



**FORVIS**

## SENIOR LIVING MERGER & ACQUISITION PERSPECTIVES

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2023

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## 2023 OVERVIEW & 2024 OUTLOOK

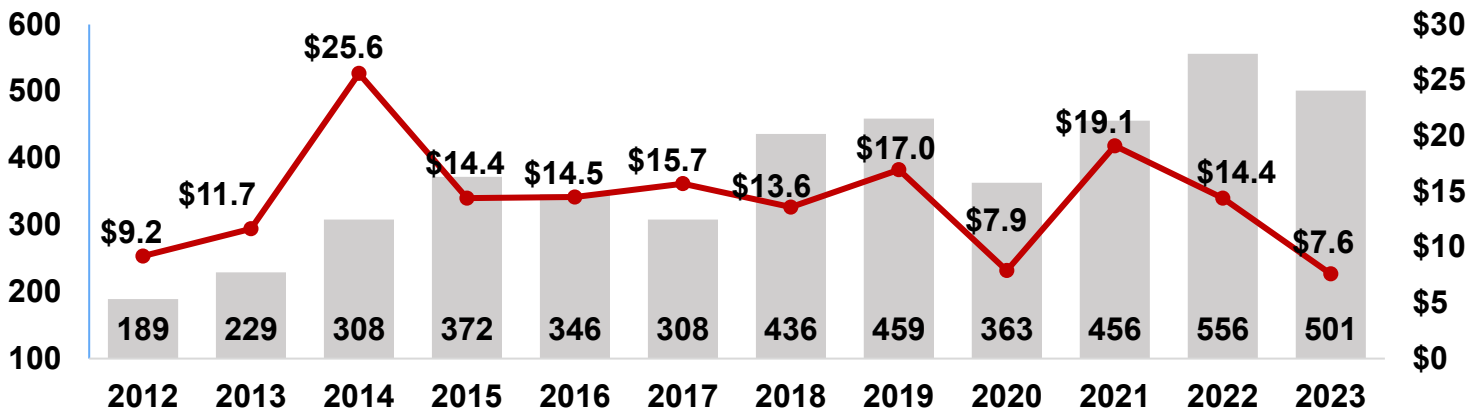
The merger and acquisition (M&A) market for senior living remained active throughout 2023. Despite soaring expenses, uneven profits, and fast-rising interest rates, the total number of transactions reached its second-highest annual total ever in 2023, with 501 publicly announced senior living transactions. 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.

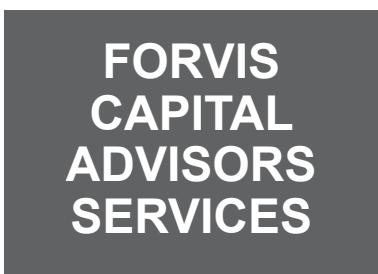
While the total number of transactions remained high, the types of transactions changed significantly in 2023. Overall, the market saw much smaller transactions, often made up of only a few facilities, and lower-priced transactions. The total senior living M&A transaction dollar volume dropped to \$7.6 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.

