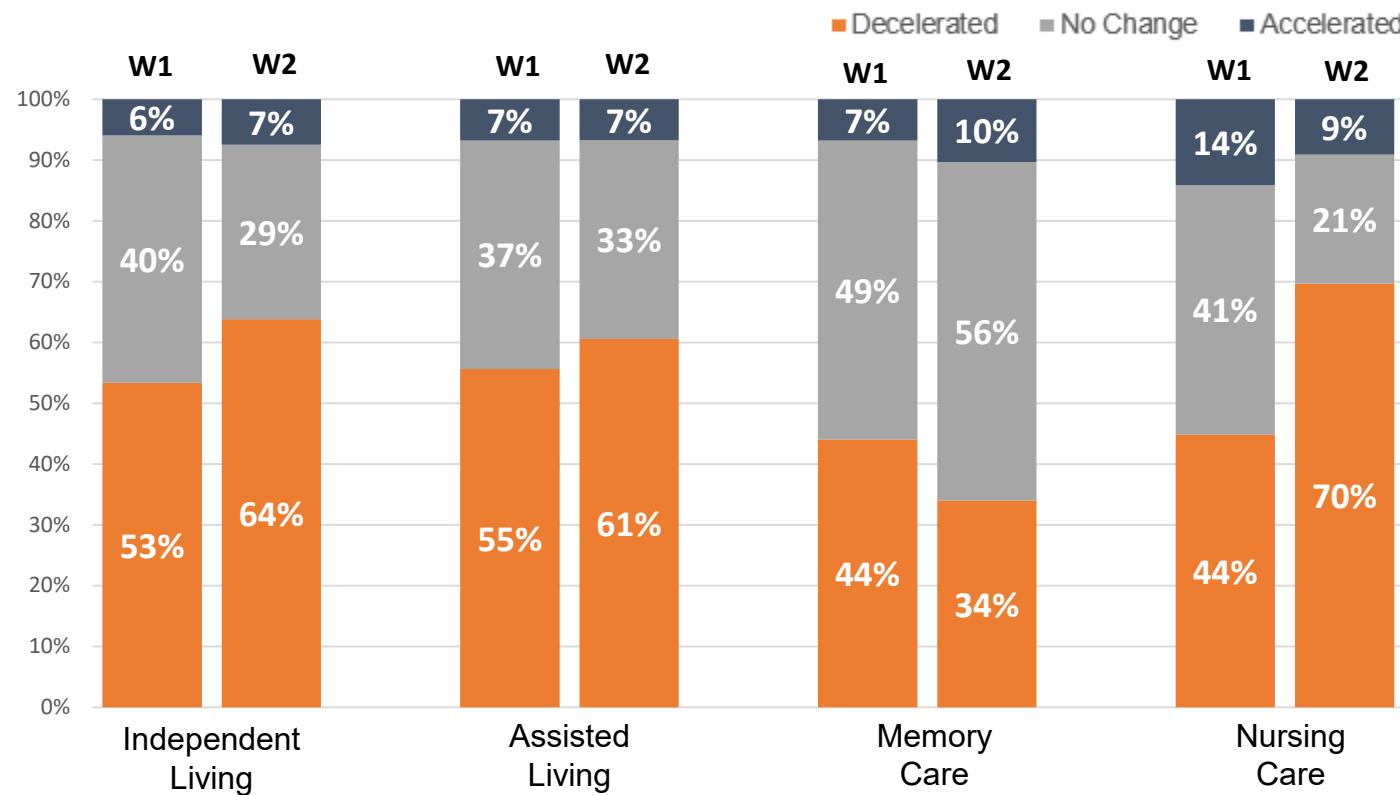
Wave 2 Data Collection: 4/1/20 – 4/12/20; Approximate Respondents: 150

