RESEARCH

EUROPEAN HEALTHCARE

CARE HOMES REPORT **2014**

France: Top operators begin exploring options further afield

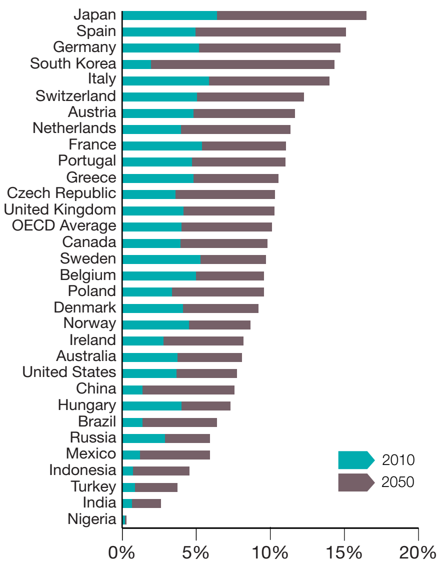
Germany: Potential for consolidation and significant growth

Spain: Economic revitalisation has brought greater investor interest

Italy: Considerable market fragmentation leaves room for new entrants

FIGURE 1

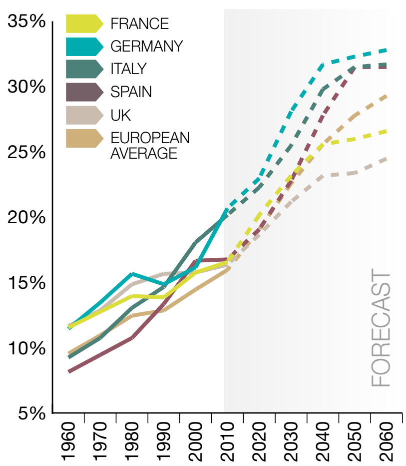
Percentage of population aged 80 and over



Source: OECD, UN

FIGURE 2

Growth of elderly population (aged 65 and over) through to 2060



Source: Eurostat

Korian Agora, a 83-bed Alzheimer facility in Vauvenargues, France. Single room rates from €94.50 per day.

OVERVIEW

The 2014 European Healthcare Report is Knight Frank's inaugural assessment of the burgeoning care home sector in Western Europe. With ample opportunity for new operator entry, care home development and portfolio consolidation, this report explores the market composition, structure and context of continental Europe's four largest care home markets.

The structure of the world's population is undergoing significant change. The OECD forecasts that globally the proportion of over 65s in the population will more than double to 16.2% by 2050, with the percentage of people aged 80 and over trebling. Decreasing fertility rates, coupled with increasing overall life expectancy, are driving up the share of elderly in the population. As a result, demand for elderly care is expected to rise significantly.

While emerging nations such as Nigeria and India maintain relatively high fertility levels, birth rates in Europe have been falling for decades, resulting in significantly higher proportions of elderly. Nearly 30% of Europe's population will be over 65 by 2050 and more than 11% will be over 80. Germany, Italy and Spain are expected to have 13% or more of their population aged 80 and over.

The growing number of elderly will impact on future demand for long-term care (LTC) services. However, while all types of LTC services are set to increase, they will not do so uniformly. Homecare, the preferred service line for most European countries in recent years, will prove to be inefficient given the rising share of patients with specialised medical needs. Additionally, societal changes, including declining family size, increasing childlessness and rising non-traditional living arrangements, mean that care homes will play a crucial role in caring for the increasing elderly population.

European care homes:

Market structure

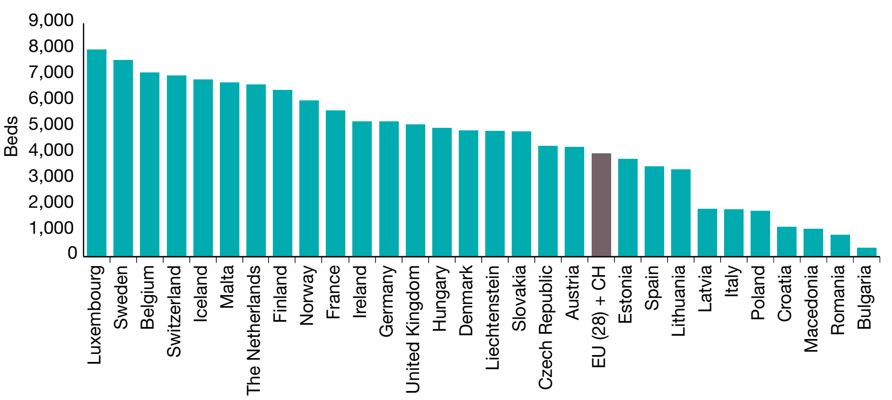
The care home market in Europe is extremely varied, regionally, nationally and locally. At the national level, the care home market can be broken down into three main types:

1.Licensed: Operators are required to gain prior approval from local authorities before they can build, open or operate a new care home. Examples include Belgium, France and Italy.

2. Free market: Operators are allowed to develop care homes largely without interference from local and national governments. However, some restrictions

FIGURE 3

Long-term care beds (per 100,000 inhabitants over 65)



Source: Eurostat, 2011 or closest year are usually put in place. Examples include Germany, Spain and the United Kingdom.

3. Outsourced: Local authorities outsource operational responsibility to private companies, which hold contracts typically from 3-10 years. Examples include Finland, Norway and Sweden.

