

STOP PRESS

Jessica Stainthorp has recently joined the consultancy department as a Graduate Research Analyst. Jessica is a physics graduate from Durham University and will mainly be focussing on the collation of data and report writing. This new addition to the team will help the department with much needed assistance, as the company finds its reports in ever increasing demand.

SPONSORSHIPS

Carterwood have recently sponsored the **Annual ARCO Dinner** on 1 December, which was held at the London Sketch Club in Chelsea. Guests were also invited to a guided tour of the adjacent Royal Hospital Chelsea, one of the UK's most iconic retirement communities.

New research bulletin in collaboration with the NCF

A review of revenue trading performance in the third sector NCF membership

Our recent Carterwood Focus survey for the NCF (Issue 16, The Road Ahead) offers a comprehensive review of revenue trading performance of the third sector NCF membership. After surveying 26 NCF members, 273 care homes for older people and more than 12,000 residents, we provide a clear benchmark, concentrating on turnover, including fee rates, occupancy and funding sources.

Before we touch on the detail, it should be noted that the quality of the assets in our survey has improved since the 2015 edition, and is far superior compared to the UK average when benchmarked against the proportion of en-suites and wetrooms. This should also be kept in mind whenever direct comparisons are being made of the dataset against other external sources.

Fee rates

NCF member average fee rates have increased significantly over the past 12 months, by 11.5 and 10.0 per cent for personal care and nursing respectively. There has been an increase in fee rates achieved in nursing homes, regardless of care category, with personal care for older people within nursing homes seeing the biggest percentage increase, growing 14.9% between 2015 and 2016. This has been driven primarily by an increase in self-funding fee rates, and also increases to CHC funded referrals.

Within personal-care-only homes, the premium achieved for the provision of care to people living with dementia remains modest, although it has risen very slightly to £34 per week (up from £20 per week), or by 6.2 per cent on average. This remains a little lower than we would have expected.

Fees in personal care only homes are significantly lower than personal care referrals being catered for in smaller units within larger homes that have a nursing registration.

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Regionally, as expected, London and the South East remain the strongest performers in terms of average and self-funded fee rates achieved. That said, the South East has experienced modest fee growth over the past 12 months compared to other regions such as the North West, which is performing very well. This is perhaps a signal that the increase in new-build development in the North West is starting to have an impact upon local markets.

While there is a clear relationship between asset quality and fees, it is perhaps not as pronounced as expected. The reasons for this include the provision of high standards in areas other than the built environment, such as care, local reputation and higher staff to resident ratios.

Funding mix

Better quality facilities improve the proportion of self-funders, but similar to our analysis of fees, the relationship is not as strong as we would expect. More homes achieved top-ups in the tertiary asset class in 2015 and in the secondary asset class in 2016 than the primary asset class. As above, this points to factors driving this relationship other than underlying asset class.

Occupancy

The North West continues to perform very well, and the South West region occupancy levels have improved markedly to be back in line with where we would expect, moving from the worst performer to the second best in terms of overall occupancy rate. The West Midlands continues to boast the highest occupancy at 95.3%.

The underlying trend of the best assets having the best occupancy continues in the primary class homes, but occupancy in the tertiary homes has increased quite substantially over the past year, indicating a general increase in demand for services, regardless of asset type.

NCF overall occupancy has improved and is now in line with LaingBuisson's third sector average rates, at 92.6 per cent of registered capacity.

Summary

There is a direct relationship between the class of the underlying NCF asset and all key revenue drivers. The higher the asset class, the higher the average fee rate, the greater the proportion of self-funders, and the stronger the occupancy levels.

As in our previous study, the relationship is, however, not as strong as expected. Many tertiary assets are holding up very well against newer purpose-built accommodation.

