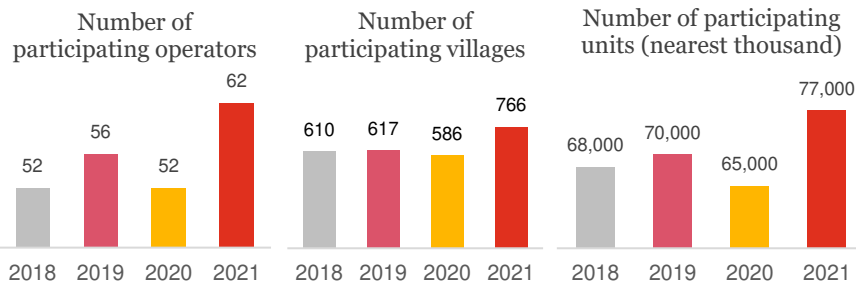


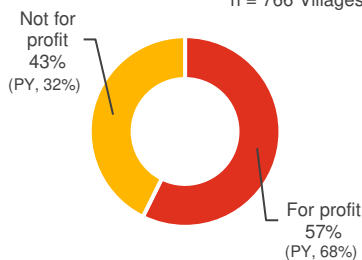
2021 PwC / Property Council Retirement Census

We thank everyone for participating in the 2021 Retirement Census during these trying times. This year has seen a record number of contributors with **62 operators** across **766 villages** and approximately **77,000 units**.

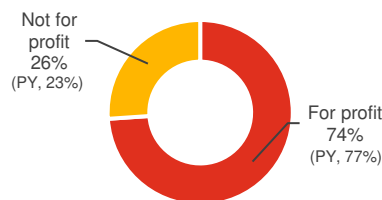
Contributor profile



Contributors by number of villages
n = 766 Villages



Contributors by number of units
n = 76,868 Units



n = sample size, PY = Previous Year (2020 Census Data refers to FY20)

The Retirement Census is an annual data collection process conducted amongst Australian retirement village operators.

The 2021 Retirement Census covers FY21 (July 2020 – June 2021). 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.

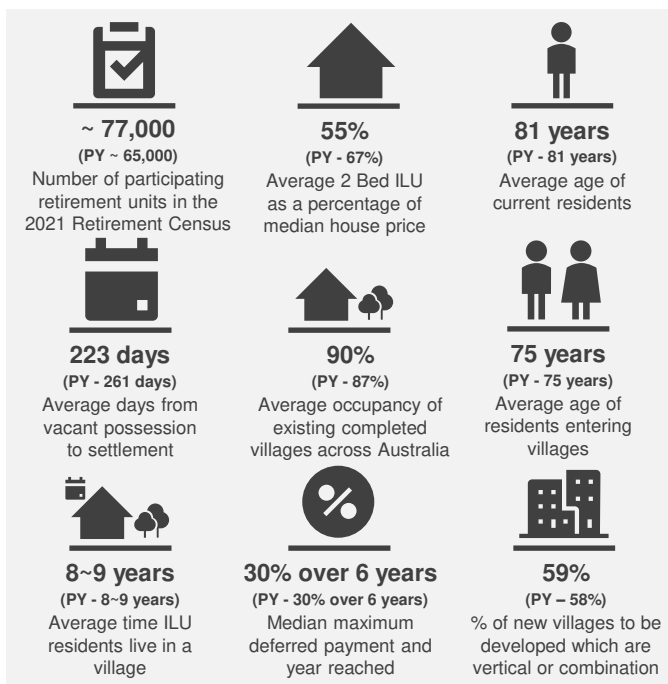
The Retirement Census continues to provide critical data for our industry that aids in creating a more transparent market for retirement villages. It is also a unique and invaluable resource for helping policy makers understand this sector and to support our advocacy. Thank you to everyone who has contributed to our biggest ever Retirement Census."

Ken Morrison, Chief Executive
Property Council of Australia

"It is a testament to operators in this industry that in the second straight year of COVID-19 induced challenges as well as state reform, a record 62 operators representing approximately 77,000 units have taken the time to contribute to this year's Retirement Census. 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

Snapshot of the data



Key Highlights



Rising occupancy levels nationwide

Despite the ongoing impacts of COVID-19, village occupancy has recovered nationally, increasing by 3% to 90% occupancy compared to the 2020 Census (87%).



