



SENIOR LIVING SURVEY

SENIOR LIVING RESEARCH

Sector Update | Tenant Survey Results | Investor Survey

SENIOR LIVING SURVEY

The UK later living market is undergoing rapid growth, underpinned by demographic shifts that are increasing demand for a wider array of specialist housing to suit the changing needs of older purchasers.

NOTED

56% say location is the most important factor when choosing a property

75% of 65+ respondents stated distance from a retirement village to a town centre was important to them

37% of 65+ respondents find the prospect of living in a senior living community attractive

83% of investors plan to manage their projects using an in-house platform

The number of people aged 65+ living in the UK is forecast to increase by 20% to 12 million by 2027. Advancements in healthcare mean individuals are living longer, and more healthily – in many cases managing health conditions better. Indeed, the cohort of 90+ year olds in the UK is expected to rise at an even faster rate, by a third, to more than 750,000 people over the next eight years.

Amid all of this change, Knight Frank data indicates there are four people who would consider downsizing for every existing senior living property currently in use. The need to provide suitable housing options for these individuals is more important than ever.

Investors are already responding, and Knight Frank forecasts the total value of

the private senior living market will climb to £55.2 billion by 2023, from £39.6 billion in 2019.

To ensure success, developers must understand the wants and needs of potential purchasers and tenants across the spectrum of ages that are increasingly interested in living in specialist senior living property.

Knight Frank surveyed almost 2,000 homeowners and renters over the age of 65 as part of a **wider tenant survey** to better assess their priorities. Though customers aged 75+ are the target market for senior living developers, in this report we analyse the views of those aged 65+, to incorporate the views of current and future customers.

EXPERT VIEW

The survey confirms affordability, location and connectivity are key in seniors' decision making.



Tom Scaife
Head of Senior Living

The UK senior living sector is on the move. Our 2019 Knight Frank senior living forecast predicts the sector will increase by 40% in value over the next 5 years to £55bn – with growth being underpinned by demographic shifts and increased investment from both the UK and overseas.

Advances in senior living design, scale, tenure options and healthcare choices are helping to move the sector forward. Still a nascent market, there are challenges to overcome – with access to data among the most important. Further hurdles, which the industry is already taking steps to overcome, centre on communicating the social and economic benefits of senior living to local communities.

“
The value of the private senior living market is forecast to grow by almost 40% by 2023.

Current government support – the continuation of uncapped ground rents in the sector, for example, needs to continue and expand. A uniform plan for meeting the housing needs of our aging population is required, and should include clarity on affordable housing, local authority financial savings through provision of care within seniors housing, and the release of local family housing back to the market via downsizers moving into seniors housing.

The survey confirms affordability, location and connectivity are key in seniors' decision making. Interestingly it also shows there is an existing seniors rental market, albeit not currently in Build to Rent seniors housing – as it hasn't yet been built at scale. However, that time is coming.

WHY ARE YOU RENTING?

A fifth of respondents aged 65+ are renting privately because they downsized due to life events or changes in household composition. That figure rises to more than a quarter of respondents aged 75+.

Affordability is a significant factor underpinning decisions to live in the private rented sector, with 17% of 65+

respondents stating they don't have enough for a deposit to buy.

Some 14% of 65+ respondents chose to rent because they didn't want the responsibility of owning a home and 13% are renting because it allows them to live in locations where they couldn't afford to buy.

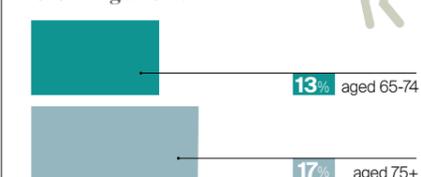
I/we downsized due to life events/ changes in household composition



I don't have enough deposit



I don't want the responsibility of owning a home



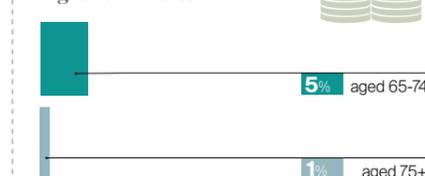
It allows me to live in an area where I can not afford to own/ buy



