

UK Care Homes



Trading Performance Review

2025

Further improvement in operator trading validates the healthcare sector's positive sentiment.

knightfrank.com/research



Introduction



RYAN RICHARDS,
ASSOCIATE

As in previous years, we are incredibly proud to release our 14th annual Healthcare Trading Performance Survey. With 2024 highlighting strong operational indicators despite various inflationary costs, the greatly appreciated contributions from all survey participants are valuable in understanding how the sector has built on this in 2025.

Our analysis compares data from 80% of the corporate care market, encompassing over 100,000 care

beds across 781 UK towns and cities, representing around one-fifth of the market.

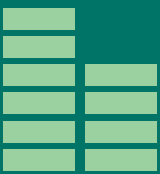
This year, we have once again seen an improvement in the tracked KPIs, including an average weekly fee level of £1,298 per week, up 9.8% from £1,182 per week in 2024. Average occupancy levels have increased to 88.7%, up from 88.3% last year. Even more positive is that we have seen average EBITDARM margins grow to 30.1% (four percentage points higher than last year).



Loveday Esher – Loveday & Co

2025 Results at a glance

Average Weekly Fee (£)



ALL CARE	
£1,298 ▲	
PRIVATE PAY	LOCAL AUTHORITY
£1,461 ▲	£1,096 ▲

PERSONAL	
£1,153 ▲	
PRIVATE PAY	LOCAL AUTHORITY
£1,346 ▲	£1,018 ▲

NURSING	
£1,420 ▲	
PRIVATE PAY	LOCAL AUTHORITY
£1,638 ▲	£1,365 ▲

Occupancy (%)



ALL CARE	
88.7% ▲	
PRIVATE PAY	LOCAL AUTHORITY
85.1% ▲	90.3% ▲

PERSONAL	
87.4% ▲	
PRIVATE PAY	LOCAL AUTHORITY
83.6% ▲	88.7% ▲

NURSING	
89.5% ▲	
PRIVATE PAY	LOCAL AUTHORITY
87.3% ▲	91.9% ▲

Staff Costs (%)



ALL CARE	
55.3% ▼	
PRIVATE PAY	LOCAL AUTHORITY
46.3% ▼	63.5% ▼

PERSONAL	
55.4% ▼	
PRIVATE PAY	LOCAL AUTHORITY
47.9% ▼	66.2% ▼

NURSING	
54.7% ▼	
PRIVATE PAY	LOCAL AUTHORITY
44.5% ▼	61.5% ▼

EBITDARM (%)



ALL CARE	
30.1% ▲	
PRIVATE PAY	LOCAL AUTHORITY
39.4% ▼	19.7% ▲

PERSONAL	
29.2% ▲	
PRIVATE PAY	LOCAL AUTHORITY
38.3% ▼	14.0% ▲

NURSING	
31.1% ▲	
PRIVATE PAY	LOCAL AUTHORITY
40.5% ▼	23.9% ▲

Results reported relate to operator trading in the financial year 1st April 2024 to 31st March 2025

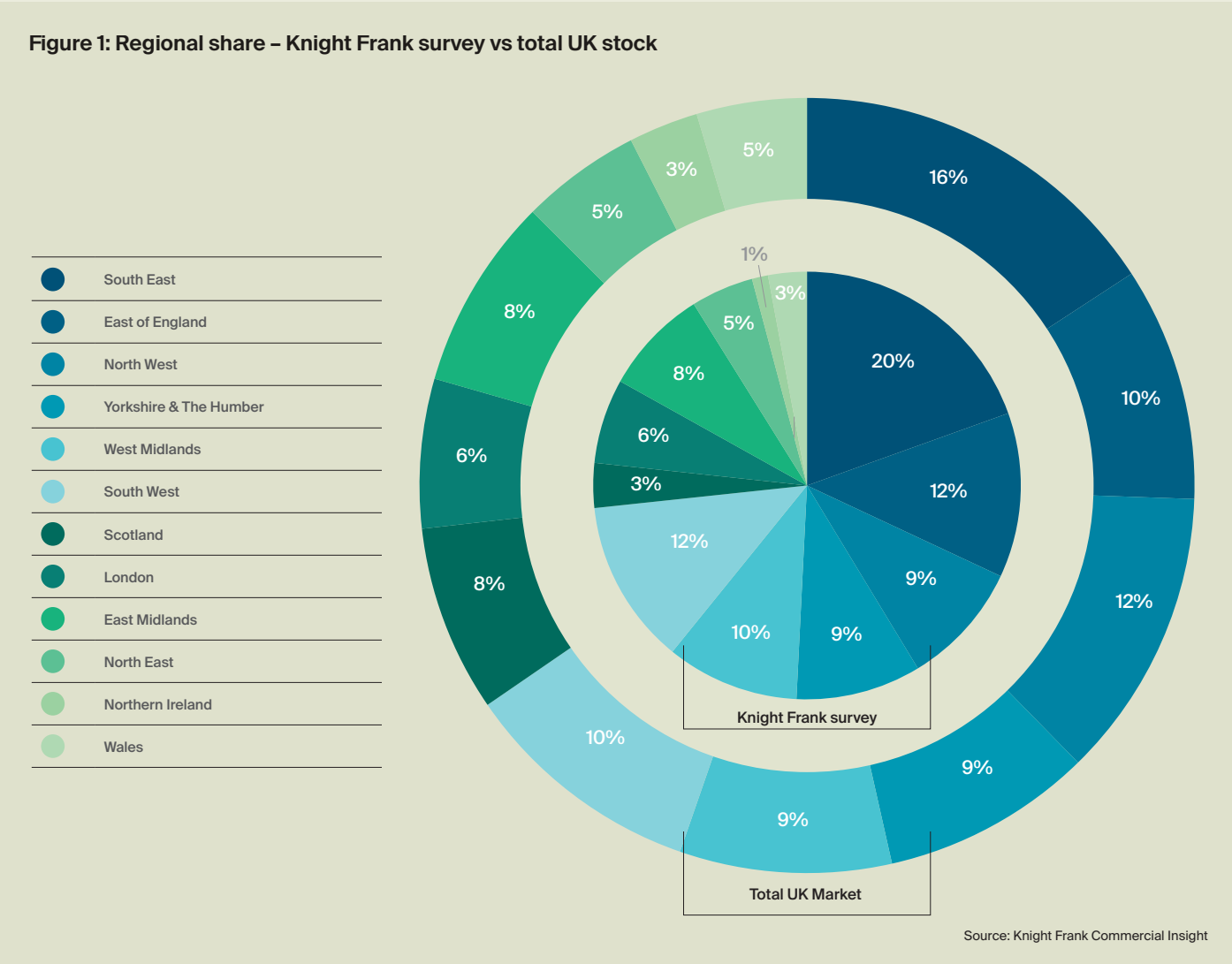
Sample overview

THE SAMPLE

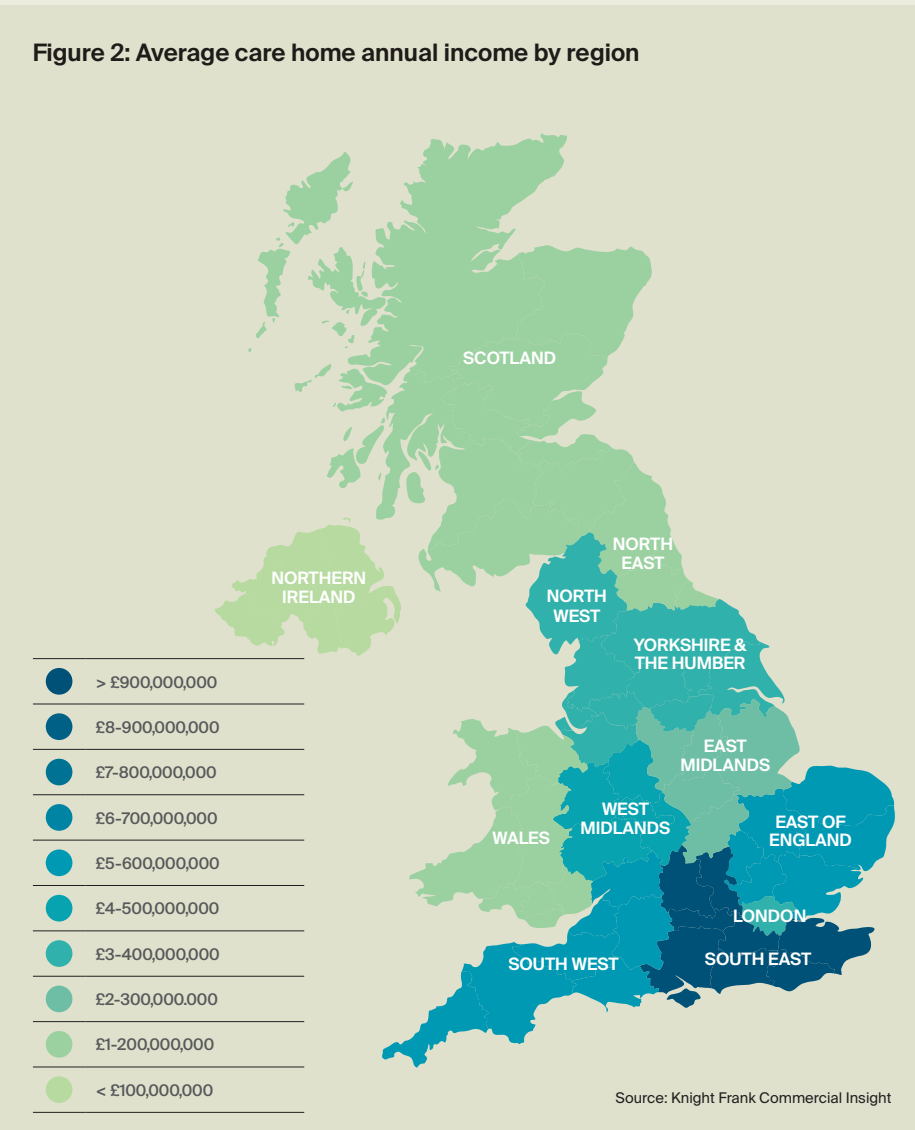
Despite the sample representing a significant portion of the sector, accuracy and consistency remain fundamental to our assessment. We, therefore, continue to conduct our regional analysis, as shown in Figure 1, which compares the regional composition of the sample to the total UK market. Once again, this highlights the closeness in the correlation between our sample set and the overall market, except for



