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# SHHA

Senior Housing & Healthcare Association

## Headlines:

Record H1 2021 for investment in senior sector

Senior housing open-door policy in 'brings the outside in'



Ron van Bloois: 'We're seeing momentum'

Aedifica continues expansion

Home REIT's £63m housing spend



## Real momentum for the sector in 2021



**Ron van Bloois**  
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EXPO Real was a great opportunity to meet both the founding partners as well as industry leaders with a focus on senior living and healthcare. It gave a moment to reflect on the year as well as the outlook for the market in 2022. The programme in Munich shared important insights on the market from CBRE, Korian, Aedifica, Swiss Life, Mozaic and Principal Real Estate Europe, which really highlighted the momentum and growth in demand across Europe.

It was also a proud moment to see SHHA members featured in *IMPACT* magazine sharing the positive focus on senior living and healthcare real estate. You will also have noticed the PwC/ULI Europe Emerging Trends Report had healthcare and senior living at number five and six, respectively, in the top 10 for sector prospects in 2022, suggesting

**'We are already seeing expansion of the market in senior living and healthcare.'**

an increased focus from investors going forward.

We are already seeing this expansion of the market in senior living and healthcare and it is great to see Cofinimmo's Sébastien Berden

sharing his strategy, insights and perspectives in this issue of *Real Asset Insight* (p10).

As an association we were pleased to welcome Sylwia to the team to help support the growing membership and initiatives across the sector. We look forward to continuing to highlight the sector and the challenges and opportunities for members, including the growing scarcity in skilled personal, importance of improving our existing real estate stock, changing consumer demand for more user friendly and specialised facilities, and of course the growing focus on ESG and purpose-driven investment.

Thanks to all our members and we look forward driving further momentum in 2022.

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## Aedifica expansion continues with €66m care home spend

Belgium-based healthcare property investor Aedifica has added to its Europe-wide expansion, committing €48 million to two care homes in Ireland and €18m to two German assets.

Both Irish homes are located in the Greater Dublin Area and will accommodate up to 185 people in need of continuous care.

The €30 million Dublin Stepside care home (pictured below) will be developed in the centre of Stepside, part of the Greater Dublin Area. It will accommodate 119 residents and will use energy-efficient systems, which should result in an 'A' Building Energy Rating (BER), Aedifica said.

Construction work is expected to

start in the first quarter of 2022 with completion in the third quarter of 2023.

The €18 million Altadore Nursing Home in Glenageary, also part of Greater Dublin, is a former villa dating from 1990. The operational building was redeveloped into a modern, high-end care facility and accommodates up to 66 residents. The site has potential for future extension.

Aedifica has also invested €18 million to acquire two further care homes in Germany.

The two homes are located in Duisburg. Haus Wedau and Haus Marxloh can house up to 126 people in total. Both were built in 1998 and renovated in 2007.



## Aviva issues £200m green loan

Aviva Investors is providing healthcare REIT Primary Health Properties with a £200 million sustainability-linked facility secured against 61 NHS Primary Care centres.

The 15-year facility refinances approximately £177 million in existing debt, also with Aviva Investors. The credit facility includes margin incentives which are conditional on PHP achieving sustainability-linked key performance indicators (KPIs).

On meeting its goals PHP will receive margin reductions which will be reviewed annually over the duration of the loan.

The facility has been issued by

Aviva Investors on behalf of Aviva's UK Life business, which specialises in bulk-purchase annuities, savings and retirement, and protection. It is the latest investment by Aviva Investors as part of its sustainability-linked financing programme, which commits to originating £1 billion in climate transition real estate debt by 2025.

Aviva Investors' head of real estate debt, Gregor Bamert, said the loan will further sustainability-focused investment activity and also "provides a key healthcare facilities provider with capital that can ensure UK healthcare patients continue to benefit from modern and well-appointed facilities".

## Record H1 2021 for investment in senior real estate sector, reports Savills

Europe's senior living and care homes sector attracted record investment volumes in the first half of 2021. There were deals worth €4 billion across both established and maturing markets in the region during the period, according to consultant Savills.

Acquisition figures were 38% above the five-year, first-half average, the firm said. The pool of buyers is also increasing and now includes public and private REITs, equity funds, pension funds, investment managers, financial institutions and developers.

Demand was resilient through the pandemic with deals worth €7.5 billion completed during 2020, just 4% down on 2019 levels.

The UK and Germany accounted for 54% of all deals in the past 12 months but buyers are also looking further afield, Savills said. Sweden, Italy and Spain are all fast becoming destinations for capital allocated to the sector. Each of these markets is taking an increased share of



**Caryn Donahue:**  
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the overall deal volume compared to their five-year averages.

"Investors can see the chronic supply and demand imbalance and the potential for long-term secured rental income streams that these assets provide," the firm said.

The increase is also driven in part by operating platforms looking for pan-European growth but requiring a capital partner.

Marcus Roberts, head of Europe, operational capital markets at Savills, said the generational shift in Europe, which will mean that by 2050 the over-80s will account for 11% of the population (currently

6%), will affect all countries and continues to put pressure on an already fragmented and non-institutionalised sector.

