

# CHANCERY MONTHLY NEWSLETTER

*This article describes the rising demand for senior living construction, despite rapidly increasing costs and higher interest rates. The Covid-19 has eliminated some struggling communities, but high quality senior housing (especially mid-level and high-level) will face increasing competition. However, some of this pressure will be offset by the baby boomers.*

## Senior Living Construction Demand Rises in 2022 Despite Higher Costs, Rising Interest Rates

Demand among developers and operators for new senior living projects is higher in 2022 than in the prior year, even while construction costs and interest rates remain elevated.

Driving that increase in demand are favorable demographics, an expectation that construction prices will level off in 2023 and a shift in mindset from surviving the Covid-19 pandemic to planning for the future, according to construction firm Weitz Company's latest Senior Living Construction Costs report.

The report includes pricing for both mid-level projects, which Weitz has historically defined as defined as a typically wood-framed community with standard amenities and finishes; and high-level communities, which typically include steel or concrete construction and luxury amenities.

The cost per gross square foot to build a mid-level independent living community excluding sitework ranges between \$196 and \$236, according to the 2Q22 report. Last August, a similar project ranged between \$183 and \$216 per gross square foot.

High-level independent living communities ranged from \$229 on the low end to \$298 on the high end, according to the report.

For mid-level assisted living projects, stakeholders can expect to pay about \$226 to \$306 per gross square foot, an increase over the \$212 to \$272 range for similar projects last year.



While the construction industry is moving at a “brisk pace” in 2022, economic indicators such as commodity and supply chain challenges point toward a possible slowdown in development ahead.

Although federal interest rate hikes “will eventually slow the economy,” there is more than enough demand to subsist on for the foreseeable future.

“It will take some time, as the pent-up backlog caused by the pandemic works its way through the pipeline,” the report’s authors noted.

The annual inflation rate for building costs clocked in 16.1% higher in April of this year compared to April 2021, according to data from Engineering News Record.

“Some cities are experiencing building cost increases as high as 30% while others are below 10%,” the Weitz report’s authors wrote.

Moving forward, Weitz expects an average inflation rate of 1% to 1.5% per month through the remainder of the year, although “this rate should taper off in 2023 as [the] aforementioned backlog decreases.”

Construction job openings exceeded the number of new hires for the first time in 20 years in 2021, a trend that has only intensified in 2022.

*Original Article:*

<https://seniorhousingnews.com/2022/06/08/senior-living-construction-demand-rises-in-2022-despite-higher-costs-rising-interest-rates/>

## Bartlett Project Update

The Bartlett Seniors Housing Complex will be a 129-unit apartment building designed for active senior living, located at 550 Bond Street in Oshawa, ON. The Bartlett represents an affordable alternative to conventional seniors housing, offering services that permit seniors to live independently, on an à-la-carte basis through a concierge, in a regular apartment building, while providing the comfort to seniors and their families that care will be available in short order should the need arise.

- The Bartlett received the 2022 Urban Design Award from the City of Oshawa! On July 18<sup>th</sup>, The Bartlett development team was presented the award from the Mayor of Oshawa, Dan Carter. The Oshawa Urban Design Awards program celebrates projects that reflect excellence in architecture and urban design and enhance the image of the city. More specifically, the program acknowledges the significant contributions that architects, landscape architects, urban designers, planners, developers, builders, renovators and other individuals make to the appearance, livability and quality of life in Oshawa.



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