PARTNER
Valuation Advisors

Seniors Housing
2026 Market Outlook

The seniors housing sector delivered a strong performance in 2025 and enters 2026 from a position of renewed strength. Occupancy continued its upward trajectory, supported by solid rent growth and sustained absorption. Investor confidence returned as transaction activity accelerated, while capital markets improved materially. Debt availability expanded meaningfully, with traditional bank lenders re-engaging the sector and supporting both refinancing and acquisition activity.

New development activity is beginning to pick up as fundamentals improve and the risk profile becomes more feasible in select locations. However, inventory growth is still expected to remain at or near record lows due to persistently high construction costs, keeping supply well below historical levels.

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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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Key Trends
Momentum Builds Among Strengthening Fundamentals

Rising Demand & Limited Supply

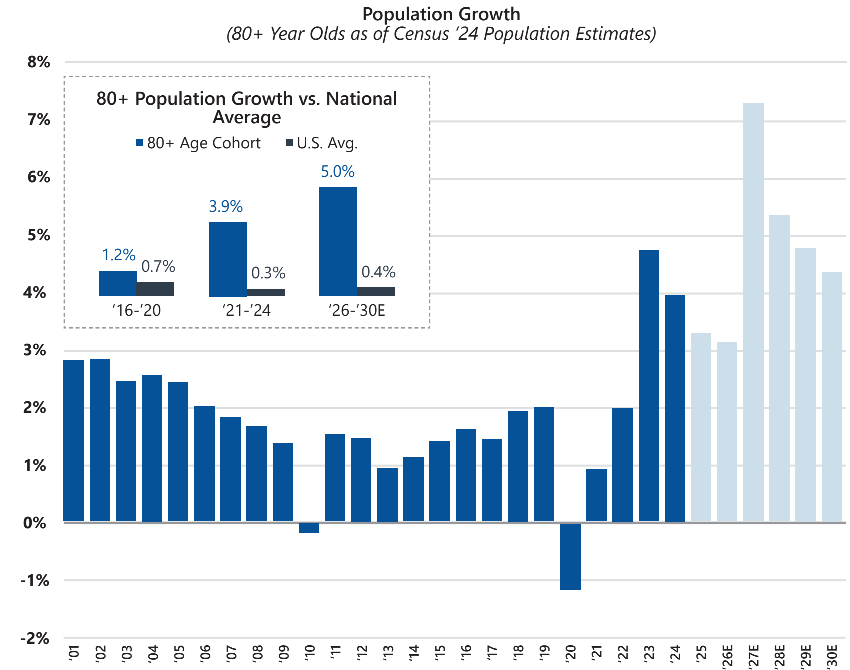
Demand accelerated meaningfully throughout 2025, supported by improving fundamentals, 18 consecutive quarters of occupancy growth, and the early stages of the aging demographic wave. Overall occupancy reached approximately 89% as of Q4 2025, the highest level in years. At the same time, new inventory growth declined to its lowest level since 2006, creating a pronounced supply–demand imbalance. As a result, annual rent growth pushed above 4%, driven by record absorption and increasingly constrained supply.

Debt & Capital Returning to the Market

Debt markets returned to the sector in a meaningful way during the second half of 2025, with financing readily available across new construction, permanent, and bridge loans. Improved operating performance and rent growth visibility drove lender confidence, while institutional capital re-entered the sector in force. Capital availability was further supported by underwriting assumptions for 3%–6% rent growth, reinforcing the sector's improving risk-return profile.

Investor Confidence Strengthening

Investor confidence strengthened meaningfully in the latter half of 2025, fueling record-setting transaction momentum and a rapid acceleration in activity. This shift signals a clear re-engagement of capital and growing conviction in seniors housing as a resilient, income-driven investment.



