SURVEY EBOOK:

Senior Living Outlook Survey 2023

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Senior Living Outlook 2023

Optimism radiates throughout the senior living industry, with survey respondents expecting occupancy and industry-wide staffing pressures to improve by the second half of 2023 or 2024. In fact, 79% percent of respondents indicated that their outlook on the industry is somewhat positive or very positive, with the majority also anticipating that national occupancy rates will increase in every category over the next 12 months.

From October 17, 2022, to December 19, 2022, Senior Housing News conducted this survey in partnership with financing leader Lument to learn the top trends, challenges and opportunities in the year ahead, as well as how providers are preparing to navigate them.

Senior Housing News is pleased to share these survey results in hopes of giving owners and operators a broader look at the industry's landscape entering 2023.

Tim Mullaney
Managing Editor, Senior Housing News

Executive Summary

Results show the views of 224 professionals who identify as working for organizations that provide senior living and care, all of whom shared an 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:

- **Approaching staffing challenges**
- **Navigating the 2023 M&A landscape**
- **Preparing for growth in the years ahead**

"As the industry continues to rebuild census and deal with staffing challenges, we remain optimistic about the sector's long-term prospects, buoyed by strong demographics and resilient industry players who understand what it takes to overcome serious challenges."

Casey Moore
Managing Director, Lument

Key Takeaways

Senior living providers are optimistic about 2023.
Seventy-nine percent of survey respondents indicated their outlook on the industry is somewhat positive or very positive, with the majority also anticipating that national occupancy rates will increase in every category over the next 12 months.

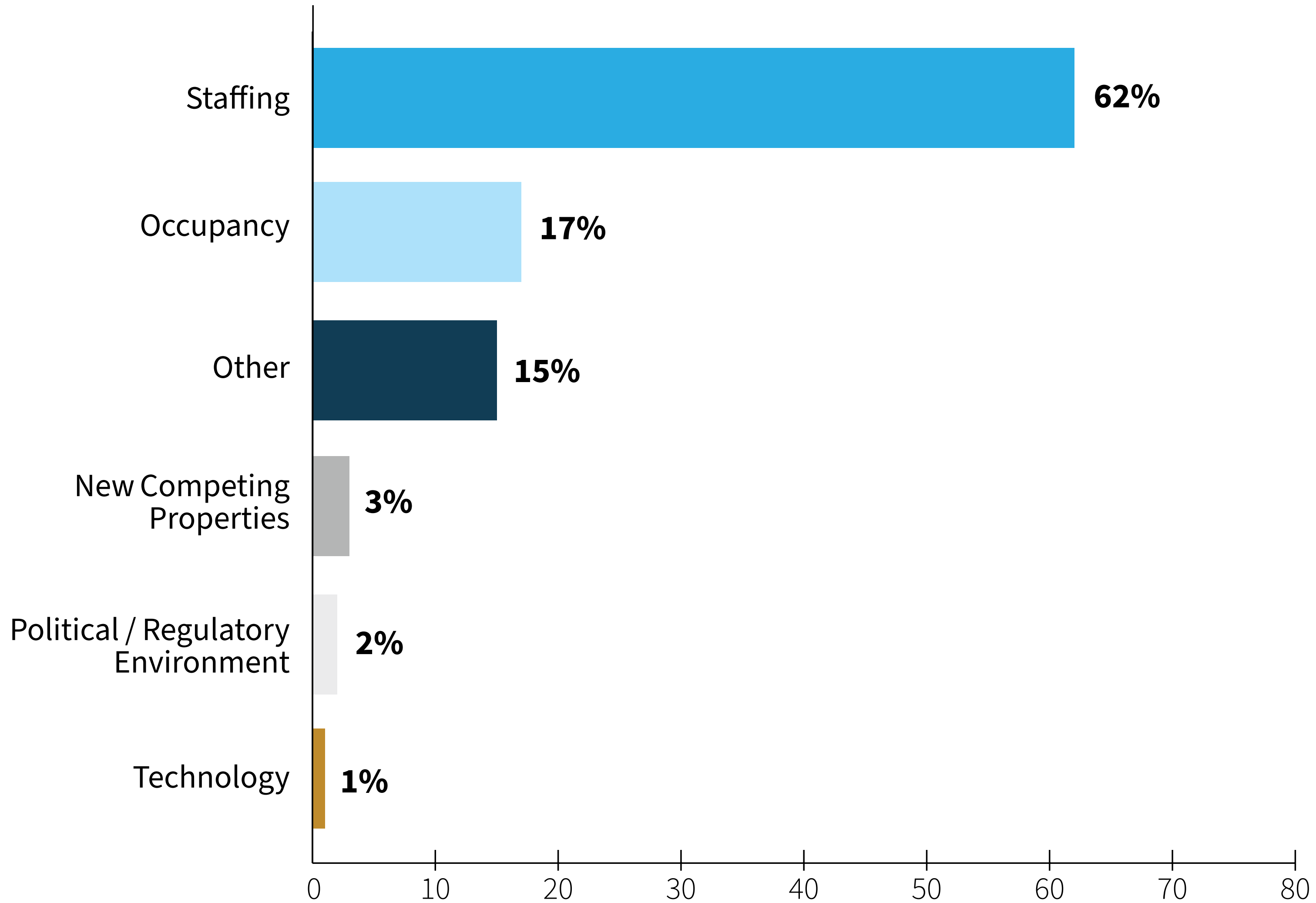
Staffing challenges continue to disrupt senior living.
Sixty-two percent of participants indicated that staffing will be the No.1 pain point in 2023. Additionally, 78% believe that staffing will have the greatest impact on their organization's expenses in the year ahead.

M&A activity will buzz in the year ahead.
Nearly half of qualified survey respondents indicated that their organization plans to buy senior housing assets in 2023, with active adult, assisted living and independent living being the most attractive categories. Respondents also cited private equity as the biggest anticipated buyer of senior housing assets, but, according to the survey, most of the investments will revolve around existing infrastructure.

Occupancy and staffing are expected to rebound soon.
The majority of respondents expect both occupancy and industry-wide staffing pressures to improve by the second half of 2023 or 2024.

