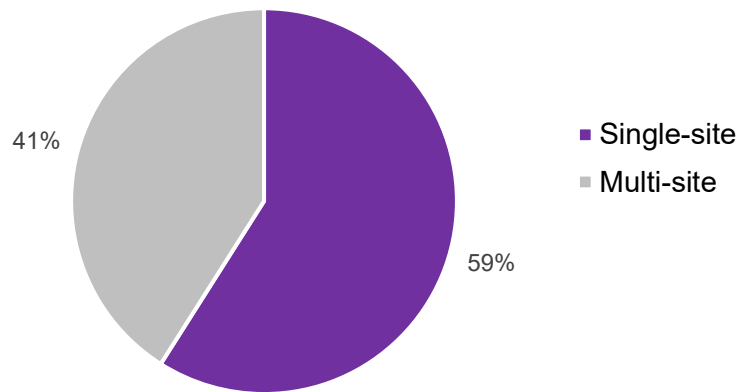


GROWTH PROJECTIONS

ZIEGLER CFO HOTLINESM

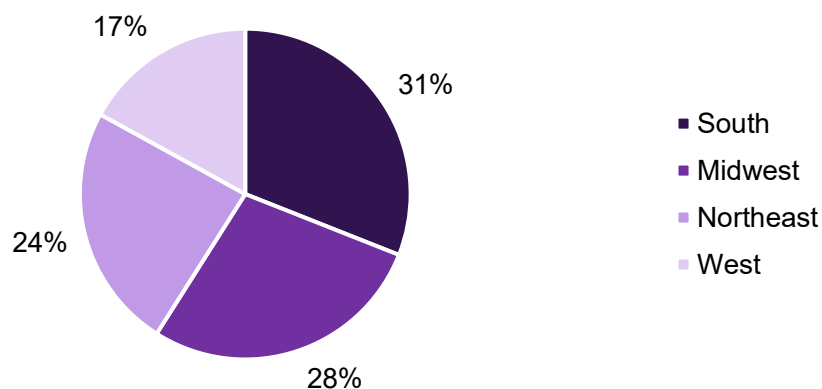
The September 2025 Ziegler *CFO Hotline*SM poll was devoted to the topic of Growth Projections. This survey explored how organizations are approaching opportunities and navigating challenges associated with growth in the sector. Insights were gathered from nearly 200 not-for-profit senior living CFOs and financial professionals from around the country, with 59% representing single-site organizations and 41% from multi-site organizations.

Which of the following best describes your organization?

