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Care market update

Meeting 2/10/25



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YOUR LOCAL MIDLANDS HEALTHCARE TEAM



MIDLANDS HEALTHCARE TEAM



If you're thinking of selling
your care business,
SPEAK TO THE EXPERTS.



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- With demand for homes strong we are able to facilitate bespoke exit strategies for all types of sellers including Individual operators, groups and corporates
- Advice on prepping your business to sell
- Highly confidential marketing campaigns
- Pre-vetted buyers via our sister company Christie Finance
- Managing all aspects of the deal from solicitors to CQC

We consistently sell over 64% of the
uk care home sales per year (according
to carehomes.co.uk)

**In 2024 we sold over 200 care
homes**

**Insights which underpin our detailed
analytics system and products**

- | | |
|--|-------------------------------|
| ✓ Operational Benchmarking | ✓ Demographics (ONS / Census) |
| ✓ Transaction and investment comparables | ✓ Market Composition |
| ✓ Market activity / investment trends | ✓ Planning / development |
| | ✓ CQC / Regulatory |



Live data and bespoke analysis
with over 150m data points

CARE MARKET REVIEW 2025

Let's have look at the backdrop of 2024 and 2025

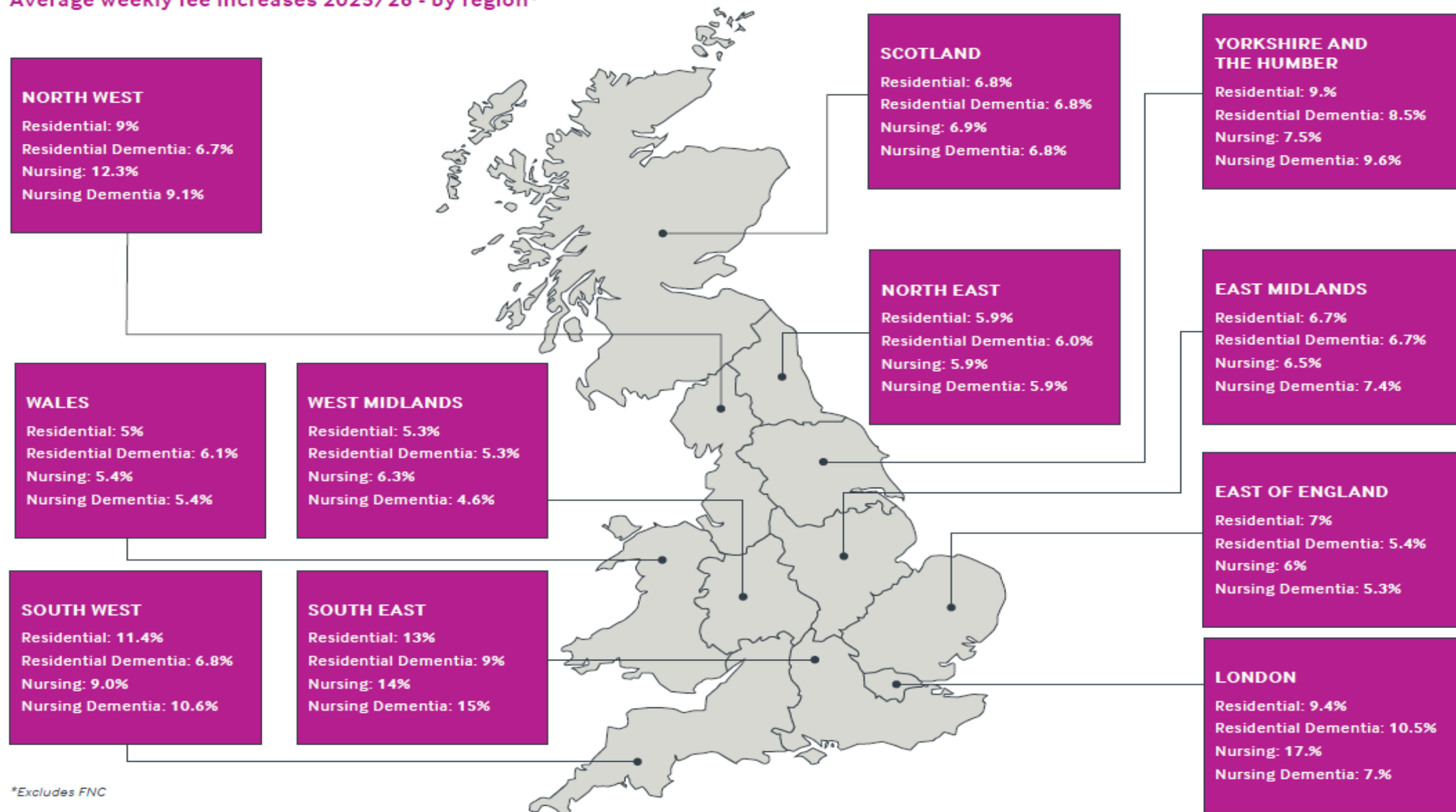
- Wages & NI increase
- Effects of the Budget
- Did care fees increase enough to cope?
- What do the operators think?
- Did this effect the transactional market?

