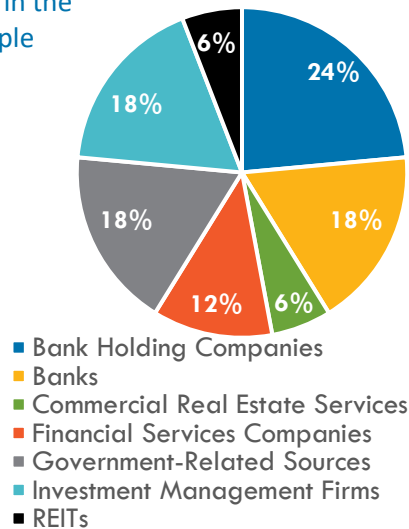


Current Quarter Snapshot

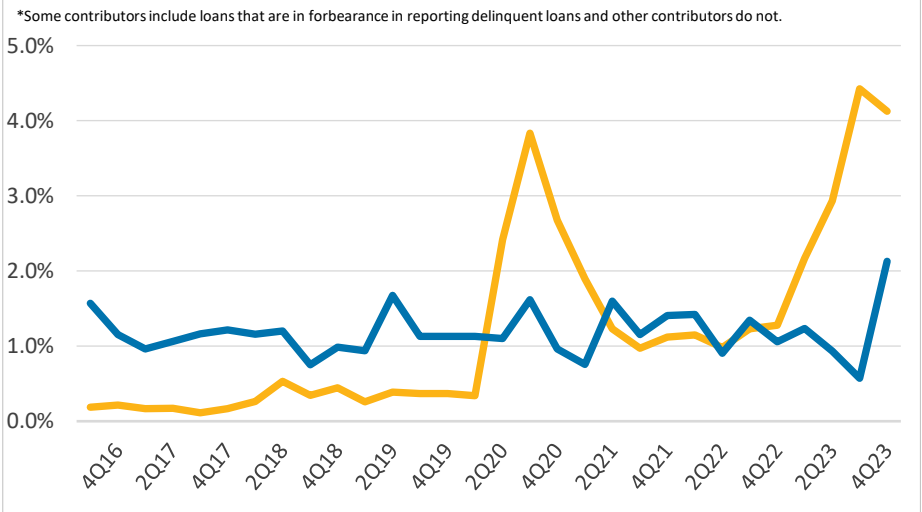
	Senior Housing	Nursing Care	Total
1. Total Loan Volume Closed 4Q2023:	\$ 560,000,928	\$ 933,631,057	\$ 1,493,631,985
1a. New Permanent Loan Volume Closed 4Q2023:	\$ 346,284,728	\$ 707,102,877	\$ 1,053,387,605
1b. Mini-Perm/Bridge Loan Volume Closed 4Q2023:	\$ 142,190,000	\$ 226,528,180	\$ 368,718,180
1c. New Construction Loan Volume Closed 4Q2023:	\$ 71,526,200	\$ -	\$ 71,526,200
2. Total Loan Balances as of 12/31/2023:	\$ 54,319,463,627	\$ 29,566,645,666	\$ 83,886,109,292
2a. Total Permanent Loan Balances as of 12/31/2023:	\$ 45,056,164,513	\$ 27,104,284,408	\$ 72,160,448,921
2b. Total Construction/Mini-Perm/Bridge Loan Balances as of 12/31/2023:	\$ 9,263,299,114	\$ 2,462,361,257	\$ 11,725,660,371
2b-i. Total Mini-Perm/Bridge Balances as of 12/31/2023:	\$ 6,565,053,261	\$ 2,365,078,271	\$ 8,930,131,532
2b-ii. Total Construction Balances as of 12/31/2023:	\$ 2,698,245,853	\$ 97,282,987	\$ 2,795,528,839
3. Total Balance of Delinquent Loans (60 days or more) as of 12/31/2023:	\$ 2,442,021,423	\$ 622,728,683	\$ 3,064,750,106
4. Total Amount of Foreclosures during 4Q2023:	\$ 17,165,388	\$ -	\$ 17,165,388
Contributor Count	17	15	17*

Lender Types in the 4Q 2023 Sample



Source: NIC Lending Trends Report, NIC Analytics

Delinquency as a Share of Total Loans



Source: NIC Lending Trends Report, NIC Analytics

Key Takeaways for 4Q 2023

As part of the survey process for the NIC Lending Trends report, we ask data contributors questions about the lending environment for senior housing and nursing care. The following summarizes responses related to changing capital market conditions, lending patterns, and any notable trends they are observing in the market.

The lending market for senior housing and nursing care in the fourth quarter of 2023 continued to show improving T3 NOI over T12 NOI, movement in the positive direction, but investment opportunities remain suppressed due to higher interest rates and limited investment sales.

Some lenders maintained their existing lending positions set forth in the first half of 2023, while others expressed optimism about potentially loosening requirements in 2024.

Many contributors reported primarily focusing on current relationships and stabilized properties, as rising rates affected credit quality, requiring lower requested loan amounts to meet the minimum DSCR. However, many contributors reported that there was an increasing pace of applications underwritten and approved throughout the fourth quarter. This suggests that while challenges exist, there is a continued interest in lending to the senior housing and nursing care sectors, with lenders adjusting strategies to navigate the current market conditions.

*Note: while there are 17 total contributors this quarter, not all of them lend for nursing care. Hence, nursing care has a lower count.

Market Forces Recap

At its May meeting, the FOMC voted unanimously to maintain the fed funds rate in the target range of 5.25%-5.5% for the sixth consecutive meeting.

The FOMC comments highlighted that risks to achieving the Fed's employment and inflation goals have moved toward a better balance over the past year. However, the Fed reiterated its stance on rate cuts, stating that it does not expect to cut rates until it has greater confidence that inflation is moving sustainably toward 2%.

Looking ahead: In May, the Fed stated that starting June 1, 2024, the Fed will slow the pace of quantitative tightening, reducing the cap on the amount of treasury securities rolling off the balance sheet. While recent months have delivered mixed results on key inflation indicators, many market expectations include a potential rate cut by late 2024 or early 2025.

4Q 2023 Lending Trends in Senior Housing and Nursing Care Remain Low

In 2023, the senior housing and nursing care sectors experienced a slowdown in lending activity. The Federal Reserve's decision to hold the federal funds rate steady contributed to a cautious lending environment, with lenders and borrowers adjusting to changing capital market conditions and higher for longer interest rates.

In the senior housing sector, new construction loan closings remained subdued, while total loan balances and delinquency rates experienced slight declines.

Nursing care construction and loan balances remained unchanged, with a notable increase in delinquency rates in the fourth quarter of 2023.



