Introduction

In this Market Snapshot, **FORVIS** outlines independent living (IL) trends in Texas (TX), including a summary of demographics, occupancy, inventory, and demand across four TX core-based statistical areas.

Demographics

Two indicators of a strong market for senior living are overall population and senior population growth. TX's total population in 2023 is approximately 30,000,000.

By 2028, the population in TX is projected to be approximately four percent higher than the current population.[1]

The map (right) shows total population, age-qualified (AQ), and age- and income-qualified (AIQ) households in the four profiled TX CBSAs. The table below compares these demographics to TX and the U.S.

A core-based statistical area (CBSA) is a geographic area comprised of metropolitan and micropolitan areas. The four largest CBSAs in TX profiled herein include approximately 65% of the total state population.[1]

Texas Population & Households

1. Dallas-Fort Worth
2. Houston
3. San Antonio
4. Austin

○ Total Population ● AQ Households ● AIQ Households

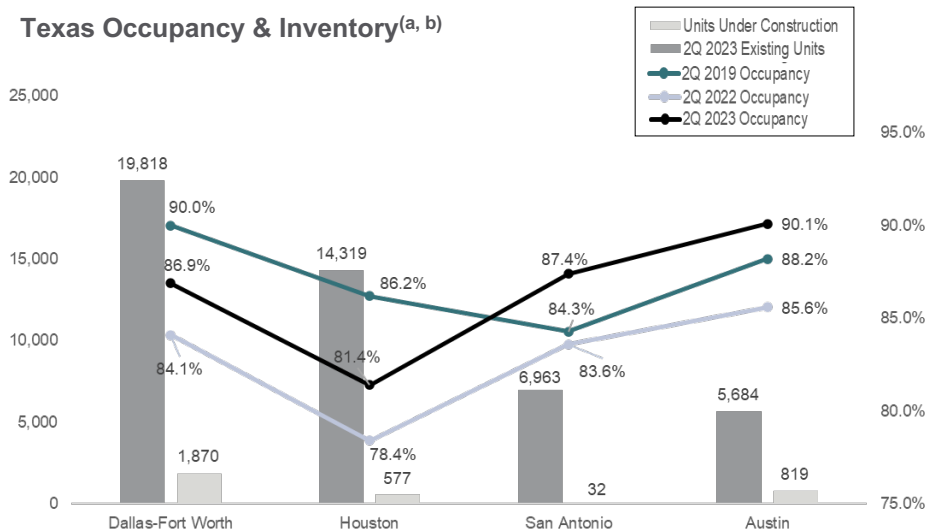| 2023	Dallas-Fort Worth	Houston	San Antonio	Austin	TX	U.S.
Total Population	7,893,517	6,923,899	2,433,314	2,279,788	30,065,904	334,500,069
Age 75+ Population[a]	394,379	328,352	136,844	108,002	1,678,538	24,379,591
	5.0%	4.7%	5.6%	4.7%	5.6%	7.3%
AQ Households[b]	234,683	193,337	84,506	66,061	1,042,105	15,552,426
AIQ Households[b, c]	109,648	83,659	36,406	37,608	433,238	6,534,035
	46.7%	43.3%	43.1%	56.9%	41.6%	42.0%

(a) – Age 75+ population is shown as a percentage of total population in 2023.
(b) – For purposes of this Market Snapshot, FORVIS defines AQ households as those 75 years of age or older and AIQ households as AQ Households with an annual income $50,000 and above.
(c) – AIQ Households are shown as a percentage of AQ Households in 2023.

Of the CBSAs profiled, Austin has the highest percentage of AIQ households (56.9%) followed by Dallas-Fort Worth (46.7%). By 2028, the Austin market has the highest projected growth in AIQ households at 43.1%.[1]

Texas Occupancy & Inventory[a, b]

Legend:
- Units Under Construction
- 2Q 2023 Existing Units
- 2Q 2019 Occupancy
- 2Q 2022 Occupancy
- 2Q 2023 Occupancy

Dallas-Fort Worth: 19,818 existing units, 1,870 under construction, 90.0% (2019), 86.9% (2023), 84.1% (2022)
Houston: 14,319 existing units, 577 under construction, 86.2%, 81.4%, 78.4%
San Antonio: 6,963 existing units, 32 under construction, 87.4%, 84.3%, 83.6%
Austin: 5,684 existing units, 819 under construction, 90.1%, 88.2%, 85.6%

(a) Data includes properties at least two years old, or, if less, then have achieved stabilized occupancy (95%) since opening.[2]
(b) 1Q 2020 and 1Q 2021 occupancy is excluded due to anomalies associated with the COVID-19 Pandemic.

Occupancy & Inventory Growth

Occupancy is a key indicator of an organization's success and long-term viability. Inventory is an important indicator of market depth. When measuring market depth, it is important to consider comparable products using factors such as services offered, amenities, and price points.

