2004
Idaho Assisted Living Survey

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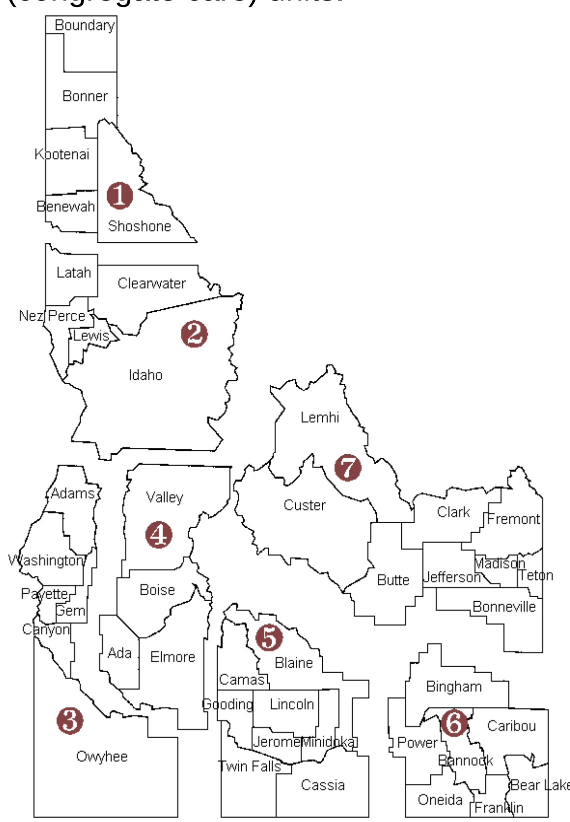
It's finally here, the third annual Idaho Assisted Living Survey. Due to an incredible work load this year at Jorgensen Appraisal, we are a little late. We apologize, and hope to do better next year.

The survey is intended to be a service to assisted living owners, managers and other interested parties. The survey was conducted in spring 2004. It addresses unit types and sizes, levels of care, average rates and occupancy. It is broken down by geographic area, corresponding to the Idaho Health and Welfare regions.

This year, survey responses were received on 4,999 total units. Those include over 80% of the licensed Assisted Living beds in the state, plus 529 Independent Living (congregate care) units.



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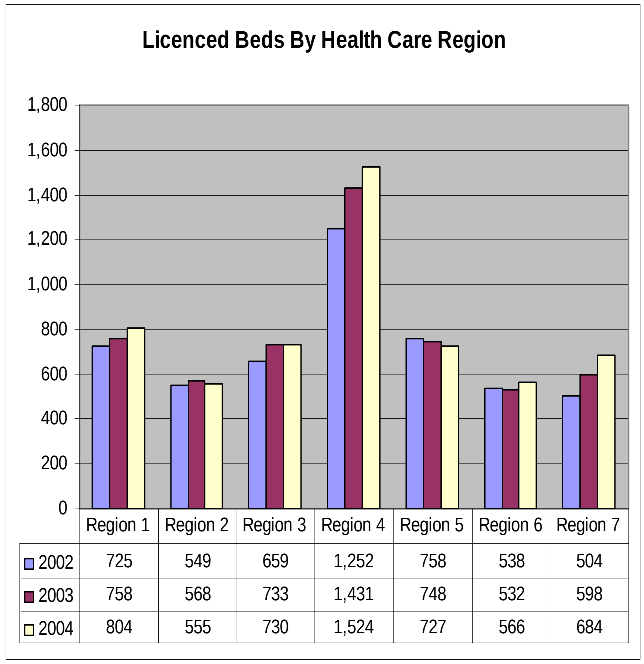
Supply

