



Real Estate Market Update

Healthcare and Senior Living

Rebecca Shafran



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world

AGENDA

01

Macroeconomic overview

02

Real Estate overview

03

Healthcare and Senior Living Real Estate

04

Discussion and Questions





MACRO- ECONOMIC OVERVIEW



AUTUMN BUDGET

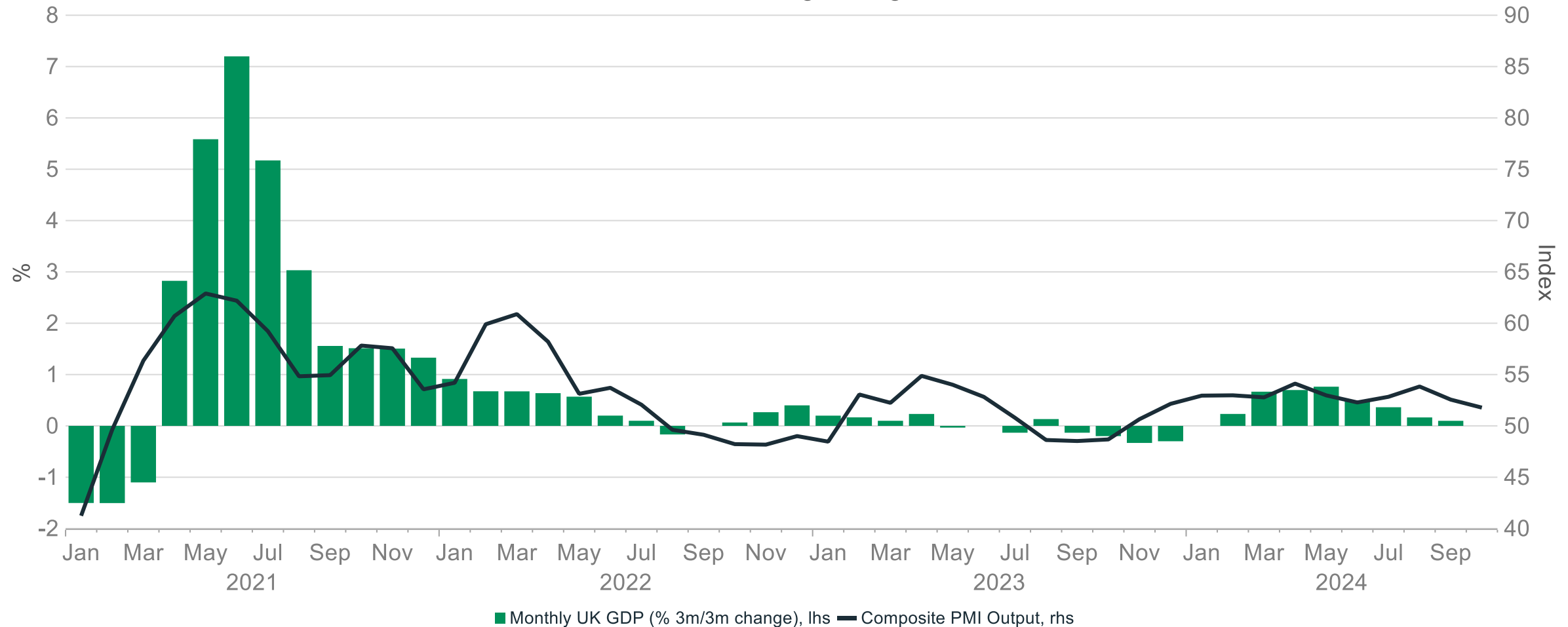
Increase to government spending and investment

