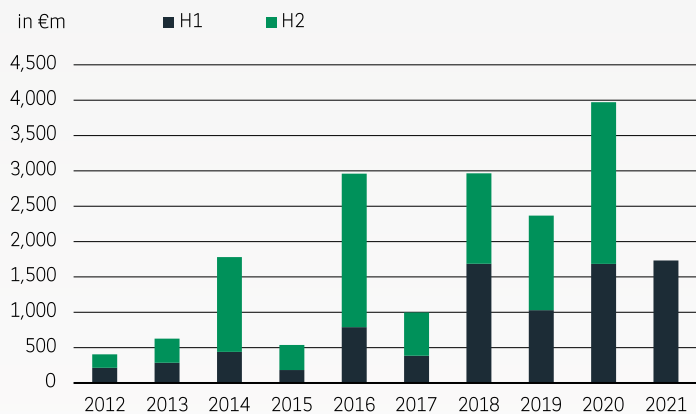




At a Glance **Q2 2021**

HEALTHCARE INVESTMENT MARKET GERMANY

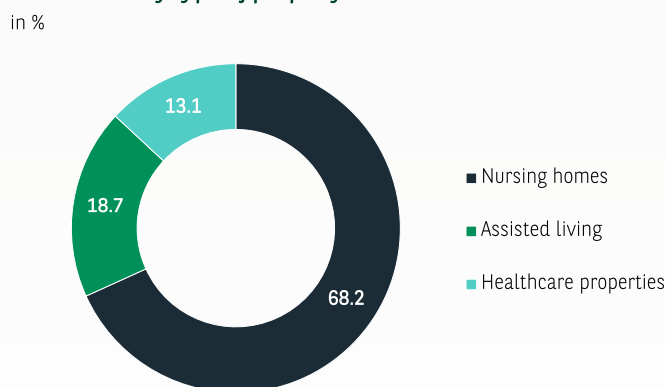
Healthcare investment volume



► BOOM IN HEALTHCARE INVESTMENTS CONTINUES

The trend in the healthcare investment market continued to show a clear upward trend in the first half of 2021. A good €1.7 billion was invested in healthcare real estate in the first half of 2021, exceeding the record figure for the same period in the previous year by almost 3%. Compared with the 10-year average, this represents an increase of more than double. These figures impressively demonstrate that, despite the Corona pandemic, the healthcare market is continuing to develop with great dynamism and is successfully establishing itself as an asset class in its own right. A fundamentally changed perception of risk on the part of investors plays a very important role here. On the one hand, demographic change provides a solid economic base characterized by a high level of rental security and comparatively low market fluctuations. On the other hand, reservations about operator properties are increasingly diminishing as a result of the progressive professionalization of operating companies, as in the hotel investment market. In addition, institutional investors in particular are focusing on diversifying their investment locations in order to further reduce the investment risk. As a result, portfolio deals accounted for almost two-thirds of the investment volume in the first half of 2021.

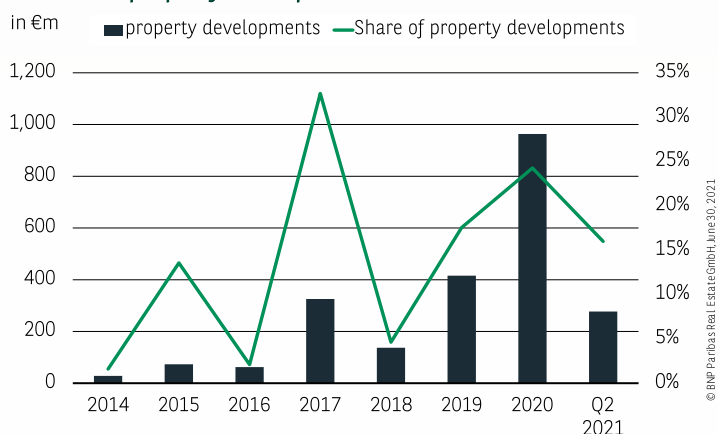
Investments by type of property H1



► RECORD RESULT FOR ASSISTED LIVING

Nursing homes continue to account for the lion's share of the healthcare investment market. With an investment volume of just under €1.2 billion, this type of use accounts for a good 68% of total investment volume. Compared with the first half of 2020, however, the share of turnover accounted for by care properties fell by around 10 percentage points. The assisted living sub-asset class can benefit from this, with a market share of almost 19% at around €325 million, setting a new record. The increasing social relevance of the topic of age-appropriate living is thus also reflected in the investment market. Healthcare properties (e.g. medical centers, clinics) accounted for a good 13% of the overall result with slightly above €225 million.

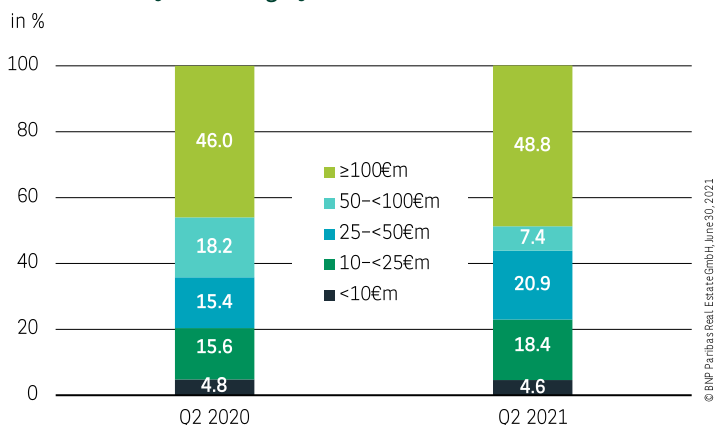
Healthcare property developments



► SHARE OF PROPERTY DEVELOPMENTS DECLINING

Property developments accounted for only 16% of total investment volume in the first half of the year. This rather moderate figure is due to the fact that the investment market has so far been dominated by the sale of larger portfolios. However, a number of forward deals was registered, particularly in the assisted living segment. These give proof that the traditional residential project developers are facing serious competition here.

