

# ZIEGLER INVESTMENT BANKING

## SENIOR LIVING FINANCE Z-NEWS

## FEATURED ARTICLE

# PROJECTING RESIDENT MONTHLY FEE INCREASES FOR THE YEAR AHEAD

Ziegler launched its most recent *CFO Hotline<sup>SM</sup>* survey, with the focus on the resident monthly fee increases for 2022 and projected into 2023. This is an annual survey that Ziegler has been conducting for more than a decade. Two hundred and sixty, primarily not-for-profit, senior living CFOs and financial professionals from around the country responded to the most recent survey. The survey asked about increases given for the current year, projected increases for the year ahead, and other tactics that providers are using to offset rising expenses.

The table below details the reported figures for independent living increases in recent years, as well as projected for the year ahead. The projected median increase is 5.00% for the year ahead, with a number of organizations reporting double-digit increases. The full report lists the increases by region and by contract type. Communities with all contract types were reporting record-high increases.

Percentage Increase to Independent Living Monthly Fees					
Statistic	2023 (projected)	2022	2021	2020	2019
Minimum	-15.00%	0.00%	0.00%	0.00%	0.00%
1st Quartile	4.00%	3.50%	2.71%	2.90%	3.00%
Median	5.00%	4.48%	3.00%	3.00%	3.00%
3rd Quartile	6.90%	5.50%	3.75%	3.90%	3.80%
Maximum	22.00%	15.00%	12.00%	10.00%	6.88%
Average	5.38%	4.70%	2.98%	3.26%	3.14%

Source: Ziegler CFO Hotline<sup>SM</sup>, September 2022

A question was posed on the survey with regard to mid-year increases. As shown in the bar graph below, roughly 11% reported that they implemented such an increase this year. When asked about the year ahead, nearly 54% indicated that they are keeping this option open for 2023. Some CFOs commented that their contracts place restrictions on increases outside of an annual move.

**ZIEGLER**

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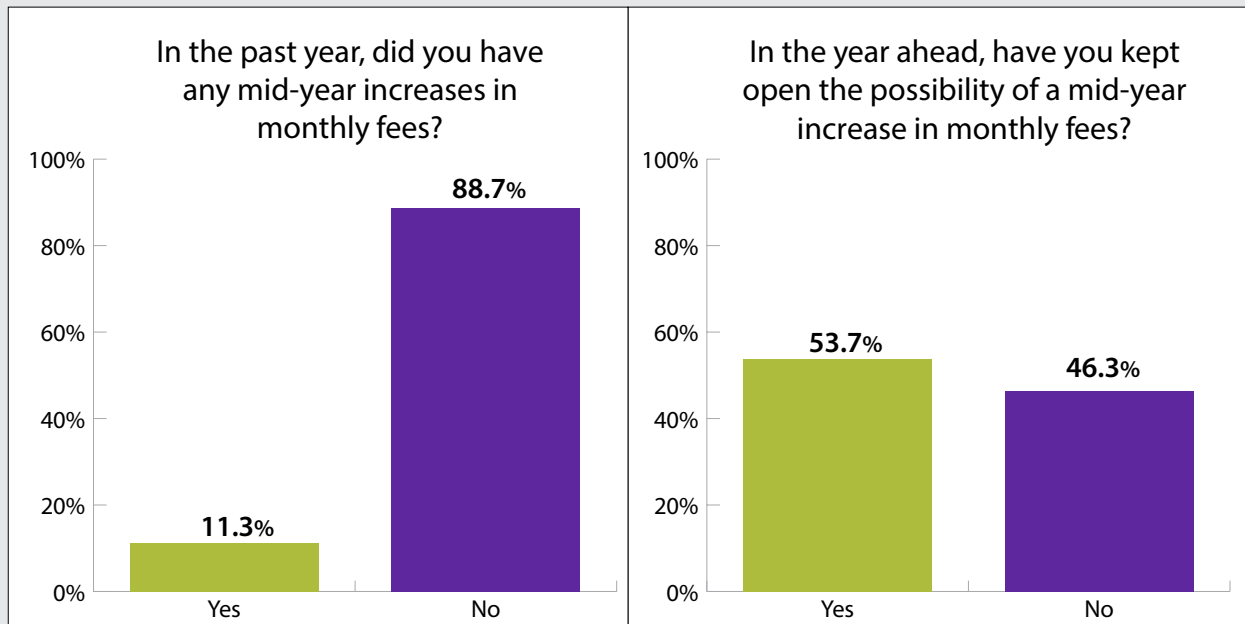
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When asked about the drivers for the increases, wages and labor-related expenses were the most common reason provided, followed by inflation-related pressures. The full report provides more detail on the survey findings. We encourage readers to access the report on Ziegler's [website](#). Additionally, if you have any specific questions related to 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 26, 2022

