RREI
RESPONSIBLE REAL ESTATE INVESTMENT

U.S. ACTIVE ADULT HOUSING

Investment Thesis for 2026.

Why purpose-built, amenity-rich, service-light 55+ housing sits at the most investable middle position in American real estate.

~125k
IMPLIED TRACKED STOCK
NIC-tracked active adult rental units entering 2026.

95%
STABILIZED OCCUPANCY
Q1 2025 stabilized occupancy across NIC universe.

0.5%
PENETRATION OF 65–84 HHS
Sector remains structurally underbuilt vs. demographic base.

RREI RESEARCH
HOUSING VERTICAL · 2026

PURPOSE DRIVEN RETURNS
PROGRAMMATIC PARTNERSHIPS

EXECUTIVE SUMMARY

A service-light, amenity-rich age-restricted product is now the most investable corner of older-adult housing.

The 2026 investment case for active adult housing is compelling precisely because it is not traditional senior housing. The most investable version of the sector is age-restricted, market-rate, service-light housing for healthy adults generally 55 and older — purpose-built communities that offer maintenance-free living, hospitality-style programming, social connection, and optional services, but not bundled meals or on-site healthcare.

In other words, active adult sits between conventional multifamily and independent living, and that "middle position" is now its biggest advantage. The market is still small enough to be inefficient, but large enough to institutionalize. NIC tracked roughly **118,000 active adult rental units** across nearly 800 properties in Q1 2025, and more than **850 communities by Q4 2025**. Deliveries slowed from about 8,500 units in 2024 to about 6,800 units in 2025, while occupancy remained strong at **91.9%** for all properties in Q4 2025 and roughly **95%** for stabilized properties. Penetration remained just **0.5%** of households age 65–84.

The demand engine is unusually durable for 2026–2031. The U.S. population age 65+ reached **61.2 million** in 2024, up 13% from 2020. NIC and NAHB point to the 65–74 cohort as the fastest-growing renter group, with another **2.2 million renters age 65+** expected over the next decade. Median net worth was **$364,500** for ages 55–64 and **$409,900** for ages 65–74, and homeownership rates were 75.5% and 78.5% respectively. That combination is unusually supportive for downsizing-oriented housing.

The RREI base case: NIC-tracked active adult rental stock grows from roughly 125,000 units in early 2026 to about **167,000 units by 2031**, with a downside near 160,000 and an upside near 179,000 — a scenario model built from the 2024–2025 delivery run-rate, still-low penetration, and late-2025 evidence of improving capital markets.

The highest-conviction strategy is not to buy "anything with 55+ branding." It is to target purpose-built, amenitized, service-light communities in markets with older-adult in-migration, high homeowner equity, and limited near-term competing supply — then to execute with multifamily discipline and hospitality-level operations.

> *Active adult remains a growth asset class without needing heroic underwriting assumptions.*

61.2M	6,800	5.5%	$2.2M
POPULATION 65+	UNITS DELIVERED	CORE CLASS A CAP RATE	NET NEW RENTERS 65+
2024 · +13% vs 2020	2025 · down from 8,500 (2024)	H2 2025 · −25 bps	Next decade

SECTION 01 · MARKET

A distinct housing product, not a watered-down senior living.

NIC defines active adult as **age-eligible, market-rate multifamily rental housing** with enhanced lifestyle programming, no required meal plan, and no on-site healthcare. Greystar describes the same value proposition in consumer terms: a "lock-and-leave" lifestyle with optional à la carte services, social programming, and a rent point usually above conventional apartments but below traditional independent living.

The quantitative market data are strongest on the rental side. NIC's universe expanded from more than 116,000 units in 2024 to roughly 118,000 units in Q1 2025, then to more than 850 communities by Q4 2025 after 6,800 new units opened during the year. Because the Q4 community count and Q1 unit count come from different reporting points, RREI treats **early-2026 market size as an implied tracked rental stock of ~125,000 units** rather than a precise all-U.S. census.

