

Desktop Market Analysis
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Desktop Market Analysis

Prepared for Frontier Estates

April 2018

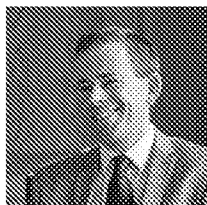


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Should you have any questions regarding this report, please contact:



Michael Hodges
Director, Head of Consultancy - Care



Karun Ahluwalia
Senior Consultant



Sian Mistry
Analyst



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Definitions and Abbreviations

We have used the following key definitions and abbreviations:

BM	Christie & Co Benchmark
C&Co	Christie & Co
CAGR	Compound Annual Growth Rate
CCG	Clinical Commissioning Group
CQC	Care Quality Commission
Effective beds	Capacity based on single occupancy rooms
EMC	Effective Market Capacity (single occupancy en suite provision)
FMT	Fair Maintainable Trade
PB	Purpose Built
SEC1	Social Economic Class 1 (large employers, higher professional, higher managerial and administrative occupations)

Executive Summary

Our assessments show a material undersupply of 204 EMC beds, anticipated AWF of £1,000 and estimated rent of £700,000

Background	- The Property is located in Angmering, a village between Littlehampton and Worthing in West Sussex, just to the south of the South Downs National Park - The site is well connected and easily accessible by road on the A27. In addition, there are bus stops within close proximity, connecting the site to Angmering station, where trains run between Brighton and Southampton
Demand	- We calculate a current demand of 1,049 beds in 2018. Demand is projected to increase to 1,229 and 1,425 by 2023 and 2028, respectively generated by the strong population growth rates, particularly for over 75s. We anticipate that the key target area for the Property is within a 5km catchment and especially to the south east of the site, where the elderly population density is notably high - Further to this, the level of bed blocking due to patients awaiting care home placement in West Sussex is material. Our analysis shows that West Sussex is ranked 13th out of all local authorities in terms of the level of bed blocking with c38k total delayed discharge days over the last 12 months. 26.4% of these days are due to a patient awaiting care home placement, reinforcing the need for new, high quality provision in the local area
Supply	- Existing provision within the catchment is modest with only c34% of bed provision being provided within a purpose built facility. Furthermore, the majority of the homes are less than 40 beds in size with five homes being below 20 beds. 16 homes have en suite facilities in less than three quarters of rooms. Whilst CQC compliance is comparable with the England average, the physical shortcomings of many of these homes will restrict their ability to provide suitable accommodation for residents with more acute care needs or mobility impairments - In terms of proposed supply, there are two extensions and two new builds in the pipeline comprising of 88 beds in total. Hallmark Care Homes are developing a 71 bed home c1.1km away from the property whilst Store Properties have outline approval for a 72 bed scheme c2.8km away. Further assessment shows a current undersupply of 204 EMC/"future proof" beds within the 5km catchment. This figure is forecasted to increase to 225 in 2023 and 421 by 2028 as a consequence of the growing elderly population
Conclusions	Given the factors outlined above, we believe there is a quantifiable opportunity and need for a new high quality care home situated in this location given the shortcomings in the existing supply, the lack of high quality provision and the extent of hospital bed blocking in the local area

Introduction

Scope of Work

As agreed, Christie & Co have prepared a desktop market analysis study in respect of a care home development on Dappers Lane, Anmering, Littlehampton, West Sussex, BN16 4EN, which is hereinafter referred to as the Property.

The purpose of this report is to assess the dynamics of the local market within the catchment area for the Property, assess the positioning of the Property within its local market, analyse key market drivers and inform onward strategy through addressing the following:

Property Review	• High level Property overview to provide background and a general introduction
Demand	• Review of the demographic profile of the area with specific focus on the demand drivers for elderly care • Health conditions and projected demand moving forward • Hospital Bed Blocking Analysis and scope for additional services such as reablement
Supply	• Current competition in terms of the identity of operators, beds provided and the type of home • Appraise quality and specification of the competitor set • Identify new potential competitors based on known development proposals • Drive time analysis of current supply
Conclusions	• Need and demand analysis to establish whether there is an over or undersupply of care home beds in the catchment relating to the care home • General commentary, conclusions and recommendations

