

# UK Care Homes

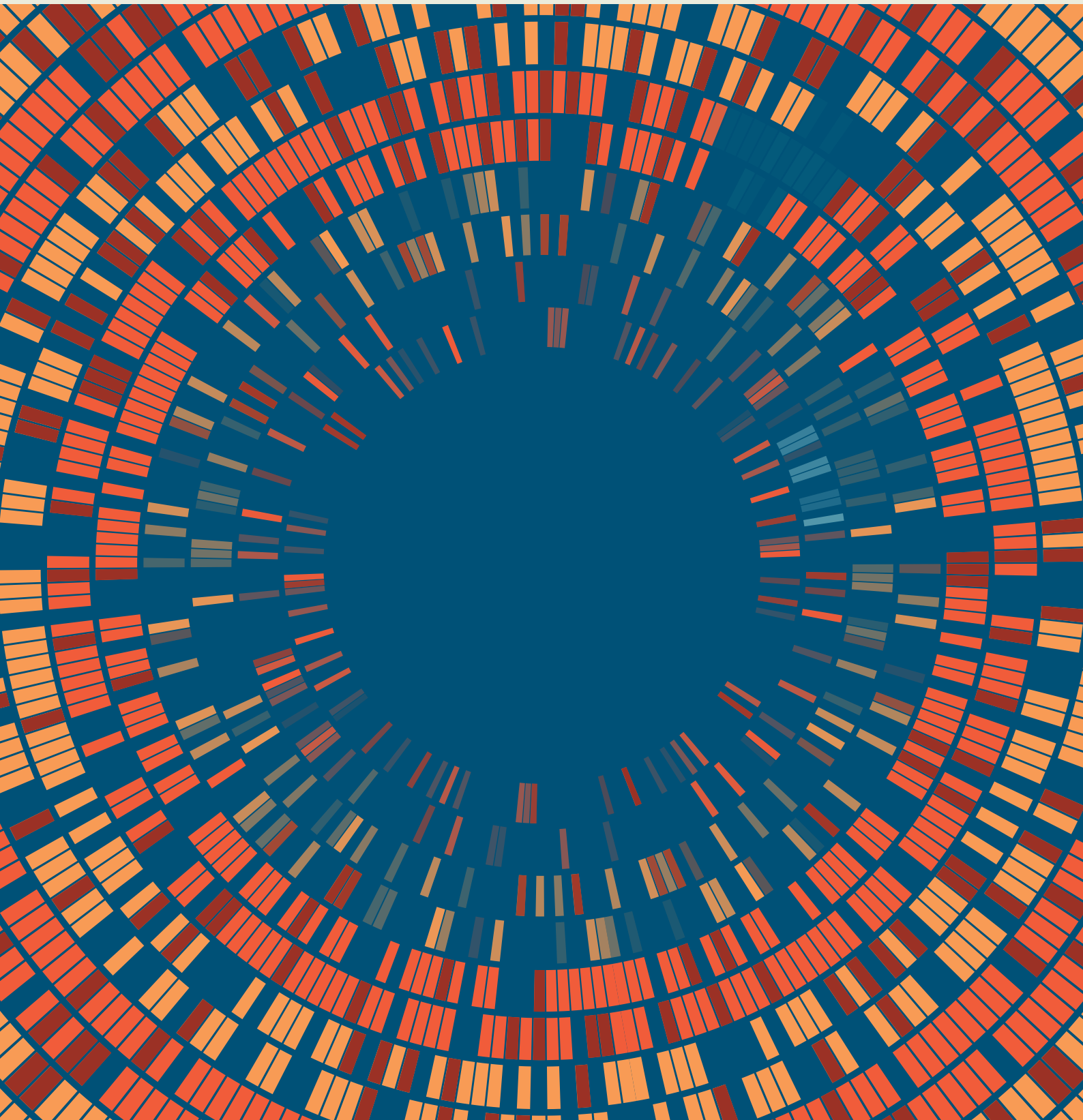
## *Trading Performance Review*



2023

A deep dive into the sector's journey towards normality.

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Angmering Grange Care Home (Hallmark Care Homes) - winner of the Care Home Design Award 2024

# Introduction



RYAN RICHARDS,  
ASSOCIATE

As in previous years, we are incredibly proud to release our 12th annual Care Homes Trading Performance Survey. With continued economic pressures globally and inflated operational costs, the greatly appreciated contributions from all the survey participants are valuable in the continued understanding of the healthcare sector's resilience.

This year, the report focuses on nearly 80% of the corporate care market, with over 100,000 care

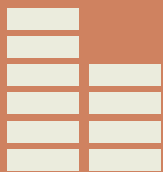
beds across 781 UK towns and cities, representing around a fifth of the market.

We have seen the improvement of many KPIs tracked, including an average occupancy level of 86.4%, up from 83.4% in 2022. Average weekly fees have grown approximately 9.6% to £1,074 per week. However, we have seen EBITDARM track back slightly to 25%.

We have also taken a deeper dive into utility costs to understand how inflation has impacted these for operators.

# 2023 Survey in Numbers

## Average Weekly Fee (£)



ALL CARE

**£1074** ▲

PRIVATE PAY  
**£1307** ▲

LOCAL AUTHORITY  
**£980** ▲

PERSONAL

**£926** ▲

PRIVATE PAY  
**£1194** ▲

LOCAL AUTHORITY  
**£821** ▲

NURSING

**£1169** ▲

PRIVATE PAY  
**£1466** ▲

LOCAL AUTHORITY  
**£1067** ▲

## Occupancy (%)



ALL CARE

**86.4%** ▲

PRIVATE PAY  
**83.8%** ▲

LOCAL AUTHORITY  
**87.9%** ▲

PERSONAL

**86.0%** ▲

PRIVATE PAY  
**84.5%** ▲

LOCAL AUTHORITY  
**88.1%** ▲

NURSING

**86.6%** ▲

PRIVATE PAY  
**82.7%** ▲

LOCAL AUTHORITY  
**87.9%** ▲

## Staff Costs (%)



ALL CARE

**59.4%** ▲

PRIVATE PAY  
**48.8%** ▲

LOCAL AUTHORITY  
**68.1%** ▲

PERSONAL

**57.9%** ▲

PRIVATE PAY  
**50.4%** ▲

LOCAL AUTHORITY  
**66.1%** ▲

NURSING

**60.0%** ▲

PRIVATE PAY  
**46.1%** ▲

LOCAL AUTHORITY  
**69.6%** ▲

## EBITDARM (%)



ALL CARE

**25%** ▼

PRIVATE PAY  
**34.3%** ▼

LOCAL AUTHORITY  
**16.8%** ▼

PERSONAL

**25.3%** ▼

PRIVATE PAY  
**35.4%** ▼

LOCAL AUTHORITY  
**15%** ▼

NURSING

**24.8%** ▼

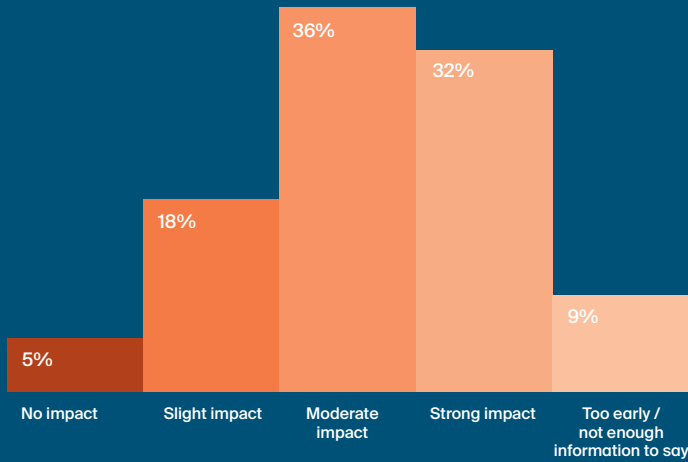
PRIVATE PAY  
**35%** ▼

LOCAL AUTHORITY  
**17%** ▼

# Operator Sentiment Survey

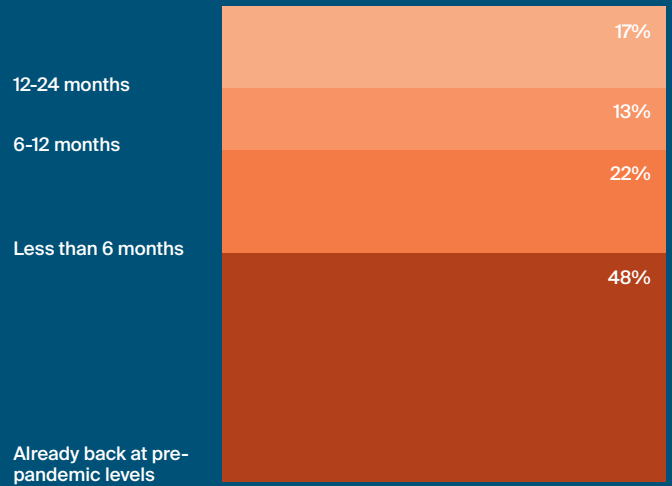
What level of impact has rising utility costs had on your homes overall profitability?

% of respondents



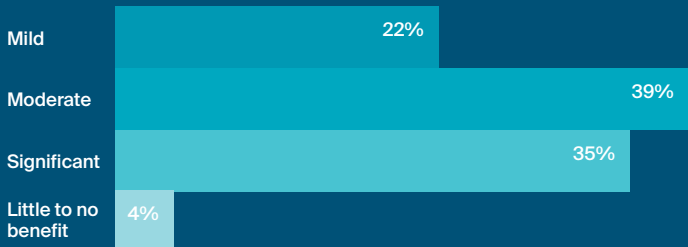
Overall how far would you suggest your homes are from a return to operating at pre-pandemic levels?

% of respondents



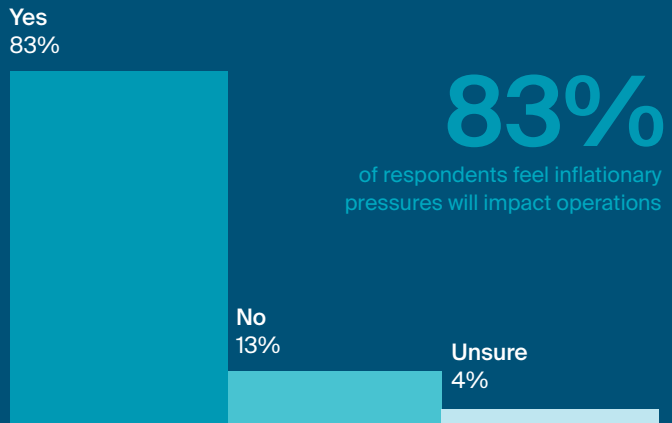
To what extent has government intervention / support aided the trading of your homes over the past 2 years?

% of respondents



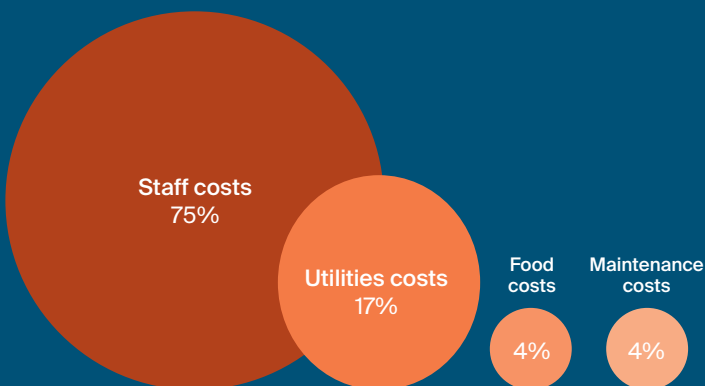
Do you believe that the current inflationary pressures will greatly impact your operations?

% of respondents



What would you suggest is the biggest inflationary pressure on the current trading of the homes in your portfolio?

% of respondents



Are there contingencies / support in place or available for the business to absorb this pressure?

% of respondents



# Sample Overview

Despite the sample representing a significant portion of the sector, accuracy and consistency remain fundamental to our assessment. We, therefore, continue to run our regional analysis, which can be seen in Figure 1, showing the regional composition of the sample in comparison to the total UK market. Once again, this highlights the closeness in the correlation between our sample set and the overall market, except Wales and Northern Ireland, in which the sample remains underweight.

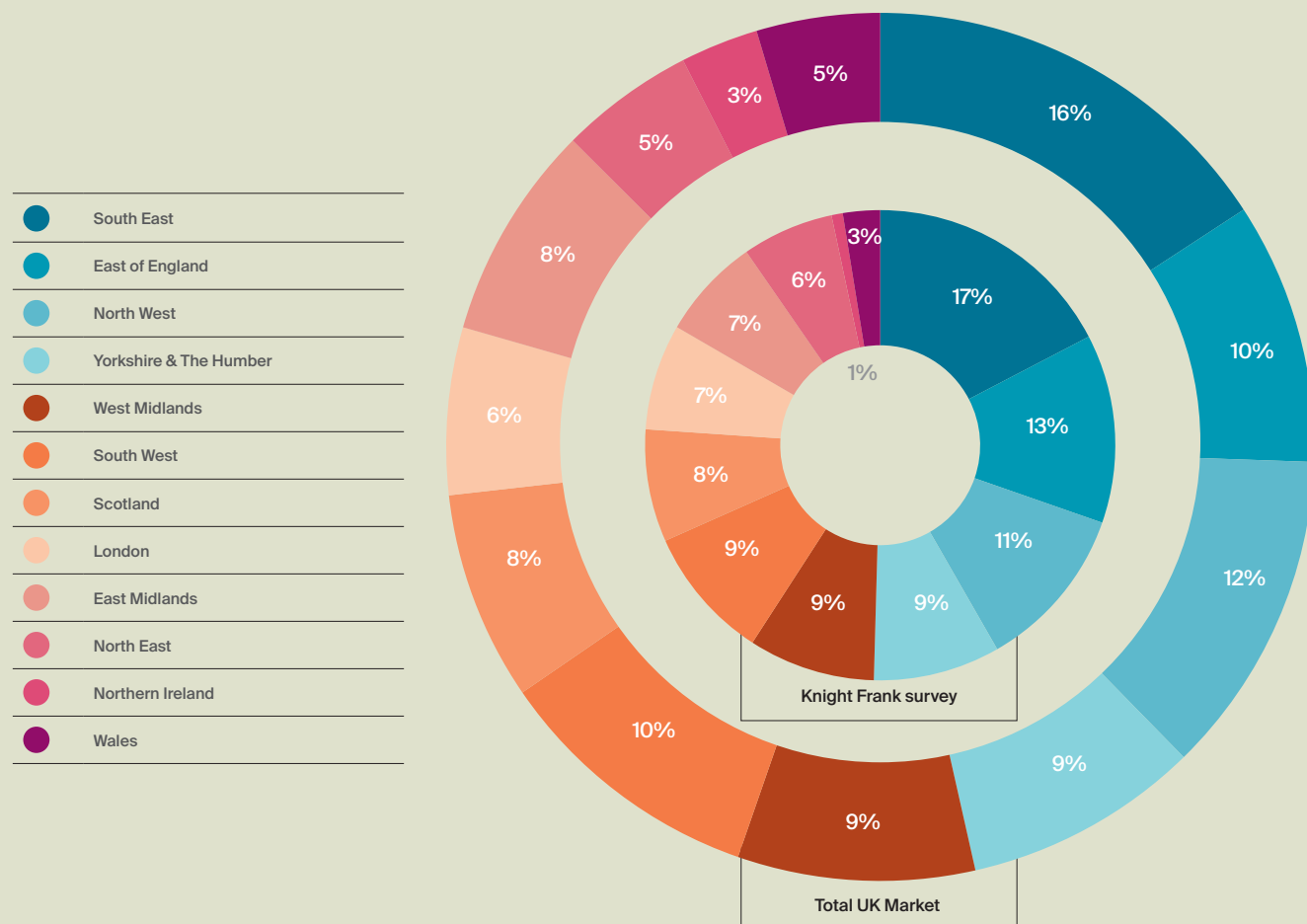
Table 1 shows our consistency check of the key metrics based on a like-for-like sample, checking whether year-on-year changes are consistent or distorted by any changes in operator

composition. Again, as metrics such as fees, occupancy, and staff costs resemble the like-for-like sample, we can be comfortable with the accuracy of the presented trends.