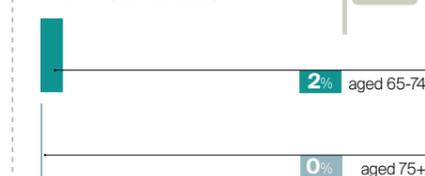
I don't want to be stuck in one location



Mortgage payments are higher than rents



There is no available property that I would like to own

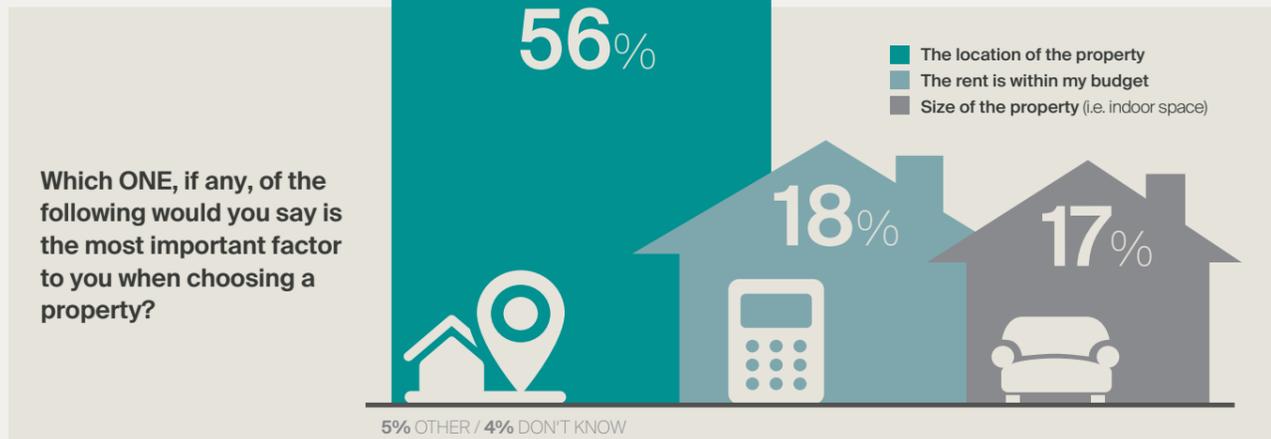


Important Notice

© Knight Frank LLP 2019 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

Source: Knight Frank Tenant Survey

LOCATION IS KEY

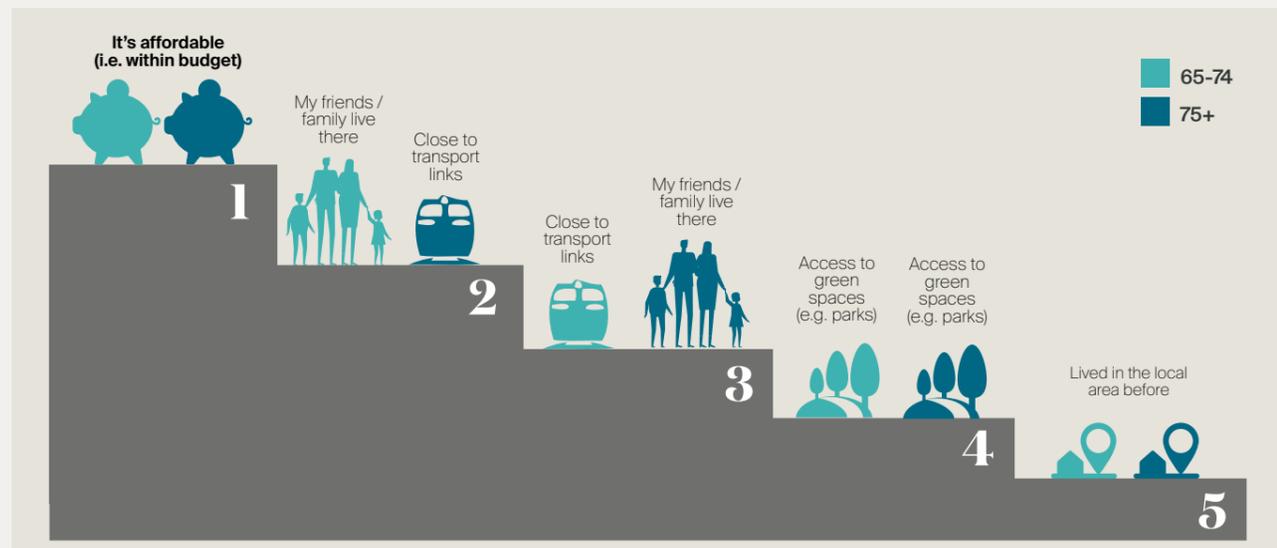


“
Location is the most important factor when choosing a property.

Location is by far the most important factor when choosing a property to live in, with 56% of respondents highlighting this as a priority. Rent being within budget was the second most important factor (18%) followed by the size of the property (17%).

