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SCOTTISH HEALTHCARE MARKET REVIEW 2026

A review of the need for new build development/refurbishment across Scotland

Regulated by RICS

CHRISTIE & CO

Christie & Co: About Us

Christie & Co is recognised as the market-leading broker for care home development land in the UK.

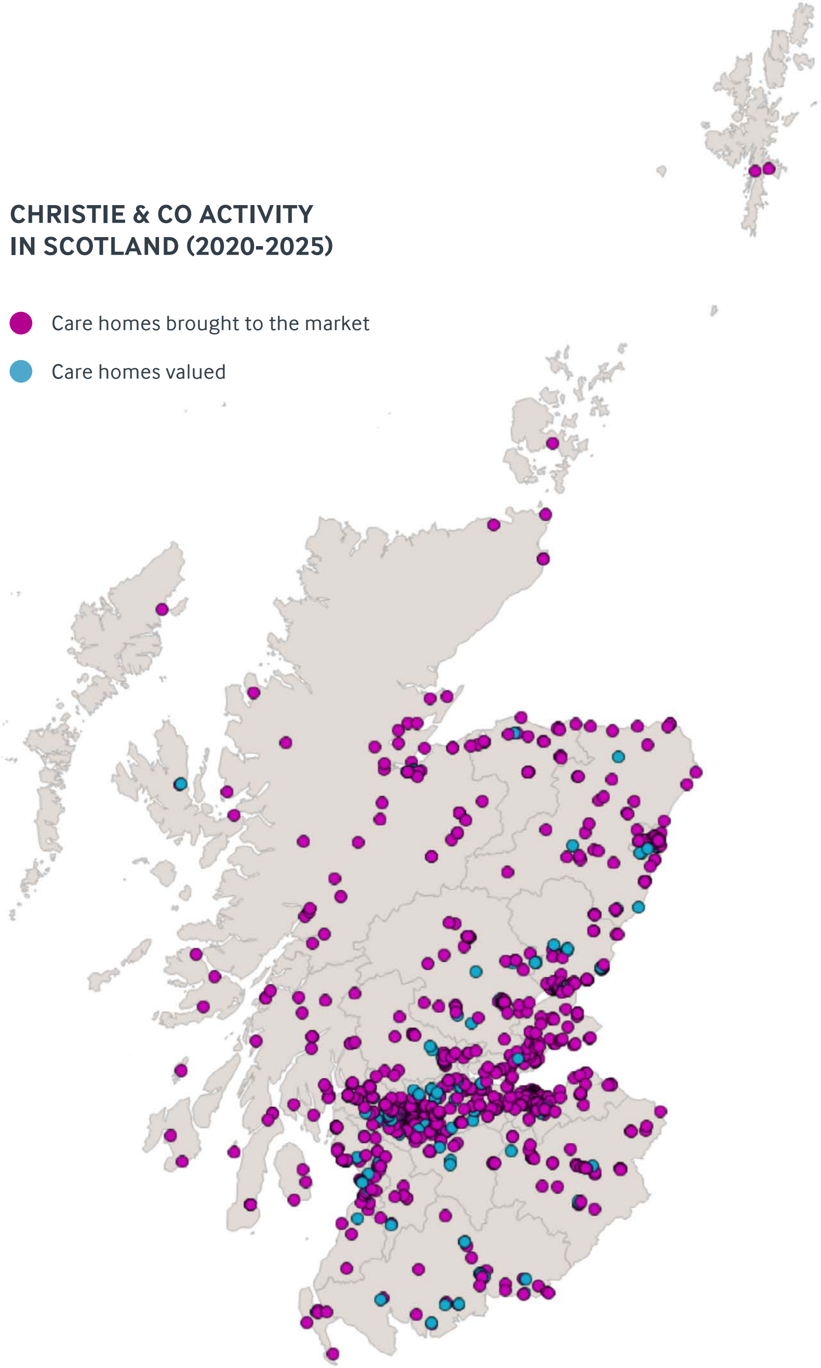
We have an unrivalled track record in the effective disposal of healthcare development opportunities, having brokered transactions with an aggregate Gross Development Value of £3 billion since 2018.

2025 was a record-breaking year for our Scottish care team, which achieved over £250 million in sales value transacted, some highlights being the sale of Pacific Care Group, a high performing group of 219 beds, with an average weekly fee of £1,500, and the sale of Thistle Healthcare to a national operator, which offered 478 beds across a mix of seven purpose-built homes.

