

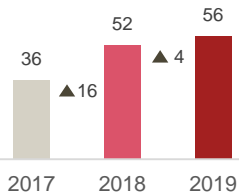
2019 PwC/Property Council Retirement Census

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**

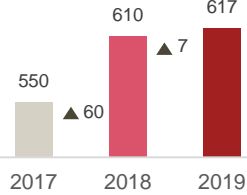


Contributor profile

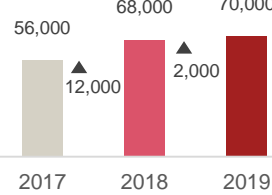
Number of participating operators



Number of Participating Villages

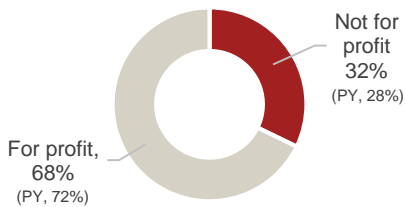


Number of participating units (nearest 1000)



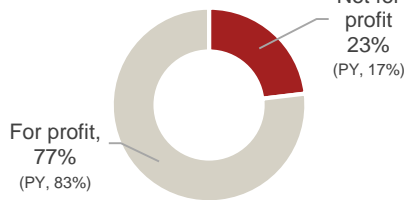
Contributors by number of villages

n = 617 Villages



Contributors by number of units

n = 69,826 units



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)

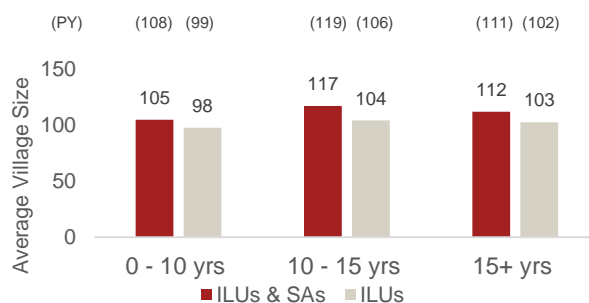


The proportion of villages that are Horizontal / Single Level / Broadacre has fallen from 85% to 77% between 2018 and 2019. This fall is a reflection of the trend towards vertical villages. The majority of villages remain under a 'loan lease' or 'loan licence' ownership model.



Average village size by age

n = 614 Villages

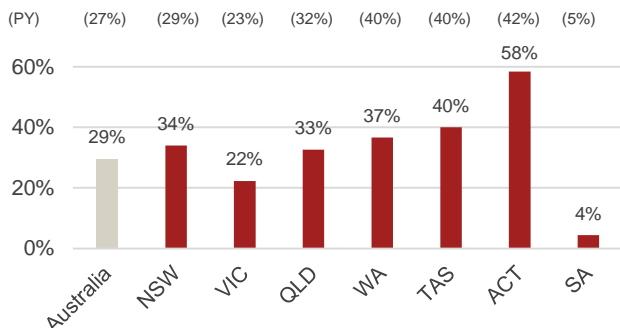


Average size of villages over the past 15+ years has remained relatively similar at around 105 to 120 units with the majority being ILU's as opposed to serviced apartments (SA's).



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

n = 617 Villages

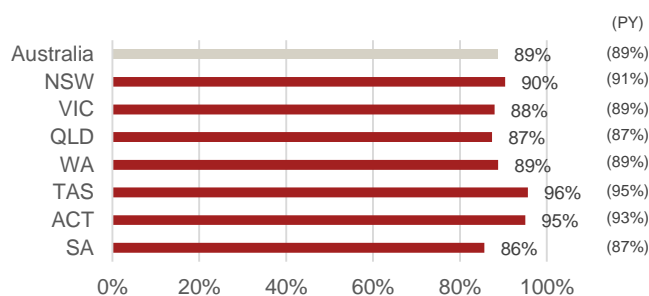


29% of surveyed villages reported co-located or closely located (within 500m) aged care facilities, up from 27% in 2018. The strongest uplifts were seen in NSW and the ACT, up 5% and 16% respectively from the 2018 Census. Of the villages that have co-located aged cared, 34% were operated by the village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



