RAHMAN CAPITAL GROUP LLC

Cemetery & Memorial Park Investment 101

The most overlooked asset class in real estate — why the Baby Boomer demographic tailwind, supply scarcity, and NJ's diverse communities create a compelling investment opportunity.

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Cemetery Memorial Park Investment

The Most Overlooked Asset Class in Real Estate

Prepared by Rahman Capital Group

> *"The death care industry is one of the most recession-proof, demographically driven, and barrier-protected businesses in existence. It is also one of the least understood by mainstream investors — which is precisely why it presents such compelling opportunity."*
>
> *— Rahman Capital Group Investment Committee*

Why Cemetery Development?

When most investors think of real estate, they think of apartments, office buildings, or shopping centers. Very few think of cemeteries. This is not a coincidence — it is an opportunity. The death care industry is systematically overlooked by mainstream investors, which means it is systematically undervalued. Rahman Capital Group has identified cemetery development as one of the most compelling risk-adjusted investment opportunities in our target market, and this guide explains exactly why.

The Death Care Industry: By the Numbers

The U.S. death care industry is large, growing, and remarkably stable:

Metric	Data
Annual U.S. Deaths	Approximately 3.1 million (2024)
Projected Annual Deaths by 2040	Approximately 3.8 million (+23%)
U.S. Death Care Industry Revenue	$20+ billion annually
Number of U.S. Cemeteries	Approximately 144,000
Number of U.S. Funeral Homes	Approximately 19,000
Average Burial Plot Price (NJ)	$3,000–$8,000
Average Full Burial Cost (NJ)	$8,000–$15,000
Industry Gross Margin	60–80% on plot sales
Industry Growth Rate	3–5% annually

The death care industry is not cyclical. It does not slow down during recessions. It does not respond to interest rate changes. It does not depend on consumer confidence. It is driven by one immutable force: **demographics**.

The Baby Boomer Tailwind

The single most powerful driver of cemetery investment returns over the next 20–30 years is the aging of the Baby Boomer generation (born 1946–1964). This generation — 76 million Americans — is now entering peak mortality years. The U.S. death rate is projected to increase by approximately 20–25% over the next two decades as this generation ages.

This is not a forecast or a projection. It is a demographic certainty. The people who will drive this demand are already alive. They are already aging. The only question is which cemeteries and memorial parks will be positioned to serve them.

Year	Estimated Annual U.S. Deaths
2024	3.1 million
2030	3.4 million
2035	3.6 million
2040	3.8 million
2050	4.0+ million

Why New Jersey Is Particularly Compelling

New Jersey presents a uniquely favorable environment for cemetery investment for several reasons:

Demographic Diversity

New Jersey is one of the most ethnically and religiously diverse states in the nation. This diversity creates specific, underserved burial needs:

- **Muslim communities** require burial within 24 hours of death, in accordance with Islamic law, in a dedicated Muslim section or cemetery. NJ has a large and growing Muslim population — particularly in Middlesex, Union, Essex, and Hudson counties — with severely limited access to properly managed Islamic burial facilities.
- **Hindu and Sikh communities** have specific cremation and memorial requirements that are not well-served by traditional Western cemeteries.
- **Jewish communities** require burial in consecrated Jewish sections with specific religious standards.
- **South Asian communities** (Indian, Pakistani, Bangladeshi) represent one of the fastest-growing demographic segments in NJ and have strong cultural traditions around burial and memorial.

Serving these underserved communities is not only a compelling business opportunity — it is a meaningful community service.

Supply Scarcity

New Jersey's regulatory environment makes new cemetery development extraordinarily difficult:

- The **NJ Cemetery Act (N.J.S.A. 45:27-1 et seq.)** imposes strict licensing requirements, endowment fund mandates, and ongoing regulatory oversight
- Local zoning approval for cemetery use is rare and time-consuming
- Environmental regulations (soil percolation, groundwater protection) add complexity and cost
- The result: very few new cemeteries have been developed in NJ in the past 30 years, while demand has continued to grow

This supply scarcity means that well-positioned, properly licensed cemetery operators face minimal competition and enjoy significant pricing power.

Existing Cemetery Inventory

Many existing NJ cemeteries are poorly managed, undercapitalized, or owned by aging operators without succession plans. These represent acquisition opportunities at attractive valuations — with significant upside through professional management, marketing, and development of undeveloped sections.

How a Cemetery Business Makes Money

A cemetery generates revenue through multiple streams:

1. Burial Plot Sales (Primary Revenue)

The sale of burial plots (also called "interment rights") is the primary revenue driver. In NJ, burial plots typically sell for $1,000–$3,000 each, with gross margins of 60–80%.

Example: A 50-acre cemetery with 40,000 developable burial plots at an average price of$1,000 = **$40,000,000 (Forty Million US Dollars) in total potential revenue** from plot sales alone.

