

Cardiff development site sold March 2024

CGI: SCROXTON + PARTNERS



WALES HEALTHCARE MARKET INSIGHT 2024

CIPOLWG AR FARCHNAD GOFAL IECHYD CYMRU 2024

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

Adolygiad o'r angen am ddatblygu gwaith adeiladu newydd/adnewyddu ledled Cymru



christie.com

CONTENTS



3	Introduction	6	New Build Development Trends	10	Christie & Co: Recent Activity
4	Market Overview	7	Changes in 'Future-Fit' Beds	11	Christie & Co: Our Services
5	Care Home Registrations and De-Registrations	8	Supply and Demand	12	Glossary of Terms & Sources
5	Occupancy Rates	10	The Opportunity	13	Contact Us

INTRODUCTION

Welcome to our **Wales Healthcare Market Insight**, which highlights the growing need for new build, 'future-proof' homes throughout Wales.

Unlike in England and Scotland, there is a distinct lack of new beds being developed in Wales, whether that be via new build development opportunities or the expansion and refurbishment of existing facilities. This insight report reviews the extent of the shortfall and opportunities this presents.

KEY HIGHLIGHTS

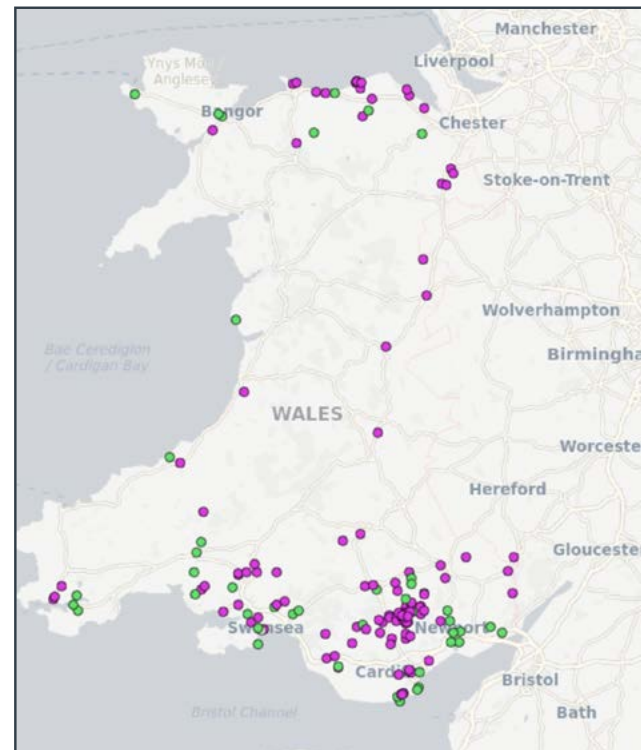
- The majority of beds supplied in Wales are not at market standard.
- Care homes throughout Wales are closing at a rate that far exceeds new registrations/expansions of existing homes.
- Demand in England, Scotland and Wales is rising – the difference is that England and Scotland are replacing closing homes with new ones.
- Occupancy rates in Wales remain higher than that of England and Scotland.
- There is a distinct lack of EMC (market standard) beds in Wales, and this deficit is increasing year on year with no signs of slowing.

ABOUT US

Christie & Co is recognised as the market-leading broker for C2 use land in the UK. We have an unrivalled track record in effective disposal of healthcare developments opportunities, having brokered transactions with an aggregate of circa £2.5 billion Gross Development Value between 2019 and 2024. We also have the largest, most experienced healthcare team in the sector, covering brokerage, valuation, consultancy, investment, and development.

This map illustrates our brokerage and bank valuation assignments since 2020, clearly demonstrating the depth of our experience and knowledge in Wales, which remains a very different market to the rest of the UK.

If you would like to know more about our services, you'll find our contact details on page 13.



- Care homes sold
- Care homes valued

WELSH MARKET OVERVIEW

Elderly care homes are primarily located in urban areas of higher population density.

