HEALTHCARE REAL ESTATE

AN ASSET CLASS ON THE RISE

NURSING HOMES & ASSISTED LIVING · MEDICAL OFFICE BUILDINGS · PREVENTIVE CARE & REHABILITATION FACILITIES

HEALTHCARE REPORT
GERMANY

2026

CONTENT

"Healthcare real estate is among the most structurally attractive asset classes, underpinned by demographic change and demand that continues to grow regardless of economic cycles."

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FOREWORD & OVERVIEW

HEALTHCARE REAL ESTATE
AN ASSET CLASS WITH LONG-TERM GROWTH DRIVERS

Healthcare real estate has long emerged from its niche status, yet it still lags behind established asset classes such as residential, office, and logistics properties in public perception. At the same time, it is one of the few segments whose demand is comparatively independent of economic cycles.

This report examines three key segments of the German healthcare real estate market: Nursing Homes & Assisted Living, Medical Office Buildings (MOB)*, as well as Inpatient Medical Care with a focus on Preventive Care & Rehabilitation Facilities. All three segments are driven by a common mega-trend: demographic change. An aging society, rising care needs, and an increasing disease burden create a stable and growing long-term demand base.

In the nursing home segment, the growing supply gap is a key focus. While the number of people requiring care is expected to rise significantly by 2070, new construction activity is declining due to high construction costs.

Outpatient care is undergoing a remarkable transformation: the number of Medical Office Buildings has more than doubled since 2014 and is increasingly concentrated in urban areas.

The rehabilitation market benefits from the policy principle of "rehabilitation before retirement", rising numbers of chronic and complex illnesses, and longer periods of illness.

The objective of this report is to systematically classify the market structures, supply and demand factors, and current investment perspectives of these three segments, thereby providing a sound basis for decision-making for institutional investors, developers, and strategic partners.

WE HOPE YOU ENJOY THIS REPORT AND LOOK FORWARD TO DISCUSSING THESE TOPICS WITH YOU.

* Collective term for Medical Care Centres and Medical Office Buildings (MOB)

KEY FINDINGS AT A GLANCE

1

DEMOGRAPHIC CHANGE

- Number of people requiring care: 35,1% by 2070
- Population aged 80+: +52% by 2070
- Structural demand largely independent of economic cycles

2

NURSING CARE & ASSISTED LIVING

- Prime yields: Nursing Homes ~5.1%, Assisted Living ~4.5%
- Nursing home ratio ~14%, indicating a growing supply gap
- Growing International Capital Inflows

3

OUTPATIENT MEDICAL CARE

- Number of MOBs since 2014: +148% (to 5,085)
- 31,872 physicians employed in MVZs, average 6.3 per facility
- Prime yield for Medical Office Buildings (MOBs): ~4.75%, with limited supply

4

PREVENTIVE CARE & REHABILITATION

- Approx. 1.9 million preventive care & rehabilitation cases (2024)
- Prime yield: ~5.75%
- “Rehabilitation before Retirement” provides policy support

5

DISEASE BURDEN & MOB DEMAND

- Sick days: +56% (2014–2024)
- Musculoskeletal, respiratory, and mental health issues dominate
- Employment-based physician models are becoming more attractive

6

INVESTMENT OUTLOOK

- Limited supply across all three segments
- Increasing involvement of institutional capital
- Growing ESG focus on social infrastructure

01

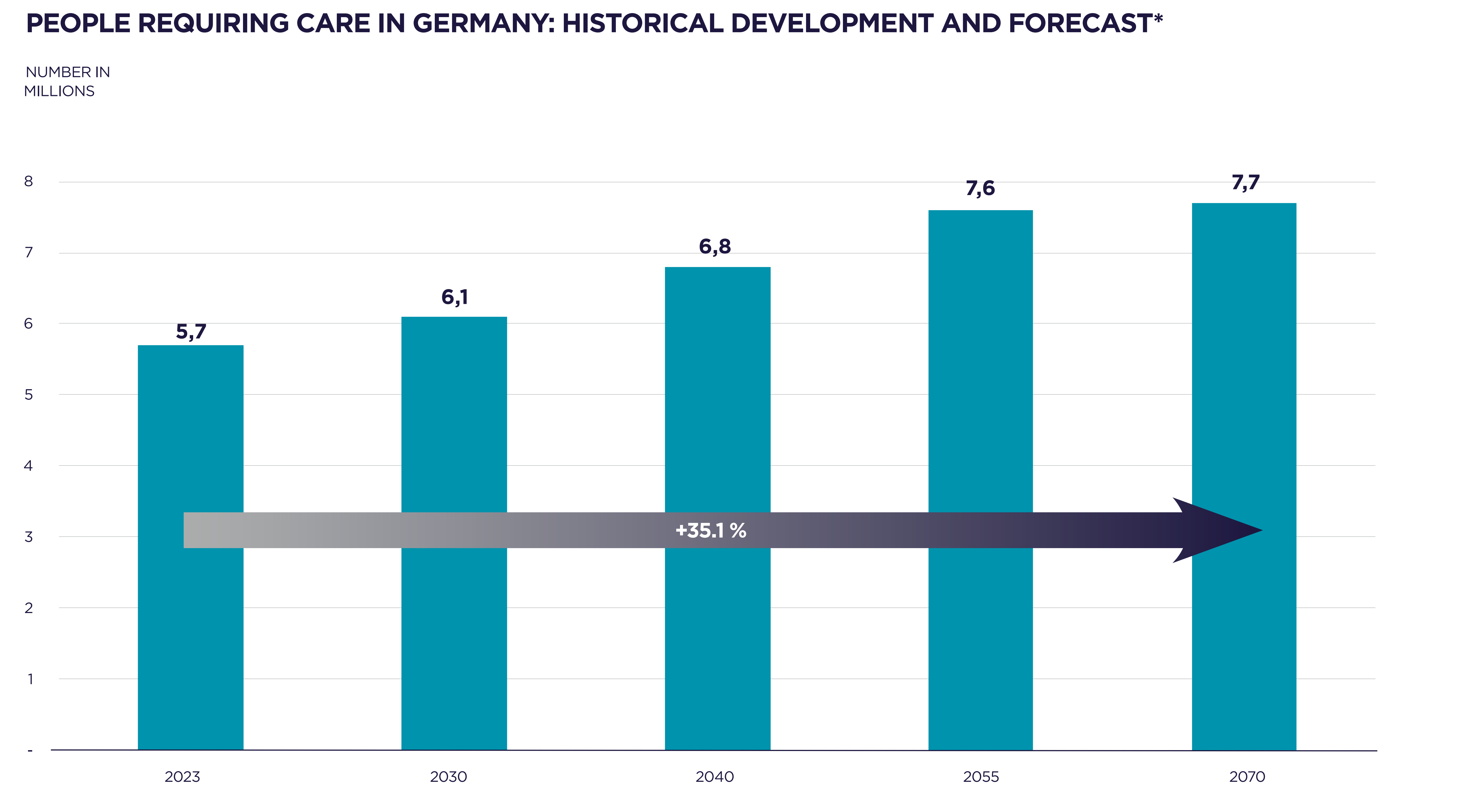
NURSING HOMES & ASSISTED LIVING

The number of people requiring care in Germany will increase significantly over the coming decades. While policymakers emphasize outpatient care services, which are growing at an above-average rate, inpatient care remains indispensable. One in seven individuals requiring care lives permanently in a nursing home. Demographic change will sustainably increase demand for care facilities and require investment in both existing stock and new developments.

DEMOGRAPHICS
DEMOGRAPHIC CHANGE DRIVES STRUCTURAL DEMAND FOR CARE

- According to population projections by the Federal Statistical Office, the population aged 80+ will increase by approximately 52 per cent between 2023 and 2070.
- The number of people requiring care is expected to rise by around 35.1 per cent.
- While younger care recipients are often supported through outpatient services, the share of inpatient and assisted living arrangements grows significantly with age.

The combination of a growing population of very elderly people and increasing care intensity in old age creates a structurally robust and largely recession-resistant demand base, a key quality characteristic of this asset class.



Source: Federal Statistical Office of Germany (Destatis), Population Projection, 2026