Our specialist healthcare brokerage team regularly sells over 60% of the UK's individually sold care homes every year (90% in Scotland), giving us unrivalled insight into the social care markets. We also have the largest, most experienced healthcare team in the sector, covering brokerage, valuation, consultancy, investment, and development, with over 500 years of collective experience in our national team.

The map on this page illustrates our brokerage and bank valuation assignments since 2020, demonstrating the depth of our experience and knowledge across Scotland. If you would like to know more about our services, you'll find our contact details on page 14.

CHRISTIE & CO ACTIVITY IN SCOTLAND (2020-2025)



Introduction

Welcome to our Scottish Healthcare Market Review.

This report highlights key demand for care services across Scotland, examining the current stock of elderly care home beds and the opportunity for new development.

We are confident that Scotland presents a prime opportunity for high-quality care home developments to address the growing need for future-proof beds.

HIGHLIGHTS

21% of the population in Scotland is over 65; this is anticipated to grow to **25%** over the next 10 years

The demand for elderly care beds is forecasted to increase by **32%** by 2036

55% of the care homes in Scotland are purpose-built, and only **36%** have wetroom facilities

Only **17%** of bed provision has dedicated dementia provision

There is a current undersupply of **19,793** wetroom beds (full-market standard beds) across Scotland. This is expected to increase to a shortfall of **21,434** by 2031 and **27,683** by 2036

Across Scotland, between 2021 and 2025, **47** new care home schemes were approved, adding **2,489** beds

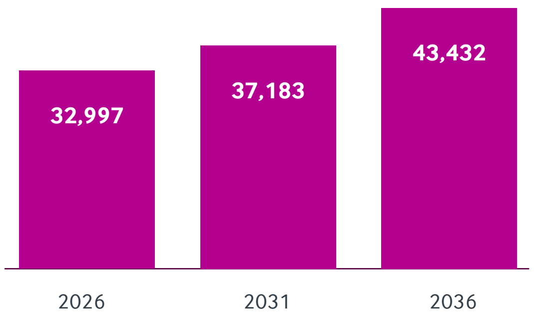
Demographics: Population & Demand Trends

KEY OBSERVATIONS

- 21% of the population in Scotland is over 65; this is anticipated to grow to 25% over the next 10 years
- The demand for elderly care beds is forecasted to increase by 12% by 2031 and 32% by 2036
- Alongside the strong growth in the number of elderly people in Scotland, there will also be a substantial rise in the prevalence of specialist chronic, age-related conditions like dementia
- Recent research from Alzheimer's Scotland shows that more than 90,000 people in Scotland are currently living with dementia, with the burden overwhelmingly concentrated among adults aged 65 and over, particularly those aged 80 and over. Data from the National Records of Scotland indicates that 85% of dementia-related deaths occur within this age group, highlighting the condition's significant prevalence and complexity. Public Health Scotland forecasts a more than 50% increase in total dementia prevalence by 2044, driven by Scotland's rapidly expanding older population. This growth will not only increase overall demand for care but will also heighten the need for high-acuity, specialist dementia care facilities capable of supporting individuals with advanced and complex needs

% OF ELDERLY PEOPLE AGED 65+, BY POSTCODE

DEMAND FOR CARE BEDS (2026-2036)



SCOTTISH POPULATION (2026-2035)

