Seniors Housing
Trading Performance Review

2025/26

Knight Frank's annual assessment of operating performance in the UK Seniors Housing sector. This market-leading report includes analysis of occupancy, sales and rental performance of the largest IRC operators.

knightfrank.co.uk/research

Contents

Introduction

The results of our 2025/26 Seniors Housing Trading Performance Review confirm that the sector continues to evolve and grow as it responds to both customer and investor requirements in the face of changing market conditions.

This is the 7th edition of our research and the most detailed survey of the private IRC market yet. The report is structured around three key components:

1 AN UPDATE OF THE INVESTMENT AND MACRO TRENDS SHAPING THE SECTOR

2 WE HAVE ASKED LEADING OPERATORS FOR THEIR VIEWS ON THE SECTOR AND THEIR PLANS FOR THE NEXT FIVE YEARS

3 WE HAVE UNDERTAKEN AN IN DEPTH ANALYSIS OF OPERATOR PERFORMANCE BASED ON DATA ACROSS THEIR CURRENT PORTFOLIOS

This approach provides us with insights into the daily operations, performance, and resident profiles across 112 schemes, covering 13,489 units, and housing more than 12,000 residents. The majority are operational, while the remainder are scheduled to open by 2026.

The results evidence the customer base, the changing nature of supply, scheme design, ESG credentials, service provision, as well as the dynamics of sales and rental absorption and operational performance.

There is much to be positive about. Strong underlying fundamentals and an increasingly mature operator landscape continue to reinforce the sectors resilience and long-term potential. It is for this reason that we continue to work in partnership with the sector to deliver the highest quality insight.

Such robust, scheme-level evidence strengthens the sector's ability to articulate its value proposition to institutional investors, showcasing stable performance and scalable growth.

Survey in numbers

13,489

UNITS

112

IRC SCHEMES

12,197

RESIDENTS

£6.8bn

TOTAL MARKET VALUE OF UNITS SURVEYED

Sector KPIs (private IRCs only)

RESIDENT KPIS

80
average age of entry for purchasers

85
average age of entry for renters

7.4 yrs
average length of stay (10+ years operational)

1.1
average residents per home (schemes which have completed initial sales)

COST AND REVENUE KPIS

0.32
average number of staff per unit including care

45%
staffing as a % of costs

19.6%
of gross revenue in private IRC schemes is from DMFs

12k
average expense per unit

SALES AND RENTAL KPIS

88%
average occupancy rate in for sale schemes (3+ years operational)

90%
average occupancy rate in private rental schemes

-2.3%
average annual price change for IRC schemes with DMF

8.25%
average annual rental growth for re-lets (rental only)

KEY: IRC – Integrated Retirement Community | **AVLOS** – Average length of stay | **DMF** – Deferred Management Fee

Investment backdrop

Investment lagging demand

DEMOGRAPHIC DRIVERS AND INVESTMENT OPPORTUNITIES

We know the story by now. The UK has a rapidly ageing population. By 2040, a quarter of the population will be aged 65 or above, up from 19% today. Yet, the supply of age-appropriate accommodation to support this cohort in later life remains inadequate.

Just 8,747 new purpose-designed seniors homes are expected to be built in 2025, up from 7,000 the previous year but still 11% below the recent market peak of nearly 10,000 in 2016. Independent reviews of the sector suggest the UK needs to be building up to 50,000 specialist homes for older people every year.

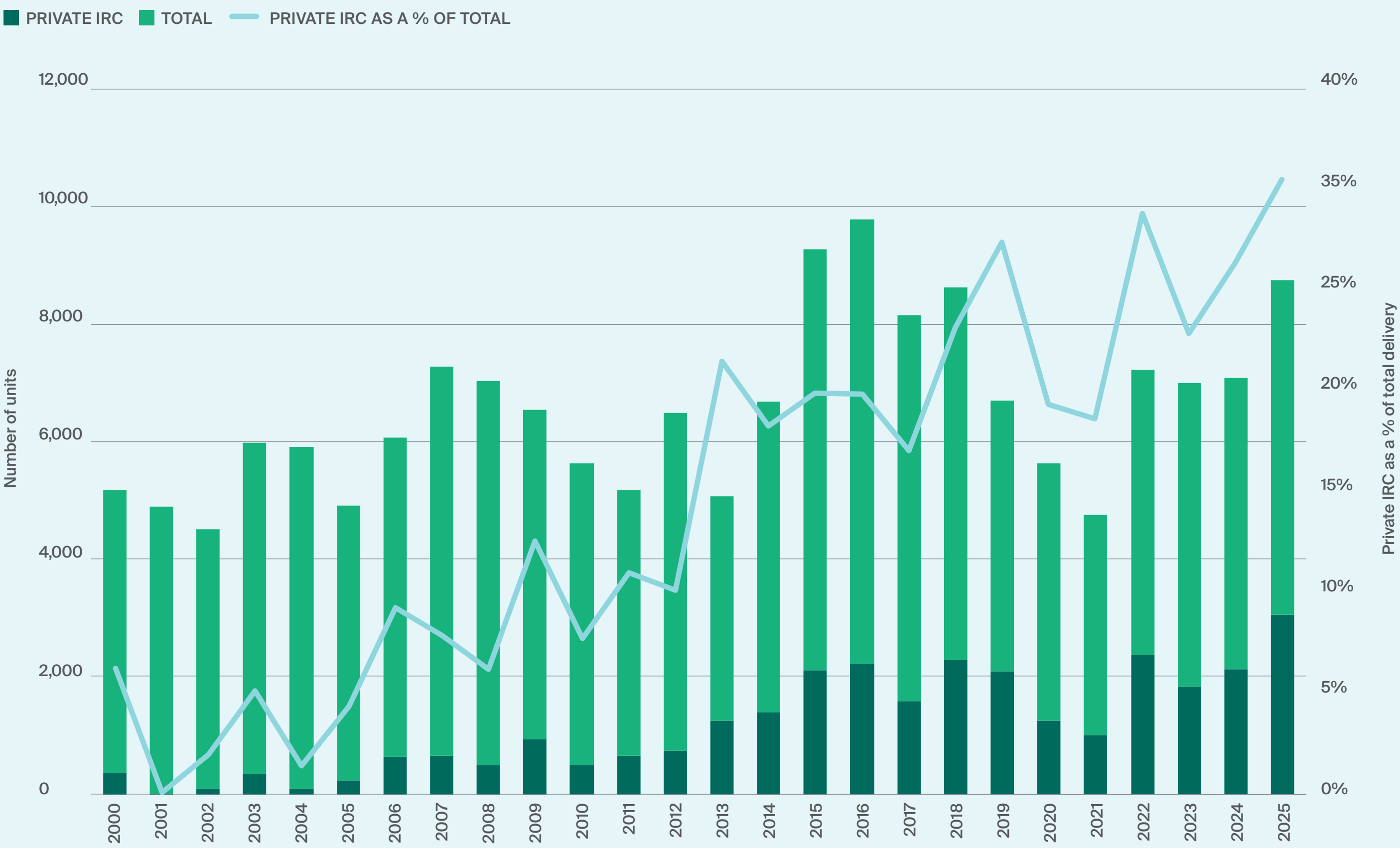
Despite this imbalance, investment activity has been subdued. High financing costs, concerns over operational complexity, and a lack of available product have kept transaction volumes low. Sector-specific challenges relating to regulation, DMF and leasehold reform, inconsistency around planning policy and tight labour markets have added another layer of complexity.

8.7k

new purpose-designed seniors homes are expected to be built in 2025, up from 7,000 the previous year

Private IRCs increase share of total delivery

Number of units



Source: Knight Frank Research using EAC

25%

of the population will be aged 65 or above by 2040

However, there are signs of renewed momentum. Financing has become more accretive to returns, with cuts to the base rate ushering in more competitive terms than six months ago. Several landmark transactions closed in the third quarter, reinforcing confidence in the sector's long-term fundamentals. Additional portfolio deals and capital raises – spanning both sales and rental models – are expected as we move into 2026.

Macroeconomic conditions remain challenging. Inflation is easing but likely to stay above target. Combined with fiscal pressures and weak productivity, this environment will slow recovery. For real estate, the implications are clear: operational efficiency and disciplined capital deployment are critical.

Business models are evolving in response to these dynamics. Staffing remains a major cost driver and operators continue to invest in recruitment, retention and training. For development, location has become a key focus to ensure viability in a higher-cost environment.

Tenure options have broadened, with rental and shared ownership expanding alongside long leaseholds, and deferred management fee structures. There is also segmentation within the market between affordable, mid-market and premium IRC schemes, to cater for the broadest pool of customers.

The sector has seen significant progress in recent years across design, operations, sales strategies, pricing, and service charge structures. These changes have led to varied performance in sales rates across schemes and operators, underscoring the importance of adaptability as the market continues to evolve.

68%

of private IRC schemes opened in London or the South East, where higher capital values and rents support building

Across the Atlantic

What the UK can learn from a mature Seniors Housing market

The US seniors housing sector offers a glimpse into the future of a fully evolved market – and its trajectory provides valuable cues for investors in the UK. Strong demand, coupled with a backdrop of constrained development has pushed occupancy higher, taking the national vacancy rate to 9.1%, its lowest reading since 2018. According to projections by Capital Economics, vacancy could fall to a record low of 8% by 2027.

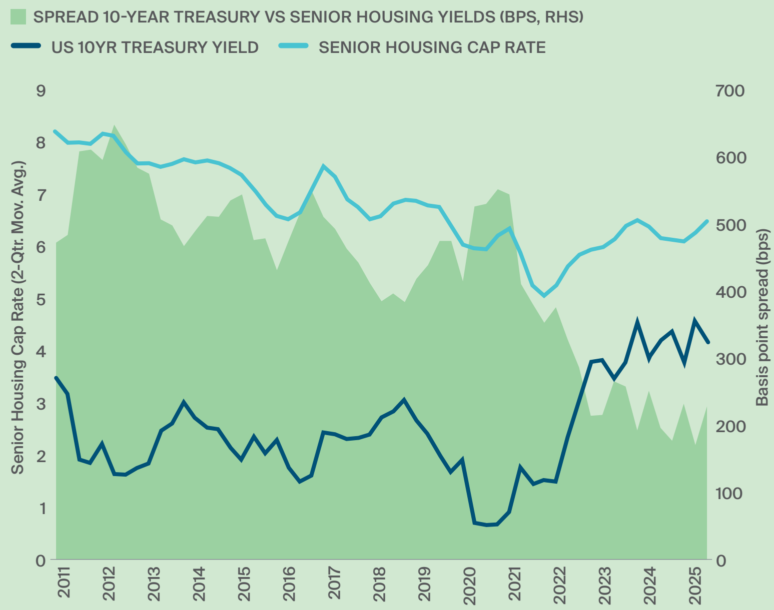
With supply expected to remain tight into the second half of the decade, annual rent growth is forecast to average circa 4.5% through to 2030. While demand fundamentals are set to remain robust, the development pipeline tells a different story. Units under construction account for just over 2.5% of existing inventory, the lowest share in a decade. Longer construction timelines and higher building costs are a key factor in this – now approaching two and a half years.

The investment landscape has also shifted. The era of cheap debt and wide spreads over government bonds – once the engine of real estate outperformance – has given way to a higher yield environment.
The spread between 10-year treasury yields and US seniors housing yields, which averaged 515 bps during the five-year period of peak GFC recovery (2012-2017), has now compressed to circa 320 bps over the past five years (2020-2025), largely due to the impact of quantitative easing.

In this cycle, income growth, rather than yield arbitrage, will be the key driver of returns. For investors, senior housing's cap rates stand out precisely because of its stronger rental outlook, despite tighter spreads. This current risk premium over treasuries is driving a wave of fresh capital to the asset class. As of Q1 2025, cap rates for US product stood at 6.50%, according to Capital Economics. Over the same period, prime seniors housing assets in the South-East of England were achieving yields of around 5.25% – with stability through Q3 2025.

For investors, the parallels between the US and the UK market are clear. A combination of resilient performance, sustained demand, and structural undersupply, set against a challenging backdrop for new development – all paint a compelling picture of a sector with room to run.

