



Why invest in UK care homes?

Britain's population is ageing. In 2012 the number of people aged 65 and older surpassed 10m for the first time; they now outnumber those aged 16 and under.

The over 85 age group is now the fastest growing demographic in the UK, as we all live longer through improvements in health, diet and preventative care. Over the next 20 years the age group is set to grow by 106%, to over 2.6m people.

This trend will be accelerated over the coming decades by the inevitable retirement of the so-called 'baby boomer' generation (born when Britain experienced a markedly higher birth rate between 1946-1964). Those born at this time are now beginning to reach retirement age and are set to have a dramatic effect on the people, society and the economy of the UK.

With this dramatic population change comes an increasing demand for specialist dementia and nursing care. There are currently over 800,000 people living with dementia - a figure that will rise to 1m by 2021, and more than double by 2050.

Significantly, the number of people of working age supporting our ageing population - known as the 'dependency ratio' - is moving in the opposite direction; declining from 4 people per retiree at present to 2.5 by 2035 and 2 by 2050.

It is clear, therefore, that the care home market has a significant and central role to play in our future society, with increasing demand for high quality accommodation, care and funding.

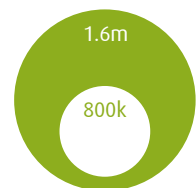
Sources: ONS, Age UK, Alzheimer's Society, Royal Geographic Society



Projected 106% growth in UK over 85 population by 2030



1 in 4 people in the UK will be at retirement age by 2050 (2015: 1 in 6)



○ UK dementia cases 2015
● UK dementia cases 2050



○ UK social care spend 2015
● UK social care spend 2030



Regional market analysis: Somerset, UK

Located in the south-west of England, Somerset is a county with a significantly higher percentage (26%) of people over retirement age than the national average, around 111,000 people.

This demographic group has swelled considerably in the past five years, with a 14.5% increase in the numbers of people aged 65+ (including a 26% growth in those aged 90+ to almost 8,000 people). This trend is set to continue, with a projected rise at almost three times the rate of the overall population of the county by 2025.

According to Somerset County Council statistics there are currently 183 registered residential homes (2,745 beds) and 65 nursing homes (2,446 beds) in the county, with around 47% of beds being local authority-funded, at a total cost of c. £50m per annum.

Demographic trends clearly present a significant challenge for Somerset County Council, with increasing demands on the adult social care system and the supply of residential and nursing home spaces.

Investing in Somerset care homes presents the ethical investor with the opportunity to enjoy excellent returns, whilst supporting vital local adult social care provision.

Sources: ONS, Somerset County Council

“The combined care market value for care for older people in the UK is currently estimated to be worth £22.2bn, of which £13.4bn is attributable to residential care and £8.8bn to non-residential care.”

‘Later Life in the United Kingdom’ Age UK (2016)

“As the number of elderly people with high care needs in the UK is expected to increase significantly over the next 20 years, there will be a growing need for modern, fit-for-purpose care homes.”

‘Investment in Care Homes’
British Property Foundation
(2015)

“There are over 400,000 people living in care homes in the UK, and around 80,000 units in existing care home stock are reaching obsolescence.”

‘UK Healthcare Development Opportunities’ Knight Frank
(2014)