Affordability of ILU's compared to residential

Despite an increase in the average 2 bed ILU price by c.4% from \$463,000 to \$484,000 between FY20 and FY21, ILUs on average have become more affordable, with the average ILU sale price being 55% of the median house price in the same postcode, compared to 67% in FY20. This has been largely driven by strong house price growth nationally.



Shortening Average ILU Selling Days

The average number of days between the date of vacant possession to settlement decreased from 261 days to 223 days between FY20 and FY21.



Large development supply planned for FY24

Based on the 2021 Retirement Census sample set, the development supply pipeline planned by participating operators has doubled from the 2020 Retirement Census from just over 5,500 to over 10,500 over the next three year forecast period.

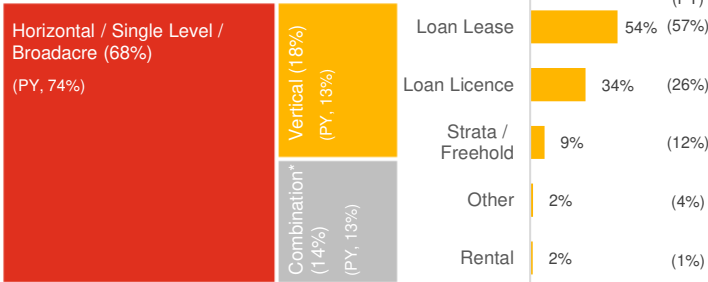
Access more retirement living research by the Property Council by visiting www.propertycouncil.com.au/RetirementResources

Village Snapshot



Village by Type and Tenure

n = 758 Villages (type) n = 752 Villages (tenure)



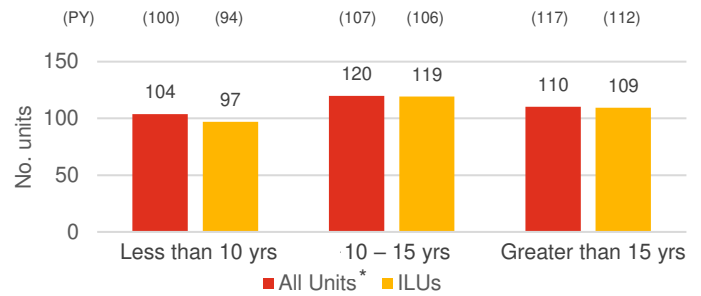
The proportion of villages that are Horizontal / Single Level / Broadacre has fallen from 74% to 68% between FY20 and FY21. This decrease highlights the continuing trend towards construction of Vertical and Combination* villages. The majority of villages remain under a 'loan lease' or 'loan licence' ownership model.

*Combination villages consist of both Horizontal and Vertical units.



Average village size by age

n = 732 Villages



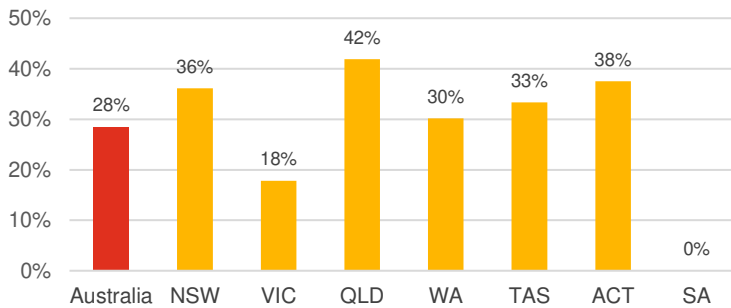
Average size of villages over the past 15+ years has remained relatively similar at around 105 to 120 units with the majority being ILUs as opposed to serviced apartments (SAs).

*All units includes both ILUs and SAs



Percentage of villages with aged care co-located

n = 654 Villages

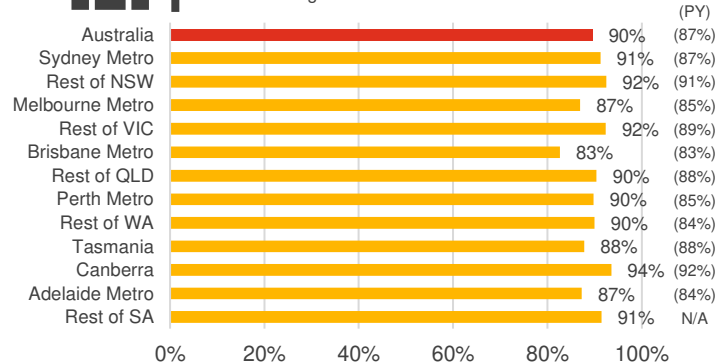


28% of surveyed villages reported that they have co-located aged care facilities onsite.