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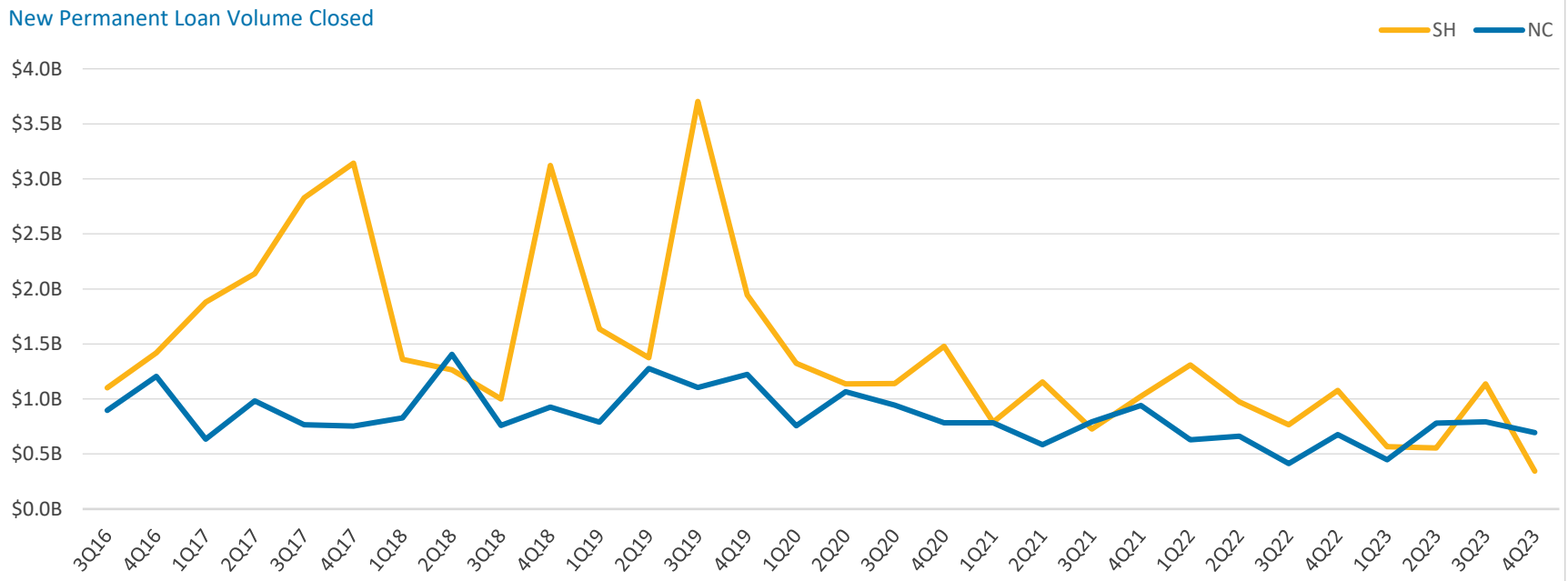
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Key Takeaways

In the fourth quarter of 2023, new permanent loan volumes for senior housing fell by 70% to a time series low. This decline contrasts with the increase observed in the third quarter of 2023 and reflects cautious lending and borrowing behavior amid steady federal funds rates and persistent inflation. Nursing care loan volumes also saw a decline, dropping by 13%.

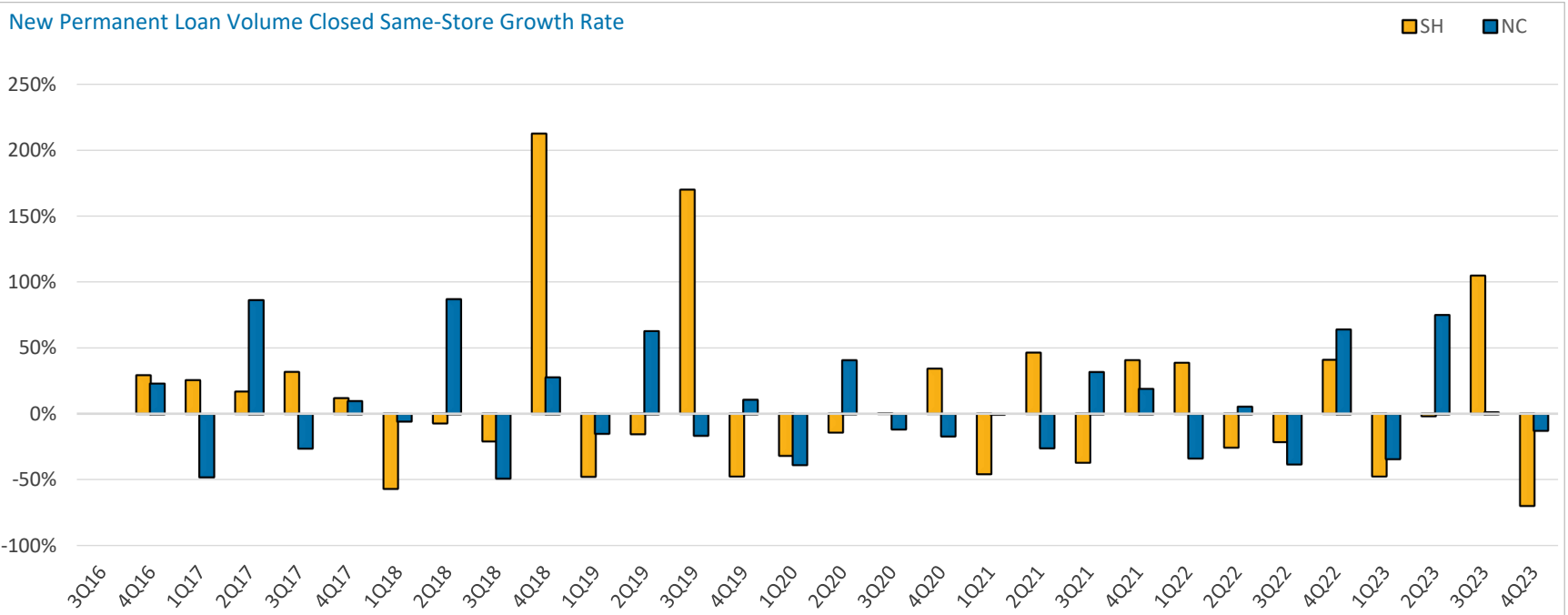
Permanent financing for senior housing and nursing care remained inconsistent across lender types, reflecting ongoing challenges in the lending environment, including tighter lending standards, wider spreads, and lower loan proceeds.

