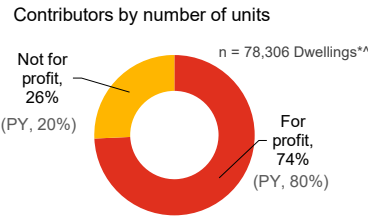
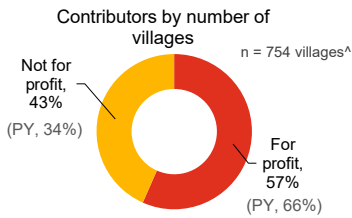
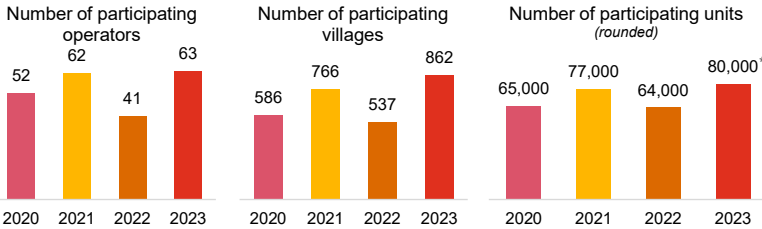


2023 PwC / Property Council Retirement Census



We thank everyone for participating in the 2023 Retirement Census.

Contributor profile



n = sample size, *Excludes Rental Units (c.7,000), ^aExcludes operators that have not indicated whether they are for profit or not for profit

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

The Retirement Census for 2023 spans from January to December of that year, encompassing CY23. Throughout the report, CY22 refers to the 18 month period from July 2021 to December 2022. Operators who participate in the Retirement Census do so voluntarily, leading to changes in participation and number and mix from year to year. When comparing figures with those from the previous year, it is important to keep this change and participation aspects in mind.

"In 2024 Australia faces several critical challenges, including our nation's ageing population, a housing supply and affordability crisis in addition to upward pressure on an already struggling aged care sector. This important report serves to inform industry, governments and consumers about how retirement and senior's communities can help address these socio-economic threats."

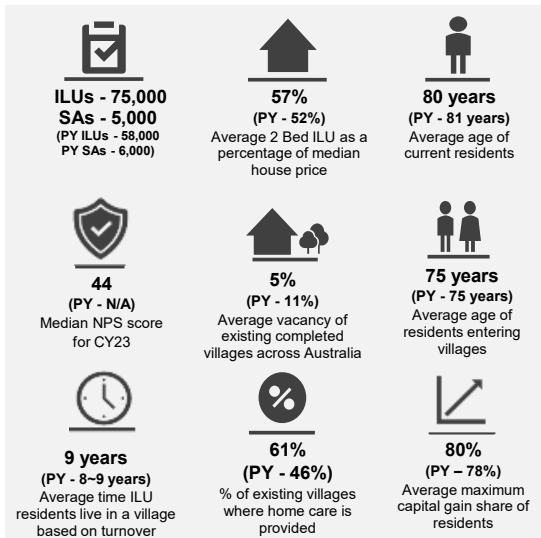
"We can't expect regulatory and policy change unless industry bolsters its research, thought leadership and evidence, like this important Census – after all, you can't manage what you don't measure. For the time, effort and insights provided by Australia's leading retirement village owners and operators, we extend our thanks and appreciation."

Daniel Gannon, Executive Director Retirement Living, Property Council of Australia

"As our population ages, the demand for high-quality, accessible retirement living options has never been more critical. However, the sector is facing a unique set of challenges and opportunities. From rising construction costs and limited land supply to evolving preferences of the senior population, the landscape of retirement living is rapidly changing while affordability remains a key component of the retirement living sector in comparison to the residential housing market."

Meredith Chester and Funminiyi Oduko, Partner Corporate Value Advisory, PwC

Snapshot of the data



Key Highlights



Decreasing vacancy levels nationwide

National on-market village vacancy decreased to 5% which is 6 percentage points lower than the prior year*.

*Prior year's vacancy calculated by 1 - occupancy rate



Affordability of ILUs compared to residential

The average two bed Independent Living Unit (ILU) price grew by 8.3% from \$516,000 to \$559,000 over CY23, while national house prices over the same period rose by 1.1%. It is noted that ILU's were more affordable than houses reflecting c.57% of the median house price. ILU's achieved a compound annual growth rate of c.4.7% over the past six years which indicates they are a stable form of investment relative to residential properties based on historical data.