Source: NIC Executive Survey

# Executive Survey: Pace of Move-Ins Generally Decelerating



## NIC Executive Insights – Pace of Move-Ins by Care Segment Current vs. One Month Prior | Wave 1 and Wave 2

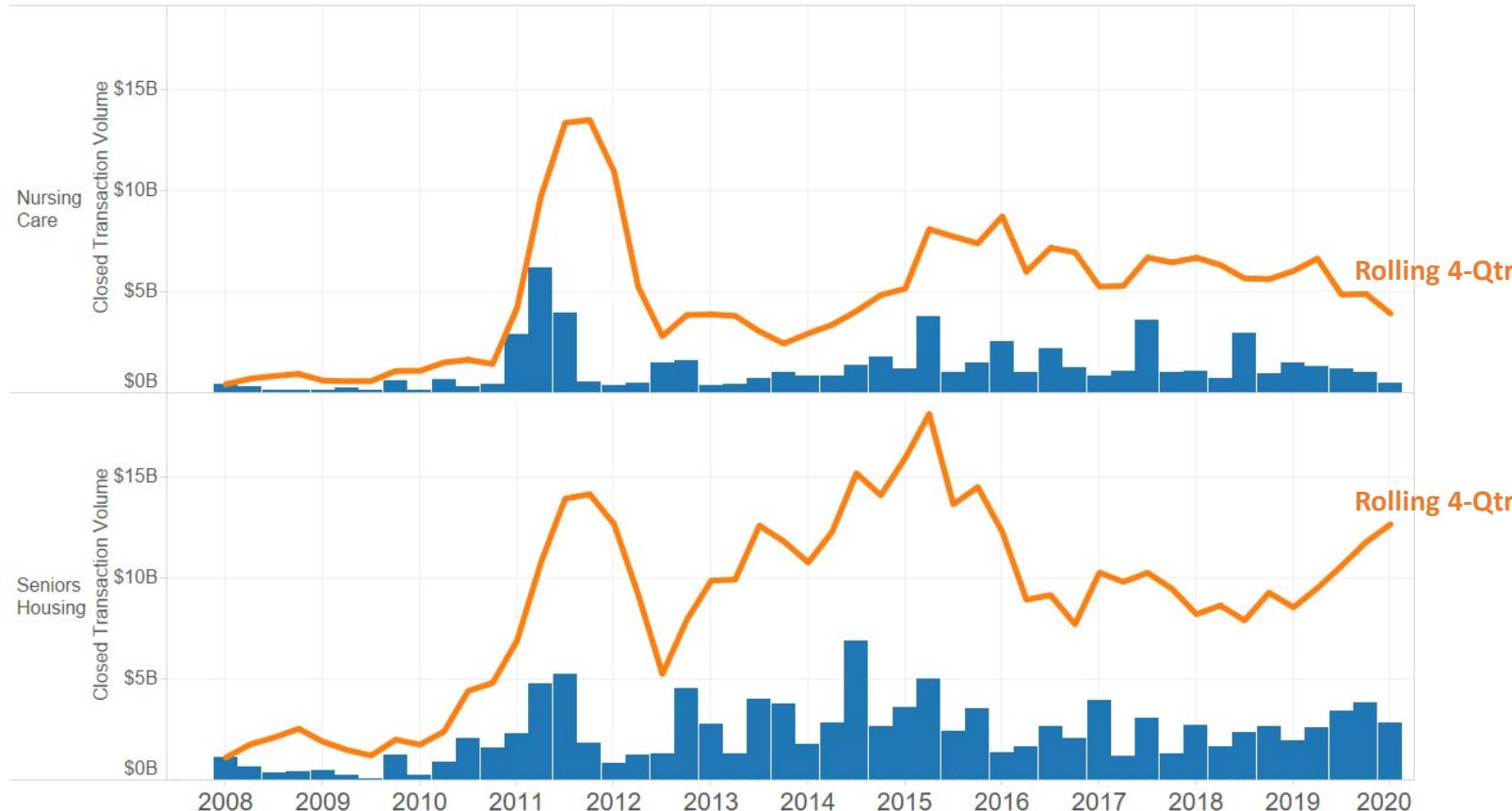


To learn more about NIC's Executive Survey, or to take it, please visit:  
[nic.org/executive-survey](http://nic.org/executive-survey)