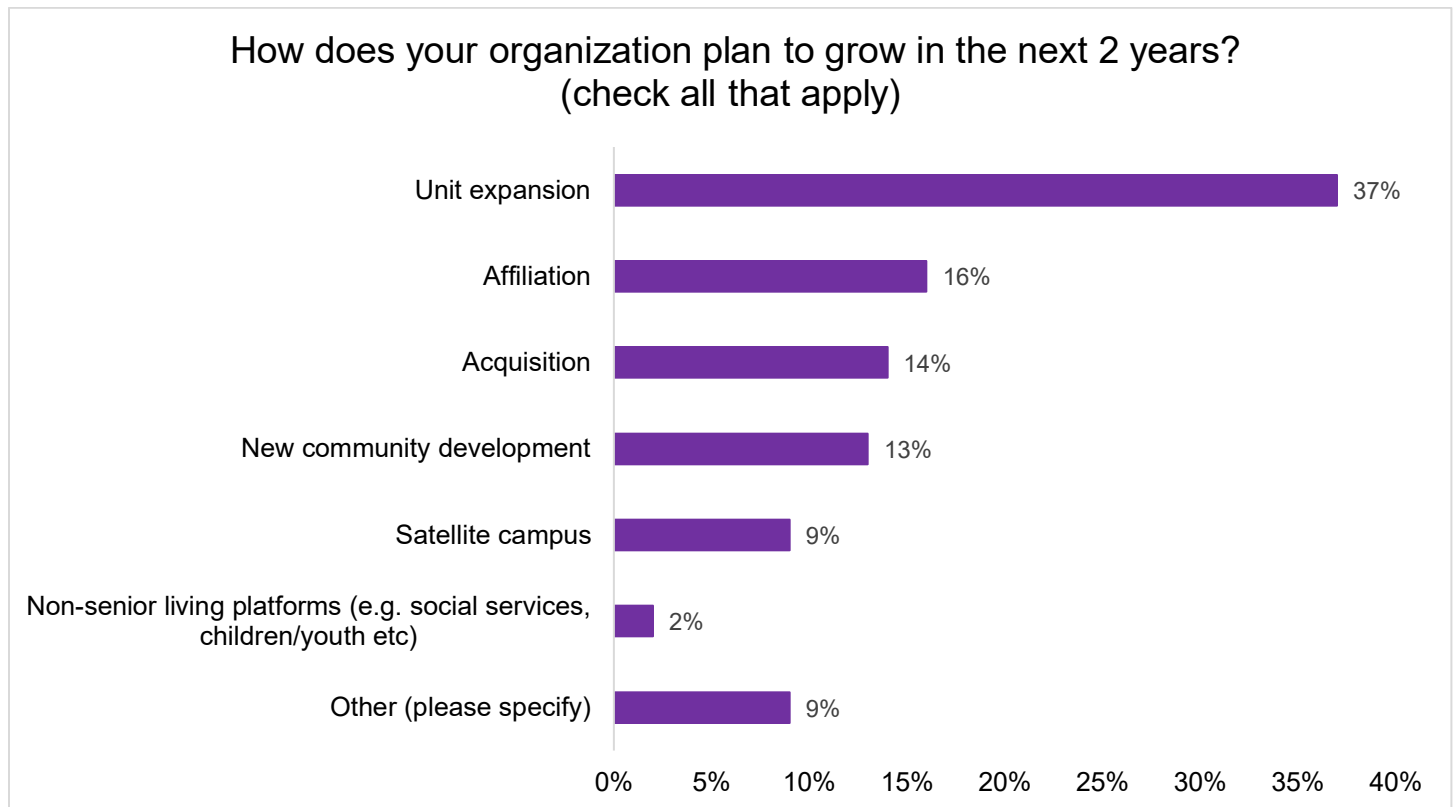


Respondents were first asked where their primary headquarters were located, in order to clarify the areas (as defined by U.S. Census regions) being surveyed. As displayed in the following chart, the South had the most representation, and the West had the least.

In which U.S. state are you headquartered?



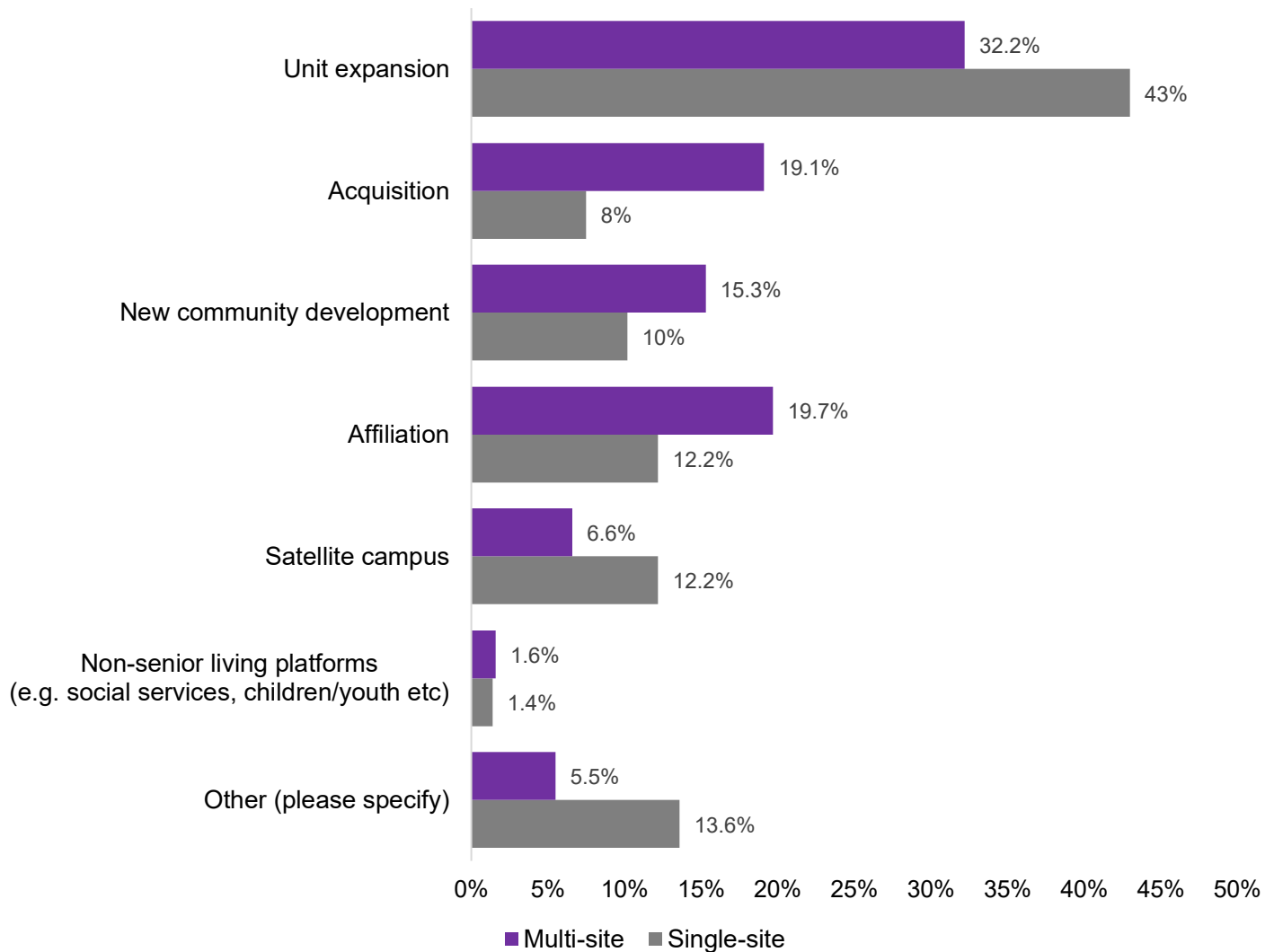
Ziegler then asked CFOs how their organizations plan to grow over the next two years. The most common response was expanding the number of units on existing campuses, while many others pointed to growth through affiliations or acquisitions. About 13% indicated plans to develop entirely new senior living communities, and additional respondents noted interest in satellite campuses or diversifying into non-senior living platforms.



