What we want

Future-proofing retirement housing in England

Advice
Community
Life expectancy
Retirement Housing
Immunisation
Housing Wealth
Employment

Acknowledgements

We are grateful for the support and contributions from our sponsors, without whom this report would not have been possible. In particular, we want to thank Adnan Chaudhry (A2Dominion), Shirley Hall (ExtraCare Charitable Trust), Amy Nelsen (Notting Hill Genesis), and Charles Taylor (Anchor Hanover) for their engagement and feedback throughout this research project.

Author: Dr Brian Beach

Executive Summary

Retirement communities – housing designed specifically with emerging care needs in mind – are one solution for addressing important issues around housing and care in later life. Yet only 0.7% of people aged 65+ in the UK live in specific housing-with-care models. This partly relates to challenges restricting the supply of such housing, but it also links to inconsistent terminology for the sector and varied perceptions of what these communities offer, which stifles demand.

Demand has nonetheless remained strong even through the pandemic. Providers today face big challenges on the supply side, including in planning restrictions that make specialist development harder than mainstream. Trade bodies for the sector continue to raise awareness of these challenges with government.

This report highlights a number of key insights to help the sector stimulate the demand side of the equation. These include:

- **Demographic trends are clear.** The retirement community sector will need substantial growth over the next 20 years just to keep up with age-related growth; with respect to those aged 65+ in England, this means a boost of 37.3% by 2040. Progress should also be urgently made, with an 8.8% increase by 2025 to keep up with trends.
- **Finances appear strong for the moment.** A key target group for retirement communities – homeowners aged 68-77 today – are best positioned in terms of housing value, while younger age groups may require adjustment to costing models in the medium and longer term. The market may also be fairly robust to the shock from the pandemic if the experience over the 2008 financial crisis is any indicator.
- **What people want matters.** Decisions around housing moves are complex, and future efforts to connect people to retirement communities will require personalisation rather than a one-size-fits-all approach. People are looking for satisfaction in housing that allows them to age in place. Policy can play a role in shifting cultural attitudes around retirement communities.

As the future demand for retirement communities will follow one of three trajectories – increasing, decreasing, or staying at the same level – health, social, and economic trends will all exert their influence as we adjust to the impacts of the coronavirus pandemic.

Stakeholders in the sector will need to remain responsive to the realities on the ground and adapt their strategies to strengthen the sector's ability to deliver a critical part of the infrastructure for our ageing society. This requires:

- **Monitoring developments**: With the future uncertain, it is more important than ever that providers, developers, and policymakers keep track of the key indicators that influence their decision- making and strategic development. Stakeholders should continue and expand their collection of high-quality data that can inform these processes.
- **Responding through innovation**: New approaches will be needed to succeed in a world transformed by social and economic shifts. Whether we see greater numbers of couples surviving into later life or greater numbers of private renters looking for retirement communities, new innovative models will be needed to accommodate this demand. The significant role of satisfaction may also shape decisions in the kinds of environments, facilities, and services that become standard for retirement living.
- **Communicating in engaging ways**: Perceptions of retirement communities can be influenced by consistent and clear communications. Deeper penetration of these messages into the mainstream can also boost interest in these options for later life. As reasons against moving feature in arguments around later life housing moves, communication strategies that highlight support for moves or that counter these reasons could stimulate stronger demand.

The report includes further detail around key findings from our exploration of the influence of demographics, finances, and preferences on potential demand for retirement communities.

Demographics: Demographic trends demonstrate there is an obvious potential market for specialist retirement housing, at least in terms of absolute numbers. Yet investors, developers, and potential providers of this housing would welcome greater certainty that "if we build it, they will come".

The sector is designed to target the key demographic that is growing due to longevity and ageing. If the sector is unable to grow at the rates needed to keep up with population change, the broader housing sector with have to fill this gap in one way or another. **Market growth in alternative housing arrangements could be a lost opportunity for the retirement community sector.**

There are things to consider beyond age alone:

- Improved longevity among men means that more residences will need to think about providing environments that not only accommodate but appeal to this demographic. Single male households are a growth opportunity.
- Multi-adult households – particularly couples – are an even larger market opportunity. Future development may need to incorporate more units suitable to couples, which also means strong strategies to account for bereavement and partner loss. However, if such households include adult children rather than couples, this could temper demand for the sector.
- There will need to be a nearly 10% increase in most English regions in the next five years alone. London will see the largest growth over the next 20 years, requiring one additional property for every two just to keep up. The differences across regions in prices and costs are likely to impact the sector's capacity to respond.

Finances:

- Homeowners aged 68-77 today are the best positioned in terms of housing value, underscoring the ability for this key demographic target to make a move into retirement communities where such housing can be supplied. Younger age groups, however, may see a declining rate of increase in their home value, requiring adjustment to costing models in the medium and longer term.
- The average level of mortgage debt burden appears to be increasing for successive age cohorts. In the future, there may be larger numbers of people looking to move in retirement communities who still carry part of their mortgage and who would benefit from approaches to accommodate this. This is also suggested when looking at levels of housing equity.
- There was a small stagnation in levels of housing equity around the 2008 financial crisis followed by a steady increase. The retirement community sector may thus be fairly robust to the economic shock of the coronavirus pandemic.

Preferences: What people want matters. Preferences, values, and aspirations with respect to housing – and specific forms of housing like retirement communities – shape how they look at the market and the opportunities available to them.

Housing moves are a complex process. Perceptions can change over time, and preferences can respond to these changes as well as the reality of one's circumstances – whether that be due to personal income and finances or the offers on the housing market. Sudden life events common to later life also play a significant role in stimulating housing moves, which can be influenced by perspectives among relatives or other social contacts.

We identified five key themes that relate to housing moves in later life:

- **The type of move**: A one-size-fits-all approach to housing in later life will not meet future needs. Greater individualisation to meet personal needs and circumstances would help stimulate housing moves in later life.
- **Value orientations**: Understanding different customer groups according to their own values could allow providers to better match potential residents with the types of dwellings that would draw them in.
- **Satisfaction, not finance**: The importance of property as an investment may be overstated, and the willingness to sell one's property is more closely linked to satisfaction and characteristics of the housing. In stimulating demand and attracting new residents, it is important to focus on satisfaction in the outcome rather than focusing only on key selling points and advantages of retirement communities.
- **Ageing in place**: Retirement communities play a critical role in enabling people to age in place. This success relies on a good fit between the demands of the housing environment and the person's needs and preferences. Also, many argue for staying in a home using reasons *against* moving; providing solutions to cancel out these reasons could stimulate demand.
- **The influence of culture**: Culture can be a driving factor in decisions around retirement housing. Government policy can play a role in shaping attitudes among consumers, such as it has done in emphasising home ownership.

Contents

Introduction

The reality of an ageing population has grown in public and policy awareness over recent years. Greater attention has been placed on the importance of supporting people to age well, improving health in later life through prevention, and recognising the significant economic contributions that older people can make. At the same time, individuals have become more aware of many of the transitions that characterise later life, changing some of their expectations and perceptions around work, retirement, and care.

To put this into context, the median age in England has increased from 37.8 in 2001 to 40.0 in 2019, and people aged 50+ represented 37.4% of the population.[1] While the State Pension Age has increased beyond age 65, many researchers and policymakers still use this age as a cut-off for analyses on ageing and later life. In fact, people aged 65+ represent 18.5% of the population in England in 2020, and this proportion is projected to increase to 23.8% by 2040.[2]

The absolute increase in the number of older people only tells part of the story, however. Ageist stereotypes often lead many to think of older people as a burden due to the association between age and frailty. Yet growing older does not perfectly equate with decline or dependency, as many people stay active and healthy well into later life.

Nonetheless, some of the trends in England do raise concern. The annual increase in average life expectancy has slowed in recent years, and it may be on course to start declining. More significant, however, is that the increase in healthy life expectancy has fallen below the increase in overall life expectancy. This indicates that, as people gain more years to the end of their lives, more of that time is spent in ill health.

Poor health is also more than disease. Many people who reach later life develop various needs for care or support, much of which is characterised by fairly low-level support needs. Meeting such needs often falls to partners and other family members in the form of unpaid care. In many cases, such needs evolve over time, requiring more intensive support. In some instances, formal care must be delivered in one's home or through community-based services. People with more complex needs, including many who

[1]Office for National Statistics (ONS) (2020a)
[2]ONS (2020c)

develop dementia, require care through formal residential settings – and this extreme of the care continuum is what many associate with ageing.

The development and evolution of care needs is critically shaped by a person's living environment. The important link between housing and health applies at all ages, but poor housing – perhaps better described as housing that is mismatched to an individual's needs – plays a significant role in the care-related trajectory experienced by people in later life. Falls can be a pernicious consequence of poor housing, yet other factors related to housing design can restrict older people's ability to move about freely, use the bathroom independently, or prepare their own meals safely. For those who need assistance with activities of daily living, the need to wait for a carer's visit can leave them stranded in their own homes, and loneliness and isolation are themselves linked to worse health outcomes.

Retirement communities – housing designed specifically with emerging care needs in mind – **are one solution for addressing these issues around housing and care in later life.**

Background on retirement housing

ILC has produced a number of reports in recent years on the subject of retirement housing. That work has highlighted some of the emerging evidence that supports this sector's ambitions to foster better outcomes around later life living.

The retirement housing sector continues to face a challenge around consistent terminology for what it offers, much of which relates to the historical evolution of the sector both in the UK and abroad.[3] **The challenges in delivering a clear message to consumers impact their perceptions of what these communities offer, which can stifle demand.** Various terms have been used to describe later life housing, including sheltered housing, assisted living, retirement villages, and extra care housing. In the context of this report – and reflected in the prevalent sectoral trends – we apply the concept of retirement communities as an overarching term that indicates housing with a range of facilities to enhance the living experience alongside the availability of support services that can be provided on a tailored basis as and when needs emerge.

