

2017 PwC/Property Council Retirement Census

“ We are excited to have been part of developing the 2017 PwC/Property Council Retirement Census. One clear message for the sector continues to be the affordability equation which indicates that the average ILU costs less than 70% of the median price of a house in the same postcode, which is good news for this generation of seniors, most of whom downsize from their own homes. We are also seeing the important contribution this sector is making in the home care industry with 40% of the villages reporting that they are an approved provider for home care.”


Tony Massaro, Partner
Real Estate Advisory, PwC
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“ The Retirement Census provides a credible evidence base for industry decisions and Property Council advocacy. A strong sector needs reliable research in order to reflect, plan and grow. I encourage village operators, investors and government to use the Retirement Census in their business decision making. The data is also invaluable to the Property Council’s advocacy with government, media, and others, to show the growth, trends, and benefits of this important sector.”

Ken Morrison, Chief Executive
Property Council of Australia
Ph: +61 (2) 9033 1900

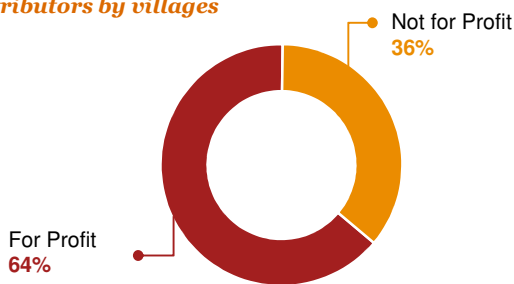
 <https://www.linkedin.com/in/ken-morrison-89634b14/>

 Key Sector Trends	1 Home Care	Retirement village operators are providing or partnering with service providers to offer home care to village residents with 40% of villages reporting that they are an approved provider for either home care, residential care or flexible care.
	2 Affordability	Moving into a retirement living unit continues to be affordable as the average ILU costs less than 70% of the median house price in the same postcode, allowing seniors to unlock capital to improve their quality of life.
	3 Contraction of Maximum Year Deferred Payment	Maximum deferred payment percentage is now reached sooner with approximately half the villages reaching maximum percentage by year 5 whilst the remaining villages reach the maximum percentage by year 10.

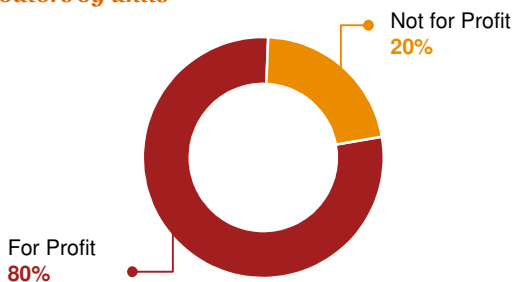
Visit retirementliving.org.au/census to participate in the 2018 Retirement Census

Contributor profile










Contributors by villages



Contributors by units



Snapshot of the data

 56,000+ No. of participating retirement units in the Retirement Census	 65% Percentage of female residents	 80 years Average age of current residents
 194 days Average days from vacant possession to settlement	 93% Average occupancy of villages across Australia	 75 years Average age of residents entering villages
 7 years Average time residents have lived in the village	 6% Most common first year percentage for deferred payments	 69% Average 2 Bed ILU as a percentage of median house price

Access more retirement living research by the Property Council by visiting retirementliving.org.au/research