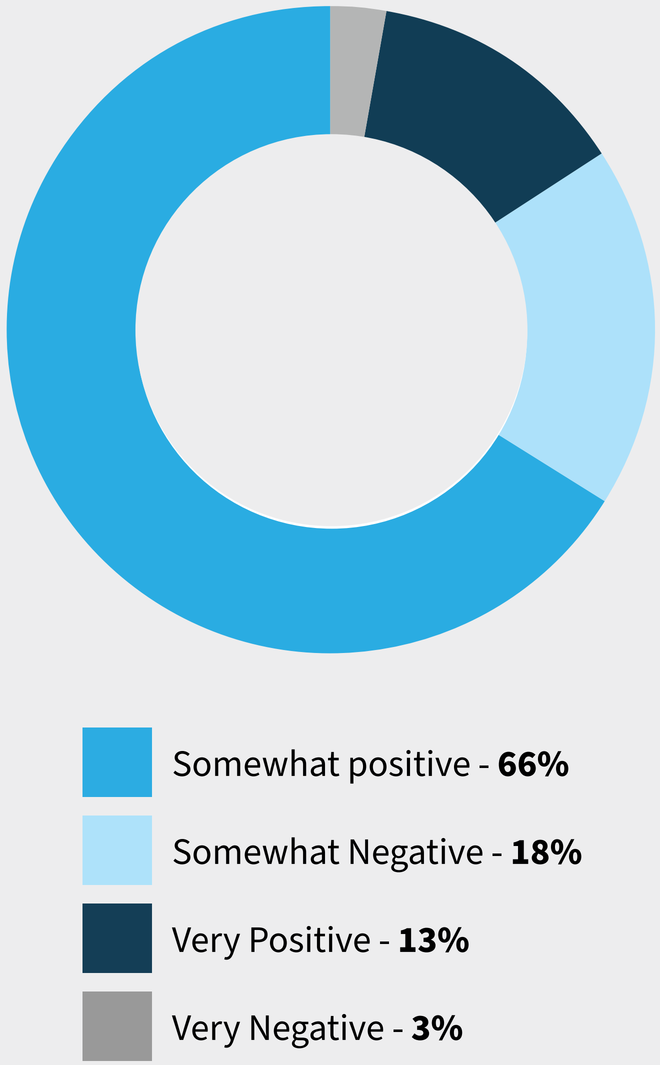
Which of the following is the greatest challenge to senior living in 2023?

Staffing will be the No.1 pain point for senior living providers in 2023.



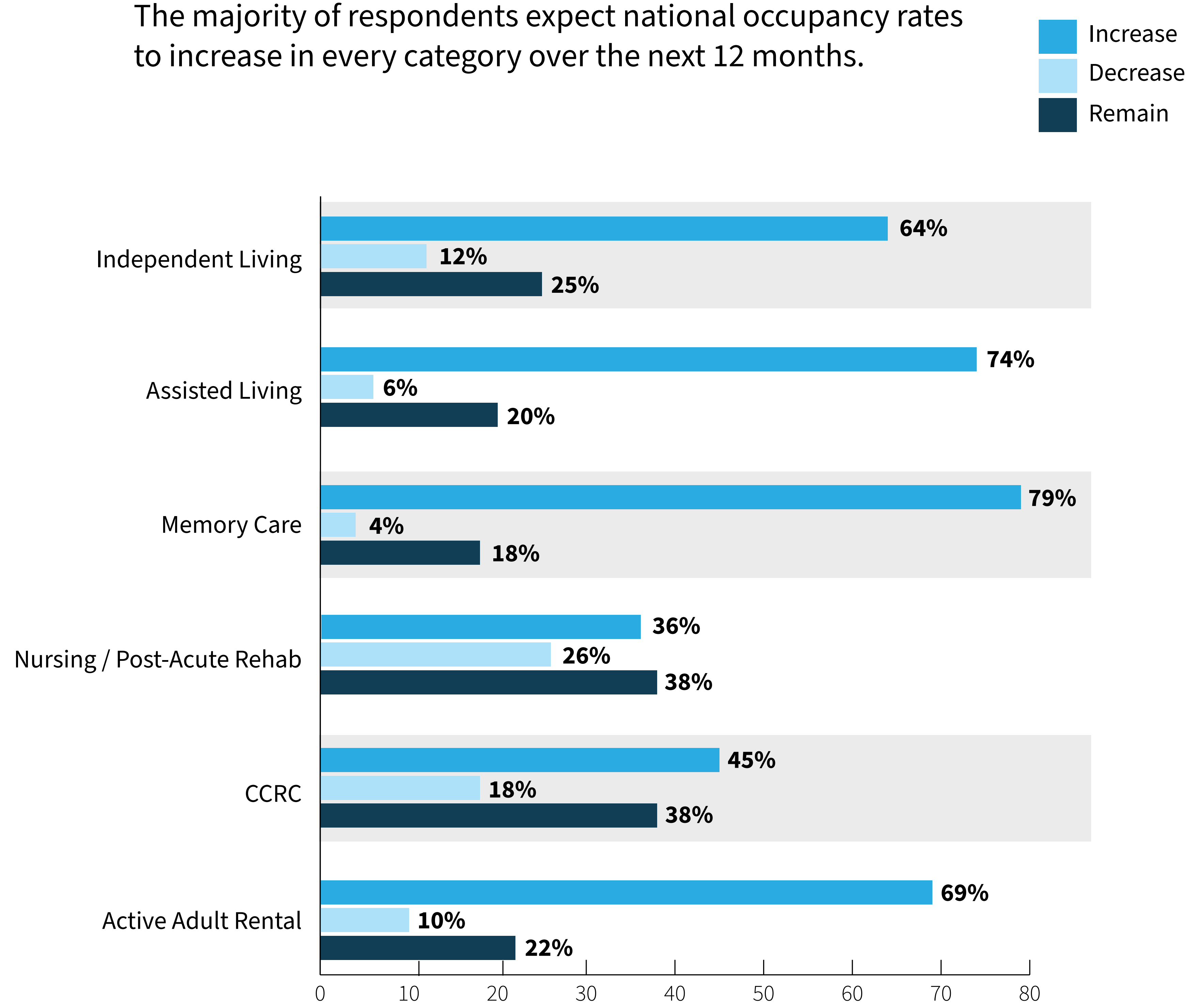
What is your outlook on the health of the senior housing industry in 2023?