[For a full copy of the survey please click here >](#)

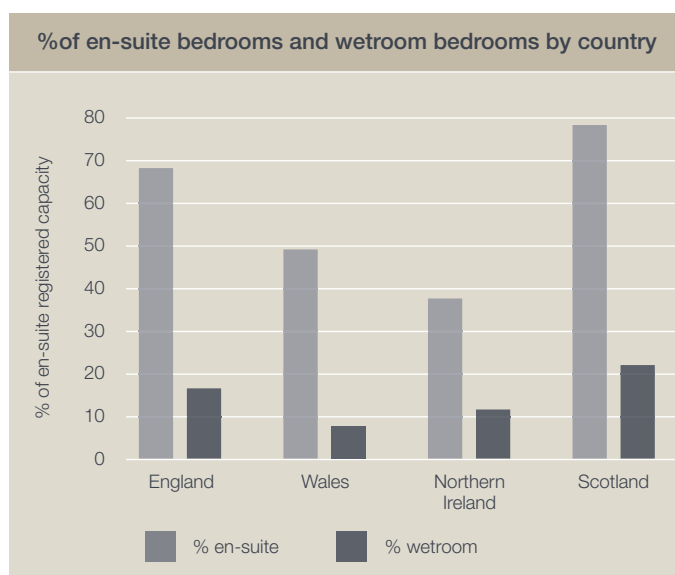
New national average of wetroom provision is 17.3%

In 2014 we conducted a study into the gaps in provision of en-suite and wetroom bathrooms in care homes, in which we contacted over 6,000 homes to gather data, including private, not-for-profit, local authority and NHS elderly care homes. The findings highlighted the alarming gaps in provision for older people across different operators and regions in the UK. The analysis also enabled us to predict a number of future trends.

Two years on, we thought it important to update our findings, to see how we fared in our predictions, and to consider what the future might hold.

As of May 2016, the national average of wetroom provision is 17.3%. This has increased from 13.8% in 2014, a 3.5% increase in the past 2 years. Breaking this down you can see from the adjacent chart that there is still variation between countries.

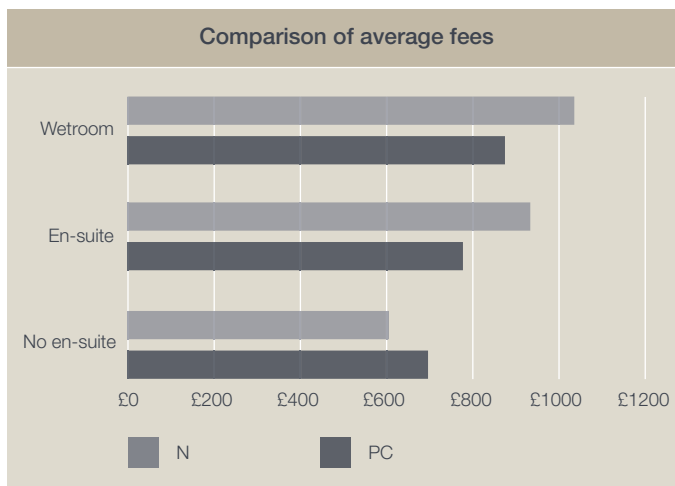
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Scotland notably has the largest average of wetroom provision at 21% and Wales has the smallest at 7%. Positively, both of these averages have increased by 2% in the past 2 years. The average wetroom provision for England has increased to 16% from 14%, whilst en-suite provision has decreased by 3%, suggesting that en-suites are increasingly being replaced by wetrooms during refurbishment.

Not previously explored in our 2014 study, we decided this year to show how market standard facilities might influence fees attainable at a care home. As can clearly be seen in the adjacent chart, the fees achieved increase quite drastically from non en-suite homes to those with full wetroom facilities.

Generally, nursing fees achieve higher fees than personal care, but you can see from the chart below that within the non en-suite provision the personal care average fee is higher than that of nursing. This could be due to some older, converted homes still being operated by the major providers.



