

Intelligent Investment

Senior Living Opportunities in the Baltics

VIEWPOINT

Fueled by demographic changes, mobility, urbanization, and shifting lifestyle trends, the demand for residential properties is soaring beyond supply. This surge isn't limited to rental units but extends to emerging sectors like senior housing.

CBRE BALTICS RESEARCH
JUNE 2025



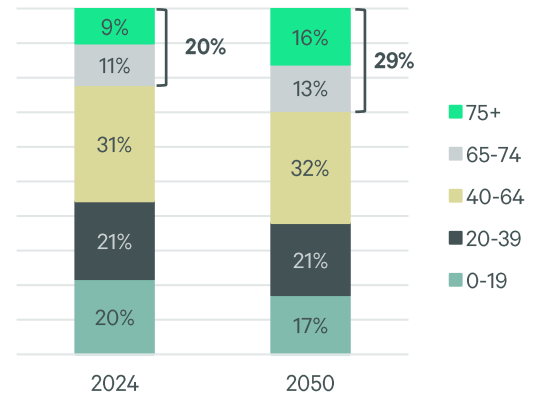
Ageing Population

Many European countries, including those in the Baltics, are experiencing an aging population. In 2024, the total population of the Baltics is approximately 6.1 million, with individuals aged 75 and over making up 9% of this total. However, it is projected that by 2050, this demographic will increase significantly to over 835,000, reflecting a 45% rise and becoming the fastest-growing segment of the population. This growth in the senior population is particularly notable when compared to the declining numbers in younger age groups. Over the same period, the population aged 0-19 is expected to decrease by 28%, and the working-age population (ages 20-64) is predicted to decline by 19%.

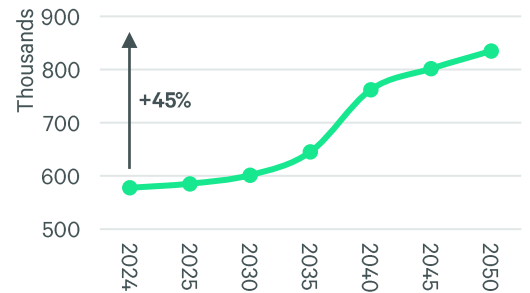
The changing population structure will directly affect housing demand. The region still has significant development potential when compared to Western Europe and Scandinavia, especially in providing quality housing that meets the evolving demographic needs.

Moreover, statistics show that life expectancy in the Baltics has been steadily increasing. In 2000, the average life expectancy was approximately 71 years, and by 2021, it had increased to around 78 years. However, the gap between life expectancy and healthy life expectancy is also widening. In 2000, the healthy life expectancy was approximately 62 years, resulting in a 9-year gap. By 2021, this gap had increased to 10 years. As a result, many individuals are now living more years with health-related limitations that do not require full-time care but still need accessible and supportive living environments. As a result, demand is growing for modern senior housing that enables residents to age in place, with adaptable care and support systems available when needed.

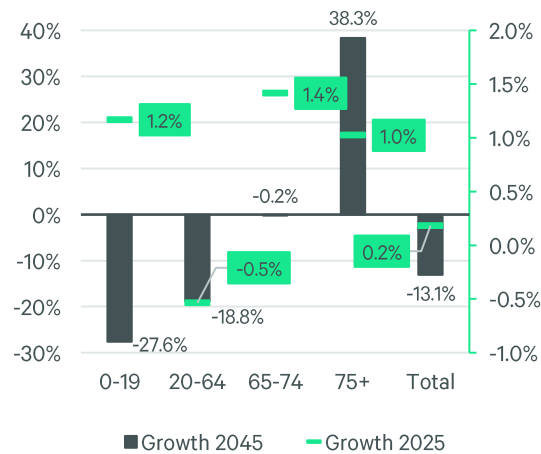
Baltics Population by Age Group, 2024 and 2050



