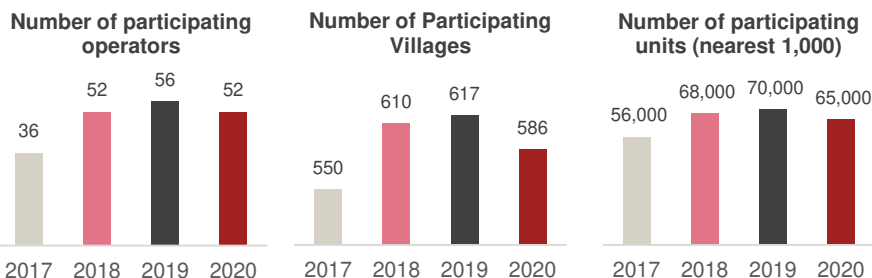


2020 PwC / Property Council Retirement Census

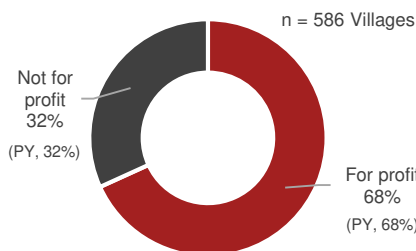
We especially thank everyone for their contribution to the 2020 Retirement Census during these trying times. This year has seen contributions from **52 operators** across **586 villages** and over **65,000 units**



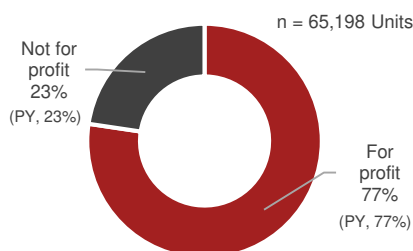
Contributor profile



Contributors by number of villages



Contributors by number of units



n = sample size, PY = Previous Year (2019 Census Data)

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.

The 2020 Retirement Census covers FY20 (July 2019 – June 2020). From March 2020, Australian businesses across all sectors have been significantly impacted by COVID-19 induced government restrictions on operations, employment, and service provision. 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.

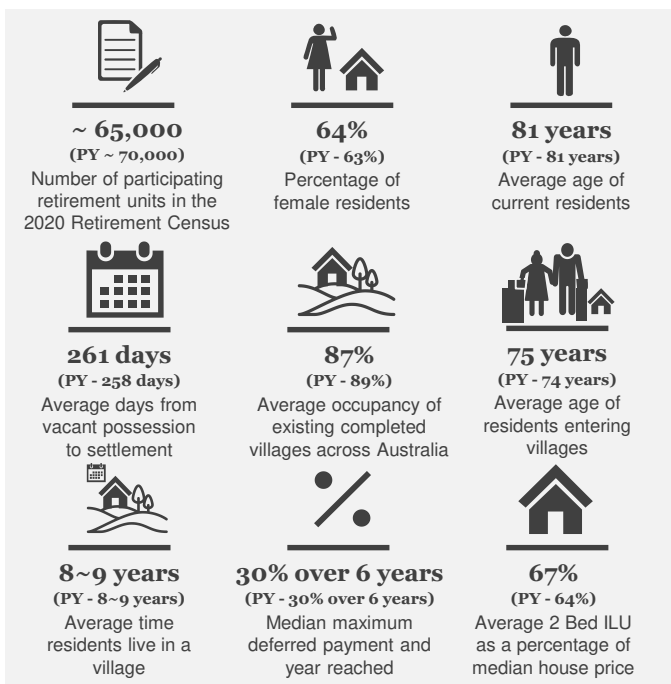
"It is a testament to the operators in this industry that in a year filled with unprecedented uncertainty, challenges and reform, 52 operators representing over 65,000 units have taken the time to contribute to this year's Retirement Census. A common theme which we are seeing emerging both in the way operators have handled themselves during the COVID-19 pandemic and in the data we are seeing 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."



Tony Massaro, Partner
Real Estate Advisory, PwC



Snapshot of the data



Key Highlights



Resilience in the face of challenging market conditions

The retirement sector has shown resilience in the face of unprecedented challenges and market conditions including:

- National average price of a two bedroom ILU has held firm at \$463,000, a marginal increase from \$459,000 in 2019;
- Average days from vacant possession to settlement has remained steady at 261 days compared to 258 days in 2019; and
- The national average two bedroom ILU price compared to median house price in the same postcode has grown from 64% in 2019 to 67% in 2020.