Let's have a look at some of the answers to these questions



LOCAL AUTHORITY FEE RATES

Average weekly fee increases 2025/26 - by region*

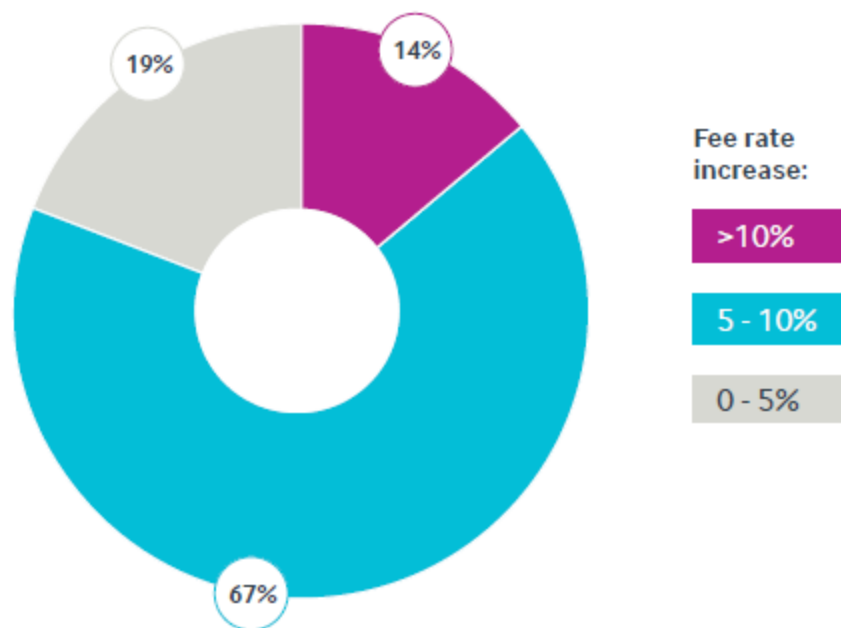


*Excludes FNC

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HOW HAVE YOUR PRIVATE FEE RATES INCREASED?

