

Silver cities

Planning for an ageing population



GROSVENOR

Foreword



The world is ageing, particularly in advanced economies. Over the next 30 years, we will see an extra 15,000 people reach retirement age in the Organisation of Economic Cooperation and Development (OECD) member countries every single day.

By 2045 the proportion of the population aged over 65 will rise to 25%, from the current 16%. This equates to 146 million more elderly people than there are today - totalling 1.4bn globally.

At the same time, the younger population is steadily shrinking. In 2015, the young (those under 20 years old) accounted for 24% of the population, a proportion which is expected to decrease to 21% by 2045.

This demographic shift is set to have a profound impact on society and the social fabric of cities. By 2030 all major urban centres in the OECD will see a sharp increase in the number of elderly. These cities will need to adapt and develop a number of short and longer-term strategies to ensure they respond adequately to both the challenges and opportunities that an ageing population presents.

For over 340 years, Grosvenor has been developing, managing and investing in properties and places. We are now active in more than 60 of the world's most dynamic cities and we recognise that our future success is inextricably linked with their success.

Our approach is to combine our international property expertise with local knowledge and to apply a farsightedness to our activity that ensures we contribute solutions to the challenges that these cities face and helps them realise the opportunities.

We present this report without any silver bullet solutions to what is a serious challenge and a defining one for generations to come. Yet, we hope that this research, together with our insights from four diverse cities: Hong Kong, London, Madrid and Vancouver, will encourage discussion and debate across the wider property industry, involving and encouraging central and local authorities and other relevant stakeholders to work together in recognising the issue and prioritising its resolution. We plan to play our part.

Mark Preston
Group Chief Executive

A handwritten signature in dark ink, appearing to read 'Mark Preston', written in a cursive style.

“By 2045 there will be 146 million more elderly people than there are today.”



The looming impact of an ageing population



An unprecedented demographic change in the global population // Ageing is most pronounced in advanced economies // The 100-year lifespan and the changing cycle of life // Old age is still associated with increased health risks

An unprecedented demographic change in the global population is now underway

Although the impact of demographic factors is often slow moving, the number of elderly (those aged over 65) is set to rise sharply over the next 30 years. In the OECD member countries, which reflect most of the European countries, the US and some developed economies globally, there will be an extra 146 million elderly by 2045, an increase of 70% on today's population. This equates to an extra 15,000 people reaching retirement age (65 years old) every single day for the next 30 years. Consequently for the first time in history, the elderly will be the largest age group by 2045, with the greatest increase occurring in those aged over 75 years (see chart 3 overleaf).

While ageing is a global occurrence, it is happening most rapidly in OECD economies. By 2045 the proportion of the population aged over 65 in the OECD will rise to 25%, up from 16% today. Ageing is particularly pronounced in continental Europe (Italy, Germany, Portugal and Spain) and North Asia (Japan and Hong Kong), where over a third of the population will be elderly by 2045 (Chart 1). In contrast, the regions that will continue to have younger demographic profiles over the next 30 years are predominantly in emerging markets, such as Africa, India and South East Asia.

There are two main reasons for this:

1. A decline in the number of births

Fertility rates have declined steadily through the post-war period, particularly in advanced economies. Almost all OECD countries now have fertility rates below the replacement rate of 2.1 children per female; a fall in the fertility rate of 3.4 in the 1950s to 1.6 today. While emerging markets tend to have higher fertility rates, even here the trend is declining due to rising education and income levels. This suggests that we are unlikely to see any reversal of this trend in the coming decades.

2. People are living longer

In the OECD, life expectancy at birth is currently 76 years for men and 82 years for women. This has increased by around 10 years for both genders since the 1960s. However, this often-quoted estimate of life expectancy understates the true lifespan of most adults, as it is assumes that there will be no improvement in life expectancy throughout a person's life. This is despite the fact that data for the past 140 years shows that life expectancy has continued to improve on average by an additional 2.4 years every decade since the late 1800s. To adjust for this, statisticians also produce a 'cohort' measure of life expectancy, which adjusts for the likely improvement in life expectancy that will occur through a person's life. Based on cohort estimates, a more accurate life expectancy for most people alive today is already 90-100 years (Chart 2).

“An extra 15,000 people reach retirement age in the OECD member countries every single day.”

Chart 1
Ageing countries

Proportion of population over 65 years old (selected countries)

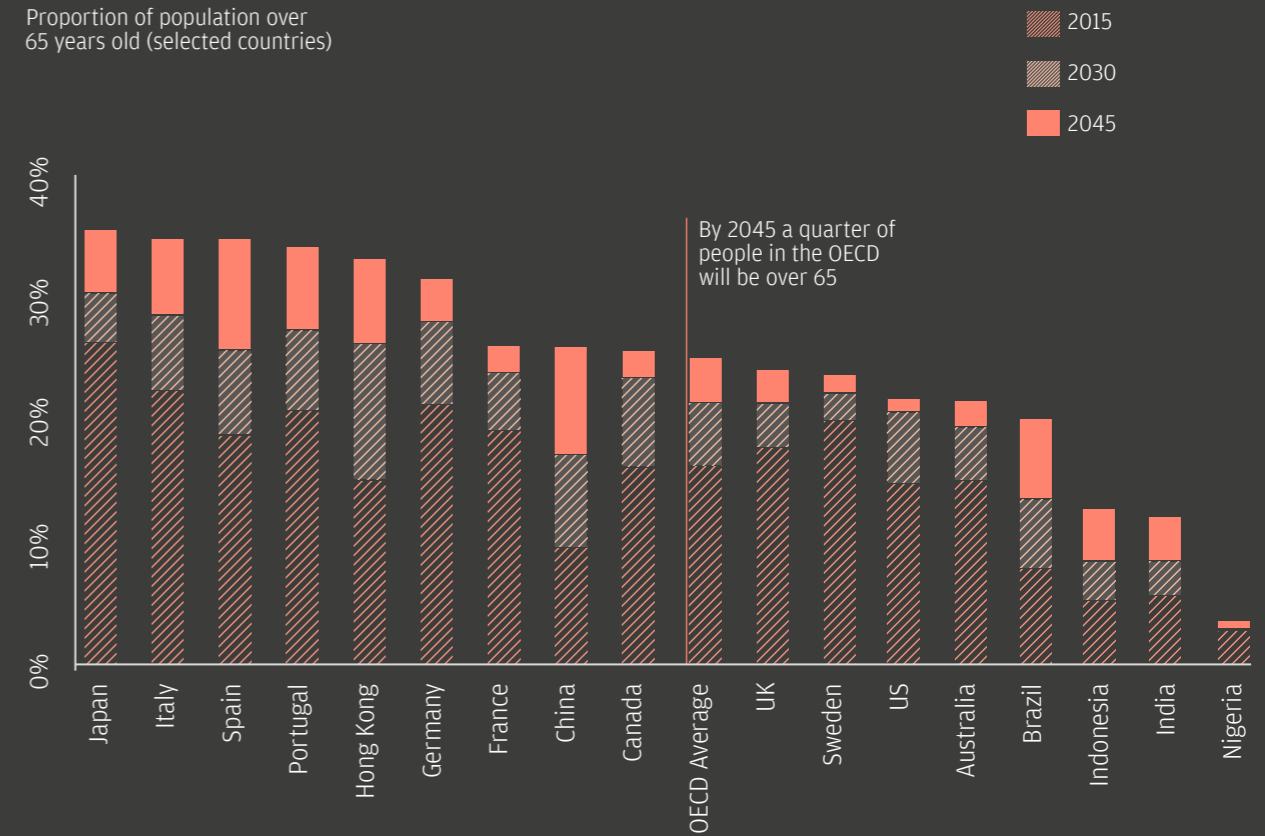
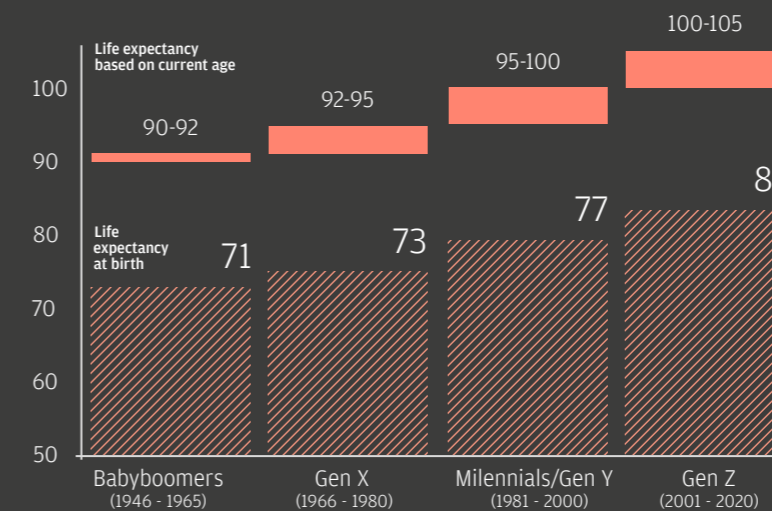


