

Urban Living  
Festival –  
September 2025

# Senior Living Market Overview

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# Senior Living Context

## REAL ESTATE MODEL LIMITS CHANGE

- Recognition of long income values
- Models front loaded on sales to repay debt
- Need innovation in design and flexibility on tenure models including rental
- Potential risk on Leasehold Reform

## DEMOGRAPHICS CANNOT BE IGNORED

- 12.7m over 65 – 18.9% of population
- Other countries house 5%-7% in OPH, UK <1%

## OLDER PEOPLE SEEN AS HOUSING BLOCKERS

- Policymakers do not take a holistic view on Housing
- Why should older people be pressured into right sizing?

## ISSUES NEEDING ADDRESSING


- Diverse and ageing population – 26% over 65 by 2040
- 90% in mainstream housing but only 12% have level access and 46% have a bathroom at entry level
- >50% in properties rated EPC D or below
- 7,000 OPH units built annually but need for 50,000

## VALUE FOR MONEY Vs. COSTS TO BUILD

- Older people want a range of services with access to care, independence but without isolation and loneliness.
- 2/3rds have property below £350,000 and pensions below £20,000pa
- Service charges £6,000 – £10,000 pa and average beyond most people's reach

## WHERE DOES THE CONSUMERS FIT IN?

- Build and they will come mantra
- Decisions taken for them on what, where and how



