



# An Analysis of Recent Senior Housing Market Construction Cycle Trends

2022 proved to be a dynamic year of change for the new construction of senior housing.

For instance, one of our [key senior housing](#) market data trends during the third quarter of 2022 was that senior housing construction activity continued to “cool” in many markets, slowing to 5.3% of Primary Market inventory from a peak of 7.9% in late 2019.

*The length of construction cycles, higher financing costs, and rising interested rates are likely impacting this slowdown.*

As a result, more insight into construction trends may be called for to give industry stakeholders a chance to react to new developments and make better-informed decisions.

NIC MAP Vision is now offering senior housing market data that gives [a better view into more construction projects](#). Our recent NIC MAP data indicates that construction cycles are indeed lengthening.

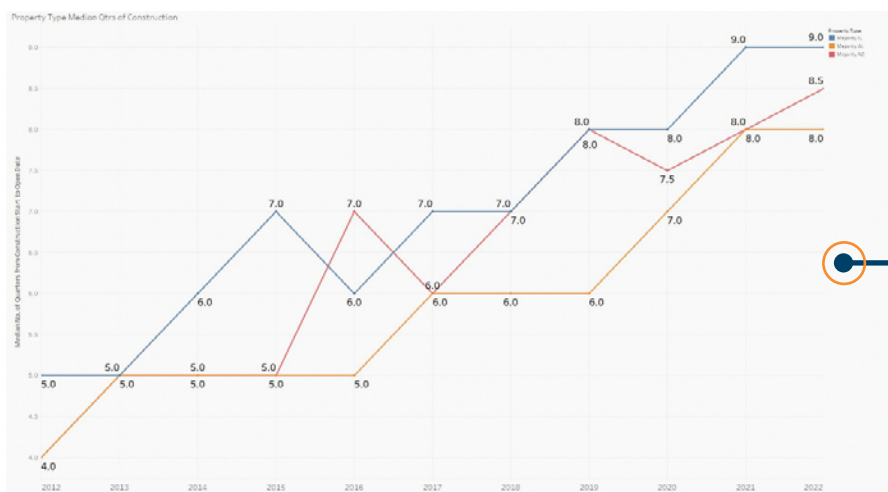
**This piece explores the current trend of increasing construction periods, how project scale, unit count, property type, and sector affect the time it takes to complete a project, and how construction cycles differ based on the state, region, and metro area of the United States.**

# Construction Cycle Trends in the Senior Housing Market:

## KEY FINDINGS

### 1. Property construction currently takes 62.5% longer to complete than in 2012.

Ten years ago, senior housing property construction took a median number of five quarters to complete. Prior to the pandemic, low barrier to entry markets were experiencing [oversupply concerns](#) and [high barrier entry to markets](#) were timely to pursue. In 2021 and 2022, it took eight quarters to complete a senior housing or nursing care property. Post-pandemic, developers and investors will have to work through rising construction and labor costs related to their development projects.



**Chart #1:** Median Number of Quarters for Construction Completion by Year Property Opened

Source: NIC MAP data, powered by NIC MAP Vision

### 2. The number of units a construction project has directly impacts the construction cycle.

Generally, the smaller the project, the less time it takes to complete construction. While the gap between project scale remains, historical senior housing market data points to increasing construction periods for all projects regardless of the number of units.

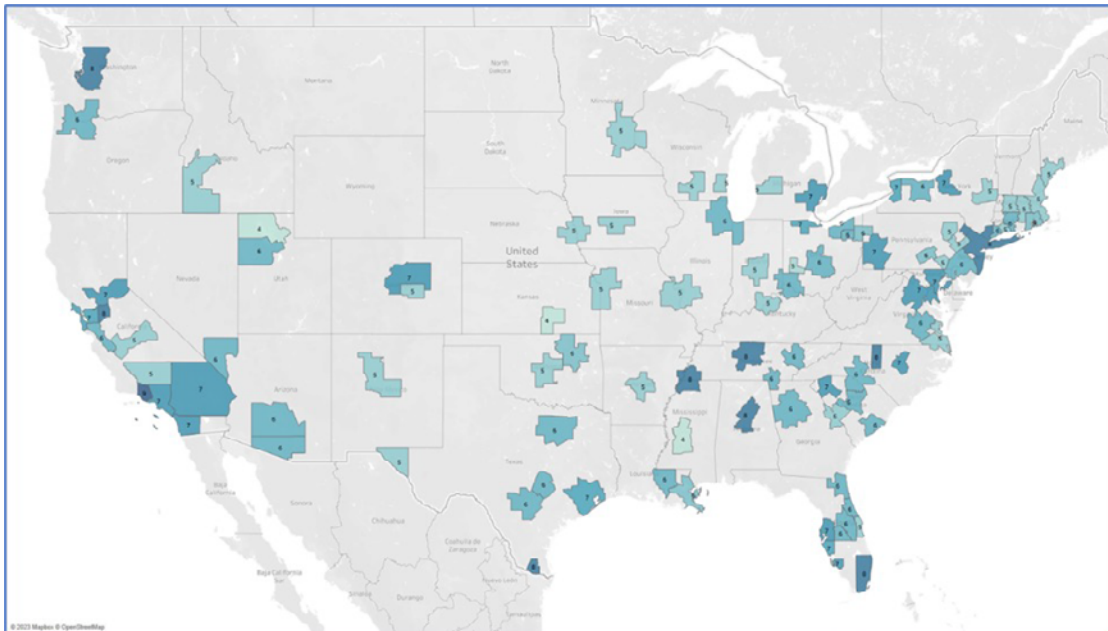
- Before 2020, the median construction cycle was five quarters for properties under 100 total units and eight quarters for properties with more than 200 total units.
- From 2020 to 2022, the median construction cycle was seven quarters for properties under 100 total units compared to nine quarters for properties with more than 200 units. This was largely due to the pandemic and disruption in supply chains during that time.

