

# Better housing for better health

The care and cost effectiveness  
of retirement living

November 2023  
Commissioned by the  
Retirement Living Council





The Retirement Living Council (RLC) is the national leadership group for the retirement living sector, championing policies that deliver age-friendly homes and better services in retirement communities across Australia. The RLC sits within the Property Council's national advocacy team and is the most powerful voice of the sector, representing for-profit and not-for-profit owners and operators of retirement villages and seniors' living communities.

We're excited and energised by the opportunities for the industry and feel enormous pride for the work we do in creating a better future for Australians young and old.

[Find out more](#)

## Contents

<b>Foreword</b>	<b>01</b>
<b>Executive summary</b>	<b>03</b>
<b>01 Australians are living longer and aspiring for more in their retirement</b>	<b>09</b>
<b>02 Retirement communities allow people to be healthier, happier and more socially connected</b>	<b>15</b>
<b>03 Retirement communities provide societal, economic and environmental benefits</b>	<b>27</b>
<b>04 There is an opportunity to deliver greater value by increasing access to retirement communities to more Australians</b>	<b>39</b>
<b>Appendices</b>	<b>49</b>
<b>Endnotes</b>	<b>55</b>

# Foreword

Australia is currently experiencing a demographic shift, propelled by an **ageing population**.

These changes will have implications for the nation's socio-economic outlook, including increased demand for healthcare, social services and aged care services.

At the same time, the pressure on our housing markets continues to grow, as does the need for age-friendly infrastructure and appropriate housing options for this ageing cohort.

With this in mind, we present this important report and commend it to industry, consumers and governments around Australia:

**Better Housing for Better Health.**

**Put simply, we are at a critical juncture.**

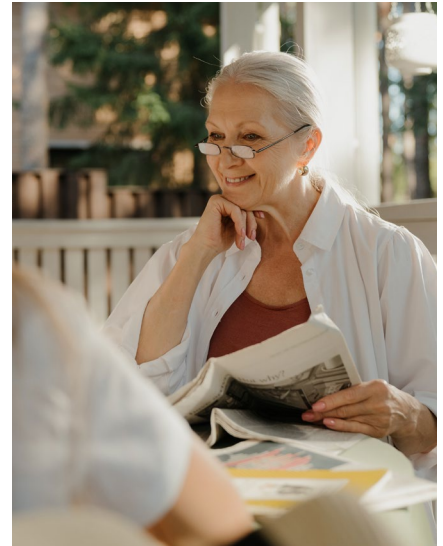
For a long time, the retirement living industry was traditionally focused on real estate, but has now transitioned to a sector that is providing care, wellbeing and support services. Indeed, it is providing better housing for better health.

This is becoming more important given there are approximately 2 million people aged over 75 around the country, which is around 8 per cent of the total population.

Over the course of the next two decades, **this population is expected to increase by nearly 70 per cent to about 3.4 million** and will make up approximately 10 per cent of the total projected population. This trend is expected to continue over the long term, as evidenced by the 2023 Intergenerational Report.

This brings risks and opportunities for industry, consumers and governments, in particular around affordability, supply, care and fiscal relief.

Retirement communities offer a unique housing option that enhances wellbeing and lifespan for older Australians. Those who choose to live in these communities reap the benefits, but so does the broader community.



**Retirement communities offer a unique housing option that enhances wellbeing and lifespan for older Australians. Those who choose to live in these communities reap the benefits, but so does the broader community.**

Retirement communities are often confused with residential aged care, but they are not the same thing. They do, however, have the potential to provide **significant benefits for the care sector**.

This is because living independently in a retirement community delays entry into taxpayer funded aged care, freeing up space in the system and delivering economic savings to government budgets.

Retirement living communities also have the potential to deliver better health outcomes for older Australians. This reduces interaction with the health system, releasing capacity back into the system for everyone.

And when people make the decision to 'rightsize' into a retirement community, it brings with it the added benefit of freeing up traditional housing stock for young people and growing families.

**There is significant socio-economic upside for state, territory and commonwealth governments** through reduced interaction with the health system and delayed entry to aged care if more older Australians are living in more of these communities.

The Retirement Living Council is delighted to present the findings and recommendations highlighted in this report.

They are practical, cost-effective solutions to help **deliver better housing for better health**, which will support the 250,000 people who currently call a retirement community home and those set to become residents into the future.



**Living independently in a retirement community delays entry into taxpayer funded aged care, freeing up space in the system and delivering economic savings to government budgets.**

**Tony Randello**  
President  
Retirement Living Council

**Daniel Gannon**  
Executive Director  
Retirement Living Council





# Executive summary





Australia has the opportunity to meet the needs of our ageing population, as well as relieve pressures on the housing and residential aged care sectors.

**Retirement communities enable residents to live more active and happier lives, maintaining their independence and lifestyle while still accessing support.**

Australians are getting older.

More needs to be done to support this generation of ageing Australians who are living longer and more active lives. This change in population demographics also has large socio-economic impacts on the nation, including the housing supply shortage and the pressure on an already struggling residential aged care centre.

Retirement communities allow older Australians an opportunity to maintain their independent lifestyle as they age, while still ensuring they have ready access to support, care and community. These communities feature tailored amenities that are designed to maintain a holistic scope of wellbeing for residents by considering both their physical and emotional health.

By reducing barriers to physical activity and providing access to fitness and recreational facilities, **retirement communities help residents remain approximately 15 per cent more frequently active** than those living independently in the community. **Residents are also 20 per cent less likely to be hospitalised after entry.**

At the same time, residents in retirement communities report greater emotional wellbeing levels, and are up to **5 times more engaged in social activities with others than non-residents.**





## These age-friendly communities deliver societal, economic, and environmental benefits including reducing pressure on the housing market and aged care sectors.

Retirement communities are designed to provide an affordable option for older Australians, **with entry prices on average 48 per cent lower than median house prices in similar areas.**

**The planned 18,000 retirement dwellings will reduce the housing gap by 18 per cent between 2023 and 2030.**

This can aid with current supply shortages as well as free up existing housing stock for new generations.

**Developing retirement communities to maintain market penetration could reduce the housing supply gap between 2023 and 2030 by up to 67 per cent.**

The enhanced service access and tailored environment of retirement communities also has the potential to delay older Australians entry into residential aged care. A one-year delay could lower government spending by up to \$350 million per annum. **Maintaining the current market penetration to 2030 and a two-year delayed entry into aged care would lower the financial burden on Commonwealth taxpayers by almost \$1 billion every year.**

'Rightsizing' also produces environmental benefits by reducing household energy consumption by 7 per cent. This can work to ensure a more sustainable use of energy, as well as provide financial savings for households.



## More must be done to unlock these benefits by increasing the supply of retirement communities and incentivising more older Australians to rightsize.

Nearly 30 per cent of Australians over the age of 55 are considering rightsizing. Three key factors need to be established to encourage this transition into retirement communities.

### 1. Ensuring sufficient supply

Maintaining the current market penetration of 12.6 per cent of over 75s will require an additional 49,000 dwellings than currently forecasted. Increasing this rate to match similar jurisdictions such as New Zealand at 14 per cent will require an additional 80,000 dwellings. Streamlining planning processes and establishing minimum allocations for retirement communities can enable greater development.

### 2. Strengthening financial incentives

High costs associated with rightsizing can disincentivise older Australians to move. Increasing residents' eligibility for financial support and exempting a portion of home sale proceeds from the age pension asset test can encourage more rightsizing.

### 3. Creating emotional motivation and understanding

Almost 65 per cent of older Australians want to 'age in place', decreasing the rate of rightsizing. Developing a central housing information service and engaging with real estate agents to provide tailored advice to older people can increase awareness of retirement communities and encourage rightsizing.

## Retirement communities provide health, societal and economic benefits to residents and the broader Australian community.

### Better health

The retirement living industry reduces pressure on Australia's health system and residents show delayed entry into aged care, saving state, territory and federal budgets **hundreds of millions** per year.



**Reduced pressure** on Australia's health system through reduced interactions



**20 per cent less likely** to require hospitalisation



**Improved access to GPs** and allied health professionals



Can delay older Australians entry into aged care



Are **15 per cent more frequently** physically active

New retirement communities have a **focus on delivering care, health and support services**, reducing pressure on Australia's health system, state, territory and federal health budgets, and delaying entry into aged care.

### Better housing

Retirement living can **reduce the housing shortage by 67 per cent** if the sector were to meet expected demand and maintain current market penetration rates. The many advantages this sector provides to housing Australians includes:



**Affordable housing** to the growing number of ageing Australians



Makes more homes available by returning stock to the general market, **reducing pressure** on the housing crisis



The planned 18,000 retirement dwellings will reduce the housing gap by **18 per cent**



49,000 additional dwellings would reduce Australia's housing shortage by **67 per cent**

By providing older Australians with affordable housing options and returning traditional stock back into the marketplace, this sector has the potential to reduce pressure on Australia's housing shortage.

## Societal benefits

**Loneliness, inactivity and depression** among older Australians is a growing area of concern. Retirement communities are addressing these issues, with data showing that residents spend **more time with family** and friends, are **happier** and **more socially active**.



Up to **5 times** more socially active



**Twice as likely** to get together with family and friends



**41 per cent** happier



**Physically and mentally** healthy

The wider societal benefits are also readily apparent and significant. Australians who rightsize:

- Reduce energy consumption of older Australians by 35 per cent
- Are **more engaged** with the wider community

## Economic incentives

With the number of Australians aged 75+ growing from **2 million to 3.4 million over the next two decades** – and the increasing cost of **government-funded aged care services** – the retirement living sector has never been more important. With potential to **cut government spending, alleviate strain on critical services**, and yield **societal and economic benefits**, all tiers of government must realise this sector's potential.

### The retirement living sector:



Supports almost **30,000 jobs** every year



Provides the Commonwealth government **hundreds of millions in savings** through delayed entry into aged care



**Avoids 14,000 hospitalisations** in older Australians annually



Provides retirees homes that are on average are **48 per cent more affordable** than homes in same post code



Saves governments **\$4.7 million** due to reduced levels of loneliness





**You have a right as an older person to have a nice life. That's what the village gives you. You can do stuff you didn't have time to do when you were working full time. There's lots to do. We do art. There's music. There's Happy Hour. You've always got someone around. The more help you can get and the more safety you can feel around you. You deserve that in your retirement. I wish I'd gone earlier. I'm really happy here.**

**Susan O'Leary, Aveo Cherry Tree Grove resident, Victoria**



Resident, Susan O'Leary



Section 01

# Australians are living longer and aspiring for more in their retirement



Image by  
Marcus Aurelius  
on Pexels

# Ageing population

## Australians living longer

### The number of Australians aged over 75 will grow by 1.4 million by 2040.

Australia is currently experiencing a demographic shift. The population is ageing, driven by increasing life expectancy and declining fertility rates. This will be further propelled by the ‘Baby Boomer’ cohort, who are reaching retirement age and older between 2011 and 2031.

In 2022, around 2 million people aged 75 and over lived in Australia. This is approximately 8 per cent of the total population.

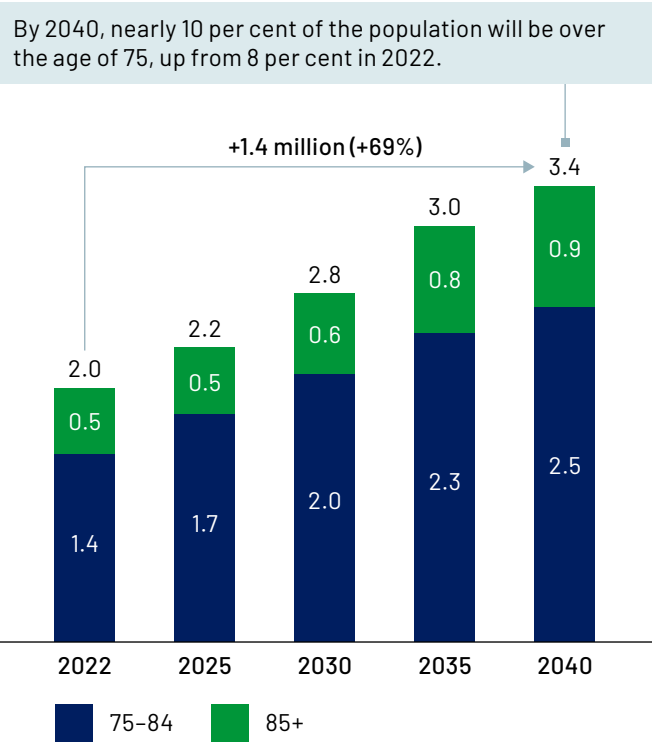
Over the course of the next 20 years, **this population is expected to increase by nearly 70 per cent to 3.4 million and will make up approximately 10 per cent of the total projected population.** This trend is expected to continue over the long term, with the old-age dependency ratio expected to continue increasing to 2060.<sup>1</sup>

This ageing population has implications for the nation’s socio-economic situation, including increased demand for healthcare, social services and aged care services. This will also exacerbate pressure on the housing market, with the need for age-friendly infrastructure and appropriate housing options for this growing cohort.

#### Exhibit 1

#### Population of Australians over the age of 75<sup>2</sup>

Millions, projected to 2040



Totals may not add up due to rounding.

See Appendix A for state by state breakdowns of population growth.



# Health and wellbeing

## Australians living longer

### Older Australians are healthier and more active than ever before, with one in three people over 75 being active every day of the week.

At the same time, Australians are enjoying more years of full health and wellbeing, with life expectancies in Australia amongst the highest in the world.

Overall, older people are more active than previous generations, with roughly one in three people over 75 active every day. This is similar to international counterparts, who are also more active today than their equivalents 10 years prior.

These trends suggest that older people are staying healthier for longer. Research shows that health-adjusted life expectancy for those aged 65 has increased between 2003 and 2018, for both men (by 1.7 years) and women (0.9 years).

