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MIDMARKET SENIOR LIVING

Defining the proposition, seizing the opportunity

Contents

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Foreword

As the later living market in the UK continues to grow, Trowers & Hamlins and Savills look at the direction of travel for a settled midmarket operator proposition. In a space historically serving those who cannot access open-market housing options and the higher-end (where several existing leaders and a number of new entrants have been focused), the UK midmarket presents a number of interesting challenges and huge opportunities.

We brought together attendees with a wide range of focuses and an involvement in the later living sector who engaged in a vigorous debate of the issues, which we present here.

As with our previous roundtables, we have drawn out and discussed key themes rather than providing a detailed commentary on every point made. We have then offered some concluding comments from Trowers & Hamlins and Savills which we hope will provide food for thought, and which we would each be pleased to discuss with you personally should you wish to do so.

Our discussion preceded the Covid-19 pandemic which has of course had a significant impact across the UK and the world. The senior living market is no exception. While the short, medium and long term impacts of the pandemic are far from certain, the underlying demographics driving interest in the sector remain. Trowers & Hamlins and Savills see the potential for many positives in this sector which will allow it to carve out new market share in the “new normal” that commentators are saying will emerge.

Kyle Holling
Partner, Trowers & Hamlins
kholling@trowers.com
020 7423 8292

Samantha Rowland
Director, Savills
srowland@savills.com
020 7409 9962

Roundtable event

Attendees

Octopus Real Estate	Kevin Beirne – Director of Retirement (Chair)
Savills Investment Management	Andrew Appleyard – Residential Consultant
Savills	Ashleigh Bryant – Associate Director
PIMCO	Niki Dembitz – Senior Vice President
Castleoak	Paul Foster – Chair
ExtraCare Charitable Trust	Angela Harding – Executive Director for Operations
LaSalle Investment Management	Eleanor Lindsay – Fund Manager
Inspired Villages	Tom Lord – Chief Operations Officer
ARCO	Gareth Lyon – Head of Policy and Communications
Investec	Louise Peters – Structured Property Finance
LifeCare Residences	Nigel Sibley – Chief Executive Officer
Whiteley Consulting Ltd	David Whiteley – Director

Hosts

Trowers & Hamlins	Kyle Holling – Partner
Savills	Samantha Rowland – Director

“Retirement living has got to appeal to everybody – everyone should have the opportunity to live in a suitable dwelling in later life.”












Defining the market

Financial

We looked at the midmarket from the point of view of affordability to the customer. Is affordable defined by reference to the average house price in a particular location? If so, is it the average house price overall, or of the cluster of house prices the majority of older people live in, in a given area, or the average local price for the offer the operator is making (usually expected to be one or two bedroom apartments)? Or is it something else? In some international jurisdictions with more established mainstream retirement markets, the offer to customers has evolved to create products that allow somebody to sell a family home, downsize, purchase a retirement apartment but also retain a sizeable proportion (perhaps 25% plus) of the equity released from the sale. This model is attractive to customers but has also allowed some substantial businesses to evolve in these markets.

Another approach to defining the midmarket in financial terms could be a focus on a socio-economic group such as NRS Social Grade C1 (lower middle class) and their likely asset base and ability to afford the capital and revenue costs of a particular later living offer. The idea of starting with the asset base of a typical customer and defining around that was generally thought to be important. This could include not just looking at older people now, but looking at people a little younger, perhaps in their 50s or 60s, understanding what drives and motivates them as well as their financial position and then designing with that in mind, bearing in mind the new provision that is needed and the timescales it will take for it to come to market.

