

# Managing health and care for sustainable performance

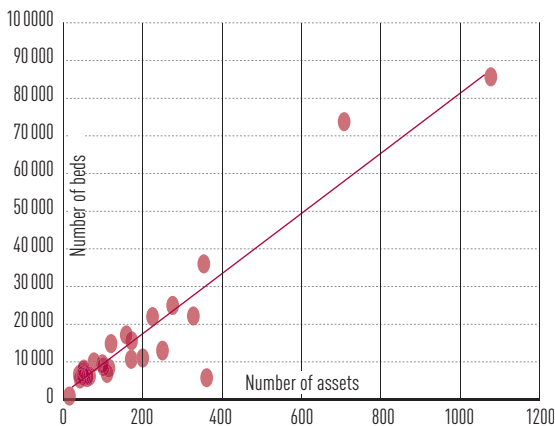
## Authors:

**Béatrice Guedj (PhD)**, Head of Research and Innovation, Swiss Life Asset Managers

**Valérie Maréchal**, Senior Fund and Portfolio Manager, Swiss Life Asset Managers

The European healthcare sector remains increasingly popular: being more defensive thanks to its long-term demographic drivers, the healthcare sector has always been a meaningful and defensive diversifier in a multi-asset portfolio. Despite a combination of headwinds related to rising interest rates and some operator's issues, capital value dynamics have diverged across countries and subsectors of health and care. According to MSCI data, portfolios usually comprising large assets like nursing homes had to deal with a high concentration risk: these were often managed by listed operators, more vulnerable to volatility as triggered in 2021. Conversely, highly diversified portfolios regarding of countries, health and care sectors, as well as non-listed operators, have demonstrated stronger resilience in terms of capital value dynamics and net operating income growth.

## Operators in Europe



Sources: Companies reports when available, other sources and Swiss Life Asset Managers

In 2024, the healthcare sector accounted for 2.2% of total investment volumes (€189bn, +4% compared to 2023) in Europe in line with its long-term average. In 2024, investors with in-depth knowledge of the entire value chain in the healthcare sector maintained an active strategy in order to benefit from the opportunities generated by highly leveraged sellers or funds facing redemptions. The strong track record of investors, capable of ensuring adequate supply will continue to deliver sustainable income streams over time as long as structural changes in demographics, technology and climate transition are part of the overall performance equation.

## Dealing with various silver shades in demographics

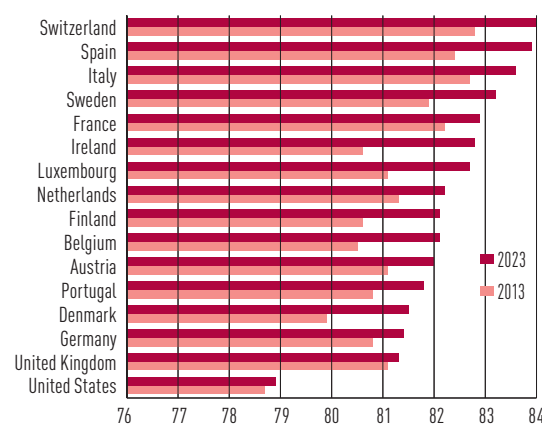
Demographic shifts are considered a 'megatrend' which will shape demand for real estate. In Europe, the share of people aged 65+ is set to increase to 25%

### Disclaimer:

This article has been prepared by a legal entity of Swiss Life Asset Managers Division (hereinafter "Swiss Life Asset Managers") and is intended for marketing and information purposes only. It does not constitute any offer to issue or sell, or any solicitation of any offer to (i) subscribe or purchase shares, units, or other financial interests in investments or (ii) provide any investment services. Past performance is not indicative of current and future performance. Investment involves risk. Investors should refer to the relevant offering document for full details before investing in any investment products and seek professional advice where appropriate. The content of this article is based upon sources of information believed to be reliable, but no guarantee is given as to their accuracy or completeness. This article includes forward-looking statements which are based on our current opinions, expectations and projections. Swiss Life Asset Managers undertakes no obligation to update or revise any forward-looking statements. Actual results could differ materially from those anticipated in the forward-looking statements. Neither Swiss Life Asset Managers nor any entity of Swiss Life Group, nor any of its directors, employees, agents, and/or shareholders shall be liable for any financial loss or any decision taken on the basis of the information contained in this document.

