

2016 PwC/Property Council Retirement Census

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 Census is based on data which was collected from Property Council retirement living operator members and other contributors and analysed by PwC.



We are proud to once again be partnering with the Property Council in our third annual Retirement Census. This year has again seen an increase in participation, enabling more robust information for the benefit of the entire industry.”

- **Tony Massaro**, Partner
Real Estate Advisory, PwC

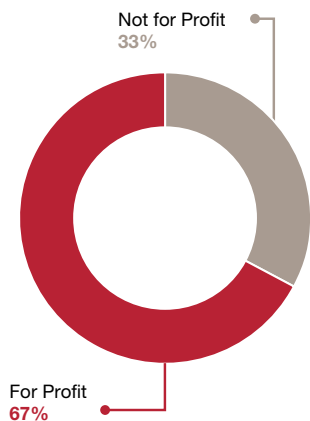


A strong sector needs credible research in order to reflect, plan and grow. I encourage village operators, investors and government to use the Retirement Census in their business decision making.”

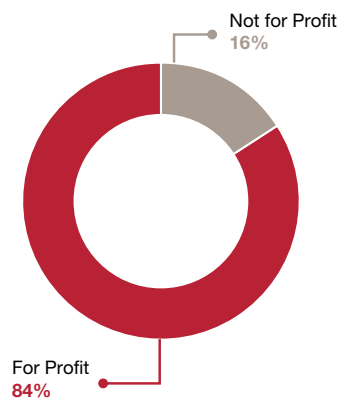
- **Ken Morrison**, Chief Executive
Property Council of Australia

Contributor profile

Contributors by villages



Contributors by units



Snapshot of the data



53,000+
retirement units
participated in
the Census



65%
of residents
are female



80 years
Average age of
current residents



92%
Average occupancy
of villages across
Australia



24 years
Average village age



75 years
Average age
of residents
entering villages



7 years
Average time
residents have
lived in the
village



6%
Most common first
year percentage
for deferred
payments



Over **70%**
of ILUs*
are two bedroom
configurations

Visit retirementliving.org.au/census to
participate in the 2017 Census

*ILUs – Independent Living Units



Access more retirement living research by the Property Council by
visiting retirementliving.org.au/research

