

# FOCUS

Carterwood Focus  
Issue 13 • 2014

Extra care housing  
where do residents come from?



Catchments for extra care schemes have, up until now, been paid little attention. In contrast to the care home market with its 5 mile or 15 minute drive time ‘norms’, there is no definitive benchmark in place for extra care facilities.

In collaboration with the Associated Retirement Community Operators (ARCO) and its members, Carterwood has conducted a national research project to ascertain if existing resident behaviour can inform the sector in setting its own industry standard catchments.

#### Who took part?

- 12 ARCO members, 87 extra care housing schemes, 3,823 elderly residents based in England and Wales.
- Different housing providers including affordable rent, private leasehold and mixed tenure schemes.
- Standalone extra care developments to full care villages.

Data was supplied on an anonymous basis, preserving complete confidentiality for residents.

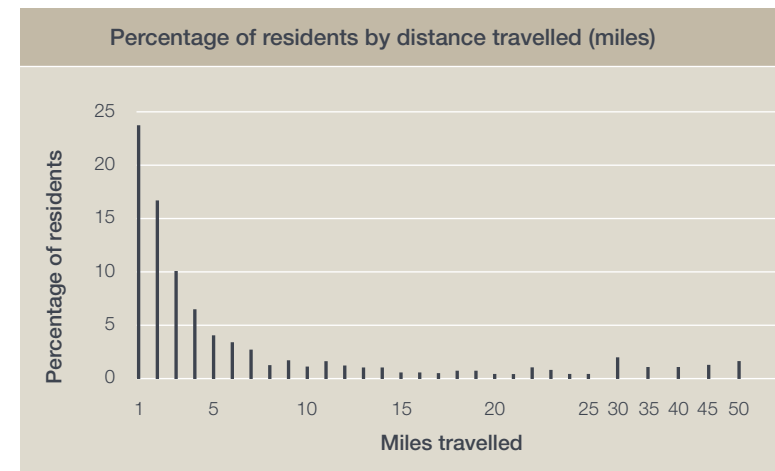
Sources: ARCO members, Land Registry, Ordnance Survey.

#### What we did?

For all residents, we calculated the distance between the postcode of their last residence and the postcode of the extra care scheme where they currently reside. We then cross referenced each dataset by a number of different variables, such as: geographical proximity, age profile and planning authorities.