What is a retirement community?

Retirement communities are more than just a collection of houses inhabited by retirees – they represent organisations that provide housing, care, hospitality, and wellbeing services in the context of an ageing population. They combine high-quality housing options with tailored support services. Residents of retirement communities rent or own their own property, offering privacy and independence, while the community setting provides reassurance of 24-hour on-site staff, communal facilities, and optional care and support as needed.

The Associated Retirement Community Operators (ARCO), the main representative body for this sector, highlight a number of features that are required for providers to be registered under the ARCO Consumer Code on their website.[4]

Despite some of the underlying nuance related to terminology, evidence strongly suggests that retirement communities offer many of the benefits they aim to provide. Focused on extra care housing,

[3] Beach (2018)

[4] https://www.arcouk.org/what-retirement-community

one study found a range of benefits for residents and their health, including:

- About a quarter of those needing care from the time they moved in saw an improvement later on, while most others experienced a stability in their needs rather than a decline;
- Residents were less likely to be admitted for an overnight stay in hospital than comparable people living in mainstream housing;
- Residents also experienced fewer falls than a comparable sample from mainstream housing.[5]

Another study looking at retirement villages with extra care found that this housing benefited residents in terms of higher quality of life, higher sense of control, and reduced loneliness.[6] The evidence from these two studies also strongly suggests that the benefits of retirement communities could be even greater if people moved in earlier.

Housing moves in later life raise different concerns than moves that occur earlier in the life course, such as when households start having children. A further ILC report looked specifically at perspectives around downsizing in later life, exploring public perceptions on the benefits, disadvantages, and barriers that people face, including a survey of British homeowners aged 55+.[7] The research found that downsizing was an important option for nearly half of these households. The prospect of lower maintenance was the most important reason for this, and it appeared to become a greater concern as people got older. This suggests that the kind of services that free people from maintenance, often provided within retirement communities, could serve as an important draw for older households.

[5] Kneale (2011)

[6] Beach (2015)

[7] Beach (2016)

The current picture of retirement communities

The evidence highlighted above demonstrates how retirement communities can be part of the solution to the issues around housing and care in later life. Despite the barriers and disincentives that may limit many people from moving home in later life, there appears to be substantial demand for options like retirement housing. One of the key challenges, however, is the relatively small numbers of communities and units available, which is compounded by the lack of mainstream awareness of retirement communities as an option.

Discussions around the role of retirement communities explore it in terms of market penetration, i.e. the proportion of older people who reside in these communities. In this respect, the UK performs worse than other English-speaking countries.[8] Given the broad terminology applied to the sector, accurate estimates vary, but previous efforts to measure the prevalence of retirement communities suggest **only 0.7% of people aged 65+ in the UK live in specific housing-with-care models**, compared to 5.4% in Australia, 5.2% in New Zealand, and 6.1% in the US.[9] The potential cost savings of retirement communities over formal residential care settings also matters here. Among people living in either of these specialist housing schemes, only 16.1% of people in the UK are in housing-with-care compared to 48.9% of those in New Zealand, for example.[10]

It has been argued that the differences in such statistics between the UK and other countries rests in the lack of supply, which itself has been stymied by an ambiguous, conflicted policy and planning environment.[11] The historic figures around the building of retirement housing in the UK demonstrate high development in the social sector through the 1980s, followed by delivery of new units at around a quarter to a third of those levels in the years since. Positively, however, there has been a shift in the 21st century to more construction of the kinds of communities that specifically incorporate extra care services.

The supply challenges that the sector faces are important and multifaceted but beyond the focus of this report. Here, we instead

[8]For more details on the differences between the UK sector and those internationally, see our report, *Stronger Foundations* (Beach 2018).
[9]Jones Lang LaSalle IP, Inc. (2017)
[10]Oldfield (2017)
[11]Beach (2018)

take a closer look at the demand side of the equation to consider who the potential customers will be in the future, drawing insights from considerations of demographics, finance, and preferences.

Before we start to think about the residents of the future, we need to have a clear picture of retirement community residents today. Painting this picture has historically been challenging, as many large-scale surveys do not focus on or include specialist communities. For those where they are included, the numbers are too small to generate meaning in a representative way. Different providers have their own data, naturally, but privacy concerns have limited the extent to which this can be accessed by third parties and combined into an accurately comprehensive profile of residents.

There has been one recent effort to develop such a profile. The Associated Retirement Community Operators (ARCO) engaged ProMatura International, the leading data and customer insight provider for older people's housing industries in the United States, to conduct the largest and most comprehensive study of the UK sector to date.[12] This survey, covering 2,799 residents in 81 communities and with a response rate of 29%, offers a robust picture of retirement community residents in 2017.[13]

The ProMatura results offer the following details on retirement community residents:

- The average age of residents was nearly 83 years old, and 83% of residents were aged 75+. The average age of entry to a community was between 81 and 82. Social renters had a younger profile, with 49% under 70.
- Around 69% of residents were female. This also relates to the fact that half of residents were widowed; just a third were married or partnered.
- Around 68% of residents lived alone. Nearly two-thirds of renters (private or social) lived in 1-bedroom flats, while over three-quarters of owners lived in 2-bedroom properties.

[12]ProMatura (2019)

[13]ILC, in partnership with the University of Bristol, recently conducted a large survey of the sector as part of the Diversity in Care Environments (DICE) project. Results from that are forthcoming, but preliminary analysis of the survey matches the profile of residents found by ProMatura.

These results relate to a few key insights useful for understanding the nature of the sector and who lives there, which in turn will influence future thinking around stimulating demand and supply:

- Given the age profile of residents, it is clear that retirement community residents are a demographic predominantly characterised by people in the post-retirement age rather than a broader understanding of older people. In other words, the sector covers people aged 75+ rather than the 50+.
- In asking residents about the timing of their move, the vast majority (90%) felt they had moved at the right time. However, those aged less than 75 more often felt they had moved too early, while those aged 90+ felt they had moved too late. While these ages do not reflect their age when they moved in, around half of respondents had lived in their community for three or fewer years with an overall average length of tenure of 4.5 years. Taken together, this underscores the idea of a “sweet spot” related to age for targeting and encouraging moves into retirement communities.
- The higher proportion of women reflects their higher life expectancy compared to men, although this difference has been declining in recent years. Coupled with the prevalence of widowhood in the sample, this partly drives the higher proportion of residents living alone. Yet given the high proportion of owners living in 2-bedroom properties – and indeed nearly a third of renters in residences greater than 1-bedroom – the sector may need to think about how its future development should progress to ensure more spacious properties are available: in other words, be sure not to focus on the design for single occupancy.

The findings from this survey offer our best picture to date of current retirement community residents in the UK. This tells us what the landscape looks like, providing a sense of what demand looks like – at least in terms of how it matches supply. We now turn to think about how this might evolve and what future demand might be.

Future demand for retirement housing: Demographics

Key insights:

- To keep up with age-related growth, the supply of retirement housing will need to be boosted by over a third for the sector to meet the same proportional level of demand by 2040 – and there's no time to delay, as 8.8% growth will be needed by 2025 alone.
- There will be a greater proportion of older households in England made up of 2+ adults in the next 20 years. This may relate to greater longevity in men – and more couples staying alive together into later life – or to more extended families living together due to affordability issues. Development will need to account for this influence on demand and the suitability of housing units.
- Growth by 2040 will occur in all regions of England, with London witnessing the largest growth – meaning the sector would need one additional property for every two just to keep up. The sector's capacity to respond in different areas will be influenced by costs, and areas with greatest growth may need higher investment to achieve similar results as elsewhere.

Even with the demand that has been suggested in previous research, the supply of retirement communities remains insufficient to create a fundamental shift in the overall picture of housing in later life. The creation of more specialist retirement housing faces unique barriers along with those common to housing more generally. Nonetheless, boosting the supply of such housing, particularly models where future care needs are incorporated, is an important objective.

Demographic trends demonstrate there is an obvious potential market for specialist retirement housing, at least in terms of absolute numbers. Yet investors, developers, and potential providers of this housing would welcome greater certainty that "if we build it, they will come".

This section of the report first touches on previous attempts to estimate supply and demand for older people. It then goes on to outline expected demographic trends and their implications for the sector.

Previous research has done work to develop a new model to estimate supply and demand for older people's housing.[14] This model was based on the 100 English local authorities (LAs) with the highest provision of specialist housing for people aged 75+. The modelling also included a second stage to incorporate the factors that predict variation in provision between LAs. This approach means the model improves on criticisms of other models based on prevalence by including existing provision.

Other work focused on London looked at demand using household rather than population projections.[15] This work also applied parameters for the level of interest in retirement housing for separate age groups. This attempts to adjust the modelling to reflect demand-related realities, which in turn should improve estimates for the needed growth in provision to maintain current coverage. However, such approaches cannot account for potential changes in need – such as shifts in illness prevalence – that could affect demand.

The Strategic Housing for Older People Analysis Tool (SHOP@) seeks to address such limitations.[16] Provided by the Housing Learning and Improvement Network (Housing LIN), the model incorporates a range of factors to estimate demand for specialist housing in England and Wales. It allows stakeholders to use their own data to improve the modelling and prioritise their future needs, and it has been endorsed by the Department of Health and the Welsh Government.

