special issue

brief

SUMMER 2026

THE ECONOMIC CASE FOR SENIOR LIVING

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THE ECONOMIC CASE FOR SENIOR LIVING

INTRODUCTION

One of the obvious challenges in marketing senior living communities is the so-called "sticker-shock" that prospective residents experience, particularly those who have lived in a house for many years and no longer have a mortgage. Frequently, prospective customers have not considered the true costs associated with their current house (property taxes, insurance, home maintenance, etc.), nor have they adequately assessed other living costs such as home health care. ASHA addressed the cost of staying in a house versus living in seniors housing in 2017, and again in 2024 after significant inflationary pressures on housing, food, and healthcare. Continued inflationary pressures, especially in HOA fees, insurance and utilities, necessitate another look.

This *Special Issue Brief* was prepared by Daniel M. Bernstein, CFA, a longtime industry analyst formerly at Stifel and Capital One. He has worked in equity capital markets and health care commercial real estate lending, and he has been recognized by the *Wall Street* Journal and *Financial Times* for equity research on health care services companies. He has also been a frequent expert speaker on health care and real estate panels and webinars. What follows in this Brief clearly demonstrates the importance of sales and marketing professionals pointing out the true economics facing prospective customers. As you will see on the pages that follow, for many seniors the costs associated with senior living are, in fact, equal or less than what prospects are paying in their current housing situation.

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EXECUTIVE SUMMARY

This Brief demonstrates that when evaluated on a fully loaded basis — including home operating costs, home health care, and the economic value of housing — remaining at home is often comparable to or more expensive than moving into a seniors housing community. What is frequently perceived as a higher "sticker price" for senior living is, in reality, a more transparent and comprehensive representation of total living costs. Furthermore, affordability should be viewed in the context of net worth of seniors (up 15% from prior Brief) and represents over two times the cost of a typical seniors housing stay.

Importantly, the comparison between aging-in-place and seniors housing should not be viewed solely through the lens of current out-of-pocket expenses, but rather as a broader evaluation of **total economic value, cost predictability, and long-term care needs**. Living at home exposes seniors to ongoing and often unpredictable financial risks, including major repairs, rising insurance premiums (up 17% since 2024 Brief), increasing HOA fees (up 10% – 20% from prior Brief), special assessments, and potential costly home modifications necessary for aging-in-place. In contrast, seniors housing communities convert many of these uncertain and potentially volatile expenses into a single, more predictable monthly cost.

As care needs evolve, the economic advantages of remaining at home further diminish and data indicates that, **when including the cost of a home health aide, living at home exceeds the cost of independent living and nearly equals the cost of assisted living**. Furthermore, aging-in place typically involves step-function increases in costs as additional services are layered in, often requiring coordination among multiple providers. Seniors housing communities, by comparison, offer an integrated care environment where housing, services, and healthcare support are bundled, creating greater efficiency and a more gradual and manageable cost trajectory as needs increase.

Additionally, the cost of remaining at home is often understated because it fails to account for the **fragmentation of services and the burden placed on family caregivers**. Coordinating home care, transportation, meals, and household support can create inefficiencies and hidden costs, while informal caregiving by family members carries meaningful economic and personal trade-offs, including time, lost productivity, and emotional strain.

Beyond financial considerations, seniors housing provides meaningful benefits that are difficult to replicate at home. Increased social interaction, structured activities, improved nutrition, and professional oversight contribute to better physical and mental health outcomes. These factors can reduce the likelihood of costly adverse events such as falls, hospitalizations, or cognitive decline, thereby reinforcing the economic value proposition over time.

From a balance sheet perspective, transitioning to seniors housing also enables seniors to unlock home equity — often their largest asset — transforming an illiquid investment into resources that can be used to fund care, enhance quality of life, and improve financial flexibility. Given that home equity represents approximately 70% of net worth for many seniors, this conversion plays a meaningful role in supporting financial planning as a senior ages.

