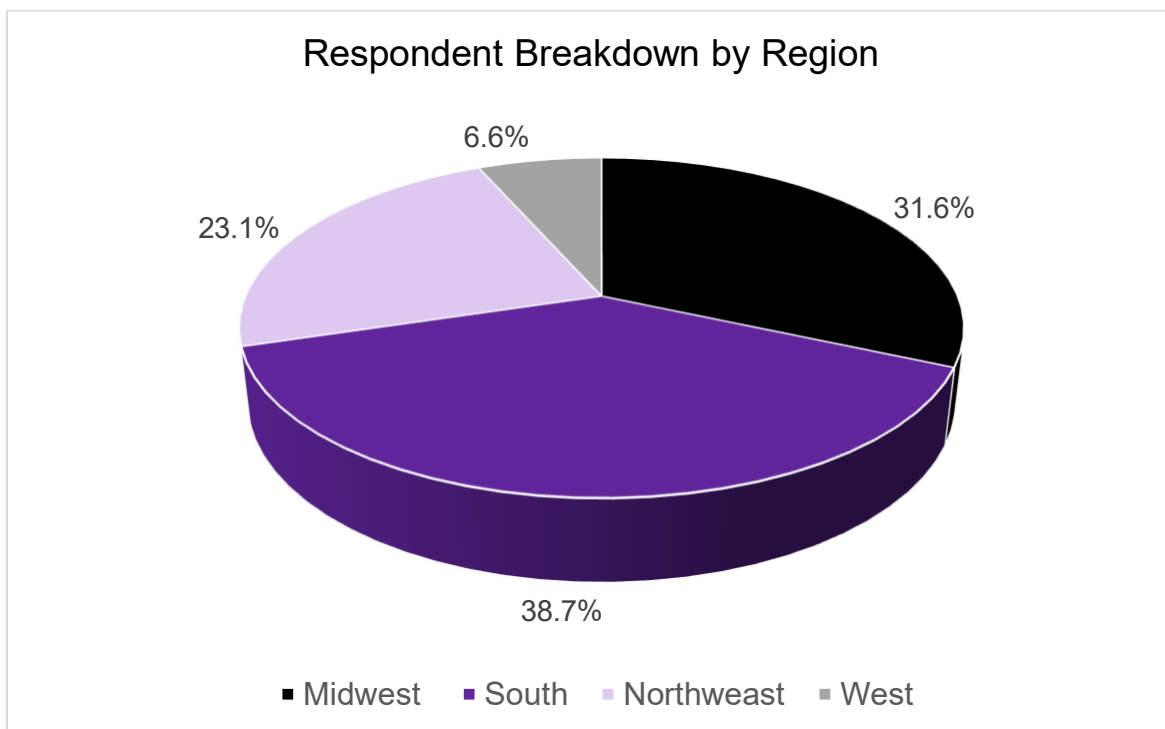


RESIDENT FEE INCREASES

ZIEGLER CFO HOTLINESM

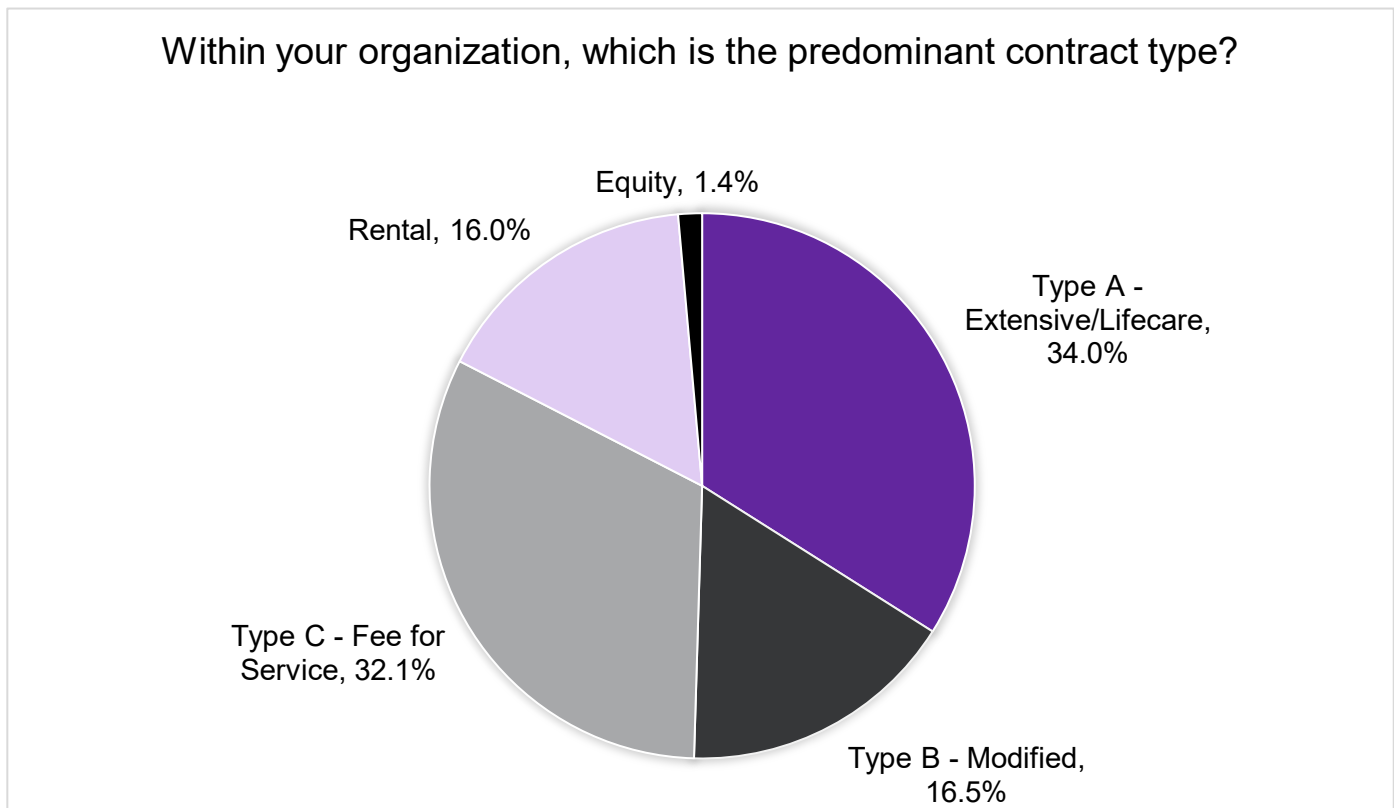
The October 2025 Ziegler *CFO Hotline*SM poll was devoted to the topic of Resident Fee Increases. This has been an annual poll conducted by Ziegler for several years and is valuable to senior living organizations for budget planning. Over 220, primarily not-for-profit senior living CFOs and financial professionals from around the country responded to the survey, with 67% representing single-site organizations and 33% multi-site organizations. This summary report provides data received from the current survey and details the historical comparison of changes from previous years.

