

Summer 2025 Newsletter

from

Chandler&Co

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Buyacarehome & Ownacarehome

The outlook for the Care Home sector in the first half of 2025 shows rising buyer demand in a market offering a lack opportunities year to date. Competition for quality assets has proved highly competitive whilst the care home sector awaits the release of new opportunities to the market.

This is set against a continued ageing population with increased complexities with the 'NHS 10-year Plan' policy paper seeking to move 'hospital to community,' 'analogue to digital,' and 'sickness to prevention' through a 'new operating model.' In other words seeking to build 'The Neighbourhood Health Service.'

Dr Penny Dash's Review of 'patient safety across the health and care landscape in England' followed a review 'into the operational effectiveness of the Care Quality Commission (CQC), reporting 'Ten main findings' with 'relatively small improvements' in the 'shift towards safety.'

The Review reached five 'principal conclusions,' which you can [read here](#).



Delayed discharges from hospitals have continued with hospices and other charitable concerns feeling the impact of rising costs and funding challenges. The care home sector continues to require capacity expansion through the refit and extensions of older stock in addition to new builds in location hot spots throughout the UK.

New and scaling up existing care home providers seeking care home acquisitions benefit in a highly competitive buyer's market by being pre-finance ready. Care home providers continue to seek competitive advantage through refurbishment programmes, extensions and acquisitions making the sector a viable and sustainable long term opportunity.

Set against continued rising costs Care Home Operational efficiency practices continue to maximise the use of resources alongside embracing innovative change and transformation.

Sustainable practices continue to be adopted in a resilient care home sector despite the ongoing challenges from funding to staffing pressures.

With the lack of acquisitive opportunities in the first half of 2025 time will tell if the market picks up in the second half of the year.



Chandler&Co continue to provide expert finance brokerage support offering pre-finance support preparation to provide new and existing care home buyers with a competitive buyer edge alongside the Property Finder Service and **re-finance support.**

Care home finding service

Are you facing challenges finding the perfect care home or losing out in competitive situations?

Do you struggle to find time to search for properties?

If this resonates with you, we're here to assist. The team at Chandler & Co. liaise regularly with Care Home selling Agents across the UK

Get ahead of the market and call 01622 817484 or visit us online at www.chandlerandco.co.uk



Get Pre Finance Ready



The team at Chandler & Co. work with new and existing care home providers to ensure that an application for finance has the best chance of success.

Here are a few Tips to 'get finance ready' ahead of your next care home acquisition:

- Have a clearly defined business plan
 - *Include an executive summary
 - *Provide your career background
 - *Relevant experience
 - *How far is the target care home from your base/existing services?
 - *Provide a brief synopsis of the care home's staffing structure
 - *How often will you visit the care home, what oversight will you have?
- Clarify your care home business structure and beneficiary owner(s)
 - *An expanding care home group will need to consider lending and tax implications contact your [professional adviser](#)
- Set out the details of your target care home business
- Review the latest Regulator reports
- Research local competitors to the target care home
- Research local demographics and funding whether private, local authority or CHC
- Obtain local authority reports, especially if the care home has an historic older rating
- Carry out a review of your financial and funding requirements
- At Chandler & Co. the team will assess the EBITDA and financials of the target care home including a stress test for debt service cover
- Obtain the care home's occupancy details of the current and latest 6 months
 - *Review the ratio of privately funded: local authority
 - *Obtain a report of latest fees charged
- The Chandler & Co. independent specialist care home broker will take into account your loan term and required amortisation profile
- Prepare current and forecast financials
- Update a review of your assets and liabilities, together with your personal annual income and expenditure requirements
- Provide proof of funds
- Obtain CVs of key staff of the target care home



Care Home Extensions

With development and construction costs alongside planning continuing to weigh on care providers' minds there continues to be appetite for extensions and renovations across the care home sector, with some providers targeting the luxury care home offering where there is evidence of a high ageing demographic and affluence.

With occupancy increasing diversification of a care service helps to build a pipeline of new enquiries. Set alongside sustainable renovations care homes which demonstrate continued innovation and refurbishment to improve the care environment for all stakeholders can result in higher sustainable occupancy and fee levels.

Examples of renovation projects can include a dining room with lifestyle kitchen, an additional communal space overlooking a landscaped garden, additional sensory and accessible outdoor space to include biodiverse areas, hair salon, ensuites and wet rooms.

Options to refinance can provide existing care providers with the potential to release equity for a renovation and extension programme in addition to providing support for an acquisition.

Sustainability

As the year goes by evidence of increasing sustainability projects are all around us, including a gradual uptake of electrical charge points, sustainable supply chains, waste and recycle methods, alternative build materials and energy upgrades.

Cost concerns can impact a decision to start the sustainable journey, however, with the appropriate measurements in place, the return on investment can be tracked as part of a care home's operational efficiency review.

