



CARE HOMES
MARKET REPORT
JANUARY 2026

Reflecting on 2025: Challenge, Change and Opportunity

by PAUL J. MILLER
Chairman



We would like to begin by wishing all our clients and business colleagues Happy New Year and a warm welcome to our January 2026 Care Home Market Report.

Businesses across the healthcare industry faced a challenging and pressurised 2025, characterised by rising operational and workforce costs. Yet, despite these challenges, the sector continues to demonstrate remarkable resilience by continuing to deliver excellent care to our communities. M&A activity remained robust throughout the year with further consolidation of the market, as larger operators aim to achieve scale and geographical expansion, optimise overheads and investment, and enhance market positioning.

Demand for specialist care homes, complex needs provision, and luxury care environments has continued to rise. These sub-sectors are attracting strong investor interest, driven by demographic changes, evolving care standards, a lack of supply and a sustained preference for high-quality, person-centred services.

Throughout 2025, RDK facilitated a series of high-quality transactions in the care homes sector. A particular highlight was our work with CPM Care Ltd, successfully completing the sale of three care homes from their

portfolio within just two months: Fairhaven Care Home in Fleetwood, Haddon Court Rest Home in Blackpool, and Breck Lodge Care Home in Poulton-le-Fylde. This rapid series of completions demonstrated the strong demand for quality care homes in the North West, as well as the effectiveness of strategic positioning and our optimised transaction process.

Additional notable sales included Falcon House Care Limited in Bishop's Stortford to Sarocare Ltd, and The Haven Rest Home in Portsmouth to Sure Healthcare Services Ltd, marking their second acquisition through Redwoods Dowling Kerr.

Across the wider UK M&A landscape, Altius Group continues to demonstrate strong market penetration. Latest Experian M&A League Table data places Altius 8th in the UK by deal volume. This national performance is reflected with top 10 rankings across Scotland, Wales and English regions.

RDK successfully completed 62 healthcare transactions during 2025 as well as agreeing a strong pipeline of deals for the first quarter of 2026, highlighting the brand's ongoing strength within the sector.

Economic Outlook 2026: Stability Amid Shifting Conditions

As we enter 2026, the economic outlook remains steady, although shaped by ongoing complexity. The UK economy is projected to experience modest growth, with GDP expected around 1.1% and inflation easing as wage growth slows and labour market conditions soften. Unemployment has risen modestly to 5% in November and is forecast to stay elevated in H1 2026.

Despite subdued growth, business investment and government spending are expected to support economic activity, though risks persist from global uncertainty. The Chancellor may need to implement more fiscal savings in the future to meet targets, while the Bank of England balances inflation control with growth support. These macro factors make operational planning, workforce strategy, and technology investment increasingly important for both buyers and sellers in the care homes sector.

Fiscal and monetary policy constraints will continue to influence care home operations and transactions throughout 2026. However, structural reforms and targeted investment could provide longer-term benefits, creating opportunities for well-prepared businesses to thrive in an evolving market.

Positioning for Success in the Year Ahead

For business owners, 2026 presents a crucial time for strategic planning focused on operational and financial sustainability. The higher taxation and operational cost environment continues to shape transactional

activity, with rising input costs, labour pressures and ever increasing regulation encouraging some owners to consider exit planning now.

Despite these challenges, buyer appetite remains strong. Predictable and recurring income streams continue to be highly valued, particularly in sectors offering quality care provision, consistent demand and essential services.

Successful transactions in 2026 will be achieved by owners and buyers who combine strategic foresight, operational excellence, and professional guidance. Sellers who prepare operationally and strategically, demonstrating workforce stability, regulatory compliance, and robust financial performance, are best positioned to secure premium valuations, whilst buyers benefit from acquiring resilient, scalable businesses capable of thriving in a competitive market.

As we turn the page on a challenging 2025, we extend our best wishes for a prosperous year ahead.

With our unrivalled sector knowledge, we are here to guide you through the uncertainty and help turn challenge into opportunity. Whether considering your business sale or needing support on your growth journey, our team will work with you to achieve your goals.