Market  
Characteristics,  
scale of  
opportunity

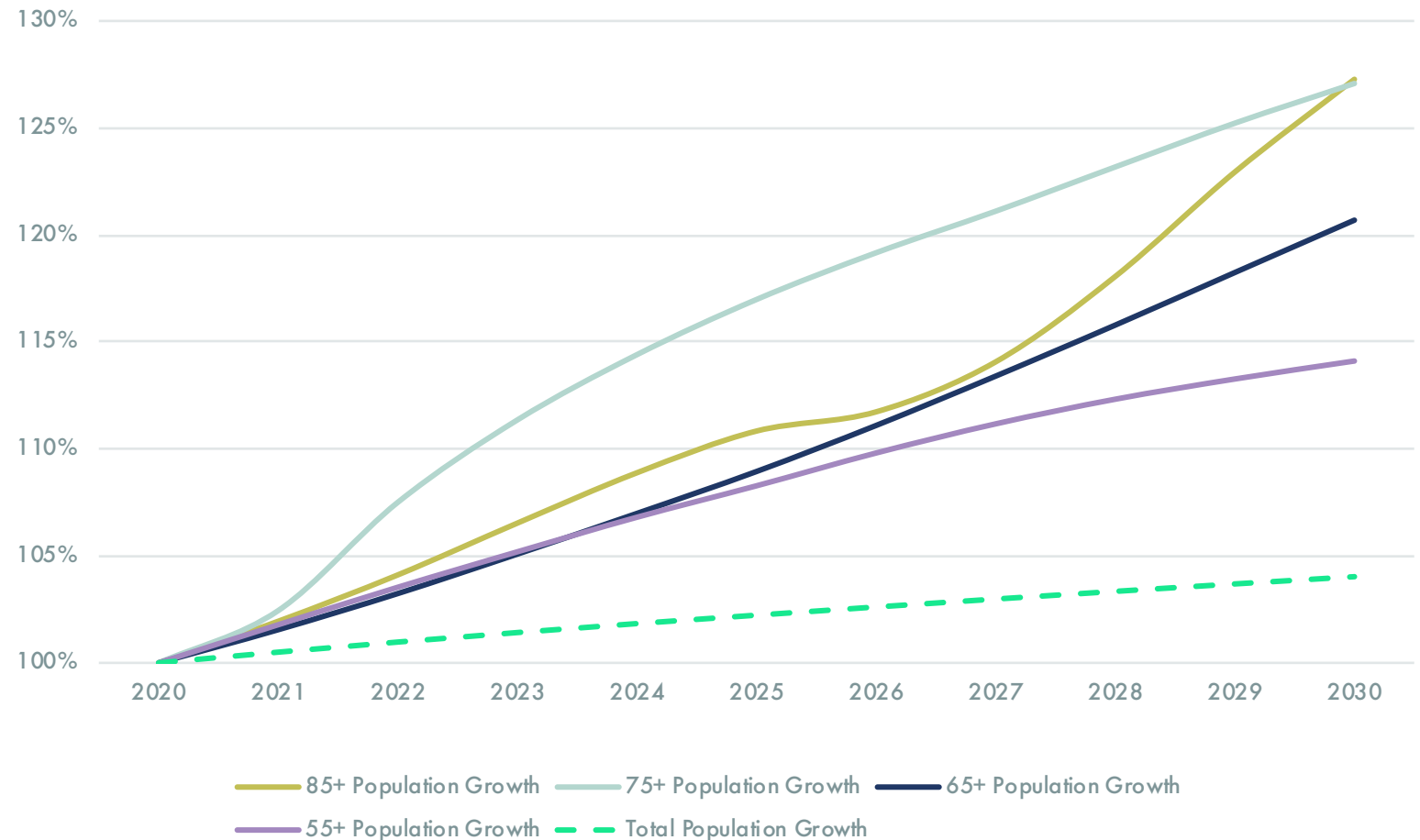
## Demand Driver – Ageing Population

Demand is driven by an ageing population and ageing households. As the elderly population expands, the current supply and rate of building residential care settings is coming under pressure.

From now to 2030 alone, there is a 15.7% forecast increase in the 65-74 population age band, a 27.0% increase in the 75-84 population and a 22.2% increase in the over 85s population.

