



PwC / Property Council Retirement Census 2020 Key Statistics Report

March 2021





Foreword



Tony Massaro
Partner, Real Estate Advisory
Pw C
T: +61 2 8266 2047



Ken Morrison
Chief Executive
Property Council of Australia
T: +61 2 9033 1900

We are delighted to bring to you the key statistical analysis of data collected through the 2020 PwC / Property Council Retirement Census.

Within this report, you will find analysis of the retirement village industry which would not have been possible without the support from our 52 data contributors. It is a testament to the operators in this industry that in a year filled with unprecedented uncertainty, challenges and reform, we are able to present data representing over 65,000 units in this year's Retirement Census.

A common theme which has emerged both in the way operators have handled themselves during the COVID -19 pandemic and in the data seen across the industry is "Resilience". We hope the insights presented in this census will continue to help drive innovation and support action to propel the sector forward.

We would also like to once again thank CoreLogic for providing us with median house and unit price data across Australia which enabled direct comparisons against Independent Living Unit prices at a local level.

Contents

| | |
|---------------------------------|----|
| Introduction | 4 |
| Data Breakdown | 5 |
| Glossary | 6 |
| Village Attributes | 9 |
| Performance and Sales | 14 |
| Care | 25 |
| Residents | 29 |
| Contracts and Deferred Payments | 37 |
| Operations | 43 |
| Development | 49 |
| Key Contacts | 54 |

Introduction

Methodology of the Retirement Census

The Retirement Census is an annual data collection process conducted amongst Australian retirement village operators. It covers retirement villages governed by state Retirement Villages Acts, rather than other forms of seniors' living accommodation. Participation in the Retirement Census is entirely voluntary, meaning participating operators change year to year. Comparison with previous year figures should be considered with this in mind.

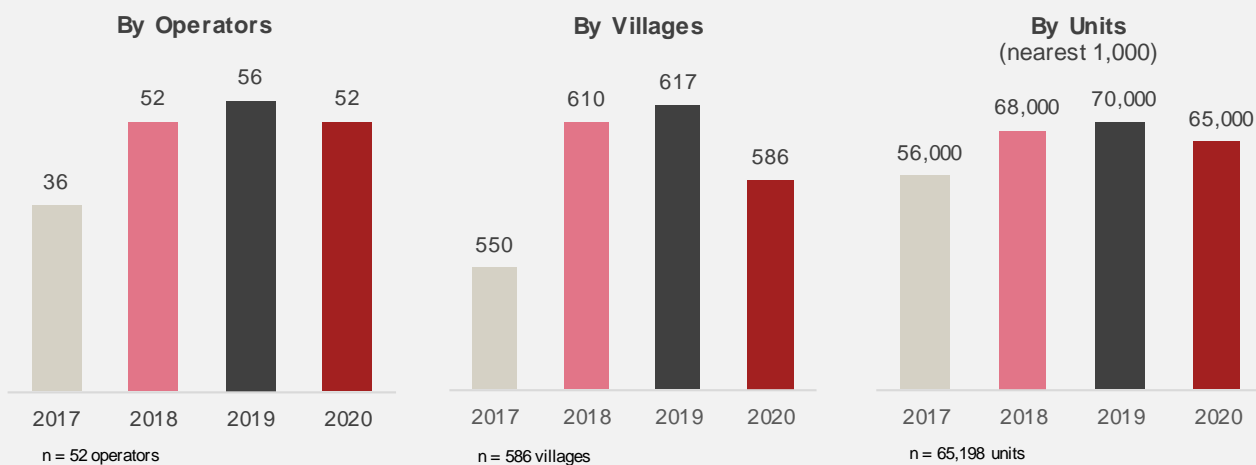
The data collected was for the period commencing 01 July 2019 to 30 June 2020.

Operators were requested to complete all fields of a survey relevant to their villages. In fields where information was not provided or where the operator elected to provide no response, analysis was completed using only valid data, which is reflected in the varying sample sizes for each data item.