TOTAL RESPONSES

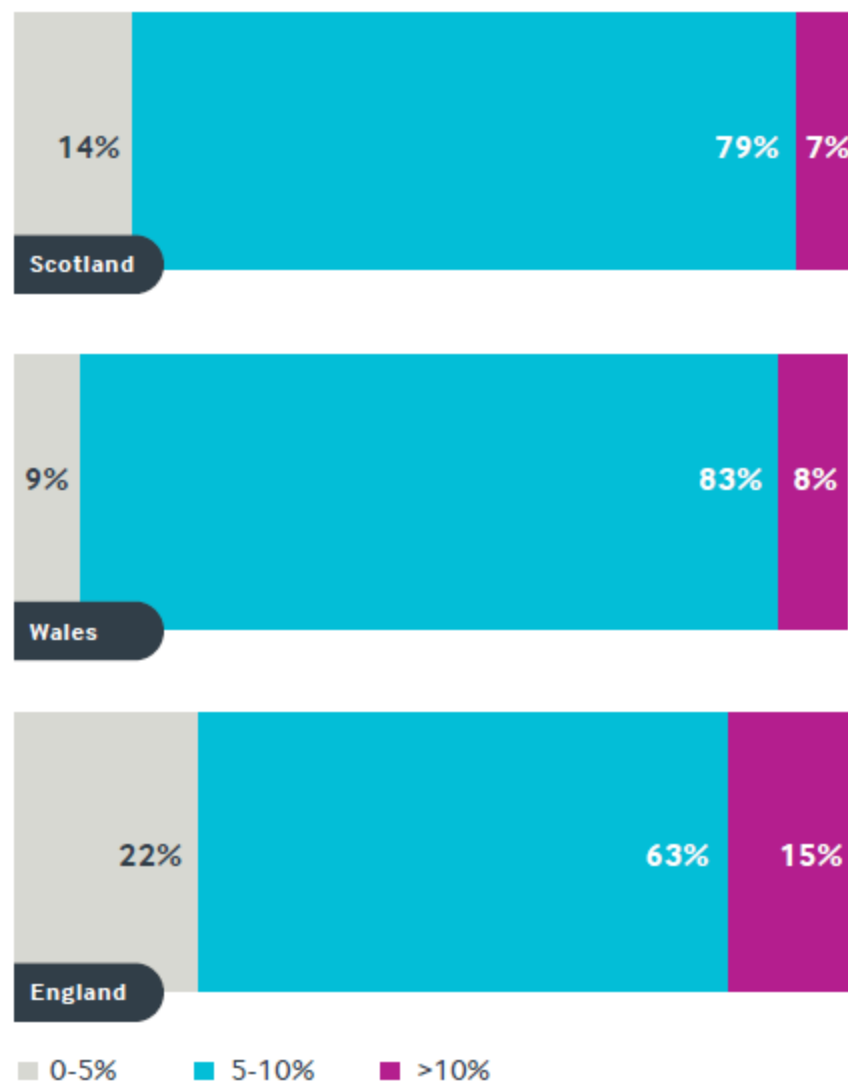


Private fee rates have risen across all regions, with 67% of operators noting an increase of 5% to 10%. 14% of providers reported private pay increases in excess of 10%, and 19% reported increases of 0% to 5%.

In England, 15% of providers reported private pay fee increases of over 10%, compared with 7% in Scotland and 8% in Wales.

These figures further demonstrate that the financial burden of care continues to fall disproportionately on the private pay market, where fee increases consistently exceed those offered by local authorities.

