

Projections of housing tenure and poverty in older age in Great Britain, 2022-2040

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June 2024



Economic
and Social
Research Council



Arts and
Humanities
Research Council



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Executive summary

Independent Age commissioned a team from the UK Collaborative Centre for Housing Evidence (CaCHE) to generate projections of the proportion of older people (age 65 years+) in England, Scotland and Wales (Great Britain) living in different housing tenures in 2040 and their likelihood of being in (relative) poverty.

The study draws on data from Understanding Society (2009 to present), a longitudinal household panel study that collects annual survey data on the experiences of UK residents on a wide range of social and economic topics. The study uses Waves 2 to 12 of the survey data, covering a data collection period of January 2010 to May 2022. Analysis involved regression modelling to identify key predictors of tenure and experiences of poverty in older age among the current 65+ population in Great Britain, which were then used as the basis for predictions about the 65+ population in 2040. Poverty was measured using the Households Below Average Income (HBAI) relative income after housing costs definition. Under this definition, people are considered to be in relative poverty if their household income is below 60% of the median post-housing-costs household income.

The models were built on a series of assumptions about future trends in tenure and poverty. In particular, the study assumed that (a) future tenure trends will continue in line with developments between 2010 and 2022, (b) these trends will not be affected by external events or policy intervention, and (c) sample members' non-time-variant characteristics (for example, the region they live in) will remain the same.

Key findings:

- Tenure projections suggest that there will be a notable increase in the proportion of people aged 65+ living in the private rental sector, rising from 4% in 2022 to 13.2% in 2040. There will be a projected decline in the proportion of people aged 65+ living in the owner occupied (82% to 77%) and social renting (15% to 11%) tenures.

Poverty Scenario 1

- If relative poverty rates among the 65+ population within each tenure¹ remain the same as the current rates (2010-2022), we are likely to see a small overall increase in relative poverty amongst older people, from 17.4% in 2022 to 19.1% in 2040. We will also see some shifts in the distribution of poverty by tenure. The highest growth in numbers of people in poverty is forecast to be in the private rented sector. However, the majority of older people experiencing poverty will continue to live in other tenures.

Poverty Scenario 2

- If poverty rates among the population of people aged 65+ continue to change in line with year-on-year trends in relative poverty in the population of older people since 2010, projections suggest relative poverty among older people will increase from 17.4% in 2022 to 22.9% in 2040. In this scenario, this increase in relative poverty

will be concentrated in the rental tenures. Over half of all older people experiencing poverty are projected to live in rental accommodation by 2040, despite these sectors accommodating less than one-quarter of all older people. Especially high levels of poverty are forecast amongst social tenants.

- The increase in relative poverty is forecast to be greater amongst women (from 20% to 26% in 2040). Women will continue to be more likely to be in relative poverty than men both within and across all tenures. It is projected that by 2040 14.5% of women will be living in the private rented sector and over half of these people (54%) will be in relative poverty. By 2040, 15.4% of men are forecast to be private renting and almost half (45%) will be in relative poverty.
- The incidence of relative poverty amongst older people with a disability or long-term health condition is forecast to increase dramatically, from 18% to 29% in 2040. This compares to an increase in the non-disabled older population from 17.4% to 18.9%. Poverty levels are forecast to be particularly high in 2040 amongst older people with a disability who rent (61% for disabled people who rent privately and 76% for disabled people who rent from a social landlord).
- Projections point to a notable increase in the proportion of older people living in rented accommodation who do not have the capacity to regularly save money (from 21% to 31.3% in 2040). Relative poverty levels are forecast to be far higher for people living in the private rented sector who do not have the capacity to regularly save money (61% in 2040), compared to private tenants who can save (29% in 2040). Poverty levels are projected to be highest for people who do not have the capacity to regularly save money and live in the social rented sector (78%).
- Projections suggest that relative poverty levels will increase across all the three nations, but that the increase will be greater in England and Wales than in Scotland. The tenure profile of the older population is already different across the three nations, but these differences are projected to become more pronounced. In Scotland, the proportion of older people in the private rented sector is projected to increase only slightly and remain relatively small (2.2% in 2022 to 2.4% in 2040), and a relatively large proportion of older people are forecast to continue living in the social rented sector (17.9% to 17% in 2040). In England and Wales, there is forecast to be a large increase in the proportion of older people who are renting, driven by a notable increase in private renting. In Wales, for example, there is projected to be an increase from 4% to 18% in the proportion of older people who are living in the private rented sector. Levels of relative poverty within tenures are forecast to increase most dramatically in the social rented sector across all three nations. Smaller increases are also forecast in relative poverty within the private rented sector across all three nations.
- Projections suggest that levels of relative poverty will increase across all nine regions of England by 2040 but regional differences will become even more pronounced. Smaller increases in the proportion of older people living in relative poverty are forecast in the South and larger

¹ The poverty rates used in this research are derived from the Understanding Society dataset.

increases are forecast in London, with high levels of poverty also being forecast in the older population in regions of the North and the Midlands relative to the overall England levels. The tenure profile of the older population is already different across the regions of England. These differences are projected to increase. Relatively large increases in the proportion of older people in the private rented sector are projected in the South West (5% to 26% in 2040), North East (6% to 23% in 2040), Yorkshire and the Humber (5% to 20% in 2040). Poverty levels within the increasing proportion of older people living in the private rented sector are projected to continue to be relatively high but to vary between regions. Most notably, poverty levels are projected to fall slightly in the three regions of the South, whilst increasing notably in London, the North and Midlands.

This study forecasts that almost one-quarter of older people (65 years+) will be living in rented accommodation by 2040. This increase will be driven by a projected rise in the proportion of people aged 65+ living in the private rental sector and increasing numbers of older people will therefore be exposed to problems that are commonly associated with the private rented sector. Analysis suggests that relative poverty among older people will increase and that almost two-thirds of all older people living in poverty (64.2%) will be living in rented accommodation, despite over three-quarters (76.7%) of all older people being owner occupiers.

Increasing housing insecurity and poverty will impact on the experiences of older people and challenge the stated policy ambition in England, Scotland and Wales of promoting healthy ageing, preventing or delaying the onset of long-term conditions and supporting older people to live independently. The knock-on consequences for health and social care services could be significant. There is therefore an urgent need to chart an alternative future to that mapped out by this study.

1 Introduction

The UK has an ageing population. There are increasing numbers of older people in society and this trend is forecast to continue into the future. It is estimated that by 2040, one-quarter of people will be 65 or over (ONS, 2024a). The housing people live in can have a major impact on their experience of ageing. Poor housing that is unsafe, inappropriate, insecure and unaffordable can impact on health and wellbeing and limit everyday life. Good quality housing can help minimise these risks and promote independence. It is therefore important to understand trends and developments in the housing situations of older people.

One notable trend that has recently been observed is the increasing number of older people who are living in private rented housing. This reflects the fact that more people are living in the sector throughout their lives. Private renting is also the only option for many people on low incomes who are forced to move in older age by some significant event, such as bereavement, divorce or loss of work (Independent Age, 2023).