New Permanent Loan Volume Closed



Source: NIC Lending Trends Report, NIC Analytics

New Permanent Loan Volume Closed Same-Store Growth Rate



Source: NIC Lending Trends Report, NIC Analytics

Contributor Counts per Quarter

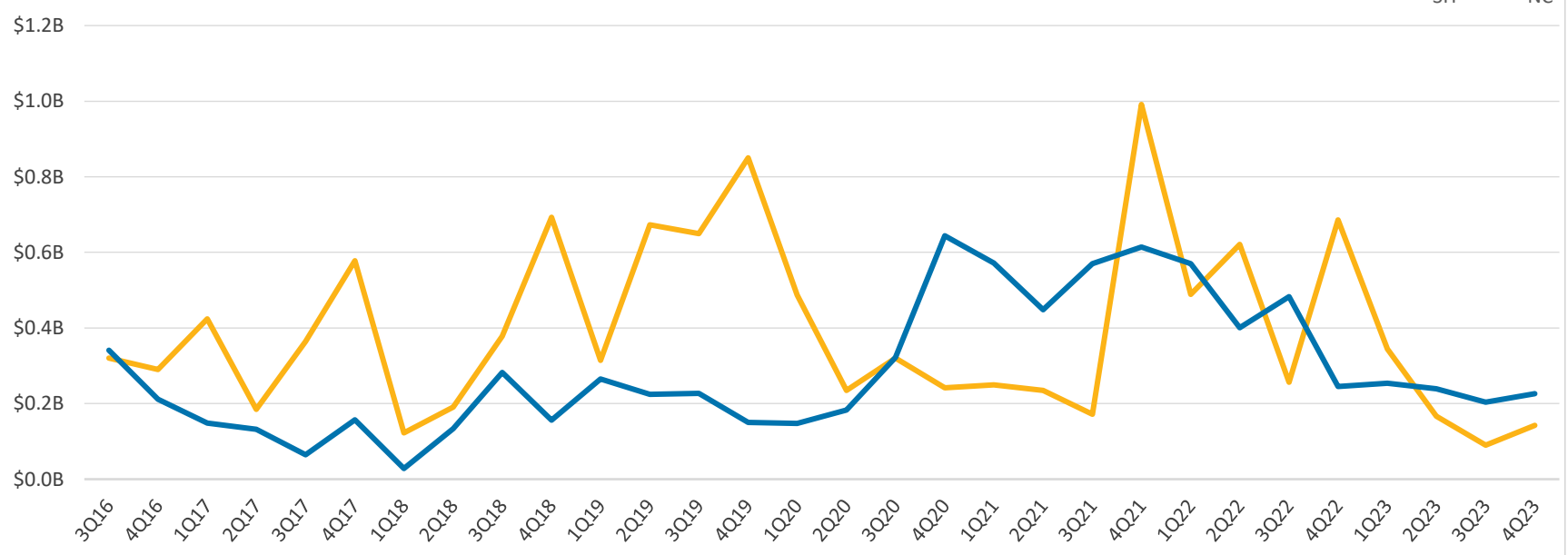
Quarter	16Q3	16Q4	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4
Senior Housing	19	19	19	18	18	17	19	18	19	18	19	17	17	17	16	14	14	13	13	13	13	13	13	13	13	13	14	14	14	13
Nursing Care	17	17	17	16	16	15	17	16	17	16	17	15	15	15	15	13	12	13	12	11	12	12	12	12	12	12	12	13	13	12

Source: NIC Lending Trends Report, NIC Analytics

Key Takeaways

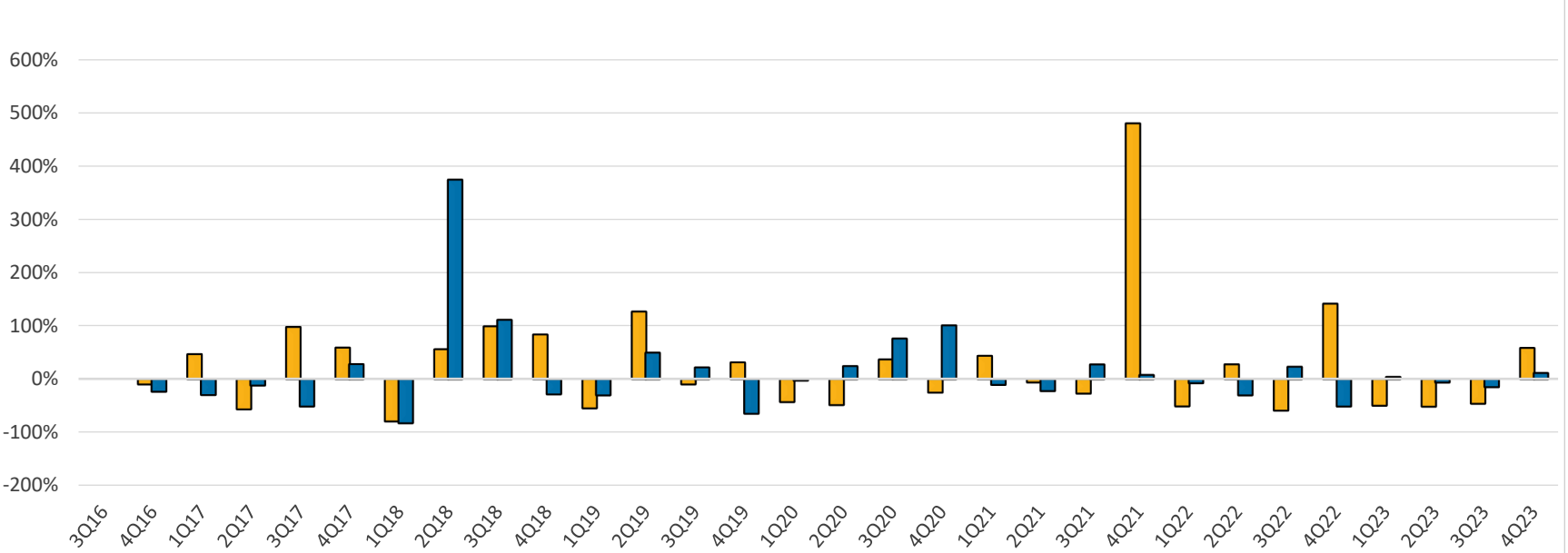
In the fourth quarter of 2023, mini-perm/bridge debt issuance for senior housing showed a slight uptick but remained near its time series low. Similarly, nursing care mini-perm/bridge loan closings, while slightly higher than those in senior housing for the past three consecutive quarters, remained relatively low and on par with pre-pandemic levels. Borrowers continue to adjust to the prevailing “higher for longer” mindset, anticipating sustained rates without a potential decline in the near future. While short-term debt options are limited, those available often come with increased costs and additional credit enhancements e.g., the need for more equity or a repayment guaranty.

