

special issue

# brief

» WINTER 2024

## SENIORS HOUSING CONSTRUCTION COSTS

Leading indicators point to slower construction growth for certain sectors in 2024. The Architectural Billing Index, Construction Confidence Index and Backlog are lagging from previous quarters. The multifamily, office building, entertainment, and retail sectors are experiencing the slowest growth, while the distribution centers, higher education, healthcare and transportation sectors are stable or growing.

The biggest issue continues to be the shortage of skilled labor as retirements consistently outpace the number of workers entering the construction industry. The labor shortage drags down productivity as new workers are less efficient and require significant amounts of time to gain construction skills. Lack of labor also forces longer workdays and more overtime for existing workers, both of which lead to higher project expenses. While wages may only rise three to four percent, for example, total labor cost increases are closer to ten percent due to lower productivity, turnover, rework, and overtime.

Escalation will vary across the country. You can anticipate escalation for 2024 to be in the three to six percent range.

CCRC and Seniors Housing Construction Costs per Square Foot

	Mid-Level		High-Level		Dallas, TX Mid Level/City Index 85.2	
	Low	High	Low	High	Low	High
	Independent Living	\$236	\$282	\$279	\$357	\$201
Cottages	\$186	\$216	\$258	\$316	\$158	\$184
Assisted Living	\$272	\$347	\$356	\$444	\$232	\$295
Skilled Nursing	\$312	\$366	\$390	\$496	\$266	\$312
IL Commons	\$379	\$479	\$515	\$664	\$323	\$408
Under Building Parking	\$148	\$184	\$186	\$233	\$126	\$156
Sitework	Excluded		Excluded		Excluded	

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**NOTES/DEFINITIONS:**

- Costs are full burden and include general conditions, insurance, tax, bond & fee, **but do not include site costs.**
- The above costs are based on a city index of 100 where each city carries a different index value. Dallas, TX, for example, has an index of 85.2 which translates to a cost range of \$201-\$240 per SF for independent living. Newark, NJ, has an index of 113.8 which translates to a cost range of \$268-\$321 per SF for independent living. These indices coupled with local market conditions are essential when comparing overall pricing.
- The data presented in this Brief accounts for labor and material differences between cities, but **does not account** for special jurisdictional issues, special code requirements, hurricane and seismic requirements, local market competitiveness and site logistical issues.
- Mid-level projects: generally are of wood-framed construction with standard amenities and finishes, and typically target the moderate income senior.
- High-Level projects: generally are of steel or concrete construction with high-end luxury amenities and finishes, and typically target the higher income senior.

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