The significance of this rise in private renting is that the sector often fails to provide an affordable and safe home where people can stay long term. It is characterised by greater insecurity than other tenures, has the highest proportion of stock failing the decent homes standard and lacking key design features that promote accessibility (Powell et al., 2017). Private renters pay the highest proportion of their income on housing costs (Goddard, 2023). Concerns have also been raised about difficulties of securing landlord agreement to install adaptations (Independent Age, 2023). Older people who rent are also more likely to be in poverty (Independent Age, 2022).

If the proportion of older people living in private rented housing continues to rise, increasing numbers of older people will be exposed to these problems, posing significant challenges for policy and practice in housing, health, social security, and social care. It is therefore important that we understand future trends. In response, Independent Age commissioned a team from the UK Collaborative Centre for Housing Evidence (CaCHE) to generate projections of the proportion of older people (age 65+) in England, Scotland and Wales² living in different housing tenures in 2040 and their experiences of (relative) poverty. This report presents the findings to emerge from this study.

The study draws on data from Understanding Society (2009 to present), a longitudinal household panel study collecting annual survey data on the experiences of UK residents on a wide range of social and economic topics. The study uses Waves 2 to 12 of the survey data, covering a data collection period of January 2010 to May 2022. Analysis involved regression modelling to identify key predictors of tenure and experiences of poverty in older age among the current 65+ population, which were then used as the basis for predictions about the 65+ population of 2040. The models are built on a series of assumptions about future trends in tenure and poverty. In particular, the study assumes that (a) future tenure

trends will continue in line with developments between 2010 and 2022, (b) these trends will not be affected by external events or policy interventions, and (c) sample members' non-time-variant characteristics (for example, the region they live in) will remain the same. In practice, policy interventions and other external changes are likely to affect tenure and poverty among older people in ways not captured by this model.

The results to emerge include tenure and poverty projections; results segmented by individual characteristics (sex, disability/long-term health condition, and capacity to regularly save money); and results segmented geographically (English regions, Scotland and Wales).

The forecasts generated by the study are presented in this report as follows:

- Section 2 presents tenure predictions for the 65+ years old population in Great Britain in 2040
- Section 3 focus on poverty and describes the measure of relative income poverty used in the report and sets out two sets of poverty predictions for the 65+ population in Great Britain in 2040. The poverty predictions respond to two potential scenarios: 1) poverty levels by tenure among the 65+ population remain the same as now, and 2) poverty levels among the 65+ population change in line with year-on-year trends since 2010
- Section 4 presents segmented tenure and poverty predictions, broken down by sex, disability, and capacity to regularly save money
- Section 5 presents segmented tenure and poverty predictions for England, Wales and Scotland, and discusses regional differences in the findings.
- Section 6 reflects upon the findings and the key conclusions that can be drawn from the study.

Further details about the methodology deployed are provided in Appendix 1 and Appendix 2 details the samples used in the study. Appendix 3 presents estimates of the actual numbers of older people in England, Scotland and Wales in 2022 and 2040 and Appendix 4 presents a detailed breakdown of findings for each English region.

² Northern Ireland has not been considered individually in this analysis due to a small sample size, reducing its statistical power.

2 Tenure

The tenure³ categories used in this research are owner-occupied (people who live in a property they own outright or with a mortgage), private rented (people who rent their property from a private landlord), and social rented (people who rent their property from a local authority, housing association or council housing management company that manages housing on behalf of a local authority).

Tenure projections suggest that there will be a notable increase in the proportion and number of people aged 65+ living in the private rental sector (PRS), rising from 4% in 2022 to 13.2% in 2040 (Table 1). Analysis indicates that there will be a corresponding decline in the proportion of people aged 65+ living in the owner occupied and social renting tenures (Figure 1). These findings are in line with forecasts by Shelter (2018) and Hamptons (2023), both of which predict a large increase in the number of older people living in private rented accommodation.

Table 1: Proportion of 65+ population in each tenure (2022 and 2040)

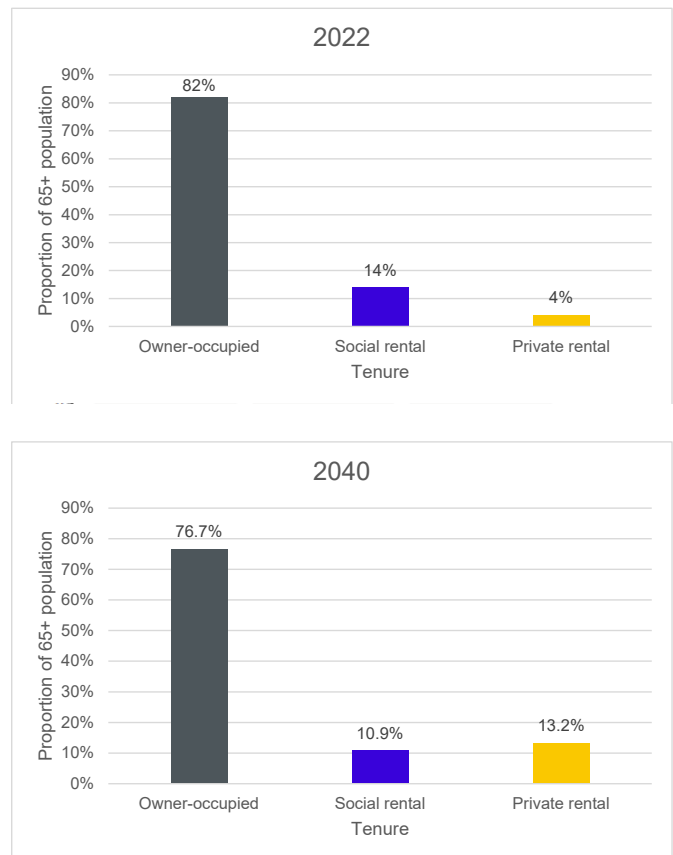
	Current	2040 projections
Owner occupied	82%	76.7%
Private rental	4%	13.2%
Social rental	14%	10.9%

The ONS population estimates forecast the number of people aged 65 and over living in the UK in 2040 to be 16,876,664 (Appendix 3). Mapping the tenure projections onto this population estimate suggests that there will be 12.9 million people aged 65+ who are owner-occupiers, 2.2 million who are private tenants, and 1.8 million who are social tenants in 2040.

Table 2: Projected numbers of 65+ population living in each tenure in 2040

	Owner-occupied	Private rented	Social rented
Projected number of people in tenure aged 65+ in 2040	12,944,401	2,227,720	1,839,556

Figure 1: Proportion of people age 65+ living in each tenure (2022 and 2040)



It is difficult to be sure about the factors that are driving this increase in renting in later life. Analysis of the predictive models revealed various characteristics that were significantly associated with renting. These included being a carer, a previous history of renting, lower capacity to regularly save money, having a disability or long-term health condition and belonging to a minority ethnic group. However, analysis of differences in the occurrence of these factors within the 2022 and 2040 samples of people aged 65 and over revealed only small variations between the two cohorts (Appendix 2). It was not possible to point to major differences in the characteristics of the two groups that might cast light on possible explanations for tenure change over time. Rather, it appears that the forecast change in tenure is the product of small differences across multiple variables between the two cohorts that have a notable cumulative impact over the timeframe covered by analysis (2022-2040).

