

2024

Senior Living Outlook Survey and Report

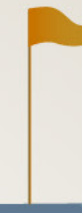
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Looking Ahead to Senior Living 2024

This year will pose a challenging landscape for senior living professionals, yet optimism is increasing and providers are eager to drive growth. In fact, 87% of respondents reported a somewhat positive or very positive outlook on the 2024 senior living landscape, and the majority anticipate senior living operating margins will be up 1% - 4% relative to 2023, according to this year's Senior Living Outlook survey.

From November 8 to November 30, 2023, Senior Housing News conducted this survey in partnership with CRE financing leader Lument to learn about the top trends, challenges and opportunities in the year ahead, as well as how operators are preparing to navigate them.

Senior Housing News is pleased to share these survey results in hopes of giving providers a broader look at the senior living landscape as it takes shape in 2024.



Tim Regan
Editor, Senior Housing News

A Foreword from Lument

With 2023 and all its challenges behind us, we begin the new year on a decidedly optimistic note. The Federal Reserve (Fed) recently indicated not only is it likely done raising interest rates, but rate cuts are a real possibility, setting the stage for an increase in deal activity in 2024. The boost of optimism should be tempered with a bit of caution, however, as clear in recent comments from Richmond Fed President Tom Barkin: “A soft landing is increasingly conceivable but in no way inevitable.”

Better days are ahead – but when and how much better remain to be seen. For the seniors housing industry, the theme of cautious optimism is a familiar one. Long-term underlying fundamentals remain overwhelmingly positive, and a stable, more favorable market will contribute to a narrowing of the bid-ask spread which should positively impact debt proceeds, cap rates, and valuations. Clearly those of you in the industry agree, as evident by this survey’s finding that 87% of respondents are somewhat or very positive about the months ahead.

As we ride that optimistic momentum and look forward to a more active year, Lument is well positioned to help you make the most of opportunities that arise as the year progresses. We will continue to work with our HUD/FHA and agency partners to provide a variety of financial solutions to our clients. At the same time, Lument has expanded our capital markets platform, offering a broader range of alternative lending sources such as banks, debt funds, life companies, and conduits.

We want to thank everyone in the seniors housing industry for your continued commitment to providing top-notch housing and care to your residents. We look forward to working together toward your success in 2024.



Aaron Becker
Senior Managing Director
Head of Seniors Housing & Healthcare Production

Executive Summary

Results show the views of 165 professionals who identified as working for organizations that provide senior housing services, 86% of whom are C-suite leaders, VPs and directors, each offering an executive outlook on the state of the senior living industry in the year ahead.

The survey, conducted online, asked about how companies of all sizes are:



Navigating the challenging hiring environment

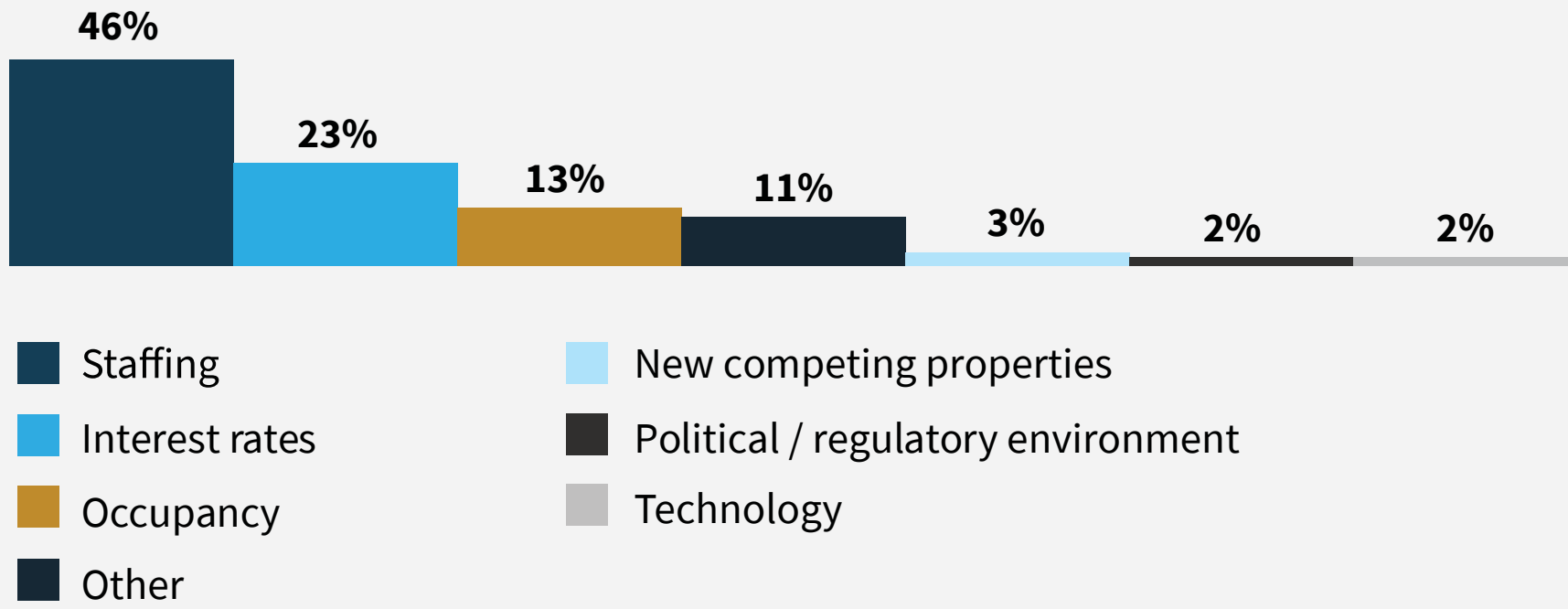


Planning to drive growth and occupancy



Approaching the middle-market

Which of the following is the greatest challenge to senior living in 2024?

