

CCRC Industry Challenges & Solutions

Presented by:

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Today's Topics

- ▶ Senior Living Current Realities
 - Financial Environment
 - Workforce
- ▶ Evolution of Senior Living
- ▶ Future Consumer
- ▶ Asbury Communities' and Garden Spot Communities' Strategic Response



The 14th-largest not-for-profit system of continuing care retirement communities and diversified aging services, serving 4,300 older adults.

MISSION

Exploring possibilities to live your best life



DIVERSIFIED AGING SERVICES

- Albright LIFE Centers
(Programs for All-Inclusive Care for the Elderly)
- Albright Pharmacy Services
- Asbury Home Services
- Edge Therapy Solutions
- HUD Affordable Senior Housing
- ThriveWell Tech



Asbury Methodist Village
Gaithersburg, MD: 1926



Asbury Solomons
Solomons, MD: 1996



Bethany Village
Mechanicsburg, PA: 1999



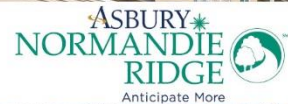
Kingsport
Kingsport, TN: 2016



Maryville
Maryville, TN: 2016



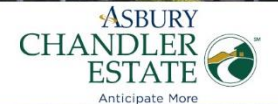
Springhill
Erie, PA: 2001



Normandie Ridge
York, PA: 2020



RiverWoods
Lewisburg, PA: 2020



Chandler Estate
Pen Argyl, PA: 2021



GARDEN SPOT
COMMUNITIES

Mission Statement:

“Inspired by the life of Jesus, we cultivate vibrant community for purposeful living.”



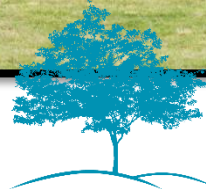
GARDEN SPOT
COMMUNITIES



GARDEN SPOT
VILLAGE



A GARDEN SPOT COMMUNITY



SYCAMORES SPRINGS





FREDERICK *Living*
Live well with us







**HOME & COMMUNITY
BASED SERVICES**

AT GARDEN SPOT COMMUNITIES



GARDEN SPOT
VILLAGE
at Home



DAYBREAK

AT GARDEN SPOT VILLAGE

*Peace is the way we live.
Reconciliation is the way we relate.*



Have you ever had a co-worker or neighbor who just brought out the worst in you? At Garden Spot we work to bring out the best in you. In our culture we are all mutually accountable, we treat each other with respect and we transform tough relationships into constructive, positive relationships where we can all live and grow in peace.

Accountability is practiced with a focus on restoration.



Have you ever totally messed up and no one was there to offer forgiveness? At Garden Spot we offer grace. Regardless of our roles, we commit to holding one another accountable for living our values, accomplishing our work and achieving our mission. And when one of us messes up, we desire to offer forgiveness and restore the person to good standing whenever possible.

Jesus is the center of our faith.



Have you ever struggled to find a compass by which to set your life's path? At Garden Spot we set our compass on Jesus. We allow the model of Christ, as illustrated in the scriptures, to shape who we are. We recognize that we are not perfect, but we are walking towards Jesus and allowing him to shape who we are and how we live.

Seeking the "Third Way" is our mindset.



Have you ever been dissatisfied with the options presented? At Garden Spot we don't settle for the quick solution. We look beyond the obvious to explore solutions that are not yet apparent... looking for a way that doesn't create winners and losers. In a polarized, divided culture, we believe that we can be a Third Way people. We pursue peace and reconciliation and create a space for rational, calm conversation where we seek understanding and acknowledge that acceptance doesn't equal agreement.

Community is the center of life.



Have you ever longed to be known? At Garden Spot we take time to know you. We believe that we are hardwired to care about, connect with and serve others. To do this in an authentic way, we recognize that as individuals we need to be vulnerable and transparent, willing to know and be known by others and demonstrate our love through serving others and allowing them to serve us.

Discipleship is how we grow.



Have you ever wanted to discover the best version of yourself? At Garden Spot we help you discover who you were made to be. We embrace discipleship, which literally means to "learn and grow." Our core value of Excellence expresses our commitment to learning and growing, both as individuals and as an organization, because we believe that when we are pushing ourselves to continue to develop, we are discovering the best version of ourselves.

Other-Centered Service is how we love.



Have you ever felt that there is more to life? At Garden Spot we help you find your calling. We believe the highest reward for serving others is not what we get, but what we become. Our founder, Dale Weaver, was very clear that we should never be an organization that is an island unto itself, but we should use the resources we have to serve each other and the broader communities that surround us. As members of this community, we strive to step into another person's shoes, to have empathy and then step back into our own shoes and act on our new perspective.

At Garden Spot we provide abundant opportunities to live with purpose in community.