Village occupancy by region

n = 739 Villages



Despite the ongoing impacts of COVID-19, village occupancy has recovered nationally, increasing by 3% compared to the 2020 Census (87%).



Village Technology



60% of villages have 3+ of the below technology capabilities



88% (PY, 84%)
Have an Emergency Call System



34% (PY, 41%)
Have Solar Power



63%
Have Monitoring



32%
Have Phone and Internet Bundles



37%
Have Communication Platforms

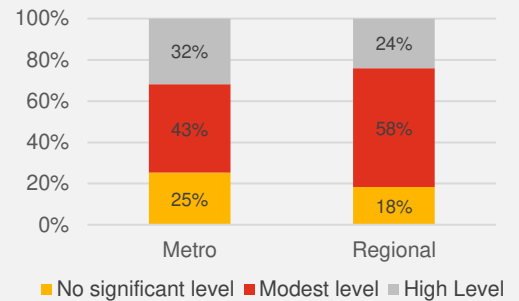


27%
Have an Embedded Electricity Network



Amenity of the village*

n = 654 Villages



*Categorised by individual operators / villages

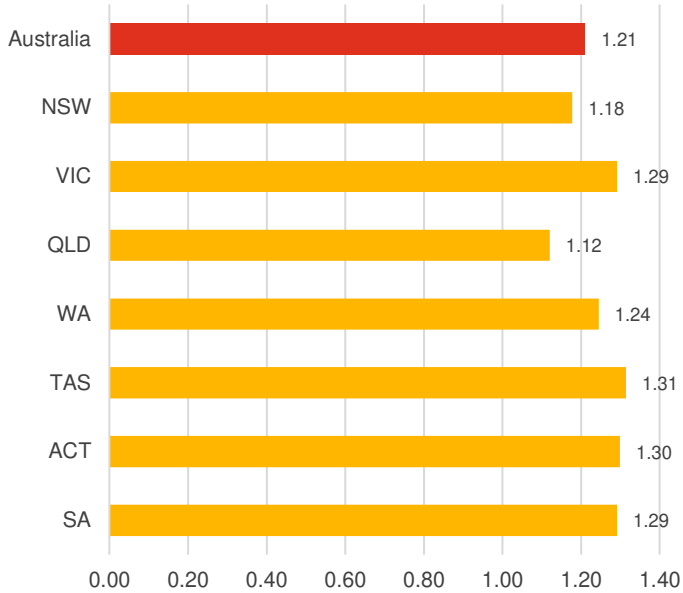


Resident Snapshot



Average no. residents per ILU

n = 702 villages

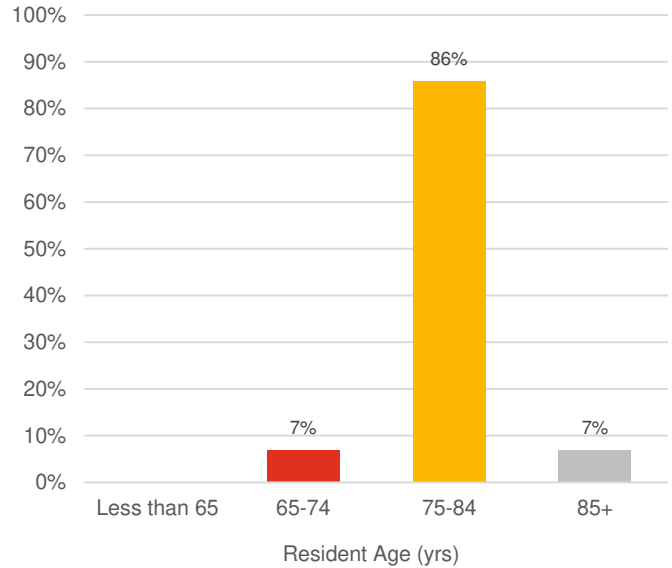


The average number of residents per ILU is 1.21 nationwide. Tasmania has the highest proportion of residents to units while QLD has the lowest.



