

Annual CPI

**2.20 %**

Spain GDP/Capita

**28.2K**

Spanish Population

**48.61M**

INE Depend. Ratio

**29.89%**

Underlying Ann. CPI

**2.70 %**

Spanish Pop. +65 Yrs

**9.93M**

Spanish Pop. +80 Yrs

**2.95M**

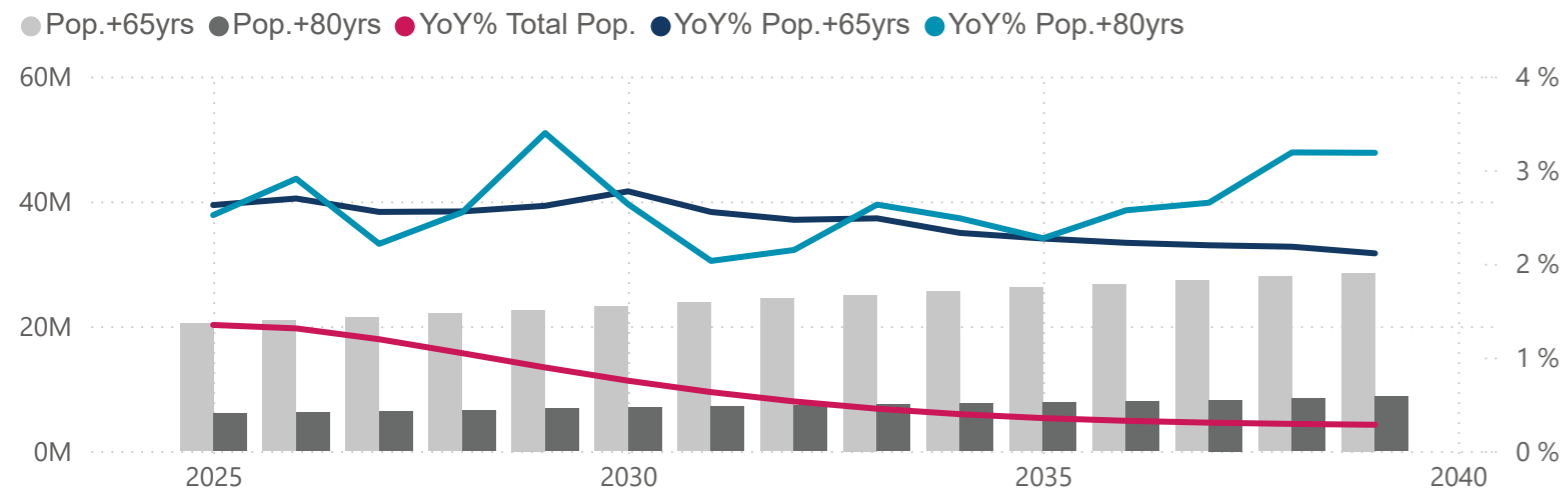
Spanish Prime Yield

**5.25 %**

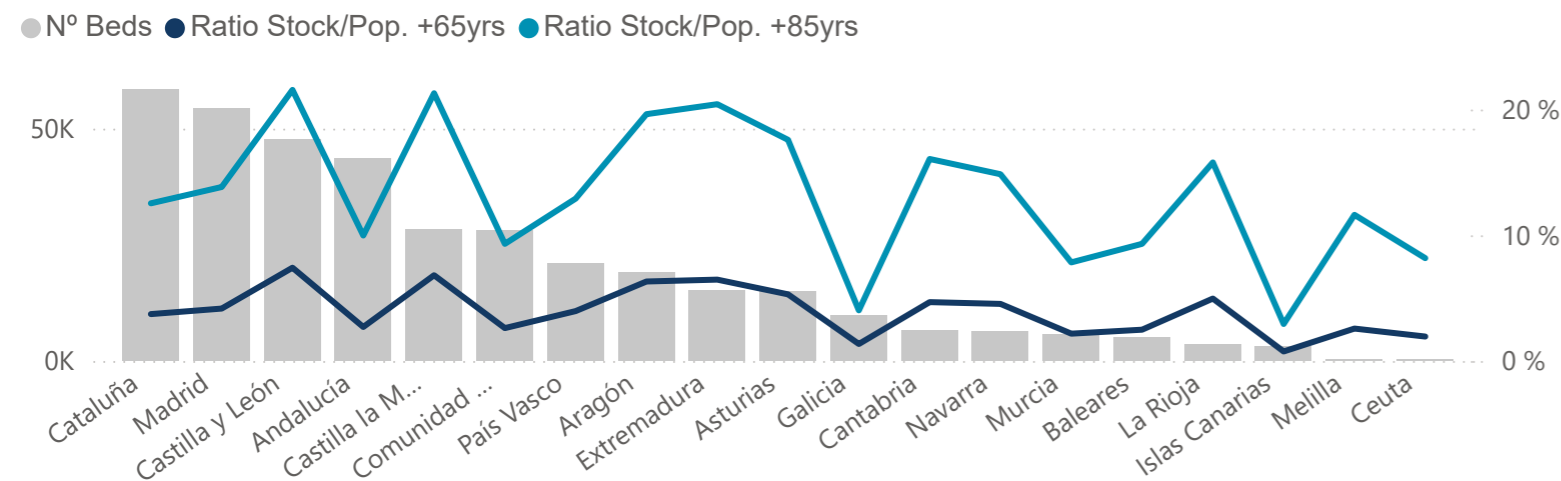
### Market Context

- Strong fundamentals in the nursing home sector: high average life expectancy and an ageing population, forecast to be the oldest in Europe by 2050. The current home ownership ratio in Spain is 75% (as at 2023, down from 78% in 2013) which is above the European average. This provides a financing source for residents to pay their nursing home tariffs;
- Lack of beds (approximately 100.000 more beds to maintain the recommended OMS ratio), obsolete stock and fragmented market with the potential for consolidation (the top 10 operators hold 20% of total beds);
- Investment activity has slowed down due to the increase in financing costs, resulting in a wait-and-see situation.
- Increasing operational costs have also slowed down; however, salaries are increasing due to competition with other sectors (e.g. hotels sector).

### Spanish Population Projection and Variation %YoY



### Spanish Population Projection and Variation %YoY

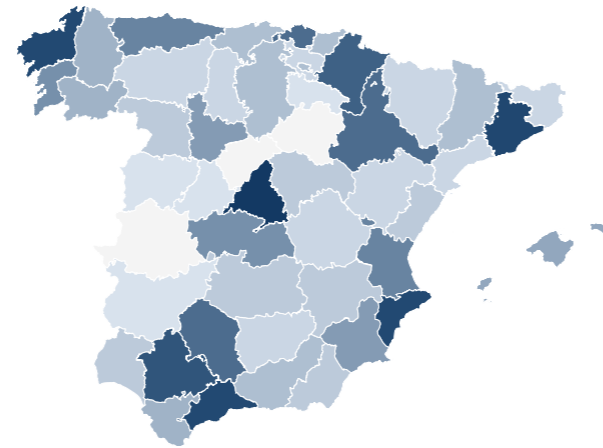


### Demographic Evolution

- Spain's demographic landscape reflects a mix of historical trends, migration dynamics, and changing birth rates.
- Spain enjoyed a baby boom during the 60's, in a period referred to as "The Spanish Miracle", during which the Spanish birth rate amounted to more than twice its current rate of 7.9 births per 1000 people. Baby boomers who are currently in their 50s/60s today account for 25% of the Spanish population.
- Spain's population doubled during the twentieth century, but the growth pattern was uneven due to significant internal migration from rural areas to industrial cities.
- In 2023, Spain's total population stood at 48,085,361 representing a 1.3% increase since the previous year. Fertility rate has fluctuated over the years. In 2022, the Total Fertility Rate (average number of children per woman) was 1.16 (-3.11% vs 2021)
- By 2050, Spain is projected to have the second-highest old-age dependency ratio among European countries. Additionally, as of 2022, Spain boasts the highest life expectancy in the European Union, at 83.2 years.

