

Research

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Elevating the Golden Years

Senior living opportunities in India's evolving market



Foreword

India is at a pivotal moment today in its demographic evolution, with the senior citizen population set to increase significantly over the next few decades, with projections indicating a more than twofold increase in the senior population to 347 million by 2050, representing 21% of the total population. This shift not only presents an opportunity but creates an urgent need to reimagine how we provide for and support our ageing population. The Association of Senior Living India (ASLI) is committed to advancing the senior care sector by advocating for policy reforms, promoting best practices, and raising industry standards to ensure the well-being and dignity of our rising elderly population.

The insights presented in this report by JLL provide a detailed exploration of the growth potential within India's senior housing market. It highlights critical factors driving this growth, such as changing family structures, increased life expectancy, and the sharply increasing demand for quality senior care. These insights underscore the necessity of developing a robust senior living infrastructure. Currently valued at INR 15,500 crore (USD 1.8 billion), the market is projected to expand to INR 64,500 crore (USD 7.7 billion) by 2030. Despite this substantial growth, a significant gap between supply and demand is expected to persist, signaling considerable long-term opportunities within the sector.

The report also analyses current challenges to the growth of senior care in India, such as investing in high-quality infrastructure and skilled manpower, limited financial products tailored for seniors, particularly reverse mortgages, and appropriate insurance products along with the urgent need for GST rationalisation, which can help unlock tremendous growth for this sector.

At ASLI, we are dedicated to spearheading industry-wide collaborations to address these gaps and enhance the quality of life for seniors. By partnering with key stakeholders, we aim to develop innovative models that cater to the diverse needs of senior citizens and ensure long-term development. I believe this report will serve as a valuable roadmap for policymakers, developers, and investors as we collectively work toward shaping a more inclusive future for India's elderly population, building golden futures for twilight years.



Rajit Mehta

*Chairman, Association of Senior Living India (ASLI)
MD and CEO, Antara Senior Living*

Preface

India stands at the cusp of a monumental demographic shift, poised to redefine the landscape of senior living and care. As we approach 2030, our nation's senior population is projected to surge to an unprecedented 191.5 million, with potential demand for senior living units reaching 2.27 million households. This seismic change presents both formidable challenges and exciting opportunities for the real estate and healthcare sectors, necessitating innovative solutions and strategic foresight.

“Elevating the Golden Years: Senior Living Opportunities in India’s Evolving Market” offers a comprehensive analysis of India’s burgeoning senior living sector. Drawing on extensive research and industry insights, this report navigates the complex interplay of demographic shifts, supply-demand dynamics, and regulatory environments shaping this nascent yet promising market. Our exploration delves into the cultural metamorphosis fostering greater acceptance of senior living concepts, the burgeoning demand for both standalone and intergenerational communities, and the escalating need for specialized healthcare services within these settings. Crucially, we address the pressing need for economically viable alternatives to current offerings, which predominantly cater to affluent demographics. As we examine potential solutions, from government subsidies to innovative financing models, we envision a future where quality senior living is accessible across all income brackets.

Key findings illuminate the sector’s trajectory:

- India is home to the world’s second-largest senior population, projected to grow from 156.7 million in 2024 to 191.5 million by 2030
- The estimated target market for senior living facilities is expected to expand from ~1.57 million households in 2024 to around 2.27 million by 2030
- With a penetration rate of merely 1.3%, India’s senior living sector is in its infancy compared to mature markets like the United States and Australia (over 6%), underscoring vast untapped potential and ample room for growth

As we delve into the data and trends, we remind readers that behind every statistic lies a human story - a grandparent seeking comfort, a retiree pursuing passions, a couple embarking on their golden years together. This is their story, and collectively, it’s India’s story. As India’s senior living sector embarks on its growth trajectory, we invite you to join us in reimagining a future where every senior citizen can access the care, community, and dignity they deserve. Together, let us elevate the golden years for millions of Indians, transforming demographic challenges into opportunities for innovation, growth, and societal progress.



Karan Singh Sodi

Senior Managing Director - Mumbai MMR & Gujarat and Head - Alternatives, India

Introduction



From first steps to golden years: Housing needs evolve with life's journey

Life's journey is mirrored in our ever-changing housing needs, a dynamic progression that reflects our evolving priorities, finances, and lifestyles. The adventure begins in student housing, where young adults embrace communal living. As careers take off, many transition to co-living arrangements, trading space for the excitement of urban centres and job opportunities. The next phase often coincides with family formation, as singles and couples gravitate towards single-family residential homes, seeking more space and stability. This phase can span decades, with many transitioning from renting to buying while others become “move-up buyers”, upgrading to larger or more desirable properties as careers flourish and families grow. The golden years usher in the era of active adult communities, offering a blend of independence and social engagement for those 60 and older.

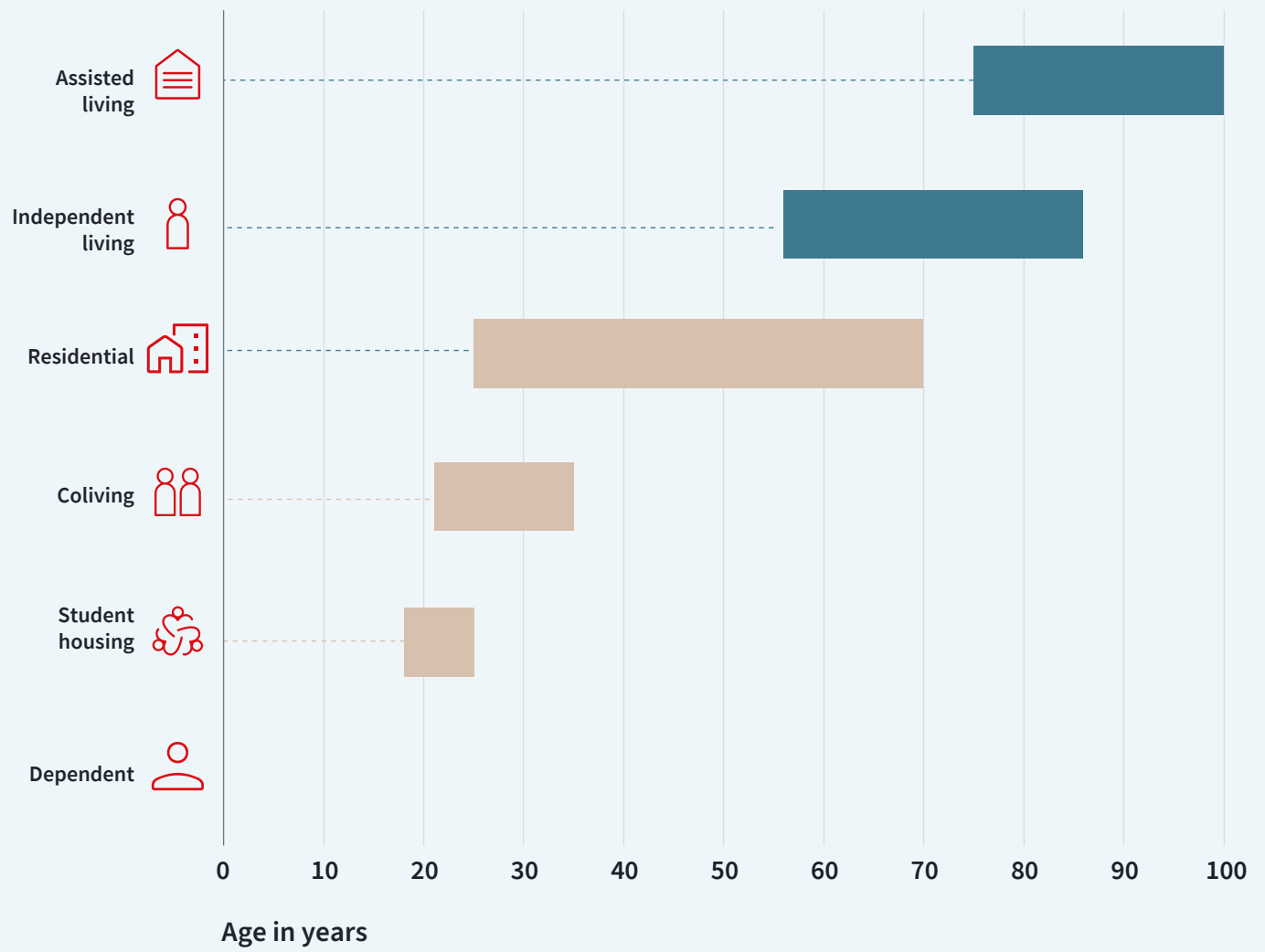
Finally, the journey culminates in assisted senior living where specialized care and support become paramount. This stage, typically beginning in the mid-70s, encompasses a range of options from assisted living to skilled nursing facilities, each tailored to meet the unique health and lifestyle needs of older adults.

This housing evolution underscores the importance of a diverse, adaptable real estate market capable of accommodating our changing needs throughout life. It is a testament to the complex interplay between our personal growth, societal roles and living environments. In this report, as we focus on senior living, it is crucial to recognize it as the culmination of this lifelong progression - a stage that demands innovative solutions to ensure comfort, care, and dignity in our later years.



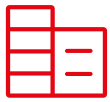
Figure 1

The living cycle



Source: JLL Research





Senior living: A distinct blend of real estate, hospitality, and healthcare

Senior living has evolved into a multifaceted industry that seamlessly integrates real estate, hospitality, and healthcare to address the diverse needs of older adults. This sector offers a wide array of housing options and services designed for individuals typically 60 and older, with the primary goal of promoting independence, social engagement, and convenience. The continuum of care provided includes independent living communities, assisted living facilities, memory care units for those with cognitive impairments, and continuing care retirement communities (CCRCs).

