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European Seniors Housing Distinguishes Itself

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By Steven Zijl

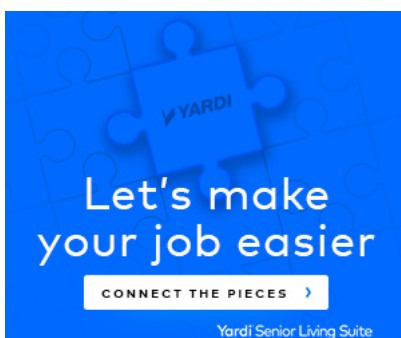
The global elderly population is growing faster than any other, is comparatively wealthy and — depending on geographic and supply standards — is seeking out new communities for its “third age.” Consequently, the seniors housing sector is experiencing rapid transformation on both sides of the Atlantic.

While the United States boasts a mature and well-segmented senior housing market with clear product categories (independent living [IL], assisted living [AL], memory care [MC], skilled nursing facilities [SNF]), Europe remains fragmented and non-standardized. Demographic pressure is increasing the need seek longer-term solutions.

In the U.S., the senior living sector is market driven. In Europe, housing for seniors is more need driven and beholden to policy frameworks, with governments emphasizing care accessibility, affordability and universal inclusion.

Investment Structures

Compared to the U.S., Europe’s senior living supply is more heterogeneous, with varying definitions and delivery models across countries. Nursing homes, often publicly funded, dominate in many regions. Private-pay IL and AL are growing, but on a much smaller scale.



Upcoming Events

Aug 11	InterFace Indianapolis Multifamily 2026
Aug 17	InterFace Kansas City Multifamily 2026
Aug 20	Webinar: Better Bathroom Decisions in Affordable Housing — Balancing Investor Returns and Resident Needs
Aug 25	InterFace Seniors Housing Southeast 2026
Aug 27	InterFace Houston Retail & Mixed-Use 2026
Aug 31	InterFace Phoenix Multifamily 2026
Sep 02	InterFace Multifamily Texas 2026
Sep 10	InterFace Affordable Housing Southern California 2026
Sep 17	InterFace Las Vegas Multifamily 2026
Sep 30	InterFace Central Florida Multifamily 2026
Oct 13	InterFace Nashville Multifamily 2026
Oct 20	InterFace St. Louis Multifamily 2026

In the U.S., separation of property companies (Propcos) and operating companies (Opcos) is well established and generally applied by healthcare investors, with specialized REITs playing a major role. In Europe, Opco-Propco models are less usual in the seniors housing investment markets. On the contrary, long-term triple-net leases with rental price indexation are the most popular models. Also, capital markets in Europe are much thinner and more fragmented than in the U.S. For example, the largest European seniors housing REIT, Aedifica, has a market cap of nearly \$4 billion, compared to the largest U.S. seniors housing REIT, Welltower, which has a market cap of over \$140 billion, followed by Ventas with roughly \$40 billion.

Regulation

In terms of regulation, the U.S. is market-driven, allowing developers to grow faster but also creating a potential risk of oversupply. In Europe, regulation is bureaucratic, slow and often managed by local authorities, causing lengthy planning procedures and extensive timelines. For this reason, supply falls far behind the growing demand for senior housing.

Therefore, many regions have to cope with heavily undersupplied markets. Local authorities often provide public state funds to finance new housing supply managed by private operators or apply subsidies to low-income residents. U.S. private-pay IL, AL and MC typically achieve faster rental growth but face occupancy volatility due to new supply delivered by private initiatives. Europe's occupancy rates are fairly steady, often fueled by long waiting lists, especially in the nursing home sector.

Costs

With rising construction costs and operational expenses going up, affordability is a growing challenge in all jurisdictions. As Europe leans towards subsidies and public-private partnership (PPP) structures, it is keeping the rental rate price index steady. However, due to higher interest rates, rising construction costs and regulatory pressure, the number of new development initiatives in the European seniors housing sector has dropped considerably over the past five years. While the supply gap is escalating across the continent, Spain stands out, as it faces a projected shortfall of nearly 250,000 beds in the next decade — in economic terms, a gap of over \$30 billion in investment volume.

While both markets face staffing shortages and wage pressure, the U.S. struggles with liability and insurance costs, and Europe contends with strong labor regulation and stringent salary policies. Immigration in both markets relieves the urgency of staffing, however the demographic shift in the forthcoming decades will increase pressure on operators to find solutions. Technology and artificial intelligence (AI) are emerging as solutions to support staff efficiency and recruitment.

Choice Versus Need

IL communities are marketed as aspirational choices, a place to stay active and socially supported while maintaining autonomy and independence. The forecasts for Europe assume the same evolution seen in the U.S., however cultural differences and regulations hold up the introduction of new models.

In the U.S. — and to a lesser extend Northern Europe — moving into seniors housing often marks the continuation of an autonomous life as long as possible. Furthermore, in the U.S., seniors housing is increasingly recognized as part of the life cycle and is in many cases viewed as status symbol. The decision is driven by choice. Residents consider the community as their new home, while comfort, convenience and community remain the key factors.

In Southern Europe, the dynamic is different. The principal decision to change is driven by need. Frequently, direct family members make the final decision based on key factors such as availability, price, safety, trust and personal care. In addition, a general lack of alternative housing solutions in Southern Europe extends the life at home of the oldest generation. This evolution directly impacts on the average age of entry and length of stay.

Investor Takeaways

The European seniors housing market is largely undersupplied and driven by a fast-aging population, with increasing longevity, immigration and evolving expectations around housing. Across Europe, the portion of residents aged 80 and older is set to triple by 2050. Southern Europe is experiencing this change most acutely.

A blended strategy combining core asset acquisitions, new-build facilities in undersupplied suburban areas and opportunistic land developments for coastal senior communities could offer an interesting balance of operational stability and upside potential.

The lack of operational expertise in Europe in the fields of IL, AL, MC and integrated retirement communities (IRCs) creates an outstanding opportunity for experienced U.S. operators to pioneer and explore business opportunities. A balanced allocation of capital across the two jurisdictions may provide resilience and steady future growth for operators and capital providers.

The introduction of Opco-Propco models in European markets may also be an opportunity for investors and operators seeking operational upside. Improving the overall market perception of seniors housing in Europe from a need to a choice could stimulate the introduction of different housing models similar to the U.S. Leveraging public-private collaboration, partnering with local experts and contributing operational skills from home markets will be key to success in a sector poised for long-term expansion.

Steven Zijl is the founder of EUROSTATE Real Estate Partners. Based in Barcelona, Eurostate is a privately owned manager of real estate investment and development projects working alongside international investment groups, focusing on living sectors such as senior housing and healthcare real estate.



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