TO SELL

Call 01772 418 518

BusinessSale@redwoodssdk.com

TO BUY

Call 01772 418 519

Acquisitions@redwoodssdk.com

RDK Announces Latest Care Homes Insights Data

by ANDREW K. STEEN
Managing Director



We are pleased to present the latest market analysis from our proprietary business intelligence unit, Altius BI. The data highlights a sector defined by strong and interlinked factors: higher ratings, intensifying consolidation, and powerful demographic tailwinds.

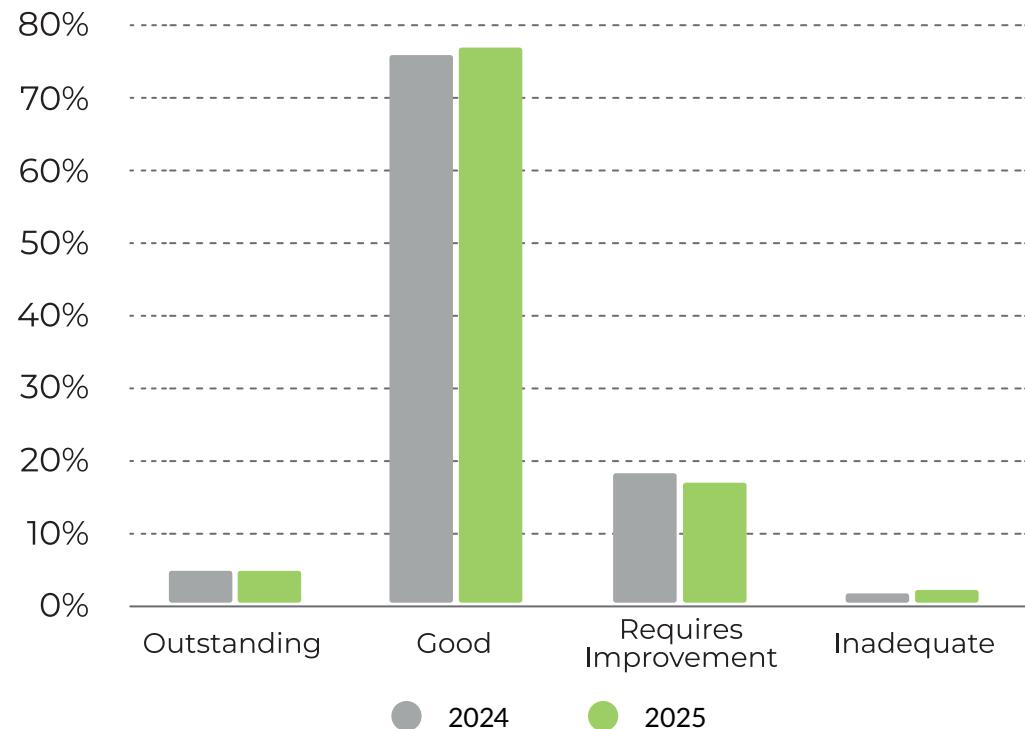
Market Consolidation Around a High-Quality Baseline

The most significant year-on-year movement observed in compliance ratings is the reduction of 'Requires Improvement' and an increase in 'Good'. This signals a tangible and measurable uplift in standards across the sector.

Specifically, the proportion of care home services rated 'Good' and above has strengthened to 78.2% (up from 77.2% in the 2023/24 period), representing a clear majority of providers who have successfully enhanced their compliance protocols and service delivery models. It also demonstrates the quality of care which is being delivered across the sector.

This upward shift is directly mirrored by a corresponding contraction in the 'Requires Improvement' segment, which fell from 18.5% to 17.5%. Conversely, the 'Inadequate' rating remained unchanged at 1.1%.