### 3. In the senior housing market, we find Majority Independent Living projects take slightly longer than Majority Assisted Living projects. In addition, Continuing Care Retirement Communities (CCRCs) take longer than Senior Housing or Nursing Care projects.



### 4. Construction cycles differ by region, and metropolitan areas.

- Metropolitan markets in the Pacific and Mid-Atlantic regions of the United States have had longer construction cycles compared to the South and Midwest regions.
- Specific metropolitan areas (MSAs) of the country have had longer construction cycles. These include New York, NY; Seattle, WA; Miami, FL; Washington DC; and many primary and secondary metros in California.



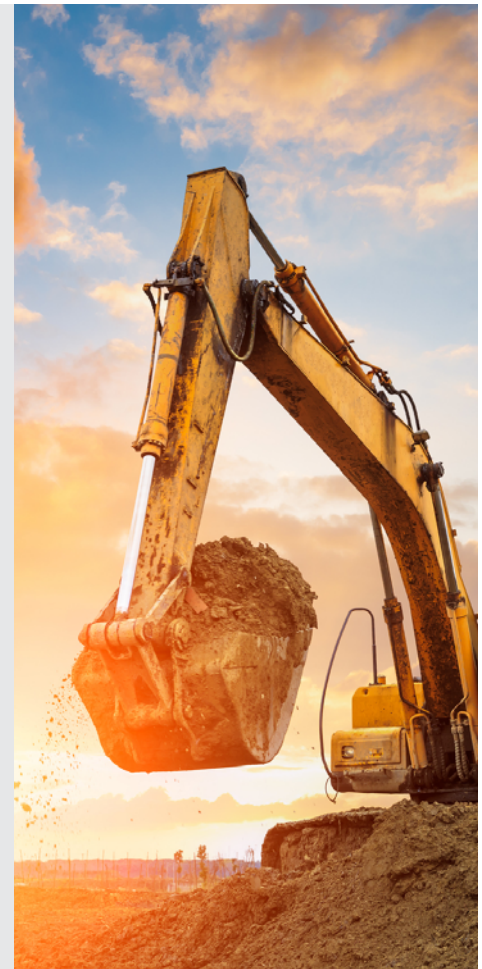
**Chart #2:** Median Number of Quarters for Construction Completion by Primary and Secondary Markets. All Properties Opened from 2013-2022  
Source: NIC MAP data, powered by NIC MAP Vision

## Construction cycle differences are due in part to a variety of factors, such as:



### Availability of development opportunities in high density markets

Urban centers and densely populated areas such as New York and northern California simply have less space available for senior housing development. NIC MAP Vision occupancy data indicates that these markets have high sustained occupancy rates, steady rent increases, and less new inventory for development. To enter these markets, developers often elect to invest in an existing property rather than develop a new one. By contrast, areas with suburban population growth like in the South and Midwest have more space available for development, which easily meets the demand for new senior housing.



### Regulatory and financial barriers to entry

Federal, state and local governmental regulations, union labor requirements, and climate-friendly code standards for engineering and construction could lengthen a construction cycle and lead to more time required for a groundbreaking as opposed to an investment in existing construction. It can be financially more realistic for investors and developers to build horizontally in a suburban market than vertically in a metropolitan area. They can quickly and easily enter suburban markets in the South and Midwest, which is why markets like Houston and Atlanta continue to have oversupply concerns despite historic absorption (demand).

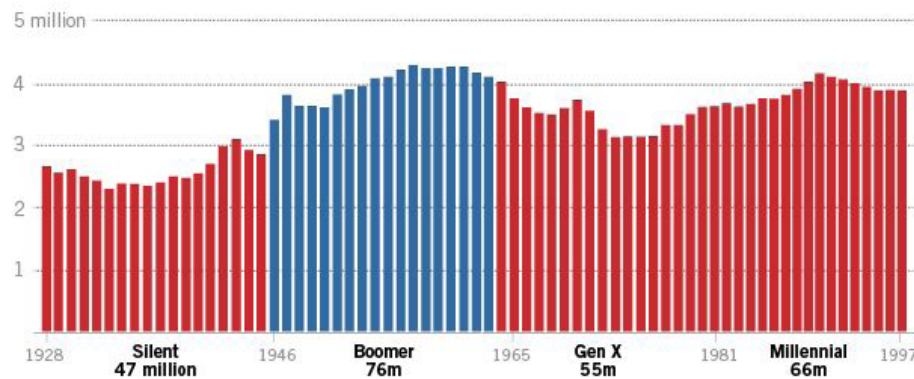
# Senior Housing Market Data:

## CONCLUSIONS

1. There is room for optimism about improvements in construction cycles for senior housing development opportunities because they will be highly influenced by future trends in a key demographic: the Boomer Generation.