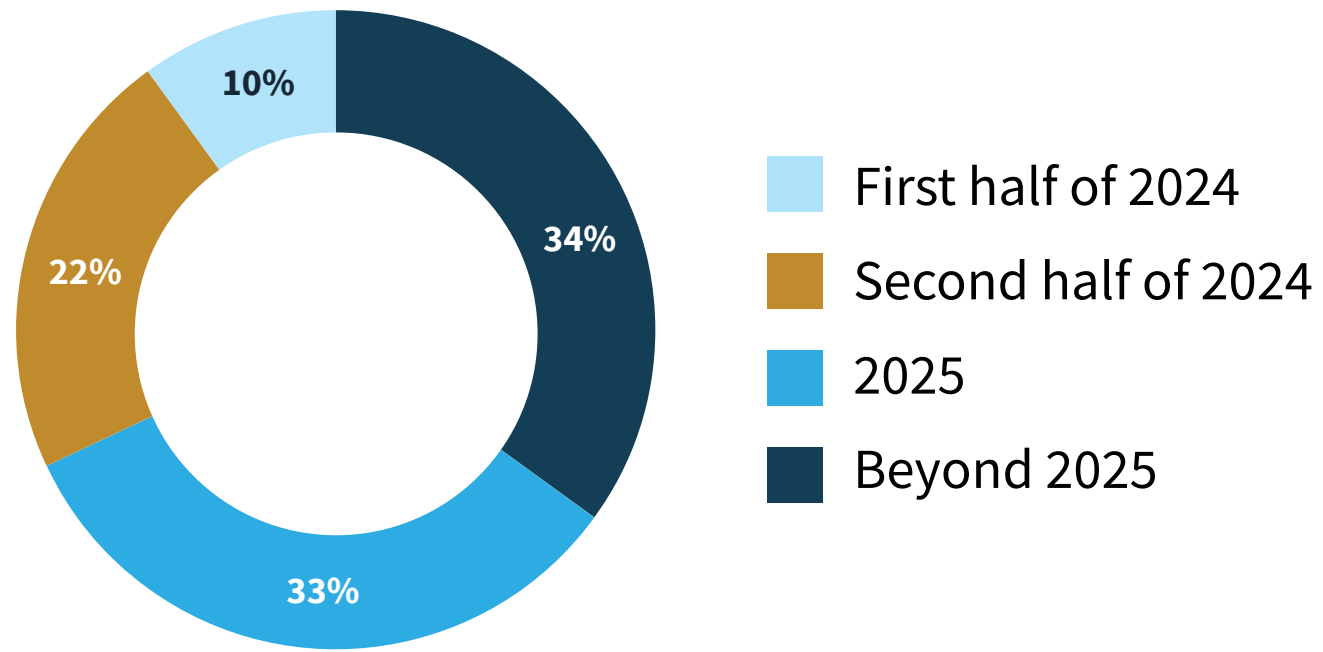


Key Takeaway #1

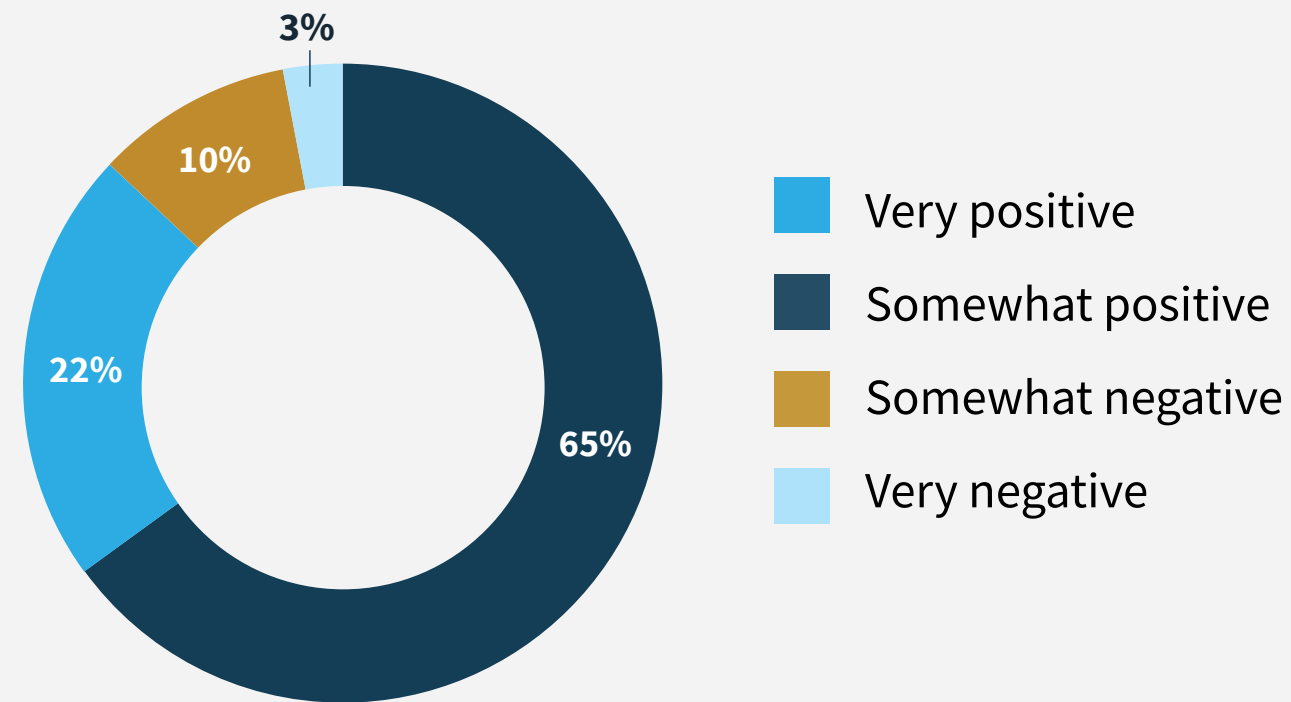
Staffing will remain the greatest challenge facing senior living providers in 2024

The majority of providers currently take a hybrid approach to dining, integrating hospitality and health care to optimize the experience for all stakeholders, according to this survey.