Data Sources and Methodology

Demographic Information	- We have utilised the latest 2011 census data sourced from the Office of National Statistics which has been analysed on a postcode sector specific basis and extrapolated using updated population growth estimates and projections to 2018, 2023 and 2028 - Our catchment area is dependent on the site location and the number of elderly residents per sq km
Care Home Population & Health Condition Estimates	This data has been obtained from the Institute of Public Care and is produced by the Institute in conjunction with Oxford Brookes University. It is widely used by Commissioners for estimating the future demand for care and health provision across the UK
Competition Data	Competition data has been sourced from published directories and, specifically, A – Z Care Homes and carehome.co.uk. Our assessment assumes that this data is accurate and we reserve the right to amend our analysis in the event of any subsequent changes
Planning Data	We have reviewed planning applications for new build care homes or development proposals in respect of existing homes where an application has been submitted. Our principal data source for this is Barbour ABI together with internet based research. We reserve the right to amend our analysis in the event that any new applications are submitted
Mapping	The subject Property is identified on all of the maps used by a red dot
Demand Assessment	Care home demand is assessed by analysing the age profile segmentation of an area and comparing this against Laing & Buisson Benchmarks in terms of the likelihood of an individual requiring residential care. The benchmarks adopted based on the Laing & Buisson 2014-15 Elderly Care Market Report are as follows: 65 – 74 years – 0.62% 75 – 84 years – 3.71% 85 years and above – 15.67%
Bed Blocking	We have utilised NHS England data to estimate the costs of bed blocking in FY16/17 relative to the number of delayed discharge days recorded and the average cost of an overnight stay in hospital. In addition, we have utilised the NHS England data to analyse the average length of hospital stays and the number of A&E admissions for people aged 65 and over
General	This assessment has been prepared on an indicative high level desktop basis only. We reserve the right to amend our findings following more detailed investigations or in the event of any subsequent change to the information or market conditions. Market studies reflect a situation as at a particular point in time and should be subject to regular review

Location and Accessibility

The Property is situated in a residential area, accessible by both bus and the A27

Key Observations

- The Property is located in Angmering, a village between Littlehampton and Worthing in West Sussex and just to the south of the South Downs National Park
- The road map highlights the local amenities and care homes, of which there are 3. A full list of homes that are located in the catchment can be seen in the appendix
- The site is surrounded by residential housing and benefits from being 4km north from Angmering-on-Sea
- The location is well connected and easily accessible by road along the south coast by the A27
- Public transport links are good with multiple bus stops located outside the site providing hourly services between Littlehampton, Worthing and Shoreham-by-Sea
- The nearest train station is Angmering, on the West Coastway Line running between Brighton and Southampton

