

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

The Competition and Markets Authority’s decision on relevant merger situation and substantial lessening of competition under section 22 (1) of the Enterprise Act 2002 given on 7 May 2026.

The Competition and Markets Authority (**CMA**) has excluded from this published version of the decision information which the CMA considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [X]. Some numbers have been replaced by a range, which are shown in square brackets.

Contents

SUMMARY	3
ASSESSMENT	10
1. PARTIES, MERGERS AND MERGERS RATIONALE	10
1.1 Parties	10
1.2 The Targets and the Mergers	11
1.3 Rationale for the Mergers	14
2. INDUSTRY BACKGROUND	15
2.1 Care homes sector	15
2.2 Care homes market structure	17
3. PROCEDURE	19

4.	JURISDICTION	20
4.1	Enterprises ceasing to be distinct.....	20
4.2	Share of supply and turnover test	22
4.3	Statutory period for reference.....	24
5.	COUNTERFACTUAL	26
6.	COMPETITIVE ASSESSMENT	26
6.1	Nature and parameters of competition	26
6.2	Market definition.....	28
6.3	Theories of harm	40
7.	COUNTERVAILING FACTORS	92
8.	CONCLUSION ON SUBSTANTIAL LESSENING OF COMPETITION	93
	DECISION	94

SUMMARY

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.

ASSESSMENT

1. PARTIES, MERGERS AND MERGERS RATIONALE

1.1 Parties

1. Welltower is a US-based REIT, listed on the New York Stock Exchange, that predominantly invests in senior housing and wellness housing across the US, the UK and Canada.¹ Welltower entered the UK care home market in 2012,² and prior to the Mergers had developed partner-operator relationships with several UK care home operators including Care UK, Avery Healthcare (**Avery**), Welford Healthcare (**Welford**) and Northbay.³ The turnover of Welltower in the financial year ending 31 December 2025 was approximately USD 10,838 million (£8,218 million) worldwide and approximately USD 2,167 million (£1,643 million) in the UK.⁴
2. Apex is a healthcare-focused investment firm managing facilities throughout the US. Apex's acquisition focus is on skilled nursing, rehabilitation, sub-acute and transitional care facilities.⁵ Apex is a new entrant to the UK care home sector following its acquisition of the Barchester operations described in section 1.2.1 below. The UK turnover of Apex for the last six months (from its entry into the UK) was approximately [x] million.⁶
3. Care UK was established in 1982 and is one of the largest care providers for the elderly in the UK.⁷ Welltower and Care UK have a pre-existing relationship following the acquisition by Welltower in October 2024 of [130-140] care home assets from Care UK.⁸ The turnover of Care UK in the financial year ending 31 December 2024, according to its annual report, was approximately £22.9 million, all of which was generated in the UK.⁹
4. Both Barchester (as acquired by Apex, as detailed in section 1.2.1 below) and Care UK have been engaged or retained by Welltower to manage the relevant care homes in the context of the Mergers described in the following section 1.2.

¹ Welltower's annual report on Form 10-K for the fiscal year ending 31 December 2025 (**Welltower 2025 Annual Report**), page 2 (last accessed 17 April 2026).

² Welltower teach-in slides dated 13 January 2026 (**Welltower Teach-in Slides**), slide 5.

³ [Reuben Brothers and Welltower Announce Highly Strategic Partnership](#), 15 February 2022 and [Care home chain Care UK sold to US property investment company](#), 18 October 2024 (last accessed 2 May 2026); Enquiry Letter Response submitted by Welltower to the CMA on 14 January 2026 (**Enquiry Letter Response**), footnote 25.

⁴ Welltower 2025 Annual Report, page 126 (last accessed 17 April 2026), converted from USD to GBP at the Bank of England average rate for 2025 of 1.3188:1.

⁵ <https://www.linkedin.com/company/apex-healthcare-properties> (last accessed 2 May 2026).

⁶ Apex email to the CMA, at 22:48 on 30 April 2026.

⁷ See, for example, [About our company | Who we are | Care UK](#); [Care UK expands portfolio with new management responsibilities | Care UK](#) (last accessed 1 May 2026).

⁸ Enquiry Letter Response, paragraph 5; [Care home chain Care UK sold to US company](#), 22 October 2024 (last accessed 7 May 2026).

⁹ [Care UK 2025 Annual Report and Financial Statements](#), page 4 (last accessed 24 April 2026).

1.2 The Targets and the Mergers

1.2.1 Barchester

5. Founded in 1992, Barchester is one of the UK's largest care home providers.¹⁰ Barchester has a material presence in London and the South East of England.¹¹
6. On 16 October 2025, an entity affiliated with Apex (Mint UK Bidco LLC) completed the acquisition of 100% of the shares in Barchester Holdco (Jersey) Limited and Limecay Limited, together with their subsidiaries comprising the care home group known as Barchester (as including the pre-merger Barchester management team).¹²
7. On the same date, entities owned by Welltower and affiliated with Apex ([§<]) respectively entered into [§<] agreements.¹³ On 23 October 2025, Welltower [§<] as a result of which Welltower acquired the real estate interests in the Barchester portfolio, with Apex retaining control of the entities operating the relevant care homes.¹⁴
8. As acquired by Welltower, the Barchester portfolio of care homes comprises 109 operational care home sites held in a RIDEA structure and 144 operational care home sites held in a NNN structure, with Barchester (under Apex control) managing the sites. The remaining Barchester sites are development sites for which planning permissions have been granted and which are expected to be held in a RIDEA structure.¹⁵
9. The turnover of Barchester in the financial year ending 31 December 2024 was £967 million in the UK.¹⁶

1.2.2 HC-One

10. HC-One was founded in 2011 out of the dissolution of Southern Cross, the largest operator of care homes in the UK at the time.¹⁷ In comparison with Welltower's

¹⁰ [Barchester's 25th anniversary | Barchester Healthcare](#) (last accessed 5 May 2026).

¹¹ <https://www.barchester.com/choosing-a-care-home> (last accessed 3 May 2026).

¹² Welltower Internal Document, Annex 426 to the Second s109 Notice, '[§<]', September 2025; Welltower Internal Document, Annex 001 to the Enquiry Letter Response, '[§<]', December 2025; Apex's response to the CMA's Request for Information dated 30 January 2026, question 1; Apex email to the CMA, at 10:48 on 7 May 2026.

¹³ Welltower Internal Documents, Annex 003 to the Enquiry Letter Response, '[§<]', October 2025; Annex 004 to the Enquiry Letter Response, '[§<]', October 2025; and Annex 005 to the Enquiry Letter Response, '[§<]', October 2025.

¹⁴ Welltower Internal Documents, Annex 008 to the Enquiry Letter Response, '[§<]', October 2025; and Annex 009 to the Enquiry Letter Response, '[§<]', October 2025; Apex's response to the CMA's Request for Information dated 30 January 2026, question 1.

¹⁵ Welltower Internal Documents, Annex 010 to the Enquiry Letter Response, '[§<]', October 2025; Annex 011 to the Enquiry Letter Response, '[§<]', October 2025; Annex 012 to the Enquiry Letter Response, '[§<]', October 2025; and Annex 869 to the CMA's section 109 Notice dated 11 March 2026 (**Fifth s109 Notice**) '[§<]', March 2026.

¹⁶ Barchester Healthcare Limited accounts cover the period from 1 January 2024 to 31 December 2024; Welltower email to the CMA, at 18:52 on 30 April 2026.

¹⁷ Welltower's position paper to the CMA received on 7 April 2026 (**Position Paper**), paragraph 2.6; [HC-One Takes Next Step Forward with Acquisition of 110 Bupa Care Homes](#) (last accessed 7 May 2026).

other portfolios of care homes, the HC-One care home portfolio has a higher percentage of publicly-funded residents ([>50]%),¹⁸ with care homes located across England, Scotland and Wales.¹⁹

11. On 24 October 2025:
- (a) An entity affiliated with Apex (Horizon UK Holdco LLC) acquired the entire issued share capital of HC-One Management Limited (**Horizon Manco**), the entity responsible for the management and support office functions within the HC-One group, including the brand and central staff, from the HC-One group seller (the **Horizon Manco Transaction**).²⁰ On completion of the Horizon Manco Transaction, Horizon Manco (under Apex control) owned the business and assets relating to the Fosse Way View and Mossdale Residence care homes, and the entire share capital of HC-One No. 6 Limited.²¹
 - (b) Immediately after, an entity owned by Welltower acquired the entire issued share capital of HC-One Topco Limited (the entity that owns the HC-One portfolio of care homes including the HC-One operating companies (the **HC-One Opcos**)) pursuant to a share purchase agreement entered into with the HC-One group seller (the **HC-One Transaction**).²²
 - (c) Horizon Manco entered into [redacted] with each of the HC-One Opcos (owned by Welltower) (the [redacted]) pursuant to which [redacted] until the operations of each HC-One care home are transferred to new third party operators (already identified by Welltower) and relevant care services agreements (**CSAs**) entered into, with these new operators operating the care homes via a RIDEA structure.²³ Barchester (under Apex control) is intended to be one of the chosen third party operators for a proportion of the sites.
12. Subsequently, the business and assets relating to the Fosse Way View care home were transferred to a HC-One Opco (owned by Welltower following the HC-One Transaction) with the latter and Horizon Manco entering into a CSA for this site on 22 December 2025.²⁴

¹⁸ Enquiry Letter Response, Table 1.

¹⁹ <https://www.hc-one.co.uk/care-homes-by-region> (last accessed on 3 May 2026).

²⁰ Welltower Internal Documents, Annex 013 to the Enquiry Letter Response, '[redacted]', December 2025; and Annex 015 to the Enquiry Letter Response, '[redacted]', October 2025; Apex's response to the CMA's Request for Information dated 30 January 2026, question 1; Apex email to the CMA, at 10:48 on 7 May 2026.

²¹ Apex's response to the CMA's Request for Information dated 30 January 2026, question 1.

²² Welltower Internal Document, Annex 014 to the Enquiry Letter Response, '[redacted]', October 2025.

²³ Welltower Internal Document, Annex 016 to the Enquiry Letter Response, '[redacted]', October 2025; Position Paper, paragraph 1.5; Apex's response to the CMA's Request for Information dated 30 January 2026.

²⁴ Apex's response to the CMA's Request for Information dated 30 January 2026; Welltower Internal Document, Annex 066 to the Enquiry Letter Response, '[redacted]', October 2025. [redacted], and Care Quality Commission registration for the Mossdale Residence care home currently sit with Horizon Manco. The care home has not at this stage been transferred to a Welltower Opco but Welltower has confirmed that this step will occur around the time of the operator transitions in relation to other HC-One properties (Welltower email to the CMA, at 14:52 on 3 March 2026). The CMA therefore

13. The turnover of HC-One in the financial year ending 30 September 2024 was £844 million in the UK.²⁵

1.2.3 Aria (including Asprey)

14. Aria was founded in 2022 and offers residential, nursing and dementia care across England, Scotland and Jersey.²⁶
15. On 23 October 2025, an entity owned by Welltower acquired 100% of the shares in Asprey Holdco One (UK) Limited (the indirect owner of Asprey Healthcare Limited).²⁷ On 24 October 2025, an entity owned by Welltower acquired 100% of the shares in Aria Holdco Three (UK) Ltd (the indirect owner of the Aria care homes) and 100% of the shares in AriaNL CHD Holdco Ltd (which owns the six Aria development properties purchased as part of this acquisition).²⁸ For the purposes of this Decision, these two acquisitions are considered together as being part of the Aria Merger.²⁹
16. On 27 October 2025, Aria Healthcare Group Ltd, Olympus Opco Ltd and Asprey Healthcare Limited (the **Aria Opcos**, owned by Welltower) entered into a transitional services agreement with Care UK in relation to the Aria and Asprey portfolio of care homes (the **Care UK TSA**).³⁰ The Care UK TSA was terminated upon the relevant CSAs (the **Care UK CSAs**) being entered into between the Aria Opcos and Care UK on 13 January 2026 (with the TUPE process to transfer Aria and Asprey care home employees to Care UK completing in the course of December 2025).³¹ The Care UK TSA and Care UK CSAs are together referred to as the **Care UK Agreements**.

considers it appropriate to treat Mossdale Residence as a Welltower-owned site for the purpose of its competitive assessment, notwithstanding the fact that the site is currently owned by Horizon Manco (under Apex control) and this part of the HC-One Merger may therefore be considered as having not yet completed.

²⁵ Enquiry Letter Response, paragraph 6(a)(iii); Position Paper, paragraph 2.6; HC-One TopCo Limited accounts cover the period from 1 October 2023 to 30 September 2024.

²⁶ [Aria Care's strong performance paves way for next chapter - Aria Care](https://www.ariacare.co.uk/) (last accessed 30 April 2026); <https://www.ariacare.co.uk/> (last accessed 3 May 2026).

²⁷ Welltower Internal Documents, Annex 017 to the Enquiry Letter Response, '[<]', December 2025; and Annex 018 to the Enquiry Letter Response, '[<]', October 2025.

²⁸ Welltower Internal Documents, Annex 019 to the Enquiry Letter Response, '[<]', October 2025; and Annex 020 to the Enquiry Letter Response, '[<]', October 2025.

²⁹ Welltower's legal representatives explained to the CMA that the ultimate Aria seller, Highgate Capital (**Highgate**), was in negotiations to buy the Asprey properties before Welltower offered to acquire the businesses from Highgate. Highgate-controlled entities entered into a share purchase agreement to buy the Asprey properties from the Asprey seller on 19 September 2025. Welltower's commercial agreement with Highgate was to buy: (i) all of the Aria properties; (ii) the development properties; and (iii) the Asprey properties. Different share purchase agreements were required due to there being different seller entities for each business (albeit they were all ultimately controlled by Highgate). All share purchase agreements were in agreed form before any was signed and all of them were signed and closed within several hours of each other (Welltower email to the CMA, at 20:36 on 30 January 2026).

³⁰ Welltower Internal Document, Annex 021 to the Enquiry Letter Response, '[<]', October 2025.

³¹ Welltower Teach-in Slides, slide 29; Welltower email to the CMA, at 17:48 on 4 March 2026; Position Paper, paragraph 1.7.

17. The turnovers of Aria and Asprey, in aggregate, in the financial year ending 31 March 2025 was approximately £220 million in the UK.³²

1.2.4 Danforth

18. Danforth is a residential-only care provider with homes located across England.³³

19. On 24 October 2025, an entity owned by Welltower acquired the entire issued share capital of Willow Carehomes Topco Limited, the entity that owned the entire Danforth portfolio of care homes, pursuant to a share purchase agreement.³⁴

20. At closing of the transaction, the Danforth Opcos³⁵ (owned by Welltower) entered into a transitional services agreement with Care UK.³⁶ This agreement was terminated upon the relevant CSAs being entered into between the Danforth Opcos and Care UK on 13 January 2026 (with the TUPE process to transfer the Danforth care home employees to Care UK having completed on 8 December 2025).³⁷

21. The turnover of Danforth in the financial year ending 31 March 2024 was £13 million in the UK.³⁸

1.3 Rationale for the Mergers

22. Welltower submitted that [REDACTED].³⁹ With regard to each of the four Targets specifically, Welltower submitted that the main strategic rationale for the Mergers were:

- (a) the 'high quality' of the Barchester homes and its 'exceptional' and 'stable' management team;
- (b) historical underperformance of HC-One homes and an opportunity to improve performance through appointing quality operators and significant investment in long-term improvements;

³² Enquiry Letter Response, paragraph 6(a)(iv); Position Paper, paragraph 2.7; Aria Holdco Three (UK) Limited accounts cover the period from 1 April 2024 to 31 March 2025; Asprey Healthcare Limited accounts cover the period from 1 April 2024 to 31 March 2025.

³³ Position Paper, paragraph 2.8; [Care UK expands portfolio with new management responsibilities for former Danforth care homes](#) (last accessed 3 May 2026).

³⁴ Welltower Internal Document, Annex 026 to the Enquiry Letter Response, '[REDACTED]', October 2025.

³⁵ As defined in Welltower Internal Document, Annex 027 to the Enquiry letter Response, '[REDACTED]', October 2025, [REDACTED].

³⁶ Welltower Internal Document, Annex 027 to the Enquiry Letter Response, '[REDACTED]', October 2025.

³⁷ Welltower Teach-In Slides (slide 30); Welltower email to the CMA, at 17:48 on 4 March 2026; Position Paper, paragraph 1.9.

³⁸ Position Paper, paragraph 2.8; Danforth Care Partners Limited accounts cover the period from 1 April 2023 to 31 March 2024.

³⁹ Position Paper, paragraphs 3.3-3.5.

(c) potential performance improvements for Aria homes through unit refurbishments and building extensions; and

(d) the opportunity to acquire the newly built Danforth portfolio.⁴⁰ⁱ

23. The CMA considers that internal documents submitted by Welltower support its stated rationale to a certain extent. However, in addition to the above, the CMA also considers that the internal documents submitted by Welltower ([§<]) evidence that further factors were also considered by Welltower when considering the Mergers, including those set out below.

(a) [§<].⁴¹

(b) [§<].⁴²

(c) [§<].⁴³ Welltower submitted that this particular factor is not an aspect of its deal rationale and that [§<].⁴⁴ The CMA considers that the internal documents evidence an alignment between Welltower and the operators that is broader than that submitted by Welltower, [§<]⁴⁵ [§<]⁴⁶ The CMA also considers that Welltower's non-compete clauses are not so narrow as to be irrelevant (see paragraph 122 below). The CMA therefore considers this to be a relevant aspect of Welltower's rationale for the Mergers.

2. INDUSTRY BACKGROUND

2.1 Care homes sector

24. Care needs arise when, because of frailty or medical issues, older people require help to carry out everyday tasks. Significant care is provided in specialist residential accommodation (ie care homes).⁴⁷

25. Care homes fall into two broad categories: nursing homes and residential homes. Nursing homes provide care for people with medical needs outside of a hospital environment, whilst residential homes provide care for people with less acute

⁴⁰ Welltower's response to the Issues Letter dated 16 April 2026 (**Welltower Issues Letter Response**), paragraph 2.2.

⁴¹ Welltower Internal Documents, Annex 057 to the Enquiry Letter Response, '[§<]', October 2025, pages 2 and 6; Annex 058 to the Enquiry Letter Response, '[§<]', October 2025, pages 2 and 4; Annex 059 to the Enquiry Letter Response, '[§<]', October 2025, pages 2, 3 and 5; and Annex 060 to the Enquiry Letter Response, '[§<]', October 2025, page 2.

⁴² Welltower Internal Documents, Annex 057 to the Enquiry Letter Response, '[§<]', October 2025, page 6; Annex 058 to the Enquiry Letter Response, '[§<]', October 2025, page 4; and Annex 059 to the Enquiry Letter Response, '[§<]', October 2025, page 5.

⁴³ Welltower Internal Documents, Annex 057 to the Enquiry Letter Response, '[§<]', October 2025, page 6; and Annex 058 to the Enquiry Letter Response, '[§<]', October 2025, pages 4 and 7.

⁴⁴ Welltower Issues Letter Response, paragraphs 2.3 and 3.3(c).

⁴⁵ Welltower Internal Document, Annex 057 to the Enquiry Letter Response, '[§<]', October 2025, page 6.

⁴⁶ Welltower Internal Documents, Annex 057 to the Enquiry Letter Response, '[§<]', October 2025, page 6; and Annex 058 to the Enquiry Letter Response, '[§<]', October 2025, pages 4 and 7.

⁴⁷ Anticipated acquisition by FC Oval Bidco Limited of Bupa Care Homes Limited ([FC Oval/Bupa](#)), paragraph 20; CMA Care Homes Market Study Final Report ([CMA Care Homes Market Study](#)), paragraph 2.2.

needs that are not primarily medical.⁴⁸ Of all care homes in England, approximately 58% are residential-only care homes, 11% are nursing-only, and 30% offer a combination of both residential and nursing care.⁴⁹ The CMA anticipates that there would be a similar mix of care homes in the other devolved nations.

26. Whatever the setting, care can be considered as a combination of providing for both someone's medical, care and support needs, and their living environment and accommodation. The setting in which they receive care depends on their level of needs, their choices, financial considerations and what best promotes their wellbeing, independence and dignity.⁵⁰
27. Adult social care, including residential and nursing care, is a devolved policy matter and therefore different policy and regulatory frameworks exist in England, Northern Ireland, Scotland and Wales.⁵¹ Care homes are regulated by national sector regulators in the four nations.⁵² Care home operators must register for the regulated services they provide and must be approved before operation. The care homes are then inspected by the regulator with reports made publicly available. Inspections can require improvements, which the regulator can monitor.⁵³
28. Registration with the Care Quality Commission (**CQC**) (or equivalent) is care home-specific but applies to the entire property.⁵⁴ Registration of a home as residential does not allow the admission of residents requiring nursing care, but registration as a nursing home allows homes to accept both nursing residents and residential residents.⁵⁵
29. Local authorities (and their equivalent in the devolved nations) are directly responsible for care provision in their areas and typically have a framework agreement in place with local care homes. Local authorities have a legal duty to meet an adult's 'eligible needs' subject to the adult's financial circumstances.⁵⁶
30. Care home residents may fund all the care themselves (self-funders, also referred to as private-pay residents), be entirely funded by local authorities or the NHS, or partly fund themselves.⁵⁷ Local authority-funded residents are typically placed by such local authorities within their relevant area, whereas self-funders may have

⁴⁸ [FC Oval/Bupa](#), paragraph 21; [CMA Care Homes Market Study](#), paragraph 2.4.

⁴⁹ CMA analysis of Department of Health and Social Care's (**DHSC**) Capacity Tracker, for the period from August 2025 to January 2026.

⁵⁰ [CMA Care Homes Market Study](#), paragraph 2.5.

⁵¹ [FC Oval/Bupa](#), paragraph 22; [CMA Care Homes Market Study](#), paragraph 1.14.

⁵² The sector regulators are the Care Quality Commission in England; the Regulation and Quality Improvement Authority in Northern Ireland; the Care Inspectorate in Scotland; and the Care and Social Services Inspectorate Wales.

⁵³ [FC Oval/Bupa](#), paragraph 23; [CMA Care Homes Market Study](#), paragraph 2.18.

⁵⁴ Enquiry Letter Response, question 13.

⁵⁵ Welltower additionally submitted that many homes in the Welltower estate that are registered to provide nursing care also offer residential beds. Some such homes have nursing and residential beds on different floors, and others have nursing and residential beds in different wings. Enquiry Letter Response, paragraph 13.5(a).

⁵⁶ [FC Oval/Bupa](#), paragraph 24; [CMA Care Homes Market Study](#), paragraph 2.9.

⁵⁷ [CMA Care Homes Market Study](#), paragraph 1.13; Enquiry Letter Response, questions 13 and 22.

greater flexibility in their choice of location.⁵⁸ In 2024, approximately 46% of residents in care homes received local authority funding (around a quarter of whom paid privately-funded top-ups) and approximately 46% were self-funders. The remainder (approximately 9%) were NHS-funded.⁵⁹

2.2 Care homes market structure

31. There are approximately 16,500 care homes in the UK,⁶⁰ totalling around 480,000 beds.⁶¹ The provision of care services is fragmented: around 4,000 operators are active in the UK, with the top 10 operators representing a 19% share of bed capacity.⁶²
32. There is a significant supply and demand imbalance in the UK care home market. The UK population is aging rapidly, however new retirement housing completions are lagging behind.⁶³ Total bed supply has grown by 2.4% over the past 10 years, however the over-65 population has increased by approximately 16.2% over the same period.⁶⁴ Of existing beds, just over half (c.57%) are purpose-built and the majority (c.67%) were registered pre-2000 (and so are in homes that are older than 25 years).⁶⁵ The CMA's Care Homes Market Study found that substantial investment in care homes is needed to meet the care needs of the UK's aging population.⁶⁶
33. Demand for care services arises at the local level, with location being the main factor for prospective residents.⁶⁷ While location may be the main factor for prospective residents, the relevant local area may not be the location of the prior home; for example, some residents may choose a care home in a location close to family members. Additionally, care homes tend to charge different prices and may have differentiated offerings, eg some care homes have more wet rooms available than others.⁶⁸
34. Care homes in the UK have historically been operated either by owner-operators or under NNN leases (where ownership of the properties and operations of the care homes is split, with the operator acting as tenant to the owner landlord). In recent years, interest in ownership of UK care homes from REITs has grown.

⁵⁸ Enquiry Letter Response, question 13.

⁵⁹ Position Paper, paragraph 5.10.

⁶⁰ [Care home facts & stats | Settings, population & workforce](#) (last accessed 30 April 2026).

⁶¹ [healthcare-dev-opps-2026_finalwebsingles.pdf https://www.knightfrank.co.uk/site-assets/research/report-pdfs/healthcare-development-opportunities/healthcare-dev-opps-2026_finalwebsingles.pdf](#) (last accessed 30 April 2026).

⁶² Enquiry letter Response, paragraph 24.6; Welltower Internal Documents, Annex 205 to Welltower's response to the CMA's section 109 Notice dated 16 January 2026 (**Second s109 Notice**), '[><]', December 2025, slide 8; and Annex 464 to the Second s109 Notice, '[><]', August 2025, slide 21.

⁶³ Welltower Internal Document, Annex 509 to the Second s109 Notice, '[><]', February 2024, pages 5 and 10.

⁶⁴ [healthcare-dev-opps-2026_finalwebsingles.pdf](#) (accessed 30 April 2026).

⁶⁵ Welltower Internal Document, Annex 057 to the Enquiry Letter Response, '[><]', October 2025, page 6.

⁶⁶ [CMA Care Homes Market Study](#), paragraph 6.43.

⁶⁷ [CMA Care Homes Market Study](#), paragraph 2.29.

⁶⁸ For example, Welltower Internal Document, Annex 059 to the Enquiry Letter Response, '[><]', October 2025, pages 5 and 6 note that '[><]'.

REITs such as Welltower, Omega Healthcare, Care REIT, Aedifica, Target Healthcare REIT and Ventas are being increasingly acquisitive and are building large care home portfolios.⁶⁹ Welltower is the largest REIT in the UK, providing [10-20]% of the bed capacity on a national basis post-Mergers.⁷⁰ Other care home owners include institutional investors and asset managers.⁷¹

35. Another emerging feature in the UK care home sector is the use of the RIDEA structure.⁷² RIDEA structures have been used for many years in the US by REITs, however they are relatively novel in the UK, with Welltower being one of only a few REITs currently making use of such a structure.⁷³
36. In the UK, Welltower owns the real estate interests in care homes via both NNN and RIDEA structures (with around three quarters of its current UK care home portfolio being held via RIDEA structures).⁷⁴ The CMA sets out as follows some key characteristics and differences between each structure:
- (a) Under both structures, a Welltower '**Propco**' owns either the freehold or the leasehold of a property and a third-party manager (eg a care home operator) manages the day-to-day running of the care homes under its responsibility.
 - (b) In NNN lease structures, the tenant (ie the care home operator) pays rent to the Welltower Propco and incurs the cost of property taxes, building insurance and maintenance/operating costs.⁷⁵ The tenant bears the profits and losses.
 - (c) In a RIDEA structure, the relevant property is leased (or subleased where the Welltower 'Propco' only owns the leasehold interest) intragroup to another Welltower entity (the Welltower '**Opco**'), which in this scenario is the tenant (with the 'Propco' receiving rent from the 'Opco').⁷⁶ In this scenario, the Welltower 'Opco' and third-party manager⁷⁷ (via an operator-owned management company) enter into an umbrella master services agreement (**MSA**) and individual CSA for each property, under which the third party-manager (eg a care home operator) agrees to carry out the daily operational management of the homes such as [§<].⁷⁸ In return, the third-party manager receives a management fee from the Welltower 'Opco' which typically is a

⁶⁹ [Savills UK | UK & European Care Home Investment](#) (last accessed 30 April 2026); [Savills UK | UK Healthcare Roundup and 2026 Outlook](#) (last accessed 30 April 2026); and Submission to the CMA from a third party, January 2026.

⁷⁰ Position Paper, paragraph 4.9.

⁷¹ Position Paper, paragraph 5.2(b).

⁷² [Savills UK | UK & European Care Home Investment](#) (last accessed 30 April 2026).

