RETIREMENT VILLAGES ASSOCIATION FACTSHEET – OCTOBER 2014

RVA membership

- RVA members operate around 23,000 units that are home to 28,000 older New Zealanders.
- That is around 95% of the registered retirement village industry.

The sector makeup is as follows

Sector	Percentage by unit number	Percentage by village number
Corporate	64%	54%
Independent	19%	23%
Not for profit	17%	23%

Retirement villages are not rest homes

- Apart from a minimum age, the sole criterion to live in a retirement village is that the resident must be able to live independently, i.e. without rest home level care.
- Retirement village residents receive no government subsidies (unless they are assessed as requiring Home-Based Support Services, when the services are provided on the same basis as anyone living in their own home in the suburbs)
- The average age of entry is mid to late 70s.
- Around 35% of retirement villages do not have a care facility on campus and are villages with an emphasis on lifestyle.

Strong consumer protection in legislation

- The Retirement Villages Act, regulations, Code of Practice and Code of Residents' Rights provides comprehensive resident-centric protection. For example, registered villages have a memorial on their title that prevents the village from being sold as anything but a retirement village and ensures residents' tenure is protected ahead of all creditors, including the bank.
- Protection is also provided via the statutory supervisor so that residents' financial interests come first, even in a natural disaster like the Canterbury earthquakes.
- All intending residents must get legal advice on the details of the contracts they are entering into when they move to a village, and the lawyer must sign a covenant that they have provided that advice.

Who lives in a retirement village?

- Research undertaken by the Retirement Commissioner in 2006[1] found that 61% of our residents have only their national superannuation to live on
- 55% state their income as $25,000 or less.
- 58% state their total assets, including their Occupation Right to the unit, are $400,000 or less
- Just 7% state their current asset value is greater than $600,000.
- Around 9% of New Zealanders aged 75 or over live in a retirement village. [2]

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[1] Retirement Commission, Retirement Villages Survey 2006, p. 31
[2] Jones Lang LaSalle, *NZ Retirement Village Database*, December 2012, p.13

What does it cost to move to a village?

- Retirement village units cost, on average in Auckland, around $450,800[3]. This compares very favourably with the REINZ Auckland house price median of $592,000.
- They allow older people to realise their equity in their family home, move to a comfortable, purpose-built home in a retirement village and bank the difference. Their old, large, and often ill-maintained family home is released back to the market for a family to move into.
- The 7,700 or so retirement village units in Auckland provide an equivalent number of homes to the market for families and first home buyers to purchase.

Why move to a village?

- People move into a village for many reasons, but the most frequently quoted are companionship, security and peace of mind, or lifestyle benefits and not having to maintain the family home anymore. [4]
- Australian research[5] shows that retirement village residents live longer and happier lives in a village than the same cohort in their own suburban homes, and the responses of our residents – "we should have moved here years ago" – bears that out.
- The Retirement Commissioner [6] found that 99% of retirement village residents were "satisfied or very satisfied" with their decision to move to a retirement village. This level of satisfaction correlates with operators' own satisfaction surveys which show that their residents are very satisfied (68%) or satisfied (32%).

The business model

- The contract signed by the resident sets out clearly how much it costs to move into the village, what the charges are and how much the resident gets back when they exit the village.
- The portion the operator retains varies between 20 and 30% and the resident gets back between 70% and 80% of their original capital sum.
- The portion retained by the operator contributes towards the upkeep of the village and access to the community facilities. It's an "enjoy now, pay later" approach that is appreciated by residents.
- Purchasing an ORA is not an "investment" in property in the traditional sense; it is an investment a resident's future well-being and lifestyle.

For more information, please contact the RVA's Executive Director John Collyns on 04 499-0449 or 021 952-945.

Visit the RVA's website on www.retirementvillages.org.nz

[3] CBRE, NZ Retirement Village Capital estimate, May 2014 .
[4] Retirement Commission, op cit, p. 4
[5] In particular, see the Wollongong-based Illawarra Trust's research into their resident welfare.
[6] Retirement Commission, op cit, p. 4