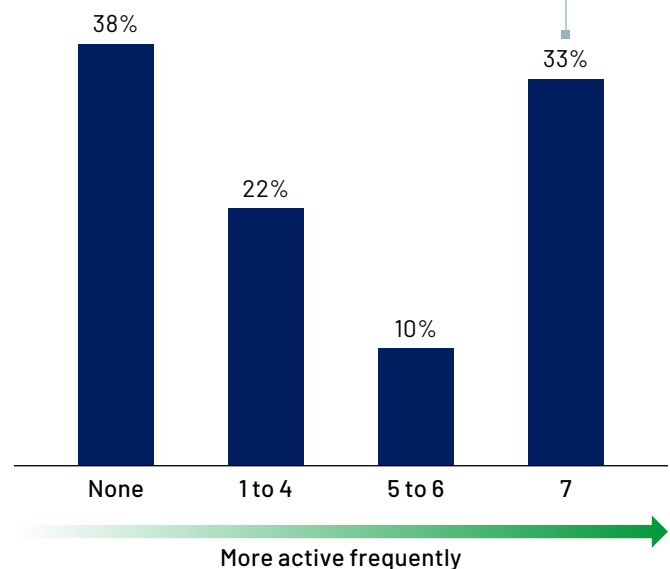
As a result, older people are able to maintain their independence for longer and have the opportunity to maintain a social and active lifestyle as they age. **To do this, they also require access to appropriate facilities and amenities.**

#### Exhibit 2

#### Number of active days for people over 75 years<sup>3</sup>

Percentage of people aged 75 and over who undertook physical activity (number of days active in the last week)

International research shows that **people over 75 are more active**, compared to 10 years earlier. The current generation is **increasing their active time on exercise and outdoor activities.**



# Dwelling suitability

Australians living longer

## Older Australians are typically living in oversized dwellings needing domestic support, such as assistance with property maintenance.

In 2021, nearly three quarters of people aged 75 and over were living in dwellings where they have one or more bedrooms spare. This represents **more than 1.4 million older Australians that are residing in dwellings that are oversized for their needs.**

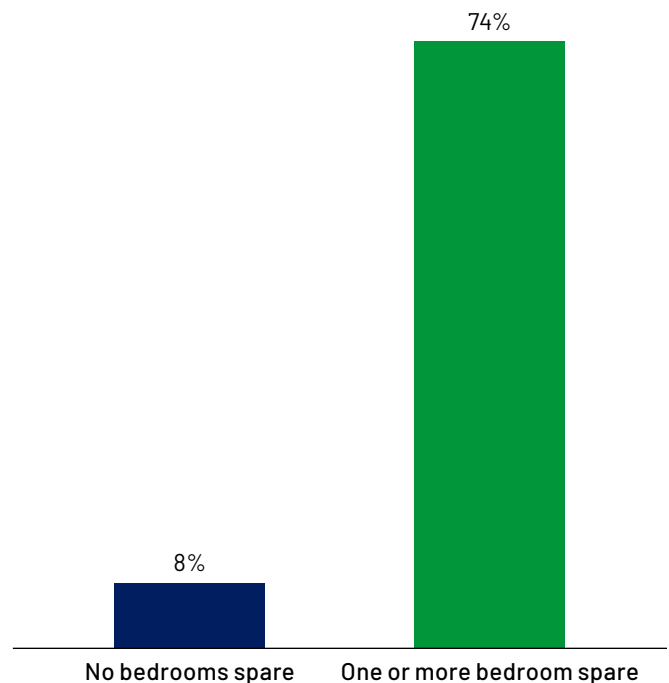
This inefficient use of space also adds pressure on existing housing supply challenges. Due to slow supply, Australia is expected to see a shortage of 101,400 dwellings between 2023 and 2030. Freeing up housing stock can work to address these challenges.

At the same time, one in five Australians over 65 also require assistance with domestic tasks, including property maintenance (20 per cent) and household chores (16 per cent). These needs rank second and third only to healthcare.

This suggests that the majority of older people are not rightsizing, and many are requiring extra supports to continue living in their family home. **Larger dwellings can also increase health risks as people age, with most cases of falls in older people occurring at home.** Features such as stairs without railings, clutter or poor lighting can create hazards for older people.

Exhibit 3

Dwelling suitability of people aged 75 years and older<sup>4</sup>  
Per cent of households



Remaining percentages stated they needed one or more bedroom, or were not applicable. See Appendix B for state by state breakdowns.





I used to mow my own lawn, but it just got too much for me. Moving somewhere where the maintenance is looked after was fantastic.

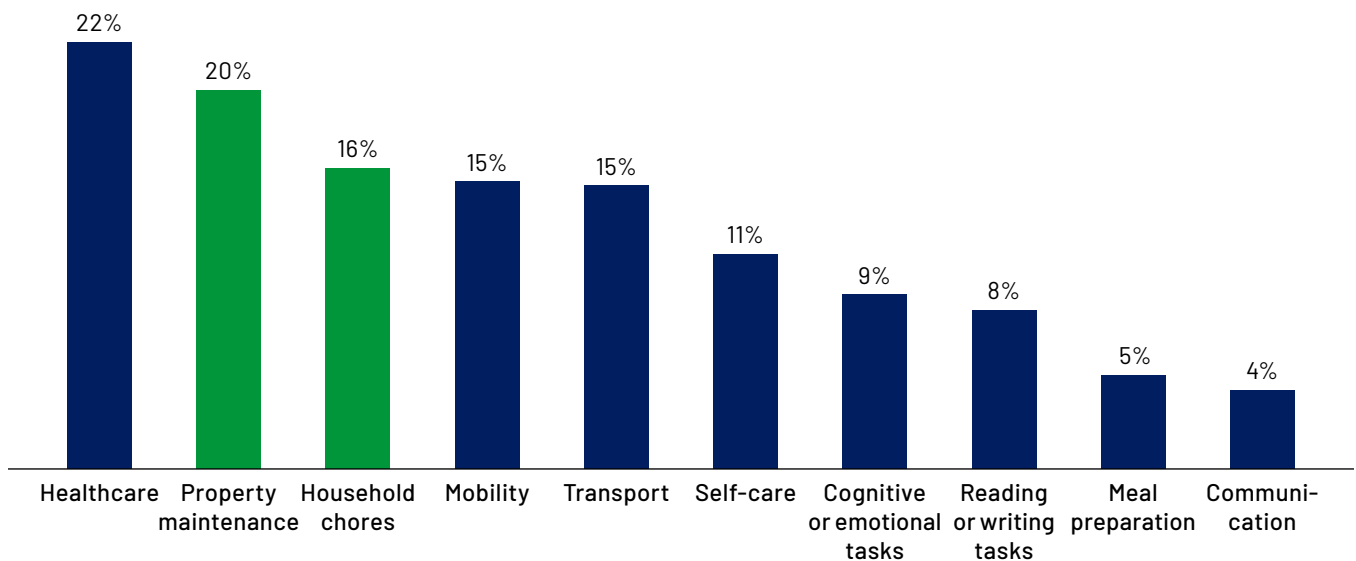
Now, my next-door neighbour and I enjoy looking after a fairly big area of garden outside our units. At the house I loved tending to my gardens, so it's nice to be able to continue that where I am now.

Mary, Cazna Gardens Retirement  
Community resident, Queensland

#### Exhibit 4

#### Persons aged 65 years and over who needed assistance<sup>5</sup>

Per cent of persons 65 and older



# Pressure points

Australians living longer

## This surge in older Australians is set to add pressure to an already struggling residential aged care sector.

Demand for residential aged care facilities, in-home care services, and various forms of supportive living will see an unprecedented increase over the next 20 years.

By 2040, the number of residential aged care recipients is expected to increase by almost 50 per cent to approximately 271,000, and aged care spending is expected to make up 2.1 per cent of GDP by 2060.

Australia’s care sector already faces considerable strain, grappling with growing demand, provider viability issues and workforce shortages.



**At least one in three people accessing residential aged care and Home Care services – or over 30 per cent – have experienced substandard care.**

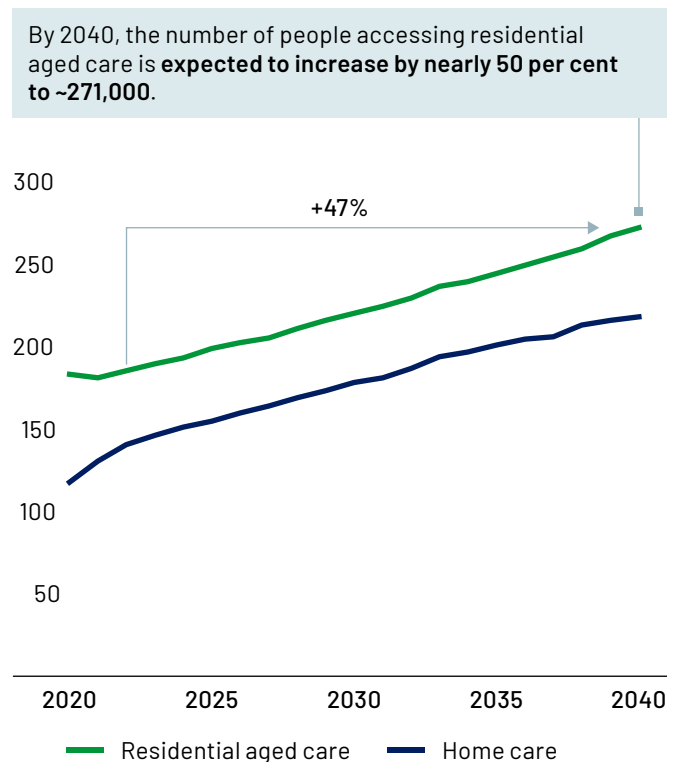
The Royal Commission on Aged Care Quality and Safety

The projected population growth of older people will put further strain on this sector. The current infrastructure, staffing and resources may not be sufficient to handle this wave of demand. At the same time, changing preferences and community expectations about the delivery of care will require the aged care sector to adapt.

More can be done to ensure that older Australians are supported and able to remain healthy in the community including increased access to Home Care packages and age-friendly environments that ensure a high quality of health and wellbeing.

Retirement communities can enhance this through onsite access to healthcare professionals and establishing a deeper network of Home Care and support services.

**Exhibit 5**  
Projected recipients by care program<sup>6</sup>  
'000





# Section 02 Retirement communities allow people to be healthier, happier and more socially connected





# Industry overview

Better health

More homes

Societal benefits

## Retirement living is one of the fastest growing sectors of the Australian economy.

Retirement communities provide older Australians an opportunity to receive the support and care they require while still enabling them to maintain their lifestyle. According to the 2021 ABS Census, almost **250,000 Australians are living in retirement communities**. This is up 23 per cent since 2016, when 198,000 Australians were living in these communities.

The industry is growing, with 458 operators of retirement communities across the country, employing 29,500 Australians. In total, they provide more than 200,000 independent living units (ILUs). This offers an estimated 12.6 per cent of the Australian population over the age of 75 the opportunity to reside in a retirement community.

These communities are spread in type, with **64 per cent constructed as horizontal layout communities, and 18 per cent as vertical<sup>7</sup> in 2021**. There has been an increase in the development of vertical communities, which better enable these communities to be developed in high-density areas, allowing residents to better access the resources and amenities of their broader, local area.

**Occupancy rates are also reaching full capacity across the country.** ILUs are on average occupied by 1.2 residents. **The national average age of current residents is 81 years** in 2022.

On average, **residents enter retirement communities at the age of 75**, and remain there for 9 years.

The entry price of an ILU is on average \$516,000. More than half (57 per cent) of units are tenured on a loan lease, with 37 per cent on a loan license and 11 per cent on a strata/freehold title.

### Australia's retirement living sector at a glance<sup>8</sup>

**249,000+**

Retirement community residents over the age of 55 in Australia

**2,500**

Retirement communities across Australia

**450+**

Retirement community operators

**29,500**

Workers employed in the sector

**12.6 per cent**

Market penetration of Australians over the age of 75



# Maintaining independence

Better health

More homes

Societal benefits

## Retirement communities empower residents to maintain the benefits of independence whilst enabling ready access to care and support.

Retirement communities meet the needs of the ageing population by providing an environment where older Australians are able to maintain their independence and lifestyle, with ready access to health, wellbeing, care and support services.

These communities focus on providing residents a lifestyle-driven model of living, focusing on providing care while also enabling older Australians to maintain a sense of purpose. As they are increasingly being built in high-density areas, residents are able to access community resources while also having support systems and additional facilities in close proximity.

Older Australians choosing to live at home are able to access Home Care packages which allow access to in-home domestic services and home modifications to meet the needs of ageing residents. However, as of September 2022, **more than 44,000 people were waiting for access to a Home Care package** at their approved level, delaying their access to such services. This was greatest in NSW and Victoria where 15,000 and 10,000 people (respectively) were waiting for access.

In contrast, residential aged care is needs-driven for those that require higher levels of care. They focus on delivering round-the-clock support for medical care and activities of daily living and focus on providing facilities to meet the needs of those with higher care needs.



Image supplied by Aveo



**Exhibit 6**

**Characteristics of retirement communities and residential aged care<sup>9</sup>**

	 <b>Living at home with a Home Care Package</b>	 <b>Retirement communities</b>	 <b>Residential aged care</b>
<b>Drivers to entry</b>	<b>Consumer-directed</b> care approach – for those that require services to continue living at home	<b>Lifestyle driven</b> – for those looking for low maintenance community, freeing up equity, and access to support when required	<b>Needs driven</b> – for those who need high levels of support and round-the-clock assistance
<b>Level of care</b>	<b>Coordinated services</b> based on individual needs	<b>Supportive community and in-home services</b> , including access to Home Care packages	<b>24/7 onsite support</b> for daily tasks and healthcare
<b>Social opportunities</b>	No additional social opportunities provided	<b>Onsite activities, sports, and cafes</b> , as well as proximity to local restaurants, cinemas and parks	<b>Organised activities</b> and entertainment including social outings, meals, and crafts
<b>Access to support services</b>	Availability of <b>in-home domestic support, access to health professionals and home modifications</b>	Availability of <b>in-home domestic support, visiting health professionals</b> and on-site staff	Onsite visits from doctors and health professionals, including <b>nurses on call</b>
<b>Facilities</b>	No additional facilities provided	Greater access to <b>health and wellbeing facilities</b> , including gyms, pools and community centres onsite	<b>Facilities for higher care needs</b> , including dementia care and respite care

# Wellbeing

Better health

More homes

Societal benefits

## Tailored amenities and access to health services improve physical and social wellbeing of residents.

As Australians age, it is important they have access to supports and services that address both physical, social and emotional wellbeing. Recognising the importance of holistic wellbeing, retirement communities combine facilities, programs and services to improve both the physical and social wellbeing of residents.

