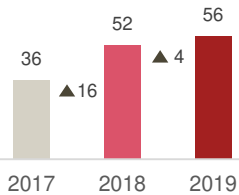# 2019 PwC/Property Council Retirement Census

We thank everyone for their participation in the 2019 Retirement Census. This year has seen a record number of participants with contributions from *56 operators* across *617 villages* and almost *70,000 units*
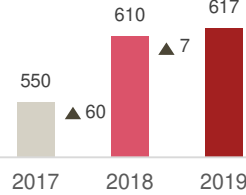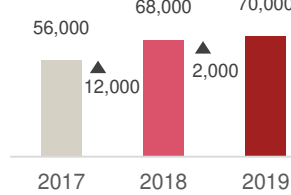
Contributor profile

Number of participating operators

2017	2018	2019
36 ▲16	52 ▲4	56

Number of Participating Villages

2017	2018	2019
550 ▲60	610 ▲7	617

Number of participating units (nearest 1000)

2017	2018	2019
56,000 ▲12,000	68,000 ▲2,000	70,000

Contributors by number of villages
n = 617 Villages

Not for profit 32% (PY, 28%)

For profit, 68% (PY, 72%)
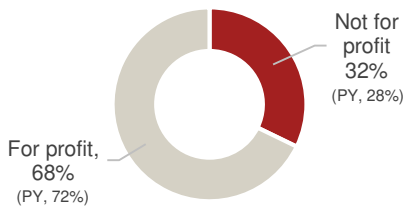
Contributors by number of units
n = 69,826 units

Not for profit 23% (PY, 17%)

For profit, 77% (PY, 83%)
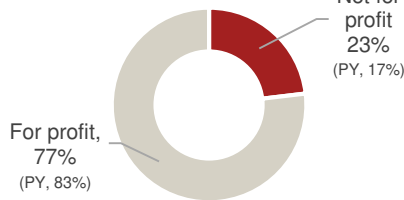
where: n = sample size, PY = 2018 Census Data

> PwC is proud to present the 2019 Retirement Census together with the Property Council of Australia. The retirement industry is facing an interesting period of opportunity, challenge and reform. As such, it is now, more than ever, that critical decisions for the future direction of the industry are made based on accurate data which is representative of the entire industry. We see the Retirement Census as a useful tool in helping to achieve this goal, with almost 70,000 data points across all geographies from both the For Profit and Not For Profit sectors incorporated in the results.

Tony Massaro, Partner
Real Estate Advisory, PwC

> The Retirement Census provides data that is crucial to creating a more transparent market for retirement villages. It is also an invaluable resource for helping policy makers understand this sector and to support our advocacy. Thank you to everyone who has contributed to our biggest ever Retirement Census."

Ken Morrison, Chief Executive
Property Council of Australia

Snapshot of the data

~ 70,000
(PY ~ 68,000)
Number of participating retirement units in the 2019 Retirement Census

2019 ~ 63%
(PY - 62%)
Percentage of female residents

81 years
(PY - 81 years)
Average age of current residents

258 days
(PY - 243 days)
Average days from vacant possession to settlement

89%
(PY - 89%)
Average occupancy of villages across Australia

74 years
(PY - 75 years)
Average age of residents entering villages

8~9 years
(PY - 8~9 years)
Average time residents live in a village

30% over 6 years
(PY - 35% over 6 years)
Median maximum deferred payment and year reached

64%
(PY - 64%)
Average 2 Bed ILU as a percentage of median house price

Key Highlights

Lower median maximum DMF percentage and separate capital gains share
Median maximum deferred payment reached has shifted from 35% over 6 years to 30% over 6 years between 2018 and 2019. The proportion of villages with a separate capital gains share has fallen from 55% to 48% in the same period.

Increasing proportion of Vertical and Combination Villages
48% of new villages currently under development are either vertical or a combination of vertical and broadacre / horizontal. This figure is up 18% from 2018 Census figures.

Lengthening Average ILU Selling Days
The average number of days between the date of vacant possession to settlement increased from 243 days to 258 days between 2018 and 2019.

Increasing proportion of villages offering guaranteed buybacks
The proportion of villages offering a guaranteed buyback (combination of legal requirement and voluntary contractual obligation) has increased from 65% to 71% between 2018 and 2019.