RESPONSES BY COUNTRY



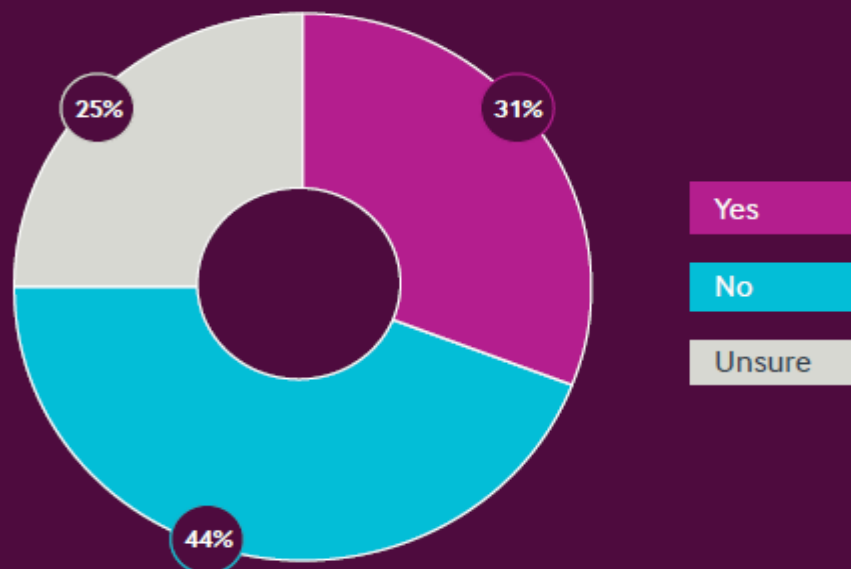
CHRISTIE & CO



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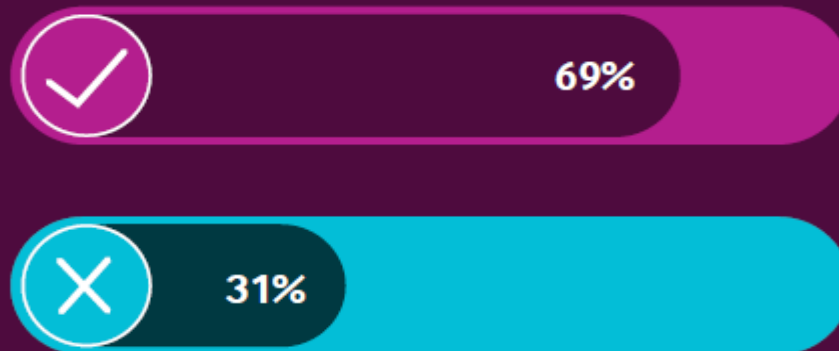
WILL YOU BE ABLE TO OFFSET THE NI COST INFLATION WITH YOUR 25/26 FEE INCREASES?



Less than a third of care operators (31%) believe they will be able to offset the cost inflation from NI changes through their 2025/26 fee increases. A larger proportion (44%) say they will not be able to absorb the costs, while 25% remain unsure. This indicates widespread concern about the 2025/26 fee uplifts, and suggests that many providers may face financial strain without further support or adjustments.

Q

DID THE RECENT NI CHANGES STALL YOUR GROWTH/INVESTMENT PLANS FOR 2025?



69% have stalled their growth or investment plans for 2025 due to the recent NI changes, highlighting a significant disruption to sector development. In contrast, only 31% reported no change to their plans, suggesting that the majority of the sector is struggling to absorb the financial impact. This points to a broader concern about the affordability of continued investment under current policy conditions.