Chart 2
Life expectancy now vs life expectancy at birth



Average life expectancy

16th Century
35 yrs

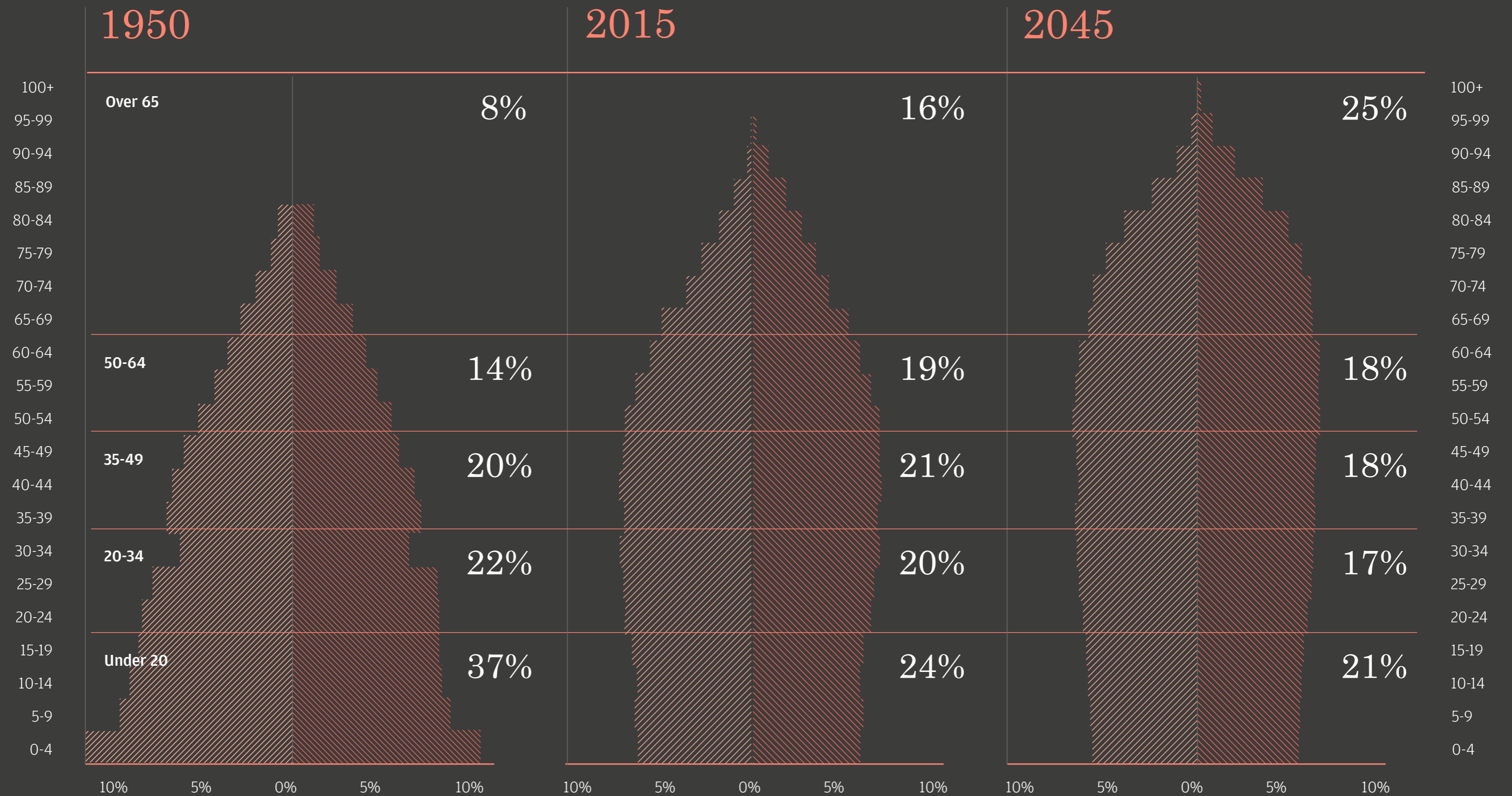
19th Century
42 yrs

20th Century
80 yrs

21st Century
100+ yrs

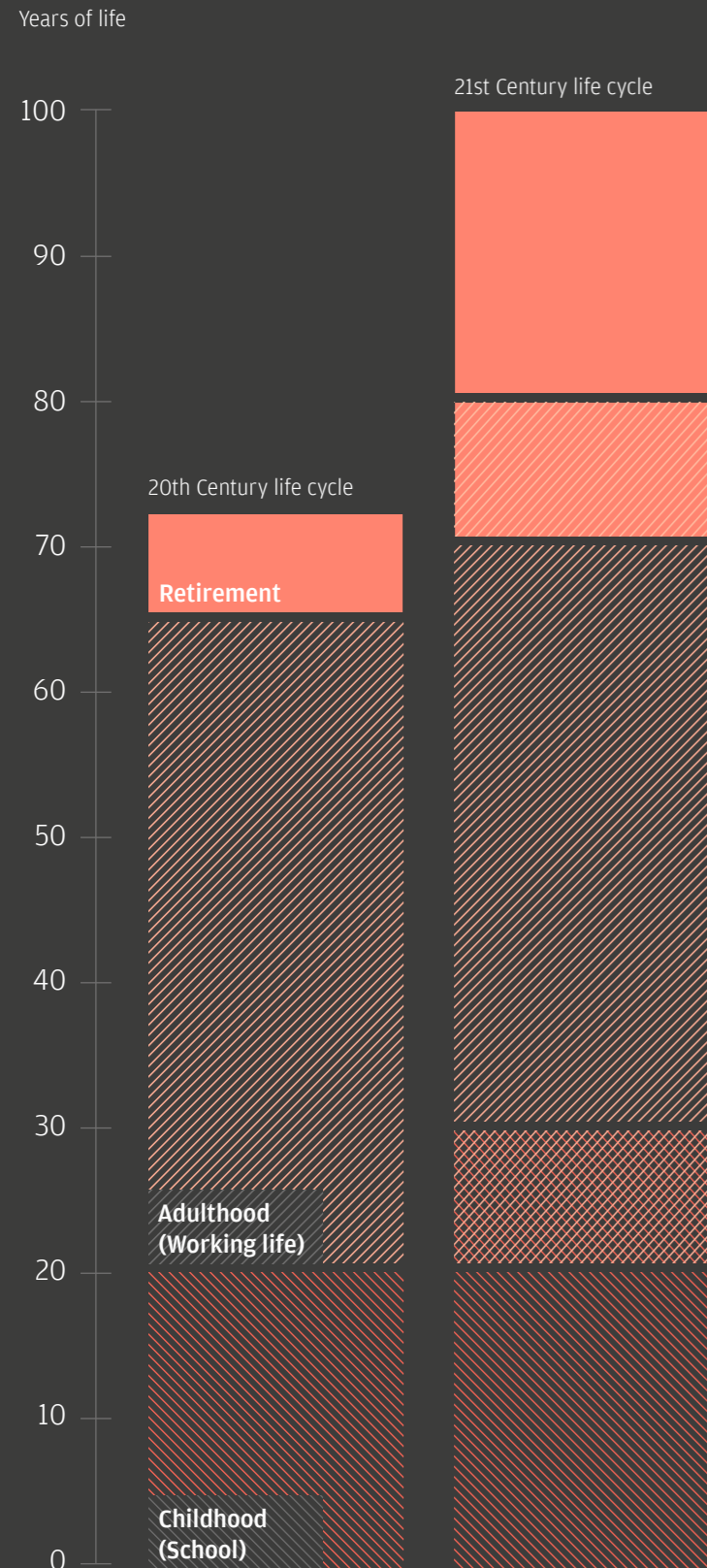
Chart 3
Proportion of OECD population over 65 years old

Male Female



The 100-year lifespan and the changing cycle of life

The steady increase in longevity is having a noticeable influence on human behaviour, especially how and when people reach major milestones in life. In particular, there are three major observed changes:



Extended retirement

Even as people work into their mid-70s, the expected period spent in retirement is likely to be between 20-30 years. This will encompass a more active period of spending and travel, but also an extended period of declining health for many.

Longer years in retirement age

Average no. years in retirement (OECD)

11
Years

15
Years

23
Years

Longer working life

In the future, working life is likely to be extended until workers are 75-80 years old. Workers may need to confront multiple career changes and exiting the workforce is likely to be a more gradual transition.

Working to 70+

Average job tenure (Canada)

12
Years

3.4
Years

2.7
Years

Having children later and fewer of them

Average age of mother at birth of first child (OECD)

27
Years

28
Years

30
Years

Fertility rate (OECD)

3.7

2.2

1.6

Juvenescence

A new life stage called 'Juvenescence' is emerging between childhood and adult life. Young adults are enjoying an extended period of semi-autonomous living, often living at home with their parents until they are 30.

Studying longer, more educated

% with a bachelor's degree or higher (OECD)

17%

24%

41%

Marrying later

Average age at first marriage (women, OECD)

22
Years

25
Years

29
Years

Living with parents or renting for longer

Proportion of under 25 year olds that are homeowners (UK)

