

Moving insights from the over-55s

What homes do they buy?



Informing the debate

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The NHBC Foundation

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Foreword

The option of moving home in retirement is not just a subject of concern to those directly involved and their families. It has also become a major theme in housing policy debates. Should downsizing be encouraged to release larger homes for younger families? Are moves to new locations, perhaps on the coast, likely to end badly, as those who have made the move feel increasingly isolated from long-standing networks of friends and family? Are retirement villages part of the solution or a potential source of future problems? Is staying put, perhaps with the benefit of adaptations, a better choice? The answers will be highly personal for each individual or family. They will also be informed by a complex range of factors, and this has always been so.

What is surprising, however, is how little we know about the key influences which determine the destination of the estimated 450,000 moves made each year by those aged over 50. This study, commissioned by the NHBC Foundation from the University of Cambridge Centre for Housing and Planning Research, is designed to help us better understand why over-55s move home, what types of home they buy and what are the most important factors influencing their decisions. It is based on a survey of almost 1,500 homeowners who had moved between 2010 and 2015.

Many of the findings are startling. While equity release is a key motive for some, it is fascinating to learn that 46% of those surveyed invested more money in their home when making the move, and just under a third upsized to a home with more bedrooms. At the same time, hidden deeper in the evidence, is a strong demand for two-bedroom homes among those choosing to downsize.

While much of the evidence reveals a wide range of different motivations among the over-55s thinking of moving home, some key themes emerge with important implications for house builders. Older purchasers considering downsizing are about 20% more likely to choose a new-build home, and are particularly attracted by the prospect of living in a home which is easier to manage and enjoys lower maintenance and running costs. Above all, the evidence shows that there is a strong antipathy among those aged 55 to 75 to being described as 'old'. There are important lessons here for marketing to this age group.

There are, then, a wealth of insights in this latest NHBC Foundation report, which should help house builders and those involved in framing housing policy to better understand and respond to this important and growing sector of the market. I hope you will find it both interesting and useful.

Rt. Hon. Nick Raynsford
Chairman, NHBC Foundation



1 Executive summary

To inform the future market for new-build homes, this research explores the patterns of household moves and motivations for moving among the over-55s, a significant and growing market sector.

The research looks exclusively at household moves to new-build homes and draws on survey feedback from a sample of 1,477 homeowners enlisted on the NHBC's New Homes Community Panel, who moved to their current new home between 2010 and 2016. The survey gathered details of each move, including information on the size of homes and the level of investment or equity release. It also investigated reasons why the over-55s moved, why they chose a new-build property and what was important to those that had aimed to downsize. Additionally, qualitative insights were obtained from interviews with a sample of homeowners and house builders.

The main findings are as follows:

■ A range of accommodation needs

The 'over-55s' is a broad age band and includes people with a wide range of personal circumstances. The interactions between these circumstances and the environment generates a complicated mosaic of attitudes to housing and individual accommodation needs. At one extreme will be some households wishing to invest additional funds in property and seeking a larger home, while at the other will be households seeking to downsize to a smaller home, release equity and reduce their maintenance burden.

■ A complex pattern of moves

Reflecting the range of accommodation needs, this study demonstrated a complex pattern of moves made by the over-55s. In terms of size (as measured by the number of bedrooms) a third were 'same-sizers', who moved to a home with the same number of bedrooms. Over a third (39%) downsized to a home with fewer bedrooms and about 28% upsized to a home with more bedrooms.

Among the over-55s as a whole, the most common move (40% of households) was to a four-bedroom home, with three-bedroom homes being the next most common choice (for 29%). In contrast, among households that downsized (in terms of bedroom number) the most common choice was a two-bedroom home (42%) with a third (33%) choosing a home with three bedrooms.

■ Effect of moves on household finance

Over half of over-55s (54%) released equity (on average £105,000) as a result of their move. The remainder (46%) invested additional funds (typically £84,000 through savings and/or mortgage arrangements) in purchasing their new home. While, overall, considerable amounts of money are involved in these moves, 24% of moves involved a modest amount (up to £25,000) of either equity release or additional investment. Significantly, 12% of moves resulted in equity release of over £200,000.

■ Reasons for moving

Survey participants were invited to rate the importance of their reasons for moving. When considering moving in general, the reasons most commonly selected as 'extremely' or 'very' important related to the ease of managing their new home or having a home in a better state of repair. When considering what drove their decision to purchase a new-build property, low maintenance and running costs were of particular importance, as was a new home warranty.

■ **Downsizing definition**

This report highlights the complex pattern of choices made by the over-55s. Some moves fit comfortably into preconceived ideas about downsizing and upsizing, while others are less easy to classify. Hence, the potential size of the downsizing segment of the market cannot be determined with accuracy: depending on the definition adopted, downsizing may account for between 19% and 43% of the moves made by the over-55s to new-build homes.

■ **What's important to downsizing households**

While downsizing households in this study mainly chose smaller (two-bedroom and three-bedroom) homes, more research is needed to understand the types of homes preferred – whether houses, flats or bungalows.

Those who felt they had made a downsizing move were asked to rate the importance of a series of downsizing considerations. Very high proportions rated easier maintenance (74%), reduced running costs (70%) and a more easily managed garden (59%) as 'extremely' or 'very' important. Also of great importance to 63% of these households was having a home that was more suited to them as they grew older. Fewer were concerned about equity release, reducing their mortgages or reducing taxation, considerations that were anticipated to be a greater preoccupation among those over-55s interested in downsizing.

■ **Marketing to the over-55s**

A number of marketing strands emerged from this research. First, the over-55s are not one homogenous group. There are almost as many over-55 households seeking to upsize as wanting to downsize. While among today's over-55s there is an overall preference for four-bedroom homes, among downsizers there's a preference for two-bedroom and three-bedroom homes.

Marketing should not stereotype the over-55s as 'old' or 'older' people. Many do not see themselves as elderly and believe that they are years or decades away from requiring specialist accommodation.

The over-55s are interested in features of homes that can make it easy to live as they age, and ease of use/ease of maintenance may be particularly important to people contemplating a downsizing move.

The marketing of homes to the over-55s should focus on the broad needs of people in this age bracket. For example, proximity to healthcare facilities is more of a priority than the availability of good local schools.

2 Background and introduction

Until relatively recently, policy around housing and ageing has focused on supporting older people to 'age in place' and live independently in their own homes (for example, with home adaptations). But there has also been a recognition that some older people may want or need to move home at some point in order to best meet their housing needs as they age.

Since 2011, and stimulated by the report *Hoarding of housing*^[1] published by the Intergenerational Foundation, much debate on moving in later life has centred on the idea of downsizing. If 'empty nester' retired people downsized, it was suggested that they would not only liberate equity to support themselves in retirement, but also release family-sized housing back into the market to improve housing supply. In reality, a proportion of people in early retirement have always downsized; however, this new debate was about establishing downsizing as a new norm among people of this age. At the time, and subsequently, there has been little evidence of the actual downsizing moves that older people make and little understanding about what kinds of homes they want. As a result, and further hampered by a lack of a widely accepted definition, downsizing has remained a somewhat vague concept with no robust evidence of its scale and, crucially, no clear understanding of the type or number of homes required, or how they might be delivered.

In this research, carried out for the NHBC Foundation by the University of Cambridge Centre for Housing and Planning Research, the aim is to better understand why the over-55s move, what is important to them in their new homes and what types of homes they buy. By providing new insight into the surprisingly complex purchasing patterns of the over-55s, this research informs both those who build for this market and those developing housing policy for people in retirement.

In considering the **housing market** overall, over half of all homeowners are aged 55 or over. This group is predominantly without a mortgage^[2], relatively wealthy and, as this research demonstrates, many are readily investing capital when they move. It is estimated that 3.5% of people over 50 move each year^[3], which represents approximately 450,000 moves per year, and for the over-55s this current study estimates at least 330,000 moves per year. This is not only a substantial market for house builders to tap into, but also a growth market, with the number of people aged over 55 projected to rise from nearly 19 million in 2014 to over 26 million in the next 25 years. House builders can draw additional confidence about the market from older purchasers' greater preference for new-build: compared to buyers in their 30s, older, downsizing households are estimated to be about 20% more likely to consider new-build rather than existing homes^[4]. The potential of the market is further evidenced in this current report and elsewhere^[4] by the fact that older buyers attach great importance to a number of key attributes of new-build, including low maintenance and low running costs.

