



The Council for Health &  
Human Service Ministries

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United Church of Christ

# Plenary Presentation

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*2024 CHHSM Annual Gathering: Collaboration: the Gateway to Innovation »*

# Plenary Sponsor



Ziegler

CAPITAL :: INVESTMENTS :: ADVICE

# Introduction of Presenter/Sponsor

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Stuart Hartman

President & CEO, Retirement Housing Foundation



# Sponsor Presentation

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Dan Herman

President & CEO, Ziegler



Ziegler

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The Council for Health &  
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United Church of Christ

# Senior Living Trends

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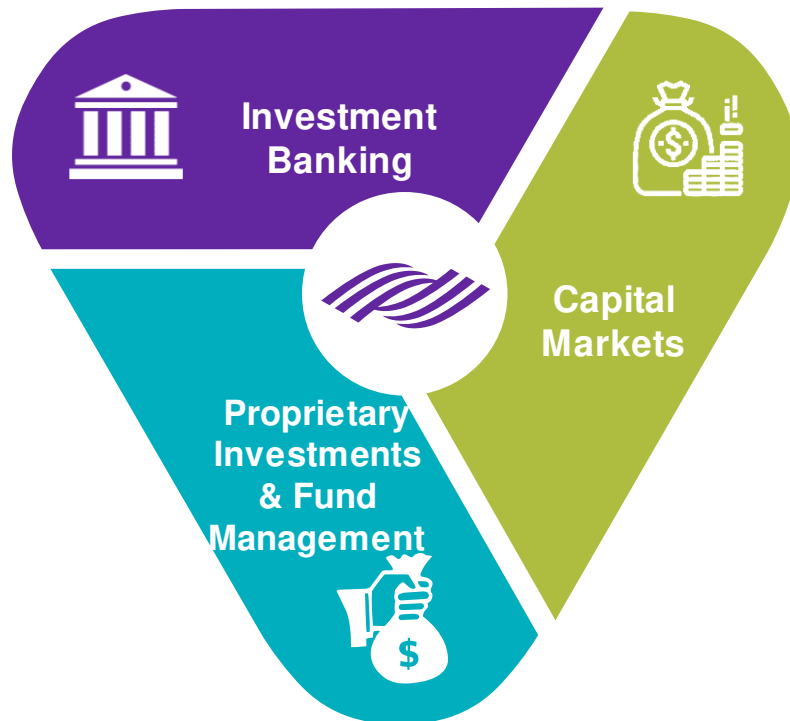
Dan Hermann  
President & CEO  
Ziegler

Wednesday, March 13<sup>th</sup>

*2024 CHHSM Annual Gathering: Collaboration as the Gateway to Innovation»*

# ZIEGLER INVESTMENT BANKING PLATFORM

Ziegler is a privately held, national boutique **investment bank**, **capital markets** and **proprietary investments** firm. Specializing in the **healthcare**, **senior living** and **education sectors**, as well as **general municipal** and **structured finance**, enables us to generate a positive impact on the communities we serve.



## Investment Banking

Strategic advisory, financing and capital planning solutions in healthcare, senior living and educational sectors as well as general municipal and structured finance

## Capital Markets

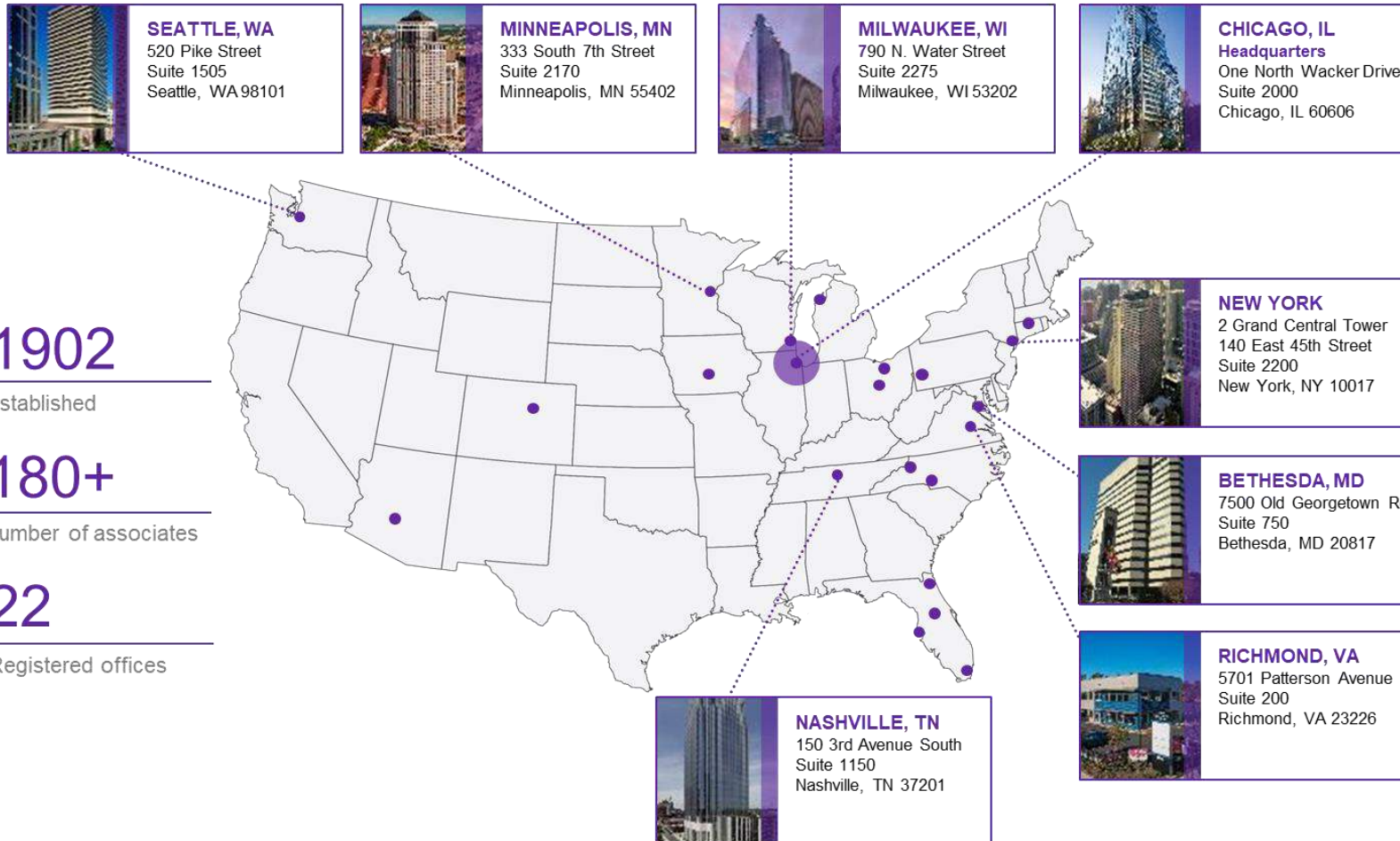
Active participant in municipal sales and trading including public, tax-exempt, taxable, private placement and preferred trading markets

## Proprietary Investments & Fund Management

Providing opportunities for investors in senior living, healthcare services & technology solutions

# NATIONAL FOOTPRINT

**HEADQUARTERED** at One North Wacker Drive in Chicago with regional and branch offices throughout the U.S., Ziegler provides its clients with capital raising, strategic advisory services, fixed income sales & trading and research.



# Ziegler – The Market Leader

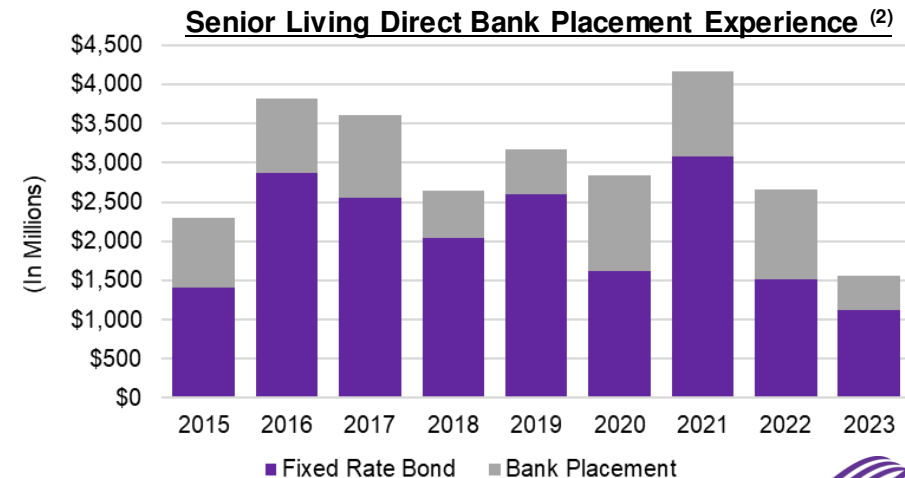
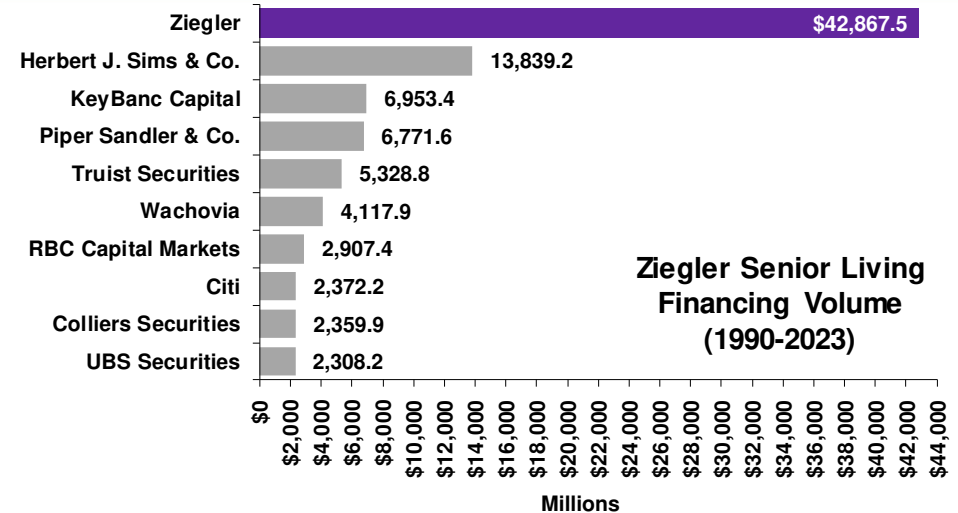
Public Fixed Rate Bond Experience <sup>(1)</sup>