Knight Frank estimates that collectively the 28 European Union member states plus Switzerland have a total of 3.7 million nursing and residential care beds, representing approximately 3,970 beds per 100,000 people over 65. There is presently a large gulf between current demand and care home supply, which has created room for new entrants and the expansion of existing chains.

An acute shortage of beds represents only part of the current problem facing the European care home market. The nature of care provision is also experiencing a major structural change. People are typically entering care homes considerably later in life, residing for far shorter periods but requiring much more specialised care during their stay.

Current trends

Currently, the market is undergoing a period of expansion, largely driven by the private sector. While public and not-for-profit facilities continue to dominate some European markets (e.g. France, Sweden and Switzerland), their role has diminished in recent years. With most European countries facing budgetary constraints stemming from the previous economic downturn, the public and not-for-profit sectors do not have the necessary capital to repair current facilities, let alone expand to meet present and future demand.

Care funding has also been affected by budgetary constraints, with more authorities reducing or limiting payment increases to below-inflation. Average patient fees range from €3,000 to €4,500 per month, which is generally from a combination of four places, the largest being national/statutory health insurance. Other sources include: care allowances from the local authority; private health or long-term care insurance; and out-of-pocket payments. Public funding sources, in most instances, are assessed on individual need and personal resources.

While care home policies vary greatly between nations, and even neighbouring local authorities, there are several prevailing trends that can be identified. Care fees and development policies are largely determined by local authorities, who determine pricing structure, limitations on multi-occupancy rooms and minimum floor space, as well as necessary safety regulations. Collectively, these differences make it difficult to implement a blanket business model across a particular region/state.

Despite the fact that the care home market is very regionalised, there has been a substantial increase in cross-border consolidation in the last two years. Notably, French chains Korian and Medica recently merged to form the largest pan-European care home group, with over 57,000 beds across four countries.

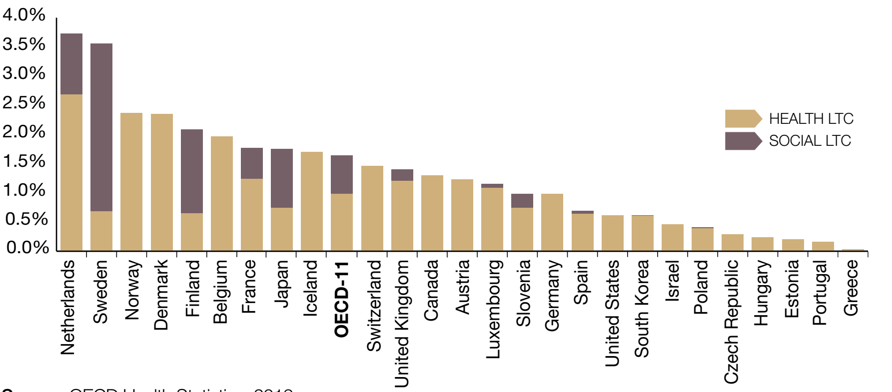
There have been a large number of political changes in recent years that have impacted on care home policy. In Russia, 2013 saw the passing of Federal Law 442, which effectively allows private operators to provide nursing care and sets out a public pricing framework. While in Belgium and the Netherlands further liberalisation of "right to die" legislation could impact on demand for nursing home places.

As local markets begin to place more limitations around private care home development, operators have begun to explore more creative ways of expansion. These include entering untapped markets, notably Eastern Europe, India and China, as well as diversifying their services. Overall, there are numerous opportunities for healthcare investment across the continent.

Senevita's Burdlef facility in Burgdorf, Switzerland. Recently acquired by Orpea, with rates from €118 per day.

FIGURE 4

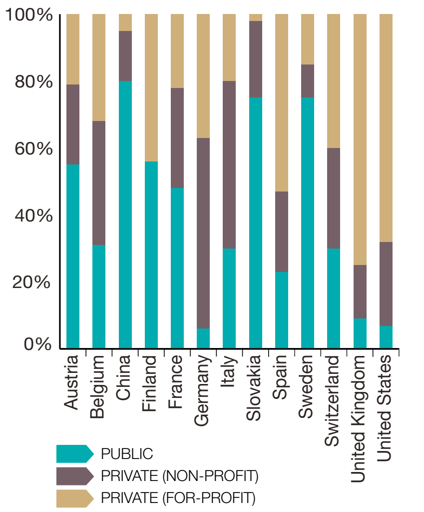
Long-term care public expenditure (health and social components), as share of GDP



Source: OECD Health Statistics, 2013

FIGURE 5

Residential care breakdown by provider type



Source: Knight Frank Research

10,500 facilities

720,000 beds

STANDARD DAILY COST BREAKDOWN

65% Accommodation *(tarif d'hebergement)*

25% Health (tarif de soins)

10% Dependency *(le tarif dépendance)*

AVERAGE PAYMENT BREAKDOWN

68% Residents (pensions, savings) or public funding

25% Health insurance (CNSA)

7% APA *(Allocation personnalisée d'autonomie)*

Source: Knight Frank Research

COUNTRY FOCUS: FRANCE

With a population slightly above 65.5 million, France is the second most populous in Western Europe. Close to 17.5% of its population is aged 65 or older, broadly in line with the European average.

OECD projections suggest that the proportion of elderly people in the population will increase to 23.2% by 2030 and to over 27% by 2060.

