

FEATURED ARTICLE

PROJECTING RESIDENT MONTHLY FEE INCREASES FOR THE YEAR AHEAD

Last week, Ziegler released its most recent *CFO HotlineSM* survey report that focused on the resident monthly fee increases for 2023 and projected into 2024. This annual survey has been conducted by Ziegler for more than a decade. Two hundred and fifty (250), primarily not-for-profit, senior living CFOs and financial professionals from around the country responded to the most recent survey, with 62% representing single-site organizations and 38% representing multi-site organizations.

The survey asked about increases given for the current year, projected increases for the year ahead, and other tactics that providers are using to offset rising expenses. Additionally, the full report lists the increases by region, by levels of care, and by contract type. Communities with all contract types were reporting record-high increases.

The table below details the reported figures for independent living increases in recent years, as well as projected for the year ahead. For 2023, the median percentage increase in monthly fees is 6.00%, which is significantly more than the typical 3.00% increase of previous years, and higher than the 2022 median increase of 4.48%. However, the projections for 2024, by all metrics, are lower than 2023.

Percentage Increase to Independent Living Monthly Fees						
Statistic	2024 <i>(projected)</i>	2023	2022	2021	2020	2019
Minimum	-1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1st Quartile	4.00%	5.00%	3.50%	2.71%	2.90%	3.00%
Median	5.00%	6.00%	4.48%	3.00%	3.00%	3.00%
3rd Quartile	6.00%	7.50%	5.50%	3.75%	3.90%	3.80%
Maximum	12.00%	15.00%	15.00%	12.00%	10.00%	6.88%
Average	5.03%	6.24%	4.70%	2.98%	3.26%	3.14%

Source: Ziegler CFO HotlineSM, September 2023

A question was posed on the survey regarding mid-year increases. As shown in the bar graphs on the next page, roughly seven percent (7%) reported that they implemented such an increase this year. When asked about the year ahead, nearly 40% indicated that they are keeping this option open for 2024. Some CFOs commented that their contracts place restrictions on increases outside of an annual move.

ZIEGLER

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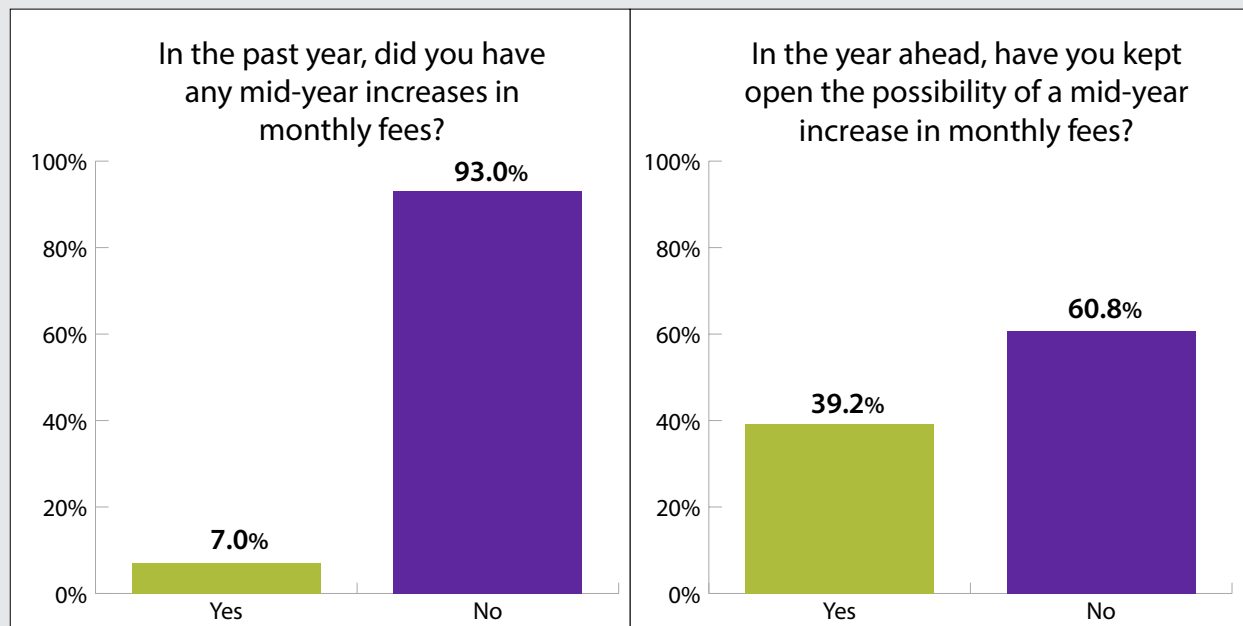
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When asked, what would likely be the primary driver of monthly fee increases in the year ahead, most pressing by far is increased wages for employees followed by inflation-related pressures. The full report provides more detail on the survey findings. We encourage readers to access the report on [Ziegler's website](#).