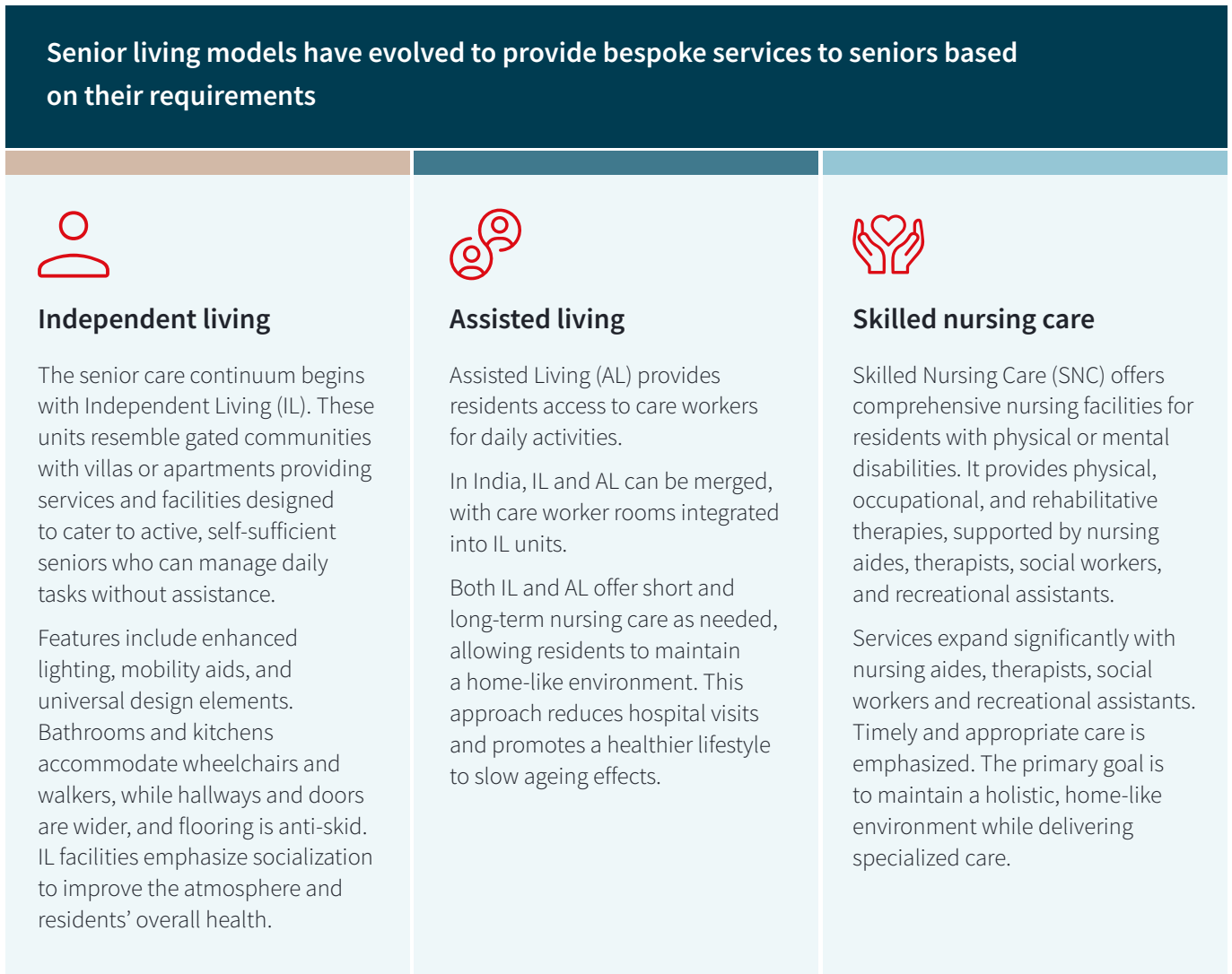
This comprehensive approach allows seniors to transition smoothly between different levels of support as their needs change, enabling them to age with dignity in a nurturing environment.

As the sector continues to evolve, it places a strong emphasis on enhancing residents' quality of life, delivering personalized care, and cultivating a robust sense of community. The senior living industry's adaptability and focus on meeting the changing preferences of older adults have positioned it as a crucial component in addressing the challenges and opportunities presented by an ageing global population.

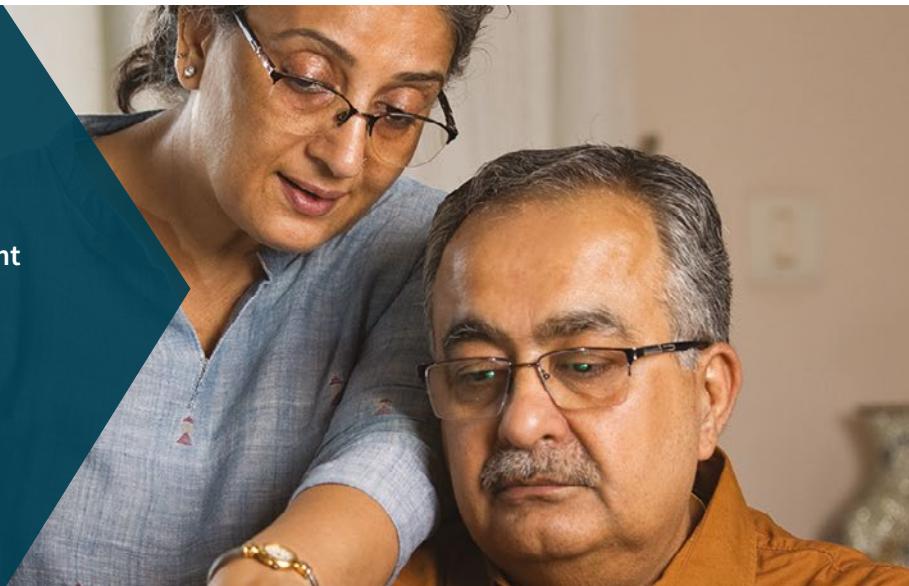


Figure 2

The senior living spectrum



Continuous Care Retirement Communities: Modern developments integrate IL, AL, SNC, and optional Alzheimer's care within a single campus, sometimes phased over time. This creates Continuing Care Retirement Communities (CCRCs), offering a full care continuum in one location. CCRCs are growing in India with several operators in the independent living space introducing specialized care services within the same community.





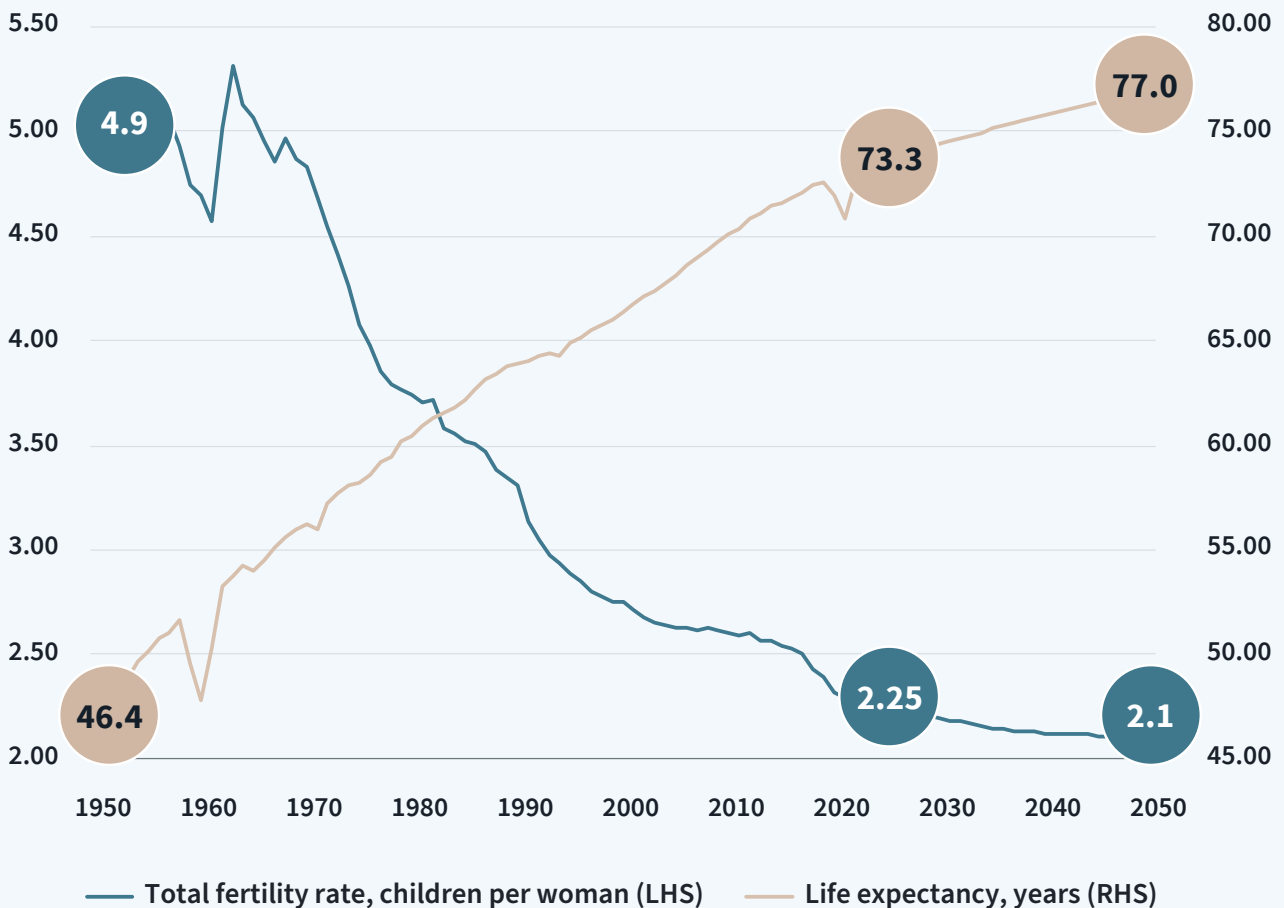
22% of the world population in 2050 would be above 60 years in age

Population ageing stands as an inescapable and enduring shift in our global demographics, a testament to the strides made in healthcare and medical advancements. Across the world, population structures are undergoing a metamorphosis, driven by two key factors: people are living longer, and fertility rates are dropping. To put it in perspective, humans born in 1950 could expect to live, on average, a mere 46.4 years.

Fast forward to 2024, and that figure has skyrocketed to 73.3 years. In stark contrast, fertility rates have taken a nosedive during this same span, plummeting from an average of 4.9 children per woman to just 2.3. These demographic shifts paint a vivid picture of a world where longevity is on the rise, while reproduction rates are in steady decline.

