



MARKET REPORT

Business Insights

Healthcare

WINTER 2024



**REDWOODS
DOWLING KERR**

PART OF THE **ALTIVUS** GROUP

HEALTHCARE MARKET RESILIENT AS EVER

M&A Sector holds against pressures

by **PAUL J. MILLER**
Chairman of Altius Group



Happy New Year to you and your teams, and welcome to our latest healthcare market report. We hope you have enjoyed a great start to your year and are looking forward to what promises to be an exciting year ahead. In this edition, we would like to look back on the past twelve months and the challenges and shifts the market has experienced, whilst looking ahead to what we think awaits us in 2024.

Looking back at 2023, the key theme has been one of uncertainty and economic turbulence, as several major factors applied demand pressure to the UK's M&A sector.

Businesses have struggled with a multitude of challenges including staff and skills availability, high energy costs, the increased cost of living, and price pressures driving stubbornly high inflation. This resulted in the Bank of England significantly increasing interest rates to try and counteract high levels of inflation and working towards getting inflation down towards their 2% target.

In the first nine months of 2023, the UK saw a total of 4,493 transactions completed. This marked a decline of a little more than 19% in comparison to the year before. Overall deal values stood at £135bn, a 29% decline compared to the previous year, even with valuations showing an upward trend for the last two quarters. Meanwhile, the lower end of the market suffered a decline of 14% in both volume and value and mid-market deals saw a decline of 30% in volume and 35% in value. While valuations increased in some sectors, M&A activity remained in decline across the majority of the UK's sectors.

While some experts still worry that transaction volumes will continue to tumble over the course of the next financial year, RDK has ended the year as the number one broker for healthcare transactions in the UK. Against a backdrop of declining M&A activity, over the course of the year RDK completed more than 50 healthcare transactions throughout the UK.

Demand has remained consistent, with healthcare providers acquiring


settings throughout the year to meet their strategic goals and to achieve economies of scale where possible. Even with economic pressures mounting, the market still offers attractive opportunities for buy-and-build strategies, regional growth expansion, and first-time acquisitions.

Buyer numbers have increased throughout the year and are now more than 40% higher than last year.

A key theme for us in the final quarter of the year was the high number of deals agreed for completion in the first quarter of 2024. As a result of this we are hugely excited for the year ahead as we start 2024 with a strong healthcare pipeline.

In other news, I am hugely proud and delighted to announce that in 2023 we placed 8th in the top 10 of UK-wide advisers in Experian's MarketIQ review of the UK's M&A market.

Looking ahead, we forecast M&A activity to rebound very strongly in Q1



“RDK has ended the year as the number one broker for healthcare transactions in the UK.”

2024 based on our current pipeline. We also estimate this will amount to a record quarter for transactions. Deal volumes are expected to increase through to Easter 2024 as delayed 2023 transactions finally complete, along with our Autumn sales agreed pipeline, as owners seek to exit the market before the next election.



by **ANDREW K. STEEN**
Managing Director



— SELLING BEFORE AN ELECTION?

Deciding to sell a carehome or homecare business before an election can be a strategic choice influenced by numerous factors specific to the healthcare industry, potential regulatory changes, economic uncertainties, and possible tax implications. Owners might consider this option for several compelling reasons:

1. // Regulatory and Policy Changes

Elections often lead to potential shifts in healthcare policies, social care regulations, or funding priorities. Selling before an election may allow care

home or homecare business owners to avoid the uncertainty of impending regulatory changes or funding alterations that could significantly impact their operations, staff requirements, quality of care, or financial stability.

2. // Market Volatility and Economic Uncertainty

Political transitions can cause economic uncertainty and market volatility. Selling a business before an election, during a more stable period, might result in a smoother transaction process and potentially secure a more favourable sale price. Buyers might be more hesitant during periods of political uncertainty, affecting the valuation and attractiveness of care home or homecare businesses.