Source: Knight Frank Tenant Survey

Most important factor when choosing a location in which to live?



“
28% said being within budget was the most important single factor.

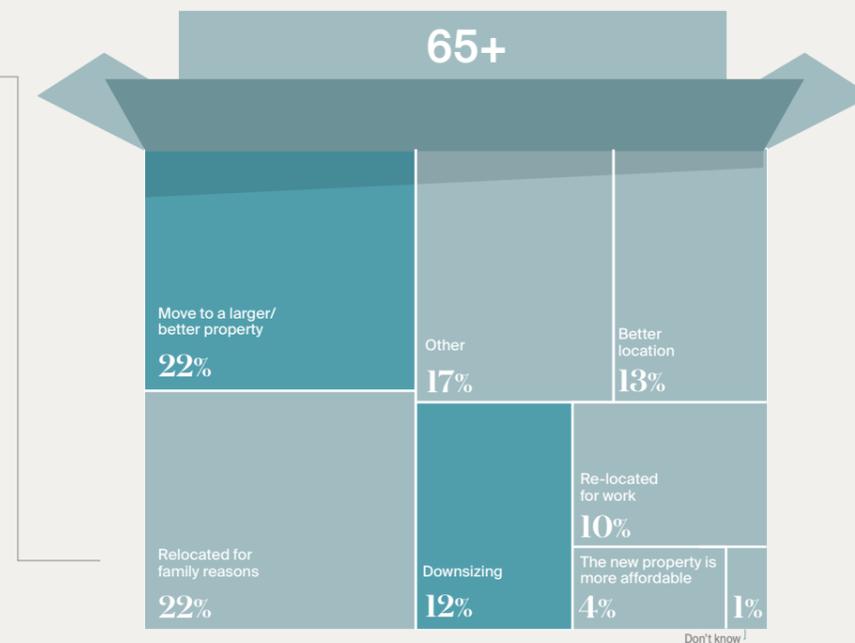
When choosing a location in which to live, 28% of 65+ respondents said that their decision was guided by whether the rent or purchase price of the area was within their budget, followed by living close to family and friends (17%), proximity to transport links (13%) and access to green space (10%).

Source: Knight Frank Tenant Survey

WHY DID YOU MOVE?

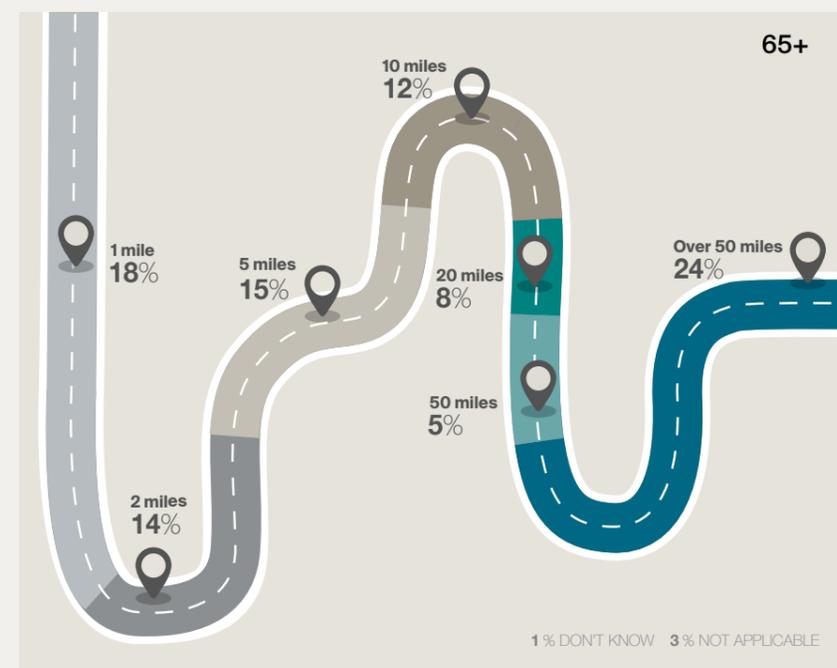
“
Downsizing was chosen by 18% of the 75+ cohort.