The graph to the left shows the total number of existing and IL units under construction for each CBSA in 1Q 2023 and compares IL occupancy in 1Q 2023 to 1Q 2022 and 1Q 2019.
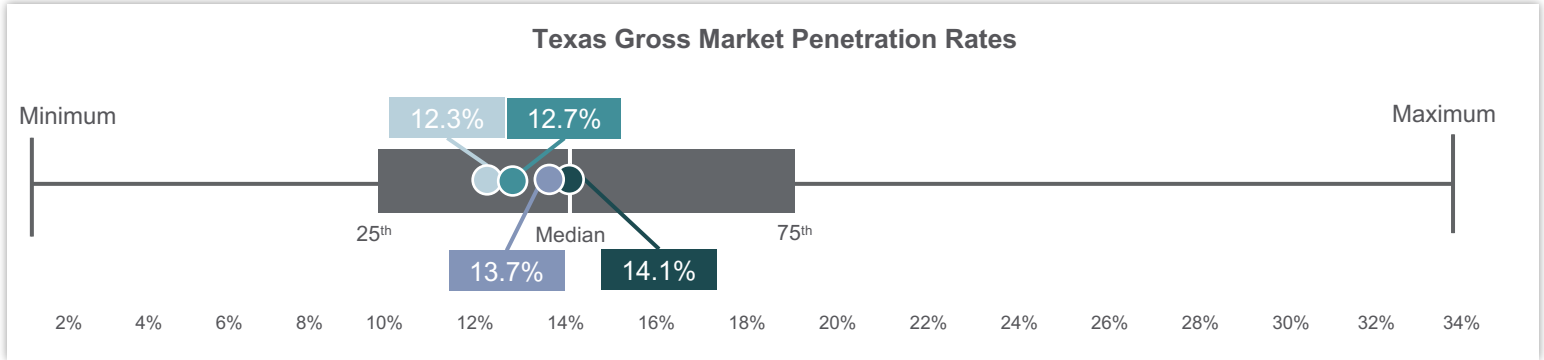
The Dallas-Fort Worth and Houston market occupancies are still in recovery from pre-COVID levels, while the San Antonio and Austin markets have surpassed 2019 occupancy rates. Compared to 1Q 2022, occupancy increased in all markets, with the greatest increase in Austin (4.5%).

As a percentage of all units, Austin (12.6%) has the most IL units under construction.

Demand

Penetration rates demonstrate the degree to which a market is underserved or oversaturated. The Gross Market Penetration Rate (GMPR) is the percentage of AIQ households the total market area must absorb for the entire market to achieve stabilized occupancy.

The box and whisker plot below illustrates the GMPR for the $50,000 income qualification according to the FORVIS proprietary IL database, which includes over 200 senior housing projects across 35 states.[3] Each dot plotted on the graph represents the 2023 GMPR for the four specified CBSAs.

Texas Gross Market Penetration Rates

Minimum   12.3%   12.7%   Maximum

25th   Median   75th

13.7%   14.1%

2%   4%   6%   8%   10%   12%   14%   16%   18%   20%   22%   24%   26%   28%   30%   32%   34%

Plot Key: ● Dallas-Fort Worth   ● Houston   ● San Antonio   ● Austin

In the plot above, the minimum and maximum GMPRs are denoted by the lines on the far left and far right, respectively. The 25th and 75th quartiles are denoted by the left side and right side, respectively, of the inner gray box. The white bar in the middle indicates the median.

The Texas Gross Market Penetration Rates for the four specified CBSAs are all at or below the median benchmark, an indication of potential senior housing growth opportunity in each of these markets. Penetration rates are an indicator of market demand and should be supplemented with consideration of occupancy levels, proposed projects, unit designs, community spaces, contracts, marketing plans, demographic trends, local economic conditions, awareness and acceptability of the product, and velocity of pre-sales at projects.

Conclusion

While the senior living industry still faces challenges post-pandemic, many of the markets in TX are experiencing growing demand, improving occupancy levels, and positive GMPRs. These trends may indicate opportunities for providers to explore additional service offerings across markets in TX.

About FORVIS

FORVIS, LLP is a professional services firm providing assurance, tax, and advisory services. Created by the merger of equals of BKD, LLP and Dixon Hughes Goodman LLP (DHG), FORVIS is driven by the commitment to use our forward vision to deliver an **Unmatched Client Experience**®. Ranked among the top 10 public accounting firms in the country, FORVIS has 5,700 dedicated professionals who serve clients in all 50 states as well as across the globe. FORVIS is built upon the strong legacies of BKD and DHG, which are reflected in a name that comprises partner initials and represents our unique focus on preparing our clients for what is next. Visit forvis.com for additional information.

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Sources

(1). Claritas, Inc. (2023, May). Senior Life Report.
(2). NIC MAP Vision Q1 2019, 2022 and 2023
(3). FORVIS. (2023, May). Independent Living Penetration Rate Database.