Market overview

France has one of the most mature care home *(établissement d'hébergement pour personnes âgées dépendantes or EHPAD)* markets in Europe, with more than 70% of long-term care expenditures directed at institutional care. In total, there are more than 10,500 long-term care facilities in the country and the market is largely dominated by the public sector, which accounts for 53% of the near 720,000 care beds. The not-for-profit and private sectors account for the remainder, at 27% and 20% respectively. While the private sector represents only a fifth of beds, it has seen the greatest growth in recent years, with a 25% increase in beds from 2007 to 2011 alone.

Unlike Germany and the United Kingdom, French occupancy rates have always been relatively high – standing around 98% in most instances. This is largely due to its licence structure which helps to prevent oversupply. The market, particularly the private sector, has thrived under this model, which has helped reduce operator competition.

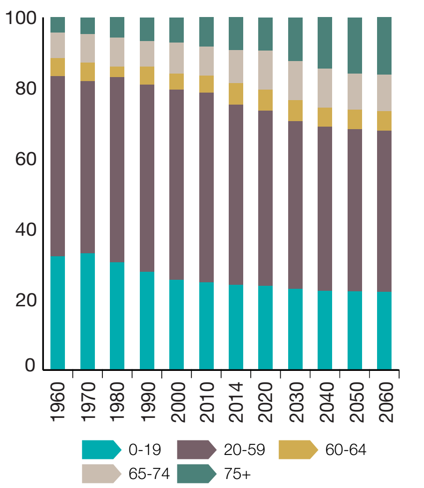
However, recent legal and political changes have shifted the balance of power. Legislation in 2010 *(Loi Hôpital, Patients, Santé et Territoires – HPST)* transferred licencing powers away from local authorities to regional health agencies (ARS). New processes were implemented, including a competitive tender, making it more difficult to obtain licences. Additionally, following the election of the Hollande government, new care home licences have been further curtailed, bringing much needed development to a standstill.

While development may have ground to a halt, there remains a strong market for refurbishment and renovation. Nearly 50% of all French care homes were built over 25 years ago, with some requiring substantial renovations to meet the modern regulation requirements. Specifically, regulations adopted in 2007 require all care home to comply with laws for disabled access by 2015.

Orpea's newly opened Clinique des 6 Lacs in Chamalières, Auvergne.

FIGURE 6

France population breakdown



Source: French National Institute of Statistics (INSEE)

Costs and financing

Average costs vary depending on the region and institution type, with Paris and Île-de-France fetching much higher rates than the provinces, while private homes generally cost more than non-profit and public institutions. Average daily costs at public and non-profit homes ranges from €93 to €99 (€2,829 - €3,011 per month). Comparatively, the average daily cost for private homes is closer to €105 (€3,194 per month), with some homes in and around Paris reaching upwards of €120 per day (€3,650 per month).

Costs are broken down into three components: health cost *(tarif de soins)*, dependency cost *(le tarif dépendance)* and accommodation cost *(tarif d'hébergement).* Fees for healthcare are covered by social security, while residents are meant to cover the majority of accommodation costs – with added support provided by public assistance.

In addition to social security, the allowance for autonomy *(allocation personnalisée d'autonomie or APA)* provides those with dependency issues with additional cash support. The cash allowance provided depends on the level of care required as well as income, ranging from €563 to upwards of €1,310 per month.

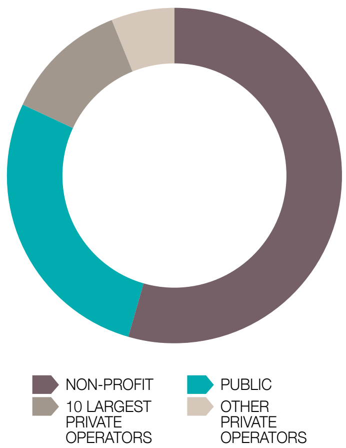
Consolidation and expansion

The French market is one of the most consolidated care home market in Europe, second only to the United Kingdom. The top five private operators account for 56% of total private beds and 10% of total care home beds. The market has experienced a large degree of consolidation in recent years, including the noteworthy Korian-Medica merger. Given the difficulty in gaining licences, consolidation has been become the main route to expansion for the larger operators.

The somewhat restrictive domestic market has driven French-based operators towards further expansion abroad and a greater diversification of services. Korian-Medica and Orpea, the two largest domestic operators by total beds, both have extensive networks of homes in Western Europe and receive significant proportions of their revenue from non-French facilities – around 50% of Korian's 2013 turnover was international. Moreover, the top four operators are all presently expanding their offer of homecare and rehabilitation services, as well as exploring preliminary expansion plans into China.

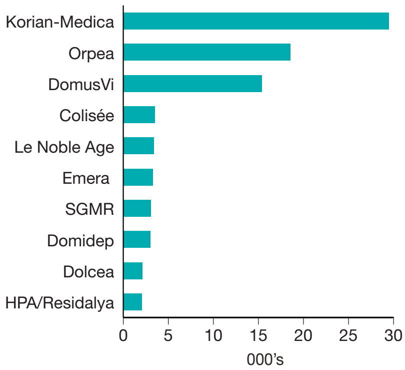
> "The somewhat restrictive domestic market has driven French-based operators toward further expansion abroad."

