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The State of the Senior Sector

December 2025



A mature institutional asset class

The UK seniors housing market has reached a level of institutional maturity. What was once an emerging market defined by tentative investment and pilot schemes is now viewed as a credible and investable asset class. Over the past two decades, Integrated Retirement Communities (IRCs) and other specialist housing models have gained traction among developers and investors, offering stable income-producing assets underpinned by strong demographic fundamentals.

Recent market activity has reinforced this shift. The merger between Audley Group and Elysian Residences has created a £3bn platform and the UK's largest retirement village provider, signalling growing confidence in the long-term potential of the sector. This momentum has continued with Legal & General's sale of its 50% stake in Inspired Villages to joint venture partner NatWest Group Pension Fund. NatWest – an investor since 2021 as part of a joint £500m commitment – is acquiring Inspired Villages' 11 operational schemes, its development pipeline, and the operating company itself, consolidating control of a platform originally planned to deliver 34 sites, 5,100 homes with a gross development value of £4bn. Together, these moves highlight a

growing institutional commitment to the sector and reinforce its transition into a mature, strategically significant asset class.

Today, the total number of completed and operational seniors housing units in the UK stands at 779,391. Yet just 88,482 units have been delivered in the past decade – accounting for 11% of total stock. Around 90% of existing supply was built before 2012, with 68% completed before 1990. As a result, the market is split between older, often outdated stock and newer developments designed to meet the expectations of today's seniors.

This divide reflects a broader shift in product typology: traditional retirement housing dominated supply pre-2000, while IRCs have taken an increasingly prominent share of the market over the last two decades. IRCs accounted for 5% of all private seniors housing delivery in 2001, rising to 24% in 2024. The expansion of the IRC proposition mirrors the institutionalisation seen in other living sectors, such as the growth of Build to Rent (BTR) in the UK private rented sector. In 2014, BTR accounted for just 0.1% of all rental listings posted on Rightmove, rising to 8.5% in 2024 and 13.5% so far in 2025.

Investor interest in the sector continues to rise. Driven by demographic demand, undersupply and strong performance of the proposition in more established markets such as the US, Australia and New Zealand, the UK is seen as an attractive frontier for long-term capital. The sector is forecast to grow from £63bn in 2024 to £219bn by 2029 – a 246% increase.¹ As a

Key Recommendations from the Older People's Housing Taskforce Report – Our Future Homes (2024):

- 1 Standardise definitions of older people's housing to ensure clarity for residents, professionals in the sector and policy makers.
- 2 Incentivise a wide range of seniors housing options that meet diverse needs, including community-led and adapted homes.
- 3 Design homes for later life that are accessible, adaptable, energy-efficient, and technology-ready.
- 4 Create age-friendly, inclusive communities that consider neighbourhood design as well as individual homes.
- 5 Expand supply and ensure affordable across all income levels and viable to finance, build and operate.
- 6 Strengthen planning policies to support delivery of suitable housing and inclusive neighbourhoods.
- 7 Establish a national information platform and local hubs offering trusted advice and guidance on housing choices.
- 8 Build consumer confidence through transparency, clear standards and strong regulation.
- 9 Enhance innovation, research and professional development to address knowledge gaps and improve practice.
- 10 Create collective national leadership to coordinate housing, health and care sectors and deliver long-term change.



result, major institutional players including private equity, pension funds and real estate investment trusts (REITs) are actively seeking exposure to the sector.

However, scaling delivery remains dependent on greater policy clarity and regulatory support. Recognising this, the UK Government launched the Older People's Housing Taskforce (OPHT) in 2023. Its report, *Our Future Homes*, published in November 2024, outlines a roadmap to grow the sector. Key recommendations include standardising definitions of older people's housing, strengthening planning frameworks, supporting diverse tenure models and fostering age-friendly

communities. The report also calls for a national information platform to increase awareness and transparency, and for coordinated cross-departmental leadership spanning health, housing and social care. Together, these measures aim to unlock the market's full potential and instil long-term investor confidence in the sector.

While the sector's institutional credentials are now well established, the journey to mainstream, mass-market status is far from complete. The following section explores the persistent barriers that continue to limit the sector's scale and reach, despite its strong fundamentals and growing investor appetite.