US Senior Housing cap rates vs US 10-year treasury yield



Source: Capital Economics / Knight Frank Research

Trading Performance Review:
The customer

UNDERSTANDING THE SILVER TSUNAMI

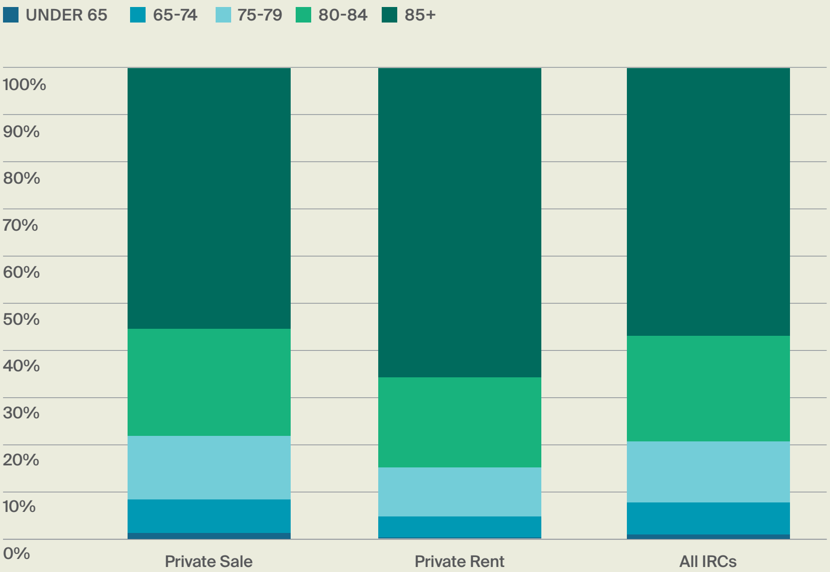
The data presented here is drawn from schemes that have completed their initial sales and leasing phases, offering a reliable view of sector performance. As the market continues to grow, greater clarity around key metrics such as occupancy, sales, costs and fees will be essential to building investor confidence and supporting the delivery of much-needed new supply and accelerate optimisation of product.

Occupancy levels remain strong across the sector. In private Integrated Retirement Community (IRC) schemes that have been open for at least three years and where initial sales are complete, average occupancy stands at 88%, broadly unchanged from last year (90%). This reflects the natural turnover of residents and points to the stability of long-term cashflows in these schemes.

Rental-only schemes continue to perform well on occupancy, with levels reaching 90%, although we are aware of occupancy levels closer to 95% for a number of large rental portfolios. This higher rate relative to sales is largely driven by the speed of re-letting and the flexibility offered to tenants (see page 13). Many residents in rental schemes move in using cash reserves and typically sell their previous homes within a year, enabling quicker transitions and fewer voids.

> "As the market continues to grow, greater clarity around key metrics such as occupancy, sales, costs and fees will be essential to building investor confidence and supporting the delivery of much-needed new supply."

Average resident age distribution by tenure

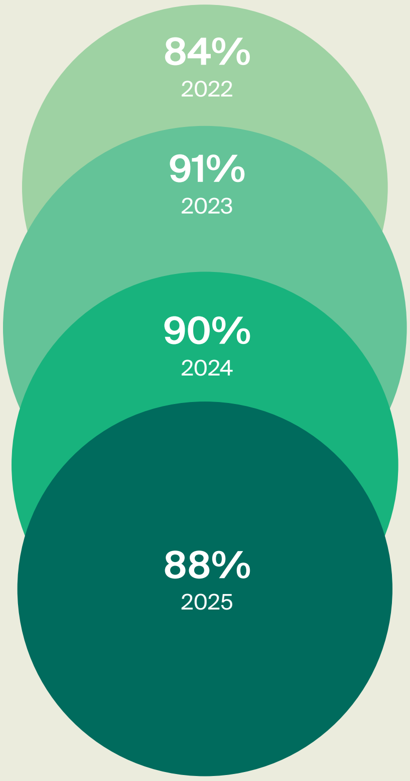


Source: Knight Frank TPR 2025

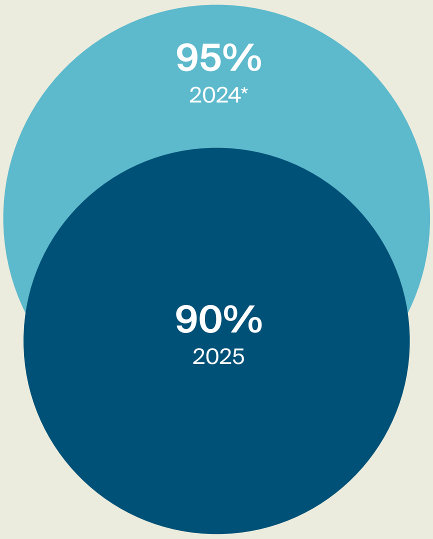
Occupancy rates

Schemes which have been operational for 3+ years

PRIVATE FOR SALE IRCs



PRIVATE RENTAL



Source: Knight Frank TPR 2025
*low sample size

YOUNG AT HEART

Demographic trends are also shifting. The average age of entry for purchasers in IRC schemes stands at 80 years, slightly up from 79 in last year's survey, but lower than 81 in 2023. Notably, schemes opened within the last five years have attracted a broader and often younger demographic.

The UK has a long history of retirement living with almost 800,000 built seniors housing units across the country. Historically, this has been weighted to the affordable or not for profit part of the sector. We now see a growing awareness of IRC communities from the public, with higher services that facilitate care coming to the fore.

While the majority of current residents are aged 85 and above, there is a wide spread of ages among new entrants – from under 70 to over 85 – reflecting their diverse needs and expectations. In rental-only schemes, tenants tend to be older, while more couples live in for sale developments. This variation underscores the importance of flexible service provision and adaptable care models within communities.

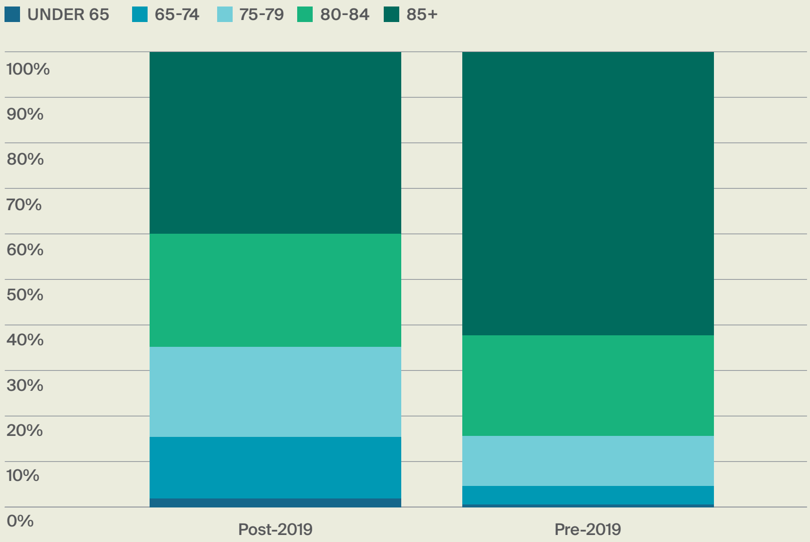
LIVING LOCAL

Local demand remains a defining feature of the sector. Nearly half of households move from within 10 miles of a scheme, reinforcing the role of IRCs in meeting local housing needs. This proximity highlights the importance of coordinated planning between developers, local authorities and communities to ensure appropriate provision across age brackets.

In communities that have been operating for over a decade, the average length of stay is approximately seven years and four months, providing a strong foundation for long-term operational planning and investment.

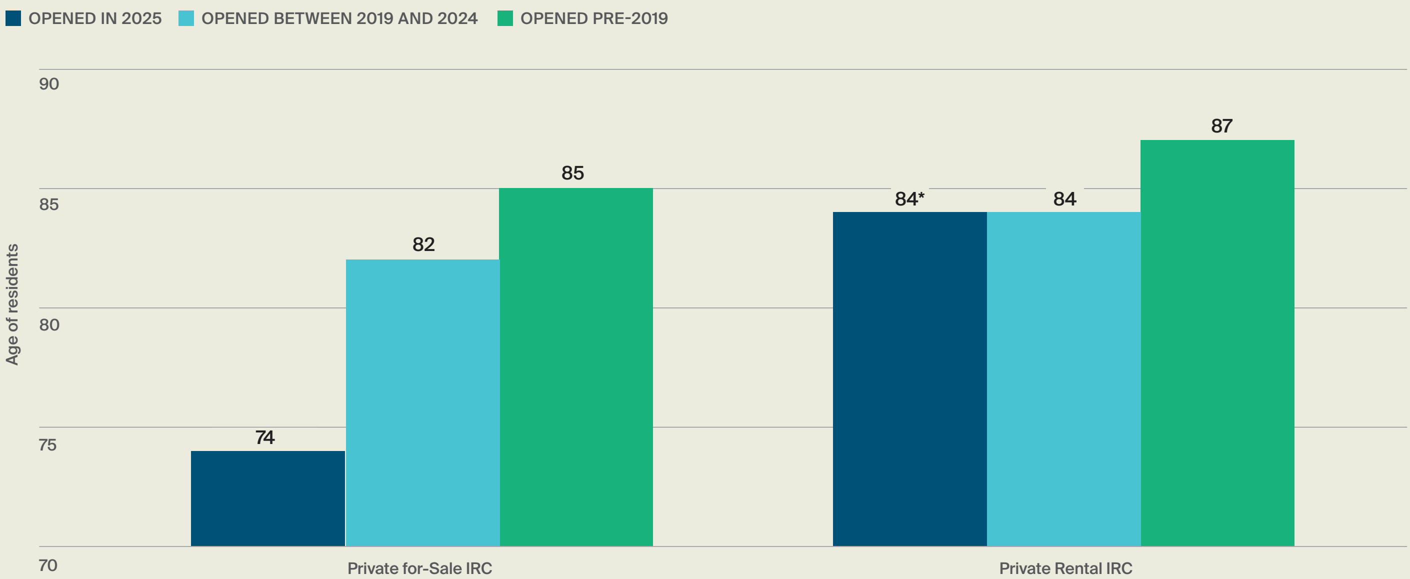
As people are living longer, the evidence shows that their support and care needs increase significantly as they progress through their 70s and 80s. IRCs are designed to respond to this natural trajectory, providing flexible support, wellbeing services and care that can be scaled as needs change. This alignment between rising age-related needs and the IRC model strengthens long-term operational planning and ensures that communities remain both sustainable and responsive to residents over time.

Average resident age distribution by scheme age



Source: Knight Frank TPR 2025

Average age of residents by tenure and opening date of scheme



Source: Knight Frank TPR 2025
*based on post-2019 figures

Trading Performance Review:
The schemes

LIVING WELL

Amenity provision in private IRCs continues to reflect the sector's commitment to quality of life and resident wellbeing. Across our sample, every scheme includes access to a garden or outdoor space, while nearly all offer a restaurant (99%) and guest suites (96%). These features have become standard, underscoring their importance in shaping the residential experience.

Lifestyle amenities vary more widely. Hair salons and activity rooms are present in 82% of schemes, and libraries in 74%, supporting social engagement and personal enrichment. More specialised features such as cinemas (26%), swimming pools (46%), and plunge pools (9%) are less common, typically found in larger or premium schemes.

COMMUNITY AT THE CENTRE

Service provision is similarly robust. All schemes offer emergency call systems and run a programme of activities. Overnight staffing is available in 94% of schemes.

Community integration is increasingly prioritised. Among private for-sale schemes, 53% report that some or all communal spaces are open to the public, helping to foster local engagement. Additionally, a fifth provide domiciliary care in the wider community, extending their impact beyond the resident base.

Care provision within schemes reflects the principle of ageing in place. On average, residents receive 110 hours of domiciliary care per year – equivalent to just over two hours per week.