By 2030, there is an estimated increase of 2.2 million people aged over 65.

UK 55+ population growth projections



# Demand – Wealth Distribution & Potential Downsizer Market

Affordability should be the key consideration in terms of assessing demand as most elderly are living in mortgage free residential dwellings that they will sell in order to move into a retirement living unit.

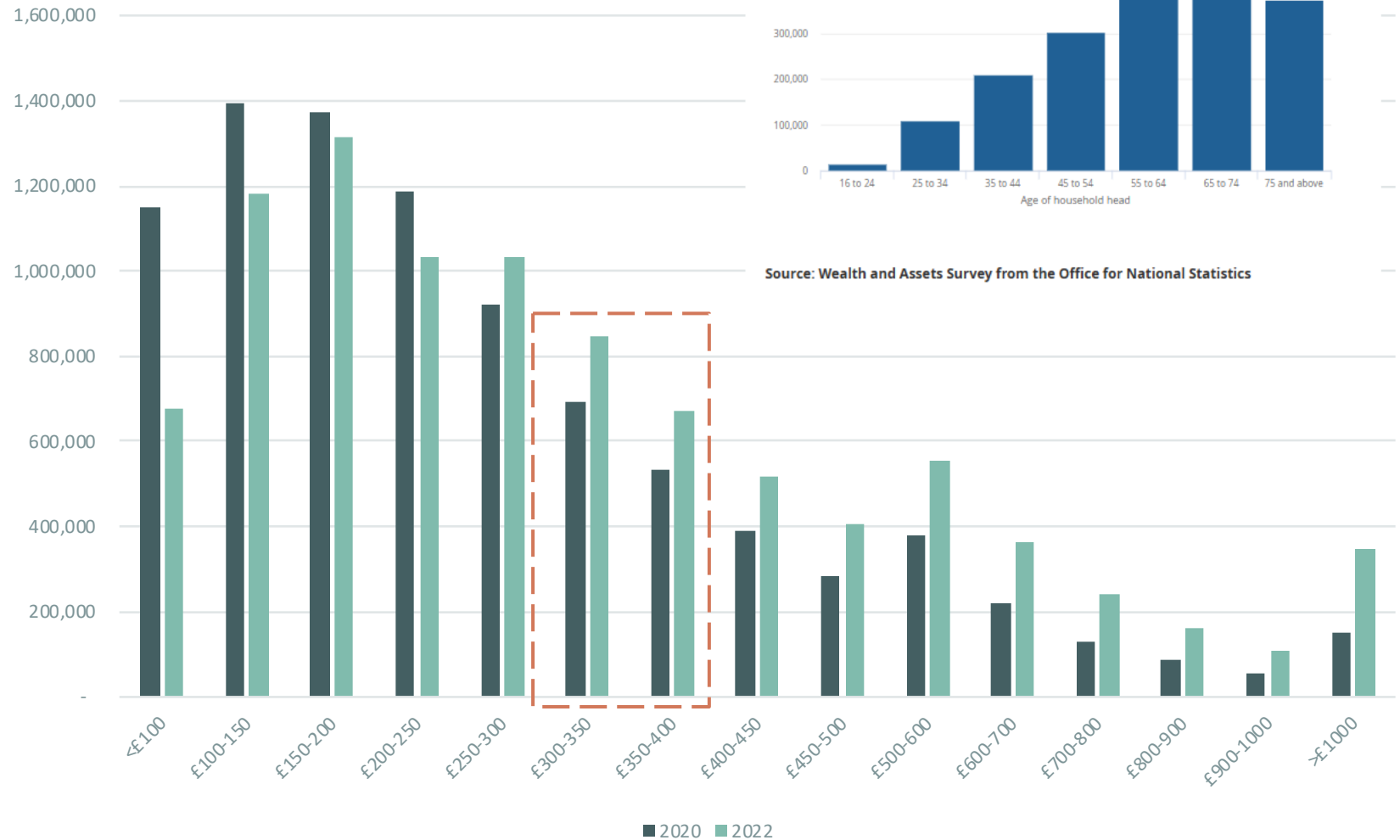
The current generation of over 70s is increasingly likely to currently own their home outright.

