

## MARKET REVIEW

Over 65s account for 80% of the nation's wealth, possessing more than £1.7trn of mortgage-free housing wealth. However, over half of these households – around 3m – live in homes larger than they require and often unsuitable for their changing needs and aspirations.

Just 1% of the country's housing stock has been built specifically for older people. There are only 60,000 units in the housing with care sector, against an over 65 population of 9.53m. More than half (58%) of property owners over the age of 60 are interested in moving but feel restricted by stock availability.

Of the options that are available, 99% of people do not want to be in a care home, and traditional retirement housing does not offer older people the lifestyle choices and flexible care options that they are looking for.

However, the international model has proven that there is enormous potential in the retirement village model. Market penetration internationally proves there is appetite, with 14% penetration of this type of housing in the US and 8% in Australia and New Zealand. This represents 160,000 units in Australia. The UK equivalent is fewer than 15,000.

There is a distinct and urgent need to better provide a range of housing options to meet the wide variety of housing circumstances of people as they age.

Retirement villages are a type of extra care housing. It is the flexibility and lifestyle that retirement villages afford which people increasingly demand. What is required is suitable, high quality, but most importantly aspirational, retirement living options available that encourage downsizing. This would go a long way to easing the already severe strain and lack of movement in what is a bottlenecked housing market, freeing up much-needed family-sized homes.

If an additional one in 20 over 55s opted to capitalise on their property wealth and move home next year, this alone would boost housing transactions by a third, stimulating the property market as a whole and paving the way for buyers further down the ladder.

The sheer property wealth held by this demographic will support future growth in the retirement village sector, but investment in aspirational, quality retirement

property in the first place is crucial. Without this, older homeowners will have no incentive to move.

In addition to issues with the housing market there is a need to find alternatives to expensive NHS hospital care. The government has recognised this and taken measures to alleviate the pressures, including the formation of the Better Care Fund.

However, this major government initiative, which was designed to radically increase the level of integration between the NHS and local authority-run social care services, is failing to deliver the expected benefits.

The longstanding issue is that the NHS has always been organised and funded by central government, whereas, for historical reasons, responsibility for providing social care has rested with individual local councils around the country.

However, it is not just a question of hard funding but the very real and immediate issue of availability of suitable alternatives to remaining in hospital and the 'softer' lifestyle benefits that can have a positive impact on our society as whole. What is needed is a change from primarily a focus on funding issues to ways of opening people's eyes to the growing range of housing options for older people and their families.

There is a significant role for the private sector to play in developing new opportunities for self-funders with high quality and aspirational extra care developments that can significantly relieve the huge pressures on the NHS that bed-blocking creates; a recent report by Lord Carter of Coles found it could potentially be costing the NHS up to £900m a year, whilst a study from the International Longevity Centre (2011) found that people living in extra care aged 80 and over spent on average 4.8 nights per year in hospital, compared to 5.8 nights for a similar sample living in the community. The subsequent cost savings equated to £512 per person.



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Further research from the International Longevity Centre, in a 2015 report in partnership with Audley Group, found that such extra care developments can reduce loneliness by up to half when compared to people living in the broader community, with positive comparisons for sense of control and security.

It has been predicted that by 2030 there will be a shortfall of 160,000 in retirement housing provision. Housebuilders, the healthcare sector, policy makers and the government should recognise the increasing importance of retirement living in our society today and tomorrow. Furthermore, recent analysis into resales in the sector, undertaken by JLL, highlighted that 80% of sales from 1995 have seen an increase in price, tracking wider house price movements, allaying concerns about the endurance and longevity of the sector as a viable investable asset class.

This is not a problem that can be solved overnight, but its benefits will be felt by millions for many years to come.



Sources:

- Housing and Learning Improvement Network, 2011.
- Demos, 2013.
- Operational productivity and performance in NHS acute hospitals, 2015.
- International Longevity Centre, 2011.
- International Longevity Centre, 2015.
- JLL and ARCO, 2017.