

OVERVIEW

When we moved into the New Year (Q1) we had a number of healthcare transactions in solicitors' hands awaiting conclusion. Then, towards the end of March, activity almost ground to a halt due to Covid-19 as we entered unprecedented and uncertain times for the sector. Over the past three months (Q2) mainstream media coverage of care homes has largely been around the number of deaths in the care homes as a result of the virus. As the blame game continues in the media, the majority of operators have suffered, in their own opinion, due to a lack of government direction/interest, funding, and a lack of PPE.

Based on our discussion with clients and operators, on average occupancy across the sector has fallen by around 10%. However, there has been a wide variance in occupancy levels with 1 in 4 care homes being adversely affected by the virus.

As we move out of lockdown, many are reporting there is still a lack of new admissions, particularly from the self-funding market with many relatives deciding to keep potential residents at home. Furthermore, a good number of homes are still not admitting any new residents. However, we expect the number of admissions to increase as and when restrictions are eased.

Unlike other sectors such as businesses in hospitality and leisure which are effectively closed, the majority of care home businesses are trading reasonably well. We have seen continual confidence from investors and lending institutions already. The number of enquiries for potential opportunities over the last few weeks has been at a good level. We have also received significant interest in our consultancy and professional services over the last few months.

Having been established for 10 years and with over 50 years of combined experience behind us, we continue to provide the honest and detailed advice which is required in the marketplace by financiers, organisations and operators, so please feel free to get in touch.



Chaldon Rise Care Home in Merstham Surrey

Sold to Salutem Healthcare on behalf of Care Unlimited Ltd

"It has long been understood that the care home sector is one of the most secure industries in which to invest but has this changed in light of the Covid-19 pandemic?"

The effects of Covid-19 in our care homes does not need to be stated here as the devastating scenes regularly reported on our TV screens say it all, but perhaps despite the recent difficulties experienced by those working within the sector, there is a chink of light.

Now more than ever, the plight of care home-owners, those who work in the care industry and the residents of those homes are more broadly understood by the wider population thanks to the recent focus in the media highlighting the importance of the service that care homes offer.

When one looks at other sectors which have suffered due to the pandemic, the care home industry is likely to emerge more quickly and strongly than say, the hospitality, retail and office space sectors. I often hear the expression, "recession proof" used to describe the care home sector and although that is a little crude, in essence it is true. I think that there will now be more interest in the care home sector than before the pandemic and we just have to hope that lenders in the market feel similarly optimistic.

In the last two weeks we have received increasing levels of interest from existing providers wishing to expand and so we see this as a very positive sign that the market will get back to some kind of normality in the near future."

— Paul Burford, Director



Paul Burford, Director



Abbey House, 9 Pembridge Villas, London

Valuation of Learning Disability Facility in Notting Hill London on behalf of the Royal Borough of Kensington and Chelsea.



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA



Ballantine Court Care Home Larkhall, South Larnarkshire

| Sold in January 2020 on behalf of Administrators Grant Thornton



St Francis Care Home, Glasgow

| Valuation on behalf of The Order of Franciscan Sisters Minoress



Ancaster House, Crieff, Perthshire

| Sold in June 2020 on behalf of the Coulson and Collins Partnership following a confidential marketing campaign.

"We have been in very uncertain times due to Covid-19 and a number of transactions have stalled as a result, which is why I am pleased that both the vendor and purchaser were able to complete the Ancaster transaction during this difficult time. The sale price was off a multiplier of 7 times, which would be around the right level from a valuation point of view for this type of property in normal circumstances pre Covid-19.

In my opinion the transaction does show to an extent that there will be resilience in the market, backed by the lack of quality product relative to demand. Reasonable activity should commence once vendors, buyers, professionals and lenders are open for business, hopefully over the next few months." — Gary Walton, Director



Gary Walton, Director

**Walton Healthcare Property
Consultants Ltd**



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