3. // Tax Implications

Changes in tax policies post-election can impact capital gains taxation or the overall tax landscape for businesses. Owners might choose to sell before potential tax law alterations that could affect the profitability of the sale or the net proceeds from the transaction. Rumours of the abolishment of CGT have been in circulation for a while now, which if reality would remove the 10% tax relief which business owners benefit from as part of their £1,000,000 lifetime allowance.

4. // Regulatory Compliance and Funding Changes

Care homes and homecare businesses operate within a heavily regulated environment, and shifts in government policies can lead to changes in compliance requirements or funding structures. Selling before an election might enable owners to avoid potential disruptions or costly changes related to regulatory compliance and funding mechanisms.

5. // Interest Rates and Economic Conditions

Political changes can influence economic conditions, including interest rates. Sellers may aim to capitalize on favourable interest rates or economic stability before an election, as post-election economic uncertainty could affect buyer financing options or business valuations.

However, it's essential to approach this decision carefully and consider potential downsides as well:

1. // Timing Risks

Selling a business is a complex process that involves thorough planning, due diligence, and finding the right buyer. There might be risks associated with trying to complete a sale within a specific timeframe before an election,

potentially leading to rushed decisions or suboptimal outcomes.

2. // Market Perception

Potential buyers might perceive a rushed sale before an election as an attempt to offload a business due to potential future challenges or uncertainties. This perception could affect negotiations and the perceived value of the business.

Ultimately, while selling a care home or homecare business before an election might offer advantages such as reducing uncertainty, maximizing value, or avoiding potential regulatory changes, it's crucial for owners to carefully assess their specific circumstances, long-term objectives, and the potential impact of political changes on their industry.

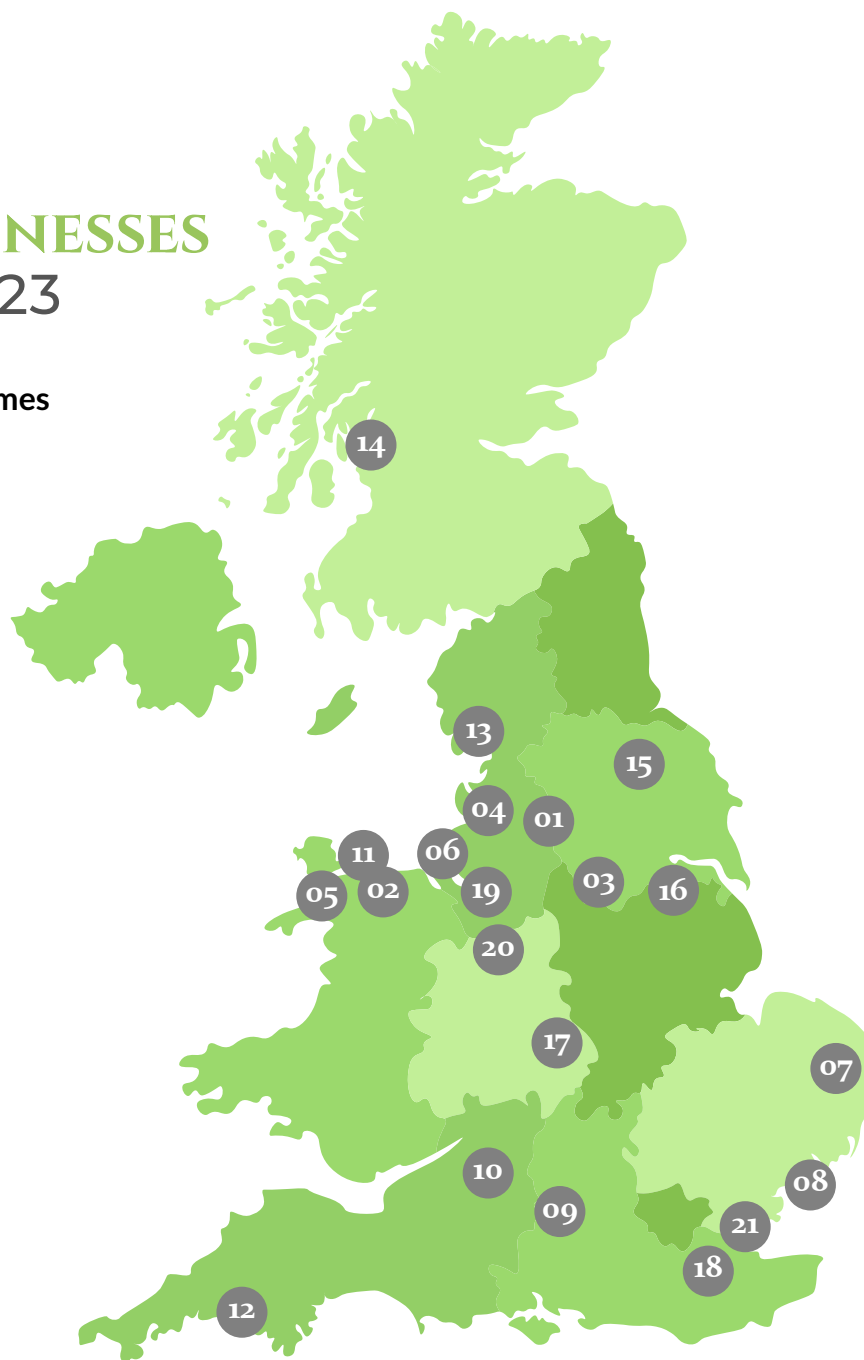
If you are considering a sale of your healthcare business and would like to discuss the sale process and your expected sale price then please contact Robert Yates on robert.yates@redwoodsdk.com to arrange a confidential meeting.