**Ziegler stands alone as an objective, independent industry leader for non-profit senior living investment banking**

- 120-year old full service independent financial services firm, founding in 1902 with a focus on non-profit providers since 1928
- National presence, demonstrated execution expertise and broad-based experience
- Ziegler's mission is to provide tailored financial solutions and our goal is to be our clients trusted advisor and partner



Ziegler Office Circa 1912



(1) Based on full credit given to senior manager of lead-managed underwriting principal volume for senior living transactions completed nationally. Rankings and amounts through Refinitiv data as of 12/31/23

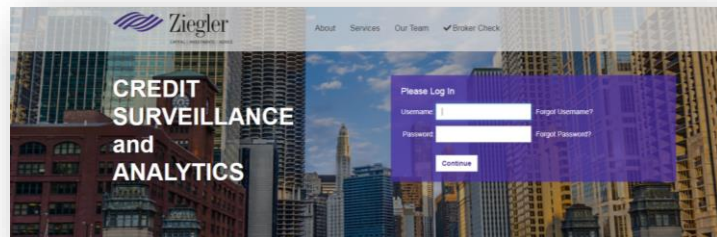
(2) Ziegler Investment Banking as of 12/31/23

# ZIEGLER'S SENIOR LIVING RESEARCH, EDUCATION & THOUGHT LEADERSHIP

- Numerous educational events annually
- External industry research
- Internal research & database management



- Industry communication
- Ziegler Credit Surveillance and Analytics



# Macro Sector Observations



## OPPORTUNITIES

- Demographic growth
- Demand for diversified services
  - Residential
  - HCBS
- Technology and innovation
- Not-For-Profit success in partnership



## HEADWINDS

- Workforce challenges
- Expense pressures
- Construction-cost inflation
- For-Profit competition impacting demand
- Uncertainty with skilled nursing
- Occupancy and Financial pressures (for some)

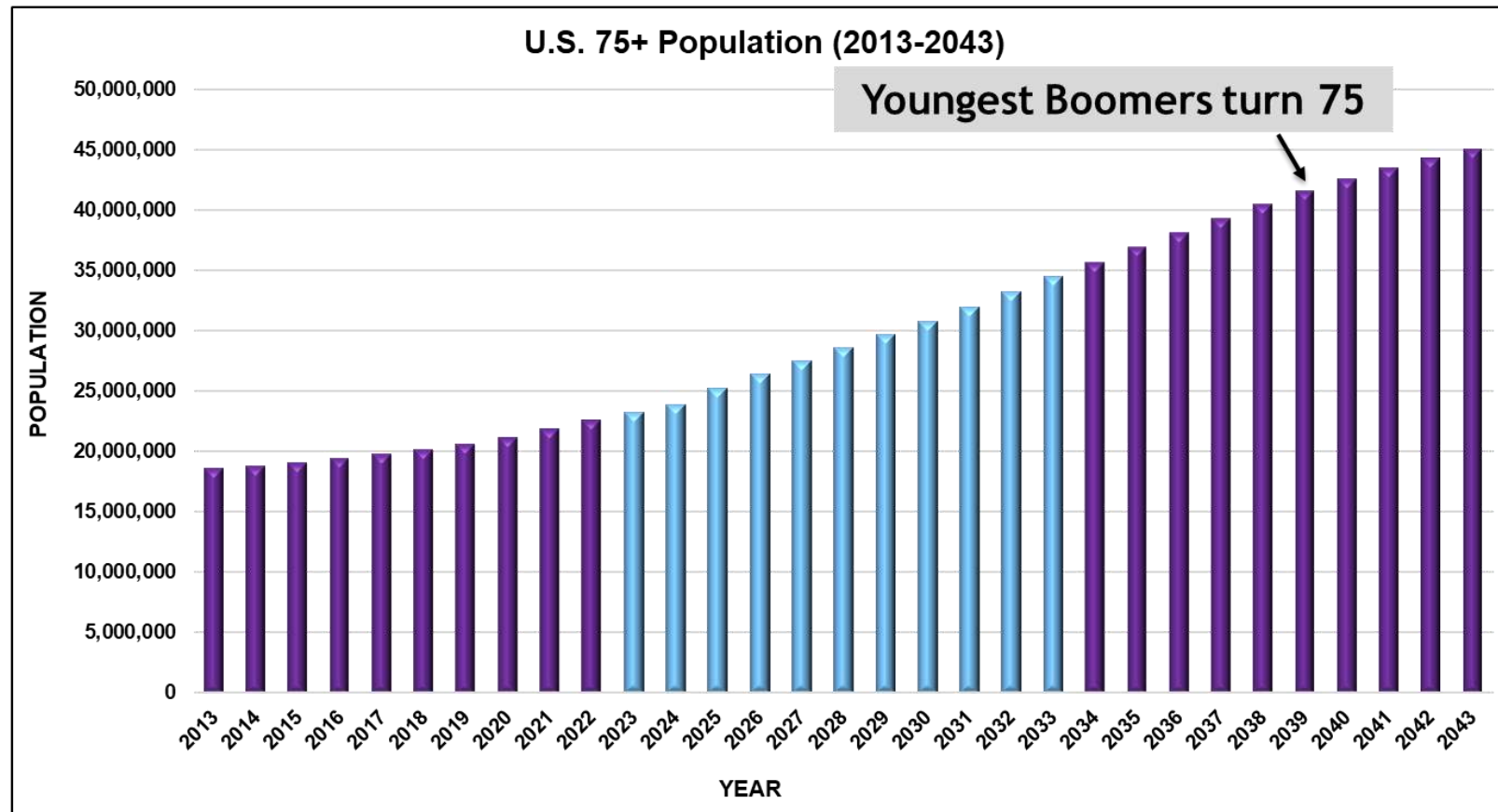
# Demographics Driving Demand: U.S. Population 75+

## Increase in 75+ Population by Decade

2013-2023: 6.9M

2023-2033: 11.7M

2033-2043: 7.9M



# Growth Defined

**New Community Development**

**Satellite Campuses**

**Unit Expansions**

**Affiliations, Acquisitions,  
Mergers**

**Home & Community-Based  
Services**

**Services (Third-Party Mgmt.; IT  
Solutions)**

- Affordable
- Market Rate
- Middle Market

## GROWTH HIGHLIGHTS

- Some new community growth but with low/no skilled nursing
- Significant investments in existing campus
- Affiliations, Acquisitions, Mergers activity is high
- Home and community-based service expansion

# LeadingAge Ziegler 200



- Size not quality
- Not-for-profit multi-site senior living organizations primary focus
- Descriptive information on each system
  - state, size (by type of unit),
- Statistics related to affiliation, employees, residents and more
- Excludes affordable units and managed units when computing size; excludes primarily acute/post-acute/health care systems
- Also includes listings of:
  - Largest single-site providers
  - Largest affordable housing providers
  - Largest third-party managers

