

Buyacarehome Insight Acquiring a Care Home in 2025



2025 has already proven to be a transformational year for the UK social care sector.

Driven by policy pressures, demographic surges, financing shifts and increasing due diligence, the market for care home acquisitions is fast-moving and highly strategic, seen from the viewpoint of new entrants to the care home sector and existing care home providers scaling up their portfolios.

Buyacarehome takes a look at what the sector has experienced throughout 2025:

Market Conditions: A Sector in High Demand but Tight Supply

Demand continues to grow

- The over-85 population is expanding rapidly, and NHS discharge backlogs are still amplifying the need for more residential and nursing capacity.
- The latest 'Association of Directors of Adult Social Services (ADASS) Survey' also finds that social care packages for young adults continues to surge driven 'by the growing complexity of care and support needs.'
- Higher-acuity residents, which includes nursing, dementia and complex needs both for the under and over 65 age groups continue to place demands upon the care service.

But quality care home supply remains constrained

- Many ageing and "legacy" homes are reaching the end of their economic life.
- Homes with outdated layouts (shared rooms, insufficient en-suites, poor accessibility) may increasingly struggle to remain viable, depending on funding mix and local market dynamics, and may transact at lower multiples of [EBITDA](#).
- As a result, modern, fit-for-purpose assets and quality conversions have generally commanded significant acquisition interest, with some opportunities attracting indicative bids prior to viewings and, in certain cases, changing hands off-market.
- Throughout the year buyer demand has remained steady, although constrained by the number and quality of instructions coming to market.

Opportunities

- Despite an ageing stock base, those care homes which show opportunity have appealed to many buyers this year, including the smaller and boutique care home of 20/25 beds or less, with this category selling:
 - As attractive to a private payer market
 - Offering potential to expand where surplus land is available
 - Or presenting potential for alternative use, such as supported living or residential conversion (subject to planning).
- Buycarehome has seen an increase in 2025 in the number of vacant and closed care homes coming to market and it is anticipated that this will continue into 2026
- Care homes providing 25/30 to 40 beds have remained in high demand with buyers with fewer opportunities at the 40 to 60+ level.
- 2025 has seen an increase in the number of new entrant interest in the care sector with existing care home providers actively seeking to scale up their portfolios for current and next generations.

Valuation Trends and Deal Structures in 2025

Valuation resilience

- Buycarehome has witnessed resilience in care home valuations.
- The South East generally remains the strongest region for higher valuation multiples, although this may vary depending on asset quality, location, and operational performance.
- Many new and existing care home providers are widening their geographic reach across the UK, often seeking assets within reasonable operational distance of existing homes or establishing regional management structures as they expand.



Lender activity

Lenders remain active, but with a selective and criteria-driven approach, and lending appetite varies by lender, region and asset quality.

There continues to be strong underwriter emphasis on:

- Strength of occupancy trends (above 88–90%), with information requests typically including a care provision’s latest 12-month occupancy reports.
- Operational quality, supported by 2–3 years of financial accounts and up-to-date management information.
- CQC ratings, with ‘Good’ commonly viewed as a benchmark, with outdated ratings often supplemented by local authority inspection feedback or external consultancy audits where available.
- Clarity of short- and long-term operational strategy.
- Local authority commissioning strength and fee sustainability.
- Location and affluence, which influence fee levels and private-payer potential.
- A clear focus on modern, compliant buildings, or demonstrable refurbishment programmes supporting environmental and operational efficiency.
- Strength and stability of the management team.
- Workforce sustainability and recruitment strategy.

Loan-to-values typically remain around 70%, although this varies by lender, asset condition, trading performance and borrower circumstances.

Specialist care home brokers, such as Chandler&Co, can help applicants navigate lender criteria and access suitable funding options, subject to status and lender assessment.

Continued use of Refinance and equity release deal structures



- As a main sponsor of Buyacarehome, **Chandler & Co. – independent care home finance brokers** – continue to support new and existing providers in sourcing finance to purchase, extend or refurbish care homes across the UK, subject to lender criteria and individual circumstances.
- Acquisition activity has remained active, with many existing care home providers commissioning property extensions where market supply is limited but occupancy enquiries have increased, reflecting the rising complexity of need and an ageing population.
- The land and development sector has seen renewed agent activity in recent months, despite earlier constraints linked to the planning environment.

Operational Pressures: What Buyers Are Focusing On:

Staffing remains a key pressure point

The closure of the Health and Care Worker Visa route in 2025 has reduced future settlement opportunities for the care workforce. With increased emphasis on domestic recruitment, the Government is introducing a new legal migration model under which participants, including those in the care sector, may require up to 15 years in the UK before being eligible for settlement.

Homes with strong retention and lower agency usage are more likely to demonstrate a more resilient fair maintainable EBITDA, which can support stronger valuation multiples depending on overall operational performance. Providers with robust training and development programmes may also improve staff retention and consistency of care.



Key workforce considerations for prospective buyers include:

- First impressions when entering the home
- Experience and stability of the existing team
- Whether the environment is established or offers potential for enhancement
- Availability of progression pathways and succession planning
- Presence of a buddy or mentoring system for new staff
- Internal learning and development opportunities
- How innovation and increasing complexity of need have shaped the current service and where improvements may be achievable

Regulatory change continues

- CQC's new single-assessment framework remains a developing approach, with the regulator continuing to refine and improve its assessment methodology. The CQC promotes a collaborative approach aligned with what matters most to people using services and those delivering them.