Village occupancy by region

n = 580 Villages



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



Selected Village Attributes



93%
Have a Social Committee / Program



92%
Have a Community Centre



59%
Have a Wellness Centre or Visiting Health Professional



44%
Have a Bowling Green



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



87%
Have an Emergency Call System



47%
Have a Gym



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

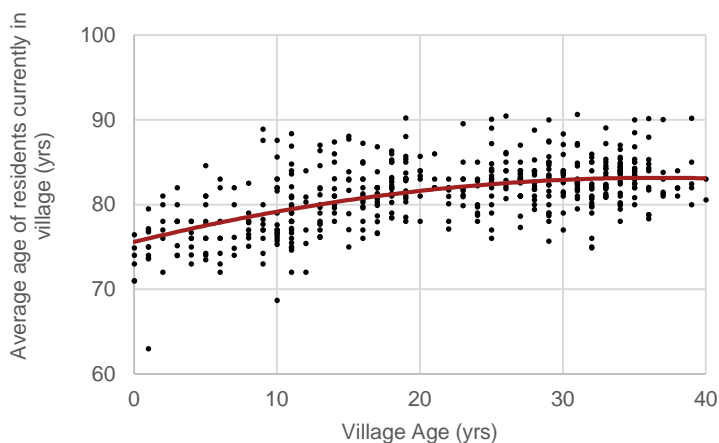


32%
(PY - 39%)
of ILUs are occupied by couples



Average resident age and village age

n = 617 Villages

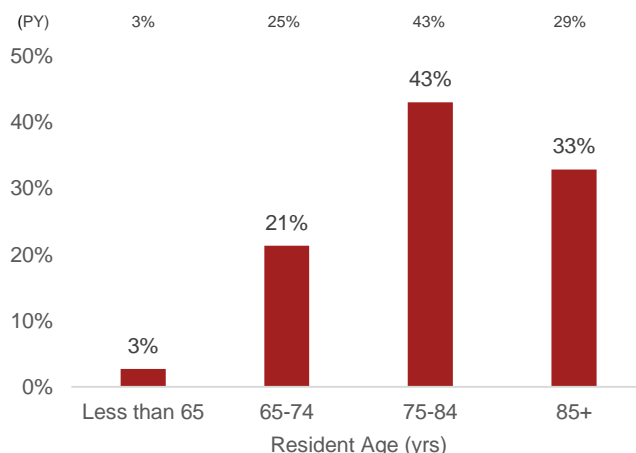


The average age of residents in a village increases with village age. This trend stabilises as the village approaches 20 years of age.



Current resident age

n = 51,306 residents

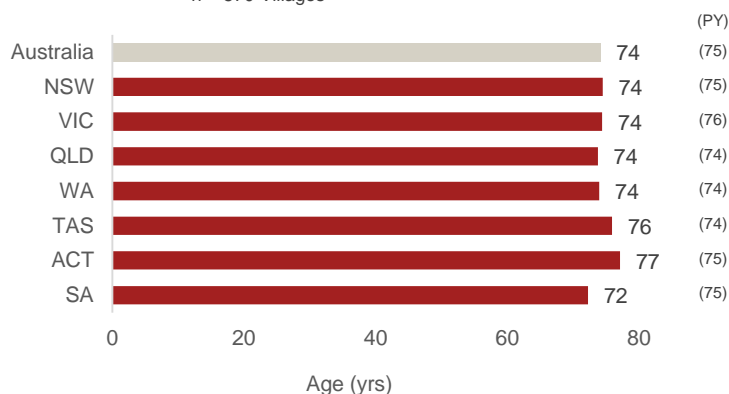


Consistent with 2018 Census, the average age of current residents is 81 years across Australia with 76% of residents over 75 years of age. The 2019 census indicates a shift from the 65-74 age bracket to the 85 and over bracket.



Average resident age on entry into village

n = 570 Villages

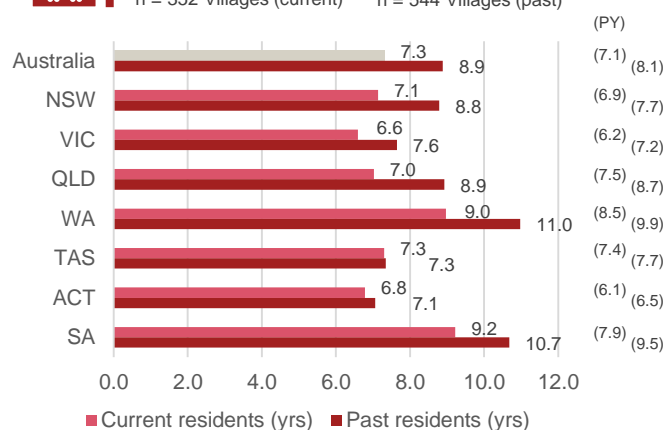


The average entry age of residents into a village across Australia is approximately 74 years old. This is slightly down on the 2018 Census at 75 years.



