

Rising demand for places accelerates investment in care homes

London, 15 May 2019

LaingBuisson has launched the first edition of its *Care Home Construction: 2017-2021 UK Market Report* to coincide with its annual flagship Social Care Conference which is held today in London.

The report shows that there are currently nearly 19,000 care homes, nursing homes and residential homes providing adult and elderly care in the UK, and that total revenues for the sector amount to £15.9 billion (up 5% on 2015).

An ageing population and rising levels of disability and dependency among older people has driven increased demand for care homes. At the same time, the growth in domiciliary care and stricter entry criteria by local authorities has choked some of this demand, especially in the public sector.

These dynamics have had a distinct influence on this sector, where recent years have seen a net reduction in beds available as closures outpace the registration of new homes. Low local authority fee rates have led developers to place almost all new, state-of-the-art homes in affluent areas of the country where they can count on private payers. And despite the levels of investment seen in the past 20 years, a lot of existing care home stock remains sub-standard. Where margins are low, there is an increasing reliance on bank support, underlining the wider vulnerability felt by this market.

Nevertheless, the report finds that the care home sector is expected to outperform the wider healthcare market owing to the undersupply of appropriate accommodation and the increasing demands of an ageing population. Even in the five years between 2016/17 and 2020/21 it is expected that 36,000 new places will be needed, and these will come mainly from the private sector. Indeed, the market appears attractive to overseas investors, and between 2016 and 2018 they have been involved in around 80% of all care home property deals. At the same time, the sector is competing with housing, hotels and student accommodation for space for development.

William Laing, founder of LaingBuisson said:

“With the UK population over the age of 65 expected to rise from 10.6 million in 2010 to 16.1 million in 2035, there is clear demand for care homes into the future. Even considering that the increase of domiciliary care enables people to remain at home longer, which also fits with local authorities’ requirement to reduce admissions, the sector also plays a crucial role in keeping people out of NHS hospital beds (particularly in geriatric and mental health care), especially where people have disabilities and higher levels of dependency. It is not surprising that the market is, therefore, attractive to investors.

“Nevertheless, we need to consider what steps can be taken, in terms of planning procedures and financial support, to ensure a spread of high-standard care home provision across the country, not only in its more affluent areas.”

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Notes to Editors

About LaingBuisson

LaingBuisson has been serving clients for over 30 years with market, policy and strategy insights, data and analysis across healthcare and social care. We are the chosen provider of independent sector healthcare market data to the UK Government's Office for National Statistics and work globally with providers, commissioners, payors, manufacturers, investors, regulators and advisors. We help our clients to understand their markets, make informed decisions and deliver better outcomes through market intelligence, consulting and data solutions.

For more information, please visit our website at www.laingbuisson.com.

About Care Home Construction: 2017-2021

Care Home Construction: 2017-2021 Market report focuses on key market trends and the drivers for growth in the care home sector and is of interest to construction professionals and investors involved in or targeting the care homes market. The report looks at the breadth of supply in the market, with an emphasis on the independent sector which has become increasingly influential in this market over the past 25 years, and it also looks at the number, value and geographic spread of care home planning applications. The report also looks at future demand for care home places, projecting demand and comparing this with the current supply of places.

Social Media

LinkedIn

LaingBuisson has launched the first edition of its new *Care Home Construction: 2017-2021 UK Market Report*. The report shows clear and rising demand for care home places as the UK's population ages and there are increasing levels of disability and dependency among older people. It also highlights market dynamics, such as most investment being made in areas of the country where there are higher numbers of people paying for themselves and gaining planning permission is highly competitive, with developers also seeking land for new housing, hotels and student accommodation. The report analyses and predicts what needs to be done to match future supply to demand and ensure the long-term sustainability of the market. For further details see [\[INSERT LINK TO REPORT\]](#)

Twitter

@laingbuisson publishes 1st edition of Care Home Construction: 2017-2021 UK Market Report. Will supply grow in line with expected demand? For answers to this and other questions go to [\[INSERT LINK TO REPORT\]](#)

How do we ensure that the supply for care homes aligns with the demand across the UK? For analysis of this and other questions, see @laingbuisson Care Home Construction: 2017-2021 UK Market Report [\[INSERT LINK TO REPORT\]](#)

What steps need to be taken to turnaround sub-standard care homes in areas where there is strong reliance on local authority fees? For answers to this, and other questions see @laingbuisson Care Home Construction: 2017-2021 UK Market Report [\[INSERT LINK TO REPORT\]](#)

Can we rely on care homes to provide the capacity needed to keep people out of acute NHS hospital beds they don't need? For answers to this, and other questions see @laingbuisson Care Home Construction: 2017-2021 UK Market Report [\[INSERT LINK TO REPORT\]](#)

Can the UK construct the number of care homes it needs to support its ageing population quickly enough? For answers to this, and other questions see @laingbuisson Care Home Construction: 2017-2021 UK Market Report [\[INSERT LINK TO REPORT\]](#)

Email

Dear

LaingBuisson has today published the first edition of its *Care Home Construction: 2017-2021 UK Market Report*. Providing insight into the likely supply and demand as well as investment needs in this market, it is vital reading for professionals working in the care home property and construction market, as well as investors, advisors and commissioners and others involved in planning for future requirements in local authorities and the NHS.

Key findings from the report include:

- Total care home revenue has risen by 5% to £15.9 billion between 2015 and 2017.
- An ageing population and rising levels of disability and dependency among older people is expected to lead to increased demand and in the period of this report, 36,000 new care home places are expected to be required.
- Around 80% of UK care home property deals between 2016 and 2019 involved overseas investors.
- Outside of more affluent areas, the impact of falling local authority fees and falling occupancy rates is leading to a greater reliance on bank support in the care home sector.
- Despite the investment of the past 20 years, there remains a lot of care home stock which would be considered substandard.

For a more in-depth insight into these findings and more, purchase a copy of the report. It is available from today at £850 for a single print copy or £2,125 + VAT for a full digital package and a full table of contents can be seen at [INSERT LINK TO TABLE OF CONTENTS]. Please go to www.laingbuisson.com or contact your account manager on 020 7841 0045 for more details.