Downsizing is currently a term which is used inconsistently. For some people, downsizing should be solely related to a space reduction during a move. Others^[5] believe it is more complex and that both size and/or equity-release criteria should be part of the definition. In practice, there are considerable challenges even in comparing the size of different homes. So, for example, should the measure relate to number of bedrooms, gross floor area, availability of storage, height of ceilings, size of gardens, or some combination of these characteristics. Comparisons of equity release are perhaps even more challenging. It is argued, for example, that the equity-release element is something that is only likely to be significant in certain situations, such as when downsizing from a larger home or from a more

expensive area^[2]. The feedback from participants in this current study is a further reminder of the difficulty of communicating the concept of downsizing and measuring its importance within the market.

Two sources are used in this current study to understand how the over-55s move. First, using existing data from the Office for National Statistics and the English Housing Survey^[6] it has been possible to estimate the overall magnitude of downsizing in England, on a simple basis of bedroom numbers. This analysis suggests that downsizing has been increasing and is estimated to have reached a figure of approximately 88,000 for over-55 households in 2014. The second part of the analysis, on which this report is based, collected detailed feedback from over-55s on the NHBC's New Homes Community Panel. The NHBC Foundation is grateful to those members of the Panel who volunteered their time to complete the quantitative survey and share their experiences and thoughts during one-to-one interviews.

Household **preferences** are central to understanding moves in later life and providing homes that people want. Previous research^[7] has shown that people do have expectations of space in their homes into later life: two bedrooms and reasonable living space was seen as the minimum to allow for hobbies and maintaining a standard of living that they were used to. In this report we add to the current understanding of why people move and why they choose new-build, and also what is important to them if downsizing.



For many over-55s, moving is an opportunity to buy a home with the space to accommodate their interests and hobbies

3 Aims and methodology

3.1 Research aims and objectives

The aims of this research were to better understand why the over-55s move, what attracts them to new-build homes and, additionally, to help characterise the types of homes they purchase. Its objectives were to provide insights for house builders on purchasing trends and aspirations within this market sector and contribute to the wide debate on delivery of suitable housing for those in, or approaching, retirement.

3.2 The research plan

The research included a literature review, a survey of people aged 55 and over who had recently purchased a new-build home in the UK and in-depth interviews with purchasers and house builders.

■ Review of literature

The project included a literature and existing evidence review about moving in later life and the drivers for moving.

■ Survey of movers into new-build housing

To collect data, a web-based survey was sent out in July 2016 to people aged 55 or over who had moved to a new-build home (between 2010 and 2016) and were still living in the home they moved to. The survey was sent to members of the NHBC's New Homes Community Panel and it asked questions about the reasons for moving and why new-build was chosen. In addition to further household and demographic information, it also asked about the previous property. The survey was undertaken in full or in part by 1,477 owners of new homes.

■ Interviews with movers into new-build housing

The second stage was to select a sample of households for interview. These in-depth qualitative interviews (31 in total) explored why households decided to move, where they moved from, how they decided what and where to purchase, and their experience of moving to a new-build home.

■ Interviews with industry stakeholders

We conducted interviews with industry stakeholders to discuss the research findings and implications for the house building industry. This included major house builders, developing housing associations, representatives from government departments and organisations which promote the welfare of older people.

4 The over-55s and why they move

This section describes the over-55s who moved and summarises their responses to survey questions about their underlying reasons for moving and for choosing a new-build home. The separate interviews with purchasers yielded many qualitative insights, and relevant quotes are presented alongside the quantitative feedback.

4.1 Characteristics of the households that moved

Most of the over-55s choosing to move and buy a new-build home were in the 55–64 and 65–74 age bands (Figure 1). Only a very small proportion of moves were made by people over the age of 75.

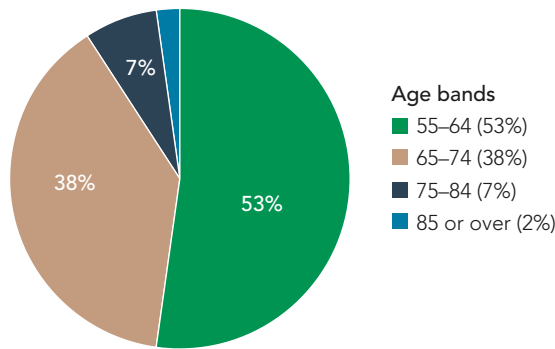


Figure 1 Age distribution of the over-55s in this study who moved to a new-build home
Base: 1,423 respondents

Of these home buyers, nearly all (96%) were either living on their own, or in a couple with no other family present. Even among those aged 55–64, only 5% of households contained anyone other than a single person or a couple.

Although some of these households had modest incomes (Figure 2), the average income was above the national average wage (reported as £29,200 for 2015/16),

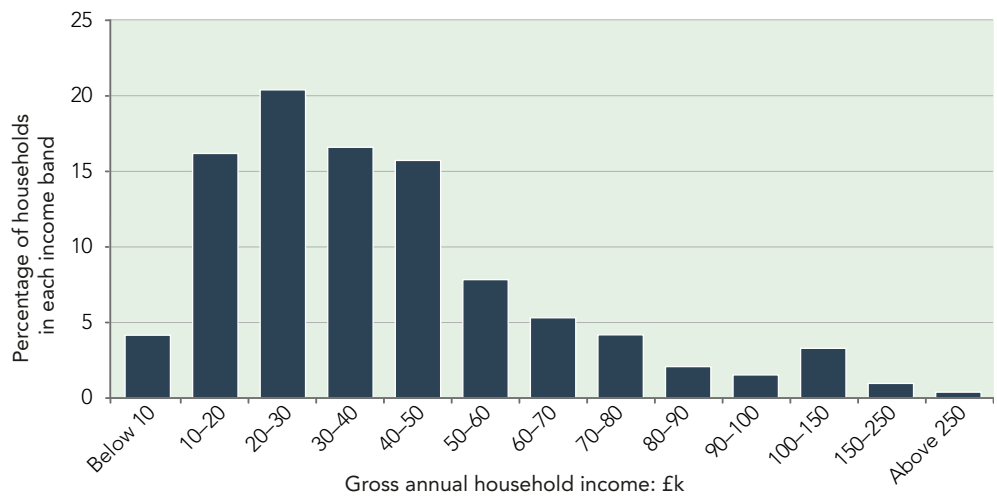


Figure 2 Household incomes for the over-55s included in this study. Responses to question 'Within what range is your overall gross annual household income (i.e. before tax or National Insurance)?'
Base: 1,154 respondents

or above the average income in retirement (reported as £21,500 for 2015/16)^[8]. However, there is a long tail of households that have significantly higher incomes and many of these over-55s are, in fact, relatively well-off compared to the general population. Of those who made an additional investment when purchasing their new home, two-thirds (67%) had used savings alone, while a fifth (21%) had used mortgage finance, sometimes supplemented with their savings.

4.2 Why they moved

The over-55s in this study were invited to rate the importance of a number of common reasons for moving (Figure 3). Convenience, related to ease of managing their new home or having a home in a good state of repair, was a high priority for many.

The [old] house was too big for us. There was a lot of work to be done, obviously I couldn't do that, and do all the cooking and all the washing and do the garden ... I'm slowing down quite a bit and I was beginning to notice it.

