



American Seniors  
Housing Association

Argentum

LeadingAge

National Center  
for Assisted Living

National Investment Center  
for Seniors Housing & Care

THE STATE OF  
*Seniors Housing*

2019



# Acknowledgments

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**ED GREY**  
LEGACY AT ERIE STATION  
LONESOME CABIN





# EXECUTIVE

# Summary

*The State of Seniors Housing 2019* summarizes data collected from almost 1,800 seniors housing properties, together comprising almost one-quarter million units (or beds, in cases where a unit is occupied by more than one resident and the residents are unrelated). This represents approximately one in six professionally-managed seniors housing and care properties in the U.S. and one or more in every seven professionally-managed seniors housing and care units. The survey data, collected in 2019, describe performance results for the year ending December 31, 2018.

Surveys were received from a wide range of respondents and from regions and states in close proportion to the nation's regional and state populations as well as in close proportion to the number of seniors aged 65 and over and 85 and older. This suggests that the results are representative of "the state of seniors housing" across the U.S.:

- Most states in the United States (45 plus Washington, DC); states without representation were Alaska, Hawaii, Wyoming, North Dakota, and Arkansas. (in aggregate, less than 3% of U.S. seniors age 85+)
- Properties in hundreds of U.S. cities and towns
- Properties ranging from small (25 units or so; fewer than a dozen employees; and less than \$500,000 in total annual revenue) to large (more than 1,000 units; hundreds of employees; more than \$100 million annual revenue)





**DOLORES COLE**

THE WATERMARK AT ROSEWOOD GARDENS  
ROSES







**WILLIAM BLUMENSTEIN**  
THE FOUNTAINS AT LAKE POINTE WOODS  
QUIET WATERS

## **WHAT TYPES OF PROPERTIES AND UNITS? WHERE FROM?**

Of the 1,790 properties, more than one-third (41%) predominantly offer units for independent living:

- Freestanding independent living communities represent 8%, while independent communities with a smaller number of assisted living beds comprise 7%
- Independent living communities with both assisted living and memory care beds outnumber IL/AL communities by 2:1 and comprise more than 15% of the properties
- CCRCs, most of which contain predominantly independent living units with a smaller number of nursing care beds, comprise 9% of the properties
- No active adult apartments participated in this year's survey

Properties consisting predominantly of assisted living and/or memory care beds comprise more than one-half (59%) of the properties:

- Freestanding assisted living communities represent almost 25%
- Freestanding memory care communities are just over 5%
- But communities with both assisted living and memory care beds outnumber each of these freestanding types, and comprise more than 25%

memory care at just under \$6,100 per month. However, CCRCs (with revenues from both independent living and nursing care, sometimes other levels of care, too, and often counting net entrance fee revenue) ranked highest, typically over \$6,100 per month.

After operating expenses (both labor and non-labor expenses, and corporate overheads) net operating income was highest at properties that included at least some memory care in the mix: as high as \$20,000 per year per occupied bed. CCRCs ranked in the middle of the pack with just over \$16,000 NOI per occupied unit/bed. Lowest were freestanding independent living, between \$12,000 and \$13,000 annual NOI at the median. Generally, revenues and NOI per occupied unit increases with acuity. However, NOI margins tend to decrease with acuity.

More details about revenue and expense line items, net operating income, and net cash flows are found in **Chapter 9**, and are also by larger vs. smaller properties. Per-resident-day operating metrics by property type conclude this chapter.




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**DONNA PORTER**  
THE FOUNTAINS AT LA CHOLLA  
ARIZONA CACTUS

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which means that most for-profit seniors housing properties were generating more-than-sufficient cash flow to cover their debt service.

Return on total project investment typically ran at the median about 7% and above. This means that returns on equity alone would run even higher, due to leverage using debt and due to relatively low interest rates on that debt (see example in Chapter 13). However, the “Return on Investment” presented in this report, is not necessarily the same as a current capitalization rate, because:

- The numerator [namely, Net Operating Income] of ROI as calculated here is from the year 2018 and is not current run-rate income nor is it 2019’s full-year projected income
- The denominator of ROI as calculated here — though it includes acquisition and development cost as well as costs of subsequent expansions/renovations — is in terms of the historical cost without regard to its present value