## 3.1

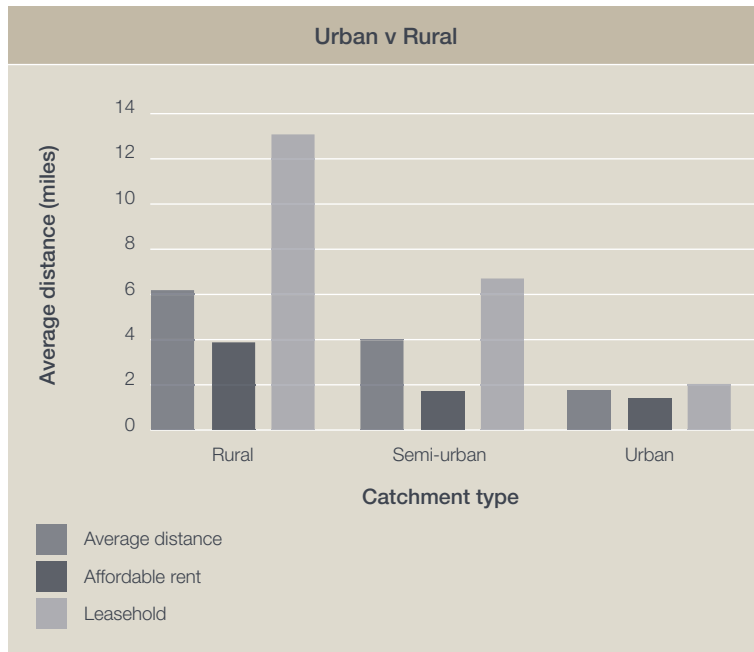
total average miles travelled



#### Geographical proximity

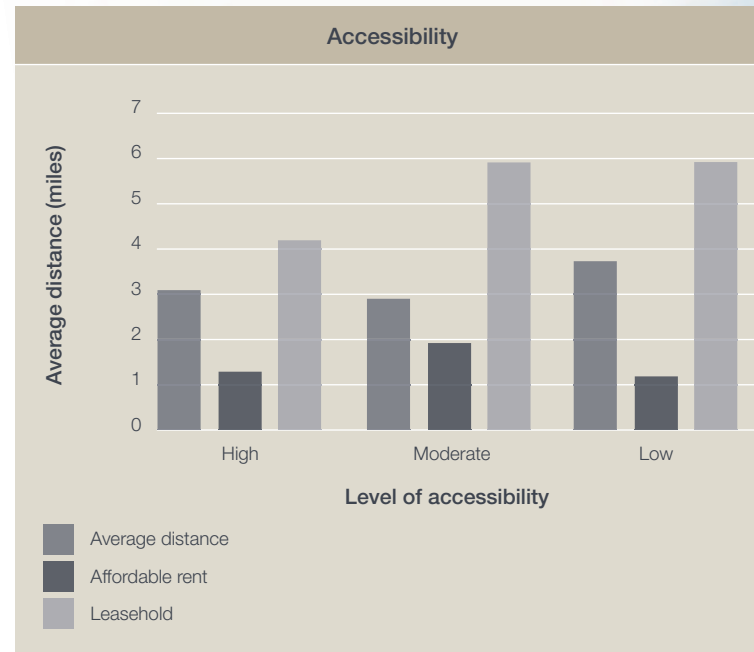
- 39% come from within 3 miles – local geography is the most significant influencing factor. (Although it should be noted that tenure does make a difference, especially when local authorities nominate residents. See page 4 for details.)
- 31% come from 10 miles or greater – influencing factors here are:
  - next of kin involved in the decision making process.
  - a lack of existing supply – necessitating the need for people to travel further than they would wish.
  - the ‘pull’ factor of the larger care villages, which may indicate residents making a lifestyle relocation choice.





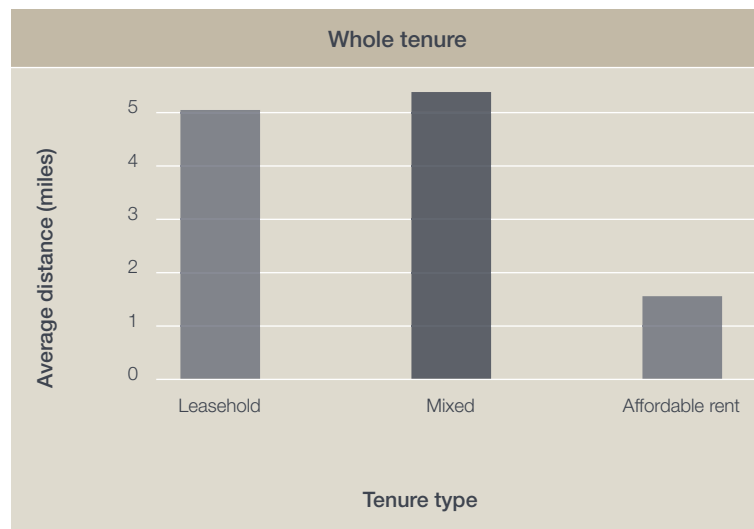
#### Does the type of catchment matter?

- There is a direct correlation between how urban or rural an area is and how far people will travel. The more 'urban' an area the shorter the average distance of travel. This is reversed in rural areas.
- This result is easily explained. Residents travel further in rural areas where schemes are fewer in number and travel shorter distances in urban areas where service provision is more widespread.
- Whilst this finding is common across both affordable rent and leasehold schemes, the relationship is significantly more pronounced in the leasehold data.



