

REPORT

IMMOTISS

Fact check: Nursing Home Insolvencies



**Insolvencies of German
Nursing Homes – An
Analysis and Classification**

Fact Check

Large numbers and exaggerated terms dominate the public debate. Anyone who wants to understand the care market needs to take a closer look—and separate headlines from facts. Two terms are at the center of the debate: the collapse of nursing homes and a wave of insolvencies. Both convey a dramatic picture that, upon closer inspection, does not match reality.

Collapse of nursing homes – a number makes headlines

„More than 1,200 facilities insolvent or closed“ – such reports have recently attracted attention. But this figure represents a general term: it includes inpatient nursing homes, outpatient services, day care – and even restricted services. Those who speak of a decline in nursing homes are mixing these categories and create a misleading picture.

Wave of insolvencies – the facts behind it

The image of a wave of insolvencies is also misleading. Insolvency does not automatically result in closure. The vast majority of the facilities affected remain in operation, either through continuation or takeover. As part of an internal review in which we examined and evaluated the underlying causes to the insolvencies at the facility level in detail, we found that the default rate due to insolvencies (the proportion of facilities closed as a result of insolvency out of the total number) remains constant in the per mille range:

- **0.39% in 2023**
- **0.12% in 2024**

So there is no sign of a wave of closures. Rather, the market remains stable despite individual insolvencies.

IMMOTISS evaluation

To clarify the distorted picture, it is not enough to simply repeat the figures that are being reported. It's crucial to analyze and reduce them to their fundamental components: How many inpatient nursing homes were actually affected? How many of these facilities were permanently closed and how many were able to continue operating? This is precisely where the presented IMMOTISS analysis comes in.¹

Evaluation results

The distinction is crucial – only insolvencies involving actual closures were taken into account. Insolvency does not automatically equal a discontinuation.

2023: We were able to identify 205 inpatient facilities that were affected by insolvency. However, only 44 facilities were permanently closed. Around 80 percent of the affected facilities were continued or taken over by new operators.

2024: A total of 66 inpatient facilities filed for bankruptcy. In the end, only 14 facilities were permanently closed, while 78 percent of the facilities remained in operation.

No significant correlation between insolvency and type of operator

In addition, there has been a shift in the type of operator. While in 2023, 81 percent of the facilities involved in the proceedings were under private management, this proportion fell to 62 percent in 2024. At the same time, the proportion of non-profit operators rose to 32 percent. There is no clear correlation between the type of operator and insolvency – rather, the trend is spread across the entire range of operators.

Small facilities more severely affected

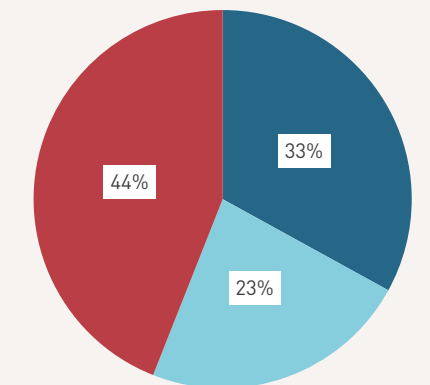
The structure is also striking, because while larger facilities were primarily affected in 2023, in 2024, a full 93 percent of closures were small facilities with fewer than 80 beds.

Causes: Why companies come under pressure

Insolvencies are not usually attributable to a single trigger. In most cases, structural, operational, and financial factors are intertwined.

Care facilities traditionally operate with tight margins. The largest share is made up of personnel expenses, which account for between 55 and 66 percent of expenditures. Added to this are rising energy and material costs, leases, and investment backlogs. Skilled labor shortages, regulatory requirements (skilled worker ratios, room sizes, fire safety), and the aftermath of the pandemic are increasing the pressure.