³ https://www.understandingsociety.ac.uk/documentation/mainstage/variables/tenure_dv/

3 Poverty

Poverty was measured using the Households Below Average Income (HBAI) relative income after housing costs definition. Under this definition, people are considered to be in relative poverty if their household income is below 60% of the median post-housing-costs⁴ household income. This measure has been used in previous research into income and poverty, including the DWP's Income Dynamics (DWP, 2024a) and HBAI statistics (DWP, 2024b), and other Independent Age studies on older age poverty (Independent Age, 2022; Independent Age, 2023). Two sets of poverty forecasts were produced based on two potential scenarios:

- 1) *Scenario 1:* Relative poverty levels by tenure amongst the 65+ population in 2040 were presumed to be the same as poverty levels in 2022 within this population (static within-tenure poverty level)
- 2) *Scenario 2:* Relative poverty levels amongst the 65+ population were presumed to change between 2022 and 2040 in line with year-on-year trends in poverty levels since 2010 (changing poverty level)

3.1 Scenario 1: static poverty levels

Scenario 1 works on the assumption that relative poverty levels by tenure among the 65+ population will remain the same as current levels within this population. This scenario aligns with predictions by the Resolution Foundation, which forecast a stabilising of relative poverty levels among older people (Resolution Foundation, 2023).

For this scenario, the current level of relative poverty for each tenure was generated. This was then multiplied by the predicted proportion of people in each tenure (see Section 1) to generate a forecast of the proportion of people who will be in poverty and living in each tenure in 2040.

The Scenario 1 projections suggest that we may see a small increase in the proportion of older people in relative poverty, from 17.4% to 19.1%. We will also see some shifts in the distribution of poverty by tenure (Table 3). The highest growth is forecast to be in the private rented sector. However, the majority of older people experiencing poverty will continue to live in other tenures (Figure 2).

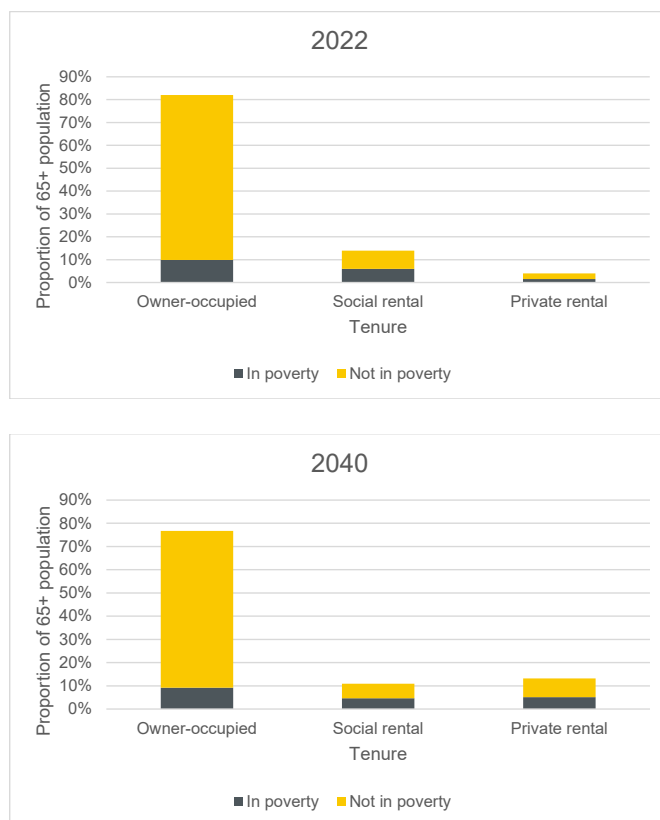
Table 3: Proportion of 65+ population in relative poverty by tenure (Scenario 1)

	Relative poverty within tenure		Percentage of 65+ population in poverty and tenure	
	2022	2040	2022	2040
Private rental	39%	39%	1.6%	5.2%
Social rental	43%	43%	6%	4.7%
Owned	12%	12%	9.8%	9.2%
Total	17.4%		19.1%	

Source: Understanding Society

⁴ Housing costs consist of monthly rent including any housing benefit received, or monthly mortgage payments including imputation. Full details can be found at: <https://www.understandingsociety.ac.uk/documentation/mainstage/user-guides/main-survey-user-guide/household-income-variables/>

Figure 2: Proportion of 65+ population in relative poverty by tenure (Scenario 1)



3.2 Scenario 2: changing poverty levels

Scenario 2 is based on the assumption that poverty levels among the population of people aged 65+ will change in line with year-on-year trends in relative poverty in the population of older people since 2010. While the year-on-year changes are small, the cumulative effect over time is notable and varies by tenure.

Analysis involved developing a regression model to explore the relationship between a range of factors and the incidence of relative poverty within the current population of people aged 65+. This model was then run on a sample of people who will be 65+ in 2040 to generate a forecast of the incidence of relative poverty in 2040. This model included adjusted projected tenures (Appendix 1.1).

Scenario 2 forecasts an increase in relative poverty among older people from 17.4% in 2022 to 22.9% in 2040 (Table 4). Despite the overall increase, the level of relative poverty falls among people who own their own home. The increase in relative poverty is concentrated in the rental tenures, with especially high poverty among social tenants. This finding is consistent with the increasing focus on need as the basis for

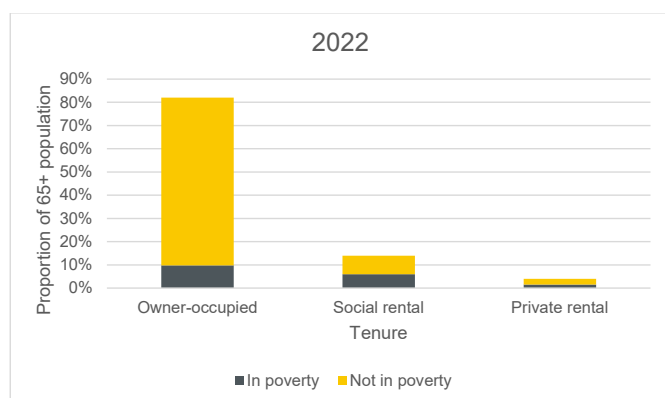
rationing access to the scarce resource that is social housing, resulting in the concentration of vulnerable or financially disadvantaged people within this tenure.