⁷³ Welltower Teach-in Slides (slide 9).

⁷⁴ Welltower Teach-in Slides (slide 32); Welltower Internal Document, Annex 869 to the Fifth s109 Notice, '[§<]', March 2026; Welltower 2025 Annual Report, page 49 (last accessed 7 May 2026)

⁷⁵ Welltower submission on RIDEA and NNN Structures dated 12 March 2026 (**RIDEA/NNN Paper**), footnote 9.

⁷⁶ RIDEA/NNN Paper, paragraphs 5.8 and 5.9, and Figure 2.

⁷⁷ The third-party manager is sometimes referred to as a 'Manco'.

⁷⁸ Both the third-party manager and the Welltower 'Opco' are typically registered with the CQC (or equivalent).

percentage of the care homes' revenue.⁷⁹ Welltower bears the profits and losses, and benefits from the net operating income generated by the operation of the homes.⁸⁰

- (d) With regard to Capex spend, in a RIDEA structure this is funded by Welltower. Under a NNN structure, Capex is mainly funded by the tenant operator; however, as landlord, Welltower has some level of oversight in relation to Capex. The tenant operator can make non-structural and internal alterations (ie changes not requiring planning permission) without Welltower's approval; however, structural alterations require Welltower's consent.⁸¹

3. PROCEDURE

37. The CMA's mergers intelligence function identified the Mergers as warranting an investigation.⁸²
38. The CMA commenced its phase 1 investigation on 9 March 2026, and at the same time issued an invitation to comment (**ITC**) seeking views on the Mergers.⁸³ As part of its phase 1 investigation, the CMA issued a number of notices under section 109 of the Act to Welltower requiring production of documents and information relevant to the CMA's review of the Mergers, including from its selected operators in the UK. The CMA also directly sought information and evidence from Apex and Care UK as well as other Welltower selected operators through information requests.
39. On 15 April 2026 the CMA invited Welltower, Apex and Care UK to attend an Issues Meeting, and they submitted their views in writing. The CMA also gathered evidence from other market participants, such as other REITs, other care home operators and local authorities. The evidence the CMA has gathered has been tested rigorously, and the context in which the evidence was produced has been considered when deciding how much weight to give it.
40. Where necessary, this evidence has been referred to within this Decision.
41. All of the Mergers were considered at a Case Review Meeting.⁸⁴

⁷⁹ RIDEA/NNN Paper, paragraphs 5.10 and 5.15, and Figure 2; Teach-in Slides (slide 23).

⁸⁰ Position Paper, paragraph 2.3(b).

⁸¹ RIDEA/NNN Paper, paragraph 4.16(c); Teach-in Slides (slide 23); CMA analysis of Welltower Internal Document, Annex 011 to the Enquiry Letter Response, '[><]', October 2025, '[><]'.

⁸² [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), 19 December 2025, paragraphs 6.5–6.8.

⁸³ An earlier ITC was issued on 2 February 2026. The second ITC stated that as part of this investigation involving Welltower's acquisitions, the CMA was also investigating whether the arrangements also gave rise to relevant merger situations between Care UK and Aria (either on their own or together with Welltower) and between Apex and HC-One (either on their own or together with Welltower).

⁸⁴ [CMA2](#), page 52.

4. JURISDICTION

42. The CMA has jurisdiction over transactions where it considers that it is or may be the case that a relevant merger situation (**RMS**) has been created. Under the Act, a RMS has been created when:⁸⁵
- (a) two or more enterprises ceased to be distinct; and
 - (b) any of:
 - (i) the UK turnover associated with the enterprise which is being acquired exceeds £100 million (this is referred to as the ‘turnover test’); or
 - (ii) at least one of the enterprises which ceases to be distinct has a UK turnover exceeding £10 million, and the enterprises that cease to be distinct supply or acquire goods or services of any description and, after the merger, together supply or acquire at least 25% of all those particular goods or services of that description supplied in the UK or in a substantial part of it. The merger must also result in an increment to the share of supply or acquisition (this is referred to as the ‘share of supply test’); or
 - (iii) the person(s) that carry on an enterprise concerned supply or acquire at least 33% of goods or services of any description in the UK (or a substantial part of the UK); the same enterprise concerned has a UK turnover exceeding £350 million; and any other enterprise concerned has a UK nexus (this is referred to as the ‘hybrid test’); and
 - (c) in completed mergers, the date of the merger must be no more than four months before the day the reference is made, unless the merger took place without having been made public and without the CMA being informed of it (in which case the four-month period starts from the earlier of the time the merger was made public or the time the CMA was told about it).
43. The CMA’s assessment of whether, in relation to each of the Mergers, it is or may be the case that a RMS has been created is set out below.

4.1 Enterprises ceasing to be distinct

44. The CMA considers that Welltower, Apex, Care UK and each of the Targets are enterprises under section 129 of the Act.
45. At the outset, the CMA notes that in making a judgement as to whether the activities of a business, or part of a business, constitute an enterprise under the

⁸⁵ Section 23 of the Act.

Act, the CMA will have regard to the substance of the arrangement under consideration, rather than merely its legal form.⁸⁶ The CMA further notes that the acquisition of material influence does not require the acquirer to have the ability to influence the day-to-day running of the target entity. In addition, it is not necessary to show that the acquirer has actually exercised material influence. The possibility of exercising such influence is sufficient to establish that two enterprises have ceased, or will cease, to be distinct.⁸⁷

46. In assessing control, the CMA is considering control for the purposes of the Act; the concept of control under the Act may be different from the concept of control under different legal frameworks or in certain tax or accounting frameworks.
47. As a result of the arrangements described in section 1.2 above and for the purposes of section 23(2)(a) and 26 of the Act, the CMA considers that:⁸⁸
- (a) Barchester, HC-One, Aria (including Asprey) and Danforth have each ceased to be distinct from Welltower, given Welltower now has control over the Targets. This is by virtue of Welltower exerting de jure control over the respective Propcos (and the respective Opcos in a RIDEA structure) (see paragraph 36(c) above for a description of RIDEA structures) and for the RIDEA sites at least material influence over the operations of the Targets via the mechanisms described in section 6.3.1.1.1 below).⁸⁹
 - (b) In addition:
 - (i) as part of Welltower's acquisition of HC-One as described in paragraph 11(b) above, including the Horizon Manco Transaction and [X] as

⁸⁶ [CMA2](#), paragraph 4.7.

⁸⁷ [CMA2](#), paragraph 4.18.

⁸⁸ During its investigation, the CMA also considered an alternative approach to the relevant merger situations, where (a) Barchester, HC-One, Aria (including Asprey) and Danforth each ceased to be distinct from Welltower, given Welltower now has control over the Targets (see paragraph 47(a)), (b) Apex separately ceased to be distinct from the HC-One care homes given Apex's control over Horizon Manco and the [X]; and (c) Care UK separately ceased to be distinct from the Aria (including Asprey) care homes given the control Care UK has through the Care UK Agreements.

⁸⁹ On this point, the CMA notes Welltower's submission that it considers this to be an artificial way of viewing the nature of the Mergers insofar as by virtue of the Mergers Welltower has acquired real estate interests in the care homes at issue, however as a REIT, care homes owned by Welltower must be operated by third party operators independent of Welltower (Position Paper, paragraph 4.14). In response to the CMA's Issues Letter, Welltower further submitted that (i) the operations of the Targets do not constitute an enterprise, (ii) the elements that would constitute an enterprise are owned by operators which Welltower does not have material influence over, and (iii) Welltower has no material influence over the operation of the care homes undertaken by the operators as a result of the RIDEA or NNN arrangements (Welltower Issues Letter Response, paragraphs 3.2-3.4).

described in paragraphs 11(a) and 11(c) above, Apex has ceased to be distinct from HC-One,^{90ii, 91} and

- (ii) as part of Welltower's acquisition of Aria (including Asprey) as described in paragraph 15 above, including the Care UK Agreements as described in paragraph 16 above, Care UK has ceased to be distinct from Aria (including Asprey).⁹²

4.2 Share of supply and turnover test

4.2.1 Legal framework

48. In assessing whether the share of supply test is met, the CMA will consider the commercial reality of the merger parties' activities when assessing how goods or services are supplied, focussing on the substance rather than the legal form of arrangements. Firms can engage in a variety of different business models and offer differentiated products or services, and the forms of supply which firms may offer in competition with one another can vary significantly. The CMA will consider whether there are sufficient elements of common functionality between the merger parties' activities.⁹³
49. As set out in paragraph 42(b) above, the share of supply test should be satisfied in relation to the UK or a substantial part of it. In deciding whether the relevant

⁹⁰ Welltower's control over HC-One and Apex's control over HC-One (through its control of the Horizon Manco and [redacted]) could be regarded as a single RMS either as a result of the connected commercial agreements that led to this control (as described in section 1.2.2) or because Welltower and Apex were acting as associated persons under section 127 of the Act to each secure at least material influence over HC-One. Apex first submitted that the Horizon Manco Transaction (as including the [redacted]), taken separately, does not constitute a RMS (Apex's response to the CMA's Request for Information dated 30 January 2026). Subsequently, in response to the CMA's Issues Letter, Apex submitted that the Horizon Manco Transaction is a transitional step to ensure the continuity of the HC-One business operations, parts of which Barchester (under Apex control) will ultimately acquire and is separate to Welltower's plan to acquire the economic interests that flow from the properties from which HC-One operates its care homes, concluding from this that it is therefore more appropriate to treat the dual RMS separately to the primary RMS as set out in the Issues Letter (Apex's response to the Issues Letter dated 16 April 2026 (**Apex Issues Letter Response**), paragraphs 3.7-3.9).

⁹¹ Consistent with submissions made by Apex (Apex Issues Letter Response, paragraph 3.8; Apex's response to the CMA's Request for Information dated 30 January 2026), the CMA notes that: (i) the Horizon Manco Transaction and [redacted] are, together, intended to be a temporary arrangement such that during the transitional period Horizon Manco is not registered with the CQC for the purpose of providing regulated care services at the 279 care homes that are subject to the [redacted] (with the exception of the Mossdale Residence and Fosse Way View care homes); and (ii) the [redacted] will terminate as soon as the final operators have obtained their respective regulatory licenses and have entered into CSAs with the relevant HC-One Opcos (owned by Welltower). Notwithstanding this, and by reference to the CMA's published guidance, where it appears that subsequent steps in the context of a wider transaction may not take place within four months of the completion of the initial acquisition, the CMA will not risk losing its ability to refer the initial acquisition simply on the basis that it is intended that the current situation will not be permanent ([CMA2](#), paragraph 4.46). The CMA considers there remains some uncertainty as to which HC-One sites will be transferred to which final operator. This is on the basis of the proposed allocation of HC-One care homes having changed in more than one instance in the course of the CMA's investigation (for example, Welltower IEO derogation request submitted to the CMA on 20 March 2026, paragraph 2.3; and Welltower's response to the Fifth s109 Notice, paragraph 16.2 and footnote 13).

⁹² Under this approach, Welltower's control over Aria (including Asprey) and Care UK's control over Aria (including Asprey) (though the entry of the Care UK Agreements described above) could be regarded as a single RMS either as a result of the connected commercial agreement that led to this control (as described in section 1.2.3) or because Welltower and Care UK were acting as associated persons under section 127 of the Act to each secure at least material influence over Aria (including Asprey).

⁹³ [CMA2](#), paragraph 4.7.

geographic area for the share of supply test is a 'substantial part' of the UK, the CMA takes into account whether the parts of the UK affected by the merger are collectively of such a size, character and importance as to make them worth consideration for the purposes of the Act.⁹⁴ In making this assessment, the CMA considers such factors as the size, population, social, political, economic, financial and geographic significance of the specified area or areas, and whether it is (or they are) special or significant in some way.⁹⁵

4.2.2 CMA assessment

4.2.2.1 Barchester

50. The UK turnover⁹⁶ of Barchester exceeded £100 million in the financial year ended 31 December 2024 (see paragraph 9 above). The turnover test in section 23(1)(b) of the Act is therefore satisfied in relation to the arrangement described in paragraph 7 above.⁹⁷

4.2.2.2 HC-One

51. Under the arrangements as described in paragraph 11 above, the UK turnover of HC-One exceeded £100 million for the financial year ended 30 September 2024 (see paragraph 13 above). The turnover test in section 23(1)(b) of the Act is therefore satisfied.⁹⁸

4.2.2.3 Aria (including Asprey)

52. Under the arrangements as described at paragraphs 15 and 16 above, the UK turnover of Aria (including Asprey) exceeded £100 million in the financial year

⁹⁴ *Regina v Monopolies and Mergers Commission and another ex parte South Yorkshire Transport Limited* [1993] 1 WLR 23, at paragraphs 31A to 32B. See also [CMA2](#), paragraphs 4.69–4.71.

⁹⁵ [CMA2](#), paragraph 4.70

⁹⁶ To the extent that this turnover is attributable to the real estate interests acquired (and Opcos for sites under the RIDEA structure) by Welltower (Position Paper, paragraph 4.6).

⁹⁷ In any case, Welltower and the Barchester Target overlap in the supply of care services for the elderly in the UK, with an estimated combined share of greater than 25% in the local areas centred on 15 Barchester sites (Farley Gardens, Whitewater Place, Weystone Manor, Lancaster Grange, Worplesdon View, Juniper House, Marnel Lodge, Windmill Manor, Cherry Blossom Manor, Maple Leaf Lodge, Alice Grange, Mount Vale, Marple Dale Hall – The New Windsor, Cossins House, Silverbirch House), with an increment of above 2% brought about by the arrangement as described in paragraph 7 above in one of either residential care or nursing care, based on the local assessment methodology set out in section 6.3.1.2 below. The CMA considers that the local areas centred on these sites collectively constitute a substantial part of the UK given that the information available to the CMA indicates that the population in these local areas cumulatively exceeds 100,000 people.

⁹⁸ Position Paper, paragraph 4.6. In any case, Welltower and the HC-One Target overlap in the supply of care services for the elderly in the UK, with an estimated combined share of greater than 25%, in the local areas centred on 28 HC-One sites (Handley House, Augustus Court, Charters Court, Mugdock House, Bowbridge Court, Acorn Hollow, Appleton Lodge, Kinnaird Manor, Barleystone, Appleton Manor, Tranent, Annfield House, Drummohr, Acorn Meadow, Fairview, Newlands, Wyndford Locks, River Court, Coppice Court, Admirals Reach, Orchard Care Centre, Beaconsfield Court, Colton Lodges, Forthbank, Balfarg Care Centre, Guide Lane, Mossdale Residence, Kings Court) with an increment of above 2% brought about by the arrangements described in paragraph 11 above in one of either residential care or nursing care, based on the local assessment methodology set out in section 6.3.1.2 below. The CMA considers that the local areas centred on these sites collectively constitute a substantial part of the UK given that the information available to the CMA indicates that the population in these local areas cumulatively exceeds 100,000 people.

ended 31 March 2025 (see paragraph 17 above). The turnover test in section 23(1)(b) of the Act is therefore satisfied.⁹⁹

4.2.2.4 Danforth

53. For the reasons set out in paragraph 97 below, the CMA considers that Welltower and Danforth overlap in the supply of care services for the elderly in the UK, with an estimated combined share of greater than 25% in the local areas centred on three Danforth sites,¹⁰⁰ with an increment brought about by the arrangement described in paragraphs 19 and 20 above, in residential care based on the local assessment methodology set out in section 6.3.1.2 below. For the reasons explained in section 6.3.1.2.3.2.2 and as set out in Table 1, local areas centred on Danforth sites are defined by reference to catchment areas of 30, 25 and 17 minutes drivetime depending on whether the site is located in a rural, semi-urban or urban area, respectively.¹⁰¹

54. The CMA considers that the local areas centred on these three Danforth sites constitute, individually or collectively, a substantial part of the UK given that the information available to the CMA indicates that the population in these three local areas exceeds 100,000 people in each case (and therefore also in the aggregate of the three areas).¹⁰² Danforth had a UK turnover exceeding £10 million in the financial year ending 31 March 2024 (see paragraph 21). The CMA therefore considers that the share of supply test in section 23 of the Act is met.

4.3 Statutory period for reference

55. The Welltower acquisitions described in section 1.2 above completed on 23 and 24 October 2025, with at least some (but not all) material facts about the HC-One and Barchester Mergers made public on 27 October 2025 at the earliest.¹⁰³ On

⁹⁹ Position Paper, paragraph 4.6. In any case, Welltower and the Aria (including Asprey) Target overlap in the supply of care services for the elderly in the UK, with an estimated combined share of greater than 25%, in the local areas centred on 22 Aria (including Asprey) sites (Riverside Place, Kingsclear, Belmont House, Cedar View Care Centre, Brook House, Deer Park View, Acacia Lodge, Albany Lodge, Marchglen Care Centre, Cammer Court, Hillview Court, Beechwood Park, Heffle Court, Forth Bay, Southborough, Dormy House, Coxhill Manor, Knowle Park, Hamilton, Galsworthy House, Bourne House, Steep House) with an increment of above 2% brought about by the arrangements described in paragraphs 15 and 16 above in one of either residential care or nursing care, based on the local assessment methodology set out in section 6.3.1.2 below. The CMA considers that the local areas centred on these sites collectively constitute a substantial part of the UK given that the information available to the CMA indicates that the population in these local areas cumulatively exceeds 100,000 people.

¹⁰⁰ The three Danforth sites and related combined share of supply and increment are: (i) Orchard Manor ([30-40]/[0-5]); (ii) Harbour Manor ([30-40]/[5-10]); and (iii) Waterhouse Manor ([20-30]/[5-10]).

¹⁰¹ Orchard Manor is located in Windlesham, Surrey, a semi-urban area; Harbour Manor is located in Felixstowe, Suffolk, a semi-urban area; and Waterhouse Manor is located in Ely, Cambridgeshire, a rural area.

¹⁰² The CMA estimated the population in the relevant local areas for each Merger by matching population datasets (based on either 2011 census data or mid-2020 population estimates of the Office of National Statistics). The CMA verified whether its population estimates were in line with current population data by comparing its estimates for distinct geographical locations with more up to date estimates of those same areas.

¹⁰³ See, for example: [Welltower Announces \\$23 Billion of Transactions and Intensified Focus on Seniors Housing to Amplify Long-Term Growth Profile](#), 27 October 2025 (last accessed 10 April 2026); [Welltower invests £6.4bn in UK senior care homes](#), 28 October 2025 (last accessed 10 April 2026); and [Mega deal: Welltower acquires Barchester and HC-One assets in record £6.4 billion transaction](#), 28 October 2025 (last accessed 10 April 2026).

this basis, the four-month deadline for a decision under section 24 of the Act is 8 May 2026 at the earliest in relation to the arrangements involving Welltower and each of Barchester, HC-One, Aria (including Asprey) and Danforth, as extended under both sections 25(1) and 25(2) of the Act.¹⁰⁴

- (a) In relation to the Horizon Manco Transaction and entry into the related [redacted] (as described in paragraph 11 above), to the CMA's knowledge material facts regarding these situations have not been made public to-date. The CMA was first informed of such material facts on 15 December 2025.¹⁰⁵
- (b) In relation to entry into the Care UK Agreements (as described in paragraph 16 above), the Care UK CSAs were entered into on 13 January 2026. The CMA was first informed that the Care UK CSAs had been signed (and, as a result, of the completion of the arrangements described in paragraph 16 above) on 4 March 2026,¹⁰⁶ notwithstanding that Care UK announced on 18 December 2025 that it had taken over the management and care provision within all homes formerly belonging to Aria and Danforth care homes.¹⁰⁷

56. Accordingly, for the reasons set out above, the CMA considers that, for each of the arrangements described in section 1.2 above, it is or may be the case that a RMS has been created, namely each of:

- (a) Welltower ceasing to be distinct from Barchester,
- (b) Welltower ceasing to be distinct from HC-One, and Apex ceasing to be distinct from HC-One,
- (c) Welltower ceasing to be distinct from Aria (including Asprey), and Care UK ceasing to be distinct from Aria (including Asprey), and
- (d) Welltower ceasing to be distinct from Danforth.

57. The initial period for consideration of the Mergers under section 34ZA(3) of the Act started on 9 March 2026 and the statutory 40 working day deadline for a decision is therefore 8 May 2026.

¹⁰⁴ CMA's notice of termination of extension of the four-month period mentioned in section 24 of the Act dated 12 February 2026. The Aria and Danforth Mergers were likely made public later than the Barchester and HC-One Mergers, such that the end of the four-month period would be later for those transactions. In addition, as described in the following paragraphs, the CMA considers that material facts in relation to the HC-One and Aria Mergers relating to Apex and Care UK respectively were not made public or disclosed to the CMA prior to completion and so the four-month period would accordingly be later than 8 May 2026, following extension under section 25(1) of the Act.

¹⁰⁵ Welltower Internal Documents, Annexes 001-029 to the Enquiry Letter Response. On this basis, the four-month deadline for a decision in relation to the merger situation in paragraph 56(b) under section 24 of the Act is 16 May 2026, as extended by section 25(1) of the Act.

¹⁰⁶ Welltower email to the CMA, at 17:48 on 4 March 2026. [redacted].

¹⁰⁷ [Care UK expands portfolio with new management responsibilities](#), 18 December 2025 (last accessed 30 April 2026). On this basis, the four-month deadline for a decision in relation to the merger situation in paragraph 56(c) under section 24 of the Act is 4 August 2026, as extended by section 25(1) of the Act.

5. COUNTERFACTUAL

58. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).¹⁰⁸
59. In completed mergers, the counterfactual may consist of the pre-merger conditions of competition, or conditions of competition that involve stronger or weaker competition between the parties to a merger than under the pre-merger conditions of competition.¹⁰⁹ In determining the appropriate counterfactual, the CMA will generally focus on potential changes to the prevailing conditions of competition only where there are reasons to believe that those changes would make a material difference to its competitive assessment.¹¹⁰
60. In this case, the CMA has not received submissions (or other evidence) suggesting that the Mergers should be assessed against an alternative counterfactual. Therefore, the CMA believes the pre-merger conditions of competition to be the relevant counterfactual for each of the Mergers.¹¹¹

6. COMPETITIVE ASSESSMENT

6.1 Nature and parameters of competition

61. The CMA considers the main competitive parameters of price, quality, range and service levels (**PQRS**) to be relevant in the context of the supply of care services for the elderly as set out below.
62. Pricing for care homes is an important factor for people and local authorities when considering a placement within a care home. For people paying their own costs of care, affordability (and therefore, fees rates) is an important factor in shortlisting care homes. Furthermore, competition between care homes for local authority-funded residents is very focused on price, noting that local authorities have competing pressures on their budgets.¹¹²
63. Welltower submitted that fees at care homes are charged on a weekly to monthly basis and are set out within a home's resident agreement and are also publicly available on operator websites.¹¹³ The CMA notes that the level of publicly disclosed pricing (eg pricing for different types of care) differs between operators

¹⁰⁸ [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 3.1.

¹⁰⁹ [CMA129](#), paragraph 3.2.

¹¹⁰ [CMA129](#), paragraph 3.9.

¹¹¹ ie the relevant counterfactual is the conditions of competition that existed prior to all of the Mergers taking place.

¹¹² Note of a call with a third party, February 2026, paragraph 7; [CMA Care Homes Market Study](#), paragraph 2.33.

¹¹³ RIDEA/NNN Paper, paragraph 3.2.

and also between different care homes owned by the same operator.¹¹⁴ The CMA also notes that there appear to be large ranges in prices for both residential and nursing care in the market (see paragraph 171(c) below).

64. One third party stated that pricing in the provision of care home services is very opaque.¹¹⁵ The CMA notes that in the Carterwood dataset (which is the main dataset that the CMA has used – see further below), Carterwood’s information on private fee rates is in part reliant on telephone mystery shopper enquiries.¹¹⁶ Furthermore, the CMA understands that local authorities may individually negotiate fees for local authority funded resident placements with care homes, which can lead to price discrimination between self-funded residents and local authority funded residents.¹¹⁷ The CMA Care Homes Market Study found that on average, fees for self-funded places are 41% higher than those paid by local authorities (translating into an average differential of £236 per week).¹¹⁸
65. Along with price, quality is also an important parameter of competition. For people paying their own costs of care, in choosing between shortlisted homes, people prioritise their judgement on a care home being clean, friendly and homely.¹¹⁹ Furthermore, care homes are regulated for care quality by national sector regulators. Care home operators must register for the regulated services they provide and be approved before operations begin (noting that Welltower (via the Welltower ‘Opcos’) is also typically registered in relation to its RIDEA care home sites). Care homes are inspected by the relevant sector regulator, with reports made publicly available. Possible results after an inspection (for homes in England) are: outstanding; good; requires improvement; or inadequate. Inspections can require improvements which the regulator can monitor. For serious breaches of regulations, the sector regulator can take enforcement action, which can include an enforced closure where the wellbeing of the people in the care home is judged to be at risk.¹²⁰
66. The CMA considers that Capex is relevant to the quality of care homes. Capex can be used to make cosmetic changes within care homes as well as structural changes (thereby improving building appearance, condition, facilities such as

¹¹⁴ For example, Care UK provides weekly fee estimates for both nursing care and nursing dementia care for some of its care homes (eg [Farm Lane Care Home | Fulham, London | Care UK](#), last accessed on 9 April 2026) but not for others (eg [Muriel Street Care Home | Islington, London | Care UK](#), last accessed on 9 April 2026). Also for example, for some Aria-operated care homes, Aria only provides one weekly fee estimate without providing further detail on estimated fees for different types of care (eg [ACH690 Key Information Sheet Abbeycrest 2 January 2026.pdf](#), last accessed on 9 April 2026).

¹¹⁵ Transcript of a call with a third party, January 2026, 35:48.

¹¹⁶ Welltower’s response to the Second s109 Notice, question 13.

¹¹⁷ One local authority indicated that price negotiations for spot placements take place with the specific care home, and that it typically has price challenges within a few areas. Note of a call with a third party, February 2026, paragraph 7.

¹¹⁸ [CMA Care Homes Market Study](#), paragraph 2.40.

¹¹⁹ [CMA Care Homes Market Study](#), paragraph 2.32.

¹²⁰ [CMA Care Homes Market Study](#), paragraph 2.18 and Figure 2.2.

dining, recreational and outdoor spaces, and room size), and expand digital tools to improve care quality.¹²¹

6.2 Market definition

67. Where the CMA makes an SLC finding, this must be ‘within any market or markets in the United Kingdom for goods or services’. An SLC can affect the whole or part of a market or markets. Within that context, the assessment of the relevant market(s) is an analytical tool that forms part of the analysis of the competitive effects of the merger and should not be viewed as a separate exercise.¹²²
68. Market definition involves identifying the most significant competitive alternatives available to customers of the merger parties and includes the sources of competition to the merger parties that are the immediate determinants of the effects of the merger.
69. The CMA considered information from Welltower, Apex, Care UK, other care home operators, REITs and local authorities when assessing market definition. The CMA notes that it has distinguished in the evidence sources where information came from operators which operate care homes on behalf of Welltower, compared with evidence from independent operators.

6.2.1 Product market

70. Welltower submitted that since Welltower is prevented under US REIT tax rules from operating or managing health care facilities, the Mergers will only give rise to an overlap in the ownership of care home properties in the UK.¹²³ Welltower therefore submitted that its acquisition of the care homes at issue would give rise to an overlap in the provision of care home properties to care home managers in the UK. The CMA sets out its view on this point in the ‘Relevant framing for TOH1’ section (see section 6.3.1.1 below).
71. The following sections set out Welltower’s submissions and the CMA’s assessment of the product market for the supply of care services for the elderly when considering:
- (a) residential and nursing care;
 - (b) dementia care; and

¹²¹ RIDEA/NNN Paper, paragraph 3.4; Note of a call with a third party, January 2026, paragraph 15; Welltower Issues Letter Response, paragraph 7.4; Welltower Internal Document, Annex 063 to the Enquiry Letter Response, ‘[<]’, November 2025, pages 3 and 4.

¹²² [CMA129](#), paragraph 9.1.

¹²³ Enquiry Letter Response, question 6(b).

- (c) other specialist care.

