

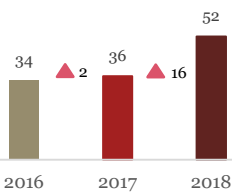
2018 PwC/Property Council Retirement Census

We thank everyone for their participation in the 2018 Retirement Census. This year has seen a record number of participants with contributions from **52 operators** across **610 villages** and **over 68,000 units**

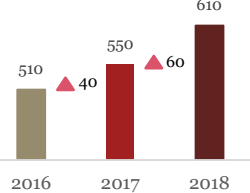


Contributor profile

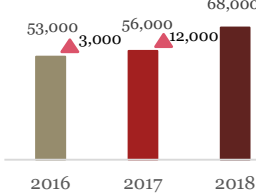
Number of participating operators



Number of participating villages

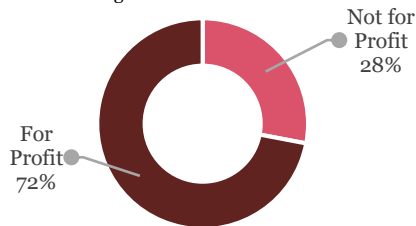


Number of participating units (nearest thousand)



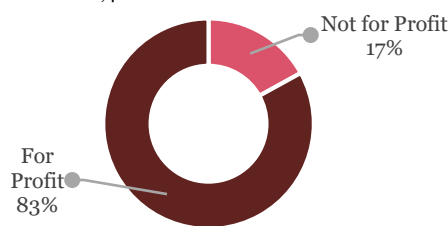
Contributors by number of villages

n = 610 Villages



Contributors by number of units

n = 68,460 units



where n= sample size



PwC is proud to present the 2018 Retirement Census together with the Property Council of Australia. The census provides us with a unique opportunity to deliver insight around trends in the retirement living sector across Australia. With a record number of participants this year, we hope that the insights presented in the census will continue to help drive advancements and positively shape the future direction of the sector.”



Tony Massaro, Partner
Real Estate Advisory, PwC



The Retirement Census is an invaluable data source for the retirement living industry and for Property Council advocacy. It is pleasing to see so many village operators participating in this key piece of sector research. Transparency is important for any market and that’s what this Census delivers. The Retirement Census reveals an industry that has a promising investment pipeline ahead of it which is vital to the housing choices and lifestyles of so many older Australians.



Ken Morrison, Chief Executive
Property Council of Australia



Snapshot of the data



68,000+

Number of participating retirement units in the 2018 Retirement Census



62%

Percentage of female residents



81 years

Average age of current residents



243 days

Average days from vacant possession to settlement



89%

Average occupancy of villages across Australia



75 years

Average age of residents entering villages



8~9 years

Average time residents live in a village



35% by year 6

Median maximum deferred payment and year reached



64%

Average 2 Bed ILU as a percentage of median house price



Key Highlights



Increasing proportion of Vertical and Combination Village

30% of new villages currently under development are either vertical or a combination of vertical and broadacre / horizontal. This is in contrast to existing villages with only 15% being either a vertical or combination village.



Village facilities are becoming more extensive

97% of all new village developments have extensive facilities (with 5 or more facilities and services) compared to 83% of existing villages.



There is a significant pipeline of new units coming to the market over the next four years

Over 2,000 units per year are anticipated to come into the market over the next four years which reflects the continued need to try and meet the demands of an ageing population.

Access more retirement living research by the Property Council by visiting propertycouncil.com.au

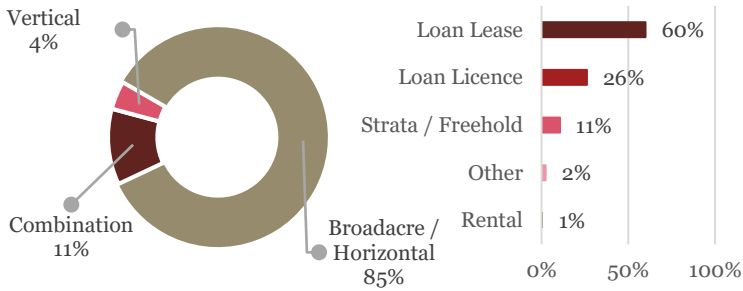


Village Snapshot



Village by Type and Tenure

n = 609 Villages (type) n = 610 Villages (tenure)

