



## The Market Opportunity

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ENGLISH®VILLAGES

# An English Care Village – The Market The Model The Opportunity

Including Report by Jones Lang LaSalle

## 1. Background

- 1.1. For the first time ever, there are 11 million people in the UK over 65. The over 80 population has reached 3 million. ONS 2014
- 1.2. Nearly 2.5 million people over the age of 75 live alone and 1.8 million of these are women. ONS
- 1.3. There are 14.7 million people over 60 in the UK, and this is set to increase to more than 20 million by 2030. ONS 2014
- 1.4. Health deteriorates with age. As well as the common conditions and complaints like arthritis, loss of hearing and diminished eyesight, people in their seventies and above are susceptible to a whole range of physical and mental illnesses including, most commonly, diabetes, coronary heart disease, osteoporosis, incontinence and dementia. These require diagnosis, care planning and delivery from healthcare professionals.
- 1.5. As people live longer, they will spend more of their life in ill health. By 2025, men will live an average of 6.8 years and women will live an average of 9.1 years of their life with a long term illness.
- 1.6. The number of people over the age of 65 with a limiting long term illness will rise 45% from 4.2 million to 6.1 million.
- 1.7. Around 1% of the population are wheelchair users, requiring level access as a minimum; and 750,000 people in the UK require more specialist adaptations and equipment for daily living.
- 1.8. The NHS is under massive pressure through lack of resources both human and financial; and this will increase with the growth of the elderly population. It doesn't mean just a smaller working population paying more taxes, those living longer require more healthcare resources.
- 1.9. The supply of care home beds was still contracting until recently, when there has been a net annual increase, although this is insufficient to meet the projected demand. Surveys suggest that nationally, 10,000 new places in a mix of care homes and Assisted Living Units need to be created each year just to keep pace with demand.
- 1.10. It is widely recognised that there is a need to increase the level of locally available flexible specialist accommodation for older people in order that the appropriate levels of support and care can be tailored to individual needs. This will provide environments that can support people to remain living in their own homes, and that can support the projected demographic growth of an ageing population with their associated health issues.

- 1.11. Many communities are recognising the importance of Assisted Living in supporting these priorities by providing access to appropriate specialist accommodation, joined up services and access to onsite health and care facilities that increase the level of individual choice in supporting people at home.

- 1.12. Parish Councils, Borough Councils and key local influential individuals are increasingly examining local provision and encouraging new facilities and services where they are lacking.

## 2. Introduction to English Villages

- 2.1. English Villages provides a range of specialist purpose built accommodation choices to suit different needs and budgets, together with appropriate facilities and services in a low rise residential setting.
- 2.2. An English Care Village is designed to appeal to, and meet the needs of, older people with a range of abilities and disabilities. Residents are typically in their mid 70s to mid 80s, with many living into their 90s and beyond.
- 2.3. Residents must be 65 and over, or have a disability or care needs. All residents have a care plan and regular health and wellness reviews carried out by the Domiciliary Care Team.
- 2.4. Historically, many couples continued to live in the family home after the children had grown up and left. They usually stayed until one or other was too frail to continue living there, or died, or an accident or illness forced one into a care home, even if they did not require full time care.
- 2.5. As a result many elderly couples were split up, with one left struggling to prepare meals, get around and maintain the family home; while the other felt isolated in a care home.
- 2.6. Many others, usually widows because women live longer, continued to live in isolation, often without the confidence, ability or eyesight to enable them to drive safely; and frequently dependant on care at home arranged by children who had settled miles away in pursuit of jobs or partners.
- 2.7. A lack of specialist accommodation including apartments with appropriate facilities and services deprived people of a better alternative.
- 2.8. Early attempts by other providers to provide a solution resulted in small blocks of apartments in urban settings with a warden call and communal lounge, but with no assistance for the day-to-day necessities of food, care or transport.

- 2.9.

However, an English Care Village is a purpose built community where residents can enjoy flexible and responsive care and support that is available around the clock to enable individuals to remain independent in their own homes for longer – and in most cases, for life. Outstanding facilities and activities designed to promote individual health and wellbeing are shared with the local community.
- 2.10.

Historically, many people had to move away from family and friends to get the care they needed. English Villages allows residents the flexibility to transfer between the different types of accommodation e.g. from the Close Care Units to the Care Home, without the major and often distressing upheaval of physical relocation. By remaining in the same community there is a continuity of relationships, as well as care and support staff.
- 2.11.

English Villages will operate mechanisms, including cost rollout to enable residents to use equity from homes to fund their care needs. In the event that a resident runs out of cash, the operator will accrue the costs and recover them from the eventual sale of the property.
- 2.12.

An English Village is a benefit to those people living in the community who own their own home and can sell it to purchase an assisted living apartment. Local people get priority when new apartments are released on to the market giving them first choice of the available accommodation.
- 2.13.

It also benefits older people living nearby who can access and enjoy the extensive facilities at subsidised prices, participate in the social activities programs as well as the wellness clinics, and benefit from free transport to multiple destinations if they have personal mobility and care needs. See Section 4 for more information.
3.

The Facilities at (Example)
- 3.1.

The care village will comprise around 150 assisted living apartments in small clusters grouped around courtyard gardens; 30 close care apartments within a village centre which will also accommodate a bistro restaurant, a deli café with retail area, private dining, library and craft room.
- 3.2.

Residents enjoy a range of care, catering, housekeeping and support services within the village centre or delivered to their apartment, which has full IT and assistive technology capability. There are security-by-design features, as well as CCTV monitoring.

- 3.3.

In addition, a Wellness Centre, within the village centre, offers relaxation and leisure as well as enabling healthcare professionals, both NHS and private to prescribe, advise and provide programmes of fitness, falls prevention services, stroke rehabilitation, assessment clinics, physiotherapy, long term conditions management and promotion of self-care, expert patients programmes; cognitive stimulation; pulmonary and cardiac rehabilitation programmes.
- 3.4.

The fully equipped studio/gymnasium enables pulmonary and cardiac exercise and rehabilitation programmes together with exercise classes, yoga and pilates. A range of treatments and consultations will be available in the two treatment rooms, which may also be used by visiting GPs.
- 3.5.

A village square provides a focal point for the community with outdoor seating in the summer months.
- 3.6.

Extensive immaculately maintained grounds present opportunities for visual inspiration, meditation, socialising and activities.

4.

Employment

- 4.1.

We aim to recruit local people to work in our care villages to minimise travel times and cost.
- 4.2.

There will be a mix of full and part time jobs (total over 60) for people with a range of skills including managers, administrators, carers, cooks, table staff, washers up, handymen, drivers and gardeners.
- 4.3.

This provides part time opportunities for parents with children at school as well as full timers.
- 4.4.

English Villages is committed to paying a Living Wage.
- 4.5.

Training is key to effective service delivery and we train all our staff from induction through mentoring, health and safety, fire training, food hygiene, moving & handling and service-specific training.
- 4.6.

We encourage career and personal development: we want our carers to become nurses; and our table staff to become cooks.

5.

Social Benefits

5.1.

Reduced loneliness

- 5.1.1.

Over 700,000 over- 65s don't get out more than once a week. Help the Aged (2007) Spotlight Report.
- 5.1.2.

Nearly half (49%) of over 75s live alone, and 60% of them would like to go out more often. Age UK
- 5.1.3.

Whilst domiciliary care at home meets basic care needs and provides social interaction and mental stimulation, many older people spend up to 23 hours a day alone in their homes.
- 5.1.4.