# 2023 LeadingAge Ziegler 200 Largest 25 NFP Providers

2023 Rank	2022 Rank	System Name	State	Units (as of 12/31/22)				Communities (as of 12/31/22)				
				Total	ILU	ALU	NCB	Total	LPC	IL	AL	NH
1	1	National Senior Communities	VA	21,959	19,140	1,807	1,012	16	16	0	0	0
2	2	The Evangelical Lutheran Good Samaritan Society	SD	15,820	5,155	2,242	8,423	124	52	7	19	46
3	4	Presbyterian Homes & Services	MN	9,646	5,307	2,867	1,472	54	16	37	0	1
4	3	Acts Retirement-Life Communities	PA	9,432	6,763	1,146	1,523	26	26	0	0	0
5	5	Ascension Living	MO	6,692	1,800	1,203	3,689	35	9	5	2	19
6	8	Lifespace Communities, Inc.	IA	5,958	4,046	785	1,127	17	17	0	0	0
7	6	HumanGood	CA	5,817	3,580	1,141	1,096	22	21	1	0	0
8	7	Covenant Living Communities & Services	IL	5,649	3,653	973	1,023	19	15	2	1	1
9	9	Trinity Health Senior Communities	MI	5,136	1,942	1,165	2,029	33	6	10	2	15
10	10	Benedictine	MN	4,625	879	1,653	2,093	34	10	3	4	17
11	11	Westminster Retirement Communities of Florida	FL	4,239	2,905	553	781	10	10	0	0	0
12	13	Front Porch Communities and Services	CA	4,223	3,023	477	723	19	10	9	0	0
13	16	Cassia	MN	3,668	138	2,144	1,386	47	0	2	28	17
14	15	Asbury Communities, Inc.	MD	3,565	2,215	560	790	9	9	0	0	0
15	14	Lutheran Senior Services	MO	3,446	1,741	731	974	9	8	0	1	0
16	17	The Kendal Corporation	DE	3,380	2,329	616	435	10	8	1	0	1
17	18	Pacific Retirement Services	OR	3,253	2,536	373	344	10	10	0	0	0
18	20	Otterbein SeniorLife	OH	3,234	1,471	598	1,165	18	9	0	0	9
19	19	Presbyterian Senior Living	PA	3,124	1,655	594	875	15	11	3	1	0
20	21	Concordia Lutheran Ministries	PA	2,965	1,038	1,264	663	15	6	0	7	2
21	23	The Carmelite System, Inc.	NY	2,898	51	498	2,349	15	1	0	3	11
22	40	BHI Senior Living, Inc.	IN	2,808	1,248	1,011	549	9	9	0	0	0
23	22	Ohio Living	OH	2,716	1,605	455	656	12	9	1	0	2
24	26	Springpoint Senior Living	NJ	2,595	1,726	378	491	10	8	0	1	1
25	12	Retirement Housing Foundation	CA	2,576	1,707	594	275	10	5	5	0	0

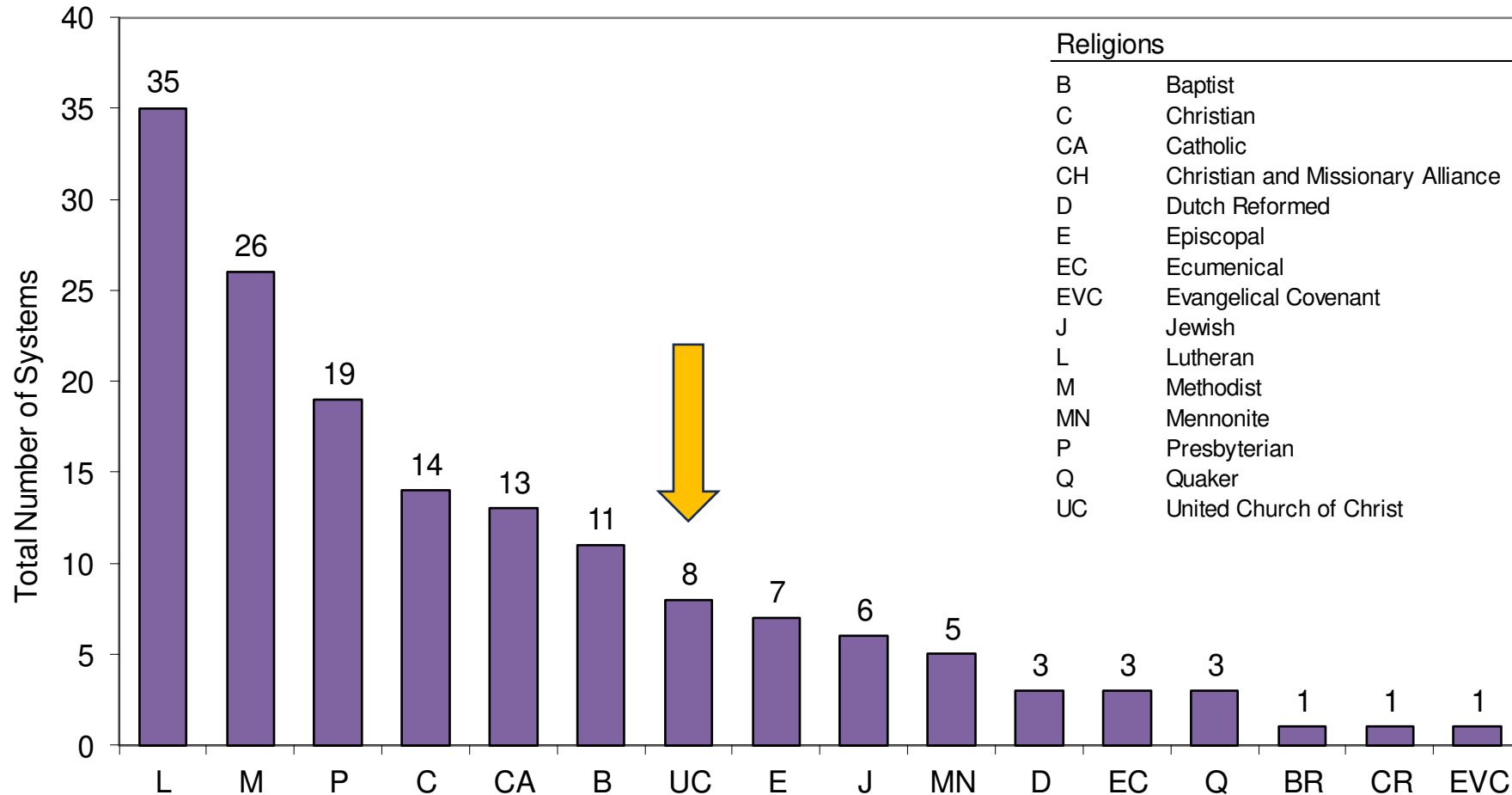
# 2023 LeadingAge Ziegler 200

## United Church of Christ NFP Providers

2023 Rank	2022 Rank	System Name	State	Units (as of 12/31/22)				Communities (as of 12/31/22)				
				Total	ILU	ALU	NCB	Total	LPC	IL	AL	NH
25	12	Retirement Housing Foundation	CA	2,576	1,707	594	275	10	5	5	0	0
36	35	Homewood Retirement Centers. Inc.	MD	1,905	1,163	291	451	5	4	1	0	0
47	38	United Church Homes, Inc.	OH	1,640	837	159	644	13	4	5	0	4
69	72	Phoebe Ministries	PA	1,179	370	275	534	4	4	0	0	0
93	96	EveryAge	NC	959	541	90	328	3	3	0	0	0
124	128	United Church of Christ Homes	PA	766	267	124	375	6	0	2	0	4
128	133	Benevolent Corporation Cedar Community	WI	737	437	225	75	7	1	3	2	1
166	171	EHM Senior Solutions	MI	529	112	70	347	8	1	3	2	2
			TLs	10,291	5,434	1,828	3,029	56	22	19	4	11

# 2023 LeadingAge Ziegler 200

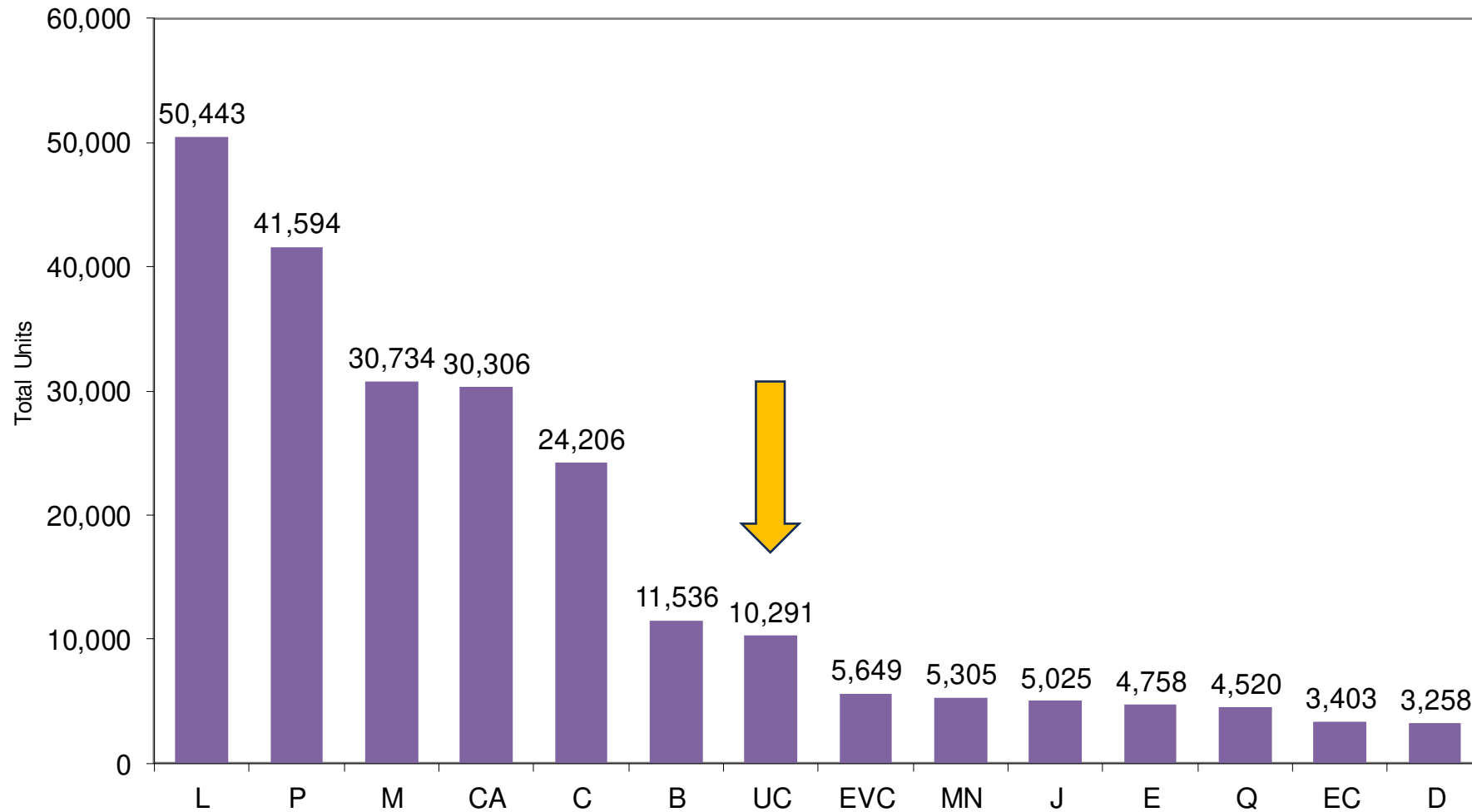
## Faith-Based Affiliated by Total Number of Systems



Note: Due to a number of interfaith mergers and affiliations, some organizations fall into more than one category.