Top-5 Operator KPI's

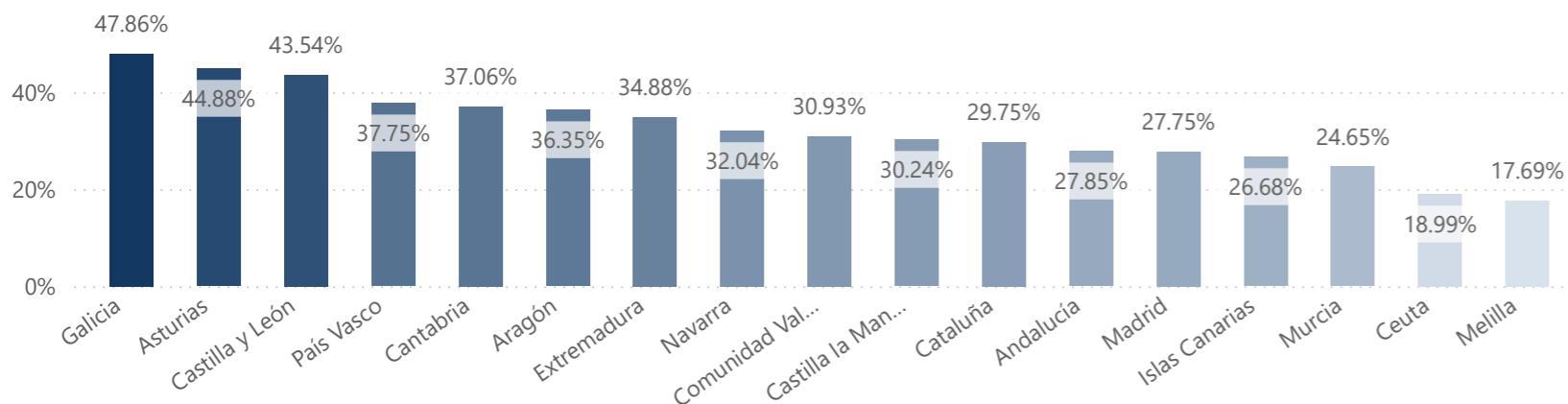
Operator	Nº Beds	Nº Homes
DomusVi	21,100	142
Vitalia	9,000	65
Orpea	8,200	52
Ballesol	7,500	50
Amavir	6,800	42
<b>Total</b>	<b>52,600</b>	<b>351</b>



Operator Landscape

- According to the latest available data, Spain has a total of c.5,500 nursing homes offering a total capacity of approximately 385,000 beds.
- Although there are plenty of operators in this highly competitive market, DOMUS VI, ORPEA, VITALIA, AMAVIR and BALLE SOL account for almost c.30% of for-profit nursing home supply in Spain.
- According to the latest market trends, areas such as the Mediterranean coast added to Madrid and Barcelona metropolitan areas attract the interest of investors, operators and developers.
- Increasingly, operators are leaning towards expanding their operations into new buildings, primarily developed on greenfield sites, with the aim of achieving the highest sustainability standards. These buildings are tailored to optimize operational expenses.
- The top 5 operators have a particularly strong presence in the areas shown with more intense shading in the map above, which are regarded as significant both historically and currently, and are also expected to remain attractive in the short to medium term.

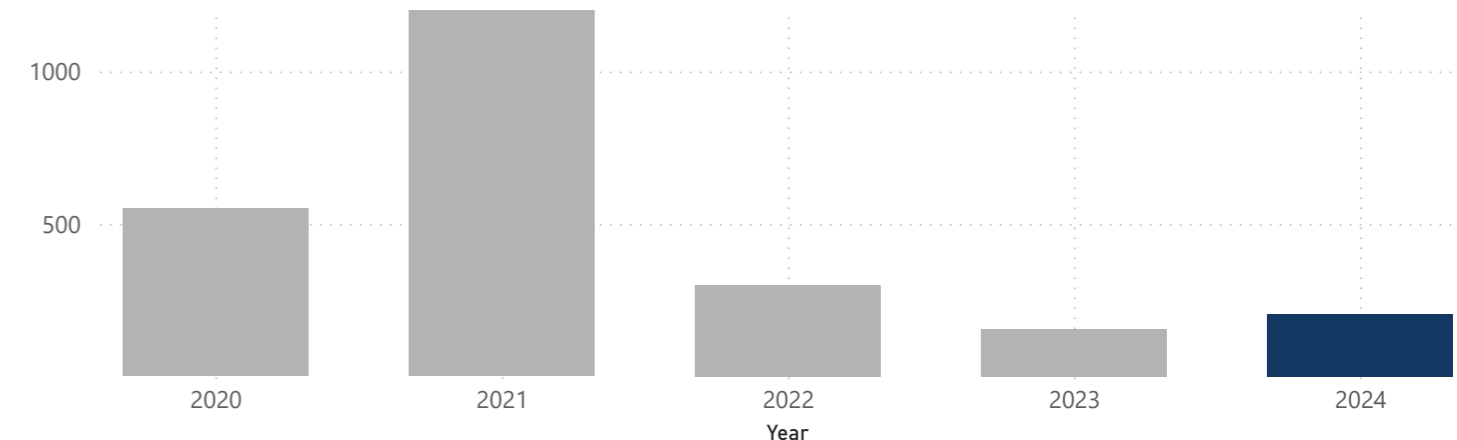
Dependency Ratio - 2023



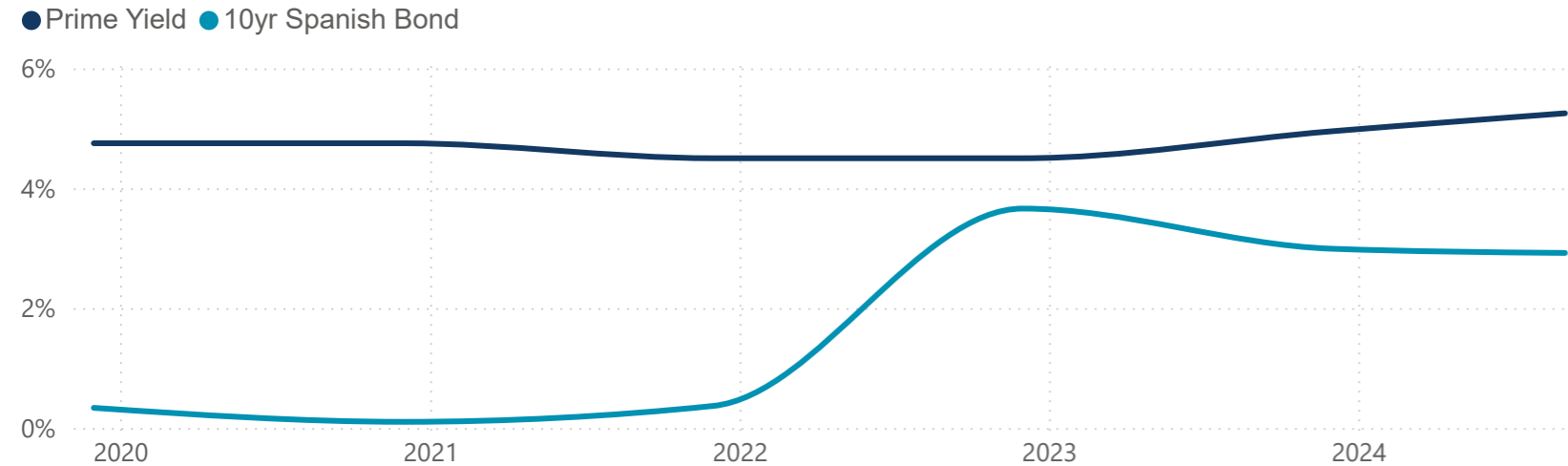
Investment Volume Evolution

- The nursing home investment volume in Spain has dropped significantly since the record high of 2021 which reached c.€1,200mn (double the volume of 2020), with a total investment volume in 2022 dropping to c.€300mn.
- In H1 2023 the relatively low volume of transactions of 2022 continued, with generally smaller transactions. For example Adriano Care acquired 2 residences, one in Sant Cugat (Barcelona) and another one in Santander (€22mn and €13mn respectively), increasing in H2 2023, when DomusVi undertook two Sale&Leaseback transactions of portfolios in northern Spain,
  - 1) Wellder acquired five NHs in Northern Spain for a total of €36.5mn.
  - 2) Threestones acquired five NHs in Q4 (€30mn).
- In H1 2024, five buildings were transacted, as follows:
  - 1) Three operating NH in Sevilla and Soria, acquired by Next Point (€4.3mn)
  - 2) Two NHs, located in Burgos and Madrid, one of them under construction, acquired by Fortia for a total of €9.7mn.
- During Q3 2024, there has been an increase in investment volume due to:
  - 1) The sale & leaseback in which Romano Senior (Azora) acquired 11 nursing homes from DomusVi for €92Mn.
  - 2) Caser Residential acquired 2 nursing homes operated by Novallar.
  - 3) Wellder acquired a newly built nursing home with 136 beds in Badalona from Thor.
- Presently, although financing costs are improving we continue to see the specialist investors sitting on the side-lines while new market entrants like Wellder, Romano Senior and Caser pursue their expansion plans in Spain.