In an increasingly mobile and busy society, the offspring of larger numbers of older people live away from their childhood homes and have less time to visit, or care for, elderly parents.
- 5.1.5.

An English Village is a hub where local older people can use a range of facilities and interact with empathetic people.

5.2.

Improved social interaction

- 5.2.1.

An English Village is not a gated community and anyone is welcome to use the bistro restaurant and deli café, where they can expect assistance and support if they need it.
- 5.2.2.

Local older residents can join the English Villages Club for a nominal charge, currently £2 per week.
- 5.2.3.

The Village will have designated Activities and Events Coordinators who will arrange a programme of events, activities and trips. This helps to build and maintain a healthy social fabric within the Village. Activities are not only important for social wellbeing but are important in maintaining mental alertness and physical mobility.
- 5.2.4.

The Activity and Events Coordinator is also responsible for forging links with other community groups, clubs and societies to ensure good levels of integration with the local community.
- 5.2.5.

Schedule 1 attached indicates the likely activities, which can be extended to include residents' particular interests.

5.3.

Opportunities for education

- 5.3.1.

English Villages recognises and encourages the appetite many older people have for learning and education. Many of the activities have an educational content, and some are specifically education-focussed.
- 5.3.2.

The University of the Third Age movement is a unique and exciting organisation which provides life enhancing and life changing opportunities. Older people come together and learn together, not the qualification but for its own reward – the sheer joy of discovery.

5.4.

Transport benefits

- 5.4.1.

The transport service will comprise two or three vehicles for the benefit of the care village and residents. It will include a people carrier primarily for transporting groups of residents; a vehicle capable of accommodating a wheelchair and possibly an estate car for general purposes.
- 5.4.2.

There is a salaried driver to take people to the door at their destination and to assist them by carrying shopping and helping them into the vehicle.

A public bus service is not an option for the vast majority of our residents who would be incapable of walking to and from bus stops.
- 5.4.3.

The transport service operates a timetable of scheduled trips to local towns, supermarkets and shopping centres. It will also accommodate trips to pubs, restaurants, cinemas, theatre and places of interest that groups of residents wish to visit.
- 5.4.4.

It is also available at other times for private appointments for residents at hospitals, GP surgeries, dentists, opticians etc.
- 5.4.5.

19% of people aged 75 and over find it very difficult to get to their local hospital, and 9% find it very difficult to get to their local GP surgery.
- 5.4.6.

We can help by providing a local service for those over 65 living locally with personal mobility and care issues. They will be able to travel to and from the care village, and to local destinations free of charge.
- 5.4.7.

Local residents are also welcome on those trips which are part of the social activities program.
- 5.4.8.

The initial investment in three vehicles will be in excess of £80,000 and the total investment over 10 years including drivers' salaries, servicing, maintenance and vehicle replacement will be in excess of £500,000.



6. Economic Benefits

6.1. New Homes Bonus

- 6.1.1. The Close Care Apartments and Assisted Living Apartments will pay Council Tax, and qualify for the New Homes Bonus payment to the Council.
- 6.1.2. The payment is equal to the Council Tax chargeable per unit built, for a period of 6 years following the occupation of the home and the total amount is usually £1-1.5m.

6.2. Release of under occupied family homes

- 6.2.1. Many families choose to live in small towns, villages and hamlets for a lifestyle that combines convenient proximity to facilities with easy access to open countryside for leisure and recreation.
- 6.2.2. When the children leave home, parents often continue to live in the family home, which perhaps has 3 to 5 bedrooms, resulting in under occupation. This is even more pronounced when one or other parent goes into a care home or dies.
- 6.2.3. Anchor Housing estimate that as many as 3.1 million homes in the UK are under occupied. Other estimates are that 68% of homes owned and occupied by older people are in fact under occupied.

6.3. Wages into local economy

- 6.3.1. We are creating new jobs; and our wages bill will exceed £1.5m.
- 6.3.2. English Villages is committed to paying a Living Wage. Tackling worklessness and low pay cuts the amount spent on welfare and tax credits, with indirect savings in other public service areas. It increases contributions to central government and boosts the amount of money spent in local economies, which increases wealth through a ripple effect.
- 6.3.3. We will employ some people currently unemployed. Last year, for every out-of-work claimant that moved into a job that paid the Living Wage, the government gained, on average, almost £6,900. The local economy benefited, on average, by more than £14,000 per year every time an unemployed person began a Living Wage job. Joseph Rowntree Foundation.

6.4. Council Tax

- 6.4.1. The Close Care Apartments and Assisted Living Apartments will pay Council Tax, and the annual amount payable is estimated to be £150,000-200,000 pa

6.5. Recycling

- 6.5.1. The company is committed to a recycling policy resulting in the sorting of waste to ensure maximum opportunities for recycling to assist local authorities to meet EU targets.

6.6. Local suppliers and contractors

- 6.6.1. If we can buy a product or service from a local supplier at a competitive price, we use them in preference to anyone else. We prefer to use a local contractor than compete with them where practicable.
- 6.6.2. Our preferred supplier and contractor list is local tradesmen, craftsmen and suppliers.

6.7. Benefits to GPs

- 6.7.1. Our Triage Service provides an interface between residents and their medical practitioners and services. This ensures that the correct professional is contacted according to urgency, and relevant information is available prior to their visit enabling more effective allocation of time and priorities.
- 6.7.2. Residents will enjoy improved fitness and reduced incidence of disease. Local residents as well as those on site are encouraged to attend specialist clinics and fitness to reduce the likelihood of
- 6.7.3. Reduced number of home visits. Home visits are very inefficient use of GP time, taking 3-4 times as long as a surgery appointment.
- 6.7.3.1. Older people are more likely than other age groups to receive a home visit by a GP. In 2006, 15% of GP consultations for people aged 75 and over were undertaken as home visits.

6.8. Benefits to the NHS

- 6.8.1. Of the 15 million adults admitted to hospital last year, 7million (46%) were aged 65+.
- 6.8.2. Professor Sir Bruce Keogh, NHS England's National Medical Director, has warned the NHS's future is in danger because its model of care cannot meet the relentlessly growing demand for treatment caused by the ageing population. In a Guardian interview, he has said there needs to be changes to the way the NHS treats patients, including far less reliance on hospitals, or the service risked becoming unaffordable and could see its entirely taxpayer-funded status challenged.
- 6.8.3. Each hospital bed costs £260 per day on average.
- 6.8.4. We reduce hospital admissions by a program of screening and clinics aimed at early diagnosis of conditions and diseases; and we reduce hospital stays by enabling the early discharge of patients to a supported environment.
- 6.8.5. Only 19% of those aged 65 to 74 in the UK say that they take the minimum levels of physical activity necessary to achieve health benefits, and only 7% of those over 75. Our target in an English Village is to double these figures.
- 6.8.6. We will fund a programme of screening and clinics for the local community when the business is fully operational.
- 6.8.7. Over 3,000 people over 65 die from having a fall each year; and a hip fracture and subsequent treatment costs the NHS £28,000. Our clinics reduce the risk of a fall.
- 6.8.8. 3.2m people over 65 suffer from urinary incontinence. Our clinics help people to manage the problem.
- 6.8.9. Reduced pressure on the ambulance service.
- 6.8.9.1. Our free transport service takes local older people with personal mobility and care issues to local hospital appointments.

