

The calm before the storm?

UK Retirement Property
Market: Q1 2017



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As the market leader for sales within the managed retirement property sector, our quarterly updates aim to provide insight and raise awareness of key issues that our growing market is facing. Following one of the more turbulent years the UK property market has seen, this would seem more important now than ever.

With no “market changing” budget announcements like stamp duty changes or pre-referendum debate, there was a seasonal slowdown in January, followed by a pickup in February and in terms of new instructions and sales March was, dare I say it, “normal”? Looking back at 2016, we can see that instructions, viewings and sales for Q1 2017 are all within a few percentage points compared to the same time last year. New buyer registrations are up and have shown a resilient “bounce” after a quiet final quarter of 2016.

Article 50 has now been triggered, giving buyers

and sellers a little more confidence in making their decisions. The outcome of the next two years however is still unclear – particularly with the snap Election now on the table for June - and as we all know, the property market doesn’t like uncertainty. As we all eagerly wait to see what happens here in the UK, this quarter’s edition looks at retirement living in other parts of the world. An aging demographic is common in many countries but the approaches to retirement are not. Maybe we, in the UK, can take some ideas from neighbours near and far.

Nick Freeth, Managing Director, Retirement Homesearch

Retirement Property Dashboard

	Qtr. 1 2017	Qtr. 4 2016	Quarterly Change %	Qtr. 1 2017	Qtr. 1 2016	YOY % Change
New Buyers registered	5,012	3,193	+57%	5,012	4,277	+17%
Viewings	2,807	1,545	+82%	2,807	3,033	-7%
New Instructions	567	358	+58%	567	556	+2%
New Sales	411	321	+28%	411	449	-8%

Rental Market View

“Girlings received 7% more new enquiries in the first quarter of this year compared with the same period last year, as well as a 10% increase in net reservations. Whilst this is a promising sign for the retirement property market in 2017, stock levels remain significantly low. Only 1% of people aged 60+ in the UK live in specialised retirement housing compared to approximately 15% across America, Australia and New Zealand.

Government action around stamp duty, the withdrawal of tax relief on rental properties and the threat of increasing landlord costs as a result of banning tenant fees, has left individuals investors

put off entering the buy-to-let retirement market. This means that despite renting being a popular option among retirees, the number of properties available for rent is reducing.

On a more positive note, there are more retirement properties under construction, whether they are individual blocks or whole retirement villages which include shops, restaurants, swimming pools and gyms. This would at least give the market hope for the future”.

Gillian Girling, Chief Executive of Girlings Retirement Rentals

In focus – Retirement living around the world

The UK

- The average age of retirement in the UK is 64 years old.
- Retirement housing makes up just 2% of the UK's private housing stock.
- Downsizing to a home with one less bedroom will release around £52,000 in equity per household on average across England and Wales.

Spain

- The average age of retirement in Spain is 65 years and 5 months.
- It is traditional for older people in Spain to live with their families when they retire.
- This helps to compensate for the lack of nursing home beds in Spain which is estimated to equate to 2.5 (public and private) nursing home beds per 100 people older than 65 years old.

Germany

- The average age of retirement in Germany is 65 years and 5 months.
- According to the United Nations, the percentage of Germans under 15 is forecast to fall to 13% (among the world's lowest) and the share of those over 60 is expected to rise from 27% to 39%.
- The German Government has responded to the changing demographics with attempts to encourage people approaching 65 to work longer.
- Most recently, the German Government tweaked rules to allow more pensioners to continue working part-time without suffering big pension cuts.

France

- The average age of retirement in France is 65 years and 4 months.
- The majority of older people in France prefer to stay living at home and make adaptations (in terms of technical aids and facilities) as needed.
- Many older people in France prefer to live in or near a city centre – which is the case for 37% aged 70+ years and 36% of retirees.

Australia

- The average age of retirement in Australia is 56 years old.
- Retirement housing makes up 13% of Australia's private housing stock.
- Until recent years, retirement village developments were lower in density, featuring individual villas arranged around a community centre on large sites.
- Changing household preferences (more lifestyle focused) and an older population more accustomed to apartment living has seen a shift towards higher density retirement developments.

Comment from Nick Freeth

“As we can see, approaches to retirement living vary significantly around the world. Whether this is Spain's older population whose tradition is to stay at home with family, or Australia's, who are so accustomed to apartment living that their market is seeing a demand in high rise retirement blocks.

“One common theme that runs throughout is the need for retirement markets around the world to respond to changing demographics. Here in the UK, the supply of retirement housing needs to increase five-fold to match the aging and growing population. We're calling for Government to react by going further to incentivise developers to build these much-needed homes and to incentivise last-time buyers by making downsizing more attractive, through options like stamp duty holidays and a smoother buying process.”

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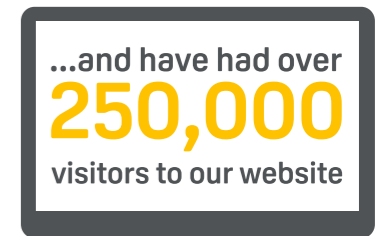
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