**Senior Housing Transaction Volume & Dollars Spent on M&A**  
(\$ in billions)



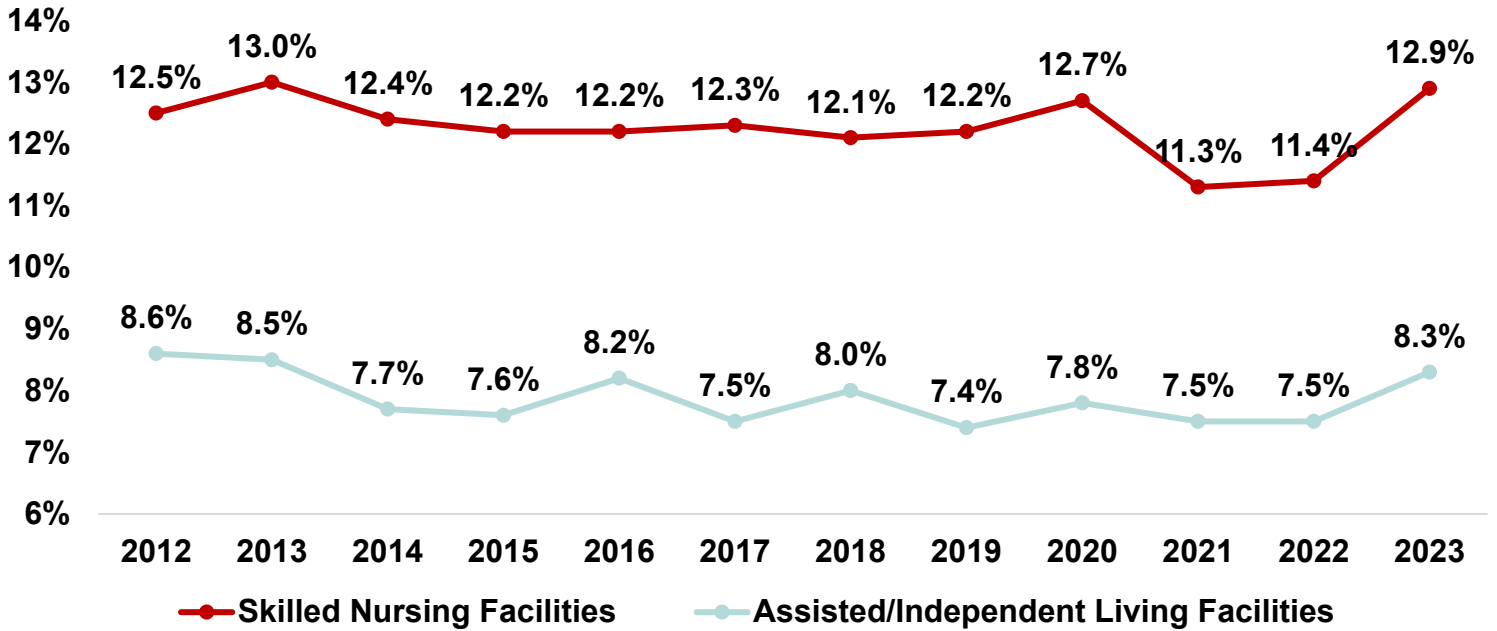
Source: Irving Levin Associates



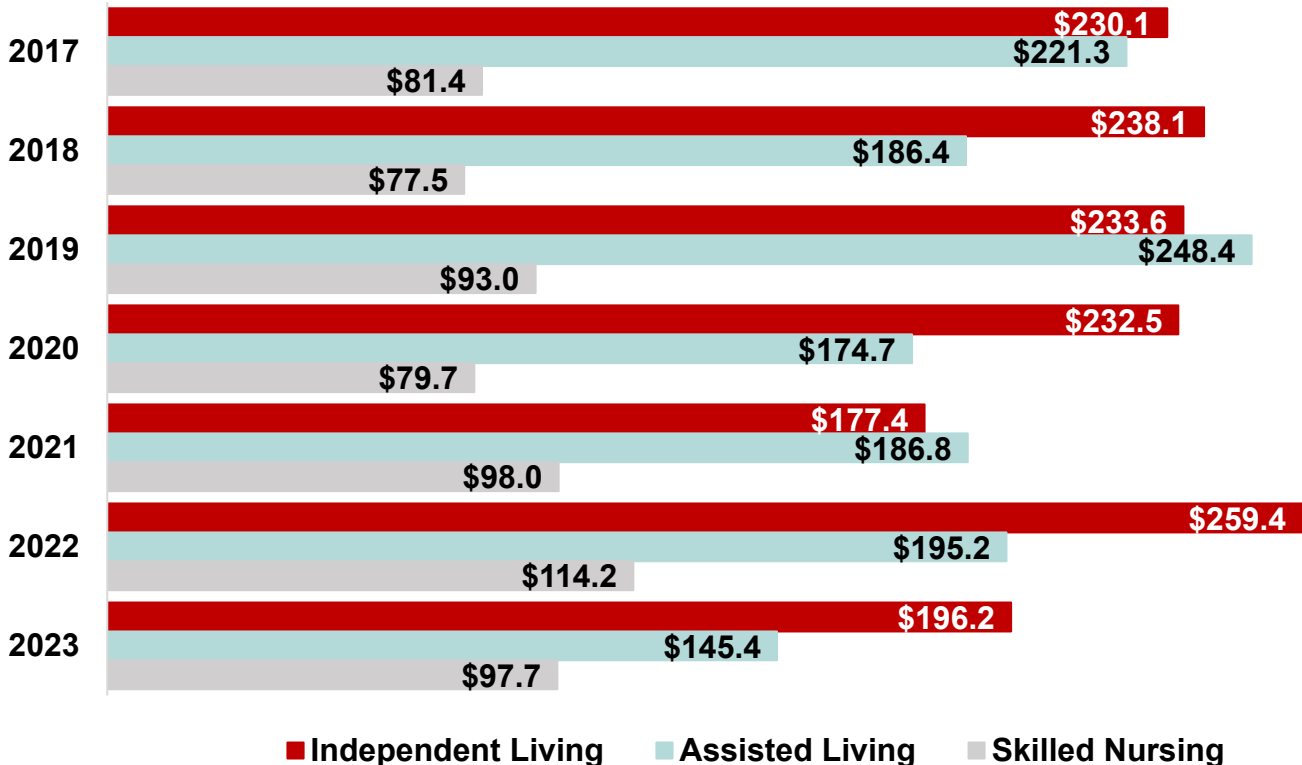
- Company Sales & Divestitures
- Management Buyouts
- Debt & Equity Recapitalizations
- Succession Planning & Strategic Options Analysis
- Mergers & Acquisitions
- Affiliations