#### How important is good road access?

- There is no link between affordable rent schemes and accessibility. Average travel distances vary by less than 1 mile between locations with high to low accessibility. This confirms local geography as the dominant determinant.
- For leasehold schemes there is a negative correlation between proximity to transport networks and average travel distances. The more accessible a location, the shorter the travel distance.
- We consider that whilst urban residents have good accessibility to road networks, they prefer to stay within their own locality. Rural locations are less likely to be close to major road networks and therefore attract interest from much further afield. This is particularly important for the full CCRC or retirement village products offering a lifestyle choice.



#### Tenure and average distance – Private leasehold vs affordable rent

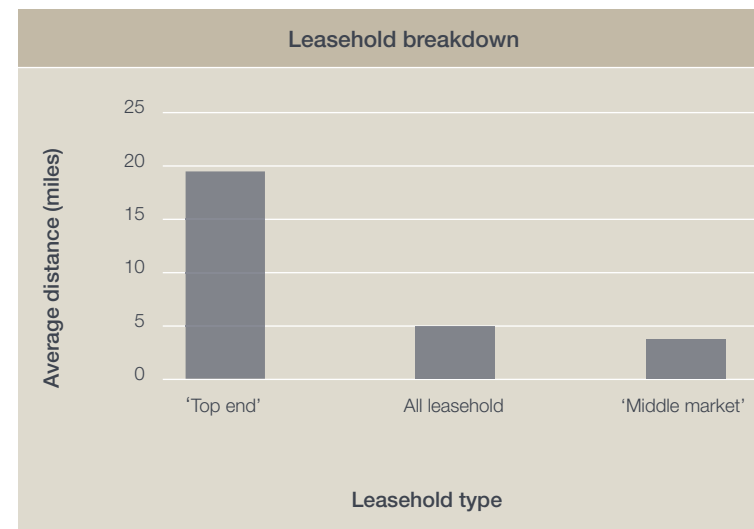
There are significantly different results when comparing the tenure:

- Residents in private long leasehold schemes will travel three times further, on average, than those within affordable rent schemes.
- It should be noted that in the majority of cases, the short moving distances in the affordable rented sector are likely to be explained by local authorities exercising their nomination rights to put forward residents from their area.

#### The private leasehold market – does specification influence demand?

We have separated out the private leasehold schemes into two groups:

- Standalone 'middle market' schemes – generally (with notable exceptions) between 40 and 70 units, with communal areas consisting of lounge, restaurant, etc, but limited other leisure facilities.
- Care village models, targeting the 'top-end' of the private market – typically developments of at least 80 units, usually including a central core with a wide range of communal facilities, such as: spa, shops, beauty treatment, cinema and restaurant.



The results confirm that high specification care village schemes pull residents from further afield. Travel distances for 'top end' schemes are more than five times that for 'middle market' schemes. This reflects not only the appeal of the comprehensive facilities on offer, but a lack of geographical penetration by this type of extra care model.

# 5.1

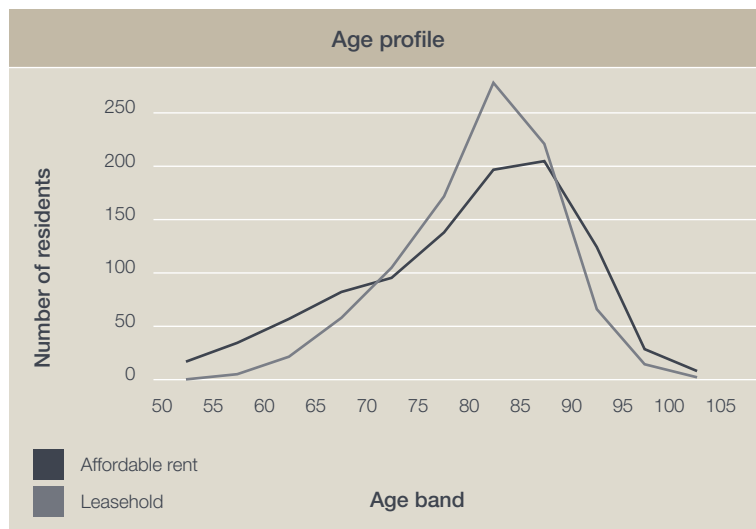
average miles travelled by residents to leasehold scheme

