Bank of Ireland Sectors Team Healthcare H1 2025 Insights / H2 2025 Outlook

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Healthcare Sector
Gráinne Mahon Henson

grainne.henson@boi.com
087 934 6783

Summary

The health sector in 2025 is shaped by strong and growing demand, driven by demographic change, rising life expectancy, and more complex care needs. This provides a high degree of certainty for health care providers and investors, creating opportunities for new capacity, service innovation and collaboration, across nursing homes, disability, day care and home care. At the same time, the sector is navigating staffing pressures, rising costs and ongoing policy reform, alongside emerging technology such as artificial intelligence (AI), all of which continue to shape how care is delivered. Despite pressures, there are significant opportunities: with demographics ensuring sustained growth, the sector remains well positioned for long term development where policy and funding are supportive.

Key Sector Trends

Nursing Homes

- The demand for nursing home care remains strong with occupancy levels consistently high. Although the population aged 85+ has doubled over the last two decades, net bed supply has been largely static, averaging around 32,000 beds since 2019. This imbalance between supply and demand is expected to continue, with the Economic and Social Research Institute (ERSI) projecting a need for up to 21,000 additional beds by 2040. This represents a 61-80% increase, translating to average annual increases between 2.7% and 3.3%.[1]
- Performance, however, varies across the sector. Smaller homes, particularly in rural areas and operating older facilities continue to struggle with compliance, staffing and viability. These operators face the heaviest cost pressures due to poor room mix, fire safety and other premises compliance requirements, and limited economies of scale. Closures and deregistrations reflect these challenges, with 11 homes exiting the market in 2024 and a further 7 so far in 2025.[2] In contrast, larger, more innovative operators with purpose built premises and strong governance are navigating conditions more successfully.
- The government launched a €10 million nursing home Residential Premises Upgrade (RPU) Scheme in 2025, offering eligible nursing homes up to €25,000 each for structural improvements that enhance regulatory compliance and support modest capacity additions or upgrades. The scheme, which applies to work carried out between January 1, 2024 and November 14, 2025, remains open, though not all homes have yet taken advantage of this opportunity.[3]
- While occupancy has increased to a national average of 93.6%, care dependency levels have also risen, with 56% of residents now classified as having high or maximum dependency.[4] This has led to a corresponding increase in care hours, averaging 3.85 hours per resident per day, highlighting both the complexity and the cost burden on providers.[5]
- When reimbursement under the Fair Deal scheme has grown by 17% over the past decade, operating costs have risen by more than 36%, increasing the financial gap.[6] The average weekly Fair Deal Rate (FDR) reached €1,250 at the end of Q2 2025, reflecting a YoY growth of 5.6%, equating to increase of €67 per resident per week.[7]

[1] ERSI, Projections of national demand and bed capacity requirements for older people's care in Ireland, 2022-20240: Based on the Hippocrates Model. B. Walsh & T.Kakoulidou
[2] PKF Brenson Lawlor, Irish Nursing Home Sector. Q2, June 2025
[3] Department of Health, Minister for Older People announcing €10 million of additional supports for private and voluntary nursing homes, accessed August 2025
[4] BDO/Nursing Homes Ireland, Private and Voluntary Nursing Homes, Biannual Pulse Survey Report July 2025
[5] BDO/Nursing Homes Ireland, Private and Voluntary Nursing Homes, Biannual Pulse Survey Report July 2025
[6] BDO, Nursing Homes Ireland Private and Voluntary Nursing Home Survey 2023-2024
[7] PKF Brenson Lawlor, Irish Nursing Home Sector. Q2, June 2025

