

Community benefits

The combined communal and community facilities incorporated into a Waterbrook village are immense and, in the case of the Waterbrook Bayview proposal, will cost \$9.8 million to install. They include:

- Café, restaurant and piano bar
- Surround sound cinema
- Indoor heated pool and spa
- Wellness Centre incorporating an in-house nurse, physiotherapist, visiting podiatrist and dietician, ta chi, yoga and Pilates classes
- Games, craft and woodworking rooms
- Community meeting spaces
- Barbecue/alfresco dining terraces
- Hair and beauty salon
- 24/7 concierge

A fundamental focus for Waterbrook in developing our lifestyle resorts is to create environments that promote healthy living and nurture the wellbeing of our residents. We provide not only homes, but regular opportunities for our residents to remain active and productive citizens. As such, a significant part of our programme is to partner with community groups and offer the public spaces of our villages for their use. This establishes an inclusive, positive community connection, bringing members of like-minded community groups to our village, and vice versa.

At our established resorts at Greenwich and Yowie Bay, for instance, the University of the Third Age is a regular and welcome user of our surround-sound cinemas for educational purposes, while our restaurants, cafes and meeting rooms are regularly used by community groups such as Probus and Rotary to conduct community meetings and events. Our hair and beauty salons are open to the public, and our residents are free to invite whomever they wish to enjoy the resort's vast amenities.

Project viability

The Waterbrook model, whilst catering to a higher end of the market, still relies on us securing sufficient economies of scale in order to achieve apartment sales in line with the LGA's median house price and, significantly, to avoid wealth erosion for our residents by maintaining affordable annual maintenance levies.

Our initial project scope for Waterbrook Bayview proposed 115 retirement living apartments. We have since scaled this back to 95 apartments. After careful and meticulous consideration, we are still able to deliver a village that can provide the economies of scale required to maintain project viability, on both a completion delivery and ongoing operating basis.

The annual operating budget proposed for Bayview Waterbrook, which is delivered on a not-for-profit basis to residents, is projected to be \$1.5 million per annum. Given the extent and nature of facilities provided to residents,

and shared with the community, this projected operating cost does not reduce if the apartment numbers in the completed project reduces.

Therefore, maintaining the 95 apartments currently in scope is essential to ensuring resident levies are maintained at affordable rates. Based on 95 apartments, the annual levies at Waterbrook Bayview would range from just over \$12,000 for the smallest two-bedroom apartment to just under \$23,000 for a penthouse suite. Any decrease in apartment numbers would have a direct increase and correlation to resident levies.

Efficient housing markets thrive on throughput of housing stock

As our ageing population increases, the vast inefficiencies of Australia's permanent living markets are becoming more widely exposed, highlighting the need for a much improved range of accommodation options to suit Australians in each stage of their life cycles.

According to the Retirement Living Council's '*Demand Analysis of Housing for Older Australians, 2011 Census Review*' (presented by MacroPlan Dimasi), efficient housing markets thrive on the throughput of housing stock, but the natural process of downsizing by seniors is being frustrated by market stasis. The report claims existing housing stock owned by seniors is underutilised, with 90% of senior households having one or more spare bedrooms.

The Retirement Living Council's report identified that urban areas experiencing increasing levels of unmet demand for retirement living facilities are observing high numbers of seniors remaining in housing which may not be age appropriate. Waterbrook believes this has multiple downside consequences across many sectors of society:

- fewer house sales means unnaturally inflated house prices
- young families are finding it increasingly difficult to find housing stock that is suitable for them in the locations they desire
- some seniors are staying in accommodation that is inappropriate for their health and age status, and/or
- some seniors are being forced from their communities due to a lack of age-appropriate facilities being made available in their local area.

For the wealthier sub-set within Waterbrook's target market, the incentive to downsize has long been absent, with a frustrating lack of quality, high end seniors accommodation available.

According to a report in The Sydney Morning Herald¹: "Not enough homes of the right size, with the right fittings and location... is preventing many of Australia's retiring boomers - those born between 1946 and 1964 - from moving out of the family home they have lived in for decades."

¹ Unable to downsize as they wish, baby boomers are staying in their old homes longer, Sydney Morning Herald, 20 April 2014, by Michael Bleby

Demographic analysis and demand assessment

As noted in **Table 1**, the number of persons within the Pittwater LGA aged 70+ and 80+ are projected to double between 2011 and 2031. It is expected that this significant increase will see a correlated increase in demand for seniors housing options, including for independent living options. The 75-79 age bracket projected to have the largest proportional growth (115%) of all age groups within the Pittwater LGA over this period.

