

ZIEGLER INVESTMENT BANKING

SENIOR LIVING FINANCE Z-NEWS

Page 1 | Week of July 28, 2025

FEATURED ARTICLE

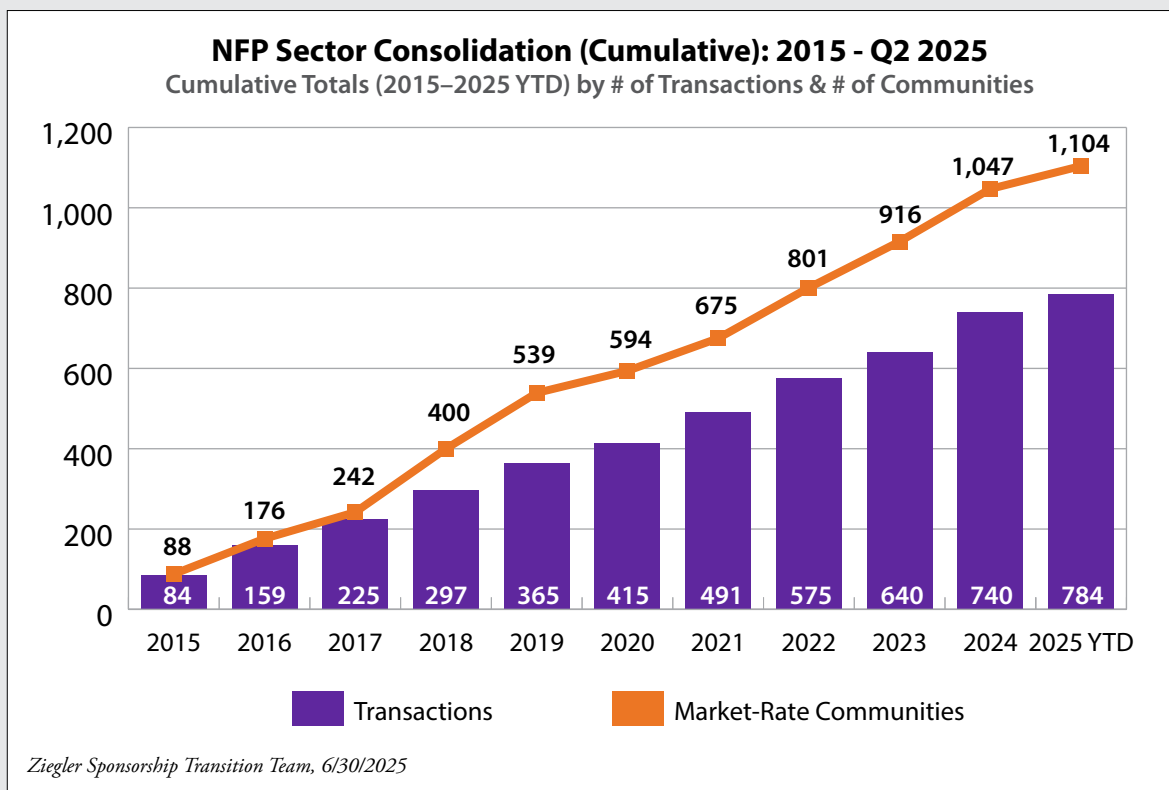
2025 MID-YEAR NOT-FOR-PROFIT SENIOR LIVING M&A UPDATE

We are at the midpoint of 2025 and wanted to provide an update on the not-for-profit senior living & care sector with respect to merger, acquisition, and affiliation activity. We continue to see record-level activity among organizations exploring the benefits of a potential affiliation with another not-for-profit, as well as scenarios where a disposition/sale may be the most logical alternative.

These discussions take the form of both proactive organizations looking to gain scale and resources from a position of strength, and unfortunately, organizations in situations that may be in some form of financial distress with limited options. Today, common drivers for these discussions include workforce challenges, CEO turnover, the lingering complexities of the skilled nursing marketplace, and for some, expense pressures due to the uncertain economic environment.