**Table 1: 2023 Results like for like comparison**

	2023 change	2023 LFL change
AWF	▲ 9.6%	▲ 8.6%
Occupancy	▲ 3.6%	▲ 4.9%
Staff	▲ 8.4%	▲ 8.2%

**Figure 1: Regional share - Knight Frank survey vs total UK stock**



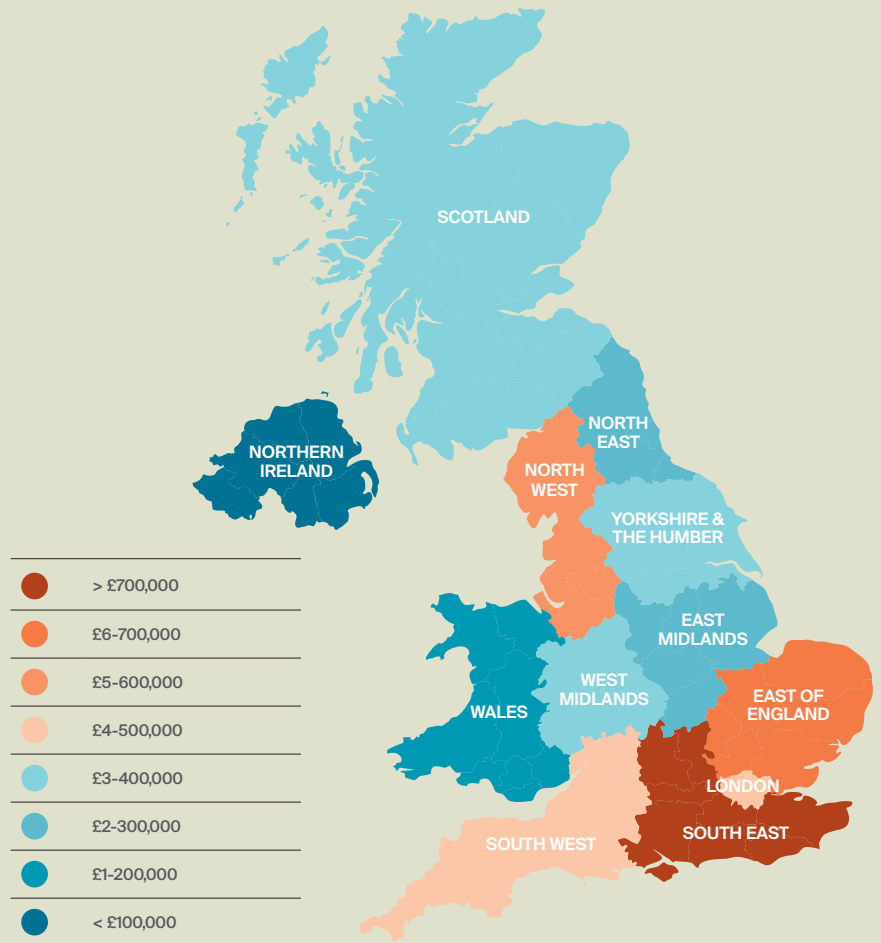
Source: Knight Frank Research

# 50%

As per historical trends, homes over 20 years old account for more than 50% of the sample.

Figure 3 shows further composition stats of the sample, with nursing accounting for most of the sample's care and funding type fairly even amongst Private Pay and Local Authority. As per historical trends, homes over 20 years old account for more than 50% of the sample.

Figure 2: Income split heat map

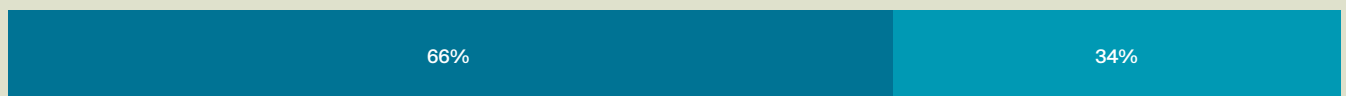


Source: Knight Frank Research

Figure 3: Sample characteristics

CARE TYPE, % OF TOTAL BEDS

■ NURSING ■ PERSONAL



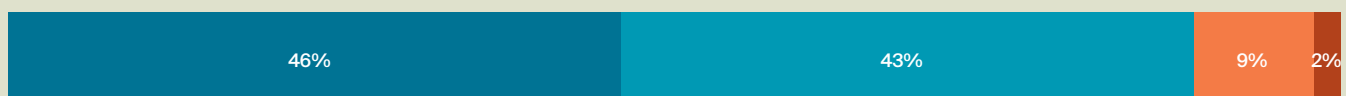
HOME AGE, % OF TOTAL HOMES

■ 0-10 YEARS ■ 10-19 YEARS ■ 20 YEARS+



FUNDING TYPE, % OF TOTAL INCOME

■ PRIVATE PAY (SELF-FUNDED) ■ LOCAL AUTHORITY ■ NHS ■ OTHER



Source: Knight Frank Research

# Occupancy

Following on from the dip experienced at the start of the pandemic and the continued move towards normalisation in the levels through to the end of 2020/21 and, in turn, 2022, the sector has somewhat maintained a close eye on trends in average occupancy.

Figure 4 presents a positive movement, stating that average occupancy levels are up to 86.4% compared to last year's 83.4%. This is a clear step towards pre-pandemic occupancy levels, and even more promising, several operators with homes across the UK are now trading well above these levels.

Figure 5 provides an insight into regional occupancy. Generally, the trend is positive across the board, with the North East showing the most significant year-on-year growth with an

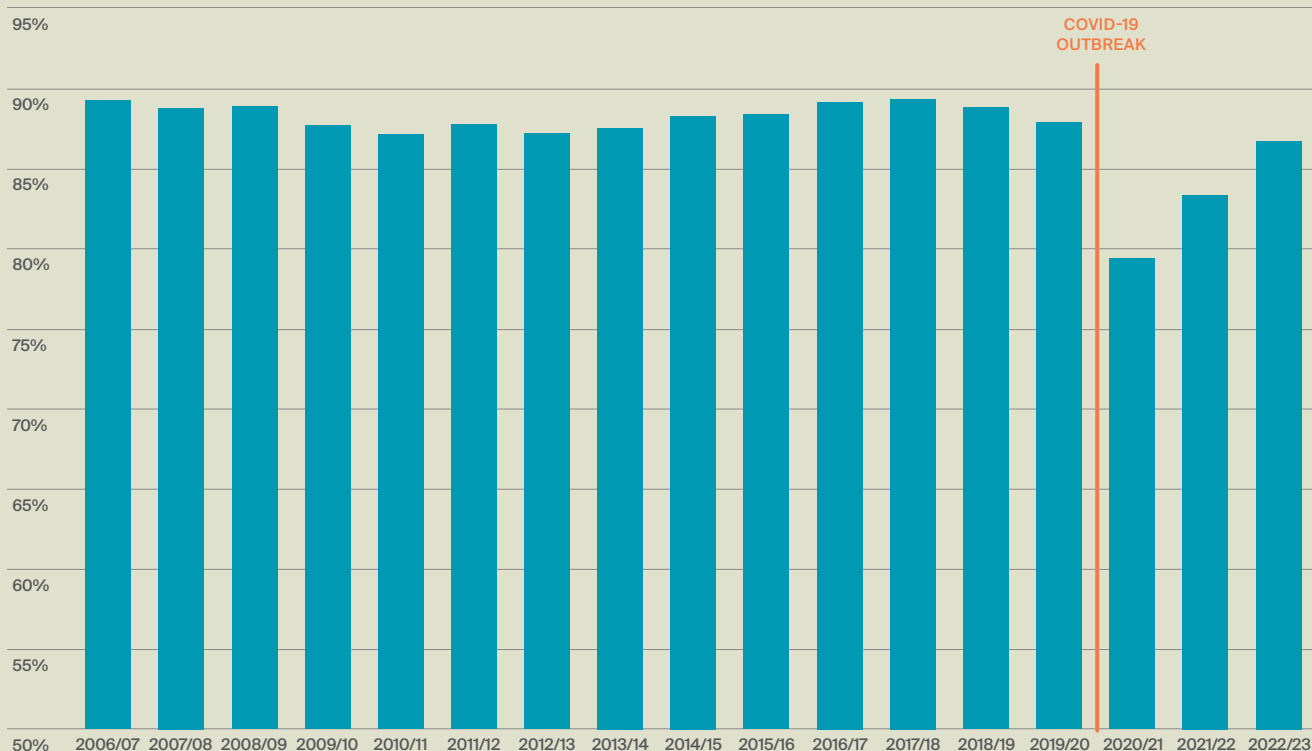
approximate change of 5.5%, closely followed by the West Midlands at 5.1%.

Figure 8 highlights the regional age split of care residents. As we can see, most residents across all sampled regions fall into the over-85 bracket. More interestingly, drilling into the funding structure of homes, we can see that the percentage share of the over 85s is far greater in private pay / self-funded settings than in local authority homes. This statistic could be attributed to a potentially

**“The North East showing the most significant year-on-year growth with an approximate change of 5.5%.”**

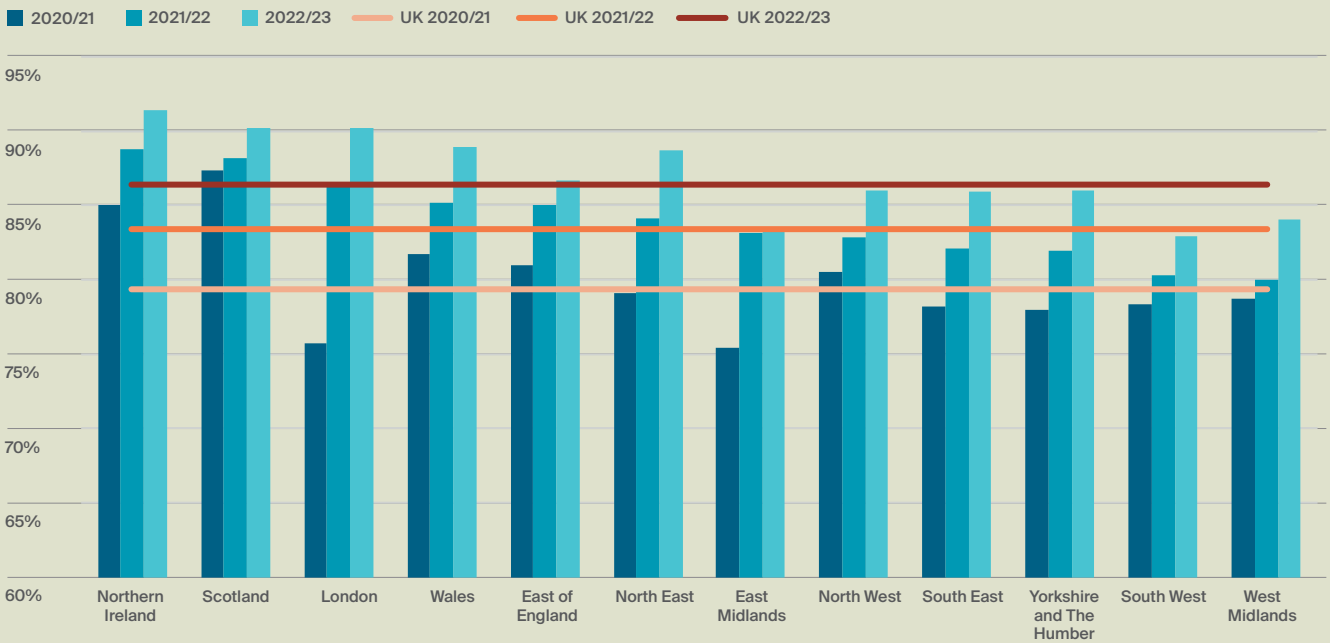
changing wealth profile amongst the aging demographic and eligibility criteria for funding.

**Figure 4: UK care home occupancy rate**



Source: Knight Frank Research

**Figure 5: Average occupancy by region, 2020-23**



Source: Knight Frank Research

Finally, considering the type of care, the age profile is, as expected, generally more varied due to acuity of care not being dependent on age and therefore seeing younger residents that require such support entering nursing care at an earlier stage rather than entering less acute settings later on in life.

Figure 9 highlights the average age of residents on a regional basis, ranging between 81 and 86 years old. Scotland is the region with the youngest average based on the homes sampled.

The average length of stay statistics are presented in Figure 10, which suggests the average length of stay is approximately 13 months.

However, a number of regions emerge from the sample that trend above this average.