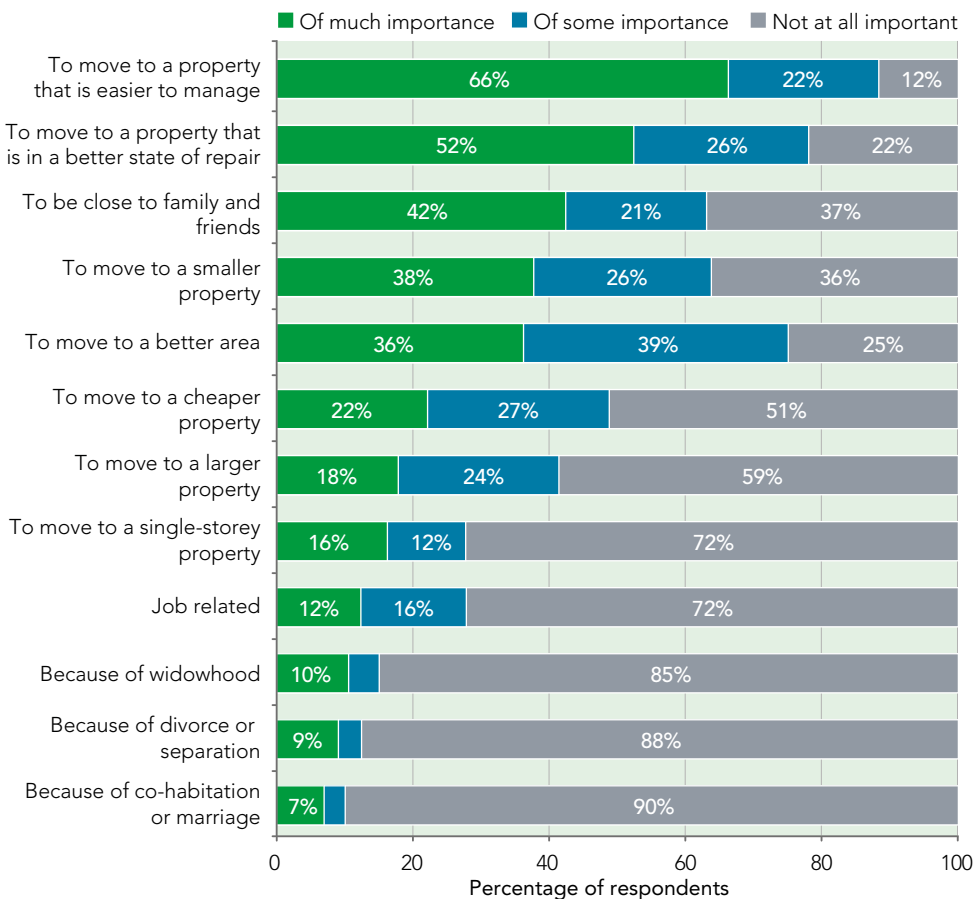


Figure 3 Importance of different reasons for moving. Response to the question 'Here are some typical reasons why people move. Please indicate on the scale [five-point scale 'Extremely important' to 'Not at all important'] how important each reason was to you when you decided to move?'

Base: varies between 1,164 and 720 respondents

Note: In Figures 3, 4 and 9, to simplify, survey response categories 'Extremely important' and 'Very important' are grouped as a single larger category 'Of much importance'. Response categories 'Moderately important' and 'Slightly important' are grouped as a single larger category 'Of some importance'.

A significant number had moved to be closer to family and friends and to improve their surroundings. For about a third of over-55s, purchasing a smaller property was an important consideration; however, the converse ('upsizing' to a larger property) was noted to be a common motivation. Various household changes and personal circumstances were also cited as underlying reasons for moving: when aggregated these constitute a major driver.

4.3 Why they chose a new-build home

The survey participants had all purchased new-build homes. To understand what influenced this choice, they were invited to rate the importance of a range of advantages typically associated with new-build (Figure 4). For a high proportion (more than two-thirds) the lower maintenance cost of a new-build home was an important consideration in their decision.

Everything is done and you know that everything should last, and if there's any problems when you move in the developers should sort it out, whereas if you buy a second-hand home you're buying somebody else's problems.

Of almost equal importance to these purchasers was the availability of a new home warranty. Some highlighted the security this provided during (or approaching) retirement, when their income was limited to a pension.

The warranty concept was an important factor. Now I have decided to stop working, I'm just living on a pension, you want some form of confidence that if anything goes wrong with the property, you know that you are covered.



Many of these over-55 buyers wanted a home with low running costs and, generally, new-build homes were seen as better thermally insulated and with lower energy costs.

The level of insulation is phenomenal, which means it keeps pretty warm even in the coldest weather ... we've pretty well halved our bills by moving to a new, well-insulated house with this heat exchange system.

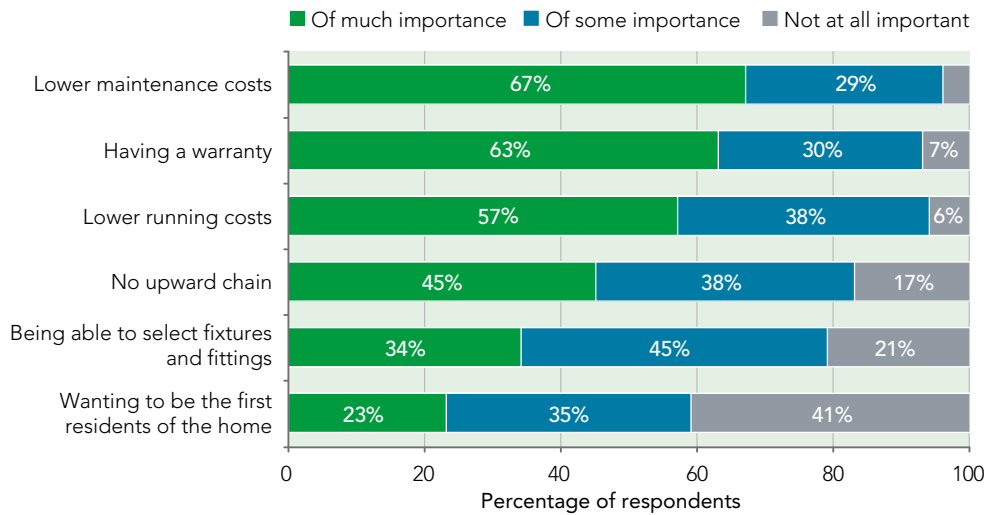


Figure 4 Reasons for choosing a new-build property judged as 'extremely important' or 'very important' by home buyers aged over 55. Responses to question 'Here are some typical reasons why people choose new build, rather than older properties. Please indicate on the scale [five-point scale 'Extremely important' to 'Not at all important'] how important each reason was to you when you decided to buy a new-build?'
 Base: varies between 1,350 and 1216 respondents
 See note under Figure 3

4.4 Over-55s – a diverse range of aspirations and housing needs

The interaction between people’s personal circumstances and their environment generates a complex mosaic of attitudes to housing and individual accommodation needs. Across the broad age spectrum investigated in this study (55–85+) a wide range of circumstances will be present. There will be many people in the age band 55–64 (and, indeed, some in the 65–74 band) who are fit, active, still accumulating wealth and expecting to maintain or maybe increase their investment in a new home. In contrast (and across the range of ages represented), there will be people who are ready to make changes to their living arrangements – perhaps by moving to a smaller, more manageable home.

Not surprisingly, within the mix of moves there is upsizing, downsizing, relocation and change of house type. The range of individual circumstances that drive these moves was highlighted by the over-55s during the detailed one-to-one interviews carried out in this study. Four contrasting cases are shown on the following pages.

Why people moved: examples of individual circumstances

Paul – moving to a larger and cheaper home

Paul and his wife are both in their 60s and retired. Fifteen years ago they took early retirement and downsized from Wiltshire to a two-bedroom property in a very rural location in the Yorkshire Dales, which they had previously been renting out as a holiday home. Three years ago they upsized to a larger property, a four-bedroom house in York.

There were two main reasons for their most recent move. First, so that they would be nearer to their daughter, so they could babysit their grandchild. Second, because they felt the house they were living in was too remote and they wanted to move closer to facilities, especially medical facilities, as they were one and a half hours from the nearest hospital.

They chose a larger property because their house in Wiltshire had been large and they 'missed the size of it', especially when their grandchildren came to visit. They were able to buy a larger house because house prices were much lower in the new area.

We felt that, because we could get a house at the same cost and bigger, we might as well. We didn't need any capital so we thought we might as well make the most of it.

Sandra – moving to a smaller and cheaper home

Sandra and her husband had downsized from a large 18th-century cottage to a new, four bedroom semi-detached house. They decided to move because they wanted a smaller property that was easier to maintain.

I suppose we felt that the time had come to have somewhere smaller, easier to manage, less work for me.

They also wanted to save money, as their previous property was very expensive to run.

Our old house was eating money because of, really, maintenance costs ... we had no gas, so we had to have oil central heating and it was very expensive.

Releasing equity was another motivation.

We wanted to release some capital so that we could enjoy ourselves quite honestly, and go on holiday a bit more often.

They were also motivated to move because they felt they were too isolated in their previous property and wanted to be nearer facilities.

They chose their property because they liked its location, on a small estate within a town. They initially thought they would move further away, but decided to stay within the same area to be near their existing friends.

Margaret – ‘downsizing’ to a large detached home

Margaret is in her 70s and lives alone, her husband having died many years ago. She was prompted to move to be nearer her children, who both live in the South of England. She sold the large family home where she had raised her children and moved to a smaller, cheaper home on a new-build estate.

This was a downsizing move. However, the house that she moved to was still a fairly large detached family home. Her previous house had five bedrooms and ‘lots and lots of downstairs reception rooms’. The new house has ‘four and a half’ bedrooms and two reception rooms.

