



Healthcare Real Estate Market Report - Germany

March 2025

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Dave Woods

Co-CEO

Phone: +49 511 790 900 49

Email: dave.woods@gesambh.de

Foreword

Dear Readers,

Welcome to the first edition of the Healthcare Market Report.

The care market is facing significant challenges. Despite the growing demand for healthcare real estate, market conditions remain tense. In 2024, the transaction volume for healthcare properties in Germany amounted to €1.2 billion—a modest 6% increase compared to the previous year but still 51% below the long-term average. High financing costs, increasing regulatory requirements, and rising operator risks continue to complicate investments in this sector.

The financial situation of many operators remains particularly challenging. Rising insolvencies and declining returns are putting the industry under pressure, while political and economic uncertainties further complicate investment decisions. At the same time, stricter building regulations and lengthy approval processes are exacerbating the situation. As a result, new construction projects are being delayed or not realized at all, further widening the existing supply gap - with tangible consequences for the quality of care.

At the same time, stricter building regulations and lengthy approval processes are exacerbating the situation. New construction projects are delayed or not realized at all, further widening the existing supply gap - leading to noticeable impacts on service quality.

We hope that this brief report provides a concise overview of this area and wish you an insightful read.

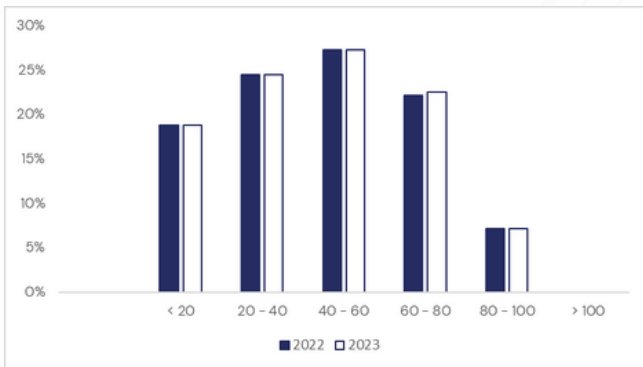
Market Analysis – Germany

Age Structure

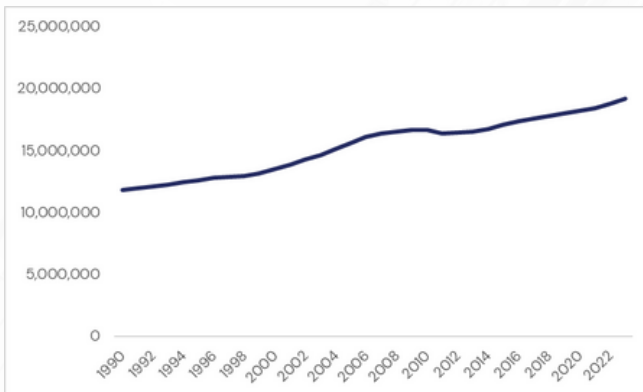
A key issue in Germany is the aging population, which continues to progress and is further exacerbated by the low birth rate. Between 2022 and 2023, the birth rate declined by 7%, now standing at 1.35 (Destatis a, 2024).

This remains significantly below the EU average of 1.5 (Statista, 2024).

The age structure changed only slightly in 2023 compared to 2022, with a marginal increase of 0.4% in the 60 to 80-year-old age group (Destatis b, 2024).

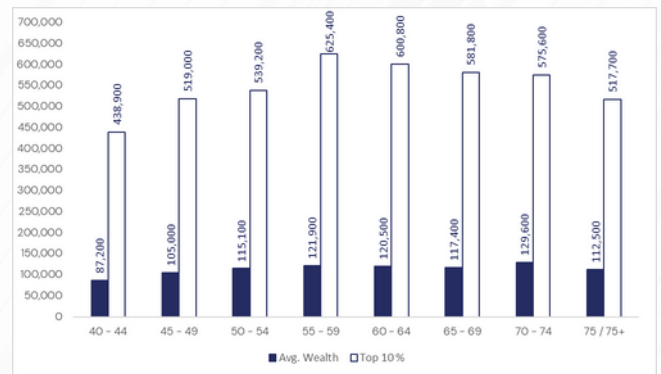


However, when considering the period from 2019 to 2023, this age group has increased by 7.4 million people.



