



Press release

European healthcare real estate in 2020

Another strong year for healthcare real estate

Results of the Your Care Consult annual study in Western Europe

- **Record year in 2020: volume of transactions reached €8,8Bn in 2020, above 2019 level.**
- **Higher market share of healthcare real estate, above 4%.**
- **The top 4 markets were: Germany, the UK, the Netherlands and France.**

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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, March 12th, 2021 - Your Care Consult, a financial and real-estate investment advisor with a focus on healthcare, today announced the results of study of the Western European healthcare real estate markets in 2020.

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

“Volume of transactions in Western European healthcare real estate reached a record 8.8 billion euros in 2020, with a great performance in Germany, the Netherlands and Belgium. The 4 largest markets remaining Germany, the UK, the Netherlands, and France.

Due to strong investor appetite, Your Care Consult predicts another strong year in 2021, again above €8BN of investment.”

Transaction volumes in Western Europe in 2020 surpassed the level of the previous year

In 2020, the 3 largest European healthcare markets (Germany, the UK, and the Netherlands) accounted for 74% of the total healthcare real estate transactions in Western Europe. Nonetheless, France received ~€900M, while Italy and Iberia (Spain and Portugal) also benefitted from an increasing interest from international investors.

€8,8 Bn investment in 2020, higher market share of healthcare real estate

European healthcare real estate investment volume achieved a record year in 2020, above the strong level of 2019 (€ 8.3 Bn). With investors targeting more secure rents than in traditional real estate asset classes in the post-covid area, alternative assets such as healthcare (incl. hospitals, care & nursing homes) continued to increasingly attract institutional and private investors into Europe.

As a result, the market share of healthcare real estate investment volume (as a proportion of total commercial real estate) increased to 4,4% in 2020 up from 4,0% in 2019, further establishing it as an asset class of its own right.

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 Germany and Belgium as well as smaller and less consolidated markets (Italy, Spain).

NOTE TO THE EDITOR

Additional analysis of European healthcare real estate market Results of 2020 study by country

France: above the previous year's volume

- Healthcare real estate accounted for 3,5% of total commercial real estate volume (estimated at €26,8Bn in 2020, down 32% in one year).
- Investment volume: €927M (excluding stand-alone Assisted Living facilities) growing by 16% vs last year.
- (Re)developments, being for the most part MOBs and clinics, accounted for 7% of the real estate property transactions.
- Traditional domestic investors. One new international entrant.
- Hospital sector represented 76% of the total volume invested, care home 23% and supportive living 1%.
- Three transactions exceeded €100 million in the hospital sector.
- Prime yields by activity: 5% Acute, 4,5% Rehab / PSY, 4.25% for nursing homes.

Germany: increase fuelled by nursing home transactions

- Healthcare real estate represented 4% of total commercial real estate volume (estimated at €75 Bn in 2020).
- Investment volume: €3 Bn (excluding stand-alone Assisted Living facilities).
- Mainly foreign investors. Fewer domestic investors were active.
- The average observed yield was 5% in 2020 (vs. 5.7% in 2019).
- Prime care home yields fell to 4%.

United Kingdom: lower but still strong investment volume, thanks to the mental health sector

- Healthcare real estate represented 5,5% of total CRE volume (estimated at £40Bn in 2020).
- Investment volume reached the £2.2 Bn (or €2,5Bn) mark, representing a 22% decrease over last year.
- The largest transaction was the acquisition of a leading UK mental health and rehab operator (450 facilities valued at more than €1 Bn).
- Most deals were signed by British REITs and private equity investors.
- Most transactions concerned the hospital / MOB sector.
- About €400 M was invested in the care home sector.
- Prime yield remained at 4.0% for care homes and below 5.0% in hospitals in 2020.

Belgium: a significant year in 2020

- Healthcare real estate represented more than 9% of total commercial real estate volume (estimated at around €6Bn in 2020).
- Investment volume: more than €575M in 2020 vs €500M in 2019.

- Driven by 3-care home portfolios transactions around €100M, with prime yields slightly decreasing to 4.25%.

Netherlands: a record investment year

- Healthcare real estate accounted for 6% of total commercial real estate volume (estimated at €17.9 Bn in 2020).
- Investment volume: €1Bn consisting mainly of care homes (excluding stand-alone assisted living facilities), and to a much lower extend of medical office buildings.
- Similarly, Belgian REITs actively invested in 2020, with most of the investments consisting of individual care home development projects.
- Prime yields: 5% in Nursing Homes & in Medical Office Buildings.

Italy: increasing appetite from cross-border investors in 2020 despite a slightly lower investment volume

- Healthcare real estate represented 3% of total commercial real estate volume (estimated at €13Bn in 2020).
- Investment volume: €400M, slightly below last year's invested volume.
- The care home market saw increasing interest with 75% of the value of all healthcare real estate transactions.
- 75% of total investment came from foreign investors and 50% comprised real estate development projects.
- Nursing homes prime yields at 5,25% on average.

Spain: slight increase in volume in 2020

- Healthcare real estate represented close to 3,3% of total commercial real estate volume, estimated at over €13 Bn in 2020.
- Investment volume: €425M, with both local (75%) and international investors (25%).
- No new international investors entered the market.

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

- Healthcare real estate represented less than 1.25% of total commercial real estate volume (estimated at more than €4Bn in 2020).
- Investment volume: €50M.
- Small market with capacity for new entrants.
- Premium yields at 6-6,5% 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 2020, 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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