

Healthcare REITs

BofA senior housing flu & Covid-19 tracker

Industry Overview

CDC FluView & Covid Tracker data: key for HC occupancy

In this report, we track data from the Centers for Disease Control during the flu and covid season. The key data points we look at are positive test results and outpatient visitations for flu-like illnesses and Covid deaths. We include both flu and Covid due to the similarity in symptoms and impacts on occupancy in healthcare REITs. The flu and covid influence occupancy in two ways: (1) increased move outs due to death or (2) a facility being shut to new move ins due to an outbreak. SHOP is most at risk.

Flu: early indicators point to average flu season

We look at prior flu seasons to gauge the severity of the current flu season and the potential impact it may have on SHOP occupancy. Exhibit 13 shows the '22-'23 flu season as the most severe since '17-'18 & the severity started earlier than normal. Last year SHOP occupancy fell -1.2% for VTR and -0.1% for WELL. That compares to average dips of -1.1% and -0.8%. Currently, the CDC is reporting a 17.8% positive rate for the flu among specimen tested, 40bps higher than the prior week. In prior flu seasons, the positive rate was 18.2%⁽¹⁾ on average at this point of the year. The % of 65+ year olds hospital visits for flu like symptoms is 13%, 29bp higher than the prior week. In prior flu seasons, the % of >65yr hospital visits was 8.1% on average at this point of the year.

Covid: we expect a smaller impact going forward

After the appearance of Covid-19 in 2022, peak deaths were seen in '21 (Exhibit 6) and peak positive tests were seen in '22 (Exhibit 8). Greater natural resistance and vaccination programs should result in less of an impact on occupancy going forward. (Exhibit 10). This week's positive test rate of Covid tests administered (see key terms) is 12.4%, 10 bps lower than the prior week. Hospitalization rates associated with Covid-19 for >65yr community was 2.3%, 160 bps lower than the prior week. In prior Covid season, hospitalization rate for >65yr was 8.7% on average at this point of the year.

Flu & Covid-19 impacts 1Q results – occupancy takes a hit

For 1Q24E, our VTR model assumes a -80bp Q/Q decline and we assume -20 bps Q/Q decrease in occupancy for WELL. We note that these are better than the historical averages given both REITs are still seeing positive net absorption as they lease up post the pandemic.

Exhibit 2: Flu and Covid data for Week 52

Week 47 flu and Covid-19 positive test percentages and hospital visits by the >65yr+ community

			4 week avg, Current	4 week avg, Prior	'18-'19	'17-'18	'16-'17
Flu							
Positive Test	Current	Prior	17.8%	17.4%	14.5%	6.2%	19.1%
>65yr hospital visit	13.0%	10.1%	10.6%	9.8%	8.0%	11.3%	8.6%
Covid-19							
Positive Test	12.4%	12.5%	12.15%	10.5%	14.4%	11.3%	N/A
>65yr hospitalization	2.3%	3.9%	3.5%	3.5%	7.2%	12.3%	N/A

Source: CDC, FluView, COVID Data Tracker

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Exhibit 1: SS SHOP Q/Q occupancy Δ

Sequential SS SHOP occupancy dip in 1Q

Quarter	VTR	WELL
1Q13	-0.8%	NA
1Q14	-0.7%	-0.5%
1Q15	-1.0%	-1.0%
1Q17	-1.5%	-0.2%
1Q18	-1.2%	-1.0%
1Q19	-1.9%	-0.5%
1Q20	-0.8%	-0.2%
1Q21	-3.1%	-3.7%
1Q22	1.4%	0.1%
1Q23	-1.2%	-0.1%
Avg	-1.1%	-0.8%
1Q24E	-0.8%	-0.2%

Source: Company filings

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See **Exhibit 32** for list of key terms used throughout the report. For more key terms see [our Senior Housing REIT primer here](#).

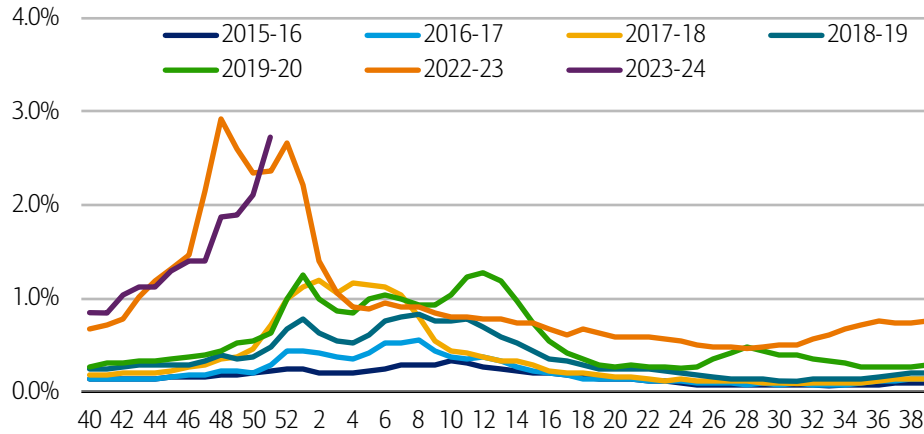
(1) Average from 2008-2022 excluding 2009-2010.