¹BNP Paribas, 2024

Barriers to scale:

Why seniors housing has yet to achieve mainstream appeal

Despite its growing legitimacy as an institutional asset class, the sector continues to struggle with scale, reach and visibility. Strong fundamentals – an ageing population, surging demand and evolving housing preferences – point to a clear opportunity, yet the pace and breadth of delivery remain constrained. Structural barriers, financial frictions and widespread perception issues continue to limit the sector's potential.

One of the most persistent challenges is the misalignment between supply and demand. The population of over 65s is projected to grow by 34% between 2022 and 2040, with those aged over 80 expected to rise by 59.4%, according to the ONS – increases of ~4.3m and ~2m people respectively. To keep pace with this change would require delivering 50,000 new retirement homes annually until 2040, according to the 2022 Mayhew Review. In contrast, only 5,000-7,000 units are currently being

built each year.² Around 7,450 units are expected to complete in 2025 – a year-on-year increase of 23 – but still nowhere near what is needed long-term. In total, estimates from the Elderly Accommodation Council (EAC) suggest just 16,500 units are set to be completed between 2025 and 2028, of which ~9,800 units will be delivered for-sale and only ~230 will be exclusively for private rent. Mixed or flexible tenure schemes where private rent is one of the available options, alongside ownership &/or shared ownership, probably account for another 1,500 units in the pipeline.

Where development is happening, it remains heavily concentrated on one segment of the market: affluent homeowners. The growth of IRCs, in particular, has largely targeted wealthier individuals with substantial housing equity and disposable income. This narrow focus has left a significant gap in provision for middle-income households. Of the 6.7 million over 65 households in the UK, around 2.2 million fall within a financial “middle band”, with assets between £85,000 and £325,000.³ These households are often too wealthy for subsidised housing but priced out of luxury retirement communities with high upfront costs, add-on amenity expenses, complex leasehold structures, or Deferred

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² Mayhew, L. (2022) Future-proofing retirement living – Easing the care and housing crises. International Longevity Centre UK.

³ Older People's Housing Taskforce (2024) Our Future Homes: Housing that promotes wellbeing and community for an ageing population.



Management Fees (DMFs). As a result, a large portion of seniors remain effectively locked out of the ‘ageing-in-place’ market.**

These affordability challenges are exacerbated by a lack of tenure diversity. Most IRC schemes continue to follow a for-sale leasehold model, with limited availability of rental options – despite growing demand. Between 2001 and 2021, the number of privately renting households aged 65 and over increased from approximately 280,000 to over 330,000.⁴ Yet of all the ~6,300 private or mixed tenure schemes built since 2000, 69% have been for sale, while only 6% offer rental or are mixed tenure, according to data from the EAC. That equates to over 200,000 private sale units and just under 22,000 private rental or mixed tenure properties. In total, private rental homes account for less than 3% of all retirement housing stock. Socially rented retirement housing makes up the remaining numbers delivered since the millennium, with roughly 75,000 new homes spread between 1,600 new schemes.

Even when suitable housing options exist, they are often poorly understood by prospective residents. A lack of consistent public information contributes to decision paralysis, with many older adults delaying housing choices until health issues arise – at which point options are reduced and outcomes constrained.⁵

These barriers are not just informational but psychological. Seniors accustomed to traditional homeownership often find the legal and financial frameworks of later living schemes unfamiliar, particularly leaseholds, service charges, DMFs and how these might affect resale values. In response, the Older People's Housing Taskforce (OPHT) has proposed a suite of confidence-building measures, including a national regulatory framework, improved public access to cost and resale data and the creation of an independent consumer body to guide decision-making.

