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“Increasing the provision of housing suitable for older people will have direct benefits across the whole housing market, for all generations.

There is significant appetite in the market to develop and invest in the retirement housing sector and provide specialist and aspirational housing that the older generation now demands.

Now that the resolution of the OFT and Law Commission investigations into event fees in the retirement housing sector looks to be on the cards, we anticipate significantly increased levels of activity across the sector.

However it remains to be seen whether the scale of investment will begin to re-balance the current mismatch between supply and the pool of demand in this market.”

ACROSS THE HOUSING SPECTRUM

The supply of housing remains a priority for policymakers, and amid tentative signs that the spectrum of housing demand is being taken into account, new Knight Frank analysis shows that the stock of private retirement housing accounts for just 0.6% of dwellings in the UK.

The need for more housing across the country has moved firmly centre-stage as Prime Minister Theresa May underlined in her speech at the 2016 Conservative Party Conference. She said: “There is an honest truth we need to address. We simply need to build more homes.”

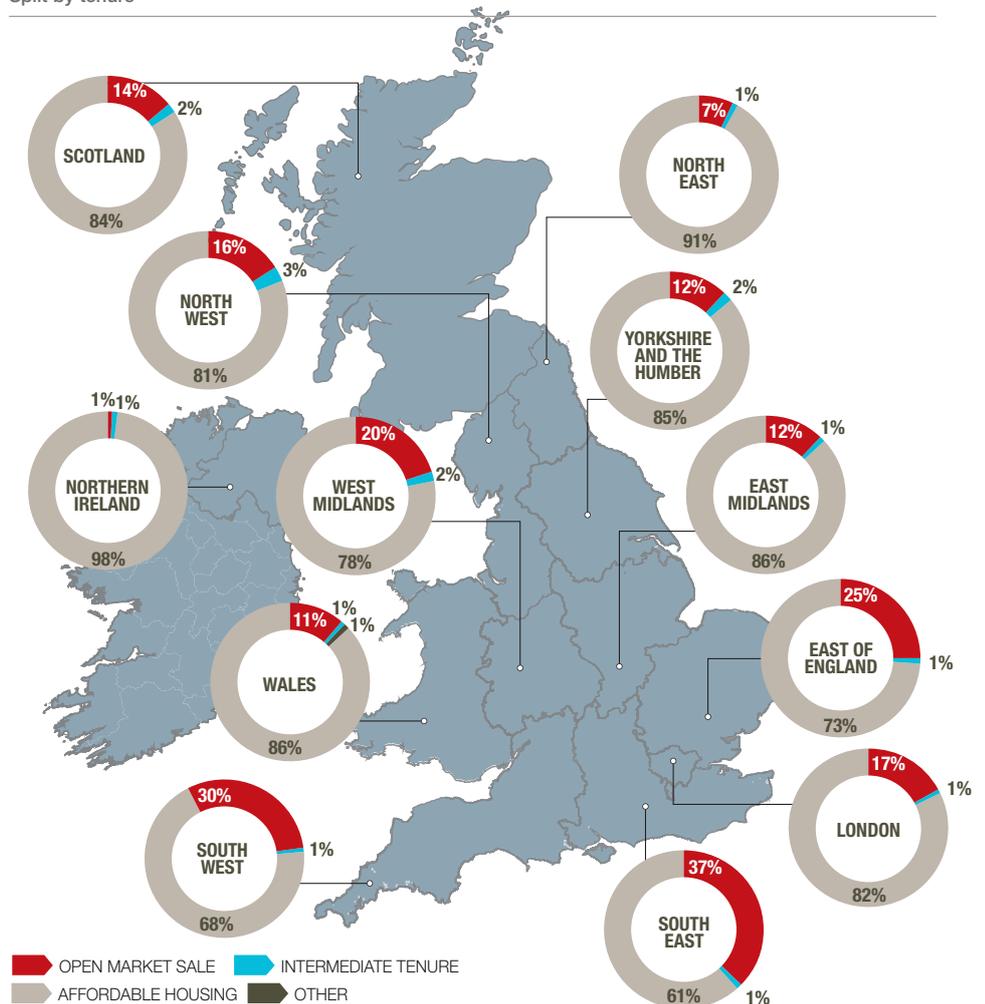
The supply of new housing does not match projected demand. But within this, there is also a need to focus on the type of housing need, looking at demand in terms of demographics as well as overall numbers.