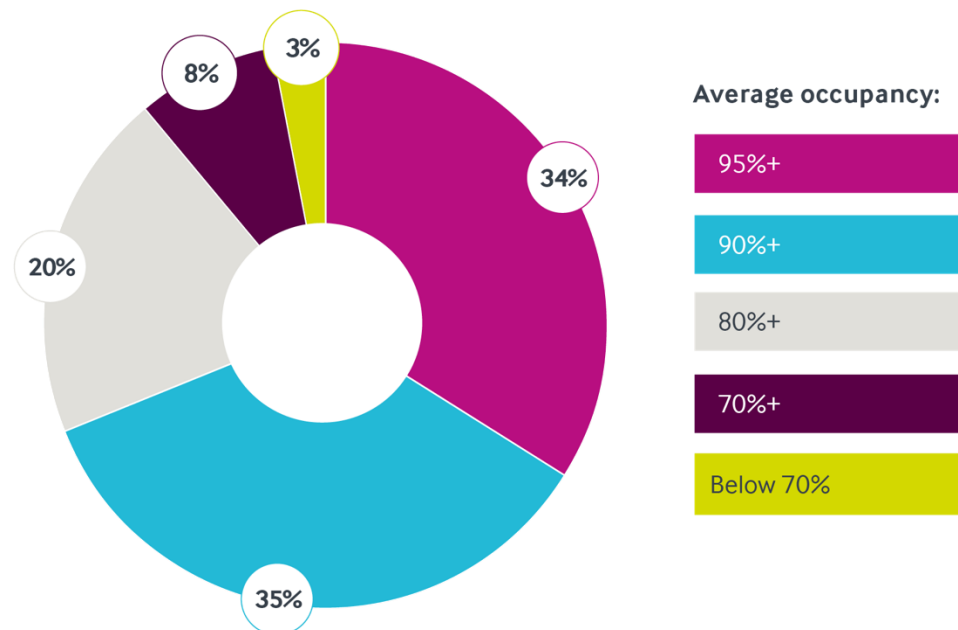
CARE MARKET REVIEW 2025

AN INSIGHT INTO THE UK HEALTHCARE MARKET

Operator sentiment survey results | What was your average occupancy over the past year?



...Occupancy levels have returned to pre-pandemic highs, with some care homes now exceeding those levels. Positively, 69% of respondents reported occupancy above 90%...



So how is the transactional market?

In 2024 we sold over 200 care homes

In 2025 so far we have sold over 200 care homes already with 3 months to go

Positively despite the sector and economic turbulence the transactional market remains good



We consistently sell over 64% of the uk care home sales per year (according to carehomes.co.uk)

Age of Stock

The case for new development remains compelling with the vast majority of existing provision constructed before 2010 – current development activity is primarily focused on the private pay market, also there is a shortage of land which means the market remains strong for older stock

Age of UK care home stock according to date of first registration – All Homes

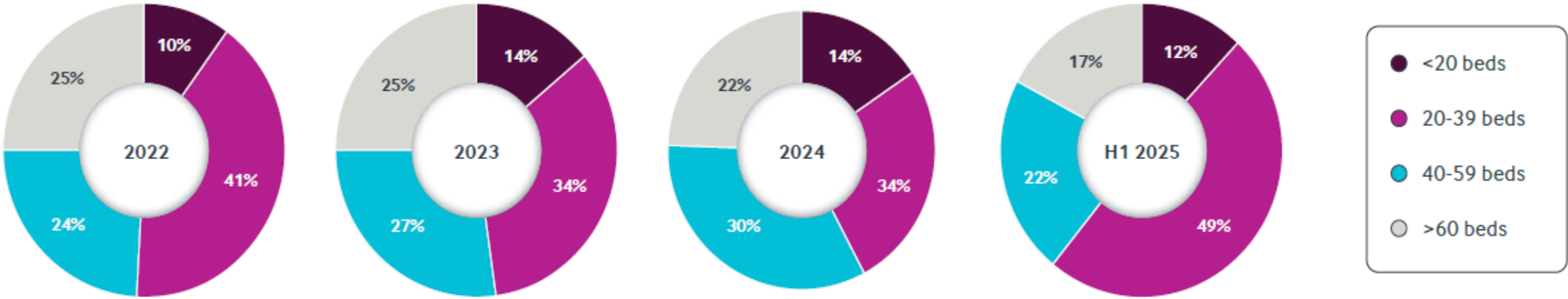
There are approximately 16000 care homes in the UK with over **50%** of them converted or built before 1999



Source: LaingBuisson's Care Search Portal

What type of homes are selling?

