

Retirement housing trends: Expanding the lifestyle choices for older consumers

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AGENDA

-  **A phenomenal sector**
-  **A bit about us**
-  **Expanding the options for older consumers**
-  **Thoughts on the future of retirement living**



A PHENOMENAL SECTOR

We all make a huge difference

Together we enrich

- Our customers' lives
- Their families
- And society

We have innovative businesses and models but, this sector is set to change profoundly in the next 5-10 years.

How we respond will determine our success.



THE DIFFERENCE WE MAKE TO THE LIVES OF OUR **CUSTOMERS**

Before

- Often isolated, with family and friends having moved away
- Maintenance concerns
- Evolving care and support needs

After

- Remove burdens and worries
- Care and support on hand
- New friendships



Sylvie Morgan, 74 from Paxton Court, Tenby

“It’s totally changed my life for the better. You never feel lonely in a place like this. If you’re at a loose end, you will always bump into people who stop for a chat and pass the time of day.”

“It’s the security of knowing that you own your own home but with the peace of mind that you are surrounded by like-minded people who you can call on when you need to.”

Sylvie also leads our #takesone loneliness campaign with Paula Radcliffe MBE

THE DIFFERENCE WE MAKE TO OUR CUSTOMERS' **FAMILIES**

Before

- Concerned about their parents
- Providing informal care
- Sandwich generation

After

- Ease concerns
- Peace of mind
- Confident their parents are being cared for



THE DIFFERENCE WE MAKE TO OUR **SOCIETY**

*HCA, updated for inflation (2010)

**Demos (2017)

***University of Reading (2011)

Reduce pressure on health services

- c.£3,500 saving per person per year*
- £486m saving/year for NHS and care services**

Unlocks housing supply

- Typically 3 further moves from each sale supporting first time buyers
- Could release 2m empty bedrooms

Brings life back to town centres

- 98% of our sites are brownfield
- 80% of our customers use their local shops daily or often***

Government is supportive, but more needs to be done

- Welcomed 2017 Housing White Paper
- But more support needed:
 - A new use class for retirement housing
 - Support downsizing through a Stamp Duty exemption
- The UK's housing paradox: we actually have enough housing - there are 28.3m housing units for 27.4m households (CASS Business School, The last time buyer, 2019)



A bit about us



WE ARE THE UK'S LEADING RETIREMENT HOSUEBUILDER...

- 40 year history
- 56,000 properties
- 5 Star customer service

BUT WE ARE SO MUCH MORE THAN THAT...

*Known as Retirement Living Plus



**Dedicated in-house
management services teams
from 2010, providing care and
support – the jewel in our crown**



**'Good' or 'Outstanding' CQC
ratings in 100% of Extra Care*
communities in 2017/18**



Our Extra Care communities*:

- Help with dressing and mobility
 - Medication monitoring
- Rehabilitation/exercise assistance
 - Domestic assistance



**Average age of our customers
at entry:**

- 79 in Retirement Living
- 83 in Extra Care*



17,700
HOMEOWNERS

ACROSS 395
DEVELOPMENTS



88 EXTRA CARE DEVELOPMENTS*

*Known as Retirement Living Plus



65,000
MEALS
A MONTH



NEW EXTRA CARE
APARTMENTS
583 SOLD IN 2017/18



31,000
HOURS OF CARE &
SUPPORT PER MONTH

1,400
EMPLOYEES IN
MANAGEMENT SERVICES

ENRICHING THE QUALITY OF LIFE OF OUR CUSTOMERS AND THEIR FAMILIES

*Survey of homeowners by the NHBC and HBF (2016 & 2017)
**Survey of new homeowners by the NHBC and HBF (2017)
***Internal figures (2018)
****Homeowner survey (2017) and research by Demos (2016)
*****Homeowner survey (2017)



**9 out of 10 say
we improve their
quality of life***



**93% would
recommend us****



**33,500 social
events in the last 12
months*****



**83% say they experience a
sense of community...**
compared to 51% of older people in general****



**96% say they feel safe
and secure *******

**Our vision is to become the UK's leading developer,
manager and owner of retirement communities**



Expanding the options for older consumers



WE ARE CENTRING OUR NEW APPROACH ON WHAT OUR CUSTOMERS VALUE

**...and becoming a
service-led business**

SOURCE: McCarthy & Stone Homeowner Survey,
2017 | Non-take up research, 2017 | HBF new home
customer satisfaction survey, 2018

WHAT OUR CUSTOMERS WANT

Independence

Like proximity to transportation, privacy and own outdoor space

91% of our customers have good access to local amenities and facilities

Support

During life transitions, including social activities and healthcare

c.8/10 customers take part in organised events within our developments

Convenience

Customers value features that are easy to use and enhance their lifestyle and safety

94% of our customers feel their new property is easy to maintain

Community

“I don’t want to be isolated, if you are older and you don’t have good health, the community is vital”

c.7/10 customers have made new friends and socialise more

Affordability

1 in 5 list purchase price as a primary reason for not purchasing and 1 in 10 are concerned about service costs; half would consider renting

MIGRATING OUR BUSINESS TO PROVIDE MORE SUPPORT

To be discontinued



Lifestyle Living (LL)
 Azaleas, Poole

Downsizer housing

The evolution of our business



Retirement Living (RL)
 Olivier Place, Wilton

Services:

- c.40 apartments
- House Manager
- Shared areas



**Retirement Living Plus (RLP)
 (Extra Care Housing)**
 Liberty House, Raynes Park

Services:

- 24 hour support
- CQC-registered
- More and larger apartments
- High level of services and care
- Restaurants, well-being suites, hairdressers, laundry and mobility

New bungalows will be incorporated into RL + RLP

BECOMING A SERVICE-LED BUSINESS

WE HAVE ASKED OUR CUSTOMERS AND WE CAN DO MUCH MORE FOR THEM



Flexibility

- New services
- More ways to pay the service charge (e.g. deferral)
- Integrated technology



Choice

- More rental
- Build to rent
- Rent to rent
- Shared ownership



Affordability

- Contemporary
- Compact
- Fabricated in a new way

EXPANDING THE OPTIONS



Flexibility

Business model adapted to flexible needs

Introduce tiered bronze, silver, gold offering and different ways to pay for service charges: monthly, deferred, hybrid

New offerings give support and inclusion of the community

Gyms, clubs, new partnerships and opening our developments to the public. Includes Doctors' surgeries, pharmacies and convenience stores

Integrated technology enabled services

Digital/Artificial Intelligence, improving quality of life, community, safety and convenience for the customer

Leveraging our RLP care offering to support our customers in RL

EXPANDING THE OPTIONS

—
**Our new products and
services on offer**



Flexibility

Food & Drink

Enhanced menu
Weekend meals
Fine dining evening
meals
Room service
Alcohol sales in
restaurant/bistro

Transport

Minibus
Car Club

Health & Wellbeing

Online GP consultations
Private GP onsite
Domicillary care and
lifestyle support (RL)
Managed wellbeing
services (hair/beauty)

Technology

Health & Wellbeing
monitoring

Smart home technology

Wi-Fi in apartments
Customer portal/app
Online booking of guest
suites

Activities

Trips and events
Exercise lessons led by
staff
Book Club and Wine
Club

Services

Sky TV
Home insurance



EXPANDING THE OPTIONS



Choice



**Current
offering**

Acquire an apartment or a bungalow on
leasehold/freehold basis

Sell at any time



Rental

Lowest capital and transaction costs,
greater choice and less hassle

Now being piloted

Rent to rent option



**Shared ownership
(part rent, part buy)**

Acquire share of the long leasehold, pays
monthly rental on the remainder,

Option to increase share and reduce rent

**Developing a new asset class for retirement living
and increasing investment opportunities**

EXPANDING THE OPTIONS



Affordability

**Broadening our market
appeal by making our
products more
affordable**

Reducing our sales prices
to increase the size of our
addressable market

**Optimised
apartment design**

Incorporating open plan living

**New more affordable
contemporary
living solutions**

Reduced build time, higher
quality finish, repeatable
components



EVOLVING OUR BUSINESS



Affordability

How Modern Methods of Construction (MMC) transformed student housing

- Unite, the UK's leading student housing provider, opened its first MMC factory in 2002
- Over 10 years, delivered more than 80 developments worth over £1 billion in total
- Produced 200 modules a week for developments up to 11 stories high, using a light steel frame
- Works well where internal layouts are standardised and on flatted developments
- Reduces build costs, accelerates development times and boosts quality



MMC can play a similar role in transforming the retirement communities sector



Thoughts on the future of retirement living



OVER THE LAST 10 YEARS, THE STUDENT HOUSING MARKET HAS CHANGED DRAMATICALLY

- A market characterised by structural under-supply
- Has since seen sustained investment
- 31,000 new beds delivered in 2018, 87% by the private sector*
- Now a mature market with a number of providers

*Cushman and Wakefield, 2018

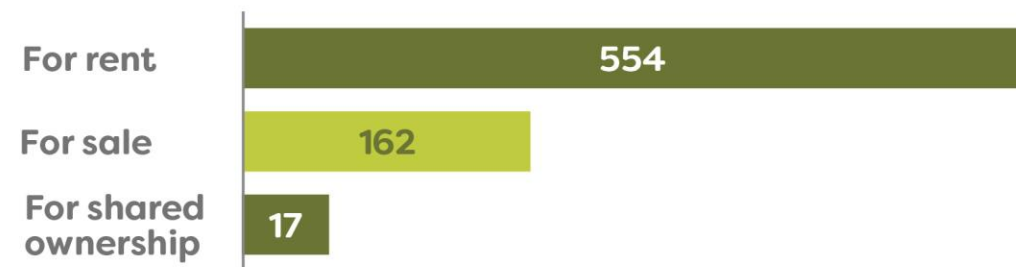
Purpose-built bed spaces available to students (academic year)



+c.50% growth in 10 years

Are retirement communities the next major asset class?

Specialist retirement housing, thousand



EAC (2018)

SO WHERE IS
THE RETIREMENT
LIVING SECTOR IN
5-10 YEARS' TIME?

THOUGHTS ON THE FUTURE OF RETIREMENT LIVING

Fantastic industry:

- For customers to buy into
- For employees to work in
- For investors to commit to

No one-size fits all solution

Long-term and deep customer relationships

Flexible services, expanded care and integrated technology

Embedded in and involved with local communities

A new asset class and investment option



Creating retirement communities
to enrich the quality of life for our
customers and their families