



# The Case for Retirement Housing 2018

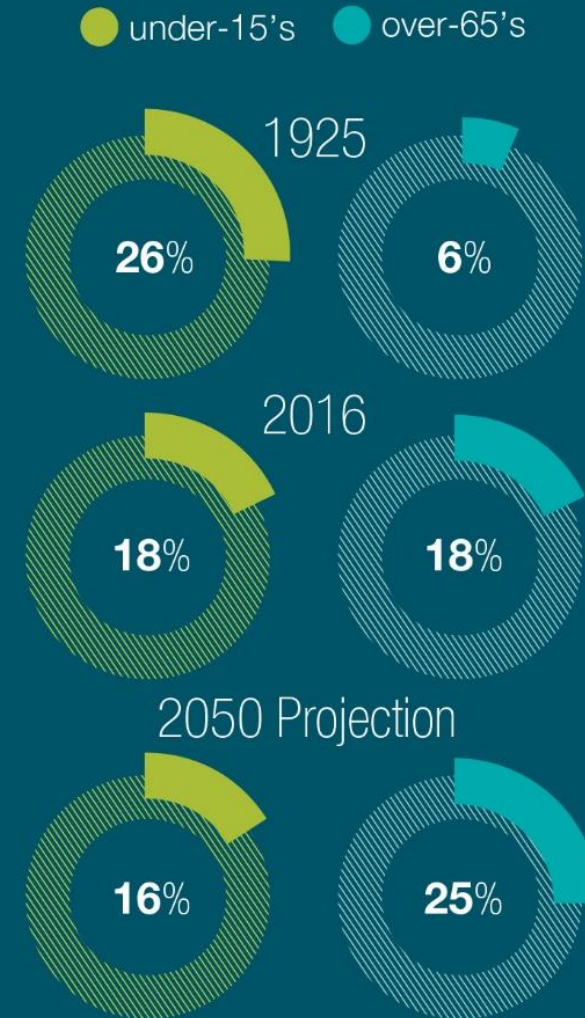
# This presentation

- Number and growth of our older population.
- Housing requirements of our older population.
- Ongoing challenges.
- Final thought.

# The UK is getting older

- Demographic change will have profound political, economic and social implications.
- Not enough people are aware of what lies ahead.
- Improvements in healthcare.
- Grey pound is increasingly influential.

