THE FUTURE OF RETIREMENT LIVING

WORKSHOP

MAY 2018
THE FUTURE OF RETIREMENT LIVING

Overview
- Industry Overview
- Workshop
  - What consumers like/don’t like
  - What are the emerging models
  - Case studies
INDUSTRY OVERVIEW – AGEING POPULATION

Source: ABS Population Projections Australia 2010 to 2050
INDUSTRY OVERVIEW – AGEING CHANGING POPULATION

Source: ABS Population Projections Australia 2010 to 2050
INDUSTRY OVERVIEW – WHERE DO OLDER AUSTRALIANS LIVE?

- Home Owners: 73%
- Private Rental: 7%
- Residential Aged Care: 7%
- Social Housing: 6%
- Retirement Villages: 5%
- Mobile home communities: 2%

Source: Housing Decision of Older Australians, Productivity Commissioner Report
INDUSTRY OVERVIEW – WHAT CARE ARE THEY RECEIVING?

Proportion of people 70+ accessing aged care, 30 June 2016

- **Home Support**
  - $2.21 B
  - >925k consumers

- **Home Care**
  - $1.49 B
  - 89k consumers

- **Residential Care**
  - 70k consumers

- **Aged Care Consumers (total)**
  - $15.1 B
  - 235k consumers

Source: ACFA Annual Report on Funding and Financing of the Aged Care Sector - 2017
INDUSTRY OVERVIEW – FISCAL PRESSURE

Ratio of Tax Payers to Pensioners by 2050

Level
5
2017

Level
2.7
2050
INDUSTRY OVERVIEW – CONSUMER PRESSURE

Choice and Control

- Where they live
  - House
  - Retirement Village
  - Residential Aged Care

- What they pay
  - Retirement Village – contract options and structures
  - Residential Aged Care – RAD, DAP, Combination
  - Home Care – what they spend and who they use

- What services they receive
INDUSTRY OVERVIEW – GOVERNMENT ACTIONS

Aged Care:
- Consumer Directed Care (Home Care)
- Deregulation of Home Care in February 2017
- Deregulation of Residential Care
- Integration of Home Care and Home Support
- Changing Consumer Contributions

Retirement Living:
- Legislative Reviews—changes are leading to providing greater consumer protection and transparency
  - WA Legislation Changes
    - Updated disclosure requirements
    - Contract content
WHY **DO** PEOPLE MOVE INTO RETIREMENT VILLAGES?

- Assistance in the case of declining health
- Family doesn’t have to look after you
- Convenient location to facilities
- Assistance with household/gardening chores
- Less stress
- Loss of a spouse
- Limited family and social resources – social isolation
- Lifestyle change
WHY **DON’T** PEOPLE MOVE INTO RETIREMENT VILLAGES?

- Not old enough
- Too expensive (ongoing costs)
- Too expensive (entry and exit costs)
- Confused about the service offering (Nursing home? Retirement village?)
- Can’t access care/services I want/need
- Don’t want to move from my family/community
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EMERGING RETIREMENT LIVING TRENDS

- Serviced Apartments/Assisted Living
- Varying contract structures
- Amenity offering
- Building design/built form
- Services offered
- Partnerships
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EMERGING RETIREMENT LIVING TRENDS – CASE STUDIES

Built Form and Serviced Apartments/Assisted Living

The facts:

- Location: Melbourne VIC
- Original proposed service mix: 1/3 Retirement Village (RV); 2/3 Residential Aged Care (RAC)
- Demographic considerations: affluent location, ageing population
- Competition considerations: over-bedded RAC, minimal premium RAC/RV offering, new residential offerings indirect competition

The solution?
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EMERGING RETIREMENT LIVING TRENDS – CASE STUDIES
Built Form and Serviced Apartments/Assisted Living

The solution:
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EMERGING RETIREMENT LIVING TRENDS – CASE STUDIES

Why build to 9C compliant?

- Prediction for the deregulation of residential aged care supply
- Enable the development of true “ageing in place” models
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EMERGING RETIREMENT LIVING TRENDS – CASE STUDIES

9C Example: Good Sheppard Lodge – Kerrisdale Gardens
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EMERGING RETIREMENT LIVING TRENDS – CASE STUDIES

Varying Contract Structures

The facts:

- Mid-sized Retirement Village operator with lower, middle and upper socio-demographic offerings
- One contract structure offering across the portfolio
- Negative feedback from prospective residents around price and contract structure

The solution?
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EMERGING RETIREMENT LIVING TRENDS – CASE STUDIES

Varying Contract Structures

The solution:

- Developing and offering three contract structures:
  - “Certainty” offering targeting lower and middle socio-demographic villages
  - “Standard/traditional” offering
  - Offering targeting prospective residents with exposure to property market
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EMERGING RETIREMENT LIVING TRENDS – CASE STUDIES

Varying Contract Structures

What are the big players doing?

- Stockland:
  - Now offering two contracts – “Peace of Mind” and Standard options
  - ASPIRE model
- Lendlease:
  - Now offering four contracts – Standard, UMF, money back guarantee and PAYG option
- Aveo:
  - The Aveo Way
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EMERGING RETIREMENT LIVING TRENDS – CASE STUDIES

Expanding Service Offerings

The facts:
- Small/mid-sized operator
- “Property development” experience
- Growing number of prospective residents looking for additional care services and options

The solution?
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EMERGING RETIREMENT LIVING TRENDS – CASE STUDIES

Expanding Service Offerings

The solution:

- Establishing a partnership arrangement with a home care provider?
- Become a home care provider?
- Other?
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Expanding Service Offerings

Other considerations – what do older people need assistance with?

Activity Where Assistance is Received by Formal and Informal Providers to Population Aged 65 and above

Source: Disability, Ageing and Carers Survey 2015
Expanding Service Offerings

What are the big players doing?

- Aveo – expanding “Freedom” portfolio
- Stockland – partnering with 5 different providers across Australia
- Lendlease – arrangements with different providers in different States
QUESTIONS?