

**RETIREMENT**  
H●MESEARCH

**Retirement  
Homesearch  
Quarterly**

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# What's in store for the property market in 2018?

The first quarter of a new year is usually a time for upbeat headlines and optimism. However, this year there is a general note of caution and, from some, even pessimism about the property market in 2018.

The domestic residential market has fragmented into various sectors and they are driving at different speeds. The various government 'Help to Buy' initiatives have underpinned the new build sector. Designed to encourage and support first-time buyers, research suggests it is the second-time buyers who have benefitted most.

Conversely, the new tax regime for small 'Buy to Let' investments has dealt a major blow to that sector, with many investors choosing to exit the market.

However, the demand for rental property has not lessened and a new Build to Rent Private Rented Sector 'corporate' developer has emerged. The uncertainty of Brexit (how tired we all are of that word!) continues to overshadow the whole economic outlook and there is a coming realisation that everything is not going to be magically resolved by March 2019.

My prediction is that property values will hold up over the next twelve months – driven, as in recent years, by a lack of supply. Overall property price inflation will be in low single digits, maybe 2 or 3%. Transaction numbers will be at a similar level to 2017, maybe slightly lower and with a greater volume in the second half of the year.

And Brexit will still be casting its shadow over us in 12 months' time.

So that's the near future for the property market. Looking further into the future is anything but clear for the British economy and the property market.

But in one area, we should all be clearer about what the future holds: none of us are getting any younger and as we age the chances of developing long-term health conditions rises and everyday tasks become more challenging. Nearly half of us will need social care services at some point in our lives, with around 3% ending our days in residential or nursing homes.

Yet in the results of our survey on priorities for retirement housing in our Quarter 3 2017 issue, a failure to understand these needs in old age was evident. So for this issue, we decided to look into the matter: how we might understand it and how we might better plan for our future.

And what do you know?  
Housing turns out to be key!



**Nick Freeth, Managing Director**  
Retirement Homesearch

**Focus on:**  
The future



## Our survey says...

In November 2017, Retirement Homesearch commissioned YouGov to undertake a survey of 1,000 over-50s across the UK to establish their priorities for choosing retirement housing (see RHS Quarterly Q3 2017: [www.retirementhomesearch.co.uk/latest-news](http://www.retirementhomesearch.co.uk/latest-news)). The responses showed a clear trend for placing higher value on the proximity of care and medical services amongst older respondents compared to younger. 30% of respondents aged 50-54 rated proximity of care and support services as 'very important', while 38% of the over-75s did the same; for medical services this was even more pronounced, with the numbers at 42% and 66% respectively.

This trend, of realising the import of care needs only late in life, supports previous research suggesting that many of us – perhaps most of us – don't have a realistic idea of our likely needs in older age.

It is of course a real success for our society that we can all now anticipate longer active lives. The average life expectancy for a man is now 83.4 years, while a woman can expect to reach 86.

But, while we have enjoyed this incredible success, we have not succeeded in eradicating the challenges that can come with age. In our later years we frequently experience long-term conditions such as dementia, restricted mobility, frailty syndrome or bone fragility.

# 73%

**of over-65s have no plans in place for retirement accommodation or care provision.**

Strutt & Parker. Housing Futures: Platinum Generation, 2017.

“Many of us – perhaps most of us – don't have a realistic idea of our likely needs in older age.”

# Costs, insurance and state provision

Perhaps we are lulled into a sense of security by a lifetime of NHS use. Perhaps we struggle to grasp the distinction between health services and social care. Or perhaps we are just unwilling to consider such issues until it becomes unavoidable. But the fact is that many of us simply assume that our care needs will be covered by the state.

But most of us will pay entirely for our own care, with state funding reserved for those with the lowest means and highest care needs.

According to Comas-Herrera and Wittenberg of the University of Kent, the lifetime average spend on social care for an individual (excluding accommodation costs) is £31,500. Those of us living in a residential care home will expend more than this average figure on an annual basis, and those needing nursing care could spend more still.

There is no insurance product on the UK market to cover the potential need for long-term care. Care annuities are available from firms such as Partnership Assurance, Just Retirement and Friends Life. But, of the few who

explore such products at an appropriate time, many feel that they represent a significant gamble when set against the average costs of care.

There is considerable regional variation in care costs. The BBC produced a calculator to demonstrate this: [www.bbc.co.uk/news/health-37307856](http://www.bbc.co.uk/news/health-37307856)

In practice, two thirds of older people only move five miles when they move to a care home, with the remaining third moving to be closer to family. So the chances of retirees moving any distance to take advantage of cheaper care is low.

Indeed, in our 2017 survey, the character of the local environment and the neighbourhood, security, and retail facilities were all rated as higher priorities for retirement living than care.

The government Green Paper on social care which is due to be published for consultation in the Summer of 2018 is likely to propose a new funding regime for social care, with individuals living in their own homes potentially paying more. We wait to see whether the proposed cap on care costs will be re-introduced to produce a fairer charging system.

“Most of us will  
pay entirely for  
our own care”

70%

of over-45s aren't factoring  
the cost of long-term care  
into their financial plans.

40%

don't think they will ever  
need long-term care.



# Retirement living: adapted family home versus purpose-built housing

What all this adds up to is a strong case for the independent living communities that we at Retirement Homeseach love so much.