It is undeniable that planning for future specialist housing is a complex exercise, so such existing tools to help in this process are invaluable. At the same time, all modelling faces specific challenges and limitations, some of which can be improved and adjusted through further refinement. Yet no model can be 100% accurate, and all kinds of forecasting have been severely disrupted by the impact of the coronavirus pandemic.

Our work here is interested in gaining insight into what future demand for retirement housing will be. In the rest of this section and the next one, we draw on existing data sources to think about past

[14] Archer et al. (2017)
[15] Cambridge Centre for Housing and Planning Research et al. (2012)
[16] https://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPAT/

trends, future projections, and what these might mean for future demand. We will not, however, go into a forecasting exercise, as the disruption from the pandemic (which has emerged in the course of this project) essentially makes such an exercise futile – that is, any solid modelling would yield figures that have already been made obsolete.

In the rest of this section, we look at the expected trends in how households will change over the next 20 years (in five-year increments) in England across a few key demographic features. Household projections for England are readily available via the Office for National Statistics.[17]

Household change by age group

We know that the population is ageing, and this is reflected in the numbers of older households projected from 2020 to 2040, as outlined in Table 1 below.

Table 1: Estimated number of households aged 50+ in England by age group

	2020	2025	2030	2035	2040
<65 (50-64)	6,634,897	6,809,525	6,605,071	6,551,929	6,708,430
65-69	1,550,095	1,638,538	1,803,265	1,763,717	1,594,718
70-74	1,766,831	1,620,772	1,774,989	2,019,724	2,038,151
75-79	1,393,576	1,727,761	1,600,922	1,762,636	2,012,314
80-84	1,121,369	1,292,002	1,642,008	1,561,294	1,757,928
85-89	683,967	787,002	931,272	1,203,133	1,169,135
90+	362,678	420,922	514,825	650,337	869,888
Total (50+)	13,513,414	14,296,522	14,872,353	15,512,769	16,150,563

The significant trends with respect to household change among older age groups is clearer when the absolute numbers are transformed into the proportional projected change, as in Table 2 below.

[17] ONS (2020b)

Table 2: Proportional projected change in numbers of households in England by age group

	2020	2025	2030	2035	2040
<65 (50-64)	6,634,897	2.6%	-0.4%	-1.3%	1.1%
65-69	1,550,095	5.7%	16.3%	13.8%	2.9%
70-74	1,766,831	-8.3%	0.5%	14.3%	15.4%
75-79	1,393,576	24.0%	14.9%	26.5%	44.4%
80-84	1,121,369	15.2%	46.4%	39.2%	56.8%
85-89	683,967	15.1%	36.2%	75.9%	70.9%
90+	362,678	16.1%	42.0%	79.3%	139.9%
Total (50+)	13,513,414	5.8%	10.1%	14.8%	19.5%
Total (65+)	6,878,516	8.8%	20.2%	30.3%	37.3%

These figures demonstrate the importance of considering the adequacy of housing for older people. There will be only minor growth in the number of households aged under 70 over the next 20 years, while **the increase for households headed by someone aged 80+ will see an increase of over 50%**. For the oldest age group, 90+, the number of households will significantly grow with a projected 140% increase by 2040.

The bottom two rows of Table 2 show the proportional change according to two ways of grouping older households, i.e. those 50+ and those 65+. The distinction shows the important difference in projections when focusing on the key target group for retirement housing. We can expect to see the overall numbers of households aged 50+ increase by a fifth over the next 20 years – but for those aged 65+, the increase will be between one-third and two-fifths. In other words, **there will be much greater growth in households over the age of 65**, and these are the households in the most optimal situation to make a move into a retirement community.

Of course, not everyone of a given age will make the same decision – older people are a diverse group themselves. Moreover, not all older people live in retirement housing, and those who do vary along multiple characteristics like age, as highlighted earlier. In order to refine our understanding of how projected changes in household numbers relate to future potential demand for retirement housing, we have applied the current distribution of retirement housing residents according to age using the rates identified in the ProMatura research, as shown in Table 3.

Table 3: Estimated increase in retirement housing demand by age group

	ProMatura rates	2025	2030	2035	2040
65-69	**5.2%**	0.5%	1.0%	1.6%	1.9%
70-74	**11.3%**	1.0%	2.3%	3.4%	4.2%
75-79	**18.6%**	1.6%	3.7%	5.6%	6.9%
80-84	**24.7%**	2.2%	5.0%	7.5%	9.2%
85-89	**24.7%**	2.2%	5.0%	7.5%	9.2%
90+	**15.5%**	1.4%	3.1%	4.7%	5.8%
Total	**100.0%**	**8.8%**	**20.2%**	**30.3%**	**37.3%**

This adjustment takes into account both the absolute projected numbers and the proportional influence of each age group to illustrate the levels of change that are expected if the current situation in retirement housing along age lines were to remain the same over the next 20 years. For example, if a quarter of current residents are aged 80-84, then there would need to be 9.2% increase in households in this age group for those aged 80-84 to continue to reflect a quarter of residents.

The projections outlined above highlight some critical lessons for the retirement housing sector:

- The sector will need substantial growth over the next 20 years just to maintain its current penetration rate among people aged 65+ in England.
- It also cannot afford to delay action, as it needs an 8.8% expansion by 2025 to stay on track.
- To continue keeping up with the projected trends and maintain market penetration, there will need to be an expansion between 7% and 10% in each five-year period up to 2040.

Focusing on the lessons from looking at variations across age groups offers additional key insights:

- The growth in households aged 65+ will be 37.3% by 2040. To account for age-related growth, the supply of retirement housing will need to be boosted by over a third for the sector to maintain its current coverage.
- While this level of growth itself may present challenges, expansion to account for age-related supply should be seen with a sense of urgency – to follow the projected trends, there will need to be 8.8% growth by 2025 alone.
- Much more substantial growth will occur among the older age groups, which will partly relate to reduced mortality and longer survival. This underscores the importance of the sector and the vast scope of future demand and the opportunities that provides.

The sector is designed to target the key demographic that is growing due to longevity and ageing. If the sector is unable to grow at the rates indicated above – just to keep up with population change – the broader housing sector with have to fill this gap in one way or another. Market growth in alternative housing arrangements could be a lost opportunity for the retirement community sector.

Household change by household type and gender

We again drew on ONS data to explore the role of gender with respect to the projected change in households. The available data do provide separate figures according to gender, but a close examination of them suggests they are constructed with respect to something like the head of household or what is called a household reference person. This distorts the picture with respect to the actual number of men and women and the households to which they belong; women are underrepresented when framed this way.

To address this, we instead looked at projections with respect to household type. This accounts both for the size of the household while outlining the proportions of single-person households according to gender. Our analysis in this section is restricted to households aged 65+ and those without dependent children. The absolute figures are illustrated in Table 4.

Table 4: Estimated number of households in England by household type

	2020	2025	2030	2035	2040
Single female	2,027,471	2,112,126	2,238,527	2,349,654	2,408,178
Single male	1,060,476	1,166,174	1,300,898	1,418,796	1,485,275
2+ adults	3,693,285	4,098,222	4,598,839	5,048,978	5,397,623
Total	6,781,231	7,376,521	8,138,263	8,817,428	9,291,076

The proportional change according to household type shows that there will be more substantial growth in households with two or more people as well as single male households compared to households made up of a single woman. In fact, the percentage change will be more than double, with 40% more single male households in the 20 years up to 2040 compared to nearly 19% for single women.

Table 5: Projected proportional change in households in England by household type

	2020	2025	2030	2035	2040
Single female	2,027,471	4.2%	10.4%	15.9%	18.8%
Single male	1,060,476	10.0%	22.7%	33.8%	40.1%
2+ adults	3,693,285	11.0%	24.5%	36.7%	46.1%
Total	6,781,231	8.8%	20.0%	30.0%	37.0%

The largest growth, however, will be among households made up of 2+ adults, which will see a 46% increase. Most of these will naturally be couples, shaped particularly by longevity improvements among men – more men are surviving into later life. Since major later life transitions – like the loss of a partner – contribute to moves in later life, the increase in 2+ adult households may not directly translate into increased demand for retirement housing. It could, for example, highlight more extended families living together due to affordability issues.

We explore this by looking at how the projected change in households relates to current rates of residence according to household type, as shown in Table 6.

Table 6: Estimated increase in retirement housing demand by household type

	ProMatura rates	2025	2030	2035	2040
Single female	**52.4%**	4.6%	10.5%	15.7%	19.4%
Single male	**15.2%**	1.3%	3.0%	4.6%	5.6%
2+ adults	**32.4%**	2.8%	6.5%	9.7%	12.0%
Total	**100%**	**8.8%**	**20.0%**	**30.0%**	**37.0%**

These estimates show that retirement housing providers would need to supply nearly four times as many additional places for single women than for single men in order to maintain the current rates of met demand. Meeting current demand for 2+ adult households translates to a 12% increase in places over the next 20 years.

Looking beyond age alone to account for household arrangements as we have done above underscores some key points for the sector to consider:

- The shifts related to improved longevity among men means that more residences will need to think about providing environments that not only accommodate but appeal to this demographic. Single male households are a growth opportunity
- Multi-person households, i.e. couples, are an even larger market opportunity for future retirement communities. Future development may need to incorporate more units suitable to couples. However, if such households include adult children rather than couples, this could temper demand for the sector.
- Accommodating more couples in retirement housing will also require new strategies to account for bereavement and partner loss, which will lead to 2+ adult households becoming single households. Such strategies will be necessary for the sector to fulfil the promise of providing housing for life.

Regional variation in household change

We have so far looked at some key perspectives on projected household changes across England at the national level. Yet several significant factors related to housing vary substantially across the regions. Not only is the population unevenly distributed across the country, but the rate of ageing – and the subsequent changes in the older population over time – is different depending on location. As retirement housing providers have to think locally when they look at development planning, we should also consider regional variation in the context here.

