

FEATURED ARTICLE

MONTHLY FEE INCREASES: MID-YEAR UPDATE

For many years, Ziegler has conducted an annual survey via its *Ziegler CFO HotlineSM* poll that focuses on monthly fee increases passed along to residents. Starting in 2022, this survey is now being conducted twice a year. The April 2023 poll was devoted to this topic and reflects the feedback from more than 250 senior living CFOs and finance professionals. It should be noted that the current survey contained questions on the percentage increase regarding Independent Living residents only.

The table below details the quartile, median and average monthly fee increases for 2023 along with previous years. The median increase of 6.00% is the highest percentage increase since Ziegler began collecting this data more than a decade ago. It should also be noted that the projected 2023 median increase reported in the fall of 2022 survey was 5.00%. Record high increases were noted across each region and each contract type. Fewer than 9.00% of respondents indicated that they would be implementing a mid-year increase.

Percentage Increase to Independent Living Monthly Fees					
Statistic	2023	2022	2021	2020	2019
Minimum	0.00%	0.00%	0.00%	0.00%	0.00%
1st Quartile	5.00%	3.50%	2.71%	2.90%	3.00%
Median	6.00%	4.48%	3.00%	3.00%	3.00%
3rd Quartile	7.90%	5.50%	3.75%	3.90%	3.80%
Maximum	13.00%	15.00%	12.00%	10.00%	6.88%
Average	6.32%	4.70%	2.98%	3.26%	3.14%

Source: *Ziegler CFO HotlineSM*, April 2023

The current survey also asked about Entrance-Fee increases for 2023. The majority of organizations with Entrance-fee contracts reported increases for the current year. The median increase reported was 5.00%, but a number of organizations reported double-digit increases.

It should also be noted that at the upcoming *Ziegler LeadingAge National CFO Workshop*, there will be a session devoted to monthly fees and entrance fees. Presenters will delve into the intersection of strategy, the economic environment, and market conditions in setting entrance fees and monthly fees in your community.

We encourage readers to access the full report, which includes additional survey results. Please [click here](#) to access the report. If you have any questions related to the statistics presented in this newsletter or other related topics, we encourage you to reach out to the Ziegler representative in your region.

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CAPITAL :: INVESTMENTS :: ADVICE

NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF APRIL 10, 2023

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Life Enriching Communities (OH)	Fitch	BBB- Stable	Affirmed Rating Affirmed IDR*	4/5/23
Mayflower Retirement Center (FL)	Fitch	BB+ Negative	Affirmed Rating Affirmed IDR*	4/5/23
Kendal at Ithaca (NY)	S&P	BBB+ Stable	Affirmed Rating	4/6/23
Bethesda Health Group (MO)	Fitch	BBB Stable	Affirmed Rating Affirmed IDR*	4/10/23
Kendal on Hudson (NY)	Fitch	BBB+ Stable	Affirmed Rating Affirmed IDR* Revised Outlook	4/10/23

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* IDR – Issuer Default Rating

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INTEREST RATES/YIELDS

WEEK ENDING APRIL 7, 2023

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.18%	3.33%	3.35%
Senior Living 30-Yr “A”	4.75%	4.91%	4.89%
Senior Living 30-Yr “BBB”	5.15%	5.30%	5.28%
Senior Living Unrated	6.05%	6.20%	6.02%
Senior Living New Campus	7.15%	7.21%	6.92%
SIFMA Muni Swap Index	3.04%	3.97%	1.96%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	5.61%	5.64%	2.42%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

MARKET REVIEW

MONEY MARKET RATES

	04/07	Last week
Prime Rate	8.00	8.00
Federal Funds (weekly average)	4.82	4.82
90 Day T-Bills	4.83	4.70
30-Day Commercial Paper (taxable)	4.76	4.83
Libor (30-day)	4.90	4.84
SOFR	4.81	4.82
7 Day Tax-Exempt VRDB	3.04	3.97
Daily Rate Average	2.80	3.96

COMPARATIVE YIELDS

TAXABLE REVENUE									
	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	3.83	4.83	1 Year	2.41	4.61	4.16	3.56	2.86	2.51
5 Year	3.37	4.62	5 Year	2.10	4.40	3.95	3.35	2.70	2.25
7 Year	3.34	4.74	7 Year	2.06	4.46	4.11	3.51	2.76	2.26
10 Year	3.30	5.00	10 Year	2.10	4.60	4.30	3.75	2.90	2.35
30 Year	3.55	5.85	30 Year	3.18	5.93	5.58	5.03	4.18	3.63

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE
Bond Buyer			
20 Bond Index	3.36	3.50	-0.14
11 Bond Index	3.26	3.40	-0.14
Revenue Bond Index	3.64	3.78	-0.14
30 Year MMD	3.18	3.33	-0.15
Weekly Tax-Exempt Volume (Bil)	1.66	3.86	-2.20
30 Day T/E Visible Supply (Bil)	6.98	8.60	-1.62
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	117.7	116.0	+1.70

Source: Bloomberg