CQC RATINGS



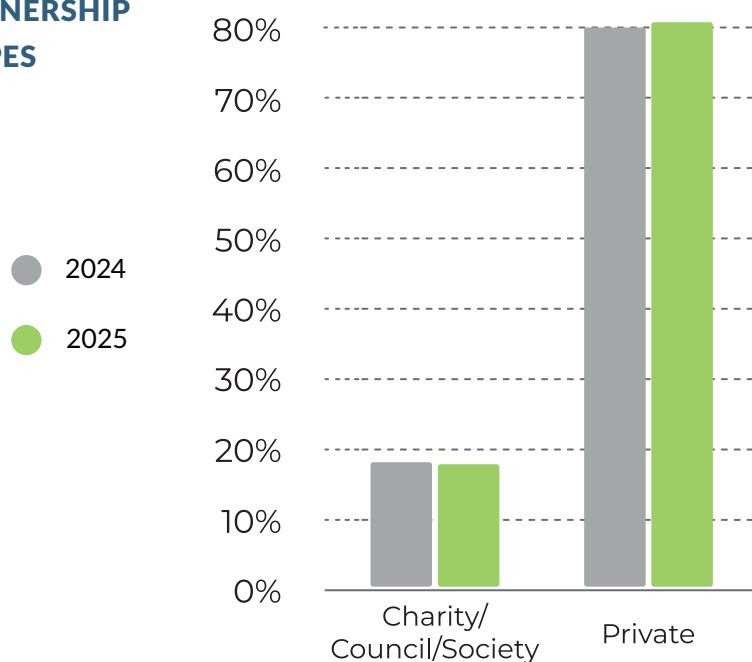
Ownership Analysis Confirms Private Sector Dominance

Analysis of the sector's ownership profile shows the strength of the private market which has consolidated over recent years. Smaller

operators are being acquired by larger operators and Corporate Groups. This confirms the growing competitive pressure faced by smaller, non-corporate operators.

The private sector has maintained its dominant position. Its share of all providers increased from 80.9% in 2024 to 81.0% in 2025. This rise, recorded during a period of overall market growth, confirms that private operators remain the primary driving force behind market consolidation.

OWNERSHIP TYPES



Charity, Council, and Society providers declined slightly from 18.2% to 17.9%. This is as we expect as the market's structural evolution continues to favour larger, well-capitalised private operators that are able to invest, scale, and compete at pace.

Although the overall trend points towards private sector dominance, there are clear regional differences. In England, Charity, Council, and Society providers represent only 16.9% of the market in 2025, while in Scotland the figure stands at 34.8%. This is more than double and highlights the distinct structural profiles of the two nations.

Market Structure: Large Groups Increase Market Share

Analysis of care home group sizes from 2024 to 2025 shows a clear and accelerating trend towards market consolidation, with the largest operators steadily expanding their footprint.

The most notable shift is the continued growth of the largest corporate groups. Operators with 25 or more homes increased their market share from 31.2% in 2024 to 32.8% in 2025, a gain that reinforces the market's dominant force. This growth has been driven by acquisitions and new developments, reflecting the need and ambition to achieve national scale.

At the same time, the smallest operators have seen their share decline. Single-home providers fell from 19% to 18% over the same period. This trend highlights the growing pressures on standalone homes, which often struggle to absorb rising wage costs, staff recruitment and navigate complex regulatory requirements without the advantages of scale.

GROUP SIZES



The mid-market segments present a more nuanced picture. Operators with 2-3 homes remained largely stable, experiencing a slight decrease

from 18.8% to 18.6%. The 4-9 homes group held steady with a marginal increase from 17.8% to 18%, suggesting these providers are active participants in consolidation both as acquirers of single homes and as potential targets for larger groups. Meanwhile, the 10-24 homes segment saw a decline from 13% to 12.4%.

For the M&A landscape, this redistribution of market share is significant. The ongoing reduction in single-home operators provides a steady pipeline of acquisition opportunities, while the growing dominance of the 25+ segment, now controlling nearly one-third of the market, demonstrates that scale is essential for long-term competitiveness.