Source: NIC Executive Survey

# Preliminary Closed Seniors Housing & Care Dollar Volume: \$3.3Bn for 1Q 2020

## Seniors Housing & Care Transactions Volume<sup>1</sup> U.S. | 1Q08 – 1Q20

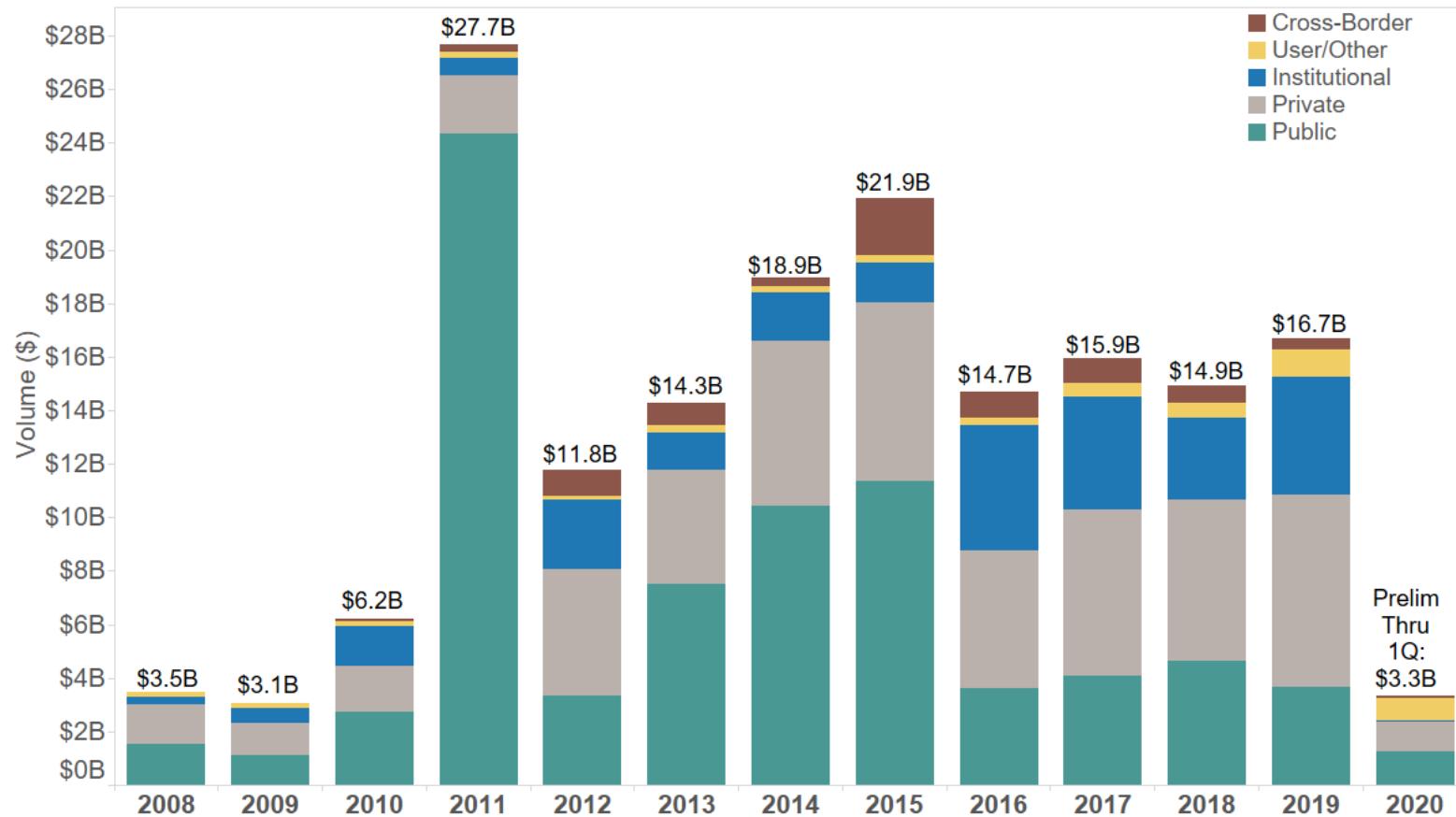


1. Preliminary Data as of 4/7/2020

Source: NIC MAP® Data Service, Real Capital Analytics

# Private and Public Buyers Active in 1Q 2020

## Closed Transactions Seniors Housing & Care Volume by Buyer Type<sup>1</sup> U.S. | 1Q08 – 1Q20

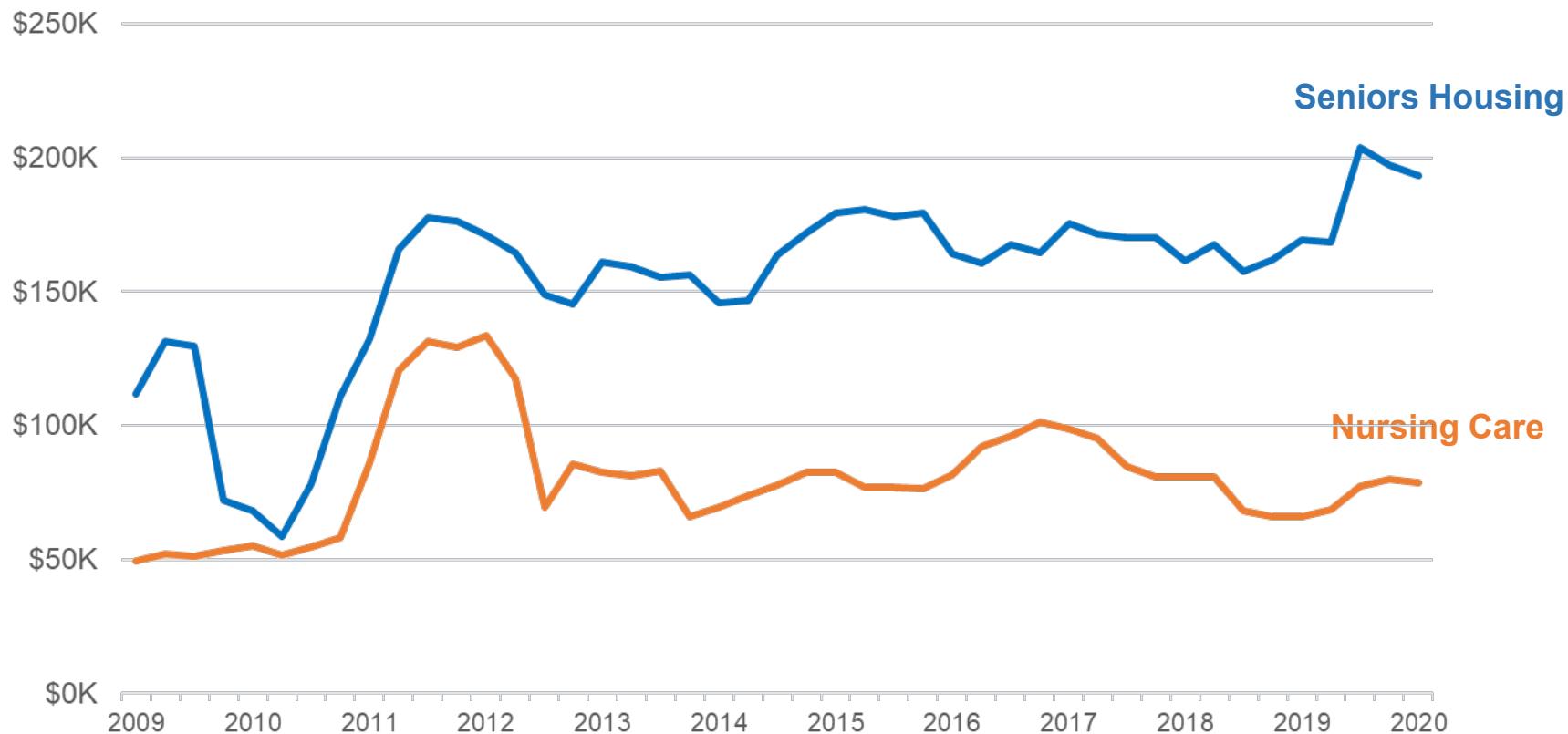


1. Preliminary Data as of 4/7/2020

Source: NIC MAP® Data Service, Real Capital Analytics

