



OUTLOOK 2024



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HEALTHCARE

Further closures are likely this year with smaller nursing homes in more rural areas most at threat.

OPERATIONAL CHALLENGES REMAIN

According to an independent report by PWC mid last year, there have been more than 30 nursing home closures in the last three years resulting in a loss over 900 bed spaces. These were mainly in regional areas and resulted in some residents being relocated outside their communities. The closures are partly indicative of the operational challenges the sector faces due to ever-rising costs, including meeting infection prevention control requirements, inflationary pressures in energy and food, as well as staffing shortages. The report highlights that the operational cost per care of resident has increased by 36% in three years, which is mismatched to the marginal increases in Fair Deal rates. This is unsustainable for many

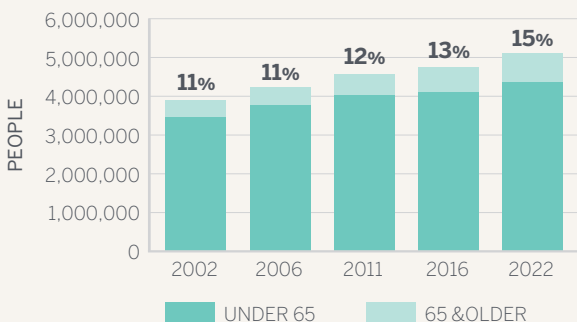
nursing homes and further closures are likely this year with smaller homes in more rural areas most at threat. Budget 2024 did allocate an additional €45m to the sector, which is welcome but does not meet what is required.

OLDER POPULATION CONTINUES TO GROW

Census 2022 data released last year shows the pattern of an ever-increasing older population. Over the course of two decades the number of people aged 65 years and over increased by 78% (to 776,000) but more importantly for the nursing home sector, the number aged 85 and over grew by 102% to almost 85,000 people. As a portion of the population those over 65 now account for 15%, and this is set to grow strongly in the years ahead, creating continued demand for nursing home accommodation. Towards the end of 2023, there were 43 projects under construction, containing 3,700 bed spaces. 35 were new schemes while eight were extensions. The medium-term pipeline is reasonably positive with approximately 5,300 beds across the country with planning permission but with no construction works commenced. Some of these beds are unlikely to proceed for a variety of reasons so it will be critical that further schemes are planned. 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 cautious in 2024.

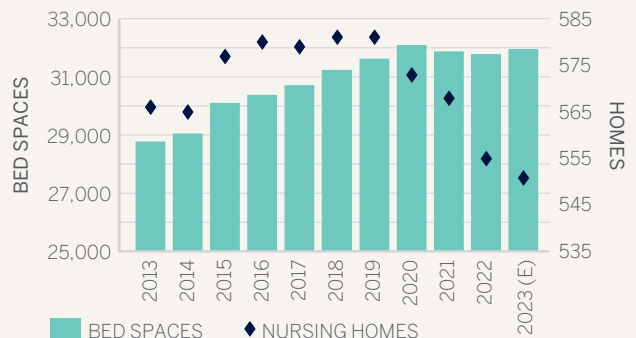


POPULATION



Source: CSO, Lisney analysis.

NURSING HOME STOCK



Source: HIQA, Lisney analysis.



Lisney

Sotheby's

INTERNATIONAL REALTY

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