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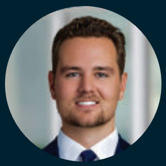
APRIL 2026

The demand decade: a generational opportunity in U.S. senior housing



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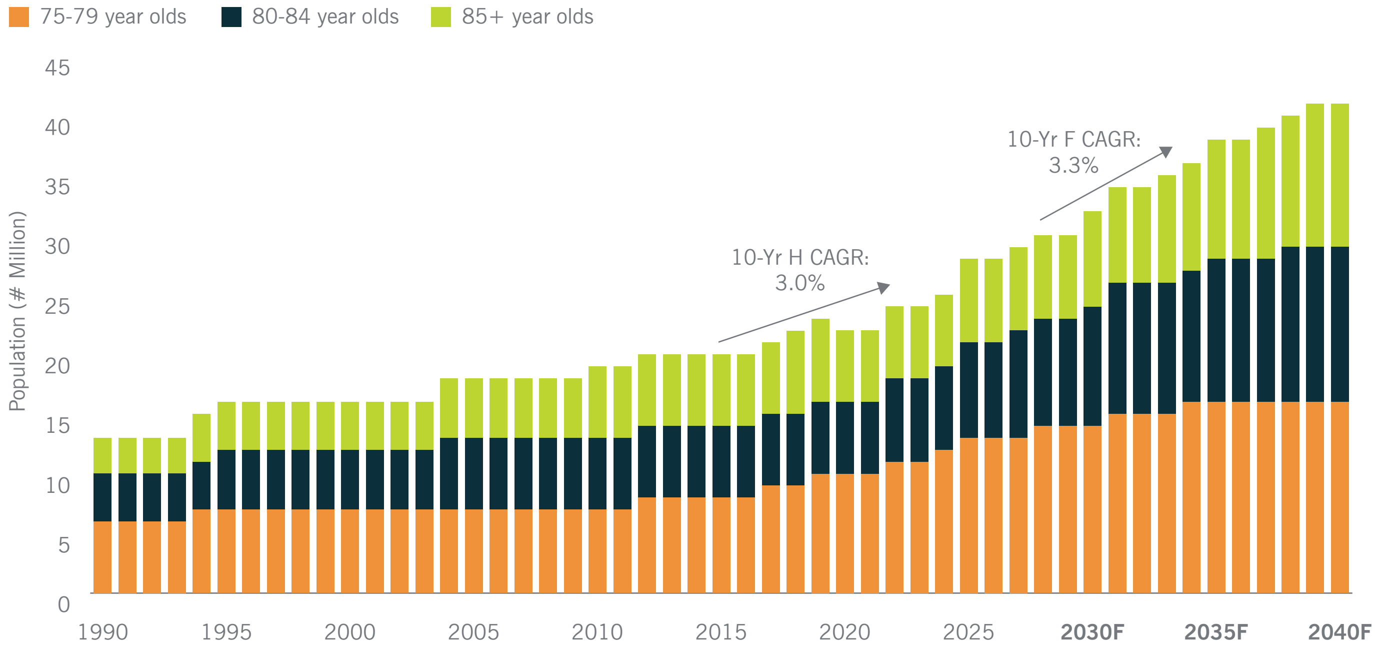
"The senior housing sector is entering one of the most compelling investment windows in a generation."

The demographic tide is turning — and investors should take notice

The senior housing sector is entering one of the most compelling investment windows in a generation. While investor enthusiasm during the last cycle was material, many market participants moved too early — ahead of the true demand wave that is now beginning to crest. The population of Americans aged 75 and older is projected to grow at a 3.3% compound annual rate over the next decade (Figure 1), representing a historic demographic shift. This is not a gradual evolution — it is a structural transformation that will fundamentally reshape where and how millions of Americans grow old.

