

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

Page 1 | Week of October 27, 2025

## FEATURED ARTICLE

# PROJECTING RESIDENT FEE INCREASES FOR THE YEAR AHEAD

Ziegler is pleased to release the results of our October 2025 *CFO Hotline*<sup>SM</sup> on the topic of Resident Fees. Over 220, primarily not-for-profit, senior living organizations across the country shared their insights on pricing strategies, cost pressures, and financial planning expectations for the year ahead. The results offer a detailed view of how providers are responding to continued inflationary pressures and a persistent rise in operating costs.

Most organizations increased entrance fees in 2025 on an average of 5.30%, with 2026 projections of approximately 5.00%. Nearly all organizations indicated that they adjust entrance fees once per year, and roughly half reported that the level of increase varies depending on unit size or unit type.

|              | 2025 Entrance Fee Increases | 2026 Projected Entrance Fee Increases |
|--------------|-----------------------------|---------------------------------------|
| Minimum      | 0.00%                       | 0.00%                                 |
| 1st Quartile | 3.50%                       | 3.50%                                 |
| Median       | 5.00%                       | 5.00%                                 |
| 3rd Quartile | 7.00%                       | 6.00%                                 |
| Maximum      | 16.00%                      | 20.00%                                |
| Average      | 5.30%                       | 5.00%                                 |

The overall primary drivers of entrance fee changes among all respondents were the dynamics of both the real estate and local competitive markets. The high cost of construction and capital, including costs to renovate and/or reposition existing units were also a primary factor.

The 2025 survey results show that monthly fee increases, while still elevated compared to pre-pandemic norms, are beginning to moderate. Independent Living monthly fees reported an average monthly increase of 4.69% in 2025, compared to 5.19% percent in 2024 and 6.24% percent in 2023. Those fees are projected to continue in a similar vein for 2026, at 4.32%. It was noted in the comments that the average 3.00% increases from the pre-COVID era are unlikely to return with continued increases in labor and other operating expenses.

| Percentage Increase to Independent Living Monthly Fees |                     |              |              |              |              |              |              |              |              |              |              |
|--------------------------------------------------------|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Statistic                                              | 2026<br>(projected) | 2025         | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         |
| Minimum                                                | <b>0.00%</b>        | 0.00%        | -4.50%       | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        |
| 1st Quartile                                           | <b>3.50%</b>        | 4.00%        | 4.23%        | 5.00%        | 3.50%        | 2.71%        | 2.90%        | 3.00%        | 3.00%        | 2.90%        | 2.80%        |
| Median                                                 | <b>4.00%</b>        | 4.40%        | 5.00%        | 6.00%        | 4.48%        | 3.00%        | 3.00%        | 3.00%        | 3.00%        | 3.00%        | 3.00%        |
| 3rd Quartile                                           | <b>5.00%</b>        | 5.00%        | 5.95%        | 7.50%        | 5.50%        | 3.75%        | 3.90%        | 3.80%        | 3.50%        | 3.50%        | 3.50%        |
| Maximum                                                | <b>10.00%</b>       | 13.00%       | 15.00%       | 15.00%       | 15.00%       | 12.00%       | 10.00%       | 6.88%        | 6.00%        | 8.00%        | 5.50%        |
| Average                                                | <b>4.32%</b>        | <b>4.69%</b> | <b>5.19%</b> | <b>6.24%</b> | <b>4.70%</b> | <b>2.98%</b> | <b>3.26%</b> | <b>3.14%</b> | <b>3.17%</b> | <b>3.12%</b> | <b>3.09%</b> |

Source: Ziegler CFO Hotline<sup>SM</sup>, October 2025

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Across regions, western providers reported the highest 2025 increases, averaging more than 6.00%, while communities in the Midwest, South, and Northeast reported more modest increases between four and five percent.

| Average Increases by Region |       |                  |
|-----------------------------|-------|------------------|
|                             | 2025  | 2026 (Projected) |
| Northeast                   | 4.79% | 4.00%            |
| Midwest                     | 4.30% | 4.50%            |
| South                       | 4.70% | 4.20%            |
| West                        | 6.23% | 4.60%            |

When asked about the primary driver of monthly fee increases, respondents identified labor and staffing costs (the most significant factor), rising wages, workforce shortages, and the continued escalation of employee healthcare and benefit costs. Inflation and the general rise in operating costs including utilities, food, insurance, and other essentials also continue to exert pressure on community budgets. Many organizations noted that these expense categories, which together comprise the majority of senior living operating budgets, have grown faster than revenues for several consecutive years. As a result, monthly fee increases remain necessary for continued financial stability and margin protection. A number of respondents highlighted the importance of transparent communication with residents, particularly as communities seek to explain the rationale behind necessary rate adjustments and maintain trust in an environment of financial uncertainty.

While the pace of increases appears to be leveling, the overall picture remains one of cautious management and strategic adaptation. Providers continue to navigate a delicate balance between maintaining affordability for residents, staying competitive in their market, and ensuring long-term financial health. As inflation and labor costs gradually stabilize, many organizations are focused on building sustainable pricing strategies, strengthening workforce pipelines, and communicating clearly about the underlying costs of delivering high-quality care and services to both prospective and current residents.

For more details, please read the [full report here](#). If you have any questions about this *Z-News* or any other topic, please reach out to the Ziegler representative in your region.