New Mini-Perm/Bridge Loan Volume Closed



Source: NIC Lending Trends Report, NIC Analytics

New Mini-Perm/Bridge Loan Volume Closed Same-Store Growth Rate



Source: NIC Lending Trends Report, NIC Analytics

Contributor Counts per Quarter

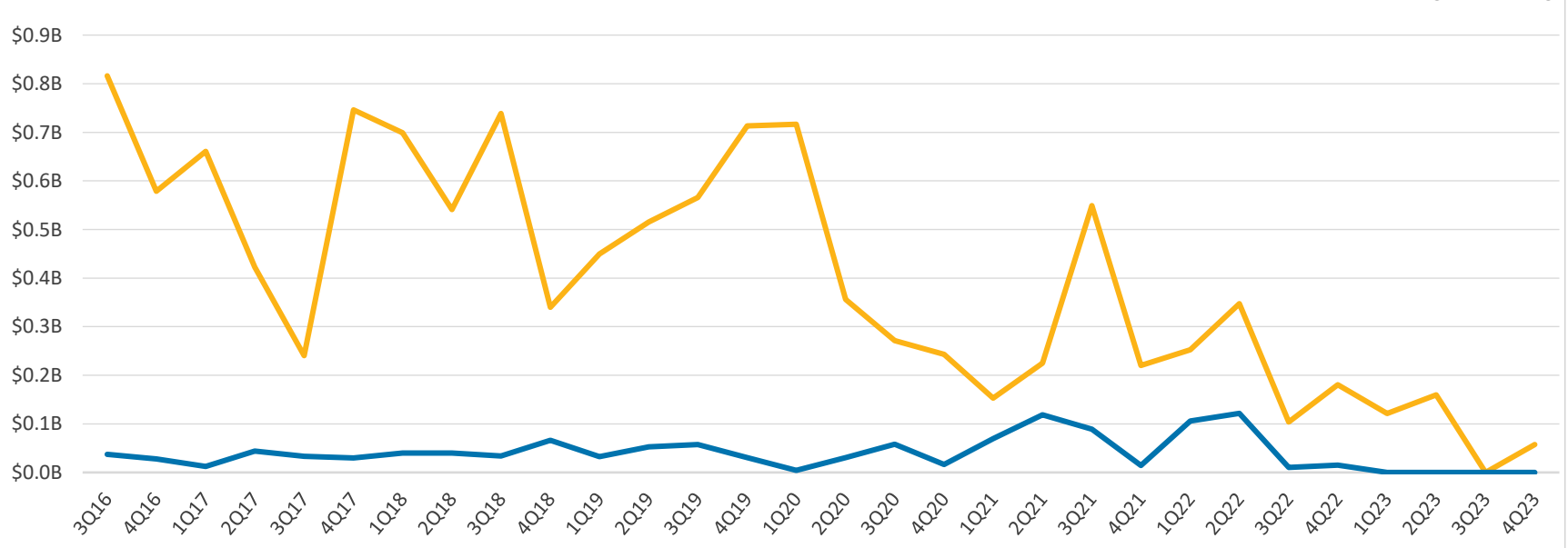
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Senior Housing	17	17	17	16	16	16	18	17	18	16	18	16	15	16	15	13	13	12	12	11	12	12	12	12	12	13	13	13	13	12
Nursing Care	17	17	17	16	16	16	18	17	18	16	18	16	15	16	16	14	13	14	13	12	13	13	13	13	13	13	13	14	14	13

Source: NIC Lending Trends Report, NIC Analytics

Key Takeaways

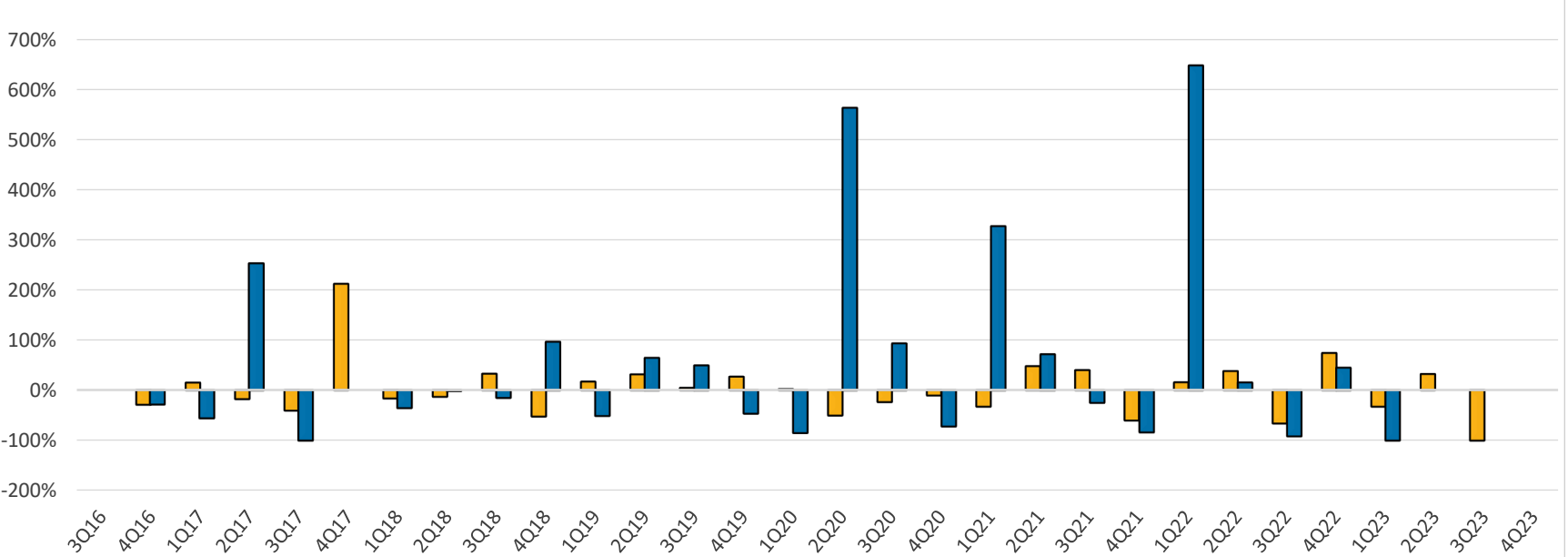
In the fourth quarter of 2023, new construction loan closings for senior housing saw a slight uptick from the previous quarter, which had somewhat non-existent activity. However, the volume remained well below historical standards. The number of senior housing units under construction in the 31 NIC MAP Primary Markets stayed close to its lowest level since 2015, indicating a continued trend of cautious expansion in the senior housing sector. Related to construction activity, analysis in the previously released [NIC SHARK report](#) showed indications of increased activity in the Mid-Atlantic region, with construction figures showing positive growth in the fourth quarter of 2023 compared to 2019 levels. As for nursing care, the issuance of construction debt was virtually non-existent for the lenders sampled in the Lending Trends Report, aligning with the pattern of limited debt financing for new nursing care property construction since NIC began data collection in 2016.

