



Dear ASHA Member,

The senior care M&A market is still reeling in light of the COVID-19 pandemic, and it comes as the industry was close to a valuation peak, if not already there. Skilled nursing facilities have been busy containing the virus' spread among their most vulnerable patients, and seniors housing communities have largely shut their doors and adapted to new communal living practices among the elderly. So, dealmaking has taken a back seat for now. Occupancy at these properties will certainly decline, cash flow will be affected, and values should take a hit as a result. To understand by just how much, time will tell, but knowing the basis from which the industry went into the crisis will also be important to know.

We covered the state of the 2019 seniors housing and care M&A market in the 25th Edition of *The Senior Care Acquisition Report*, which was published in March 2020. With statistics compiled from a proprietary M&A database that includes both publicly announced transactions and deals privately disclosed to us, the comprehensive Report breaks down and analyzes the assisted living, independent living, skilled nursing and CCRC markets, including historical trends of pricing statistics and financial indicators such as:

- Per-unit/bed prices
- Cap rates
- Operating margins and NOI per unit/bed
- State-by-state figures
- Details on all 450 publicly announced transactions in 2019
- Directories of all senior care lenders, brokers, operators, REITs and PE firms

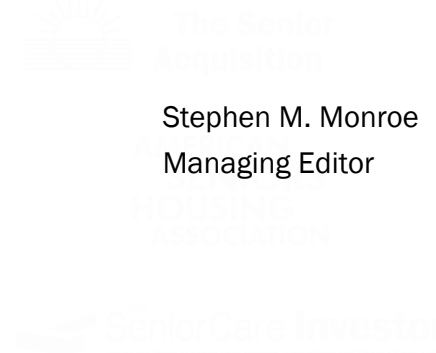
As an addendum to the *Report*, we have updated several statistics using data from the last four quarters and included them on the following page, providing the true last snapshot of the seniors housing and care M&A market at its peak. Only by knowing these acquisition market indicators will we truly understand exactly how COVID-19 is going to impact operations and values of senior care properties.

This preview is provided to members of the American Seniors Housing Association. For report information, visit <http://www.seniorcareinvestor.com/scar2020>.

Sincerely,

Ben Swett
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Managing Editor





ACQUISITION MARKET INDICATORS

ASSISTED LIVING, INDEPENDENT LIVING & SKILLED NURSING

The seniors housing and care M&A market began to fall from its recent heights in the second quarter of 2020, according to statistics from the previous four quarters. **Independent living** values dropped 17% from 2019, as the market for high-end properties largely dried up. The sector's average cap rate jumped considerably by 60 basis points. **Skilled nursing** values fell modestly from the near-record in 2019, but the average cap rate jumped by 50 basis points because of the sector's perceived risk in light of the pandemic. However, the average **assisted living** price rose 3% from 2019. A large, but low-priced deal that closed in Q2:19 did drop out of the rolling four-quarter average, but there also has not been much movement of pricing for deals completed since the onset of the pandemic. The average cap rate also fell by 10 basis points.

	June 30, 20 (12 months Ending)*		201 (Calendar Year)	
	AVERAGE PRICE PER UNIT	CAPITALIZATION RATE	AVERAGE PRICE PER UNIT	CAPITALIZATION RATE
ASSISTED LIVING	\$256,800	7.5%	\$248,400	7.6%
INDEPENDENT LIVING	\$194,900	7.3%	\$233,600	6.7%
SKILLED NURSING**	\$87,000	12.7%	\$93,000	12.2%

*Based upon rolling 12 month average **Beds
Source: The Senior Care Acquisition Report, 25th Edition

The prices per unit and capitalization rates are based upon historical data or rolling twelve months of available data from public and privately announced transactions.



The Senior Care Acquisition Report is published by Irving Levin Associates, Inc. with headquarters in Norwalk, CT. Established in 1948, this privately held corporation publishes research reports and newsletters, and maintains merger and acquisition databases, on the health care and senior housing markets. Learn more about our publications and memberships at www.levinassociates.com.



**The Senior Care
Acquisition Report**

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