32%

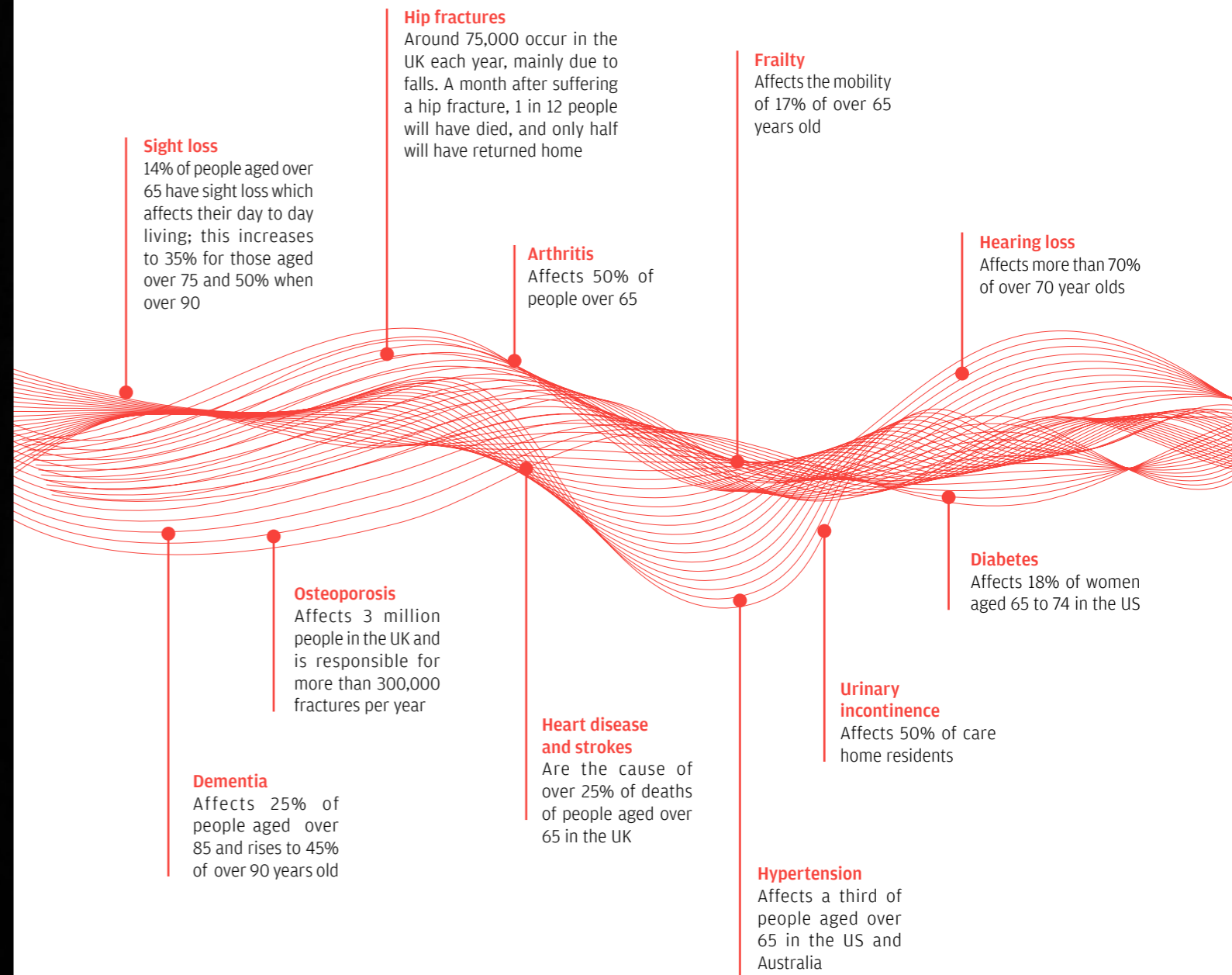
23%

10%



“However, old age is still associated with increased health risks.”

Despite the fact that people are living longer and benefitting from continued medical advances, ageing is still associated with a host of health issues. Health begins to deteriorate noticeably after 75 years of age. On average, the elderly spend most of the last decade of their life with some form of disability, as illustrated below. These special health needs have major implications for their lifestyle and living arrangements.





The economics and politics of ageing



Demographic change will have profound economic implications // Economic growth will slow permanently // Living standards have started to stagnate // Global interest rates are likely to remain low // House price growth is likely to slow // Ageing will be negative for public debt // Difficult political decisions will be needed to pay for ageing // Politics is becoming fractured along generational lines

“A number of countries (particularly in North Asia and Europe) will see the size of their workforce shrink over the next 15 years.”

Demographic change will have profound economic implications

One of the more pessimistic conclusions from our analysis is the profound implications demographic change will have on economic growth and investment returns. While a number of factors could potentially mitigate the corrosive impact of demographic change (e.g. deferred retirement, increased immigration levels, a boost to productivity growth from new technologies), for now it seems more likely that we have entered a 'new normal' of sustained low growth, which will see investment returns slow.

Economic growth will slow permanently

Recent academic research suggests that much of the diminished prospects for economic growth in the post-global financial crisis era can be attributed to the unprecedented shift in the demographic structure that is now occurring across most major economies. Global population growth has peaked and will continue to slow over the remainder of the century (Chart 4). This demographic shift will be a sustained drag on global growth, particularly in the OECD, where the number of workers has now plateaued. Indeed, a number of countries (particularly in North Asia and Europe) will see the size of their workforce shrink over the next 15 years.

Living standards have started to stagnate

Rising living standards can only be sustained by higher productivity growth. Unfortunately, the latest evidence suggests that productivity is negatively correlated with ageing, due to the decline in the physical and cognitive agility of older workers. Consequently, ageing is likely to cause a decline in aggregate productivity due to the declining 'quality' of labour. The combination of fewer workers and slowing productivity supports the view that we have entered an extended era of low growth (Chart 5).

Chart 4
Global growth in working age population

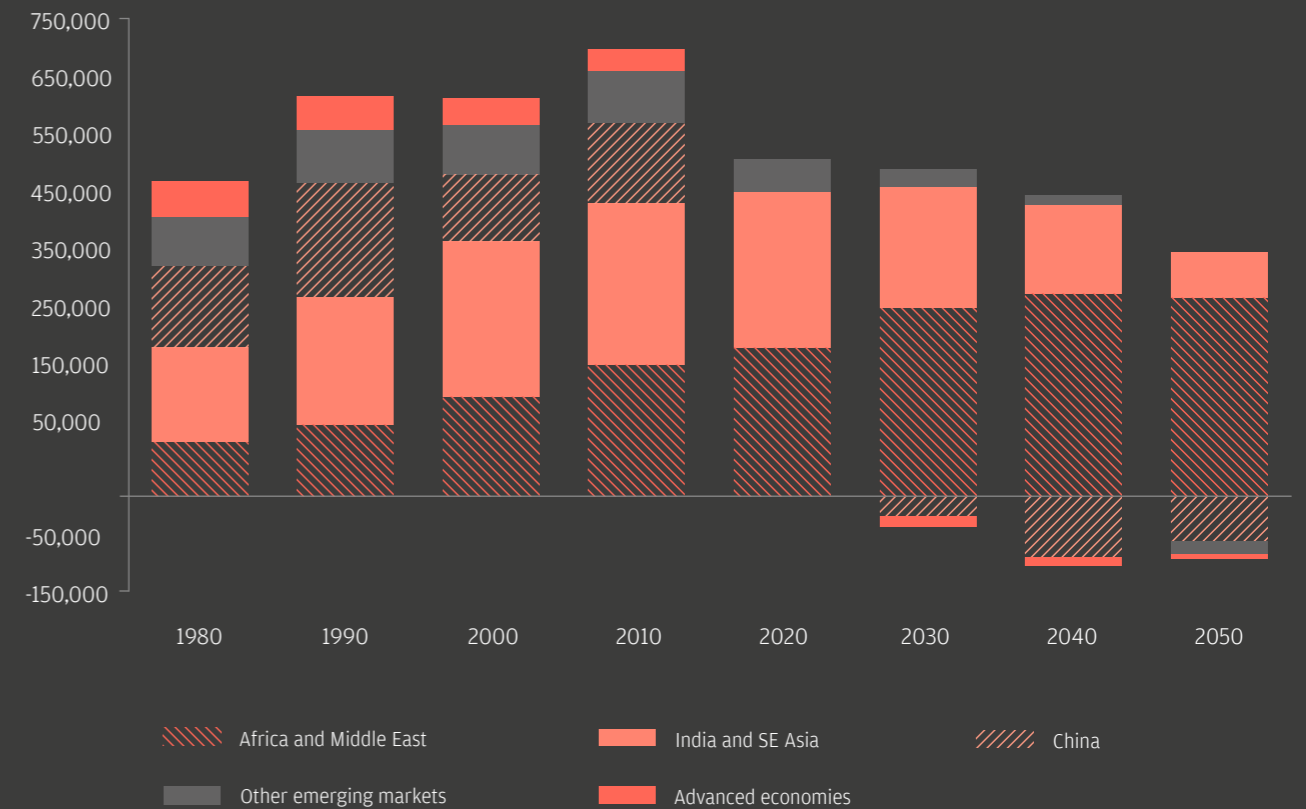


Chart 5
GDP growth

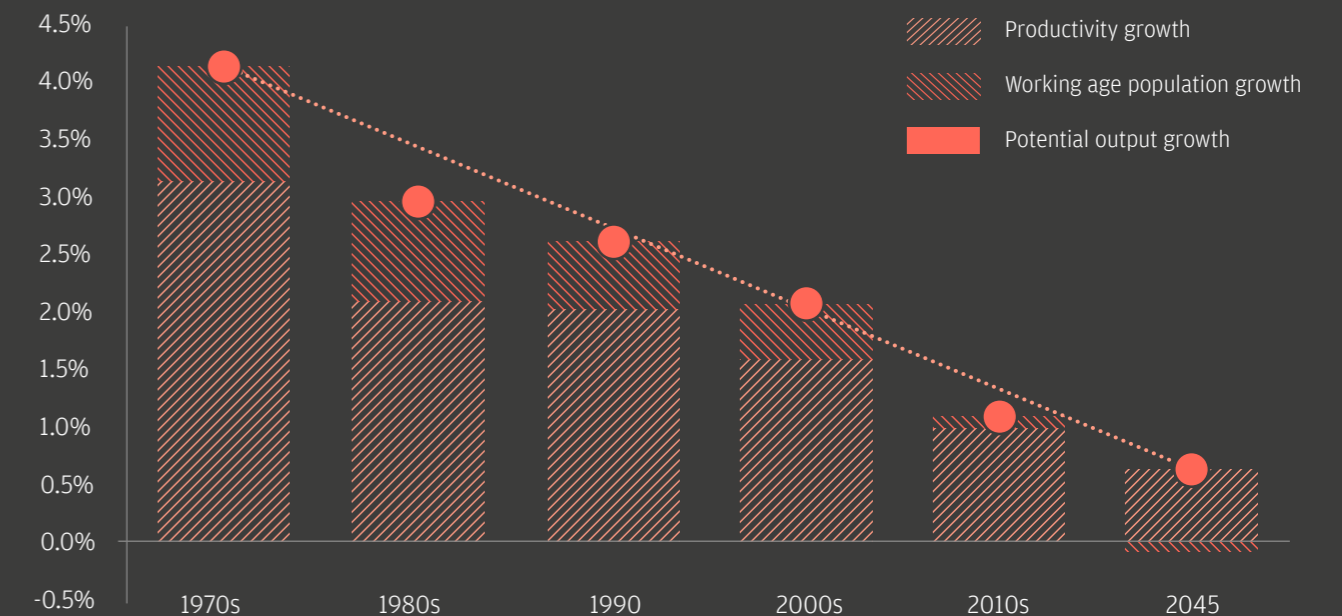


Chart 6
Prime savers age population in advanced economies and world interest rates