Respondents were first asked where their primary headquarters were located, to clarify the areas (as defined by U.S. Census regions) being surveyed. This year, the most highly represented states were located in the South (38.7%) and the Midwest (31.6%), respectively. See the chart below for details.



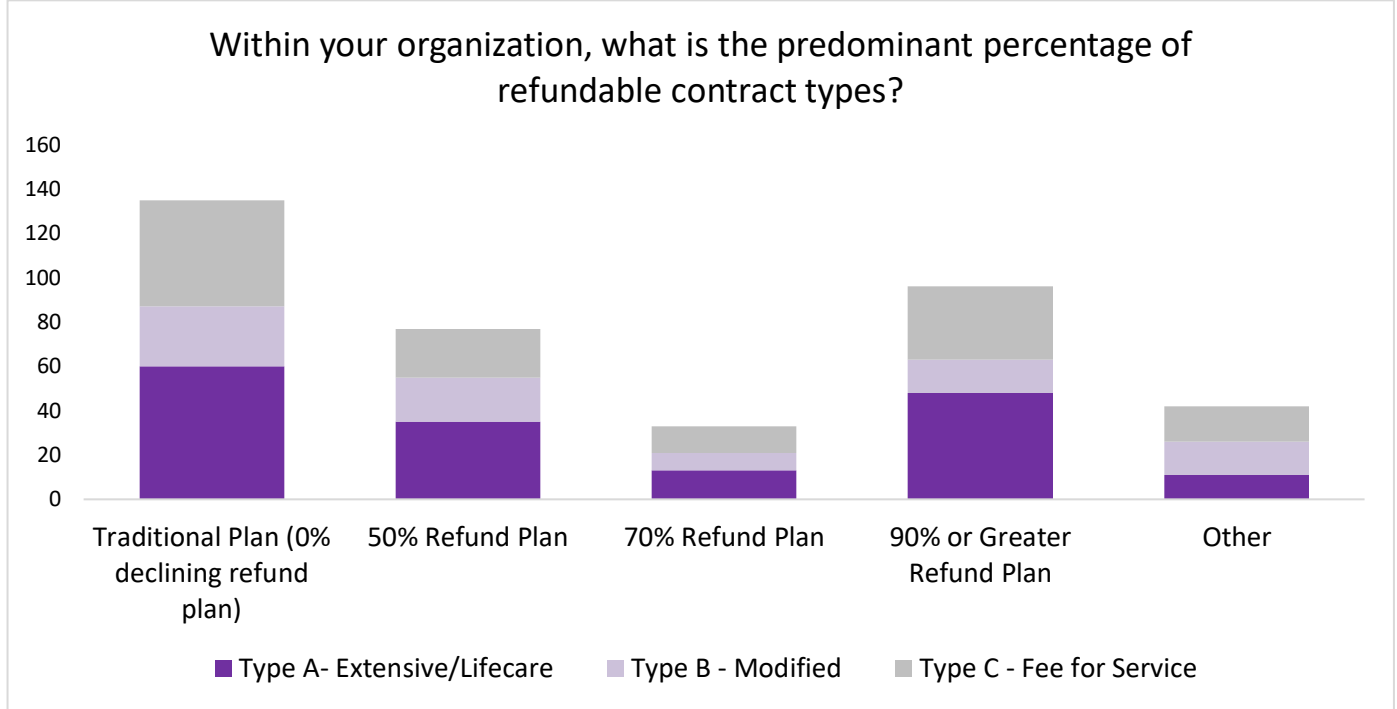
ENTRANCE FEES

The next question asked what the predominant contract type is within the organization and, if respondent represents a multi-site organization, what contract type is most common among communities overall. Type A and Type C Contracts were the most common, with roughly one-third of the respondents indicating each.



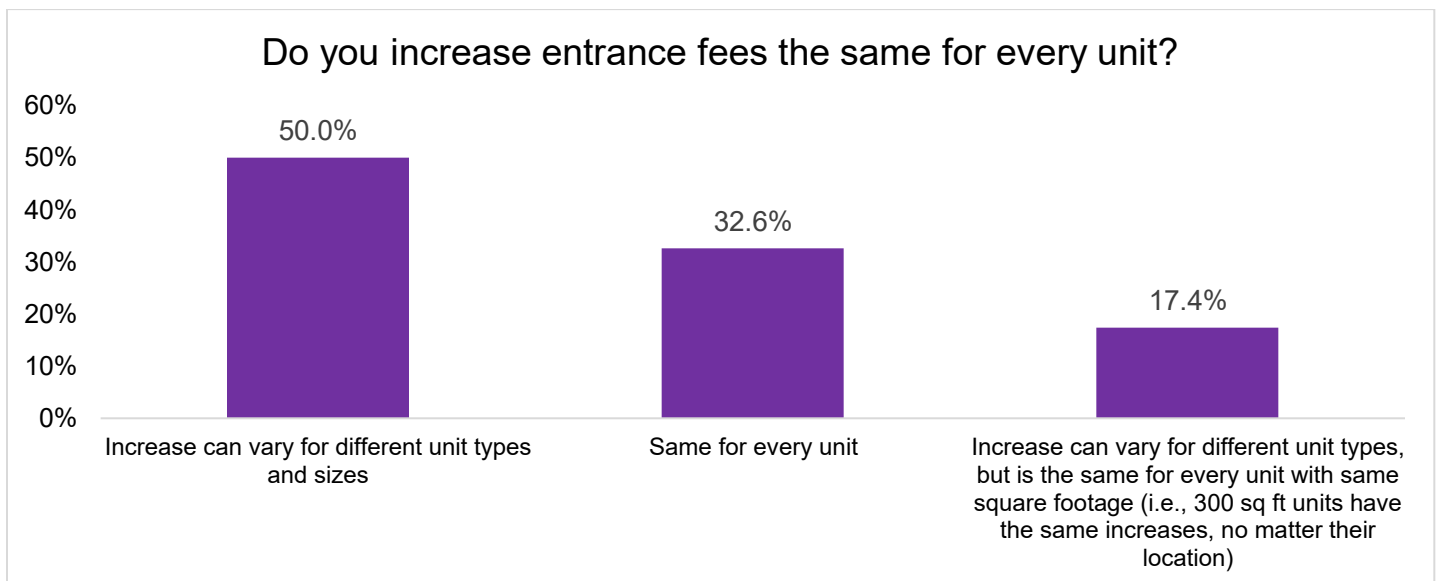
The next question asked respondents to indicate what the predominant refundable contract type is in their organization.