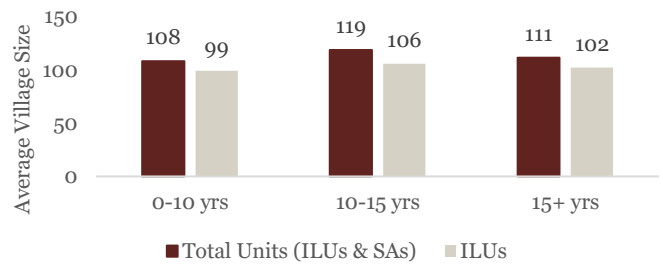


Whilst there has been a shift to combination and vertical style villages in recent years, the majority of villages remain broadacre / horizontal villages. In addition, the ownership / tenure of the majority of villages are under a 'loan lease' model making these villages attractive to residents from a stamp duty perspective



Average village size by age

n = 587 Villages

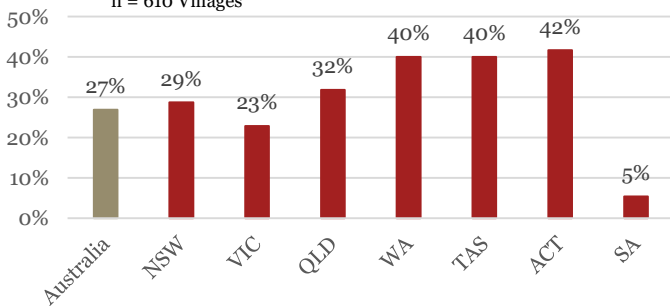


Average size of villages over the past 15+ years have remained relatively similar at around 110 to 120 units with the majority being ILUs as opposed to serviced apartments (SAs).



Percentage of villages with aged care co-located or in close proximity

n = 610 Villages

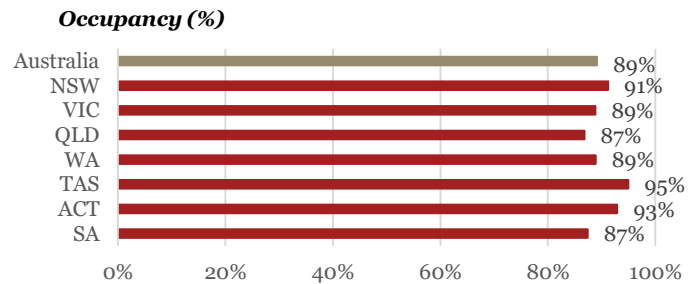


Nationally, 27% of villages have reported co-located aged care or have aged care located within 500 meters of the village. WA, TAS and ACT were noticeably above the national average and SA noticeably below the national average.



Village occupancy by region

n = 605 Villages



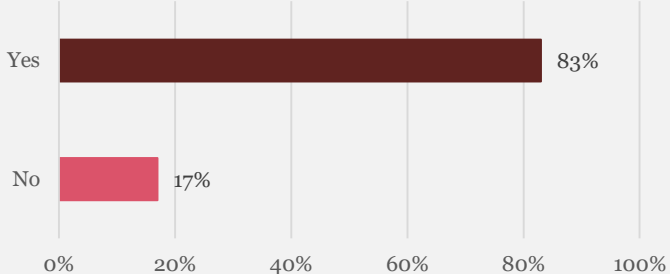
Village occupancy remains relatively high across all states and territories with an average of 89% nationally.



Level of village facilities and services

n = 610 Villages

Does the village have 5 or more of the listed facilities?



