



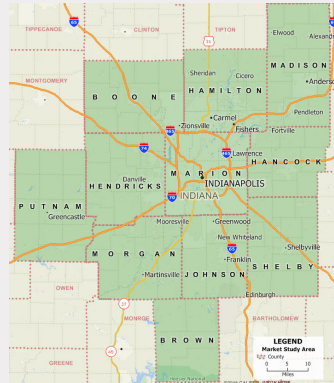
Market Snapshot

Q1 2017 | Indianapolis, Indiana

Senior living trends can have a huge impact on your organization, especially as you plan for your future.

In this report, we offer an overview and analysis of a target Midwestern market, benchmarked against comparable markets and the Midwest.

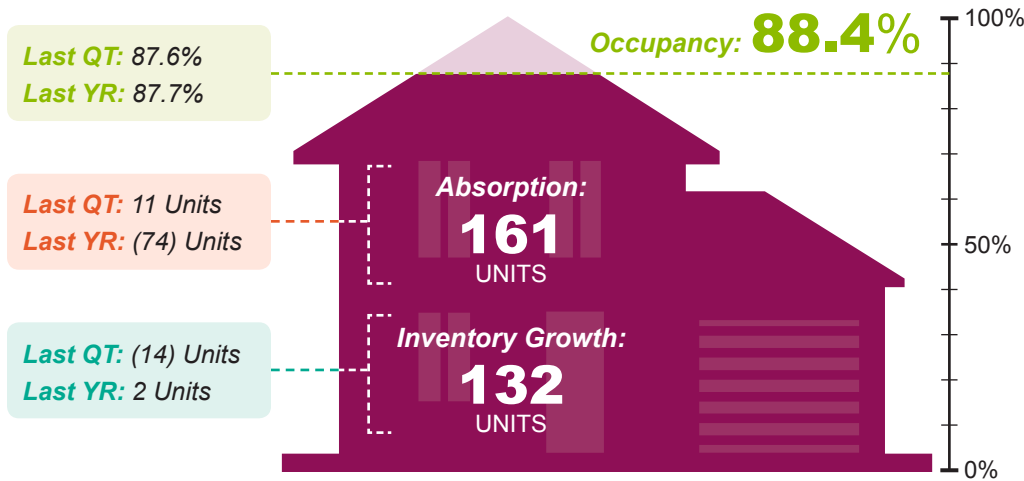
This quarter we are highlighting the **Indianapolis Metropolitan Statistical Area (MSA)**.



The Indianapolis MSA is made up of 11 counties surrounding the city of Indianapolis, Indiana.

- | | |
|----------------------|--------------------|
| Boone County, IN | Madison County, IN |
| Brown County, IN | Marion County, IN |
| Hamilton County, IN | Morgan County, IN |
| Hancock County, IN | Putnam County, IN |
| Hendricks County, IN | Shelby County, IN |
| Johnson County, IN | |

Absorption, Occupancy, and Inventory Growth



Independent Living

Compared to last year and last quarter, IL absorption and inventory growth have significantly increased. Occupancy has also risen.

Midwest: The Indianapolis MSA trailed behind the Midwest's average in both occupancy (**91.5%**) and absorption (**299 units**) this quarter.

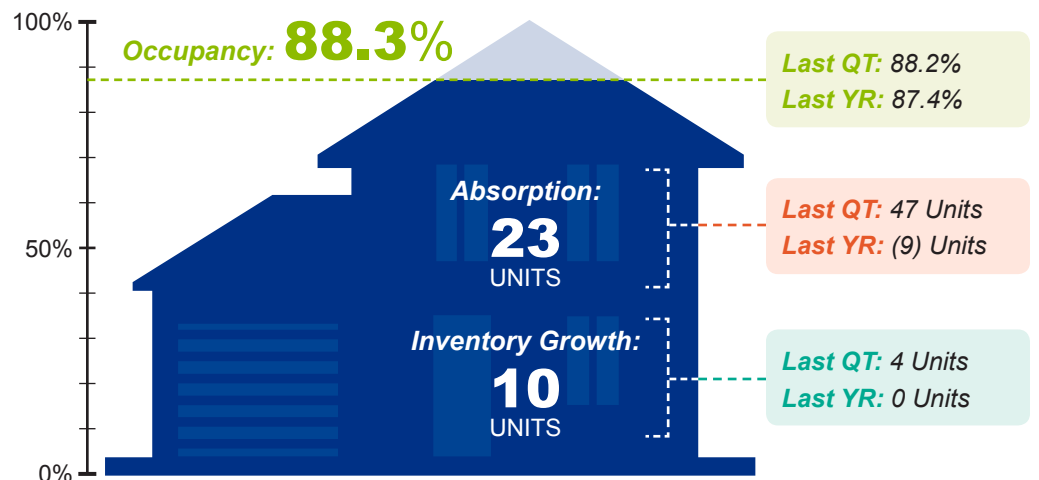
Secondary Markets: The Indianapolis MSA also trailed behind the secondary markets' average in both occupancy (**91.6%**) and absorption (**453 units**).