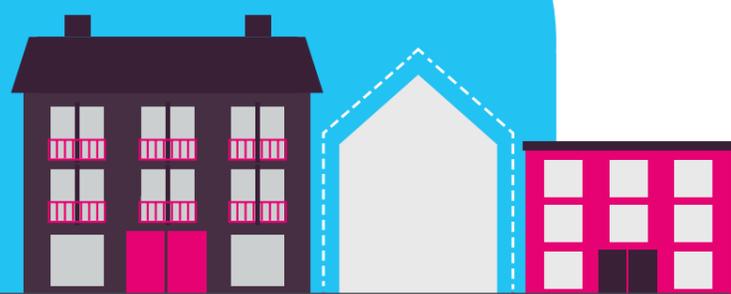
** Aging in place means helping older people stay in their own homes and communities as they get older, rather than having to move into a care home or assisted living facility. The goal is to make sure they have the right support to keep their independence and enjoy a good quality of life, all while staying in the surroundings they know and love. At its heart, aging in place is about avoiding the need to relocate to institutional care settings like nursing homes and instead focusing on providing the care and assistance people need in their own home.

⁴ ONS Census 2001, 2011 and 2021 for England and Scotland.

⁵ A recent Ipsos survey found that over a third of respondents (35%) would only consider moving when they develop a health condition (Ipsos and Housing LIN (2025) Understanding the Housing Preferences of Older People).

The untapped middle markets

The sector continues to overlook a large and underserved demographic: middle-income households. These households typically own property and have moderate incomes, yet earn too much to qualify for social housing and too little to afford high-end retirement living. Trapped in what policymakers call the “rightsizing gap”⁶ they face limited options – often remaining in unsuitable homes or deferring a move entirely due to lack of appropriate, affordable alternatives.



Some operators are beginning to respond to this gap. Pegasus Homes has introduced rent-to-buy and staircasing models in its existing developments to reduce upfront costs and improve financial flexibility. The company has recently announced plans to pivot its future pipeline away from a for-sale model to a BTR model. LifeCare Residences and Inspired Villages offer “pepper-potted” developments, blending rental and ownership units. Birchgrove operates a BTR model within an IRC structure, offering professionally managed, rental-only schemes. However, these operators remain the exception, not the rule – with few operating at scale.

While still nascent, the BTR segment within seniors housing is set to grow rapidly, with some projections expecting the volume of units to more than double by 2029, surpassing 50,000 units from its current operational base of approximately 21,200.

As the sector explores new models, it is important to consider a wider range of tenure innovations. Alternative approaches and reappraising the value of ‘old’ offerings, need attention as potential solutions for the middle market.

One underexplored approach is the Let-to-Rent model, known as FreeSpace.⁷ This approach enables senior homeowners to lease out their primary residence to a local authority or private operator, who renovates and manages the property for use by families on housing waitlists. The homeowner, in turn, moves into a more suitable rental home, using the income from their

original home to support their living expenses. This model speaks directly to the needs of the middle market. It preserves ownership, avoids asset liquidation and generates income – appealing to equity-rich but cash-conscious seniors.

But while these exciting, novel housing products meet the interests of institutional investors, increasing the rollout of low-overhead, Build to Sell schemes in the mould of McCarthy Stone or Churchill-style developments should be a major priority. Such homes are designed for simplicity and affordability, stripped of the luxury amenities that drive up costs in IRCs, but retaining the essential ingredients of service, safety and community.

These mass-market ‘conventional housebuilder’ products, delivered in accessible urban areas, are designed to be modestly priced (both to purchase and occupy) and offer seniors the option of downsizing to more suitable, conventional apartment accommodation without moving to a ‘retirement village’.

Between them, Churchill and McCarthy Stone are already delivering specialist retirement housing at scale; together they are responsible for over 36% of the private units delivered since 2010. Such firms are ideally positioned to address the middle market head-on.

McCarthy Stone has now expanded its offering to include shared ownership and rental units, complemented by its

Retirement Living PLUS model for those seeking independent living with support. Churchill remains focused on high-quality for-sale apartments, with both operators concentrating on affordability barriers and offering incentives to ease the transition into retirement housing, such as help with stamp duty, legal fees and estate agent costs.

However, unlocking the middle market will require more than developer-led solutions. As the Older People’s Housing Taskforce (OPHT) has noted, a coordinated policy approach is essential – one that includes reducing purchase prices, diversifying tenure options, addressing moving costs and capping ongoing service charges. It is encouraging that some developers, such as McCarthy Stone and Churchill, have begun to address these barriers by offering financial incentives, but with rising demand and mounting demographic pressure, strategic reform is urgent if this large, underserved cohort is to be effectively supported.