Respondents who selected the “Other” category highlighted additional approaches to growth, including the examples shown in the chart below:

How does your organization plan to grow in the next 2 years?	Number of Mentions
Service Line Expansion / Diversification	9
Alternative Growth Models & Programs	8
Renovations & Repositioning	4
Strategic Planning / Governance	4
Real Estate & Physical Campus Growth	3
Occupancy & Capacity Management	3

Growth Plans over the Next 2 Years by Community Type



Respondents were provided with a list of common factors which may present barriers to growth and were asked to select the top three most applicable to their organizations. While the last *CFO HotlineSM* on Growth Projections, conducted in August 2023, indicated that “Workforce shortages” were the biggest barrier to growth, this year “Financial Cost of Growth” topped the list, followed by “Construction pressures” and “Limited Resources to Devote to Growth”. Interestingly, “Workforce Shortages” landed in fourth place overall.

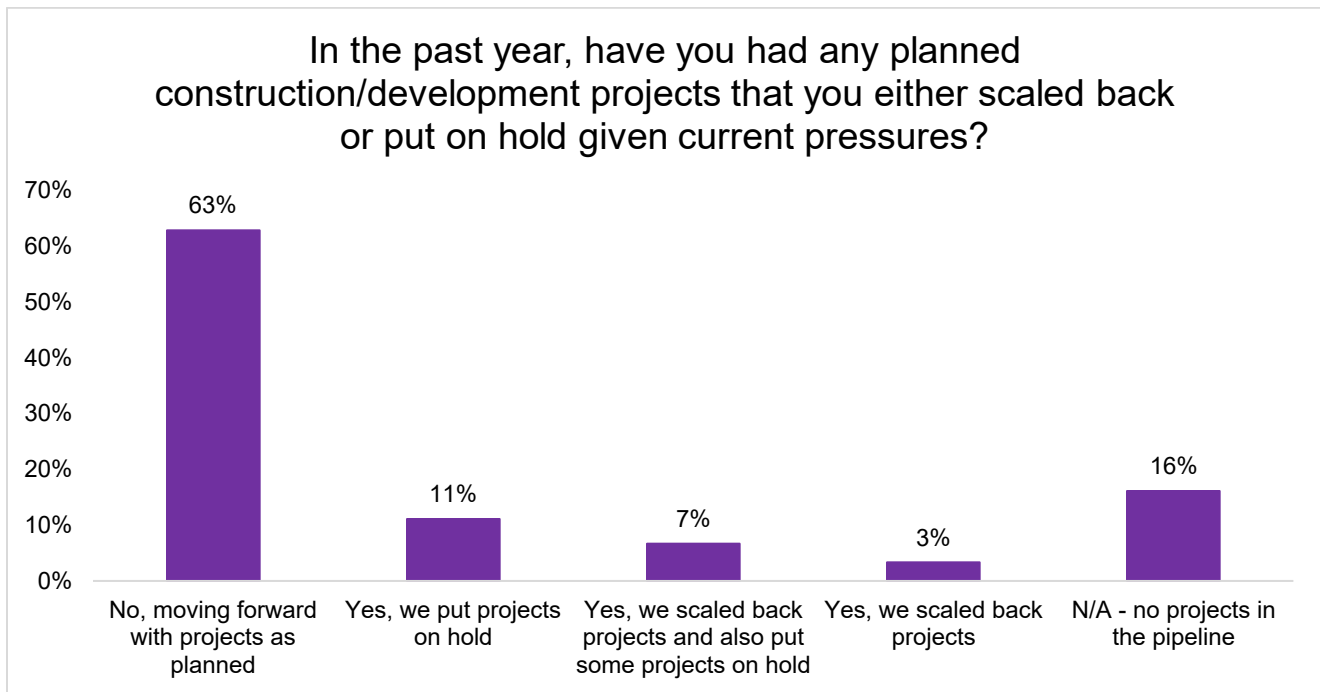
Are there any factors that hold your organization back from additional growth?
(please select the top three only)



