

One Fell Swoop

One Fell Swoop is a specialist seniors' living consultancy, providing retirement and aged care operators with research, advisory, development, marketing and sales services that result in successful project outcomes where older Australians can live connected, supported and rewarding lives.

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Overview

Overview

Engagement

EBG Developments (EBG) is considering the development of a retirement community comprised of independent living apartments on a site it has acquired at 1-9 Allen Street Oakleigh, Victoria.

To assess the suitability and potential of the proposed development, EBG has engaged One Fell Swoop (OFS) to conduct both a comprehensive market assessment and financial analysis of the development opportunity.

While the scope of this report is limited to a market assessment within the defined catchment area, we have included a comprehensive analysis of the financial feasibility as a separate document.

Please note, as outlined in our original proposal, there are a number of additional services that OFS is able to provide should EBG choose to proceed with the development.

Objectives

Comprehensive Market Assessment

This market assessment will cover the following:

- Primary catchment identification
- Demographic analysis and demand estimation
 - Current population age and projected growth to estimate future demand for retirement living
 - Wealth analysis, including socio-economic mapping and commentary concerning income and home ownership to evaluate financial capacity for initial purchase and ongoing village fees
 - Demographic profiling of the seniors' market for retirement living
 - Country of birth and ethnicity analysis to evaluate any potential barriers or drivers of demand

- Assessment of supply
 - Volume and quality of existing and pipeline of retirement communities within a defined catchment, which are most likely to provide the key competition to any new development
- Residential pricing analysis
 - Based on local residential pricing in the area, we will undertake a quartile assessment of housing prices and an analysis of competitor retirement communities, to determine an appropriate market position for the development.

Site

The site is located at 1-9 Allen Street Oakleigh, VIC 3166. It is on the north of Allen Street.

The site is approximately 18 kilometres from Melbourne's CBD; it is in close proximity to local retail, medical services, golf courses and recreational facilities and St Kilda, Elwood, and Brighton beaches.

Overview

Catchment

The primary catchment area captures suburbs typically within a five-to-eight-kilometre radius of the subject site.

According to SA Retirement Village Survey 2016¹ more than 60% of residents indicated that they moved less than 10 kilometres from their previous address to a retirement community.

In addition to proximity, the catchment is determined by adopting the following principles:

- 65+ person migration patterns in Oakleigh
- Drive-time, as well as radius, from the location with consideration of any natural and person-made barriers (major roads, public transport, waterways etc)
- Residential home and unit values (median and quartile analysis)

Demographic characteristics

We have compared the catchment area with Greater Melbourne, to provide insight into population levels and growth within the 65+ age group, specifically in respect to:

- Ethnicity
- Religious orientation
- Weekly income
- Education levels
- Home ownership and median house prices
- Requests for assistance on daily activities

¹ McDougall and Barrie, SA Retirement Village Survey 2016, University of Adelaide, May 2017

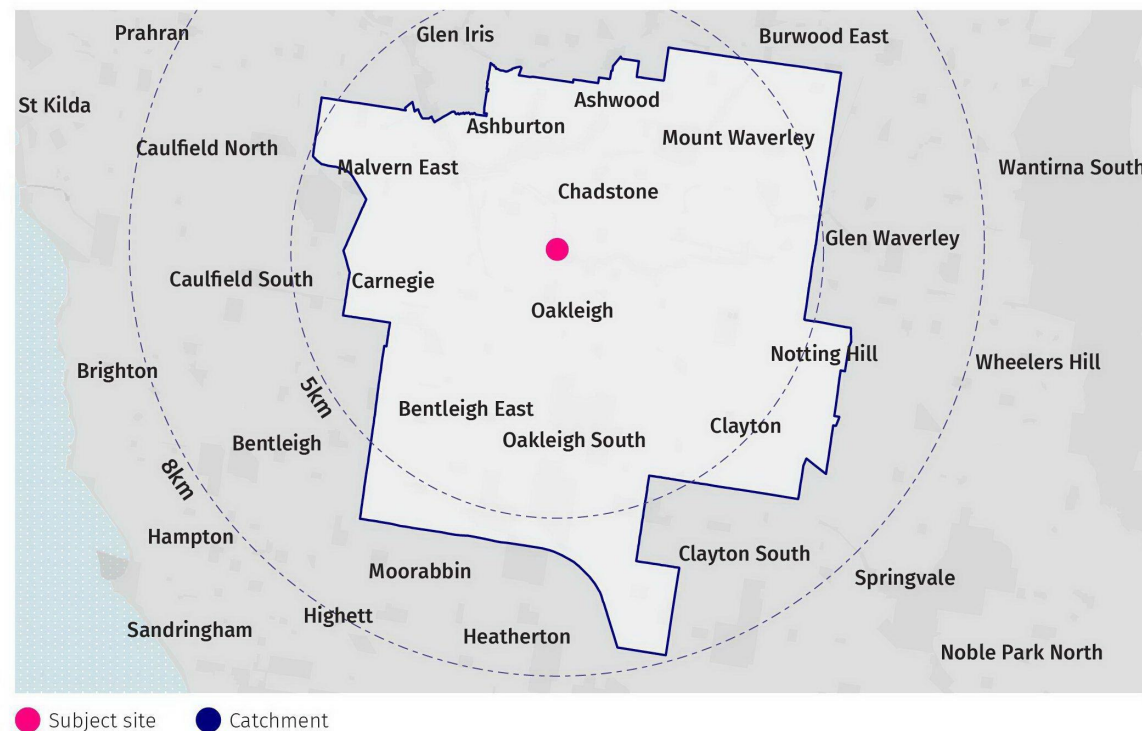
Executive summary

Executive summary

Catchment

The catchment comprises 16 suburbs, encompassing an area within a five to eight kilometre radius.

The catchment area covers approximately 74.7 square kilometres and comprises a population of 232,248 people, which 31,798 (13.7%) are aged 65+.

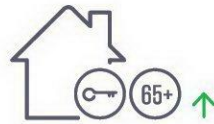


Executive summary

Demographic analysis reveals the 65+ segment within the catchment area has a higher level of home ownership, compared with Greater Melbourne. This combined with significantly higher house prices, and marginally higher levels of educational attainment are all positive indicators for the uptake of senior living in the catchment.

Less positive indicators are a low projected 65+ population growth rate over the next decade and a lower proportion of those with Anglo-Saxon origins compared with Greater Melbourne.

65+ home ownership: 66.7 % outright

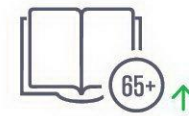


Higher proportion of the 65+ population in the catchment own their home outright than Greater Melbourne – 66.7 vs 62.8%

–

Higher home ownership can increase the overall demand pool of people who have the ability to pay an ingoing contribution when downsizing or have the financial capacity to afford retirement living accommodation and services.

65+ degree or above: 15.3%



A marginally higher percentage of the 65+ population with degree or higher education qualification than Greater Melbourne – 15.3% vs 13.4%

–

Levels of higher education are important as it generally indicates greater wealth and capacity to pay for retirement living and care services; but also generally means superior health in later years, meaning lower demand for care services.

Median house price: \$1,290,000



Significantly higher housing prices than across Greater Melbourne – \$1,290,000 vs \$765,000

–

Superior wealth levels with housing prices as a proxy may indicate greater financial capacity to afford retirement living accommodation and services.

Executive summary

65+ ethnicity: 47.2% Anglo-Saxon

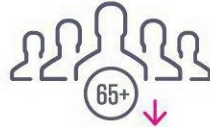


Lower 65+ population with an Anglo-Saxon background than Greater Melbourne
– 47.2% vs 54.4%

–

May indicate a lower take-up of retirement accommodation. As 2016 ABS census data indicates that 81.5% of retirement residents in Australia are from an Anglo-Saxon background.

