CLA Occupancy Insights
Through Reporting Period January 3, 2021
National Occupancy as of January 3, 2021

Red 55% to Green 80% (excluding Alaska)
National Occupancy Trend

<table>
<thead>
<tr>
<th>Period</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/31/2020</td>
<td>75.0%</td>
</tr>
<tr>
<td>6/30/2020</td>
<td>75.0%</td>
</tr>
<tr>
<td>7/26/2020</td>
<td>74.3%</td>
</tr>
<tr>
<td>8/30/2020</td>
<td>73.6%</td>
</tr>
<tr>
<td>9/30/2020</td>
<td>73.5%</td>
</tr>
<tr>
<td>11/1/2020</td>
<td>73.0%</td>
</tr>
<tr>
<td>11/20/2020</td>
<td>71.1%</td>
</tr>
<tr>
<td>1/3/2021</td>
<td>68.6%</td>
</tr>
</tbody>
</table>
National Occupancy as of January 3, 2021

Comments:
• As of 1/3/2021, not one of the 48 continental states is reporting occupancy greater than 80%
• New York is among the highest at approximately 79% and Texas the lowest at approximately 56%
• The dip:
  • National median occupancy percentage to start 2020 was approximately 85%
  • Decreased to approximately 75% at end of May 2020,
  • National median occupancy to start the new year (2021) was approximately 69%
  • At the start of 2021, no continental state (i.e. exclude Alaska and DC) is reporting a median occupancy of 80% or higher. The last state to slip past 80% was Maine, which occurred the last reporting week in December 2020.

Business Implications:
• Occupancy is a top 3 pain point for SNF operators
• CARES Act and PPP funding has helped operators weather the storm from a cash perspective, but those reserves are running out
• Getting back to pre-COVID occupancy levels is a significant concern for operators
• Given historically low margins, post-COVID occupancy at even 90-95% of pre-COVID levels will push most operators into a negative margin situation
National Occupancy as of January 3, 2021

Harsh Examples

- Massachusetts median fell from approximately 90% 2019 to 70% end of May. Slight recovery in Q3 was lost by end of Q4.
- New Mexico median fell from low 80s to low 70s end of May with a continued decline to low 60s to start 2021, with it’s 20%+ decline worse than any other state.
- Four states beginning 2021 below 60%: Arizona, Montana, Oklahoma, and Texas, all of which are already well below the national median in 2019 pre-COVID.

The Turn

- New Jersey is the only state reporting an increase in median occupancy for the period of May to the start of 2021, however it’s only a few percent.
- Massachusetts is the next closest, which reported 71% end of May and is shy of 71% into the start of 2021 due to the reversal of occupancy experienced in December 2020.
Regional Highlight
Northeastern States Occupancy Trend (ME, NH, VT, NY, MA, RI, CT, NJ)

Light blue = national median occupancy

Dark blue = north east states median occupancy
Northeastern States Occupancy (Pre-COVID to January 3, 2021)
Northeastern States Occupancy Trend

Comments:

• Northeastern states experienced a decline ranging between 15% to 20% from 2019 to start of 2021.
• May 2020 effectively inline with national median (approximately 75%)
• Occupancy improved over the summer and fall 2020, not dropping below 75% until mid-December 2020 it slipped to 74% when national occupancy was down to 70%, Northeast started January 2021 at 73% while national median was 69%.
• North East states median occupancy consistently trending above national mean occupancy from June 2020 through the close of calendar 2020.
• North East states at the start of 2021 approximately 73%
• National mean occupancy approximately 69%
• Over the summer and fall of 2020 the north east increased in mean occupancy while the rest of the country continued to slide.
• North east occupancy is following the national trend, however maintaining a favorable delta
Northeastern States Occupancy Trend

Comments:
• New York, which lead the northeast for median occupancy in 2019 at over 90% fell below 80%, though maintained its rank in region at 78.4%
• Massachusetts and Rhode Island experienced the greatest declines of approximately 20%, each dropping from approximately 90% in 2019 to just over 70% to start 2021
• New Jersey and Vermont were each approximately 85% in 2019 but fared differently through COVID. While VT fell less than 15%, remaining over 70%, NJ was the one Northeastern state starting 2021 below 70%.
• The improvement in occupancy during summer months lead to optimism until late November. With vaccine deliveries and administration, hopefully the months to come will bring similar improvement.
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