Her current house is the largest on her street, even though her neighbours are all families. But she still found it difficult to adjust to the smaller property:

To me, when I first came, it felt small, with the ceilings being lower.

The reason she kept a relatively large house was so that she could host her family.

I could have gone even smaller, but my grandchildren at the moment range from 14 down to 10, and they are still at the stage where they want to come and stay with Grandma. My daughter and my daughter in law try to coincide their visits so that all the grandchildren get to spend time together, which means that I need the extra bedrooms at this point.

She expects to move again in approximately 10 years’ time, when her grandchildren will no longer all visit together. At that point she plans to move to an apartment by the sea with a balcony.

Roger – moving to a larger and more expensive home

Roger and his wife were both in their 80s and retired. This was their second move in recent years. They had moved from the South coast up to the Midlands a few years previously, ‘to make a new start’ but they weren’t happy there so decided to relocate to Norfolk as they had enjoyed holidays in that area. They upsized from a two-bedroom bungalow to a four-bedroom house.

They didn’t deliberately upsize but couldn’t find anything smaller that met their requirements. They needed a spare room as they have family living abroad who sometimes visit them.

They hoped to buy a bungalow, but found all of the new-build bungalows in the area too small. Their previous bungalow had been spacious, with large rooms and a conservatory, and they ‘couldn’t face’ downsizing to a small property.

They thought about their possible future needs – if they become less mobile in the future they plan to live on the ground floor. This would be possible because it is spacious.

4.5 We are not old!

A general observation is that many of the people in this survey do not see themselves as old, and describe older people as those who are aged 85 or more (i.e. those defined demographically as the 'very elderly'). It is interesting that very few (5.5%) had invested in developments aimed specifically at the over-55s, and when asked about this type of housing many did not feel it was a timely or appropriate step for them.

Those places are sort of 80 plus! So we didn't [consider buying one]. My husband said he wasn't ready for that quite yet.

We honestly didn't think about it. I'm 75, my wife is 73. We didn't even think we were old enough.

Retirement housing for the over-55s is a developed part of the market and popular with many residents^[9]. However, mixed feelings were expressed about this type of housing by the over-55s who were interviewed in this study. Some stated they would prefer to live in an area with younger people and others were not attracted to the 'semi-communal' way of living. Practical issues concerned some participants, over location, type or size of property and because of leasehold status.



Maintaining contact with family and friends and having space for them to stay over is an important consideration for many over-55s when they choose their next home

With many over-55s not considering themselves old, the generic labelling of this wide age group as 'the elderly' or 'older people' is problematic and may be unhelpful in describing or defining this market. It is notable, however, that many of the over-55s in this survey do place value on features of homes (see Figures 3, 4 and 9) that could support them as they age. A better understanding of those features (including aspects of accessibility and ease of operation) could provide additional definition for this important market. Some immediate understanding of the market, however, can be derived from the patterns of purchasing decisions that people make (Chapter 5).

4.6 Barriers to moving

Overall, people over 55 move less often than younger people and it is important to understand the barriers that stand in the way of those who are older but would like to move. In this study, survey participants highlighted a number of issues that could be inhibiting older people from moving. These ranged from the challenge of sorting out belongings, general upheaval, the complexities of managing the purchase process and the thought of being separated from friends and family.

The whole idea of it is daunting, especially if you've been in your existing property a long time ... we'd been in our existing property for 28 years so you imagine that garages, sheds and outhouses were full of 28 years' worth of stuff ... You do think 'oh, we'll never cope with this'.

Also the fact that chains collapse ... when you're older, dealing with those sorts of things becomes more stressful, you don't take it in your stride as well as you do when you're 30 or 40.

The whole idea of going to a new neighbourhood is quite challenging when you're older, because you don't have the mechanisms for engaging in the locality that you do when you have children, when you have a family ... you are a lot more isolated when you move when you are older.

Some respondents felt that more could be done to make the process of moving easier for the over-55s, by providing support to overcome the physical and emotional challenges they face and to cope with the financial arrangements.

5 Homes that the over-55s buy: purchasing patterns and trends

This chapter looks at purchasing patterns among the over-55s, particularly the type and size of new-build properties that they buy, and the extent to which they either invest additional funds or release equity. A complex picture emerges, with upsizing, same-sizing and downsizing all strongly represented within the market structure.

5.1 Type of home purchased

Overwhelmingly, home buyers aged 55 and over bought houses (80%), while fewer than one in five (17%) bought an apartment and only 3% bought a bungalow. The pattern of purchase, however, was quite complex, with 14% of movers from houses choosing apartments, 75% of movers from bungalows choosing houses and 66% of movers from apartments choosing houses. Many moves (30% overall) involved a change of house type; however, it is not possible to identify whether the house types purchased were determined solely by preference or also by what was available in their location of choice.

5.2 Location

Only 20% of the over-55s in this study moved within their immediate locality (moving less than a mile, within the same postcode district). Significantly, however, around 50% moved more than 12 miles and 40% more than 22 miles from their previous home: distances which imply that many are willing to move to another locality with a loss of contact with previous neighbours.

5.3 Size of home purchased – upsizing almost as common as downsizing

Survey participants were asked to compare the size of their new home with their previous home. While some purchasers judged size on impressions of floor area and general spaciousness, for this study the number of bedrooms (a commonly used proxy for the size of a home) is used to explore trends in upsizing and downsizing.

A key initial observation is that, before their last move, the over-55s occupy homes that have more bedrooms than the national average (Table 1). After moving, these people still had a greater number of bedrooms than average, with a very high proportion occupying four-bedroom homes. Because these are typically small households (usually one or two people) there will therefore be many that have more than one spare bedroom (i.e. above the bedroom standard defined in the English Housing Survey^[6] – and therefore classified by the government as under-occupied). Significantly, however, the households themselves do not regard their homes as under-occupied, but identify a range of uses for the space they had bought.

	Owners aged 55 or over (this study – people who moved)		Owners of all ages (NHBC data)
	Previous home (before latest move)	Current home (after latest move)	Home occupied in 2012–2014
1 bedroom	1%	3%	10%
2 bedrooms	12%	21%	34%
3 bedrooms	36%	29%	32%
4 bedrooms	36%	40%	20%
5 bedrooms	11%	6%	3%
6 bedrooms	4%	0%	<0.5%

Table 1 Proportion of owner-occupied households living in homes of different size. Proportions for over-55s in this study (before and after moving) are compared with proportions for households of all ages (based on new-build registrations with NHBC between 2012 and 2014)

A more detailed analysis of the data on bedroom numbers (Figure 5) demonstrates the complex pattern of moves that are made by the over-55s. The percentages in Figure 5 refer to the proportion of moves from each house size so, for example, 4% of all two-bedroom households downsized to a one-bedroom home and 34% moved to another two-bedroom home.

The chart reveals some significant trends. Perhaps predictably the moves from five- and six-bedroom homes were mostly downsizing; however, often to larger, family-sized homes with four bedrooms and notably not to smaller homes.

For two- and three-bedroom homes, on the other hand, the result is unexpected, with significant numbers of households upsizing – often to four-bedroom homes. These two trends contributed to a net increase in the number of four-bedroom homes occupied by the over-55s, and to a level well above what is typical (see Table 1). It is striking that, overall, 40% of the over-55s moved to a home with four bedrooms. The over-55s new-build market therefore can be characterised as one that currently has a strong demand for four-bedroom homes.

Figure 5 also demonstrates that purchasers also gravitated, to some extent, towards two-bedroom homes, but the proportion living in this size of home remained well short of that estimated for the national picture (Table 1).