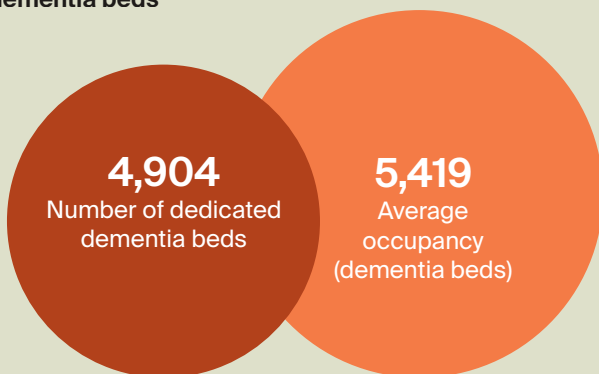
Finally, two tables highlight averages based on care, funding type, and CQC ratings. The standout statistic here is the spread between outstanding and inadequate rated homes.

Figure 7 presents the dementia penetration statistics by comparing dementia occupancy and overall

occupancy from a sample of homes in the UK across the four age bands. The penetration ranges from one to nineteen percent, appearing more prominent within the over 85 age band.

Following this, we then looked at several homes in terms of their dementia occupancy in relation to their dedicated dementia beds. Figure 6 summarises this and highlights a 10.5% undersupply in what would be considered a dedicated bed within the home. Suggesting non-dementia-specific rooms are now being utilised to service the needs of dementia residents.

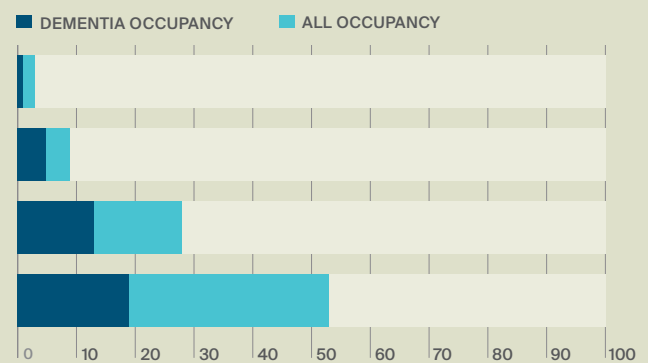
**Figure 6: Dementia occupancy vs dedicated dementia beds**



Source: Knight Frank Research

**Figure 7: Dementia penetration**

Share of available beds (%)



Source: Knight Frank Research



Figure 8: Occupancy age split

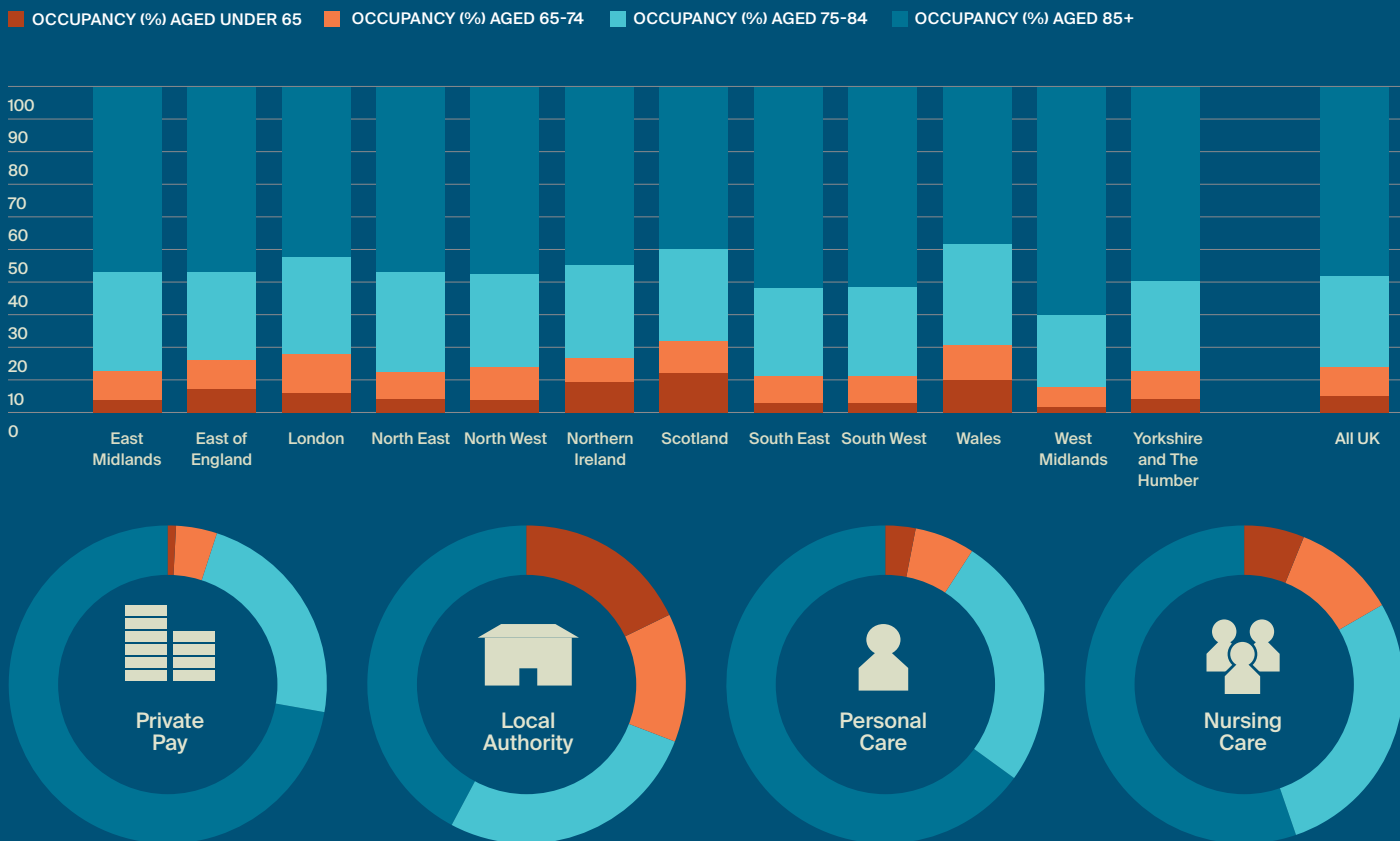


Figure 9: 22/23 Average age of resident

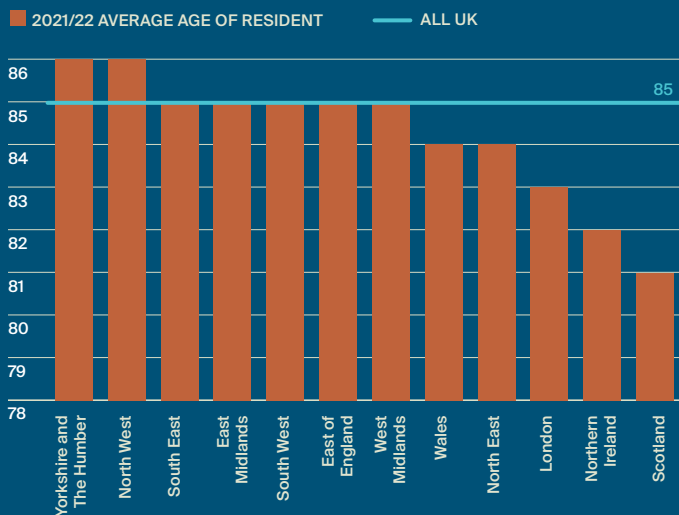
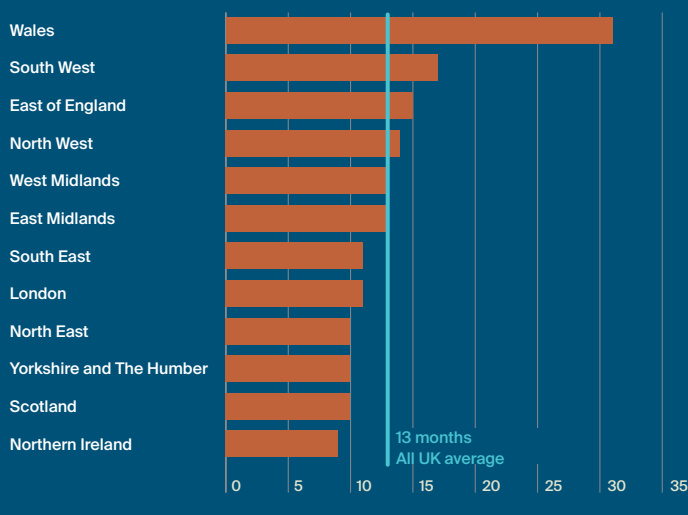


Figure 10: 2022/23 Average length of stay (months)



Resident composition by care and funding type

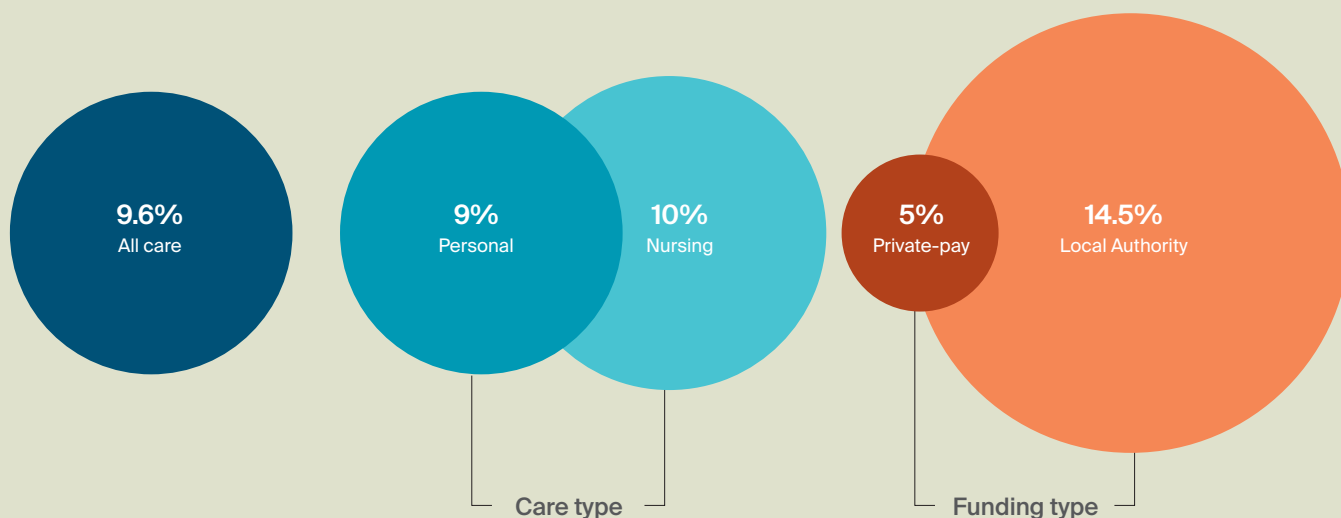
Category	Average age of resident	Average length of stay
Personal	86	15
Nursing	83	12
Local Authority	80	18
Private Pay	85	20

Average length of stay by CQC rating

CQC Rating	Average length of stay (months)
Outstanding	18
Requires improvement	14
Good	13
Inadequate	6

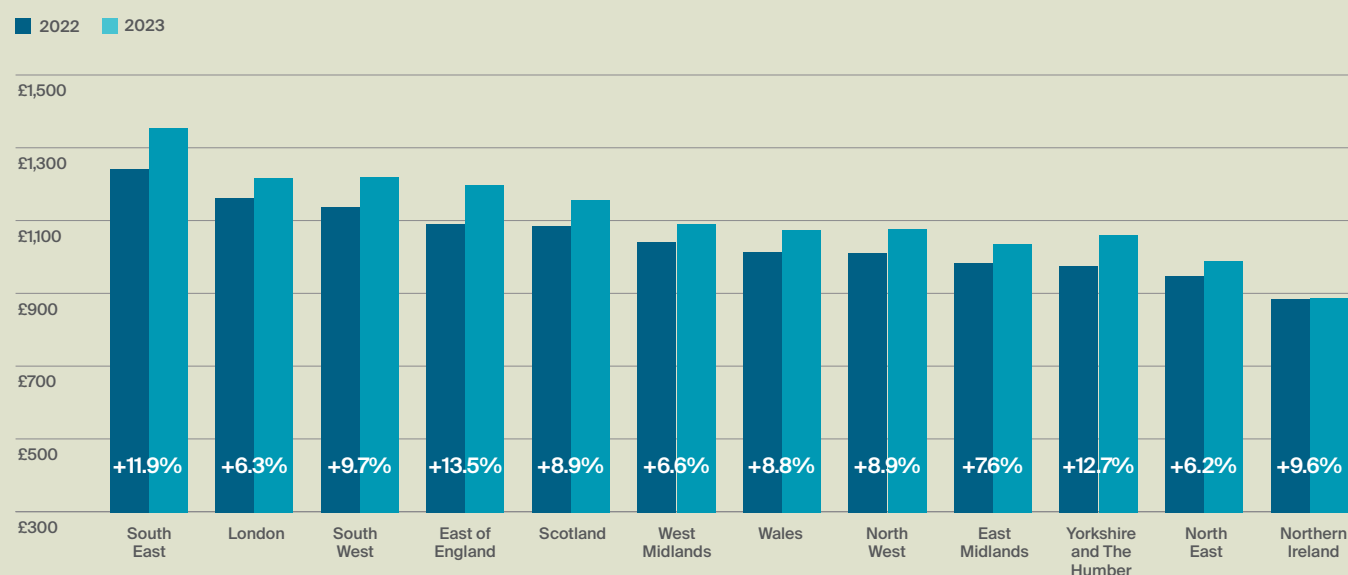
# Fees & Source of Funding

Figure 11: Average weekly fee uplifts, financial year 2022/23



Source: Knight Frank Research

Figure 12: Average weekly fees by region



Source: Knight Frank Research

Figure 11 shows average fee growth across the UK, up 9.6% in all care. While there is still a substantial variance in levels between local authority and private pay fees, local authority average weekly fees saw the most significant growth at 14.5%

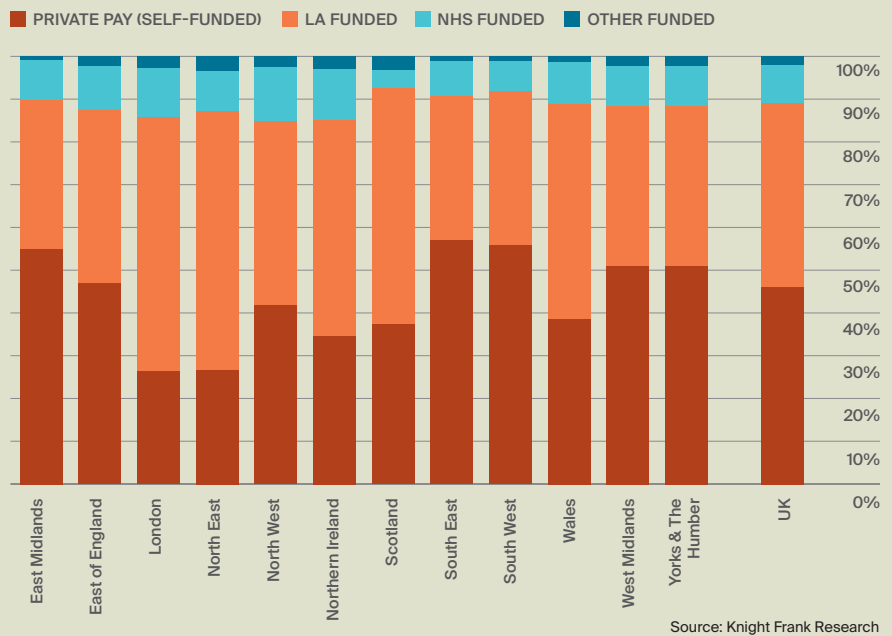
Moving into Figure 12, which focuses on regional growth in fee levels, we can see that East of England has benefited from the most considerable increase in the year at 13.5%. Considering funding structures for the various regions and the UK, figures 13 and 14 suggest that the South East emerges as the region with the greatest share attributed to private pay / self-funded income. This year, we can see that the overall funding split has remained very much in line with other years, highlighting a reasonably even split between private pay and local authority. In contrast, the NHS funding percentage has dipped slightly again this year.