**Lancaster
Mennonite Conference**



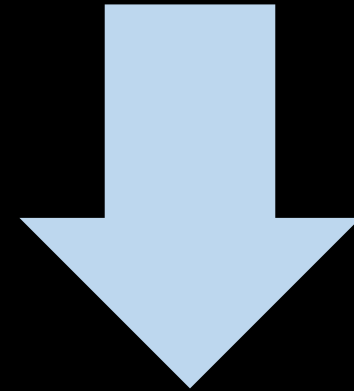
**Atlantic
Coast
Conference**

An area conference of
Mennonite Church USA

MINDSET



SCARCITY:
Can't Because...



ABUNDANCE:
Can If...

The background features abstract, overlapping green geometric shapes in various shades, including light lime green, medium green, and dark forest green. These shapes are primarily located on the left and right sides of the frame, creating a modern, layered effect. The central area is a plain white background where the text is placed.

Senior Living Current Realities

FOUR HORSEMEN



DRIVING SYSTEMIC CHANGE

The spectrum of choices for seniors

AGE

75+

60+

70+

85+

90+

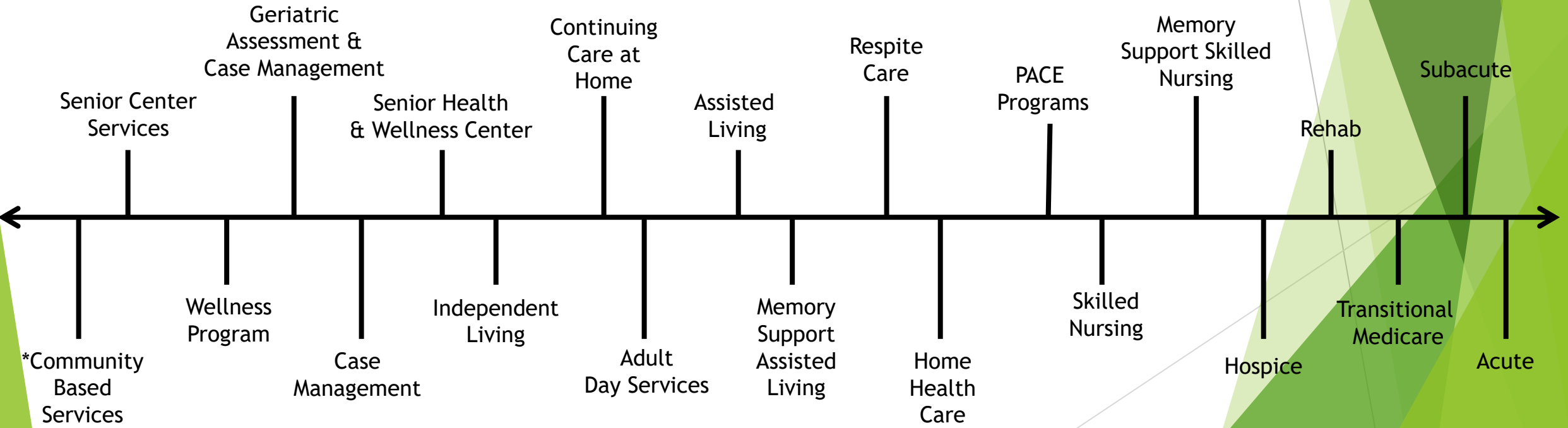
Preventative

Long-term Care

Hospital

AACs

Continuing Care Retirement Community



*Transportation; Information/Referral; Counseling; Meals-on-Wheels; Integrated Day Care; Homemaker/Chore/Housekeeping; and Emergency Response System
Adapted from Greystone Communities' Continuum of Care Chart



Senior Living Current Reality

Source: Refinitiv, Wall Street Journal

Financial Trends – *Focus on Financial Sustainability*

Margin Compression

- Wage pressures
- Rising interest rates
- Stagnant reimbursement rates
- Inflation - construction, supplies, inventory
 - Double digit+/- increase in fees not enough to offset rising costs

Complexities of Operations

- Labor shortages, turnover, training, agency staffing
- Turning around/downsizing/converting skilled nursing units
- Resident demands

Factors Beyond Management's Control

- Financial impact of COVID
- Lack of additional federal/state relief funding
- Decline in investment portfolio





Senior Living Current Reality

Financial Trends – Focus on Financial Sustainability

Source: Refinitiv, Wall Street Journal

Consolidation

- Significant increase in acquisitions, mergers, and sponsorship transitions
- Further fueled by escalated construction costs
- Accelerated by COVID

Leadership Turnover

- Aging C-suite
- Limited or no bench strength – affordability of talent
- Attracting and recruitment of strong board members