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

Village Snapshot

Village by Type and Tenure

n = 617 Villages (type)   n = 617 Villages (tenure)

Horizontal / Single Level / Broadacre (77%)
(PY, 85%)

Combination (11%) (PY, 11%)

Vertical (12%) (PY, 4%)

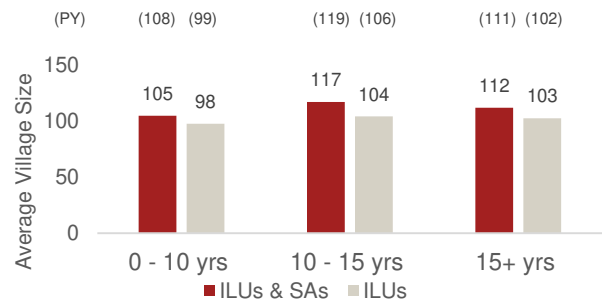|		(PY)
Loan Lease	60%	(60%)
Loan Licence	24%	(26%)
Strata / Freehold	12%	(11%)
Other	3%	(2%)
Rental	1%	(1%)

0%   50%   100%

The proportion of villages that are Horizontal / Single Level /Broadacre has fallen from 85% to 77% between 2018 and 2019. This fall is a reflection of the trend towards vertical villages. The majority of villages remain under a 'loan lease' or 'loan licence' ownership model.

Average village size by age

n = 614 Villages

(PY)   (108) (99)   (119) (106)   (111) (102)

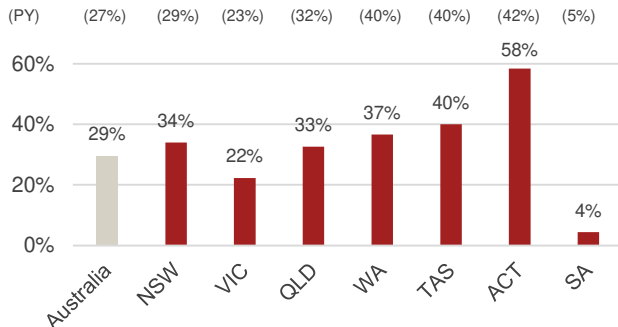|	0 - 10 yrs	10 - 15 yrs	15+ yrs
ILUs & SAs	105	117	112
ILUs	98	104	103

Average Village Size

■ ILUs & SAs ■ ILUs

Average size of villages over the past 15+ years has remained relatively similar at around 105 to 120 units with the majority being ILU's as opposed to serviced apartments (SA's).

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

n = 617 Villages

(PY)   (27%) (29%) (23%) (32%) (40%) (40%) (42%) (5%)

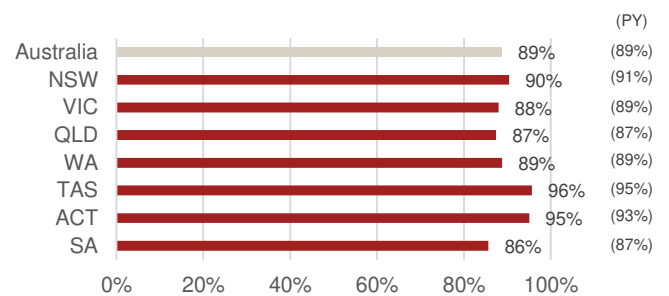| Australia	NSW	VIC	QLD	WA	TAS	ACT	SA
29%	34%	22%	33%	37%	40%	58%	4%

29% of surveyed villages reported co-located or closely located (within 500m) aged care facilities, up from 27% in 2018. The strongest uplifts were seen in NSW and the ACT, up 5% and 16% respectively from the 2018 Census. Of the villages that have co-located aged cared, 34% were operated by the village owner, up from 27% in 2018.

Village occupancy by region

n = 580 Villages

		(PY)
Australia	89%	(89%)
NSW	90%	(91%)
VIC	88%	(89%)
QLD	87%	(87%)
WA	89%	(89%)
TAS	96%	(95%)
ACT	95%	(93%)
SA	86%	(87%)

0%   20%   40%   60%   80%   100%

Village occupancy remains relatively high across all states and territories with an average of 89% nationally, consistent with the 2018 Census.