Physical wellbeing is enhanced by enabling increased physical activity through ready access to facilities and social sports programs, in addition to ease of access to healthcare professionals onsite.

Social and emotional wellbeing is considered by ensuring access to mental wellbeing professionals and programs. Retirement communities also encourage social and community engagement by providing older Australians an environment with peers, as well as onsite amenities and events such as cafes, restaurants, and organised team sport activities.

### Exhibit 7

#### Wellbeing amenities available in retirement<sup>10</sup>

Overall improved quality of life			
Physical wellbeing		Social and emotional wellbeing	
<b>Increased physical activity levels</b>  Ready access to facilities and opportunities to engage in social sports and exercise	<b>Improved physical health outcomes</b>  Easy and frequent access to healthcare professionals	<b>Emotional wellbeing</b>  Access to mental wellbeing professionals and programs	<b>Social and community engagement and enabling amenities</b>  Social and community programs alongside amenities like onsite cafes and restaurants

# Fighting fit

Better health | More homes | Societal benefits

## By enabling access to facilities that encourage physical activity, retirement communities enable older Australians to be more frequently active.

Retirement communities enable older people to easily engage in physical activity by minimising barriers that prevent people from being active when living alone, with important and obvious benefits to governments as a direct result.

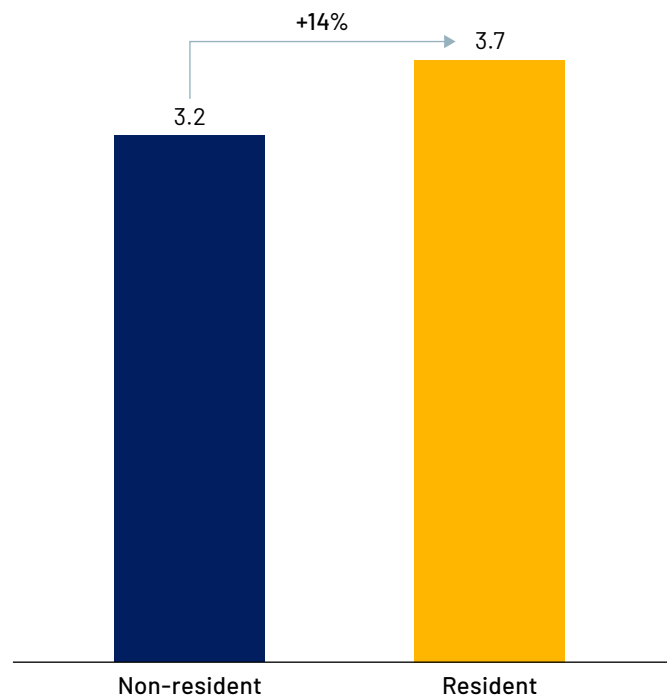
These communities provide access to facilities that promote physical health, including fitness centres and bowling greens. Close to 50 per cent of retirement communities have onsite gyms or swimming pools. These facilities are available in closer proximity to residents with little to no barriers to access.

Organised physical activity, such as walks and aerobics further support an active lifestyle for residents. Additionally, retirement communities enable residents to better connect with same-aged peers, which can encourage greater engagement in physical activity together.

This contributes to higher levels of physical activity for people living in retirement communities. **Almost one third participate in fitness programs, over two thirds participate in moderate activity at least once a week,** and they are more likely to report higher frequencies of moderate activity overall (see Exhibit 8).

**Exhibit 8**  
**Average activity levels for retirement residents and the community at large<sup>11</sup>**

Self-reported frequency of moderate activity, rated on a scale from 1 to 5 (1 is never, 5 is every day)



# 30 per cent

Of retirement community residents participate in an onsite fitness program or similar

# 69 per cent

Of residents participate in 30 minutes of moderately intense activity at least once a week

# Sustained impact

After 5 years, activity levels of residents remain higher than that of non-residents<sup>12</sup>



The Verge at  
Burleigh Gold Coast



We offer Tai Chi classes, musical exercise classes and yoga.

We also have a partnership with Club Active, who come in and do fitness assessments for our residents and show them how to use the gym equipment safely. They give the residents a program that they can follow, and just about everyone has taken up that opportunity.

The residents absolutely love the yoga classes. [It] is a great alternative exercise for them to improve their balance – and it's an excellent option for those who can't get out and about so easily.

Carolyn, The Verge Village Manager, Queensland

# Fewer hospitalisations

Better health | More homes | Societal benefits

**Through access to health services, retirement communities can reduce hospitalisations by almost 20 per cent in the first 9 months after entry.**

Access to health services and preventive health measures can reduce hospitalisations for residents after moving into a retirement community. **This potential reduction is almost 20 per cent in the first nine months after entry, and 28 per cent reduction from the pre-entry trend at 18 months.**

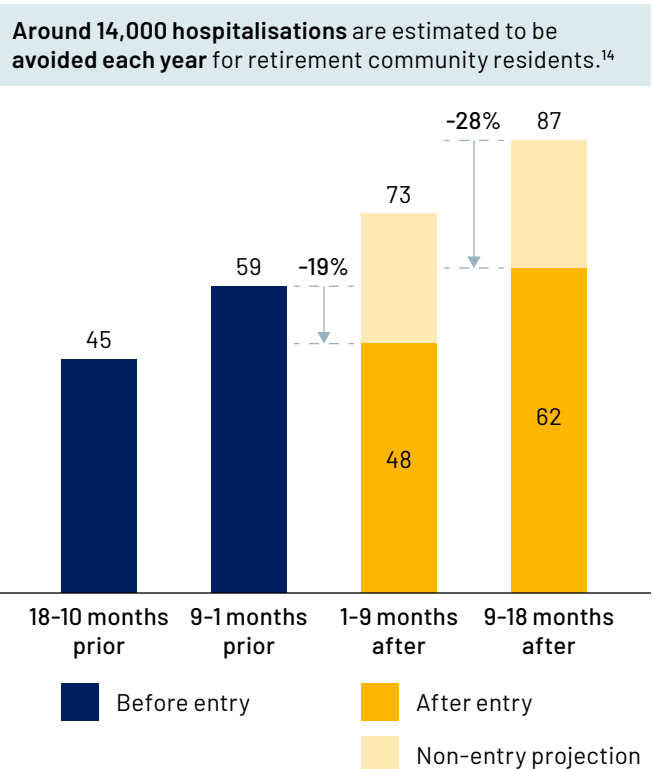
Across the cohort of people entering retirement communities each year, **this could amount to 14,000 avoided hospitalisations annually.**

Several factors can contribute to this. Retirement communities provide older Australians greater pathways to care than available when living at home. **More than 50 per cent of retirement communities feature wellbeing facilities** or visiting health professionals, such as nurses, GPs and physiotherapists. This can help minimise some of the barriers to care Australians can face, such as long GP clinic wait times and the decreasing number of bulk-billing GPs.

These communities also provide purpose-built, safe environments that meet the needs of older residents. **Nearly one third of people over 65 fall each year**, particularly when living at home. Retirement communities are designed to reduce hazards by featuring single floor units, ramps and handrails. **Taking such measures is found to reduce the rate of falls by 26 per cent.**

**Exhibit 9**  
Hospitalisation rate before and after entry into a retirement community<sup>13</sup>

Number of hospitalisations per 100 person-years







### Case study

## Improving resident and community health

Retirement communities work with healthcare providers to enable their residents with frequent and routine access to medical care.

At the Weary Dunlop retirement community in Victoria, General Practitioners from Wheelers Hill Clinic visit the residents twice a week to offer accessible care onsite. These health practitioners conduct health checks, deliver vaccines, and give informational talks to residents on any relevant health issues.



**Ryman makes it as easy as possible for us to provide a high standard of care for residents. We can access patient records from our medical clinic and issue prescriptions remotely.**

Dr Silva, GP at Wheelers Hill Clinic, Victoria



**By having GPs onsite at least once a week and working closely with the doctors at our clinic, Ryman is helping reduce waiting times and long hospital queues in the local community.**

Dr Silva, GP at Wheelers Hill Clinic VIC

Increased access to these services can provide further benefits to the community. Onsite care helps ease the burden on local hospitals and GP clinics that will continue to be under greater pressure with the ageing Australian population. Additionally, ensuring resident access to high quality care means residents can better maintain their health and independence for longer, thus delaying their entry into the aged care system.

# Socially active

Better health | More homes | Societal benefits

## Retirement community residents are up to 5 times more likely to participate in social activities.

Residents of retirement communities are more engaged in social activities than those in the community at large. Nine in 10 residents have a social committee or program, alongside extensive community amenities, cafes and restaurants, that encourage social engagement. At the same time, the central locations of many retirement communities enables residents to engage with the wider community.

These activities and facilities contribute to higher levels of social engagement for residents, including being almost **five times more likely to frequently participate in social activities** with others; more than two times as likely to frequently get together with friends or family; and more than three times more likely to frequently eat with someone.

Social interaction helps increase the sense of community, friendship and social identity among older Australians, in turn associated with improved quality of life.

Residents report that time saved performing maintenance duties around the home reduces stress and allows more time to engage socially with family and friends.

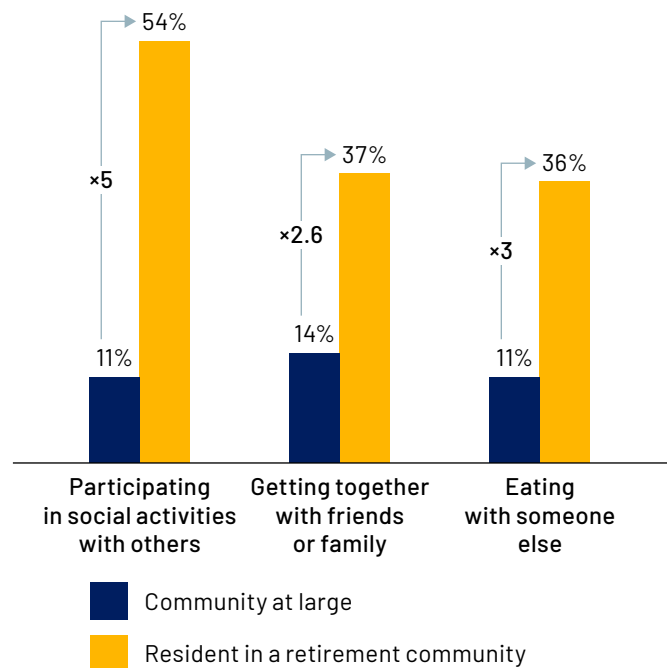
Lower levels of social engagement are associated with decreased physical inactivity, unhealthy sleep patterns, poor self-rated health, and overall low quality of life. By staying socially engaged, older people can remain intellectually active and better manage their mental health in their later years.

Exhibit 10

### Participation in social activities<sup>15</sup>

Percentage of respondents participating frequently – or much more frequently – in social activities than in the past

**Social engagement is associated with positive health in older people**, improving mental health and depressive symptoms. Retirement communities can improve social relationships by providing a **sense of belonging, social identity, and fulfillment**.



# Happy campers

[Better health](#)[More homes](#)[Societal benefits](#)

## People living in retirement communities are happier and report higher mental and social wellbeing outcomes.

Older Australians can face loneliness and unique mental health challenges as they age. Decreased interaction with others, health factors and perceived lower control in their life can be risk factors for low mental health.

Improving mental health outcomes for older Australians can reduce demand on mental health services, such as lower rates of hospitalisation and community-based services. Interventions to reduce levels of loneliness in older people are also found to **produce cost savings of \$4.7 million after five years** through reductions in healthcare treatment costs.

Retirement communities can provide an environment that works to mitigate these risk factors and reduce costs for governments.

Residents can participate in a variety of activities, such as social games or fitness programs to maintain a high quality of life. The enhanced opportunity for social engagement provided by retirement communities contributes to higher likelihood of enjoyment of life, happiness and social connectedness.

At the same time, they enjoy a safe built residence with access to mental wellbeing professionals such as psychologists, and wellbeing programs featuring meditation and yoga exercises.



**Meditation and chair exercises are a very valuable part of the wellness program and when I am listening to the beautiful meditations, a tremendous load is being lifted from my mind and body.**

**I am feeling so much better in mind and body.**

Resident of Sherwin Rise Victoria,  
on the Retirement Living Resident Wellbeing Program



We go to the pictures, we go shopping, we like to go out for coffee and explore different local coffee shops, and we like to eat out.

Once a month we have morning tea, for people to gather and have a chat. We go to bowls twice a week here.

Del, Wellington Manor resident, Queensland

**Exhibit 11**

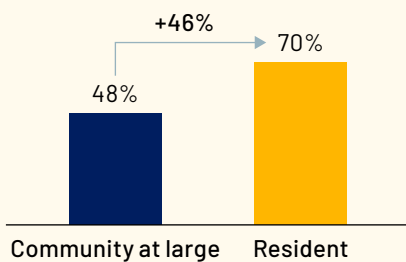
**Self reported emotions of participants during a week<sup>16</sup>**

Percentage of participants that experienced these emotions 'often'



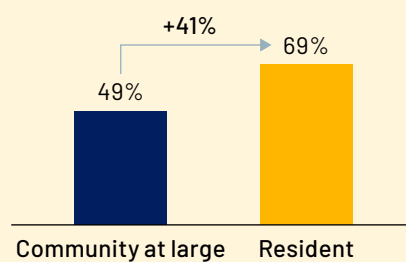
**Enjoyment with life**

- Life satisfaction and enjoyment **can decrease** due to reduced social life and health factors.
- Retirement communities address this by providing **daily activities, social support and the ability to maintain one's usual routine.**



**Happiness**

- Retirement communities can allow older people to be **happier in their later years** by:
  - Increasing **safety** and security
  - Access to **mental wellbeing professionals and programs.**



**Social connectedness**

- One quarter of adults aged 65 and older are considered socially isolated, which **can lead to a decline in mental wellbeing.**
- Retirement communities can enhance **engagement with peers, create a sense of community** and build social bonds.