In terms of existing UK examples the ExtraCare Charitable Trust was discussed in some detail. A provider focused on servicing those who cannot access the mainstream housing market, its model of partly rented, partly shared-ownership and partly outright sale units provides a form of midmarket offer, in absolute pricing terms (what it costs to buy a unit compared to local house prices) but also in terms of the range of “capital-down” price points at which customers can access the product. In some respects, the midmarket could be said to begin at the top end of shared ownership affordability or eligibility, and end where a relatively large group of people could afford to buy and live in a retirement village setting, based on their available capital and revenue. This will be very sensitive to geography and for example prices anywhere from £200,000 to £500,000, or £220-500 per square foot, were thought to be capable of being within the range of a midmarket product. In statistical terms there is a sense of understanding what the averages are – and then working within those averages – providing an offer which is good enough (for individual operators) and diverse enough (in terms of what the market offers) to attract a meaningful portion of the potential customer base. Understanding the various averages to focus on is complex – income, capital, age, care needs and so on – there are many overlapping facets.

As not everyone in the midmarket is in the same place financially in either capital or revenue terms, taking a blanket view of customer finances is not going to work. There is also a longer term need to recognise that future generations of older people are less likely to be home owners or to have as much housing equity. The market will have to adapt, along that longer term horizon, to ensure a sustainable midmarket offer. Meanwhile, propositions that meet the varying needs of the midmarket customer base – choice/flexibility without unnecessary confusion of the nature of the product – will be a key factor in tapping into the maximum potential of that customer base.

Regulatory and political overlay

Another facet to defining the midmarket is likely to be identifying the focuses of external policy makers and their views of particular demographic groups. Currently the Government view, which is supported statistically, is that the average person in their mid-70s is more likely to have housing equity, and higher levels of it, than an average person at any other age. This may be a positive in that such people have housing wealth to use as buying power, but equally they may or may not have strength in pension or other revenue income. Government has generally not been willing to provide incentives to these groups to encourage them towards specialist housing despite positives such as health and wellbeing benefits and the freeing up of existing family housing stock. Unless policy changes, the sector will have to provide those incentives, recognising the finances and life outlook of the target midmarket group and providing options which are attractive to different views and price points. As such, a large part of defining midmarket is the proposition to the customer beyond the entry price point.

Lifestyle

A strong midmarket offer will not cut corners on flexibility or the necessary lifestyle focus. There was a strong view that moving from, for example, a higher-end product to the midmarket, operators would not want to radically alter the proposition in principle, notwithstanding that the financial drivers of the target market will differ. Again, understanding what the customer wants and can afford and varying around that, without necessarily varying the services on offer, is likely to result in a desirable product.

One important element of this which came up in discussions was the “feel” of a retirement setting. A silver service offer is not likely to work for many – in a midmarket or indeed any other market segment. Good quality pub grub is likely to work better than a six star hotel equivalent, while communal areas where someone feels the need to dress semi-formally will not allow people to feel at home – the posh tracksuit test was one suggested way to define a midmarket product! Another was the fact that a person drives an older car doesn’t necessarily determine their wealth position – it very much depends on lifestyle and preferences. The product must speak to the everyman and provide a place where a majority of older people would feel included and comfortable.

> *"I think that we sometimes confuse the quality of the environment with the price point, actually it's the product format that is critical. Some people would not wish to live in a white tablecloth setting, they would have a very clear view of the quality of the environment but it would be casual. This is the same at a midmarket or high-end price point."*

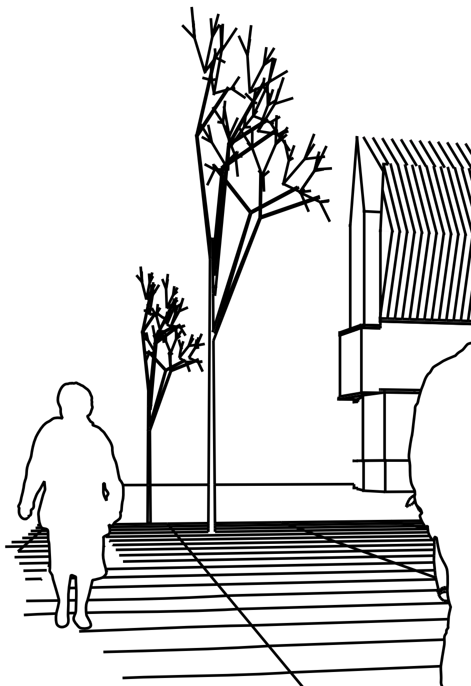
Paul Foster, Castleoak

Knowing the customer market

One interesting element of defining the market – and the customer proposition – is understanding the underlying customer psychology. It is often highlighted that even in very established later living markets internationally, the proportion of people choosing to live in these environments is small – from five to 15 percent depending on how the numbers are drawn. Bearing that in mind, understanding who is likely to be more attuned to the possibility of living in a bespoke retirement setting and how to create a service offer that is likely to attract them is fundamental.

