

Healthcare Market Update

SPRING 2022

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There was significant pent-up investor demand following the lock-downs of early 2021 and this increased deal activity was maintained throughout the year. We are pleased to report that this momentum has carried through into the first quarter of 2022 with significant appetite for all types of healthcare asset.

Working practices adopted by our UK network of healthcare agents since the start of the pandemic meant the Omicron variant had very little impact on transactional activity.

11%

A relative shortage of available stock and strong buyer demand resulted in highly competitive sale processes with the average number of offers received on care businesses increasing by 11% last year compared with 2020.

14%

We saw a notable increase in deal activity in 2021 with transaction volumes increasing by 14% on 2020. On average deals were agreed at over 95% of the quoted asking price.

56%

To demonstrate the strength of the market there was also a staggering 56% increase in the average number of offers per sale between 2017 to 2021.

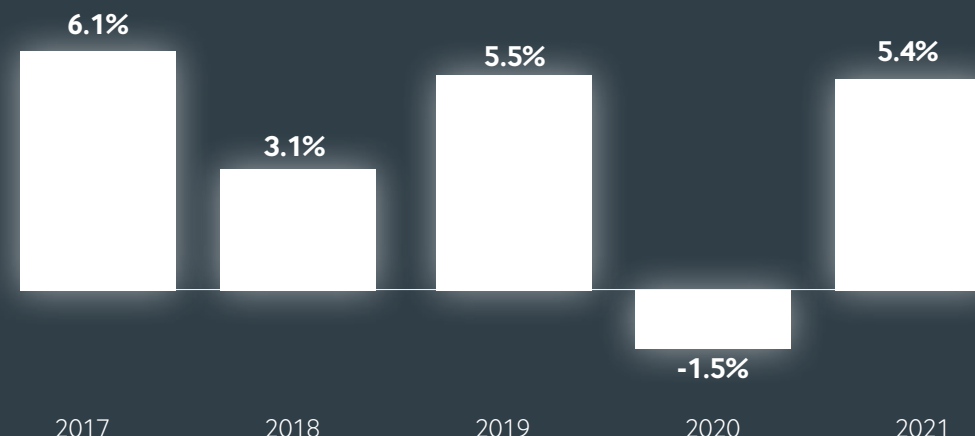
5.4%

The increase investment appetite in the sector resulted in values increasing by 5.4% in 2021, analysing the deals concluded by our network.

There is also evidence of decreased distress in the market. Of the deals Christie & Co managed over recent years, 18 % included distressed businesses in 2019, 13% in 2020 and just 8% in 2021. Substantial government support has been a factor in this trend and we forecast that there will be an increase in care home closures in 2022 as covid support falls away and cost increases squeeze margins further.

PRICE INDEX

Strong demand from well funded purchasers, coupled with a general shortage of available stock, has led to a positive movement in pricing. This has been most pronounced at the top end of the market, particularly for prime opportunities, development sites and investments.



The healthcare team at Christie & Co have completed on £100 million of care assets so far in 2022

RECENTLY SOLD SIGNIFICANT DEALS



KINGDOM HOMES SCOTLAND

The sale of Kingdom Homes, a portfolio comprising 480 bedrooms across 12 care homes, sold to Impact Healthcare REIT with Holmes Care Group as the operating company. A deal reflecting a gross initial yield of 7.2%.



THE OLD HALL SURREY

A closed care home, previously registered for 39 was sold to Barchester Healthcare for the development of a luxury, state of the art care facility.



AMY WOODGATE RESOURCE CENTRE GREATER LONDON

A 44 bed residential care home previously owned by The Royal Borough of Kingston upon Thames was purchased by Gold Care Homes.



BANK HOUSE CARE HOMES LTD MIDLANDS

Two purpose-built care homes in the Midlands comprising 93 beds, sold to a growing regional operator.



WOODLEIGH CHRISTIAN CARE HOME LTD EAST MIDLANDS

Two luxury care homes comprising 107 bedrooms sold to IMPACT Healthcare REIT with Welford Healthcare operating the two facilities. A deal reflecting a gross initial yield of 6.4%.



CARE WITHOUT COMPROMISE LTD SOUTH WALES

Split across three settings, Care Without Compromise offers 18 beds across three specialise learning difficulty settings in South West Wales. The business was acquired by Choice Care.