Senior living professionals are optimistic about 2023, with 79% of survey respondents indicating their outlook on the industry is somewhat positive or very positive.



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

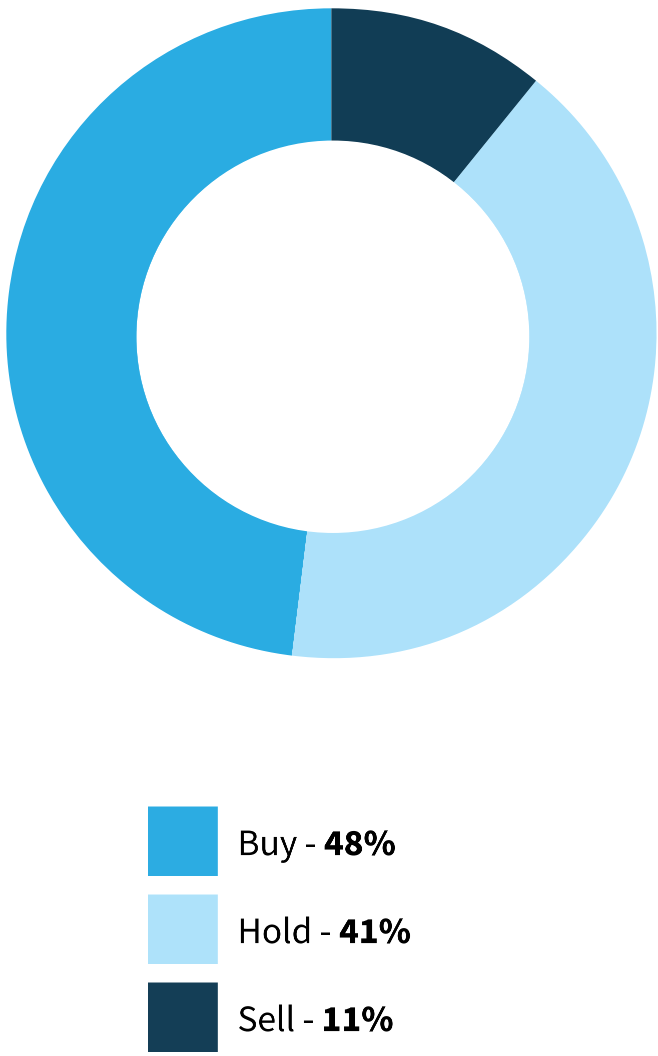
The majority of respondents expect national occupancy rates to increase in every category over the next 12 months.



In 2023, my company plans to _______ senior housing assets.

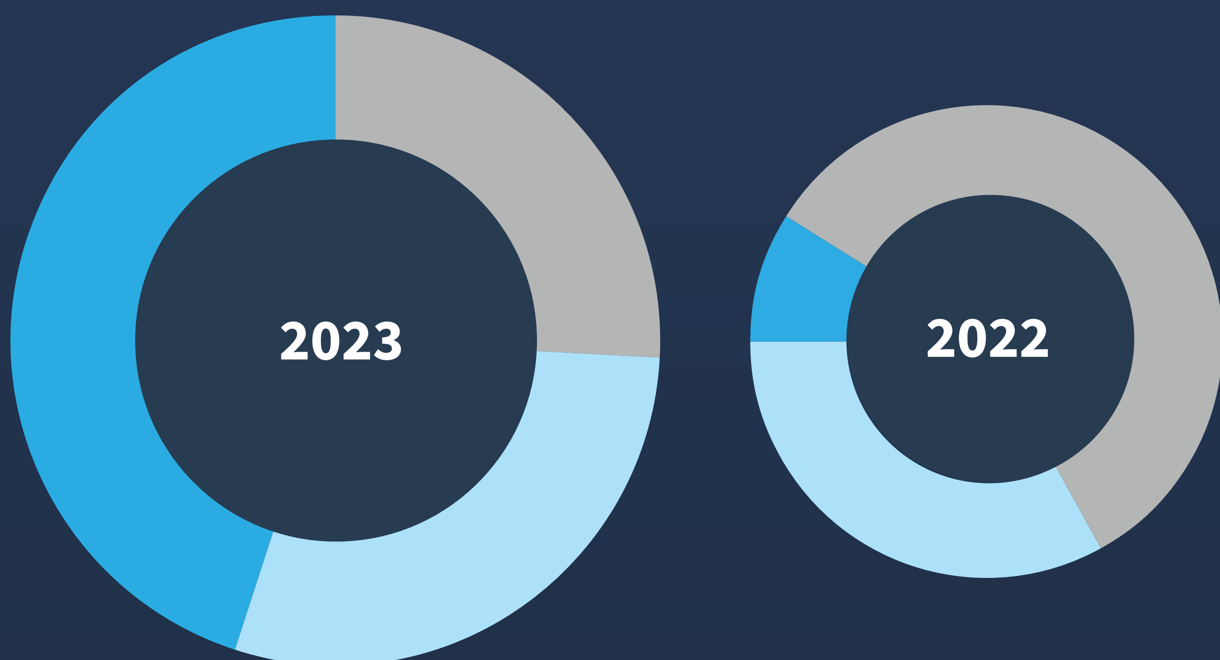
Nearly half of qualified survey respondents indicated that their organization plans to buy senior housing assets in 2023.

Results calculated excluding the n/a responses.



What is your outlook for new senior housing construction starts in 2023?

Forty-five percent of survey participants believe that new senior housing construction starts will decrease in 2023.