Selected Village Attributes

88% (PY – 83%) of villages have 5+ of the listed facilities

93% Have a Social Committee / Program

92% Have a Community Centre

87% Have an Emergency Call System

47% Have a Gym

59% Have a Wellness Centre or Visiting Health Professional

44% Have a Bowling Green

56% Have a Pool

26% Have a Café, Coffee Shop or Restaurant

Resident Snapshot

Residents in the village

63%
(PY – 62%)
of residents are female

37%
(PY – 38%)
of residents are male

68%
(PY – 61%)
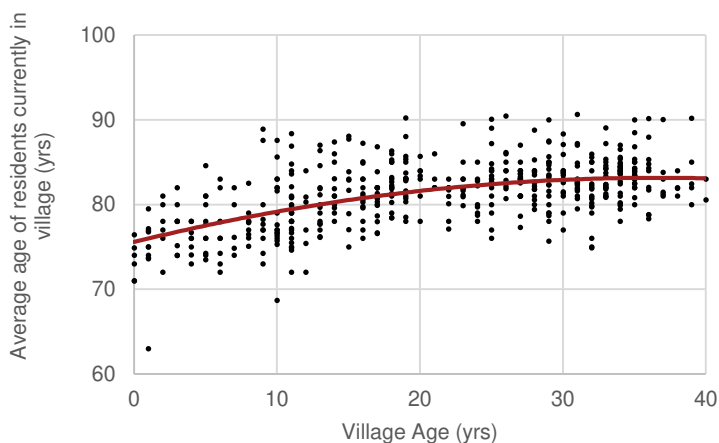of ILUs are occupied by a single resident

32%
(PY – 39%)
of ILUs are occupied by couples

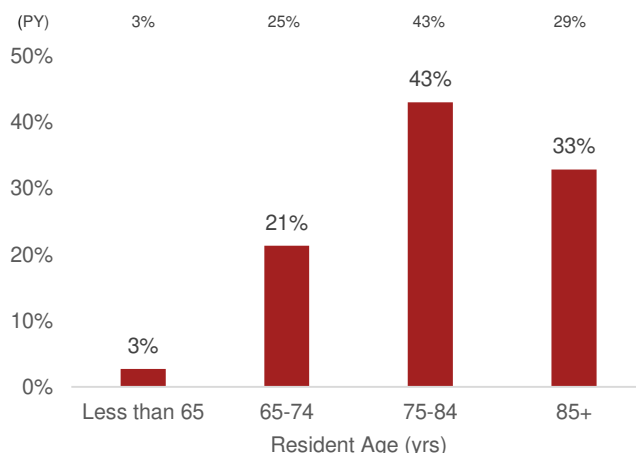## Average resident age and village age
n = 617 Villages

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 = 51,306 residents

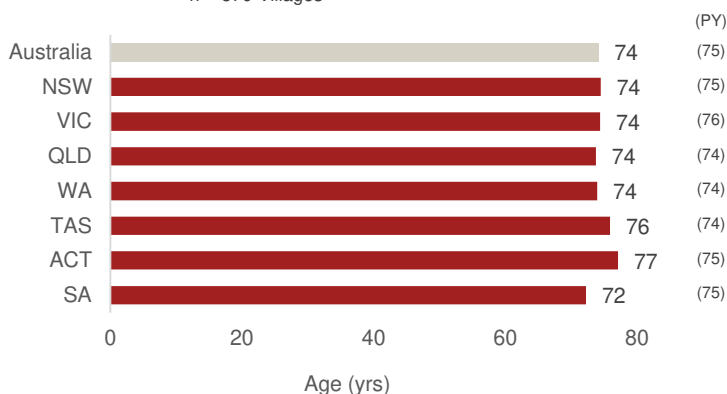| (PY) | 3% | 25% | 43% | 29% |

Consistent with 2018 Census, the average age of current residents is 81 years across Australia with 76% of residents over 75 years of age. The 2019 census indicates a shift from the 65-74 age bracket to the 85 and over bracket.

Average resident age on entry into village
n = 570 Villages

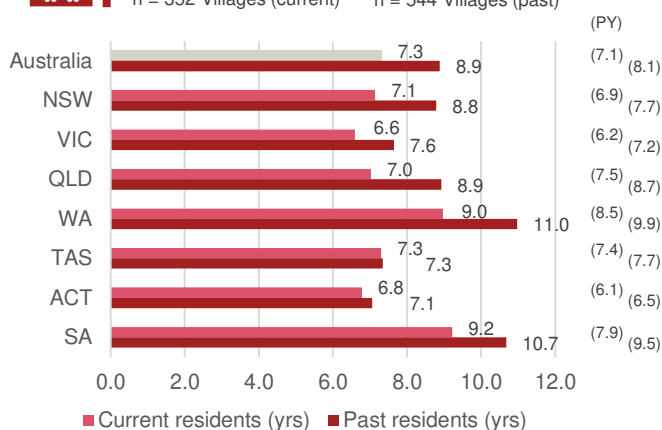|	Age (yrs)	(PY)
Australia	74	(75)
NSW	74	(75)
VIC	74	(76)
QLD	74	(74)
WA	74	(74)
TAS	76	(74)
ACT	77	(75)
SA	72	(75)

The average entry age of residents into a village across Australia is approximately 74 years old. This is slightly down on the 2018 Census at 75 years.