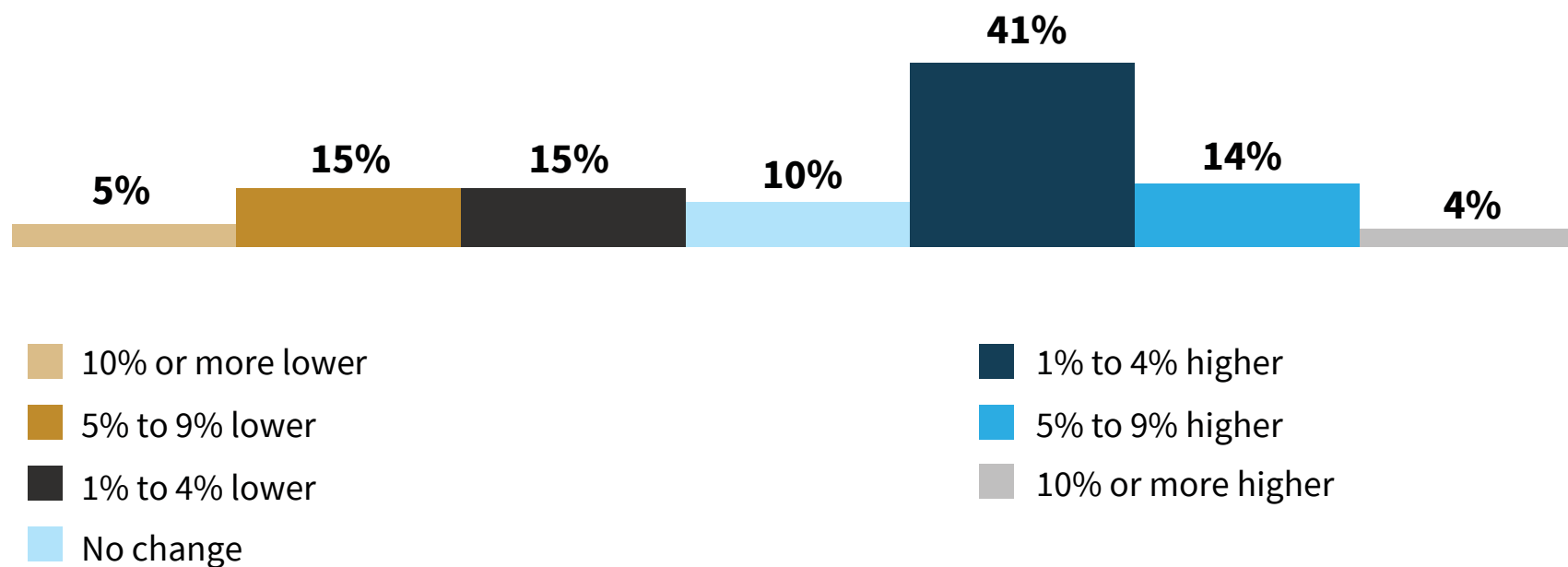
Given the staffing challenges reported by senior living operators, when do you expect industry-wide staffing pressures to improve?



What is your outlook on the health of the senior housing industry in 2024?



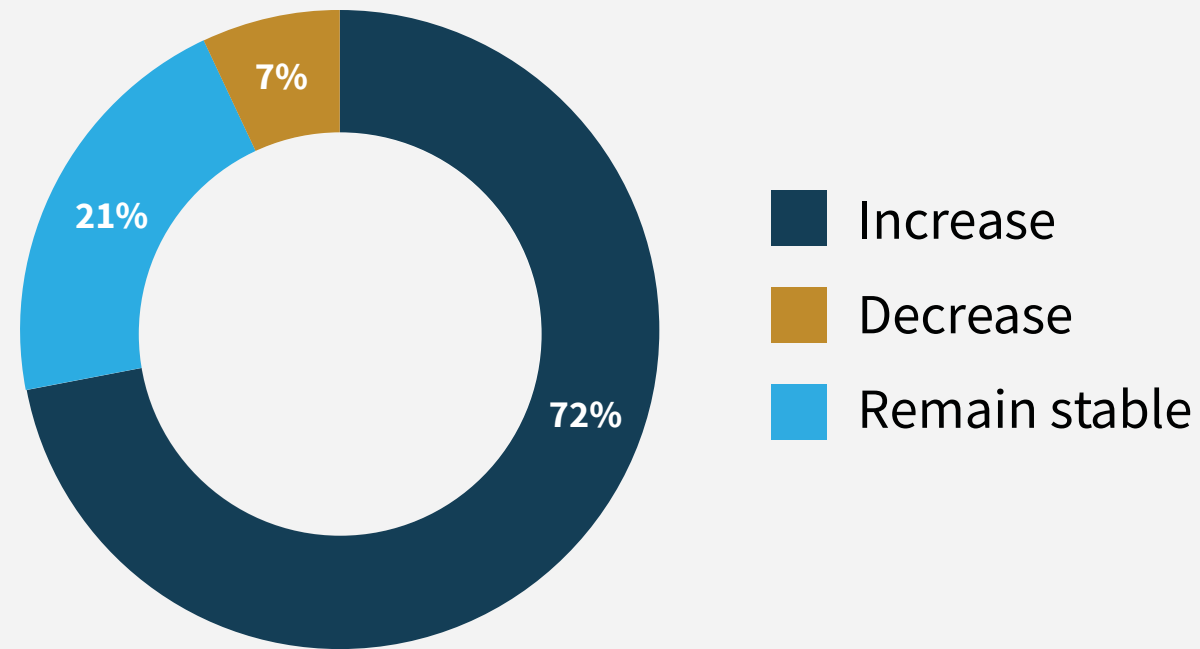
What do you anticipate for senior living operating margins in 2024 compared to 2023?



Key Takeaway #2

Despite the many challenges ahead, senior living professionals are optimistic about 2024
 Eighty-seven percent of survey participants reported a somewhat positive or very positive outlook on the 2024 senior living landscape, and the majority anticipate senior living operating margins will be up 1 - 4% relative to 2023.

What is your outlook over the next 12 months for national occupancy rates for the following?