Limited Debt Capacity and Access to Capital

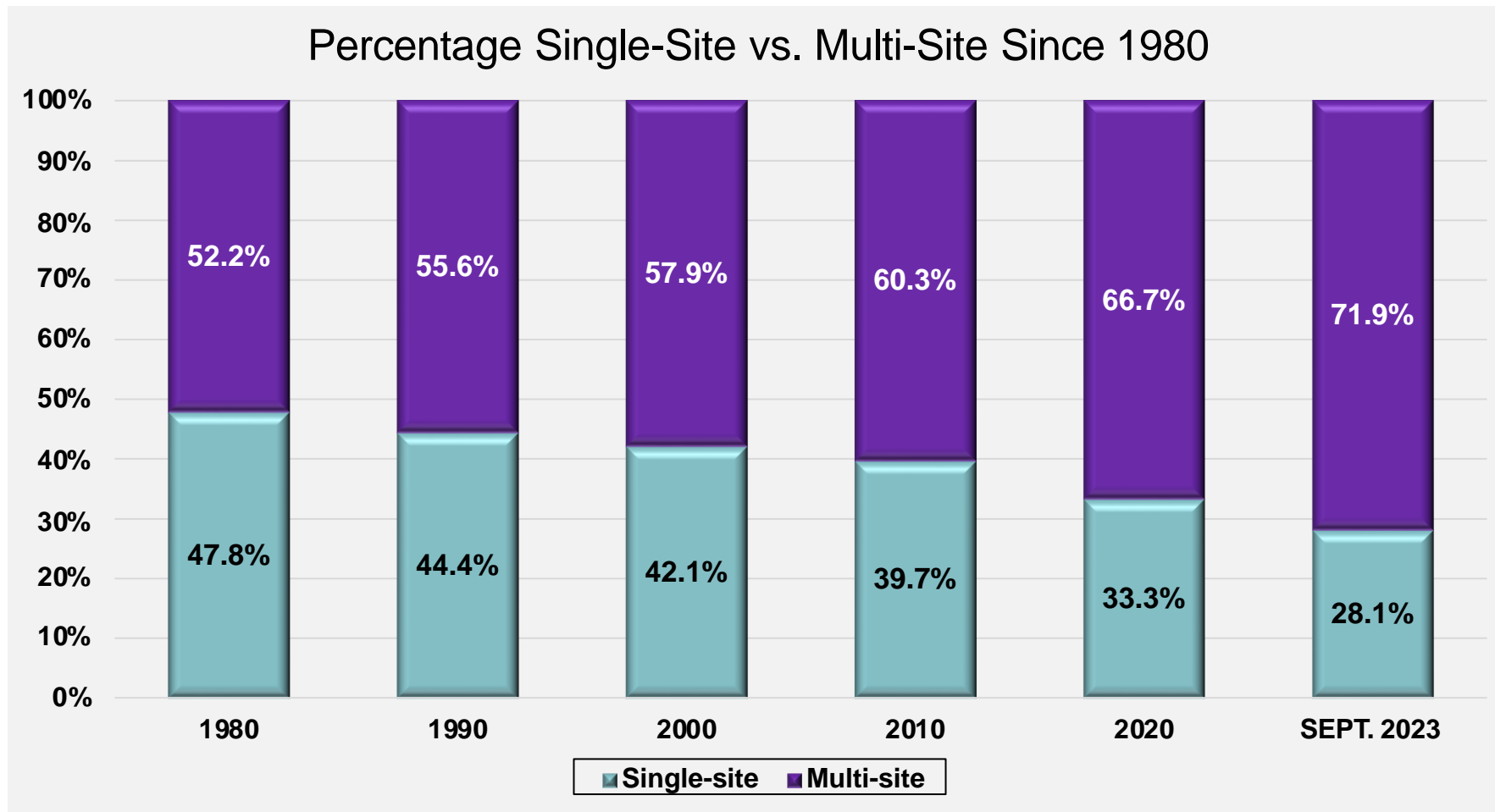
- Market volatility/inflation concerns
- Bank consolidation and conservatism
- Higher lender rates, restrictive terms and covenants

Occupancy growth

- Absorption rates should improve with decline in new construction and growth in senior demographics
- Labor market improving to help bring revenue online
- Impact of rising mortgage rates on home prices



LIFE PLAN COMMUNITY/CCRC SECTOR CONSOLIDATION



NFP Only: SEPT. 2023: 62% multis, 38% singles

YE 2015: 59% multis, 41% singles

HOW DOES YOUR ORGANIZATION PLAN TO GROW IN THE NEXT TWO YEARS?