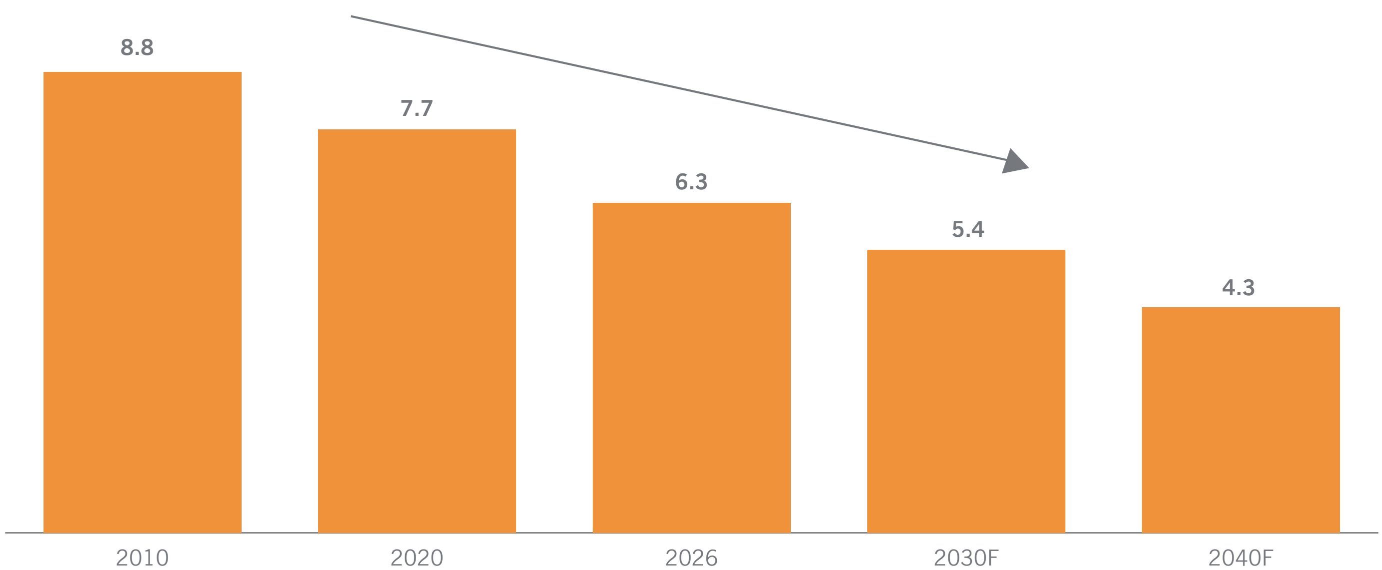
The implications are far-reaching. As this generation ages beyond the threshold where living at home becomes difficult, the need for facilities offering assisted services and specialized healthcare support will grow dramatically. However, the growing number of seniors will outpace the number of caregivers available for in-home care. The ratio of working-age caregivers to elderly Americans is expected to plunge from 6.3 in 2026 to just 4.3 by 2040 (Figure 2). This trend is likely to further increase in-home healthcare costs and drive increased demand for senior housing when seniors can no longer take care of themselves at home. The Centers for Disease Control and Prevention estimates that nearly one in five Americans over the age of 75 already needs assistance with one or more essential daily activities — a figure that is likely to grow. With the outsized cost of in-home healthcare, senior housing serves as a favorable option for seniors to age with support, care, and socialization.

Figure 1: Population of 75+ year olds



Source: Nuveen Real Estate Research; U.S. Census Bureau (BOC); Moody's Analytics Forecasted, April 2026

Figure 2: Ratio of peak caregiver population (ages 25-64) to elderly population (ages 75+)



Source: Nuveen Real Estate Research; U.S. Census Bureau (BOC); Moody's Analytics Forecasted, April 2026

Figure 3: Types of senior housing

Building features	Independent Living ("L")	VALUATIONS ("AL")	KEY TAKEAWAY ("MC")
Services offered	• Meals • Transportation • Housekeeping • Intertainment • Concierge services	IL services plus: • Assistance with bathing, grooming, dressing, eating, medication management, and other activities of daily living (ADLs)	IL & AL services plus: • Dementia care
Average resident age	83	85	85
Typical age range of residents	75-90	75-95	75-95
Average cost/month	$3,800	$6,000	~$7,600
Average length of stay	2.5 years	2 years	1.5 years
Primary payment type	Private pay	Private pay	Private pay

Source: Nuveen Real Estate Research; National Investment Center for Seniors Housing & Care; ASHA; Green Street, April 2026

Senior housing is not one-size-fits-all

Senior housing is a spectrum of care, designed to meet residents at every stage of the aging journey, and each segment carries distinct investment characteristics (Figure 3).

Independent Living (IL) communities typically serve healthy residents over the age of 75 who are seeking community, convenience, and a maintenance-free lifestyle. These higher-quality, lower-acuity facilities offer hospitality services including meals, transportation, housekeeping, and entertainment. Residents generally make the decision to move themselves, often financing the transition by monetizing home equity.