Table 1 – Number of persons and projected growth in Pittwater LGA above select age thresholds

Age	2011 (persons)	2031 (persons)	Growth (2011-2031)
50+	23,000	33,100	10,100 (44%)
60+	14,150	23,000	8,850 (63%)
70+	6,950	13,650	6,700 (96%)
80+	3,000	6,000	3,000 (100%)

The projected growth in the older age brackets is a result of both natural ageing of the incumbent population and, to a lesser extent, a tendency for older couples (in their 50s and 60s) to move to the Pittwater LGA for a 'sea change' in their 'empty-nester' phase.

In light of the above, it is evident that there is a clear need to provide additional accommodation options catering to seniors within the Pittwater LGA over the short to medium-term.

The average age of new residents into seniors housing/ retirement living accommodation residents in Australia is between 73 and 81 years, and the average age of residents is 79 years². As illustrated in **Table 1**, the number of Pittwater residents aged over 70 is projected to nearly double over the course of the 2011 to 2031 period. This will give rise to a significant increase in the demand for all formats of seniors accommodation within the Pittwater LGA over the short to medium-term. Specifically, the 80-84 and 85+ age brackets are proposed to increase at a far greater rate than those other 50+ age brackets – indicating a strong need for aged care housing in the Pittwater LGA.

² Retirement Living Council and Property Council of Australia, 'Profile: Retirement Village Residents', 2013, <http://www.retirementliving.org.au/wp-content/uploads/2013/12/Retirement-Village-Residents-Profile.pdf>

Pittwater LGA - Projected Growth in Persons Age 50+

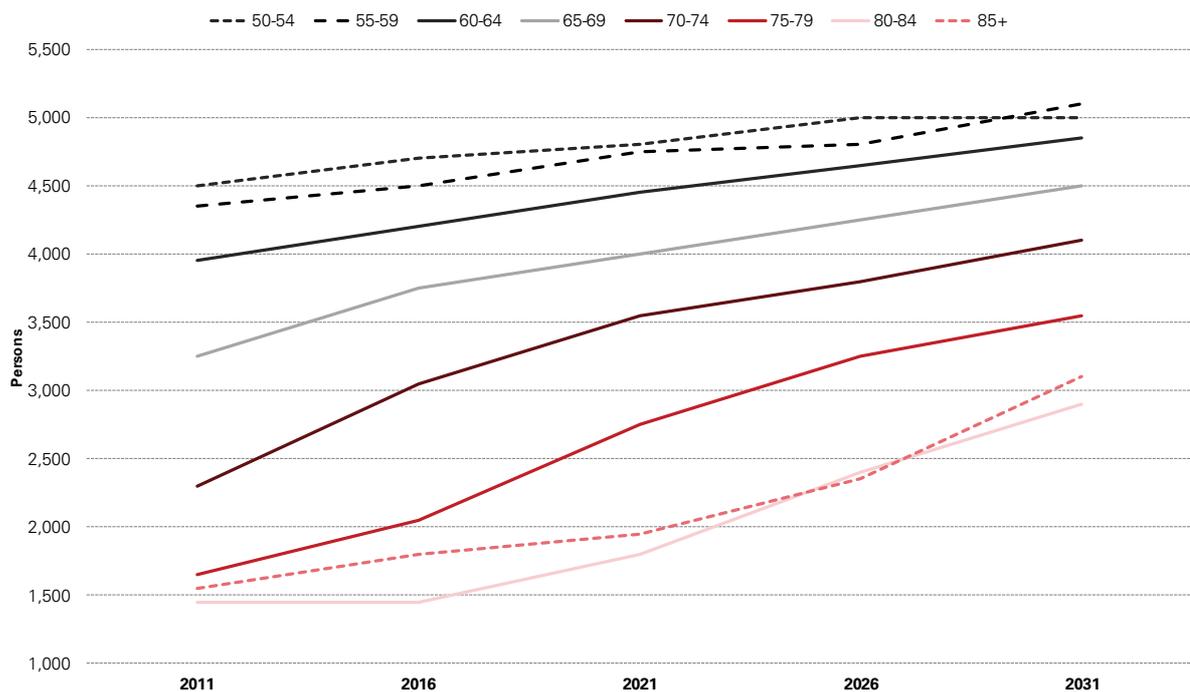


Figure 1 – Projected growth for selected age categories within Pittwater LGA, 2011 to 2031
Data source: NSW Department of Planning & Environment

Pittwater’s growth constrained by under-utilisation of housing stock

Over half of all Pittwater residents aged 85+ live in dwellings with three or more bedrooms. Given that these are overwhelmingly lone-person or couple households, this represents a significant under-utilisation of housing stock that could be more efficiently used to support population growth and new family entrants to the housing market.

