

NIC INSIDER

Newsletter

June 2021

Inside the June Issue

3 Ziegler Continues to Expand Its For-Profit Services: A Conversation with Don Husi, Managing Director, Ziegler

6 Study Shows Care Setting Impact on COVID-19 Mortality

8 The 2021 NIC Fall Conference Will Be In-Person

11 Submissions Being Accepted for NIC's Innovations That Work

12 Seniors Housing Demand Pulse: When Will Seniors Housing Markets Likely Return to Pre-pandemic Demand Levels?

15 A Recap of NIC Seniors Housing Boot Camp – The Art of Assessing a Deal

17 Industry Event Calendar

Ziegler Continues to Expand Its For-Profit Services: A Conversation with Don Husi, Managing Director, Ziegler



Don Husi

When Don Husi worked as an executive director, he would ask potential hires to tell him their story. He passed on those who talked about themselves or didn't understand the question. The ones he hired would usually tell a personal story about their grandparents, voicing appreciation and admiration for their elders.

Likewise, Husi credits his tough and determined grandmother as the inspiration for his career choice. "If you're in this business, you have your own mission," he says.

With 32 years of experience in senior living, Husi has worked in operations and more recently in the finance area. He currently is the managing director of the Senior Housing & Care Finance team at Ziegler, a Chicago-based investment bank that specializes in senior housing and healthcare and is known for its work with not-for-profit organizations.

NIC Chief Economist Beth Mace recently talked with Husi about the industry and his job to develop the for-profit lending portfolio at Ziegler. Here is a recap of their conversation.

Mace: Don, can you please tell us about yourself and your role at Ziegler?

Husi: I've been in the seniors housing business over 30 years, starting before I graduated from college in healthcare administration from the University of Wisconsin-Eau Claire. I took a college practicum at a not-for-profit and fell in love with seniors housing. I was recruited out of college by American Retirement Corporation as an associate executive director and grew along with the company over 14 years. My last position there was as senior vice president of operations. Then I joined Healthcare Realty Trust and managed a \$1 billion senior housing and care portfolio. After that, I held Managing Director positions at Red Mortgage Capital, Berkeley Point Capital, and Pillar Financial. I joined Ziegler three years ago to co-lead the growth of our for-profit Seniors Housing & Care Finance Practice.

Mace: What is Ziegler best known for, and what new business lines is Ziegler developing?

Husi: Ziegler is known for its investment banking work in the not-for-profit senior living sector. But we've done a fair amount of M&A work on the for-profit side over the last 20 years. Considering the consolidation among the not-for-profits and the growth of the for-profit sector, Dan Hermann, who took over as Ziegler's CEO in 2018, felt it was time to grow our for-profit practice. I lead the debt and equity side of the platform and work with my colleague Dan Revie, who leads the M&A practice.

Mace: What types of product or services does Ziegler offer that are specific to the for-profit seniors housing and skilled nursing sectors?

Husi: We've put together all the products to be an investment bank to the middle market seniors housing providers that own and operate from 5 to 75 communities. We've done business with larger organizations too, but our core market is regional players across the country. We offer M&A products and FHA/HUD mortgages. We were also the anchor investor in Locust Point Capital's first Locust Point Private Credit Fund, a mezzanine debt and preferred capital provider. So, we have access to those products. We do about \$750 million to \$1 billion of bank placements on the not-for-profit side, and leverage those relationships for bridge-to-agency takeout loans, and acquisition and development financing. We've also created a correspondent relationship with M&T Bank for Fannie Mae and Freddie Mac executions. Several of our executives focus on raising equity capital with family offices, institutional investors, and pension funds.

Mace: What else does Ziegler do?

NIC 2021 FALL Conference

Investing in Seniors Housing
& Care Properties



NOVEMBER 1-3, 2021
HOUSTON, TX

REGISTER NOW →

Husi: Ziegler specializes in the healthcare, senior living, and education sectors. Our transaction volume in 2020 was \$4.6 billion. We are divided into three groups: the investment bank, the capital markets group that buys and sells bonds in the marketplace, and proprietary funds that invest in post-acute and healthcare technologies. The investment bank includes our corporate healthcare finance team which covers six verticals: healthcare technology, physician practices, telehealth, home health and hospice, behavioral health, and lab and pharmacy services. The investment bank also includes the tax-exempt not-for-profit team, and then our newly organized comprehensive for-profit senior housing and care finance practice. Overall, Ziegler has 195 employees, and about 140 of those work in the investment banking area.

Mace: What impact has the pandemic had on your activity and business?

Husi: People are always in need of capital and even more so when the economy declines. Our team has grown from two to eight bankers, with a total of 24 people. We've been able to capture a fair amount of business divided between M&A, bank placements, and FHA and agency mortgages. We've been doubling the number of deals in our for-profit sector the past two years. We closed 18 deals last year valued at \$500 million for 34 communities. The prior year, we closed nine deals. We're on track to close over 30 deals this year.