Funded by higher taxes and borrowing

Implications for growth, inflation and interest rates

MODEST ECONOMIC GROWTH

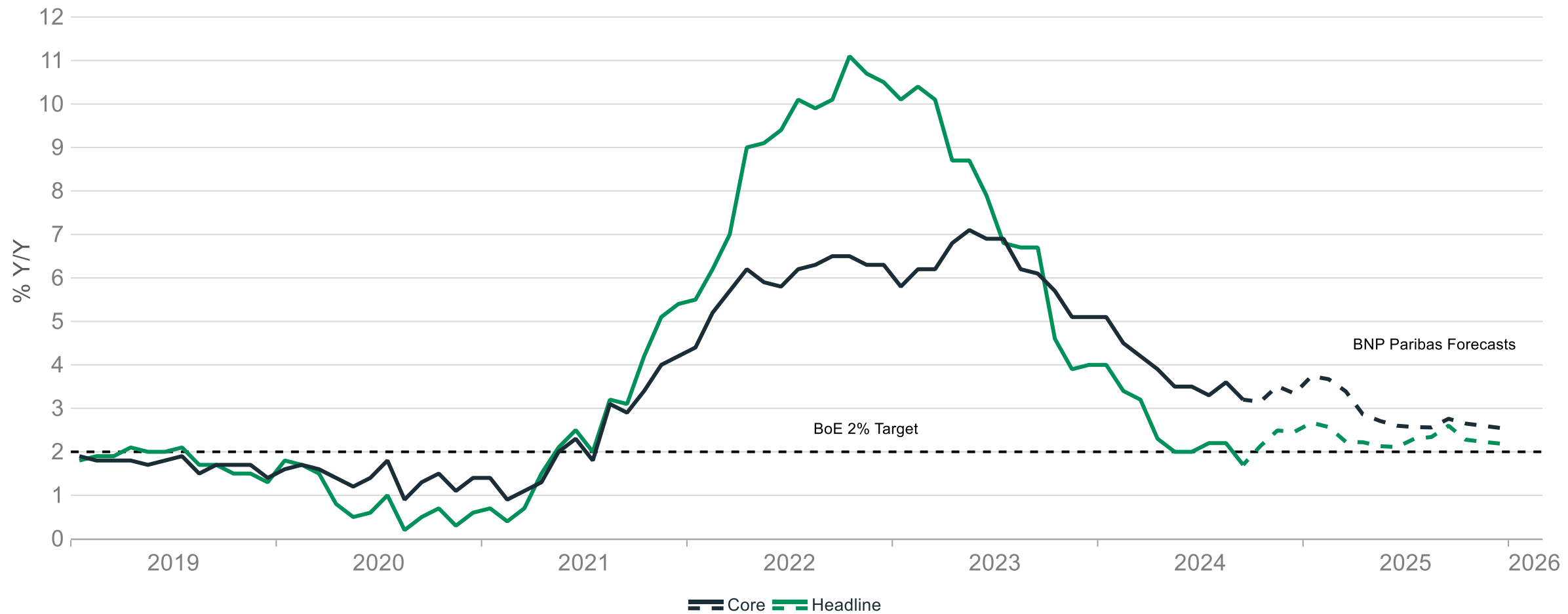
UK GDP & Purchasing Managers' Index



Sources: ONS, S&P Global, Macrobond

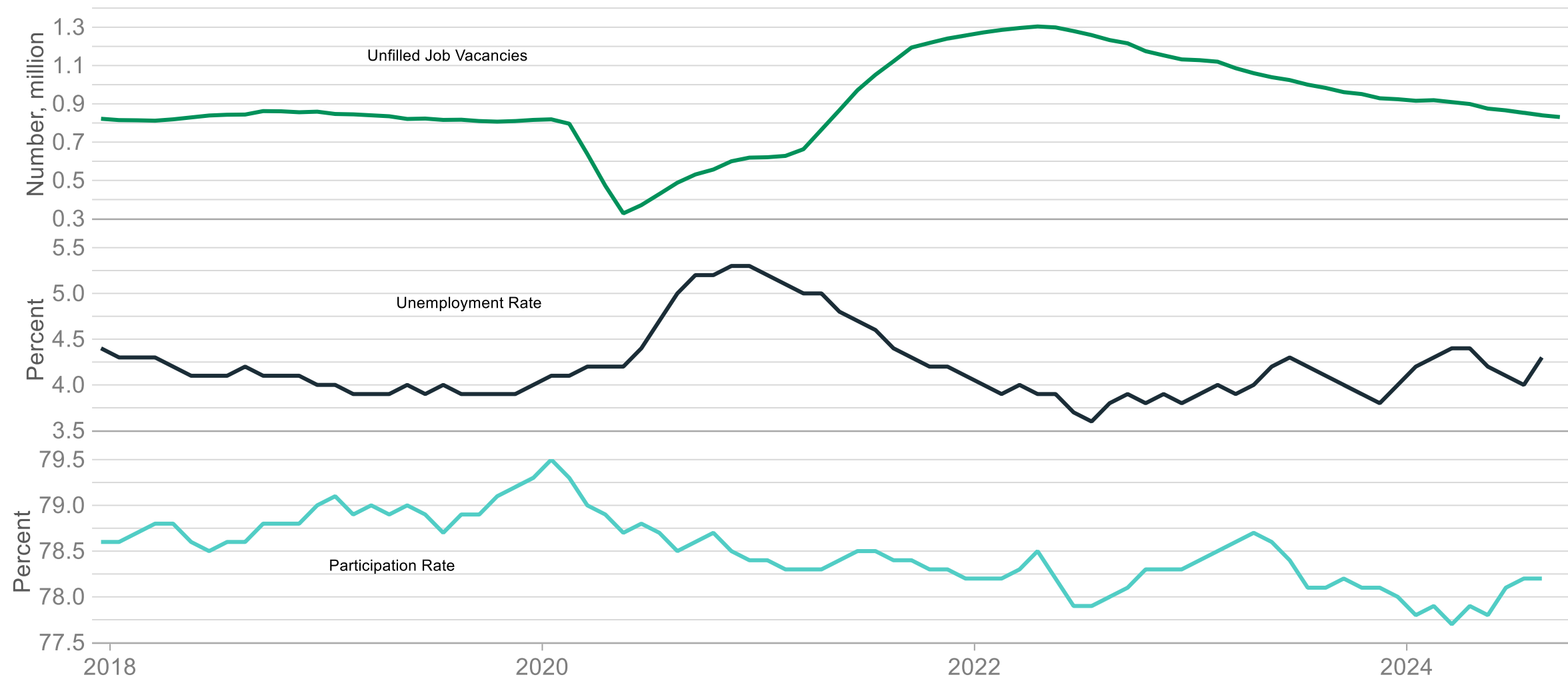
BUMPY LAST MILE FOR INFLATION

Headline & Core CPI Inflation



Sources: ONS, BNP Paribas, Macrobond

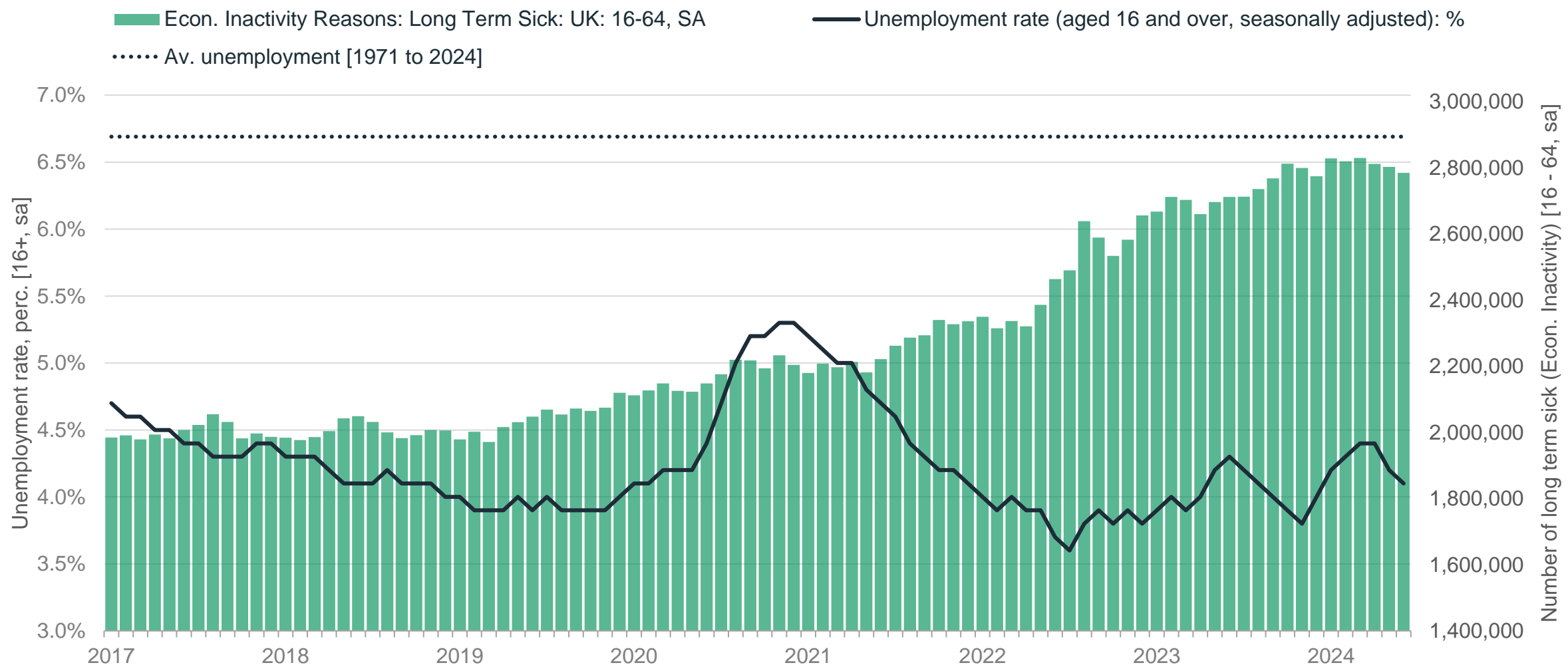
LABOUR MARKETS



Sources: ONS, Macrobond

