

**RCFE****Resource****FOR ACCURATE RCFE HOME AND BUSINESS VALUATIONS**

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your care home  
and business.

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## RCFE MARKET REPORT:

# Lower Ranges Fading Away

The lower, entry-level price ranges have been slowly disappearing with far fewer closed sales and homeowners choosing not to sell their homes. A similar trend was noted for care homes (RCFEs and ARFs).

**There were an astonishing 57% fewer closed sales and 65% below \$1 million this year compared to before COVID.**

Thanks to inflation, everyone is paying a lot more for just about everything. From 2019, pre-pandemic, to today, a loaf of bread has increased by 55%. Milk has risen by 31%, ground beef by 34%, and potato chips and a 2-liter soda have soared by 48%. Used cars are up 41%. A Big Mac was priced at \$3.79 in 2019 compared to \$5.17 today. Wallets have been squeezed. While the inflation rate may be cooling, higher prices are here to stay.

Housing is no exception. According to Freddie Mac's Home Price Index, since the summer of 2019, prices in many California metropolitan areas have increased by as much as 40%. As home prices climbed, what was considered the entry-level to homeownership slowly diminished over time. While these statistics pertain primarily to traditional single-family homes, the same has been observed for RCFEs and ARFs.

Looking at 2013 helps illustrate how the goalposts have been moved for the lower ranges. In 2013, 48% of all closed sales were below \$500,000. In 2019, only 23% were below \$500,000. In 2023 through July, it sank to 9%. Buyers today do not expect to secure a detached home for less than half a million dollars. That price point has faded away.

The data illustrates just how severe the shortage of lower-range homes has become. In 2023, through July, 77% fewer homes were placed on the market below \$500,000 compared to the 3-year average before COVID. There were 74% fewer between \$500,000 and \$750,000. From \$750,000 to \$1 million, 40% fewer homeowners opted to sell. Overall, in California, 44% fewer homes have been placed on the market. Yet above \$1 million, there were 16% more sellers. Due to fewer sellers in the lower ranges, the active listing inventory has plunged to unprecedented ultra-low levels, the



lowest readings since tracking began in 2004.

The high-interest rate environment and the lack of available homes to purchase have sharply impacted closed care home sales this year. Since the Great Recession, it has been one of the weakest years in terms of closed units (not values). Sales were down 33% compared to the 3-year average before the pandemic. Homes below \$500,000 were off by 75%, and homes from \$500,000 to \$750,000 were off by 66%. From \$750,000 to \$1 million, it was off by 20%. Yet, the number of closed sales above \$1 million is eye-opening. There were 60% more closed sales above \$1 million. All price ranges above \$1 million experienced at least 50% additional closed sales. Above \$4 million, ultra-luxury, it was nearly double the number of sales, up 93%.

More sales in the higher ranges and fewer sales in the lower ranges demonstrate how rising home values have impacted the housing market. More and more homes have appreciated above and beyond \$1 million. Before COVID, 79% of all closed sales were below \$1 million. In 2023 it dropped to 51%. Before the pandemic, below \$500,000 accounted for 23% of sales, and the \$1 million to \$1.5 million range accounted for 9%. Today, only 12% of sales are below \$500,000, and 27% are from \$1 million to \$1.5 million.

The erosion of home affordability has gone on for years. This trend will continue as long as the inventory remains severely limited, allowing home values to grow despite today's sky-high mortgage rate environment.

For buyers anticipating more homes in the affordable price ranges coming on the market soon, it is simply not in the cards. The number of opportunities diminishes over time. Buyers who wait will be confronted with fewer available options to purchase. More and more care homes will surpass the \$1.0M mark.



# Ask The Broker

## EFFECT OF INTEREST RATES ON SALES PRICE

**Q:** I own a 16-bed RCFE in Northern California that I'm planning on selling. How will interest rates affect the sale price of my facility?