### Births Underlying Each Generation

Number of U.S. births by year and generation



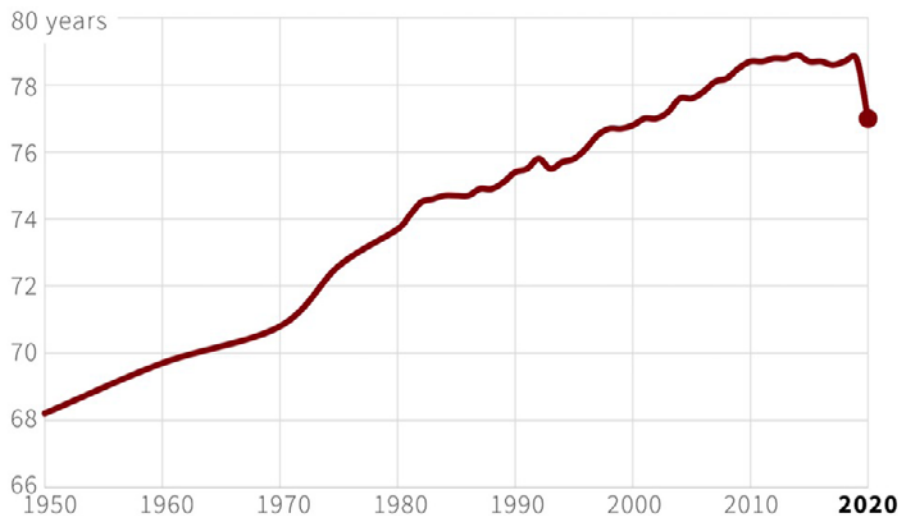
Source: U.S. Dept. of Health and Human Services National Center for Health Statistics

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Boomers, the result of a large spike in births during the 1940's, 50's and 60's, are approaching age 80. This means that the senior population of the United States is increasing dramatically. [\(chart link\)](#)

### Off a cliff

Life expectancy at birth in the United States, 1950 -- 2020



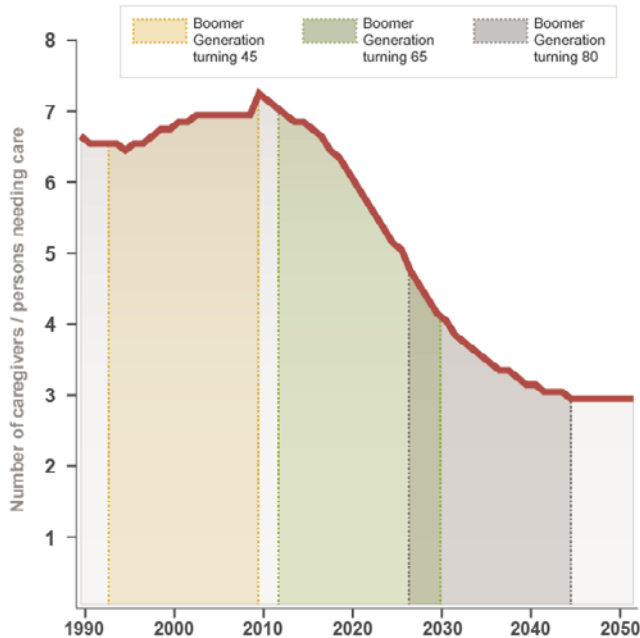
Source: CDC

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Since 1950, just a few years after Boomer births began, the average life expectancy of humans has risen significantly. [\(chart link\)](#)

Note:  
Life expectancy decline in 2020 is due to an increase in younger adult deaths and not an overall decrease in the life expectancy of seniors.

## Caregiver Support Ratio



As Boomers age, the ratio of caregivers to seniors will continue to decrease.

[\(chart link\)](#)

2. The expanding time to project opening requires investors and developers to stay up-to-date on each project's emerging local market conditions from demographics, migration, new and planned competition, pricing adjustments, and consumer insights.

## Interested in Learning More?

Now more than ever, the actionable data provided by NIC MAP Vision can help you stay informed. Trusted by 5,000+ customers and built exclusively for the seniors housing and care sector, NIC MAP Vision provides comprehensive nationwide supply & demand metrics on 35K+ properties, with over 15 years of comprehensive, time-series market data at the metro level.

If you want clarity around senior housing market construction cycles and how they can affect your senior housing projects, talk with a product expert today to learn more about how our construction and senior housing market data can help support your business and save you time in an increasingly competitive market.

[TALK TO A NIC MAP VISION PRODUCT EXPERT](#)