65+ population growth (to 2031): 19.6%



Significantly lower 65+ population growth rate than Greater Melbourne to 2031
– 19.6% vs 30.7%

–

May impact future demand for seniors' accommodation and services within the catchment compared with other areas within Greater Melbourne

65+ population (2021 estimated): (13.7%)

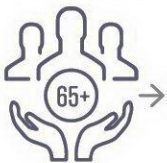


The 65+ population is on par with the Greater Melbourne average – 13.7% vs 13.9%

–

Indicates that demand for retirement living is likely to be similar when comparing the catchment with Greater Melbourne

65+ assistance with daily living: 20.8%



The proportion of the 65+ population in the catchment requiring assistance with daily living is very similar to that of Greater Melbourne – 20.8% vs 19.5%

–

Indicates physical health condition-based demand for supported accommodation and care services is similar for those within the catchment and Greater Melbourne

65+ religion: 67.6% Christian



The proportion of the 65+ population who identify as Christian is at similar levels to greater Melbourne (67.6% vs. 67.4%), however those identifying as Eastern Orthodox is significantly higher than Greater Melbourne – 15.0% vs 7.0%

–

A potential consideration for operators who may seek future residents based on religious affiliation or prefer to be part of a faith-based community.

Executive summary

Demand / supply gap

Low Demand Scenario:

In terms of estimated demand for retirement living in the catchment area, our analysis indicates an undersupply of dwellings which would revert to an oversupply over the next 10 years, due to new developments in the pipeline with supply forecast to exceed demand by 176 units in 2031.

High Demand Scenario:

In the high demand scenario, a significant undersupply of dwellings is expected to last through to 2031 (1,049) and potentially beyond.

Please note that the low demand scenario is calculated using the historical catchment penetration rate (0.7%) from 2016 ABS Census data, while the high demand scenario is calculated using the VIC average penetration rate, of 4.7%.

Our assumptions are as follows:

- 50% of all pipeline dwellings online by 2026
- 100% of all pipeline dwellings online by 2031
- Estimated dwelling demand is based on a ratio of 1.3 adults per dwelling
- To forecast the market gap for retirement living, OFS has adopted the existing supply of dwellings and added the identified development pipeline of dwellings over the 10-year period to 2031.

Catchment retirement living market gap

65+ Age Group

Year	2021		2026		2031	
Scenario	Low	High	Low	High	Low	High
Target market (people aged 65+)	32,140		35,584		39,813	
Penetration rate 0.7%	0.7%	4.7%	0.7%	4.7%	0.7%	4.7%
Estimated population demand	225	1,510	249	1,672	278	1,871
Estimated dwelling demand*	173	1,162	191	1,286	214	1,439
Supply*	116		253		390	
Market gap – (supply surplus)	57	1,046	(62)	1,033	(176)	1,049

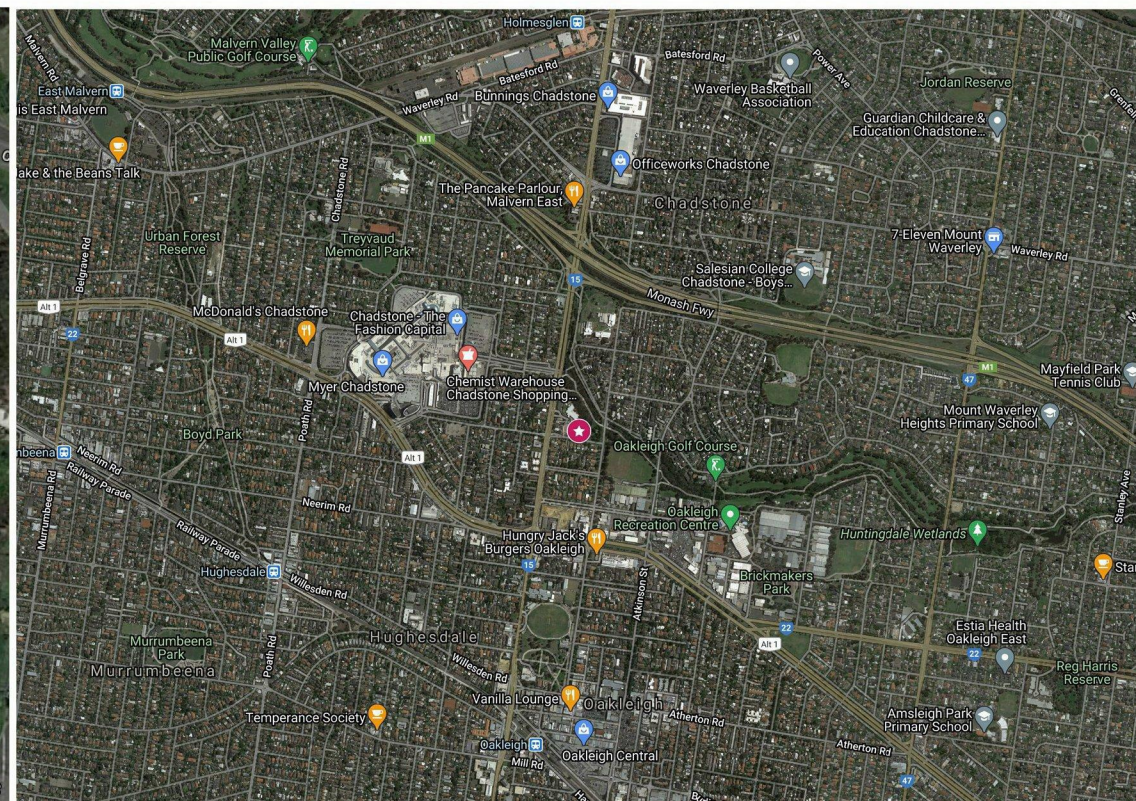
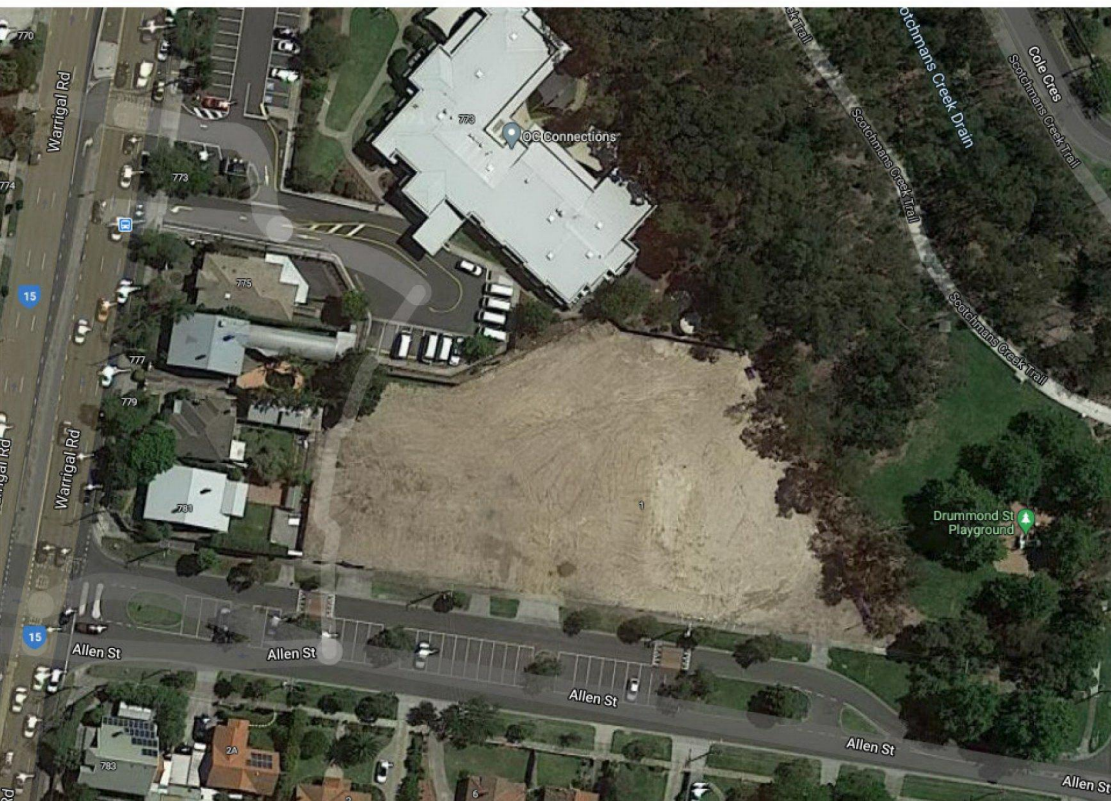
**Subject
site**



Subject site

Site

The site is located at 1-9 Allen Street Oakleigh, Victoria. The aerial maps below present the shape of the site and surrounding amenities.