The UK is getting older –  
under-15's and over-65's as  
% of the population

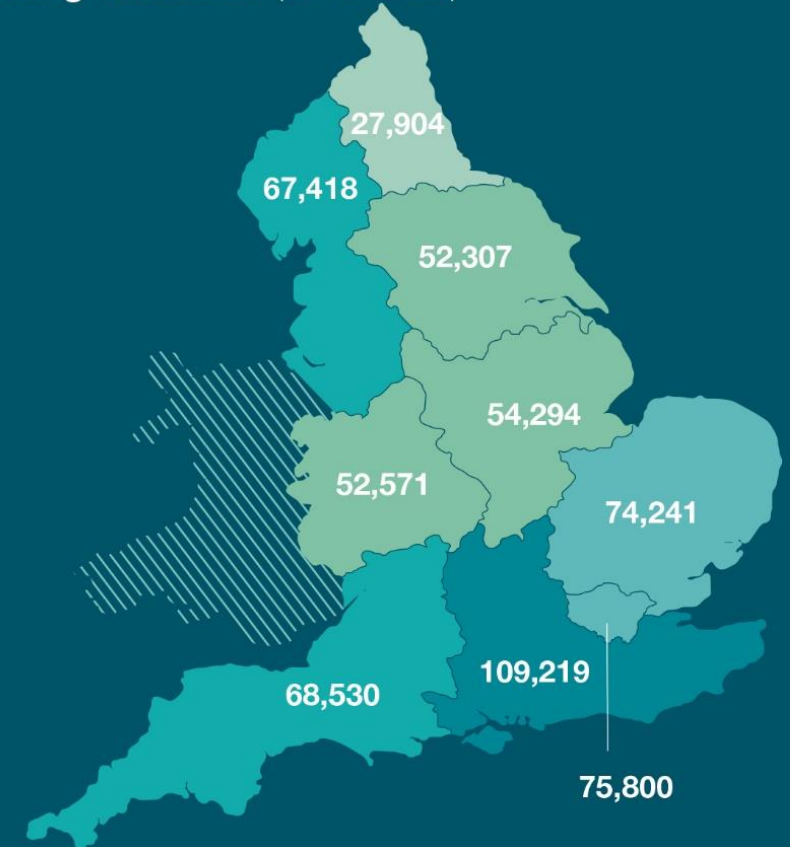


Source: ONS, Knight Frank Research

# The UK is a great place for longevity

- In 1922, there were 160 centenarians (those aged 100 or more). In 2100, forecasts suggest there will be 1.4 million.
- 25% of 65+ population would consider downsizing or moving into retirement housing.
- In the UK there are 9.9million (2016 latest data) people over 65+.
- Set to increase 20% in next 10 years to 12million.
- This equals an additional 500,000 individuals that would consider moving into retirement housing in the next decade (growth of 23%).

## Potential additional demand for retirement housing with care (2018-2028)



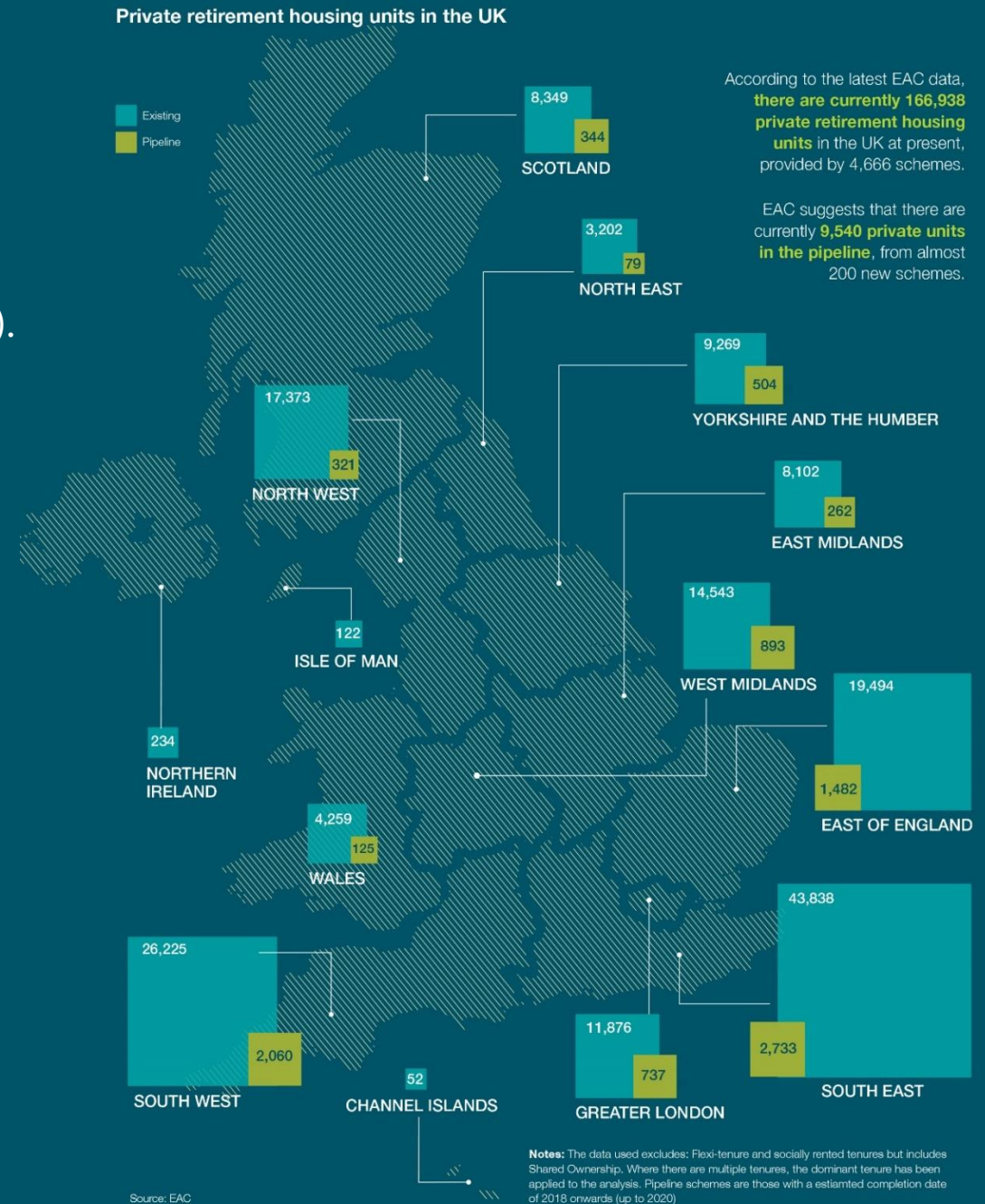
By 2028, there could be an additional **582,283** individuals requiring housing with care in the UK – a **growth of 23%**.