Baltics 75+ Population (thousands), 2024-2050



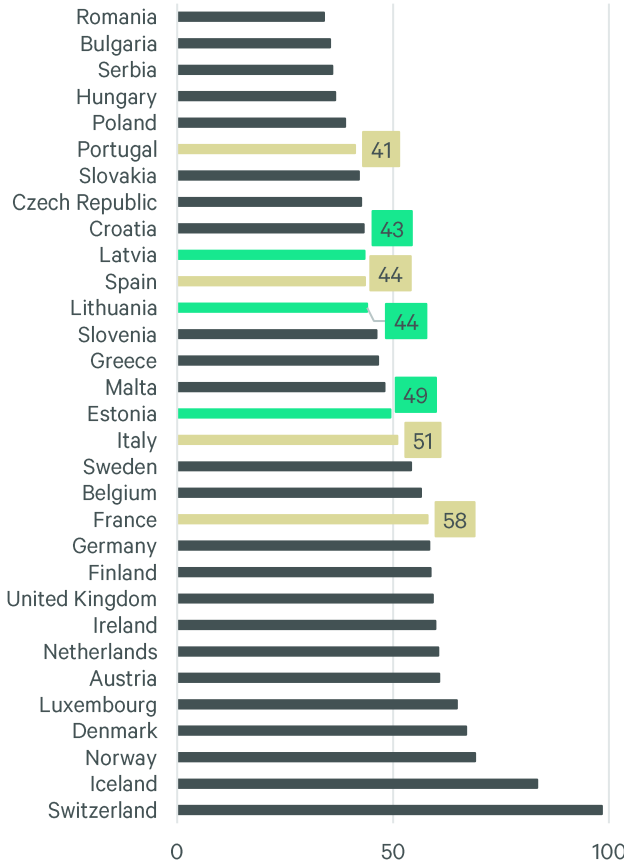
Baltics Population Growth, 2024/2025 and 2024/2045



Source: Eurostat, CBRE Baltics Research

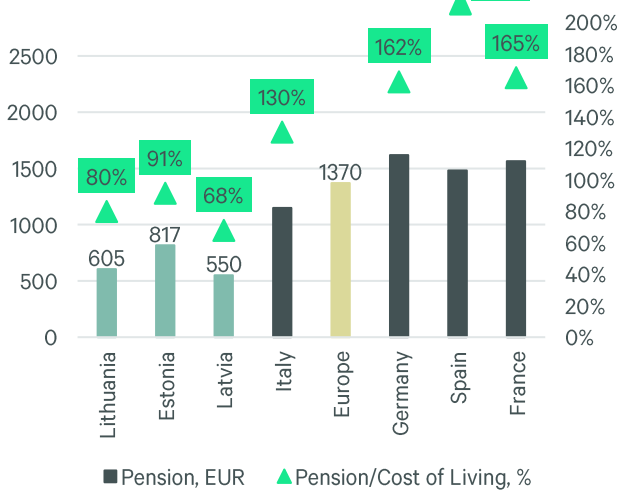


Cost of Living in Europe by Countries, 2024



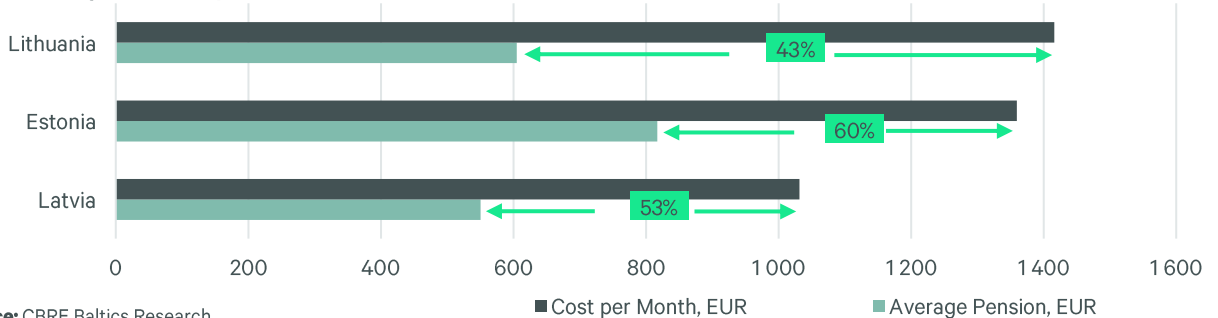
Source: Wise, Numbeo, N26, CBRE Baltics Research