Market readings & RREI scenarios

METRIC	LATEST OBSERVED	2026 VIEW	2031 VIEW
NIC-tracked rental stock	**~118k units** Q1'25; >850 communities Q4'25	~125k implied tracked stock	160k downside / **167k base** / 179k upside
Annual deliveries	**~8,500** in 2024 · **~6,800** in 2025	Still supply-constrained	6,000–9,000 units / yr
All-property occupancy	**91.9%** in Q4 2025	Strong despite lease-up drag	Likely low-90s if disciplined
Stabilized occupancy	**95.6%** Q1 2025 · ~95% Q4 2025	Mid-90s remains achievable	Mid-90s for well-located assets
Penetration	**0.5%** of households 65–84	Still very low	Below 1% even in upside

The scenario forecast on the next page is RREI's model, not a vendor forecast. The base case assumes annual production modestly above 2025 levels but below a full development rebound, reflecting low penetration and improving late-2025 capital-market conditions. The downside case assumes debt remains expensive and new starts stay near 2025 pace; the upside case assumes 2024-like deliveries return as cap rates compress and institutional capital reopens more fully.

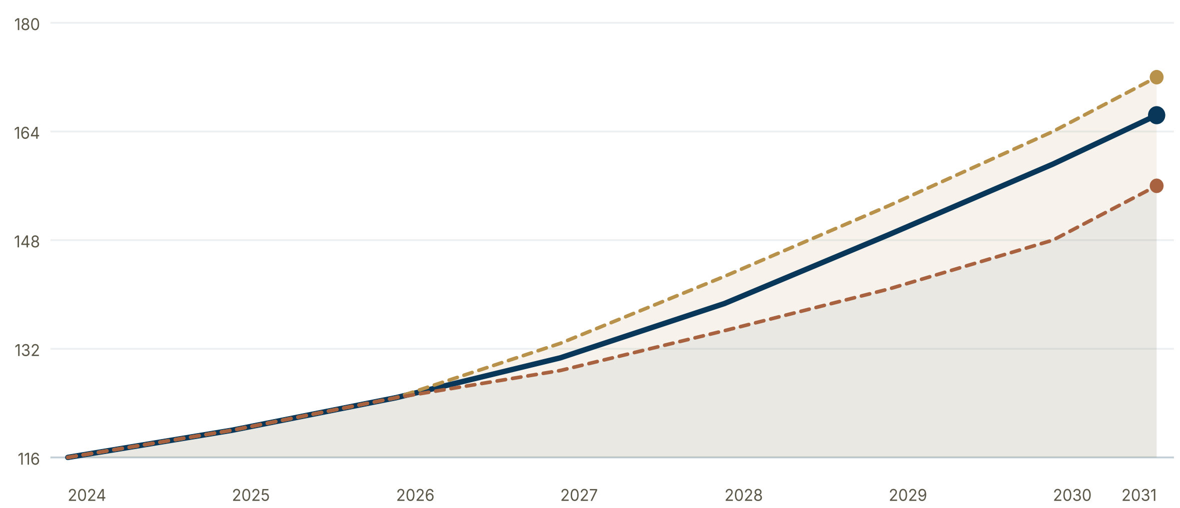
SECTION 01B · FORECAST

Tracked rental stock — base, upside, downside to 2031.

The chart below isolates RREI's three-scenario projection for NIC-tracked active adult rental stock. Base case lands at ~167,000 units by 2031; the gap between upside (~179k) and downside (~160k) is approximately 19,000 units — small enough that even a missed call still leaves the sector materially under-built relative to its demographic base.

RREI SCENARIO FORECAST — TRACKED ACTIVE ADULT RENTAL STOCK

Units, thousands · Base / Downside / Upside · 2024–2031. Built from delivery run-rate, still-low penetration, and late-2025 capital conditions.