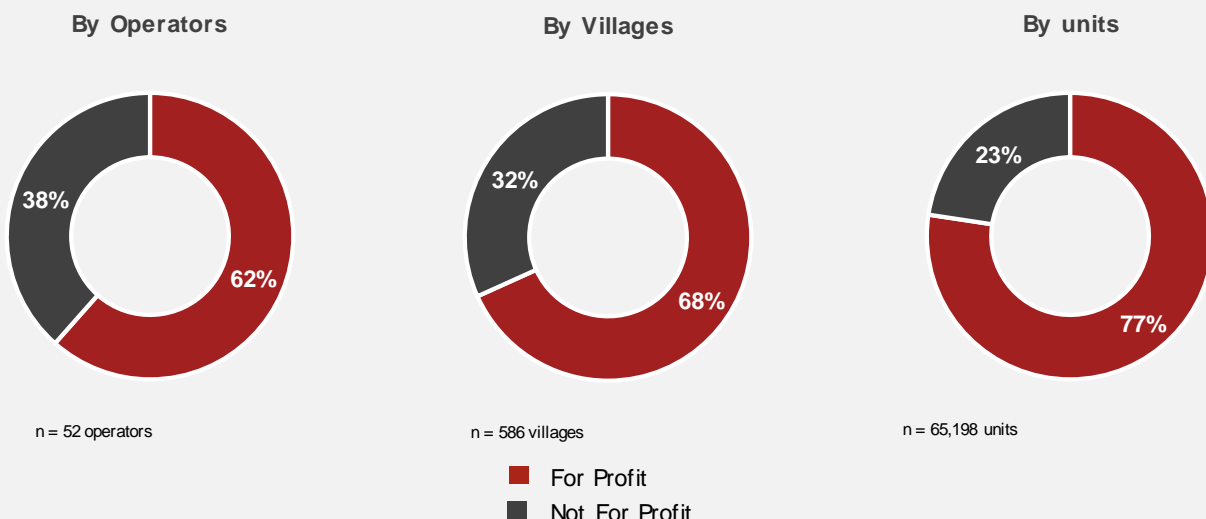
In some cases, averages have been calculated on a 'weighted basis'. These have been labelled along with the data field used for the weighting.

Our dataset this year comprised information from 52 operators, 586 villages, and more than 65,000 retirement units. Our breakdown between the two key industry segments of For Profit and Not for Profit operators in our dataset has also been outlined below:

Participation Rates



Key Industry Breakdown



Data Breakdown

Number of Villages by State

| | NSW | VIC | QLD | WA | SA | ACT | TAS | Total |
|---------------------------------|-----|-----|-----|----|----|-----|-----|------------|
| Total Number of Villages | 180 | 132 | 151 | 69 | 37 | 12 | 5 | 586 |

Number of Villages by Region

| | Sydney Metro | Rest of NSW | Melbourne Metro | Rest of VIC | Brisbane Metro | Rest of QLD | Perth Metro | Rest of WA | Adelaide Metro | Rest of SA | Canberra | Tasmania | Total |
|---------------------------------|--------------|-------------|-----------------|-------------|----------------|-------------|-------------|------------|----------------|------------|----------|----------|------------|
| Total Number of Villages | 53 | 127 | 84 | 48 | 73 | 78 | 51 | 18 | 34 | 3 | 12 | 5 | 586 |

Number of Independent Living Units (ILU's) and Serviced Apartments (SA's) by State

| | NSW | VIC | QLD | WA | SA | ACT | TAS | Total |
|------------------------------|--------|--------|--------|-------|-------|-------|-----|---------------|
| Total Number of ILU's | 17,815 | 14,753 | 15,825 | 6,802 | 3,121 | 1,434 | 366 | 60,116 |
| Total Number of SA's | 1,392 | 1,260 | 1,570 | 50 | 495 | 210 | 105 | 5,082 |
| Total Number of Units | 19,207 | 16,013 | 17,395 | 6,852 | 3,616 | 1,644 | 471 | 65,198 |

Number of ILU's and SA's by Region

| | Sydney Metro | Rest of NSW | Melbourne Metro | Rest of VIC | Brisbane Metro | Rest of QLD | Perth Metro | Rest of WA | Adelaide Metro | Rest of SA | Canberra | Tasmania | Total |
|------------------------------|--------------|-------------|-----------------|-------------|----------------|-------------|-------------|------------|----------------|------------|----------|----------|---------------|
| Total Number of ILU's | 5,652 | 12,163 | 8,676 | 6,077 | 7,001 | 8,824 | 4,710 | 2,092 | 2,713 | 408 | 1,434 | 366 | 60,116 |
| Total Number of SA's | 580 | 812 | 803 | 457 | 1,106 | 464 | 31 | 19 | 446 | 49 | 210 | 105 | 5,082 |
| Total Number of Units | 6,232 | 12,975 | 9,479 | 6,534 | 8,107 | 9,288 | 4,741 | 2,111 | 3,159 | 457 | 1,644 | 471 | 65,198 |