ECONOMIC INACTIVITY: LONG-TERM SICK

1.5 M TO 2M ARE REPORTED TO HAVE LONG COVID SYMPTOMS



SOURCE: MACROBOND, ONS

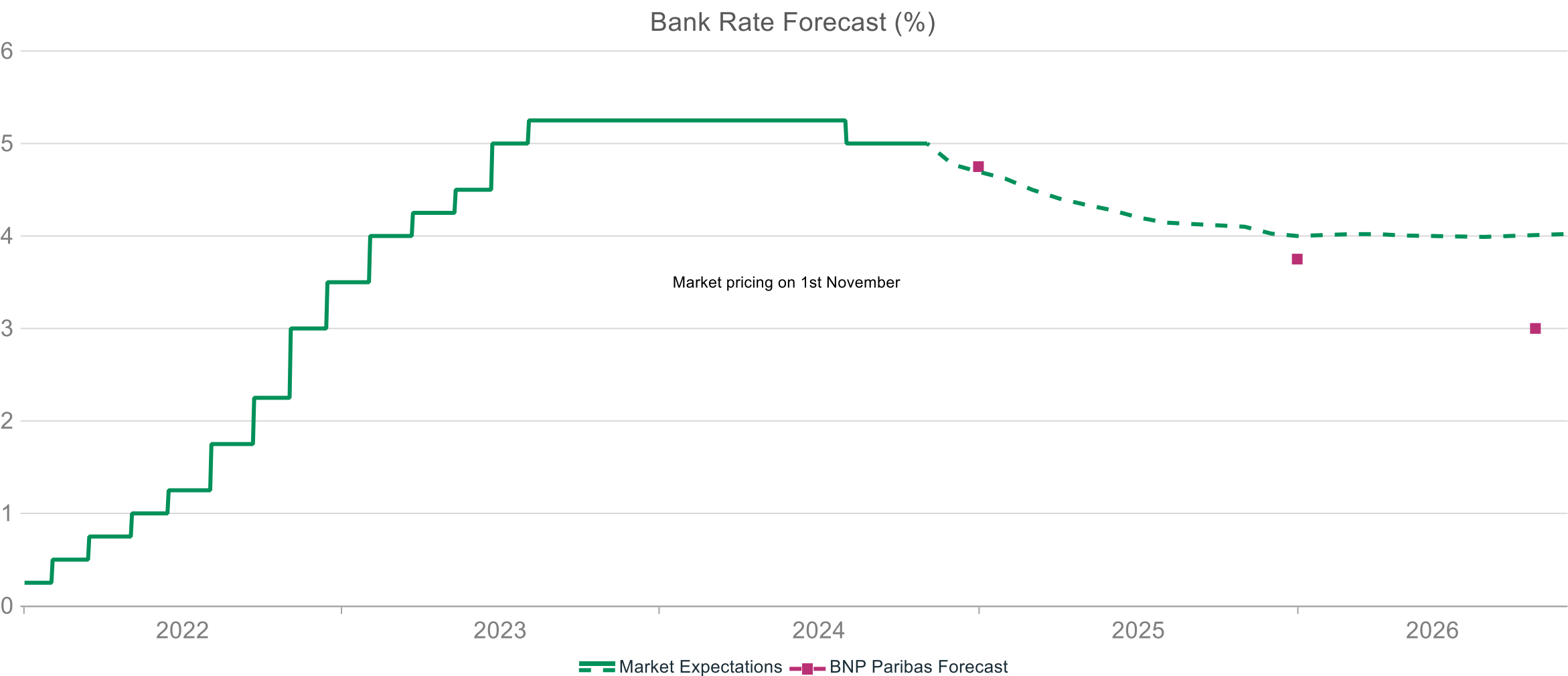
JOB VACANCIES IN HEALTHCARE

FALLING FROM AN ALL-TIME HIGH



Source: ONS

QUARTERLY PACE OF INTEREST RATE CUTS



Sources: BoE, BNP Paribas, Macrobond



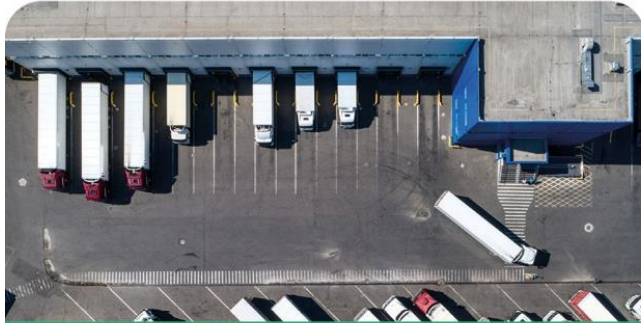
TRENDS IN REAL ESTATE



HEADWINDS, TAILWINDS, AND EVERYTHING INBETWEEN



INVESTORS FOCUS ON OPPORTUNITIES ACROSS SECTORS