Main drivers for closures in 2023/24



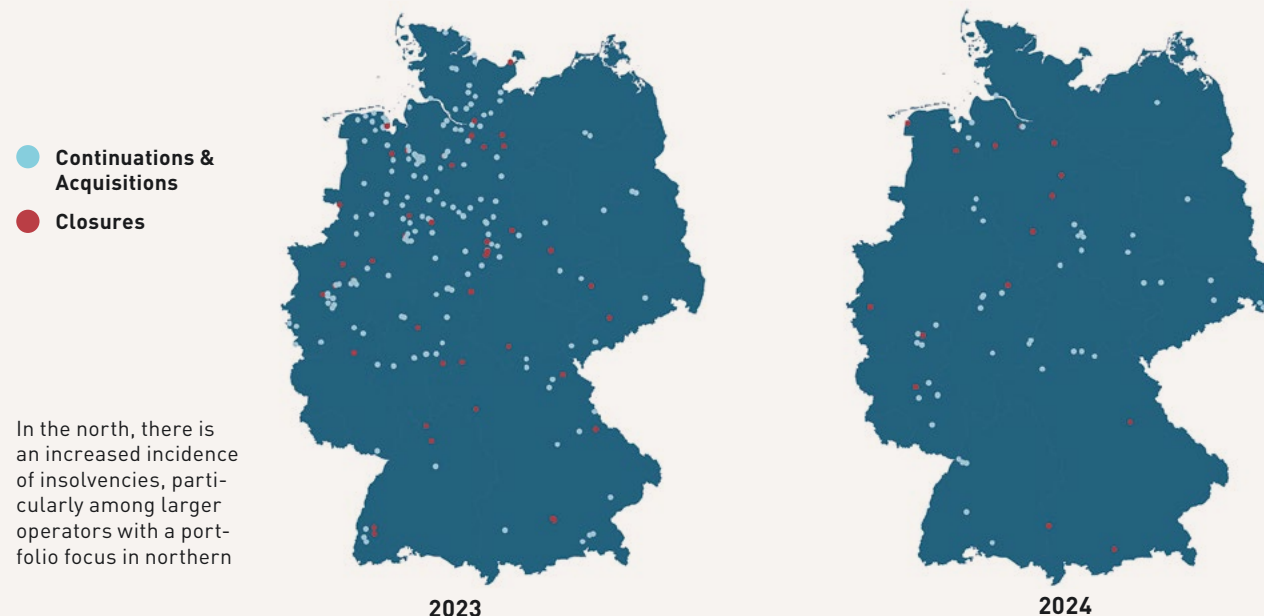
- **Property structure** (e.g., renovation backlog, location problems, inadequate room layouts)
- **Personnel** (e.g., shortage of skilled workers, staff turnover, temporary work)
- **Economic efficiency** (e.g., cost increases, underfunding, management errors, growth and expansion risks, lack of investors)

Hidden potential

Inadequately negotiated nursing care fees are particularly critical, especially in the area of investment costs. The resulting financing gaps can have a significant negative impact on operating results, restrict the scope of action of operators, and can lead to permanent liquidity bottlenecks.

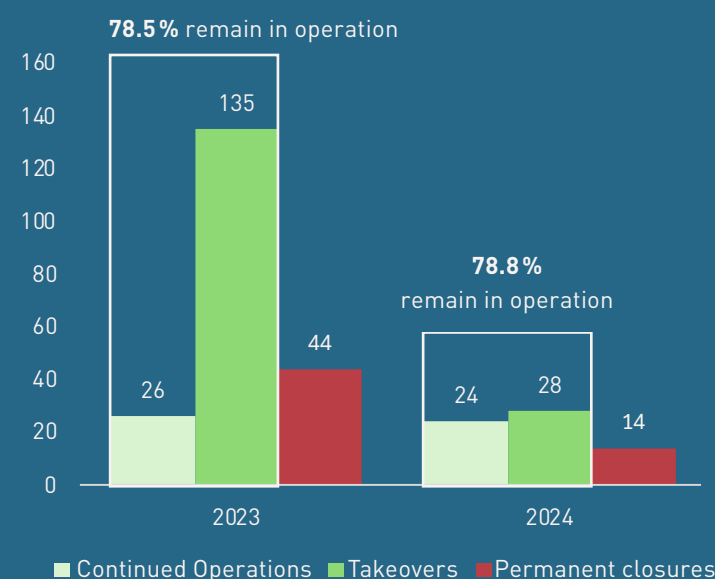
Nursing homes after insolvency: Majority of facilities remain in operation

TRASENIX Research (2025)