## DEAL METRICS

### Average Historical Transaction Capitalization Rates



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

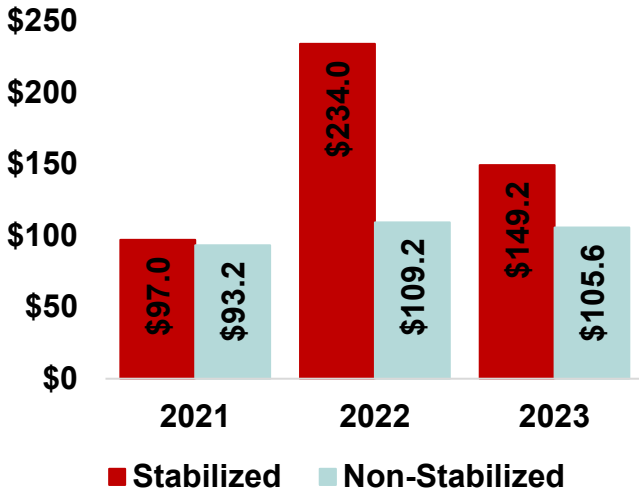


Source: Irving Levin Associates, National Investment Center for Seniors Housing & Care

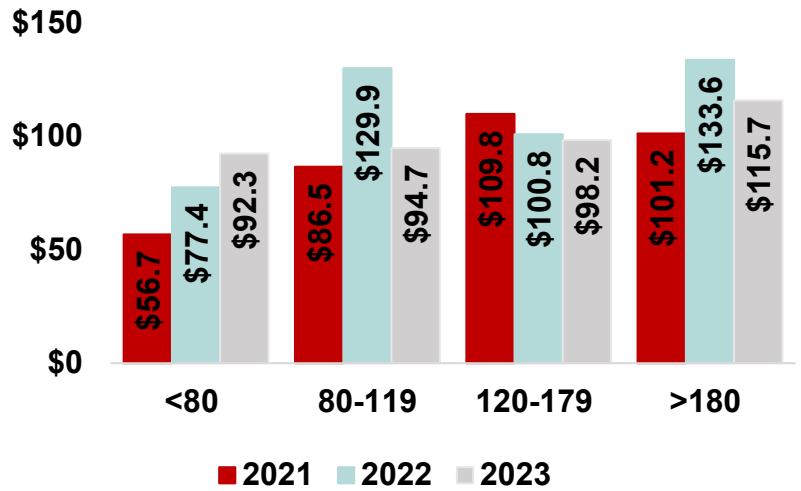
## DEAL METRICS BY SUBSECTORS

### Skilled Nursing Facilities

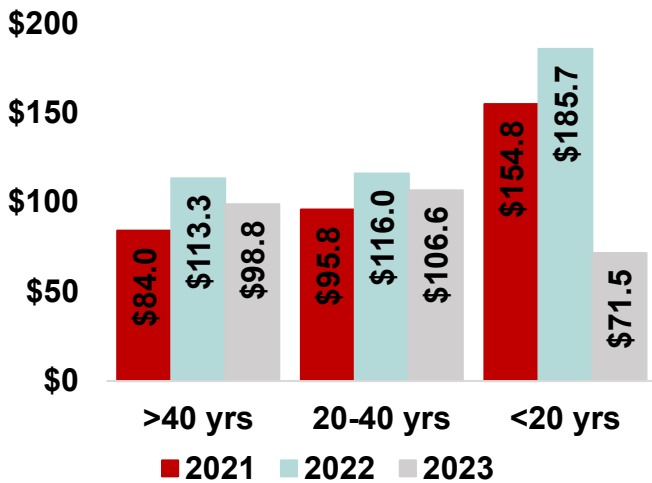
**Average Price per Bed: Stabilized vs. Non-Stabilized**  
(\$ in thousands)



