

INVESTORS TURN THEIR HEADS TO VETERINARY CLINICS





Similar to medical offices, veterinary clinics have seen a noticeable rise in sales volume over the past two years. A significant factor contributing to this rise is the fact that more Americans than ever before own a household pet. In conjunction with stay-at-home work policies, this has allowed Americans to spend more time caring for their four-legged friends, thus increasing the demand for veterinary clinics nationwide.

WHY ARE VETERINARY CLINICS PERFORMING SO WELL?

A recent American Veterinary Medical Association study states that 36 to 45 percent of American homes have at least one dog. Additionally, a poll by the American Pet Products Association (APPA) states that more than 90 million houses, or around 70 percent of American families, have pets.

The significant increase in pet ownership was spurred by the millions of consumers that decided to adopt an animal during the global pandemic. According to the American Society for the Prevention of Cruelty of Animals (ASPC) poll, roughly 23 million households adopted a cat or dog during COVID-19.

With most Americans owning a pet, the pet care sector is continuously expanding to keep up with the demand.

VETERINARY CLINICS MARKET ANALYSIS

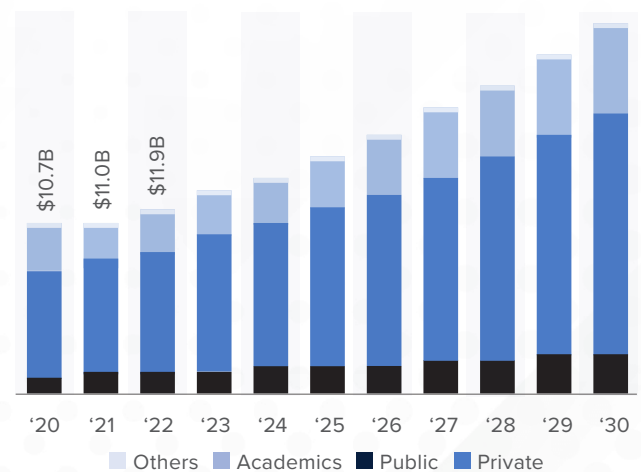
ACQUISITIONS OF VETERINARY PRACTICES ARE AT AN ALL-TIME HIGH AND RISING.

The U.S. veterinary market was estimated to be worth \$11.03 billion in 2021. From 2022 to 2030, it is anticipated to increase at a compound annual rate of 8.7 percent, according to Grand View Research. The main market drivers are the increasing number of animals, the adoption of pet insurance, and the rise in spending on the well-being of pets. The sector's revenue forecast for 2030 is estimated to be \$23.3 billion.

U.S. VETERINARIANS MARKET

SIZE, BY SECTOR, 2020 - 2030 (USD BILLION)

SOURCE: WWW.GRANDVIEWRESEARCH.COM





According to the APPA's President and CEO, millennials have remained the country's greatest pet-owning demographic. This age group is willing to pay for high-quality items and services that will improve the health and overall well-being of their pets.

WHY VETERINARY CLINICS ARE A GOOD INVESTMENT IN 2023?

There is a surge of private and institutional real estate investors eager to enter the veterinary real estate market since there is more demand than ever before. Due to a confluence of events, the asset value has significantly improved, positioning veterinary real estate owners to profit from a prospective real estate sale. According to IBIS World, the veterinary services industry has grown 3.6 percent on average annually between 2018 and 2023.

From February 2022 to February 2023, real estate in the veterinary sector experienced annual sales volume of \$507 million, with an average sale price of \$1.5 million.

BY THE NUMBERS

SOURCE: COSTAR GROUP

AVERAGE CAP RATE 6.9%

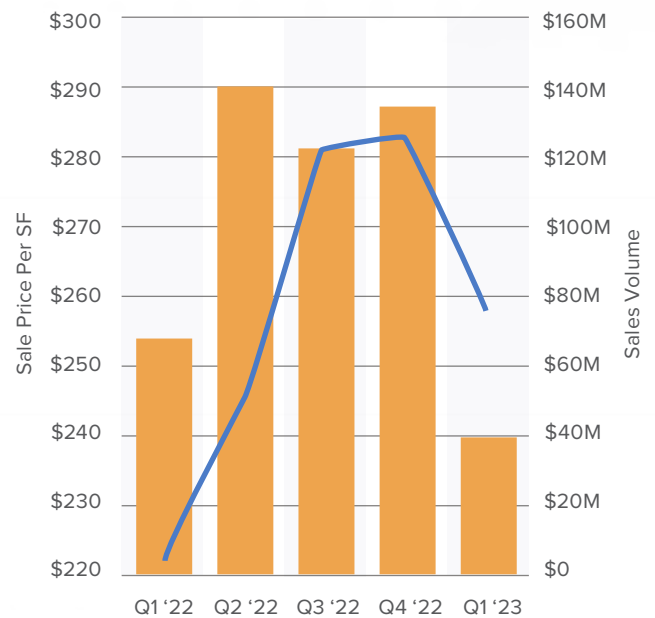
AVERAGE SALE PRICE/SF \$261

AVERAGE SALE PRICE \$1.5M

SALES VOLUME
Rolling 12 Month Period \$507M

VETERINARY CLINICS SALES VOLUME & SALE PRICE PER SF

SOURCE: COSTAR GROUP



Investors have asserted veterinarian real estate is a sensible 2023 investment. Veterinary clinics are following the human healthcare sector trends, gaining significant popularity within the past several years.

Additionally, more institutional groups have opened their doors and expressed a desire to purchase these properties. More investors are noticing the stability of veterinary clinics and how these clinics are a viable place to put their money.

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