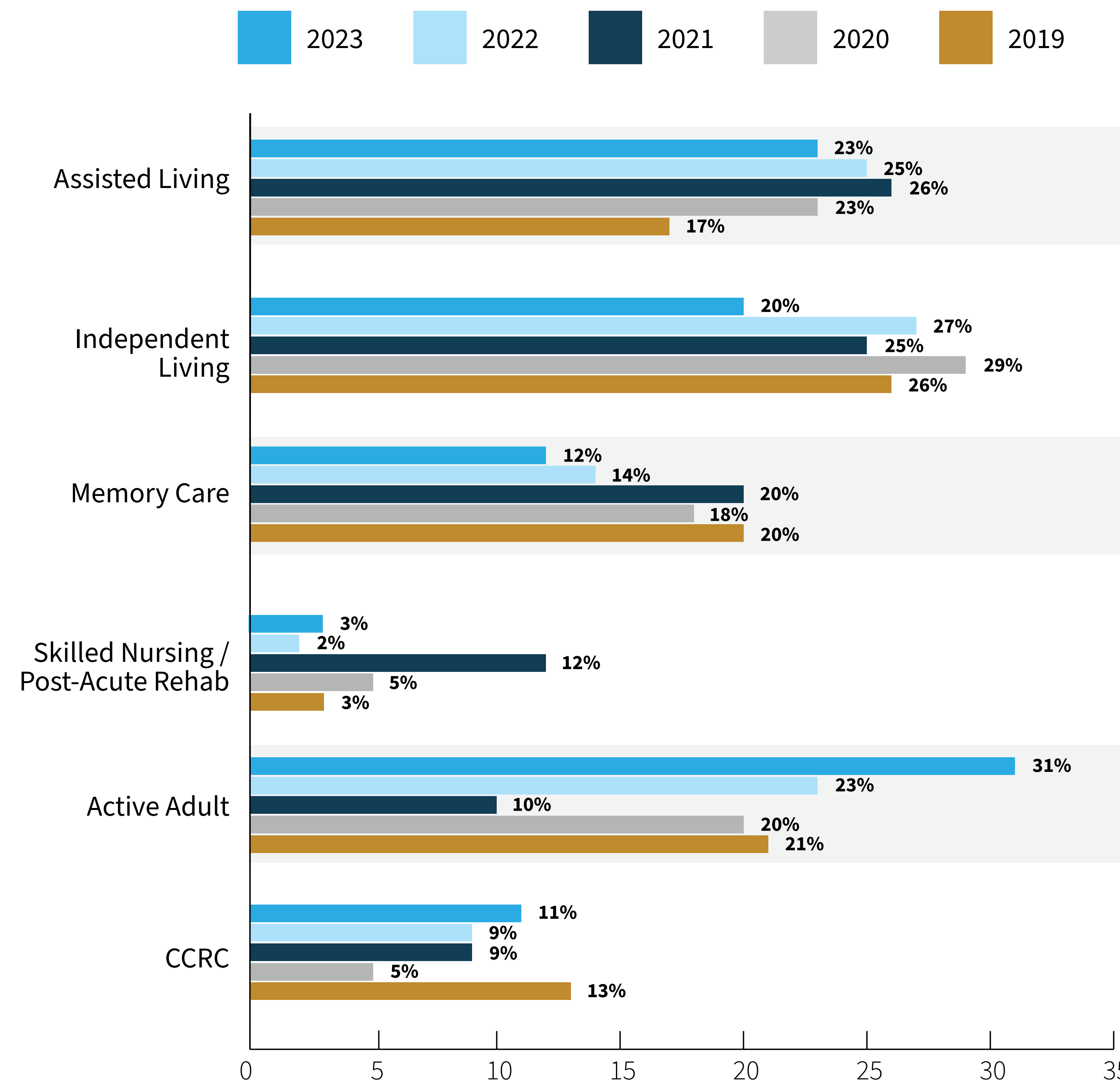
Decrease - 2022 - 9% / 2023 - 45%

Remain the Same - 2022 - 33% / 2023 - 29%

Increase - 2022 - 58% / 2023 - 26%

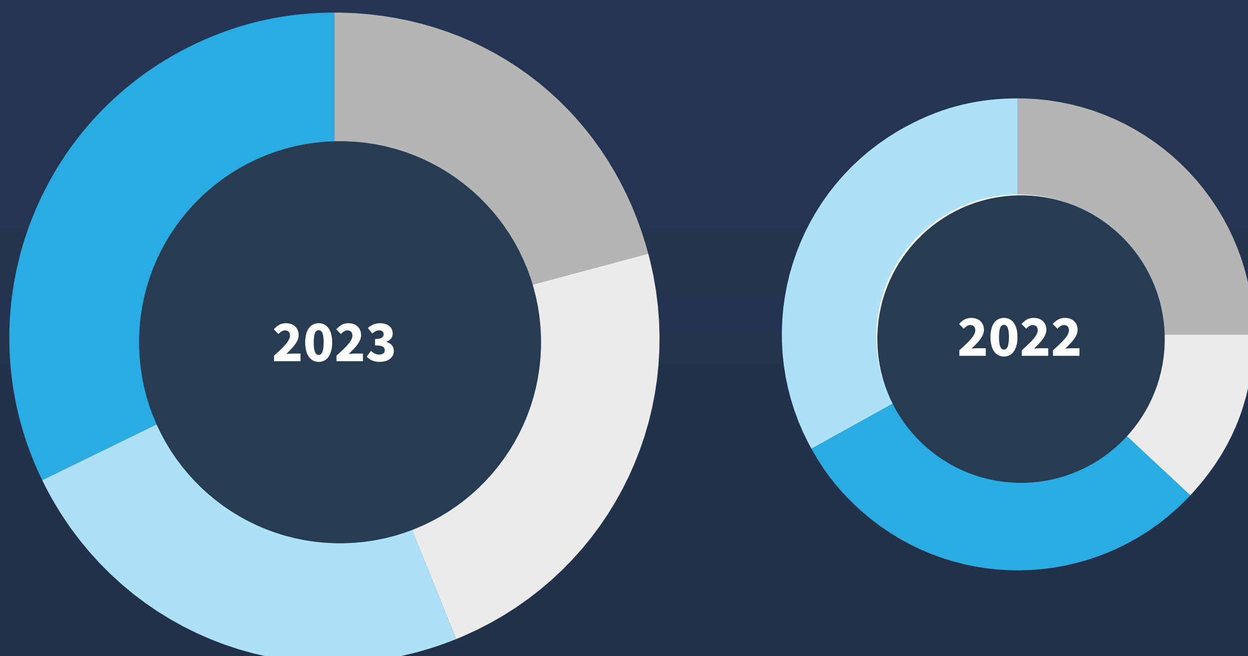
What will be the most attractive category of senior housing in which to invest in 2023?

Active adult (31%), assisted living (23%) and independent living (20%) are the top 3 areas in which senior living investors are interested.



What is your company's primary growth strategy in 2023?