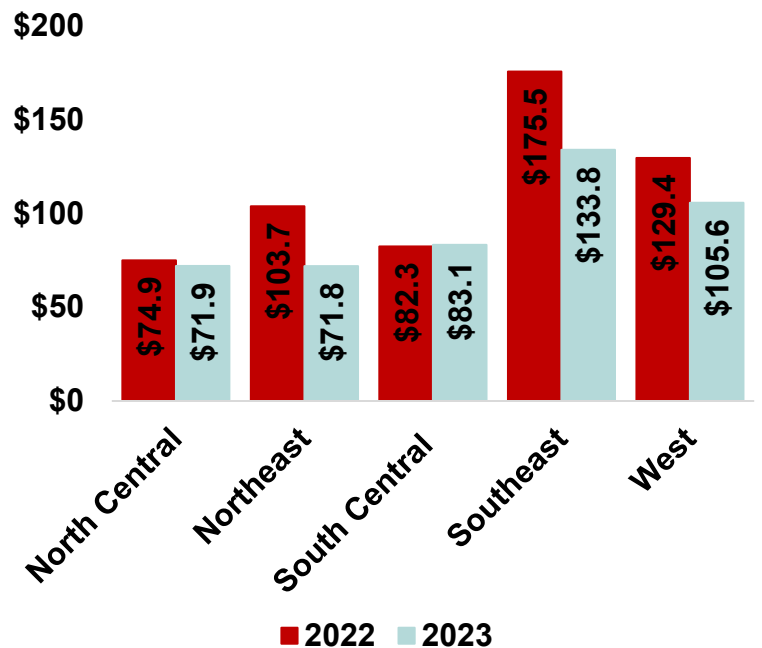
**Average Price per Bed by Size of Facility**  
(\$ in thousands)



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



**Average Price per Bed by Region**  
(\$ in thousands)

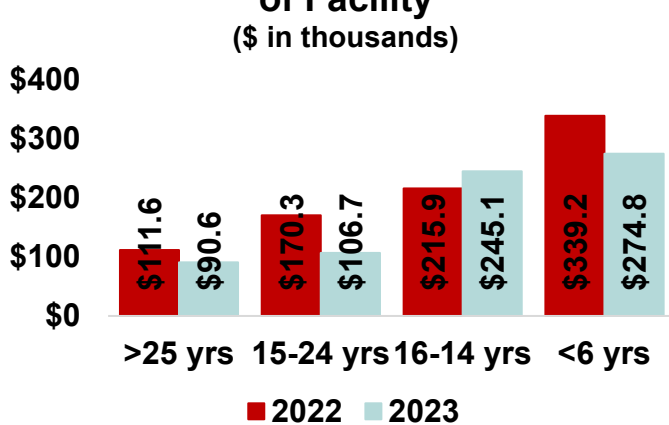


Source: Irving Levin Associates

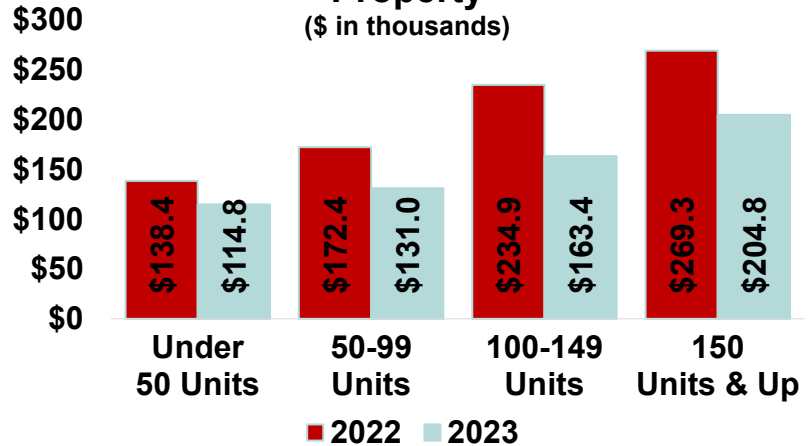
DEAL METRICS BY SUBSECTOR & PUBLIC COMPARABLES