The homes we occupy before retirement can become a burden to maintain in later life, are often ill designed for those with limited mobility, and do little to counter a slide into a sedentary and lonely old age. There is plenty of evidence to suggest that retirement housing can prevent ill health and produce better outcomes for the individual, while saving both the older person and the state unnecessary care costs.

One risk that is reduced in purpose-built housing is that of falls. Falls are a real hazard in old age. They frequently precipitate serious decline that leads to a move into long-term residential care.

If the wider environment of your home is not conducive to ageing, even adaptations may offer limited benefits and access to Disabled Facilities Grants or equity release to help with the costs is restricted.

Housing that offers easy access to the outdoors, to shops and public amenities, facilitates physical activity, promotes independence and helps to stave off physical and mental decline.

Purpose-built retirement housing also offers the benefit of being part of a community, reducing social isolation and providing mental stimulation. It also serves to keep couples together where one spouse needs care and the other does not.

In providing all these things, independent living developments do actually serve to extend the time that residents can live independently, with minimal care.

Additionally, homecare is generally more available on these communities, while needs remain moderate.

Falls make up between

10%

and

25%

of all ambulance calls for older patients.

Holland C. The Centre for Ageing Research, Lancaster University, 2017

“Purpose-built housing does actually extend the time that residents can live independently”

82%

of residents recommend  
'owner occupied'  
retirement housing

83%

said they were happier in  
their retirement home than  
they were in their previous  
family home.

Henley University of Reading. Housing  
markets and independence in old age:  
expanding the opportunities, 2011.



# When care needs increase beyond 'independent living'

When health declines and residential care becomes necessary, having an asset to sell, such as a home, can help to finance ongoing care and accommodation.

Though there has been some suggestion that independent living properties have not held their value in recent years, as our survey showed – again, supporting previous research – demand in this market is massively outstripping supply.

Certainly, buyers should enter into the purchase of leasehold retirement housing with their eyes open.

Event fees – such as the developer taking a proportion of re-sale income as a deferred payment – sometimes surprise the owner; but they can provide incentive for developers to invest in the long-term value of the homes they build.

Another important consideration is that the leaseholder will continue to be liable for service charges, even once the occupier has had to make the move to a care home or is deceased.

The greatest benefit of the service charge is that it gives home owners peace of mind as many of the home maintenance tasks that can represent considerable hassle and risk in old age are covered, and, in most independent living developments, it also provides communal facilities.

But less obvious, and often overlooked, is the fact that the single, annual service charge on a leasehold property can work out less expensive than the ad hoc costs of servicing a freehold property.

If in doubt these considerations are a recommendation for using a specialist agent – such as Retirement Homesearch – when buying or selling a leasehold retirement property!

Research tends to suggest that those approaching retirement are set on home ownership. But other models are worth exploring. The availability of rental properties in the retirement market is limited, but can be well suited for many. And just recently, some developers have begun to offer an 'older people's' shared ownership model.

“Service charges on leasehold property can work out less expensive than servicing a freehold property.”

19%

of over-50s believe it 'likely' that they'll spend their autumn years in a purpose-built retirement community.

Yet such housing comprises just

2%

of existing housing stock.

RHS Quarterly, Q3 2017.



# Sara Livadeas, Social Care Works Ltd

“Our failure to relate to the later stages of our own lifecycle means we don’t plan for our old age. Not only do we tolerate levels of care for old people that are often unacceptable, but our inability to face up to our own demise means that by the time we need care, it’s way too late to influence the services that are available to us personally.

“The undersupply of housing with support, particularly for the mid and rental market, is consigning hundreds of old people to loneliness and potentially exposing them to an expensive and inappropriate placement in a care home.

“We must find a way of galvanising consumers, investors, politicians and operators so we can create a sufficient supply of this type of housing to make it attainable for more people.

“Recently Gratton and Scott suggested in their book ‘The 100-Year Life’ that 50 % of children born in the UK today are set to live to 100+, and so our current approach to our lifespan is becoming rapidly outmoded.

“Our stubborn refusal to plan for the last phase of our life and to think about how we would like to experience our ending has to change.”



Sara is a social care expert with 20 years’ experience of working to improve the performance and viability of care, health and housing services.

She has been actively involved with The Disabilities Trust, ARCO, The Orders of St John Care Trust, Oxfordshire County Council and Carterwood Limited.

# Where to go for more advice?

## Age UK

The charity has a free helpline on 0800 678 1174 to explain your rights as they pertain to ageing and to help you make the best choices for later life.

[ageuk.org.uk](http://ageuk.org.uk)

## Elderly Accommodation Counsel (EAC)

A national charity that aims to help older people make informed choices about meeting their housing and care needs.

[housingcare.org](http://housingcare.org)

## Foundations

Government appointed national network of home improvement agencies (HIAs) and handyperson providers across England, for home improvements and Disabled Facilities Grant.

[foundations.uk.com](http://foundations.uk.com)

## Society of Later Life Advisers (SOLLA)

SOLLA helps people and their families in finding trusted accredited financial advisers who understand financial needs in later life.

[societyoflaterlifeadvisers.co.uk](http://societyoflaterlifeadvisers.co.uk)

# References

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