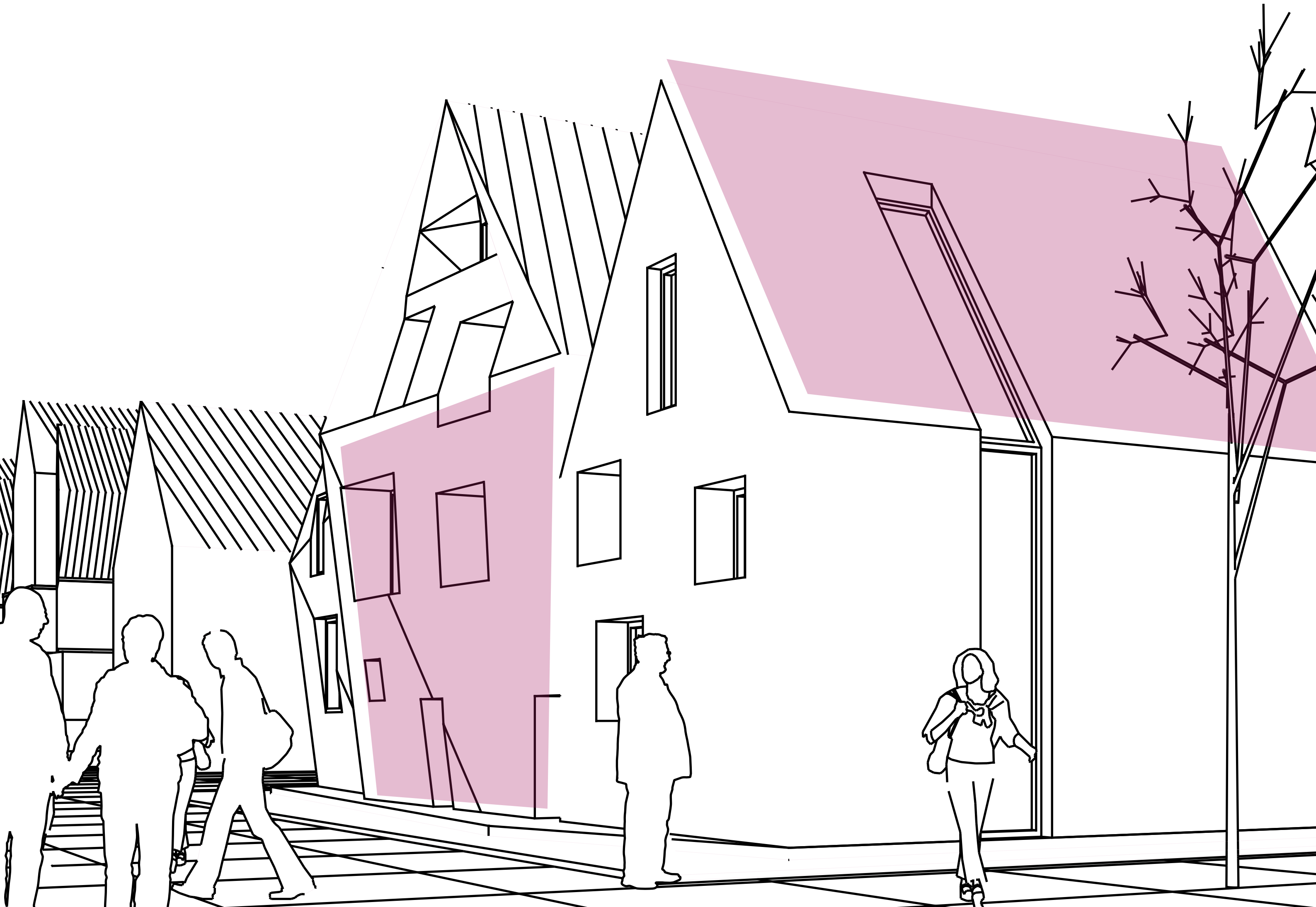
Operator colleagues confirmed that there is absolutely a type of person more attracted to the setting.