**A:** That's a very interesting question. The value of your 16-bed RCFE depends on many factors, such as the location, the condition, the occupancy rate, the income and expenses, and the demand and supply of similar properties in the market. Interest rates are one of the factors that can affect the value of an RCFE, but not necessarily in a direct or predictable way.

Generally speaking, higher interest rates mean higher borrowing costs for buyers and investors, which can reduce their purchasing power and lower their demand for RCFEs. This can put downward pressure on the prices of RCFEs, as sellers may have to lower their asking prices to attract buyers. However, this is not always the case, as there may be other factors that can offset or outweigh the impact of interest rates.

For example, if the economy is growing and incomes are rising, buyers and investors may have more confidence and willingness to pay higher prices for RCFEs, despite higher interest rates. California GDP has been rising: \$3.2 trillion in 2021, \$3.6 trillion in 2022. Still growing in 2023.

Alternatively, if the supply of RCFEs is limited or shrinking, due to regulatory barriers, land scarcity, or low construction activity, then the prices of RCFEs may remain high or even increase, as there are more buyers than sellers in the market. That is the case with the current market, with demand greatly outpacing supply. Furthermore, if the RCFE has a strong performance and a stable cash flow, it may be able to attract buyers who are looking for a reliable and profitable investment opportunity.

Therefore, the value of your RCFE may not necessarily decrease if interest rates go up. It depends on how much interest rates change, how sensitive buyers and investors are to interest rate changes, and how other factors affect the market conditions and the attractiveness of the RCFE. We see qualified buyers every day. There are still many monied individuals who want to cash in on the RCFE craze. They believe they can have enhanced profitability with an RCFE with higher capacity, as opposed to purchasing 6-beds.

Thus, the rise in interest rates may have minimal effect on sales price if there are few comparable properties, demand is higher than supply (which it is), the subject facility is in good condition, and profitability is stable.

**Please text your questions to: Michelle J. London at 949-397-4506.  
Your inquiry may be featured in an upcoming edition of this newsletter.**

## Current Listings



To view our current listings  
visit our website at

[www.rcferesource.com](http://www.rcferesource.com)

## CURRENT LISTINGS

### FRESNO: RCFE FOR SALE

- Home and Business
- 5 BDR/3 BA, 2,400 s.f.
- Licensed for 6 - ALW Waiver
- Tranquil home; excellent care
- Activities galore! Happy seniors!
- \$560K Home; \$230K Business

### NAPA COUNTY: RCFE FOR SALE

- Home and Business
- 6 BDR/3 BA, 1,800 s.f.
- Licensed for 6
- Memory Care Facility
- Quaint and caring home
- Home \$915K; Business \$235K

### LOS ANGELES COUNTY: RCFE FOR SALE

- Whittier Area - Home and Business
- 6 BDR/3 BA, 2,650 s.f.
- Licensed for 6
- Tranquil neighborhood
- Memory Care
- Home \$1.125M; Business \$195K
- Call for Details

## COMING SOON (please call for details)

### SIMI VALLEY - VENTURA COUNTY

- RCFE for Sale
- Home and Business
- Licensed for 6
- 5 BDR/3 BA, 1,800 s.f.

### RANCHO MIRAGE - RIVERSIDE COUNTY

- RCFE for Sale
- Home and Business
- Licensed for 6

### CATHEDRAL CITY - 2 RCFE PORTFOLIO

- One RCFE for Sale; one for lease
- Details TBA

### SACRAMENTO - RCFE FOR LEASE

- Licensed for 6
- 5 BDR/3 BA
- Many upgrades
- Details TBA

### MURRIETA - RCFE FOR SALE

- Home and Business
- Licensed for 6
- 5 BDR/3 BA, 2,300 s.f.
- Details TBA

### SONOMA COUNTY: SANTA ROSA

- RCFE for Sale
- Home and Business
- Licensed for 14
- 11 BDR/6 BA, 4,200 s.f.
- Details TBA



## BANANA OATMEAL CHOCOLATE CHIP COOKIES

I'm glad you have a sweet tooth, because I have a delicious and healthy dessert recipe for you. It's called Banana Oatmeal Chocolate Chip Cookies.

