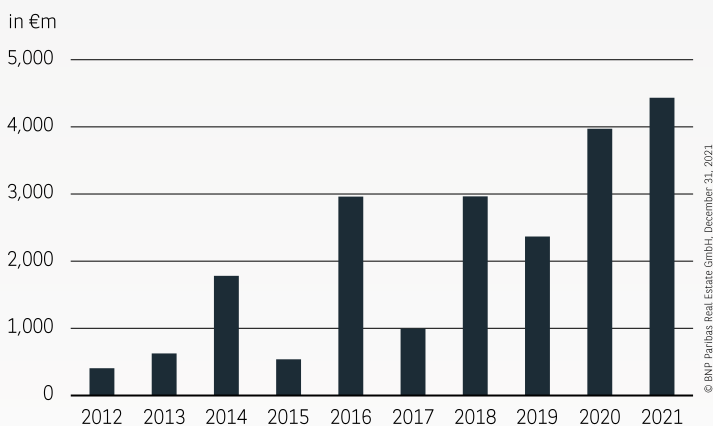




At a Glance **Q4 2021**

HEALTHCARE INVESTMENT MARKET GERMANY

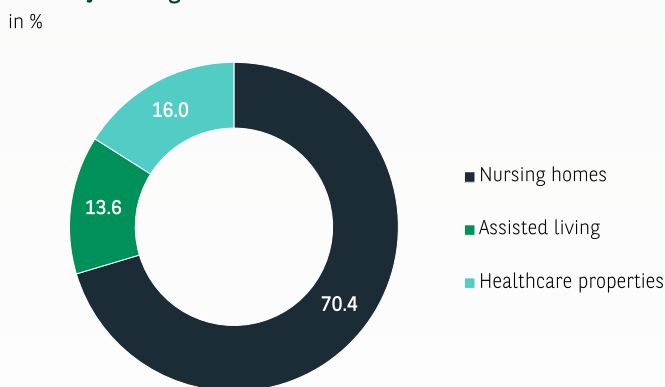
Healthcare investment volume



➤ HEALTHCARE INVESTMENTS SET A NEW RECORD

The boom in healthcare investments, which has been reflected in continuously rising transaction volumes for several years, continued unabated in 2021. With a total investment volume of a good €4.43 billion, the all-time high set just last year was surpassed by 12% and a new record was once again achieved. At the same time, the result is more than double the ten-year average. The trend towards more institutional investors discovering healthcare as an interesting and secure asset class is continuing. Concerns about overdependence on operators are increasingly fading into the background due to many advantages. The irreversible demographic trend, a medium-term supply shortage of modern facilities with integrated concepts and the increasing professionalization of many operators promise stable cash flows and secure investments. It is therefore not surprising that both individual and portfolio deals have reached new all-time highs. Nursing homes, which are included in Vonovia's takeover of Deutsche Wohnen, accounted for a significant proportion of the result with a good €1.1 billion.

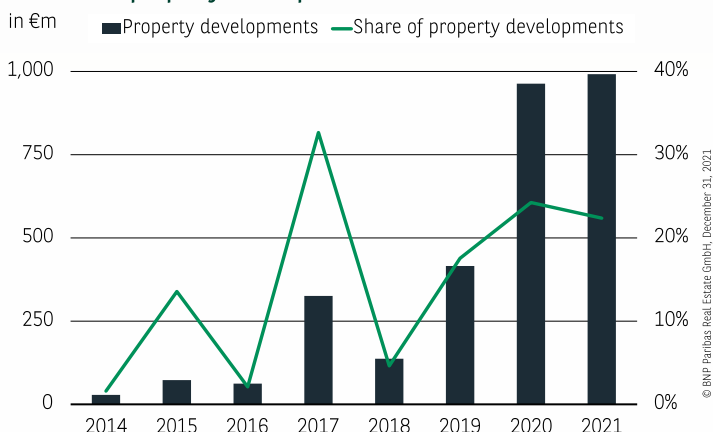
Share of nursing home real estate



➤ FOCUS ON CARE PROPERTIES AND ASSISTED LIVING

In addition to nursing home properties, which continue to account for the bulk of transaction volume (around 70%) and also achieved a new record level of €3.12 billion, the assisted living segment in particular recorded strong growth. At a good €603 million, more was invested here than ever before and the already very good figure for the previous year was exceeded by a further 41%. With new, high-quality and integrative concepts, this market segment offers interesting prospects for meeting the desire of a growing number of older people for a flexible range of services and a degree of care. The possibility of living in a self-determined and independent manner for as long as possible increasingly corresponds to the ideal image of large sections of society.