Wealth Structure

When examining the wealth structure based on household net assets, it becomes evident that potential residents of assisted living aged 60 and older have an average wealth of €120,000 (IW Köln, 2020).



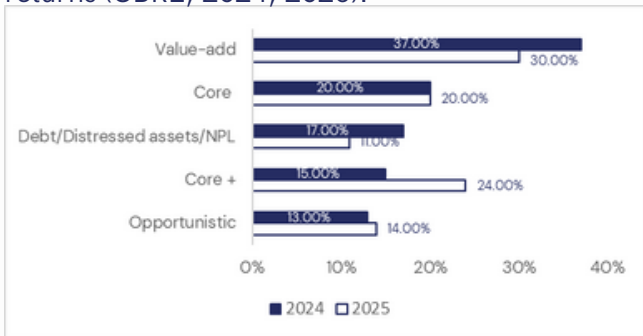
However, it is also evident that pensioners and recipients of occupational pensions (e.g., doctors, lawyers) belong to the top tier of retirees, with an average wealth of €425,800 and €495,100, respectively (IWD, 2024).

Market Analysis - CRE Investmentmarket

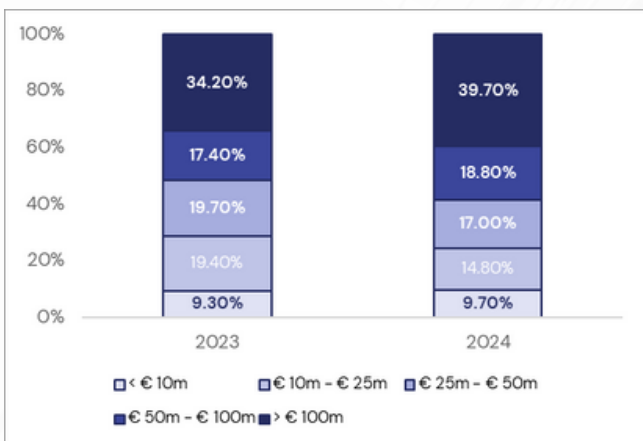
Transactions

The German transaction market has undergone a strategic shift in response to the turbulent past years, particularly from 2023 to 2024.

Investors are increasingly focusing on value-add strategies as well as distressed, debt, and non-performing loan (NPL) strategies to achieve higher returns (CBRE, 2024, 2025).

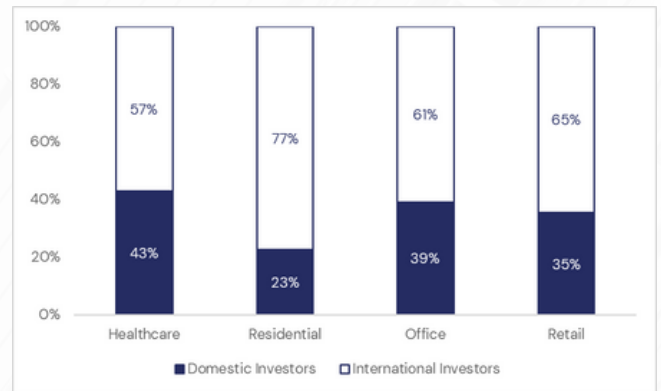


The focus on investments of €100 million and above, as well as smaller investments up to €10 million, has also changed significantly (BNP Paribas, 2023, 2024).