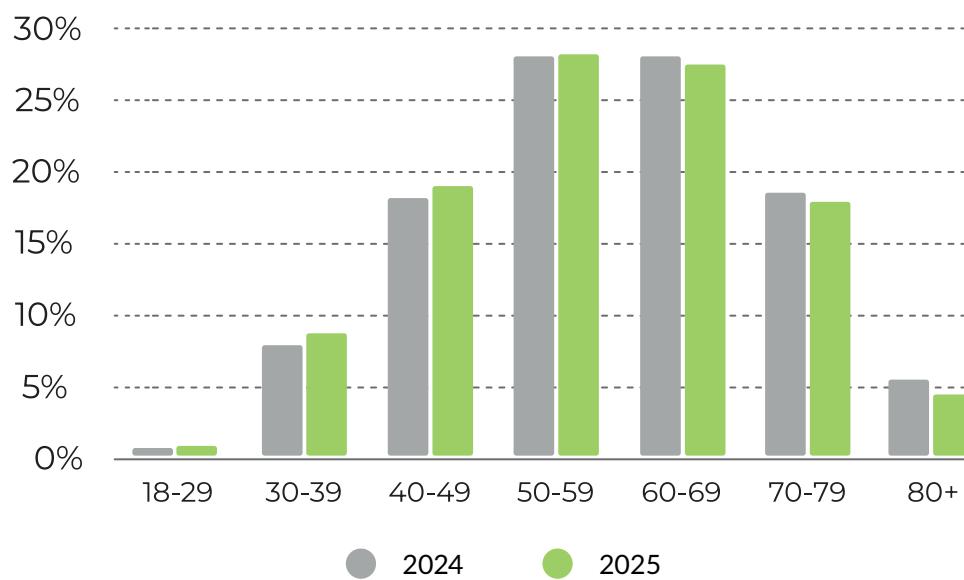
Ageing Care Home Owners Underpin Sustained M&A Activity

The demographic profile of care home owners confirms a market poised for continued transaction activity, with a substantial proportion of operators approaching the traditional mid-sixties retirement age. This trend provides a driver for merger and acquisition volume in the sector. In 2025, a still significant 72.6% of care home owners were aged 50 or over, with a decrease from 75.5% in 2024.

Delving deeper, the figures show a notable presence of owners well beyond state pension age. Those aged 70 and over accounted for 21.3% of all care home owners in 2025 - a significant segment of the market undoubtedly motivated by legacy planning, ensuring a consistent pipeline of opportunities for acquisitive groups.

Conversely, the proportion of younger owners, whilst showing tentative signs of growth, remains comparatively low. The under-40 cohort, whilst increasing its share from 7.5% to 8.9%, still represents a small fraction of the market. This underscores the considerable barriers to entry, including high capital requirements, borrowing costs and a lack of finance.

AGE PROFILES



This ownership profile is driving M&A. The large and sustained volume of owners in the 50+ age bracket creates a deep pool of potential vendors: the largest segment of ownership in 2025 being 50-59 for care home owners, at 26.1%.

Convergence Creates a Compelling Investment Thesis

The care home sector enters 2026 on a firm foundation built upon undeniable demographic demand, a sustained flight to quality, and an active consolidation cycle. The expanding share of corporate groups underscore that operational scale is the dominant strategy for success. For owners considering their exit strategy, this environment offers a prime opportunity. High buyer appetite from a diverse range of acquisitive groups ensures competitive tension and strong valuations. With nearly 60% of the market still fragmented across independents and small groups, the consolidation runway remains long and highly attractive.

Our analysis also confirms a trend within the operational landscape: as it becomes increasingly common for providers to operate across both the Care Homes and Homecare subsectors. This convergence allows groups to offer a comprehensive, integrated care pathway, achieving greater operational resilience across different market segments.

Redwoods Dowling Kerr's dedicated healthcare team possesses the sector expertise and market intelligence to guide owners through this dynamic landscape, ensuring they capitalise on optimal market conditions to secure a successful exit.

*This data is a result of a blended analysis of data published by CQC and Companies House, which has been developed for MI by Altius BI. Figures do not include NI.