According to Land Registry the average house price in the UK is c. £287,000. UK average house price c. £285,000. The over 50's are estimated to hold over 78% of the total UK's private housing wealth driving demand.

Mid Market below £400,000 is not currently viable to build.

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UK 65+ Population house price distribution



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Market  
Characteristics,  
what is it?

# What is Senior Living?

The diagrams shown represent the categorisation of the senior living sector. As yet there is little standardisation across the sector with wide variation in product, operational models, services offered, and definitions used. Anecdotal evidence indicates that the customer base is presented with a confusing range of ill-defined 'retirement living' products. Therefore, the sales and marketing of a village is critical to ensure that prospective residents are aware that it is more than just a real estate transaction.

RETIREMENT HOUSING

ALSO KNOWN AS HOUSING WITH SUPPORT, SHELTERED HOUSING, RETIREMENT FLATS OR COMMUNITIES

C3

Self-contained homes for sale, shared-ownership or rent

Part-time warden and emergency call systems

Usually have very limited facilities, lounge, laundry facilities, gardens and a guest room

Typically 30-60 units

EXAMPLE GROUPS

INTEGRATED RETIREMENT COMMUNITIES

ALSO KNOWN AS HOUSING WITH CARE, EXTRA CARE, RETIREMENT VILLAGES, HOUSING WITH CARE, ASSISTED LIVING, OR INDEPENDENT LIVING

C3

Self-contained homes for sale, shared-ownership or rent

24-hour onsite staff with optional care and domestic services available

Range of facilities including a restaurant or café usually alongside leisure and wellness facilities such as gyms, pools, hairdressers, activity rooms, residents' lounges, libraries and landscaped gardens

Minimum 60 units  
Typically 80-150  
Large scale "villages" 200+

EXAMPLE GROUPS

CARE & NURSING HOMES

ALSO KNOWN AS RESIDENTIAL HOMES OR OLD PEOPLES HOME

C2

Communal residential living with residents occupying individual rooms, often with an en-suite bathroom

Regulated 24-hour care and support (including meals)

Extensive facilities including gardens, lounges and dining rooms, activity rooms. High ends schemes include sensory and cinemas, bistro and bars.