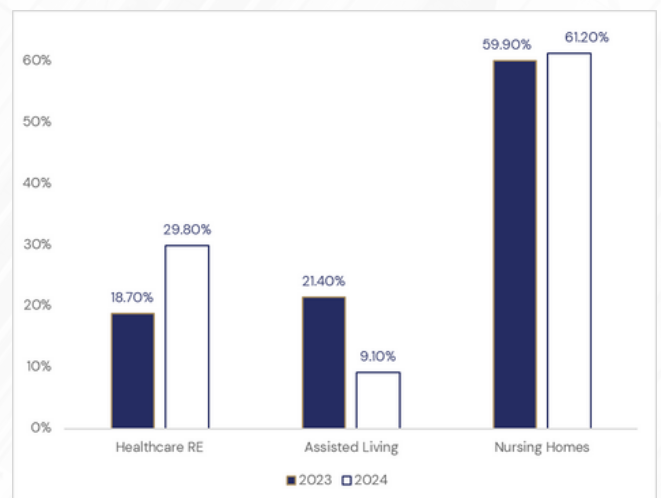
There was a significant difference in the origin of the investors.

The share of international investors in the healthcare real estate market has increased from 48.70% to 57.00% (JLL Research, 2023; CBRE, 2025).



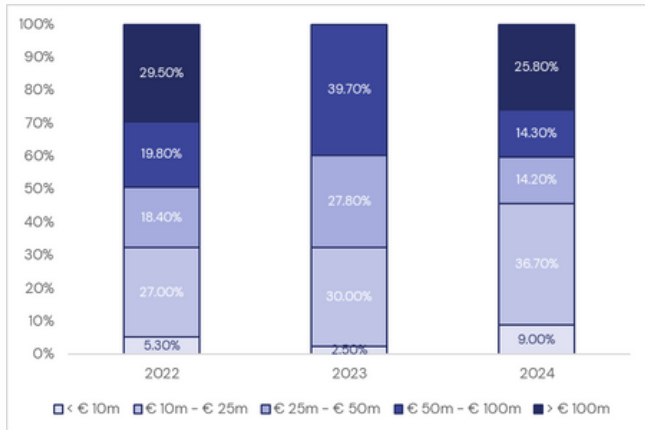
Within the healthcare real estate sector, there has been a significant shift towards medical facilities, along with a slight increase in fully inpatient nursing homes.

In contrast, assisted living has seen a sharp decline, with the investment share dropping from 21.40% to 9.10% (BNP Paribas, 2024).





When comparing the healthcare real estate market to the broader commercial real estate (CRE) market in terms of investment volume, it becomes evident that no investments exceeding €100 million were made in 2023. However, the market showed signs of recovery in 2024 (CBRE, 2024, 2025).



The transaction volume of nursing homes experienced continuous growth until 2021, while prime yields declined over the same period. This trend indicated strong demand for healthcare real estate, leading to rising prices and correspondingly lower yields.

However, from 2022 onward, this trend reversed, with transaction volumes declining significantly while prime yields began to rise again.

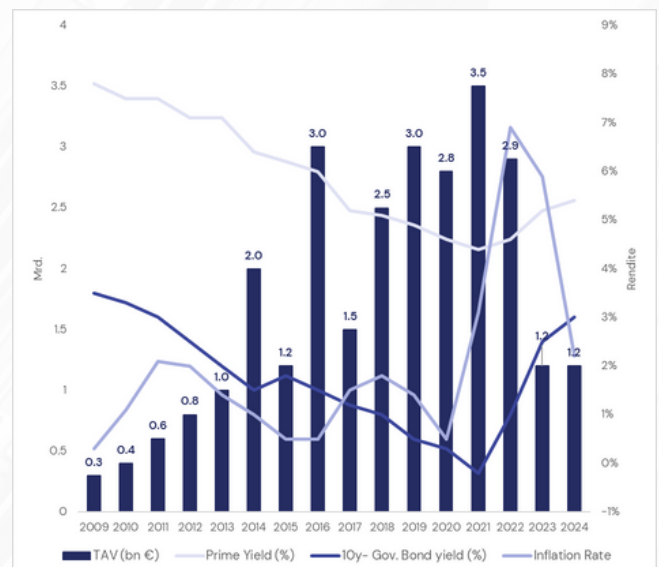
This shift was primarily driven by higher financing costs and a decreasing willingness to invest. Additionally, there is a strong correlation between the yield on 10-year German government bonds and the prime yields of nursing homes.