TAKING COVER IN SHEDS



**DATACENTRES ARE
HEATING UP**



**FORMULA IS RIGHT FOR
LIFE SCIENCES**



THE DARLING SECTOR

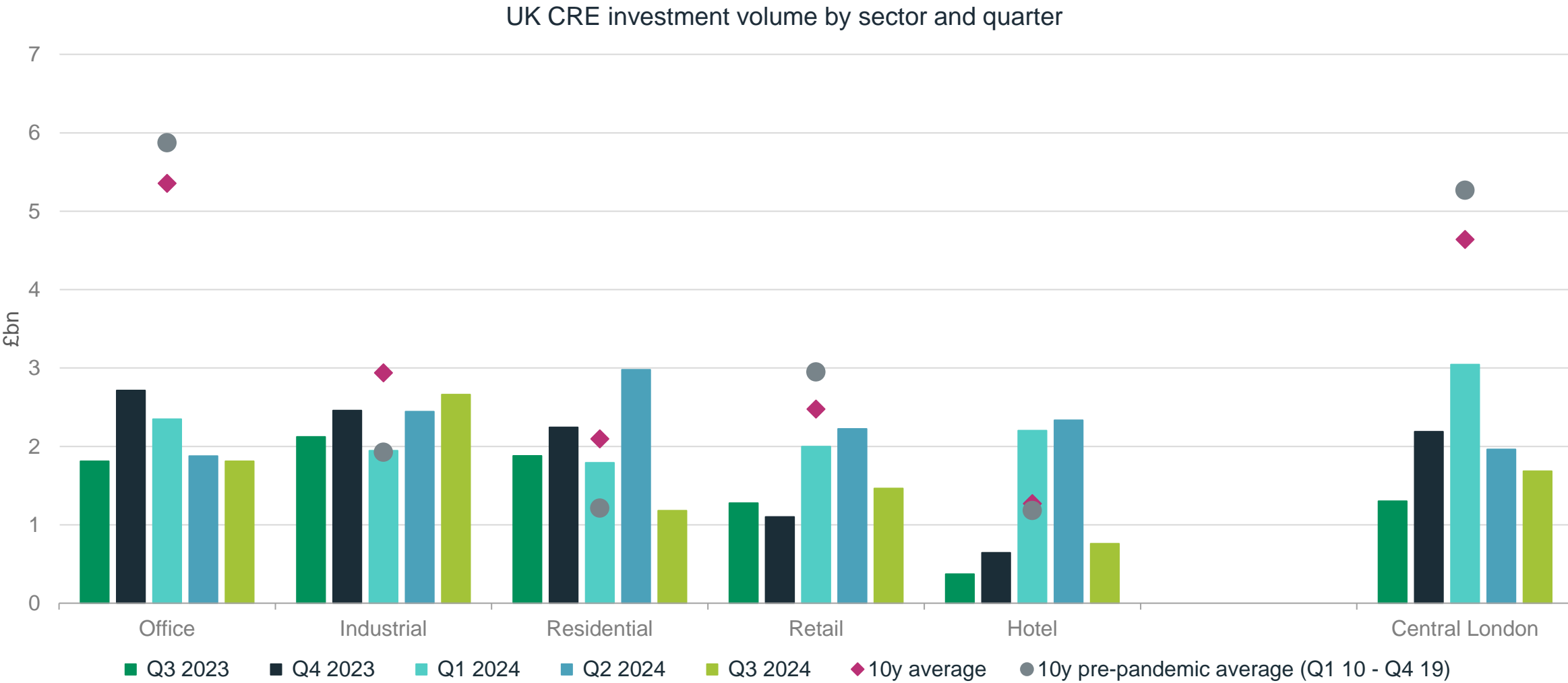


**NOT ALL OFFICES
ARE CREATED EQUAL**



MIXED BAG FOR RETAIL

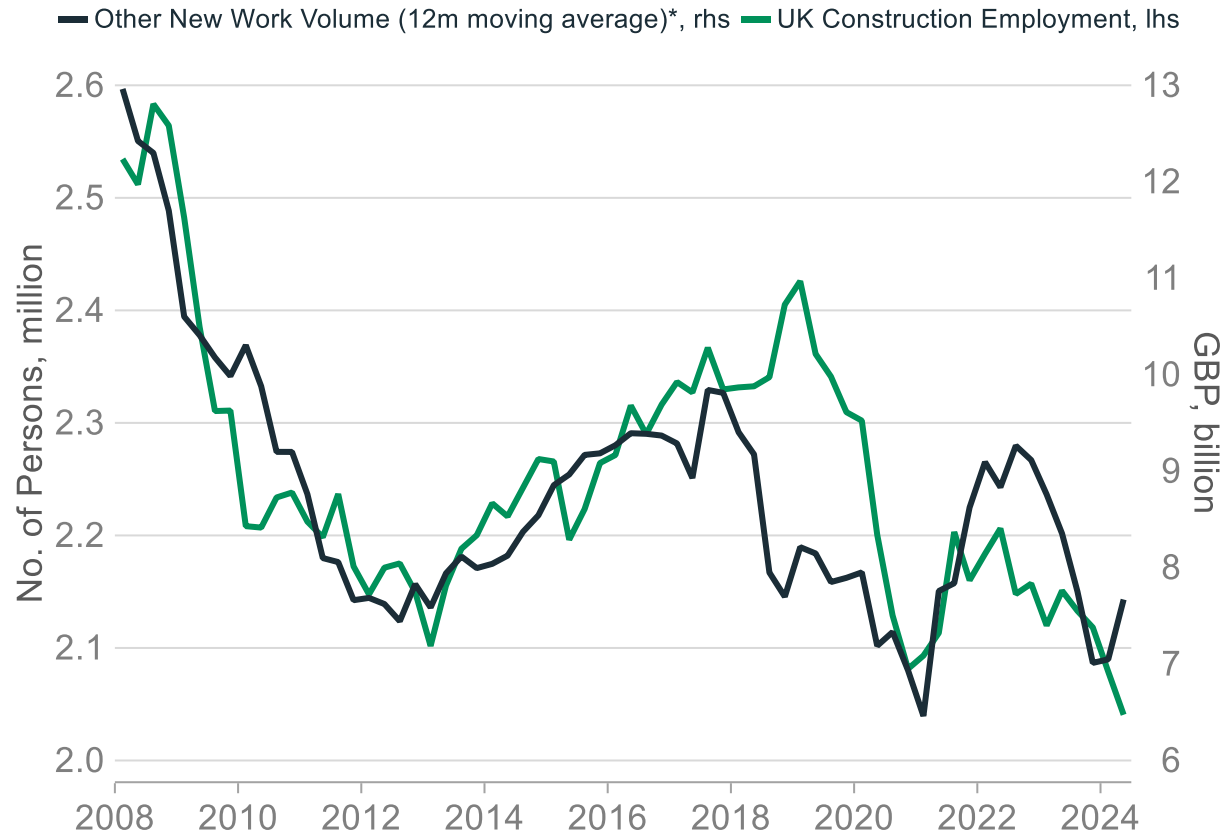
INVESTMENT VOLUME EASED IN MOST SECTORS IN Q3



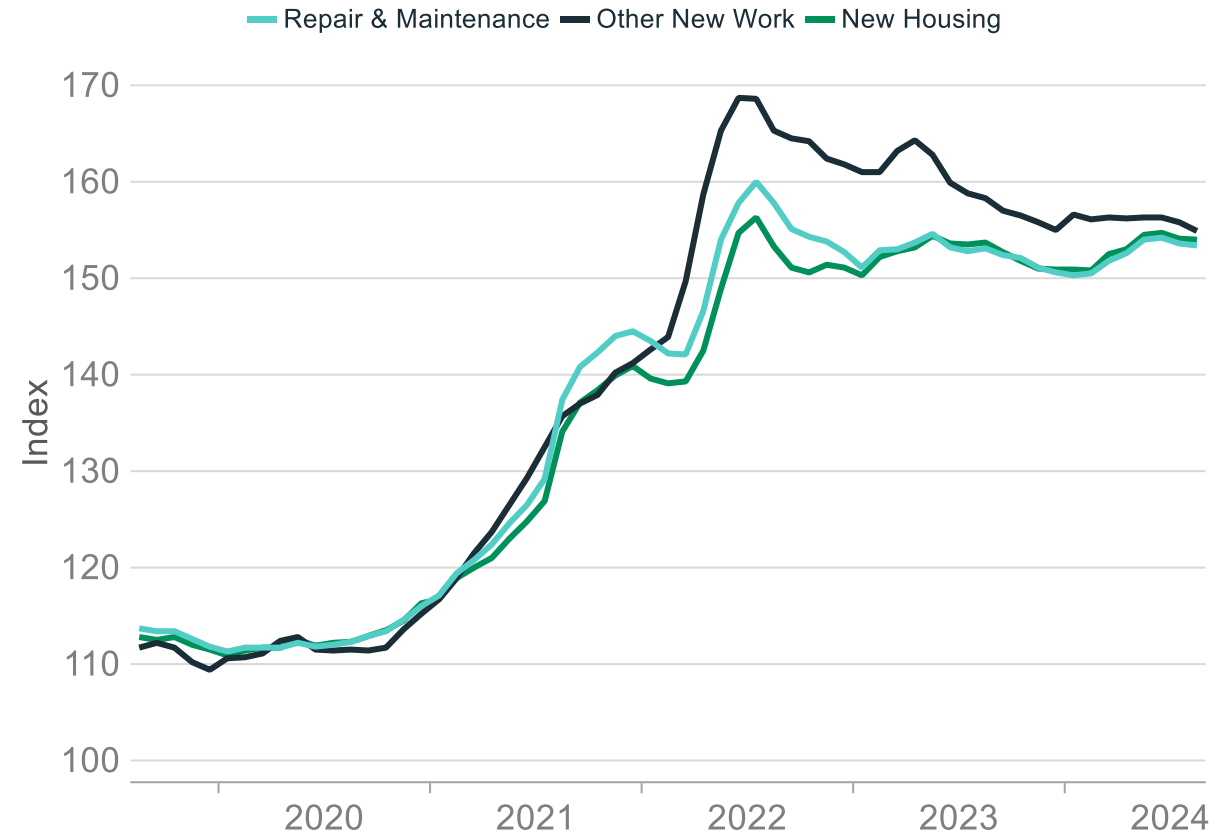
Source: BNP Paribas Real Estate, MSCI, Bank of England. Data as at 22.10.2024.