6.9. Reduced traffic generation

- 6.9.1. By older people with similar needs choosing to live in specialist accommodation appropriate to their needs, domiciliary care can be provided significantly more efficiently without the need for care staff to travel between many individual locations spread throughout the countryside.  
  
Most people need care to get washed and dressed in the mornings between 7.00 and 9.00 am, which coincides with peak travel times.  
  
As a result, carbon emissions are significantly higher than in a care village setting where carers walk from one client to another.

6.10. Reduced carbon emissions

- 6.10.1. English Villages recognises there is a need to develop sustainable buildings and create sustainable communities in very attractive and therapeutic environments.
- 6.10.2. English Villages aims to make a positive contribution to the challenge of slowing the growth of carbon emissions and also contribute to the resilience of the local community to manage future effects of climate change. Buildings, landscaped gardens and infrastructure are designed to be responsive to long term needs and sustainability.
- 6.10.3. We assess the viability of a District Heating System which recognises the need for occupiers to have control over individual areas, and to be as energy efficient as possible.
- 6.10.4. The most efficient solution is usually a combined heat and power unit in the Village Core, feeding into a District Heating System.
- 6.10.5. Only around 50% of owners of assisted living apartments retain their cars after they have been resident for a year. This figure is lower for those in close care apartments – around 10%, and none in the care home.
- 6.10.6. Most residents find the Village Transport a better solution, combining convenience, less stress, no parking issues and a driver to assist with carrying purchases.
- 6.10.7. It is our policy to implement a green travel plan, to encourage staff to share vehicles and any other reasonable measures.
- 6.10.8. The result of our concept is that older people with similar needs live in close proximity, dramatically reducing the number of visits across wide geographic areas by carers, support workers and healthcare professionals.

# English Care Villages Schedule A

## Clinics, Activities and Courses

### Health and Wellness

Health check	Basic health checks to identify problems with blood pressure, cholesterol, diabetes etc
Personal safety	Reduce the risks of injury, illness or becoming a victim
Improving Fitness	Improve your health with little effort
Healthy Diet	Healthy diet for wellness, energy and pleasure
Falls Prevention	Learn the basic techniques to reduce the risk of falling
Mobility Clinic	How to get around more easily
Mobility Aid Maintenance	Equipment maintenance
Improving Sight	Environmental changes, aids and techniques for improved vision
Specs Maintenance	Equipment maintenance
Breast Cancer Awareness	A clinic to learn self examination and what to look for
Stroke Rehabilitation	The best way forward and coping with the after effects
Hearing Tests	Essential if you think you are losing your hearing or just want re-assurance all is well
Hearing Aid Maintenance	Equipment maintenance
Alleviating Depression	How to alleviate depression for self or others
Flu Prevention	Flu jab clinic
Caring for Carers	How to stay healthy and care for others
Cardiac Rehabilitation	How to exercise your heart
Pulmonary Rehabilitation	A structured exercise programme
Expert Patient Programme	How to live with a chronic illness or condition
Diabetic Eye Screening	Screening to prevent premature loss of sight
Maintaining Continence	Advice on all aspects of continence
Hair Salon	Dye, tints, cut, wash and dry available
Nails	A clinic for attractive nails
Pedicure	Foot treatments for comfort and pleasure
Chiropody and Podiatry	For more serious problems requiring treatment

### Holistic Therapies

Yoga	The oldest form of personal development in the world
Tai Chi	A Chinese martial art practised for the health benefits
Aromatherapy	The use of essential oils to alter mood and brain function
Pilates	A body conditioning to build flexibility, muscle strength and endurance
Reiki	A flow of energy through the practitioners hands to allow healing
Personal Development	Ways to improve awareness, realise potential and enhance quality of life
Acupuncture	A system of healing practised in China for thousands of years
Hypnotherapy	A natural way to influence the sub conscious mind
Homeopathy	A form of medicine that assists natural healing
Massage	Improves flexibility and reduces pain by restoring body's fluidity
Indian Head Massage	Energy channels are manipulated through the head, neck and face

### Educational

IT	It's never too late
Landscape Gardening	How to create that perfect garden
Growing plants	Theory, demonstrations and have-a-go
Lip Reading	Learn and practise the technique
Book Club	Read the book and then dissect it, or just have some fun
Art Appreciation	Direction from an expert and join in the discussion
Archeology	Learn, touch and feel
History	Lectures on a range of topics
Music Appreciation	Listen to music and hear the expert's views
Financial Awareness	How to deal with a range of financial matters
Learn to Dance	Have a go at any and all forms of dance
World Religions	Insight into the many world religions

### Hobbies and Activities

Choir	For the more serious classical participant
Painting	Learn to have a go
Flower Arranging	Hands on with guidance
Origami	It can be amazing
Singalong	A singalong to live or recorded music
Quizzes	A light-hearted test of knowledge
Pets	Pet therapy and discussion
Bell Ringing	A chance to have a go
Scrabble	An old favourite, and keeps the cogs whirring
Indoor Bowls	Fun and some fitness
Croquet	When the weather allows
Dancing	Learn to dance anything you like
Film Club	For the old classics and some newer releases
Bridge Club	A real test of the grey matter
Card Games	For the rest



# Jones Lang LaSalle Report

## *Retirement Living Where is the Opportunity?*

Healthcare Research – November 2015



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## Jargon Buster

### Retirement Housing:

Purpose built accommodation designed for and occupied by older people, typically 55+ and takes one of two forms, Housing with Support and Housing with Care



### Housing with Support:

Can be termed age restricted housing, independent living, sheltered housing or category 2 housing. It is housing for older people that require some assistance but not 24 hour support. Often includes a warden during office hours, call system and a communal lounge.



### Housing with Care:

Can be termed extra care, assisted living, very sheltered housing or close care. It is housing for older people that often includes personal and domestic support, a dining service, communal facilities and 24 hour on site staff.



### The Care Act 2014:

Key legislation that now places housing at the heart of the definition of wellbeing. Local authorities now have to consider housing related outcomes alongside health and social care.

# Executive summary

- **By 2025, 20% of the UK population will be over 65 (14.3 million people)**
- **The over 65s own a combined £800 billion of housing equity**
- Many retirees want to live in retirement housing, but there is a chronic under-supply of high quality Housing with Care in the right locations. Recent mid to high end schemes being developed across the UK are being fully sold off-plan, with long waiting lists for existing schemes
- In the UK the vast majority of over 65s currently live in the mainstream housing market. Only 0.6% of retirees live in Housing with Care, which is ten times less than in more mature retirement housing markets such as the USA and Australia, where over 5% of over 65s live in Housing with Care
- JLL research shows that almost 80% of the over 65 population would be classified as being within mid and high end affluence by 2025, whilst 75% of the current Housing with Care stock is classified as affordable, highlighting the supply-demand imbalance in the current market
- **JLL estimate that there is a potential requirement for an additional 725,000 Housing with Care units by 2025 which would equate to nearly 50% of all new homes built at the current rate**
- The Care Act 2014 places housing at the heart of the definition of Wellbeing and forces local authorities to be proactive in shaping and developing the market, particularly in alternatives to institutional care such as Housing with Care. It forces engagement with the market to ensure there is sufficient variety and supply of accommodation to match the local population and will ease the passage of planning for schemes
- The RICS estimate that by providing viable, alternative residential accommodation for older households such as Housing with Care, could release 2.6 million houses back into the mainstream housing market

*“There are two main retirement housing options in the UK, Housing with Support and Housing with Care. The former became popular in the 1980s, whilst the latter is now the fastest growing part of retirement housing and better suited to the long-term care needs of retirees.”*

Anthony Oldfield  
JLL – Alternatives



# Diversification of the market

Retirement housing in the UK has evolved over the last 30 years providing an alternative between mainstream housing (which begins to fail older people) and care homes. It has grown, in the same way the care home market evolved out of the hospitality and residential markets, to meet the changing care needs of older people as they live longer than previous generations.