FIGURE 7
French care home market, by beds



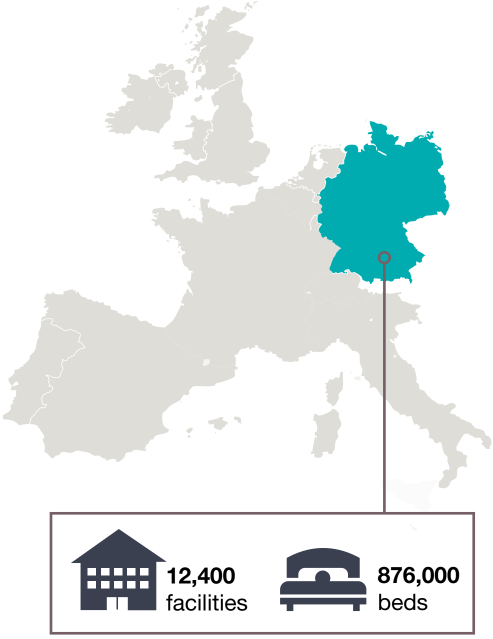
Source: Knight Frank Research, INSEE, DREES, Operators

FIGURE 8
Top ten French operators, by beds



Source: Knight Frank Research, Operators

DomusVi's brand new Residence des Touterelles facility near the Ourcq Canal in Esbly, north-central France. Rates from €73.41 per day.



COUNTRY FOCUS: GERMANY

Germany, with a population close to 82 million and a GDP of €2.45 trillion, is the largest country by both population and GDP in the European Union. As might be expected, the German long-term care market also has significant scale.

Presently, there are more than 2.2 million care dependent people over the age of 60, of whom more than 756,000, roughly 31%, live full-time in residential care homes.

Market overview

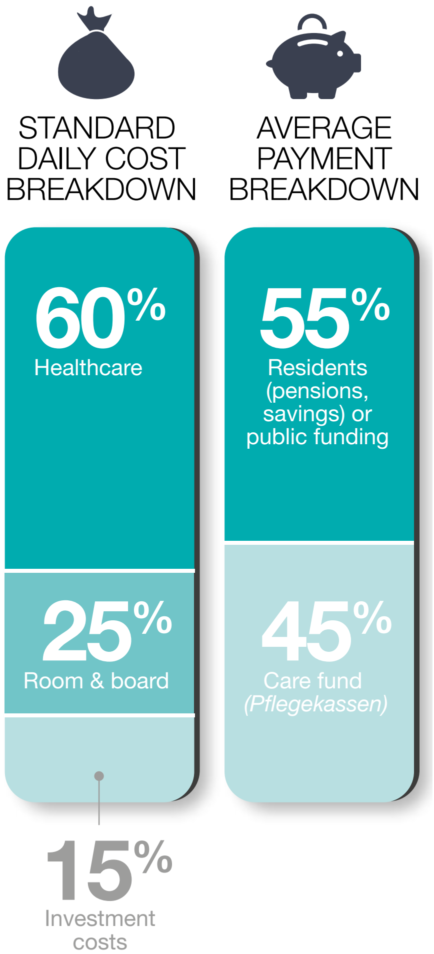
The German care home market *(Pflegeheim)* comprises approximately 12,400 homes and nearly 900,000 beds. Non-profit operators dominate the market, controlling 57% of bed capacity, followed by the private (37%) and public (6%) sectors. Overall, the market has seen significant growth over the last ten years, with bed capacity growing by 30%. This has largely been driven by private sector expansion, which has seen the number of beds increase by 72% over the same period.

While non-profit operators dominate the industry – Diakonie with over 171,000 beds and Caritas with 131,000 – they are generally not managed as single entities and are characterised by semi-autonomous regional branches and fragmented business units. Indeed, the market overall is highly fragmented, with the ten largest operators capturing only 11% of the market with respect to beds.

The German care home market may be the largest in Europe but, like the rest of the continent, there remains an acute shortage of beds. The number of people aged 80 and over is expected to nearly double over the next 40 years, which will generate additional demand for some 371,000 residential care places.

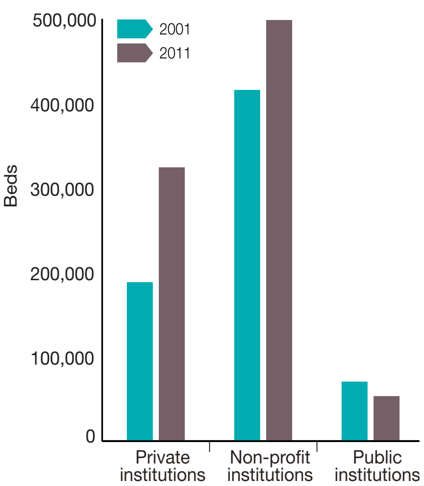
Cost and financing

Germany is one of the few countries which requires all citizens to have either public (or private) long-term care insurance. Introduced in 1995 under Social Law XI 1, the care insurance law *(Pflegeversicherungsgesetz)* is social



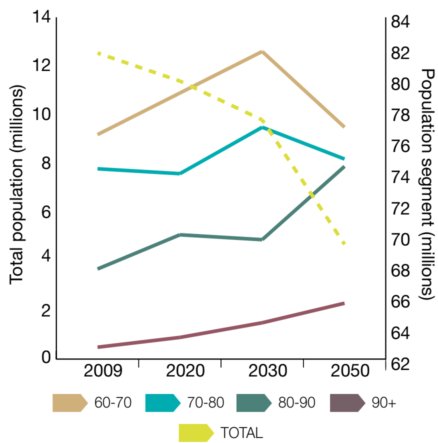
Source: Knight Frank Research

FIGURE 9
Growth in care home beds by sector



Source: Federal Statistical Office (Destatis)

FIGURE 10
Projected demographic through to 2050 by age group



Source: Federal Statistical Office (Destatis) insurance funded at a contribution rate of 1.7% of gross salary (1.95% for those who are childless and over 23 years). This in turn goes to support the care funds *(die Pflegekassen)* which provide a fee for healthcare to the operator, based on the level of patient care necessary. There are three broad levels of care depending on the severity of patients' needs.