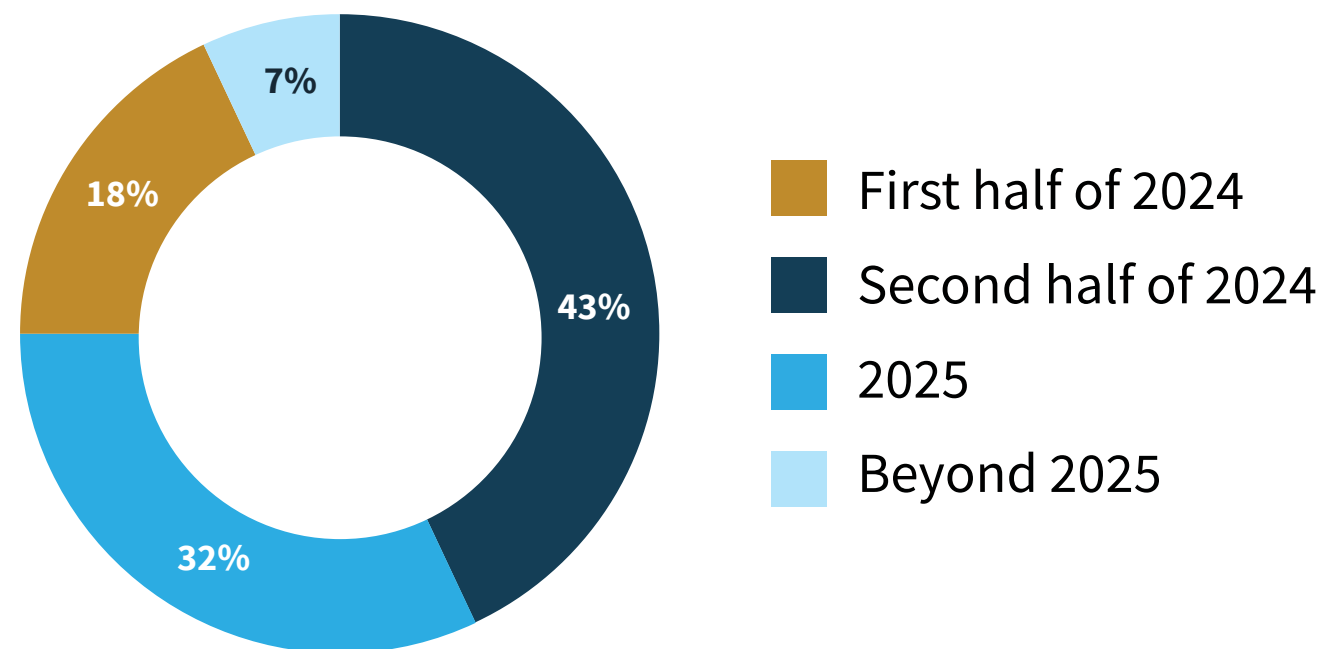


Key Takeaway #3

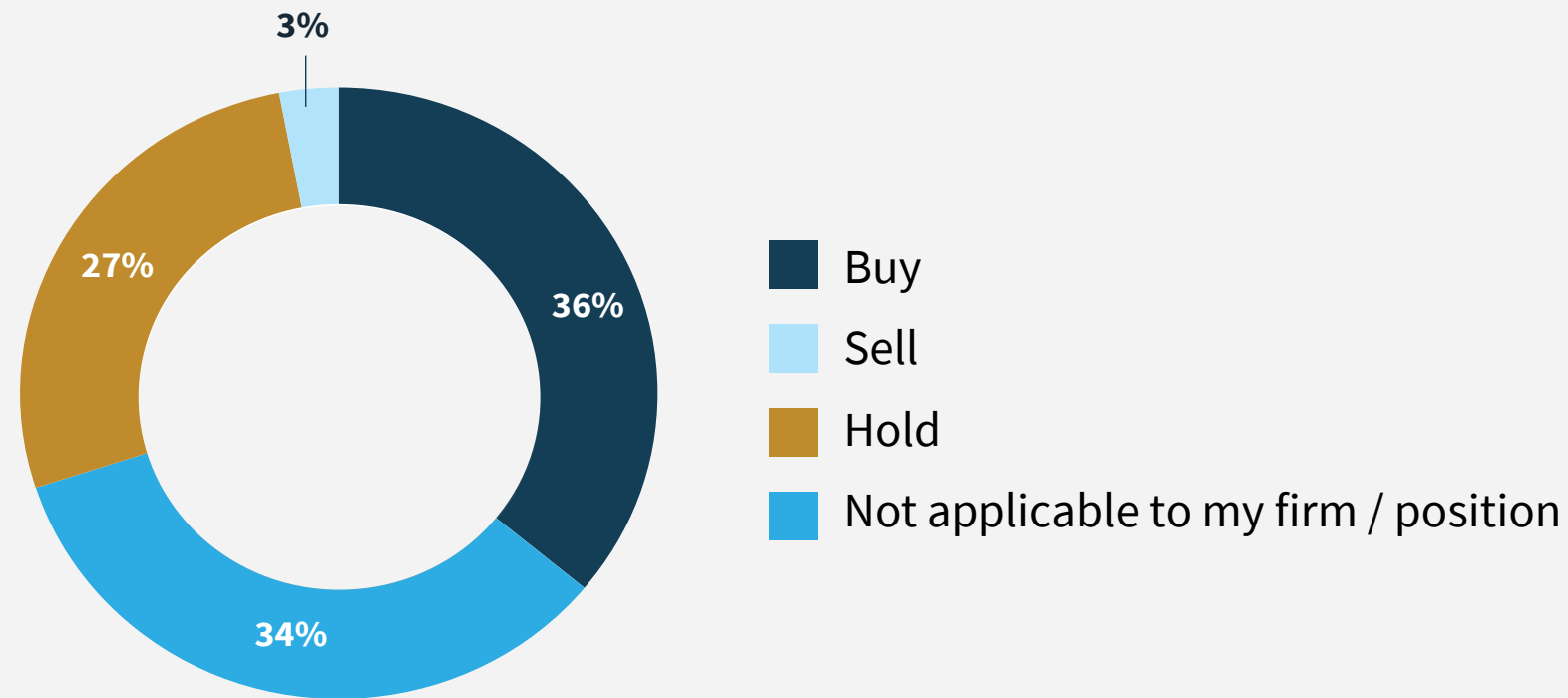
Much of this optimism is due to the expected increase in national occupancy rates in the year ahead

Seventy-two percent of respondents believe the national occupancy rates will increase in 2024, with 65% expecting a rebound to pre-COVID occupancy levels by the second half of 2024 or 2025 at the latest.