Advances in medicine and treatment means many care issues are now more manageable in residential settings and do not require the full support of a traditional care home. As a result we are beginning to see those entering care homes have more acute care needs, widening the gap between mainstream housing and care homes further.

It is this separation between mainstream housing and care homes and the rise in manageable care issues and support systems such as Telecare, that is creating opportunity for innovation and growth in retirement housing.

The principal aim of retirement housing is to provide an alternative to private residential housing and residential care for older households. It targets those older people requiring specialist-housing support or care (or will in the future) but who also wish to maintain their independence and can provide a community (with on-going activities and support provided), not just housing.

The key shared factor of all retirement accommodation is that occupiers own or rent their own independent property with a shared central core providing communal facilities which vary in provision according to the development type.

Housing with Care (Figure 1) is a diversification of retirement housing provision. It is an accommodation response to this increase in manageable care needs and desires of older people to remain at home for as long as possible, avoiding institutional care if possible. It provides housing that can be adapted and modified to their needs with care and support services available on-site in a flexible way, tailored to residents' particular and evolving care needs. Staff are available 24 hours a day and there are a variety of facilities, depending on scale, that help facilitate an active and independent lifestyle.

Housing with Care can therefore provide both independence and care provision. It will span a much wider care need and accommodation spectrum.

*“Housing with Care is an accommodation response to the increase in manageable care needs and desires of older people to remain in a home of their own for as long as possible.”*

Philip Schmid  
JLL – Alternatives

Figure 1 – Over 65s housing options



Source: JLL



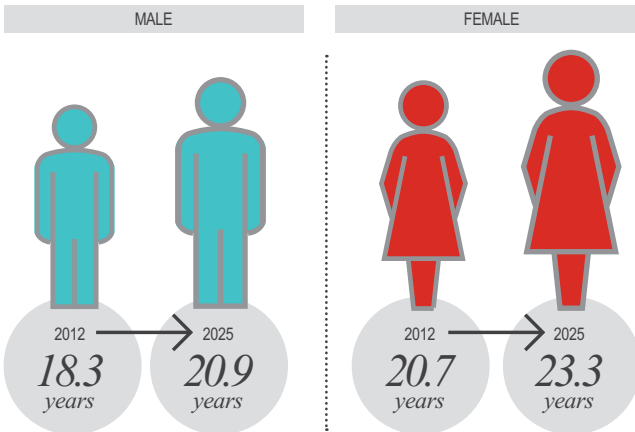
# Shifting demographics

There are a number of key demographic changes that are driving the need for the Housing with Care market, which will only accelerate over the coming decade. The most important are: the ageing population; rising care needs; reduced state funding and increasing affluence which is helping to drive changing tastes for retirement accommodation.

### Ageing population

Growth in the retirement housing sector is being driven by the ageing Baby Boomer generation. The number of over 65s is forecast to rise over the next decade, from the current 11.7 million people, to 14.3 million by 2025, a 22% rise (Figure 2). This translates into one in five of the total population being over 65 in 10 years' time, which will become one in four by 2050. In addition, they are forecast to live longer (Figure 3).

Figure 3 – Average life expectancy at 65



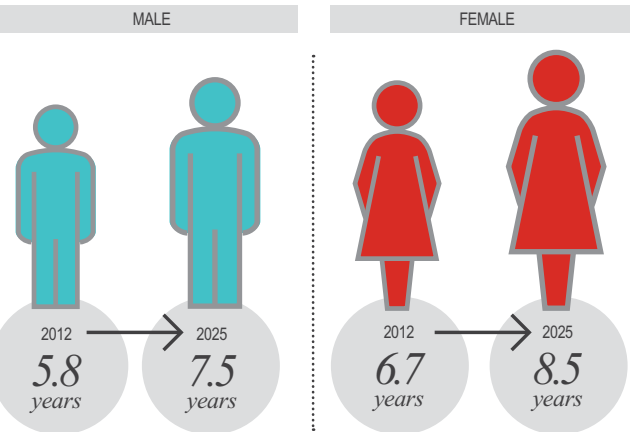
Source: ONS

Figure 2 – Population growth – age 65+



Source: ONS

Average life expectancy at 85

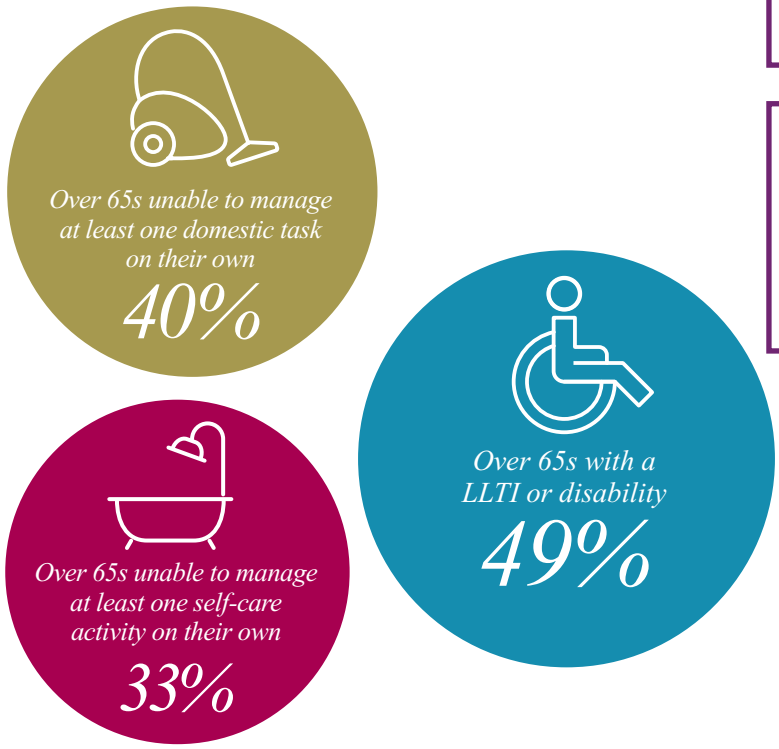


### Rising care needs

Whilst people are living longer and the number of older people is rising, the advances in healthy life expectancy are not keeping track. Healthy or disability free life expectancy for those over 65 averages roughly 10.5 years, whilst for those over 85 it falls to less than three years.

The number of older people that have some form of care need is significant, with almost half of today's over 65s are living with a Limiting Long Term Illness (LLTI) or disability (Figure 4). It is forecast the number of over 65s with an LLTI whose day-to-day activities are significantly limited will hit three million by 2025, a rise of almost 30%. These individuals would not be sufficiently ill to live in a care home, but conventional residential or Housing with Support would struggle to cope with their care needs.

Figure 4 – Over 65s care and support needs



Source: POPPI

### Reduced state funding

The National Audit Office (NAO) found that care needs of older people have risen by 30% since 2005 and will continue to do so, but that the numbers of older people receiving support from the Government has fallen at the same rate. This means that more people will need to fund any care needs themselves. These care needs could be better managed in a Housing with Care setting where residents will often experience a better quality of life (Figure 5).