Subject site

Suburb

The subject site is located in Oakleigh, a suburb 18 kilometres to the southeast of Melbourne's CBD.

Oakleigh is an established suburb with 7,893 residents based on the 2016 ABS census data.

The suburb is in close proximity to golf courses to the north and south, Scotchmans Creek trail and reserve to the north and Monash University approximately five kilometres to the south west

History

Oakleigh was first surveyed in 1853 with the first blocks of land sold soon afterward. The Shire of Oakleigh was created in 1871 and a boom in settlement followed with the opening of the Melbourne-Oakleigh railway line in 1877.

In 1924 Oakleigh was proclaimed a town, and then in 1927 a city. By then the Oakleigh area was substantially built up, with housing extending through to Hughesdale and Huntingdale.

The area is traditionally known to have a strong Greek cultural influence, largely due to the influx of Greek immigrants in the mid-20th century. Evidence of Greek influence can be found in the Oakleigh Cannons football club, which was established in 1972 by Greek immigrants and the Greek Orthodox church of St Anargiri located at 85-87 Willesden Rd.

Today Oakleigh township is centred on the railway station and the high street of Eaton Mall, where cafés, restaurants, gyms, supermarkets, and other retail services are concentrated.



Subject site

Industry

Top five industries within Oakleigh

Industry	Oakleigh	VIC
Hospitals (excluding psychiatric hospitals)	4.5%	4.1%
Computer system design and related services	3.9%	1.8%
Cafes and restaurants	2.9%	2.5%
Higher Education	2.9%	1.6%
Banking	2.3%	1.6%

Source: ABS 2016 Census

Transport

Oakleigh is linked with Melbourne’s CBD and other metropolitan areas by major road networks.

The site itself is essentially located on the corner of Allen Street and Warrigal Road, noting that Warrigal Road is a major north-south arterial road providing ease of access to the Monash Freeway (north – less than 1km away), Nepean Highway (south), Huntingdale Road, Princes Highway and North Road.

Drive time from Oakleigh to Melbourne’s CBD is around 20 minutes via Monash Freeway.

Oakleigh Station is located in the town centre. Train lines serve the suburb include Cranbourne and Pakenham lines.

Retail

Retail services in the suburb include Oakleigh Central Shopping Mall and various street shopfronts, concentrated around the Eaton Mall high street, 200 metres from the train station.

The Oakleigh Central Shopping Mall, operated by Vicinity Centres, includes Woolworths, Coles and 44 specialities.

Additionally, the site is only 850m (ten-minute walk or three-minute drive) from Chadstone, the largest shopping mall in the southern hemisphere.

Chadstone is a fully integrated retail, dining and entertainment destination comprising over 550 stores, designer boutiques and over 30 luxury brands.

Health facilities

The suburb is well served with health services.

Monash Medical Centre is five kilometres southeast of the site. The centre is a 640-bed teaching and researching hospital providing comprehensive range of specialist surgical, medical, allied health and mental health services to the local residents.

A number of medical centres and allied health services are also in the area including those located around the train station, the Chadstone and also to the north of Monash Freeway. These include, but are not limited to, GPs, pathologists, dentists, physiotherapists, podiatrists, chiropractors, and pharmacies, many within 1.5km of the site.

Subject site

Architectural style

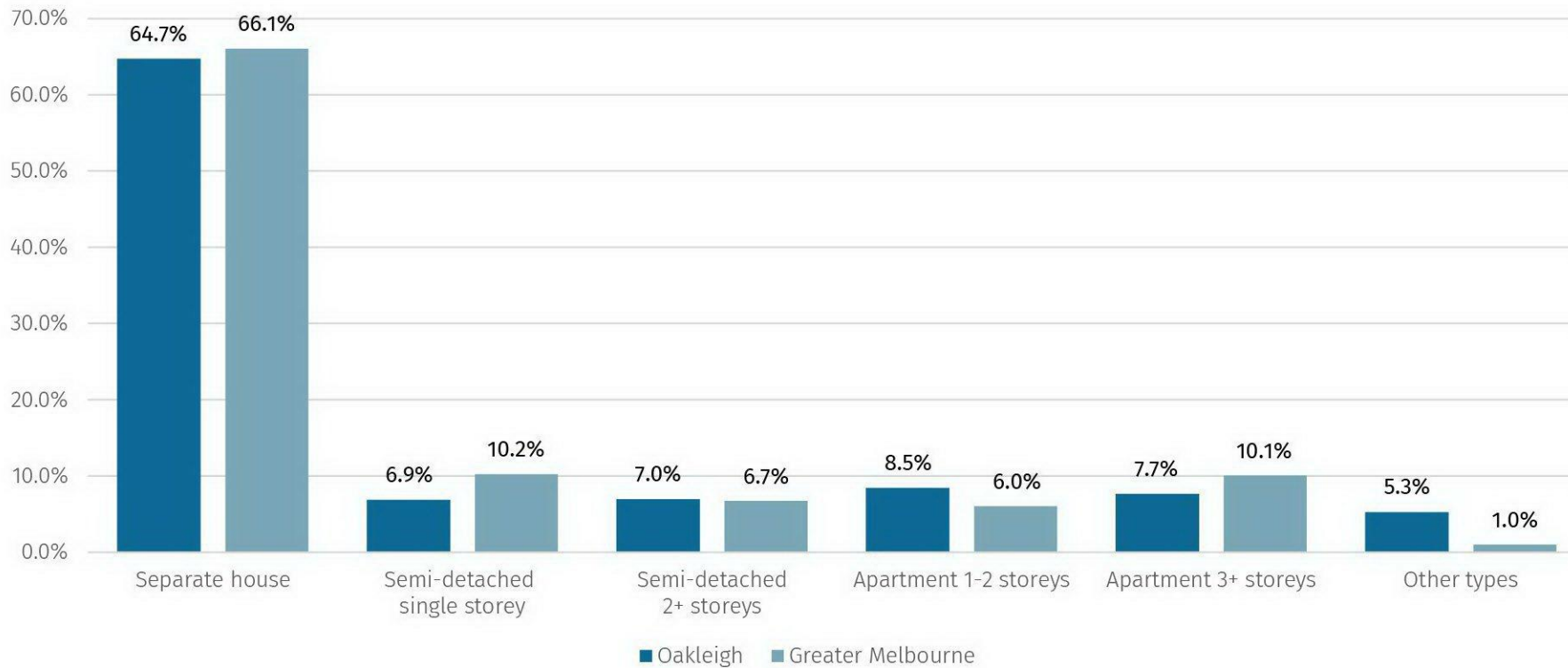
The following images are typical of the diverse residential housing style in the Oakleigh area. Housing types range from single storey and semi-detached homes to low-rise and mid-rise apartments.



Subject site

Dwelling mix

When compared to Greater Melbourne, the dwelling mix in Oakleigh skews slightly toward 1-2 storey apartments, and is slightly underrepresented in terms of separate houses, semi-detached single storey homes and high-rise apartments.



Catchment

Catchment

In assessing the development potential for 1-9 Allen Street Oakleigh, a primary catchment has been defined.