Modern assets typically 60-80 beds

EXAMPLE GROUPS

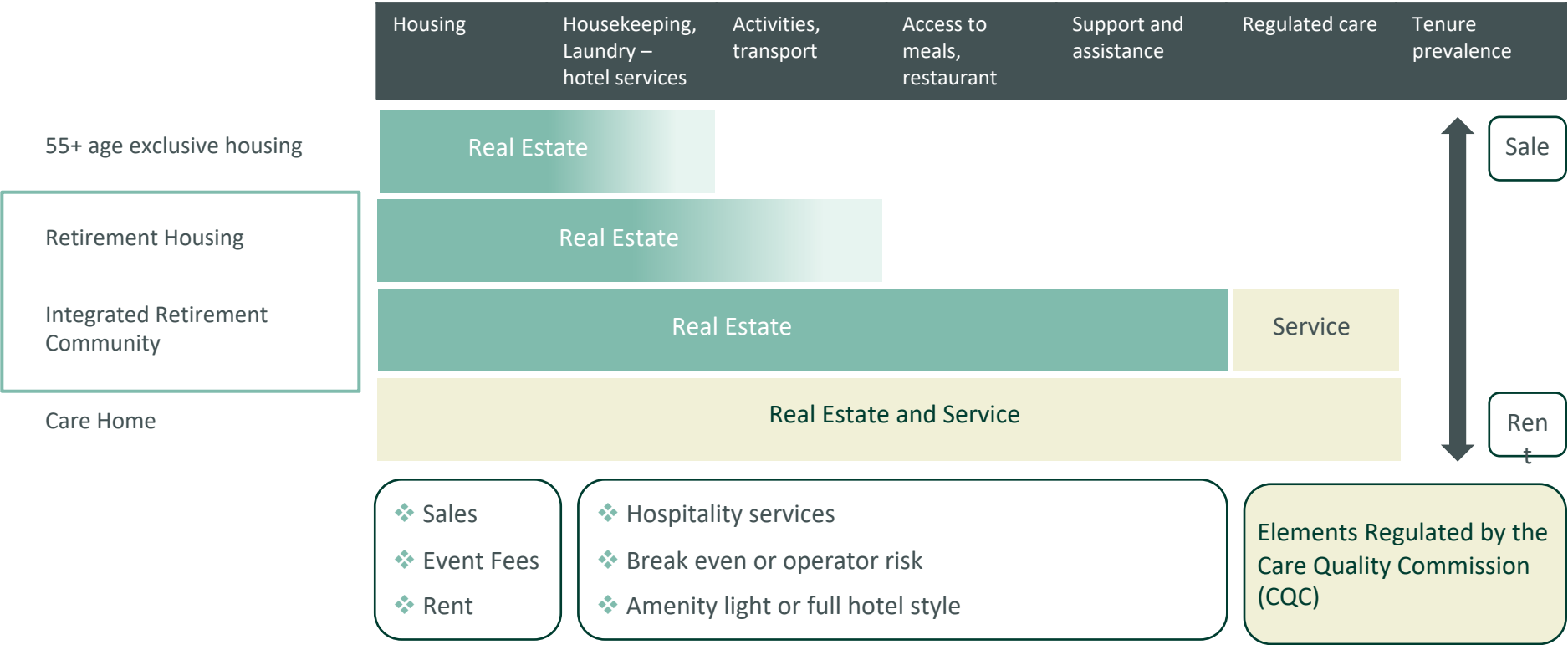
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# Business Model Outline

Services and the provision of amenity is driven by the business model and a key draw for the end consumer.

The presence of the services and amenity is core to the operational nature of the market and sets it apart from residential and other operational beds due to the scale and importance.





# Supply & Penetration Rate

The UK market is still in its infancy and the penetration rate is a fraction of what is seen in other mature markets



