Chandler&Co

Care Market Newsletter

Market insights for care home buyers, operators and investors

The UK care home market: resilient and competitive

The UK care home market continues to operate against a backdrop of employment cost pressures, regulatory change and rising operating expenses. At the same time, demand for quality care services remains evident across many parts of the country.

Industry commentary reviewed in preparing this newsletter suggests that, in certain locations and market segments, demand from prospective purchasers may exceed the number of quality care homes being offered for sale. The Chandler & Co Teams sector knowledge at the time of writing also suggests that occupancy has improved following pandemic-era disruption, although performance varies significantly by region, care type, fee profile and individual operator.

For buyers, investors and operators, careful preparation, appropriate professional advice, funding readiness and detailed due diligence can help them assess whether a particular opportunity is suitable and achievable.

Key takeaways

- Demand fundamentals remain positive in a number of UK care markets, although conditions vary by location and care type.
- Quality care homes may attract interest from multiple prospective purchasers.
- Specialist lenders may consider well-prepared care home transactions, subject to their individual lending criteria and underwriting.
- Sustainable, maintainable earnings are an important consideration in business valuations.
- Operational quality, governance and regulatory performance may influence lender and purchaser assessments.
- Early preparation can help prospective purchasers understand their funding position and identify potentially suitable opportunities.
- Experienced legal, financial, regulatory and sector advisers can help identify material issues before substantial costs are incurred.

Market spotlight: an active but selective market

Care home valuations may be influenced by a range of factors, including sustainable EBITDA, occupancy performance, fee levels, regulatory compliance, property condition and operational resilience.

Although publicly reported transaction volumes may appear measured, quality businesses can attract interest from:

- Established operators
- New market entrants
- Private investors
- Regional acquisition groups

Prospective purchasers are commonly expected to undertake detailed financial, commercial, legal, property and regulatory due diligence.

In addition to headline financial performance, purchasers and lenders may assess:

- Sustainable and maintainable earnings

- Occupancy trends and resident fee profiles
- Staffing stability and agency usage
- Governance and regulatory compliance
- Management capability and succession planning
- Regulatory and inspection history
- Capital expenditure requirements
- Opportunities and risks associated with future development

> *Care homes with sustainable earnings, stable occupancy, a positive regulatory record and clear operational strengths may be more attractive to purchasers and lenders. However, purchaser appetite, valuation and the availability of finance will depend on the individual business, the proposed transaction and prevailing market and lender conditions.*

Why funding preparation matters

The availability and terms of specialist funding can have a significant effect on the progress of a care home acquisition.

Buyers who explore their funding position in advance may be better placed to:

- Understand the level and structure of borrowing that may be available
- Focus on opportunities that appear compatible with their resources
- Prepare relevant information for lenders
- Respond efficiently when an appropriate opportunity arises
- Demonstrate their preparedness to sellers and professional advisers

Exploring funding options at an early stage can help buyers understand how lenders may assess a proposed acquisition and identify the information likely to be required. Any indicative funding position will remain subject to the lender's full assessment, valuation and approval process.

At **Chandler & Co.**, we support potential buyers by reviewing proposed acquisitions before formal lender submission. This may include helping clients understand the criteria commonly applied by specialist lenders and assisting with the preparation of funding proposals.

> *Preparing before identifying a property may help a buyer assess opportunities more efficiently, although it does not guarantee that a purchase or funding application will complete.*

How much deposit is needed to acquire a care home?

There is no single deposit requirement that applies to every care home acquisition.

The amount of equity or security required will depend on the transaction and the lender's assessment of matters including:

- The purchaser's experience and financial position
- The trading and financial performance of the target business
- Property type, location, tenure and condition
- The proposed funding and ownership structure
- Regulatory history and current inspection ratings
- Available security

- Valuation
- Affordability and debt-service capacity
- The lender's policies at the time of application

Understanding the types of funding that may be available before making an offer can help purchasers concentrate on opportunities that appear financially achievable.

> Download our **Guide to Financing a Care Home Acquisition** from the Chandler & Co. Resource Centre.

> *The guide provides general information to help purchasers understand the care home funding process and the factors lenders may consider. The availability and terms of finance will depend on the purchaser, the proposed transaction and the lender's assessment.*

What do care home buyers and lenders consider?

Assessing a proposed acquisition involves more than reviewing headline accounts.

Depending on the proposed transaction, our broker team may review:

- Occupancy performance during the previous 12 months
- Current resident fees, recent fee increases and the sustainability of each funding arrangement
- Resident fee profile and funding mix, including private-pay fees, local authority funding, NHS or Continuing Healthcare contributions, and third-party or family top-ups
- Agency staffing costs and recruitment pressures
- Management capability and experience
- Relevant regulator history
- Local demographics and competition
- Potential development opportunities
- Capital expenditure and maintenance requirements
- Historic, current and projected profitability
- Debt-service capacity
- Any unusual, exceptional or non-recurring items

> *These factors may influence purchaser interest, valuation and lender assessment, although their relevance and relative importance will vary between transactions and lenders*

EPC ratings and long-term value

Energy efficiency is one of several property-related factors that purchasers, valuers and lenders may consider when assessing a care home.