In defining the catchment, the following factors are considered:

- Any geographic barriers
- Drive time and distance
- Median house prices
- Migration patterns

In OFS's experience, we have found that 60% to 80% of demand is usually drawn from surrounding suburbs within five to eight kilometres of the site, with the assumption that this represents approximately a 10-15 minute drive time.²

² This is also supported with the findings from McDoughall and Barrie, SA Retirement Village Survey 2016, University of Adelaide, May 2017

Catchment

Migration

Between 2011 & 2016, 193 people aged 65+ moved within the catchment area to Oakleigh-Huntingdale SA2, this represents 72% of the movement of the 65+ group. A further 74 (or 28%) moved from other areas into Oakleigh-Huntingdale SA2.

Anecdotally, people living in suburbs like Malvern East and Ashburton may view a move to Oakleigh as a step backwards. There is some element of prestige associated with those suburbs to the north of the site.

The migration data below demonstrates this, with 65+ migration from Malvern East and Ashburton areas into the Oakleigh-Huntingdale SA2 only making up 4.4% of the total. However, due to the close proximity to the subject site, Malvern East and Ashburton are included in the catchment.

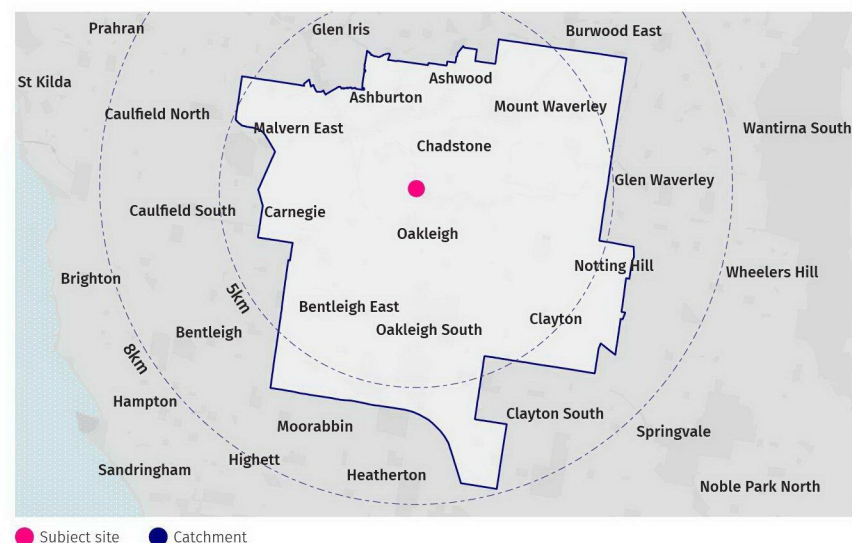
The migration patterns of seniors provides a useful indicator in establishing the catchment.

SA2*	Number of migrants aged 65+	%
Oakleigh – Huntingdale	78 (in the catchment)	29.1%
Mount Waverley – South	27 (in the catchment)	10.1%
Carnegie	17 (in the catchment)	6.3%
Hughesdale	13 (in the catchment)	5.0%
Clarinda – Oakleigh South	10 (in the catchment)	3.8%
Mount Waverley – North	8 (in the catchment)	3.1%
Bentleigh East (North)	8 (in the catchment)	3.1%
Murrumbeena	8 (in the catchment)	3.1%
Clayton	7 (in the catchment)	2.5%

SA2*	Number of migrants aged 65+	%
Ashburton (Vic.)	7 (in the catchment)	2.5%
Malvern East	5 (in the catchment)	1.9%
Ashwood – Chadstone	5 (in the catchment)	1.9%
Clayton South	13	5.0%
Other SA2s	61	22.6%
Total	267	100%

SA2: Statistical Area Level 2. Please refer to Terminology and definitions for explanation

Final catchment map



Demographics

Demographics

Demographics: Age profile and projections

The total catchment population is 232,248 in a 74.7 square kilometre area or 3,110 per square kilometre. The percentage of those aged 65+ is 13.7%, which is in line with the Greater Melbourne average of 13.9%.

It should be acknowledged however that the 2021-2031 forecast rate of growth for the 65+ cohort within the catchment, is significantly lower than the forecast rate for Greater Melbourne at 30.7%. This suggests that potential future demand within the catchment area may not be as strong as other areas within Greater Melbourne.

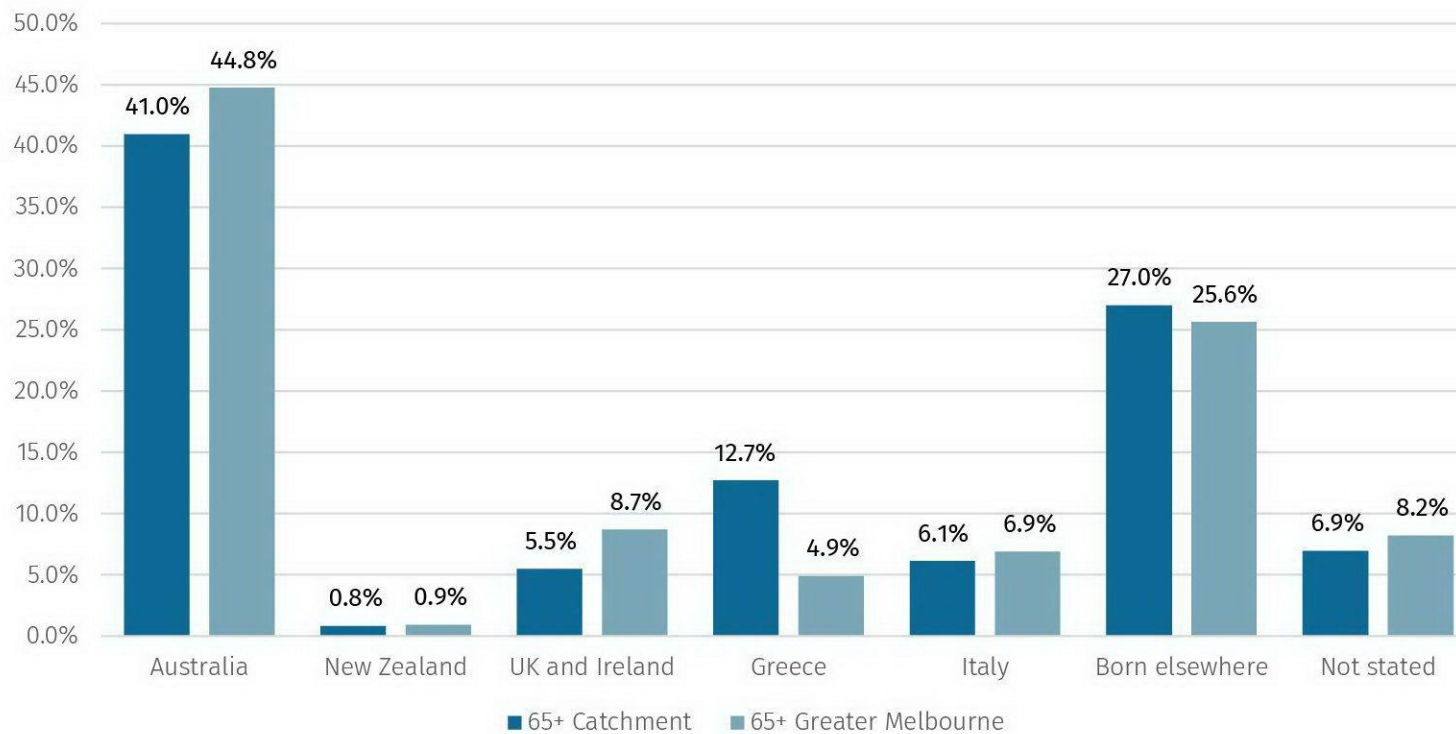
Catchment population	2021	2026	2031	Total changes 2021 to 2031
Total population	232,248	252,292	269,145	15.9%
People aged 65+	31,798	34,581	37,868	19.1%
Proportion aged 65+ (%)	13.7%	13.7%	14.1%	
People aged 70+	23,473	25,284	28,069	19.6%
Proportion aged 70+ (%)	10.1%	10.0%	10.4%	
People aged 80+	10,525	11,023	12,498	18.7%
Proportion aged 80+ (%)	4.5%	4.4%	4.6%	
Greater Melbourne				
Total population	5,355,460	5,943,058	6,491,792	21.2%
People aged 65+	743,519	858,268	971,565	30.7%
Proportion aged 65+ (%)	13.9%	14.4%	15.0%	
People aged 70+	525,544	611,233	707,437	34.6%
Proportion aged 70+ (%)	9.8%	10.3%	10.9%	
People aged 80+	195,876	230,281	285,234	45.6%
Proportion aged 80+ (%)	3.7%	3.9%	4.4%	

Source: ABS for Australian Government Department of Health: 2017 (base) to 2032 at Statistical Area Level 2 (SA2)

Demographics

Demographics: Ethnicity

Retirement living products typically have a higher rate of uptake rate from people of Anglo-Saxon³ (Australia, New Zealand, UK & Ireland) origins. The catchment population has a relatively lower proportion of Australian, UK and Irish born residents compared to Greater Melbourne. This may impact the demand for retirement living products within the catchment.