If you have any specific questions about this survey or other related items, please reach out to the Ziegler representative in your region to learn more.

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WEBINAR INVITE

2023 FINANCIAL RATIOS AND TRENDS FOR CONTINUING CARE RETIREMENT COMMUNITIES

The 2023 Financial Ratios & Trends Analysis of CARF-Accredited Continuing Care Retirement Communities (CCRC)/Life Plan Communities (LPC) provides valuable benchmarks, giving readers an exclusive chance to observe financial trends shaped by diverse factors, including provider expansion, operational hurdles, and changes in regulatory and accounting standards.

Join CARF International, Ziegler, Baker Tilly, and Kendal at Oberlin for an informative webinar focused on comprehending and applying financial benchmarks to enhance strategic planning and budget development. Our panel of industry professionals will discuss the utilization of this information with key stakeholders, including potential clients, residents, boards and payers, as well as exploring critical financial benchmarks pertinent to the industry. We'll examine how CARF-accredited organizations have successfully navigated challenges, including concerns related to profitability and liquidity margins, in contrast to their achievements in occupancy rates and substantial capital investments.

The webinar's content draws from the 2023 edition of the Financial Ratios and Trend Analysis of CARF-Accredited Continuing Care Retirement Communities.

THURSDAY, OCTOBER 12, 2023
NOON – 1:30 P.M. (ET) | 9:00 – 10:30 A.M. (PT)

REGISTER NOW »

Moderator:
 Julia Meashey, MA, Senior Business Development Specialist, Aging Services (CARF)

Presenters:
 Patrick Heavens, CPA, Partner (Baker Tilly)
 Amy Castleberry, CFA, Managing Director (Ziegler)
 Ann O'Malley, Chief Financial Officer (Kendal at Oberlin)

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF OCTOBER 9, 2023

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Community First Solutions (OH)	Fitch	A- Stable	Affirmed Rating Affirmed IDR*	10/4/23
Noland Health Services (AL)	S&P	A Stable	Affirmed Rating	10/4/23
Royal Oaks (AZ)	Fitch	BB+ Stable	Downgraded Rating Downgraded IDR*	10/5/23
Good Shepherd Village at Endwell (NY)	Fitch	BBB- Negative	Affirmed Rating Affirmed IDR* Revised Outlook	10/9/23

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* IDR – Issuer Default Rating

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INTEREST RATES/YIELDS

WEEK ENDING OCTOBER 6, 2023

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	4.39%	4.36%	3.59%
Senior Living 30-Yr "A"	6.08%	6.05%	5.22%
Senior Living 30-Yr "BBB"	6.48%	6.45%	5.63%
Senior Living Unrated	7.28%	7.25%	6.43%
Senior Living New Campus	8.18%	8.15%	7.40%
SIFMA Muni Swap Index	3.98%	3.98%	3.06%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	6.60%	6.56%	2.17%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

MARKET REVIEW

MONEY MARKET RATES

	10/06	Last week
Prime Rate	8.50	8.50
Federal Funds (weekly average)	5.31	5.31
90 Day T-Bills	5.50	5.47
30-Day Commercial Paper (taxable)	5.32	5.31
Libor (30-day)	5.45	5.43
SOFR	5.32	5.31
7 Day Tax-Exempt VRDB	3.36	3.98
Daily Rate Average	3.04	4.52

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	5.05	5.77	1 Year	3.74	5.99	5.74	5.19	4.04	3.84
5 Year	4.62	5.73	5 Year	3.43	5.78	5.58	4.98	3.93	3.58
7 Year	4.62	6.22	7 Year	3.45	5.90	5.70	5.10	4.10	3.65
10 Year	4.57	6.62	10 Year	3.50	6.20	5.85	5.25	4.25	3.80
30 Year	4.70	7.34	30 Year	4.39	7.39	6.89	6.29	5.39	4.89

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE
Bond Buyer			
20 Bond Index	4.12	4.09	+0.03
11 Bond Index	4.02	3.99	+0.03
Revenue Bond Index	4.40	4.37	+0.03
30 Year MMD	4.39	4.36	+0.03
Weekly Tax-Exempt Volume (Bil)	1.06	5.33	-4.27
30 Day T/E Visible Supply (Bil)	8.33	8.48	-0.15
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	114.6	114.0	+0.60

Source: Bloomberg