Mace: You have a strong research group, headed up by Lisa McCracken. Under her and your leadership, Ziegler recently launched a report, in partnership with NIC, called the Ziegler/NIC Lender Survey. Can you tell us about that report, and how someone can both contribute to it and access it?

Husi: We are building out research with NIC to drive transparency on lending guidelines in the market. We have identified 130 individuals who lead lending efforts across the country at community, regional, and national banks. We send a survey quarterly to those folks and encourage them to contribute. The industry has transparency on the equity investment case for senior living but not a lot of transparency on terms, conditions, and trends on the banking side relative to other asset classes. We are gathering data on the total number of deals in a quarter, base rates and spreads, recourse requirements, the level of construction lending, and other measures—entirely confidential. Next quarter, we are adding public information from the HUD and Ginnie Mae databases that will be in a usable format.

Mace: What are some key recent findings? Have lending terms changed? Rates, recourse, reserves, etc.?

Husi: Lending terms have changed since COVID, but deals are getting done. Rates have increased somewhat. Recourse is generally standard, except for the very best borrowers. Construction lending is all but shut down, but I think we'll see that opening up a bit. Banks are requiring debt service reserve funds, but they've been fairly lenient. We work in both skilled nursing and senior housing which have different risk profiles. Skilled nursing has a government payor mix, and seniors housing is private pay. Skilled facilities have received more support from the federal and state governments. Senior housing has received very little. It's an issue to watch regarding how the banks handle each segment as occupancies increase post-COVID.

Mace: Has the pandemic affected Ziegler's interest in senior housing in the near and long term?

Husi: We love senior housing even more. Dan Hermann, our CEO, has been in the business as long as I have, and we've heard for years that CCRCs will be extinct, skilled nursing facilities won't exist, and home-and-community-based services won't work. But the opposite has happened. The industry may provide care differently, and the payors may be different in the future, but the buildings and services will still be in place. We think COVID has been a catalyst to drive industry innovation in technology, new revenue

JUST RELEASED:
National Study on the Impact of COVID-19 on Senior Living

[See Study Findings →](#)

streams, building design, and the use of artificial intelligence for predictive disease intervention. Technology will spark two changes: a significant improvement in quality and the ability to track quality; and new ways to drive down costs and provide new revenue streams. The future is bright for the industry, albeit a bit bumpy over the next few quarters.

Mace: Tell us about the Link-Age Funds.

Husi: Ziegler has deep experience in managing private equity and venture capital funds, having sponsored around 12 funds over the past 30 years. About eight years ago, many of our senior living and care clients were beginning to think about how to leverage and implement technology and tech-enabled services in their businesses, and we saw an opportunity, with our joint venture partners Link-Age, to develop a venture capital fund geared specifically to investing in tech and services in the aging and post-acute space called the Ziegler Link-Age Funds. The first fund totaled around \$27 million and included over 70 not-for-profit senior living and care providers amongst its investors. The second fund was a \$36 million fund with 100 investors, most of which remain strategic, not-for-profit senior living and care providers, but also expanding the investor base to include certain for-profit health systems and senior living and care providers. To date, the general partner for the fund has seen more than 2,000 companies, vetted over 500, and invested in 28 different companies across the spectrum of technology and services in the aging and post-acute space. Examples include workforce development and engagement companies such as OnShift (scheduling); Arena (turnover reduction); and PayActiv (quick access to earned pay). We also focus on quality metrics around clinical decision making. VirtuSense, for example, has technology that predicts an individual's propensity for falls. You can find more information about the Link-Age Funds and its portfolio companies at the [Ziegler Link-Age Funds site](#).

Mace: What is your view of the current state of the capital markets?

Husi: Capital sources have shifted from the REITs to private equity. We get two or three calls a week from investors who think there's distress in the space looking for properties. There is no lack of equity or debt.

Mace: Anything you're pessimistic about?

Husi: I'm always pessimistic about potential bankruptcies. The CCRC sector is coming back strong because of the robust housing market. We're seeing strong levels of leads and move-ins. Senior housing could encounter some trouble. Skilled nursing has a lot of capital from the government, and they may spend too much. But I do worry about the impact on business if we have some headline bankruptcies.

Mace: What else would you like our readers to know?

Husi: The Ziegler value proposition sets us apart. We are the investment bank with a heart. We've been around 119 years and are majority employee-owned. We're not going anywhere. We're thought leaders with excellent research and a comprehensive healthcare approach. We conduct monthly calls with our entire team to discuss how trends are impacting the entire spectrum of healthcare from independent living through acute care. We are the only healthcare investment bank that has that unique perspective and invests in the technologies that will drive the industry forward. Those attributes are value drivers you can't find at other firms.



