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## Let's Look to UK to Solve Problems of our Ageing Population

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As more sellers look to downsize, we offer advice on how to go about it and the pitfalls to avoid.  
By Cian Molloy

If the experience of estate agent Gordon Lennox is anything to go by, anyone hoping to downsize in their locality will have problems. Lennox has a house that has served him and his family well for 15 years, but now his three children have grown up and moved out, the five-bedroom property in Delgany, Co Wicklow, is too big for him and his wife.

"We rattle about in it like two dry peas in a box. It feels especially empty in the winter," Lennox says. "I've looked around for somewhere smaller that meets our needs and I can't say that I've seen anywhere that fits the bill. We like living in Delgany and we're looking for somewhere about 1km away."

Lennox is considering building his own property. "If I go the self-build route I'll be able to have a home that has sufficient space. I'll also be able to ensure it has an energy rating of A. Our current home has a C1 rating and the difference in the annual cost of heating would be the price of a short holiday."

One problem faced by downsizers such as Lennox is that, particularly in Greater Dublin, they may end up with a home with a small living area and tiny kitchen. Yet Maxine Pilkington, of Bennetts Auctioneers in Sandymount, Dublin, says about 20% of its properties are being sold by downsizers.

"There's a lot of movement within the area – most people who live in Sandymount want to stay in Sandymount," she says. "The majority of those selling are moving up the property ladder but a significant number are downsizing."

Downsizers in Sandymount are often older people and those have been thinking of moving for a while, Pilkington says. "They want a 1,000 sq ft property at least, but they would prefer 1,500 sq ft because they want somewhere with a large reception area where they can entertain friends, plus a large master bedroom and guest room."

"A lot of them are looking for properties with outdoor space, be it a garden or balcony. There aren't many like that."

While downsizers may feel pressured to sell and buy in the improving market, Justin Moran, head of advocacy and communications at Age Action, advises caution.

"This might well be the house you're going to live in for the rest of your life, so take your time and ensure you're making the right decision – and plan ahead properly," he says. "It's important not to think about only your current needs but also where you might be in 10 or 15 years."

Adjusting to a new place can be tough for retired people, Moran says. "A move to a quiet part of the country might sound like a great idea, but will you struggle to meet new people? Have you checked what kind of health facilities there are? If you find it more difficult to drive as time goes by, is there a decent public transport system?"

"If you've identified somewhere you'd like to move to, try to find out everything about it. Visit it and talk to people in the community to get a sense of the place. Make sure it's somewhere you're going to enjoy, where you can feel safe and comfortable."

Pressure to downsize can be strong for older people, particularly those on small fixed incomes who are struggling to pay the local property tax.

"The freezing of the tax until 2019 in last month's budget is very welcome, but we still know pensioners who are struggling to pay and who resent the suggestion from some that they should sell up and move," says Moran.

"It's unreasonable to expect an older person, particularly one who might be living alone, to simply abandon a home and community of 20 years in which they feel safe to move somewhere else."



It's important to do your research and plan properly, particularly when downsizing later in life

# BRINGING DOWN THE HOUSE

For those moving from Dublin to Wicklow town and its surroundings, for instance, "downsizing" can mean buying a cheaper property of equivalent size, or perhaps bigger. It can also mean freeing yourself of a mortgage or getting a lump sum to use as a nest egg for retirement.

"Many will have seen the value of their pensions and other investments hit badly by the financial downturn," says Eugene Dooley, an estate agent who moved from Stillorgan, Dublin, to Wicklow town, 16 years ago.

"Downsizers form about 40% of our market and are mainly from south

Dublin: Dundrum, Sandyford and Leopardstown. They would be hoping to buy something here for €350,000-€450,000 while selling their property for €450,000-€700,000.

Downsizing can be a lifestyle choice rather than for financial planning purposes, according to Lennox. "Selling a four-bedroom home in Dublin and buying something more modest may mean that you now have the money to also buy a two-bedroom apartment in Spain or to get that yacht that you've always wanted."

Selling and moving to a new property is less expensive than it was during the



**ONE COUPLE WENT TO SPAIN UNTIL THEIR PURCHASE WENT THROUGH. IT WAS CHEAPER THAN LETTING HERE**

days of stamp duty at 7%, when the whole process would have cost more than 10% of the value of the largest of the two properties, according to Lennox.

"Now you can expect to pay your estate agent 2% plus VAT to sell your home, legal fees of 1% plus VAT, and stamp duty at 1%. So if you're downsizing, expect it to cost about 4% of the value of your existing home," he says.

Perhaps the biggest problem for downsizers is that many banks no longer offer bridging loans, which can create logistical nightmares.

"I know of one couple who sold their house, put all their belongings into storage and went off to Spain. They told their solicitor to contact them and tell them to come home when the purchase of the new property had gone through," Lennox says. "It was cheaper to go off to Spain than to have a short-term lease here."

Another issue when you move to a smaller home is what to do with excess furniture and belongings gathered over the years.

"The best thing to do is to take a two-pronged approach," Lennox says. "Ask family and friends if there's anything they would like to take, and then sell the rest via a reputable sales room or donate your excess belongings to a charity shop – but often they won't want to take it."

## The lowdown

Downsizing from a large property can leave you with extra money in the bank. And then you can spend it on whatever you like – be it an apartment in the sun, a smaller place at home or that yacht you've always dreamed of. The world is yours.



# Let's look to UK to solve problems of our ageing population

Europe is going grey, very grey. In 1800 no country had a life expectancy beyond age 40, but by 2050 one in three people in Europe will be over 60. By then, one in 10 will be over 80 – nearly 500,000 people in Ireland.

