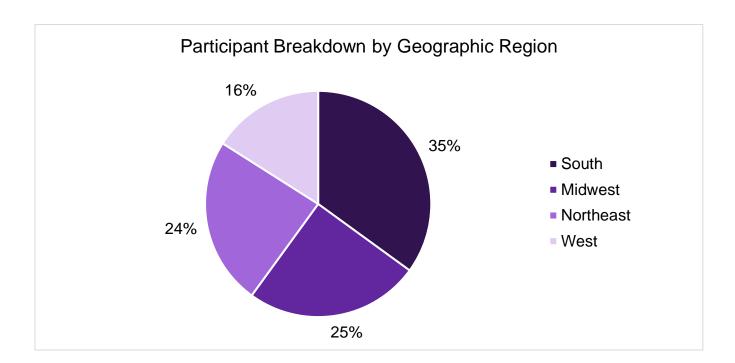


RESIDENT MONTHLY FEE INCREASES ZIEGLER CFO HOTLINES

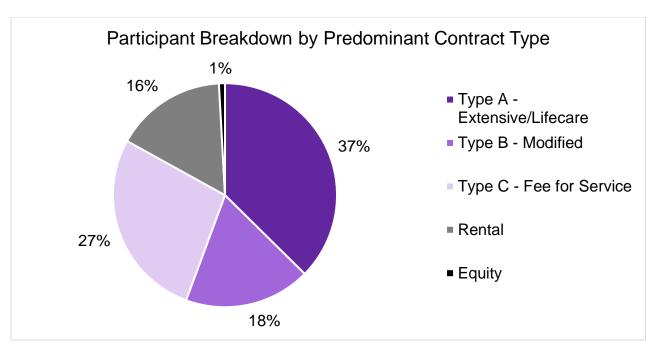
The March 2022 Ziegler *CFO Hotline*^{5M} poll was devoted to the topic of Resident Monthly Fee increases. This has been an annual poll conducted by Ziegler for a number of years and is valuable to senior living organizations for budget planning. While usually conducted in September, Ziegler decided to gather feedback an additional time in order to better capture what has been an unusual financial year for providers. Exactly 230 not-for-profit senior living CFOs and financial professionals from around the country responded to the survey, with 62% representing single-site organizations and 38% with multi-site organizations. This summary report provides data received from the current survey and also details the historical comparison of fee increases from previous years. Note that the current survey contained questions about Independent Living units only.

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, all regions were adequately represented, with a slight edge given to the southern states.





The next survey question gathered input on the type of contract that is primarily offered to residents within the organization. Type A and Type C contracts were the most common among the survey respondents, though there is adequate representation for Type B and Rental contracts as well. Only two respondents (1%) represented Equity contracts. This information was gathered to describe the composition of the survey respondents as well as to examine the results of the survey by contract type.



The table below details Independent Living monthly fee increases in recent years. For 2022, the median percentage increase in monthly fees, 4%, is up from previous years. The quartile ratings, however, are fairly similar to previous years. The overall average increase, 4.43%, is higher than last year, and other years prior to 2020.

Percentage Increase to Independent Living Monthly Fees										
Statistic	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Minimum	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1st Quartile	3.50%	2.71%	2.90%	3.00%	3.00%	2.90%	2.80%	2.90%	2.80%	2.50%
Median	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
3rd Quartile	5.00%	3.75%	3.90%	3.80%	3.50%	3.50%	3.50%	3.60%	3.50%	3.50%
Maximum	12.00%	12.00%	10.00%	6.88%	6.00%	8.00%	5.50%	6.50%	5.00%	5.00%
Average	4.43%	2.98%	3.26%	3.14%	3.17%	3.12%	3.09%	3.16%	3.05%	2.94%



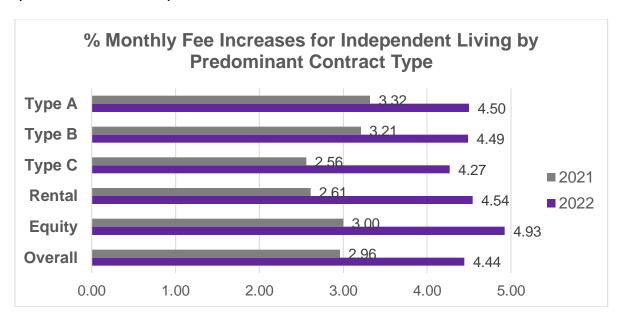
Not only are the fee increases higher than previous years, they are higher than predictions cast just last year. In the September 2021 edition of the Ziegler CFO HotlineSM, providers were asked how much they anticipated to raise their fees in 2022. Those predictions are detailed in the table below, alongside the actual numbers reported in March 2022.

Monthly Fee Increases Overall							
	2022 (Predicted)	2022 (Actual)					
Minimum	0.00%	0.00%					
1st Quartile	3.00%	3.50%					
Median	4.00%	4.00%					
3rd Quartile	5.00%	5.00%					
Maximum	10.00%	12.00%					
Average	3.71%	4.43%					

This next table showcases the predicted and actual monthly fee increases for 2022 broken down by geographic region.

Average Increases by Region							
	2022 (Predicted)	2022 (Actual)					
Northeast	3.41%	4.00%					
Midwest	3.91%	4.45%					
South	3.96%	4.40%					
West	3.94%	5.66%					

Below is a breakout of fee increases by primary contract type. All types have or plan to increase their monthly fees significantly more in 2022 than they did in 2021.





Respondents were also able to share additional comments regarding monthly fee increases. Below is a sampling of these. Comments may be edited for length or minor grammar issues.

- This increase was among the highest in many years, but was necessary to ensure continued financial stability while facing staffing and inflationary pressures.
- We have scheduled a bi-weekly education series for the residents so they can understand the impact of the past couple years to our business and understand the need for a 10% increase when they are used to 3-4% annually.
- Tenants previously had increases on their month's anniversary dates, and this was ALL changed to increase effective 1/1/2022.
- Primary reason for the rate increase is the fact that we are planning a 5% wage increase across the campus.
- Strategy is to maintain a steady, annual increase that is predictable for both residents and the organization (i.e. avoid peaks & valleys).
- We are considering whether a mid-year increase is necessary given the inflationary factors and world events.
- Inflation and employee wages have been difficult on the budget. We discussed inflation and wages with our residents every chance we could get last year so they were not shocked with the 4.8% increase.
- Concerned that this increase may not be enough in light of current inflationary pressures, particularly with wages.
- We could have increased fees quite a bit more based on staffing shortages, rising costs, inflation, etc. but it would have been difficult for our resident population to absorb more than 5.0% at one time.
- Planning 15% increase in entrance fee also.
- This city of St. Paul, MN has restricted rent increases to 3% starting in May 2022.
- Despite occupancy challenges, wage pressure, increased agency costs, and inflationary pressure on expenses, we tried to keep monthly fees from increasing too much. I'm afraid we may need to contemplate a mid-year increase.
- We implemented a 4% increase on 1/1/2022. Given the extraordinary inflation we are experiencing, we are considering a second increase eff. 7/1/2022. We are unsure of the amount at this time.
- We increased in January 2022 but only by a small 2%.
- We went with a much higher rate than normal in order to cover the costs associated with wage increases for frontline workers.
- I wish we had gone higher.

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