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SHHA

Senior Housing & Healthcare Association

Headlines

Kryalos and Euryale target Italy with €300m healthcare fund

England's senior housing allocation thwarted



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More data key for healthcare operators

Dettenheim buy seeds Kingstone's new fund

BayernCare develops facility near Nuremberg



More data is key for healthcare operators



Ron van Bloois,
Chair,
SHHA

Impact investing and ESG are certainly two topics at the top of the agenda for investors, although the uncertainties in the current market are putting pressure on the business cases for some initiatives. For investors, senior living is an interesting sector because there is a focus on trying to reshape senior living into a more residential market. This has social and health benefits for the residents and also for society at large and connects with those investors linked with purpose-driven and impact strategies.

At Provada, the annual gathering of the Dutch real estate market, we saw a number of new initiatives, including facility management companies really trying to be a game changer in senior living and healthcare and create a different kind of business case. We also saw a number of city development

‘There is a lack of data and it’s an area where we need to gain more insights.’

solutions with senior living or healthcare as a key part and this is very encouraging for the senior living and healthcare markets. Social impact was also a big topic, and with the recent focus on

greenwashing, measurement of the S in ESG continues to be a challenge.

There are many companies seeking to make a difference, especially in the healthcare side, but there is a lack of data and it’s an area where we need to gain more insights on the opco and the propco side because for companies to be successful in healthcare real estate, the operational side of real estate is very important.

The SHHA was also represented at the ARCO conference in London, as part of our aim to collaborate cross-border and share insights and best practice. We are also planning a number of events in the autumn, including a joint event with EPRA as well as our programme at Expo Real.

We wish all our members a good break over the summer and an impactful second half of 2022!

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La Française picks Dublin for non-French healthcare debut

La Française Real Estate Managers has acquired its first healthcare asset in Ireland, a medical clinic in Dublin.

Ballintaggart House, Clonskeagh, Dublin 14, a three-storey building, has 1,817 sq m of refurbished, space and 57 parking spaces on a site of almost an acre.

The building is single let on a long-term lease to Sims IVF, one of Ireland’s leading fertility clinics.



Colliers advised La Française REM, which is acting on behalf of a collective real estate investment vehicle. JLL advised the vendor.

“We are looking to diversify our European real estate strategy, adding alternative sectors such as healthcare,” said Peter Balfour, head of real estate UK for La Française Real Estate Managers. “Ballintaggart House is our first acquisition in the healthcare sector outside of France.”

Belgian REITs cleared to apply for SOCIMI status in Spain

Belgian REITs Care Property Invest and Xior Student Housing plan to obtain SOCIMI status in Spain following a favourable ruling from Spanish tax authorities.

The companies, which with lawyer Osborne Clarke, have collaborated to obtain the ruling, have been told that their Belgian GVV/SIR status is equivalent to the SOCIMI (Spanish REIT). If the companies make limited formal changes to their legal corporate structure in Spain and apply for acceptance before September this year they could receive SOCIMI status retrospectively for the whole year.

The SOCIMI has a favourable

tax regime which is similar to other REITs internationally. Xior said in a statement that once SOCIMI status is obtained, the transition to the more favourable tax regime will increase the return on its Spanish portfolio and increase EPRA earnings per share while putting it on a level playing field with local Spanish REITs.

Xior Student Housing CEO Christian Teunissen said the decision is an important milestone for the Belgian REIT sector active in Spain: “It is likely to attract significant additional foreign investment volume in the Spanish real estate sector, thus generating new jobs and tax revenues.”

Kryalos and Euryale team up to target Italy with €300m healthcare fund

Kryalos, the Italian asset manager, has signed a deal with Euryale, the French senior living and nursing home specialist, for a €300 million healthcare fund that will target new builds, pre-constructed or refurbished assets in Italy.

Italy has an acute shortage of healthcare facilities and nursing homes, yet it has one of the fastest-ageing populations in the world, being second only to Japan. It is among the countries with the lowest number of beds in specialised structures for citizens over 65 years of age: 1.86 places for every 100 people in 2021, compared with a European average of five.

Healthcare therefore has huge development potential as the current offer does not remotely match growing demand, especially in the wealthier northern regions of Italy, such as Lombardy and Emilia-Romagna.

“The healthcare sector needs a professional and competent approach to

real estate investment to create facilities that meet the needs of the market in line with best-in-class sustainability criteria,” said Paolo Bottelli, chief executive of Kryalos. “This fund is important because it allows us to enter a neglected market where we can get to play a significant role and at the same time make a contribution to society.”

The Euryale Healthcare Italia 1, a closed fund reserved for professional investors, targets core investments and its strategy is to promote ESG principles with a long-term horizon, up to 2041.

Kryalos and Euryale have already identified a substantial pipeline of investments, some of which will be realised this year. They include private medical facilities, specialised clinics, intensive therapy centres, diagnostic centres, clinics and care homes.

The deal is part of Kryalos’s strategy to expand its ESG investments, the asset manager said, while contributing to relieving

the shortage of healthcare facilities in Italy.

