

UTAH ASSISTED LIVING SURVEY JANUARY 2001

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Please accept this copy of the first annual Utah Assisted Living Survey. The Utah Assisted Living Survey is intended to be a service to assisted living owners and managers, as well as government agencies, developers, lenders, appraisers and other interested parties. The survey was conducted primarily in January 2001 by Jorgensen Appraisal. It addresses unit types and sizes, average rates and occupancy and is broken down by geographic area.

Statewide Averages

There are currently 4,679 units of assisted living and independent living (congregate care) in Utah. Survey responses represent 4,422 units, or 94.5% of the state total. Table One below outlines average rates for various unit types for the state as a whole. Also shown are the average charges for a second person in the same unit.

Table One Utah Assisted Living Industry January 2001 Survey				
No. Units	Unit Type	Average SF Size	Average Base Rate	Average 2 nd Person Charge
Independent Living				
17	Private Bedroom/Private Bath (IL)	124	\$916	\$335
259	Studio with Kitchenette (IL)	458	\$1,399	\$335
973	One Bedroom Apartment (IL)	524	\$1,613	\$335
220	Two Bedroom Apartment (IL)	640	\$1,880	\$335
Assisted Living AL-I				
117	Semi-private Bedroom (AL-I)	245	\$1,478	--
122	Private Bedroom/Shared Bath (AL-I)	135	\$1,444	\$547
448	Private Bedroom/Private ½ Bath (AL-I)	184	\$1,468	\$547
442	Private Bedroom/Private Bath (AL-I)	200	\$1,452	\$547
192	Lg. Private Bedroom/Private Bath (AL-I)	305	\$1,548	\$547
100	Studio with Kitchenette (AL-I)	442	\$1,554	\$547
64	One Bedroom Apartment (AL-I)	518	\$1,971	\$547
24	Two Bedroom Apartment (AL-I)	750	\$2,172	\$547
Assisted Living AL-II				
2	Semi-Private Bedroom (AL-II)	227	\$2,500	--
9	Private Bedroom/Shared Bath (AL-II)	154	\$2,011	\$668
386	Private Bedroom/Private Bath (AL-II)	284	\$1,893	\$668
699	Studio with Kitchenette (AL-II)	371	\$1,904	\$668
312	One Bedroom Apartment (AL-II)	529	\$2,389	\$668
36	Two Bedroom Apartment (AL-II)	644	\$2,877	\$668
Total/Average - All Types				
4,422		384	\$1,713	\$515

Submarkets

Table Two below breaks the data down into various geographic areas of the state, and reports total units, average rates and average occupancy.

Table Two Utah Assisted Living Submarkets January 2001 Survey									
Area	Counties	No. of Beds	No. of Units	Average Rates			Average Occupancy		
				IL	AL-I	AL-II	IL	AL-I	AL-II
1	Cache, Rich	288	178	\$1,123	\$1,995	\$2,183	*	76.1%	81.3%
2	Box Elder, Weber, Morgan, north Davis	1,189	913	\$1,423	\$1,340	\$1,966	94.8%	85.5%	64.4%
3	Salt Lake, Tooele, south Davis	3,324	2,135	\$1,720	\$1,577	\$2,264	93.5%	90.5%	90.3%
4	Summit, Wasatch	48	48	--	\$1,583	\$2,336	--	*	*
5	Utah, Juab	985	774	\$1,467	\$1,438	\$1,696	98.0%	80.7%	88.3%
6	Millard, San Pete, Sevier, Wayne, Piute	80	73	\$650	\$1,467	--	*	80.5%	--
7	Beaver, Garfield, Iron	99	86	--	\$1,587	\$1,984	--	83.9%	*
8	Washington, Kane	636	424	\$1,585	\$1,528	\$1,973	40.9%	83.6%	55.8%
9-10	Daggett, Duchesne, Uintah, Carbon, Emery, Grand, San Juan	53	53	--	\$1,490	--	--	86.8%	--
State Total/Average		6,701	4,679	\$1,607	\$1,511	\$2,033	87.2%	86.1%	76.9%
Note 1: To maintain confidentiality, occupancies for submarkets with fewer than three facilities (marked with asterisk*) are not reported. Note 2: Facilities vary somewhat in the amount of care and services provided in the base rate. Note 3: Occupancy rates include new facilities which have not achieved stabilized occupancy.									

Assisted living owners and managers report significant overbuilding in some areas of the state. The vast majority of new construction has been facilities licensed AL-II, so that market segment is most impacted. Average occupancy for AL-II facilities has fallen to 76.9% statewide. Salt Lake County AL-II occupancy is somewhat above the rest of the state, at 90.3%. However, a significant amount of new construction is currently underway in Salt Lake County and will come on line this year.

There has been relatively little construction of AL-I facilities recently. Nevertheless, AL-I facilities do compete indirectly with AL-II facilities and have also been

impacted somewhat by heavy construction activity. Average statewide occupancy is 86.1%.

The independent living (congregate care) market is more insulated from the heavy AL-II construction activity, and occupancy rates remain relatively high. Excluding Washington County, statewide average occupancy is 92.9%. Washington County independent living occupancy is very low, but includes two newly opened properties that have not achieved stabilized occupancy.

Although much of the market is currently overbuilt, there are still areas of opportunity in select locations and specific care levels. However, it is now very important to acquire detailed fundamental demand analysis, to ensure adequate demand exists for a proposed project. Fundamental demand analysis involves studying projected population growth in key age cohorts, frailty rates and income levels. Projected demand for a particular market segment is then compared to the supply of beds in existing and proposed facilities, to determine the adequacy of demand to support new construction.

About Jorgensen Appraisal

Jorgensen Appraisal is a full service appraisal and consulting firm. Kerry M. Jorgensen, MAI has specialized in healthcare property appraisals and consulting since 1979. Areas of expertise include acute hospitals, out-patient surgical centers, medical office buildings, nursing homes, assisted living and other elderly housing. Services include appraisals, market analysis, feasibility studies and general consulting. For information contact Kerry M. Jorgensen, MAI at (801) 523-1616.