Proposed Site Locations and Amenities

Sources: Google Maps, Christie & Co Analysis

Proposed Site Area and Design

Sources: Client Information

Site

Bus stop

Care home

Newsagents

Church

Train Station

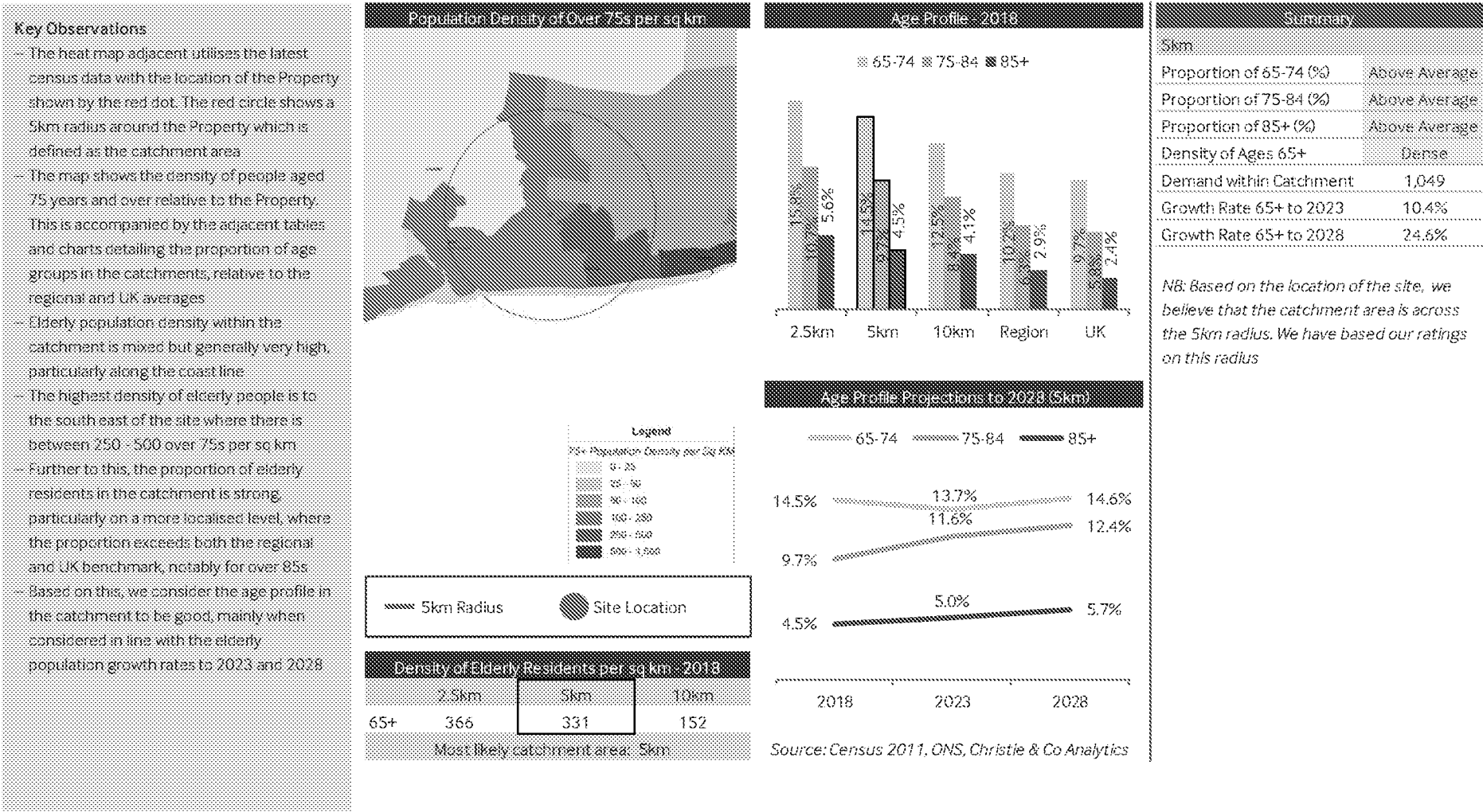
School

Groceries

Pharmacy

Demographics – Age Profile

Overall age profiles are good with a high density of over 65s per sq km and a high proportion of 85+ in the immediate proximity



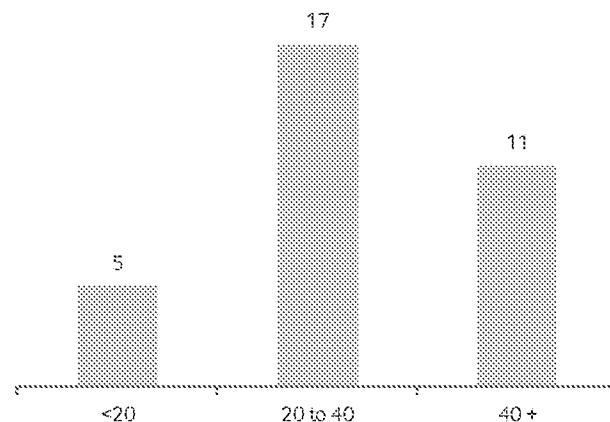
Care Home Supply Summary

The quality of the existing supply is modest with a majority of provision being in smaller converted properties

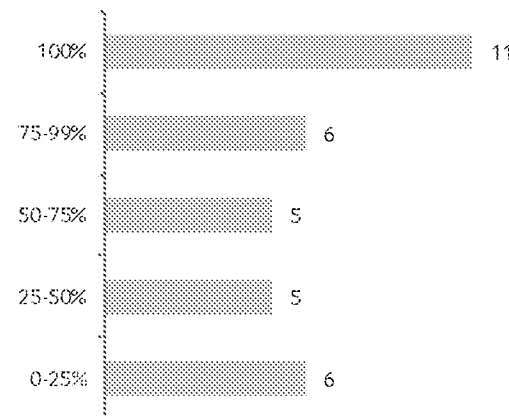
Key Observations

- The adjacent graphs summarise the profile of the existing 33 care homes within the immediate 5km catchment area
- We observe that a majority of properties within the catchment have less than 40 effective beds, including 5 care homes that have less than 20 beds. Research recently undertaken by Christie & Co shows that these smaller homes have the greatest risk of failure and, therefore, we expect some of this provision to exit the market over time
- The level of en suite provision within the catchment area is mixed, with 16 homes having en suites in less than 3/4 of rooms. The overall en suite proportion is 72.8%
- Further to this, only 33.9% of beds are within purpose built properties further pointing to moderate quality in the existing care home provision
- The level of CQC compliance within the catchment is broadly in line with the national average albeit 23.5% of beds are provided within non compliant services
- Overall, we consider that the quality of provision within the catchment is modest with this reinforcing the need and opportunity for a new highly specified facility such as the development proposed

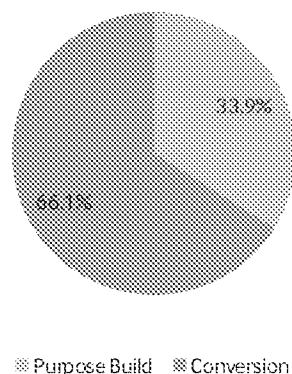
Number of Effective Beds (by Number of Homes)