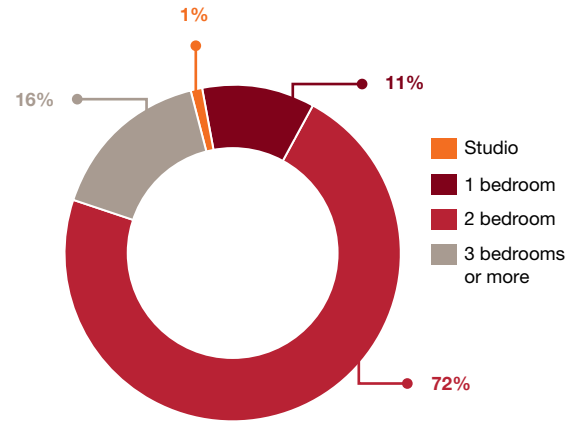


Village snapshot

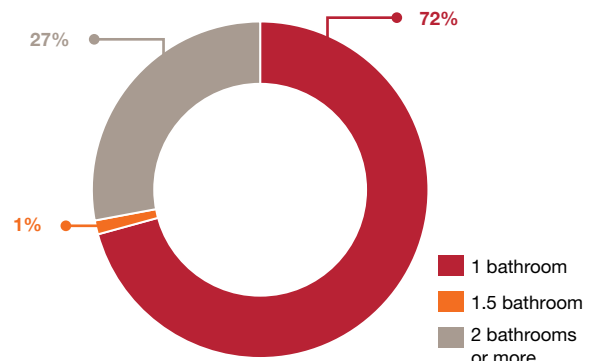
Five most common village attributes



ILU breakdown based on configuration

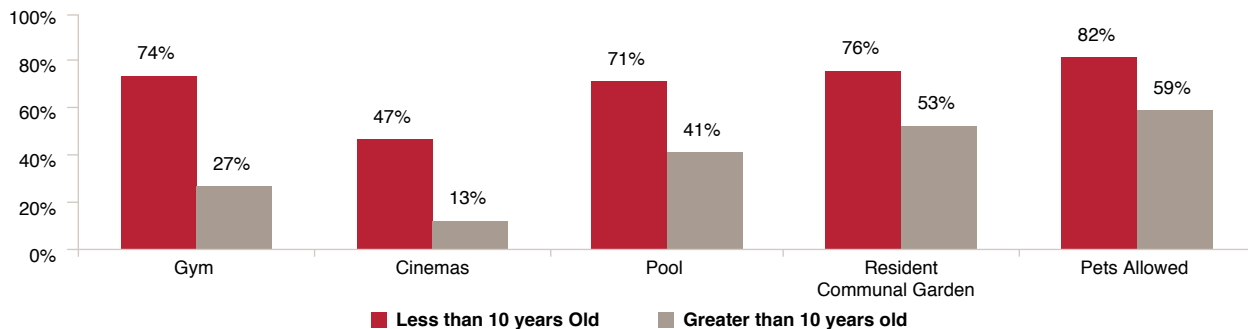


Bathroom configuration for two bedroom ILUs



The two bedroom one bathroom configuration remains the most commonly available product.

Attributes by age of village



Newer villages established in the last ten years are providing a variety of facilities including gyms, cinemas, pools and communal gardens which can attract a more active and independent demographic.

Resident snapshot

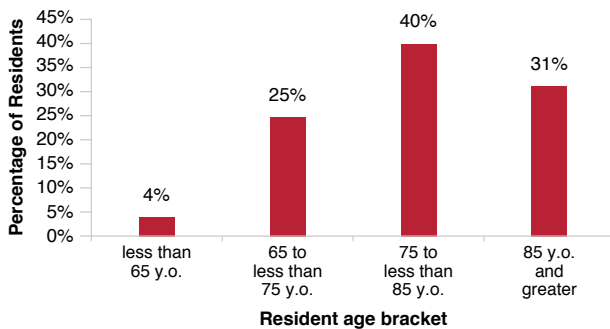
Average current tenure of residents (years)



Average resident age on entry into village (years)

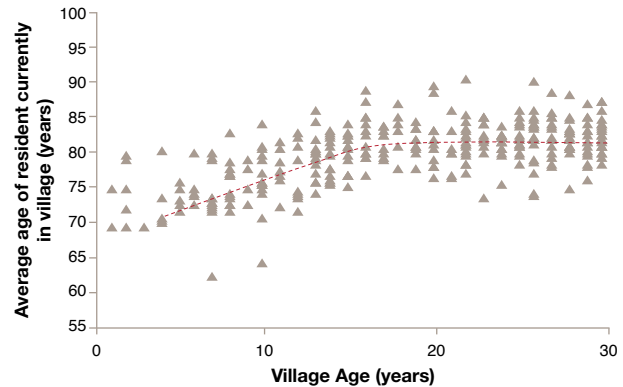


Current resident age (years)

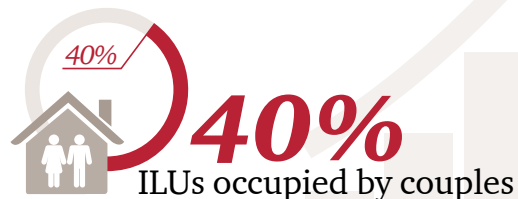


While traditionally the target demographic has been described as 55+ years old, it is clear that the age of a typical retirement living resident has shifted significantly, with the average age of new residents being 75 years old in 2015. In fact, in this year's Census data, only 4% of residents are younger than 65 years old. This change in demographic is important to note, particularly in forecasting timing of potential future demand.

Average resident age and village age (years)

