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SHHA

Senior Housing & Healthcare Association

Headlines

European healthcare markets continue to boom

Inveis buys out infrastructure fund's German hospital stake



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'We're investing in the quality of life'

TSC acquires German care homes

Adriano buys two Spanish nursing homes



Investing in the quality of life



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There is a lot to talk about senior housing and healthcare investments at the upcoming Expo Real in Munich. How do investors perceive this asset class compared with others? Is it still attractive and resilient, as it was before the pandemic? Is inflation, rising construction prices and a shortage of care workers changing investors' approach? And to what extent are the demographics of ageing breaking the correlation between this asset class and other economic trends?

Looking at the European data and portfolios of the Senior Housing & Healthcare Association's members, we see that the market is growing. This opens up opportunities for different types of investors. Nursing homes and medical facilities are complex projects that require credible operators as

'The care facility is intended to compensate for the absence of the extended family.'

partners. We will learn more about this category from "UK & European Care Homes", the latest Savills Healthcare report, to be published at the end of September.

Interesting insights come from

Cushman & Wakefield's research team. In Germany, there are 23 million singles who feel comfortable with their status. But what may seem like freedom for younger generations feels quite different for older people. Modern care concepts, such as shared apartments for the elderly, mobile care and retirement communities, are responding to this change. The care facility is becoming a social network intended to compensate for the absence of the extended family.

Join our panels at Expo Real, where the SHHA will discuss the potential of the market in Europe.

The one thing of which we can be sure in these unpredictable times, is that we won't be able to reverse the demographic trend in Europe. Investing in senior housing and healthcare is investing in the quality of life.

Care Property Invest acquires Barcelona conversion project

Belgium-headquartered Care Property Invest is acquiring a residential-care development in Barcelona.

The Marina Del Port project will convert a building and is being undertaken by La Vostra Llar la Marina, the developer. The project has an investment value of about €7 million and will accommodate 78 residents. The building will have 55 rooms and a daycare centre for 15 people, with different activity areas, living rooms and outdoor terraces distributed over five floors.

Care Property Invest will finance the project in stages, which should

commence in the autumn. Completion is scheduled for May 2024.

Care Property Invest will partner with La Vostra Llar, the Barcelona-based healthcare operator, to run the centre. La Vostra Llar operates 10 residential care centres in Barcelona and Girona, with 649 residents.

Peter Van Heukelom, chief executive of Care Property Invest, said the project breaks new ground. "It is the first time in this market that we will redevelop an existing building into a state-of-the-art residential care centre."

Care Property Invest aims to obtain an A energy performance certificate.



The Marina Del Port project will convert a building in Barcelona

TSC buys German care homes

Berlin-based investment and asset manager TSC Real Estate has bought a portfolio of five in-patient care homes in Germany with over 500 beds, on behalf a Luxembourg-based fund.

The seller is a family office. TSC said the purchase price was in the upper double-digit million euro range.

The properties are in the states of Baden-Württemberg, Hessen and Rheinland-Palatinate and comprise a total lettable area of around 25,000 sq m. The individual facilities were constructed or fully modernised

between 1992 and 2017 and each has between 110 and 145 care units.

TSC acquired the property after identifying WeCare as the operator with which long-term lease contracts have been completed. The company will improve sustainability, investing about €1.5 million immediately after purchase. This includes replacing the heating plant, windows and roof insulation and the digitalisation of lighting control systems.

KL Gates, CBRE and Savills advised the buyer and the transaction was brokered by Acxit.

European healthcare markets continue to boom in 2022 as senior cohort grows

European healthcare investment transactions increased by 17.4% in 2021, up €9 billion on 2020, according to research by Knight Frank. The continued ageing of Europe's population is creating significant demand for high-quality, fit-for-purpose beds across the continent.

The number of Europeans over the age of 65 is projected to grow by 29% by the year 2050, and the percentage of the population over the age of 80 is projected to rise to over 11% from the current 6%.

The UK, Germany and France represent the key healthcare investment markets in Europe and account for around 71% of total transaction volumes.

However, other markets are growing. The Nordic countries are building their presence in European healthcare. Sweden is one of the top four European countries for investment and Denmark's healthcare sector had a transaction volume of €122 million.

Opportunities are emerging in several of Europe's submarkets, where a lack of consolidation is creating openings for both investors and operators to expand their portfolios into other continental countries.