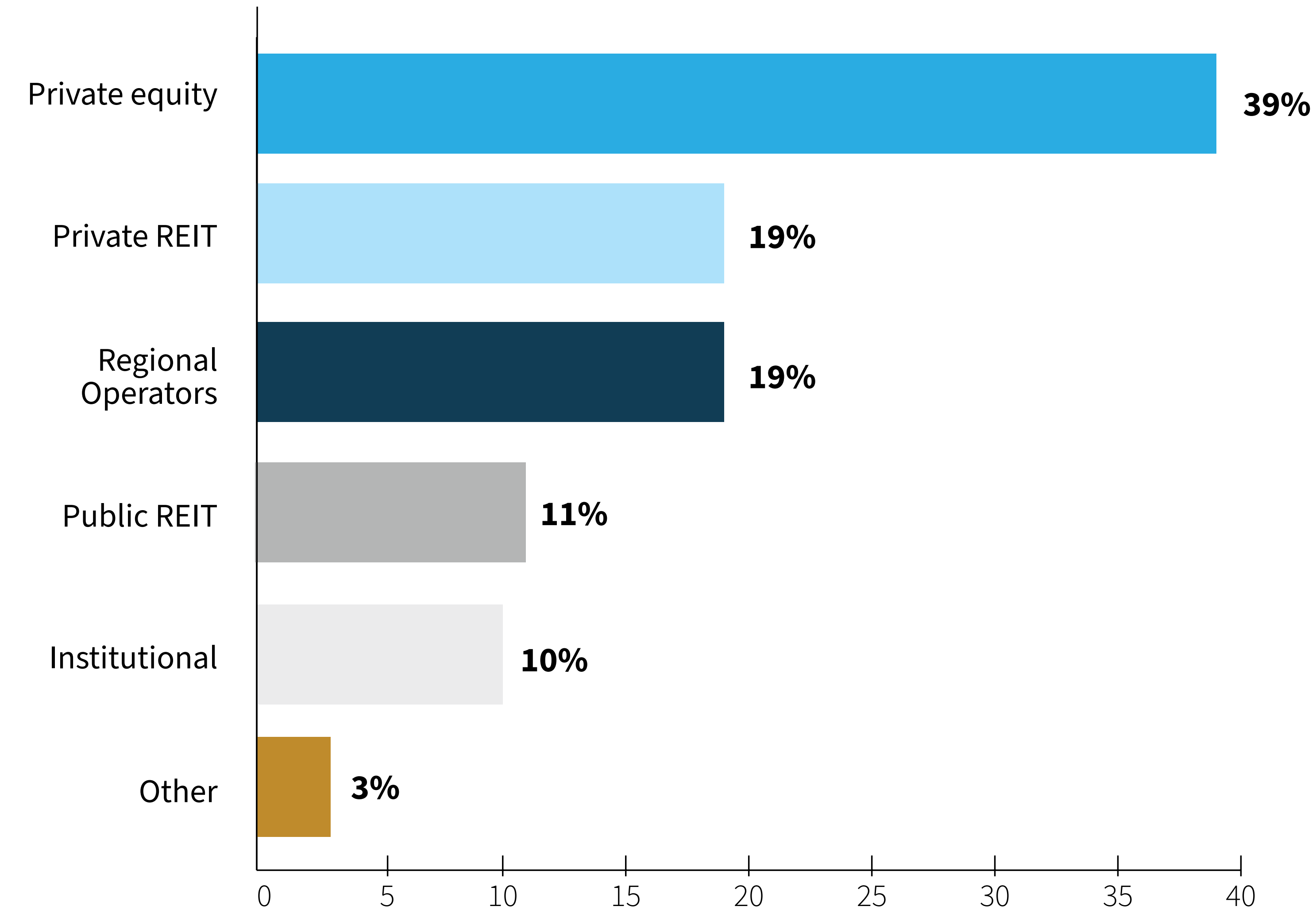
Survey participants are divided on the best growth strategy for 2023, and nearly one quarter of them reported that their organization does not have a growth strategy at all.



Renovate / Reposition	-	2022 - 30% **2023 - 32%**
None	-	2022 - 33% **2023 - 24%**
Build	-	2022 - 25% **2023 - 23%**
M&A / Affiliate	-	2022 - 12% **2023 - 21%**

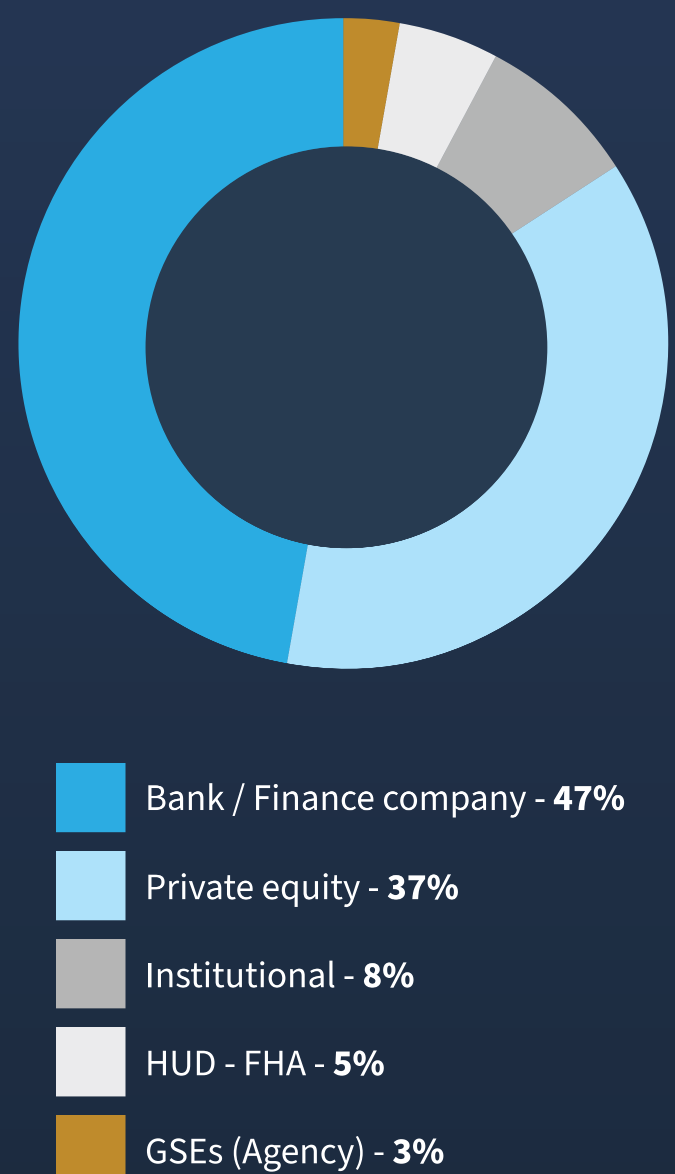
Who will be the biggest buyer of senior housing assets in 2023?