Assisted Living

Compared to last quarter, AL absorption has waned. Inventory growth and occupancy have increased slightly. All figures are up compared to last year.

Midwest: The Indianapolis MSA lagged behind the Midwest in occupancy (**88.8%**) and was significantly behind in absorption (**172 units**) this quarter.

Secondary Markets: The Indianapolis MSA was comparable to the secondary markets' occupancy average (**88.6%**) but a fraction of their absorption (**979 units**).



Inventory Growth | Net total number of units that came online (and offline) since last quarter
Occupancy | Percentage of units occupied by residents, as measured at the end of the quarter
Absorption | Net total number of units that became occupied (or vacated) since last quarter



Market Snapshot | Q1 2017 | Indianapolis, Indiana

Construction

Units Under Construction

| | IL | AL |
|------------------------|-----|-----|
| Current Quarter | 160 | 690 |
| Last Quarter | 160 | 695 |
| Last Year | 0 | 636 |

The Indianapolis MSA showed an inventory growth of 132 IL units; 160 are still under construction. The growth in total inventory has risen by 2.48% since last quarter and 2.28% since last year.

Just as we've seen last quarter and this time last year, the number of AL units under construction in the Indianapolis MSA is significantly outpacing the number of units coming online. But with more than 600 units under construction since Q4 2015, new inventory will soon be delivered.

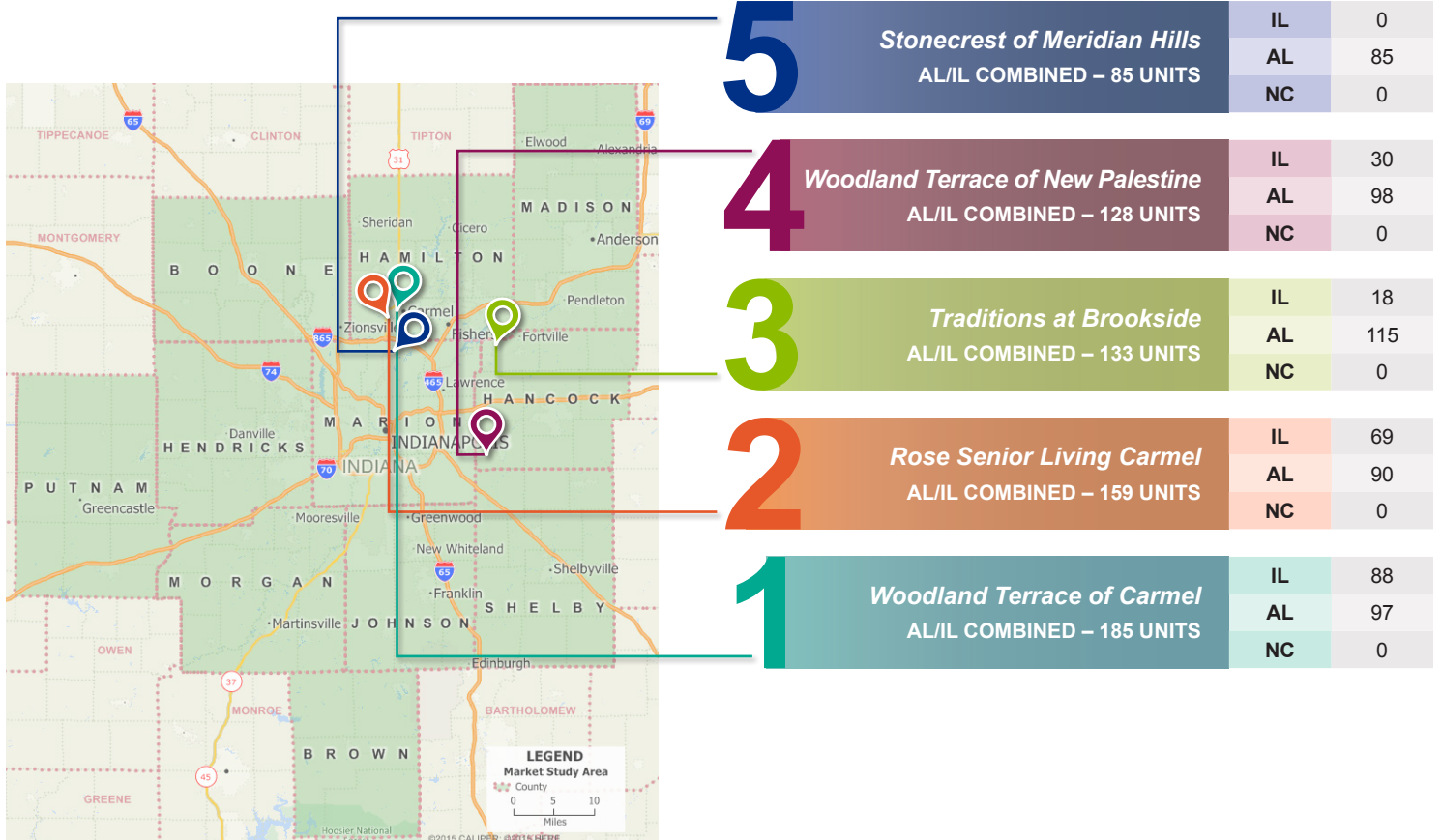
For IL, the top three Midwest cities under construction are **Chicago, IL; Columbus, OH; and Detroit, MI.**