# Seniors Housing Pricing Off Recent High

## Seniors Housing & Care Transactions Rolling 4-Quarter Price Per Unit<sup>1</sup> U.S. | 1Q09 – 1Q20



1. Preliminary Data as of 4/7/2020

Source: NIC MAP® Data Service, Real Capital Analytics

# Key Points on Skilled Nursing Data Trends in 4Q 2019



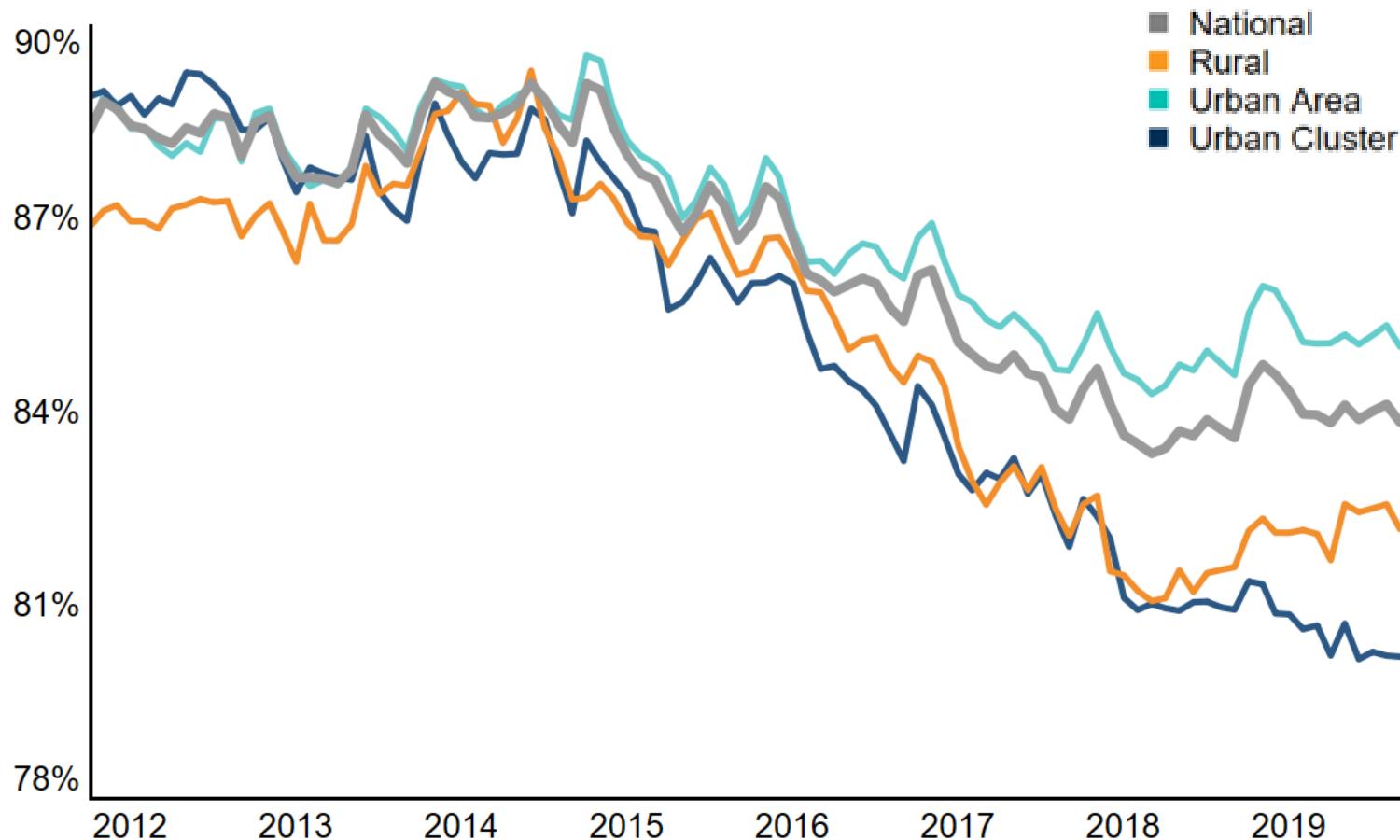
1. The occupancy rate continued to stabilize as the year closed out in 2019.
2. Skilled mix increased 41 basis points to 25.0% from the prior quarter.
3. Medicare revenue per patient day (RPPD) increased by 4.6%, ending the year at \$544.
4. Medicare revenue mix increased 74 basis points from the third quarter of 2019 to end the year at 21.5%.