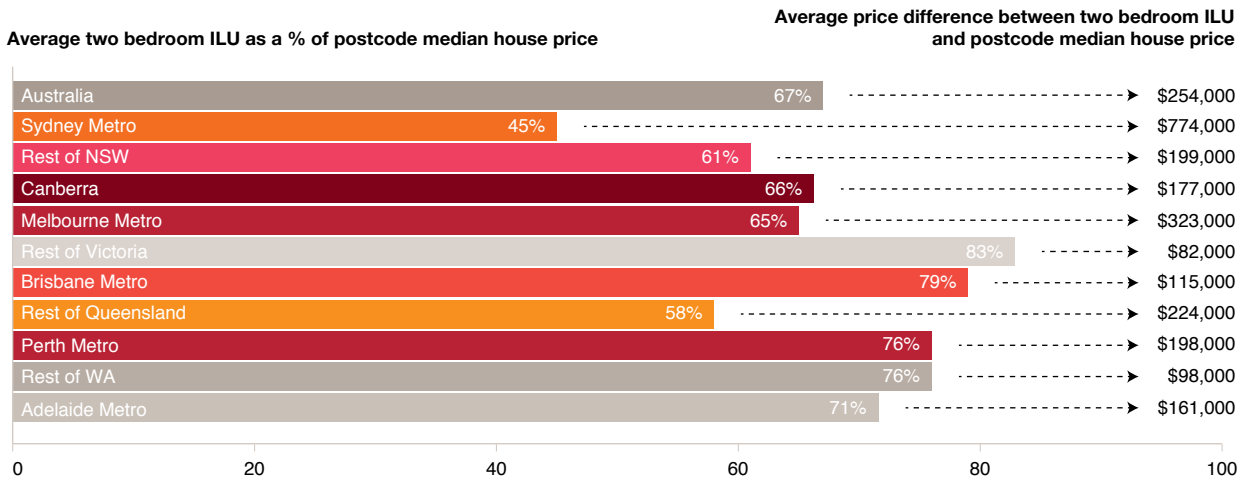


The average age of residents in a village increases with village age before stabilising as the village approaches 15-20 years old.



Affordability

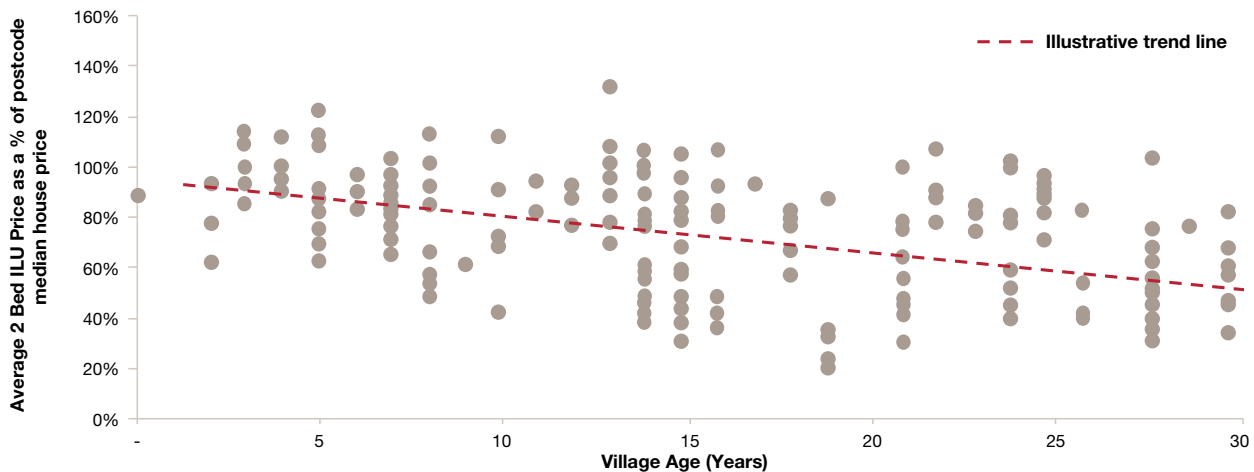
Average two bedroom ILU price compared to median house price in the same postcode¹



¹ Postcode median data provided by CoreLogic.

ILUs on average remain affordable compared to the median price of houses in the same postcode. This is especially prevalent in Sydney and Melbourne, both of which have experienced significant capital growth in the residential market.

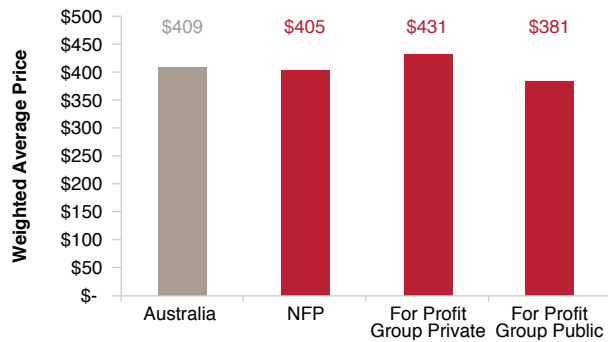
Changes to ILU/postcode median house price with village age



On average, the cost of a two bedroom ILU remains lower than the median house price in the same postcode. However, ILUs in newer villages are generally priced closer to the postcode median house price.