Ideas and
inspiration
from senior
living leaders.

Listen now.

Study Shows Care Setting Impact on COVID-19 Mortality

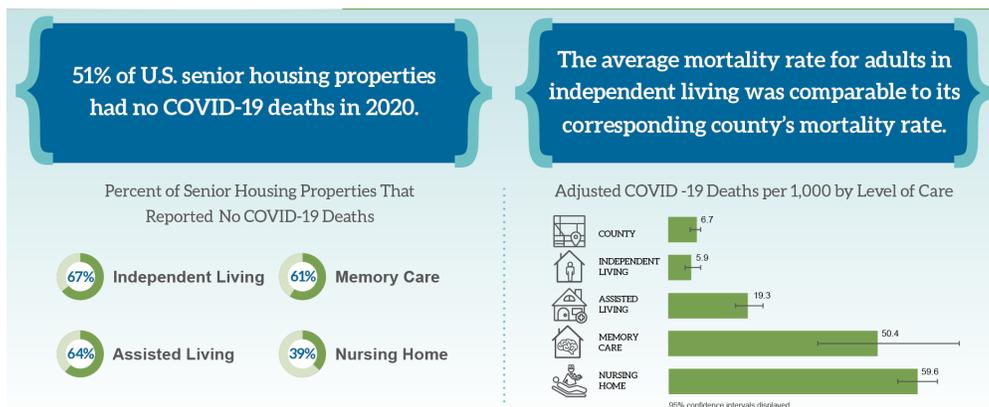
NIC provided a grant to NORC at the University of Chicago (NORC) to study the disparate effects of the pandemic on different seniors housing and care settings. The [study results](#) have just been released.

The analysis examines mortality rates by property level of care – independent living, assisted living, memory care, and skilled nursing – and provides a comparison to seniors aged 75-and-older living in non-congregate settings (single family homes and apartments).

The study focused on data from 3,817 seniors housing properties across 113 counties in five states – Colorado, Connecticut, Florida, Georgia, and Pennsylvania. About two-thirds of independent living properties (67%), assisted living properties (64%), and memory care properties (61%) experienced no COVID-19-related deaths. Thirty-nine percent (39%) of skilled nursing facilities (also known as nursing homes) experienced no COVID-19-related deaths during the same period.

Also among the study’s key findings is that COVID-19 mortality rates across seniors housing increased as the health and caregiving complexity of residents increased, with the highest percentages occurring in memory care settings and skilled nursing facilities. Memory care units faced particular challenges with infection control, since seniors who have cognitive impairments are more likely to require additional care and support for basic needs.

In contrast, the average mortality rate for adults in independent living facilities was statistically the same as the mortality rate of the 75-and-older population in corresponding counties. By including a comparison to seniors living in non-congregate settings in the broader geographical areas, study findings suggest that residents who live in independent living properties were not at higher risk by virtue of their congregate care setting.



Throughout 2020, average adjusted mortality rates from COVID-19 in nursing homes were 59.6 per 1,000, likely driven by the advanced age, frailty, and comorbidities of the residents. By contrast to nursing homes, assisted living mortality rates were two-thirds lower at 19.3 deaths per 1,000 residents. Resident deaths in independent living settings were statistically comparable to the experience of older adults living in non-congregate settings in the broader county.

Adjusted mortality rates in memory care were 50.4 per 1,000 residents, which is statistically comparable to nursing homes. Memory care units faced particular challenges with infection control, since seniors who have cognitive impairments are more likely to require additional care and support for basic needs.

In a secondary analysis that looked specifically at continuing care retirement communities (CCRCs) residents, CCRCs were associated with a significantly lower expected mortality rate when compared to non-CCRCs. The mean expected mortality rates for CCRCs across all care segments was 10.0 per 1,000 as compared to 19.9 per 1,000 in non-CCRCs.

NIC 2021 FALL Conference

Investing in Seniors Housing & Care Properties



NOVEMBER 1-3, 2021
HOUSTON, TX

REGISTER NOW →

The study also included a dozen interviews with seniors housing operators and eight state affiliates of LeadingAge and Argentum, organizations that serve non-profit and for-profit aging services, to understand the context of the COVID-19 case and death data, and the challenges they faced during the pandemic. These qualitative interviews helped place the study's quantitative results in context and help readers understand some of the challenges faced in managing COVID-19 in these settings, including PPE shortages, delayed testing results, and a rapidly changing regulatory environment across all levels of government.

NORC was selected in a competitive bid to lead the project's initial phase. Caroline Pearson, NORC's senior vice president, directed the project, with Mairin Mancino as the project manager. Beth Burnham Mace, NIC's chief economist, and Ryan Brooks, NIC's healthcare principal, oversaw the project for NIC.