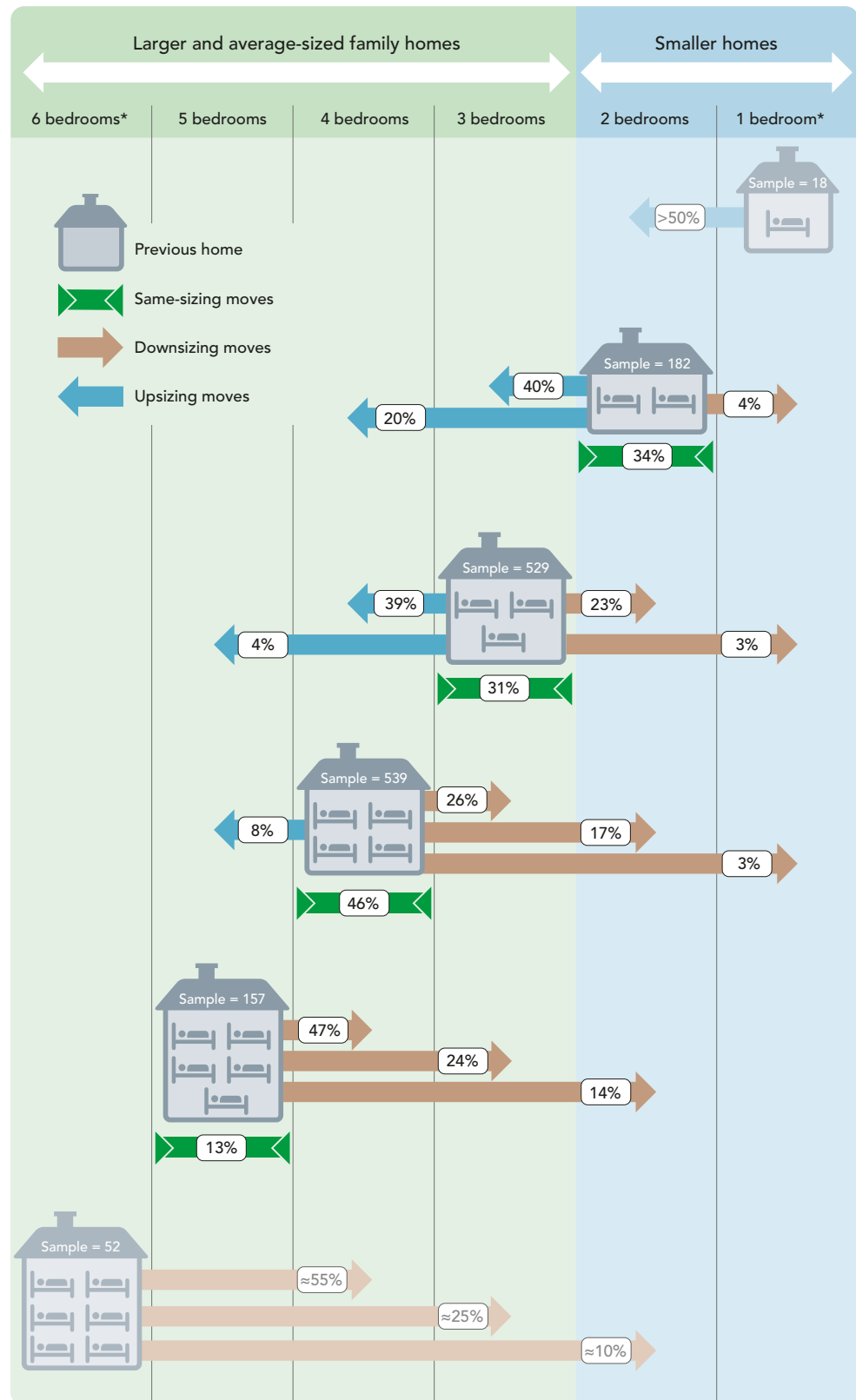


Figure 5 Pattern of property moves recorded for the over-55s who moved to a new-build home
 Base: 1,477 respondents
 Note: Figures show the proportion of moves from each home size. Numbers are rounded and, for simplicity, rare move categories are not shown (therefore moves from each home size may not add up to 100%).
 *The numbers of one-bedroom and six-bedroom homes in the sample were small. Patterns of moves from these homes should be interpreted as indicative only.

Figure 6 is an alternative summary presentation of the data on bedroom numbers, highlighting the fact that downsizing moves (when measured by number of bedrooms) represent a significant proportion of all moves made by the over-55s. Upsizing moves are less common, but exactly a third are 'same-sizer' moves, where there is no change in the number of bedrooms. Significantly, when people upsized or downsized they predominantly chose a home with, respectively, one bedroom more or one fewer than their previous home.

Among these over-55 purchasers there is a net downsizing trend of approximately 11%, when using solely the measure of bedroom number.

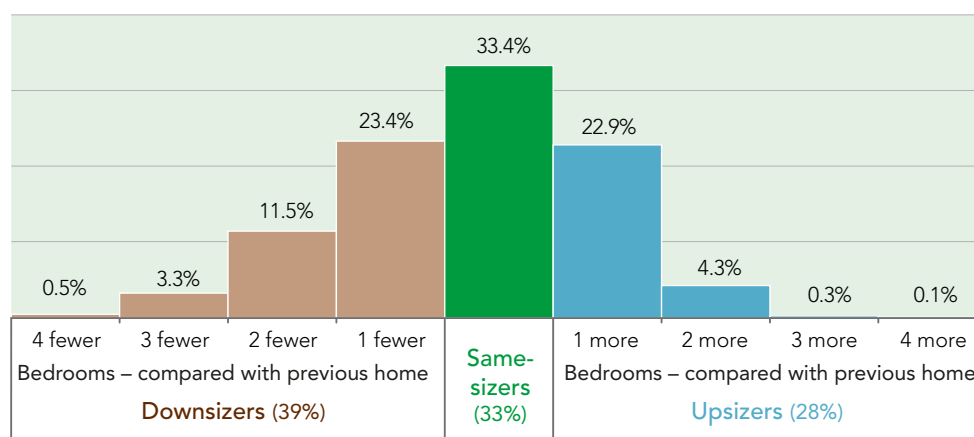


Figure 6 Summary of moves made by the over-55s evaluated by bedroom number. A near balance between downsizing, upsizing and same-sizing.
 Base: 1,477 respondents

5.4 Financial outcomes for households – additional investment or equity release?

In recent years, there has been significant policy and social interest in whether home ownership and the potential to move to cheaper properties can contribute in a significant way to household financial resources in later life. This release of equity, which could supplement a pension, or contribute to care costs in older age, has been regarded by some commentators^[5] as a separate and important element of downsizing, equivalent to that based on house size reduction (e.g. fewer bedrooms) considered in section 5.3.

In this study, about two-thirds of survey participants were willing to share information on both the selling price of their previous home and the purchase price of the new-build home they moved to. A high proportion of these (52%) bought homes with purchase prices between £200,000 and £350,000.

The comparison of selling and purchase prices (Figure 7) reveals a significant split in financial outcomes, with almost as many households making additional investment in their new home (46%) as those releasing equity (54%). On average, the 'financial upsizers' made an additional investment of about £84,000 in their new homes, while 'financial downsizers' typically released equity of £105,000 during sale.

While these averages indicate that, overall, considerable amounts of money are involved in these moves, a good number of these transactions (24%) result in the release or additional investment of modest amounts of money, under £25,000. Notably, however, over 12% of households released significant equity of more than £200,000.

For participants in this study, equity release was not seen by all as a principal reason for downsizing.

We didn't deliberately set out to make a profit from the sale of our house, but that was a useful side effect.

However, over 40% of those who felt they had downsized to a smaller property saw equity release as an extremely important or very important consideration (see Figure 9). Of the people who had achieved a degree of equity release, some invested this money, while others saw it as an opportunity to help family members directly.

We have £350,000 sitting in an investment company. That gives us an income, a return, call it another pension. It's an investment essentially in stocks and companies so it will always be there.

Christmas time came early for [two daughters] ... at this moment in time, with rates as they are, there's no point putting it in the bank.

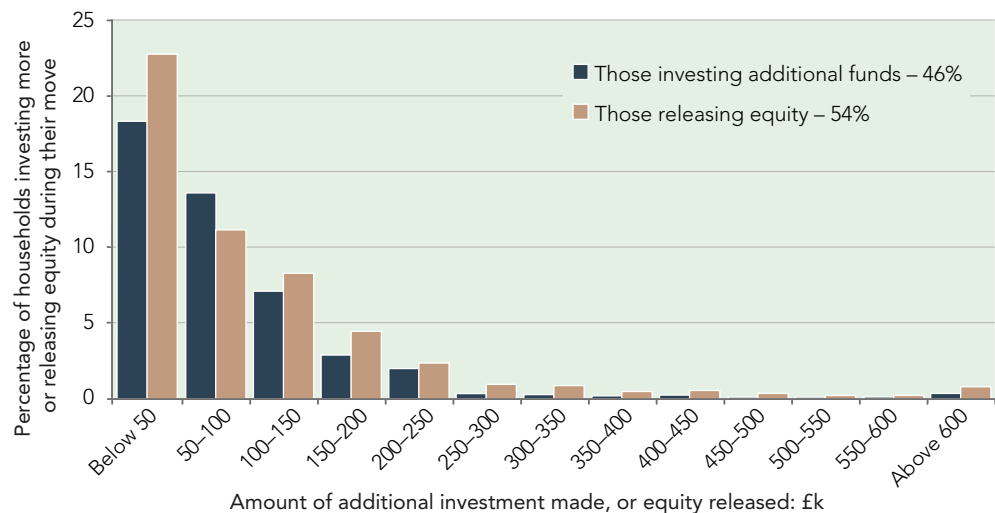


Figure 7 Amount invested or released during moves made by the over-55s
Base: 956 respondents

Although, in financial terms the over-55s in this survey were slightly more likely to 'downsize' than 'upsize' when they move, many retired people (or those approaching retirement) are moving each year and, whether upsizing, same-sizing or downsizing, constitute a significant house-buying sector.