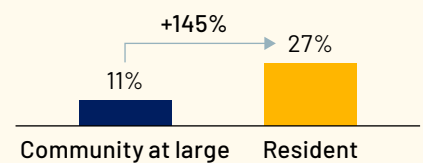


Chart for social connectedness references the percentage of respondents that were very satisfied by the number of friends they had nearby.



# Section 03

## Retirement communities provide societal, economic and environmental benefits



# Better communities

Better health | Economic incentives | Environmental benefits | More homes | Societal benefits

## Retirement communities can provide societal, economic and environmental benefits by increasing access to appropriate dwellings for older Australians.

When older Australians are able to rightsize, they not only improve their quality of life but also contribute to societal, economic and environmental benefits for Australia.

Societal benefits include the supply of affordable housing options for older Australians – on average 48 per cent cheaper than the median house price in the same postcode - while releasing stock of larger dwellings into the market.

**This allows younger Australians to realise their dream of home ownership** in a market currently under duress.

Economic benefits build on the aforementioned housing benefits and also include impacts on health and aged care expenditure.

Finally, by enabling a more efficient use of space, **retirement communities can reduce the energy consumption of households.**

**Exhibit 12**  
**Benefits of retirement communities<sup>17</sup>**



# Housing affordability

Better health

Economic incentives

Environmental benefits

More homes

Societal benefits

Retirement living is designed to provide an affordable rightsizing option, with entry prices 48 per cent lower on average than median house prices.

## Exhibit 13

Affordability of retirement community entry prices by jurisdiction<sup>18</sup>

### Australia-wide

- On average, units are 48 per cent more affordable than the median house price in the same locations.

- Average 2-bedroom unit price was \$516,000.

### Western Australia

Average 2-bedroom unit entry price in metropolitan Perth is 46 per cent lower than the median house price in the same postcode.

Units across the rest of Western Australia are 37 per cent more affordable.

### Queensland

Average 2-bedroom unit entry price in metropolitan Brisbane is 45 per cent lower than the median house price in the same postcode.

Units across the rest of Queensland are 53 per cent more affordable.

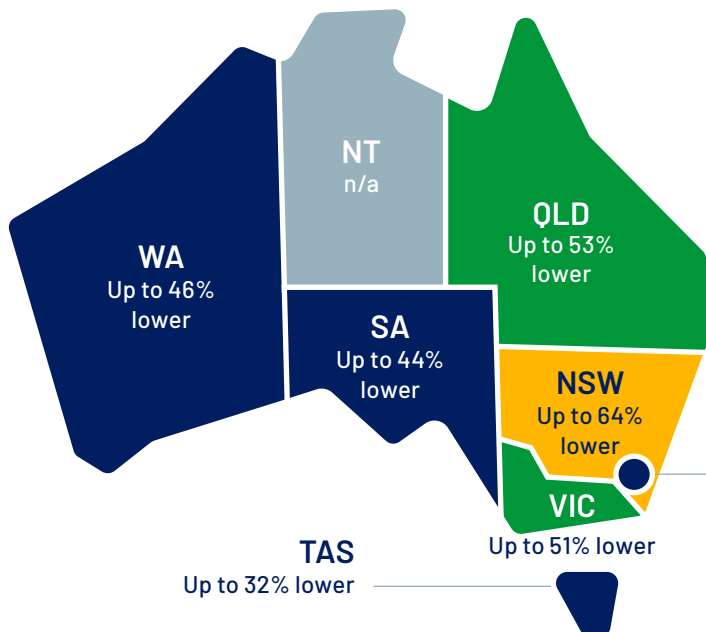
### New South Wales

Average 2-bedroom unit entry price in metropolitan Sydney is 64 per cent lower than the median house price in the same postcode.

Units across the rest of New South Wales are 41 per cent more affordable.

### Australian Capital Territory

Average 2-bedroom unit entry price in Canberra is 41 per cent lower than the median house price in the same postcode.



### Retirement community entry price compared to median house price



### ACT

Up to 43% lower

### South Australia

Average 2-bedroom unit entry price in metropolitan Adelaide is 44 per cent lower than the median house price in the same postcode.

Units across the rest of South Australia are 36 per cent more affordable.

### Victoria

Average 2-bedroom unit entry price in metropolitan Melbourne is 51 per cent lower than the median house price in the same postcode.

Units across the rest of Victoria are 41 per cent more affordable.

### Tasmania

Average 2-bedroom unit entry fee in Tasmania is 32 per cent lower than the median house price in the same postcode.





**I was extremely grateful that there was an offer that I could make work financially.**

**It was an opportunity to have somewhere permanent to live that was secure.**

**Lynette, Bongaree Retirement Community resident, Queensland**







### Case study

## Reducing the risk of homelessness for older Australian women

Older women in Australia are increasingly at risk of homelessness. Between 2011 and 2016, **women aged 55 and over were the fastest growing cohort of homeless Australians**, increasing by 31 per cent.

Socio-economic factors across women's lifetime has typically undermined their financial and housing security in the later years. This includes factors such as lower superannuation rates compared to men and the gender pay gap.

Limited services are available for older women who are renting, working and have modest savings. While rates of older women accessing homelessness services has increased by 64 per cent between 2014 and 2019, there are few services that are specifically designed to meet the needs of older women.

Research from the Australian Human Rights Commission highlights the need for housing developments to consider the preferences of older women. Ensuring location, privacy and security of tenure – and the option to age in their local communities – are crucial.

**Retirement communities aim to address this 'missing middle' group of people.** With units on average 48 per cent more affordable than similar house prices – often with stamp duty exemptions applying on these property types – more older Australians are able to secure long-term home tenures. Many operators are also able to offer alternative financial arrangements to accommodate the needs of individual residents, including adjusting the ingoing contribution and deferred management fee (DMF) arrangements.

# Housing supply

Better health | Economic incentives | Environmental benefits | **More homes** | Societal benefits

## Current development plans for retirement communities should help lower pressure on Australia’s growing housing shortage by almost 20 per cent in the next 8 years.

Australia is facing a housing crisis.

The National Housing Finance and Investment Corporation finds that from 2023 to 2030, there is expected to be a gap of more than 100,000 between new supply and new demand for dwellings across the nation. This shortfall will worsen the existing housing shortage in Australia.

The planned development of 18,000 retirement dwellings can **reduce this gap by approximately 18 per cent to 2030**. With almost 90 per cent of people over the age of 75 living in larger dwellings with one or more spare bedrooms, there is an opportunity to release this housing stock back into the market. This should alleviate the growing pressure in the housing market **with potential to improve housing affordability in Australia**.

Maintaining market penetration of 12.6 per cent requires building an additional 49,000 units than currently planned - this could see a **reduction in housing shortage by 67 per cent**.



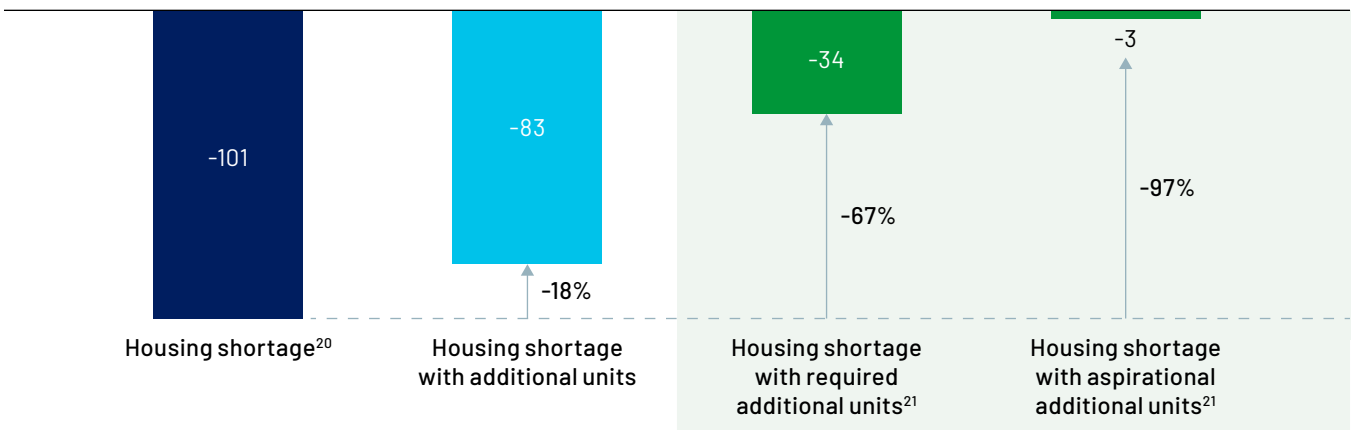
The Newstead Residences in Brisbane

Lifting this rate to 14 per cent and matching New Zealand’s market share requires building upwards of 80,000 additional dwellings. This could see a total reduction in housing shortage of 97 per cent.

**Exhibit 14**

**Australia’s housing supply balance between 2023 and 2030<sup>19</sup>**

'000, net and annual housing supply balance of all housing from 2023-2030



# Care efficiencies

Better health

Economic incentives

Environmental benefits

More homes

Societal benefits

## Changes in patterns of hospitalisations, primary care access and Home Care delivery can deliver economic savings.

People living in retirement communities can experience a reduction in patterns of hospitalisations, have the potential to reduced need for GP visits, and can stay healthy living independently. These outcomes have the potential to deliver economic savings to state, territory and commonwealth government budgets. Each occasion of service avoided releases capacity and reduces pressure across the health system.

Additionally, there are known risks associated with hospitalisations which are more pronounced for older people, including but not limited to infection, deep vein thrombosis and reduced mobility. Therefore, there are likely to be additional benefits beyond the direct saving of the avoided hospitalisation itself.

Previous data published by the Australian Institute of Health and Welfare also indicated that **people entering permanent residential aged care from retirement communities tended to do so later than those in regular rentals or owned homes.**<sup>22</sup>

Given the difference in cost of providing residential aged care compared to Home Care packages, there are economic benefits associated with any delay or avoidance of residential aged care. **Every year of avoided or delayed admission saves the government an average of \$40,000 per person.**

There are also efficiency savings associated with the provision of Home Care packages for people living in retirement communities. Care worker travel time takes time of carers away from care provision, and mileage costs can be passed on to package recipients.

**The concentration of Home Care package recipients in retirement communities can save travel time for care workers, which would improve efficiency of care provision at a services level.** At an individual level it could enable care recipients to utilise more of their package allocation on care.

There are opportunities to modify the Home Care package funding for people living in retirement communities to account for this efficiency, such as 'block funding' and 'shared care' models.

### Potential economic benefits of retirement communities



Increased hospital and GP capacity



Increased residential aged care capacity



Improved efficiency of Home Care



# Budget relief

Better health | Economic incentives | Environmental benefits | More homes | Societal benefits

There is potential for retirement living to reduce government spending on aged care by many hundreds of millions every year.

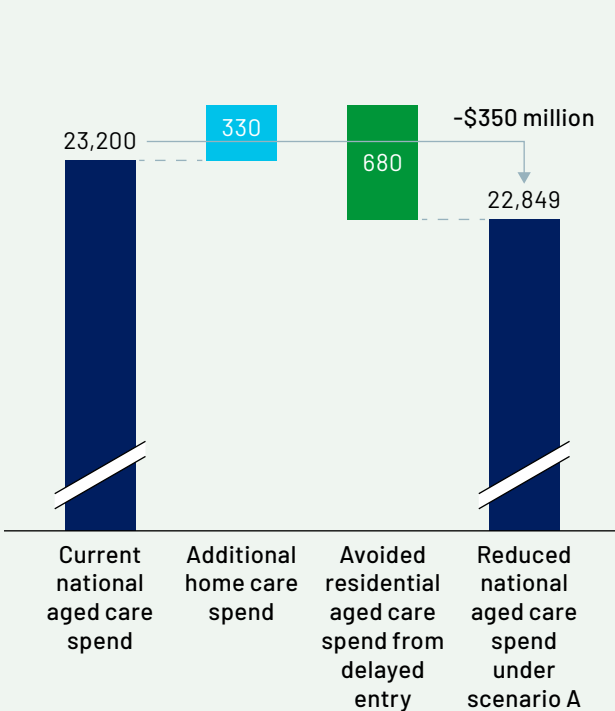
## Scenario A: \$350m savings

A 1-year delay to aged care

- Volume of retirement dwellings remains stable in 2023
- Retirement communities delay residents' entry into aged care by one year

The national expenditure on aged care reduces by \$350 million annually by delaying entry of ~8,500 people into residential aged care by 1 year.

\$ millions



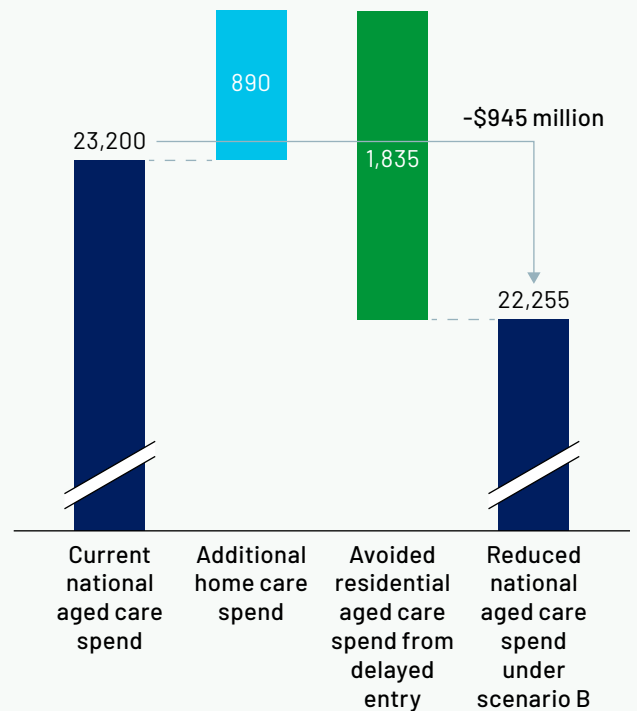
## Scenario B: \$945m savings

A 2-year delay to aged care

- Population of older Australians increases
- Volume of retirement community units increases to maintain consistent market penetration in 2030
- Retirement communities delay residents' entry into aged care by two years

The national expenditure on aged care reduces by \$945 million annually by delaying entry of ~11,600 people into residential aged care by 2 years.