Areas such as Cardiff, Swansea and Wrexham have a much higher number of beds than Powys and Pembrokeshire, for example.

There remains a significant shortfall of elderly beds in many rural areas, but poor transport links and staffing challenges prohibit development.



594

Elderly care homes in Wales



21,820

Elderly care beds in Wales



37

Average registration capacity



60%

En suite provision



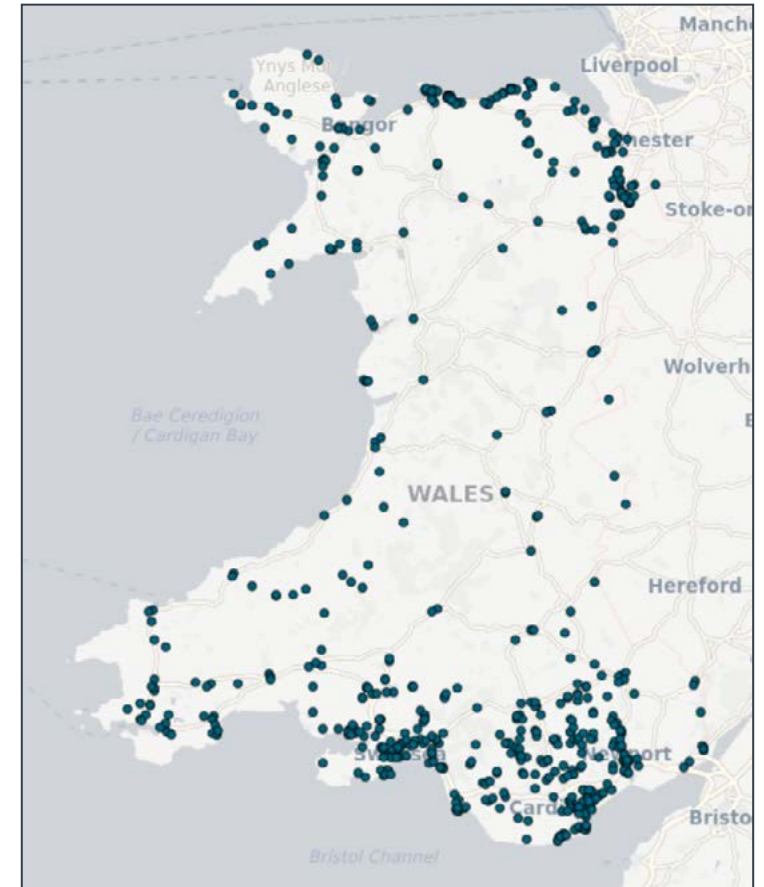
25%

Wet room provision



22%

Dedicated dementia provision



● Existing elderly care homes



- Care home closures
- New build developments

CARE HOME REGISTRATIONS AND DE-REGISTRATIONS, 2020-2023

This map highlights the volume of closures and the lack of new build registrations, particularly in North Wales.

When reviewing characteristics of the 40 homes that closed between 2020 and 2023, we observed that only 35% of bedrooms had en suite facilities, and 59% were accommodated in converted properties.

With only four new elderly care homes opening in three years, expansion and new registrations have not been occurring at a rate that can replace the decline, ultimately leading to a lack in supply of future-proof beds in an ageing population.

OCCUPANCY RATES

Historically, Wales has enjoyed stronger occupancy rates than England and our analysis suggests that this remains the case.

In England, average occupancy rates are currently 89%, whereas occupancy in Wales stands at 92% on average, rising from 90% in 2022/23.



- Applications in planning
- Planning applications approved

NEW BUILD DEVELOPMENT TRENDS

As of March 2024, there are 25 live care planning applications across Wales, amounting to around 1,560 beds. Whilst completion of these schemes will add much-needed Effective Market Capacity (EMC)/future-proof provision, it is important to note that some of these applications are mixed-use schemes, with an on-site allocation for a care setting which may not reach completion.

