

'Last-time buyers' own 7.7m spare bedrooms

More homes for older downsizers could unlock £820bn of property, says study

By Marion Dakers

THE shortage of suitable housing for older people is keeping homeowners stuck in properties worth £820bn and leaving 7.7m spare bedrooms empty, according to a major study that highlights a possible solution to the housing crisis.

Almost a third of homeowners aged over 55 have considered downsizing in the past five years, yet only 7pc have actually done so, the research by Legal & General and the Centre for Economic and Business Research (CEBR) suggested.

While the Queen's Speech last week introduced several policies to encourage housebuilding, including a register of brownfield land to enable developers to find sites, the notion of new homes for retired people has not yet come of age, with just 2pc of the UK's housing stock designed with pensioners in mind.

"There's an increasing recognition, not least among the last-time buyers themselves, that there isn't enough supply," said Nigel Wilson, chief executive of Legal & General. "It's a 20-year plan, not a political cycle plan."

The country would need to build roughly 210,000 homes a year until 2037 to keep pace with the expected rising demand. In the year to March, work started on 140,500 homes, up 5pc on the previous year.

The Conservatives have not set a formal housebuilding target, but have pledged to support 200,000 new starter homes over the next five years. Brandon Lewis, the housing minister, recently said that "housebuilding is at the heart of our plan to ensure the recovery reaches all parts of our country". Official data

show that 8.1m properties, or 35pc of all homes, are "under-occupied", with at least two spare bedrooms.

The L&G study claimed that if all of the 3.3m over-55s who wished to downsize could find suitable homes, the shift would unlock 18pc of the property market, worth £820bn.

Writing exclusively in *The Daily Telegraph*, Mr Wilson calls on the Government and property groups to build more retirement homes, and use tax breaks to encourage older people to downsize.

"Expanding housing supply, productivity and diversity for older people can help ensure that everyone can enjoy independence, dignity and a high quality of life over the whole of our lives," he said.

The nascent market for retirement homes has produced a handful of private-sector builders, including McCarthy & Stone, which has created almost 50,000 apartments tailored to older residents.

L&G currently has no direct investment in retirement homes but is expanding its lifetime mortgages and equity release products aimed at older homeowners. In 2013, the group made its debut in the housing industry by acquiring a stake in the property builder Cala Homes.

The insurance and investment group teamed up with Shelter last year to enter the Wolfson Prize, which invited plans for new garden cities. Mr Wilson said progress since winning second place in September had been "very disappointing".

The CEBR expects property prices to fall 0.6pc in 2015, moderating from an 8.8pc increase last year, before rising in every year to 2020.

Nigel Wilson: B2



Trooping the Colour, top. Hyde Park Barracks is home to the Household Cavalry - any redevelopment needs to consider suggestions for a new base

Troubled Libya seeks to reinvest billions frozen

By James Titcomb

LIBYA is preparing to take tentative steps back into the global financial community, by seeking to reinvest billions of dollars in frozen assets

agement of investments cut off since a revolution toppled Muammar Gaddafi in 2011.

If it goes ahead, the move would represent a significant step out of the international wilderness for the LIA, set up

Telegraph, in which he also accused Goldman Sachs and Societe Generale, two banks that the LIA is suing in London, of "squandering" the "wealth of the nation".

The LIA claims the banks

£44bn

Size of the national wealth fund run by the Libyan Investment Authority

holdings, frozen international sanctions in which remain so at of the Libyan govern

However, some investments need for example when