Increasing proportion of vertical and combination villages

56% of new villages currently under development are either vertical or a combination of vertical and broadacre / horizontal. This figure is up 9% from 2019 Census figures.



Decrease in Planned Development

Based on the 2020 Retirement Census sample set, it is expected that ~3,200 units will be completed over FY21 and FY22. This reported development pipeline is lower compared to 2019 Retirement Census estimates, which had total units to be completed over the same time period at ~5,000 units.

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



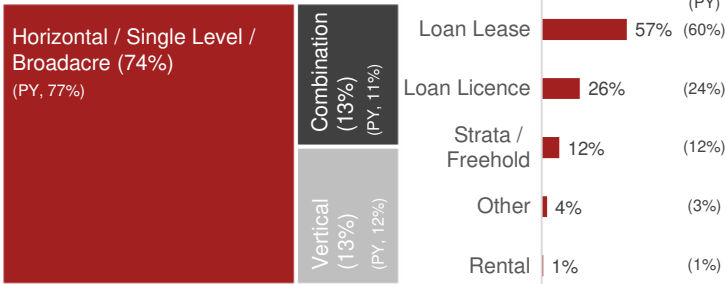
Village Snapshot



Village by Type and Tenure

n = 586 Villages (type)

n = 586 Villages (tenure)

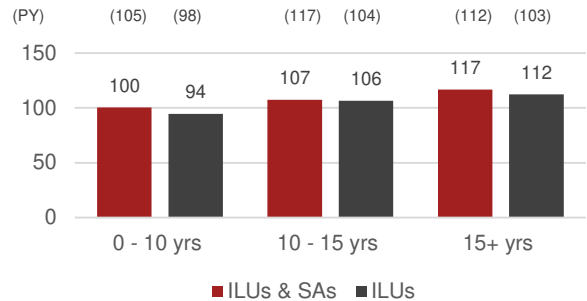


The proportion of villages that are Horizontal / Single Level / Broadacre has fallen from 77% to 74% between 2019 and 2020. This fall continues the trend towards vertical villages, which was also noted in the 2018 and 2019 Census. The majority of villages remain under a 'loan lease' or 'loan licence' ownership model. It should be noted that these figures are likely to be affected by a different participant mix in 2020.



Average village size by age

n = 574 Villages

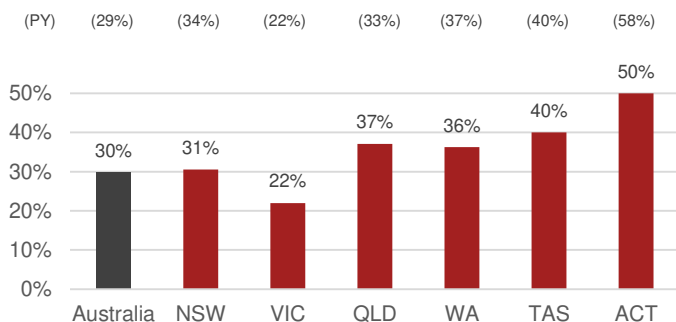


The 2020 Census shows a positive correlation between village age and village size. Average size of villages over the past 15+ years has remained relatively similar at around 100 to 120 units with the majority being ILU's as opposed to serviced apartments (SA's).



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

n = 580 Villages



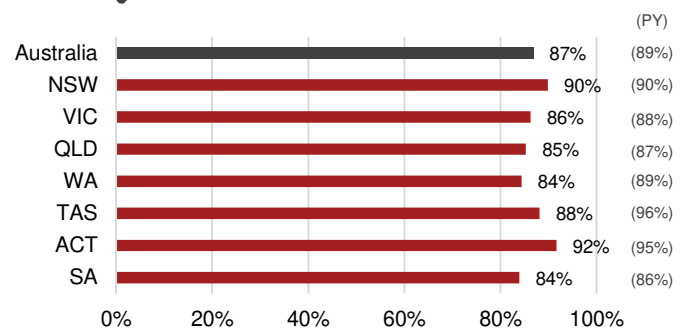
30% of surveyed villages reported co-located or closely located (within 500m) aged care facilities, consistent with the 29% reported in 2019.