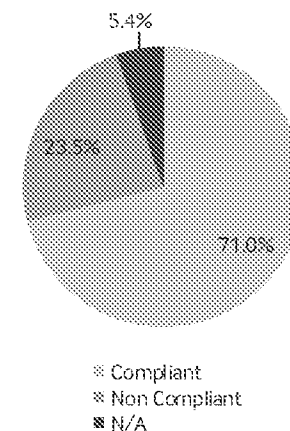
En suite Provision (by Number of Homes)



Type of Home (by Number of Beds)



Compliance (by Number of Beds)



National Benchmark:
70.8% of provision is compliant under the new CQC regime*

Source: Carehomes A-Z, CQC, Barbour ABI, Christie & Co Analysis

*as at 03 April 2018

Existing and Proposed Care Home Supply Summary

There are two new build and 2 extensions in the pipeline within the catchment comprising 159 extra beds

Key Observations

- The adjoining table summarises the existing care home supply within the 2.5km and 5km radius catchment areas, excluding specialist care homes
- Within the 5km radius, 72.8% of bedrooms have en suites. When looking at the homes within the immediate 2.5km catchment, the proportion of en suite rooms is higher at 95.7%
- However, of the 7 homes in this catchment, only 2 are purpose built. These are The Martlets, an 80 bed home operated by Shaw Healthcare and Darlington Court, a 56 bed home operated by Care UK. Both homes will be competitors for the proposed development
- A majority of care homes in the catchment are run by private operators, including Apex Healthcare, Shaw Healthcare and Care UK
- In terms of new care home provision, there are two new build homes and 2 extensions in the pipeline comprising 159 extra beds. Assuming these complete in the next 5 years, these beds have been included in our supply projections to 2023 and 2028
- Further to this, there are plans to redevelop The Priory care home, however this sits 6km from the Property, outside of the catchment

Supply Summary					
	2.5km	5km		2.5km	5km
Existing Care Homes	7	33	Type/Company (Homes)		
Total Beds	335	1,197	National	2	0
Effective Beds	328	1,160	Large Regional	0	0
EMC Beds	314	845	Regional	1	0
<i>% en suites</i>	95.7%	72.8%	Independent	4	0
Proposed New Care Homes	0	1	Key Providers (Homes)		
Proposed Extensions	0	2	Apex Healthcare	0	2
Proposed Additional Beds	0	88	Shaw Healthcare	1	1
			Care UK Nursing & Residential Care Services	1	1
Total Care Homes	7	34	Guild Care	0	1
Total Beds incl. Planned	328	1,248			

Source: Carehomes A-Z, Christie & Co Analysis

Key: EMC - Effective Market Capacity (based on single occupancy en suite beds)

Distance (km)	Development Name	Operator	Postcode	New Beds	Stage	Type
1.1	Hallmark Care Home	Hallmark Care	BN16 4AL	71	Detail Approval	New Build / Demolition
2.8	Brook Lane, Littlehampton	Store Property Investments	BN16 3JL	72	Outline Approval / Pre-Tender	New Build
4.6	Green Willow Care Home	Green Willow Care Limited	BN16 2SP	6	Detail Approval	Extn
5.0	Clapham Lodge Nursing Home	Clapham Lodge	BN13 3XR	10	Detail Approval	Extn
				159		

Source: Barbour ABI, Christie & Co Analysis

Supply and Demand – Existing Provision

An undersupply of EMC beds within a 5km radius of 204 which is projected to increase to 421 by 2028

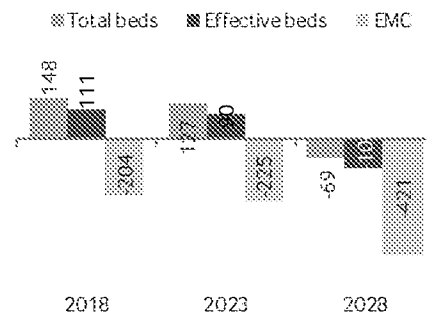
Key Observations

- The tables provide a summary of the detailed demand and supply assessments. We have extrapolated Census 2011 data in line with ONS growth rates and risk prevalence factors for the proportion of the population likely to require residential care
- As previously noted, supply projections for 2023 and 2028 assume all planning applications are completed and all planned beds are single en suites
- Based on existing provision at 2018, we calculate an undersupply of 204 EMC beds over a 5km radius. This undersupply is projected to increase to 225 by 2023 and 421 by 2028 as a consequence of the anticipated growth in the elderly population
- Based on the quality of the existing provision, particularly relating to the undersupply of "future proof" stock, we believe that a new care home of the quality proposed will be well positioned to capture high occupancy