\$ millions





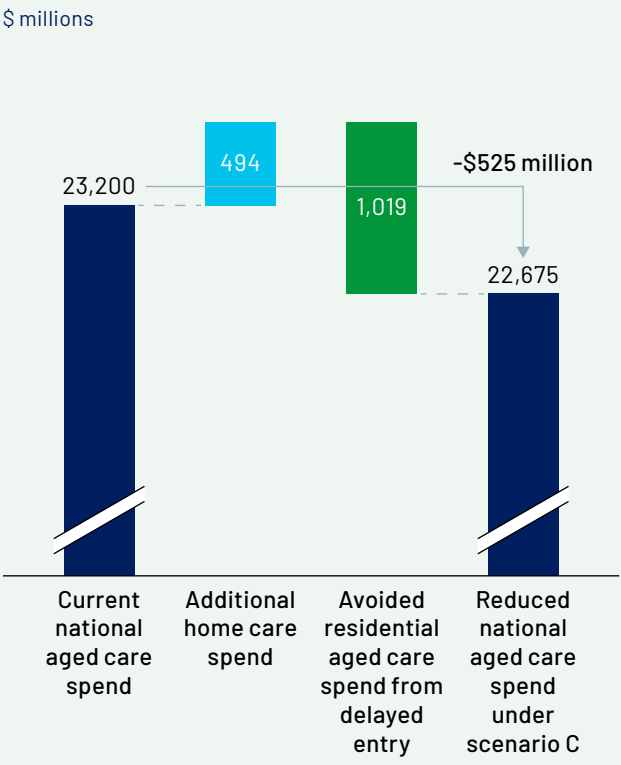
## By increasing market penetration, retirement communities could reduce government spending by more than \$1 billion annually by 2030.

### Scenario C: \$525m savings

**A 1-year delay** to aged care with increased market penetration

- Population of older Australians increases by 2030
- Volume of retirement community units increases to reach 14 per cent market share by 2030
- Retirement communities delay residents' entry into aged care by one year

The national expenditure on aged care reduces by \$525 million annually by delaying entry of ~12,800 people into residential aged care by 1 year.

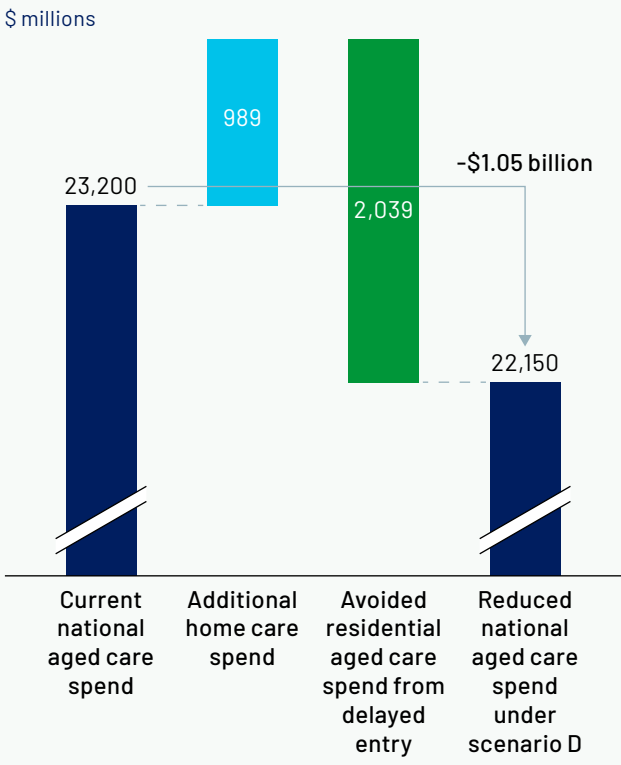


### Scenario D: \$1.05b savings

**A 2-year delay** to aged care with increased market penetration

- Population of older Australians increases by 2030
- Volume of retirement community units increases to reach 14 per cent market share by 2030
- Retirement communities delay residents' entry into aged care by two years

The national expenditure on aged care reduces by \$1.05 billion annually by delaying entry of ~12,800 people into residential aged care by 2 years.



# Energy efficiencies

Better health

Economic incentives

Environmental benefits

More homes

Societal benefits

## Rightsizing can reduce older Australians' household energy consumption by 35 per cent, with potential reductions to their electricity bills.

Rightsizing can allow a more efficient use of energy by households, therefore reducing the overall annual energy consumption for older Australians by around 35 per cent.

**Improved energy efficiency can work to relieve cost of living pressures for older Australians.** New builds are developed to be increasingly energy efficient. This, coupled with a more efficient consumption of energy, could provide financial savings for households by increasing energy affordability.

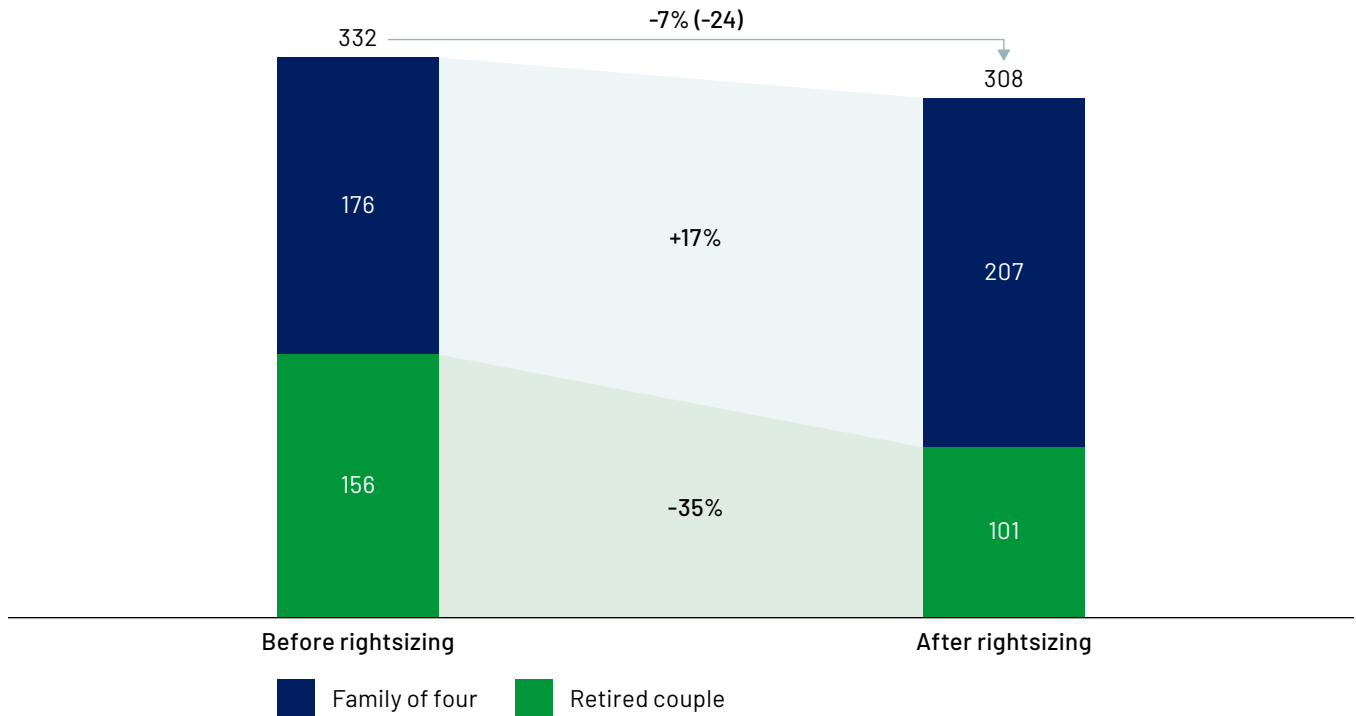
Energy usage is driven by the size of the dwelling and number of occupants residing in it. Larger spaces require more operational energy driven by temperature regulation, such as cooling and heating. A larger number of occupants also drive energy usage of a dwelling, mainly due to more frequent usage of temperature regulation, appliances and electronic devices.

When rightsizing occurs, a retired couple is assumed to move into a retirement dwelling, allowing a family of four to move into the vacant dwelling. This leads to a 17 per cent increase in energy consumption of the family. Despite this, rightsizing results in a net reduction of 7 per cent as illustrated in Exhibit 15.



**Exhibit 15****Energy consumption of example households before and after rightsizing<sup>23</sup>**

Estimated annual energy consumption per household (GJ)

**Situation before rightsizing****Retired couple  
in a large house with 4 bedrooms**

Approximate energy usage of 156 GJ per year

**Family of four  
in a house with 2 bedrooms**

Approximate energy usage of 176 GJ per year

**Situation after rightsizing****Retired couple  
in a 1 bedroom independent living unit**

Reduced (-35 per cent) energy usage to around 101 GJ per year

**Family of four  
in a house with 4 bedrooms**

Slightly higher (+17 per cent) total energy usage of 204 GJ per year



## Case study

### The Verge goes green

In the face of global climate change, environmentally-aware design has become vital across retirement homes and communities.

Driven by the escalating demands of older Australians for comfortable, modern, and community-integrated homes that prioritise sustainability, the ambition for eco-conscious living in natural settings has evolved from exception to norm, consequently reshaping retirement home design standards.



**At the time of construction, 4 Star Green Star represented best practice in environmentally sustainable building practices, which is not only good for the environment but good for residents as it helps keep energy and water costs down.**

Dr Brett Robinson, RetireAustralia CEO

The Verge at Burleigh Gold Coast – a retirement community in Queensland – has made an investment into sustainable design, and been awarded a 4 Star Green Star rating.

Representing best practice in sustainable design, the Verge has implemented various green features including:

#### 01 Energy efficiency

Grey laminated glazing to provide low solar heat gain through window surfaces, construction of facades in alignment to solar pathway, ceiling fans to apartment bedrooms, living rooms and external balconies, low intensity LED lights, motion detection and lighting control.

#### 02 Water management

Reducing potable water consumption through water efficient design initiatives, namely the installation of high efficient Water Efficiency Labelling and Standards (WELS) rated fixtures and fittings, water efficient appliances and an air cooled Variable Refrigerant plant.



## Section 04

There is an opportunity to deliver greater value by increasing access to retirement communities to more Australians





# Rightsizing

Access to supply | Financially incentivised | Removing barriers

## Increasing the number of older people rightsizing can deliver greater benefits, but needs to be enabled by three key factors.

According to the 2021 Census, more than 249,000 people lived in retirement communities across Australia. This represents approximately 12.6 per cent of the country's over-75 population.

Research shows that 26 per cent of people over the age of 55 had rightsized, citing lifestyle reasons (27 per cent), financial reasons (27 per cent) and high property maintenance (18 per cent) as key reasons for moving.

An additional 29 per cent of people over the age of 55 are considering rightsizing. There is an opportunity to achieve greater scale of individual, societal, economic and environmental benefits of retirement communities by increasing the number of older Australians taking up this housing type as a rightsizing option.

However, this needs to be enabled by:

- People having **access to supply** of retirement dwellings in the right areas
- People being **financially incentivised** to make the move
- People being **emotionally motivated** to make the move.

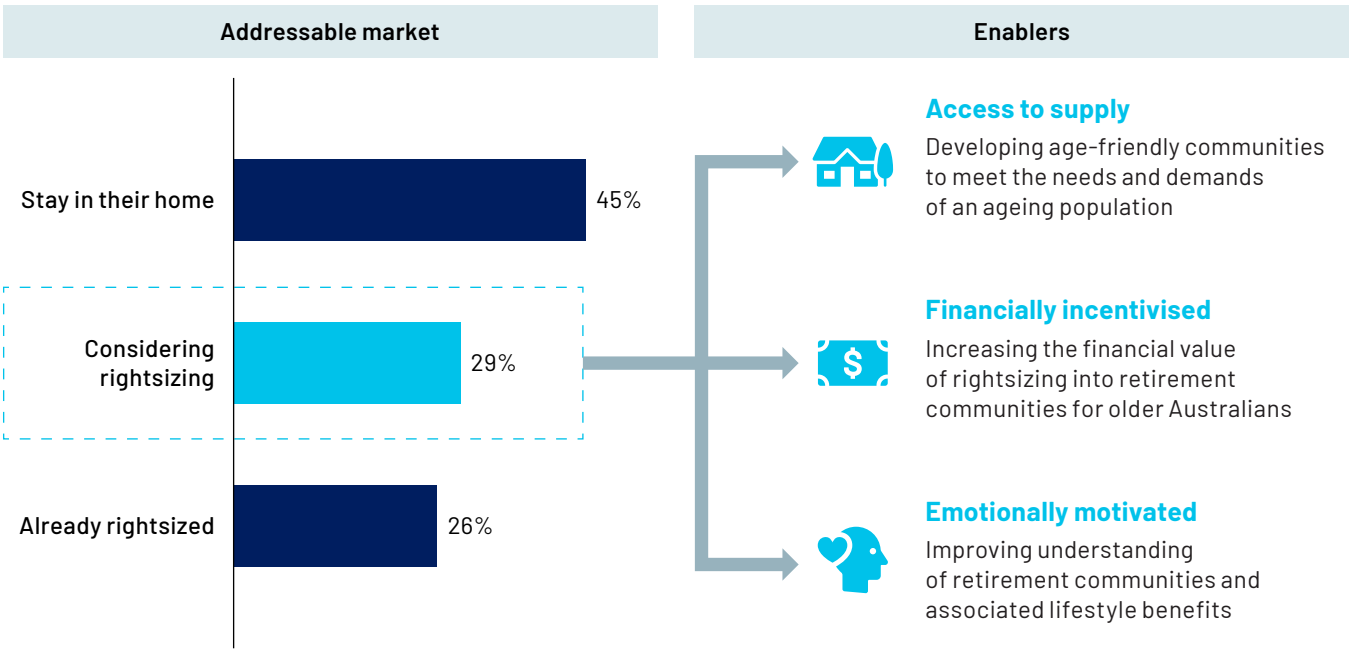




**Exhibit 16**

**Addressable market and enablers to increase entry into retirement communities<sup>24</sup>**

Percentage of people over 55 by living option



Key reasons are not mutually exclusive, more than one reason to rightsize might be considered.