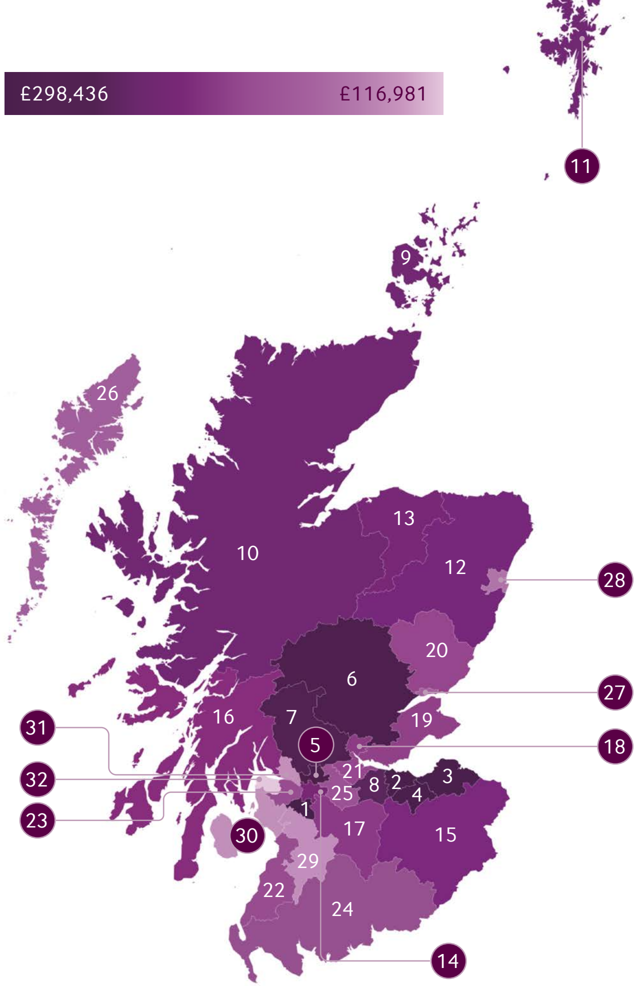
	2026	2031	2036
Total population	5,562,643	5,708,647	5,830,756
Aged 65+	1,169,423	1,294,542	1,386,669
% of population aged 65+	21%	23%	25%
Aged 65-74	626,732	695,359	711,669
% of population aged 65-74	11%	13%	13%
Aged 75-84	404,567	439,356	475,568
% of population aged 75-84	7%	8%	9%
Aged 85+	138,124	159,827	199,432
% of population aged 85+	2%	3%	4%

Demographics: Affluence & Average House Price Metrics

KEY OBSERVATIONS

- Average house prices across Scotland sit at £194,000 compared with £291,000 in England
- Scotland displays pronounced regional disparities in affluence, reflected in the wide range of average house prices across local authorities. More affluent areas such as East Renfrewshire, the City of Edinburgh, and East Dunbartonshire command prices well above £280,000, in contrast to more economically-challenged regions like Inverclyde, North Ayrshire, and West Dunbartonshire, where values sit closer to between £120,000 and £150,000. These differences not only highlight concentrations of wealth around the Central Belt and major employment hubs, but also signal a stronger potential for private-pay care resident demand in higher-value markets, where household wealth and property equity are typically greater
- 34% of the Scottish population owns their home outright, 24% ahead of the national average

AVERAGE PROPERTY PRICE BY LOCAL AUTHORITY



#	Local Authority	Property Price
1	East Renfrewshire	£298,436
2	City of Edinburgh	£295,653
3	East Lothian	£292,138
4	Midlothian	£281,928
5	East Dunbartonshire	£265,492
6	Perth and Kinross	£233,003
7	Stirling	£227,552
8	West Lothian	£222,687
9	Orkney Islands	£219,082
10	Highland	£214,076
11	Shetland Islands	£212,716
12	Aberdeenshire	£204,791
13	Moray	£196,826
14	City of Glasgow	£190,165
15	Scottish Borders	£186,159
16	Argyll and Bute	£183,122
17	South Lanarkshire	£181,577
18	Clackmannanshire	£177,313
19	Fife	£175,980
20	Angus	£170,285
21	Falkirk	£169,069
22	South Ayrshire	£166,086
23	Renfrewshire	£165,431
24	Dumfries and Galloway	£161,291
25	North Lanarkshire	£155,489
26	Na h-Eileanan Siar	£147,519
27	City of Dundee	£143,238
28	City of Aberdeen	£140,741
29	East Ayrshire	£138,632
30	North Ayrshire	£130,749
31	West Dunbartonshire	£125,693
32	Inverclyde	£116,981