**Note:** We have made the assumption that 25% of the over-65 population would consider moving into Retirement Housing.

Source: ONS, Knight Frank Research

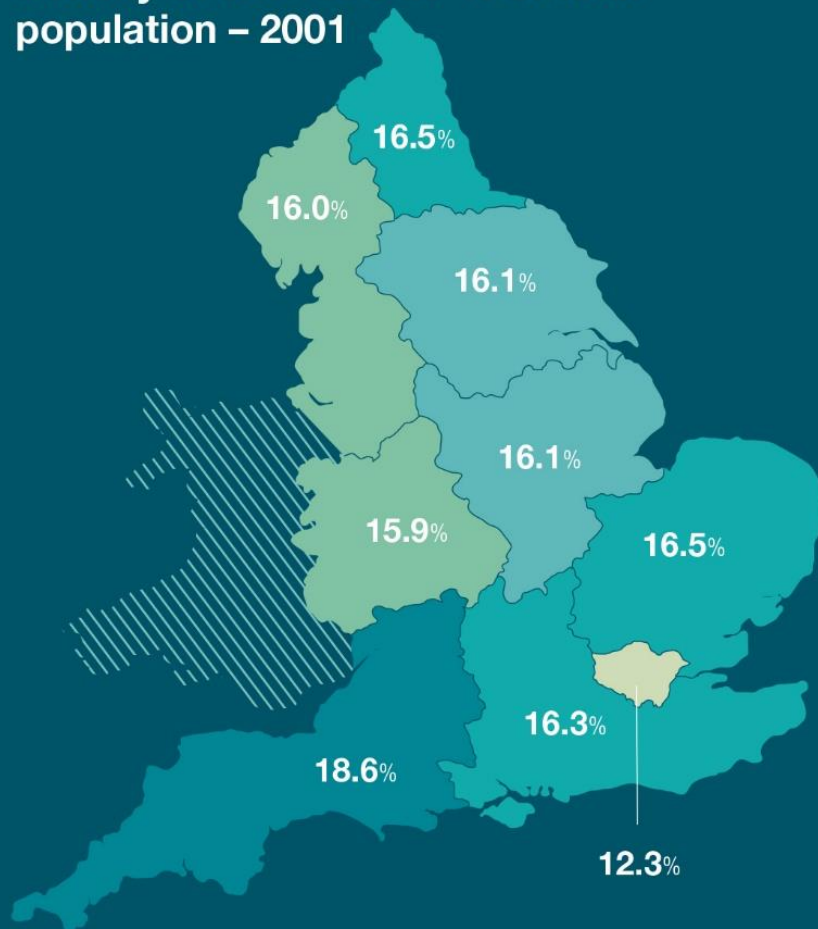
# Current Stock

- 725,000 retirement homes (across affordable, private, rented).
- c.2.6% of the 28million total housing stock in the UK.
- 23% of stock (166,000 homes) is private and shared ownership retirement homes (long leasehold). 0.6% of total UK housing stock.
- 9,540 units in the pipeline (although set to increase given market activity).
- “19% of over-50’s believe it ‘likely’ that they’ll spend their autumn years in a purpose-built retirement community” A recent survey by Retirement Homesearch.