5.5 Combining size and financial outcomes

From this current research, we can establish the pattern of moves made by the over-55s in terms of both size and financial outcomes. The resulting matrix (Figure 8) shows nine well-represented outcome categories, including some that might have been predicted to be much rarer (e.g. 'equity releasers' who purchased homes with more bedrooms, and 'additional investors' who purchased homes with fewer bedrooms).

The Figure 8 matrix is important in highlighting the range of choices that people make; however, it also contributes to the debate on how moves should be defined and, in particular, whether downsizing should be characterised by smaller size (e.g. in terms of the number of bedrooms), equity release or both. Whereas few would question that the top left cell (19% of all moves) represents a pure form of downsizing, if parity is accepted between size and financial outcomes, then the three cells with a brown border could constitute a wider definition of downsizing. Such parity, applied across the matrix, would generate a quite different picture from that identified in Figure 6, based solely on number of bedrooms.

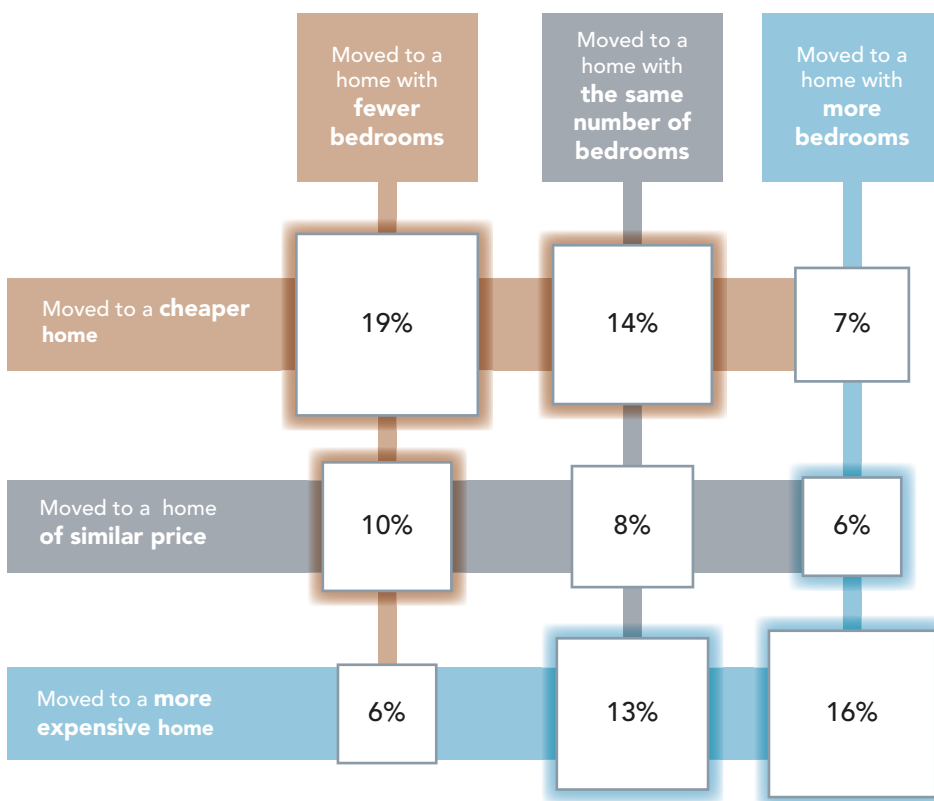


Figure 8 Matrix of size versus financial outcomes

Base: 956 respondents

Note: The matrix shows the proportions of moves among the over-55s who provided financial information about their move. Matrix cells with a brown border indicate downsizing, those with a blue border indicate upsizing. See section 6.2 for discussion.

The top right and bottom left cells of the matrix do not fit comfortably in terms of upsizing or downsizing. A more accurate measure of size (i.e. not relying on the perhaps overly simplistic measure of bedroom number) might generate a more accurate pattern of outcomes that could better predict overall national trends or gauge the downsizing market.

6 A view on downsizing

6.1 Context

The current national debate on downsizing can be traced back to the idea that older people (specifically those over 65) are under-occupying the nation's family-sized homes and should be encouraged to downsize. Although the idea of policy intervention to force people to downsize (with its clear ageist connotations) has lost momentum, there remains a general expectation within society that older people should be downsizing to release family homes for the nation, and some policies do effectively nudge older people in this direction. In political circles, downsizing has sometimes been regarded as one of a number of potential solutions to the current housing crisis.

The debate has been limited, however, by the absence of a clear definition of what downsizing is and what is important to people who might contemplate this move.

6.2 Importance of definition

This study provided an opportunity to estimate downsizing among the over-55s in a number of ways, resulting in quite different projections of the magnitude of downsizing:

- for a downsizing definition based solely on bedroom numbers (see Figure 6) **downsizing = 39%** of moves to new-build homes by the over-55s
- for a downsizing definition based on bedroom numbers and equity release (see Figure 8) **downsizing = 19%** of moves to new-build homes by the over-55s
- for a downsizing definition based on bedroom numbers and/or equity release (with parity of both aspects – see Figure 8) **downsizing = 43%** of moves to new build homes by the over-55s.

In each case, the converse (upsizing) largely balances the amount of downsizing, so **net** downsizing is not a significant figure for the over-55s. It is important, however, to acknowledge that, in each of the scenarios above, downsizing is a major trend among these over-55s. For the house-building industry, which will seek the most practical interpretation, the important signals are likely to be drawn from the trends in numbers of bedrooms required and particularly the pattern of moves described in Figure 5.

Work to establish a more robust definition of downsizing could lead to more accurate estimates of the size of the downsizing market. The findings presented in this report relate only to the proportion of over-55s that opted to move to new-build housing, and detailed research on patterns of moves by over-55s to existing homes is also required for a full understanding of the potential 'downsizing' market.

6.3 What downsizers are looking for

Table 2 shows the sizes of new-build homes (according to bedroom number) that the over-55s in this study downsized to. Also shown are estimates, from the English Housing Survey⁽⁶⁾, of the national pattern of all downsizing moves (to both new-build and existing homes).

	This survey: downsizing moves by over-55s to new-build homes	English Housing Survey: downsizing moves by over-55s to new-build and existing homes
One-bedroom home	7%	21%
Two-bedroom home	42%	50%
Three-bedroom home	33%	25%
Four-bedroom home	18%	4%

Table 2 Homes bought by downsizers

Both surveys identify the importance of both two- and three-bedroom homes to the downsizing market. These home types can be expected to become more important if the downsizing proportion of the market increases, a scenario which could be anticipated from the English Housing Survey findings.

In this study, we also explored the aspects of downsizing that were important to the over-55s. These are shown in Figure 9. Some, such as reduced maintenance, which are of general importance to all buyers (Figures 3 and 4), are equally important to downsizers. However, there are certain aspects that could help to differentiate marketing material targeting the over-55s, such as features that make the transition to later life as easy as possible. There are also aspects that have been assumed to be important to these buyers (reducing mortgage and taxation) but which are, perhaps surprisingly, only of secondary importance.

