

Seniors Housing Market Snapshot

Mid-Year 2025

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Market Overview

The seniors housing and care sector continued to show signs of stability and investor interest during the first half of 2025. Transaction volume increased about 70% from a year over year comparison with almost \$6 billion in volume. Private buyers have been the largest buyer pool during 2025. In addition, the bid-ask spread has narrowed, signaling improved alignment between buyers and sellers in this sector.

According to NIC Map, occupancy rose for the sixteenth straight quarter to 88.1% in Q2 2025, up 80 basis points from the prior quarter. New construction remains near a 16-year low as demand surges, driven by a projected 35% growth in the 80+ age cohort over the next decade.

Rent growth expectations remain strong, with most investors anticipating annual increases above 5%. Improving fundamentals are fueling investor optimism and drawing more capital into the sector. A strong M&A market is expected to continue in the second half of 2025, with private equity potentially reentering as financing costs ease and yields become more competitive.

Key Trends

Transaction Volume Rising: Increased deal flow as pricing expectations between buyers and sellers begin to align. The increase in portfolio transactions during the first half of 2025 has led to an increase in a number of units traded.

Capitalization Rates: We have seen cap rate compression in the sector this year especially in stabilized Class A (IL/AL/MC) assets. The cap rates have ranged from 6.0% to 6.5% for these assets.

Investor Confidence: Strong occupancy and rental growth are sustaining investor interest despite broader market uncertainty.

Transaction Pulse

Institutional interest in the seniors housing sector remains strong, with recent activity reflecting a continued appetite for stabilized Class A (IL/AL/MC) assets. Recent trends highlights:

Large-scale portfolio trades across multiple states, often exceeding thousands of units, signaling confidence in long-term fundamentals.

Portfolio recapitalization indicating capital seeking to partner with strong operators.

This momentum is supported by our internal data showing active engagements across financial reporting and loan underwriting for portfolios ranging from 20 to 75 communities on a national basis. These figures reflect sustained institutional activity, further validating the sector's stability and growth potential.

Bid-Ask Spread

Narrowing, leading to more closed deals.

Occupancy

Continues to increase quarterly in the sector, supporting stable cash flows in most assets.

Outlook

Transaction and loan volume to grow in H2 2025 as financing options expand.



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Brian Chandler serves as Sr. Managing Director at Partner Valuation Advisors, where he co-directs national strategy and leads the firm's Seniors Housing specialty practice. He oversees appraisals, market studies, portfolio valuations, and consulting assignments across the U.S. With over 30 years of experience, Brian brings deep expertise in valuation, brokerage, and asset management.

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