# 2023 LeadingAge Ziegler 200

## Faith-Based Affiliated by Total Number of Units

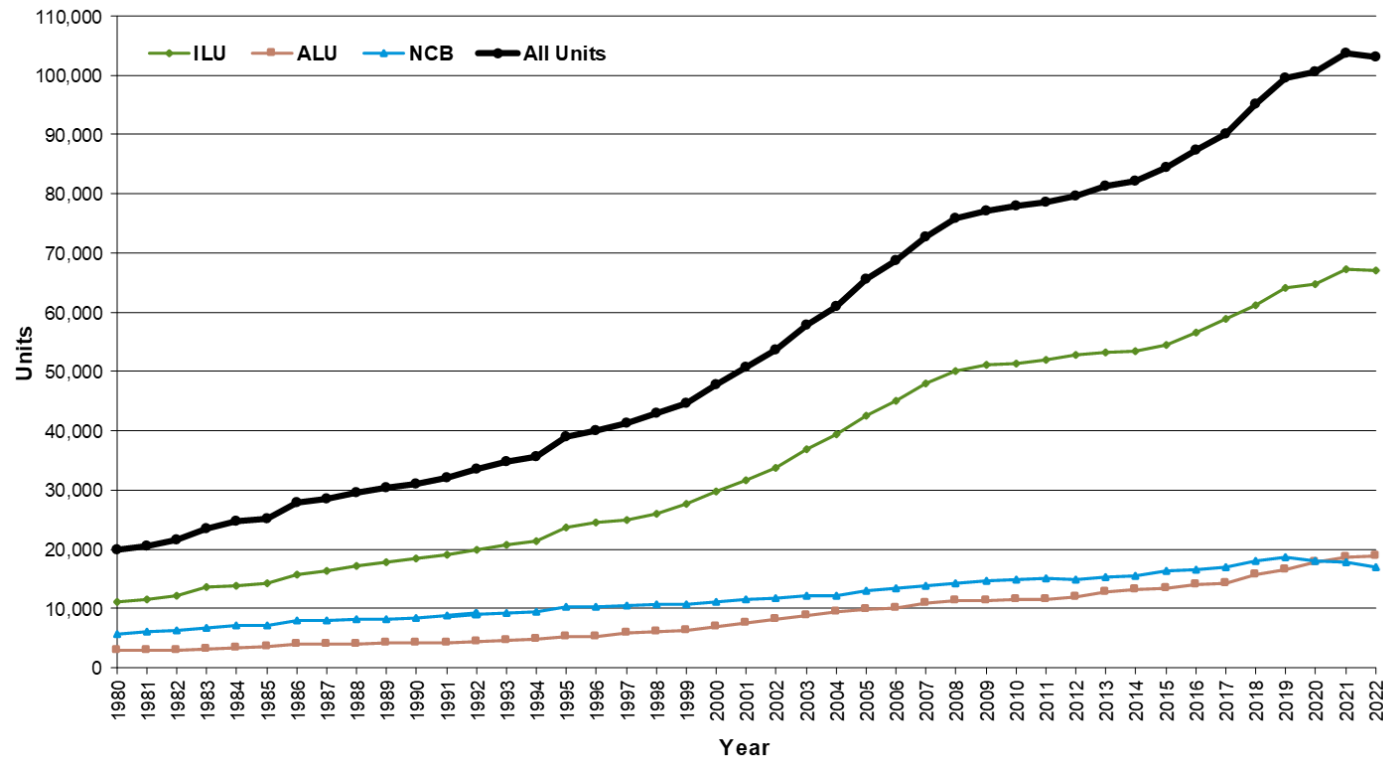


# LZ 200 Growth Patterns

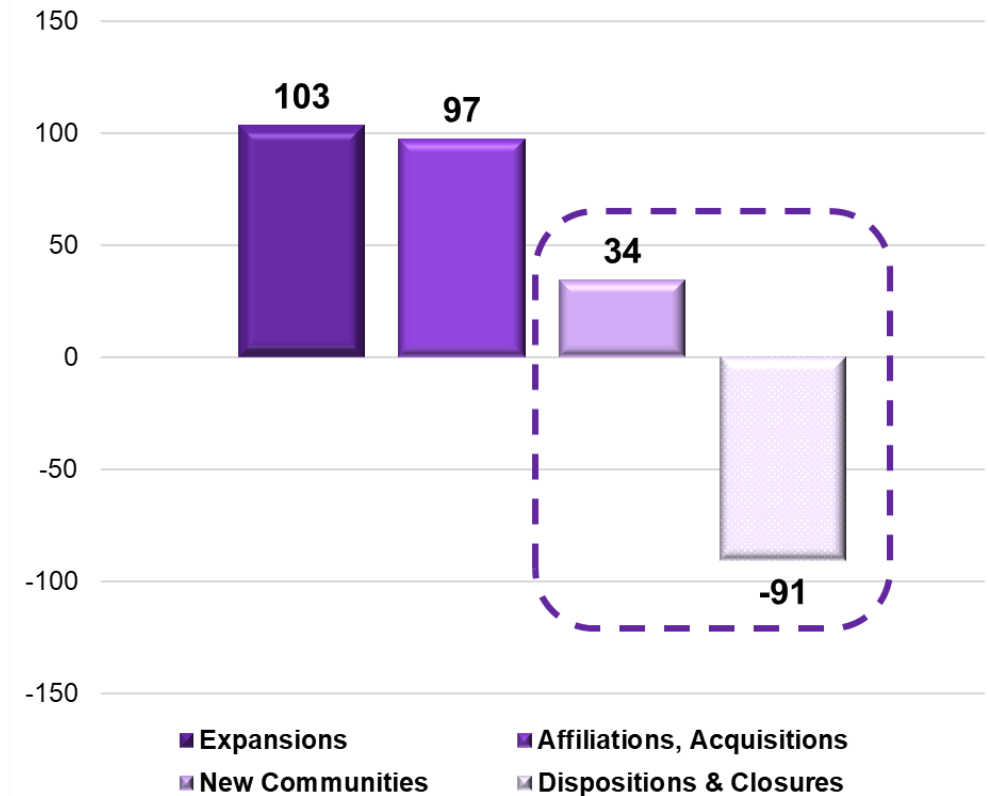
## 2023 LeadingAge Ziegler 200

Growth: Growth of Largest 25 Systems, Combined Unit Mix

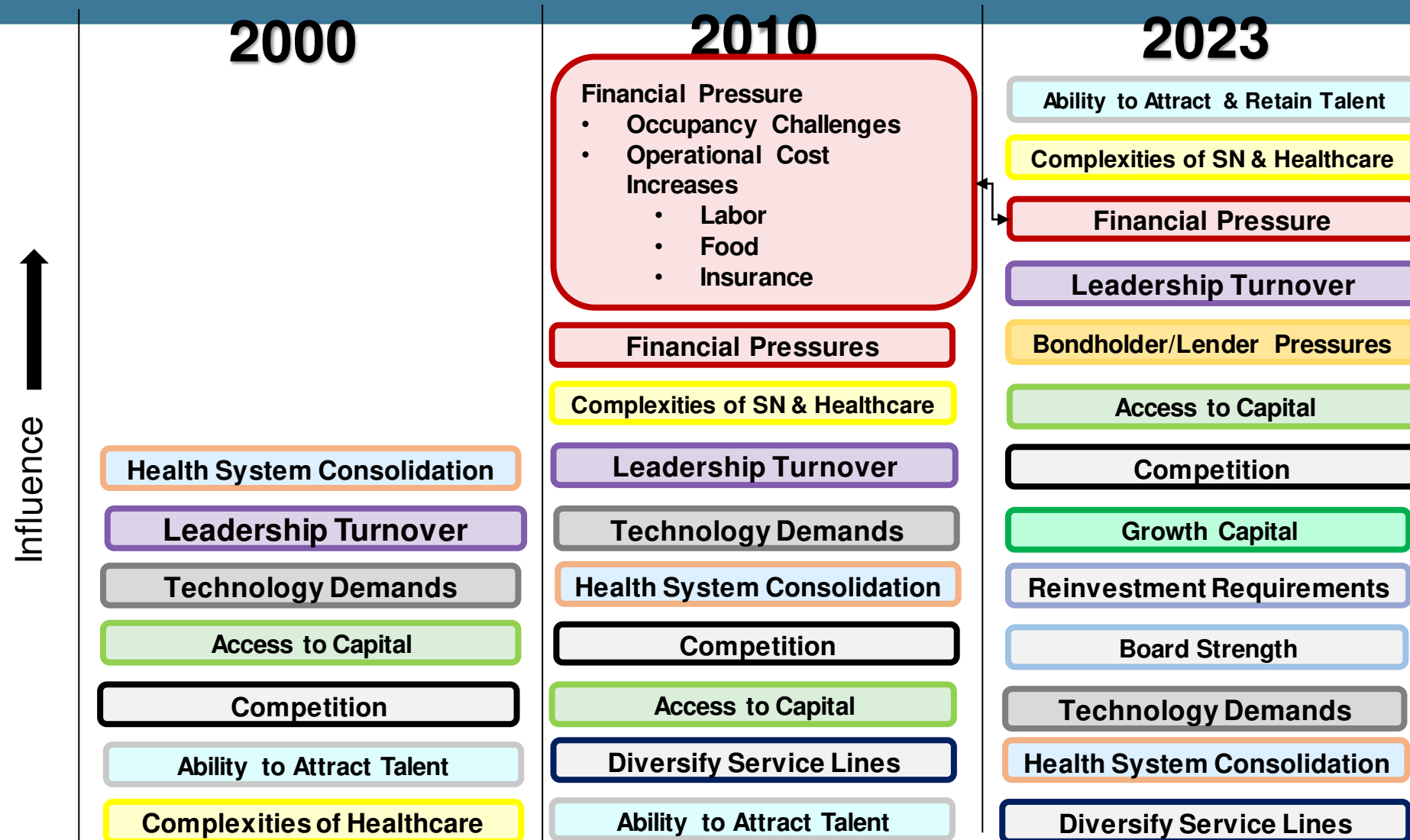
FROM 1980 (Excludes Evangelical Lutheran Good Samaritan Society, Trinity Health Senior Communities, Ascension Senior Living, Benedictine)



## LZ 200 Growth (2019-2022)



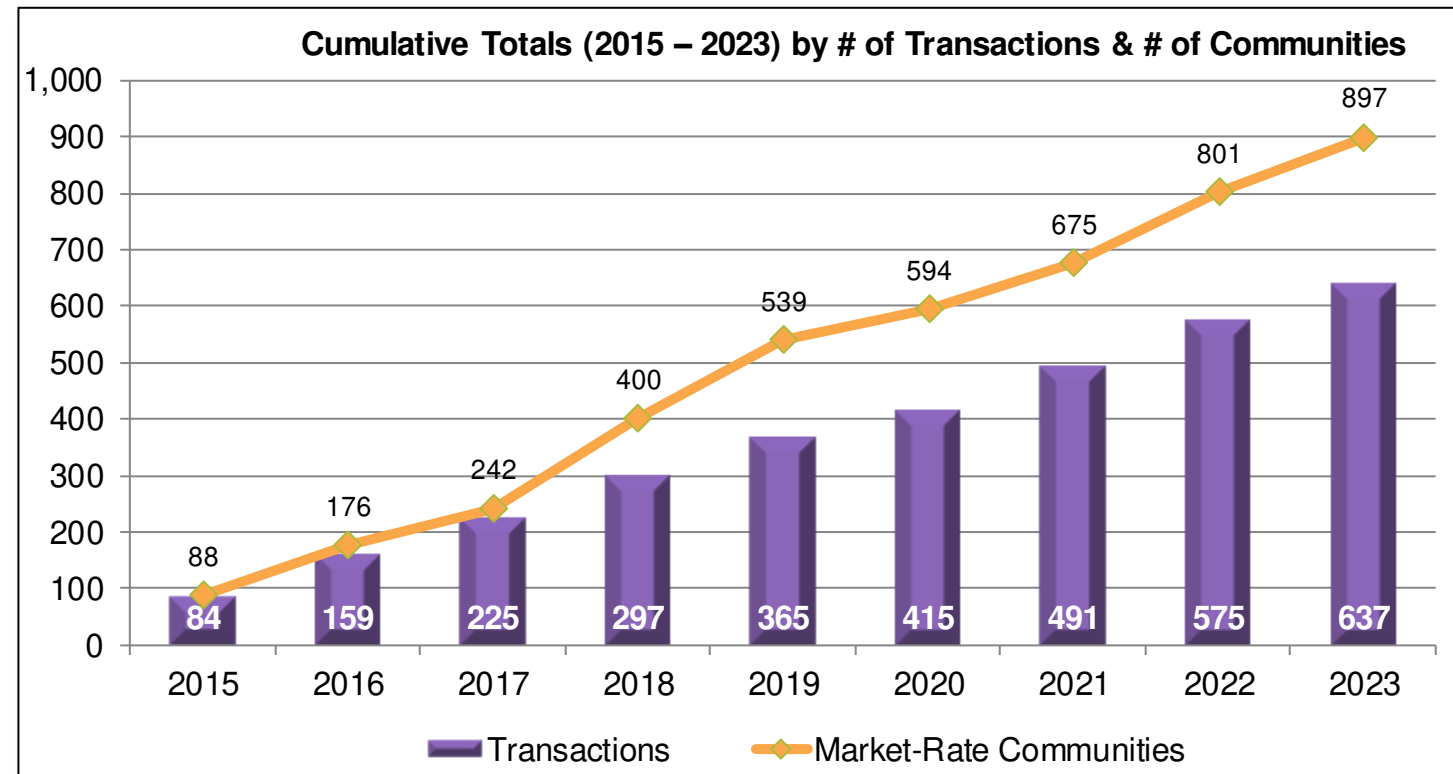
# Primary Drivers of NFP Senior Living Consolidation



Sources: Ziegler  
Investment Banking

