

ALF MARKET UPDATE

2025 4th Quarter Newsletter by Heather Lee Haston.

HERE'S WHAT YOU NEED TO KNOW ABOUT TODAY'S MARKET IN FLORIDA

Executive Summary

Florida's assisted living facility (ALF) market continues to attract investors, operators, and institutional capital. Q4 2025 is characterized by rising occupancy, limited new construction, disciplined lending, and ongoing insurance pressures. This report provides a comprehensive look at demand, occupancy, pricing trends, financing, regulatory updates, and implications for both buyers and sellers.

Demand & Transaction Activity

Investor demand remains strong for Florida ALFs, supported by demographic trends and limited supply. Q4 continues to see transactions ranging from single assets to multi-property portfolios. National and regional operators are pursuing expansion strategies, while private equity groups seek stabilized, cash-flowing assets with value-add potential.

Portfolio sales have become more frequent in Central and Northern Florida, while Southwest Florida remains a hot spot for single-facility trades. Buyers are especially drawn to Class-A and well-located facilities offering memory care, given the rising need for dementia-related services.

Occupancy & Rent Growth

As of mid-2025, average ALF occupancy in Florida sits in the high-87% to 88% range, representing steady gains quarter over quarter. Independent living has led the recovery, but assisted living is showing consistent improvement. Rent growth has been above national averages, supported by strong demand and reduced new construction deliveries.

Q4 is expected to see continued occupancy improvement as seasonal migration into Florida accelerates, alongside stable-to-rising rental rates. With construction at decade-low levels, operators can capitalize on tightening supply.

Pricing, Valuations & Cap Rates

Valuations for Florida ALFs remain competitive, with stabilized facilities achieving premium pricing. EBITDA multiples are generally in the 6.5x to 10x range, depending on size, occupancy, and condition. Revenue multiples are averaging 2.3x to 4.3x for well-performing assets. Investor surveys indicate expectations of cap-rate compression into 2026, particularly for properties with strong NOI growth and compliance histories. Facilities offering memory care or mixed-use senior housing models are achieving the highest valuations.

Financing Environment

Financing remains available for qualified buyers, though underwriting standards are more conservative compared to prior cycles. Lenders are favoring experienced operators with clear operational strategies. Bridge-to-permanent loan structures remain popular, particularly for value-add acquisitions.

SBA and healthcare-focused lenders continue to provide leverage for smaller and mid-market operators. Interest rate sensitivity remains a challenge, but creative financing and partnership structures are helping deals move forward.

Costs & Insurance Pressures

Insurance continues to be one of the largest operational headwinds for Florida ALFs. Rising premiums, especially in coastal regions, are impacting net operating income (NOI) and debt service coverage ratios (DSCR).

Operators are mitigating these pressures by implementing risk-reduction strategies, updating windstorm protections, and pursuing competitive bidding across carriers. In Q4, insurance renewals are expected to remain a major point of negotiation in both acquisitions and refinancing.

Regulatory Updates

The Florida Agency for Health Care Administration (AHCA) requires all assisted living facilities to renew licenses electronically. Rule changes in 2025 introduced stricter requirements for facilities marketing memory care services, including enhanced staffing ratios, training requirements, and compliance monitoring.

Operators preparing for a sale should ensure compliance with these updated regulations, as non-compliance can negatively impact valuations and delay closings.

Implications for Sellers

- Demonstrate stabilized performance with T-12 and T-3 financials, showing NOI growth and strong occupancy.
- Present insurance documentation upfront to address buyer concerns.
- Highlight compliance with AHCA regulations, including memory care readiness.
- Position facilities with clear growth potential (rate increases, expansion opportunities).

Implications for Buyers

- Focus on value-add opportunities where occupancy, unit mix, and management improvements can drive NOI.
- Underwrite conservatively but factor in expected rent growth and potential cap-rate compression.
- Secure multiple insurance quotes early in due diligence to avoid surprises.
- Prioritize acquisitions with memory care capacity, which command stronger demand and pricing.

Outlook for 2026

Looking ahead, demographic trends strongly favor continued growth in Florida's senior housing and assisted living market. Limited new construction will keep supply tight, supporting rent growth and occupancy gains. However, insurance, staffing, and regulatory compliance will remain the key cost pressures operators must manage. Strategic investors who align operational efficiency with regulatory readiness will be best positioned to capture upside in 2026.