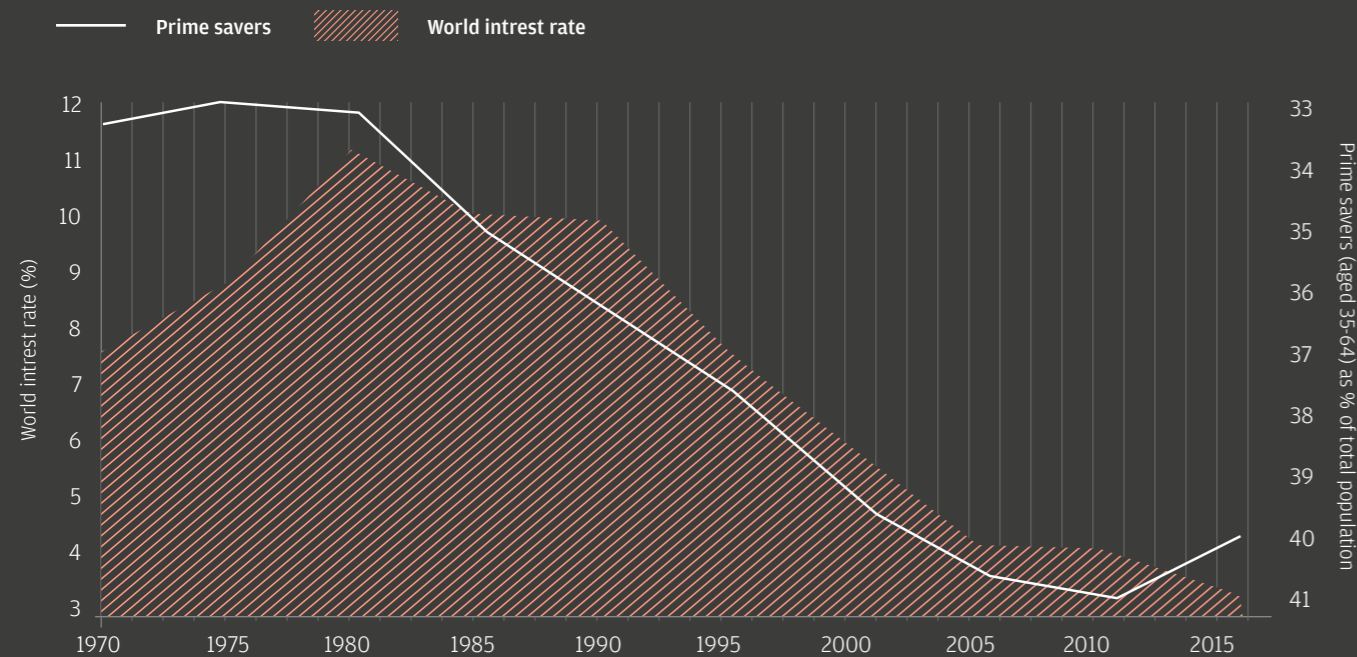
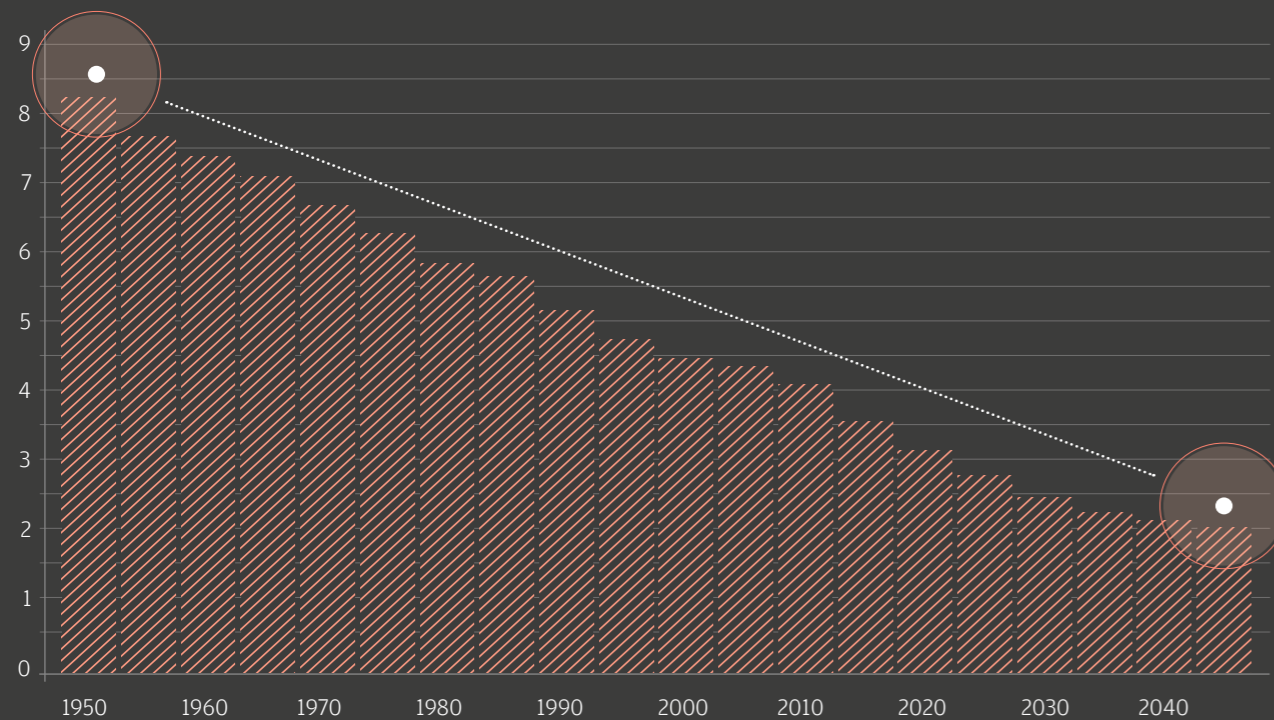


Chart 7
Number of workers per pensioner in advanced economies



“The modern welfare state was created with eight workers per pensioner in the late 1940s.”

—
 “Advanced economies will have two workers per pensioner by 2045.”

Global interest rates are likely to remain low

The changing age structure also has major implications for equilibrium long-term real interest rates. Recent academic work suggests that much of the decline in real interest rates over the past 30 years can be traced, either directly or indirectly, to demographic factors. The rise in the number of older workers (i.e. 'peak savers') accumulating savings ahead of retirement has seen global savings swell (Chart 6), pushing real interest rates lower. At the same time, ageing populations have also contributed to a decline in investment, further depressing global interest rates. Going forward, the latest research suggests that demographic factors are likely to keep global real interest rates permanently low; recent estimates suggest the equilibrium global real interest rate has now fallen to just 0-0.5%, compared with an average rate of 4-4.5% in the 1980s.

House price growth is likely to slow

Demographic change is also likely to be negative for asset prices in the coming decades, as the elderly look to sell down at least part of their assets to maintain their consumption once they enter retirement. However, the fact that the elderly tend to retain their housing assets for much longer than other forms of wealth, should help to cushion the residential market from any sudden dislocations. To this end, an expected increase in demand for equity-release products (e.g. reverse mortgages) by the elderly in the coming years will further help the elderly to defer the outright sale of their housing wealth. With that said, our analysis shows that countries with higher numbers of elderly do have weaker house price growth.

Ageing will be negative for public debt

An ageing population will create significant fiscal stress for governments in OECD economies, as a result of rising health and pension costs. A rising proportion of elderly people is expected to see government spending on old-age benefits (principally health and pension expenditure) to rise significantly over coming decades. The OECD estimates that rising age-related spending will increase total government expenditure by around 8% of GDP p.a. on average, by 2045. With government debt-to-GDP levels already high in many countries, covering the increased fiscal cost of ageing will require some combination of offsetting government spending cuts or raising taxes, to prevent an unsustainable rise in government debt levels.

Difficult political decisions will be needed to pay for ageing

This will force governments to confront difficult decisions about who pays for ageing; either younger workers will be forced to carry a greater tax burden, or the elderly will need to fund a greater share of their own retirement costs. Our analysis of government spending suggests that there is already limited room in many countries to make further cuts to non-age related expenditure (e.g. education spending and unemployment benefits) as government spending on old-age benefits is already starting to 'crowd-out' spending on items that benefit younger generations. Meanwhile, on the revenue side, it will become harder to keep squeezing income taxes that primarily affect younger workers, as the ratio of workers to retirees is expected to continue to decline (Chart 7).

**Politics is becoming fractured
along generational lines**

An ageing population potentially has major implications for politics. The elderly are becoming an increasingly important political constituency; they are more politically engaged than younger generations and the evidence suggests that they increasingly have divergent fiscal priorities to younger generations. The widening gap in inter-generational political preferences is evident in the stark voting differences along age-lines in the 2016 UK Brexit referendum and the US presidential election. This growing political divide reflects the difference in economic interests of wealthy Baby Boomers; most of whom have enjoyed full-time employment and sustained house price growth over the past 30 years, with the diminished prospects of Millennials, who are struggling to buy a home, face an uncertain labour market, and potentially a rising tax bill to pay for the elderly.