High Net Promoter Scores (NPS)

The average of the median NPS scores recorded across Australia was approximately 44 which is considered to be a 'high' score. This indicates that residents in the industry are generally happy.

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

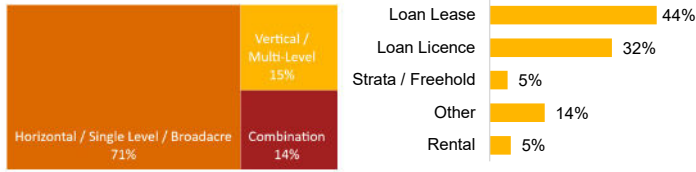


Village Snapshot



Village by Type and Ownership Structure

n = 862 Villages (ownership structure)
n = 751 Villages (type)

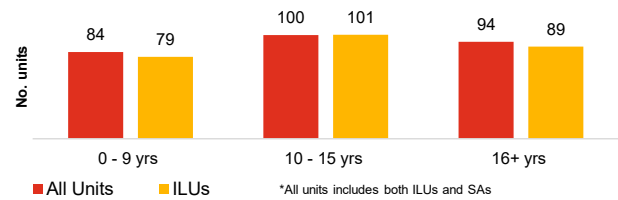


The proportion of villages that are Horizontal / Single Level / Broadacre increased from 64% to 71% for this year's Census. This in part reflects the higher participation rate of non-metropolitan operators. Consistent with previous years, the majority of villages operate under a 'loan lease' or 'loan licence' ownership structure.



Average village size by age

n = 857 Villages

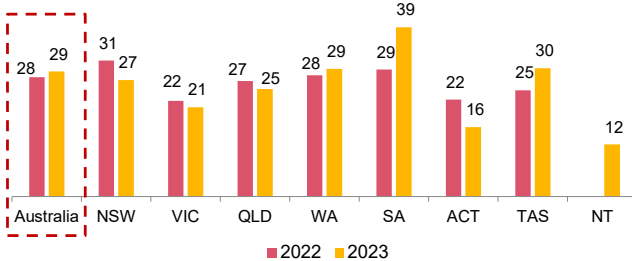


Average size of villages aged over 15 years has decreased from the prior year's Census (119 units) and ILUs accounted for the majority of total units compared to serviced apartments (SAs). Further, the average size of newer villages (0-9 years) appears to be trending 'smaller' (109 units in CY22).



Average age of villages

n = 862 Villages

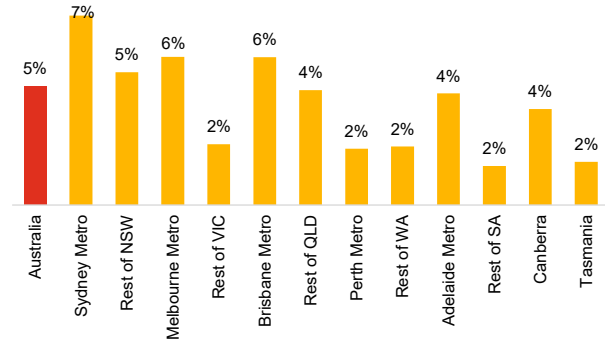


The average national age of villages is c.29 years which is slightly higher than the prior year (c.28 years) which is partially driven as a result of portfolios becoming a year older and a change in Census participants.



Village vacancy by region

n = 607 Villages



Vacancy across Australia is low at 5% which reflects an approximate decrease of 6% from last year's Census and 5% from 2021. We note the 2021 and 2022 Census recorded "occupancy" whereas this year's Census recorded "on-market village vacancy".



Environmental, Social, Governance



22% Have electric vehicles (incl. village bus)

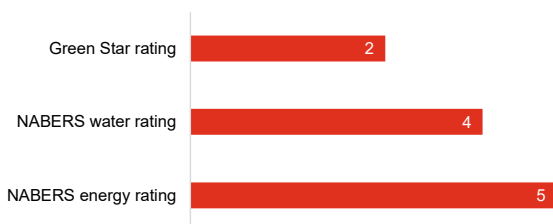


30% Have electric vehicle charging points



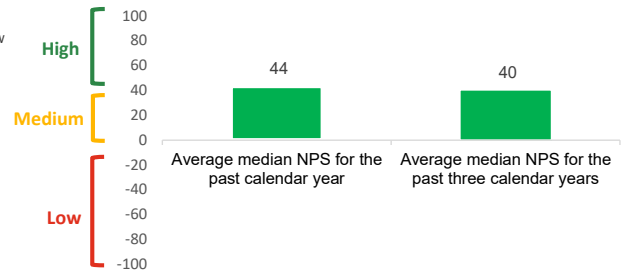
25% of villages will seek new NABERS energy and water rating scheme