# Sponsorship Transition Activity

- **More than 875 NFP communities have changed hands since 2015**
  - 45% to the FP sector
- **Increase in closures the past two years (heavy nursing)**
- **NFP providers increasing conversations with one another to explore partnership and/or affiliation opportunities**
- **Opportunities for NFPs to acquire FP communities**
  - **Family-owned**
  - **Assets outside of core regional presence**



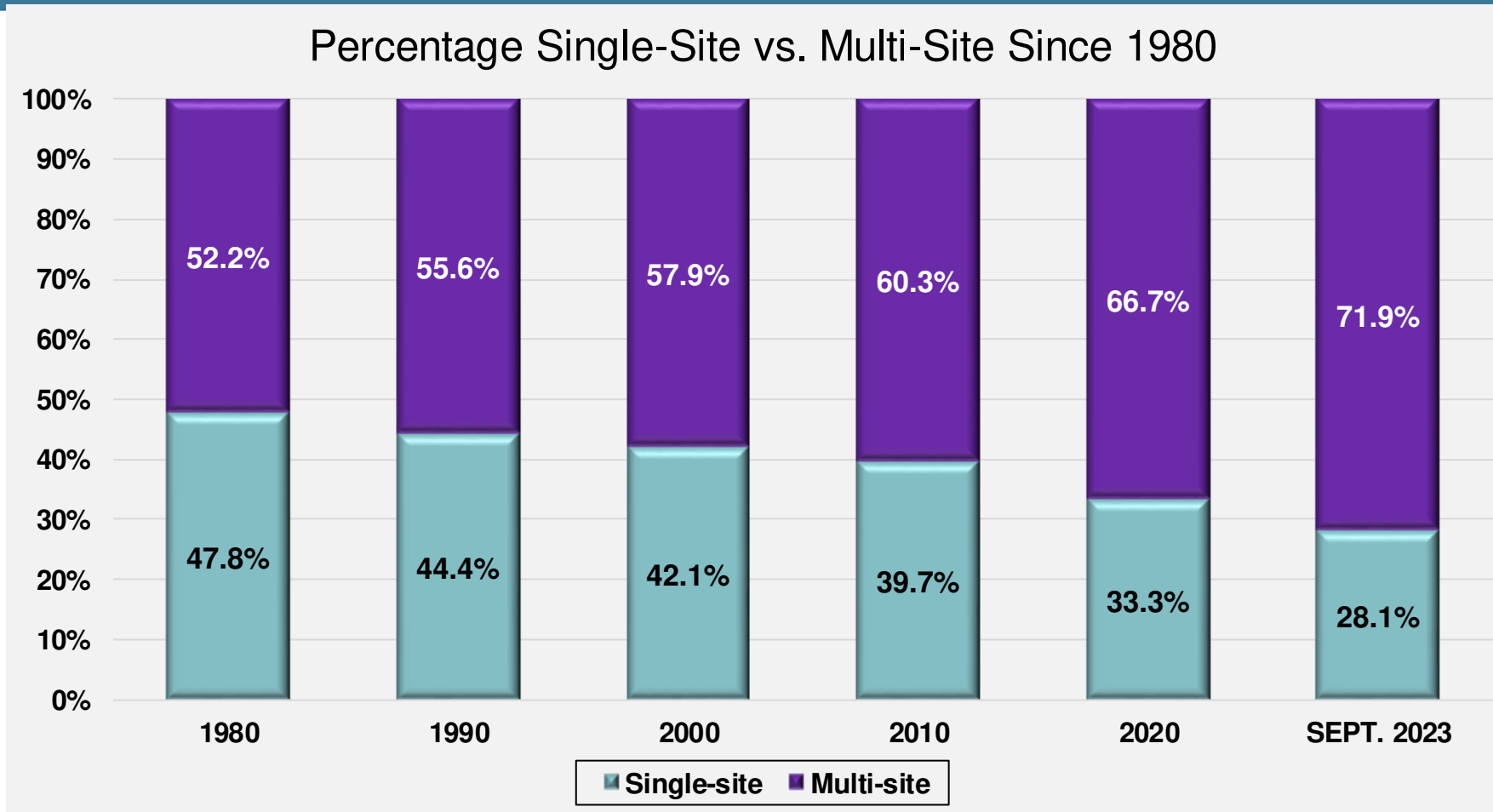
Note: Includes market-rate communities; excludes government subsidized; The ELGSS community count (160+) and the Dwyer Workforce counts (50) are excluded; Source: Ziegler Investment Banking 12/31/2023