Range of village facilities and services:

- Community Centre
- Pool
- Men's Shed
- Bowling Green
- Caravan and Boat Parking
- Cafe
- Cinema
- Wi-Fi
- Emergency Call System
- Craft Room
- Library
- Pool Table
- Social Committee / Program
- Health Services
- Village Bus
- Gym
- Community Garden
- Hair Salon
- Pets Allowed



Resident Snapshot



Residents in the village



62%
of residents are female



38%
of residents are male



61%
of ILUs are occupied by a single resident

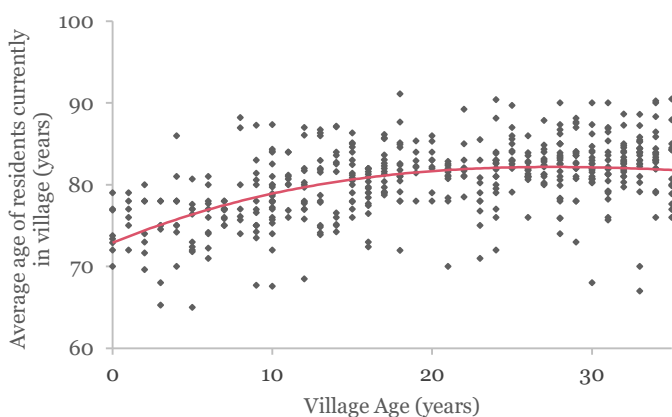


39%
of ILUs are occupied by couples



Average resident age and village age

n = 586 Villages

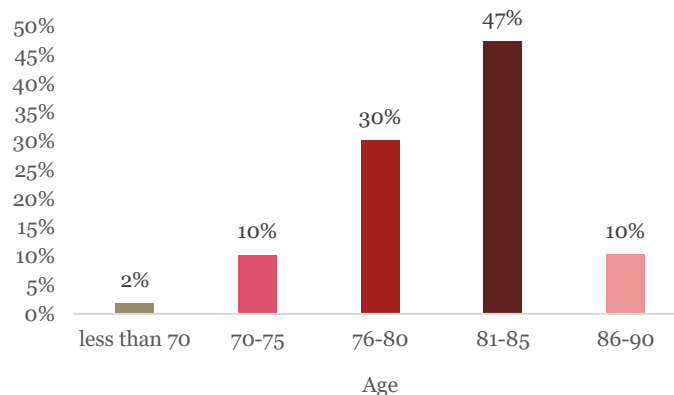


The average age of residents in a village increases with village age. This trend stabilises as the village approaches 20 years of age.



Current resident age

n = 597 Villages

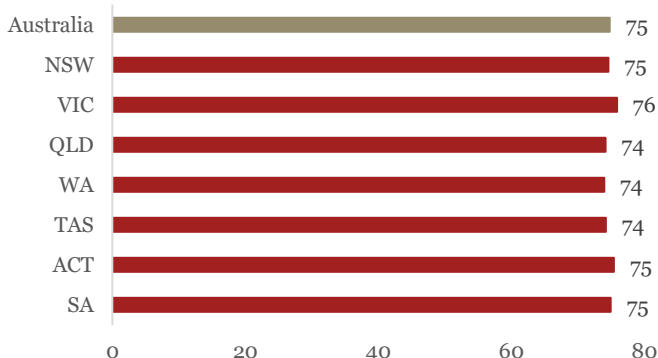


The average age of current residents is 81 years old across Australia. It is also important to note that only 2% of current residents are younger than 70 years of age.



Average resident age on entry into village

n = 598 Villages



The average entry age of residents into a village across Australia is 75 years old. This is consistent across all states and territories.



