

A strong market

▲ €574M

Investment 9M 2022

▲ 3.8%

Prime yield (nov. 2022)

▲ 14 million

Population +65 (2021)

▲ 83,974

Number of senior housing units in 2022
(XERFI, CBRE analysis)

▲ 1,147

Number of senior housing in 2022
(XERFI, CBRE analysis)

Note: The arrows indicate annual variations

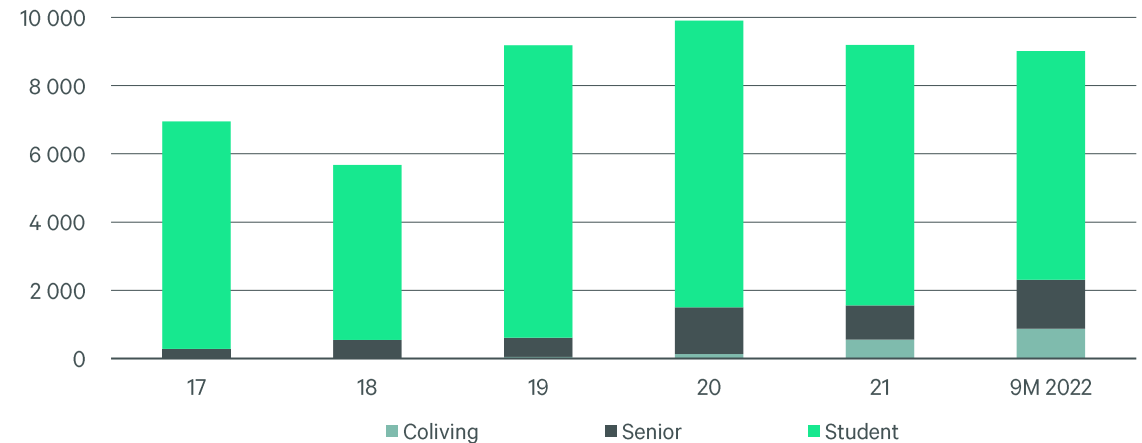
Europe Investment

In the first 9 months of 2022, senior housing investment totalled €1.4bn, or 3% of total residential property investment. The French market represents a significant share of European senior housing investment (40%). After France, Belgium and Denmark account for 31% and 19% of European senior housing investment.

The senior housing market in Europe has been growing in recent years. Investment in this field has almost tripled since 2018. Demographic trends suggest that demand will continue to grow in the medium term as the population ages and life expectancy rises.

The proportion of Europe's population that is 65+ has risen from nearly 18% in 2010 to 21% in 2021. This proportion will gradually increase to nearly 30% by 2050.

FIGURE 1: Residential investment in Europe



In € millions
Source: CBRE Research, Q3 2022

Senior housing investment continues

After totalling €490m in 2021, senior housing investment has already totalled €574m in the first 9 months of 2022, a clear indication of investor interest in this asset class. Of the three types of operated residential assets, senior housing represent more than half of all investment in operated residential assets. Along with coliving and student accommodations, senior housing investments are continuing to perform well, despite economic uncertainties and rising inflation. However, most Q3 transactions has been initiated before the summer;

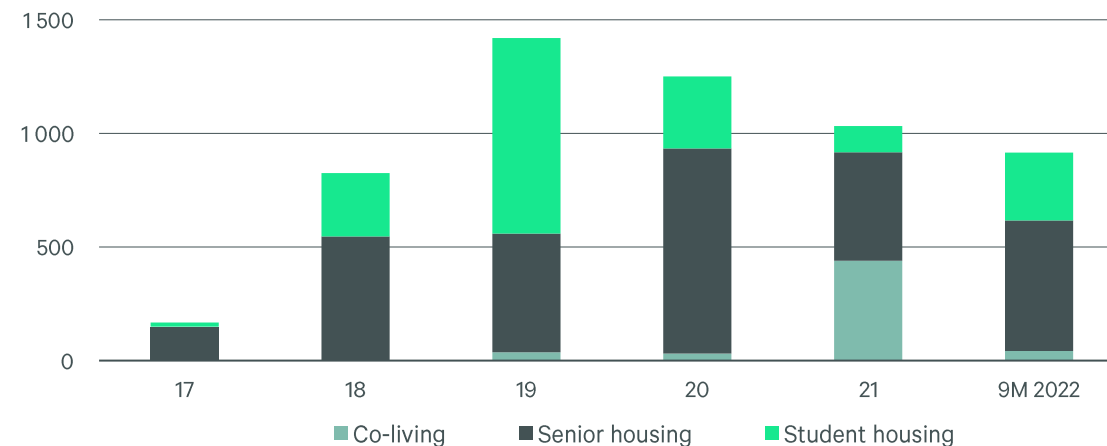
Overall, senior housing market investment is in line with that observed in the traditional residential market:

- market dominated by long-term investors,
- primarily off-plan transactions (¾ of acquisitions in 2021 and 80% in 9M 2022),
- strong investment in regional locations (¾ of acquisitions in 2021 and nearly 45% in 9M 2022).