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## NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF OCTOBER 24, 2025

| ORGANIZATION                                       | RATING AGENCY | RATING/ OUTLOOK | TYPE OF ACTION                                          | DATE     |
|----------------------------------------------------|---------------|-----------------|---------------------------------------------------------|----------|
| LutherCare (PA)                                    | Fitch         | BBB+ Stable     | Affirmed Rating<br>Affirmed IDR*                        | 10/8/25  |
| Noland Health Services (AL)                        | S&P           | A Stable        | Affirmed Rating                                         | 10/8/25  |
| Brewster Place (KS)                                | Fitch         | BB+ Stable      | Affirmed Rating<br>Affirmed IDR*                        | 10/14/25 |
| Orchard Park CCRC dba Fox Run at Orchard Park (NY) | Fitch         | BBB Stable      | Assigned Rating<br>Affirmed Rating<br>Affirmed IDR*     | 10/15/25 |
| Brazos Presbyterian Homes (TX)                     | Fitch         | BB+ Stable      | Assigned Rating<br>Affirmed Rating<br>Affirmed IDR*     | 10/22/25 |
| Horizon House (WA)                                 | Fitch         | BB Stable       | Downgraded Rating<br>Downgraded IDR*<br>Assigned Rating | 10/23/25 |

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\* IDR – Issuer Default Rating

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## INTEREST RATES/YIELDS

WEEK ENDING OCTOBER 24, 2025

|                           | CURRENT | LAST WEEK | 52-WK AVG |
|---------------------------|---------|-----------|-----------|
| 30-Yr MMD                 | 4.10%   | 4.13%     | 4.23%     |
| Senior Living 30-Yr “A”   | 5.00%   | 5.03%     | 5.07%     |
| Senior Living 30-Yr “BBB” | 5.25%   | 5.28%     | 5.37%     |
| Senior Living Unrated     | 5.85%   | 5.98%     | 6.44%     |
| Senior Living New Campus  | 6.85%   | 6.88%     | 7.37%     |
| SIFMA Muni Swap Index     | 2.50%   | 2.31%     | 2.73%     |

|               | CURRENT | WEEKLY AVERAGE | SPREAD TO MMD |
|---------------|---------|----------------|---------------|
| ZSLMLB Index† | 5.42%   | 5.44%          | 1.33%         |

† Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

## FEATURED FINANCINGS



### CHANNING HOUSE

Palo Alto, California

Fixed Insured  
Acquisition

**\$36,120,000**

October, 2025



### FRASIER

Boulder, Colorado

Fixed Rate  
Refunding

**\$41,400,000**

October, 2025



### SHENANDOAH VALLEY

#### WESTMINSTER-

#### CANTERBURY

Winchester, Virginia

Bank Placement  
New Money

**\$16,469,896**

October, 2025

## MARKET REVIEW

## MONEY MARKET RATES

|                                   | 10/24 | Last week |
|-----------------------------------|-------|-----------|
| Prime Rate                        | 7.25  | 7.25      |
| Federal Funds (weekly average)    | 4.10  | 4.08      |
| 90 Day T-Bills                    | 3.87  | 3.93      |
| 30-Day Commercial Paper (taxable) | 4.01  | 4.04      |
| SOFR (30-day)                     | 4.18  | 4.18      |
| SOFR                              | 4.24  | 4.30      |
| 7 Day Tax-Exempt VRDB             | 2.50  | 2.31      |
| Daily Rate Average                | 2.95  | 2.04      |

## COMPARATIVE YIELDS

## TAXABLE REVENUE

|         | GOVT | A    |         | MMD  | NR*  | BB   | BBB  | A    | AA   |
|---------|------|------|---------|------|------|------|------|------|------|
| 2 Year  | 3.48 | 3.98 | 1 Year  | 2.53 | 4.48 | 3.78 | 3.23 | 2.83 | 2.58 |
| 5 Year  | 3.60 | 4.20 | 5 Year  | 2.36 | 4.46 | 3.76 | 3.21 | 2.81 | 2.56 |
| 7 Year  | 3.78 | 4.53 | 7 Year  | 2.47 | 4.52 | 3.82 | 3.27 | 2.97 | 2.62 |
| 10 Year | 4.00 | 5.00 | 10 Year | 2.70 | 4.80 | 4.15 | 3.55 | 3.25 | 2.90 |
| 30 Year | 4.57 | 5.97 | 30 Year | 4.10 | 6.40 | 5.70 | 5.15 | 4.85 | 4.40 |

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

|                                                          | THIS WEEK | LAST WEEK | CHANGE |
|----------------------------------------------------------|-----------|-----------|--------|
| Bond Buyer                                               |           |           |        |
| 20 Bond Index                                            | 4.72      | 4.78      | -0.06  |
| 11 Bond Index                                            | 4.62      | 4.68      | -0.06  |
| Revenue Bond Index                                       | 5.01      | 5.07      | -0.06  |
| 30 Year MMD                                              | 4.10      | 4.13      | -0.03  |
| Weekly Tax-Exempt Volume (Bil)                           | 13.67     | 3.66      | +10.01 |
| 30 Day T/E Visible Supply (Bil)                          | 8.25      | 17.10     | -8.85  |
| 30 year "A" Rated Hospitals as a % of 30 Year Treasuries | 106.1     | 106.5     | -0.40  |

Source: Bloomberg