When do you think occupancy will rebound to pre-COVID levels nationally?



In 2024, my company plans to _____ senior housing assets.

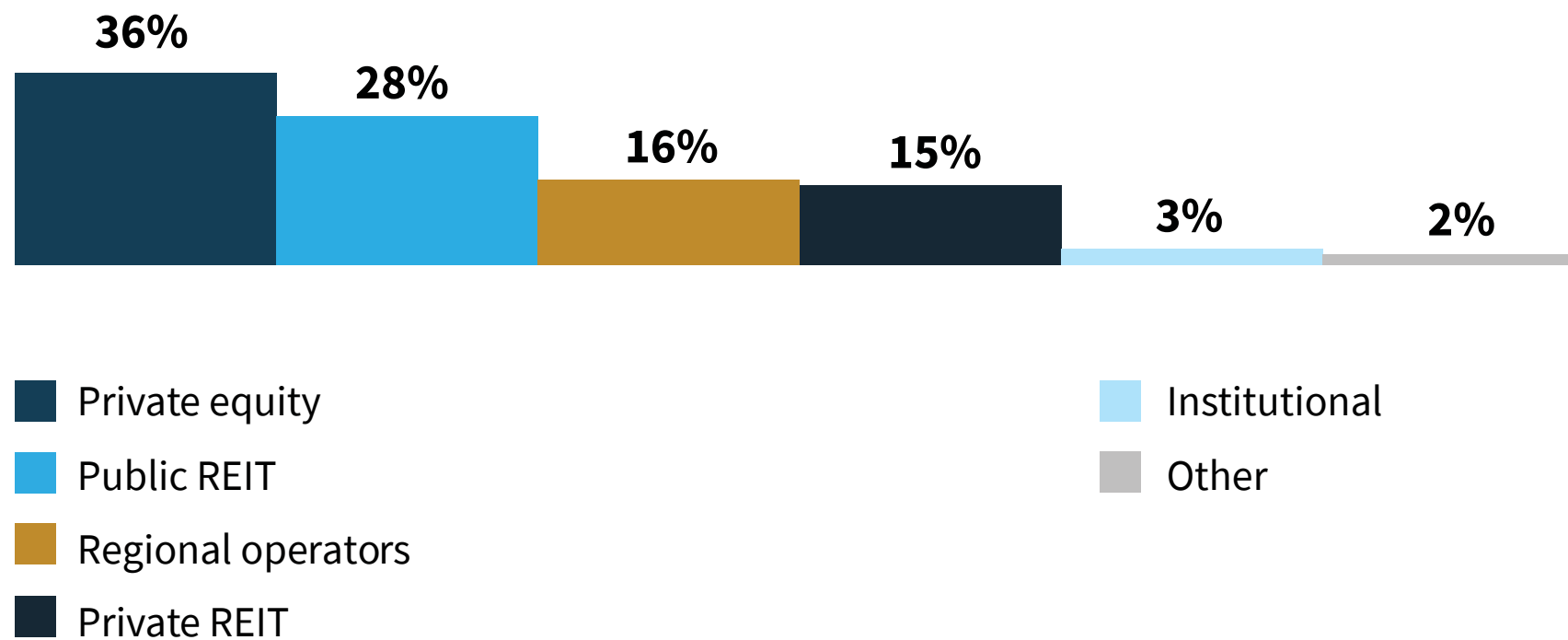


Key Takeaway #4

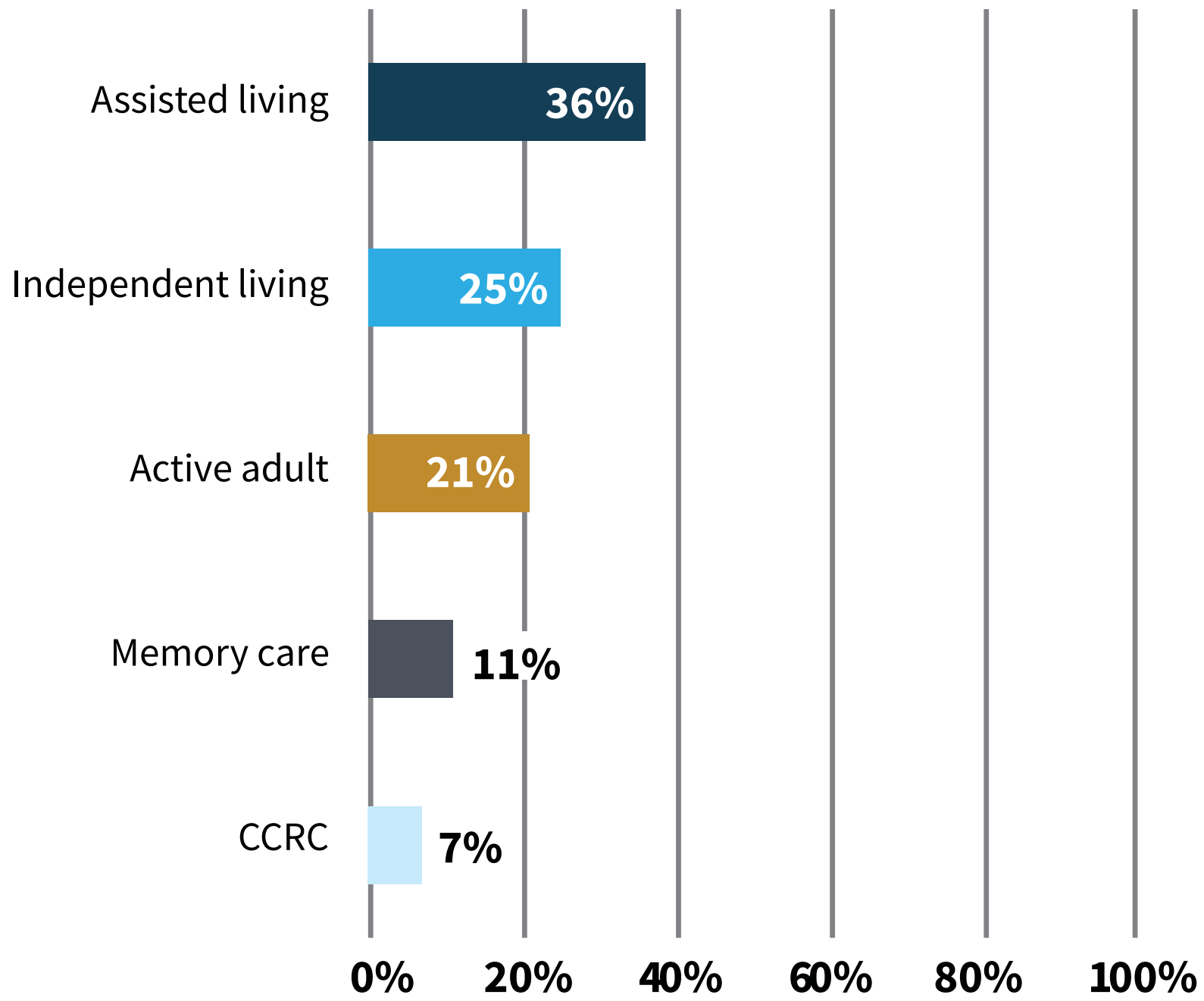
The 2024 senior living market will be buzzing with activity

