

# Completed Acquisitions by Welltower Inc. of multiple care homes managed by Barchester Healthcare, HC-One, Aria Care (including Asprey) and Danforth Care

## Decision on relevant merger situation and substantial lessening of competition

ME/7137/25

### OVERVIEW OF THE CMA'S DECISION

1. On 23 and 24 October 2025, Welltower Inc. (**Welltower**) completed its acquisition of the real estate interests in four targets consisting of the following portfolios of care homes in the UK (each a **Target** and together, the **Targets**):
  - (a) 275 care homes managed by Barchester Healthcare (**Barchester**) (the **Barchester Merger**);
  - (b) 279 care homes managed by HC-One (**HC-One**) (the **HC-One Merger**);
  - (c) 68 care homes managed by Aria Care (**Aria**) and two care homes managed by Asprey Healthcare (**Asprey**) (together, the **Aria Merger**); and
  - (d) 25 care homes managed by Danforth Care (**Danforth**) (the **Danforth Merger**),(together the **Mergers**, each considered as a separate relevant merger situation).
2. Each of these Mergers has also involved (or will further involve) an operator-owned management company (including entities directly or indirectly owned by, or affiliated with, Apex Healthcare Properties LLC (**Apex**) and Care UK Care Services Limited (**Care UK**)) acquiring certain operational parts of the Targets; through these management companies the appointed or retained operators manage on a day-to-day basis the care homes acquired by Welltower.

3. The Competition and Markets Authority (**CMA**) has found that: (i) each of the Mergers gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in relation to the supply of residential care services for the elderly in one or more local areas within the UK; and, separately, (ii) the Barchester, HC-One and Aria Mergers each give rise to a realistic prospect of a SLC as a result of horizontal unilateral effects in relation to the supply of nursing care services for the elderly in several local areas within the UK.
4. As the CMA has found that the Mergers each give rise to a realistic prospect of a SLC, Welltower and Apex have until 14 May 2026 to offer undertakings in lieu of a reference (**UILs**) to the CMA that will remedy the competition concerns identified. If no such undertakings are offered, then the CMA will refer each of the Mergers pursuant to sections 22(1) and 34ZA(2) of the Enterprise Act 2002 (the **Act**).

### **Who are the businesses and what products/services do they provide?**

5. Welltower is a US-based real estate investment trust (**REIT**). REITs are specialist investment vehicles that enable tax-efficient investment in property, provided certain regulatory conditions are met. In the UK, Welltower's asset portfolio mainly comprises real estate assets deployed as care homes for the elderly, including over 900 existing care homes. Welltower owns the real estate interests in UK care homes via either: (i) triple net (**NNN**) lease structures; or (ii) a particular tax structure authorised by the US REIT Investment Diversification and Empowerment Act of 2007, commonly referred to as a **RIDEA** structure. In a RIDEA structure, Welltower benefits from a share of the operating profits generated by the operation of the care homes whereas in a NNN structure Welltower only receives rental income.
6. Apex is a US-based real estate investment firm focused on the acquisition and management of real estate assets in the healthcare sector. In 2025, Apex entered the UK care home market via its acquisition of the Barchester operations.
7. Care UK is a UK-based care home operator that provides a range of care services, including residential and nursing care, day care, respite care, dementia care and end-of-life care across 260 care homes.
8. As a result of the Mergers, the Targets have been split between an owner of the care homes (Welltower) and a third-party operator (for example, Care UK or Apex (via Barchester)) that provides the resident care and manages the day-to-day operations of the care homes.

9. Care home properties are an intrinsic part of the service offering to residents in those care homes, directly impacting customer choice; for example, the quality of the property in terms of physical facilities, room size and layout, or appearance can influence choice. The CMA therefore considered it appropriate to assess the Mergers by reference to the supply of care services for the elderly, of which Welltower is one of the relevant providers (as opposed to the provision of care home properties to care home operators).