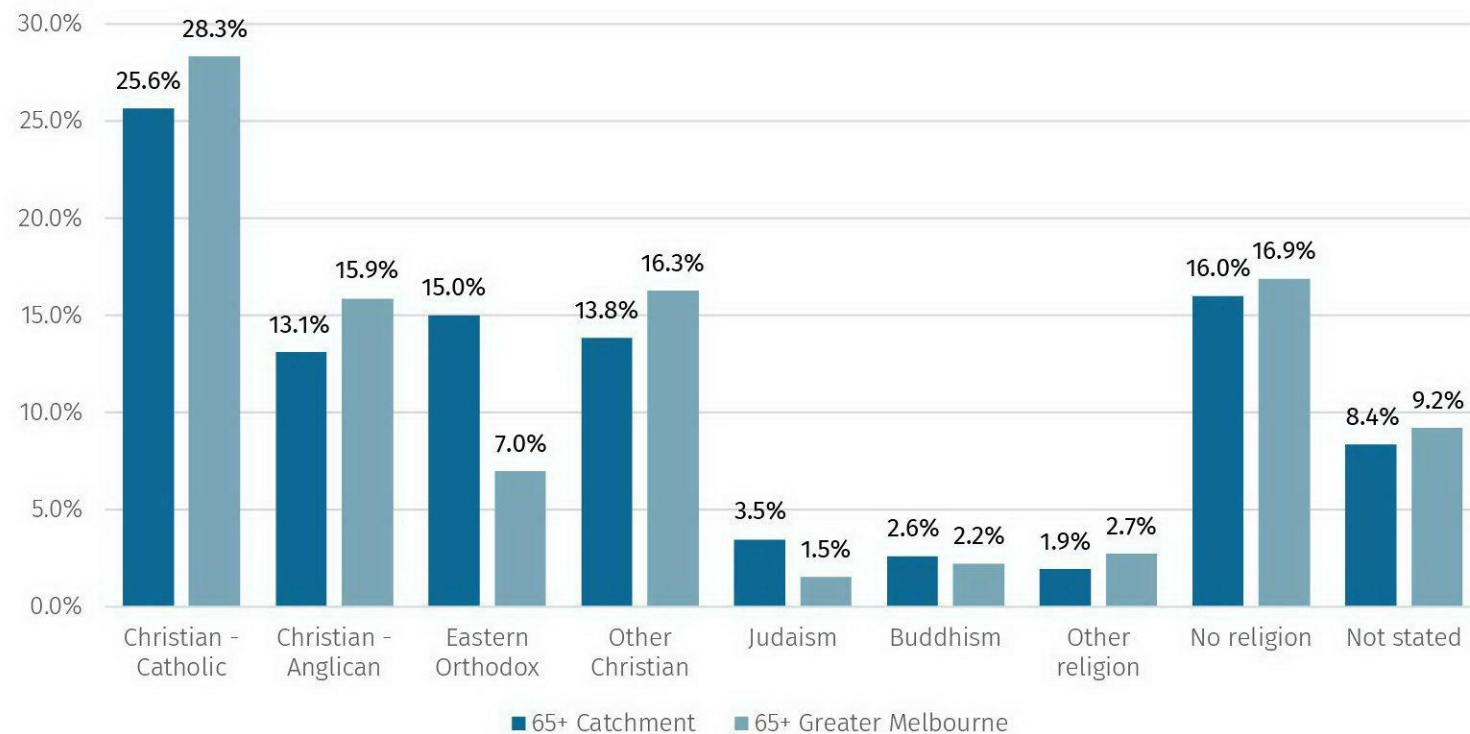


³ 2016 ABS Census data identifies 81.5% of retirement village residents in Australia as having an Anglo-Saxon background.

Demographics

Demographics: Religion

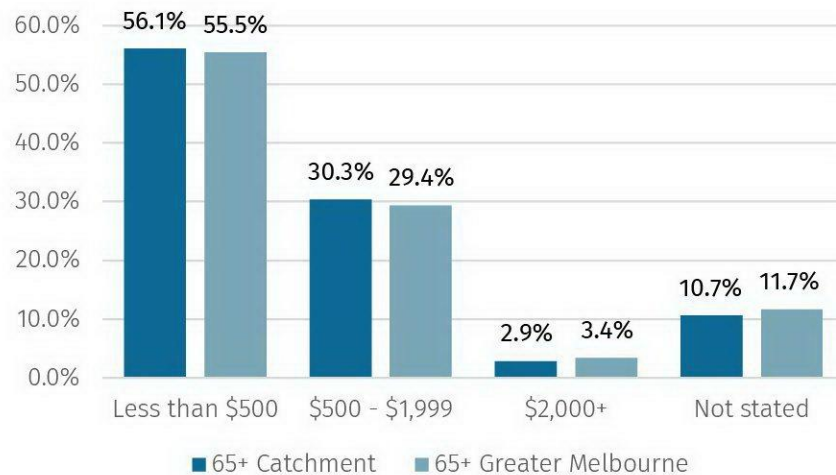
The catchment has a similar level of those aged 65+ who identify as Christian compared to Greater Melbourne (67.6% vs 67.4%). However, there is a significantly higher proportion of those who identify as Eastern Orthodox in the catchment. Assuming that at least some people who identify as Christian would prefer to choose seniors' accommodation that is aligned with their faith, it provides a good development opportunity for faith-based organisations.



Demographics

Demographics: Income

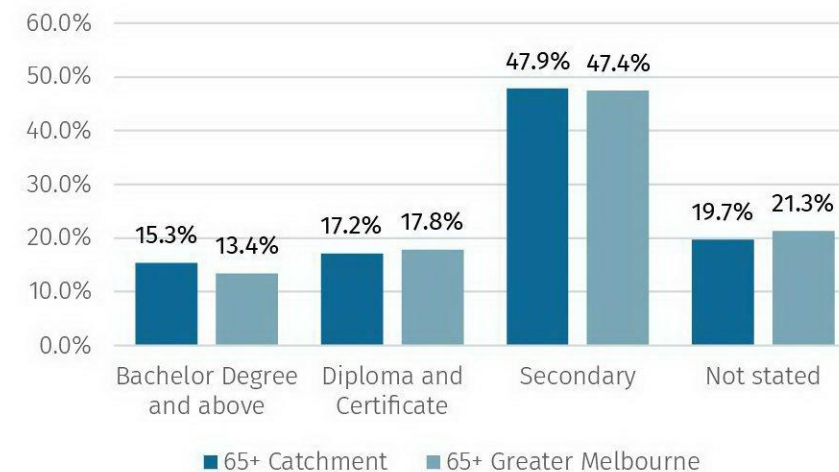
The catchment's 65+ population reflects similar levels of income as Greater Melbourne. Income is a key determinant in a person's purchasing power and the capacity to pay for retirement living.