Average tenure of residents
n = 352 Villages (current)   n = 544 Villages (past)

	Current residents (yrs)	Past residents (yrs)	(PY)	(PY)
Australia	7.3	8.9	(7.1)	(8.1)
NSW	7.1	8.8	(6.9)	(7.7)
VIC	6.6	7.6	(6.2)	(7.2)
QLD	7.0	8.9	(7.5)	(8.7)
WA	9.0	11.0	(8.5)	(9.9)
TAS	7.3	7.3	(7.4)	(7.7)
ACT	6.8	7.1	(6.1)	(6.5)
SA	9.2	10.7	(7.9)	(9.5)

■ Current residents (yrs)   ■ Past residents (yrs)

The average tenure of residents has increased from the 2018 Census, with tenure of current residents up by 0.2 years and tenure of past residents up by 0.8 years. Average tenure of past residents is approaching 9 years.
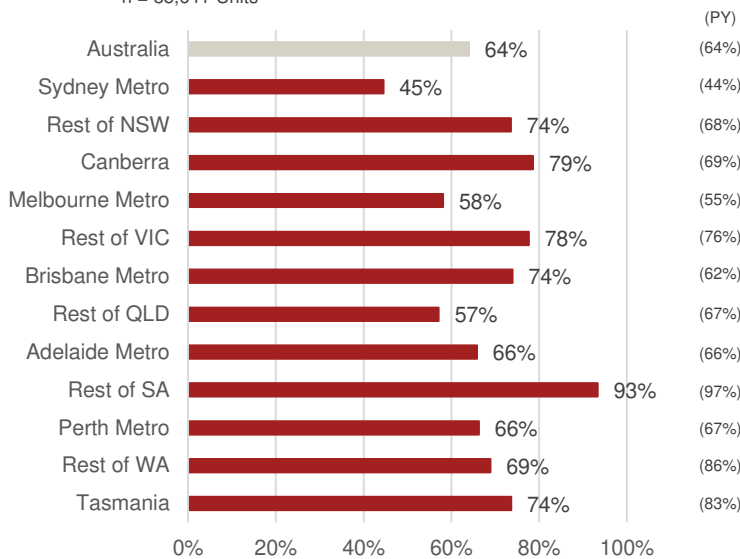
Sales and Affordability Snapshot

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

n = 38,641 Units

		(PY)
Australia	64%	(64%)
Sydney Metro	45%	(44%)
Rest of NSW	74%	(68%)
Canberra	79%	(69%)
Melbourne Metro	58%	(55%)
Rest of VIC	78%	(76%)
Brisbane Metro	74%	(62%)
Rest of QLD	57%	(67%)
Adelaide Metro	66%	(66%)
Rest of SA	93%	(97%)
Perth Metro	66%	(67%)
Rest of WA	69%	(86%)
Tasmania	74%	(83%)

ILUs on average remain affordable with ILU sale prices being 64% of the median house sale prices in the same postcode with some localised changes.[1]

[1]Postcode median data provided by CoreLogic

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

n = 38,641 Units (2019)