SHOP: Senior housing operating portfolio

Influenza & Covid in the 65yr+ community

Exhibit 3: Outpatient visits for flu-like illness for people 65+ as a % of the 65+ population

Current flu season started earlier vs 2015-2022 ex pandemic flu seasons

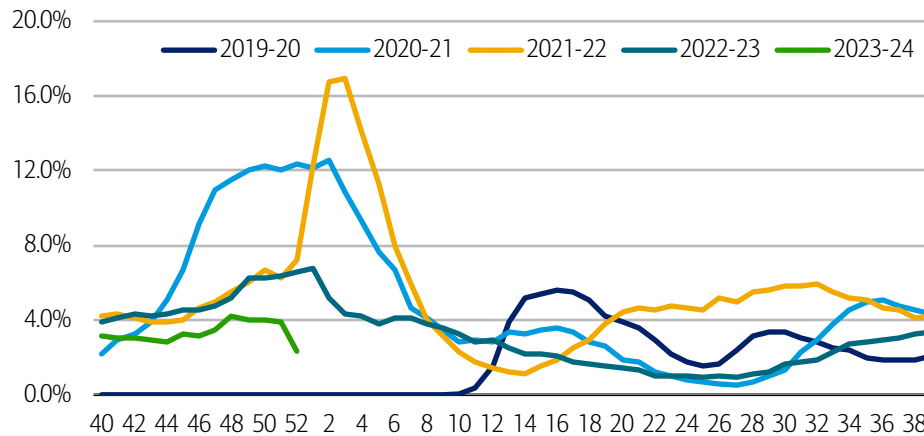


Source: CDC, FluView

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Exhibit 4: Covid-19 associated hospitalizations for ages 65+ as a % of 65+ population

Current hospitalizations are below 2019-2022 percentages



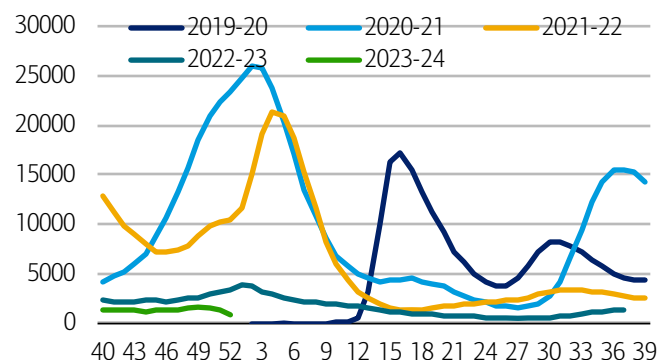
Source: CDC

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Covid: Cases & outpatient visits

Exhibit 5: Provisional Covid-19 deaths, by week

Provisional deaths are trending below the peak of Week 2 of '21 at 25,974

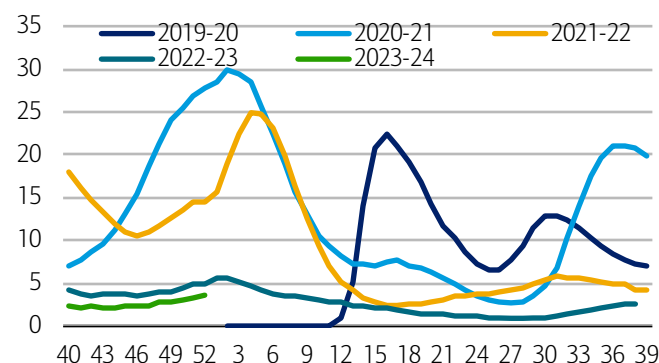


Source: CDC

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Exhibit 6: Weekly percentage of Deaths Due to COVID-19

Weekly % of deaths due to Covid-19 is trending below '21 peak of 29.9%

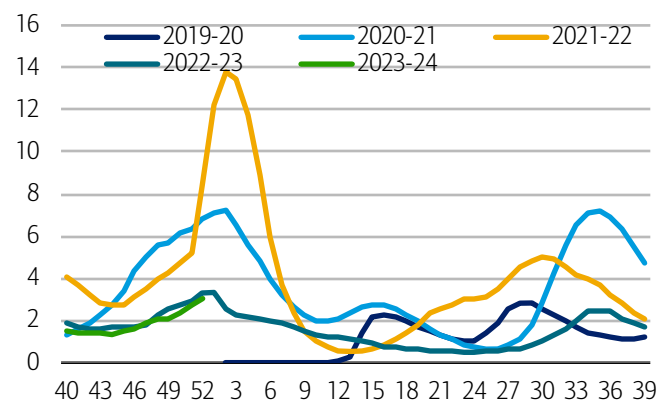


Source: CDC

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Exhibit 7: Weekly percentage of ED Visits

