



Introduction to Quarter 3, 2017 Review

The property market doesn't like uncertainty and if there's a single factor that defines the market in 2017, it's...

This will be the state of affairs until well after March 2019, but at least over the coming months the current very nebulous Brexit picture will become clearer.

Mainstream commentators, the Royal Institute of Chartered Surveyors, Savills and others paint a somewhat gloomy picture for 2018 and beyond. No one is calling a property boom and a climate of realism prevails. In my opinion, this is a good thing as acceptance of the current market is a good foundation for planning and future growth.

In previous reviews, we have highlighted some of the differences between our niche, retirement market and the broader domestic market. This is often apparent in the level of new instructions. There has been much comment in the wider market about falling stock levels and it is this restriction of supply that has meant prices continue to rise, albeit more slowly than previously.

At Retirement Homesearch, we have seen a modest increase in new instructions throughout 2017 although buyers, many of whom have a property to sell, are thinner on the ground. Overall business levels have remained steady and, given the current economic climate, are likely to remain so.

We've had some interesting research carried out looking at how likely those aged 50 + would be to move into a retirement community and what factors are most and least likely to influence their decision to buy.

At first sight, 'just' 19% of respondents saying they are likely or very likely to choose to make the move to a retirement community. This seems low until one realises 19% of those in the UK over 50 equates to around 4.5 million people!

This presents a problem. With around 150,000 'retirement' properties in the UK, and just a few thousand being built each year, there is no way this potential demand can be satisfied. I recently saw a report that suggested 30,000 (some 10 times more than currently) new retirement properties need to be built every year going forward.

A real focus on developing the retirement market could go some way to relieving pressure on other market segments. Many older homeowners live in under occupied properties. This means having to pay to heat, maintain, insure and tax unused rooms. Many would consider moving if there was a better choice to suit needs, budgets and lifestyles in the retirement sector. In turn freeing up much needed family homes for full occupation.

So, what is important to those buying their retirement home? Our survey has revealed the most popular requirements:

- A pleasant location
- Proximity to GPs and hospitals
- A nice neighbourhood
- Security
- Easy access to retail outlets

This is the top five – read on for more detail on our findings.

As I've been writing I've had one ear listening to the Chancellor's budget statement. Great news for first-time buyers, nothing for downsizers. Another chance missed!



Nick Freeth, Managing Director
Retirement Homesearch

In Focus – The offer of the specialist retirement housing market

Dr Brian Beach

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The UK population is ageing and few of us will have been able to escape the headlines in recent months and years related to the crisis around housing.

While it is over-simplistic to think the crisis can be resolved through intergenerational shifts alone – i.e. older people downsizing to make homes available for younger households – the specialist retirement housing market does play a crucial role to ensure positive outcomes for society and individuals as they age.

We know that the specialist market in the UK is less developed than in many other English-speaking countries. Some estimates put the market penetration rate of housing with care among those aged 65+ at around 5-6% elsewhere, with the UK rate at just 0.7%. Yet there is substantial demand in the UK for alternatives when it comes to later life housing, which greatly outstrips supply.

A complex set of factors influences older people's positions with respect to the housing market. Limited supply notwithstanding, people who might consider a move in later life have a range of interests and needs, such as access to services or maintaining social connections, while other factors can be disincentivising, such as the cost implications of Stamp Duty or the burden of packing and physically moving.

Still, there remains a challenge in developing a comprehensive picture of what kinds of retirement properties should be made available to meet current demand.

This survey helps shine light on this picture. It gives stakeholders committed to stimulating this market an idea of where priorities might best be focused to serve older consumers.

At the same time, the findings may also be shaped by a tendency for a large proportion of older people to still think of retirement housing as a care or nursing home setting, applying inaccurate stereotypes to living in later life that are not reflected in actual properties. Moreover, there may be a disconnect between what people would want compared to what they need.

This suggests the industry and engaged stakeholders have further work to do to raise awareness around such housing options and the benefits they can provide to older people as well as society at large.

Retirement survey

How important or unimportant do you think each of the following factors would be to you when making a decision about your housing situation in retirement?

We asked 1,000 people aged over 50 if they were considering (or already living in) a specialist retirement community, and what factors would be key to their choices about retirement living.



1. 93% rated 'character of the surrounding environment' as very or fairly important



2. 53% rated 'leisure facilities' as fairly or very unimportant



3. 93% rated 'being near to medical services' as very or fairly important and 80% rated being near to care and support services as very or fairly important



4. 86% of respondents rated 'being near to retail facilities' as important or very important



5. 88% said that security (e.g. low crime rate, CCTV coverage, concierge, etc.) was important or very important



6. 78% rated 'being near to my family' as important or very important



7. 54% rated 'living amongst diverse people' as unimportant or very unimportant

Retirement survey analysis

1. 93% rated 'character of the surrounding environment' as very or fairly important

This was the single most important factor especially amongst those who said they were likely or fairly likely to move into a retirement community.

2. 53% rated 'leisure facilities' as fairly or very unimportant

This was not a high priority for our respondents, though those who said they were likely to move into a specialist retirement community rated it higher (23% said it was very important, as against 11% of those who are unlikely or not at all likely). We interpret the results as suggesting that respondents intend, as retirees, to go for walks to keep active, rather than engage in sports – thus the surrounding environment is more important than swimming pools, golf courses, or the bowling greens of retirement cliché.

3. 93% rated 'being near to medical services' as very or fairly important and 80% rated care services as important

Those likely to move into a specialist retirement community rated medical facilities and care services higher than those who were unlikely or not at all likely to move. Unsurprisingly, older respondents to the survey valued these aspects higher. This perhaps suggests that people don't have a realistic idea of their needs in older age.

4. 86% of respondents rated 'being near to retail facilities' as important or very important

It seems likely that respondents were thinking more of supermarkets than fashion outlets – though we can't be sure! This survey was conducted online, so respondents are internet-savvy. Yet they are clear that they still want high street shops close at hand.

5. 88% said that security (e.g. low crime rate, CCTV coverage, concierge, etc.) was important or very important

Those likely to move into a retirement community were much more likely to rate this as 'very important' than those who aren't (72% against 45%). So this is clearly an important offering for dedicated retirement housing – and, of course, increased security is at the core of all retirement communities.

6. 78% rated 'being near to my family' as important or very important

More of those thinking of retirement community living rated this as important (50% against 45%). Are they willing to move to be near family? Our results suggest they like the idea... but are perhaps more likely to move somewhere offering natural beauty!

7. 54% rated 'living amongst diverse people' as unimportant or very unimportant

Diversity is not a high priority for respondents. And yet a significantly higher proportion of those likely to move to a retirement community rate it as important (59% of those who are very likely, as opposed to just 39% of those unlikely or not at all likely). This might suggest that those who like the provisions of dedicated specialist retirement facilities are nonetheless keen to avoid being stuck in an 'old people's home', away from younger generations.

Just 3% of respondents to this survey already live in a retirement community, but 19% say that they are 'likely' or 'fairly likely' to do so in future.

With only about 2% of current UK housing stock being designed for ageing, it would take a massive up-turn in development to provide for a similar proportion of the wider UK population.

The market is moving with the times and is providing the options that a 'new generation' of retirees demands, including more leisure opportunities and living alongside broader, more diverse neighbourhoods. A far cry from the 'warden-controlled' sheltered housing of the past – yet public perceptions lag behind.

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,000 adults.

Fieldwork was undertaken between 9–14 November 2017. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 50+).