Across all contract types, Traditional (0% declining refund) plans remain the most prevalent, particularly among Type A Lifecare and Type C Fee-for-Service communities. However, 90% or greater refundable contracts also represent a substantial share, especially within those same categories, reflecting strong consumer interest in high-refund options that preserve estate value. Type B Modified contracts show a more even distribution across refund levels, suggesting greater flexibility but less emphasis on either extreme. Overall, the data indicate that refundability continues to be a defining feature of contract differentiation, with providers balancing market competitiveness against financial sustainability.



The survey then asked questions regarding entrance fees. Those that indicated they have an entrance fee were asked how many times they typically raise those fees during the year, and the majority, 98.8%, indicated that they do so just once.

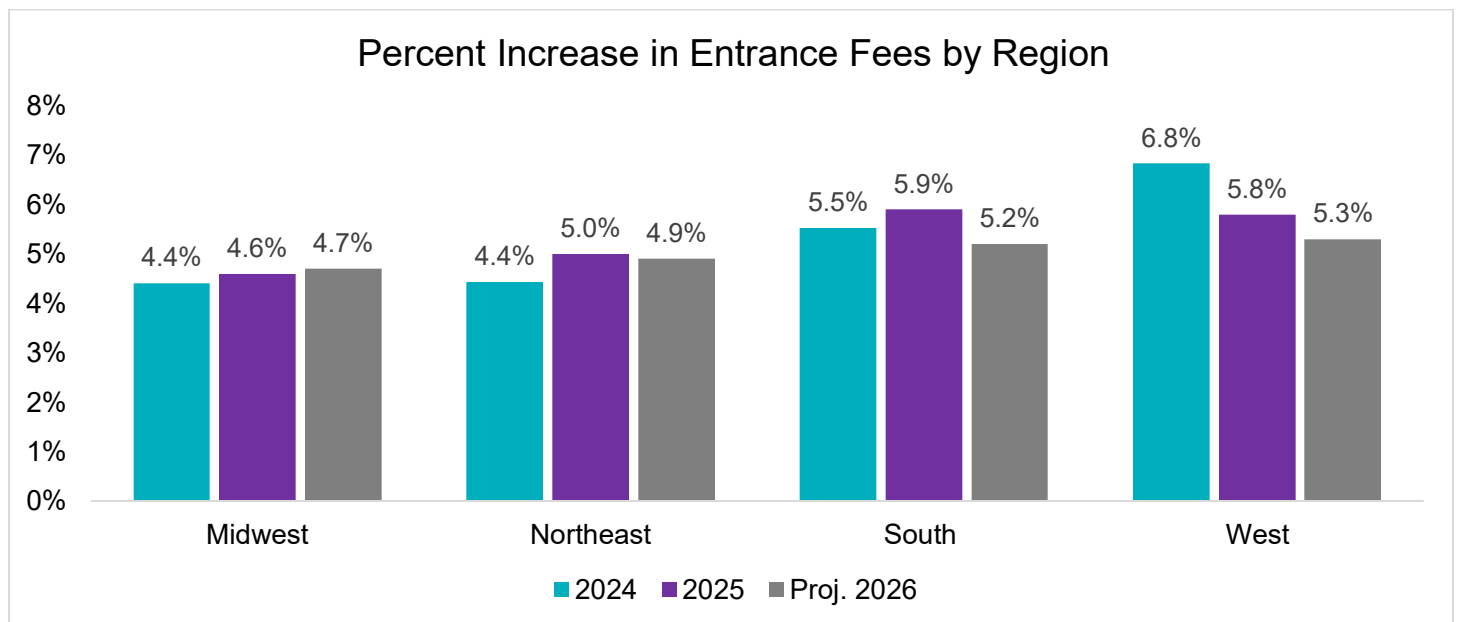
Respondents were also asked if they raise their entrance fees the same for every unit type/size. Half of the respondents indicated they vary increases for different unit types and sizes, while another 32.6% said they keep entrance fee increases the same across the board. A smaller number noted that the increase can vary for different unit types, but the same for those units with the same square footage.



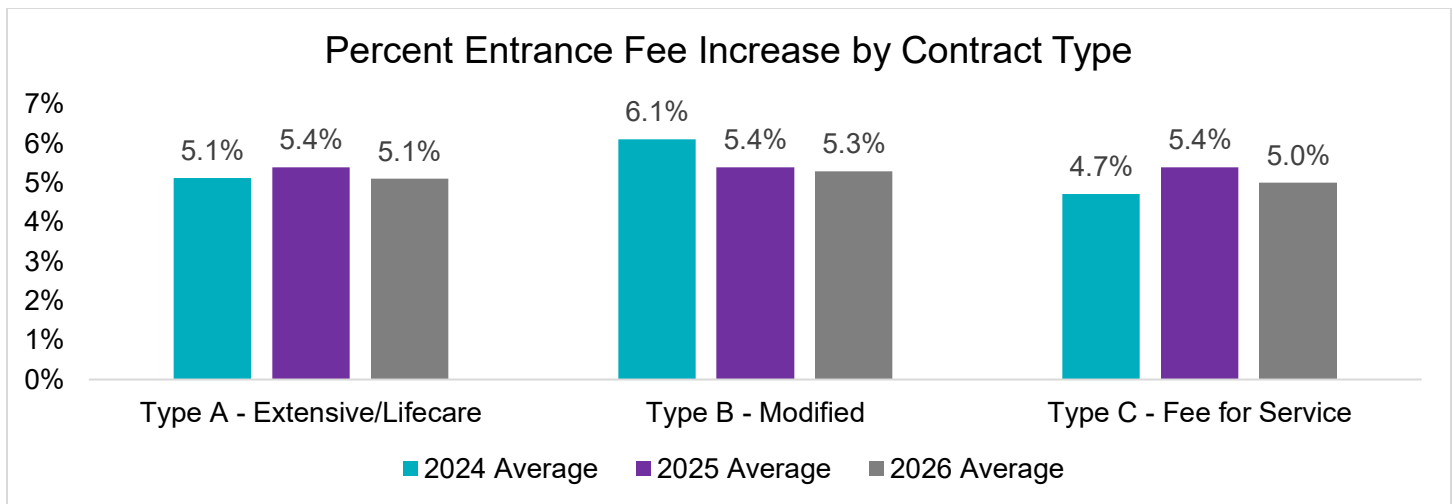
When asked about entrance fee increases for 2025, the average increase was 5.0%, with some respondents not raising fees at all, and the largest increase up to 16%. Some in the higher ranges also indicated in comments that they did so to catch up after years of lower increases or no increases. Additionally, the table below displays the projected increases for entrance fees in 2026.