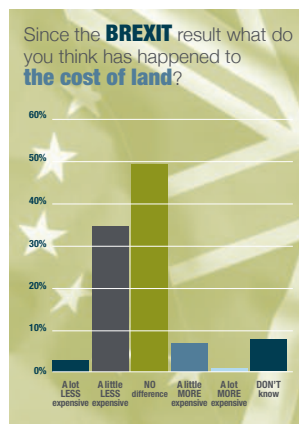
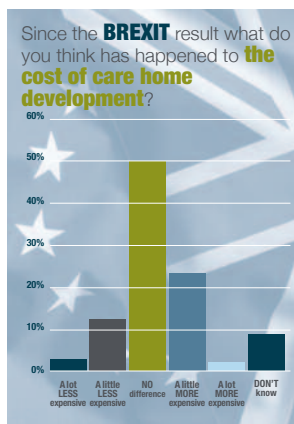
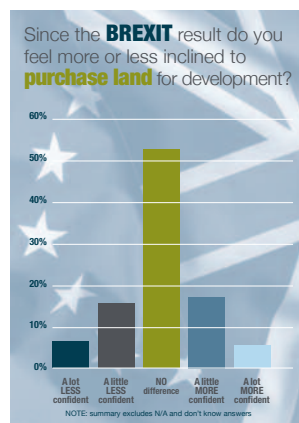
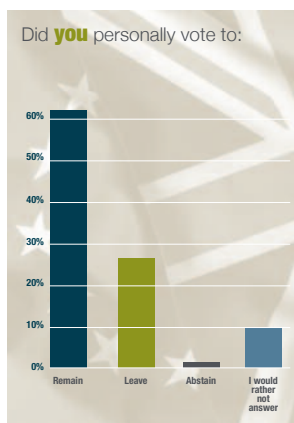
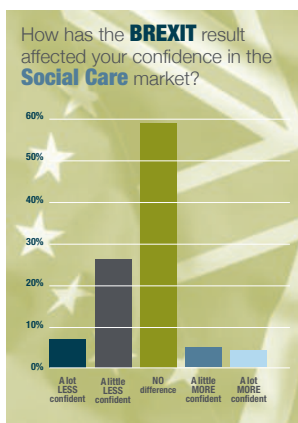
Wetroom and en-suite data can be added to all our reports.

For further information please contact us on info@carterwood.co.uk or call us on 08458 690777.

A survey of the elderly care market following the referendum

In September we surveyed our entire database to understand how confidence in the elderly care market as a whole has been affected after the vote to leave the EU in June this year. Other key questions related to the appetite for purchasing trading homes and land and development; how the price of land and development was likely to be affected; and, of course, how did the sector vote?

While the debate rages on as to the merits and pitfalls of our decision to exit the EU (personal politics aside), the vast majority of us will agree that we are faced by a degree of uncertainty. To view the results of the survey, examine the image on the right by zooming in on the graphic.



Second turnkey completion of the year for LNT Care Developments

Carterwood have secured their second turnkey completion of the year for developers the LNT Care Developments, with the sale of a scheme in Welwyn Garden City, Hertfordshire. The scheme has been acquired by Country Court Care and will result in the construction of a state of the art, investment grade 60-bedroom care home in the southern part of the town. Development is due to commence imminently and is expected to be completed in approximately 12 months.



Nick Broadbent, Development Director at the LNT Care Developments, concluded;

"Carterwood ran an efficient marketing process which generated significant interest in the scheme and ultimately resulted in Country Court Care being identified as the preferred purchaser. Since 2009 LNT have built over 50 homes across the UK, which have amounted to in excess of 4,000 registered care beds. We have a healthy and diverse pipeline of new sites throughout England that will be brought to the market in 2017 and we look forward to working with Carterwood in identifying operators for these schemes."