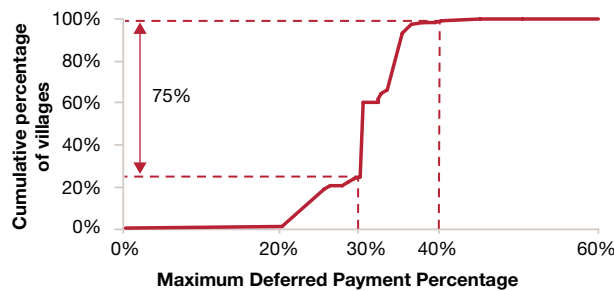
Fees and deferred payments

Monthly service fees by village operator – single residents



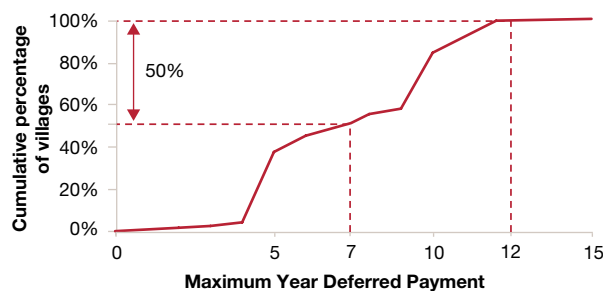
Average monthly service fees are similar across the different operator segments as service fees are charged on a cost recovery (not for profit) basis. Fees cover costs such as common area cleaning and insurance, which a resident in private strata accommodation would also typically incur.

Maximum deferred payment at villages



The deferred payment structure varies from village to village and operator to operator. Typically, the deferred payment percentage will increase with tenure up to a maximum capped amount. In this year's Census, the maximum deferred payment percentage for most villages lies between 30% and 40%.

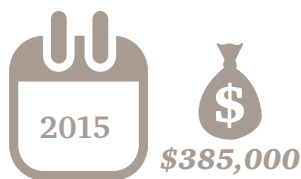
Maximum year of deferred payment at villages



In this year's Census, approximately half the villages reach the maximum deferred payment percentage by 7 years, with the remaining reaching the maximum percentage by 12 years.

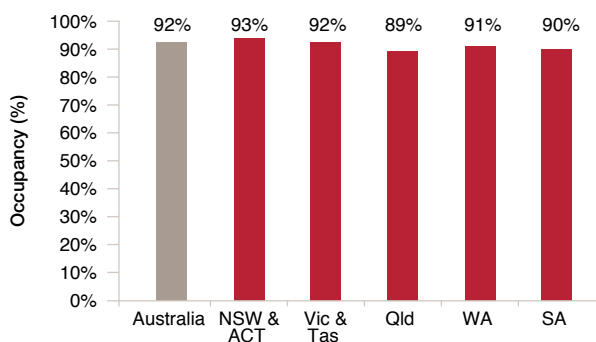
Other key findings

Two bedroom ILUs – National average price



There has been moderate year-on-year average price growth for two bedroom ILUs over the past three years.

Village occupancy by region



Village occupancy remains relatively high across the various regions represented in this year's Census.

PwC and the Property Council of Australia sincerely thank all data contributors for their participation, and CoreLogic for providing median price data.

Notes:

When comparing previous Census numbers to this year, it is important to note that the number and diversity of participants has changed.

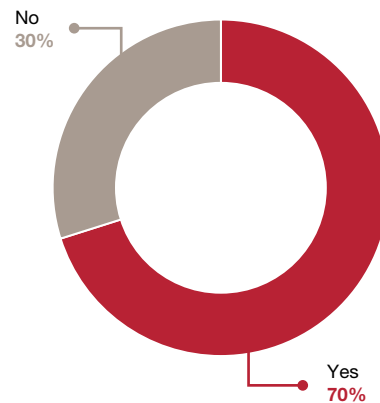
The term "Deferred Payments" is a more accurate expression for what is sometimes called a "Deferred Management Fee".

© 2016 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australian member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity.

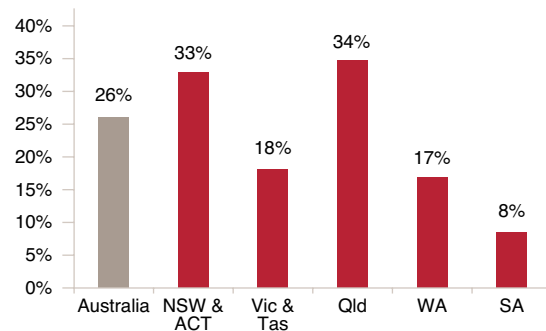
Please see www.pwc.com/structure for further details. At PwC Australia our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.au Liability limited by a scheme approved under Professional Standards Legislation.

Buy Back requirement (% of villages)



70% of villages have a Buy Back requirement (combination of legal requirement and voluntary contractual obligation). 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.

Percentage of villages with aged care in close proximity



Only 26% of villages in the Census have reported co-located aged care or aged care within 500m.