

44-46 Hampstead Lane, London N6 4LL

Planning Needs Assessment

July 2022

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1.

Instruction

Purpose

Knight Frank has been instructed to prepare a planning needs assessment report on behalf of Harrison Varma Projects Limited. The report is for the proposed care home development at 44-46 Hampstead Lane, London N6 4LL. The planning application is currently being prepared at the time of writing this report.

An analysis of the demographics of elderly population and existing and future supply has been carried out as part of the planning needs assessment review.

Methodology and Data Sources

In order to establish whether there is a need for the proposed development, a supply and demand model has been applied where current and future supply bed numbers are assessed and demand is calculated using LaingBuisson's elderly care requirement penetration percentages against projected Census population data. Deducting existing and future bed numbers from bed demand numbers will determine either an under-supply or an over-supply of beds within the selected catchment area.

We have estimated the quality of existing bed provision using the measure of market standard beds, which are bedrooms with en suite facilities. This will at the very least, include a WC and wash basin. A further layer has also been applied to assess the quality of the existing provision by reviewing en suite bedrooms that have wet rooms, which has been obtained via online sources and telephone conversations with the existing homes.

Please note, bed numbers have been split into two parts, beds with en suites which comprises all en suite beds (market standard) and beds with en suite wet rooms (market standard beds with wet rooms). The wet room beds are included in the all en suite beds figures and are not in addition to this.

The quality of an en suite bedroom will vary from one home to another in regards to size, layout, fittings and if it includes wet room provision. With the dataset available, analysing en suite bedrooms in its entirety is considered the most appropriate measure of assessing supply from a quality perspective with the en suite wet room provision analysis adding a further layer to this review. Bedrooms excluding en suite facilities are not considered to be suitable for modern standard care and do not conform to the current market standard requirements.

We have utilised a number of different sources to collate information on the demand, existing and future care provision and demographics on a desktop basis. The following sources have been used to support this report:

Tomorrow's Guides

2022 A-Z dataset for details of existing provision within a defined search area.

LaingBuisson

Old age bed requirements as a percentage, based on people in nursing and residential homes, NHS long stay hospitals and units for older and older mentally ill people.

Online Sources

www.carehome.co.uk, www.cqc.org.uk, www.housingcare.co.uk and local authority planning application web searches.

CACI

This tool has been used to assess the supply and demand position, which collects information from various data sources including A-Z dataset and Census 2011 population. This system also comprises ACORN's consumer classification tool. The applicable copyright notices can be found at <http://www.caci.co.uk/copyrightnotices.pdf>.

Future Supply

The future supply was researched on 15/07/22 via local planning authority websites. Any planning applications submitted after this date have not been researched.

Within the catchment area, we analyse care home schemes for the elderly that have been submitted, pending consideration and granted. We then review and exclude any schemes that have been refused or withdrawn. We carry out a detailed review of the floor plans within the planned schemes to quantify bed numbers where possible. This includes new builds, conversions and extensions. Where information is not available, we contact the local authority directly in order to arrive at an accurate conclusion.

Dementia Analysis

We analyse the statistics for dementia demand within the UK using our own research, as well as external sources (*Tomorrow's Guides*, *Alzheimer's Research UK*). For catchment areas, demand is based upon 2012 Bupa Census research which estimates the number of elderly residents admitted with dementia as the primary cause. Supply data has been obtained via mystery shopping of relevant care homes to determine which beds have been specifically designed for residents with dementia.

Performance Research

Supported by data provided to Knight Frank by care home operators within the United Kingdom, the Care Home Trading Performance Research provides industry-leading benchmarks on occupancy rates, average weekly fees, costs such as staff and agency outlays, and profitability. Knight Frank aggregates the data provided and produces benchmarks on key performance indicators at national, regional and county levels.

Modern Purpose-Built Developments

We have carried out a review of all the modern purpose-built elderly care homes that have opened in the UK since 2016, as well as a separate review of the relevant region. This exercise highlights the percentage of homes that fall within their respective bed bands.

T.1 Instruction Summary

Client	Harrison Varma Projects Limited
Site Address	44-46 Hampstead Lane, London N6 4LL
Purpose of advice	Planning Needs Assessment
Date of engagement	15/07/2022
Prepared by	Robert Stott LLB (Hons) robert.stott@knightfrank.com 020 7861 1152
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2.

Proposed Scheme

Proposed Scheme

2.1 Proposed Site and Situation

The site is located north of Hampstead Heath in the London Borough of Haringey.

The proposed site currently consists of two large detached residential properties totalling approximately 0.91 acres.

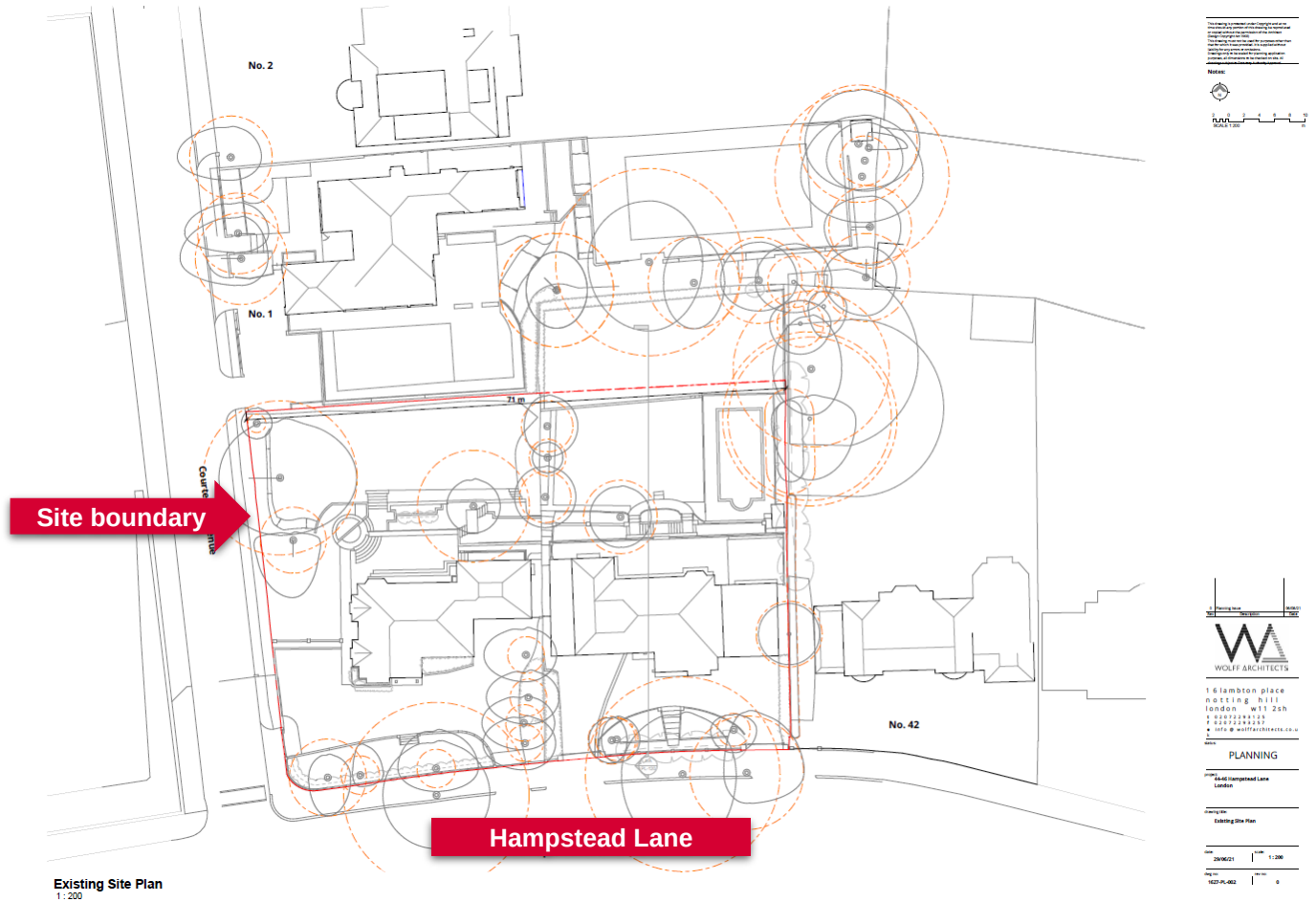
The site is located in an affluent residential area of north London, directly opposite Hampstead Heath. Highgate to the east of the site, is less than a one mile walk or short bus ride away where you can find local amenities including coffee shops, banks, bakers, dry cleaners and small convenience stores.

Other nearby neighbourhoods include Finchley to the north, Golders Green to the west and Hampstead to the south.

We are advised that Harrison Varma Projects Ltd are proposing a modern purpose-built care home development on the 0.91 acre site. The scheme will comprise 66 beds with 100% en suite wet room provision, as well providing dementia care.

Figure 1 illustrates the site boundary in red which is accessed via Hampstead Lane. A planning application is currently being prepared at the time of writing this report.

Figure 1



3.

Definitions

3.1 Definition of a Care Home

A care home falls within Class C2 use of the Town and Country Planning (Uses Classes) Order 1987. Class C2 use is classified as “Residential Institutions” which comprises residential care homes, hospitals, nursing homes, boarding schools, residential colleges and training centres.

The Care Standards Act 2000 provides legislation regulating a variety of care institutions including residential care homes and nursing homes.

Care homes operate in a highly regulated sector and are administered by the Care Quality Commission (CQC). The CQC regulates all health and social care services in England and registers and monitors care homes to ensure that the quality and safety of care is adequate.

Figure 2 demonstrates the transition in accommodation for residents as their needs become acute. Personal care homes (also known as residential care homes) provide both long-term and short-term (also known as respite) care for the elderly residents, cared for by staff including Senior Carers and Care Assistants on a 24 hour basis. Staff will assist residents with dressing, personal hygiene, incontinence management, food and diet management and assist with basic treatments.

In addition to the level of care provided in personal care homes, nursing homes provide medical care via registered nurses on a 24 hour basis for residents with complex health issues. Nursing care will provide for residents with a higher level of dependency due to their frail nature and medical requirements. Similarly, residents diagnosed with dementia will have high dependency. Both personal care and nursing homes can provide care for residents with dementia or Alzheimer's.

The development proposed by Harrison Varma Projects Limited falls within either the residential care home or nursing home category as shown in Figure 2. The proposed scheme will be in a position to provide 24 hour residential, dementia and nursing care.

Definitions

Figure 2

Source: Knight Frank Research



4.