	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 table below breaks down the average increases in entrance fees by region in 2024 and 2025, as well as the projected increases by region in 2026. In the Midwest, fees are seeing a slow but steady increase, while in the West, there is a projected further decline from 2024. Both the Northeast and the South saw increases in 2025 but are projecting a slight reduction in increases in 2026. *(Note: Equity contract increases were excluded due to insufficient data).*



Below is the breakdown from respondents on entrance fee changes in 2024, 2025 and projected 2026 by contract type, showing a slight decrease in projected fee increases across all three contract types. (Note: Equity contract increases were excluded due to insufficient data).



When asked about the primary drivers of entrance fee changes in the year ahead, providers cited a range of factors. Real estate market conditions, home values, and competitive market dynamics topped the list across all levels of change. Construction, renovation and turnover costs, and broader capital expenses were also frequently mentioned. In addition, many respondents pointed to inflation, general expense growth, and rising labor and staffing costs as key influences. Some noted that increased demand, long-term financial planning, and capital reinvestment needs are also shaping their pricing decisions. The table below summarizes these responses (Note: respondents could select multiple drivers).

No Increase	2%-4.99%
1. Real Estate & Market Dynamics 2. Construction, Renovation and Capital Costs 3. Operating and Expense Growth 4. Demand/Occupancy Strategy	1. Real Estate & Market Dynamics 2. Construction, Renovation and Capital Costs 3. Inflation & Expense Growth 4. Labor & Staffing 5. Cost of Capital, Debt Service
5%-7.99%	8%+
1. Real Estate & Market Dynamics 2. Construction, Renovation and Capital Costs 3. Inflation & Expense Growth 4. Labor & Staffing Costs 5. Increased Demand 6. Capital Reinvestment & Planning	1. Real Estate & Market Dynamics 2. Construction, Renovation and Capital Costs 3. Inflation & Expense Growth 4. Labor & Staffing Costs 5. Capital Reinvestment & Planning

MONTHLY FEES

Table 1 below presents the descriptive statistics for Independent Living monthly fees over the past several years, including 2025 year-to-date data and provider projections for 2026. In 2025, the median monthly fee increase of 4.0% exceeds the typical 3.0% annual increase observed between 2016 and 2021. However, it still remains slightly below the 6.0% increase reported in 2023 and the 5.0% increase in 2024. Projections for 2026 suggest that, across nearly all measures, fee increases will be equal to or lower than those in 2025, signaling a moderation from the elevated levels seen in 2023 and 2024, but not a complete return to the average 3.00% - 3.50% seen prior.

Table 2 below outlines the 2025 increases that were implemented by level of care (Independent Living, Assisted Living, and Skilled Nursing), and Table 3 below shows the same metrics as projected for 2026. Please note some significant outliers have been removed.

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

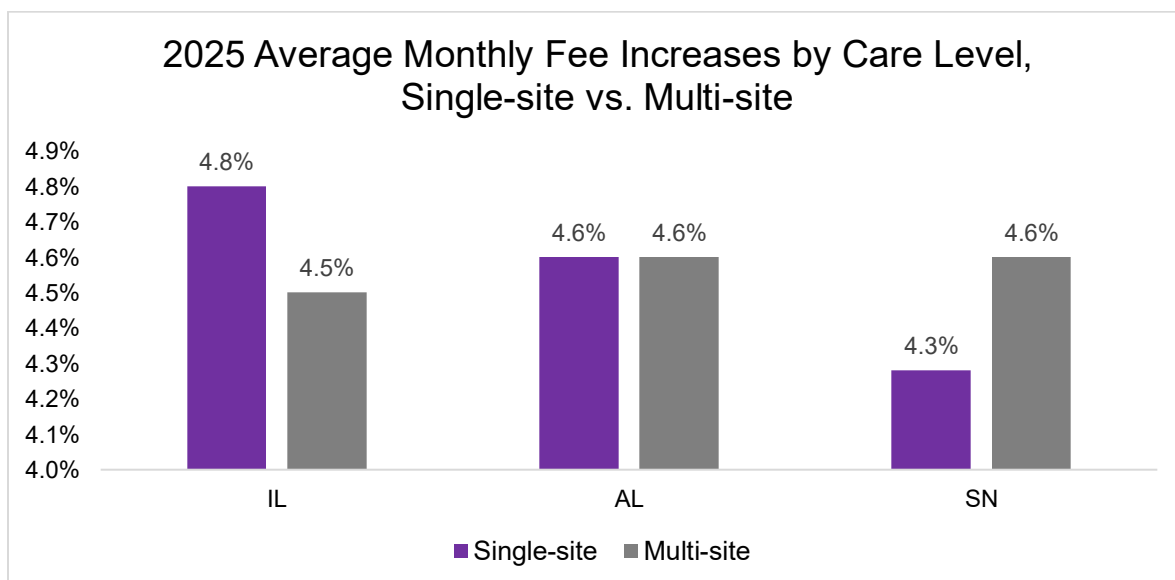
2025 Percentage Monthly Fee Increases by Care Level (Table 2)			
Statistic	IL	AL	SN
Minimum	0.00%	0.00%	0.00%
1st Quartile	4.00%	4.00%	3.50%
Median	4.40%	4.50%	4.25%
3rd Quartile	5.00%	5.00%	5.00%
Maximum	13.00%	10.00%	15.00%
Average	4.69%	4.59%	4.38%