Demographics: Education

Typically, education level will reflect income, wealth, and health status.⁴ On average, those who have attained a higher level of education have higher incomes and better overall health which requires less need for assistance with core activities.

The 65+ cohort has slightly higher levels of educational attainment compared with the Greater Melbourne average, indicating that the target market within the catchment, on average, is likely to have very similar health and wealth profiles.

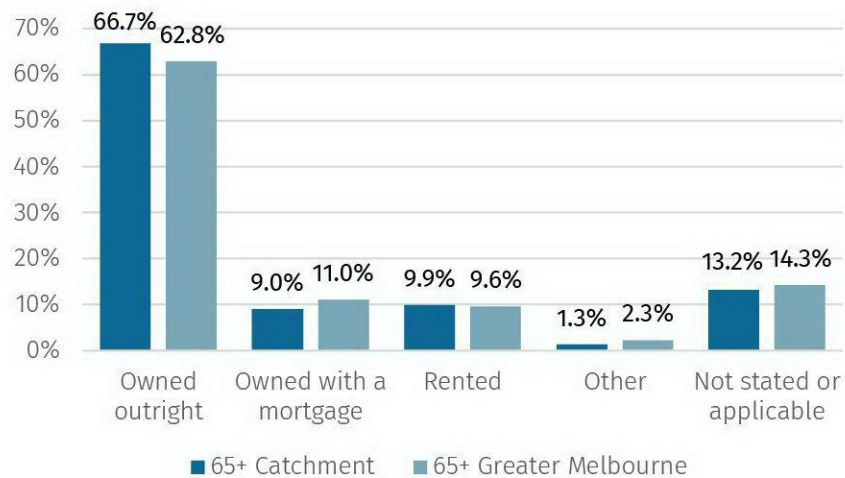


⁴ 2016 ABS data reports that 34% of people aged 65+ with a degree have a weekly income greater than \$1,000 vs. 8% of those without a degree. It also reports that 9.9% of the 65+ cohort with a degree need assistance with core activities vs. 20.8% without a degree.

Demographics

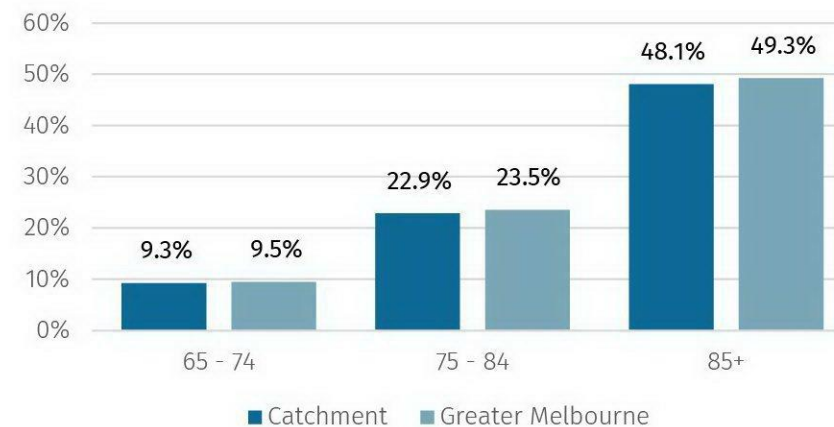
Demographics: Home ownership

Home ownership amongst the 65+ catchment population (66.7%) is higher than the Greater Melbourne average (62.8%). The results suggest a larger proportion of the 65+ cohort would be able to afford an ingoing contributing to a retirement community. According to the McCrindle Baynes Villages Census Report 2013-2014⁵, 90% of village residents fund their ingoing contribution by selling their family home, indicating the equity they can draw from their home impacts on how much ingoing contribution they can afford.



Demographics: Assistance with daily living

Demand for assisted living within the catchment is on par with the Greater Melbourne average. Reflecting very similar needs for assistance with self-care, mobility, or communications as a result of disability across the catchment vs. Greater Melbourne.

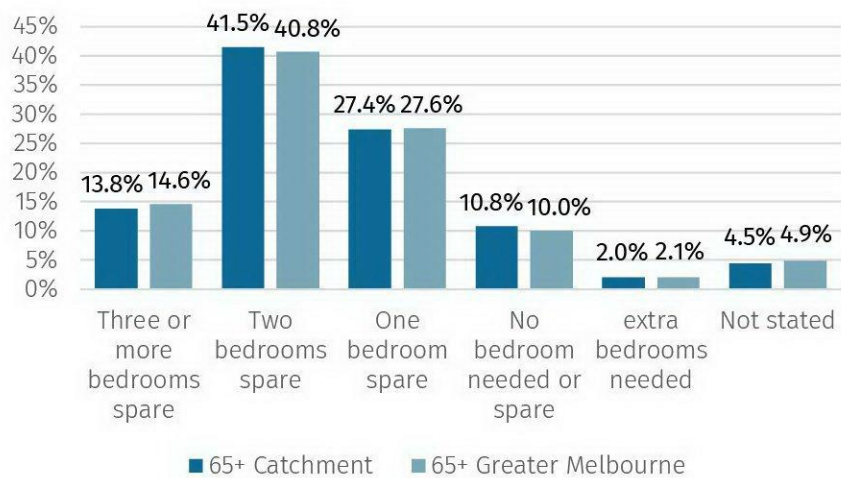


Demographics

Demographics: Excess bedrooms

Spare bedrooms indicate a potential demand for downsizing options. As people age, their physical condition may make it more difficult to manage a large independent dwelling (i.e. with three-bedrooms or more), and potentially a smaller dwelling (i.e. two-bedrooms) might be the preferred accommodation type.

Within the catchment, 55.3% of the cohort have two or more spare bedrooms, which is in line with the Greater Melbourne average of 55.4%.



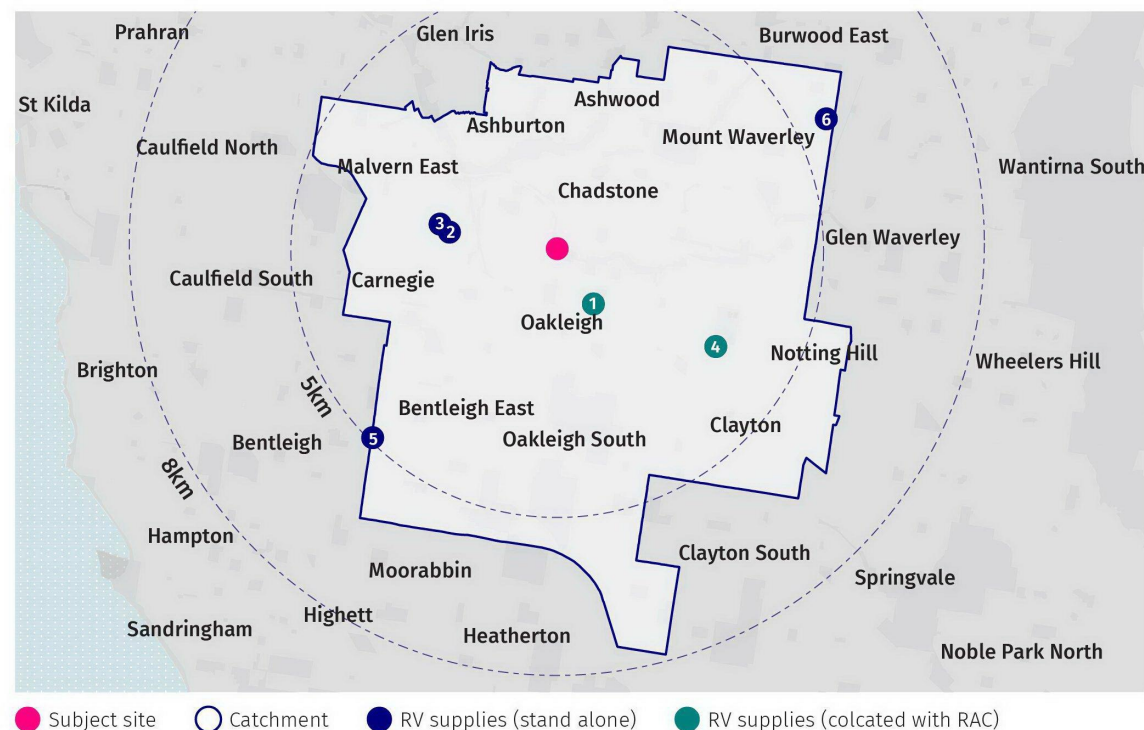
Retirement living

Retirement living

Retirement living in the catchment

There are a range of retirement living communities in the catchment operated by both commercial and not-for-profit organisations. The standard of accommodation is noted on the following pages.