Average current resident age

n = 57 Operators

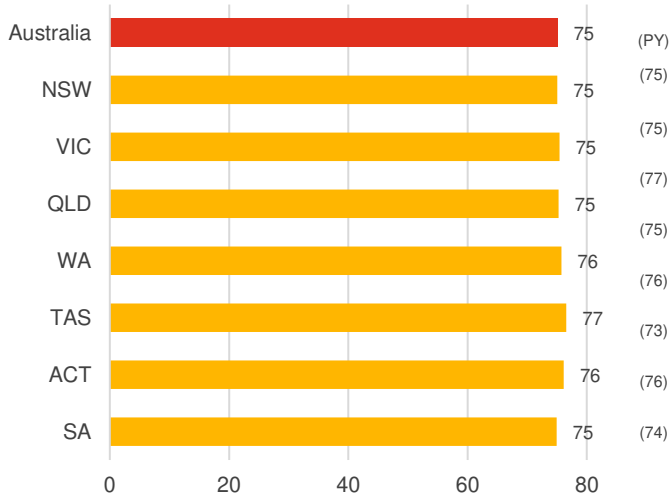


86% of operators reported that the average age of residents was between 75-84 years of age. The national average age of current residents is 80 years.



Average resident age on entry into village

n = 690 Villages

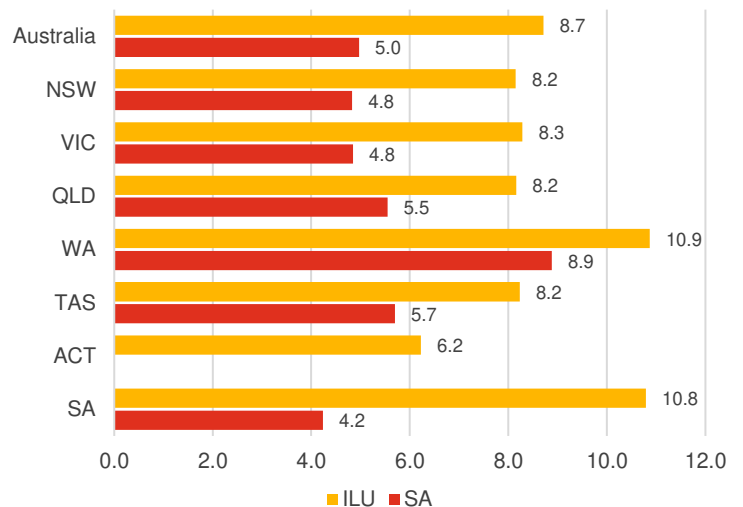


The average entry age of residents into a village across Australia is approximately 75 years old. This is consistent with the 2020 Census and marginally higher than the 2019 Census at 74 years.



Average tenure of residents

n = 631 Villages (ILU) n = 164 Villages (SA)*



The average tenure of current ILU residents nationally is 8.7 years and is significantly higher compared to the average tenure of current SA residents of 5.0 years.

* Limited Serviced Apartment average tenure data in WA (4 villages), TAS (3 villages) and ACT (0 villages).