Weekly % of ED visits with a Covid diagnosis is below '22 peak of 13.79%

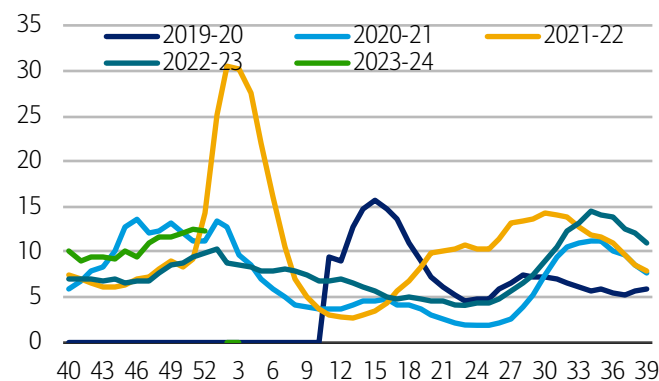


Source: CDC, Emergency Department (ED) visits from the National Syndromic Surveillance Program (NSSP)

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Exhibit 8: Weekly percentage Test Positivity

Weekly % of test positivity of hospital admissions is trending below '22 peak



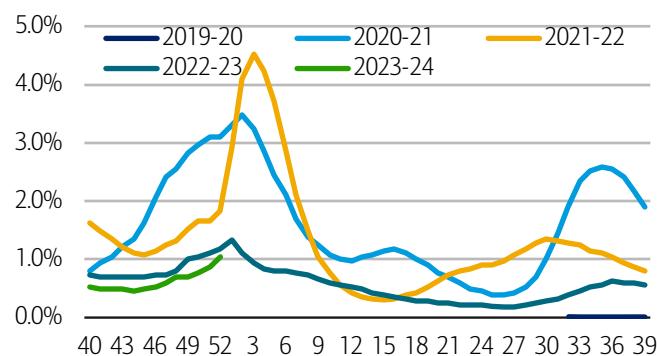
Source: CDC

Footnote: Centers for Disease Control and Prevention. Percent Positivity of COVID-19 Nucleic Acid Amplification Tests in the Past Week by HHS Region, National Respiratory and Enteric Virus Surveillance System (NREVSS) (2023-06-06).

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Exhibit 9: Weekly COVID-19 Hospital Admissions as % of tot. population

Weekly Covid-19 hospital admissions % are trending below '21 peaks

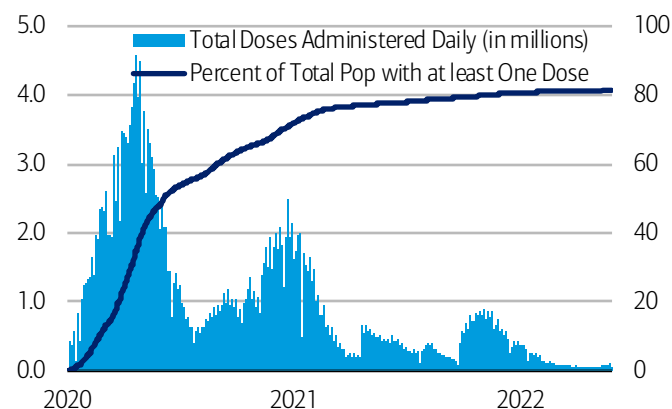


Source: CDC

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Exhibit 10: Covid-19 vaccination trends

Lower trending covid cases can be attributed to increased vaccination rates



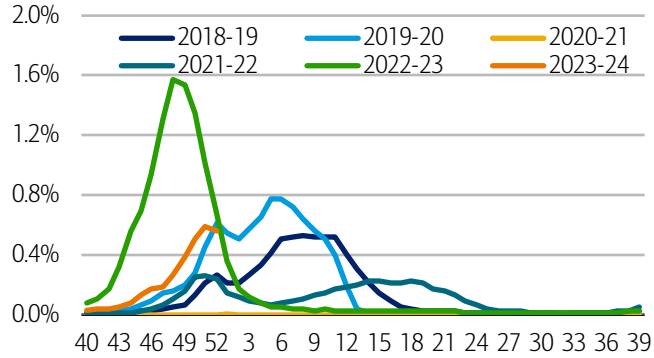
Source: CDC

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Influenza: Cases & outpatient visits

