



SENIOR LIVING & CARE INVESTOR SURVEY HIGHLIGHTS

H1 2026

Better never settles



SENIOR LIVING & CARE SECTOR HIGHLIGHTS

Property Markets Fundamentals

- U.S. senior living property market fundamentals continue to trend in a positive direction, posting 20 straight quarters of stabilized occupancy growth, reaching 90% in the fourth quarter of 2025, the highest level since 2017.
- After peaking at 6.1% in 2023, annual rent growth has averaged 4.7% YoY. Rent growth did decline to 4.5% in Q4 2025, a dip that is likely seasonal as the sector emerges from winter months.
- Net absorption outpaced supply growth by 4.8 to 1 in 2025, as the number of units under construction reached the lowest level since 2012, at 2.3% of inventory. Construction starts remain near historic lows.
- Operating margins were further bolstered in 2025 through platform consolidation, technology adoption and a slight softening in the labor markets. Albeit specialized labor remains a top concern facing the sector.
- Rent affordability remains broadly unsolved, though new design trends are emerging. With the number of middle-income seniors projected to double by 2029, over half of this segment will not have adequate finances to afford conventional senior living and care.
- Active Adult communities continue to gain momentum in the market, achieving favorable rent growth indications that are consistent with conventional senior living, stabilized occupancy at 95.7%, with operating expenses and debt underwriting that is more consistent with conventional multifamily.
- Secular tailwinds are stronger than ever. To meet market demand at peak levels, supply must increase by roughly 70,000 units per year between now and 2036. With less than 6,000 units delivered in 2025, the sector is facing a massive shortfall in housing and care for our senior population.

Source: NIC MAP; Cushman & Wakefield; Real Capital Analytics; Preqin

Capital Markets & Valuations Outlook

- Senior living valuations experienced significant recovery in 2025, up over 10% year-over-year, as capitalization rates compressed by 25 to 50 basis points. The return of capital coupled with an increase in debt liquidity help drive a very competitive investment market for the sector, signaling a swift shift from a buyer's market to a seller's market.
- Transaction volume surged in the fourth quarter of 2025, up over 50% from the prior quarter and 30% year-over-year. While the majority of 2025 investments came from REITs, the renewed optimism is bringing institutional investors back to the table. 2025 CRE fundraising totaled \$164.4B globally, with \$115B targeting North America, of which allocations are being weighted to alternative real estate sectors.
- Of the 75+ senior living & care professionals who participated in Cushman & Wakefield's investor survey, 71% of participants expect capitalization rates to decrease through 2026, a shift from the 33% of respondents who expected to see capitalization rates decrease at the start of 2025.
- As certainty returns to the capital markets, debt market liquidity picking up, and supply growth remains at bay, market participants are working tirelessly to solve the labor shortage, with labor identified as the greatest risk to senior living valuations in 2026 by 37% of survey participants.
- Concern over loan maturities has subsided, with distressed loans declining to 1.85% of total volume at the end of 2025. Resolution will likely remain elevated with increased payoff risk, particularly for older assets where prior extensions, modifications, and forbearance options have already been exhausted.
- Compared to other property types, senior living capitalization rates trended much more aligned with the treasury (rising interest rates), leaving senior living capitalization rates with more room for compression moving into 2026, another positive datapoint for the sector.

SENIOR LIVING & CARE INVESTOR SURVEY RESULTS



H1 2026 survey results from over 75 of the industry's most influential leaders

Primary Markets

Capitalization Rates (%)	Investment Class A			
	Low	High	Average	YoY D
Active Adult	4.3	6.0	5.1	-10.5
Majority Independent Living	5.0	7.0	6.1	-13.4
Majority Assisted Living	5.3	7.8	6.6	-22.6
Stand Alone Memory Care	7.3	10.0	8.2	-27.5
Nursing Home	10.0	12.5	11.5	-45.0
CCRC/ LPC	6.0	9.0	7.2	-14.8

Investment Class B

Low	High	Average	YoY D
5.0	6.5	5.7	-7.7
5.3	7.5	6.8	-24.8
5.5	8.0	7.1	-47.6
7.5	10.5	8.8	-27.1
10.5	13.5	12.2	-44.1
6.5	9.0	7.8	-42.4

Investment Class C

Low	High	Average	YoY D
5.5	8.0	6.4	-17.6
6.0	8.5	7.3	-38.0
6.5	9.5	7.9	-61.3
8.5	10.5	9.4	-43.6
12.0	14.5	13.9	-10.3
7.5	10.0	8.6	-39.7