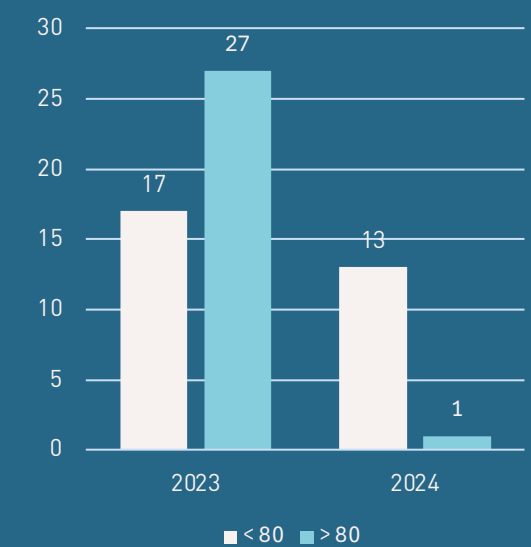
Continued operation vs. closures

TRASENIX Research (2025)



Size structure of closed facilities

(number of places)
 TRASENIX Research (2025)



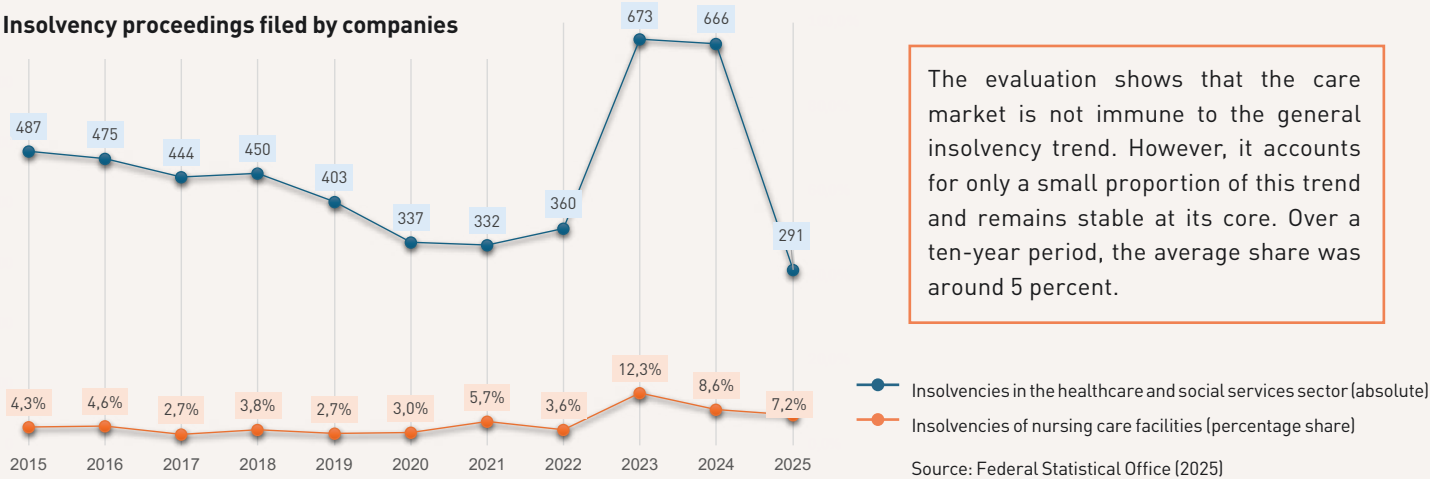
¹ The results are based on an internal evaluation of insolvency reports that were identified and reviewed as part of intensive research work. The analysis should be viewed as a random sample survey that highlights key developments and provides guidance.

Care companies in comparison to the whole sector

When considering insolvencies in the care market, these must be assessed in relation to the entire health and social services sector. Our analysis is carried out at the facility level and covers individual care home locations. In contrast, the Federal Statistical Office reports the number of legally independent care companies. Several locations of one operator therefore appear as one company, unless each location has its own legal entity (e.g., subsidiary).