When considering care planning applications that have been granted, there are 17 consented schemes amounting to 1,049 new beds. The average size of these developments is 62 beds, which is in line with the latest development trends.

25

Total live planning applications

17

Granted planning applications

62

Average size of new developments

1,560

Live elderly beds in planning

1,049

Live granted elderly beds

CHANGES IN 'FUTURE-FIT' BEDS

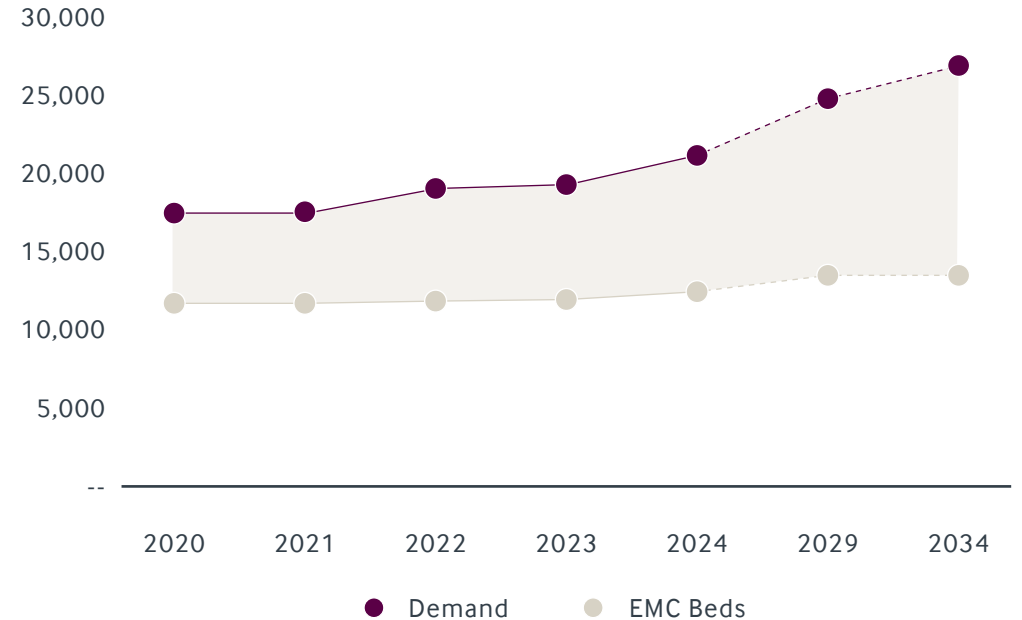
WALES

Between 2020 and 2024, 604 EMC beds were developed in Wales, either through new registrations or the refurbishment of existing facilities – this is an increase in EMC beds of just 5% in four years. In comparison, the demand for elderly bed spaces has increased by 20%, from 17,558 to 21,155 beds over the same period.

When looking at existing planning applications, by 2029 supply of EMC beds in Wales is predicted to increase by 1,049. However, this is alongside a projected increase in demand of 3,627 beds.

As of 2024, overall demand for beds in Wales is circa 21,155 whilst supply of EMC beds is only circa 12,501 – a supply of just 59% of the required demand. Given the lack of new registrations in the country, this undersupply is forecasted to widen even further.

WALES - SUPPLY VS DEMAND FROM 2020 (EMC BEDS)