Figure 3

Trends in total fertility rate and life expectancy, world

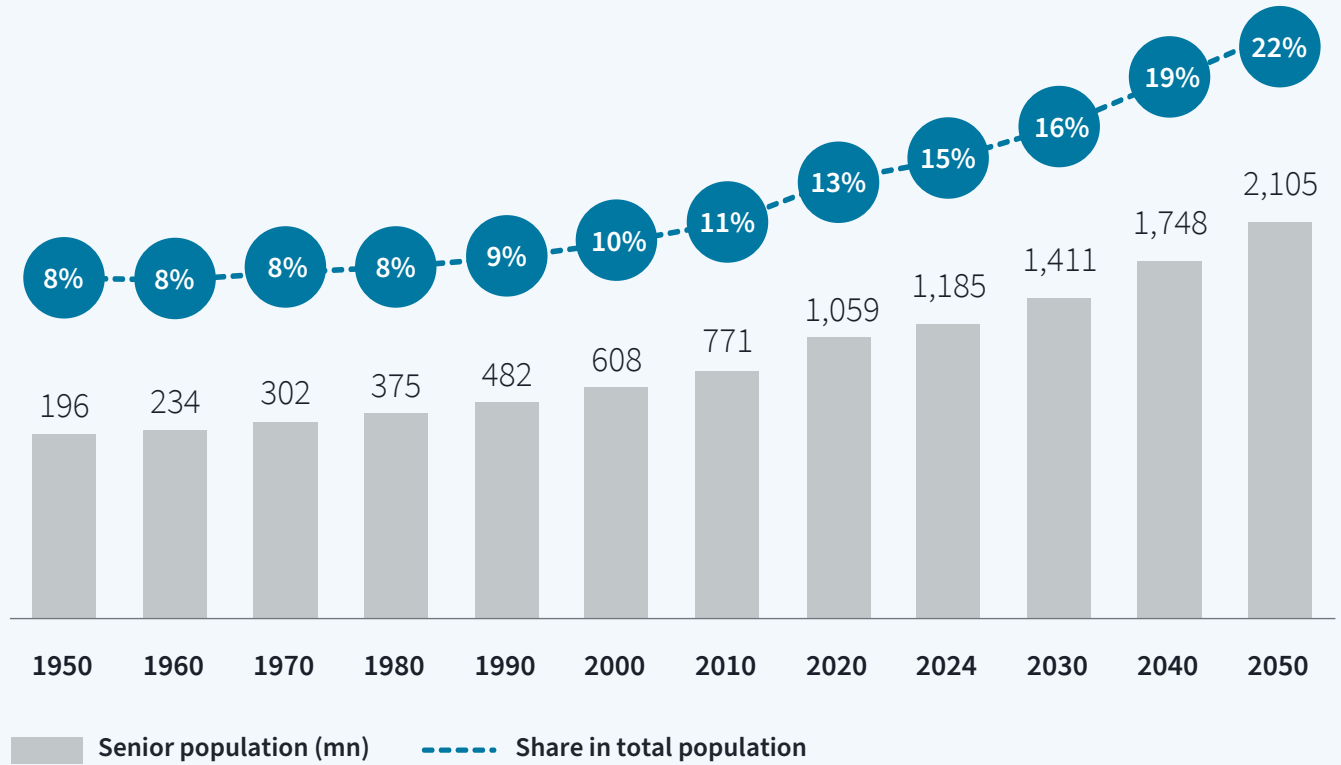


Source: United Nations World Population Prospects 2024

This demographic revolution is crafting a new reality where the elderly constitute an ever-growing segment of society. The world is not just expanding in numbers, it is also growing older. The result is a marked increase in both the proportion and absolute number of senior citizens globally.

Figure 4

Senior population and share in total population, world



Source: United Nations World Population Prospects 2024





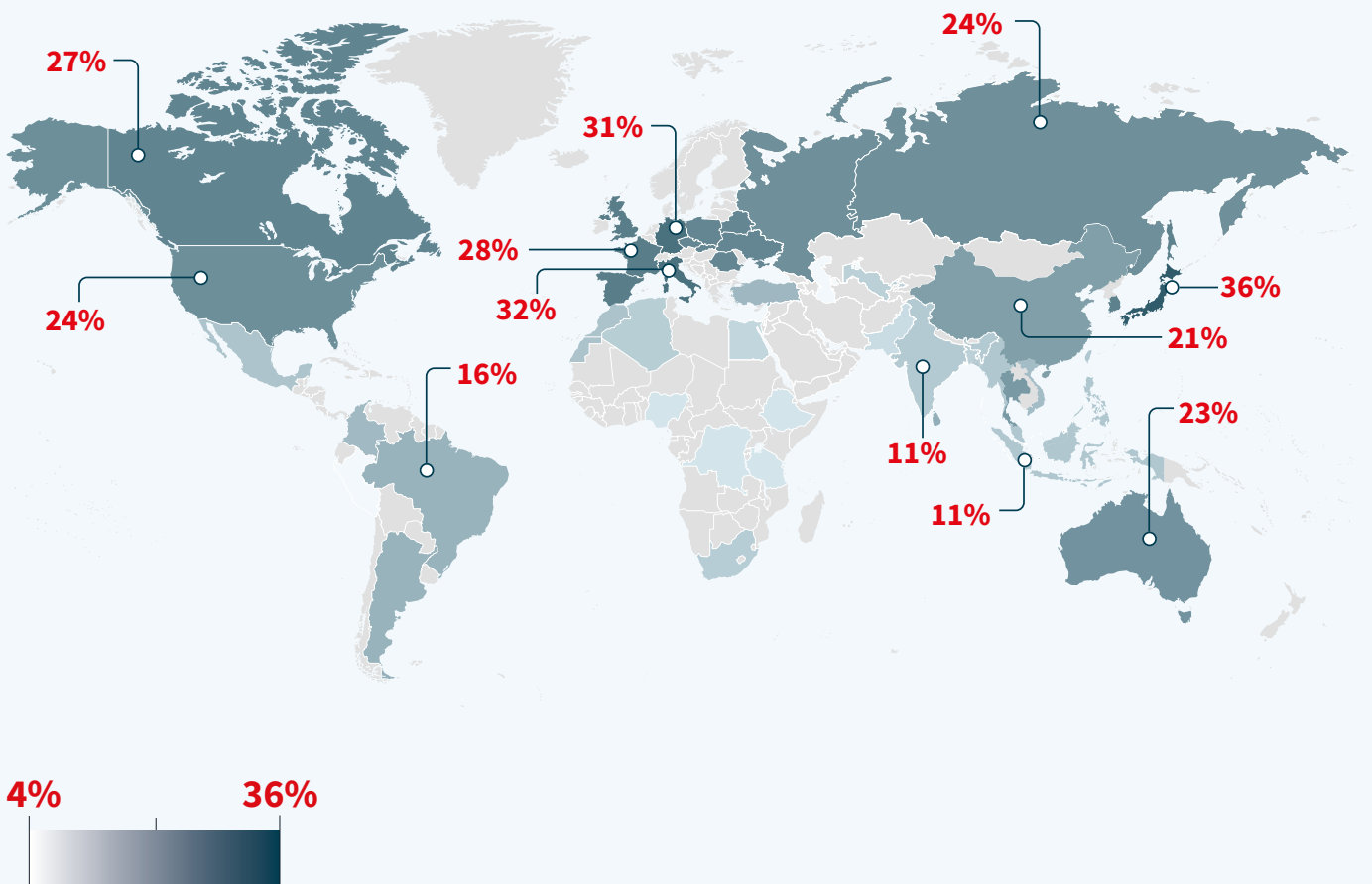
India: Home to the world's second-largest elderly population in 2024

The pace of population ageing has been more pronounced in developed nations, which have already transitioned from high to low fertility and mortality rates. However, in the coming decades, developing countries are projected to experience a more rapid growth in their senior population, outpacing that of developed nations.

This shift will present unique challenges and opportunities for these emerging economies, requiring swift adaptation in policies and infrastructure to accommodate an increasingly older demographic.

Figure 5

Share of senior population in total population 2024

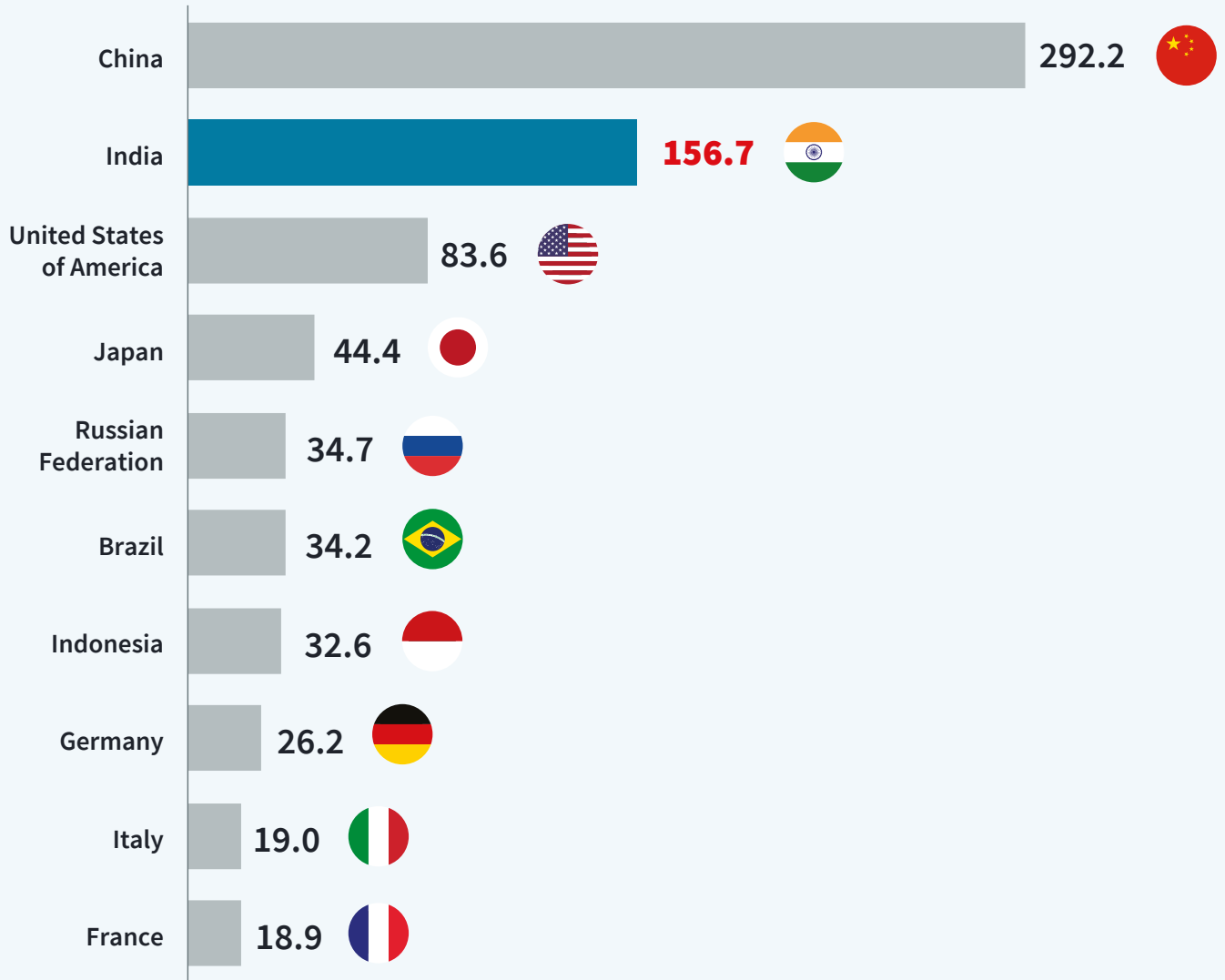


Source: United Nations World Population Prospects 2024

India, celebrated for its youthful demographic, is no exception to this phenomenon of population ageing. While still relatively young with only 11% of its populace over 60, the sheer scale of India's population means this translates to a staggering 156.7 million elderly citizens as of 2024.