Timing is another critical consideration. Delaying a move to seniors housing can lead to higher cumulative costs, as increasing care needs later in life often necessitate more intensive and expensive services delivered under urgent circumstances. Earlier transitions allow seniors to benefit from lower-acuity settings, establish social connections, and better manage long-term expenses.

When evaluating housing and care decisions, seniors and their families should consider four key dimensions:

1. **Total cost**, inclusive of care and housing economics
2. **Cost predictability**, including exposure to financial shocks
3. **Care scalability**, or the ability to meet future needs efficiently
4. **Quality of life and health outcomes**

Across each of these dimensions, seniors housing compares favorably to aging-in-place for a large and growing segment of the population.

In conclusion, when viewed on a comprehensive, risk-adjusted basis, seniors housing is not only cost-competitive with remaining at home — it often provides **superior overall value**, combining financial predictability, integrated care delivery, improved health outcomes, and enhanced quality of life. Combined with rising net worth among seniors and continued inflationary pressures on home-related expenses, the economic and practical case for senior living communities continues to strengthen.

Note: This Brief does not address tax considerations or government programs for senior consumers.

THE COST OF A SENIOR HOUSING COMMUNITY

The cost of various seniors housing settings is easy for seniors and their families to see because most communities charge a monthly fee for housing and care. The average monthly asking cost for this care as of 4Q25 according to NIC-MAP Vision is as follows:

Independent Living	**$4,335 per month**
Assisted Living	**$6,787 per month**
Memory Care	**$8,612 per month**

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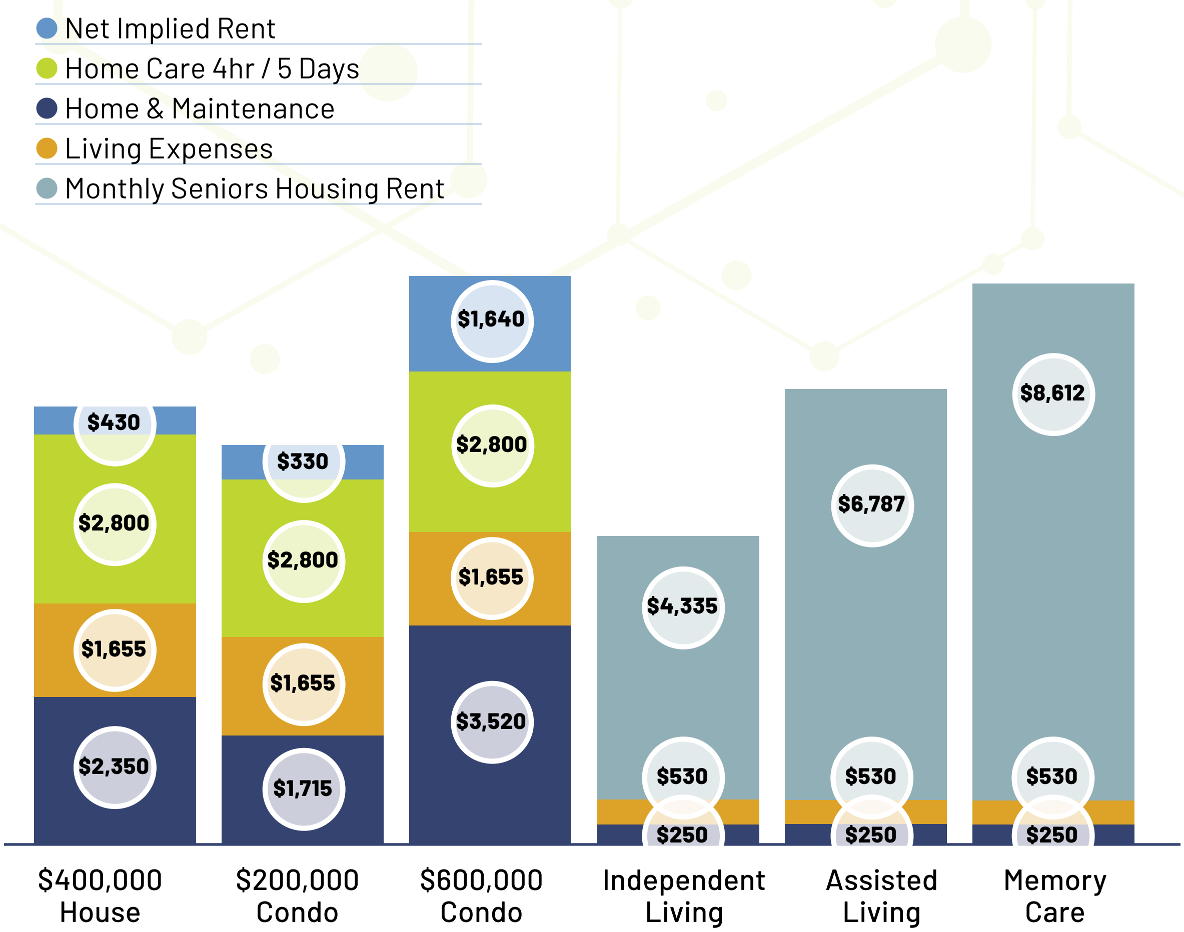
To these costs, we need to add some additional expenses for a senior living in a seniors housing community for social and entertainment activities, transportation and non-housing living expenses. I have estimated these at half the estimated cost of someone living in a house, consistent with the prior 2024 and 2017 Briefs, because many of these services are provided in a typical seniors housing community and are included in the monthly rate. I add another $250 per month, a $25 increase from the 2024 Brief, for a senior living in a seniors housing community for utilities, cable television, WiFi and phone and renter's insurance. Adding a combined $780 per month for those additional costs to the monthly fee for seniors housing communities brings the total monthly cost for living in senior housing rounded to the nearest $100 to:

Independent Living	**$5,100 per month**
Assisted Living	**$7,600 per month**
Memory Care	**$9,400 per month**

Economic Cost of Seniors Housing vs Living in a House



COSTS FOR LIVING IN A U.S. MEDIAN PRICED HOUSE

When the total monthly cost for seniors housing and care settings are compared to the out-of-pocket costs for a senior living in a $400,000 house (U.S. median of $412,300 per Federal Reserve data rounded down) without a mortgage they certainly initially appear formidable. We base our estimates below using data from Zillow, the U.S. Dept. of Transportation, the U.S. Bureau of Labor Statistics, the St. Louis Federal Reserve, the USDA, and other public resources. Below are our estimates of monthly out-of-pocket costs for an average senior living in a suburban house worth $400,000 with no mortgage.

- HOA **$240**
  (20 percent increase versus prior Brief)
- Maintenance costs **$880**
  (annual range of 1 percent to 4 percent, midpoint 2.5 percent, of house value depending upon size and the age of HVAC , roof, and appliances, excludes any senior friendly or handicap required home modifications)
- Utilities including phone and cable **$470**
- Property Taxes **$440**
  (1.3 percent of house value, U.S. range 0.29 percent to 1.88 percent)
- Property Insurance **$160**
  (US inflation data indicates 17% increase vs YE23)
- Three meals per day **$540**
- Housekeeping Services **$160**
- Emergency Alarm System **$55**
- Transportation **$740**
  (Single household, one car)
- Social and entertainment **$320**

It is this $4,005 cumulative figure (or something lower because the senior in question has curtailed her social, entertainment and transportation expenses) that most seniors and their families compare to the $5,100 to $9,400 monthly cost of seniors housing. Using these estimates, seniors and their families generally see community-based care as 25 percent to 250 percent more expensive than having a senior live at their house.

However, the above comparison ignores the cost of home health and the socialization benefits that a senior would receive if she were living in a seniors housing community. Let's deal with each of these separately. It further ignores the value of the house itself or net implied rent (rent less HOA and operating costs).