Survey participants believe private equity will be the biggest buyer of senior housing assets in 2023.



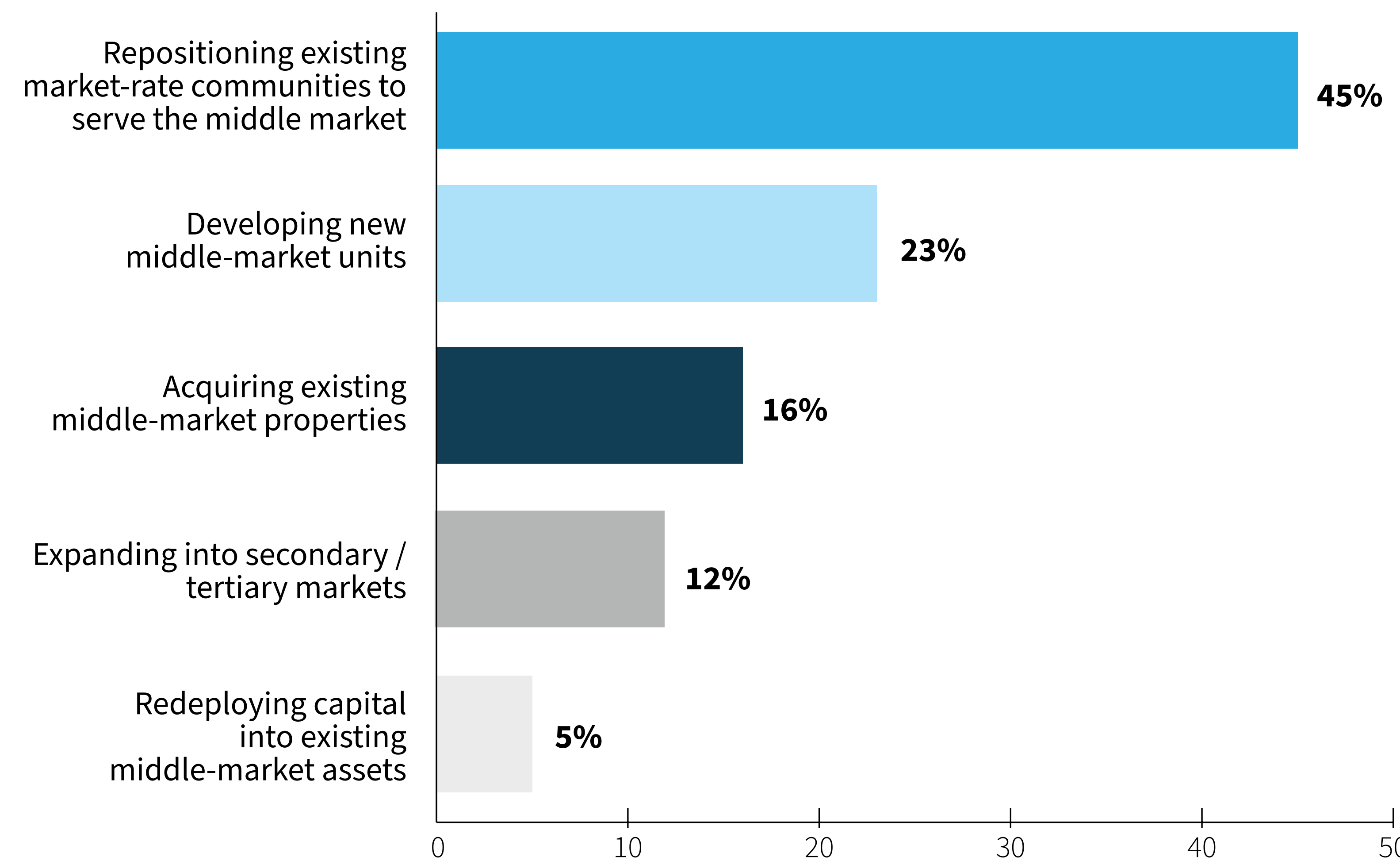
What is the top source of financing your company is seeking in 2023?

Banks, finance companies and private equity firms will be the top financing sources sought by senior living organizations in 2023.



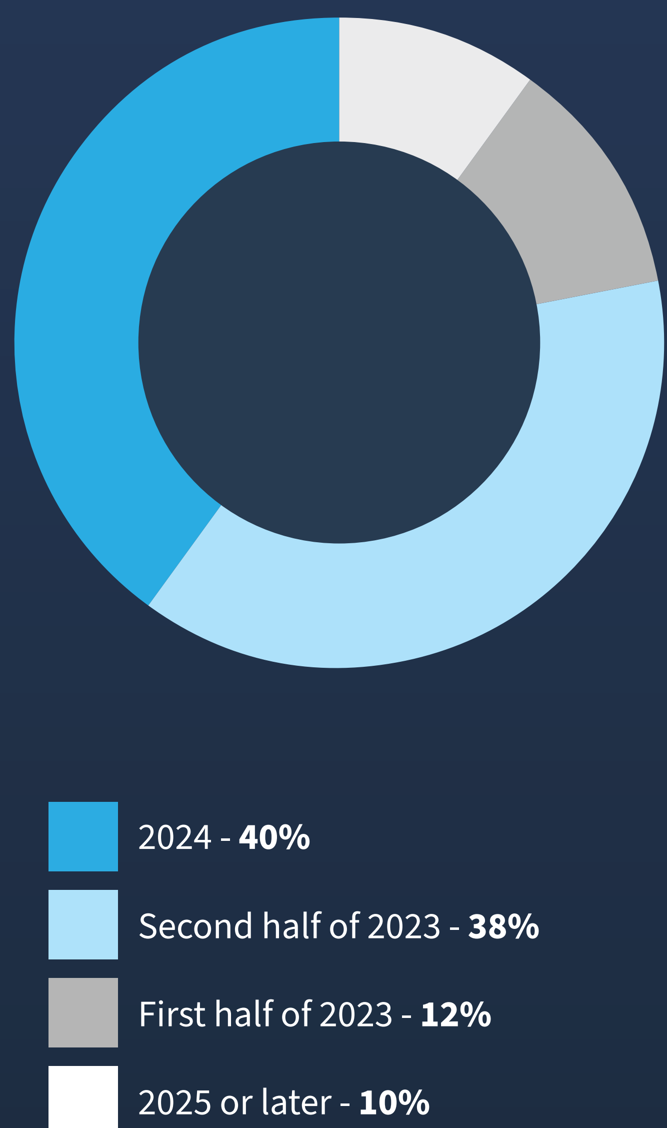
NIC data shows that by 2029, 54% of middle-income seniors won't be able to afford senior living. **What do you think will be the most popular strategy that senior housing stakeholders will employ to address the middle-market shortage?**