6.2.1.1 Residential and nursing care

6.2.1.1.1 Welltower, Apex and Care UK submissions

72. When considering the supply of care services for the elderly, Welltower and Apex submitted that the appropriate product market should be a combined residential and nursing market.¹²⁴ Welltower submitted that although the CMA has previously made distinctions between nursing homes and residential homes, it does not consider such a delineation to be appropriate at the operator level on the basis that:¹²⁵
- (a) On the demand side, there is no bright-line test that distinguishes when a resident needs nursing care as compared with residential care, and residential care homes are able to access medical services through external means, including the use of district nurses and external NHS services. A residential care home will conduct a holistic assessment to assess the nature and complexity of the care needs of a potential resident.¹²⁶ Welltower submitted that many UK care home residents go on to develop nursing care needs. Where these residents are in care homes that are not registered to provide nursing care, it is routine for the residential care home to accommodate to a significant extent the increased needs of the resident without resorting to a disruptive care home move.¹²⁷ As such, for the majority of residents, when selecting a care home, residential and nursing care homes would be equivalent options and there is no bright-line determinant as to whether a potential resident requires residential care or nursing care.
 - (b) On the supply side, Welltower does not believe that there are barriers for nursing homes to switch to offering meaningfully more nursing care within a short timeframe.¹²⁸ For example, it submitted that the average duration of a resident stay in a care home is one to two years, meaning capacity can become available in a short timeframe and certainly within the time frame over which entry would be considered timely.

¹²⁴ RIDEA/NNN Paper, paragraph 6.6. Apex Issues Letter Response, paragraph 4.1. The CMA notes that Care UK did not provide submissions on this point.

¹²⁵ Enquiry Letter Response, question 13. Welltower additionally submitted that a distinction between nursing and residential care does not align with the reality of care home ownership insofar as Welltower has no visibility over, or ability to determine, the mix of nursing or residential beds in a given home. RIDEA/NNN Paper, paragraph 6.6.

¹²⁶ Welltower Issues Letter Response, paragraph 5.5.

¹²⁷ Welltower Issues Letter Response, paragraph 5.6.

¹²⁸ Welltower Issues Letter Response, paragraph 5.11.

- (c) Nursing-registered homes are readily able to flex bed capacity from nursing beds to residential beds, or from residential beds to nursing beds. This can be achieved principally by flexing the available staff.¹²⁹
- (d) For residential-registered care homes, Welltower and Apex submitted that there are no meaningful barriers for these care homes to commence offering nursing care.¹³⁰ Residential-registered homes can be converted relatively easily to offer nursing beds, and [§<] (as submitted by Apex), can be achieved in a short space of time.¹³¹ Welltower submitted that the following steps are required to convert residential homes to offer nursing care: (i) the hiring of nursing staff or use of agencies to access these staff; and (ii) obtaining the relevant CQC (or equivalent) approval.¹³²
- (e) Welltower and Apex submitted that in the past, the CMA has identified staff shortages as a barrier to providing nursing care; however, these staff shortages have materially eased (eg due to government initiatives such as the Health and Care Worker Visa Route).¹³³
- (f) Welltower additionally submitted that it is a small minority of beds in residential care homes in the UK for which there would be problems around the size of bedrooms and their appropriateness for nursing care, with such beds mainly being in older or converted properties (in contrast with purpose-built homes).¹³⁴ Even for non-purpose built homes, a suite of nursing bedrooms can be achieved through the deployment of Capex and internal reconfiguration.

73. Welltower submitted that there are in the region of approximately 80 Welltower and third-party owned residential homes, which, over the 2023-25 period, re-registered as nursing homes.¹³⁵

¹²⁹ Enquiry Letter Response, question 13.

¹³⁰ Welltower Issues Letter Response, paragraph 5.12. Apex Issues Letter Response, paragraph 4.2.

¹³¹ Apex Issues Letter Response, paragraph 4.2.

¹³² Enquiry Letter Response, question 13.

¹³³ Welltower Issues Letter Response, paragraph 5.12. Apex Issues Letter Response, paragraph 4.4. Apex additionally submitted that when there are nursing shortages, or when nurses are hard to retain, care home operators typically need to rely on a higher percentage of agency staff because nurses are able to demand higher rates through agencies than as employed staff. Conversely, when there is a greater availability of nurses, agency usage drops. To illustrate this point, Apex submitted that Barchester's use of agencies for nurses is very low (approximately 0.2% of all hours) and this usage largely relates to cover during the start-up period of a home, rather than as ongoing cover.

¹³⁴ Welltower Issues Letter Response, paragraph 5.12.

¹³⁵ Welltower Issues Letter Response, paragraph 5.14. Welltower analysis based on Carterwood data of homes, in combination with Welltower's data from its operators. Welltower also provided some specific examples of homes that had re-registered.

6.2.1.1.2 CMA assessment

74. On the basis of evidence gathered in this investigation, the CMA considers that the appropriate product markets within the supply of care services for the elderly is separate markets for residential and nursing care.¹³⁶
75. The CMA notes that, as stated in its published guidance, the relevant product market is identified primarily by reference to demand-side substitution alone.¹³⁷ The CMA may aggregate markets on the basis of sufficient supply-side substitution when the following two conditions are cumulatively met:¹³⁸
- (a) firms routinely use their existing production assets to supply a range of different products that are not demand-side substitutes¹³⁹ and there is evidence that firms in practice shift their existing capacity between these different products depending on demand for each; and
 - (b) the same firms compete to supply these different products and the conditions of competition between the firms are the same for each product; in this case aggregating the supply of these products and analysing them as one market does not affect the CMA's decision on the competitive effects of the merger.
76. Based on the available evidence, the CMA considers that there is very limited demand-side substitutability between residential and nursing care for elderly residents. Nursing care is typically associated with a much higher degree of care and associated costs.¹⁴⁰ A resident needing nursing care would therefore not be able to receive the care they require if they were provided residential care.¹⁴¹ Conversely, a resident wanting residential care would likely not want to pay the increased fees associated with nursing care. The CMA considers that a resident's needs changing does not indicate demand-side substitution between these markets but rather indicates a resident exiting one market and entering another.
77. The evidence received also points to the existence of important barriers to meaningful supply-side substitution for many residential homes switching into the supply of nursing care.
- (a) Many care homes are only registered for providing residential care. Switching to also offering nursing provision would require additional registration with the

¹³⁶ In line with the CMA's decision in [FC Oval/Bupa](#), paragraph 34.

¹³⁷ [CMA129](#), paragraphs 9.7 and 9.8.

¹³⁸ [CMA129](#), paragraph 9.8.

¹³⁹ Production assets may include traditional physical assets such as premises and equipment, and it may also include other assets. Some examples might include human capital, know-how or intellectual property, technology, reputation and experience.

¹⁴⁰ Differences in average weekly fees for residential and nursing care are set out below in section 6.3.1.2.1.2 ('Quality of care homes and regulatory ratings').

¹⁴¹ The CMA considers that the fact that some residential care homes are able to cope with residents' additional needs as they arise does not mean that residents requiring nursing care would consider a residential home when choosing a care home.

CQC (or equivalent), which based on the feedback received from care home operators and the CQC may take three to six months on average.¹⁴²ⁱⁱⁱ The CMA notes that Welltower's submission that approximately 80 residential homes re-registered as nursing homes in the 2023-25 period does not appear to be probative evidence that it is easy to start offering nursing care, given the existence of other barriers to starting provision of nursing care, as listed below. In any case, the CMA notes that approximately 80 out of 6,000 residential homes¹⁴³ re-registering in a two-year period does not on the face of it appear to indicate substantial re-registering.

- (b) Operators (including Care UK) and local authorities indicated that there may be some differences in the rooms or beds used for nursing and residential care. For example, the majority of operators and approximately half of the local authorities who responded to the CMA's questionnaire highlighted that nursing care beds/rooms may need to be bigger (for example, to accommodate the specialist equipment sometimes required), and that other differences may similarly be needed, such as larger corridors and doorways, or lock systems to control movement.¹⁴⁴
- (c) Linked to the above point, around half of operators (including Care UK), a REIT and a local authority indicated that older, not-purpose-built care homes might be less appropriate for providing nursing care.¹⁴⁵ Conversely, most REITs and around half of operators (including Barchester (Apex) and Care UK) that responded to the CMA's questionnaire indicated that modern, purpose-built care homes are typically suitable for both residential and nursing care.¹⁴⁶ The CMA notes Welltower's submissions that non-purpose built homes represent a decreasing proportion of care home stock, however

¹⁴² Response to the CMA's operator questionnaire from a number of third parties, March 2026, question 8. One operator independent of Welltower indicated that re-registration can take up to 12 weeks, and another operator which operates some Welltower homes estimated up to six months. Similarly, Care UK said that applying for registration takes three to six months (Care UK's response to the CMA's Request for Information dated 12 March 2026, question 5). For completeness, the CMA notes that Apex submitted in response to the CMA's questionnaire that switching from residential only to nursing care could be done in as little as 2 weeks, however in its Issues Letter response indicated that the actual timeframe for re-registering a care home took considerably longer than this, and took approx. four and a half months. Apex Issues Letter Response, paragraph 4.2. The CQC told the CMA that it would take at least three to six months for a provider to begin offering nursing services, and that approximately [20-30]% of registrations at the CQC are taking longer than 10 weeks. Note of call with CQC, January 2026, paragraph 19.

¹⁴³ Based on CMA analysis of DHSC data, which only covers care homes in England.

¹⁴⁴ Response to the CMA's operator questionnaire from a number of third parties, March 2026, question 9. The CMA notes that two of these operators are independent of Welltower, while the other two operate Welltower-owned care homes. Care UK stated that it 'operates some residential care homes where the bedrooms are c.10sqm and do not have ensuite bathrooms. These rooms are not big enough to position a nursing profiling bed centrally (to permit physical access from both sides) or to allow most contemporary hoists proper access'. Care UK's response to the CMA's Request for Information dated 12 March 2026, question 6. Response to the CMA's local authority questionnaire from a number of third parties, March 2026, question 3.

¹⁴⁵ Response to the CMA's local authority questionnaire from a third party, March 2026; Response to the CMA's REIT questionnaire from a third party, March 2026; response to the CMA's operator questionnaire from a number of third parties, March 2026. Care UK response to the CMA's Request for Information dated 12 March 2026, question 6. The CMA notes that two of these operators are independent of Welltower.

¹⁴⁶ Response to the CMA's REIT questionnaire from a number of third parties, March 2026, question 7. Response to the CMA's operator questionnaire from a number of third parties, March 2026, question 9. Barchester (Apex), Care UK. As above, the CMA notes that two of these operators are independent of Welltower.

there still appears to be a material number of not-purpose built homes ([redacted] of UK care homes according to Welltower's internal documents).¹⁴⁷

- (d) Despite Welltower and Apex's submissions, nurse staffing was frequently identified by operators and local authorities as a barrier to entering into providing nursing care, several of which indicated that nursing vacancies can be hard to fill and retain.¹⁴⁸ For example, Care UK indicated that 'the ability to recruit nurses alongside the general management of nursing services is a high-risk factor for operators'.¹⁴⁹
- (e) Operators and REITs indicated that there may be minimum scale requirements for nursing care to be viable. For example, most operators that responded to the CMA's questionnaire indicated that nursing care would often consist of a 'unit', ie a collection of adjacent rooms, mainly for efficiency reasons given staffing requirements.¹⁵⁰ Similarly, most REITs responded that there are some minimum scale requirements on the basis of number of beds for providing nursing care to be viable,¹⁵¹ though some indicated that smaller nursing homes may also be viable.¹⁵²
- (f) The CMA considers that Welltower's submissions that the average duration of a resident's stay (at only one to two years) is within the time frame over which entry would be considered timely is not evidence of supply-side substitution. The 'timely' test set out in CMA guidance is in relation to new entry,¹⁵³ and not supply-side substitution, the latter for which the CMA would expect considerably more rapid switching.

78. The CMA received mixed views on the degree to which there is supply-side substitutability between residential and nursing care for nursing-registered sites.

- (a) On the one hand, the CMA has received evidence that there are some barriers for nursing homes to switch to offering meaningfully more nursing

¹⁴⁷ Welltower Issues Letter Response, paragraph 5.12. See, for example, Welltower Internal Documents, Annex 533 to the Second s109 Notice, '[redacted]', September 2024, page 2; and Annex 580 to the Second s109 Notice, '[redacted]', January 2025, page 4. An operator independent of Welltower indicated that the majority of UK care homes are older homes (Response to the CMA's operator questionnaire from a third party, March 2026, question 9). [redacted] Welltower Internal Document, Annex 105 to the Enquiry Letter Response, '[redacted]', February 2025, page 4.

¹⁴⁸ Response to the CMA's operator questionnaire from a number of third parties, March 2026. The CMA note that two of these operators are independent of Welltower. Response to the CMA's local authority questionnaire from a number of third parties, March 2026. The CQC also told the CMA that it is difficult to recruit appropriately experienced nursing staff and carries higher risk regarding inspections. Note of call with CQC, January 2026, paragraph 19.

¹⁴⁹ Note of call with Care UK, January 2026, paragraph 20.

¹⁵⁰ Response to the CMA's operator questionnaire from a number of third parties, March 2026, question 10. The CMA received differing responses on how large a unit may be, with some saying this might be around 10 or less beds, while others indicated larger units of around 15-25 beds. Apex submitted that an operator would typically seek to have a minimum of 5-10 nursing residents in a home in order to cover the incremental cost with employing registered nurses. Apex's response to the CMA's Request for Information dated 12 March 2026, question 6. Care UK submitted that a suite of fewer than [10-20] bedrooms tends to be insufficient for nursing care. Care UK's response to the CMA's Request for Information dated 12 March 2026, question 7.

¹⁵¹ Response to CMA REIT questionnaire from a number of third parties, question 8.

¹⁵² Response to CMA REIT questionnaires from a number of third parties, question 8.

¹⁵³ [CMA129](#), paragraphs 8.31-8.34.

care within a short timeframe, and some of these barriers may exist even in a longer timeframe. This indicates a limit to supply-side substitutability:

- (i) For operational efficiency given staffing requirements, most operator respondents indicated that nursing would be offered by 'unit'. The CMA notes that switching an entire unit is unlikely to be able to be done in a prompt or timely fashion, given the need for beds to be unoccupied to make this switch. The CMA understands that many sites operate at close to full capacity at any given time,¹⁵⁴ hence switching at scale between residential and nursing may not be sufficiently timely to respond to a change in demand. However, as beds become available, these beds could potentially be switched.
- (ii) Operators and local authorities indicated that nurse staffing and maintaining an appropriate ratio of nurses to residents may be an important barrier for shifting capacity at nursing homes.¹⁵⁵ The main barrier identified to reallocating bed capacity from residential to nursing care by operators was nurse staffing.¹⁵⁶ Welltower internal documents similarly indicate that nurse staffing is a [redacted].¹⁵⁷
- (iii) As well as staffing barriers, some third parties discussed changes to rooms being needed as a barrier to shifting capacity. Some local authorities mentioned other potential issues such as building configuration, or the need to purchase/store specific equipment. Some local authorities specifically mentioned that it may be easier to switch a small number of beds than a larger amount. One highlighted that if they use block contracts with care homes, these will be harder to flex.¹⁵⁸
- (iv) The evidence received to-date suggests that there may be more barriers to switching from offering residential care to offering nursing care, than the other way around. For example, the majority of operators indicated that it is straightforward to flex or reallocate bed capacity from nursing to residential care, more so than for the other way around.¹⁵⁹

¹⁵⁴ For example, one of Welltower's internal documents provides occupancy information across various operators, which ranges from [redacted]% to [redacted]% (Welltower Internal Document, Annex 058 to the Enquiry Letter Response, '[redacted]', October 2025, slide 13). Another internal document indicates occupancy rates ranging from [redacted]% to [redacted]% (Welltower Internal Document, Annex 061 to the Enquiry Letter Response, '[redacted]', September 2025, slide 15). The CMA notes that a [redacted]. Welltower Internal Document, Annex 105 to the Enquiry Letter Response, '[redacted]', February 2025, page 11.

¹⁵⁵ Response to the CMA's operator questionnaire from a number of third parties, March 2026, question 5. The CMA notes two of these operators are independent of Welltower. Around half of the local authorities indicated that there would be some barriers to shifting capacity between residential and nursing care for this reason. Response to the CMA's local authority questionnaire from a number of third parties, March 2026, question 4.

¹⁵⁶ Responses to the CMA's operator questionnaire, March 2026, question 5.

¹⁵⁷ Welltower Internal Documents, Annex 579 to the Second s109 Notice, '[redacted]', January 2025, page 5; Annex 643, '[redacted]', November 2024 (sheet [redacted]) [redacted]; and Annex 393 to the Second s109 Notice, '[redacted]', September 2025, page 3 [redacted].

¹⁵⁸ Response to the CMA's local authority questionnaire from a third party, March 2026, question 4.

¹⁵⁹ Response to the CMA's operator questionnaire from a number of third parties, March 2026, question 6. The CMA notes that three of these operators are independent of Welltower, while the other two operate Welltower-owned care homes.

No significant barriers were raised by operators to doing this, though the CMA notes that bed occupancy may still pose a barrier, and that, to the extent that rooms used for nursing care have specific equipment or layout (for example larger rooms), it may not be efficient to use these for residential care which is typically significantly cheaper.

- (b) On the other hand, the CMA has received evidence suggesting that it is commonplace for nursing-registered homes to switch a small number of beds between residential and nursing care over relatively short timeframes, or to use certain beds flexibly across both types of care.
- (i) As explained above, the CMA generally understands that many sites operate at close to full capacity at any given time.¹⁶⁰ The CMA considers this to mean that spare capacity could be flexed in a shorter timeframe in nursing-registered homes, but that switching at scale would be constrained until sufficient beds become free. The CMA notes that Welltower submitted that the typical duration of resident stays in care homes is around one to two years.¹⁶¹
- (ii) The CMA received information from the DHSC's Capacity Tracker, which records spare capacity reported by care homes in England by bed type and whether that capacity is 'flexible'.¹⁶² This shows that nursing-registered homes generally report their spare capacity to be flexible across bed types, including between residential and nursing care. For example, for care homes offering both general nursing and general residential care (and no other care types), 69% report their nursing capacity as flexible, while around 68% report their residential capacity as flexible.¹⁶³ The CMA notes that while this indicates that around 30% of sites do not consider that spare capacity is flexible, it appears to indicate that the majority of spare capacity may be flexible (noting that spare capacity makes up a limited part of overall capacity, as explained above).
- (iii) The CMA also received data from DHSC on reported bed capacity in care homes in England, split between nursing and residential care over time. Over the period from August 2025 to January 2026, the majority of nursing-registered homes did not report any changes in their capacity for either nursing or residential care. Where changes were reported,

¹⁶⁰ See footnote 154 above.

¹⁶¹ Position Paper, footnote 2.

¹⁶² In practice, the CMA understands that this means that a site offering multiple bed types (eg general nursing and general residential) can indicate whether spare capacity in each category could be reallocated across the other services it provides. See footnote 303 below.

¹⁶³ CMA analysis of DHSC Capacity Tracker data. Similarly, of total spare capacity across these homes, around 71% of general residential beds and around 68% of general nursing beds are reported as flexible. General residential and general nursing refer to care that does not involve dementia care.

they were generally small (typically within $\pm 10\%$), and in the majority of cases involved increases in one care type alongside corresponding decreases in the other.¹⁶⁴ The CMA considers this to be consistent with limited supply-side flexing happening in practice in a shorter timeframe. Across a medium timeframe, it is possible that more material flexing of capacity can occur in response to changes in demand.

79. Based on the evidence gathered in the course of the investigation, for the purposes of market definition, as well as demand-side substitutability not being met, the CMA does not consider that the supply-side substitutability criteria have been met for combining residential and nursing care into one market. This is on the basis that:
- (a) For residential-only homes, there appears to be barriers to meaningfully entering the supply of nursing care in a timely way, indicating residential-only homes are not a competitive constraint on nursing care.
 - (b) For nursing-registered homes, the evidence is more mixed. The CMA considers that there is some switching between residential and nursing care at nursing homes occurring within short timeframes, but this is unlikely to be significant enough to combine nursing and residential care into one market.¹⁶⁵ Some of these barriers are particularly pertinent in the short-term such as high occupancy and if entire 'units' need to be switched at a time. Others are more general, such as room size, building configuration and nurse staffing.
80. Therefore, the CMA considers it is not appropriate to aggregate markets for residential and nursing care services for the elderly in this case. However, the available evidence also suggests that many nursing-registered homes can flex capacity between residential and nursing care to a material extent in the medium term in response to changes in demand, albeit the CMA notes certain barriers may still exist. The CMA has taken this into consideration in its competitive assessment, as explained in further detail in the 'Measure of concentration' section (section 6.3.1.2.2) below.

6.2.1.2 *Dementia care*

81. Welltower submitted that dementia care forms part of the provision of elderly care and is provided out of care homes that provide nursing and/or residential care.¹⁶⁶ Welltower further submitted that operators may configure dementia beds slightly differently, but the fundamentals of the facilities and resources required are

¹⁶⁴ CMA analysis of DHSC's Capacity Tracker data.

¹⁶⁵ In any case, as set out in paragraph 75, timeliness of entry is not the test for supply-side substitutability.

¹⁶⁶ Welltower's response to the CMA's section 109 Notice, 30 January 2026 (**Third s109 Notice**), question 10.

broadly consistent across these different care types. Two differences Welltower is aware of are that: (i) residents with dementia are typically housed within floors or wings of homes that have controlled access, and other safety features; and (ii) dementia care requires higher staffing ratios, and specialist training (in dementia care).

82. The CMA considers that (in line with *FC Oval/Bupa*) there is little, if any, demand-side substitution between residents requiring general nursing care and more specialist (such as dementia) care.¹⁶⁷ The limited evidence received to-date on this point appears to be more mixed on the supply-side substitutability between general nursing or residential care and dementia care.¹⁶⁸ The CMA notes Welltower's submissions above on certain differences in the rooms or floors/wings used for dementia care. The CMA also considers that staff trained in providing dementia care may act as a barrier to supply.
83. However, the CMA considers that, on the evidence available, supply-side differences between general and dementia care are more limited than those between, for example, residential and nursing care. First, dementia care does not require separate registration and, where a care home already has sufficient staff, training staff to provide dementia care may not represent a substantial barrier, particularly when compared to the requirement for nursing staff. Second, the available evidence indicates that the majority of homes offering general residential or general nursing care also provide at least some dementia care (notwithstanding that some may provide more specialist dementia care).¹⁶⁹ Third, the CMA notes that price differences between dementia care and general care appear less significant than those between residential and nursing care, suggesting that the incremental resource requirements may be more limited.
84. For these reasons, on balance, the CMA considers that it is appropriate for the purposes of its assessment in this case to include dementia care within the product market for residential and nursing care, respectively.¹⁷⁰

6.2.1.3 Other specialist care

85. The CMA notes that there are other types of specialist care, including care for those with learning disabilities, residents experiencing mental health difficulties, and young physically disabled people (amongst others). The CMA does not consider that these forms of care offer a competitive constraint to care services for the elderly, due to a clear lack of both demand and supply-side substitution, and therefore considers these types of care should be excluded from the product

¹⁶⁷ In particular, residents with dementia require different care than is provided in general residential or nursing care.

¹⁶⁸ For example, in *FC Oval/Bupa* the CMA found that there are few regulatory hurdles to a nursing home offering specialist (including dementia) care, eg because there is no separate CQC registration for dementia care.

¹⁶⁹ CMA analysis of Carterwood data. [FC Oval/Bupa](#), paragraph 37.

¹⁷⁰ Further detail on how the CMA has assigned these are set out in footnote 303.

market. The CMA also notes that, among homes offering residential or nursing care, only a very small proportion of beds are reported as being dedicated to specialist types of care. Consistent with this, Welltower submitted that the Carterwood dataset (which shows the total number of elderly care beds at each care home in the UK, as prepared by Carterwood Analytics) excludes specialist beds, and Welltower excluded mental health hospitals from its local assessment submission.¹⁷¹

6.2.1.4 *Conclusion on product market*

86. Consequently, the CMA considers that the appropriate product market is the supply of care services for the elderly with separate markets for residential and nursing care. It considered it appropriate in this case to include dementia care within the product market for residential and nursing care, respectively, and to exclude other types of specialist care.

6.2.2 **Geographic market**

6.2.2.1 *UK-wide or regional geographic markets*

87. Welltower submitted that when considering care home ownership, it is more appropriate to consider a UK-wide or at least regional geographic market.¹⁷² It submitted that this is because when looking for a new property to operate, a care home operator is able to select from properties across the UK or decide to invest in the acquisition of real estate interests to purchase or develop a new care home itself.¹⁷³ It additionally submitted that operators typically negotiate contracts with suppliers on a regional or portfolio-wide basis, and may have regional managers.

88. Welltower's proposed approach to geographic market definition is based on a view of the market as one in which care home property owners compete to attract operators to their properties. The CMA, as explained above in relation to the nature and parameters of competition and below with respect to the relevant framing of Theory of Harm 1, considers that both Welltower and the care home operators compete in the provision of care home services to residents. In considering the appropriate market definition, the CMA has considered the geographic market in which competition to provide care home services to residents occurs.

89. The CMA considers that competition between individual care homes occurs on a local level, and that location, including proximity to a resident's local area or to

¹⁷¹ Welltower's response to the Third s109 Notice, question 14.

¹⁷² Enquiry Letter Response, question 13.

¹⁷³ Welltower's response to the CMA's Request for Information, 19 February 2026 (**RFI 2**), question 3. Welltower additionally submitted examples of operators running care homes across the UK and Welltower's estate.

family and friends, is an important factor in the choice of care home. Welltower agreed with this approach when considering care home services.¹⁷⁴

- (a) As found by the CMA Care Homes Market Study, demand for care services arises at the local level, with location being the main factor for prospective residents.¹⁷⁵ Residents may generally prefer to be in care homes close to their previous residence, to be closer to their community and family, although in some cases residents may prefer to move to a different geographic area, for instance, because that would place them closer to their family.¹⁷⁶
- (b) Evidence from operators indicates that they compete for residents within a certain drivetime or distance of the care home. For example, no operator indicated that they typically compete for residents who live further than a 30-minute drivetime away, or a 15-mile distance away.¹⁷⁷

6.2.2.2 *Local authority geographic markets*

90. Welltower submitted that it would not be appropriate to assess competition at the operator level by reference to local authorities as relevant geographic markets,¹⁷⁸ on the basis that:¹⁷⁹

- (a) The Care Act 2014 and the Care Act Choice of Accommodation Regulations mandate that local authorities fund residents ‘Outside of Area’.
- (b) A number of operators noted that local authorities routinely funded residents at homes that were in neighbouring local authority areas or catchments.¹⁸⁰
- (c) Following the CMA’s prior practice in relation to local market delineation by reference to drivetimes arrives at more appropriate outcomes than looking at the sometimes arbitrary borders of particular local authorities.
- (d) Local authority purchasing practices are not uniform. Some local authorities agree framework contracts on a home level, others on a provider level covering multiple homes, while many purchase resident care on a spot, or ad-hoc, basis.

¹⁷⁴ Position Paper, paragraph 5.25.

¹⁷⁵ [CMA Care Homes Market Study](#), paragraph 2.29.

¹⁷⁶ The CMA understands that some residents may choose to move further, particularly if their family lives further away from them (but it would still typically be a local area they considered, even if that local area was some distance from where they currently live).

¹⁷⁷ Response to the CMA’s operator questionnaire from a number of third parties, March 2026, question 12. The CMA notes that operators indicated that there was a difference in the typical distance over which they competed for residents based on urbanicity, with the largest distance being for rural areas. The figures presented here were both indicated to be true for rural areas. The CMA notes that Apex and Care UK similarly did not indicate that they compete for residents who live further than 30 minutes away.

¹⁷⁸ Welltower’s response to RFI 2, question 4.

¹⁷⁹ Welltower submission on local area analyses dated 12 March 2026 (**Local Analyses Paper**), paragraphs 5.1-5.8.

¹⁸⁰ In more detail, Welltower noted that [redacted]. Welltower Local Analyses Paper, paragraph 5.4.

- (e) There is no hard line between local authority-funded residents and private-funded residents. As per HC-One (among others), a significant, and increasing, number of local authority-funded residents have third parties (typically relatives) pay ‘Top-Ups’ to allow residents to be accommodated in homes or rooms that local authorities would not have been prepared to pay for on a stand-alone basis. In this way, residents for whom Top-Ups are paid blur the distinction between local authority-funded and privately-funded residents.