The Manor House Roundhay – Anchor

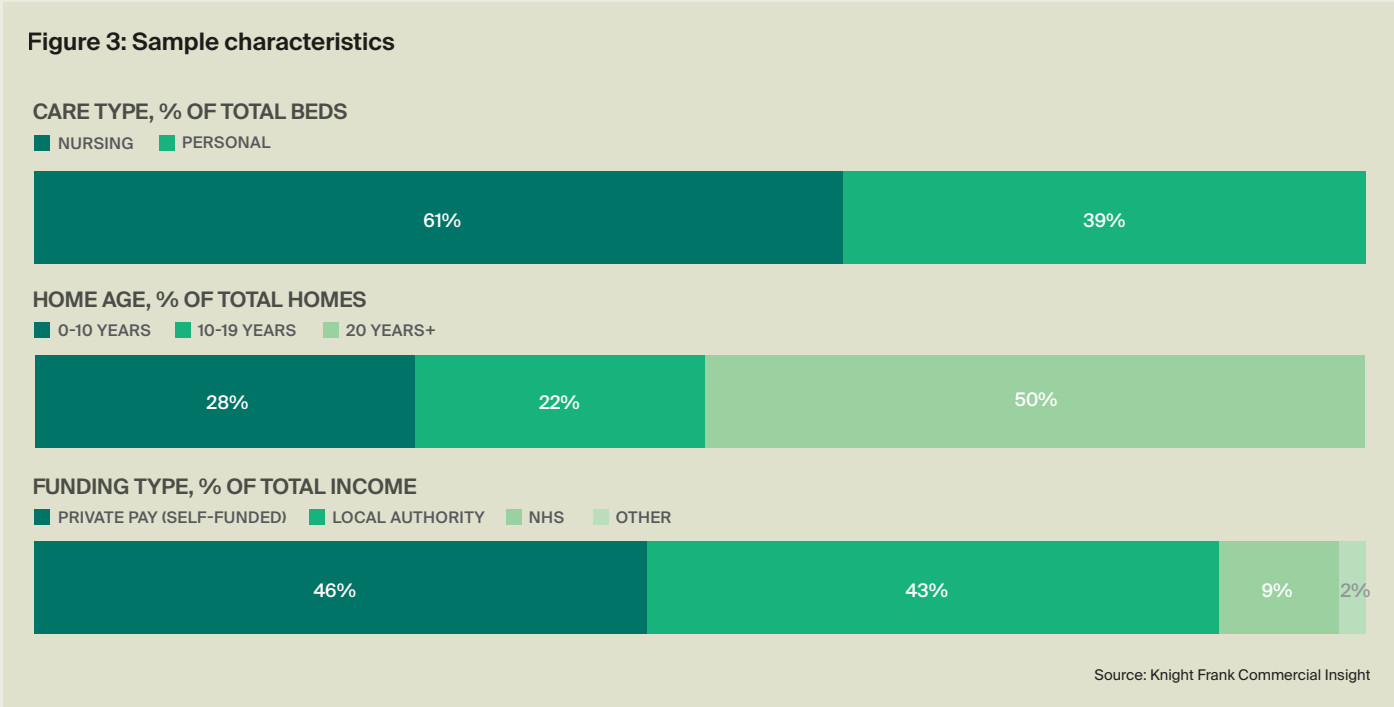


Wales and Northern Ireland, where the sample remains underweight. Figure 3 shows further composition statistics of the sample, with nursing accounting for most of the sample's care, and funding type fairly evenly distributed between Private Pay and Local Authority. As per historical trends, homes over 20 years old account for approximately 50% of the sample.



50%

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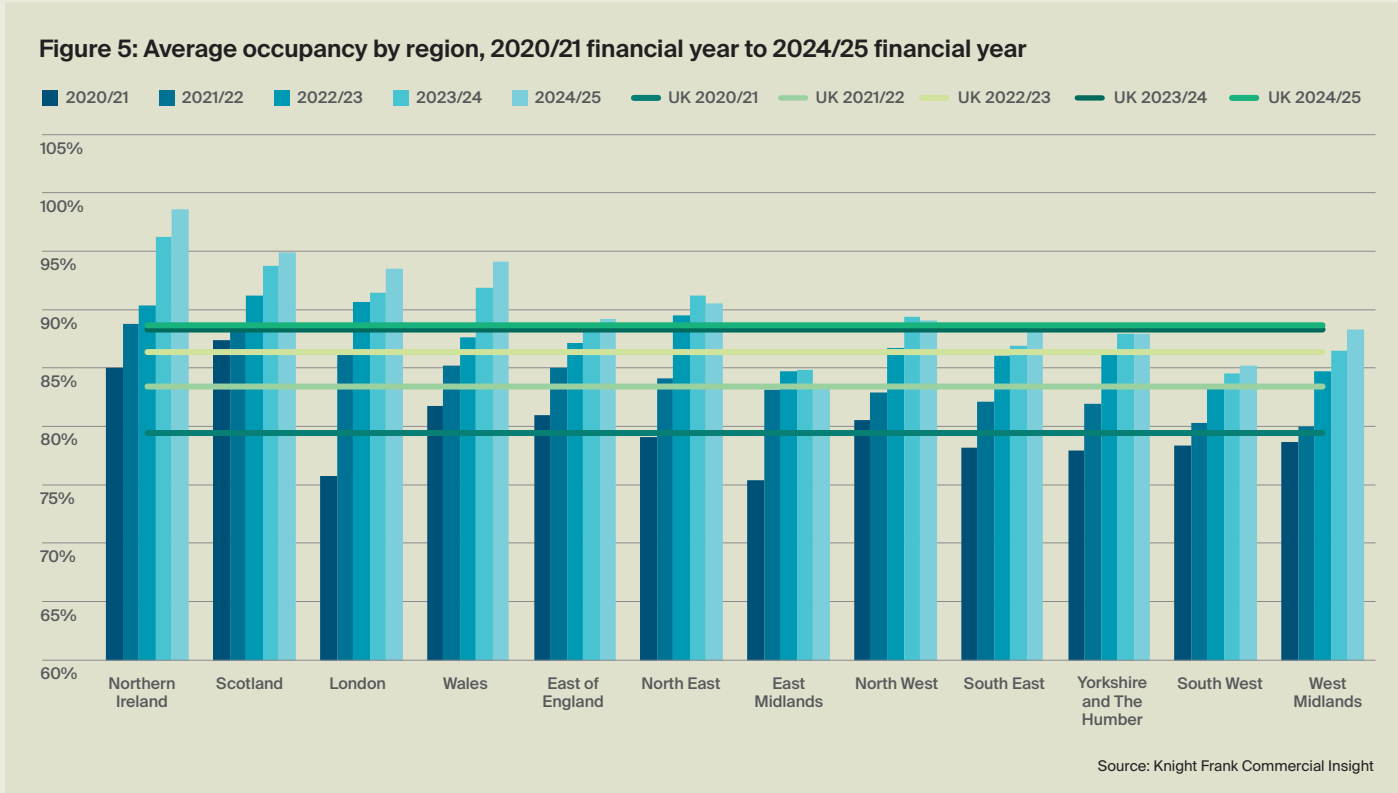
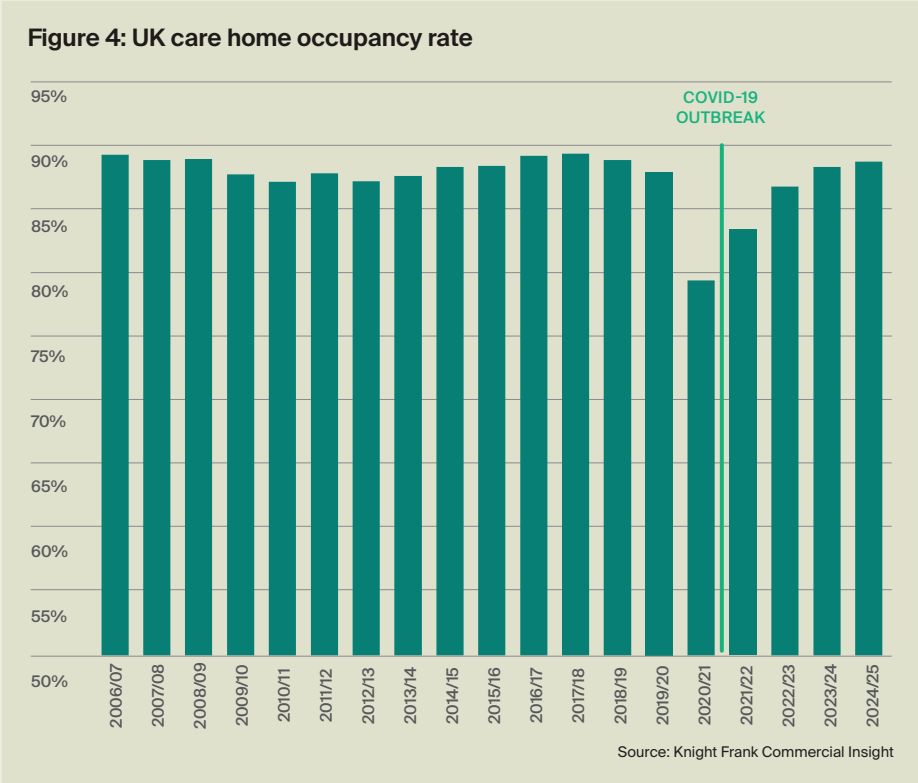


Occupancy

Occupancies appeared to have resumed their upward trend, in some cases, surpassing pre-pandemic highs. With this being essentially one of the fundamental tracking points for the sector, it will, no doubt, provide further support to the sector’s underlying credentials. Figure 4 presents a positive trend, indicating that average occupancy levels have increased to 88.7% compared to last year’s 88.3%.

Figure 6 then highlights the regional age split of care residents. As we can see, the majority of residents across all sampled regions fall into the over-85 bracket. More interestingly, drilling into the funding structure of homes, we can see that the percentage share of those over 85 is far greater in private pay/self-funded settings than in local authority homes.

This statistic could be attributed to a potentially changing wealth profile amongst the ageing demographic and eligibility criteria for funding. Finally,

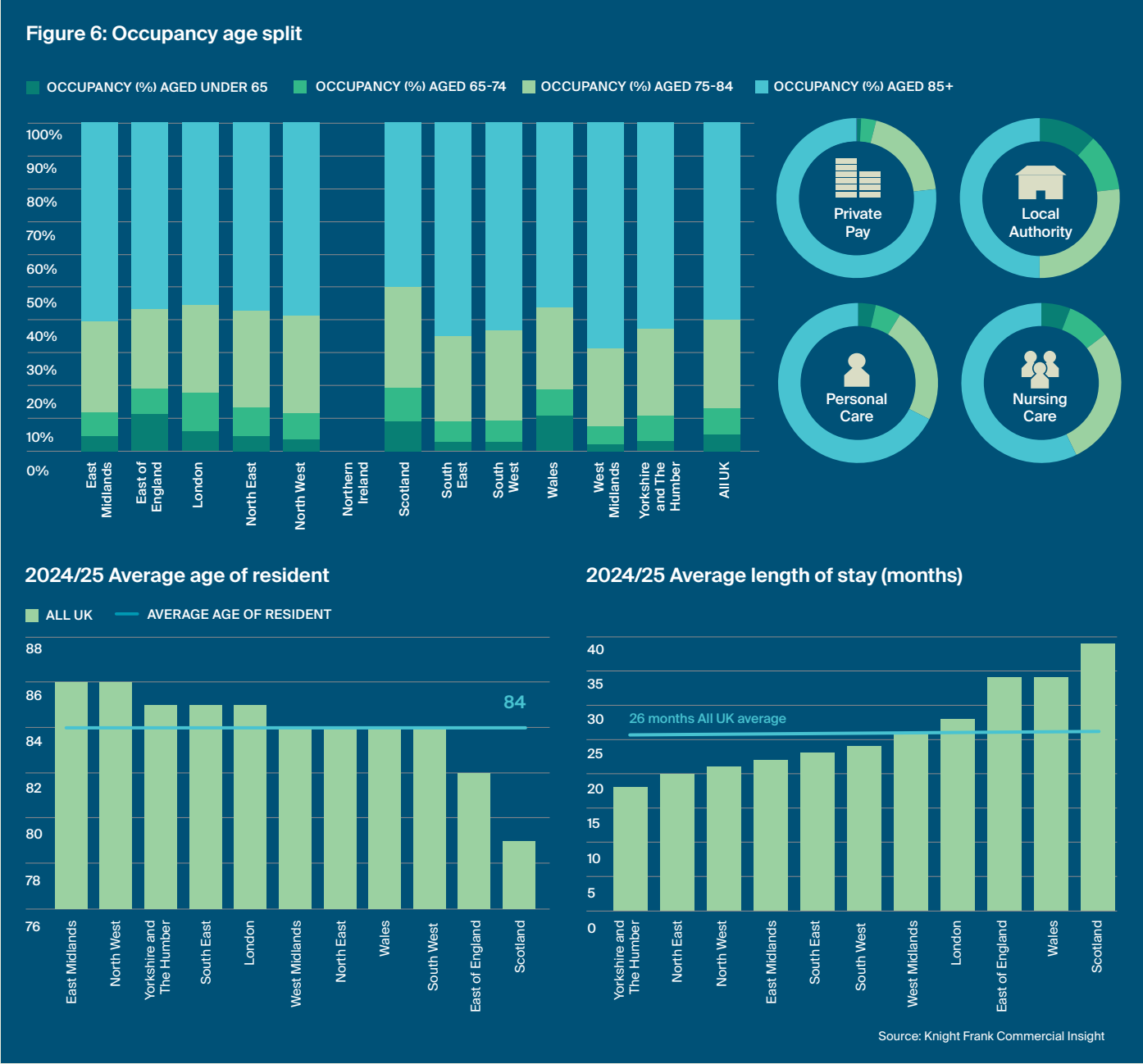


considering the type of care, the age profile is, as expected, generally more varied, as the acuity of care is not dependent on age. Therefore, younger residents who require such support are entering nursing care at an earlier stage of life, rather than later, when they would typically enter less acute settings. Moving on to the average age

of residents on a regional basis, this ranges between 79 and 86 years old. Scotland has the youngest average age based on the sampled homes.