Accessible through the Reports page in the NIC MAP® Client Portal

Source: NIC Skilled Nursing Data Initiative

# Occupancy Stable in 4Q 2019

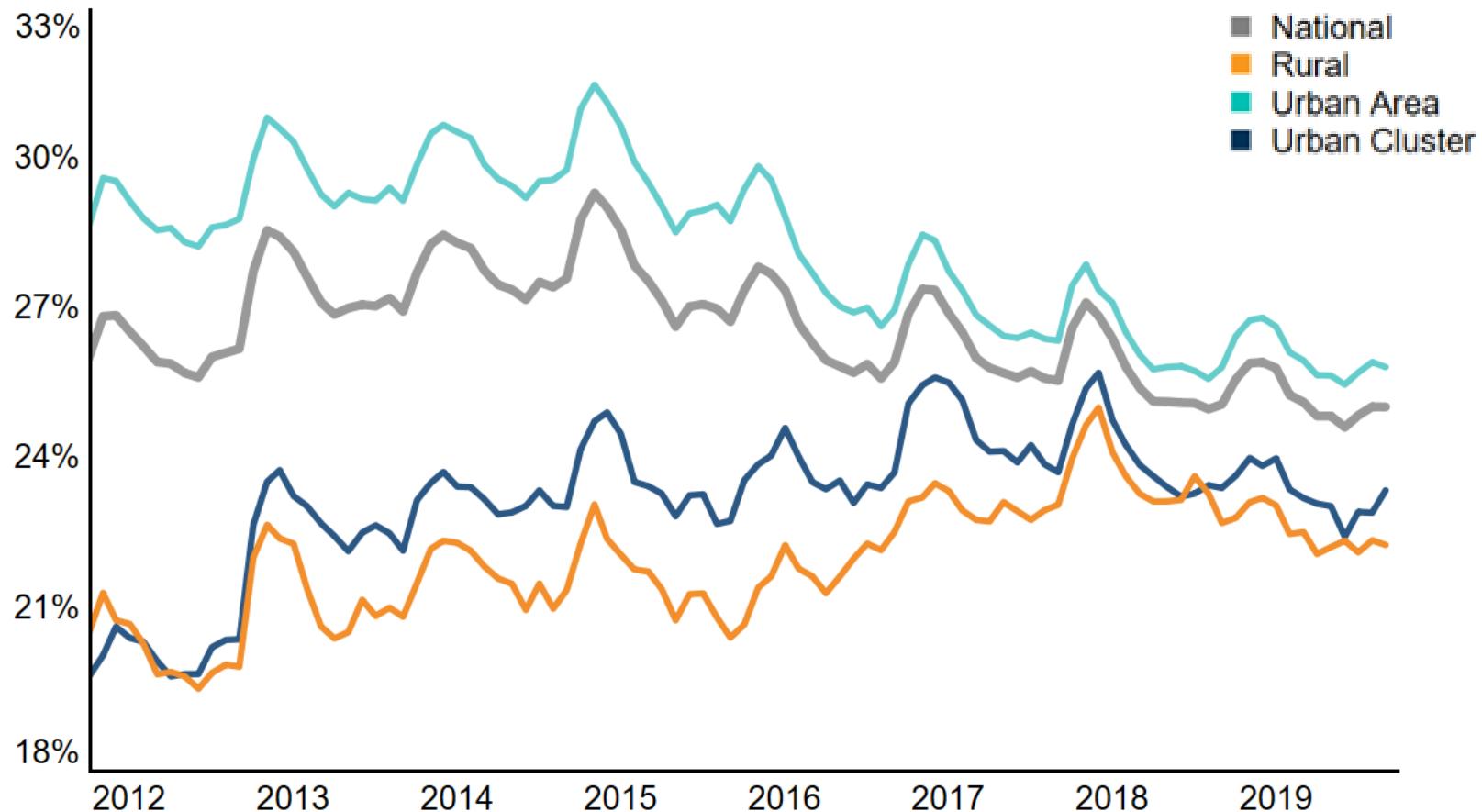
## Occupancy | Urban and Rural Trends January 2012 – December 2019



