

# CHANCERY MONTHLY NEWSLETTER

*Senior living rental rates are experiencing significant growth, with independent living, assisted living, and memory care reaching near-record highs in 2023. Memory care leads with a 7.2% increase, averaging \$8,249. Independent living rates rose 8% to \$3,500, and assisted living increased 7.9% to \$6,190. These surpass inflation rates and suggest industry recovery from the pandemic, with move-in rates outpacing move-outs, contributing to bolstered occupancy recovery. The report anticipates rate growth aligning with inflation in 2024.*

## Senior Living Rental Rates Still Growing at Near-Record Pace

Senior living rental rates are still growing at a near-record pace, according to a new update from NIC MAP Vision.

Rental rates for the three main senior living product types — independent living, assisted living and memory care — “maintained near-record highs observed since the onset of 2023,” according to NIC Principal Omar Zahraoui.

Memory care was the product type with the largest rate increase in 2023, according to NIC, with an average asking rate of \$8,249 as of September. That represents a gain of 7.2% this year.

Independent living asking rates grew 8% on average this year as of September. The report states initial rates held “fairly steady” at \$3,500, though that total was below what IL operators reported in the second quarter of the year.

Assisted living operators grew asking rates by 7.9% this year, ending the third quarter with an average of \$6,190.

According to the report’s author, NIC Principal Omar Zahraoui, these rate increases exceeded the rate of inflation seen in the second and third quarters of 2023.

“I expect the pace of growth in rates will align with inflation at some point in 2024, considering historical trends and the 6-to-9-month lag [of 2022],” Zahraoui told Senior Housing News.

The increasing actual rates are “likely one of the indicators” of an industry recovery from the Covid pandemic, Zahraoui said, particularly in terms of margins and occupancy recovery.

“As occupancy rates continued to approach recovery — likely in the second half of 2024, there are rate adjustments being made to account for increased care and operational costs due to inflation, although relatively higher discounts are still being offered,” he said.

The mentioned discount rates remained similar to those seen in 2Q23, though independent living saw the greatest amount at around 12% of the asking rate. Assisted living discounts were around 8% and memory care was around 9%.

The report also notes the move-in rate has “continued to outpace” the move-out rate, resulting in a “bolstering occupancy recovery.” Independent living saw its highest move-in rate since July 2021 at 2.7% during August, with an overall average of 2.5% for the quarter. Move-outs across the quarter ranged between 1.9% and 2%.

Assisted living saw a move-in rate of 3.4% for the quarter, outpacing its 2.9% of move-outs, and memory care saw a move-in rate of 3.6% with a 3.2% move-out rate. Zahraoui wrote that memory care’s move-in percentages were the lowest observed throughout the year so far.

Overall, rate increases are in line with what operators told Senior Housing News earlier this year, which ranged from 6% to 10%. The rate increases have been “born out of operational necessity” to offset increasing expenses according to previous reporting from Senior Housing News.

Operators also added there is an “art” to rate increases, and determining that number depends on the number of available units.

*Original Article:*

<https://seniorhousingnews.com/2023/12/18/senior-living-rental-rates-still-growing-at-near-record-pace/>

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