While much attention is quite rightly paid to the housing shortage for first-time buyers trying to climb onto the property ladder there is a less headline-grabbing trend which is just as notable in the market – the shortage of homes specifically designed for older people.

While the ‘retirement housing’ market may seem specialised, creating homes for older people has wider implications for an interconnected market – not only does it help address the very real demand among

Stock of retirement housing

Split by tenure



Source: Knight Frank / EAC

those in this age cohort, but building enough of this type of housing can serve to loosen the constraints in the rest of the housing market, as more family houses become available, allowing more people to move up and down the housing ladder.

Our analysis of the latest data from Elderly Accommodation Counsel (EAC) shows the challenge in the market. There are currently around 715,000 homes loosely classed as 'retirement housing', ranging from age-restricted developments to close care housing. This accounts for around 2.6% of total housing stock, and is dominated largely by older stock in the affordable housing sector. Private retirement housing accounts for just 0.6% of all dwellings in the UK. The delivery of new units in 2016 is projected to be around 5,500, accounting for around 3% of estimated total housing delivery.

In comparison, some 7.8 million people, or 18% of the population is aged over 65, with 12% of the population aged 70 or over.

Not all older people will choose to move from their existing homes as they age – indeed many will stay, unaided or with care. But a significant proportion of older people would like to move into purpose-built accommodation. Research conducted by Knight Frank showed that 25% of over-55s would consider moving into purpose-built retirement housing in the future, a potential pool of demand of nearly two million homeowners.

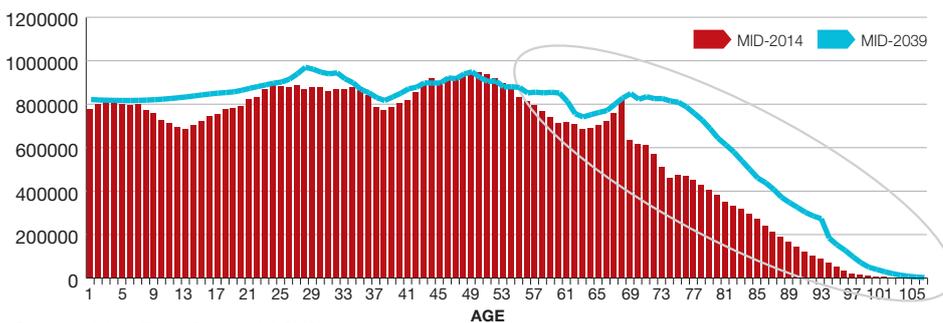
We have investigated the shortfall in the future supply of retirement housing in more depth in our [Retirement Housing Report](#). In order to enhance delivery, the support of local authorities through the planning

system will be needed. This issue was underlined in the recent HAPPI 3 report from the All Party Parliamentary Group (APPG) on Housing and Care for Older People. The report called for local authorities not only to consider housing need when drawing up local plans, but also the type of housing need, taking age into account.

In a positive move earlier this year, Boris Johnson, then Mayor of London, updated the London Plan – setting out targets for the delivery of specialist housing for older people across the capital. To meet the plan's objective, some 3,900 specialist housing units should be delivered every year over the next decade, 2,620 of which should be private – with the added proviso that existing rented units which become unfit to use should be replaced outside these totals.

Population change by age

2014 vs 2039



Source: Knight Frank Research/ ONS

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POLICY UPDATE

- The on-going discussion around “**Event Fees**”, the charges that are sometimes rolled up to be paid on the sale or other transfer of a retirement property, is heading towards a conclusion. After an investigation by the Office for Fair Trading, and then the Law Commission, a Code of Practice surrounding Event Fees has now been drawn up and is under consultation until October 31st 2016. The main tenets of the Code include increased transparency around how and when the Fees are levied. It is likely that the final Code will be released in the first half of next year, ending several years’ of uncertainty on this issue, and providing a stable policy environment for both developers and buyers, which could result in rising inflows of investment into the sector.
- There is less certainty in prospect for the affordable sector. The Work and Pensions Secretary recently announced that **Rent Caps** – the application of Local Housing Allowance (LHA) rates to social rents – will be deferred from 2018 until 2019/20 for supported housing. There was also confirmation that the one-year exemption from the four annual 1% Social Rent Cuts, afforded to social landlords providing supported housing, was not being extended. Only in a very few cases, such as housing provided by Almshouses, co-operatives or community land trusts, will providers be exempt from the rate cut from next year, although there will be a chance for housing providers who can show that the rent cuts will cause considerable financial difficulty to be exempted.



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