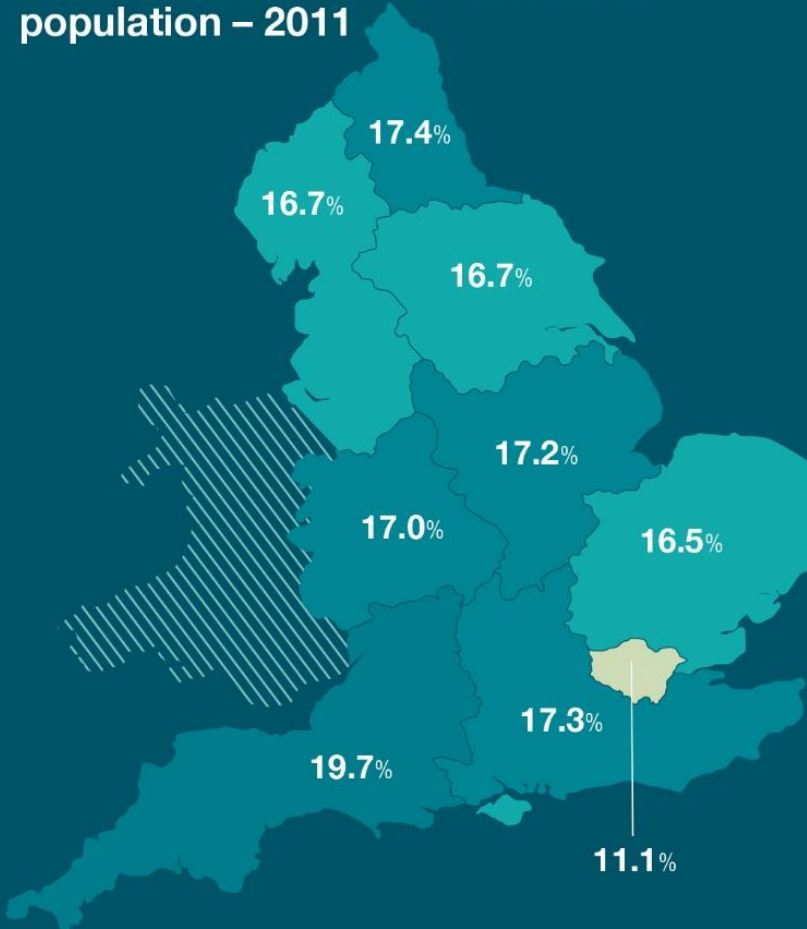
# Need

Density of over-65's as % of total population – 2001



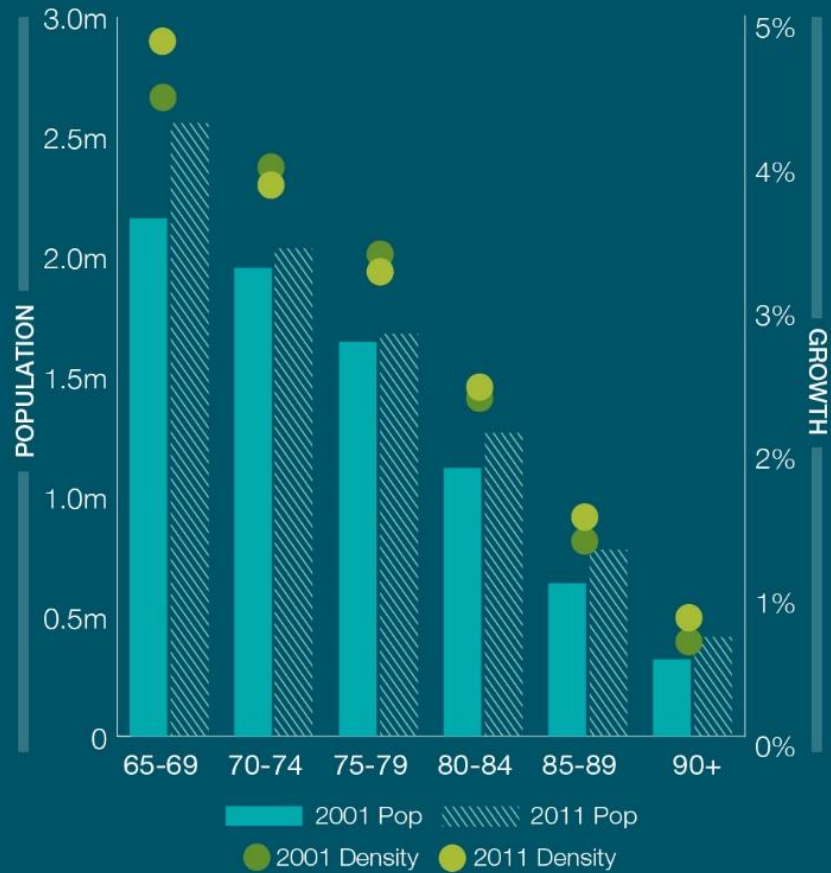
Source: ONS, Knight Frank Research