The EPC rating may inform their assessment of the property's energy efficiency and potential future capital expenditure. Where improvements may be required, purchasers should consider their likely cost, timing and operational impact alongside the property's overall condition.

Any proposed work may also be affected by planning requirements, building regulations, listed-building restrictions and the practicalities of carrying out improvements while the care home remains operational.

Buying a care home: the Chandler & Co journey

Subject to the scope of our engagement, our team may support buyers during the acquisition process through:

1. Acquisition planning
2. Opportunity assessment
3. Initial funding assessment
4. Loan application preparation
5. Introductions to potentially suitable specialist lenders
6. Assistance with indicative terms
7. Valuation coordination
8. Liaison during legal and due-diligence work
9. Completion support

At Chandler & Co. we work alongside buyers, lenders, solicitors, accountants, valuers and specialist care advisers with the aim of helping transactions progress efficiently.

Buyacarehome Property Finder Service

Finding a care home that meets a purchaser's operational, geographical and financial requirements can take time.

Following an initial discussion regarding acquisition plans, preferred locations, experience and proposed funding arrangements, our Property Finder Service may assist buyers by:

- Sharing potentially suitable opportunities received from specialist agents or vendors
- Introducing buyers to relevant specialist agents or vendors
- Highlighting off-market opportunities where these have been made available to Chandler & Co and an introduction is appropriate
- Supporting finance-related communication as a proposed acquisition progresses
- Coordinating finance-related information with relevant professional advisers

> *The identification or introduction of an opportunity does not constitute a recommendation to proceed. Before making a commitment, purchasers should undertake appropriate due diligence and obtain legal, financial, tax, valuation and regulatory advice relevant to their circumstances.*
>
> *The availability of opportunities will depend on the purchaser's requirements and prevailing market conditions.*

Regulatory and sector updates

CQC assessment framework

The regulatory environment continues to evolve. You can read PGQ Solutions' thoughts on the **CQC assessment framework and its possible implications for providers**, published on 31 July 2026.

Business structures

Choosing an appropriate ownership structure can be an important consideration when acquiring a first care home or expanding an existing portfolio.

The **Chandler & Co Resource Centre** includes guidance prepared by Hazlewoods that reviews a number of potential structures and outlines certain advantages and disadvantages whilst noting that tax treatment depends on individual circumstances and may change.

> **Download Hazlewoods - Practical considerations when structuring your care business Guide**

Shareholder planning

Considering shareholder arrangements before a period of growth, investment or succession may help reduce the risk of future disagreement or uncertainty. Purchasers should obtain advice from suitably qualified legal, tax and accounting professionals.

> Our Resource Centre includes guidance from rwk goodman entitled **Shareholders' Agreement: A Plain English Guide**.

Capital allowances

Capital allowances may be relevant to some care home acquisitions, depending on the property, transaction structure, available evidence and applicable tax legislation.

Specialists such as Jex Capital Allowances can advise purchasers before exchange of contracts on whether potential claims should be investigated as part of due diligence.

Taking advice at an early stage may help purchasers identify relevant information and avoid unintentionally prejudicing a potential claim. It does not guarantee that relief will be available.

Tax rules and reliefs depend on individual circumstances and may change, and purchasers should obtain advice from a suitably qualified tax adviser.

> **Follow this link to - The Care Home Buyer's Guide to Capital Allowances guide.**

Questions commonly raised when acquiring a care business

What type of finance may be required for a children's care business operating from tenanted premises?

The appropriate arrangement will depend on matters including:

- The property tenure and proposed use
- The operating model
- The relevant regulatory framework

- The borrower's experience and financial position
- Planning and licensing requirements
- The landlord's consent
- The lender's individual criteria

> *Specialist commercial or business finance may be required. Prospective operators should obtain advice from a suitably qualified finance professional, solicitor and regulatory adviser before entering into a tenancy or finance arrangement.*

What information may a care home finance broker request when reviewing a potential application?

The information required will depend on the purchaser, target business, proposed transaction and lender.

An initial review may include:

- Profit and loss accounts for the target care home for the previous three years
- Current management accounts covering the period since the latest annual accounts
- Details of proposed adjustments or add-backs used in calculating EBITDAR or EBITDARM
- An anonymised current resident fee schedule showing weekly fees, funding source and admission date or length of stay, where relevant and lawfully shareable
- Occupancy data for the previous six to 12 months
- Details and CVs for key management personnel
- Relevant CQC or equivalent inspection reports
- Local authority or independent consultant reports, where available
- Details of previous valuations, where relevant
- Cash-flow forecasts and financial projections
- A business plan supporting the proposed acquisition
- Details of the purchaser's assets, liabilities, income and available equity
- Information regarding the proposed ownership and borrowing structure

> *The lender will assess the information as part of its underwriting process and may request further details before reaching a decision.*

Will a lender ask for the proposed corporate structure following completion?