Supply and Demand					
5km	Demand	Supply (Total)	Supply (Effective)	Supply (EMC)	Supply (EMC) - Demand
2018	1,049	1,197	1,160	845	-204
2023	1,229	1,356	1,319	1,004	-225
2028	1,425	1,356	1,319	1,004	-421

NB: Supply for 2021 and 2026 includes all planning applications on the assumption they will complete

Demand vs. Supply (5km)



Current Supply Summary	
5km	
EMC Supply vs Demand	Undersupply
Sample	33
CQC Compliance* (%)	73.5%
Purpose Built (%)	33.9%
Overall Supply Quality	Modest

Overall Opportunity	Good
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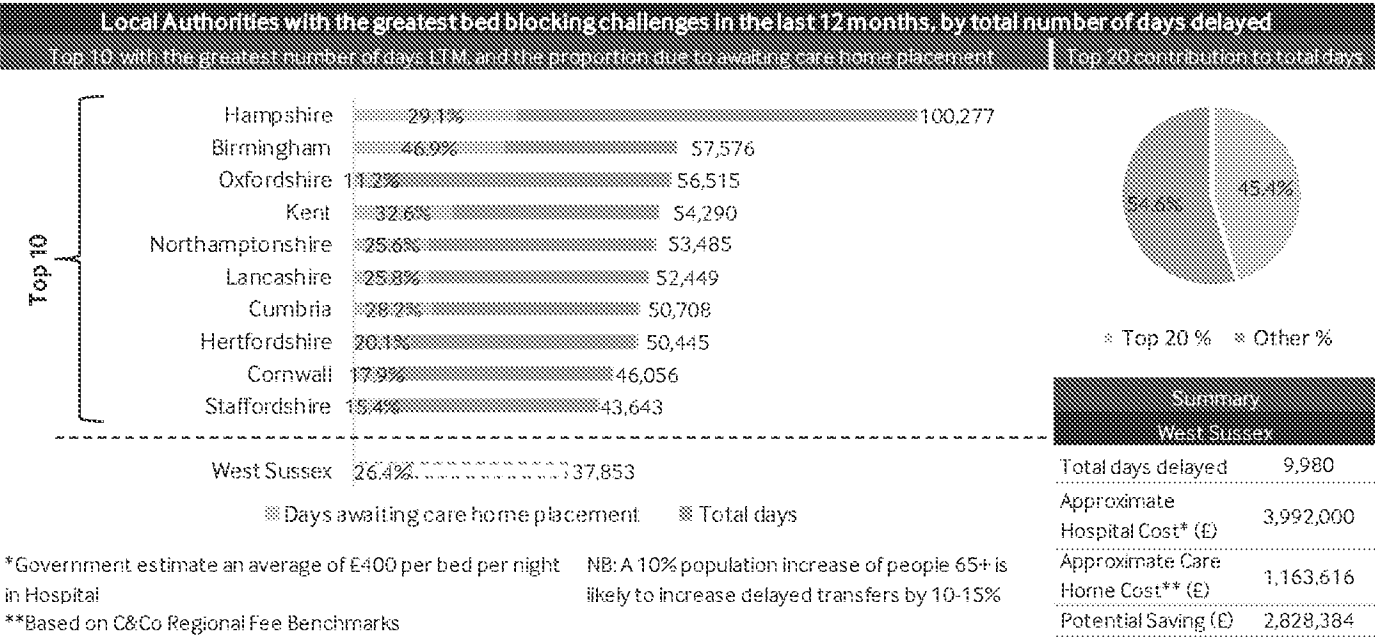
*based on homes with associated CQC reports only

Additional Demand due to Local Authority Bed Blocking

There are material hospital bed blocking challenges in West Sussex with c38k delayed discharge days over the last 12 months

Key Observations

- The adjacent graphs outline the total number of hospital days for which discharge is delayed. We have also overlaid the proportion of delayed days that are due to the patient awaiting care home placement
- When compared to all local authorities (of which there are over 150), West Sussex ranks 13th overall. Of the c.38k days delayed discharge, 26.4% are due to the patient awaiting care home placement
- The above demonstrates a quantifiable need for new high quality provision which is able to provide a combination of reablement, step down and intermediate care

