

Collaboration takes us to the next level



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This has been another important year in the development of the Senior Housing & Healthcare Association. Through our activities we have proved that we are driven by thought leadership. Our first Senior Housing & Healthcare Summit with EPRA as co-partner was a valuable industry event that generated value and brought market players' cooperation to the next level.

From the beginning, our goal has been to bring together industry leaders – operators, developers, financial institutions, investors – to share insights, strategies and best practices to help build confidence and engagement in the sector.

Collaboration and openness are in our DNA. That is why we have formed strategic partnerships with several other organisations with whom we share a common goal – EPRA, Co-living Ventures, ARCO from the UK and KIDO from Poland. We also began to cooperate with the EU

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Commission. Dana Carmen Bachmann, head of unit, directorate general for employment, social affairs and inclusion, attended our first Senior Housing & Healthcare Summit in Brussels and we are also involved in working groups focused on ESG, social impact and measurement.

We know that openness serves our members well, especially when times are challenging and there may be more difficult questions than easy answers.

On the other hand, we know that the clouds over the market are temporary, and when it comes to our asset class, the medium- and long-term outlook is positive. One thing we can be sure of is that we are not going to reverse demographic trends. This will lead to dynamic growth in senior housing and healthcare markets.

<https://shha.international>

German healthcare property turnover slumps in Q3 2023

Sales in the German healthcare real estate market were around €185 million in the third quarter of 2023, compared with €640 million in the equivalent period of 2022. This was the lowest figure for three years according to Cushman & Wakefield.

The figure brings the total transaction volume in the healthcare real estate sector for the first three quarters of 2023 to around €835 million (Q1-Q3 2022, €1.66 billion).

The nursing home sector easily dominated with a transaction volume of around €120 million. Around €54 million was accounted for by sales of property in the assisted living sector and the remainder by the outpatient medical care segment.

Individual transactions dominated lot sizes of €5 million to €20 million, accounting for around 83% of activity.

The prime yield for nursing homes in Germany rose to 5.1% (Q2 2023, 4.8%), while for senior residences for

assisted living it was 4.5% (Q2 2023, 4.3%). The yield for outpatient medical care facilities is between 4.5% and 4.75%, and for inpatient clinics, between 5.5% and 6%.

"The purchase prices for healthcare properties have been revised further downwards due to the deteriorated financing environment and operators' current operational risks," said Cushman & Wakefield's head of healthcare advisory, Jan-Bastian Knod. "The healthcare real estate market remains liquid, but return requirements have increased in all risk classes."

He said that domestic and international capital sources both continue to look for new build and existing properties. However, existing properties may carry large discounts to allow for ESG measures. "Some investors are also waiting for the capital market to stabilise and are only prepared to make acquisitions in the medium term," added Knod.

AXA IM Alts acquires Japanese senior housing assets for €34m

AXA IM Alts has acquired two city centre senior housing assets in the Hokkaido region of northern Japan for around €34 million (¥5.1 billion).

The assets have been acquired on behalf of clients from Goldman Sachs Japan's affiliate, GK Japan Care Facilities, and are AXA IM Alts' third investment in Japan's healthcare sector. The company entered the market in December 2022.

The assets comprise 331 modern, purpose-built bedrooms and are let to Lifeship, an operator with nine healthcare facilities in the region. The facilities have high levels of occupancy and benefit from their city centre proximity and accessible public



and private transport links within affluent local catchment areas.

AXA IM Alts said in a statement that the Japanese care home sector is characterised by a shortage of modern stock, and a demand/supply imbalance that is expected to grow as Japan's elderly population increases. Around 40% of the population is expected to be over 65 by 2070, compared to just under 30% in 2020.