Source: U.S. Census Bureau, Population Estimates Program (Vintage 2024)

Development Becoming More Selective

While new development activity is beginning to pick up, developers remain highly selective as elevated construction costs continue to restrain inventory growth. New supply remains at historically low levels, forcing developers and capital partners to focus on:

- high-barrier-to-entry locations
- disciplined underwriting in the face of elevated development costs
- product design, affordability, and operating efficiency
- market-driven pricing and evolving consumer preferences

"Eighteen consecutive quarters of occupancy growth, record absorption..."

Transaction Pulse
Record Transaction Activity Signals Renewed Conviction

Record Transaction Activity Signals Renewed Conviction
According to LevinPro LTC, 2025 marked a record year for seniors housing transactions, with more than 870 publicly announced deals, up 21% year-over-year, and total transaction volume reaching $30.7 billion, the highest level in more than a decade. Momentum accelerated as portfolio transactions returned, totaling over 3,000 assets compared to just under 2,000 portfolio assets in 2024.

Major Transactions Highlight Renewed Confidence
The second half of 2025 was particularly active, led by several notable transactions that signaled renewed institutional engagement:

BUYER/ INVESTOR	DETAILS	PRICE	ASSETS/ UNITS	STRATEGIC SIGNIFICANCE
Welltower	Portfolio of seniors housing transactions across the U.S., Canada & U.K.	$14.0B	~700 communities	Demonstrates large-scale capital deployment and continued conviction from a leading public REIT
Sonida Senior Living	Acquisition of assets from CNL Healthcare Properties	$1.8B	69 assets 7,535 units	Elevated Sonida to the 8th-largest senior housing owner in the U.S.
Morgan Stanley Real Estate Investing (MSREI)	Acquisition of IL/ AL/MC portfolio in Colorado	$305M	3 assets 463 units	Marks renewed institutional interest and confidence in the seniors housing sector

Valuation-Based Insights
Based on 35+ PVA acquisition-related valuations in 2025:

Pricing: $350K–$650K per unit
Cap Rates: 5.75%–6.75%
Asset Profile: Primarily Class A (IL/AL/MC)
(after Class A for IL/AL memory care)
Buyer Profile: Predominantly institutional investors

What Buyers Wanted
The most in-demand assets throughout 2025, across both private and institutional buyers, were stabilized Class A Independent Living, Assisted Living, and Memory Care properties. These high-quality assets typically feature:

- Above-average rental rates
- Strong amenities and operating platforms

These assets experienced the greatest appreciation in value per unit, alongside cap rate compression, as investors were willing to pay a premium for stabilized performance and long-term durability.

Demand for stabilized Class A seniors housing assets is expected to persist into 2026, supported by improving fundamentals, limited new supply, and pricing advantages relative to new construction.

- Locations within high-demand demographic markets
- Value-per-unit metrics below today's replacement cost

Top Markets
By Transactional Volume in 2025 through Q3 2025

1. **New York City** (~$766M)
2. **Phoenix** (~$530M)
3. **Miami** (~$440M)
4. **Dallas** (~$418M)
5. **Minneapolis** (~$418M)

