



Press release

European healthcare real estate in 2019

Another strong year for healthcare real estate

Results of the Your Care Consult annual study in Western Europe

- **Volume of transactions reached €7.6 Bn in 2019, close to 2018 level**
- **The top 3 markets remain: the UK, Germany and France**
- **Strong increase in Belgium (+250%), Spain (+75%) and the UK (+15%)**

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- Annual analysis of real estate acquisitions and disposals by private operators and specialist real estate investors in the Western European healthcare real estate sector
 - Eight countries covered: France, Germany, the United Kingdom, Belgium, The Netherlands, Italy, Spain and Portugal
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Paris, April 2nd, 2020 - Your Care Consult, a financial and real-estate investment advisor with a focus on healthcare, today announced the results of study of the European healthcare real estate markets in 2019.

Stéphane Pichon, Managing Partner at Your Care Consult, commented:

“Volume of transactions in Western European healthcare real estate reached a fantastic 7.6 billion euros in 2019, close to its record 2018 level, with a great performance in Belgium, Spain and the UK, despite Brexit. The 3 largest markets remaining the UK, Germany and France.

Due to the current economic shutdown linked to the covid-19 crisis, Your Care Consult can unfortunately not make a forecast for 2020 at this stage.”

Transaction volumes in Western Europe kept momentum in 2019

In 2019, the 3 largest European healthcare markets (UK, Germany and France) accounted for 72% of the total healthcare real estate transactions in Western Europe. Nonetheless, smaller BENELUX received more than €1Bn, while Italy and Iberia (Spain and Portugal) saw an increasing interest from international investors

€7.6 Bn investment in 2019

European healthcare real estate investment volume achieved a strong year in 2019, close to 2018 level. With investors targeting higher yields than in traditional real estate asset classes, alternative assets such as healthcare (incl. hospitals, care & nursing homes) continued to increasingly attract institutional and private investors into Europe. Transactions in the hospital and primary care sectors significantly increased in more consolidated countries (France and the UK) while the care home sector continued to expand in smaller and less consolidated markets (Netherlands, Italy, Spain).

NOTE TO THE EDITOR

Additional analysis of European healthcare real estate market Results of 2019 study by country

France: same investment volume as last year

- Healthcare real estate accounted for 2,3% of total commercial real estate volume (estimated at €35Bn in 2019).
- Investment volume: €800M. Less than 10% of (re)developments, these being for the most part MOBs and outpatient clinics
- Traditional domestic investors. No new international entrants.
- The care home sector represented 1/3 of the value of the transactions (vs 2/3 in 2018). On the other hand, the hospital sector gained momentum notably with a large transaction close to €200M.
- Highest average observed yields in the MOB sector (6.0% or higher)
- Prime yields remained stable between 4.25% for nursing homes and 5.0% for acute hospitals

Germany: The care home market kept momentum, but hospitals deals decreased

- Healthcare real estate represented 2.3% of total commercial real estate volume (estimated €65 at Bn in 2019).
- Investment volume: €1.5 Bn (excluding stand-alone Assisted Living facilities)
- Mainly foreign investors (87% of the value of the transactions). Fewer domestic investors were active.
- The average observed yield was 5.7% in 2019 (vs. 6.1% in 2018). The most dynamic Länder were Saxony and North Rhine Westphalia.
- Prime care home yields fell to 4.5%

United Kingdom: record investment volume, thanks to American REITs who bet on the hospital sector

- Healthcare real estate represented 6% of total CRE volume (estimated at £50Bn in 2019).
- Investment volume reach the £2.8 Bn (or €3.2Bn), representing a 15% increase over last year.
- The largest deal of the year was the acquisition of a 30 acute hospital portfolio across the UK valued at £1.5 Bn. The second largest being a 9-hospital portfolio for £340M of investments in the UK announced in 2019, both transactions completed by an American REIT.
- However, a notable amount the deals were signed by British REITs and private equity investors.
- Less than ¼ of the total was invested in the care home sector. Few portfolios in the MOB/Acute sector.
- Prime yield remained low at 4.0% for care homes and below 5.0% in hospitals in 2019.

Belgium: a significant year in 2019

- Healthcare real estate represented more than 6.5% of total commercial real estate volume (estimated at around €5Bn in 2019).

- Investment volume: more than €330M in 2019 vs €130M in 2018.
- Driven by an unusually large care home transaction close to €300M, with yields as low as 4.5%.

Netherlands: another strong investment year

- Healthcare real estate represented 6% of total commercial real estate volume (estimated at €13Bn in 2019).
- Investment volume: just above €800 M consisting mainly of care homes (excluding stand-alone assisted living facilities), and to a much lower extent of rehabilitation clinics and medical office buildings
- Similarly, Belgian REITs actively invested in 2019, with 1/3 of the investments consisting of individual care home development projects
- Prime yields: 4.9% in Nursing Homes, 5.2% in Medical Office Buildings

Italy: increasing appetite from cross-border investors in 2019

- Healthcare real estate represented 4.7% of total commercial real estate volume (estimated at €12.3Bn in 2019).
- Investment volume: €580M, representing a 50% increase compared to the previous 3-year average
- The care home market saw increasing interest with 70% of the value of all healthcare real estate transactions
- 78% of total investment came from foreign investors and 37% comprised real estate development projects
- Disclosed gross yields stood at 6.3% on average.

Spain: increase in volume in 2019

- Healthcare real estate represented close to 3% of total commercial real estate volume, estimated at over €12Bn in 2019.
- Investment volume: just above €350M, with both local (75%) and international investors (25%). New international investors entered the market with increased portfolio size, up to 6-assets.
- The care home market represented 58% of total investment vs more than 90% in 2018. The remainder consisted of very few transactions in the hospital sector.
- 64% of the investment value was originated outside the prime regions of Catalonia and Madrid, mainly in the North of Spain.

Portugal: a small market with good value-for-money opportunities

- Healthcare real estate represented less than 1.8% of total commercial real estate volume (estimated at more than €3.5Bn in 2019).
- Investment volume: €60M
- Small market with capacity for new entrants
- Premium yields at 7% in care homes

About Your Care Consult: www.yourcare.eu

Founded in 2009 by Stéphane Pichon, Your Care Consult is a financial and real estate investment advisor specialised in the healthcare sector. Having advised on more than €6Bbn+ of transactions at the end of 2019, Your Care Consult provides strategic, technological, real-estate and financial advice to healthcare services companies (operators of clinics, long-term care homes, laboratories, health centres, etc.) as well as to financial and real-estate investors. Your Care Consult maintains offices in Paris, Berlin, Milan, Brussels and Madrid.

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