

Welltower: Is Senior-Housing Growth Durable?

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By the summer of 2026, Welltower Inc. had made senior housing the center of its growth story. The healthcare real-estate owner reported higher occupancy and resident revenue in its Seniors Housing Operating (SHO) portfolio, while also completing large acquisitions in the United States, Canada and the United Kingdom. It was selling a substantial outpatient-medical portfolio and redirecting capital toward assets it believed had a stronger growth profile.

The second-quarter results looked powerful. Welltower reported normalized funds from operations (FFO) of \$1.60 per diluted share, up 25% year over year. Its July earnings release reported same-store net operating income (NOI) growth of 20.5% for SHO and 15.5% for the total portfolio. SHO same-store revenue rose 9.2%, which management attributed to 330 basis points of occupancy growth and 5.2% growth in revenue per occupied room (RevPOR).

But the numbers raised a harder question for an outside investor: how much of the growth reflected better performance at comparable communities, and how much reflected the addition of recently acquired properties? Could the operating gains support the company's capital deployment over time, or did investors need more evidence about acquisition returns, resident affordability and the cost of operating care communities?

What Welltower owns and operates

Welltower invests in real estate serving aging adults and healthcare providers. Its SHO segment includes independent living, assisted living, memory care, continuing-care retirement communities and some UK care homes. In these arrangements, Welltower participates in resident-fee revenue and property operating costs, often through an operating structure known as RIDEA. Some properties are held with joint-venture partners.

The business differs from Welltower's other property segments. Seniors Housing Triple-net properties rely more heavily on lease payments from tenants, while Outpatient Medical (OM) owns medical-office and other outpatient properties. Those segments face different operating, tenant and demand risks. The planned sale of much of the OM portfolio would also change Welltower's future portfolio mix.

Welltower reports many performance measures on a "pro-rata" basis. Those figures adjust consolidated amounts for partners' interests and add the company's share of unconsolidated joint ventures. The company cautions that pro-rata figures may not capture all legal or economic features of those joint ventures.

Strong operating indicators, different populations

Welltower's Q2 2026 Form 10-Q reported SHO segment revenue of \$2.995 billion, up 52% year over year, and SHO segment NOI of \$867 million, up 61%. Management said acquisitions of Amica Senior Lifestyles, Barchester Healthcare and HC-One were the primary reason resident-fee revenue and property operating expenses rose. Occupancy and rates also increased.

The same-store comparison was narrower. The supplemental package reported SHO same-store revenue of \$1.821 billion, up 9.2%, and same-store NOI of \$584.8 million, up 20.5%, across 980 properties. The same-store group's reported occupancy was 89.4%, compared with 86.1% a year earlier. For the broader SHO portfolio, occupancy was 87.6%, compared with 85.6% a year earlier.

These measures answer different questions. Total segment results include acquired assets and other changes in portfolio size. Same-store results compare a defined group of properties and exclude many recent acquisitions: Welltower's Q2 filing says acquisitions generally enter its QTD comparison pool after five full quarters and its YTD pool after six. Same-store results help show how a selected existing cohort performed, but they do not establish the returns earned on new purchases.

There is also an unresolved difference among the company's Q2 presentations. The July 27 earnings release and supplement report 15.5% growth in total-portfolio same-store NOI and 20.5% in SHO same-store NOI. In its July 28 Form 10-Q, Welltower reports QTD SHO same-store NOI of \$582.6 million versus \$481.6 million, a 21.0% increase, and total same-store NOI of \$805.8 million versus \$690.5 million, a 16.7% increase. The reviewed documents do not explain the differences. An investor should keep the figures tied to their source rather than combine them into one series.

Exhibit 1. What the Q2 measures show

Measure	Company-reported result	What it includes-and what it does not establish
SHO segment NOI	\$867.2m; +61% YoY	Total reported segment; includes recent acquisitions and changing portfolio scope.
SHO same-store revenue	\$1,820.9m; +9.2% YoY	Company supplemental same-store cohort; excludes recent acquisitions under pool rules.
SHO same-store NOI	\$584.8m; +20.5% YoY in supplement	Company supplement presentation; the filed 10-Q reconciliation gives a different level and rate.
SHO total-portfolio occupancy	87.6%, vs. 85.6%	Broader portfolio, including new properties.
SHO same-store occupancy	89.4%, vs. 86.1%	Selected comparable group; not the broader portfolio.

Sources: Q2 2026 earnings release p. 1; supplemental information p. 4; Form 10-Q MD&A pp. 44-45. The figures are company-reported; definitions and cohort boundaries differ by measure.

Growth through acquisitions and capital recycling

The company's growth also came from buying communities. It completed the Amica Senior Lifestyles acquisition on April 1, 2026. The earnings release described 38 communities and a pro-rata purchase price of C\$4.1 billion. In the Form 10-Q, the acquisition note describes 34 acquired communities plus interests in four unconsolidated properties. The release and filing also describe the July 2 closing of development properties using different portfolio and purchase-price descriptions. These reporting perimeters should not be forced into a single transaction count.

Welltower reported \$15.5 billion of year-to-date pro-rata gross investments, of which \$9.4 billion had been completed through June 30; the remaining \$6.1 billion was closed or under contract after quarter-end and remained subject to customary closing conditions. The Q2 total included development funding. This is a gross investment measure, not the net amount of capital deployed or a return on acquired assets.