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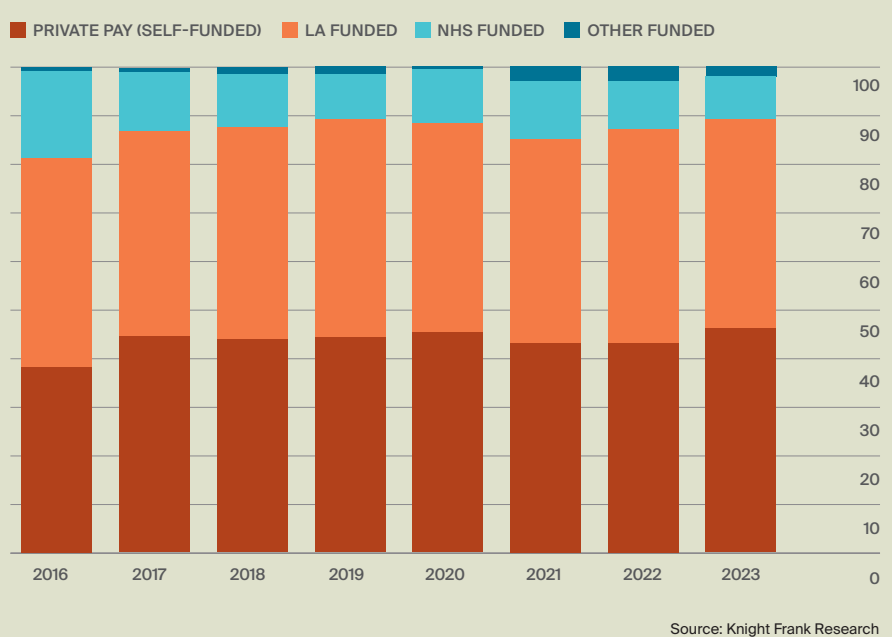
“While there is still a substantial variance in levels between local authority and private pay fees, local authority average weekly fees saw the most significant growth at 14.5%.”

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**Figure 13: 2023 Funding split by region**



**Figure 14: Evolution of funding**



# Costs & Staffing

## STAFFING COSTS

Staff costs per resident are up on the year, rising by 8.44% to £33,128, as shown in Figure 15. However, it is helpful to consider that last year's reported dip was fairly off-trend, which could be considered

staffing costs regulating themselves. We further assess this situation by understanding the change in staff costs as a percentage of income, as shown in Figure 16. We can see that this grew from 58.9% to 59.4%, representing a 0.8% relative increase on

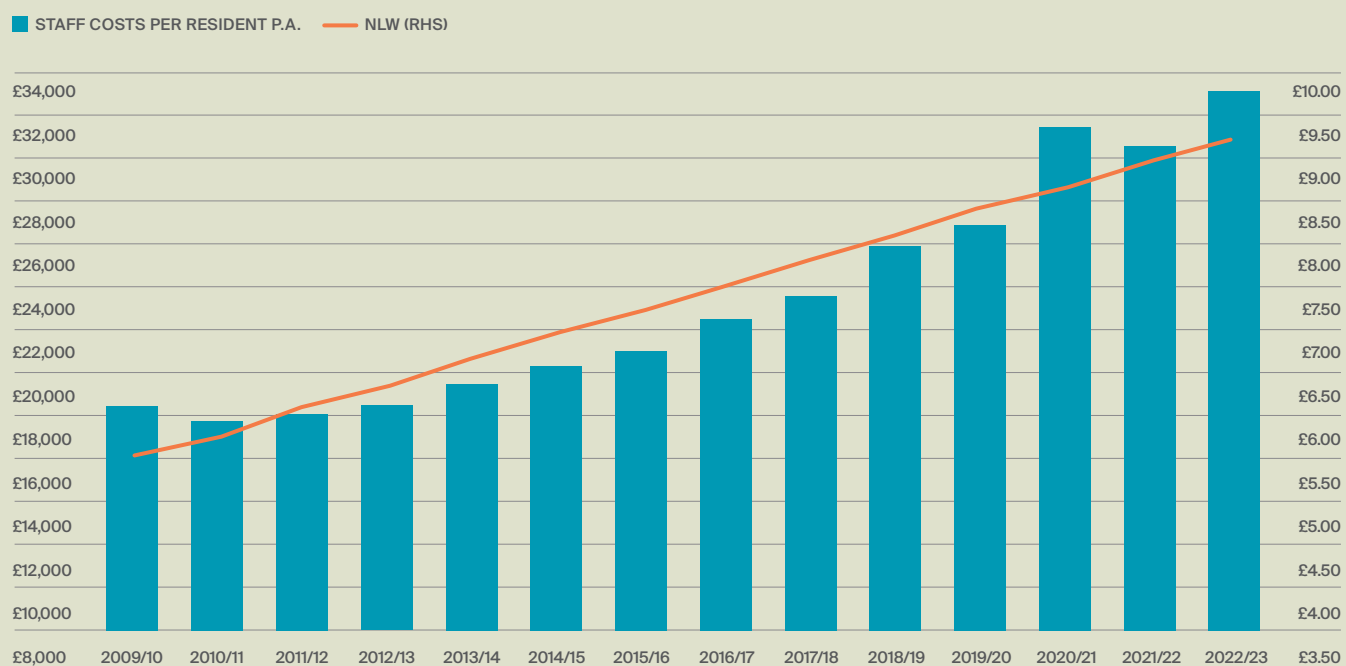
the year, slightly softer than the overall change reported in cost per resident.

As with last year, this year's survey has presented a growth in the wages of carers and nurses. Figure 18 shows that average nurse wages per hour are £19.10, up 5.5% from last year, while

Table 2: Staff to resident ratio

	2021		2022		2023	
	Resident: Staff	Staff: Resident	Resident: Staff	Staff: Resident	Resident: Staff	Staff: Resident
Nursing	1.2	0.9	1.2	0.9	1.2	0.7
Personal care	1.4	0.7	1.5	0.7	1.5	0.5
All	1.2	0.8	1.3	0.8	1.3	0.6

Figure 15: UK staff costs vs National Living Wage (NLW)



Source: Knight Frank Research

average carer wages per hour are up 11% at £10.78. Despite being significant, these carer wages increases lag behind the national living wage, which now sits at £10.42 ph, a 9.7% increase year on year (due to rise again in April). As sectors such as retail and hospitality continue their respective recovery journeys, the industry must remain attractive to staff.

Figure 17 shows a rise in agency use as a percentage of staff cost to 13.9% from 10.5% within nursing care and an increase to 11.6% from 7% in personal care for the year.

“As sectors such as retail and hospitality continue their respective recovery journeys, the industry must remain attractive to staff.”

Figure 16: Staff costs as % of income, since 2012/13

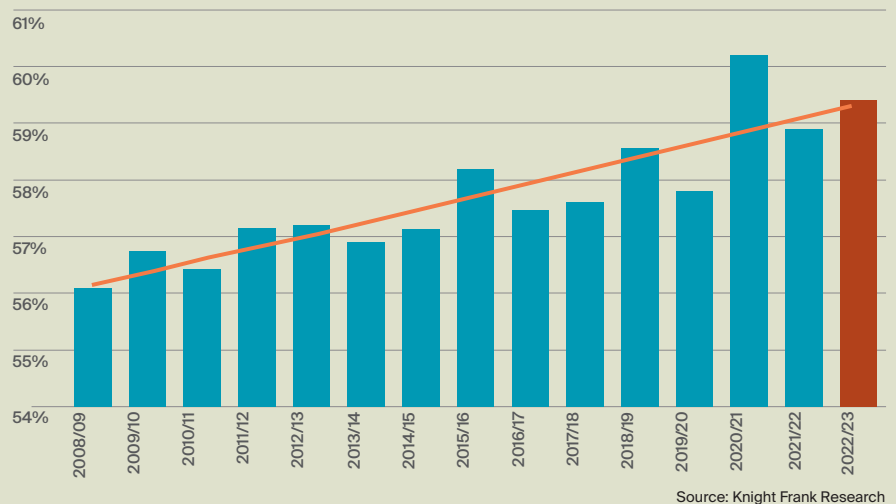


Figure 17: Agency staff costs as % of total staff costs

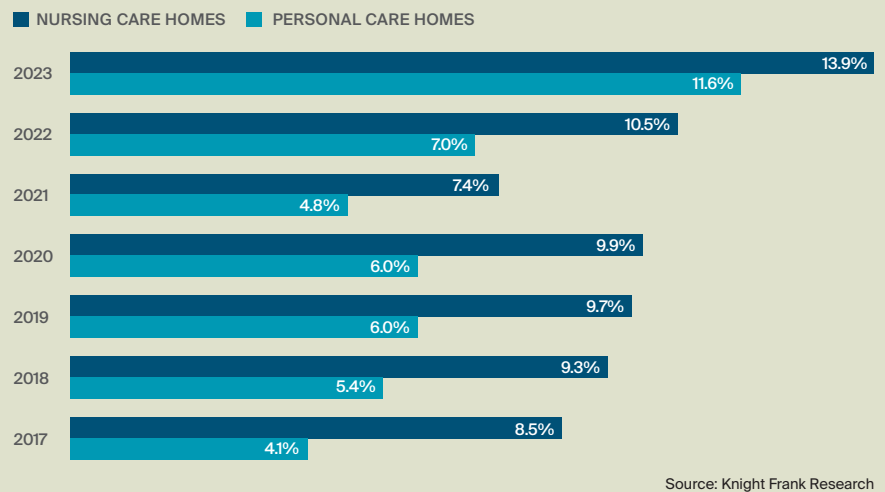


Figure 18: Average care home wage rates and National Living Wage, per hour

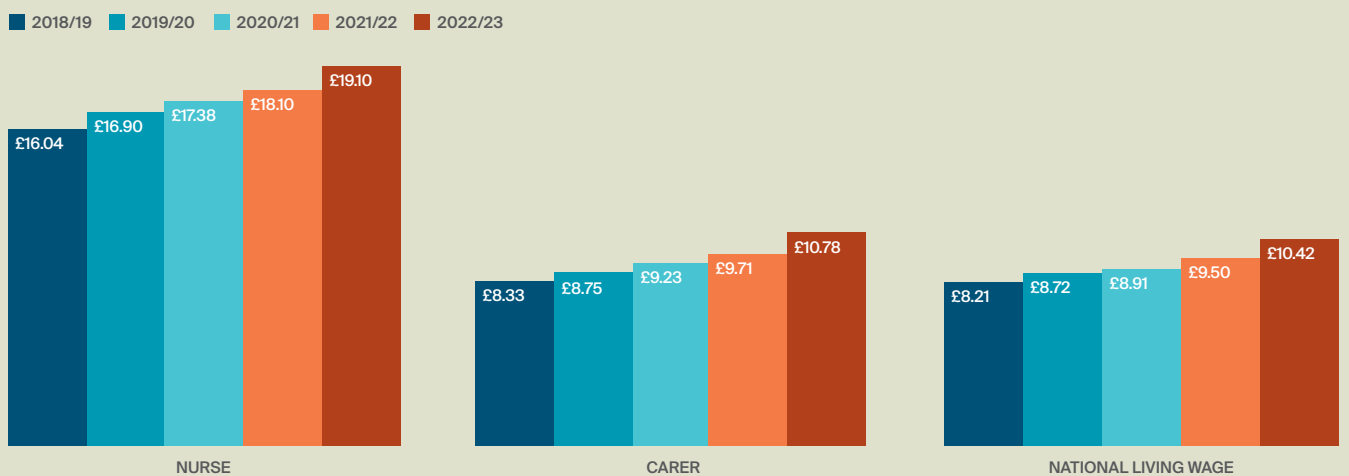
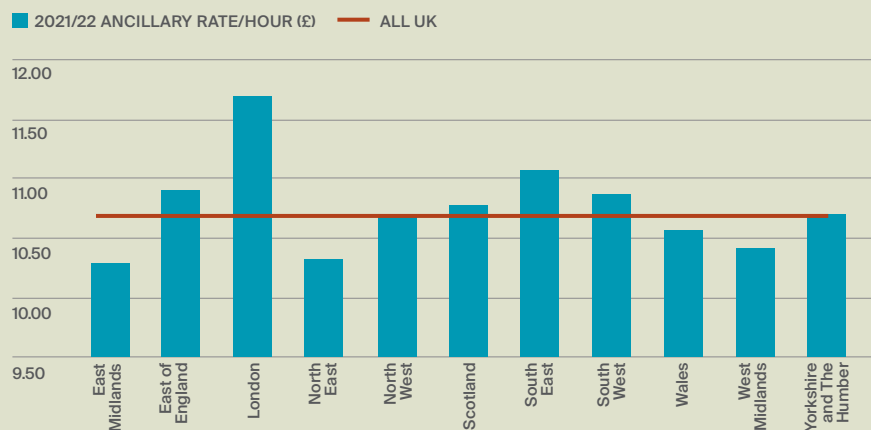


Figure 21 highlights 2014 as the point whereby average weekly fees and staffing costs had begun to outpace RPI inflation in terms of growth. Last year's unprecedented inflation raised the question of the extent to which fee increases can be a means of operators absorbing inflationary pressures. We can see from 2023's figures that inflation has continued to outpace fees. Figure 22 follows this and takes the year-on-year changes presented in Figure 21, Indexing them from 2009 to 2023. The story presented here is that where RPI had lagged fee growth on an indexed basis in past years, this year's results have seen the spread tighten between the two due to the size of the increase in both 2022 and 2023 RPI relative to average weekly fee growth.