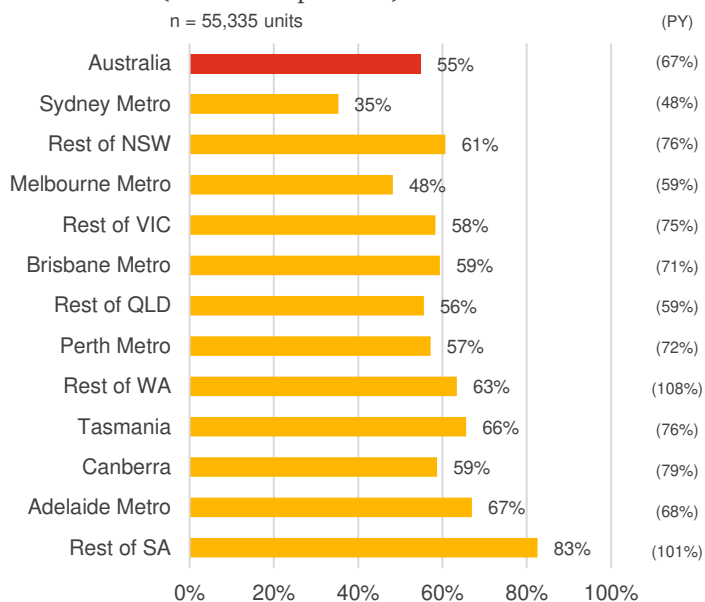


Sales and Affordability Snapshot



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

n = 55,335 units



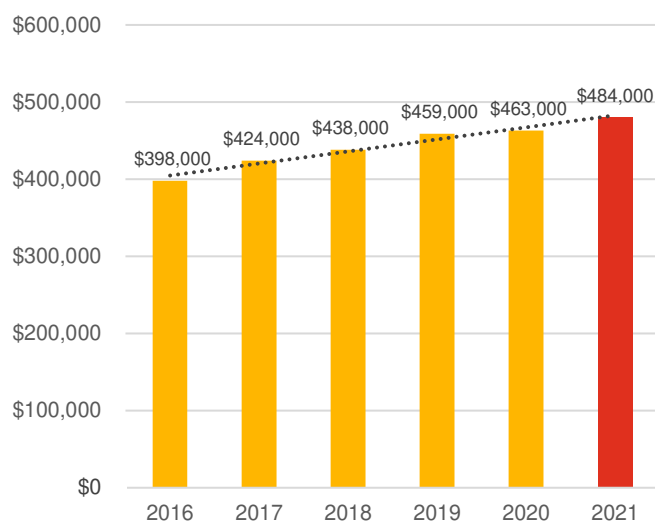
ILUs on average have become more affordable, with the average two bedroom ILU sale price being 55% of the median house price in the same postcode, compared to 67% in FY20. This has been largely driven by strong house price growth nationally (in regional and metropolitan locations) relative to ILU price growth.

¹Postcode median data provided by CoreLogic



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

n = 55,335 units

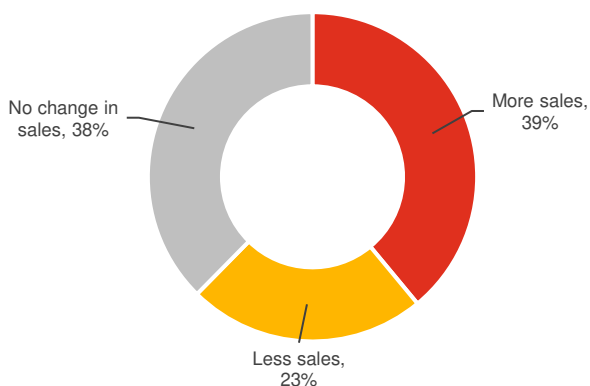


The national average price of a two bedroom ILU has increased from \$463,000 to \$484,000 between FY20 and FY21. Since 2016, ILU pricing has seen a cumulative average growth rate of c.4.0% p.a.



Impact of COVID-19 on number of sales compared to pre-COVID-19

n = 731 Villages

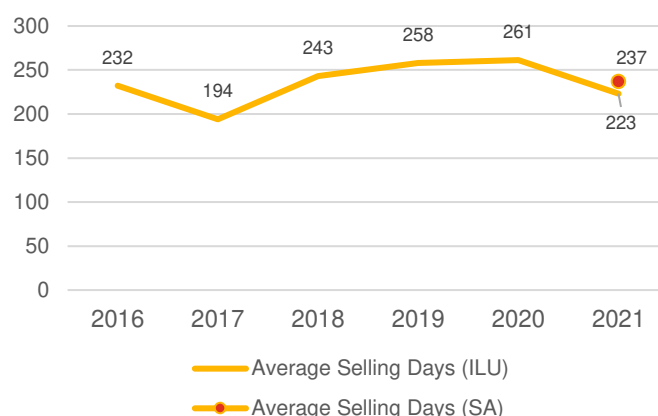


39% of villages reported that the number of sales has increased since the onset of the COVID-19 pandemic compared to only 23% reporting less sales compared to pre-COVID-19 levels and 38% reporting no change in the number of sales over the period.



Average selling days

n = 441 Villages



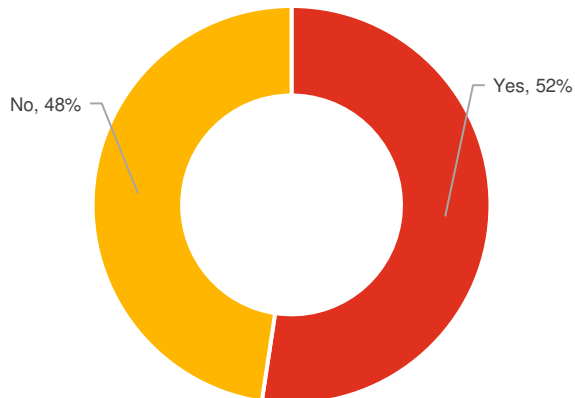
The average selling days between the date of vacant possession to settlement for ILUs has decreased from 261 days to 223 days between FY20 and FY21. The average selling days between the date of vacant possession to settlement for SAs was 237 days in FY21.