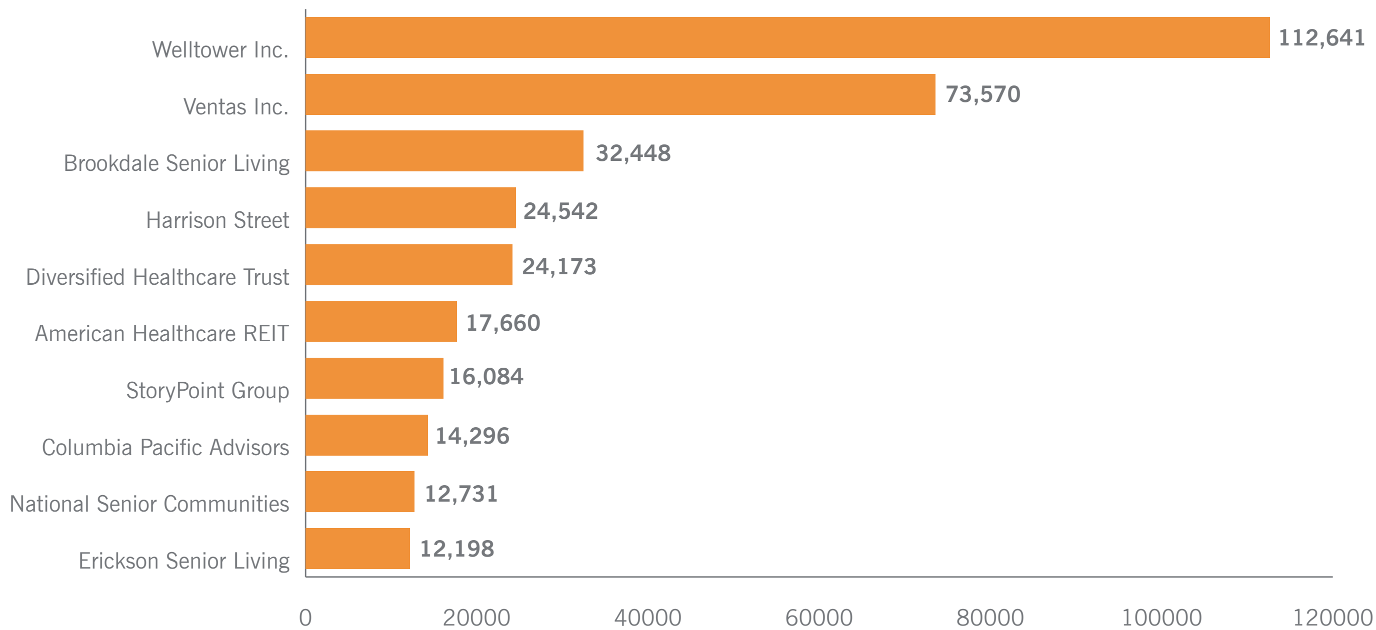
Assisted Living (AL) facilities serve an older, higher-need population, typically residents over 85, who require hands-on support with activities of daily living such as bathing, grooming, dressing, eating, and medication management. The decision to move is often a joint one made between residents and their adult children, with private assets serving as the primary funding source.

Memory Care (MC) units represent the highest-acuity segment of the private-pay senior housing market, providing specialized dementia care alongside the hospitality and support services found in assisted living settings. The scale of need here is staggering: according to the Alzheimer's Association, an estimated 7.2 million Americans aged 65+ currently live with Alzheimer's dementia, a number that could climb to 13.8 million by 2060 absent major medical breakthroughs.

Ownership: from niche to institutional mainstream

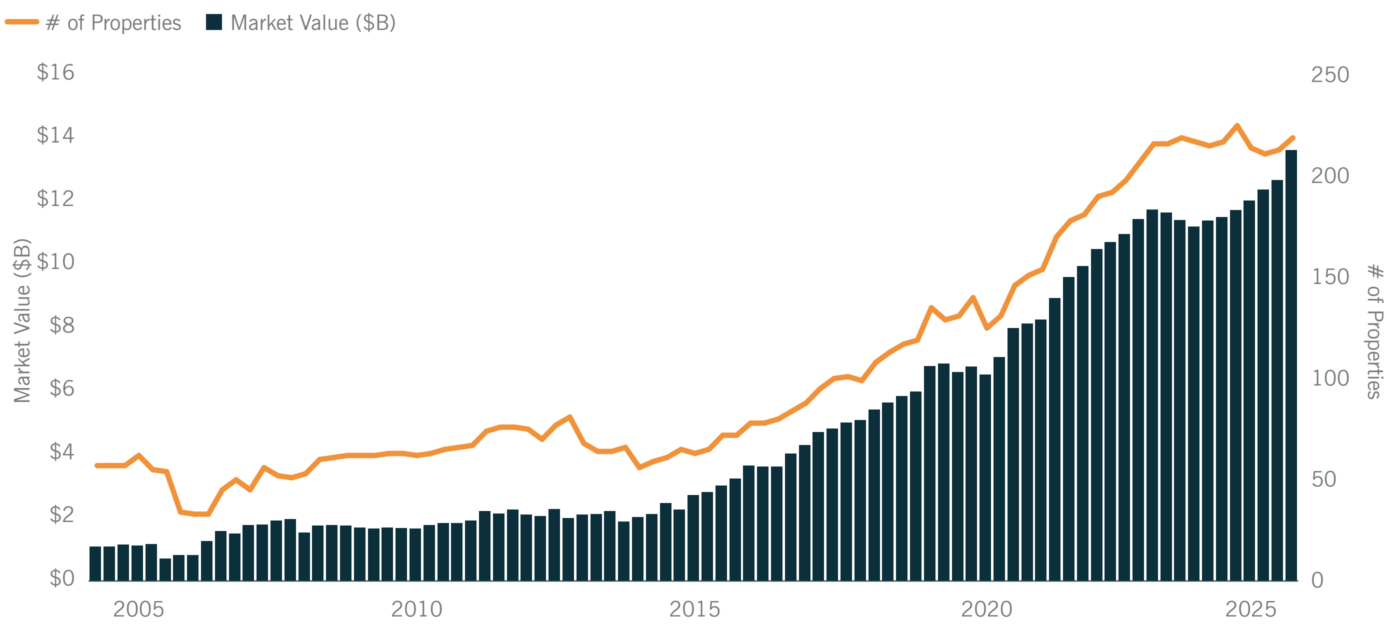
The senior housing market has historically been dominated by healthcare REITs and large owner-operators, with Welltower, Ventas, and Brookdale Senior Living collectively accounting for a significant share of total units (Figure 4). Healthcare REITs alone own approximately 20% of U.S. senior housing stock. But institutional capital has been steadily recognizing what demographic data has been telegraphing for years. Analysis of the Expanded NCREIF Property Index (NPI), a reliable proxy for institutional ownership, tells a striking story: the number of contributing senior housing properties grew from just 59 in 2014 to 219 by 2026 (Figure 5). Total market value within the Expanded NPI database has expanded from $2.0 billion to $12.7 billion over the same period.

