

CHANCERY MONTHLY NEWSLETTER

In Q2 2024, independent living move-in rates slowed significantly, and steep discounts on rental rates became prevalent across senior care types. Independent living communities saw the highest average discount at 16%, reflecting 2.1 months of free rent. Despite efforts to boost occupancy, rate growth has decelerated, raising concerns about long-term financial sustainability amid increasing scrutiny on affordability.

Senior Living Resident Rate Growth Slowing, Discounts Now at Record Levels

Independent living move-in rates in the second quarter of 2024 saw a “noticeable slowdown” compared with the same period in the previous year. The rate of steep discounting is also now higher.

According to a new NIC MAP Vision Actual Rates report, discounts between asking rates and initial rates “reached new highs” for all care types in the second quarter of 2024. Operators in independent living reported the steepest discounts.

Discounts between asking rental rates in independent living communities averaged about 16% in the second quarter of this year, an equivalent of 2.1 months of “free rent.” That’s compared to the asking rate of the communities, which increased from 1.4 months in June of last year.

Discounts in assisted living communities studied by NIC MAP Vision averaged 9.4% in the second quarter and reached a new high equivalent to 1.3 months of rent concessions. The average discount for asking rates compared to initial rates in memory care was 10.3%, equating to 1.2 months of “free rent.”

All of these factors help showcase independent living occupancy gains across the 31 markets tracked by the organization.

In June of this year, annual growth for initial move-in rates in IL was negative 0.1%, lower than the 4.1% gain reported in March and even lower still than June 2023 when senior living initial rates grew 8%.

A similar drop was seen with initial rates for assisted living, which grew by 1.8%, a decrease from 9.9% reported in June 2023, NIC data shows.

NIC	Year-Over-Year Growth for Initial Rates ¹		Discount Between Asking Rates ² and Initial Rates ¹ (in months)		Difference Between Move-Ins ³ and Move-Outs ³ (in pps)	
	Jun-23	Jun-24	Jun-23	Jun-24	Jun-23	Jun-24
Independent Living	8.0%	-0.1%	1.4	2.1	0.5	1.0
Assisted Living	9.9%	1.8%	0.8	1.3	0.4	0.2
Memory Care	8.4%	5.1%	1.0	1.2	0.6	0.3

At the same time, memory care communities across the 31 primary markets saw the highest year-over-year increase for initial rates, with a 5.1% rate growth in June, but still lower than the increase seen last summer.

In June, independent living move-ins averaged 2.6% of all inventory while the pace of move-outs averaged 1.6%. This percentage-point difference between move-ins and move-outs was the largest since “at least 2019,” NIC MAP Vision data showed.

The deceleration of rate growth across the industry comes as operators sought to “press the reset button” on rates in 2024, as previously reported by Senior Housing News, with operators acknowledging the ability to keep raising rates at a breakneck pace is not sustainable for the industry in the long-term due to customer perception on affordability.

Affordability of senior living, across all levels of the continuum, has remained a key topic of discussion in 2024, with the industry facing congressional and media scrutiny around pricing and safety. While discounting is a way to help increase occupancy, some operators feel that reducing rate and offering concessions devalues a community and the ability to remain financially viable in the future.

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