Assisted Living/Independent Living Facilities

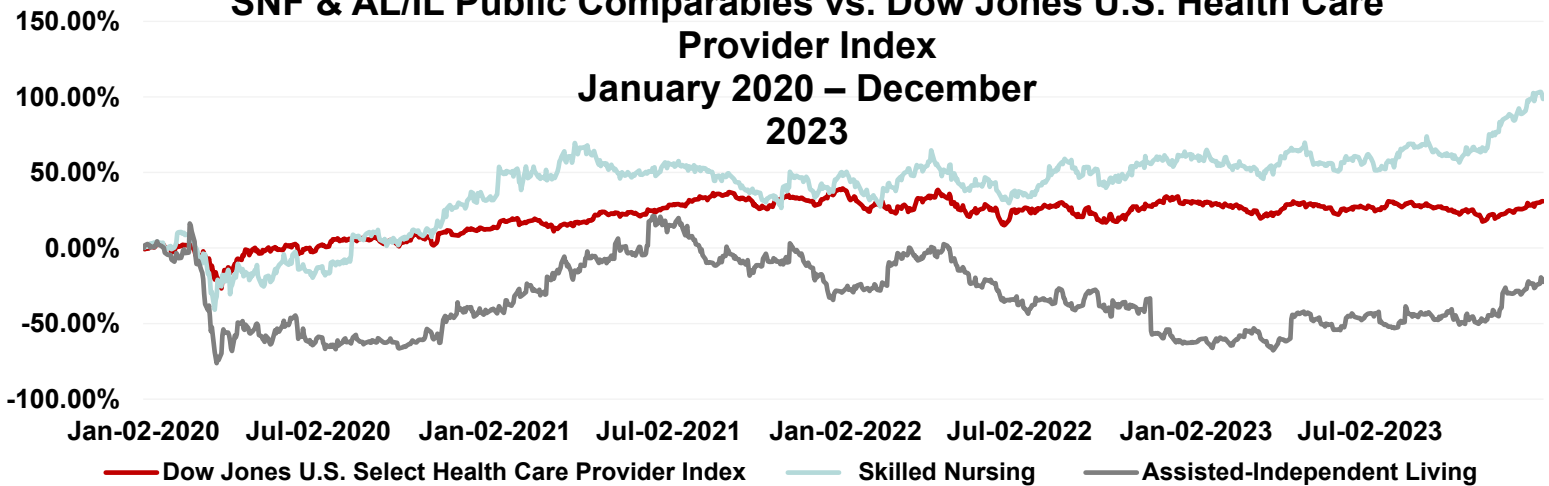
Average Price per Unit by Age of Facility (\$ in thousands)



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



SNF & AL/IL Public Comparables vs. Dow Jones U.S. Health Care Provider Index January 2020 – December 2023



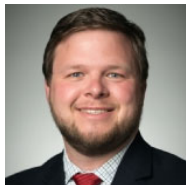
Public Comparables by Facility Type

Skilled Nursing						
Company	Ticker	As of 12/31/23	Revenue (\$M) As of 12/31/23	EBITDA (\$M) As of 12/31/23	EBITDA Margin	Stock Market Cap (\$M)
National HealthCare Corporation	NHC	\$ 92.42	\$ 1,135.3	\$ 93.3	8.2%	\$ 1,416
The Ensign Group, Inc.	ENSG	\$ 112.21	\$ 3,729.4	\$ 326.6	8.8%	\$ 6,283

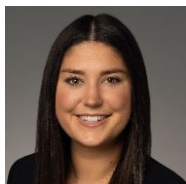
Assisted/Independent Living						
Company	Ticker	As of 12/31/23	Revenue (\$M) As of 12/31/23	EBITDA (\$M) As of 12/31/23	EBITDA Margin	Market Cap (\$M)
Sonida Senior Living, Inc.	SNDA	\$ 9.66	\$ 228.2	\$ 21.6	9.5%	\$ 76
Brookdale Senior Living Inc.	BKD	\$ 5.82	\$ 2,867.4	\$ 369.3	12.9%	\$ 1,096