Drilling down more granularly over the period highlighted between 2016 and 2023 in Figure 23, we can see that local authority fee growth on an index basis has, this year, finally caught up with private pay as well as staff costs. This is a first since 2017/18.

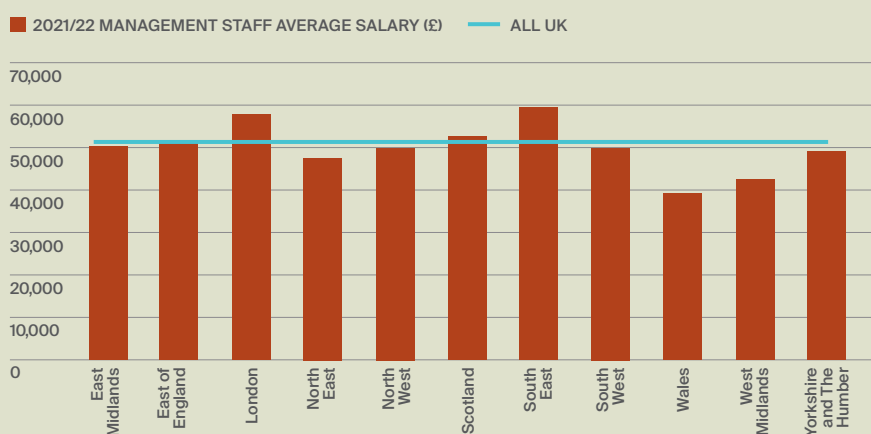
“We can see from 2023's figures that inflation continues to outpace fees.”

**Figure 19: Ancillary rate/hour (£)**



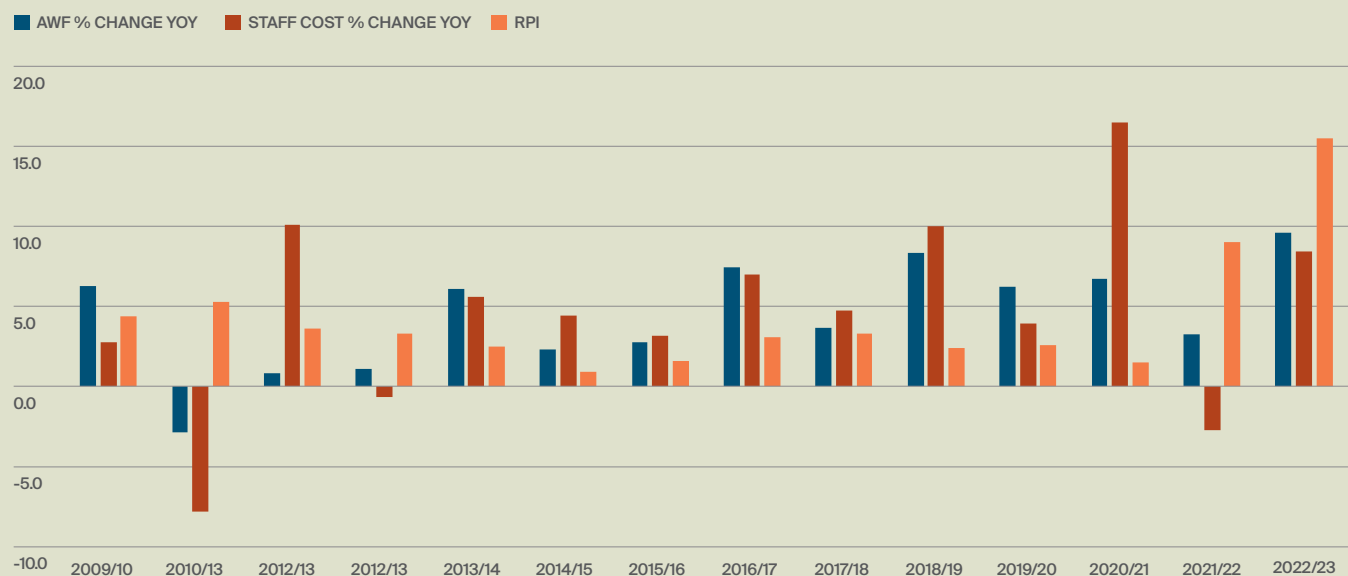
Source: Knight Frank Research

**Figure 20: Management staff average salary (£)**



Source: Knight Frank Research

**Figure 21: Fee & staff costs year on year change**



Source: Knight Frank Research

# £3,794

Property costs per bed rose to £3,794, representing a 6% increase on the year

## PROPERTY AND FOOD COSTS

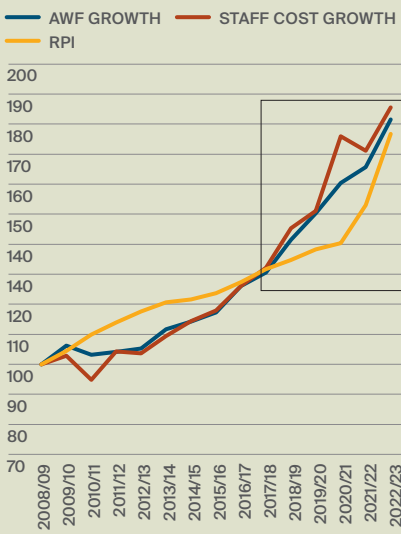
Figures 24 & 26 present the trend in property and food costs, respectively, with property costs per bed rising to £3,794, representing a 6% increase on the year, while food per bed had dipped to £1,958, a circa 16% increase. The graphs also show that from 2018 to 2023, property costs and food costs have experienced cumulative rises of 33% and 89%.

With cost inflation being a key topic in the current economic climate, this year's analysis has

seen us further break down property costs. The first takeaway from the infographic is the percentage share of property costs attributed to utilities. The average cost of utilities based on the sample accounting for almost 50% of property costs compared to last year's 34%.

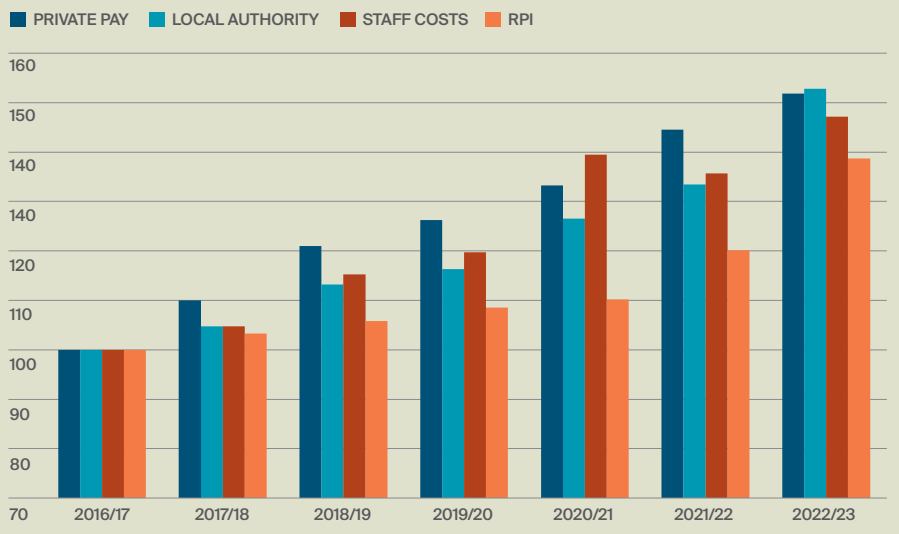
Moving further into our utility costs analysis, we can see the benefit that newer homes possess in terms of their average utility costs per bed, and as a percentage of income, the same can be said for purpose-built homes.

Figure 22: Fee & staff costs indexed



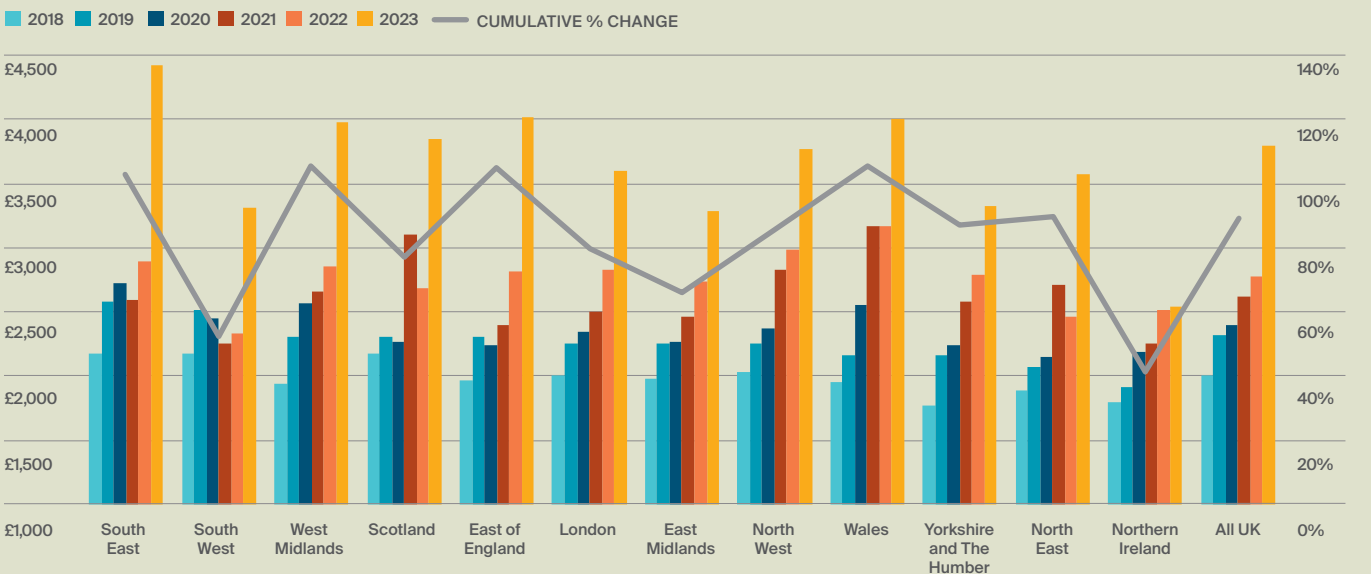
Source: Knight Frank Research

Figure 23: Fee & staff costs indexed



Source: Knight Frank Research

Figure 24: Property costs per bed (2018-2023)



Source: Knight Frank Research

The trend emerging suggests that newer as well as purpose-built homes are also most likely to fall into the category of the more oversized fit-for-purpose homes that benefit from economies of scale and, on initial assessment, the costs are higher on a per bed / % of income basis; they are indeed better off.

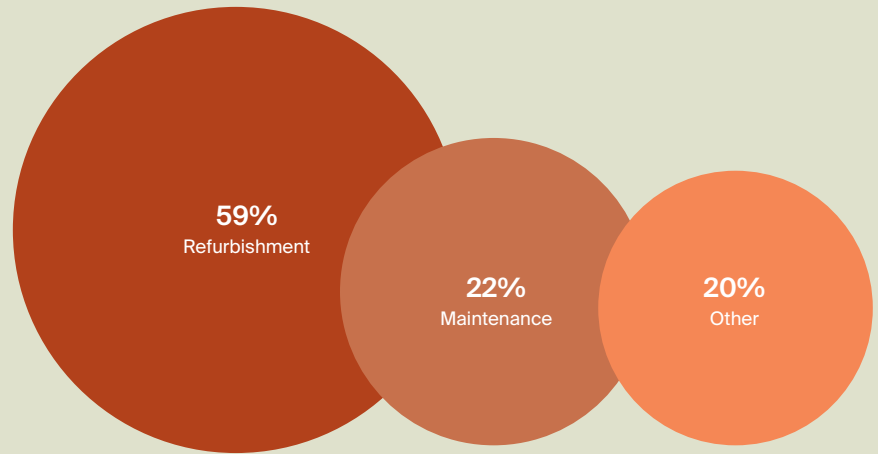
Moving further into utility costs, by first considering the tables and comparing last year's results to this year's, we can see a significant increase in total utility costs per resident between 2022 and 2023. We can then see from the annual variance chart that gas prices have played an essential role in this, averaging 3.3x increases vs 2.79x and 2.87x in electricity and water, respectively. Finally, comparing total utility costs on an absolute and per occupied bed basis, we are presented with contrasting statistics, with Scotland having an overall higher utility cost than other regions but showing as more efficient on a per bed basis.

Figure 25 focuses on the capital expenditure this financial year. We can see a majority of capital expenditure directed towards refurbishment as opposed to the maintenance spending

we saw last year. This could be a restart of the halted construction during the pandemic, as we have also seen significant granted planning for

care-related schemes. Table 3 provides an indicator of per resident CAPEX spend per year.

