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:
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.
- '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.

List of Report Contents

Contents Listing

1. INTRODUCTION 6

1.1 BACKGROUND 7

1.2 SOURCES OF INFORMATION 7

2. SUMMARY AND MARKET PROSPECTS 9

2.1 SUMMARY 9
2.2 MARKET PROSPECTS 11

3. ECONOMIC ENVIRONMENT 13

3.1 GDP 13

3.2 INFLATION & INTEREST RATES 15

3.3 UNEMPLOYMENT 16

3.4 HOUSEHOLD CONSUMPTION 16

3.5 HOUSING & CONSTRUCTION 17

3.6 STERLING 18

3.7 POPULATION PROFILE 18

3.8 CONCLUSIONS 19

4. CARE HOME & HEALTHCARE CONSTRUCTION MARKET 20

4.1 TOTAL CONSTRUCTION OUTPUT 20

4.1.1 Construction New Work and RMI - Value of Output to 2021-20

4.1.2 Non-Residential Construction Output by Sector 2016-2021 21

4.2 CONSTRUCTION OUTPUT IN THE HEALTHCARE SECTOR 24

4.2.1 Outlook for Healthcare Construction Work to 2021 25

4.2.2 RMI in the Healthcare Sector 26

4.2.3 Capital Expenditure in the Care Homes Sector 27

4.3 PRIVATE HEALTHCARE INVESTMENT 30

4.3.1 Private Care Home Financing and Investment Funds 31

4.3.2 Mergers, Acquisitions & Transactions in the Private Long-term Care Sector 32

4.4 BUILDING PROGRAMMES AND INVESTMENT IN THE CARE HOMES SECTOR 33

4.4.1 Care Home Development Pipeline 35

4.4.2 Care Home Size 37

4.5 BUILDING PROGRAMMES OF LEADING INDEPENDENT CARE PROVIDERS 38

4.5.1 Market Activity 39
6.1.1 Leading Contractor Profiles 67

6.1.2 Other Company Profiles 73

Tables & Charts

CHART 1: NURSING & RESIDENTIAL CARE HOMES/BED-SPACES BY TYPE OF PROVIDER IN 2017 (%) 9

TABLE 2: GDP DATA - 2013-2017 - KEY CONSTITUENT ELEMENTS 14

CHART 3: INTEREST RATES AND INFLATION (CPI) FROM 2000-2021 15

CHART 4: PDI & SAVINGS RATIO AT CURRENT PRICES 2000-2021 17

TABLE 5: EXCHANGE RATE FLUCTUATIONS 2013-2019 - STERLING TO THE DOLLAR, AND THE EURO, SPOT RATES 18

CHART 6: TOTAL CONSTRUCTION OUTPUT 2012-2021 BY VALUE (£BN AT CURRENT PRICES) 20

CHART 7: VALUE OF NON-RESIDENTIAL CONSTRUCTION OUTPUT NEW WORK BY SECTOR - % BY VALUE 2016 21

TABLE 8: NON-DOMESTIC CONSTRUCTION NEW WORK OUTPUT 2016-2021 BY SECTOR AND VALUE (£BN AT CURRENT PRICES) 24

TABLE 9: CONTRACTOR'S OUTPUT IN THE HEALTHCARE SECTOR (PUBLIC & PRIVATE) 2012-2021 (£M) 24

CHART 10: HEALTHCARE CONSTRUCTION NEW WORK OUTPUT BY VALUE (£BN AT CURRENT PRICES) 2016 TO 2021 25

TABLE 11: HEALTHCARE RMI MARKET 2012-2021 (£M) 27

CHART 12: INDEPENDENT CARE HOME STOCK BY AGE OF BUILDING: 2016-17 28

CHART 13: CARE HOME OPERATING COSTS AS A % OF TOTAL REVENUE 2016-17 29

TABLE 14: DESIGN CHANGES IN NEW BUILD CARE HOMES 30

CHART 15: CARE HOME PLANNING APPLICATIONS BY NUMBER AND VALUE (£M): 2007-2016 35

TABLE 16: CARE HOMES - CONTRACTS AWARDED BY REGION; VALUE AND NO. BED-SPACES: (PROJECTS OVER £1M) (YEAR TO JUNE 2017) 36

CHART 17: CARE HOME PLANNING APPLICATIONS YEAR TO JUNE 2017 BY REGION 36

CHART 18: AVERAGE SIZE OF CARE HOMES (NURSING & RESIDENTIAL) IN ENGLAND 2004 AND 2017 37

TABLE 19: MAJOR CARE HOME PROVIDERS/DEVELOPERS: DEVELOPMENT PLANS 2016-2021 SUMMARY 41

CHART 20: UK CARE HOMES MARKET - SECTOR REVENUE (INDEPENDENT/PUBLIC SECTOR) BY % SHARE 2016-17 43
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