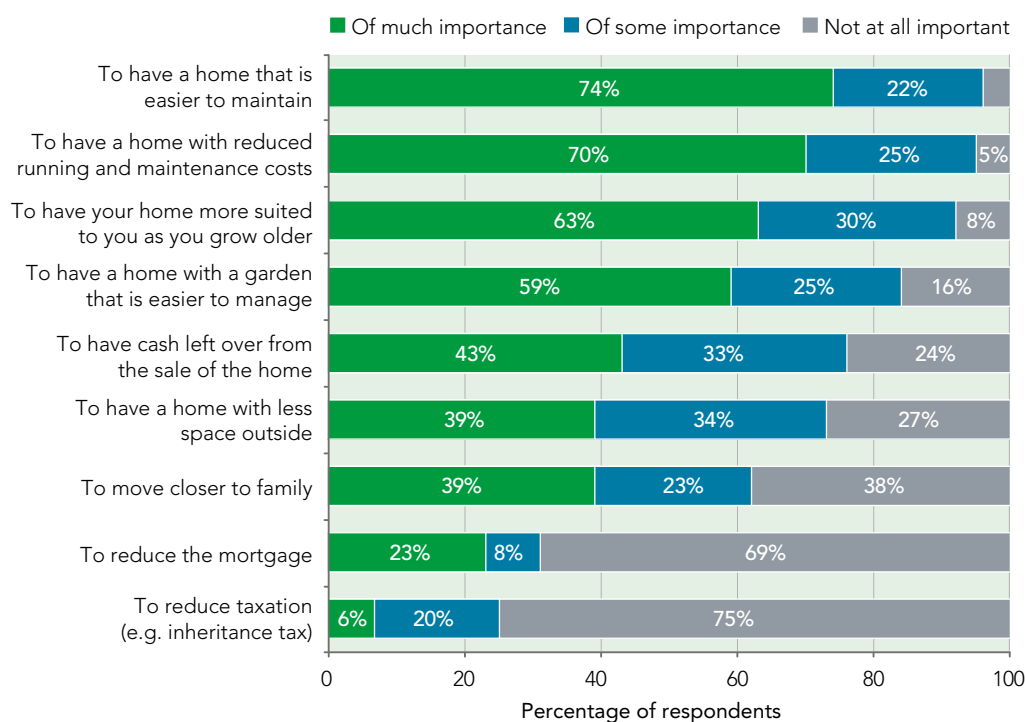


Figure 9 Importance of a range downsizing considerations. The data includes only those survey participants who thought they had bought a smaller or cheaper home.
Base: varies between 798 and 497 respondents
See note under Figure 3

More work is needed to understand more fully what downsizers (and different categories of downsizers) are looking for in their new homes. If these features can be better understood and adopted in new-build homes, they offer the prospect of being able to fine-tune the housing offering to the over-55s so that a downsizing move is seen as an attractive proposition for them.



7 Marketing new-build housing to the over-55s

This report highlights the fact that the over-55s market is very diverse. From section 4.4 we can see that purchasing choices for this age group are driven by a range of circumstances and situations. From section 5.3 it is clear that, even in terms of one aspect (size), the patterns of choices that people make are complex. When we explore more than one aspect of choice at the same time, as in Figure 8, the over-55s strongly populate every cell in the matrix of outcomes.

Alongside this diversity, there are a number of uncertainties about the market. In particular, it is not known to what extent people's choices are governed by what is available, rather than what they really want or aspire to own. Indeed, it could be quite common for purchasers to be unable to buy the size or type of home they want in their preferred location. More work is needed to properly understand supply and demand within this important sector of the market.

Ideally we would have liked a bungalow, but there's so few of those on the market, and the ones that were on the market, either they weren't in areas we were interested in, or they were too small.

While recognising that the picture is both complex and incomplete, the feedback from survey participants gives some useful generic pointers on how marketing strategies might be developed to attract investment from the over-55s.

■ Commonalities

There are some common features that are particularly important to the over-55s, whether they are thinking about moving, moving to a new-build home or specifically considering downsizing. These relate to ease of managing/maintaining their home and garden and reduced running costs.

I'd been on my own for two and a half years. I wasn't coping, the house was too big, the garden was too big. I was employing people to help out. I got pressure from my girls [daughters] and I downsized.

Through their experience over time, the over-55s may be more conscious of the effort required to maintain an older home and perhaps less confident or less able to take on maintenance and upkeep. Additionally, for many, their income is finite and they will be more acutely aware of running costs. It is significant that, compared with younger buyers, the priorities of the over-55s play uniquely to the qualities of a new-build home.

■ **Focus on particular needs of the over-55s**

Location and infrastructure priorities are different for the over-55s. Most obviously, the importance of nearby schools decreases and healthcare provision becomes more significant.

A lot of properties are sold on the basis that 'oh there's a good school nearby', well I couldn't care less what the schools are like, but I do care what the doctors are like, and I care about getting into town easily. I think it's actually coming up with smarter ways of marketing to people who are 55 plus – I think there are different priorities for us which are not necessarily picked up on by developers.

A number of specific benefits of apartments were identified related to lifestyle.

As I get older I don't want to dig the garden or paint the outside of the house anymore, thank you, so for me the flat is wonderful, just pay the service charge and smile.

We like travelling so with a flat you basically have a secure building as such, you can lock up and go away for three months in the winter, and no one's going to break in.

■ **Strong demand for four-bedroom homes among the over-55s**

Purchasing trends among the over-55s (Figure 5) show a strong demand for four-bedroom homes. Over 40% of purchasers (including upsizers, downsizers and same-sizers) moved to a four-bedroom home. Many are not interested in downsizing at all but want their home to provide space for pursuing their own interests and hobbies, and for having space for guests and family to stay.

I'm not sure why everyone's assuming the next one is going to be smaller ... the idea of sharing the same house and not going to work ever again means the house needs to be bigger! If you want to do hobbies and crafts and things, you need the space to do it.

■ **Downsizers' preferences**

This study shows that downsizing is an option chosen by many over-55s who move to new-build homes and, for these people, equity release is often an important consideration. These downsizing households chose to move mostly to two-bedroom (42%) and three-bedroom (33%) homes. If downsizing were to become a stronger trend in the future, the need for houses of these sizes is likely to grow.

■ **Accessibility/transition to older age**

There is evidence (Figure 9) that buyers over the age of 55 are interested in features that can assist them in the transition to older age. However, only about a third of buyers had bought an 'accessible' home (with, for example, a good-sized downstairs room suitable for conversion to a bedroom). This and other features supporting the move into old age, if available, could provide a marketing advantage for house builders interested in supplying properties to the over-55s. The presentation of these features requires care – it may be more effective to highlight them as offering flexibility or adaptability rather than as 'features for older people' (see below).

- **Barriers to moving**

People aged 55 or over begin to see barriers to moving (see section 4.6), some related to complications involved in the moving process itself. In the marketing of homes to the over-55s, there could be benefits in offering packages that guide the purchaser through the process and assist at the key points that are most challenging for them.

- **Don't age-stereotype**

The way that homes for the over-55s are described or defined is an important marketing consideration. Many over-55s do not wish to be thought of, or characterised, as elderly or old people who require specialist accommodation.

- **Specialist housing**

Specialist retirement housing aligns well with some of the needs expressed by the over-55s in this survey and elsewhere. However, only a very few participants in this research had invested in this type of housing, some thinking it was an option only for the very old. There may be opportunities to further refine the marketing strategies within the retirement housing sector to highlight the qualities and benefits this type of accommodation could bring to those people in (or approaching) retirement, who might be interested in this style of living.

The research identified some broader marketing issues. The over-55s felt that new homes tended to be marketed to families and younger people and that companies did not make information available that suggested how such housing might meet their needs.

An overall finding from the research was the diversity of circumstances, motivations and aspirations of the over-55 age group and how these were reflected in the choices they had made. This is a very diverse market and it is important in marketing material to avoid stereotyping older people as a homogenous or specialist market.



The growing over-55 age group is well-disposed towards the benefits of new-build homes, whether they are considering upsizing, same-sizing or downsizing

8 Industry stakeholder views

The general views of house builders and other industry stakeholders were sought on the research findings and on downsizing in particular.

Discussion with developers of mainstream housing suggested that, within the house-building industry, homes for older people tend to be viewed as a specialist market, rather than as a market for standard house designs. There are concerns in some organisations about entering what are perceived to be niche markets and generally wanting to 'play it safe'. It was observed that many home designs have changed very little over decades, apart from a detectable move to more open-plan living space.

However, there is innovation taking place within the house-building industry; for example, with the construction and marketing of new retirement villages. The research found that only a very small proportion of respondents had purchased a property on a development for the over-55s, and views about such developments were very mixed. However, as one industry stakeholder pointed out, the research is based on decisions made in the current market, in which very few specialist retirement homes exist, and the choices made might have been different if the mix of available supply were more diverse.

It is obvious that most new homes bought by the over-55s are houses in 'non-segregated' communities as that is virtually all that's available. It isn't robust to assume from that that there is no demand for alternatives just because they are not currently widely available and in use.