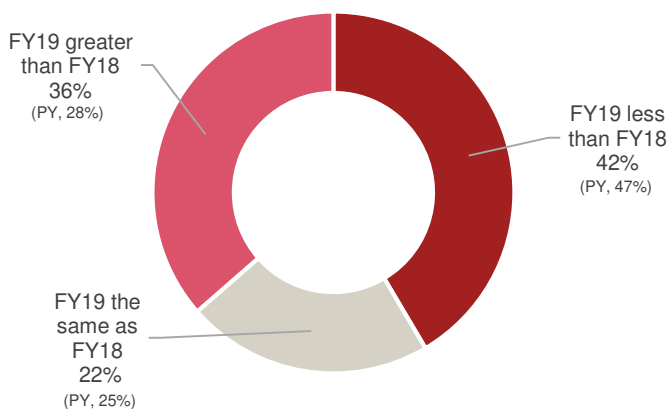| Year	Price
2015	$385,000
2016	$398,000
2017	$424,000
2018	$438,000
2019	$459,000
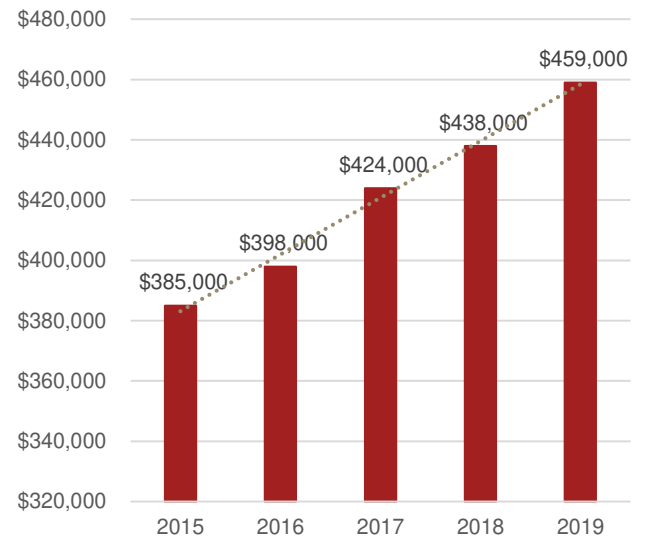
The national average price of a two bedroom ILU has seen steady growth year-on-year (c.4.5% Cumulative Average Growth Rate) over the past five years.

Level of sales
(by number of unit sales)

n = 571 Villages

- FY19 greater than FY18 36% (PY, 28%)
- FY19 less than FY18 42% (PY, 47%)
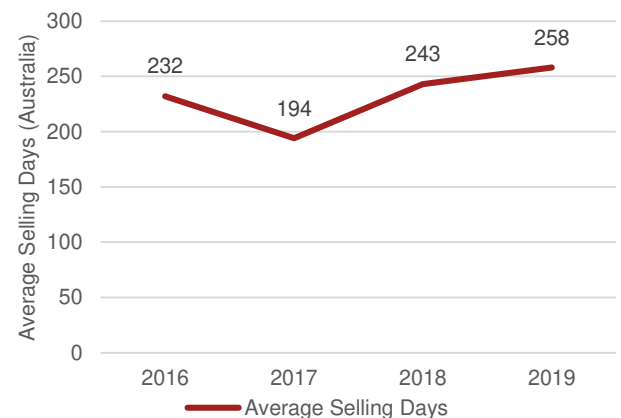- FY19 the same as FY18 22% (PY, 25%)

58% of village operators have indicated either steady unit sales or an increase in unit sales in FY19 relative to FY18. This is up from the 53% figure reported in the 2018 Census.

Average Selling Days

n = 474 Villages**

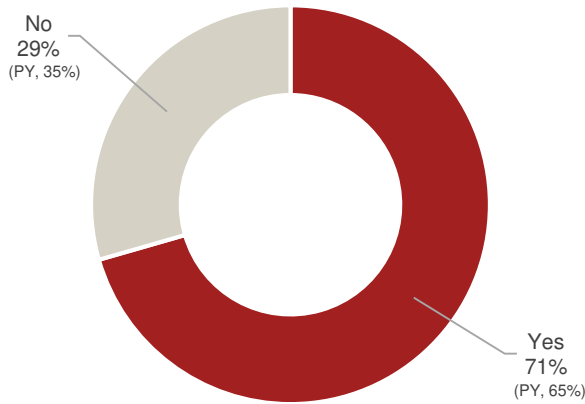| Year	Average Selling Days (Australia)
2016	232
2017	194
2018	243
2019	258

The average selling days between the date of vacant possession to settlement increased from 243 days to 258 days between 2018 and 2019.