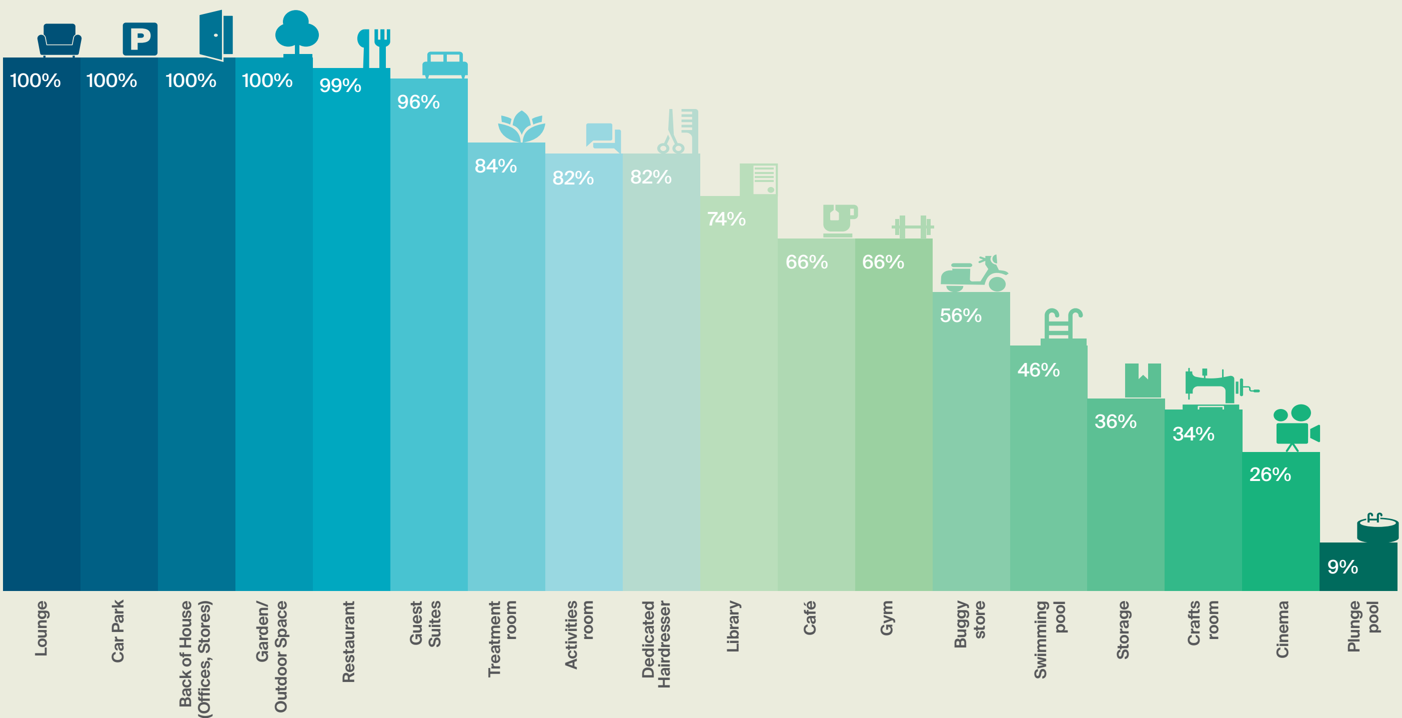
Section 106 agreements often stipulate minimum care hour requirements, but the definition of care extends beyond regulated services. Many schemes deliver this through a

53%

of schemes have some or all of their communal space open to the public

Amenities at schemes surveyed

% of Private IRCs that include



Source: Knight Frank TPR 2025

blend of hospitality, nutrition, activities, and access to CQC-registered domiciliary care. This flexible model allows residents to increase their care provision as needed, supported either by in-house teams or third-party providers.

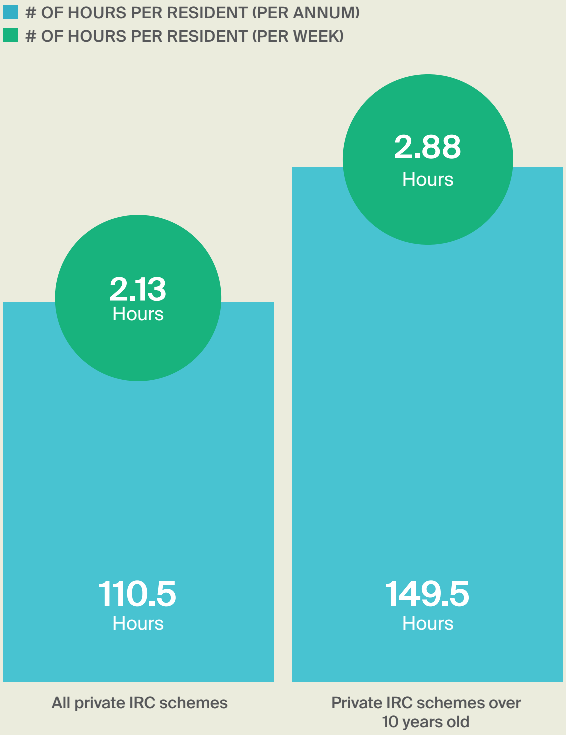
IRCs sit at the intersection of housing and health, offering a platform for efficient care delivery within seniors housing developments.

By fostering partnerships with NHS and Integrated Care Systems (ICSs), IRCs can enhance access to preventative health measures and wellbeing initiatives, reducing long-term healthcare burdens. These communities also present opportunities to develop intermediate care pathways, supporting recovery and rehabilitation while enabling residents to maintain independence in a familiar environment.

EVENT FEE EVOLUTION

The data in our sample shows a continuing evolution of DMF structures being used by operators. Of the schemes in our sample, 85% collect a DMF or event fee on resale. Of those operators which do collect, the majority (51%) offer two or more options. DMF structures vary between operators but, as has been the case in previous surveys, maximum caps are getting larger. In 2019, just 14% of schemes offered a maximum DMF above 20%. This has risen to 48% in this year's survey.

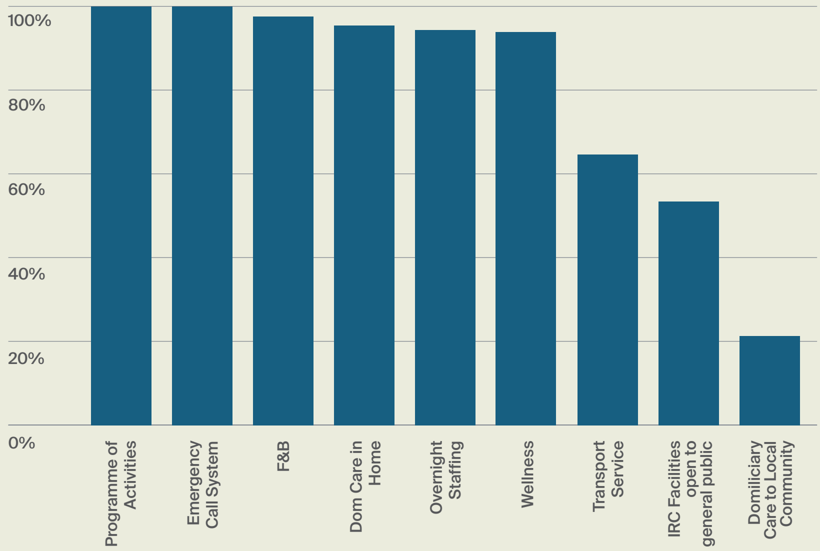
Hours of domiciliary care



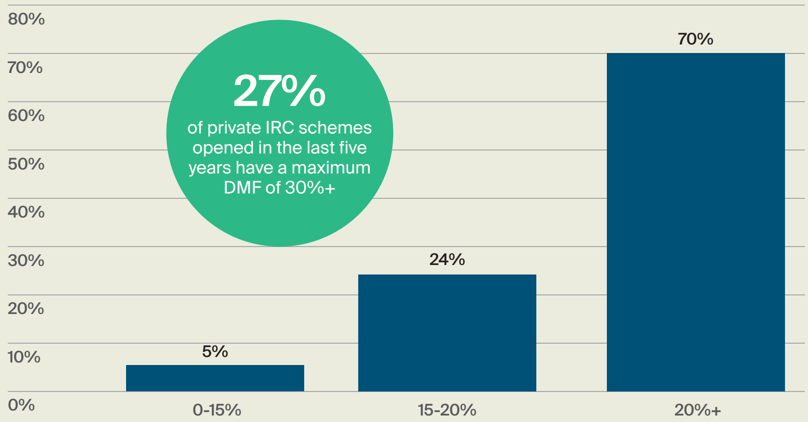
Source: Knight Frank TPR 2025

Services provided at schemes surveyed

% of Private IRCs that include



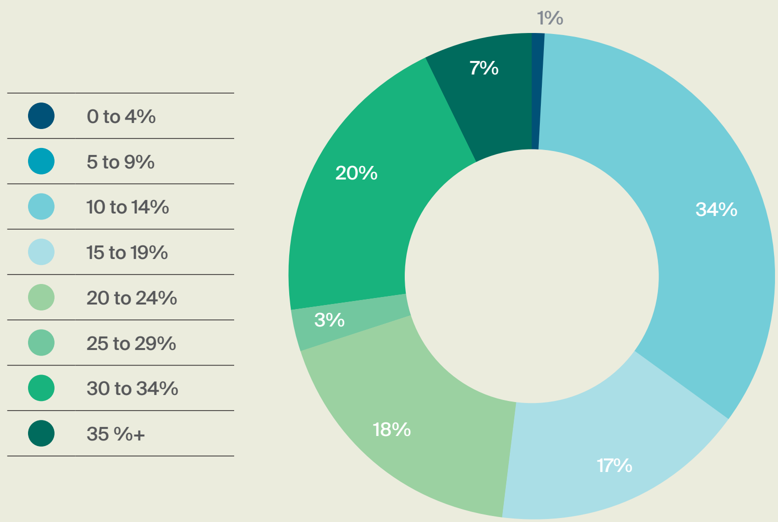
DMF structures for Private IRC schemes which opened in the last five years



Source: Knight Frank TPR 2025

Maximum DMF charged at schemes

%s shown on chart are the proportion of schemes within each DMF range



Source: Knight Frank TPR 2025

Trading Performance Review: Market performance

Sales and rental

SALES

Understanding price performance over time is a key metric for owners and operators of seniors housing communities – particularly those that are set up to capitalise on future cashflows achieved in a DMF model.

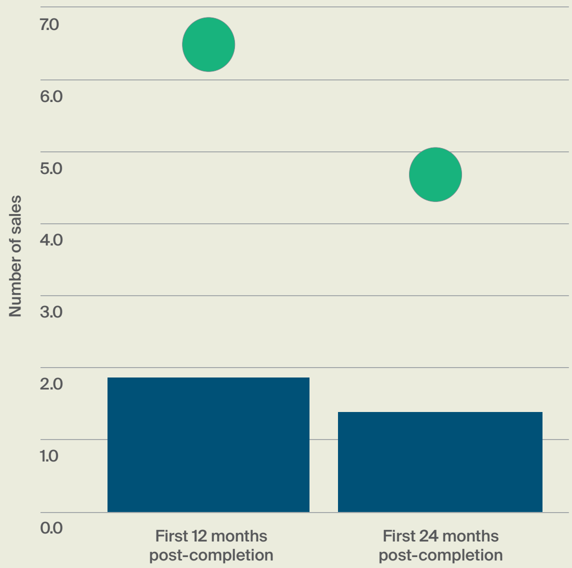
The data we have captured has provided us with several valuable insights. For a start, we can say that in the long run average price inflation for IRCs with a DMF has outperformed the wider UK housing market.