**0.7% rate**

Infant market with strong growth potential



Clear demand for fit for purpose senior living housing

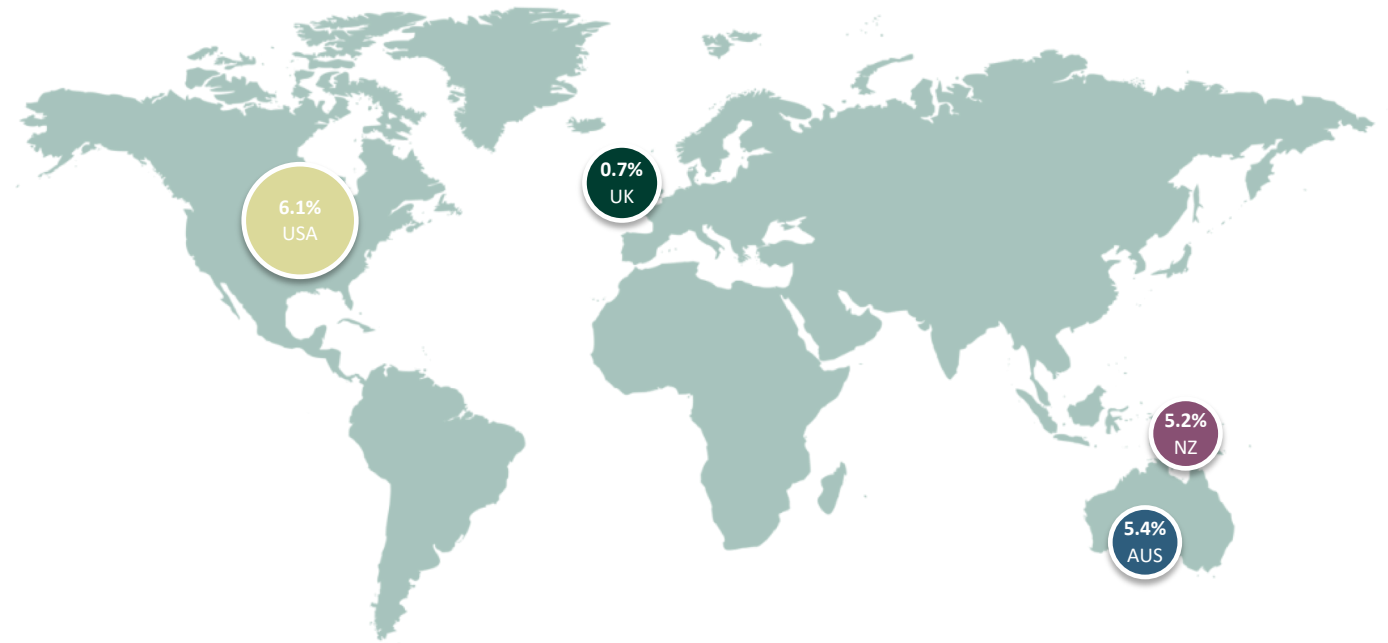


Multiple barriers contributing to slow uptake in the UK



**85,000 units**

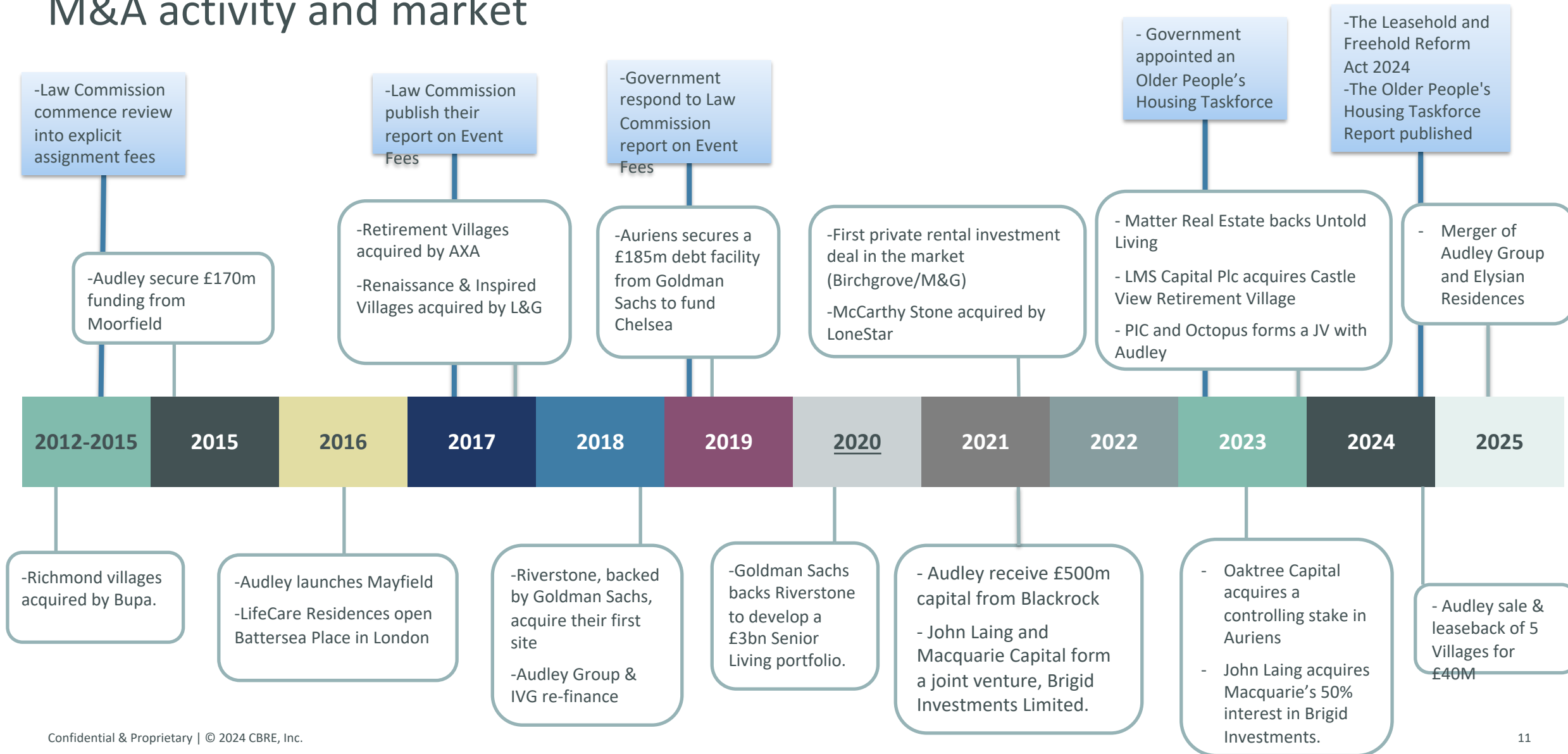
needed to be built in the next 15 years to satisfy supply





Market  
Characteristics,  
Investment

# M&A activity and market



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Risk &  
Opportunity

## Key Risks

1	Operator Pool and Management Experience
2	Limited data sets available (pepper potted or new)
3	Operational models & scale
4	Planning uncertainty – C2 v C3 argument delays delivery
5	Market understanding – not about real estate
6	Affordability & mid-market

# Taskforce Recommendations



Standardise definitions of OPH/LLH



Incentivise a wide range of OPH/LLH options



Ensure more housing is designed for later life



Create age-friendly, dementia –inclusive, faith and culture-sensitive communities



Expand OPH/LLH at scale and ensure it is affordable to live in, and viable to finance, build and operate



Strengthen planning policies



Establish a national information platform and local hubs



Build consumer confidence



Enhance innovation, research and professional development



Create collective leadership to drive change

## Opportunity

1	Building what people want – Know your market
2	National demand across all tenures and locations
3	Housing wealth and wealth higher than people think
4	Yield compression & capital demand
5	Market understanding – not about real estate
6	Affordability & mid-market

