



Introduction to The UK Retirement Property Landscape 2015 Review



It is difficult to believe that experts predicted that 2015 would be the year of the property market price boom. Outside of London, its own microclimate, this 'boom' never really materialised – in the open market or retirement market. While there has certainly been a price rise, it did not match the incline of 2007.

This means that for many property buyers, the investment they made between 2005 and 2007 hasn't produced the anticipated return on investment and renting has become a more attractive option, which is a theme we explore in more detail within the In Focus section of this review.

Looking at the retirement property market, prices have risen by around 5% annually, with the regional differences that you would expect.

This increase in prices has been driven, in part, by the now well-publicised lack of supply of suitable housing for the older generation to 'downsize' into. This issue was highlighted recently by new McCarthy & Stone research, which found that this was the main factor stopping over-55s from moving. Just 15 per cent of those surveyed had managed to downsize to a suitable new home.

Looking ahead, while we are starting to see a greater number of new-builds from specialist retirement sector developers, which should start to pay off for developers this year, we are still a long way off fixing the supply shortage.

With an ageing population and an acute pressure on smaller properties already building up from the other end of the market (first time buyers) it is clear that this issue still needs considerable attention and efforts to address it, from policy makers as well as those in the property sector.

A handwritten signature in black ink that reads "Nick Freeth". The signature is written in a cursive, flowing style.

Nick Freeth, Managing Director,
Retirement Homesearch

Retirement Homesearch Quarter 4 2015 facts and figures



4,740
new buyers
registered



2,369
viewings
completed



423 new instructions to sell



365 sales arranged

Top 3 predictions for 2016

1 Rise of the retirement village

There is a notable difference between a purpose built 'independent living' retirement development - much like what Retirement Homesearch specialise in selling, and 'retirement villages', offering a number of health and lifestyle benefits, as well as housing. While the retirement village option is very much still at the premium end of the market, it won't be long before 'middle-market' players spot the gap and enter the arena, widening choice and increasing expectations on retirement living.

2 A shift in the buy-to-let market

Surprise tax changes announced in the Chancellor's 2015 Autumn Statement, plus 3% stamp duty on second homes from April, will mean that many small, private landlords may choose to sell up in the coming months as their investments becomes less viable. The changes, which will remove landlords' ability to deduct the cost of their, higher rate, mortgage interest from their rental income when they calculate a profit on which to pay tax, will come into effect in 2017 and could mean a much-needed influx of property onto the market.

3 Generation Rent grows up

The theme of our In Focus section overleaf comes as companies specialising in retirement rentals report a spike in enquiries last year. Whether this rise is being driven by the lack of suitable housing on the market or lifestyle factors, we believe this trend will continue on an upward trajectory this year.

In Focus: Is Generation Rent shifting to the retirement market?

Renting was once considered to be the bastion of those who could not afford to get on the housing ladder – at least in the UK. Now it is beginning to be seen as more of a lifestyle choice for those who want more flexibility – and less hassle – in their living arrangements.

With this in mind, perhaps it shouldn't come as so much of a surprise that industry commentators are seeing signs of more retirees on the lookout for rental properties to downsize into.

At Retirement Homesearch we have recently been part of a team advising a Northern-based developer on a new site for 100 retirement apartments. But interestingly, the developer is looking at rental, rather than sales, options for the majority of its stock.

Meanwhile, another of our partner companies, Girlings Retirement Rentals, witnessed a sizeable increase in enquiries in 2015, with the most sought-after locations for retirement apartments appearing in the South of England. The top five locations for enquiries were Bournemouth, London, Cheltenham, Eastbourne and Portsmouth.

In a further indication that the retirement rental market is growing more active, we are also seeing increased interest in our part-exchange service – 'RHS Assured' where it is possible to be in a new property within six weeks of agreeing to sell. The appeal of this service stems from the growing mentality of retirees: wanting to avoid the hassles and long procedures that can often come with house-buying.

We know that the majority of individuals looking to downsize have already bought and moved houses a number of times in their lives. They are typically experienced, savvy and know what they want – which can often be more freedom and the ability to keep their equity invested and let someone else worry about property maintenance and upkeep.

However, renting in retirement is not just being driven by lifestyle choices, it is also a way for retired individuals to release income, either to boost a pension pot, fund an investment or to lend or gift money to children or family members.

We also know that the security of tenure provided by an Assured Tenancy, which is unusual in the Private Rental Sector, is really important for older people. Former home owners are more likely to rent if an Assured Tenancy is on offer instead of the relative short-term security of an Assured Shorthold Tenancy.

Whether driven by lifestyle or necessity, this shift towards renting may have long-term implications for the wider property market and the transfer of wealth from the older generation to the younger one.

We will be watching these movements carefully and using our knowledge on the ground to assist the industry and policymakers in ensuring the long-term health, stability and sustainability of the market.



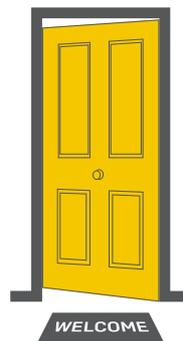


We've been helping people find their perfect retirement property for

25 years



We've registered over
23,000
new buyers
over the past
twelve months...



...and have arranged over
13,000
viewings



So whether you're looking to buy or sell a retirement property...



...our **highly experienced team** are dedicated to helping you