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HOME CARE COSTS

From the above analysis, we see that the cost of a senior remaining at home, excluding home health, is less than the cost of any type of seniors housing community, even independent living. However, as soon as any degree of paid home health care is provided the cost advantages of living in the house disappear.

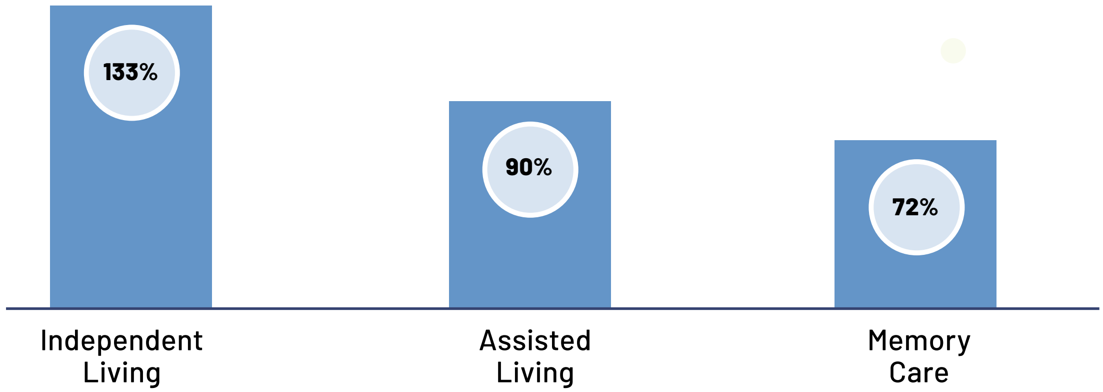
According to the 2025 Genworth CareScout Cost of Care Survey, the cost of a home health aide was $35 per hour (up from $33 in the last survey). Adult day health care services cost $95 per day or $24,700 annualized based upon 5 days a week usage, and the cost of private duty nursing was $90 per hour with a median visit cost of $160, which could certainly be an added cost for short-term clinical needs if living at home.

If you assume only four hours of home health aide care per day and only five days per week with family providing care on the weekend, the monthly cost would equate to $2,800 ($35 x 4 hours x 5 days x 4 weeks) with an annualized cost of $33,600. However, we note the standard number of care hours indicated by Genworth and other health care sites is 44 hours per week or $6,160 ($35 x 44 hours per week x 4 weeks) per month, $73,800 annualized, or 90% of the cost of assisted living care without consideration of home costs.

When we add the $2,800 monthly cost of home health care during the week to the $4,005 cost of living in a U.S. median $400,000 house noted previously, the monthly cost of housing plus a modest level of home health would be approximately $6,805. No cost is assumed for family care on weekends.

As indicated in the chart below, the cost of living in a house plus a modest level of home health exceeds the cost of independent living by over 30 percent, equaling nearly 90 percent the cost of assisted living and 72 percent of memory care. If a senior needs significant home health care beyond 20 hours per week, then the cost of living in a house likely exceeds the cost of assisted living and memory care, as well.

Out-Of-Pocket Costs For A $400,000 House vs Seniors Housing



As we will explore below, most seniors and decision makers still need to factor in the economic value of the home or net implied rent, which further tilts the cost equation in favor of senior living.

ADDING NET IMPLIED RENT TO COMPUTE TOTAL COST OF LIVING IN HOUSE

We believe most decision makers fail to factor in the economic value of their house when considering the cost of seniors housing. To account for the value of the home itself, we need to compute gross rent, less operating costs. I estimate gross rent that could be earned from renting the house, using a monthly rate at 0.55 percent (increased from 0.5 percent in the 2024 Brief) of the home value for a suburban home with low or no HOA. Assuming the median U.S. home value of $400,000, the 0.55 percent monthly rent equivalent equals $2,150 (vs $2,000 in the last Brief as rental costs of a single-family home are up 7.3 percent since the last brief per BLS). Net implied rent is then that $2,150 gross rent figure less HOA, operating costs, insurance and taxes, or $430.