Source: Registers of Scotland, House price statistics: December 2025

HOUSEHOLD OWNERSHIP

34% Owns outright

28% Owns with mortage

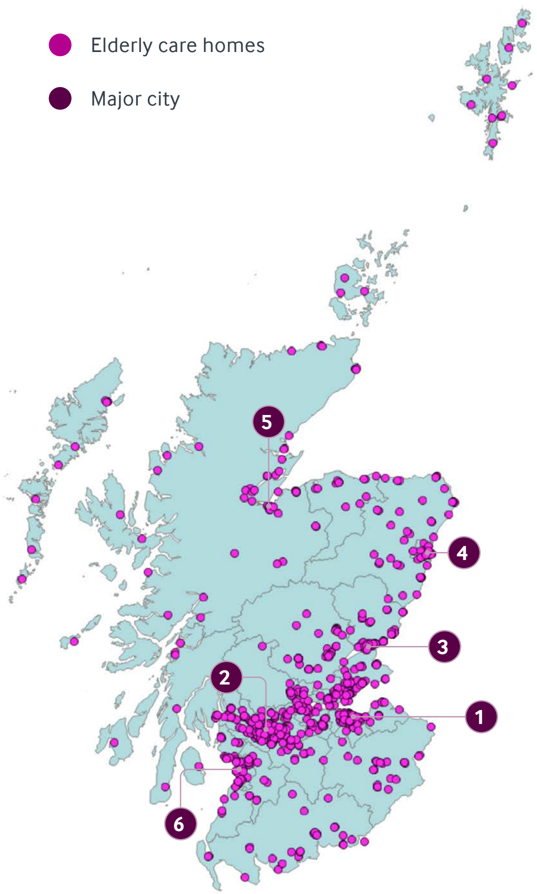
£194,000 Average house price in Scotland

Supply of Elderly Care Homes

KEY OBSERVATIONS

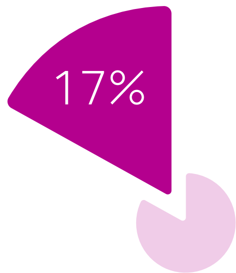
- There are 772 care homes across Scotland, equating to circa 36,000 beds
- The average size of a care home in Scotland is 47 beds
- Only 55% of the care homes in Scotland are purpose-built, 87% have en suites, and just 36% have wetroom facilities. The Care Inspectorate's Care Homes for Adults – The Design Guide 2026 report confirms that all new developments must incorporate full wetroom provision
- In comparison, the average size of a care home in England is 43 beds. 44% of which are purpose-built, 76% have en suites, and 36% have wetrooms
- The Care Inspectorate has confirmed that new registrations and newly built care homes can now be brought forward at capacities of up to 100 beds, which is a positive and enabling clarification for developers looking to build larger scale developments. However, while this provides welcome flexibility in design and master planning, there remain important operational considerations around staffing models, including the need to maintain appropriate staffing ratios per unit to ensure safe, high-quality care. Developers and operators will therefore still need to demonstrate that workforce planning, unit configuration and care delivery structures are robust and sustainable at this scale

SPREAD OF EXISTING ELDERLY CARE HOMES



1. Edinburgh
2. Glasgow
3. Dundee
4. Aberdeen
5. Inverness
6. Ayr

OVERVIEW OF SCOTTISH ELDERLY CARE PROVISION	
Care homes	772
Registered beds	36,200
Purpose-built beds	23,993
% Purpose-built homes	55%
En suite beds	31,654
% En suite	87%
Wetroom beds	13,204
% Wetroom	36%
Dedicated dementia beds	6,175
% Dedicated dementia beds	17%
Average size	47 beds