Knight Frank said investors are looking at specific sectors in European healthcare, such as specialist care and specialist seniors' housing.

In Q4 2021, €3.2 billion was invested in seniors' housing and care in Europe, the highest volume on record, and there will be further expansion into these subsectors, the company said.

"The coronavirus pandemic, unsurprisingly, increased awareness of the European healthcare market and the asset classes under that vast umbrella," said Julian Evans, Knight Frank's head of healthcare.

"Investors have helped to address critical funding shortages across the continent and there are further opportunities for portfolio



'There are further opportunities for portfolio expansion,' said Knight Frank's Julian Evans

expansion in a number of submarkets, which are seeing a lack of consolidation."

He said that 2022 will be another strong year, with a mixture of REIT and institutional spending, as well as significant cross-border capital.

Two Finnish developments top up Aedifica's pipeline

Aedifica, the Belgian healthcare property specialist, is to invest €16 million in the development of two properties in Finland.

Hoivatilat, the company's Finnish arm, will develop a children's daycare centre in Espoo. Espoo Ylismäenkuja will accommodate up to 42 children. The centre will be on the ground floor of a larger residential project developed by a third party.

Espoo Ylismäenkuja will be operated by Pilke, a Finnish daycare operator that offers innovative early-childhood education and care services to over 10,000 children in 173 centres across Finland.

Pilke employs approximately 2,000 staff and the company already operates 25 Aedifica sites.

Hoivatilat will also develop a care home in the centre of Oulu. Oulu Vaarapiha will be tailored to suit the needs of elderly people requiring continuous care and will accommodate up to 110 residents.



Espoo Ylismäenkuja will accommodate up to 42 children

Construction started recently and work is expected to be completed in the fourth quarter of 2023. Oulu Vaarapiha will be operated by the Nonna Group, the private Finnish operator.

The two projects will provide an average gross yield of 5.5%.

Aedifica now has a pipeline of projects across Europe that is worth about €307 million.

Invesis buys out DIF infrastructure fund's stake in German hospital

Netherlands-headquartered DIF Capital Partners has disposed of its indirect 45% ownership stake in the University Hospital Schleswig-Holstein's public-private partnership – UKSH PPP – to co-shareholder Invesis.

The university hospital has locations in Kiel and Lübeck in northern Germany. It is one of the largest medical care centres in Europe and, with 14,000 employees in 89 clinics and institutes, is the largest employer and training provider in the state of Schleswig-Holstein.

UKSH PPP's role has been the construction, renovation and maintenance of medical facilities in Kiel and Lübeck. The new facilities opened in 2019.

DIF invested in the UKSH PPP project in 2014 for the DIF Infrastructure III fund, alongside Invesis and VAMED Deutschland Holding.

Herbert Smith Freehills provided legal advice and Reed Smith provided tax



camilojimenez/unsplash

advice to DIF. DIF Capital Partners, whose head office is at Amsterdam's Schiphol airport, is a global independent investment manager with about €14 billion in assets under management across 11 closed-end

infrastructure funds and several co-investment vehicles.

DIF invests in infrastructure companies and assets located primarily in Europe, the Americas and Australia.

Adriano Care buys two Spanish nursing-home assets

Adriano Care, the Spanish senior-home REIT managed by Azora, is investing €35 million in two new nursing-home assets in Santander and Sant Cugat.

The Santander asset, in the central district of Puerto Chico, has 118 beds and is leased

to Orpea. The home in Sant Cugat, which has 180 beds, is leased to Amavir. Both have mandatory long-term rental contracts.

Including these acquisitions, Adriano, a SOCIMI (Spanish REIT) listed on the BME Growth, has invested more than €100

million in 2022. Its portfolio is now worth over €235 million, including committed investment in developments, and comprises 22 assets with 2,875 beds. Traditional nursing homes make up about 82% of the portfolio and 18% is in the emerging senior-living segment.

Adriano's target is to invest €265 million.

Operators that have leased the assets include Colisee, DomusVi, Amavir, Orpea, Vivalto and Clece.

"Adriano Care remains committed to addressing the growing need for housing solutions associated with an ageing population, adapted to the needs of our seniors and to new real estate trends," said Concha Osácar, founding partner of Azora.

"With these two new acquisitions, the SOCIMI is making progress in consolidating its portfolio with the aim of completing its investment commitment in the coming months, in line with its objectives."



The facility in Sant Cugat has 180 beds and is leased to Amavir

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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