Operating Environment Snapshot



Buyback guarantee period shorter than mandatory buyback term under RV Acts (% of villages)

n = 731 Villages



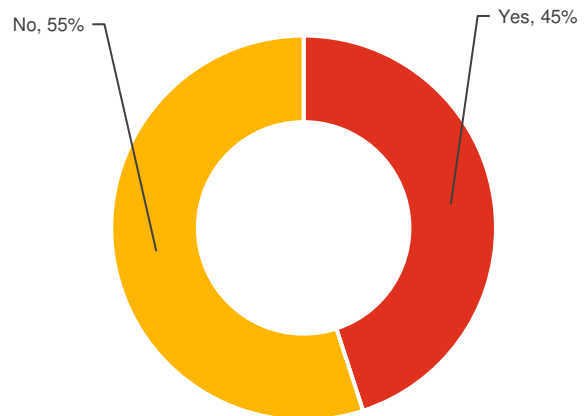
52% of villages reported they had a voluntary Buyback Guarantee shorter than the mandatory buyback term under their state's Retirement Village Act*.

*Not all states have a mandatory legislated buyback guarantee.



Home care is provided

n = 60 Operators

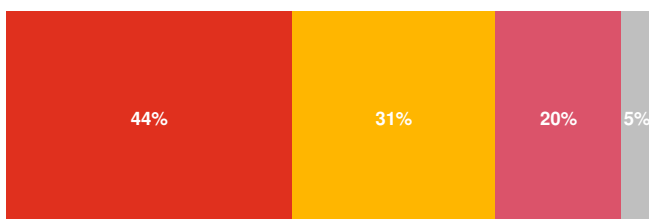


45% of operators reported actively providing regulated home care services to residents in the village or seniors outside of the village.



Most Common Reason for Exiting a Village

n = 3,319 exits



- Entered residential aged care
- Passed away or transferred to hospital
- Went somewhere else*
- Entered another retirement village

44% of operators indicated that in FY21 the most common reason a resident exited a village within their portfolio was due to the resident entering residential aged care.

*(not to residential aged care, passed away, hospital or another retirement village)



Operator identified opportunities and threats



Top 3 Opportunities n = 52 Operators

1. Retirement Villages as an alternative to residential aged care, including being the resident's "last move".
2. Technology to assist Retirement Village operations.
3. Retirement Villages as part of the implementation of solutions arising from the Aged Care Royal Commission.



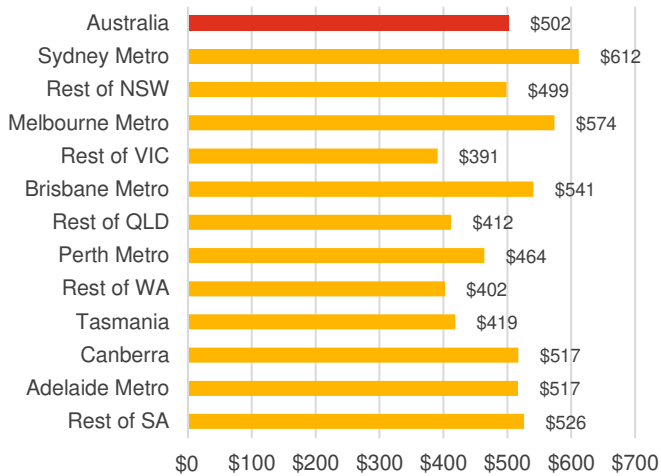
Top 3 Threats n = 55 Operators

1. Government increases the amount of regulation for Retirement Villages sector.
2. Seniors staying in the family home and accessing home care.
3. High cost of construction.

Service Fees and Deferred Payments Snapshot



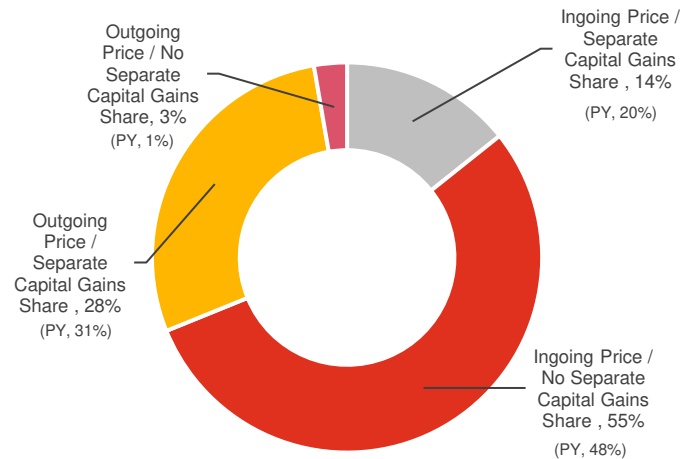
Weighted monthly service fees by village by location – two bedroom ILU
n = 530 villages



The monthly service fee nationally for two bedroom ILUs has decreased from \$518 to \$502 from FY20 to FY21. The difference between the average Metro and Regional service fee for FY21 is \$105. It should be noted the monthly service fees are charged on a cost recovery basis.