Note: sample set too small to include SA



Village occupancy by region

n = 561 Villages



Given market uncertainty and challenges faced with COVID-19, average occupancy within the retirement living sector has fallen by 2% compared to the 2019 Census (89%). It should be noted that these figures are likely to be affected by a different participant mix in 2020.



Selected Village Attributes



90% (PY - 88%)

of villages have 5+ of the Census listed facilities



91% (PY, 93%)
Have a Social Committee / Program



92% (PY, 92%)
Have a Community Centre



84% (PY, 87%)
Have an Emergency Call System



46% (PY, 47%)
Have a Gym



41%
Have Solar Power



53% (PY, 59%)
Have a Wellness Centre or Visiting Health Professional



45% (PY, 44%)
Have a Bowling Green



58% (PY, 56%)
Have a Pool



23% (PY, 26%)
Have a Café, Coffee Shop or Restaurant



48%
Have CCTV

Resident Snapshot



Residents in the village



64%
(PY – 63%)
of residents are female



36%
(PY – 37%)
of residents are male



58%
(PY – 68%)
of ILUs are occupied by a single resident

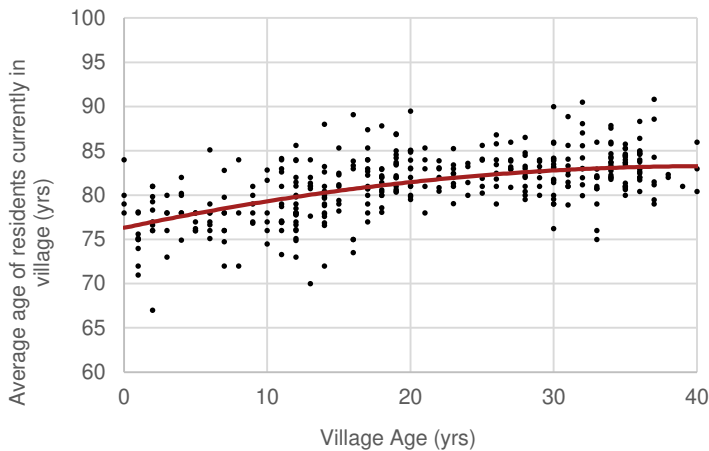


42%
(PY – 32%)
of ILUs are occupied by couples



Average resident age and village age

n = 541 Villages

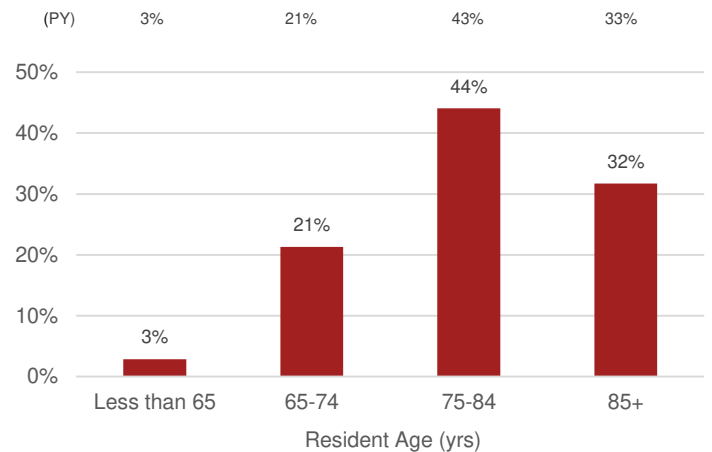


The average age of residents in a village increases with village age. This trend stabilises as the village approaches 20 years of age.



Current resident age

n = 21,335 residents

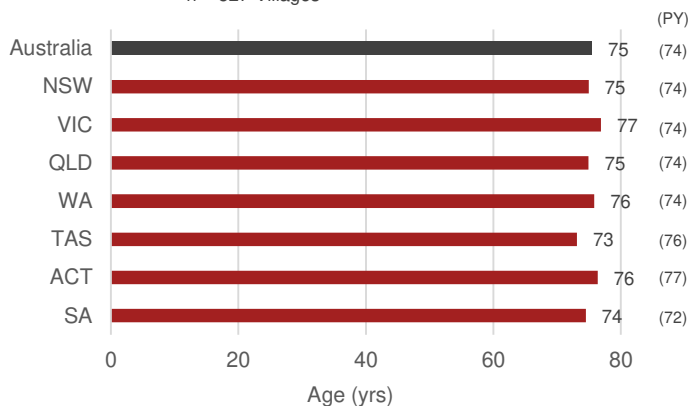


Consistent with 2018 and 2019 Census, the average age of current residents is 81 years across Australia with 76% of residents 75 years of age and over. The percentage of residents in each age bracket in 2020 is consistent with the 2019 Census.