HIGH COSTS HAVE WEIGHED ON CONSTRUCTION ACTIVITY

UK Construction Indicators



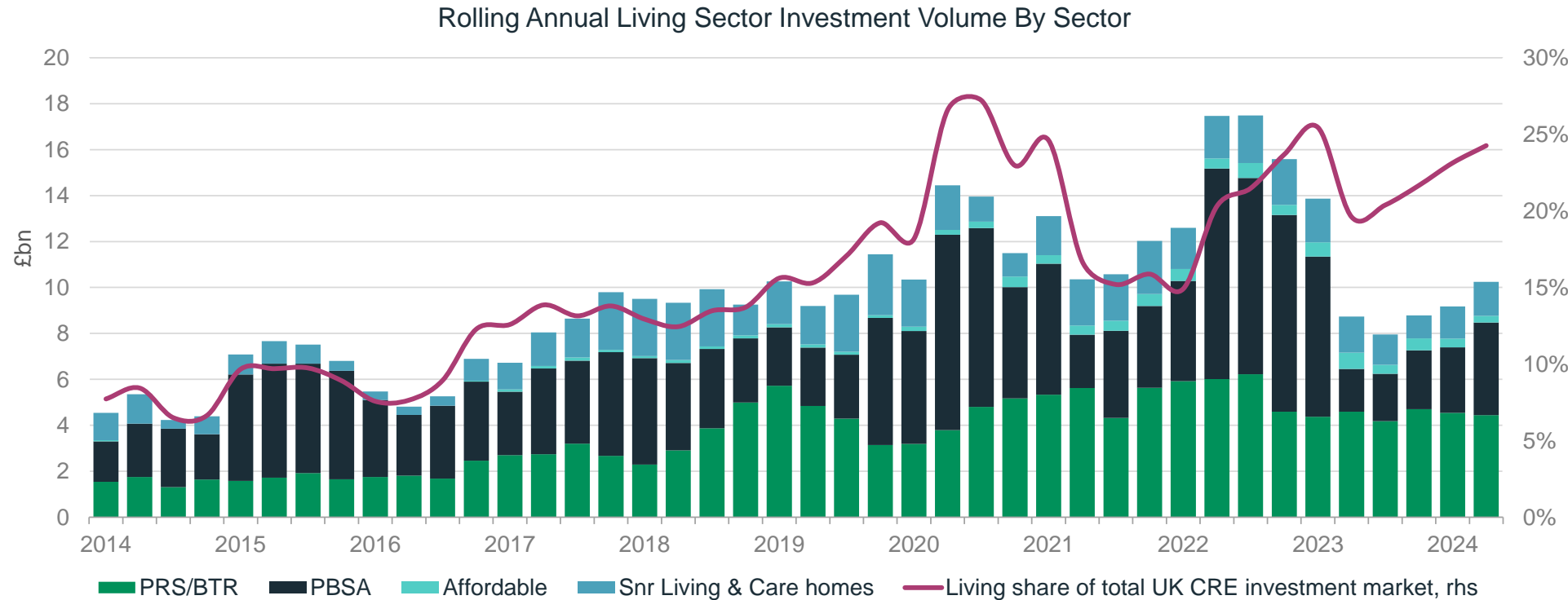
UK Construction Costs Indices



Source: ONS, UK Government, Macrobond. *Includes all construction projects except Housing.

UK LIVING SECTOR INVESTMENT VOLUME

EVOLUTION OF THE LIVING SECTORS



Source: BNP Paribas Real Estate, MSCI. Data as at 24.07.2024. Includes care homes



HEALTHCARE AND SENIOR LIVING REAL ESTATE



OPERATIONAL REAL ESTATE TO STAY TOP OF THE PACK

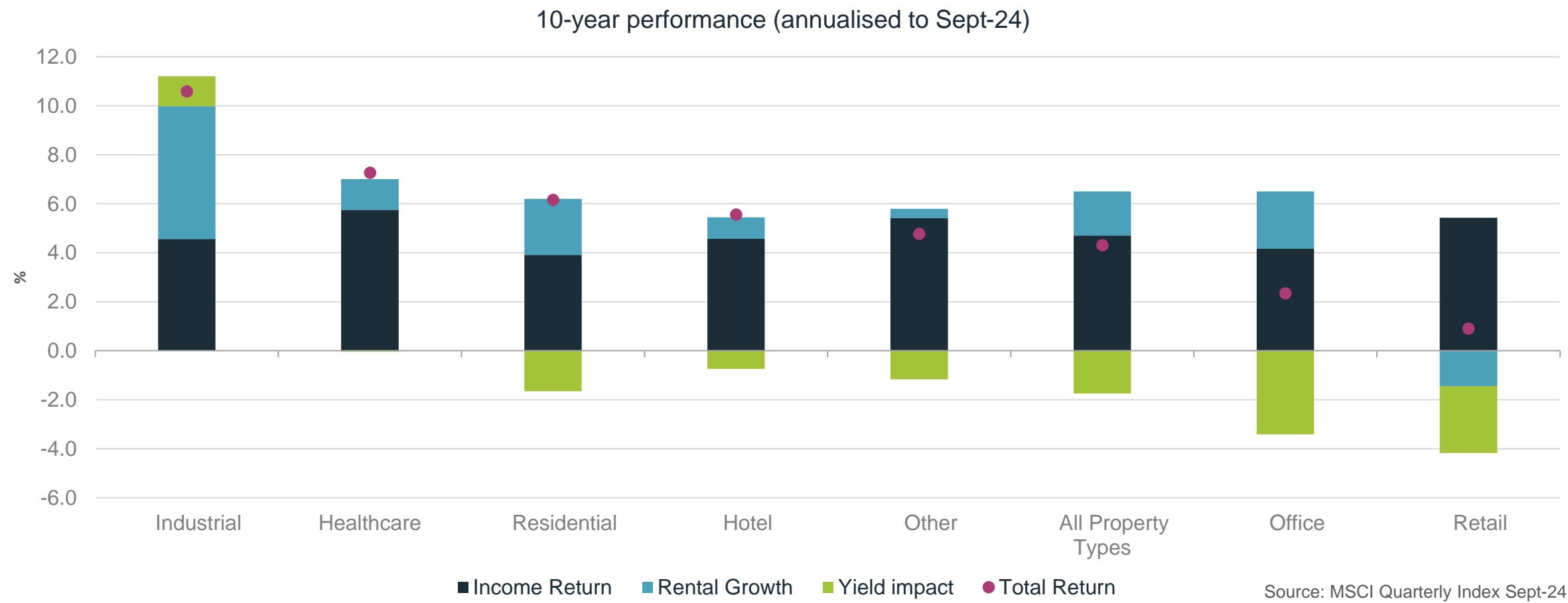
SECTOR PROSPECTS IN 2025

- A focus by investors on operational real estate away from traditional sectors
- Of the traditional real estate sectors, only industrial rank in top 15 sectors
- Beds-based asset classes dominate the top of the sector rankings

Rank	Sector
1	Data Centres
2	New Energy Infrastructure
3	Student Housing
4	Logistics.
5	Private rented residential
6	Self-storage facilities
7	Retirement/ Assisted Living
8	Co-living
9	Educational real estate
10	Serviced apartments
11	Affordable housing
12	Healthcare
13	Industrial/warehouse
14	Other storage facilities
15	Social housing

