

FEATURED ARTICLE

PROJECTING RESIDENT FEE INCREASES FOR THE YEAR AHEAD

This week, Ziegler released its most recent *CFO HotlineSM* survey report that focused on the resident monthly fee increases for 2024 and projected into 2025. This annual survey has been conducted by Ziegler for more than a decade. Over two hundred and fifty (250), primarily not-for-profit, senior living CFOs and financial professionals from around the country responded to the most recent survey, with 63% representing single-site organizations and 37% representing multi-site organizations.

The survey asked about monthly fee increases given for the current year and projected increases for the year ahead. Additionally, the full report lists the increases by region, by levels of care, and by contract type.

The table below details the reported figures for independent living monthly fee increases in recent years, as well as projected for the year ahead. For 2024, the median percentage increase in monthly fees is 5.00%, which is still elevated from the typical 3.00% increase of previous years, but down from the 2023 median of 6.00%. The projections for 2025, by all metrics, are lower than 2024.

Percentage Increase to Independent Living Monthly Fees										
Statistic	2025 (projected)	2024	2023	2022	2021	2020	2019	2018	2017	2016
Minimum	0.00%	-4.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1st Quartile	3.95%	4.23%	5.00%	3.50%	2.71%	2.90%	3.00%	3.00%	2.90%	2.80%
Median	4.00%	5.00%	6.00%	4.48%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
3rd Quartile	5.00%	5.95%	7.50%	5.50%	3.75%	3.90%	3.80%	3.50%	3.50%	3.50%
Maximum	12.75%	15.00%	15.00%	15.00%	12.00%	10.00%	6.88%	6.00%	8.00%	5.50%
Average	4.38%	5.19%	6.24%	4.70%	2.98%	3.26%	3.14%	3.17%	3.12%	3.09%

Source: Ziegler CFO HotlineSM, September 2024

New to the survey this year were questions regarding entrance fee increases. This includes a comparison of entrance fee increases from 2024 with projected increases in 2025, as well as a breakdown of increases by region and contract type.

The table below details the reported figures for entrance fee increases in 2024 and projected 2025. As with monthly fee increases, the 2025 projected median entrance fee increase is down by 1.00% from 2024, though the maximum increase is still significant. The full report details some comments on why this might be the case.

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	2024 Entrance Fee Increases (%)	2025 Projected Entrance Fee Increases (%)
Minimum	0%	0%
1st Quartile	3%	3%
Median	5%	4%
3rd Quartile	6%	5%
Maximum	20%	20%
Average	5%	4.6%

When asked, what would likely be the primary driver of monthly fee increases in the year ahead, most pressing by far is increased wages for employees followed by inflation-related pressures. For entrance fee increases, respondents note the housing market and the cost of capital improvements as the primary reason for increases. The full report provides more detail on the survey findings. We encourage readers to access the report on [Ziegler's website](#).

If you have any specific questions about this survey or other related items, please reach out to the Ziegler representative in your region to learn more.

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NOT-FOR-PROFIT SENIOR LIVING RATINGS ACTIONS

AS OF SEPTEMBER 27, 2024

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
Casa de las Campanas (CA)	Fitch	BBB+ Stable	Affirmed IDR*	9/18/24
Kendal at Oberlin (OH)	Fitch	A+ Stable	Affirmed IDR*	9/20/24
Blakeford at Green Hills (TN)	Fitch	BBB- Stable	Affirmed Rating Affirmed IDR*	9/23/24
Friendship Village of St. Louis (MO)	Fitch	BB+ Positive	Affirmed Rating Affirmed IDR* Revised Outlook	9/23/24
Oak Hammock at the University of Florida (FL)	Fitch	BBB Stable	Affirmed Rating Affirmed IDR*	9/23/24
John Knox Village (FL)	Fitch	BBB Stable	Affirmed Rating Affirmed IDR* Removed UCO**	9/25/24
Noland Health Services (AL)	S&P	A Stable	Affirmed Rating	9/26/24
Royal Oaks (AZ)	Fitch	BB+ Negative	Affirmed Rating Affirmed IDR* Revised Outlook	9/27/24

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* IDR – Issuer Default Rating

** UCO – Under Criteria Observation

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

INTEREST RATES/YIELDS

WEEK ENDING SEPTEMBER 27, 2024

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.52%	3.52%	3.76%
Senior Living 30-Yr “A”	4.45%	4.45%	4.92%
Senior Living 30-Yr “BBB”	4.80%	4.80%	5.29%
Senior Living Unrated	5.95%	5.95%	6.45%
Senior Living New Campus	7.75%	7.75%	7.92%
SIFMA Muni Swap Index	3.53%	3.15%	3.47%

	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index [†]	5.10%	5.10%	1.58%

[†] Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

FEATURED FINANCING

COMMUNITY FIRST
SOLUTIONS

COMMUNITY FIRST SOLUTIONS

Hamilton, Ohio

\$46,125,000

 County of Warren, Ohio, Hospital Facilities
Refunding Revenue Bonds, Series 2024A
\$21,925,000

 Greene County Port Authority, Economic
Development Facilities Revenue Refunding and
Improvement Bonds, Series 2024B
\$24,200,000

September, 2024

MARKET REVIEW

MONEY MARKET RATES

	09/27	Last week
Prime Rate	8.00	8.50
Federal Funds (weekly average)	4.81	4.81
90 Day T-Bills	4.61	4.71
30-Day Commercial Paper (taxable)	4.79	5.13
Libor (30-day)	4.95	5.03
SOFR	4.83	4.82
7 Day Tax-Exempt VRDB	3.15	3.53
Daily Rate Average	3.34	3.21

COMPARATIVE YIELDS

TAXABLE REVENUE

A			MMD			NR*			BB			BBB			A			AA		
2 Year	3.63	4.13	1 Year	2.50	4.50	3.90	3.15	2.85	2.50											
5 Year	3.56	4.16	5 Year	2.31	4.41	3.76	3.01	2.71	2.31											
7 Year	3.66	4.41	7 Year	2.47	4.67	3.97	3.22	2.92	2.47											
10 Year	3.79	4.79	10 Year	2.63	4.93	4.18	3.43	3.13	2.63											
30 Year	4.13	5.63	30 Year	3.52	6.12	5.22	4.52	4.22	3.52											

(* Representative of institutional sales)

TAX-EXEMPT MARKET INDICATORS

	THIS WEEK	LAST WEEK	CHANGE
Bond Buyer			
20 Bond Index	3.81	3.81	0.00
11 Bond Index	3.71	3.71	0.00
Revenue Bond Index	4.10	4.10	0.00
30 Year MMD	3.52	3.52	0.00
Weekly Tax-Exempt Volume (Bil)	11.55	3.64	+7.91
30 Day T/E Visible Supply (Bil)	10.78	15.02	-4.24
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	102.1	104.1	-2.00

Source: Bloomberg