Implications for real estate



The Rise of the Silver Consumer // The Silver Consumer is different // The rise of the multi-generation workforce // Better workplace design may help improve the productivity of an ageing workforce // The changing needs of the last-time buyer

Retail Sector

The rise of the Silver Consumer

The swelling number of retirees, combined with strong income and wealth levels, means the elderly consumer market is set to grow rapidly over the next 30 years. Because most elderly people are homeowners when they retire, their discretionary spending on non-housing consumer items is sustained well into retirement. Indeed, the elderly tend to spend more on a number of key discretionary items, including travel and entertainment.

The Silver Consumer is different

Given the spending power of this growing consumer class, there will be greater emphasis

on the spending choices of the elderly during their extended retirement. The expected growth in the elderly consumption market over the next 15 years presents a compelling opportunity for retailers who understand the elderly consumer. While many retailers continue to target younger consumers, more work is needed to fully understand the shopping habits of the mature market segment. In general, elderly consumers tend to be: less price sensitive, make frequent small trips, are more willing to spend on luxury items and to shop during weekdays and working hours. However, like other consumers, elderly buyers are also increasingly buying online. Industrial as well as retail stand to benefit from increased elderly online shopping.

Behavioural profile of the Silver Consumer

Selective, but big ticket spenders

The elderly tend to buy fewer items, but spend more per item.

Young at heart

60% of the 65+ said they feel much younger than their age.

Quality over quantity

43% of elderly people will buy on offer only if the quality is the same; many are not interested in 2-for-1.

Indulging their interests

Around 2/3rds of American seniors plan to spend more time on hobbies and interest in old age.

Staying close to home

68% of the elderly prefer smaller shops close to home.

Resistant to advertising

Between 66% and 75% of elderly people say advertising either depicts them negatively or does not relate to them.

Looking for assistance

Between 52% and 66% of the 60+ struggle to read labels, and over 60% would like to sit while shopping.

Weekday shoppers

Most elderly prefer to shop on weekdays and earlier in the day.

Frequent small trips

Two out of three elderly shop at least twice a week, more than necessary.

Going digital

As with the general population, 60+ are increasingly shopping online.

Less price sensitive

Only 32% of elderly people say that price is their primary purchasing criterion.



“By the start of the next decade there will be more older workers aged over 60 still in the workforce than young workers aged under-25.”

Office Sector

The rise of the multi-generation workforce

Tomorrow’s elderly are likely to work longer than previous generations. While the number of retirees is set to swell, so too will the numbers of older workers who remain in the workforce. More elderly have started to defer retirement or are now transitioning more gradually out of the workplace by switching from full-time to part-time work. By the start of the next decade there will be more older workers aged over 60 still in the workforce than young workers aged under-25 (Chart 8). However, the trend still differs markedly by region and culture. Already a quarter of people in Japan and South Korea continue to work past 65 years. In contrast, Europe has the lowest number of elderly-workers, though the trend is for the elderly to continue working for longer than was previously the case in all regions.

This will have significant implications for offices

An older workforce will increase the need for employers to plan office space for use by multiple generations. Older workers have different needs to younger workers. In particular, office design will need to adapt for the different spatial requirements of elderly workers in areas such as lighting, acoustics and ergonomics. For instance, work by the World Bank and the British Council of Offices suggests that elderly workers tend to appreciate the ability to control artificial light sources and prefer quieter work areas as well as furniture and desk spaces that can be adjusted to different height and comfort requirements.

Better workplace design may help improve the productivity of an ageing workforce

Research shows that the ageing brain experiences a decline in certain cognitive functions but also shows a remarkable ability to compensate by improving performance in other functions, particularly verbal and social skills (Table 1). The retention of older workers can bring benefits such as being repositories of tacit knowledge built up over years and as experienced influencers to a younger generation of workers.

“Research shows that the ageing brain experiences a decline in certain cognitive function.”

Chart 8
OECD employment by under-25s and over 60s

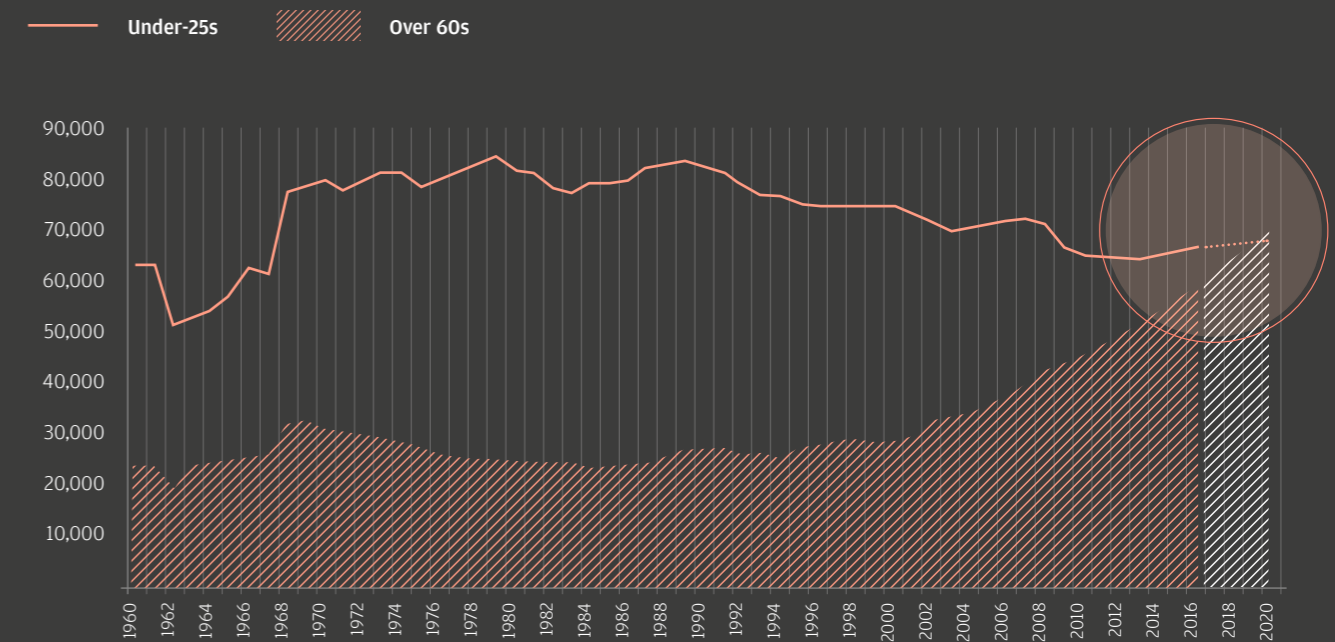


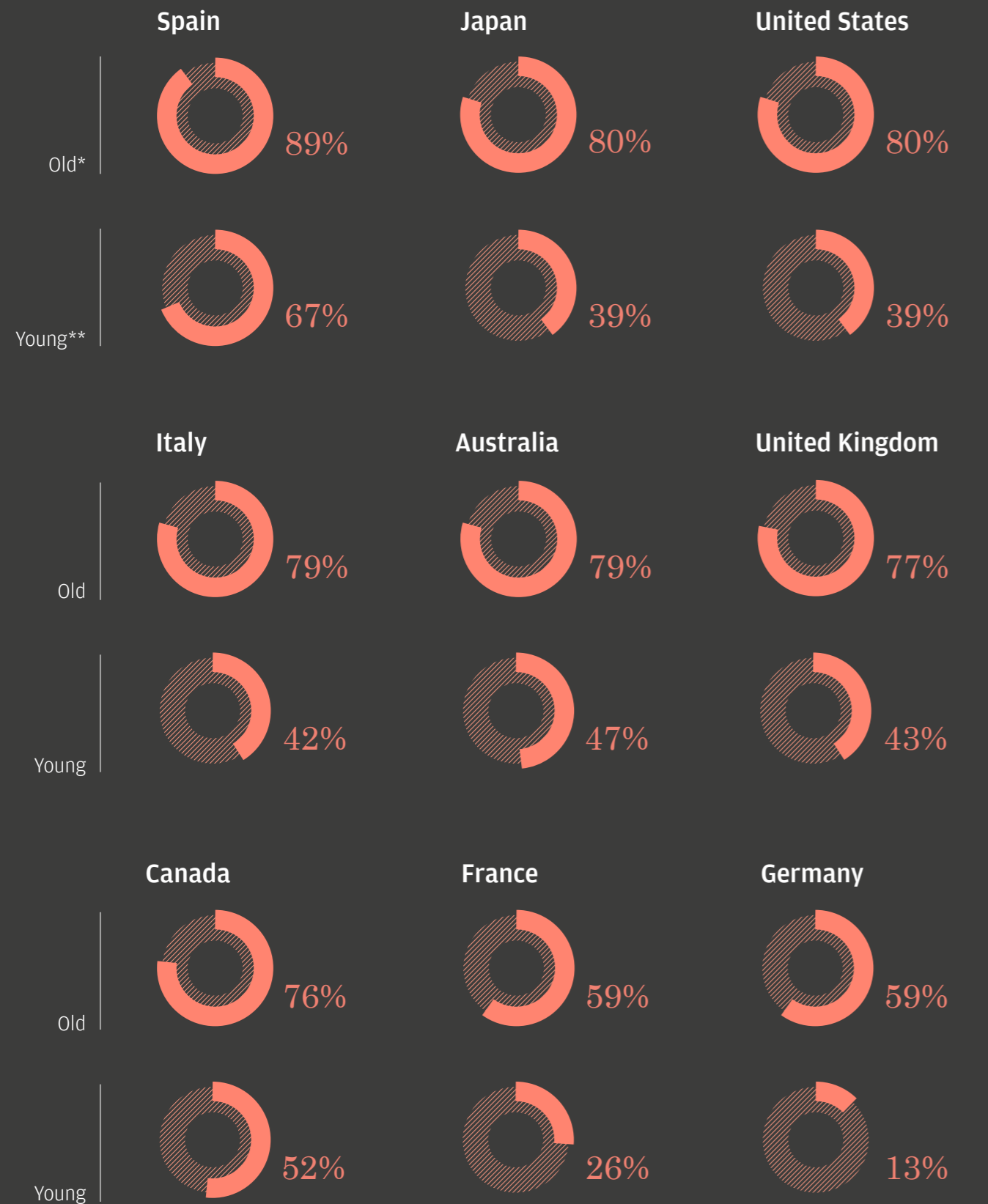
Table 1
Effects of ageing

Why offices need to be designed with an ageing workforce in mind

Positive Weakly negative Strongly negative

Function	Subfunction	Impact of ageing
Working memory	Attention resource allocation	Impaired for tasks that require high attention
	Speed of information processing	Slower processing of more complex tasks
Memory	Semantic memory	Older people have a larger knowledge set
	Implicit memory	Brain can draw on accumulated experience at older age
	Episodic memory	Lower ability to remember context deadlines
Attention	Selective attention	Older people require more time to focus
	Dual tasks	Older people require more time to divide or switch attention
Perception	Hearing and vision	Deteriorate with age, affect cognitive performance
Higher-level cognitive functions	Language and speech	Discourse skills improve with age

Chart 9
Homeownership rates: old vs young



“In the UK, there are an estimated 11.4 million potential last-time buyers.”

