

THE DEMAND FOR BOTH NURSING HOME AND RETIREMENT LIVING ACCOMMODATION STEMS FROM THE FACT THAT **IRELAND HAS A RAPIDLY AGEING POPULATION**



08

INCREASE IN DEMAND

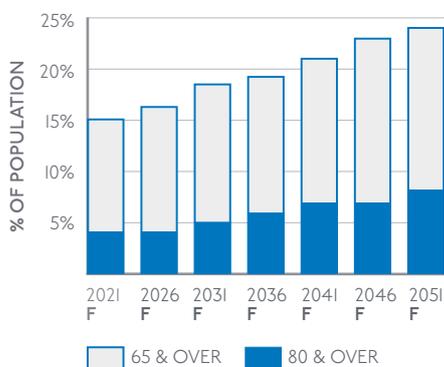
RETIREMENT LIVING

DEMAND FOR ACCOMMODATION FOR OLDER PEOPLE

The demand for both nursing home and retirement living accommodation stems from the fact that Ireland has a rapidly ageing population. The CSO's population estimates as at the end of 2018 show that there were almost 673,500 people aged 65 and over in Ireland with over 158,000 of these aged 80 or over. Based on the CSO's most optimistic population projections these figures are set to increase dramatically in the next three decades. The ageing population can be clearly seen in the table opposite where in a little over 10 years' time, 18% of the population will be in the over 65s category and 5% over 80s. More alarmingly, in 30 years' time almost one-quarter of the population will be aged 65 and over.

The Irish property market is not sufficiently catering for its ageing population, and as the country ages further, the nature of residential accommodation provided will need to change. Various housing options are required for older people across the spectrum. For some with greater needs, this will be nursing home care. While for others, it will be retirement villages ranging from sheltered housing to communities with tiered levels of support that provide greater independence while also offering a level of care and amenities.

FORECASTED AGEING POPULATION



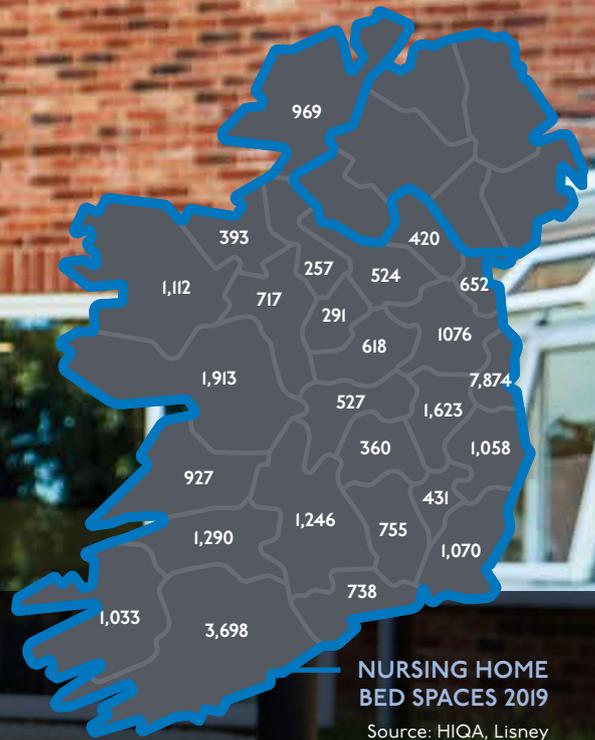
Source: CSO

+10%

31,642
BED SPACES
2019

+5%

33,135
BED SPACES
2020



NURSING HOMES

Due to changing demographics, the nursing home industry in Ireland has evolved and expanded in recent years, and will continue to do so. The number of larger operators with multiple centres has increased; there has been a move away from smaller centres to more efficient larger premises; overseas operators have entered the market; and many existing nursing homes have been extended.

At the end of 2019, there were 581 registered nursing homes in Ireland providing 31,642 bed spaces. This is about one nursing home bed space for every 21 people 65 and over or based on those 80 and over, there was one bed space for every five people. This is very similar to England where the figures are 22 and six respectively.

Encouragingly, stock levels continue to increase while simultaneously older accommodation that is no longer suitable is being removed from the market. Between 2013 and 2019, the overall number of bed spaces increased by 10%. However, a further 1,493 are under construction, and assuming no older properties are removed from supply, this will mean that stock levels will increase by a further 5% in 2020 (to 33,135 beds). The longer-term pipeline is also positive. At the end of 2019, planning permission was granted for 4,004 bed spaces nationwide that had not yet commenced with a further 2,034 beds in the planning system. Assuming all of these schemes progress and no older stock is removed from the market, the nursing home bed space stock will increase to almost 39,200. It is worth noting that the Government estimated in early 2019 that by 2031, 36,000 bed spaces would be required but this also takes into consideration the fact that other forms of 'age friendly' accommodation will also be provided over the next decade (this is discussed on the next page) hence reducing the dependence for nursing homes.



“ GIVEN THE AGEING POPULATION, SIGNIFICANT OPPORTUNITIES EXIST FOR INVESTORS AND DEVELOPERS. ”

RETIREMENT VILLAGES

Retirement villages combine high quality housing options for older people with tailored support services. Such accommodation helps residents maintain their privacy and independence, while also having the reassurance of on-site staff, communal facilities and options for care and support as needed. Lifestyle benefits for residents include a sense of community and lack of isolation; social events, leisure and wellness facilities; lounges, restaurants and cafes; gardens; on-site medical support, safety and security including technology solutions; and cleaning and laundry facilities.

Scheme tenure can be structured in various ways that allow residents to own their property either fully outright or through shared ownership (acquire a long leasehold and then pay rent on the remainder), or to rent. Internationally there is an emerging model of ‘rent-to-rent’, which allows older people to lease out their family home and use the income to rent a retirement apartment or bungalow.

Retirement communities have been a feature of international markets like the UK, US, Australia and New Zealand for some time with retirement stock levels ranging from about 2% of the total housing stock in the UK to the mid-teens in the US, Australia and New Zealand. In these countries in recent years, there has been an influx of private investment in the sector. However in Ireland, while there are some examples of small-scale schemes, mainly group schemes or sheltered housing, private investment and activity in the sector is minimal. Given the ageing population, significant opportunities exist for investors and developers.



It's estimated that by 2031, there will be the following housing requirements from older people:

Source: Housing Agency

150,000
PEOPLE

AGE FRIENDLY
ACCOMMODATION

150,000
PEOPLE

DOWNSIZE WITHIN
EXISTING COMMUNITIES

36,000
PEOPLE

NURSING
HOME SPACES

In 2016, the Housing Agency prepared a report entitled 'Housing for Older People: Thinking Ahead'. One finding was that if more age appropriate accommodation was available within existing communities, more older people would be inclined to downsize and could avoid unnecessarily moving into residential care. Following on from this, in February 2019, the Government released a policy statement on housing options for the ageing population, taking account of the varying levels of support required. It estimated that by 2031, there will be the following housing requirements from older people:

- ◆ Age friendly accommodation – 150,000 people
- ◆ Smaller dwellings designed to meet the needs of older people wishing to downsize within existing communities – 150,000 people
- ◆ Nursing home spaces – 36,000 people

These figures relating to 336,000 people account for about one-third of the total with two-thirds of older people remaining in mainstream housing. However, the figures relating to age friendly and smaller dwellings does highlight the potential in the retirement living market for investors and developers across both the mid and upper-markets.

OPTIONS