While a total of 673 proceedings were opened in 2023, only 83 were attributable to care companies. This means that nursing care accounted for a good 12 percent of all insolvencies in this sector. In 2024, only 57 proceedings were opened by nursing care companies, which represents a share of approximately 8.6 percent of the total number of 666 companies in the health and social services sector. A look at the time series also shows that the number of proceedings in the health and social services sector remained largely stable, fluctuating between around 280 and 400 cases per year. It was not until 2023 that there was a significant increase. However, nursing care companies accounted for only a small portion of this development. Even in the peak year of 2023, the share of proceedings involving nursing homes was only slightly more than 12 percent.

Insolvency proceedings filed by companies



Default rate due to insolvencies

Continued operations & takeovers

2023:
11,250 inpatient
long-term care facilities

205
insolvency filings

161 in operation

44 closures

Default rate
2023:

0,39%

2024:
11,600 inpatient
long-term care facilities

66
insolvency filings

52 in operation

14 closures

Default rate
2024:

0,12%

Source: TRASENIX Research (2025); Federal Statistical Office (2025); Employers' Association for Nursing Care (2024)

Where are the opportunities?

As this review shows, insolvency does not necessarily mean the end, but can be a starting point for a new chapter. Timely action opens up the possibility of not only continuing operations, but also realigning them in a future-oriented manner. This can be achieved through adapted care services, a modern living or care concept, and optimized, up-to-date rental agreements.

Refinancing and decisive action are the key factors

Only swift and responsible intervention in the event of insolvency can secure the continued existence of an institution. In-depth expertise in assessing the framework conditions and the timely development of a viable and sustainable operating concept are crucial. This includes annual

and early care fee negotiations with a special focus on investment costs, reviewing state home law requirements before purchase or lease, and a thorough analysis of the operator's expansion strategy. Clearly defined investment costs create reliability and stability:

- **Ensured refinancing**
Investment costs are essential in covering rents and leases, including necessary index adjustments.
- **Security for owners**
They form the basis for property owners to receive rent payments on a permanent and reliable basis..
- **Planning security for financial partners**
Clearly negotiated investment costs create trust among banks and investors and make financing calculable.

Carefully negotiated investment costs ensure reliability and stability, which secures the long-term payment of lease payments. If rates remain unchanged for years, the necessary refinancing is lacking – economic viability comes under massive pressure in the event of indexed leases.

LET'S TALK: A1.132

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Care compared to the hotel sector and other asset classes

A look at the hotel sector reveals both parallels and differences. Like nursing homes, hotels are classic operator-run properties. Many smaller, family-run establishments with structural weaknesses see no prospects for continuing and are forced to close. Businesses in good locations with development potential, on the other hand, are usually acquired – a typical consolidation and market adjustment. As in care, rising costs and staff shortages are also weighing on operators here. However, the hotel industry is also highly dependent on the economy and seasonal factors. In economically weak phases or outside the high season, occupancy rates and revenues decline significantly. Similar dependencies can be seen in other asset classes. Office and logistics properties as well as retail spaces are closely linked to the general economic development and demand in certain sectors. Economic fluctuations, changes in trade, demographic developments, or changes in consumer behavior are directly reflected in occupancy rates.

Care properties are also operator-managed properties, but they differ fundamentally: The demand for care places stems from demographic change and is considered part of services for the public. It is neither cyclical nor seasonal. As a result, occupancy rates remain stable even in times of crisis. For investors, this means that while other operator-managed properties and asset classes are subject to greater fluctuations, care facilities offer a comparatively stable market with long-term prospects.

Conclusion: Investing is a profitable venture

The public debate gives the impression of a widespread and structural crisis. However, the data shows a different picture: Insolvency does not automatically mean closure. **In around four out of five cases, facilities continued to operate despite insolvency or were acquired by new operators.** There is also no discernible wave of closures. The proportion of private nursing care companies in all corporate insolvencies in the health and social services sector is comparatively low and averaged only around five percent over the past ten years.

Nevertheless, early action prevents insolvency. Where viable care rate and investment cost negotiations, stringent operational organization, and, if necessary, professional interim management are in place, the provision of care remains stable.

For investors, this results in a clear call to action: The demand for care places continues to rise – without additional investment, it will not be possible to meet this demand. The fundamental data speaks for itself. Based on a sound analysis of the market, operations, and real estate, care properties remain a comparatively high-yield and, at the same time, secure investment.

As an independent partner in the German care market, we combine market knowledge, operator insights, and real estate expertise for investments that stand the test of time.

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