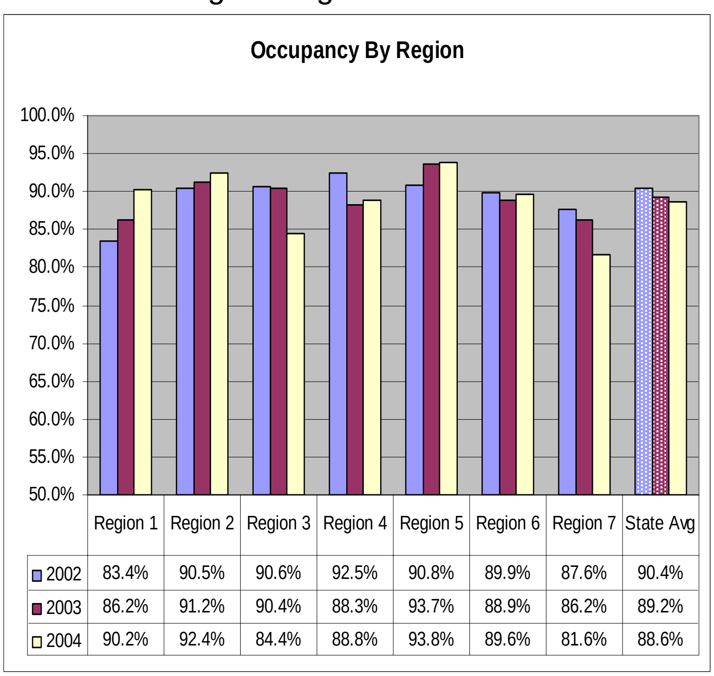
In spring 2004, there were just under 5,600 licensed elderly assisted living beds in Idaho (excluding facilities specializing in developmental disabilities, mentally ill, physically disabled and traumatic brain injury). That represents a net increase of 222 units over the previous year. Region 7 saw the largest percent increase in supply, with new facilities in Idaho Falls, St. Anthony and Challis. Region 4 also had significant new construction, but is a larger market and better able to absorb the new supply. Supply actually declined slightly in Regions 2 and 5, due to closure of a few small facilities.



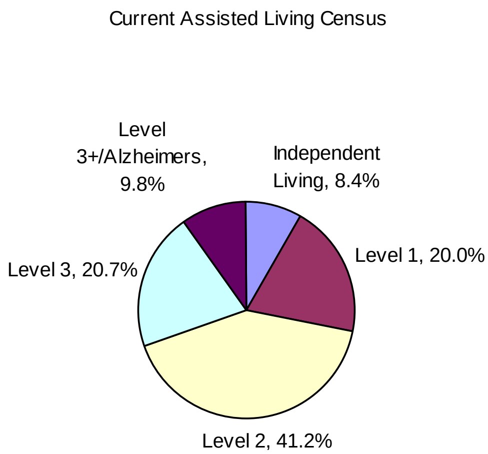
	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7
2002	725	549	659	1,252	758	538	504
2003	758	568	733	1,431	748	532	598
2004	804	555	730	1,524	727	566	684

Occupancy

Although the amount of new construction in 2003 was not unreasonable, a weak economy has slowed absorption. As a result, occupancy declined slightly for the second year in a row in 2004, to an average of 88.6% statewide. Much of the variation among the regions is due to differences in construction. Region 7 had the largest percent increase in supply, and average occupancy fell to 81.6%, lower than any other region. Region 5, on the other hand, saw a slight decline in market supply due to closure of a couple small facilities, and occupancy remains the highest in the state. Region 1 also experienced an occupancy increase. Region 3 had an occupancy decrease, although the nearest new supply was in Region 4. However, these two markets tend to overlap somewhat.



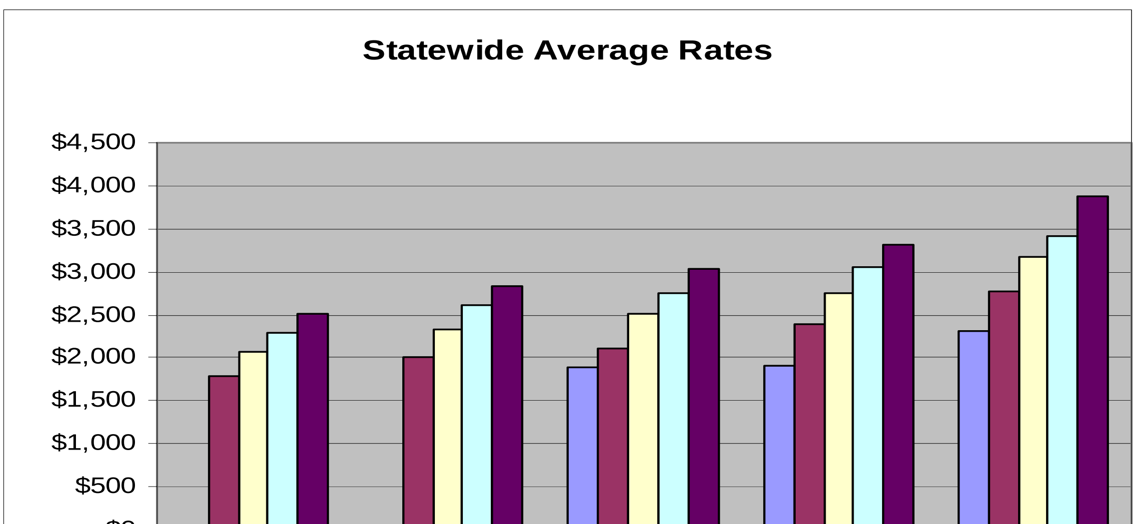
	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	State Avg
2002	83.4%	90.5%	90.6%	92.5%	90.8%	89.9%	87.6%	90.4%
2003	86.2%	91.2%	90.4%	88.3%	93.7%	88.9%	86.2%	89.2%
2004	90.2%	92.4%	84.4%	88.8%	93.8%	89.6%	81.6%	88.6%



