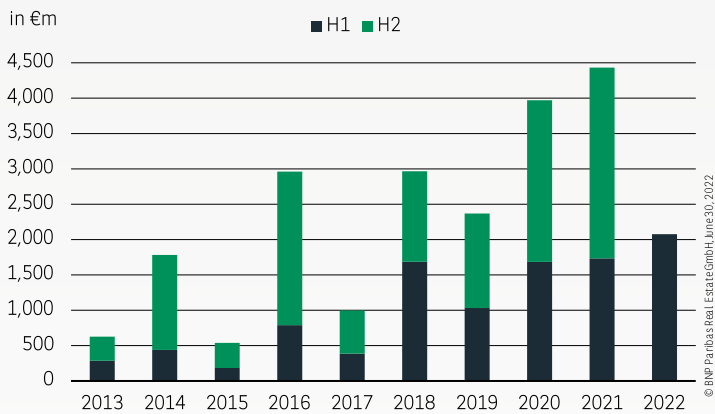




At a Glance **Q2 2022**

# HEALTHCARE INVESTMENT MARKET GERMANY

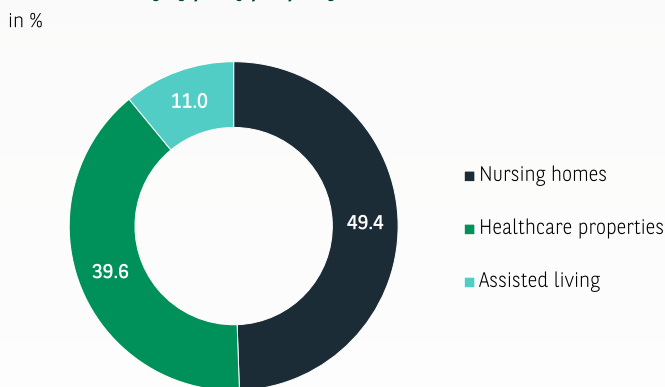
## Healthcare investment volume



### ➤ ANOTHER RECORD HALF-YEAR

The rising trend in the healthcare investment market is holding up despite the current uncertainties, listing at a new record value of €2.1 billion and exceeding the €2 billion mark for the first time in the first half of the year. This latest result outperforms the previous year's value by 20% and the 10-year average by more than 100%. The impressive development underlines the ever-increasing interest of investors and the ongoing establishment of this asset class. The resilience and social importance of healthcare properties have been repeatedly and impressively demonstrated since the beginning of the pandemic. On the one hand, the demographic change ensures a further increasing relevance, while existing and new operators reach an ever higher degree of professionalism which continuously reduces the operator risk of such investments.

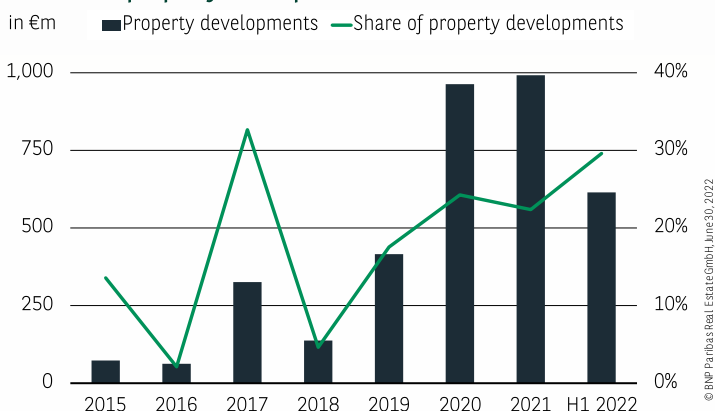
## Investments by type of property H1



### ➤ ABOVE-AVERAGE RESULTS ACROSS THE BOARD

All sub-asset classes have so far been able to benefit impressively from the increased demand for healthcare investments. Healthcare properties (mainly medical centres and clinics), for example, achieved its second-best result to date with more than €820 million, resulting in a share of almost 40% of the half-year volume. This means that more than twice as much flowed into this sub-type in this period than the long-term average. In the first six months of the running year, slightly more than €1 billion was invested in nursing homes, which accounts for about half of the healthcare market. This value is 48% above the long-term average and represents the third best result in history. After a record start last year, the assisted living sector achieved its second-best result with an investment volume of almost €228 million and a share of 11%.