Roughly 8% of respondents indicated other reasons for what is holding their organization back from additional growth. Below is a summary of those responses:

Summary of “Other” Response Categories	
Land & Zoning Issues	<ul style="list-style-type: none"> • Lack of available land or suitable parcels • Land-locked sites • City/County zoning or land restrictions
Planning & Strategic Direction	<ul style="list-style-type: none"> • Lack of a clear growth plan • Indecision by leadership • Ongoing expansion or stabilization projects
Regulatory & Infrastructure Barriers	<ul style="list-style-type: none"> • Delays due to local infrastructure (e.g., utilities) • Regulatory and funding mandates • Skilled nursing regulations
Market & Demographic Constraints	<ul style="list-style-type: none"> • Shrinking target market • Residents preferring to age in place • Nearby struggling competitors affecting the market
Internal/Physical Constraints	<ul style="list-style-type: none"> • Space limitations on current campuses • Recovery from recent expansions
No Major Barriers / Conditional	<ul style="list-style-type: none"> • Some report no issues unless a good opportunity arises • No growth opportunity in certain cities

Even with these potential barriers in mind, well over half (63%) of survey respondents who had projects in their pipeline indicated they were moving forward with their plans. The remainder of providers with projects planned did scale these projects back and/or put them on hold. See the breakdown of responses in the chart below.



When asked to share any additional comments respondents had on their growth plans and outlook moving forward, comments indicated that organizations are approaching growth with cautious optimism. While many agree that market demand is strong, fueled by favorable demographics and rising interest in independent living options, expansion efforts are tempered by significant financial, workforce, and governance challenges. Many organizations report increased inquiries and multiple applications per resident, yet boards remain hesitant to pursue large-scale growth. Most are instead focusing on incremental expansion, campus master planning, and new service offerings such as home health and wellness programs. Some have ambitious plans for independent living growth or acquisitions, though high construction costs, interest rates, and acquisition pricing continue to pose barriers.

Some report that internal pressures can be just as limiting due to financial constraints and labor shortages are seeing many organizations struggling to staff both existing operations and new developments. Boards play a central role, often preferring modest renovations to larger expansion projects. As a result, many providers note that they are prioritizing internal scalability by strengthening systems, updating infrastructure, and ensuring operational sustainability, before pursuing more aggressive growth. While the sector is generally optimistic, inflation, regulatory shifts, and evolving consumer expectations remain ongoing risks. Therefore, the outlook among respondents is measured, strategic growth rather than rapid expansion.

Below is a snapshot of some specific comments:

“Board reluctance for affiliation, but not unit expansion”

“Construction costs are insane of course. And where will the additional workforce across the nation come from?”

“Continued growth in age demographic supports investment in growth strategies”

“Demand for Life Plan Community Space appears strong at a national level. We have seen an increase in applicants who I suspect are applying at multiple communities to improve their odds of finding the right unit at the right time.”