So, the true economic cost of living in a $400,000 house with low HOA is $7,235 and consists of:

Costs of Living at Home	**$4,005**
Costs of Home Health	**+ $2,800**
Net Implied Rent	**+ $430**
	= $7,235

From the above analysis you can see that the cost-of-living expenses, maintenance and operation and net implied rent/housing costs for a senior residing in one's own $400,000 house, calculated in what I believe is a conservative fashion, exceeds the average cost of a senior living in an independent living community by 33 percent, a jump of 8.4 percentage points versus not including the economic value of the house. Using this same methodology adding the economic value of the house, the full cost of living at home is 95 percent of assisted living (an improvement of 1% versus the prior Brief).

Furthermore, in independent living and assisted living communities the senior has lower risks for illness, falls and accidents, and receives much more interaction and socialization with other people, which has been shown to improve a senior's overall physical and mental health.

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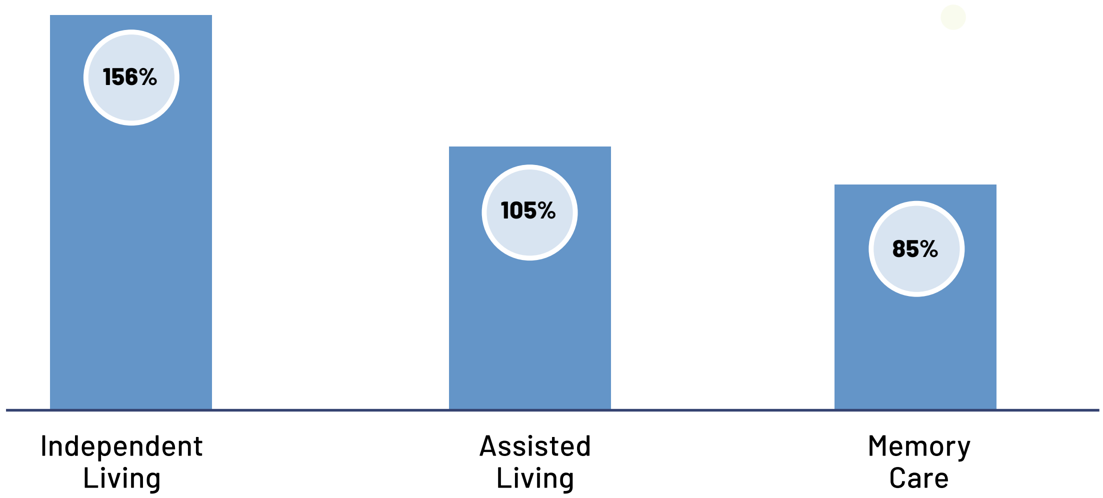
HOUSING COSTS, HOME HEALTH AND ECONOMIC VALUE FOR A $600,000 CONDOMINIUM

Doing the same math for a senior living in a $600,000 condominium yields estimated monthly living and home operating expenses of $5,175. The monthly living and home operating expenses are broken down as follows:

- Condo Fees .... **$1,750** *(vs $1,500 prior)*
- Maintenance costs **$530**
- Utilities including phone and cable **$220**
- Property Taxes **$660**
- Property Insurance **$250**
- Three meals per day **$540**
- Housekeeping services **$110**
- Emergency alarm system **$55**
- Transportation **$740**
- Social and entertainment **$320**

Adding the $2,800 monthly cost of home care (four hours per day/five days per week) brings the cash out-of-pocket cost of living in a condo to $7,975. As indicated in the chart below, the out-of-pocket cost of living in a $600,000 condo plus a modest level of home health exceeds the cost of independent living by 56 percent (vs 50% in the prior Brief), exceeds the average cost of assisted living by 5% (vs 6% with the 2024 Brief), and approaches 85 percent (vs 80% last Brief) of memory care. If a senior needs significant home health care beyond 20 hours per week, then the cost of living at home likely exceeds the cost of assisted living and memory care.