These cookies are soft, chewy, and full of chocolate chips. They are also gluten-free, dairy-free, and vegan. Plus, they are very easy to make with only a few ingredients. Here's how to make them:

### Ingredients:

- 2 ripe bananas
- 1/4 cup (60 ml) of peanut butter
- 2 tablespoons (30 ml) of maple syrup
- 1 teaspoon (5 ml) of vanilla extract
- 1 1/2 cups (150 g) of rolled oats
- 1/4 teaspoon (1 g) of salt
- 1/3 cup (60 g) of dark chocolate chips

### Instructions:

1. Preheat oven to 350°F (177°C) and line a baking sheet with parchment paper.
2. In a large bowl, mash 2 ripe bananas with a fork until smooth.
3. Stir in 1/4 cup (60 ml) of peanut butter, 2 tablespoons (30 ml) of maple syrup, and 1 teaspoon (5 ml) of vanilla extract.
4. Add 1 1/2 cups (150 g) of rolled oats and 1/4 teaspoon (1 g) of salt and mix well.
5. Fold in 1/3 cup (60 g) of dark chocolate chips.
6. Drop by rounded tablespoonfuls onto the prepared baking sheet, leaving some space between them.
7. Flatten slightly with your fingers or a spatula.
8. Bake for 15 to 18 minutes or until golden and firm.
9. Let them cool on the baking sheet for 10 minutes before transferring to a wire rack to cool completely.

# 8 TYPES OF MEDICATIONS THAT CAN MAKE IT HARDER TO HANDLE THE HEAT

Excerpted From AARP Daily | By Merle Myerson, M.D.,

Temperatures are soaring in many regions of the country, putting people – especially older adults – at risk for heat-related illness, even death. And one thing that doesn't help is if you are taking medications that interfere with your body's ability to cool itself down.

"This issue is particularly important for older people because they tend to be on more medications that alter either the body's control of circulating blood volume and/or cardiac activity," which can make it harder to deal with the heat, says Cecilia Sorensen, M.D., director of the Global Consortium on Climate Health and Education at Columbia University in New York City.

It's important to pay attention to this often-overlooked side effect during heat waves, which the Environmental Protection Agency says are increasing in both intensity and frequency. But it's not just those stifling stretches that can be dangerous. Research shows that older patients with chronic medical conditions who take heat-sensitive medications can have medication-related problems throughout the entire summer.

## Medications and the Sun

Is your medicine making your skin sensitive in the sun? These five drugs can put you at greater risk for sunburn-like symptoms, a rash or other unwanted side effects.

- **Antibiotics:** tetracycline (Panmycin), doxycycline (Vibramycin), ciprofloxacin (Cipro), ofloxacin (Floxin)
- **Antifungals:** griseofulvin (Gris-PEG)
- **Antihistamines:** loratadine (Claritin), cetirizine (Zyrtec)
- **Statin cholesterol medications:** simvastatin (Zocor), atorvastatin (Lipitor), lovastatin (Mevacor), pravastatin (Pravachol)
- **Diabetes medications:** sulfonylureas like glipizide (Glucotrol), glyburide (Micronase)

## How do medications affect your heat tolerance?

First, it's important to understand how your body deals with heat and works to maintain that ideal internal temperature of 98.6 degrees.

To cool off, your body has several tricks. One is perspiration (or sweat). When sweat evaporates from your skin, it cools the body.



Another is when the blood vessels underneath your skin vasodilate (widen) and bring warm blood closer to your skin, allowing the skin to release heat.

Several different medications, though, can interfere with this complex thermoregulation system by limiting the body's ability to sweat or by reducing blood flow to the skin. Medications can also cause dehydration, and some may make the skin more sensitive to the sun, causing a rash or sunburn.

Some individuals are more susceptible to these heat-related issues than others. Risk factors include being over the age of 65, having chronic medical conditions and being overweight. Spending time outside in the warmest part of the day – especially if you are doing yard work, physical activity or exercise – also increases your risk.