# 19.6

average miles travelled by residents to 'top end' full care village

# 3.4

average miles travelled by residents to a standalone 'middle market' extra care development



#### Does the age profile vary by tenure?

- Mean average ages within both schemes are very similar at 80 years for affordable rent and 82 years for leasehold schemes.
- Affordable rent schemes attract a much wider age range.
- Leasehold schemes have a greater proportion of residents in the 70 to 90 year old band than affordable rent schemes. This is to be expected as this age group is their key target demographic.
- At the lower age band, the extra care housing product appeals at the affordable end of the market because it often surpasses the quality of an individual's current home. A decision in the private market is usually to down-size, often resisted until as late as possible.
- At the upper age band the challenges in buying and selling a property on the open market can limit the potential resident pool for leasehold schemes. These challenges are not a factor in an affordable rental model, where a house sale is not required and there is less of an impediment to moving.

#### Care home comparison

- Our analysis of the extra care market suggests that there is a much lower overall average travel distance of around 3 miles compared to a more typical circa 5 mile average for care homes (based on other research we have conducted in this field).
- Ultimately, the immature extra care housing sector does not have to pull people from further afield; and therefore real justification is given to commentators who compare the UK experience with that of other developed nations who have many times the number of extra care housing units. Demand for extra care housing is not a problem – the only issue is the lack of supply.
- The care home sector is mature, established and arguably over-supplied with too many of the wrong type of beds to meet the requirements of future generations who need modern, future-proof care homes which cater to higher dependency client groups.
- Conversely, the extra care market is a relatively new fledgling industry where supply is very limited, particularly in the private sector, which suffers from a host of barriers to entry.

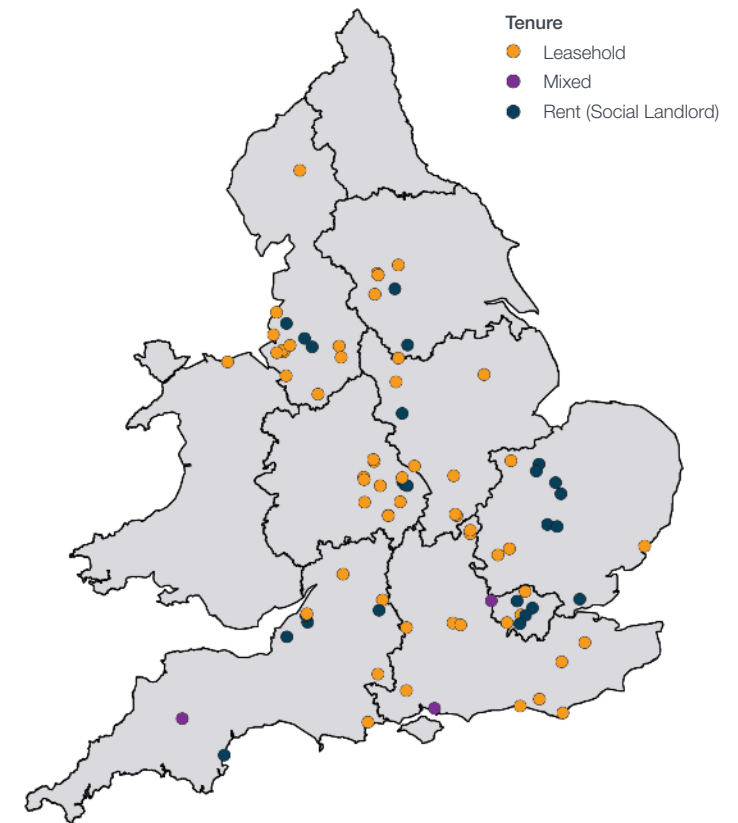




## Distribution of schemes used in the research

The map below shows the Government Office Regions and the location of each of the schemes used as part of the research. There is an emphasis on the central core of the country, which generally reflects the population density and accessibility to motorway transport links in the UK.