A vitally important element of differentiation is that the offer is not one of real estate but one of community environments, collective living and shared experience. Specialist later living accommodation will not be the answer for everyone, and the reality is that a significant majority will not need or want it. Understanding that, and fishing the right parts of the larger demographic pond will attract those who will truly value and benefit from the upsides of the product. There is plenty of room for market expansion in the UK – a 12-15 times expansion of current provision is needed to start to touch what other countries have seen evolve on a per-capita basis. As such, there is room for plenty of growth, but this will be accelerated by targeted growth focussing on groups most likely to be attracted to the proposition. Learning adaptable lessons from the evolution of the markets in other jurisdictions can speed this process and is partly why we have seen both operators and consultancies with overseas backgrounds increasing their presence in the UK in recent years.



“What people want is quality service, no matter really what their background is. They’re particularly after the community living on offer. We find we’re selling a lifestyle as opposed to bricks and mortar and that really works for us.”

Angela Harding, ExtraCare Charitable Trust



The customer proposition

Fairness and risk transfer

A significant underlying theme in defining the midmarket is clearly the way in which risk is allocated between the customer and the operator. Operator risk assumption is a direction of travel across the wider senior living sector, particularly in the housing-with-care segment. Operators are seeing that customers with pension wealth at any level are nervous about significant fluctuations in cost. If the operator can assume the risk of those fluctuations, the proposition becomes more attractive. This is perhaps more acute an issue for the midmarket, where fluctuations in cost will have a more pronounced impact compared with the more affluent, who will generally have more scope to ride out an unexpected cost, while for those in the social sector the costs fall to the state in many cases. As one of our roundtable delegates succinctly put it, predictable finances are everything!

> *“All operators need to be able to answer a simple question sitting behind the financial obligations they place on customers – what did I get for that? This is an ongoing question. You are only as good as your last resale.”*
>
> Tom Lord, Inspired Villages

Efficiency and economics

A midmarket proposition will have to maintain a strong service offer and create a place people want to live. “Live” here is used in a broad sense – people will not just inhabit an apartment in a later living development, they will have the opportunity to develop a new set of social connections and access a range of lifestyle choices they might not otherwise. A mass-market product must still meet all of the objectives discussed – great services, wellbeing focussed, activity and lifestyle options. Clearly the economics of maintaining a midmarket proposition will differ for the operator to those in a more affluent or indeed a social sector product.

This was identified as a challenge for the midmarket – it’s easy to make something beautiful and that people will love when money isn’t so much of an issue. When it is, the ability to make a compelling offer by being more innovative and more efficient, while still being attractive, will be deeply important. Having an ability continually to invest in the customer offer to keep up with competitors will also be important. The retirement villages of today will have to compete with the retirement villages delivered in 10 and 20 years and must be able to adapt to the market and what it is offering over time. There are some counterbalances to the inevitability that sales prices will be more modest – higher density; use of technology; the ability to design in effective use of existing local services; creating efficiency by delivering communal spaces able to be put to multiple uses.

One possible market offer discussed was a truly community-based solution, providing more extensive communal settings and options such that people spend the majority of their time outside of their apartments, allowing slightly smaller units to be delivered. However, this is something that is likely to require further thought in light of the Covid-19 pandemic, the impact of which is likely to be felt for some time to come across real estate sectors in terms of what is designed and delivered to market.