Lenders commonly request an explanation of how the acquisition and operating business will be structured after completion.

Depending on the transaction, the structure might involve:

- A single borrowing entity and loan
- Separate facilities for different entities or assets
- A property-owning company and an operating company
- Intercompany arrangements
- Personal or corporate guarantees

- Additional security

> *The structure would be assessed on its own merits. Legal, tax, accounting and finance advice should be obtained before it is established.*

How can high repair and renewal costs affect acquisition value?

Significant repair, renewal or capital expenditure requirements may affect:

- The purchaser's overall acquisition budget
- Negotiations over price
- The property valuation
- Cash-flow forecasts
- The amount or structure of funding
- The timing and practicality of the transaction

During financial due diligence, genuinely exceptional or non-recurring costs may sometimes be considered separately when assessing maintainable earnings. Whether an adjustment is accepted is a matter for the purchaser, valuer and lender and should not be assumed.

A building survey and appropriate financial due diligence can provide additional information.

What costs should a purchaser of a care home budget for in addition to the deposit?

Depending on the transaction, costs may include:

- Stamp Duty Land Tax or the equivalent applicable property tax
- Legal fees
- Accountancy and financial due diligence fees
- Property survey and valuation fees
- Regulatory and specialist consultancy fees
- Lender arrangement or application fees
- Broker fees
- Search and registration fees
- Insurance
- Capital expenditure and working capital
- Tax arising from the transaction
- Contingency funds

Some fees may be payable even where a transaction does not complete. A lender fee may be added to a facility, subject to lender agreement, but this may increase the amount borrowed and the associated finance cost.

What might happen if a target care home's regulatory rating falls during the lending process?

In England, a downgrade such as a change from Good to Requires Improvement may cause a lender to reconsider the transaction. Different regulatory assessment and rating systems apply elsewhere in the UK.

The lender may examine:

- The reasons for the downgrade
- The seriousness and extent of the findings
- Any effect on residents or service delivery
- The operator's remedial action plan
- Management capability
- Financial and reputational effects
- Any follow-up inspection or enforcement action

A downgrade does not necessarily result in an application being declined, but the lender may amend its terms, request further information, delay its decision or withdraw from the transaction.

> *The outcome will depend on the individual circumstances and lender assessment.*

How long does it take to refinance a care home?

Based on Chandler & Co's experience, a straightforward care home refinancing may complete within approximately six to 12 weeks from submission of a complete application. More complex transactions can take longer.

The overall timescale may be influenced by:

- The complexity of the borrower and ownership structure
- The availability and quality of financial and operational information
- The valuation process
- Legal work and property-title matters
- Regulatory performance
- The lender's underwriting and credit-approval process
- The requirements of the existing lender
- Response times from the borrower and other professional advisers

Early preparation, complete information and prompt responses from all parties can help keep the refinancing process moving efficiently.

Featured resources

- Liz Woollett Spotlight Interview: The Current Care Home Market
- Guide to Financing a Care Home Acquisition
- Guide to Refinancing a Care Home

- Care Home KPI Guide
- Hazlewoods Business Structure Guide
- PGQ Solutions: CQC Framework Insight
- rwk goodman Shareholder Guidance
- Jex Capital Allowances Guide

How Chandler & Co can help

Whether you are considering your first care home acquisition, expanding an existing portfolio, refinancing current borrowing or preparing for a future sale, **Chandler & Co** can help you assess your funding requirements and present your proposal to appropriate lenders.

Our support includes:

- Initial assessment of your requirements and funding position
- Review of proposed acquisitions
- Analysis of the financial information supporting the proposal
- Preparation and presentation of funding applications
- Introductions to potentially suitable lenders
- Liaison with lenders and professional advisers
- Support throughout the application and transaction process

Any funding options identified will be subject to the applicant's circumstances, the proposed transaction and the lender's assessment. The amount, price and terms offered will vary accordingly.

Important information

This newsletter has been prepared for general information purposes and does not constitute personalised financial, investment, legal, regulatory, valuation, accounting or tax advice. Nothing in this newsletter is a recommendation to purchase, sell, finance or refinance a particular business or property.

Market conditions, lender criteria, interest rates, valuation practices, tax rules and regulatory requirements may change. Information and third-party commentary are believed to be accurate at the date of publication but should be independently verified before being relied upon.

All finance applications are subject to status, lender criteria, affordability or serviceability assessment where applicable, satisfactory valuation, due diligence, legal work and formal credit approval. Terms and conditions apply. Finance may not be available, and fees may be payable even where a transaction does not complete.

Commercial finance may involve granting security over business or personal assets. Failure to maintain agreed repayments could result in enforcement action and the loss of secured assets.

Chandler & Co may receive commission from a lender or other third party where finance is arranged. Relevant commission arrangements will be disclosed in accordance with applicable requirements and Chandler & Co's client agreement. Clients may also pay a broker fee where agreed in advance.

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Recipients should obtain independent professional advice appropriate to their circumstances before entering into any transaction.

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