Average tenure of residents

n = 275 Villages (current) n = 525 Villages (past)



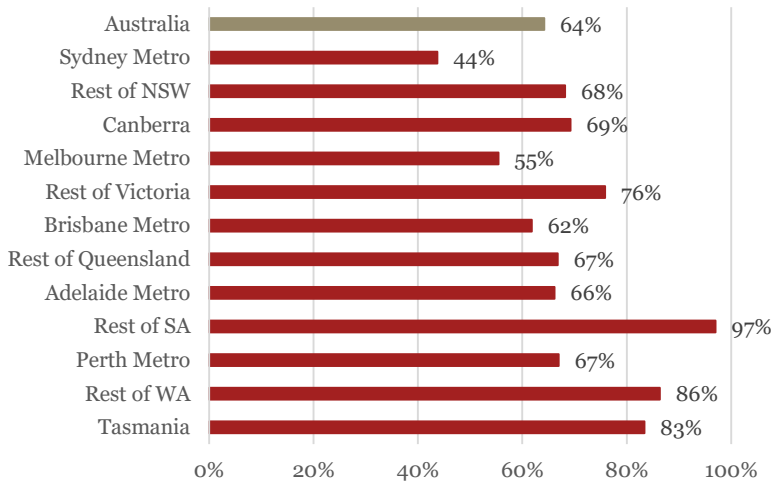
The average tenure of past residents at a village is between 8 to 9 years nationally.

Affordability Snapshot



Average two bedroom ILU price compared to median house price (in the same postcode)

n = 382 Villages

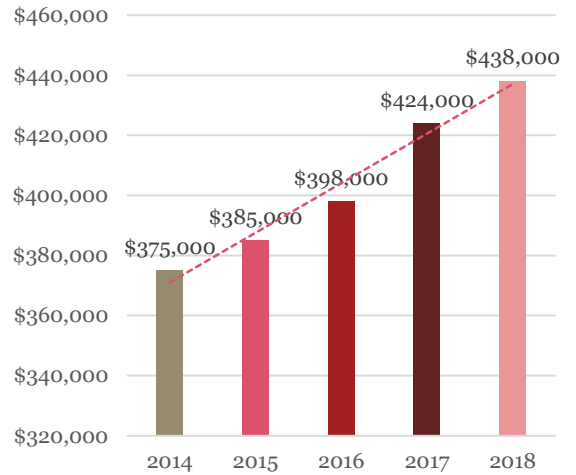


ILUs on average remain affordable (on average 64% across Australia) compared to the median price of houses in the same postcode. This is especially prevalent in Sydney and Melbourne Metropolitan areas, both of which continued to experience significant capital growth in the residential market. This is good news for seniors who downsize from their own homes.

*Postcode median data provided by CoreLogic



Two bedroom ILUs – National average price (nearest thousand (\$))

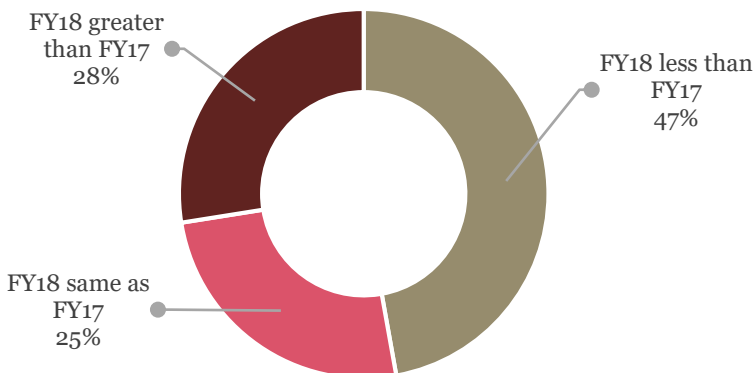


The national average price of a two bedroom ILU has seen moderate growth year-on-year (c. 4% CAGR) over the past five years.



Level of sales (by number of unit sales)

n = 549 Villages

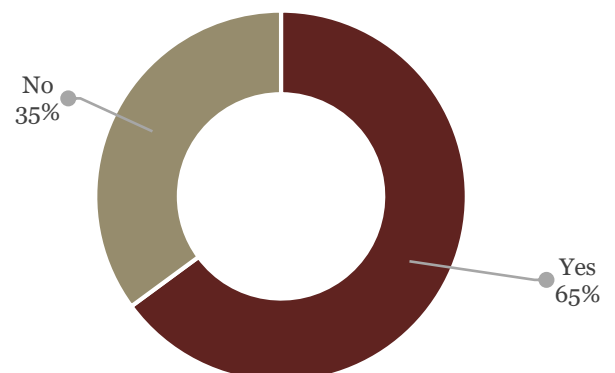


53% of village operators have indicated either steady unit sales or an increase in unit sales in FY18 relative to FY17.