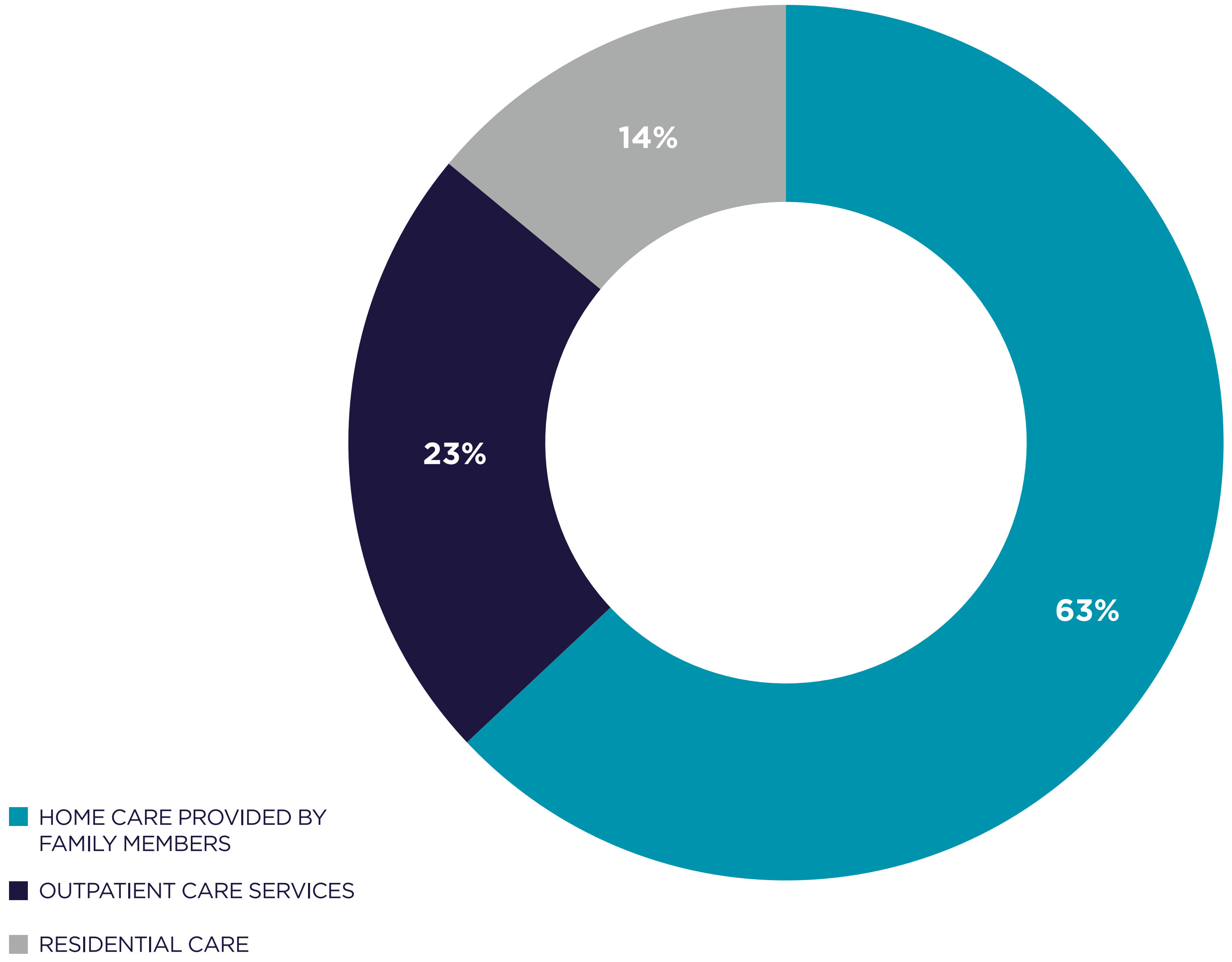
*** Assumption of an increasing care dependency rate through to 2027**

OUTPATIENT BEFORE INPATIENT
A LEGALLY ESTABLISHED PARADIGM SHIFT IN CARE

- The Care Strengthening Act I (PSG I, 2015) and subsequent reforms PSG II and PSG III focus on home-based and outpatient care.
- The majority of care is provided by family members.
- Outpatient services are expanding more strongly than inpatient alternatives.
- Assisted living particularly benefits as a hybrid model between independence and care support.

Growth in the outpatient segment is structurally stronger than in inpatient care. At the same time, this presents an opportunity for nursing homes: supplementary domiciliary care services can strengthen both operations and demand.

OUTPATIENT VS RESIDENTIAL CARE: CARE SETTINGS IN GERMANY



Source: Cushman & Wakefield, 2026

TREND

RISING CARE DEMAND, CONSTRAINED SUPPLY: A GROWING CARE GAP DRIVES INCREASING INVESTMENT NEEDS

WHAT DOES THIS MEAN FOR INVESTORS?

- Despite the political focus on outpatient care, inpatient nursing care remains indispensable.
- Existing stock cannot meet future demand. Without substantial new construction, the supply gap will continue to widen.
- Construction costs remain high, while achievable sales prices have not returned to pre-crisis levels.
- As a result, joint venture structures are increasingly common, with institutional investors entering during the development phase and remaining invested after completion.

The structural shortage of supply increases pressure on operators and underscores the investment potential for long-term investors.

~14%

CURRENT CARE HOME RATIO IN GERMANY

+35,1 %

MORE PEOPLE REQUIRING CARE BY 2070

LOW NEW CONSTRUCTION ACTIVITY DUE TO HIGH CONSTRUCTION COSTS

TRANSACTION MARKET YIELDS ARE STABILISING AND MARKET DYNAMICS ARE IMPROVING

- Nursing homes and assisted living facilities remain among the most sought-after healthcare asset classes.
- Following repricing effects during the interest rate adjustment cycle, prime yields have stabilized at a new level.
- The market is dominated by existing assets, with transaction processes taking longer than in previous cycles.
- Actual market activity is higher than reported transaction volumes suggest.

MARKET ASSESSMENT

The quoted yields apply to prime locations, newly built assets and operators with strong covenant strength. The prevailing market expectation is that yields will remain broadly stable at current levels, providing welcome certainty for investors.

Transaction volumes are affected by extended sales processes. Existing assets dominate activity, while long-term drivers including demographic change, supply shortages and the regulatory framework support expectations of a medium-term market recovery.