- Consolidation and investment activity continue to reshape the markets. Ethos Care, backed by Lugus Capital, has acquired Sonas (comprising 12 homes) as part of its ambition to scale to c.1000 beds, representing the private equity-driven growth trend. Investment funds now operate one third of Ireland's nursing home beds, up from virtually none in 2017. Ireland and England stand out in Europe as having the highest levels of privatisation, with over 80% of beds privately operated, compared with under 50% in Spain.[8] This high level of private ownership continues to draw international investment interest.
- Despite ongoing financial and regulatory pressures, construction activity is notable: as reported in early 2025, 42 projects were underway, representing 3,017 new beds. These included 31 new developments and 11 extensions, such as a 42-bed extension at Windmill Care Centre in Cork. The development pipeline remains sizeable, with planning permission granted for c. 134 schemes, although more than one-third are on hold.[9]
- Governance and regulatory oversight remain central themes, especially following events that heightened public and stakeholder attention, underscoring the sector's reputational sensitivity the potential to influence stakeholder perception and investor confidence. Nonetheless, the majority of operators continue to deliver care to a high standard. Together these dynamics are shaping policy and practices across the sector.

2025			
Openings	**Operator**	**County**	**Capacity**
Gorey Care Centre	Mowlam Healthcare	Wexford	96
The Residence Kilkenny	emeis Ireland	Kilkenny	80
Total			**176**
Under Construction/Awaiting Registration	**Operator or Developer**	**County**	**Capacity**
The Residence Cavan	emeis Ireland	Cavan	110
The Residence Portmarnock	emeis Ireland	Dublin	151
Coolmine Sligo Nursing Home	Coolmine Caring Services Group	Sligo	105
The Naul	Éire Care (Simply UK)	Dublin	99
Rolestown Nursing Home	Bellvie Living	Dublin	92
Total			**557**
Closed/Deregistered	**Operator**	**County**	**Capacity**
Ailesbury Private Nursing Home	Independent	Dublin	34
Kylemore House Nursing Home	Independent	Wicklow	38
Bushfield Care Home	Independent	Galway	45
Fearna Manor Nursing Home	Independent	Roscommon	53
Padre Pio Rest Home	Independent	Waterford	24
Ballard Lodge	Independent	Laois	24
Bryemore House Nursing Home	Independent	Dublin	21
Total			**239**

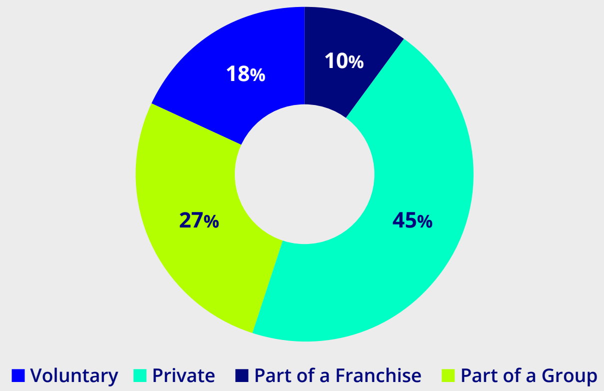
[8] UCD, Capitalising on Care? The Political Economy of Long-Term Care in Ireland, N. O'Neill, 2024
[9] Lisney, Healthcare Outlook 2025
[10] HSE, National Development Plan Review 2025
[11] BDO Ireland, The Homecare Sector in Ireland: 2025 Snapshot, May 2025
[12] ERSI, Projections national demand and bed capacity requirements for older people's care in Ireland of Care in Ireland, 2022-20240: Based on the Hippocrates Model. B. Walsh & T. Kakoulidou

Home Care

Home care is increasingly recognised as a vital component of health and social care provision in Ireland. The demand for home care services is rapidly growing among older individuals, adults with disabilities, and children with complex needs, fuelled by demographic change, hospital discharge delays, and the national policy objective of supporting people to live independently at home for as long as possible.[10]

Home care in Ireland is delivered through a blend of HSE-approved and voluntary agencies, with prominent private providers including Dovida (formerly Home Instead), My Homecare, Bluebird Care, Connected Health and Platinum Home Care. Around 63% of delivery is outsourced to private providers through the HSE's authorisation framework, with 60 operators (excluding consortiums members) now approved to operate under the scheme (see chart).[11]

HSE Authorised Home Care Operators [11]



Currently, home support services delivered through the HSE remain free at the point of use; however, this may change. Reports from the ERSI indicate that implementing a co-payment scheme could be regressive with international analysis suggesting that such a system would not significantly reduce demand and would serve as a barrier to care.[12]

The sector is projected to deliver approximately 24.3 million home support hours in 2025, the highest level to date, supporting over 60,000 individuals nationwide.[13] Funding for home care has increased to €838 million, which includes 3.8 million hours specifically for disability supports.