Residential Sector

The changing needs of the last-time buyer

While demographic change will affect all real estate sectors, the impact on housing markets are perhaps most profound.

Elderly households will become a significant proportion of the residential market

An ageing population will inherently see a surge in the number of elderly households. By 2030, as many as a third of households in many OECD countries will include an elderly person. Moreover, the proportion of households aged over 75 years will account for much of this increase, with more than half of old-aged households including someone aged over 75.

There will be a sharp rise in lone pensioner households

While most elderly households live as couples, the number of single person households is expected to rise significantly over the next 30 years, driven by an increased number of divorces in middle age and a high proportion of widows in later life. Already, one in five elderly people in the OECD live alone. In general the older the household, the more likely it is to be a lone household (usually a lone female household).

There is still little evidence of the elderly actively downsizing

Although there is a common perception that the elderly want to downsize to smaller dwellings, the actual international evidence is quite mixed. Rather than downsize as their housing needs change, the elderly tend to ‘age in place’, in locations where they have long-term community attachments. In England, only 2% of households aged over 65 have moved in the past seven years, compared to 51% of 16-24 year olds and 24% of 25-34 year olds.

The majority of older households in the UK, for example, are owner-occupiers with 70-80% of the elderly owning their own home (Chart 9).

Few elderly make the positive choice to move to retirement housing until something forces them to do so, and there is limited demand for assisted living arrangements, which remains the housing option of last resort for many elderly. Most elderly prefer to receive long-term care at home and only move to assisted living or care facilities when deteriorating health requires them to do so. The net result is that a growing number of elderly end up living alone and under-occupying large houses, in typically quiet, low-density suburban locations.

There is an untapped potential market for quality age-friendly housing

This analysis highlights that there is a fundamental mismatch between the large, under-occupied houses that the elderly currently own and the mid-sized, accessible housing they actually need. There is clearly an untapped market opportunity to build the right product to unlock the potential downsizing (or ‘right-sizing’) by the elderly into purpose built dwellings that are better designed for their life-time needs and located in the communities where they have existing attachments. In the UK, there are an estimated 11.4 million potential last-time buyers (homeowners over 55). Furthermore, by developing housing products that are more appealing to older buyers, the real estate industry could help unlock the number of larger properties available for younger working families, who have higher space requirements.

Existing housing stock will need to be adapted

There is also likely to be significant opportunity in retrofitting existing houses to allow the elderly to live independently for longer. Many countries now recognise the important link between long-term health and the houses the elderly occupy. Governments are directly funding the retrofitting of housing for the elderly in order to prevent wider (and more costly) ‘social hospitalisation’, where the elderly end up weighing on the healthcare system because of injuries sustained in poorly designed homes.



How an ageing population will change cities



Many cities are getting older // How an ageing population will change cities // City insight studies

“Only 9% of OECD cities currently have a high exposure to the elderly, but this will rise to 31% by 2030.”

Global cities remain relatively young

Despite the global nature of ageing, many leading global cities have so far remained relatively insulated from the ageing trend that is now underway. Most leading global cities have a much younger demographic profile compared with the national average. This has been reinforced by internal migration patterns, with vibrant global cities attracting an inflow of high-skilled young workers and a corresponding outflow of the elderly. Indeed, our analysis of the top 100 largest cities in the OECD shows that only 9% of cities currently have a high exposure to the elderly (defined as over 20% of population older than 65).

But this is set to change

While cities are not ageing as rapidly as countries, the ubiquitous nature of ageing will become more pronounced over the next 15 years. By 2030 there will be a high proportion of elderly in over 30% of the OECD's top 100 largest cities including Tokyo, Berlin, Milan, Madrid and Lisbon. Our analysis of ageing trends in global cities highlights that virtually all of the 212 'young' cities in the world in 2030 will be located in emerging markets. However, while these younger cities often offer stronger economic growth prospects, they are often less resilient cities, with higher levels of corruption and less transparent real estate markets.

Cities must adapt to the changing needs of the elderly

Ageing will force a rethink about how we design and build cities to be more inclusive of the elderly. One area where ageing will have an impact is on what exactly is the right level of density in our cities. Most vibrant cities are implicitly designed for active, working-age populations rather than the elderly, but given their stage of life and health requirements, the elderly cannot live at the same high density as the young. Policies to achieve greater density often boil down to attempts by developers to build ever-smaller-sized apartments, which are unlikely to be suitable for the changing physical needs of older residents (particularly the very old). Many will become mobility-impaired as they age and thus require larger rooms, ground-floor access and additional space for in-house care.

Increasing density must be balanced with age-friendly design principles

These preferences often conflict with the smaller average size of units that developers are currently building. A strategy of simply building ever-smaller micro-apartments aimed at young workers is likely to be a short-term solution that addresses current housing needs, rather than helping to create long-term sustainable age-friendly communities. Efforts to achieve greater density would be better if focused on building medium-density to make downsizing more attractive for the elderly (possibly through incentives in the planning system). Ultimately the density debate will need to factor in the impact of ageing. This will have significant implications on the urban form of our cities.

Cities should incorporate age-friendly principles

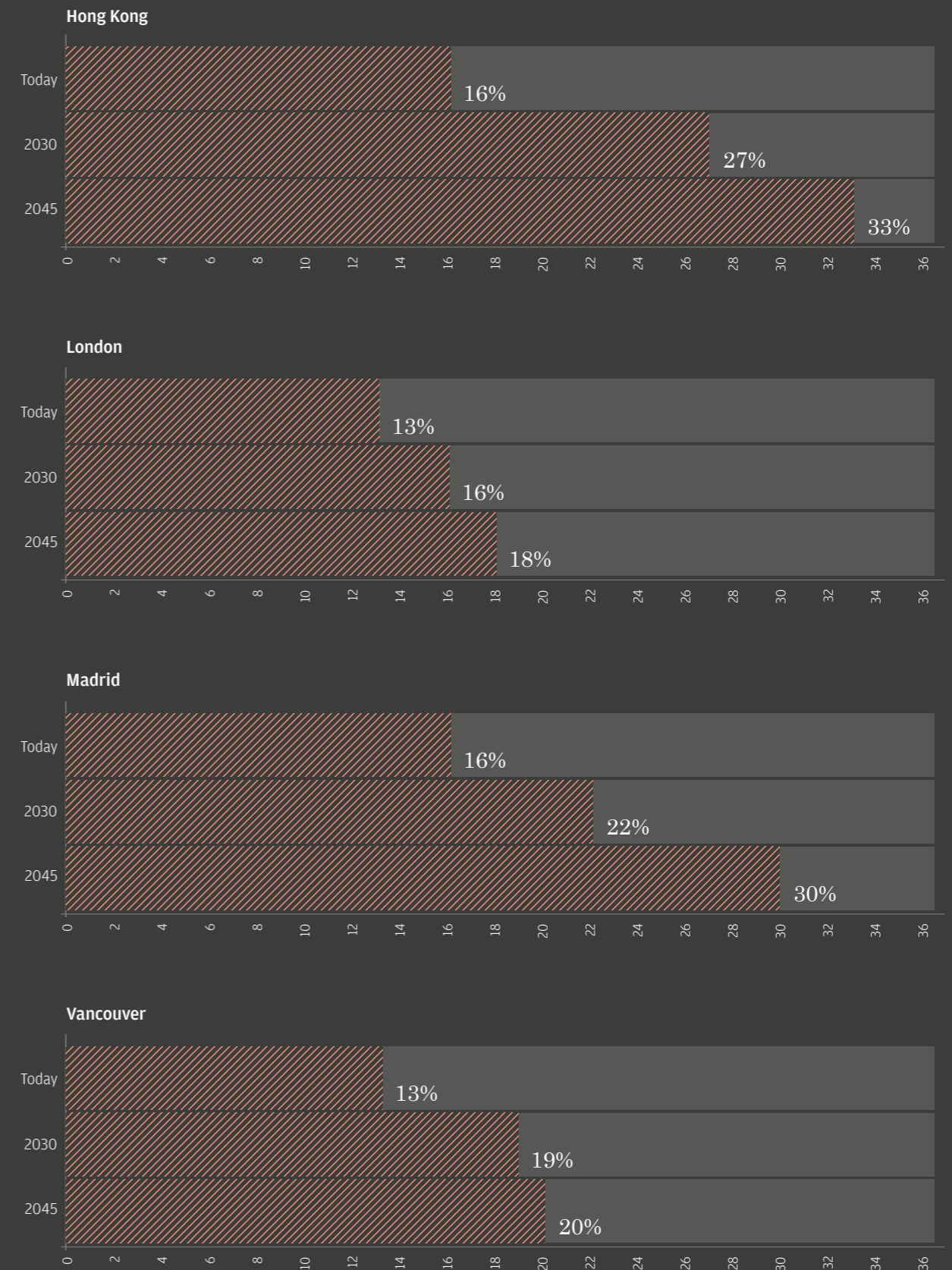
Beyond the density debate, with a greater number of elderly living in and visiting cities, increased focus is needed to make the urban environment more appealing and suitable for older people. There is a growing need to make cities more accessible and responsive to the changing needs of the elderly. Many cities' public transit networks are not fully accessible to the mobility impaired. For example, in Paris, only nine of 303 metro stations are fully accessible to people unable to walk up or down stairs. Increasingly, planning policy internationally is geared towards creating 'lifetime neighbourhoods' and 'age-proofed' communities.