Source: PwC/ULI Emerging Trends Europe Survey, 2025

HEALTHCARE AS A TOP PERFORMING SECTOR

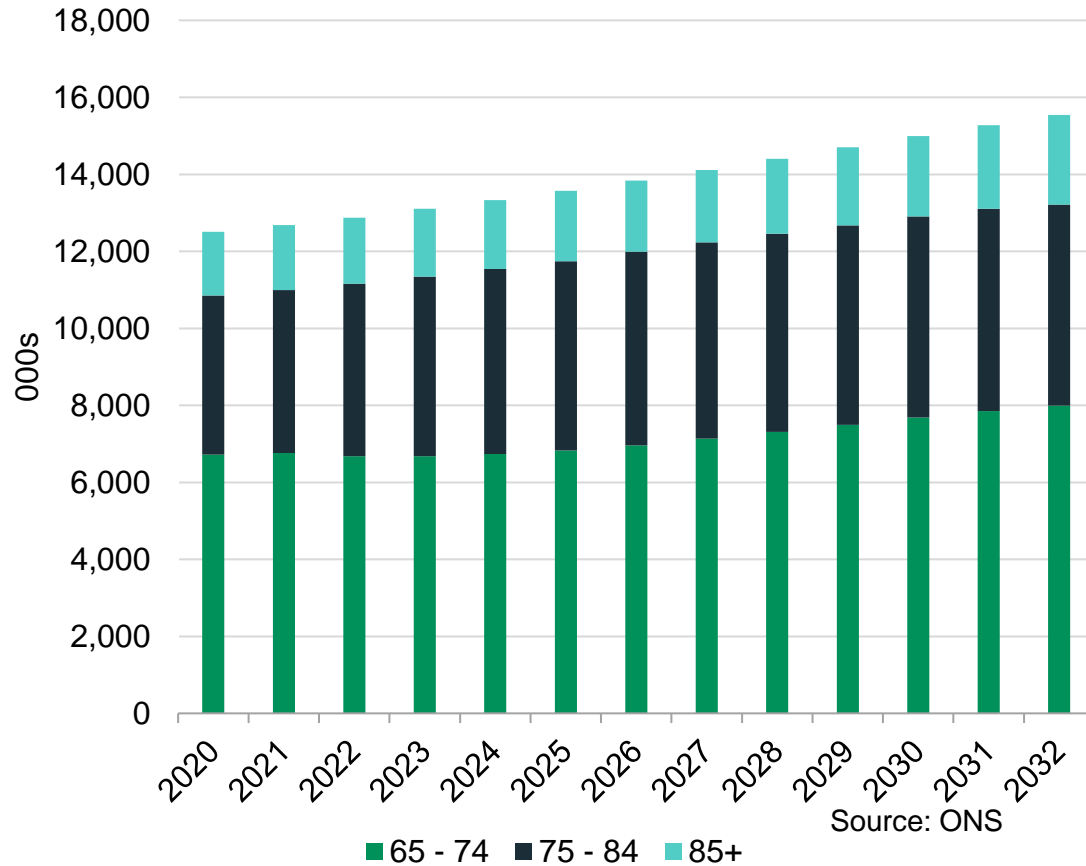


AN UNDENIABLE STORY OF DEMOGRAPHICS

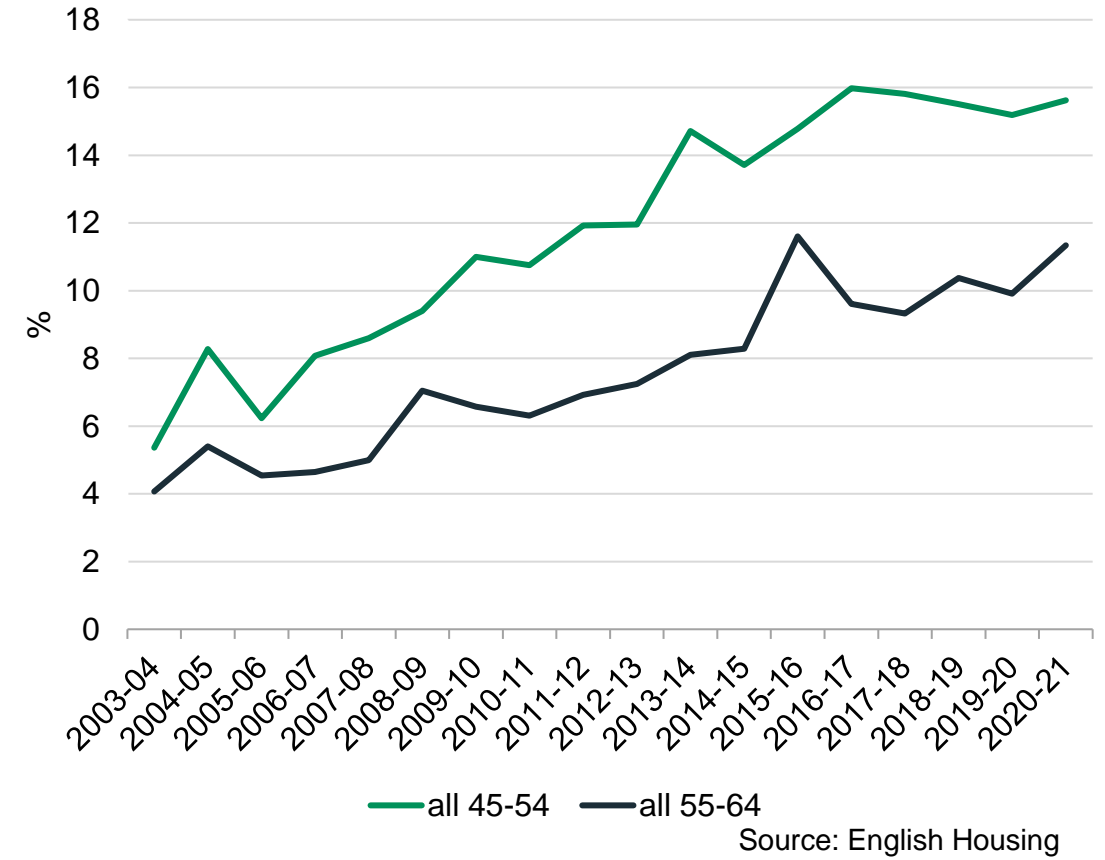


DEMOGRAPHIC TRENDS AND LIFESTYLE CHANGES DRIVING INVESTMENT INTO OPERATIONAL REAL ESTATE

ONS Population Projections

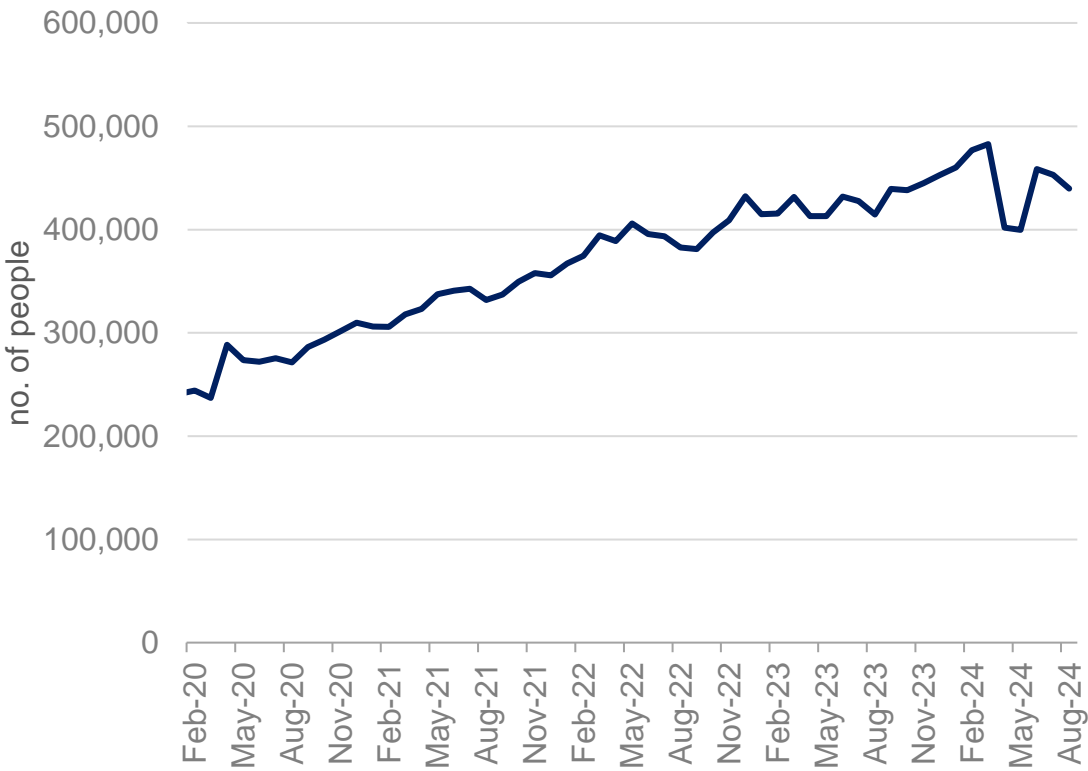