Monthly Average Pension in Selected European Countries, 2024



Source: AlmondFinancia, Euronews, Numbeo, CBRE Baltics Research

Senior Housing Affordability, Baltics



Source: CBRE Baltics Research

Cost, Climate, and Comfort

When considering the best places to retire in Europe, Portugal, Spain, and Italy are often top choices due to their combination of lower living costs, excellent healthcare, and pleasant climates. These destinations are known for their affordability, with the Cost-of-Living Index for Spanish and Portuguese resort areas ranging from 45 to 50, and non-capital cities in Italy reaching up to 65. The Baltic capitals, including Tallinn, Riga, and Vilnius, fall within a similar range (50 to 56), aligning with the cost levels seen in Spain and Portugal’s resort regions. This makes the Baltics an increasingly attractive option for those seeking affordable retirement destinations in Europe.

Equally important for retirees is the level of pension income available to cover living expenses. In the Baltics, the average monthly pension is significantly lower than the EU average of €1,370, with pensions ranging from €550 in Latvia to €820 in Estonia. By comparison, retirees in Italy typically receive around €1,200, while in Spain, Germany and France - around €1,500-1,600 per month.

Affordability of senior housing is a challenge, as monthly costs in the Baltics average €1,030 in Latvia, €1,360 in Lithuania, and €1,420 in Estonia. With Baltic pensions covering only 40-60% of these costs, retirees cannot afford such expenses without additional financial support.

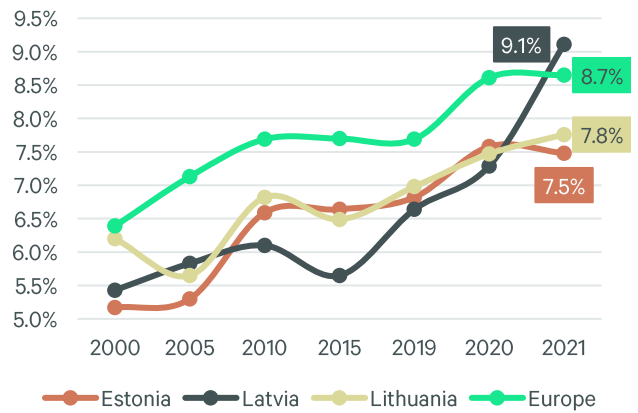
In addition to cost and income, climate is becoming an increasingly important factor in retirement decisions. Climate projections indicate that average temperatures across Europe will rise significantly in the coming decades. While Southern Europe will experience more extreme warming, the Baltics will see more moderate changes – based on CityApp (shinyapps.io) summer temperatures are forecasted to be rising by 5.5°C and winter temperatures by 6.9°C by 2080. This trend, along with the region’s already mild climate, could make the Baltics an even more attractive destination for retirees seeking both affordability and a pleasant climate.

Frontline Insights: Navigating Operational Hurdles

By 2021, Estonia, Latvia, and Lithuania had all reached or surpassed 7% of their GDP in health spending, significantly closing the gap with the European average of 9% of GDP. This increase is a direct response to demographic changes, particularly aging populations and the growing need for long-term care support.