CASE STUDY

Haddon Court Rest Home, Stratton House Dementia Nursing Home & Fairhaven Care Home

3 Residential Care Homes in Lancashire & Somerset

This respected portfolio comprised three well-established care facilities across the North West and South West of England. Haddon Court Rest Home in Blackpool is registered for 33 residents with a 'Good' CQC rating and a strong reputation for delivering high-quality dementia care. Its excellent location, just a short walk from the beach and close to Cleveleys, added to its appeal.

Stratton House in Burnham-on-Sea is registered for 24 residents, operating from a charming extended Victorian property that has been tastefully converted to meet residents' needs. The home boasts 24 single bedrooms, most with en-suite facilities, multiple lounges, a comfortable dining area, and beautifully maintained gardens. Fairhaven Care Home in Fleetwood is registered for 22 residents with 22 single rooms and a 'Good' CQC rating, earning an excellent local reputation for quality care and staff professionalism.

Following many successful years in the sector, the clients made the decision to semi-retire after demonstrating dedication to maintaining high standards of care and building trusted relationships with local authorities. Our Healthcare Deputy Sales Manager led all three transactions, identifying ideal buyers for each property through targeted engagement and sector expertise.

Multiple viewings & offers | High bids | Sold to recurring corporate buyer





Haddon Court was acquired by Eclassie Medical and Care Ltd, marking their second acquisition with RDK and demonstrating confidence in our process. Stratton House was sold to M J Support Staffing Ltd, a respected provider with an expanding portfolio in the care sector. Fairhaven Care Home was purchased by an expanding operator in the healthcare sector, attracted by its robust management structure and enviable coastal location.



Each home attracted strong interest thanks to their excellent reputations, established track records, and strategic locations. With full management structures in place, balanced mixes of local authority and private clients, and strong operating foundations, the new owners are well-positioned to build on the established success of each facility. The coordinated sale process ensured smooth handovers and promising futures for residents and staff alike across all three properties.

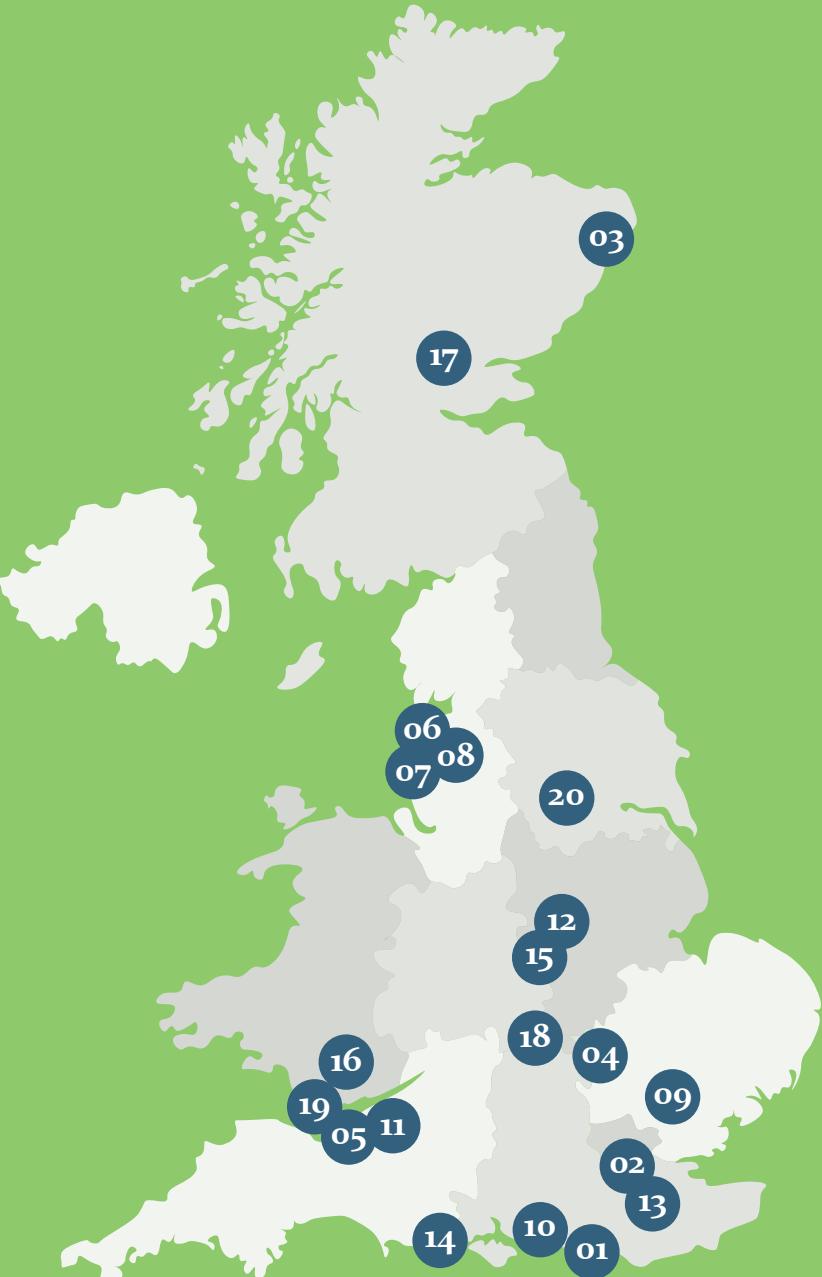
Key Highlights of the Sale:

- ✓ Three separate sales completing a comprehensive portfolio exit strategy
- ✓ Care provision includes dementia, mental health conditions, learning disabilities, and sensory or physical impairments
- ✓ All homes with full management structures and professional staff teams
- ✓ Excellent locations including coastal settings in Lancashire and Somerset
- ✓ Balanced mix of local authority and private clients across portfolio
- ✓ Smooth and confidential sale process managed across all three transactions
- ✓ Buyers included established operators expanding their portfolios in healthcare sector



A SELECTION OF RDK HEALTHCARE **Sold Businesses in 2025**

- 01 Greenways Residential Home
- 02 A & R Care Limited
- 03 Bonnyton House
- 04 Lomack Health Company Ltd
- 05 Stratton House Nursing Home
- 06 Fairhaven Care Home
- 07 Haddon Court Rest Home
- 08 Breck Lodge Care Home
- 09 Falcon House Care Ltd
- 10 The Haven Rest Home
- 11 Beaufort Hall Nursing Home
- 12 Broadlands Rest Home
- 13 Homelife Care Ltd
- 14 Care Service 24
- 15 Beryl Evelyn Homecare Ltd
- 16 Trusting Hands Ltd
- 17 Tayside Home Care Ltd
- 18 Norton Nurses Ltd
- 19 GJ Care and Training Ltd
- 20 Care 4 U Care Ltd





A & R Care Ltd

Group of 2 Care Homes in London

- Registered for 66 residents combined
- Has a sponsorship licence in place
- Turnover of £3.7m for y/e 2024
- 'Good' CQC rating



Beaufort Hall Nursing Home

Nursing Home in Somerset



- Registered for 33 residents
- 27 single rooms and 4 double bedrooms
- Turnover of £1.4m for y/e 2024
- 75% local authority & 25% private clients



Falcon House Care Ltd

Residential Care Home in Hertfordshire

- Registered for 29 residents
- 27 single en suite rooms, 1 twin bedroom
- Fee income of £1.3m for y/e 2024
- 'Good' CQC rating



Lomack Health Company Ltd

Group of 2 Care Homes & 1 Supported Living in Bedfordshire

- Registered for 14 residents
- 14 rooms across 3 homes
- Turnover of £1.03m for y/e 2023
- Established for 24 years



Stratton House Nursing Home

Nursing Home in Somerset

- Registered for 24 residents
- 24 bedrooms & front garden
- Turnover of £1.1m for y/e 2024
- 60% local authority & 40% private clients



Haddon Court Rest Home

Residential Care Home in Lancashire

- Registered for 33 residents
- 33 single rooms
- Turnover of £945k for y/e 2023
- 'Good' CQC rating



Fairhaven Care Home

Residential Care Home in Lancashire

- Registered for 22 residents
- 22 single rooms
- Turnover of £761k for y/e 2024
- 'Good' CQC rating



The Haven Rest Home

Residential Care Home in Hampshire



- Registered for 20 residents
- 19 double bedrooms
- Fee income of £774k for y/e 2024
- Operating for 42 years

FOR SALE PROJECT DRUMMOND

Group of 5 Care Homes over 6 purpose built freehold properties

We would like to present a fantastic, fresh opportunity to the market. Project Drummond is a business that is rapidly growing in potential, located in the North West of England.