The research respondents were aged 55 and over but there is great diversity within this age group, and needs and aspirations may change as people age. This was discussed by industry stakeholders who suggested that specialist retirement housing may be more attractive to the very elderly.

Although the retirement sector markets to the over-55s and uses youthful/active lifestyle imagery, most purchasers are 79+.

There was recognition that what people purchased was constrained by the current market supply.

A new home is likely to provide the solution but you can only buy what's available. The industry tends to use the term 'rightsizing', which means finding a property in the right location, of the right style and price with the right support and social networks. This could be a more expensive home with three beds in a retirement village etc. but equally, due to lack of supply, is likely to be a home on a house builder's new estate.

One stakeholder felt strongly that providing new homes for older people was a great opportunity for the industry, but that there was currently an inadequate market offering.

Too often stereotyped by specialist retirement developments that older people don't want.

One of the major house builders interviewed has considered the potential of the 'downsizing' market and it is an ongoing area of interest for development. They considered developing 'downsizing' homes that allowed part of the home to be separated off and reserved for visiting family. One idea was a dormer bungalow with all the main accommodation on the ground floor and a bedroom upstairs. The stairs were placed behind a door so the extra space could be closed off when not needed. The premise was that people want to downsize but still have space for occasional visitors.

They are also currently exploring the idea of an 'active elderly' range of homes for downsizing. These would be blocks of apartments in upmarket areas with good space and style standards. The premise is that people may want to have the ability to 'lock up and leave' a property to go travelling. The idea of a low-maintenance property that can be easily left while the owners are away would certainly appeal to some of those interviewed as part of this research.

In terms of price, there was concern about the potential ceiling price for homes, based on the number of bedrooms. If a spacious configuration is chosen (with fewer bedrooms) this could be problematic for resale or valuation for mortgages. One of the major house builders expressed concern about developing very small units, and units that are already furnished. They had done so in the past and, while the properties did sell, they had lower resale values which proved problematic.

Discussions with industry stakeholders support the research conclusions that older people constitute a very diverse group and require a variety of different housing solutions to best meet their needs.

The evidence reinforces what most other studies in this area conclude – that over 55s, as half of all homeowners, have a range of needs and aspirations and we should ensure the market caters for all of those needs.

Stakeholders recognised the diversity among this section of the population and the need for a diverse offer of different types of new homes.

There was a view that the current mix of housing on offer to older people, and the way it is marketed, is not making the most of the opportunity to supply new homes to the growing number of older people.

I would fully agree with how inadequate and unattractive the current stereotyped market offering is. This is a very important point for policy-makers and the industry to understand if they want to provide appropriate homes that are attractive to older people and to realise the potential and increasing market.

The industry interviews also support the conclusion that downsizing is not what all older people aspire to do, nor is encouraging downsizing likely to improve housing supply.

Whilst, of course, downsizing may be appropriate for people who really can no longer cope in a larger home, that's not what many older people want and so may be challenging to achieve. It's unlikely in any case to be an alternative to sustained increases in housing supply as a means of tackling housing affordability and other challenges.

9 Final observations

Understanding the over-55s

This research is a further reminder that the over-55s should not be stereotyped as people who are winding down to retirement and universally inclined towards the idea of downsizing or moving to specialist housing for the over-55s. Many over-55s do not see themselves as old, and many are keen to use their wealth to upsize to a larger home to provide flexibility for the lifestyle they aspire to, or to move to a more desirable area. Across this broad age band this research also highlights a good proportion that are ready to downsize for a variety of reasons, often personal, but most commonly driven by a wish to minimise maintenance and to reduce running costs. Strategies devised for delivering housing to the over-55s should recognise this fundamental difference, and possibly identify additional, specific categories of need.

An open opportunity for house builders

As discussed here and elsewhere^[10], the over-55s represent an important, growing market for house builders, but also a market receptive to the benefits of buying new-build. People in this age group are 20% more likely than younger buyers to consider new-build^[4], and this current research shows that they attach high importance to qualities associated with new homes, particularly low maintenance requirements, low running costs and a new home warranty. These qualities are significant for all over-55 buyers, regardless of whether they are thinking about downsizing, same-sizing or upsizing. Many will be approaching retirement and contemplating life on a reduced pension income, so clarity over future expenditure is important to them, and many will not feel they have the energy to take on the challenges (physical or psychological) of looking after an older property.

Downsizing – making it a choice of preference

The social debate on downsizing concerns the degree to which those over 55 should be encouraged to downsize. Pressurising people to downsize is controversial and likely to be ineffective and possibly counterproductive. However, making clear the benefits of downsizing and developing appropriate and attractive designs that appeal to the over-55s could go a long way towards establishing it as a choice of preference for those who are ready to downsize or are interested in doing so.

For this approach to be successful, more insight is needed on the features of homes (for example, size and type of home, design of interiors and ease of use) that could attract potential downsizing households. At the same time, there needs to be a compelling case to persuade house builders that the downsizing market is tangible and worth investing in.

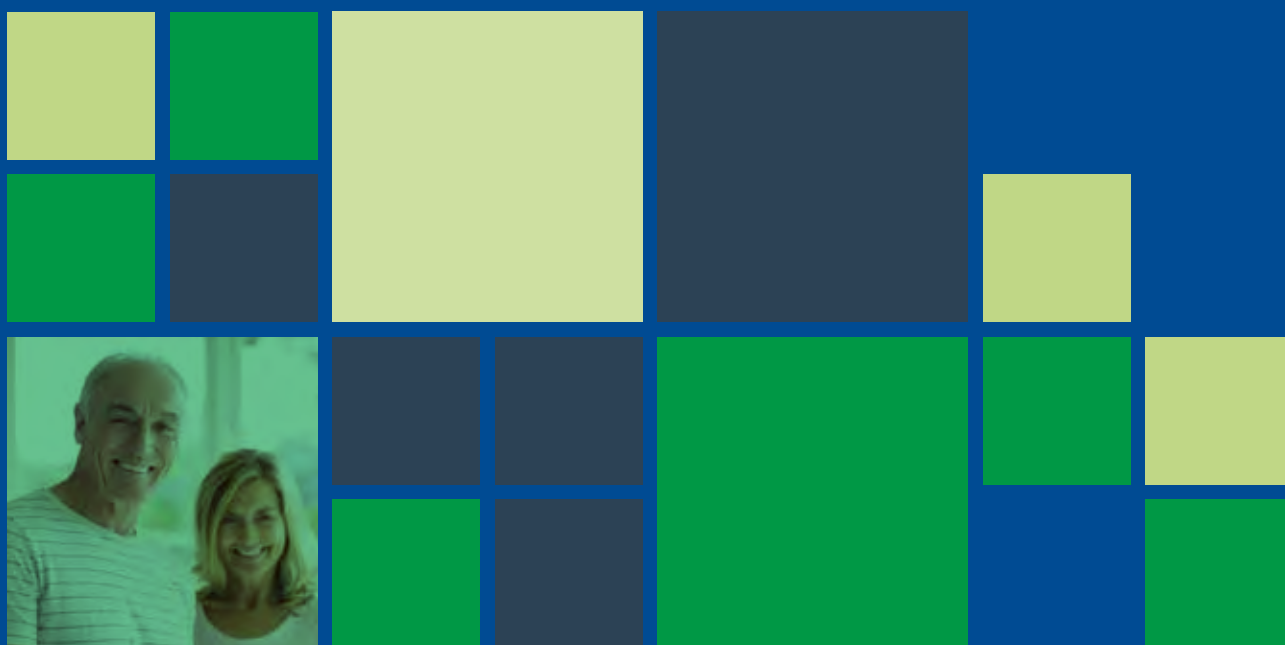
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Moving insights from the over-55s

What homes do they buy?

The over-55s are an important and growing segment of the new-build housing market. To better understand their needs, this research looks at the reasons why the over-55s move and what types of homes they buy. A number of features were found to be particularly important to these purchasers, including reduced maintenance, low running costs and the availability of warranty. When they moved, many households downsized (39%), same-sized (33%) or upsized (28%) in terms of the number of bedrooms they had. Overall, a large proportion of households (40%) in this study moved either down or up to a four bedroom home, making this the most common home size purchased by the over-55s.



The NHBC Foundation, established in 2006, provides high quality research and practical guidance to support the house-building industry as it addresses the challenges of delivering 21st century new homes. Visit www.nhbcfoundation.org to find out more about the NHBC Foundation research programme.