Village snapshot



Selected village attributes



91% have a community centre



91% provide emergency call systems



84% have organised community outings & activities



76% have visiting health professionals



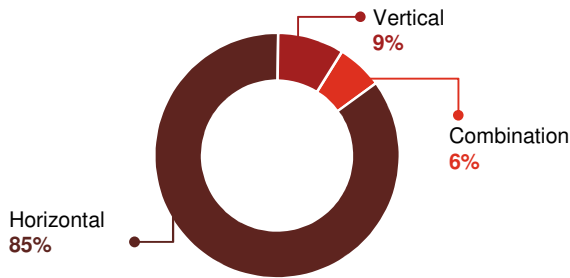
68% allow pets



41% have pool & gym facilities



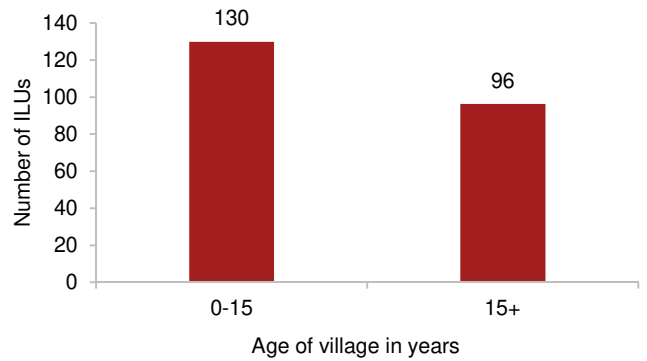
Breakdown of Horizontal and Vertical Villages



There has been a slight shift to Combination style villages. The majority of villages remain horizontal.



Average village size by age



Average size of villages developed in the last 15 years are generally larger in size compared to older villages.



Percentage of villages with aged care in close proximity



Nationally, only 28% of villages in the Retirement Census have reported co-locating with aged care or have aged care located within 500 meters of the village.

Resident snapshot



Residents in the village



65% of residents are female



35% of residents are male



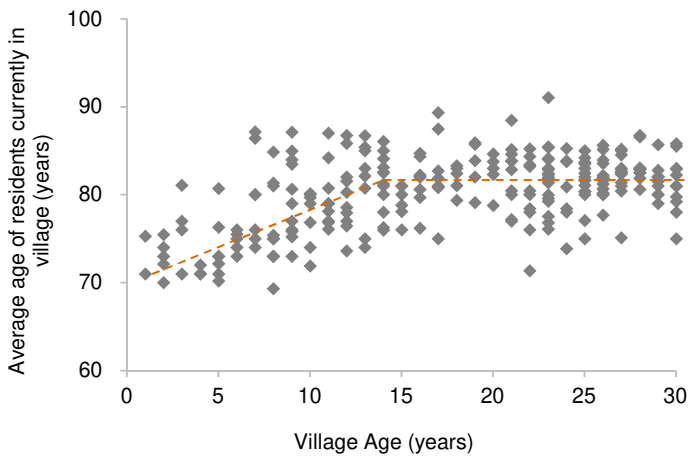
57% of ILUs are occupied by a single resident



43% of ILUs are occupied by couples



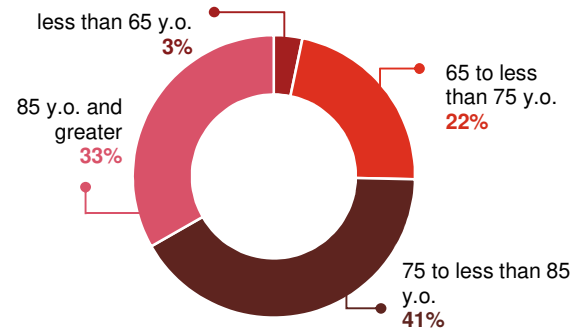
Average resident age and village age



The average age of residents in a village increases with village age. This trend stabilises as the village approaches 15-20 years in age.