Government Office Region	Mixed	RSL	Leasehold
East Midlands	-	1	6
Eastern	-	7	4
London	-	4	3
North East	-	-	-
North West	-	3	11
South East	2	-	11
South West	1	7	6
Wales	-	-	1
West Midlands	-	3	10
Yorkshire & the Humber	-	2	5
<b>Total</b>	<b>3</b>	<b>27</b>	<b>57</b>



## Implications for local planners and commissioners

There is a genuine lack of supply of extra care housing – both private leasehold and affordable provision. The UK lags behind every other English-speaking developed nation in supply of this form of housing and there is a significant national government directive towards supporting this form of accommodation to meet the growing housing and care needs of the growing elderly population.

New private extra care schemes will inevitably draw in residents from outside of the administrative boundaries, primarily because existing supply is poor. The influence of local geography is still the strongest determinant in the private leasehold market. The implication being that providers need to build more schemes in each administrative area to ensure that people do not need to relocate as far, when making the decision to enter an extra care housing scheme.

Planning stakeholders should be aware that a percentage of new scheme residents will always come from ‘out of area’ because the general population do not usually link administrative boundaries with a property buying decision.

A more important consideration, might be, that if every scheme in every local authority expects say half of its residents to come from outside of its administrative area, then the circular nature of the argument suggests that new schemes developed in adjoining areas will take 50% of residents away. The concern of local authorities over a population influx of potentially dependent residents is therefore difficult to justify. In any event, the argument, whilst of very real importance to local authority budgets in times of unprecedented financial austerity, should not outweigh progressing the development of much needed, government-supported extra care housing schemes. This is particularly relevant in the private sector where there are so many barriers faced by developers and operators alike to find viable, suitable and affordable development opportunities.

## Implications for operators and developers

For affordable rent developers it is vitally important to understand the immediate local market – it will provide the vast majority of residents across all bases of our assessment. The very localised marketplace (i.e. within 3 miles) is critical.

Local geography is a critical determinant for any demographic profiling and any new private leasehold scheme should consider viability within fairly tight geographic areas.

Developers of full retirement village models should look much further afield when conducting demographic catchment analysis and market research in order to accurately determine the potential size of their market.

There is a segment of the leasehold market that will be driven by factors that cannot be captured by traditional catchment analysis. Here product quality appears to be the driving factor and any marketing focus can therefore be aimed at the appropriate demographic, regardless of geography, in order to secure brand and product awareness. Conversely, for the more traditional mid-market offering, local marketing will be paramount.



Setting Standards for  
Retirement Communities

#### Carterwood and ARCO – working together

- This issue of Focus has drawn on data supplied by ARCO member organisations who operate exclusively within the extra care housing sector.
- ARCO has blossomed as the first-point-of-call for stakeholders, media, operators, developers and prospective residents alike in respect of extra care housing and care/retirement villages. Acknowledged as a leading source of expertise within this up and coming sector, ARCO has a clear purpose to promote understanding and awareness of the product across all spectrums of the housing and care arena.
- Carterwood is proud of its continued association with ARCO.

## Carterwood – product developments

Carterwood is currently working on numerous developments in the area of wealth analysis, market segmentation and risk and impact analysis to assist prospective developers, operators and funders in the site selection process. This is linked to and informs our consultancy team, which currently advises on schemes as far apart as Fife and Penzance. Whether it is 'mystery shopping' home performance or conducting full market surveys to underpin due diligence requirements, Carterwood is unique in the service it provides.

With a wealth of healthcare experience within the team, we operate individual agency, valuation and consultancy divisions, and it is the three strands combined that enable the insight to provide developers with the market intelligence, site-specific commentary and research methods, to make better informed decisions.

We currently work for over 150 clients in the social care market and 50% of the top 20 care home operators.

**For more information about Carterwood or to find out how we can help you please telephone 08458 690777**

info@carterwood.co.uk  
www.carterwood.co.uk

Aztec Centre, Aztec West,  
Bristol, BS32 4TD