Density of over-65's as % of total population – 2011



Source: ONS, Knight Frank Research

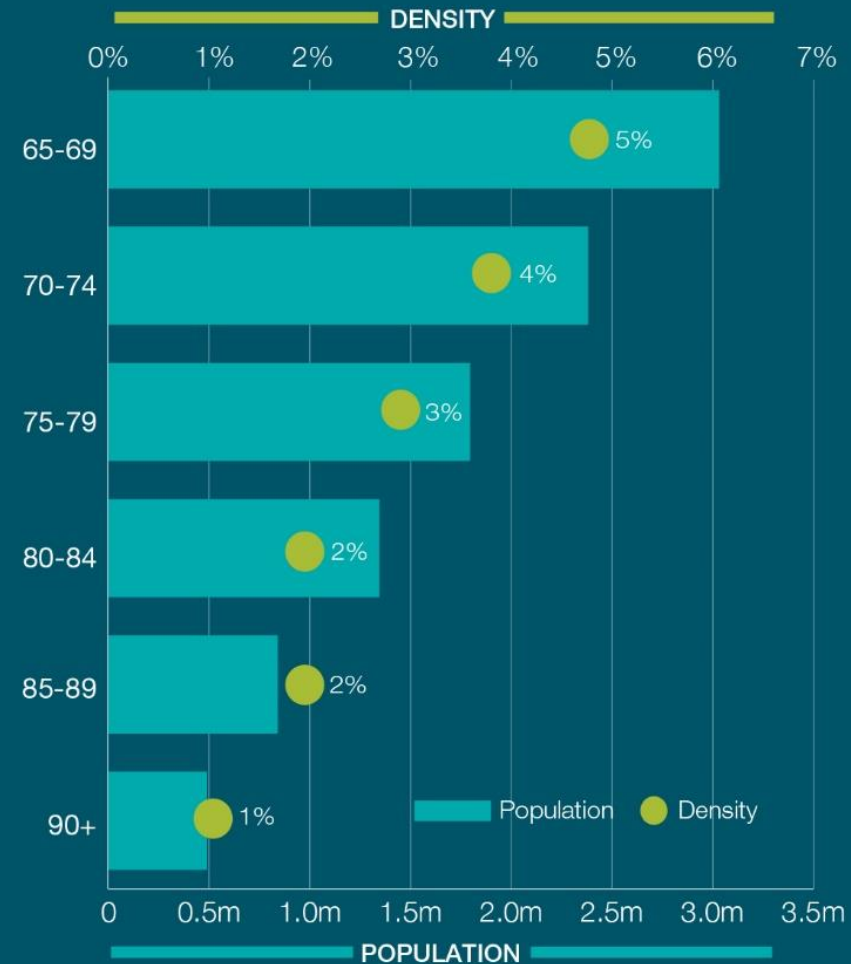
## Change in population of over-65's in England, 2001-2011