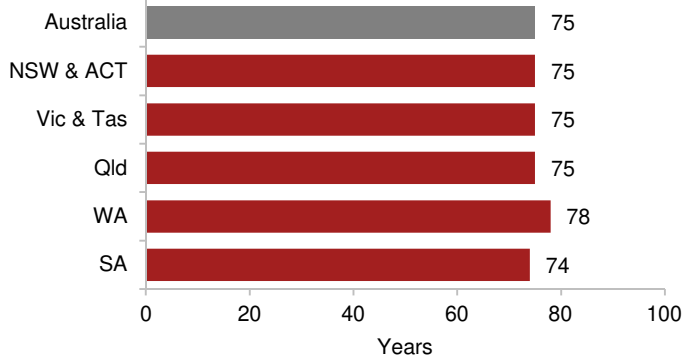
Current resident age



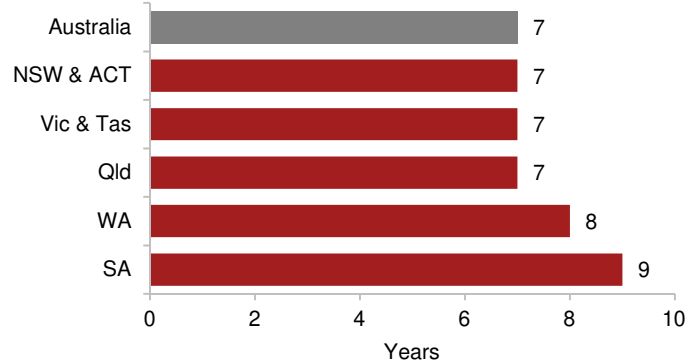
Similar to 2016, the average age of new residents this year is 75 years old across Australia. It is also important to note that **only 3% of residents are younger than 65 years old.**



Average resident age on entry into village



Average current tenure of residents



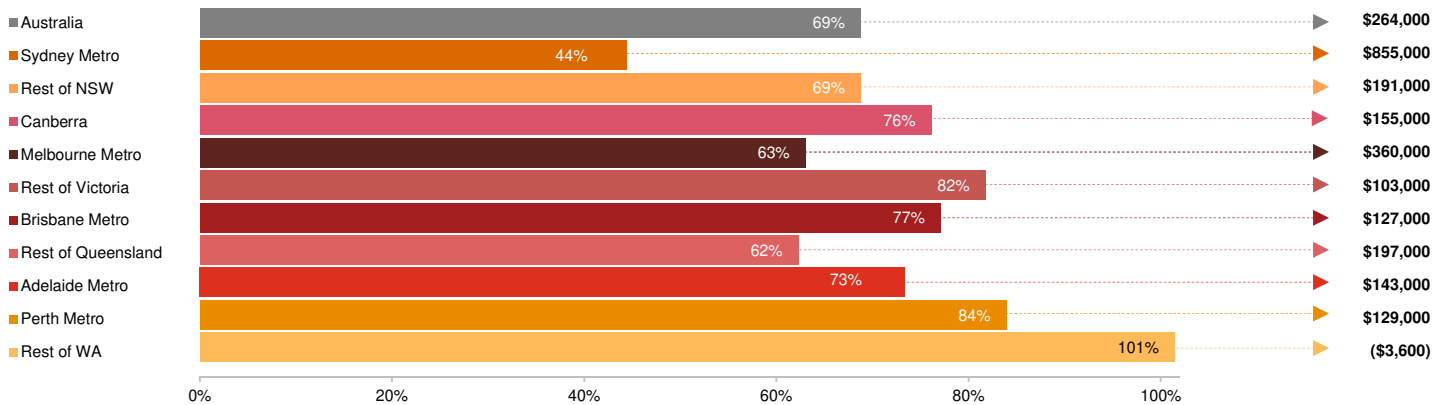
Affordability



Average two bedroom ILU price compared to median house price in the same postcode¹

Average two bedroom ILU as a % of postcode median house price

Average price difference between two bedroom ILU and postcode median house price

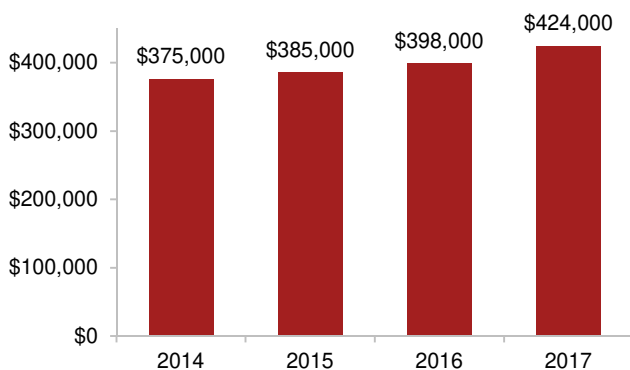


ILUs on average remain affordable compared to the median price of houses in the same postcode. This is especially prevalent in Sydney and Melbourne, both of which continued to experience significant capital growth in the residential market. This is good news for seniors, most of whom downsize from their own homes.

