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Bloom Senior Living Sells Two South Carolina Communities

by Ben Swett | May 24, 2021 9:50 am | Acquisitions | 0 comments



Kandu Capital and its operating affiliate **Bloom Senior Living** just sold two of their South Carolina assisted living and memory care communities. Bloom at Hilton Head and Bloom at Bluffton have been part of the Bloom family of communities since they were purchased from **Brookdale Senior Living** in 2013 for \$7.2 million, or \$61,500 per unit.

They were struggling at the time with just \$3.5 million of revenues and Bloom turned them around and grew revenues and EBITDA significantly, with EBITDA reaching \$1.2 million in 2016. Then, several new communities were opened in the market and COVID-19 appeared. Occupancy dipped but the communities remained very cash flow positive throughout.

Bloom at Hilton Head has 43 assisted living and 15 memory care units, while Bloom at Bluffton has 43 assisted living and 16 memory care units. They were built about 20 years ago. The sales price was \$12.25 million, or \$104,700 per unit. While not the usual home run that Bloom has experienced when selling a property or two, a 70% return, plus all the cash flow over the years, is certainly at least a double, maybe a triple on a fielder's choice. Obviously, if they had sold them four or five years ago then we would be talking about a home run, but they were in the process of building quite a presence in the local market.

Bloom's first purchase there was in January 2010 when they bought a larger community, in the same market, that now has 129 units spread across independent living, assisted living and memory care. At this community, 95% of the residents have been vaccinated, all restrictions have been lifted and there are no COVID cases. Management will now turn all of its attention to this community.

Getting back to Hilton Head and Bluffton, current annualized revenues are between \$4.6 million and \$4.7 million, but should be growing as occupancy starts to ramp up. Annualized EBITDA, based on the first four months of 2021, is about \$700,000, which results in a 5.7% cap rate. The last two months have been better, so even though the price was settled on a few months ago, the buyer was probably looking at a forward cap rate closer to 6.5% to 7%, or maybe higher. COVID-related expenses are trending down, as they should be across the country. Bloom only had \$2 million of debt on the properties, so that provided them with a lot of financial flexibility during the pandemic with such a conservative capital structure.

Texas-based **WindRiver Companies** was the buyer, and Joshua Jandris, Mark Myers and Alex Vice of **Walker & Dunlop** represented the seller and found the buyer. Bloom Senior Living and Kandu still own and operate communities in Florida, Louisiana, Ohio and Indiana, plus their remaining South Carolina community.

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