A further challenge lies in the perception of value retention within the resale market. Many older buyers are often deterred by complex tenure structures, high service charges, or reports of falling resale values in the press. Yet much of this

negative sentiment stems from misinterpretation of resale data. It is important to distinguish between new-build and resale retirement properties, where prices can be influenced by circumstances of – such as probate, chain-free, or time-sensitive transactions. Without this context, market data can present a misleading picture of resale underperformance, masking underlying stability in resale demand and long-term value retention.

As the sector continues to evolve, it is crucial to connect these developer-led and policy-driven solutions to the broader macroeconomic and public health context.

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⁶ Hammond, M., Walsh, R. & White, S. (2018) Rightsizing: Reframing the housing offer for older people. Greater Manchester Combined Authority (GMCA)/PHASE @ Manchester School of Architecture.

⁷ O’Shea, N. (2013) Informing the business case for a FreeSpace model. EAC/FirstStop.

The macro case for change:

Demographic ageing, housing fluidity and the future of public health achieve mainstream appeal

The case for expanding and diversifying the UK's seniors housing offer is not just a microeconomic argument about affordability and lifestyle choice. It is also a macroeconomic issue and policy priority, closely linked to the challenges of an ageing population, the long-term sustainability of the health and care system and the overall efficiency of the housing market.

The UK's housing ladder is stagnating. Years of chronic under-supply, combined with affordability challenges and tenure rigidity, have resulted in low levels of mobility, particularly among older homeowners. Consequently, many are effectively stuck in family homes that no longer meet their needs, either because more suitable options are unavailable, unaffordable, or simply unappealing. Enabling these households to move into well-designed, age-appropriate housing would not only benefit those residents, but would also free up homes for younger families, easing pressures on housing supply at both the local and national level.

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At the same time, the demographic case for broadening senior living options is compelling. The population of over 65s is growing rapidly, bringing with it evolving housing preferences, expectations around quality of life and increasingly complex health and care needs. Today's seniors are living longer but often with multiple long-term and increasingly severe conditions,⁸ meaning the quality, adaptability and support structures of their housing matter more than ever.

It is at this intersection – where housing, health, and demographic change meet – that the sector's greatest potential lies.

There is growing evidence that purpose-built seniors housing can play a critical role in supporting public health services by reducing pressure on the NHS and social care system. Residents in retirement communities consistently experience better health outcomes: they are more likely to receive care at home, return from hospital sooner and are less likely to be admitted in the first place.

These health benefits lead to real cost savings. Unsafe homes occupied by seniors are estimated to cost the NHS £595m annually.⁹ Addressing these hazards – by improving insulation

to reduce severe coldness or incorporating design features that prevent falls – could save up to £1.1bn a year in formal care costs by 2027 and a further £3.5bn annually in unpaid care.¹⁰ Purpose-built seniors housing represents a significant opportunity to improve outcomes for older people while bolstering the sustainability of the health and care system.

In summary, we are reaching the point where we need to rethink the role of seniors housing in the UK. The sector's future will depend on its ability to facilitate later-life moves, support public health and deliver a product mix that meets the needs of a diverse and growing population.

Taken together, the evidence builds a powerful macro case for rethinking the role of seniors housing in the UK. Facilitating later-life moves is not simply about lifestyle or consumption – it is also about designing a more functional housing system, creating resilience in health and social care and ensuring that the UK's ageing population is able to live well.

As the sector seeks to expand its reach, addressing these issues will be crucial. For seniors housing to become a mainstream housing solution, it must pivot toward wider accessibility, financial transparency and a product mix that reflects the diversity and needs of the UK's ageing population.

⁸ OECD (2024), Is Care Affordable for Older People?, OECD Health Policy Studies, OECD Publishing, Paris.

⁹ Brimblecombe, N., Cartagena-Farias, J. Hu, B., Stevens, M. and Rajagopalan, J. (2024) Care and Place (CAPE): The relationship between older people's housing characteristics and social care needs, care use and care costs.' Care and Policy Evaluation Centre, London School of Economics.

¹⁰ Centre for Ageing Better (2024), Counting the Cost: The Case for Making Older People's Homes Safer.

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