The average length of stay statistics are presented, suggesting an average of approximately 26 months. However, several regions emerge from the sample that fall above this average.

Figure 5 provides an insight into regional occupancy. Generally, the trend is positive across the board, with Northern Ireland having once again shown the most significant year-on-year growth, at approximately 2.5%, closely followed by the West Midlands at 2.1%.



Fees & source of funding

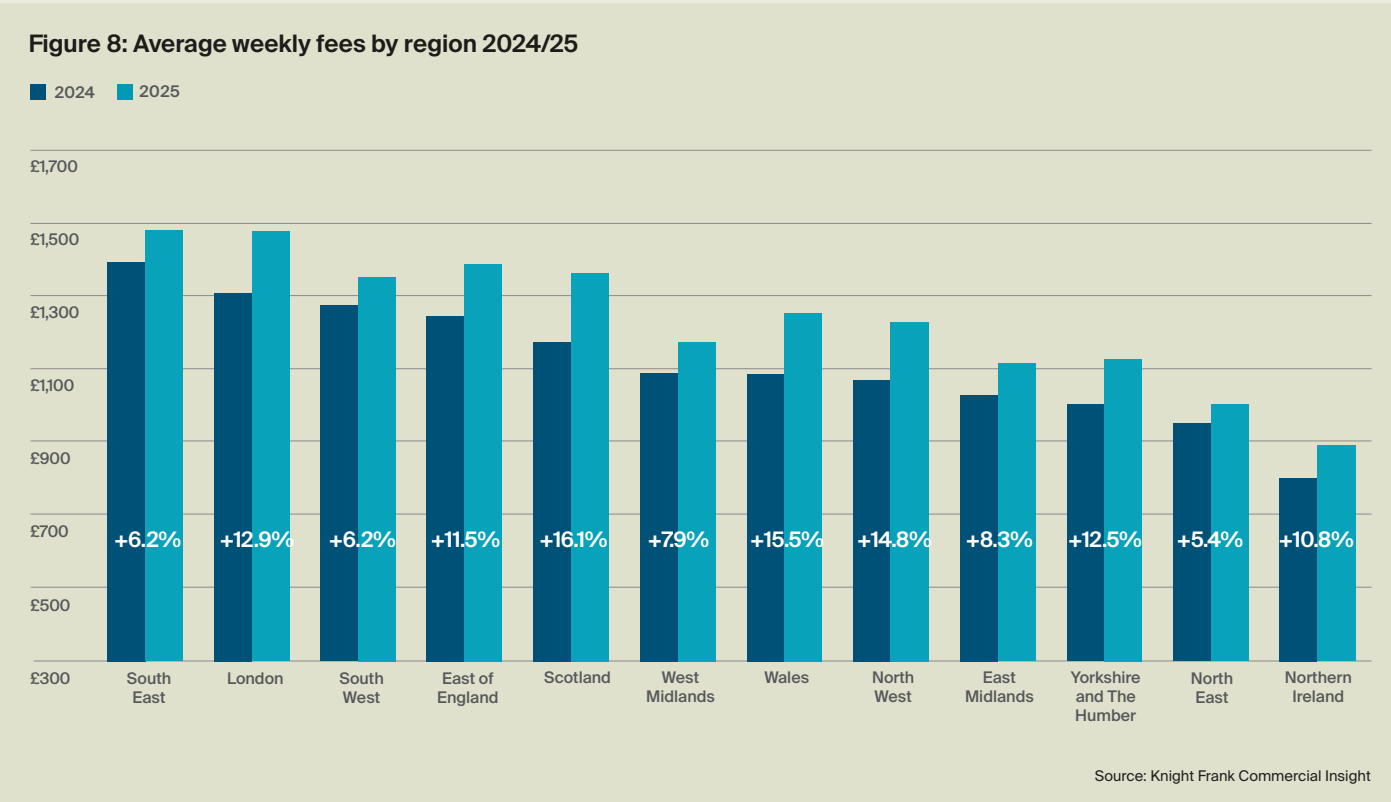
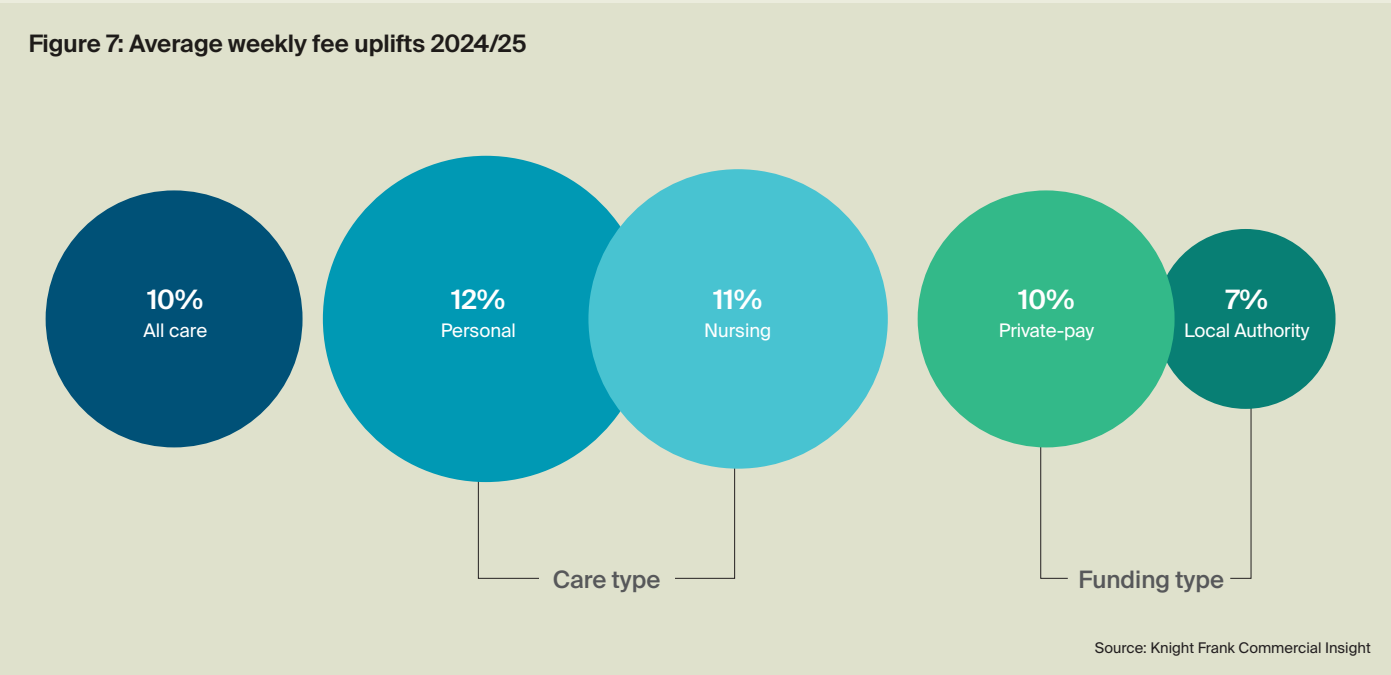
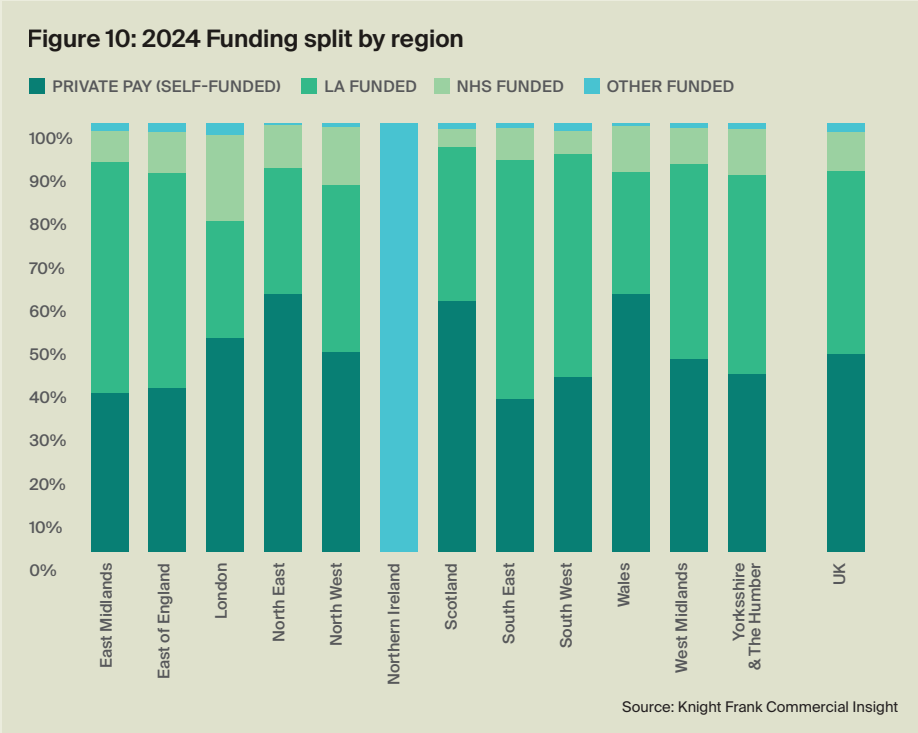
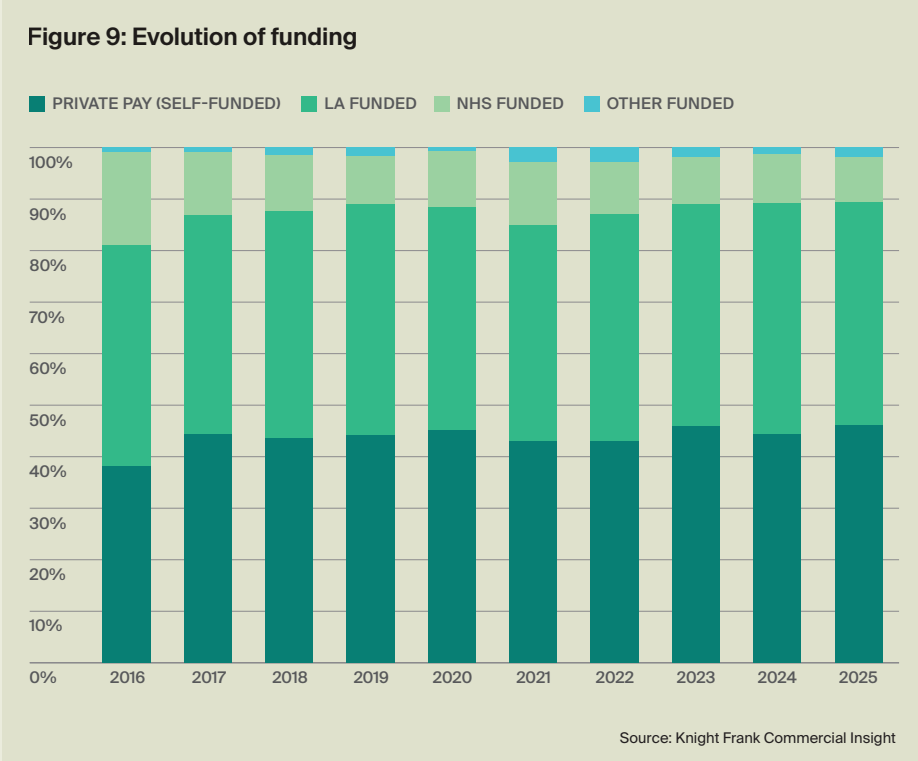


Figure 7 shows average fee growth across the UK, up 10% in all care. While there is still a substantial variance in levels between local authority and private pay fees, personal care average weekly fees saw the most significant growth at 12%.