Average tenure of residents

n = 352 Villages (current) n = 544 Villages (past)



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.

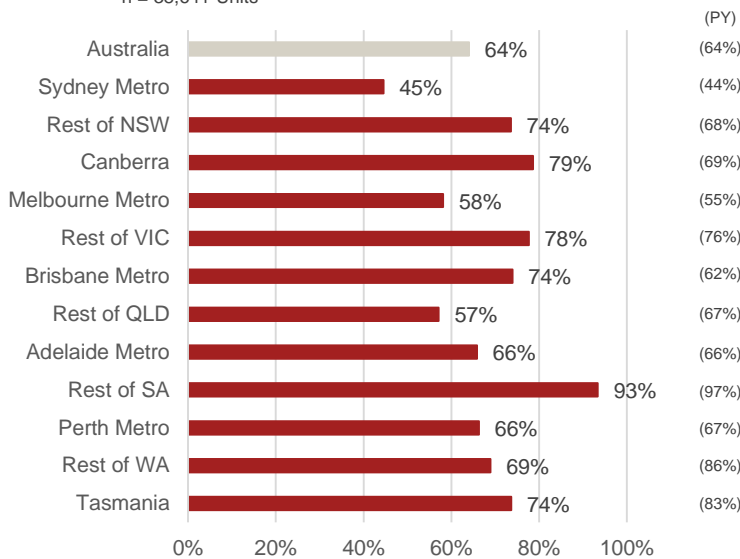


Sales and Affordability Snapshot



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

n = 38,641 Units



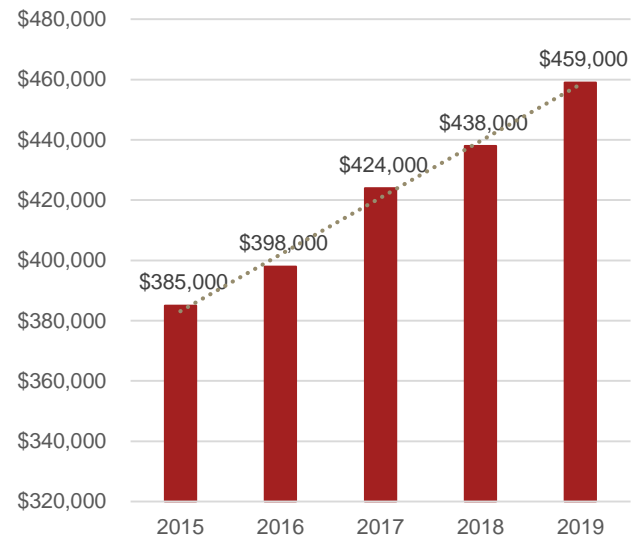
ILUs on average remain affordable with ILU sale prices being 64% of the median house sale prices in the same postcode with some localised changes.¹

¹Postcode median data provided by CoreLogic



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

n = 38,641 Units (2019)

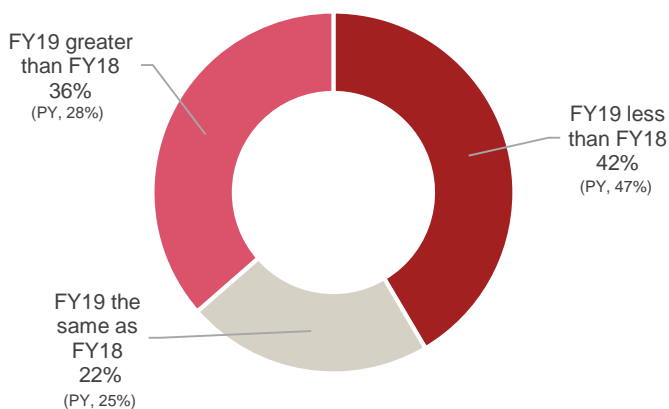


The national average price of a two bedroom ILU has seen steady growth year-on-year (c.4.5% Cumulative Average Growth Rate) over the past five years.