Figure 4: Top 10 senior housing owners, by unit count



Source: Nuveen Real Estate Research; American Senior Housing Association, 2025

Figure 5: Institutionalization of senior housing (market value and properties in expanded NPI)



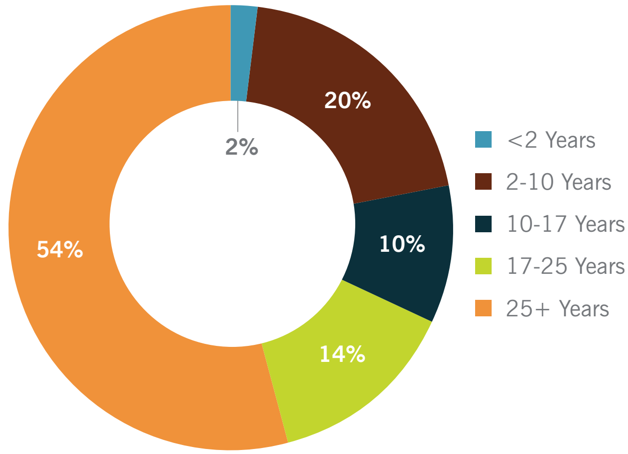
Source: Nuveen Real Estate Research; NCREIF, April 2026

An aging stock creates an opportunity

The senior housing supply wave of the last cycle led the demand wave that is occurring this decade. More than half of senior housing stock is over 25 years old and at serious risk of falling behind the expectations of tomorrow's residents (Figure 6). Older facilities tend to be smaller, designed around a single level of care, and increasingly disconnected from the modern living standards that the next generation of seniors will demand.

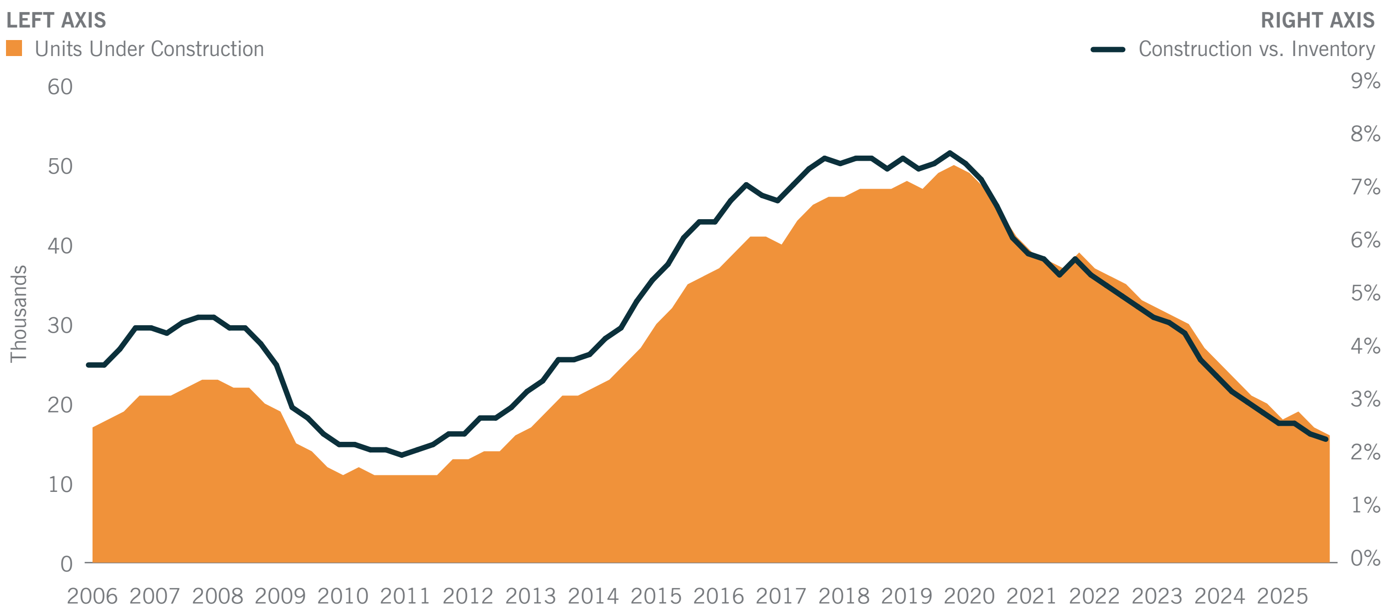
In contrast, newly developed facilities are typically configured as continuum-of-care communities, integrating independent living, assisted living, and memory care under one roof. This model is well positioned to capture residents naturally as they age and require higher levels of support, offering owners meaningful economies of scale and stronger margin profiles. The new supply pipeline has continued its downward trajectory since 2020, reaching near decade-low levels, boding well for future fundamentals (Figure 7).