Table 4: Proportion of 65+ population in relative poverty by tenure (Scenario 2)

	Relative poverty within tenure		Percentage of 65+ population in poverty and tenure	
	2022	2040	2022	In 2040
Private rental	39%	50.1%	1.6%	6.6%
Social rental	43%	74.1%	6%	8.1%
Owned	12%	10.7%	9.8%	8.2%
Total	17.4%		22.9%	

Source: Understanding Society

Figure 3: Proportion of 65+ population in relative poverty by tenure (Scenario 2)



It is difficult to be sure about the factors driving this increase in relative poverty in later life. Analysis of the predictive models revealed various characteristics that were significantly associated with poverty. These included being a woman, belonging to a minority ethnic group, having a disability or long-term health condition, lower capacity to regularly save money and higher costs. However, analysis of differences in the occurrence of these factors within the 202 and 2040 samples of people aged 65 and over revealed only small variations between the two cohorts (Appendix 2). It was not possible to point to major differences in the characteristics of the two groups that might cast light on possible explanations for changes in levels of poverty over time. Rather, it appears that the forecast change in relative poverty is the product of small differences across multiple variables between the two cohorts that have a notable cumulative impact over the timeframe covered by analysis (2022-2040).

3.3 Mapping poverty onto population estimates

The ONS population estimates forecast that there will be 16,876,664 people aged 65 and over living in the UK in 2040 (Appendix 3). Mapping the tenure projections on the population estimates suggests that there will be more than 3 million people aged 65+ living in relative poverty in 2040 under Scenario 1, and nearly 3.9 million people aged 65+ living in relative poverty in 2040 under Scenario 2 (Table 5).

Table 5: Projected numbers of 65+ population living in relative poverty in 2040

	Scenario 1	Scenario 2
Projected overall poverty rate	19.1%	22.9%
Projected number of 65+ people living in relative poverty	3,054,676	3,864,756
Projected number of 65+ people living in relative poverty by tenure		
Owner-occupied	1,552,653	1,383,886
Private rental	877,587	1,113,860
Social rental	793,203	1,367,010

4 Tenure and poverty projections: individual characteristics

This section presents tenure and poverty projections by sex[1], disability[2] and capacity to regularly save money[3]. These forecasts employ the Scenario 2 predictions for relative income poverty (see Section 3) and adjusted projected tenures (Appendix 1.1). Note that due to the use of adjusted projected tenures, segmented results sum to the adjusted distribution rather than the distribution set out in Table 1.

4.1 Sex

The projections suggest that there will be an increase in relative poverty amongst both women and men between 2022 and 2040. However, the increase in poverty is forecast to be greater amongst women; from 20% to 26% in 2040, compared to an increase from 15% to 19% amongst men. Women will continue to be more likely to be in relative poverty than men both within and across all tenures.

The projections indicate that 14.5% of women will be living in the private rented sector in 2040 and over half (54%) will be in relative poverty. By 2040, 15.4% of men are forecast to be private tenants and almost half (45%) of these people will be in relative poverty.

The projections suggest that differences in the tenure situations of men and women will continue but there will be some notable changes. There is forecast to be a relatively large decline in the proportion of women in owner occupation (from 83.5% to 75.3% in 2040) and a commensurate increase in the proportion of women who are tenants. By 2040, it is forecast that a larger proportion of men will be owner occupiers (76.3%) than women (75.3%), in a reversal of the current situation.

Table 6: Proportion of 65+ population in relative poverty by sex in 2022 sample

Sex	Men			Women		
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	80.8%	3.9%	15.3%	83.5%	3.5%	13.0%
% of tenure in relative poverty	10%	42%	40%	15%	45%	42%
% of population in poverty	15%			20%		

Table 7: Projected proportion of 65+ population in relative poverty by sex in 2040

Sex	Men			Women		
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	76.3%	15.4%	8.3%	75.3%	14.5%	10.2%
% of tenure in relative poverty	7.8%	45%	69%	13%	54%	77%
% of population in poverty	19%			26%		

4.2 Disability

Currently, older people with self-reported disabilities or long-term health conditions are more likely to live in rented housing (21.5%) than older people without disabilities (13%). In particular, a relatively large proportion of people with disabilities live in social housing (17.5%). The projections suggest that by 2040 the likelihood of disabled people living in rented accommodation will have increased further to almost one in three (30.6%), compared to one in five non-disabled people (19.7%). This increase will largely be the result of a rise in the proportion of disabled people living in the private rented sector (from 4.1% to 14.4% in 2040), rather than an overall rise in the proportion of older people with a disability. The proportion of older people social renting is forecast to fall slightly (from 17.5% to 16.2%).

The incidence of relative poverty amongst older people with a disability is forecast to increase dramatically, from 18% to 29% in 2040. This compares to an increase in relative poverty in the non-disabled older population from 17.4% to 19% in 2040. Poverty levels are forecast to be particularly high in 2040 amongst older people with a disability who rent (61% for disabled people who rent privately and 76% for disabled people who rent from a social landlord).

Table 8: Proportion of 65+ population in relative poverty by disability status in 2022 sample

Disability status	Disability			No disability		
	Owned	PRS	Social	Owned	PRS	Social
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	78.4%	4.1%	17.5%	87.1%	3.1%	9.8%
% of tenure in relative poverty	13%	41%	37%	12%	49%	52%
% of population in poverty	18%			17.4%		

Table 9: Projected proportion of 65+ population in relative poverty by disability status in 2040

Disability status	Disability			No disability		
	Owned	PRS	Social	Owned	PRS	Social
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	69.4%	14.4%	16.2%	80.3%	15.1%	4.6%
% of tenure in relative poverty	11%	61%	76%	11%	44%	71%
% of population in poverty	29%			19%		

Table 10: Proportion of 65+ population in relative poverty by capacity to regularly save in 2022 sample

Capacity to regularly save	Saves			Does not save		
	Owned	PRS	Social	Owned	PRS	Social
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	86.9%	2.7%	10.4%	78.9%	4.3%	16.7%
% of tenure in relative poverty	7.8%	33%	37%	16%	49%	43%
% of population in poverty	11.5%			22%		

Table 11: Projected proportion of 65+ population in relative poverty by capacity to regularly save in 2040

Capacity to regularly save	Saves			Does not save		
	Owned	PRS	Social	Owned	PRS	Social
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	84.4%	10.9%	4.7%	68.7%	18.0%	13.3%
% of tenure in relative poverty	3%	29%	62%	18%	61%	78%
% of population in poverty	9%			34%		

4.3 Capacity to regularly save money

Analysis revealed an unsurprising correlation between the ability to save, living in rented accommodation and relative poverty. Drawing upon data captured by the Understanding Society question ‘Do you save any amount of your income?’, analysis revealed that people who are able to regularly save are currently less likely to live in rented accommodation (13%) than people who are not able to regularly save (21%). Regular savers are also less likely to be in relative poverty (11.5%) than older people who cannot regularly save (22%).

The incidence of relative poverty amongst older people who are not able to save is forecast to increase dramatically, from 22% to 34% in 2040, while relative poverty is forecast to fall amongst older people who are able to save (from 11.5% to 9% in 2040).

Analysis points to a notable projected increase in the proportion of older people who do not save who are living in rented accommodation (from 21% to 31.3% in 2040). Poverty levels are forecast to be far higher for people living in the private rented sector who do not save (61% in 2040), compared to private tenants who can save (29% in 2040). Poverty levels are projected to be highest for people who do not save and live in the social rented sector (78%).