Average energy and efficiency ratings



Median NPS scores

n = 29,705 responses



The average of the median NPS data is above 40 and typically scores above "40" indicate an industry is performing well. Additionally, NPS scores have increased y-o-y over the past three calendar years.

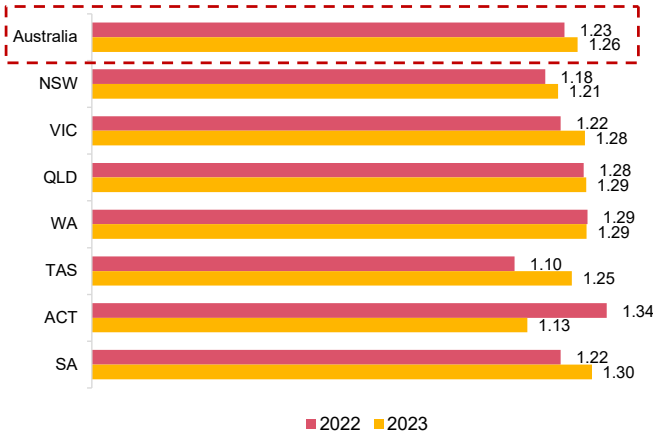


Resident Snapshot



Average no. of residents per Unit

n = 843 Villages

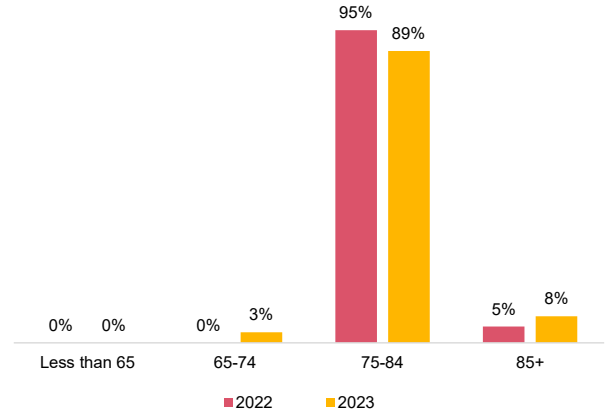


The national average number of residents per ILU was 1.26, with SA having the highest average number of residents per unit and the ACT having the lowest. The increase in residents per unit continues to support an efficient use of housing.



Average current resident age

n = 63 Operators (2023)

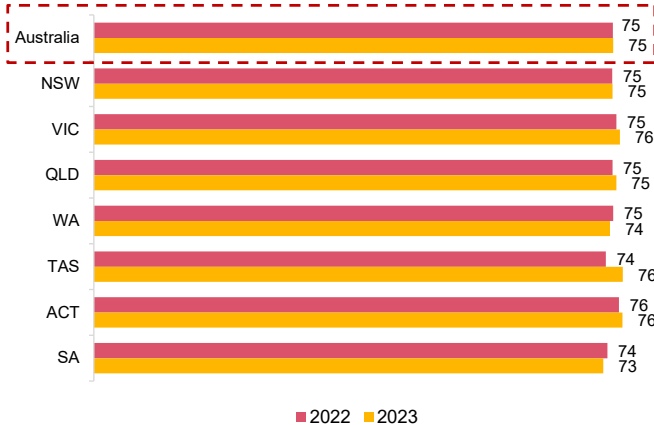


89% of operators reported the average age of residents was between 75-84 years of age, with the national average age of current residents at 80 years. The 2023 Retirement Census showed an increase of approximately 3% of residents aged 85 and above.