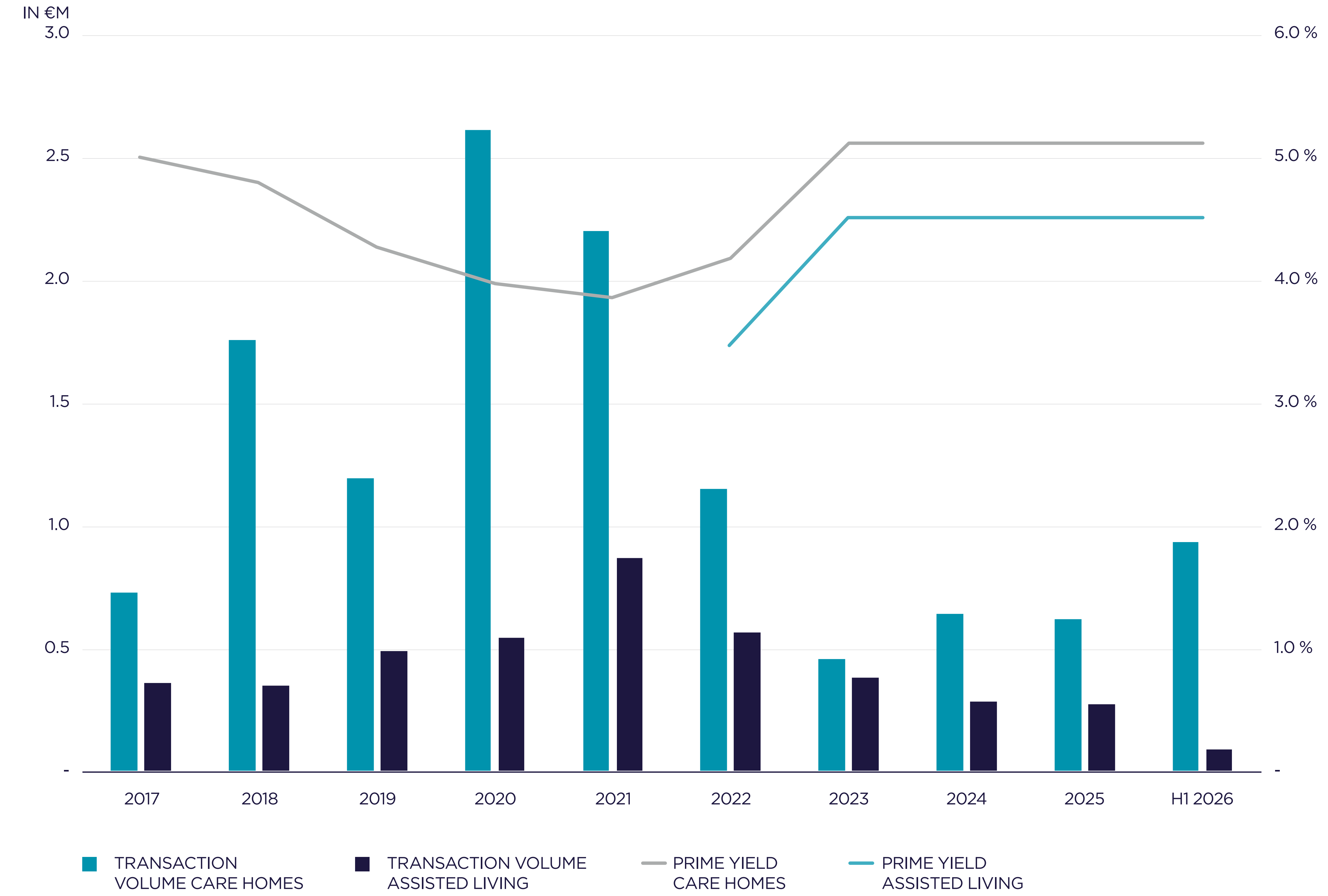
5.1%

PRIME YIELD NURSING HOMES

4.5%

PRIME YIELD ASSISTED LIVING

TRANSACTION VOLUME & PRIME YIELDS IN HEALTHCARE REAL ESTATE

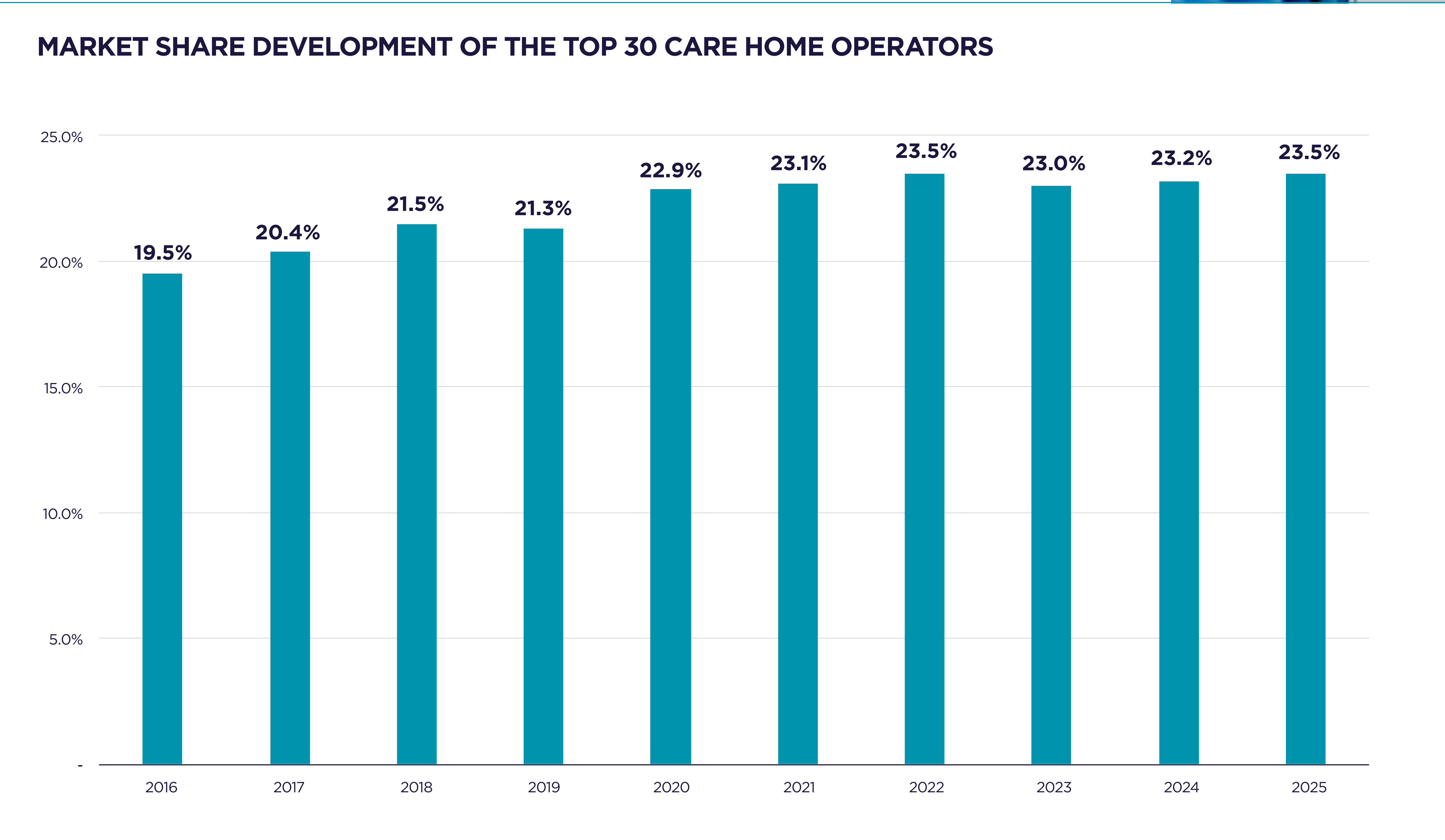


Source: Cushman & Wakefield, 2026

OPERATOR MARKET CONSOLIDATION STRENGTHENS PROFESSIONAL OPERATOR STRUCTURES

- The top 30 operators accounted for 23.5% of fully inpatient care places in 2025.
- Compared with international markets, Germany's market remains highly fragmented.
- Leading operators continue to strengthen their market positions through consolidation.
- Structural factors support the growing importance of professional, well-capitalised operators.

Despite ongoing consolidation, the German operator landscape remains highly fragmented and therefore offers considerable consolidation potential.



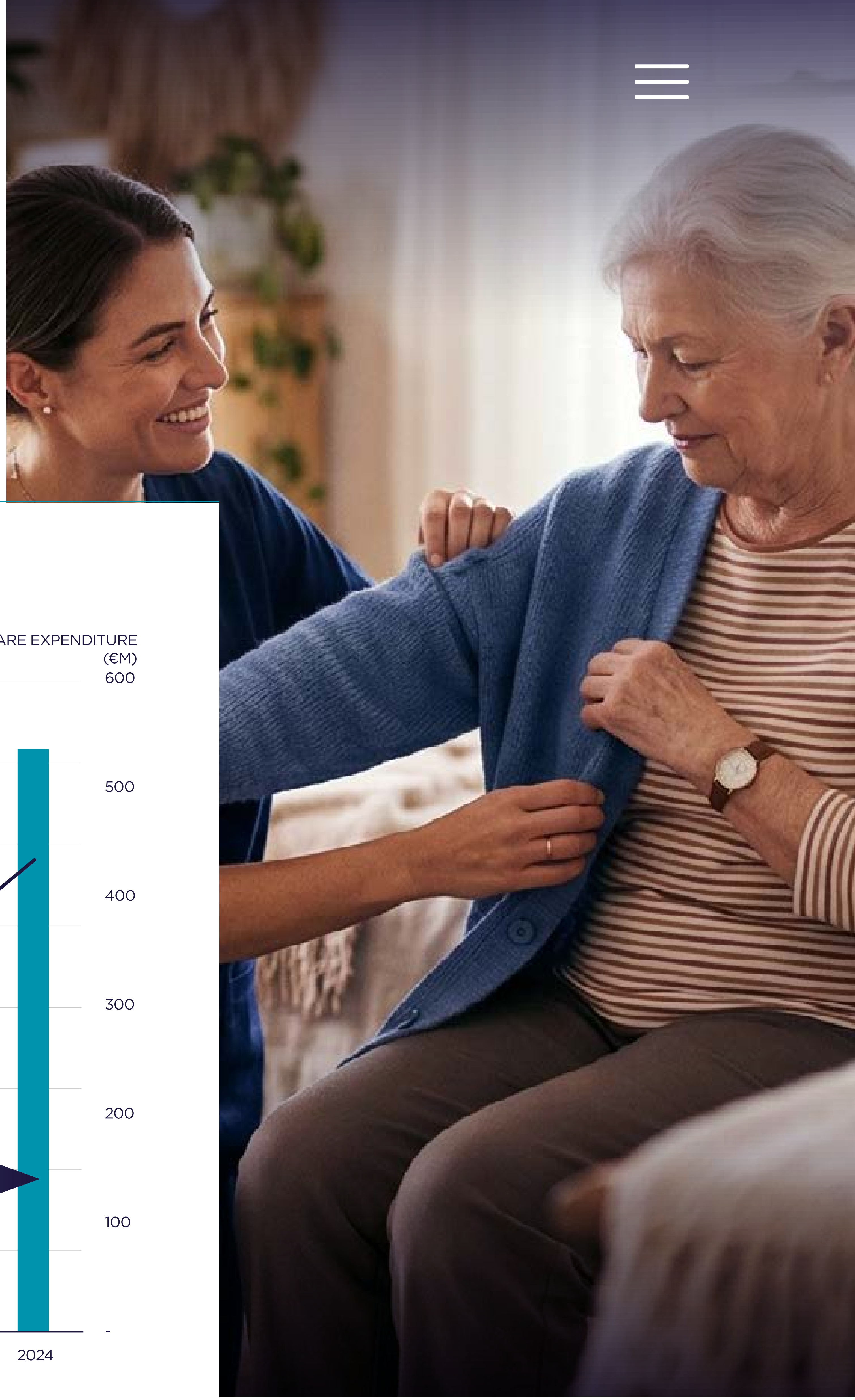
Source: Cushman & Wakefield, 2026

02

OUTPATIENT MEDICAL CARE

While care homes and rehabilitation facilities provide inpatient services, medical office buildings (MOB) form the backbone of outpatient healthcare provision. Against the backdrop of the ongoing transformation of the German healthcare system, driven by the principle of “outpatient before inpatient care”, digitalisation and a growing shortage of physicians, these property types are attracting increasing attention from institutional investors.

MARKET ENVIRONMENT
RISING HEALTHCARE EXPENDITURE STRENGTHENS THE OUTPATIENT SECTOR



- Healthcare expenditure in Germany reached approximately €538 billion in 2024, equivalent to 12.4% of GDP.
- Total spending has increased by around 78% since 2012.
- The statutory health insurance contribution rate remains unchanged at 14.6%, although supplementary contributions continue to rise.
- Both statutory and private health insurers face increasing challenges in funding healthcare provision.

The financial and structural transformation of the healthcare system is accelerating the shift of medical services into outpatient settings and creating long-term growth opportunities for medical office buildings.