Secondary Markets

Capitalization Rates (%)	Investment Class A			
	Low	High	Average	YoY D
Active Adult	4.8	6.5	5.6	-33.6
Majority Independent Living	5.8	7.5	6.5	-21.0
Majority Assisted Living	6.0	8.0	7.0	-28.3
Stand Alone Memory Care	7.5	11.0	8.8	0.6
Nursing Home	11.3	13.5	12.3	-26.6
CCRC/ LPC	7.0	9.5	8.2	-3.1

Investment Class B

Low	High	Average	YoY D
5.3	7.0	6.0	-44.6
6.0	8.0	6.9	-50.1
6.8	8.5	7.6	-36.7
8.0	11.0	9.3	-14.1
12.0	14.0	13.7	-6.3
8.0	10.5	9.0	0.0

Investment Class C

Low	High	Average	YoY D
6.0	8.5	6.8	-23.2
7.0	9.0	7.7	-43.6
7.5	10.0	8.6	-15.4
9.0	11.5	9.9	-18.9
13.0	16.5	15.3	-16.9
8.5	12.0	9.5	0.0

Average Spreads by Location (Bps)

Investment Class	Primary Market Locations		
	A - B	B - C	A - C
Active Adult	54.8	73.1	127.9
Majority Independent Living	68.4	50.0	118.4
Majority Assisted Living	47.0	82.4	129.3
Stand Alone Memory Care	60.3	60.6	120.9
Nursing Home	70.0	102.5	172.5
CCRC/ LPC	58.3	83.3	141.7

Secondary Market Locations

A - B	B - C	A - C
44.0	78.4	122.4
40.6	78.8	119.5
59.1	103.8	162.9
49.5	60.1	109.6
175.0	106.3	281.3
78.1	50.0	128.1

Locational Spreads Primary vs. Secondary

A	B	C
46.9	36.1	41.4
45.1	17.3	46.2
36.3	48.4	69.9
57.3	46.5	46.0
61.9	166.9	170.6
88.0	77.0	46.4

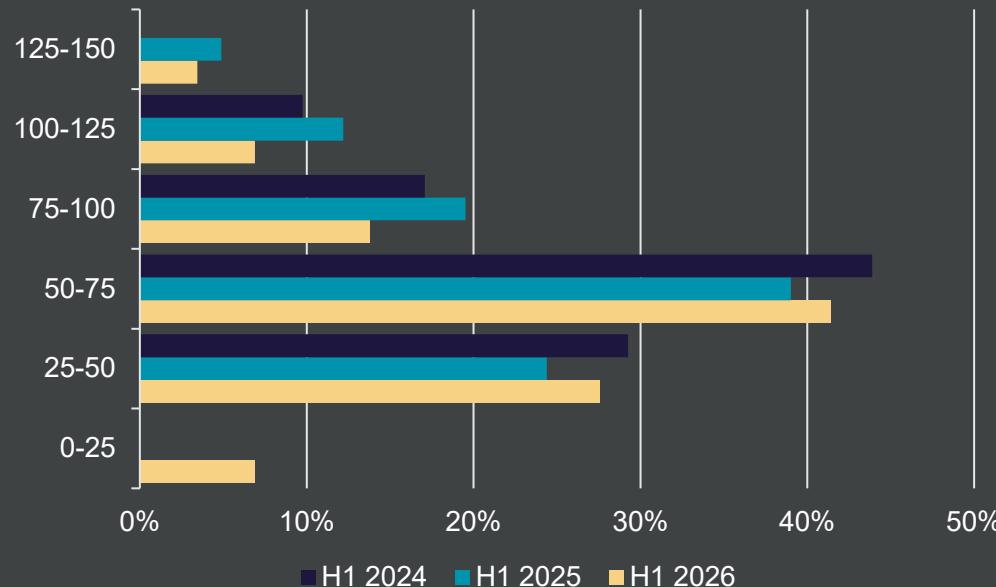
Source: Cushman & Wakefield Investor Survey (H1 2026)