Average resident age on entry into village

n = 674 Villages

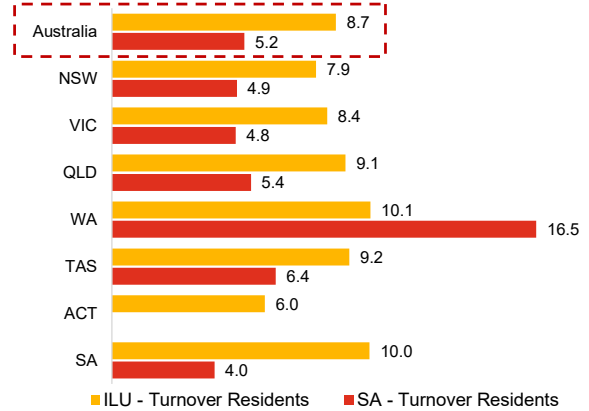


The average entry age of residents into a village across Australia was approximately 75 years old. This remained unchanged compared to the 2022 Retirement Census.



Average tenure of residents

n = 507 Villages (ILU) n = 94 Villages (SA)



The average tenure of current ILU residents nationally was 8.7 years, which was significantly higher than the average tenure of current SA turnover residents of 5.2 years reflecting the younger age of ILU residents, relative to SA.

* Limited ILU average tenure data in TAS (5 villages) and no data for NT. No Serviced Apartment data for the ACT and NT.

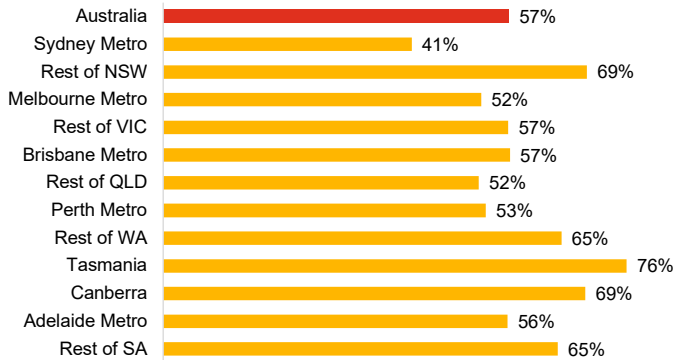


Sales and Affordability Snapshot



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

n = 74,545 Units



¹ Median price data by postcode provided by CoreLogic

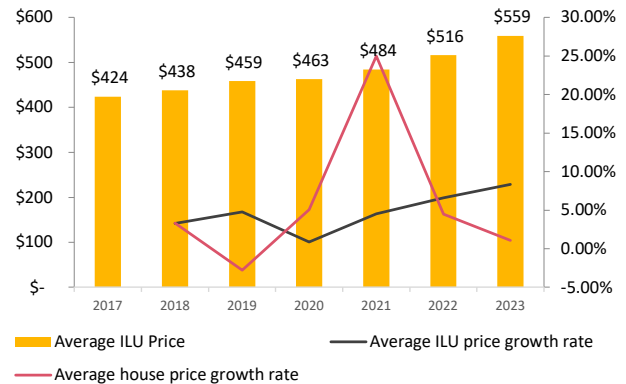
ILUs are an affordable alternative to the residential housing market reflecting approximately 57% of the median house price within the same postcode. It is possible that the target cohort for retirement living villages would typically purchase a house rather than an apartment if they did not buy into a retirement village and typically live in houses prior to moving into retirement. Therefore it is appropriate to compare against median house prices rather than apartments.

The affordability of ILUs can be particularly attractive to retirees, as their lower cost compared to median house prices can enable retirees to retain more capital for other expenses.



Two bedroom ILUs – National average price (nearest thousand \$'000)

n = 74,545 Units



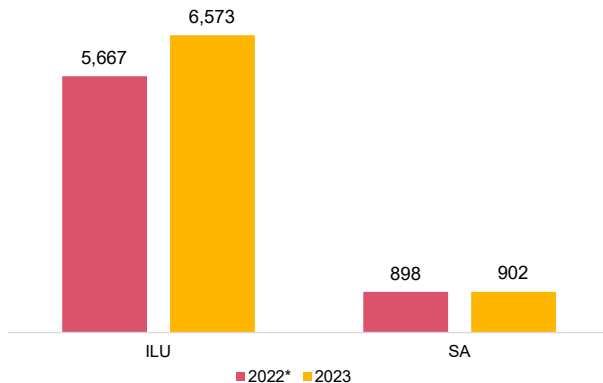
Similar to the broader residential housing market, the national average price of a two bedroom ILU grew from \$516,000 to \$559,000 over the 12 months to December 2023 which reflects an annual growth rate of 8.3% and the six year CAGR since 2017 was 4.71%. In addition, the CAGR of the average national median house price from 2017 was approximately 6.5%. In contrast to the short-term volatility experienced in the residential property market, ILU's gradual and consistent growth rate underpins the resilience and underlying market demand for the sector.