HEALTHCARE EXPENDITURE AND SHARE OF GDP IN GERMANY

Source: Statistisches Bundesamt, Jahr

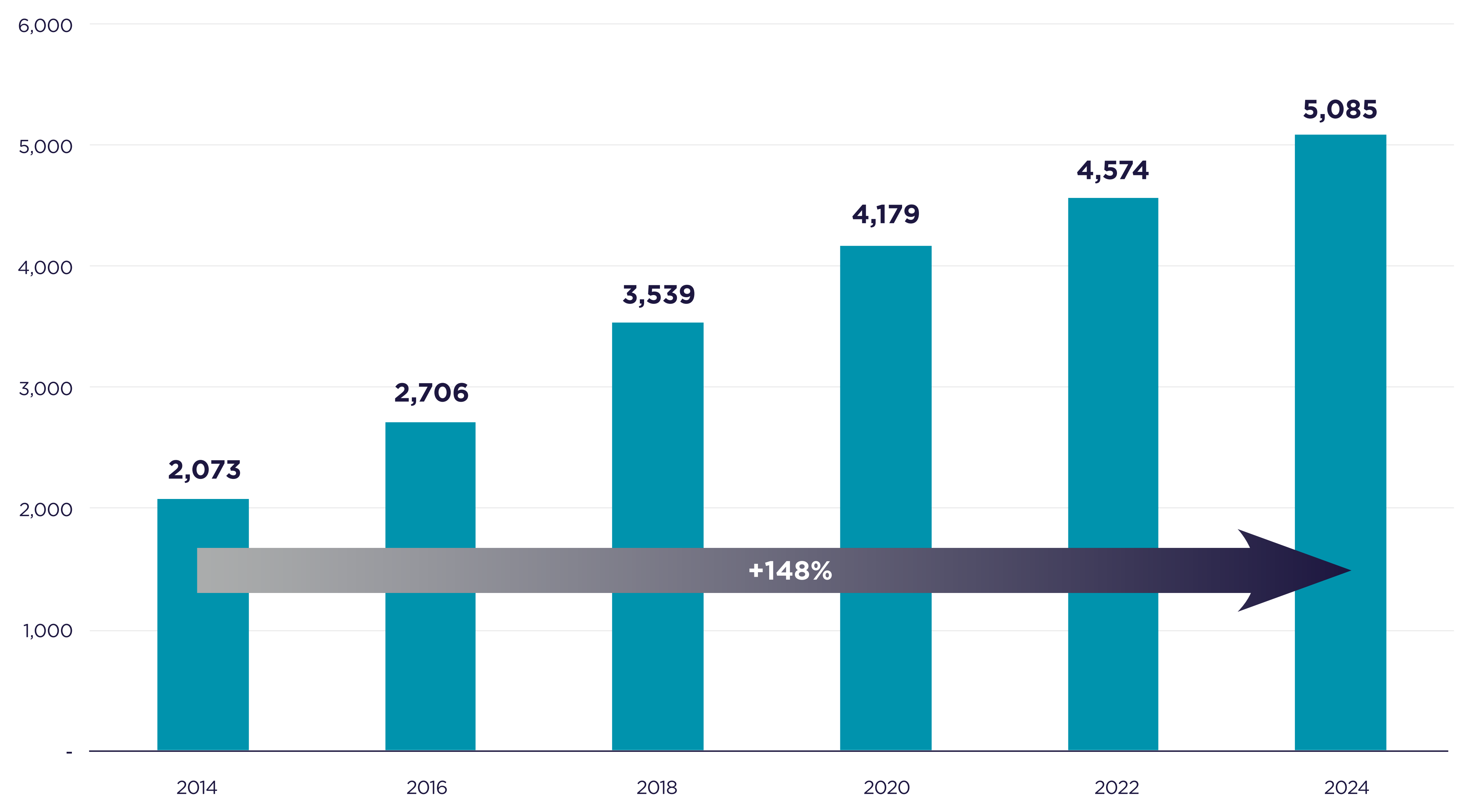
MARKET ENVIRONMENT
MOBS ARE EXPERIENCING STRONG GROWTH MOMENTUM

THE CONTINUED RISE OF MOBS

Since 2014, the number of MOBs in Germany has more than doubled.

5,085 MOBS (2024)	**31,872** PHYSICIANS WORKING IN MOB STRUCTURES
+148% GROWTH SINCE 2014	AVERAGE OF **6.3** PHYSICIANS PER MOB

DEVELOPMENT OF THE NUMBER OF MOBS IN GERMANY



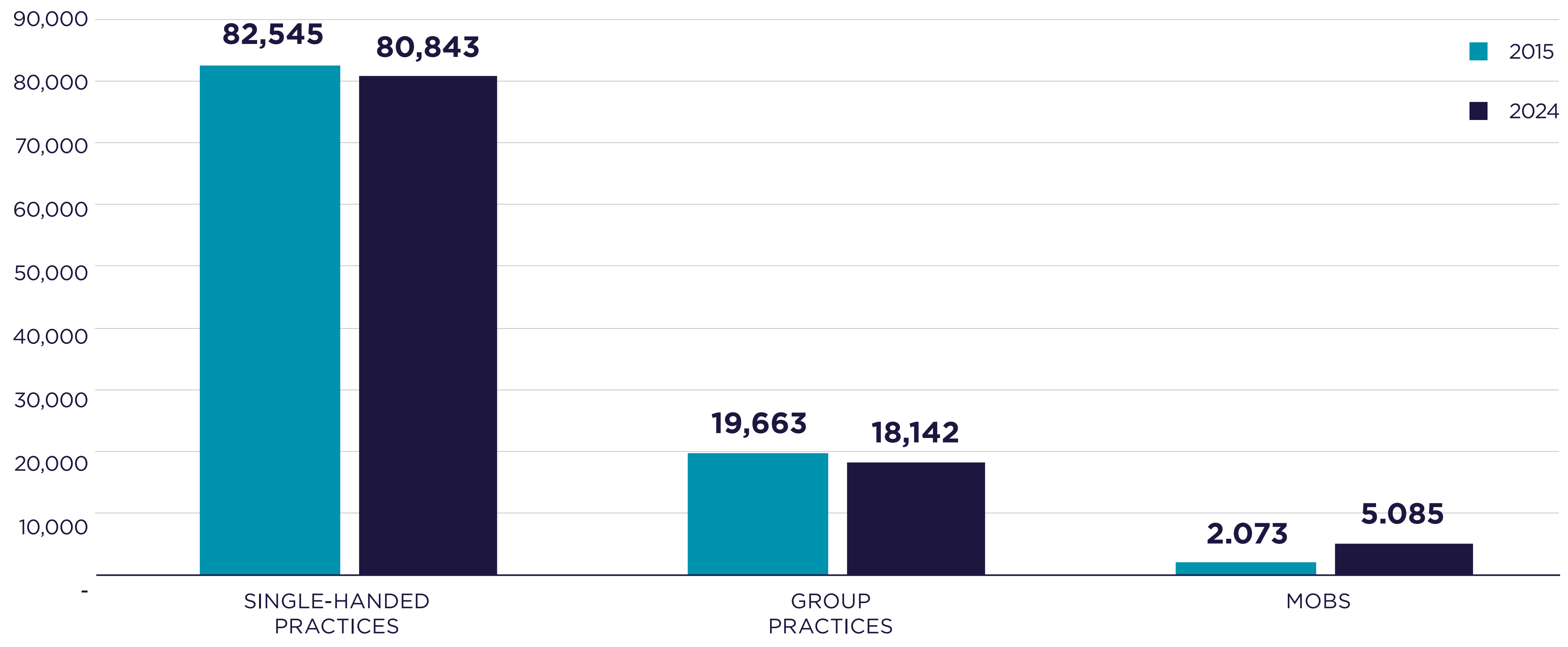
Source: KBV, Cushman & Wakefield, 2026

TREND
OUTPATIENT CARE IS SHIFTING TOWARD LARGER ORGANISATIONAL UNITS

- The growth of MOBs has been accompanied by a structural decline in traditional single-handed and group medical practices.
- While the number of single-handed practices has steadily decreased since 2015, MOBs have expanded their market share to more than 5%.
- The ownership structure of MOBs reflects the diversity of the German healthcare system.
- This trend highlights the increasing horizontal and vertical integration of healthcare services.