Figure 6

Senior population across countries in 2024 (mn)



Source: United Nations World Population Prospects 2024





India's senior population is projected to more than double by 2050

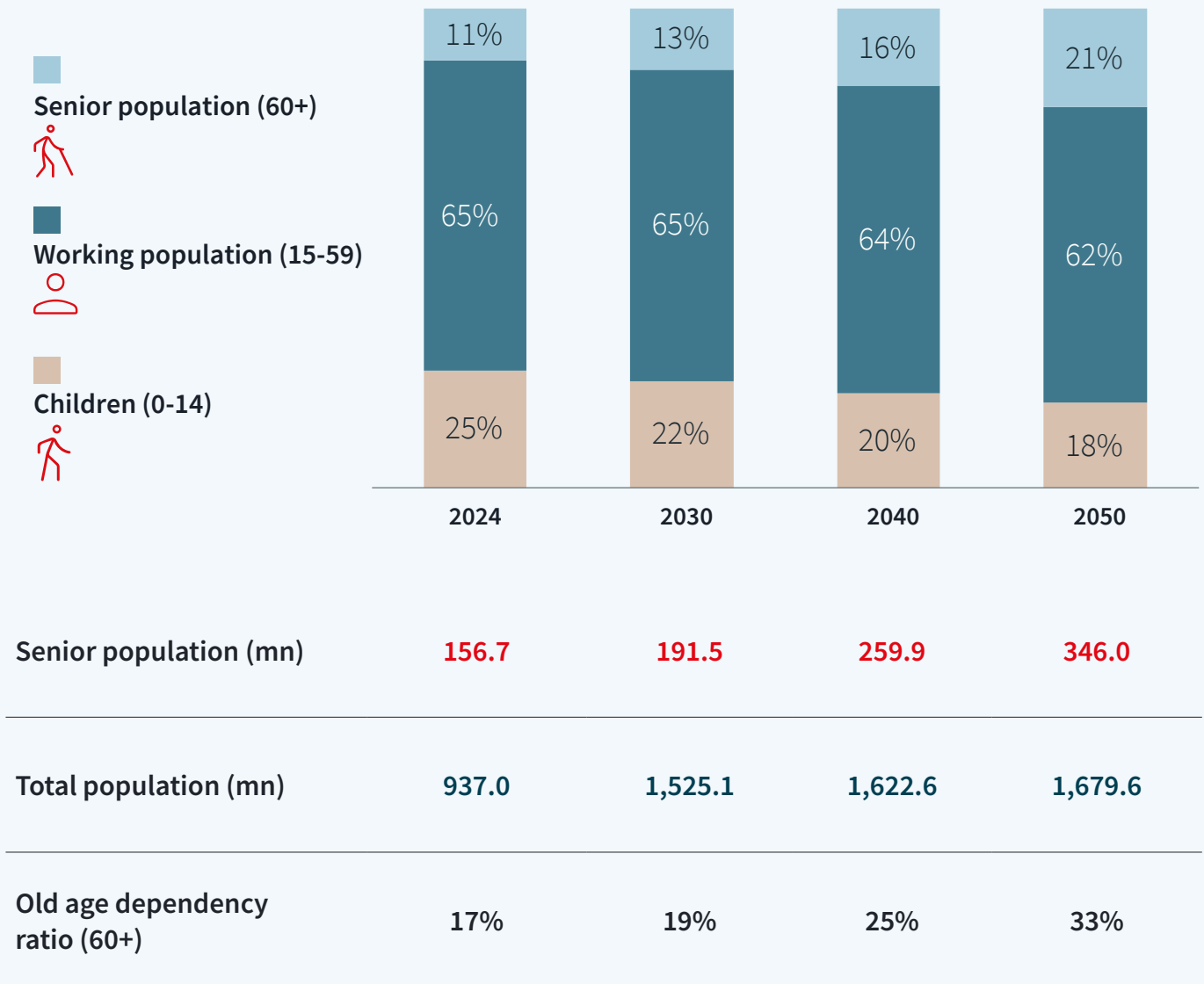
India's demographic landscape is undergoing a profound transformation, with projections indicating a more than twofold increase in the senior population to 346 million by 2050, representing ~21% of the nation's total populace. This shift coincides with India's anticipated "demographic dividend," a period of potential economic growth driven by a large working-age population. The nation faces a complex balancing act: leveraging its working-age demographic while developing robust support systems for an expanding elderly population.

Moreover, the old-age dependency ratio, a key demographic indicator measuring the proportion of elderly (60+) to working-age (15-59) individuals, is expected to nearly double from its current 17% to ~33% by 2050. This dramatic increase poses significant socio-economic challenges, particularly in healthcare provision, pension systems, and intergenerational support structures.



Figure 7

Demographic transition in India



Source: United Nations World Population Prospects 2024

As India navigates this demographic transition, it must address these multifaceted challenges to ensure a sustainable and inclusive future for all age groups. This necessitates innovative policies, infrastructure development, and strategic planning.

The societal impact will be significant, with a surge in demand for elder care services driven by factors such as the rise of nuclear families, increased career-driven mobility, an increased need for senior care services, and a shifting perception that challenges the social stigma traditionally associated with this asset class.



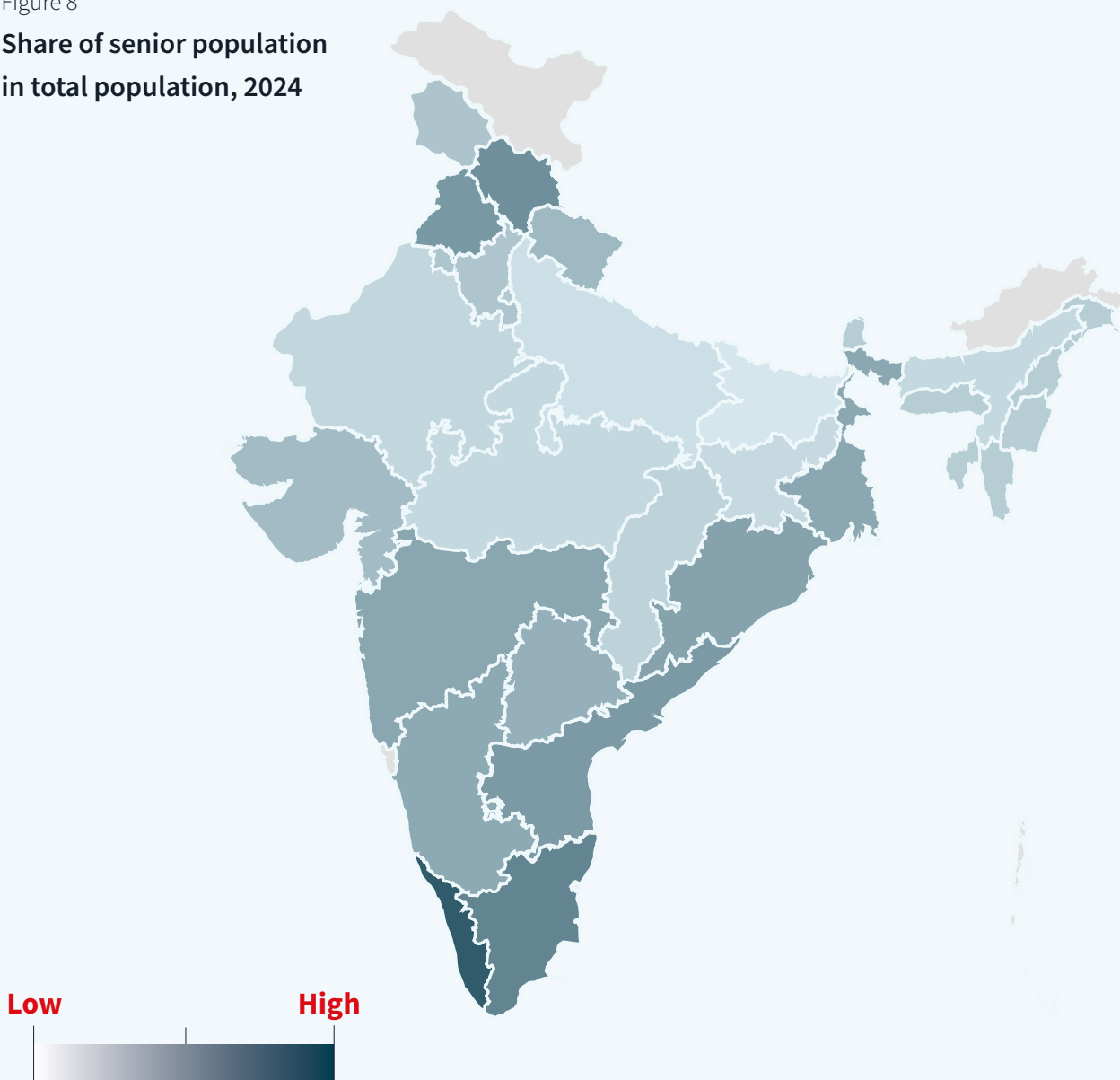
Senior population concentrated in the southern states of India

The southern states of India, particularly Kerala and Tamil Nadu, exhibit the highest old-age dependency ratios in the country. These regions, being more advanced on the development

spectrum, are characterized by lower fertility and mortality rates, resulting in a larger proportion of senior citizens requiring support.

Figure 8

Share of senior population in total population, 2024



Source: United Nations World Population Prospects 2024, Longitudinal Ageing Study of India (LASI), JLL Research

Supply side dynamics



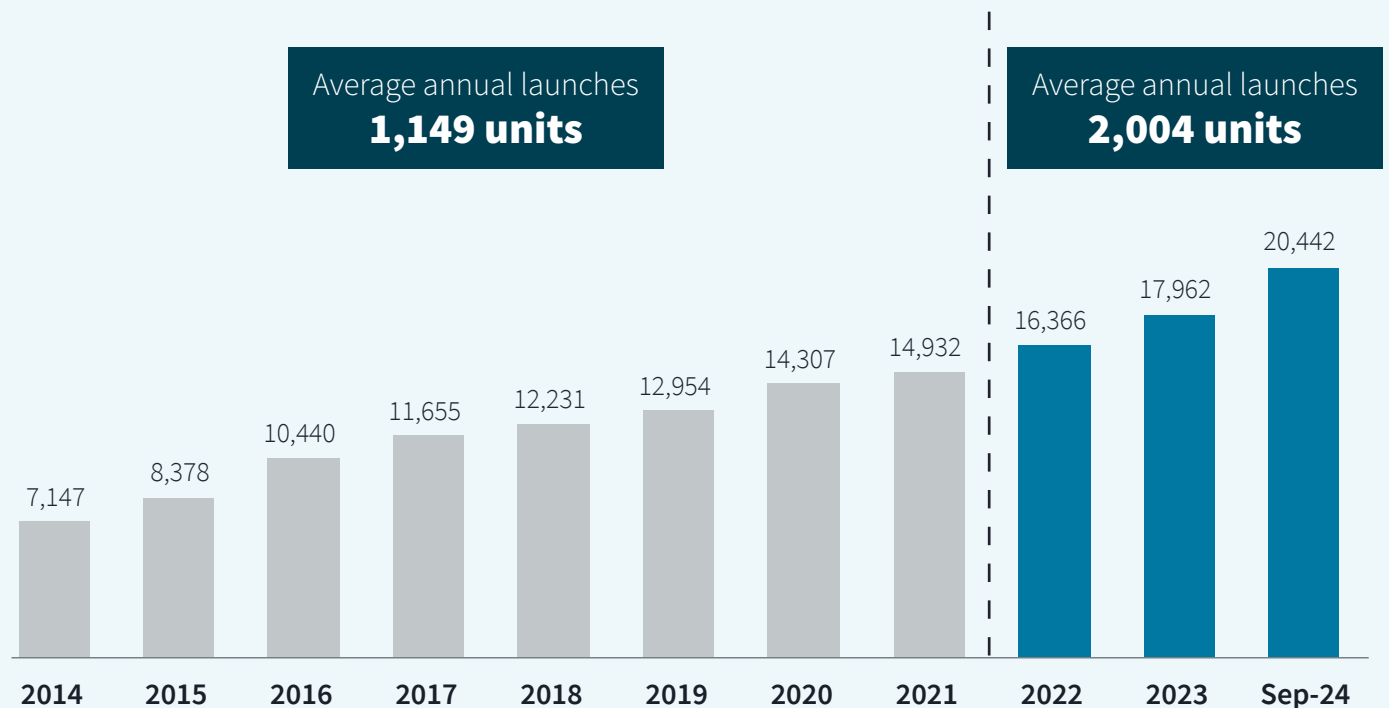
Launch activity has nearly doubled post the pandemic