91. Based on the available evidence, the CMA agrees that it would not be appropriate to use local authority areas as the relevant geographic market.¹⁸¹

6.2.2.3 Conclusion on geographic market

92. The CMA considers that the appropriate geographic market within which to assess the Mergers is local, and that drive-time catchment areas are the most appropriate measure for defining the boundaries of the local area in which each site competes. The CMA considers the evidence used for the purposes of defining the appropriate catchment areas in detail in section 6.3.1.2.3 below.

6.3 Theories of harm

93. The CMA assesses the potential competitive effects of mergers by reference to theories of harm. Theories of harm provide a framework for assessing the effects of a merger and whether or not it could lead to an SLC relative to the counterfactual.¹⁸²

94. In its investigation of these Mergers, the CMA has considered the following theories of harm:

- (a) Horizontal unilateral effects arising from a loss of local competition in the supply of residential care services for the elderly and, separately, in the supply of nursing care services for the elderly (hereafter, the **supply of residential and nursing care services**).
- (b) Horizontal unilateral effects arising from a loss of local operator competition in the supply of residential and nursing care services.

95. Each of these theories of harm is considered in turn below.

¹⁸¹ For example, in addition to Welltower’s submissions, most local authorities indicated a willingness to place residents outside of the boundaries of their local area. Response to the CMA’s local authority questionnaire from a number of third parties, March 2026, question 6.

¹⁸² [CMA129](#), paragraph 2.11.

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

96. Horizontal unilateral effects may arise where one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.¹⁸³ Horizontal unilateral effects are more likely when the parties to a merger are close competitors.¹⁸⁴
97. The CMA has assessed the likelihood of any or all the Mergers resulting in horizontal unilateral effects arising from the loss of local competition in the supply of residential and nursing care services at a local level. To this end the CMA has considered, in relation to each of the Mergers:
- (a) relevant factors regarding how Welltower operates and the impact of this on the framing of TOH1; and
 - (b) the results of the CMA's local area analysis which looks at shares of supply within the relevant Welltower care home sites' and Target sites' catchment areas, including the competitive constraint exerted by alternative providers of residential and nursing care services.

6.3.1.1 Relevant framing for TOH1

98. As a result of the Mergers, Welltower will significantly increase its presence in a number of local areas by acquiring Targets that previously provided an independent competitive constraint.¹⁸⁵
99. The CMA considers that it is more appropriate to frame the relevant product market by reference to the supply of care services for the elderly, of which Welltower is one of the relevant providers, rather than (as submitted by Welltower) the provision of care home properties to care home managers in the UK. This is for a number of reasons:
- (a) Care home properties are an intrinsic part of the service offering to residents, directly affecting consumer choice. They appear to be more than a simple upstream input to care home operators.
 - (b) Control over care home assets affects the availability of care in local markets.
 - (c) The CMA considers this to be broadly consistent with the approach taken by the CMA in the *FC Oval/Bupa* case. The merger parties in this case were

¹⁸³ [CMA129](#), paragraph 4.1.

¹⁸⁴ [CMA129](#), paragraph 4.8.

¹⁸⁵ In some instances, Welltower may simultaneously acquire assets from multiple independent competitors resulting in a level of concentration that would result in an SLC area where prior to the Mergers Welltower was not present.

owner-operators and the product market considered was similarly the provision of residential care for the elderly and, separately, the provision of nursing care for the elderly.¹⁸⁶

(d) As explained below, the CMA believes that Welltower can substantially influence the key parameters of competition at most of its care home sites, which therefore indicates the appropriate market to consider is the supply of care services for the elderly.¹⁸⁷ The CMA considers the extent to which Welltower has the ability and incentive to influence the parameters of competition at both its RIDEA and NNN sites below.

100. The CMA has considered whether post-Mergers, Welltower may be able to exert its increased local market power over the supply of residential and nursing care services by influencing key competitive parameters through a number of different mechanisms across its portfolio of sites (as set out in section 6.3.1.1.1.2 below).¹⁸⁸ The ability and incentive to use these different mechanisms may differ depending on factors such as Welltower's ability to monitor certain competitive parameters.
101. As an overarching point, the CMA considers that the ability to influence key competitive parameters relating to residential and nursing care services does not appear inconsistent with Welltower's REIT status. Welltower submitted that given its REIT status, it does not, and cannot, operate care homes.¹⁸⁹ However, the mechanisms set out in section 6.3.1.1.1.2 below do not rely on Welltower *operating* the care homes on a day-to-day basis. The CMA does not consider that it is necessary for Welltower to operate the homes in order for Welltower to have the ability to influence the competitive offering of many of the care homes it owns.¹⁹⁰ The CMA further notes that its assessment involves an application of specific concepts set out in the Act, and the CMA's findings are based on those concepts, and relevant terms as used within the context of the Act.
102. As set out in further detail below, the CMA has considered Welltower's ability and incentive to influence the competitive offering of RIDEA sites and NNN sites separately.

¹⁸⁶ [FC Oval/Bupa](#), paragraph 45.

¹⁸⁷ References to 'influence' in the context of the CMA's competitive assessment should not be conflated with the concept of material influence (as relevant to the CMA's jurisdictional assessment) under the Act.

¹⁸⁸ The CMA notes that several third parties raised concerns about the Mergers due to Welltower's increased market position and the potentially negative effects this may ultimately have on care home residents, who may face higher prices or an otherwise degraded offering.

¹⁸⁹ RIDEA/NNN Paper, paragraph 2.3.

¹⁹⁰ Welltower Issues Letter Response, paragraphs 7.3 and 7.30.

6.3.1.1.1 Welltower's ability to influence the competitive offering of RIDEA sites

6.3.1.1.1.1 Welltower, Apex and Care UK submissions

103. Welltower submitted that under a RIDEA structure, it is the operator which: (i) determines prices and sales strategies; and (ii) is responsible for the day-to-day services and quality provided at care homes.¹⁹¹
104. Welltower submitted that it does not have any specific approval or veto rights over pricing, and that whilst it approves and funds all Capex investments in homes, such investments are identified and proposed by operators based on their assessment of the homes' performance and regional/local competition.¹⁹² Welltower also submitted that whilst it has approval rights over business plans and budgets, its input is limited and technical (eg correcting assumptions).¹⁹³ Further, Welltower submitted that operators have complete discretion over the day-to-day operations of care homes, and that the importance of maintaining its REIT status means it is 'strongly incentivised' not to exercise any influence in day-to-day matters (even though Welltower, like operators, is incentivised to ensure good service levels to maintain occupancy and therefore revenue, profitability and home value).^{194, 195}
105. As part of its submissions, Welltower referred to the contractual agreements between Welltower and operators which state that the 'day-to-day provision of [residential] care and operations of the Facility shall be under the exclusive supervision and control of the Operator'.¹⁹⁶
106. Care UK submitted that Welltower does not control the day-to-day management of the care homes which Care UK operates, and in its view has never sought to do so.¹⁹⁷ Apex similarly submitted that Welltower does not have control at a care home level and that all key operations-related decisions are taken by the operator.¹⁹⁸

¹⁹¹ RIDEA/NNN Paper, paragraphs 5.22(a), 5.23(a), 5.24(a) and 5.25(a).

¹⁹² RIDEA/NNN Paper, paragraphs 5.22(b) and 5.23(a).

¹⁹³ Welltower Issues Letter Response, paragraph 7.10.

¹⁹⁴ RIDEA/NNN Paper, paragraph 5.25.

¹⁹⁵ The CMA notes that in its RIDEA/NNN Paper, Welltower also states that it does not influence range in its RIDEA care homes as operators have complete discretion to decide the proportion of beds they allocate to nursing and/or residential care, whereas Welltower is agnostic as to this split (paragraph 5.24). The CMA considers that 'range' as a competitive parameter is much broader than whether a site offers nursing and residential beds, and in the context of care homes, this competitive parameter is more appropriately considered alongside the levels of quality and service provided in the homes rather than in isolation.

¹⁹⁶ For example, Welltower Internal Document, Annex 012 to the Enquiry Letter Response, '[§<]', October 2025, [§<].

¹⁹⁷ Care UK's response to the CMA's Request for Information dated 12 March 2026, question 15.

¹⁹⁸ Apex's response to the CMA's Request for Information dated 12 March 2026, question 14.

6.3.1.1.1.2 CMA assessment

107. Many of Welltower's submissions relate to the extent of its involvement in the day-day operation of the care homes. When the CMA assesses control (in a broad sense), its focus is on the ability of one entity to influence or control policy relevant to the behaviour of the target entity in the marketplace. Policy in this context means the policy relevant to the commercial behaviour of the target entity, including decisions on strategic commercial matters such as commercial objectives, management of the business, the strategic direction, the budget, the business plans and major investments.¹⁹⁹
108. The CMA considers there to be a number of mechanisms via which Welltower can influence the competitive offering of its RIDEA care home sites. These are detailed in turn below. The CMA notes that in some cases, it may be a combination of the below-described mechanisms which, when exercised together, give Welltower the ability to influence competitive parameters.
109. As an overarching point, whilst the mechanisms set out below may not give Welltower complete control over every single day-to-day decision regarding the operations of care homes its owns (eg the specific meals served, or a decision to offer a small discount for a particular resident), the CMA considers that they do give Welltower influence over key strategic decisions (such as overall pricing strategies, and Capex spend) which meaningfully impact the competitive offerings at care home sites.
110. The CMA also notes that the effectiveness of these mechanisms for allowing Welltower to exert local market power by influencing key competitive parameters is reinforced by the broader relationship between Welltower and the operators managing its RIDEA care home sites.

6.3.1.1.1.2.1 Mechanisms for influencing local competitive parameters

111. For its RIDEA sites, Welltower has approval rights over the operators' annual business plans and operating budgets. [§].²⁰⁰ The CMA considers that the [§] effectively gives Welltower a veto over changes to the budget. In addition, the CMA considers that Welltower's overall bargaining position, in particular, the possibility of it exercising its without-cause termination rights (discussed in paragraph 117 below) to switch an operator at a care home, may influence an operator to agree with any Welltower comments on, or proposed revisions to, the operator's annual business plan/budget.

¹⁹⁹ CMA2, paragraph 4.17.

²⁰⁰ RIDEA/NNN Paper, paragraph 5.15(e). Welltower Issues Letter Response, paragraph 7.11.

112. Welltower is also responsible for funding all Capex spend, including spend for: [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]; and [REDACTED].²⁰¹ In addition, Welltower has developed or acquired digital tools that it makes available to its care homes. Whilst Capex spend may not be used for every single cost attributable to care home operations (eg [REDACTED]), the CMA considers such spend to nevertheless be an important contributing factor to the ongoing quality and service levels of care homes.²⁰² Capex investments have a direct impact on the care home offering, for example, a mystery shopping exercise carried out on behalf of Welltower at certain target homes prior to the Mergers identified opportunities to make improvements across structural and cosmetic Capex, Opex and digital.²⁰³ This report specifically indicated that such improvements would allow the care homes to increase private fees and/or increase the proportion of private residents.²⁰⁴ Further, the report stated that the implementation of investments would be essential to ‘increase the proportion of privately funded residents’ in most homes to deliver a return on investment.²⁰⁵ Welltower’s internal documents indicate that: (i) Welltower’s decisions about funding Capex (and providing digital tools) have a direct influence on the competitiveness of the care homes in question; and (ii) Welltower independently considers the potential impact of such investments, and sees those investments as being directly tied to the returns it may achieve.
113. Additionally, as set out in the relevant MSAs/CSAs, Welltower has a right to implement a sales centre in addition to an operator’s site sales team, with the primary objective of any such Welltower sales centre being to provide immediate responses to inquiries from prospective residents.²⁰⁶ Such contact with prospective residents may allow for a direct ability by Welltower to influence discussions regarding prices charged to residents.^{207, 208}
114. Further to the mechanisms described above, Welltower receives a steady flow of detailed financial and non-financial information from its operators regarding its RIDEA sites, which is discussed between Welltower and the operators at [REDACTED]

²⁰¹ Welltower’s response to the Second s109 Notice, question 20.

²⁰² Welltower Issues Letter Response, paragraph 7.12.

²⁰³ RIDEA/NNN Paper, paragraphs 3.3, 3.5 and 4.16.

²⁰⁴ Welltower Internal Document, Annex 063 to the Enquiry Letter Response, [REDACTED], November 2025, pages 3 and 4.

²⁰⁵ Ibid.

²⁰⁶ For example, Welltower’s response to the Second s109 Notice, question 8. The CMA notes that at the Issues Meeting, Welltower’s CEO stated that he was not aware of this right existing in Welltower’s MSAs/CSAs in relation to its UK RIDEA care home sites, but that in any event Welltower has no intention of exercising such a right.

²⁰⁷ For example, one third party noted that pricing in the supply of care home services is very opaque, and that when a prospective resident’s care needs are assessed by a care home, the care home’s determination of the relevant pricing may take into account what it thinks the prospective resident can pay. Transcript of a call with a third party, January 2026, 35:55.

²⁰⁸ Furthermore, and as mentioned in paragraph 64 above, the CMA understands that local authorities may individually negotiate fees for local authority funded resident placements with care homes. Insofar as such negotiations were to take place with Welltower’s sales centre, this may further give Welltower an ability to influence pricing discussions.

meetings.²⁰⁹ Such information includes: [redacted].²¹⁰ At least one operator [redacted].²¹¹ In turn, Welltower also discloses information to its operators, for example the fact that some operators of Welltower-owned care homes achieve higher margins than others.²¹² The CMA considers that this information flow may facilitate Welltower's use of the mechanisms described above to influence competitive parameters.

115. The CMA also notes that Welltower publicly refers to viewing itself as an 'operating company in a real estate wrapper, driven by highly-aligned partnerships'.²¹³

6.3.1.1.1.2.2 *Relationship between Welltower and its partner-operators*

116. There are a number of aspects of the relationship between Welltower and the operators at its RIDEA sites that can provide Welltower with additional leverage to influence parameters of competition through the mechanisms described above. This includes the existence of without-cause termination rights in relation to individual care home sites, the existence of non-compete clauses that may limit the outside options available to its partner-operators, and Welltower's ability to appoint key C-suite executives.
117. Welltower has the ability to terminate CSAs relating to individual care home sites with its operators without-cause so long as it provides sufficient notice. Such notice periods are short (eg [redacted]).²¹⁴ Once such a termination right is triggered, the outgoing operator is required to cooperate with Welltower and the incoming operator for a certain time period (eg [redacted]) to facilitate the transition of care home operations.²¹⁵ The operators [redacted].²¹⁶ The CMA considers that the threat of Welltower exercising such without-cause termination rights against the operators may give Welltower leverage to influence the competitive parameters in its RIDEA sites.²¹⁷

²⁰⁹ RIDEA/NNN Paper, paragraph 5.16.

²¹⁰ For example, Welltower Internal Documents, Annex 147 to the Second s109 Notice, '[redacted]', December 2024, pages 6, 7, 8, 10, 11 and 12; Annex 149 to the Second s109 Notice, '[redacted]', January 2025, pages 3 and 4; Annex 152 to the Second s109 Notice, '[redacted]', February 2025, page 8; Annex 167 to the Second s109 Notice, '[redacted]', July 2025, page 5; Annex 193 to the Second s109 Notice, '[redacted]', November 2025 page 5; and Welltower's response to the CMA's Section 109 Notice, 19 February 2026 (**Fourth s109 Notice**), paragraphs 1.1-1.5.

²¹¹ For example, Welltower Internal Documents, Annex 150 to the Second s109 Notice, '[redacted]', January 2025; and Annex 177 to the Second s109 Notice, '[redacted]', September 2025.

²¹² Welltower's response to the Second s109 Notice, footnote 5.

²¹³ [Home page | Welltower Inc.](#) (last accessed 1 April 2026).

²¹⁴ Under the form of CSAs between Welltower and Barchester (Apex), [redacted] (Welltower Internal Document, Annex 012 to the Enquiry Letter Response, '[redacted]', October 2025, [redacted]; Welltower's response to the Second s109 Notice, question 8). A similar mechanism exists with regard to Care UK as operator of the Aria (including Asprey) and Danforth care home portfolios, [redacted] (Welltower Internal Documents, Annex 021 to the Enquiry Letter Response, '[redacted]', October 2025, [redacted]; Annex 027 to the Enquiry Letter Response, '[redacted]', October 2025, [redacted]; and Annex 766 to the Third s109 Notice, '[redacted]', October 2025, [redacted]. Welltower's response to the Fifth s109 Notice, question 2; Welltower's response to the CMA's Request for Information, 24 March 2026 (**RFI 3**), question 1).

²¹⁵ See eg Welltower Internal Document, Annex 012 to the Enquiry Letter Response, '[redacted]', October 2025, [redacted].

²¹⁶ See eg Welltower Internal Document, Annex 012 to the Enquiry Letter Response, '[redacted]', October 2025, [redacted]; Apex Issues Letter Response, paragraph 5.10.

²¹⁷ The CMA notes that this threat could either be in relation to specific care home sites (given the CSAs are site-specific) or at the wider relationship level.

118. The CMA acknowledges Welltower's submissions that it has previously not exercised any without-cause termination right against its RIDEA site operators in the UK, and that in the last five years, CSAs between Welltower and an operator have only been terminated in [redacted] instances due to reasons such as [redacted].²¹⁸ However, the CMA considers that the lack of such historical practice does not mean that Welltower may not exercise such rights in future, in particular in a context where its UK footprint has more than tripled as a result of the Mergers.
119. Welltower also submitted that if it were to threaten to exercise its without-cause termination rights against its operators as a way to influence competitive parameters, this would risk 'significant harm' to Welltower's reputation in the market.²¹⁹ However, the CMA notes that Welltower need not to routinely threaten to exercise no-fault termination to be able to influence competitive parameters. Furthermore, Welltower submitted that possible benefits from operating care homes via a RIDEA structure (compared to a NNN structure) include the fact that a RIDEA structure insulates operators from exposure to a potential mismatch between fluctuating net income and significant rent obligations, thereby delivering stability and predictability for operators, with the consequence of increased predictability for staff and residents alike.²²⁰ The CMA considers it may be the case that such financial and other benefits of operating a care home via a RIDEA structure mean that operators may not necessarily be deterred from working with Welltower even if it were to threaten to exercise its without-cause termination rights.
120. The CMA further acknowledges Welltower's submissions that appointing a new care home operator involves time and cost for all parties, as well as Apex's submissions that changing operators in haste can cause disruption to services and staff.²²¹ However, Welltower itself also submitted to the CMA that whilst it does not 'routinely change operators, it is relatively straightforward to do so'.²²²
121. The CMA also notes Welltower's submission that operators can look for other properties to operate and have many alternatives such as building new homes.²²³ The CMA observes that whilst it may be possible over time to build a new care home in the local area (to the extent this is not prohibited or otherwise impacted by the restrictions imposed by non-compete clauses, discussed in paragraph 122 below), it may not be attractive to the operator to do so given the operator's previous (Welltower-owned) care home would still be operational with a new operator, and as such building a new care home would simply add capacity to the

²¹⁸ RIDEA/NNN Paper, paragraph 5.15(g); Welltower's response to RFI 3, question 3; Welltower Issues Letter Response, paragraph 7.9.

²¹⁹ Welltower Issues Letter Response, paragraph 7.8.

²²⁰ RIDEA/NNN Paper, paragraph 5.2.

²²¹ Welltower Issues Letter Response, paragraph 7.8(c); Apex Issues Letter Response, paragraph 5.11.1.

²²² Welltower's submission to the CMA regarding lack of need for an initial enforcement order (IEO), 16 December 2025, paragraph 9.3(c).

²²³ Welltower Issues Letter Response, paragraph 7.8(a).

area.²²⁴ On the other hand, Welltower has a range of different operators with whom it partners in the UK and could switch in to take over one or more of its care homes.

122. In addition to the without-cause termination rights, Welltower has non-compete clauses with Barchester (under Apex control), as a result of which [REDACTED].²²⁵ As mentioned in paragraph 23(c) above, Welltower submitted that such non-compete clauses are narrow. However, [REDACTED].²²⁶ Care UK is also subject to a non-compete which [REDACTED]. [REDACTED].²²⁷ These non-competes, in the CMA's view, have the potential to significantly limit the alternative partners available to Barchester and Care UK.
123. Furthermore, Welltower has approval and appointment rights over key C-suite executives within operators (defined as 'Key Managers'). Whilst such right applies to only a limited number of individuals named in the relevant contractual agreements, the CMA considers it may nevertheless provide Welltower with leverage to influence commercial policy and decision-making with regard to its RIDEA care homes,²²⁸ notwithstanding that the exact nature of such rights may differ between partner-operators.²²⁹ One third party also noted its understanding that in a RIDEA structure, the contracts with care home staff (including care home managers, staff, cleaners, chefs, etc.) are held with the Welltower Opcos, with Welltower then delegating overall care home management to the key C-suite executives as identified in the relevant MSAs/CSAs.²³⁰
124. The CMA notes that the fact that some of the contractual rights described above may have not been used to-date does not negate the fact that they may nevertheless provide Welltower with an ability to influence competitive parameters.^{231iv} With regard to the non-compete clauses in particular (as described in paragraph 122 above), the CMA considers that their existence may weaken competition and increase Welltower's overall bargaining position in relation to the operators of its care homes.
125. The CMA notes that Welltower may not need to be able to direct an operator to change a *particular* PQRS lever in order to influence competitive parameters.

²²⁴ If there was sufficient demand in the area, such that adding new capacity was profitable, then the operator could have already built this new home as well as operating the Welltower-owned care home (ie it would not necessarily be an alternative).

²²⁵ Welltower Internal Document, Annex 012 to the Enquiry Letter Response, '[REDACTED]', October 2025, [REDACTED].

²²⁶ Welltower Internal Document, Annex 012 to the Enquiry Letter Response, '[REDACTED]', October 2025, [REDACTED].

²²⁷ Welltower Internal Document, Annex 029 to the Enquiry Letter Response, '[REDACTED]', October 2025, [REDACTED]. [REDACTED]

²²⁸ For example, Welltower's response to the Second s109 Notice, question 8; Welltower Issues Letter Response, paragraph 7.16.

²²⁹ With regard to Barchester (under Apex control), [REDACTED] (Welltower Internal Document, Annex 012 to the Enquiry Letter Response, '[REDACTED]', October 2025, [REDACTED]); however with regard to Care UK as operator of the Aria (including Asprey) and Danforth care home portfolios, [REDACTED] (Welltower Internal Document, Annex 766 to the Third s109 Notice, '[REDACTED]', October 2025, [REDACTED]).

²³⁰ Note of a call with a third party, February 2026, paragraph 6.

²³¹ Welltower Issues Letter Response, paragraphs 7.10, 7.17 and 7.18; Apex Issues Letter Response, paragraphs 5.14, 5.16 and 5.18; Care UK's response to the Issues Letter dated 16 April 2025 (**Care UK Issues Letter Response**), paragraph 4.4. See also [CMA2](#), paragraph 4.18.

Rather, the CMA considers that Welltower has the ability to require certain levels of profit (ie by talking about acceptable costs and/or revenue) from its care homes in areas where it has significant local market power (for example, via the threat of it exercising its without-cause termination rights if such cost and revenue levels are not achieved), whilst leaving it to the operators to determine how exactly to generate these profit/cost/revenue levels. This is notwithstanding the CMA's view that Welltower may additionally have an ability to influence specific elements of PQRS more directly (for example in relation to Capex funding, as described above).

126. With regard to third-party feedback, the CMA notes that most third parties who provided feedback are not active through RIDEA structures in the UK (given such structures are relatively new to the UK) and indicated limited knowledge of these structures. Most REIT respondents commented that property owners who have RIDEA structures in place may have influence and control over operational matters.²³² One REIT respondent's view was that in a RIDEA structure, the property owner retains ultimate de facto control over care home operations, given the property owner's without-fault termination rights.²³³ Another REIT respondent also commented that RIDEA owners have the ability to influence operational decisions as they can decide to change the operator.²³⁴ Views amongst operators that responded to the CMA's questionnaire were varied. One operator's view was that an owner via a RIDEA structure would have more influence over operating decisions than via a NNN lease, and another operator (who operates some Welltower-owned care homes in the UK) noted that a RIDEA structure results in more engagement between the property owner and operator, given the former has direct financial exposure to a care home's trading performance.²³⁵ However, one other operator (who operates some Welltower-owned care homes in the UK) considered REITs such as Welltower to have limited or no control over the day-to-day management of a RIDEA care home.²³⁶

6.3.1.1.1.2.3 *Conclusion on Welltower's ability to influence the competitive offering of RIDEA sites*

127. Based on the available evidence, the CMA considers that Welltower can influence the competitive offering of RIDEA sites in the UK. Many of the mechanisms described in section 6.3.1.1.1.2 above concern influence over commercial matters which the CMA explicitly recognises as relevant to the behaviour of a target entity in the marketplace.²³⁷ The CMA further notes that there may be circumstances in which Welltower and the operator's incentives are aligned and hence where the

²³² Response to the CMA's REIT questionnaire from a number of third parties, March 2026, question 5.

²³³ Response to the CMA's REIT questionnaire from a third party, March 2026, question 5.

²³⁴ Response to the CMA's REIT questionnaire from a third party, March 2026, question 5.

²³⁵ Response to the CMA's operator questionnaire from a number of third parties, March 2026, question 18.

²³⁶ Response to the CMA's operator questionnaire from a third party, March 2026, question 18.

²³⁷ [CMA2](#), paragraph 4.17.

reliance on the above-mentioned mechanisms of influence may not be necessary in order for Welltower to pursue a deterioration of PQRS.

6.3.1.1.2 *Welltower's incentives to influence the competitive offering of RIDEA sites*

6.3.1.1.2.1 *Welltower, Apex and Care UK submissions*

128. In addition to its submissions stating that it has no incentives to risk its REIT status, Welltower submitted that even if Welltower is able to assert some influence over operators, this is not the same as the ability to control these operators given operators' differing incentives, and that operators' incentives do not fully align with Welltower's in areas where different operators of Welltower's care homes overlap. Welltower noted that operators do not have the incentive to raise prices or worsen their competitive offering if this would result in losing residents to a care home operated by a rival operator, even if the care home is a Welltower property (and if altering any aspect of PQRS would be in their own interests, they would do so regardless of Welltower's commercial interests).²³⁸
129. Welltower additionally submitted that all else equal, a non-integrated owner like Welltower has a lower margin than an integrated owner-operator. This means that any change in concentration for Welltower as an owner brings/leads to a significantly reduced incentive to increase prices than an integrated owner-operator.²³⁹ To illustrate this point, Welltower submitted that in RIDEA structures the operators receive a proportion of revenue while Welltower receives profit (ie has to pay costs). This means that their incentives will always be different, and Welltower's incentives will also be different to those of an integrated owner-operator.
130. Welltower also submitted that the reality is that, at local levels, the incentives of owner and operator are almost always not aligned.²⁴⁰ It submitted that Welltower's and the operators' interests would only be aligned if the transaction brought about an identical change in the level of concentration at the local level for Welltower and the operator.
131. The CMA notes that Apex similarly submitted that it is not correct for the CMA to assume that Barchester (under Apex control) is (i) fully aligned with Welltower's strategy, or (ii) subservient due to a weak bargaining position as a result of reliance on Welltower.²⁴¹ Care UK submitted that Welltower has [redacted].²⁴²

²³⁸ RIDEA/NNN Paper, paragraph 6.12; Position Paper, paragraph 5.28(d).

²³⁹ Welltower Issues Letter Response, paragraph 8.2.

²⁴⁰ Welltower Issues Letter Response, paragraph 8.5.

²⁴¹ Apex Issues Letter Response, paragraphs 5.30-5.31. The CMA notes that Care UK did not make submissions on this point.

²⁴² Care UK Issues Letter Response, paragraph 4.4.

