



GERMANY

REPORT

HEALTHCARE INVESTMENT MARKET

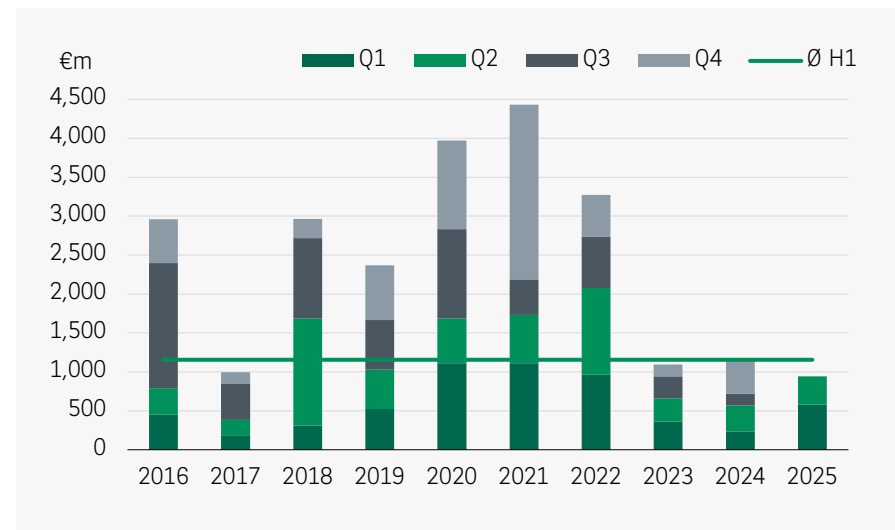
H1 2025



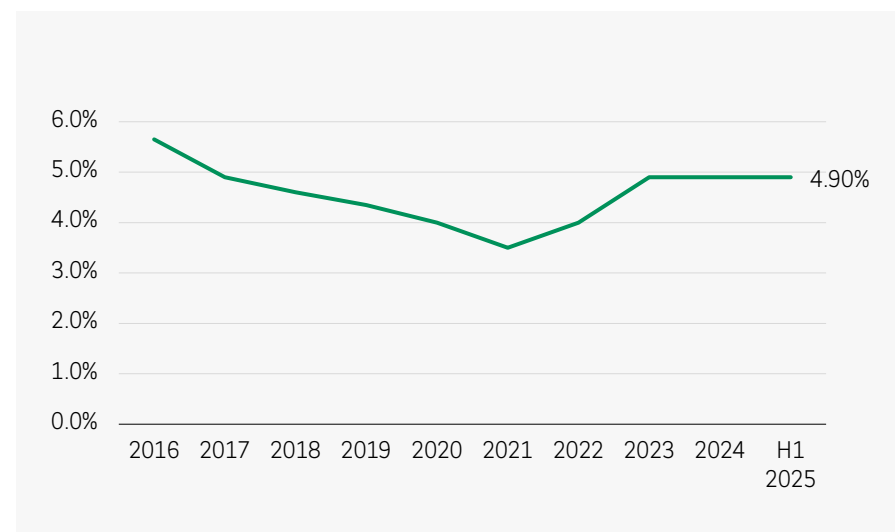
BNP PARIBAS
REAL ESTATE

REAL ESTATE for a changing world

Development of healthcare investment volume



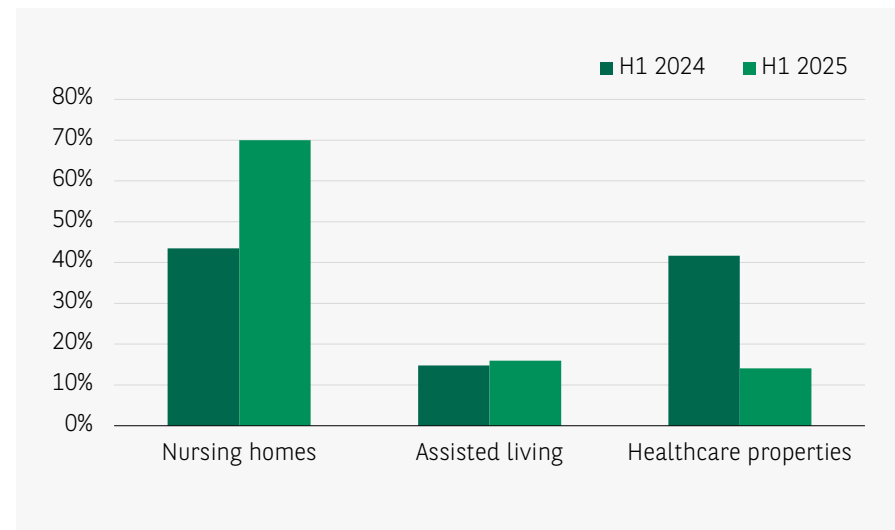
Net prime yield for nursing home real estate



INVESTMENT VOLUME WELL ABOVE PREVIOUS YEAR, AND SLIGHTLY BELOW AVERAGE

- The transaction volume on the healthcare investment market amounted to €943 million after the first six months. While the result is approximately 18% below the long-term average, it significantly exceeded the half-year result from the previous year by 66%. The nursing care real estate segment continues to be significantly impacted by the high operator risk and the persistently low level of new construction activity.
- In the first half of 2025, however, the healthcare investment market demonstrated a recovery, particularly in comparison to the results of the two prior years, which