What Does the Future Hold for Assisted Living Communities?
Beth Burnham Mace is the Chief Economist and Director of Outreach at the National Investment Center for Seniors Housing & Care (NIC).

Ms. Mace has worked at a variety of institutes including AEW Capital Management, Standard & Poor’s DRI/McGraw-Hill, the National Commission on Air Quality and is often cited in The Wall Street Journal, The New York Times, Seniors Housing Business, and other publications.

In 2020, Ms. Mace was inaugurated into the McKnight’s Women of Distinction Hall of Honor.

Contact: bmace@nic.org
What Does the Future Hold for Assisted Living Communities?

Prepared for the Joint Commission
by
Beth Burnham Mace, Chief Economist
June 8, 2021
Today’s Topics:

• The Truth Behind America’s Aging Demographics
• What is Assisted Living?
• What are Key Trends Affecting the Sector?
• The Backdrop: The Pandemic and the Economy
  – NIC’s Skilled Nursing COVID-19 Tracker
  – NIC’s Executive Survey Insights (ESI)
• Supply and Demand Market Fundamentals
• What Does the Future Hold?
The Truth Behind America’s Aging Demographics
The Aging of America...

Source: Cartoon Bank
Demographics Are Destiny but Preferences Matter

Number of Live Births (1909 to 2017, 000s, Numbers in Parenthesis are number of that cohort alive in 2019)

Today’s 82 Year Old Resident was Born in 1938

First Baby Boomer will be 82 in 2028

Source: U.S. Census, NIC MAP® Data Service
Growth in Younger Old Outstrips Other Older Cohorts

Growth in 75-Plus Population by Select Cohorts
2020 – 2040, Millions

Source: U.S. Census Bureau Projections, 2017
What Is Assisted Living?
“Personally, I worry that, with everyone wearing masks, readers won't be able to tell who in the cartoon is speaking.”

Source: New Yorker/Cartoon Bank
# Seniors Housing: What Is It?

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<thead>
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<th>Shelter</th>
<th>Activities/Recreation</th>
<th>Socialization</th>
<th>Transport /Laundry</th>
<th>Meals Included</th>
<th>ADL Services*</th>
<th>Specialized Memory Care</th>
<th>Short-term Post-Acute Care</th>
<th>Long-term Chronic Care</th>
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*ADL Services (Activities of Daily Living) include medication management, help with bathing, dressing, mobility limitations
Emerging Opportunities: A Sweet Spot for Seniors Housing

**NO Acuity Needs**
- Conventional Multifamily
- Active Adult
- Independent Living
- Assisted Living
- Memory Care
- Skilled Nursing
- Hospital

**Growing Acuity Needs**
- Aging, Demographics, Acuity Levels and Disabilities
- Rising Penetration Rates
- Fewer Family Caregivers
- Social Engagement, Support and Emotional Well-Being

**Other Opportunities**
- Health Care Coordination
- Fee-For-Service Framework vs. Value-Based Outcomes: Medicare Advantage Programs
- Lower Cost Structures
- Population Health Management
- Technology
- Post Acute Care Collaboration
Key Trends Affecting the Industry
Key Trends Affecting the Assisted Living Industry

- Timing of the Health Recovery from the Pandemic
- Pace and Rate of Economic Recovery
- Negative Headlines
- Restoration of Consumer Confidence
- Infection Mitigation Strategies
- Labor Shortages
- Health Care Coordination and Continuum
- Aging Inventory
- Changing Consumer Preferences as Residents Become Baby Boomers (at end of decade)
The Backdrop: The Pandemic and An Improving Economy
The COVID-19 Pandemic

Total Confirmed Cases
- Globally: 165,639,253
- US: 33,058,956

Total Confirmed Deaths
- Globally: 3,432,672
- US: 588,539

Deaths/Cases
- Globally: 2.1%
- US: 1.8%

U.S. New Cases Confirmed each Day (7-day average)

Source: Johns Hopkins Coronavirus Resource Center As of 5/21/2021
COVID Cases Among SNF Patients Improve Faster than for General Population and Staff

Percent Change in Weekly COVID-19 Confirmed Cases | U.S. vs. SNFs
Week Ending May 16, 2021

Long-Term Care Vaccination Program Launch

SNFs Weekly COVID-19 Cases (Residents) as a Share of U.S.

Sources: NIC’s Skilled Nursing COVID-19 Tracker (CMS Data as of May 2, 2021) | nic.org/snf-covid-tracker | CDC: Data as of May 2, 2021
*SNF cases data reflect CMS data compiled by NIC’s Skilled Nursing COVID-19 Tracker (Same Store Methodology)
Executive Survey Insights

- Real-time insights on effects of the pandemic on senior living.
- Bi-weekly survey capturing the pulse of the sector, as conditions continue to change.
- Conducted regularly since March, 2020.
- Results available at blog.nic.org, Executive Survey Insights category.