Number of sales*

n = 611 Villages (ILU)

n = 122 Villages (SA)



The number of sales over a 12-month period have increased for both ILUs and SAs compared to CY22.

*FY22 data based on 18 month period and has been adjusted for a 12 month period for comparison purposes.

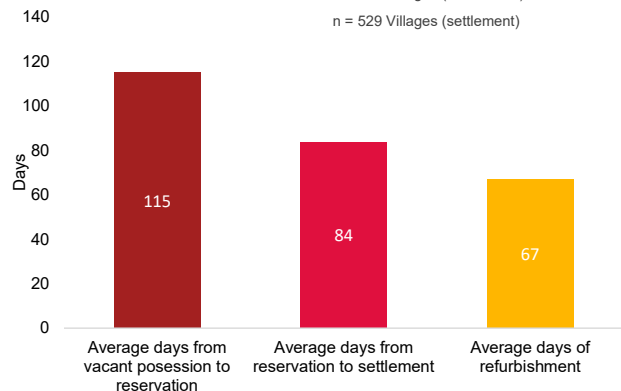


Typical vacancy periods

n = 524 Villages (refurbishment)

n = 454 Villages (reservation)

n = 529 Villages (settlement)



When a unit is in the process of turnover, the longest period in this process is typically from vacant possession to reservation. During this stage, refurbishment is likely to occur to make the unit fit for the incoming tenant. The typical settlement period, which includes the finalisation of contracts and transfer of ownership, usually takes around three months.

We note the average days stated can have some overlap with each other and therefore it is inaccurate to summate the above figures to estimate total vacancy time.

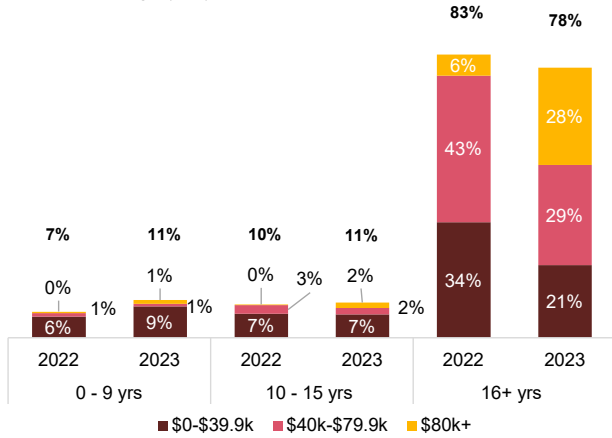


Operating Environment Snapshot



Average cost of renovation/refurbishment of units on turnover (\$) by village age group

n = 754 Villages (2023)

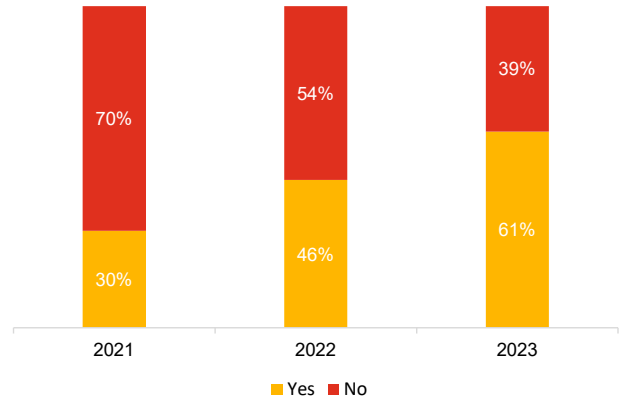


Unit renovation / refurbishment on turnover in older villages (aged over 15 years) incurred higher costs in 2023, where c.57% of total units cost at least \$40,000 to renovate / refurbish. This was up from c.49% in 2022. It was observed that a significantly larger portion of renovations / refurbishments cost were above \$80,000.