Nearly half of respondents believe that repositioning the existing market rate to serve the middle market will be the best strategy to address the middle-market shortage moving forward.



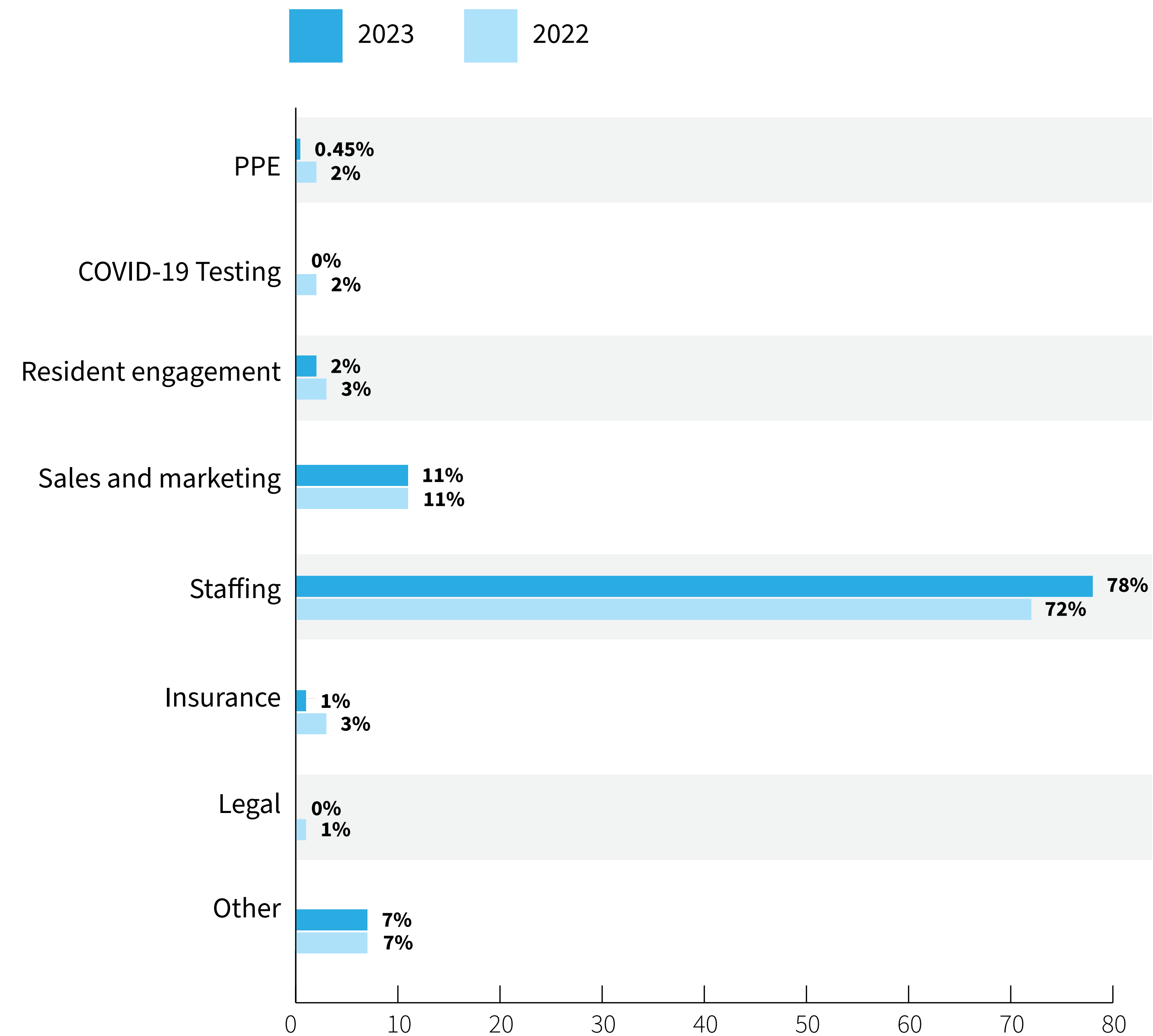
When do you think occupancy will rebound to pre-COVID levels nationally?

The majority of survey participants think that occupancy will rebound to pre-COVID levels nationally between the second half of 2023 and 2024.



