

# NIC KEY FINANCIAL INDICATORS SHOW LOAN PERFORMANCE IMPROVING IN SENIORS HOUSING

ANNAPOLIS, Md. – The percentage of performing loans in the seniors housing industry continued to improve during the first quarter of 2005, according to the NIC Key Financial Indicators (KFIs) released today by the National Investment Center for the Seniors Housing & Care Industries (NIC).

The percentage of performing loans rose to 97.8 percent in the first quarter, showing a steady improvement from 95.9 percent in the third quarter of 2004 and 96.9 percent in the fourth. “This is the best loan performance we’ve seen, since NIC started tracking these indicators in 1999,” said Robert G. Kramer, NIC president.

Loan volume declined to \$674 million dollars during the first quarter of 2005, compared to an all-time high of \$1.143 billion dollars placed during the fourth quarter of 2004, as reported to NIC. “Loan volume placed during the first quarter has traditionally been the lowest amount,” explained Kramer. “That’s because lenders typically rush to close deals before the end of their fiscal year, which is usually based on a calendar year.”

The loan volume collected by NIC represents the quarterly lending activity of the top national lenders (non-REITs) that make permanent or short-term debt investments in seniors housing and care, including Fannie Mae, Freddie Mac and several of the larger credit companies and banks.

For the first time since NIC has been collecting the data, there were no restructured loans reported by the industry. “This is significant,” said Kramer, “because lenders tend to restructure loans to avoid having them go delinquent. That’s good news for the industry.” Anthony J. Mullen, NIC research director, cautioned that loan performance is still slightly below where it should be as an industry. He noted that compared to other real estate classes, such as multifamily or retail, lenders look negatively on anything above a 1.5 percent delinquency rate. “But we are inching our way back to that,” he added. “Our KFIs show that the industry is now standing at 2.2 percent delinquency, which is down from 3.7 percent in the first quarter of 2004 and 2.6 percent during the fourth quarter of that year.”

Another sign that the industry is recovering is in the slow, but steady, growth of occupancy rates. During the first quarter of this year, median occupancy rates held steady for assisted living at 88 percent (after an increase from 86 percent during the third quarter of 2004) and for independent living at 90 percent (where it has stood for about five years). In skilled nursing, however, the median occupancy rate declined from 88 percent during the fourth quarter to 87 percent during the first quarter of 2005. During the same period, CCRCs also lost some momentum, going from an all-time high of 92.5 percent in the fourth quarter to 91 percent this time.

“Greater confirmation as to the recovery of the industry can be determined by the experience of Fannie Mae, Freddie Mac and HUD, which are the largest permanent lenders to the senior living industry,” noted Kramer. He added that these three entities have agreed to share key performance measurements from their portfolios at the upcoming NIC Conference, held this September 28-30, 2005, in Washington, DC.

Every quarter since 1999, the nation's leading senior living lenders, owners/operators and appraisal professionals have reported their key financial and performance data to NIC, which is then posted as the NIC Key Financial Indicators on [www.NIC.org](http://www.NIC.org). Anyone can access the information free of charge.

Founded in 1991, the National Investment Center for the Seniors Housing & Care Industries is a nonprofit organization providing information about business strategy and capital formation for the senior living industry. Proceeds from its annual conference are used to fund research on issues of importance to the industry. For more information, visit [www.NIC.org](http://www.NIC.org) or call (410) 267-0504.

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\*\*\*Attention seniors housing and care, business and financial editors: To register for conference media credentials, visit <http://www.nic.org/press/05pressreg.asp> or contact Renee Tilton at [rtilton@crobymarketing.com](mailto:rtilton@crobymarketing.com)

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