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Commentary

Investors Pivot as Active Adult Rentals Gain Momentum in a Graying Nation

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America's aging population is reshaping the investment landscape. With Gen Xers aging differently than their parents' generations, the 55+ rental emerging as an overlooked multifamily growth opportunity. Today, only a developers and capital partners are pivoting toward a segment some bel cusping investment surge: active adult rentals.

In H12025 Market Trends & Investor Survey Report on Senior Living and Cushman & Wakefield analysts called active adult rental properties "an e segment and hybrid between multifamily and traditional senior living."

The term "active adult" came about with offerings of age-restricted, planned neighborhoods, often dominated by for-purchase, single-family residences. Developers promoted (and continue to promote) amenity-rich "luxury" lifestyles. Monthly fees typically cover maintenance, shared space costs, taxes and/or assessments.

Unfortunately, the term "active adult" is confused among consumers and senior living professionals alike. That's why, in 2024, the nonprofit National Investment Center for Seniors Housing and Care (NIC) standardized this definition to delineate the rental category:

"Active adult rental properties are age-eligible, market-rate, multifamily properties that are lifestyle-focused; general operations do not provide meals."

Today, NIC tracks about 800 active adult rental properties with approximately 118,000 units. Demand is increasing as people seek community and convenience without added costs to cover meals, transportation and other daily living services tied to traditional senior living The proposition becomes even more attractive when priced for attainability, especially to the groundswell of middle incomers.

A Demographic Imperative

Continuing care retirement communities (CCRCs) are a popular option. According to NIC, costs average of $3,353 per month. For front-end buy-in models, U.S. News and World Report cites fees averaging $410,000. For most, this is unattainable.

U.S Census Bureau data projects that by 2034, for the first time in history, Americans aged 65+ will outnumber those under 18. Landmark "Forgotten Middle" research from the University of Chicago's NORC cites that, by 2040, this age cohort will reach 80 million. Nearly a quarter of these will be middle-income. Of these, 75% won't be able to afford private-pay senior housing without selling their homes, and 39% will be unable to afford it even with home equity.

The Emerging "Renter By Choice" Cohort

Aging adults increasingly seek rentals. According to NIC, the number of 65+ renters will increase by 2.2 million in the next decade, up from 6.5% of renters in 2013 to more than 9% today.

Life stage plays a role. Older adults often want to downsize, to reduce loneliness or to use savings to enjoy life's pleasures in younger years. What are they seeking? Maintenance-free, service-light rentals where one can free themselves of home maintenance, enjoy the company of others with similar lifestyles, afford travel and other hobbies, and the like.

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Mid-market priced active adult rentals differ from senior living environments offering assisted living or what some call "pseudo independent living." The latter price-bundles meals, transportation and other services. A growing number of 55+ individuals don't want these deliverables –or associated costs. Other than non-age-restricted apartments, however, few options exist. An exception is subsidized housing for which many exceed income thresholds.

Strong Occupancy With Stickiness

For investors, active adult rentals offer compelling return profiles. In June 2025, NIC reported that for three consecutive quarters these properties maintained occupancy rates above 95%. This outperforms both independent and assisted living which averaged 87.4%.

Residents also tend to stay. Active adults stay an average of six to nine years, reports NIC, compared to recent trending of three years for non-age-restricted apartments. NIC also finds 80% year-over-year retention in active adult, outperforming standard multifamily's 50% average. These dynamics reduce turnover costs and support consistent NOI growth.

Multifamily Economics Among Active Adults

An estimated two and a half million more units of Boomer housing are needed in the next decade. Capital is flowing in the senior living and care sector. Cushman & Wakefield analysts wrote "With a year-over-year increase of nearly 70%, senior living transaction volume reached the highest post-pandemic levels in the second half of 2024.

Some investors have avoided "senior living." For these, active adult rentals provide an opportunity to enter the aging demographic market without assuming assisted living and skilled nursing risk profiles. These properties behave operationally like multifamily –*with* market-rate leases, streamlined staffing and lower operating costs than traditional senior living. On the revenue side, rent growth patterns are consistent with traditional senior living -but *without* this sector's regulatory burdens, intensive staffing models or healthcare oversight.

Building Wellness Communities, Integrating Healthcare

Boomers and Gen Xers increasingly seek housing that support healthy lifestyles. Active adult properties provide offerings to enhance physical, mental and social dimensions of wellness. NIC cites fitness centers and pools as the most common amenities. Most communities offer wellness-focused classes, social activities and educational opportunities.

Innovators are exploring ways to enhance the active adult experience. One model incorporates primary care, chronic care management and care navigation services into active adult rental settings. Directly billable to insurance, these services are made optional to residents. Many choose to engage based on convenience. For investors, risk is reduced by engaging a third-party medical partner to manage healthcare operations.

In active adult rentals that bundle preventive healthcare, people remain healthier for longer in the comfort of their homes. The integration of healthcare services not only enhances resident well-being but also aligns with the nation's shift toward value-based care, where preventive health management leads to better outcomes and lower costs.

A Window of Opportunity for the New Aging-In-Place Standard

Active adult rental properties serving the fast-growing cohort of older adults seeking affordability, community and wellness will soon move from niche offering to necessity. With strong fundamentals, a widening demand gap and demographic momentum on their side, these properties present an unmatched opportunity for investors looking to diversify portfolios, generate stable yield and build resilience. Those who act now will have first-mover advantage, particularly in markets where competition remains low and unmet demand is high.

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