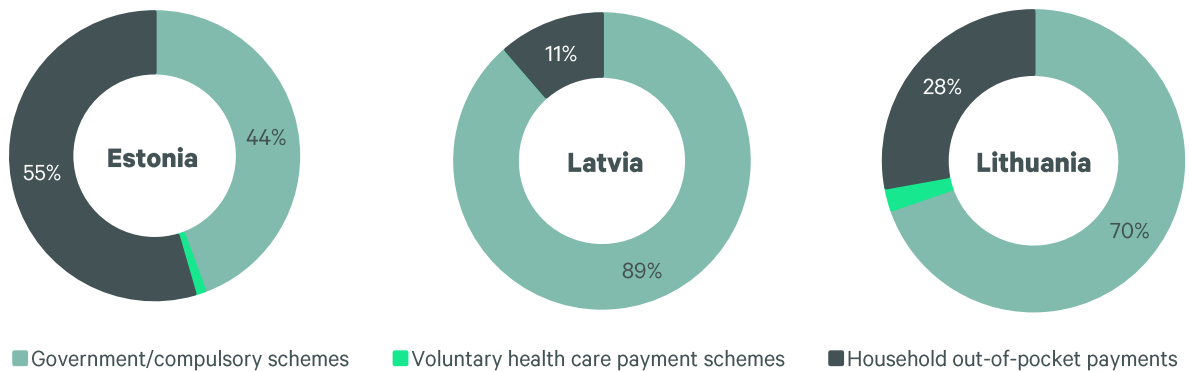
However, despite this progress, data from 2022 indicate a significant reliance on private payments. This is especially evident in Estonia, where household out-of-pocket expenses for long-term care exceed both government funding and compulsory contributions.

Current Health Expenditure as % of GDP, 2000-2021



Source: WHO, CBRE Baltics Research

Financing Residential Long Term Care Facilities (Expenditures in Millions), 2022

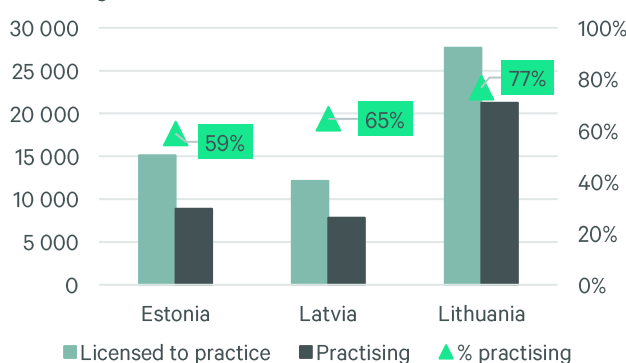


Source: OECD, CBRE Baltics Research

To alleviate the financial burden on low-income seniors, governments have implemented targeted subsidy programs. In Latvia, seniors living in long-term care facilities are typically required to contribute up to 85% of their pension, with municipalities covering the remaining costs when necessary. Similar systems are in place in Lithuania and Estonia, where contributions generally range between 70% and 80%.

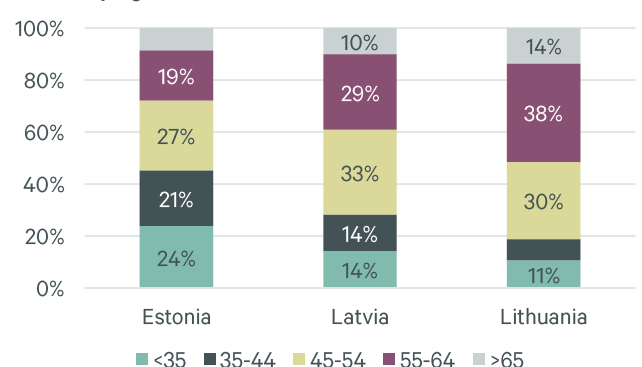
However, having financial support alone is not enough. It is essential to have the skilled personnel necessary to provide care. The nursing workforce, which is a crucial part of eldercare, is currently under significant strain. Although each Baltic country has thousands of licensed nurses, many are not actively practicing (Only 59% in Estonia, 65% in Latvia, and 77% in Lithuania). Additionally, a considerable number of practicing nurses are approaching retirement age, indicating a potential generational turnover with no assured replacement on the horizon, which places one of the considerable challenges for the senior living sector.

