

Press release

bulwiengesa study reveals massive shortage of care places by 2040

- **Study examines general demographic trends and presents the first in-depth analysis of the current care home market and construction activity**
- **Without a dramatic increase in construction, the German care home market will have a shortage of 168,000 care places by 2040**
- **The occupancy rate of available places in fully inpatient care has already reached 92.3 per cent**
- **29.0 per cent of the 15,400 care homes in Germany are more than 40 years old**
- **Cureus is the market leader in developing new and urgently needed care places**

Hamburg, 5 October 2021. According to a new study conducted by bulwiengesa, a leading independent analytics firm for the real estate industry, on behalf of Cureus GmbH, Germany is facing a dramatic shortage of care places. In addition to examining general demographic trends, the study also represents the first detailed assessment of the German care home real estate market in terms of existing and new construction. The complete study is available here: www.cureus.de/en/market-survey.

New construction fails to keep pace with rapidly increasing demand – projected shortage of c. 170,000 care places by 2040

Taking the current volume of care home construction activity as a basis, the shortfall between required and available care places will increase to 168,000 fully inpatient care places by 2040. According to the study's calculations, around 372,000 new care places will be needed by 2040 as a result of demographic developments and another 100,000 will be required to replace places in outdated facilities. At the same time, by maintaining the current rate of new construction of around 16,000 care places per year, the sector will create only 304,000 new care places by 2040. In parallel, the occupancy rate of available places in fully inpatient care has already reached 92.3 per cent today and thus offers virtually no buffer.

Despite the volume of properties currently under construction and in planning, Germany's existing stock of care home real estate is aging rapidly. After years of neglected modernisations and a lack of new construction, there has been a shift in the age categories of care home real estate. A majority of care homes in Germany are now 21 to 30 years old. The second biggest

category is that of care homes that are more than 40 years old. As things currently stand, 29.0 per cent of the 15,400 care homes in Germany were built more than 40 years ago.

Excess demand is also developing in the assisted living segment. According to the latest estimates, there are around 360,000 assisted living units in Germany. Correspondingly, the provision of assisted living units would have to increase to around 760,000 by 2040 in order to satisfy projected levels of demand and provide sufficiently differentiated capacities. The supply of outpatient day care places would also need to increase from 82,000 in 2019 to 114,000 by 2040.

“The construction of new care places cannot hope to keep pace with growing demand if the market maintains its current construction volumes and pace. Moreover, the increasing fragmentation of the market, combined with the different legal requirements across Germany, are making it difficult to accelerate the pace of new construction”, warns Dr Heike Piasecki, specialist for the care home real estate market at bulwiengesa.

“The future of care is, rightly, the subject of heated debate. However, current discussions only ever seem to focus on demographics and the shortage of carers – the availability of care places has been almost entirely ignored to date. This is largely because the care home real estate market has suffered from a massive lack of transparency. With this study, we want to increase market transparency and draw attention to the fact that the supply gap is not only the result of a substantial shortage of carers and a sharp increase in the number of people in need of care. No, the problem starts with the lack of care homes and a shortfall in new construction”, explains Gerald Klinck, CFO of Cureus. “With our system approach to care home construction, we have developed a concept that can be implemented as a scalable, efficient and economically viable solution, regardless of location. Aligned with relevant legal requirements and the wants and needs of operators and residents, our properties are designed and built to the highest uniform standards of quality”.

Cureus is currently responsible for approx. 20 per cent of new construction volumes

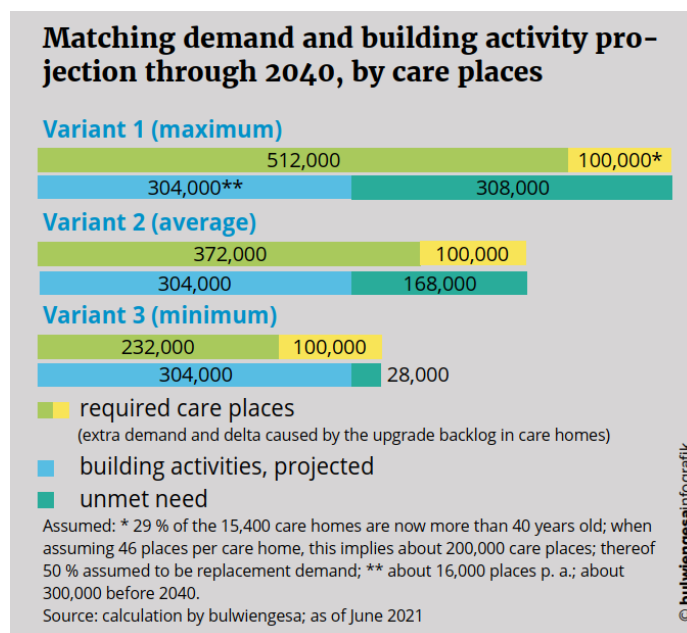
In order to present a comprehensive picture of the German care home real estate market, the study also looked at the market’s major developers and portfolio owners in more detail. “Unfortunately, as far as current and pipeline developments are concerned, our researchers were unable to find sufficient market data, which meant we could not provide an accurate assessment of the competition and could only consider Cureus’ new construction projects”, says Dr Heike Piasecki, explaining the methodology used to compile the study. Bulwiengesa’s researchers used data from the Pflagemarkt.com Bauradar to arrive at an overall assessment of the care home real estate market. Based on these data, bulwiengesa reports care homes with around 35,500 places either in planning or under construction for the period from November 2017 to March 2021. In the period under review, Cureus GmbH the most active

developer of new care places, accounting for more than 7,000 care places and a market share of around 20.0 per cent.