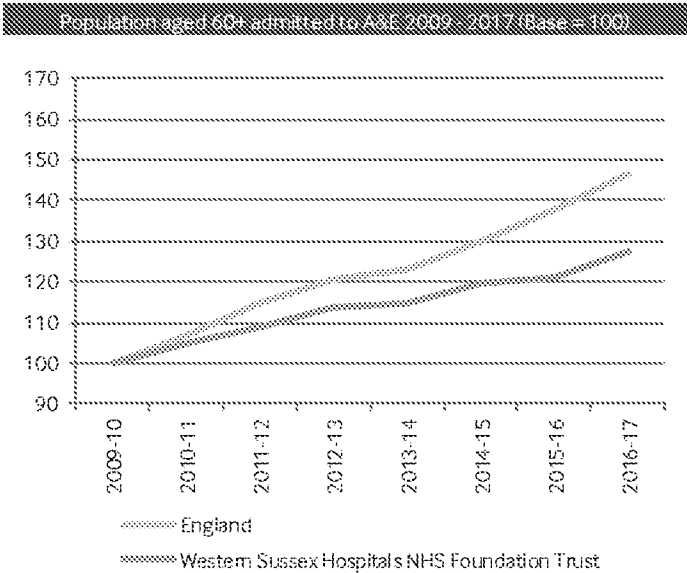
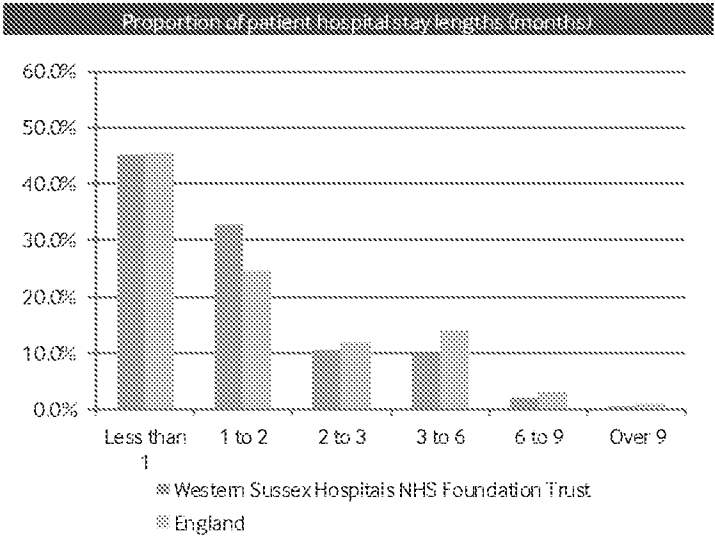


Bed Blocking – Hospital Stay Lengths and A&E Admissions

The proportion of hospital stay lengths between 1 and 2 months exceeds the England average

Key Observations

- The adjacent charts analyse the length of inpatient stays for 2016/17 and the annual growth rate for A&E admissions for people over 60 from 2009
- It is notable that the proportion of hospital stays is above the England average for stays between 1 and 2 months and is on par at both ends (less than 1 and over 9 months)
- In addition, the number of people aged 60+ being admitted to A&E has been increasing Y-o-Y. An increased number of A&E admittances may result in an increased demand for care home placements, particularly for rehabilitation and reablement care as a way of reducing the level of bed blocking



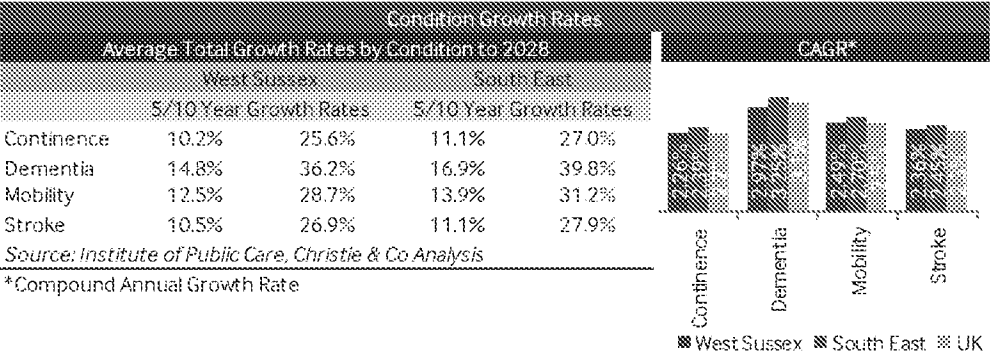
Source: NHS, HSCIC, Christie & Co Analysis

Diagnostic Growth Rates and Hospital Bed Blocking

Material cost savings are achievable with additional care home provision to reduce the level of bed blocking in West Sussex

Key Observations

- The tables on this page provide an overview of forecast average annual growth rates by condition and the extent of average hospital bed blocking due to a lack of available care home beds or a delay in placement
- As the table to the top left shows, a significant level of condition diagnosis is forecast over the next ten years in terms of people affected by conditions which lead to care home admissions. The highest growth is observed in dementia diagnosis
- The tables to the bottom illustrate the position with bed blocking in local hospitals and the estimated approximate cost of this
- Overall, the data shows that the NHS will be able to achieve significant cost savings if improvements can be made. Patient outcomes are also improved if timely discharges can be achieved with these factors reinforcing the need and opportunity for a new high quality development