Home care is provided

n = 754 Villages (2023)

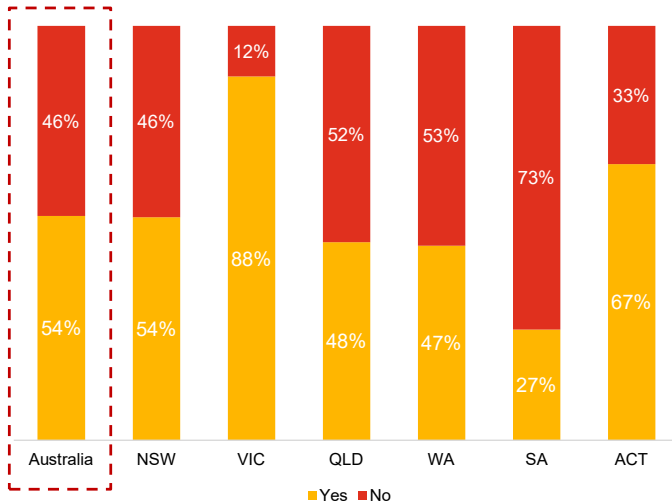


61% of operators reported actively providing regulated home care services to residents in the village or seniors outside of the village. This continued the positive trend of more operators providing home care services.



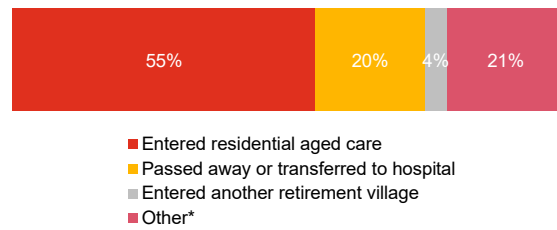
Percentage of villages with either visiting rooms for medical professionals, or coordinate visits from medical professionals

n = 752 Villages (2023)



Most common reason for exiting a Village

n = 4332 exits



Over the 12 months to December 2023, 55% of operators indicated that the most common reason that a resident exited a village within their portfolio was due to the resident entering residential aged care, followed closely by the resident passing away or transferring to hospital or went somewhere else.

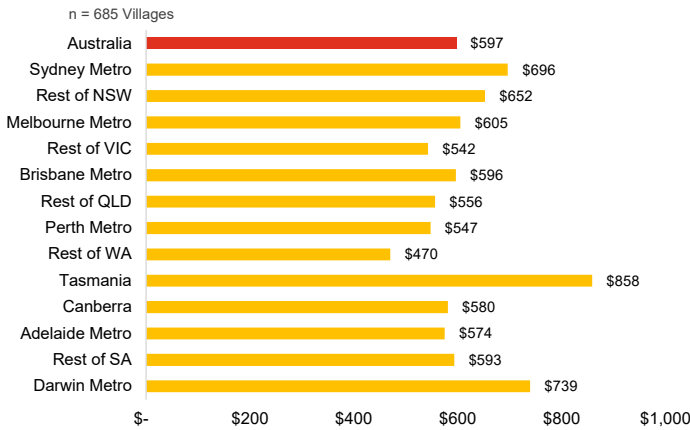
*Not moving to residential aged care, passed away, hospital or moving to another retirement village



Service Fees and Deferred Payments Snapshot



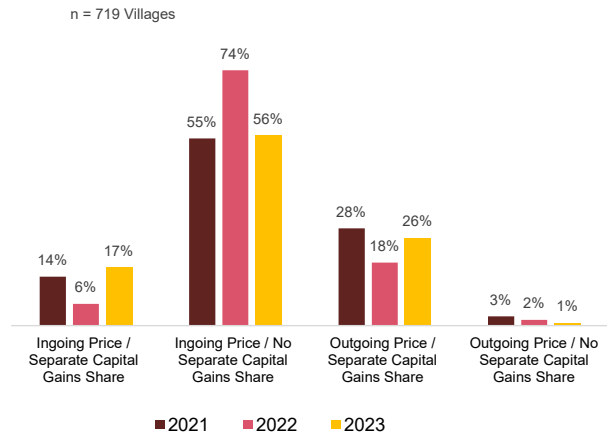
Weighted average monthly service fees by village by location –two bedroom ILU



The national weighted average monthly service fee for two bedroom ILUs declined from \$620 to \$597 between CY22 and CY23. We note on a 'like-for-like' operator basis, service fees increased by approximately 5.5%. It should be noted monthly service fees are typically charged on a cost recovery basis.