## 8 types of medications that don't mix with heat

Below are some examples of commonly used medications that can make it harder for your body to handle the heat.

### 1. Heart medications

Prescribed for high blood pressure, blood-clot prevention and to support the pumping function of the heart.

- Diuretics (also called water pills): furosemide (Lasix), chlorthalidone (Hygroton), hydrochlorothiazide (Microzide, HydroDiuril)
- Beta blockers: metoprolol (Toprol, Lopressor), atenolol (Tenormin), carvedilol (Coreg), propranolol (Inderal)
- ACE Inhibitors: lisinopril (Zestril, Prinivil)
- Angiotensin II receptor blockers (ARBs): losartan (Cozaar), valsartan (Diovan)
- Antiplatelets: clopidogrel (Plavix)

### 2. Antidepressants

Prescribed to treat depression and anxiety.

- Selective serotonin reuptake inhibitors (SSRIs): citalopram (Celexa), escitalopram (Lexapro), fluoxetine (Prozac), paroxetine (Paxil), sertraline (Zoloft)
- Serotonin-norepinephrine reuptake inhibitors (SNRIs): duloxetine (Cymbalta), Venlafaxine (Effexor XR)
- Tricyclic antidepressants: amitriptyline (Elavil), nortriptyline (Pamelor)

### 3. Antipsychotics

Prescribed for schizophrenia, bipolar disorder and other mental health disorders.

- Examples: risperidone (Risperdal) Quetiapine (Seroquel), Haloperidol (Haldol), Olanzapine (Zyprexa)

Continued on Page 5...

## 8 TYPES OF MEDICATIONS THAT CAN MAKE IT HARDER TO HANDLE THE HEAT

*Continued from Page 4...*

### 4. Central nervous system stimulants

Prescribed for attention deficit hyperactivity disorder (ADHD).

- Examples: dextroamphetamine (Adderall), methamphetamine (Desoxyn), methylphenidate (Ritalin)

### 5. Anticholinergics

Prescribed for Parkinson's disease and overactive bladder.

- Examples: benztropine (Cogentin), oxybutynin (Ditropan XL), tolterodine (Detrol)

### 6. Antihistamines

Used for seasonal allergies, bug bites and bee stings.

- Examples: diphenhydramine (Benadryl)

### 7. Decongestants.

Used for the common cold and allergies.

- Examples: pseudoephedrine (Sudafed), phenylephrine (Sudafed PE), Oxymetazoline nasal spray (Afrin, Zicam, Dristan, Mucinex)

### 8. Dopaminergics.

Prescribed for Parkinson's disease.

- Examples: carbidopa/levodopa (Sinemet)

If you are taking a medication that can be problematic in the heat, it's a good idea to set aside time to discuss this with your doctor and hatch a plan for hot-weather days.

"To avoid these problems, health professionals need to be aware of what medications put older people at risk and educate them and their caregivers," Columbia University's Sorensen says.

There aren't specific protocols for prescribing medications during hot weather, explains Soko Setoguchi, M.D., professor of medicine at Rutgers Robert Wood Johnson Medical School and an expert on the health effects of medications. However, your doctor may want to lower the dose of a medication or sub in another.

### 5 tips for managing medications in the heat

**1. Don't abruptly stop any medication.** Many must be taken daily to keep the blood level high enough. Talk to your doctor if you are concerned.

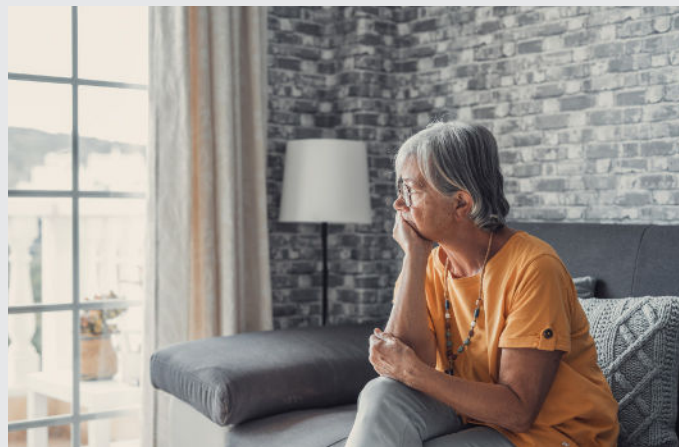
**2. Make sure you store medications properly.** Insulin, for example, can become less effective if left in the heat.