11.5%

Of seniors who have visited a site at least once who go onto complete a sales purchase in the current year

Sales per month

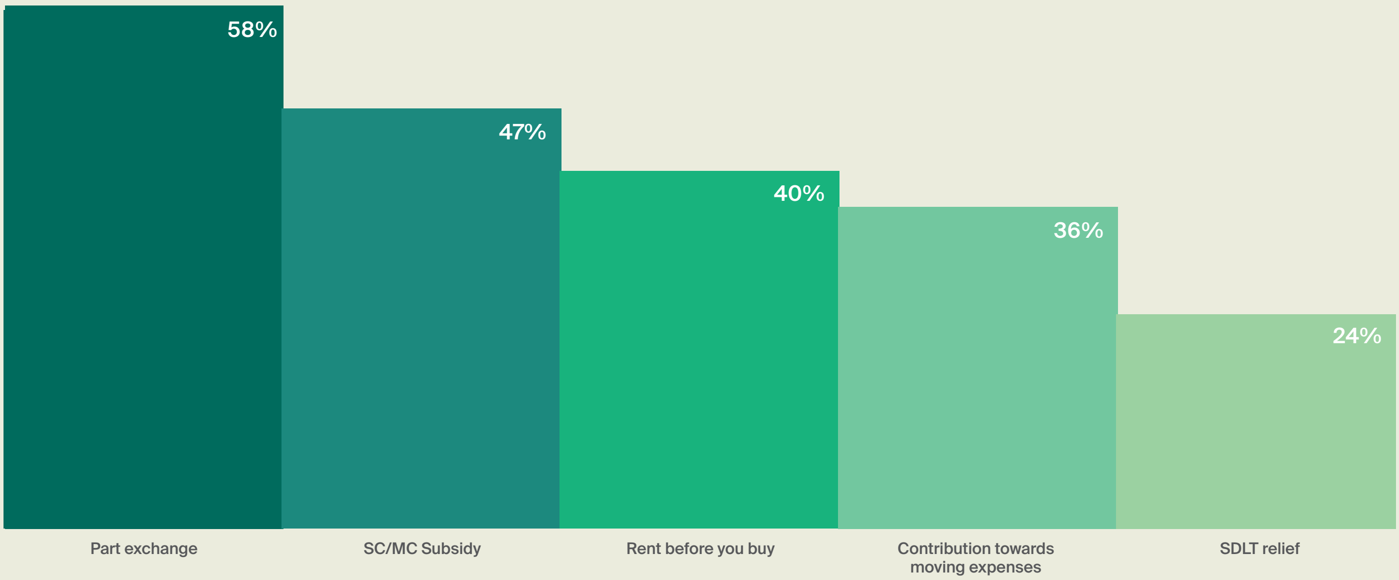
Private IRCs, average and maximum sales rate (excludes off-plan sales)



Source: Knight Frank TPR 2025

Sales incentives offered on schemes

% of Private IRCs offering the following incentives



Source: Knight Frank TPR 2025

On an annual basis, in 2024, values for IRC schemes with a DMF fell by 2.3%, compared with 4.7% in the wider housing market. Longer-term, for IRCs with a DMF, our analysis points to a compound annual growth of 3.9% since 2005.

SALES RATES

Given seniors often sell their previous property to 'right size', the health of the wider housing chain can and has impacted sales rates. On average, our data shows that 1.87 units were sold each month in the first 12 months post-completion for private IRC schemes, up slightly from 1.84 units in our 2024 sample but down from just over two units in 2023. In addition to the higher interest and mortgage rate environment since late 2022 impacting the chain of buyers – 25% fewer homes were sold in the UK between January and September this year than during the same period of 2021 – speculation around asset and wealth taxation ahead of the November Budget from policymakers has introduced an additional layer of uncertainty.

However, a closer look at the data reveals varied performance across schemes depending on location, amenity provision and price. Based on our sample, for example, the maximum absorption rate in the first 12 months post completion for private IRC schemes was 6.5 units per month. Market evidence suggests schemes focussed on affordable tenures can fill more quickly.

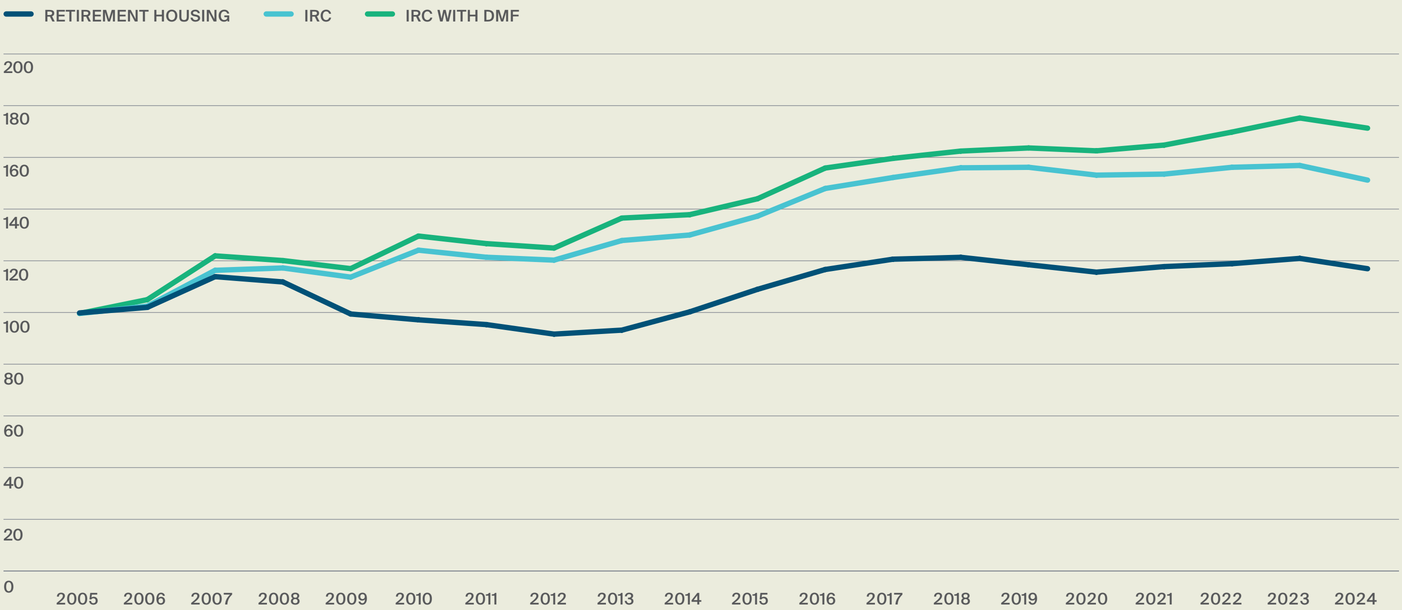
Across the private sales schemes in our sample, the conversion rate of seniors who viewed a property at least once and went on to complete a purchase in the same year was 11.5%. On average, for those who did move, it took 9.3 months from initial contact to move in.

9.3

Average months from initial contact to move in for existing sales residents

Seniors Housing long-term price performance

Indexed 100 = 2005



Source: Knight Frank TPR 2025

Our work with operators suggests that the health and performance of the wider housing market is a key contributor to sales market performance. But outside of buyer sentiment, there are other factors which are impacting transactions, three of which we outline below.

1. DESIGN AND OPERATION

There has been huge progress and change in recent years across design and operations. The most successful projects understand the target customer and build stable operating businesses and brands based off this. We cover this in our survey, with most operators having revised design standards for affordability, sustainability and care in recent years. This reflects the fact that most seniors want to remain independent and connected to their communities for as long as possible. The solution lies in a new generation of housing – designed for independent living with built-in support and services that adapt as needs change.

2. SALES TEAMS

A moderation in activity in the wider housing market over the last 24 months has intensified which means investing in personnel and training is crucial. Anecdotal evidence suggests this has led to varying performance in sales rates across schemes and operators, as evidenced by the sample in our Trading Performance Review.

3. FLEXIBILITY AND OPTIONALITY AROUND FEES

Larger DMFs and flexible payment options allow more cost risk to be shared between the tenant and investor, creating long-term alignment. It allows income sensitive tenants to fund their senior living purchase and allows operators to provide high quality amenities with higher staffing levels and high-quality services. The rental tenure allows increased flexibility and choice to tenants whilst widening the addressable market.

PRICING AND INCENTIVES

To support with sales, many operators have been offering purchasers incentives. These include contributions to moving expenses, service and management charge subsidies, or payment of associated moving fees including stamp duty, and the option to rent before purchasing. Compared with last year, a broader range of incentives are now being offered.

In terms of pricing, our research shows a tiering of the market with IRCs with DMF commanding the highest values. Resale values for newer IRC stock, built post-2019, are also notably higher than older units, reflecting a push into higher value locations and higher levels of amenity provision in new schemes.

23.1%

PROPORTION OF SENIORS WHO VISITED A SITE AT LEAST ONCE AND WENT ON TO RENT IN THE SAME YEAR

6.3

AVERAGE MONTHS FROM INITIAL CONTACT TO MOVE IN FOR RENTAL RESIDENTS

2.2

AVERAGE MONTHS BETWEEN AN OFFER BEING ACCEPTED AND THE START OF THE TENANCY

Greater alignment created by DMF structures is driving owners to reinvest, with targeted capex and amenity upgrades in older IRCs aimed at protecting value and reducing pricing differentials.

RENTAL

The UK seniors housing market is in the midst of a significant transformation, echoing a shift that took place in North America. For decades, the US market was dominated by for-sale tenure options. Today, that landscape looks very different, with a significant volume of rental apartments serving a diverse range of tenants.

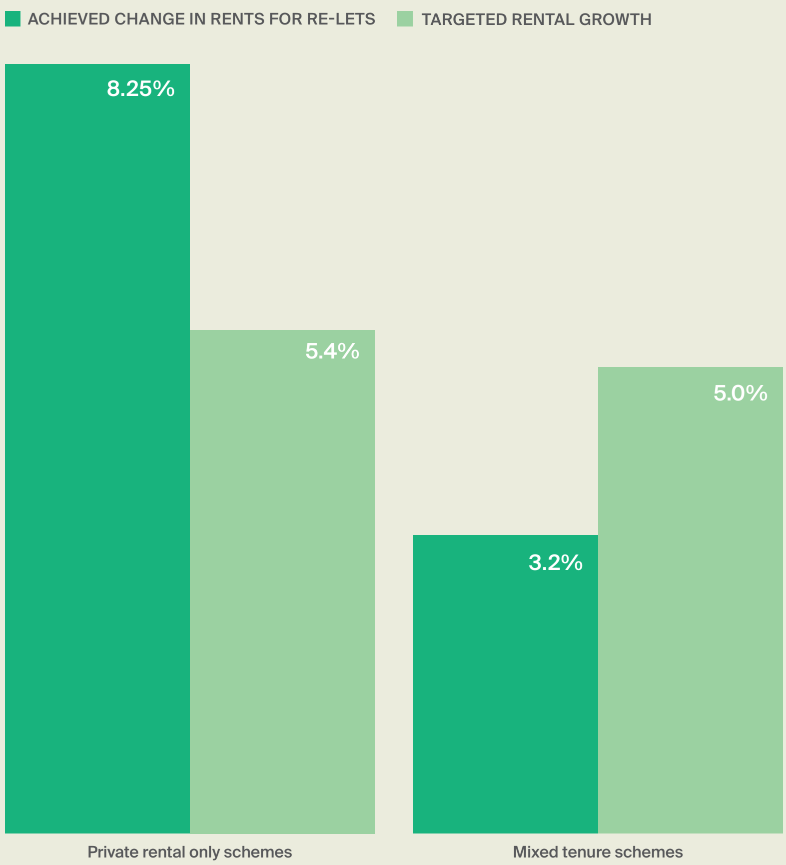
A similar evolution is now underway in the UK. Operators have embraced flexibility, with more than half of surveyed schemes (54%) offering both rental and traditional leasehold options. This dual-tenure approach is proving effective at accelerating lease-up and preserving operational efficiency.

The data reinforces this trend. Private rental properties are absorbed more quickly than homes for sale. On average, the time from initial enquiry to tenancy is just 6.3 months, roughly a third faster than the sales process. Conversion rates tell a similar story: nearly 23% of seniors who viewed a rental property at least once moved in within the same year, highlighting the liquidity and appeal of the rental market. As more schemes open and customers become familiar with the concept, these conversion rates are expected to climb higher.

Strong demand has also underpinned rental growth. In schemes where private rent is the dominant tenure, average annual rental growth for re-lets last year reached 8.25%, in line with the wider UK private rental sector, with operators targeting around 5.4% growth in the year ahead. Mixed-tenure schemes – where some units have been converted from for-sale and are not fully optimised for rental – saw lower but still healthy growth of 3.2% annually, with a targeted increase of 5% over the next 12 months.

