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# OUTLOOK 2025

## HEALTHCARE

While occupational demand will remain strong, higher costs and insufficient increases in Fair Deal rates, will mean further nursing home closures.

- Within the nursing home sector, **occupancy** levels will remain high in 2025. The supply / demand imbalance will continue as the Irish population ages (those over 85 doubled in the last two decades) and net bed space remains relatively stable (supply has averaged 32,000 bed spaces since 2019 with little fluctuation).
- Larger operators are forecasting marginal improvements this year as they continue to emerge from a protracted period of difficult operating conditions albeit short-term forecasts remaining well below pre-pandemic levels. **Viability** issues will persist for smaller / family operated centres that do not benefit from the efficiencies larger operators experience in terms of staff and agency costs, catering and utilities. Many of these smaller centres were built prior to the mid-2000s and are not conducive to modern nursing home requirements with the cost of upgrading, reconfiguration and compliance (HIQA, fire and DAC) cumbersome.
- There was a small increase in **Fair Deal** rates for private and voluntary homes at the start of 2025, increasing on average 3.4% since May 2024. The differential from public homes remains high, at 58% (compared to 63% in recent years), which means HSE / State operated homes receive, on average, €36,000 more per resident per year than the private or voluntary sector. Greater increases and a closing of the gap in rates will be required in 2025.
- In Q4 2024, there was 42 nursing home projects **under construction** (approximately 3,071 beds) across Ireland. Much of this construction activity comprises new developments (31 of the 42) with 11 extensions. The medium to longer-term potential pipeline is positive with planning permission granted for approximately 6,300 bed spaces within 134 schemes. While these have the benefit of planning grants, construction works have not yet commenced, and more than one-third are on hold.
- Despite the supply / demand imbalance, nursing home **closures** will persist in 2025, the number of which may depend on the incoming government's policies and funding of the sector. According to Nursing Home Ireland (NHI), operational costs have grown by 36% in the last five years, while revenue has only grown by 17%, and this has resulted in a funding gap. Consequently, 77 nursing homes (2,800 bed spaces) have closed since 2018, including 11 centres in 2024. New schemes have not fully filled the gap and there has been a net loss of almost 40 nursing homes to the nationwide stock. Many of these are smaller and older homes and are impacted by the disparity in Fair Deal rates between public and private sectors, as well as the cost of meeting the evolving HIQA standards. Many of the closures have been in more rural areas, a trend that will continue.





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