Figure 25: CAPEX split



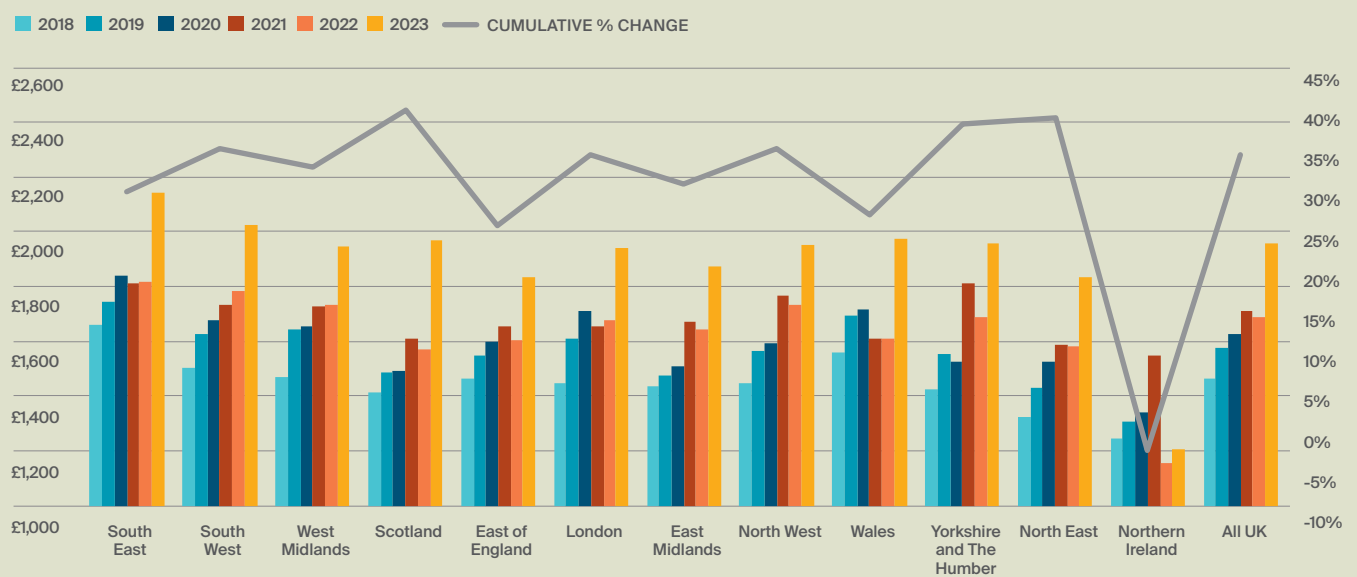
Source: Knight Frank Research

Table 3: CAPEX spends per bed

	2020	2021	2022	2023
Refurbishment CAPEX per bed	£1,848	£576	£1,497	£1,138
Maintenance CAPEX per bed	£932	£926	£806	£844

Source: Knight Frank Research

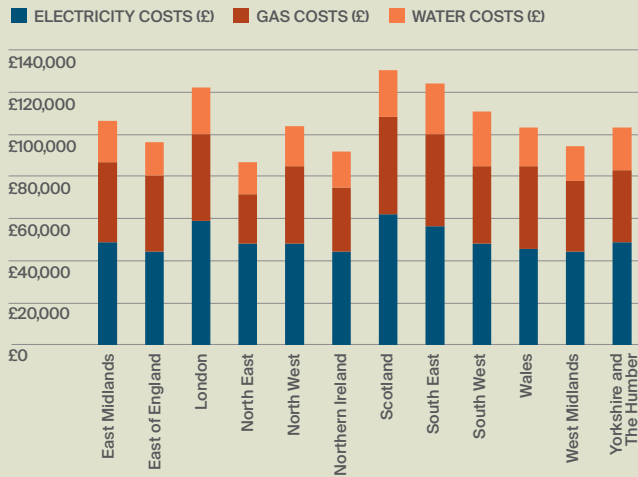
Figure 26: Food costs per bed (2018-2023)



Source: Knight Frank Research

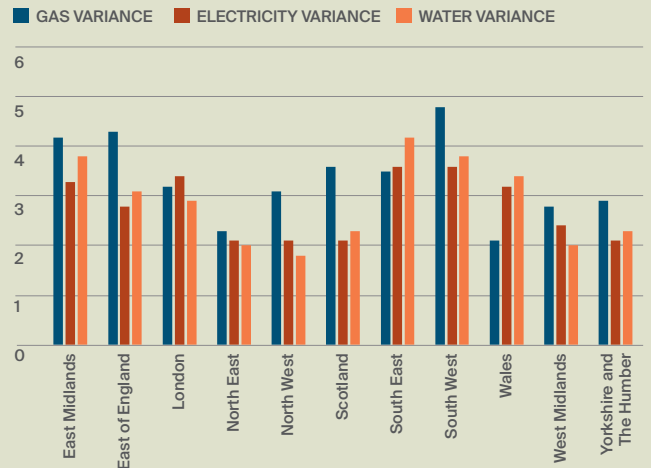


**Figure 27: Total utilities (2022/23)**



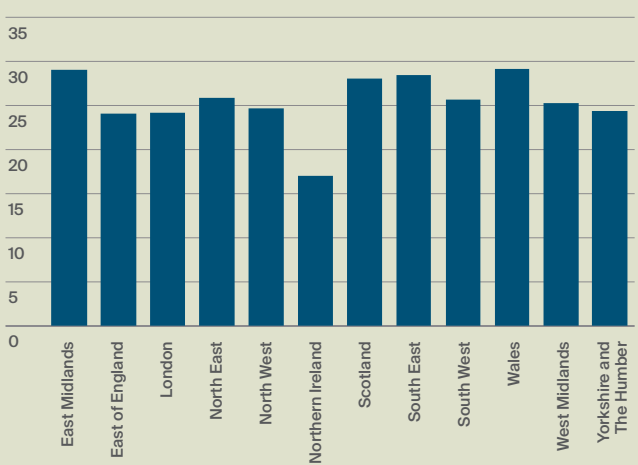
Source: Knight Frank Research

**Figure 28: Utility variances (2022/23)**



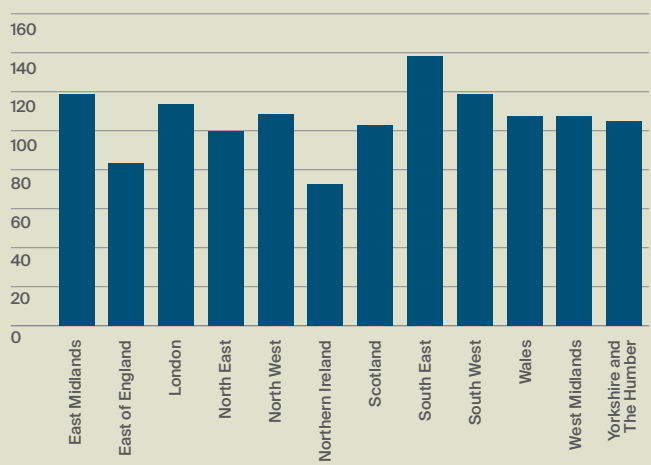
Source: Knight Frank Research

**Figure 29: Average kWh of electricity per occupied bed**



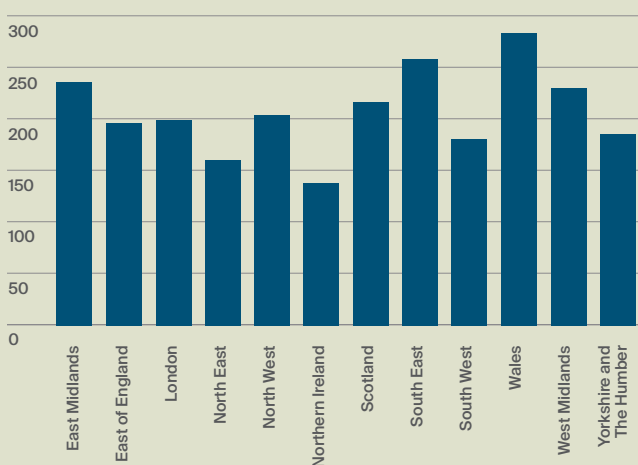
Source: Knight Frank Research

**Figure 30: Average cubic meter of water per occupied bed**



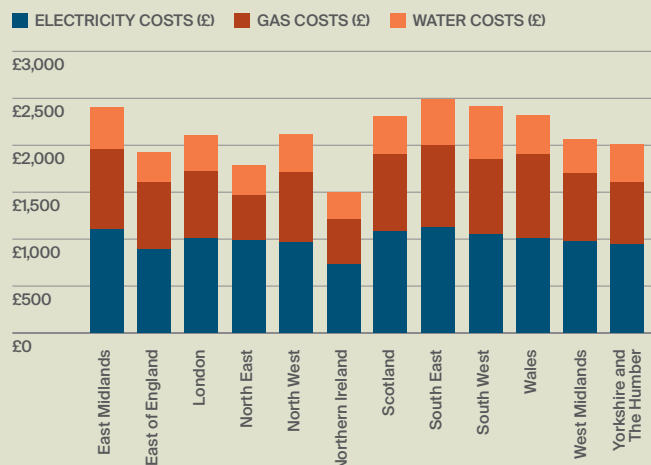
Source: Knight Frank Research

**Figure 31: Average of gas usage per occupied bed**



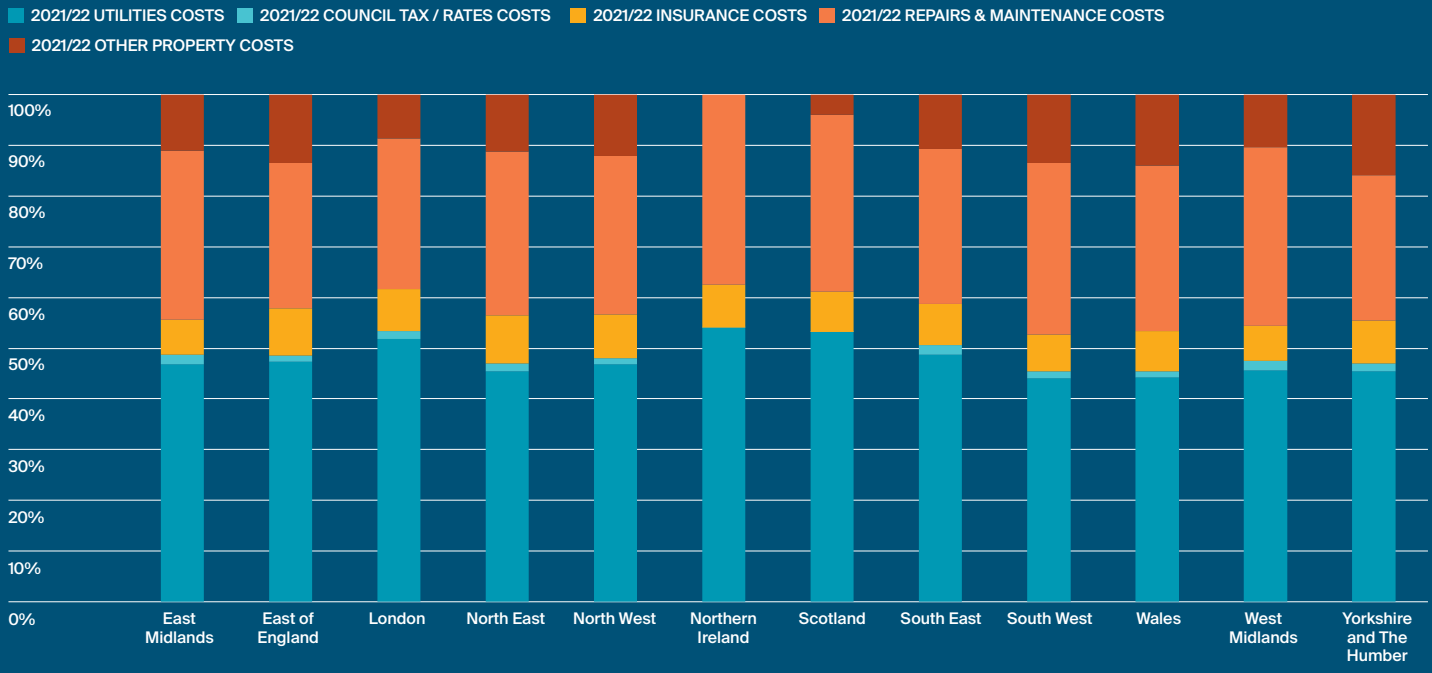
Source: Knight Frank Research

**Figure 32: Electricity, gas & water per occupied bed**



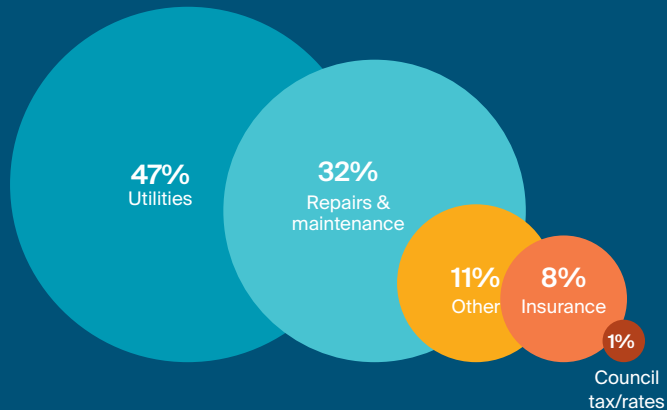
Source: Knight Frank Research

Figure 33: Property costs by region (£)

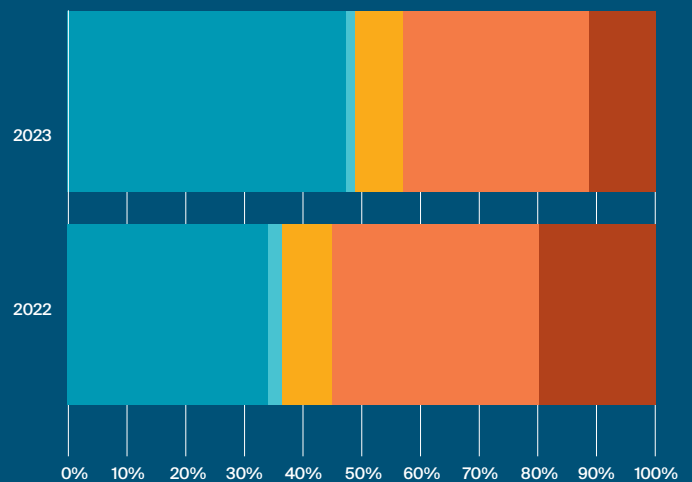


47%

Utility costs account for approximately 47% vs 34% in 2022 of property costs.