SENIOR LIVING & CARE INVESTOR SURVEY RESULTS

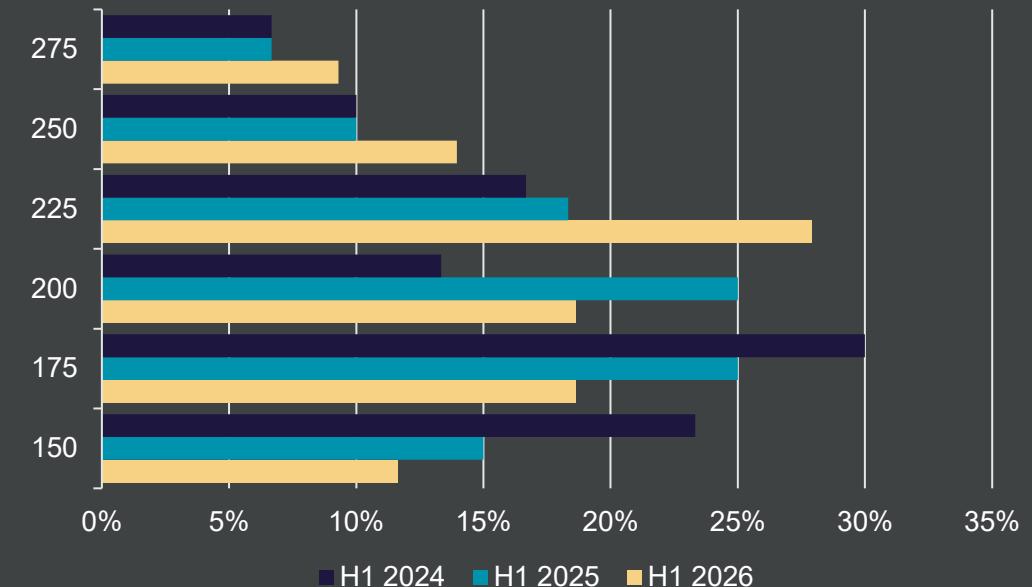
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Terminal Capitalization Rate Spreads (BPS)



Discount Rate Spreads (BPS)



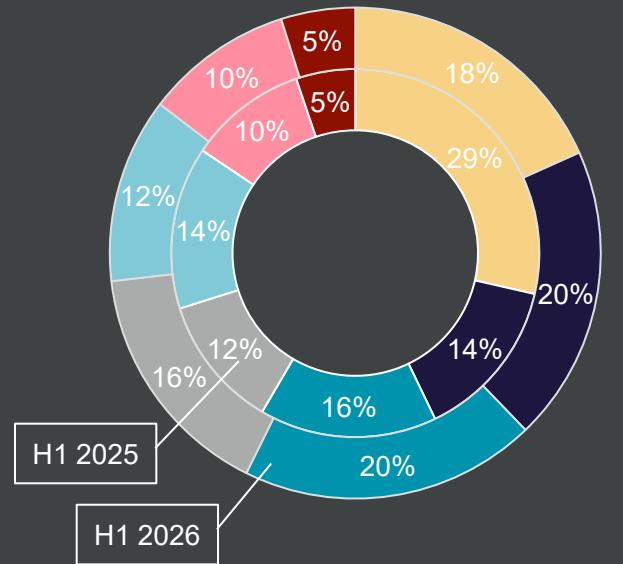
The percentage of survey respondents relying on the discounted cash flow analysis dropped from 70% to 48% of survey participants, indicating pricing clarity is returning to the market. Basis point spreads between the going-in capitalization rates and terminal or exit capitalization rate have tightened from last year's survey signaling sector optimism for long term valuation growth. Discount rate spreads, however, have widened as investors take a normalized approach to the current interest rate environment.

SENIOR LIVING & CARE INVESTOR SURVEY RESULTS

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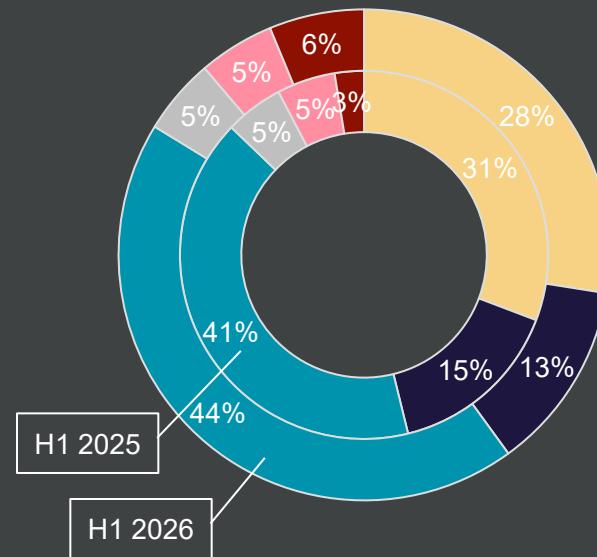