On the other hand, the average two bedroom ILU price in rest of WA is now on par with the median house price in the same postcode. This is driven by the weakening residential property market in WA, particularly in non-metro areas, whilst prices of ILUs remained stable.



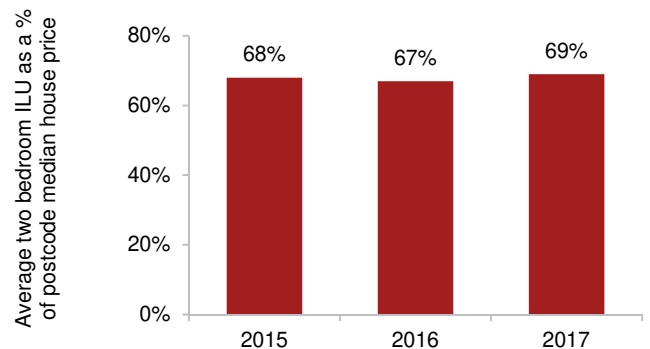
Two bedroom ILUs – National average price



The national average price of two bedroom ILUs has seen moderate growth year-on-year (c. 3% CAGR) over the past 4 years.



National average two bedroom ILU price as a % of postcode median house price



Despite a strong residential property market in Australia, the national average two bedroom ILUs remain affordable compared to the median house price.

While this metric remains fairly consistent with prior years on a national level, some areas with strong residential markets have experienced an improvement in affordability, whereas other areas have seen a decrease in affordability.

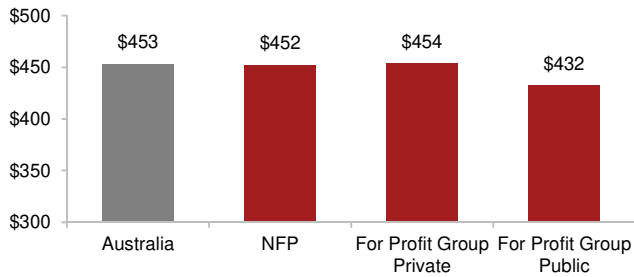
¹Postcode median data provided by CoreLogic

Fees and deferred payments



Monthly service fees by village operator – single residents

Weighted Average Price

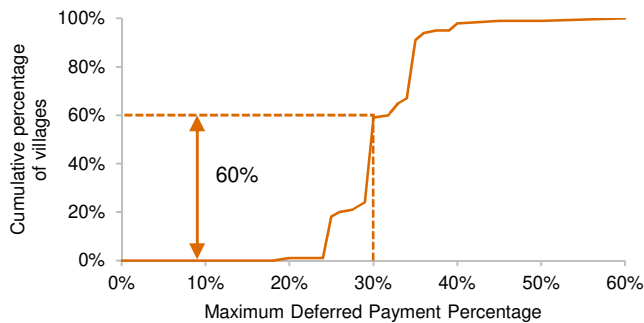


Average monthly service fees are **similar across the different operator segments**.

Service fees are charged on a cost recovery (not for profit) basis and cover costs such as common area cleaning.



Maximum deferred payment at villages



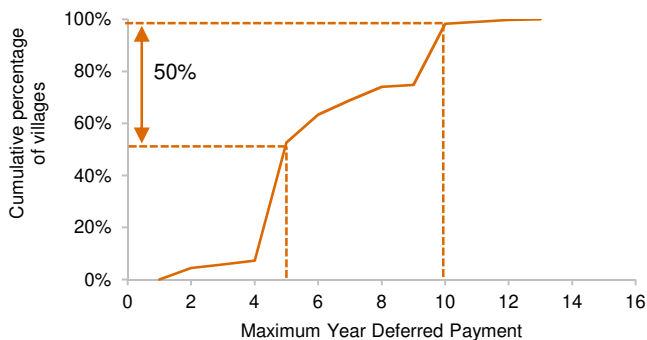
There are a variety of deferred payment structures reflecting a broad range of village standards, service offerings and financial arrangements tailored for residents.

In this year's Retirement Census, the maximum deferred payment percentage for 60% of villages is **30% or below**.