Source: NIC MAP

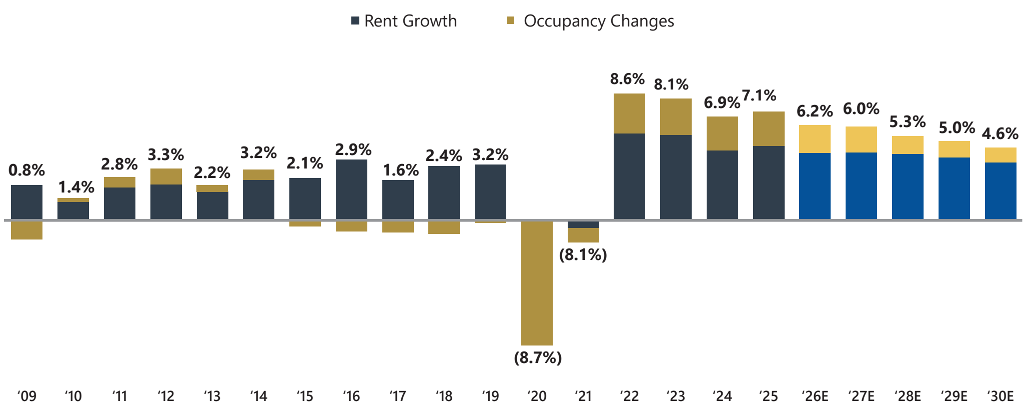
2026 Outlook

Demographic Tailwinds and Capital Momentum

Demand Poised to Accelerate

The seniors housing sector enters 2026 with strong momentum, supported by durable demographic demand drivers and improving fundamentals. As Baby Boomers continue to age into higher-acuity cohorts, demand and absorption are expected to remain elevated. With continued occupancy growth and construction activity still slow, demand is expected to continue outpacing new supply, supporting further occupancy and NOI growth.

Top 50 Market-RevPAF Growth



Source: NIC MAP ® Data and Analysis Service and Green Street.

Capital, Liquidity, and Income Growth Opportunities

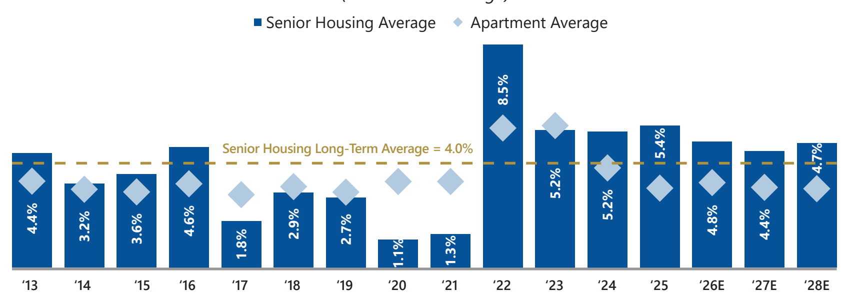
Following a record M&A year in 2025, transaction market liquidity continues to improve, and both equity and debt providers are expected to increase capital allocations to the sector in 2026. Capitalization rates appear to have leveled off and continue to show signs of compression, while pricing remains supported by values below replacement cost. Rent growth is expected to persist, operating margins are stabilizing, and acquisition activity is anticipated to remain robust, particularly for stabilized Class A (IL/AL/MC) assets.

Risks and Operating Headwinds Remain

Despite improving fundamentals, several challenges persist. Labor expenses remain a key concern due to elevated turnover and overtime costs, while rising energy and insurance expenses continue to pressure operating margins.

Affordability remains a near-term issue for middle-income seniors, particularly as newer assets command higher monthly rates. New supply remains limited due to high construction costs and constrained capital availability, resulting in the lowest construction levels since 2012. Regulatory and policy risks, including increased federal oversight and Medicaid funding uncertainty, also remain areas of focus.

Same-Store Operating Expense Growth
(REIT Sector Average)



Source: ASHA, company filings, and Green Street.

Long-Term Outlook: Constructively Bullish

The long-term outlook for seniors housing remains optimistic. Curtailed post-pandemic construction has amplified the upcoming supply shortage, while aging demographics continue to provide strong demand visibility. With liquidity improving, capital returning, and fundamentals strengthening, investor interest in seniors housing is expected to remain elevated. Medium and long-term investment sentiment remains bullish as the industry prepares for the accelerating impact of a "Silver Stimulus".

Partner Valuation Advisors is an industry leader in seniors housing valuation, trusted by institutional investors, lenders, and owners nationwide. In 2025 alone, Partner consulted on approximately 900 seniors housing communities with an aggregate value exceeding $37 billion, delivering the industry's most comprehensive insight into seniors housing equity and debt transaction trends.

Backed by a Partner network involved in 1 in 4 U.S. CRE transactions, we deliver consistent, tech-forward valuations across every asset type—grounded in real market activity, not assumptions.

Our accomplished team of senior housing professionals provides nationwide coverage across all 50 states, combining deep sector expertise with efficient, dependable turnaround times that keep transactions moving forward The result: more confident, forward-looking valuations when it matters most.

For more information, please contact:

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