Operating Environment Snapshot

Buy Back Guarantee (% of villages)

n = 584 Villages
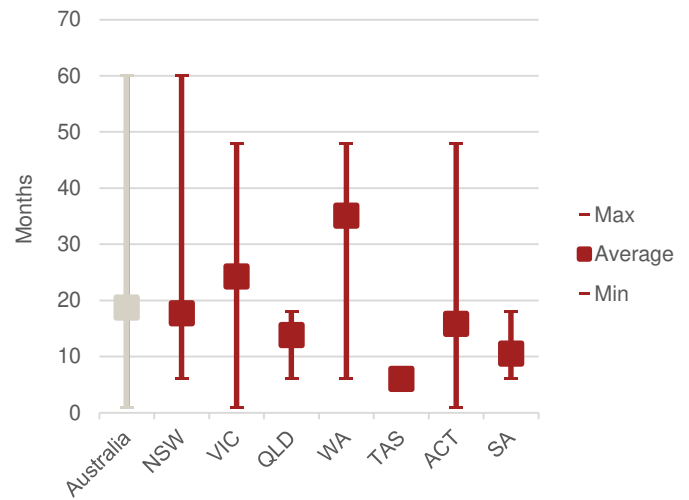

No
29%
(PY, 35%)

Yes
71%
(PY, 65%)

71% of villages reported a Buy Back Guarantee (combination of legal requirement and voluntary contractual obligation) compared to 65% in the 2018 Census.

Buyback Period in Months of most common contract

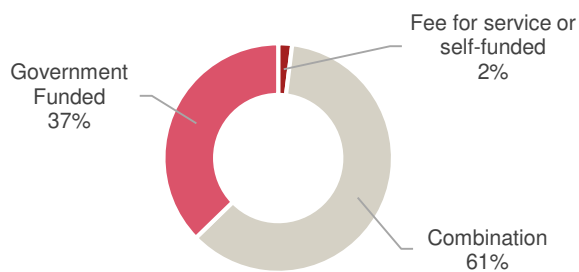n = 400 Villages**

— Max
■ Average
— Min

**Sample set for Tasmania is three villages

Of the 71% of villages who reported a buy back guarantee, the average buyback period in months of the villages most common contract was 19 months nationally.

If home care is provided, how is it funded?

n = 153 Villages

Fee for service or self-funded
2%

Government Funded
37%

Combination
61%

39% of villages have home care provided on site by the village operator. 61% of home care services are funded by a combination of government funding and fee for service and/or self-funded.

Operating Environment Snapshot

84%
Average CSAT (Customer Satisfaction) Score
n = 101 Villages

45
Average 'Net Promoter Score' Australia wide[1]
n = 62 Villages

39%
Percentage of villages accredited as of June 30 2018[2]
n = 225 Villages

[1]Net Promoter Score range from (-100 to 100)
[2]On 30 June 2018, the accreditation schemes in place were the Lifemark Village Scheme and LASA's International Retirement Communities Accreditation Scheme (IRCAS). ARVAS commenced 1 Oct 2019
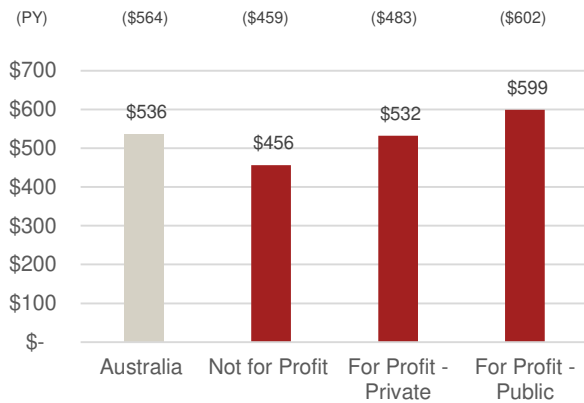
Service Fees and Deferred Payments Snapshot

Monthly service fees by village operator – two bedroom ILU
n = 40,727 Units

Weighted Average Fee

| (PY) | ($564) | ($459) | ($483) | ($602) |

Bar chart values:
- Australia: $536
- Not for Profit: $456
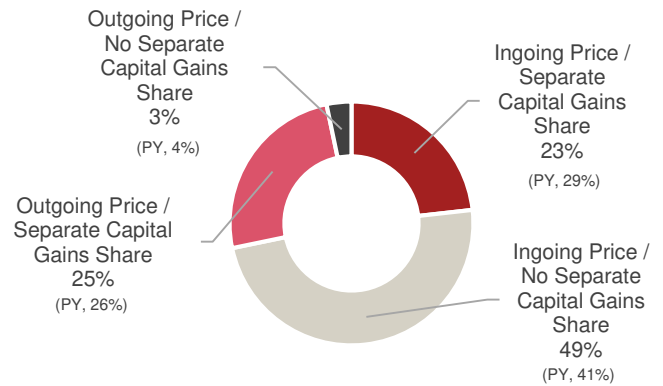- For Profit - Private: $532
- For Profit - Public: $599

Nationally, the average monthly service fee was reported to be $536. This is down 5% compared to 2018 Census figures, largely driven by a greater proportion of Not For Profit participants. Private, For Profit operators reported an average 10% increase in their service fee, whilst Not For Profit and For Profit – Public operators service fees were consistent with prior year.

