

Senior Housing Trends to Watch in 2026

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The senior housing industry enters 2026 in a position of significant strength, supported by sustained demand, disciplined new development, and renewed investor confidence. According to NIC MAP®, occupancy levels continue to rise at a steady pace, rent growth has normalized above 4% annually, and transaction activity remains robust. At the same time, the industry faces a critical long-term challenge: the [growing supply-demand imbalance](#) as new construction lags the accelerating aging of the population.

These dynamics define the current market landscape—one where the [market fundamentals](#) of occupancy, rate growth, and transactions are converging toward an era of improved performance and sustained opportunity. Below are **five key trends shaping the senior housing and care sector in 2026**, and what they mean looking into 2027.

1. Occupancy Approaches 90% as Demand Surges Against Limited New Supply

Senior housing occupancy has continued to advance quarter after quarter, driven by robust consumer demand and historically low new supply. As of the third quarter of 2025, occupancy increased 70 basis points to 88.7% across the [31 Primary Markets tracked by NIC MAP](#), marking

the seventeenth consecutive quarter of improvement. Independent living surpassed 90% occupancy for the first time since 2019, and assisted living reached 87.2%.

This sustained trajectory points toward an industry-wide average approaching 90% by 2026, with occupancy improving by roughly 50 basis points per quarter. The drivers are clear: elevated absorption alongside muted inventory growth. In 3Q25, fewer than 1,500 new units were added to Primary Markets, representing just 0.7% year-over-year growth, the lowest on record since NIC MAP began tracking supply data in 2006.

With net absorption outpacing new openings for seventeen straight quarters, the sector continues to experience a sustained period of high demand and constrained new supply. Even as construction eventually accelerates in the coming years, it will take multiple years for new projects to open. This suggests that the senior housing industry will experience continued occupancy gains through 2026 and possibly reach industry-wide stabilized occupancy levels near 93% by 2028. With occupancy nearing full recovery levels, attention has shifted toward pricing discipline and rent stabilization – an equally important indicator of sustained market health

2. Asking Rent Growth Normalizes Above 4% Annually

Following several years of volatility, asking rent growth has stabilized above 4% year-over-year, consistent across both independent living (IL) and assisted living (AL) communities and across Primary and Secondary Markets.

According to NIC MAP data, same-store asking rents grew 4.3% annually in 3Q25, with assisted living edging slightly higher at 4.4% and independent living holding at 4.2%.

This rate of growth represents a stabilized range for the sector—above the pre-pandemic trend of roughly 3% to 3.5%, yet below the exceptional levels recorded during the inflationary peaks of 2022 and 2023. What is most notable is the consistency of rent growth across product types and markets, signaling stability rather than escalation. Between 2021 and 2023, annual rent changes ranged from 1.3% to 6.2%, reflecting the sector's adjustment to rising labor and operating costs. As cost pressures have moderated and occupancy has improved, operators have been able to maintain steady rate growth while simultaneously expanding margins. The current environment suggests that asking rents have entered a sustained balance, where rate increases align with operational stability and margin expansion. Stable rent growth, paired with elevated occupancy, reflects a sector operating from a position of balance rather than volatility. Yet this balance masks an emerging challenge: the scarcity of new supply.

3. New Construction Remains Historically Low Despite High Absorption

One of the most striking data points through 2025 is the sustained decline in construction activity. Units under construction in Primary Markets fell to roughly 17,000 as of 3Q25, the lowest level since 2012. At the same time, rolling four-quarter absorption continues at a healthy 3.5% to 4.5%

annualized rate.

The result is an elongated period of supply-demand imbalance, where nearing record-high occupancy and consistently high absorption are met with record-low construction starts. As of 3Q25, nearly 60% of the 140 markets tracked by NIC MAP **currently have no new senior housing development projects underway**, a dramatic shift from three years ago when only one-third of markets had no active construction.

This lack of new development is both a symptom and a signal: elevated construction costs, limited capital availability, and tighter financing conditions have restricted new starts even as fundamentals strengthen. The Senior Housing Market Outlook Report notes that to maintain 90% occupancy by 2030, the industry would need to develop at nearly twice its historical maximum pace—a formidable challenge given today’s environment. Looking ahead, this persistent supply constraint means that demand will continue to exceed available inventory, providing a multi-year tailwind for occupancy, rate growth, margin, and asset value. While limited construction constrains near-term inventory, it has also created favorable conditions for asset performance and [investor](#) confidence, reflected in rising transaction activity.