2026 Estimated Percentage Monthly Fee Increases by Care Level (Table 3)			
Statistic	IL	AL	SN
Minimum	0.00%	0.00%	0.00%
1 st Quartile	3.50%	3.50%	3.50%
Median	4.00%	4.00%	4.00%
3 rd Quartile	5.00%	5.00%	5.00%
Maximum	10.00%	10.00%	11.00%
Average	4.32%	4.27%	4.11%

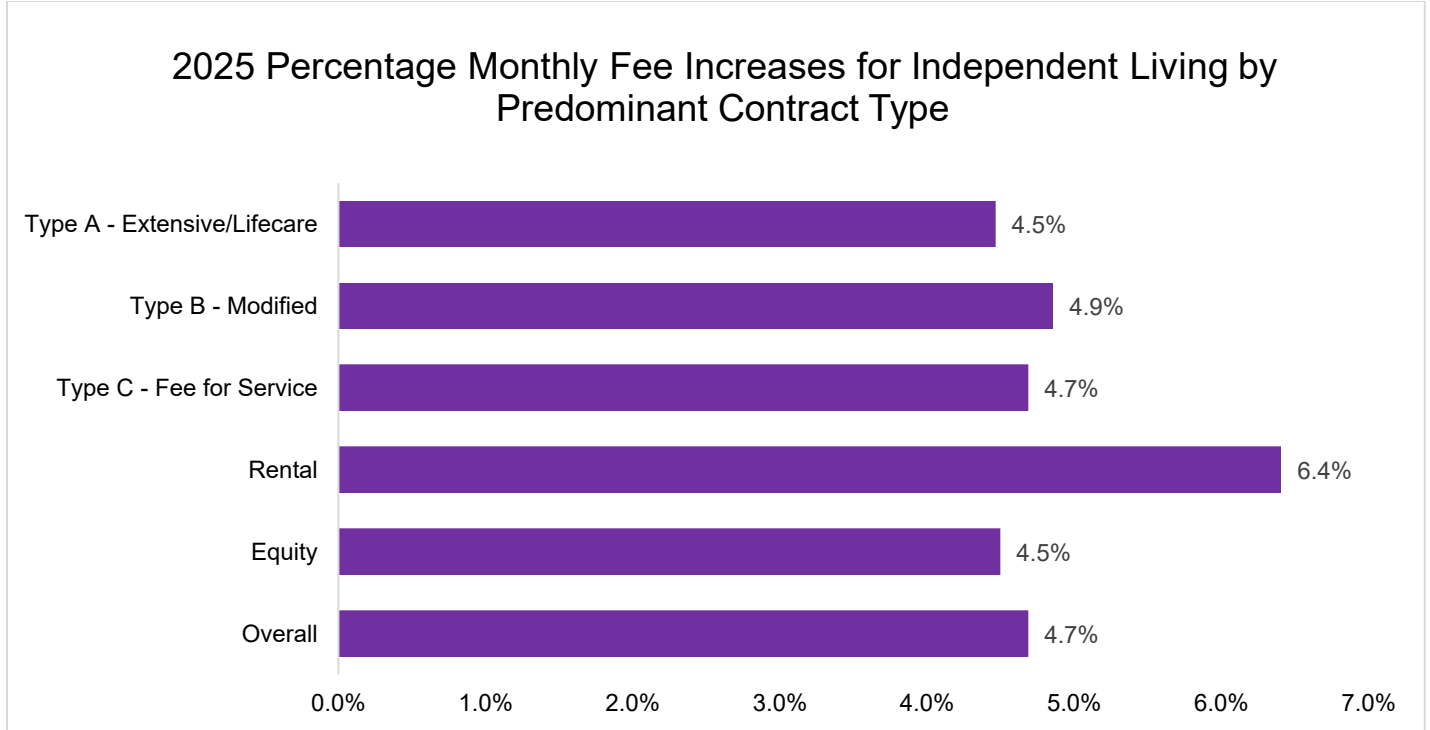
The table below showcases the monthly fee increases for 2025 and projected increases in 2026 broken down by geographical region.

