

One big reason that assisted-living providers have not dropped prices significantly is that they do not need to -- occupancy rates only declined slightly last year, and by the fourth quarter, when the economy took its deepest hit, they had already shown signs of stabilizing, said Robert G. Kramer, president of the National Investment Center for the Seniors Housing & Care Industry (NIC).

After steadily declining from a 91.5% peak in the first quarter of 2007, average assisted living occupancy rates in established properties rose from 89.3% to 89.4% from the third to the fourth quarter of 2008, and revenue per occupied unit also grew slightly last year, according to NIC data.

"It's still too soon to say it's definitely bottomed out, though, because there is sensitivity to two factors -- what's happening in the residential housing market and unemployment rates among adult children," Kramer said.

While seniors themselves contribute just over half of all their assisted-living costs, family members often help cover expenses, subsidizing more than one-third of residents, according to the 2006 Overview of Assisted Living jointly produced by the NIC and four senior housing trade associations.

The cost of moving in

Further evidence of the strong demand for assisted living can be seen in a 12% increase in move-ins facilitated by Seattle-based A Place For Mom Inc., the largest nationwide elder care referral service, in the first three months of 2009 compared with the fourth quarter of 2008, said John Temple, the company's co-founder and COO.

"Many companies are having their largest move-ins ever," he added. "I believe what happened is everybody decided to wait, but while things haven't gotten less scary in the world's stock markets, assisted living is an urgent need and there's a limit to how long anyone can wait."

Assisted living also differs from independent senior options in that moving in, while not cheap, typically only requires one month's rent and a community fee, often the same amount.

Monthly rates for a single-occupancy unit in an assisted living community average \$3,430, or \$41,160 per year across all 50 states, according to a Northwestern Mutual Life Insurance Company study released in February. The most expensive average rate is \$4,406 in Hawaii, while the least expensive is \$1,901 in North Dakota.

In contrast, continuing care retirement communities, which provide a range of living arrangements from independent units to skilled nursing facilities, typically not only charge monthly rent but also require entrance fees that can be as high as \$400,000 or more, about 90% of which will be repaid to residents or their estate when the unit is reassigned to a new occupant.