Level of sales (by number of unit sales)

n = 571 Villages

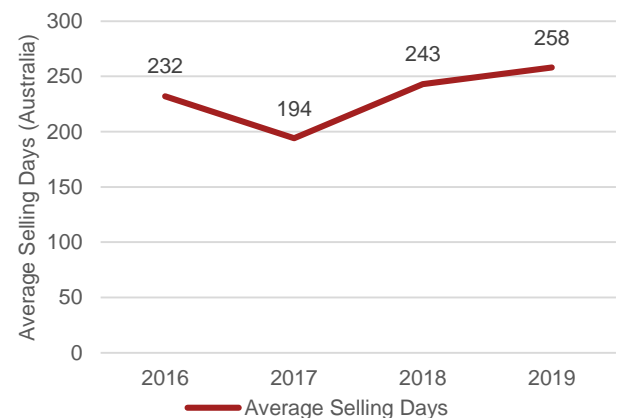


58% of village operators have indicated either steady unit sales or an increase in unit sales in FY19 relative to FY18. This is up from the 53% figure reported in the 2018 Census.



Average Selling Days

n = 474 Villages**



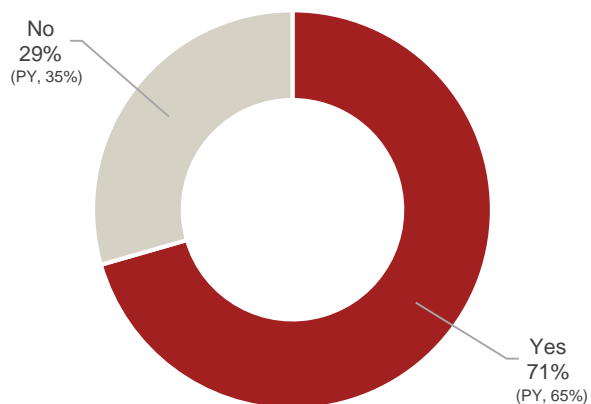
The average selling days between the date of vacant possession to settlement increased from 243 days to 258 days between 2018 and 2019.

Operating Environment Snapshot



Buy Back Guarantee (% of villages)

n = 584 Villages

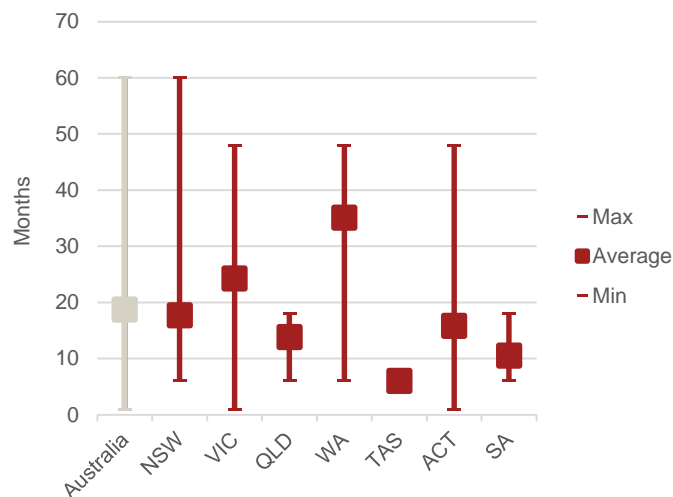


71% of villages reported a Buy Back Guarantee (combination of legal requirement and voluntary contractual obligation) compared to 65% in the 2018 Census.



Buyback Period in Months of most common contract

n = 400 Villages**



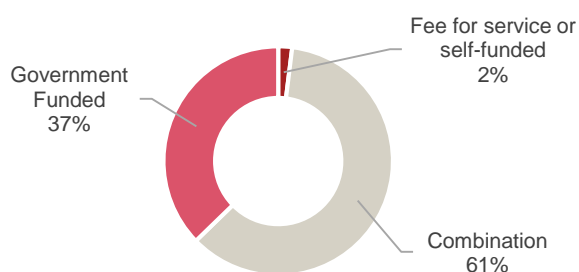
**Sample set for Tasmania is three villages

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



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 wide¹
n = 62 Villages



39%
Percentage of villages accredited as of June 30 2018²
n = 225 Villages

¹Net Promoter Score range from (-100 to 100)