Figure 6: Senior housing supply by age



Source: Nuveen Real Estate Research; NICMap, April 2026

Figure 7: Senior housing supply growth



Source: Nuveen Real Estate Research; NICMap, April 2026

Note: Primary markets 4Q2005 to 4Q2007; Primary & Secondary Markets starting 1Q2008

Building for the next generation of residents

Supply constraints alone do not guarantee superior performance; the quality and character of senior housing communities have meaningful impact. Senior housing developers who modernize layouts and thoughtfully adapt amenities to the evolving preferences of next-generation residents will be the ones that capture the strongest demand going forward. Larger units with higher square footage per resident are more desirable, driving higher occupancy. In the post-COVID-19 world, residents will also prioritize facilities with an enhanced commitment to health, wellness, and safety.

The health benefits of senior housing are clear. A research study by NORC at the University of Chicago found that senior housing residents experienced a 10% decline in relative frailty levels just one year after moving into a senior community. The researchers credited non-medical services like socialization, transportation, exercise, balanced nutrition, and medication management as having meaningful positive impacts on residents' long-term health outcomes.

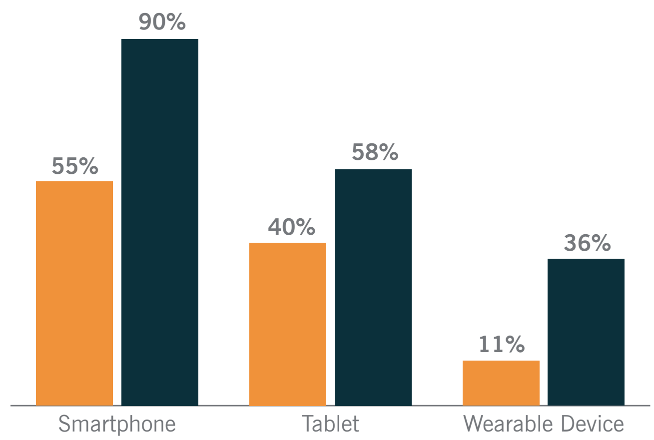
Technology integration into new communities will be integral for senior housing developers in the years ahead. According to AARP Research Center, smartphone ownership among adults aged 50+ has surged from 55% in 2016 to 90% in 2025 (Figure 8). Tablet ownership stands at 58%, and wearable device ownership has tripled to 36%. Tomorrow's senior housing residents will arrive with high digital expectations. Facilities offering dedicated smartphone apps for concierge services and on-demand assistance, on-site video conferencing centers for telehealth visits, and fully integrated property technology platforms will have a clear competitive edge. This is already becoming the baseline expectation.

The wealth of seniors supports and protects demand

One of senior housing's most underappreciated investment attributes is its insulation from government policy risk. Because senior housing is funded almost entirely through private, out-of-pocket expenditures, it does not face the "stroke of the pen" risk that shadows Medicare or Medicaid-dependent healthcare assets. Demand is driven by household wealth, savings, and home equity not by shifting reimbursement schedules in Washington.