Buy Back Guarantee (% of villages)

n = 610 Villages



65% 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.

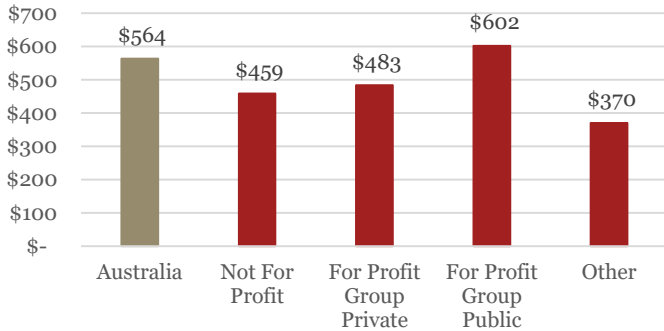
Service Fees and Deferred Payments Snapshot



Monthly service fees by village operator – two bedroom ILU

n = 48,825 Units

Weighted Average Price*



Average monthly service fee nationally is \$564. On average, For Profit providers appear to charge higher service fees than Not For Profit providers.

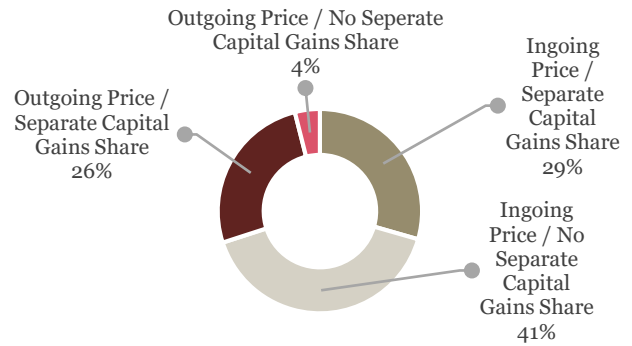
Service fees are charged on a cost recovery (Not For Profit) basis and cover costs such as common area cleaning.

*Please note results are not comparable to last year's reported monthly service fees which was based on a single resident basis whereas this year's survey requested monthly service fees on a number of bedrooms basis.



Deferred payment structure offered to new residents

n = 557 Villages

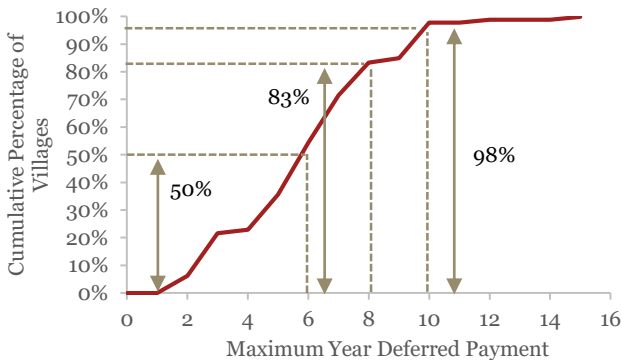


55% of villages have the deferred payment percentage applied to the ingoing (purchase price) or outgoing price (sale price) as well as a separate share in the capital gains.



Maximum year of deferred payment at villages

n = 568 Villages

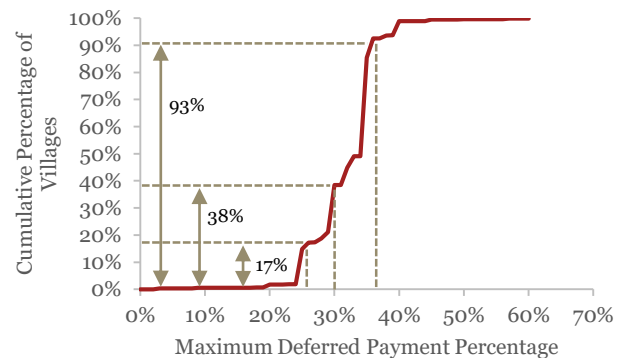


In this year's Retirement Census, approximately 50% of the villages reach the maximum deferred payment percentage by 6 years, 83% by 8 years and with nearly all remaining villages reaching the maximum percentage by 10 years.