2. Opening & Closing Fees

Each burial requires a graveside service — opening the grave, lowering the casket, and closing the grave. These services are charged separately, typically **$1200–$1,500** per burial.

3. Mausoleum and Columbarium Sales

Above-ground entombment in mausoleums (for caskets) and columbariums (for cremated remains) commands premium pricing — typically 2–3x the price of in-ground burial plots.

4. Cremation Services

Cremation rates in the U.S. have risen from 27% in 2000 to over 60% in 2024 and are projected to reach 80% by 2040. Cemeteries that offer cremation memorialization services (cremation gardens, columbarium niches, scattering gardens) are well-positioned to capture this growing market.

5. Merchandise Sales

Grave markers, monuments, vases, and other merchandise generate additional revenue with strong margins. (Permit Fees $1000 to $2000 for Each)

6. Preneed Sales

Preneed contracts — where individuals pre-purchase their burial arrangements — provide advance revenue and lock in future business. Preneed sales are a powerful cash flow tool for well-managed cemeteries.

7. Endowment Care Fund Income

NJ law requires that a percentage of each burial plot sale be deposited into a permanent endowment care fund. Over time, this fund grows and generates investment income that helps fund ongoing maintenance costs.

The Financial Profile of a Cemetery Investment

Cemetery investments offer a financial profile unlike most real estate:

Characteristic	Cemetery	Apartment Building
Revenue Predictability	Very High	High
Recession Sensitivity	Near Zero	Low-Moderate
Competition Risk	Very Low (regulatory barriers)	Moderate-High
Capital Expenditure	Moderate (development)	Moderate (renovation)
Operating Leverage	Very High	Moderate
Gross Margin	60–80%	40–60%
Hold Period	Long (5–10+ years)	Medium (3–7 years)
Exit Options	Sale to operator or developer	Sale to investor
Target IRR	18–28%	12–18%

The Development Process: From Land to Operating Cemetery

Developing a new cemetery or expanding an existing one involves the following steps:

Phase 1 — Site Selection and Acquisition (3–6 months)

Identify and acquire a suitable parcel of land (minimum 20–50 acres for meaningful scale). Key criteria: soil percolation, groundwater depth, zoning, proximity to target communities, access and visibility.

Phase 2 — Regulatory Approvals (6–18 months)

Obtain all necessary approvals:

- NJ Cemetery Act licensing from the NJ State Board of Mortuary Science
- Local zoning approval (may require variance or rezoning)
- NJ DEP environmental permits
- Site plan approval from local planning board

Phase 3 — Infrastructure Development (6–12 months)

Develop the physical infrastructure:

- Roads and pathways
- Drainage and irrigation systems
- Landscaping and beautification
- Office and chapel facilities
- Section layout and grave marking

Phase 4 — Sales and Marketing Launch

Begin preneed and at-need sales. Target underserved communities through:

- Community outreach and religious organization partnerships
- Multilingual marketing materials
- Relationships with funeral homes serving target communities
- Digital marketing targeting community members

Phase 5 — Operations and Growth

Operate and grow the cemetery over a 5–10+ year hold period, expanding into new sections as earlier sections sell out.

Key Risks to Understand

As with any investment, cemetery development carries specific risks:

Regulatory Risk: The NJ Cemetery Act is complex and strictly enforced. Failure to comply with licensing, endowment fund, or operational requirements can result in fines, license suspension, or revocation.

Development Timeline Risk: Regulatory approvals can take longer than projected, delaying the start of sales and cash flow.

Sales Velocity Risk: Burial plot sales depend on community awareness and trust. Building a customer base takes time, particularly when serving specific ethnic or religious communities.

Endowment Fund Obligation: The endowment care fund is a permanent obligation. A portion of every plot sale is permanently restricted and cannot be distributed to investors.

Reputational Risk: Cemetery operations require the highest standards of care, sensitivity, and dignity. Any failure in service quality or community relations can severely damage the business.

Rahman Capital Group's Approach

We approach cemetery investment with the same disciplined, operator-first methodology we apply to all our investments:

- **Deep community relationships:** We build genuine relationships with the religious and ethnic communities we serve before breaking ground
- **Regulatory expertise:** Our legal team has deep experience navigating NJ's complex cemetery regulatory environment
- **Conservative financial modeling:** We model sales velocity conservatively, stress-test for delays, and maintain adequate reserves
- **Professional operations:** We hire experienced cemetery management professionals and implement institutional-grade operational standards
- **Community service mission:** We believe that serving underserved communities with dignity and respect is both the right thing to do and the foundation of a sustainable business

This guide is for educational purposes only. Cemetery investment involves significant risks. Please review the full Risk Disclosure Statement and consult your advisors before investing.

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