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%

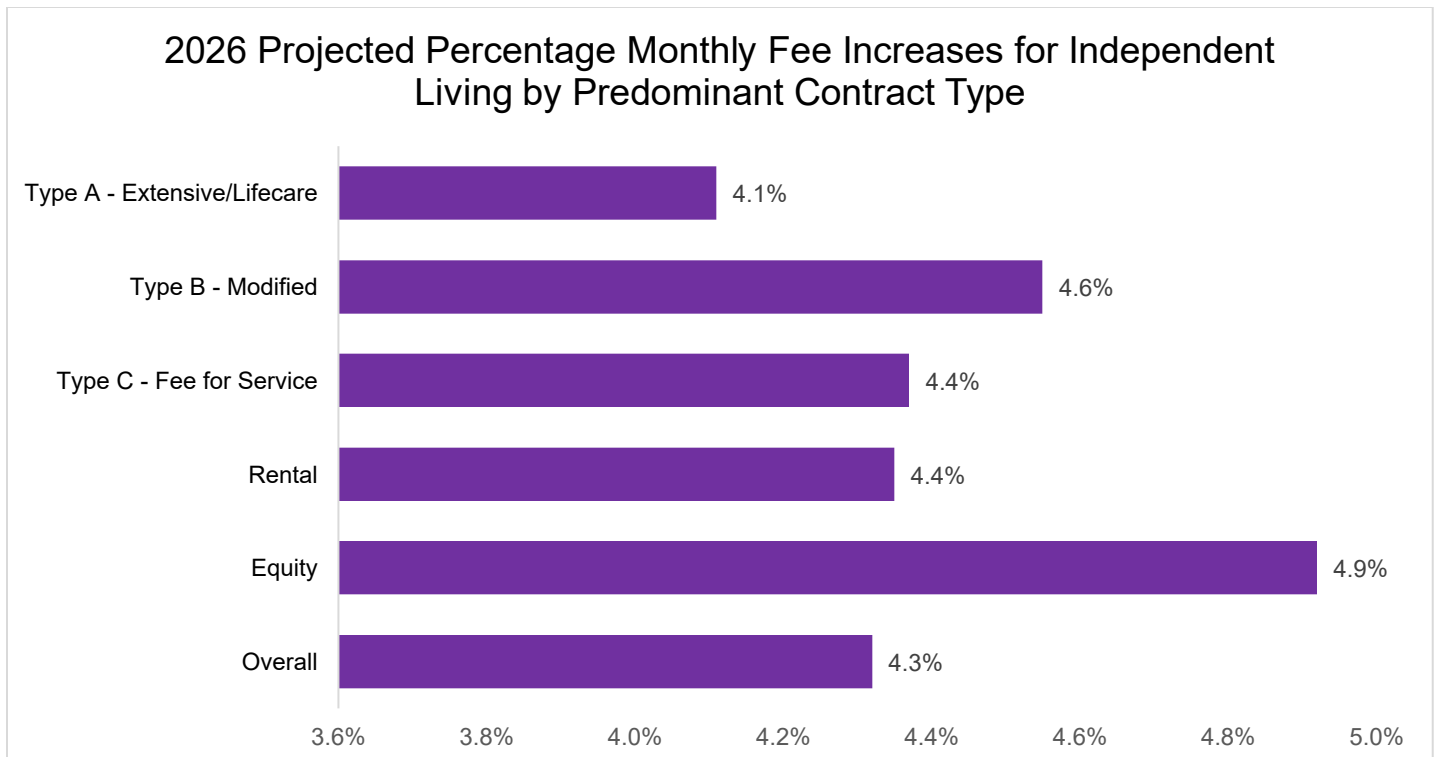
The change in 2025 monthly fees varied by care level among single- and multi-site organizations. Single-sites saw a larger increase in IL fees, while multi-sites saw a higher increase in Skilled Nursing. Both raised fees by 4.6% in AL.



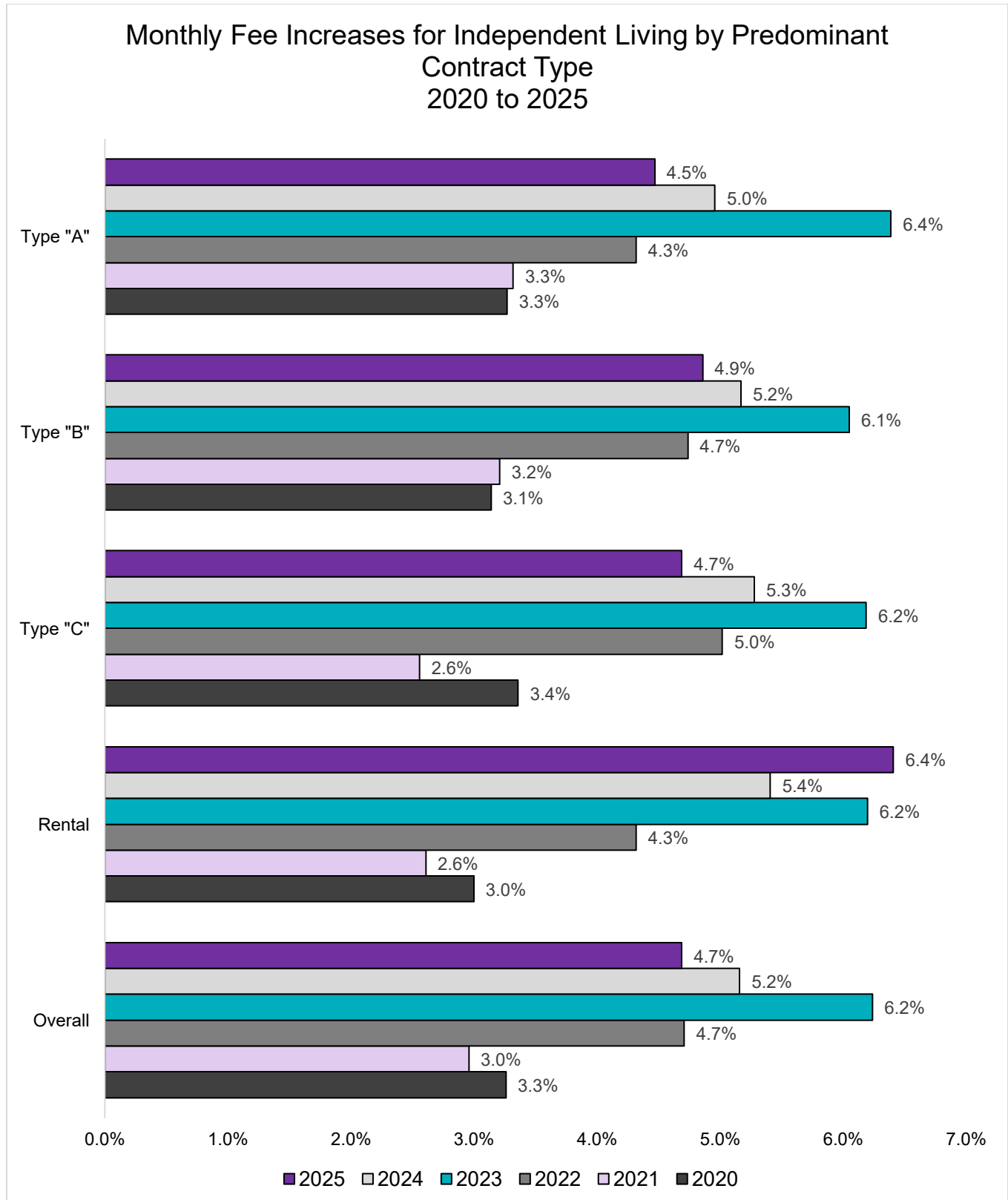
Below is a breakout of fees for 2025 by primary contract type for Independent Living.