5 Tenure and poverty projections: England, Scotland and Wales

This section presents tenure and poverty projections for the nations in Great Britain: England, Scotland and Wales, as well as the English regions. These forecasts employ the Scenario 2 predictions for relative income poverty (see Section 3). The projections point to increasing divergence in the situation across the three nations, as well as between the English regions.

5.1 Comparing England, Scotland and Wales

Currently, the level of relative poverty is similar across England, Scotland and Wales. Projections suggest that poverty levels will increase across the three nations, but that the increase will be smaller in Scotland (17.1% to 18.6% in 2040) than in England (17.7% to 23.8% in 2040) and Wales (16.5% to 21.2% in 2040).

The tenure profile of the older population is already different across the three nations, but this difference is projected to increase. In Scotland, the proportion of people in the private rented sector is projected to increase only very slightly and will remain relatively small (2.2% to 2.4% in 2040) and a relatively large proportion of older people are forecast to continue living in the social rented sector (17.9% to 17% in 2040). In England and Wales, there is forecast to be a large increase in the proportion of older people who are renting, driven by a notable increase in private renting. In Wales, for example, there is projected to be an increase from 4% to 17.9% in the proportion of older people who are living in the private rented sector.

Levels of relative poverty within tenures are forecast to increase most dramatically across all three nations in the social rented sector. For example, relative poverty amongst older people in England who rent from a social landlord is forecast to increase from 43% in 2022 to 74% in 2040. Small increases are also forecast in relative poverty within the private rented sector across all three nations.

Table 12: England

	Now			2040 forecast		
	Owned	PRS	Social	Owned	PRS	Social
Tenure						
% in tenure	82.2%	3.8%	14%	74.8%	13.8%	11.3%
% of tenure in relative poverty	13%	46%	43%	11%	51%	74%
% of population in poverty	17.7%			23.8%		

Table 13: Projected numbers of 65+ population in 2040 in England by tenure and poverty - based on ONS

population estimates (Appendix 3)

2040 65+ projection	Owner-occupied	Private rental	Social rental	Relative poverty
Proportion	74.8%	13.8%	11.3%	23.8%
Estimated number	10,592,136	1,954,164	1,600,149	3,370,225

Figure 4: Proportion of 65+ population in relative poverty by tenure in England

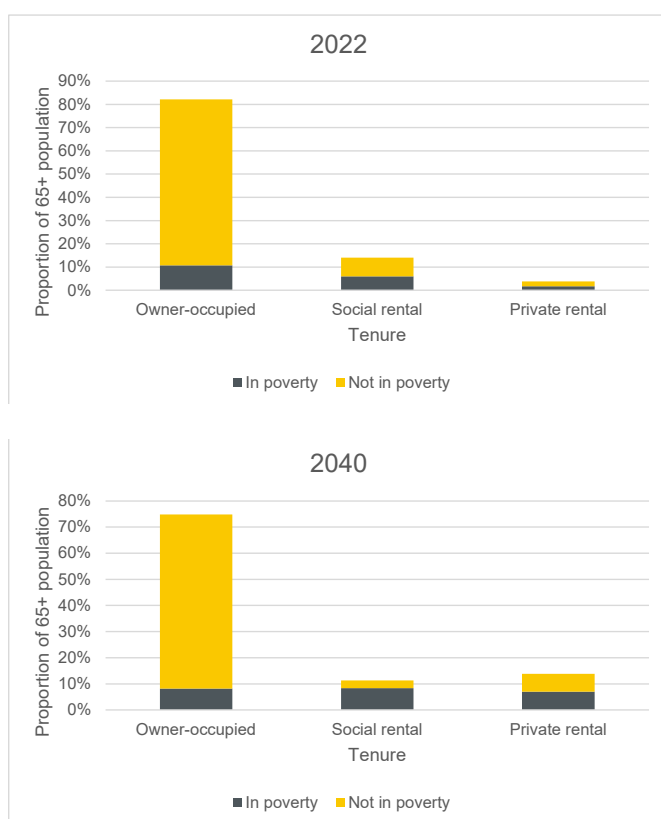


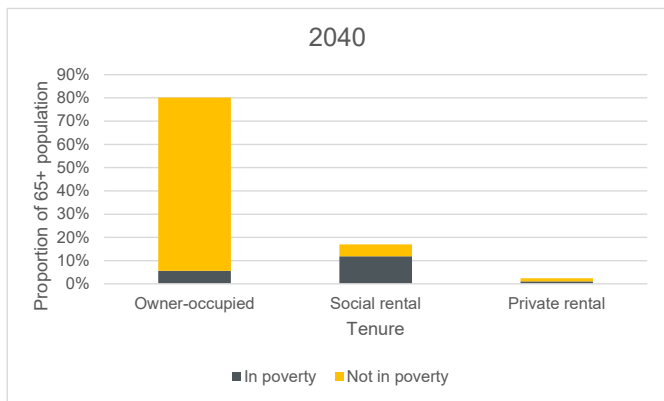
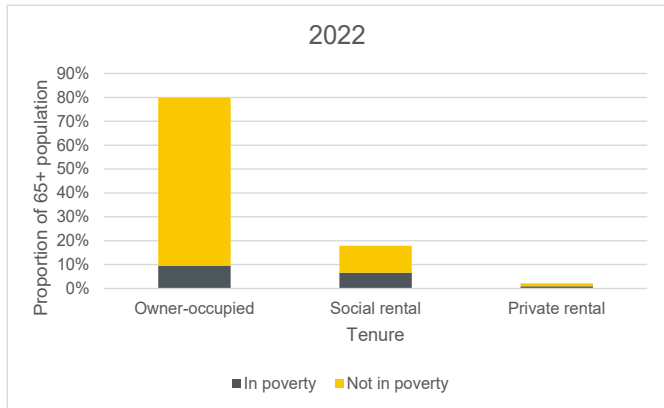
Table 14: Scotland

	Now			2040 forecast		
	Owned	PRS	Social	Owned	PRS	Social
Tenure						
% in tenure	79.9%	2.2%	17.9%	80.1%	2.4%	17%
% of tenure in relative poverty	12%	42%	37%	7%	44%	70%
% of population in poverty	17.1%			18.6%		

Table 15: Projected numbers of 65+ population in 2040 in Scotland by tenure and poverty - based on NRS population estimates (Appendix 3)

2040 65+ projection	Owner-occupied	Private rental	Social rental	Relative poverty
Proportion	80.1%	2.4%	17%	18.6%
Estimated number	1,118,882	33,525	152,257	259,815

Figure 5: Proportion of 65+ population in relative poverty by tenure in Scotland



2040 65+ projection	Owner-occupied	Private rental	Social rental	Relative poverty
Proportion	73.5%	17.9%	8.7%	21.2
Estimated number	624,521	152,094	73,923	180,134