were particularly weak. However, the substantial growth seen in the first quarter (€580 million) experienced a slight decline in volume during the second quarter (€363 million). The first quarter's results were primarily influenced by the sale of the P&W Care & Living portfolio in Hamburg, which proceeds in the triple-digit million-euro range. Conversely, the Q2 recorded an increase in the number of small transactions compared to the first one.
- In contrast to Q1, no major transactions over €100 million were recorded in the second quarter. However, three deals between €50 million and €100 million were concluded. The sale of a senior housing complex in Erftstadt near Cologne was the largest transaction in the second quarter at €83 million.
- Considering the largely completed valuation adjustments and financing conditions, the prime yield remains stable at 4.90% in the first half of the year.

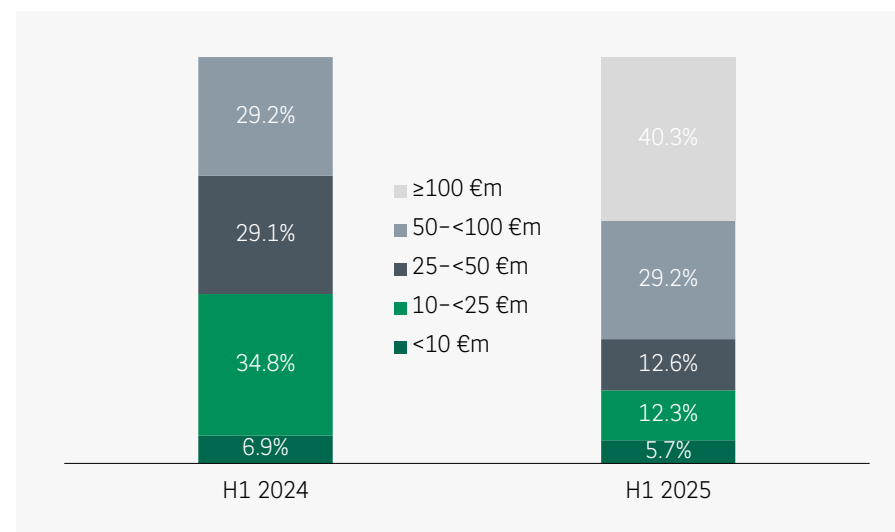
Healthcare investments by type of property