Executive Summary

Executive Summary

10 minute drive-time catchment area

T.2 Demand	2026	2031	5 Year Var.
Aged 65-74	60	70	10
Aged 75-84	255	283	28
Aged 85+	429	508	79
Total Beds Required	744	861	117

T.3 Supply	No. of Homes	Beds with En Suites (All)	Beds with En Suite Wet rooms
Personal Care	3	66	60
Nursing Care	4	247	156
Future Supply (Excluding Subject Scheme)	3	250	250
Total Supply	10	563	466

T.4 Gap	2026	2031
Gap – market standard beds *	+181	+298
Gap – market standard beds * (with wet rooms)	+278	+395

Census 2011, LaingBuisson, A-Z Care Homes, CACI

* Bedrooms with en suite facilities

Gap showing a minus represents an over-supply and gap showing a positive represents an under-supply



TOTAL BEDS BY REGISTRATION TYPE OF EXISTING SUPPLY



Figure 3

WET ROOM EN SUITE BEDS VS ALL OTHER BEDS OF EXISTING SUPPLY

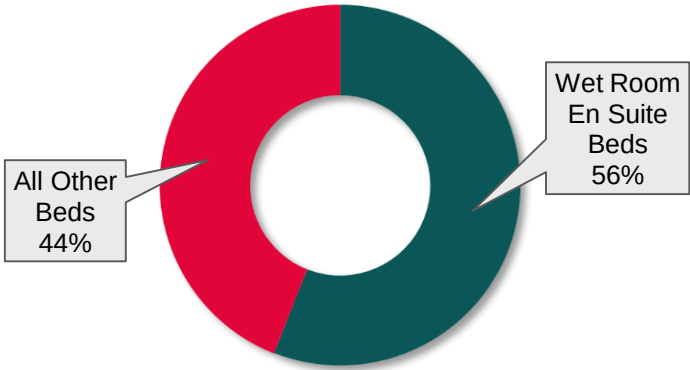


Figure 4

Executive Summary

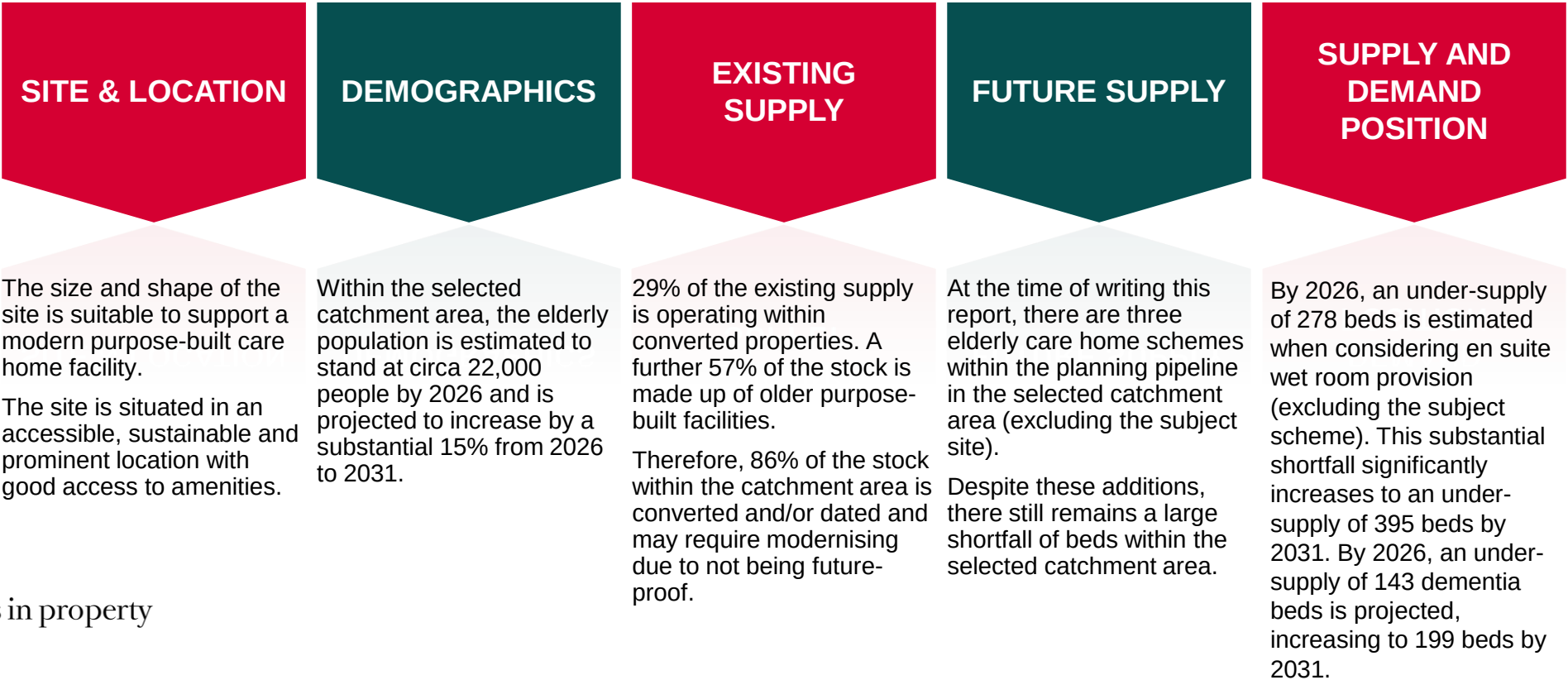


By 2026, an estimated under-supply of 278 beds is estimated when considering en suite wet room provision (excluding the subject scheme). This substantial shortfall significantly increases to an under-supply of 395 beds by 2031.

Within the selected catchment area, 44% of existing bedrooms do not comprise future-proof en suite wet rooms. In a post COVID-19 environment, the requirement for en suite wet rooms has accelerated even further as it allows residents to limit the use of shared assisted bathrooms and improve infection control. Also, 73% of existing bedrooms do not comprise dementia care, which will be expanded on further in s.11.

Therefore, a substantial under-supply of bed provision is established within the catchment area, particularly when assessing the existing provision from an asset quality perspective. Furthermore, there are three schemes in the planning pipeline within the selected catchment area, further highlighting the appetite for modernising the local care home stock.

Due to the ageing population within the selected catchment area, the lack of modern care home facilities and demand outstripping supply, a substantial need is estimated for the subject scheme.



5.

UK Care Home Market

5.1 UK Population and Bed Demand

As illustrated in Figure 5, the elderly population is projected to reach 15.3 million by 2031 with 22% of the overall population aged 65 and over 3% of the overall population aged 85 and over. As shown in Figure 5, the 65+ population will increase by a substantial 20% from 2021 to 2031.

As the UK population ages, the demand for care also increases. LaingBuisson calculates demand for elderly care beds based upon their 2020 estimation of general old age bed requirements. This calculation is based upon their research on elderly people in nursing and personal care homes, NHS long stay hospitals and units for older and older mentally ill people. They have identified the following percentages to calculate demand:

T.5 Age	Percentage
65-74	0.54%
75-84	3.30%
85+	13.40%

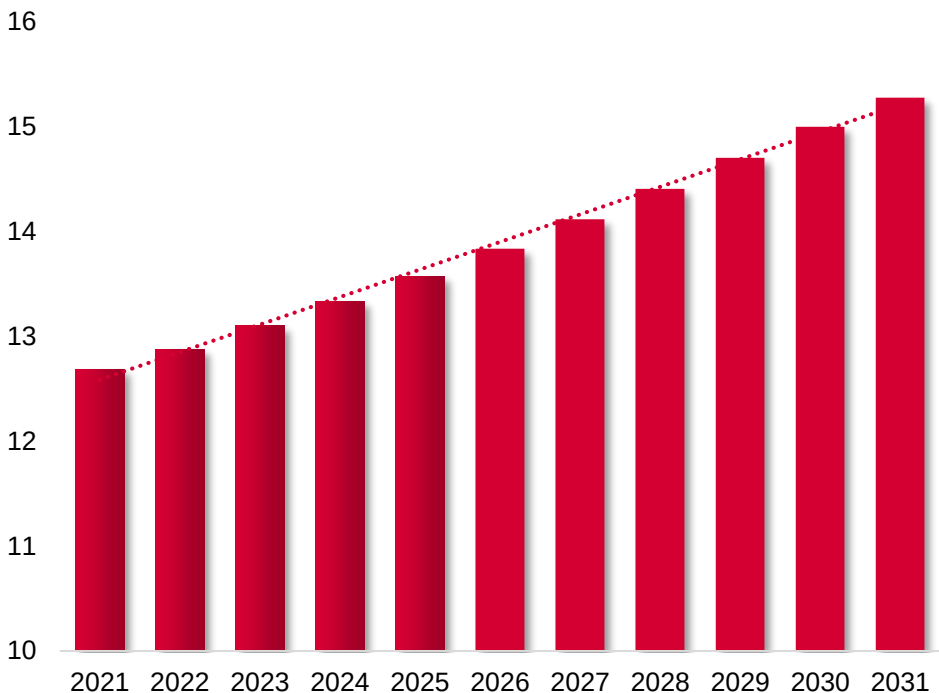
By applying the percentages shown in T.5 to elderly population statistics by the relevant age bands, UK bed demand will increase to 450,391 by 2026, and 505,974 by 2031.

5.2 Supply

Currently within the UK there are 12,034 personal care homes and nursing homes providing care for the elderly. These homes include specialist dementia care and exclude any specialist care homes for younger adults. The existing supply of beds are measured by analysing market standard beds. Currently 29% of bed provision does not conform to the current market standard in the UK, which equates to 140,650 beds.

Figure 5

UK POPULATION PROJECTIONS FOR 65+, MILLION



Knight Frank Research, 2020-based Principal projection - Office for National Statistics
 Note: 2020 ONS projections were released in January 2022 and account for population changes as a result of the Covid-19 pandemic.

As shown in Figure 6, the current supply of market standard beds within the UK stands at 339,427. The bed demand by 2026 is estimated at 450,391 beds which will create a substantial shortfall of 101,858 market standard beds by 2026. This study assumes that the existing provision will grow at the same rate as the last decade.

5.3 Challenges for the Sector Ahead

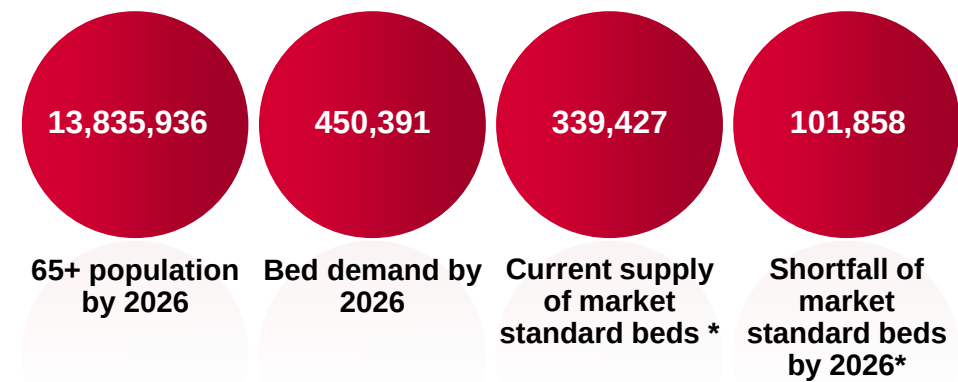
Knight Frank’s Research predicts that circa 6,500 homes are at risk of closure within the next ten years as the UK care home sector faces staffing challenges post Brexit; increases in the National Living Wage; a shortfall of qualified nurses, the issues relating to social care funding and additionally the effect of COVID-19 in 2020. These challenges will most likely have a greater effect on smaller care homes, which offer less than 30 registered beds, where economies of scale are not achieved and where the buildings are typically old converted stock, lacking facilities required for modern care standards. This consequently restricts the operator’s ability to increase fee rates to sufficient levels to compensate for the rising staff costs.

This is supported by Knight Frank’s Research shown in Figure 7. There was a net loss of 609 beds in London in the four year period to April 2021, highlighting the need to provide more elderly care home beds to the region. In the same period, this region saw a net loss of 47 care homes and the average size of the care homes closing was 27 beds, with new registrations at 58 beds on average. This places a further emphasis on many smaller care home schemes not being viable to operate, thus highlighting the requirement for modern purpose-built facilities within this region such as the subject scheme.

It is generally accepted for modern, future-proof care home schemes to comprise at least 60 beds to gain operational efficiencies. Therefore, the subject scheme at 66 beds is well placed for this.

This national crisis in provision will also place greater pressure on the government to provide sufficient funding for social care and encourage local authorities to support care home developments in order to speed up the rate of delivery to meet the demand.