Average resident age on entry into village

n = 527 Villages

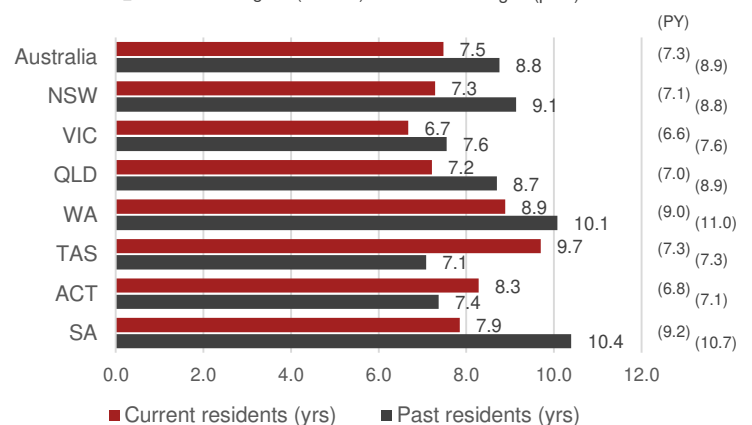


The average entry age of residents into a village across Australia is approximately 75 years old. This is marginally higher than the 2019 Census at 74 years and consistent with the 2018 Census.



Average tenure of residents

n = 182 Villages[^] (current) n = 482 Villages (past)



The average tenure of current residents nationally has increased slightly from the 2019 Census, up 0.2 years to 7.5 years. Average tenure of past residents remains consistent at almost 9 years.

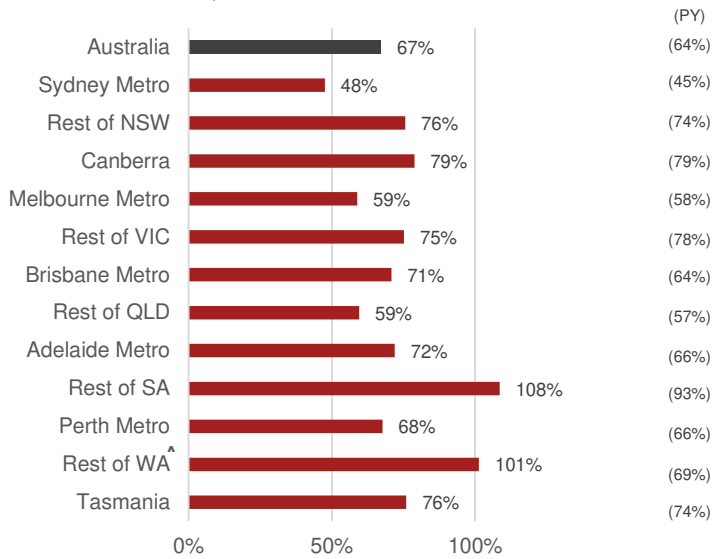
[^]Sample size for TAS and ACT for average tenure of current residents was three (3) and two (2) respectively.

Sales and Affordability Snapshot



Average two bedroom ILU price compared to median house price¹ (in the same postcode)

n = 34,381 units



ILUs on average remain affordable with ILU sale prices being 67% of the median house sale price in the same postcode, compared to 64% in 2019. There has been some localised changes across Australia.