Composition of Survey Participants



- Investment Sales
- Lender
- Institutional Investor
- Private Equity
- REIT
- Developer
- Other

Greatest Segment for Investment Opportunity



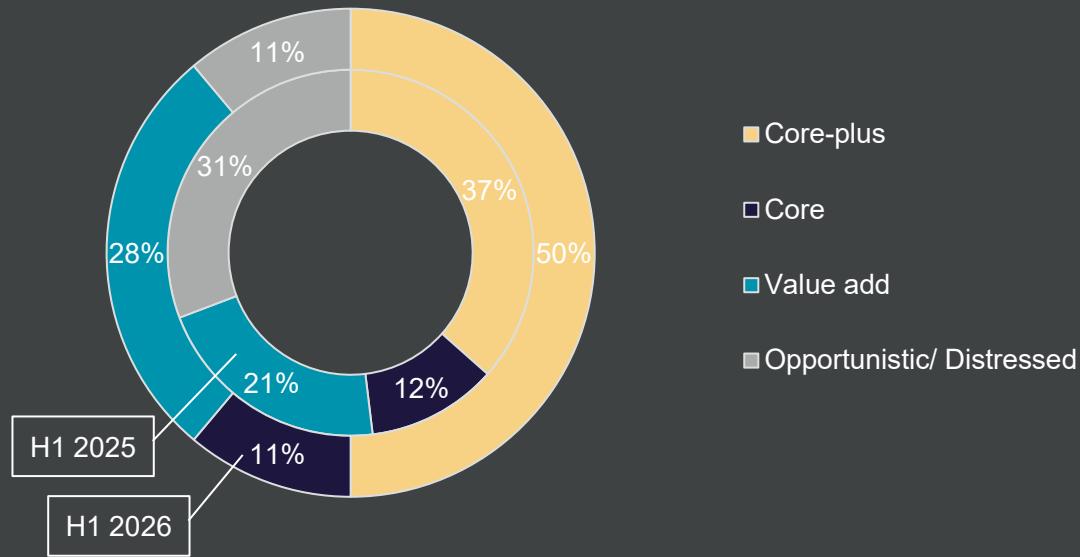
With a relatively equal distribution of survey participant representation from our H1 2025 survey, majority assisted living properties were identified as the greatest opportunity for investment, at 45% of survey respondents. Survey participants continue to favor active adult as well, a segment that experienced significant construction and investment growth in 2025.

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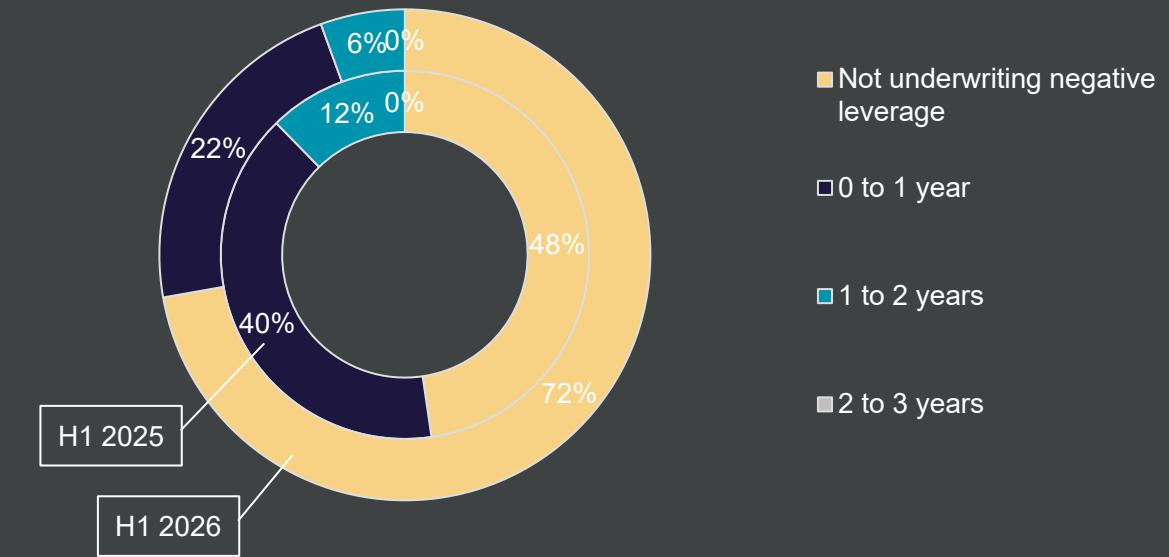
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Most Compelling Investment Strategy



Willingness to Underwrite Negative Leverage



Investor focus was bifurcated between core-plus strategies and value add investment strategies. Though opportunistic/distressed strategies are still sought out by investors, limited opportunity for this strategy has materialized, due to lender workouts and favorable property market performance.

