

We need a connected vision for healthcare



Ron van Bloois,
co-founder and chair,
SHHA

This year's EXPO Real is taking place against the background of an uncertain economic environment.

Senior living, assisted living and healthcare asset classes are also affected. We identify huge financial and operational pressure on operators (including scarcity of personnel, rising costs and pressure on reimbursements), challenging sustainability targets, project refinancing, rising building costs and limited deal flow.

This coincides with one of the biggest transitions in society: ageing and booming healthcare expenditure as a proportion of GDP.

Policymakers across Europe are struggling to create a resilient long-term vision, a feasible roadmap to execute it and finances that can match it. It is difficult to envision if the pace and impact of

'Policymakers across Europe are struggling to create a resilient long-term vision for healthcare.'

policy change does not align with the willingness and transformational ability of the stakeholders.

It is all about interconnected vision, timing and communication.

It simply cannot be done all at once. It needs a wide-ranging plan for senior (co)living, re-enablement of the elderly, social infrastructure, digitalisation, our pension system and our professional care and cure system.

Last but not least, we should improve on our communication skills. This transition is – next to climate change – the most impactful to tackle as a society.

Let's align on the necessity, communicate openly and across borders (both at stakeholder and country level), exchange best practices and drive the change together. The Senior Housing and Healthcare Association is ready to push this forward with purpose, positive power and knowledge.

<https://shha.international>

Good real estate is key to solving the ageing population challenge

Real estate is the key to tackling the social problem of the rapidly ageing population in the Netherlands, across Europe and beyond, says Naboth van den Broek, founder and managing partner of SevenAges Capital Management (pictured right).

The company focuses on renovating and working with existing buildings. "There is a lot of really good real estate around already and by repurposing it for this generation we think we can have the kind of impact that we want to have socially, because a lot of those buildings are in exactly the kinds of locations – downtown, beautiful areas outside cities – where we want to be anyway and where guests want to be," van den Broek told *Real Asset Insight's* Richard Betts.

He added that renovating existing buildings is also better from an environmental perspective because in refurbishing them, they can be made more sustainable.

Seven Ages is a new company

which van den Broek describes as "impact-centric" rather than impact driven or ESG focused.

"We're not about the last slide in a presentation that says 'oh, and by the way, we're also focused on ESG'," he said.

While the company is focused on senior living, it is not involved in the care-intensive end of healthcare. "We focus on low levels of care," he said. "There is a really large proportion of the ageing population who don't really need that much care."

He added: "A lot of people actually stay at home longer these days and they're taken care of by a family member or by a nurse who comes around a couple of times a week or once a day. But they don't need full-time care the way you would in a full-on nursing home or a hospital."



New approach needed as disability and ageing converge

Disability and ageing are interconnected, according to Timothy Ghilain, interim chief executive of the European Association of Service Providers for Persons with Disabilities.

"We are trying to promote services that enable people with disabilities to be active citizens and to enjoy their rights," Ghilain said. "We have people with disabilities ageing and joining senior healthcare, but we also have ageing people that gain disabilities. The consequence is that in nursing homes and other residential care are people using wheelchairs, or who have dementia and other disabilities.

"The disability field has been pushing for community-based living empowerment and a human rights-based approach, away from the medical and biosocial models," he added.

Ghilain suggested this is heading to other areas too, such as senior healthcare. "There will be change and senior healthcare services should anticipate and develop services that match the needs and wishes of users to provide quality-of-life services that enable senior people to enjoy their rights in the community, with their families and in the places with the people they care about."

Mismatch in requirements fuels demand for Dutch senior housing

Demand for senior living accommodation is huge in the Netherlands because the housing market has such a mismatch in requirements. People living in larger houses want to downsize to affordable and attractive housing concepts where they can live together.

Cees Van Boven, chair of the board of Woonzorg Nederland, points out that there are also about 40,000 people known to be living in houses that are not fitted for their requirements.