Exhibit 11: Positive lab test results for flu as % of total population

Current flu season is in line with the 2019-2020 season

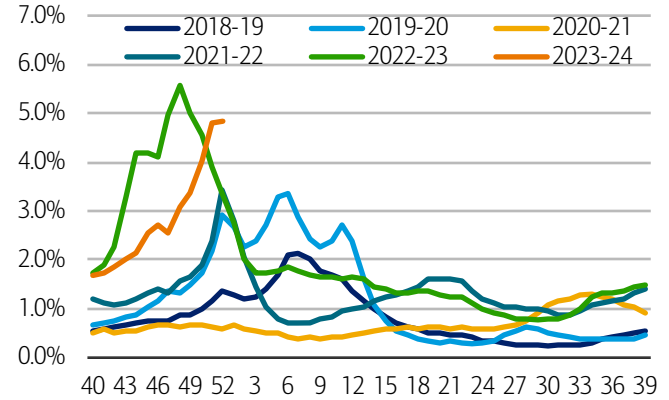


Source: CDC, FluView

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Exhibit 12: Outpatient visits for flu-like illness as % of total pop

Current flu season started earlier vs 2018-2023 seasons

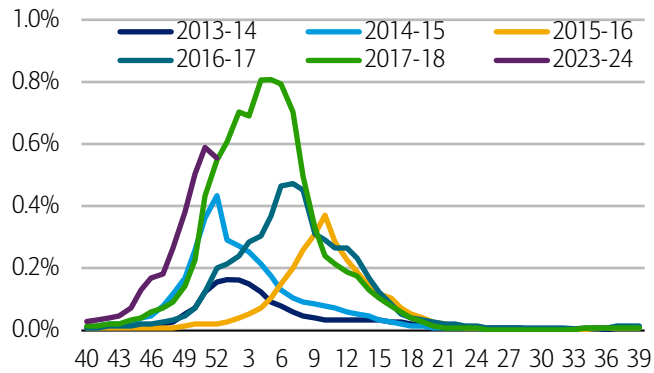


Source: CDC, FluView

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Exhibit 13: Positive lab test results for flu as % of total population

Current flu season started with more cases vs 2013-2017 seasons

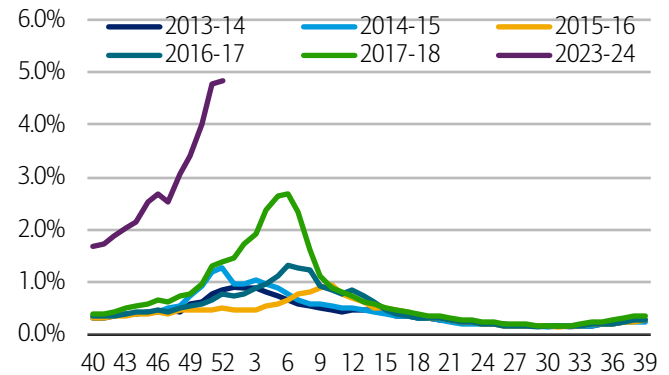


Source: CDC, FluView

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Exhibit 14: Outpatient visits for flu-like illness as % of total pop

Current flu season started earlier vs 2013-2017 seasons

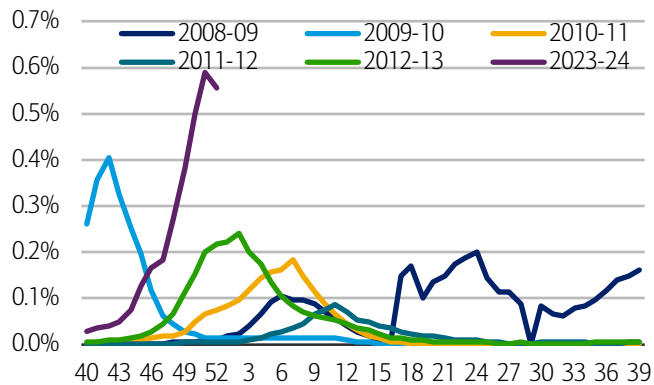


Source: CDC, FluView

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Exhibit 15: Positive lab test results for flu as % of total population

Current flu season has more cases vs 2008-2012 seasons

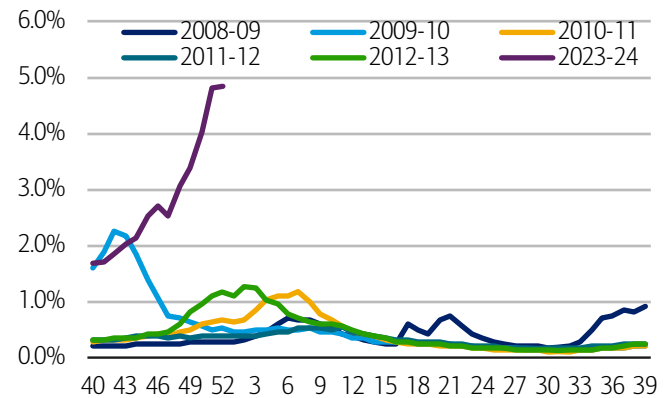


Source: CDC, FluView

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Exhibit 16: Outpatient visits for flu-like illnesses as % of total pop