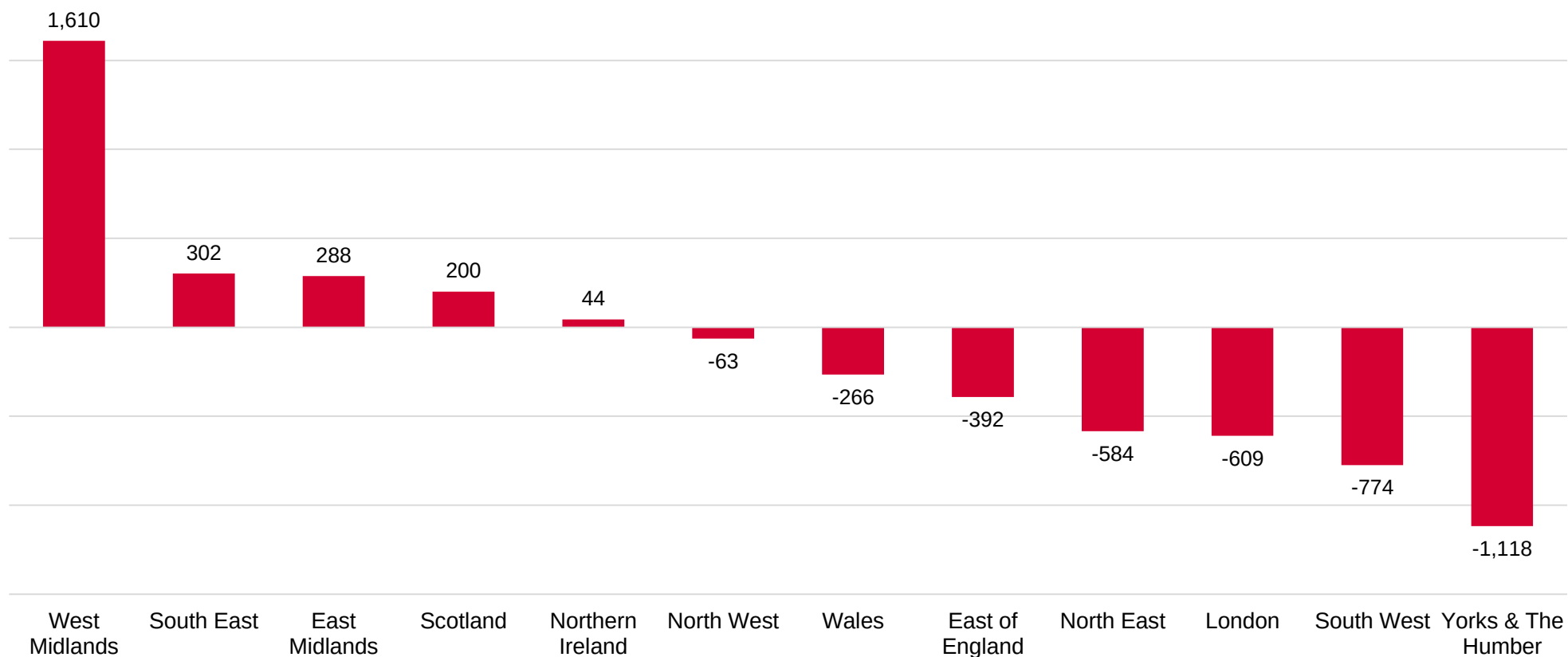
Figure 6



* Market standard beds are rooms with en suite facilities

Knight Frank Research, LaingBuisson, A-Z Care Homes, Office for National Statistics

Figure 7 Net Gain/Loss of Beds by Region – 2017/18 to 2020/21

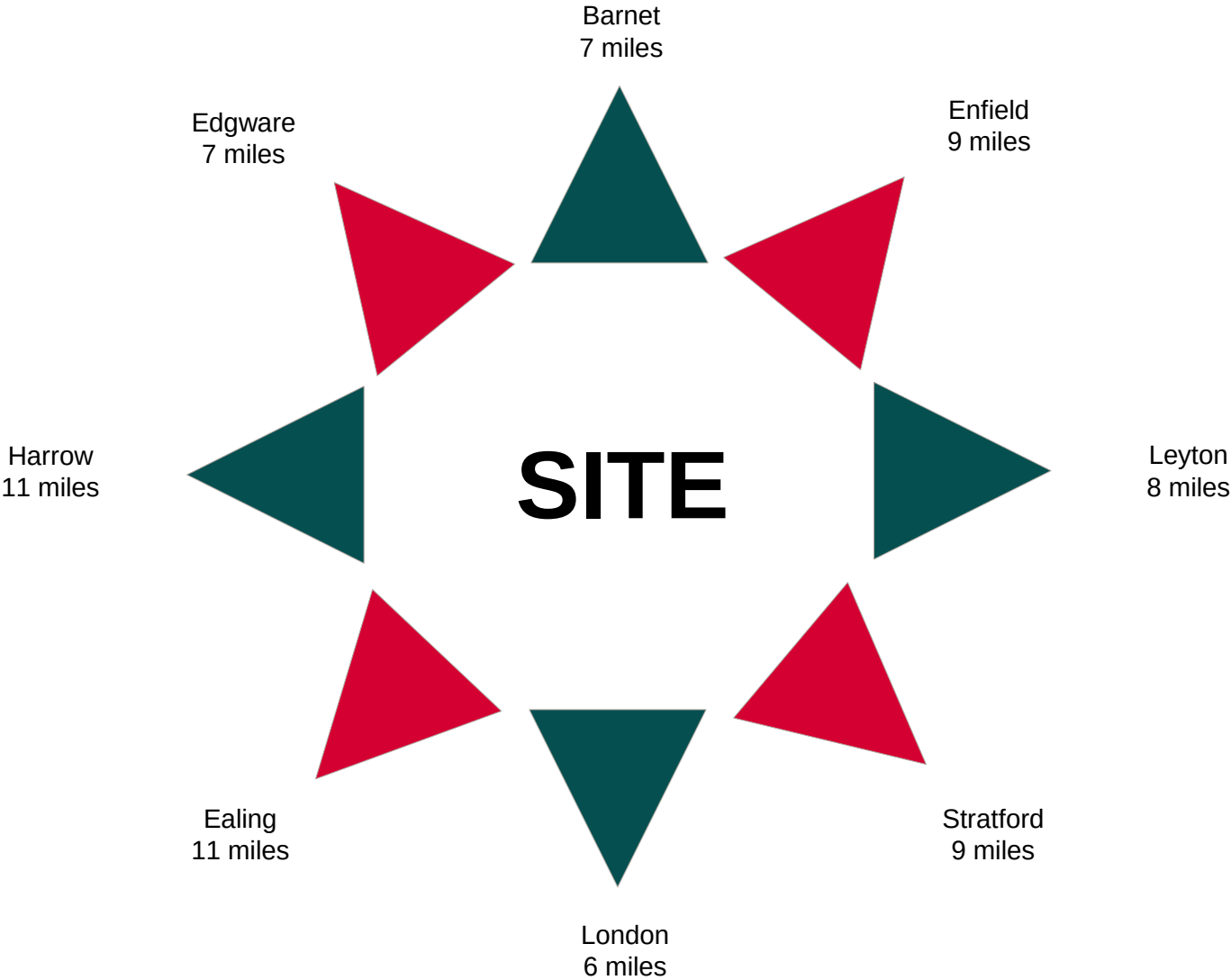


6.

Location

Location

Figure 8



Location

6.1 Selected Catchment Area

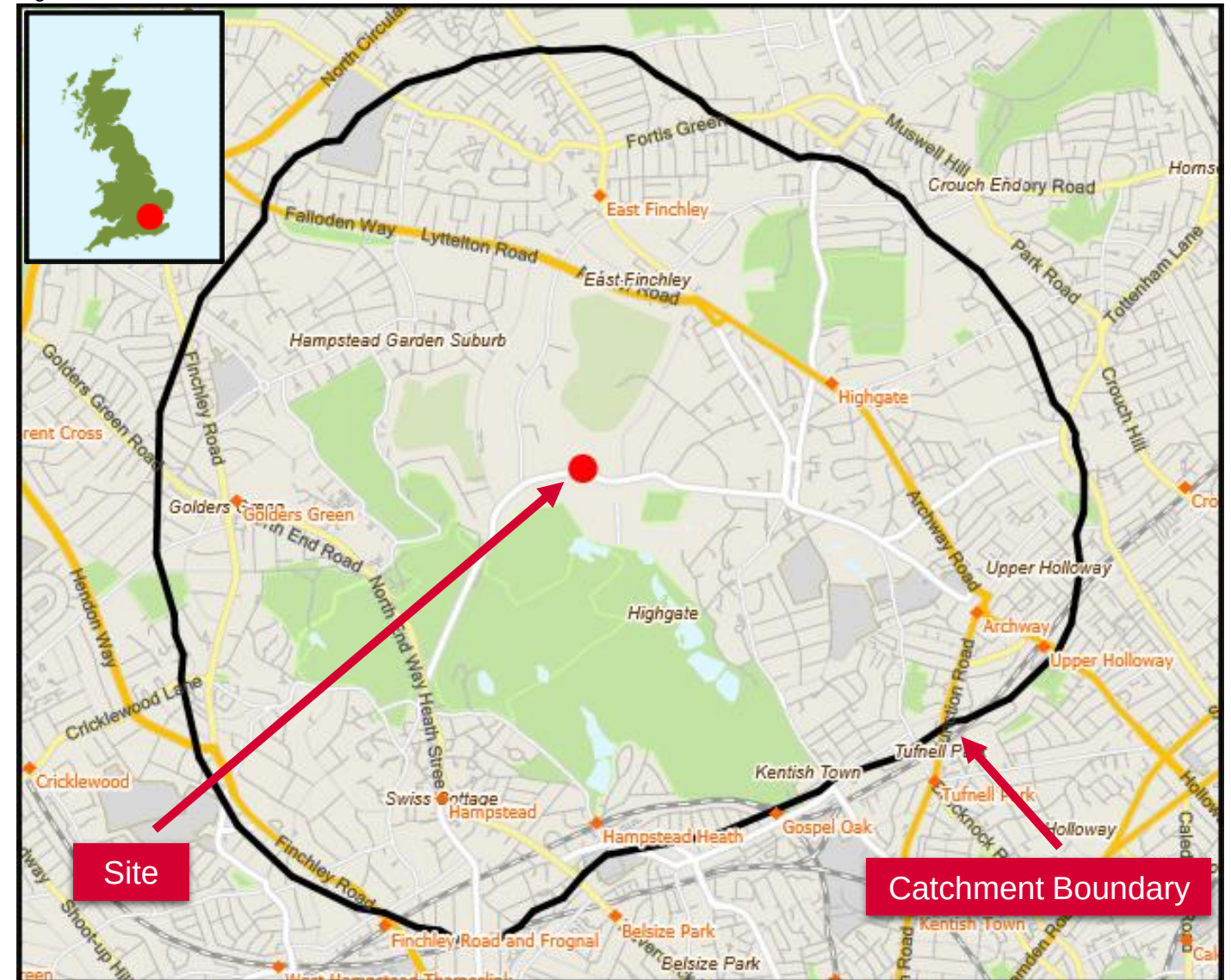
Catchment areas are selected using local knowledge of the care market, size of settlements, accessibility and intelligence on how far residents travel from.

We assess catchment areas using drive-time in minutes from the subject site, which is calculated based on an average of off-peak and peak drive-times. This is a more accurate approach to generating catchment areas when compared with analysing a radius in miles ("as the crow flies") which will not take into consideration any obstacles which will increase the journey time to the subject scheme, such as rivers, national parks etc.

Service users will typically come from areas between 10-20 minutes / 3-8 miles of a care home. The catchment area can be distorted in the instances where say a family member is the decision maker who is situated in the area but their relative, the service user, is located a further distance away.