Figure 5 – Support provided versus the need



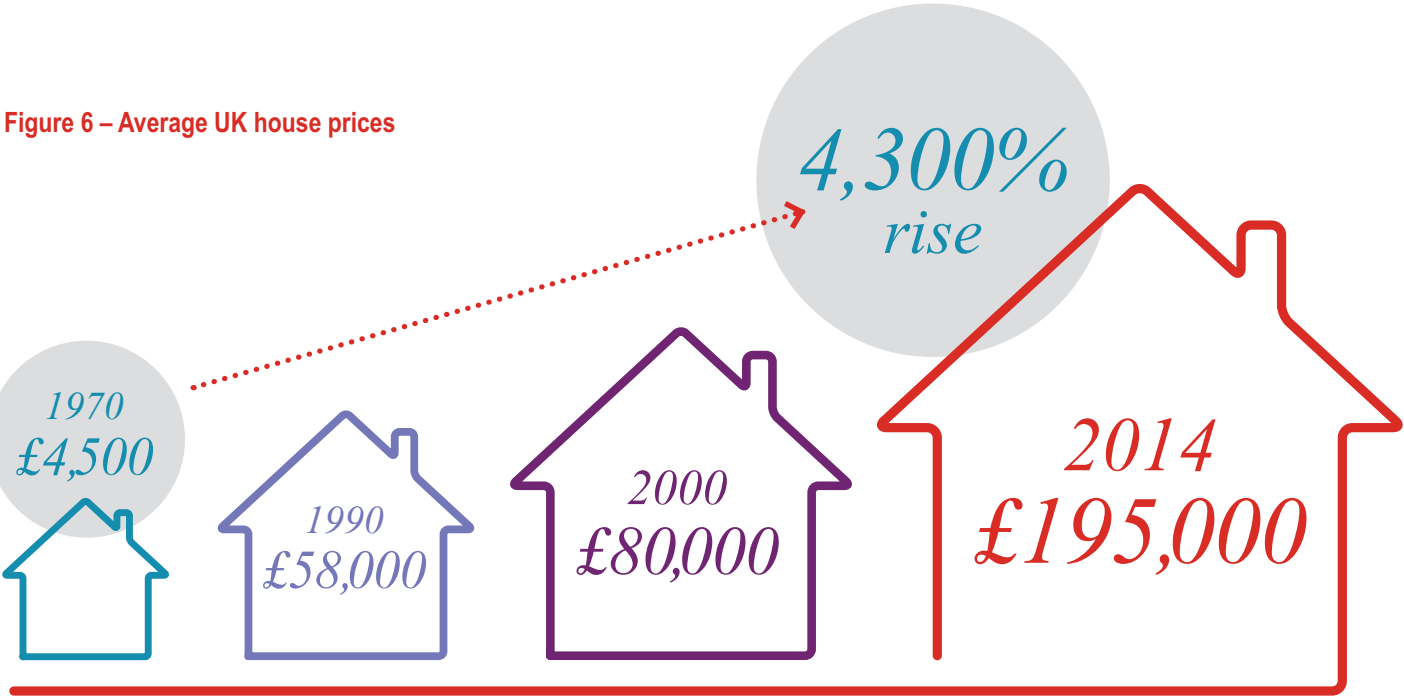
Source: NAO

Affluence of over 65s

Wealth is the key factor providing the Baby Boomers with the ability to demand changes to their care and accommodation options. This generation has benefited from inflation like no other generation in history with house price growth of over 4,300% since 1970 (Figure 6). We estimate that over 65s currently own a total of £800 billion of housing equity, which when combined with pension wealth provides a huge capital pool for retirement and means they will be less price sensitive for the right product and concerned more by lifestyle. This offers significant opportunity for investment.

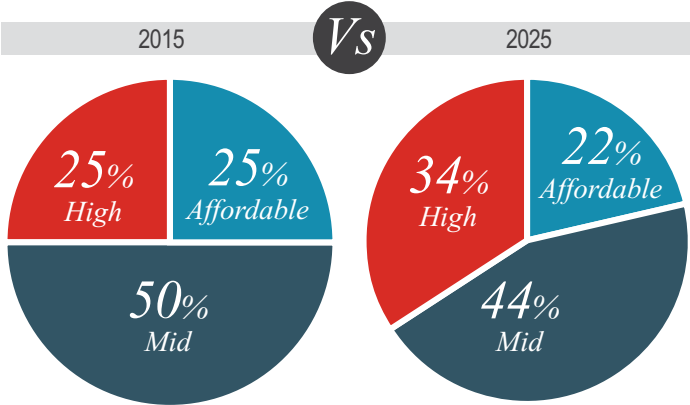
As we look ahead to 2025, the current 55-65 age bracket is more affluent which makes the future over 65s the richest we have seen to date (Figure 7).

Figure 6 – Average UK house prices



Source: Nationwide

Figure 7 – Over 65s population affluence



Source: JLL, ONS

Changing tastes of occupiers

The traditional purchaser of retirement housing is changing. The Baby Boomer generation has different expectations from their predecessors; keen on maintaining their pre-retirement lifestyle, with the majority wanting to remain independent and active in a high quality environment. They have benefited from a better diet and healthcare than their predecessors and consequently are able to manage their health much better than before.

McCarthy and Stone ‘The Colour Report’, 2015

- 77% saying that living life to the full is more important than leaving an inheritance.
- Over 50% are on Facebook.
- 32% are interested in fashion.
- 20% want to go on a round-the-world trip.

“We are witnessing many existing developers and operators adapting to this change in mind-set from their customers, with a greater emphasis on building larger, better specified properties that are aspirational and with a variety of on-site facilities.”

Philip Schmid  
JLL – Alternatives

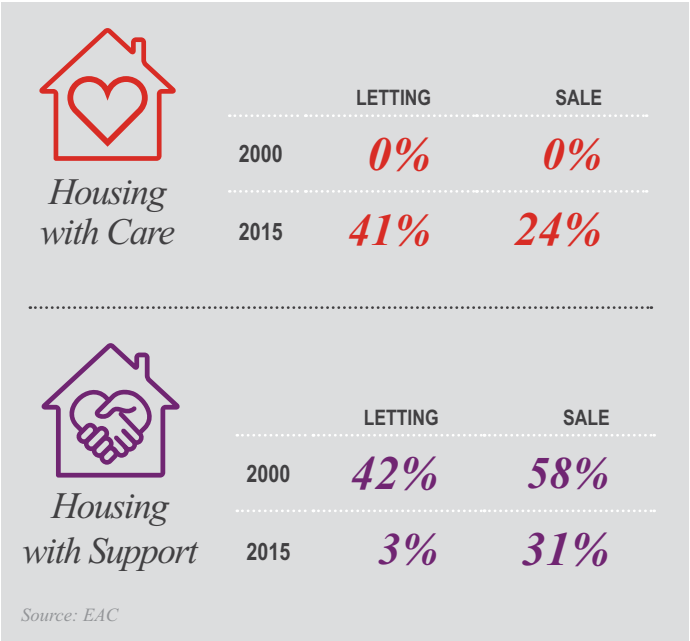


Source: Audley Retirement

# Current supply mismatch

In the last 10 years, Housing with Care has moved to become the fastest growing portion of the retirement market (Figure 8), however the overall size of the existing market remains small.