This shift signals a clear direction for the market. Rental tenure is gaining momentum, supported by faster absorption, higher conversion rates, and strong rental growth. As operators continue to adapt and customers grow more comfortable with the model, the sector is poised for further growth.

Change in achieved rents
Annual % change (2024)



Source: Knight Frank TPR 2025

8.25%

Annual achieved rental growth for re-lets in private rental-only schemes in 2024

The customer perspective

For seniors, the choice between renting and buying in IRCs reflects different preferences rather than one tenure being universally better, with space in the market for all models. Renting offers flexibility, lower upfront costs, and the ability to move without the uncertainty of selling a property, which can be especially attractive for older residents looking to release equity or simplify their living arrangements.

Buying, by contrast, appeals to customers who value security of tenure, long-term cost certainty, and the ability to preserve or grow housing equity. From an investor perspective, rental provides predictable recurring income, reduced exposure to housing-market cycles, and higher occupancy stability. For-sale models can deliver upfront capital returns but carry sales-rate risk and greater sensitivity to local housing liquidity. A mixed-tenure approach can often serve the broadest spectrum of needs.

Trading Performance Review:
Revenue and costs

Money matters

REVENUE

Revenue in private IRC schemes is drawn from multiple sources, varying by operator, proposition and scheme maturity. Revenue from DMF accounts for the largest share, at 19.6% of total revenue in private schemes which have completed initial sales. As schemes age, event fees are expected to grow in importance – partly because this income doesn't mature until several years after opening, but also to reflect the move towards higher charges in newer developments.

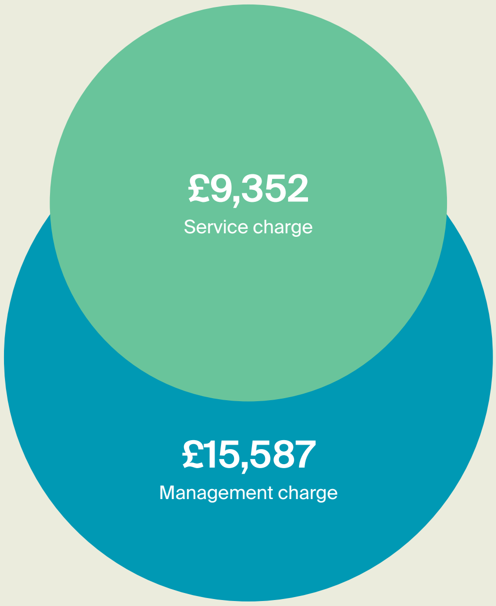
Management charges accounted for the second largest share of revenue, at 17.4%. Across our sample, the average management charge is £15,586.

Most operators (73%) apply a service charge, with 15% opting for a management charge. This trend starts to reverse in newer developments: 30% of schemes open for three years or less use management charges.

Private sales revenue contributes 17.2% of revenue, with rental income accounting for 10.7%.

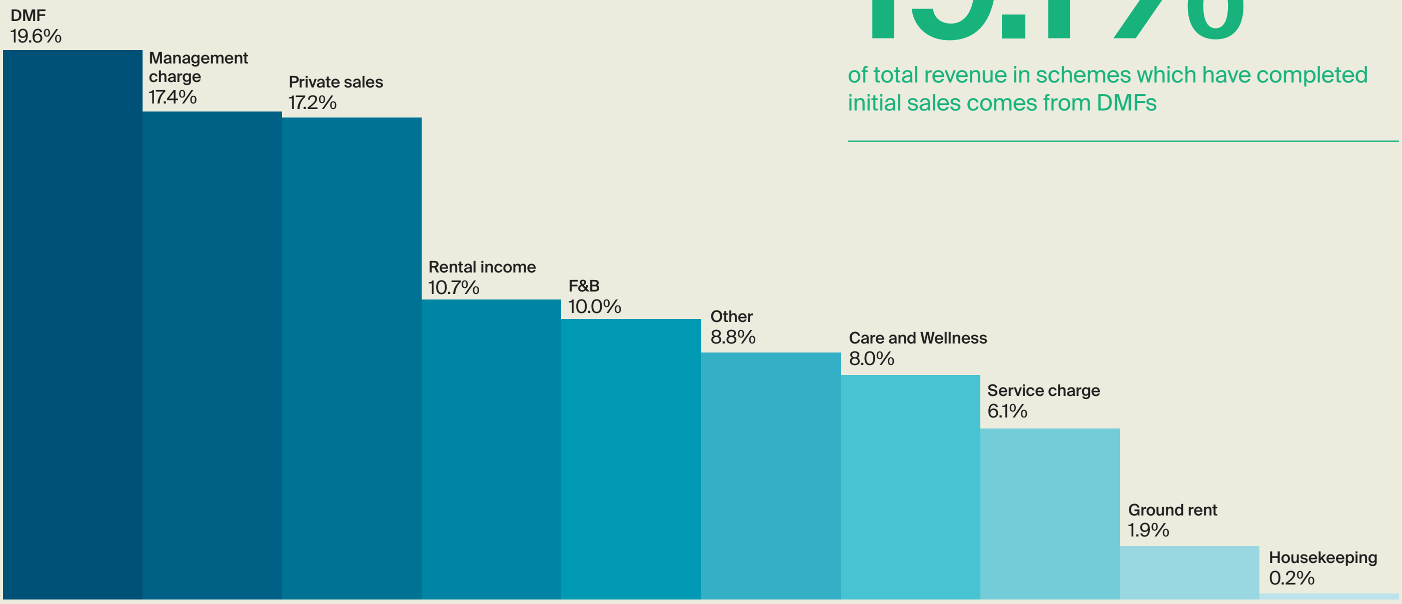
The remaining 35% of revenue comes from F&B, care, service charges, ground rent and housekeeping.

What is the average full annual service or management charge in the current year?
All schemes



Source: Knight Frank TPR 2025

Revenue from IRC schemes
All private IRCs with initial sales completed



NB: Based on aggregation / average the weighting across these categories will vary with different operator models

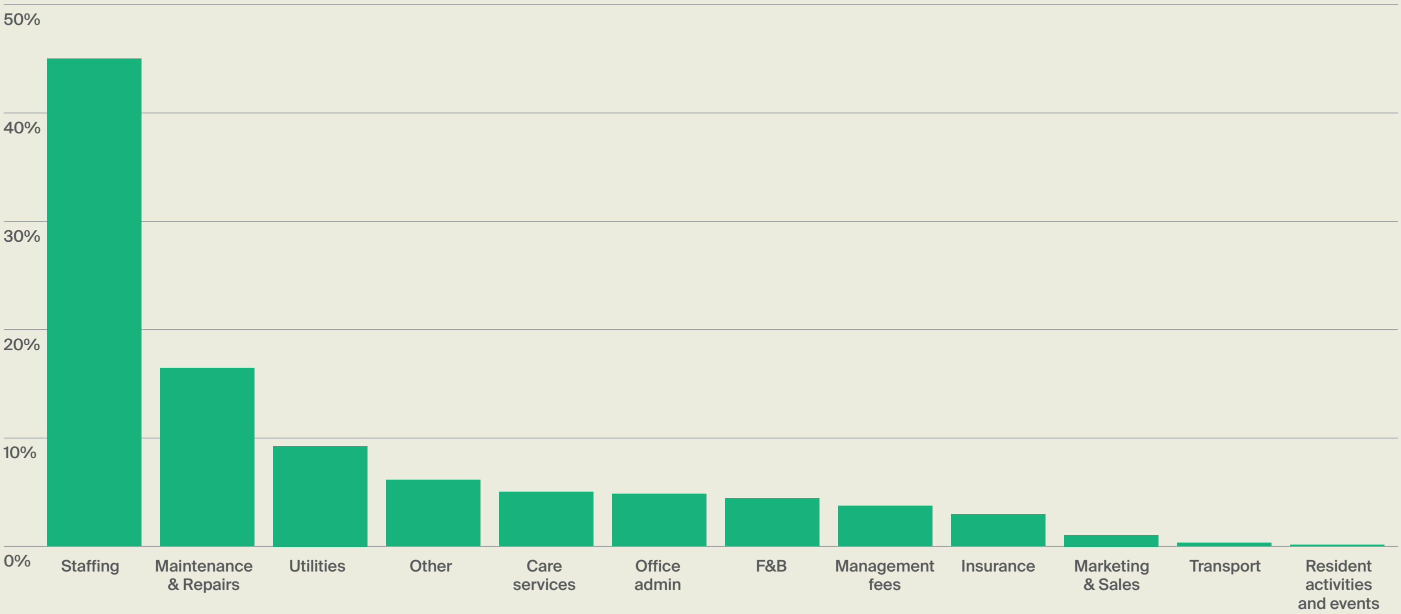
Source: Knight Frank TPR 2025

19.1%

of total revenue in schemes which have completed initial sales comes from DMFs

Costs from IRC schemes

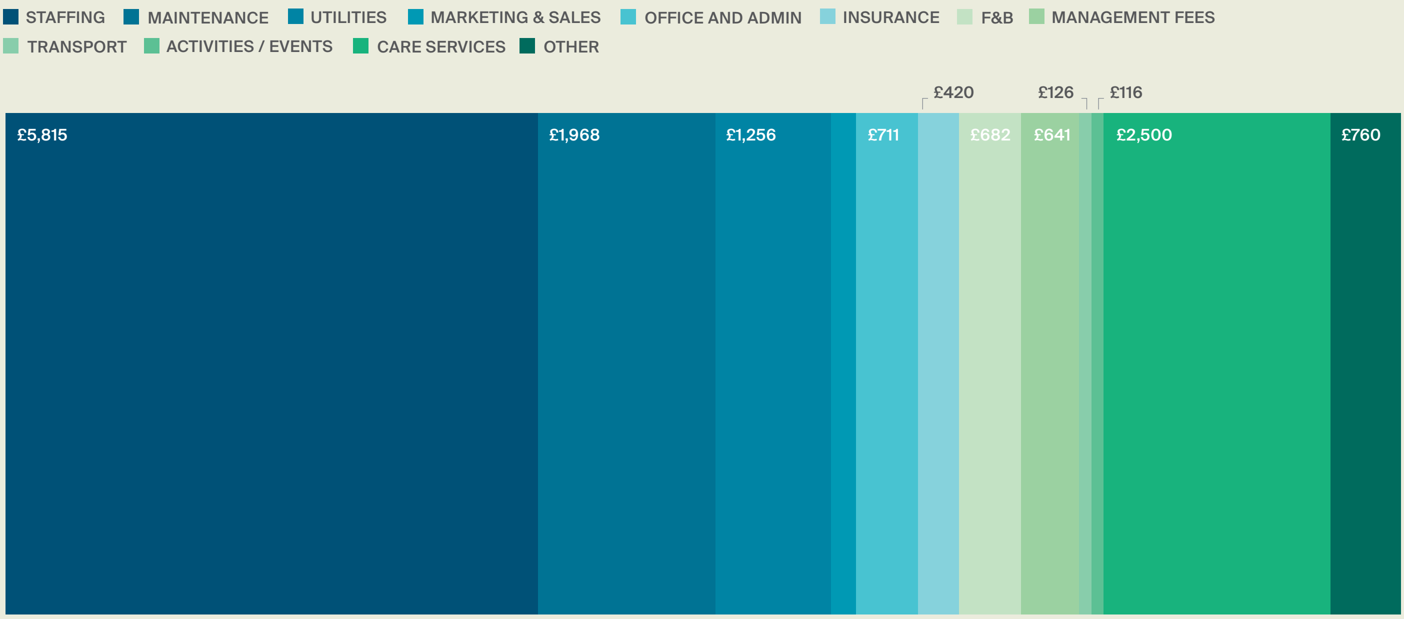
All private IRCs with initial sales completed



Source: Knight Frank TPR 2025

Average expenses per unit

Private IRCs with initial sales completed



Source: Knight Frank TPR 2025

COSTS AND STAFFING

Costs vary by amenity provision, service levels, location and scale. Staffing is the largest expense, representing 45% of total operational costs. Maintenance and repairs make up the second largest cost component, at 16.5%.