Moving on to Figure 8, which focuses on regional growth in fee levels, we can see that the Scotland has benefited from the most considerable increase in the year, at 16.1%.

Considering funding structures for the various regions and the UK, Figures 9 and 10 suggest that the North East emerges as the region with the most significant share attributed to private pay/self-funded income. This year, we can see that the overall funding split has remained very much in line with previous years, highlighting a reasonably even split between private pay and local authority funding. In contrast, the NHS funding percentage has dipped slightly again this year. This may be a resulting factor of multiple battles being fought at this level, such as the funding pressures to integrated care boards.

“The North East emerges as the region with the most significant share attributed to private pay/self-funded income.”

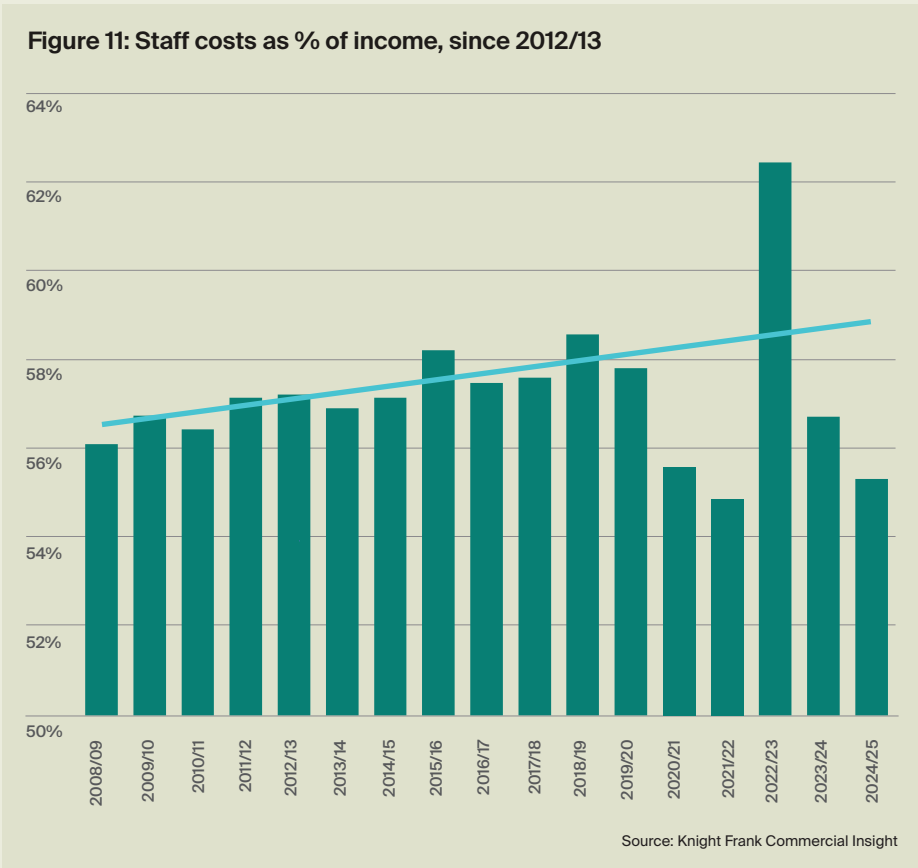


Costs & staffing

STAFFING COSTS

Staff costs per resident are up on the year, rising by 7% to £37,877, as shown in Figure 11. However, while this is up, we have seen it fall when analysed as a percentage of income, by understanding the change in staff costs as a percentage of income, as shown in Figure 12. We can see that this fell from 56.7% to 55.3%, representing a 1.4% relative decrease in the year.

As with last year, this year’s survey has presented a growth in the wages of carers and nurses. Figure 12 shows that the average nurse wage per hour is £22.20, up by 20.7%, a substantial increase from last year, while the average carer wage per hour is up 12.8% at £12.95. Despite being significant, these carer wage increases have lagged behind the national living wage until now, which saw a less substantial rise of 6.7% and is now at £ 12.21 per hour (due to rise another 4% in April to £ 12.71). As sectors such as retail and hospitality



continue their respective recovery journeys, the industry must remain an attractive option for staff.

Figure 14 shows a decline in agency use as a percentage of staff costs to 3.3% from 7.0% in personal care and 2.9% from 6.8% in nursing care for the year.

While Figure 15 highlights 2014 as the point at which average weekly fees and staffing costs began to outpace RPI inflation in terms of growth, 2022/23 saw the question raised of the extent to which fee increases would be able to aid operators in their attempts to absorb inflationary pressures. We can, however, now see that, starting with 2024 and continuing into 2025’s figures RPI has indeed moderated relative to staffing costs and fees.

£12.21

The National Living Wage is now £12.21 for over 25s.