# LZ 200 System Growth: Affiliations, Acquisition Activity

- Provider Systems with 3 or more Affiliations
- Growth through affiliation, merger or acquisition

LZ 200 Ranking	System	Total Affiliation Transactions	Total LPC Transactions
5	ASCENSION SENIOR LIVING	19	2
13	CASSIA	19	4
27	TRANSFORMING AGE	18	1
3	PRESBYTERIAN HOMES & SERVICES	14	7
4	ACTS RETIREMENT-LIFE COMMUNITIES, INC.	13	12
20	CONCORDIA LUTHERAN MINISTRIES	13	3
47	UNITED CHURCH HOMES	10	1
30	BETHESDA SENIOR LIVING COMMUNITIES	9	1
33	ECUMEN	9	0
2	THE EVANGELICAL LUTHERAL GOOD SAMARITAN SOCIETY	8	4
6	LIFESPACE COMMUNITIES	8	8
14	ASBURY COMMUNITIES	8	5
19	PRESBYTERIAN SENIOR LIVING	8	5
37	GREENCROFT COMMUNITIES	7	4
11	WESTMINSTER COMMUNITIES OF FLORIDA	6	5
15	LUTHERAN SENIOR SERVICES	6	2
22	BHI SENIOR LIVING	6	6
24	SPRINGPOINT SENIOR LIVING	6	4
40	LUTHERAN SERVICES CAROLINAS	5	0
60	MAGNOLIA MANOR	5	0
73	BARUCH SENIOR MINISTRIES	5	0
79	EVENTIDE	5	1
147	WELLSPRING LUTHERAN SERVICES	5	1
8	COVENANT LIVING COMMUNITIES	4	3
9	TRINITY SENIOR LIVING COMMUNITIES	4	1
18	OTTERBEIN SENIORLIFE	4	4
34	NATIONAL CHURCH RESIDENCES	4	1
48	PRESBYTERIAN SENIORCARE NETWORK	4	3
7	HUMANGOOD	3	2
10	BENEDICTINE	3	1
16	THE KENDAL CORPORATION	3	1
25	RETIREMENT HOUSING FOUNDATION	3	0
28	VOLUNTEERS OF AMERICA	3	0
41	BETHESDA HEALTH GROUP	3	1
44	LIFE ENRICHING COMMUNITIES	3	3
49	IMMANUEL	3	2
55	BAPTIST VILLAGE COMMUNITIES	3	0
56	LUTHERAN LIFE COMMUNITIES	3	2
64	DIAKON LUTHERAN SOCIAL MINISTRIES	3	2
65	WESLEY ENHANCED LIVING	3	2
69	BRIO LIVING SERVICES (fka UMRC & PORTER HILLS)	3	1
97	CHRISTIAN LIVING COMMUNITIES	3	0
117	ILLUMINUS FKA MARQUARDT VILLAGE	3	1

# Life Plan Community/CCRC Sector Consolidation



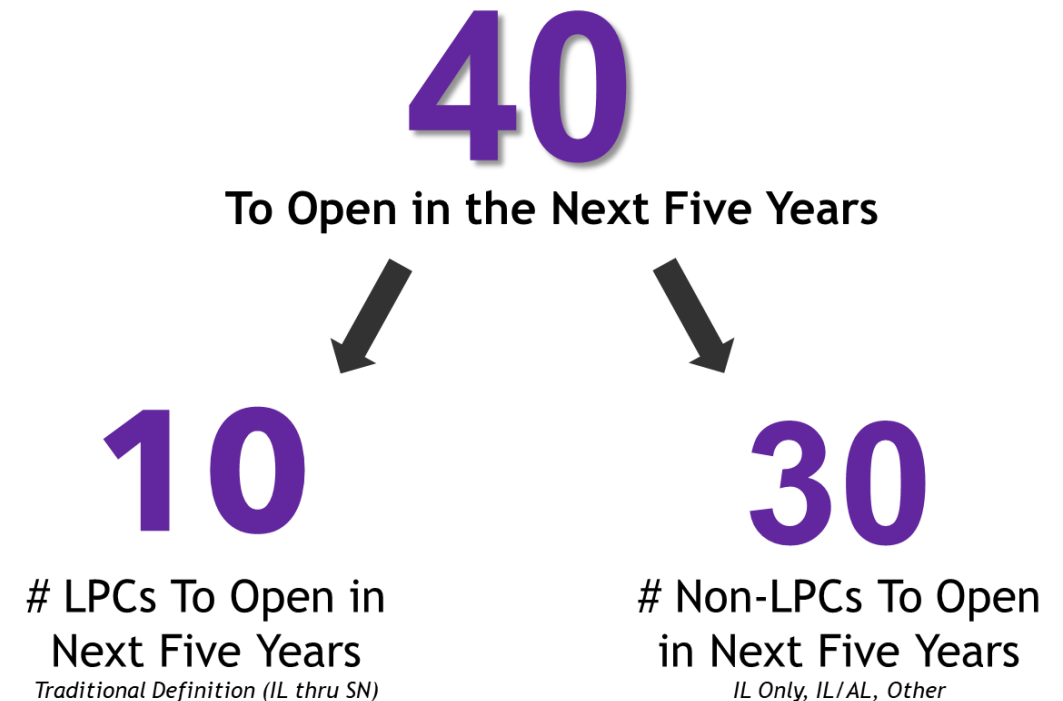
Source: Ziegler Investment Banking  
National CCRC Database, 12/31/23

NFP Only: 62% multis, 38% singles    YE 2015: 59% multis, 41% singles

# The State of the Skilled Nursing Environment

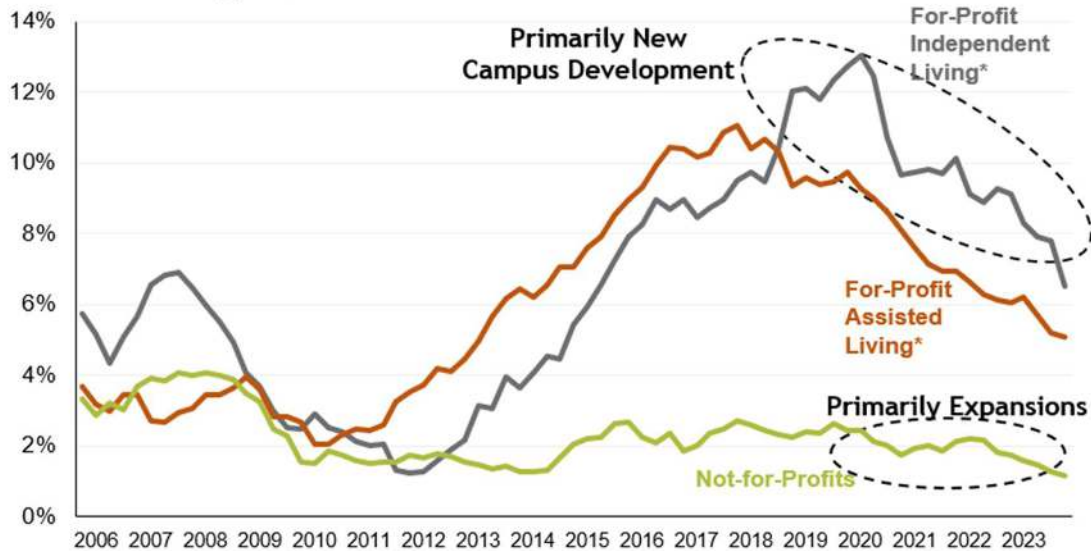
- Pressured by **workforce shortages** and **reimbursement shortfalls**
- **Occupancy being hindered** by workforce pressures
- Increasing **bifurcated market** between continuum-based SN (NFP dominated) and freestanding SN (FP dominated)
- Among NFPs: what is the **right unit mix**?
  - 63% have downsized in past two years or have plans to do so<sup>1</sup>
  - Semi-private to private room conversions
  - Nursing care inventory for both LPCs and non-LPCs has decreased
  - Modernization of offering; small-house models