All UK property costs



	UTILITY COSTS AS % OF PROPERTY COSTS		UTILITY COSTS PER BED (£)		UTILITY COSTS PER BED / PER DAY (£)		UTILITY COSTS AS % OF INCOME		
	2022	2023	2022	2023	2022	2023	2022	2023	
<b>UTILITY COSTS BY PROPERTY TYPE</b>									
Conversion	30.2%	42.7%	1,213	1,990	3.32	5.45	2.3%	3.5%	
Purpose Built	30.7%	35.0%	990	1,544	2.71	4.23	1.9%	2.8%	
<b>UTILITY COSTS BY PROPERTY AGE</b>									
0-10 years old (opened after 2010)	30.3%	36.4%	971	1,648	2.66	4.51	1.7%	2.8%	
10-20 years old (opened 2000 to 2010)	28.5%	49.8%	920	1,976	2.52	5.41	1.8%	3.9%	
20-30 years old (opened 1990 to 2000)	32.0%	47.6%	1,003	1,930	2.75	5.29	2.0%	4.1%	
30 years and older (opened prior to 1990)	28.7%	41.4%	1,102	1,399	3.02	3.83	2.2%	3.0%	
<b>UTILITY COSTS BY PROPERTY SIZE</b>									
1-39 beds	30.8%	41.6%	1,339	1,993	3.67	5.46	2.66%	3.63%	
40-59 beds	30.4%	40.3%	1,059	1,669	2.90	4.57	2.15%	3.18%	
60-79 beds	30.4%	33.6%	996	1,527	2.73	4.18	1.84%	2.62%	
80-99 beds	31.3%	27.5%	894	1,379	2.45	3.78	1.65%	2.36%	
100+ beds	31.6%	47.6%	787	1,565	2.16	4.29	1.60%	3.05%	

# Profitability

Overall, EBITDARM as a percentage of income has fallen from last year's level of 26.3% to 25.0%, as seen in Figure 34. While not a move in the right direction for the sector, the circa. One percent dip signals how well the sector has absorbed inflationary pressures. The fact that the sector managed to keep margin compression to a minimum should aid confidence in the sector's resilience and underlying fundamentals.

Regarding profitability relative to care standards, Table 4 states that homes with an 'inadequate' CQC rating traded at a margin of 2% compared to homes with an 'outstanding' rating, which trade at a 30% margin. This is in line with expectations due to the restrictions imposed on inadequate homes, such as embargo's forcing margins substantially below averages. Table 5 highlights homes between 60 to 100 beds are the most profitable size range. Homes within this size band, as per the sample, are operating at margins of around 28%.

Figure 35 shows a close split of homes operating within 12% to 40% EBITDARM margins, with 12% achieving EBITDARM margins of over 40% of income and 9% falling

into the loss-making band. This is a positive movement compared to last year's results, whereby only 11% of homes sampled were in the 40% and over category.

**Table 4: EBITDARM margin per CQC band**

CQC Rating	EBITDARM (% of income)
Outstanding	30%
Good	27%
Requires improvement	20%
Inadequate	2%

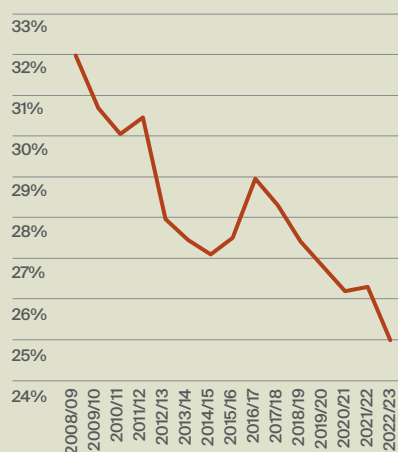
Source: Knight Frank Research

**Table 5: EBITDARM margin per size band**

Size Band	EBITDARM (% of income)
1-39 beds	19.1%
40-59 beds	21.3%
60-79 beds	27.6%
80-99 beds	29.0%
100+ beds	26.0%

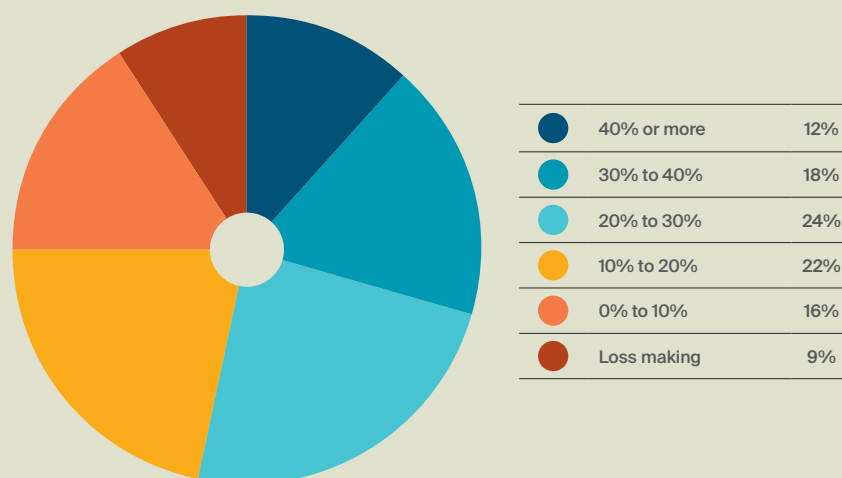
Source: Knight Frank Research

**Figure 34: EBITDARM as % of income, since 2008/09**



Source: Knight Frank Research

**Figure 35: Distribution of EBITDARM margins, 2022-23**



Source: Knight Frank Research

“Overall, EBITDARM as a percentage of income has fallen from last year’s level of 26.3% to 25.0%,”

The standout band remains 20% to 30%, accounting for 24%. Wales emerges as the region with the most variance between personal and nursing care in Figure 36, with a nursing care EBITDARM margin of 32% of income, significantly more than the averages pulled from the

sample. Considering all homes, care, and funding types in the sample, as per Figure 37, there is an overall downward trend. It is important to note, however, that despite the dip, these margins can still be considered reasonable given the challenges and cost pressures faced by the sector.

Figure 36: EBITDARM as % of income, by region and care type 2022/23

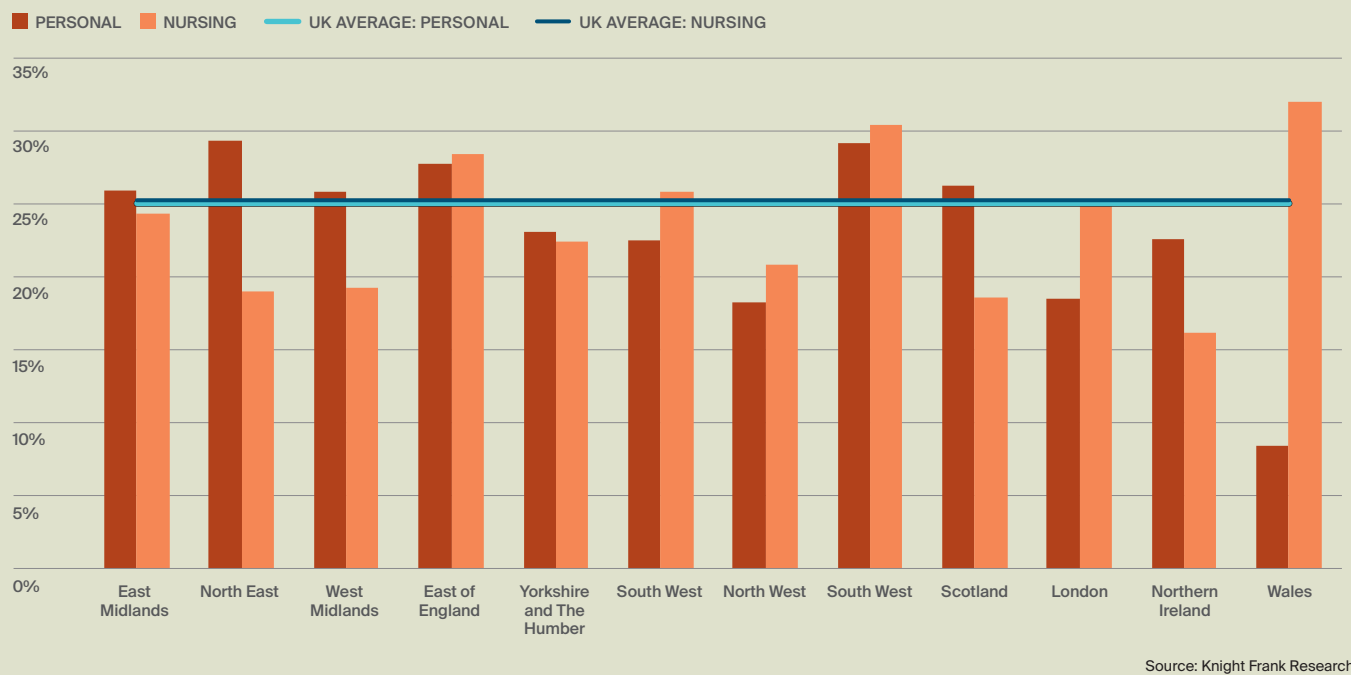
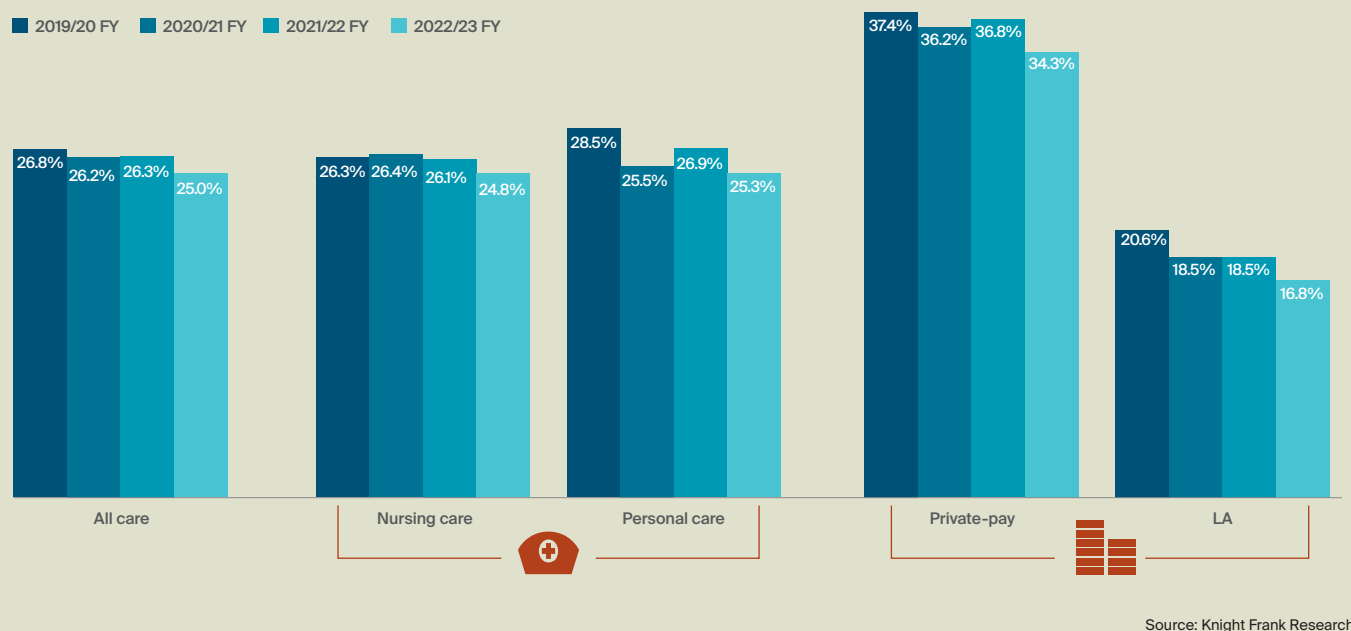


Figure 37: EBITDARM margins, FY 2019/20, 2020/21, 2021/22 & 2022/23



### THE IMPACT OF GOVERNMENT INTERVENTION

This year, by comparing the bars in Figure 39 we can see a lower reliance on government support so whilst EBITDARMs are slightly lower this is a more organic metric representation. Where there is government support, it is still, as with last year, a relatively small percentage of income but supportive of margins nonetheless.

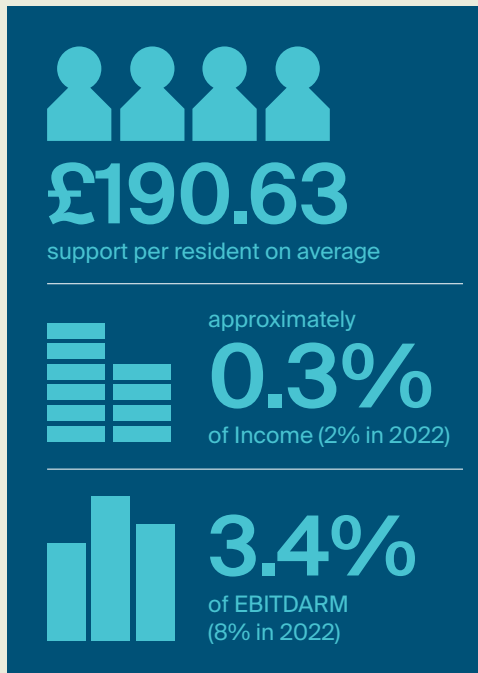
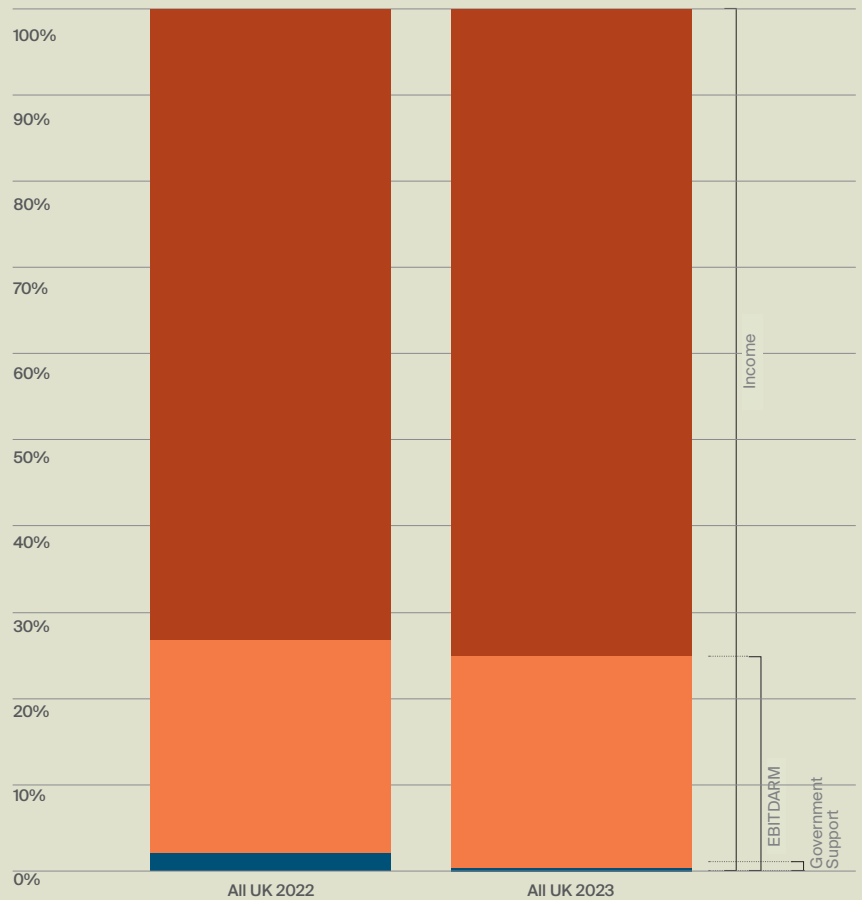
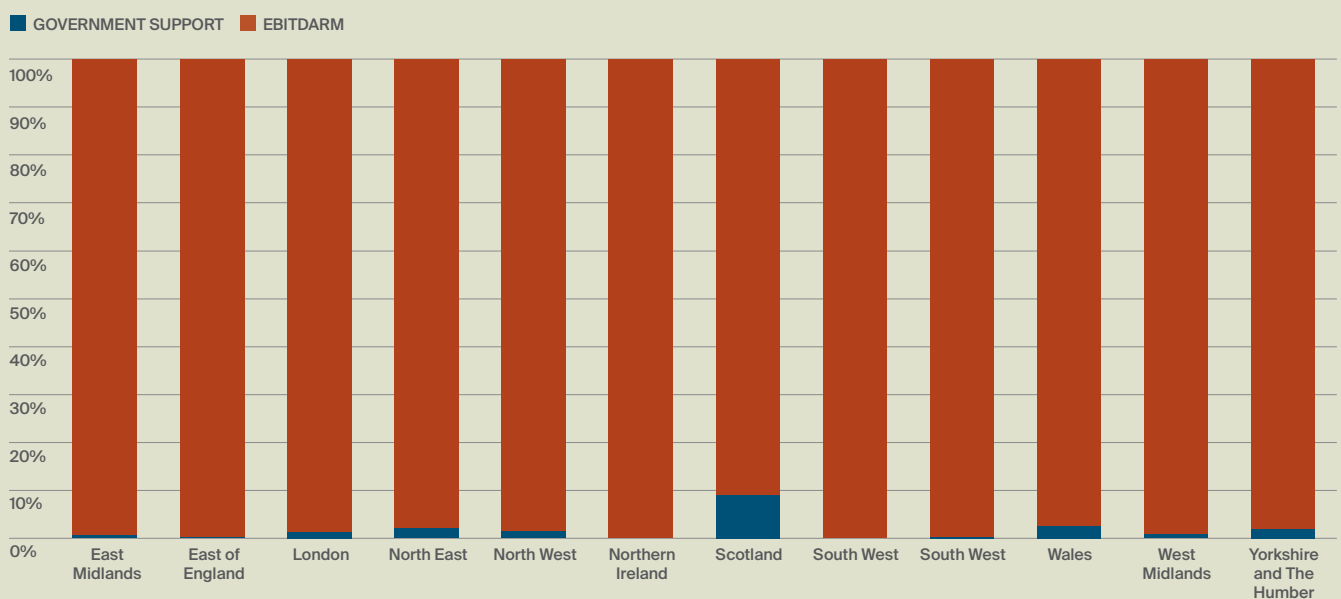