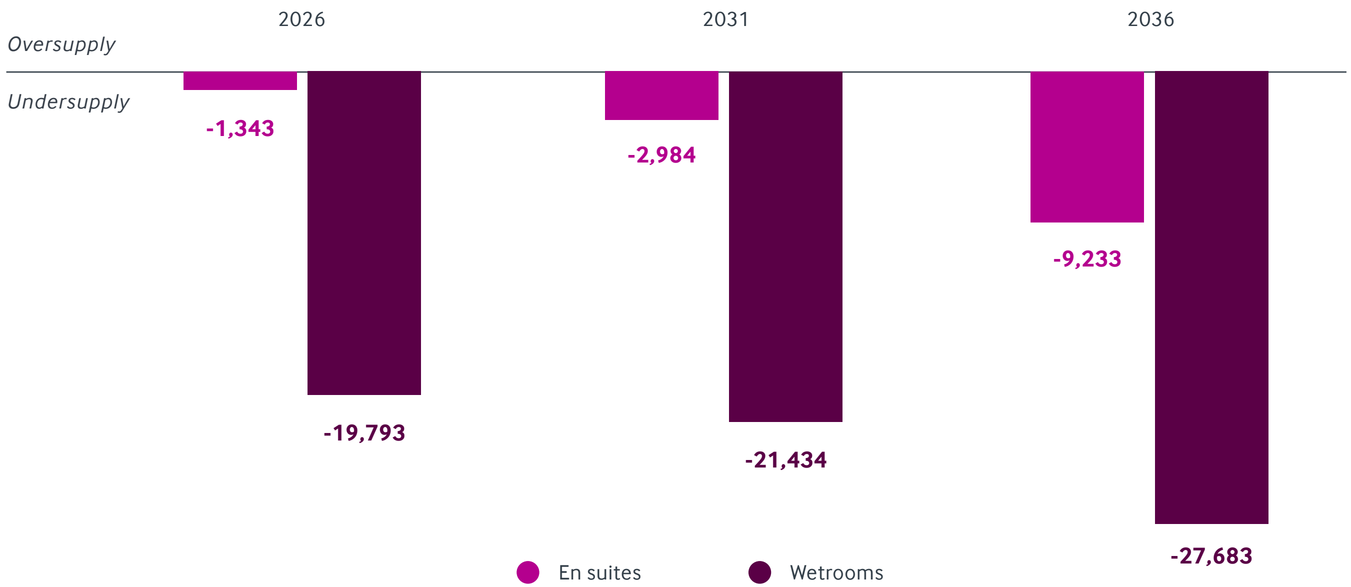


Only **17%** of beds have dedicated dementia provision

Demographics: Demand vs Supply

KEY OBSERVATIONS

- Our analysis considers key factors, including the current and projected growth of the elderly population, existing care home capacity, and planned bed developments, to provide a thorough assessment of present and future bed requirements. We have assessed the bed requirements based on the number of en suite beds (the minimum market standard) and the need for wetroom provision (full-market standard beds)
- There is a current undersupply of 19,793 wetroom beds (full-market standard beds) across Scotland, which is forecasted to increase to a shortfall of 21,434 by 2031 and 27,683 by 2036



	2026	2031	2036
Current provision			
All beds	36,200	36,200	36,200
En suites	31,654	31,654	31,654
Wetrooms	13,204	13,204	13,204
Dementia Beds	6,175	6,175	6,175
Planned beds			
Beds in the pipeline		2,545	2,545
Demand vs supply			
All beds	3,203	1,562	-4,687
En suites	-1,343	-2,984	-9,233
Wetrooms	-19,793	-21,434	-27,683
Dementia Beds	-7,453	-7,909	-10,490

The undersupply of wetroom beds across Scotland is forecasted to increase to a shortfall of **21,434** by 2031 and **27,683** by 2036.

REFERENCES:

Saturated market	Beds required

NB: Future supply assumes that half of the planned capacity will provide dedicated dementia beds, with 100% en suite and wetroom facilities.

It is estimated that 41.3% of the calculated demand will require dementia beds.