**3. Stay hydrated.** Clues that you might be dehydrated are loss of body weight, making less urine and producing urine that's darker than usual. Water from the tap (squeeze some lemon juice in for flavor) is a great way to hydrate but be sure to check with your doctor if you have been put on fluid restriction. Avoid alcohol, as this can make you dehydrated.

**4. Keep cool.** Wear light, loose-fitting clothes, pull down the shades at home, use a fan or air-conditioning and avoid outdoor activity during the hottest times of the day.

**5. If a medication causes photosensitivity, wear sunscreen (SPF 15 or greater) and a sun-protective hat and clothes.**

## LETTER FROM AN ELDERLY WOMAN LIVING IN AN RCFE



I am 82 years old. I have four children, 11 grandchildren, two great grandchildren and a room of 12 m<sup>2</sup>.

I no longer have a home or expensive things, but I have someone who will clean my room, prepare food and bedding, measure my pressures and weigh me.

I no longer have the laughter of my grandchildren. I don't see them growing, hugging, and arguing. Some come to me every 15 days, some every three or four months, and some never.

I no longer work in the winter. I don't bake cakes, I don't dig up the garden. I still have hobbies. I like to read, but my eyes quickly hurt.

I don't know how much longer, but I have to get used to this loneliness. Here at home, I lead group work, and help those who are worse than me as much as I can. Until recently, I read aloud to an immobile woman in the room next to me. We used to sing together, but she died the other day .

They say life is getting longer. Why? When I'm alone, I can look at photos of my family and memories I brought from home. And that's all.

I hope that the next generations will understand that families are born to have a future (with children) and that they do not forget about the family even in old age.

Please don't show this to my children.

Grandma Maria loves you.

*Source: Facebook*

# RCFE

# Resource

FOR ACCURATE RCFE HOME AND BUSINESS VALUATIONS

## OUR FEATURED LISTINGS

### FRESNO

Fresno County  
RCFE for Sale



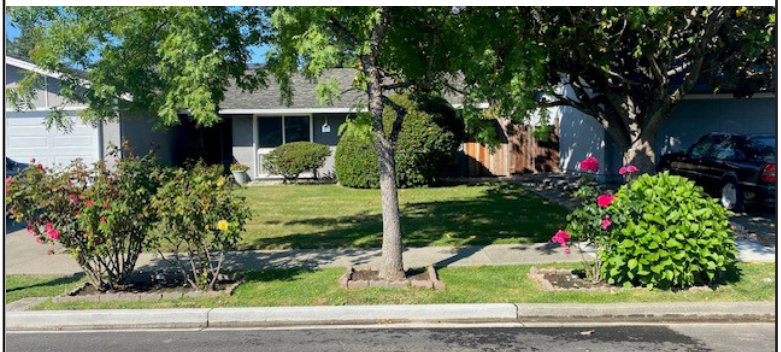
Home and Business  
5 BDR, 3 BA, 2,400 s.f

Home: \$560K;  
Business \$230K

*Lovely RCFE providing excellent care.*

### NAPA

Napa County  
RCFE for Sale



Home and Business  
6 BDR, 3 BA, 1,759 s.f

Home: \$915K;  
Business \$235K (grosses \$42K/mo)

*Charming in a peaceful neighborhood.*

## THINKING OF BUYING OR SELLING?

**Let our RCFE Resource team of professionals bring proven expertise to help you get the highest sales price for your RCFE or ARF!**

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