The tables below outline the ONS projections in households aged 65+ and their projected change from 2020 to 2040 by English regions.

Table 7: Projected change in the number of households aged 65+ by English region

	2020	2025	2030	2035	2040
North East	360,260	390,076	425,323	450,726	460,363
North West	928,276	999,298	1,091,265	1,167,661	1,210,140
Yorkshire and the Humber	689,253	744,304	813,046	872,394	907,156
East Midlands	622,809	680,477	752,766	815,208	855,298
West Midlands	731,158	782,752	852,157	915,224	956,731
East of England	819,034	893,053	988,951	1,076,853	1,142,164
London	723,222	801,781	906,492	1,012,652	1,108,070
South East	1,178,729	1,292,125	1,438,139	1,568,739	1,667,446
South West	825,775	903,131	999,143	1,081,383	1,134,765

As the number of older households will increase across all regions of England over the next 20 years, the rate of change will be faster in some areas compared to others. These different rates are shown in Table 8 below.

Table 8: Projected proportional change in older households by English region

	2020	2025	2030	2035	2040
North East	360,260	8.3%	18.1%	25.1%	27.8%
North West	928,276	7.7%	17.6%	25.8%	30.4%
Yorkshire and the Humber	689,253	8.0%	18.0%	26.6%	31.6%
East Midlands	622,809	9.3%	20.9%	30.9%	37.3%
West Midlands	731,158	7.1%	16.5%	25.2%	30.9%
East of England	819,034	9.0%	20.7%	31.5%	39.5%
London	723,222	10.9%	25.3%	40.0%	53.2%
South East	1,178,729	9.6%	22.0%	33.1%	41.5%
South West	825,775	9.4%	21.0%	31.0%	37.4%

The proportional increase in English regions ranges from growth of just over a quarter of 2020 numbers in the North East to over half in London. The other northern regions and the West Midlands will see growth of just under a third, while the remaining regions in England will see an increase somewhere around two-fifths or 40%.

In the section above, we looked at how projected increases relate to the current situation in retirement housing using the ProMatura survey. We do not have information from the survey on the distribution of the sector across English regions, but other sources suggest that the sector is reasonably well-distributed across English regions when compared to the proportion of older households in each region.

The estimated increases shown in Table 8 show where the sector needs to put more effort and attention to be prepared for the change to come in the next 20 years. This highlights the following key concepts:

- London will see the largest proportional growth over the next 20 years, and the sector will need one additional property for every two just to keep up with growth.
- In the next five years alone, there will need to be nearly a 10% increase in most regions excluding the north.
- The difference in both property prices and development costs across regions is likely to impact the sector's capacity to respond. The areas of greatest growth are those where higher investment will be required to achieve similar results.

The future of housing-related finances and affordability

Key insights:

- Homeowners aged 68-77 today are the best positioned in terms of housing value, underscoring the ability for this key demographic target to make a move into retirement communities where such housing can be supplied. Younger age groups, however, may see a declining rate of increase in their home value, requiring adjustment to costing models in the medium and longer term.
- The average level of mortgage debt burden appears to be increasing for successive age cohorts. In the future, there may be larger numbers of people looking to move in retirement communities who still carry part of their mortgage and who would benefit from approaches to accommodate this. This is also suggested when looking at levels of housing equity.
- There was a small stagnation in levels of housing equity around the 2008 financial crisis followed by a steady increase. The retirement community sector may thus be fairly robust to the economic shock of the coronavirus pandemic.

As the previous section notes, the potential for the sector to respond and cater to the projected increases in older households over the next 20 years will be influenced by practical challenges related to investment, planning, and development. These supply-side concerns are critical and will need serious strategic thinking to be resolved.

For the purposes of this report, we are mainly concerned with what influences future demand. Financial considerations at the household level will shape what is possible in terms of housing moves over the next 20 years. To explore this, we have drawn on household-level data from the Wealth and Assets Survey, a detailed longitudinal dataset covering economic wellbeing in Great Britain.[18] We have looked at housing value among homeowners, mortgage debt, and the balance of home equity.

[18] ONS, Social Survey Division (2020)

The Wealth and Assets Survey covers data collected first in 2006/08 and then every two years until the most recent available data from 2016/18. As a result, we can get an indication of the effect of the financial recession on these indicators as people move through that period and beyond. We have grouped figures according to the age group of the head of household in 2006/08; this means, for example, that the 45-54 age group is 55-64 in 2016/18 and will be a key group of interest for our work since they will be 75-84 just before 2040. Figures are also expressed in 2018 GBP real terms.

Housing value

Housing is a fairly robust asset class whose value tends to increase over time. Some scholars have linked inflated house price expectations to the financial crisis around 2008.[19] This raises the question of the extent to which housing values changed over the crisis and whether they have rebounded in the subsequent years.

Table 9 shows there has indeed been an increase in housing values in real terms since the recession across all age groups. Given common patterns related to the life course, the average home value is lower among younger homeowners compared to older homeowners, although those aged 65+ in 2006/08 had a slightly lower average value compared to the 55-64 age group. Many factors could explain this – such as the older cohort downsizing or the younger cohort investing in more modern properties – but the precise mechanisms are beyond the scope of this analysis.

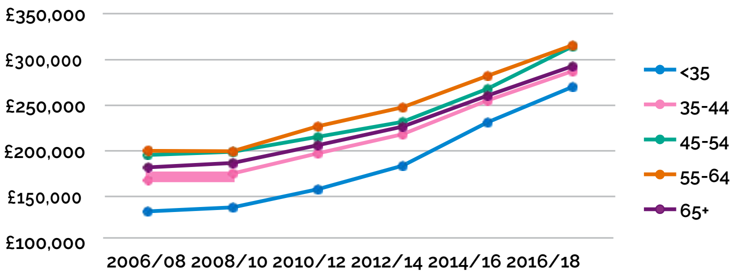
Table 9: Housing value among owners by 2006/08 age in 2018 GBP real terms

	2006/08	2008/10	2010/12	2012/14	2014/16	2016/18
<35	£133,708	£138,351	£158,260	£183,768	£231,329	£270,412
35-44	£167,691	£175,234	£197,609	£218,135	£255,541	£287,882
45-54	£195,554	£199,004	£215,426	£231,748	£268,335	£314,521
55-64	£200,099	£199,742	£226,901	£247,866	£282,590	£316,164
65+	£182,079	£186,887	£206,365	£226,550	£260,855	£293,124

19 Adelino et al. (2018)

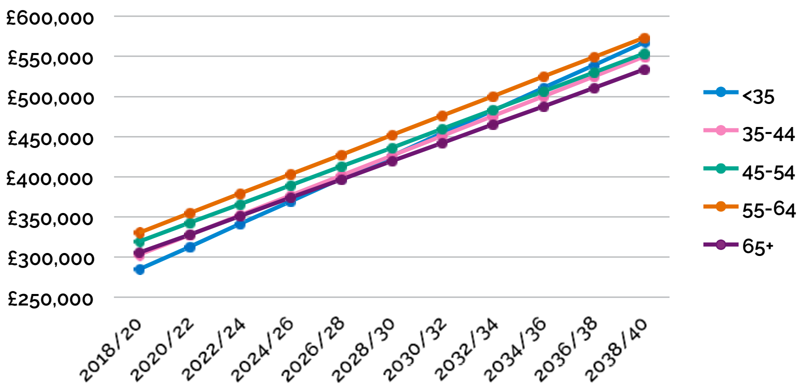
The absolute values are shown in the table above, but Figure 1 below makes the trends clearer. We see most of the curves are relatively flat between 2006/08 and 2008/10, reflecting the immediate consequences of the financial crisis. Positively, real term values began increasing in the next wave of data collection and continued steadily upward across all age groups.

Figure 1: Housing value by 2006/08 age group (2018 GBP real terms)



We have made a simple projection of how housing values will grow over the next 20 years by age group to get a sense of what we might expect (see Figure 2). Undoubtedly, many factors will impact how these trends evolve over time – and the economic impact of the coronavirus pandemic will almost certainly have some kind of short-term effect at least. However, if the trends since 2006 are any indication, home values will see a significant increase in real terms between 2020 and 2040, with rises for most age groups somewhere around 75%.

Figure 2: Simple projections of housing value increases to 2040 by 2006/08 age group



These figures provide a fairly broad overview of the situation related to housing value and do not go into detail around the factors driving increases or differences among age groups. This nonetheless raises some key points:

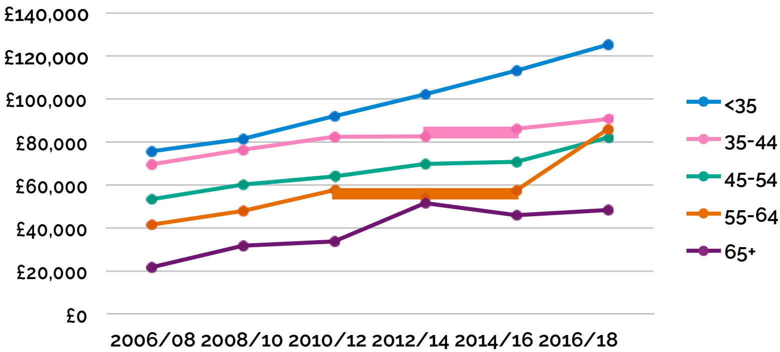
- The financial crisis created a stall in the increase of housing values among homeowners, but this recovered rather quickly; this may also be the case as we move into the post-COVID recovery.
- The 55-64 age group – today aged around 68-77 – started from the best position, while those aged 65+ have the lowest projected increase. This underscores that a key demographic target for the retirement housing sector is well-positioned to be encouraged to move if housing can be supplied.
- Like all age groups, the 45-54 age group – today aged around 58-67 – are projected to see an increase in the average home value, although the rate of increase will not match that of the 55-64 age group. This may suggest the sector will need to make medium- and longer-term adjustments to their costing models to stimulate similar levels of demand as successive cohorts age.