ORGANIZATION	RATING AGENCY	RATING/ OUTLOOK	TYPE OF ACTION	DATE
EHM Senior Solutions (MI)	Fitch	BB Negative	Affirmed Rating Affirmed IDR*	9/22/22

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\* IDR – Issuer Default Rating (FitchRatings)

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**INTEREST RATES/YIELDS**

WEEK ENDING SEPTEMBER 23, 2022

	CURRENT	LAST WEEK	52-WK AVG
30-Yr MMD	3.73%	3.61%	2.43%
Senior Living 30-Yr "A"	5.28%	5.01%	3.52%
Senior Living 30-Yr "BBB"	5.68%	5.41%	3.86%
Senior Living Unrated	6.38%	6.11%	4.66%
Senior Living New Campus	7.00%	7.00%	5.83%
SIFMA Muni Swap Index	1.96%	1.50%	0.56%
	CURRENT	WEEKLY AVERAGE	SPREAD TO MMD
ZSLMLB Index <sup>†</sup>	5.58%	5.50%	1.81%

<sup>†</sup> Ziegler Senior Living Municipal Long Bond Index

Source: Bloomberg BVALS

**FEATURED FINANCINGS**

**VICAR'S LANDING**  
 Ponte Vedra Beach, Florida

 Taxable Term Loan  
 New Money Expansion

**\$30,000,000**

September, 2022


 Formerly United Church  
 Homes and Services

**EVERYAGE**  
 Newton, North Carolina

 Bank Direct Purchase  
 New Money

**\$14,000,000**

September, 2022

## MARKET REVIEW

## MONEY MARKET RATES

	9/23	LAST WEEK
Prime Rate	6.25	5.50
Federal Funds (weekly average)	3.05	2.32
90 Day T-Bills	3.20	3.13
30-Day Commercial Paper (taxable)	3.07	2.84
Libor (30-day)	3.08	2.99
SOFR	2.99	2.28
7 Day Tax-Exempt VRDB	1.96	1.44
Daily Rate Average	1.82	1.22

## COMPARATIVE YIELDS

TAXABLE REVENUE									
	GOVT	A		MMD	NR*	BB	BBB	A	AAA
2 Year	4.12	5.07	1 Year	2.74	4.74	4.54	3.89	3.14	2.84
5 Year	3.93	5.18	5 Year	2.82	4.92	4.72	4.02	3.32	3.02
7 Year	3.86	5.41	7 Year	2.85	5.10	4.85	4.20	3.45	3.15
10 Year	3.71	5.56	10 Year	3.06	5.41	5.16	4.51	3.76	3.41
30 Year	3.64	6.04	30 Year	3.73	6.41	5.96	5.41	4.81	4.31

(\* Representative of institutional sales)

## TAX-EXEMPT MARKET INDICATORS

Bond Buyer	THIS WEEK	LAST WEEK	CHANGE
20 Bond Index	3.89	3.81	+0.08
11 Bond Index	3.79	3.71	+0.08
Revenue Bond Index	4.17	4.09	+0.08
30 Year MMD	3.73	3.61	+0.10
Weekly Tax-Exempt Volume (Bil)	0.89	5.11	-4.22
30 Day T/E Visible Supply (Bil)	8.23	5.02	+3.21
30 year "A" Rated Hospitals as a % of 30 Year Treasuries	132.1	136.1	-4.00

Source: Bloomberg