Future New NFP Locations:  
Decrease in SN



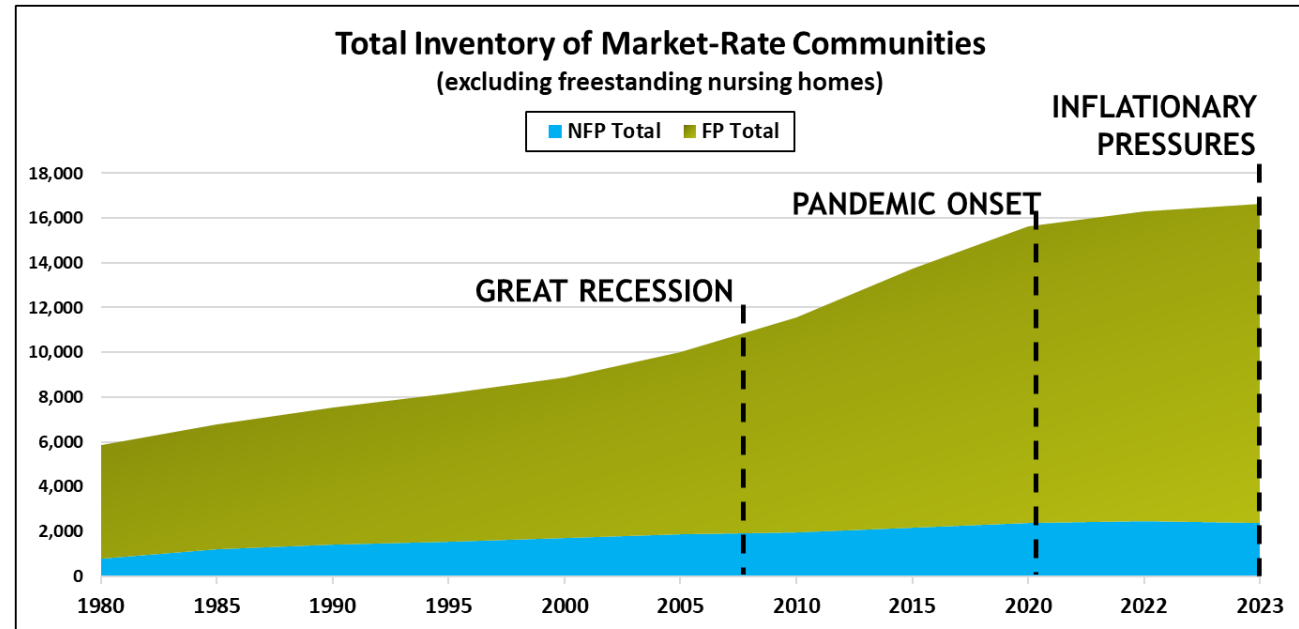
# Growth From the Private Sector

Construction vs. Inventory; MAP31  
Seniors Housing | 4Q05 – 4Q23



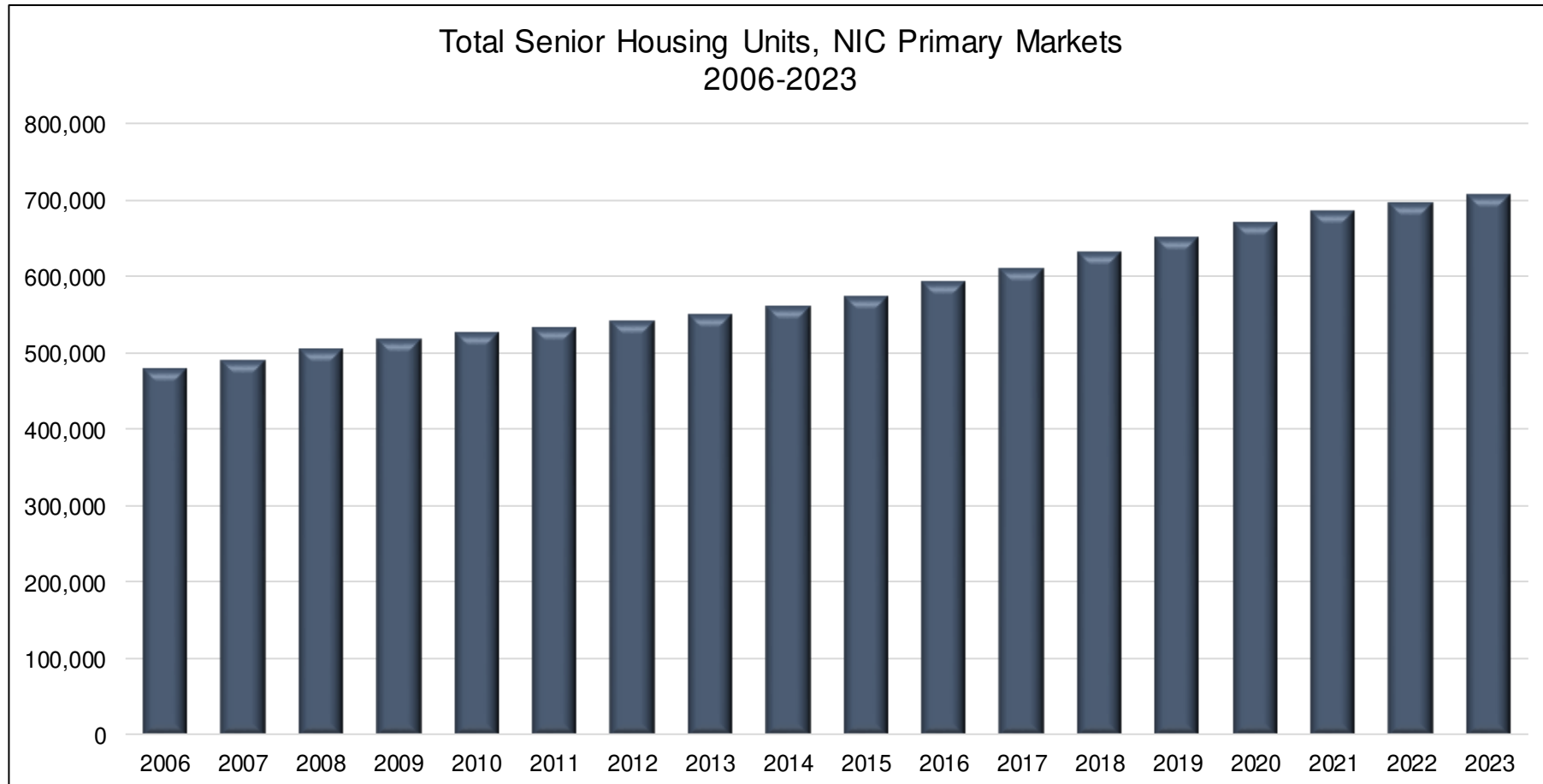
\* Excludes CCRCs

Source: NIC MAP® Vision, [www.nicmapvision.com](http://www.nicmapvision.com), 12/31/23



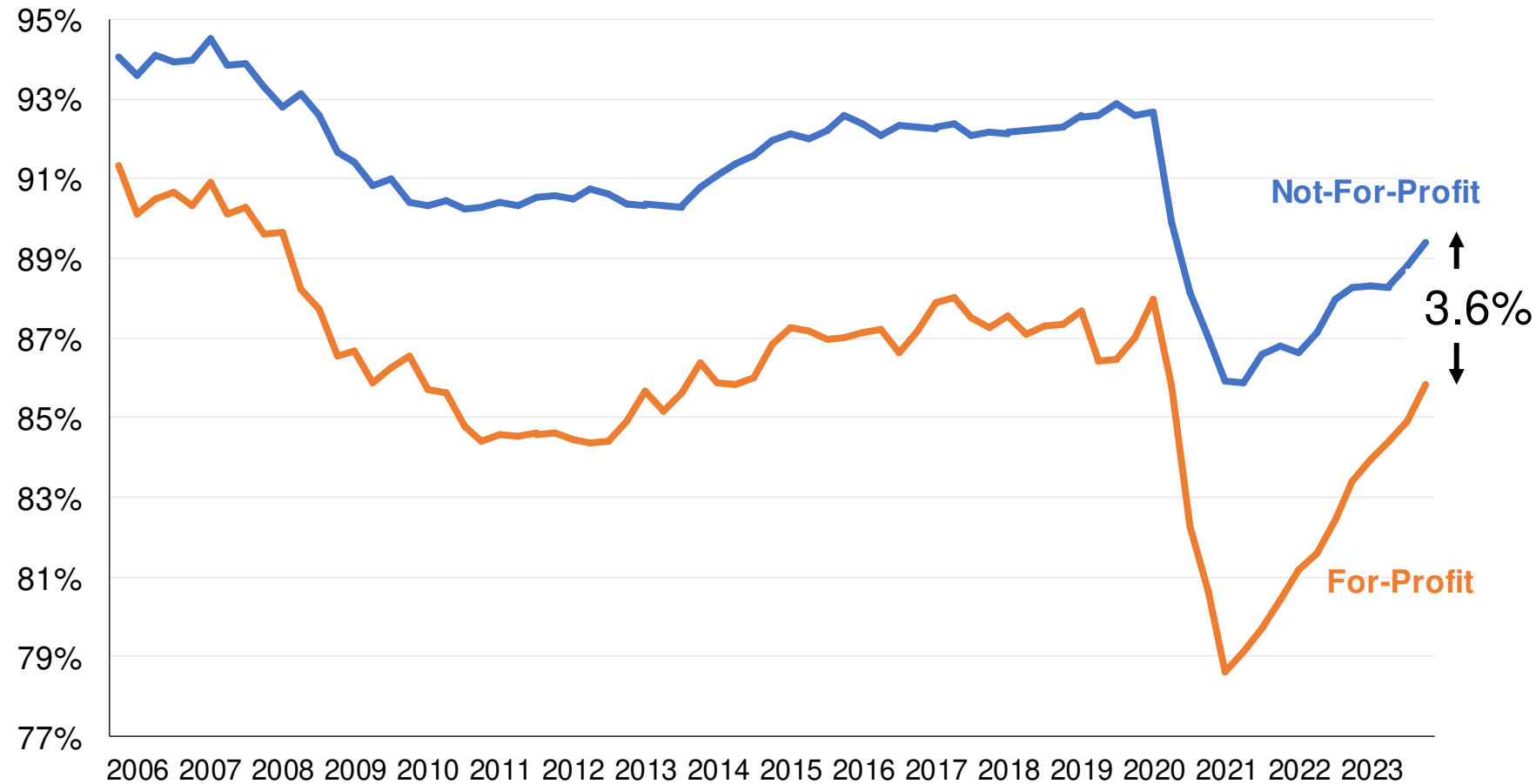
Sources: Ziegler Investment Banking estimates and projections, and periodic information from Ziegler, ASHA 50, Argentum 150, CMS, LeadingAge 200, and NIC MAP31 through Sept. 2023