The ageing population will bring its own problems, caused mainly by health, income and government support. Denmark spends about €5,000 a year on social protection in old age; Latvia, Romania and Croatia spend €500. In Ireland, in 2011, the figure was €2,000.

Naturally, some of the challenges of an ageing population will manifest themselves in housing.

In 2012 Ireland spent 7.3% of GDP on pensions, the lowest in the EU. As we know from this column two weeks ago, the Irish pension system is designed to pay for costs of living but not living costs (ie not rent or a mortgage). The name of the game, therefore, is to be a homeowner and have the property fully paid for by retirement (men and women

having worked for an average of 35 years). The housing issue facing Ireland's over-60s is not necessarily financial but a pernicious combination of living in unsuitable accommodation and having no dedicated alternative that might be more appropriate in terms of size, running costs and location.

Our housing system is poor at catering for niche markets. Being

developer-led, society has to make do with what the developers provide, and developers will provide whatever makes the most money for them, or simply what they know how to build best. Often, these are one and the same.

Irish housing development has little creativity, which is why we have a plethora of three- and four-bedroom semi-detached homes and little else. There is no

long-term rental model, no single-person housing model, no proper student housing, and no retired persons' accommodation.

The UK has been providing for this sort of suitability problem for decades with specialised accommodation for the over-60s. The first thing to note is the over-60s are not "old"; they are educated, cultured, mobile and increasingly wealthy. These specialised over-60s units are not nursing homes in disguise but modern, sizeable, well-appointed, well-maintained properties.

The typical occupant of one of these units tends to be a single woman aged 65 to 76. She will usually have been a homeowner who has found her house to be too large and too expensive to maintain.

In other words, she needs to downsize from the house she has lived in for most of her life (and we spend about 40 years in our last house) to somewhere more suitable but in the same location, which is crucial. Critically, the



The typical occupant of a UK retirement home is a woman, aged 65 to 76

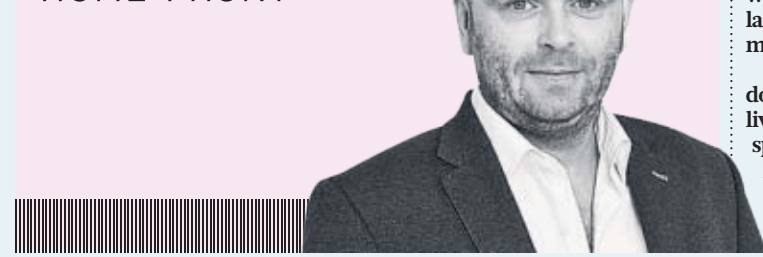
far) and 850 sq ft to 950 sq ft for a two-bedroom. While many couples buy these properties as permanent homes, others divide their time between Edinburgh and places in the sun.

A house manager is normally on site for 25 hours a week, doing odd-jobs, making sure the place is maintained, taking in post and generally ensuring a secure presence. Service charges are £1,400-£1,800 a year and include gardening, insurance and window cleaning, and most over-60s developments have a "careline" system – essentially an emergency pendant. It would be common for different levels of care to be available in different developments, depending on their target market.

Although anybody can own these units, it is written into the title deeds that only over-60s can occupy them.

This is an interesting niche waiting to be filled in the Irish housing system as the population ages. If only we could get builders to drag themselves away from the semi-detached.

## LORCAN SIRR ON THE HOME FRONT



developers locate their developments in areas of high homeownership.

Being a debt-free homeowner means they can sell their property and afford a specialised over-60s unit. Prices start at £140,000 (€195,000) for a one-bedroom unit in Edinburgh. The specialised over-60s company I spoke to told

me the selling price depended on how much they had paid for the land (which is different from Ireland, where selling prices have no relationship with construction costs).

In Edinburgh the units I saw last week were 700 sq ft to 750 sq ft for a one-bedroom home (larger than Ireland's standards by

# Relief of price rise that ends my debt

LINDA DALY  
MARKET WATCH



The most glorious thing happened this week. My neighbours, four doors up, put their house on the market. My initial delight didn't stem from any ill-feeling towards them but rather because it gave me the opportunity to check out how much an identically sized property to mine would sell for. And that's when the really wondrous thing happened: the house is on the market for just €25,000 less than the price I bought mine for in 2005.

It was a landmark, triumphant, jump-for-joy moment, unexpected in many ways because I've never registered the burdensome weight of negative equity. Yes, my home is in the strictest sense still in negative equity but I've paid more than €25,000 off the mortgage in the past 10 years, so I could conceivably sell it and walk away without any debt attached.

I got me wondering about how it must be for those couples who have split and spent the past seven years haggling over a pile of stones. If I felt such relief, I can only begin to imagine the enormous sense of liberation they must feel when their homes escape the clutches of negative equity.

Some people may regard my news as a pyrrhic victory because there's no yield on my 10-year investment, but if there's one lesson I have learnt in these past seven years it is that only property investors should regard the market as a route to making a quick buck. Zero debt is a lot more palatable than the €100,000-plus negative equity I experienced at the worst of the recession, if I could have sold the house at all.

Any exultation will be kept to a minimum because I'm mindful that many people still find themselves with properties worth considerably less than their purchase price. And those who bought close to the top may have to wait years to regain the value of their property – if they ever do.

### Price watch: North Co Wicklow

Property	2010 Price	2015 Price	Change
Hollybrook Park Bray 4-bed semi-detached	€350,000	€350,000	No Change
Holywell Kilcoole 2-bed apartment	€233,480	€236,000	Up 1.1%
Thornbury Delgany 4-bed detached	€524,000	€605,000	Up 15.5%
Charlesland Greystones 2-bed apartment	€212,000	€220,000	Up 3.8%