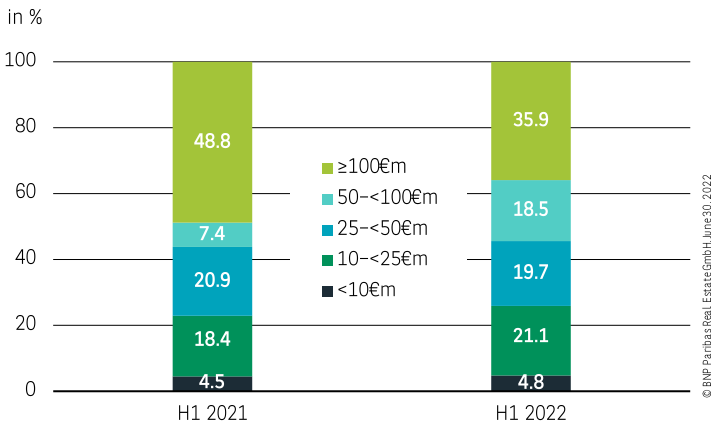
## Healthcare property developments



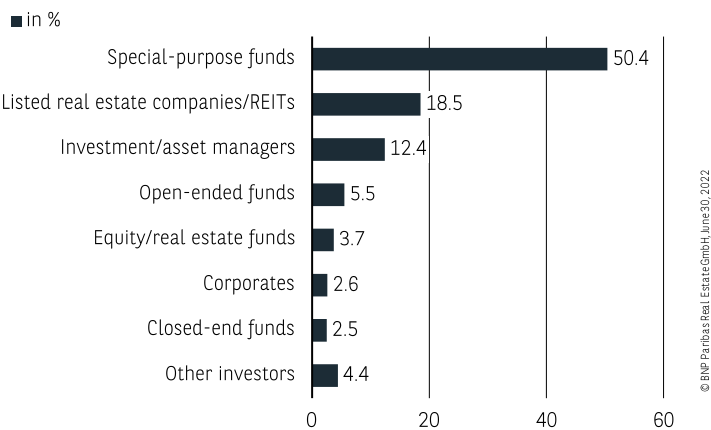
### ➤ INCREASING SHARE OF PROPERTY DEVELOPMENTS

Due to the limited supply in the healthcare segment, forward deals are becoming increasingly important. Almost 30% of the invested volume in the past six months was contributed by property developments. In this way, investors secure a suitable product at an early stage, which not only complies with current legal requirements, but also has up-to-date lease modalities. However, in view of increased construction costs and financing conditions for developers, it is likely to be difficult to maintain this high proportion in the future.

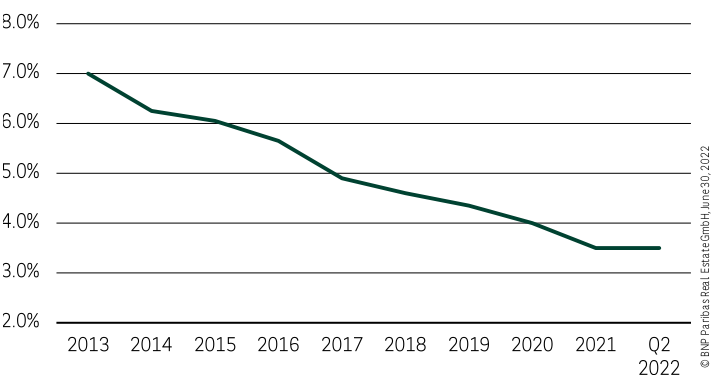
**Investments by size category**



**Investments by buyer groups H1 2022**



**Net prime yield for nursing home real estate**



**➤ BROAD DISTRIBUTION BY SIZE CLASS**

With €743 million and a share of 36%, transactions beyond the €100 million mark are in the lead. Among other things, several portfolio transactions in the care sector were responsible for this. Investments between €50 and 100 million recorded the largest gain. The volume tripled from €128 million in the previous year to around €384 million this year, thus expanding the market share to almost 19%. The category between €25 and 50 million contributes a comparable share of slightly less than 20%. The two smallest size categories account for almost 26% of the volume.

**➤ SPECIAL-PURPOSE FUNDS CONTINUE TO SET THE TONE**

With €1.05 billion and thus 50% of the total volume, special-purpose funds are once again the leading buyer group in the healthcare investment market. Around 75% of the individual deal volume is attributable to this group of buyers. In the case of the particularly sought-after property developments, a share of over 80% is even recorded. Listed real estate companies/REITs follow in second place with around €383 million and a share of just under 19%, which is roughly at the same level as the previous year. In third place are investment/asset managers with around 12%. The remaining buyer groups account for around 19% of the transaction volume. Foreign investors contribute 50% of the total volume with just over €1 billion.

**➤ YIELDS REMAIN AT A STABLE LEVEL**

Prime yields are withstanding the changed interest rate environment and remained stable at 3.50%. The combination of increased demand and continued limited supply is supporting both prices and yields in these challenging times in the investment market.

**➤ OUTLOOK**

The healthcare investment market continues to report top figures this half year, now defying the changing interest rate environment after the Corona crisis. Rising demand in occupier markets should continue to keep investment markets running well and maintain momentum at a high level. In addition, there is growing investor interest in the asset class, which is gaining further importance not least due to the topic of ESG. In addition, the still attractive risk-return ratio should be able to play out its advantage, especially in turbulent times like the current ones. However, it is questionable to what extent the supply side can bring new product to the market, especially in the sought-after new construction segment.

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