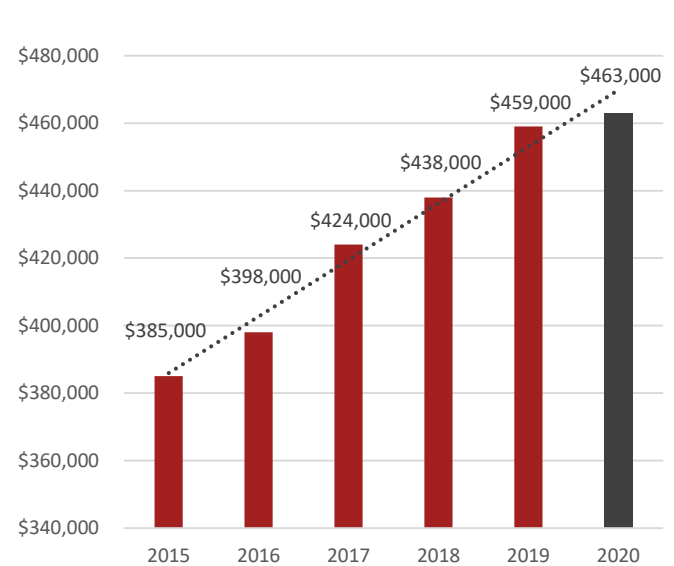
¹Postcode median data provided by CoreLogic

[^]The Rest of WA sample in 2020 was considerably different to the sample set of the previous year



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

n = 34,381 units



The national average price of a two bedroom ILU has held relatively firm from 2019 with a marginal increase from \$459,000 to \$463,000. Since 2015, however, ILU pricing has seen a healthy cumulative average growth rate of c.3.76% p.a..



All ILU bedroom types – National average price (nearest thousand \$)

n = 435 Villages

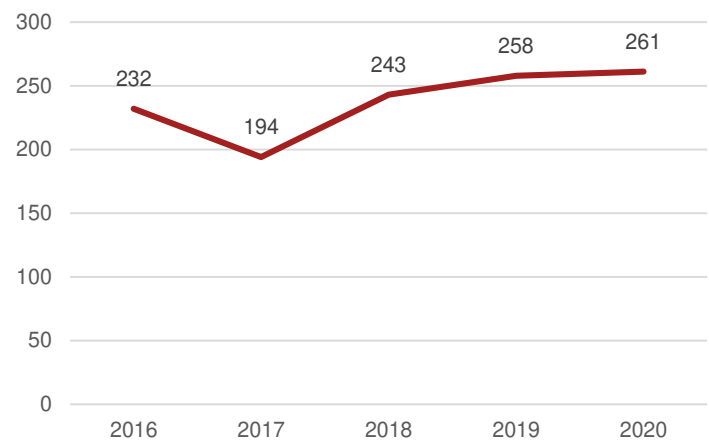


The average price of a 1 bed ILU to 4+ bed ILU ranges from \$324,000 to \$785,000. Data suggests an additional bedroom equates to an average increase of \$154,000 in sale price.



Average selling days

n = 409 Villages



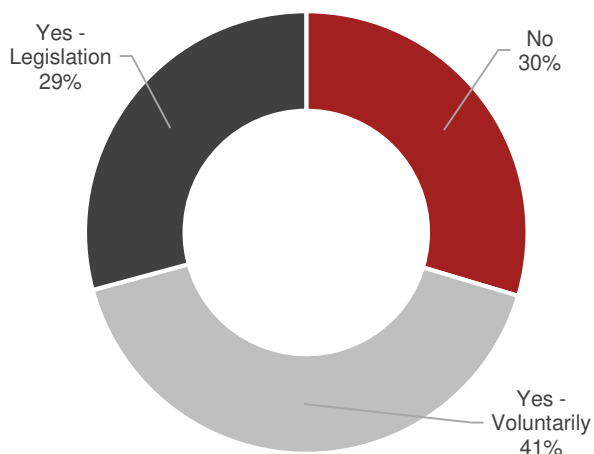
The average selling days between the date of vacant possession to settlement increased from 258 days to 261 days between 2019 and 2020.

Operating Environment Snapshot



Buy Back Guarantee (% of villages)

n = 486 Villages

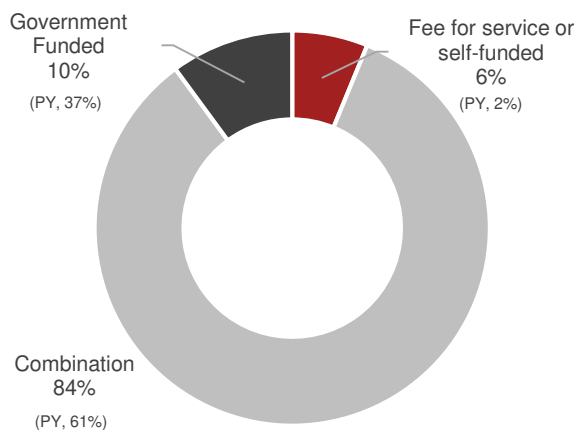


70% of villages reported a Buy Back Guarantee (29% legal requirement and 41% voluntary contractual obligation). This is in line with the reported figure of 71% in the 2019 Census.



