The Skilled Nursing Facility Price Per Bed Soars To Record, Assisted Living Price Per Unit Beats Last Year’s Record

According to a new report from The SeniorCare Investor, average skilled nursing facility price per bed soared to a new record in 2016 while assisted living average prices just topped 2015’s record-setting pace.

Norwalk, CT (PRWEB) February 15, 2017 -- After a record-setting year across all senior care sectors in 2015, the average skilled nursing facility price per bed soared again to a new record of $99,200 per bed, or 15% higher than in 2015. In addition, the average assisted living price per unit just topped the previous record set in 2015 by 2%, reaching $193,650 per unit in 2016. Although it did not set a record in 2016, the average price per unit in the independent living community acquisition market notched an 18% increase over 2015’s average to $228,150 per unit, which was still below the 2014 record of $246,775 per unit. This sector is the smallest of the three in the seniors housing and care acquisition market in terms of number of transactions. All of the market statistics will appear in a soon-to-be published report from Irving Levin Associates, The Senior Care Acquisition Report, 22nd Edition, 2017.

After the slow start to 2016 in terms of transaction volume and buyer fatigue, the market picked up steam in the second half of the year as continued low interest rates, plus an abundance of equity capital, propelled values to new highs. In 2016, there were 337 publicly announced acquisitions in the seniors housing and care acquisition market, representing a 6% decrease from 2015, which was a record year. Despite this small decline in transactions, the dollar value of the 337 acquisitions totaled approximately $14.4 billion, or about 1% higher than in 2015. The dollar amount is for those publicly disclosed transactions with a disclosed price. When non-disclosed prices are added in, the number goes higher. Just like in 2015, in 2016 there were very few transactions above the billion-dollar mark (two in 2016 compared with just one in 2015, all under $1.2 billion). In 2014, by contrast, there were five such transactions totaling $9.7 billion. “After the records set in 2015, especially in the skilled nursing market, we didn’t expect to see values on their upward trend, especially when the transaction volume appeared to slow,” stated Stephen M. Monroe, Editor of the Report. “The big surprise, again, was the significant increase in the average skilled nursing facility price per bed when labor costs are expected to rise and reimbursement is expected to tighten,” Monroe continued.

Average skilled nursing cap rates remained about the same at 12.2%, just 10 basis points above their record low, while the average assisted living cap rate jumped to 8.5% from 7.7% in 2015. There were still transactions priced below a 6.5% cap rate, but there appeared to be more “value-add” acquisitions in this market, with higher cap rates, than in the recent past. The average independent living cap rate rose by 20 basis points to 7.2% from its record of low of 6.96% in 2015. “Investors are betting on the sector and continue to believe that demographics will support strong valuations in the long run, even if interest rates rise,” commented Monroe.

The Senior Care Acquisition Report, 22nd Edition, 2017 contains statistics on the skilled nursing facility, assisted living and independent living retirement housing merger and acquisition markets in more than 70 charts and graphs, including prices per bed or unit, capitalization rates and income multiples, in more than 250 pages. The Report also includes transaction information on each of the 357 publicly announced seniors housing and care acquisitions in 2016 (second highest number ever). The Senior Care Acquisition Report, 22nd Edition, 2017 may be purchased for $595. For more information, or to order the report, call 800-248-1668. Irving Levin Associates, Inc, was established in 1948 and has headquarters in Norwalk, Connecticut. The company publishes research reports and newsletters, and maintains databases on the health care and senior housing M&A markets.
Contact Information
Kate Wentworth
Irving Levin Associates
+1 (203) 846-6800 Ext: 10

Online Web 2.0 Version
You can read the online version of this press release here.