Investment Volume (€Mn)



Prime Yield vs 10yr Spanish Bond



Prime Yield

- The prime yield for nursing homes is theoretically in the order of 5.25% for top cities/locations, providing high quality accommodation that is energy efficient with predominantly single-rooms, plus good track-record, a long fixed-period lease and with established operators of strong covenant. It is difficult to "tick all the boxes" hence transactions on good product are generally closed at yields in the order of 5.75-6.00%. At present we are seeing limited activity in the funding of new projects where the Forward Purchase or Forward Funding formula is less workable until interest rates fall further.
- Where there is some transaction activity is in the case of standing investments (sometimes in the form of sale and leasebacks) involving more dated property but with stabilized occupancy, currently attracting the interest of more recent entrants to the Spanish market with appetite to gain a foothold.

Transactional Trends

- The healthcare market continues to be an attractive sector for private capital, mainly from abroad. However, investment activity slowed down after 2021 due to inflation and higher interest rates.
- In the course of 2023 there were relatively few transactions. The most active market players being Threestones, Adriano Care and Wellder. The main deals of 2023 were the two DomusVi sale & leasebacks, although these were relatively low investment volumes (less than €50mn).
- 2024 began with interest rates and inflation high but under control. Activity during H1 focused on small investment volumes, which increased with DomusVi's sale & leaseback in Q3 2024. This transaction boosted the investment volume and may open the way for larger portfolio deals in a gradually improving climate of lower interest rates.

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Transactions

YEAR	LOCATION	PROPERTY NAME	BUYER	SELLER	PRICE	NUMBER OF BEDS
2024 Q3	Badalona	Casa Badina	Wellder	Thor	Conf.	136
2024 Q3	Catalonia	Portfolio 2 nursing homes	Caser Residential	Novaliar	Conf.	280
2024 Q3	Multiple locations	Portfolio 11 nursing homes	Romano Senior (Azora)	Domus Vi	92	1400
2024 Q2	Alicante and Pamplona	Portfolio 4 NH and 1 clinic	Wellder	Conf.	54	560
2024 Q1	Madrid and Burgos	2 Nursing Homes	Fortia (Urbas)	Conf.	9.7	207

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Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 52,000 employees in over 400 offices and approximately 60 countries. In 2022, the firm had revenue of \$10.1 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. In 2022, C&W is named by Euromoney the best professional real estate consultancy firm in the world for the fifth consecutive year.

In Spain, where Cushman & Wakefield has over 30 years of experience, the company's business covers the entire Spanish geography. The headquarters are located in Madrid (Beatriz Building, Jose Ortega y Gasset, 29, 6º) and Barcelona (Passeig de Gràcia, 56, 7º). To learn more, visit [www.cushmanwakefield.es](http://www.cushmanwakefield.es) or follow @CushWakeSPAIN on Twitter.

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Annual CPI

**2,20 %**

Spain GDP/Capita

**28,2K**

Spanish Population

**47,39M**

Students Public Inst.

**877K**

Underlying Ann. CPI

**2,70 %**

Variation GDP

**10,15 %**

Spanish Prime Yield

**4,85%**

Students Private Inst.

**110K**

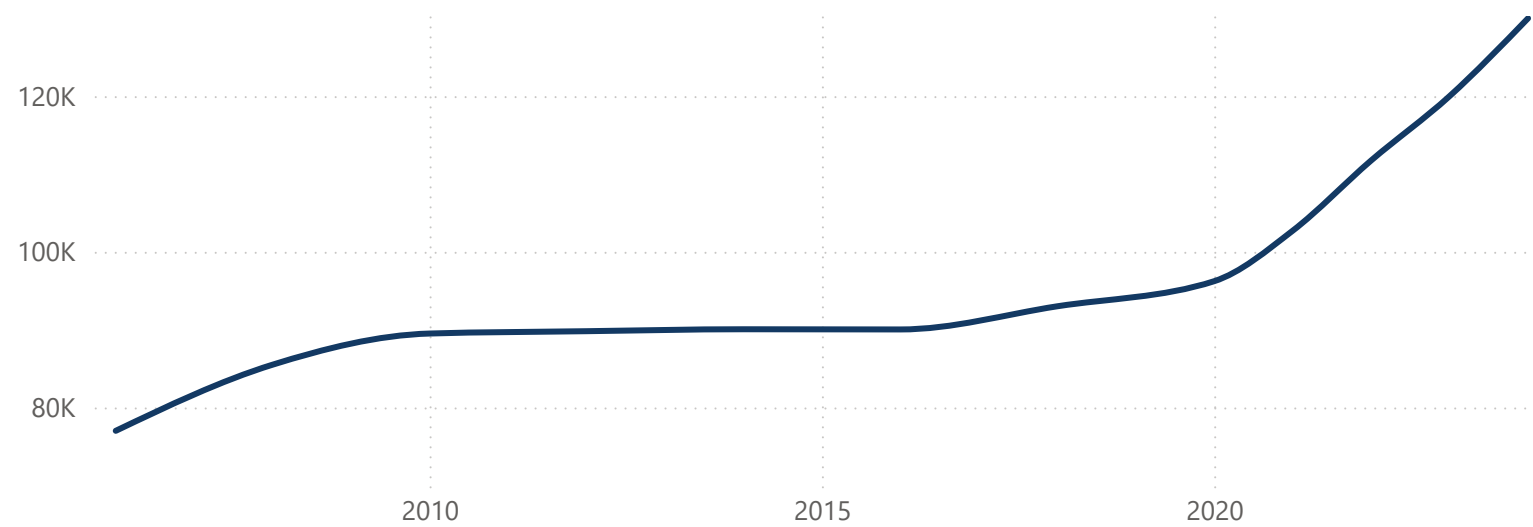
**Market Context**

- Strong fundamentals in the student accommodation sector with largely under-developed despite greater institutional presence in recent years, with current product being managed by small local investors, public entities and religious orders while the under development product is being managed by institutional investors.
- General undersupply (provision rate of c.7%) vs other European markets with a significant proportion of stock that is obsolete.
- The market is highly fragmented with the top 10 platforms making up less than 35% of the total supply of student beds.
- Strong investor appetite focused on greenfield/brownfield developments not only in Tier 1 cities but also in Tier 2 and "decentralized" locations.