Practicing Nurses in Baltics, latest available data



Source: Eurostat, CBRE Baltics Research

Nurses by Age in Baltics, 2022



From Diagnosis to Demand

Europe’s aging population is growing, and this is changing the type of care older people need. One of the most serious and expensive health issues is dementia – a condition that slowly affects memory and thinking, making it hard for people to live independently.



Approx. 1 in 20 people over 65 is affected by dementia, and 1 in 5 people over 85 suffers from Alzheimer’s disease, the most prevalent form of dementia.



Alzheimer Europe

In Europe:

- Around 7.8 million people in the EU – and about 11 million across the wider European region – are currently living with dementia. By 2050, these numbers are expected to double in the EU and nearly triple in Europe.
- Women are much more affected than men, with about 6.65 million women and 3.13 million men currently living with dementia in Europe.

What Does it Mean for the Real Estate?

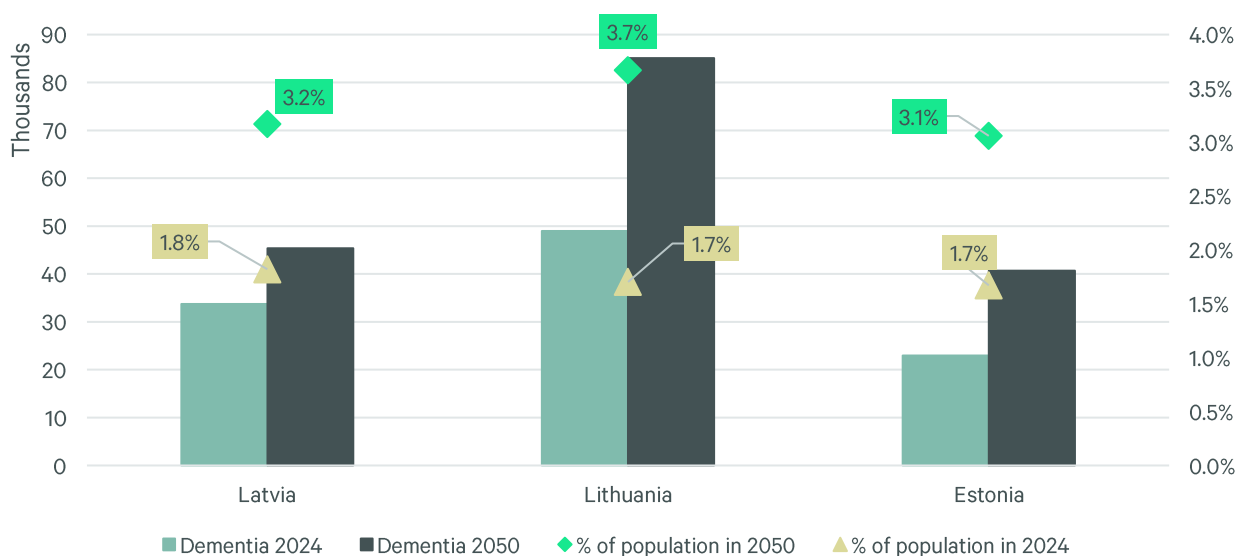
As the condition progresses, it becomes dangerous for people to live alone due to memory loss, confusion, and declining health.

In the Baltics, the challenge is already here. The number of care home residents with dementia in Riga has jumped 10% since 2020, now making up 43.3% of all residents. By 2027, that number could exceed 50%.

At the same time, the waitlist for municipal care is growing fast – from 532 people in 2023 to 924 by late 2024. Most of those waiting, around 80%, already have dementia and require not just a place to stay, but specialized, high-level care.

This clearly shows: the Baltics urgently need more senior housing options, especially for those living with specialized diseases.