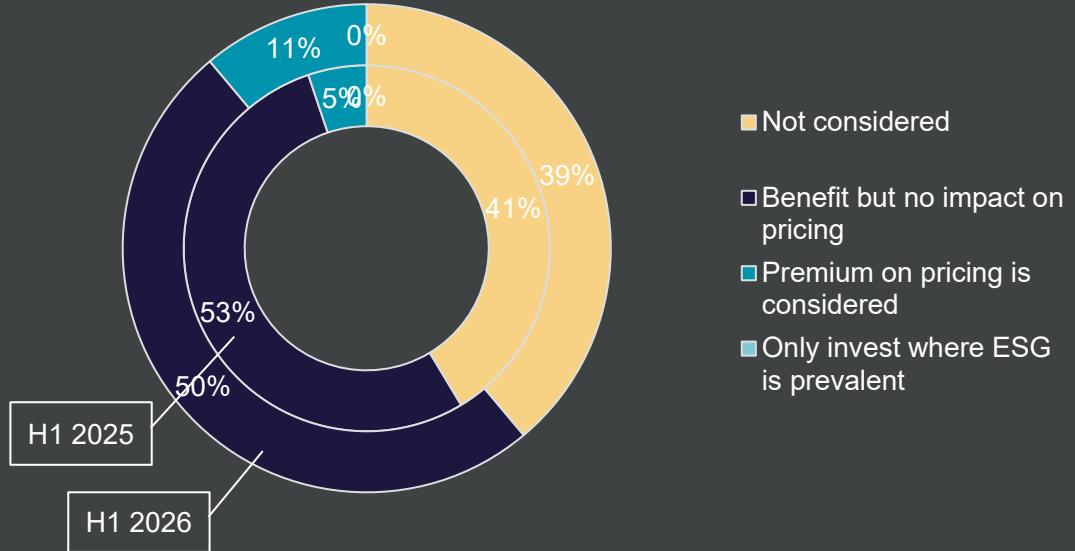
The survey results further indicate a significant reduction of negative leverage in investor underwriting, signaling that pricing is beginning to return to equilibrium, driven by favorable property market trends with increased NOI and a more favorable cost of capital.

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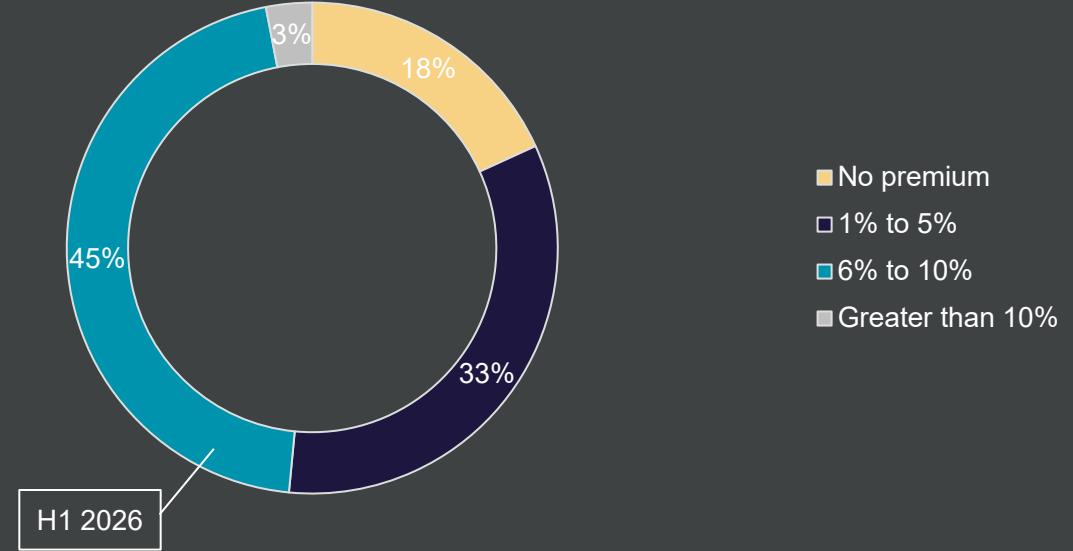
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Environmental, Social & Governance (ESG) Investing