Current flu started earlier vs 2008-2012 seasons



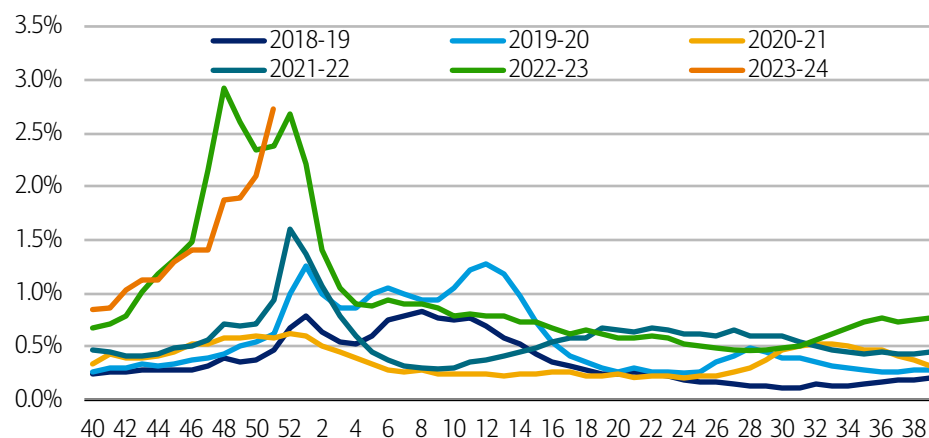
Source: CDC, FluView

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Outpatient visitations for people over 65

Exhibit 17: Outpatient visits for flu-like illness for people 65+ as a % of the 65+ population

Current flu season started earlier vs 2018-2022 flu seasons

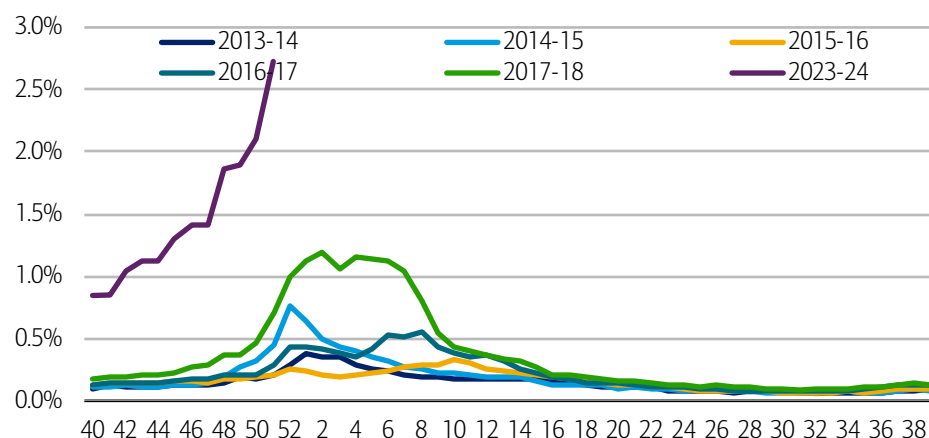


Source: CDC, FluView

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Exhibit 18: Outpatient visits for flu-like illness for people 65+ as a % of the 65+ population

Current flu season started earlier vs 2013-2017 flu seasons

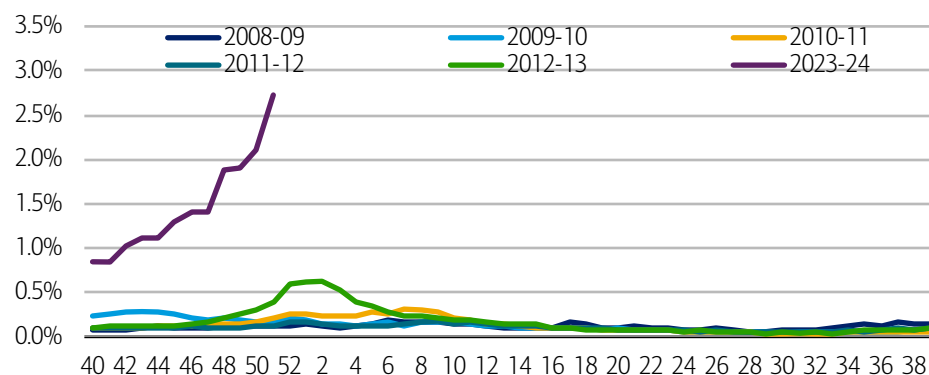


Source: CDC, FluView

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Exhibit 19: Outpatient visits for flu-like illness for people 65+ as a % of the 65+ population