A significant factor in elderly persons remaining in larger, higher-maintenance dwelling types is the lack of availability of suitable seniors housing options. Increasing the supply of modern seniors housing accommodation, particularly in low-care formats such as Independent Living Units (ILUs) that provide a more gradual transition of care, can have significant benefits in improving the efficient utilisation of existing housing stock.

Additionally, analysis by JBA shows that the majority of persons aged 65+ within the Pittwater LGA live in couple-only households, generally the result of children having left the family home in what is commonly referred to as the ‘empty nester’ stage (**Table 2**). Many couples in this situation, particularly in their earlier years, are comfortable remaining in the family home and do not require the support services offered by seniors accommodation options. As these couples age however, they are more likely to consider semi-supported housing options such as ILUs that strike a balance between remaining autonomous and obtaining some basic support services.

About a quarter of this age group in the Pittwater LGA live in lone-person households, having never partnered, separated or been widowed. Notably,

Table 3 illustrates that the proportion of lone-person households significantly grows when the 80+ age group is considered. Lone person households are significantly more likely to seek seniors living accommodation options in order to access support services, particularly when one partner of a couple household has passed away. As the number of persons within the Pittwater LGA in these older age groups grows, it can be expected that the number of persons seeking seniors accommodation options will also grow.

Table 2 – Household structure for Pittwater LGA residents aged 65+

Households by type	Person	%
Couple with children	1,001	11.8
Couple without children	4,608	54.5
One parent family	461	5.5
Other Family	39	0.5
Group household	157	1.9
Lone person household	1,981	23.4
Other non-classifiable household	206	2.4
Total people in private dwellings	8,453	100.0

Data source: Profile.ID Pittwater LGA Profile

Table 3 – Household structure for Pittwater LGA residents aged 80+

Households by type	Person	%
Couple with children	179	8.1
Couple without children	898	40.9
One parent family	159	7.2
Other Family	15	0.7
Group household	29	1.3
Lone person household	873	39.7
Other non-classifiable household	45	2.0
Total people in private dwellings	2,198	100.0

Data source: Profile.ID Pittwater LGA Profile

There are a number of factors identified in the above demographic analysis that have implications for the future demand for seniors accommodation options within the Pittwater LGA:

- Projected doubling of the number of persons aged 70+ within the Pittwater LGA over the 2011-2031 period, requiring a commensurate increase in local age-specific accommodation options. There will be 13,500 additional persons aged 70 or over by 2031 requiring suitable accommodation, including across the full spectrum of seniors housing options.
- There is a high propensity for older persons to remain in larger, high-maintenance dwelling typologies within the Pittwater LGA late into their life stage, indicating that there is a lack of suitable and available

transitional seniors accommodation within the locality for existing residents to transition to.

- A projected 4% reduction in average household occupancy rates will give rise to a need for additional housing stock production unless measures can be taken to increase housing utilisation efficiency (i.e. by providing suitable housing options for older persons to downsize into).

In light of the above, it is clear that there is likely to be significant additional demand for seniors housing within the Pittwater LGA over the short and medium-term that will generate the need for multiple new developments within the LGA simply to meet the needs of the additional population. This analysis does not take into account the renewal of existing seniors living stock, which will require the production of additional seniors housing above the projected levels of growth.

It is clear that retirement villages, such as the proposed Waterbrook Bayview, provide an avenue to free up existing housing markets by offering a viable alternative for seniors to downsize from their under-utilised homes into more suitable accommodation, whilst remaining in their area of choice.

Retirement villages increase health and wellbeing

Retirement villages offer a range of services and supports to their residents. As these services and supports are self-funded, there is an additional benefit of not only improving residents' lifestyles, but generating savings to governments.

The Retirement Living Council's report found that age-suitable housing reduces the incidence of home injuries and lessens the burden on the medical system, while providing dignity, certainty and security to the most venerable in the community, when they need it most.