The landscape of senior living in India has undergone a remarkable transformation in the last ten years. A pronounced increase in retirement communities and assisted living facilities reflects evolving social norms and a growing recognition of the unique housing needs of the elderly. The sector has demonstrated impressive resilience, bouncing back stronger than ever in the post-pandemic era.

This resurgence has spurred a flurry of new project launches, as property developers capitalize on the expanding market. Recognizing the potential in this niche market, senior living developers and operators are now consistently expanding their portfolios with an array of senior-friendly housing options, tailored to meet the diverse requirements of India's ageing population.

Figure 9

Senior living stock basis launches (units)



Source: JLL Research 2024



Senior living facilities concentrated in the southern states

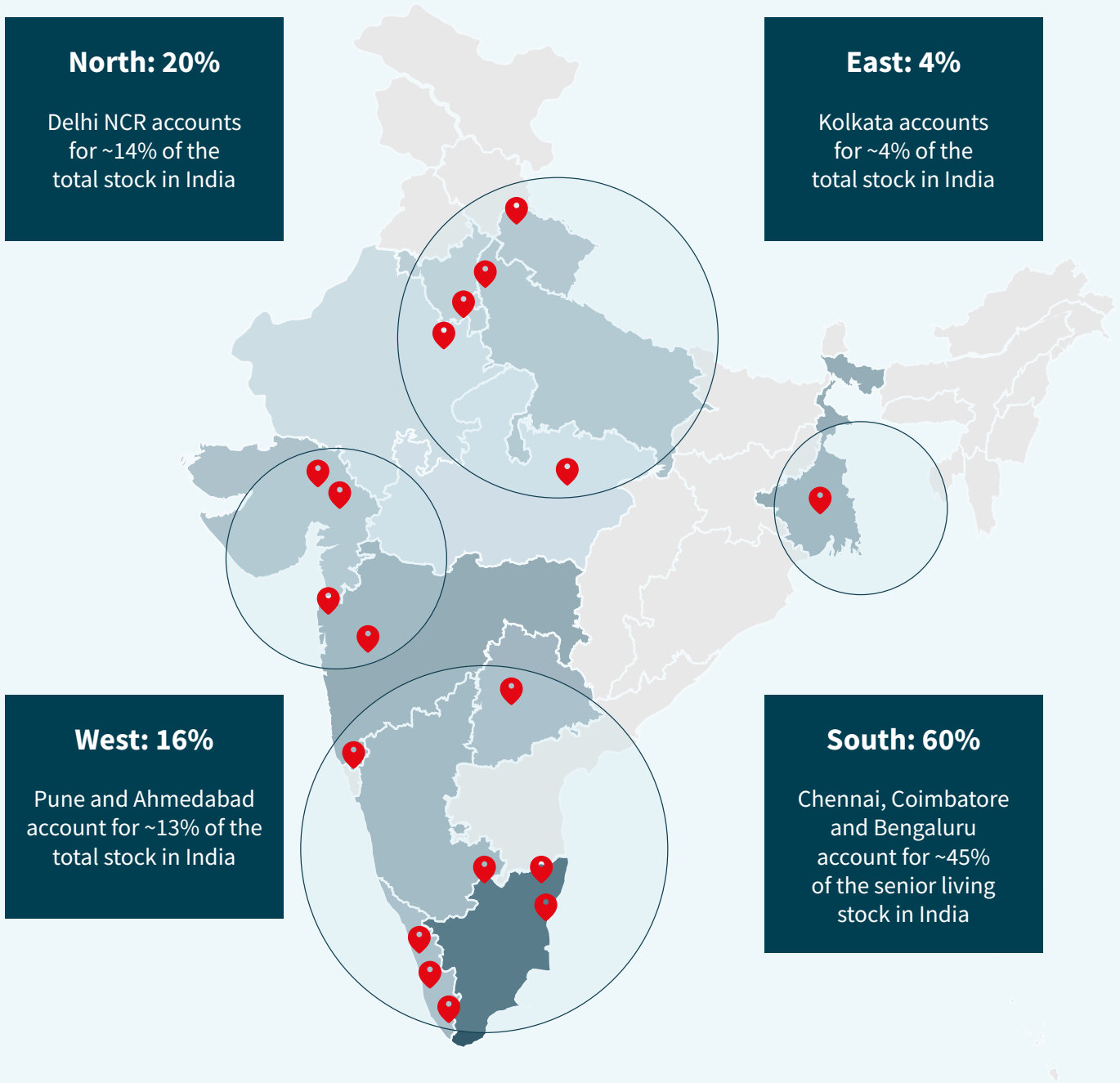
India's senior living industry is experiencing a significant evolution, with more than 20,000 residential units spread across the country. The southern part of India holds a commanding position in this sector, accounting for 60% of the market share. This dominance can be attributed to two main factors. First, the southern states have progressed further in terms of development, leading to a greater acceptance of senior living concepts. Second, these regions are home to a larger proportion of parents whose children are Non-Resident Indians (NRIs). These demographic and cultural factors have contributed to the South's leading role in India's burgeoning senior living market.

The sector's growth spans both Tier 1 and Tier 2/3 cities, each offering unique advantages. Tier 1 locations provide proximity to advanced infrastructure, including mass transit systems and world-class healthcare facilities. Conversely, tier 2/3 cities attract those seeking scenic, tranquil environments away from urban congestion. These smaller cities boast favourable climate, lower pollution levels, less crowding, and a more affordable cost of living compared to their metropolitan counterparts.



Figure 10

Distribution of senior living units across India



Source: JLL Research 2024



Top 10 operators account for ~81% of the senior living units

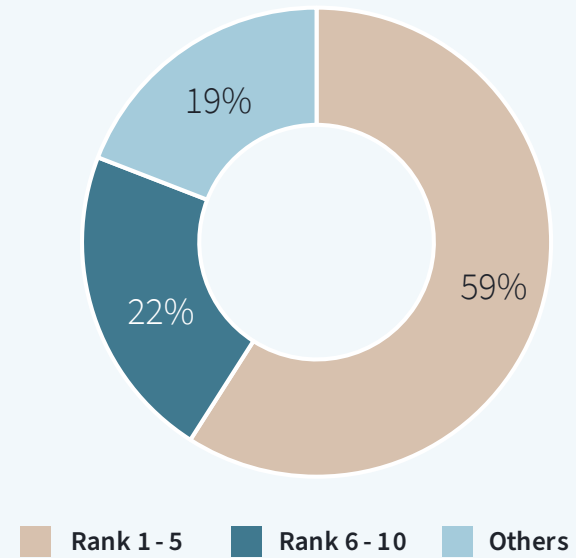
The senior living sector in India, though still emerging, is drawing attention from both established real estate developers and specialized operators. A crucial element driving the success of these projects is the formation of strategic alliances with senior care service providers. These partnerships enable developers to craft bespoke living solutions that align closely with the needs and preferences of their target audience, resulting in improved sales and an enhanced quality of life for residents.

The market is characterized by a concentration of influence, with the top ten players commanding approximately 81% of India's total senior living inventory. Industry frontrunners such as Ashiana Housing, Columbia Pacific, Paranjape, Athulya, Antara, Primus Life, and Covai Care are at the forefront of this specialized sector. Their ongoing investments and innovative approaches highlight the increasing importance of senior living communities within India's real estate landscape.

Despite the relatively small number of active players, the segment is experiencing consistent growth. Leading companies are proactively expanding their presence, tapping into the rising demand for purpose-built senior housing. This expansion reflects a growing recognition of the unique requirements of India's ageing population and the potential for specialized living solutions to meet these needs.

Figure 11

Market share of senior living players basis inventory of senior living units



Source: JLL Research 2024



Majority supply in the independent living category, assisted living and skilled care services gaining traction

The senior living market in India is predominantly characterized by independent living units, which constitute over 85% of the total inventory. The developments either stand as independent projects or form part of larger residential complexes. While traditionally situated on city outskirts, recently these projects have been emerging closer to urban centres, leveraging established social and physical infrastructure.

However, the skilled care or senior care segment is gaining traction, evolving to meet the diverse needs of the elderly population. Senior care facilities in India primarily operate under two distinct models, differentiated by the level of care and amenities provided:

- Specialized Geriatric Care Centres: Exemplified by providers like Athulya Senior Care, these facilities focus exclusively on elderly care services
- Continuous Care Retirement Communities: This approach blends independent senior living with comprehensive care services. Prominent developers such as Ashiana Housing offer holistic packages that encompass housing, medical care, and assisted living support

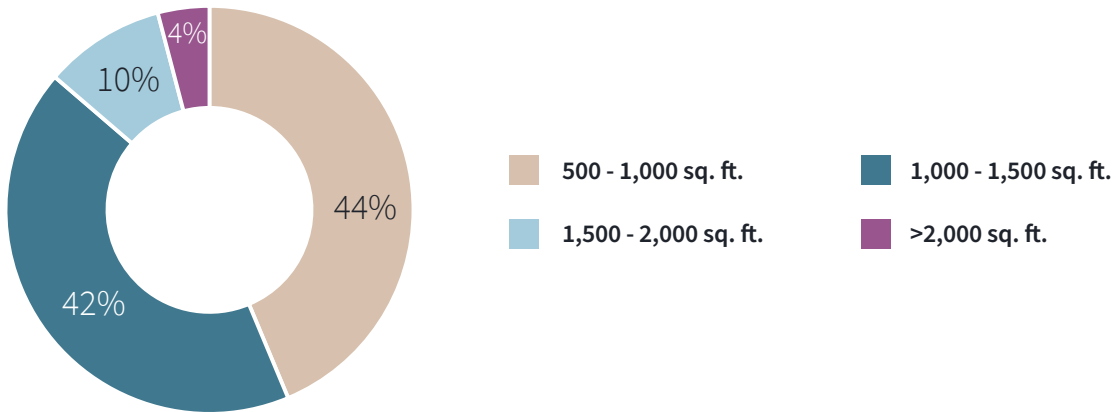
This diversification reflects the industry's responsiveness to the evolving preferences of India's senior citizens. As the sector matures, further innovations in care models and service offerings are anticipated, providing a broader spectrum of choices for seniors.