Base case · 167k
Upside · 179k
Downside · 160k
Source: RREI Research scenario model · NIC, JCHS, Census

~125k	+42k	~33%	<1%
IMPLIED 2026 STOCK	BASE-CASE NET ADDS	STOCK GROWTH	PENETRATION IN UPSIDE
NIC tracked rental units	2026 → 2031	Base case · 5 years	Of households 65–84

SECTION 02 · DEMAND

The demographic engine is unusually durable for 2026–2031.

Active adult setup entering 2026

2024

- 65+ U.S. population reaches **61.2M**
- ~8,500 new active adult rental units delivered
- Active adult occupancy near 93%

2025

- NIC tracks ~118k units in Q1'25
- Deliveries slow to ~6,800 units
- Q4 occupancy 91.9% all-property; ~95% stabilized
- Core Class A active adult cap rates compress to **5.5%**

2026

- Demand continues to grow as older renters expand
- Capital appetites improve for newer, stabilized assets

2027–2031

- Penetration remains low
- Development runway persists if zoning & debt cooperate

OLDER-ADULT STATE MIGRATION

+53,150
FL · annual older-adult net migration ('15–'19)

+21,440
AZ · added 100k+ residents in 2024

+8,963
NC · positive net migration all 3 older bands

+6,854
TX · largest 2024 domestic gains

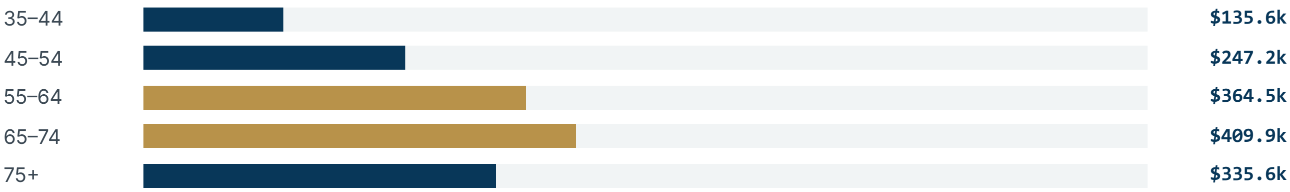
+5,525
SC · Sun Belt momentum

Working-longer reframes the resident profile

BLS projects the age-65–74 population share to rise from **12.8% in 2023 to 13.1% in 2033**, and the 75+ share from 9.0% to 12.4% — with the 75+ group accounting for more than two-thirds of total population growth. Labor-force participation continues to rise: projected 2033 rates of **69.1%** for ages 55–64 and **30.4%** for ages 65–74. The target resident is no longer always a fully retired person leaving the labor market forever; active adult increasingly serves semi-retired, consulting, and working-empty-nester households.

WEALTH BACKDROP — MEDIAN NET WORTH, U.S. HOUSEHOLDS (2022 SCF)

USD, thousands · The financial profile that supports the home-equity-monetization downsizer.



RREI target cohorts (55–74)

Source: Federal Reserve · 2022 Survey of Consumer Finances

SECTION 03 · SUPPLY

Supply is growing, but not recklessly.