6.3.1.1.2.2 CMA assessment

132. The CMA views Welltower's (and operators') incentives to be multifaceted, and to vary depending on: (i) the extent to which Welltower is able to observe and influence the competitive offering of individual care homes; (ii) local market factors, including concentration at both the care home ownership and operational levels; and (iii) Welltower's overall relationship with an operator, having regard to the commercial dynamics underpinning such a relationship. The CMA considers that in some cases, Welltower's and its operators' incentives may be broadly aligned, whereas in other cases, either Welltower or the operator may have a greater incentive to increase prices or worsen their competitive offering following an increase in local concentration as a result of the Mergers.
133. The CMA notes that as a result of the Mergers, Welltower is increasing its local market power across a large number of local areas. This change could fundamentally alter Welltower's incentives with regards to its sites in local areas if the Mergers create profitable opportunities to raise prices or otherwise degrade the competitive offering in individual local areas.²⁴³ For example, the fact that Welltower has not to-date made meaningful revisions to budget plans proposed by operators, or changed the operator in place by exercising a without-cause termination right, does not mean that it would not have the incentive to do so, if its local market shares increase substantially.
134. The remainder of this section sets out the CMA's view regarding Welltower's incentives to influence the competitive offering of RIDEA sites.
135. The CMA considers Welltower to have good knowledge of local competition at its sites given Welltower's overall presence in the elderly care industry in the UK. For example, Welltower internal documents discussing potential acquisitions consider competitors in local areas, including [redacted].²⁴⁴ As explained in paragraph 23(a) above, [redacted]. Furthermore, Welltower pipeline development documents and acquisition documents consider detailed information about local areas, including on [redacted], as well as information about existing care homes, including the [redacted].²⁴⁵
136. The CMA considers that the above-described types of information that Welltower has about local competition may allow it to have a targeted strategy to focus on areas where it has significant market power. Therefore, where there may be potentially profitable changes to be made at a site (eg through worsening PQRS), the CMA expects that Welltower would have knowledge of this and that such

²⁴³ This is in line with [CMA129](#), paragraph 4.31.

²⁴⁴ Welltower Internal Documents, Annex 060 to the Enquiry Letter Response, '[redacted]', October 2025, pages 8-16; Annex 574 to the Second s109 Notice, '[redacted]', October 2024, slides 4, 6, 8, 10, 12, 14, 16, 18, 20, 22, 24, and 26; and Annex 215 to the Second s109 Notice, '[redacted]', December 2023, page 2.

²⁴⁵ Welltower Internal Documents, Annex 579 to the Second s109 Notice, '[redacted]', January 2025, slides 2-3; Annex 574, '[redacted]', October 2024, slides 3, 5, 11.

knowledge would inform Welltower's incentives. For example, some Welltower internal documents indicate that there is the potential for [REDACTED].²⁴⁶

137. Regarding RIDEA sites in particular, Welltower explained that the RIDEA structure brings into greater alignment the incentives of the owner and operator, for example by incentivising operators to propose, and Welltower to fund, Capex improvements to homes. This increased alignment in incentives arises because both share in the resulting upside in the form of increased income, with Welltower also benefitting – as the owner of the real estate – from the resulting increases in property values.²⁴⁷ There are therefore significant advantages for Welltower in a RIDEA model.
138. The available evidence suggests that Welltower's preference is to hold care homes via RIDEA structures,²⁴⁸ consistent with its latest publicly reported property split between RIDEA and NNN in the UK, with NNN properties accounting for less than 30% of all Welltower's care homes in the UK.²⁴⁹ Further, internal documents indicate that Welltower's UK strategy is '[REDACTED]'.²⁵⁰
139. The CMA considers that the fact that a RIDEA structure allows Welltower to benefit from increases in income and property values means that Welltower generally has an incentive to have greater influence over the competitive parameters at a RIDEA care home. While a RIDEA structure may introduce greater risk to Welltower, it also increases the potential income it can receive from the care home. Care home pricing in particular has a direct impact on the net operating income which Welltower earns from the sites (with higher care home revenue figures leading to more net operating income earned).
140. The CMA considers that in a RIDEA model, post-Mergers, Welltower may have the incentive to increase prices or worsen the competitive offering for certain sites if its share has increased in a local area, as any demand that is diverted as a result of this worsening (eg in the form of future residents choosing to go to another care home) may be captured by its other sites.²⁵¹
141. Where there are any differences in incentives between the operator and Welltower, the CMA would expect Welltower to generally have greater incentive compared to the operator to degrade the competitive offering of a given site, given

²⁴⁶ Welltower Internal Document, Annex 061 to the Enquiry Letter Response, '[REDACTED]', September 2025, slide 8 notes that [REDACTED]. In addition, slide 20 notes that [REDACTED] Welltower Internal Document, Annex 637 to the Second s109 Notice, '[REDACTED]', October 2024, page 1 notes that '[REDACTED]'. The CMA also notes a draft version of Welltower Internal Document, Annex 581 to the Second s109 Notice, '[REDACTED]', January 2025, page 2 notes, '[REDACTED]' The later version of this document (Welltower Internal Document, Annex 657 to the Second s109 Notice, '[REDACTED]', February 2025) notes that in [REDACTED] (page 2).

²⁴⁷ RIDEA/NNN Paper, paragraph 5.3.

²⁴⁸ Welltower itself noted its preference for RIDEA structures at the CMA teach-in on 13 January 2026.

²⁴⁹ [Welltower 2025 Annual Report](#), page 49 (last accessed on 2 April 2026).

²⁵⁰ Welltower Internal Document, Annex 637 to the Second s109 Notice, '[REDACTED]', October 2024, pages 1 and 4. Similarly, Welltower Internal Document, Annex 057 to the Enquiry Letter Response, '[REDACTED]', October 2025, page 4, states in relation to the Barchester Merger: '[REDACTED]'.

²⁵¹ In some extreme circumstances, it may be the case that existing residents may also choose to move care home (though the CMA understands that this would not typically happen).

their increased local concentration as a result of the Mergers, and ability to recapture diverted demand. For many sites, there is no increment at the operator level (where there is an increment, this is considered under Theory of Harm 2 below).

142. Where there are differences in incentives between owner and operator, given Welltower's increased local market share and higher market share in general, the CMA would generally expect Welltower to be in a stronger bargaining position relative to the operator, noting the various aspects to the Welltower/operator relationship which may provide Welltower with a significant degree of leverage to influence competitive parameters (see section 6.3.1.1.1.2.2 above). To the extent that there are any significant conflicts in incentives between Welltower and an operator in a care home, Welltower may have the incentive to replace that operator.
143. Based on the available evidence, the CMA considers that Welltower has the incentive to influence the competitive offering of RIDEA sites in the UK.

6.3.1.1.3 *Welltower's ability to influence the competitive offering of and recapture revenue from its NNN sites*

6.3.1.1.3.1 *Welltower submissions*

144. Welltower submitted that under a NNN lease, it has only limited standard landlord protections, with the operator having total freedom to operate the care homes subject to paying rent and complying with certain obligations (such as [X]).²⁵²
145. Welltower submitted that the operator has complete discretion to: (i) charge the prices they consider most appropriate; (ii) determine the approach to all key quality metrics in relation to the day-to-day care provided at homes; and (iii) determine the operations of the care homes and services provided.²⁵³ Welltower further submitted that it has no visibility over or ability to adjust the prices operators charge to residents, and that whilst structural alterations to care homes require Welltower's consent, operators are free to make (at their own expense) non-structural/internal alterations to the homes, thereby distinguishing this scenario from other cases where landlords were found by the CMA to be able to influence local level competition.²⁵⁴ Welltower also submitted that it has some visibility over

²⁵² RIDEA/NNN Paper, paragraphs 4.1 and 4.2.

²⁵³ RIDEA/NNN Paper, paragraphs 4.15(a), 4.16(a) and 4.18(a).

²⁵⁴ RIDEA/NNN Paper, paragraphs 4.15(b), 4.16(c), 4.20 and 4.21.

the regulatory status of a care home via the operator's reporting obligations, but it does not have any ability to influence service levels at care homes.^{255, 256}

146. With regard to the rent payable by an operator, Welltower noted that rent is set on a property-by-property basis (typically preon the forecasted performance and profitability of the homes) with fixed annual adjustments (as detailed in the relevant underlying lease) and that Welltower can only reset the rent payable across homes if the operator agrees.²⁵⁷ For [§<], Welltower submitted that a rent reset right applies to all leases held under NNN if [§<] and applies every five years, but that this carries significant cost for Welltower.²⁵⁸ Welltower has negotiated different rent reset mechanics with [§<].²⁵⁹

6.3.1.1.3.2 CMA assessment

147. The CMA considers that based on the available evidence, Welltower does not have the ability to influence the competitive offering of its NNN care homes substantially, given the inability unilaterally to adjust the long-term contracts Welltower has in place with operators.
148. The CMA considers that there is only limited scope for Welltower to recapture profit from sales diverted away from a care home where it has a RIDEA contract with the operator. NNN leases are tenancy agreements through which Welltower receives fixed rental payments, therefore increases in profitability at a Welltower owned NNN site would not typically be recaptured by Welltower. One exception to this is in circumstances where Welltower has rent reset clauses in place as described in paragraph 146 above. If a rent reset clause were to be triggered, Welltower would be able to benefit (through increased rent) from profitability changes at a NNN site over a medium to longer term time horizon.
149. With regard to the long-term contracts in place for NNN sites, the CMA considers that, in principle, contracts should not be looked at in isolation and that it may be appropriate to consider the wider context of Welltower's overall relationship with an operator, having regard to the commercial dynamics underpinning such a relationship. The CMA also notes that contractual provisions and protections are not always conclusive in determining one's ability to take a particular course of action, given that over time contracts may be renegotiated or terminated, and also

²⁵⁵ RIDEA/NNN Paper, paragraph 4.18(b).

²⁵⁶ The CMA notes that in its RIDEA/NNN Paper, Welltower also states that it does not influence range in its NNN care homes as operators have complete discretion to decide the proportion of beds they allocate to nursing and/or residential care, whereas Welltower has no visibility over, or ability to impact, this split (paragraph 4.17).

²⁵⁷ Welltower's response to the Second s109 Notice, question 9; RIDEA/NNN Paper, paragraph 4.7(e).

²⁵⁸ Welltower response to RFI4, paragraphs 1.2-1.3. [§<]

²⁵⁹ [§<]. Welltower's response to the CMA's Request for Information, 21 April 2026 (RFI 4), paragraphs 1.18-1.19.

when taking into account companies' respective bargaining positions (reflecting the change in market structure brought about by a merger).²⁶⁰

150. With regard to Welltower's overall relationships with operators, the CMA notes that all operators with NNN sites leased from Welltower also have RIDEA structures in place with Welltower, and the CMA considers these relationships are relevant to Welltower's ability to influence the competitive offering at RIDEA sites (as set out in section 6.3.1.1.2 above. There is a possibility that this overall relationship may also give Welltower some ability to influence operators which could impact on the competitive offering at NNN sites, however the CMA considers any such influence is likely to be relatively limited.
151. The CMA notes that the evidence it received from third parties, including both operators (the majority of whom operate some Welltower-owned care homes in the UK) and REITs, indicated that a NNN landlord (such as Welltower) has limited ability to unilaterally change rent or other contractual terms once the lease is negotiated, so long as the contractual terms are being abided by.²⁶¹ These third parties also commented that a NNN landlord has limited influence over operational decisions such as fee levels and staffing levels (which are matters for the tenant operators to decide on).²⁶²
152. Based on the available evidence, the CMA considers that Welltower does not have the ability to influence the competitive offering of NNN sites substantially and has therefore not included NNN sites as Welltower centroids in its local analysis (detailed below). For detail on how the CMA has treated NNN sites which fall into the catchment areas of other centroids, see section 6.3.1.2.1.3 below ('Welltower-owned NNN sites').

6.3.1.2 Local area analysis

153. When analysing whether a merger may result in a realistic prospect of an SLC in cases involving local overlaps, the CMA may use a decision rule.²⁶³ A decision rule enables the CMA to assess the competitive impact of a merger at a local level, where the merger parties' activities overlap, through a systematic analysis of defined indicators of competition across all local areas.²⁶⁴ Competition concerns

²⁶⁰ [CMA129](#), paragraph 7.15. See also eg [Thermo Fisher Scientific/Roper Technologies](#), Provisional findings (17 April 2019), paragraph 10.125.

²⁶¹ Response to the CMA's REIT questionnaire from a number of third parties, March 2026, question 6(a) and (b); response to the CMA's operator questionnaire from a number of third parties, March 2026, question 19(a) and (b). The CMA notes Apex also submitted this in response to the CMA's questionnaire (Apex's response to the CMA's Request for Information dated 12 March 2026, question 15).

²⁶² Response to the CMA's REIT questionnaire from a number of third parties, March 2026, question 6(c); response to the CMA's operator questionnaire from a number of third parties, March 2026, question 19(c). The CMA notes Apex also submitted this in response to the CMA's questionnaire (Apex's response to the CMA's Request for Information dated 12 March 2026, question 15).

²⁶³ [CMA129](#), paragraph 4.34.

²⁶⁴ The CMA's consideration of the use of a decision rule is set out in section 6.3.1.2.4 in relation to TOH1, and in more detail in section 6.3.2.2 in relation to TOH2.

are considered to arise (absent compelling evidence provided to the CMA) where certain thresholds are met. In the present case, the CMA considers that this analytical approach:

- (a) captures, to a sufficient degree, the loss of competitive constraint brought about by the Mergers at the local level;
- (b) assesses all local areas of overlap systematically by reference to the same factors, rather than having regard to different factors in different local areas, unless there is evidence that certain factors are only applicable in certain local areas;²⁶⁵ and
- (c) enables the efficient conduct of the CMA's investigation, having regard to the limited time available within a phase 1 investigation to carry out a detailed competitive assessment of local areas.

154. In relation to this, the CMA sets out below, its approach to:

- (a) which sites should be included in the effective competitor set, including whether to include sites with low care quality ratings and non-operational sites with granted planning permission;
- (b) the appropriate catchment areas to delineate local markets;
- (c) which measure underlying the shares of supply is most appropriate for use in the CMA's assessments; and
- (d) the appropriate threshold for the combined share of supply above which (and in the absence of other evidence to the contrary) a realistic prospect of an SLC arises.

6.3.1.2.1 *Effective competitor set*

155. As described in the Product Market section above (see section 6.2.1), the CMA believes that the relevant competitor set (in relation to each of the Mergers under consideration) consists of other residential-only and nursing-registered care homes for the elderly offering non-specialist care. The CMA does not consider that there are material out-of-market constraints in the supply of residential and nursing care services from other types of homes or providers.

²⁶⁵ The CMA notes that where merger parties conduct a non-systematic review of competitive conditions in individual local areas (ie considering different factors in different areas), it may be difficult for the CMA to verify whether the material presented to it provides a balanced picture of each particular area, or whether it presents a partial view which is favourable to the interests of the merger parties ([CMA129](#), paragraph 4.33).

156. As set out in more detail below, the CMA has identified these homes with reference to data provided by Welltower from Carterwood, supplemented by further data submitted by Welltower.²⁶⁶

6.3.1.2.1.1 *Sites in planning*

6.3.1.2.1.1.1 *Welltower, Apex and Care UK submissions*

Welltower submitted that consistent with the CMA's approach in other local horizontal merger cases, pipeline developments should be incorporated into any decision rule.²⁶⁷ Specifically, Welltower submitted that all elderly care home developments with granted planning permission exert a strong competitive constraint that should be incorporated when applying a decision rule, due to them having a relatively high degree of certainty in opening as operational care homes.²⁶⁸ Welltower also submitted that the data used in the CMA's analysis is from June 2025 and that, as a result, the sites are now closer to opening.²⁶⁹ Apex similarly submitted that development properties (as identified in the Carterwood data) should be included in the competitive analysis, and that operators take these development projects into account.²⁷⁰

157. Welltower additionally provided analysis showing the proportion of granted planning applications and associated beds from 2019 to 2022 that have 'completed', 'remained active', or 'lapsed' using planning data collected by Carterwood.²⁷¹ Based on this analysis, Welltower submitted that using the earliest time period for which there is data, only 7.4% of granted planning applications from 2019 had lapsed by February 2026. 73.8% of all granted planning applications by number of beds in 2019 had completed. A further 18.8% remain active.

²⁶⁶ For three care homes near Croydon (Addington Heights, Heavers Court and Langley Oaks), Care UK submitted that the relevant contract and underlying leases expired on 1 April 2026, such that owner-level control reverted to Croydon Council, which appointed Eleanor Healthcare as the new operator. Having reviewed this evidence, the CMA believes that these homes have ceased to be Welltower or Care UK homes and has treated them as third party sites for the purposes of its local analysis. For three care homes near Richmond (Greville House, Laurel Dene and Whitefarm Lodge), Care UK also submitted that [§<] and that Richmond Council has appointed Agincare to manage the homes. For these homes, the CMA is concerned with a scenario where the lease continues to remain with Welltower beyond July and has therefore included them as Welltower and Care UK sites in the analysis. The CMA notes that, had there been evidence that these leases would definitely revert to Richmond Council, it would have been appropriate to treat these homes as third party sites in the analysis. Care UK Issues Letter Response, paragraphs 3.3-3.7. See also Welltower's submission to the CMA titled 'Submission on Properties No Longer in Welltower's Estate', dated 24 April 2026.

²⁶⁷ Local Analyses Paper, paragraph 3.1; Welltower Issues Letter Response, paragraph 9.6.

²⁶⁸ Welltower further submitted that developers are generally required by the local planning authority to commence development no later than three years from the date upon which permission is granted, otherwise, the planning permission lapses (Local Analyses Paper, paragraph 3.9; Welltower Issues Letter Response, paragraphs 9.1-9.6).

²⁶⁹ Welltower Issues Letter Response, paragraph 9.4.

²⁷⁰ Apex Issues Letter Response, paragraph 4.7. Care UK did not make submissions on this point.

²⁷¹ 'Completed' corresponds to the date on which either the care home was registered with the regulator or the approximate date the application was completed. 'Active' corresponds to granted planning applications that have not yet completed or expired (this will include care homes that are in the process of construction). 'Lapsed' corresponds to a granted planning application where permission has expired (Local Analyses Paper, paragraph 3.9).

158. Welltower further submitted that the CMA should take into account such sites with granted planning permission in both residential and nursing care markets, noting that approximately half of sites opening between January 2019 and February 2026 opened with a nursing designation.²⁷²
159. Welltower also provided evidence from a range of public sources in relation to specific third-party sites with granted planning permission, which it submitted should be included in the CMA's analysis. This included evidence that some of these sites have since opened, that construction has commenced at others, that certain sites may offer nursing care, and information on expected timelines for opening.²⁷³

6.3.1.2.1.1.2 CMA assessment

160. On the likelihood of planned sites opening, the CMA considers that the evidence available indicates that it is likely that a planned site will ultimately open.
- (a) Based on analysis provided by Welltower, only 7.4% of granted planning applications between 2019 and February 2026 had lapsed.
 - (b) Almost all operators who responded to the CMA's questionnaire indicated that 100% or close to 100% of the care home developments for which they received planning permission would ultimately open.²⁷⁴
 - (c) Welltower internal documents consider planned sites when [redacted].²⁷⁵ For example, Welltower submitted that [redacted].²⁷⁶
 - (d) The CMA notes, however, that over a quarter of sites granted planning permission in 2019 have yet to open, indicating that there can be substantial delay in the opening of a care home and uncertainty about timeline or even about whether it will ultimately open.
161. On the timeliness of planned sites opening, the CMA considers that there is mixed evidence of this happening in a timely manner (ie within the next two years):

²⁷² Welltower Issues Letter Response, paragraph 9.7.

²⁷³ Welltower's submission to the CMA titled 'Evidence of Construction around SLCs', 24 April 2026.

²⁷⁴ Response to the CMA's operator questionnaire from a number of third parties, March 2026, question 13. One operator said it was 'highly likely', and another said that 'most eventually open'. The CMA notes that Barchester (Apex) and Care UK also submitted this in response to the CMA's questionnaire (Apex's response to the CMA's Request for Information dated 12 March 2026, question 9; Care UK's response to the CMA's Request for Information dated 12 March 2026, question 10).

²⁷⁵ Welltower Internal Documents, Annex 579 to the Second s109 Notice, '[redacted]', January 2025, slides 4, 9, 14, 19, 24, 29, and 34; Annex 574 to the Second s109 Notice, '[redacted]', October 2024, slides 7, 8, and 10; Annex 525 to the Second s109 Notice, '[redacted]', July 2024, slides 6, 10, 14, 18 and 22; and Annex 526 to the Second s109 Notice, '[redacted]', July 2024.

²⁷⁶ For example, Welltower Internal Documents, Annex 102 to the Enquiry Letter Response, '[redacted]', September 2025, page 19; and Annex 101 to the Enquiry Letter Response, '[redacted]', June 2025, page 46. Local Analyses Paper, paragraph 3.3(a).

- (a) Based on analysis submitted by Welltower, for sites which were granted planning permission in 2022, less than half (41.8%) had been 'completed'.²⁷⁷ This indicates that sites with granted planning permission can take several years to become operational, and in any case take more time than the CMA would consider to be timely in order to prevent or mitigate the adverse effects of the Mergers.
- (b) Operators indicated that the typical time period for sites with granted planning permission opening is two to three years.²⁷⁸ The CMA notes that this is based on feedback from four operators (including Care UK), while the evidence submitted above from Welltower provides quantitative data on hundreds of sites (owned by both Welltower and third parties). On this basis, the CMA has placed greater weight on the quantitative data provided.
162. Given this, the CMA considers that it is appropriate to include sites with granted planning permission into the competitor set provided there is evidence that the opening of such site is sufficiently timely. Based on the available evidence, the CMA considers it appropriate to include Welltower's planned sites in the competitor set where they have both (i) started construction, and (ii) an estimated completion date of less than two years.
163. Contrary to Welltower's submissions, while the CMA acknowledges that entry is occurring in the market and that some of this is likely to take place within, for example, the next year, the CMA considers that placing weight on entry over an uncertain timeframe in a given local market, without specific supporting evidence, would overstate the competitive constraint faced by Welltower-owned sites. The CMA also considers that, even where there is evidence that a site in planning will satisfy the criteria above, it would only be appropriate to include it as a nursing home where there is specific evidence that it is likely to open as a nursing site.
164. The CMA notes that the sites with granted planning permission listed in the Carterwood dataset do not include information on their status of construction or expected entry timelines.²⁷⁹ Therefore, the CMA has not included these sites in the effective competitor set.²⁸⁰
165. However, the CMA reviewed Welltower's submissions on specific sites in planning and has included a number of these sites in the competitor set following additional

²⁷⁷ Local Analyses Paper, Table 1.

²⁷⁸ Response to the CMA's operator questionnaire from a number of third parties, March 2026, question 13. The CMA notes that one of these operators is independent of Welltower. The CMA also notes Care UK similarly indicated this time period in response to the CMA's questionnaire (Care UK's response to the CMA's Request for Information dated 12 March 2026, question 10).

²⁷⁹ Carterwood data includes information on whether a site is 'operational' or 'planned', and whether planning permission has been granted, but no further information.

²⁸⁰ The CMA notes that Welltower's analysis assumes that all sites with granted planning permission would enter as residential-only homes, and that the Carterwood data does not provide information on whether such sites would offer nursing care. Where the CMA has considered third party sites in planning below, it has therefore done so on the basis that such sites are assumed to be residential-only in the absence of other information.

desk research conducted by the CMA.²⁸¹ In some cases, there was compelling evidence that a site had opened, or clear indications it was going to open in the next two years, for example from a care provider's website, being listed on care provider comparison websites, or having an active CQC or Care Inspectorate (CI) registration. For the remaining sites, the CMA was not satisfied that the evidence provided was sufficient, including for the reasons set out below.

- (a) The CMA did not consider that evidence based on street view images was sufficient to establish likely or timely opening of a site.
- (b) Certain sources relied solely on information produced at the planning stage (such as planning applications), without additional supporting evidence, or did not specify a project opening date (or indicated a date more than two years in the future).
- (c) While some sources contained potentially up-to-date information on construction progress, the quality and reliability of the information on projected completion or opening dates was unclear.
- (d) One site appeared to be an expansion of an existing care home (with the timeline of this being uncertain).
- (e) The relevant sources do not consistently indicate that a site will provide nursing care, for example where an operator's website specifies only residential care while nursing care is listed on a care comparison website.

166. The CMA also included additional sites in the competitor set following evidence submitted by Apex on specific sites in planning. Apex submitted information on multiple planned sites near York, in particular, evidence that that Clifton Hall has opened,²⁸² Acomb Manor is expected to open in October 2026,²⁸³ and that Manor Park Care Home has opened.²⁸⁴ The CMA has included these planned sites in the competitor set. Apex also submitted that other sites will open, however did not

²⁸¹ The CMA included the following by planning applicant, with Carterwood ID in brackets: Defence Infrastructure Organisation (1602884), Hampton Care Ltd (1610745), Atlantis Medicare Limited (1614302), Larch Life Ltd c/o Orchard (1615516), Country Court Care Homes Ltd (1623984), Signature Senior Lifestyle Ltd (1629941), Allen Street Limited (1678670), St Marys Retirement Housing (1683348), Mr Jon Bray (1685296), 65 London Road Limited (1687277), LNT Care Developments (1688648), Aedifica (1689833), Thorburn Manor Ltd (1691129), Frontier Estates (Bicester) Ltd (1692028), Morrison Community Care Ltd (1699022), Bewley Homes Plc (1700408), Yorkare Homes Ltd (1701185), Morrison Community Care (1701555), Northcare Ltd (1706778), Propco Woodley Green Ltd (1707698), Mansfield Care Ltd (1710471), Bgf5 (Bracknell) LLP (1711096). Having reviewed the underlying evidence, the CMA considers that there is evidence that the following sites are, or are likely to, offer nursing care: Signature Senior Lifestyle Ltd (1629941), Atlantis Medicare Limited (1614302), Larch Life Ltd c/o Orchard (1615516), Thorburn Manor Ltd (1691129), Frontier Estates (Bicester) Ltd (1692028), Morrison Community Care Ltd (1699022), Bgf5 (Bracknell) LLP (1711096).

²⁸² The Clifton Hall websites states that it is 'now open' (<https://yorkarehomes.co.uk/homes/clifton-care-home/>, last accessed 30 April 2026).

²⁸³ The development site states that it will open in 'Summer 2026'

(<https://www.northbaydevelopments.co.uk/developments/acomb-manor/>, last accessed 30 April 2026).

²⁸⁴ <https://www.sandstonecare.co.uk/our-homes/manor-park-care-home/>, last accessed 30 April 2026.

provide evidence of the timeliness of this occurring,²⁸⁵ and so the CMA has not included these planned sites.

6.3.1.2.1.2 *Quality of care homes and regulatory ratings*

6.3.1.2.1.2.1 *Welltower submissions*

167. Welltower submitted that it considers that all elderly care homes, regardless of their regulatory rating, exert a competitive constraint that should be included when applying any proposed decision rule. This is on the basis of evidence submitted by Welltower that there are limited differences between the occupancy rates of its homes based on the CQC rating, with the exception of the one home that Welltower has with an inadequate rating.²⁸⁶ Welltower further submitted that if a home is rated as 'inadequate', it has to be re-inspected within a relatively short timeframe, and may not be able to accept new residents in the interim.²⁸⁷ Where a home is rated as 'requires improvement', it continues to accept and attract new residents.
168. Welltower also noted that in the CMA's decision in the *FC Oval/Bupa* case, no distinction was made between homes with different regulatory ratings and the competitive constraint they may pose upon one another, although it is unclear from the decision itself whether the CMA had to consider that question. Welltower further submitted that incorporating regulatory ratings as part of any decision rule assumes such ratings are important to the decision-making process of customers. On this point, Welltower noted that the CMA consumer research conducted in the CMA Care Homes Market Study indicated that, whilst some people looked at inspection reports produced by sector regulators, many did not and those who did, did not place much weight on them in making their final decision, as many did not feel the ratings matched their own experiences on visiting a care home.²⁸⁸

²⁸⁵ Apex submitted that in the local area surrounding Meadowbeck, Barchester understands that [redacted] is due to open [redacted] 2026 and [redacted] is expected to open [redacted] 2026. Apex Issues Letter Response, paragraph 4.9. The CMA notes that no evidence was provided to support this statement. Apex also submitted that Crown Care Group acquired the operation of Braid Hills care home (EH16 6NS) from Bupa in 2025 and plans to redevelop and upgrade the site, and open in the near future. Apex's supplementary response to the Issues Letter dated 24 April 2026 (**Apex Supplementary Issues Letter Response**), paragraph 2.4.3. It also submitted that in the area around Lancaster Grange, Torison Care will build a care home. Apex Supplementary Issues Letter Response, paragraph 6.4.3. The CMA notes that the evidence provided on these sites does not indicate the timeliness of these sites opening.