RDK SOLD HEALTHCARE BUSINESSES

A selection from 2023

Residential Care Homes & Nursing Homes

- 01 Croft House
- 02 Pembroke House
- 03 Lower Bowshaw
- 04 Moorhead Rest Home
- 05 Willow Hall
- 06 Christopher Grange
- 07 Talbot Care Services
- 08 Chrislyn House
- 09 Be Well Care
- 10 Princess Care Home
- 11 Moorcroft House
- 12 Malvern House
- 13 Hollow Oak



50+
Businesses
Sold in 2023

Homecare Businesses

- 14 Cottage Care Services
- 15 Elderflower Home Care
- 16 Diamond Lives
- 17 Plan It Home Care
- 18 MacDonald Care Services
- 19 Caremark
- 20 Dryton Home Care
- 21 My Life Choice



Malvern House

Redwoods Dowling Kerr are happy to announce the sale of Malvern House in Cornwall to a first-time buyer.

Malvern House is a well-presented residential nursing home in Saltash, Cornwall. Situated in a tranquil area of Saltash, close to all amenities like shops, railway station and a bank. The business provides care for up to 22 adults aged 50 and over with dementia, physical disabilities, and sensory impairment.

Malvern House's reputation helped it garner the interest of a first-time buyer who is also a doctor.



Hollow Oak

Hollow Oak is an exquisite, detached nursing home in Ulverston, Cumbria. Set on 4 acres of garden and woodland and easily accessible, the home boasts historically high occupancy levels as well as continual referrals and recommendations. It has a capacity for up to 27 residents and has earned a "Good" rating in its latest CQC inspection.

Hollow Oak garnered the interest of an existing operator, Octo Healthcare Ltd. Octo Healthcare is a returning client of RDK's and has been using the broker's services to expand their group of existing care homes.



Croft House

Croft House is a highly-rated residential care home in Eastburn, Keighley. The home has a capacity for up to 29 residents. It has been rated 'Outstanding' by CQC gaining many referrals and recommendations in the process. Croft House offers a variety of care such as dementia care, physical disabilities and elderly care. It features 40 members of highly qualified staff.

Due to its fantastic CQC rating and reputation, the business garnered the interest of a first-time buyer. The new owner is a doctor who has a history of working in care.



Inspirations Care Home

Located in Wolverhampton, Inspirations is a delightful residential care home with convenient access and a great reputation. Inspirations began trading in 1989. Over the years it established itself as a well-known and well-respected care home for the elderly, employing qualified staff and catering to up to 16 service users.

