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Fitch: U.S. Life Plan Communities Show Continued Stabilization and Recovery

Fitch Ratings-Austin/New York-10 September 2025: U.S. Not-for-Profit Life Plan Communities (LPCs) demonstrated continued stabilization throughout 2024, with median occupancy improving across service lines, according to a new Fitch report.

Demographic demand led to sustained high occupancy, which supported revenue and net entrance fee growth, while easing expense pressures improved operating performance. Liquidity and coverage ratios were stable to modestly stronger, aided by improved cash flow, favorable investment results, and more moderate capital spending.

"While the sector has shown meaningful progress over the last year, pressures remain," said Margaret Johnson, Senior Director at Fitch Ratings. "LPCs with greater skilled nursing exposure face disproportionate strain from higher staffing costs, limited reimbursement, and reduced flexibility to adjust operations. Since the pandemic, these challenges have contributed to heightened rating stress and, in some cases, defaults."

Fitch Ratings maintains public ratings on 162 LPCs, with 161 included in the 2025 medians, comprising 116 investment grade and 45 below investment grade providers. The median rating is 'BBB', which accounts for just over half the portfolio, while the number of below investment grade ratings has risen over the last decade largely due to new issuers rather than downgrades. Type A contract providers remain the largest share at 36%, followed by Types B and C, with Type D rental agreements making up only 4% of the portfolio.

The full report is available at www.fitchratings.com