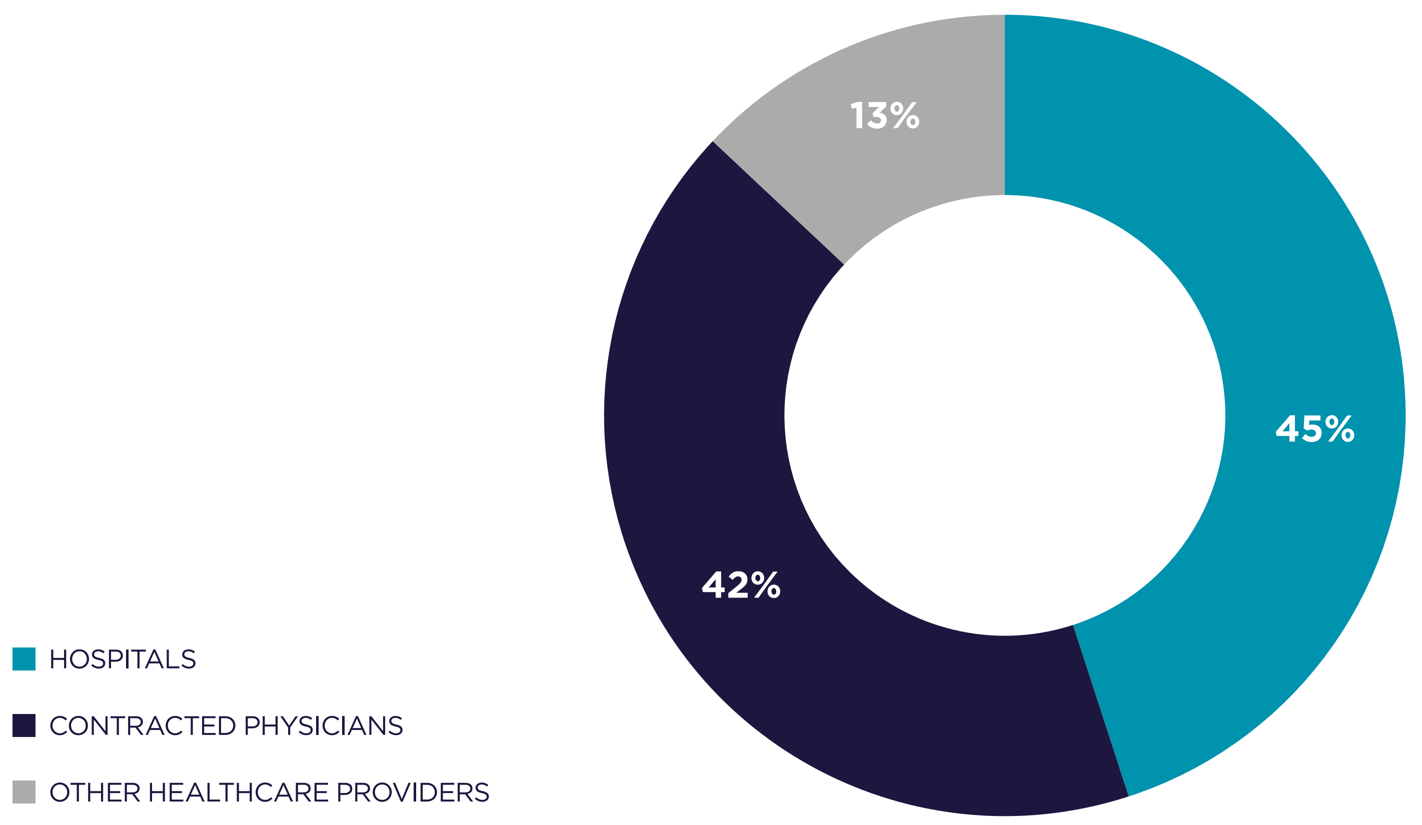
The shift of medical services from inpatient to outpatient settings, combined with increasing specialization, strengthens the role of MOBs and multifunctional medical office buildings as future-proof healthcare real estate.

NUMBER OF PRACTICE TYPES: 2015 VS 2024



Source: KBV, Cushman & Wakefield, 2026

OPERATOR STRUCTURE OF MOBS



Source: KBV, Cushman & Wakefield, 2026

OUTLOOK
A GROWING DISEASE BURDEN CREATES STRUCTURAL DEMAND

INCREASING USE OF OUTPATIENT SERVICES

The number of sick leave days has increased by 56 per cent over the last decade, highlighting the growing disease burden among the working population. The result is higher healthcare expenditure and increasing pressure on employers and social insurance providers

RISING DEMAND FOR SPECIALISED CARE STRUCTURES

The high prevalence of musculoskeletal disorders, respiratory illnesses and mental health conditions is driving demand for integrated, multidisciplinary treatment models. MOBs provide the ideal infrastructure for efficiently bringing together multiple medical specialisms under one roof.

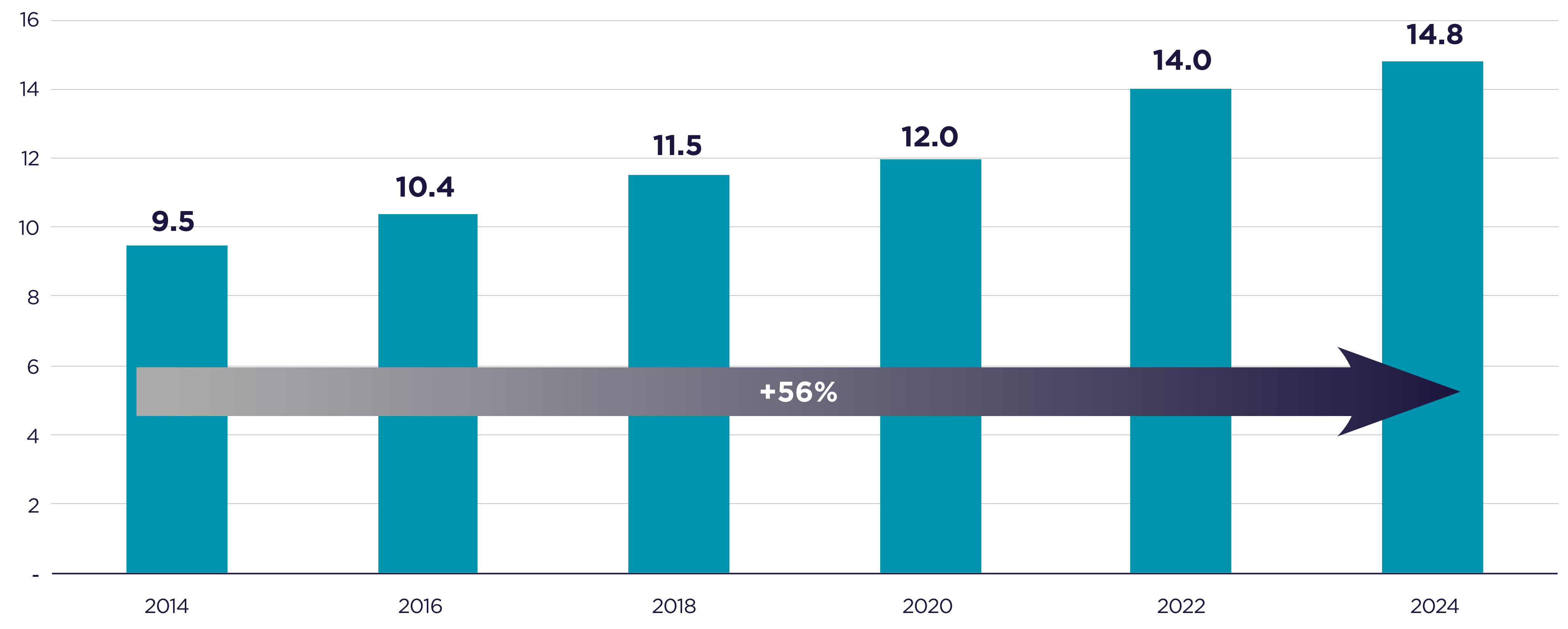
SUSTAINABLE DEMAND BASE

An ageing population and the increasing prevalence of chronic disease are generating sustained, largely non-cyclical demand for outpatient healthcare services and, consequently, for MOBs.

STRUCTURAL TRANSFORMATION AS A GROWTH DRIVER

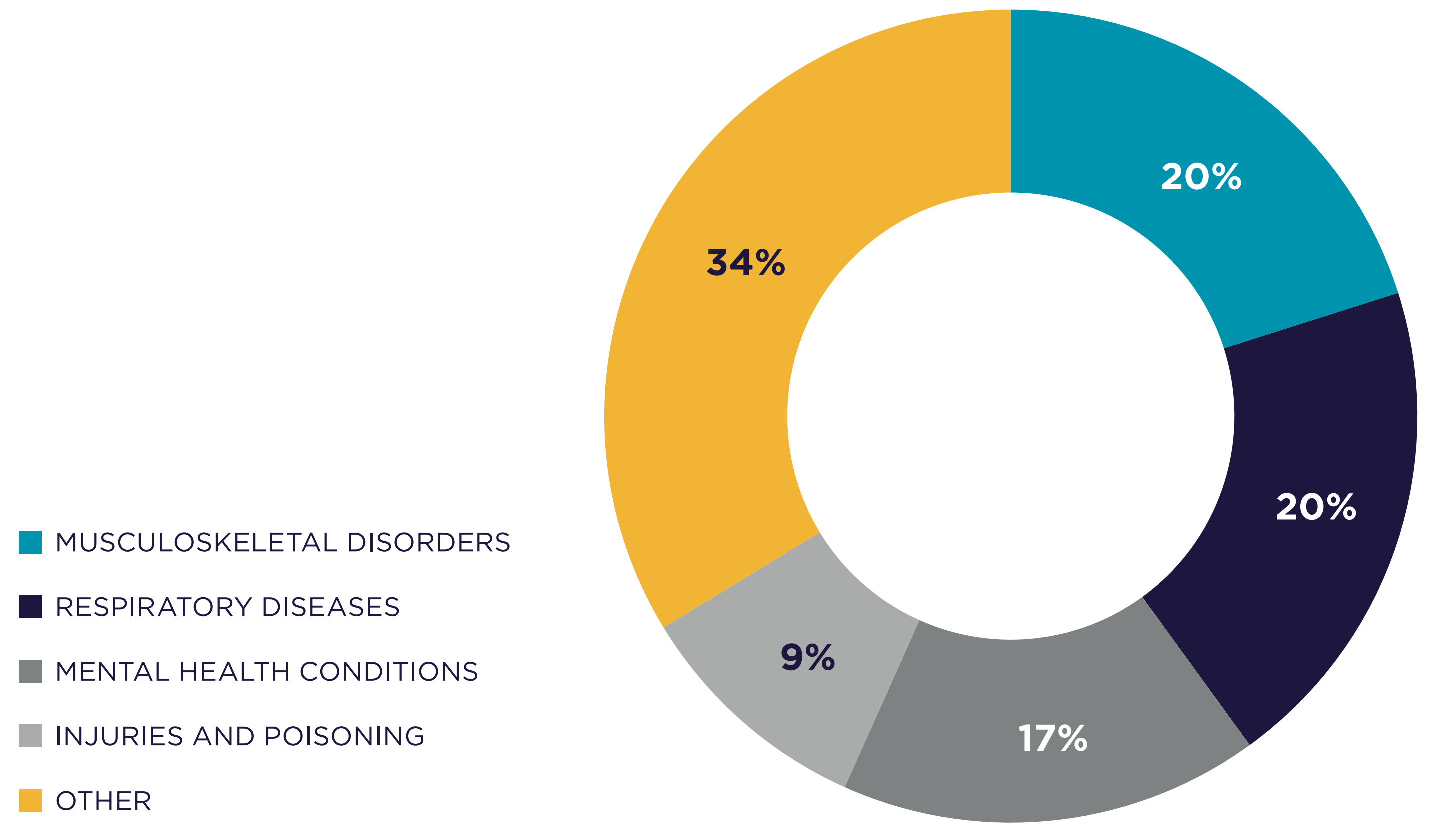
The ongoing transfer of healthcare services from inpatient to outpatient settings, combined with increasing medical specialisation, is reinforcing the importance of multifunctional MOBs as resilient long-term healthcare real estate assets.