RECENTLY SOLD

CARE HOMES



AARONDALE HOUSE
EAST YORKSHIRE



CEDAR HOUSE
SUNDERLAND



BEESTON LODGE
NOTTINGHAM



HOUSMAN COURT
WORCESTERSHIRE



INDEPENDENCE WITH CARE LIMITED
NORFOLK



WYCHEDENE RESIDENTIAL HOME
KENT



GREENBANK
EAST SUSSEX



SPRINGFIELD HOUSE
MONMOUTHSHIRE



KINGTON COURT COMMUNITY CARE CENTRE
HEREFORDSHIRE



LITTLE BROOK HOUSE
HAMPSHIRE



HOMeward
NORTH SOMERSET



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OUR SERVICES



BUYING

We work with a wide range of buyers; from funds and investors through to first time buyers. Understanding their specific requirements enables us to 'matchmake' deals with credible, funded parties both on, and occasionally off, market.



INVESTMENTS

We have an extensive database of investors looking to purchase care assets that meet their yield and covenant requirements. Furthermore, our extensive corporate contacts ensure that we are well placed to find you a secure tenant if you are looking to let.



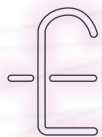
SELLING

Our team of care experts are based nationwide, and in 2021 we helped hundreds of providers achieve the best price for their business. If you're considering a sale, we have the national reach and the local knowledge to find you the right buyer that will pay the best price.



PROJECTS

We are regularly engaged by international, national and regional groups to run disposal processes for corporate sites that no longer align with their strategic priorities. As such, we have extensive experience in handling the sale of multiple businesses on a project basis.



PRICING

We sell over 50% of all the individually transacted care homes every year so we understand the pricing strategy needed to maximize the value of your business.



FINANCE

Our sister company, Christie Finance, is an independent, specialist commercial finance broker securing funding within the care sector. With access to a wide variety of lenders, they are able to secure competitive finance solutions for clients in the form of commercial mortgages and unsecured business loans.

RCC Business Mortgages plc, trading as Christie Finance, is authorised and regulated by the Financial Conduct Authority. Our Firm number is 709982. Not all types of business we undertake is authorised and regulated by the Financial Conduct Authority. Christie Finance operate as an intermediary and are not a principal lender.



VALUATIONS

Our team of RICS Registered Valuers are well-placed to deliver formal Red Book valuations that provide informed advice based upon our unrivalled access to comparable trading and transactional evidence.



INSURANCE

Our sister company Christie Insurance specialises in insurance and risk management solutions to help ensure that our clients have the most appropriate policies in place. Their services range from business insurance through to life insurance and employee benefits.

CLIENT TESTIMONIALS



We would like to thank you for helping us at the beginning and throughout the sale of our business. Throughout the sale you advised us well and helped by recommending solicitors who are experienced in the sale of care homes. We have no hesitation in recommending Christie & Co.

Trevor & Liz, Vendor
Kendal House Care Home



This is the second care home Julie from Christie & Co has helped me acquire and I am very happy with the level of help and input she offered throughout. Well experienced in the care sector, Christie & Co know the ins and outs of care home deals and helped me get this over the line when it was taking slightly longer than expected with assurances throughout the whole process

Mr Hardip Kang, Owner/Director
Cedar House Care Limited



Christie & Co and specifically Oliver McCarthy has been absolutely integral in helping my wife and I to achieve our dream of owning our own care home. Oliver was extremely supportive and gave valuable advice and guidance throughout the process and he was vital in helping us get the deal over the line. We have built a fantastic working relationship and are now working together to purchase our second care home. I really cannot thank Oliver and Christie & Co enough and would highly recommend their services.

Shah Seehootoorah, Buyer
White Rose Care Centre



We approached Rob for advice to sell Care Without Compromise, a specialist care group which we created in 2009. Having never sold a business before Rob's input was vital – he was always available and guided us through the whole process to completion. Discretion was key for us and Christie & Co ensured that the sale remained confidential until we were ready to let the staff know of the sale. We would have no hesitation in recommending Rob and Christie & Co.

John Doyle
Care Without Compromise



As we continue to implement our acquisition strategy focused on high-quality, performing care homes; we are delighted to welcome Baily and Woodleigh into the Welford group of homes. We look forward to starting work with the teams and resident communities. It was a pleasure to work with Christie & Co on this transaction.

Peter Madden
Welford Care



I wanted to state on record my complete satisfaction and total appreciation for the service I have from Lee and Christie & Co. It's not often these days where you can say that nothing is too much trouble for someone. From the very first meeting Lee was very sensitive to our thoughts. He was aware how long and how hard we have worked to build the business and take it to where we are now. His manner at our first meeting was not about directing us to sell but nicely listening and even reminiscing.

RS
Owner

YOUR CARE CONTACTS

Our team of highly experienced and specialist agents work across all regions of the UK, helping clients to buy and sell care businesses. They work closely with our Valuation Services, Consultancy and Finance teams to deliver a complete range of services and products to our clients at all stages of the business lifecycle.

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SOUTH



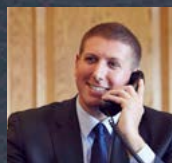
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CHRISTIE & CO