

Exploring the Uneven Financialization of Nursing Homes

A Comparative Analysis of France, the UK, and Japan

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Abstract

To address the increasing demand for nursing homes, several countries have opted to attract financial capital through investment structures known as Healthcare Real Estate Investment Trusts (HC-REITs). However, these initiatives have experienced varying levels of success across different countries. This presentation will explore the uneven development of HC-REITs in France, the UK, and Japan, drawing on interviews with a range of actors involved in the field. It will demonstrate that the securitization of nursing homes is influenced by the interplay of three main country-specific factors: (i) the funding of pension income, (ii) the provision of state support for long-term care, and (iii) the power dynamics between REITs and care providers.

Liberal welfare states, such as the UK, present the most attractive landscape for HC-REIT investors due to advanced financialized pension reforms, significant state withdrawal from long-term care provision, and REIT-friendly regulations that facilitate investment and leasing operations. Due to the high cost of social care and accommodation in the financialized nursing homes, a significant portion of the value captured by financial investors is extracted from the home equity of care-dependent residents. In Japan, while the development of HC-REITs is less pronounced than in the UK, residents of financialized nursing homes are also increasingly leveraging the value of their homes to cover accommodation costs. In contrast to the other two countries, France shows a weaker process of HC-REIT development in the EPHAD sector, due to a less financialized pension system, significant involvement from the state and non-profit associations in managing affordable EHPAD facilities, and strict regulations governing the establishment of new nursing homes.

Keywords: nursing homes, long-term care, asset-based welfare, financialization, real estate, REITs

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