If home care is provided, how is it funded?

n = 129 Villages



Of the villages where home care is provided by the village operator, 84% of villages are funded by a combination of government funding and 'fee for service or self-funded'. This reflects a large drop in home care being solely funded by Government from 37% in the 2019 Census to 10% in 2020.

Sales Details

(Average number of days between)



26 days

Resident gives notice to vacate and resident gives vacant possession

n = 300 Villages



63 days

Resident gives notice to vacate and agreement to sell

n = 360 Villages



104 days

Initial enquiry and deposit

n = 296 Villages

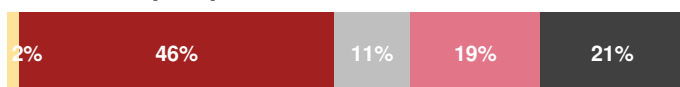


287 days

Resident gives notice to vacate and settlement of the unit

n = 374 Villages

Reason for prospective sale cancellation n = 452 Villages



- Chose a different village
- Decided RV wasn't for them
- Other
- Could not sell home
- Health needs changed

46% of villages indicated that in FY20 the most common reason for a prospective sale being cancelled was due to the prospective resident being unable to sell their home.

Village Accreditation

n = 394 Villages



72%

Percentage of villages which are full or provisional signatories of the RLCC¹

Percentage of villages that will seek ARVAS accreditation in 2020, 2021 or 2022



67%

n = 229 Villages

Of the villages which provided a response, 72% are either full or provisional signatories of the RLCC (67% full signatories). Of non ARVAS accredited villages, 67% of villages have indicated an intention seek accreditation in coming years.

¹On 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.

¹Retirement Living Code of Conduct (RLCC)

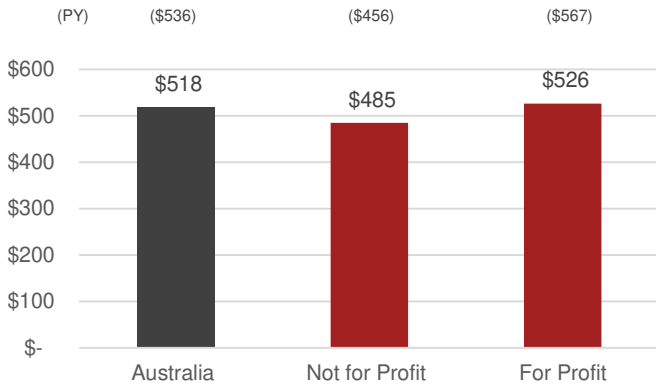
Service Fees and Deferred Payments Snapshot



Monthly service fees by village operator – two bedroom ILU

n = 51,229 Units

Weighted Average Fee

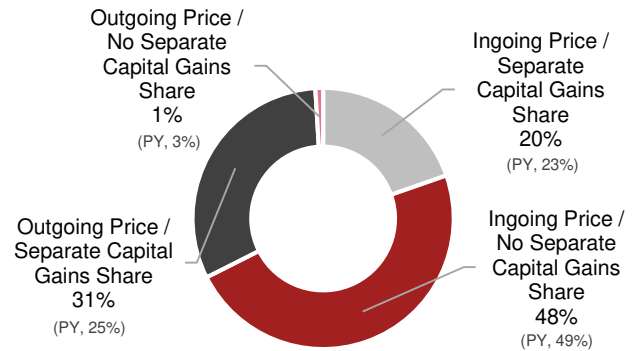


Nationally, the average monthly service fee was reported to be \$518. Not for Profit operators had a lower average monthly service fee than For Profit operators by an average of \$41. It should be noted that these figures are likely to have been affected by a different participant mix in 2020.