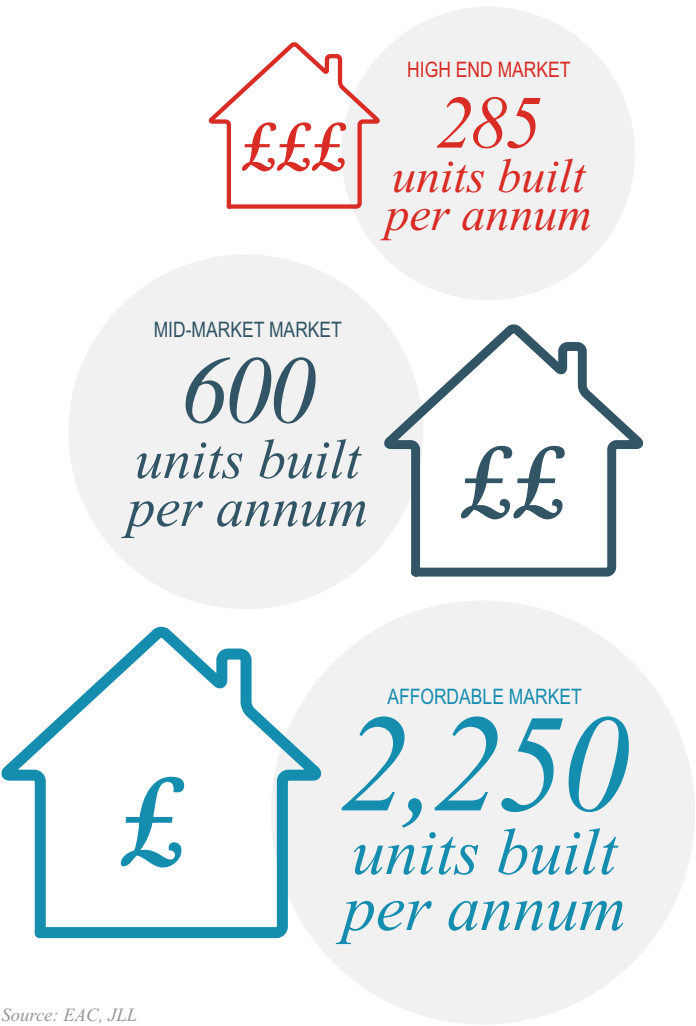
Figure 8 – Percentage of new units built in the retirement living market



In the last 10 years supply growth rates in Housing with Care have been modest (Figure 9), with the sector pioneered by the affordable providers, as support from social services has grown.

In 2015, affordable providers built as many units as those targeted at affluent purchasers in the last 10 years, but the market is still well behind the historic growth seen in the Housing with Support market of the late 1980s.

Figure 9 – Housing with Care 10 year build rate

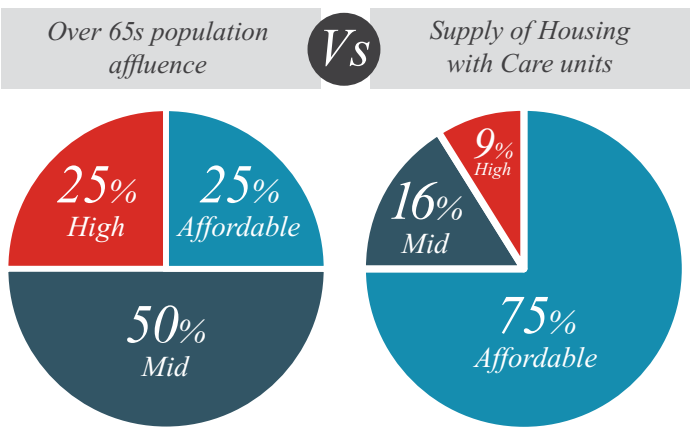


JLL have identified that there is currently a chronic imbalance between the supply of Housing with Care units in the UK, and wealthier older people who fall outside of state funded support (Figure 10). Utilising the latest ONS wealth report, JLL calculate that 75% of over 65s fall into the mid to high end of the wealth spectrum (i.e. they have more than £150,000 in wealth). If we compare this to current supply of Housing with Care, we can see that 75% of the supply is aimed at the affordable sector, with only 25% catering to the mid to high end market.

When the provision of accommodation is benchmarked against the more established care home market and Housing with Support, the gaps in supply are emphasised further (Figure 11). As a whole it is almost one tenth of the supply compared to Housing with Support.

The data shows that the proportion of Housing with Care units available to mid and high affluent older people (c.1:500) is roughly one tenth of that currently available (per capita) for the lowest affluent older people (c.1:50) (Figure 12).

Figure 10 – Affluence Vs Supply



Source: EAC, ONS, JLL

Figure 11 – Proportion of over 65s population to existing accommodation

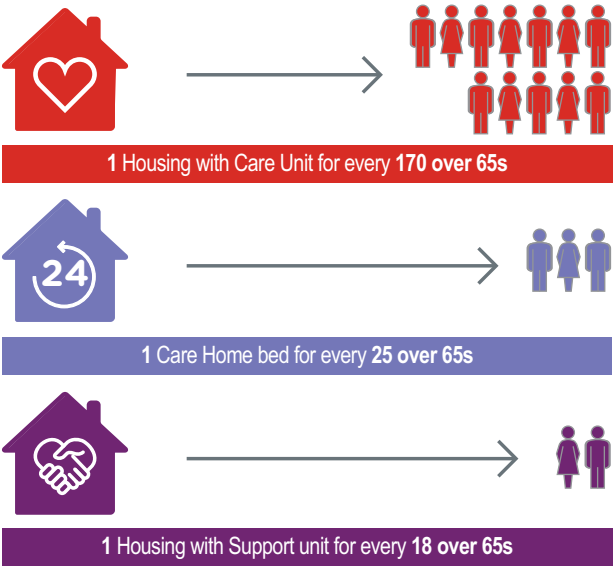
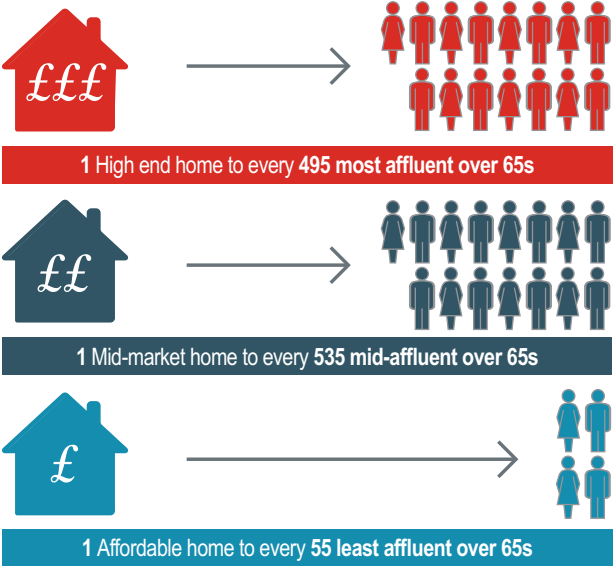


Figure 12 – Proportion of Housing with Care accommodation split



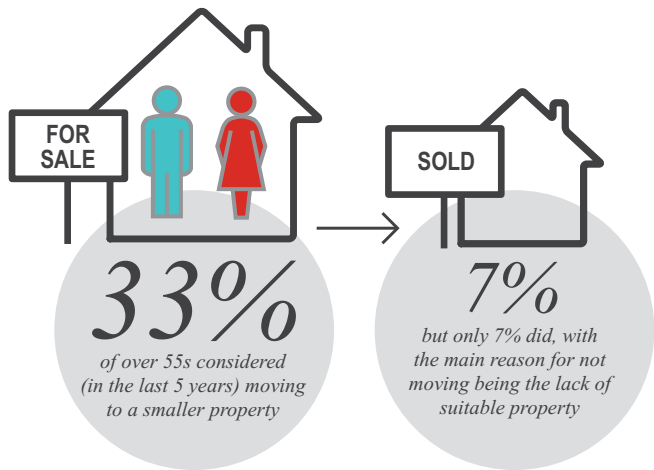
Source: JLL, ONS, EAC and carehome.co.uk



# Demand

Whilst the supply has been slow to increase as the market has developed, demand for accommodation is now accelerating as the Baby Boomer generation hit retirement. The issue in the retirement housing sector is that we have a chronic undersupply of new accommodation to satisfy the demand, especially in the mid and high end markets which will be fuelled by housing wealth which is set to increase.