New Construction Loan Volume Closed



Source: NIC Lending Trends Report, NIC Analytics

New Construction Loan Volume Closed Same-Store Growth Rate



Source: NIC Lending Trends Report, NIC Analytics

Contributor Counts per Quarter

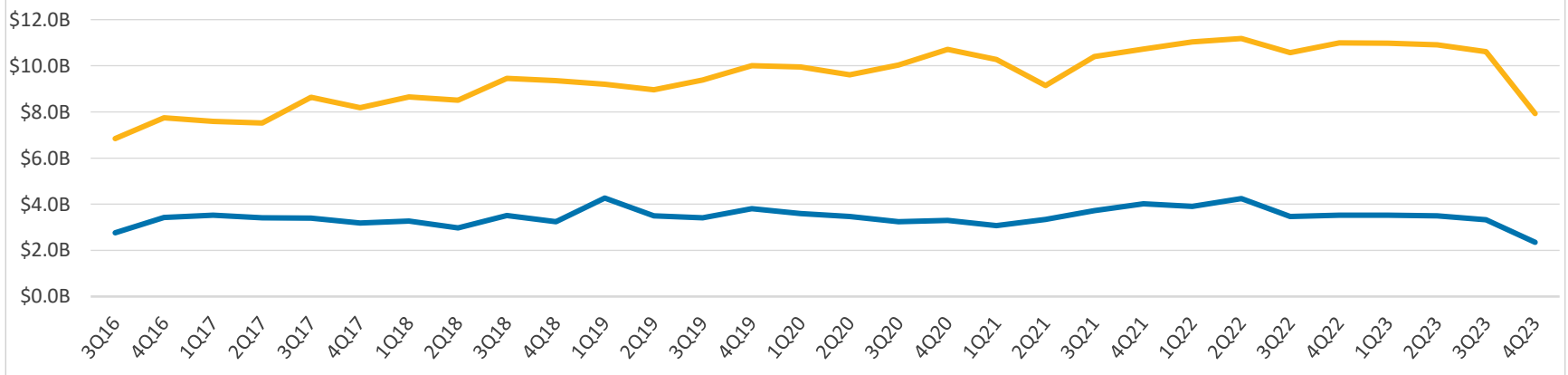
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Senior Housing	18	18	18	17	17	17	19	18	19	17	19	17	16	17	16	14	14	13	13	12	13	13	13	13	13	13	14	14	14	13
Nursing Care	18	18	18	17	17	17	19	18	19	17	19	17	16	17	17	15	14	15	14	13	14	14	14	14	14	14	14	15	15	14

Source: NIC Lending Trends Report, NIC Analytics

Key Takeaways

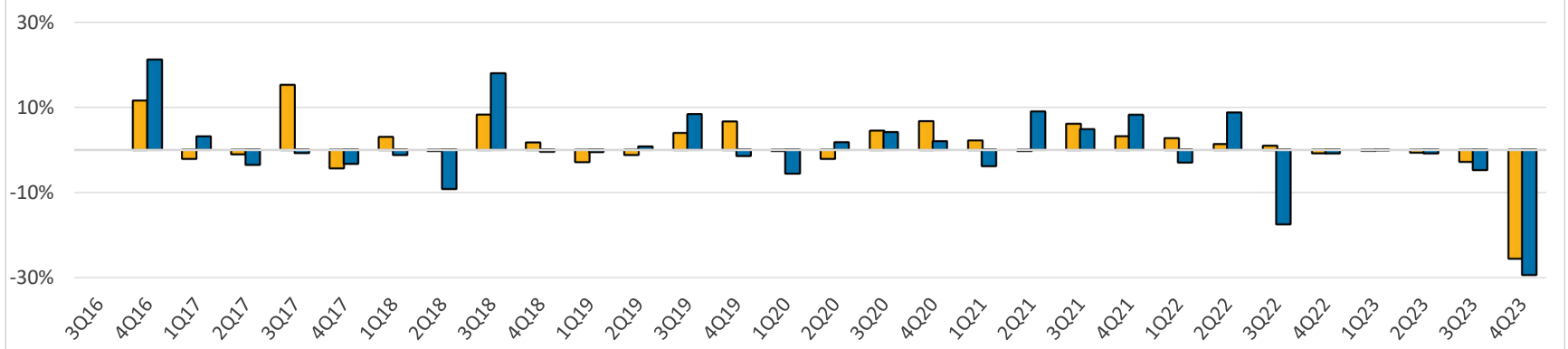
In the fourth quarter of 2023, total construction/mini-perm/bridge loan balances for senior housing and nursing care witnessed a notable decline. Senior housing construction/mini-perm/bridge loan balances were down 25% from the previous quarter, while those for nursing care declined by about 29%.

Total Construction/Mini-Perm/Bridge Loan Balances



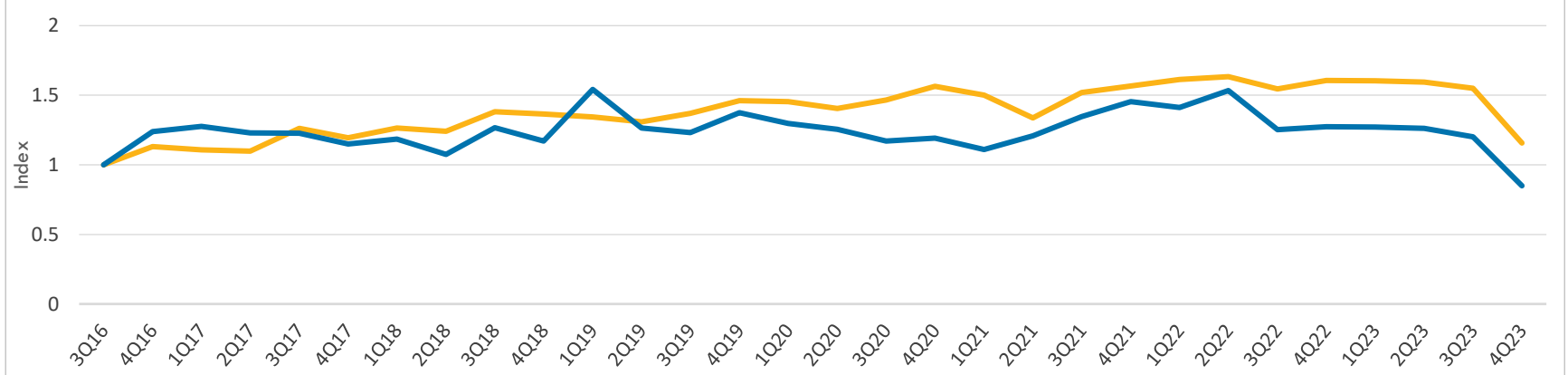
Source: NIC Lending Trends Report, NIC Analytics

