



Honor Barratt, chief executive of later-living rental specialist Birchgrove, on BTR for baby boomers p26

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'We want a Birchgrove in every town'

Honor Barratt, head of retirement living specialist Birchgrove, tells **Andy Hillier** about the success of its rental model, against the odds, and plans for expansion

Within minutes of meeting Honor Barratt, chief executive of later-living rental specialist Birchgrove, you can tell she isn't the usual property sector careerist. The cautious managerial tone normally adopted by senior sector figures is wilfully abandoned in favour of a volley of expletives and a hearty laugh.

Barratt is a relative latecomer to property development, having only started working in the sector eight years ago after a successful career in TV production. Initially, she worked on a later-living scheme for Octopus Investments after the firm acquired her TV production company and asked her to stay on.

"They said: 'Will you go down the M4 and have a look at this later-living thing?'" she says. "The idea that out of this pile of mud we were going to create a little ecosystem of old people coming back to life and finding their mojo again made me think: 'This is what I want.'"

Then, in 2017, she was appointed chief executive of Birchgrove. Despite her late arrival in the sector, she has not wasted any time making a mark. Since she took the helm at Birchgrove, the firm has opened developments in Sidcup, south London; Mill Hill in north London; and Woking and Ewell

in Surrey. A fifth scheme will open in Godalming, Surrey, this month and a further four are under construction.

Barratt's first later-living project for Birchgrove was the 74-unit scheme in Sidcup, which opened in 2019. "It looked like a Portakabin, but I think the purpose of a female chief executive is to be incredibly pragmatic and get shit done," says Barratt. "That was a two-year build. It was delivered seven weeks early and £126,000 under budget."

Barratt says she learned an invaluable lesson from the Sidcup development. "I realised it doesn't really matter that it looks like an ugly Portakabin," she explains. "The magic happens when you're inside. When you live inside it, you're not looking at it; you're just experiencing it."

The 'magic' Birchgrove offers is a hassle-free retirement community for older people who would struggle to live in a traditional home, but aren't yet ready for a care home. Its assisted living apartments are specifically designed for older people and include features such as waist-height kitchen appliances. Onsite amenities include a restaurant, a gym and wellbeing suite and a hairdressing salon.

"We want [older] people to think 'oh my God, this is something to aspire to' rather than 'shit, this is just something I must do'," Barratt says in her characteristically blunt fashion.

The Sidcup development has become a flagship scheme for the Birchgrove brand since it opened. Barratt says it is consistently 100% occupied and has a list of older



Courting residents: the Hampton Court scheme in Richmond upon Thames will open early next year



people with the finances in place ready to move in when an apartment becomes available.

What distinguishes Birchgrove in the later-living space is the use of the rental model. Instead of older people buying a property, they use the proceeds of their house sales and any investments to pay a monthly rental fee. But while the rental model has taken off across most parts of the residential market in recent years, Barratt concedes it has struggled to gain traction in the later-living sector.

When she started out at Birchgrove, she thought build-to-rent (BTR) developers would "pile in" to later living or that more later-living developers would pivot to rentals. So far, that has not happened. "As yet, there's still nobody doing it," she says. "When I grill people [about] their reasons for staying on the outside, some still don't believe me when I say old people will step off the housing ladder."

Barratt also believes BTR developers fear that later-living development is all about providing care. "It's not about care – but care is quite scary," she says. "For property people, care is about regulation, and that makes them nervous."

Expansion ambitions

The fact that more developers are not in the later-living rental space is problematic for Birchgrove, says Barratt, because you need more than one operator to make a market. But she believes the potential for expansion remains great. "We want a Birchgrove in every town," she says. "When you see what you do, the impact is so epic that you just want to do it more and more."

She cites the example of her mother, who moved into Birchgrove's Woking community in her eighties. "She dyed her hair pink and sort of came back to life," she says.

All nine of Birchgrove's schemes are located within the M25. Barratt says expanding further afield has proved difficult because of the challenges of making the finances stack up. "The lowest house price currently of someone selling their home to fund their rent with us is £570,000,"

she says. "If you've got more than that, you can afford to do the move. But in certain parts of the country, the average house is more like £400,000."