54%

Unit Expansion



32%

Affiliation or
Acquisition

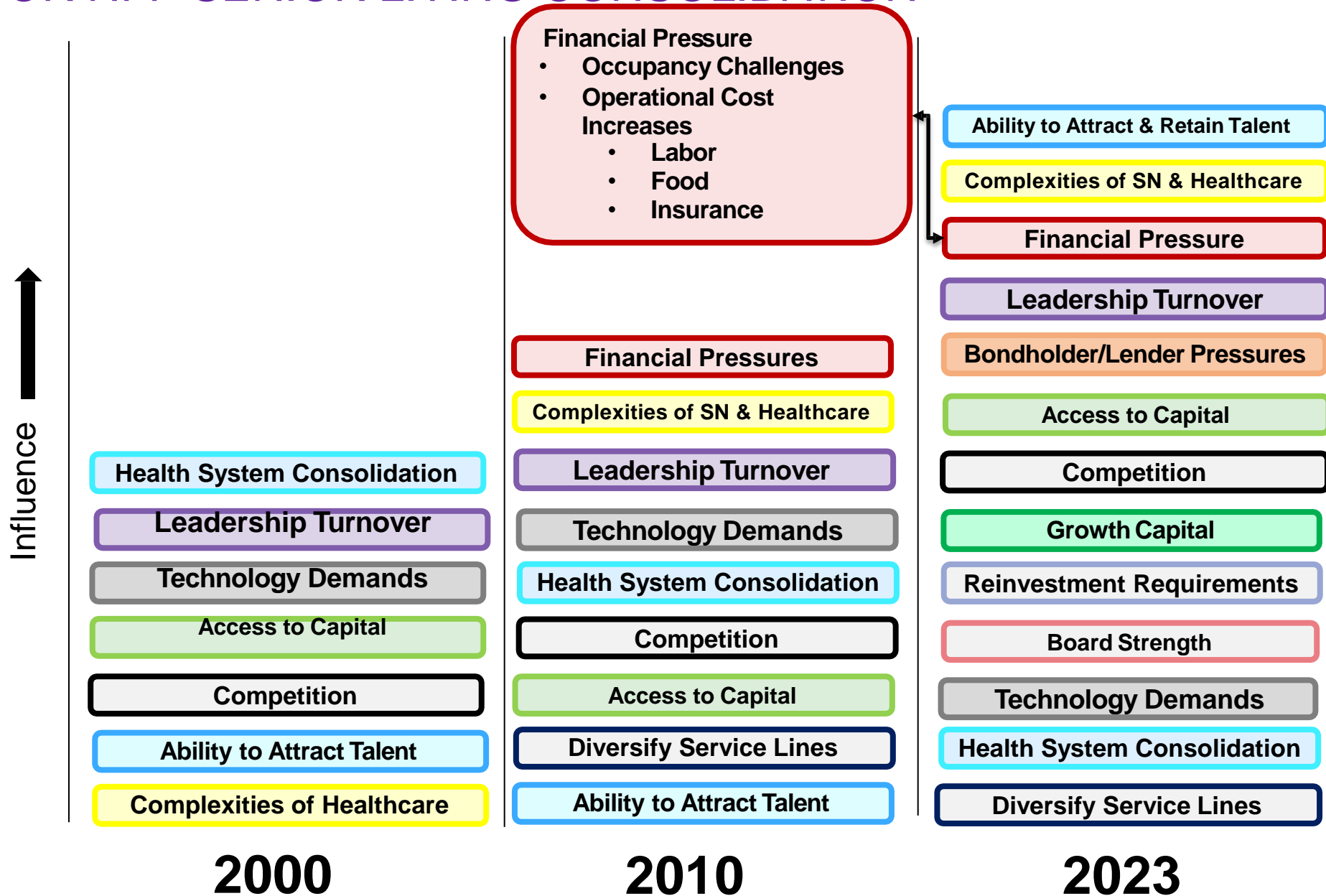


18%

New
Community
Development



DRIVERS FOR NFP SENIOR LIVING CONSOLIDATION



WHAT BENEFITS DOES GREATER SCALE PROVIDE?

WORKFORCE-RELATED

- Recruitment advantages (staff, board)
- Career ladders
- Addition of specialty positions
- Pooled labor

FINANCIAL OPERATIONS

- Ability to spread overhead; operational economies
- Greater purchasing power (food, tech, supplies)
- Improved access to capital

FINANCIAL: CAPITAL & GROWTH-RELATED

- Improved access to capital (seed capital, ratings benefits, lines of credit)
- Upstreaming of cash to parent: strategic growth funds
- Fundraising resources
- Greater opportunities for affiliations & acquisitions

MARKET CONCENTRATION

- Enhanced brand recognition to consumer
- Partnership opportunities
- Enhanced hospital/health system relationships
- Continuum of products/service lines