Total Construction/Mini-Perm/Bridge Loan Balances Same-Store Growth Rate



Source: NIC Lending Trends Report, NIC Analytics

Total Construction/Mini-Perm/Bridge Loan Balances Indexed



Source: NIC Lending Trends Report, NIC Analytics

Contributor Counts per Quarter

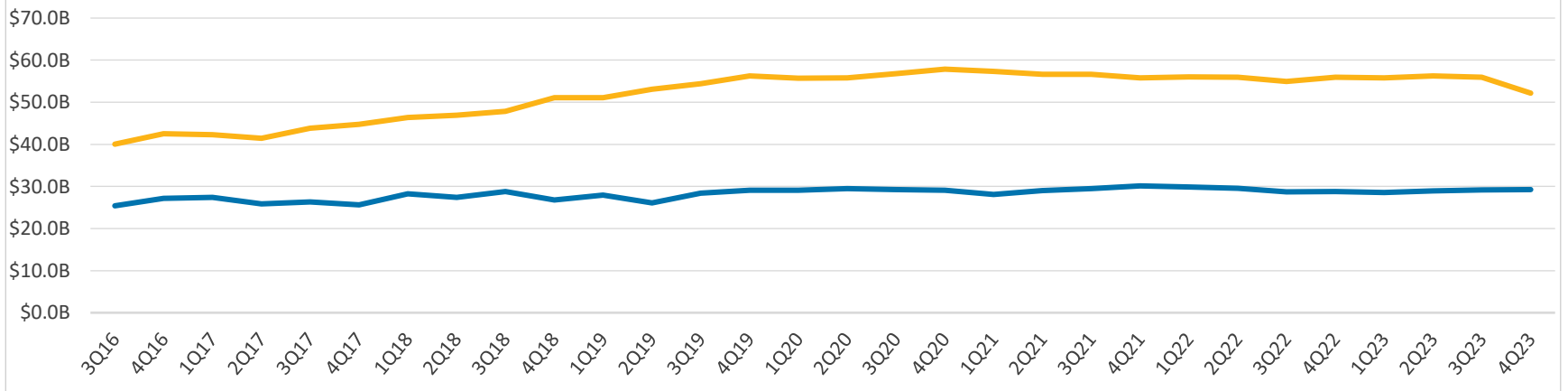
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Senior Housing	18	18	18	17	17	17	19	18	19	17	19	17	16	17	16	14	14	13	13	12	13	13	13	13	13	14	14	14	14	13
Nursing Care	18	18	18	17	17	17	19	18	19	17	19	17	16	17	17	15	14	15	14	13	14	14	14	14	14	14	14	15	15	14

Source: NIC Lending Trends Report, NIC Analytics

Key Takeaways

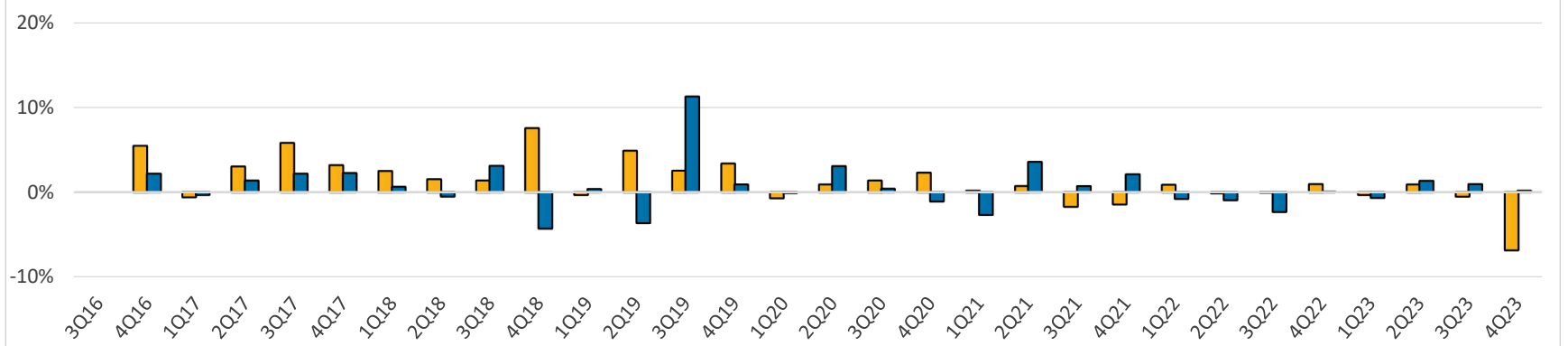
On a same-store quarter-over-quarter basis, total loan balances for senior housing decreased, while those for nursing care remained relatively unchanged in the fourth quarter 2023. The decline in senior housing total loan balances may reflect a combination of factors, including market conditions, lender caution, some loans coming off the books, and possibly distressed properties. For the sample of lenders in the NIC Lending Trends Report in the fourth quarter of 2023, government-related sources accounted for 72% of total loan balances, while banks represented 13%, and other lenders comprised 15%.

Total Loan Balances



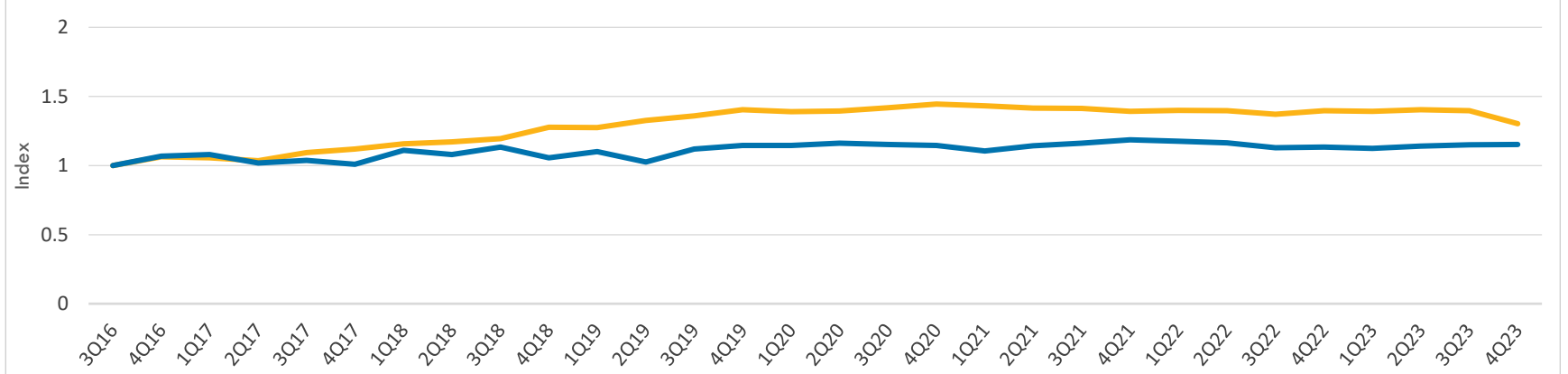
Source: NIC Lending Trends Report, NIC Analytics