> *"The investment market will wish to understand the impact of scale – how can operators effectively pinpoint the optimal number of units needed to provide a cost-effective and desirable service package to residents."*

Ashleigh Bryant, Savills

Location

An interesting question was raised about the likely spread of urban compared to more rural later living developments. Recognising that the population is increasingly urbanised, will that assist with the growth of a midmarket offer, and is there still likely to be demand for non-urban settings? Participant views here seemed to reflect those we see in the wider sector – while there will be some who will relocate to obtain the benefits of anything from a country lifestyle to inner-city living, the majority retire close to their existing homes and lives. On that basis the question reverts back to considering some of the areas already discussed – what is the proposition, who is the midmarket catchment and is the offer compelling enough.

> *"As the population becomes more urban do you see that helping the catchment, are people who are living in urban areas more up for communal and retirement living and how do we counter the stereotype that the rural population is not interested?"*

Eleanor Lindsay, LaSalle Investment Management

It was highlighted that as one moves away from more densely populated areas, applying the logic that people will generally avoid long-distance moves, the catchment becomes smaller and so some of the risks of under-occupancy could increase. This could be a more significant issue for a midmarket product where higher density and/or the ability to make use of existing local services instead of designing them in will probably be more workable in urban settings. For many operators, the types of places that people generally want to live will be the places those people will also want to retire, so starting with what is in demand from the population generally is a sensible rationale – this again takes us back to looking at what the target market wants and adapting that into the proposition.

Funding – for sector growth and for a quality service offer

The business model

The growth of this sector requires a balance between maintaining a desirable offer to customers at an affordable and de-risked price point, and making that offer work for operators and investors in a way that makes business sustainable, adaptable and capable of significant growth. It was felt that at present there remains something of an over-focus on development and development profit, compared to the operational income streams capable of being generated by a retirement community – even one which is for sale and not for rent.

> *“If one takes a look at the mature markets internationally, and considers their business models, it’s important to realise that when the market is more established in the UK and there are some core brands, people will stick with those to a large extent. There may only be four or five of them. To be one of those your proposition must be strong not just now but in 15 years’ time. The question I put to my clients, is not just whether your village offer can sell today when you’re the only one in that area, but whether you can keep it full and your offer stand up when the true competition is there and all around you?”*
>
> **David Whiteley, Whiteley Consulting**

This can drive service models which are perhaps not ideal in all cases as the profile for the return on investment is not patient enough to wait for the operational model to generate the necessary income. There was also a feeling that a development focus can lead to the frontloading of profit on initial sales without enough transfer of ongoing risk to the operator which can run against the risk-sharing model the customer base is likely to need to be attracted, particularly in the midmarket.

It also runs the risk of developments which may – despite selling adequately in the current market, where there is so little supply and therefore so little alternative choice for customers – not be future-proofed and which may struggle to maintain their attraction as time passes.

That in turn runs the risk of the sector being seen in a negative light reputationally, and attracting the eye of regulators in ways which are seen as necessary to “fix” problems, rather than seeking to provide regulatory clarity which would encourage further sector growth. A word frequently used throughout the discussions was fairness – fairness to customers as to the returns being made from them and the risks being taken in return, combined with the benefits offered.

Investment

This development-led approach is not surprising. Sector growth will rely on development and historically the funding models which pay for that development, in a for-sale setting at least, are predicated on the return generated when units are first sold. To some extent, therefore, the funding market is grappling with a new set of concepts if seeking to move away from a development-led to an asset management-led approach. Roundtable delegates who represent or act for funders and investors offered a number of useful insights into some of the challenges and opportunities.

One key challenge is the relative lack of proven business models based on an asset management approach, particularly where using deferred fees. The return on resales has not been significantly proven in the market – notwithstanding that a relatively small number of operators have made it work for many years. This creates something of a chicken-and-egg situation – the model must be proven to be investible, but is not investible until proven.