Breaking the cost analysis down further, there are clear economies of scale present. While staff costs represent nearly half of total costs on average across our sample, for schemes of more than 175 homes, this drops to 28%.

> "As schemes age, event fees are expected to grow in importance – partly because this income doesn't mature until several years after opening, but also to reflect the move towards higher charges in newer developments."

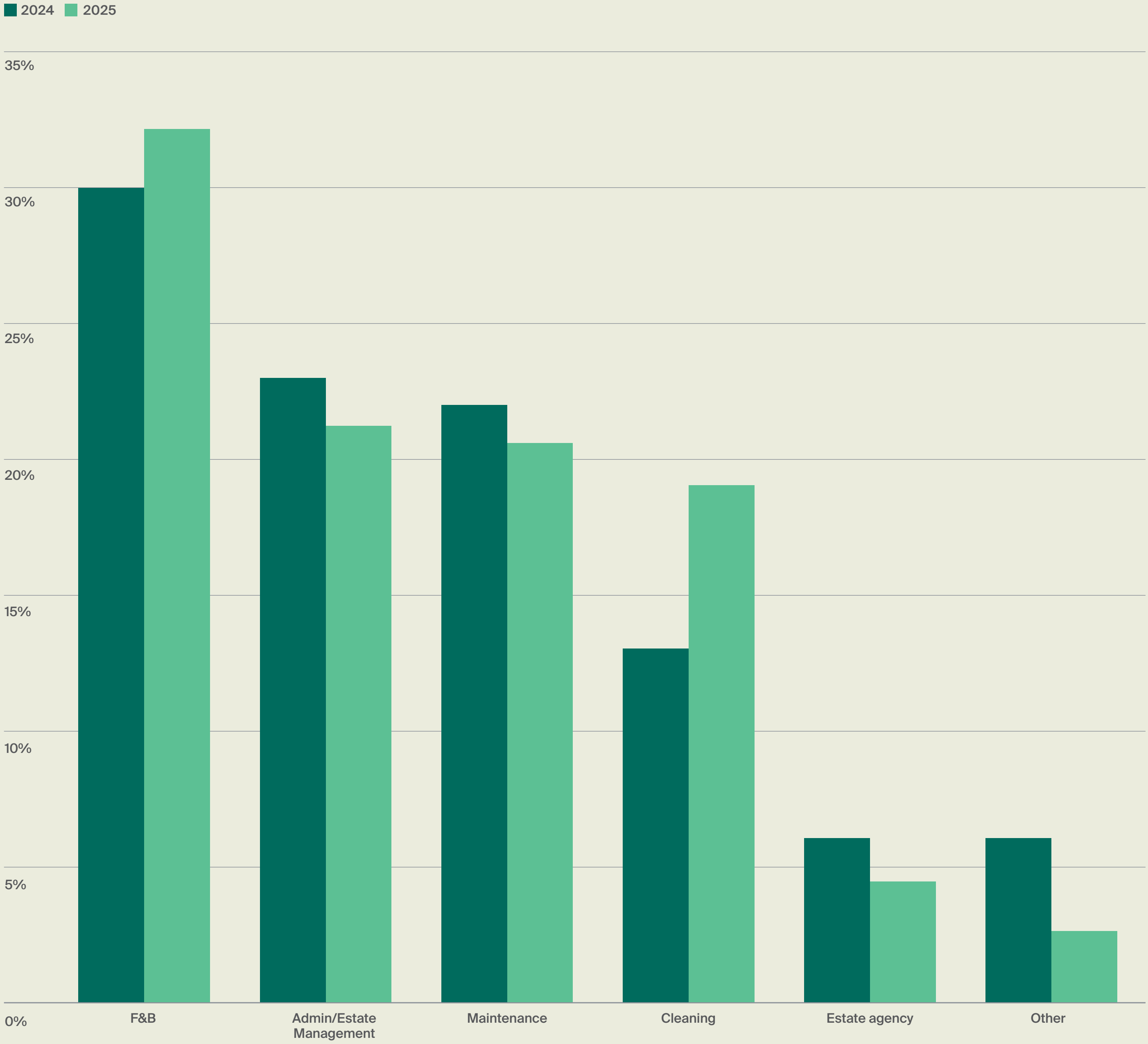
Similarly, the proportion of costs spent on utilities and care drops from 10% and 19% respectively overall to 6% and 15% in larger schemes.

45%

of total operational costs are from staffing

Staffing distribution by category

Excludes care and wellness

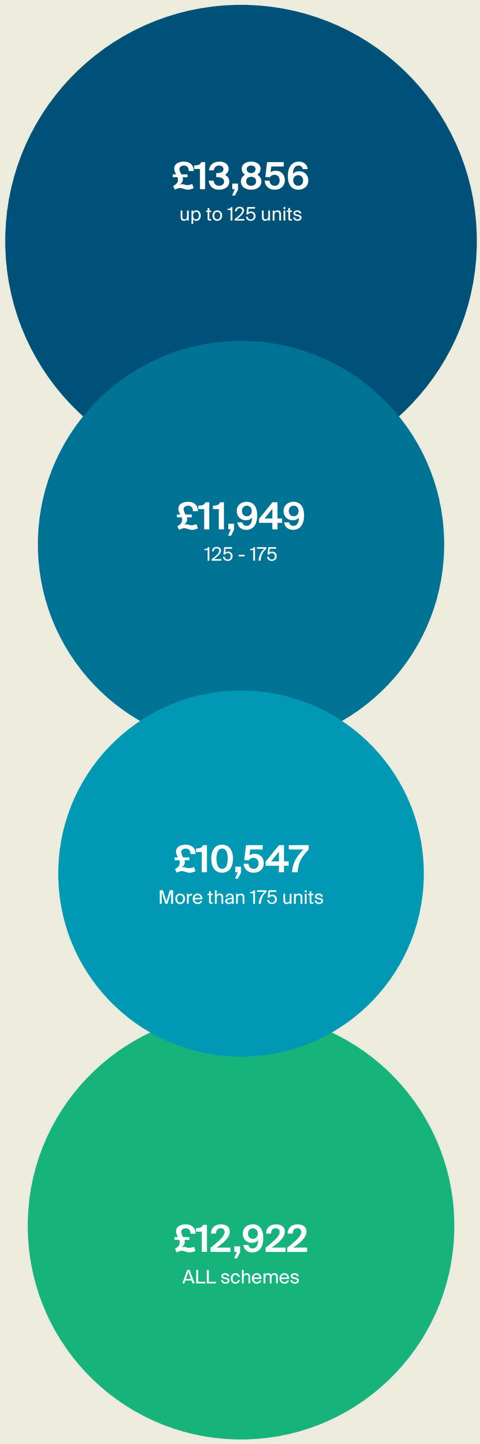


Source: Knight Frank TPR 2025

The staff cost to revenue ratio in our sample fell to 21% this year, down from 33% in 2024.

Excluding, care and wellness, most staff work in F&B (32%), Estate Management (21%) and maintenance (21%).

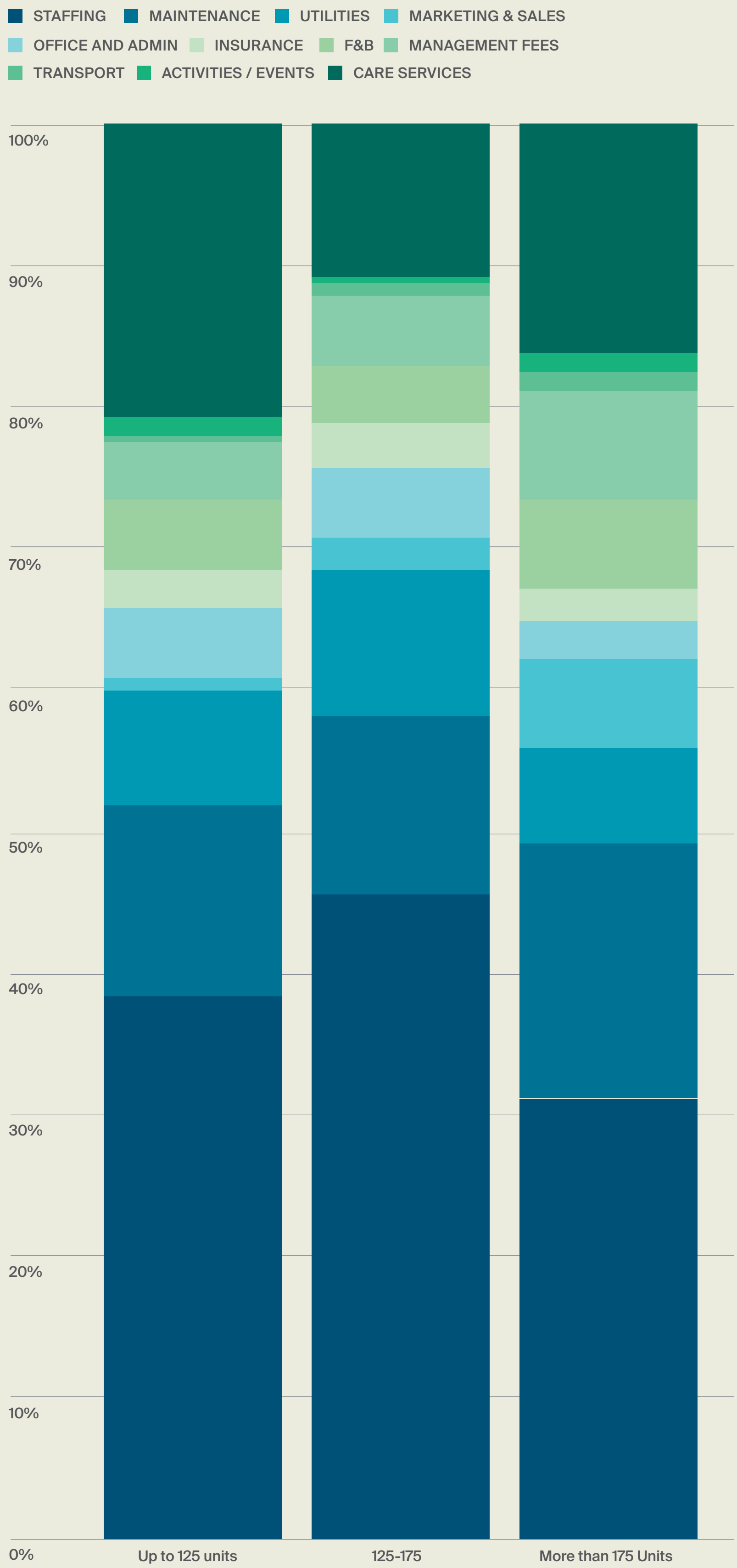
Average expense per unit



Source: Knight Frank TPR 2025

Total cost by scheme size

Private IRCs with initial sales completed



Source: Knight Frank TPR 2025

Knight Frank Senior Living Operator Survey

The IRC sector continues to evolve against a backdrop of economic uncertainty, regulatory change, and shifting consumer expectations. This year, our survey provides a snapshot of current challenges, development priorities and tenure strategies of some of the biggest operators in the UK market.

BUILD BABY BUILD

Operators remain committed to growth, with a clear geographic focus emerging. The South East dominates future development plans, with nearly 80% of respondents targeting this region. London and the South West follow, while the East Midlands and East of England also attract interest, suggesting a continued concentration of IRC development in areas of higher affluence and demand.

In terms of setting, suburban locations are the most popular, selected by 86% of respondents, closely followed by urban sites, reflecting a preference for locations that balance accessibility with lifestyle appeal. Edge-of-settlement schemes remain a viable option for half of operators, up from 29% last year, which may reflect recent changes making it easier to secure planning on "Grey Belt" sites in the Green Belt.

CHANGING OF THE GUARD?

A commitment to more development doesn't mean more of the same. Our survey results suggest that the tenure mix for new IRC schemes is evolving. While sales-led models remain dominant, respondents were evenly split between delivering all-for-sale schemes and mixed tenure approaches combining sales and rental.