Senior living company Woonzorg Nederland is represented in half the municipalities in the Netherlands and has 30,000 dwellings that it rents to individuals, and 13,000 dwellings that it rents to around 100 nursing companies.

Affordability is an important consideration for Woonzorg Nederland as a social housing

‘In Japan people live in their own houses, but they go to a type of welfare centre. There’s much more stress on welfare than on care.’

Cees Van Boven, Woonzorg Nederland



company. “Our strategy is to provide affordable housing, of which 90% is termed ‘social’, but 10-15% is in the mid range, so up to €1,100 which is ‘affordable’ housing in the Netherlands.”

Van Boven’s team has recently compared the senior housing market in Japan with those in Europe.

“People in Japan work much longer than in the Netherlands – at around 70 to 75 people are still working,” he explained to *Real Asset Insight’s* Richard Betts. This is partly because Japan’s pension scheme is

different. Van Boven said that both in terms of ‘meaning’ and health, it is better to work longer than to stop at 62 – currently the lowest retirement age among EU countries.

He added that another big difference is that there are more daily activities for people in Japan, including saunas, restaurants and gyms where young and elderly people do activities together. “So people live in their own houses, but they go to a type of welfare centre. There’s much more stress on welfare than on care in Japan,” he added.

Research reveals huge gap in boomer housing provision

Quality of life is ageless, according to Henning Weiss, co-founder of The Embassies of Good Living, which was founded in Zurich, Switzerland, two years ago with the aim of changing the narrative of how people grow old.

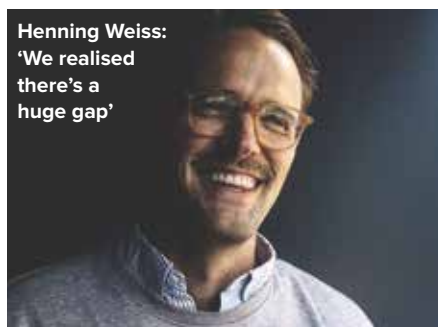
“Whilst looking at the current state of the senior living market we realised that there’s a huge gap between 60 and the entrance age into a care or nursing home, 84,” said Weiss. “There’s literally no products in Europe serving the needs of the boomer generation moving into that age group and we have come into the game to create a product which so far doesn’t exist in the market.

“We did a survey within our target group and we have a waiting list of 1,500 people at the moment,” he added.

On average, people on the list said they envisaged moving into an Embassies

facility between the ages of 60 and 64. Furthermore, 65% said they would be moving in as a couple.

“I think that clearly shows that we are creating, at least from the perspective of where we are at the moment, an aspirational product where people really want to go to and are not being forced,” Weiss said.



Henning Weiss:
‘We realised there’s a huge gap’

Clariane rolls out small town co-living model

French senior care specialist Clariane, formerly Korian, is developing a co-living model in France and Germany.

The company already has two partnerships in France and is on track for similar in Germany, according to group chief real estate and development officer Frédéric Drousseau. He describes the model as an “equity partnership to develop quickly in little towns of let’s say 3,000 to 10,000 inhabitants”.

He said that, as in France, there are “white spots” in Germany where demand exceeds supply, but for which there has as yet been no investment.

In France the model is to provide a building for eight-to-12 residents with two such houses per site. “At the same spot you can benefit from all the care and all the services that you need, so that’s typically less expensive than home care or a nursing home,” Drousseau said.

Spain's late boomers bring need for 2,000 new facilities

An estimated 200,000-250,000 beds are needed in 'golden 20 years'

Spain is experiencing its demographic time bomb much the same as the rest of Europe and beyond, and the needs of its senior housing and healthcare sector are, broadly, similar.

However, one key difference is that the timing of the emergence of its 'baby boomer' generation is slightly different, a product of history.

"The baby boomers have come at different times," explains Stanislas Mainfroy, head of Spain at real estate consultant Element RE. "It was post-war for all the countries that were in the Second World War, which was not the case for Spain. So the baby boom came a bit later and they are only now coming into the space."