Since 2015, Ziegler has tracked more than 1,100 not-for-profit, market-rate senior living communities that have changed hands. When looking at some of the larger, more recent mergers, we recognize more than a few:

- Kintura fka Brightspire and Well-Spring Group
- EverTrue fka Lutheran Senior Services and Diakon Lutheran Social Ministries
- Vivie fka Knute Nelson and Walker Methodist
- Masonicare and United Methodist Homes (CT)

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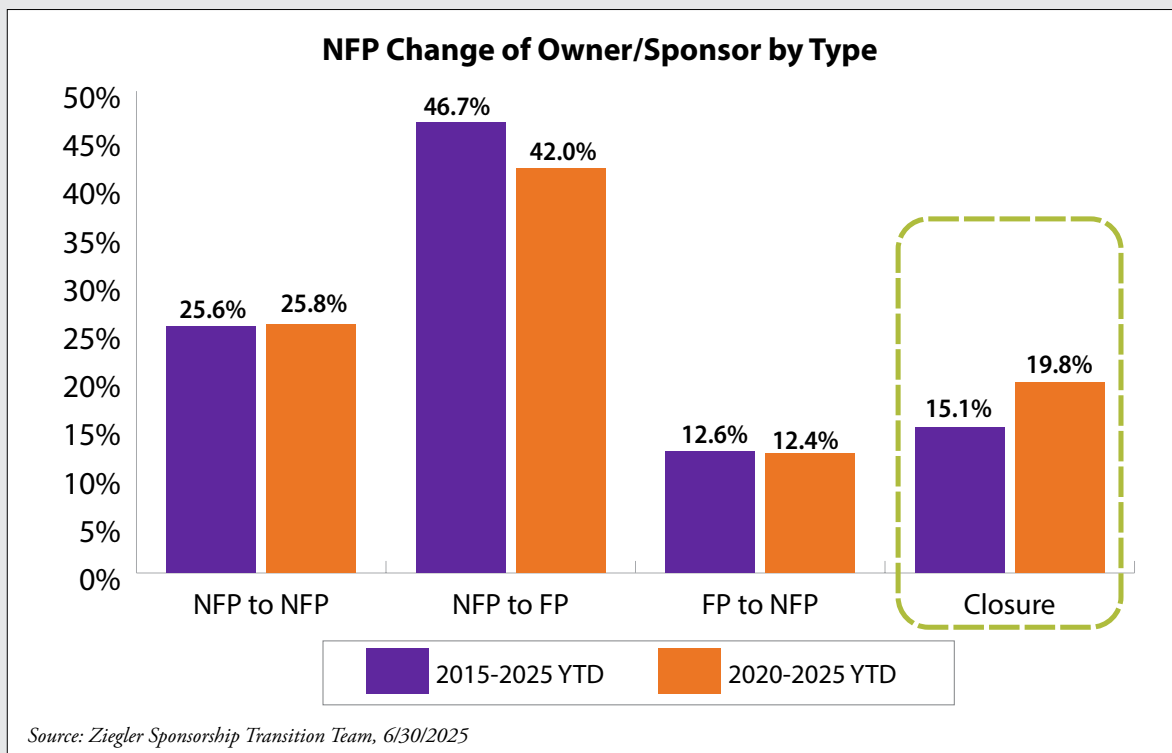


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One-Quarter of Change in Sponsors is Not-For-Profit

A trend that has been fairly consistent over the past number of years is that only about one-quarter of the communities in transition transfer to another not-for-profit sponsor. Life Plan Communities are the most likely to remain not-for-profit unless it is a situation of financial distress where there is a sale and a competitive bidding process occurs whereby the new sponsor/owner is generally the one with the highest bid. Since 2015, nearly 48% of not-for-profit changes have been not-for-profits being acquired by buyers from the private sector. This pattern has been most notable among freestanding nursing homes.

It is also worth noting the number of closures has jumped since 2020 when the COVID-19 pandemic hit and placed disproportionate pressures on nursing home providers. Additionally, as we sit here in 2025, pandemic-related funds from the government are no longer available and that, coupled with workforce and expense pressures, have resulted in some providers, often freestanding nursing homes, making the decision to cease operations. The graphic below highlights the dramatic increase in the proportion of closures among not-for-profits in recent years.



For organizations looking to expand, we know many not-for-profits have specific team members who are charged with growth, business development and M&A activity. Affiliation is one of the more common growth strategies among today's not-for-profit providers, along with continued reinvestment and expansions of existing communities. We will continue to see these proactive not-for-profit organizations scan the market for potential partners in search of like-minded providers whereby an affiliation can be a win-win for both.

