2017 PwC/Property Council Retirement Census

We are excited to have been part of developing the 2017 PwC/Property Council Retirement Census. One clear message for the sector continues to be the affordability equation which indicates that the average ILU costs less than 70% of the median price of a house in the same postcode, which is good news for this generation of seniors, most of whom downsize from their own homes. We are also seeing the important contribution this sector is making in the home care industry with 40% of the villages reporting that they are an approved provider for home care.”

Tony Massaro, Partner
Real Estate Advisory, PwC
Ph: +61 (2) 8266 2047
https://www.linkedin.com/in/tonymassaro/

The Retirement Census provides a credible evidence base for industry decisions and Property Council advocacy. A strong sector needs reliable 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. The data is also invaluable to the Property Council’s advocacy with government, media, and others, to show the growth, trends, and benefits of this important sector.”

Ken Morrison, Chief Executive
Property Council of Australia
Ph: +61 (2) 9033 3900
https://www.linkedin.com/in/ken-morrison-89634b14/

Visit retirementliving.org.au/census to participate in the 2018 Retirement Census

Contributor profile

Snapshot of the data

56,000+
No. of participating retirement units in the Retirement Census

65%
Percentage of female residents

80 years
Average age of current residents

194 days
Average days from vacant possession to settlement

93%
Average occupancy of villages across Australia

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

69%
Average 2 Bed ILU as a percentage of median house price

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

Selected village attributes

- 91% have a community centre
- 91% provide emergency call systems
- 76% have visiting health professionals
- 68% allow pets
- 84% have organised community outings & activities
- 41% have pool & gym facilities

Breakdown of Horizontal and Vertical Villages

There has been a slight shift to Combination style villages. The majority of villages remain horizontal.

Average village size by age

Average size of villages developed in the last 15 years are generally larger in size compared to older villages.

Percentage of villages with aged care in close proximity

Nationally, only 28% of villages in the Retirement Census have reported co-locating with aged care or have aged care located within 500 meters of the village.
Resident snapshot

Residents in the village

- 65% of residents are female
- 35% of residents are male
- 57% of ILUs are occupied by a single resident
- 43% of ILUs are occupied by couples

Average resident age and village age

- The average age of residents in a village increases with village age. This trend stabilises as the village approaches 15-20 years in age.

Current resident age

- Similar to 2016, the average age of new residents this year is 75 years old across Australia. It is also important to note that only 3% of residents are younger than 65 years old.

Average resident age on entry into village

- Australia: 75 years
- NSW & ACT: 75 years
- Vic & Tas: 75 years
- Qld: 75 years
- WA: 78 years
- SA: 74 years

Average current tenure of residents

- Australia: 7 years
- NSW & ACT: 7 years
- Vic & Tas: 7 years
- Qld: 7 years
- WA: 8 years
- SA: 9 years
Despite a strong residential property market in Australia, the national, average two bedroom ILUs remain affordable compared to the median house price.

While this metric remains fairly consistent with prior years on a national level, some areas with strong residential markets have experienced an improvement in affordability, whereas other areas have seen a decrease in affordability.

Postcode median data provided by CoreLogic
Fees and deferred payments

Monthly service fees by village operator – single residents

Weighted Average Price

Average monthly service fees are similar across the different operator segments. Service fees are charged on a cost recovery (not for profit) basis and cover costs such as common area cleaning.

Maximum deferred payment at villages

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

In this year’s Retirement Census, the maximum deferred payment percentage for 60% of villages is 30% or below. Typically, the deferred payment percentage will increase with tenure up to a maximum capped amount.

Maximum year of deferred payment at villages

In this year’s Retirement Census, approximately half the villages reach the maximum deferred payment percentage by 5 years, with the remaining reaching the maximum percentage by 10 years.
Other key findings

Deferred payment structure offered to new residents

- Outgoing price/No capital gains: 21%
- Outgoing price/Capital gains: 14%
- Ingoing price/No capital gains: 20%
- Ingoing price/Capital gains: 45%

45% of villages have the deferred payment percentage applied to the ingoing price (purchase price) as well as a share in the capital gains.

Buy Back Guarantee (% of villages)

- Yes: 79%
- No: 21%

79% of villages have a Buy Back Guarantee (combination of legal requirement and voluntary contractual obligation) which vary from village to village. 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.

Village occupancy by region

- Australia: 93%
- NSW & ACT: 94%
- Vic & Tas: 94%
- Qld: 93%
- WA: 91%
- SA: 89%

Village occupancy remains relatively high across all regions.

Approved provider status

- Approved provider: 40%
- Home Care: 33%
- Residential Care: 40%
- Flexible Care: 28%

40% of villages are operated by an approved provider for either home care, residential care or flexible care. 33% of villages are operated by an approved provider for Home Care.

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

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