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**EILEEN WILCOX**

THE FOUNTAINS AT GREENBRIAR  
RISING FROM A WATERY SLEEP

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## METHODOLOGY AND

# Data Analysis

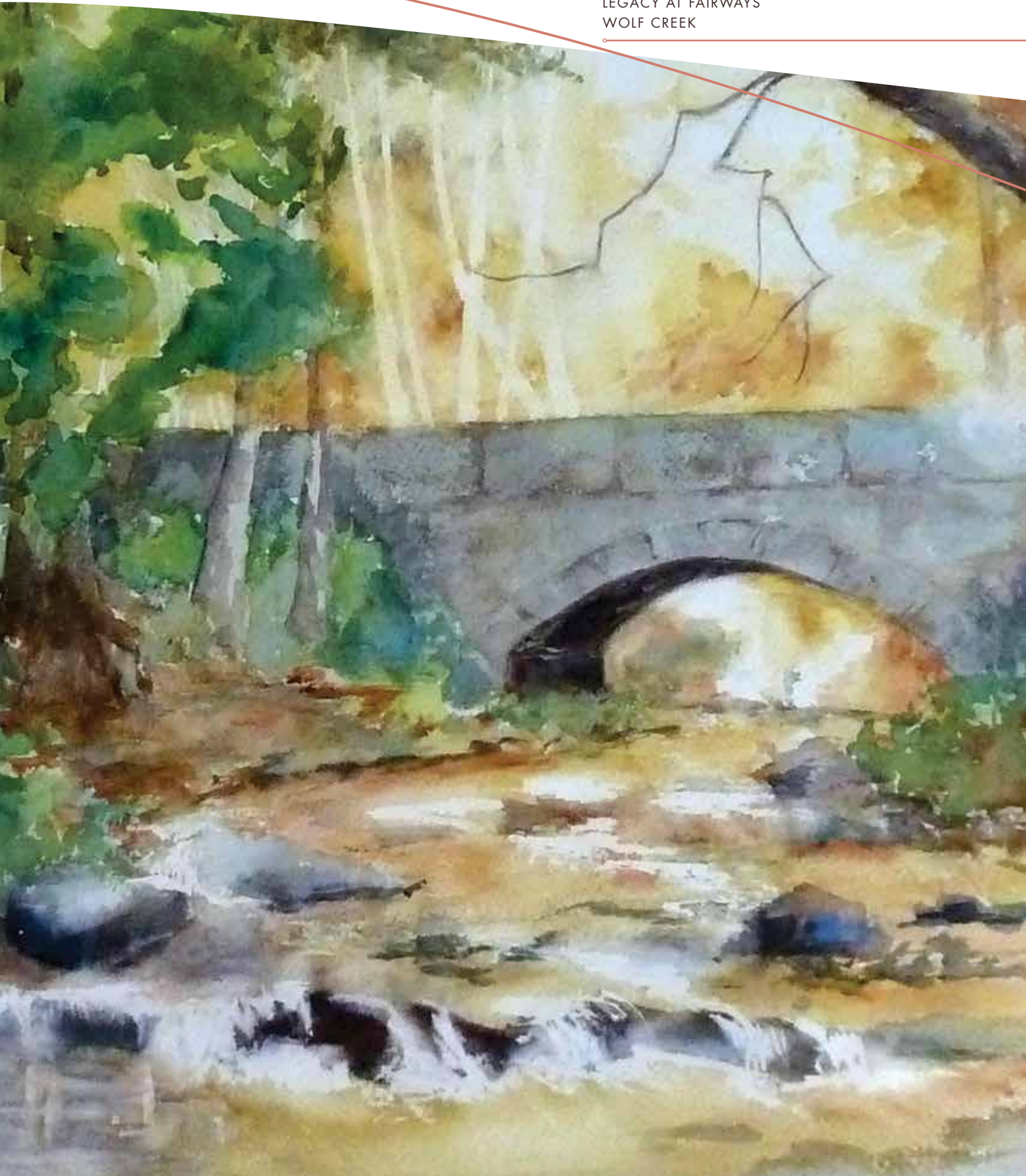
ASHA, Argentum, LeadingAge, NCAL, and NIC contacted owners and managers of seniors housing residences throughout the United States and provided the 2019 State of Seniors Housing survey in an Excel format. Respondents were asked to complete separate surveys for **each** of their company's properties. Large regional and national providers (generally those with 2,500 or more units) were identified by the State of Seniors Housing Task Force and were given the option of submitting data electronically from their own operating statements, through confidential data-mapping services provided by HealthTrust. Several large providers utilized the data-mapping services, while others completed their surveys in the Excel format. Completed questionnaires were carefully reviewed for accuracy and, when appropriate, follow-up with respondents was made to clarify apparent ambiguities or inconsistent responses.