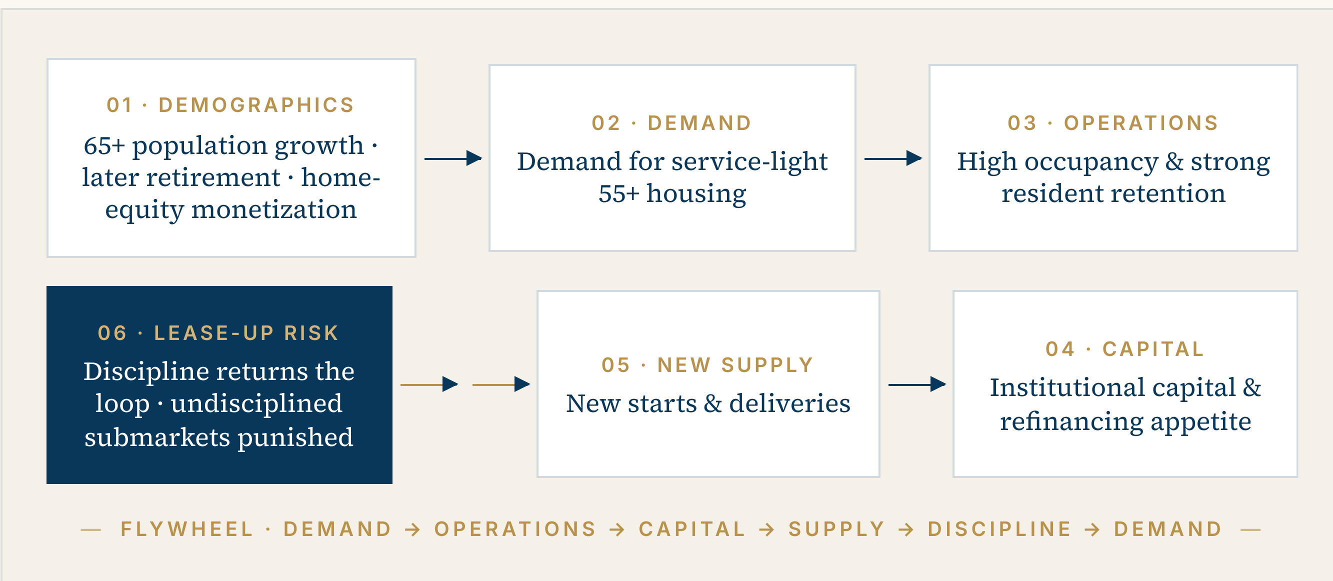
NIC's Q4 2025 data showed about **6,800 new active adult units** opened in 2025, down from 8,500 in 2024. Roughly half of today's inventory opened in the last 10 years and about one-third since 2019 — meaning the sector is still being defined by newer vintages, brand formation, and operating refinement rather than by large amounts of obsolete stock.

The sector still looks overwhelmingly purpose-built. NIC's Q1 2025 data showed a median community size of **138 units** and a median property age **under 10 years**. Welltower characterized its acquired Affinity portfolio as "purpose-built" newer vintage; Proffitt Dixon Partners refinanced a newly built 200-unit Charlotte community through New York Life. The practical implication: active adult is not yet a mature adaptive-reuse story.

Regulation matters in a specific way. Under HUD's Housing for Older Persons framework, a 55+ community generally must keep at least **80% of occupied units** with at least one resident age 55 or older, publish age-qualified operating policies, and maintain age-verification procedures.

The supply picture is healthy nationally, but not uniform by submarket. NIC reported that **14 of the 15 largest inventory markets** were above 90% occupancy in late 2025, with only Austin below 90%. The national thesis can be right while a specific submarket goes wrong.

The active adult flywheel — and where it breaks



The mitigant for submarket oversupply is non-negotiable: underwrite at the submarket level, not the metro headline. Investors should focus on neighborhoods with strong older-adult migration, good retail and healthcare access, and a limited number of directly comparable 55+ communities opening within the next 24 months.

SECTION 04 · CAPITAL

Pricing has clearly improved — selectively.

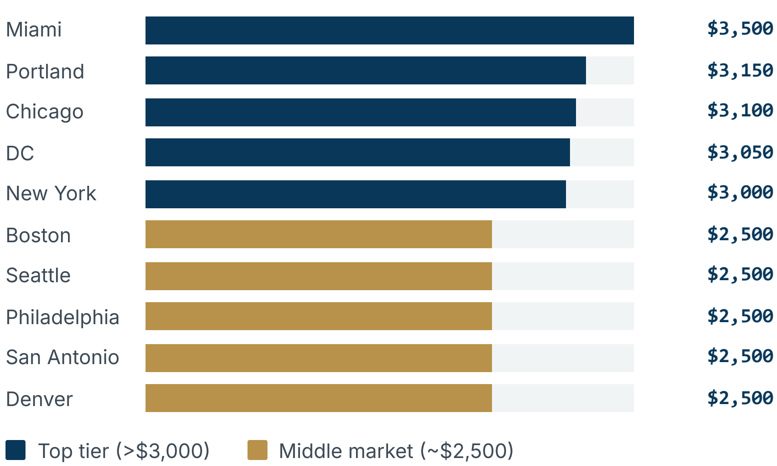
By late 2025, pricing had clearly improved for active adult. CBRE's H2 2025 investor survey reported active adult cap rates fell **18 bps** from the prior survey, and core Class A cap rates fell to **5.5%**, down 25 bps. JLL's 2026 seniors-housing investor survey found **86% of respondents** planned to increase sector exposure in 2026 and **85%** expected additional cap-rate compression. Rolling four-quarter transaction volume reached **$24 billion** in 2025 — the highest since 2015.

