

Not-for-Profit Senior Living M&A in Review: Trends Emerge as Consolidation Continues in 2024

Contents

Introduction	3
The Year in Numbers	4
The M&A Trend of 2024: Come Together, Right Now	5
Additional Trends Behind the Numbers	7
What to Expect This Year	9
For More Information	10

Introduction

The pace of not-for-profit senior living mergers and acquisitions remained stable in 2024 compared with 2023. There were 62 transactions¹ announced in 2024, up 3 from the previous year. Those transactions were almost evenly split between for-profit organizations acquiring senior facilities from not-for-profit sellers (33) and not-for-profits acquiring either other not-for-profits or for-profit facilities (29).

But the nature of last year’s announced transactions suggests that change is afoot in the not-for-profit senior living industry. Of those 29 transactions in which a not-for-profit is the survivor, nearly 60% (17) of the acquirers were outside the 50 largest not-for-profit senior living organizations as designated by the LeadingAge Ziegler LZ 200 Report.² There were eight membership substitution deals between not-for-profits, which is relatively small compared with the overall acquisition activity, but that number is growing.

These data points suggest that consolidation in the traditionally fragmented senior living sector is accelerating. Driving this consolidation is a growing sense among senior living leadership teams and boards that certain stand-alone institutions and smaller organizations may face greater challenges moving forward, due in part to the fact that operating efficiencies of scale are more difficult to achieve.³ These dynamics have also created opportunities for selling organizations to enter transactions at attractive price points, as well-capitalized buyers explore acquisitions to fuel their growth strategies.

This report quantifies the number of transactions publicly announced in 2024; it does not include those that closed in 2024 but were announced earlier. Overall, the number of announced transactions has risen steadily: from 48 in 2022 to 59 to 2023 to 62 in 2024. In 2022 not-for-profits were engaged in the lion’s share of the acquiring, but by 2024 the situation had reversed. (Figs. 1, 2)

Figure 1: Acquirer – Target

	2022	2023	2024
Not-for-Profit – Not-for-Profit	15	22	17
Not-for-Profit – For-Profit	15	11	12
For-Profit – Not-for-Profit	18	26	33
Total	48	59	62

Source: Kaufman, Hall & Associates, LLC

Figure 2: % Breakout

	2022	2023	2024
Not-for-Profit – Not-for-Profit	31.3%	37.3%	27.4%
Not-for-Profit – For-Profit	31.3%	18.6%	19.4%
For-Profit – Not-for-Profit	37.5%	44.1%	53.2%

Source: Kaufman, Hall & Associates, LLC

1. Kaufman Hall defines a **transaction** as a sale, merger, change of control, or other business combination between two previously nonaffiliated entities in which the acquired entity (the **target**) is a senior living facility; and at least one of the parties involved is a not-for-profit organization. The term **senior living facility** applies to market-rate independent living facilities, assisted living/personal care facilities, memory care facilities, skilled nursing facilities, and life plan communities. Affordable housing facilities are excluded. A portfolio transaction (in which a single acquirer acquires multiple facilities from a single seller) is considered a single transaction.

2. LeadingAge Ziegler LZ 200 Report, Sept. 12, 2024, available at <https://leadingage.org/leadingage-ziegler-200/>

3. Fitch Ratings, U.S. Public Finance Not-For-Profit Life Plan Community Rating Criteria, Aug. 19, 2024

The Year in Numbers

- The total number of transactions has steadily climbed, but their nature has changed. In 2024, the number of for-profits acquiring not-for-profits exceeded the combination of not-for-profits acquiring for-profits and deals between two not-for-profits; this was a change from the previous two years.
- Of the 29 transactions in 2024 in which a not-for-profit senior living organization was the acquirer, 8 were cashless membership substitutions; 9 involved cash acquisition or conveyance of cash of not-for-profit assets; and 12 involved cash acquisition of for-profit assets.
- Among the 17 transactions involving two not-for-profit entities, the most common type of target was life plan communities (LPCs), with 11. (Fig. 4)
- Of the 33 transactions in which a for-profit acquired a senior living facility or facilities owned by a not-for-profit, 23 (70%) involved a skilled nursing facility (SNF). This indicates that not-for-profits are continuing to reduce SNF exposure and that interest in SNF assets among for-profit organizations persists. (More about this below.)