# Understanding what drives value



**Who is your customer?**



**F & B – Critical to appeal**



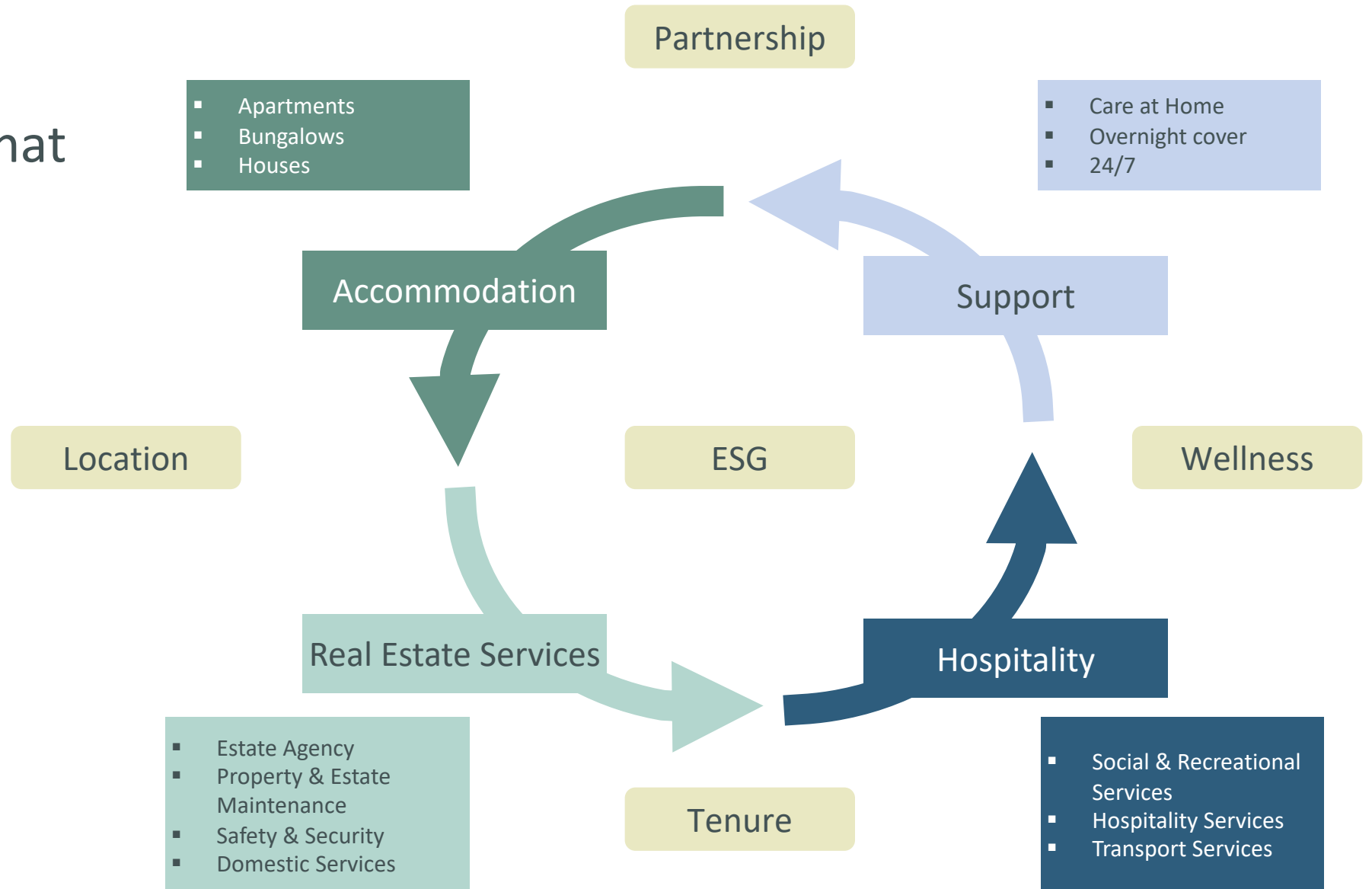
**Events & Community**



**Fitness, Health & Wellbeing**



**Monitoring & Oversight**





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Case studies

# IRC - examples

Opportunity across the whole market

- Downsizer homes
- IRC's
- Rental & Sale

Audley



Binswood Hall

114 units – 1 & majority 2 bed

Town centre – high street 5 mins, former school. Part listed, part new build

Rangeford



Siddington Park

123 units, 1, 2 & 3 beds

Semi-rural,

Birchgrove



Sidcup

74 units, 1, 2 & 3 beds

suburban, adjacent to Care UK, Hospital and bus stop.

## Key Takeaways

1 – Huge  
opportunity

12.7 million older  
people

Equity & income  
dynamics

2 – Decide  
your business  
model

Evolving tenure  
models

What drives value

3 – Delivery  
Challenges?

Investor & funder  
appetite

Affordability & mass  
market

Know your customer and why they are moving

# Contacts

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