Respondents were asked for operating results for the 12-month period ending nearest to December 31, 2018. The metrics presented in this report that originated from the State of Seniors Housing questionnaires are subject to non-sampling errors, such as differences in the interpretation of questions by respondents or variations in financial reporting, and also are subject to sampling errors. Efforts were made, and are ongoing, to minimize the effects of these errors. Results may differ from findings from other surveys in reference to this industry because of differences in survey timing, question wording, and different respondent samples. The use of a statistical sampling protocol has been introduced to guide the selection of properties presented in **The State of Seniors Housing** report, so that the financial and operating performance of entities submitting responses for disproportionate numbers of properties would neither be over-represented nor under-represented.





**KELLENE CHAMPLIN**  
LEGACY AT FAIRWAYS  
WOLF CREEK





# Terminology

The findings reported from our analysis of the survey results are presented in several different types of measurements and statistics: counts, sums, means (averages), and what we term “medians,” “deciles,” and “quartiles.”

## STATISTICAL TERMINOLOGY

### COUNT

Number of responses.

### SUM

Aggregate value of numerical responses.

### WEIGHTED AVERAGE

The average of a set of data points where each point is ascribed a weight of importance to the overall total.

### MEDIAN

As used here, the [weighted] average of the 40<sup>th</sup> through the 60<sup>th</sup> percentile.

### LOWER DECILE

As used here, the [weighted] average of the lowest 10% of responses.

### UPPER DECILE

As used here, the [weighted] average of the highest 10% of responses.

### LOWER QUARTILE

As used here, the [weighted] average of the lowest 25% of responses.

### UPPER QUARTILE

As used here, the [weighted] average of the highest 25% of responses.



**ROSEMARY WEILER**  
ST. ANDREW'S VILLAGE  
END OF SUMMER





## DEFINITIONS AND

# Nomenclature

Categorizing seniors housing remains a challenge, because most states use varying nomenclature and regulatory systems. However, by making survey instructions very specific and then carefully sorting data afterwards, we believe that property types have been accurately and consistently categorized for purposes of this report.

### **CATEGORIZATION OF UNIT TYPES**

Rather than asking **respondents** to categorize their property type, we instead asked them to identify the kinds of **units** and/or beds that were contained within each property surveyed, based on the following definitions:

**Senior Apartments:** Market-rate units in age-restricted communities where at least 80% of the residents are age 55 or older. Although optional meal plans may be offered at these senior apartments, the base monthly fee does not include meals in a common dining facility. Therefore, “senior apartments” are different from “independent living units.”

**Independent Living Units:** Designed for seniors who pay for some services (e.g., meals, housekeeping, transportation) as part of a monthly fee or rental rate, and who require little if any assistance with Activities of Daily Living. Typically, independent living units are not licensed for health care — although the residents of independent living units may receive home health care services provided to them by either an outside agency or by a licensed affiliate of the property management. In order to qualify as having independent living units (rather than seniors apartments), the community must contain a common dining facility that provides at least one daily meal as part of the monthly fee.



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**ESTELLA SZEMELA**THE FOUNTAINS AT BOCA CIEGA BAY  
FOUR RUTABAGAS

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The **nursing facility** category consists of properties for which the majority of beds are skilled nursing beds.

**Continuing Care Retirement Communities/ Life Plan Communities (CCRCs)** feature a combination of independent living units and skilled nursing beds, as well as properties that [must] comprise both independent living units and nursing care beds, but may also include some assisted living beds and/or Memory care beds.

The **State of Seniors Housing** report categorizes CCRCs **separately** from independent living communities — in contrast to some other research reports in this industry which consider CCRCs to be a **sub-category** of independent living communities.

Within the CCRC category are **entry-fee CCRCs** as well as **rental CCRCs**, in which residents pay no up-front entry fee at the time they occupy an independent living unit (although a nominal deposit or community fee consisting of up to a few months' rent may be paid up-front, an entry fee of more than \$20,000 is **not** required). At these rental CCRCs, the resident pays the prevailing market rate for the level of care provided.




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**SHIRLEY NEMETZ-RESS**

THE FOUNTAINS AT MILLBROOK  
MAGENTA I

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