International investors are showing increasing interest in the French senior housing market. In 9M 2022, they represent 10% of all investment. Transactions include Aberdeen's acquisition of senior housing from Brownfield for €37m.

As with all asset classes, senior housing yields have started to rise. After several quarters of compression, prime yield is 3.8% as of November 2022. Although it is gradually narrowing, the spread between traditional residential assets and senior housing remains significant.

FIGURE 2: Residential investment in France



Source: CBRE Research, Q3 2022

FIGURE 3: Residential prime* yield

Types of assets	Prime yield
Residential Paris	2.8%
Residential Regions	3.5%
Purpose built student accommodation	3.7%
Senior housing	3.8%
Co-living	3.9%

*High quality assets, leased at market conditions
 Table drafted on the basis of expert opinion (Capital Market, Valuation, Research), given that there is no systematic referencing for each category
 Source: CBRE Research, November 2022

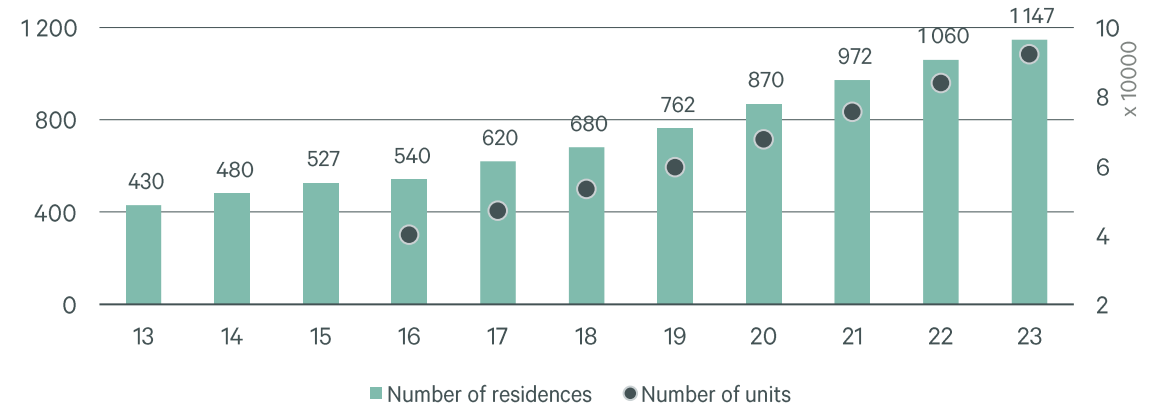
Market fundamentals favourable to market development

Over the past decade, the number of senior housing has grown significantly. The French market has almost doubled since 2017, from 620 residences (47,100 units) to more than 1,000 (83,974 units) by the end of 2022. This is an average annual growth of +12%. Despite the pandemic's impact on new developments, senior housing stock has continued to grow, supported by ever increasing demand.

The average standard of living of people aged 65 and over is almost 4% higher than the population as a whole, and the poverty rate for this demographic is lower than for the population as a whole (8.6% and 14.8%) (Source: INSEE). The standard of living of those 65+ entering this age group tends to increase, as salaries are higher than in previous generations. Senior citizens' improved average standard of living is also supported by the reaffirmation of family rights, minimum pensions and compulsory supplementary schemes.