“Expanding IL Units and renovating existing common spaces. Updating strategic plan for future opportunities and educating Board on the need.”

“Need the interest rate to come down and the ability to get pricing with the contractors hedging.”

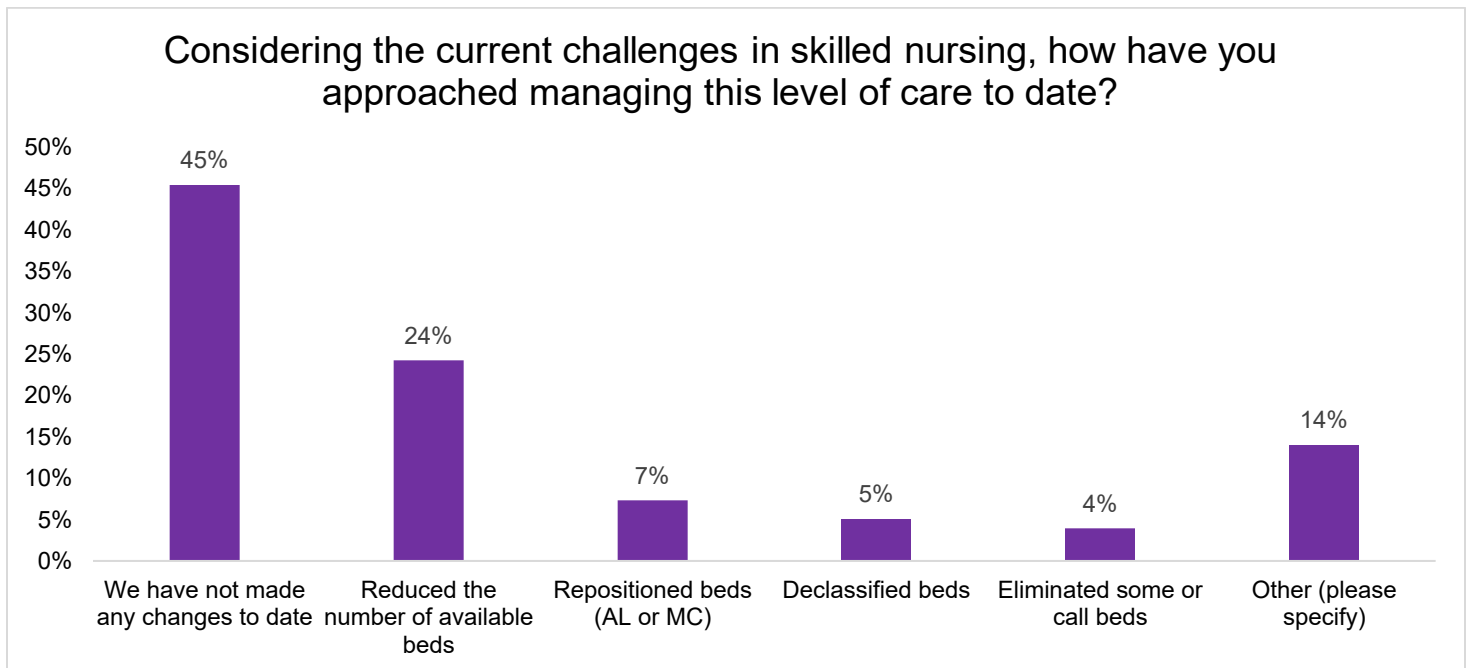
“We view demand as strong in our region and the staffing pressures of COVID have almost fully abated. Primary threat right now is legislative.”

“Currently working to develop Master Plan to address growth strategies”

“Full steam ahead”

Bonus Question

This month's *CFO Hotline*SM bonus question asked how organizations have approached the challenges in the nursing care sector. Roughly 45% of respondents reported that they have not made any changes to date, while roughly 24% said they reduced the number of available beds. Fewer communities indicated that they have repositioned (7%), declassified (5%), or eliminated some or all beds (4%).



Below is a sampling of comments from those who chose the “Other” category:

“Built new skilled nursing and 36 beds just for short term rehab”

“Considering exiting the business”

“Planned reduction in SN beds in the next 1-2 years”

“Transferred licensure from skilled to assisted living (personal care)”

“We are increasing our Medicare Part A census”

“Working to reduce our # of SNF beds as CA will not allow us to delicense”

“Evaluating disposition of communities”

“Reduced the # of beds since COVID, but are trying to refill”

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