Both key indicators reached historic lows by 2020 before beginning to rise again from 2021 onward. The increase in bond yields made debt financing for real estate investments more expensive, subsequently leading to higher yield requirements in the nursing home sector.

The Consumer Price Index (CPI) also played a significant role in market developments. While inflation remained relatively stable until 2020, it peaked at 8.5% in 2022. This phase of heightened inflation coincided with a sharp decline in transaction volumes, as rising interest rates in response to inflation dampened investment activity.

Overall, the development of these indicators highlights the macroeconomic interdependencies within the healthcare real estate market. The rise in interest rates since 2021 has had a restraining effect on both prime yields and transaction volumes. At the same time, the CPI reflected increasing economic uncertainty, further exacerbated by external shocks such as disrupted supply chains and geopolitical tensions.

These factors led to a structural shift in the market, significantly influencing investment decisions.

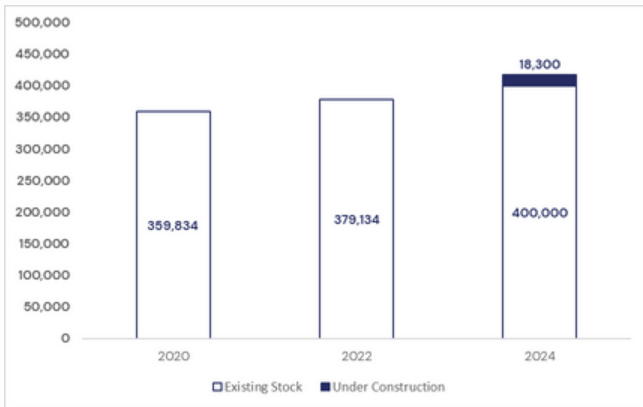


Market Analysis - Assisted Living

New Developments

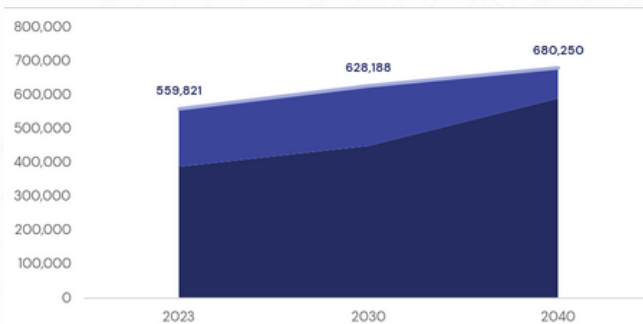
Despite the decline in transaction volume over the past year, the number of units increased by 20,866, expanding the available supply.

Additionally, at the time of the projection, 18,300 units were under construction (Pflegemarkt a, 2024).



The federal state with the largest supply and the highest number of assisted living locations is North Rhine-Westphalia, followed by Baden-Württemberg.

Despite new developments, a supply gap of 680,250 units is projected by 2040, while the demand had already reached 559,821 units in 2023 (Pflegemarkt a, 2024). According to Real I.S. (2024), Rhineland-Palatinate is expected to be the most affected by this shortage.



Federal State	Number of Assisted Living Locations
North Rhine-Westphalia	1,513
Baden-Wuerttemberg	1,141
Lower Saxony	816
Bavaria	762
Hesse	653
Saxony	560
Brandenburg	356
Mecklenburg-Western Pomerania	344
Schleswig-Holstein	333
Saxony-Anhalt	319
Rhineland-Palatinate	248
Thuringia	245
Berlin	218
Hamburg	169
Bremen	76
Saarland	42