Figure 6: Proportion of 65+ population in relative poverty by tenure in Wales

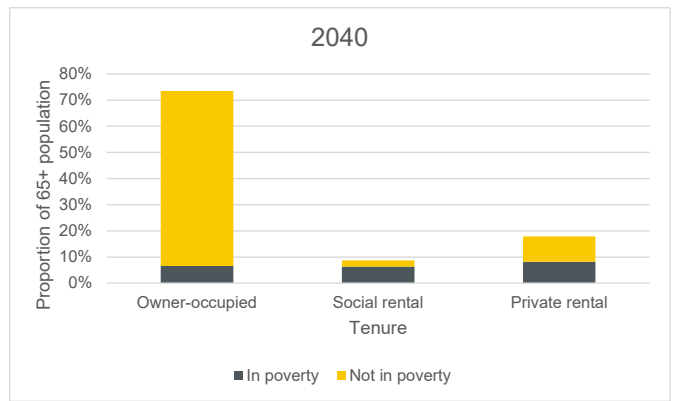
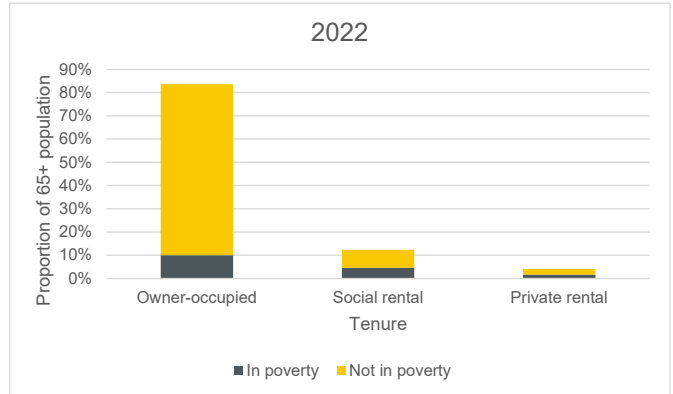


Table 16: Wales

	Now			2040 forecast		
	Owned	PRS	Social	Owned	PRS	Social
Tenure	83.6%	4%	12.4%	73.5%	17.9%	8.7%
% in tenure	12%	42%	37%	9%	46%	73%
% of tenure in relative poverty						
% of population in poverty	16.5%			21.2%		

Table 17: Projected numbers of 65+ population in 2040 in Wales by tenure and poverty - based on ONS population estimates (Appendix 3)

It is not possible to confidently assert reasons for the increasing divergence noted above in projections for Scotland, on the one hand, and England and Wales on the other. It is also important not to overstate the findings for Scotland's private rental sector, as the small size of its population (n=215 in Understanding Society) limits the statistical power and generalisability of results derived from this subgroup. However, insights into Scotland's housing context and the characteristics of the Scottish sample may shed light on why we see less change in Scotland's predicted tenure and poverty profiles.

First, Scotland has a larger and more resilient social housing sector in comparison to other UK nations. This is in part due to post-devolution differences in housing policy in Scotland. In particular, the end of Right-to-Buy in 2016 and the Affordable Housing Supply Programme, introduced in 2011, contribute to a more sustainable social housing stock than elsewhere in the UK (Serin et al., 2018). Second, by comparing descriptive statistics for 53-59 year olds in Wave 2 (2010-2012) and Wave 12 (2020-2022), we are able to identify changes in characteristics among the current and future cohorts of older people before entering older age. In Scotland, we see a notable decrease in the incidence of disability among 53-59 year olds (49% in the 2010-2012 cohort and 37% in the 2020-2022 cohort, or a

12% decrease), and an increase in employment levels among 53-59 year olds (75% in the 2010-2012 cohort and 65% in the 2020-2022 cohort, or a 10% increase). These are larger changes than we see in the England sample (a 7% decrease in the proportion of respondents with disabilities between cohorts, and a 6% increase in employment).

5.2 Variations between English regions

Currently, the level of relative poverty in the older population varies across the nine regions of England, ranging from 13.9% in the South East to 21.4% in London and in Yorkshire and the Humber (see Appendix 4 for full details). Projections suggest that poverty levels will increase across all nine regions of England by 2040 but that regional differences will become more pronounced. Smaller increases are forecast in the South (15.1% to 18.5% in 2040) and larger increases are forecast in London (21.4% to 30.2% in 2040), with relatively high levels of poverty also being forecast in the older population in regions of the North and the Midlands.

The tenure profiles of the older population are already different across the regions of England. These differences are projected to increase, supporting the findings of previous research exploring the changing and unequal geographical distribution of older age renters in England (Independent Age, 2024). In London, there is forecast to be a very small increase in the proportion of older people renting (29.3% to 32.5% in 2040). This increase will be driven by an increase in the proportion of older people living in the private rented sector, although the projected increase will be relatively small compared to some other regions (3.6% to 7.1% by 2040). A relatively large proportion of older people in London are forecast to continue living in the social rented sector (25.7% to 25.4% in 2040). Relatively large increases in the proportion of older people in the private rented sector are projected in the South West (4.8% to 26.4% in 2040), North East (5.8% to 23.3% in 2040), Yorkshire and the Humber (5.1% to 19.8% in 2040).

Levels of relative poverty within tenures are forecast to increase most dramatically in the social rented sector across all regions. For example, relative poverty amongst older people in Yorkshire who rent from a social landlord are forecast to increase from 47% to 81% in 2040. Poverty levels within the increasing proportion of older people forecast to be living in the private rented sector are projected to continued to be relatively high but to vary between regions. Most notably, poverty levels are projected to fall slightly in the three regions of the South, whilst increasing notably in London, the North and Midlands.

Table 18: London

	Now	2040 forecast
Tenure	Owned	PRs
% in tenure	70.1%	3.6%
% of tenure in relative poverty	12%	48%
% of population in poverty	21.4%	30.3%

Tenure	Owned	PRs	Social	Owned	PRs	Social
% in tenure	70.1%	3.6%	25.7%	67.5%	7.1%	25.4%
% of tenure in relative poverty	12%	48%	44%	12%	62%	69%
% of population in poverty	21.4%			30.3%		

Table 19: North of England

	Now			2040 forecast		
Tenure	Owned	PRs	Social	Owned	PRs	Social
% in tenure	80%	4.6%	15.6%	73.4%	17.4%	9.2%
% of tenure in relative poverty	13%	47%	41%	11%	55%	79%
% of population in poverty	18.9%			25.1%		

Table 20: South of England (excluding London)

	Now			2040 forecast		
Tenure	Owned	PRs	Social	Owned	PRs	Social
% in tenure	85.3%	3.7%	11%	75.7%	16.8%	7.5%
% of tenure in relative poverty	10%	46%	43%	8%	44%	71%
% of population in poverty	15.1%			18.5%		

Table 21: Midlands

	Now			2040 forecast		
Tenure	Owned	PRs	Social	Owned	PRs	Social
% in tenure	85.4%	2.8%	11.8%	81%	8.7%	10.3%
% of tenure in relative poverty	15%	43%	43%	16%	56%	85%
% of population in poverty	19%			26.5%		

It is difficult to be sure about the reasons for increasing divergence in projections for the English regions. However, by comparing descriptive statistics for 53-59 year olds in Wave 2 (2010-2012) and Wave 12 (2020-2022) we are able to point to changing characteristics of the older population in the different English regions, which help to cast light on possible explanations for regional differences:

- Health - the 2020-2022 England sample had a lower level of disability or long term health conditions (37%) than the 2010-2012 sample (47%), indicating an overall improvement

in health status with time. However, some regions (for example, the North East and South West) saw little or no improvement in the incidence of disability between cohorts.