Out-Of-Pocket Costs For A $600,000 Condo vs Seniors Housing



Still, we need to add the economic value of the home to the cash out-of-pocket costs to understand the full picture of living at home costs. The implied gross rent calculation for a $600,000 condo at a monthly rate of 0.8 percent of home value (higher than a suburban home due to HOA fees) is $4,830 per month. Net implied rent, after operating costs, is $1,640. Combining monthly living and home operating expenses, home health and implied net rent totals $9,615 for the economic cost of living at home in a $600,000 condo.

You can argue that comparing the cost of a $600,000 condo with the average cost of seniors housing is an unfair comparison because these seniors housing communities would also cost more in an expensive real estate market. However, I believe the calculation on a $600,000 condo is fair for a mid-price point top-30 metro market, and I believe it is fair to say that when a true apples-to-apples comparison of housing, living costs, home health, and economic value forfeited from living at home, the difference is smaller than most seniors and families realize.

REAL WORLD EXAMPLE FOR A LOWER PRICE POINT $200,000 CONDOMINIUM

The author's mother, 81 years of age, owns a 55+ age restricted garden style apartment in South Florida with no mortgage. As with the 2024 Brief, the author believes the property continues to provide insight into inflationary impacts on home costs, especially coastal geographies, even in the case of modest home value with no mortgage. The special assessments noted in the prior Brief have continued the past two years and represent substantial hidden costs for condo owners usually not accounted for in calculations comparing living at home to seniors housing. Since purchase, the monthly HOA has tripled, insurance costs have more than doubled, tax costs have more than doubled, and there have been over $12,000 of special assessments not including a recent June 2026 proposal of $2,600 for a new roof. There have been no modifications to the home, thus far, for accessibility or aging-in-place, and the author's mother does not receive home health care.

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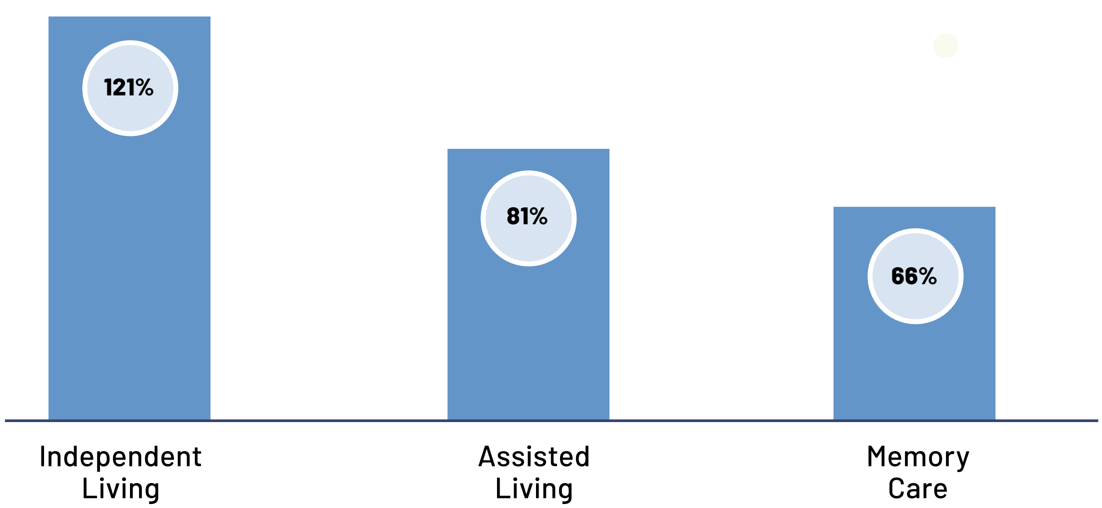
Running the same analysis as for the $400,000 suburban home and $600,000 condominium, the estimated monthly living and home operating expenses of $3,370 on a $200,000 Florida condo is broken down as follows:

- Condo Fees **$1,000**
  (lowered from $1,100 prior, though as noted special assessments are ongoing due to reserve shortfalls)
- Maintenance costs *(1 percent of home value)* **$170**
- Utilities including phone and cable **$80**
  (for cell phone and streaming services only, other utilities incl. in HOA)
- Property Taxes **$200**
- Property Insurance **$215**
  (flat with prior)
- Three meals per day **$540**
- Housekeeping services **$50**
- Emergency alarm system **$55**
- Transportation **$740**
- Social and entertainment **$320**

Adding the cost of home care for four hours per day five days per week brings the cash out-of-pocket cost of living at home to $6,170, As indicated in the chart below, the out-of-pocket cost of living in a $200,000 garden style Florida condo plus a modest level of home health exceeds the cost of independent living by 21 percent, equates to 81 percent of assisted living and 66 percent of memory care. If a senior needs significant home health care beyond 20 hours per week, then the cost of living at home likely approaches the cost of assisted living and memory care.

Out-Of-Pocket Costs For A $200,000 Florida Condo vs Seniors Housing



For consistency with prior calculations, we need to further add the net implied rent to capture the economic costs of living at home. The implied rent calculation for this $200,000 condo is a rounded $1,915 per month (per Zillow and lower than the $2,000 rent two years ago). Less operating expenses equals a net implied rent of $330 (versus $335 prior). Combining monthly living and home operating expenses and a modest level of home health costs with the net implied rent yields a total cost of $6,500 versus $6,325 in the 2024 Brief.

When the above figure is compared to the cost of seniors housing, you can see that the estimated monthly cost of a senior living at home in a modest $200,000 condo exceeds the cost of independent living by 28 percent (effectively unchanged from the 2024 Brief).

HIGHER NET WORTH SINCE 2024 SUPPORTS SENIORS HOUSING AFFORDABILITY

In this Brief, we updated data for median net worth against seniors housing costs. This is an important metric relative to affordability given most seniors own their house (roughly 70% of median net worth), have significant home equity and will sell their house to move into seniors housing. We use the 75+ cohort data from the U.S. Census Bureau's Wealth of Households reports (last published in 2023) adjusted to year-end 2025 using broader measures of household wealth from the Federal Reserve. The math of net worth that has risen 15% since year-end 2023 to $399,500, continues to strongly suggest improving affordability versus the 2024 and 2017 Briefs.

Relative to the 2024 Brief, the respective improvement in the ratio of median net worth to seniors housing costs are 10.8%, 5.3%, and 7.8% against IL, AL, MC, respectively, and relative to the initial 2017 Brief, the respective net worth to seniors housing costs have improved 30.5%, 24.9%, and 28.5%. We would expect further improvement in 2026 with the stock market hitting all-time highs.

As a result of net worth outpacing seniors housing rent increases, we compute the ratio of median net worth to IL, AL and MC, assuming a 36-month, 24-month, and 18-month stay, respectively, at 2.2x, 2.2x, and 2.4x versus 2.0x, 2.1x, and 2.2x in 2023 and 1.7x, 1.8x, and 1.8x in 2017. We note that home equity equals approximately 70 percent +/- of the 75+ age cohort net worth and we did not adjust our calculations for any costs to sell a home to utilize that home equity.

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The charts below summarize my findings indicating the multi-year trend of improved seniors housing affordability based upon net worth continued from year-end 2023 to year-end 2025, even if at a slower pace than 2017 to 2023.

	YE2023	YE2025	CHANGE
Median Net Worth	$347,300	$399,500	15.0%
Cost 3yrs IL	$176,900	$183,600	3.8%
Net Worth To IL Cost	2.0x	2.2x	10.8%
Median Net Worth	$347,300	$399,500	15.0%
Cost 2yrs AL	$166,900	$182,400	9.3%
Net Worth To AL Cost	2.1x	2.2x	5.3%
Median Net Worth	$347,300	$399,500	15.0%
Cost 1.5yrs Memory Care	$158,500	$169,200	6.8%
Net Worth To Memory Care Cost	2.2x	2.4x	7.8%

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