by 2050, according to the United Nations. The major change will be triggered by 2030, when the 75+ age bracket will surpass the 65-74 age bracket: by 2050, the 75+ age bracket will constitute 16% of the overall population. However, in terms of ageing, there are differences between the countries related to risk factors, diseases and mental health issues (such as dementia) and life expectancy, ingenerating distinct care needs and a wide range of real estate products and services to match specific domestic demands: i.e. one size does not fit all in health and care. Swiss Life Asset Managers has been abreast of these demographic trends and has enhanced its offering based on the traditional nursing home model to encompass wider set of value propositions including residential facilities for elderly people with flexible use of real estate. Our investment strategy has been designed to fit our company purpose of "enabling people to lead a financially self-determined life" and to accommodate such changes within the healthcare sector.

## Life Expectancy in years by country



Sources: National Data and Swiss Life Asset Managers

## Innovation and AI to optimise welfare

The integration of artificial intelligence in elderly care is revolutionising the healthcare system, offering innovative solutions to predict health risks, enhance wellbeing, and improve the overall quality of life for the elderly. The quality and outcome of care related to patient safety, medical effectiveness and patients' wellbeing can be monitored and assessed through digital solutions which should increase organisational productivity. This could help predict potential health risks following of chronic diseases, personalise treatment management, automate routine tasks and allow care workers to focus more closely on psychosocial, heightened and complex patient needs. In many cases, digital solutions maximise productivity and thus empower the care staff community, which is key to retaining workforces. Through gamification and by incorporating a wide range of activities, digital solutions can also stimulate cognition and social awareness: 80% of an individual's health and wellness is influenced by social determinants<sup>1</sup>. Going forward, recent advances in deep learning, are set to enable

the creation of bespoke prevention policies for every patient as well as support the emergence of longevity medicine.

## Operators and minimising concentration risk

Healthcare has been increasingly competitive over the past few years, with large operators spreading quickly across key markets while emerging outsiders have come forward with new business models. Swiss Life Asset Managers has always favoured a case-by-case methodology at local level, as regulation as well as, financial and social affordability metrics are not homogenous across markets. As such, our pan-European investment strategy avoids concentration risk related to a specific brand, while favouring sustainable operating models for all stakeholders.

## Architects and overall social responsibility

Architects form the backbone of the real estate healthcare sector. They are responsible for designing adaptive care solutions and home-like environments that ensure sufficient privacy, with care-friendly infrastructures that enable a sense of community and personalised care. Buildings must adapt over time to the people who live in them, not the other way round. As such, operators need to explore new management and planning that take account of resource constraints and employment laws. Finally, buildings must be anchored in their environment, meaning residents, operators, and investors should share the same goals for living, managing and holding sustainable assets, and work towards minimising their carbon footprint. Labels, appropriate KPI's and digital property technology should enable these stakeholders to accurately monitor a building's development along its sustainability pathway

Swiss Life Asset Managers has been active in healthcare real estate since 2006. Our investment strategy has been primarily focused on nursing homes, medical office buildings, after care and new submarkets such as rehabilitation- and psychiatric clinics to diversify our portfolio. Over time, senior housing has been included in our investment strategy given a rising need to support the wellbeing of seniors as part of the spectrum of the healthcare sector. As at 31 December 2024, Swiss Life Asset Managers managed approx. EUR 2.8bn AuM in European healthcare real estate through 6 investment products.

For more information, please contact Eduardo Illitsch, Head Sales International, Swiss Life Asset Managers: [eduardo.illitsch@swisslife-am.com](mailto:eduardo.illitsch@swisslife-am.com)



**SwissLife**  
Asset Managers

<sup>1</sup>Artiga, S., & Hinton, E. (2019, May 29). Beyond Health Care: The Role of Social Determinants in Promoting Health and Health Equity