Total Loan Balances Same-Store Growth Rate



Source: NIC Lending Trends Report, NIC Analytics

Total Loan Balances Indexed



Source: NIC Lending Trends Report, NIC Analytics

Contributor Counts per Quarter

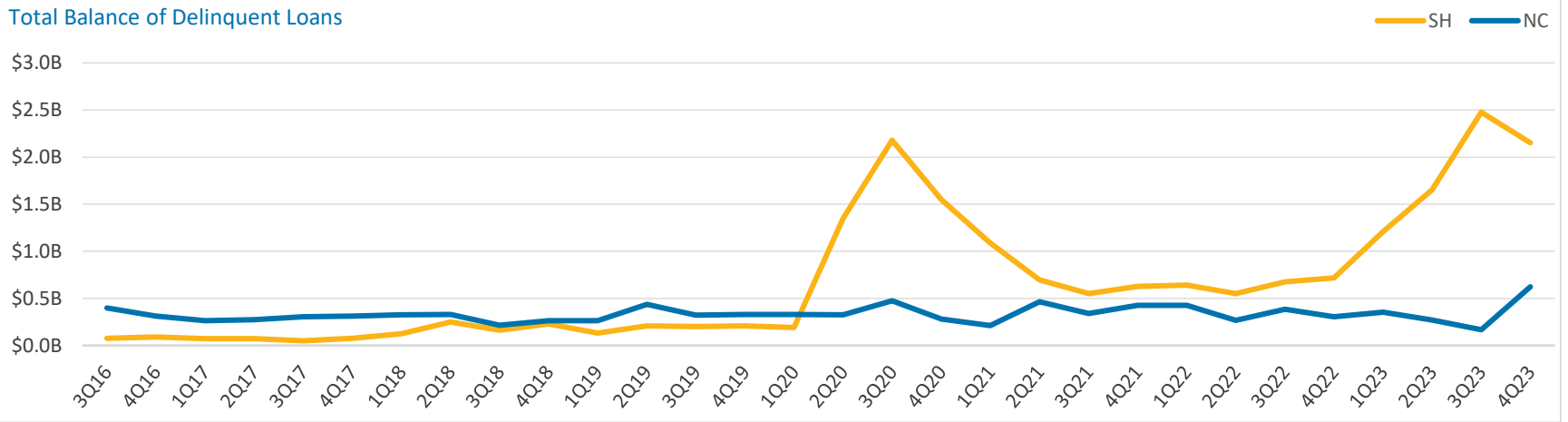
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Senior Housing	20	20	20	19	19	19	21	20	21	19	21	19	18	19	18	16	16	15	15	14	15	15	15	15	15	15	16	16	16	16	15
Nursing Care	18	18	18	17	17	17	19	18	19	17	19	17	16	17	17	15	14	15	14	13	14	14	14	14	14	14	14	14	15	15	14

Source: NIC Lending Trends Report, NIC Analytics

Key Takeaways

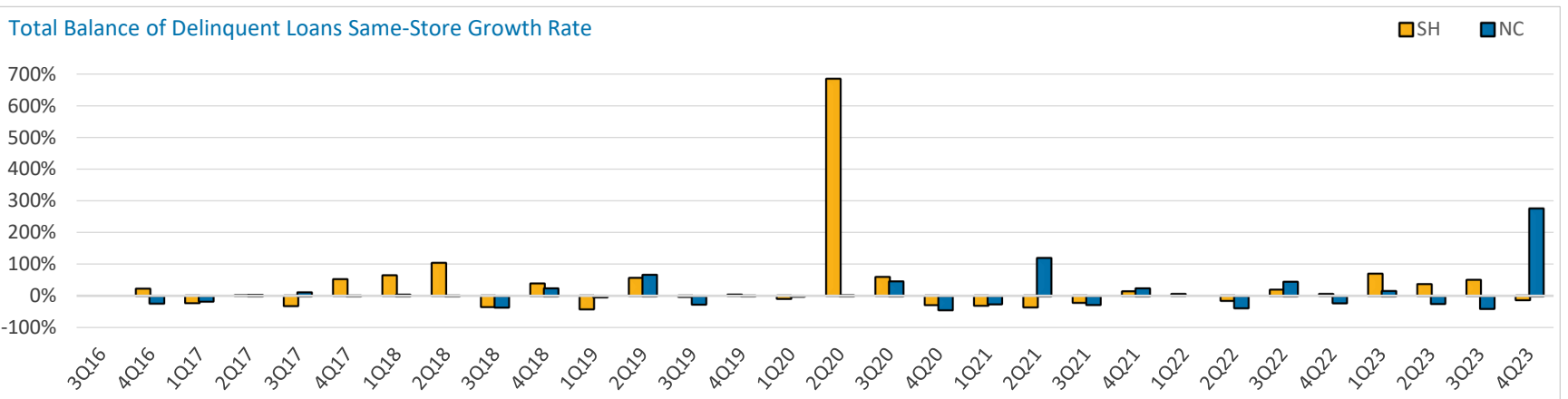
Fourth quarter survey a reduced total balance of delinquent loans for senior housing, down by 13% from the time series high recorded in the third quarter of 2023. Conversely, delinquencies in nursing care surged by over 200% from the previous quarter. Delinquencies as a share of total loans decreased to 4.1% for senior housing, down from 4.4% in the third quarter of 2023. In contrast, the delinquency rate for nursing care rose to a time series high of 2.1% from 0.6% in the third quarter. Note that loans in forbearance are reported in the delinquent loan data for some debt providers. Additionally, foreclosures totaling \$17.2M for senior housing were reported within the sample in the fourth quarter of 2023.