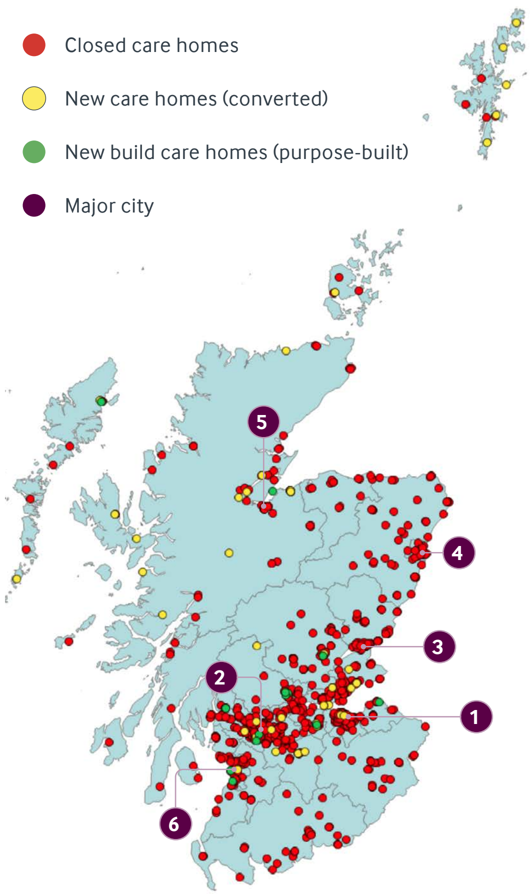
Closures & Openings, 2021-2025

KEY OBSERVATIONS

- Between 2021 and 2025, 81 care homes closed across Scotland, totalling 2,637 beds lost
- There have been 1,999 new beds over the same period, indicating a net loss of 638 beds over the four years. This accounts for both new-build homes and those that have been converted or reconfigured for care use
- Of the 55 openings between 2021 and 2025, 14 were new build homes, equating to an average of 3.5 new schemes per year. These purpose-built homes typically offer full wetroom provision and have an average registration capacity of around 65 beds. The remaining openings comprise newly registered services, including reopened care homes and facilities converted for care use

The care homes that closed had an average capacity of 33 beds, with 69% offering en suite provision

ELDERLY CARE HOMES CLOSED AND OPENED BETWEEN 2021 AND 2025



1. Edinburgh
2. Glasgow
3. Dundee
4. Aberdeen
5. Inverness
6. Ayr

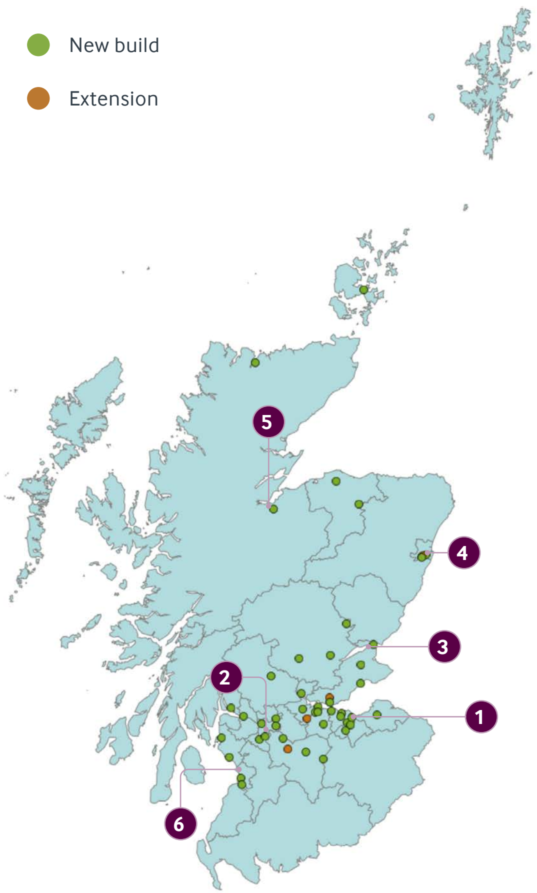
OVERVIEW OF CARE HOME CLOSURES AND OPENINGS	
Closures	
Homes closed	81
Registered beds	2,637
En suites	1,809
% En suites	69%
Average size	33
Openings	
Openings	55
Registered beds	1,999
Wetrooms	1,141
En suites	1,839
% En suites	92%
Average size	44
New build homes	
New build homes	14
Registered beds	903
Wetrooms	894
En suites	853
% En suites	94%
Average size	65

Development Activity

KEY OBSERVATIONS

- Between 2021 and 2025, 47 new care home schemes were approved, adding 2,489 beds. As some are part of wider mixed-use developments, there are questions over whether they will be delivered
- Development activity is largely across the Central Belt, particularly around Glasgow, Edinburgh, and nearby commuter towns, reflecting higher population densities and strong connectivity. Smaller clusters appear in the northeast and parts of the Highlands and Islands, where schemes typically address gaps in provision within more rural communities
- Most new developments are being advanced by private operators and developers, although many mixed-use housing schemes now incorporate care provision. Additionally, several projects are being promoted directly by local authorities, reflecting a blend of private and public sector activity across the market
- With the removal of the 60-bed cap, we anticipate renewed momentum in Scotland's pipeline, as operators gain greater flexibility to bring forward larger, more commercially-viable schemes. This is likely to encourage investment across both urban centres and underserved rural areas
- For homes between 61 and 80 residents, a deputy manager must be appointed with 100% supernumerary time. For those between 81 and 100 residents, each unit must have a unit manager with at least 50% supernumerary time, which may lead to developers favouring schemes up to 80 beds to avoid appointing additional staff

