

Why location matters in social care investment



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Mike Toft, Head of Care Homes at Octopus Capital, explores how placemaking can bridge the gap between ESG investment and real social impact — and why location must become a defining measure of quality and value in the UK care sector.

The UK care sector faces a significant challenge. Despite a rapidly ageing population, there are fewer registered care beds today than at the start of the century. Much of the stock is outdated and ill-suited to modern needs, while demand for high-quality, fit-for-purpose facilities continues to rise. Investors increasingly recognise social infrastructure as an asset class that can both meet societal needs and deliver stable returns. ESG has become the default framework for assessing these assets, but the emphasis often falls on the “E”. Green buildings, efficiency targets and reporting standards are visible, measurable and relatively easy to communicate. What is harder to quantify is social value — and yet in care home investment, it is just as decisive. This is where placemaking comes in.

Care homes are not standalone assets. Where they are located, how they connect with their communities and how they integrate with the local economy all have a direct impact on resident wellbeing, staffing, and financial performance. In practice, placemaking is the missing bridge between ESG theory and social outcomes.

“Care homes aren’t standalone assets – location directly impacts wellbeing and performance.”

Across the UK, the number of registered care beds is not keeping pace with demographic demand. Much of the current stock is obsolescent, often poorly located, and no longer fit for purpose. This creates challenges for residents and operators alike. A well-placed home doesn’t just provide beds — it creates skilled jobs, supports local supply chains, and relieves pressure on healthcare systems. It reduces staff turnover and sustains the independence and wellbeing of residents.

These outcomes show that a home in the right location, run by the right operator, delivers higher occupancy and better care outcomes.

Our investment approach is shaped by ESG, and we see environmental and social priorities as inseparable. Embedding homes within communities ensures that social value is genuinely delivered. By being part of the community, care home operators can collaborate with local groups, schools, and services, building relationships that keep residents connected and staff engaged.

Net zero also plays a role. Every new home we fund is designed to lower carbon footprints and help operators manage energy use more efficiently. These investments may cost more up front, but they protect value and strengthen long-term performance — environmentally, and, importantly for investors, financially.

For many years, care homes were seen as risky assets. Negative headlines about failing operators or poor standards of care dominated, but that perception is changing. Modern care homes typically have around 60–80 beds, with an investment value of around £15 million. On the surface, they may not look like the cornerstone of wider placemaking, but their impact is significant. Homes in the right place deliver both financial and social value.

The reality is that care homes are among the most essential and tightly regulated sectors in real estate. While there have been challenges in the past, the market has matured significantly. Institutional investors now recognise that success depends on partnering with specialist managers who understand the sector, can mitigate risks effectively, and can carefully select operators committed to upholding high standards of care. As the lines between traditional infrastructure and real estate continue to blur, social infrastructure is emerging as a compelling theme for investors. At the same time, recognition is growing that ESG frameworks cannot rely on environmental measures alone — there must be a focus on social impact, and placemaking is central to that shift.

Looking ahead, we expect to see more opportunities emerging in both urban and rural areas. International models show how integrating care homes into city centres creates connection and vibrancy, while homes rooted in rural communities can deliver stability and social cohesion. Delivering homes where operators can provide the highest standards of care — where residents feel part of a community and investors benefit from resilient, long-term returns — will remain key.

The UK needs thousands of new, fit-for-purpose beds. Where those beds are delivered will matter just as much as how they are built.



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The background of the page is a dark blue digital map with white lines representing streets and rivers. A hand is shown from the wrist up, with the index finger pointing directly at a large red location pin. The pin has a white circle in the center. The overall aesthetic is technological and modern.

*“A well-placed home
creates jobs, supports
communities, and eases
healthcare pressure.”*

Further Reading

LaingBuisson. (2025, February 27). Care Homes for Older People UK Market Report, 35th Edition (William Laing, Author). LaingBuisson. <https://go.laingbuisson.com/care-home-report-35>