Ziegler has committed to providing support for not-for-profit providers who are exploring their options for partnerships, affiliations, and dispositions. For those who may be observing signs of distress and limited options for moving forward, we strongly encourage being proactive and not waiting until the only options are an asset sale, bankruptcy or even closure. Above and beyond tracking the data, Ziegler has resources for initiating these conversations at the board level, checklists and similar tools that can be helpful, together with case studies that can often provide perspective.

If you have any questions about the information included in this issue of *Z-News* or other related items, we encourage you to reach out to the Ziegler representative in your region. For those who may have specific needs related to mergers, sales and/or affiliations, you can reach out to Ziegler's Sponsorship Transition team led by Stephen Johnson (sjohnson@ziegler.com) and Marie Carlson (mcarlson@ziegler.com).

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NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF JULY 30, 2025

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Garden Spot Village (PA)	Fitch	BBB- Stable	Affirmed Rating Affirmed IDR*	7/17/25
Kendal at Ithaca (NY)	S&P	BBB+ Stable	Affirmed Rating	7/18/25
Lutheran Services Carolinas (NC)	Fitch	BBB Stable	Affirmed Rating Affirmed IDR*	7/23/25
Village on the Isle (FL)	Fitch	BB+ Stable	Affirmed Rating Affirmed IDR*	7/24/25
Brightspire fka The Presbyterian Homes Inc. Obligated Group (NC)	Fitch	BBB+ Positive	Affirmed Rating Affirmed IDR* Revised Outlook	7/25/25
Buckner Retirement Services (TX)	Fitch	BBB+ Stable	Downgraded Rating	7/25/25
Buckner Retirement Services (TX)	Fitch	BBB Stable	Downgraded IDR*	7/25/25
Rogue Valley Manor (OR)	Fitch	A- Stable	Affirmed IDR*	7/25/25
Messiah Lifeways (PA)	Fitch	BBB- Stable	Affirmed Rating Affirmed IDR*	7/30/25

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* IDR – Issuer Default Rating

Any non-Ziegler sources referenced in this Z-News are believed to be reliable but cannot be guaranteed.

INTEREST RATES/YIELDS

WEEK ENDING JULY 25, 2025

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	4.71%	4.75%	4.03%
Senior Living 30-Yr “A”	5.52%	5.56%	4.88%
Senior Living 30-Yr “BBB”	5.87%	5.91%	5.20%
Senior Living Unrated	7.02%	7.06%	6.34%
Senior Living New Campus	7.72%	7.76%	7.53%
SIFMA Muni Swap Index	2.73%	2.46%	2.94%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	5.90%	5.91%	1.19%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCING

SEQUOIA
LIVINGSM
Never Stop Growing

SEQUOIA LIVING
San Francisco, California

California Statewide Communities Development Authority
Insured Revenue and Refunding Bonds
Series 2025A

\$151,555,000

July, 2025

MARKET REVIEW

MONEY MARKET RATES

	07/25	Last week
Prime Rate	7.50	7.50
Federal Funds (weekly average)	4.31	4.31
90 Day T-Bills	4.35	4.33
30-Day Commercial Paper (taxable)	4.29	4.29
SOFR (30-day)	4.34	4.34
SOFR	4.30	4.34
7 Day Tax-Exempt VRDB	2.73	2.46
Daily Rate Average	2.87	2.78

COMPARATIVE YIELDS

TAXABLE REVENUE

	GOVT	A		MMD	NR*	BB	BBB	A	AA
2 Year	3.91	4.41	1 Year	2.43	4.38	3.68	3.13	2.73	2.48
5 Year	3.95	4.55	5 Year	2.57	4.57	3.87	3.32	2.97	2.67
7 Year	4.16	4.91	7 Year	2.89	4.94	4.24	3.69	3.39	3.04
10 Year	4.39	5.39	10 Year	3.34	5.44	4.79	4.19	3.89	3.54
30 Year	4.93	6.33	30 Year	4.71	7.01	6.31	5.76	5.46	5.01

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE
Bond Buyer			
20 Bond Index	5.29	5.30	-0.01
11 Bond Index	5.19	5.20	-0.01
Revenue Bond Index	5.58	5.59	-0.01
30 Year MMD	4.71	4.75	-0.04
Weekly Tax-Exempt Volume (Bil)	7.77	7.77	-1.10
30 Day T/E Visible Supply (Bil)	14.51	14.44	+0.07
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	110.7	110.0	+0.07

Source: Bloomberg