

Seniors living sector growing

Hot property Adrian Harrington

Australia's population is ageing, and our accommodation requirements are evolving.

The seniors living industry has three key accommodation components: manufactured housing estates (MHE), which operate under a ground lease agreement whereby the resident owns the relocatable home and leases the right to occupy the site from the village owner/operator; retirement living communities/villages – facilities comprising units/apartments or villas in which the residents do not own their units but live in them subject to a lease or licence to occupy – which typically operate under a deferred management fee (DMF) structure; and aged care, which comprises special-purpose facilities that provide accommodation and other types of support, from assistance with day-to-day living through to intensive forms of nursing for frail and aged residents.

Older Australians are increasingly moving along the spectrum of seniors housing, from independent living at home, through accessing low-level support services in a retirement living community or MHE, to ongoing nursing care in a residential aged-

care facility. As a result, the industry is undergoing significant change.

Ownership across all three components of the seniors living industry is highly fragmented and the quality of facilities varies widely. Increased participation from the private sector and institutional investors is leading to the move from a boutique cottage industry to one of growing sophistication and scale.

The wave of baby boomers coming through over the next 10 to 20 years will have a higher level of affluence and greater expectations in the standard, quality and services of seniors living.

The federal government wants more people to age in place, and has committed to increase funding for home-care packages. MHEs and retirement living communities will increasingly look to offer additional services, including home-care packages within their communities.

The seniors living sector will require a substantial amount of capital, and we see significant opportunities for investors taking a long-term investment view. Folkestone recently launched its first seniors living fund to acquire the Watermark Retirement Living in Castle Cove, Sydney.

Adrian Harrington is the head of Funds Management at Folkestone.