²On 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

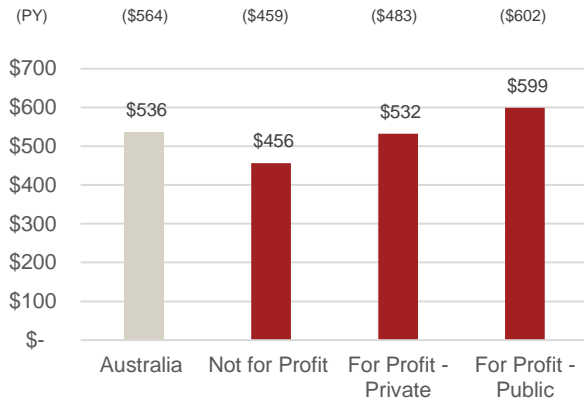
Service Fees and Deferred Payments Snapshot



Monthly service fees by village operator – two bedroom ILU

n = 40,727 Units

Weighted Average Fee

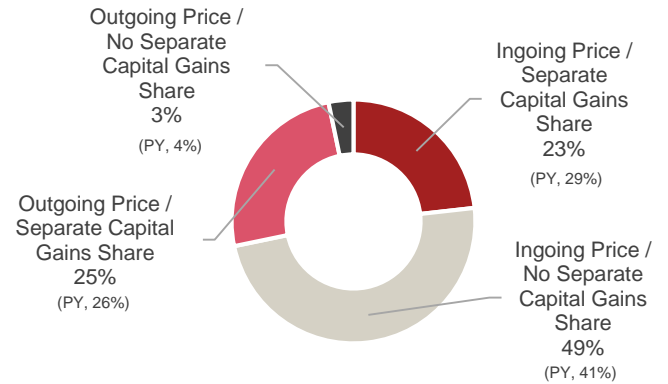


Nationally, the average monthly service fee was reported to be \$536. This is down 5% compared to 2018 Census figures, largely driven by a greater proportion of Not For Profit participants. Private, For Profit operators reported an average 10% increase in their service fee, whilst Not For Profit and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



Deferred payment structure offered to new residents

n = 577 Villages

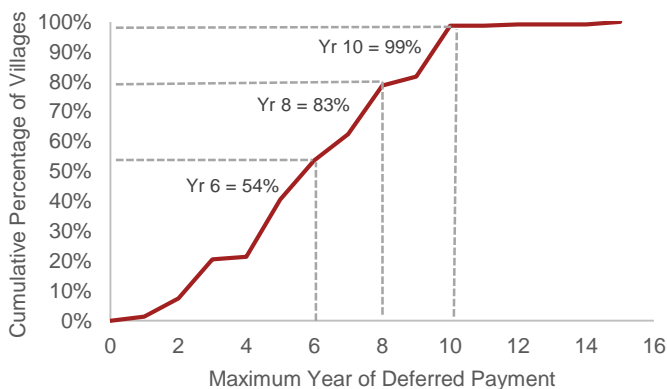


The proportion of deferred payments with a separate capital gains share and those without a separate capital gains share are almost equal (48% and 52% respectively) compared to the 2018 Census (55% to 45% respectively).



Maximum year of deferred payment at villages

n = 568 Villages

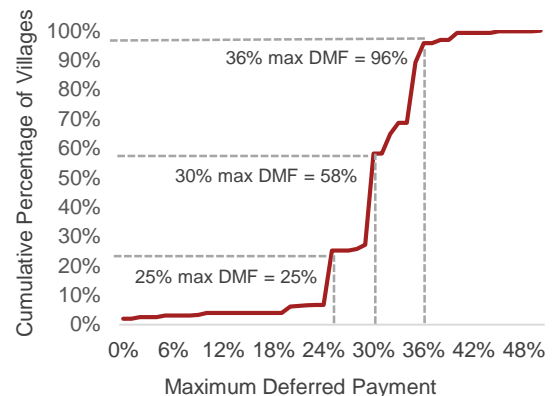


54% of the villages reach the maximum deferred payment percentage within 6 years, 83% by 8 years and nearly all remaining villages reaching the maximum percentage by 10 years.



Maximum deferred payment at villages

n = 577 Villages



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.