# Tackling housing crisis

Access to supply | Financially incentivised | Removing barriers

**Almost 40 per cent of people considering rightsizing would be prompted to move if suitable housing options were available.**

Australia’s retirement living industry has the opportunity to provide more housing supply for this cohort. Maintaining existing levels of market penetration will require an extra 49,000 retirement units to be built by 2030.

## Development forecast

Industry forecasts predict the addition of approximately 18,000 new units from 2023 to 2030. However, **this growth falls short of the rise of older Australians.** Underdevelopment could drop market penetration to 10 per cent.

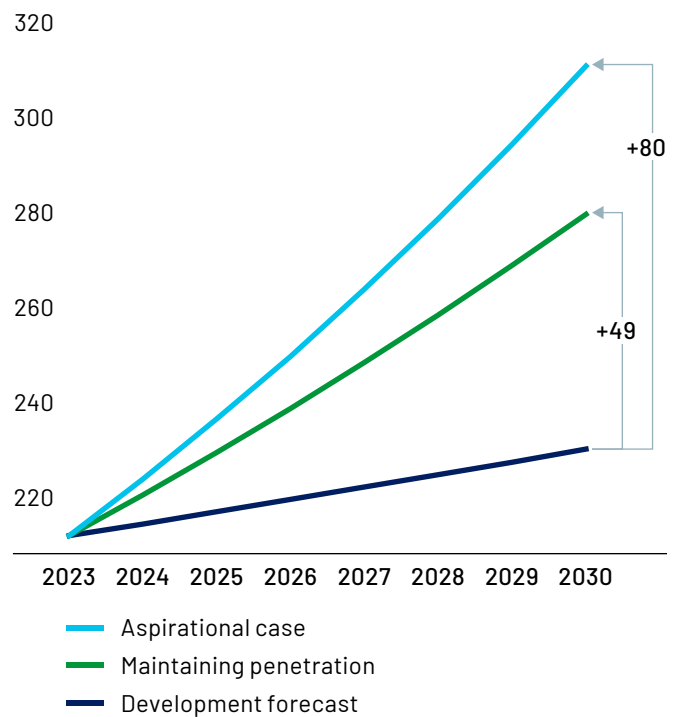
## Maintaining market penetration

At present, market penetration stands at approximately 12.6 per cent, reflecting the proportion of people over 75 who live in a retirement community. Maintaining this rate requires more than doubling the number of developments. 67,000 new units are needed by 2030 – 49,000 more than currently planned. **This would reduce the housing supply gap by 67 per cent.**

## Aspirational case

To ambitiously boost the sector and increase market penetration to 14 per cent, nearly 99,000 units will be required – 80,000 more than currently planned. This would bring Australia to the same level as New Zealand. **More developments can reduce the stress on the housing market and provide more options for older Australians to rightsize.** This could reduce the housing supply gap by 97 per cent.

**Exhibit 17**  
**Projected retirement community unit developments by scenario<sup>25</sup>**  
 '000, number of units





Access to supply

Financially incentivised

Removing barriers

## Streamlining planning processes and establishing minimum land allocations can enable increased supply of retirement community units.

### Opportunities

#### Streamline processes to increase access to planning and building permits for retirement communities.

Governments could streamline processes for planning and building permits for retirement communities.

- Local councils are responsible for administering and enforcing town planning legislation, including zoning and approving applications for development of properties.
- Current permit processes take several months, delaying developments. In some cases, it can take years.
- Local councils could support faster development of retirement communities by offering an accelerated application process.
- Digitalisation and reducing red tape can encourage faster development approvals in the areas that older people want to live.

#### Example

#### Streamlining of planning permit processes Victoria

The Victorian Government introduced VicSmart to streamline the planning permit process for specific applications. The initiative offers an accelerated permit process and removes the requirement for public advertising. The application process is digitalised and streamlined, by predetermining requirements, application consideration and decision-making processed.

This initiative aims to reduce the planning permit process to weeks, compared to multiple months.

#### Establish minimum land allocations for retirement communities in all new greenfield developments.

Governments should enable greater access to land for retirement communities through minimum land allocations in under-supplied areas.

- Age-specific housing developments are disadvantaged relative to commercial development of housing within town planning.<sup>26</sup>
- The increasing preference for ageing in place, limitations on development of senior suitable housing in their local areas can disincentivise rightsizing.
- Placing additional weighting on retirement communities to access land allocations can ensure suitable options for the ageing population, as well as address housing supply issues.

#### Example

#### Housing State Environmental Planning Policy (SEPP) New South Wales

In 2021, the NSW Housing SEPP commenced, and established key changes to planning rules for seniors housing. These changes expanded the areas where seniors housing is permitted and provided floor space incentives to encourage seniors housing developments in higher density areas.

These changes work to increase the land and zones available for seniors housing, including retirement communities, and also works to encourage development in central areas.

# Disincentives

Access to supply | **Financially incentivised** | Removing barriers

## High costs and government policies are disincentivising older Australians from rightsizing.

Many older Australians consider rightsizing as they get older in order to be more financially stable in their retirement, and improve their quality of life relative to their needs and ability.

However, multiple disincentives and barriers can decrease the financial viability of rightsizing for older Australians.

Older Australians receiving pensions stand to lose some or all of their Age Pension payments following the sale of their home due to impacts on their asset test. At the same time, due to home ownership classifications, **currently most retirement community residents are often deemed ineligible for both Commonwealth Rental Assistance and the Home Access Equity Scheme.**

Some older Australians also struggle to find suitable housing in their preferred location, and rising house prices can decrease the financial benefit of purchasing a smaller house. Necessary modifications to support ageing residents can also add additional expenses.

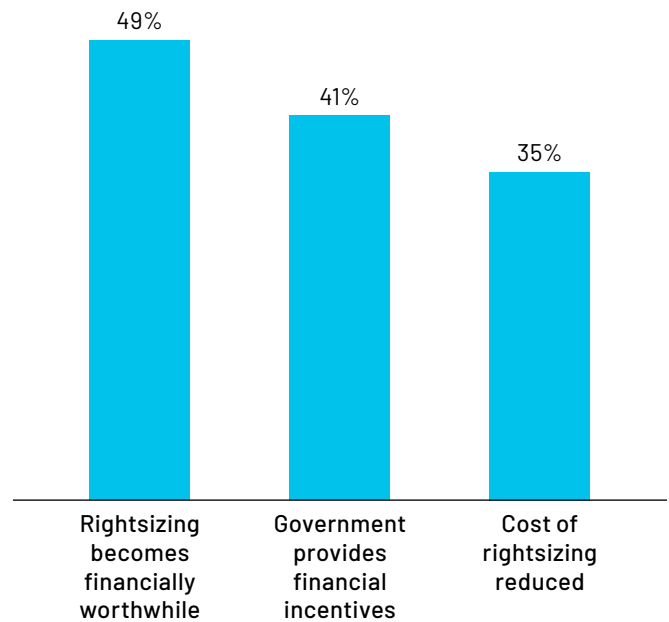
Providing greater financial incentives can encourage homeowners to move when they start considering it. This encouragement can lead to more people rightsizing, including those choosing to take up the option of retirement communities.

Exhibit 18

### Financial factors that could encourage moving, by those considering rightsizing<sup>27</sup>

Percentage of survey respondents that agreed with the statement

- Homeowners were much more likely to move if they thought that rightsizing would be financially worthwhile.
- Government incentives were more likely to prompt private tenants to move than homeowners.



Access to supply

Financially incentivised

Removing barriers

## Increasing retirement community resident eligibility for financial support can encourage older Australians to rightsize.

### Opportunities

#### Make retirement community residents eligible for government financial schemes.

Increase eligibility of retirement community residents for the Home Equity Access Scheme (HEAS) and the Commonwealth Rental Assistance (CRA).

- Under current legislation, the majority of retirement community residents are ineligible for both schemes. The Department of Social Services does not recognise this tenure as homeownership, disqualifying residents from the HEAS.
- At the same time, residents are typically paying an entry contribution that exceeds the extra allowable amount (currently \$242,000), making them ineligible for CRA.
- Government classifications should be changed to enable retirement community residents to access HEAS and CRA.
- Making sure these residents do not fall through the cracks can better incentivise them to rightsize while removing disincentives so people can live in care-focused homes.<sup>28</sup>

#### Current policy

##### Home Equity Access Scheme Australia

The Home Equity Access Scheme allows pensioners with property ownership to receive a voluntary, non-taxable loan from the government to supplement their retirement income. The scheme allows homeowners to use the equity in their home as security for a loan that will allow them to boost their retirement income.

##### Commonwealth Rent Assistance Australia

Commonwealth Rent Assistance is a non-taxable income payment for eligible people who pay "rent".

#### Exempt a portion of home sale proceeds of rightsizer from Age Pension asset test.

Exempt a portion of home sale proceeds from the Age Pension means testing for older Australians moving into retirement communities to encourage more frequent rightsizing.

- In 2017, 33 per cent of Australians who were considering rightsizing would have been more encouraged to do so if the extra money from the house sale would not impact their pension.<sup>29</sup>
- The home sale proceeds should be exempted, allowing more older Australians to retain their pension while moving into a retirement community. This provides more traditional homes into the housing market and delivers a range of additional cost benefits to governments.
- Exempting the proceeds can reduce the financial disincentive for those considering rightsizing.

#### Current policy

##### Incentivising Pensioners to Downsize Act 2023

###### Australia

Under the *Social Services and Other Legislation Amendment (Incentivising Pensioners to Downsize) Act 2022*, principal home sale proceeds that will be used to purchase the new home are exempt from the pension asset test for up to 24 months. This enables pensioners looking to purchase a new home to only exempt that amount from the sale proceeds for their income support payments. Unfortunately, this only exempts pensioners, which means it does not apply to many people and nor does it apply for very long.

Deemed income on the exempt proceeds is calculated using the lower deeming rate – currently 0.25 per cent.

# Rightsizing education

Access to supply | Financially incentivised | Removing barriers

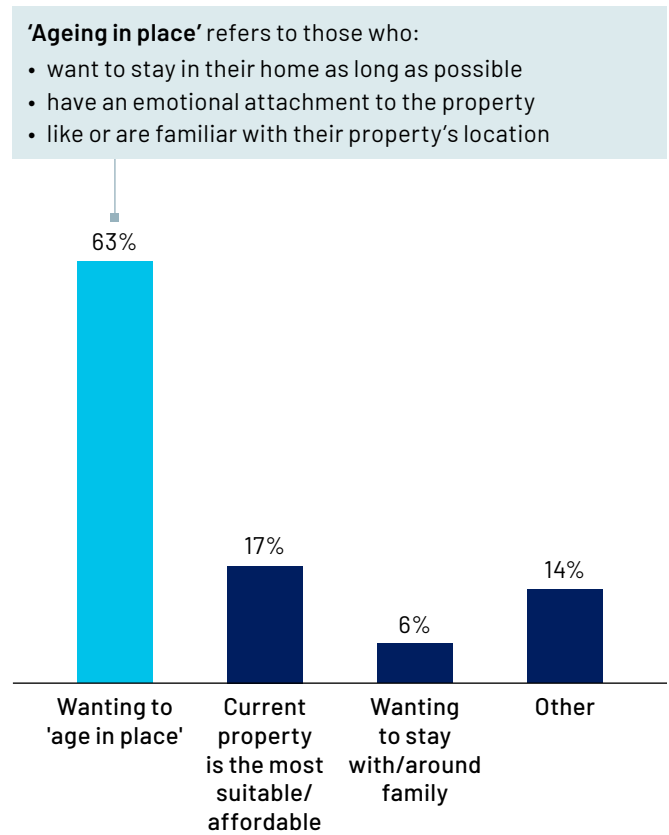
## Older Australians show strong preferences for ageing in place, which can lead fewer people to rightsize.

Older Australians are demonstrating strong desires to age in place. This can mean wanting to stay in the family home, wanting to stay in their local community or to keep familiar surroundings.

This desire is to maintain their existing lifestyle, and the fear of moving somewhere new. Over a third of people over the age of 55 indicated that being happy with their current lifestyle prevented them from rightsizing.<sup>30</sup> This can come from the perception that rightsizing will mean a change in life and daily habits, bring a risk of losing connections with friends and family, and their sense of control.

**There is an opportunity to better inform older Australians of their rightsizing options.** Improved information on rightsizing can highlight the benefits, and ensure older Australians feel secure and safe when choosing their next permanent home. This can work to reduce some of the concerns with rightsizing, while also allowing older Australians the opportunity to age in place.

**Exhibit 19**  
**Reasons for older Australians that do not want to sell their family home<sup>31</sup>**  
Per cent of Productivity Commission survey respondents that agreed with this statement







**You haven't got those pressures that you may have had living in your individual home and I would say to young Dennis – do it as quick as you can because the neighbourhood was changing, you didn't know the people, they weren't waving; like they do here. It is a lifestyle, without a doubt.**

**Dennis Arnel, Aveo Domainé resident, Victoria**



Residents, Dennis and Heather Arnel

# Policy opportunities

Access to supply | Financially incentivised | Removing barriers

**Promoting development, removing financial barriers, and increasing awareness can increase the number of people living in retirement communities.**



## Access to supply

**Developing age-friendly communities to meet the needs and demands of an ageing population**

### Policy opportunities

**01 Streamline permit processes to increase access to planning and building permits for age-friendly retirement communities.**

Greater support for development of retirement communities is needed to ensure supply of age-friendly housing for older Australians. Accelerated application processes can accelerate development at a time when the country needs more supply.

**02 Establish minimum land allocations for the development of retirement communities in under-supplied areas.**

Minimum allocations can ensure suitable housing options are prioritised in development forecasts, and address housing supply issues.



## Financially incentivised

**Increasing the financial value of rightsizing into retirement communities for older Australians**

**01 Exempt a portion of the home sale proceeds of rightsizers from the Age Pension Asset test.**

Risk of losing out on their pension can disincentivise older Australians from rightsizing. Exempting a portion of the proceeds can provide a longer-term solution for pensioners.