The census in assisted living properties currently averages about 40% AL-II, 20% AL-I and 10% independent living. About 30% of residents are rated AL-III, including about 10% specialized Alzheimer's and other "AL-III plus" residents. Nationwide, the trend is to higher levels of care in assisted living. Some studies show Alzheimer's/Dementia at 15% to 20% of the market. It is likely the Idaho ratios will continue to gradually increase as the market matures.

Rates

The average rate increase across all categories was a modest 2.35% from 2003 to 2004. That is near the underlying inflation rate, but below the average rate of increase in earlier years. The slowdown in rate increases may be a reflection of slightly lower average occupancy. The following is a summary of statewide average rates. These are private-pay averages, and exclude Medicaid.



	Semi-Private	Private	Studio	1 Bedroom	2 Bedroom
IL			$1,889	$1,899	$2,319
AL1	$1,794	$2,012	$2,106	$2,394	$2,782
AL2	$2,064	$2,328	$2,508	$2,754	$3,179
AL3	$2,289	$2,621	$2,756	$3,063	$3,419
AL3+	$2,511	$2,831	$3,043	$3,313	$3,880

The following table breaks the averages down by region. Keep in mind, however, that for some unit and care level combinations, particularly in smaller regions, the number of responses in the averages is small. Therefore, the averages can be skewed significantly by one unique property.

Average Rates by Health Care Region					
		Level I	**Level II**	**Level III**	**Level III+**
Region 1	Semi-private	$1,864	$2,105	$2,570	$2,675
	Private	$2,137	$2,332	$2,703	$2,700
	Studio w Kitchenette	$2,098	$2,847	$3,006	$3,284
	One Bedroom	$2,370	$2,896	$3,271	$3,586
	Two Bedroom	$2,422	$3,018	$3,425	$3,810
Region 2	Semi-private	$1,435	$1,506	$1,341	
	Private	$1,998	$2,462	$3.069	
	Studio w Kitchenette	$2,087	$2,414	$2,772	$3,268
	One Bedroom	$2,067	$2,331	$2,651	$2,884
	Two Bedroom	$2,780	$3,057	$3,379	
Region 3	Semi-private	$1,653	$1,933	$2,132	$2,795
	Private	$1,979	$2,275	$2,517	$3,095
	Studio w Kitchenette	$2,222	$2,609	$2,889	$2,842
	One Bedroom	$2,129	$2,584	$3,181	$3,395
	Two Bedroom				
Region 4	Semi-Private	$1,947	$2,284	$2,467	$2,625
	Private	$2,047	$2,428	$2,668	$3,388
	Studio w Kitchenette	$2,228	$2,586	$2,949	
	One Bedroom	$2,606	$2,948	$3,383	
	Two Bedroom	$3,115	$3,535	$3,992	
Region 5	Semi-private	$1,800	$1,900	$2,290	$2,300
	Private	$1,920	$2,210	$2,514	$2,156
	Studio w Kitchenette	$1,941	$2,166	$2,553	$2,855
	One Bedroom	$2,057	$2,270	$2,759	$2,750
	Two Bedroom	$2,800		$3,320	
Region 6	Semi-private	$1,883	$2,150	$2,470	
	Private	$1,932	$2,346	$2,580	$2,613
	Studio w Kitchenette	$2,139	$2,469	$2,715	$3,100
	One Bedroom	$2,542	$3,221	$3,568	$3,300
	Two Bedroom	$2,650	$3,050	$3,450	
Region 7	Semi-private	$1,678	$1,954	$2,224	$2,300
	Private	$1,987	$2,308	$2,585	$2,553
	Studio w Kitchenette	$1,920	$2,161	$2,353	$2,720
	One Bedroom	$2,240	$2,406	$2,457	
	Two Bedroom	$2,995	$2,755	$2,722	

About Jorgensen Appraisal

Jorgensen Appraisal is a full service appraisal and consulting firm. Kerry M. Jorgensen, MAI has specialized in healthcare property consulting since 1979, including nursing homes, assisted living and other elderly housing. Services include appraisals, market analysis, feasibility studies and general consulting.
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