Capital markets & operating performance scorecard

METRIC	LATEST READING	RREI INTERPRETATION
Core Class A cap rate	**5.5%** H2 2025	Best-in-class pricing already compressing
Non-core cap rate	**6.4%** H1 2025	Wider spread for secondary locations / weaker assets
All-property occupancy	**91.9%** Q4 2025	Strong despite lease-up drag
Stabilized occupancy	**95.6%** Q1 2025	Supports core / core-plus underwriting
Public benchmark acquisition	**~$249k** per unit · Welltower / Affinity	High-quality, newer-vintage product has institutional depth
Operating margin	**~60%** · ~5-yr avg stay	Durable NOI potential; low-turnover economics

MEDIAN AVERAGE MONTHLY RENT — TOP 10 ACTIVE ADULT MARKETS

USD · NIC. Confirms two things: affluent infill rents approach luxury multifamily; middle-market still supported below the top tier.



WELLTOWER / AFFINITY BENCHMARK

$969M
Total purchase · 25 communities

~3,900
Units acquired

~$249k
Per unit · pre below-market debt

~60%
Operating margin

~5 yrs
Avg resident length of stay

>90%
Occupancy through pandemic

SECTION 05 · CONSUMER

Three resident archetypes — design the product to the cohort, not the brand.

Active adult demand is not homogeneous. The sector now clearly supports at least three investable customer types. Greystar's brand structure already acknowledges this segmentation, with Overture and Everleigh positioned as more upscale and Album as more value-oriented. NIC has described the average active adult resident as roughly a decade younger than the average independent living resident.

ARCHETYPE 01

Affluent Lifestyle Renter

Often in mixed-use or infill locations. Values concierge programming, wellness amenities, walkability, and travel flexibility. Pays close to luxury multifamily rents.

ARCHETYPE 02

Attainable Middle-Market Downsizer

Wants a simpler one- or two-bedroom community, strong social programming, and predictable costs. Cannot absorb top-tier rents — but is the largest segment.

ARCHETYPE 03

Cottage / Horizontal Suburban

Often in Sun Belt or car-oriented markets. Wants private space and lower density but still values community identity. Aligns with BTR product crossovers.

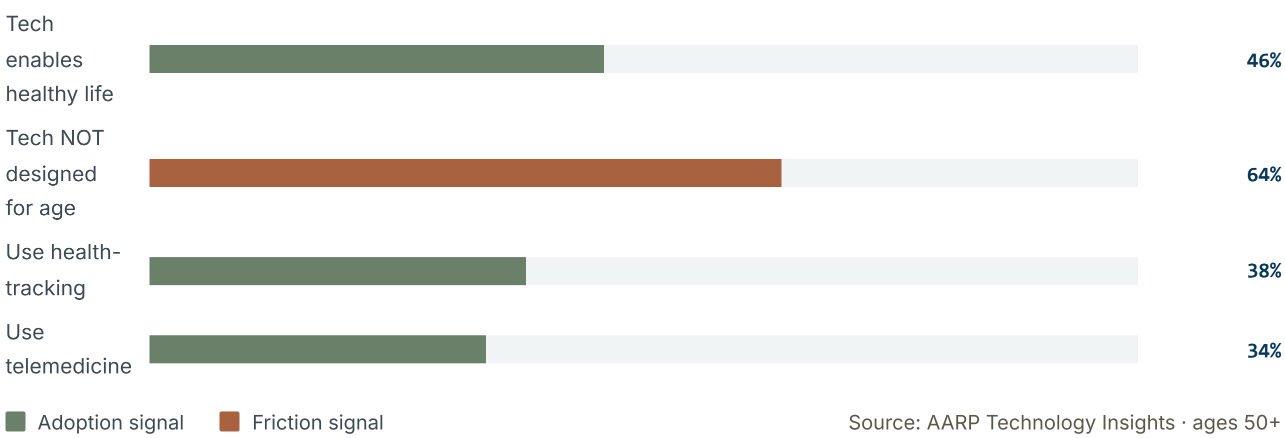
Amenity preferences — surprisingly consistent