Glossary

| Term | Explanation |
|---|--|
| Aged Care Rule | The Aged Care Rule refers to state legislation which requires a village operator to provide financial support (e.g. DAP payments) where a resident leaves the village to move into a Residential Aged Care facility, the resident's unit does not sell within a certain period, and certain conditions are met. Victoria, South Australia and Tasmania have an Aged Care Rule. |
| Approved Provider | Approved under the Aged Care Act 1997 to provide home care, residential care and/or flexible care. |
| Approximate Year Village Established | The year when construction commenced on the first stage of the village. |
| ARVAS | Australian Retirement Village Accreditation Scheme (ARVAS commenced in October 2019). |
| Average dollar value of FTE village manager salary | Where the village has more than one FTE village manager, average the salary between them. |
| Average dollar value of FTE village manager total remuneration package (TRP) | Where the village has more than one FTE village manager, average the TRP between them. |
| Average Length of Stay in Village - Current Residents | The period from the date the resident moved into the village to 30 June 2020. |
| Average Length of Stay in Village - Turnover Residents | The period from the date the resident moved into the village to the date they gave vacant possession. Consider residents who gave vacant possession between 1 July 2019 and 30 June 2020. |
| Average Resident Age (Yrs) on Entry into Village | Where a Unit is occupied by a couple, the age of the youngest occupant should be used in the overall calculation. Consider residents who moved into the village between 1 July 2019 and 30 June 2020. |
| Average unit selling period (days) | The number of days between the date vacant possession is given to the settlement date for the next incoming resident. Include units settled between 1 July 2019 and 30 June 2020 regardless of when vacant possession was given. |
| Buy Back Period | The period of time within which the operator is required to buy back a unit from the departing resident/s if the unit remains unsold. |
| Buy Back Requirement | The requirement for an operator to buy back a unit in the event the unit remains unsold. The requirement may arise under legislation, or be voluntarily included in resident contracts by the operator. |
| Combination (vertical and horizontal) | The village has units that meet both of the descriptions of vertical and horizontal, but does not have at least 75% of units of a particular kind. |
| Deferred Payment | Also known as a deferred management fee (DMF) or exit fee. It refers to the deferred payment structure that is offered to new residents entering a village. |
| FTE | Full Time Equivalent |
| Home Care Package | Health care or supportive care provided in the resident's unit/apartment by healthcare professionals or service providers. |
| Horizontal Village / Broadacre | At least 75% of units are single or double storey units. These units are likely to have direct street access. |
| ILA | Independent Living Apartment |
| ILU | Independent Living Unit. |

Glossary

| Term | Explanation |
|--|--|
| Length of Stay in Village - Based on Turnover Residents | The period from the date the resident moved into the village to the date they gave vacant possession. |
| Length of Stay in Village - Current Residents | The period from the date the resident moved into the village to 30 June 2020. |
| Loan Lease | Tenure agreement where tenants have exclusive possession of the property under a fixed lease term with a set periodic rent. Leases are typically for 99 years or more and are registered against the property's title where the tenant registered as the 'lessee'. The lease terminates automatically on the death of the surviving resident or when the unit is on-sold to a new resident. |
| Loan License | Tenure agreement that provides the right to occupy under a license and is not registered on the title of property. It is considered is a more flexible arrangement than a loan lease. |
| Median | The middle value / number of a set of numbers / data sample. |
| Metropolitan/ Non-Metropolitan | Based on general postal definitions of Metropolitan locations, postcodes are as follows: <ul style="list-style-type: none"> • Sydney Metro – 2000 to 2234 • Rest of New South Wales – 2235 to 2599, 2621 to 2999 • Melbourne Metro – 3000 to 3207 • Rest of Victoria – 3208 to 3999 • Brisbane Metro – 4000 to 4207, 4300 to 4305, 4500 to 4519 • Rest of Queensland – 4208 to 4299, 4306 to 4499, 4520 to 4999 • Perth Metro – 6000 to 6199 • Rest of Western Australia – 6200 to 6999 • Adelaide Metro – 5000 to 5199 • Rest of South Australia – 5200 to 5854 • Australian Capital Territory – 2600 to 2620 • Tasmania – 7000 to 7923 |
| Monthly Service Fee (ILUs) | The periodic fee charged to the resident for village upkeep and services, sometimes known as general services charges or recurrent charges. Where the operator charges other than a monthly basis, the charge has been converted to a monthly basis for the purpose of comparison. |
| n | The number of data points or sample size of data collected. |
| Occupancy | Percentage of units occupied as a percentage of total units available as at 30 June 2020. A unit is classified as occupied if vacant possession is not provided / indicated. |
| Percentage of Postcode Median | The average price of an ILU in a postcode as a percentage of the median house or unit price in the same postcode. Postcode median house and unit prices are based on data provided by CoreLogic. |
| Private Aged Care | Non government funded aged care services provided in retirement villages, ranging from low care to palliative care that is privately funded by residents. |
| Renovation/Refurbishment of Units on Turnover | Returning a vacated unit to a saleable position by doing more work than just 'make good'. It results in the unit being in a better condition than when the outgoing resident first moved in. This does not differentiate between whether the village owner or resident paid for the renovation / refurbishment. Covers renovation/refurbishment which has occurred between 1 July 2019 and 30 June 2020. |
| Resident Age | Where a Unit is occupied by a couple, the age of the youngest occupant is used. |