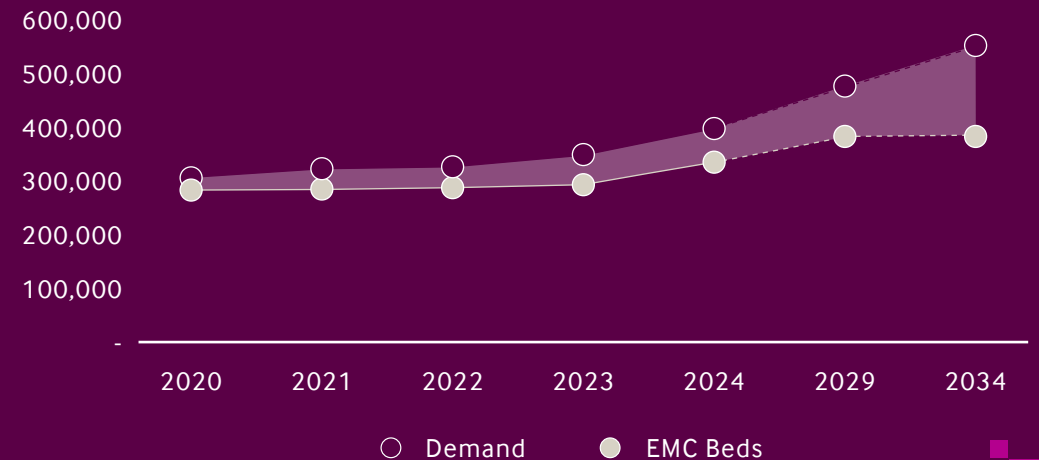


ENGLAND & SCOTLAND

Comparatively, our data shows that, in England and Scotland, demand for overall beds was circa 399,494, whilst supply of EMC beds was circa 336,503, suggesting that 84% of bed demand has been accounted for.

Supply of EMC beds in England and Scotland has increased by circa 18% from 2020 to 2024. Interestingly, 15% of this growth was in 2023.

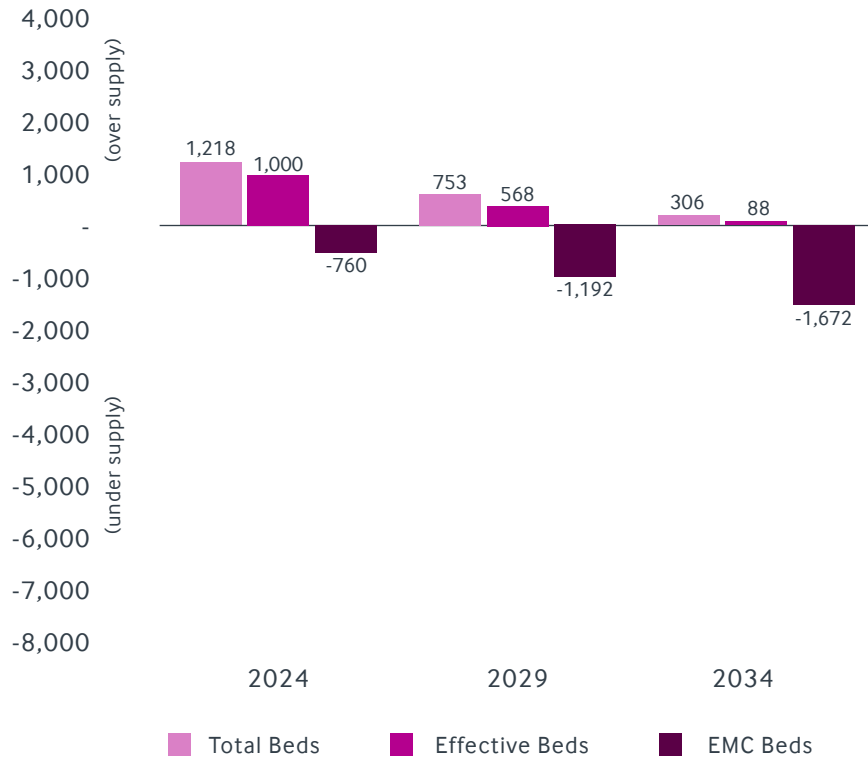
ENGLAND & SCOTLAND - SUPPLY VS DEMAND FROM 2020 (EMC BEDS)