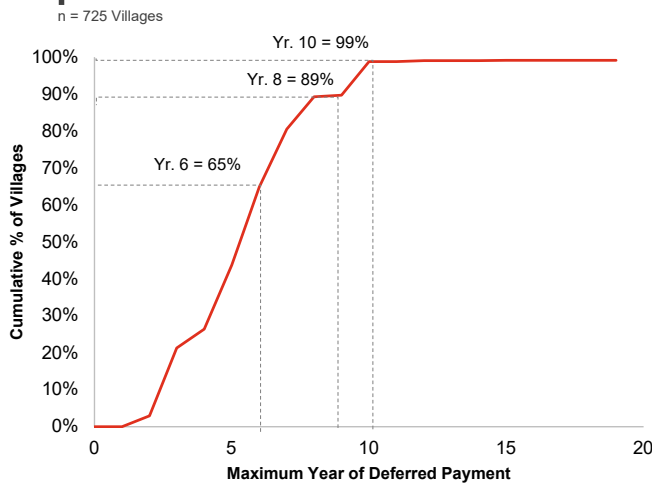
Deferred payment structure offered to new residents



A higher percentage of operators are offering a deferred management fee structure based on the ingoing price with a separate share in capital gains. This is a deviation in the trend from the previous year and is more aligned to the 2021 Retirement Census results.



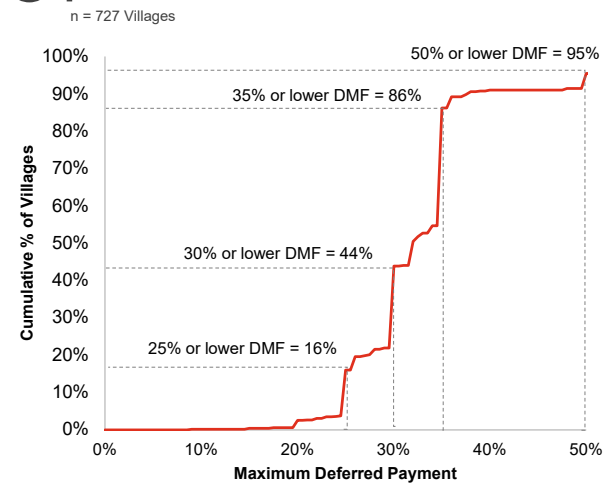
Maximum year of deferred payment by operator for resident's share of capital gain



Based on typical contractual terms entered into over the past 12 months to December 2023, 65% of operators indicated the maximum deferred payment percentage was within 6 years (compared to 68% in FY22), while 89% indicated that the maximum deferred payment percentage was within 8 years and 99% of operators within 10 years.



Maximum percentage of deferred payment by operator for resident's share of capital gain



Deferred payment structures vary quite considerably between operators due to the broad range of village standards, service offerings and financial arrangements which are tailored to residents' need and circumstances.

The 2023 Retirement Census showed that the maximum deferred payment percentage for 95% of villages was 50% or lower.

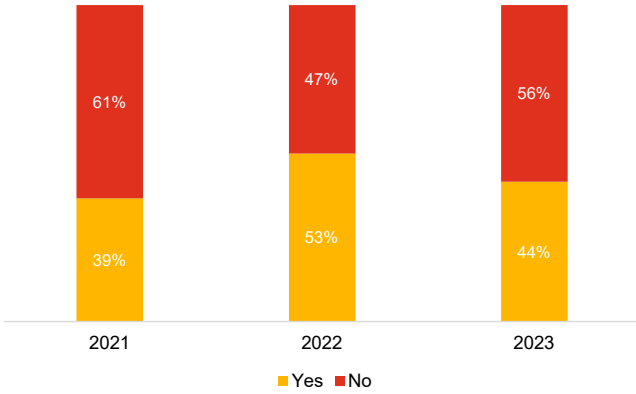


Development Snapshot



New villages with aged care provided

n = 61 Villages (2023)

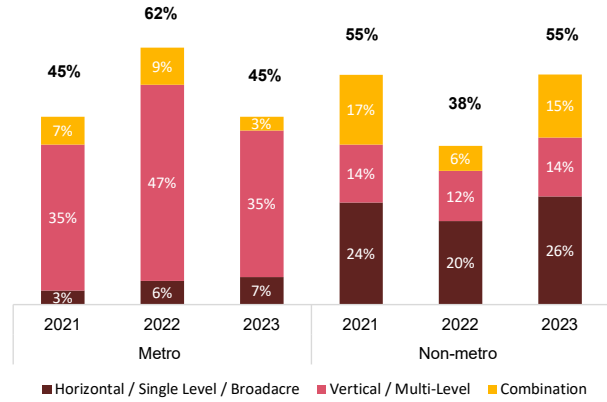


Less than half of new villages being delivered will have aged care co-located which reflects a decrease from CY22 yet an increase from CY21.