Source: ONS, Knight Frank Research

All age brackets from over-65 have experienced an increased density across the UK **with the highest growth experienced in the over-90 years category** (29.3% increase from 2001 to 2011).

## Population of over-65's in England, 2016



Source: ONS, Knight Frank Research

According to the latest data published in 2016, there are currently **9.9 million individuals** in the UK over the age of 65.

# Forecasting growth of 65+

- ONS data showing % change in 65+ population between 2001 and 2016, and forecast to 2026.

Figure 6  
Growth in over-65's by age group in England, 2001-2026 Forecast

The fastest growing group is the over-90's – **expected to almost double in the next 10 years.**



By actual numbers, **the 75-79 age group will grow the most.**

Source: ONS, Knight Frank Research



# Density change in 65+ by region

Increased density of over-65's across England, 2011-2016

18% average increase in over-90's.

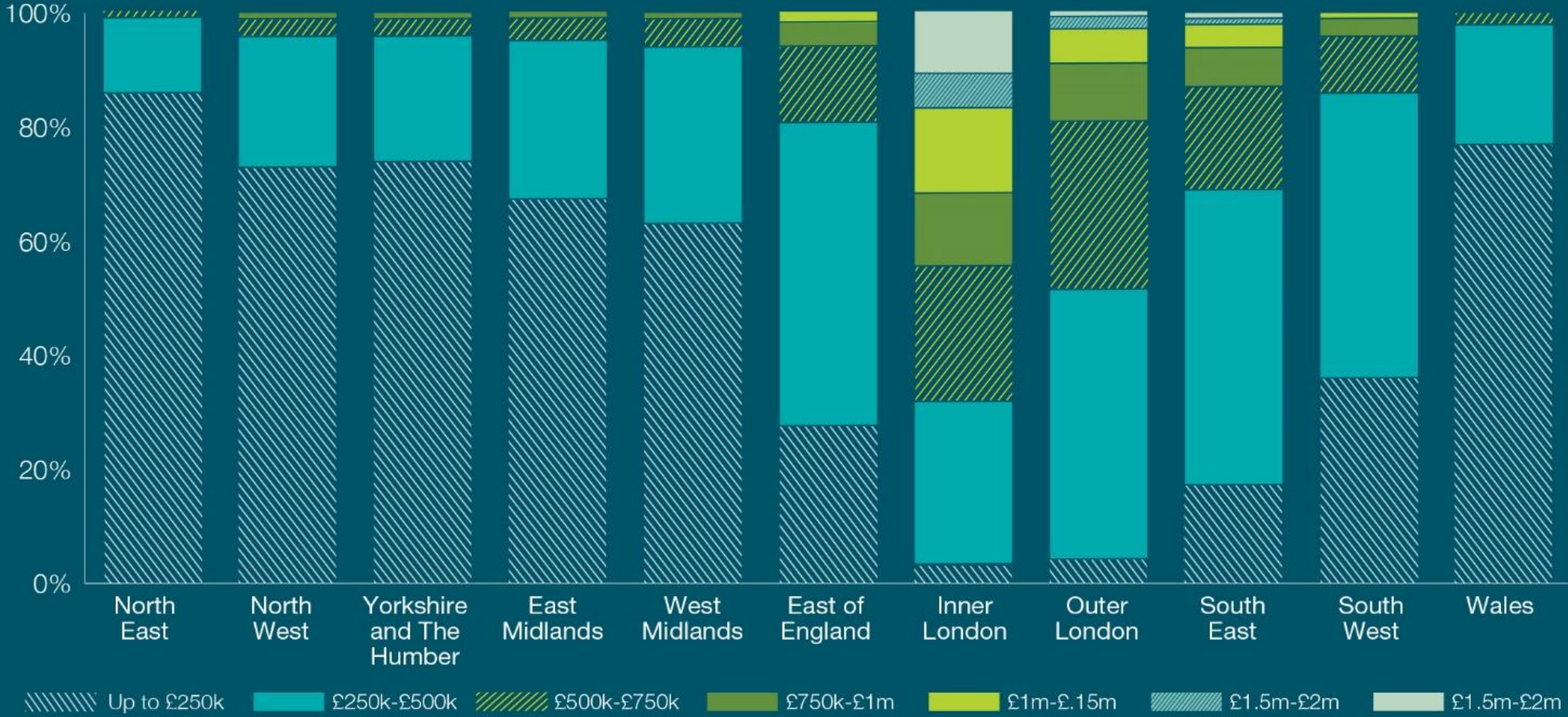
	65 to 69	70 to 74	75 to 79	80 to 84	85 to 89	over-90
East Midlands	19%	22%	9%	6%	7%	20%
East of England	19%	21%	6%	7%	11%	20%
London	21%	10%	5%	7%	9%	21%
North East	23%	9%	5%	7%	8%	18%
North West	19%	12%	7%	6%	8%	17%
South East	19%	22%	7%	6%	9%	17%
South West	18%	24%	8%	5%	5%	15%
West Midlands	11%	16%	8%	6%	8%	19%
Yorkshire and The Humber	20%	13%	6%	7%	6%	14%
England Average	19%	17%	7%	6%	8%	18%