The buyer, an existing operator, already owns a care home, originally acquired via RDK in 2019. As an experienced care home operator, the new owner wishes to continue to provide great quality care throughout the local area.



MasterOneCare Limited

MasterOneCare Ltd is a domiciliary care agency in Chessington, Surrey. The business has been trading successfully since 2016 and has since garnered a 'Good' rating by CQC.

The original owner came to Redwoods Dowling Kerr with the wish to retire and sell their business to someone with healthcare experience. Due to its great reputation the business garnered the interest of an existing operator and owner of several care homes and a domiciliary care business who has been active in the healthcare sector for over 30 years.



Hollybank Nursing Home

Hollybank is a highly respected nursing home in the charming seaside town of Southport. The home has a capacity for twelve residents and sits in the heart of a densely populated sought-after residential area. Hollybank has been around since the 1980s and has since established itself in Southport with a stellar reputation earning a "good" and an "outstanding" rating from CQC.

Thanks to its reputation and excellent trading record, Hollybank was able to attract the interest of a first-time buyer.



Diamond Lives

Diamond Lives is a highly respected CQC-approved home care agency in Scunthorpe, Lincolnshire. Established in October 2020, the agency has since earned an excellent reputation. It delivers between 350 and 400 hours of care per week to older adults, clients with disabilities and Autism in their home and social settings.

The buyer, Amber Adult Social Care, is a well-established experienced corporate buyer. Amber Adult Social Care has been active in the sector since 2012 and already runs several existing care settings.



Bayith Rest Home

Bayith Rest Home is a residential care home in Waterlooville, Hampshire. With over 30 years of experience, Bayith has established itself within the local community as a reputable and highly respected business. Since its inception, it has offered excellent standards of care, support, development and dignity within a warm and welcoming environment.

With the former owner wishing to retire, the business was picked up by Sure Healthcare Services Ltd, a company running several businesses outside the healthcare sector.



Elderflower Home Care

Elderflower Home Care is a well-established highly respected domiciliary care agency. It sits in the desirable North Yorkshire town of Boroughbridge, offering professional care to service users in their homes. Since its foundation in 2012, Elderflower Home Care has garnered a truly enviable reputation for offering a wide range of quality and professional care. The service delivers up to 390 hours of care regularly to almost 45 privately funded service users in a 15-mile radius of Boroughbridge. Due to its continued efforts to provide the best service it has been rated 'Good' by CQC.

GROUP UPDATE

News from the Altius Team

by **TERESA DEENEY**
Head of Marketing & Communications



As Altius Group Plans for Growth

With a positive outlook for the year ahead and beyond, here at RDK, part of the Altius Group, we are planning for sustained growth. As part of our strategy we have announced a new Board structure with effect from January 2024: CEO Paul Miller will become Chairman, Andrew K. Steen is promoted from Sales & Marketing Director to Group Managing Director and a new face joins the Board as we welcome Paul Sweeney as Group Operations Director.

Day to day these changes won't impact on the RDK Healthcare team that you work with, but we believe by focusing on the strategy, structure and leadership of the business at this time we are well placed to plan, invest and develop our services for the benefit of all our clients and stakeholders.



Andrew K. Steen

Paul Sweeney

RDK Giving Back to the Community

Back in April 2023 our staff selected Luv Preston as their chosen charity and donated food and items to the Luv Preston foodbank.

In August, Paul Miller announced Altius Group's latest charity action, donating £100 per goal scored by Newcastle United FC this season. The money is split evenly between Newcastle Foodbank and Brian House Children's Hospice in Blackpool and has already raised £5,500!

2023 also saw the formation of our staff volunteer Charity Team who have organised various fundraising events including for Movember, charity bake sales, a sponsored walk for cancer charities and overwhelming support for Cash for Kids: Mission Christmas, donating presents to underprivileged children. The team has many more activities planned for 2024.

Throughout the year we continued our second year of involvement with Ecologi initiative, working hard on offsetting our carbon footprint and planting trees - over 8,000 already!

We look forward to undertaking many new initiatives in 2024 - and making a difference to our communities.