SICK LEAVE DAYS PER STATUTORY HEALTH INSURANCE MEMBER SINCE 2014



Source: BKK Dachverband, 2024

BREAKDOWN OF CAUSES OF SICKNESS, 2024



Source: BKK Dachverband, 2024

TRANSACTION MARKET & INVESTMENT OUTLOOK STRONG DEMAND REINFORCES THE MARKET

- Alongside traditional core investors, an increasing number of specialist healthcare funds are focusing their investment strategies on MOBs.
- The asset class is characterised by long-term lease structures, demand supported by the healthcare system, and favourable demographic trends.
- Reported transaction volumes only partially reflect actual market dynamics. The primary constraint on activity is not a lack of investor demand but a structural shortage of available investment opportunities.

Given the persistent supply-demand imbalance and growing capital deployment pressure among investors, a significant increase in transaction activity is expected over the medium term, supported by development projects, forward-funding structures, and the conversion of existing properties into medical office buildings.

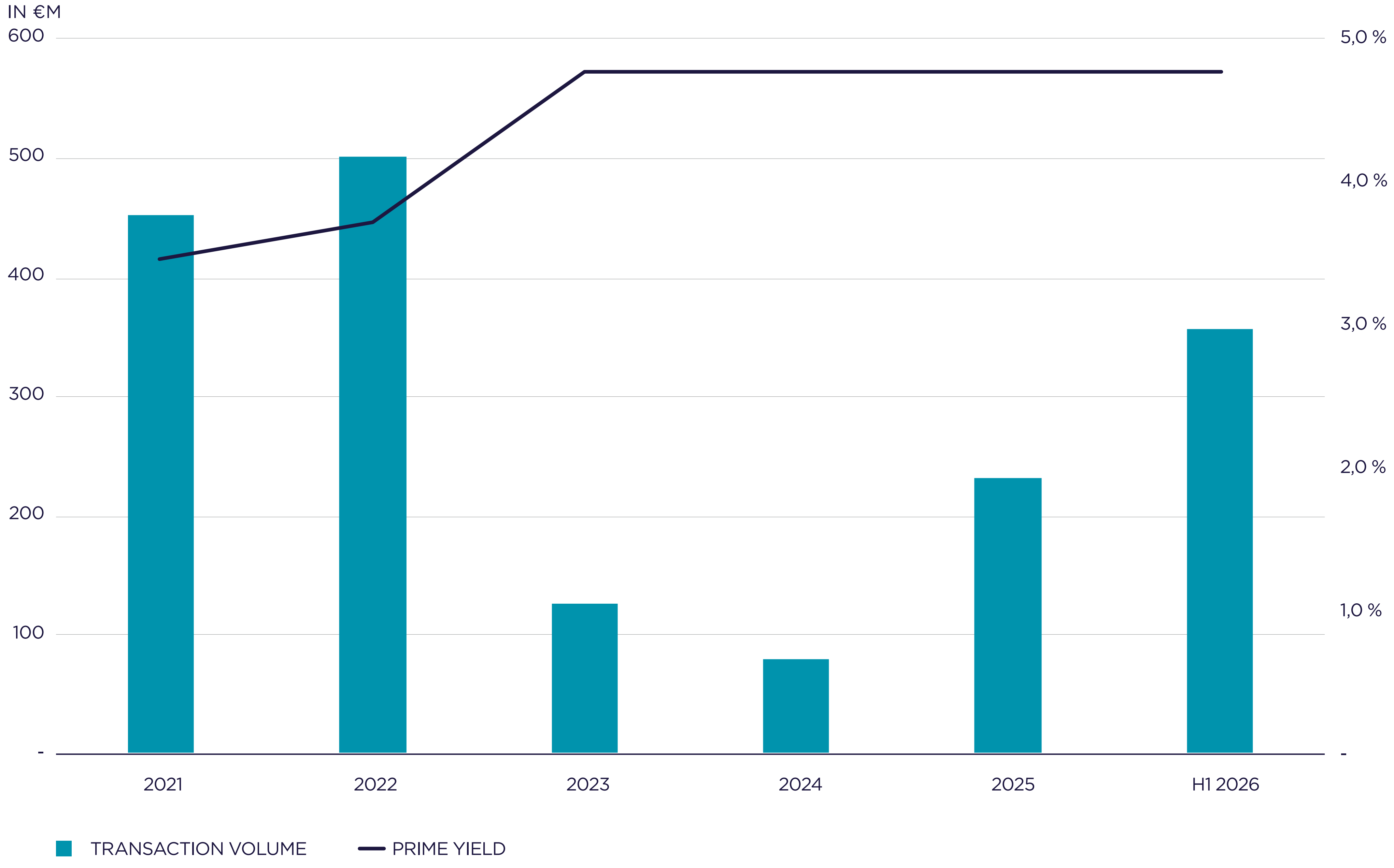
POSITIONING IN THE HEALTHCARE MARKET

Prime yields for outpatient medical care facilities stand at approximately 4.75 per cent, broadly in line with senior living and below those for care homes at around 5.1 per cent. This reflects high-quality locations, a tenant mix that helps reduce risk, and strong demand.

APPROX.
€356M
TRANSACTION VOLUME IN OUTPATIENT MEDICAL CARE (H1 2026)

4.75%
PRIME YIELD FOR MEDICAL OFFICE BUILDINGS

TRANSACTION VOLUME AND PRIME YIELDS FOR MOBS



Quelle: Cushman & Wakefield, 2026

03

PREVENTIVE CARE & REHABILITATION FACILITIES

As part of Germany's inpatient healthcare system, preventive and rehabilitation facilities have increasingly emerged as a distinct asset class. Similar to nursing care and MOB properties, the segment benefits from structural drivers including demographic change, rising case numbers due to multimorbidity, and strong health policy support based on the principle of “Rehabilitation before Retirement, Rehabilitation before Care Dependency.

FUNDING STRUCTURE FUNDING FOR MEDICAL SERVICES IS PROVIDED THROUGH A MULTI-PAYER SYSTEM

THE FUNDING OF PREVENTIVE AND REHABILITATION SERVICES DEPENDS ON BOTH THE OBJECTIVE OF THE TREATMENT AND THE UNDERLYING CAUSE OF THE ILLNESS OR CONDITION.

GERMAN STATUTORY PENSION INSURANCE

Responsible for funding rehabilitation programmes aimed at restoring an individual's ability to work. It is the largest single operator of rehabilitation facilities in Germany.

GERMAN STATUTORY ACCIDENT INSURANCE

Acts as the funding body for occupational diseases and workplace accidents, with a focus on specialist accident hospitals and trauma rehabilitation services.

STATUTORY HEALTH INSURANCE FUNDS

Fund rehabilitation measures designed to prevent long-term disability and to support patients in managing the consequences of illness through medical rehabilitation.