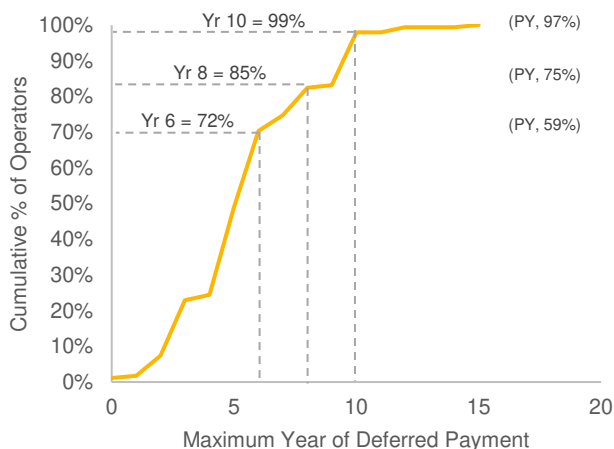
Deferred payment structure offered to new residents
n = 623 Villages



The proportion of deferred payment structures with and without separate capital gains share for the resident is 37% and 63% respectively. This represents a shift toward payment structures which do not include separate capital gains share for the resident, growing from 49% in FY20 to 63% in FY21.



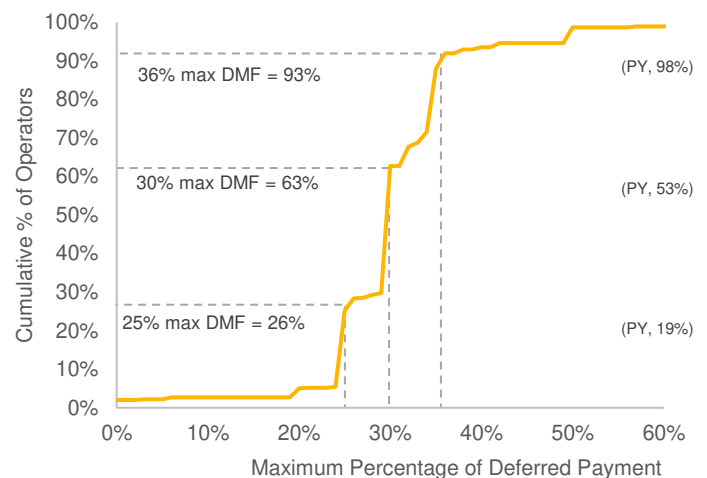
Maximum year of deferred payment by operator
n = 700 Villages



For the most common contract entered into in FY21, 72% of operators indicated the maximum deferred payment percentage was within 6 years compared to 59% in FY20. 85% indicated the maximum deferred payment percentage within 8 years and nearly all remaining operators within 10 years



Maximum percentage of deferred payment by operator
n = 700 Villages



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

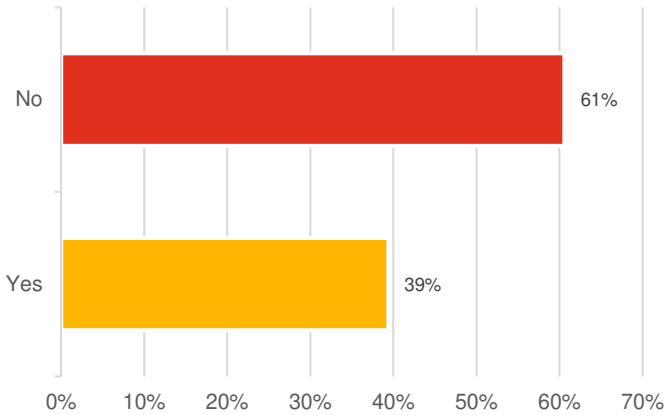
The 2021 Census shows that the maximum deferred payment percentage for 93% of villages is 36% or lower. The median maximum deferred payment percentage is 30% over 6 years.