**02 Allow retirement community residents to access government financial schemes.**

Current government classifications for home ownership excludes nearly 60 per cent of retirement community residents. Expanding these classifications and granting access can encourage greater rightsizing and ensure that these residents do not fall through the cracks.



## Better informed

**Improving understanding of retirement communities and associated lifestyle benefits**

**01 Develop a central housing information service to better provide information on rightsizing options for older Australians.**

Supporting older Australians to be better informed of their options while ageing can reduce uncertainties and encourage rightsizing, leading to greater health, societal and economic efficiencies for governments.

**02 Collaborate with development assessment planners to create information programs to better understand the sector and support the timely assessment of new retirement communities.**

Specialised resources for planners at local and state government levels can assist in a better understanding of the sector and ensure the timely assessment of new communities.



# Appendices





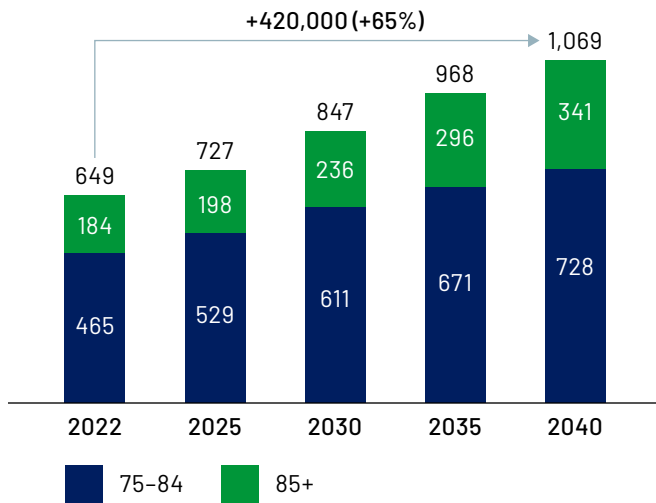
# Appendix A

## State and Territory population breakdowns

The number of people aged over 75 in New South Wales will grow by 420,000 by 2040.

Exhibit 20

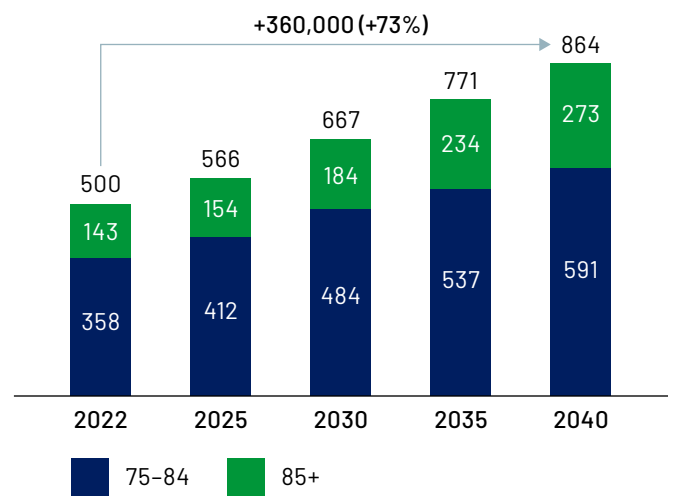
Population over the age of 75 – New South Wales<sup>32</sup>  
'000, projected to 2040



The number of people aged over 75 in Victoria will grow by 360,000 by 2040.

Exhibit 21

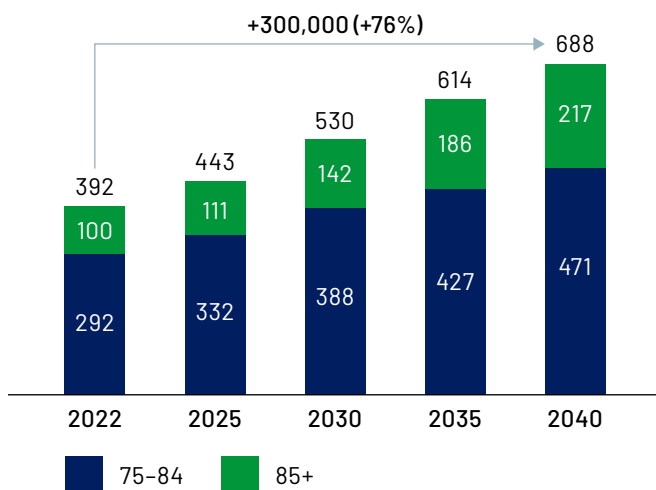
Population over the age of 75 – Victoria<sup>33</sup>  
'000, projected to 2040



The number of people aged over 75 in Queensland will grow by 300,000 by 2040.

Exhibit 22

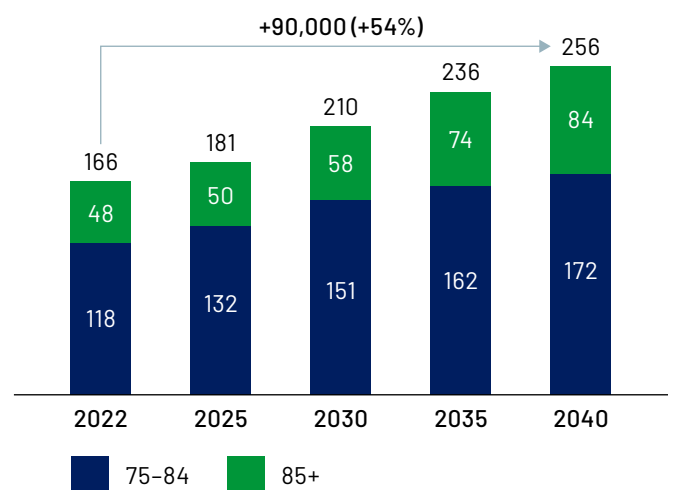
Population over the age of 75 – Queensland<sup>34</sup>  
'000, projected to 2040



The number of people aged over 75 in South Australia will grow by 90,000 by 2040.

Exhibit 23

Population over the age of 75 – South Australia<sup>35</sup>  
'000, projected to 2040

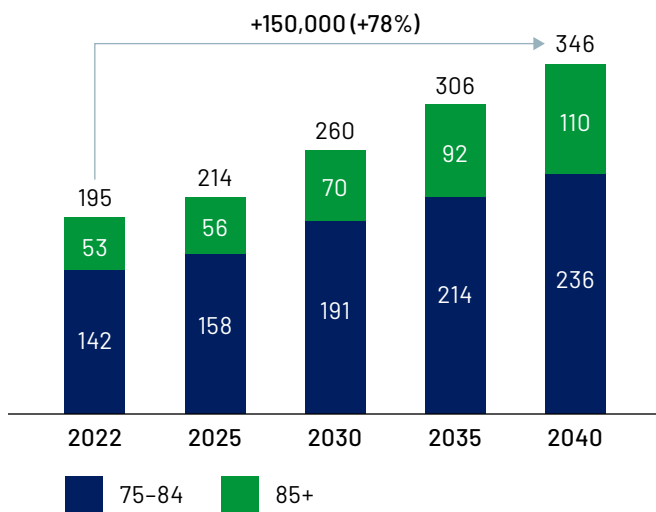




The number of people aged over 75 in Western Australia will grow by 150,000 by 2040.

**Exhibit 24**

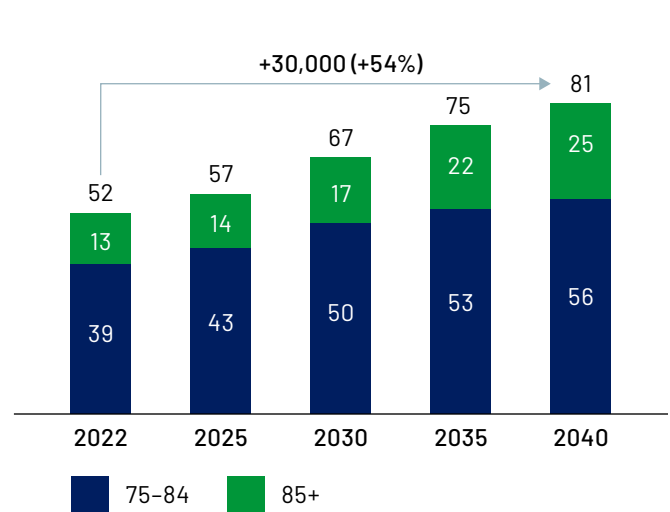
Population over the age of 75 – Western Australia<sup>36</sup>  
'000, projected to 2040



The number of people aged over 75 in Tasmania will grow by 30,000 by 2040.

**Exhibit 25**

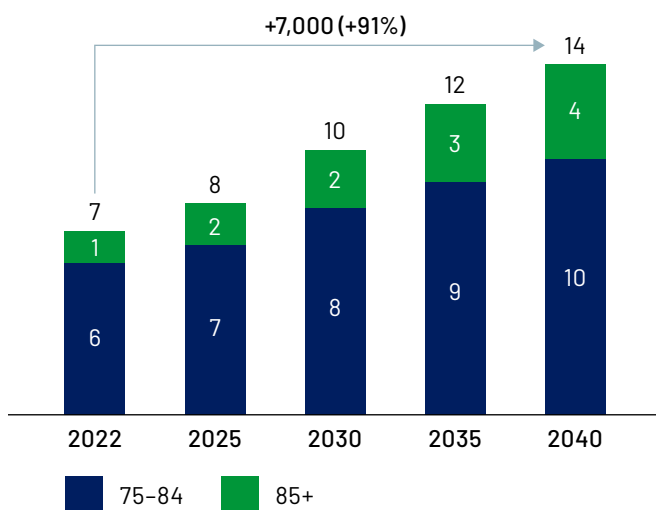
Population over the age of 75 – Tasmania<sup>37</sup>  
'000, projected to 2040



The number of people aged over 75 in Northern Territory will grow by 7,000 by 2040.

**Exhibit 26**

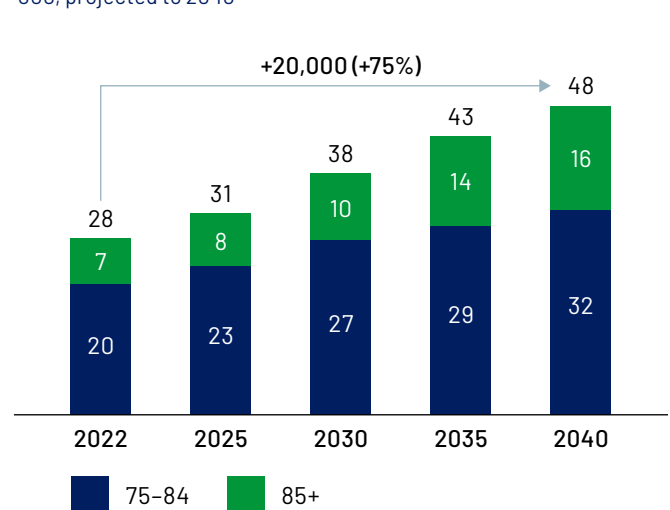
Population over the age of 75 – Northern Territory<sup>38</sup>  
'000, projected to 2040



The number of people aged over 75 in the ACT will grow by 20,000 by 2040.

**Exhibit 27**

Population over the age of 75 – Australian Capital Territory<sup>39</sup>  
'000, projected to 2040





# Appendix B

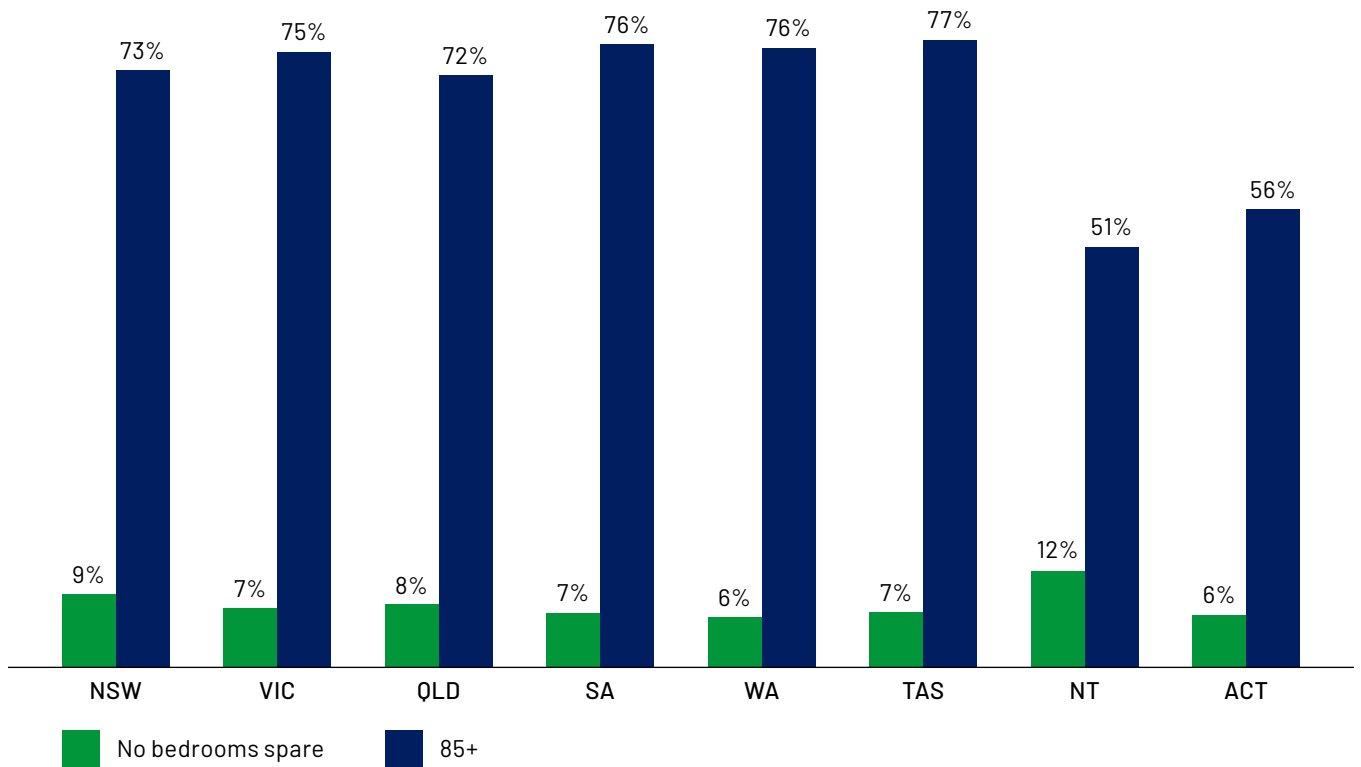
## Dwelling suitability by state and territory

Older people across Australia are typically living in oversized dwellings.