Source: NIC Skilled Nursing Data Initiative

# Skilled Mix Increased in 4Q 2019

## Skilled Mix | Urban and Rural Trends January 2012 – December 2019

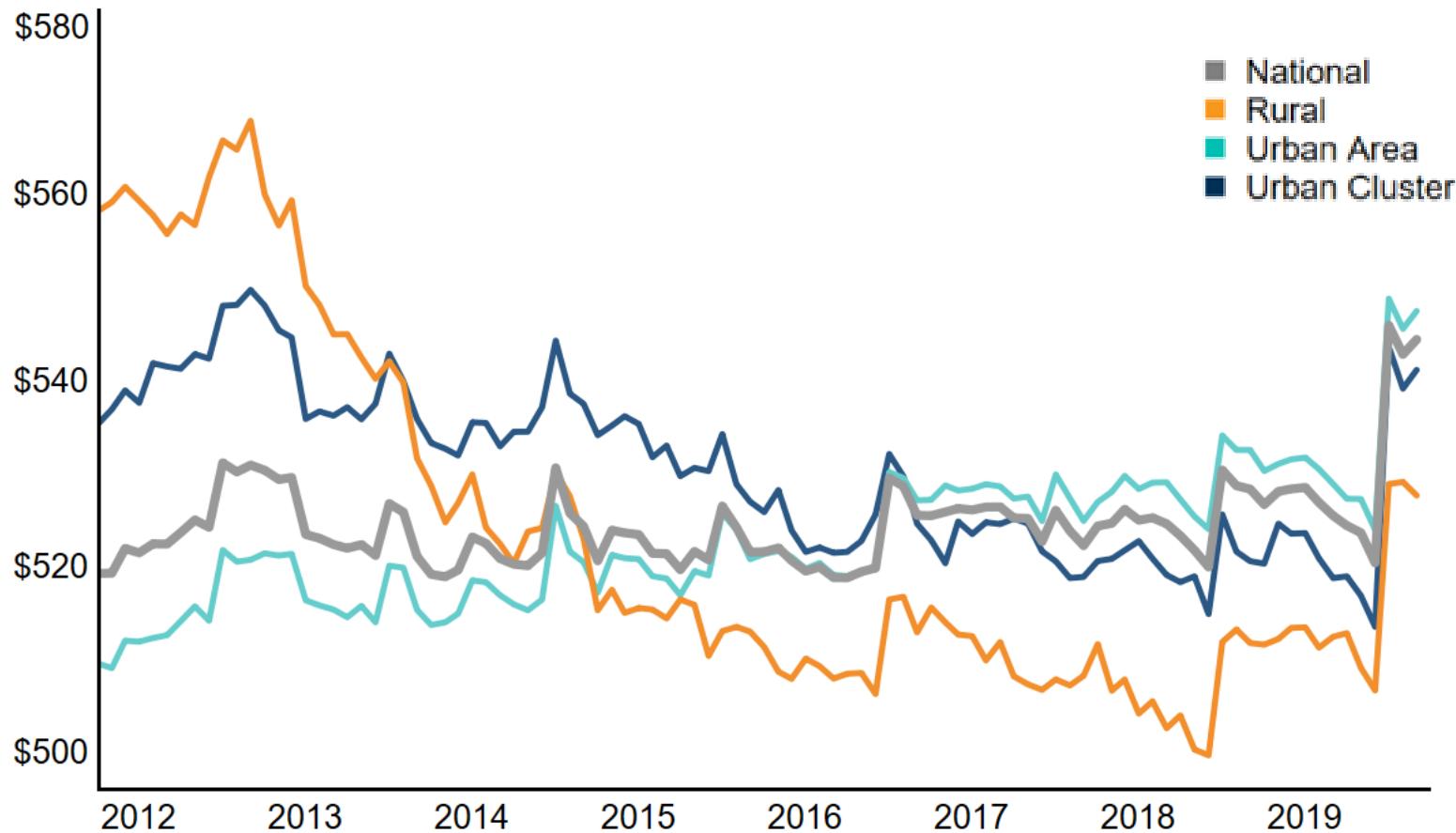


Source: NIC Skilled Nursing Data Initiative

# Medicare RPPD Increased 4.6% Quarter Over Quarter

## Medicare RPPD | Urban and Rural Trends

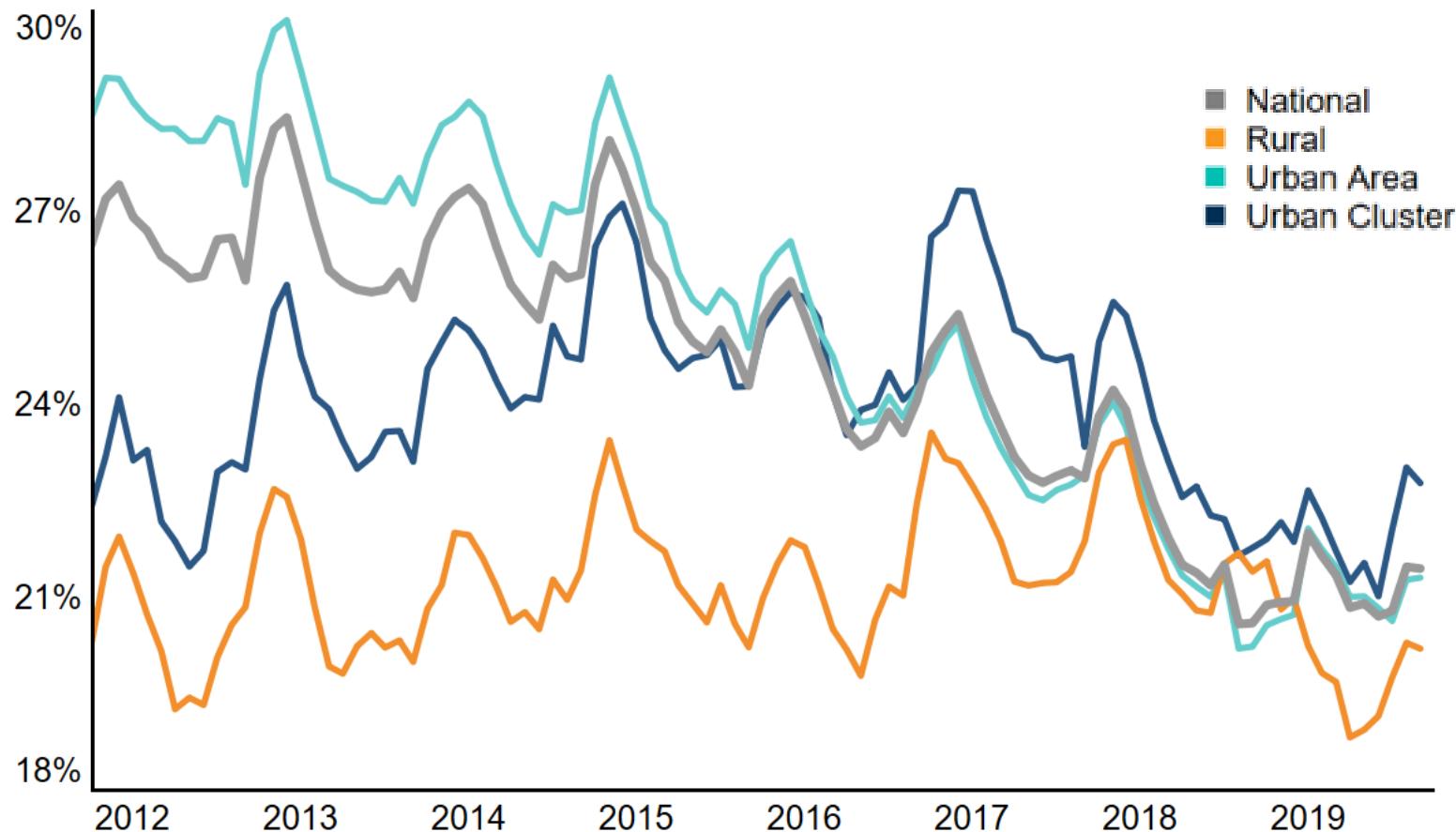
January 2012 – December 2019



Source: NIC Skilled Nursing Data Initiative

# Revenue Mix Up Quarter Over Quarter

## Medicare Revenue Mix | Urban and Rural Trends January 2012 – December 2019



Source: NIC Skilled Nursing Data Initiative

# Q & A

**During these unprecedented times, our deepest concerns go out to those directly impacted by the COVID-19 pandemic and those on the frontline keeping residents of seniors housing and skilled nursing communities safe.**

**NIC is responding by doing what we do best – delivering data, analytics, and connections – to continue to provide transparency to the sector.**



## COVID-19 Resource Center

- Select NIC MAP® Data Delivered Monthly
- Leadership Huddle Webinar Series
- Executive Survey Insights
- Leadership braindate™
- NIC COVID-19 Content
  - Blog posts, newsletters, articles and more