Investments by size category



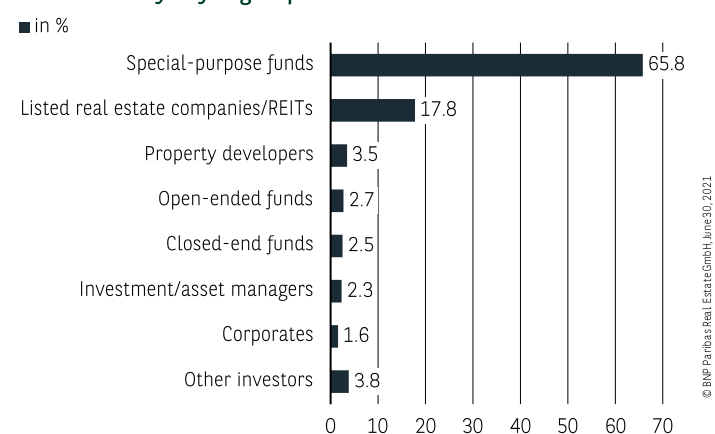
➤ ALMOST 50 % IN THE THREE-DIGIT MILLION RANGE

Transactions above the €100 million mark accounted for just under half of the transaction volume in the first half of the year. A total of three portfolio deals in the triple-digit million range were registered. Two larger deals in the assisted living asset class fill the size class between €50 and €100 million, which accounts for a good 7% of total investment volume. The medium size classes between €10 and €50 million generated a market share of almost 40% and thus present themselves as a major pillar of the investment market.

➤ SPECIAL-PURPOSE FUNDS SET THE TONE

In the first half of 2021, the healthcare investment market is firmly in the hands of special-purpose funds, which account for almost two-thirds of total investment volume. In addition to two major portfolio deals, this group of buyers was responsible for more than half of all single deals. In this context, it is clear that in addition to specialized care investors, more and more large real estate investors are now active in the healthcare market. A further 18% of the total investment volume was provided by listed real estate companies / REITs, which have so far appeared exclusively in the portfolio segment. All other buyer groups together account for just over 16% of the transaction volume. At 51%, the market share of foreign investors is around 10 percentage points above the long-term average.

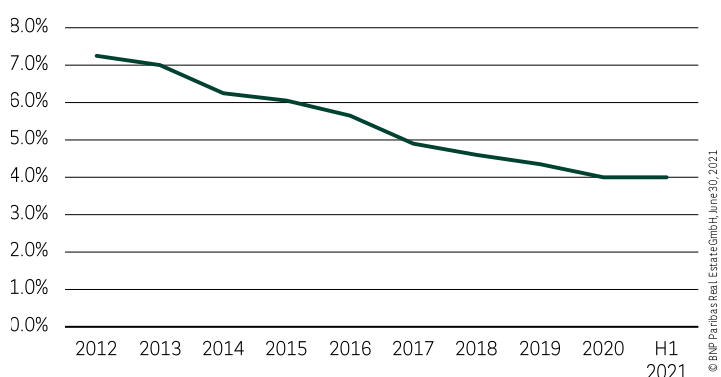
Investments by buyer groups H1 2021



➤ YIELDS STABLE IN THE FIRST HALF OF THE YEAR

Due to strong demand coupled with limited supply, net prime yields on the healthcare market have clearly followed a downward trend in recent years. A change in risk assessment is also likely to have played a certain role in this. Most recently, a sideways trend has been observed, so that a net prime yield of 4.00% can still be reported for high-quality modern nursing care properties at the end of the first half of the year.

Net prime yield for nursing home real estate



➤ OUTLOOK

Despite the Corona crisis, the healthcare investment market reported a new investment record at the end of the first half of the year and also offers bright prospects for the future. Based on the demographic macro-trends and a further rise in social acceptance for age-appropriate forms of living, a further increase in demand can certainly be expected. For professionally positioned investors, healthcare real estate has an attractive risk-return profile which is difficult to find in other asset classes. In this respect, the bottleneck factor in the investment market is likely to be on the supply side.

All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate GmbH.

The statements, notifications and forecasts provided here correspond to our estimations at the time when this report was prepared and can change without notice. The data come from various sources which we consider reliable but whose validity, correctness or exactness we cannot guarantee. Explicitly, this report does not represent a recommendation of any kind, nor should it be regarded as forming a basis for making any decisions regarding investment or letting or renting property or premises. BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Imprint Publisher and Copyright: BNP Paribas Real Estate GmbH | Prepared by: BNP Paribas Real Estate Consult GmbH | Status: 30.06.2021

Further information BNP Paribas Real Estate GmbH | Christoph Meszelinsky, Head of Residential Investment | Telefon +49 (0)211-52 00-00 | christoph.meszelinsky@bnpparibas.com
www.realestate.bnpparibas.de