



Lisney

Sotheby's
INTERNATIONAL REALTY



OUTLOOK

2023



HEALTHCARE

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CHALLENGES REMAIN

Even with the reduction in COVID-related challenges, the healthcare sector remained difficult in 2022. Severe staffing shortages along with rising operational costs are issues across all parts of healthcare, while inadequate fair deal rates is a major issue for nursing homes. These concerns are greatly impacting the profitability of healthcare operations.

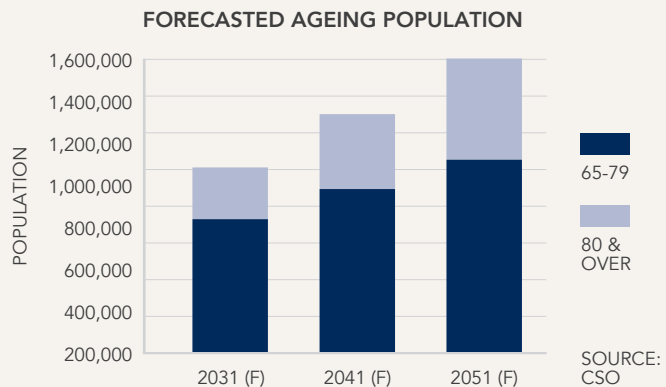
SUPPLY-SIDE ISSUES IN NURSING HOMES

Nursing home development activity has also slowed and is likely to slow further this year as the operational issues above, as well as the higher cost of construction works and development finance is making schemes unviable. Indeed, developers and operators are continuing to adopt a wait-and-see approach on sites that come to the market. This is likely to last for much of 2023, until at least construction and funding costs diminish. It is unfortunate that this slowdown coincides

with a reduction in bed numbers generally – as older and smaller inefficient and non-compliant premises close or are used for other purposes.

In spite of the supply side issues, demand from operators and indeed residents remains. Recently released Census 2022 demographic information shows a continued upward trend in the number and proportion of people over 65, which is set to continue to increase for the next three decades. Recent CSO data also shows that 'healthy life years' in Ireland (i.e. the number of years past 65 that people will live in a healthy condition) is declining. Consequently, there is an essential need in the longer-term for nursing homes and independent senior living in Ireland. The sector has attracted much interest from both domestic and international investors and operators in recent years. This has not disappeared, but they will continue to be more cautious in 2023.

CENSUS 2022 DATA SHOWS A **CONTINUED UPWARD TREND** IN THE NUMBER & PROPORTION OF PEOPLE OVER 65





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