The Property Council of Australia's 2014 *'National overview of the retirement village sector'* reports that the vast majority of the 184,000 people who live in retirement villages across Australia are happy – and happier than they were before they moved there.'

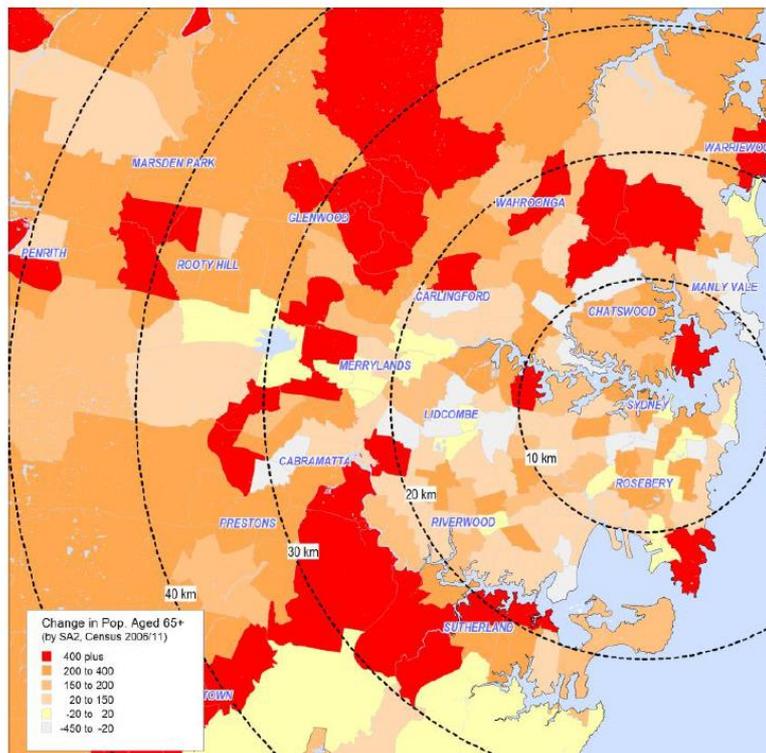
This is strongly supported by the McCrindle Baynes Villages Census Report 2013, which identified that 93% of village dwellers felt their life had remained the same or improved after moving in to a retirement village, and that 98% who had made the decision to move to a village would do so again if given the decision over again.

An urgent need to act now

The Australian Bureau of Statistics (ABS) reports that, in 2012, 14% of the population was aged 65 and over, and there were 5,758 people aged 100 and over. In 2032, the ABS projects that 20% of the population will be aged 65 and over, and there will be 20,122 centenarians. This is a critical change to Australia's base line demographics, suggesting that now is the time to act to lessen the burden on taxpayers, improve living options for seniors, and provide better stock fluidity for the ordinary housing sector.

For Sydney's northern suburbs, and many other outer ring metropolitan centres across Australia, the issue is amplified.

The Retirement Living Council's 'Demand Analysis of Housing for Older Australians -2011 Census Review' has identified that there is a disproportionate concentration of people aged over 65 in the north of Sydney, including the Bayview area. And that number, it says, has been steadily rising.



Increase in the 65+ age cohort has been experienced across the majority of Sydney.

The greatest increase in people aged over 65 has been in outer urban regions between 20 to 30km from the CBD.

Regions experiencing a decrease in numbers has been minimal.

Source: MacroPlanDimasi, Retirement Living Council

There are 1,925 retirement villages in Australia, providing 120,482 units and accommodating approximately 163,000 people.

This means that on a national basis, about 5.25% of the population over the age of 65 years live in retirement villages. Some states already have significantly higher penetration rates than the national average, with Western Australia at around 7% and South Australia nearing 8%.

The combination of an ageing population and greater acceptance of living in a retirement village could result in a national penetration rate in excess of 7.5–8% in the next 15 years. This implies a significant rise in demand for new retirement communities.

If a conservative approach was to be taken for 2031, and the following assumptions made of:

- 5.7 million people aged 65+
- The current penetration rate was to remain the same at 5.25%
- The average size of a retirement village remained at 63 units

- The average of 1.35 people per unit remains

The following would be applicable to the retirement village industry:

- 299,250 people would want to live in a retirement village in Australia, an increase of 136,250
- 100.925 new units need to be constructed across 1,601 units, almost doubling the size of the industry.