### **Why did the CMA review these mergers?**

10. The CMA's primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so.
11. In this case, the CMA concluded that it has jurisdiction to review each of the Mergers on the basis that:
  - (a) Each of Welltower, Barchester, HC-One, Aria (including Asprey), Danforth, Apex and Care UK is an enterprise;
  - (b) As a result of the Mergers, each of the Targets have ceased to be distinct from Welltower, with Apex and Care UK also ceasing to be distinct from HC-One and Aria (including Asprey), respectively; and
  - (c) HC-One, Barchester and Aria (including Asprey) meet the turnover test, and the share of supply test is met with respect to the Danforth Merger.
12. Finally, a completed merger must have taken place, with material facts being given to the CMA or made public, not more than four months before a reference is made. The CMA found that some (but not all) material facts about the HC-One and Barchester Mergers were made public on 27 October 2025 at the earliest, with the CMA being informed of material facts or additional material facts about each of the Mergers on 15 December 2025 at the earliest. The CMA therefore considers that the four-month statutory deadline for a Phase 1 decision (as extended) is 8 May 2026 at the earliest.

### **What evidence has the CMA looked at?**

13. In assessing the Mergers, the CMA considered a wide range of evidence in the round.
14. The CMA received several submissions and responses to information requests from Welltower, Apex and Care UK. The CMA gathered information about Welltower and the Targets' businesses and the constraint from other suppliers.

15. The CMA also examined internal documents submitted by Welltower which show, for example, its rationale for pursuing the Mergers, and assessments of competition in the ordinary course of business.
16. The CMA spoke to and gathered evidence from various third parties including other REIT care home owners, other care home operators and local authorities (including their equivalents in the devolved nations) to understand better the competitive landscape and to get their views on the impact of the Mergers. The CMA also received information from the Department of Health and Social Care (**DHSC**) and care sector regulators in England, Scotland and Wales, and also reviewed data prepared by Carterwood Analytics (a third party data analytics provider) and provided by Welltower.

### **What did the evidence tell the CMA about the effects on competition of the Mergers?**

17. Based on the evidence gathered in its investigation, the CMA considers there are separate markets for residential and nursing care services for the elderly (with each such separate market including dementia care). The CMA further considers that the appropriate geographic market within which to assess the Mergers is local; the location of a care home is one of the most important things people consider when selecting a home and prices can vary significantly by location. The CMA found that drive-time catchment areas are the most appropriate measure for defining the boundaries of the local market in which each care home competes.
18. In its investigation, the CMA considered the following theories of harm:
  - (a) Horizontal unilateral effects arising from a loss of local competition in: (i) the supply of residential care services for the elderly at a local level; and (ii) the supply of nursing care services for the elderly at a local level; and
  - (b) Horizontal unilateral effects arising from a loss of local operator competition in: (i) the supply of residential care services for the elderly at a local level; and (ii) the supply of nursing care services for the elderly at a local level.

### **Theory of Harm 1 (TOH1): Horizontal unilateral effects arising from a loss of local competition in the supply of: (i) residential care services; and (ii) nursing care services**

#### *Welltower's role in the supply of residential and nursing care services for the elderly*

19. Under TOH1, the CMA considered first the extent to which Welltower may be able to influence key competitive parameters in the supply of residential and nursing care services across its care home portfolio. The CMA then considered the extent to which Welltower may be able to exert increased local market power post-

Mergers. The CMA carried this assessment out separately for Welltower's sites held via a RIDEA structure and those held via a NNN structure.

20. The CMA found there are a number of mechanisms via which Welltower can influence the competitive offering of its RIDEA care homes. These include Welltower's: (i) approval rights over annual business plans and operating budgets prepared by its care home operators; (ii) responsibility to fund capital expenditure (**Capex**) investments (including, for example, refurbishment of bedrooms, communal areas or clinical spaces, infrastructure upgrades, and extensions to add additional beds); and (iii) without-cause termination rights vis-à-vis operators at Welltower-owned RIDEA care home sites.
21. Along with ability, the CMA also found Welltower may have an incentive to influence the competitive offering of its RIDEA care homes in geographic areas where it owns several care homes and faces limited competitors.
22. With regard to Welltower's NNN care homes, the CMA found that Welltower does not have an ability to influence the competitive offering of such sites substantially, given the inability to unilaterally adjust the long-term NNN contracts Welltower has in place with operators. However, the CMA also found that such sites may not, in practice, act as independent competitors, in particular given the influence arising from Welltower's broader commercial arrangements with its operators. In addition, Welltower has the ability to invoke rent review clauses that could lead to higher rents in certain circumstances.