Mortgage debt

While increasing home value over time can boost households' financial position, we must also understand the trends related to mortgage debt, as higher debt levels would obviously have the opposite impact. Moreover, a large mortgage debt burden for older households would likely be a barrier to making a move into retirement housing if such a move is perceived to carry additional costs than staying put.

Among mortgage debt holders in the Wealth and Assets Survey, we see that average mortgage debt increases in real terms over time among most age groups (see Figure 3). This does not account for the length of time that people have carried their mortgages nor does it control for the value of their home. Rather, it simply maps the average debt level among those with mortgages to illustrate how the average burden has changed over time.

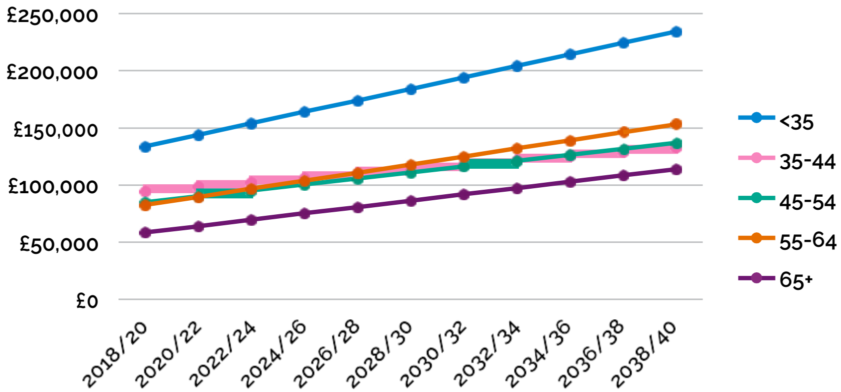
Figure 3: Mortgage debt among mortgage holders by 2006/08 age (2018 GBP real terms)



The increase over time for most age groups is relatively low, which likely reflects the trade off between people who pay down their mortgage and those who take up new mortgages over time. In other words, we are not looking at how people's mortgages evolve from 2006/08 but how the average mortgage debt level for the cohort changes over time. For example, the uptick for the 55-64 age group in 2016/18 could be explained by large numbers paying off their mortgage completely and therefore being excluded from the calculation of the average. Likewise, the more rapid increase among the under-35 group likely reflects members of this cohort securing a new mortgage.

The reason we take this approach is to investigate how mortgage debt has evolved for those holding mortgages – those neither renters nor outright homeowners (who are positioned to draw on all their housing value). We again developed a simple projection of how this will change over time to think about what different age cohorts may face in the future.

Figure 4: Simple projections of average mortgage debt to 2040 by 2006/08 age group



If the trends among age cohorts with respect to average mortgage debt between 2006/08 and 2016/18 carry on, we could expect all age groups to have higher levels of average debt by 2040. The rates of change vary, with the youngest age cohort of mortgage holders potentially seeing an average level of debt around 75% higher than today; this is likely an overestimate of how the average will evolve as a lower proportion of the cohort will likely take up new mortgages over time. Similarly, the average rate of increase is lowest for those aged 35-44 in 2006/08, which likely reflects the substantial proportion of this cohort steadily paying their mortgages down.

While the patterns of average mortgage debt across age cohorts are influenced by a variety of factors that are outside this analysis, the figures do raise some key points:

- For those with mortgages, the average level of debt increases across time for all age cohorts and is projected to increase fairly steadily over the next 20 years.
- Since average mortgage debt is expressed in real terms, it suggests there will be higher levels of debt burden over the years among each age cohort – at least when looking at those with mortgage debt.
- If one looks at the average mortgage debt for each 10-year age cohort at the end of the period of analysis (2016/18), each cohort has higher average debt in real terms than their preceding cohort had at the beginning of the period (2006/08). This suggests that different age groups are reaching higher ages with a greater burden of mortgage debt than earlier cohorts had.

Home equity

Estimates of home value and mortgage debt reflect different sides of the same coin, in a way. The value of one's home can only be useful for them in a financial sense if they have equity. We therefore wanted to look at the difference between home values and mortgage debt in our data.

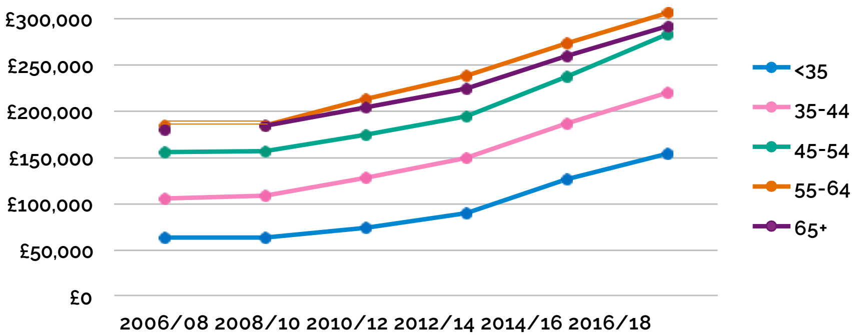
Given the proposed role of housing with respect to the financial crisis, we first looked at the proportion of homeowners with positive home equity over our period of analysis. As Table 10 shows, younger cohorts are the most at risk of being in negative equity, with a notable decline in those with positive equity over the years of the financial crisis. Encouragingly, this proportion increased by 2016/18 with at least 98% of each cohort in positive equity.

Table 10: Proportion of homeowners with positive home equity by age group

	2006/08	2008/10	2010/12	2012/14	2014/16	2016/18
<35	95.8%	93.6%	94.8%	96.0%	97.8%	98.1%
35-44	98.8%	97.7%	97.6%	98.3%	98.5%	98.9%
45-54	99.7%	99.0%	98.5%	97.8%	97.7%	99.2%
55-64	99.9%	99.8%	99.8%	99.1%	99.7%	99.7%
65+	100.0%	99.9%	99.8%	99.8%	100.0%	100.0%

The pattern of home equity over time reflects the trends and patterns identified earlier in this section. In short, after a period of stagnation in the depths of the financial crisis, equity began increasing over time for all age cohorts as shown in Figure 5.

Figure 5: Home equity by 2006/08 age group (2018 GBP real terms)



Most notably, each cohort had higher levels of home equity in 2016/18 than the cohort older than them did in 2006/08. Although we have not mapped a projection for home equity into the future as we did for the other financial indicators, this point underscores the expectation that equity will increase substantially over time, with each cohort better off than those before in terms of average home equity. This cannot, of course, account for any dramatic impact on mortgage repayments or the overall housing market from the economic consequences of the coronavirus pandemic.

A final interesting point we chose to explore was the average proportion of housing value that had been paid off. Conceptually, this sits beside the average level of home equity, but it also provides insights into progress toward full mortgage repayment.

Table 11: Average proportion of home value paid off by 2006/08 age group

	2006/08	2008/10	2010/12	2012/14	2014/16	2016/18
<35	44.3%	42.0%	43.1%	45.0%	50.1%	53.7%
35-44	60.9%	59.2%	60.7%	63.4%	68.3%	72.6%
45-54	77.7%	76.4%	78.5%	79.5%	83.8%	87.7%
55-64	92.1%	92.4%	93.9%	95.1%	96.6%	96.6%
65+	98.9%	98.7%	98.6%	98.9%	99.4%	99.6%

Unsurprisingly, we see that the average proportion of home value paid off increase across the age groups, with virtually all of the two older cohorts having paid of their mortgages. The youngest age cohort – those aged under 35 in 2006/08 – has the most progress to make with respect to repayment. However, when we look at a cohort's average proportion paid off in 2016/18, these proportions are lower than that of the next older cohort's in 2006/08. This suggests that successive age cohorts are not making the same progress toward full repayment as their predecessors.

Our analysis here has focused on homeowners and mortgage holders, but we recognise there is a substantial proportion of older people living in rented accommodation. Many older renters currently are renting in the social housing sector, although the proportion in privately rented accommodation is growing. For the retirement housing sector, it will be important in the future to develop models that can offer rental options while ensuring financial viability for providers and financial security for residents.

Although rental options will grow in importance into the future, homeowners will continue to be a key target group for the sector into the future. Our explorations of financial indicators here leave us with a few key considerations:

- Real-terms levels of housing equity increased from 2006 to 2018, with a small stagnation around the financial crisis. This means the sector can expect future cohorts of homeowners to be well-positioned to afford moves into retirement housing, which may be fairly robust to economic shocks.
- The group aged 65+ in 2006/08 performed less well than the 55-64 group, but all groups had higher equity after 10 years than their preceding cohort. This may be an artefact of national shifts in housing – trends toward greater ownership, improved construction, increased quality and value – that have taken place over time and been less applicable to the oldest cohort.
- All age groups had a higher proportion of housing value paid off over time – unsurprising given the longitudinal data. However, in 2016/18, all age groups had a lower proportion than their subsequent cohort did ten years earlier, which may suggest future age cohorts will be carrying higher average levels of mortgage debt than previous cohorts.