Typically, residents or bill payers tend to travel a further distance if a home is situated in a rural area and the distance is reduced when a home is located within a densely populated area.

Figure 9



Location

6.2 Selected Catchment Area

The site is located in a densely populated area and has good accessibility. The site sits between Finchley and Highgate just off Hampstead Lane. Therefore, we believe that the draw will come from within a 10 minute drive-time catchment area from the subject site, comprising the immediate settlement, but also the nearby settlements as shown in Figure 9.

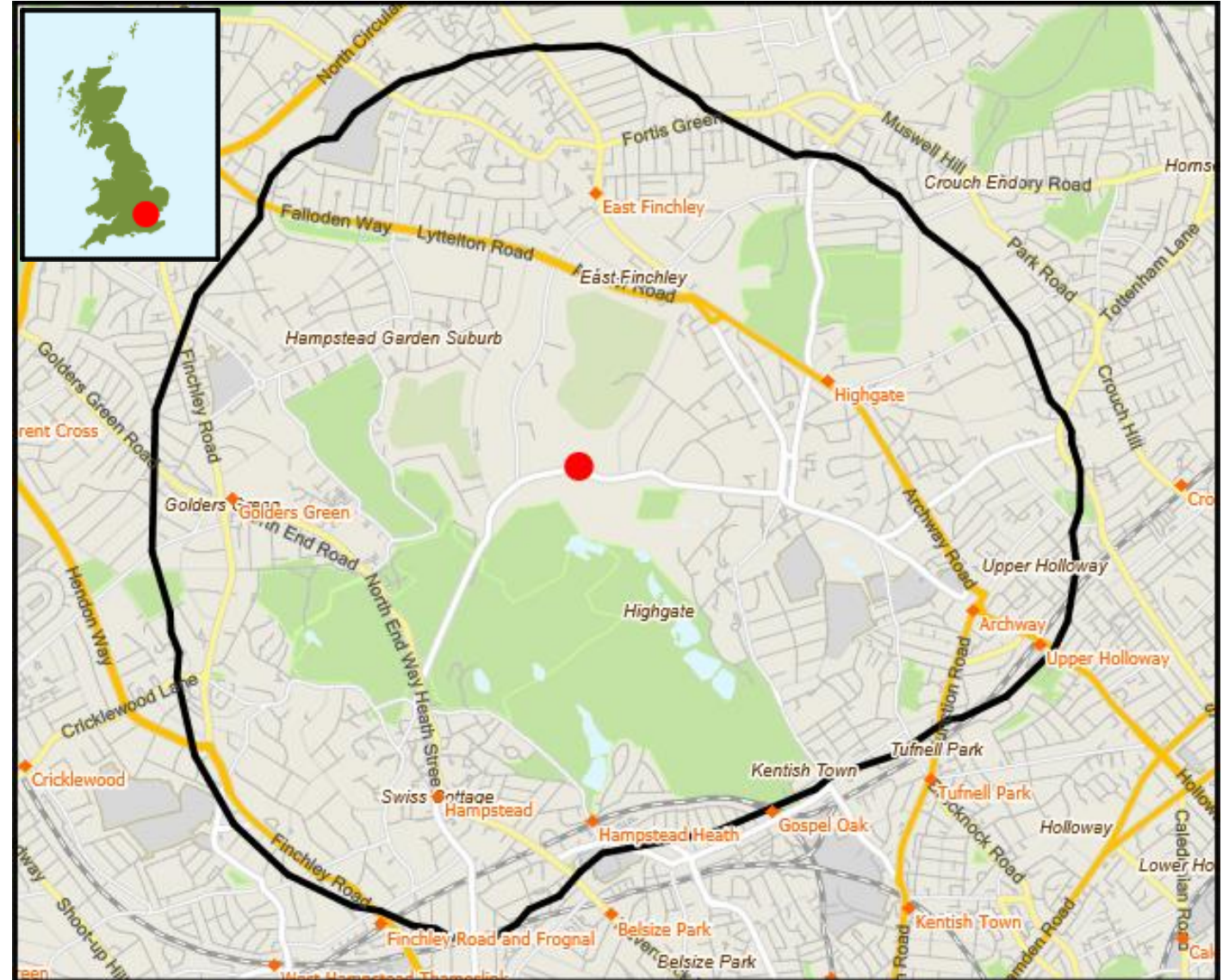
6.3 Accessibility

The site is located in a suburban residential setting and is accessed off Hampstead Lane, just over one mile from the centre of Highgate. It is situated in an accessible location for both staff and visitors. This will be further elaborated on in section 6.5.

6.4 Prominence

We are advised that the site will be fronting Hampstead Lane and this will assist the scheme in terms of benefitting from roadside frontage. This positions the site in a prominent location for marketing purposes, specifically during the scheme's commissioning phase. This ensures sustainability of the subject scheme.

Figure 9



Location

6.5 Local Transport

Figure 10 illustrates that the nearest bus stop is located on Hampstead Lane, just opposite the proposed site. This stop serves the 210 and 603 services.

Crucially, this will provide staff with not only a regular service, but also a stop which is in the immediate vicinity of the scheme to reduce commute time to a minimum.

Staff may also wish to take advantage of the numerous underground and railway stations in proximity to the subject site. Potential staff at the subject scheme can utilise these railway services before connecting via bus to the subject site.

Please note, the regularity of these services has not been analysed for the purposes of this report.

Bus Stops



Railway Stations



Figure 10



7.

Population and Demographics

Population and Demographics

7.1 Population

Population statistics for 2026 and forthcoming years are projected using the 2011 census dataset. T.6 and T.7 illustrates estimated population for 2026 and 2031 within the catchment area, showing population by age band and the percentage of the population within each age band against the total. The percentages are also compared against the national averages by age band.

Within the 10 minute drive-time catchment area, elderly population is estimated to stand at circa 22,000 by 2026. The elderly population is due to increase by 15% from 2026 to 2031, meaning demand for elderly care beds will subsequently increase by 117 beds in the same period.

T.6 2026 Age Bands	Population	Area %	GB %	Index av =100
0 - 14	21,038	17.1	16.9	101
15 - 24	12,499	10.1	11.9	85
25 - 44	36,001	29.2	25.7	114
45 - 54	17,493	14.2	12.1	117
55 - 64	14,184	11.5	13.1	88
65 - 74	11,031	9.0	10.2	88
75 - 84	7,717	6.3	7.4	85
85+	3,205	2.6	2.7	95
Total	123,168			

As elaborated on in section 9, there is only one modern purpose-built care home at present. Therefore, due to the ageing population in the selected catchment area, the lack of modern care home facilities and with demand outstripping the supply, there is a large need for the subject scheme.

Moreover, the demographics show a higher proportion of elderly females (54%) within the catchment area. This trend is of no surprise as life expectancy for females is typically higher than males. A similar trend between male and female is often found in care homes, where a higher proportion of female residents to male are admitted, although recent trends suggest that this gap is now closing.

T.7 2031 Age Bands	Population	Area %	GB %	Index av =100
0 - 14	20,069	15.9	16.1	99
15 - 24	13,344	10.5	12.5	84
25 - 44	34,812	27.5	24.9	110
45 - 54	18,184	14.4	12.3	117
55 - 64	14,822	11.7	12.2	96
65 - 74	12,970	10.2	11.3	91
75 - 84	8,580	6.8	7.6	89
85+	3,791	3.0	3.2	95
Total	126,572			

Population and Demographics

7.2 Demographics

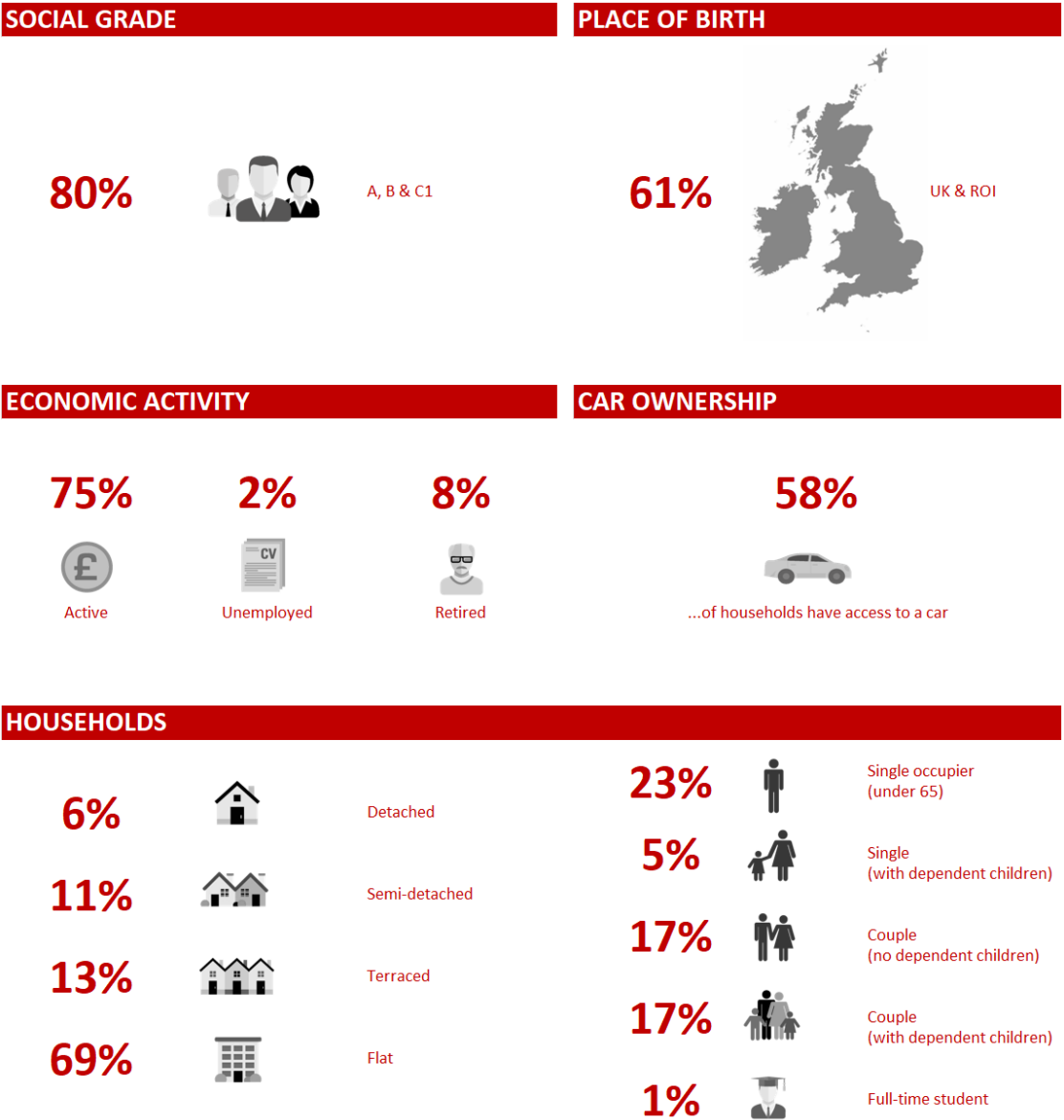
CACI's consumer classification tool segments the UK population by analysing demographic dataset, consumer behaviour and takes into account social factors. This study helps us understand the types of people that live within the selected catchment area and whether the demographics support the proposed care home scheme. This is because a care home operator is not only selling the home to a service user but also to their relatives or friends. Therefore, we are analysing population in its entirety.

