

RENTAL AND RETIREMENT IN THE UK

**CONNECTING
PEOPLE & PROPERTY,
PERFECTLY.**

THE NARRATIVE

'Over 55s with two or more unused bedrooms, account for £820 billion of property wealth.'

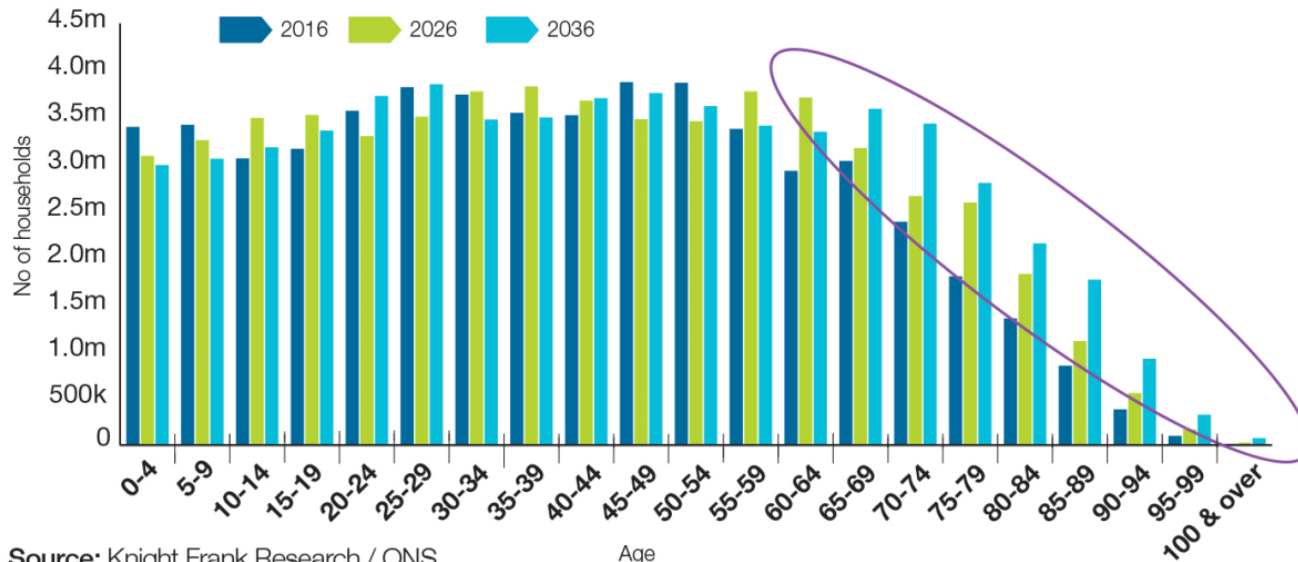
- A third of over 55's want to downsize, but only 7% are able to do so, mainly due to a lack of suitable housing.
- There are 5.3 million under occupied homes in the UK with 7.7 million spare bedrooms
- 3.3 million over 55's are looking to downsize
- 32% of over 55's considered downsizing in the last five years, but only 7% succeeded in doing so

- As people get older they find that they can no longer manage looking after a garden or negotiating stairs.
- Vertical living is OK.
- Limited retirement supply in the mid-market, with little available between expensive premium housing and low-cost starter homes.
- Unlocking unproductive housing wealth through equity release.

Source: Legal & General's - Our Last Time Buyers Report.

POPULATION GROWTH – ENGLAND

ONS



Source: Knight Frank Research / ONS

- Low fertility, high life expectancy & low net migration
- Over 60's – 20% to 31% by 2039 – increase of 10 million people

Source: Knight Frank Research / ONS

DECISION MAKING

£1.5 trillion locked up in older persons housing equity.

PULL FACTORS

- Care needs
- Release of equity.
- Greater flexibility.
- Tax planning.

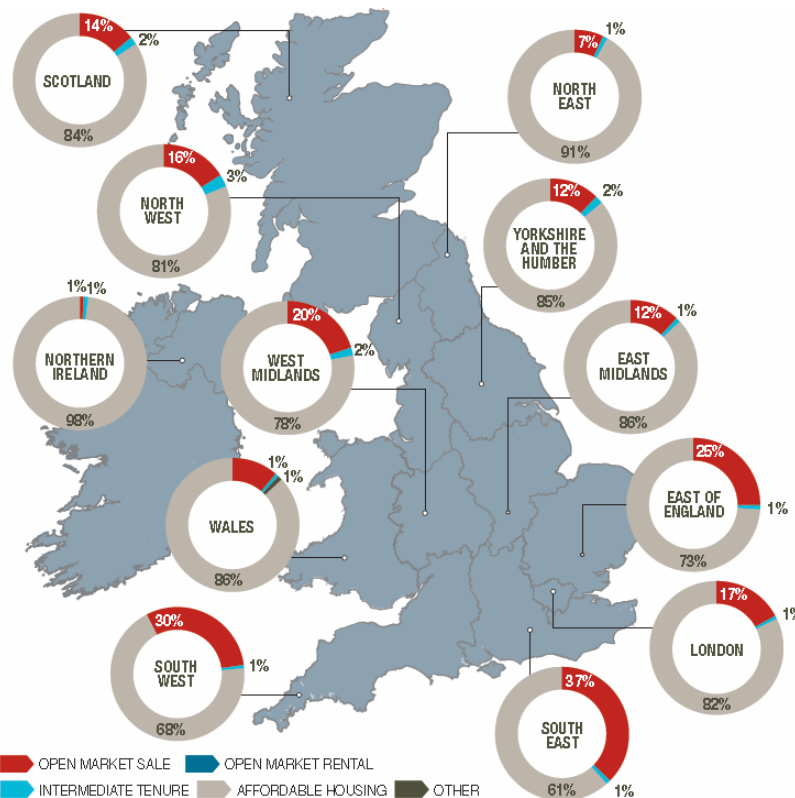
OBSTACLES TO OVERCOME

- People wanting to own a home.
- Fears over affordability (how long can afford to pay rent).
- Lack of products that offer choice and security of tenure.