Largely due to the independent structure of the *Pflegekassen*, Germany has one of the most stable funding systems for long-term care in Europe. The average cost of residential care can range from €2,500 to more than €3,400 per month depending on the level of care necessary, with the *Pflegekassen* contributing roughly 45% on average towards these costs. The remainder of the costs are borne by the resident (through pensions) or other public funding sources (from regional authorities).

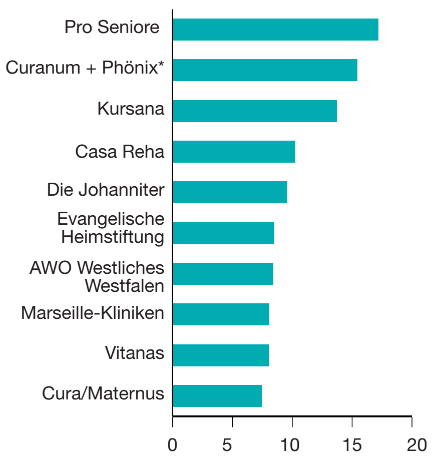
Market structure

Although it has the largest nursing home system in Europe, the German care home market remains fundamentally a regionally based industry, with measures in place to curb unfettered development. Historically, operators have tended to focus on particular regions, with national mergers and acquisitions not having a significant impact on the industry.

From late-2006, responsibility for care home regulation was devolved to the federal states. Different regional regulations on fit-out standards, multi-occupancy ratios and minimum room measurements have not allowed significant economies of scale at a national level. Notably, multi-occupancy rates now differ across the country, with North Rhine-Westphalia mandating that 80% of rooms must be single-occupancy by 2018, while Baden-Württemberg has mandated that all must be single-occupancy.

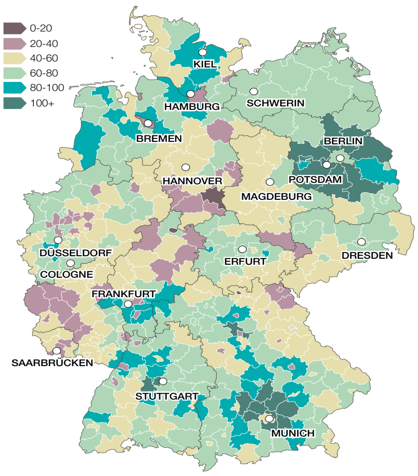
Despite numerous hurdles, the market has experienced an increased level of consolidation in recent years, as well as a string of acquisitions by foreign operators and private equity firms. Notably, 2013 saw private equity firm Star Capital sell Alloheim, a top ten operator, to the Carlyle Group for €180m. 2013 also saw French operator Korian expand its German operation, with the take-over of Curanum AG, which it has merged with its Phönix Group operation, subsequently creating the second largest German operator. Recently, Orpea, another French-operator, entered the market through its acquisition of Silver Care from Chequers Capital.

FIGURE 11
Top ten German operators, by beds



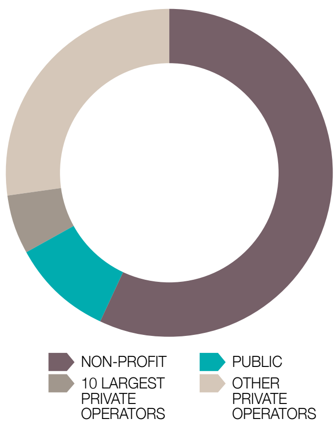
Source: CARE INVEST, Knight Frank Research
*Controlled by Korian-Medica

FIGURE 12 **Development of nursing care dependency, 2009-2030 (%)**



Source: BBSR, Bertlesmann Foundation, Knight Frank Research

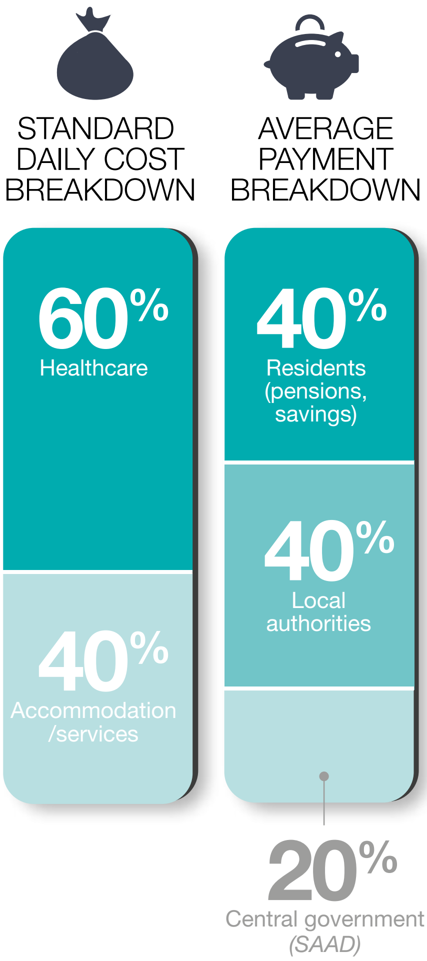
FIGURE 13
German care home market, by beds



Kursana Villa care home in Mehlem, Bonn. Fees born by the resident range from €84 to €106 per day.