²⁸⁶ Local Analyses Paper, paragraph 4.1. Welltower also submitted that one home (Avery Clare Court) was rated as inadequate in January 2024 and moved up to 'requires improvement' in September 2025. After receiving the 'inadequate' rating, the home was put into special measures, which placed limitations on taking on new residents, hence the significantly lower occupancy level of [redacted]%. Spot occupancy (as at 5 March 2026) had since increased to [redacted]%.

²⁸⁷ Welltower's response to the Third s109 Notice, question 12.

²⁸⁸ Local Analyses Paper, paragraph 4.5; [CMA Care Homes Market Study](#), paragraph 9.33.

6.3.1.2.1.2.2 CMA assessment

169. The CMA has considered whether it should take into account any differences in quality between care homes as part of its competitive assessment.
170. There is evidence of meaningful differences in quality between providers of care services. For example:
- (a) Welltower's internal documents indicate that [redacted].²⁸⁹ In addition, one '[redacted]' document notes that Welltower's UK investment strategy is [redacted].²⁹⁰
 - (b) Welltower submitted that there is a range of quality parameters that are relevant to the supply of care home services, and which residents consider when selecting a care home. These include: (i) perceived care quality (eg as observed by next of kin), (ii) building appearance and condition; (iii) facilities, including common area (eg grounds/garden, ensuite/wet rooms, room size), (iv) overall look and feel of the facility, including the friendliness of staff; and (v) CQC rating.²⁹¹
 - (c) In addition, the finding of the CMA's Care Homes Market Study was not that there is a lack of meaningful difference in quality between providers of care services but rather that many respondents found their own assessment of quality based on home visits to be more accurate than the reports produced by regulators.²⁹²
171. The CMA has also considered the extent to which CQC ratings provide a useful means to distinguish homes by quality. There is some evidence that CQC ratings may affect decisions to place a resident in a care home. Notwithstanding its findings in the CMA Care Homes Market Study, the CMA did receive evidence during its phase 1 investigation that where a care home is rated 'inadequate' that rating may have a material effect on care home selection, whereas the CMA has not seen evidence that a 'requires improvement' rating is has a similar effect.
- (a) The vast majority of local authority respondents indicated that they would not place residents in care homes that are rated 'inadequate' by the CQC (or equivalent).²⁹³ By contrast, the vast majority of the same group of respondents indicated that they would consider placing residents in care homes that are rated 'needs improvement' by the CQC (or equivalent),²⁹⁴ occasionally subject to checks done by the local authority;

²⁸⁹ Welltower Internal Document, Annex 465 to the Second s109 Notice, '[redacted]', December 2025, slide 14.

²⁹⁰ Welltower Internal Document, Annex 637 to the Second s109 Notice, '[redacted]', October 2024, pages 1 and 4.

²⁹¹ Welltower's response to Fifth s109 Notice, paragraph 15.2. Welltower Issues Letter Response, paragraph 7.4.

²⁹² [CMA Care Homes Market Study](#), paragraph 9.33.

²⁹³ Response to the CMA's local authority questionnaire from a number of third parties, question 9.

²⁹⁴ Response to the CMA's local authority questionnaire from a number of third parties, question 9.

- (b) Sites rated 'inadequate' may not accept new residents until they are re-inspected, which the CMA understands may take some time in some instances.²⁹⁵ By contrast, 'requires improvement' homes may accept new residents and therefore still impose a competitive constraint.
- (c) The CMA has also seen some evidence that CQC ratings may either affect or correlate with the price charged by a care home. Welltower also submitted that the average weekly price might vary based on the CQC rating of a site, where the average fee for residential care in a site which is rated 'Requires improvement' is £[redacted] compared to an average fee in an 'Outstanding' site of £[redacted]. Similarly, the average fee for nursing care in a site rated 'Requires improvement' is £[redacted] compared to an average fee in an 'Outstanding' site of £[redacted].²⁹⁶

172. Given this, the CMA considers that sites rated as 'inadequate' (or an equivalently low rating in Scotland and Wales) are unlikely to impose a meaningful competitive constraint on Welltower's sites in the near term.

173. Notwithstanding this position, the CMA has not excluded sites rated as 'inadequate' from the analysis²⁹⁷ or applied differential weightings to sites based on their CQC ratings. The CMA does not consider that it can do so systematically in a reliable way. This reflects limitations in the available data, including that ratings may be out of date, and that such ratings may take time to be updated. In addition, while the CMA considers that there are material differences in quality between sites, and that differences in quality may affect closeness of competition, many of these differences in quality appear unlikely to be captured by the CQC ratings alone (particularly for homes that are not rated as 'inadequate').

174. The CMA considers that there is a material degree of differentiation between care homes in quality, including care quality, and therefore that certain sites may compete more closely than others. However, the CMA notes that, within the confines of a phase 1 investigation, it has not been possible to gather systematic information about the extent to which care homes differ across the quality spectrum.

175. For these reasons, the CMA considers it appropriate, in this case, to include all sites within the effective competitor set and has not sought to weight sites based on care quality as indicated by regulatory ratings, or some other measure of

²⁹⁵ Carterwood data indicates that the date of last inspection was between 2019 and 2024 for many sites. This was confirmed by another source of evidence that similarly indicated that there are some care homes which have not been reinspected in five years. Note of call with a third party, January 2026, paragraph 3.

²⁹⁶ Local Analyses Paper, Table 2, using figures for 'nursing older people' and 'personal care older people'.

²⁹⁷ There is also uncertainty as to the extent to which such sites would become competitive following remedial action at the site, notwithstanding that they may continue to have a lower quality of care in general. The CMA also notes that there are relatively few sites with such ratings and, reflecting this, using the data contained within Carterwood, their removal as competitors has a limited impact on estimates of Welltower's combined share within the relevant local markets.

quality. The CMA has, however, considered the fact that variations in quality would likely affect the closeness of competition between care homes in considering what threshold to apply in its local area analysis.

6.3.1.2.1.3 *Welltower-owned NNN sites*

176. As explained in section 6.3.1.1.3.2 above, based on the available evidence, the CMA considers that Welltower does not have the ability to influence the competitive offering of NNN sites substantially, and has therefore not used Welltower-owned NNN sites as centroids in its local analysis.²⁹⁸
177. Welltower submitted that, when assessing competitive constraints in local areas centred on its RIDEA sites, Welltower-owned NNN homes should be included in the effective competitor set as competing capacity to Welltower's RIDEA sites. Welltower submitted that excluding Welltower-owned NNN care homes from the total market size would significantly distort the potential 'diversion' to Welltower's other RIDEA properties.²⁹⁹
178. Where Welltower's NNN sites fall within local areas centred on its RIDEA sites, the CMA has not attributed those NNN sites to Welltower when calculating Welltower's combined share or the increment arising from the Mergers.
179. However, contrary to Welltower's submissions, the CMA considers it appropriate to exclude Welltower-owned NNN sites from the effective competitor set, such that they are given a zero weight and are not treated as competing capacity. This is because the CMA has material doubts as to whether homes owned by Welltower under NNN leases would, in practice, act as fully independent competitors, given:
- (a) Welltower's broader commercial arrangements with its operators; and
 - (b) Welltower's ability to invoke rent review clauses in the medium term, which may lead to a degree of recapture, such that diversion to those sites may be partly internalised by Welltower, and therefore mean that diversion to those sites is neither fully external to Welltower nor internalised to the same extent as diversion to its RIDEA sites.

6.3.1.2.2 *Measure of concentration*

180. As noted in the 'Product market' section (section 6.2.1 above), the CMA considers it appropriate to assess the impact of the Mergers separately for (i) residential care

²⁹⁸ That is, the CMA has not assessed Welltower's combined share or the increment arising from the Mergers within catchment areas centred on Welltower-owned NNN sites.

²⁹⁹ Welltower's supplementary response to the Issues Letter dated 29 April 2026 (**Welltower Supplementary Issues Letter Response**), paragraph 3.3.

and (ii) nursing care. This reflects the evidence that residential-only care homes may face important supply-side barriers to offering nursing care.

181. The CMA considers that shares of bed capacity provide a robust and practical measure for assessing concentration in local residential and nursing care markets.³⁰⁰
182. The evidence available to the CMA indicates that most nursing-registered homes in the UK offer residential care to varying extents, with some offering more residential beds than nursing beds.³⁰¹ Given this, the CMA considers it necessary to account for capacity available to use for residential care in nursing-registered homes.
183. To calculate these shares, the CMA has considered two data sources on care homes in the UK and their capacity:
 - (a) Carterwood data submitted by Welltower, which provides the total number of elderly care beds at each care home in the UK and indicates whether it is registered for nursing care.³⁰²
 - (b) Data from the DHSC which records the capacity and occupancy of care homes in England by bed type, including residential and nursing care. This information is reported monthly by care providers through the NHS England Capacity Tracker under reporting requirements introduced by the Health and Care Act 2022.³⁰³
184. In particular, the CMA considered whether to calculate shares using DHSC data based on the reported nursing and residential capacity of nursing-registered sites (for example, calculating shares in nursing care based only on beds reported as nursing, and in residential care based only on beds reported as residential). However, on balance, the CMA considers that this would risk understating the capacity of nursing-registered sites in both residential and nursing care, given

³⁰⁰ This is in line with the approach adopted in the CMA's decision in [FC Oval/Bupa](#), paragraph 48.

³⁰¹ CMA analysis of DHSC Capacity Tracker data.

³⁰² Carterwood data on care homes for the elderly across the UK as at 25 June 2025. Carterwood sources its data from the CQC. Welltower submitted that the Carterwood bed measure reflects effective elderly beds, excluding unused and specialist beds. The CMA has followed Welltower's approach to using and cleaning this data for the purposes of calculating shares, including incorporating Welltower's own data on its care home estate. The CMA considers Carterwood to be a reliable data source and notes that Welltower also uses it [redacted] (Enquiry Letter Response, question 13 and footnotes 29 and 30). See examples, Welltower Internal Documents, Annex 393 to the Second s109 Notice, '[redacted]', September 2025, pages 1 and 5; and Annex 648 to the Second s109 Notice, '[redacted]', January 2025, slide 7.

³⁰³ The DHSC dataset records reported bed capacity and occupancy by bed type. Data is reported for the following bed types: dementia residential, general residential, dementia nursing and general nursing. The CMA has aggregated these categories to construct measures of capacity in residential and nursing care. The dataset also includes additional bed types, including community care, learning disability (nursing and residential), mental health (nursing and residential), young physically disabled, and transitional, which are classified by DHSC as specialist beds. In addition to capacity data, the DHSC Capacity Tracker collects information on whether spare capacity can be flexibly allocated between different bed types. For more information on how this data is collected and processed by DHSC see: [Adult social care provider statistics, England: background quality and methodology - GOV.UK](#); [Capacity Tracker | NECS](#). The CMA sought comparable information for care homes in Wales and Scotland but was unable to source an equivalent dataset providing a split by bed type.

evidence suggests that many nursing-registered care homes can flex capacity between residential and nursing care to a material extent in the medium term in response to changes in demand.³⁰⁴ For example, as noted above, a significant proportion of nursing-registered homes report to the Capacity Tracker that their spare capacity can be flexibly allocated between bed types.³⁰⁵

185. For this reason, the CMA considers that the most appropriate approach to calculating shares of bed capacity within the relevant local areas is as follows:
- (a) For nursing care, the CMA has used Carterwood data on total beds in nursing-registered homes as the relevant measure of concentration.
 - (b) For residential care, the CMA has used Carterwood data on total beds across residential and nursing-registered homes, reflecting that nursing-registered homes may flex their nursing capacity to supply residential care. In doing so, the CMA has also considered whether SLCs may arise at nursing-registered centroids in residential care.
186. Notwithstanding this, the CMA recognises that this approach may overstate the effective capacity of nursing-registered sites in either residential or nursing care, particularly where such sites cannot readily flex capacity, or can do so only to a limited extent,³⁰⁶ as it allocates their total capacity to both markets. On balance, the CMA considers that this approach better captures the competitive constraint from such sites, including providers' ability to flex capacity in the medium term in response to changes in demand. The CMA has, however, taken account of this potential overstatement in considering what threshold to apply in its local area analysis.
187. In relation to the DHSC data, Welltower submitted that there is a substantive issue with developing a decision rule based on a view of the market that is unavailable to Welltower (or any other market participant), and upon which market participants cannot therefore be expected to act.³⁰⁷ While the CMA has not used this data as the basis for its assessment, it nevertheless considers, in response to this point, that it is not appropriate to assess market power solely by reference to the information available to Welltower. Firms commonly operate without full visibility of competitors' strategies and can respond to market conditions based on observed outcomes. The CMA therefore considers it appropriate to assess market power

³⁰⁴ This is further explained in the 'Product market' section (section 6.2.1) above.

³⁰⁵ CMA analysis of DHSC Capacity Tracker data.

³⁰⁶ As noted in section 6.2.1.1.2 above there are some barriers that may persist even in the medium term.

³⁰⁷ Welltower also submitted in relation to the DHSC data that that feedback it has received from its operators indicates there is no universally accepted approach to reporting input data to the DHSC, and that operators adopt differing approaches to data submission. Letter to Sorcha O'Carroll dated 31 March 2026 sent by Sidley Austin LLP on behalf of Welltower regarding the DHSC data, paragraph 7.

directly using the best (that is practical in the context of the phase 1 process) available measure.

6.3.1.2.3 *Catchment areas*

188. In local competition analysis, the CMA typically uses catchment areas centred on the merging firms' sites, measured by reference to drive times or distances, to delineate local markets. They are a practical tool for identifying the geographic areas within which those sites compete and assessing how the competitive constraints faced by those sites may change as a result of a merger.³⁰⁸
189. Catchment areas are generally identified by reference to the area from which a site draws most of its customers, on the basis that this is likely to provide a proxy for the area in which it competes for customers. The standard way to estimate these catchments is through customer-location data, which identifies the distances from which a site attracts customers. The catchment area is then typically calculated by identifying the 80th percentile (or 80%) catchment, representing the area within which the closest 80% of customers are located.³⁰⁹ The CMA may also use average catchments rather than site-specific catchments, particularly where site-level catchments are based on limited data, may vary materially over time, or may otherwise be affected by bias or noise.³¹⁰
190. In the present case, Welltower submitted data on the previous addresses of residents at care homes for certain operators of Welltower-owned homes. The CMA considers that there are some limitations affecting the extent to which this data can precisely identify the area over which a care home competes, and that it may generally overstate that area.
- (a) While a resident's previous address will indicate the area from which care home options were considered for many residents, this decision is complex and some residents will relocate (rather than search for a care home near their previous address), for example to be closer to family who are not located in the same local area.³¹¹ This may inflate catchment areas in a way that does not reflect local competitive dynamics, as such residents may still choose homes within a local area, but not the one surrounding their previous address.

³⁰⁸ [CMA129](#), paragraph 9.15.

³⁰⁹ Such data is most informative where the recorded customer location reflects the location from which the customer chose between competing providers, including by weighing distance against other factors such as price and quality. The 80th percentile is used as it captures the area from which most customers originate, while also reducing the impact of more distant observations that may reflect outliers, noise in the data, or otherwise unrepresentative customer behaviour.

³¹⁰ Averages may be calculated separately for each merging party to capture any systematic differences in the areas over which they compete. They may also be calculated for different types of area, such as urban, semi-urban or rural areas, where this is likely to better reflect differences in customer preferences over location between those areas.

³¹¹ [CMA Care Homes Market Study](#), paragraphs 9.30-9.31.

- (b) This issue may be more pronounced for care homes more focused on privately funded residents, as these residents may have greater flexibility to relocate than publicly-funded residents, who are generally provided with alternative care home options by their local authority.³¹²
- (c) It may be further exacerbated where very small sample sizes are available for certain operators at certain sites, for example where the data is based on current residents and care homes are small. In such instances, the smaller sample may be disproportionately affected by residents who chose to relocate, such that the resident determining the 80% catchment may provide limited information about the geographic basis of their choice of care home, producing more volatile site-level catchments than would be expected with larger samples.

191. Accordingly, these issues together may in some cases lead to extreme and unreliable site-level 80% catchments that bias average catchments upward in a way that is unlikely to reflect actual competition.

192. The CMA sets out below how it has determined the appropriate catchment areas in this case for operators where resident-location data is available and for sites where no such data is available.

6.3.1.2.3.1 *Sites for which data is available*

193. Welltower submitted that where data is available, the CMA should use average 80% catchments by operator based on residents' previous addresses (split based on urbanicity) to define catchment areas.³¹³

194. On balance, consistent with its standard practice, the CMA considers that operator-specific average 80% drive-time catchments based on residents' previous addresses, with separate averages for urban, semi-urban and rural locations, provide a reasonable proxy for the area over which a care home competes.³¹⁴ However, to mitigate concerns about the impact of potentially biased and unreliable site-level estimates on average drive-times, the CMA has excluded

³¹² See paragraph 197(a). Other factors, such as capacity constraints in local areas and the needs of residents requiring specialised care, may also lead to catchments overstating the area over which the sites compete.

³¹³ Welltower Issues Letter Response, Annex 1, Table 4 and paragraph 6.2.

³¹⁴ Operator-specific average 80% drive-time catchments were calculated by identifying, for each site, the drive time within which 80% of residents were located, based on residents' previous addresses, and then averaging those drive times by operator and location type. This is in line with the methodology applied in the CMA's decision in *FC Oval/Bupa*, and consistent with standard practice. *FC Oval/Bupa*, paragraph 5. This is applied by categorising each care home as urban, semi-urban and rural using ONS National Statistics Postcodes data. Specifically, 'Urban' is assumed to correspond to A1 (Urban major conurbation) and A2 (Urban minor conurbation) as per ONS' classification of postcodes in England and Wales and 1 (Large urban area) in ONS classification for Scotland; 'Semi-urban' is assumed to correspond to C1 (Urban city and town) and C2 (Urban city and town in sparse setting) as per ONS classifications for postcodes of England and Wales and 2 (Other urban area) for postcodes in Scotland; and 'Rural' is assumed to include all other ONS classifications (i.e., D1, D2, E1, E2, F1, F2 for England and Wales and 3-8 for postcodes in Scotland). Enquiry Letter Response, footnote 32.

sites with fewer than 10 observations and those where site-level 80% drive-times exceed 90 minutes when calculating average catchment areas.

195. In relation to this, Welltower submitted that excluding sites with catchments greater than 90 minutes from the calculation of average catchments was not justified, noting that there was no evidence that these sites had materially smaller sample sizes and that, if wider-than-average catchments were excluded, narrower-than-average catchments should also be considered for exclusion. Welltower also submitted that using average, rather than home-specific, catchments is intended to account for variation in catchment sizes across individual homes.³¹⁵
196. The CMA considers that this approach is a practical way to address the fact that a small number of extreme individual catchment estimates, each based on a low number of observations, significantly increase average catchments (with individual catchment areas of up to 198 minutes' drive time).³¹⁶ This threshold reflects the CMA's view that catchments above this level are unlikely to provide meaningful information about the local areas in which sites compete for residents, given that these individual catchment areas are much wider than all other evidence sources suggest that care homes in the UK compete over. This includes Welltower's internal documents which focus on significantly smaller catchment areas (generally [30] minutes) when considering competitors around its care homes (or those it is considering to acquire).³¹⁷ The CMA considers that it is likely that these very large catchment areas above 90 minutes may be driven entirely by residents that are choosing to relocate and are choosing from a set of homes in a different local area (for example to be near family members) rather than reflecting care homes near their previous address.³¹⁸
197. The CMA has used these catchments to define the relevant geographic market around sites where such data is available for a given operator, namely HC-One, Welford, Northbay, Care UK and Barchester. These are shown in Table 1 below.

6.3.1.2.3.2 *Sites for which data is not available*

6.3.1.2.3.2.1 *Welltower submissions*

198. For operators for which data on residents' previous addresses is not available, Welltower proposed an approach to estimate operator-specific catchment areas.
- (a) Welltower submitted that publicly funded residents are typically placed by local authorities within the relevant local authority area, whereas private-pay

³¹⁵ Welltower Supplementary Issues Letter Response, paragraph 2.1.

³¹⁶ And up to 400 minutes where sites with less than 10 observations are considered

³¹⁷ See paragraph 205(d).

³¹⁸ The CMA notes that in theory there may be other ways to address concerns of this nature, such as using lower percentile catchments (eg 75% catchments), but (noting the late stage at which Welltower provided additional resident data for certain operators) considered the applied approach directly addressed the issue of extreme estimates.

residents have greater flexibility in their choice of location. On this basis, Welltower submitted that sites with a greater private-pay focus are likely to have wider catchment areas.³¹⁹ Welltower further submitted that it would not be appropriate to assume that drivetimes for other Welltower-owned sites are the same as HC-One's, given the latter's focus on publicly funded residents.³²⁰

- (b) To support this, Welltower compared average catchment areas for HC-One sites calculated separately for publicly funded and private-pay residents. This showed a significant difference, particularly in semi-urban and rural areas, where catchment areas for private-pay residents were around 70% larger.³²¹ In later submissions, Welltower confirmed that differences in average catchments in the HC-One data persist, albeit to a lesser extent, when sites with fewer than 10 observations are excluded.³²²
- (c) Welltower further submitted a similar comparison of private and public average 80% catchment areas for Barchester, which likewise showed differences between private and public averages for rural and semi-urban areas; however, for urban areas, the average catchment for publicly funded residents was larger. A similar breakdown was provided for Care UK, which showed that, without excluding sites with limited samples, private residents had wider average catchments than publicly funded residents in rural and urban areas, though narrower for semi-urban areas.³²³
- (d) To derive catchments for sites where data on residents' previous addresses was not available, Welltower used national average 80% public and private drive-time estimates from the HC-One and Barchester data,³²⁴ and estimated each operator's corresponding average catchment based on the proportion of privately funded residents at their respective care homes.³²⁵

³¹⁹ Enquiry Letter Response, question 13; Welltower's response to RFI 2, question 5; Local Analyses Paper, paragraph 6.3.

³²⁰ Welltower submitted that the median proportion of private-pay residents for HC-One is [x%] (Enquiry Letter Response, question 13, Table 1). Welltower subsequently estimated that approximately [x%] of HC-One's residents are partially publicly funded residents (ie where third parties top up local authority payments) (Welltower's response to the Fifth s109 Notice, question 11).

³²¹ In particular, the indicated difference in drivetime for public and private-pay residents was [0-5] minutes for urban areas, [10-20] minutes for semi-urban areas, and [10-20] minutes in rural areas (Enquiry Letter Response, question 13).

³²² Welltower Issues Letter Response, Annex 1, paragraph 2.2.

³²³ Welltower Issues Letter Response, Annex 1, paragraph 3.4 and Table 7.

³²⁴ The average catchments across HC-One and Barchester sites for public and private residents, respectively, were [20-30] and [40-50] minutes in rural areas, [20-30] and [30-40] minutes in semi-rural areas, and [10-20] and [20-30] minutes in urban areas. Welltower Issues Letter Response, Annex 1, Table 7.

³²⁵ These approaches were submitted using HC-One data alone, then using combined HC-One and Barchester data, and then adding Care UK data with iterations that included or excluded sites with fewer than 10 private or public residents. As an illustrative example, under this approach each rural site for a given operator is placed on the sliding scale between the public average catchment and the private average catchment according to the site's proportion of privately funded residents. The resulting site-level catchment estimates are then averaged across the operator's rural sites to produce a catchment area for those rural sites. Enquiry Letter Response, paragraph 13.15; Welltower Issues Letter Response, Annex 1, Tables 4, 7 and 8.

199. More generally, Welltower submitted that the catchments applied by the CMA for sites where catchment data has not been used are too narrow, and that differences between public and private residents should be accounted for in any in-the-round assessment. Welltower also submitted that the Barchester data implies that substantially larger catchments are appropriate.³²⁶

6.3.1.2.3.2.2 CMA assessment

200. The CMA considers that local authority involvement in arranging care for publicly funded residents could, in principle, lead to systematic differences in the distances over which publicly and privately funded residents can exercise choice between care home operators. Accordingly, sites may compete over different geographic areas depending on their private-pay focus and the underlying differentiation driving that focus.

201. The evidence received by the CMA, on balance, supports the view that there may be differences in the distances over which publicly and privately funded residents are located from their previous addresses, albeit some evidence suggests that any such differences may be more limited than implied by the HC-One and Barchester data.

- (a) Most operators (including Barchester (under Apex control) and Care UK) indicated that they would expect private-pay residents on average to travel further than publicly funded residents,³²⁷ while one operator indicated that they would not expect a difference in average distance travelled.^{328, 329}
- (b) However, for the operators who indicated that they would expect to see private-pay residents travel further than public-pay residents, the magnitude of the difference was small (compared to Welltower's submissions).³³⁰ The CMA also notes that these operators have a mix of private and public residents in their homes. The CMA therefore considers it appropriate to put weight on the evidence from such operators regarding the differences in

³²⁶ Welltower Issues Letter Response, Annex 1, paragraph 1.2.

³²⁷ Response to the CMA's operator questionnaire from a number of third parties, March 2026. The CMA notes that one of these operators is independent of Welltower. The CMA also notes that Apex and Care UK also submitted this in response to the CMA's questionnaire (Apex's response to the CMA's Request for Information dated 12 March 2026; Care UK's response to the CMA's Request for Information dated 12 March 2026).

³²⁸ Response to the CMA's operator questionnaire from a third party, March 2026. Separately, the CMA notes that Apex indicated the average drivetime from a resident's previous address does not reflect how residents choose their care home (Apex's response to the CMA's Request for Information dated 12 March 2026, question 7).

³²⁹ Most local authorities did not express a view on whether the typical distance between a resident's previous address and the care home would be greater or smaller between publicly funded and private-pay residents, and there was no consensus from the small number that did express a view. Response to the CMA's local authority questionnaire from a number of third parties, March 2026, question 8.

³³⁰ The CMA notes that these figures were provided to the CMA on the basis of typical differences and that differences between private-pay and publicly funded residents may be greater when considering the effect at the 80% percentile. However, even in this context, the CMA considers that the extent to which these typical differences identified by operators are smaller than the differences suggested by Welltower's submission, suggests that the differences in travel distances may be more limited than implied by the HC-One and Barchester data.

distances travelled. For the operators who indicated that they would expect to see private-pay residents travel further than public-pay residents, the increased amount that operators expected private-pay residents to travel was:³³¹

(i) Urban areas: between five minutes and 10 minutes;

(ii) Semi-urban areas: 10 minutes; and

(iii) Rural areas: Between 10 minutes and 15 minutes.

(c) The evidence provided by local authorities indicates that there are differences in approach to the provision of care homes for public-pay residents, with respondents giving varied views on the importance of different factors when deciding what care home options to offer to residents (and as such indicating that it is not simply the case that local authorities always put residents in care homes as close to their previous address as possible).

(i) Several local authorities placed high importance on proximity to the resident's previous address, whereas others did not place much importance on this.³³²

(ii) Most local authorities considered it important to place residents within their local authority area, whereas others did not place much importance on this.³³³ Most local authorities indicated a willingness to place residents outside of the boundaries of their local area.³³⁴

(iii) The majority of local authorities placed high importance to the preferences of the individual or family, with many considering this more important than the above two factors.³³⁵

202. The CMA also considers that it is unclear whether observed differences in average travel distances between publicly and privately funded residents reflect privately funded residents exercising choice over a wider geographic area or are driven, at least in part, by a greater ability for privately funded residents to relocate to a different geographic area, for example to be closer to family. The CMA considers that, on its face, both factors are likely to contribute to the differences, and that accounting for these differences in full would risk further overstating the area over which these sites compete.

³³¹ Response to the CMA's operator questionnaire from a number of third parties, question 11; Care UK's response to the CMA's Request for Information dated 12 March 2026, question 8.