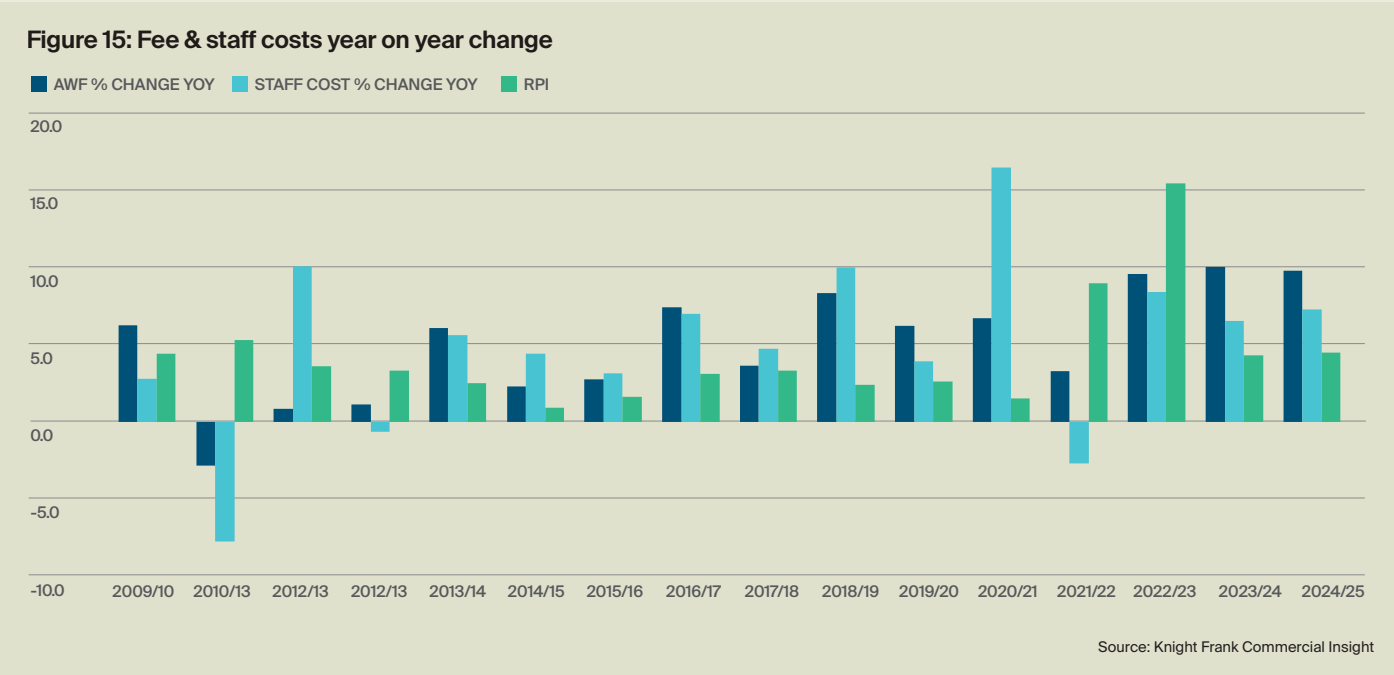
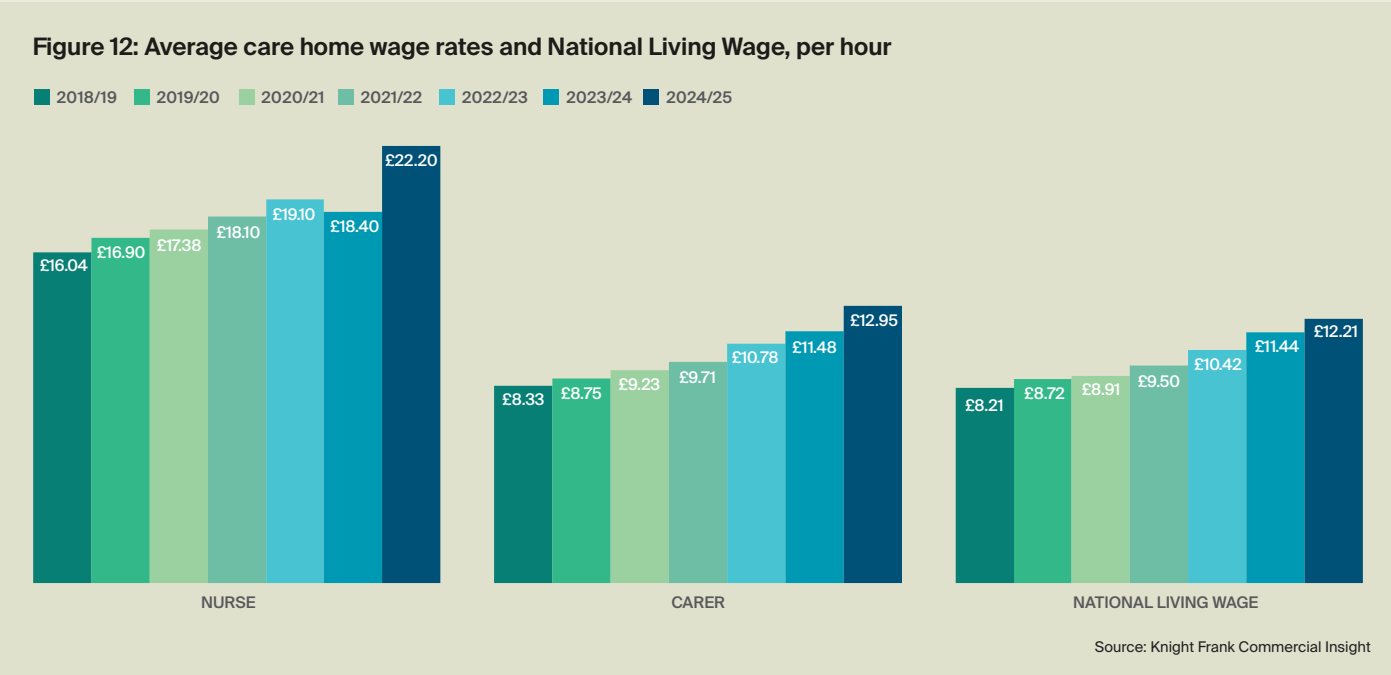
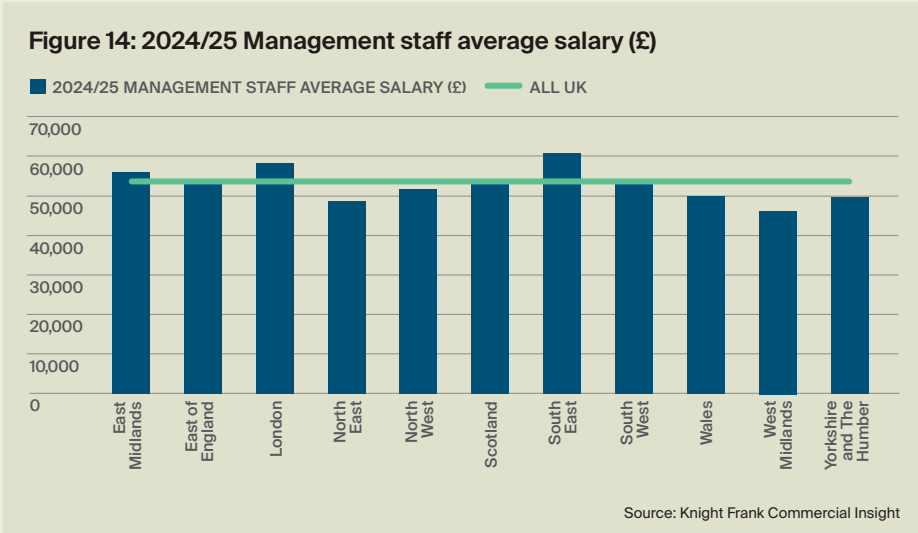
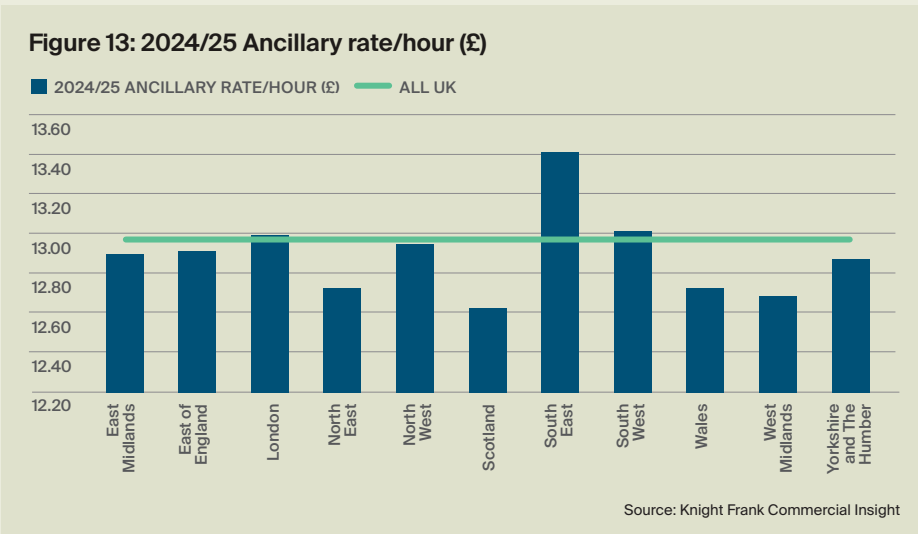
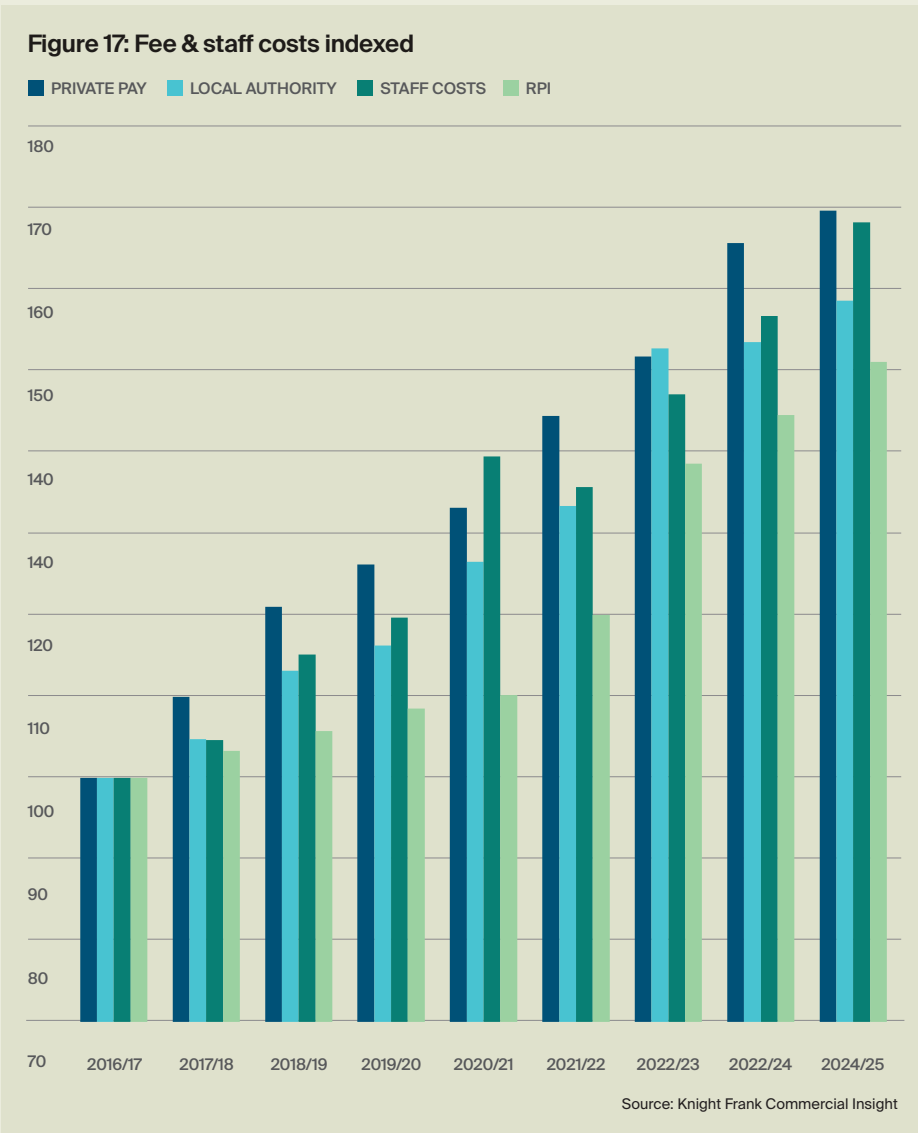
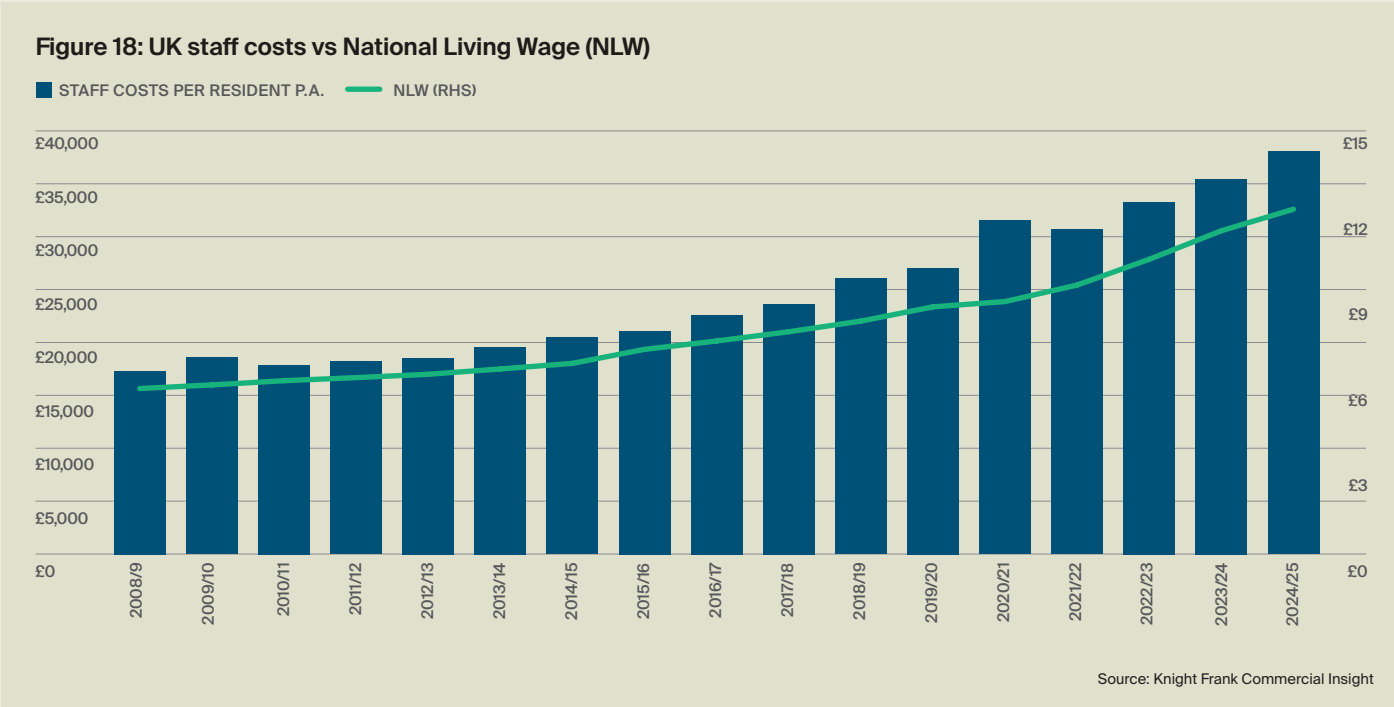
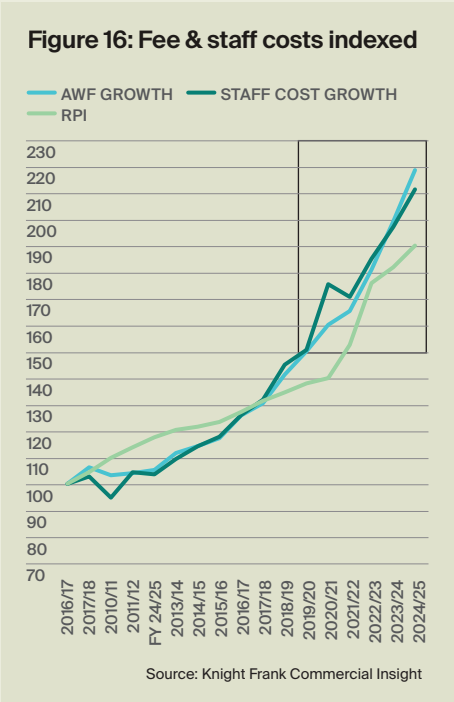


Figure 16 follows this and presents the year-on-year changes from Figure 15, indexing them from 2009 to 2025. The story presented here is that, in past years, RPI had lagged fee growth on an indexed basis. However, the 2022 and 2024 results saw the spread between the two tighten due to the size of the increase in RPI relative to average weekly fee growth. However, we are beginning to see that the spread is widening once again.



PROPERTY & FOOD COSTS

Figures 19 & 20 present the trends in property and food costs, respectively. Property costs per bed rose to £4,427, representing an 18% increase from the previous year, while food costs per bed

remained flat at £2,230. The graphs also show that from 2018 to 2025, property costs and food costs have experienced cumulative rises of 21% and 52% respectively.