Among respondents, 55% reported that their company plans to buy senior housing assets in the next year, with assisted living (AL), independent living (IL) and active adult being the most attractive investment categories. Private equity is expected to be the biggest buyer.

Who will be the biggest buyer of senior housing assets in 2024?



What will be the most attractive category of senior housing in which to invest in 2024?

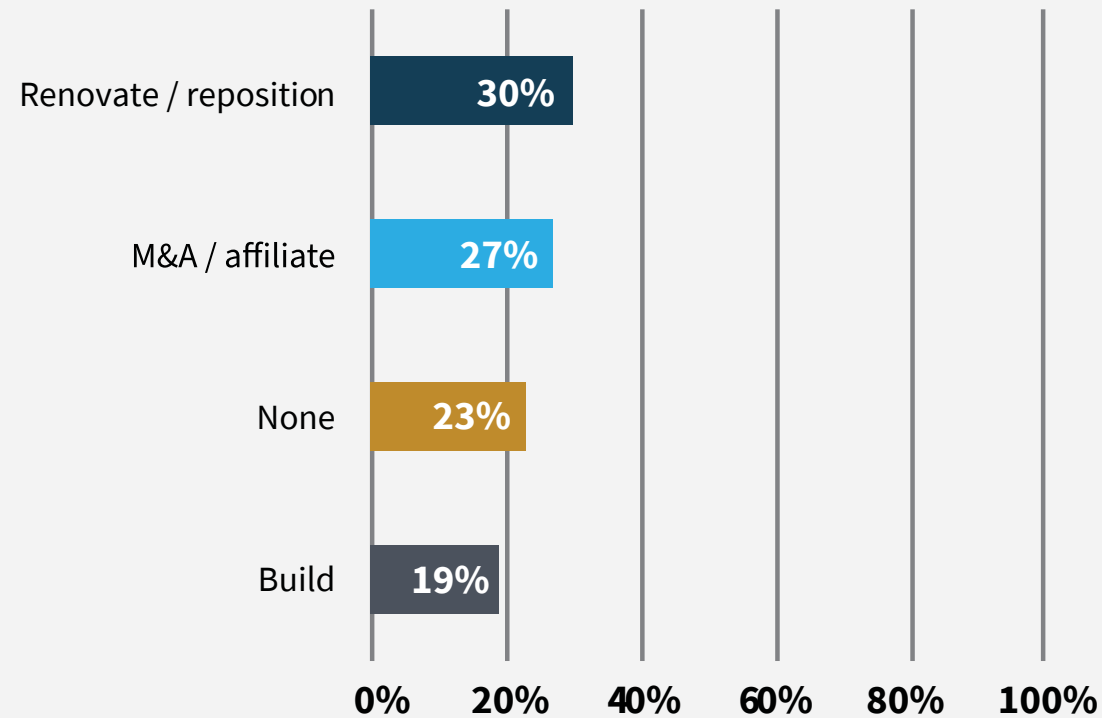


Key Takeaway #4 (Continued)

The 2024 senior living market will be buzzing with activity

Among respondents, 55% reported that their company plans to buy senior housing assets in the next year, with assisted living (AL), independent living (IL) and active adult being the most attractive investment categories. Private equity is expected to be the biggest buyer.

What is your company's primary growth strategy in 2024?