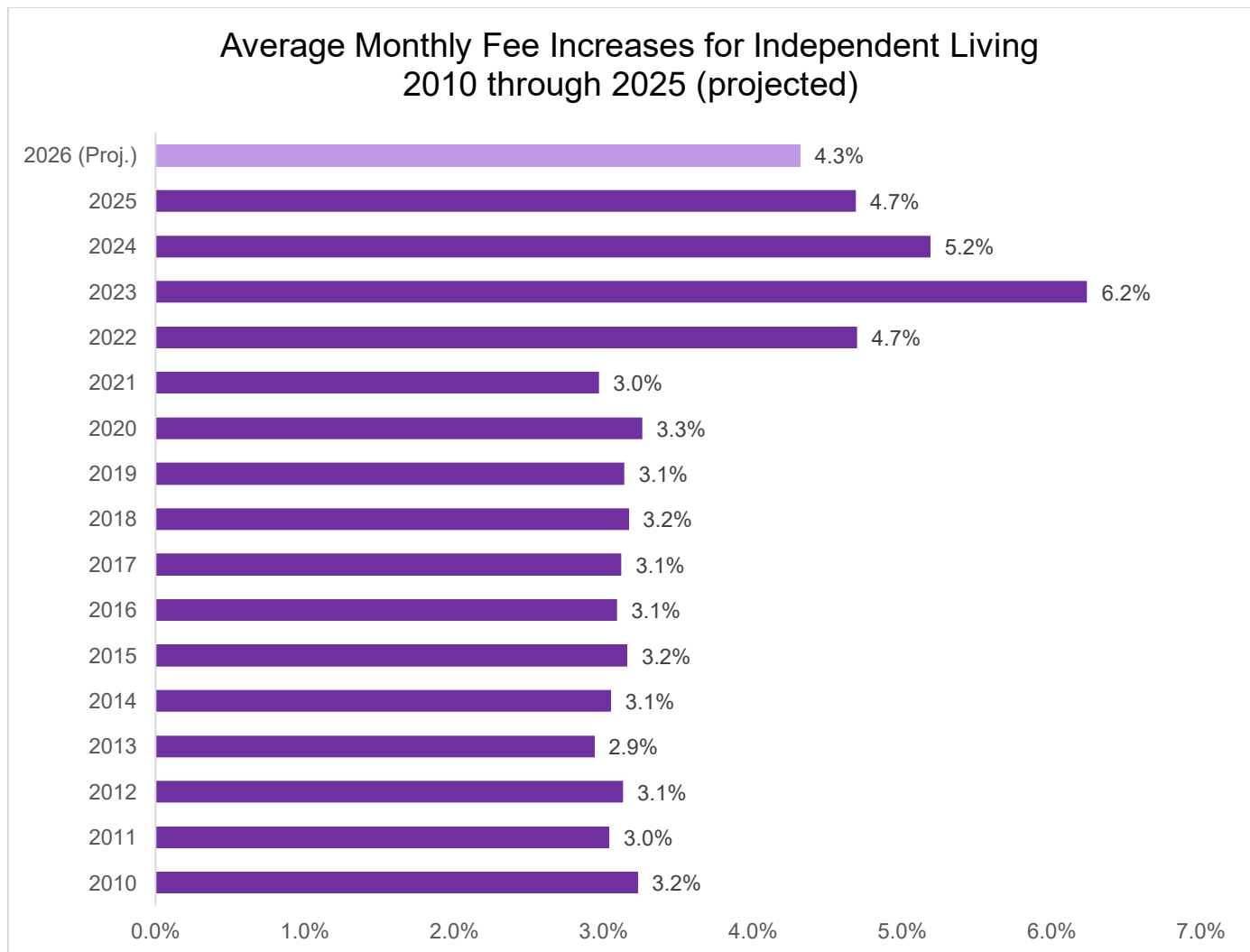
Below is a breakout of projected fees for 2026 by primary contract type for Independent Living.



The following graph breaks out monthly fee increases for Independent Living by contract type from 2020 to 2025.



The following graph shows the overall average monthly resident fee increase from 2010 through the 2026 projection.



TOP 2 DRIVERS OF MONTHLY INCREASES:

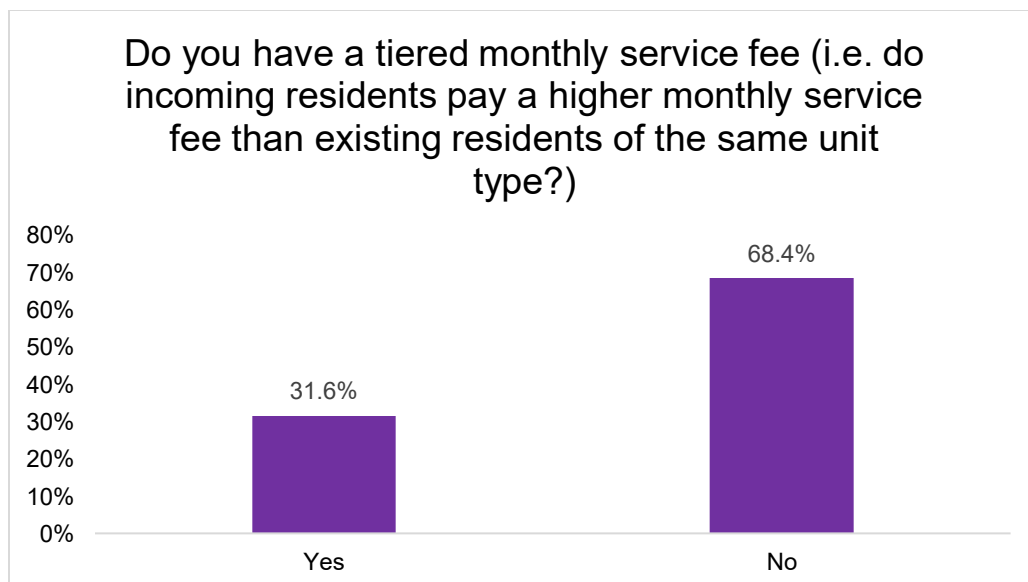
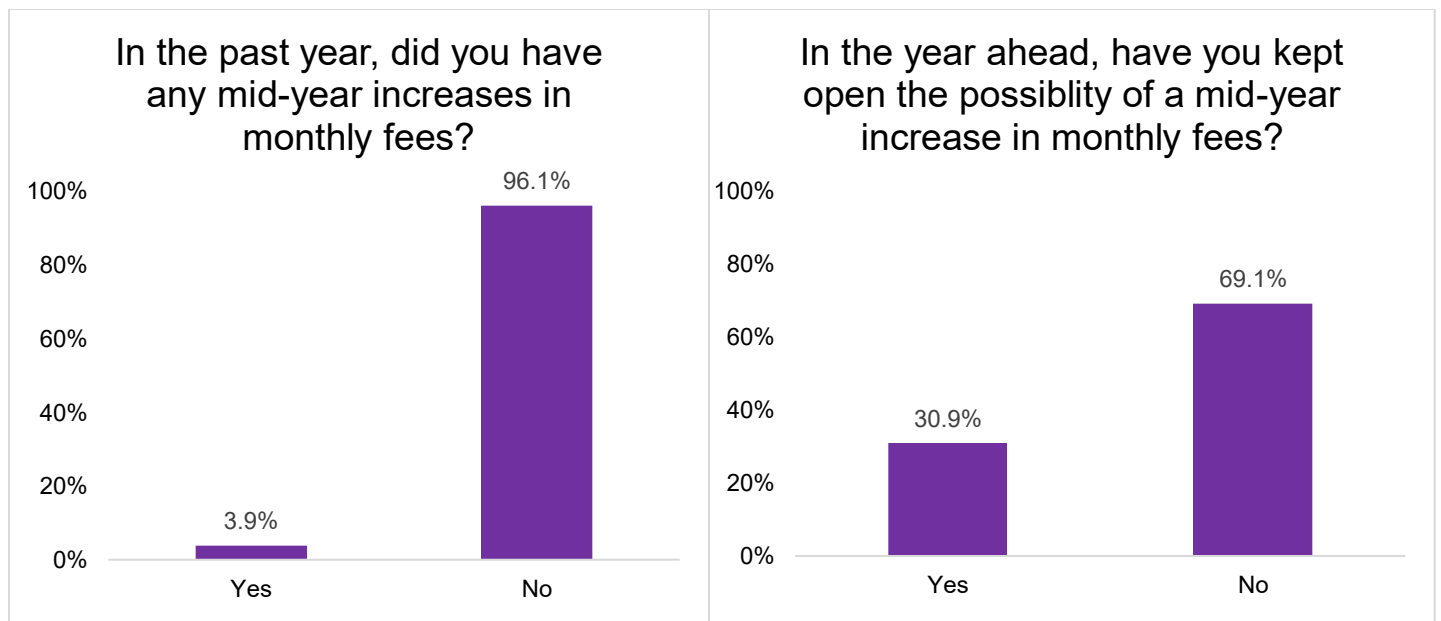
**Labor and Wage Related
(including benefits)
&
Inflation & Increased
Operating Expenses**

When asked about the primary driver of monthly fee increases, respondents consistently identified the leading factor as labor-related expenses including rising wages, staffing shortages, and increasing benefit and healthcare costs. Nearly half of all respondents cited workforce pressures as the dominant factor influencing 2026 rate adjustments. Broader inflationary trends impacting food, utilities, insurance, and general operating costs were also widely reported, reflecting the lingering effects of elevated expenses across multiple categories. While some providers referenced financial stability and margin protection, the data suggests that sustained increases in staffing and operating costs remain the most significant contributors to higher monthly fees in the year ahead.

The next several questions prompted respondents to answer yes or no regarding mid-year increases, and tiered monthly fees for incoming residents.

Roughly 4% of providers had a mid-year increase in monthly fees during 2025, yet nearly 70% noted that they kept open the possibility in the year ahead.

Nearly 70% of respondents indicated that they do not have a tiered monthly service fee, so that their incoming residents pay the same monthly fees as existing residents, and roughly 30% have a tiered monthly fee for new residents.



Respondents were also able to share additional comments regarding monthly fee increases. Many report that labor and employee benefit costs, which make up the majority of operating budgets, remain the primary driver of fee increases, alongside rising capital, insurance, and technology expenses. While some organizations note that home prices and wages are beginning to stabilize, others note that margins remain thin following the high inflation of 2022–2023. Many organizations are adopting tiered monthly service fee structures and contract adjustments to improve financial flexibility, while others face resident resistance that limits larger increases. Respondents also cite economic uncertainty and the challenge of long-term planning as ongoing pressures on pricing and operations.

Below is a sampling of these comments, which may be edited for length or minor grammatical errors.

- *We plan to do higher entrance fee increases the next two years after attending the Ziegler conference and hearing why it is important to keep up with the real estate market and charge incoming residents rather than piling all on existing.*
- *Current government environment challenges long term (and even short term) planning.*
- *Employee and employee benefit costs amount to nearly 60% of our operating budget. Thank goodness our IL expansion these last two years have helped to absorb these costs.*
- *For 2026, we expect to increase the 2nd person entrance fees by 15% (not 4.5% done for 1st person entrance fee)*
- *It is difficult to increase MSF adequately due to push back by residents who are present in the BOD meetings and Directors allow the residents to drive the conversation and determine the cap on increases.*
- *Strategic planning has become increasingly challenging as the effects of emerging tariffs begin to impact our sector. Additionally, the broader economic climate remains strained, adding further complexity to forecasting and decision making.*
- *Talk to your residents, be straight with them. Explain in quantitative terms the driving factors for the increase. Share the % of the increase that goes to staff.*
- *The current political environment is uncharted with regard to monetary policy, tariffs, etc. Residents will need to understand our organization must pass increased operating costs along to residents in order to remain financially viable, which is in everyone's best interest. This will take proactive communication. Our resident finance committees have been critically important in communicating this message.*
- *We are seeing home prices and wages start to level out after several years of significant increases in both.*
- *We have intentionally been very aggressive (compared to historical patterns) within our entrance fee adjustments, noting that our existing product was our most significant barrier to expansion (i.e. our entrance fees were far too low on existing product to ever support expansion of a similar product type of the same campus). We've had three straight years of significant increases in entrance fees and our wait list and prospect activity has never been stronger.*
- *We recently completed a competitive market analysis and plan on implementing a tiered MSF in 2026.*

- *While the CPI and other indices are often used as a gauge by residents as to where monthly fee increases should come in, health care inflation around nursing wages, insurance and technology continue to drive cost increases in excess of what these benchmarks suggest.*
- *Working to reduce refundable percentage of entrance fees slowly as they turn over. Our new expansion IL units we will be offering 75% and 0% refundable entrance fees.*

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