Another challenge, is the risk and return profile. For traditional investors and funders, the idea of a riskier, operational based proposition at a lower initial return will not immediately be attractive when compared with standard residential development. Development finance models will not adequately recognise a long and valuable tail of deferred fee driven income, while the return horizon on that income will be too short for private equity investors. For those with a longer-term outlook, the initial development piece may not be of interest, while the lack of proven deferred fees models brings us back to the chicken-egg problem.

> *“Do we have the right financing proposition and do we have operators who have worked out the optimum in order to scale-up and capture the opportunity in the market, if we are going to open up the midmarket.”*
>
> **Kevin Beirne, Octopus Real Estate**

For all investors the exit route needs to be clearly understood. For an operational model that means firstly backing a quality operator with a strong business plan – there are relatively few of these in the market as it stands today. It also means understanding who might come in and take the operations on if things go wrong – again the relative dearth of providers in the market makes this a more difficult proposition.

On the positive side there is clearly seen to be a market to invest in and grow alongside as provision becomes more mainstream. In a midmarket product more specifically there was a view that although the returns would perhaps be lower than products focussed on the more affluent, the much higher potential absorption rates could very quickly create the investment incentive.

> *“The evolving model is something of a development and operational hybrid. There development risk remains and the margins are likely to be lower than in standard residential development, but you have to be able to see the bigger picture on the investment tail and buy into that resale ability and event fee income.”*

Louise Peters, Investec

Deferred fees

Given the view about the need for a less development-focused view of operator financing, there was something of a feeling that business models needed to undergo a revolution, or at least continue their evolution, towards a more service-driven, risk-transfer based operational approach.

One solution to this is event fees. For the uninitiated, event fees have been defined as an obligation in a retirement sector lease to pay (or forego) money on a defined event, usually sale of the property but in some cases subletting and other changes in occupancy. These have been subject to fairly intensive scrutiny in recent years: https://www.lawcom.gov.uk/project/event-fees-in-retirement-properties. Some participants, like others in the sector, have grown to dislike the term “event fee” and feel that deferred fees are a more appropriate label – hence we use that term here.

> *“I think one way of trying to access a more mass market is by not relying so much on the development return you’re getting on first sale and having a meaningful future income stream. In other territories, achieving this has enabled access to the mass market while maintaining an attractive and a viable investment proposition.”*

Nigel Sibley, LifeCare Residences

There was a feeing that within a for–sale midmarket product, a deferred fee structure is most obvious means to achieve the outcomes discussed. It was noted that at present across the sector the average deferred fee is around 8-9%, though the range is very wide, from less than 1% to models which equate to around 35% of the value of a property paid to the operator on a resale. The average is fairly modest when compared with what is typical in established Australasian markets. Those markets have fully embraced the operational approach to financing and are focused much less on the return on investment at initial sell-down of a new village, which is a one-off receipt. Their attention is clearly on the future deferred fee income which can drive profit – hence attracting investment – at the same time as also driving the ability for operators continually to invest in their offer both in terms of the design of services and the physical environment. This has also enabled retirement sector developers in those jurisdictions to compete very effectively for land as they are not focused on a one-off return on the sale of completed units. As a result of this approach, larger deferred fees – 20% plus – are the norm.

In order to attract long-term, liability-matching investors to event-fee driven models, the model will need to be proven in a way that as noted above has not quite happened yet. Another challenge for those investors is that although deferred fees can be seen as an income stream in the same way as rents in the PRS or student sectors or care home fees in that market, they will be generated much less frequently. Delivering at scale so that an average number of unit resales will happen every year will help with this and is one of the ways the product has become a midmarket mainstream in places like New Zealand.

While some might see any deferred fees model as risky in the sense of the attractiveness to customers, those operators who deliver using them have testified to the attraction of risk-assumption by operators and away from customers. From a reputational and regulatory perspective there is a clear argument that a higher-deferred fees driven market will actually drive transparency and avoid some of the criticisms levied in the past, primarily from the charging of small deferred fees. It is very difficult not to be up-front with customers if asking them for a sizeable chunk of the value of their home when it is sold. There is also a good-news story in terms of alignment of customer and operator interests when they both share the benefits of maintaining high unit resale values.

