

RESEARCH & FORECASTING UK

SPECIALIST HOMES REVIEW



OCCUPANCY RATES



%

2010 H2	91.8
2010 H1	91.8
2009 H2	92.4

AVERAGE WEEKLY FEE



£ PER WEEK

2010 H2	1,378
2010 H1	1,449
2009 H2	1,253

PAYROLL COSTS



% OF TOTAL REVENUE

2010 H2	51.5
2010 H1	49.8
2009 H2	50.0

NON-PAYROLL COSTS



% OF TOTAL REVENUE

2010 H2	13.4
2010 H1	12.5
2009 H2	11.7

PROFIT MARGIN (EBITDAR)



% OF TOTAL REVENUE

2010 H2	35.1
2010 H1	35.1
2009 H2	35.6

This is the sixth in a regular series of papers that provides in-depth analysis of the specialist care property and business market, focusing on homes that cater for adults with long-term physical and learning disabilities.

Achieving Positive Outcomes

Saffronland Homes Group supports residents with a variety of care needs at its newly redeveloped care home, Bonhomie House in Hampshire. In this setting, positive outcomes have been recognised by referrers in agreed flexible pricing structures. We have asked Amin Lakhani, Director of Saffronland Homes Group, to comment on the approach taken in providing services for people with complex needs in the current economic climate.

“There is a lot of rhetoric regarding dignity and quality of life. The challenge is in making that operational in the context of existing pricing and regulation, particularly in the current climate where most purchasers are examining options to price downwards.

At Bonhomie House, we have created a setting that enables us to address this challenge of price management without compromising on the dignity and quality of life aspects on a demonstrable basis, exercised by flexible direct pricing models combined with economies of scale within a setting that provides a service for people with a range of complex needs, including neurological conditions, sensory impairment, physical disability, brain injury and mental health.

A key ingredient is the way in which staff harness the service users drive, and determination, to succeed in their areas of interest, resulting in achievement regarding life style choices and meeting cultural needs and aspirations. Such an approach is further supported by a range of specialist personnel and general staff who seek to assist service users to achieve their full potential, developing key skills of daily living, and understanding how this will impact upon their lives.

As a result of extensive consultation with end user groups, Bonhomie House has evolved into a core and cluster setting, the clusters being individual bungalows tailored to meet individual need. For those that prefer a more communal setting, the Main House provides clustered areas with shared lounges, lifestyle rooms etc. Further provision on-site includes an Activity Centre and a Hydro-Therapy Pool.”

Amin Lakhani
Saffronland Homes Group



SPECIALIST HOMES

Specialist care homes generally provide care in the 18-65 age category, catering for people with long-term physical and learning.

OCCUPANCY RATES

Occupancy rates in specialist homes across Great Britain remained steady at around 91.8% for the second period in a row (Figure 1) and below the seven year average of 92.4%.

AVERAGE WEEKLY FEES

The average weekly fee recorded by a specialist home in the second half of 2010 was £1,378. This represents a 5% fall on figures reported in the first half of 2010.

In real terms fees decreased 7% over the last year in the specialist sector.

PAYROLL AND NON-PAYROLL COSTS

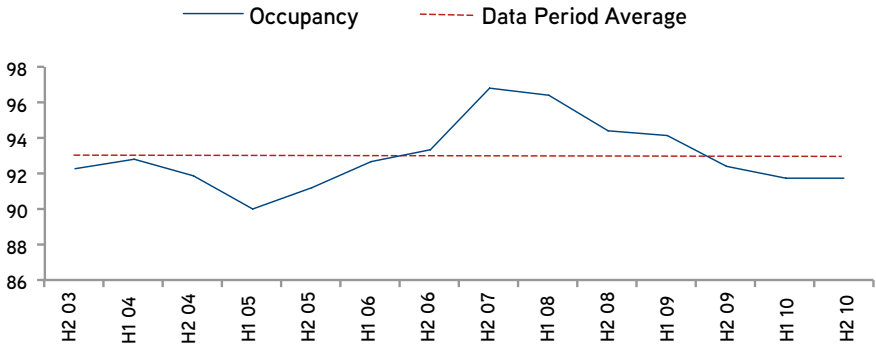
Figure 2 depicts payroll costs as a proportion of revenue in specialist homes from 2003-2010. Wages and National Insurance costs accounted for 51% of revenue in the first six months of 2010, the highest on record. Non-payroll costs incurred by a specialist home include utilities bills and maintenance costs. Non-payroll costs increased marginally over the last six months of 2010 to 13%, up from 12%.

(PROFIT MARGIN) EBITDAR

Also depicted within Figure 2 is EBITDAR as a proportion of total revenue for specialist homes from 2003 to 2010. The average profit margin in a specialist home shrank by 2% between H2 2009 and H2 2010 to 35% of total revenue, a level not seen since H1 2005.

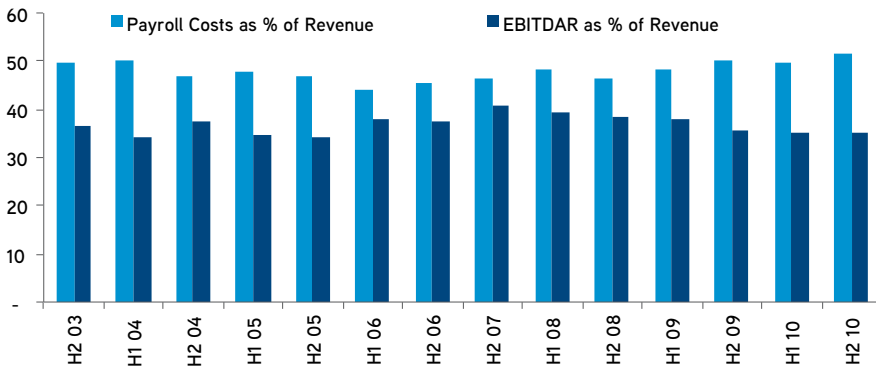
Key Results

FIGURE 1: AVERAGE OCCUPANCY RATES, 2003 - 2010 (% - 2 YEAR ROLLING AVERAGE)



Source: Colliers International

FIGURE 2: AVERAGE PAYROLL COSTS AND EBITDAR, 2003 - 2010 (2 YEAR ROLLING AVERAGE)



Source: Colliers International

Source: Bonhomie House, courtesy of Saffronland Homes



We would like to extend our thanks to Saffronland Homes for providing the photographs and commentary for this publication. Views of the writer are not necessary the views of Colliers International.

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