³³² Response to the CMA's local authority questionnaire from a number of third parties, question 6.

³³³ Response to the CMA's local authority questionnaire from a number of third parties, question 6.

³³⁴ Response to the CMA's local authority questionnaire from a number of third parties, question 6.

³³⁵ Response to the CMA's local authority questionnaire from a number of third parties, question 6.

203. More generally, the CMA has concerns about the robustness of Welltower's proposed methodology. In particular:
- (a) The CMA considers that sample sizes at the site level for HC-One and Barchester are not sufficient to support robust estimates of catchments by funding type. Splitting these already limited samples increases the risk that differences between private and public average catchments are driven by volatile site-level estimates, particularly where extreme observations fall within a site's 80% catchment due to small sample sizes and hence skew averages upward (for example, where a site has a sample of 10 residents, its 80% catchment would be determined by the distance from the site to the previous address of the eighth-closest resident).
 - (b) While Welltower has tested the sensitivity of its findings to excluding sites with fewer than 10 observations, the CMA considers that such thresholds are arbitrary and do not fully address the underlying concern, particularly for Barchester, where sample sizes are generally low and estimates appear volatile. For example, even after excluding such sites, over 10% of site-level estimates for private residents fall between 90 and 198 minutes' drive time. This is materially in excess of other evidence on the size of the local areas over which care homes compete and, as noted above, may be driven entirely by residents choosing to relocate. These extreme values appear to drive a material part of the observed differences in average catchments, as reflected by the fact that the differences between publicly and privately funded residents are materially smaller when comparing median catchments rather than mean catchments.
 - (c) The Care UK data provided by Welltower, which has larger sample sizes even when split by funding source, indicates more modest differences between private and public catchments on average, and in some cases differences in the opposite direction.³³⁶ More generally, the CMA notes that Welltower's approach is sensitive to the underlying data used, including whether estimates are based on HC-One, Barchester or Care UK data, or a combination of these, as well as to the inclusion of sites with very low sample sizes.
 - (d) Furthermore, Welltower's proposed methodology results in catchment estimates that are materially larger than those suggested by the underlying data for the same operator. For example, Welltower's approach suggests Care UK catchments of [40-50], [40-50] and [20-30] minutes for rural, semi-

³³⁶ In particular, excluding sites with fewer than 10 observations, private catchments are around [0-5] minutes larger than public catchments in rural areas, while in semi-urban and urban areas, public catchments are around [0-5] and [0-5] minutes larger than private catchments, respectively.

urban and urban areas respectively, which materially exceed the corresponding estimates based on actual data (see Table 1).³³⁷

204. Therefore, for the reasons set out above, the CMA does not consider it appropriate to use Welltower's proposed methodology to estimate catchment areas for operators for which there is no data on residents' previous addresses. Instead, the CMA has determined the catchment areas for such sites by assessing the evidence in the round, including third-party evidence and internal documents, as well as the evidence set out above indicating that privately focused suppliers may compete over a wider geographic area.
205. In determining the appropriate catchment areas to apply to operators for which there is no data on residents' previous addresses, namely Aria, Danforth and other operators at Welltower-owned sites (Athena, Avery, Care Concern and Yorkare), the CMA has had regard to the following evidence and factors.
- (a) The estimated average 80% catchment areas for HC-One, Barchester, Care UK, Welford and Northbay, as shown in Table 1 below. In particular, the CMA considers that operators for which there is no data are more likely to resemble Barchester, Care UK, Welford and Northbay, rather than HC-One, in terms of their focus on privately funded residents (and the underlying differentiation driving this), given that HC-One's portfolio is more focused on publicly funded residents.
 - (b) The evidence set out above (see paragraph 201) suggesting that privately funded residents, on average, travel further than publicly funded residents, which may reflect a greater ability to choose over a wider geographic area, given that they are not constrained by the options put forward by a local authority. However, as noted above, the CMA considers that some of this difference may reflect estimation issues (in the case of the difference in average catchments submitted by Welltower) or a greater ability or preference to relocate closer to family living in different areas of the UK, rather than differences in local competitive dynamics.
 - (c) Evidence from operators (all of which serve both publicly and privately funded residents and including operators of Welltower-owned sites, as well as Barchester (under Apex control) and Care UK) indicates that average drivetimes for their sites based on a resident's past address are expected to

³³⁷ Similarly, applying Welltower's estimation methodology based on average 80% catchments for publicly and privately funded residents derived from HC-One data alone produces higher estimates than those observed directly. For example, in rural areas, the average 80% catchment for HC-One based on actual data is [20-30] minutes, whereas applying this methodology results in an estimated catchment of [30-40] minutes. The CMA notes that this difference arises even for the same operator because Welltower's approach uses each site's proportion of private-pay residents to estimate a blended catchment between public and private-pay catchments, which can produce site-level estimates that differ materially from the catchments actually observed for those sites.

be around 25-30 minutes for rural areas (ranging from 20 to 45 minutes),³³⁸ 20-25 minutes for semi-urban areas (ranging from 10 to 35 minutes), and 15 minutes for urban areas (ranging from 5 to 25 minutes).³³⁹ The CMA also received evidence from operators that are more focused on private residents (including operators of Welltower-owned sites) about the distances over which they typically compete from their sites, which generally suggested that sites typically compete with areas up to a 30-minute drivetime.³⁴⁰

- (d) Most of Welltower's internal documents which consider competitors in local areas do this within a [redacted] drivetime.³⁴¹ Other internal documents consider competitors within a [redacted] drivetime,³⁴² with one document stating it considers a [redacted] drivetime '[redacted]',³⁴³ which the CMA interprets as indicating it is in a more rural area. Some documents also consider competitors within five [redacted],³⁴⁴ ie the equivalent of a [redacted] drivetime in urban areas (assuming a speed of [redacted]).³⁴⁵
- (e) The CMA notes that in *FC Oval/Bupa*, the following average 80% drivetimes were found for Bupa and HC-One respectively (although noting that these sites likely had a higher proportion of publicly funded residents):
 - (i) Bupa: rural, [25-30] minutes; semi-urban, [20-25] minutes; urban, [15-20] minutes; and
 - (ii) HC-One: rural, [25-30] minutes; semi-urban, [15-20] minutes; urban, [15-20] minutes.
- (f) The CMA also notes that there is evidence that the providers of care services are able to price discriminate, in particular, in relation to local authority

³³⁸ Ie when splitting out private-pay and public-pay.

³³⁹ Response to the CMA's operator questionnaire from a number of third parties, question 11. The CMA notes that two of these operators are independent of Welltower. Separately, the CMA notes that Apex and Care UK evidence provided was also in this range (Apex's response to the CMA's Request for Information dated 12 March 2026; Care UK's response to the CMA's Request for Information dated 12 March 2026).

³⁴⁰ In particular, one operator indicated that it competes within 3-5 miles in urban areas, 5-10 miles in semi-urban areas and 10-15 miles in rural areas; another indicated 10, 20 and 30 minutes respectively; and a third indicated 5-10 minutes in urban areas, with distances varying up to 30 minutes in semi-urban and rural areas. This evidence may be less affected by issues associated with using residents' previous addresses. Response to the CMA's operator questionnaire from a number of third parties, March 2026, question 12.

³⁴¹ Welltower Internal Documents, Annex 579 to the Second s109 Notice, '[redacted]', January 2025; Annex 574 to the Second s109 Notice, '[redacted]', October 2024, slides 4, 6, 12 and 16; Annex 584 to the Second s109 Notice, '[redacted]', February 2025; Annex 532 to the Second s109 Notice, '[redacted]', August 2024, page 10; Annex 498 to the Second s109 Notice, '[redacted]', November 2023; Annex 631 to the Second s109 Notice, '[redacted]', May 2024, page 3; Annex 644 to the Second s109 Notice, '[redacted]', December 2024, slides 3 and 7; Annex 648 to the Second s109 Notice, '[redacted]', January 2025, slides 2, 3, 4, 8 and 9; and Annex 669 to the Second s109 Notice, '[redacted]', March 2025, slides 4, 5, 6, 7, 11 and 12.

³⁴² Welltower Internal Documents, Annex 597 to the Second s109 Notice, '[redacted]', September 2025, page 9; and Annex 574, '[redacted]', October 2024, slides 10, and 14.

³⁴³ Welltower Internal Document, Annex 644 to the Second s109 Notice, '[redacted]', December 2024, slide 6.

³⁴⁴ Welltower Internal Documents, Annex 393 to the Second s109 Notice, '[redacted]', September 2025; Annex 579 to the Second s109 Notice, '[redacted]', January 2025; Annex 598 to the Second s109 Notice, '[redacted]', November 2025, page 2; Annex 748 to the Second s109 Notice, '[redacted]', January 2026, page 1; and Annex 749 to the Second s109 Notice, '[redacted]', January 2026, pages 2 and 3.

³⁴⁵ Or a [redacted] drivetime in semi-urban or rural areas (assuming a speed of [redacted]).

customers.³⁴⁶ Given this, and some evidence suggesting local authorities may on average place individuals closer to their previous address, competition for local customers may take place within smaller local areas. Therefore, Welltower's proposed approach of increasing catchment sizes significantly to account for the difference in private-pay and public-pay residents may greatly overestimate the relevant area in which sites compete for this important set of particularly vulnerable customers.

206. Considering the evidence in the round, the CMA believes that catchment areas of [30-40], [20-30] and [10-20] minutes for rural, semi-urban and urban areas, respectively, are sufficient to identify, at phase 1, sites giving rise to a realistic prospect of an SLC for these operators.
207. In reaching this view, the CMA has placed material weight on the greater private-pay focus of these operators, which may indicate wider catchment areas, or catchments more closely aligned with those of other more privately focused operators for which data is available. However, the CMA does not consider that the available evidence justifies applying the estimated catchments of a given operator (eg to the level of the Barchester catchments). In particular, this reflects:
- (a) the smaller catchments used in Welltower's internal documents when assessing local competition (see paragraph 205(d));
 - (b) the typical distances within which operators, including operators of Welltower-owned homes, told the CMA they compete (which in particular were generally up to around a 30-minute drive time for rural areas), and the average distances over which they draw residents as reported in response to the CMA's questionnaire; and
 - (c) the fact that Care UK data, which is based on larger sample sizes and relates to an operator with a relatively high private-pay focus, is consistent with the CMA's chosen figures.
208. The CMA considers that a more granular approach to setting catchment areas, or seeking to define operator-specific catchments based solely on their private-pay mix across their portfolio, would not necessarily improve the reliability of the analysis, given that catchments may vary between operators for reasons beyond their private-pay focus.
209. The table below shows the catchment areas applied in the CMA's analysis by operator and urbanicity, including the fixed catchments applied where no data was available.

³⁴⁶ See paragraph 64 above.

Table 1: Catchment areas (in minutes drivetime) used in local assessment by urbanicity

Operator	Rural	Semi-urban	Urban
Barchester	[30-40]	[30-40]	[20-30]
Welford	[30-40]	[20-30]	-
Care UK	[30-40]	[20-30]	[10-20]
HC-One	[20-30]	[20-30]	[10-20]
Northbay	-	[10-20]	[10-20]
All other sites	[30-40]	[20-30]	[10-20]

Source: CMA analysis based on data submitted by Welltower; Welltower Issues Letter Response, Annex 1.

Notes: Rounded to nearest minute. For named operators, the catchment is average 80% catchment by urbanicity, removing sites with less than 10 observations and sites with 80% catchments exceeding 90 minutes.

6.3.1.2.4 Decision rule threshold and increment

210. As noted above, the CMA considers it appropriate in this case to identify local areas giving rise to a realistic prospect of an SLC at phase 1 by applying a decision rule based on a systematic analysis of defined indicators of competition across all local areas. The CMA also considers that shares of bed capacity provide a robust and practical measure for assessing concentration in local residential and nursing care markets.
211. The section below sets out submissions from Welltower, Apex and Care UK on the factors that should be considered in any decision rule (or are otherwise relevant for local competition), and the CMA's assessment of the appropriate share of beds threshold and increment above which the CMA considers that competition concerns arise in respect of Welltower's ownership.
212. The CMA notes that Apex and Care UK submitted that the CMA should adopt the approach taken in *FC Oval/Bupa*, where the CMA considered, following an initial filter, other factors that may rule out the presence of an SLC. The CMA has addressed those submissions below in relation to TOH2 and does not consider that such an approach is appropriate, but has nonetheless considered below the factors raised by each as being relevant to local competitive dynamics.

6.3.1.2.4.1 Welltower, Apex and Care UK submissions

213. Welltower submitted that if the CMA were minded to carry out a local analysis using a decision rule or filter, it would not be appropriate simply to apply the approach set out in prior cases such as *FC Oval/Bupa*.³⁴⁷ Applying the approach from *FC Oval/Bupa* without adjustment would be unsuitable for TOH1, as that case was premised on owner-operators with full control over operations.³⁴⁸ It submitted that any decision rule must fully take account of the distinct roles of Welltower (as a real estate owner) on the one hand, and the operators of

³⁴⁷ RIDEA/NNN Paper, paragraph 6.13. Welltower submitted that the CMA's decisional practice accepts the need to flex upwards filter thresholds where there is competition that may not otherwise be accounted for in an assessment of market shares - for example out of market constraints.

³⁴⁸ Welltower Issues Letter Response, paragraph 10.1.

Welltower-owned homes on the other hand. Specifically, Welltower submitted that any decision rule relating to TOH1 needs to reflect the reality that Welltower does not control competitive parameters and that there is competition between operators of Welltower-owned homes.³⁴⁹ Otherwise, Welltower submitted that the approach would be unfair to Welltower and risks very significant over-enforcement and associated false positives.³⁵⁰

214. Further to this, Welltower submitted that even if the CMA were to consider that Welltower did have complete control, this does not remove the substantial difference between Welltower as non-integrated owner who must pay a proportion of its revenues to an operator under a RIDEA contract such that Welltower has a lower margin than an integrated provider and therefore a reduced incentive to increase prices.³⁵¹
215. Welltower also submitted that in *FC Oval/Bupa*, the CMA had regard to a range of additional factors beyond combined shares by bed capacity, which it should also consider in this case after a first stage filter, including operator fascia, geographic proximity between homes, whether shares only marginally exceed the threshold, and the extent of excess capacity in the local area. It stated that the first three are all factors which can be applied mechanistically and systematically, even at phase 1.³⁵²
216. Relatedly, Apex and Care UK submitted that the CMA should consider the factors which applied in *FC Oval/Bupa*, and made submissions on other factors relevant to local competition, including competitors just outside the catchment area, geographic proximity between overlapping sites, and closeness of competition between overlap sites.³⁵³
217. Welltower submitted a paper (**CRA Paper**) which it states shows that a situation of incomplete control can be reflected through adjustments to the CMA's pre-existing framework for assessing mergers among care home operators. The CRA Paper models incomplete control between the operator and owner of the care home, such that the operator maximises a combination of its own profits and the owner's profits (the weighting based on the level of control).³⁵⁴ The CRA Paper then considers what the equivalent market share threshold at the ownership level would be that would result in an equal upwards pricing pressure to a 35% combined share threshold under the full owner control assumption. The CRA Paper shows that even if the operator attached a 50% weight to the owner's choice of PQRS, the upward pricing pressure that is generated at the 35% combined share

³⁴⁹ Local Analyses Paper, paragraphs 1.4 and 2.

³⁵⁰ Welltower Issues Letter Response, paragraph 10.1.

³⁵¹ Welltower Issues Letter Response, paragraph 8.2.

³⁵² Welltower Issues Letter Response, paragraph 10.3.

³⁵³ Apex Issues Letter Response, paragraph 2.1. Care UK Issues Letter Response, paragraph 2.3.

³⁵⁴ Welltower submission prepared by CRA titled 'Adapting the CMA's local competitive assessment to account for limited ownership control', dated 12 March 2026 (**CRA Paper**).

threshold would be equivalent to a 96% combined share threshold with 50% control weight.

6.3.1.2.4.2 CMA assessment

218. The CMA considers that, in this case, a number of factors are relevant to determining the appropriate threshold for identifying local areas that may raise prima facie competition concerns.
219. As a starting point, the CMA notes the following:
- (a) In its prior decisional practice, including in the healthcare sector, the CMA has applied thresholds for local assessments typically ranging between 30% and 40%, depending on market characteristics and the definition of the effective competitor set. Within this range, a 30% threshold has been used in recent cases as a starting point to identify areas giving rise to a realistic prospect of competition concerns, with higher thresholds generally applied where there is strong evidence of out-of-market constraints or other mitigating factors.³⁵⁵
 - (b) In *FC Oval/Bupa*, the CMA applied a 35% filter and then assessed whether sufficient competition remained by reference to fascia counts and spare capacity. While the CMA has had regard to this threshold, and, as set out below, other factors that may be relevant to a decision rule, it has not placed determinative weight on it, noting that the case was cleared at an earlier stage of the phase 1 process and not considered at a Case Review Meeting.
 - (c) The CMA considers that this sector, by its nature, serves vulnerable customers and that competition, including in relation to care quality and continued capital investment in care homes, is therefore particularly important. The CMA considers that effective competition at a local level is a key driver of these outcomes and has taken this into account in setting the relevant threshold for identifying a realistic prospect of an SLC in the supply of care (such as residential and nursing care services).
220. Within this context, the CMA considers that one significant factor that indicates that a lower threshold may be appropriate is the degree of closeness between Welltower's and the Targets' care homes. The CMA considers that there is some evidence that Welltower and the Targets' care homes may on average compete more closely with each other than they do with third-party care homes, in particular as Welltower appears to focus its acquisitions on newer, purpose-built homes with wet rooms and those active in the luxury and premium segments (although HC-

³⁵⁵ See, for example: [Riviera/Dental Partners](#), paragraph 97; [Medivet/Various](#), paragraph 15.

One may be an exception to this given its greater focus on publicly funded residents).^{356, 357}

221. The CMA considers that there are three factors relating to out-of-market constraints which may support the use of a higher threshold.
- (a) One factor is the presence of an out-of-market constraint in nursing care from residential homes, to the extent that they could switch to supplying nursing care. However, for the reasons set out above, the CMA considers that such a constraint is likely to be limited.
 - (b) Another factor is the extent to which the data used captures all of the within-market constraints. The CMA considers that its assessment captures a comprehensive set of substitutes and that, as a result, there are generally limited within-market constraints not reflected in the analysis, including because the analysis is based on capacity rather than occupancy.³⁵⁸
 - (c) A third factor is the presence of a constraint from planned sites which may open in a timely manner. However, as noted above, where Welltower has provided compelling evidence of third party planned sites both being under construction and being due to open within the next two years in overlap areas, the CMA has included such sites in the effective competitor set. The CMA considers that any further constraint from planned sites would be very limited due to the timeliness of entry.
222. The CMA notes that although in some cases it may raise the threshold to account for entry or out-of-market constraints, in this case the CMA considers it has been able to appropriately account for these factors in the analysis.

³⁵⁶ This is reflected in Welltower's internal documents (see, for example paragraph 170(a)). In line with this, the CMA notes that Care UK, Avery, Aria, Barchester and Danforth generally serve a relatively high proportion of private residents (Enquiry Letter Response, Table 1) and, based on the CMA's analysis of the Carterwood dataset, tend, on average and across all homes, to have higher levels of wet room and ensuite provision and, in some cases, higher weekly fee rates, relative to other care homes in the UK for which data is available. These differences are, however, less pronounced for HC-One. The CMA also understands that Welltower, Barchester, HC-One and Care UK's sites appear generally to be of higher quality, noting, for example, that Welltower has only one site rated 'inadequate', and that none of Barchester, HC-One or Care UK have any 'inadequate' sites, whereas over 100 sites across other providers are rated 'inadequate'.

³⁵⁷ The CMA notes that Welltower submitted that, as an investor in real estate, it does consider some features of a care home at the early stages of consideration of a new transaction (for example, the date that the homes were built/refurbished; presence of wet rooms; and numbers of ensuites); these are very high-level lenses applied at the point of assessment of the overall value of a portfolio as a standalone investment and are not proxies for the extent of local-level competition. Welltower response to Fifth s109 Notice, paragraph 15.5.

³⁵⁸ The CMA notes that, in some nursing homes, a material proportion of beds may be allocated to residential care, and it may not be wholly straightforward to convert those beds to nursing care. Conversely, some nursing-registered homes may not have any beds dedicated to residential care. As such, the CMA recognises that its approach of including the full capacity of nursing-registered sites in both residential and nursing care could overstate the constraint imposed by some homes in nursing care and, for the same reasons, in residential care. However, the CMA considers that this approach is, on balance, more likely to understate than overstate Welltower's market position. This is because, as part of its investigation, the CMA also assessed Welltower's combined share in England using reported capacity at nursing-registered homes split between nursing and residential care, as recorded in the DHSC data referred to at paragraph 183(b) above. While the CMA ultimately did not consider it appropriate to use those reported capacity splits as the basis of share estimates for the reasons set out above, doing so generally resulted in Welltower exceeding the relevant share threshold in a greater number of local areas.

223. In relation to submissions made by Welltower, Apex and Care UK, the CMA has not applied additional filters based on geographic proximity, fascia count or spare capacity. Geographic proximity is already reflected in the definition of the relevant local areas, and further weighting by distance may overstate the importance of location relative to other factors affecting customer choice. The CMA also does not consider that fascia counts would materially improve the analysis, given the absence of evidence supporting the application of a fascia-based rule and the evidence suggesting that brand may be of more limited importance in customer choice. Similarly, while spare capacity may indicate a stronger constraint, it may also reflect weaker demand, including due to lower quality.³⁵⁹ For these reasons, the CMA has not applied additional filters based on these factors.
224. In relation to Welltower's submissions concerning its control over RIDEA sites, the CMA agrees in principle that, to the extent Welltower has only a partial ability to influence the offering at a local level, and where the incentives of its operator/management company differ from its own, this could limit the effect of the concentration on price as set out in the CRA Paper. However, the CMA disagrees with how the impact of joint control on outcomes has been characterised in the CRA Paper and the CMA considers there are a number of reasons why it is unlikely to work this way in practice:
- (a) The evidence the CMA has received does not indicate that Welltower's influence over RIDEA care homes is limited, nor that it would be appropriately characterised as holding only a minority or weak form of influence in practice.
 - (b) In this context, the CMA considers that the appropriate framework for understanding the impact of joint control on outcomes is to consider whether Welltower has the ability to deteriorate PQRS in response to its increasing share, and that this ability depends on the alignment of incentives between Welltower and the operator and Welltower's ability to influence the operator in cases where they are not well-aligned.
 - (c) The CMA considers that Welltower will often have the ability to influence the operator. Welltower has the ability to choose an operator whose incentives are well-aligned with its own and, crucially, to replace an operator whose incentives are not aligned. In practice, it may not need to replace an operator as it may have the ability to influence the operator by virtue of their wider relationship and/or the threat of replacement.
 - (d) The CMA further notes that the ability to influence particular parameters of competition may be sufficient to give rise to substantial competitive harm,

³⁵⁹ For example, Welltower Internal Document, Annex 105 to the Enquiry Letter Response, '[§<]', February 2025, page 40.

even where other aspects of the offering remain under the control of the operator/management company. In particular, Welltower appears to exercise greater influence over certain key parameters of competition, such as quality improvements through capital investment and budget approvals (at RIDEA sites).

225. The fact that operators may also have some control over certain parameters of competition (as discussed below in relation to Theory of Harm 2) does not preclude Welltower from being able to influence operators in respect of certain decisions. The CMA notes also that in certain circumstances, Welltower and the operator may have aligned incentives to deteriorate certain elements of PQRS.
226. In relation to the threshold, the CMA has placed limited weight on Welltower's submissions that Welltower has a generally lower incentive to increase prices because its margins are lower than those of an integrated owner-operator. The CMA's assessment in *FC Oval/Bupa*, including the setting of the relevant threshold, was not based on a detailed assessment of site-level margins (which are relevant to incentives to increase prices following a loss of competitive constraint). While the CMA accepts that Welltower's margin may generally be lower because it pays a management fee on revenues, a detailed assessment of margins could suggest that the relevant share of supply threshold set out below is, in fact, too high.³⁶⁰
227. For the reasons set out above, in particular, the extent of closeness between Welltower's care homes and the limited constraints not captured within the CMAs assessment, the CMA considers that a threshold of a 35% combined share of bed capacity is appropriate for identifying at phase 1 areas that give rise to a realistic prospect of competition concerns in the supply of residential and nursing care under this TOH1.
228. The CMA also considers that an increment threshold in the present case is justified to identify where the Mergers have had a significant effect on competition. Accordingly, the CMA has applied an increment threshold of 5% or more where Welltower's combined share is between 35% and 40%. The CMA notes that it has not been necessary to consider whether an increment threshold of 5% or more should be applied where shares are higher than 40%, as there are no instances where combined shares are higher than 40% and the increment is lower than 5%. In some past cases (outside the care sector), the CMA has identified areas of concern by applying both a combined share threshold and an increment threshold

³⁶⁰ In relation to the CRA Paper specifically, the CMA also notes that the model assumes a level of margins that was not supported by detailed evidence or submissions on margins in the sector, and to which the model is sensitive. Relatedly, calibrating a threshold using margin assumptions may, as set out in this paragraph, overlook that those assumptions could themselves support a lower threshold. While the CMA has not undertaken a detailed review of margins, it notes that actual margins and diversion are key inputs into GUPPIs and incentives to increase prices, whereas the 35% threshold applied in the CMA's local analysis (both here and in the case of *FC Oval/Bupa*) is not based on actual margins.

(for example, 5%). In other cases, the CMA has used either a sliding or tiered increment approach.³⁶¹ In this case, given the importance of this sector, the potential for future acquisitions, and Welltower's high shares in some local areas, the CMA considers even small increments may have significant effects on competition, and therefore an increment threshold of 5% or more may not be necessary when shares are over 40% to identify areas where there is a realistic prospect of an SLC.

6.3.1.2.5 Outcome of local analysis

229. Based on the methodology set out above, the CMA finds that the Mergers have resulted in Welltower having a combined share of capacity exceeding 35%, with an increment of 5% or more where the combined share is between 35% and 40%, in at least one of residential or nursing care in 24 local areas centred on Welltower sites. The CMA notes that, of these local areas, 9 are located in Scotland, with the remainder located in England. Accordingly, the CMA considers that the Mergers give rise to a realistic prospect of an SLC in each of these local areas.
230. Table 2 below sets out the estimated combined share of capacity in nursing care within local areas centred on nursing-registered sites and shows that, in 21 areas in England and Scotland, Welltower has a share exceeding 35%, with an increment of 5% or more where shares are between 35% and 40%.

Table 2: Welltower's combined share of capacity in nursing care

<i>Pre-merger owner</i>	<i>Centroid site name</i>	<i>Country</i>	<i>Combined share (%)</i>	<i>Increment (%)</i>	<i>RMS</i>
HC-One	Orchard Care Centre	Scotland	[60-70]	[30-40]	Aria; HC-One
HC-One	Drummohr Nursing Home	Scotland	[60-70]	[20-30]	HC-One
Aria	Hillview Court	Scotland	[50-60]	[20-30]	Aria; HC-One
Aria	Beechwood Park	Scotland	[50-60]	[20-30]	Aria; HC-One
HC-One	Annfield House	Scotland	[40-50]	[5-10]	Aria; HC-One
HC-One	Forthbank Nursing Home	Scotland	[40-50]	[10-20]	Aria; HC-One
Aria	Marchglen Care Centre	Scotland	[40-50]	[10-20]	Aria; HC-One
HC-One	Tranent Care Home	Scotland	[40-50]	[10-20]	HC-One
Aria	Cedar View Care Centre	England	[40-50]	[10-20]	Aria; HC-One
Aria	Deer Park View Care Centre	England	[35-40]	[10-20]	Aria; HC-One
Welltower	Laurel Dene	England	[35-40]	[10-20]	Aria; HC-One
HC-One	Fairview Nursing Home	Scotland	[35-40]	[10-20]	Aria; HC-One
Welltower	Highmarket House	England	[35-40]	[10-20]	Barchester
Welltower	Kentford Manor	England	[35-40]	[5-10]	Barchester
Aria	Albany Lodge Nursing Home	England	[35-40]	[10-20]	Aria; HC-One
Welltower	Haling Park Care Home	England	[35-40]	[10-20]	Aria; HC-One
Aria	Galsworthy House Nursing Home	England	[35-40]	[10-20]	Aria
Aria	Brook House Nursing Home	England	[35-40]	[10-20]	Aria; HC-One
Aria	Belmont House Nursing Home	England	[35-40]	[10-20]	Aria; HC-One
Aria	Hamilton Nursing Home	England	[35-40]	[10-20]	Aria; HC-One
Aria	Southborough Nursing Home	England	[35-40]	[10-20]	Aria; HC-One

Source: CMA analysis

³⁶¹ In [Hanson/Mick George](#), the CMA set the material increment threshold at 5% for combined shares up to 40% which then declines in a straight line from 5% towards 0% as the parties' combined share increased from 40% to 100%. It also treated any increment of 0.5% or below as not material (paragraph 164).