The introduction of a statutory home care scheme remains the sector's most significant policy priority. Progress has been made, with draft legislation and HIQA's development of national standards underway. Once implemented, the scheme is intended to create equitable access, consistent regulation, and stronger quality standards. For providers this regulatory shift represents opportunities and challenges. While demand growth is assured, compliance and workforce capacity will require careful management.

From a funding perspective, home care remains a growth sub sector, with consolidation evident as large providers seek scale and operational resilience. Demand for services is projected to increase significantly by 2040, potentially reaching between 44.0 million and 54.9 million hours per year. This represents a growth of 57% to 91%, highlighting the scale of expansion required to meet demand.[14] Disability home care sits somewhat apart, funded primarily through the. Department of Children, Disability & Equality,. Provision is framed by disability policy rather than older persons care.

[13] BDO Ireland, The Homecare Sector in Ireland: 2025 Snapshot, May 2025
[14] ERSI, Projections of Care in Ireland, 2022-2040: Based on the Hippocrates Model. B. Walsh & T. Kakoulidou

Disability

Recent advancements in the disability sector highlight its critical importance in fostering inclusivity and accessibility within society. With significant policy and funding developments in 2025, the department of Children, Disability and Equality allocated €3.2 billion to specialist disability services this year, representing an 11.5% increase, (+€330 million) on 2024, supporting more than 80,000 people in receipt of specialist services.[15] Provision remains fragmented but is dominated by the voluntary sector (72% of funding), alongside HSE managed services (17%) and a growing private sector (10%), particularly in residential provision where unmet demand is most acute.[16]

Funding includes €39.4 million for new service developments, while capital investments have been increased €27 million to support infrastructure such as children services, respite and residential facilities. For the first time, this is guided by a multi-annual strategic infrastructure plan providing a longer term framework for service delivery and investment. This reflects a growth of around 8% annually and highlights opportunities for private sector participation as demand expands, providing a strong foundation for investment in the sector.

Table 3: Funding Trend for Disability Services

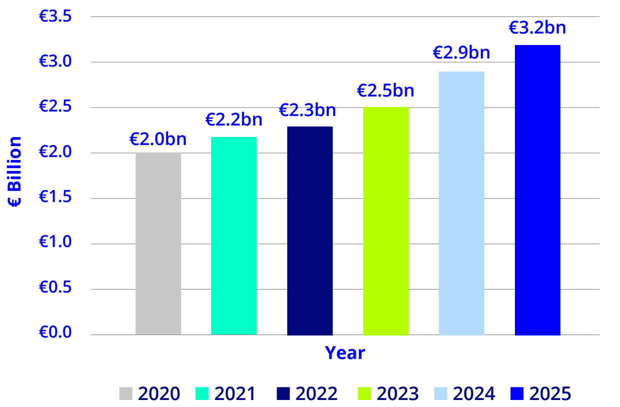


Table 3 Source: [17] HSE Service Plan 2025

Strategic direction is also being shaped by policy and rights commitments. The National Disability Inclusion Strategy 2017-2022 set forward-looking objectives grounded in Ireland's human rights commitments, and the government is preparing to launch its successor, the National Human Rights Strategy for Disabled People 2025-2030, aimed at advancing implementation of the United Nations Convention on Human Rights for Persons with Disabilities (UNCRPD). In parallel, the European Accessibility Act (EAA) came into force in June 2025, requiring accessibility standards across digital platforms, financial services such as banking and ATMs, as well as public transport and other key services. While this will strengthen inclusion and access for persons with disabilities, it also creates a new compliance requirements for businesses and service providers.