80% of the population in the catchment area fall within the social grade groups A, B and C1 who are individuals with higher or intermediate managerial/admin/professional positions and supervisory, clerical, junior managerial/admin/professional jobs. In addition, 7% of the demographics within the catchment area are skilled manual workers and 14% are semi-skilled and unskilled manual workers.

This shows a balanced mix of professionals and non-professionals, therefore comprising potential for bill payers as well as potential staff for the care home.

Figure 11

Source: CACI



8.

Demand

8.1 Demand

Demand is based upon LaingBuisson's 2020 estimation of general old age bed requirements. Using their research on elderly people in nursing and personal care homes, NHS long stay hospitals and units for older and older mentally ill people, they have identified the following percentages to calculate demand:

T.8 Age	Percentage
65-74	0.54%
75-84	3.30%
85+	13.40%

The percentages shown in T.8 are then applied to the Census 2011 projected population numbers per age band. For clarification, 13.40% of 85+ population are forecasted to require care beds. Please note, this is an indicator for demand only and is not a direct measure.

T.9 illustrates a high elderly population within an 10 minute drive-time catchment area. As previously mentioned, the proportion of the elderly population stands at circa 22,000 people by 2026.

Estimated demand as at 2026 stands at 744 beds, increasing to 861 beds by 2031. In the five years from 2026, the elderly population is projected to increase by 3,388, meaning demand will increase by 117 beds.

One of the limitations to predicting demand for the future is to predict future trends in the market that will effect bed requirements i.e. in the instance where technology allows for residents to stay in their own homes or regulatory or political changes as well as events such as COVID-19.

T.9 Projected Population (aged)	2026	2031	5 Year Variance
65-74	11,031	12,970	1,939
75-84	7,717	8,580	863
85+	3,205	3,791	586
Total	21,953	25,341	3,388

T.10 Bed Demand (aged)	2026	2031	5 Year Variance
65-74	60	70	10
75-84	255	283	28
85+	429	508	79
Total Requirement	744	861	117

9.

Current Supply

9.1 Current Supply

As illustrated in T.11, there are seven care homes in total within the 10 minute drive-time catchment area which comprises three personal care homes and four nursing homes. One home has 30 or less registered beds and 86% of facilities are either converted or older purpose-built, further highlighting the dated and unsustainable stock within the selected catchment area.

The current supply of market standard beds is 313. This number significantly reduces to 216 when considering en suite wet room beds within the selected catchment area.

This clearly identifies a shortfall of future-proof care homes in the market, further highlighting the need for the subject scheme.

Finally, there is only one modern purpose-built home within the selected catchment area. This clearly highlights the need to provide new facilities and upgrade the existing provision within the selected catchment area.

T.11 Current Supply	No. of Homes	Beds with En Suites (All)	Beds with En Suite Wet rooms
Personal Care	3	66	60
Nursing	4	247	156
Total Supply	7	313	216

Figure 12
NUMBER OF HOMES BY CARE TYPE

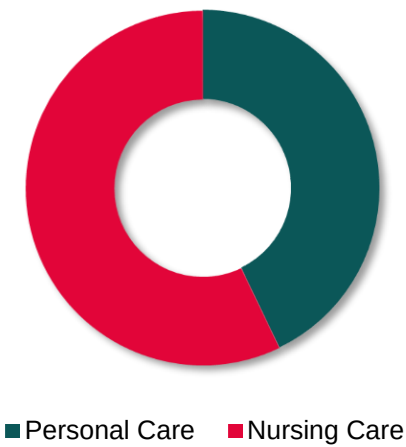


Figure 13
OWNERSHIP – PERSONAL & NURSING CARE

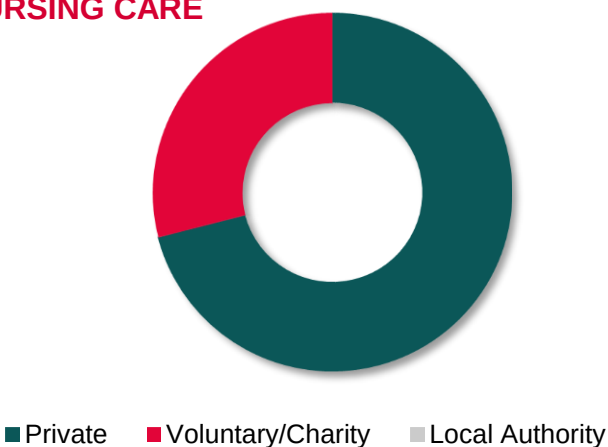
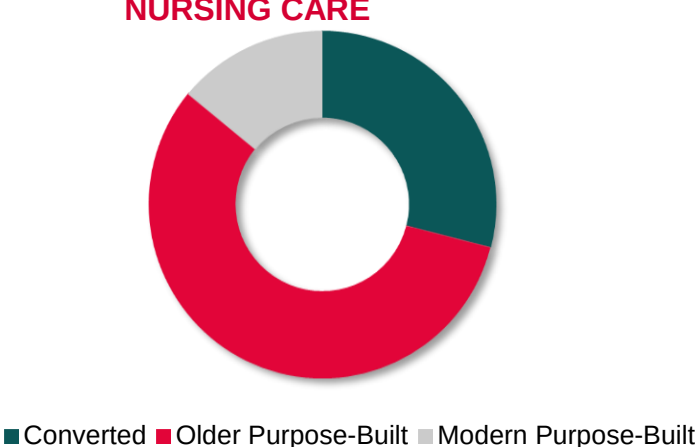


Figure 14
PROPERTY TYPE – PERSONAL & NURSING CARE



9.2 Demand

Figures 15 and 16 illustrate the number of homes per care type providing specialist, mental health and dementia care for the elderly.

Homes providing dementia care are often designed and fitted with dementia care facilities such as colour-coded door signs, switches, tailored furniture and memory boxes to navigate a dementia resident to their rooms etc. These rooms can also be occupied by residents that are not diagnosed with dementia.

For the purpose of the exercise in this section, we have quantified the number of homes that provide the following service types for the elderly:

- Specialist care which may comprise hearing impairment and deafness, Parkinson's disease, schizophrenia and visual impairment
- Mental health condition
- Dementia or Alzheimer's

As shown in Figure 15, of the three personal care homes identified within the selected catchment area, two provide dementia care, two provide specialist care and one provides mental health care.

As shown in Figure 16, of the four nursing homes identified within the selected catchment area, two provide dementia care and three provide specialist care.

In total, of the seven care homes, four provide dementia care, highlighting the lack of homes providing this type of care in the selected catchment area. This will be elaborated on further in section 11.

Figure 15

SERVICE TYPE – PERSONAL CARE

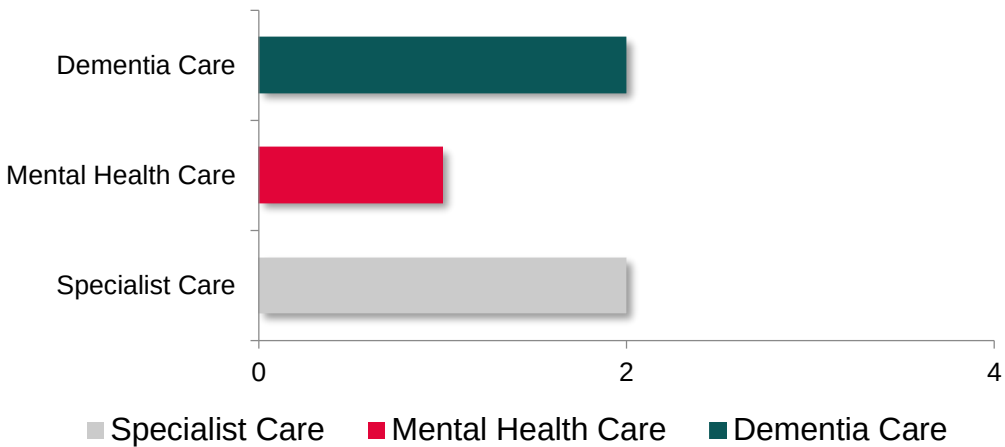
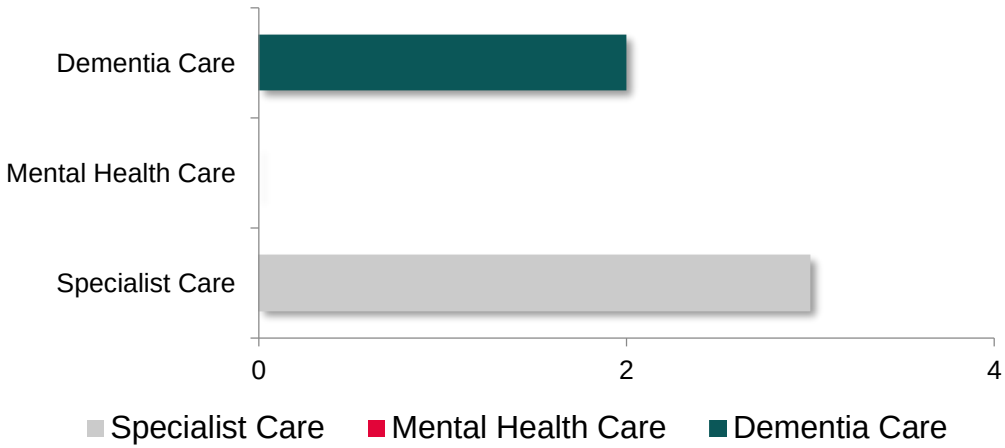


Figure 16

SERVICE TYPE – NURSING CARE



Current Supply

9.3 Homes by Type and Size of Existing Supply

The mapping in Figure 17 shows homes by care type and size.

The catchment area includes six homes with more than 30 beds and only one of the homes captured is modern purpose-built.

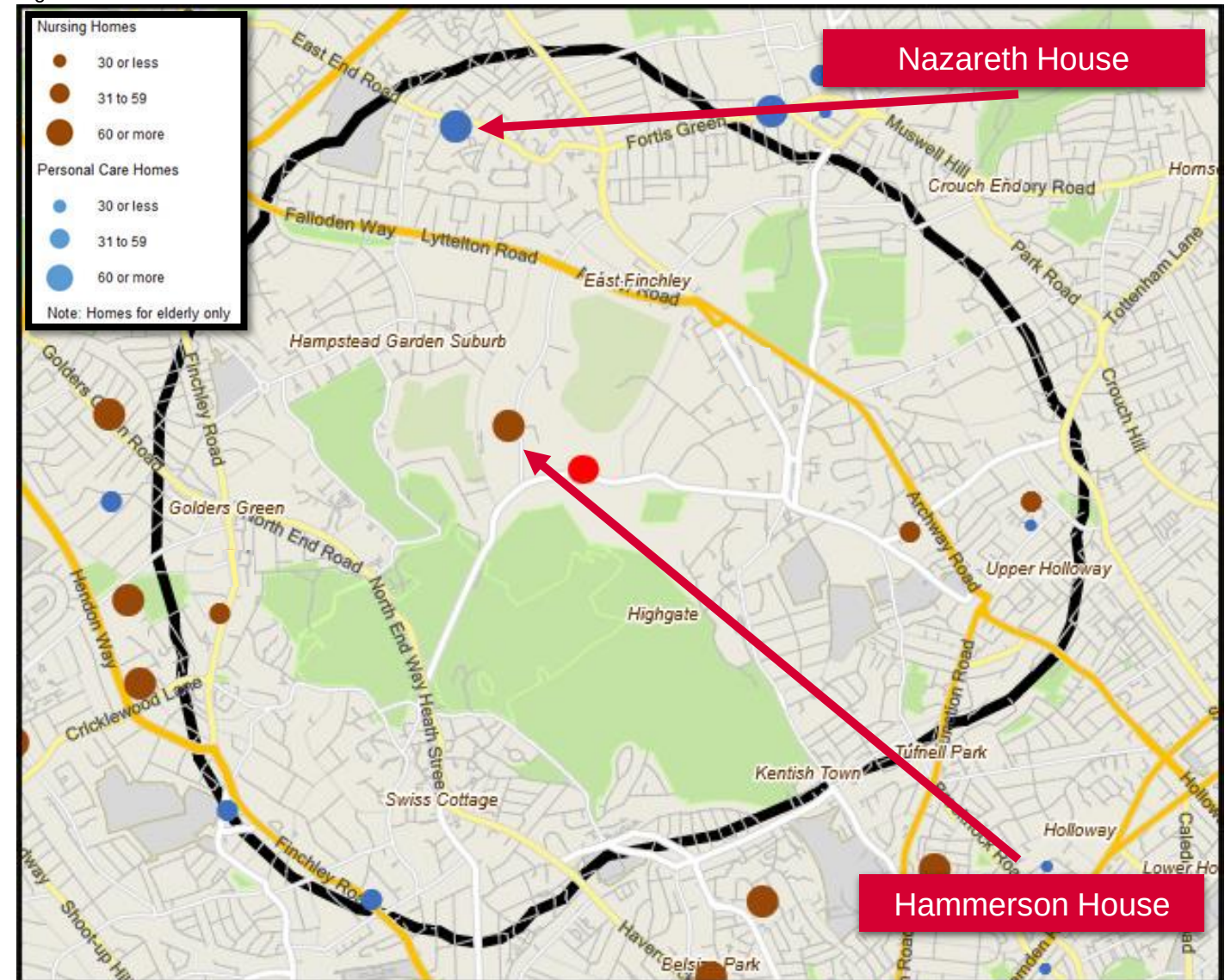
Nazareth House is one of two purpose-built personal care homes within the selected catchment area, located 1.29 miles away from the subject site. However, this scheme is an older purpose-built home and lacks a significant number of en suite wet room facilities. This further highlights the need to modernise the personal care homes within the selected catchment area.