Sustainability is becoming an increasingly important part of running a resilient care home business and can support staff recruitment and retention with environments which adapt to change and continuous improvements.

Having sustainable champions within a care home provision can contribute towards a positive culture and inclusivity across the entire team. Sustainability networks are growing and peer to peer best practice sharing enhances the care home offering demonstrating the opportunities and long term benefits.

Companies House changes Verification of Identity



Due to ongoing reforms brought in as part of the Economic Crime and Corporate Transparency Act 2023 mandatory identification is being introduced for director appointments and persons with significant control.

Who needs to verify?

- A director
- Members of a Limited Liability Partnership (LLP), general partners and managing officers
- A person with significant control (PSC)
- A companies house authorised agent
- Someone who is responsible for company house filings such as a company secretary

When are the new rules effective?

- On a voluntary basis from 8 April 2025
- Mandatory expectation from Autumn 2025

For details about the practical implications of verifying your identity speak with a [professional adviser](#)

When you have a successful verification you will receive a unique identifier which will be your Companies House personal code, and if you are currently a director or PSC the personal code will be needed to connect your verified identity to any existing appointments.

Inheritance Tax post Autumn 2024 Budget

The Autumn 2024 Budget has instigated a major change to inheritance tax which will impact care home owners carrying out succession planning.

Changes to Business Property Relief (BPR) will crystallise with effect from April 2026 will impact a taxpayers' ability to claim BPR. Further information contact your professional adviser or [contact the Buyacarehome panellists here.](#)

What are the Independent Finance Brokers saying:



“Whether seeking finance for your care home acquisition, refinancing or retrofitting contact a member of the Chandler&Co Team to help you on your care home business journey whether a new entrant or a scaling up existing care home owner”

“With the current care home buyers market highly competitive think of scaling up and growing your care home portfolio in plenty of time”

“The care home acquisition journey is experiencing greater due diligence with the journey taking longer than before, typically 8 to 12 months”

“Consider whether you can achieve your growth plans in four to five years with the current environment”

“Have you considered diversification to grow your care home portfolio?”

“There is increasing interest from supported living care providers and healthcare providers seeking to diversify into the care home sector”

“Technology and innovation is taking on increasing importance within the care home service demonstrating to prospective lenders that the potential buyer is seeking to future proof the care home”

“Buyer demand continues to outstrip market availability of care homes”

"Despite the challenges with workforce and funding from the Government the care home sector built upon an ageing population and driven by need continues to attract buyer and investor interest at pace"

"Regarding the refurbishment and expansion project what is the expected timeline to finalise together with the cash flow implications for your current business?"

"When acquiring a care home clarify the relevant regulator registration early as part of the due diligence process to avoid completion delays"

"When acquiring a turnaround care home highlight what you perceive as the three key risks to the business and how you will overcome them"

"Prepare a breakeven analysis for your care home target based on your financial analysis of the private and local authority fee levels"

"It is really important to have up to date financial information for your care home and the target care home so that the acquisition journey is not delayed"

"Generally, care home occupancy is increasing now. Investigate where there are occupancy gaps or voids"

"Where a report does not show a good regulatory rating a lender will want to see an action plan and transparency over the remedial measures implemented"

"Existing care home providers are continuing to seek out opportunities with an upside"

"Ascertain any costs in the target care home included in the overall operating expenses that would not continue for a new operator"

To sum up:

The outlook for the next 6 months will no doubt continue to see a highly competitive care home market with buyers outstripping supply of quality assets. With capacity shortages there will be growing demand to upgrade assets fit for the longer term, with rising energy, utility and wage costs accelerating retrofitting to increase operational efficiency.

Some of our recent funding instructions & deal completions

Completion of a loan for £1,800,000 for an existing care home operator

Loan Agreed for a mortgage of £5,600,000 for a care home operator for a refinance of their two existing homes

Loan of £4.55m agreed for a group operator to purchase another care home

Mortgage agreed of £1,268,778 for a new operator to purchase a care home in the South East

Loan agreed for a mortgage of £21.5m for a refinance for a care home group operator



New Instruction for a loan of £6.2m for an existing care home operator in the Midlands to refinance 3 Care Homes and purchase a 4th

Loan Agreed for a mortgage of £5,000,000 for an existing care home operator to refinance 3 care homes and purchase their fourth in the South West

Completion of a loan for £2,700,000 for the refinance of an existing care home and the purchase of a second in the South East

Chandler&Co

Largest Independent, most widely recommended
Care Sector Mortgage Brokers

Our bespoke finance packages cover all aspects of funding including:

- Acquisition
- Refinance
- Development
- Expansion
- Financial Restructuring



Exclusive funding packages available

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www.chandlerandco.co.uk

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since 1995

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