The John A. Hartford Foundation, a national philanthropy dedicated to improving the care of older adults, co-sponsored the study and its president Terry Fulmer, Ph.D., RN, FAAN is a member of NIC's COVID-19 research advisory committee. Other members of the research advisory committee include: Dr. Ardeshir Hashmi, chair for geriatric innovation and director of the Center for Geriatric Medicine at Cleveland Clinic; Bob Kramer, co-founder and strategic advisor to NIC, founder and fellow of Nexus Insights; Dr. David Nash, founding dean emeritus at Jefferson College of Population Health; Dr. Arif Nazir, chief medical officer of Signature Healthcare and immediate past president of AMDA, the Society for Post-Acute and Long-Term Care Medicine; Dr. Kevin O'Neil, chief medical officer of ALG Senior; and Anne Tumlinson, chief executive officer of ATI Advisory and founder of Daughterhood.

A second phase of the study is being planned to build upon these findings by comparing death rates across levels of care while risk-adjusting for age, health status, and demographic characteristics, as well as understanding the impact of COVID-19 on all-cause mortality by care setting. These data findings will be critical to improving the public's understanding of the safety levels within the various seniors housing care segments. Phase 2 of the COVID-19 research study is expected to be completed by November 2021.

To view the study's complete findings and conclusions, please see the Final Report and detailed Technical Report by visiting [NIC's COVID-19 study landing page](#).

NIC
NORC at the University of Chicago

JUST RELEASED:
National Study on the Impact of COVID-19 on Senior Living

See Study Findings →

The 2021 NIC Fall Conference Will Be In-Person



NIC is convening thousands of seniors housing and skilled nursing capital providers, operators, and sector stakeholders for the first in-person NIC event since the onset of COVID-19. The past year has presented a host of unprecedented challenges to industry leaders, many of whom have been forced to react, quickly adapt, and innovate in order to protect their residents and continue to deliver value in the market, and across their portfolios.

Year after year, conference attendees, 67% of whom are senior-level executives, flock to 'the NIC.' Many won't want to miss the opportunity to personally connect with the business relationships — and gain the critical insights — that will drive their organizations forward in a post-pandemic world. NIC plans to again deliver an exceptional attendee experience which attendees of NIC conferences have come to expect – but is incorporating a few changes to adapt to the demands of a world still battling a pandemic.

Safety

NIC is requiring proof of COVID-19 vaccinations for all registered attendees, in the interest of everyone's safety.

NIC is taking the health and safety of all attendees seriously, particularly given that many will likely return home to communities providing housing and care to frail elders. The decision to require every attendee to provide proof of vaccination, to be confirmed through a third-party vendor, may result in a few attendees opting to stay home. But it reflects both a commitment to fight the pandemic, and an awareness of the heroic struggles of many attendees – and over a million of their frontline caregivers - who have fought so hard to protect their communities.

Registration now includes a simple, secure online process handled by NIC safety partner, Safe Expo. Attendees will be required to provide a photo of themselves, which will be placed on their conference credential. They must also provide proof of vaccination, with the final dose completed no later than Sunday, October 17, 2021. Once confirmed, submitted documents will be deleted. If an attendee, or NIC staff member, does not meet these requirements, they will not be considered fully vaccinated and will not be permitted to enter the conference.

Also new this year is the fact that there will be no last-minute or onsite registrations, to allow for the additional safety protocols. Those who wish to attend the conference should make sure they register ahead of the deadline. NIC is offering no-fee cancellations, up to 30 days prior to the event, to further insulate attendees from the risks of COVID-19. Those who register by October 1 will receive their badges and a PPE kit via mail to reduce queuing and encourage adherence to safety protocols.

NIC is also working in close partnership with Safe Expo and Marriott to best align with the latest CDC guidelines for COVID-19 safety. Registrants will be kept up to date should any changes in policy or procedure be required.



Ideas and
inspiration
from senior
living leaders.

Listen now.

Networking at 'the NIC'

Veterans of previous NIC Fall Conferences know that 'the NIC' is the most efficient, effective single opportunity of the year for building and deepening relationships within the industry. This year will provide all of the opportunities to meet in hallways, at the bar, at the restaurants, in educational sessions, and in meeting rooms set up for the purpose throughout. And as always, NIC is providing numerous structured opportunities for high quality networking throughout the event, so attendees can focus on pursuing new contacts, deepening existing relationships, and strengthening their networks.

As in previous years, networking lounges will provide abundant networking environments throughout the conference space, including two areas specifically designated as official Networking Lounges. The Texas Ballroom Networking Lounge on Level 4 will offer ample seating and tables for business meetings. It will also be home to numerous attendee resources, including the Headshot Lounge, Specialty Coffee Bar, Shoe Shine Area, and LinkedIn Corner. The Biggios Networking Lounge on Level 2 will provide a lively setting with floor-to-ceiling windows and an outdoor balcony.