Given the dominance of independent living facilities, the market structure is heavily skewed towards the sale model, with over 80% of units sold outright, followed by lease/rental and hybrid models. In terms of sizes, units between 500- 1,000 sq. ft. are most prevalent, with the 1,000-1,500 sq. ft. segment following closely.

Figure 12

Average size of units in the senior living inventory

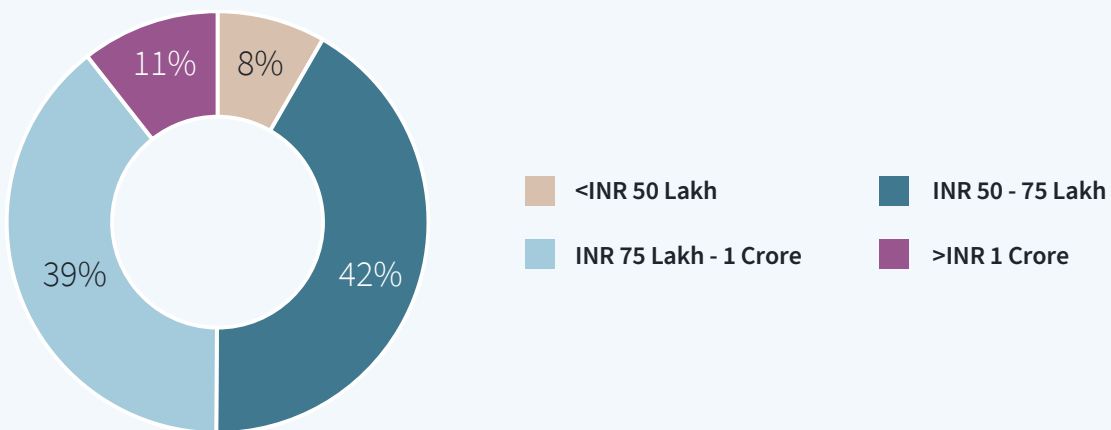


Source: JLL Research 2024

Senior living projects command a premium over standard housing in the same area due to specialized amenities, enhanced security, and medical facilities. This premium extends to maintenance charges, covering medical services, meals, and additional staff. Pricing typically ranges from INR 50-70 lakh for a 1 BHK to INR 70 lakh– 1 crore for a 2 BHK, with luxury projects reaching INR 1-2 crore and beyond for larger units. Currently, 81% of launched units are priced between INR 50 lakh to 1 crore.

Figure 13

Average ticket size of units in the senior living inventory



Source: JLL Research 2024

Demand side dynamics



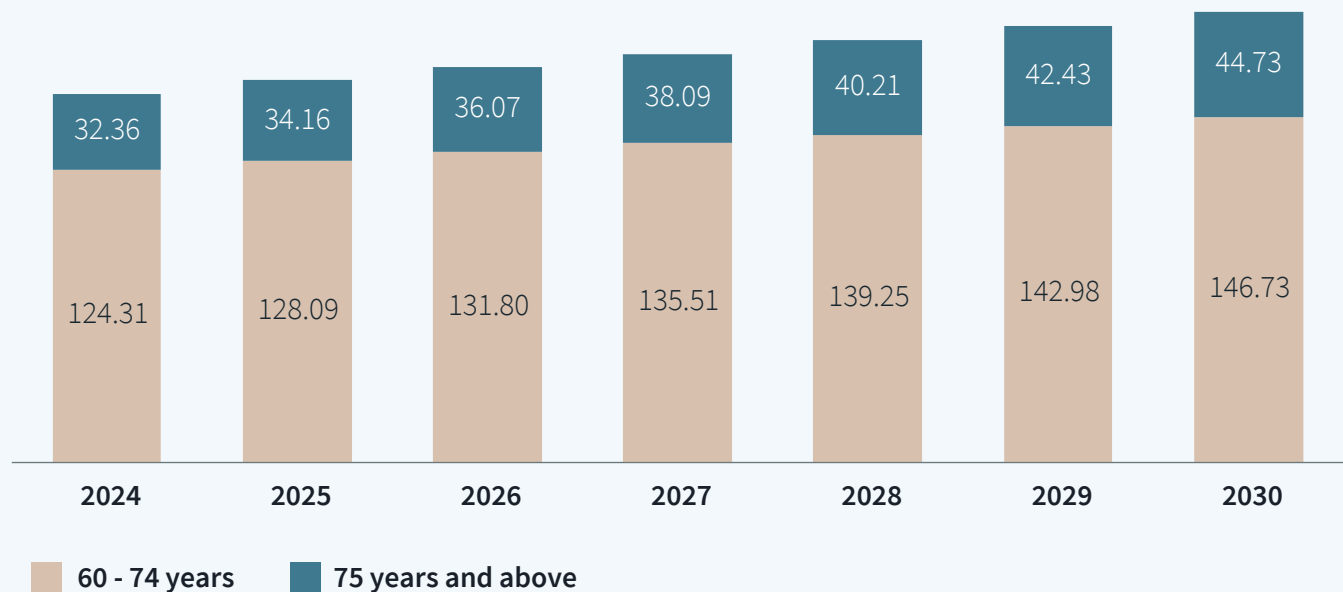
India's senior population to surpass 191 million by 2030

The global demographic landscape is undergoing a significant shift, with the elderly population experiencing unprecedented growth. Individuals aged 60 and above are increasing at an annual rate of 3%, and projections indicate that this cohort will reach a remarkable 1.4 billion by 2030. Within this global trend, India stands out as a notable case. The nation's senior population is poised for extraordinary expansion, anticipated to surge from approximately 156.7 million in 2024 to around 191.5 million by 2030. This rapid growth positions India's elderly demographic as the fastest-expanding age group worldwide.

In India, the notion of organized senior living is rapidly gaining momentum. This trend is expected to be spearheaded by Tier-I urban centres, closely followed by Tier-II cities, a pattern largely influenced by socio-economic factors and higher levels of affluence in Tier 1 cities. Demographic changes, evolving family dynamics, increased financial autonomy, urban growth, and a rising desire for independence are reshaping the senior living sector in India. As this sector continues to evolve, it is likely to revamp not only the real estate market but also the broader landscape of elderly care in India, potentially setting new standards for quality of life in the golden years.

Figure 14

Senior population in India (mn)



Source: United Nations World Population Prospects 2024, Longitudinal Ageing Study of India (LASI), JLL Research



Potential demand for 2.3 million senior living units by 2030

The senior living sector in India caters primarily to individuals aged 60 and above, with a particular emphasis on those from higher income brackets. This concept has gained traction predominantly in urban centres, which are home to 37% of India’s population.

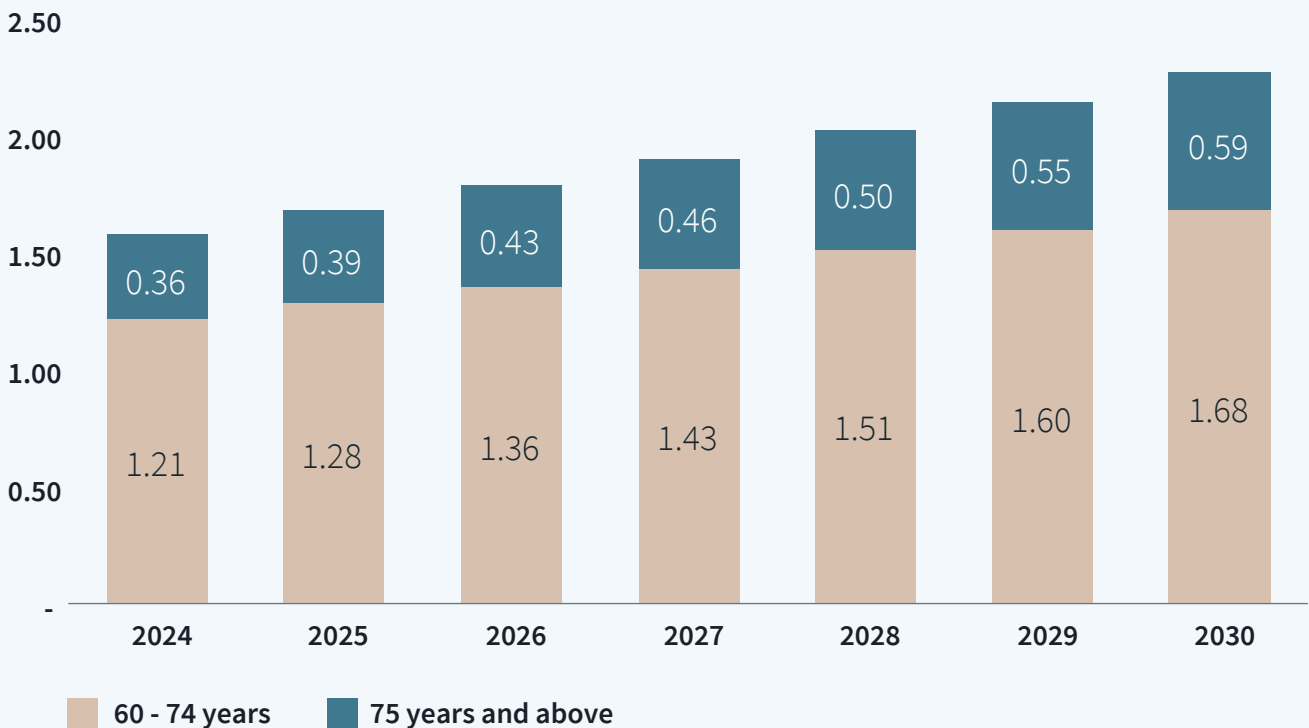
Therefore, the target demographic for these facilities is specifically the urban-dwelling, financially secure seniors. This focus is further sharpened by the increasing prevalence of nuclear families in cities.

According to the Longitudinal Ageing Study of India (LASI), ~26.7% of elderly individuals in urban areas live either alone, solely with their spouse or with people other than their spouses or children, underscoring the growing need for specialized senior living options.

When these factors are considered collectively, the estimated target market for senior living facilities in 2024 stands at ~1.57 million households. This figure is projected to expand significantly, reaching around 2.27 million by 2030.