The map below indicated the location of the subject site and six established retirement communities, with four freestanding villages and two co-located with a residential aged care facilities.



Retirement living

Retirement living in the catchment

Map ID	Distance (km)	Name	Operator	Address	Product overview	Vacancy*	Standard	Co-located with RAC
Independent living								
1	1.2	Grant Street Retirement Village	Churches of Christ Care	18–20 Grant Street, Oakleigh	6 ILU	–	Below market	Yes
2	2.0	Emmaus Lodge	Churches of Christ Care	20 Murrumbeena Road, Murrumbeena	10 ILU	–	Below market	No
3	2.2	Boyd Court	Royal Freemasons	1160 Dandenong Road, Carnegie	17 ILA	–	Below market	No
4	3.5	Corpus Christi Village	Villa Maria Catholic Homes	80 Clayton Road, Clayton	46 ILU	2	At market	Yes
5	4.9	St John's Close	St John's Anglican Church	150a Tucker Road, Bentleigh	6 ILU	–	Below market	No
6	5.6	Yernga Garden	Uniting AgeWell	32–42 Larch Crescent, Mount Waverley	31 ILA	3	At market	No
Total assisted living					116			

Source: OFS Research ILA: Independent Living Apartment, ILU: Independent Living Unit, ALA: Assisted Living Apartment, RAC: Residential Aged Care. Vacancy

On the following pages we have provided additional analysis within the catchment:

- At market and above retirement living developments
- Pipeline community under construction
- Please note: Although not in the catchment, two Ryman communities are within 15 minutes' drive from the subject site. Both communities (Weary Dunlop and Nellie Melba) are significant in size, and with a solid sales to date, this potentially bodes well for retirement living on the Oakleigh site.

Retirement living

Corpus Christi Village

Operator	Villa Maria Catholic Homes
Address	80 Clayton Road, Clayton
Website	www.retirementbylendlease.com.au/classic-residences/
Opened	2000
Contract type	Leasehold
Current vacancies	2

Accommodation	No.	Size range (int.)	Service fee (per week)	Price range
ILA: Two-bedroom	33	92	\$89	\$680,000 – \$760,000
ILA: Three-bedroom	13	109	\$89	\$760,000 – \$900,000
TOTAL	371			

Exit fee

DMF	Charged on ingoing / outgoing	Ingoing
About	Applicable on all villas	
Rate	On entry	
	Year one to ten	3.0%
	Maximum	30.0%
Capital gain share	100% cap gain / loss share to resident	
Long-term maintenance	10% of the DMF	
Other fees at exit	Resale fee: 1% of resale price	

DMF: Deferred Management Fee

Retirement living

About the operator	<p>Maria Catholic Homes is a Catholic not-for-profit organisation providing various community services to more than 7,600 people across Victoria. These services include early learning and therapy, specialist education, disability services, affordable homes, residential aged care, retirement living and at-home age care.</p> <p>Its retirement living portfolio comprises 13 communities, most of which are in Greater Melbourne. The communities are typically in villa forms with some exceptions such as St Joseph's Mews, a high-end 69-apartment independent living community built in 2014 located in Hawthorn.</p>
About the community	<p>The community was built in 1985 with 46 two- and three-bedroom villas. All the villas are featured with light-filled kitchen with laminated bench-tops, separate powder room, reverse-cycle air-con and heating, single or double garage accessible from inside the home, private landscaped courtyard, 2000L water tank, security doors, 24-hour emergency call system and afterhours security gate. Community facilities provided include alfresco dining and outdoor patio area, library, craft studio, billiard table, indoor bowling green, adjoining aged care services.</p>
Overview of location	<p>The community is located 17 kilometres from Melbourne CBD, 800 metres from Monash University, 2.3 kilometres from Pinewood Shopping Village, Centre Road shopping precinct and 1.6 kilometres from Monash Medical Centre hospital.</p>
Overview of dwellings	<p>The villas are well designed and finished. There are two current vacancies, both of which are two-bedroom villas.</p>
Overview of care	<p>The community is co-located with a 90-room residential care facility. Care services can be provided to the community residents</p>

Retirement living



Retirement living

Weary Dunlop

Operator	Ryman
Address	242 Jells Road, Wheelers Hill
Website	https://www.rymanhealthcare.com.au/retirement-villages/wheelers-hill/nellie-melba
Opened	2013
Contract type	Lease
Current vacancies	2 (1 x 2br, 1 x 1br)

Accommodation	No.	Size range (int.)	Service fee (per week)	Price range
IL: One-bedroom	10	70*	\$92.5	\$389,000 – \$419,000
IL: Two-bedroom	99	85.5	\$92.5	\$610,000 – \$825,000
IL: Three-bedroom	16	98*	\$92.5	\$860,000 – \$910,000
AL: bedsitters	2	40	\$342	\$575,000
AL: One-bedroom	49	48*	\$342	\$575,000
TOTAL	176			

*Estimated

Exit fee

DMF (IL)	Charged on ingoing / outgoing	ingoing
About	Applicable on all apartments	
Rate	On entry	
	Year one to five	4%
	Maximum	20%
Capital gain share	No cap gain / loss share to resident	
Long-term maintenance	No	
Other fees at exit	No	

DMF: Deferred Management Fee

DMF (AL)	Charged on ingoing / outgoing	ingoing
About	Applicable on all apartments	
Rate	On entry	5%
	Year one to three	5%
	Maximum	20%
Capital gain share	No cap gain / loss share to resident	
Long-term maintenance	No	
Other fees at exit	No	