Of the four nursing homes within the selected catchment, Hammerson House is the only modern purpose-built facility. The remaining nursing home stock comprises older purpose-built and converted facilities, highlighting the need to modernise the nursing homes within the selected catchment area.

As shown in Figure 16, there is a mixture of small and large care homes within the selected catchment area. We believe smaller care homes comprising 30 or less beds are unsustainable, which will be elaborated on further in section 12.

Please note, we have removed Highgate Care Home and Heathgrove Lodge Care Home from our analysis as both homes are closed/imminently closing. Highgate Care Home will be replaced by a modern purpose-built care home which will be elaborated on further within s.10 of this report.

Figure 17



10.

Future Supply

10.1 List of Future Supply

Future supply has been identified using online searches via local planning authority websites. Although reasonable endeavours have been made to ensure that all planning applications are captured, at the time of the searches, planning portals may not be up-to-date or schemes could have changed to effect future supply within the search area. The future supply for this report was analysed on 15/07/22. Any planning applications submitted after 15/07/22 have not been included.

We have reviewed all planning applications in relation to care home developments that are pending consideration, approved, appealed or in appeal and schemes under construction. We have reviewed and excluded any schemes that have been refused or withdrawn.

Within the selected catchment area, there are three schemes within the planning pipeline that add elderly care home beds (excluding the subject site).

This further highlights the appetite for developing modern purpose-built schemes such as the subject site to help mitigate the large shortfall of care home beds within the selected catchment area.

The scheme at 103-107 North Hill will replace the existing Highgate Care Home. This existing care home has been closed due to falling short of providing modern standards due to a lack of en suite wet rooms. The replacement 70 bed care home provides modern amenities as well as 100% en suite wet room provision to mitigate this shortfall. The subject scheme will provide a similar offering which will be in line with the modern standards expected of an elderly care home.

T.12 Address	Applicant/ Developer/ Operator	Proposal	Planning Application Number	Planning Application Status	Net care home bed increase	Net dementia care bed increase*	Distance in miles from subject site
Al-Murtaza, 58 The Bishops Avenue, Barnet, London N2 0BE	Signature Senior Lifestyles	Scheme comprises construction of 100 bed care home	19/3449/FUL	Granted, 06/06/2022	100 (100 wet rooms)	24	0.4
Truscott House, 103 - 107 North Hill, Haringey, London N6 4DP	Highgate Care Limited	Scheme comprises construction of 70 bed replacement care home	HGY/2021/3481	Granted, 30/01/2020	70 (70 wet rooms)	45	1.0
84 West Heath Road, Hampstead, Barnet, London NW3 7UJ	KYN	Scheme comprises construction of 80 bed care home	22/0228/FUL	Application submitted, 02/02/2022	80 (80 wet rooms)	44	1.8

*Please note, the number of dementia beds in a proposed care home development may change depending on the preference of the care home operator

11.

Dementia Analysis

Dementia Analysis



11.1 Projected Number of People Living with Dementia in the UK

Dementia care is becoming more and more important for modern purpose-built facilities in providing a 21st century quality offering. Specialist dementia care is high on the agenda given the rising number of projected people living with dementia in the UK.

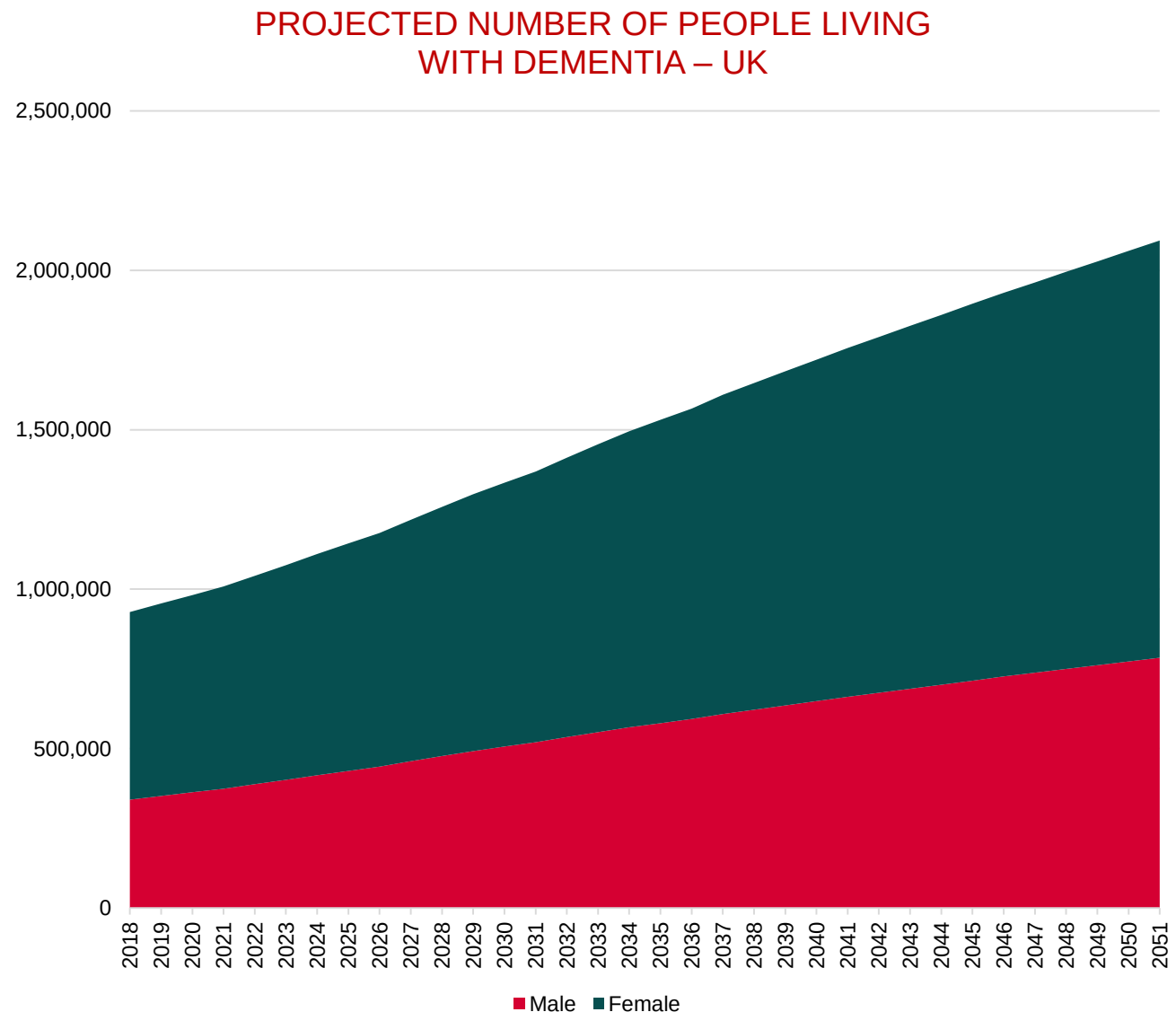
The Alzheimer’s Research UK website defines dementia as a “word used to describe a group of symptoms including memory loss, confusion, mood changes and difficulty with day-to-day tasks”. Moreover, dementia is caused by specific age-related diseases, including Alzheimer’s, which affects the brain and results in the decline in one or more cognitive functions. Dementia is a diverse and complex disease. This is evident as for some it is a rapid and inconsistent decline in multiple cognitive functions.

Figure 18 highlights the projected number of people living with dementia in the UK. In 2020 the number of people living with dementia in the UK will be circa 981,700. Notably, dementia is more dominant within females as they accounted for 618,550 (63%) of people living with dementia in the UK in 2020 compared to 363,150 (37%) males.

By 2030, as expected with population growth, this number will increase to 1,334,170 people suffering with dementia in the UK. The trend of dementia being more prevalent among females continues as they will account for 827,480 of this number. The number of people suffering from dementia is expected to reach two million by 2050, reflecting an increase of 110% in 30 years.