When asked for reasons for their last move, 22% of respondents said they moved for family reasons, and 22% said they moved to a larger or better property. Downsizing was chosen by 18% of the 75+ cohort, compared to 11% of 65-74 respondents.



Source: Knight Frank Tenant Survey

How far did you move?



“
60% said their last move was to a home within 10 miles of their previous property.

About a third of respondents said they moved into a property within one or two miles of their previous home, indicating many choose to stay in the same city or town. A fifth of respondents aged 75+ said they moved within one mile. Meanwhile almost a quarter of respondents moved more than 50 miles, perhaps reflecting the responses from the previous question that a significant proportion of older homeowners and renters relocate for family reasons.

Source: Knight Frank Tenant Survey

SENIOR LIVING – AN ATTRACTIVE PROPOSITION?

“
Some 37% of 65+ respondents find the prospect of living in a senior living scheme attractive.

The prospect is more appealing for those already living in the private rented sector, with 41% of tenants saying that they would like to live in a senior living scheme. Just over a third of homeowners (34%) said the same.

The prospect of living in a senior living scheme was even more inviting to those aged 75 or over, with 39% of respondents saying that such a community was an attractive option.

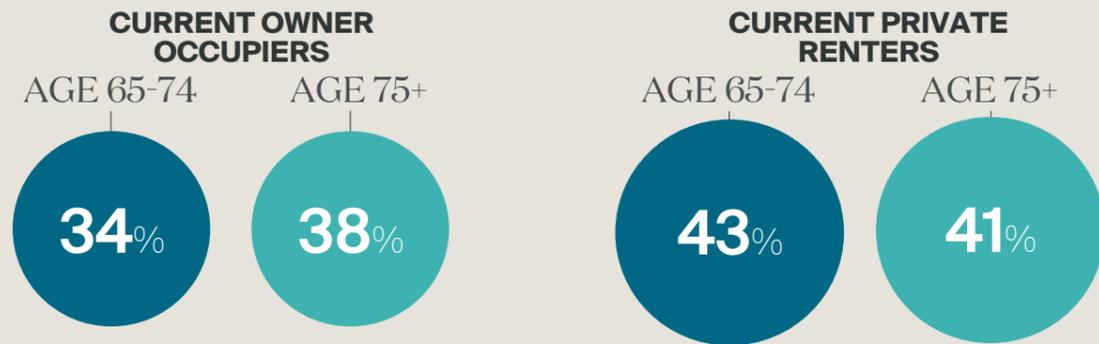
When considering the position of moving into a senior living village, respondents

generally favoured staying in their current tenure.