**Exhibit 28**

**Dwelling suitability of people aged 75 years and older, by state and territory<sup>40</sup>**

Per cent of households



# Appendix C

## Assumptions and methodology

Method	Assumptions	Methodology	Source
<b>Development forecast</b>			
<b>Required housing to maintain percentage of market penetration</b>	<ul style="list-style-type: none"> <li>Initial number of RV units available = 249,000 residents / 1.2 occupancy rate = 207,700</li> <li>Rate of unit development is equivalent to rate of increase in the over 75 population (4.02 per cent required annual growth rate)</li> </ul>	Initial number of units × required growth rate = 67,493	<ul style="list-style-type: none"> <li><a href="#">IBISWorld (2023)</a></li> <li><a href="#">Property Council (2022)</a></li> <li><a href="#">ABS Population projections (High fertility/mortality)</a></li> </ul>
<b>Required housing to reach aspirational percentage of market penetration</b>	<p>Initial number of RV units available = 249,000 residents / 1.2 occupancy rate = 207,700</p> <p>Rate of development is established to achieve a 14 per cent market penetration (5.6 per cent annual growth rate)</p>	Initial number of units × required growth rate = 98,614	<ul style="list-style-type: none"> <li><a href="#">IBISWorld (2023)</a></li> <li><a href="#">Property Council (2022)</a></li> </ul>
<b>Lower hospitalisation rates</b>			
<b>Projected non-entry hospitalisation rate</b>	<ul style="list-style-type: none"> <li>A linear increase in hospitalisations after entry has been assumed. This is based off the rate of increase prior to entry</li> </ul>	N/A	<ul style="list-style-type: none"> <li><a href="#">Bloomfield et al. (2023)</a></li> </ul>
<b>Avoided hospitalisations of retirement community residents</b>	<ul style="list-style-type: none"> <li>Number of new entrants per annum = 249,242 / 9 tenure years = 27,693</li> </ul>	(New entrants / 100 person years) × reduction in hospitalisations (non entry rate – after entry rate after 9 months) + (New entrants / 100 person years) × reduction in hospitalisations (non entry rate – after entry rate after 18 months)	<ul style="list-style-type: none"> <li><a href="#">Bloomfield et al. (2023)</a></li> <li>ABS 2021 Census</li> <li><a href="#">Property Council (2022)</a></li> </ul>
<b>Environmental benefits</b>			
<b>Reduced annual energy usage per household through better use of space</b>	<ul style="list-style-type: none"> <li>A house with 4 bedrooms is equivalent to a 300 (m<sup>2</sup>) house, an apartment/retirement unit is equivalent to a 100 m<sup>2</sup> house</li> <li>Only 'life cycle operational energy' (LCOPE) is accounted for, to avoid inclusion of energy used when building properties</li> </ul>	<p>(Total primary energy × LCOPE percentage) / years</p> <p>E.g. for a couple in a 4 bedroom house: (15,000 * 0.52) / 50 = 156 GJ p.a.</p>	<ul style="list-style-type: none"> <li><a href="#">Stephan et al. (2016) – Figure 5</a></li> </ul>



Method	Assumptions	Methodology	Source
<b>Scenario 1 – Delayed entry of 1 year</b>			
<b>Differential cost of aged care and Home Care packages</b>	<ul style="list-style-type: none"> <li>• Cost of aged care to government \$14.9 billion</li> <li>• Total people in residential aged care packages: 188k</li> <li>• Total cost of Home Care packages per year: \$8.3 billion</li> <li>• Total people in Home Care packages: 216k</li> </ul>	Total differential cost of delaying entry: Cost of aged care / total people in residential care packages – cost of Home Care / total people in Home Care = \$79,000 - \$38,400 = \$40,800	<ul style="list-style-type: none"> <li>• <a href="#">Gen Aged Care – total spending on aged care</a></li> <li>• <a href="#">Gen Aged Care – total people in aged care</a></li> </ul>
<b>Cost benefit of a 1 year delay</b>	<ul style="list-style-type: none"> <li>• Annual entry into retirement communities: Total people in RVs in 2022 (249,242) / average tenure (9 years) = 27,693</li> <li>• Proportion that enter aged care = 31 per cent</li> <li>• Total people that enter aged care after RV = 27,693 × 0.31 = 8,585</li> </ul>	Net savings = saved aged care costs (79,000 × 8,585) – additional Home Care costs (38,400 × 8,585) = \$350,520,341	<ul style="list-style-type: none"> <li>• ABS Census</li> <li>• <a href="#">Property Council (2022)</a></li> </ul>
<b>Scenario 2 – Delayed entry of 2 years and maintained market share in 2030</b>			
<b>Differential cost of aged care and Home Care packages</b>	<ul style="list-style-type: none"> <li>• Cost of aged care to government \$14.9 billion</li> <li>• Total people in residential aged care packages: 188k</li> <li>• Total cost of Home Care packages per year: \$8.3 billion</li> <li>• Total people in Home Care packages: 216k</li> </ul>	Total differential cost of delaying entry: Cost of aged care / total people in residential care packages – cost of Home Care / total people in Home Care = \$79,000 - \$38,400 = \$40,800	<ul style="list-style-type: none"> <li>• <a href="#">Gen Aged Care – total spending on aged care</a></li> <li>• <a href="#">Gen Aged Care – total people in aged care</a></li> </ul>
<b>Cost benefit of a 2 year delay with 2030 market share</b>	<ul style="list-style-type: none"> <li>• Annual entry into retirement communities: Total people in RVs in 2030 at 12.6 per cent market penetration (336,110) / average tenure (9 years) = 37,345</li> <li>• Proportion that enter aged care = 31 per cent</li> <li>• Total people that enter aged care after RV = 37,345</li> <li>• × 0.31 = 11,577</li> </ul>	Net savings = saved aged care costs (79,000 × 11,577) – additional Home Care costs (38,400 × 11,577) × 2 years = 945,372,800	<ul style="list-style-type: none"> <li>• ABS Census</li> <li>• <a href="#">Property Council (2022)</a></li> </ul>



# Endnotes

- 1 Source: [Intergenerational Report \(2023\)](#); [ABS National, state and territory population \(2023\)](#)
- 2 Source: [ABS Population projections \(2018\)](#); [AIHW \(2023\)](#)
- 3 Source: [Vilhelmson et al. \(2021\)](#); [Intergenerational Report \(2023\)](#); [ABS Health conditions and risks \(2021\)](#); [Australian Institute of Health and Welfare \(2023\)](#)
- 4 Source: [ABS Census of Population and Housing 2021, Tablebuilder Pro: NHFIC \(2023\)](#); [ABS Disability Ageing and Carers, Australia: Summary of Findings \(2018\)](#); [University of Sydney \(2023\)](#)
- 5 Source: [ABS Census of Population and Housing 2021, Tablebuilder Pro: NHFIC \(2023\)](#); [ABS Disability Ageing and Carers, Australia: Summary of Findings \(2018\)](#); [University of Sydney \(2023\)](#)
- 6 Source: [Royal Commission into Aged Care Quality and Safety \(2021\)](#); [Intergenerational Report \(2021\)](#); [AIHW \(2023\)](#)
- 7 The other 18 per cent are a combination of horizontal and vertical layouts.
- 8 Source: [Property Council \(2020\)](#); [Property Council \(2022\)](#); [ABS Census of Population and Housing 2021, Tablebuilder Pro: IBISWorld \(2023\)](#)
- 9 Source: [Retirement Living – A Wise Move \(2020\)](#); [Department of Health and Aged Care \(2022\)](#)
- 10 Source: [Mather Institute \(2019\)](#); [IRT Group \(2023\)](#); [Retirement Living – A Wise Move \(2020\)](#); Property Council Retirement Census (2022) or most recent available data; [Anglicare \(2023\)](#)
- 11 Participants were asked how often they engage in moderately energetic activities (1 = Hardly ever or never, 2 = One to three times a month, 3 = Once a week, 4 = More than once a week, 5 = Every day).
- 12 The Mather Institute Study found a sustained difference between residents and non-residents, with a small decrease in levels for both groups over time. Source: [Mather Institute \(2022\)](#); [Property Council \(2020\)](#); [Yoshihara et al. \(2022\)](#); [Joe et al. \(2023\)](#); [Department of Health and Aged Care \(2023\)](#); [Miller and Buys \(2007\)](#)
- 13 Time periods reference those used within the study. ‘Person years’ is a measurement of observation time per person. [Bloomfield et al. \(2023\)](#); [University of Sydney \(2023\)](#); [Property Council \(2020\)](#)
- 14 Estimated avoided hospitalisations compared to non-entry projected hospitalisation rates. See Appendix for further detail.
- 15 Source: [ARCO UK \(2019\)](#); [Luo et al. \(2020\)](#)
- 16 Source: [ARCO UK \(2019\)](#); [Mental Health Commission \(2019\)](#); [World Health Organisation \(2017\)](#); [Papi and Cheraghi \(2021\)](#); [Kaplan \(2023\)](#); [National Academies of Science, Engineering and Medicine \(2020\)](#)
- 17 Source: [Mather Institute \(2019\)](#); [IRT Group \(2023\)](#); [Retirement Living – A Wise Move \(2020\)](#); [Anglicare \(2023\)](#)
- 18 Prices reflect the average price for a 2-bedroom Independent Living Unit. Source: [Property Council \(2022\)](#); [IBISWorld, Retirement Communities in Australia \(2023\)](#)
- 19 Additional retirement community units will be built between 2023-2030. We have assumed that these additional units have not been included into these NHFIC projections. Source: [NHFIC \(2023\)](#); [Australian Housing and Urban Research Institute \(2022\)](#); [The Grattan Institute \(2023\)](#)
- 20 Net balance refers to the housing supply/shortage after the addition of new retirement community units.
- 21 Refer to potential projections of housing shortage if greater numbers of retirement community units were built. See p.42 of this report for reference.
- 22 Source: [AIHW \(2014\)](#); [Australian Government \(2020\)](#); [AIHW \(2023\)](#); [AIWH \(2022\)](#)
- 23 Energy consumption is estimated based on the average energy usage by dwelling size and number of occupants and includes energy from electricity and gas usage. It has been assumed that a 4 bedroom house is equivalent to 300m<sup>2</sup>, a 2 bedroom house is equivalent to 200m<sup>2</sup> and a 1 bedroom house is equivalent to 100m<sup>2</sup>. Source: [Stephan et al. \(2016\)](#)
- 24 Key reasons are not mutually exclusive, more than one reason to downsize might be considered. Source: ABS Census of Population and Housing 2021; Tablebuilder Pro; [Australian Housing and Urban Research Institute \(2020\)](#)
- 25 Source: [Australian Housing and Urban Research Institute \(2020\)](#); [IBISWorld \(2023\)](#)
- 26 Source: [Productivity Commission \(2015\)](#); [NSW Planning \(2021\)](#); [Ethos Urban \(2021\)](#); [Department of Transport and Planning, Victoria \(2023\)](#)
- 27 Source: Australian Housing and Urban Research Institute (2020)
- 28 Source: [Property Council \(2015\)](#); [Property Council \(2022\)](#); [National older Australians \(2017\)](#); [Department of Social Services \(2022\)](#); [Department of Social Services \(2022\)](#); [Lifestyle Communities \(2023\)](#); [Victoria State Revenue Office \(2023\)](#)
- 29 The survey consisted of 1,524 respondents aged 60 years and over.
- 30 Survey refers to the Australian Housing Aspirations survey conducted in 2018, reported by AHURI 2020.
- 31 The survey consisted of 1,524 respondents aged 60 years and over. ‘Other’ encompasses a number of other factors such as transaction costs, value of existing home, and the security of tenure in rentals. Source: [Productivity Commission \(2015\)](#); [Australian Housing and Urban Research Institute \(2020\)](#)



- 32 Totals may not add up due to rounding. Source: [ABS National, state and territory population \(2023\) Table 8](#); [ABS Population projections \(2018\) Table B1](#); [AIHW \(2023\)](#)
- 33 Totals may not add up due to rounding. Source: [ABS National, state and territory population \(2023\) Table 8](#); [ABS Population projections \(2018\) Table B2](#); [AIHW \(2023\)](#)
- 34 Totals may not add up due to rounding. Source: [ABS National, state and territory population \(2023\) Table 8](#); [ABS Population projections \(2018\) Table B3](#); [AIHW \(2023\)](#)
- 35 Totals may not add up due to rounding. Source: [ABS National, state and territory population \(2023\) Table 8](#); [ABS Population projections \(2018\) Table B4](#); [AIHW \(2023\)](#)
- 36 Totals may not add up due to rounding. Source: [ABS National, state and territory population \(2023\) Table 8](#); [ABS Population projections \(2018\) Table B5](#); [AIHW \(2023\)](#)
- 37 Totals may not add up due to rounding. Source: [ABS National, state and territory population \(2023\) Table 8](#); [ABS Population projections \(2018\) Table B6](#); [AIHW \(2023\)](#)
- 38 Totals may not add up due to rounding. Source: [ABS National, state and territory population \(2023\) Table 8](#); [ABS Population projections \(2018\) Table B7](#); [AIHW \(2023\)](#)
- 39 Totals may not add up due to rounding. Source: [ABS National, state and territory population \(2023\) Table 8](#); [ABS Population projections \(2018\) Table B8](#); [AIHW \(2023\)](#)
- 40 Remaining percentages stated they needed one or more bedroom or were not applicable.  
Source: [ABS Census of Population and Housing 2021, Tablebuilder Pro](#); [NHFIC \(2023\)](#); [ABS Disability Ageing and Carers, Australia: Summary of Findings \(2018\)](#); [University of Sydney \(2023\)](#)



**Retirement Living Council**

Suite 03, Level 04

91 King William Street

Adelaide SA 5000

**[propertycouncil.com.au/rlc](https://www.propertycouncil.com.au/rlc)**