NIC reported that the most common active adult amenities are **fitness centers, pools, clubhouses, and activity coordinators**, with storage, salons and spas varying by market. JLL's Charlotte refinancing example adds useful field evidence: pickleball, a saltwater pool, fitness and spa spaces, concierge services, a demonstration kitchen, dog spa, guest suite, and events coordinator.

The lesson for investors is that residents are paying not just for square footage but for **frictionless belonging**. The best communities program for hobbies, travel, social groups, and wellness routines — not meals or care.

TECHNOLOGY POSTURE — ADULTS AGE 50+

AARP · Source data, 2024–2025. Underwrite practical tech: broadband, simple resident apps, smart access, telehealth-friendly common areas — not gadget-heavy feature sets.



Source: AARP Technology Insights · ages 50+

The social and health rationale is also strengthening. Recent academic reviews connect later-life health and well-being to neighborhood design, social sustainability, housing form, and social isolation. Programming, common-area design, and location

SECTION 06 · RISK

Five risks. Five non-negotiable mitigants.

01

Macro & pricing volatility

Cap rates compressed in late 2025, but that does not guarantee a straight line in 2026 if Treasury yields move higher or credit spreads widen.

MITIGANT

Basis discipline: fixed-rate or well-hedged debt, lower leverage, and assets at or near replacement cost so new competition stays difficult.

02

Construction & entitlement friction

NIC explicitly cited access to capital and land as 2025 development headwinds; JCHS called for zoning reform.

MITIGANT

Smaller phases, land-light infill, repeatable wood-frame typologies, and municipal narratives around limited school burden + strong tax base.

03

Submarket oversupply

Austin's sub-90% occupancy is the clearest public warning sign; NIC links weaker lease-up to heavier recent supply.

MITIGANT

Underwrite at the submarket level, not the metro headline. Cap directly comparable 55+ openings to a 24-month window.

04

Product confusion & substitution

A luxury apartment with good finishes can compete for the same downsizer; so can BTR cottage product, for-sale 55+, or discounted independent living.

MITIGANT

Sharp positioning: age-intentional programming, hospitality-level execution, and a social environment generic multifamily cannot replicate.

05

Resident aging & service creep

Successful communities keep residents for years — economically beneficial, but some households eventually need more support.

MITIGANT

Stay service-light. Build referral relationships, care-navigation partnerships, and tech-enabled support — not in-house care.

RREI

The unifying principle

Operate at the intersection of housing & hospitality. Buy the basis. Underwrite the submarket. Stay service-light. Partner with specialists.

RREI DISCIPLINE

Programmatic capital deployed through a single repeatable underwriting and reporting framework.

SECTION 07 · STRATEGY

Four strategies. One repeatable framework.

STRATEGY 01 · DEVELOP

Ground-up development in growth corridors

Best in geographies with older-adult in-migration, strong homeowner equity, and limited competing age-restricted inventory. Sun Belt and select western markets where domestic and older-adult migration overlap; rent point meaningfully below independent living but above conventional Class A.

STRATEGY 02 · ACQUIRE

Core-plus acquisition of newer stabilized assets

The cleanest institutional trade in 2026. Target two-to-ten-year-old communities at or near stabilization where occupancy can move from low 90s into mid 90s, with margin expansion from better programming, pricing, and service calibration. The Welltower / Affinity benchmark shows the profile.