£4,427

Property costs per bed rose to £4,427, representing an 18% increase from the previous year

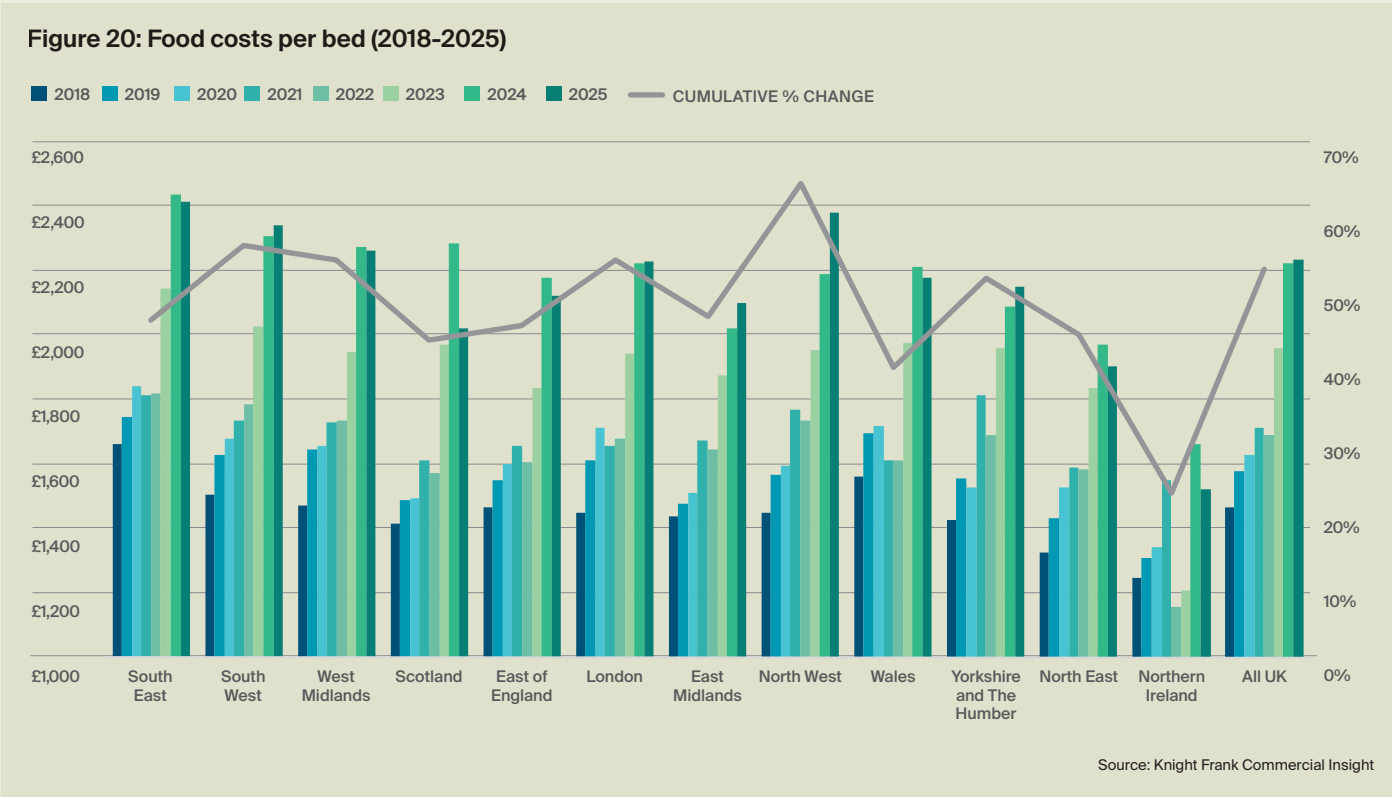
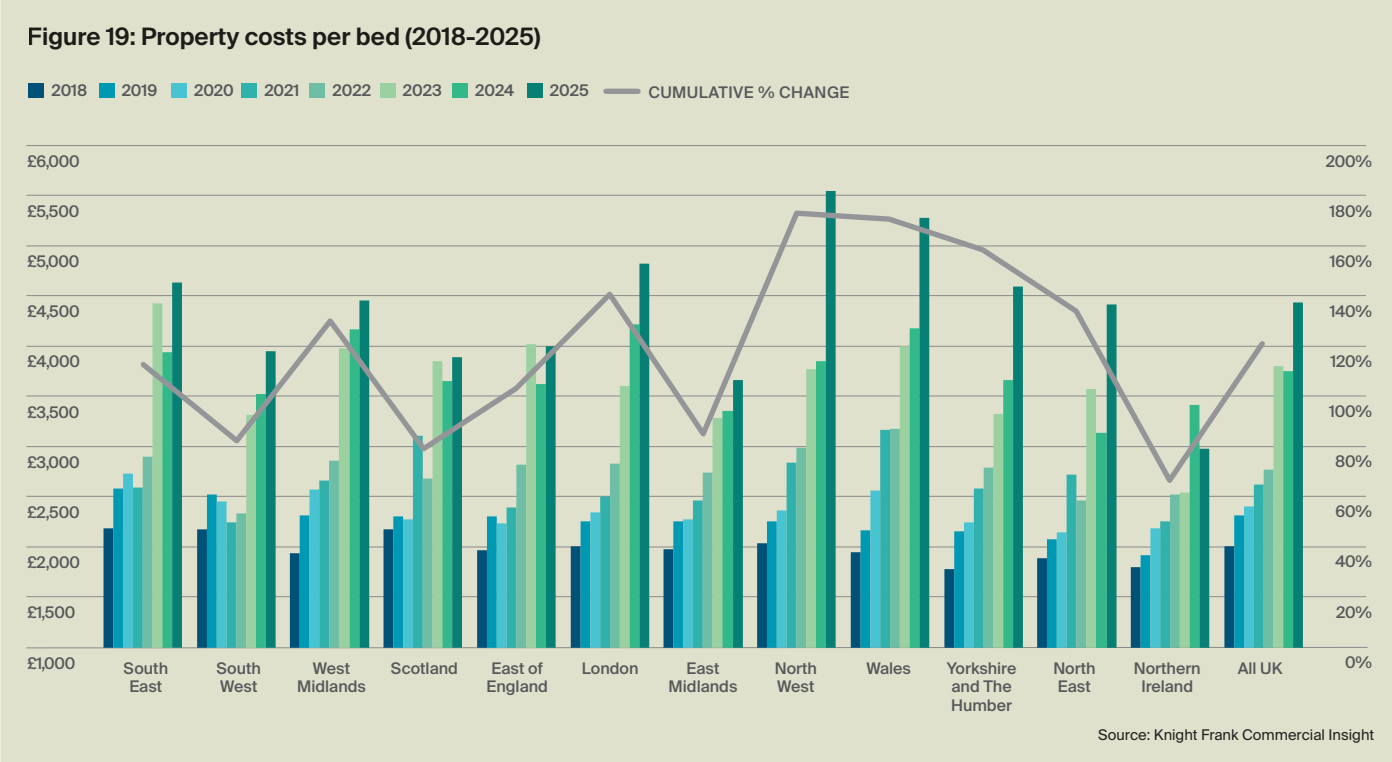
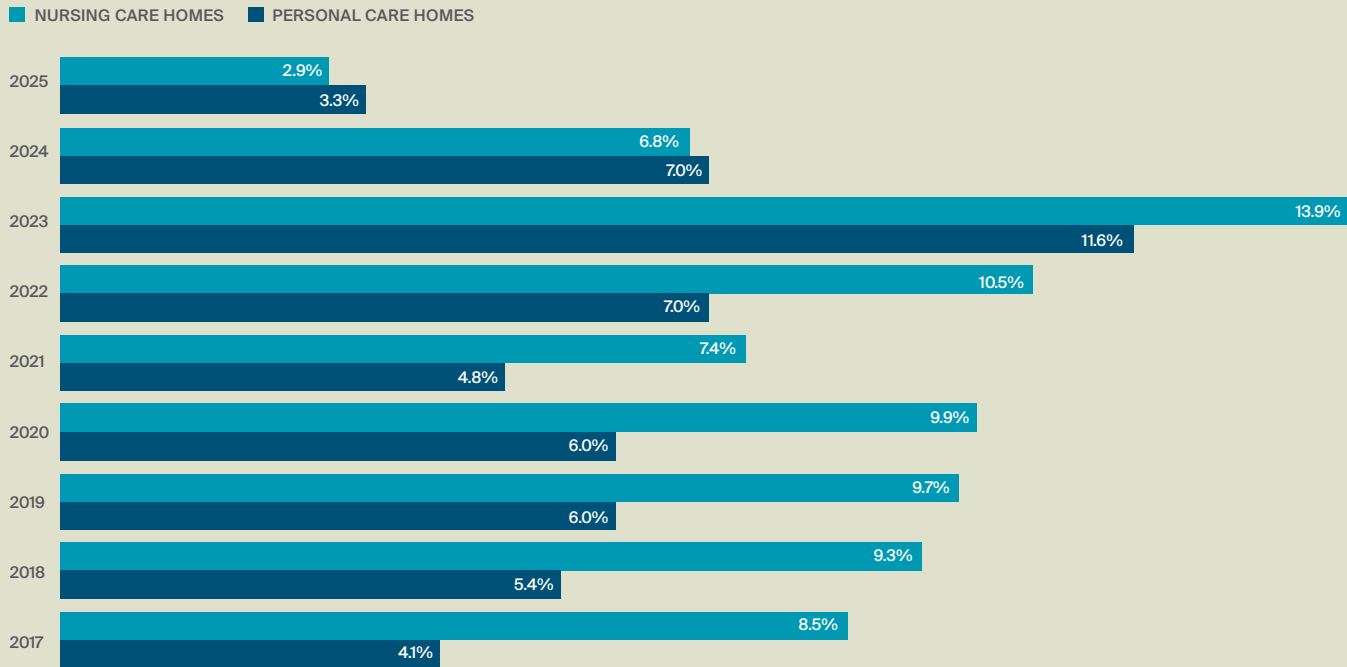


Figure 21: Agency staff costs as % of total staff costs



Source: Knight Frank Commercial Insight

With cost inflation being a key topic in the current economic climate, this year's analysis has seen us further break down property costs. The first takeaway from the infographic is the percentage share of property costs attributed to utilities. The average price of utilities, based on the sample,

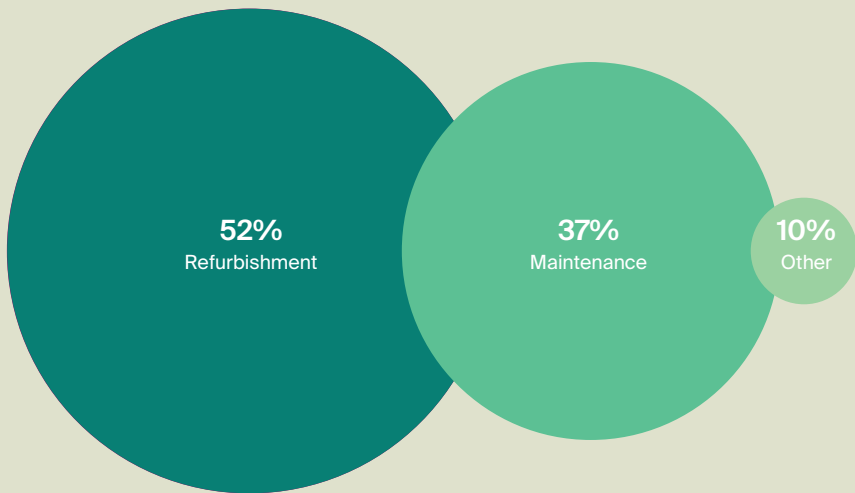
accounts for almost 36% of property costs, compared to 47% last year.

Moving further into our utility costs analysis, we can see the benefits that newer homes offer in terms of their average utility costs per bed and as a percentage of income; the same can be said for purpose-built homes.

The trend emerging suggests that newer, as well as purpose-built homes, are also most likely to fall into the category of the more larger, fit-for-purpose homes that benefit from economies of scale. Therefore, while the costs are higher on a per-bed basis as a percentage of income, they are indeed better off.

Figure 22 focuses on the capital expenditure this financial year. We can see that most capital expenditure is directed towards refurbishment, rather than maintenance spending, as was the case last year. This continues to buck the trend of previous years and may be due to improved cash reserves or more favourable financing conditions.