REGULATORY FRAMEWORK

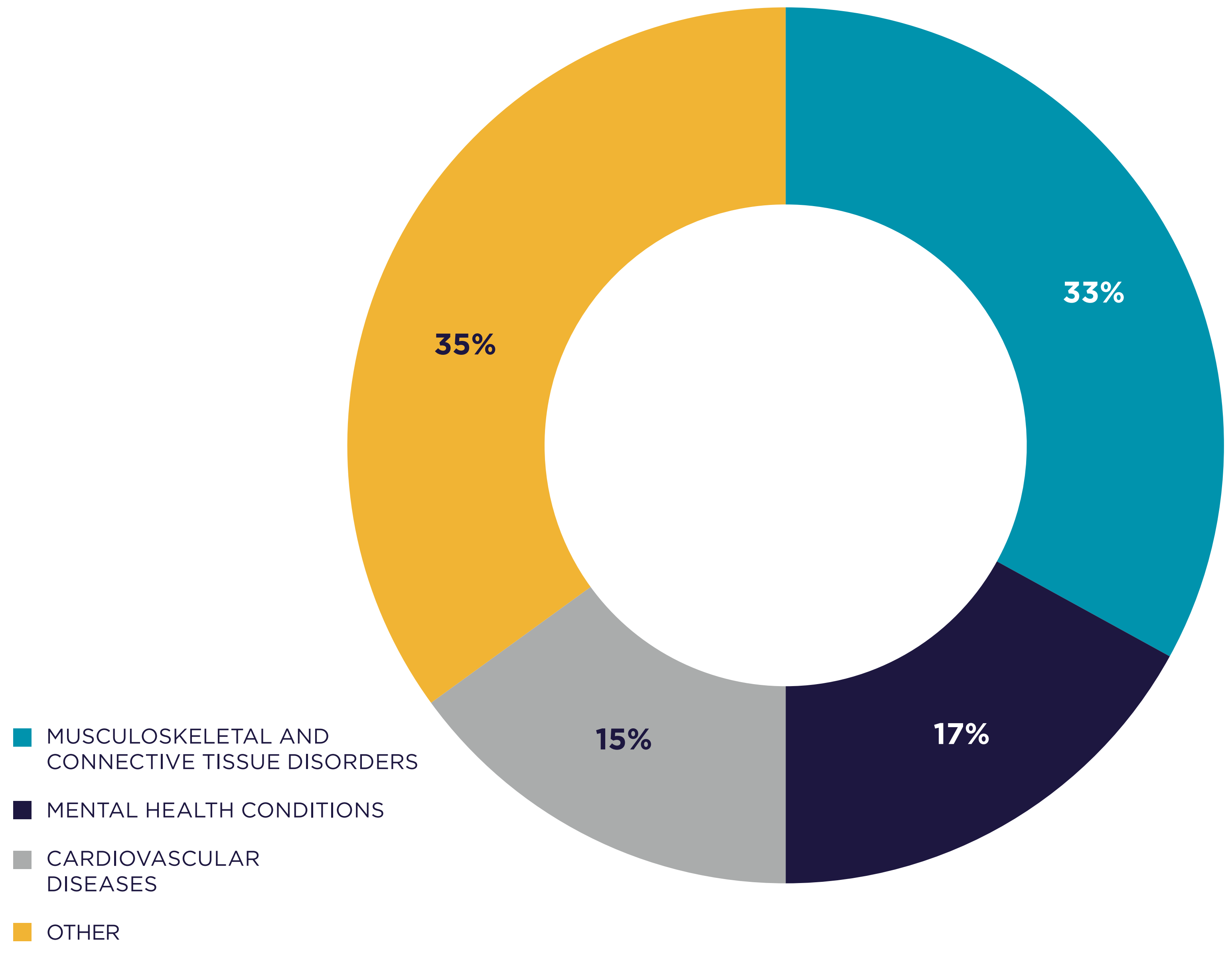
Under Section 2 (1) of the German Hospital Financing Act (KHG), rehabilitation and preventive care facilities are legally classified as hospitals and form part of the inpatient healthcare infrastructure. Pursuant to Section 111 of Book V of the German Social Code (SGB V), facilities are categorised according to their licensing status, either with or without a care contract, and by ownership type as public, not-for-profit or private institutions.

CASE NUMBERS & INDICATIONS
DEMOGRAPHIC CHANGE IS A KEY GROWTH DRIVER FOR INPATIENT MEDICAL CARE

APPROX.
1.9M
PATIENTS TREATED IN PREVENTIVE CARE AND REHABILITATION FACILITIES

54%
OF PATIENTS ARE AGED OVER 65

REHABILITATION STAYS BY DIAGNOSIS: MOST COMMON CLINICAL INDICATIONS IN 2024



Source: Cushman & Wakefield, 2026

DEMAND FOR REHABILITATION IS STRONGLY AGE-DEPENDENT

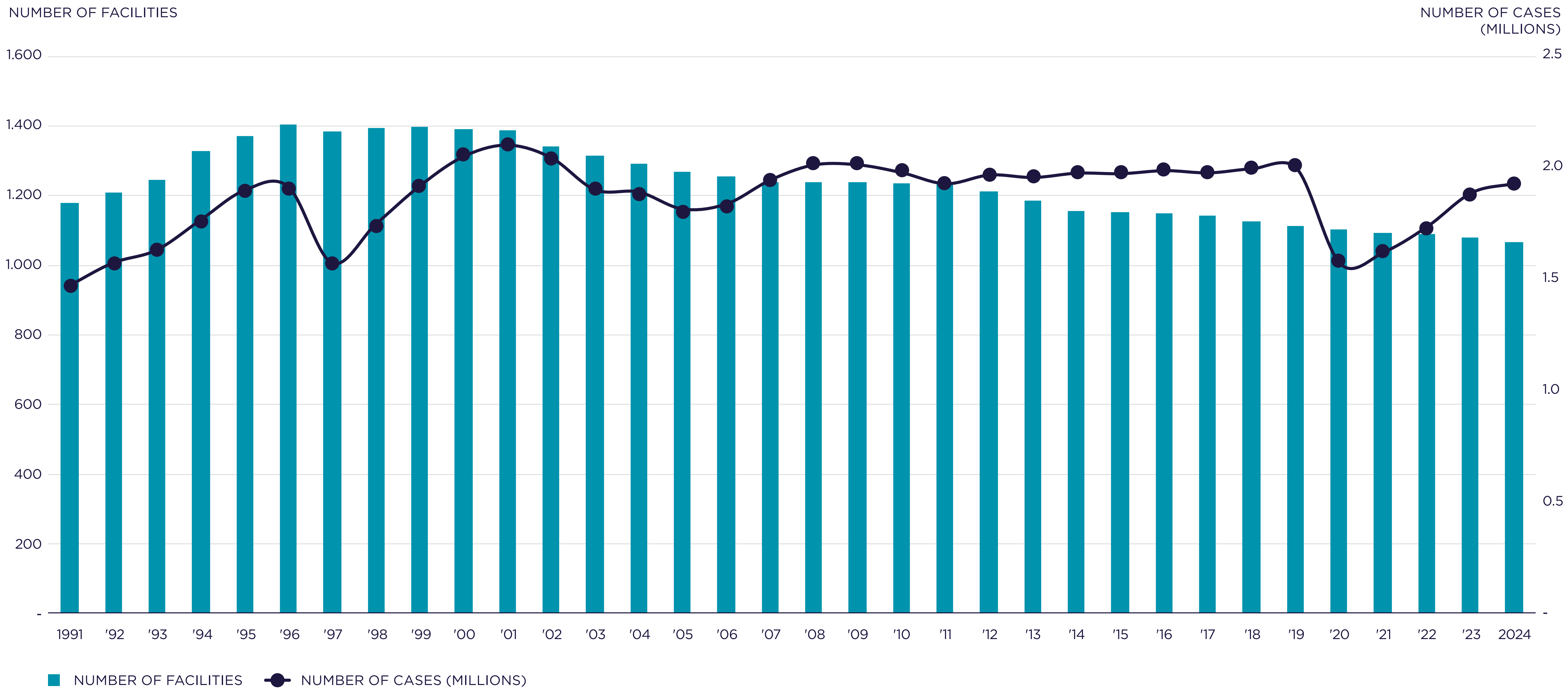
In 2024, approximately 1.9 million patients received inpatient treatment in rehabilitation and preventive care facilities across Germany. Individuals aged over 65 accounted for 54 per cent of all patients. As people age, both the frequency and intensity of rehabilitation treatments increase. The rapidly expanding over-65 population therefore represents a solid foundation for long-term growth in patient volumes.

MARKET DEVELOPMENT STRUCTURAL CHANGE IN THE REHABILITATION MARKET: FEWER FACILITIES, HIGHER OCCUPANCY LEVELS

- The Growth and Employment Promotion Act of 1996 initially resulted in a sharp decline in utilisation rates, as eligibility criteria were tightened and treatment durations were capped at three weeks.
- Over time, this led to consolidation across the rehabilitation facility landscape, while both patient volumes and utilisation rates increased.
- Today, fewer facilities are treating a greater number of patients, supported by rising occupancy levels.
- The temporary decline in patient numbers and occupancy caused by the pandemic has been gradually absorbed, with the market now exhibiting clear positive momentum.

The German rehabilitation market is characterised by long-term consolidation of facility stock alongside increasing patient numbers and occupancy rates, a combination that provides strong structural support for the asset class.