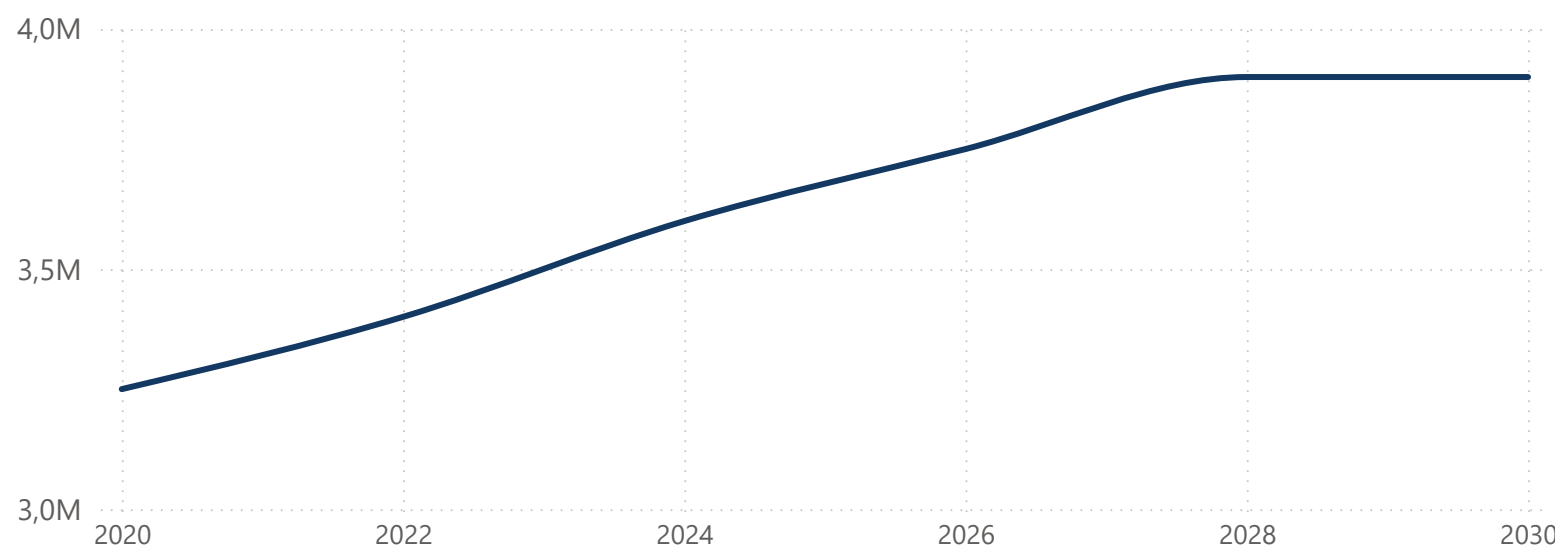
**Target Students/Trends**

- Significant increase in international students due to:
  - 1) Affordability - the cost of living and education in Spain is still below that of most competing destinations;
  - 2) Lifestyle - The temperate climate together with Spain's cultural offer (food, leisure, beaches, ski resorts, night life, etc.) makes Spain an attractive destination;
  - 3) Education quality - There are 9 Universities within the "QS World's Top 500 World-Leading MBA Programs";
  - 4) Spanish Language - There are historic / cultural links with LATAM.

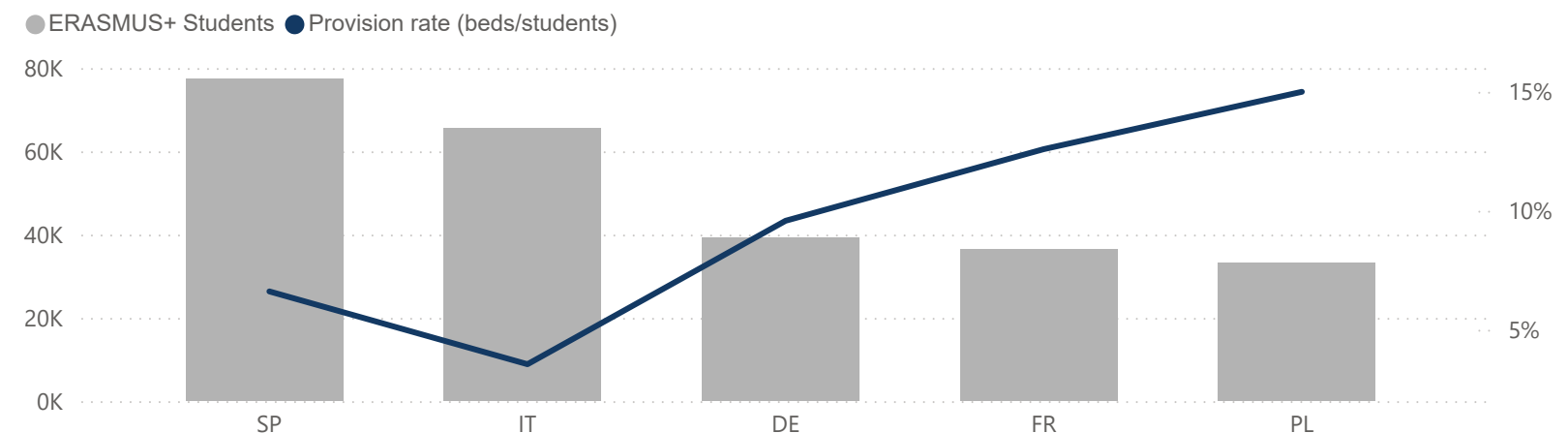
**PBSA Stock Evolution**



**Projected Pop. Growth (18-24 yrs)**

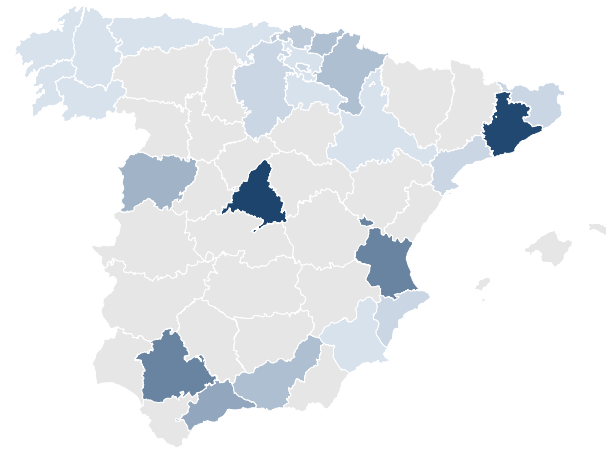


**Number of ERASMUS+ Students and Provision Rate**



Top-5 Operator KPI's

Operator	Stock Beds	Pipeline Beds	Total Beds
RESA	10.303	778	11.081
MICAMPUS	6.754	2.223	8.977
YUGO	3.407	4.361	7.768
LIVING LIVENSA	5.391	1.726	7.117
XIOR	2.769	631	3.400
<b>Total</b>	<b>28.624</b>	<b>9.719</b>	<b>38.343</b>



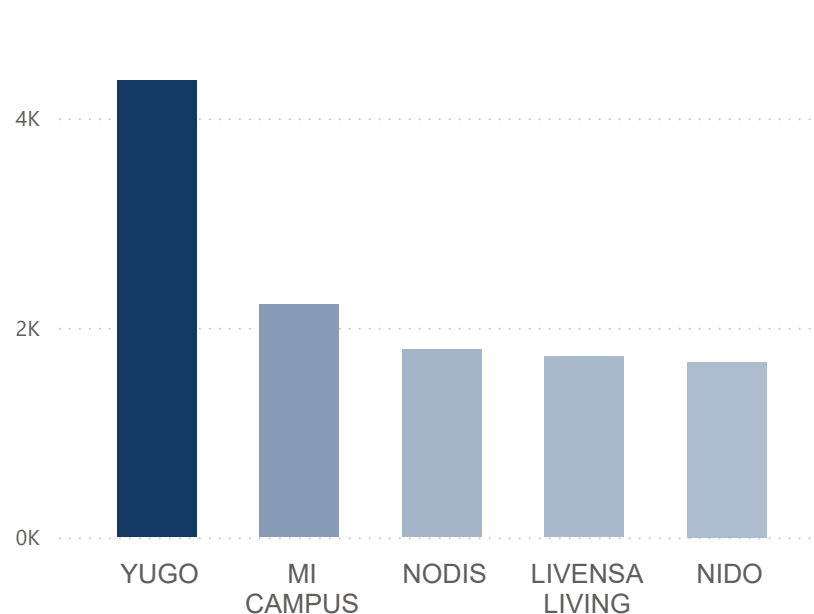
Operator Landscape

- Top 10 operators manage c.35,700 beds, representing c.31% of the total in the market.
- Most operators continue with their expansion plans and they are progressively becoming more active in finding opportunities in new locations.
- The increase in certain operating expenses such as electricity, gas, F&B, etc., is currently stabilized, however sits at higher levels than 2022. In consolidated / established residences operators have mostly succeeded in passing on these increases to residents via tariff increases.
- The top 5 operators have a particularly strong presence in the areas shown with more intense shading in the map above, being focused in Madrid, Barcelona and the Mediterranean coast, mainly in major student cities such as Málaga, Sevilla, Granada and Valencia.

