

CHANCERY MONTHLY NEWSLETTER

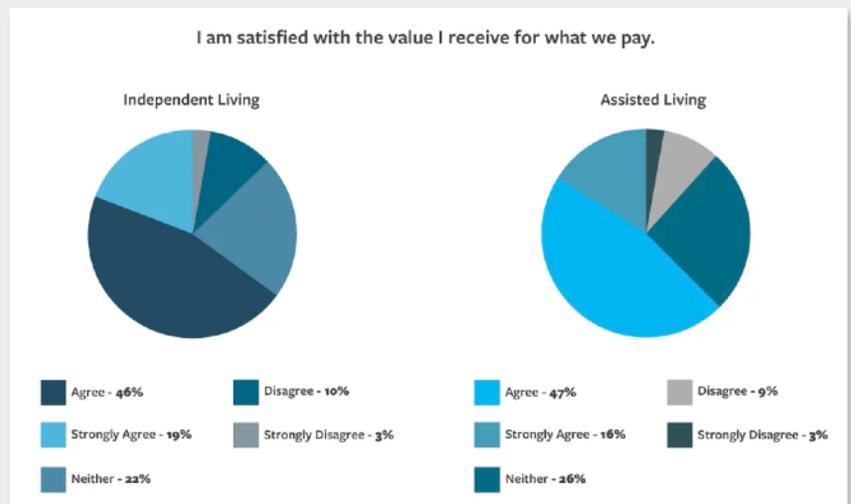
This article focuses on the fact that the provider's measures to increase rates did not have a negative impact on senior housing, suggesting that residents are less price sensitive and more focused on the value than cost.

2 of 3 Senior Living Residents Say Providers are Delivering Value as Rates Surge

Even as senior housing providers increase rates due to rising expenses, operators have yet to face widespread pushback from residents, most of whom continue to believe that they are receiving a good value for the amount they are paying.

That's according to survey findings shared with Senior Housing News by Activated Insights, the organization that is behind the data gathering and analysis for the annual Best Workplaces in Aging Services list that appears in Fortune magazine. Activated Insights surveyed nearly 500,000 assisted living and independent living residents and residents' relatives between October 2021 and January 2022 for a snapshot of the senior housing climate.

One key finding: Forty-seven percent of assisted living (AL) residents and 46% of independent living (IL) residents surveyed said they "agreed" that they are satisfied with the value they are receiving for what they pay, while 16% of assisted living and 19% of independent living residents "strongly agreed."



This is good news for providers across the U.S., as they must charge residents more in order to safeguard their margins in an inflationary environment while trying to rebuild occupancy lost during Covid-19 pandemic of the last two years. Many senior living providers are delivering value by combating loneliness while helping maintain resident wellness, according to the survey findings and comments from providers such as Meridian Senior Living and Ebenezer.

But burnout among staff continues to be a pressing issue, the survey also found, and providers must address this issue as consumers are increasingly attuned to staffing levels and making decisions accordingly about where they or their loved ones should reside.

Cost vs. value

Executive directors with Meridian Senior Living were concerned about the survey being conducted while rates were being raised, but their “biggest fear” did not come to pass, Meridian Chief Sales Officer Kevin Carlin told SHN. Bethesda, Maryland-based Meridian operates 45 communities across 15 states.

Rates were not the “main factor” governing resident satisfaction, and in fact “nobody even mentioned it during the survey,” Carlin noted.

“It truly showed how much care and thought went into creating a great resident experience,” he said. “Even while we raise rates more than we ever have had to.”

Executives with Meridian Senior Living and Ebenezer Senior Living who spoke with Senior Housing News about the data said while each company raised rates in 2021, the increased prices didn’t affect residents’ perception of the care they were receiving.

While rate increases for Ebenezer properties typically are reviewed annually, 2021 saw an increase in fees outside of the normal range due to increased operating expenses, according to Sue Ferguson, corporate director of marketing for Ebenezer. Edina, Minnesota-based Ebenezer oversees 105 communities across the Midwest.

“It’s really just a matter of how you position it,” Ferguson said. “It’s about how we position our sales folks to comfortably and confidently sell the value that we are offering, and letting residents know that this is universal, affecting almost every industry.”

Nearly 90% of residents in AL and IL reported their community was “good or better” and between 83% and 89% of residents’ family members said their community was rated highly.

Meridian and Ebenezer are not alone. Providers across the country have been raising rates more aggressively than in the past, as costs related to labor, supplies, insurance and other categories have spiked. For instance, first quarter 2022 in-place rate increases were about 8% for U.S. communities in the senior housing portfolio of real estate investment trust Ventas (NYSE: VTR).

But Ventas' operators and others have reported that rate hikes are not curtailing occupancy growth, with Ventas and other companies bucking typical seasonal trends. Assisted living demand is robust, the National Investment Center for Seniors Housing & Care (NIC) reported last week.

Carlin noted that like other providers, Meridian faced occupancy issues early in the pandemic, but said occupancy rates were beginning to stabilize. He added that lead rates of prospective residents increased 20% in 2021.

“We’ve had communities that have not been at 100% occupancy getting back to that mark,” Carlin said.