The conference will also feature two NIC Social Hour events, for a more relaxed happy hour-like atmosphere. Held on Monday and Tuesday evenings, these events will encourage lively conversations in the networking lounges while the fun, food, and fare emerge. This new approach for the 2021 NIC Fall Conference aligns with the enhanced conference safety measures and current best practices in food service.

Also new this year will be the issuance of NIC lapel pins, ahead of the event. Attendees wearing the pin during their travel to and from the event will stand out as a NIC attendee. This pre- and post-conference icebreaker further extends networking possibilities – and will further increase chances of making new friendships and potential business relationships. All attendees who register by October 1 will receive a NIC pin in their pre-conference mailing.

As always, first-time attendees will be afforded special activities and resources specifically geared to help them successfully navigate the conference, including an orientation webinar, a First-time Attendee Gathering and morning meetups.

Programming

During this time of disruption in seniors housing and care, many leaders are looking for new partners, new ideas, and new approaches to housing and caring for residents, as they seek to offer new solutions in the wake of the pandemic. In a post-pandemic world, it will take insight and vision to be successful.

The 2021 NIC Fall Conference educational program will span all three days of the conference—offering stand-alone, not-to-be-missed sessions on the issues that will shape seniors housing and care organizations for years to come. The program will include interactive discussions and will feature insights and perspectives from nationally prominent thought-leaders, industry veterans, and policy makers on a carefully curated set of topics of the most importance and relevance in today's world.

New this year, both in service to safety considerations and the need to focus thought-leadership and discussions on the most important issues, there will be no concurrent sessions. Instead, larger spaces will hold a series of general sessions, scheduled not to overlap. For many, the schedule will be a welcome relief from having to choose between two important sessions occurring concurrently.

Subject matter will include many traditional topics, such as policy outlook, valuations, macroeconomic and capital market trends, and debt market trends. Of course, every discussion is likely to reflect the major impacts of the pandemic on the sector. Attendees may also wish to hear from experts and insiders on capital for operations, the case for investing in seniors housing, the forgotten middle market, thinking differently about housing for boomers, and, of course, the recovery timeline for the industry.

NIC 2021 FALL Conference

Investing in Seniors Housing & Care Properties



NOVEMBER 1-3, 2021
HOUSTON, TX

REGISTER NOW →

Register Now

This year, given the new safety protocols, attendees must register by Thursday, October 28. As an increased safety measure, onsite registrations will not be accepted for the 2021 NIC Fall Conference. Currently, NIC is offering Early Bird incentives, with significantly discounted rates that will increase August 16. Don't miss the most important in-person industry event of 2021.

[Register](#) yourself and your associates today!



JUST RELEASED:
National Study on the Impact of COVID-19 on Senior Living

[See Study Findings →](#)

Submissions Being Accepted for NIC's Innovations That Work

Back by popular demand, NIC's Innovations That Work offers a new style of fast-paced presentations and which will premiere during the 2021 fall season. NIC is currently seeking submissions for innovations that add value, improve resident experiences, and drive better outcomes. This is your opportunity to share your success story with NIC's audience of seniors housing and care leaders. These brief, inspiring presentations are designed to share the latest solutions that deliver results in the real world.

The COVID-19 pandemic has brought the seniors housing and care industry under intense scrutiny. This is an opportunity to take control of the narrative by highlighting the innovations and solutions that will help deliver better care and outcomes for the seniors of the future.

Proposals must be submitted **no later than Friday, June 18, 2021**. Simply [complete the online submission](#) and provide the required information. You will be notified by Friday, July 30, 2021 if your proposal is selected for presentation. If so, you will be paired with a speaking coach to help develop your talking points in the desired presentation format.

[Click here](#) to view some past Innovations That Work.



Deployed Solutions



Innovative Answers

Measurable Benefits



Willing Presenters



Ideas and
inspiration
from senior
living leaders.

Listen now.

Seniors Housing Demand Pulse: When Will Seniors Housing Markets Likely Return to Pre-pandemic Demand Levels?

By Beth Mace, Chief Economist and Omar Zahraoui, Data Analyst



Beth Burnham Mace

In last month's NIC Insider, we introduced the [NIC Analytics OPTIC Ranking Index](#) (NIC OPTIC Index), which provides a combined view of select demand and supply metrics and evaluates potential metropolitan market recovery timelines. In this analysis, we have created a complementary analysis using the NIC Analytics Demand Pulse Metric, a measure that examines demand only. Specifically, we focus on occupied units to assess what impact the pandemic has had on seniors housing demand as defined by the change in occupied stock, which is also known as net absorption. We then estimate when each of the NIC MAP® 31 Primary Markets occupied units will return to pre-pandemic

levels during the upcoming three-year forecast horizon.