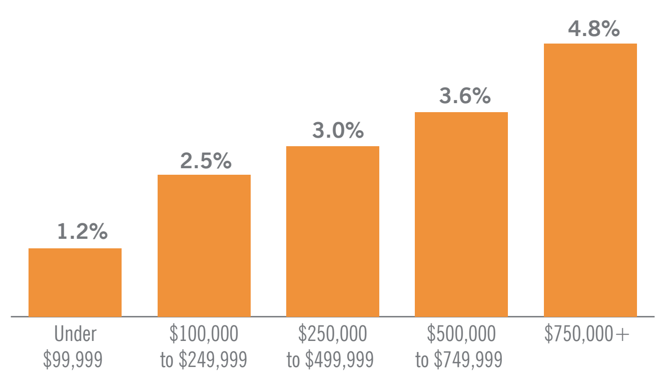
The wealth profile of the relevant demographic is encouraging. According to StratoDem Analytics, the median net worth of Americans aged 75 and older is $255,000, enough to cover nearly four years of senior housing costs. Even more striking is the growth trajectory: the wealthiest cohort of 75+ year old households is projected to experience the strongest growth between 2025 and 2030, with households worth $750,000 or more growing at 4.8% annually, significantly outpacing lower net worth tiers (Figure 9). This suggests that the residents most capable of affording premium senior housing will represent a disproportionate share of growth in the years ahead.

Figure 8: Percent of adults (50+ year olds) who own a tech device



Source: Nuveen Real Estate Research; AARP Research, April 2026

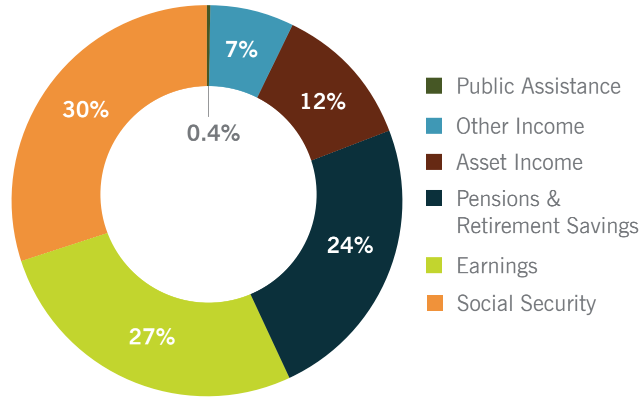
Figure 9: Forecasted growth of 75+ households by net worth cohort (25-30, % pa.)



Source: Nuveen Real Estate Research; StratoDem Analytics, April 2026.

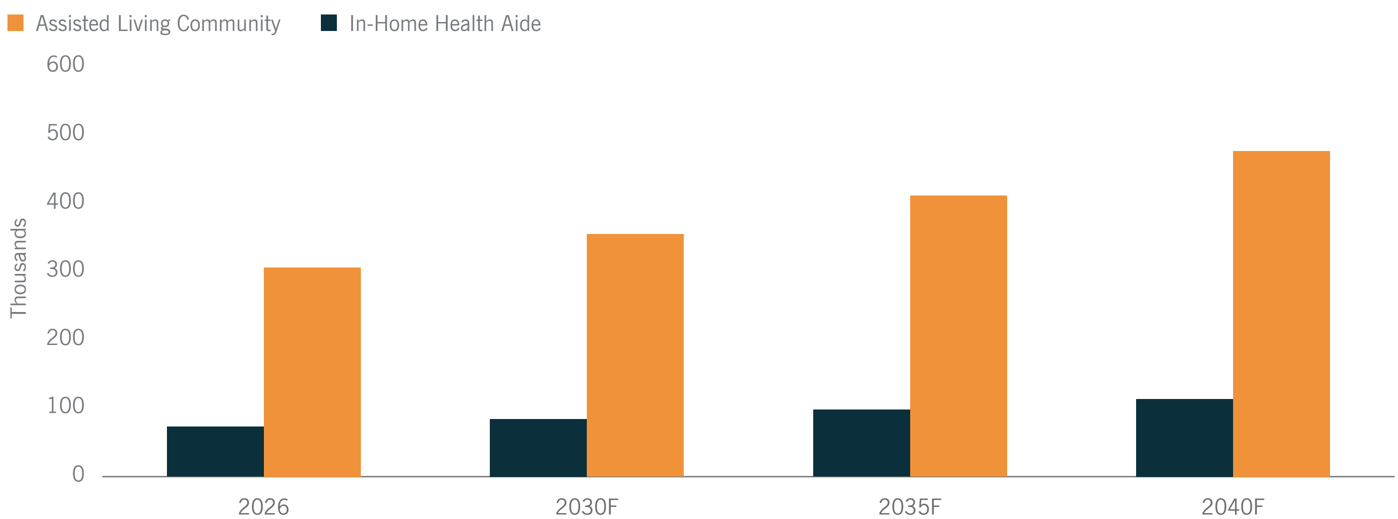
Income sources for seniors extend well beyond home equity. Social Security accounts for 30% of income for the 65+ population, followed by income earned at 27% and pensions and retirement savings at 24% (Figure 10). This diversified income base provides meaningful resilience. Perhaps the most powerful affordability argument for senior housing is the cost comparison with in-home care. Today, full-time in-home health aide services cost more than $72,000 annually — compared to roughly $305,000 in cumulative costs for assisted living over a similar horizon. But the gap is widening. By 2040, in-home care costs are projected to reach over $113,000 per year, while assisted living costs are projected to grow far more modestly (Figure 11). Senior housing does not just provide comparable or superior care it increasingly does so at a structural cost advantage.