Summary	
	Comment
Continence	Below Average
Dementia	Below Average
Mobility	Below Average
Stroke	Below Average
Highest	Dementia
Highest	Dementia

Hospitals				
Hospitals within 10km offering elderly related services				
Distance	Organisation Name	Postcode	Operator	Services
4.09	BMI Goring Hall Hospital	BN12 5AT	BMI Healthcare	Orthopaedics Pain Management
6.57	Arundale & District Hospital	BN18 0AB	Sussex Community NHS Trust	Rehabilitation End of Life Care
8.25	Worthing Hospital	BN11 2DH	Western Sussex Hospitals NHS Foundation Trust	Older People's Services Orthopaedics Pain Management Stroke Services

Source: NHS Choices, Christie & Co Analysis

Summary	
Number of days delayed per patient	9,980
Potential Saving (£)	2,828,384
% increase in 65+ 2022*	10.4%
*NB: A 10% population increase of people 65+ is likely to increase delayed transfers by 10-15%	
Source: Centre for Health Economics	

Bed Blocking / Delayed Transfer of Care LTM			
Due to awaiting Nursing or Residential home placement or availability			
	Total days delayed	Approximate Hospital Cost* (£)	Approximate Care Home cost** (£)
West Sussex	9,980	3,992,000	1,163,616

Source: NHS Statistics, Christie & Co Analysis

*Government estimate an average of £400 per bed per night in Hospital

**Based on C&Co Regional Fee Benchmarks

Conclusions

There is a strong need for a care home as a result of the significant undersupply of future fit beds and the acute level of hospital bed blocking in the local authority area

- | | |
|---------------------|---|
| Overall Conclusions | <ul style="list-style-type: none">• Overall, we believe that there is a strong requirement for a new build care home development within the catchment. This is due to the current undersupply of 204 future fit beds, the modest quality of existing stock and the lack of proposed development relative to the increasing demand for care• The need for new high quality provision is further reinforced by the acute level of hospital bed blocking within West Sussex• Our market analysis shows that the age profile in the catchment area relative to the Property is positive. In particular, the density of over 75s is particularly high within the immediate proximity and to the south east of the catchment area• Existing supply quality is modest with 66.1% of bed provision within converted units. The high specification of the proposed home should exceed the quality of the local market with the location of the site also being very favourable• We are therefore of the opinion that there is a quantifiable need and a good trading opportunity for a high quality new build home at this location subject to our recommendations below |
|---------------------|---|
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Appendix 1 – Existing supply within the catchment