CURRENT CARE DEVELOPMENT ACTIVITY, BY TYPE



1. Edinburgh
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PLANNING IN THE PIPELINE (2021-2025)

PLANS GRANTED	
New homes	
New homes in the pipeline	47
Registered beds	2,489
Average size	53
Extensions & refurbishments	
Extensions & refurbishments	4
Registered beds	56
Total beds in the pipeline	2,545
PLANS SUBMITTED	
New homes	
New homes in the pipeline	3
Registered beds	150
Average size	50
Extensions & refurbishments	
Extensions & refurbishments	-
Registered beds	-
Total beds in the pipeline	150
PLANS SUBMITTED & GRANTED	
New homes	
New homes in the pipeline	50
Registered beds	2,695
Average size	54
Extensions & refurbishments	
Extensions & refurbishments	4
Registered beds	56
Total beds in the pipeline	2,751

Roundtable Discussion: The Supply & Demand For Scotland's Care Homes

At the end of February 2026, alongside Scottish Care and Miles Briggs MSP, we hosted a roundtable discussion at the Scottish Parliament, which brought together leaders from across the care sector, including representatives from Scottish Care, the Care Inspectorate, and a range of operators and developers.

Across the conversation, participants expressed shared concerns about Scotland's capacity to meet growing care needs, the fragility of the existing estate, and a policy and funding environment that many felt is misaligned with the realities facing providers, residents, and communities.

OCCUPANCY & PATIENT DISCHARGE

Participants highlighted ongoing system blockages caused by slow hospital discharge processes. Despite care homes being ready to admit, delays in NHS discharge continue to widen the gap between demand and available capacity.

Providers also reported a marked increase in the complexity and distress levels of people moving into care, changes that significantly reshape staffing pressures, support needs, and costs. Many stressed that occupancy, acuity and discharge must return to the centre of policy discussions if Scotland is to ensure people are supported in the right place at the right time.

THE PLANNING SYSTEM

The Care Inspectorate reflected on the marked decline in new care home developments over the last 18 months, raising concerns about whether the sector will have sufficient modern facilities in the future.

Following consultation, the organisation has increased the upper size limit for care homes from 60 to 100 beds, provided they follow small group living principles. Developers welcomed this shift but argued that Scotland's planning system remains a major barrier, with some applications taking up to two years. Compared with England's more streamlined system, Scotland risks losing investment at a time when only a handful of specialist developers remain active. Participants also called for flexibility in design requirements - particularly the rigid 10-bed small group model - to ensure projects remain viable without compromising quality.

STAFFING CHALLENGES

Staffing emerged as one of the most pressing challenges. Operators described rising uncertainty fuelled by policy changes, cost pressures and recent immigration restrictions.

Many services rely heavily on international recruitment, and the tightening of visa rules has already prompted contingency planning within organisations. Increases in employer costs, such as National Insurance, were noted as contributing factors to service closures in the past year. Participants agreed that without a stable, well-resourced workforce, the rights of residents to consistent, person-led, high-quality care cannot be guaranteed.

Roundtable Discussion: The Supply & Demand For Scotland's Care Homes

THE FUTURE OF SMALLER, CONVERTED HOMES

Smaller, converted homes - particularly in rural areas - face increasing viability challenges. While demographic need is often greatest in these communities, staffing shortages and a reliance on agency workers raise costs and compromise continuity of care. In more urban areas, meanwhile, lower levels of private pay demand make it difficult for providers to balance the low rates within the National Care Home Contract.

Attendees discussed potential solutions, including long-term, high loan-to-value finance models in which operators commit a portion of beds to local authority use. Participants agreed that without new funding approaches, Scotland risks deepening inequalities in access to local, community-based care.

FUNDING & LOCAL AUTHORITY PROVISION

Across the discussion, there was consensus that chronic underfunding is the core systemic issue. Local authority fees have not kept pace with rising operating costs, and delays in funded admissions - now averaging 12 to 14 days - leave beds empty despite ongoing hospital pressures. Smaller and charitable providers are particularly exposed, lacking the scale needed to absorb cost increases. Participants warned that Scotland is losing both private and publicly funded beds at a time when new entrants to the market are rare. Closures have a significant community impact, from loss of local employment to reduced access to essential services. The absence of a national strategy for future capacity planning was described as a major failure that threatens long-term sustainability.