Looking ahead, while specialist providers will continue to play a dominant role, a small number of nursing home operators are beginning to diversify into disability services, particularly residential provision, signalling an emerging area of opportunity and potential convergence across the care sector.

Day Care

Day care is playing an increasingly important role in Ireland's continuum of care, providing structured daytime support, social engagement, personal care, meals, and therapies in community-based settings. These services help reduce social isolation, support family carers, and enable older adults to remain at home for longer.

There are just over 300 day care centres nationwide, serving more than 14,000 individuals each week, with one in five attendees living with dementia, and dementia specific centres now account for about 15% of provision. The majority of day care centres are operated by the Health Service Executive (HSE) or voluntary organisations, such as the Alzheimer Society of Ireland (ASI). The ASI is the largest voluntary provider, running a nationwide network of 53 dementia specific centers. Private providers have played only a limited role to date, but represent a potential source of new capacity.

A growing number of private nursing homes are beginning to establish day care services alongside their residential care. This reflects both diversification strategies and the broader shift towards integrated community based care pathways. Day care is increasingly viewed not as an alternative to nursing home care, but as part of a wider continuum of services- a development that is likely to shape providers strategies in the years ahead.

With nursing homes already delivering 80% of residential care, their involvement in day care signals a growing role for the privately operated sector in community services, ensuring more flexible options for families and a more complete continuum of care for older people.

A Nursing Homes Ireland (NHI) 2025 insights paper reinforces this move, with nursing homes not seen as alternatives but rather continuation of that journey.[18]

Sources:
[15] HSE Service Plan 2025
[16] Oireachtas.ie Dáil Éireann debate- 25 February 2025
[18] NHI, Supporting Ageing in Place Policy, Integration, and Nursing Home Care 2025

AI in Healthcare

A recently published KPMG report highlights that AI is moving beyond potential and into real-world applications, with 65% of global healthcare leaders reporting that AI is already reshaping clinical and operational delivery.[19] For Ireland, the implications are significant. The healthcare system faces challenges such as workforce shortages, long waiting lists, and rising demand from an ageing population, issues not addressed merely by adding more capacity. The report suggests that AI can play a crucial role by supporting earlier diagnoses, improving the use of resources, and reducing administrative tasks, allowing clinicians to spend more time on direct patient care. However the report emphasises that progress depends on strong data foundations and interoperable electronic health records, areas where Ireland is still developing under Sláintecare's digital agenda. Regulation is also a key factor: with the EU AI Act now in force, systems must be transparent, ethically deployed, and clinically validated. International evidence shows that AI can deliver cost savings and efficiency gains, and Ireland risks falling behind if it does not act strategically. The report concludes that investment in digital infrastructure, governance, and workforce readiness will be critical to ensure AI improves care and delivers value.

Outlook 2025

The sector is supported by strong underlying need, with an ageing population and rising levels of chronic illness shaping demand well into the future. Providers continue to face challenges from staffing shortages, higher wage costs, and compliance pressures, yet the sector is also evolving towards a continuum of care that links home support, day care, and residential services. Day care in particular may emerge as a growth area for private operators, offering families more flexible options while easing pressure on residential capacity. The disability sector is also attracting greater attention, with demand running ahead of public provision; while most care is still provided by specialist operators, a small number of nursing home groups are beginning to enter this space as part of their diversification strategies. Consolidation and investment remain evident, with new projects and modernisation programmes reflecting confidence in the future. In the short term, operators will need to carefully manage labour and funding pressures, but the overall outlook remains positive, underpinned by the certainty of demographic trends.

Bank of Ireland

In the coming months and years, the healthcare system will need to strengthen collaborative working across partner organisations. Strong leadership will be required to deliver sustainability changes, drive improvement, and encourage innovation. Bank of Ireland understands the challenges faced by private health companies across the sector. We are a strong supporter of innovative change and will continue to work closely with our customers and communities to enable them to thrive in the current headwinds.

Sources:
[19] KPMG, Intelligent Healthcare, August 2025

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