Source: Capital IQ

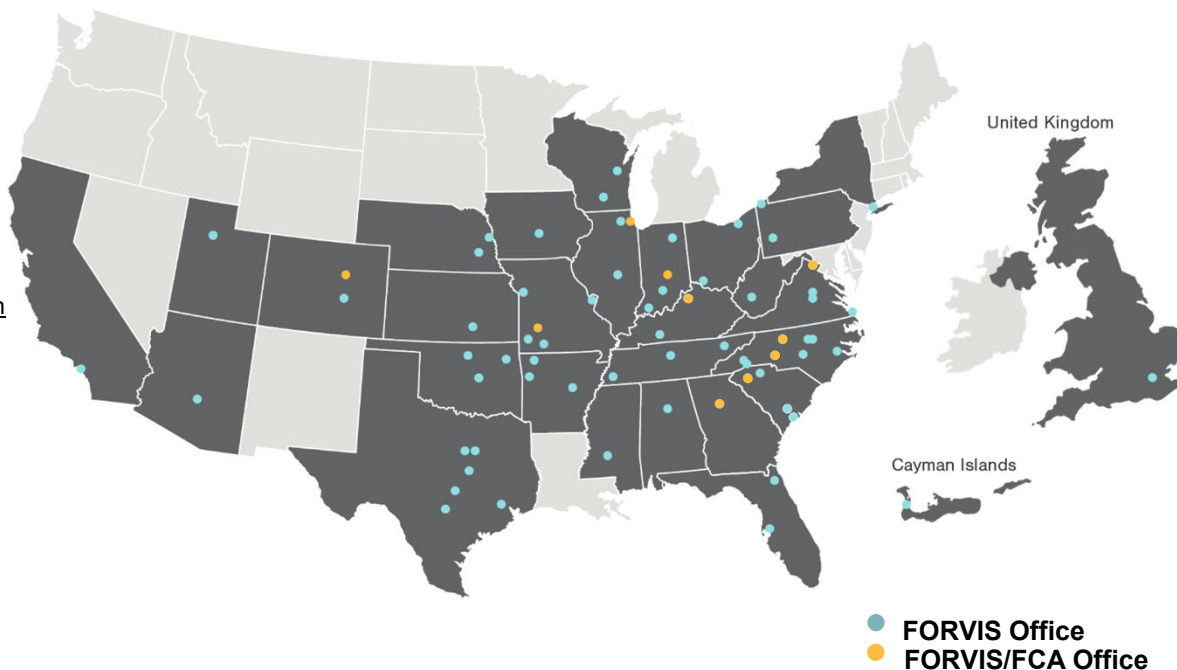
## CONTACT US



**Wyatt Jenkins**  
 Director  
 Springfield, MO  
 417.865.8701  
[wyatt.jenkins@forvis.com](mailto:wyatt.jenkins@forvis.com)



**Blythe Berka**  
 Senior Associate II  
 Denver, CO  
 303.837.3599  
[blythe.berka@forvis.com](mailto:blythe.berka@forvis.com)



## 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.

FCA, a wholly owned subsidiary of FORVIS, LLP, helps companies and stockholders go beyond their numbers by creating value through investment banking solutions that include mergers, acquisitions, sales, recapitalizations, management buyouts, and financings.

Founded in 1994, FCA is staffed with experienced investment bankers and financial analysts. In addition, the firm draws on the resources of FORVIS with its network of accountants, auditors, tax professionals, business consultants, and industry-specific consultants.

FCA is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

## INDUSTRY FOCUS

### Healthcare Services

Long-Term Care	Revenue Cycle Management
Specialty Hospitals	Behavioral Health

### Manufacturing & Distribution

Metal Fabrication	Industrial Automation
Rubber & Plastics Manufacturing	Transportation & Logistics

### Construction & Engineering

Engineering Companies	Construction Contractors
Building Materials	

### Consumer Services & Products

Food & Beverage	Apparel
Grocery & Convenience Stores	Enthusiast Products

### Financial Services

Commercial Banks	Mortgage Companies
Insurance Brokerages	FinTech

### Business Services

Professional Services	Tech-Enabled
Human Resources & Staffing	Services Telecom