"The timing of this generational shift is uneven across Europe. The countries likely to be affected first are Italy, Germany and Portugal, but all European countries will eventually see the impact of this trend, leading to increased demand for senior living and care homes."

Care homes have accounted for 76% of senior housing investments in the past five years, with volumes fuelled by M&A activity and large portfolio deals. Senior living is more of an emerging sector, often developed through forward-funding deals and joint venture partnerships.

However, Caryn Donahue, head of senior housing transactions, operational capital markets at Savills, said: "We predict that, based on the large volume of deals and projects currently in the pipeline, with a broad range of new and existing investors, annual investment into the senior housing sector will reach a new high in 2021."

## Home REIT spends £63m on housing

Home REIT, which funds the acquisition and creation of property across the UK dedicated to providing accommodation for homeless people, raised £350 million in a significantly oversubscribed equity issue in September 2021. Since October the company has acquired 19 portfolios comprising 173 properties across England at a total cost of £62.6 million.

Home REIT has now deployed £229 million of the funds raised on a weighted average net initial yield of 5.91%.

The latest acquisitions add 829 beds to the portfolio, bringing the total to more than 6,500. They are let on an average lease length of 25 years at low and sustainable rents to 12 different homelessness charities. The leases are subject to annual upward-only rent reviews, index-linked to the Consumer Prices Index, with an annual collar and cap of 1% and 4% respectively.

"As the need for accommodation for homeless people becomes ever more pressing in the wake of the pandemic, we're pleased with the momentum that we have been able to build behind our deployment, while maintaining our purposeful and responsible approach to investment," said Jamie Beale, partner at Alvarium Home REIT Advisors.



## 'Head scratching' on main sectors is healthcare's gain

The drive toward ESG impact investing is generating more interest for the senior housing and healthcare sector, according to Frédéric Dib, president of Mozaic Asset Management.

Speaking at the recent Expo Real real estate show in Munich he said a lot of people are "still scratching their heads on the main sectors and you can tell from the number of specific panels and conferences on healthcare, logistics and ESG that these are the three main topics".

In particular, the increased interest in healthcare is good news because it is attracting lots of investors, he said.

# Open-door policy in senior housing ‘brings the outside in’

In the fast-evolving senior living sector there is an ongoing debate about the separation of independent residences from care homes and medical facilities, delegates heard at Real Asset Media’s Senior Housing and Healthcare investment briefing.

“Seniors who are healthy and wealthy want to live in a pleasant resort, use the swimming pool, play tennis and golf and lead an active life,” said Erol Riza, managing director of Mithra Capital Advisors.

“They also want the reassurance that if something happens to them they can move into accommodation with some kind of assistance. But they don’t want the medical or dementia wing under the same roof.”

What is needed is a continuum of care, from independent living to assisted living to care homes, to cater for people’s needs as they arise. The question is how to go about it in practice.

Different solutions are being explored. In Canada, for example, Origin has a building with independent living on one side and a



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separate but connected wing for dementia patients.

“It is important to be in the same building because often in a couple you have one person who is self-sufficient and the other with dementia,” said Krzysztof Jacunski, CEO, president of the board and founder of Origin Polska. “There is a very discreet, invisible combination so that husband and wife can still be together even if one of them needs assistance and the other does not.”

Healthy people do not like to live next to a nursing home, he said, and they want wellness and sports facilities so they can take care of themselves and lead good-

quality lives for longer. But they also want to know they can have immediate assistance when they need it, which is not something the state sector can always provide.

A similar debate is happening about whether discretion or openness should prevail in senior residences.

“We have an open-door policy in our residences because we believe in bringing outside life in,” said Thibault Sartini, CEO, cluster new countries of Orpea Group.

“Even office workers can come and eat in our restaurants, which is good for everyone.”

Special units can be kept separate, but it is positive for independent seniors to maintain their lifestyle as much as possible after they retire. Studies show that keeping physically and socially active can slow down early stage dementia, giving people an extra lease of quality life.

“We should not hide people away when they are no longer 100% healthy,” said Laura de Wit, CEO, president of the board and founder of Miller White Group. “It is a worrying tendency that we should combat.”

## Care Property Invest starts Brussels care centre

Belgian company Care Property Invest has agreed to buy an €11.6 million residential care centre project in the Brussels capital region.

Vulpia Ixelles is to be built in Ixelles on land acquired from two universities, Vrije Universiteit Brussel and the Université libre de Bruxelles.

The centre will accommodate 60 care-dependent seniors and will be operated by Belgian healthcare company Vulpia Care which has signed a triple-net lease for a minimum of 27 years.

The building, which will have nine floors, will contain 60 single rooms. It will also have medical consulting rooms, a physiotherapy area and a cafe.

Construction works are due to start early 2023 with completion expected by Q4 2025.



# Senior Housing and Healthcare Association

The Senior Housing & Healthcare Association is a new initiative to help drive forward the Senior Housing and Healthcare Real Estate sector within Europe. The association brings together leaders within the industry, from both the operator and investor side, to share insights with the wider market, help create research, data, benchmarks and encourage best practice and investment in this important and growing sector.



### Founding Partners



### Join Us

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