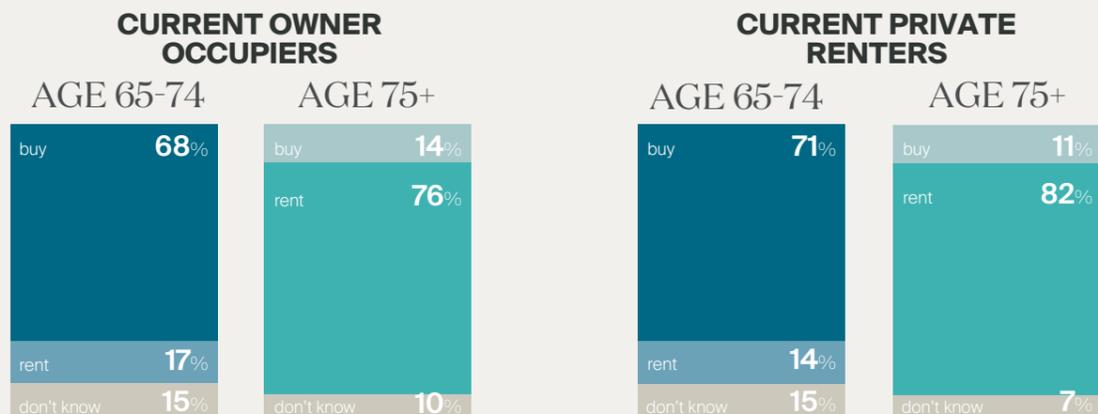
Current homeowners would rather buy a senior living apartment, with 68% saying buying was their preference. However, more than one in six said they would consider renting. Meanwhile, more than three-quarters of those already renting said they would prefer to stay in rental accommodation if they moved, with only 13% saying they would rather buy.

How attractive would the idea of living in a retirement village be?

Proportion of respondents that find the idea of living in a retirement village either 'fairly attractive' or 'very attractive'



Would you prefer to rent or buy a senior living apartment?



TOWN CENTRE LIVING

How important or unimportant, would the distance from the senior living scheme to a town centre be to you?

65+



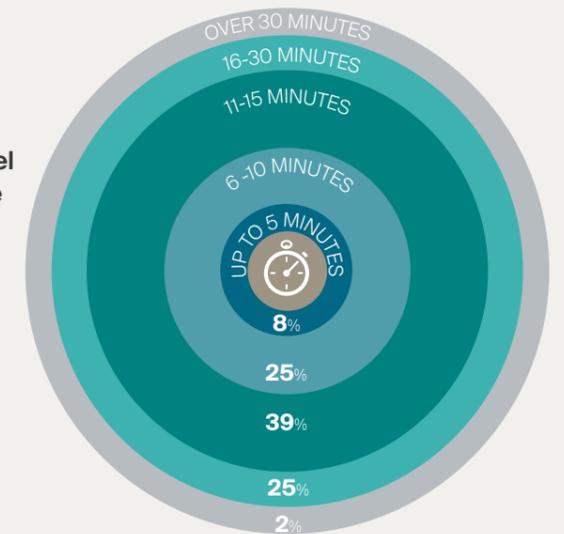
Source: Knight Frank Tenant Survey

Respondents indicated a clear inclination towards town centre living, with 35% stating the distance from a retirement village to a town centre was very important to them. In fact, just 2% said they would be willing to travel more than 30 minutes to a town centre.

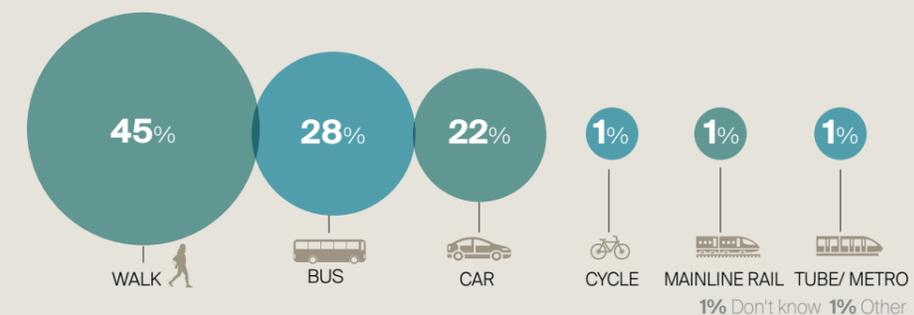
The aspiration to live close to the town centre was particularly prominent among those aged 75 and over, with 30% stating they would be prepared to travel 6-10 minutes and 42% willing to travel 11-15 minutes.

The majority of respondents selected walking or using the bus as their preferred mode of transport to the town centre, with 45% choosing walking and 28% opting for the bus.