5,420 facilities

373,000 beds



Source: Knight Frank Research

COUNTRY FOCUS: SPAIN

Of Spain's 47 million person population, nearly 18% are aged 65 or over. This is forecast to more than double to 37% by 2050, the third highest forecast of any advanced nation, following Japan and South Korea.

Market overview

Based on data from the *Asociación de Empresas de Servicios para la Dependencia* (AESTE), Knight Frank estimates that there are over 5,400 care homes *(residenciales de ancianos)* and 373,000 long-term care beds in Spain, with a total market value of €4.5bn. As with other Southern European countries, homecare and remote care for the elderly (telecare) have traditionally been the primary services offered for long-term care needs. Indeed, AESTE estimates that there are nearly 400,000 seniors receiving homecare and close to 500,000 receiving telecare, with a total market size of €1.35bn.

The amount of care home provision has grown significantly in the last ten years. According to the latest OECD figures, Spain saw the second highest average annual growth rate in the number of care beds, at 20.2%, over the 2000-2009 period. This has helped to drive up care home accessibility for those in need, with nearly 4.53 care beds per 100 elderly residents.

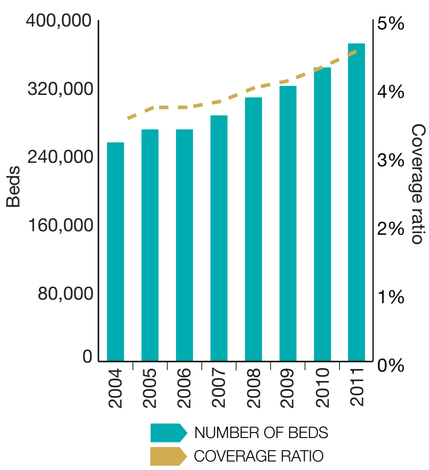
In Spain the share of privately-owned beds funded by local authorities is high compared with other European countries, growing over the last ten years to represent almost one of every three private sector beds. On the whole, the private sector (for-profit, non-profit and local authority funded) accounts for nearly 75% of care home bed and facility ownership. However, public funds support more than half of the country's care beds.

Although Spain has a free market structure with limited restrictions on development and expansion, the rate of growth in the sector has declined substantially since the recession. This is partly due to the freeze on public reimbursement rates and a decline in residents with the ability to privately fund their care stay. However, a lack of supply has helped to maintain relatively high occupancy levels in most regions.

The Spanish health industry publication SANImarket estimates that there are presently only 216 care home developments in the pipeline, a decline of 70% on 2007. As property investors' interest has waned in recent years, reducing private capital, development has largely been driven by the public sector, which currently accounts for 70% of planned developments.

SARquavitae Regina, a 177-bed facility in Barcelona.

FIGURE 14
Care home development in Spain



Source: Knight Frank Research, IMSERSO, AESTE

Cost and financing

Following the adoption of Law 39/2006 – establishing the System for Autonomy and Care for Dependency (SAAD) – Spain made the first steps towards establishing a formal system for LTC services. Implementation began in 2007, with the aim of expanding provision to all levels of dependency by the end of 2014/ early 2015.

SAAD entitles dependent persons to receive financial benefits for an assortment of services, including public or subsidised care home services. Benefits can reach more than €830 per month, depending on residents' level of dependency.

There are large disparities between prices and services offered across regions; however, on the whole, the average daily rate ranges from €60-€70 – significantly lower than other Western European countries.

Consolidation and expansion

The rate of consolidation among care home operators has increased in recent years, driven largely by a select number of top ten operators along with several international chains. Notably, in Q1 2014 French operator Le Groupe Maisons de Famille purchased Adavir, operator of twelve homes, making its debut into the Spanish market. Additionally, private equity firm Magnum Capital purchased Geriátricos del Principado, an operator with eight facilities in northern Spain. Magnum has added these facilities to its existing operations, Geriatros, creating the third largest private care home company in Spain, with close to 5,500 beds.

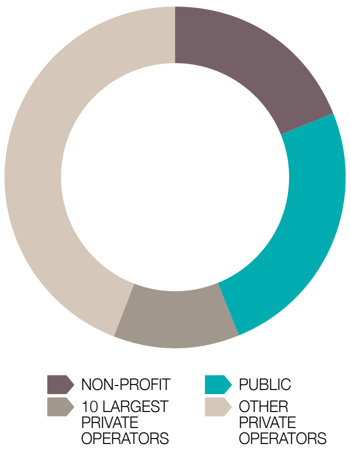
While consolidation and expansion has remained the primary focus for some of the leading operators, several prominent chains such as Amma Group and Sanyres have been largely inactive. Wholly- or partly-owned by regional savings and loans banks, these chains are characterised by potentially heavy debt levels and are not generally expanding. The regional banks have typically been hesitant to sell their care home operations, in part to avoid crystallising significant losses on assets acquired for high prices at the peak of the market.