Development Snapshot



New villages with aged care provided

n = 66 Villages

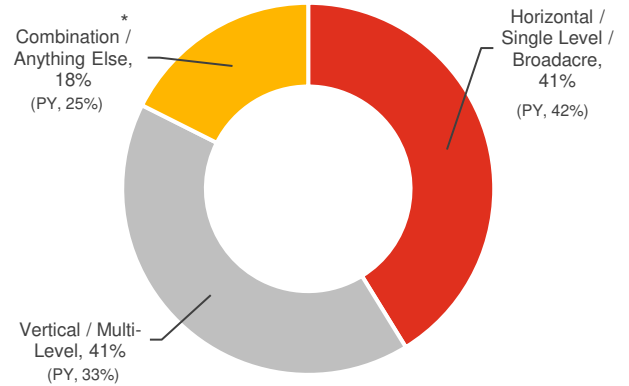


39% of new villages under development have a residential aged care facility provided on-site or co-located, which is higher than existing villages, with 28% providing aged care.



New development villages by type

n = 182 Villages

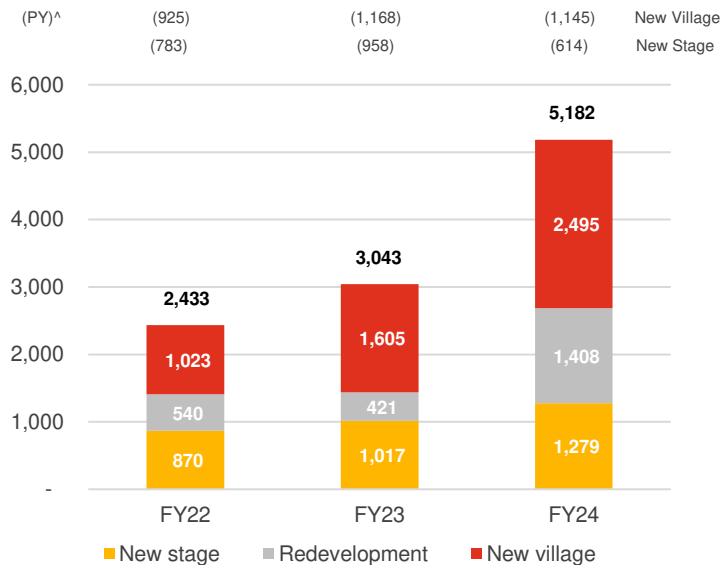


41% of new developments are classified as vertical villages compared to 33% in the 2020 Census. The trend towards vertical and combination villages is further highlighted by 59% of new development villages being classified as vertical or combination* villages compared with only 32% of existing villages.

*Combination villages consist of both Horizontal and Vertical units.



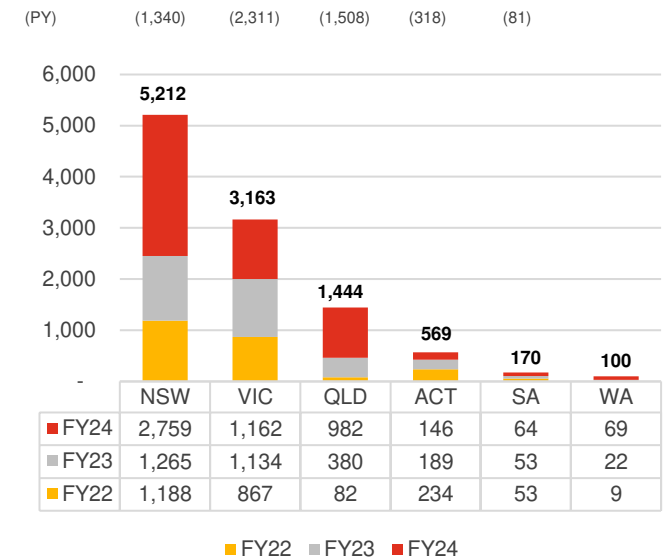
Supply pipeline by Development Type (number of units)



^First year asking for redevelopment



Supply pipeline by State* (number of units)



*Sample set too small to include TAS

Participants in this year's Census have reported over 10,500 units coming on to the market over the next three financial years from a mix of new villages, new stages of development and redevelopment on existing villages. Supply in New South Wales is expected to be particularly strong through FY23 and FY24. 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

www.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 statistics to this year's Census, 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 Retirement Census covers retirement villages governed by state Retirement Villages Acts, rather than other forms of seniors' living accommodation.

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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