Glossary

| Term | Explanation |
|---|---|
| SA | Serviced Apartment. |
| Settled Revenue - Capital Gains Component | The capital gains component (if any) of the Total Settled Revenue. |
| Settled Revenue - Deferred Payment Component | The Deferred Payment component (if any) of the Total Settled Revenue. |
| Signatory of Retirement Living Code of Conduct | Whether the village was a signatory of the Retirement Living Code of Conduct as at 30 June 2020. This includes both full signatories and provisional signatories. Provisional signatory registration became available from May 2020. |
| Status of Village | Partially developed: The village is not fully developed based on the proposed development plan e.g. has remaining stages or facilities of the village that will be delivered in future. Fully completed: No further stages, facilities or other major construction works to deliver. |
| Total Settled Revenue | Gross Revenue received by the village owner from turnover settlements (owner's Deferred Payment + Capital Gains entitlements). |
| Unit Selling Period (days) | The period from the date of vacant possession to the settlement date of the next incoming resident. |
| Vertical Village | At least 75% of units are located in buildings that are taller than two storeys. These units are typically located in a single building or a cluster of buildings serviced by lifts and the units are accessed through common hallways. |
| Village Manager | A village manager is what the organisation considers is a village manager, in the usual sense of the term in the industry. |
| Village occupancy | A unit is classified as occupied if vacant possession has not been provided. |
| Village Type | Horizontal / Single Level / Broadacre: At least 75% of units are single level units / villas. These units are likely to have direct street access. Vertical / Multi-Level: At least 75% of units are located in buildings more than 1 storey tall. Typically, these units are located in a single building or a cluster of buildings serviced by lifts and the units are typically accessed through common hallways. Combination / Anything else: The village has units that meet both of the descriptions above, but does not have at least 75% of units of a particular kind. |
| Year maximum deferred payment % is reached | The year in which the maximum deferred payment is reached, e.g. 5. (NOTE: Operators may refer to the Deferred Payment as a deferred management fee (DMF) or exit fee). |
| Weighted Average | The adjustment of each data point to reflect its contribution, in proportion to the overall sample. |

Introduction

Methodology of the Assessment

The assessment consists of several steps: identification of potential impacts, assessment of impacts, mitigation measures, and monitoring and reporting. The assessment is based on the following methodology:

The data collection for the assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

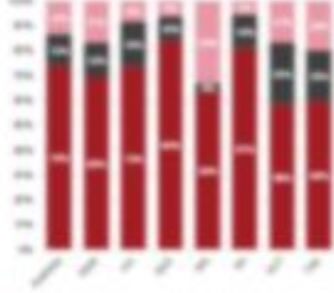
The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

The assessment is based on the following methodology:

Number of Residences

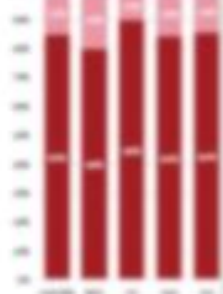


Number of Residences



Residents

Number of Residents



Number of Residents



Operations

Number of Operations