Figure 15

Potential demand for senior living in India (mn units)



Source: United Nations World Population Prospects 2024, Longitudinal Aging Study of India (LASI), JLL Research

The demand for assisted living and senior care facilities, a crucial subset of the broader senior living market, focuses on individuals aged 75 years and above. In 2024, the estimated demand for such facilities is at 0.36 million households. This figure is projected to climb to 0.59 million households by 2030, reflecting an increasing need for specialized elder care services. These projections underscore the urgent need for tailored care solutions to address the evolving requirements of an ageing population.

However, it's crucial to recognize the niche nature of this market. The senior living sector, particularly assisted living and senior care facilities, stand at a critical juncture. While the demographic trends point towards substantial growth potential, the realization of this potential hinges on overcoming cultural barriers, ensuring affordability, and demonstrating tangible improvements in the quality of life for residents. As the industry evolves, it will need to navigate these challenges while capitalizing on the growing demand for specialized senior care solutions.



The market opportunity



Senior living market in its infancy, poised for substantial growth

The senior living sector in India is still in its infancy, with a penetration rate of ~1.3% in 2024, a figure that pales in comparison to more mature markets such as the United States and Australia (over 6%). This disparity underscores the vast untapped potential in India's senior living landscape, suggesting ample room for expansion and development.

In more recent years, there has been a gradual but significant shift in attitudes towards senior living in India, a trend accelerated by the COVID-19 pandemic. This evolving mindset points to an increase in the acceptance of senior living solutions in the coming years.

Several factors are driving this change:

- The growing population of Non-Resident Indians (NRIs) with ageing parents in India
- The increasing prevalence of nuclear family structures
- Increasing prevalence of chronic conditions such as dementia, Alzheimer's disease and Parkinson's disease, which often necessitate daily assistance and care
- Rising awareness of age-related health issues and the importance of comprehensive geriatric care

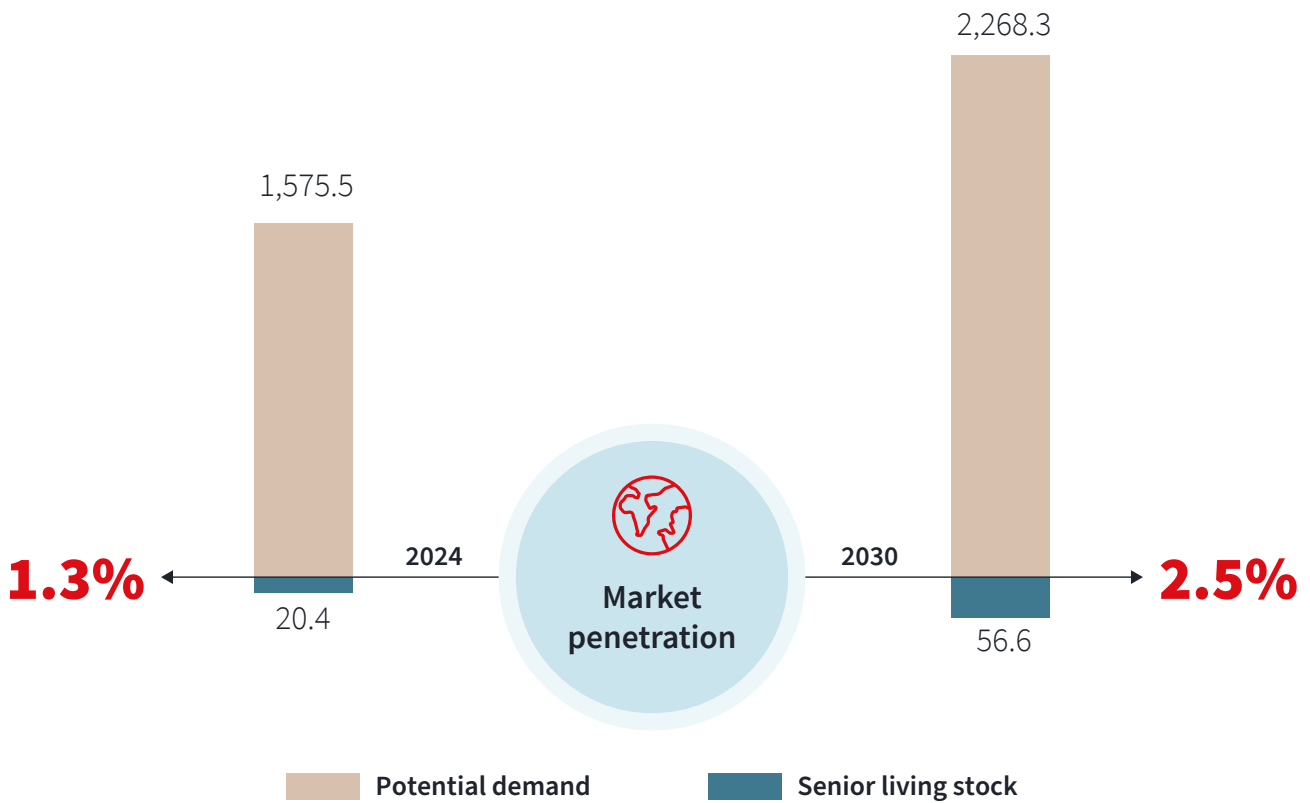
These elements collectively create a pressing demand for professional, specialized senior living and care services, particularly for elderly individuals who may lack immediate family support.

Moreover, as families become more cognizant of the benefits offered by such senior care facilities—including tailored medical assistance, emotional support, and a sense of community—the acceptance of such services is projected to rise steadily. The appeal of senior care options is further enhanced by advancements in healthcare technology and the availability of comprehensive care packages. These developments are making senior living solutions increasingly attractive across various demographic segments.

As cultural attitudes continue to evolve and the benefits of professional senior care become more widely recognized, the sector is poised for substantial expansion, potentially mirroring the growth trajectories seen in more established markets. The senior living inventory is projected to nearly triple in the next six years with market penetration expected to increase from the current 1.3% to 2.5%.

Figure 16

Market penetration of organized senior living in India



Note: Figures in thousand units; market penetration is calculated as the senior living stock divided by the potential demand
 Source: United Nations World Population Prospects 2024, Longitudinal Ageing Study of India (LASI), JLL Research

Based on an assessment of the existing senior living inventory, the market is currently valued at ~ INR 15,500 crore (USD 1.8 billion). Projections indicate a robust CAGR of roughly 27%, potentially expanding the market to INR 64,500 crore (USD 7.7 billion) by 2030. Despite this substantial growth, a significant gap between supply and demand is anticipated to persist, signalling considerable long-term growth opportunities within the sector. In essence, the Indian senior living market is poised for rapid expansion in the coming years, gradually evolving towards maturity as demographic shifts continue to unfold and reaching penetration levels comparable to more mature markets around the world.





A promising investment frontier with the potential for significant returns

The demographic shifts in India are creating a prime opportunity for growth and innovation in the senior living sector. This evolving market offers significant potential for developers and operators of senior living facilities. The currently under-supplied market set against the growing demand presents a compelling opportunity for the expansion of existing capacity and entry of new players, paving the way for future development. The investment prospects are increasingly being viewed with interest by a host of investors as a sector that is likely to climb on the back of the need for high-quality senior care and accommodation options to offer potentially lucrative returns.

Tailored senior living options across income categories and different age groups that offer a comprehensive suite of services and care have created the opportunity of scale as well as value returns for developers and operators. This evolving landscape offers a promising investment frontier with the substantial gap between current offerings and market needs creating an attractive entry point for investors.



Increasing investment interest in the senior care segment

- In October 2024, Primus Senior Living, an eldercare startup secured USD 20 mn (approximately INR 168 cr) in seed funding, one of the largest early-stage financing for an Indian start-up. The funding round was led by General Catalyst, with participation also from Nikhil Kamath and Gruhas - an investment firm co-founded by him
- In early 2024, Kites Senior Care, a geriatric care service provider raised USD 5.4 mn (INR 45 cr) in a Series A funding round, led by the family office of Ranjan Pai - Chairman, Manipal Education and Medical Group (MEMG). The investment will support strengthening of existing operations and growth in new markets
- In 2023, Athulya Senior Care raised USD 9.3 mn (INR 77 cr) from North Haven India Infrastructure Partners, a fund managed by Morgan Stanley India Infrastructure, to expand services across South India and target 2,500 beds in next two years
- 2023 also saw elder care platform Age Care Labs raise USD 11 mn in a pre-Series B funding round from Zerodha's investment arm - Rainmatter Capital and Gruhas. This round also saw the participation of few angel investors, including Everstone Capital's Alok Oberoi; former chief executive of Aditya Birla Capital Ajay Srinivasan; president Mastercard Asia Pacific Ari Sarker; and, Bharti Enterprises' MD Rajesh Sud. Lumis Partners, which anchored Age Labs in 2019 has further invested in this round as well

The demographic shift presents a compelling opportunity in the senior living sector. Today's seniors, unlike previous generations, are characterized by their independence, financial stability, global experiences, and strong social connections. They seek to redefine retirement and senior living, opting for fulfilling lifestyles that align with their personal aspirations. This evolving landscape offers a promising investment frontier, particularly in markets like India where the supply of senior living facilities significantly lags the growing demand. The substantial gap between current offerings and market needs creates an attractive entry point for investors. By developing innovative senior living communities, investors can not only address this unmet demand but also potentially realize significant returns in this expanding market segment.



Regulatory and support framework



The support framework has evolved, yet opportunities for enhancement remain

**2010
-
2011**

- Aimed at improving healthcare services and related infrastructure “**National Programme for the Health Care of Elderly**” was announced
- In 2011, announcement of **National Policy for Senior Citizens** to promote “Ageing in Place” or ageing in own home, housing, income security and homecare services, old age pension and access to healthcare insurance schemes and other programmes
- **Association of Senior Living India (ASLI)** was formed in 2011 to improve operational standards, share best practices and promote awareness of the sector

2017

Longitudinal Ageing Study in India (LASI) - nationally representative survey of older persons in India was undertaken focused on health, healthcare and healthcare financing, social and economic domains.

2019

Model Guidelines for Development and Regulation of Retirement homes – 2019

2021

ASLI pioneered the development of comprehensive standards and an accreditation framework for private senior living and care communities in India. This groundbreaking initiative enables senior living facilities to showcase their dedication to excellence in resident care and services. Achieving ASLI accreditation enhances a community’s reputation and fosters confidence among key stakeholders, including residents, their families, potential investors, and regulatory authorities.

The government of India has made senior living sector-specific guidelines and created a regulatory framework, recognising the growth potential and the need to regulate this sector. The Ministry of Housing and Urban Affairs (MoHUA) has drafted the model guidelines for States and Union Territories to develop and regulate retirement homes.