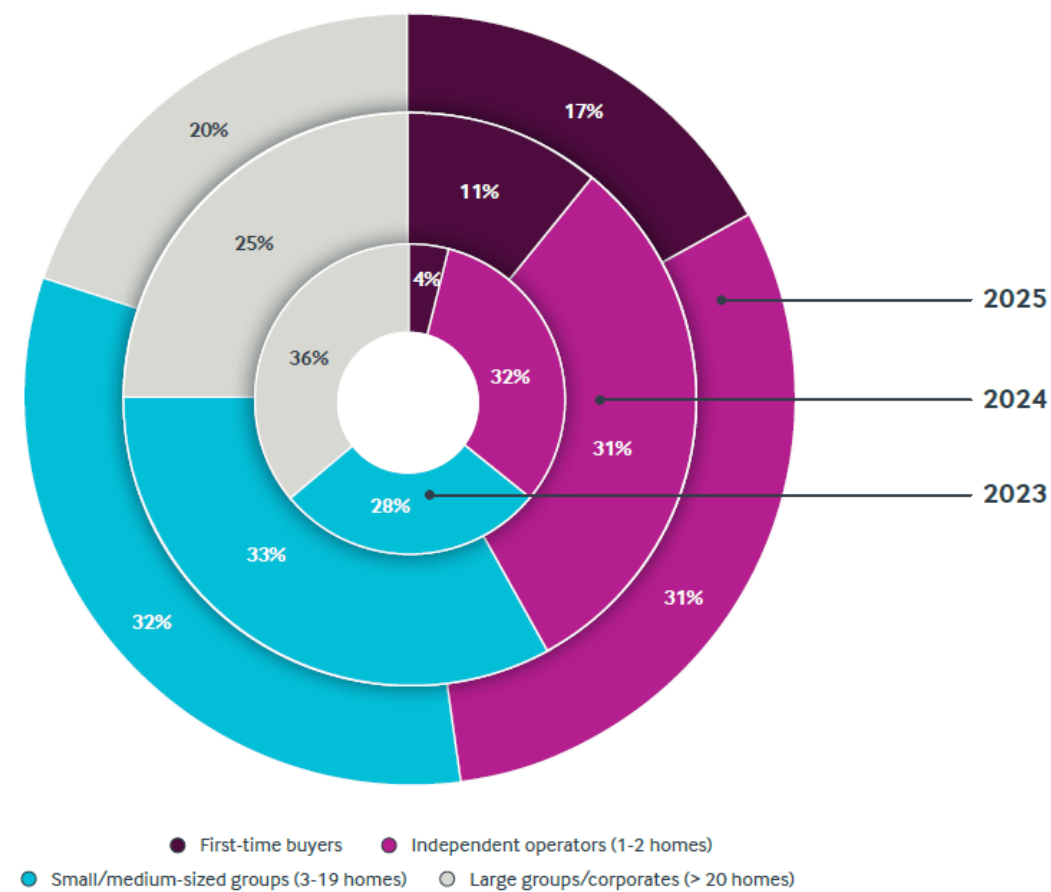
CHRISTIE & CO COMPLETIONS BY CARE HOME SIZE



The greatest proportion of our completed deals in the first half of 2025 were for care homes between 20 and 39 beds, representing 49% of the total. We concluded a smaller proportion of deals on homes over 60 beds, representing 17% of the total deals. The proportion of care home completions comprising over 40 beds in the first half of 2025 was 39%, down from 52% in 2024.

Who is buying?

CHRISTIE & CO COMPLETIONS BY BUYER TYPE



Key Considerations - when buying or selling

Rating

Outstanding

Good

Requires Improvement

Inadequate

CQC are currently taking longer than usual 16 weeks to register providers

A high proportion of CQC reports are over two years out of date

Profitability

Net Profit 15-25%

Occupancy 85-90%

Management

Average adjusted net profit margins of 15-25%

Asset Quality

Room Sizes

How many ensembles or wet rooms

Facilities/Day space

Scope to extend

All of the above will be factored into any valuation on the home

Advisors

Experience in the care sector essential – Solicitor - Accountant

Approaching lenders in the correct way

It is crucial to have the right advisors on board ensure they have experience in the care sector