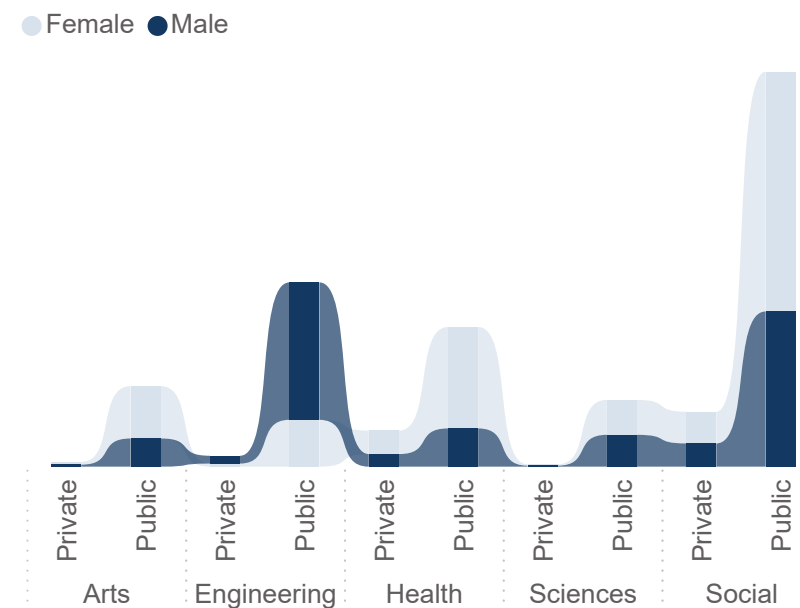
Investment Volume Evolution

- PBSA investment volume in Spain has been significant in recent years, although the level of transaction activity reduced considerably mid-2022 to mid-2024, in a climate of increased interest rates.
- In 2021 and 2022 deal volumes were c.€700M and c.€1Bn respectively. The principal deals during both years were: (1) The SPS (HUBR) portfolio acquired by XIOR for c. €85M; (2) Commerz Real's acquisition of a development in Barcelona from Hines & H.Park for c. €100M; (3) The RESA portfolio acquired by PGGM for c. €800M; and (4) Patrizia acquired two residences from The Student Hotel for €104M.
- In 2023, a reduced number of transactions took place, highlighting buyers as The Boost Society (€32Mn in two land developments in Cadiz & Valencia) and Bankinter (in addition to Valeo and Plenium) buying a residence in Zaragoza for €21Mn. We also point out the acquisition by Stoneshield of a residence in Salamanca (€20Mn).
- During 2024, several transactions took place:
  - 1) Morgan Stanley acquired two residences in Barcelona from VITA Students;
  - 2) The Boost Society acquired a 265bed residence also in Barcelona (c. €35Mn);
  - 3) Invesco acquired from Dazeo "Residencia Les Roches" in Marbella (€25.3Mn).
  - 4) Azora acquired from EQT a new PBSA portfolio of 9 assets operated by Nodis (excluded from investment volumes until final deal structure/pricing confirmed).
- Recently, Grupo Lar acquired a building in central Madrid (Maria de Molina, 50), where they will undertake a full refurbishment to transform it into a mixed-use building (Resi + PBSA). The project will incorporate 400 beds dedicated to student housing, serving the premium end of the market.

Pipeline Beds Top-5 Operators

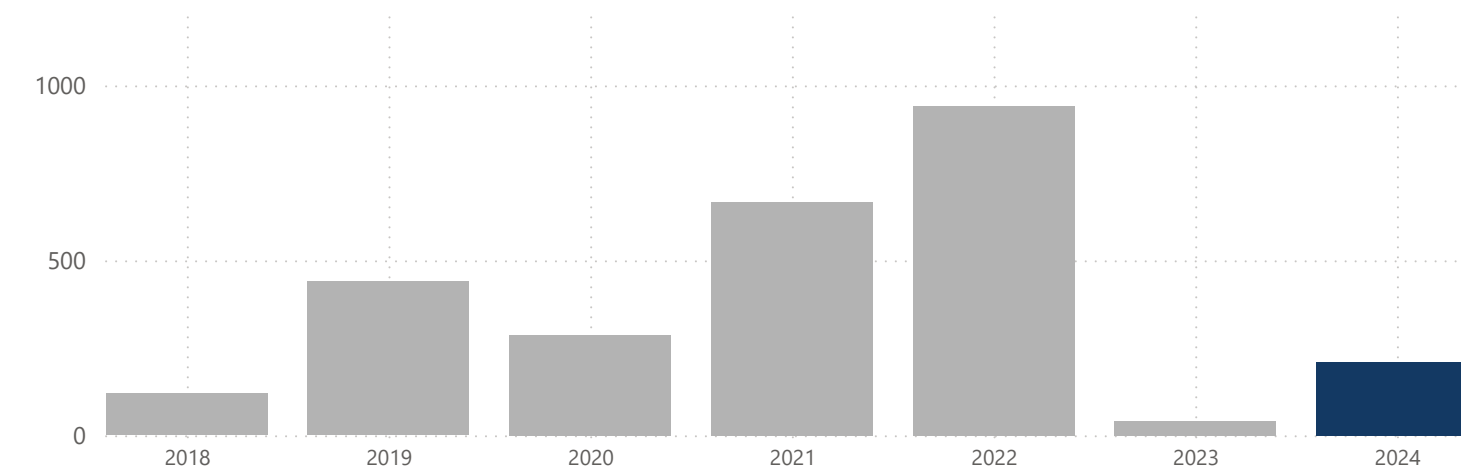


Student Gender per Area of Study

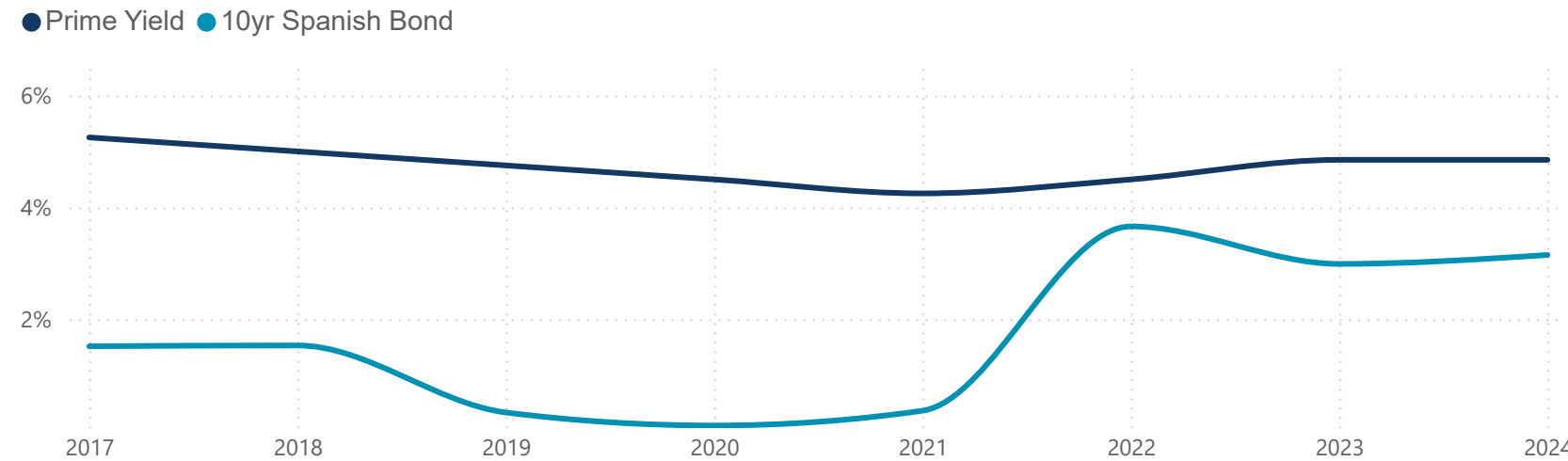


Investment Volume (€Mn)

\*land transactions not included



Prime Yield vs 10yr Spanish Bond



Transactional Activity

- PBSA investment volume for 2024 (YTD) is just over €200mn which is up on the exceptionally low activity of 2023, but significantly below that of previous years. Due to high inflation and interest rates mid-2022 to mid-2024 there was limited transaction activity.
- In previous years the high transaction volumes were mainly driven by portfolio deals, including the acquisition by PGGM of the RESA portfolio in 2022, comprising 43 residences totalling 11,050 beds. Also the acquisition by Patrizia in summer 2022 of two residences in Barcelona totalling 635 beds was an important deal.
- As we approach 2025 the outlook is one of improved deal activity in a climate of more stabilized inflation and costs of borrowing, although investors are likely to proceed cautiously until such time as there is a clear return of core capital to the real estate investment market.