As a result, she says that Birchgrove would struggle in the current market conditions to open developments outside more affluent parts of the South East.

Last month, Birchgrove opened Ayrton House, a mix of 60 self-contained one-, two- and three-bed apartments built by residential giant Barratt Homes as part of a 500-home scheme in Mill Hill, north London.

"I said 'can we just take this last building off you?' and we did a deal," says Barratt. "The reason I love it is because it's the heart of this massive development. You haven't got old





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people in the corner. Old people are in the middle and it's a really statuesque building."

The development has thrown up its challenges, however. In February, Birchgrove announced it planned to rent 16 of the units to key workers or students on 10-month leases while the retirement community was becoming established. The younger people would be on hand to help older people with simple tasks like using technology, while the older people could give advice to the younger people.

What Barratt had not factored in was how valuers at the project's lender would view the idea. "They went: 'When you put those students in half price, you establish the price of that unit at half price,'" she says. "I appreciate that valuers have a job to do, but I don't know how we can innovate and tweak our business models if the valuer is saying there are no comps [complimentary spaces]."

In the end, Birchgrove abandoned the idea. "I was a bit devastated to be honest," she says.

Strong appetite for developments

Despite the cost-of-living crisis and a faltering housing market over the past two years, appetite for Birchgrove's developments remains strong, according to Barratt. As well as the 54-unit scheme opening this month in Godalming, it is on course to finish a 62-unit scheme in Leatherhead, Surrey, and a 78-unit development at Hampton Court, Richmond upon Thames, early next year.

New for old (above and below): Birchgrove opened its Mill Hill development in north London last month



Barratt concedes she had reservations about the Godalming development, fearing the catchment area might be too small. But she says the scheme's apartments have absolutely "flown out" the door. "It's sort of confounded all our preconceptions about what this little market town is going to do for us," she adds.

Birchgrove has also just started construction on a 50-unit development in Chiswick, west London, on the site of an old police station. The scheme will take two years to complete, but Barratt says word about it has already got out among the local community.

"There's not even a hoarding," says Barratt. "There's nothing that says 'Birchgrove owns this site'. Yet, every week you get a new contact form filled in. The old people of Chiswick love the area so much that they don't want to be shipped out to Surrey."

Two years ago, Professor Les Mayhew's review into later-living accommodation, *Future-proofing retirement living: easing the care and housing crises*, concluded that around 50,000 new homes for older people were needed each year to tackle the UK's housing and social care crisis. Of more concern to Barratt is the statistic that there are around nine million underoccupied bedrooms in the homes of over-65s in the UK, at a time when more than 300,000 people are believed to be homeless in England alone.

For Barratt, the answer to the problem is straightforward: more old people need to be in the right size accommodation. "Old people are not being lazy and they're not being greedy," she says. "They don't want to live in their five-bedroom house on their own. It's just that we haven't built stuff fast enough to give them another option."

Barratt also points out that we are asking today's older generation to do something very few of their contemporaries have done, which is to move into a retirement community. "They're unlikely to have a girlfriend who lives in a retirement community who has said: 'Oh my God, it's the best decision I ever made.' The market penetration is not there. Only 0.6% of the over-65s live in later-living [accommodation]."

Fundamentally, she believes not enough people know retirement communities exist. She describes the kind of Google search terms that typically lead visitors to arrive at Birchgrove's website. "On Sunday night, you have a middle-class woman who is about 52 typing 'OAP home' into Google. She doesn't even know what to call them. She just knows mum and dad are broken and she's got to do something about it."

Looking ahead, Barratt says she would like to team up with around five large developers that would be willing to give Birchgrove "a little tower" as part of their projects. "My job is to make the first transaction so easy and frictionless that they put a Birchgrove in every development," she says. "They don't even ask me about it – they just shove it in. So I need those five developers building my pipeline."

Reflecting on her career, Barratt says she has one main regret: not getting into the property sector sooner. "Sometimes, when you meet someone in property in their fifties they're in a private jet and I'm not in the private jet," she jokes. "I'm like '[expletive deleted]', I got into property too late – I fuffed around in television for too long.'" ■