- For the second straight year, Pennsylvania led the nation in announced transactions, with 9 in 2024 after 6 in 2023. Midwestern states comprised most of the rest of the top-5 state activity (Wisconsin with 6 transactions, Ohio and Illinois each with 5, and Minnesota and Tennessee each with 4). (Fig. 3)

Figure 3: Top 5 Most Active States (# of Transactions)

	2022	2023	2024
1	MN – 7	PA – 6	PA – 9
2	FL – 5	OH – 5	WI – 6
3	MI – 4	IL – 5	OH – 5
4	OH – 4	MN – 5	IL – 5
5	TX – 4	MI – 5	MN – 4; TN – 4

Source: Kaufman, Hall & Associates, LLC

The M&A Trend of 2024: Come Together, Right Now

Several trends drove the increased consolidation across the senior living industry. Chief among them is the fact that certain single-site facilities continue to struggle financially and are more highly exposed to gyrations in occupancy rates; and there are efficiencies of scale to be achieved in administration of larger organizations. One of Fitch’s Key Rating Drivers is “revenue defensibility;” under this rubric, a multisite LPC with locations in at least two states and/or with locations in highly diversified, distinct geographic areas or with national or multimarket draw are considered better candidates for an A category rating, while single-site LPCs are more likely to receive a BBB or BB category rating. One- and two-site not-for-profit organizations are also much less likely to acquire. While 17 of the 29 not-for-profit acquirers were outside the 50 largest (Fig. 5), only 4 of the acquirers were one- or two-site organizations (Fig. 6). Thus, M&A provides fertile growth opportunities for mid-sized senior living organizations but limited pathways for smaller organizations.

The benefits derived from consolidation are apparent in the Midwest and mid-Atlantic states. These are markets with high not-for-profit penetration but are more fragmented than other regions (e.g., California) where significant consolidation has already occurred. These dynamics foster partnership opportunities for not-for-profits that benefit both the acquirer and the target. (More below on these “tuck-in” deals).

Figure 4: 2024 Transactions – Facility Type (Target)

	Not-for-Profit	Not-for-Profit – For-Profit	For-Profit – Not-for-Profit
Life Plan Community	11	4	5
Skilled Nursing Facility*	3	1	23
Assisted Living/ Memory Care	1	5	3
Independent Living/ Assisted Living/ Memory Care	2	2	2
Total	17	12	33

*Includes SNFs with memory care and assisted living units

Source: Kaufman, Hall & Associates, LLC

Figure 5:⁴ 2024 Transactions – 29 Transactions w/ Not-for-Profit Acquirer

Not-for-Profit Acquirer Ranking in LeadingAge Ziegler Top 200	
Top 50	12
51-200	10
Outside Top 200	7
Total	29

Source: Kaufman, Hall & Associates, LLC

4. LeadingAge Ziegler LZ 200 Report, Sept. 12, 2024, available at <https://leadingage.org/leadingage-ziegler-200/>

The M&A Trend of 2024 *(continued)*

Likewise, Pennsylvania, while geographically distinct, has similar market dynamics to the Midwestern states and continues to see the most M&A activity. This dynamic will likely continue in Pennsylvania and accelerate in the mid-Atlantic and Southeast, particularly in Maryland, Virginia, and the Carolinas.

Overall, the heavy M&A activity offers further evidence that the operating environment for senior living has improved. Occupancy has climbed—from 84.4% in Q3 2023 to 86.5% in Q3 2024; while inventory growth in 2024 has remained low and near levels last seen in 2013 (although it grew slightly from 2023).⁵ And Fitch has raised its outlook on the LPC sector to “neutral” after 4 years of designating it “deteriorating,” citing expectations for a surge in demand due to demographics, improved real estate growth, and abatement of inflationary pressures.⁶ Not-for-profit senior living organizations can return their focus to strategic endeavors and growth. This has resulted in an increased amount of transaction activity, aided by greater access to capital and generation of free cash flow across the industry. This is a welcome change for an industry that was hit hard by the Covid-19 pandemic and has struggled to recover.

The improved operating environment and outlook affords senior living organizations more breathing room to weigh strategic options. There is no one-size-fits-all solution amidst the consolidation trend. For example, a single-site community with a strong market position and solid balance sheet might be better positioned for growth and long-term sustainability than many multisite groups.

Figure 6: 2024 Transactions – 29 Transactions w/ Not-for-Profit Acquirer

Not-for-Profit Acquirer # of Sites before Acquisition/Affiliation	
1-2 Sites	4
3+ Sites	20
Other ⁷	5
Total	29

Source: Kaufman, Hall & Associates, LLC

5. Clapp C. Senior Housing Occupancy Continues Climbing in 4Q 2024. National Investment Center, Jan. 23, 2025. Available at: Senior Housing Occupancy Continues Climbing in 4Q 2024 – National Investment Center.

6. Fitch Ratings, U.S. Not for Profit Life Plan Communities Outlook to Stabilize, Dec. 2, 2024.

7. Other includes health system or hybrid credit acquirer, or not-for-profit that outsources management of its communities to third-party manager.

Additional Trends Behind the Numbers

It remains that **not-for-profit organizations are seeking strategic alternatives for their SNF assets**. This extends an ongoing trend. Operation of SNFs presents specific challenges that are difficult to navigate; SNF residents often require a significantly higher level of medical care, often involving complex health needs, necessitating a highly trained staff, strict medication management, and a more clinical environment.