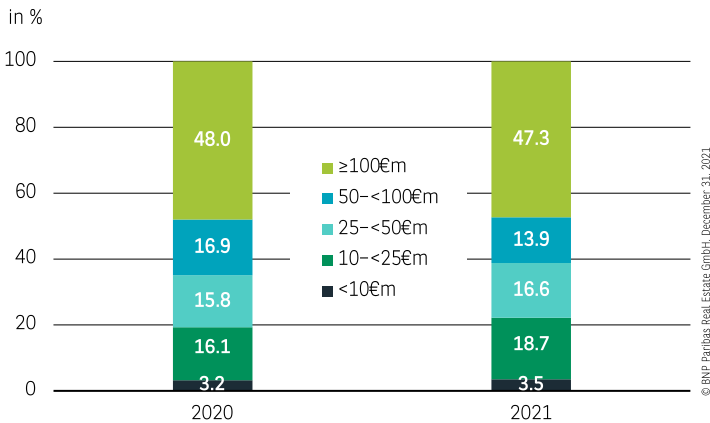
Healthcare property developments



➤ PROPERTY DEVELOPMENTS ALSO TOP-PERFORMING

Just under one billion euros of the total volume resulted from property developments, which corresponds to a share of a good 22%. This is slightly higher than the average of recent years and continues the upward trend of the recent past. It is encouraging to note that investors believe that all submarkets in the healthcare segment have good prospects for the future. As a result, both nursing care and healthcare properties and assisted living facilities were able to participate extensively in the volume invested in developments and forward deals.

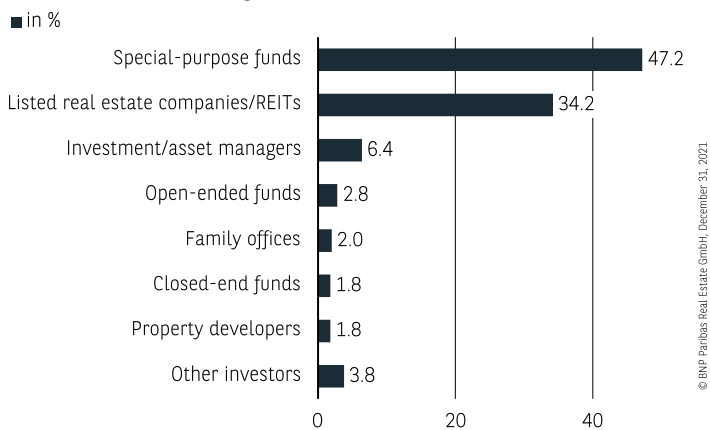
Investments by size category



SIZE STRUCTURE LARGELY STABLE

As the healthcare sector has repeatedly seen takeovers or the acquisition of larger portfolio holdings in recent years, it is not surprising that the size structure of the investments made is relatively stable. At a good 47%, the share of large deals with more than €100 million is at the same level as in 2020. The other size categories also show similar shares as in the previous year. The comparatively homogeneous distribution in the middle classes between €10 million and €100 million is remarkable, with all of them contributing between 14% and 19% to total investment volume. This shows that the investor spectrum is also broad and that high transaction volumes are not only based on a few large deals.

Investments by buyer groups 2021



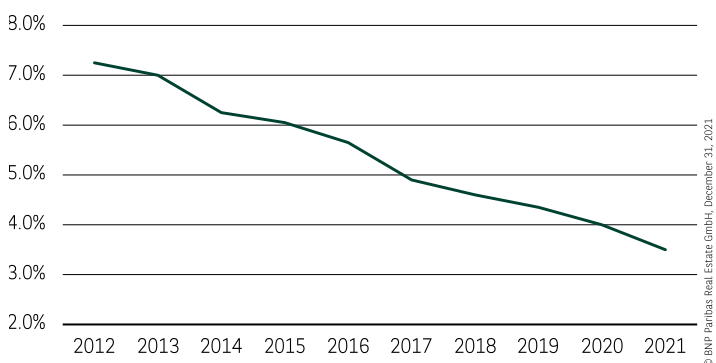
SPECIAL-PURPOSE FUNDS LEAD THE FIELD

Even though the buyer structure has expanded considerably in recent years, special-purpose funds remain by far the most important buyer group for healthcare real estate, not least because of their long-term investment horizon. With a sales share of just over 47%, they have once again come out on top among investors in 2021. In second place this year are listed real estate companies/REITs, due to the takeover of Deutsche Wohnen by Vonovia. The fact that other long-term core investors are also increasingly discovering the market segment for themselves is shown, for example, by the fact that open-ended funds and family offices have invested larger volumes in absolute terms.

SIGNIFICANT YIELD COMPRESSION

A clear indication that the attitude of many investors toward healthcare investments is beginning to change, and that the opportunities and stability are seen more strongly than the risks of an operator property, is the strong yield compression. Over the course of the year, the prime yield for nursing homes has declined by 50 basis points to its current level of 3.50%. This means that prices are approaching the levels already seen in some other countries.

Net prime yield for nursing home real estate



OUTLOOK

Healthcare properties have now secured a firm place in the portfolio mix of an increasing number of buyers. Based on key underlying conditions, such as demographic trends and changing ways of living in old age, the asset class offers great security, especially in the long term. Consequently, interest on the part of investors will not only continue, but is very likely to increase further. Due to a limited volume of new construction, there is much to suggest that the supply side could become a bottleneck. As a consequence, further declining yields, which also reflect the increased confidence of investors, are the most likely scenario for the next few years.

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