Transactions

YEAR	ASSET NAME	BUYER	SELLER	N° BEDS	PRICE	€/BED
2024 Q4	9 assets Nodis Portfolio	Azora	EQT & Moraval	Conf.	Conf.	Conf.
2024 Q3	Residencia Les Roches	Invesco	Dazeo	212	25,3	119,339
2024 Q1	VITA Poblenou and VITA Pedralbes	Morgan Stanley	Vita Group	642	150	233,644
2024 Q1	Youniq Barcelona	The Boost Society	Corestate Capital	265	35	132,075
2023 Q4	Site in Valencia and Pamplona	Atitlan	Corestate Capital	430	Conf.	Conf.
2023 Q4	Site in Madrid (Cantoblanco)	Greystar	Urbania & TPG	435	Conf.	Conf.
2023 Q4	Site in Madrid (Vallecas)	Merkel	Conf.	Conf.	Conf.	Conf.
2023 Q4	Youniq Salamanca	Stoneshield	Corestate Capital	306	20	65,359

Prime Yield

- In early 2022 yields in PBSA peaked at 4.25% in respect of good quality product in Madrid/Barcelona.
- Although we do not refer to yields in the table of transactions below, we believe that investors targeting prime freehold student housing in Madrid and Barcelona would be prepared to accept an initial return on the best income-producing PBSA assets in the order of 4.85%, representing an increase of +60bps since the peak of the market in early 2022.

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**BTS Total Residential Transactions 2024 H1**

**299K**

**YoY % Total Residential Transactions**

**-4.48%**

**BTR & PRS Investment Volume 2024 H1 M€**

**524.0M**

**YoY % PRS & BTR Investment Volume**

**-55.37 %**

**Prime City Centre Madrid Market Rent € sqm month**

**22.5**

**Prime City Centre BCN Market Rent € sqm month**

**23.3**

**Decentralized Madrid Market Rent € sqm month**

**18.3**

**Decentralized Barcelona Market Rent € sqm month**

**18.3**

**Prime City Centre Yield Madrid**

**3.75%**

**Prime City Centre Yield Barcelona**

**3.80%**

**Decentralized Yield Madrid**

**4.15%**

**Decentralized Yield Barcelona**

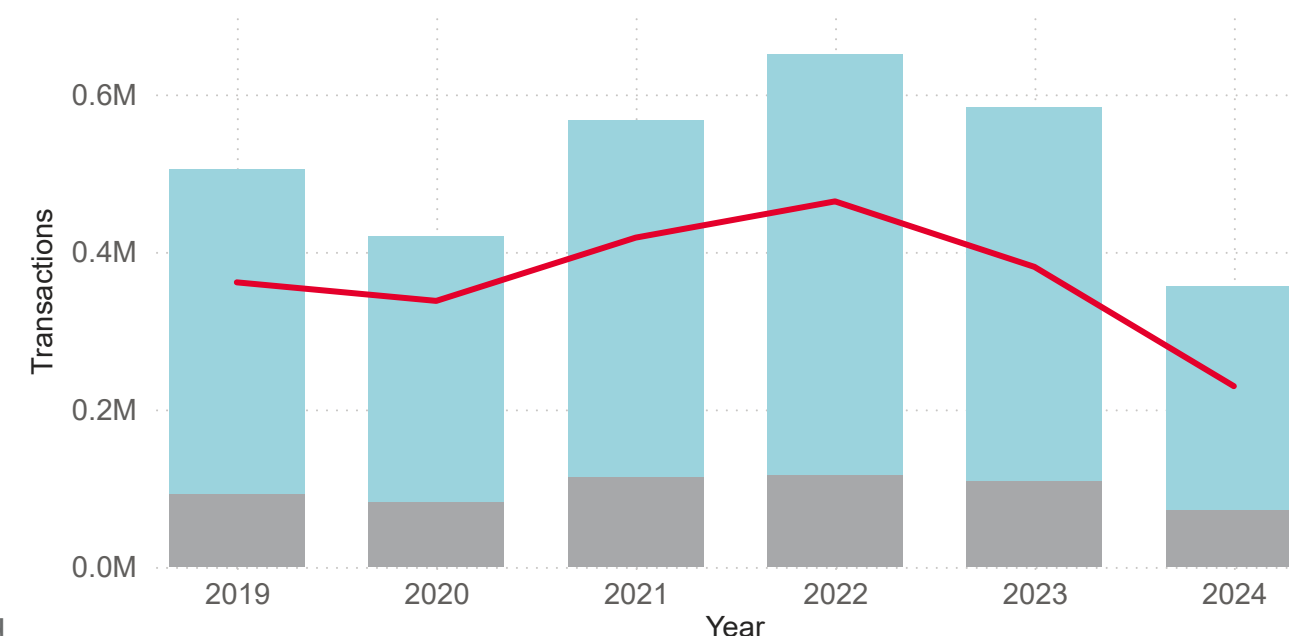
**4.25%**

**Market Context**

- Recent interest rate cuts are boosting home purchase activity after two years of slowdown which persisted into H1 2024 when a drop of 4.5% in the number of residential transactions was registered, as compared with the same period of 2023.
- Due to prevailing high bond rates and less investment product being released on to the market, the investment volume in residential (BTR & PRS) was considerably down in the first half of the year, reflecting a drop of more than 50% compared to the same period of 2023.
- Good rhythm of BTR units delivery, with more than 10,000 units expected in 2024 which is in line with 2023 figures, contributing to a total accumulated stock of approximately 26,000 units and a current pipeline of more than 30,000 units (excluding public housing projects, i.e. private capital only).
- Despite this increase of stock and supply, taking into account the elevated demand for the product - which in turn is increasing - Rental prices of BTR/PRS continue their positive trend, with an increase above 10% YoY, which is likely to continue to grow.
- In terms of future risk, the affect of the 2023 housing law to apply rent control in "high tension areas" has been felt in Barcelona and many other municipalities of Cataluña, with possibilities it may extend to other parts of the country, resulting in less new development and even the sale of rental accommodation by landlords.