Overall, the Spanish care home market is gradually improving. Several active companies such as Sanitas and SARquavitae are continuing to expand, albiet slowly, while others like Sanyres remain relatively inactive, waiting for the economy to fully rebound. The market remains fragmented with further scope for consolidation among smaller operators. While lower daily rates may be seen as a hindrance to some international operators, there remain enough advantages within the market to attract interest from investors and international chains given the right market conditions.

"The market remains fragmented, with further scope for consolidation among smaller operators."

FIGURE 15

Spanish care home market, by beds

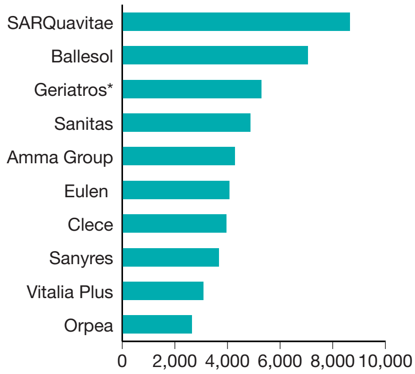


*For profit and non-profit combined

Source: Knight Frank Research, AESTE, Operators

FIGURE 16

Top ten Spanish operators, by beds



Source: Knight Frank Research, AESTE, Operators
*Includes Geriátricos, following a recent acquisition

Sanitas' 117-bed facility, located in Mas Camarena, outside of Valencia.

COUNTRY FOCUS: ITALY

More than 20% of Italy's 60 million inhabitants are aged 65 and older and, like Germany and Spain, this percentage is forecast to increase to more than 30% by 2050.

However, unlike its European neighbours, Italy has been placed in a unique position, given the strong involvement of family members in care provision. Informal and familial homecare provided by caregivers or relatives, as well as an integrated community care services, have historically prevented significant growth in the formal institutional care market.

Community care represents the largest portion of long-term care services in Italy, with more than 600,000 spaces. Whereas community care is funded publicly, residential and home care services are financed through a variety of public and private cost-sharing measures – differing across regions but largely determined by income. Community care services focus primarily on patient autonomy and self-sufficiency, leaving specialised medical needs to residential care.

Italy, like other Southern European countries, relies heavily on homecare, particularly in regions where formalised care services are less developed or too costly. However, increased female participation in the workforce, combined with low fertility rates, increased outward migration and other social changes, have begun to change this model. After Spain and Greece, Italy is forecast to have the third highest old-age dependency ratio of any European country by 2050, reducing the potential pool of family carers and formal caregivers.

Market overview

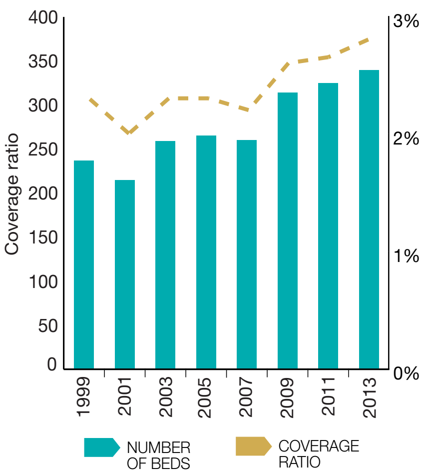
According to Italian National Statistical Office, there are around 340,000 elderly long-term care beds in Italy, significantly fewer than France's 720,000 and Germany's near-900,000. The private sector has yet to gain a strong foothold in the market and only accounts for 21% of beds, largely in the central and northern regions. The public and non-profit sectors constitute the remainder of bed provision, at 45% and 34% respectively. Presently, the top five private operators account for nearly 15,000 beds, 4% of the total market. On the whole, the Italian care market has avoided consolidation, with the market still dominated by independent operators with one or two facilities.

Care homes are predominantly located in the northern regions, with nearly two-thirds of total bed capacity – 9.5 beds per 1,000 residents. The south, while not as densely populated as the north, has an acute shortage of beds, with only 3 beds per 1,000 residents.

Source: Knight Frank Research

Segesta's San Giorgio residence in Milan. The facility has 138 beds, with rates from €88 per day.

FIGURE 17
Growth of Italian care home beds



Source: Knight Frank Research, ISTAT

Largely on the back of market fragmentation, the share of administrative services as a proportion of staff in Italy remains among the highest in Europe, averaging 35% of a care home's staff. The market has significant room for consolidation, which could potentially lead to cost savings. Consolidation efforts are currently being led by French operators, specifically Orpea and Korian-Medica, owners of two of the top five operators – Segesta-Aetas and Casa Mia respectively.

The cost of nursing care varies widely, depending on residents' income, the facility location and accommodation type. On average, total care costs are close to €3,000/month (€99/day), with payments largely split between the local health authority and resident, contributing 50% and up to 46% (€1,375) respectively. The remainder is met by the municipality.

In general, the formal LTC market in Italy remains in its infancy, with much ground still to be gained in the coming years. While neighbouring countries have long established frameworks to help improve intergovernmental coordination of LTC services and standards – such as the *Caisse Nationale de Solidarité pour l'Autonomie* in France and the *Pflegeversicherungsgesetz* in Germany – Italy has not yet created any such system.

