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SPANISH HEALTHCARE REAL ESTATE: Market Overview

Executive summary

2. Key Takeaways

» Spanish population is aging, creating an increasing demand for healthcare services.

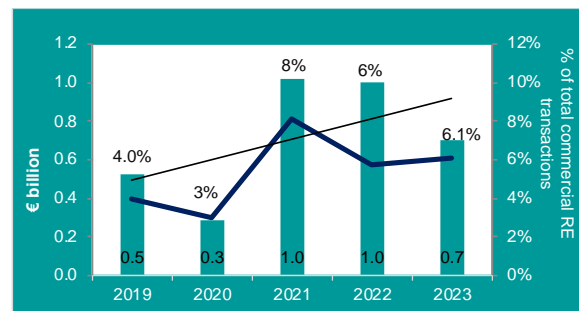
Spain boasts the longest life expectancy in Europe, with an average of 83.2 years. Population aged over 64 years is projected to increase from the current 9.6 million to 13.2 million by 2037, increasing the demand for healthcare services.

» Spain lacks over 83,800 nursing homes beds.

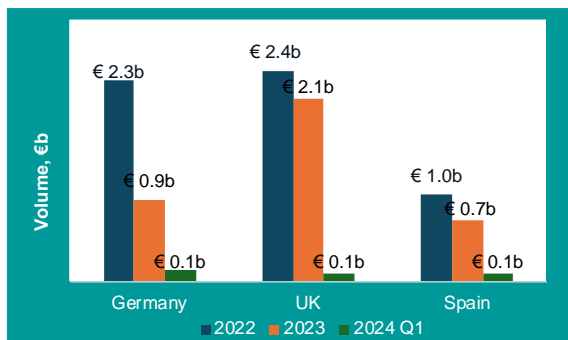
Spain has in total 5,430 nursing homes offering 398,575 beds, with a national coverage ratio of 4.1% of elderly people, which is below the standard set by the OMS of 5%. The autonomous regions with the lowest coverage ratios are Ceuta, Murcia, Melilla, Canary Islands and Valencia Community.

» Spanish HCRE transaction volumes registered a positive trend in the past 5 years.

Despite a slowdown in 2023 due to macroeconomic adverse conditions, investments in the Spanish HCRE have registered an upward trend in the past five years, reaching their peak in 2021 after the Covid pandemic, with €1.02 billion in transactions.



Source: CBRE 2024



Source: CBRE 2024

» Spanish HCRE market lags in size versus the other two major European markets.

Given the increasing interest from institutional investors, in 2023 Spain attracted 12% of all European HCRE transactions. However, Spain still lags the two major European markets of UK and Germany, which attracted respectively 16% and 36% of all European investments.

» Spain has a large number of small-sized listed real estate companies (SOCIMIs).

In Europe there are 118 listed Spanish SOCIMIs, for a total market capitalization of over €23 billion. Comparatively, the US has 195 REITs for a total market value \$1.4 trillion. Less stringent listing requirements make it easier for even small companies to obtain SOCIMI status and enjoy the tax benefits of the regime.

» SOCIMIs are the Spaniards' preferred way of indirect investments in real estate.

In Spain there are only two investment funds specialized in direct investments in real estate, and both are in the process of liquidation. Due to the tax advantages and easier access to capital, SOCIMIs are the preferred method of indirect investments in real estate in the country.

» Retrofitting as a method to enhance real estate returns.

Although still limited, the number of HC facilities with LEED or BREEM certifications has nearly doubled in the past four years. The majority of investors believe ESG-compliant buildings pay a premium and are considering retrofitting as a method to increase the value of their portfolios.



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Thank you for your interest, the Gilardini Realty team.