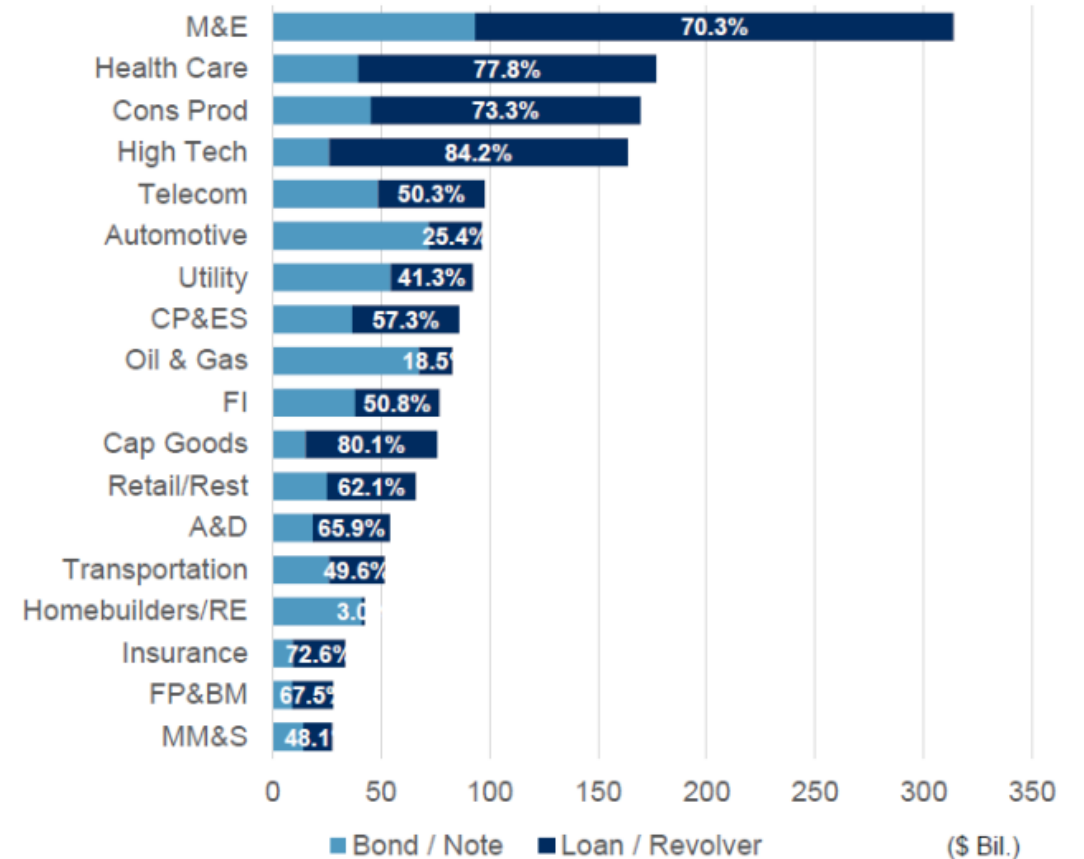


Senior Living Current Reality

Senior Living Defaults

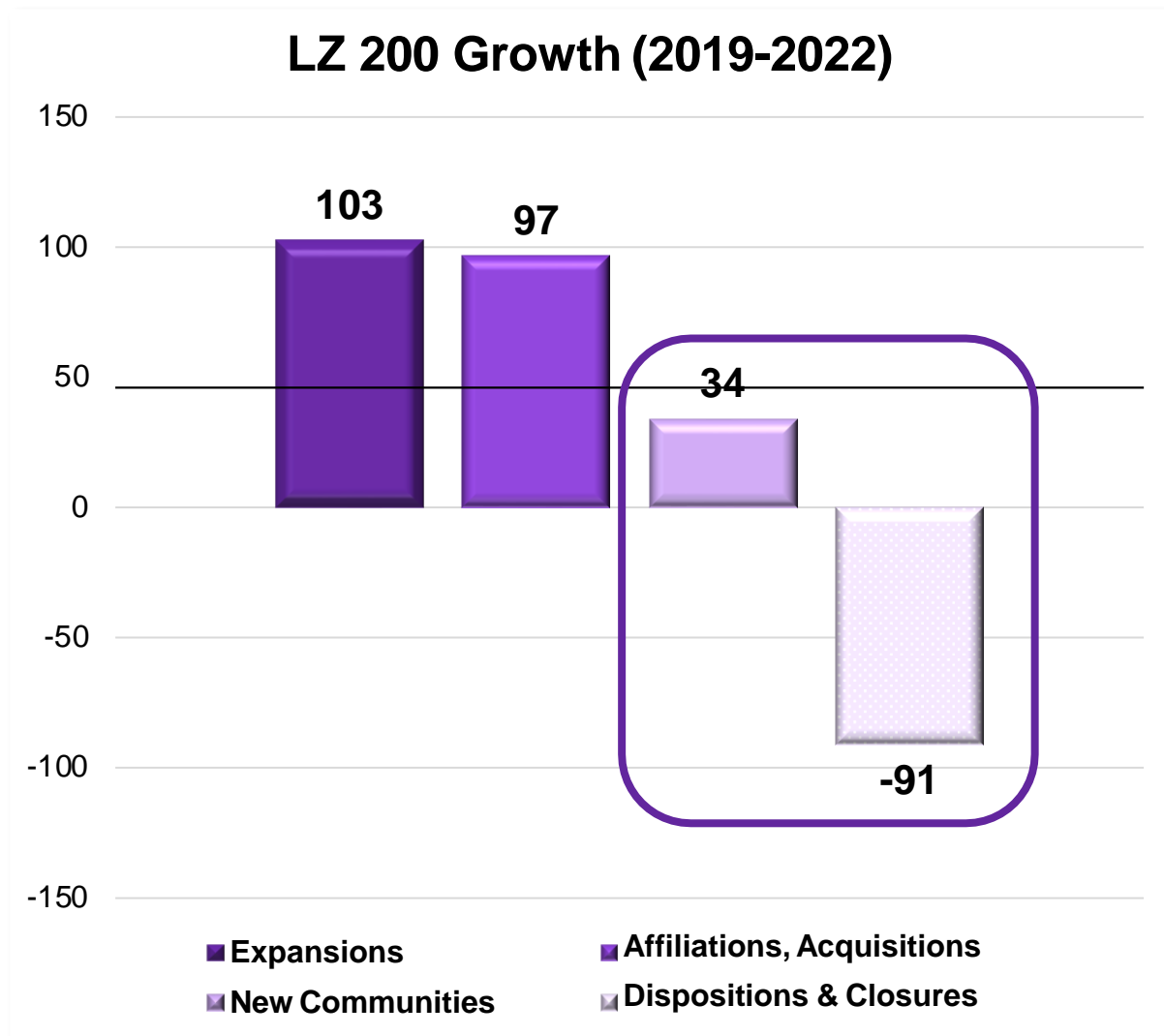
- In December of 2022, Bank of America published a Global Research report, which stated that Senior Living represented \$600M (46% of 1.33B) of first-time payment defaults in 2022.
- Bank of America estimates that first time defaults could reach \$2.1B in 2023.
- Fitch Rating assigned the Senior Living sector a “deteriorating outlook” for 2023.
- Further, an S&P report (graph to right) indicated that the healthcare industry has ~\$175billion in maturities over the next three years with 78% represented in short term loans.