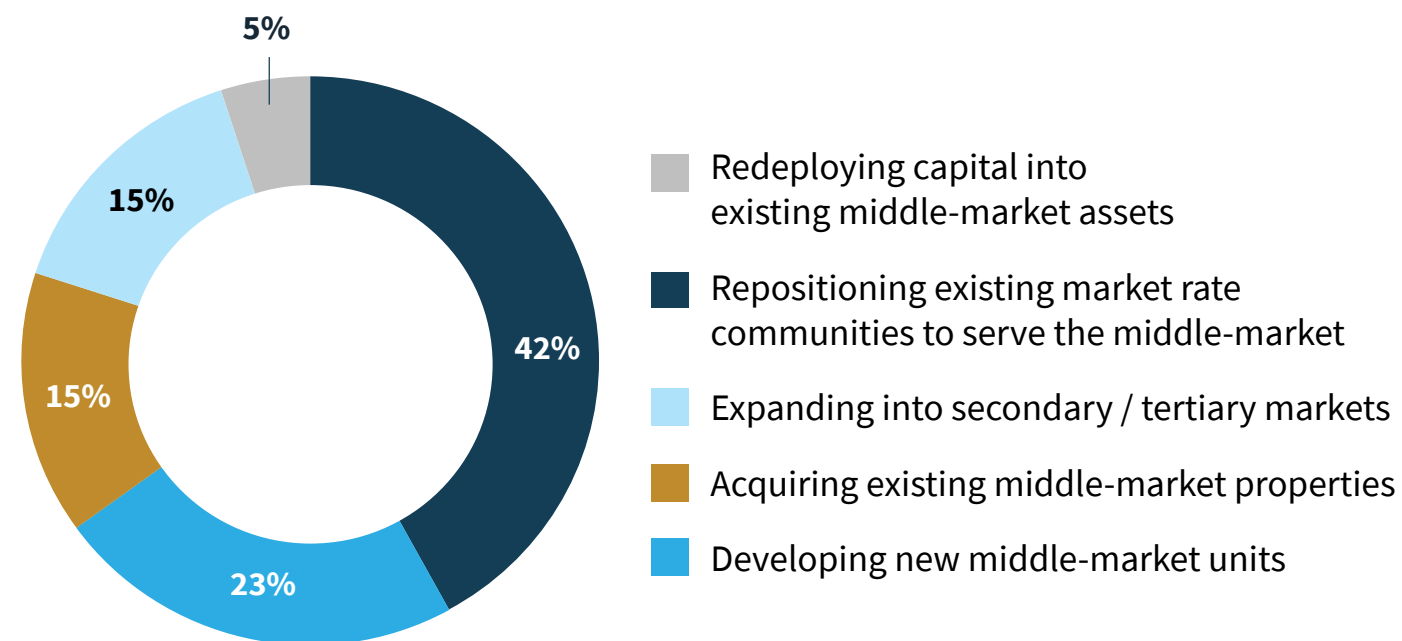


Key Takeaway #5

The middle market will be a focal point for growth in 2024

Not only will renovation and repositioning be the top growth strategy in 2024, but it will also be instrumental to addressing the middle-market shortage — a key area of opportunity in the year ahead.

NIC data shows that by 2029, 54% of middle-income seniors won't be able to afford senior living. What do you think will be the most popular strategy that senior housing stakeholders will employ to address the middle market shortage?



On a scale of 0 to 5 (with 0 being the lowest and 5 being the highest), how great a role are rising interest rates playing in your 2024 business strategy?