Health perceptions

Explaining why census is gaining even amid rising rates, Carlin and Meridian National Sales and Marketing Director Sue Johnston pointed to a few factors. One is that the pandemic drove home the dangers and downsides of older adults being isolated, which is an issue that communal senior living solves.

The Activated Insights survey showed that 77% of AL and IL residents said they hardly ever felt isolated in their care.

Meanwhile, providers also appear to be doing a good job of fostering resident health and wellness.

Forty-five percent of residents in both AL and IL self-reported being in “good” health while 21% of IL residents and 18% of AL residents reported being in “very good” health.

“We have a lot of people who are optimistic and when we say good health, it’s within their own perspective,” said Johnston. “Because of the parameters in which they are being supported, [being in senior living] has improved their health.”

Ebenezer’s Ferguson echoed this perspective.

“Our goal is to provide whatever support is necessary to help people feel as independent as possible,” Ferguson said. “I think having that sense of community is a key indicator for good health in general. It provides a sense of security and social engagement which are critical for health and wellness.”

Ferguson said health and wellness options for residents have become more important coming out of the pandemic, along with choices related to dining and life enrichment program offerings.

“They don’t want a cookie-cutter approach,” she said. “They’re looking at higher-end amenities.”

Ebenezer has worked to increase advertising spending in new areas, including social media and more TV advertising.

Carlin said creating connections with possible residents is at the heart of prospect-centered selling.

“Even more important than informing them of our services and amenities is really helping them untangle what they might think of as a barrier to moving into senior living,” he said.

Meridian has been leveraging resident testimonials in its marketing, and this is an approach that more senior living providers should be taking, the survey findings suggest.

In independent living, 35% of residents said they wanted to leave a testimonial, and 32% of assisted living respondents said they wanted to leave a testimonial. The “vast majority” of these indicated they wanted to leave a positive review, Activated Insights stated.

Staffing

But not all the survey findings were positive.

Employee burnout among senior living community staff overall was on the rise in all levels of care, especially skilled nursing facilities, as employee burnout rate increases across various sectors increased between 0.3% and 1.3%, the survey shows.

Labor shortages within the sector continue to strain operators as companies look at how to retain workers while recruiting new team members in a highly competitive labor environment. Carlin said Meridian had to adjust to focus more on providing current staff with support and added incentives to stay.

“The companies that treat employees just like they treat prospective residents are really creating a great experience and something of value,” Carlin said. “We don’t see that changing any time soon.”

Leaders with several operators — including Juniper Communities and The Springs Living — have recently struck a similar note, in talking about how to treat prospective employees similarly to prospective residents.

As an operator, Ferguson said some of Ebenezer's biggest challenges are recruitment of new hires and retaining top talent. That has caused the lines between recruitment and marketing to become blurred as operators look to incentivize new staff to come aboard.

"We're collaborating a lot together about what our recruitment messaging looks like and finding new opportunities to cast a wider net to attract different people that we haven't been able to reach in the past," Ferguson said.

Ferguson added that Ebenezer began offering scholarships, student loan repayments and more social opportunities to retain staff.

The nationwide labor shortage has captured consumer attention, as residents and family members become more aware of the issues facing their community.

"We've had family members ask about our plans for addressing staffing," Johnston said. "It's something I have never experienced before but it's a good thing because consumers are educated and knowledgeable."

Ferguson added, "We're hearing more now than we ever have in the past that residents are asking questions about staffing levels, too."

Stony Plain Project Update

Stony Plain Active Adult Lifestyle Community is located just west of Edmonton, Alberta. When complete, the residence will be a 6-storey apartment building with 85 Active Adult Lifestyle Community suites. It will offer In-suite 24-hour emergency call systems, a recreation facility, housekeeping, laundry services, on-site management and maintenance. A main floor of commercial and retail space will provide residents with easy access to amenities such as a doctor's office, pharmacy, bistro or coffee shop. Below is the progress update and pictures from the site.

- Stony Plain hosted an open house on St. Patrick's Day, which saw over 160 members of the community visit the building for a tour and refreshments. Resident volunteers were instrumental in making the event a success.
- Suske Capital's marketing team, along with the General Manager, have continued to regularly update and enhance Stony Plain's social media with special emphasis on Facebook advertising and improvements to the website, to fantastic results.
- Several community members have taken advantage of the promotions that were introduced, including a credit for moving expenses and the friends referral program.
- The management team continues to seek out new ways to attract residents and improve the resident experience, including commissioning permanent decking for the second- floor outdoor area, and adding increased security measures in the underground parkade.
- Both the management team and residents continue to organize group events, including pancake breakfasts, classes in silversmithing and cake making, and presentations given by The Medicine Shoppe on how to use rapid response test kits and how to monitor blood sugar levels.R
- Residents worked together to choose the location, pick out, and hang the artwork that is now displayed in the lobby.
- Residents knitted table settings, made delicious desserts, and hung hearts from the ceiling for the community Valentine's Day party.

CHANCERY MONTHLY

PROJECT UPDATE



Chancery Seniors Housing Investments Inc. is a private real-estate investment firm with a focus on seniors housing. Powered by its two strong founding partners, Suske Capital Inc. and LD Capital Corp., Chancery creates a team with the expertise and experience of over 55 years in real estate and seniors housing developments with an estimated completion value of over \$5 billion.

For more information about our company and projects, please visit www.chanceryseniors.com