Current flu season started earlier and peaked higher vs 2008-2012 flu seasons



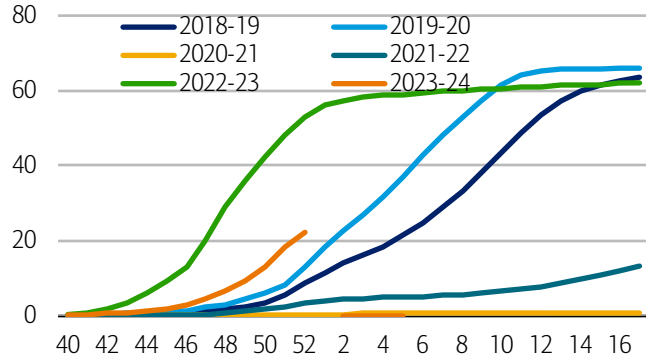
Source: CDC, FluView

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Total flu hospitalization rate

Exhibit 20: Cumulative flu hospitalization rate per 100k people

Flu hospitalization rates grew earlier in 2023 vs 2018-2022

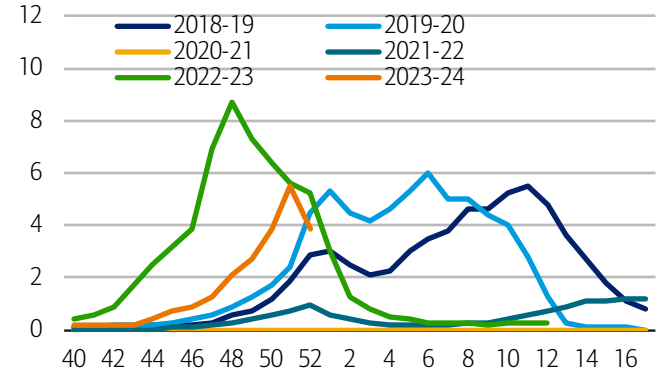


Source: CDC, FluSurv

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Exhibit 21: Weekly flu hospitalization rate per 100k people

Flu hospitalization rates grew earlier & peaked higher in 2023 vs 2018-2022

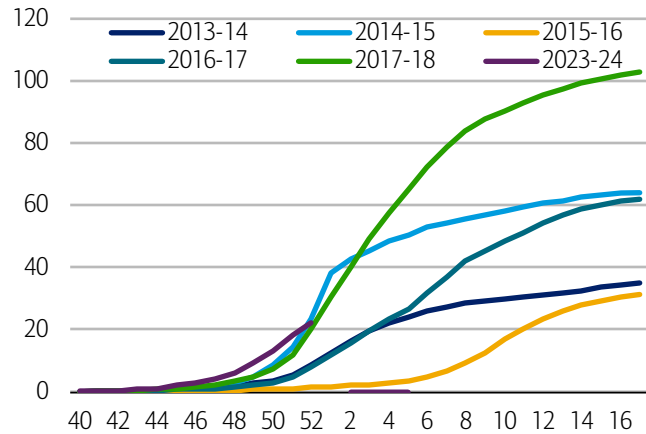


Source: CDC, FluSurv

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Exhibit 22: Cumulative flu hospitalization rate per 100k people

Current flu hospitalization rates vs 2013-2018

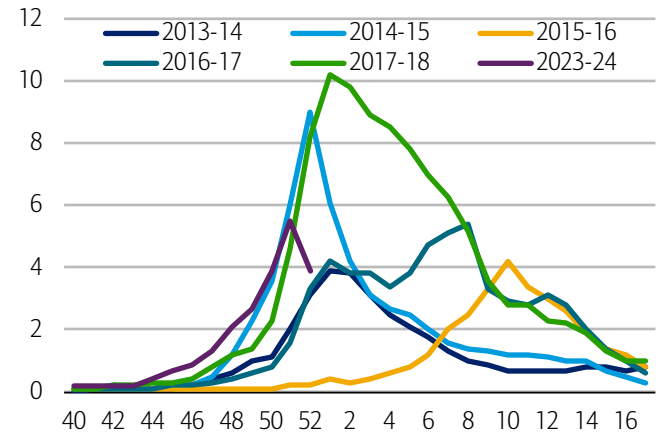


Source: CDC, FluSurv

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Exhibit 23: Weekly flu hospitalization rate per 100k people