- Capacity to regularly save - in the overall England sample, there was a drop in regular savings capacity between the 50s and 65+ age bands. However, the North East saw a lower level of regular saving was already apparent among 53-59 year olds and continued into older age, suggesting that problems around being able to regularly save emerge earlier in life in this region. Consequently, people have less time to build up savings that they can draw upon in later life. In addition, the 2010-2012 cohort in Yorkshire and the Humber saw a notable decrease in savings capacity and increase in poverty between the 50s and 65+ age bands. These shifts were higher than the overall English levels.
- Private renting during the life course – in the overall sample, there was a drop in the proportion of the 2010-2012 cohort living in privately rented housing between the 50s and 65+ age bands. However, some regions (for example, the North East and Yorkshire and the Humber) saw a reverse of this pattern, with a higher proportion of this cohort living in the private rental sector when aged 65+ than when they were aged 53-59.

6 Conclusion

This study forecasts that almost one-quarter of older people (65 years+) will be living in rented accommodation by 2040. This increase will be driven by a projected rise in the proportion of people aged 65+ living in the private rental sector (rising from 4% in 2022 to 13.2% in 2040). Increasing numbers of older people will therefore be exposed to problems that are commonly associated within the private rented sector, including a lack of security and control, poor quality housing lacking design features that promote accessibility and affordability problems.

Analysis suggests that relative poverty among older people will increase from 17.4% to 22.9% in 2040. The large majority of people who are renting are forecast to be living in poverty by 2040. Based upon trends in poverty since 2010, 74.1% of older people who are social tenants and 50.1% of older people who are private tenants are forecast to be living in poverty by 2040. By 2040, almost two-thirds of all older people living in poverty (64.2%) will be living in rented accommodation, despite over three-quarters (76.7%) of all older people being owner occupiers.

Increasing housing insecurity and poverty will impact on the experiences of older people and challenge the stated policy ambition in England, Scotland and Wales of promoting healthy ageing, preventing or delaying the onset of long-term conditions and supporting older people to live independently. The knock-on consequences for health and social care services could be significant. There is therefore an urgent need to chart an alternative future to that which has been mapped out by this study.

Responding to this challenge, it will be important to be mindful of a number of more nuanced findings that emerged from this study:

- women are more likely than men to experience poverty in older age and projections suggest the gender-gap will increase resulting in 26% of older women being in poverty by 2040, compared to 19% of men.
- a relatively large proportion of older people with a disability are currently living in poverty and this proportion is forecast to increase dramatically by 2040, from 18 to 29% (compared to a rise from 17.4% to 18.9% for older people not living with a disability).
- there are notable geographical variations in projections of housing tenure and poverty. The increase in poverty is projected to be greater in England and Wales than in Scotland. In Scotland, almost two-thirds of older people living in poverty are forecast to be living in social housing by 2040, minimising exposure to the insecurities of private renting in older age and making it easier to target the policy response. In England, the population of older people experiencing poverty is forecast to be spread more evenly across housing tenures.
- situations in older age are informed by experiences during the life-course. This helps explain notable differences in housing tenure and poverty projections for the English

regions, which appear, in part, to reflect geographical variations health and disability, capacity to regularly save, and the incidence of private renting through the life course.

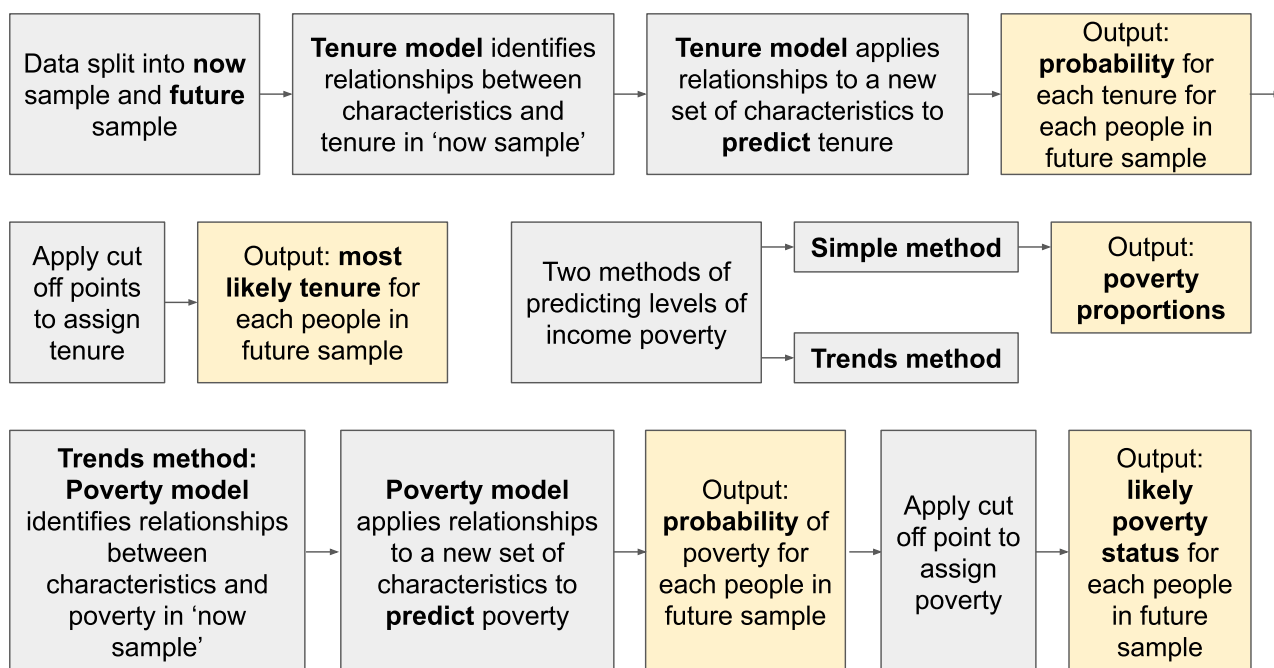
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Appendix 1: Methodology

Analysis was undertaken using the statistical software R. Models were built using the 'svyglm' command from the Survey package.