Many not-for-profits lack the capacity to tackle these challenges, especially considering their size and scale in relation to an LPC's remaining independent living/assisted living/memory care portfolio, but for-profit entities have emerged as better positioned to operate these clinically focused facilities. Sellers include health systems, multisite LPCs repositioning their portfolios, religious organizations, and municipalities. For example: [Premier Health](#) announced the sale of two Ohio SNFs to Otterbein SeniorLife and Vancrest Healthcare Centers in the fall, while [Presbyterian Senior Living](#) last spring announced the sale of a SNF to Continuum Healthcare. There is no sign that this trend will abate as long as there remain interested buyers.

A second trend is that “**tuck-in**” affiliations and acquisitions, in which an acquiring entity targets a smaller facility in the same or adjacent region or market, continue to feature as a major driver of consolidation. The benefits that arise from effective “backyard” acquisitions and affiliations are substantial and enduring. There are several related reasons why, including:

1. Leadership and boards best understand the unique dynamics of their own market. As a result, in-market transactions carry less risk than entering new geographies. Similarly, incremental growth requires less bandwidth to integrate than portfolio acquisitions.
2. Tuck-in acquisitions demonstrate gradual, mission-driven, strategic growth. They usually reflect growth at a lower cost and are less impactful than new construction, which exposes the organization to construction risks and a longer timeline to implement new product.
3. These acquisitions often represent “low-hanging fruit” opportunities for both growth and cost savings and offer synergies from geographic proximity, especially in vendor contracting, employee recruitment and retention, and sales and marketing.

Additional Trends Behind the Numbers *(continued)*

Tuck-in affiliations can occur as cash deals, such as when Virginia-based [Pinnacle Living](#) acquired two assisted living/memory care communities in Richmond, VA, or [EveryAge](#) acquired Providence Place in High Point, NC; or they can be membership substitutions, as when Manitowoc, WI-based [Franciscan Sisters of Christian Charity Sponsored Ministries](#) assumed sponsorship of faith-based Clement Manor in Greenfield, WI in a transaction with clear cultural fit and service alignment.

With that said, there remain **relatively few membership substitution deals**. There were 8 cashless transactions in 2024, compared with 21 transactions in which a not-for-profit acquired facilities for cash

(9 from not-for-profit sellers, 12 from for-profit sellers). Examples include the [Acts Retirement-Life Communities](#) deal with Terraces at Bonita Springs (FL) and [BHI Senior Living's](#) agreement with Westminster Living North in Indianapolis. This underscores the relative scarcity of cashless affiliation possibilities that are mutually beneficial, in part due to the limited number of transactions between not-for-profits that occur annually. However, such deals can be capital efficient and may be worth pursuing. To pursue a cashless deal between not-for-profits, both organizations must streamline evaluation processes to confirm the mutual value proposition.

What to Expect This Year

Cautious optimism overlays the sector at the start of 2025. While the outlook for the sector has improved compared with the past few years, there is uncertainty about changes in capital access (interest rates, tax-exempt financing, credit spreads) and the regulatory backdrop (minimum staffing ratios, Medicaid rates). The following themes are expected to emerge or continue this year:

- 1. Midsized organizations will remain active.** The consolidation trend will continue as smaller and freestanding facilities face too much pressure to continue operating independently. While smaller facilities value their independence, there is significant appetite among midsized senior living management teams to grow. There remain clear pathways for organizations outside the 50 largest to grow via acquisitions that contribute to the mission, are gradual, and make sense financially and operationally.
- 2. Some regions will continue to consolidate—but look for the occasional surprise.** As fragmented markets continue to consolidate, boards and management teams will see the activity, and react to a shifting landscape, most likely by accelerating the trend. The organizations that do this best will be clear-eyed, understand their role and their mission, and be nimble enough to jump when good opportunities, especially tuck-in opportunities, present themselves. Midwestern and mid-Atlantic states remain the most fertile ground for this activity. But there is always an exception to this rule, and occasionally [noncontiguous geographical partnerships](#) are announced.
- 3. A key question: to buy or to build?** Senior living organizations, particularly the midsized ones outside the top 50, are mulling this existential question behind their growth strategy: should they affiliate with existing, smaller facilities or build their own from scratch? There is newfound interest in major construction projects to add new housing units, refresh the existing physical plant, enhance amenities, and reposition in the marketplace. But construction costs remain high. The “buy vs. build” debate does not need to be mutually exclusive; organizations can do both. However, LPCs have access to a finite amount of capital, so organizations will have to assess tradeoffs of each strategy with care.
- 4. Leadership turnover spurs more deals?** Leadership turnover and retirement presents its own set of opportunities—and challenges. Established leaders know their markets and have earned credibility in their communities. The value of institutional knowledge cannot be overstated. But turnover is inevitable. The retirements of key C-suite executives will challenge organizations if they lose a steady hand that has been setting the strategic course. When these changes occur, it is natural for boards to take a step back and consider affiliation options. On the other hand, leadership turnover and new leadership bring new opportunities to consider potential deals from a fresh perspective. Keep an eye on senior leadership teams in markets where transactions appear to be attractive.

For More Information

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