# Total Supply: Senior Housing Units NIC Primary Markets



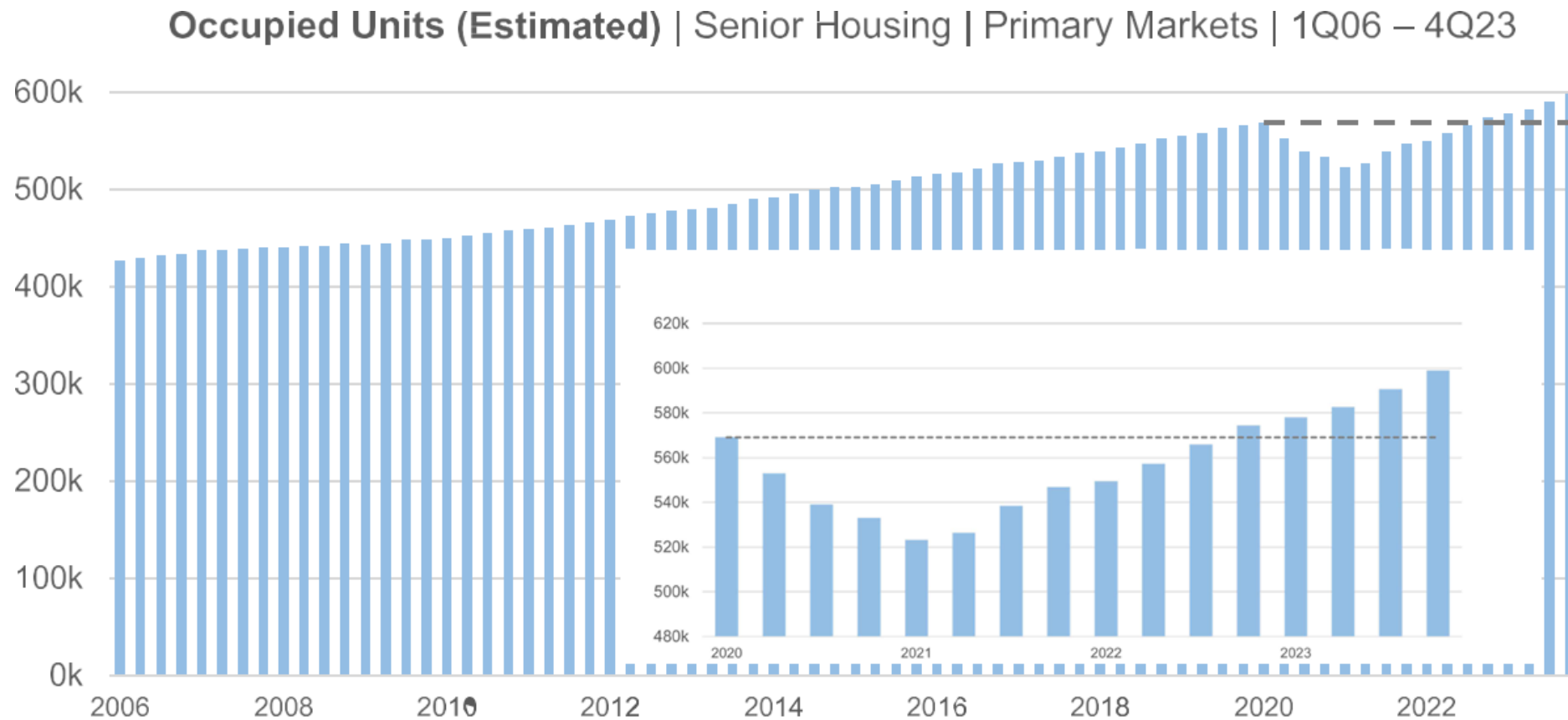
# CCRC Occupancy Declines, Not-For-Profit CCRCs Maintain Higher Occupancy

CCRC Occupancy by Profit Status; MAP31  
4Q05 – 4Q23



Source: NIC MAP® Vision,  
[www.nicmapvision.com](http://www.nicmapvision.com), 12/31/23

# Record Number of Occupied Units Exceeding Pre-Pandemic Numbers



Source: NIC MAP® Data, powered by NIC MAP Vision

# Revenue Diversification: HCBS

## HCBS TRENDS

- Consumer preference to age-in-place
- Affordability: middle-market seniors
- Changing hospital discharge patterns for rehab
  - Home health referrals for post-acute care are at 123% of 2019 levels<sup>1</sup>
- Reimbursement for in-home care growing; federal support for growing home-based care and services
- Staffing challenges impacting growth

### EMERGING MODELS

**HOSPITAL AT HOME**

**SNF AT HOME**

**PACE**

**CONTINUING CARE AT HOME**

**HOME HEALTH**

**HOME CARE**

**HOSPICE & PALLIATIVE CARE**

**CARE NAVIGATION**

**CONCIERGE SERVICES**

# Revenue Diversification: Outside of HCBS



# The Role of Technology



**Ziegler Resources**



# Not-for-Profit Senior Living Capital Markets Environment

- Fixed Rate Market
- Bank Market
- Pre-Finance Capital Market
- Acquisition Markets
- Other Capital related Tools

# Mark Your Calendar!



## 2024 ZIEGLER LEADINGAGE NATIONAL SENIOR LIVING CFO WORKSHOP

SAVE THE DATES  
**APRIL 24 - 26, 2024**

JW MARRIOTT AUSTIN  
110 E 2nd Street | Austin, TX 78701



**7<sup>th</sup> ANNUAL**  
ZIEGLER LINK-AGE FUND SYMPOSIUM  
JULY 2024

   
ZIEGLER LINK-AGE FUNDS

SAVE THE DATE  
**JULY 25, 2024**

ZIEGLER CORPORATE HEADQUARTERS  
One North Wacker Drive | Chicago, IL 60606

### INVITATIONS

Registration and logistics information will be available in early May. We look forward to seeing you in Chicago!



 **Ziegler**  
CAPITAL • INVESTMENTS • ADVICE

**27<sup>th</sup> ANNUAL**  
**SENIOR LIVING FINANCE + STRATEGY CONFERENCE**  
SEPTEMBER 25-27, 2024 | JW MARRIOTT DESERT SPRINGS & SPA | PALM DESERT, CA

# Questions?

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# ABOUT ZIEGLER

- Ziegler is a privately-held investment bank, capital markets and proprietary investments firm
- A registered broker dealer with SIPC & FINRA
- Ziegler provides its clients with capital raising, strategic advisory services, equity & fixed-income trading and research
- Founded in 1902, Ziegler specializes in the healthcare, senior living and educational sectors as well as general municipal finance

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United Church of Christ

# Collaboration as the Gateway to Innovation

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Panel Discussion

*2024 CHHSM Annual Gathering: Collaboration: the Gateway to Innovation »*

# Plenary Panel

## Moderator

**Chris Cox**, President & CEO, Hoyleton Youth & Family Services

## Panelists

**Rev. Ken Daniel**, President and CEO of United Church Homes

**Rev. Jamesetta Ferguson**, President and CEO, MOLO Village

**Dan Herman**, President & CEO, Ziegler

**Donna Smith-Pupillo**, Executive Director, Deaconess Faith Community Nurse Ministries

# Mission and Margin Discussion

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Q&A Session

# Coming Up

Snack Break—3:00-3:15 pm: Visit with our Nollau class and our exhibitors.

Second Round of Workshops—3:15-4:30 pm

- **Imagine Together: How Can CHHSM & Congregations Grow Generous Donors** with Thad Austin, VP of Philanthropy, EveryAge and Andrew Warner, Generosity Outreach Officer, UCC **Location: Stadium**
- **Intergenerational Supports for LGBTQ+ Members** with Beth Long-Higgins, VP of Engagement, UCH and Sherrill Wayland, Director of Special Initiatives, SAGE **Location: Dugout**
- **Leader as Coach** with Diane Weible, Owner, Enkei Resolutions **Location: Home Plate**