2023 Report in Numbers

Amidst prevailing market uncertainties driven by the cost of living crisis and sustained elevated pricing, coupled with concurrent inflation, the Healthcare sector remains remarkably robust. RDK Healthcare ended the year as the number one broker for healthcare transactions in the UK.

+28%

INCREASE IN
Buyer Registrations in Q4

642

NUMBER OF
Business Appraisals

241

NUMBER OF
Healthcare Opportunities for Sale

50+

NUMBER OF
Healthcare Business Sales



Redwoods Dowling Kerr

SPECIALIST BUSINESS BROKER

Rated 5/5 on Trust Pilot

Appreciation for Exceptional Service

Customer

I would like to express my sincere gratitude for the outstanding service you provided as our healthcare sales negotiator. Your quick responses and thorough information about the company were instrumental in facilitating the offer-making process.

Verry Happy with the Purchase

B. K. Thomas

I am very happy to have purchased our first residential care home from Redwoods Dowling Kerr and would certainly work with them again in the future. Asif Musa, who dealt with this sale, was extremely helpful in keeping the deal on track. He kept in constant communication with all parties, and whenever a problem occurred during the sale, Asif quickly jumped on it to resolve it. I would certainly work with RDK and Asif again in the future.

Very Happy

Claire

From the very start I was given support and guidance from James, he is so professional and friendly and knows his stuff. James has literally held my hand throughout the process and I cannot thank him enough. He is always at the end of the phone for advice and so polite. I would definitely recommend.

Excellent Service

Ade

Mohammad has been fantastic and very helpful throughout the process of acquiring a care home. He has been very supportive and professional. We are very pleased working with him and recommend him for the sale and purchase of a social care business.

Top Man

Lynn Mears

Many thanks to Mohammed at Redwoods for his excellent help in the sale of our Domiciliary Care business. From the start, Mo took the time with us to fully understand the business and how it operates, which gave him all the know-how to promote the sale. Mo kept us informed at all times about enquiries and followed up afterwards to take any further measures to effect a sale. We would give him top marks for his efforts.

Professional Experience

Kennedy Sabapathy

I have purchased a Nursing Home with Redwoods Dowling Kerr and would certainly work with them again in acquiring future care-homes. Asif Musa the Healthcare Deputy Sales Manager who dealt with this transaction has proved to be very knowledgeable, proactive, and supportive during the complex sale process. I would certainly recommend Redwoods Dowling Kerr and Asif Musa to any other prospective purchaser.



24 MONTHS OF CLIMATE ACTION

RDK + Ecologi = 29 Projects Funded

January 2024 marks our 24th month of continued commitment to sustainability through the Altius Group partnership with Ecologi.

One standout achievement so far has been the successful planting of 8,500 trees, a concerted effort to combat deforestation and promote biodiversity.

Moreover, we took strides to offset a substantial 660 tonnes of CO2 emissions, contributing significantly to the global fight against greenhouse gas effects. This move aligns with our broader strategy to reduce our carbon footprint and embrace environmentally friendly practices.

Looking ahead to 2024, RDK has unveiled ambitious plans that promise to further elevate our ecological impact. The latest funded projects include the generation of renewable solar electricity in Egypt, a move set to revolutionize the region's energy landscape.

Additionally, the company is championing the protection of rainforests in a wildlife sanctuary in Cambodia, safeguarding vital ecosystems and endangered species.

As we look back over the past 2 years, we are proud of what we have achieved through our support of Ecologi and look forward to a greener 2024.

Ecologi



24 months
of climate impact



660 tonne
of carbon reduction



8,500
trees planted

TO SELL 01772 418 546
rdkhealthreport@redwoodsdk.com

TO BUY 01772 418 547
healthreport@redwoodsdk.com

Social Media

Redwoods Dowling Kerr 
@RedwoodsDK 

www.redwoodsdk.com

*Redwoods Dowling Kerr
is part of Altius Group Ltd.*

*Eaves Brook House
Navigation Way
Preston, PR2 2YP*



Ecologi