Deferred payment structure offered to new residents
n = 577 Villages

- Outgoing Price / No Separate Capital Gains Share 3% (PY, 4%)
- Ingoing Price / Separate Capital Gains Share 23% (PY, 29%)
- Outgoing Price / Separate Capital Gains Share 25% (PY, 26%)
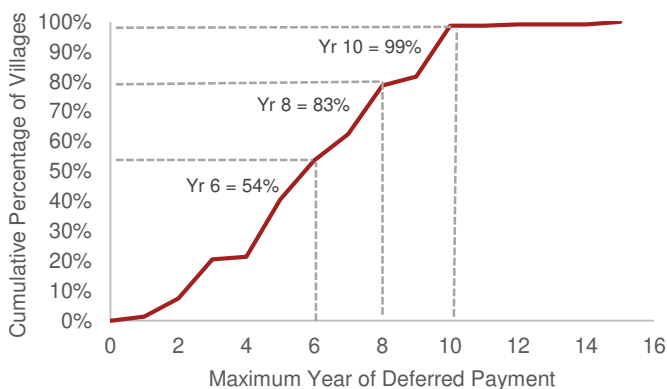- Ingoing Price / No Separate Capital Gains Share 49% (PY, 41%)

The proportion of deferred payments with a separate capital gains share and those without a separate capital gains share are almost equal (48% and 52% respectively) compared to the 2018 Census (55% to 45% respectively).

Maximum year of deferred payment at villages
n = 568 Villages

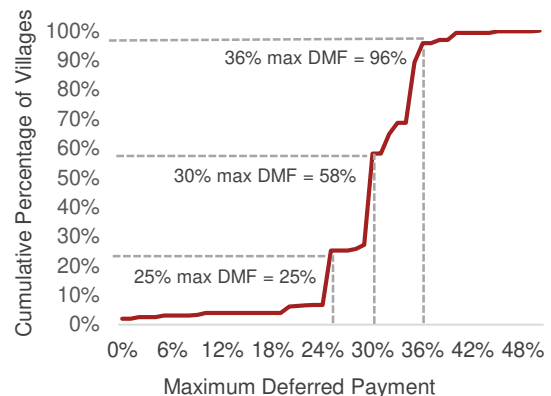- Yr 10 = 99%
- Yr 8 = 83%
- Yr 6 = 54%

54% of the villages reach the maximum deferred payment percentage within 6 years, 83% by 8 years and nearly all remaining villages reaching the maximum percentage by 10 years.

Maximum deferred payment at villages
n = 577 Villages

- 36% max DMF = 96%
- 30% max DMF = 58%
- 25% max DMF = 25%

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

The 2019 Census shows that the maximum deferred payment percentage for 96% of villages is 36% or below.
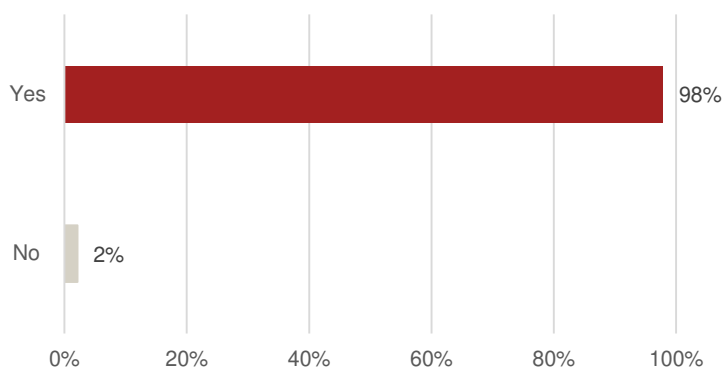
The median maximum deferred payment percentage is 30% over 6 years.