Investors will inevitably wish to understand the financial risks associated with what is a broadly actuarial business model being impacted by longevity-realising breakthroughs in healthcare. Although this is a factor, it is one which other jurisdictions have successfully managed. Australasian operators can and have welcomed scientific and medical discoveries which mean their customers live a longer and healthier life without panicking about the bottom line. They would argue that their communities mean that as well as celebrating longer lives, customers can also celebrate living them in a healthier way in both physical and mental wellbeing terms.

> *“Operators are looking at various business models. In some cases, we have seen they might even look to forego profitability of the operations: providing services and amenities needed to create an attractive proposition to occupiers, even if it means at a loss for them while they wait for their event fees. This requires new, longer term thinking by investors.”*
>
> **Niki Dembitz, PIMCO**

Delivery

Participants had a very interesting discussion on some of the practicalities of delivery, covering matters such as:

Optimum development size – A range of views was held here, with numbers settling from anywhere between 125 and 300 units. The main concern was developing something within the midmarket that ticked the boxes already discussed around quality services, a strong but adaptable if necessary set of communal facilities and the creation of a community feeling.

Phasing of development – There were mixed approaches here. Our view was that the more established operators were more comfortable delivering larger numbers of units at one time. Ultimately this will be a business by business, and a site by site, decision. It seems likely that approaches will change as the product becomes more mainstream. The real key though is a strong approach to marketing, including transparency with customers, aligned to an equally strongly developed overall proposition.

The feeling for high rise buildings versus more traditional development. The view again was that development will be locally specific but that there is nothing inherently wrong with high rise retirement and we have seen it done. One point made is that ergonomically it can work brilliantly because of the low number of units per floor, meaning speedier journeys via lift from front door to communal areas and the scope to offer more people better views.

To some extent it was felt that there were not enough positive market messages about this product and that perhaps the sector could give some thought to how to spread good news rather than waiting for the press to focus on the bad, as it inevitably tends to do. In part this is about “normalising” later living. Fundamentally it is still confused by many – including policy makers, sadly – with care homes. Making people understand that this is actually a lifestyle driven alternative to being trapped in an unsuitable family home with little contact with the outside world will no doubt start to shift the momentum in sector growth.

Increasing the recognition of this market both with politicians and the public is key. Part of the sell is of course the ancillary benefits – unlocking family housing, scope for reducing demand on health and social care and so the public purse – the sector has a public relations challenge here to which it must rise. Part of the messaging must be that mainstreaming this sector, by cracking the midmarket so that it is accessible to the majority, will massively exacerbate these benefits. The Covid-19 pandemic has brought social care into the public consciousness in a new way, as well as reinvigorating political debates about long term funding and service delivery models. The senior living sector has plenty of good news stories to tell about its ability to enable people to live safely while still enjoying many of the wellbeing benefits it offers. It must do this in a way which is sensitive to other social care market segments but highlights its importance within that wider market.

Rent

Tenure options are of course a key element in customer choice in any housing market and midmarket retirement will be no different. As we have touched upon, deferred fee models open up a very interesting and saleable set of opportunities and the general view of participants was that this was the likely core growth driver of a mass market retirement sector. However, this will not be for everyone, and the market should provide a range of solutions, including rented and part-rent part-own models. For those able to offer an attractive range of options catering for those accessing at different capital and revenue affordability points, the midmarket immediately widens as to the potential client base. There is also likely to be an element of risk mitigation across businesses which have a range of available models and price points.

Fairness again emerged as an important consideration in the case of a midmarket rented retirement product. In the case of a rental option that will include not just the affordability of the product overall, but understanding security of occupancy, and how the customer is safeguarded against the depletion of their asset base if that is a risk. Given a view that midmarket customers will be particularly sensitive to cost risk, the sector will have to continue to work to find novel solutions to these issues to encourage growth, and to ensure that regulatory intervention is designed to aid that growth and not control perceived negative behaviours. The feeling remained that the service offer would remain critical and that a core issue would be making a rented product delivering those services affordable in a sustainable way for customers. Ultimately, the proposition must be attractive to customers and work for the operator in the long term for sustainability, whether rented or otherwise.