Analysis flowchart:



Sample allocation:

We split the Understanding Society data into three samples:

- 'Train' - a random sample of 70% of respondents who are 65 or older
- 'Test' - the remaining 30% of respondents who are 65 or older
- 'Predict' - a sample of respondents who will be 65 or older in 2040
- A randomised set of respondents were removed from the 'Predict' sample to reflect the UK Government National population projections mortality assumptions for men and women in 2040 (ONS, 2020)

Tenure prediction:

Model building	We used the 'train' sample to build three longitudinal regression models (owner-occupied, private rental, and social rental) with a logistic dependent variable of each tenure type to identify trends in tenure among older people since 2010.
<i>Likelihood of being a private renter ~ sex + Housing Benefit claim + household size + carer status + ethnicity + disability status + housing costs + region + cohort + age + data collection year + tenure history + highest education + employment status + ability to regularly save money</i>	
Model validation	We compared the Akaike information criterion (AIC) scores of models throughout the modelling process to ensure the selected variables contributed to model fit. AIC demonstrates how well a model fits the data it is based on by measuring prediction error. Models were tested on the 'test' dataset, allowing us to compare the predicted and real values and determine the accuracy of the models.
Prediction	<p>The models were run on the 'predict' sample, producing probabilities for each tenure for each person in the sample.</p> <p>Predictions were also run on the train sample to generate a likelihood threshold for each tenure, based on at what threshold the train data reached near 100% accuracy. This is the value at which we can say a person is most likely to be in that tenure. The use of a likelihood threshold allows the analysis to capture external effects on tenure likelihood that are not included in the individual data (e.g. housing markets).</p> <p>Predicted tenure was assigned based on the same threshold for the 2040 sample. In borderline cases, both tenures were assigned at this stage.</p>

Poverty prediction (Scenario 1):

We generated the current level of relative poverty for each tenure and multiplied this by the predicted proportion of people in each tenure to calculate what proportion of people will be in poverty and in each tenure in 2040.

Poverty prediction (Scenario 2):

Model building	We used the 'train' sample to build a longitudinal regression model with a logistic dependent variable of whether or not the respondent is below 60% of the median income, in order to identify trends in poverty among older people since 2010.
<i>Likelihood of being in poverty ~ tenure + data collection year + sex + household size + carer status + ethnicity + disability status + housing costs + region + cohort + age + highest education + employment status + property value + ability to regularly save money</i>	
Model validation	We compared the Akaike information criterion (AIC) scores of models throughout the modelling process to ensure the selected variables contributed to model fit. AIC demonstrates how well a model fits the data it is based on by measuring prediction error. Models were tested on the 'test' dataset, allowing us to compare the predicted and real values and determine the accuracy of the models.
Prediction	<p>The models were run on the 'predict' sample, producing probabilities for poverty for each person in the sample. At this stage, predicted tenures were adjusted to ensure each individual only had one tenure assigned. In cases where an individual met the threshold for two tenures, the tenure with the highest probability was assigned. This resulted in a slightly higher private rental proportion (14.8%), and slightly lower home ownership (75.7%) and social rental (9.4%) proportions.</p> <p>Predictions were also run on the train sample to generate a likelihood threshold for poverty, based on at what threshold the train data reached near 100% accuracy. This is the value at which we can say a person is most likely to be in poverty. The use of a likelihood threshold allows the analysis to capture external effects on poverty likelihood that are not included in the individual data.</p> <p>Predicted poverty status was assigned based on the same threshold for the 2040 sample.</p>

1.1 Adjusted tenure projections

The Scenario 2 poverty projections and segmented results used an adjusted version of the overall tenure projections (Table 1). As these analyses required each individual in the dataset to only have one predicted tenure assigned to them, in cases where an individual met the threshold for two tenures, the tenure with the highest probability was assigned. This resulted in a slightly higher private rental proportion (14.8%), and slightly lower home ownership (75.7%) and social rental (9.4%) proportions. This adjusted projected tenure distribution underlies the Scenario 2 poverty projections and segmented results.

Appendix 2: Sample comparison

By comparing descriptive statistics for 53-59 year olds in Wave 2 (2010-2012) and Wave 12 (2020-2022), we are able to compare 'starting points' for the current and 2040 65+ samples. The sample comparison indicates that, in many ways, the 2040 65+ population will be in a better 'starting position' across several variables than the current 65+ population.

- The Wave 12 sample has a lower level of disability or long term health conditions (37%) than the Wave 2 sample (47%).
- The tenure profile is largely the same, but shows a decrease in social housing (16% to 13%).
- The median income after housing has increased (£1244 to £1820), as have median housing costs (£191 to £295). These
- have increased in proportion to one another. Median property wealth has increased (£200,000 to £250,000).
- The level of relative income poverty has decreased slightly (21% to 18%).
- Household sizes and caring responsibilities are the same across both profiles.
- Levels of education have increased significantly.
- Levels of employment are higher in the Wave 12 sample (74%) than the Wave 2 sample (68%).
- Regularly saving money is more prevalent in the Wave 12 sample (50%) than the Wave 2 sample (44%).

Appendix 3: 2022 And 2040 Population Estimates

	2022 65+ population estimates (ONS, 2024b)	2040 65+ population estimates
UK	12,736,451	16,876,664 (ONS, 2024a)
England	10,629,867	14,160,610 (ONS, 2024a)
Scotland	1,097,395	1,396,857 (NRS, 2023)
Wales	673,740	849,688 (ONS, 2024a)

Appendix 4: English regional results

1 North East

	Now			2040 forecast		
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	75.3%	5.8%	18.9%	67.7%	23.3%	9%
% of tenure in relative poverty	13%	47%	34%	9%	56%	77%
% of population in poverty	19.3%			25.9%		

2 North West

	Now			2040 forecast		
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	81.4%	3.8%	14.8%	77.3%	13.2%	9.5%
% of tenure in relative poverty	11%	46%	40%	9%	50%	78%
% of population in poverty	16.8%			21.3%		

3 Yorkshire and the Humber

	Now			2040 forecast		
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	79.8%	5.1%	15.1%	71.3%	19.8%	8.9%
% of tenure in relative poverty	15%	49%	47%	15%	58%	81%
% of population in poverty	21.4%			29.4%		

4 East of England

	Now			2040 forecast		
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	83.2%	3.7%	13.1%	77%	13.9%	9.1%
% of tenure in relative poverty	11%	49%	43%	8%	46%	73%
% of population in poverty	16.8%			19.3%		

5 South East

	Now			2040 forecast		
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	86.9%	3%	10.1%	80%	12.2%	7.9%
% of tenure in relative poverty	10%	41%	43%	8%	41%	72%
% of population in poverty	13.9%			16.8%		

6 South West

	Now			2040 forecast		
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	85.3%	4.8%	10%	68.3%	26.4%	5.3%
% of tenure in relative poverty	10%	49%	41%	7%	44%	63%
% of population in poverty	15.2%			20.1%		

7 East Midlands

	Now			2040 forecast		
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	85.6%	2.8%	11.6%	82.4%	7.9%	9.7%
% of tenure in relative poverty	15%	42%	48%	17%	63%	84%
% of population in poverty	19.5%			27%		

8 West Midlands

	Now			2040 forecast		
Tenure	Owned	PRS	Social	Owned	PRS	Social
% in tenure	85.2%	2.8%	11.9%	79.8%	9.4%	10.8%
% of tenure in relative poverty	15%	44%	40%	15%	51%	87%
% of population in poverty	18.5%			26.1%		