For AL, the top three Midwest cities under construction are **Chicago, IL; Detroit, MI; and Minneapolis, MN.**

Units Under Construction | Number of units that have broken ground but are not online, as measured at the end of the quarter

Top Construction Projects

The five largest construction projects in the Indianapolis MSA include:



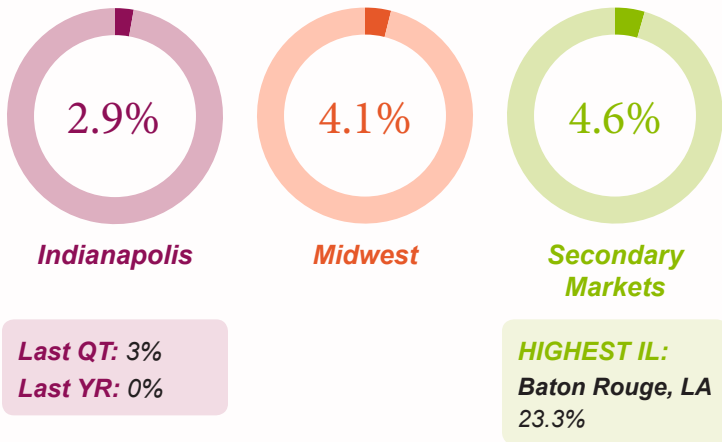


Market Snapshot | Q1 2017 | Indianapolis, Indiana

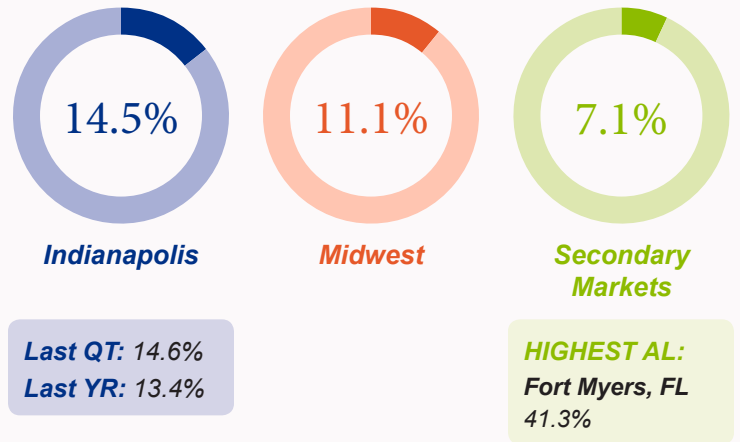
Construction as a Percent of Inventory

The Indianapolis MSA's IL construction as a percent of inventory is much lower than the averages for the Midwest and the secondary markets this quarter, but much higher for AL. However, the Indianapolis MSA is significantly below the highest IL and AL cities in the secondary markets, whose numbers rest at **22.3%** and **65.4%**, respectively.