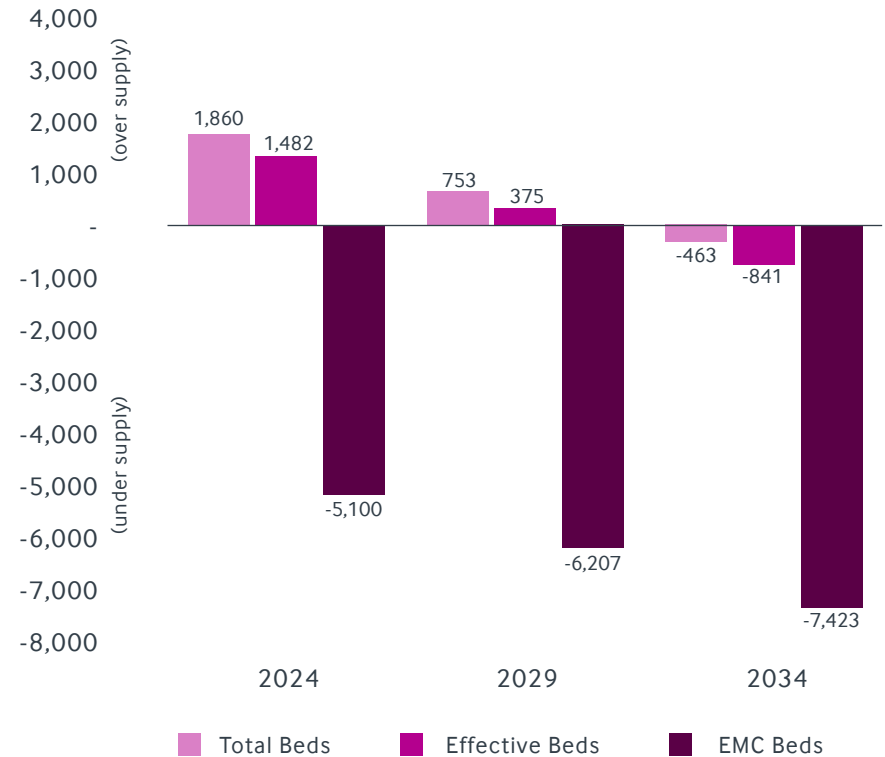
SUPPLY & DEMAND

NORTH WALES & SOUTH WALES

BED SUPPLY – NORTH WALES



BED SUPPLY – SOUTH WALES

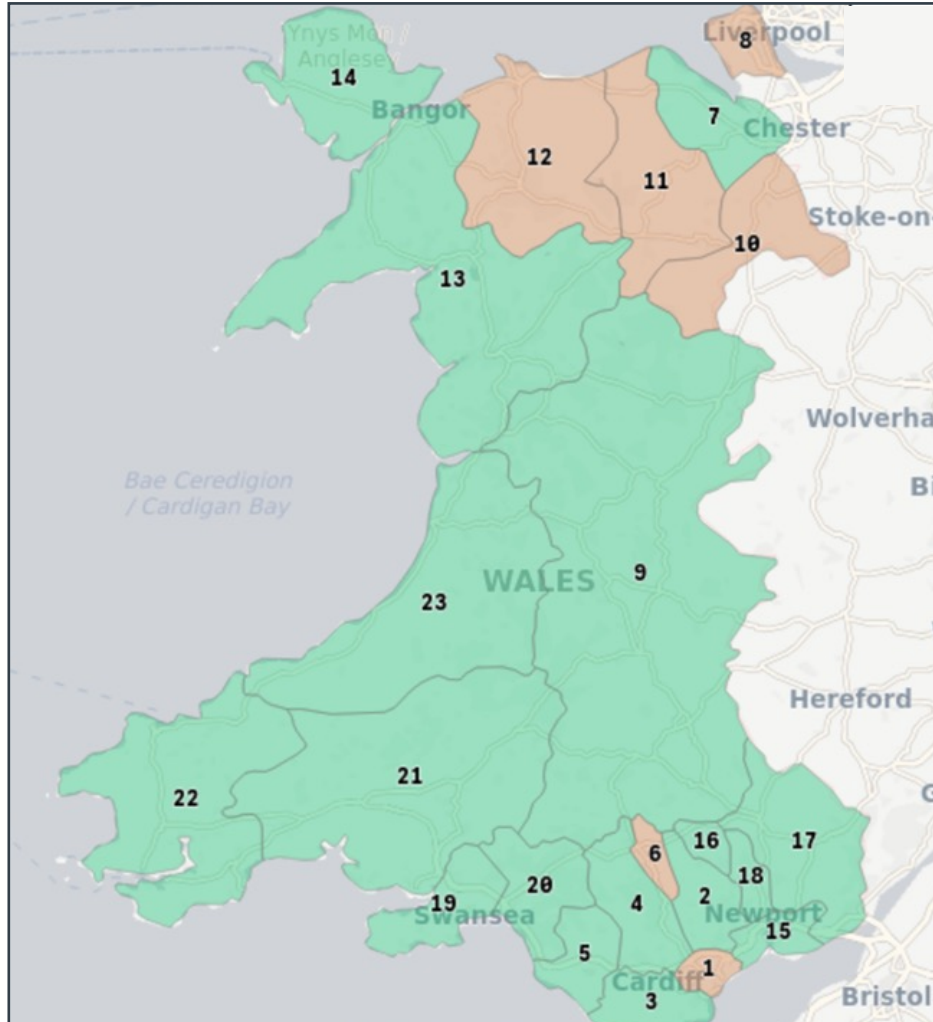


According to the ONS, as of 2021 the total population in Wales is circa 3.1 million, with those aged 65 years and over accounting for circa 662,000 (21%), those aged 75 years and over circa 270,00 (10%), and those aged 85 years and over circa 76,000 (3%). Comparatively, the proportion of the population in England and Scotland who are aged 65 years and over account for 19% of the population.

As illustrated in these charts, although the total number of beds in both North and South Wales appear to demonstrate an over-supply, this is largely made up of non-market standard provision. The number of EMC beds is hugely undersupplied and shows no signs of recovering, with the deficit of EMC beds in South Wales alone set to increase by 2,343 beds between 2024 and 2034.

SUPPLY & DEMAND BY LOCAL AUTHORITY, 2024

74% of Local Authorities in Wales have a requirement for EMC beds. Only 26% of Local Authorities currently have sufficient levels of supply.



● Beds required ● Supply meets current demand

ID	Local Authority	SvsD Grading (EMC Beds)
1	Cardiff	Supply meets current demand
2	Caerphilly	Beds required
3	Vale of Glamorgan	Beds required
4	Rhondda Cynon Taf	Beds required
5	Bridgend	Beds required
6	Merthyr Tydfil	Supply meets current demand
7	Flintshire	Beds required