#### *Local area analysis*

23. As competition for the supply of residential and nursing care services for the elderly takes place at a local level, the CMA first identified the specific areas within which to analyse whether the Mergers could each give rise to a realistic prospect of a SLC. This was based on defining local areas within which care homes typically compete (which the CMA determined based on the distances between a care home and its residents' previous home addresses, evidence from internal documents and views from third parties) and identification of overlaps between any of Welltower's and/or the Targets' care homes (ie including overlaps between any two or more of the different Targets).
24. The CMA then applied a decision rule in each local area where Welltower and the Targets overlap to determine whether there is a realistic prospect of a SLC arising. Under the decision rule, the CMA considered that competition concerns would arise in any local area where the Mergers have resulted in a combined share of supply of bed capacity of 35% or more. Where the combined shares are between 35% and 40%, the CMA applied an additional threshold and identified concerns only in those areas where there is an increment in the combined shares of 5% or more.

25. To reflect Welltower's more limited influence over NNN care homes, while acknowledging that operators of these sites may not act as independent competitors, the CMA did not include these care homes in its share of supply calculations (either as part of the combined share or as independent competitors).
26. On this basis, the CMA identified concerns in certain local areas in both England and Scotland and concluded that: (i) in relation to the supply of residential care services for the elderly there is a realistic prospect of a SLC in 7 local areas, arising from the Mergers; and (ii) in relation to the supply of nursing care services for the elderly there is a realistic prospect of a SLC in 21 local areas, arising from the Barchester, HC-One and Aria Mergers.

**Theory of Harm 2 (TOH2): Horizontal unilateral effects arising from a loss of local operator competition in the supply of: (i) residential care services; and (ii) nursing care services**

*Operators' role in the supply of residential and nursing care services for the elderly*

27. As a result of the Mergers, as well as changes in care home ownership there have also been some changes in operators of the Targets' sites acquired by Welltower and further changes are also contemplated. The CMA considered the potential impact of such changes under a separate theory of harm.
28. As set out with respect to TOH1, the CMA considers Welltower to have both the ability and the incentive to influence the competitive offering of RIDEA care homes where it has local market power. In addition, and separately, the CMA considers that operators similarly may have the ability and incentive to influence the competitive offering of care homes (both those held via a RIDEA structure and via a NNN structure).

*Local area analysis*

29. As with TOH1, the CMA found it appropriate to apply a decision rule-based approach to identify those local areas where there is a realistic prospect of a SLC arising from operator overlaps. The CMA used broadly the same approach to the local analysis as that used for TOH1, with the exception that the CMA included both sites held via RIDEA and NNN structures in its share of supply calculations.
30. Under the decision rule, as with TOH1, the CMA considered that competition concerns would arise in any local area where the Mergers have resulted in a combined share of bed capacity of 35% or more, with an increment of 5% or more when combined shares are between 35% and 40%.
31. On this basis, the CMA identified concerns in certain local areas in both England and Scotland and concluded that: (i) in relation to the supply of residential care

services for the elderly there is a realistic prospect of a SLC in two local areas, arising from the HC-One Merger; and (ii) in relation to the supply of nursing care services for the elderly there is a realistic prospect of a SLC in eight local areas, arising from the HC-One Merger.

32. In its analysis, the CMA considered future transfers of operations at certain acquired care homes to new operators being contemplated by Welltower. The CMA notes that, even if these planned transfers go ahead, there would remain a realistic prospect of a SLC in relation to the supply of nursing care services for the elderly in four local areas, arising from the HC-One Merger.

### **What happens next?**

33. As a result of these concerns, the CMA believes that: (i) the Mergers give rise to a realistic prospect of a combined total of 9 SLCs in the supply of residential care services for the elderly; and (ii) the Barchester, HC-One and Aria Mergers give rise to a realistic prospect of a combined total of 29 SLCs in the supply of nursing care services for the elderly. In total, given that nursing registered sites can provide both residential and nursing care for the elderly, overall the Mergers give rise to a realistic prospect of a SLC in 30 local areas across both TOH1 and TOH2.
34. Welltower and Apex have until 14 May 2026 to offer undertakings which might be accepted by the CMA to address the SLCs. If no such undertakings are offered, or the CMA decides that any undertakings offered are insufficient to remedy its concerns to the Phase 1 standard, then the CMA will refer the Mergers for an in-depth phase 2 investigation pursuant to sections 22(1) and 34ZA(2) of the Act.