Independent Living



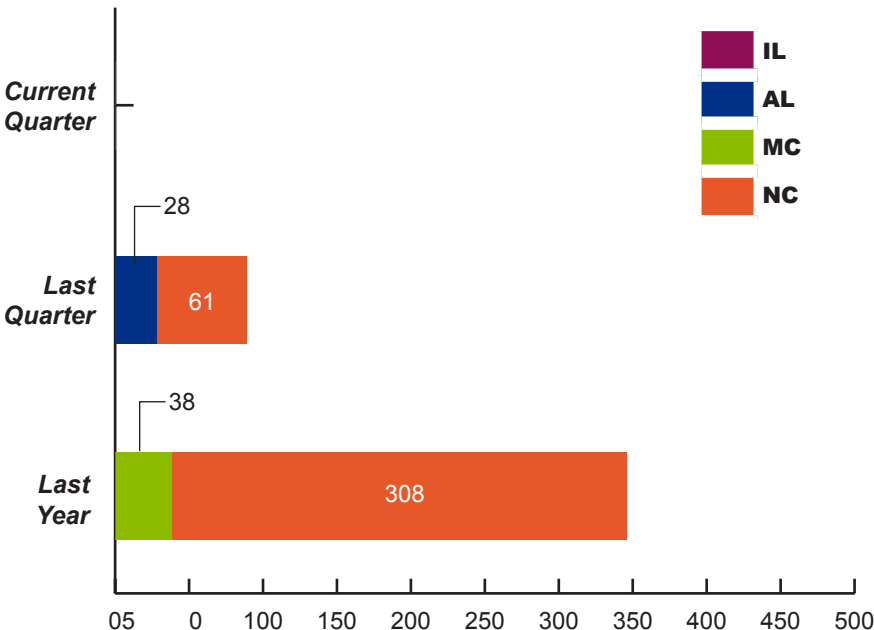
Assisted Living



Construction as a Percent of Inventory | Percentage of the total inventory of units that are still under construction

Sales Transactions

Indianapolis MSA Transactions by Unit/Bed Type



This quarter in the Indianapolis MSA, no units were sold. The total number of units sold last quarter was 89 units, identified as AL and nursing care (NC).

This time last year, 346 units sold in 9 transactions. The majority identified as NC; the rest, memory care (MC).

In all of 2016, 824 units were sold total, more than half of which were NC units.

| | TOTAL # OF UNITS SOLD | # OF TRANSACTIONS |
|-----------------|-----------------------|-------------------|
| Current Quarter | 0 | 0 |
| Last Quarter | 89 | 2 |
| Last Year | 346 | 9 |



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Labor & Employment

The average hourly wage for Nursing and Residential Care Facilities in the Indianapolis MSA is \$13.60. This is significantly below the average of the Education and Health Services industry, which is \$20.47 for the Indianapolis MSA.

Low unemployment rates combined with low wage rates in the Indianapolis MSA's senior living sector may make it challenging to attract future employees for a new project.

| | Education & Health Services | | Nursing & Residential Care Facilities* | |
|-------------------------|-----------------------------|--------------|--|--------------|
| | HOURLY WAGES | YEARLY WAGES | HOURLY WAGES | YEARLY WAGES |
| Indianapolis MSA | \$20.47 | \$42,583.27 | \$13.60 | \$28,278.55 |
| Indiana | \$22.53 | \$46,852.00 | \$14.35 | \$29,848.00 |
| United States | \$23.95 | \$49,816.00 | \$15.08 | \$31,356.00 |

*included in Education & Health Services

Most recent data for Unemployment Rates:

Indianapolis MSA:

4.3%



Indiana:

4.7%



United States:

4.5%



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Completely unbiased, independent analysis and counsel that will identify the perfect space for your senior living facility and ensure your long-term success.



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