SENIOR LIVING MERGER & ACQUISITION PERSPECTIVES

2023
The merger and acquisition (M&A) market for senior living remained active throughout 2023. Despite soaring expenses, uneven profits, and fast-rising interest rates, the total number of transactions reached its second-highest annual total ever in 2023, with 501 publicly announced senior living transactions. While that is approximately 10% lower than the 556 transactions recorded in 2022, it is still significantly higher than prior years.

With rising interest rates in 2023, transaction values in the space continued the decline first noted in late 2022. A weakening valuation environment kept many potential sellers with stable properties and positive cash flow on the sidelines. Motivated sellers who needed to come to market in this challenging environment led to further downward pressure on transaction values in the space.

While the total number of transactions remained high, the types of transactions changed significantly in 2023. Overall, the market saw much smaller transactions, often made up of only a few facilities, and lower-priced transactions. The total senior living M&A transaction dollar volume dropped to $7.6 billion in 2023, a decline of 47.2% over 2022. The dollar volume for the year is in sharp contrast to the $19.1 billion in total dollar volume in 2021 and is even below the $7.9 billion in transaction volume posted amid the COVID-19 pandemic. The dollar volume in 2023 is the lowest figure recorded in the senior living space since 2009, when there were only 89 publicly announced transactions and $4.1 billion in transaction volume at the height of the Great Recession.

Looking ahead, the senior living M&A market in 2024 is likely to be shaped by a number of industry-specific factors, including ongoing staffing challenges, cost pressures, and slow-to-rebound census numbers. However, the sector also could benefit from a continued strong overall economy and cuts to the Federal Reserve’s interest rate targets, which many economists predict will start to come down in the middle of 2024. Forward-looking participants in the senior living space will likely continue to see opportunities despite the challenges this economic and industry cycle present.
Average Historical Transaction Capitalization Rates


Skilled Nursing Facilities: 12.5% 13.0% 12.4% 12.2% 12.2% 12.3% 12.1% 12.2% 11.3% 11.4% 12.7% 12.9%
Assisted/Independent Living Facilities: 8.6% 8.5% 7.7% 7.6% 8.2% 7.5% 8.0% 7.4% 7.8% 7.5% 7.5% 8.3%

Average Price per Unit by Facility Type
($ in thousands)

2017
- Independent Living: $230.1
- Assisted Living: $221.3
- Skilled Nursing: $81.4

2018
- Independent Living: $238.1
- Assisted Living: $186.4
- Skilled Nursing: $77.5

2019
- Independent Living: $233.6
- Assisted Living: $248.4
- Skilled Nursing: $93.0

2020
- Independent Living: $232.5
- Assisted Living: $174.7
- Skilled Nursing: $79.7

2021
- Independent Living: $259.4
- Assisted Living: $186.8
- Skilled Nursing: $98.0

2022
- Independent Living: $259.4
- Assisted Living: $195.2
- Skilled Nursing: $114.2

2023
- Independent Living: $196.2
- Assisted Living: $145.4
- Skilled Nursing: $97.7

Source: Irving Levin Associates, National Investment Center for Seniors Housing & Care
### Skilled Nursing Facilities

#### Average Price per Bed: Stabilized vs. Non-Stabilized

<table>
<thead>
<tr>
<th>Year</th>
<th>Stabilized</th>
<th>Non-Stabilized</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$97.0</td>
<td>$93.2</td>
</tr>
<tr>
<td>2022</td>
<td>$234.0</td>
<td>$109.2</td>
</tr>
<tr>
<td>2023</td>
<td>$149.2</td>
<td>$105.6</td>
</tr>
</tbody>
</table>

#### Average Price per Bed by Size of Facility

<table>
<thead>
<tr>
<th>Size</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;80</td>
<td>$56.7</td>
<td>$77.4</td>
<td>$92.3</td>
</tr>
<tr>
<td>80-119</td>
<td>$86.5</td>
<td>$92.9</td>
<td>$129.9</td>
</tr>
<tr>
<td>120-179</td>
<td>$94.7</td>
<td>$109.8</td>
<td>$100.8</td>
</tr>
<tr>
<td>&gt;180</td>
<td>$109.8</td>
<td>$98.2</td>
<td>$101.2</td>
</tr>
</tbody>
</table>