> *"Whether that's a for-sale model or a rental model, if your building is going to be full that's got a value to it. A lower rate of return could be acceptable provided the absorption rate was going to be higher. And if you are going mass market part of the attraction of that is greater absorption. This is one means through which risk could be mitigated."*
>
> Andrew Appleyard, Savills Investment Management

Planning

It's hard to talk about retirement and not to talk about planning. It's also hard to talk about planning and not to hear a fair amount of negativity. Our group recognised the many challenges of the planning regime, and that it's not just this sector that faces such challenges, they are just a bit different across different markets.

There is a sense that there needs to be a higher policy profile for specialist housing for older people generally, and that additional clarity around how later living development interfaces with the current drivers on planning authorities, particularly on affordable housing delivery, will do no harm. The PRS sector benefited significantly from a Government task force set up to analyse how best to grow that sector sustainably and this sector would no doubt also benefit from that kind of approach. Government intervention need not be monetary to assist. Enabling later living to be a more structurally integral element of place making would be a fine start. This could be linked to the solutions being sought to existing problems in the built environment such as the slow demise of the high street. There are definitely planning authorities who see the benefits of the sector and are starting to ask how to adapt the existing, generally higher-end provision to be more widely available to the mass market, in recognition of the benefits this would bring. Equally there remains some educating to do to ensure that these benefits are properly understood and avoid decision making based on misinformation. Working more collaboratively with mainstream housebuilders, which several operators are now seeking to do, creates significant scope to unlock some of these issues.

> *"The disconnect between the local authority that's responsible for planning and that responsible for social care is something we are doing a lot of work on at the moment, ARCO has a report coming out soon for the County Councils Network about how they can make it easier to secure planning permissions for retirement communities."*
>
> Gareth Lyon, ARCO

Final word

"This sector sells life and lifestyle, not real estate. Operators are assuming more risk in order to provide customers with more certainty and better services – an operational business model as has evolved in other jurisdictions – and this is even more crucial in the midmarket where cost sensitivity is high. That requires a transfer of financial benefit in the other direction that works for both customer and operator."

Kyle Holling, Trowers & Hamlins

There are many interesting but no inherently insurmountable challenges to the creation of a fully functioning UK midmarket later living sector. A deferred fee driven market has tended to evolve in other jurisdictions, particularly Australasia, where age and wealth demographics and attitudes to home ownership are remarkably similar to those of the UK. As such that appears to be the obvious catalyst for growing the UK midmarket. However, there is scope for many flowers to bloom and we must be careful as a sector to consider the scope for rented and other products which will be attractive for some.

Taking things from the customer's perspective, transparency and clarity of offer remain key as with any other market segment. However, in the midmarket, price fluctuation sensitivity seems likely to be a key factor and those operators able to assume some risk – having priced it through deferred fees or in some other way – seem likely to have an advantage. The financial offer must be aligned to a strong and attractive service offer, providing amenities, community engagement and ensuring the availability of care and support if needed. That service offer must be flexible, so as to be future proofed. It must also appeal to the market, requiring a careful balance of quality and "at home" feel.

"More is needed to provide greater choice for all people requiring senior living, which is affordable and future proof. The demographics are without question, we just need to provide the right product depending on location and requirements."

Samantha Rowland, Savills

Key ingredients are all here – investors who are interested, growing numbers of quality operator brands, existing business models which are proven and evolving models which appear to those who know the market to be entirely provable. In that light one thing which the group was encouraged to remember by one participant is to be proud of what the sector is doing, and to recognise that growth will continue.

Given the relative complexities this may take some time, but we anticipate a tipping point, which is not far away, where the sector will move from the innovator and early adopter elements of the supply and demand curve into bulk provision. For those ready to take that journey the potential benefits are in our view enormous.

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