FIGURE 18
Italian care home market, by beds

Source: Knight Frank Research, ISTAT, Operators

Development activity

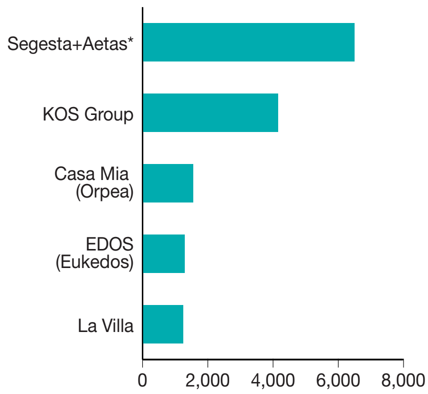
The weak economic environment in Italy has slowly brought care home development and growth to a halt, with the number of new facilities growing by less than 1% p.a. in recent years. Limited development, coupled with excessive demand, has had a positive impact on occupancy rates, which range from 93-98% for most care homes.

Nevertheless, budgetary cuts to welfare programs, along with relatively high interest rates over the past three years, have helped create a unique space for private development. Private capital has become relatively attractive for development compared to local funding, facilitating a number of public private partnerships (PPPs) – a trend that has not emerged in other Western European countries. ISTAT, the Italian National Statistical Office, forecasts that the present shortage of care beds will increase to 60,000-80,000 over the next ten years, which will not be solved by PPPs alone. Several authorities intend to begin conversion of clinics and hospitals into specialised nursing homes, helping to increase capacity for seniors with serious medical needs.

Overall, the Italian care home market remains ripe for new development and investment. The relatively small size of the industry, coupled with the considerable level of market fragmentation, means there is substantial room for new entrants and potentially greater consolidation of private and non-profit homes. While Italy does lack a general national framework for regional authorities to operate within, the licence system and large amount of pent-up demand does help to ensure consistently high occupancy levels, regardless of costs.

"There is substantial room for new entrants and potentially greater consolidation of private and non-profit homes."

FIGURE 19
Top five italian operators, by beds



Source: Knight Frank Research, Operators
*Controlled by Korian-Medica

KOS Group's Residenza Anni Azzurri Villa San Vincenzo in Scarnafigi, Cuneo. Built in 2005, the facility has 53 beds.

COMMERCIAL BRIEFING
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Key Healthcare investment transactions, 2012-Present

Date	Investor	Operator	Location	Beds	Price (€m)	NIY (%)
Q1 2014	Swiss Life REIM (Viveros)	Les Intemporelles	Paris (France)	130	32.00	N/A
Q2 2012	Cofinea I SAS	Orpea	Paris (France)	107	20.90	5.90%
Q1 2013	Hemsö Fastighets AB	Silver Care	Berlin (Germany)	180	15.00	7.41%
Q4 2012	Eternam	Domidep	Paris (France)	42	14.60	N/A
Q3 2013	Hemsö Fastighets AB	Vitanas	Offenbach (Germany)	164	14.50	7.41%
Q4 2012	INP Holding	Renafan	Hannover (Germany)	143	13.70	7.75%
Q4 2012	BNP Paribas RE Fund Negri	SeniorServices (Aetas)	Certosa di Pavia (Italy)	120	11.29	7.00%
Q4 2012	BNP Paribas RE Fund Negri	SeniorServices (Aetas)	Cantù (Italy)	120	11.13	7.00%
Q4 2013	123Venture	Philogeris Residences	Var (France)	149	10.00	N/A
Q3 2013	Aedifica	AGO	Cologne (Germany)	80	8.00	7.25%*

Source: Knight Frank Research / axion consult GmbH
*Gross initial yield

KNIGHT FRANK VIEW

Across Western Europe, the structural rise in the demand for elderly care beds continues to outweigh the growth in supply. Furthermore, much of the current existing supply, while not necessarily obsolete, is in real need of modernisation. Although supply concerns are being compounded by current austerity in state funding for social care, the acute requirement for inward investment into healthcare makes a compelling case for investors.

As the sector matures into a core asset class, Knight Frank has increasingly advised on a number of cross-border healthcare investment deals. New funding structures and care models are now emerging as major European providers begin acquiring complementary portfolios across the Continent. Healthcare's attractive return on capital is expected to draw a broader churn of investors over the next 12 months, ranging from independent operators, private equity, lenders, funds, and institutions. As UK targets dry up, we fully expect investors, particularly US REITs, to begin exploring options on the Continent.

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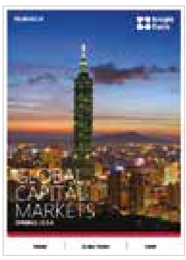
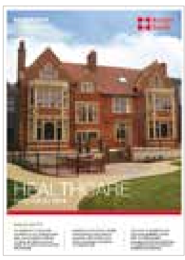
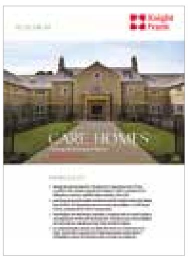


Global Capital Markets Spring 2014



Healthcare Investment 2014



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Notes & acknowledgement:

Cover image is of Kursana Residenz's home in Prien, Germany.

The authors are grateful to AESTE, axion consult GmbH, CARE Invest, DomusVi, DPF, Korian-Medica, KOS Group, Kursana Residenzen, ORPEA, Sanitas, SARquavitae and Segesta for their assistance.

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