Total Balance of Delinquent Loans



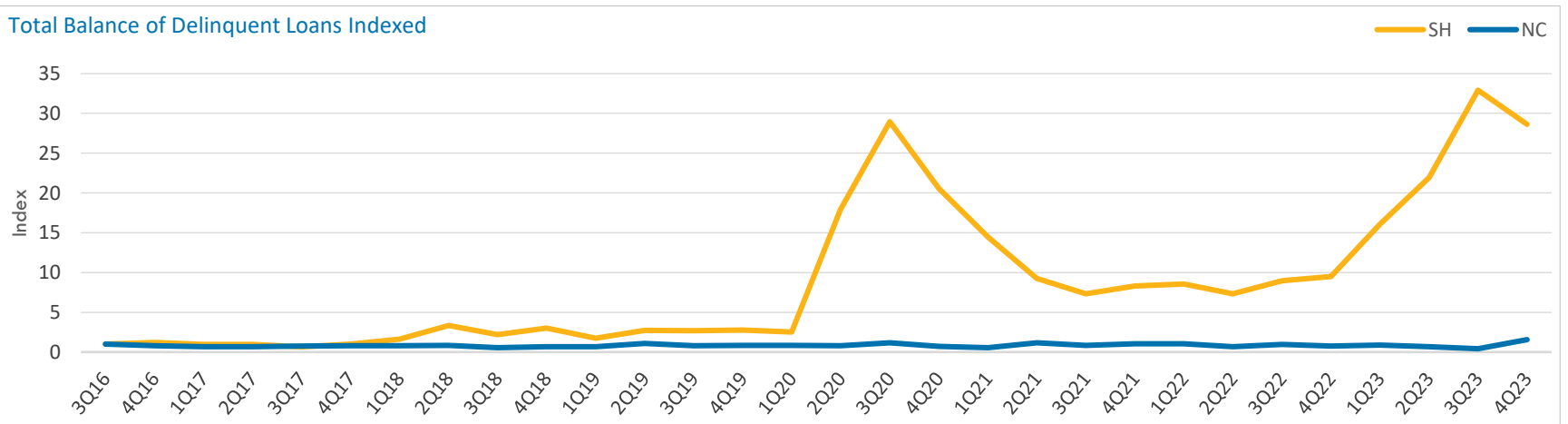
Source: NIC Lending Trends Report, NIC Analytics

Total Balance of Delinquent Loans Same-Store Growth Rate



Source: NIC Lending Trends Report, NIC Analytics

Total Balance of Delinquent Loans Indexed



Source: NIC Lending Trends Report, NIC Analytics

Contributor Counts per Quarter

Quarter	16Q3	16Q4	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4
Senior Housing	20	20	20	19	19	19	21	20	21	19	21	19	18	19	18	16	16	15	15	15	14	15	15	15	15	15	16	16	16	15
Nursing Care	18	18	18	17	17	17	19	18	19	17	19	17	16	17	17	15	14	15	14	13	14	14	14	14	14	14	14	15	15	14

Source: NIC Lending Trends Report, NIC Analytics

Note: some contributors include loans that are in forbearance in reporting delinquent loans and other contributors do not.

Loan Type Glossary

New Permanent Loan Volume Closed: Mortgage loans closed in a specific quarter for completed projects. These permanent loans generally have amortization periods between 15 and 30 years. These loans tend to be acquired following a construction loan or following a mini-perm loan.

Mini-Perm/Bridge Loan Volume Closed: Mini-perm/bridge loans are generally between 3 and 5 years and tend to function as an intermediary loan following a construction loan and prior to finding a longer-term mortgage loan.

New Construction Loan Volume Closed: A shorter term loan to finance the construction of a property.

Total Loan Balances: Total of all loan balances outstanding at the end of the quarter.

Total Permanent Loan Balance: Total of all outstanding permanent loans at the end of the quarter.

Total Construction/Mini-Perm/Bridge Loan Balance: The total balance of all construction loans, mini-perm, and bridge loans outstanding at the end of the quarter.

Total Mini-Perm/Bridge Loan Balances: Total of all mini-perm/bridge loans outstanding at the end of the quarter.

Total Construction Balances: Total of all construction loans outstanding at the end of the quarter.

Total Balance of Delinquent Loans: Total balances of loans that are delinquent by more than 60 days as of the end of the quarter. Note: some contributors include loans that are in forbearance in reporting delinquent loans and other contributors do not.

Total Amount of Foreclosures During the Quarter: Total amount of loans foreclosed upon during the quarter. For the current sample, this number is generally close to zero as there are relatively few foreclosures during the time that NIC has been collecting data from contributors.

Lender Type Glossary

Bank – A bank is a financial institution that accepts deposits and provides loans. Bank financing for senior housing and care properties covers a wide range of institutions and financing options. Commercial banks typically lend for new construction and acquisitions, and offer lines of credit, corporate credit lines, and shorter-term property financing options, i.e., bridge or mini perm loans.

Bank Holding Company – A bank holding company is a company that has one or more banks and possibly other assets. Generally, bank holding companies have more flexibility for methods of raising capital than traditional banks do.

Commercial Real Estate Services Company – Commercial real estate services companies can offer a range of investment services for several property types.

Financial Services Company – Financial services companies are a broad category that encompass businesses that offer a variety of services including banking, investment funds, or other services.

Government-Related Sources – Companies or organizations that are related to or funded by the government.

Investment Management Firm – Investment management firms offer their clients investment opportunities that the firm designs and manages. Investment management firms aim to create portfolios that generate returns with varying levels of risk, which can include lending services.

REIT – Real Estate Investment Trust (REIT) is a company that owns, manages, or finances income-generating real estate. To qualify as a REIT a company must: (1) invest at least 75% of its total assets in real estate; (2) derive at least 75% of its gross income from rents from real property, interest on mortgages financing real property or from sales of real estate; (3) pay at least 90% of its taxable income in the form of shareholder dividends each year among other requirements. Shareholders pay the income taxes on those dividends.

Methodology

Growth rates are calculated on a same-store basis. A data provider must have files for two consecutive quarters in order to be included in the quarter-over-quarter calculation. The same-store growth rate is a quarter-over-quarter metric that's calculated by taking the set of contributors that provided data files for two quarters back to back, summing all the values for each of the two quarters, then calculating the growth from one quarter to the next.

The indexed values for total construction/mini-perm/bridge loan balances, total loan balances, and total delinquent balances are calculated as a quarter's outstanding volume over the sum of the volume in 3Q2016, the base period for comparison. As a result, it is not same-store. Mergers account for some of the variability in contributor counts. Note: not all charts have the same axes.

About this Report

The NIC Lending Trends Report collects loan volume data for senior housing and care properties. NIC conducts this quarterly survey and generates this report to further enhance transparency of capital market trends in the senior housing and care sector. These data are not to be interpreted as a census of all senior housing and skilled nursing lending activity in the U.S. and reflect lending activity from participants included in the survey sample only. Property type is the industry's traditional categorization where each property is classified by its plurality care segment, and where: (1) memory care is considered a subset of assisted living and (2) individual CCRC/LPCs are classified according to their plurality care segment. Senior housing represents the aggregate of majority independent living and majority assisted living.

About NIC Analytics

This report was prepared by NIC Analytics at National Investment Center for Seniors Housing and Care (NIC), a nonprofit 501(c)(3) organization whose mission is to support access and choice for America's seniors. NIC's Analytics group interprets data and analyzes trends in the senior housing and nursing care sectors as they relate to and impact capital seekers (owners, operators, and developers) and capital providers (debt and equity entities).

How to Participate

If you would like to contribute your data, please contact us at analytics@nic.org.