DEVELOPMENT OF THE NUMBER OF PREVENTIVE CARE AND REHABILITATION FACILITIES AND PATIENT CASES



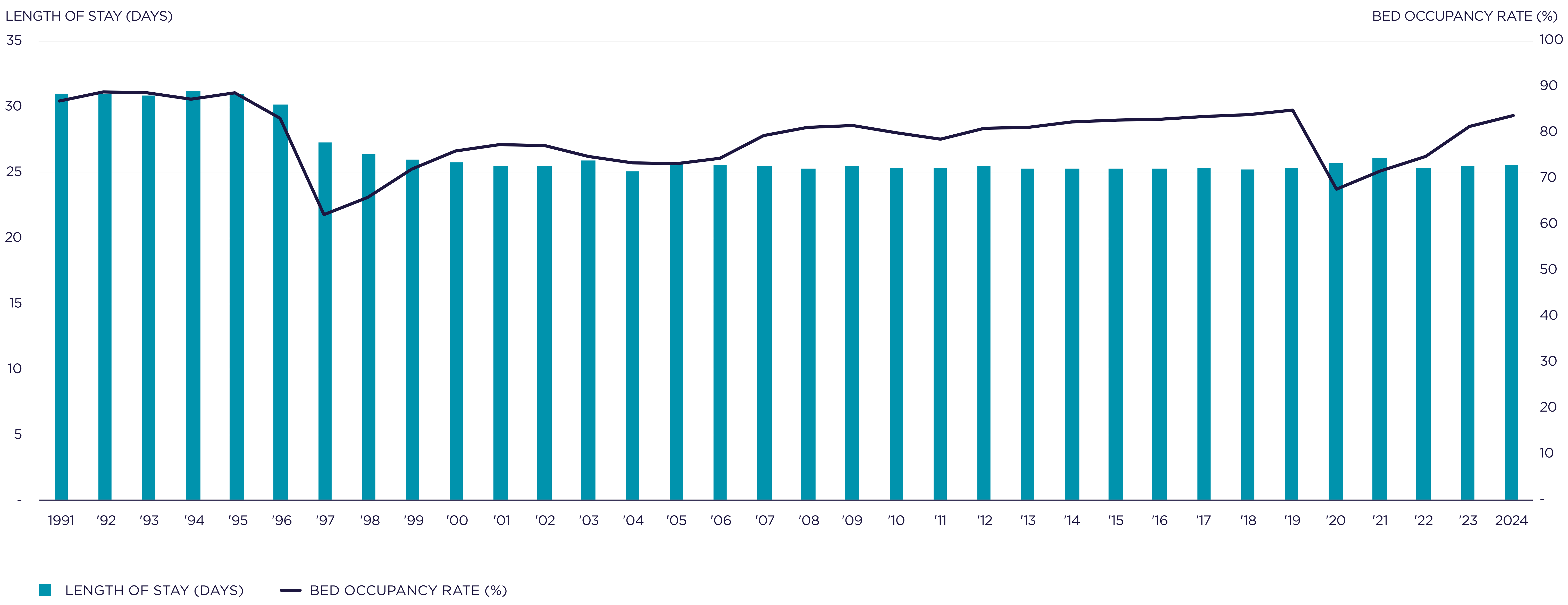
Source: Cushman & Wakefield, 2026

TREND
OCCUPANCY AND LENGTH OF STAY REMAIN STABLE

- Following the impact of the 1997 Growth and Employment Promotion Act, bed occupancy rates have gradually recovered.
- Occupancy levels have returned to approximately 84%, broadly in line with pre-pandemic levels.
- Average length of stay has remained relatively stable since 2001 at approximately 25.5 days.
- Demand for rehabilitation services is once again showing sustained growth.

From a healthcare policy perspective, the rehabilitation sector benefits from a strong emphasis on prevention and early intervention. The principles of "rehabilitation before retirement" and "rehabilitation before long-term care" are embedded within the decision-making frameworks of social insurance bodies and have a direct impact on approval rates and patient volumes.

AVERAGE LENGTH OF STAY AND BED OCCUPANCY RATES IN REHABILITATION FACILITIES OVER TIME



Source: Cushman & Wakefield, 2026

TRANSACTION MARKET & INVESTMENT OUTLOO STRUCTURALLY GROWING DEMAND AND ATTRACTIVE YIELDS

- Transaction volumes remain structurally low (H1 2026: €444 million, driven by a large portfolio transaction; average annual volume between 2021 and 2025: €159 million), reflecting limited availability rather than a lack of investor demand.
- Large-scale portfolio transactions are uncommon, with the market primarily characterised by smaller single-asset transactions.
- Demand from institutional investors continues to grow, supported by the sector's defensive characteristics and favourable long-term demand dynamics.
- Joint venture structures and forward-funding transactions offer additional return enhancement opportunities.

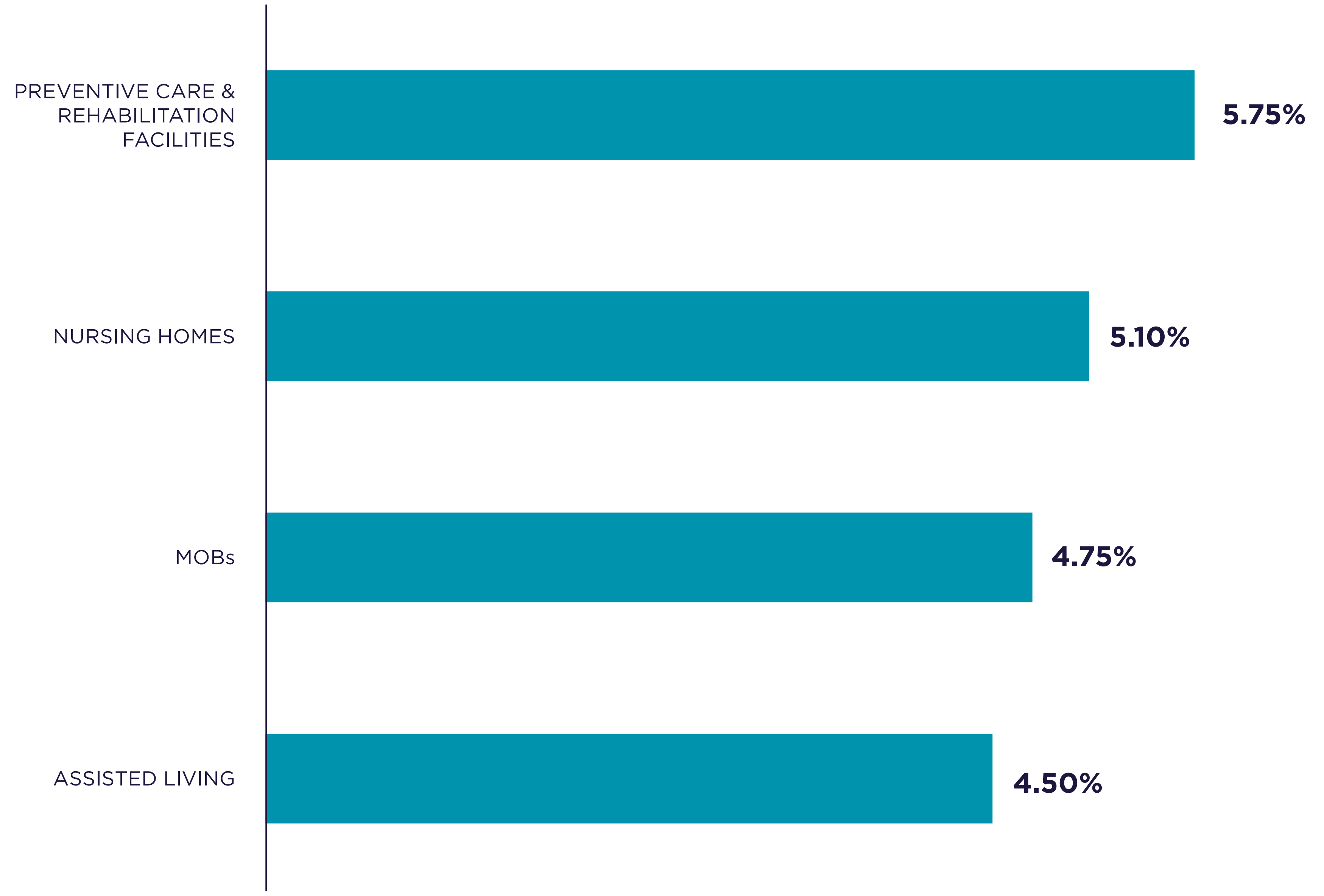
The rehabilitation sector combines structurally expanding demand, a resilient and largely non-cyclical demand base, strong healthcare policy support, and a persistent shortage of available investment product, all of which contribute to yield stability. Although market liquidity is lower than in the care home sector, this scarcity creates attractive risk-adjusted returns for long-term investors.

5.75%

PRIME YIELD FOR PREVENTIVE CARE & REHABILITATION FACILITIES

Prime assets – highest prime yield among the major healthcare property sectors

YIELD COMPARISON ACROSS HEALTHCARE REAL ESTATE ASSET CLASSES



Source: Cushman & Wakefield, 2026

CONCLUSION & OUTLOOK

HEALTHCARE REAL ESTATE: AN ASSET CLASS WITH STRONG FUTURE PROSPECTS

NURSING CARE & ASSISTED LIVING

- The capacity shortfall is increasing pressure to invest in existing properties.
- Further consolidation is evident across the operator market.
- Assisted Living is gaining strategic importance as a hybrid solution between independent living and care provision.

OUTPATIENT MEDICAL CARE

- A significant increase in transaction activity is anticipated.
- Forward deals provide timely access to newly built assets, development projects, and property conversions .
- A growing number of specialist outpatient healthcare funds are emerging as an additional source of capital.

PREVENTIVE CARE & REHABILITATION FACILITIES

- Limited supply continues to support yield stability.
- Defensive characteristics make the sector an attractive portfolio diversifier.
- Ongoing market consolidation is creating acquisition opportunities.

Healthcare real estate is among the most structurally attractive asset classes within the German property market. Demand drivers are long term, firmly rooted in demographic trends and largely insulated from economic cycles. At the same time, the supply of investable assets remains constrained across all three sectors, creating an imbalance that supports yield stability and intensifies competition for high-quality product.

In the care sector, the widening capacity shortfall is expected to increase pressure to invest in existing assets, while consolidation among operators is set to continue. Assisted living remains strategically well positioned as a hybrid care model, balancing the desire for independence with the need for support. In the MOB segment, transaction volumes are expected to increase significantly as growing amounts of institutional capital enter the market as a new source of funding.

Over the medium term, institutional capital is expected to increase its investment across all three segments, driven by demographic change, an attractive risk-return profile, and growing ESG awareness within the market, which is placing increasing emphasis on social infrastructure. which is placing greater emphasis on social infrastructure investments. Key determinants of investment success will include operator quality, location selection and early market access. Investors entering the healthcare real estate market today are positioning themselves within a sector whose relevance will continue to strengthen in line with demographic change.

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THE HEALTHCARE REAL ESTATE MARKET AT A CLICK

Better never settles

CUSHMAN & WAKEFIELD

HEALTHCARE REAL ESTATE

AN ASSET CLASS ON THE RISE

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