8	Wirral	Supply meets current demand
9	Powys	Beds required
10	Wrexham	Supply meets current demand
11	Denbighshire	Supply meets current demand
12	Conwy	Supply meets current demand
13	Gwynedd	Beds required
14	Isle of Anglesey	Beds required
15	Newport	Beds required
16	Blaenau Gwent	Beds required
17	Monmouthshire	Beds required
18	Torfaen	Beds required
19	Swansea	Beds required
20	Neath Port Talbot	Beds required
21	Carmarthenshire	Beds required
22	Pembrokeshire	Beds required
23	Ceredigion	Beds required

THE OPPORTUNITY

There is a growing need for the development of new build 'future-proof' care home stock to offset increased market demand and the concerning closure rate.

There is therefore an opportunity for specialist developers, operators, funders, and private individuals to benefit from an early mover advantage into the Welsh market, whether that be in the form of a new build development or simply refurbishing existing supply to a higher standard.

To discuss the contents of this report in more detail as well as the exciting opportunities that exist in Wales, please contact our team (see page 13 for details).

RECENT EXAMPLE OF A NEW BUILD DEVELOPMENT SALE IN CARDIFF

Following an open marketing initiative, we sold an 81-bed care home development opportunity to Hallmark Luxury Care Homes in March 2024.

The site benefits from 100% en suite wetrooms and community amenities, and had full planning permission granted.