Figure 18

Source: Alzheimer’s Research UK



Dementia Analysis

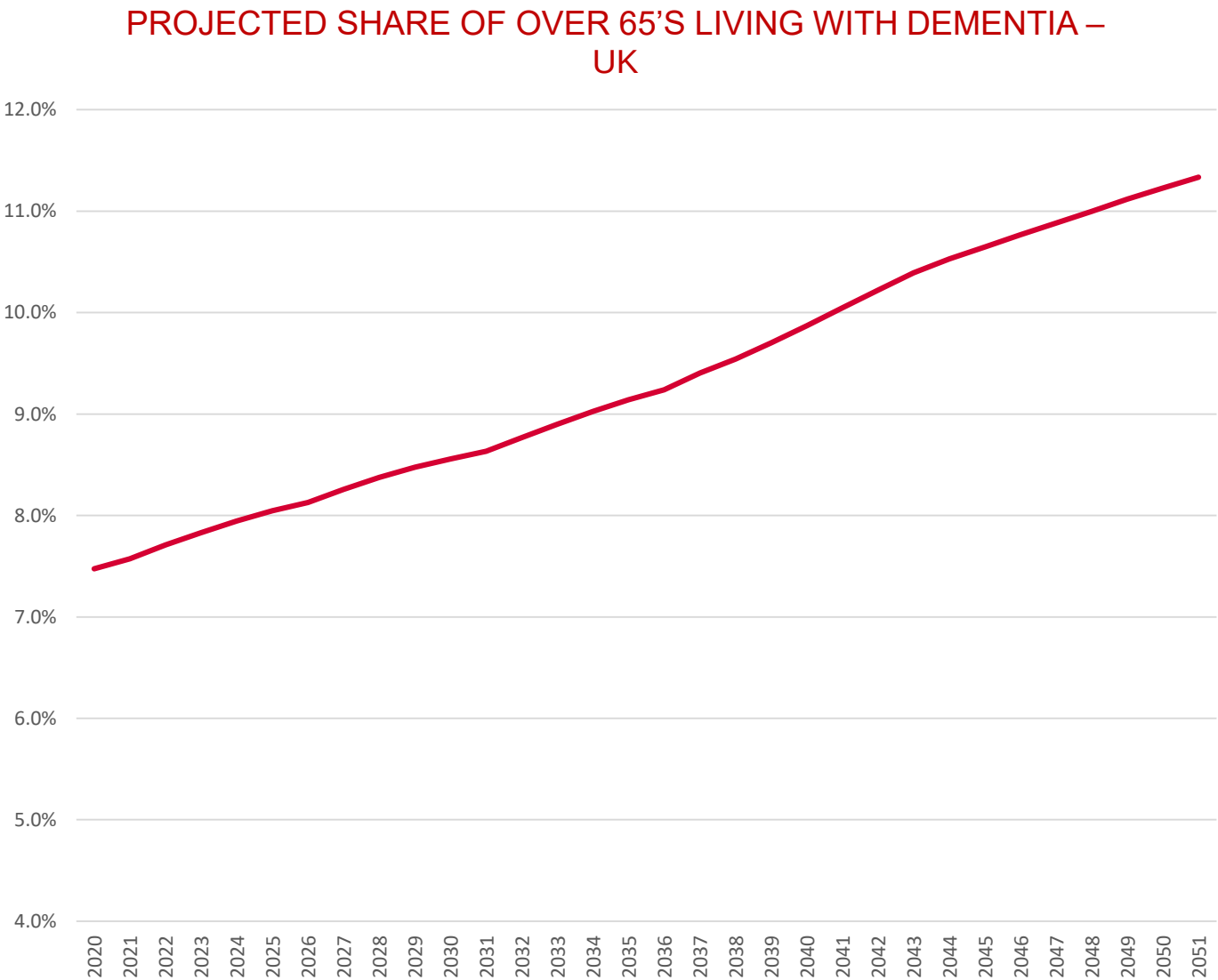


Source: Alzheimer's Research UK

11.2 Projected Share of Over 65's Living with Dementia - UK

Figure 19 displays the projected share of over 65's living with dementia in the UK. The number expected to rise annually as dementia becomes more common and prevalent among the elderly population. As shown, 7.5% of over 65's were living with dementia in the UK in 2020, compared to 8.6% by 2030, 9.9% in 2040 and 11.2% by 2050.

Figure 19



Dementia Analysis

Source: Alzheimer's Research UK

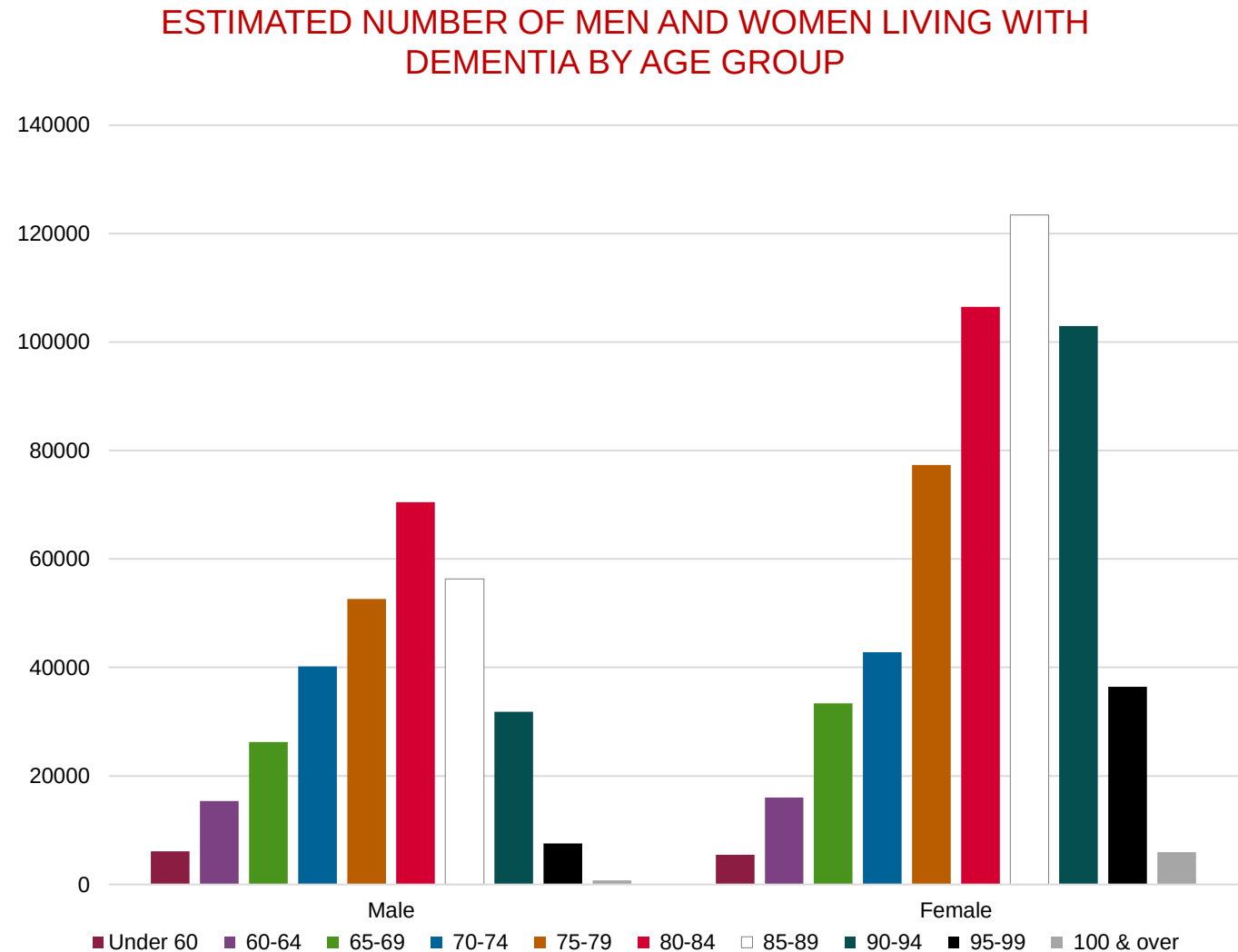
11.3 Age Group Analysis

Figure 20 categorises the number of people living with dementia by age group, as well as highlighting the male and female differences.

It will come as no surprise that the dominant female age group with dementia is older than that of the male. This is because females have a higher life expectancy than males. As a result, the highest number of males with dementia are in the 80-84 age group, whereas the highest number of women with dementia are in the 85-89 age group.

As per Knight Frank's research, the average age of residents entering an elderly care home is 85. This is supported by Figure 20 as the graph highlights the dominant ages of people suffering from dementia are between 80-89 years old.

Figure 20



Dementia Analysis

Source: Tomorrow's Guides, Knight Frank Research

11.4 Dementia Shortages

T.13 highlights the current supply of care homes with specialist dementia resources within the UK, Isle of Man and the Channel Islands.

Our sources have segregated the supply by region. On a national level 71% of care homes in England specialise in dementia care.

For Harrison Varma Projects Limited's purposes, 72% of London's homes provide specialist dementia care, with 525 old age and specialist dementia homes out of 729 in the region. This shows that 28% of current homes within London fall short of providing specialist dementia care.

T.13 Region	Specialist Dementia Care Homes	Share of Homes
Channel Islands	13	28%
East Midlands	757	74%
East of England	845	76%
Isle of Man	7	29%
London	525	72%
North East England	434	79%
North West England	973	67%
Northern Ireland	188	57%
Scotland	448	54%
South East England	1,286	67%
South West England	923	66%
Wales	344	54%
West Midlands	815	74%
Yorkshire & The Humber	741	74%
Grand Total	8,299	68%
England Only	7,299	71%

Dementia Analysis

11.5 Dementia Demand

Demand for specialist dementia beds is based on 2012 Bupa Census research which showed that 45.6% of residents admitted into Bupa care home facilities in the UK required dementia care. T.14 shows the dementia prevalence percentages per age band, which are applied to overall bed demand to calculate the specific need for dementia care beds.

T.14 Dementia Prevalence	%
65-74	44.3%
75-84	52.6%
85+	46.4%

Current market standards dictate that residents with dementia require increasingly specialist facilities such as dedicated bedrooms designed with dementia and memory care.

Within the selected catchment area, dementia bed demand is estimated to stand at 360 beds by 2026, increasing to 416 by 2031.

Within the selected catchment area, demand for dementia beds is estimated to make up 48% of overall care home bed demand by 2026. One of the limitations to predicting demand for the future is to predict future trends in the market that will influence bed requirements i.e. in the instance where technology allows for residents to stay in their own homes or regulatory or political changes as well as events such as Covid-19.

11.6 Dementia Supply

As a part of this report, we have analysed the homes within the selected catchment area to determine the supply of specialist dementia care beds. Please note, this supply refers to homes or specialist units that provide dementia care. Such beds are designed and fitted with dementia care facilities such as colour-coded door signs, switches, tailored furniture and memory boxes to navigate a dementia resident to their rooms etc. Nursing provision is also specific to residents with dementia and their care requirements.

For the purpose of this exercise, only beds that are registered to provide dementia care have been analysed.

Within the selected catchment area, dementia bed supply stands at 217 beds (including future supply, but excluding the subject site). This accounts for 34% of the overall elderly care home beds captured within the selected catchment area, highlighting the need for specialist dementia beds.

Dementia Analysis

10 minute drive-time catchment area

T.15 Dementia Demand	2026	2031	5 Year Var
Aged 65-74	26	31	5
Aged 75-84	134	149	15
Aged 85+	199	236	36
Total Beds Required	360	416	56

T.16 Dementia Supply	No. of Homes	Dementia Beds
Homes with Dementia Beds*	4	104
Future Supply (Excluding Subject Scheme)	3	113
Total Supply	7	217

T.17 Gap in Dementia Provision	2026	2031
Gap – Dedicated Dementia Beds	+143	+199

* This includes homes and units designed specifically for dementia care

Gap showing a minus represents an over-supply and gap showing a positive represents an under-supply



DEDICATED DEMENTIA BEDS VS ALL OTHER BEDS – EXISTING SUPPLY

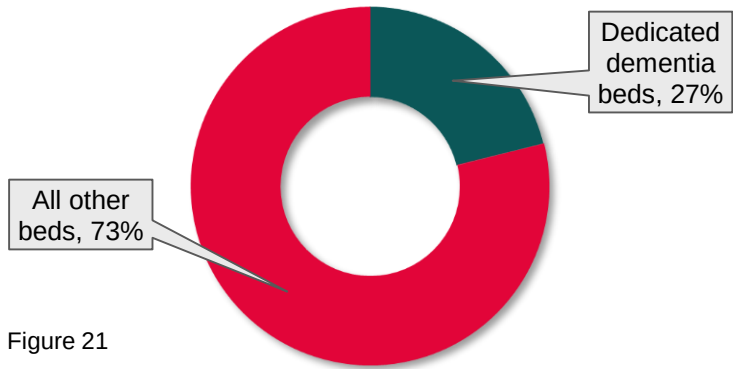


Figure 21

12.

Trading Performance by Bed Size

Trading Performance by Bed Size

12.1 Background

For the past nine years Knight Frank's Research team has reviewed the trading performance in the UK care home sector, supported by data kindly provided by leading care home operators. The Care Home Trading Performance Index (CHTPI) provides industry-leading benchmarks on various key performance indicators.