Portfolio Premiums Return to the Market



Environmental, social and governance (ESG) remains a topic of focus within the senior living sector. Though the percentage of survey participants who would consider a premium on pricing when ESG incentives are present, increased from 5% in H1 2025 to 11%, most respondents still view ESG as a benefit but not having an impact on valuations. Concerns over debt market liquidity has subsided as more lenders return to the market. Investment volume surged in the second half of 2025, as debt liquidity freed up and capital reset their sites on the sector. Investor appetite for larger deals is driving up pricing for well positioned properties and portfolios, with 45% of survey participants reporting portfolio premiums between 6% and 10% of total transaction value.

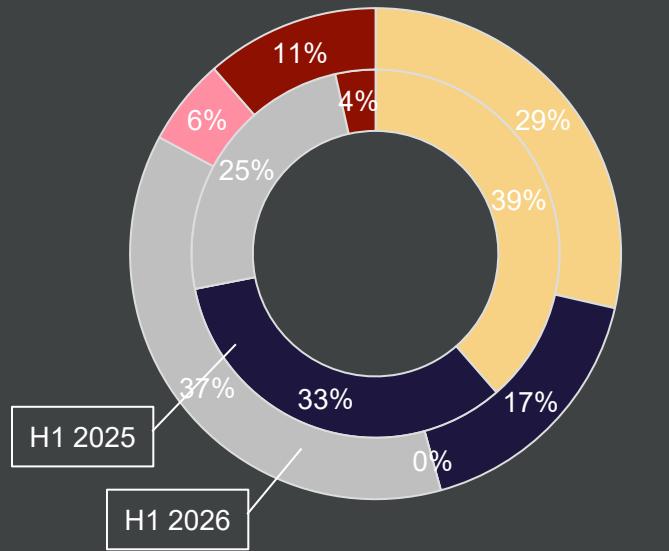
Source: Cushman & Wakefield Investor Survey (H1 2026)

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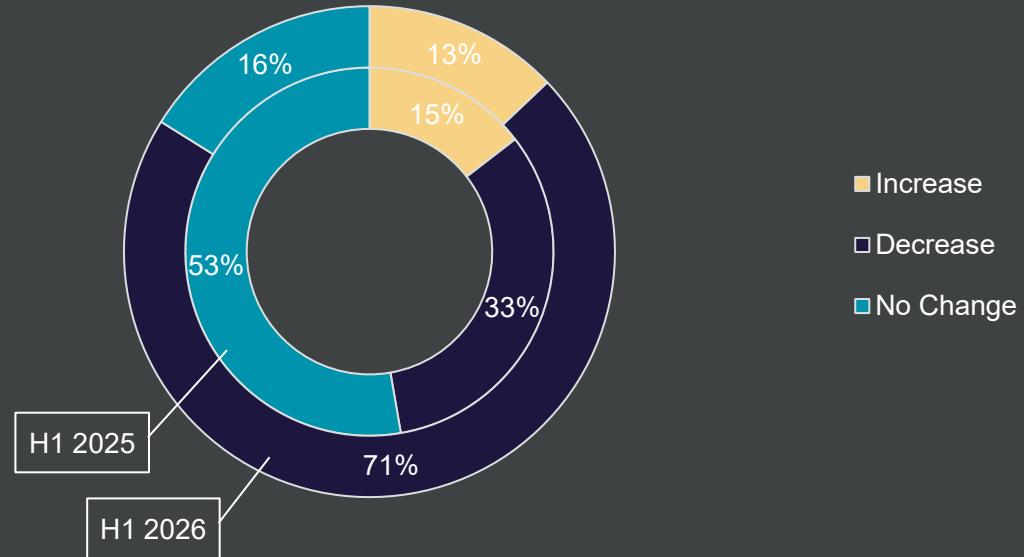
H1 2026



Greatest Risk to Valuations Over Next 12 Months



Capitalization Rate Outlook for 2026



Labor markets moved into the first position as the top concern for valuations over the next 12 months, at 37% of survey respondents. Interest rates and debt market liquidity remain a focal point for valuations; survey participants are showing optimism with an overwhelming 71% of survey participants projecting capitalization rate compression in 2026 for the sector. Not only is this a strong indication that valuations have bottomed, survey results further indicate the return of investor confidence in the sector.