U.S. Spec-Grade Corporate Maturities Through 2026 By Sector



Source: SP Global

NFP SENIOR LIVING COMMUNITY GROWTH: LZ 200 TRENDS



2022 Data

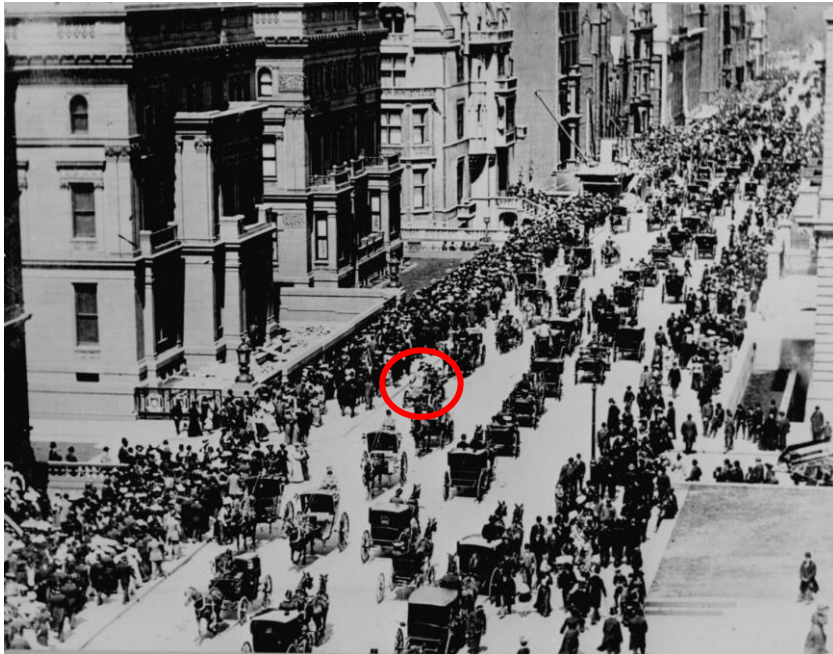
- Expansions: **21**
- Affiliations, Acquisitions: **30**
- New Communities: **7**
- Dispositions & Closures: **-41**



Evolution of Senior Living

Rethinking the Senior Living Continuum— *Anticipating Future Consumer Expectations*