12.2 Methodology

Using our trading performance research database, we have benchmarked key performance indicators against bed bands. As part of this review, we have analysed the following seven key performance indicators:

- Occupancy %
- Average weekly fees (£)
- Income per occupied bed (£)
- Staff costs as a percentage of Income
- Property costs per bed (£)
- EBITDARM (earnings before interest, taxes, depreciation, amortisation, rent and management fees) per occupied bed
- EBITDARM as a percentage of income

The dataset includes mature trading homes only and excludes any new homes that were introduced to the index within the 2020-21 financial year. Financial numbers have not been presented to ensure operator data remains confidential and for research purposes only.

The bed bands comprise 1-39, 40-59, 60-79, 80-99 and 100+.

12.3 Purpose

This exercise links trading performance with the care home sizes to identify which bed bands achieve the optimum trading performance. We have carried out this exercise by analysing the trading performance trends for the United Kingdom.

12.4 Summary

United Kingdom

When analysing elderly care homes within the United Kingdom, it is apparent that the lowest performing bed band is the 1-39 category as four out of the seven key performance indicators were worse than the other bed bands. This implies that smaller care home schemes are less efficient to operate when compared with the larger care homes. The subject site falls within the 40-59 bed band which was the second lowest performing category for similar reasons to the 1-39 bed band.

The larger, 60-79 bed schemes present the most robust trading performance, with five out of seven key performance indicators ranking at the top. The research indicates lower staff costs as a percentage of income and low property costs per bed as well as occupancy being on par with the national average. This bodes well for the proposed scheme which will comprise 66 beds.

Profit margins were very low for older purpose-built and converted homes due to operational challenges in regards to staff recruitment, retention and costs. This greatly affects smaller care homes operating in older and converted buildings where sufficient fee increases are not obtained to compensate for the rising costs to run a home.

13.

Modern Purpose-built Care Homes

Modern Purpose-built Care Homes

13.1 Great Britain

We have carried out a review of all the modern purpose-built elderly care homes that have opened in Great Britain since 2016, as well as a separate review of openings by region (accurate as at 06/06/2022).

This exercise highlights the percentage of homes that fall within their respective bed bands. Within our research, we have identified 517 modern purpose-built elderly care homes that have opened in Great Britain in this period.

We have excluded newly registered homes that comprise of converted stock, i.e., non-purpose-built. New care homes in this period comprising less than 40 beds only make up 6% of the stock.

A substantial 59% of new care home stock that opened in this period comprises 60-79 beds followed by 19% within the 80-99 bed band.

This highlights that the smaller schemes are not as popular as a result of their inefficiencies in comparison to 60+ bed elderly care homes.

MODERN PURPOSE-BUILT ELDERLY CARE HOMES OPENED SINCE 2016 (GB)

T.18 Bed Bands	No. of modern purpose-built elderly care homes opened (since 2016)	%	Average number of beds
1-39 beds	33	6%	29
40-59 beds	66	13%	49
60-79 beds	303	59%	68
80-99 beds	98	19%	84
100+ beds	17	3%	108
TOTAL	517	100%	67

Source: Tomorrow's Guides, Knight Frank Research

Modern Purpose-built Care Homes

13.2 London

On a regional level, there has been 34 care homes developed since 2016, comprising an average number of 69 beds.

The most popular bed band was the 60-79 bracket, accounting for 38% of care home developments in London since 2016.

The next largest bed band for care home developments in London was the 80-99 bracket, with 21% of care homes developed since 2016. 71% of care homes constructed in London since 2016 comprised at least 60 beds.

This highlights that the smaller schemes are not as popular as a result of their inefficiencies in comparison to 60+ bed elderly care homes. This bodes well for the subject scheme which will provide 66 beds as it falls within the most popular bed band at both national and regional level.

MODERN PURPOSE-BUILT ELDERLY CARE HOMES OPENED SINCE 2016 (London)

T.19 Bed Bands	No. of modern purpose-built elderly care homes opened (since 2016)	%	Average number of beds
1-39 beds	4	12%	26
40-59 beds	6	18%	49
60-79 beds	13	38%	70
80-99 beds	7	21%	87
100+ beds	4	12%	105
TOTAL	34	100%	69

Source: Tomorrow's Guides, Knight Frank Research

14.

Conclusion

Conclusion

10 minute drive-time catchment area

T.20 Demand	2026	2031	5 Year Var.
Aged 65-74	60	70	10
Aged 75-84	255	283	28
Aged 85+	429	508	79
Total Beds Required	744	861	117

T.21 Supply	No. of Homes	Beds with En Suites (All)	Beds with En Suite Wet rooms
Personal Care	3	66	60
Nursing Care	4	247	156
Future Supply (Excluding Subject Scheme)	3	250	250
Total Supply	10	563	466

T.22 Gap	2026	2031
Gap – market standard beds *	+181	+298
Gap – market standard beds * (with wet rooms)	+278	+395

Census 2011, LaingBuisson, A-Z
Care Homes, CACI

* Bedrooms with en
suite facilities

Gap showing a minus represents an over-supply and gap showing a
positive represents an under-supply

14.1 Conclusion

Having reviewed the supply and demand position of the proposed development, we are able to provide final comments on the general provision of care within the selected catchment area of the subject care home site at 44-46 Hampstead Lane, London N6 4LL. Our view is provided using the following key considerations:

Proposed Scheme & Location

We are advised that Harrison Varma Projects Limited are proposing a modern purpose-built care home development on the site. The scheme will comprise 66 beds with 100% en suite wet room provision as well as dementia care.

The site appears to be very well suited to deliver a good quality care home scheme. A site area of 0.91 acres will assist in providing an efficient layout and sufficient amenity space, particularly for an area as densely developed as north London. It is also situated in an accessible location for potential visitors and staff and benefits from roadside frontage.

This places the subject scheme in a sustainable position.

Conclusion

Demographics

The elderly population within the selected catchment area is estimated at circa 22,000 by 2026 and is projected to increase by 15% from 2026 to 2031.

As mentioned in the current supply section of this report, within the selected catchment area, there is only one modern purpose-built care home and six out of the seven homes lack 100% en suite wet room provision. This study points to an insufficient number of future-proof care homes to meet the rapidly growing ageing population within this market.

Demand

The elderly population within the catchment area points to estimated demand for 744 beds by 2026, increasing to 861 beds by 2031.

Supply

With regard to existing supply, there are three personal care homes and four nursing homes in total within the selected catchment area, comprising 313 market standard beds.

29% of existing care home properties are converted with a further 57% older purpose-built. One care home comprises 30 or less beds and there is appetite for larger care home developments in order to achieve operational efficiencies. A large proportion of the existing provision is converted and/or dated and may require modernising due to not being future-proof.

With regard to planned schemes, excluding the subject site, there are three care home schemes within the planning pipeline in the selected catchment area. This further highlights the appetite to mitigate the shortfall of market standard beds within the selected catchment area. The subject scheme will go some way to mitigating this shortfall.

Supply and Demand Position

By 2026, an under-supply of 278 beds is estimated when considering en suite wet room provision (excluding the subject scheme). This under-supply increases to 395 beds by 2031.

In a post COVID-19 environment, the requirement for en suite wet rooms has accelerated even further as it allows residents to limit the use of shared assisted living bathrooms and improve infection control.

By 2026, an under-supply of 143 beds is estimated when considering dementia beds (excluding the subject scheme). This under-supply increases to 199 dementia beds by 2031.

To conclude, an under-supply of bed provision is established when analysing the supply and demand position from an asset quality perspective and the development of the subject site will help mitigate the shortfall of elderly care home beds within the selected catchment area. As the catchment area only comprises one modern purpose-built elderly care home (representing only 14% of the stock within the selected catchment area) a number of new modern purpose-built facilities are required to satisfy the shortfall of modern standard care homes.

Conclusion

General Market Comment

On a national level, Knight Frank Research predicts a shortfall of 113,506 market standard beds by 2025 and circa 6,500 homes are at risk of closure within the next ten years due to the following challenges facing the sector:

- Ageing population
- A large proportion of existing care stock is converted and below 30 registered beds which may be unsuitable for current and future market requirements
- Operational challenges in regards to staff recruitment, retention and costs which will more greatly affect smaller care homes operating in older, converted buildings where sufficient fee increases are not obtained to compensate for the rising costs to run a home
- Increasing demand for dementia care
- The effect of COVID-19 in 2020.



Appendix

List of Current Supply of Personal Care Homes



The home services shown below represent the following: D = Dementia, SP = Specialist Services, MH = Mental Health, YA = Younger Adults.

T.23 Address	Group name, owner, private or voluntary	Care home service	Beds with En Suites (All)	Beds with En Suite Wet rooms	Dementia Beds	Purpose-built?	Distance in miles from subject site
Nazareth House - East Finchley 162 East End Road	Nazareth Care Charitable Trust Voluntary/Charity	SP	20	17	0	Y	1.29
London N2 0RU						Older purpose-built	
Cardinals Way 72 Cardinals Way	Haven Bell Ltd Private	D,MH,SP,YA	3	0	3	N	1.58
London N19 3UY							
Spring Grove 214 Finchley Road	Springdene Nursing & Care Homes Ltd Private	D	43	43	11	Y	1.69
London NW3 6DH						Older purpose-built 1991	

List of Current Supply of Nursing Homes



The home services shown below represent the following: D = Dementia, SP = Specialist Services, MH = Mental Health, YA = Younger Adults.

T.24 Address	Group name, owner, private or voluntary	Care home service	Beds with En Suites (All)	Beds with En Suite Wet rooms	Dementia Beds	Purpose-built?	Distance in miles from subject site
Hammerson House 50A The Bishops Avenue	Nightingale Hammerson Voluntary/Charity	D,SP	116	116	58	Y	0.30
London N2 0BE						Modern purpose-built 2021	
The Highgate Care Home 12 Hornsey Lane	Bupa Care Homes Private	SP,YA	55	34	0	N	1.17
Highgate London N6 5LX						Purpose-built extension	
Sonesta 797 Finchley Road	Sonesta Nursing Home Ltd Private	D	26	0	32	Y	1.37
London NW11 8DP						Older purpose-built 1990	
Barchester Cheverton Lodge Care Home 30A Cheverton Road	Barchester Healthcare Ltd Private	SP,YA	50	6	0	Y	1.58
Islington, London N19 3AY						Older purpose-built 1998	

44-46 Hampstead Lane, London N6 4LL

Planning Needs Assessment

July 2022

Important Notice

The report has been prepared as a consultancy report on the behalf of Harrison Varma Projects Limited in relation to their planning application at the site located on 44-46 Hampstead Lane, London N6 4LL

It must not be used for any other purpose. It must not be disclosed to any other parties except to the relevant planning authority. We are not advising on your planning application or providing any planning services. Harrison Varma Projects Limited agree that (and the report will be endorsed): "This report was prepared according to the information and instructions provided to us by Harrison Varma Projects Limited and is provided on a non-reliance basis. Knight Frank LLP (and our affiliates, members and employees) will have no responsibility or liability whatsoever in relation to the accuracy, reliability, currency, completeness or otherwise of its contents or as to any assumption made or as to any errors or for any loss or damage resulting from any use of or reference to the contents."

We have utilised a number of different resources to collate information on existing and future care provision and trading performance data. We have relied upon the information supplied by the data sources used and assume this information to be correct for the purposes of this consultancy report.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. In the UK, market activity has been impacted in all sectors. The increase in attrition rates within care homes, due to COVID-19, has had an impact on occupancy rates. Also, this event may increase the rate of care home closures within the UK even further. It is generally accepted that occupancy rates within care homes will normalise to pre-COVID-19 level by the time the subject scheme is developed and its commissioning phase has commenced.

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