**Residential Transactions (New, 2nd Hand) & Mortgages Spain**

**Nombre.2** ● Vivienda nueva ● Vivienda segunda mano ● # Resi Mortgages



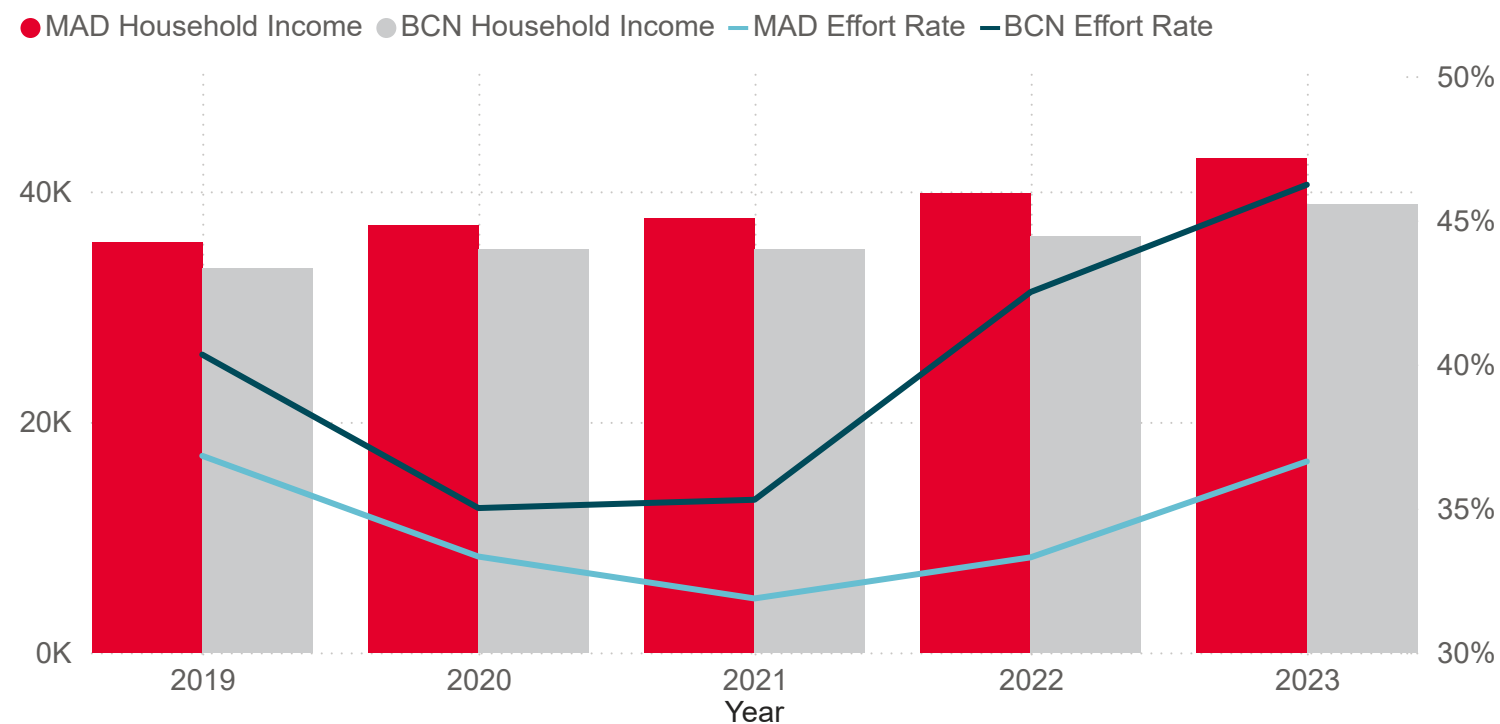
**Trends**

- Increasing rental demand over recent years due to:
  - (1) Tough mortgage finance conditions - borrowers requiring a significant deposit to obtain favourable terms;
  - (2) Less housing in development and a constant rise in sale prices for both new and second hand homes;
  - (3) Slowdown in salary increases and disposable household income, combined with relatively persistent inflation.
  - (4) Continuous decline in the number of people per household, especially since Covid.
- Abrupt reduction of rental supply and continuous increase of market rents. The gap between demand and supply is likely to continue over the coming years, continuing to drive market rental growth.
- Continuing strong interest in residential investment opportunities on the part of institutional funds.

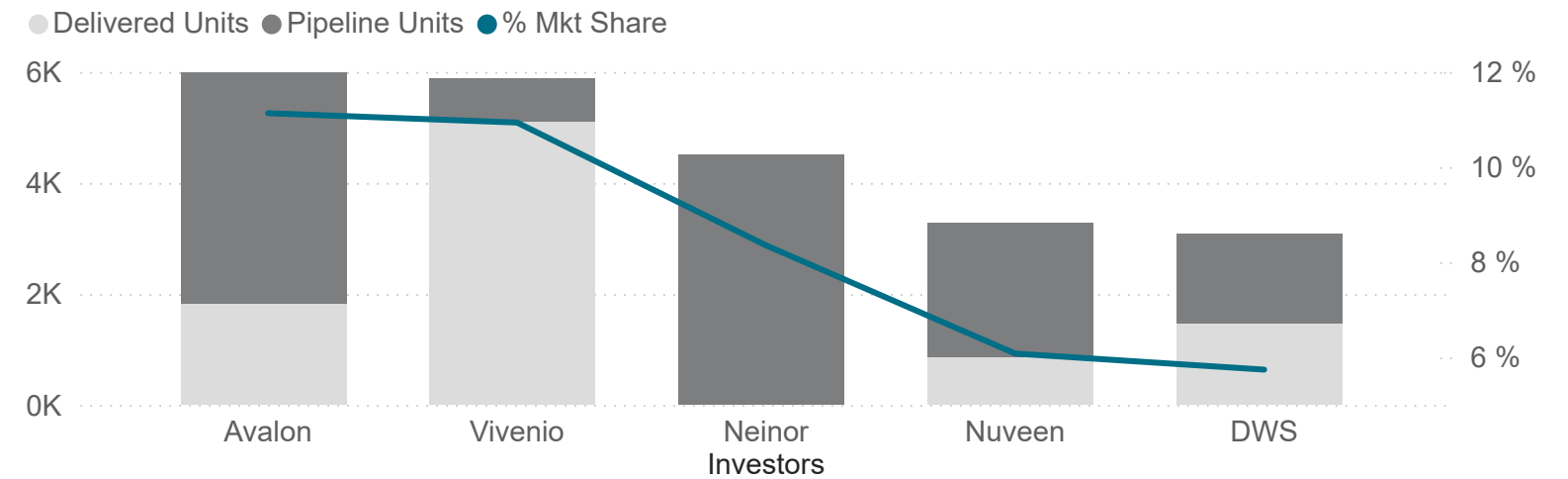
### Stock, Pipeline and Investment Volume

- Since the emergence of institutional capital targeting the BTR sector in 2017, the number of delivered units has increased significantly, from barely 300 units delivered in 2019, increasing to approx. 3,000 units/year in both 2021 and 2022, and 10,000 in 2023 and also 10,000 units more expected at the end of 2024.
- Growing development pipeline, estimated at 85k units in 2021 and 97k in 2022. As at 2023 and 2024 the future pipeline is estimated at a similar level (100k units, both public and private, although the pace of annual delivery will always depend on market conditions in terms of finance costs and other factors, including the strategy of house builders to supply BTR rather than BTS product).
- The current BTR market is quite evenly distributed between the current leading investors and developers, with approximately 10 investors representing 60% of the total market. Of these Avalon is the current leader with a 12% market share.
- BTR/PRS investment volumes in Spain have been just over €2bn/annum in 2021 and 2022. In 2023 investment volume finally registered €2.1bn.
- In 2024 H1, with increased costs of capital, the BTR/PRS transactional market dropped to a volume of only €525m (€223m for BTR and €301m for PRS), representing a drop of more than 50% in comparison with H1 2023.

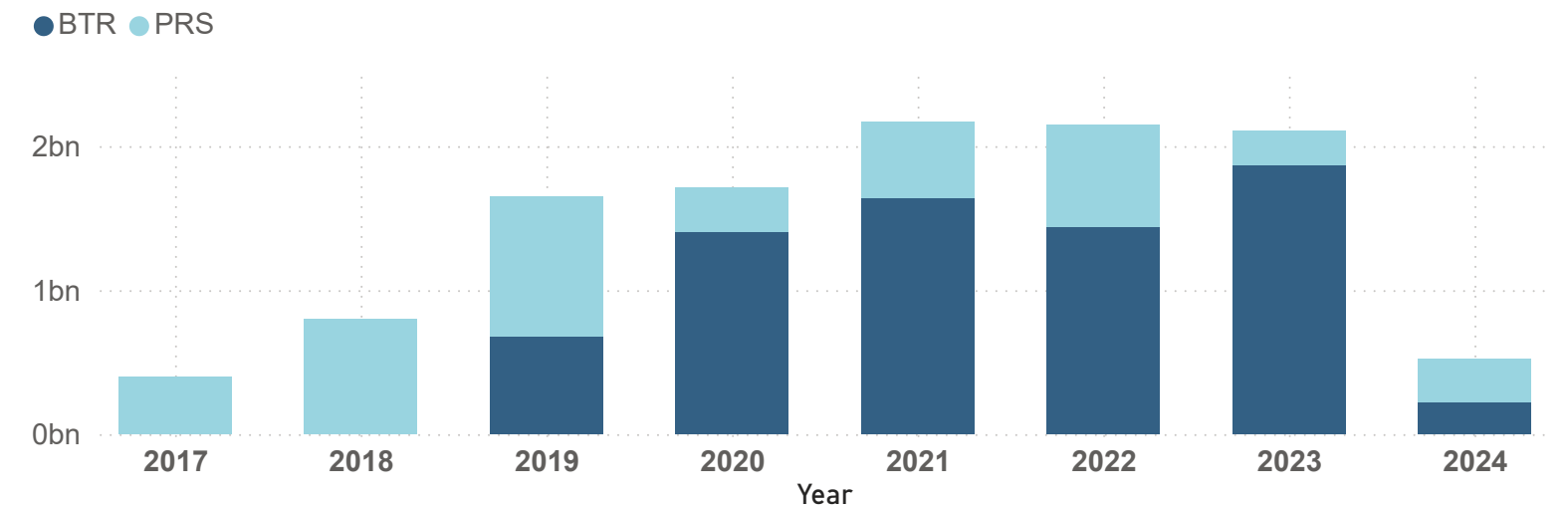
### Madrid & Barcelona Net Household Income vs Effort Rate