Fulcrum Care consider "What the CQC's 2025/26 Business Plan means for Care Home Providers."

Homes rated 'Good' or 'Outstanding' remain attractive acquisition targets. Experienced providers may also consider turnaround opportunities where there is potential for improvement, subject to careful operational and regulatory due diligence.

Inspected and rated

Good



Occupancy and funding split

Prospective buyers continue to analyse:

- The proportion of self-funded, top-up and local authority fee income
- Occupancy trends over the past 6–12 months
- Enquiry volumes, referral sources and conversion rates



Energy and sustainability upgrades

Buyers are increasingly examining:

- EPC ratings
- Heating and energy systems
- Insulation levels
- Scope to reduce longer-term running costs

Homes requiring significant environmental upgrades may be subject to valuation adjustments depending on cost and deliverability.



Private Fee and Local Authority Dynamics in 2025

The average quoted weekly self-funded personal care fee is £1,302, an increase of approximately 8.5% year-on-year ([Carterwood](#)). The average quoted weekly self-funded nursing care fee is £1,696, representing year-on-year growth of around 8.3%.

For local authority funded placements, Carterwood reports:

- Personal care average: £811 per week (+5.8% year-on-year)
- Nursing care average: £907 per week (+7.2% year-on-year)

Carterwood also notes that local authority fee rates remain well below private rates. For prospective buyers, understanding fee structures, commissioning strength and long-term sustainability within the local authority market remains an important aspect of due diligence.

Opportunities for Buyers in 2025 and beyond

Buyer power “Be Finance Ready” ([Liz Woollett](#))

Being [finance ready](#) and working with specialist independent finance brokers such as Chandler & Co. may help strengthen a buyer’s position in a competitive care home acquisition market, subject to individual circumstances and lender criteria. Chandler & Co.



[Chandler & Co. Property Finder Service](#)

The Chandler & Co. Property Finder Service supports buyers by helping identify suitable care home opportunities across the UK through relationships with selling agents and sector professionals.

Turnaround opportunities

Turnaround opportunities for experienced operators are expected to continue into 2026.

Some independent, voluntary or charitable providers may be experiencing challenges such as compliance issues, cash flow pressures, staffing difficulties or maintenance backlogs. This is contributing to a pipeline of distressed or semi-distressed homes that may offer turnaround potential, subject to comprehensive operational and regulatory due diligence.

Portfolio rationalisation and exits/retirements

In 2025, portfolio reshaping has continued across the sector, with operators selling underperforming homes, rural or isolated sites, smaller properties under 25 beds, or homes linked to retirement or succession planning decisions.

High demand for purpose-built stock continues

Demand remains strong for purpose-built modern homes, particularly those offering:

- 35–50 to 80+ beds
- Locations with strong affluence or emerging market potential
- Dementia-friendly design
- Nursing capability
- Opportunities to expand learning disability provision

These assets remain scarce and frequently attract high levels of buyer interest when available.

What Successful Acquirers focus on:

Targeted due diligence

Successful acquirers carry out detailed due diligence, reviewing:

- Occupancy trends
- Fee funding mix
- Bed numbers and opportunities for expansion
- Internal and external inspection data
- Compliance history
- Staff experience, training and retention
- Care planning and digital systems
- Asset condition and capital expenditure needs
- Local competition
- Financial performance, including trading trends and sustainability
- [Key Performance Indicators](#)
- fair maintainable trade
- engaging with specialist:

- [Care Home Finance Brokers](#)
- [Solicitors](#)
- [Accountants](#)
- [Consultants](#)



Prioritising management capability

Strong leadership teams are increasingly seen as a core determinant of long-term success. Buyers often place significant weight on management stability, operational expertise and succession planning when assessing acquisition suitability.

Being more selective on property fundamentals

Property fundamentals continue to shape acquisition decisions, including:

- Layout and design
- En-suite provision
- Fire safety standards
- Lift accessibility and circulation space
- Room sizes
- Potential to extend or reconfigure

These factors contribute to both valuation and future-proofing, especially as regulatory expectations and resident needs continue to evolve.

Building relationships early

Strong professional relationships support:

- Access to both on-market and off-market opportunities
- Being finance ready
- Securing expert support throughout pre- and post-acquisition stages



Outlook for 2026

Expected trends

- Increased levels of both on- and off-market transactions, depending on overall market confidence
- Continued consolidation within the care sector
- Ongoing regulatory changes as frameworks evolve
- Potential rise in new-build activity where planning consent can be secured
- Sustained buyer and investor interest, particularly in strong-performing or well-located homes

Key risks

- Further tightening of the labour market
- Unexpected regulatory interventions
- Possible fee-rate ceilings that could limit revenue growth
- Rising insurance and compliance-related costs

Overall, 2025 has been one of the strongest acquisition environments of the past decade for well-prepared buyers. However, future performance will depend on economic conditions, regulatory developments and the operational resilience of individual providers.

To support you on your care home acquisition or refinance journey speak with the Chandler & Co finance broker team [HERE](#)

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