Current flu hospitalization vs 2013-2018

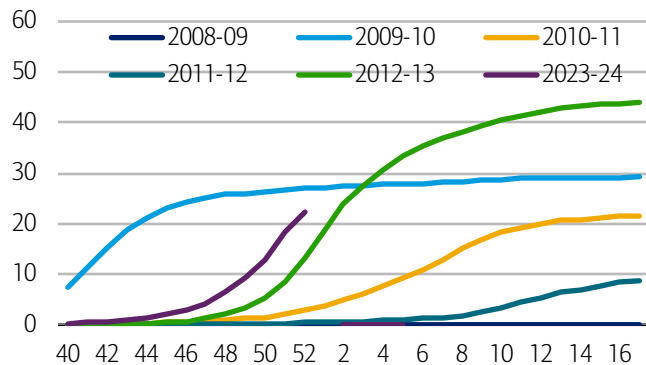


Source: CDC, FluSurv

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Exhibit 24: Cumulative flu hospitalization rate per 100k people

Current flu hospitalization rates vs 2008-2013

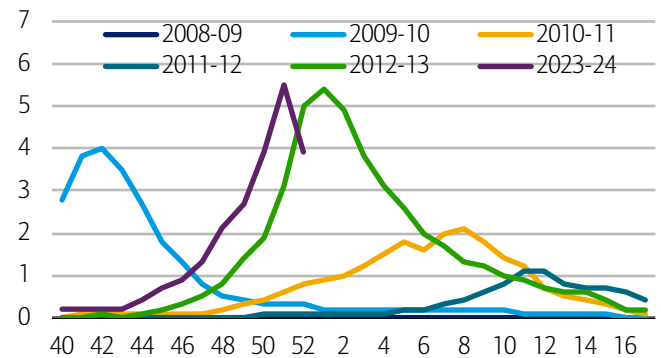


Source: CDC, FluSurv

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Exhibit 25: Weekly flu hospitalization rate per 100k people

Current flu hospitalization rates vs 2008-2013



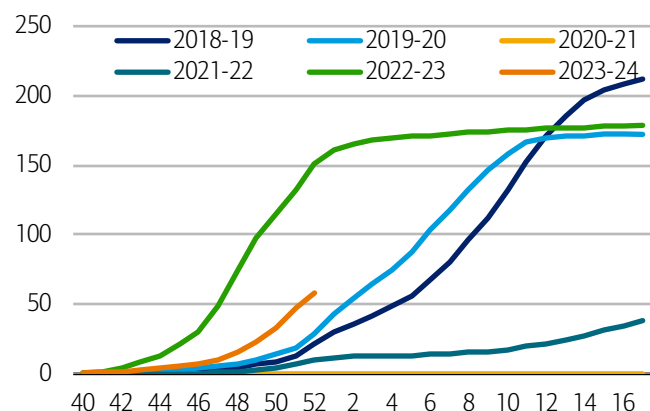
Source: CDC, FluSurv

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65+ flu hospitalization rate

Exhibit 26: Cumulative flu hospitalization rate per 100k people

Flu hospitalization rates grew earlier in 2023 vs 2018-2022

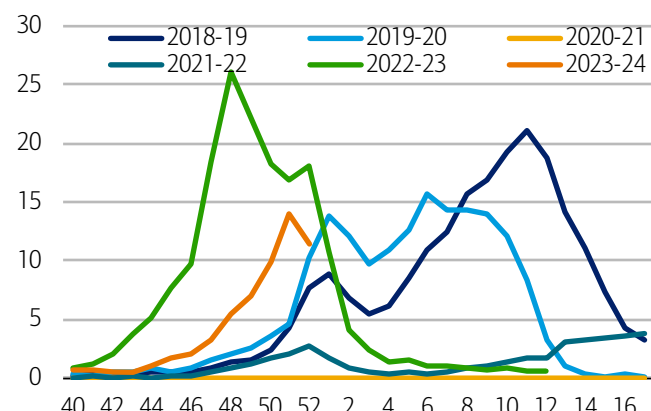


Source: CDC, FluSurv

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Exhibit 27: Weekly flu hospitalization rate per 100k people

Flu hospitalization rates grew earlier & peaked higher in 2023 vs 2018-2022

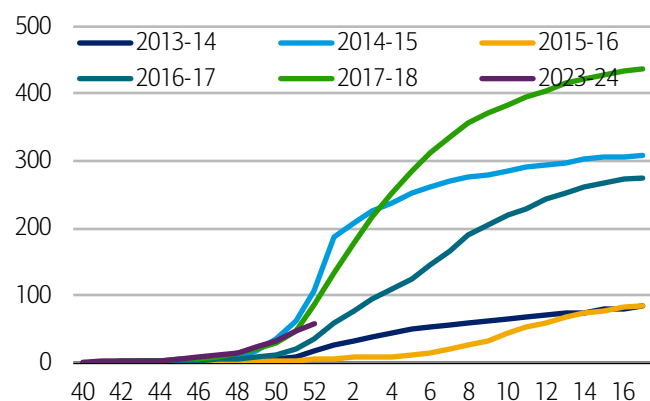


Source: CDC, FluSurv

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Exhibit 28: Cumulative flu hospitalization rate per 100k people