Grosvenor's approach

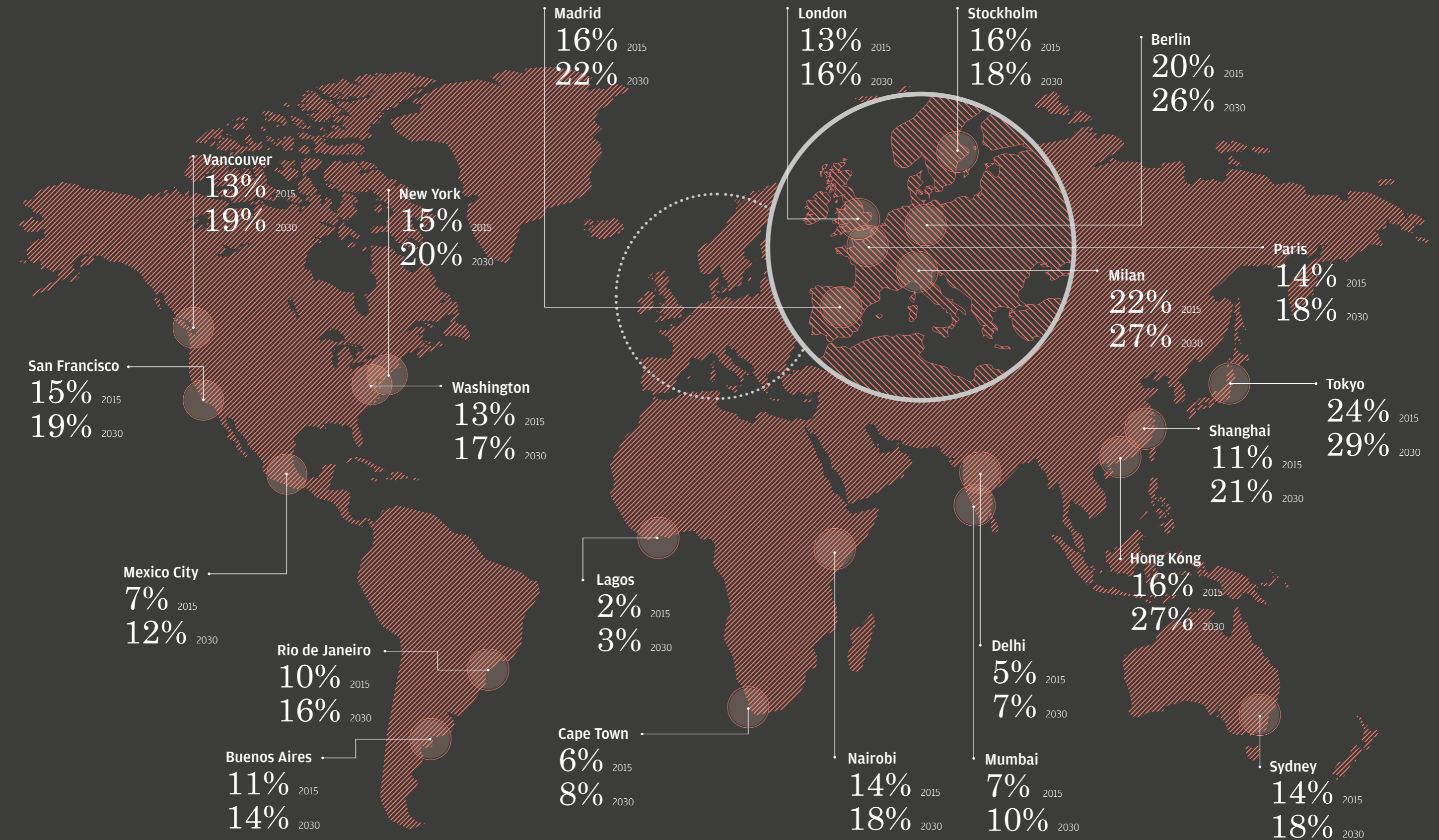
At Grosvenor, our activity is guided by combining expertise built over centuries with a far-sighted approach that is informed by research and projections of how megatrends, such as ageing, will impact cities and communities in the future. We want to play our part in helping address the challenges that cities face and deliver schemes that are flexible and able to accommodate the needs of future occupiers.

The following insights by some of our developers around the world, look at the ageing issue from a city perspective, providing a snapshot of how the implications of an ageing population are being addressed, if at all, within four very different global cities: Hong Kong, London, Madrid and Vancouver (Chart 10). These pieces also offer views on how the sector can play a part in shaping the future development of cities in a way that improves their resilience to the ageing challenge.

Chart 10
Elderly (65+) as % of total city population



Elderly (65+) as a proportion of total city population





Hong Kong

Improving the quality of homes for older people

600

square feet is a typical size home for a family of four or more to live together in

326,000

houses will have been built more than 70 years ago by 2045

27%

of the population will be elderly by 2030 and 33% by 2045

“In Hong Kong, unless the elderly require special care, it is not common to put them in a care home.”

By Gary Wong
Senior Project Development Manager,
Hong Kong

Hong Kong is one of the most densely populated cities in the world and has been ranked by Forbes as the world's most expensive city to buy property in for the seventh year running. The pricing for a residential flat is now averaging between HK\$16,000-20,000 per square foot. To make residential property more affordable, developers are increasingly focusing on the development of small flats, primarily targeted at young, single buyers.

The high cost of living in Hong Kong means that it is the norm for both parents to work, in turn relying on grandparents for childcare. This adds to the already strong cultural tradition of families staying close or together as a unit. In fact, unless the elderly require special care, it is not common for them to go to a care home. Showing filial respect for one's parents is a virtue of Chinese people.

The combination of cultural expectations and the high cost of housing mean that it is typical for a family of four or more to live together in an apartment unit of no more than 600 square feet.

But despite the obvious challenges facing Hong Kong, with its rising share of elderly people, limited space, and a culture of two-year lease lengths, there is sadly little awareness of the elderly issue among the public. There are few signs that the authorities are interested in the challenges either, instead focusing on wider issues, such as economic competitiveness.

What could the authorities do?

Since there is a respect for free trade and enterprise in Hong Kong the government is not minded to impose new conditions on private developments.

While the government already has planning rules for new developments aimed at setting minimum standards for the disabled, such as wheelchair access, these could be broadened out and extended to include senior citizens. For example, expanding the current limit on Buildable Floor Area that can be allocated towards recreational use from 5% by say two to three percentage points more, provided the developer commits to integrate a scheme or recreation space that caters to the needs and usage specifically for the elderly to help them remain active and integrated in their communities.

The government could specify a minimum size for apartments in schemes when they tender a land sale for development to ensure that the homes have the flexibility to accommodate multiple generations.

There could also be tax incentives, such as tailoring allowances for people living with their parents to be more generous to those families living in more crowded accommodation.

A good example of where a project has focused on this demographic is a suite of four projects developed by the Hong Kong Housing Society, a non-government and non-profit organisation, which built 1,224 units between 2003 and 2015. Three - Jolly Place, Cheerful Court, and Tanner Hill - are wholly for the elderly, while one, Harmony Place is built for a mix of buyers alongside their elderly parents and offers shared facilities such as a gym, swimming pool, and an activity room. While these schemes have been very successful, delivering fewer than 1,300 units in the past 15 years is definitely not catching up with the market demand.

For private developers, the idea of adapting schemes for elderly living is still a work in progress. The sector could look to improve the quality of the offer by working with other sectors to ensure buildings can be adapted as residents age.

Developers should also be encouraged to develop products that focus on wellness, which have a positive impact on residents' physical health, mental state and productivity. For example, it's been shown that thoughtful material usage, colours, biophilia design, lighting and use of texture, are features that become increasingly important as people age.

There are also good opportunities to cooperate with technology and service providers to include improved telecommunications and internet facilities that senior citizens increasingly take advantage of and may come to rely on more in the future.

Constraints of space and pricing will mean the solution will come from adapting existing stock rather than building new properties in Hong Kong. This means enhancing the living areas to include wider corridors, more spacious rooms, a more joyful atmosphere and more greenery as well as better public amenities, to allow older people to remain within their communities.

Looking ahead, Hong Kong will always have a high density. That is fine in itself, but in order to meet the challenge of an ageing population the government and developers must work together to ensure the existing stock is adaptable.



London

An aerial photograph of London, England, taken at dusk. The River Thames flows through the center of the city, with the iconic Tower Bridge in the foreground. The city skyline is visible in the background, featuring numerous skyscrapers and buildings. The lighting is warm, with a golden glow from the setting sun.

Build-to-rent to ensure our global city remains home to older people

£2.5 billion

is the cost of poor quality housing to the National Health Service every year

80%

of elderly people wish to age in place

37%

increase in number of elderly (aged 65+) households by 2029

“74% of elderly move to places within 100 km (or 1 hr – 1.5 hr train ride) of Central London.”

By Simon Harding-Roots,
Executive Director,
Grosvenor Britain & Ireland

London is a young and fast-moving city but that does not mean it cannot be a city for older people.