Preferences, values, and aspirations: Implications for future housing

Key insights:

- A one-size-fits-all approach to housing in later life will not meet future needs. Greater individualisation to meet personal needs and circumstances would help stimulate housing moves in later life, and this would be enhanced by understanding different customer groups according to their own values and orientations toward housing.
- The importance of property as an investment may be overstated, and the willingness to sell one's property is more closely linked to satisfaction and characteristics of the housing. In stimulating demand and attracting new residents, it is important to focus on satisfaction in the outcome rather than focusing only on key selling points and advantages of retirement communities.
- Retirement communities play a critical role in enabling people to age in place through providing a good person-environment fit. Yet many argue for staying in a home using reasons *against* moving, so solutions to cancel out these reasons could stimulate demand. Culture is also a driving factor in moves, and government policy can play a role in shaping customer attitudes related to housing.

What people want matters. Preferences, values, and aspirations with respect to housing – and specific forms of housing like retirement communities – shape how they look at the market and the opportunities available to them. To enrich our perspective on what future demand will look like, we took a look at some of the existing evidence related to this. While some of the evidence relevant to this topic comes from international examples, we do highlight research that underscores why the themes carry importance for the UK. We start below with a brief reflection on some of the key concepts related to studying housing moves before moving on to highlight five key themes from the literature.

Understanding research on housing moves

Studies on housing moves in later life often frame such moves as a result of rational decision-making.[20] Older people who speak about themselves in terms of decline or with medical concerns tend to move into retirement communities compared to those who see themselves as independent, which underscores the importance of self-perceptions in driving decisions to move.[21] The set of choices available to a household are shaped by the housing market – the opportunities available as well as the restrictions or barriers that are present – along with broader policy, social, cultural, and economic circumstances.[22]

Yet housing choices and preferences are two distinct concepts, albeit interrelated. Choice relates more to actual environments and real decisions, while preferences reflect aspirations. Economic theory asserts that preferences reflect consumers' tastes, but measuring preferences is a challenge, recognised by researchers from a range of disciplines, which in turn has led to diverse approaches and models for examining them.[23]

Within housing, two broad approaches have been identified to study preferences: revealed preferences and stated (or declared) preferences. Revealed preferences are drawn from real data on consumer behaviour, although choices made may not reflect what people actually prefer (their true preferences). For example, an ideal preference may be out of reach due to a lack of adequate income. Understanding true preferences is drawn out by looking at stated preferences – what people say they prefer – which may also be temporary or ideal and therefore mismatched to the real housing market.[24] Indeed, preferences may shift during the search for housing and can be re-shaped at different stages along the journey.[25]

Housing moves are consequently a complex process. They are full of ambivalence and shifting perceptions and can often be influenced by sudden life events as well as the perspectives of relatives and other important social contacts.[26]

---

[20] Lowies et al. (2019)
[21] Matthews & Stephens (2016)
[22] Mulder & Hooimeijer (1999)
[23] Tanaś et al. (2019)
[24] Heijs et al. (2009); Jansen et al. (2011)
[25] Jansen et al. (2011)
[26] Filipovič Hrast et al. (2019)

Different types of moves

Some of the research into later life housing transitions has explored typologies that characterise the kinds of house moves that older people make. For example, analysis from Germany identified four different types of later life movers: those that moved to improve their residential situation, such as becoming homeowners; moves to adapt to their circumstances such as securing lower rent; moves to be closer to family, especially grandchildren; and care-related moves, often related to lower satisfaction with their current housing or neighbourhood.[27] These groupings relate to earlier work, which taken together highlights key stages in later life moves as related to lifestyle, comfort, and care.[28]

Moves have also been linked to social inequalities.[29] This suggests that those in a disadvantaged social position who make a move will more likely be forced to do so, while those in more advantaged positions will be able to shape their move into a location more attractive to them. This resonates with findings that patterns of relocation in later life cannot be easily explained in terms of age, health, and distance alone.[30]

The types of moves made can also be shaped by individuals' disposition toward moving, particularly when it comes to newer or unfamiliar forms of housing like retirement communities. One study of people aged 50+ found they fell into four different groups: traditionalists, independents, sceptics, and open-minded.[31] This study also found that 24.8% of respondents gave a negative response regarding sheltered housing, which could relate to a lack of familiarity, a lack of financial acceptability, or a sense of equivalence to institutional care.

Unsurprisingly, the open-minded group rated all forms of housing as acceptable, while the largest group, independents, indicated a strong preference for independent living as inferred from an above-average preference for sheltered housing. They were below the average age and had the highest average education, while health and financial status were near the average.

[27] Winke (2017)
[28] Litwak & Longino (1987)
[29] Smetcoren et al. (2017)
[30] Winke (2017)
[31] Filipovič Hrast et al. (2019)

Younger groups were more open to the prospect of moving into newer forms of housing, which may suggest a shift in attitudes across generations – being a cohort difference rather than age-related (or even an effect of the length of residence in one's current home). The group with the highest age and lowest health were least likely to find alternatives acceptable, suggesting a potential break from the notion that the quality of the person-environment fit is a key factor in decisions to move – that is, it may not matter so much if the housing suits their need; they have a certain comfort in their dwelling and are sceptical about moving.

There is a growing recognition that a one-size-fits-all approach in housing for older people will not meet future needs. This points toward the need for greater individualisation within the pull factors that can be generated to stimulate housing moves in later life.

Value orientations

Given recent trends in housing design, availability, and demand, understanding how people think about their residential situation – understanding their preferences and choices – may need to go beyond asking them simple and apparently straightforward questions about it. It may be that underlying value orientations are key in shaping perspectives in this respect.[32]

One study explored lifestyle in terms of values using a survey instrument with specific variations for assessing housing, overcoming limitations from earlier studies that only used general lifestyle approaches.[33] The idea of openness to change was identified with two opposite value types – self-direction and security – which were then explored in more detail with respect to residential preferences related to tenure, design, and neighbourhood.

The findings showed no difference in terms of value orientations and residential preferences with respect to age, gender, or income. This contrasts with other work that asserts that, as people grow older, they establish more social networks and habits and experience fewer changes and challenges, which should predispose them to the security-based orientation.[34]

[32] Jansen (2014)
[33] Jansen (2014)
[34] Schwartz et al. (2001)

What this perspective adds is a recognition that preferences in housing are related to underlying dispositions, which could be useful for the retirement housing sector moving forward. **Understanding different customer groups according to their own values could allow providers to better match potential residents with the types of dwellings that would draw them in.** For example, respondents with a security orientation were linked to a greater attraction to new dwellings, while those with a self-direction orientation had higher preference for a mix of residents.[35]

Satisfaction, not finance

We have noted above the link between choice and preferences in housing research. Choice is generally argued to reflect preference, while it is also shaped by other factors and constraints. A key determinant of housing choice is location.[36] Similarly, the decision to move in later life is linked to the person-environment fit, relative satisfaction with one's current dwelling and location, and the utility of the dwelling.

Before an older homeowner is willing to move, they have to be willing to sell. Willingness to sell has been linked to lower housing satisfaction.[37] Education, income, and wealth were not related to willingness to sell, and even when housing satisfaction was removed from the analysis, willingness to sell was not determined by housing wealth but by housing environmental characteristics.

The relationship between willingness to move and the attachment to one's residence appears more complex than generally assumed.[38] A lower willingness to move has been found among those who were long-term residents of the area and those who had recently moved, which suggests that stimulating or encouraging moves is likely to be less successful among people at the bookends of relocation experiences, i.e. those who recently moved or those who have not moved in a very long time. Also, those in touch with their children on a daily basis did not have plans to move upon retirement as often as those with more infrequent contact, and the frequency of contact with children is often related to proximity.

[35] Jansen (2014)
[36] Wildish (2015)
[37] Costa-Font et al. (2010)
[38] Kramer & Pfaffenbach (2016)

The importance of property as an investment may be overstated.[39] The aspect of value is not ignored by people, but earlier surveys have found a strong emphasis on ideas like freedom, security, and independence.[40] These concepts directly relate to the key selling points and advantages of retirement communities and could therefore continue to be harnessed to foster demand. In addition, **given the importance of satisfaction, it may be important to focus on satisfaction in the outcome rather than in the decision-making process with respect to housing moves.** In other words, property managers should be focussed on satisfaction *after* a move through high quality services rather than simply using the offer as a selling point.[41]

Ageing in place

Driving the motivation to secure one's satisfaction with housing in later life is the concept of ageing in place. The vast majority of people, in multiple countries, prefer to age in place, and they demonstrate a reluctance to move. Yet thoughts about moving are generally not on-going but emerge from trigger events like changes in work, family, or life-course circumstances.[42] Housing can also be thought of as one of four fundamental paths within the life course, alongside family, education, and work – while decisions along any of these can be a trigger for a housing move.[43]

As housing preferences vary widely among older people, housing options must accommodate this diversity.[44] The retirement housing sector provides a critical component in this tapestry to enable ageing in place.

For those approaching retirement age, changes to the family situation are more likely to lead to a housing move than retirement itself.[45] Rather than retirement being a driving trigger, a large majority of older people plan on staying in their home upon retirement, a perspective shaped by structural circumstances as well as individual resources and dispositions.[46]

[39] Livette (2006a)
[40] e.g. Marshall et al. (1988); Hamnett et al. (1991)
[41] Livette (2006b)
[42] Mulder (1996)
[43] cf. Jansen et al. (2011); Mulder & Hooimeijer (1999)
[44] Robinson & Moen (2000)
[45] Hansen & Gottschalk (2006)
[46] Kramer & Pfaffenback (2016)

For ageing in place to be successful, there must be a fit between the demands of the housing environment and the person's needs and preferences – which will all be impacted by the person's own competence.[47] For example, as needs develop, people will want functional housing that makes them feel like their home works for their own personal limitations, e.g. related to mobility or disability. Preferences such as for gardens or space for social events tend to decline.[48]

What is interesting about people's views on moving in later life is that many people argue for staying in their current home using reasons against moving.[49] Such reasons can be related to a lack of motivation to move or to concerns of a worse situation if they were to move, such as a loss of flexibility or autonomy. Other factors are sometimes reframed as a reason against moving. For example, the notion of a spacious home or flat is not seen as a nuisance or burden but as an advantage for when family come to visit. This insight may be particularly useful in drawing out lessons for how to engage future cohorts of older people to consider moves to retirement housing.