SIZE OF MARKET ?

- Affordable has greatest share of the market.
- 15% is private sale.
- Open market rent is currently the smallest.



Source: Knight Frank / EAC

Source: EAC & Knight Frank

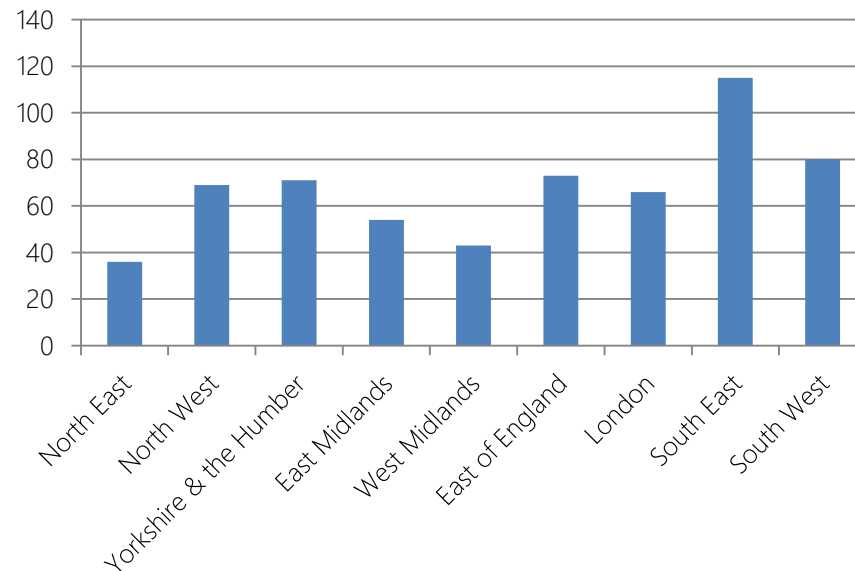
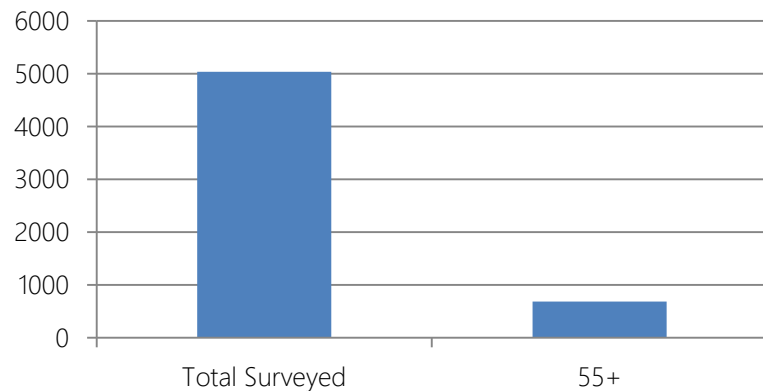
SIZE OF MARKET ?

2011 Census: UK (excl. Northern Ireland)	TENURE: Private rented: Private landlord or letting agency	
Age 24 and under	500,274	13.1%
Age 25 to 34	1,320,567	34.5%
Age 35 to 49	1,235,745	32.3%
Age 50 to 64	530,239	13.8%
Age 65 to 74	139,236	3.6%
Age 75 to 84	73,288	1.9%
Age 85 and over	30,577	0.8%
All renter households in UK	3,829,926	

- Around 20% of rental households are above 50yrs of age (773,340 households).
- But only 7% are above 65yrs (243,101 households).
- And 3% are above 75yrs (103,865 households).

Source: UK Census

SIZE OF MARKET ?



- Total of 5036 tenants surveyed
- 14% are aged 55+

Source: Knight Frank Tenant Survey 2016

Q4 2015 US MULTI FAMILY MARKET OVERVIEW

Renter Households by Age
Historical Growth Trends (millions)



20 Year Growth (1995-2015)	
Age	% Change Rate
Under 30	12.3%
30-39	4.7%
40-49	29.6%
50-59	113.3%
60-69	84.9%
70 and Over	14.5%

10 Year Growth (2005-2015)	
Age	% Change Rate
Under 30	9.3%
30-39	24.4%
40-49	18.4%
50-59	55.3%
60-69	86.5%
70 and Over	17.8%

- Research from 110 million people (43 million households).

Source: Newmark Knight Frank Research, US Census, Harvard University

BACK TO THE UK

- 2016 saw the previous rapid growth in the PRS sector gain yet further momentum.
- We have seen a dramatic increase in institutional investment into product originally built for sale being sold as a bulk rental investment. Total investment volume in 2016 of £2.8bn.
- We expect the investment in the PRS sector to reach in excess of £50bn by 2020. Of this L&G have predicted 10% (£5bn) will be older persons housing.
- As the standard of rental product available continues to increase we expect the demand from the traditional rental demographic of young professionals aged between 25-34 to continue to rise.
- Additionally, we anticipate a rise in rental demand from other tenant groups, such as mature professionals, young families and empty nesters, looking for a more flexible housing tenure.
- As the market continues to mature.. Investors will likely seek ways of implementing value add strategies and diversifying... into elderly.

ENGAGING WITH
PEOPLE & PROPERTY,
PERFECTLY.