Deferred payment structure offered to new residents

n = 524 Villages

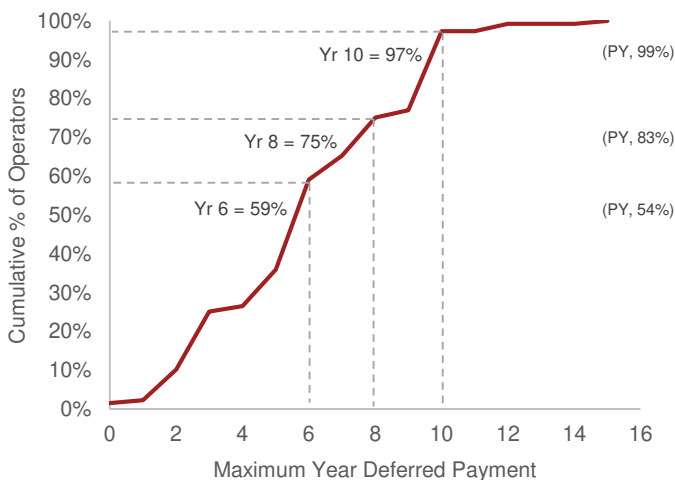


The proportion of deferred payment with and without a separate capital gains share is almost equal at 51% and 49% respectively. There has been a slight shift toward payment structures which include separate capital gains share with 51% in 2020 compared to 48% in the 2019 Census. Anecdotally, village operators report that they are more likely to offer contracts without separate capital gains share in states with legislated mandatory buyback requirements.



Maximum year of deferred payment by operator

n = 522 Villages

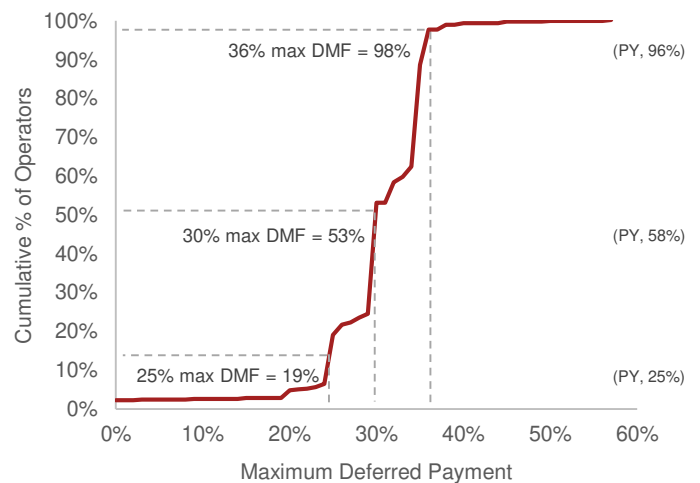


For the most common contract entered into in FY20, 59% of operators indicated the maximum deferred payment percentage was within 6 years compared to 54% in 2019. 75% indicated the maximum deferred payment percentage within 8 years and nearly all remaining operators within 10 years



Maximum deferred payment by operator

n = 523 Villages



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

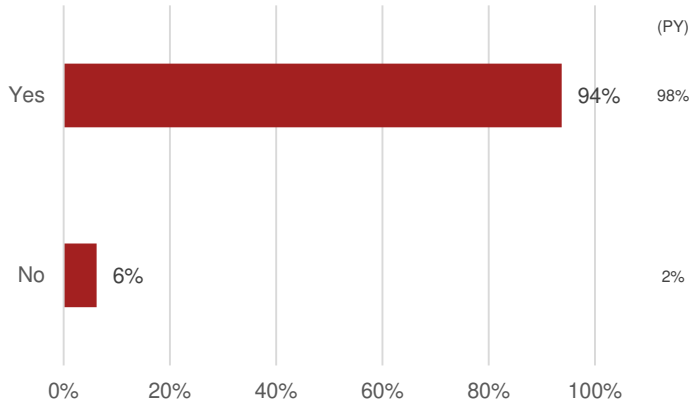
The 2020 Census shows that the maximum deferred payment percentage for 98% of operators is 36% or below. The median maximum deferred payment percentage is 30% over 6 years.

