RETIREMENT LIVING COUNCIL FACT SHEET

Profile: Retirement Village Operators

Diversity and distribution

Like many other human service industries, the players in the retirement village sector vary widely in size and structure. Owners range from small, independent businesses operating one village, to large national businesses operating many villages across multiple states. Operators may be not-for-profit (NFP) entities such as churches or charities, or commercial for-profit businesses. Some are aligned with particular religions or cultures. Both NFP and commercial operators have villages to suit all budgets – from villages with basic comforts and facilities, to high-end resort-style complexes.

State	Number of villages	Number of dwellings	Over 65s penetration rate	Dwelling by operator type	
				For profit	NFP
NSW & ACT	743	42,625	4.90%	68.9%	31.1%
Victoria	436	33,159	5.30%	72.7%	27.3%
Queensland	361	29,878	6.40%	62.3%	37.6%
SA	411	17,874	8.60%	31.4%	68.6%
WA	243	15,846	6.90%	62.6%	37.4%
Tasmania	78	2,218	3.40%	32.1%	67.9%
Australia	2,272	141,600	5.70%	59.9%	40.1%

Source: Grant Thornton, 2014, National Overview of the Retirement Village Sector (www.retirementliving.org.au/research)

Growth and development

The number of older people in Australia is increasing rapidly due to ageing of the existing population, lower birth rates and immigration. The most recent Intergenerational Report shows that in 2014-15, there were 3.6 million Australians aged 65 years or older. This figure is projected to increase to 8.9 million in 2054-55, or one in four Australians.

This presents the need for more retirement villages. Operators continue to develop new villages as well as expand existing villages. In 2008, there were 1,756 villages accommodating up to 150,000 residents. In 2014, this had grown to approximately **2,270 villages** offering **141,600 dwellings** and housing more than **184,000 older Australians**.

Data from the 2011 ABS Census suggests there is strong unmet demand for seniors housing in the inner and middle ring suburbs of most capital cities.

Economic benefits of the industry

The retirement village industry is a large contributor to Australia's economy, and contributes significantly to taxpayer savings on health and aged care services.

Annually, the sector contributes **$2.93 billion to GDP** through the construction and operation of retirement villages, and **$176.2 million** in Australian taxation revenue. It is estimated that the sector contributes (both directly and indirectly) to **38,300 jobs**. This includes people who are employed by retirement village operators, as well as construction jobs.

Retirement living also saves government health care and aged care spending **$2.16 billion** annually as residents enter aged care later, have less frequent and shorter hospital stays, visit GPs less, and have improved social wellbeing.

Key challenges

Australian governments, state and federal, face ballooning health and aged care costs. In 2014-15 alone, $15.8 billion was spent on aged care (residential and community care only) by the Australian and state and territory governments.

Given Australia's rapidly ageing population, it is important that governments support the growth of the village sector, which is wholly privately financed, houses many people on low incomes, and gives more people dignity and happiness in their old age. However there are a number of acute challenges faced by operators including:

- An uncertain and negative **taxation environment**, for example:
  - How stamp duty is calculated on the sale of retirement villages;
  - The imposition of GST on commercial retirement village developments which has flow-on effects to the cost and location of new villages.
- **Constant changes to regulation** of the industry and red tape.
- Lack of understanding by some in the financial and government sectors about the unique **contract and financial model** used by the sector.
- **Planning and zoning laws** which do not facilitate seniors accommodation in areas where land is more expensive.
- Restrictive **age pension income rules** which penalise seniors who wish to downsize to retirement villages (or elsewhere).

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