“...a closely watched Covid-19-related weekly survey of... operators conducted by the National Investment Center for Seniors Housing & Care...”

- The Wall Street Journal | June 30, 2020
COVID-19 Experience Reflected in Pace of Move-Ins

NIC Executive Survey Insights – Share of Organizations Reporting Move-in Acceleration
Current vs One Month Prior; Waves 1 – 25

- March 26, the U.S. had the most confirmed COVID-19 cases in the world
- At the end of May, deaths in the U.S. related to COVID-19 surpassed 100,000
- By mid-November, U.S. deaths from COVID-19 reached 250,000
- All of the states in the country began to loosen social and economic restrictions
- At the end of July, the U.S. saw infections more than double that of any other month
- By mid-September, the Midwest experienced a surge of infections

Source: NIC Executive Survey

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Pace of Move-ins Accelerating Since Vaccines in December

Percent Change in Weekly COVID-19 Confirmed Cases | U.S. vs. SNFs Week Ending December 27, 2020 vs. May 16, 2021

Wave 18 responses collected December 14 to December 27, 2020
Wave 28 responses collected May 3 to May 16, 2021
Source: NIC Executive Survey Insights
The Economy is Again Generating Jobs…

Total Jobs in U.S.
December 2018 – March 2021

Source: Bureau of Labor Statistics (BLS)
…but the Recovery in Total Jobs Exceeds AL and SNF…

Source: Bureau of Labor Statistics (BLS)
…and Pre-pandemic Jobs Expected to Peak by Late 2022, per Moody’s
Expense Pressures Mount, Squeezing NOI

Annual Asking Rent Growth / Avg. Hourly Earnings*
Primary Markets | 4Q06 – 1Q21

Source: NIC MAP® Data, powered by NIC MAP Vision, Bureau of Labor Statistics
Market Fundamentals Update
Nursing Care Occupancy Has Declined the Most Since Pandemic

Source: NIC MAP® Data Service

Occupancy
Primary Markets | 1Q06 – 1Q21

- Seniors Housing
- Nursing Care

Source: NIC MAP® Data Service

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Seniors Housing Occupancy Fell Further in 1Q 2021

Seniors Housing Fundamentals
Primary Markets | 1Q06-1Q21

Source: NIC MAP® Data, powered by NIC MAP Vision
Many Properties Had Occupancies Below 80% in 1Q 2021

Seniors Housing Property Count by Occupancy Cohort
Primary Markets | 1Q20, 4Q20 and 1Q21

1Q20
- 0 - 80%: 32.7%
- 80 - 85%: 22.3%
- 85 - 90%: 9.5%
- 90 - 95%: 14.4%
- 95 - 100%: 21.1%

4Q20
- 0 - 80%: 40.4%
- 80 - 85%: 11.7%
- 85 - 90%: 18.1%
- 90 - 95%: 12.6%
- 95 - 100%: 17.2%

1Q21
- 0 - 80%: 46.0%
- 80 - 85%: 9.6%
- 85 - 90%: 15.5%
- 90 - 95%: 16.0%
- 95 - 100%: 12.9%

1Q21 Average (Mean) Occupancy: 77.8%
1Q21 Median Occupancy: 81.7%

Source: NIC MAP® Data, powered by NIC MAP Vision
Assisted Living Occupancy Has Declined More than Independent Living

Source: NIC MAP® Data Service

Occupancy
Primary Markets | 1Q06 – 1Q21

Source: NIC MAP® Data Service
Extremely Low AL Occupancy in Some Markets in 1Q21

Assisted Living Occupancy by Metro Market
Primary Markets | As of 1Q21

Source: NIC MAP® Data, powered by NIC MAP Vision
IL and AL Markets Have Not Performed the Same

Independent Living Occupancy by Metro Market
Primary Markets | As of 1Q21

Source: NIC MAP® Data, powered by NIC MAP Vision
Construction Starts Continue to Slow

Seniors Housing Construction Starts (Units)
Primary Markets | 1Q06 – 1Q21

- **Majority Independent Living**
- **Majority Assisted Living**

Source: NIC MAP® Data, powered by NIC MAP Vision
When Will We Return to “Normal”? 

Source: New Yorker/Cartoon Bank
Upcoming NIC Events:

2Q21 NIC MAP® Data Service Client Webinar
Thursday, July 15th at 11:00 AM ET

Leadership Huddles (2nd and 4th Wednesday at 2 PM EST)

NIC 2021 Fall Conference
November 1 – 3, 2021
Houston Marriott Marquis
IN-PERSON EVENT