A SHIFT IN DEMOGRAPHICS & CHANGING NEEDS

The sector is seeing a growing cohort of people aged 50 to 65 requiring the same level of support as older adults, yet current registration categories and funding mechanisms do not accommodate this shift. The Care Inspectorate indicated that it is exploring the removal of the strict age threshold in favour of a needs-based approach. Participants also noted that the emphasis on keeping people at home for as long as possible is increasingly resulting in avoidable crises and hospital admissions. An "assessment bed" model within care homes was proposed as a potential solution, offering short-term support to stabilise needs and determine long-term pathways.

HOW PROVIDERS ARE ENSURING PORTFOLIOS ARE FIT FOR PURPOSE

While new developments are essential, participants stressed the importance of supporting older homes to remain viable. This includes investment in energy efficiency, technology, and selective modernisation. However, such improvements can often reduce bed numbers and require financial support to deliver. Without targeted investment, Scotland risks losing capacity and the deep community value associated with long-established homes.

THE SCOTTISH GOVERNMENT'S KEY PRIORITIES OVER THE NEXT 12 TO 18 MONTHS

Closing the discussion, Miles Briggs emphasised sustainability as the central priority for the Scottish Government over the next 12 to 18 months. With rising numbers of people living longer, alone, and with more complex needs, policy must support a modernised care landscape. Accelerating the planning system and reducing barriers to development were identified as essential steps to ensuring that appropriate, future-proofed provision can be delivered at pace.

The Opportunity

Unlike many parts of the UK, Scotland has, in recent years, been overlooked from a new-build development perspective, primarily due to the 60-bed limit imposed by the Care Inspectorate post-COVID for new-build homes.

Whilst this is not a legal restriction, in practice, developers aren't building above this size due to risks around obtaining registration. The underlying demand from the ageing demographic in Scotland is, however, growing rapidly. 21% of the population in Scotland is over 65 years of age, and this is set to increase to 25% by 2035. The over 85s cohort is set to rise, shifting from 2% to 4% in the same period.

Only 55% of the existing stock is purpose-built, and only 36% have wetroom facilities. As is the case across the rest of the UK, some smaller care homes, which often lack wetroom provision, have been closing. Scotland has lost 2,637 care home beds since 2021, with an average size of 33 beds. There have been 1,999 new beds over the same period, indicating a net loss of 638 beds over the four years. This accounts for both new-build homes and those that have been converted or reconfigured for care use.

There is a current undersupply of 19,793 wetroom beds across Scotland, and projections indicate that this shortage of market-standard provision will only worsen in the coming years.

By 2031, the shortfall is expected to sit at 21,434 and, by 2036, it is forecast to reach 27,683. This growing deficit underscores the urgent need for strategic planning and investment to ensure that future demand can be met effectively. A large proportion of the existing providers report strong occupancy levels in assets, which may not necessarily be future-proof, highlighting the robust demand trend in the region.

In many instances, smaller, converted homes are well-placed to cater for their local markets, particularly in areas of lower population density. Based on the undeniable increase in demand and general lack of existing modern wetroom facilities, we believe there is a significant opportunity for both regional and corporate care operators to capitalise on the early mover advantage by investing in new developments across Scotland. In addition, operators also have the opportunity to retrofit or reconfigure older stock that may not currently align with the latest market standards, thereby enhancing their competitiveness and future-proofing their homes. With the sector evolving to meet growing demand, strategic investment in high-quality care facilities will not only address existing gaps but also position operators for long-term success in an increasingly competitive market.

Case Studies

A selection of care businesses recently sold across Scotland

PACIFIC CARE
West of Scotland

- A group of five care homes and a day care centre
- 219 beds and 40 daycare residents in assets ranging from the 90s purpose-built through to the most modern 2013 build
- Sold confidentially to a national care provider

WESTACRES CARE HOME
Newton Mearns

- A modern purpose-built care home from 2001, registered for 40
- Previously run by the charity, Newark Care
- Sold confidentiality to a national operator

DEVELOPMENT LAND IN HILLSIDE
Perth

CGI: Yeoman McAllister Architects

- A turnkey development site with planning for 77-beds
- Sold in December 2021 to Morrison Community Care
- Reopened in 2025 as Kingfisher House

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