Over the past 12-18 months, most operators report no significant change

Which of the following locations are you targeting for new developments?
% of respondents

Source: Knight Frank Operator Survey 2025

in tenure outlook, though more than a third are now targeting private rental more actively (36%), signalling a gradual diversification of revenue streams.

Overall, operators continue to favour medium-sized communities, with 75-100 units the optimum scale for future schemes for 38% of respondents. Larger developments of up to 150 units are also common, while very small or very large schemes are less popular.

Unit mix is dominated by one- and two-bedroom flats, which all respondents plan to include, while bungalows remain a desirable option for over half of operators.

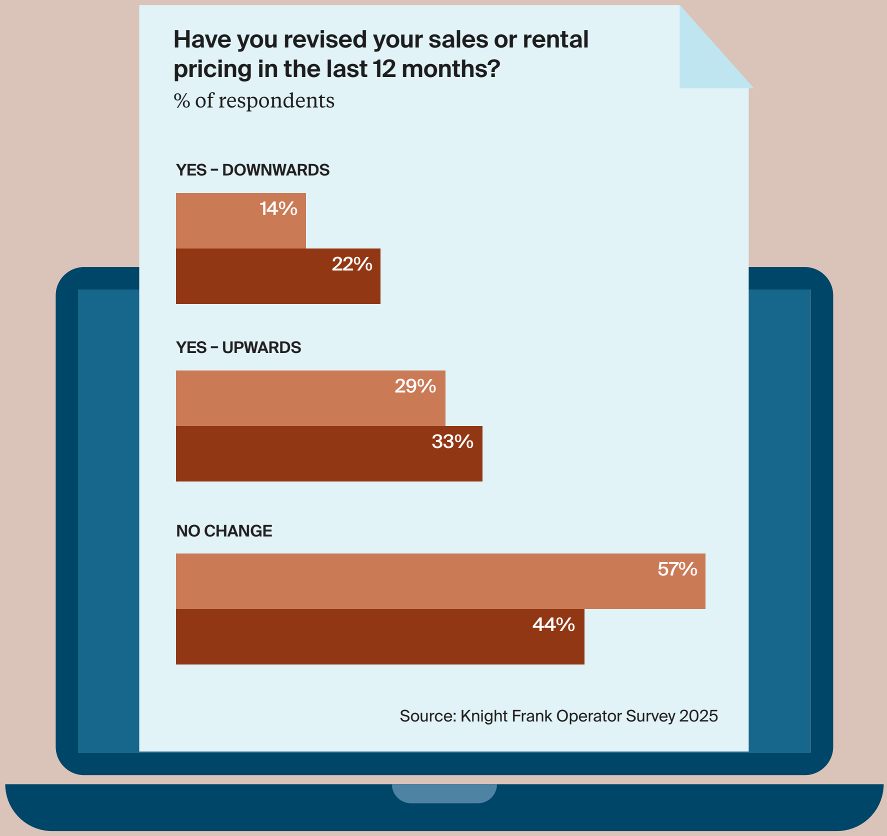
ON-SITE AND ON-BRAND

Branding and marketing have grown significantly in importance, with 42% of respondents describing them as "significantly more important" than five years ago. Digital channels dominate, with online advertising and social media ranked as the most effective tools, while face-to-face engagement at events remains a vital component of the marketing mix.

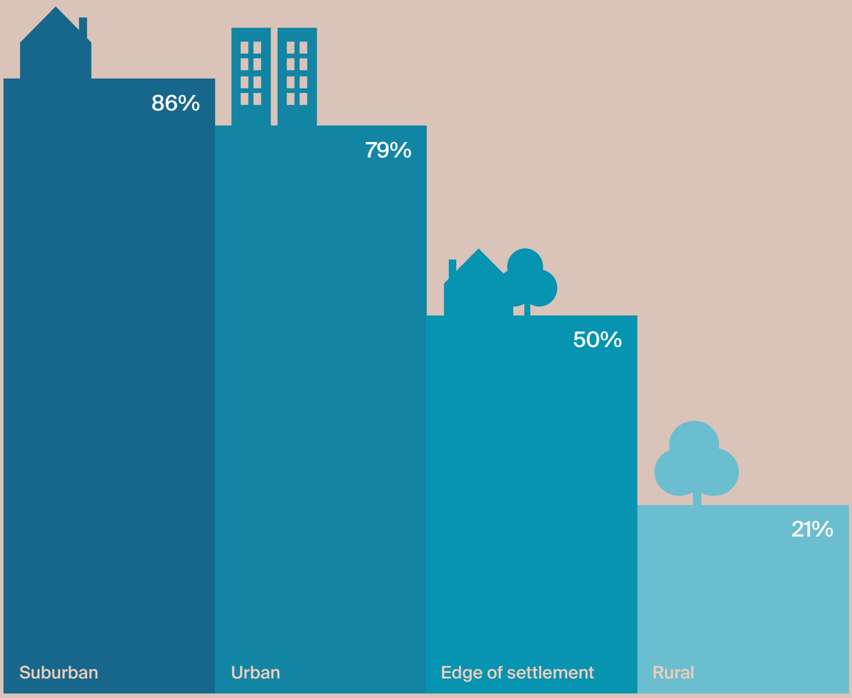
Sales outlook is cautiously optimistic. Over the next 12 months, operators expect performance to be either positive or stable, while the five-year horizon is viewed more confidently, with half feeling very positive about future demand.

While converting reservations to sales has become more demanding in parts of the market, operators are responding with more targeted and data-led sales strategies. Pricing is being refined to reflect local conditions, customer profiles and scheme maturity, and our survey shows a range of adjustments – in both directions – as operators calibrate sales and rental offers to support momentum and optimise absorption.

36%
OF RESPONDENTS ARE TARGETING MORE PRIVATE RENTAL IN FUTURE DEVELOPMENTS



What types of locations are you targeting for new developments?
% of respondents



Source: Knight Frank Operator Survey 2025

38%

OF RESPONDENTS SAY THEIR OPTIMUM SITE SIZE IS BETWEEN 75 AND 100 UNITS

PUSH AND PULL FACTORS NEEDED

When asked what needs to change to accelerate sector growth, operators were clear: awareness is key. Over 70% believe that improving public understanding of the IRC proposition is the single most important factor.

This is complemented by calls for clearer planning targets for seniors housing (43%) and greater government engagement (36%).

Financial incentives, such as stamp duty waivers for downsizers (29%), were also highlighted as potential catalysts for demand.

PAY ON EXIT

Event fees remain a defining feature of the IRC model, with 85% of respondents expecting to apply them across all new communities. However, as has been the case in previous years, the structure of these fees remains under review.

Most operators in our survey anticipate changes within the next five years, reflecting both regulatory scrutiny and consumer expectations. Currently, the most common deferred management fee (DMF) charges fall between 20% and 25%, though some schemes operate at 15-20% or 25-30%. Looking ahead, a 30% cap is considered acceptable by a majority of respondents, suggesting appetite for further increases.

ESG DRIVING CHANGE

Environmental, Social, and Governance (ESG) considerations are firmly embedded in business strategy, with 85% of respondents rating ESG as important or very important. External reputation and investor requirements are the primary drivers, followed by funding conditions and commitments to net zero.

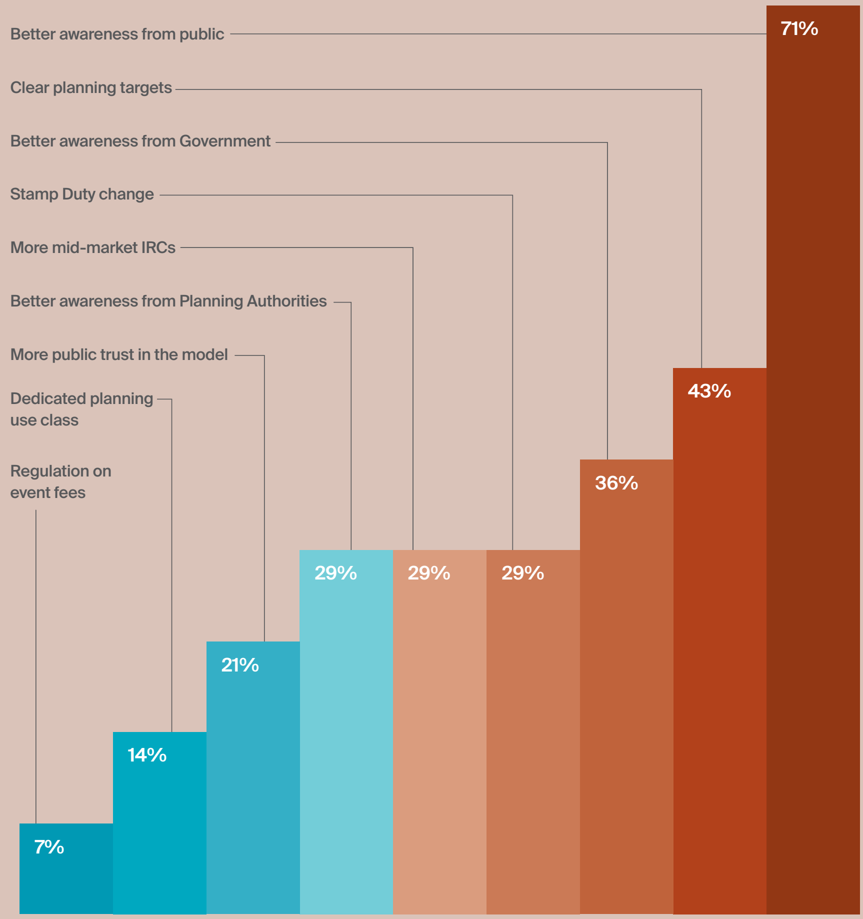
Most operators have revised design standards for affordability and sustainability in recent years, with biodiversity and care needs also influencing design evolution. From a customer perspective, purpose-built senior housing can support wellbeing, leading to better health outcomes for seniors. Research from SQW for Homes England, shows that, on average residents of age-restricted housing reported higher life satisfaction scores than residents in general market housing. When monetised this equates to a value of between £4,318 and £5,264 per person.

Furthermore, separate studies suggest that each resident living in purpose-built seniors accommodation generates annual savings of up to £6,500 in local health and social care costs.

Sustainability measures in new developments include widespread adoption of EV charging infrastructure, solar power generation, and heat pumps. Biodiversity net gain targets and green space provision are also common, reflecting the sector's commitment to environmental performance.

What needs to change to accelerate the growth of the sector?

% of respondents



Source: Knight Frank Operator Survey 2025

42%

OF RESPONDENTS SAY BRAND AND MARKETING HAS BECOME 'SIGNIFICANTLY MORE IMPORTANT' OVER THE PAST FIVE YEARS

COST, POLICY AND SENTIMENT

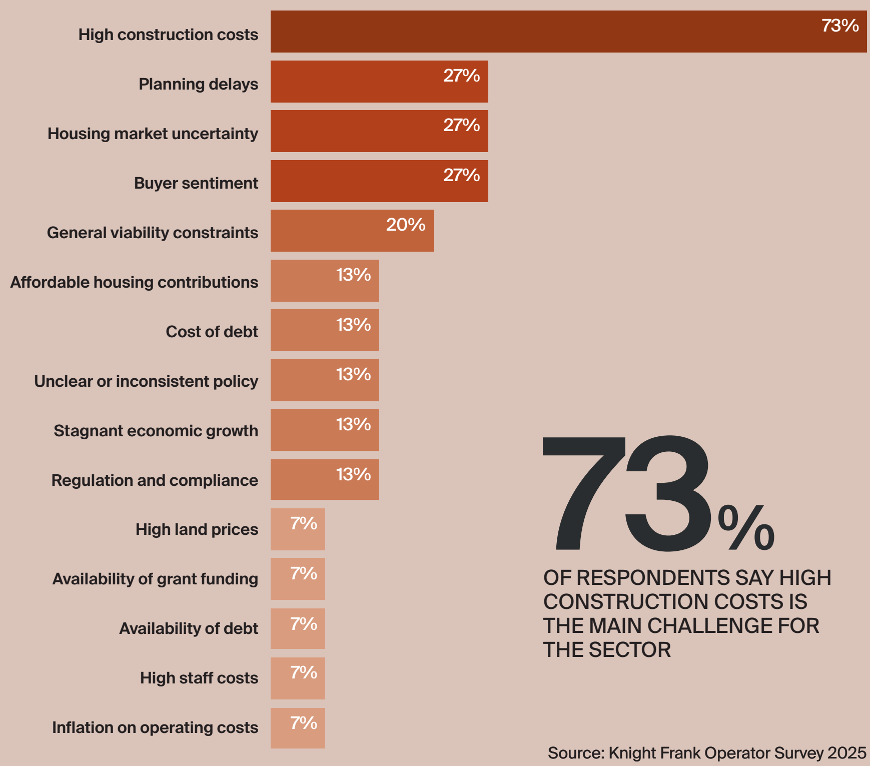
Operators identified cost pressures as the most significant barrier to growth over the next 12 months. High construction costs, driven by inflation and supply chain volatility, were cited by nearly three-quarters of respondents, making this the dominant concern.