Note: See Annex A for further details. The CMA notes that six of these SLCs (Deer Park View Care Centre, Laurel Dene, Galsworthy House Nursing Home, Brook House Nursing Home, Hamilton Nursing Home and Southborough Nursing Home) are sensitive to the inclusion of the three sites near Richmond for which Care UK submitted that [redacted] the council will appoint another operator (see footnote 265).^v

231. Table 3 below sets out the estimated combined share of capacity in residential care within local markets centred on residential-only sites and shows that, in one area in England, Welltower has a share exceeding 35%, with an increment of 5% or more where shares are between 35% and 40%.

Table 3: Welltower’s combined share of capacity in residential care at residential centroids

Pre-merger owner	Centroid site name	Country	Combined share (%)	Increment (%)	RMS
HC-One	Kings Court ³⁶²	England	[40-50]	[10-20]	Barchester; HC-One

Source: CMA analysis

Note: See Annex B for further details.

232. Table 4 below sets out the estimated combined share of capacity in residential care within local markets centred on nursing-registered sites and shows that, in six areas in England and Scotland, Welltower has a share exceeding 35%, with an increment of 5% or more when shares are between 35% and 40%, of which four are also identified in Table 3.

Table 4: Welltower’s combined share of capacity in residential care at nursing-registered centroids

Pre-merger owner	Centroid site name	Country	Combined share (%)	Increment (%)	RMS
HC-One	Orchard Care Centre	Scotland	[40-50]	[20-30]	Aria; HC-One
HC-One	Charters Court	England	[40-50]	[5-10]	Barchester; HC-One
Welltower	Mildenhall Lodge	England	[40-50]	[10-20]	Danforth
Aria	Beechwood Park	Scotland	[35-40]	[10-20]	Aria; HC-One
Aria	Hillview Court	Scotland	[35-40]	[10-20]	Aria; HC-One
HC-One	Forthbank Nursing Home	Scotland	[35-40]	[10-20]	Aria; HC-One

Source: CMA analysis

Note: See Annex B for further details.

6.3.1.3 Conclusion on TOH1

233. For the reasons set out above, the CMA considers that: in relation to the supply of residential care services for the elderly there is a realistic prospect of an SLC in the seven local areas in England and Scotland, listed in Table 3 and Table 4 above, arising from the Mergers; and (ii) in relation to the supply of nursing care services for the elderly there is a realistic prospect of an SLC in the 21 local areas in England and Scotland, listed in Table 2 above, arising from the Barchester, HC-One and Aria Mergers. In total, across both residential and nursing care services,

³⁶² For completeness, the CMA notes that on 27 March 2026 it consented to a derogation from paragraph 5(e) of the IEO under section 72(2) of the Act imposed on 3 February 2026 in relation to the completed acquisition by Welltower (through its subsidiary Horizon TopCo Limited) of HC-One Topco Limited to permit Welltower to progress with surrendering the lease for this site to [redacted] and selling the business of the operation of [redacted] to [redacted] ([Derogation 27 March 2026 \(HC-One\)](#)).

overall the Mergers give rise to a realistic prospect of an SLC in 24 local areas in England and Scotland.

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

6.3.2.1 Relevant framing for TOH2

234. As set out in section 6.2.1 and paragraph 99 above, the CMA considers it appropriate to define the relevant product market as the supply of care services for the elderly, of which Welltower is one of the relevant providers, alongside other providers including operators. The CMA considers under TOH1 that Welltower has the ability and incentive to influence the competitive offering of certain care homes in areas where it has local market power. However, as a result of the Mergers, there have also been changes in operators (and further changes are also contemplated) which may have resulted (or will further result) in an increase in concentration at the operator level. It is the possible deterioration in parameters of competition at a site caused by an operator which is considered in this TOH2.
235. There are interlinkages between TOH1 and TOH2, in that they can both relate to possible deteriorations in parameters of competition at the same site. Both Welltower and the operators may have some ability and incentive to influence the competitive offering of care homes.
236. As a result of the Mergers, operators have taken (or will take) over the operations of care homes which were previously operated by a competing operator that provided a competitive constraint. The Mergers have increased (or will increase) certain operators' presence in a number of local areas, thereby creating the opportunity for the operator to raise prices or otherwise worsen PQRS for elderly residents in certain areas. The CMA considers the ability and incentive of operators to raise prices or worsen their competitive offering for elderly residents below.

6.3.2.1.1 Operator's ability to influence the competitive offering of RIDEA and NNN sites

237. Apex submitted that the operator is solely responsible for setting PQRS at its Barchester-operated sites,³⁶³ and Care UK submitted that it defines the strategy for individual care homes.³⁶⁴

³⁶³ Apex Issues Letter Response, paragraph 3.4.2.

³⁶⁴ Care UK Issues Letter Response, paragraph 4.3.

238. Based on the available evidence and as explained in section 6.3.1.1.1.2 above, the CMA considers that Welltower has the ability to influence the competitive offering of RIDEA sites. However, the operator similarly may have an ability to influence the competitive offering at such sites.
239. In a RIDEA model, and as submitted by Welltower in its RIDEA/NNN Paper, operators have an ability to influence the competitive offering of care homes via various PQRS factors (such as determining price and sales strategies; and running day-to-day care home operations and services), albeit sometimes certain decisions are subject to approvals from the care home owner (eg Welltower).³⁶⁵
240. With regard to NNN sites, further to the CMA's view that Welltower does not have the ability to influence the competitive offering of such sites substantially (see section 6.3.1.1.3.2 above), it follows that such ability predominantly sits with the operators. In a NNN model, and as also submitted by Welltower in its RIDEA/NNN Paper, operators have a more direct ability to influence the competitive offering of their care home sites (such as charging the prices they consider most appropriate; and determining approach to key quality metrics and services provided).³⁶⁶

6.3.2.1.2 *Operator's incentives to influence the competitive offering of RIDEA and NNN sites*

241. The CMA sets out in paragraph 132 above (in relation to TOH1) that operators' and Welltower's incentives may be multifaceted and vary depending on a variety of factors. In some cases, Welltower's and its operators' incentives may be broadly aligned, whereas in other cases, either Welltower or the operator may have a greater incentive to increase prices or worsen their competitive offering following an increase in local concentration as a result of the Mergers. The incentives of operators will likely also depend on whether the site is a NNN or RIDEA site:
- (a) For NNN sites, given the CMA's view in TOH1 that Welltower does not have the ability to influence the competitive offering of such sites substantially, it follows that operators have substantial control over PQRS factors at these sites. Where there is an increase in local market concentration at the operator level, this implies an incentive for the operator to deteriorate the offering at a care home.
 - (b) For RIDEA sites, the CMA notes that all but one TOH2 SLC (see Table 5 and Table 6 below) are also SLCs under TOH1 for Welltower.³⁶⁷ In these circumstances, given local concentration is high and has increased for both

³⁶⁵ RIDEA/NNN Paper, paragraphs 5.22(a), 5.23(a), 5.25(a), and 5.25(b).

³⁶⁶ RIDEA/NNN Paper, paragraphs 4.15(a), 4.16(a), 4.18(a), and 4.22.

³⁶⁷ The CMA notes that Mossdale Residence is an SLC under TOH2 but not TOH1. However, the CMA notes that shares under TOH2 and TOH1 have both increased and in fact are similar in magnitude, with Mossdale Residence only being marginally below the threshold ([30-35]%). Given this, the CMA considers the incentives of the operator and Welltower to be broadly similar at this site as well. Further information on the threshold is set out at paragraph 247 below.

Welltower and the operator, the CMA considers that their incentives are likely to be broadly aligned. For example, Welltower may not resist efforts of the operator to worsen PQRS if it thinks it will also benefit.

6.3.2.2 *Local area analysis*

242. Apex and Care UK submitted that the appropriate approach to assessing operator overlaps is to use the approach as set out in the *FC Oval/Bupa* case, namely using a combined share of capacity above 35% as an initial filter, before carrying out a more detailed competitive assessment.³⁶⁸ Care UK also submitted that it is counterintuitive to adopt a blunt and less sophisticated methodology (ie a decision rule), particularly where fewer than ten operator-level local market overlaps are identified.³⁶⁹ As part of their submissions, Apex and Care UK provided local area information they considered the CMA should take into account in its competitive assessment, such as information on competitors that fall just outside the catchment area, the opening of planned competitor sites, geographic closeness between the overlap sites, the competitive constraints present in each catchment, closeness of competition between overlap sites, and information on block bookings by local authorities which Care UK states affects the number of beds over which it has control.
243. The CMA considers that, so long as the key parameters of competition at a local level can be reflected in a decision rule, this may be a preferable analytical approach for a number of different reasons, including:
- (a) it ensures all local areas of overlap are assessed systematically by reference to the same factors, rather than having regard to different factors in different local areas;³⁷⁰
 - (b) where a merger is one of a potentially large number of similar mergers that could be replicated across the sector in question, the systematic approach of a decision rule ensures consistency and replicability across cases; and
 - (c) it enables the CMA to conduct an efficient investigation, having regard to the limited time available within a phase 1 investigation to carry out a detailed competitive assessment of a large number of local areas.

³⁶⁸ Apex Issues Letter Response, paragraph 2.1. Care UK Issues Letter Response, paragraph 2.3.

³⁶⁹ Care UK Issues Letter Response, paragraph 2.3.

³⁷⁰ The CMA notes that where merger firms conduct a non-systematic review of competitive conditions in individual local areas (ie considering different factors in different areas), it may be difficult for the CMA to verify whether the material presented to it provides a balanced picture of each particular area, or whether it presents a partial view which is favourable to the interests of the merger firms. [CMA129](#), paragraph 4.33.

244. The CMA notes that several of the local area assessment points raised by Apex and Care UK are one-sided³⁷¹ or are otherwise difficult to systematically gather information on in a phase 1 context. Given the lack of systematic information provided on these points that would enable the CMA to incorporate this information into its decision rule, the CMA has not made adjustments to its competitive assessment approach.
245. The CMA notes that the *FC Oval/Bupa* decision is from 2017 and that the CMA's approach in this case is consistent with its approach to local market analysis in other recent cases.³⁷² The CMA has also not received evidence to support a conclusion that the factors Apex and Care UK highlight in their submissions (eg number of alternatives available or geographic distance between homes) indicate that the CMA should not find competition concerns.
246. Based on the above and as with TOH1 (set out above), the CMA has found it appropriate to apply a decision rule-based approach to identify those local areas where there is a realistic prospect of an SLC arising from operator overlaps.
247. The CMA used broadly the same approach to the local analysis as set out under TOH1 above, using the same effective competitor set,³⁷³ measure of concentration, and catchment areas. The main exception is that, given operators' ability to influence the competitive offering at both NNN and RIDEA sites, both types of care home site are used as a centroid for the local assessment (unlike under TOH1, as explained in paragraph 178 above), and are counted as contributing to the operators' local market share of supply if they fall within a relevant catchment area. The CMA sets out below additional points relevant only to its assessment of TOH2.
248. The CMA has considered the appropriate share of beds threshold to identify local areas that raise prima facie competition concerns as a result of the changes in the operator of Welltower-owned sites described above.
249. The CMA considers that the same factors set out in TOH1 above in paragraphs 218-226 apply and therefore that a 35% combined share of bed capacity with an increment of 5% or more when combined shares are between 35% and 40% (and with no specific increment threshold otherwise³⁷⁴) is appropriate for identifying at phase 1 areas that may give rise to a realistic prospect of competition concerns in the supply of residential and nursing care services under this TOH2.

³⁷¹ For example, Apex and Care UK provided information on competitors falling just outside of a catchment area, but not information on competitors only just falling into a catchment area. If such a factor were to be factored in, it would need to apply in both directions.

³⁷² See, for example: [Riviera/Dental Partners](#), paragraph 97; [Medivet/Variou](#)s, paragraph 15.

³⁷³ For example, the sites in planning that were included into the effective competitor set in TOH1 have also been included for TOH2.

³⁷⁴ Ie any increment above 40%.

250. To the extent that Welltower retains a degree of control, operators' ability to worsen competitive conditions may be constrained where this would not be in Welltower's interests. The CMA has therefore considered whether a higher threshold for concern should be applied in relation to operator-level overlaps arising from the Mergers, or whether this should instead be captured in another way in its assessment.
251. However, in line with the reasoning set out above, the CMA does not consider that an uplift to the threshold is appropriate.
- (a) While TOH1 and TOH2 are linked and depend on the degree of influence exercised by Welltower and operators respectively, consistent with its published guidance the CMA may find that each theory of harm individually gives rise to a realistic prospect of an SLC, even where the conditions under which they would arise differ and may not arise simultaneously.³⁷⁵
- (b) In all but one local area,³⁷⁶ TOH2 RIDEA sites where operators' shares are above 35% are also instances where Welltower's share is above 35%, so the incentives of Welltower and operators are likely to be broadly aligned in these cases.

6.3.2.2.1 *Relevant operators and changes resulting from the Mergers*

252. As a result of the Mergers, changes have been made, and further changes are contemplated, to the operators of the Targets' sites acquired by Welltower, which involve Welltower engaging or retaining a third party manager (via an operator-owned management company) to operate the sites, including under RIDEA arrangements. Specifically:
- (a) Care UK has taken on the operations of sites relevant to the Aria and Danforth Mergers.
- (b) Apex (through its control of the Horizon Manco and [REDACTED]) currently retains operational control of the 279 HC-One sites. The operations of some of these HC-One homes are expected to be transferred to [REDACTED], [REDACTED], and [REDACTED] (with the remainder being retained by Barchester).³⁷⁷

³⁷⁵ [CMA129](#), paragraph 2.32.

³⁷⁶ Mosssdale Residence. The CMA does not consider it necessary to determine precisely the extent of operator control in order to identify at phase 1 areas that may give rise to prima facie competition concerns. For Mosssdale Residence, based on the available evidence it may be the case that operators are able to influence key aspects of the competitive offering in a way that could give rise to competitive harm, even where other parameters may be constrained or influenced by Welltower – though the CMA notes that Welltower and operators' shares are similar under TOH1 and TOH2 for this site, and considers it likely that owner and operator incentives are broadly aligned in this case.

³⁷⁷ The CMA notes that recent changes to the proposed operators for these sites indicate that the transfers may not occur as envisaged or may instead be made to different operators. Welltower IEO derogation request submitted to the CMA on 20 March 2026.

253. Barchester (under Apex control), [redacted], [redacted], and [redacted] each operate other care homes in the UK (in the case of Apex, those acquired by Welltower as part of the Barchester Merger). In a number of cases, the sites operated, or planned to be operated, overlap with the operators' existing portfolios, including sites operated under NNN arrangements with Welltower and a small number of sites not owned by Welltower.
254. For this reason, the CMA has assessed whether each of (i) the transfers to Care UK, (ii) a scenario in which Barchester (Apex) retains all the HC-One sites, and (iii) the planned transfers of some HC-One sites to other operators, would give rise to competition concerns. The CMA has done this by estimating residential and nursing care shares in each local area, attributing each site to the operator that is expected to operate it post-Mergers and estimating that operator's resulting share within the relevant catchment area. The results are presented below for each of these scenarios.³⁷⁸

6.3.2.3 *Outcome of local analysis*

255. The CMA sets out below the results of its local analysis for TOH2 which identified concerns under the scenario in which Barchester (Apex) retains all HC-One sites, and also found that some of these concerns would not be resolved by the planned transfers of HC-One sites to other operators.

6.3.2.3.1 *Concerns arising from Barchester (Apex) retaining all HC-One sites*

256. Based on the methodology set out above, the CMA finds that, under a scenario in which Barchester (Apex) retains all HC-One homes, this would give rise to a combined share of capacity exceeding 35%, with an increment of 5% or more, in at least one of residential or nursing care in respect of nine sites.
257. These are set out in Table 5 and Table 6 below, with eight relating to nursing care and two relating to residential care.

³⁷⁸ The CMA's analysis captures the following ways in which the Mergers could lead to a loss of competition: (i) an increase in an operator's share of local capacity where it already operates the centroid (Welltower-owned) site and acquires additional nearby Welltower sites; (ii) an increase in an operator's share of local capacity around a centroid it operates that is not Welltower-owned, where newly acquired Welltower sites transfer to it; (iii) a change in operator at a centroid site to one that already has an existing presence in the area; and (iv) cases where an operator with no prior presence in a local area acquires multiple sites in that area from different pre-Mergers operators.

Table 5: Barchester (Apex) combined share of capacity in nursing care

<i>Pre-merger operator</i>	<i>Centroid site name</i>	<i>Country</i>	<i>Combined share (%)</i>	<i>Increment (%)</i>
HC-One	Drummohr Nursing Home	Scotland	[50-60]	[20-30]
HC-One	Tranent Care Home	Scotland	[50-60]	[10-20]
Barchester	Newton House	England	[40-50]	[10-20]
Barchester	Fordmill Care Home	Scotland	[40-50]	[10-20]
Barchester	Meadowbeck	England	[35-40]	[10-20]
HC-One	Mossdale Residence	England	[35-40]	[10-20]
Barchester	Stamford Bridge Beaumont	England	[35-40]	[5-10]
Barchester	Lancaster Grange	England	[35-40]	[10-20]

Source: CMA analysis

Note: See Annex C for further details.

Table 6: Barchester (Apex) combined share of capacity in residential care

<i>Pre-merger operator</i>	<i>Centroid site name</i>	<i>Country</i>	<i>Combined share (%)</i>	<i>Increment (%)</i>
HC-One	Kings Court ³⁷⁹	England	[40-50]	[10-20]
Barchester	Newton House	England	[30-40]	[10-20]

Source: CMA analysis

Note: See Annex D for further details. Newton House is a nursing-registered site that is also included in Table 5.

258. Accordingly, the CMA considers that Barchester (Apex) retaining these HC-One sites would give rise to a realistic prospect of an SLC in the local areas centred on the above-listed sites.

6.3.2.3.2 Concerns arising from planned transfers of HC-One sites

259. The CMA has not identified concerns with the proposed transfers to [X], [X] and [X] as planned as at the date of this Decision.³⁸⁰ However, based on the methodology set out above, the CMA finds that, even with these transfers, the HC-One sites retained by Barchester (Apex) would give rise to four local areas centred on sites where its combined share of nursing capacity would exceed 35%, with an increment of 5% or more. These are set out in Table 7 below.

Table 7: Barchester (Apex) combined share of capacity in nursing care

<i>Pre-merger operator</i>	<i>Centroid site name</i>	<i>Country</i>	<i>Combined share (%)</i>	<i>Increment (%)</i>
HC-One	Drummohr Nursing Home	Scotland	[35-40]	[10-20]
Barchester	Meadowbeck	England	[35-40]	[10-20]
HC-One	Mossdale Residence	England	[35-40]	[10-20]
Barchester	Stamford Bridge Beaumont	England	[35-40]	[5-10]

Source: CMA analysis

³⁷⁹ See footnote 362 above.

³⁸⁰ As set out in Welltower's IEO submissions to the CMA dated 8, 14 and 29 January 2026 and 20 March 2026 regarding the transfer of certain HC-One operations (see also [Derogation 27 March 2026 \(HC-One\)](#)).

6.3.2.4 Conclusion on TOH2

260. For the reasons set out above, the CMA considers that: (i) in relation to the supply of residential care services for the elderly there is a realistic prospect of an SLC in two local areas in England, listed in Table 6 above, 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 an SLC in the eight local areas in England and Scotland, listed in Table 5 above, arising from the HC-One Merger.

7. COUNTERVAILING FACTORS

261. There are two main ways in which countervailing factors may prevent or mitigate any SLC arising from a merger: through merger efficiencies, or through the entry and/or expansion of third parties in relation to the effects of a merger.³⁸¹ The CMA sets out its view on each of these in turn below.

262. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. The CMA will consider entry and/or expansion plans of rivals who do so in direct response to the merger as a countervailing measure that could prevent an SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.³⁸²

263. Welltower submitted that there are many REITs and other types of investors such as private equity, pension funds and insurance funds, that acquire or invest in care homes in the UK.³⁸³ Welltower further submitted that, according to Carterwood data, there are 590 competitor care homes in the UK that have been granted planning permission and thus each represent an instance of entry into a new market (or at least significant expansion in a local area where a competitor already owns a care home).³⁸⁴ Welltower also submitted, in regards to the operation of care homes, that there are over 4,000 care home operators in the UK. Welltower noted that a number of these operators are active in the development of properties and can source third party financing from a range of sources.³⁸⁵

264. In line with its published guidance regarding entry or expansion of rivals that occur irrespective of whether the merger proceeds,³⁸⁶ the CMA has considered

³⁸¹ [CMA129](#), paragraph 8.1.

³⁸² [CMA129](#), from paragraph 8.40.

³⁸³ Enquiry Letter Response, paragraph 24.1

³⁸⁴ Enquiry Letter Response, paragraphs 24.2-24.5. Welltower submitted that a number of its competitors have either developed or have committed to developing a material number of care homes in the UK, for example Omega Healthcare who acquired 45 homes in April 2025, and Franklin Real Asset Advisors who acquired 32 homes in June 2025.

³⁸⁵ Enquiry Letter Response, paragraph 24.6.

³⁸⁶ [CMA129](#), paragraph 8.28.

Welltower and Apex's submissions on third-party planned sites as part of its competitive assessment (at section 6.3.1.2.1.1 above).³⁸⁷

265. However, in the absence of additional area-specific evidence on likely entry or expansion by other players in the local areas relevant to the Mergers, the CMA does not consider the general submissions made by Welltower are sufficient to indicate that any future entry or expansion will be timely, likely and sufficient to prevent the loss of competition brought about the Mergers in the local area of relevance where an SLC has been identified. On this basis, the CMA does not consider that entry or expansion will be timely, likely or sufficient to mitigate any SLC(s) arising in relation to any or all of the Mergers.
266. With regard to merger efficiencies, while acknowledging Welltower's submissions on this point,³⁸⁸ the CMA notes that it must receive compelling evidence to be satisfied that merger efficiencies (either in the form of rivalry-enhancing efficiencies or relevant customer benefits) will be realised.³⁸⁹ The CMA considers that Welltower's submissions to-date only provided high level-statements regarding potential benefits arising from the Mergers, rather than the required efficiency assessment.

8. CONCLUSION ON SUBSTANTIAL LESSENING OF COMPETITION

267. Based on the evidence set out above, the CMA believes that it is or may be the case that:
- (a) The Mergers have resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in relation to the supply of residential care services for the elderly in the local areas set out in Tables 3, 4, and 6 above (and with more detail in Annexes B and D below).
 - (b) The Barchester, HC-One and Aria Mergers have resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in relation to the supply of nursing care services for the elderly in the local areas set out in Tables 2 and 5 above (and with more detail in Annexes A and C below).

³⁸⁷ Welltower's submission to the CMA titled 'Evidence of Construction around SLCs', 24 April 2026; Apex Supplementary Issues Letter Response, paragraph 3.1.4.

³⁸⁸ Position Paper, paragraph 6.6(d).

³⁸⁹ [CMA129](#), paragraph 8.8 and [Mergers: Exceptions to the duty to refer](#), January 2025 (**CMA64**), paragraph 4.4.

DECISION

268. Consequently, the CMA believes that it is or may be the case that (i) four relevant merger situations have been created; and (ii) the creation of each of those situations has resulted, or may be expected to result, in one or more SLCs within a market or markets in the United Kingdom.
269. The CMA therefore believes that it is under a duty to refer under section 22(1) of the Act. However, the duty to refer is not exercised whilst the CMA is considering whether to accept undertakings under section 73 of the Act instead of making such a reference.³⁹⁰ Welltower and Apex have until 14 May 2026³⁹¹ to offer an undertaking to the CMA.³⁹² In relation to each Merger, the CMA will refer the Merger for a phase 2 investigation³⁹³ if no undertakings are offered by this date; if Welltower and Apex indicate before this date that they do not wish to offer undertakings; or if the CMA decides³⁹⁴ by 21 May 2026 that there are no reasonable grounds for believing that it might accept the undertakings offered, or a modified version of them.
270. The statutory four-month period mentioned in section 24 of the Act in which the CMA must reach its decisions on reference in this case expires on 8 May 2026. For the avoidance of doubt, the CMA hereby gives Welltower, Apex and Care UK notice pursuant to section 25(4) of the Act that it is in each case extending the four-month period mentioned in section 24 of the Act. These extensions come into force on the date of receipt of this notice by Welltower, Apex and Care UK and in each case will end with the earliest of the following events: the giving of the undertakings concerned for the respective relevant merger situation; the expiry of the period of 10 working days beginning with the first day after the receipt by the CMA of a notice from the relevant parties stating that they do not intend to give the undertakings for the respective relevant merger situation; or the cancellation by the CMA of the extension for the respective relevant merger situation.

Sorcha O’Carroll
Senior Director, Mergers
Competition and Markets Authority
7 May 2026

³⁹⁰ Section [22\(3\)\(b\)](#) of the Act.

³⁹¹ Section [73A\(1\)](#) of the Act.

³⁹² Section [73\(2\)](#) of the Act.

³⁹³ Sections [22\(1\)](#) and [34ZA\(2\)](#) of the Act.

³⁹⁴ Section [73A\(2\)](#) of the Act.

Barchester	Lancaster Grange	NG243NH	[35-40]	[10-20]	[§<] (Barchester); [§<] (Barchester); [§<] (HC-One)
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Source: CMA analysis.

ANNEX D: LOCAL RESIDENTIAL CARE SLC AREAS UNDER THEORY OF HARM 2 – BARCHESTER (APEX) RETAINING HC-ONE SITES

Pre-Mergers operator	Centroid site name	Centroid postcode	Combined share (%)	Increment (%)	Relevant Barchester and HC-One sites in catchment area
HC-One	Kings Court	NG243XB	[40-50]	[10-20]	[§<] (Barchester); [§<] (HC-One); [§<] (HC-One)
Barchester	Newton House	NG318AF	[35-40]	[10-20]	[§<] (Barchester); [§<] (Barchester); [§<] (Barchester); [§<] (HC-One); [§<] (HC-One); [§<] (HC-One)

Source: CMA analysis.

ⁱ Footnote 40 should read as follows: ‘Welltower’s response to the Issues Letter dated 10 April 2026 (response submitted on 16 April 2026) (**Welltower Issues Letter Response**), paragraph 2.2’.

ⁱⁱ In footnote 90, the wording ‘Apex’s response to the Issues Letter dated 16 April 2026 (**Apex Issues Letter Response**)’ should read as follows: ‘Apex’s response to the Issues Letter dated 10 April 2026 (response submitted on 16 April 2026) (**Apex Issues Letter Response**)’.

ⁱⁱⁱ In footnote 142, the wording ‘The CQC told the CMA that it would take at least three to six months for a provider to begin offering nursing services, and that approximately [20-30]% of registrations at the CQC are taking longer than 10 weeks. Note of call with CQC, January 2026, paragraph 19’ should read as follows: ‘The CQC told the CMA that it would take at least three to six months for a provider to begin offering nursing services, and that (as at January 2026) approximately [20-30]% of registrations at the CQC are taking longer than 10 weeks. Note of call with CQC, January 2026, paragraph 19’.

^{iv} In footnote 231, the wording ‘Care UK’s response to the Issues Letter dated 16 April 2025 (**Care UK Issues Letter Response**)’ should read as follows: ‘Care UK’s response to the Issues Letter dated 10 April 2026 (response submitted on 16 April 2026) (**Care UK Issues Letter Response**)’.

^v The reference to footnote 265 should read as a reference to footnote 266.