"The acquisition of the Melrose Hall site represents a key milestone in our growth strategy, expanding our geographic presence in Wales to meet the growing demand for specialist care."

- Aneurin Brown, Managing Director, Hallmark Luxury Care Homes



CGI:
SCROXTON & PARTNERS

A SELECTION OF CARE BUSINESSES RECENTLY SOLD ACROSS WALES



TY CEIRIOS NURSING HOME
Pontypool

Registered for **40**
Sold to a new entrant



TOWY CASTLE CARE HOME
Carmarthen

Registered for **60**
Sold to an experienced provider



BELMONT HOUSE
Rhyl

Registered for **12**
Sold to a local provider

OUR SERVICES

According to data on carehomes.co.uk, we sell **over 60%** of individually transacted care homes in the UK.

Established in 1935, we provide a 'whole of market' approach ranging from single assets to the largest portfolios and capital markets.



WE OFFER A FULL RANGE OF PROFESSIONAL SERVICES TO CLIENTS SELLING, BUYING, OR RAISING FINANCE IN THE CARE SECTOR, INCLUDING:

BROKERAGE

- Care sales and acquisitions
- Investment brokerage
- Care and later living development sites
- Leasing

CONSULTANCY & ADVISORY

- Lease & Investment advisory services and dispute resolution
- Commercial Due Diligence
- Feasibility Studies and performance benchmarking
- Holistic Planning Needs Assessment
- Research

VALUATIONS

- RICS-accredited valuations for loan security
- Lease and rent reviews
- Expert witness

FINANCE

- Finance raising for acquisition, refinance, unsecured, and asset finance
- Corporate Debt Advisory Service

INSURANCE

- Business & Life Insurance and Employee Benefits across numerous sectors

GLOSSARY OF TERMS & SOURCES

TERMS

CIW = Care Inspectorate Wales

CQC = Care Quality Commission

Effective beds = This reflects the total number of bedrooms on a single occupancy basis

EMC = Effective Market Capacity/future-proof and market standard beds i.e. single occupancy bedroom with en suite

ONS = Office for National Statistics

Total beds = This reflects the total number of registered beds provided which may include twin occupancy rooms and other rooms which have accessibility related constraints

Use Class C2 = Use for the provision of residential accommodation and care to people in need of care (other than a use within a class C3 (dwelling house)). Use as a hospital or nursing home. Use as a residential school, college and training centre

SOURCES

Christie & Co benchmarking data



CONTACT US

HEALTHCARE DEVELOPMENT & INVESTMENT



WILL EDWARDS MRICS
Negotiator
Development & Investment
T: +44 (0) 7860 189 704
E: william.edwards@christie.com



JORDAN RUNDLE MRICS
Head of Development & Investment
T: +44 (0) 7711 767 180
E: jordan.rundle@christie.com



KARUN AHLUWALIA
Director - Consultancy
T: +44 (0) 7701 315 074
E: karun.ahluwalia@christie.com

HEALTHCARE BROKERAGE



ROB KINSMAN FRICS
Regional Director – South Wales
T: +44 (0) 7717 335 367
E: rob.kinsman@christie.com



OLIVER MCCARTHY
Associate Director – South Wales
T: +44 (0) 7702 809 198
E: oliver.mccarthy@christie.com



JAMES KNIGHT
Associate Director – North Wales
T: +44 (0) 7590 486 357
E: james.knight@christie.com

VALUATION SERVICES



JEREMY CASHMORE MRICS
Head of Valuation – UK Wide
T: +44 (0) 7771 955 145
E: jeremy.cashmore@christie.com



JIMMY JOHNS
Director – Corporate Debt Advisory
T: +44 (0) 7711 767 593
E: jimmy.johns@christiefinance.com



WALTER MURRAY
Managing Director
T: +44 (0) 7738 182 412
E: walter.murray@christieinsurance.com

CHRISTIE FINANCE

CHRISTIE INSURANCE