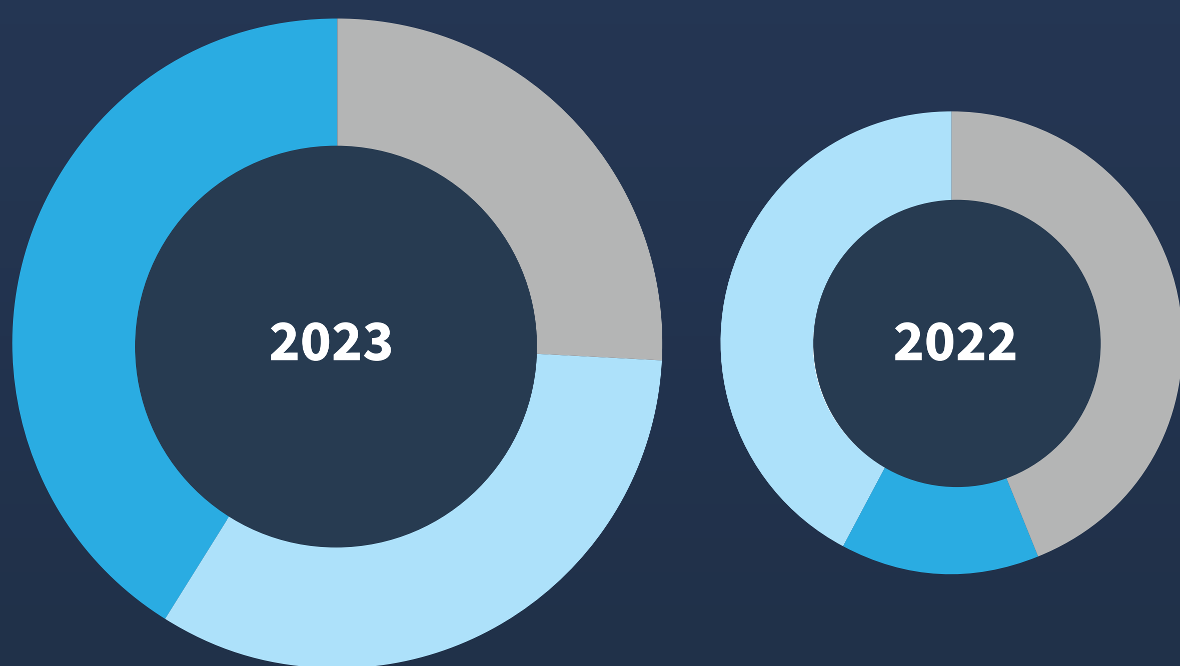
Which of the following areas will have the largest impact on your 2023 expenses?

Seventy-eight percent of respondents believe that staffing will have the greatest impact on their organization's expenses in the year ahead.



How do you foresee senior living asset valuations changing in 2023?

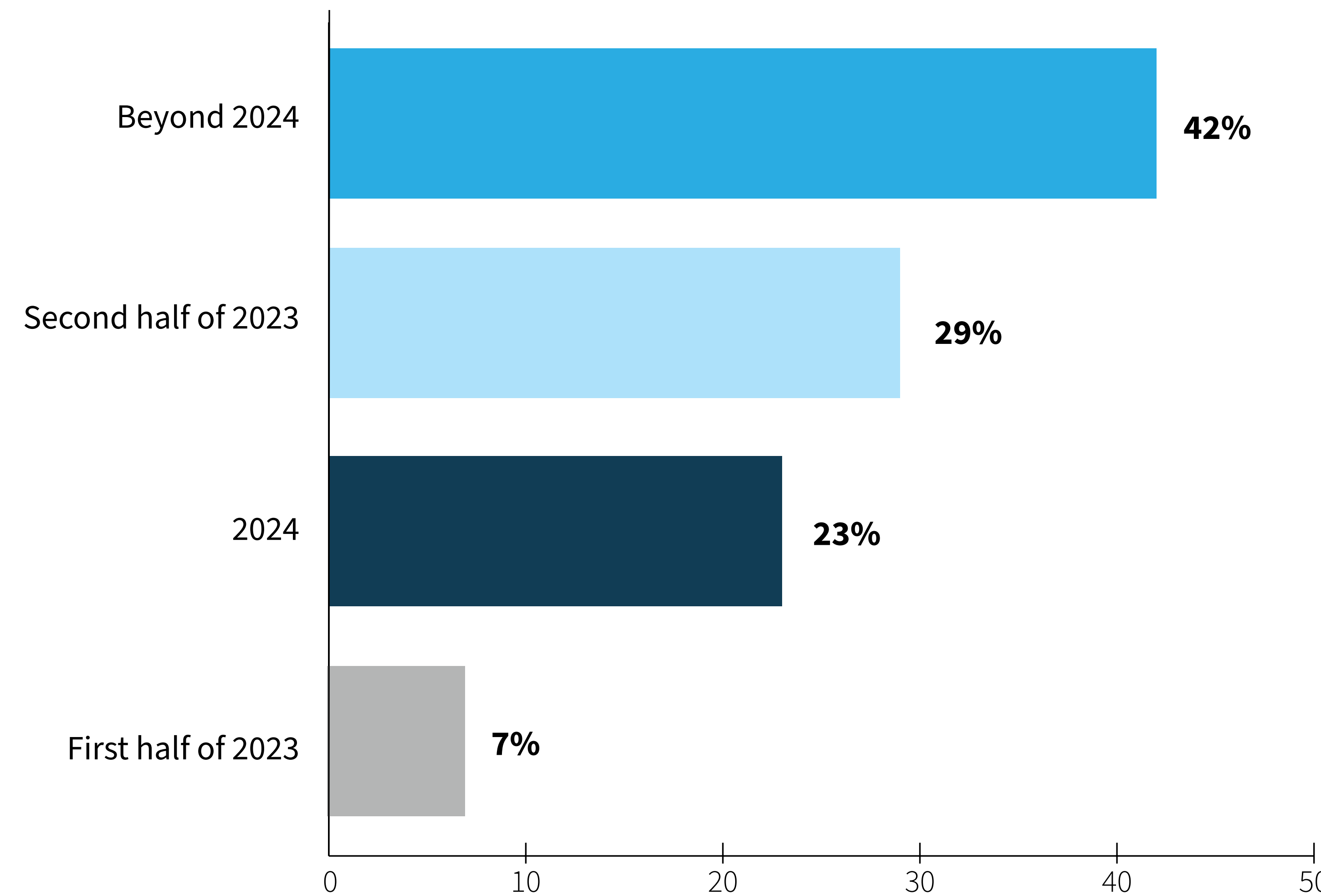
Forty-one percent of respondents believe valuations will fall in 2023.



Valuations will fall	-	2022 - 14% 2023 - 41%
Valuations will remain stable	-	2022 - 42% 2023 - 33%
Valuations will rise	-	2022 - 44% 2023 - 26%

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

More than half of respondents expect industry-wide staffing pressures to improve in the second half of 2023 or 2024.



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 2023 business strategy?

On a scale of 0-5 with 5 being the highest, participants rated the impact of rising interest rates on their organization’s 2023 business strategy a 4.

Average Response: 4

0 1 2 3 4 5

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