Some key features include:

1. The guidelines are based on existing residential real estate regulations, as senior living is considered part of this sector
2. Specific models for operating and monitoring retirement homes have been defined
3. Recognizing the unique nature of retirement home projects, the guidelines stipulate:
 - Permissible dwelling unit sizes
 - Floor Area Ratio (FAR) allowances
 - Inclusion in residential zones within city master plans
4. Guidelines also mandate that physical standards must conform to the National Building Code
5. The government's efforts also prioritize safeguarding the rights of senior living property buyers
6. The guidelines aim to ensure senior citizens can lead independent and dignified lives post-retirement



Model guidelines for retirement homes as issued by MoHUA in 2019

- Compliance with the National Building Code (NBC) and Model Building Bye Laws
- Elderly friendly built environment
- Compliance with Green Building Principles
- Provision of common basic services
- Provision of basic medical, safety and security services

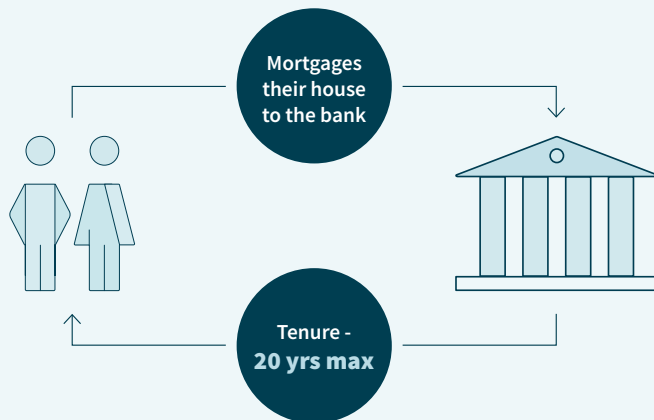


Key regulations for retirement homes

- Any person can buy such apartments characterised as retirement homes/senior living but has to be solely used by a senior citizen
- Resident of retirement homes will be any person who is 60 years of age or above
- Promoter/developer can build and manage the retirement homes or engage a 'Service Provider' for management. Service Providers are required to be registered with State Authorities
- To encourage participation of promoter/developer to develop such projects, enhanced Floor Area Ratio (FAR) is proposed
- Interest Free Maintenance Security Deposit (IFMS) to be paid by the Allottee which is refundable. Maintenance Charges are to be paid by the resident



Providing financial independence to senior population through Reverse Mortgage Loans (RML)



- Bank makes monthly, half yearly or lumpsum payment
- Ownership of the property vest with the borrower
- Loan repaid by legal heir to retain property or bank auctions property for repayment of loan and accrued interest

What is RML?

- Reverse Mortgage Loan (RML) is a financial product designed for seniors to convert their home equity into income while retaining ownership of their homes during their lifetime
- It provides senior citizens a regular source of income utilising the market value of their residential property

How did RML come about?

- Launched by the National Housing Bank (NHB) in India in 2007, with the scheme was announced by the then Finance Minister during the Union Budget speech
- Currently, most public sector banks including State Bank of India (SBI), Union Bank, Bank of Baroda, Indian Bank, Indian overseas bank, IDBI, Bank of India, etc have this offering

How does RML work?

- Regular interval payments or bulk payout (up to a certain limit, usually up to INR 15 lakh) by banks to owner of property, provided the owner continues to reside in the property
- The owner refers to a senior citizen who has attained the age of 60 years in the case of a primary borrower, or a minimum age of 55 years for the spouse in joint borrowing
- The loan amount depends on the property value, with an upper limit of INR 1 cr by most banks, though a few offer up to INR 2 cr. Loan-to-value ratios range from 60-90% of the property value

- Money received by senior citizens is not considered income, and hence, is not subject to income tax.
- Interest rates offered by these banks are 250-300 basis points higher than prevailing home loan rates and are reset every five years by most banks
- Loan proceeds can be used for medical expenses, family emergencies, or supplementing pension/other income. The amount cannot be used for speculative, trading, or business purposes
- Senior citizens are not required to make monthly repayments of principal and interest to the lender during their lifetime
- The loan becomes due and payable only when the last surviving borrower dies, opts to sell the home, or permanently moves out of the home to an institution or to relatives
- Banks revalue the property once every 5 years or at intervals decided by the bank

Why RML?

- Enhanced financial stability with a steady income stream for retirees, bolstering their overall financial security while supplementing retirement income
- Unlocks home equity, offering homeowners greater financial manoeuvrability without relinquishing ownership
- Improved access to healthcare by funding medical necessities and allowing better health outcomes and quality of life for seniors
- Flexible loan resolution with no prepayment penalties to borrowers or their heirs
- The funds are non-taxable

Senior living: Challenges and recommendations

Development related



Challenges

- Reasonably priced and sizeable, contiguous land in well-connected clusters
- Core necessity for senior living communities to be situated within a five-kilometer radius of comprehensive medical facilities
- Affordability versus service offerings in key urban centres, especially for inter-generational communities
- Construction debt offered at market rates
- Standard approval process as any other real estate project
- Standard tax applicability



Recommendations

- Classify senior living projects to 'infrastructure status' enabling developers/ operators to access government incentives, tax benefits, and institutional funding
- Integrate senior living category as part of city development plans and identify this segment under priority focus, enabling land allocation in a seamless manner
- Consider waiving off stamp duty and registration for land purchases and JVs/JDs for senior living communities
- Streamline approvals to single-window
- Adopt and implement model guidelines to develop and regulate retirement communities in terms of minimum standards for development and services



Financial constraints

Reverse mortgage as a financial product suffers from some operational gaps which have curtailed its growth despite the obvious benefits to the senior and in need of care, ageing population.



Challenges for borrowers

- Lower loan-to-value ratios with cap of INR 1 cr by most banks
- Higher interest rates than regular home loans by 250-300 bps significantly impact the equity over time
- Limited term of 15-20 years, when the product should cover the borrower's lifetime
- Limited eligibility to only self-acquired, self-occupied residential properties, which is counter-intuitive to bettering the quality of life for seniors
- Lumpsum payments are capped at INR 15 lakh and only advanced for medical purposes
- Borrowers need to pay property taxes and maintain the property, affecting the fixed income
- Limited autonomy in home modifications potentially constrains homeowners' freedom to adapt their living spaces



Banks' perspective on reverse mortgage products

- Given the advanced age of typical borrowers, the possibility of loan repayment is bleak
- The heirs may not be interested in taking possession of the property by repayment of the debt
- Recovery through asset liquidation is time-consuming, has added costs and not the end-goal of mortgages
- Small pool of potential borrowers given cultural and behavioural aspects limits focus on the product



Recommendations

- Remove the condition precedents from a reverse mortgage loan of borrower having to stay in the property mortgaged
 - enable the borrower to move to a senior living community using the regular payouts against rental options, especially in CCRCs and for assisted living needs
 - allow for larger bulk payment to enable to borrower to purchase a senior living accommodation for community living and better needs fulfilment
- Consider covering reverse mortgage loans under Priority Sector Lending, enabling lower interest rates
- Government may consider interest subsidy schemes similar to affordable housing to reduce effective interest rate for buyers
- Push insurance companies to create senior healthcare insurance schemes tailored for residents of senior living communities, ensuring coverage of long-term care and home care services

Taxation



Challenges

- GST rates applicable at 18% for senior care services provided at home separately or bundled under composite services
- GST payable at 18% on rental housing options in senior living as well as on maintenance charges
- GST payable at 5% on purchase of under-construction senior living property
- Standard state level stamp duty and registration charges apply on purchases



Recommendations

- Consider reducing GST applicability on essential healthcare services to 5% or lower
- Consider GST reduction to 5% on other related services for senior care under the composite scheme
- Consider GST reduction on rental housing options as well as maintenance charges to 5%
- Consider reducing GST on senior living property purchase to 1% for under-construction projects
- State governments to consider providing concessions on stamp duty by reducing to 2% or lower and complete waiver



Operators' perspective



Market trends and challenges

- Growing recognition exists that seniors deserve an active, fulfilling, and independent lifestyle. Families are increasingly accepting the concept of senior living communities, and the associated stigma is gradually fading. The COVID-19 pandemic played a role in accelerating these trends
- The southern market is more mature compared to other regions of India
- Lack of trained personnel, suitable land for development, and regulatory support poses significant challenges



Customer preferences

- Growing demand for high-end, lifestyle-oriented senior living communities that offer modern amenities, including wellness programs, recreational activities, cultural events, and dining options that cater to health-conscious seniors
- Increased demand for larger configuration apartments and intergenerational senior living facilities
- Seniors are increasingly looking for communities that offer robust healthcare services and easy access to medical professionals



Regulatory support asks

- Reduction of GST burden for seniors through relaxation or reduction of GST on services and products offered within senior living communities
- Senior healthcare insurance schemes tailored for residents of senior living communities, ensuring coverage of long-term care and home care services
- Reduction in Stamp Duty for purchase of units
- Subsidies and financial incentives for senior care providers
- Tax benefits for investment in the senior living industry



Outlook

- Market expected to grow exponentially in the next 5 years with existing ones expanding footprint and new players entering this segment
- In addition to increasing presence in markets where they are already present, operators are looking at the southern and western markets for expansion
- Innovation in safety and security systems, emergency response systems, smart sensors, personalized app-based services and use of technology to increase operational efficiency will play a key role going forward

Future horizons

As India prepares to become the world's third-largest economy by 2027, it must simultaneously address the long-term care needs of its future elderly population. By developing comprehensive senior living frameworks and services now, India can leverage both its current demographic dividend and a future "Silver Dividend." This burgeoning industry not only addresses the evolving needs of an ageing population but also presents a significant opportunity for innovation, employment, and economic growth.

The senior living sector in India is poised for significant growth, driven by cultural shifts, increasing healthcare needs, and a desire for independence among the elderly. To realize its full potential, the industry must balance cost-effectiveness with quality amenities, catering to a wider spectrum of retirees. The current landscape of senior living in India primarily caters to the affluent, highlighting an urgent need for more inclusive and affordable options. As we look to the future, technological advancements in construction hold the promise of making senior living accessible across income brackets. Financial institutions have a pivotal role to play in this evolution. By offering tailored funding schemes, lower interest rates, and streamlined credit processes for senior housing projects, banks can significantly ease the financial burden on potential residents.

Partnerships between insurance providers and developers could further reduce costs for end-users, making senior living a viable option for a broader demographic.

Innovative approaches are already emerging, with some developers integrating senior living spaces within larger townships. This not only creates more vibrant communities for the elderly but also enhances project feasibility. As the market matures, we can expect to see diverse models, including operator-based setups gaining traction. Looking ahead, the sector's growth will likely stimulate job creation across various specializations, from healthcare professionals to specialized caregivers and facility managers. This also presents an opportunity to develop a skilled workforce tailored to the unique needs of senior living communities.

The path forward for India's senior living sector is one of immense potential. By focusing on inclusivity, innovation, and policy support, the industry can not only enhance the quality of life for older adults but also contribute significantly to India's economic and social fabric. As we navigate this journey, the senior living sector stands ready to play a transformative role in shaping a more inclusive and prosperous future for all generations.





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