VOLUME 38 | ISSUE 10

THE SeniorCare Investor

Inside the World of Senior Care Mergers, Acquisitions and Finance Since 1948

OCTOBER 2026

In This Issue

Dealmaking has kept apace in the third quarter, and we are in the middle of another record-breaking M&A year.

See article at right

Rates Rise, Buyers Busy

Rising interest rates have barely made a dent in M&A activity, pricing and buyers' ambitions in the seniors housing and care industry. That comes with some risks.

See article at right

Skilled Nursing Acquisitions.....Page 6

Class-A SH Acquisitions.....Page 8

Class-B/C SH Acquisitions.....Page 10

Public Company Deals.....Page 16

Agency Loans.....Page 20

Acquisition Loans.....Page 21

Conventional Loans.....Page 22

People on the Move.....Page 23

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M&A Activity Stays Strong in Q3

Can Anything Knock This Train Off The Tracks?

The senior care M&A market delivered another strong quarter. That has become a familiar refrain, and a welcome one. Publicly announced deal and dollar volume totals were high, skilled nursing and seniors housing asset values continued to rise, bidding remained competitive, and the REITs kept feeding their appetites. All good things.

Despite interest rate headwinds, activity through the third quarter kept the industry on pace for another annual record for publicly announced deals. There were 241 publicly announced deals in Q3, bringing the year-to-date total to 719 deals, about 150 shy of the record 866 announced in 2025. Excluding foreign transactions, as we will do for the rest of this piece, third-quarter deal volume totaled 201 transactions, down 2% from the previous quarter.

Higher capital costs and a greater share of portfolio deals may help

continued on page 3

Rates Rise, But Buyers Don't Blink

Rising Enthusiasm Comes with Risks, Too

The Federal Reserve raised its benchmark rate on September 16 for the first time in three years, and the 10-year Treasury rate finished September at 5.29%, up 54 basis points in a month, and on October 1 it briefly touched 5.34%, its highest level since 2002. Yields kept climbing even after softer-than-expected inflation data, and markets still largely expect another Fed hike in December. But the sudden speed at which the yields rose in the last couple of weeks of September was unsettling.

Even as rates rose more steadily throughout much of 2026, seniors housing and skilled nursing investors did not seem unsettled at all, unlike their counterparts in other real estate sectors like multifamily. Remarkably, cap rates were still compressing for Class-A and Class-B assets, bucking historical norms in times of rising interest rates.

We finally heard of cap rates halting their descent and a couple of buyers

continued on page 2

continued with Vince Viverito, Jake Anderson and Ryan Saul representing an undisclosed seller in its divestment of two seniors housing communities that carry a skilled nursing license. They are in Wheat Ridge and Denver, Colorado, and total 266 units.

SLIB secured more than five offers from potential buyers nationwide and closed the transaction within four and a half months. The Utah-based buyer views the communities as a strategic fit within its rapidly growing Colorado portfolio.

Separately, Vince Viverito, Jake Anderson, Jason Punzel and Taylor Graham closed a sale in Minnesota through a formal bankruptcy proceeding, completed under court order. The firm began working on the deal in 2024, with the formal bankruptcy process introduced later in the transaction. An experienced Minnesota operator bought the Hanover seniors housing community, which comprises 48 units.

A well-operated memory care community in the San Francisco Bay Area found a new owner with the help of Chad Mundy and Nick Stahler of The Knapp-Stahler Group at **Marcus & Millichap**. Built in the late-1990s, the memory care community features 34 units and more than 50 licensed beds. It is in one of the area's most affluent and supply-constrained submarkets and benefits from close proximity to major healthcare providers like Zuckerberg San Francisco General Hospital. It was 90% occupied and saw cash flow improve throughout the deal process. There is still some room for rate growth under new ownership.

That attracted multiple competitive offers before selling to an undisclosed party for nearly $315,000 per unit. That translated to a roughly 7% cap rate based on trailing-six-month annualized financials and closer to a 9% cap rate on T-3.

In another sale involving assets in strong, affluent markets, **Silver Wave Capital** secured an off-market deal, bypassing a crowded bidding environment and acquiring two Michigan assets at a significant discount to replacement cost. The transaction included a 77-unit AL/MC community in Bloomfield Hills and an 85-unit AL/MC community in Rochester. Both buildings (built in 2006 and 1998, respectively) presented competitive middle-market offerings. They were former Sunrise buildings, and the rates and occupancies sat below competitor averages. Occupancy was below 70%, and the communities were losing money.

The opportunity came to Silver Wave from the properties' owner, **Cardinal Senior Living**. The purchase price came to approximately $65,000 per unit, or more than $10.5 million combined.

Partnering again with Silver Wave were the principals of **Kandu Capital, LLC** and **Bloom Senior Living**, who are taking an expanded role as lead investor and advisor. Silver Wave also partnered with the Ohio-based not-for-profit **Community First Solutions** to manage the communities and to substantially co-invest. And **Sherman Capital Partners** participated in the deal, marking its second investment with Silver Wave.

To finance the deal, Jeremy Warren of **Montgomery Intermediary Group** ran a debt process and sourced a $7.5 million loan from **Coastal States Bank**. The loan featured a four-year term, two years of interest only and a 25-year amortization. There was no personal recourse on the deal, and this was the first transaction between the sponsor, lender and MIG. And the borrowers elected for a fixed interest rate at a slight premium to floating, to avoid rate risk.

Senior Living Transformation Company (SLTC) also closed an off-market transaction. The $300 million recapitalization was for the Prime Care Portfolio and was sourced directly through SLTC and saw no partners exit the portfolio. Ownership shares were reshuffled, with SLTC providing preferred equity in the deal.

The portfolio comprises 957 AL and MC units across nine assets in Connecticut, New Jersey, Maryland and North Carolina. They were operated by **Sunrise Senior Living** and of an older vintage. However, the assets are in strong, affluent markets, and performance was improving throughout the recapitalization process. The portfolio is