#### Average Price per Bed by Age of Facility

<table>
<thead>
<tr>
<th>Age</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;40 yrs</td>
<td>$84.9</td>
<td>$71.9</td>
<td>$74.9</td>
</tr>
<tr>
<td>20-40 yrs</td>
<td>$95.8</td>
<td>$105.7</td>
<td>$103.7</td>
</tr>
<tr>
<td>&lt;20 yrs</td>
<td>$99.8</td>
<td>$116.0</td>
<td>$110.6</td>
</tr>
</tbody>
</table>

#### Average Price per Bed by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Central</td>
<td>$175.5</td>
<td>$133.8</td>
</tr>
<tr>
<td>Northeast</td>
<td>$129.4</td>
<td>$129.4</td>
</tr>
<tr>
<td>South Central</td>
<td>$82.3</td>
<td>$83.1</td>
</tr>
<tr>
<td>Southeast</td>
<td>$105.6</td>
<td>$93.6</td>
</tr>
</tbody>
</table>

Source: Irving Levin Associates
### DEAL METRICS BY SUBSECTOR & PUBLIC COMPARABLES

#### Assisted Living/Independent Living Facilities

**Average Price per Unit by Age of Facility ($ in thousands)**

- >25 yrs: $111.6 (2022), $100.6 (2023)
- 15-24 yrs: $170.3 (2022), $164 (2023)
- 16-14 yrs: $215.9 (2022), $245.1 (2023)
- <6 yrs: $339.2 (2022), $274.8 (2023)

**Average Price per Bed by Size of Property ($ in thousands)**

- Under 50 Units: $138.4 (2022), $114.8 (2023)
- 50-99 Units: $172.4 (2022), $131 (2023)
- 100-149 Units: $234.9 (2022), $163.4 (2023)
- 150 Units & Up: $269.3 (2022), $204.8 (2023)

#### SNF & AL/IL Public Comparables vs. Dow Jones U.S. Health Care Provider Index

**SNF & AL/IL Public Comparables by Facility Type**

**Skilled Nursing**

<table>
<thead>
<tr>
<th>Company</th>
<th>Ticker</th>
<th>Revenue (M) As of 12/31/23</th>
<th>EBITDA (M) As of 12/31/23</th>
<th>EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>National HealthCare Corporation</td>
<td>NHC</td>
<td>$92.42</td>
<td>$1,135.3</td>
<td>8.2%</td>
</tr>
<tr>
<td>The Ensign Group, Inc.</td>
<td>ENSG</td>
<td>$112.21</td>
<td>$3,729.4</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

**Assisted/Independent Living**

<table>
<thead>
<tr>
<th>Company</th>
<th>Ticker</th>
<th>Revenue (M) As of 12/31/23</th>
<th>EBITDA (M) As of 12/31/23</th>
<th>EBITDA Margin</th>
<th>Market Cap (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonida Senior Living, Inc.</td>
<td>SNDA</td>
<td>$9.66</td>
<td>$228.2</td>
<td>9.5%</td>
<td>$76</td>
</tr>
<tr>
<td>Brookdale Senior Living Inc.</td>
<td>BKD</td>
<td>$5.82</td>
<td>$2,867.4</td>
<td>12.9%</td>
<td>$1,096</td>
</tr>
</tbody>
</table>

**Source:** Capital IQ
ABOUT US

The professionals of FORVIS Capital Advisors, LLC (FCA) have more than 200 years of combined experience helping company owners plan for and execute their growth and exit strategies. From managing the sale of a company to negotiating the acquisition of a competitor or raising debt and equity capital to improve financial and operational flexibility, FORVIS can help you to develop a specific course of action for achieving your desired results.

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- Specialty Hospitals

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Behavioral Health

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- Engineering Companies
- Building Materials

Construction Contractors

Financial Services
- Commercial Banks
- Insurance Brokerages

Mortgage Companies
FinTech

Manufacturing & Distribution
- Metal Fabrication
- Rubber & Plastics Manufacturing

Industrial Automation
Transportation & Logistics

Consumer Services & Products
- Food & Beverage
- Grocery & Convenience Stores

Apparel
Enthusiast Products

Business Services
- Professional Services
- Human Resources & Staffing

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