The influence of culture

Discussions on preferences around purchasing retirement housing (and therefore future demand) often dismiss culture as an explanation, focusing more on the kind of rational-decision making approach mentioned earlier. It is all too easy to think that people will choose to move into a retirement community because it makes financial sense or because they need care and support. And while such considerations will certainly play a factor, housing – particularly in the context of home ownership – is inherently linked to culture.

In the UK, housing goes beyond simply providing shelter and can represent an expression of an individual's chosen lifestyle, serving as a source of pride.[50] Housing, as an expression of self, contributes to one's identity and will be shaped by such constructs along with daily routines and social networks.[51] Home ownership is deeply rooted in the cultural psyche, understood as a part of the way of life.[52]

47 Lowies et al. (2019)
48 Andersson et al. (2019)
49 Kramer & Pfaffenback (2016)
50 Salama & Sengupta (2011)
51 Karsten (2007)
52 Livette (2006a)

Home ownership carries connotations of success and status, so older people who already own their homes may not be willing to consider retirement housing options that do not carry the same perception of ownership. The preference for home ownership is often described as "natural" or "instinctive".[53] Yet if this were the case, it would by definition remove any considerations or comparisons with renting. Indeed, reasons often given by retirement housing residents for why they moved include concerns with maintenance, challenges in managing a garden, desire to be closer to family/friends, and bereavement – none of which explains why 89% of respondents in one study would not consider renting as an option.[54]

What is more likely is that culture has shaped consumers' perceptions so that what has become a feature of British culture is assumed to be natural. This suggests that **culture can be a driving factor in decisions around retirement housing**.

Moreover, successive governments in the UK have promoted home ownership through a variety of programmes and budgetary measures. **Government policy can therefore clearly play a role in shaping attitudes among consumers with respect to housing and, by extension, retirement housing.** Part of this reshaping of attitudes could also include modifying perceptions of moves into retirement housing from a relocation decision to an investment in quality of life by emphasising the convenience provided via services at the new property.[55]

[53] Forrest et al. (1990)
[54] Livette (2006a)
[55] Crisp et al. (2012)

The discussion in this section has covered a range of research findings linked to preferences, values, and aspirations as they relate to housing moves in later life. Pulling it all together yields the following key messages:

- Encouraging people to consider moves may require strong arguments to counter reasons to stay, alongside emphasising the improved satisfaction and quality of life available in retirement communities.
- Key triggers influence considerations to move, which are shaped by the underlying value orientation of the person. This may open opportunities for improved customer segmentation to identify and assess potential residents and make bespoke offers.
- Providers may have limited scope to influence demand given underlying cultural assumptions, but public policy can demonstrably play a role in shaping attitudes and future preferences.

Scenario development: Looking to the future

Our underlying motivation in this report has been to consider the different factors that influence the demand for retirement housing and how this would evolve into the future. The coronavirus pandemic – having touched all our lives in multiple ways – presents a major shock to societies and economies around the world. As a consequence, the direction of future trends is largely unknown (or unknowable), rendering many projections and forecasts rather unreliable.

At the same time, the insights provided throughout this report do inform our sense of what will shape future demand for retirement housing and, by extension, how supply can be managed for what is to come. We have developed three scenarios that draw on the work here to stimulate thinking about the future of the sector among stakeholders. For each scenario, we have also outlined our thoughts on how the pandemic might influence or modify the situation, given that each scenario is based on information and data from a pre-COVID world.

Scenario 1: Steady as she goes – Demand like before

The demographic trends are clear – we are an ageing society. There will be a larger number of older people in the future, and older people are the target demographic for the retirement housing sector. While not all older people are the same, the sector already appeals to a diverse spectrum of people in later life, and there is little reason to believe this should change in the next 20 years.

The housing-related financial trends also clearly show an increase in housing value over time across age groups, while such value will continue to enable people to afford moves into retirement housing. Mortgage debt has increased over time, but so has average home equity. Overall, the balance between increased value and increased debt will cancel out and allow demand to continue to grow in line with demographic trends.

Moreover, the importance of satisfaction over finance will play a role in keeping demand growing steadily. Other preferences noted in this report, such as ageing in place or the cultural significance of homeownership, will continue to shape demand into the future in ways similar to previous decades. At the same time, the role of health shocks in driving moves will contribute to moves into the sector – just as they have done in the past.

The impact of coronavirus: It is true that COVID-19 has had a disproportionate impact on older people with respect to mortality. This will impact demographic trends, potentially pushing down the expected numbers of people seeking retirement housing. The economic effects of the pandemic may also have a negative impact on housing prices and levels of equity, which could have a knock-on effect on demand for retirement housing. However, the trends over the previous recession demonstrate a fairly robust recovery in those terms, which could suggest little impact in the medium and longer term. The pandemic may also have awakened people to the need to prepare for care in later life or the need to ensure they have quality, secure housing to suit their needs and preferences; such an awakening is not restricted to potential residents but may also apply to extended family as their ability to care was limited during the pandemic. In this sense, the tensions across demographics, finances, and preferences may balance out.

Perspective from the front line: The ExtraCare Charitable Trust

Keeping residents and staff safe and well was a key priority for the ExtraCare Charitable Trust in response to the pandemic. They took early steps to lock their locations down, used daily wellbeing calls and regular resident communications, offered key services for grocery and meal delivery, and arranged activities taking place outdoors, socially distanced in corridors, and online.

Feedback from residents has been positive, with over 90% agreeing with the lockdown measures. Over 72% were frustrated with the lack of physical exercise, but more than 80% felt supported in areas such as shopping and obtaining necessities.

Other feedback highlights key points for thinking about future development. Over 80% said that they felt safe in their ExtraCare location during location. Although around 37% suffered a bereavement during lockdown, many reported feeling supported by staff and other residents.

Scenario 2: Winding down – Demand declines

We see that older age groups are projected to increase in number over the coming years, but the fact they simply increase does not mean all these people will be interested in retirement housing at the same rate as previous generations. Increased longevity has stimulated shifts in thinking about where we are at different stages of the life course, which could decrease the proportion of people in a given age group to consider housing specific to later life.

Moreover, the increases in mortgage debt – despite little comparable effect on average equity – may put people off from making a move designed for later life. Such "last-time buyers" may be discouraged from a transition in housing until they have cleared their mortgage debt. There may also be barriers for some older people in carrying their remaining mortgage debt over to a retirement housing property, which would further depress demand compared to historic trends.

The themes of ageing in place and satisfaction may also drive demand down. Older cohorts over the next two decades may be better positioned than earlier cohorts in terms of having a home they love and that suits their needs. Housing built in the coming years may also adopt more accessible and age-friendly design, and the delivery of home-based social care may be strengthened or expanded. The overarching trends in improved health may also result in fewer households experiencing a shock that stimulates a move, while perceptions of diminishing status may discourage moves from an independent home into the sector.

The impact of coronavirus: In the shorter term, the reality around COVID-19 among care home residents – both in the sense of direct (mortality) and indirect (isolated from visitors) effects – could make people wary of retirement housing if they remain unclear about the differences between the two sectors. It could also be the case that, as we continue through the pandemic, there are unfortunate spikes in mortality or significant falls in housing value, both of which would leave fewer people in the position to move into retirement housing. The experience of lockdown may have also enhanced people's satisfaction with their own housing or strengthened their sense of security, themes that have been linked to less willingness to move.

Scenario 3: Boom times – Demand accelerates

The demographic trends illustrate there will be a growth in absolute numbers of older people over the next 20 years, and – all things being equal – this would translate into higher levels of demand compared to today. Yet demand could accelerate as different groups within older cohorts are drawn toward the retirement housing sector. For example, the projected growth in couples could stimulate demand as men survive longer; couples could be well-placed to make joint decisions to take advantage of their remaining years together and plan ahead for their care needs.

From a financial point of view, the growth trends in housing value may enable greater numbers of people to think about their options to downsize, moving into a retirement housing property that provides them an additional financial boost from the difference between their housing equity and the cost of their new property. For those with lingering mortgage debt, they may see retirement housing as a perfect opportunity to eliminate this debt while securing their future needs.

We know that many older people live in non-decent homes that do not suit their needs, so demand could accelerate as more people think about their own satisfaction with their housing and how much it will enable them to age in place. At the same time, alongside increases in longevity, chronic conditions continue to impact people in later life; demand could increase more quickly than in the past as more people seek supportive environments to help them manage conditions before they become too severe.

The impact of coronavirus: The experience of lockdown has demonstrated the important role that our homes play in our lives. This could stimulate greater numbers of older people to secure the right housing for them: housing that meets their needs, increases their satisfaction, and allows them to age in place. While the pandemic will have a massive impact on the economy, the recovery in housing value seen over the previous recession may occur again, especially as more households overall re-evaluate their housing situation and stimulate the market. Demand may also grow due to less positive reasons; so-called "long COVID" may leave many people needing support well into later life, driving larger numbers to find proper, long-term solutions like living in a retirement community. Due to lockdown, the pandemic has also led more adult children to consider their parents' living situation, which could further drive demand for retirement housing.