New development villages by type and region

n = 252 Villages (2023)

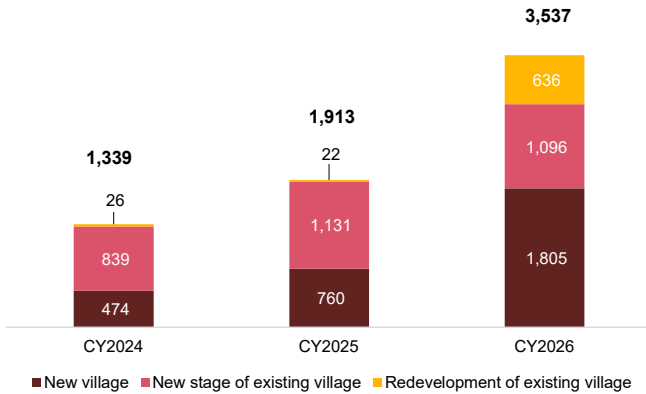


It is observed that in metropolitan areas, a smaller portion of new developments are expected to be vertical / multi-level (a decrease of 12% was observed from the 2022 Census). However, expected development type is more inline with the 2021 Retirement Census which comprised a similar composition of metropolitan and non-metropolitan villages.



Supply pipeline by Development Type* (number of units)

n = 6,789 units

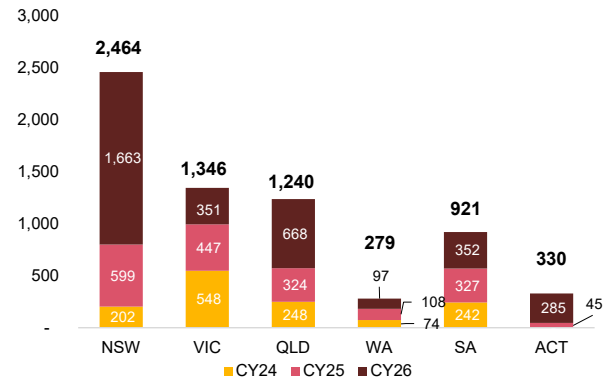


*Data excludes developments which have not been allocated a development type



Supply pipeline by State* (number of units)

n = 6,580 units



*Sample set too small to include TAS and data excludes developments which have not been allocated a state

Based on the responses to the survey, expected development activity in Australia is projected to fall short of meeting the required demand, with almost 7,000 units expected to be delivered across the country. Increasing construction costs are making it progressively more difficult for projects to be financially viable, as rising prices for materials and labour strain budgets can impact the feasibility of developments. Additionally, the limited supply of available land further constrains development opportunities, while lengthy and complex planning approval processes reduce the commercial viability of many projects. These factors combined create significant barriers to meeting the growing demand for new retirement villages.

It should be noted that this metric is highly dependent on the participant mix and their responses and may contain some degree of uncertainty. Specifically we note that this data only includes responses from operators that currently account for c.1/3 of total units nationally. Therefore the forecast development pipeline is likely understated.



Key Contacts



Daniel Gannon
Executive Director -
Retirement Living Council

mobile: +61 421 374 363
email: DGannon@propertycouncil.com.au and
retirementcensus@propertycouncil.com.au



Meredith Chester
Partner
PwC

mobile: +61 422 762 007
email: meredith.chester@au.pwc.com



Funminiyi Oduko
Partner
PwC

mobile: +61 402 061 702



Andrew Wilson
Manager
PwC

mobile: +61 432 116 106
email : andrew.a.wilson@au.pwc.com

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 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 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.

The information, statements, statistics and commentary (together the "Information") contained in this report have been prepared by PwC from material obtained from the Property Council of Australia Retirement Village Census survey. PwC have not sought any independent confirmation of the reliability, accuracy or completeness of this information. It should not be construed that PwC has carried out any form of audit of the information which has been relied upon. Accordingly, whilst the statements made in this report are given in good faith, PwC accept no responsibility for any errors in the information nor the effect of any such errors on our analysis, suggestions or report.

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