Figure 10: 65+ year old income by source



Source: Nuveen Real Estate Research; Congressional Research Service's analysis of data from the 2019 Health and Retirement Study (HRS)

Figure 11: Cost of senior housing vs. in-home health aide



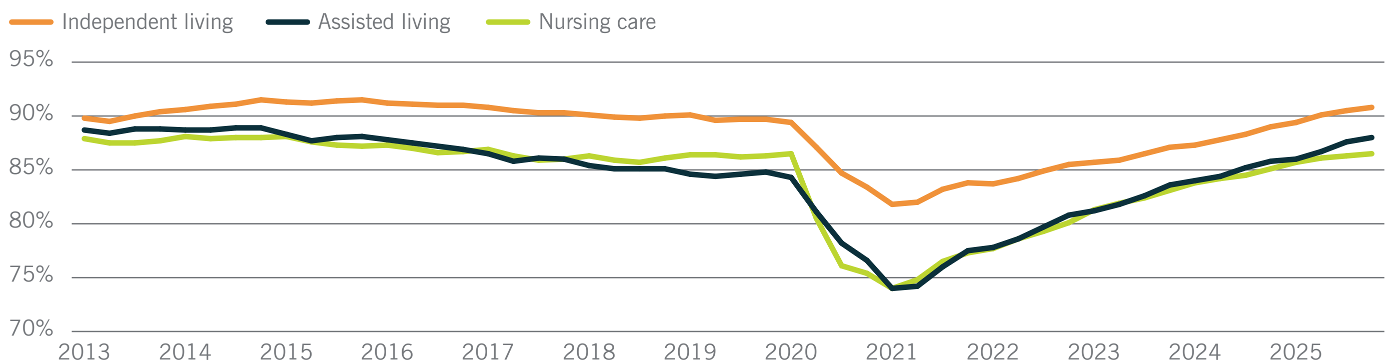
Source: Nuveen Real Estate Research; NICMap; Genworth Cost of Care, April 2026
Note: In-home health care working 24/7

COVID-19 was a disruption, not a derailment

The passage of the One Big Beautiful Bill on July 4, 2025 brought relief to the municipal market by preserving the municipal tax exemption. While broader federal policy changes may still impact certain sectors, individual securities will be positioned differently based on their fundamentals. This environment makes rigorous credit selection critical for generating outperformance.

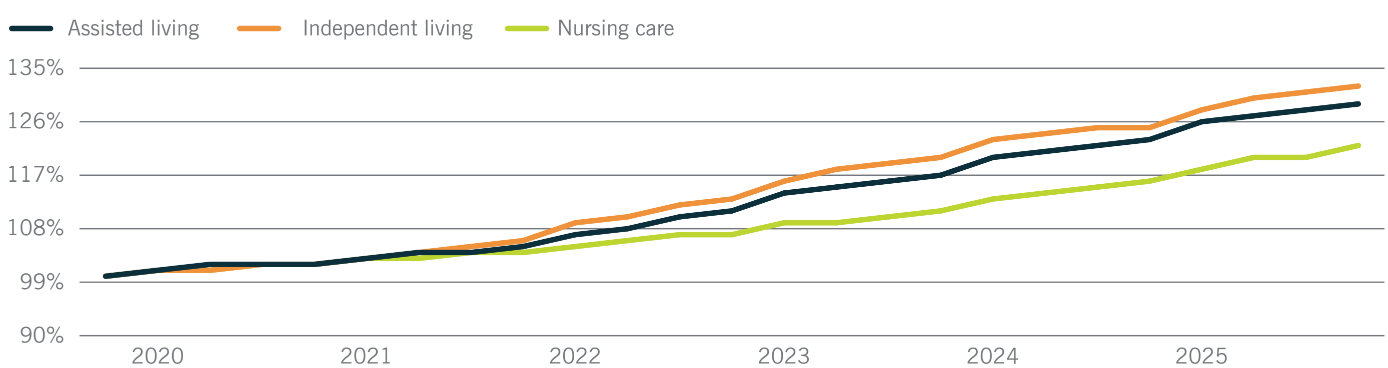
The pandemic struck senior housing communities with devastating force, reducing occupancy and disrupting operations in ways that tested the entire industry. Higher-acuity settings bore the greatest burden, with memory care and skilled nursing properties experiencing the highest COVID-19 mortality rates. Occupancy data from NICMap illustrates the scale of the disruption: from Q4 2019 to Q1 2021, occupancy fell 790 basis points in independent living, 1,080 basis points in assisted living, and 1,230 basis points in nursing care (Figure 12). What is equally notable, however, is the resilience the sector demonstrated through and after the crisis. Rent growth never turned negative throughout the pandemic. Since mid-2021, it has not just recovered — it has accelerated, particularly in the assisted living segment (Figure 13). The pandemic stress-tested senior housing and the sector proved its fundamental demand drivers were not broken. Families still need care for aging parents. Seniors still benefit profoundly from community living. If anything, COVID-19 clarified and accelerated the need for next-generation facilities built around health, safety, and technology.