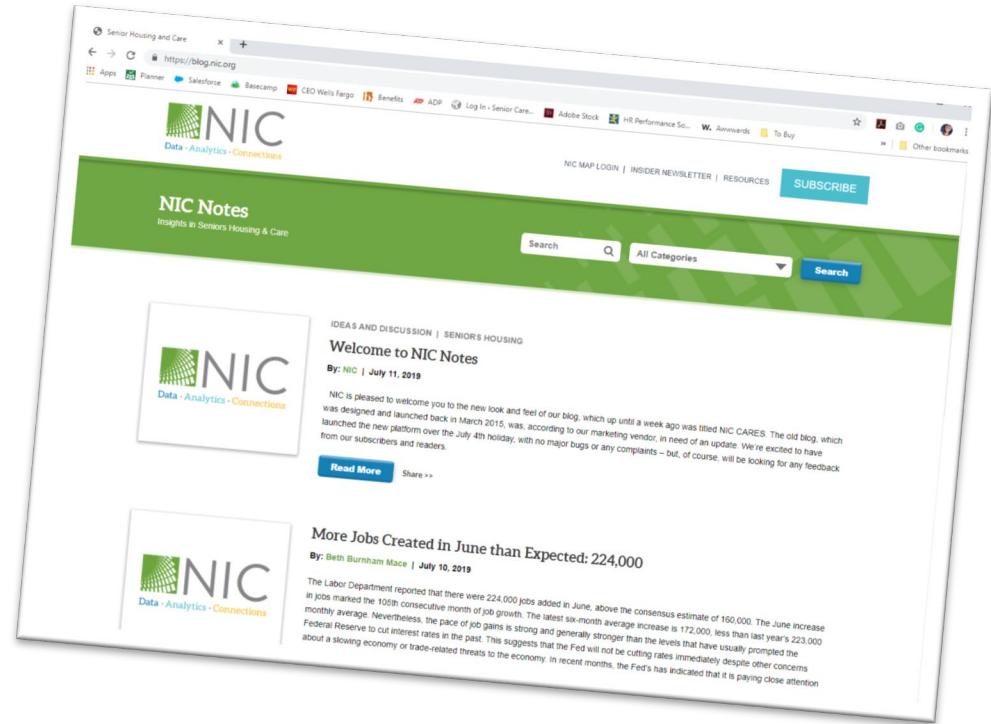
Visit [nic.org/nic-covid-19-resource-center](https://nic.org/nic-covid-19-resource-center) to learn more

# NIC Notes

## Insights in Seniors Housing & Care

### Blog Article Categories:

- Seniors Housing
- Skilled Nursing
- Ideas and Discussion
- Market Trends
- CCRC
- Economic Trends
- Regulatory Environment
- Workforce



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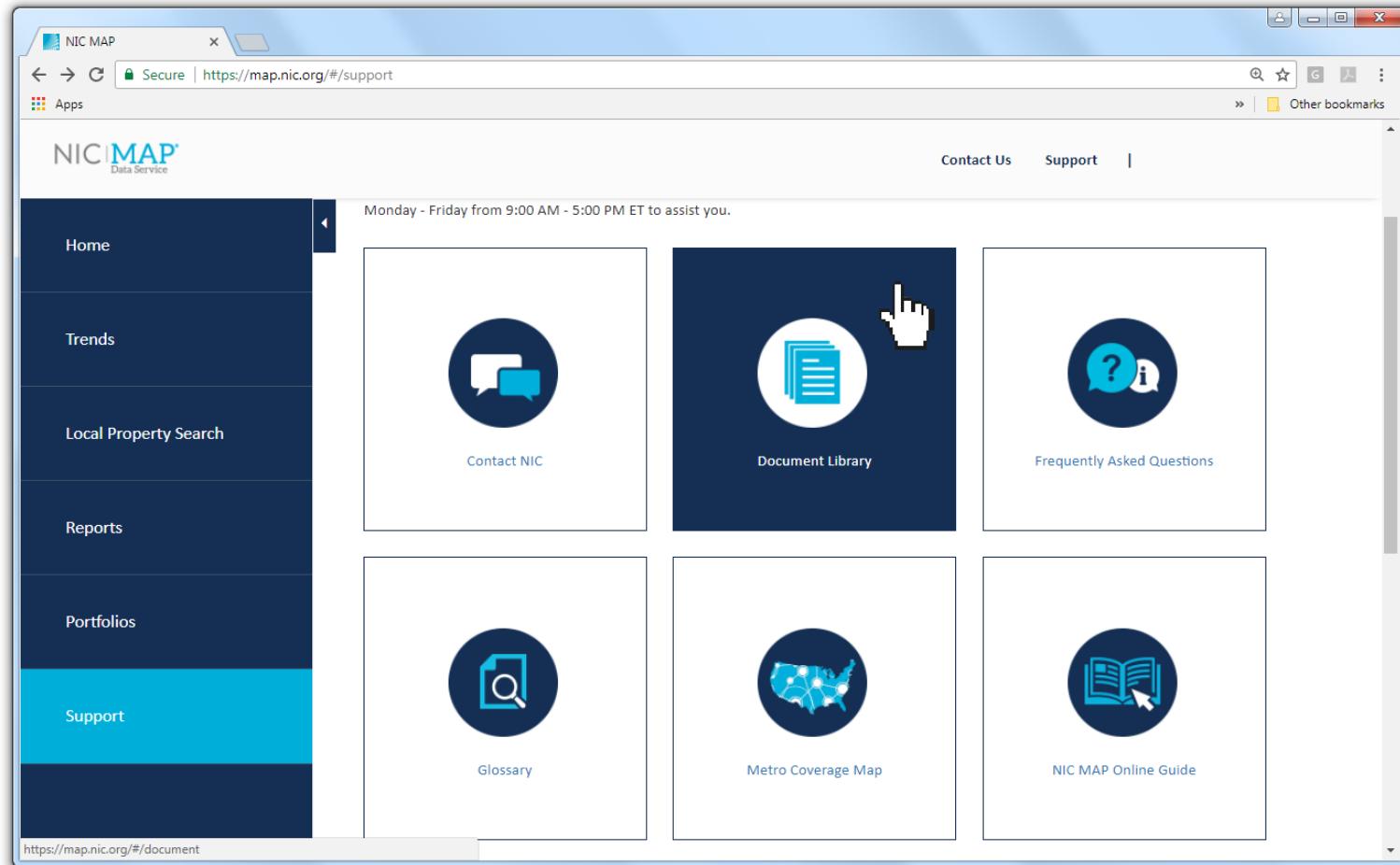
# Conference Recap