Easter morning 1900: 5th Ave. New York City
Spot the Automobile



Source: US National Archives

Easter morning 1913: 5th Ave. New York City
Spot the Horse



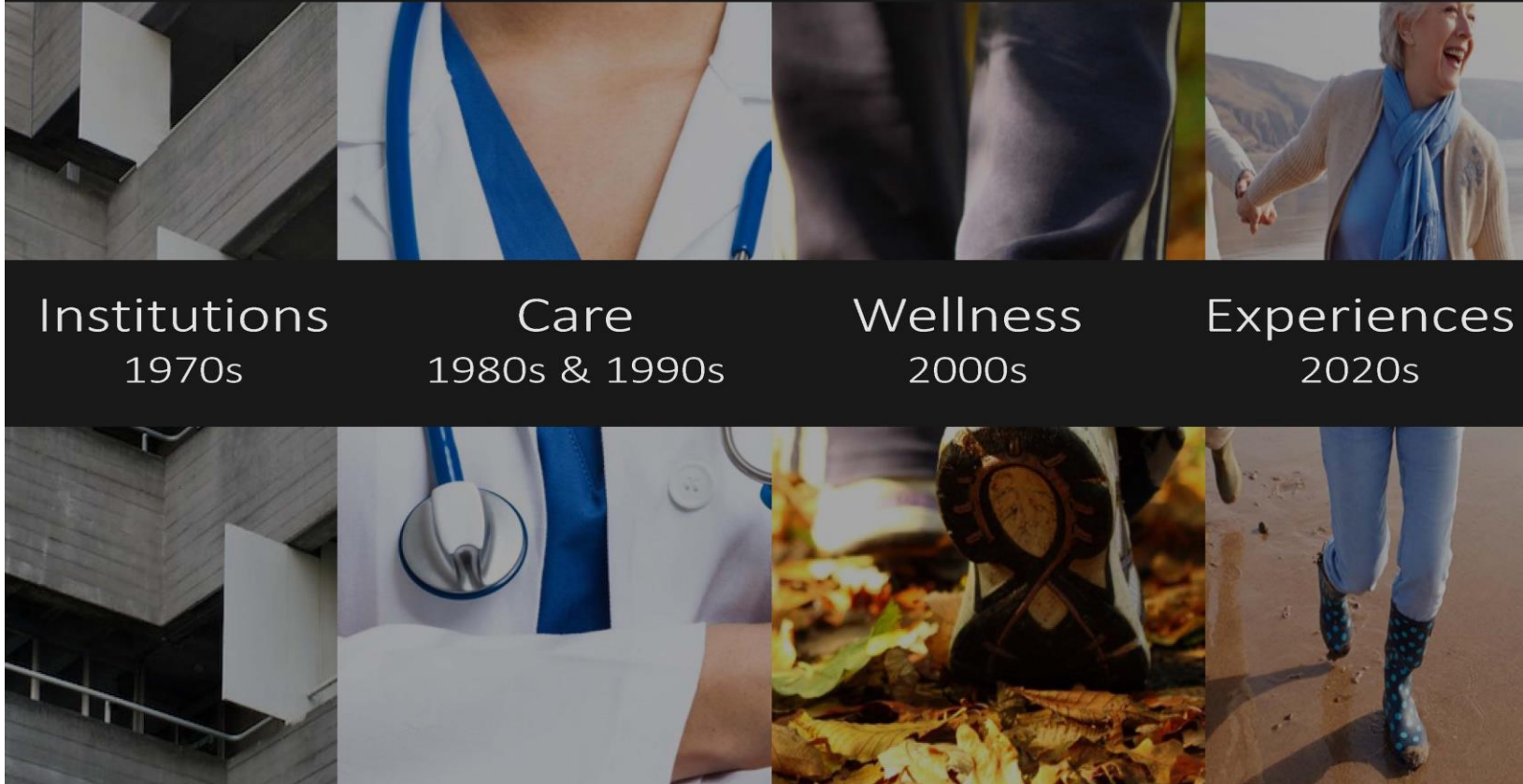
Source: George Grantham Bain Collection.