KEY FEATURES OF THE OFFER:

- ✓ Current capacity for 289 residents
- ✓ Providing care to a wide array of residents including those with brain injuries, mental health conditions, complex needs, learning and physical difficulties in addition to nursing care and dementia care, amongst others.
- ✓ Second tier management team in place who can operate the business independently.
- ✓ Rated as 'Good' by the CQC across all homes.

Turnover for year-end March 2025 was **£26.5m** with an adjusted EBITDA in excess of **£11.85m**



Asking Price: BIDS INVITED

Altius Group News

High Five to Latest Donation!

Altius Chairman's Charity has continued to support good causes throughout 2025 with a series of donations to charities chosen by staff.

With a £4,000 donation, the latest organisation to benefit is High Five, a Lancashire charity supporting children with severe disabilities and their families.

High Five Founding Trustee, Sarah Kiley, commented: *"This donation from Altius will allow us to keep creating events, bringing families together. We are so thankful, not just for such a generous donation, but also the belief in what we do."*

Other charities benefiting in 2025 include Unique Kidz Morecambe and Derian House Children's Hospice.

With £17,600 donated over the last season, Group Chairman, Paul Miller, commented: *"I'm delighted to see our charity initiative raising so much for good causes. Here at Altius we are proud of our commitment to give back to the community."*



Experian MarketIQ: UK M&A Review



Altius Group is delighted to rank as a Top 10 adviser in the UK for M&A. The latest Q3 ranking is based on the volume of activity YTD 2025:

CURRENT RANK	ADVISOR	VOLUME
6	RSM	72
7	PwC	62
8	Altius Group	62
9	Cooper Parry	54
10	PKF	49
11	Cavendish	45
12	EY	42

Rated 5 Stars

RDK OVER 570 REVIEWS

94% 5 STAR REVIEWS

Outstanding Experience

Working with Asif and the team at Redwoods was an outstanding experience. From the initial viewing to the final handover, Asif was more than just a broker; he was a trusted advisor. He took the time to understand our goals and provided insightful counsel that was crucial to our decision-making. His professionalism and dedication made a potentially stressful process remarkably straightforward. I am delighted with the outcome and would confidently recommend their services to fellow professionals.

A Pleasure to Work With

We have purchased another residential care home to add to my portfolio of homes from Redwoods Dowling Kerr and would certainly work with them again. Once again it was a pleasure to work with highly experienced long standing healthcare senior sales broker Asif Musa, who has always proved to be very efficient, knowledgeable, proactive, and supportive during the complex sale process.



Went Above & Beyond

We recently worked with Redwoods for the purchase of a care home, and I cannot recommend them highly enough (especially Lucas McCarthy). I can fully vouch for his commitment, expertise and communication. Lucas went above and beyond, to ensure everything stayed on track (which is rare to find). I would strongly recommend Redwoods Dowling Kerr.

Very Happy

I am very happy to have purchased our first Residential and supported living care home from Redwoods Dowling Kerr and would certainly work with them again. I highly recommend RDK to anyone looking for a smooth, hassle-free business purchase experience.

Highly Recommend

Bradley took responsibility for the sale of our domiciliary care company. He walked us through what was expected of us and the prospect purchaser. He was very helpful and constantly kept us informed every step of the way and kept in touch daily. We successfully sold our business and would highly recommend Redwoods.

CONTACT US TODAY

TO DISCUSS YOUR HEALTHCARE BUSINESS
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