Development Snapshot

New villages with 5 or more facilities and services
n = 47 Villages

Yes	98%
No	2%

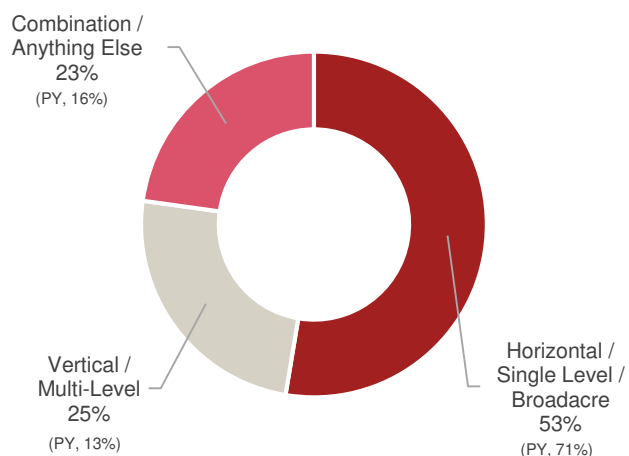(Bar chart x-axis: 0% 20% 40% 60% 80% 100%)

98% 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 88% containing extensive facilities.
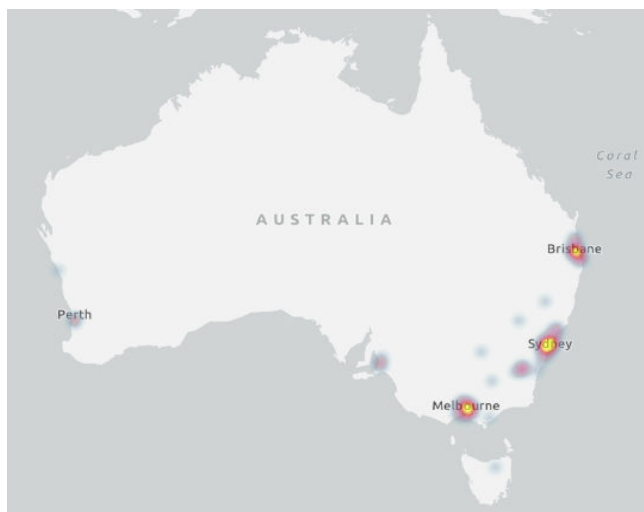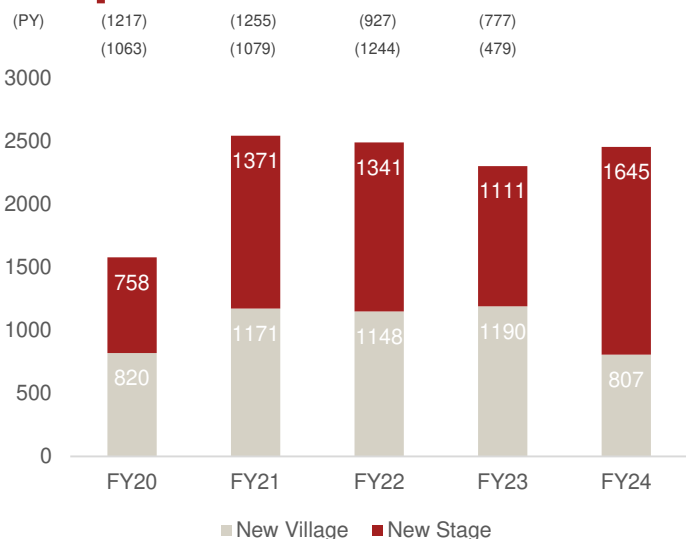
Village by Type
n = 114 Villages

Combination / Anything Else 23% (PY, 16%)

Vertical / Multi-Level 25% (PY, 13%)

Horizontal / Single Level / Broadacre 53% (PY, 71%)

48% of new developments are Vertical or Combination villages, compared to 23% of existing villages.

Supply pipeline (number of units)

(PY)	(1217) (1063)	(1255) (1079)	(927) (1244)	(777) (479)

Chart values:
- FY20: New Village 820, New Stage 758
- FY21: New Village 1171, New Stage 1371
- FY22: New Village 1148, New Stage 1341
- FY23: New Village 1190, New Stage 1111
- FY24: New Village 807, New Stage 1645

Legend: New Village, New Stage

The supply pipeline for FY20 is expected to be modest, with just over 1,500 units expected to be completed. Participants in this year's Census have reported over 2,000 units per year coming to the market in FY21-FY24 from a mix of new villages and new stages of development on existing villages. Metropolitan areas within Sydney, Melbourne and Brisbane 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.