Prevalence of Dementia in Baltics, by Country



Source: Alzheimer Europe, CBRE Baltics Research

Not Enough Care Beds in the Baltics – Especially in Latvia

As of 2021, there were about 37,500 long-term care (LTC) beds across the Baltic states — already far below what’s needed. Since then, only small additions have been made: **Latvia:** +750 beds, **Estonia:** +1,500 beds, **Lithuania:** +350 beds.

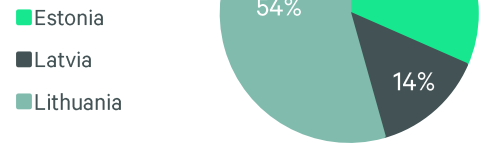
Today, the total is just over 40,000 beds, with the private sector providing around 11,200 of them.

Over the past decade, Estonia and Lithuania have slowly increased access to care homes. But Latvia is the only country in the region where bed availability has gone down — despite its rapidly aging population. This makes Latvia the most underserved senior care market in the Baltics.

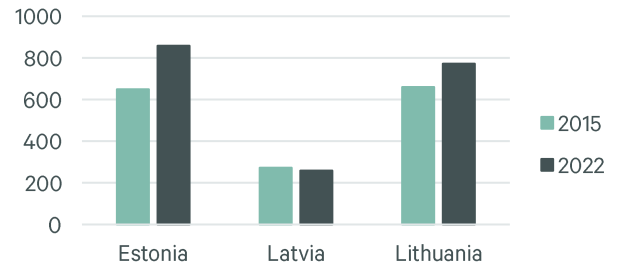
And it’s not just about numbers. In Latvia, many care homes are also outdated. While about one-third of care homes were built after 2015, most are still older and in need of upgrades.

Across the Baltics, 30% of care homes have been built since 2015, showing some progress, but many older facilities from before 2000 still make up the majority.

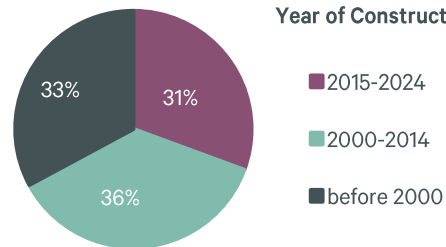
Share of LTC Beds in Baltic Countries



Beds in Nursing and Other Residential LTC Facilities, per Hundred Thousand Inhabitants



Year of Construction, Baltics



Source: Eurostat, CBRE Baltics Research

Major Landlords:

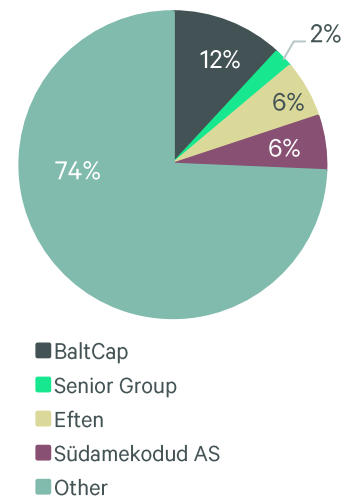
BaltCap: 9 operational homes with a total of around 1,400 beds and additional beds in the pipeline. This gives the company a 12% share of the private sector bed capacity in the region. Estonia is where BaltCap holds its largest presence

The Senior Group: around 200 beds in Latvia and Lithuania. However, the company is planning to expand with a pipeline of 1,000 beds across the Baltic states, including its first foray into the Estonian market.

EfTEN Capital: Previously focusing solely on Estonia, with an additional beds in pipeline, EfTEN is now entering the Lithuanian market. In partnership with Civinity, the company is scouting sites in Vilnius and Kaunas for senior housing projects.

Südamekodud AS (Local Player - Estonia): more than 600 beds. While its operations are currently focused on Estonia, the company is now expanding into Latvia and Lithuania. In partnership with Eften Capital AS, Südamekodud plans to invest in the development and renovation of care home infrastructure in both countries, aiming to replicate the successful collaboration model already established in Estonia.

Market Share in the Baltic Private Senior Housing Market



Source: CBRE Baltics Research

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