Development Snapshot



New villages with five or more facilities

n = 48 Villages

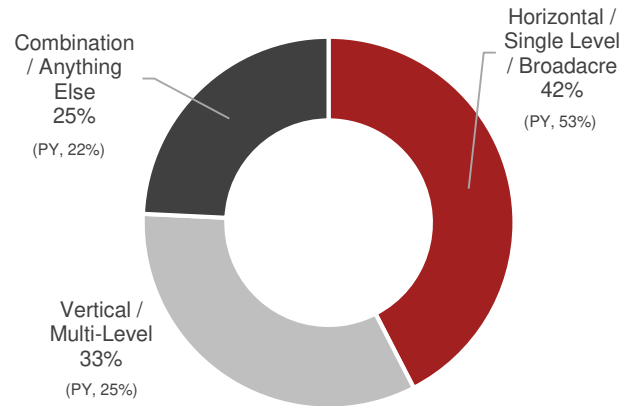


94% of new villages under development have an extensive range of facility offerings (five or more of the Census listed facilities) which is slightly higher than existing villages, with 90% containing extensive facilities.



New Villages by Type

n = 66 Villages

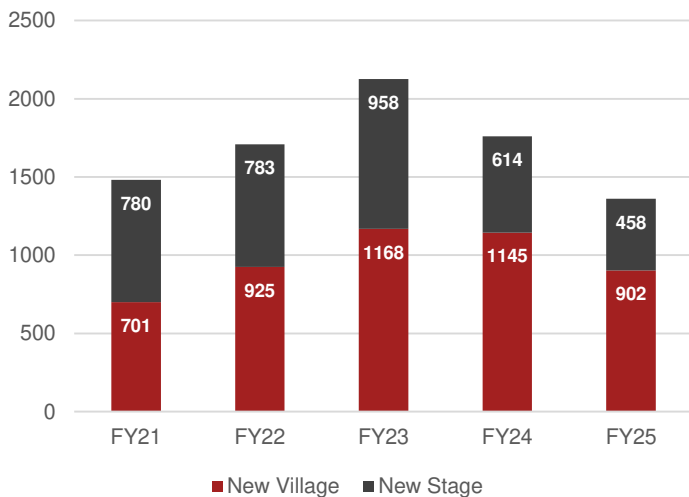


58% of new developments are either vertical or combination villages in comparison with 47% in the 2019 Census. This trend towards vertical villages is further highlighted with only 26% of participating existing villages being Vertical or Combination villages.

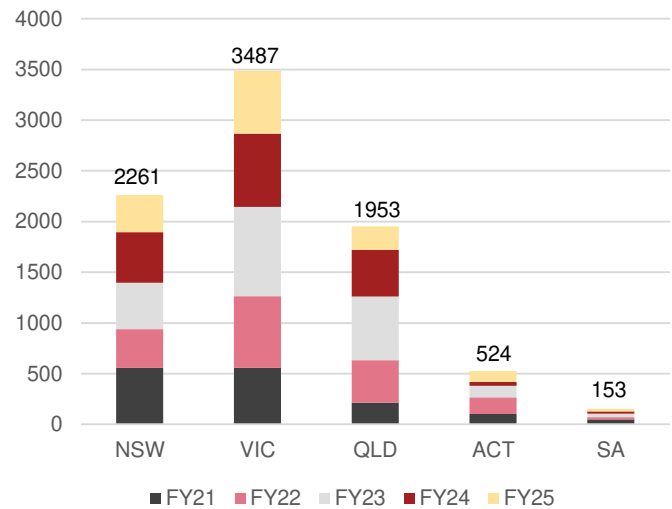


Supply pipeline by Development Type (number of units)

(PY) (1371) (1341) (1111) (1645)
(1171) (1148) (1190) (807)



Supply pipeline by State* (number of units)



*Sample set too small to include WA and SA

The supply pipeline for FY21 is expected to be modest, with just under 1,500 units expected to be completed. Participants in this year's Census have reported close to 8,500 units coming on to the market over the next five financial years from a mix of new villages and new stages of development on existing villages. Supply in Victoria has been indicated to particularly strong through FY22 and FY23. The metropolitan areas of Sydney, Melbourne and Brisbane have indicated the greatest concentration of supply of units to the market. It should be noted that this particular statistic is highly dependent on the participant mix.



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Purchase the Key Statistics Report

Aimed at investors, the Key Statistics Report provides a greater depth of Retirement Census statistics than the Snapshot Report

propertycouncil.com.au/census

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 Payment" is the 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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