Typically, the deferred payment percentage will increase with tenure up to a maximum capped amount.



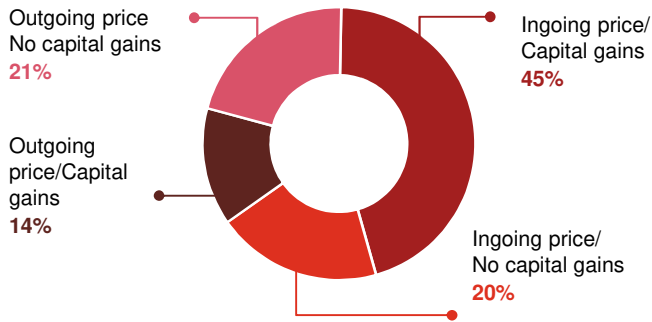
Maximum year of deferred payment at villages



In this year's Retirement Census, approximately half the villages reach the **maximum deferred payment percentage by 5 years**, with the remaining reaching the maximum percentage by 10 years.

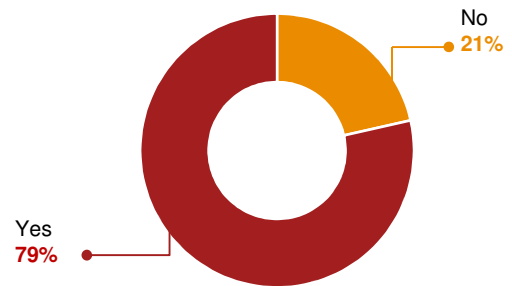
Other key findings

% | Deferred payment structure offered to new residents



45% of villages have the deferred payment percentage applied to the ingoing price (purchase price) as well as a share in the capital gains.

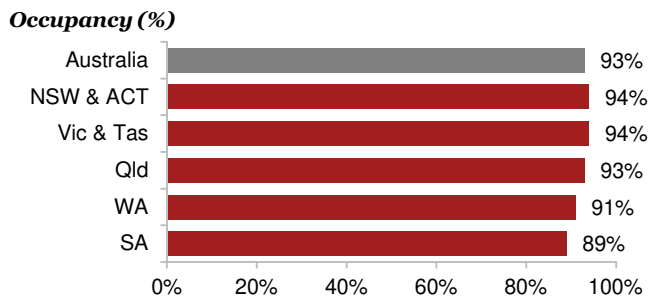
Buy Back Guarantee (% of villages)



79% of villages have a Buy Back Guarantee (combination of legal requirement and voluntary contractual obligation) which vary from village to village.

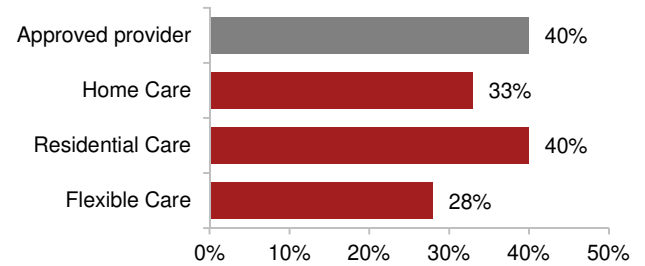
This provides residents with confidence that on departure, the operator will purchase back the ILU within a certain period of time if a buyer is not found.

Village occupancy by region



Village occupancy remains relatively high across all regions.

Approved provider status



40% of villages are operated by an approved provider for either home care, residential care or flexible care. 33% of villages are operated by an approved provider for Home Care.

PwC/the Property Council of Australia sincerely thank all data contributors for their participation, and CoreLogic for providing median price data.

Notes:
 When comparing previous Retirement Census numbers to this year, it is important to note that the number and diversity of participants changes from year to year. The term "Deferred Payments" is more accurate expression for what is sometimes called a "Deferred Management Fee".
 The PwC/Property Council Retirement Census is the most comprehensive aggregated data source on retirement villages in Australia, covering the physical characteristics of villages, ownership details, business attributes and demographic data. The Retirement Census is based on data which was collected from Property Council retirement living operator members and other contributors and analysed by PwC.

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