Evolution of Senior Living

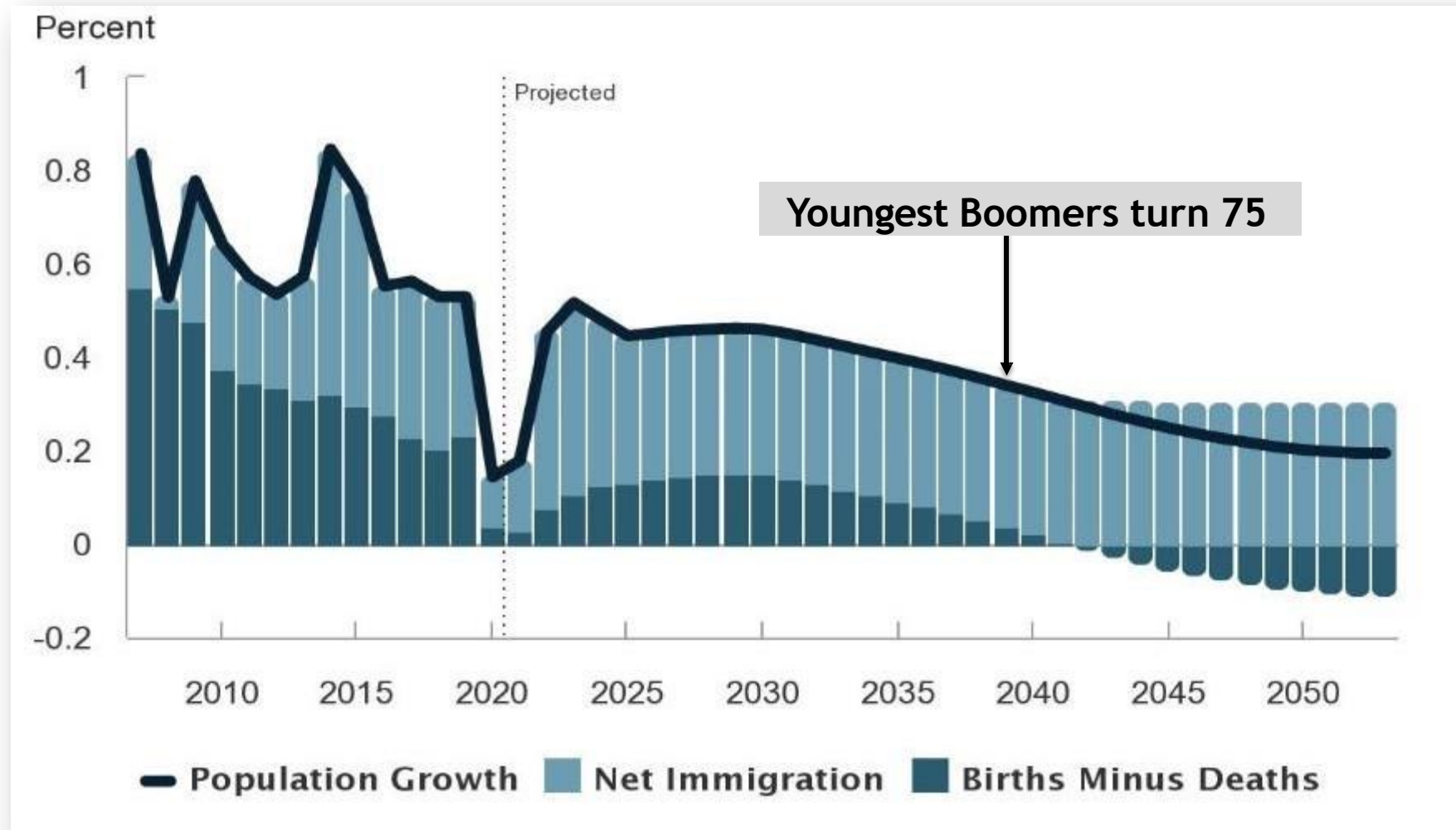
Rethinking the Senior Living Continuum— *Anticipating Future Consumer Expectations*

Not The First Time Senior Living Has Evolved



DEMOGRAPHIC TRENDS ACROSS THE AGE SPECTRUM

2023 U.S. Annual Population Growth Rate (All Ages): .50%





Industry Trends – The “New” Consumer

Significant Ways Boomers are Changing the Senior Living Industry

With the Baby Boomer market at 75+ million people and representing 40% of the market, Baby Boomers are a serious target population for lots and lots of products and services.

- **Boomers are a very big audience.** Boomers are an affluent generation controlling 70% of disposable income in the U.S. representing \$2.6 trillion in buying power in the U.S.
- **Boomer are much more tech-savvy** than you think. The 55+ audience spends \$7 billion per year online. \$400 million more online in 2019 than the younger generations.
 - 96% of baby boomers use search engines
 - 85% use email
 - 92% shop for product and services on-line
- **Boomers are healthy and active**
 - Motivated to purchase self-care products that inspire healthiness and the ability to age in place
 - They are a major purchasers of nutritional supplements and technologies that empower independence
- Boomers are **focused on consumer products** that feature customization, value, experience, simplicity and convenience.

Source: Forbes 2017 and Consumer Healthcare Products Association –
Insights with Impact 10/2020



Industry Trends – The “New” Consumer

Wellness Outcomes

- ✓ 69% of residents reported that moving to a Life Plan Community “**somewhat or greatly improved**” their social wellness.
- ✓ Life Plan Community residents tend to have **greater emotional, social, physical, intellectual, and vocational wellness** than their community-dwelling counterparts.
- ✓ Residents report significantly more **healthy behaviors** than community dwellers (not just more exercise).



<https://www.matherlifewaysinstituteonaging.com/agewellstudy/>

CHANGE IS DIFFICULT

NOT CHANGING IS FATAL

Strategic Blueprint- shaping our work today

Strategic Focus Areas

- 1. Design and deliver the next generation of transformative “Retirement” Community & Hub.*
- 2. Develop People-Positive strategies and systems to meet the needs of the transforming workplace.*
- 3. Scale and expand our communities (size, number and types) for long-term viability.*
- 4. Secure new, alternative funding sources to support transformative ideas.*
- 5. Design systems and infrastructure to support planned growth and expansion.*

Approved: February 2023



GARDENSPOT
COMMUNITIES



STRATEGIC FOCUS AREAS

Asbury is a...



“well-being”
destination
communities



diversified
aging services
organization



leader in healthcare
technology solutions



high-performing
organization

Stronger Together



Pennsylvania Alliance of
Retirement Community Residents

ASBURY
Anticipate More



GARDENSPOT
COMMUNITIES

Thank you!