Figure 13 – The L&G Last Time Buyers Report 2015



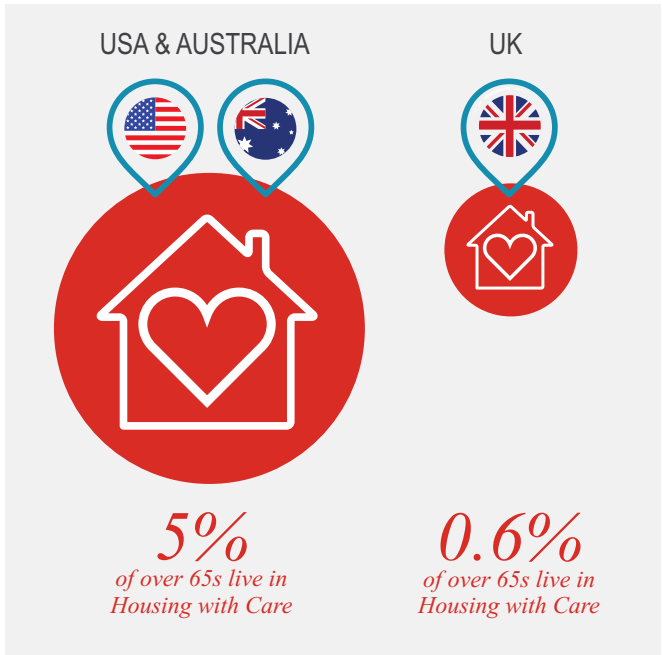
Source: L&G Last Time Buyers Report – 2015



Source: MHA – Fitzwarren Court

Compared to more mature retirement living markets in the USA and Australia, where more than 5% of over 65s live in Housing with Care, that figure is only 0.6% in the UK (Figure 14).

Figure 14 – UK Vs USA and Australia



## Sales rate within existing Housing with Care schemes 2015



“Our experience from working with a number of the leading developers and operators shows that the units that are available are selling in record time and that the biggest issue is building them fast enough. There is a clear opportunity for developers and investors to capitalise on these market trends, lack of supply and pent up demand.”

Anthony Oldfield  
JLL – Alternatives

# Rebalancing market supply – 2025 outlook

*JLL forecast that this imbalance will be compounded unless there is a very significant increase in additional supply. The outlook for the sector will be shaped by three main factors*

- The significant growth of over 65s by 2025 (14.3 million – a 22% rise)
- £800 billion of housing wealth in the retiring cohort gives them significant capital
- Increasing care and support needs of the over 65s that can be managed outside of institutional care settings.

Baby Boomers are more aware of the deficiencies of their family homes as they age and are planning for future care needs.

They are also seeking alternatives to traditional care homes wanting to remain independent and active for as long as possible with a focus on a fulfilling retirement.

Whilst they are looking to downsize, their housing equity means they are seeking better specified accommodation and larger units. They are seeking facilities, services and care packages that fit around their lifestyles, which can be improved as a result of freeing up equity from their house.

JLL forecasts that approximately 190,000 additional Housing with Care units will be required by 2025 to keep up with the rising older population. The majority will need to target those in the mid and high end parts of the market in order to match the future wealth profile of the over 65s.



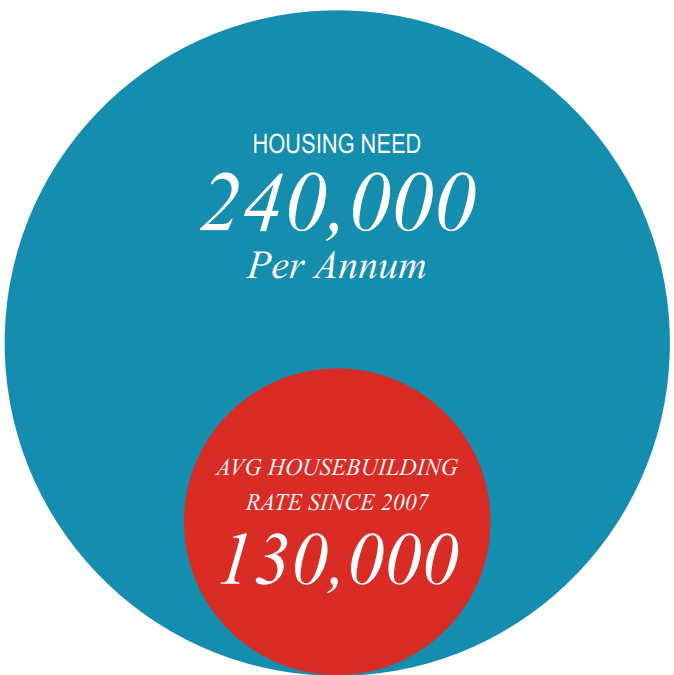
Source: LifeCare Residences – Battersea Place

If we benchmark supply per capita for Housing with Care against the more developed Housing with Support segment of the market, we forecast a potential unmet need of 725,000 units by 2025 (Figure 15). This translates into 72,500 Housing with Care units to be built every year over the next decade. At current build rates in the residential market, this means approximately half of all new build homes in the UK could be Housing with Care units over the next 10 years (Figure 16) which would release stock back into the mainstream housing market.

Figure 15 – Forecast needs to 2025



Figure 16 – Completion of UK mainstream housing units





# Regulation enabling market

*With the Care Act 2014, the Government has placed housing at the heart of the definition of Wellbeing. This will force Local Authorities to be proactive in shaping and developing the market, particularly in alternatives to institutional care such as Housing with Care, meaning they will no longer be able to bury their heads in the sand on the issue.*

The principal aim of the Act is “to prevent, postpone and minimise people’s need for formal care and support... built around the simple notion of promoting people’s independence and wellbeing”. Local authorities must have regard to ensuring sufficient capacity and capability to meet anticipated needs for all people in their area needing care and support – regardless of how they are funded with housing options now right at the centre.