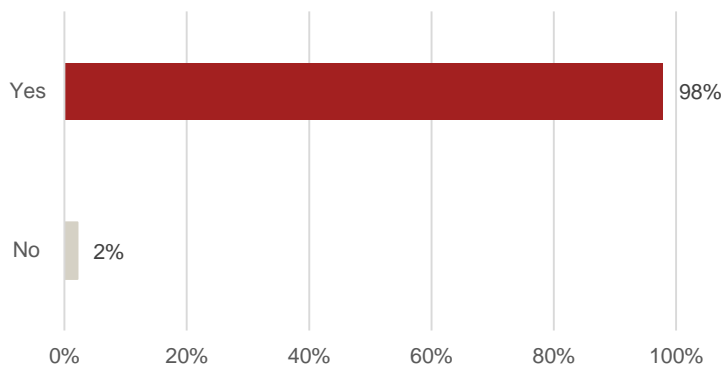
The median maximum deferred payment percentage is 30% over 6 years.

Development Snapshot



New villages with 5 or more facilities and services

n = 47 Villages

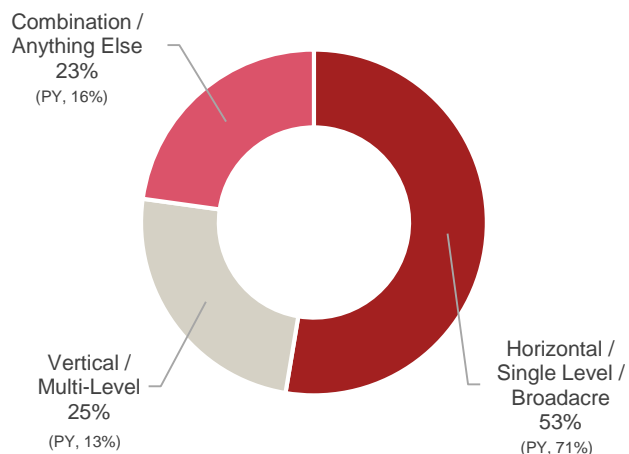


98% of new villages have an extensive range of facilities / service offerings (five or more of the listed facilities and services) compared to existing villages with 88% containing extensive facilities.



Village by Type

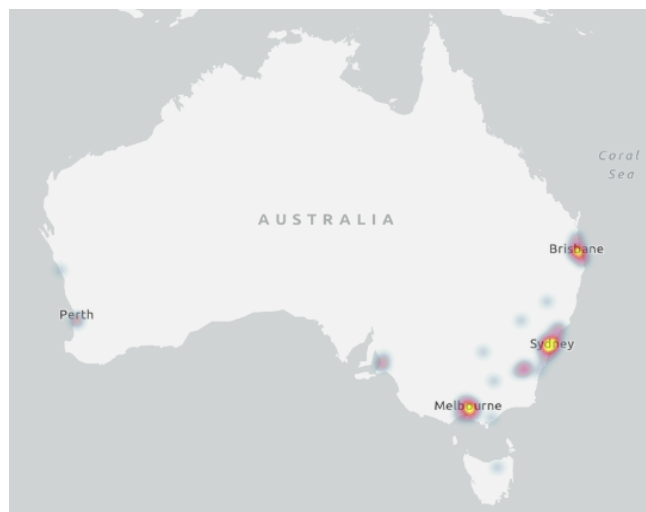
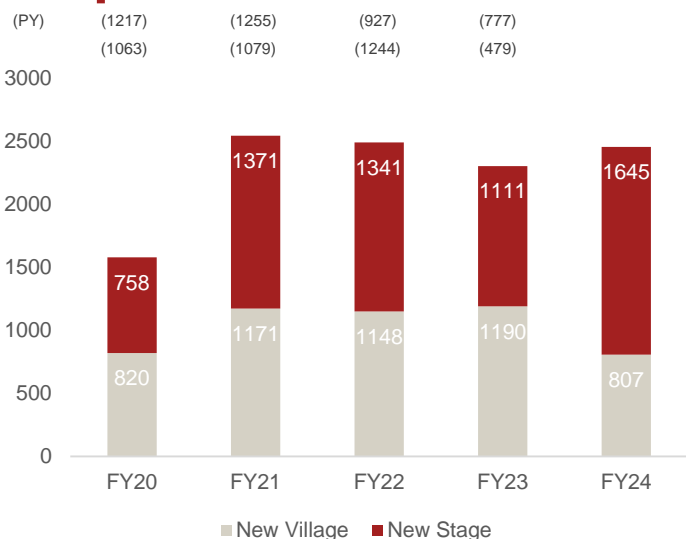
n = 114 Villages



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



Supply pipeline (number of units)



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.

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