Top Findings:

- One year of negative demand has reversed the positive absorption gains of three years, equivalent to 29% of overall positive absorption gains since NIC began reporting data in 2005.
- This analysis provides insight into the demand side of the supply/demand formula and showcases strong demand markets such as Atlanta, Minneapolis, and Houston.
- The number of occupied units in Los Angeles and Pittsburgh fell back to levels below those during at least 2005, when NIC began reporting data; whereas Kansas City, Atlanta and Las Vegas occupied units fell to levels seen one year ago or less.
- Historically, demand for seniors housing grew at an average 0.6% quarterly compounded growth rate in the Primary Markets. If this pace resumes in the post-pandemic period, occupied units would return to their pre-pandemic levels in late 2023. This does not take new supply into account, however.
- Markets with historically faster demand growth (high quarterly compounded growth rates) and only a year or two of loss in occupied units have the potential to return to pre-pandemic occupied unit levels first. Supply pipelines will be the determining factor for overall occupancy.



Omar Zahraoui

The table shown at the end of this article provides context as well as details on the NIC Analytics Demand Pulse Metric (DPM) analysis and projected recovery.

Reversed Demand. Starting on the left is a visual representation (labeled as column 1) of when occupied units were last at the levels seen in 1Q 2021. For the 31 Primary Markets (PRI), the number of occupied units fell back to 1Q2017 levels as a net 42,000 units were "placed" back on the market in the past year during the pandemic. The period of the pandemic reversed three years of demand, or said another way, it took one year of negative demand to reverse the positive absorption gains of three years, equivalent to 29% of overall positive absorption gains since NIC began reporting data in 2005. Another way to look at this is to annualize the pace of absorption and in this case, annualized absorption over the past year was a negative 7.4% for the aggregated 31 Primary Markets.

NIC 2021 FALL Conference

Investing in Seniors Housing & Care Properties



NOVEMBER 1-3, 2021
HOUSTON, TX

REGISTER NOW →

As you scroll down the “Reversed Demand” column, it can be observed that the 12-month period of the pandemic has reversed more than three years of demand in about half of the 31 Primary Markets (14 markets). Notably, the number of occupied units in Los Angeles and Pittsburgh fell back to levels below those during at least 2005, when NIC began reporting data. Narrowed to just the past year, the absorption rate (labeled as column 2) in these two markets was negative 11.9% and negative 8.6%, respectively.

The flip side is that there were several markets where occupied units fell to levels seen one year ago or less. This includes Kansas City, Atlanta, and Las Vegas.

To the right of the Reversed Demand columns (labeled as column 3) is an image of occupied unit demand trends between 1Q 2009 and 1Q 2021. In most instances, occupied units reached a peak in 1Q 2020 (the last quarter before the pandemic) and were at their nadir in 1Q 2009. There are exceptions however, and again this includes Pittsburgh and Los Angeles. Miami, Riverside, and Cincinnati also had lower occupied units post 1Q 2009.

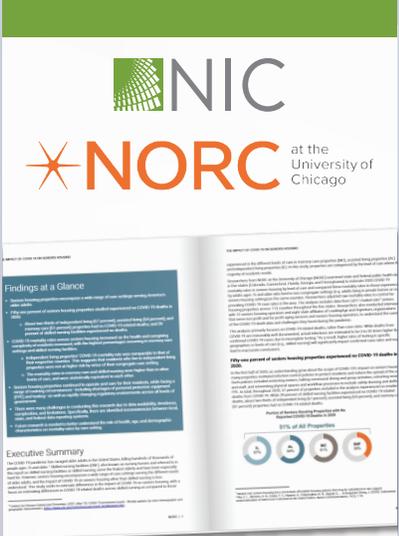
Quarterly Compounded Growth Rate. To the right of the demand image is the quarterly compounded growth rate between the minimum occupied units and the maximum occupied units over the period from 1Q 2009 to 1Q 2021 (labeled as column 4). This shows, for example, that occupied units for the 31 Primary Markets grew at an average 0.6% quarterly compounded growth rate over the 11-year period between 1Q 2009 and 1Q 2020. Markets with faster demand trends include Atlanta, Dallas, Denver, and Houston. These are geographies that generally have fast population growth trends as well and are often considered “growth markets.” Minneapolis is also in the category of faster demand markets. Conversely, markets with slower historical demand trends include Philadelphia, New York, Baltimore, Washington, D.C., San Francisco. These markets tend to be areas with generally slower growing population trends.