There is now a critical need for suitable accommodation, he says. "Estimates are that there will be a lack of between 200,000 and 250,000 beds by 2035, so there is a strong need to build for the next 10 years." He points out that if each facility has an average of 100 beds, there is a minimum need for about 2,000 facilities. Demand will reach its peak between 2040 and 2050 and will then decline as mortality reduces the senior cohort.

GROWING OLD VERY FAST

Spain's growing old-age population has combined with low mortality and birth rates to produce one of the oldest populations in the world. "The country is growing old very fast," Mainfroy says. "I think there is a golden 20 years right now in which to develop those facilities."

The opportunity for European investors, operators and mainly local developers has been noticed, along with the possibilities that an undersupplied housing market generally represents.

Element RE is a French real estate company founded in Paris in 2010 and which formed a relationship with asset management firm Primonial REIM in 2015, whose investment interests include

'There's been a very strong shift towards new facilities since the end of 2022 and start of 2023.'

Stanislas Mainfroy, Element RE



healthcare. About 80% of Element RE's work is in the healthcare sector and Mainfroy has headed up the Spanish office in Malaga since 2019, mainly to support French companies' investment in the sector there.

The emphasis in the Spanish healthcare market has been on nursing homes, particularly between 2015 and 2020, when covid kicked in. Major healthcare groups began buying local, sometimes family run, healthcare management companies to gain a presence.

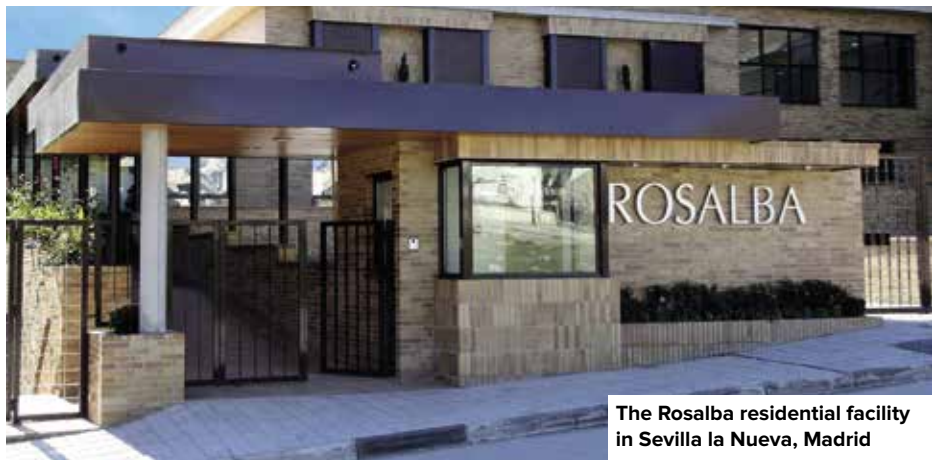
Real estate was sourced externally and included some greenfield development. However, the greenfield development component of nursing home supply has grown considerably since 2020 due to the stricter requirements that were a response to the covid pandemic, and the difficulties of meeting these in many existing buildings.

Mainfroy says the new regulations tend to mean that homes comprise a limited

number of clusters, each made up of a limited number of rooms which are also now individual and not shared. Catering facilities are not central but are split between floors. There is, however, considerable scope for variation in the rules locally and regionally.

"There's been a very strong shift towards new facilities since the end of 2022 and start of 2023 and we've had a strong decrease in interest in older existing facilities where you had to invest in order to bring them up to date," he says.

While the emphasis has so far been on nursing homes, there is growing demand from older, 'non-medicalised' seniors who want to reduce the size of the home they live in. "One of the major aspects of life after covid is loneliness," says Mainfroy. "People need to be able to socialise and meet up. The concept of living together in a specific facility where you can be helped and taken care of is something that is going to help."



The Rosalba residential facility in Sevilla la Nueva, Madrid

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