At the same time, Welltower was disposing of properties and repaying loans. During the first half of 2026, it completed \$3.6 billion of pro-rata dispositions and loan repayments. This included sales from a previously announced OM transaction involving 319 consolidated and unconsolidated properties valued at approximately \$7.2 billion. By June 30, 311 properties in that transaction had been disposed of, with eight remaining and expected to close before year-end. Disposition proceeds could support new investments, but the shrinking OM portfolio would also change the company's future revenue and NOI mix.

Welltower raised its full-year 2026 normalized FFO guidance to \$6.36-\$6.44 per diluted share, from \$6.21-\$6.35. At the same time, it lowered its net-income guidance to \$3.11-\$3.19 per diluted share, from \$3.24-\$3.38. Management's guidance assumed the announced or completed transactions and included its own normalizing adjustments. It was a forecast, not a realized outcome.

The company reported net debt to Adjusted EBITDA of 2.99x at June 30 and approximately \$9.5 billion in available liquidity. That liquidity figure included available cash and restricted cash, full line-of-credit capacity, and expected proceeds from property sales and loan payoffs. In July, Welltower also issued C\$1.15 billion in senior unsecured notes. These disclosures show the company's reported financing position, but do not establish the returns on recent acquisitions or imply that all stated liquidity was cash available at quarter-end.

UK competition remedies alter the perimeter

In October 2025, Welltower completed acquisitions of real-estate interests in care homes managed by Barchester, HC-One, Aria Care (including Asprey) and Danforth Care. In September 2026, the UK Competition and Markets Authority (CMA) accepted undertakings offered by Welltower and Apex in lieu of a Phase 2 investigation. The CMA had found a realistic prospect of substantial lessening of competition in 30 local areas, involving both competition in residential and nursing care and local competition between operators.

The accepted remedies require Welltower to divest its property interests and operating businesses at specified homes and to change the operator at other homes. Apex agreed not to re-enter certain operator contracts. The decision named upfront buyers including CGEN, Healthcare Ireland, Care UK and Orders of St John Care Trust. Sale agreements remained subject to required CMA/purchaser approvals and third-party consents, including CQC approval where required. The undertakings took effect on September 10 and set a three-month completion period, subject to those approvals.

As of this case's October 3 cutoff, the CMA's public case page recorded acceptance of the undertakings and publication of the decision, but the reviewed record did not establish that the required transfers or operator changes were complete. These were targeted remedies that changed the expected asset and operator perimeter; they did not unwind the acquired portfolios as a whole.

Resident economics and evidence limits

In its Q2 supplement, Welltower reported a stable-portfolio SHO revenue mix of 93.0% private pay, 0.7% Medicaid, 0.2% Medicare and 6.2% other government programs. This is a company-defined stable-portfolio disclosure, not a payer mix for all SHO communities or for the newly acquired assets. The reviewed filings did not provide community-level resident affordability, payer mix for each acquisition, or quantified exposure to specific reimbursement or policy changes.

Academic research offers two useful, but limited, perspectives. Daniel Lindberg's study of selected U.S. market-rate, investment-grade properties reported price-elasticity estimates above one for independent living and assisted living/memory care. The underlying monthly data ran from January 2017 through March 2022, while the indexed paper text identifies the estimated model window as February 2017 through February 2020. The article's tables could not be directly retrieved for this case; its results are therefore a provisional qualitative caution about price sensitivity, not a Welltower estimate.

Williams and coauthors examined U.S. for-profit skilled nursing homes from 2011-2019 using Medicare Cost Reports and LTCFocus data and a staggered-treatment difference-in-differences/event-study design. Their study associated REIT investment with higher wages and nursing wages per resident day and a higher current ratio, while overall profit, revenue and expense estimates were not statistically significant. Skilled nursing homes differ from Welltower's mostly private-pay seniors-housing operating portfolio. The result is a reason to ask about operator labor and capital needs, not a forecast of Welltower's returns.

Neither study evaluates Welltower's 2026 acquisitions. The company disclosures reviewed also do not provide acquisition-vintage yields after stabilization, local market pricing, operator-level labor productivity or post-remedy financial effects. These gaps limit what investors can infer from headline NOI and FFO growth.

Questions for discussion

1. How much confidence should an outside investor place in Welltower's seniors-housing operating growth as evidence of durable per-share economics?
2. Which Q2 measures best capture improvement in the existing business, and which reflect additions or changes in portfolio scope?
3. What does the unresolved difference between the release/supplement and filed 10-Q same-store NOI figures change about your assessment?
4. How should the CMA remedies affect your view of the UK acquisitions, given that transfers were conditional and not shown as completed by the cutoff?
5. What additional evidence would you require to assess acquisition returns, resident affordability, payer exposure and the quality of reported growth?

Sources

- Welltower, Q2 2026 earnings release, July 27, 2026, pp. 1-2 and 8-10: [PDF](#).
- Welltower, Q2 2026 Supplemental Information, July 27, 2026, pp. 2-4 and 16-18: [PDF](#).
- Welltower, Form 10-Q for quarter ended June 30, 2026, filed July 28, 2026, MD&A pp. 44-47 and 51-52, Notes 3 and 5: [SEC filing](#).
- CMA, “Welltower / multiple care homes merger inquiries,” updates through September 15, 2026: [case page](#); [full decision](#); [final undertakings](#).
- Lindberg, “The Price Elasticity of Senior Housing Demand,” *Business Economics* 57 (2022): [DOI](#).
- Williams et al., “Nursing Home Finances Associated with Real Estate Investment Trust and Private Equity Investments,” *Health Affairs Scholar* 2(4) (2024): [article](#).