Recovery Timeline. To the right of the quarterly compounded growth rate column are estimates of when each of the Primary Markets could return to pre-pandemic occupied unit levels (labeled as column 5 in the table). Two estimates are provided. One is based on growing 1Q 2021 occupied unit levels at their historic quarterly compounded growth rate, and the other is based on the number of quarters historically it took for occupied units to reach their pre-pandemic levels of 2020. For the Primary Markets, this is between 4Q 2023 and 1Q 2024. *Note, however, that this is based purely on demand and does not take supply conditions into account.*

Using this same demand-only projection methodology, some markets would bounce back quickly. With a 1.2% quarterly compounded growth rate, and only one year of loss in occupied units, Atlanta would bounce back quickly and by the 1Q 2022. Kansas City would recover by year end 2021 or 1Q 2022. Conversely, Los Angeles, Miami, New York and Baltimore would take more than 3 years to recover.

Notably, this projection does not take supply conditions into account and estimates the return to pre-pandemic demand levels based on historical performance. The [NIC OPTIC Ranking Index](#) takes both supply and demand into account and offers a more holistic view on seniors housing markets recovery.

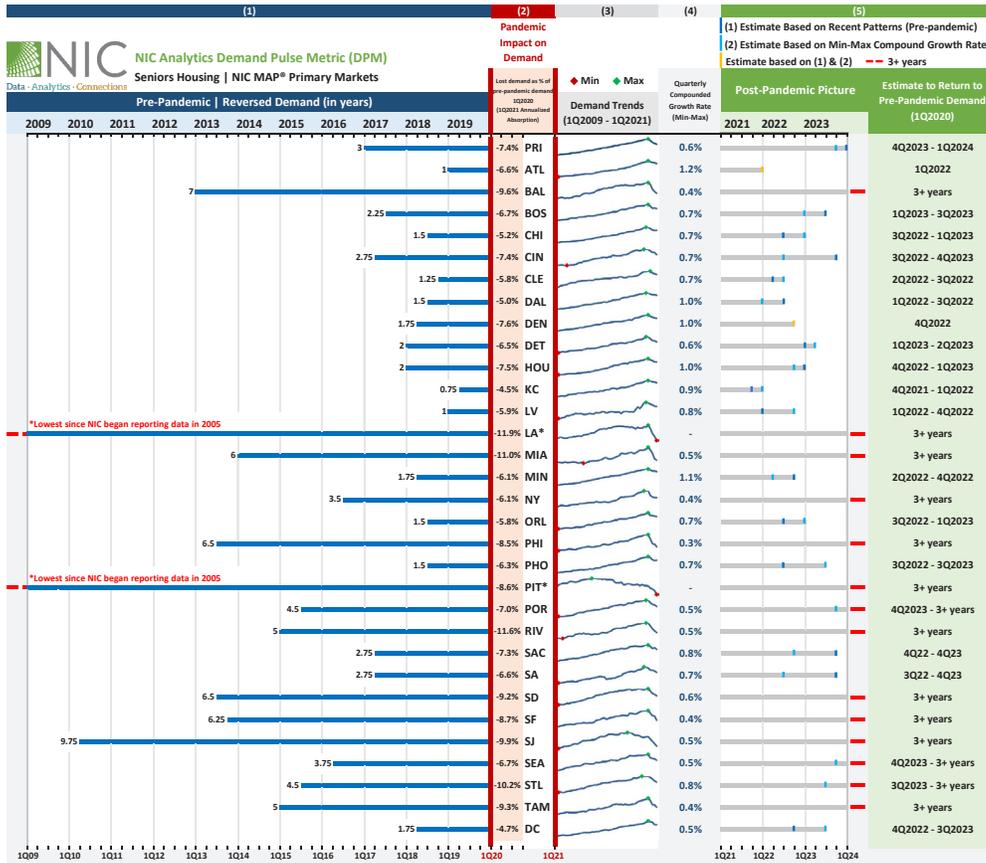
Summary. In wrapping up, the NIC Analytics Demand Pulse Metric provides a window into the strength of a market based on underlying historic demand trends including the demand shocks in the pandemic. Atlanta is one of the strongest demand markets, as is Kansas City, Minneapolis, and Sacramento. Yet, in terms of occupancy rates, these likely are not the markets that will see the fastest recovery due to inventory growth. Indeed, while Atlanta has strong demand characteristic, developers know this and, as a result, construction is robust and will likely limit the speed of its overall occupancy recovery.



NIC
NORC at the University of Chicago

JUST RELEASED:
National Study on the Impact of COVID-19 on Senior Living

See Study Findings →



*Existing demand (occupied units) in Pittsburgh and Los Angeles fell back to levels below those in at least 2005, when NIC began reporting data
Sources: NIC MAP® Data, Powered by NIC MAP Vision | NIC Analytics
Prepared by: NIC Analytics



Ideas and
inspiration
from senior
living leaders.

Listen now.

A Recap of NIC Seniors Housing Boot Camp – The Art of Assessing a Deal

By Dana Scheppmann, Senior Housing Partners, PGIM Real Estate



Dana Scheppmann

Last month, NIC launched its very first virtual Seniors Housing Boot Camp – The Art of Assessing a Deal.