Senior citizens’ health and quality of life are seen as key both by the UN’s 2030 Agenda and by the PNRR, Italy’s national plan of recovery and resilience, which has set aside €2 billion to activate 1,288 new dedicated facilities and 600,000 new beds by 2035.

“Euryale wants to invest and expand its activity in the healthcare sector in Italy,” said David Finck, chief executive of Euryale. “The Italian market needs many new health facilities and beds and this new partnership is a unique opportunity for us to continue our European investment strategy. We believe that combining environmental and social criteria will lead to financial outperformance over the long term.”

Privately-held Kryalos has €10.7 billion AUM, while Euryale has €2.4 billion invested in the healthcare, senior living and nursing home sector in France and other European countries.

Dettenheim deal kicks off Kingstone’s €400m care fund

Munich-headquartered Kingstone Real Estate has acquired a nursing home in Dettenheim, Baden-Württemberg, in an off-market deal with GFS Bauträger und Immobilien-vermittlungs. The asset has been bought as a seed investment for open-ended healthcare fund Kingstone Living & Care I, which is targeting a volume of €400 million.

Kingstone launched the open-ended special alternative investment fund with IntReal International Real Estate. Kingstone Living & Care managing partner Paul Muno said the Dettenheim property is a perfect fit for the fund because “the building quality is outstanding and there is a long-term contract in place with a superbly positioned regional operator”.

The fund has a buy-and-hold strategy and is seeking sustainable properties with established operators across Germany, Muno added.

The Dettenheim building was constructed in 2019 and has a gross floor area of around

The nursing home in Dettenheim covers around 4,000 sq m



4,000 sq m with 70 in-patient care places. It is let to operator Incura and has a geriatric-psychiatric living area as well as a ‘young care’ living area for patients under 60 with somatic illnesses.

Kingstone Living & Care was launched in April 2021 as the healthcare investment platform of Kingstone Real Estate whose co-founder and managing partner is Bärbel Schomberg.

Lack of council allocation thwarts England's senior housing supply

More than a third of councils across England are still unprepared to provide suitable housing for the country's ageing population, according to Knight Frank and law firm Irwin Mitchell. The firms' research indicates that 36% of local authorities do not have clear policies in place to support housing for seniors and they say the significant shortfall is particularly worrying given the UK's ageing population, which forecasts indicate will comprise one in four people over 65 by 2037.

However, the survey, which builds on research carried out in 2017 and 2020, revealed that over the five-year research period, the proportion of authorities that have adopted specific planning policies and site allocations which address seniors' housing needs has improved significantly, and numbers of the poorest performers has diminished.

The sector is also getting more central



Irwin Mitchell's Nicola Gooch: "Planning policies are putting a brake on new development"

government support and the National Planning Policy Framework and National Planning Policy Guidance now also acknowledge the importance of housing for seniors.

Nevertheless, Knight Frank and Irwin Mitchell say that the rate of change is not fast enough, and is "out of step with the immediacy of the challenge".

Furthermore, the figures reveal that 13 local authorities have moved backwards

since the survey was last conducted in 2020. Of these, six (Basildon, Castlepoint, Slough, Welwyn, Hatfield, Wealden, Horsham) have regressed because of issues with their local plans.

Nicola Gooch, planning partner at Irwin Mitchell, said: "Whilst the situation is clearly improving, it is still the case that planning policies are putting a brake on new development in the sector. We need all local authorities to take a proactive approach if we are to unlock the full potential of seniors housing in England."

"However, policy change alone will not be enough unless it is also accompanied by sufficient resourcing to enable local planning authorities to devote time and attention to understanding both the demographic changes that are coming our way, the diversity of needs within our ageing population, and how best to plan for those needs."

BayernCare develops facility near Nuremberg

German senior living and nursing home developer BayernCare is planning a facility for senior citizens at Schwaig near Nuremberg.

Designed as a barrier-free project, the facility in the Behringersdorf district of the town includes a care centre with space for 86 residents, and 78 care units. There are also 38 apartments for the elderly and 24 barrier-free apartments as well as 22 employee apartments.

Construction of the project will begin next year and is scheduled for completion in 2025.

The development, on a 10,332 sq m site, will create 13,000 sq m of space and will also have a residents and guests parking garage for 80 vehicles. In addition to apartments of 40 to 80 sq m there will be communal areas and offices for service providers.

BayernCare managing director



The facility is being built in the Behringersdorf district of Schwaig

Christopher Kunze said the Behringersdorf project is the company's largest to date: "The commuter belt around Nuremberg is experiencing a high and increasing

demand for housing suitable for seniors. Our concept combines different offers for seniors and therefore fits in very well with the location."

SHHA

driving the senior housing and healthcare sector forward



There is real momentum behind the senior living and healthcare sectors, as ageing demographics is leading to growing demand and supply is limited. What used to be an alternative asset class has become mainstream and opportunities in Europe are impactful to residents, operators and investors.

JOIN US TO SHAPE THE VOICE OF THE INDUSTRY AND FOLLOW THE OPPORTUNITIES THAT ARE AHEAD!

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MEMBERS



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