Figure 22: Capital expenditure split

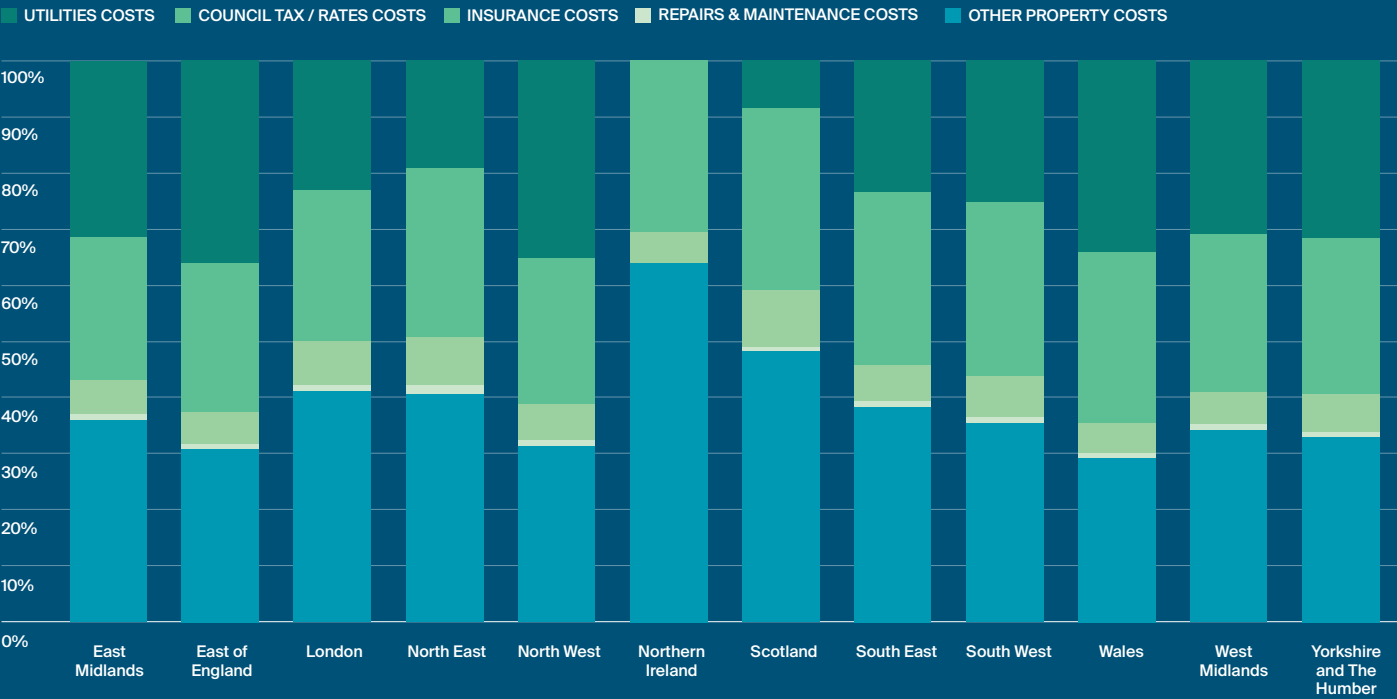


Source: Knight Frank Commercial Insight

36%

Utility costs account for approximately 36% of property costs (down from 47% last year).

Figure 23: Property costs by region (£) 2024/5



Source: Knight Frank Commercial Insight

Utility costs

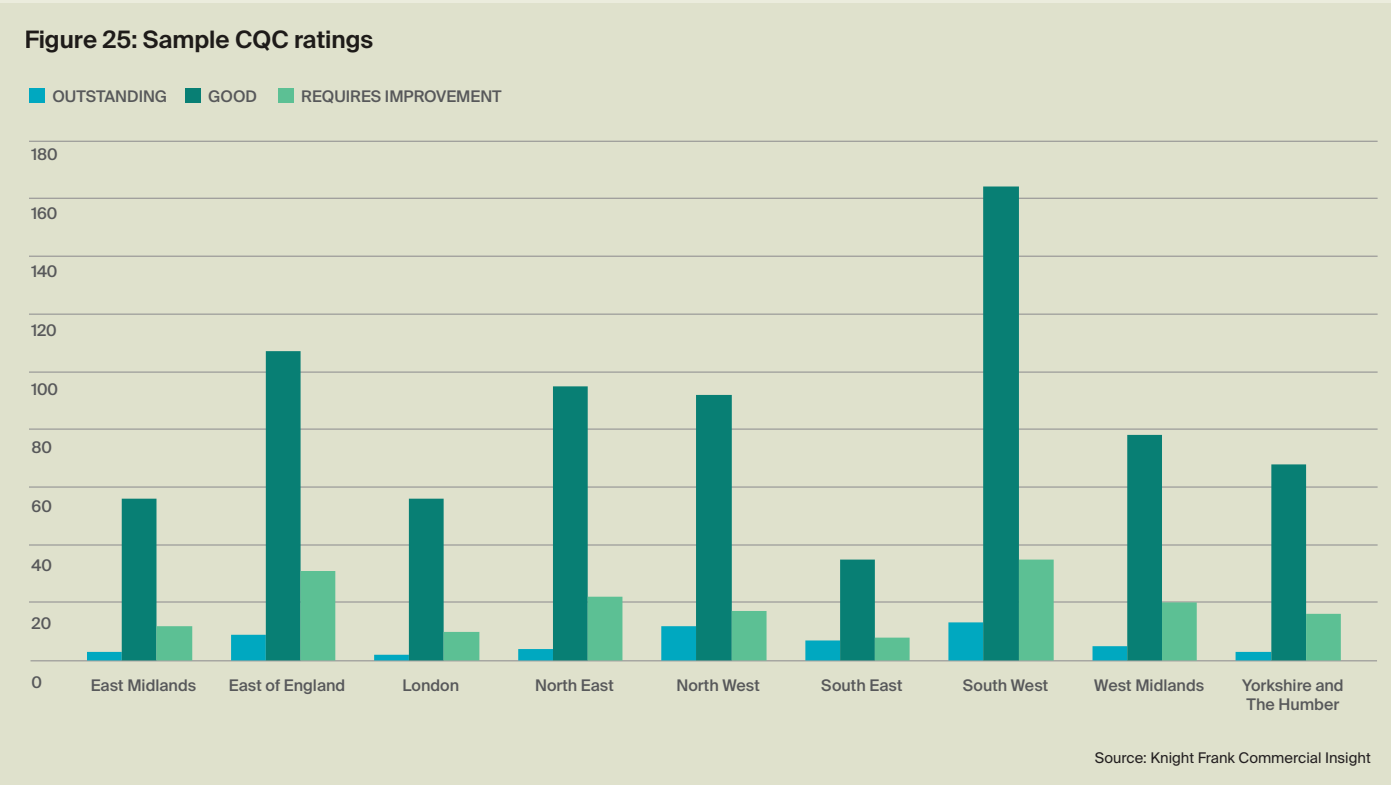
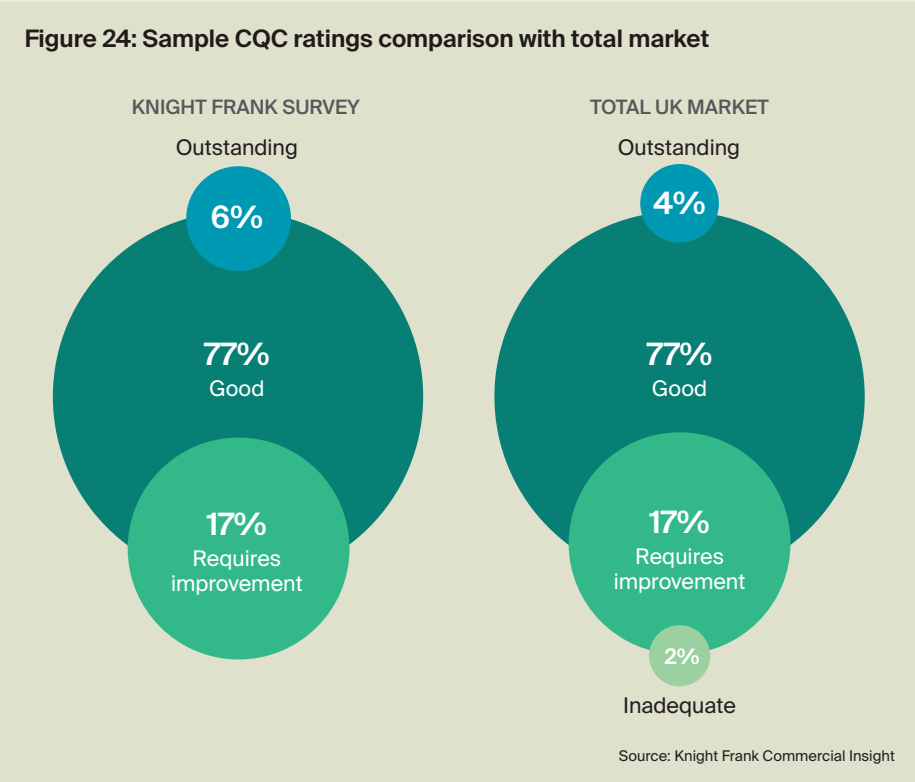
	UTILITY COSTS AS % OF PROPERTY COSTS				UTILITY COSTS PER BED (£)				UTILITY COSTS PER BED / PER DAY (£)				UTILITY COSTS AS % OF INCOME			
UTILITY COSTS BY PROPERTY TYPE	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
Conversion	30.2%	42.7%	40.7%	34.1%	1,213	1,990	1,970	1,903	3.32	5.45	5.40	5.21	2.3%	3.5%	3.10%	2.65%
Purpose Built	30.7%	35.0%	41.1%	36.2%	990	1,544	1,710	1,777	2.71	4.23	4.68	4.87	1.9%	2.8%	2.75%	2.59%
UTILITY COSTS BY PROPERTY AGE	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
0-10 years old (opened after 2010)	30.3%	36.4%	37.6%	41.7%	971	1,648	1,647	1,960	2.66	4.51	4.51	5.37	1.7%	2.8%	2.4%	2.63%
10-20 years old (opened 2000 to 2010)	28.5%	49.8%	44.9%	41.7%	920	1,976	1,927	2,019	2.52	5.41	5.28	5.53	1.8%	3.9%	3.2%	3.01%
20-30 years old (opened 1990 to 2000)	32.0%	47.6%	43.4%	41.7%	1,003	1,930	1,673	1,715	2.75	5.29	4.58	4.70	2.0%	4.1%	2.8%	2.46%
30 years and older (opened prior to 1990)	28.7%	41.4%	38.4%	35.9%	1,102	1,399	1,783	1,536	3.02	3.83	4.89	4.21	2.2%	3.0%	3.1%	2.41%
UTILITY COSTS BY PROPERTY SIZE	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
1-39 beds	30.8%	41.6%	37.4%	30.7%	1,339	1,993	2,010	2,043	3.67	5.46	5.51	5.60	2.66%	3.63%	3.22%	2.97%
40-59 beds	30.4%	40.3%	41.8%	31.8%	1,059	1,669	1,828	1,707	2.90	4.57	5.01	4.68	2.15%	3.18%	3.16%	2.67%
60-79 beds	30.4%	33.6%	41.4%	37.1%	996	1,527	1,733	1,774	2.73	4.18	4.75	4.86	1.84%	2.62%	2.63%	2.47%
80-99 beds	31.3%	27.5%	40.4%	34.7%	894	1,379	1,509	1,578	2.45	3.78	4.13	4.32	1.65%	2.36%	2.33%	2.29%
100+ beds	31.6%	47.6%	46.9%	46.7%	787	1,565	1,673	1,581	2.16	4.29	4.58	4.33	1.60%	3.05%	2.90%	2.40%

Source: Knight Frank Commercial Insight

Regulatory

CQC ratings of the sample show minimal variation from the overall market. Figure 24 shows the sample's consistency with the market, showing that 6% of homes are rated outstanding, 77% as good, 17% as requiring improvement, and none as inadequate. This indicates an improvement in the outstanding category by 1% following last year's survey.

Figure 25 provides a more granular view of regional ratings, suggesting a constant trend across all regions. The standouts are the North West and the South West, where approximately 9.8% and 6% of the sampled homes were rated outstanding, respectively.