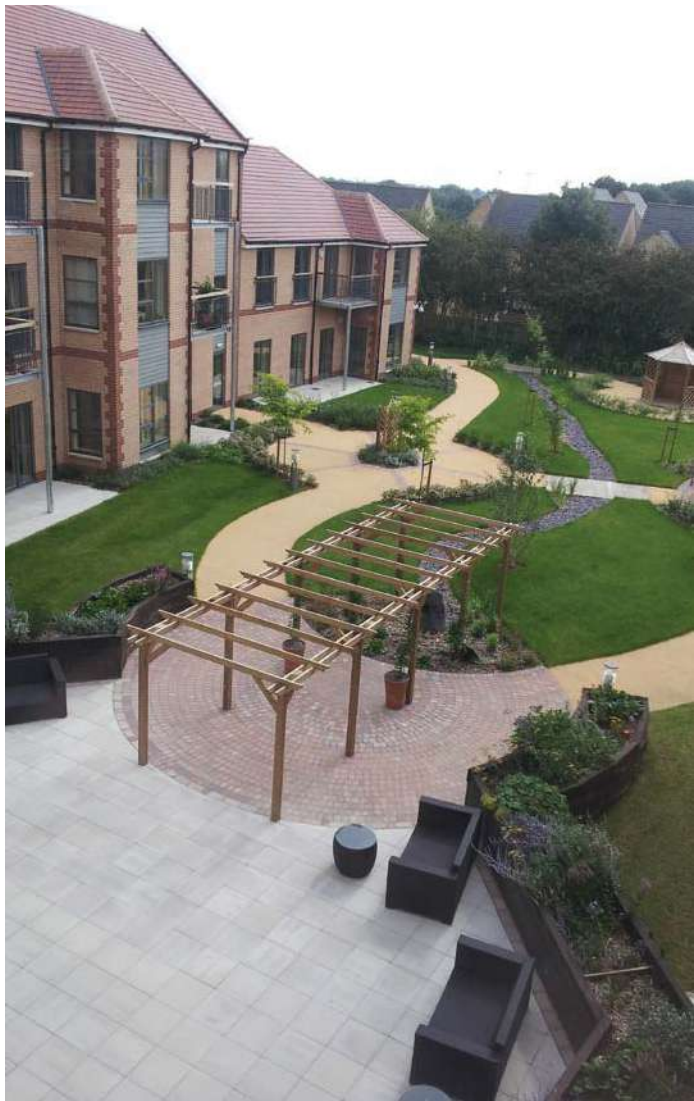
It will force engagement with developers and operators to ensure sufficient variety and supply of accommodation to match the local population. The Act will force local authorities to encourage a variety of different types of services to shape the market, not just at the lower end which has historically been their focus, which should stream-line the planning process.

### Pension reforms

Recent changes to pensions allow pensioners to access thousands of pounds more cash from their retirement funds, making it easier to fund specialist accommodation or lifestyles.

### Planning

Housing with Care is usually treated as C2. This is important because with a C2 use class it is not necessary to provide affordable accommodation or often to pay the Community Infrastructure Levy. For developers and investors this is compelling, because Housing with Care schemes can then compete with conventional residential sales, even once the care infrastructure is factored in.



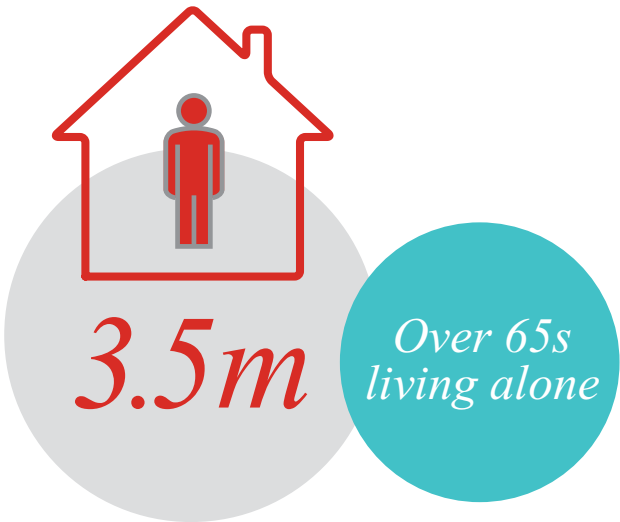
Source: Abbeyfield Griton Green

# Benefits of an expanded retirement living sector

*An expanded retirement living sector not only has a positive effect on the wellbeing of the occupying households, but can also reduce dependence on government services and boosts supply in the mainstream housing sector.*

**Greater independence** – In line with government policy, and recent legislation, retirement living can promote greater independence for older households and provide greater choice in planning for later life than would otherwise be available.

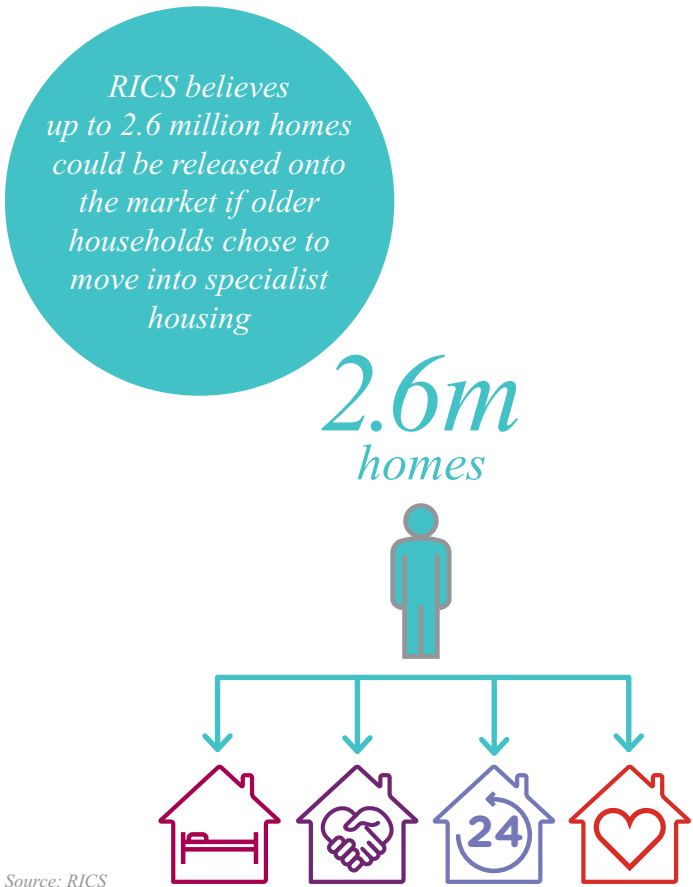
**Reduce social isolation** – Recent data from the ONS suggests there are 3.5 million over 65s living alone. This can adversely affect the wellbeing of individuals and lead to social isolation. Retirement living with its communal environment has the potential to reduce social isolation. A recent survey by the International Longevity Centre showed respondents reported lower loneliness than those in the community, giving further support that retirement housing plays a role in reducing loneliness among its residents, compared to what might be experienced if they stayed in mainstream housing.



Source: ONS


**Reduced burden on public health services** – A recent survey by the ExtraCare Charitable Trust showed that residents in retirement homes experienced a significant reduction in the duration of unplanned hospital stays from 8-14 days to 1-2 days.

**Increasing supply in the mainstream housing sector** – There is a severe lack of supply in the residential housing market and apart from building more homes, another way to get more homes on the market is reducing the under-occupation of existing homes. Addressing this issue in the older owner-occupier market (which has some of the highest rates of ‘under-occupied’ homes), by giving them more choice in the specialist housing markets will help release larger and under-occupied properties back onto the market and effect a movement throughout the housing market.



Source: RICS





*“Our members are seeing unprecedented levels of interest, with off-plan sales at a record high. The public debate about downsizing is intensifying, and we all know that demographic projections show a huge increase in the number of older people. With investor interest picking up significantly, our view is that the Housing with Care sector is set for considerable expansion. This is urgently needed: supply is struggling to keep up with the growth of our older people’s population.”*

Michael Voges, Executive Director –  
Associated Retirement Community Operators (ARCO)



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