Investors, operators, owners, and developers, as well as a growing number of current and potential healthcare partners, heard:

- The latest thinking on where the seniors housing and care sector is heading.
- How challenges of a changing landscape can create new opportunities.
- Why collaborative relationships are critical to success as our sector adapts to policy and demographic shifts.
- There's no better place to start building the partnerships that will address the needs of residents in a value-based world.

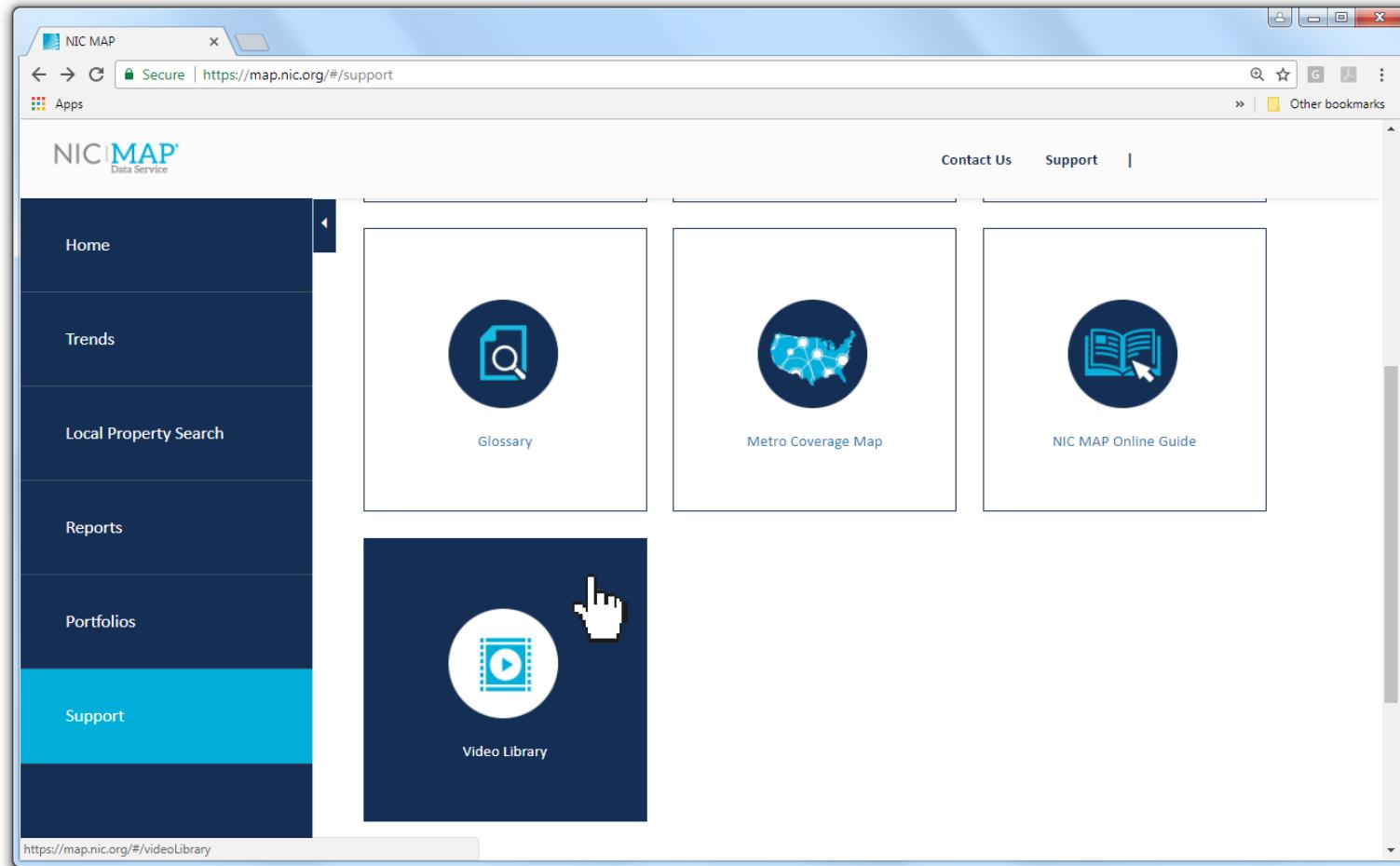
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Data Release Webinar Speaker Notes and Slides are available in the Document Library.

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Data Release Webinar Recording will be available in the Video Library.



Mark Your Calendars:

**2Q20 Data Release**  
**July 9, 2020**



**2Q20 Webinar & Discussion**  
**July 16, 2020**

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