Figure 12: Senior housing occupancy by type



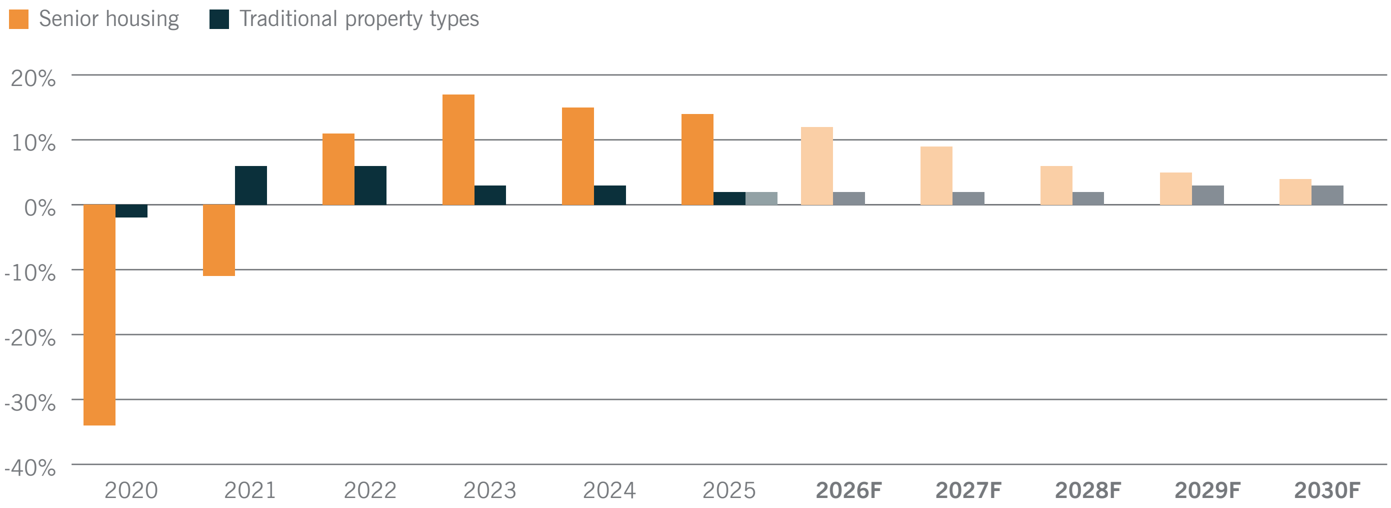
Source: Nuveen Real Estate Research; NICMap, April 2026

Figure 13: Senior housing indexed rent growth (100=Q4 2019)



Source: Nuveen Real Estate Research; NICMap, April 2026

Figure 14: Senior housing NOI growth forecast



Source: Nuveen Real Estate Research; Green Street, April 2026

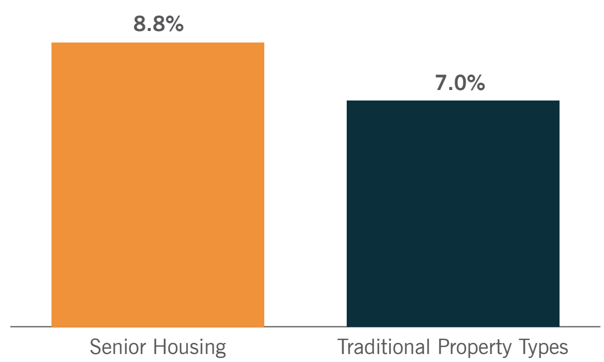
The performance outlook: poised to outperform

The senior housing sector is well-positioned for future out-performance. Projections from Green Street indicate that senior housing NOI growth will substantially outpace traditional property types through the end of the decade (Figure 14). After experiencing the acute disruption of COVID-19 in 2020, senior housing NOI growth has already surged into the high teens and is expected to sustain elevated growth rates well above traditional real estate property types through 2030.

On a risk-adjusted return basis, the forecast is compelling. For stabilized core opportunities, senior housing is projected to deliver expected returns of 8.8%, compared to 7.0% for traditional property types — a spread of 180 basis points that reflects both the sector's structural demand advantage and the significant opportunity embedded in redeveloping and modernizing an aging supply base (Figure 15).

The convergence of accelerating demographic demand, constrained new supply, and recovering fundamentals creates a performance setup that is differentiated from other real estate sectors. In our view investors who develop next-generation senior living facilities designed around technology, safety, wellness, and the continuum of care will be well positioned to capture the defining real estate investment opportunity of the next decade.

Figure 15: Expected senior housing sector risk-adjusted returns



Source: Nuveen Real Estate Research; Green Street, April 2026

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