Maximum deferred payment at villages

n = 577 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 93% of villages is 36% or below.

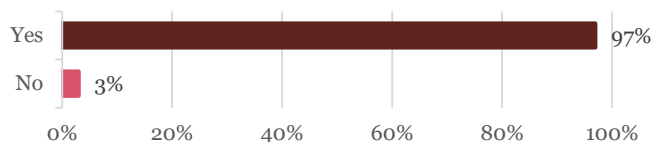
Typically, the deferred payment percentage will increase with tenure up to a maximum capped amount.

Development Snapshot



New villages with 5 or more facilities and services

n = 33 Villages

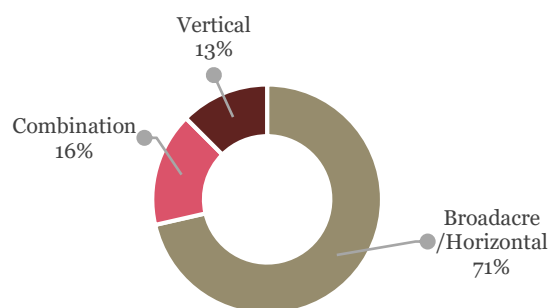


97% of new villages have an extensive range of facilities / service offerings (five or more of the listed facilities and services) compared to existing villages with 83% containing extensive facilities.



Village by Type

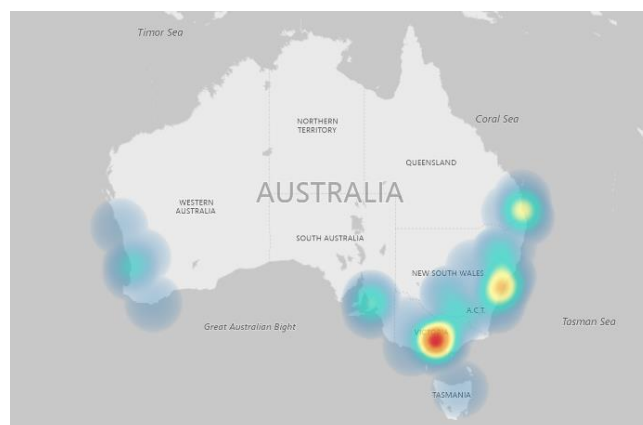
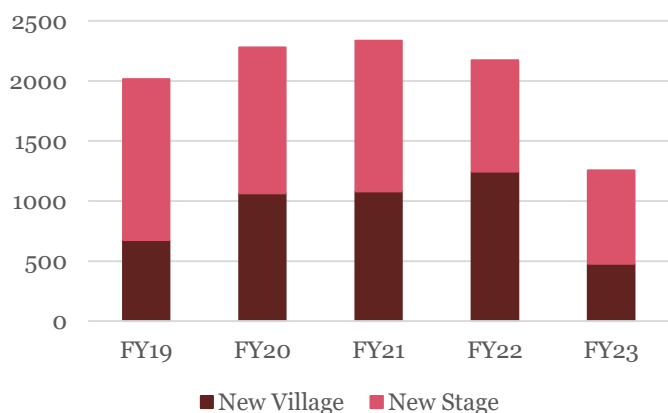
n = 112 Villages



Almost 30% of new developments are Vertical or Combination villages, compared to 15% of existing villages.



Supply pipeline (number of units)



Participants in this year's census have reported over 2,000 units per year coming to the market over the next four years from a mix of new villages and new stages of development on existing villages. Melbourne and Sydney Metropolitan areas have the greatest concentration of new supply of units.



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PwC/ 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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