Figure 38: Government support as % of EBITDARM



Source: Knight Frank Research

Figure 39: Government support as % of EBITDARM



Source: Knight Frank Research

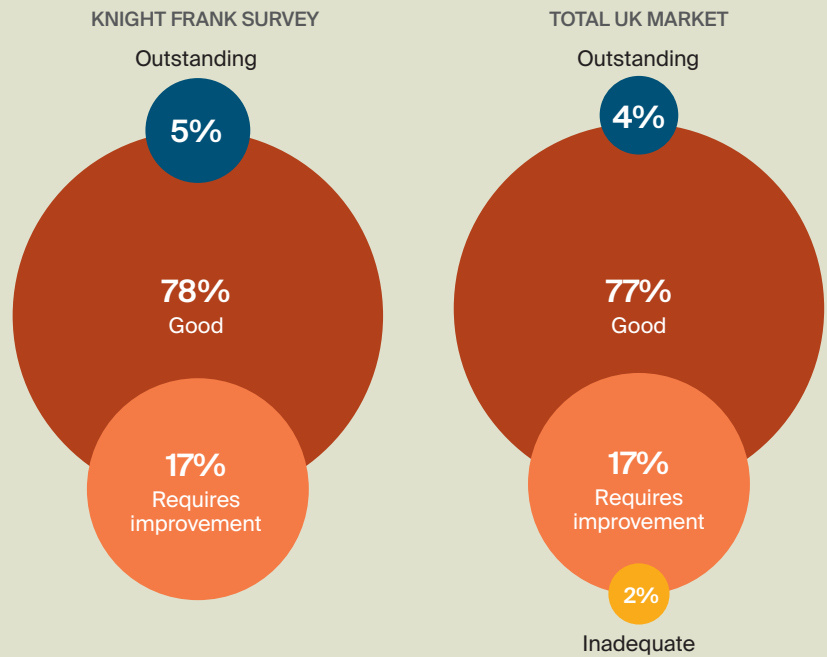
# Sector Regulation

CQC ratings of the sample show minimal variation to the overall market. Figure 40 shows the sample’s consistency with the market, presenting that 5% of homes are rated outstanding, 78% as good, 17% as requiring improvement, and 0% as inadequate. This directly matches the sample’s regulatory scores from last year’s survey.

Figure 41 provides a more granular view of regional ratings, suggesting a constant trend across all regions. The standouts are the North East and the South West, where approximately 12% and 9% of the sampled homes were rated outstanding, respectively.

**“5% of homes are rated outstanding, 78% as good, 17% as requiring improvement, and 0% as inadequate.”**

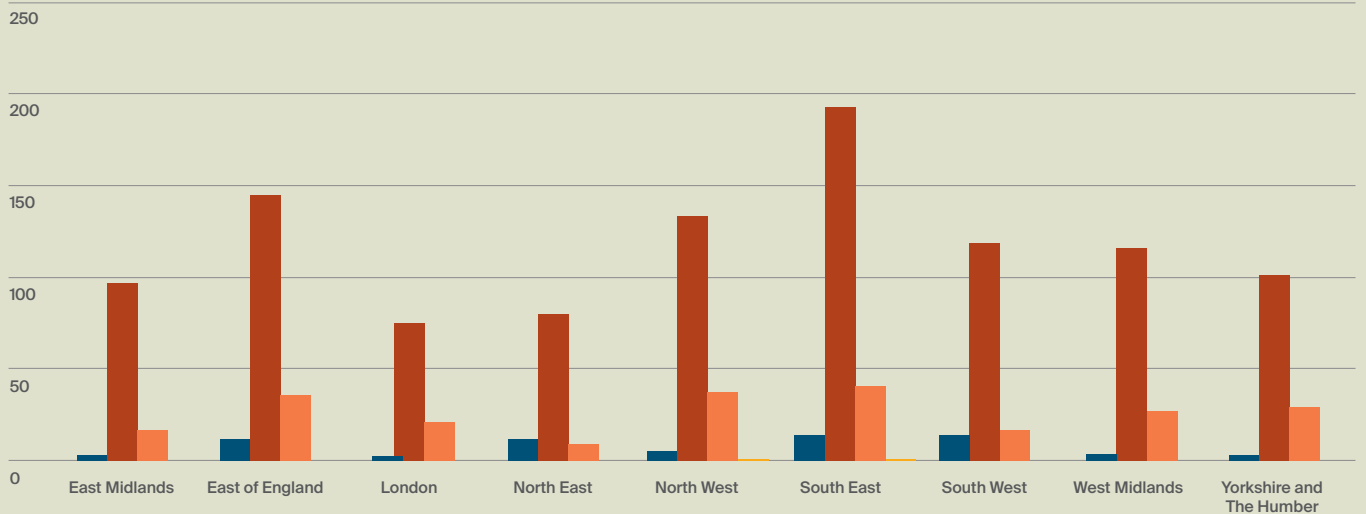
**Figure 40: Sample CQC ratings comparison with total market**



Source: Knight Frank Research

**Figure 41: Sample CQC ratings**

■ OUTSTANDING ■ GOOD ■ REQUIRES IMPROVEMENT ■ INADEQUATE



Source: Knight Frank Research

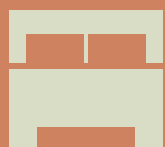
# Knight Frank Wellbeing Index

## Sample statistics

Following on from last year's inaugural Knight Frank Wellbeing Index, we have, once again, looked into key areas such as amenities, spending on resident activity, spending

on staff welfare, jobs created, and regulatory ratings. We have utilised these metrics to gather a general assessment of the well-being credentials of the homes participating in the index.

## 605 homes surveyed...



### 35,200

Participating beds



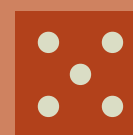
### 86.7%

Average home occupancy of participating homes



### £233k

Approximate amount spent on staff welfare in 2022/23 FY by participants



### £3.34m

Approximate amount spent on resident activity & entertainment in 2022/23 FY by participants



### 14

Spas



### 71

Cinemas



### 41

Sensory rooms



### 589

Resident gardens



### 523

On site hair salons / barber shops



### 61

Libraries



### 305

Mini Buses  
*(or home owned transport facility for residents)*



### 371

Homes allowing pets by arrangement

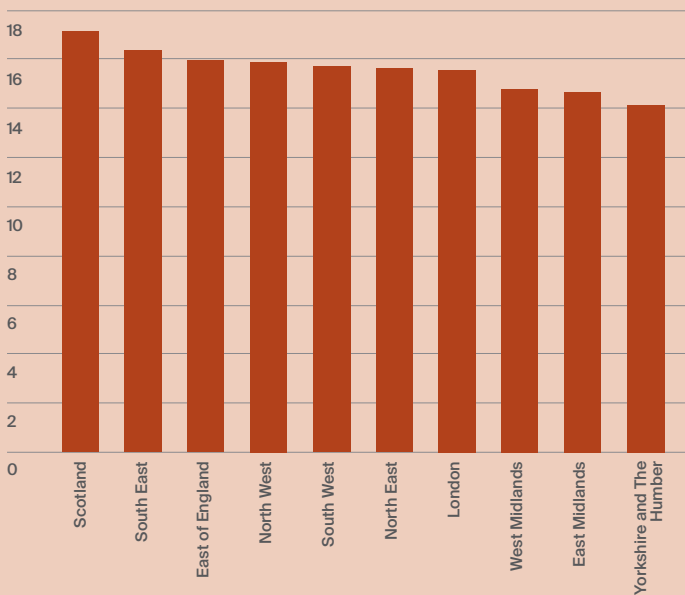
# Knight Frank Wellbeing Index

Statistics from the index, once again, present Scotland as the region with the highest score for amenities, closely followed by the South East. The South East ranked first compared to last year's second place regarding the percentage of income spent on resident activities and entertainment.

When collating these variables into an overall wellbeing score, the consistency of the South East has seen it emerge in the top two, once again, placing behind first place Scotland highest-ranking region for a second year. We then further assess homes' age and profitability, highlighting the following points. First,

the 0-10 year old home age band averaged the highest overall wellbeing score at 19.4, suggesting that newer homes are being built with wellbeing in mind. The 40% and over EBITDARM band presented as the highest ranking band with consistent falls in wellbeing scores as margins diminished into losses.

**Figure 42: Amenities wellbeing score by region**



**Figure 43: Entertainment spend as % of income**



**Table 6 | Wellbeing score by age of home**

Age of Home	Overall Wellbeing Score
0-10 years old (opened after 2010)	19.4
10-20 years old (opened 2000 to 2010)	18.1
20-30 years old (opened 1990 to 2000)	18.2
30 years and older (opened prior to 1990)	17.8

**Table 7 | Wellbeing score by profitability band**

Profitability Band	Overall Wellbeing Score
40%+	19.4
21% to 30%	17.9
31% to 40%	18.9
11% to 20%	17.4
10% or less	17.3
Loss	17.6



**Figure 44: Quality score rank**  
by region

- SOUTH EAST 1
- WEST MIDLANDS 2
- EAST OF ENGLAND 3
- NORTH WEST 4
- LONDON 5
- SOUTH WEST 6
- EAST MIDLANDS 7
- YORKSHIRE AND THE HUMBER 8
- SCOTLAND 9
- NORTH EAST 10



**Overall wellbeing index score**  
by region

■ QUALITY SCORE ■ ENTERTAINMENT SPEND % INCOME ■ AMENITIES WELLBEING SCORE ■ OVERALL WELLBEING SCORE



# Forward View

Overall, the trends presented in this report have, once more, highlighted the case for healthcare. The sector has been a topic of concern with regard to its ability to weather storms ahead, and this is something that it continues to do tremendously well –for example, steady improvements in average occupancy year on year and the minimal compression of EBITDARM margins.

Staffing costs will continue to be an area of focus, especially as we look to another rise in the National Living Wage in the early stages of 2024. The extent to which fees can continue to absorb higher operational

costs remains unknown and will be essential in understanding the maintenance of overall profitability.

While inflationary pressures are evident through rising utility costs, we are hopefully through the worst. With the economy beginning to compose itself, we seem safer from irregular flections and therefore hope to see operational costs stabilise somewhat in the coming year.

We are, and always have been, optimistic about the sector’s outlook. The structural drivers mean that the sector’s demand remains strong. It will undoubtedly be an exciting period for healthcare.



JULIAN EVANS FRICS,  
HEAD OF HEALTHCARE



The Mill House and The Mill Lodge (Anchor) - winner of Luxury Care Home Award 2024

# Key Themes

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## Occupancy improves

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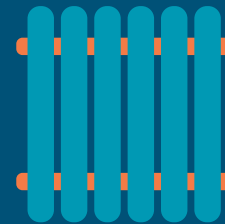
Occupancy continues to improve towards a normalised state, with some homes already trading at pre-pandemic levels.



## Fees increase

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Fees have increased substantially this year (9.6%). We are still left with the question of whether this is representative of the actual cost of care and the extent to which fees can continue to grow relative to increasing operational costs.



## Utility rises

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Utility price rises have significantly increased operator property costs, with gas, electric, and water costs up 3.3x, 2.79x, and 2.87x, respectively.



## Operator support

---

Operators have relied less on government support this year as a foundation for their profitability.



## Resilient sectors

---

EBITDARM margins, while down on the year, remain a show of the sectors resilience only dipping by just over one percent amidst current economic headwinds.



## Social impact

---

The wellbeing decisions and social impact of operators is a growing subject matter and will likely continue to feature in its own right as we advance.

## Recent Research



Healthcare Overview  
2023



Healthcare Capital  
Markets 2023



Development  
Opportunities 2023



European Healthcare  
2022

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