How long, if at all, would you be prepared to travel using your preferred mode of travel to the local town centre from a senior living scheme?



What would be your preferred method of transport to the local town centre?



Source: Knight Frank Tenant Survey

“
75% of respondents stated that living in a senior living scheme close to the town centre was important to them.

INVESTOR SURVEY

What are the priorities for those investors which are active in the senior living market? What are their aims over the next five years? To get a glimpse of what the future might look like, we engaged with 15 of the biggest funders and developers in the senior living market.

Size of the senior living market

Estimated value of private market



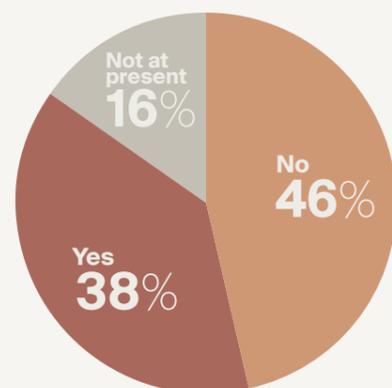
Source: Knight Frank Investor Survey

Do you intend to develop portfolios offering “cradle to grave” residential accommodation schemes? (Student, Build-to-Rent, Senior Living)

During Knight Frank’s 2019 Tenant Survey we engaged with 25 of the biggest funders and developers of professionally managed PRS, including those in the senior living market.

The most striking finding from that survey is that more than a third of respondents said they wanted to engage in providing “cradle to grave” housing, in some cases, student housing right through to Housing with Extra Care for older people.

This targeted approach to housing, underpinned by the ongoing involvement of funders in rental housing and a need to keep schemes attractive to new tenants, is a move away from the model we have seen over the last century. Typically, housing has been provided in different sizes, and sometimes with a focus on family housing, but there has been little segmentation beyond these broad categories.

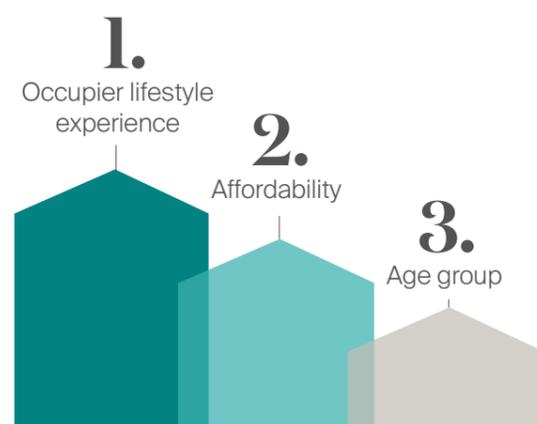


Results from all investors questioned

“More than one-third of respondents said they wanted to engage in providing “cradle to grave” housing.”

Three most important factors influencing scheme design and business strategy

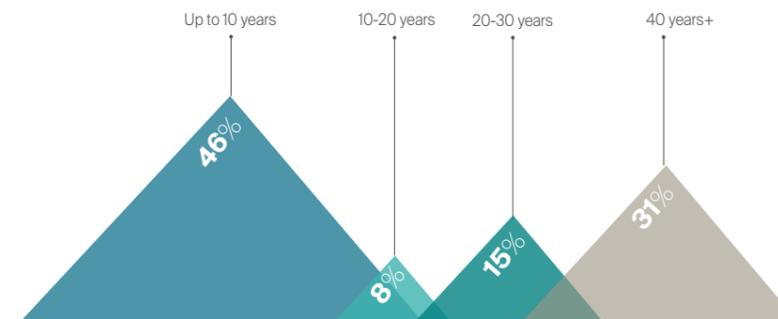
Chiming with the tenant survey, investors recognised that occupier lifestyle and affordability are the key priorities for tenants, so are in turn central to scheme design when planning senior living developments.