4. Transactions and Margins Strengthen Amid Renewed Investor Confidence

Transaction activity in 2025 underscored a resurgent appetite for senior housing investments. Preliminary NIC MAP data for the third quarter show \$4.2 billion in closed transactions during the third quarter alone, bringing the rolling four-quarter total to \$21.8 billion, up more than 40% from a year earlier.

Publicly traded REITs have been especially active. Ventas, Welltower, and others accounted for a rising share of transaction volume, collectively acquiring thousands of units across multiple markets. Welltower’s portfolio unit count increased by 44% over two years, driving its senior housing holdings to nearly 130,000 units.

Pricing trends mirror this resurgence. The rolling four-quarter price per unit reached \$174,000 in 3Q25, up 14% from the prior quarter and 43% from the prior year. The number of properties traded exceeded 1,000 over the same period, a 7% increase year-over-year.

The improvement in pricing and volume aligns with data showing expanding NOI margins among public REIT operating portfolios. NIC MAP data indicate that average operating margins surpassed 25% in mid-2025, the highest since 2018, as occupancy and rent growth outpaced expense inflation.

Taken together, the transaction and margin trends point to a sector characterized by stable cash flows, asset value growth, and investor conviction. With constrained development limiting new supply, acquisition activity is likely to remain elevated through 2026 as institutional and private

buyers seek scalable exposure to a long-duration demand curve. These performance gains, however, exist within a broader challenge – meeting the long-term demand curve that extends well beyond the current cycle.

5. A Long-Term Investment and Development Challenge Ahead

The Senior Housing Market Outlook Report highlights a structural issue that extends beyond current performance: the widening development and investment gap. As shown in the analysis, meeting future demand will require an unprecedented level of new construction and capital formation.

At current penetration rates, the industry would need to develop nearly twice its maximum historical pace each year for the next two decades just to maintain 90% occupancy. Cumulatively, this equates to more than \$1 trillion in required investment by 2041, with an estimated \$800 billion supply gap at the current pace of development. This challenge is magnified by the aging of existing stock. Nearly half of today's senior housing inventory was built before 2000, and functional obsolescence will continue to reduce effective capacity over time.

In short, while the near-term fundamentals are exceptionally strong, the industry faces a long-term structural shortfall in new inventory. Addressing it will require coordinated investment across developers, operators, and capital providers.

For a deeper examination of this issue and the supporting data, readers can download the full NIC MAP Senior Housing Market Outlook Report [here](#).

Looking Forward: What 2026 and 2027 Could Bring

The data collectively point toward a sustained period of high demand, low supply, and operational stability across the senior housing sector. The implications for 2026 and beyond are clear:

1. Occupancy will continue to strengthen, with the industry reaching 90% in 2026 and potentially stabilizing near 93% by 2028.
2. Annual rate growth remains healthy and predictable, providing a stable foundation for margin expansion.
3. Transaction activity will persist, supported by improving asset values, expanding margins, and long-term demographic confidence.
4. Limited construction starts ensuring near-term imbalance to supply, though they underscore the longer-term challenge of insufficient supply.
5. Capital formation and development innovation will be critical to meeting the next decade's demand, requiring sustained investor participation and policy engagement.

Even as financing conditions remain complex, the fundamentals of the senior housing market—high demand from aging population, durable margins, and expanding institutional participation—suggest a durable opportunity. The sector's stability and visibility make it well-positioned heading

into the coming years, as the demographic wave continues to reshape housing and care for older adults.

Conclusion

The senior housing sector enters 2026 with a compelling mix of high occupancy, steady rate growth, and rising transaction activity, supported by measurable margin improvement and a limited pipeline of new development. These dynamics create both opportunity and urgency: the industry is performing well today, but the long-term demand curve demands accelerated investment tomorrow.

NIC MAP provides an unparalleled lens into senior housing fundamentals – helping investors, developers, and operators evaluate occupancy, transaction, and development trends impacting the years ahead. Download the [Senior Housing Market Outlook Report](#) to benchmark your 2027 investment and development strategy using NIC MAP data, the most comprehensive view of senior housing performance available.

About the Author



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Dustin Shandri is a Senior Housing Market Specialist with NIC MAP. Dustin provides support and expert services across the organization including data collection and engineering, utilizing over a decade of industry experience. As a former power-user of NIC MAP at one of the largest Senior Housing operators in the country, Dustin brings not only industry expertise but critical value in representing subscriber's needs and goals.