- ONS data showing % change in 65+ population between 2011 and 2016.

Source: ONS, Knight Frank Research

65-74 age group increase due to baby boomers reaching retirement age.

# Wealth distribution of 65+ by property value



## Proportion of over-65's with equity to downsize to an averagely priced flat in the same locality with 25% extra equity



South East



East Midlands



South West



West Midlands



East of England



Outer London



North East



Yorkshire & The Humber



Wales



North East



Inner London

# 68%

On average,  
**almost 68% of the population over-65**  
can afford to purchase  
an average priced flat  
in their region.

**Methodology:** The number of households who are both owner occupiers and over 65 years old was estimated using the MOSAIC household data. Their equity was estimated using Land Registry price sold data and size of the property owned by over 65s based on EPC data by the Ministry of Housing, Communities, and Local Government. We assumed that they had 100% ownership of equity, and that they would only spend 75% of the value of their existing property to acquire their retirement property.

Source: Knight Frank Research, Experian Mosaic, Land Registry, MHCLG

## Top 10 amenities tenants are prepared to pay a premium (share of UK tenants in %)

### Active living singles (50-64)



### Active living couples (50-64)



### Baby boomers in rental (over-65)



\*Including soft furnishings \*\*i.e. airconditioning

Source: Knight Frank Tenant Survey

# The challenges

- Language.
- Education and awareness of product.
- Planning challenges.. same as other markets (e.g. varying understandings of affordable housing).
- Not enough platforms with appropriate covenant strength for the amount of investment trying to enter the sector.

## Final thought...

- One million people aged 85+ visit A&E each year.
- 65+ cohort accounts for 4/5ths of hospital stays of less than two weeks.
- If older people are growing in such numbers and are so important for society.. why are we not building enough homes for them or incentivising downsizers ?
- Retirement housing is one of the solutions to our housing crisis and social care crisis.

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PEOPLE & PROPERTY,  
PERFECTLY.