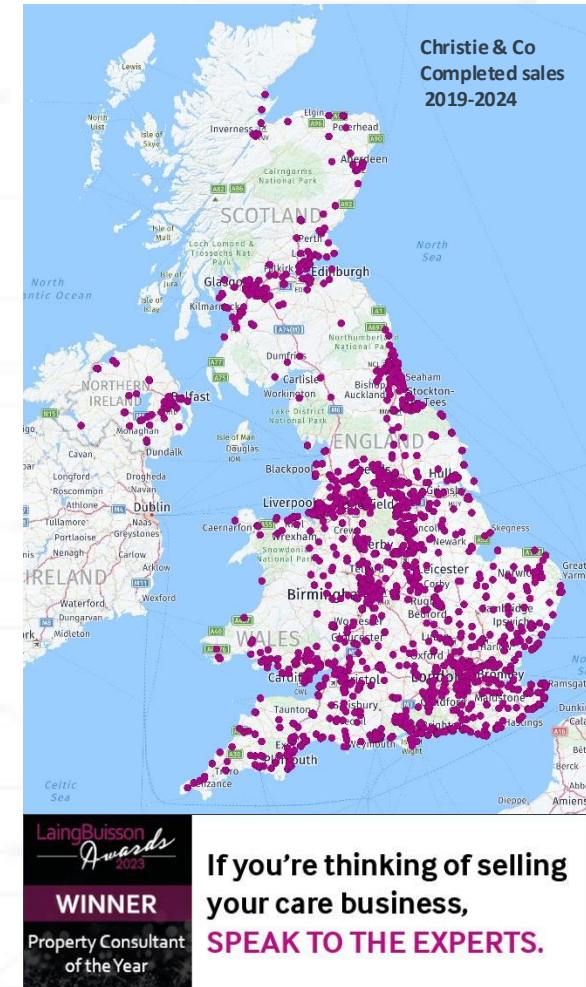
How do we value a care home ?

Conversions 5 – 8 Purpose Built 8 –10 +

- Financial Performance – EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)
- Asset Quality (Land, Buildings and Equipment)
- Regulatory (CQC Rating)
- Maintainable trade & Occupancy trends
- Comparable evidence

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CARE MARKET REVIEW 2025

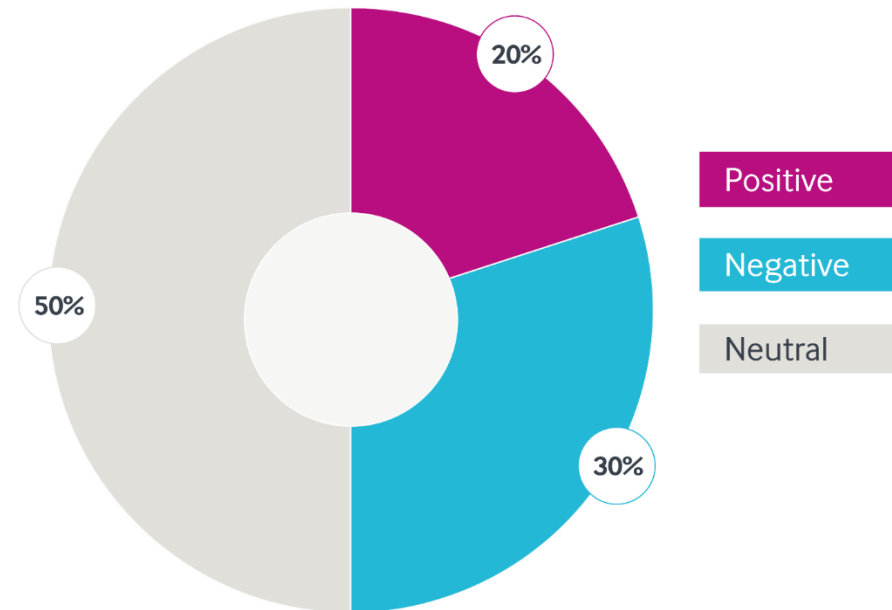
AN INSIGHT INTO THE UK HEALTHCARE MARKET

Operator sentiment survey results | What is your overall sentiment for the next 12 months?



Across the UK, 36% of respondents stated that they are looking to expand their portfolios. Sentiment is stronger in Wales, where 58% are looking to acquire in the next 12 months

In England, 20% of respondents suggested they were looking to sell in the next 12 months, however, in Wales, no operators reported plans to exit.



Thanks for listening
Any Questions ?

