

February 7, 2022 • By [Beata Lorincz](#)

# What Will 2022 Look Like for Senior Housing?



Greg West, CEO, ZOM Living.  
IMAGE COURTESY OF ZOM LIVING

## ► Experts discuss key takeaways from 2021 and offer their outlook on a recovering industry

In the early days of the pandemic, senior housing communities faced serious difficulties, driven by uncertainties about the spread of the virus. And by the time science had unlocked the best ways to minimize transmission, senior housing occupancy had dropped significantly, while concerns had piled up.

But 2021 brought a brighter outlook. Demand in the second half of the year was near record highs, with 21,000-plus units absorbed across primary markets, according to the National Investment Center for Seniors Housing & Care. Occupancy followed the heightened demand, fueled by slow inventory growth that depicts current market conditions.

And as the pandemic transitions into an endemic status, senior housing operators have now built up enough experience and are well-equipped to be able to respond appropriately.

“We expect that strong demand will return in the later part of the first quarter after the omicron wave passes,” Greg West, CEO of **ZOM Living**, told *Multi-Housing News*.



**ZOM Living** is currently constructing Wellington Bay, a 283-unit senior community in Wellington, Fla., comprising independent living, assisted living and memory care facilities, as well as a 65,000-square-foot clubhouse.  
IMAGE COURTESY OF ZOM LIVING

## ► An ongoing recovery process

Early public funds allocated to senior housing operators were essential in stabilizing the industry. According to West, one of the greatest challenges since the onset of the global health crisis was navigating the media narrative that senior housing was not safe because of the actions of some operators. Another similar misinterpretation came from outsiders viewing the industry as homogeneous.

“Those within the sector understand that a resident of independent living is very different from one in memory care or skilled nursing,” Beth Burnham Mace, chief economist & director of outreach at NIC, told *MHN*.

Vaccinations contributed significantly to mitigating the risk of severe illness and fatalities among senior residents in assisted living and memory care facilities. This, among other factors, pushed net positive absorption to record levels in the second half of 2021.

“Two of every three assisted living units within the 31 primary markets vacated during the pandemic have now been reoccupied,” said Burnham Mace.

In independent living communities, the impact of the pandemic was less severe, which is why these properties were the first ones to show signs of re-stabilization, according to James Graber, managing director & leader of the senior housing and health-care practice for CBRE Valuation & Advisory Services.



Beth Burnham Mace, Chief Economist & Director of Capital Markets Research, NIC. IMAGE COURTESY OF NIC

Recent NIC data shows a definite improvement in demand in the third and fourth quarters of 2021. Overall occupancy in assisted living communities increased to 78.3 percent in the fourth quarter, up 1.4 percent from the previous quarter. Prior to the pandemic, assisted living was regarded as one of the most recession-proof asset classes.

As for choice-based independent living communities, occupancy also increased, but by a lesser 0.6 percent quarter-over-quarter.

### ► 2022 challenges

The pandemic brought several challenges upon almost every industry in the country, and the senior housing sector was no exception. Labor shortage continues to be a pressing issue, with recruitment and retention strategies receiving increased attention.

“Labor will continue to be the No. 1 challenge in 2022 and beyond,” Burnham Mace said. Graber agrees that obtaining and retaining staff will be among senior housing operators’ main concerns this year.

Most industry players also worry about inflation and how it will affect their business. The inflationary pressure is extremely high, and owners have the difficult task of forecasting and managing expectations of investors and lenders in this new context where revenues and expenses are more dynamic.

And while labor makes up the majority of operating expenses, rising costs for goods and services as inflation surges to its highest level in more than 30 years will also pose challenges as senior housing communities look to rebuild census, according to Burnham Mace. Communities will have to face the challenges of becoming more efficient by producing additional revenue.



Celestina Garden Apartments in Sonoma, Calif. IMAGE COURTESY OF MBH ARCHITECTS

### ► Construction expected to pick up



Tom Pflueger, Senior Associate, MBH Architects. IMAGE COURTESY OF MBH ARCHITECTS

According to NIC, construction starts and loan volume are expected to rise this year. A big portion of new development was delayed or halted during 2020, providing a window of opportunity for these projects to be completed in 2022—when new inventory absorption might become less difficult.

ZOM Senior Living currently has three new luxury senior communities underway in Florida, scheduled to be delivered by the end of 2022. The company focuses on developing more urban, home-oriented communities—as opposed to a health-care-oriented approach in remote locations—while partnering with quality health-care providers.

“We expect to see a heightened focus on wellness and lifestyle opportunities to also attract a younger, less acute resident profile,” West added.

### ► Communities of the future

The last two years have influenced and altered the sector on many—sometimes unexpected—levels. In senior housing design, the changes are evident: Unit sizes have increased so that families can come and visit within the comfort of a unit, while easing social distancing from other residents, MBH Architects Studio Director & Senior Associate Tom Pflueger noted.

Outdoor spaces have been in the limelight since the early days of the pandemic, and architects continue to make them bigger and more flexible than ever.

“People, more so than ever, want to be able to connect with the outdoors. Make these spaces open and inviting, while respecting the need for privacy, safety and ongoing needs to social distance,” Pflueger told *MHN*.

A lot of the recent changes in senior housing design also refer to mechanical systems and sanitization. Airflow maximization and filtration capacity within each space have become crucial.

Common areas also tend to be larger, allowing for natural separation and safe zones for each group. “With this strategy, everyone is still part of a large public area, but the spaces you have designed provide for the confidence of safety and distance,” Pflueger added.

Aging Baby Boomers keep creating increased demand for senior housing, and this trend is expected to last for decades to come. Additionally, the ratio of adult children who choose to remain caregivers to their older family members continues to decline. These demographical and social changes all point in the direction of a growing need for senior housing in the years to come.