Lack of transparency among portfolio holders

The bulwiengesa study also analyses twelve of the German care home market’s major institutional portfolio owners. The portfolio holder market is led by Immac Holding with 10,218 inpatient care places and Deutsche Wohnen SE with 9,270 places. However, a more detailed analysis of the owners and fund companies active in the care home market reveals substantial variations in the care capacities held. Cureus GmbH currently owns a portfolio of around 3,800 inpatient care places.

“With our current portfolio of more than 7,000 care places under construction, we are on track to expand our portfolio to around 11,000 care places by 2025, not including assisted living and outpatient day care. This should make us one of the largest portfolio holders in the German market”, predicts Christian Möhrke, COO of Cureus. “We are thus making an important contribution to guaranteeing the supply of urgently needed care places”.



Property asset holders of inpatient care places (evaluated in Q3 2021)

Companies	Number of care places	Institutional investors / asset holders	Source information / verified corporate information
Aedifica SA	8,300	Asset holder	2019/2020 annual report (2021), semi-annual report (2021); verified corporate information (08/2021)
Cofinimmo SA	4,500	Asset holder	Cofinimmo homepage (2021); verified corporate information (08/2021); Place count includes care and treatment places
Cureus GmbH	3,800	Asset holder	Cofinimmo homepage (2021); verified corporate information (07/2021)
Deutsche Wohnen SE	9,270	Asset holder	Quarterly report (Q2/2021), Deutsche Wohnen homepage (2021)
Hanseatische Betreuungs- und Beteiligungsgesellschaft mbH	5,610	Asset holder	HBB Homepage (2021); verified corporate information (08/2021), portfolio reconciled with current property developments
Hemsö GmbH	6,500	Asset holder	Annual report 2020 (2021); verified corporate information: number of places as of 31/12/2021; the portfolio acquired late last year is not included in the 2020 annual report
Icade SA	3,179	Asset holder	verified corporate information (08/2021)

Source: research by bulwiengesa, and data disclosed by participating companies (August 2021)

Fund companies holding inpatient care places (evaluated in Q3 2021)

Companies	Number of care places	Institutional investors / asset holders	Source information / verified corporate information
Aachener Grundvermögen Kapitalverwaltungsgesellschaft mbH	1,163	Property fund	Caretrialog.de homepage (2021); verified corporate information (08/2021); Pflegeheimfonds A.B Saniga-Fonds, WohnenPlus-Fonds
Aviarent Capital Management S.à.r.l	6,180	Property fund	Aviarent homepage (2021); 2019/2020 annual report (2021), verified corporate information (08/2021)
Immac Holding AG	10,218	Property fund	Immac homepage (2021); verified corporate information (08/2021)
INP Holding AG	5,952	Property fund	INP homepage (2021): real estate portfolio – overview of sites; verified corporate information (08/2021)
Patrizia AG	4,679	Property fund	verified corporate information (08/2021): The place count integrates some short-term care places because places of this type are occasionally interspersed with the standard permanent care.

Source: research by bulwiengesa, and data disclosed by participating companies (August 2021)

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About bulwiengesa AG

bulwiengesa is one of the major independent analytics firms for the real estate industry in Continental Europe. For almost 40 years, bulwiengesa has supported its partners and clients in real estate industry issues by providing location and market analyses, detailed data services, strategic consultancy and property appraisals, among other deliverables. The data of bulwiengesa are used by Deutsche Bundesbank for the European Central Bank (ECB), the Bank for International Settlements (BIS) and the OECD, among other clients.

About Cureus GmbH

Cureus GmbH is based in Hamburg and is one of the leading integrated property companies in the German care home sector with more than 15 years of experience and a team of c. 130 employees developing and managing properties for the Cureus portfolio. Cureus has developed an innovative new standard for full inpatient care and assisted living facilities, which can be implemented as a scalable, location-agnostic solution. Aligned to both current legislative requirements and the needs of operators, investors and residents, the senior residences and care homes developed by Cureus GmbH establish new, uniform standards and represent a highly efficient product that combines greater cost-effectiveness in care with improved quality of living and service.

The company's care home portfolio consists of 40 leased properties with 3,901 care places and 237 assisted living units. In addition, Cureus currently has 35 projects under construction and 62 secured projects scheduled for completion by 2025, which will add an additional c. 7,060 care places and 1,677 assisted living units to the portfolio. www.cureus.de/en