Thank you to the 75+ market leaders who participated in this survey.

Your support and input remains key to our ability to keep a real-time pulse on the market and to best understand what's ahead.

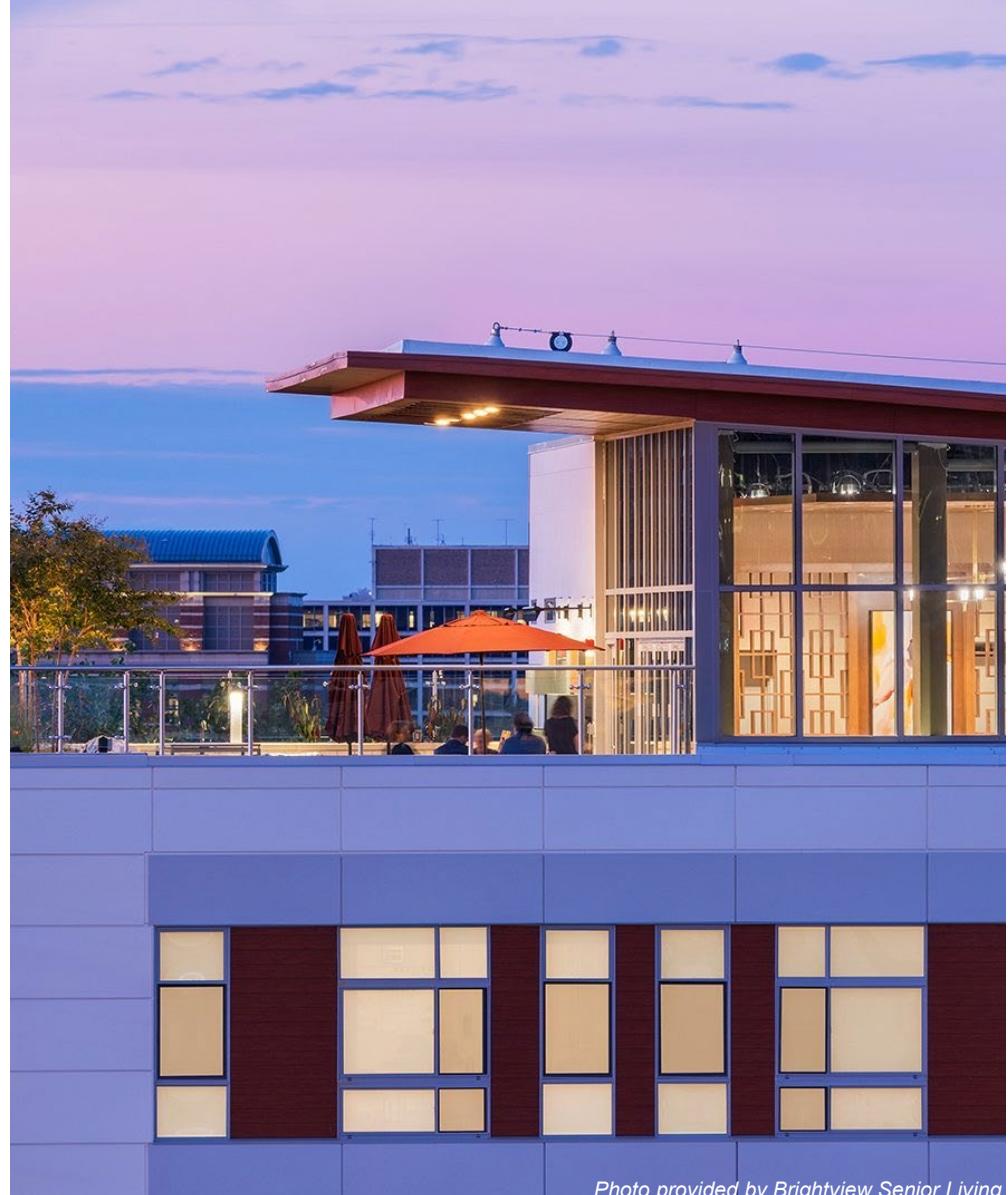


Photo provided by Brightview Senior Living



Learn more about our senior living & care service offerings at:



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