Source: Knight Frank Investor Survey

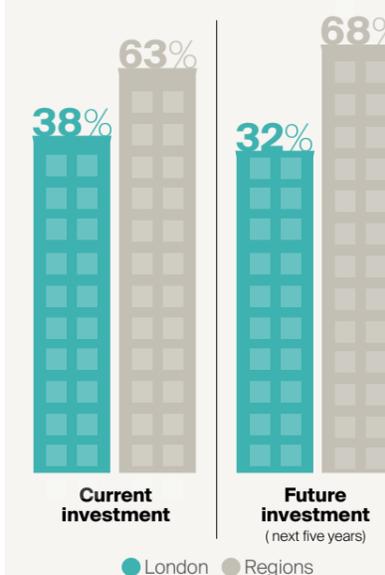
How long do you expect to hold your investment?

The long-term nature of investment into retirement housing is highlighted by almost one third of respondents who said they intend to hold their investment for more than 40 years.



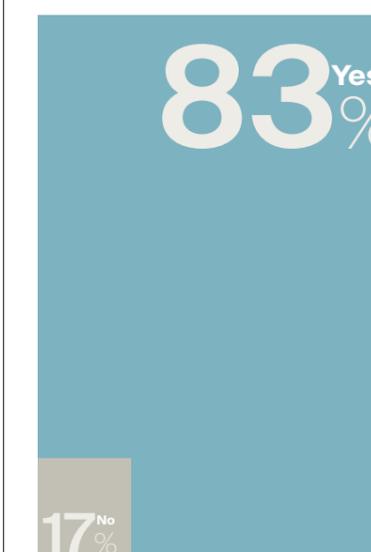
Source: Knight Frank Investor Survey

Location of investment activity



Source: Knight Frank Investor Survey

Do you intend to manage blocks/ schemes via an in-house platform?



Source: Knight Frank Investor Survey

How do you view Brexit in relation to your business?

With so much ambiguity over the UK’s future relationship with the EU, investors remain concerned over the implications of Brexit for business. Of those that responded, more than three quarters of investors view Brexit as a threat.



Source: Knight Frank Investor Survey

“Investors recognised that occupier lifestyle and affordability are the key priorities for tenants, so are in turn central to scheme design.”

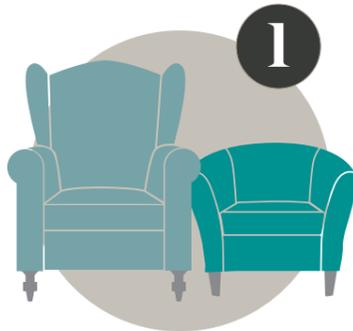
THE EVOLVING DESIGN OF SENIOR LIVING

INSIGHT FROM PLP/ARCHITECTURE

Senior living design has significantly transformed in recent years through a better understanding of the changing needs in later living and rapidly evolving technologies.

What type of spaces should we build for longer and more active later lives?

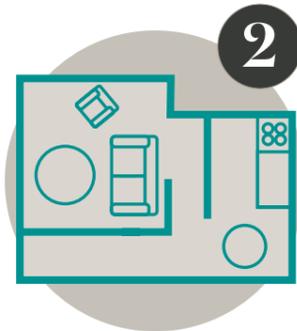
Thomas Hardin, director at PLP Architecture, with collaborator Anne Feikje Weidema, analyse four key topics influencing the design of modern senior living property.



Co-Living

Originally imagined for young, urban professionals, the co-living typology provides an ideal model for the urban later-living product. Private, individual space is reduced to an elegant and efficiently designed minimum, reducing the concern and expense of maintaining a large house. Imagine a luxury hotel suite, expertly equipped with everything needed in the ideal location. The service-based model provides worry-free living. Housekeeping, routine maintenance and utilities can be included in the product cost. Services may extend to include anything from laundry service, meal and grocery deliveries, to healthcare.

Social engagement is crucial to later living, as continued activity improves both long-term mental acuity and helps combat the risk of isolation and loneliness. Communal and shared spaces promote neighbourly interaction and provide space for informal gatherings and planned events and activities.

