Care Homes Construction Market Report - UK 2017-2021 Analysis

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Introduction and Overview

The 4th edition of the **'Care Homes Construction Market Report - UK 2017-2021 Analysis'** will be of particular interest to care providers in the private and local authority sectors and construction / service companies involved in the long-term care sector.

Key issues covered:

- Structure and size of both independent and voluntary care home sectors and analysis of providers.
- Analysis of supply and demand in the care sector against a backdrop of an aging population. Including future demand.
- Analysis of care costs and funding - sources of funding and investment in the independent and voluntary care homes sectors.
- Development pipeline - key building programmes and major players.

Key areas of insight include:

- Review of private, public/voluntary provision - mix shares, values, trends in last decade, prospects up to 2021.
- Analysis of construction output in the healthcare sector with estimated forecasts to 2021.
- Implications of bedspace shortages and funding of long-term care.
- Analysis of long-term care homes development pipeline including analysis of data from the Barbour-ABI Project Leads Database.
- Detailed analysis of the development opportunities available to develop residential care property and the building programmes and expansion plans of leading independent and voluntary sector providers.
- Review of key contractors / clients/ development programmes including major fit-out and construction contractors and developers.
- Detailed market data and insight on the care homes construction market by AMA Research, a leading UK provider of construction market intelligence.

Some of the companies included:

LNT Group, Highwood Group, City Building, Seddon Construction, Wates Walter Thompson, Stepnell, Farrans Construction, Keepmoat Regeneration, Castleoak Care Developments, Eric Wright, Design & Construct, Hart Builders, Halsall Construction, Jenner Contactors, Simpson, Marshall Construction, Greenchurch Developments, Four Seasons Health Care, BUPA Care Homes, Barchester Healthcare, HC-One, Care UK, Orchard Care, Runwood Homes, Care Management Group, Caring Homes Group, Shaw Healthcare, Minster Care Group, Anchor Trust, Leonard Care Disability, Methodist Homes, Community Integrated Care, Orders of St. John Care Trust, Sanctuary Care Ltd, Abbeyfield Society, Dimensions UK, and many more.

The Long-Term Care Sector in the UK

- Sector value and market overview - sector size and structure - number of homes, residents, bedspaces 2007-2017, - split by provider (private, voluntary, LA, NHS).
- Regional provision of care homes and new care homes development.
- Funding for the long-term care sector - plans for adult social care funding reform under the Care Act - impact of delays.
- Supply and demand in the care sector - regional provision of care homes beds and homes 2014/15, drivers of demand, population age profile up to 2080, future demand for care home places 2017-2030, size of new developments.
- 'Extra-care' housing sector - number of developments by region, scale of sector, funding, key players etc.
- Independent long-term care sector - sector size & value 2012-2021, leading independent care providers - market shares, profiles, development plans etc, changes in market structure.
- Local Authority/Voluntary care sector - sector size & value 2012-2021, leading voluntary care providers - Housing Associations, Voluntary - shares of leading providers.

Construction Market Overview

- Value of output - construction new work - construction output in 2016 and beyond.
- Construction output in the healthcare sector - both private and public - and forecasts for output 2017-2021.
- RMI in the healthcare & care homes sector - 2012-2021 by value. Age profile of care homes.
- Private healthcare investment - analysis of alternative sources of funding for care homes developments/private care home investment funds.

Building Programmes and Investment in the Care Homes Sector

- Private healthcare investment - principal private care home funds - key operations, fund values etc.
- Funding & ownership models in the care homes sector.
- Mergers & acquisitions in the private long-term care sector - key changes.
- Care home development pipeline - care home size and facilities, care homes planning applications by regions, average sizes.
- Building programmes & expansion plans of leading care providers - key players in sector, factors driving development programmes.

Construction Supply in the Care Homes Sector

- Key construction companies and developers in the long-term care sector.

- Contractor/Developer Profiles - LNT Group, Highwood Group, City Building, Seddon Construction, Wates Walter Thompson, Stepnell, Farrans Construction, Keepmoat Regeneration, Castleoak Care Developments, Eric Wright, etc. - key clients, development programmes, capabilities etc.

Report Summary

There have been a number of changes in the care home market over the last few years affecting longer-term trends in supply and demand. Whilst an ageing population and rising levels of disability and dependency among older people has increased demand for care home places, the growth in domiciliary care and stricter entry criteria by local authorities has reduced the supply of care home places, especially in the local authority sector.

The most significant change in the provision of residential care in the last 25 years has been the much greater involvement of the private sector, with a substantial growth in the number of mainly privately provided nursing home places replacing large numbers of NHS hospital beds for both geriatric and mental illness care. In 2017 more than three quarters of all care homes and care home beds are operated by the private sector in England, a significant rise since 2010.

Over the next 5 years, demand for care homes places is expected to far exceed the number of bed space additions provided. This is in part due to the decline in bed spaces provided by the public sector and private sector building not meeting the new demand. Care home development continues to focus on locations which are characterised by a strong self-pay market where higher fees provide investors with a stronger return on capital. However, finding appropriate development sites in these areas remains constrained by land prices and competition from house-builders, leading to a shortage of affordable sites.

There are some significant challenges facing the care homes construction sector with staffing and payroll issues a major concern. The introduction of the National Living Wage in April 2016 increased payroll costs and reduced profit margins. Many care homes operators already faced staff recruitment and retention problems which have now been exacerbated by the NLW and uncertainty over freedom of movement caused by Brexit. These factors have resulted in an increased reliance on agency staff, further impacting profits. Many care home operators face an uncertain and challenging trading environment going forward in which certain homes become financially unviable and the sector sees a higher level of closures.

Despite the challenges currently facing the sector, the private care homes sector continues to perform and attract new investment. The reduction in value of the sterling has made the UK market more attractive to overseas investors, particularly those from China and Malaysia. New investment is also driven by the growing number of older homes no longer fit for purpose and the increasing demand as the population ages. Additionally, the proportion of people entering care with specialist needs is increasing and is likely to remain a priority for operators, with a rise in the incidence of obesity, diabetes, dementia and other neurological disorders. In a time of constrained public-sector finances, the private sector will play an important role in updating existing and delivering new care homes. Because of these factors, the care homes sector is set to outperform the wider healthcare market in the long term.

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