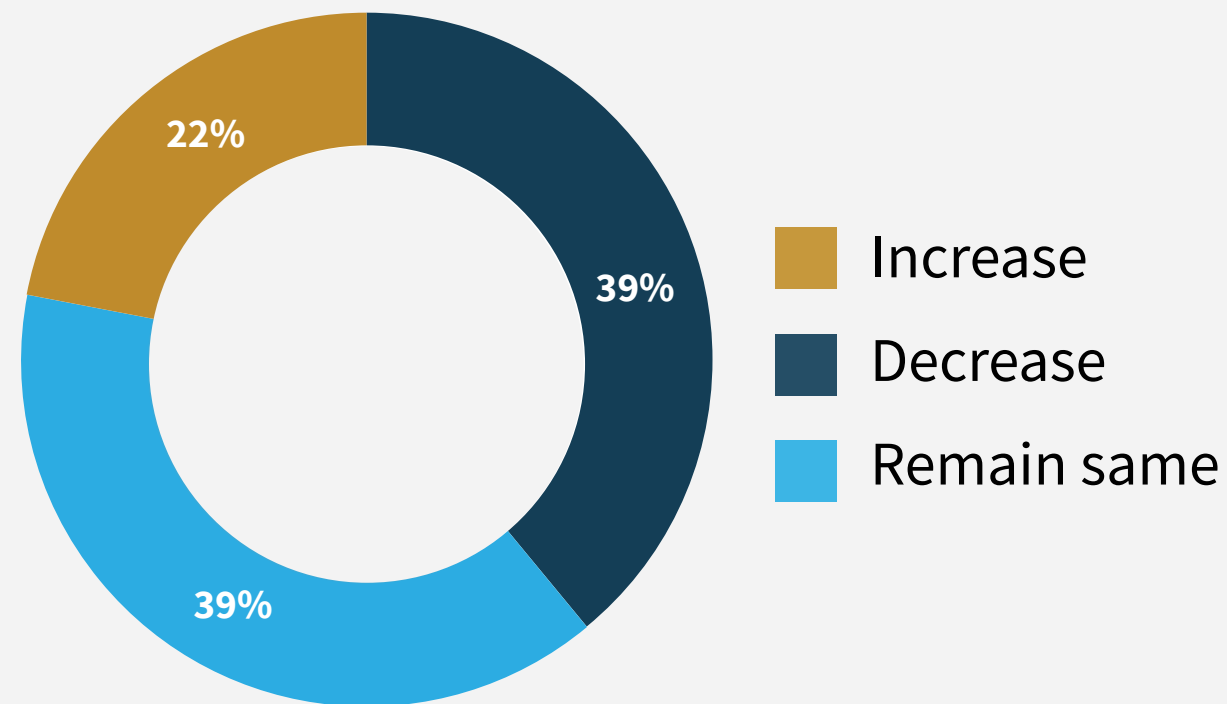


Key Takeaway #6

Rising interest rates are a strategic focus for business planning in 2024

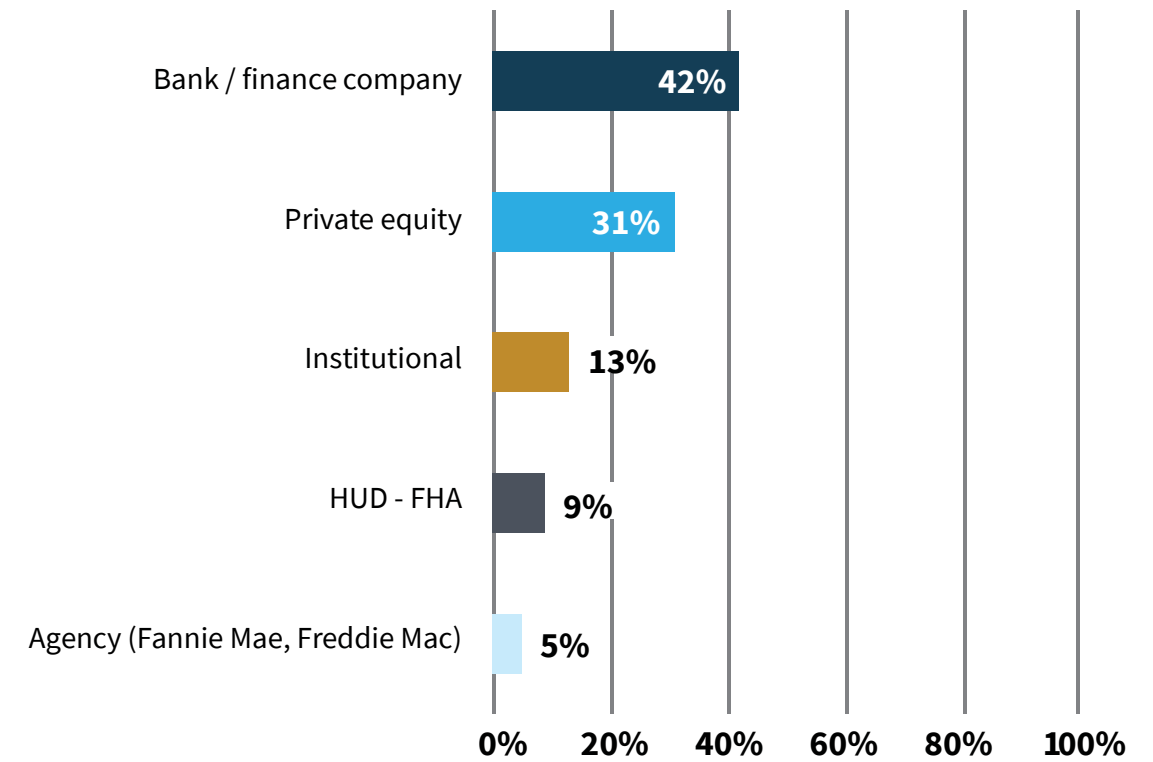
On a scale of 1-5, with 5 being the most significant, respondents rated the role of rising interest rates in their 2024 business strategy a 4.

What is your outlook for new senior housing construction starts in 2024?



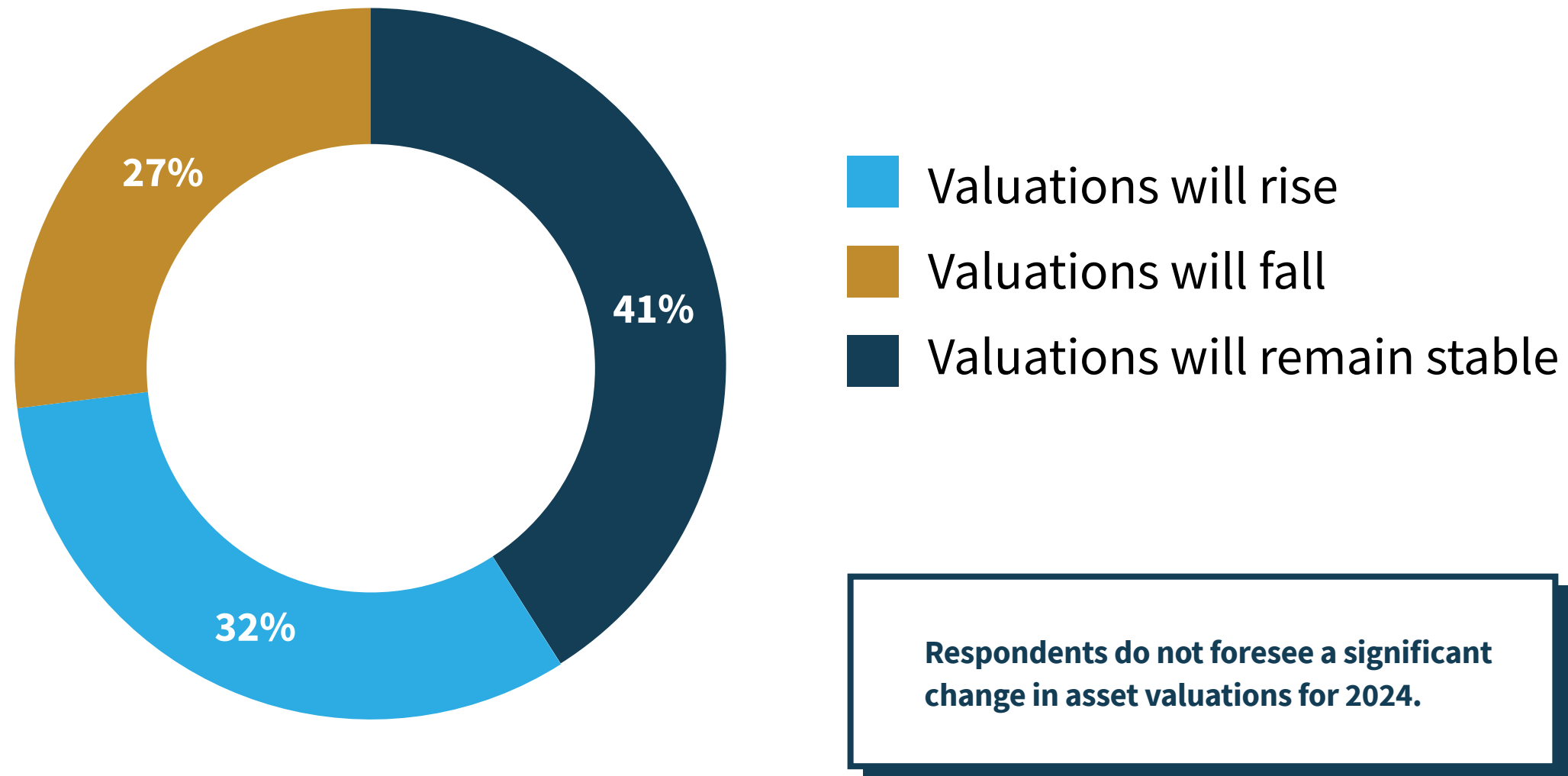
Senior housing construction is expected to be relatively stagnant in 2024, according to the results.

What is the top source of financing your company is seeking in 2024?



Survey participants cited banks and financing companies as the top source of financing their organizations are seeking in 2024.

How do you foresee senior living asset valuations changing in 2024?



Contact Us

We're happy to hear from readers with questions, comments, concerns and story ideas.

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