

# Clarion Calls Senior Housing: Demographic Trends Drive Demand

## An Aging U.S. Population Drives a Strong Growth Outlook for Senior Housing

## What You Need to Know

- ✓ The U.S. population is aging rapidly due to the very large Baby Boomer cohort, combined with increased life expectancies
- A substantial rise in healthcare spending has led to innovations in medicine and care
- ✓ These favorable macro trends, combined with continued post-pandemic recovery, support expectations for the sector's continued outperformance

#### **Demand Drivers**

#### > Healthy and wealthy seniors demographic

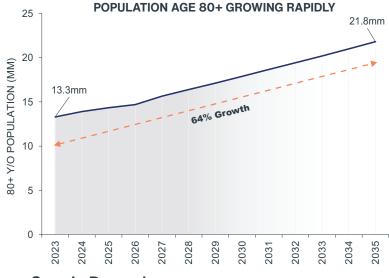
- By 2035, the 80+ population is expected to grow by 7.8 million people, a cumulative increase of 56%.
- The median net worth of seniors' households is 3x the cost of an average stay in a senior housing facility.<sup>1</sup>

# Increased healthcare spending has led to innovation

- Elevated public and private funding, as well as continued growth in R&D spending, have led to breakthroughs in medical technology.
- These advancements have improved health outcomes and should contribute to a continued rise in average life expectancy.

# Pent-up demand has led to firmer market conditions

- Older adults, who may have delayed the transition to senior living facilities because of COVID, are now moving.
- The rise in operational costs from upward pressure on wages and the limited healthcare labor pool postpandemic has begun to subside.



## Supply Dynamics

#### Muted near-term new supply

- Inventory growth is at its lowest in more than a decade because of elevated construction costs and limited development capital.
- New supply is projected to fall well short of demand, which should contribute to a continued improvement in seniors housing market fundamentals.<sup>2</sup>

### High barriers to entry for new construction benefits existing building owners

- There is a scarcity of available land that is both zoned appropriately and located within strong micro-markets.
- Since these assets are operationally heavy, they require experienced developers and operators to manage effectively.

# Scale and age are critical to operational efficiency

- Continuum-of-care campuses allow for aging-in-place and provide greater value for prospective residents.
- Purpose-built products less than 20 years old seems to be positioned to outperform.

¹ US Census, Green Street and Clarion Partners Global Research.
² NICMAP, Moody's Analytics, and Clarion Partners Global Research.
Source: U.S. Census Bureau (BOC); Moody's Analytics Forecasted, Clarion Partners Global Research, 1Q 2025.
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