Much of the negative language that is attached to the notion of an ageing population is both surprising and frustrating. People are not geriatric at the age of 60 or 70, and many will look forward to as many as 20 years of a really active lifestyle, taking advantage of transport, culture and leisure.

The 'silver surfer' generation is an exciting demographic and it means that what we have in London and in the real estate sector is a huge opportunity, especially in a country that does not have a strong culture of keeping the elderly within the family unit.

We need to move away from the idea that the only option is for the elderly to go into a care or rest home when, in fact, most older people in London, as much as elsewhere, wish to remain independent.

The challenge is that many older Londoners are living alone in the family four-bedroomed home that they raised their family in, but which may not be suitable for an older person.

There is a strong opportunity for us as an industry to focus on building communities made up of homes for rent that will meet the needs of all demographics and not just the 25- to 35-year-olds whose faces often adorn modern development hoardings.

There is currently an acute lack of the type of accommodation in London that suits all ages. Developers need to capture those elements of a home that older people particularly value, whether that is spacious rooms, wider corridors, storage areas, or some outside space.

Including a range of different sized blocks and building with flexibility into a development so the units can be adapted later on is a very cost-efficient way of accommodating residents' future needs.

Developers should also look to include more public amenities such as ground level open spaces within a proposed new community in order to make it more attractive to the older occupier.

Grosvenor hopes to put this into practice in Bermondsey, south-east London, where we have drawn up a masterplan for a mixed use community of 1,500 flats with office, retail and community space. Building for rent means the apartments will typically come with facilities and features such as two standard sized bedrooms and two bathrooms unlike much of London's older stock where there will often be small 'box' rooms as part of the accommodation offer.

This takes into account that it is increasingly common for individuals of all ages to share homes, making living in London more affordable. New developments designed with this in mind are more appealing to people who fear being priced out of London. Technology installed within new buildings will also become an important feature for the increasing tech-savvy older generation.

Renting should be seen as a functional way of life that offers flexibility where people might start off in a studio and work their way through the different types of property but within the same development, enabling people to remain in their chosen communities for longer. It can also provide a positive alternative to retrofitting large older houses, which are in demand from families.

Tax incentives could play an important role in encouraging older homeowners to sell an oversized family home and so free up housing stock, and for modern regeneration aimed at diverse and integrated communities. A financial incentive to sell, and an exemption from Stamp Duty when buying, could be very beneficial.

The good news is that London has made significant strides to make the city more accessible, not just for the elderly but for everyone who needs help with mobility, including the disabled and parents with buggies. Whether it is way-finding signage, free public transport, pedestrian zones, dropped kerbs, supermarket deliveries and even taxis at the touch of an App, it makes for a friendlier city for everybody.

If we get this right, London will be a more integrated city. People will be living for longer in places they are happy in.



Madrid

An aerial view of Madrid, Spain, showing a dense urban landscape with red-tiled roofs and various buildings. In the foreground, a large, ornate, dark blue dome with gold accents is prominent. The city extends to the horizon under a clear sky.

Designing new communities that accommodate the older person

1.1 million

elderly live in the inner city;
over half of the population

84 years

The average life expectancy in Madrid is 84, making it the region with the highest life expectancy in Spain

3 out of 4

elderly people live in underoccupied buildings



“New large-scale land developments in Madrid are now required to incorporate 25% social housing.”

By Fátima Sáez del Cano,
Managing Director, Spain
Grosvenor Europe

Every crisis brings an opportunity and in the case of Madrid the steep property crash of the last decade has opened a way for the city's developers and authorities to pioneer a new approach to an age-old problem.

The downturn means that there has been little property development and low levels of public investment over the last 10 years. Now that confidence is returning, the needs of the elderly are back on the agenda and there is an opportunity to implement best practices and designs that have emerged over the past decade.

New concepts coming through include shared housing aimed at single women with children, who can support each other with childcare. This idea could be easily adapted to suit the elderly, overcoming the issue of loneliness and enabling people to share costs of living and social care without having to move to a care home.

New large-scale land developments in Madrid are now required to incorporate 25% social housing and this could be adapted to include an allocation for older people.

In terms of new properties, companies are starting to look at what will appeal to older people. They have to take account of the culture in Spain, which is very much family focused. Grandparents play a large role in helping to take care of their grandchildren for example, which means that families want to live close to (but not with) each other. Therefore, there needs to be a variety of housing to enable people to move within their existing community.

This means the concept of a retirement village that is popular in the United States will not attract much interest in Spain. Instead, the industry needs to focus on designing accommodation that is ready now but to which improvements can be made later.

We need a revolution that leads to the creation of better alternatives, which will in turn stimulate demand and lead to further innovation. There is a huge opportunity for an industry that is at a

new starting point. The challenge is to produce something that is attractive to a 55- or 65-year old who may have few additional requirements, but which is flexible and can respond to their changing needs as they age.

This will include the flexibility to turn traditional layouts into open plan spaces and providing a main bedroom and bathroom that can still suit the needs of the elderly with mobility issues.

There is also a huge potential for developers to collaborate with services companies to install features that can help older people, such as incorporating technology that is very intuitive for the elderly to use and which adds greatly to their wellbeing.

The government too can help. Four out of five Spaniards own their home, but it is often their only financial asset, which means that they are reluctant to sell in order to finance living in a retirement home, fearing they will leave nothing to their children when they pass away.

The cost of buying and selling homes, including a property transfer tax and notary and registration fees for the buyer and commissions and capital gains taxes for the seller, are high and could be reduced as an incentive to the elderly to move.

The key for developers is to educate the generation who are nearing retirement, helping them understand that there are options between their existing home and a care home. If this group trust developers to deliver high-quality homes that are flexible enough to adapt to their changing needs and at a price that is not just aimed at wealthier households, they are more likely to make the move.

The future may lie in the suburbs. Although many of Madrid's elderly live in the city centre, its history and layout make it hard to find new sites or demolish existing buildings that often have no lifts.

The move of younger people to suburbs which are well connected to the centre by metro and where there is a supply of ready to develop land, offers the potential to build new neighbourhoods where multi-generations of families can more easily live closer for longer. That would be a positive legacy from the crisis.

Vancouver

Densification key to ease shortage of homes for elderly to rent or buy

65 years

There are more people over the age of 65 than under 15 in Canada

60%

of ethnic minority seniors are Chinese

13%

of downtown Vancouver residents are over 65 years old

“The primary focus of both the public and politicians in Vancouver has been on young people and families and how they will afford to live in the city.”

By James Patillo,
Managing Director, Development,
Grosvenor Americas

Vancouver is a fast growing city but its ability to create sufficient housing to meet the demands of a growing population is generally constrained by lack of available land (surrounded by mountains to the North, an ocean to the West, the United States border to the South, and greenbelt and agricultural land to the East), long entitlement and permit timelines and public resistance. The result of this has been fast-rising property prices and an increasing affordability problem.

While this has led to a debate about housing supply, the primary focus of both the public and politicians has been on young people and families and how they will afford to live in the city. My concern is about a lack of attention to the other end of the demographic, the large increase in the ageing population.

This constraint on space means densification within existing communities is required, especially as there is a strong desire among older people to remain in neighbourhoods where they have established their lives and social networks. There is overwhelming demand for new residential condominiums and it is not unusual for 100+ unit buildings to sell out in a weekend.

However, there is resistance to these types of developments, particularly within the communities where we know there is the most demand for that product. The strong NIMBY (Not-In-My-Back-Yard) tendencies present in many municipalities means the very people who have reached or are reaching retirement are often the ones opposed to those plans.

The challenge for the municipal councils and planning departments is to find solutions to bring more supply onto the market more quickly to meet the needs of people looking to downsize without putting further strain on existing civil and transportation infrastructure.

Grosvenor has designed a number of developments aimed at the downsizing market. Our 98-unit Grosvenor Ambleside development in West Vancouver is designed to meet the needs of the ageing community by including local serving retail outlets and an enhanced public realm.

The homes have largely been purchased by local older residents who want to remain in the community where their roots are, while being able to walk to local shops and restaurants.

Our Connaught development in North Vancouver features 82 homes over three or four storeys with over 60,000 square feet of ground floor retail including full service grocery and drug stores. We have received strong local interest; particularly from downsizers in the immediate vicinity. Our proposed downtown Vancouver condominium development, The Pacific, is also attracting interest from active downsizers who want to enjoy the vibrancy of the urban environment.

Another challenge will be to meet the demand from older people who have not built up equity in their homes to fund downsizing and who will require rental apartments in a tight market where the vacancy rate is below 1% regionally. There is a big problem emerging that will likely require government intervention, which could be as simple as rezoning areas for senior assisted living and care homes.

The challenge is for municipalities to encourage the construction of more accommodation for both sale and rent, marketed to older people while at the same time meeting demand from the younger generations. Creating balanced communities that serve diverse interests is how healthy societies survive.

Hopefully there will also be a change in the way developers look at senior living that produces more options between the current family home and a facility providing full care. People who are ageing nowadays are more active and want to be around like-minded people but do not want or need to go into a care facility.

The problem is that I do not see a lot of planning happening in municipalities for making specific zones or land parcels where the only approvable use is senior housing or a care facility. In the absence of deliberate zoning, land prices can escalate to a point where developing certain forms of housing for the ageing is not likely the highest and best use and therefore developers are not likely to do so.

One positive trend is the growing YIMBY (Yes-In-My-Back-Yard) movement among the younger generations who are aware that there is a need for more high density housing to respond to the demand created by a growing population and changing demographics.

As developers and planners, we have to figure out how to increase the supply while accepting that that process will change the city. That will be a big challenge but it's what has to happen to address the needs of an ageing population.



To discuss the themes and issues raised in this report, or engage in a conversation around lasting solutions to the ageing challenge, please contact a member of our team.

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