Perspective from the front line: Anchor Hanover

Throughout the coronavirus pandemic, Anchor Hanover has continued to provide essential services to their housing residents while helping to safeguard their health and wellbeing. Staff worked from home where possible, communal areas were restricted and sometimes closed, cleaning times were altered, and all non-essential works were postponed during lockdown.

The 24-hour Anchor Hanover On Call service continued with housing managers also contactable by telephone and email. Food delivery services for residents were provided, and the financial and welfare advice service, BeWise, continued with a significant increase in Universal Credit claims among residents.

Anchor Hanover also took steps to support residents who may be experiencing loneliness and isolation. The BeSupportive initiative, in partnership with Re-engage, established a telephone befriending service for residents who wished to be referred. At its peak, the service supported 800 residents. Community Support Plans identified residents most at risk of isolation and, in partnership with local authorities and services, provided volunteer services to help with day-to-day tasks such as shopping and access to services.

Conclusion

Housing is a key component for people's wellbeing across the life course. In later life, it becomes even more crucial for an individual's home to provide a good fit to their needs. Changes in health and mobility make care and support a critical concern for people in later life.

Retirement communities have a significant role to play in offering older people a home that fits their current needs and adapts to their future needs. In the UK, there remains significant scope for the sector to grow and to feature more prominently in the typical path through later life.

This report has highlighted a variety of trends that will shape how future demand for retirement communities may evolve over the next 20 years. The numbers are clearly in the sector's favour, as the proportion of the population aged 65+ is set to grow to well over a third (37.3%) by 2040. Levels of housing equity are also likely to place a large number of these households in the financial position where a housing move is possible. Preferences and attitudes toward housing in later life also align to what retirement communities provide: enabling spaces for ageing in place that deliver satisfaction and accommodate individual needs.

Looking to the future, we have sketched out the kinds of factors, influences, and circumstances that will shape the trajectory of demand for retirement housing. We make no predictions of what *will* occur; rather, we have described how different outcomes may arise and why. This provides a barometer for understanding where we might end up once we see how various trends evolve.

These reflections allow all stakeholders involved in shaping the retirement community sector to think about how different outcomes for demand could emerge over time, given the interactions among different factors. As we move beyond the crises of the pandemic and have a clearer picture of how health, social, and economic trends are emerging, stakeholders will be able to adapt and develop their own plans to ensure the retirement community sector is stronger in delivering a critical part of the infrastructure for our ageing society.

Reflecting on these issues leads to three key concepts that stakeholders interested in supporting the retirement community sector should emphasise moving forward:

- **Monitor developments**: With the future uncertain, it is more important than ever that providers, developers, and policymakers keep track of the key indicators that influence their decision-making and strategic development. Stakeholders should continue and expand their collection of high-quality data that can inform these processes.
- **Respond through innovation**: New approaches will be needed to succeed in a world transformed by social and economic shifts. Whether we see greater numbers of couples surviving into later life or greater numbers of private renters looking for retirement communities, new innovative models will be needed to accommodate this demand. The significant role of satisfaction may also shape decisions in the kinds of environments, facilities, and services that become standard for retirement living.
- **Communicate in engaging ways**: Perceptions of retirement communities can be influenced by consistent and clear communications. Deeper penetration of these messages into the mainstream can also boost interest in these options for later life. As reasons against moving feature in arguments around later life housing moves, communication strategies that highlight support for moves or that counter these reasons could stimulate stronger demand.

References

Adelino, M., Schoar, A., & Severino, F. (2018) "The Role of Housing and Mortgage Markets in the Financial Crisis." *Annual Review of Financial Economics*, 10: 25-41. https://doi.org/10.1146/annurev-financial-110217-023036

Andersson, E., Abramsson, M., & Malmberg, B. (2019) "Patterns of changing residential preferences during late adulthood." *Ageing & Society*, 39(8): 1752-1781. https://doi.org/10.1017/S0144686X18000259

Archer, T., Green, S., Leather, D., McCarthy, L., Wilson, I., Robinson, D., & Tait, M. (2017) *Older people's housing, care and support needs in Greater Cambridge 2017-2036*. Sheffield: Sheffield Hallam University Centre for Regional Economic and Social Research.

Beach, B. (2018) *Stronger Foundations: International Lessons for the Housing-with-Care Sector in the UK*. London: International Longevity Centre – UK.

Beach, B. (2016) *Generation Stuck: Exploring the Reality of Downsizing in Later Life*. London: International Longevity Centre – UK.

Beach, B. (2015) *Village Life: Independence, Loneliness, and Quality of Life in Retirement Villages with Extra Care*. London: International Longevity Centre – UK.

Cambridge Centre for Housing and Planning Research, Three Dragons, Land Use Consultants and Heriot Watt University (2012) *The role of the planning system in delivering housing choices for older Londoners*. London: Greater London Authority.

Costa-Font, J., Gil, J., & Mascarilla, O. (2010) "Housing Wealth and Housing Decisions in Old Age: Sale and Reversion." *Housing Studies*, 25(3): 375-395. https://doi.org/10.1080/02673031003711014

Crisp, D., Windsor, T., Anstey, K., & Butterworth, P. (2012) "What are older adults seeking? Factors encouraging or discouraging retirement village living." *Australasian Journal on Ageing*, 32(3): 163-170. https:/ doi.org/10.1111/j.1741-6612.2012.00623.x

Filipovič Hrast, M., Sendi, R., Hlebec, V., & Kerbler, B. (2019) "Moving House and Housing Preferences in Older Age in Slovenia." *Housing, Theory and Society*, 36(1): 76-91. https://doi.org/10.1080/14036096.2018.1510854

Forrest, R., Murie, A. & Williams, P. (1990) *Home Ownership: Differentiation and Fragmentation.* London: Unwin Hyman.

Hamnett, C., Harmer, M., & Williams, P. (1991) *Safe as Houses: Housing Inheritance in Britain*. London: Paul Chapman Publishing.

Hansen, E. & Gottschalk, G. (2006) "What Makes Older People Consider Moving House and What Makes Them Move?" *Housing, Theory and Society*, 23(1): 34-54. https://doi.org/10.1080/14036090600587521

Heijs, W., Carton, M., Smeets, J., & van Gemert, A. (2009) "The Labyrinth of Life-styles." *Journal of Housing and the Built Environment*, 24(3): 347-356. https://doi.org/10.1007/s10901-009-9147-z

Jansen, S. (2014) “Different Values, Different Housing? Can Underlying Value Orientations Predict Residential Preference and Choice?” *Housing, Theory and Society*, 31(3): 254-276. https://doi.org/10.1080/14036096.2013.867279

Jansen, S., Coolen, H., & Goetgeluk, R. (2011) *The Measurement and Analysis of Housing Preference and Choice*. London: Springer.

Jones Lang LaSalle IP, Inc. (2017) *Retirement Living*. https://www.housinglin.org.uk/_assets/Resources/Housing/OtherOrganisation/JLL_Retirement_Living.pdf

Karsten, L. (2007) “Housing as a Way of Life: Towards and Understanding of Middle-class Families’ Preference for an Urban Residential Location.” *Housing Studies*, 22(1): 83-98.

Kneale, D. (2011) Establishing the extra in Extra Care: Perspectives from three Extra Care housing providers. London: International Longevity Centre – UK.

Kramer, C. & Pfaffenbach, C. (2016) “Should I stay or should I go? Housing preferences upon retirement in Germany.” *Journal of Housing and the Built Environment*, 31(2): 239-256. https:/ doi.org/10.1007/s10901-015-9454-5

Litwak, E. & Longino, C. (1987) “Migration patterns among the elderly: a developmental perspective.” *The Gerontological Society*, 27(3): 266-272.

Livette, M. (2006a) “Retirement housing for sale and differences in the decision to purchase that are determined by gender or marital status.” *Property Management*, 24(1): 7-19.

Livette, M. (2006b) “A marketing perspective of private sector retirement housing and the effectiveness of the buyer behavior of its purchasers.” *Property Management*, 24(4): 383-396.

Lowies, B., Whait, R., & Lushington, K. (2019) “Older people and home ownership: the intention to relocate.” *Property Management*, 38(1): 37-51. https:/ doi.org/10.1108/PM-03-2019-0015

Marshall, G., Newby, H., Rose, D., & Vogler, C. (1988) *Social Class in Modern Britain*. London: Hutchinson.

Matthews, T. & Stephens, C. (2016) “Constructing housing decisions in later life: a discursive analysis of older adults’ discussions about their housing decisions in New Zealand.” *Housing, Theory and Society*, 34(3): 343-358.

Mulder, C. (1996) “Housing choice: Assumptions and approaches.” *Netherlands Journal of Housing and the Built Environment*, 11(3): 209-232.

Mulder, C. & Hooimeijer, P. (1999) “Residential relocations in the life course.” In Wissen, L., Dykstra, P., & Land, K. (eds.) *Population issues: and interdisciplinary focus*. The Springer Series on Demographic Methods and Population Analysis. Springer Netherlands: 159-186.

Office for National Statistics (ONS) (2020a) “Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland.” [Released 24 June 2020] https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/

About the ILC

The International Longevity Centre UK (ILC) is the UK's specialist think tank on the impact of longevity on society. The ILC was established in 1997, as one of the founder members of the International Longevity Centre Global Alliance, an international network on longevity.

We have unrivalled expertise in demographic change, ageing and longevity. We use this expertise to highlight the impact of ageing on society, working with experts, policy makers and practitioners to provoke conversations and pioneer solutions for a society where everyone can thrive, regardless of age.

International Longevity Centre UK

11 Tufton Street
London
SW1P 3QB
Tel : +44 (0) 20 7340 0440
www.ilcuk.org.uk