Existing Supply within the Catchment

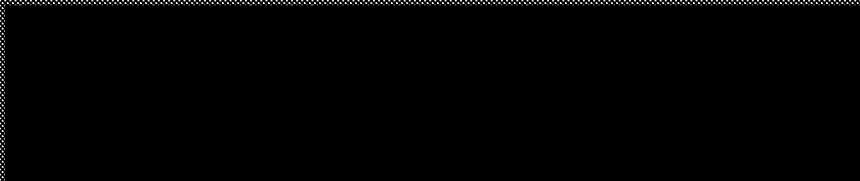
Distance (km)	Home Name	Postcode	Type of Home	Operator	Drive Time	Build Type	Total Beds	Effective Beds*	EMC**	En suite (%)	Compliance
1.76	Dean House	BN16 1NB	Residential	Maria Eagland and Dean Williams	00:10:00	Purpose Built	27	25	25	100.0%	Good
1.76	White Lodge	BN16 1PN	Residential	South Coast Nursing Homes Ltd	00:11:00	Purpose Built	30	30	30	100.0%	Good
1.76	The Martlets	BN16 1HS	Nursing	Shaw Healthcare	00:08:00	Purpose Built	80	80	80	100.0%	Requires improvement
2.11	Ashdown Lodge	BN16 3PJ	Residential	Ashdown Lodge Care Home Ltd	00:10:00	Purpose Built	13	13	4	30.8%	N/A
2.11	Fairlight Nursing Home	BN16 3LX	Nursing	Forever Care Ltd	00:07:00	Purpose Built	62	62	62	100.0%	Requires improvement
2.11	Darlington Court	BN16 3SE	Nursing	Care UK Nursing & Residential Care Services	00:05:00	Purpose Built	61	56	51	91.1%	Good
2.11	Rustington Hall	BN16 3AY	Nursing	Littlehampton and Rustington Housing Society	00:07:00	Purpose Built	62	62	62	100.0%	Good
2.93	Green Willow Residential Home	BN16 2SP	Residential	Kow Care Group	00:07:00	Purpose Built	30	29	29	100.0%	Good
2.93	Kensington Lodge	BN16 2HJ	Residential	Apex Healthcare	00:10:00	Purpose Built	18	16	15	93.8%	Good
2.93	Princess Marina House	BN16 2JG	Residential	Royal Air Force Benevolent Fund	00:11:00	Purpose Built	30	30	22	73.3%	Outstanding
3.19	Scotch Dyke	BN12 5NR	Residential	Westmain Ltd	00:11:00	Purpose Built	25	24	16	66.7%	Good
3.19	Tenby House	BN12 5RW	Residential	Assured Care Services Ltd	00:10:00	Purpose Built	32	32	27	84.4%	Good
3.19	Cornwell House	BN12 5NN	Residential	Abbeyfield Ferring Society Ltd	00:11:00	Purpose Built	20	20	20	100.0%	Good
3.19	Greystoke Manor	BN12 5HR	Residential	Ian George Bradley	00:11:00	Purpose Built	28	25	25	100.0%	Good
3.28	Mewsbrook House	BN17 6AU	Nursing	LifetimeCare UK Ltd	00:11:00	Purpose Built	50	50	42	84.0%	Good
3.28	St Joseph's Nursing Home	BN17 6AU	Nursing	Franciscan Missionary Sisters	00:11:00	Purpose Built	24	24	4	16.7%	Good
3.28	Oakland Grange	BN17 6BB	Residential	Oakland (Littlehampton) Ltd	00:10:00	Purpose Built	42	42	42	100.0%	Good
3.28	Fulford Care and Nursing Home	BN17 6AJ	Nursing	Agincare Homes Holdings Ltd	00:10:00	Purpose Built	74	72	67	93.1%	Requires improvement
4.17	Haviland House	BN12 6FE	Nursing	Guild Care	00:08:00	Purpose Built	60	60	60	100.0%	Good
4.50	Brockenhurst	BN17 7DD	Residential	Mrs N Matthews	00:12:00	Purpose Built	38	33	0	0.0%	Requires improvement
4.53	Gratwick House	BN17 5HE	Residential	Michael J Hitchens	00:11:00	Purpose Built	22	19	6	31.6%	Good
4.53	Lobswood House	BN17 5JR	Residential	Apex Healthcare	00:12:00	Purpose Built	26	24	10	41.7%	Good
4.53	St Winefrides Residential Home	BN17 5HA	Residential	Mr & Mrs B I Seedeechul	00:11:00	Purpose Built	24	21	6	28.6%	Good
4.53	A Woodlands House	BN17 5NL	Residential	Oonagh Cacioppo	00:11:00	Purpose Built	14	12	7	58.3%	Good
4.53	Nightingale Nursing Home	BN17 5JG	Nursing	Cadogan Care Ltd	00:12:00	Purpose Built	35	33	3	9.1%	Good
4.53	Regency Court Care Home	BN17 5NZ	Nursing	HC-One	00:12:00	Purpose Built	50	50	50	100.0%	N/A
4.53	Options Vernon	BN17 5EY	Nursing	Options Group	00:11:00	Purpose Built	14	14	0	0.0%	Good
4.62	Country Lodge Nursing Home	BN13 3EX	Nursing	Mr & Mrs John Wright	00:07:00	Purpose Built	26	26	17	65.4%	Good
4.62	Longacre Nursing Home	BN13 3EA	Nursing	Mr & Mrs Raj Doorga	00:07:00	Purpose Built	30	27	9	33.3%	Good
4.62	Sunhill Court	BN13 3DF	Nursing	Kenjaro Care	00:10:00	Purpose Built	40	40	26	65.0%	Good
4.62	Clapham Lodge Care Home	BN13 3XR	Residential	Clapham Village Care Ltd t/a Clapham Lodge Care Home	00:07:00	Purpose Built	27	26	23	88.5%	Requires improvement
4.62	Stanhope Lodge	BN13 3EZ	Residential	West Sussex County Council	00:08:00	Purpose Built	28	28	3	10.7%	Good
4.87	Westholme Clinic	BN12 4SG	Nursing	Westholme Clinic Ltd	00:11:00	Purpose Built	55	55	2	3.6%	Good
							1197	1160	845	72.8%	

Source: Carehome.co.uk, Barbour ABI, Christie & Co Analysis

Planning Permission

Contact

Michael Hodges



Christie & Co London Corporate Office
Whitefriars House, 6 Carmelite Street
London, EC4Y 0BS

[Redacted signature]