Changing tenure trends: Private renters



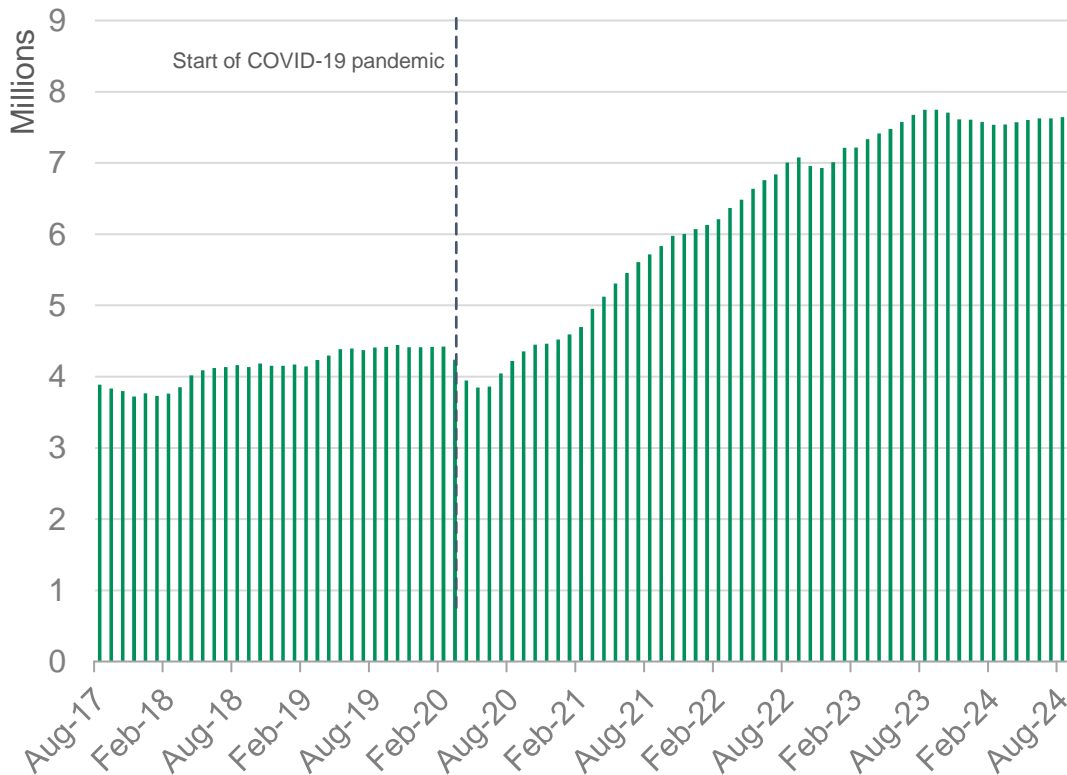
CHALLENGES IN NHS ARE DRIVING DEMAND FOR PRIVATE HEALTHCARE SERVICES

No. of ppl. in contact with child and young people's mental health services



Source: BMA

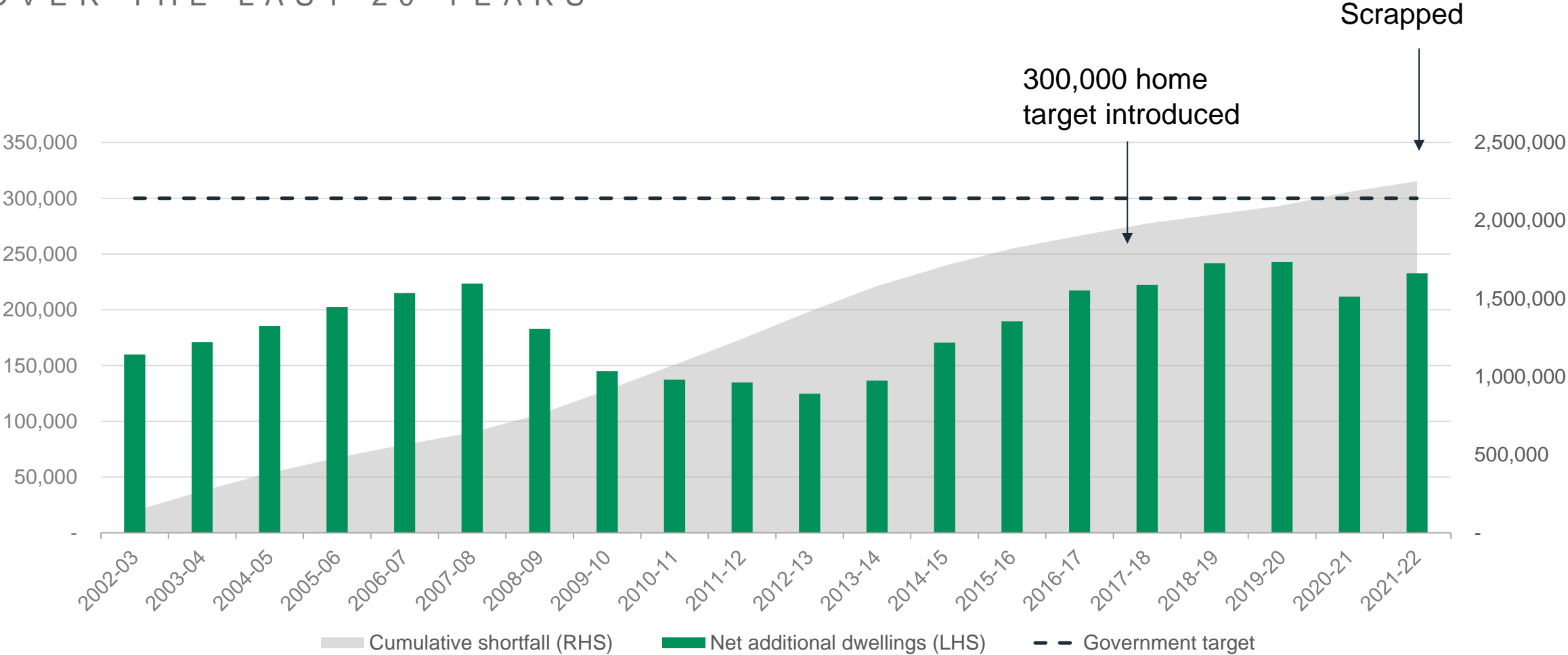
No. of ppl. On NHS waiting lists for consultant-led elective care