STRATEGY 03 · REPOSITION

Selective value-add & conversion

Investable but only selectively. Treat conversion as a special-situations trade, not a scalable national thesis — public evidence still points to a market dominated by purpose-built assets and newer-vintage communities. Pursue where unit design, access, amenity space, and demand align.

STRATEGY 04 · PARTNER

Programmatic JVs with specialist operators

Likely the best risk-adjusted way to scale. Combinations of institutional capital and specialized operating know-how — Welltower with Affinity; life-company lending behind stabilized assets; multi-brand operating platforms. RREI structures these as GP/LP development JVs, forward-commitments with repeat sponsors, or recapitalization JVs where the operator co-invests.

RREI's call to action

> *Capital allocators that want to benefit from aging demographics without operational risks should build a dedicated active adult bucket in 2026 — rather than treating the sector as an afterthought inside either apartments or senior housing.*

The best opportunities are still emerging, the product is still underpenetrated, and the operational learnings are still compounding. Investors who move now — with market-selection discipline and operator specificity — are more likely to buy or build into the next phase of institutionalization than into the top of the cycle.

86%	$24B	~$249k	5.5%
INCREASING EXPOSURE	ROLLING 4Q VOLUME	WELLTOWER PER-UNIT	CORE CLASS A CAP
JLL 2026 senior-housing survey	Highest since 2015	Public benchmark	Compressing further into 2026

OPEN QUESTIONS & LIMITATIONS

What this paper does — and does not — claim.

Data coverage. The deepest quantitative data in 2023–2026 are for rental active adult communities, not the full U.S. universe of for-sale and rental 55+ housing. NIC's tracked universe is the best operating and market benchmark available — but it is not a full census.

Cap-rate & transaction depth. Public cap-rate and transaction data are thinner than in conventional multifamily. Some context has to be inferred from broader seniors-housing surveys and public-company disclosures. This paper relies on NIC, Census, BLS, the Federal Reserve, AARP, HUD, CBRE, JLL, and SEC/public-company materials.

NOI & retention. Margin and retention data remain fragmentary. Welltower provides unusually useful portfolio-level economics; NIC case studies add color; market-wide active adult NOI benchmarking remains less mature than occupancy and rent tracking.

2031 figures are scenarios. The 2031 market-size estimates are RREI scenario projections, not official consensus forecasts. They are built from current deliveries, low penetration, demographic growth, and improving late-2025 capital conditions. Use them as a decision framework, not a substitute for market-by-market underwriting.

Selected sources

National Investment Center for Seniors Housing & Care (NIC) · "Active Adult Rental Communities Data Dive" · "4Q25 Key Takeaways" · "Active Adult Occupancy Rate Near 93%" · "Updated White Paper on Active Adult Property Type" · "Positive Momentum for Active Adult."

U.S. Census Bureau · "Older Adults Outnumber Children" press release · P23-218 demographic publication · 2024 state population estimates.

U.S. Bureau of Labor Statistics · Monthly Labor Review · "Labor Force and Macroeconomic Projections Overview and Highlights, 2023–33."

Joint Center for Housing Studies of Harvard University · "Housing America's Older Adults 2023."

Federal Reserve · 2022 Survey of Consumer Finances (SCF).

EBRI · 2026 Retirement Confidence Survey.

AARP · Technology Insights research, ages 50+.

U.S. Department of Housing and Urban Development · Housing for Older Persons (HOPA) framework.

CBRE · U.S. Senior Housing & Care Investor Survey, H1 2025 and H2 2025.

JLL · Seniors Housing & Care Investor Survey and Trend Outlook (2026).

Welltower Inc. · Business Update 4Q23; SEC filings (10-Q / 8-K, 2024–2025).

Greystar · Active Adult product specialty disclosures.

Proffitt Dixon Partners · public refinancing announcement (2025).

Green Courte Partners · acquisition disclosure for 55 Resort at Water Valley (2025).