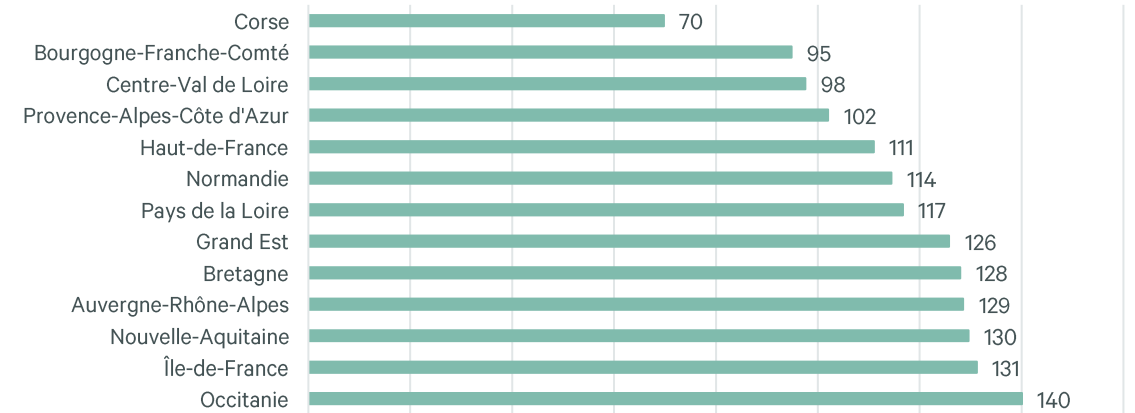
75% of senior housing residents live alone and most are women (70%). Senior housings will therefore benefit from the forecast increase in the target population (75+) estimated at +200,000/250,000 pa until 2030. The 75+ population will increase from 6.4 million in 2021 (10% of the total population) to 8.6 million in 2030 (12% of the total population).

FIGURE 4: Evolution of number of senior housing in France



Source: XERFI / CBRE Research analysis, 2022

FIGURE 5: Number of senior housing per 10,000 inhabitants +75



Data at end of 2021
Source: XERFI, CBRE Research analysis, 2022

A partnership model

The current senior housing is a second generation model. Its main characteristic is the involvement of three distinct partners: the developer, the investor and the operator. The developer usually builds the senior housing and markets it to investors, who acquire the walls. The operator assumes responsibility for managing the residence and acts as the intermediary between the owner and the senior occupants. As rent is paid automatically to the investor, a senior housing is a low-risk investment that is attractive to both private and institutional investors.

In terms of operators, DOMITYS dominates with a market share of 20%. It is followed by Les Sénioriales, Les Girandières, Les Villages d'Or and Les Jardins d'Arcadie, with a 5% market share. While market leaders continue to play a key role in the market's growth, other medium-sized groups such as Cogedim Club and new players such as Villa Beausoleil, Montana and Aquarelia are helping to drive the market.

FIGURE 6: The 10 major senior housing brands (December 2021)

Group	Brands	Residences*
Aegide	Domitys	134
Pierre et Vacances	Senior residence	83
Groupe Réside Etudes	Les Girandières / Victoria Palazzo	62
Les Villages d'Or	Les Villages d'Or	51
Acapace	Les Jardins D'Arcadie	48
Sopregim	Les Hespérides	37
Korian	Les Essentielles	30
DomusVi	DomusVi Les templitudes	28
Altea Cogedim	Cogedim Club	25
Ovélia Senior Residences	Ovélia	20

Source: Think tank Matières Grises, March 2022.

Contact information

Nicolas LE LAN

Investment Consultant
Tel: +33 (0) 1 53 64 22 19
nicolas.lelan@cbre.fr

Adrien PRIGENT

Investment Consultant
Tel: +33 (0) 1 53 64 34 94
adrien.prigent@cbre.fr

Aurélie BASNIER

Valuation - Associate Director
Tel: +33 (0)6 73 00 64 18
aurelie.basnier@cbre.fr

Maria Silvia Barros

Consultant - Research
+33 (0) 1 53 64 33 69
ms.barros@cbre.fr

Sabine Echalier

Director - Research
+33 (0) 1 53 64 37 04
sabine.echalier@cbre.fr

Pierre-Edouard Boudot

Executive Director - Research
+33 (0) 1 53 64 36 86
pe.boudot@cbre.fr

© Copyright 2022. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change. CBRE disclaims all liability for any decisions taken or conclusions reached based on information herein, particularly in terms of CBRE or third party securities purchased or sold and does not guarantee the accuracy, completeness, or adequacy of the information herein. Legal, tax or accounting statements and recommendations should be understood as general observations based on our experience and knowledge of the commercial property markets and should not be used as legal, tax or accounting advice, which we are not authorised to provide.

For more information on CBRE Research, or for additional studies, please consult Global Research Gateway: www.cbre.com/researchgateway. The studies published by CBRE France are also available on: www.cbre.fr/fr_fr/etudes CBRE Business Partners - Economic interest grouping
Head office: 76 rue de Prony 75017 PARIS - Siren: 412 352 817 - RCS Paris