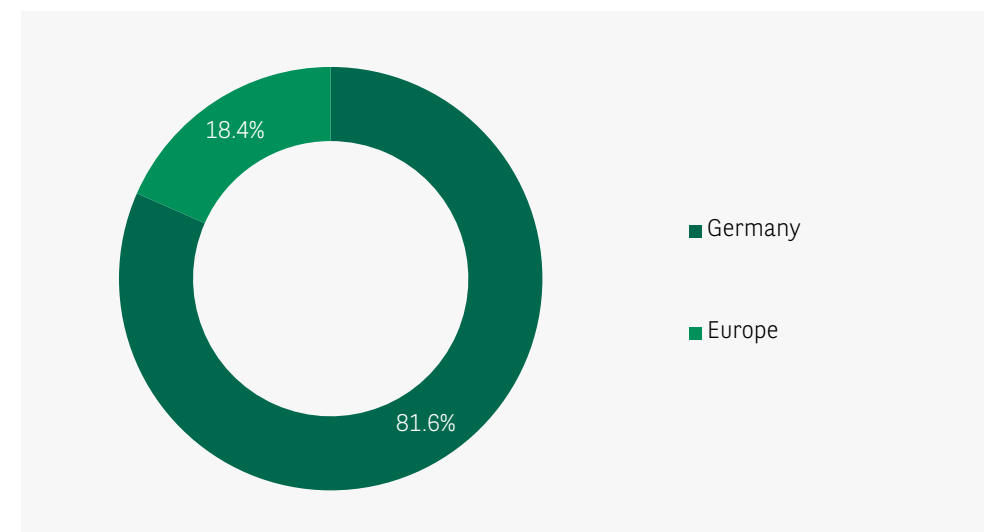
NURSING PROPERTIES VERY BESTRIDE

- With an investment volume of €660 million, nursing homes registered more than twice of the investment volume of the previous two years' corresponding half-years. With a market share of 70%, it is also above the long-term average of 66%. The investment volume is only slightly below the ten-year average in absolute terms (-11% compared to Ø10 years: just under €738 million). The assisted living sub-asset class (€150 million) recorded an increase of 79% compared to the same period of the previous year and 30% compared to the long-term average (Ø10 years: €115 million).
- The distribution of investment transactions by size class indicates that the broad segment of larger transactions exceeding €50 million has already reached a cumulative volume of €655 million. This is particularly due to the major deal in the mid-triple-digit million range in Q1 and the portfolio sales in Q2.

Healthcare investments by € category



Healthcare investments by origin of capital H1 2025



OUTLOOK

- Due to the current financing environment, persistently high construction costs, and several operator insolvencies, new construction activity is at a low level. Value-add investors are increasingly examining the feasibility of construction projects in central locations. Nevertheless, the economic realization of new construction projects remains limited overall.
- The healthcare investment market is considered an attractive investment opportunity because it is less cyclical than the overall market and provides stable cash flows. The aging population ensures predictable growth — the demand for care facilities is constantly increasing. There are already bottlenecks in outpatient and inpatient capacities that are likely to worsen without accelerated expansion. In light of the care reform measures currently being planned by the new German government, the conditions for investors are likely to improve in the medium term.
- During the first half of the year, there was a notable increase in investor interest on the demand side, particularly regarding investments with high operator quality and larger volumes. At the same time, market participants currently view the risk of operator insolvencies as a key challenge.
- Given the stabilized financing conditions at a lower level, valuation adjustments that have already largely taken place, and a renewed increase in supply, including in the large-volume product segment, an investment volume of around €2 billion is expected for 2025. Additionally, a sideways movement in yields appears to be the most probable scenario.

Key facts healthcare investment market Germany

INVESTMENT VOLUME	H1 2024	H1 2025	CHANGE
Total (€m)	568	943	65.9%
Portfolio share	37.2%	54.7%	17.4%-Pkte.
Share above €100 million	0.0%	40.3%	40.3%-Pkte.
Share of foreign investors	28.5%	18.4%	-10.0%-Pkte.
Share of new buildings	4.0%	21.2%	17.2%-Pkte.

NET PRIME YIELDS	H1 2024	H1 2025	CHANGE
Nursing home real estate	4.90%	4.90%	0 bp

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