Matthew Drysdale, Senior Surveyor at Carterwood, who dealt with the sale, commented:

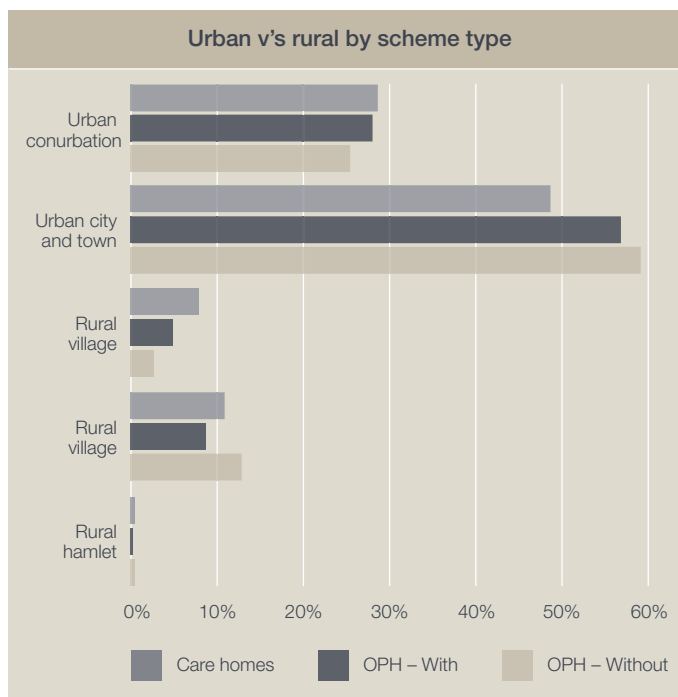
"We are delighted to have secured the sale of this scheme to Country Court Care and wish them every success. We are very familiar with the LNT product and are confident that it will provide the perfect platform for Country Court Care to offer their brand of care to the people of Welwyn Garden City. We look forward to assisting LNT in rolling out their development pipeline in 2017."

[To view the full case study click here >](#)

Locating your next development: urban and rural market trends

The location of your next care home or older people's housing (OPH) development can have a significant impact on its short-and long-term success. At this year's Care Homes & Retirement Living Conference, Carterwood Director Amanda Nurse therefore analysed the most recent market trends in urban and rural settings.

The vast majority of developments are located in urban locations, including conurbations, cities and towns. Just 19% of care homes beds, 14% of OPH units with amenities and 15% of OPH units without amenities are located in a rural town or village.



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Yet, the most recent census data supplemented by Carterwood's own research shows that while care homes in rural locations continue to decline, largely due to staffing challenges, there are increasing numbers of OPH schemes in rural settings.

Of the 616 OPH schemes developed between 2010 and 2016, approximately 20% of these units are in a rural setting.

OPH housing developments from operators such as Audley Retirement are proving that rural locations can be highly successful. Crucially, however, it is even more important for rural OPH schemes to offer high quality on-site amenities and facilities in order to compete with urban alternatives.

While the total number of care homes built peaked in 2012, 2015 saw the highest number of OPH schemes yet. Significantly, extra care housing now represents around a third of all our work and we expect this proportion to continue to grow.

If you would like to find out how we can assist you in determining the best location for a care home please contact us on **08458 690777** or email us at info@carterwood.co.uk

FOR SALE

Proposed Care Home, Pensby, Wirral

Carterwood has been instructed to market a proposed turnkey care home on a freehold basis on behalf of an established care home developer. The site benefits from full planning permission and development is due to commence in 2017.

[Click here for further details >](#)

Proposed 66-bed care home, Devizes, Wiltshire

Carterwood has been instructed to market a proposed turnkey care home on a freehold or leasehold basis on behalf of an established care home developer.

[Click here for further details >](#)

Proposed care home with planning permission, East Sussex

Carterwood has been instructed to market a proposed care home with planning permission, located in the affluent town of Uckfield, East Sussex, on behalf of an experienced healthcare developer.

[Click here for further details >](#)

For further information please download sales details from our **website** or telephone **08458 690777** and speak to Tom Hartley or Matthew Drysdale.



We would like to wish all our clients and all our friends in the care sector more widely, a very happy and restful festive season and a prosperous and healthy 2017.

From the Carterwood Team

For more information about Carterwood or to find out how we can help you please telephone 08458 690777

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