After hosting five sold-out, in-person Boot Camps across the country, NIC pivoted last March when the pandemic made it apparent that we wouldn't be able to meet in person again for some time. The Boot Camp committee of NIC's Future Leaders Council (FLC) used the rest of 2020 to revamp the agenda, curriculum, and case study. BluePrint Healthcare Real Estate Advisors (BluePrint) created a new offering memorandum that

mimicked a deal that closed amidst the onset of COVID-19. This refined case study incorporated relevant cost, market, and occupancy considerations derived as a result of the COVID-19 pandemic.

Once announced, the event sold out in a matter of weeks. The virtual Boot Camp was limited to 60 participants to keep the small groups intimate enough to drive meaningful conversations. Attendees included lenders, investors, brokers, developers, and operators from across the industry.

The first week began with a prerecorded Industry Overview by NIC's Lana Peck. She discussed the most recent quarter's market trends and the impact of those results on the industry. Participants received the case study offering memorandum and a few welcome videos. Then, participants gathered for a live session that started with an introduction of the case study by BluePrint and followed by a panel of three industry investment professionals, who provided their insights on how to assess a senior housing opportunity. The panel was a dynamic conversation that gave the attendees a wide range of investment perspectives and best practices. Afterward, the Boot Camp attendees met in small groups to connect and kickoff their shared assignment of assessing the deal.

The second week started with a prerecorded sales and marketing presentation from Jerry Taylor of National Health Investors (NHI). The live session for the second week included a market assessment presentation by Susannah Myerson of Wells Fargo which guided the participants through various ways to analyze and utilize NIC MAP® and demographic data. Then, as a new addition to the Boot Camp curriculum, a very lively panel on operational considerations took place with three operators pitching their fictitious management companies to prospective buyers of the property. One operator focused on their regional expertise and proven track record in the metropolitan market while another focused on their buying power and comprehensive research, training, and talent depth as a national operator and a third pitched a value-add component leveraging their affiliated development company to convert units to meet market/consumer demands. All three operators then shared a few best practices, and attendees met in small groups afterward to discuss their takeaways from the presentation.

The third and final week started with a prerecorded presentation from our industry icon speaker, Dwayne Clark, chief executive officer and founder of Aegis Living. Dwayne discussed his thoughts on how the industry has evolved and his predictions on the future of the industry. Participants were also given access to an Excel model, where they input various assumptions associated with the case study and prepared bids in their small groups. The live portion of the week started off with one last panel of thought leaders who discussed key components of capitalizing the deal so participants could enhance their debt, JV, and underwriting assumptions. Participants then met in their small groups to collaborate on various inputs to the model and finalize their group's final bid on the property acquisition.

NIC 2021 FALL Conference

Investing in Seniors Housing & Care Properties



NOVEMBER 1-3, 2021
HOUSTON, TX

REGISTER NOW →

After a thorough call-for-offers and spirited bidding war, a group was named the winner. The distinctive segment of Boot Camp came following the winner announcement, when the broker revealed what really happened during the real-world case study's bidding process and where the deal stands today.

Overall, while we missed meeting and networking in-person, The Art of Assessing a Deal virtual edition provided a unique opportunity for a hands-on, combination self-guided and live virtual learning experience in 2021.

NIC is offering one more three-week Seniors Housing Boot Camp course in June, which is already fully subscribed, but you can visit nic.org to learn more and register for the wait list. Also stay tuned for NIC's very first Skilled Nursing Boot Camp coming this fall.

Finally, a big thanks to all NIC and FLC volunteers that made this first-ever event happen!



JUST RELEASED:
National Study on the Impact of
COVID-19 on Senior Living

See Study Findings →

Seniors Housing & Care Industry Calendar

- 6/7.....Eden Alternative LIVE Show with Pioneer Network Team: What Has COVID Illustrated for Us in How We Provide Services and Supports?
- 6/8-6/10.....LeadingAge Collaborative Care & Health IT Innovations Summit (Virtual)
- 6/14.....McKnight's – Preparing for Business after the Main COVID-19 Storm (Virtual)
- 6/15-6/17.....LeadingAge Washington Forward Together Conference and Expo (Virtual)
- 6/16.....NIC Leadership Huddle: Pandemic 2020: Changing How Debt and Equity Partners Look at Financial Performance
- 6/16.....LeadingAge Ohio Webinar: Take the Mayhem Out of Marketing: Bringing Recovery and Success to Occupancy
- 6/22.....VISION 2025: A Game Changer (Virtual)
- 6/27-6/30.....Home Care 100 Leadership Conference (Marco Island, FL)
- 6/29-7/1.....Seniors Housing News (SHN) Active Adult Virtual Summit

NIC Partners

We gratefully acknowledge our partners:

Premier Partners



Official Partners