Operator Market

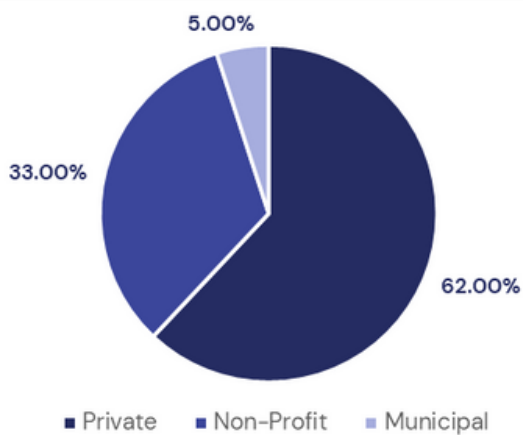
In 2024, the risk of operator insolvencies remained high, driven by major bankruptcies in 2023. Although this risk has since declined, it has led investors to conduct more thorough due diligence on operators and has also influenced changes in lease agreement structures.

Increasingly, management contracts are being favored over traditional long-term lease agreements (CBRE, 2025).



The Top 5 operators of assisted living facilities are predominantly non-profit organizations, led by Augustinum gGmbH, which operates a total of 7,071 residential units (Pflegemarkt b, 2024).

However, when examining the operators of newly built assisted living facilities, it becomes clear that 62% of new developments are leased and operated by private providers (Pflegemarkt a, 2024).



Between 2019 and 2021, the number of acquisitions in the assisted living sector remained relatively stable, with 103 acquisitions in 2019, a slight decline to 92 in 2020, and a moderate increase to 95 in 2021.

However, a sharp decline occurred in 2022, when the number of acquisitions fell to 53—likely due to market uncertainties or changing investment conditions. In 2023, however, the market rebounded significantly, reaching 167 acquisitions, the highest level in the observed period.

This trend may indicate increased market consolidation, growing investor interest, or improved economic conditions. Overall, the data reveals significant volatility in the assisted living acquisition market, with a steep drop in 2022, followed by a strong recovery in 2023 (Pflegemarkt a, 2024).

When looking beyond acquisitions to identify the most active developers, it becomes evident that the Top 5 most expansion-driven operators are all private companies.

The DomusVi Group ranks first with 42 locations, including 3 nursing homes, 45 assisted living units, 6 home care services, 37 daycare facilities, and 77 residential communities.

Following in second place is Specht & Tegeler Holding GmbH with 16 locations, comprising 13 nursing homes, 12 assisted living units, and 2 daycare facilities.

Korian Deutschland GmbH occupies third place with 15 locations, including 6 nursing homes, 6 assisted living units, 1 home care service, 1 daycare facility, and 6 residential communities.

In fourth place is Mirabelle Holding GmbH with 13 locations, featuring 11 nursing homes, 4 assisted living units, and no other facilities.

Rounding out the list is Wohnvoll AG with 12 locations, no nursing homes, but offering 14 assisted living units, 1 daycare facility, and 3 residential communities (Pflegemarkt c, 2024).

Conclusion

The German healthcare real estate market is undergoing significant changes and challenges.

The key insights can be summarized as follows:

Demographic Shift:

Germany's aging population is driving increased demand for nursing facilities and assisted living.

Marktdynamik

The transaction volume in the healthcare real estate sector has been volatile, experiencing a sharp decline in recent years, followed by a moderate recovery in 2024.

Investment Strategies

Investors are increasingly focusing on value-add and distressed strategies to achieve higher returns.

Operator Market

The operator market is undergoing greater consolidation, with a significant increase in acquisitions in 2023.

Supply Gap

Despite new developments, a significant supply gap of over 680,000 assisted living units is projected by 2040.

Challenges

- Rising financing costs
- Increasing regulatory requirements
- Higher operator risks are making investments in this sector more difficult

Future Outlook

Despite these challenges, the assisted living market offers long-term growth opportunities, driven by demographic trends and the rising demand for age-appropriate housing.

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GesA-m.b.H.

Gesellschaft für soziale Aufgaben



Office: Frankenring 30 | 30855 Langenhagen

Email: info@gesambh.de

Phone: +49 511 790 900 48

Website: www.gesambh.de