Profitability

Overall, EBITDARM as a percentage of income has increased to 30.1% in the past year, as shown in Figure 26. This has built on the momentum of the past years, continuing the move in the right direction for the sector. The fact that the sector managed to avoid margin compression and continue growth during a sustained period of uncertainty highlights the sector's resilience and underlying fundamentals.

Regarding profitability relative to care standards, Table 1 indicates that homes with a 'Requires Improvement' CQC rating traded at a margin of 26.8% compared to homes with an 'Outstanding' rating, which traded at a 31.3% margin. It is worth noting that both have shown positive changes compared to last year's sample. Table 2 highlights that homes between 60 and 100 beds are the most profitable size range. Homes within this size band, as per the sample, are operating at margins of around 33%.

Figure 27 shows the split of homes operating within respective EBITDARM margins, with 18%



Beauleigh Court - Sanders Senior Living

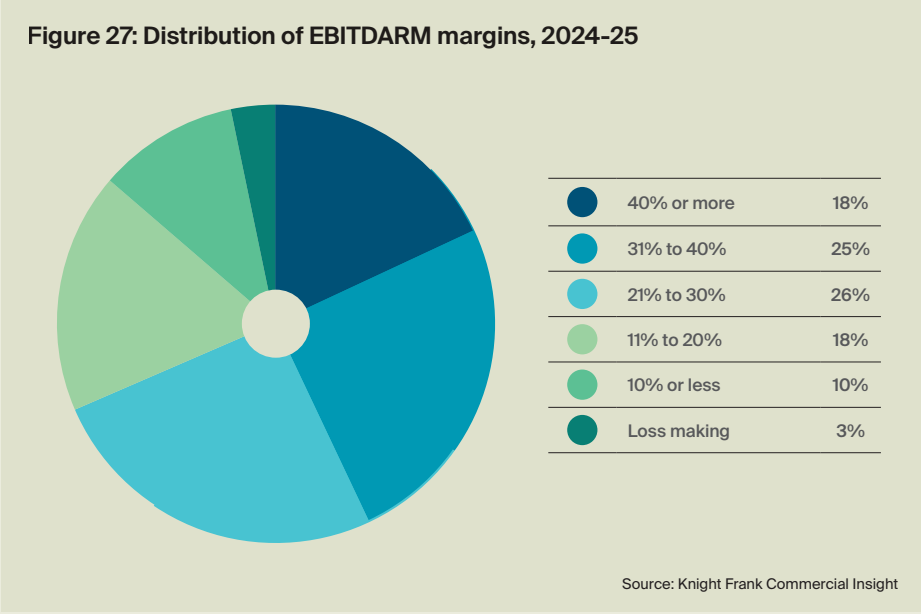
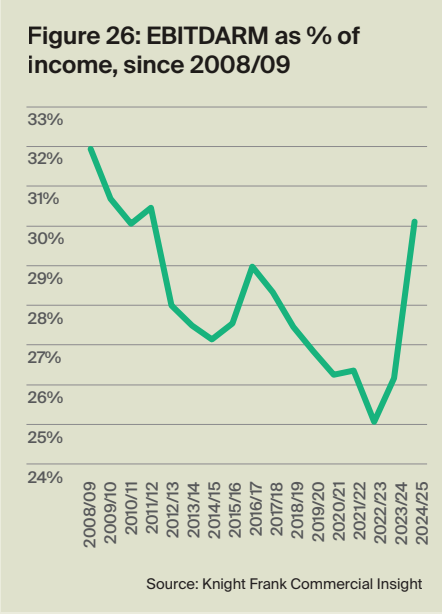
Table 1: EBITDARM margin per CQC band

CQC Rating	EBITDARM (% of income)
Outstanding	31.3%
Good	30.8%
Requires improvement	26.8%

Table 2: EBITDARM margin per size band

Size Band	EBITDARM (% of income)
1-39 beds	22.6%
40-59 beds	26.8%
60-79 beds	32.7%
80-99 beds	32.6%
100+ beds	32.6%

Source: Knight Frank Commercial Insight



achieving EBITDARM margins of over 40% of income, and, more importantly, only 3% falling into the loss-making band. This represents a positive movement compared to last year's results, where 5% of homes were loss-making, and 13% of homes sampled fell into the 40% or over category. The largest band remains

20% to 30%, accounting for 26% of homes, up from 25% last year. Wales emerges as the region with the most variance between personal and nursing care in Figure 28, with a personal care EBITDARM margin of approximately 17.9% of income, significantly lower than the averages derived from the sample.

Considering all homes, care, and funding types in the sample, as per Figure 29, there has been an overall upward trend. This is a positive development when considered alongside the difficulties faced by the sector over the past few years, and optimism is strong going into the year ahead.

Figure 28: EBITDARM as % of income, by region and care type 2024/25

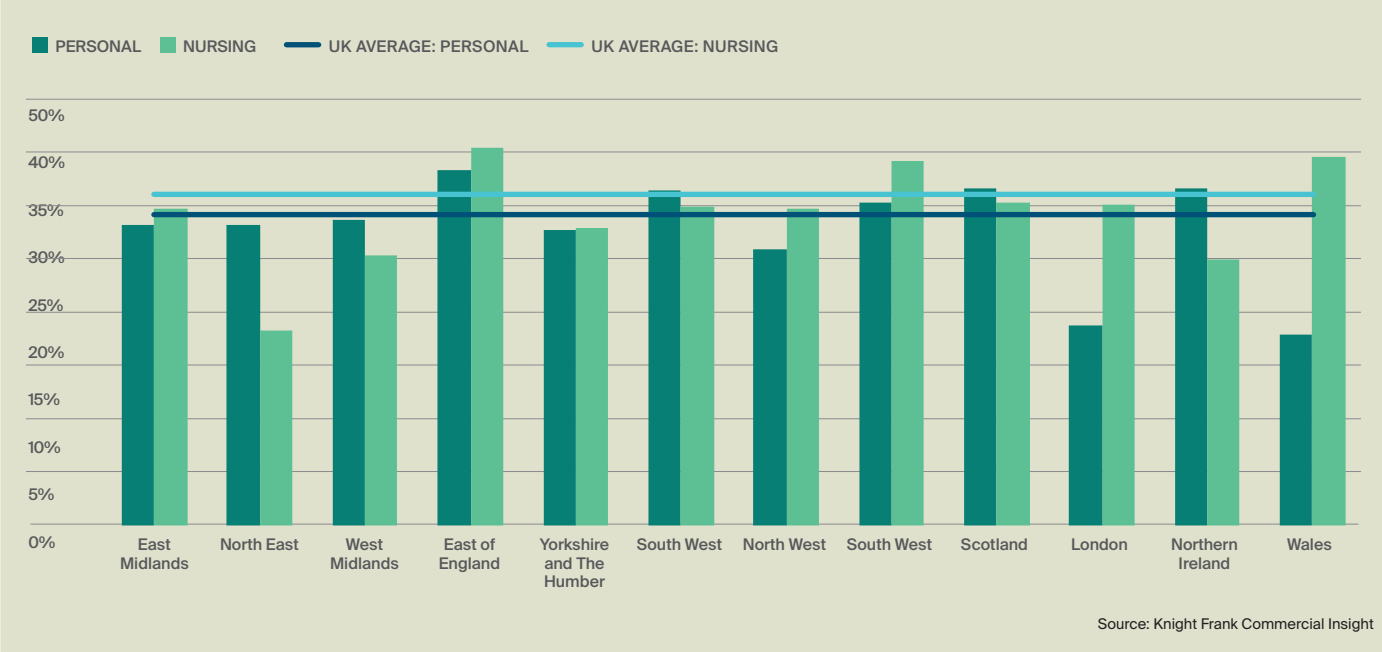
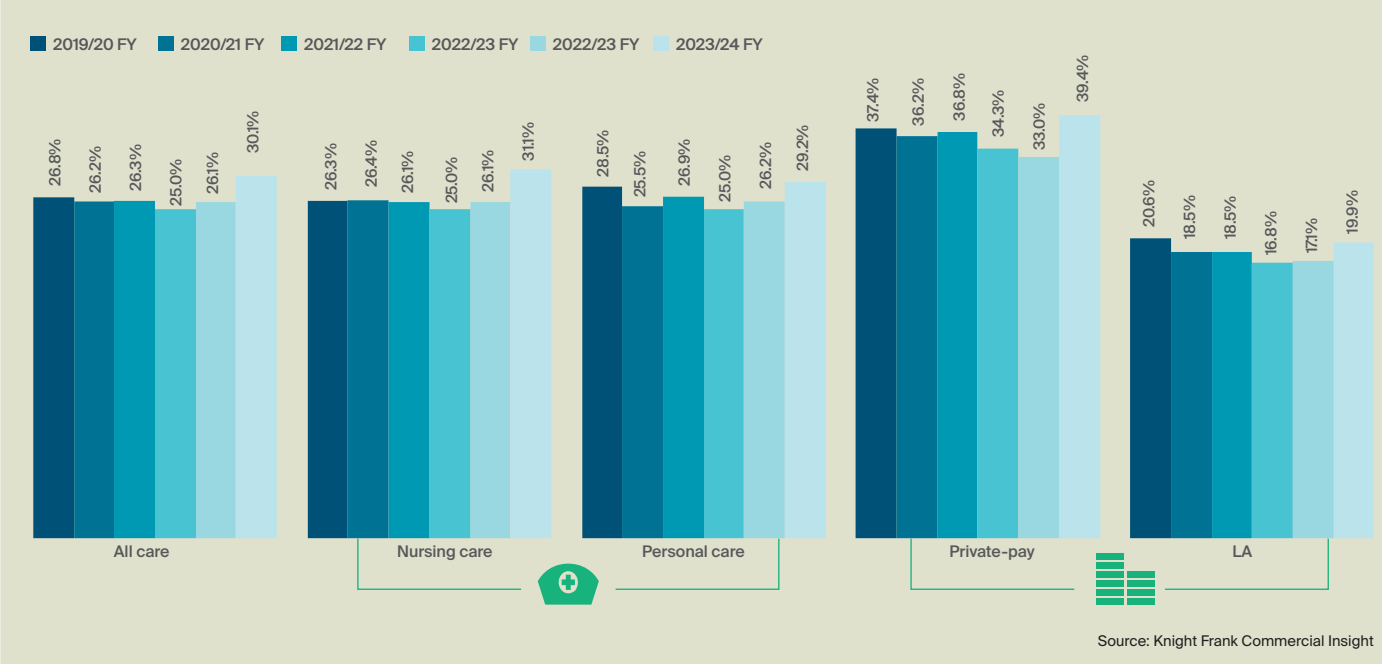


Figure 29: EBITDARM margins



Forward view



JULIAN EVANS FRICS,
GLOBAL HEAD OF HEALTHCARE

As in previous years, the trends and statistics presented in this report point to a positive sentiment among those involved in the sector. The sector has demonstrated remarkable resilience in the face of numerous headwinds, and metrics such as continued EBITDARM margin growth validate the strong investment activity that we have witnessed throughout the year.

We anticipate that the strong operational KPIs presented in this year's trading performance survey will undoubtedly continue to drive not

only fixed income transactions, but also mergers and acquisitions, both in terms of exit and growth opportunities. With the National Living Wage set to rise again in 2026, the focus will be on the extent to which operators can continue to pass on cost increases to residents through average weekly fees.

As domestic and cross-border capital ramps up deployment, and trading remains strong, we can confidently say that healthcare's fundamental drivers remain firmly in place. Therefore, the house view is optimistic regarding the sector's outlook.

Key themes



Strong operational KPIs will undoubtedly continue to drive M&A, both in terms of exit and acquisition potential.



The focus will be on the extent to which operators can continue to pass on cost increases, such as the newly proposed national living wage, to residents via average weekly fees.



Continued EBITDARM margin growth validates the strong investment activity that we have witnessed throughout the year.



The house view remains optimistic about the sector's outlook, based on the high volume of M&A transactions and favourable trading conditions.

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