Current flu hospitalization vs 2013-2018

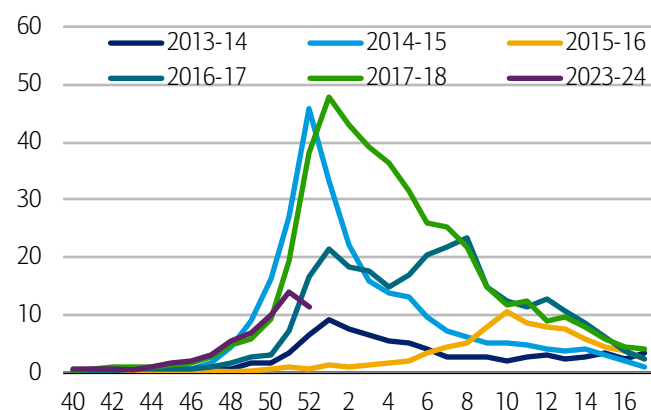


Source: CDC, FluSurv

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Exhibit 29: Weekly flu hospitalization rate per 100k people

Current flu hospitalization vs 2013-2018

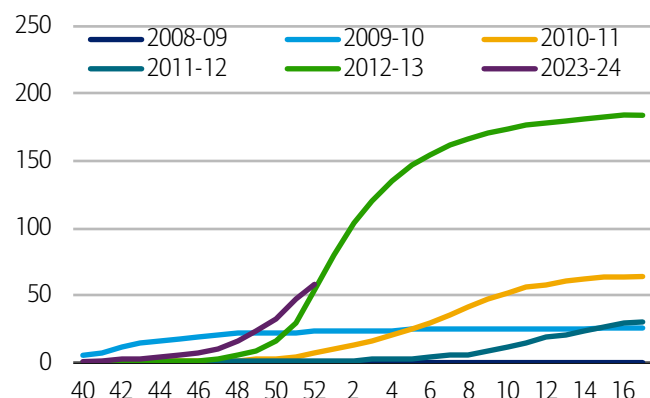


Source: CDC, FluSurv

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Exhibit 30: Cumulative flu hospitalization rate per 100k people

Current flu hospitalization rates vs 2008-2013

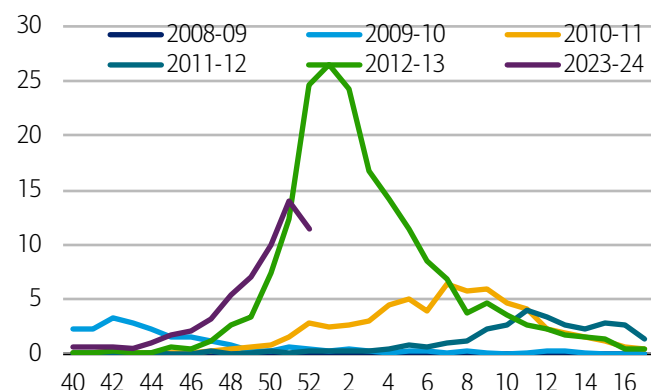


Source: CDC, FluSurv

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Exhibit 31: Weekly flu hospitalization rate per 100k people

Current flu hospitalization rates vs 2008-2013



Source: CDC, FluSurv

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Exhibit 32: Key terms

Key terms used throughout the report

Term	Meaning
AL	Assisted living
CCRC	Continuing care residential communities
CDC	Centers for Disease Control and Prevention
RIDEA	REIT Investment Diversification and Empowerment Act
SHOP	Senior housing operating portfolio
SNF	Skilled nursing facilities
SS	Same Store
>65yr	
hospital visits	% of >65yr hospital visits with flu like symptoms of all hospital visits with flu like symptoms
>65yr hospitalizations	% of >65yr whose hospitalization is associated with Covid-19 as a % of the total population
Positive Test rate- Flu (1)	Percent positivity is calculated by dividing the number of positive flu test by the total number of flu specimen tested, then multiplying by 100 [(# of positive flu tests / total flu specimen) x 100]. This includes both clinical and public health laboratory tests.
Positive Test Rate- Covid	Percent positivity is one of the metrics used to monitor COVID-19 transmission over time and by area. Percent positivity is calculated by dividing the number of positive NAATs by the total number of NAATs administered, then multiplying by 100 [(# of positive NAAT tests / total NAAT tests) x 100].

Source: BofA Global Research

(1) In order to obtain specimens in an efficient manner, public health laboratories often receive samples that have already tested positive for influenza at a clinical laboratory. As a result, monitoring the percent of specimens testing positive for influenza in a public health laboratory is less useful (i.e., we expect a higher percent positive than what is actually occurring in the community).

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^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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