

# Assisted Living Indicators Healthy

## Sector Garners Highest Median Net Operating Income

Assisted living residences remained healthy despite the 2008 recession, outperforming other seniors housing sectors in two key financial indicator categories—net operating income and occupancy, says the recently released “The State of Seniors Housing 2009” report.

The median net operating income (NOI) per occupied unit was the highest for assisted living (\$14,060), compared with not-for-profit continuing care retirement communities (CCRCs) at \$9,342, and for-profit CCRCs at \$8,331.

The NOI per resident per day was highest in assisted living at \$35.29, followed by not-for-profit CCRCs (\$23.28), and was lowest for independent living communities (\$21.82).

The total median annual occupancy by level of care and region for assisted living beds was 92.6 percent. Assisted living residences without Alzheimer’s care reported the highest median occupancy rates at 94.1 percent out of all community types—independent living, independent living with assisted living, assisted living without Alzheimer’s care, assisted living with Alzheimer’s care, and CCRCs.

Median occupancy rates exceeded 90 percent across all community types, except for for-profit independent living centers with assisted living units, the report says.

“Considering what we’ve seen economically, as a general rule the seniors housing industry performed quite admirably,” says David Schless, presi-

dent of the Washington, D.C.-based American Seniors Housing Association, publisher of the report. “We do not see a dramatic deterioration in occupancy and profitability; rather we’re seeing a good deal of healthy indicators.”

The report summarizes data collected from 1,200 seniors housing properties: independent living, assisted living, and CCRCs. This is the largest sample in the 17-year history of the report.

The data collected for the 2009 report describe results for the 12 months ending nearest to Dec. 31, 2008. Assisted living comprised 42.7 percent of the survey sample. Survey properties are two years old or older.

The assisted living national average loss to vacancy was 11.6 percent, and the loss to fee concessions was 4.8 percent. The difference between asking base fee and effective base fee by assisted living unit types were: studio, at 6.9 percent; one-bedroom, at 5.6 percent; and two-bedroom, at 0.5 percent, the report says.

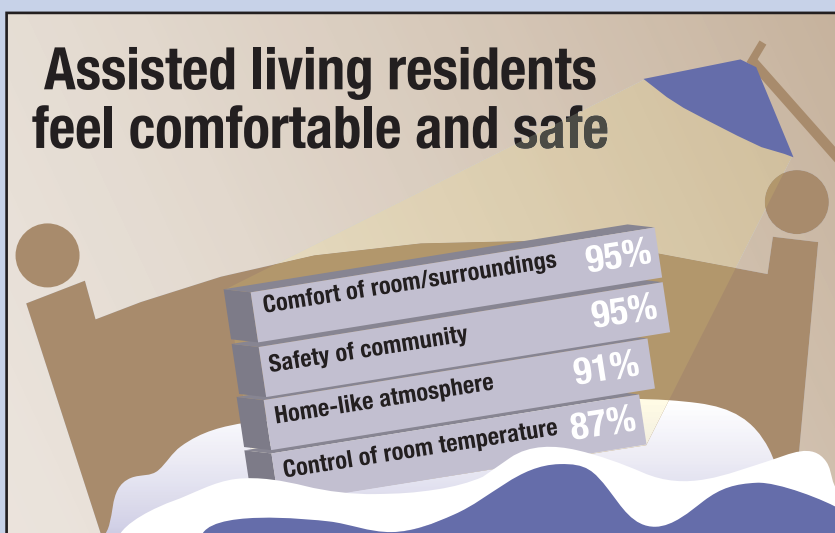
Between 2007 and 2008, the median annual change of in-house base fees for assisted living was 5.3 percent, the highest median compared to skilled nursing and independent living.

Comparing same store results—communities participating in the 2009 and 2008 report—the typical assisted living residence increased revenue per unit around 4 percent. Total operating expenses rose around 5 percent for assisted living residences, and the NOI increased by 3.6 percent, the report says.

For the first time, the full report includes the coverage monthly base fee revenue per occupied unit/bed by region. Another new category reports average loss to fee concessions by property type.

—Lisa Gelhaus

### By The Numbers



Based on resident responses of “Excellent” or “Good” ratings on survey items related to their comfort and safety. Source: Assisted Living Resident Satisfaction Surveys conducted in 2008 by My InnerView.