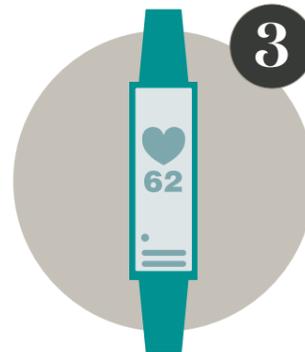


Adaptability and Design of the Unit

Later living isn't stagnant – it is defined by change: changes from work to leisure, changes in mobility, changes in cognition. Living spaces should have a universal and inclusive design that is suitable for all.

Spaces designed for later living must then be flexible and adaptable. They must be able to adapt to the varying needs of the physically aging body and transformation in the way the aging mind works. Later living should enable and support changing care needs.

The design must be adaptable to changes that happen within one's own lifetime but also for changes across a building's lifespan. Sustainability must be at the forefront of design, considering the longevity of materials and the capacity for adaptive reuse and planned transformation. Buildings must not be too reliant on a single technology that will obsolesce but allow for reprogramming and adaptation.



Role of Technology

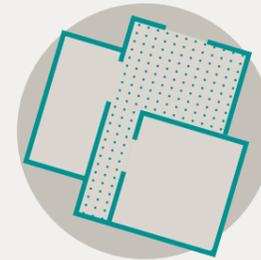
Technology is essential to unlocking the potential of urban later-living. The internet of things is changing the way we interact with our built environment. Connectivity facilitates and enhances every-day tasks from turning on the lights and controlling the temperature to grocery shopping. For the aging resident, this integrated technology can extend the possibilities of independent living.

Modern tech provides transparent, passive, integrated health assessment and monitoring. Phones, watches and fitness straps are equipped with the hardware required to monitor vital signs. In a built environment designed with later-life in mind, this can be integrated into a sophisticated and seamless support system for an aging demographic. This tech can passively monitor vital signs and provide a conditioned response linked to the building concierge and a nominated, affiliated healthcare provider.



Sensory Experience

The environment in which we reside and live has an enormous impact on how we experience our lives. How can we create later-living residences which take more account of the needs of the residents – buildings which strengthen emotional and physical health?



Tactile Stimuli

A building can accommodate tactile stimuli by working with different materials. By using tactile materials in transitory spaces such as the corridor leading to the living room, the visually impaired can easily recognise the different spaces.



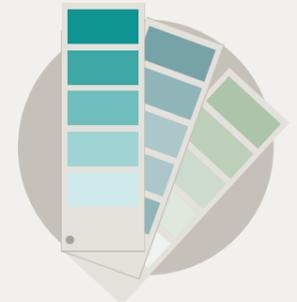
Sight and view

For the elderly with diminished eyesight lighting is of great importance. From the age of 60, many generally need fifteen times as much light as a ten-year-old in order to be able to see the same. Lots of daylight and lamps with a high illumination are therefore of great importance.



Sound

Sound and silence have an effect on our nervous system and our emotional reactions to our surroundings. An environment with diverse residents should take into account individual differences, not only in taste but also in awareness.



Colours

Particular colours stimulate and agitate whereas other colours have a calming effect. The use of green gives a sense of safety, whereas blue has a restful effect and the colours red and yellow both stimulate activity. A good balance should be maintained between the colours used.



Imagine a luxury hotel suite, expertly equipped with everything needed in the ideal location. The service-based model provides worry-free living.



RESIDENTIAL RESEARCH

Patrick Gower

Associate, Residential Research
+44 20 3640 7015
patrick.gower@knightfrank.com

Lauren Cole

Associate, Research Consultancy
+44 20 7268 2599
lauren.cole@knightfrank.com

RESIDENTIAL DEVELOPMENT & INVESTMENT

James Mannix

Head of Residential Development
& Investment
+44 20 7861 5412
james.mannix@knightfrank.com

Tom Scaife

Head of Senior Living
+44 20 7861 5429
tom.scaife@knightfrank.com

With thanks to PLP Architecture

Hala El Akl

Director
+44 20 3727 0321
HEIAkl@plparchitecture.com

RECENT MARKET-LEADING RESEARCH PUBLICATIONS



Multihousing 2019



UK Retirement Living 2018



Retirement Living comes of age 2018



The Case for Retirement Housing 2018