Source: NHS England

AN IMPLIED 2.3M SHORTFALL IN NEW HOUSING SUPPLY

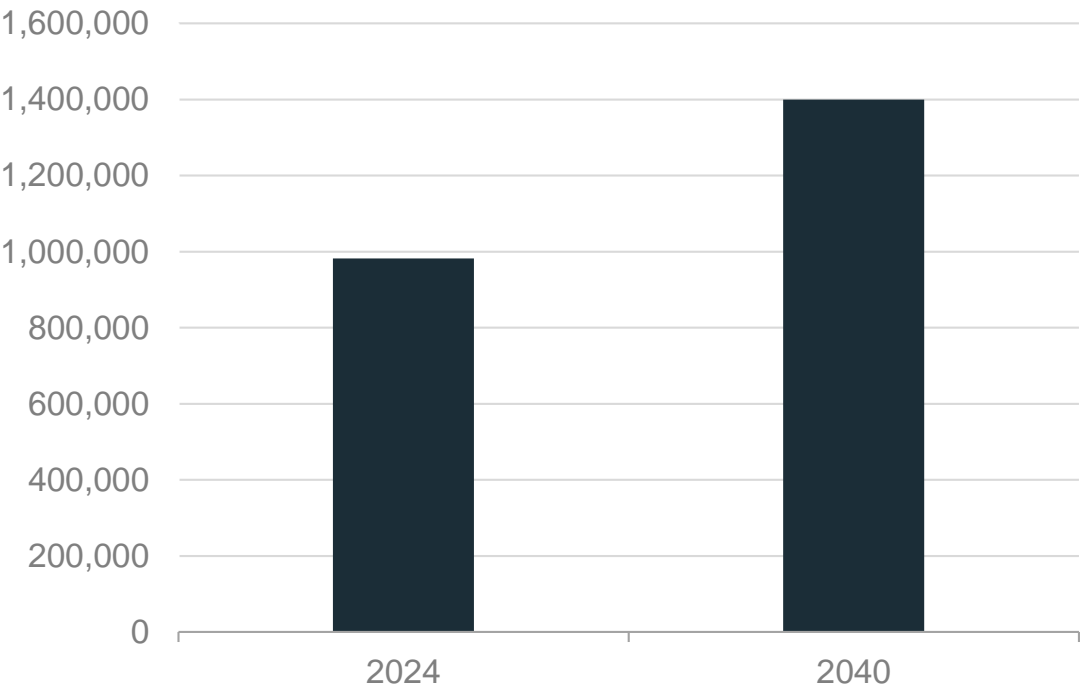
OVER THE LAST 20 YEARS



Source: DLUHC, BNPPRE

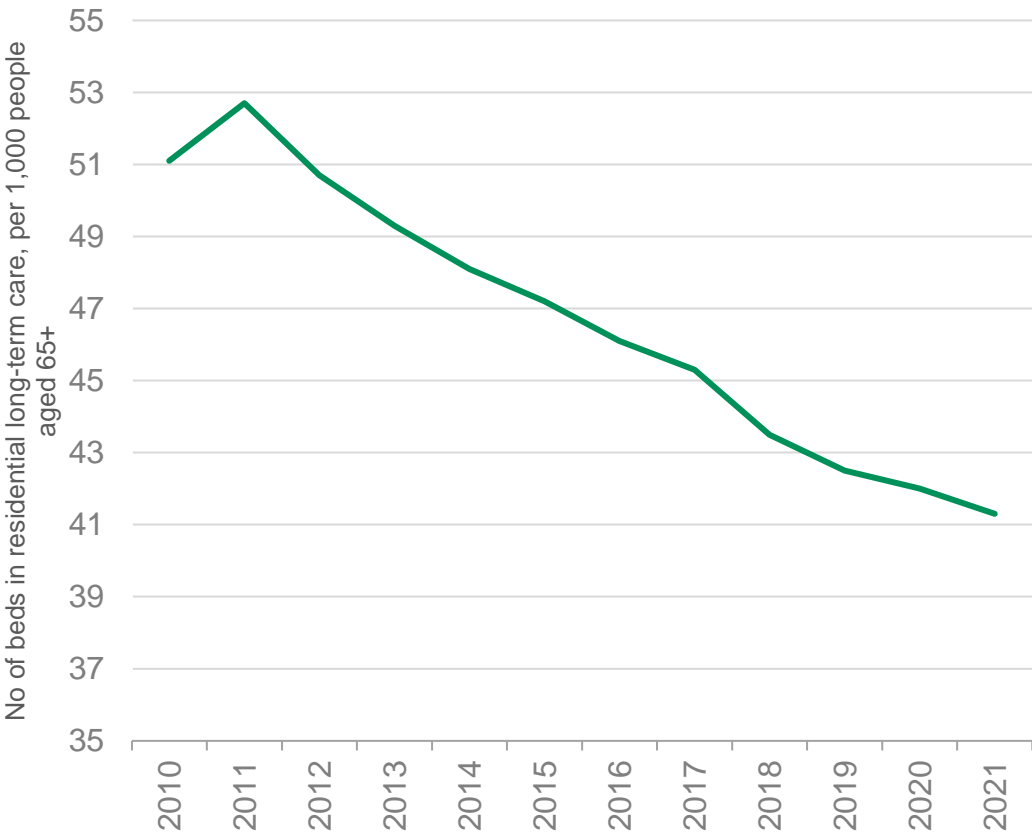
AGEING POPULATION AND DEMENTIA TRENDS DRIVING DEMAND FOR CARE AND NURSING HOMES

No. of ppl. living in the UK with dementia



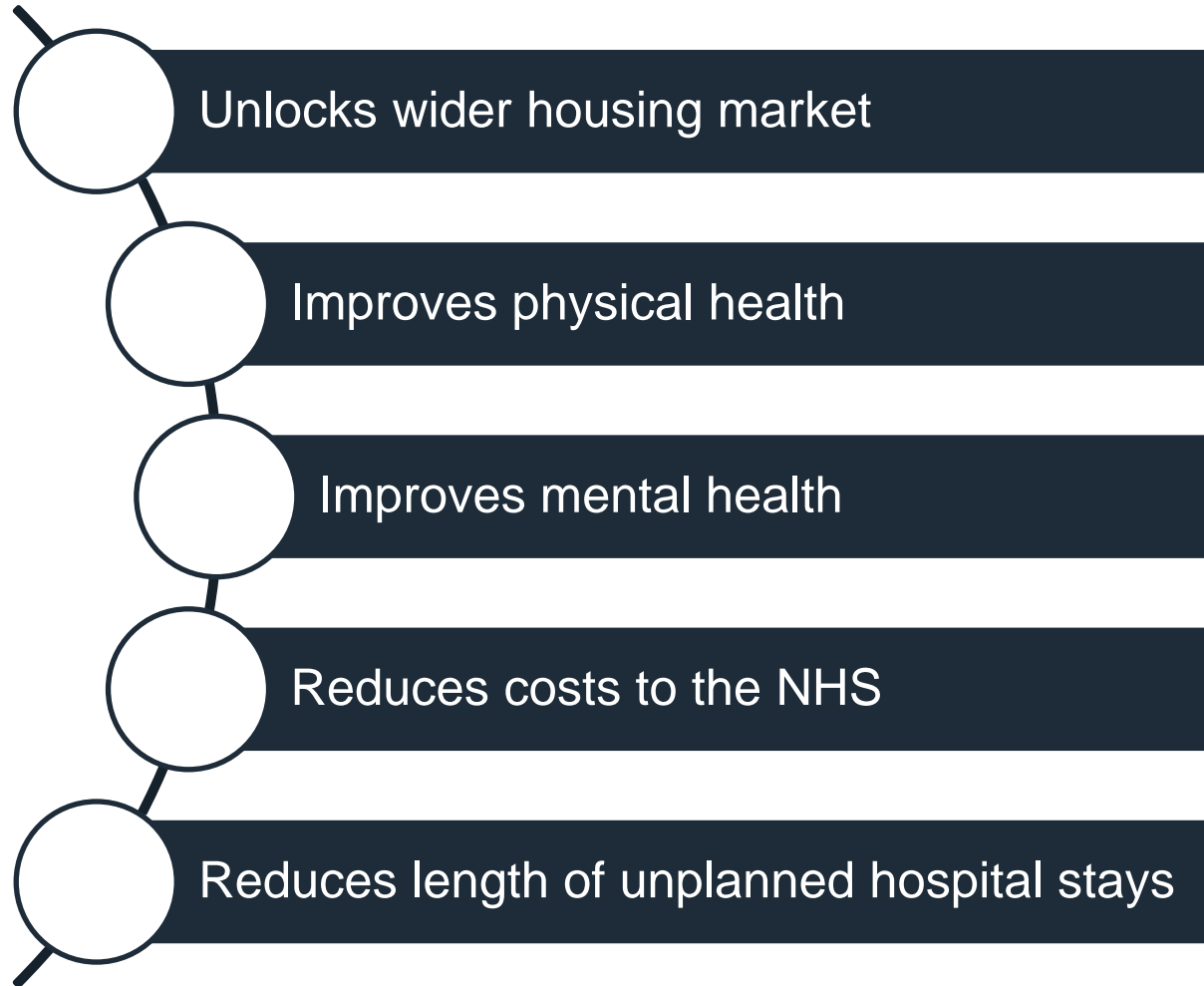
Source: dementiastatistics.org

UK Care home beds per 1,000 people aged 65+



Source: OECD

THE NEED FOR RETIREMENT COMMUNITIES HAS BEEN RECOGNISED WITH ITS FAR REACHING BENEFITS



SOURCE: ARCO, BRE

SECTOR CHALLENGES

- Labour – recruitment and retention.
 - Healthcare sector is competing for staff in terms of both recruitment and retention, with other sectors including hospitality and logistics
- A lack of quality stock of care homes in the right locations and older stock is not being replaced quick enough
 - From a developer perspective, rising construction costs alongside rising cost of debt has impacted on the viability of some developments across all sectors.
 - Investors are also competing for land against, for example, house builders or the logistics sector
- Challenges around planning particularly for retirement living that does not have its own use class – C2 or C3 – this also impacting on viability in some scenarios
- Education piece for local authorities to understand what the benefits are of building quality homes for older people



DISCUSSION AND QUESTIONS



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THANK YOU



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