Planning delays and policy uncertainty also featured prominently, reflecting ongoing frustrations with inconsistent local authority approaches and the absence of clear national guidance for seniors housing.

Market sentiment adds another layer of complexity. Housing market uncertainty and buyer confidence were each highlighted by over a quarter of respondents, alongside stagnant economic growth. These factors combine to create a challenging environment for scheme viability, with some operators also pointing to affordable housing contributions and general viability constraints as additional hurdles.

What are the main challenges for the sector?

% of respondents



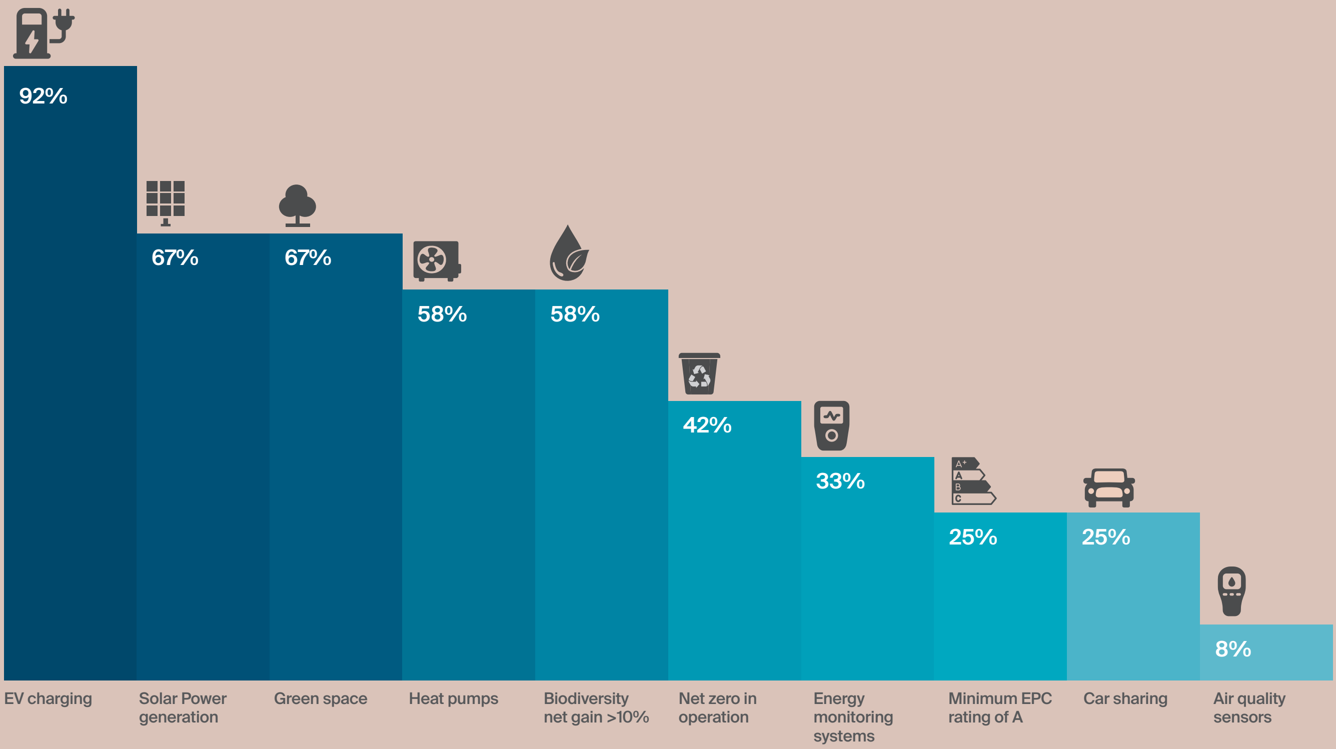
73%

OF RESPONDENTS SAY HIGH CONSTRUCTION COSTS IS THE MAIN CHALLENGE FOR THE SECTOR

Source: Knight Frank Operator Survey 2025

Which of the following are you targeting/installing at new developments?

% of respondents



Source: Knight Frank Operator Survey 2025

MARKET VIEW

Q&A with Findlay MacApine

Chief Executive Officer at Preferred Homes Limited

FINDLAY MACAPINE
CHIEF EXECUTIVE OFFICER,
PREFERRED HOME LIMITED

Q: How do you define and measure success for the affordable extra-care model?
Success for us goes far beyond occupancy rates and financial metrics. While we track key indicators like service uptake, cost-effectiveness for local authorities, and resident satisfaction, the real measure is in the stories we hear every day. When residents tell us they feel safer, more connected, and more independent, that's success. We look at engagement in community activities, improvements in health and wellbeing, and reductions in isolation compared to traditional housing. These outcomes show that our model isn't just providing homes, it's creating communities that genuinely enhance quality of life.

Q: What are the benefits of running both development and operations?
Having both development and operations under one roof is a game-changer. It means every design decision is informed by real-world experience of what works for residents and care teams. We can optimise layouts for care delivery, create spaces that foster social interaction, and ensure specifications stand the test of time. This integration also drives cost efficiencies and consistency across sites. Ultimately, it allows us to deliver communities that are functional, sustainable and tailored to the needs of those who live there.

Q: What does your pipeline look like beyond Nottingham?
Our pipeline is growing rapidly as awareness of our model increases. Nottingham completes in the spring, with Shrewsbury under construction and due for completion in 2027. Bicester will start on site in early 2026, and Camborne in Cornwall is expected to break ground next year. Beyond that, we're about to contract on two more sites – one in West Sussex and another in Devon – and we have six additional sites under offer. As local authorities see our communities in action, momentum is building. We're now operating nationally, focusing on areas with the greatest need for affordable extra-care housing.

Q: How do you choose where to build?
Site selection is strategic. We look at demographics, local authority demand, and accessibility – because these communities need to be connected to transport and local services. Data is important, but we also work closely with councils to identify areas where extra-care housing can make the biggest impact, ensuring we're meeting need rather than just filling gaps.

Q: Are there policy changes you'd like to see?
We'd like to see later-living allocations embedded in local plans and policies that actively encourage affordable extra-care housing. Streamlined planning processes and better integration of housing and care services would accelerate delivery and improve access for those who need it most.

Q: What are the biggest risks in scaling the model, and how do you mitigate them?
Scaling any innovative model comes with challenges: funding, site acquisition, planning hurdles, and regulatory shifts are all risks. We mitigate these through strong partnerships with local authorities and capital providers, and by maintaining a robust pipeline strategy. Having an integrated approach also helps us respond quickly to policy changes and market dynamics.

Q: How do you maximize value for residents while ensuring sustainability?
Value means more than affordability – it's about independence and community. We deliver this through well-designed homes, access to care, and opportunities for social engagement, all at an affordable rent. At the same time, we focus on operational efficiency and long-term sustainability, so we can keep delivering quality without compromise.

"Value means more than affordability – it's about independence and community."

"We'd like to see later-living allocations embedded in local plans and policies that actively encourage affordable extra-care housing."

MARKET VIEW

Forward view

Consolidation, capital and credibility: The new era of Seniors Housing investment

TOM SCAIFE
PARTNER,
HEAD OF SENIORS HOUSING

For years, seniors housing was viewed through a single lens: demographics. The assumption was simple – an aging population equals inevitable returns. But demographics don't pay dividends, operations do. As 2025 closes, the sector is evolving from a demographic story into an institutional asset class defined by capital discipline, operational scale, and professional governance.

This transformation is visible now. NatWest Pension Fund's buyout of L&G from their IVG joint venture signals more than portfolio reshuffling – it reflects long-term investors consolidating positions in high-quality platforms. On the DMF side, Elysian and Audley have aligned under long-term financing structures. Meanwhile, two sizable rental portfolios from McCarthy Stone and My Future Living have come to market, offering scalable routes for capital seeking aggregation at pace.

This shift marks the sector's progression from fragmented entrepreneurialism to institutional maturity. Consolidation can be challenging, but it ultimately produces stronger operators, better-capitalised platforms, and access to long-term funding – fuel for future M&A and growth.

THE OPERATIONAL IMPERATIVE

Unlike traditional real estate, seniors housing is not passive. Success depends on experienced management teams running service-led businesses. Operators sell something intangible yet powerful: peace of mind and quality of life. Behind that promise must sit hard discipline – robust governance, thoughtful design, professional operations, and cost control.

Despite elevated costs, operators have generally managed opex pressures well, passing through service charge and rental increases where possible. Yet, in some cases, these increases slowed absorption, highlighting the long planning cycle and compounding impact of design or pricing missteps. The best projects blend compassion with commerciality, delivering social impact alongside resilient financial performance – a balance institutional investors now demand.

> "The first baby boomers are retiring, triggering a £5 trillion housing wealth and £5.5 trillion pension transfer."

> "Significant capital is lining up for rental strategies, with deals expected through Q1 and Q2."

CAPITAL IS READY. EXECUTION IS KEY.

Significant capital is lining up for rental strategies, with deals expected through Q1 and Q2. Local authority pension funds aim to own income streams within their communities, while insurers target DMFs for their predictable returns. Appetite is strong; the challenge is aligning investment structures with operational strategies. It's not just DMF versus rental – it's ensuring the model matches the resident proposition and market maturity. Exit liquidity matters too: investors need flexibility to trade or recapitalise as institutional appetite deepens.

WHY NOW?

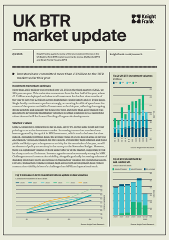
The 2026 outlook suggests modest economic growth. (c.1%), falling inflation toward 2%, and base rates easing to c.3.5%. Yet fiscal policy remains tight, constraining affordability and deal flow. In this environment, scale matters. Not just bigger portfolios, but platforms resilient to macro headwinds and capable of industrial-scale delivery of a product society urgently needs.

The first baby boomers are retiring, triggering a £5 trillion housing wealth and £5.5 trillion pension transfer. They face rising care costs and outdated models. Seniors housing can unlock wealth, enable downsizing, and ease pressure on families and the state – but only with operational excellence, financial discipline, and institutional backing.

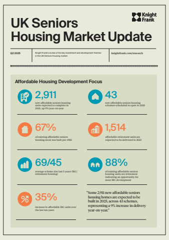
Consolidation isn't just changing ownership; it's building the capacity to deliver what the sector promises: strong returns paired with meaningful social impact.

Recent Research

UK Student Housing – Update Q3 2025



Build to Rent Market Update – Q3 2025



Senior Housing Market Update Q2 2025

NextGen Living – 2025

Keep up to speed with global property markets with our range of dedicated sector newsletters

SIGN UP ONLINE

Research

Oliver Knight
Head of Residential Development Research
oliver.knight@knightfrank.com

Matt Bowen
Head of Living Sectors Research
matthew.bowen@knightfrank.com

Sophie Cooper
Head of Senior Housing Research
sophie.cooper@knightfrank.com

Living Sectors

Tom Scaife
Head of Seniors Housing
tom.scaife@knightfrank.com

Peter Youngs
Partner, Seniors Housing
peter.young@knightfrank.com

Knight Frank Capital Advisory

Lisa Attenborough
Head of Debt Advisory
lisa.attenborough@KnightFrank.com