### Main Investors Share and Units



### Investment Volume PRS/BTR (Bn€)



- Most BTR/PRS residential institutional investors have moved to the BTS sector or towards the flex living sector, which has experienced a huge increase, up from €240m in H1 2023 to €708m in H1 2024 - representing 47% of the total investment volume in Living - also boosted by the conversion of obsolete office buildings.
- Within the BTR/PRS segment the affordable market is increasing its presence, representing almost half of total investment in H1 2024.
- For H2 2024, after the interest rate cuts by the ECB - and the further cuts expected by the end of the year - we expect the BTR transactional market to recover, in line with increased activity in the overall residential market.
- The recent strong rise in market rents has pushed effort rates to a very high level, especially in central Madrid and Barcelona, increasing the level of tension in these areas where often it is only wealthy overseas residents that can afford what's on offer. The best solution would be the strong encouragement of new supply on the part of private investors and public/private cooperation.



Prime Yields

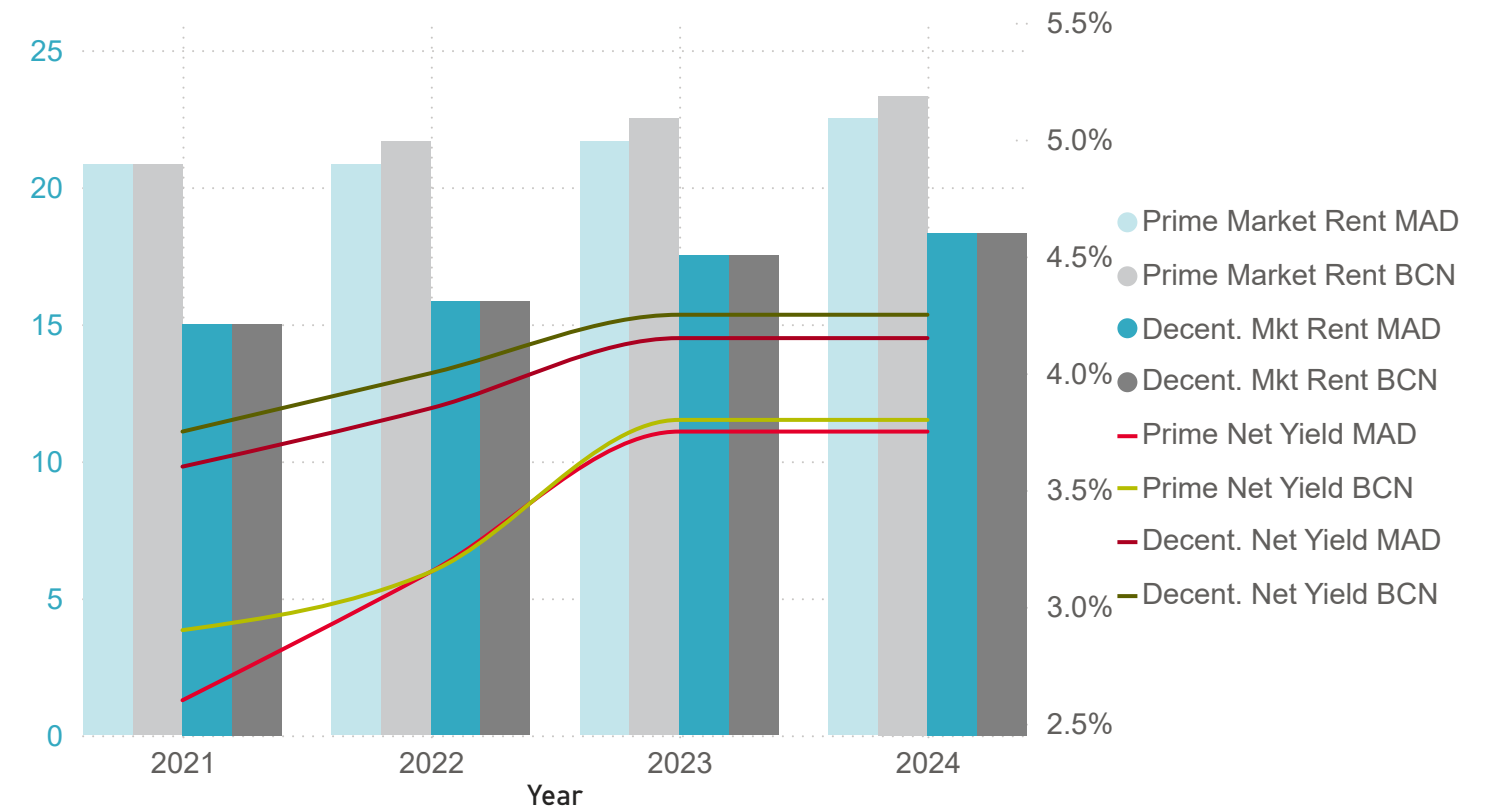
- The current net yield for established prime city center PRS in Madrid / Barcelona is 3.75% - 3.80%. This is around 50bps up on a year ago, with the outlook stable now that interest rates are coming down. For the best decentralized product the current yield is 4.15% - 4.25%.
- An important difference in this cycle compared to previous cycles is the now very evident presence of institutional capital in the segment, more sensitive to interest rate and bond yield movements than the Family Office and Private investors that dominated in previous cycles.
- Hence greater volatility in yield movements may result, as distinct to previous cycles when yields generally remained low and stable.

Transactional Activity

- PRS/BTR Investment volume - the number of transacted existing units (PRS) and pipeline units (BTR) has been relatively aligned (2023 vs 2022 and 2021).
- In 2024, however, the volume of investment has significantly declined due to the high cost of capital and the elevated costs of land and construction.
- We anticipate an increase in transaction activity for the fourth quarter of 2024, following the recent ECB interest rate cuts, with more cuts expected.

YEAR	LOCATION - CITY	BUYER	SELLER	Nº Units	Price (Mn€)
2024 Q3	Parla, Madrid	Roundhill	Neinor Homes	147	29.0
2024 Q3	Santa Coloma, Barcelona	Urban Input	Cevasa	150	26.0
2024 Q2	Alovera, Guadalajara	Avalon	Neinor Homes	337	75.0
2024 Q2	Méndez Álvaro, Madrid	Savills IM	Greystar	455	140.0
2024 Q1	Méndez Álvaro, Madrid (Madnum)	Bankinter	Colonial	375	130.0
2023 Q4	Arganzuela, Madrid	Conren Tramway	Telefonica	100	60.0
2023 Q3	Bilbao	M&G	URBAS	314	97.8
2023 Q3	Chamartin, Madrid	Grupo LAR	Ministerio de Hacienda	500	204.7
2023 Q3	Madrid city (several locations)	Bankinter	Via Agora, Avintia, Culmia	1311	395.0
2023 Q3	Torrejon de Ardoz	Prygesa	CBRE IM	102	21.5
2023 Q2	Valencia (Sky Homes)	Savills IM	Neinor Homes	209	66.0

PRS/BTR Prime Net Yields and Market Rents



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