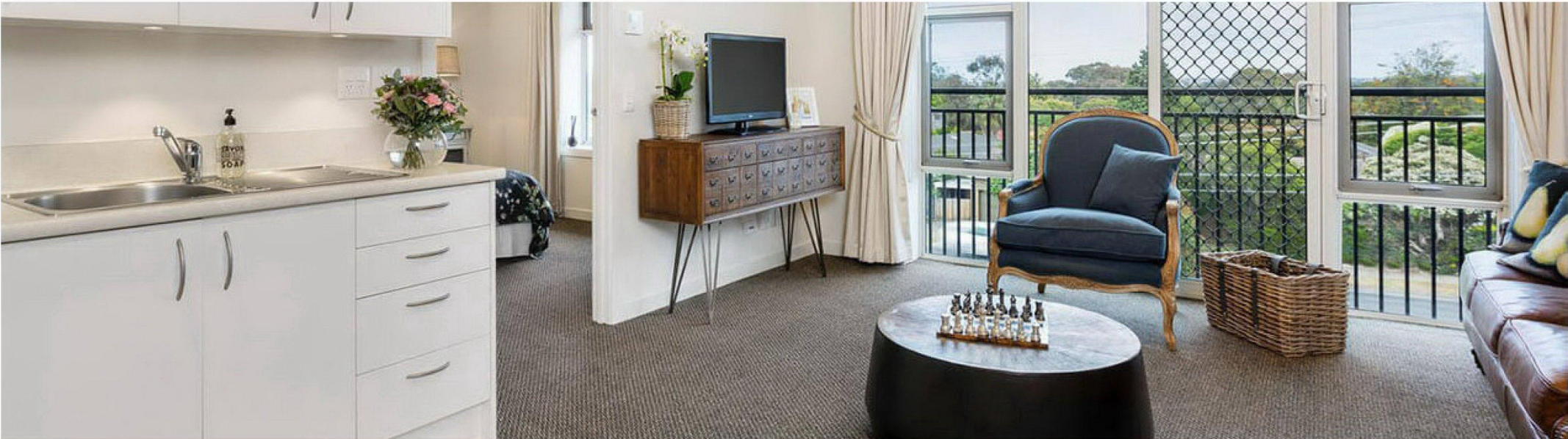
Retirement living

About the operator	<p>Ryman Healthcare is a New Zealand listed company providing aged care services in both New Zealand and Australia. It also offers assisted living communities with a range of discretionary service packages and a la carte service options to residents. Above the standard assisted living package that all ALA residents receive, Ryman offers three additional service packages:</p> <p>Support Plus:</p> <ul style="list-style-type: none"> • Additional AUD\$150 per week • Breakfast to room • Evening meal in dining room • Daily bed making • Personal laundry service (3x per week) <p>Full Service:</p> <ul style="list-style-type: none"> • Additional AUD\$350 per week • All Support Plus services, plus: • General care and assistance including dressing and showering (3x per week) • Administering medications • Evening settle service <p>Extra Care:</p> <ul style="list-style-type: none"> • Additional AUD\$450 per week • All Full-Service, plus: • Assistance to/from the village centre • Night visits (2x per night)
About the community	<p>Weary Dunlop comprises 176 independent and assisted living apartments. The community services provided include emergency call system, activities room, arts and crafts room, auditorium, beauty salon, billiards, communal laundries, community room, dining room, gym, hair salon, library, courtyard, reflection room, shop and theatre.</p>

Retirement living

Overview of location	The community is 22 kilometres from Melbourne CBD, 1.2 kilometres from Dandenong Valley Wetlands, 260 metres from Wheelers Hill Shopping Centre and 3.6 kilometres from Mulgrave Private Hospital.
Overview of apartments	The apartments are well designed and finished. There are two current vacancies, including one one-bedroom serviced apartment and one two-bedroom independent living apartment.
Overview of care	Weary Dunlop provides assisted living option, which covers services including housekeeping, facecloth, and bath towel daily, cooked midday meal in dining room, morning and afternoon tea, activities program, and scheduled transport services. Residents can also choose care services on fee bases including breakfast and evening meal in room, personal laundry, administering medications, basic wound care, evening settle services, night visits, daily assistance with showering and other care services.

Retirement living



Retirement living

Nellie Melba

Operator	Ryman
Address	2 Collegium Avenue, Wheelers Hill
Website	www.mayflower.org.au/retirement-living/mayflower-brighton/
Opened	2017
Contract type	Lease
Current vacancies	1 (3br)

Accommodation	No.	Size range (int.)	Service fee (per week)	Price range
IL: One-bedroom	8	80*	\$92.5	\$590,000 – \$690,000
IL: Two-bedroom	277	95*	\$92.5	\$680,000 – \$935,000
IL: Three-bedroom	47	113	\$92.5	\$1,090,000
AL: One-bedroom	86	50*	\$342	\$475,000 – \$646,000
TOTAL	418			

*Estimated

Exit fee

DMF (IL)	Charged on ingoing / outgoing	ingoing
About	Applicable on all apartments	
Rate	On entry	
	Year one to five	4%
	Maximum	20%
	No cap gain / loss share to resident	
Capital gain share	No	
Long-term maintenance	No	

DMF: Deferred Management Fee

DMF (AL)	Charged on ingoing / outgoing	ingoing
About	Applicable on all apartments	
Rate	On entry	5%
	Year one to three	5%
	Maximum	20%
	No cap gain / loss share to resident	
Capital gain share	No	
Long-term maintenance	No	

Retirement living

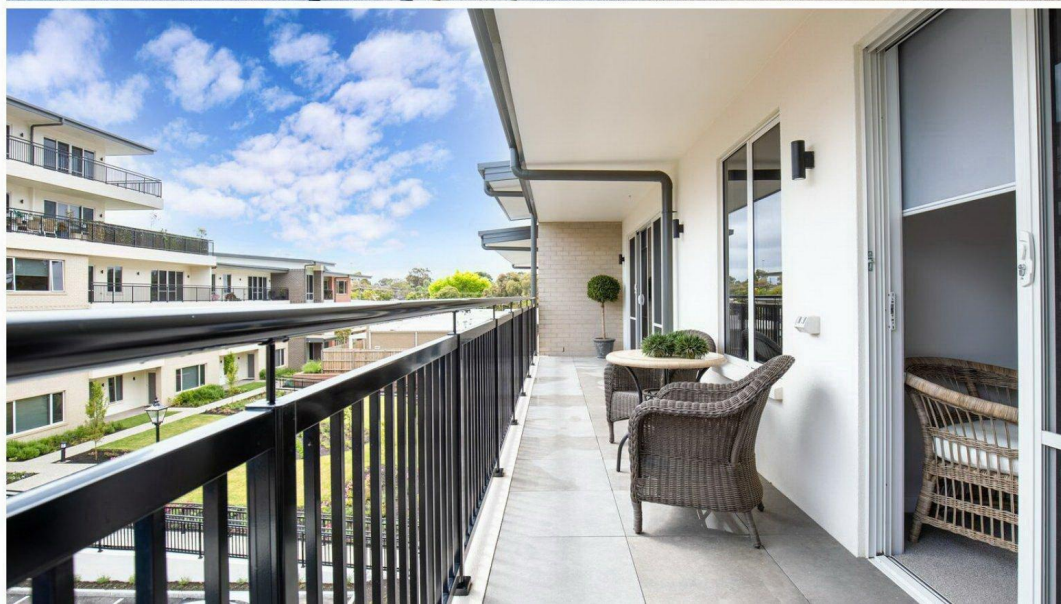
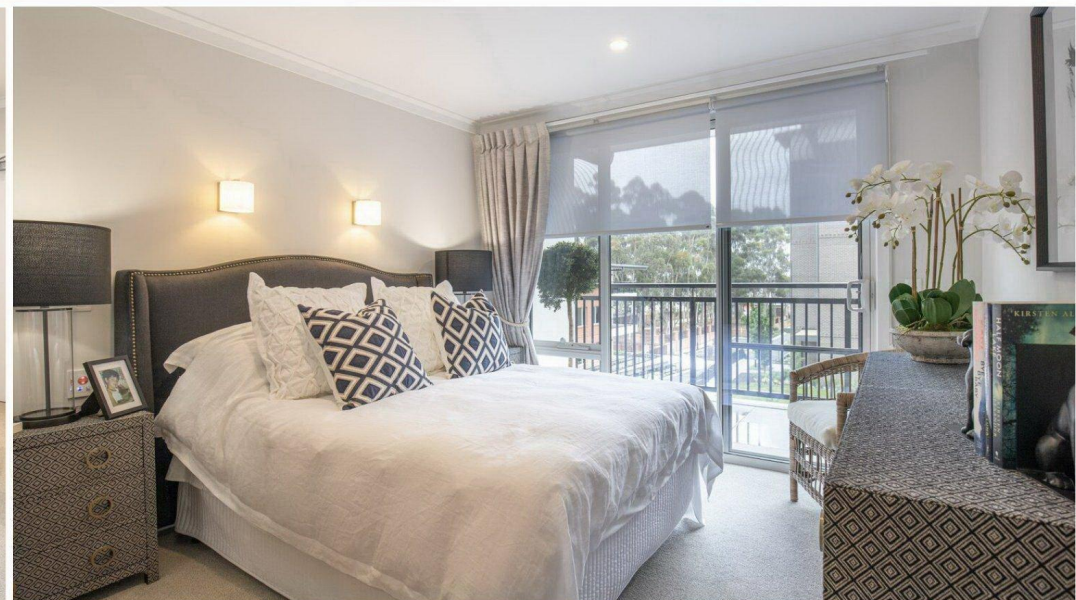
About the operator	<p>Ryman Healthcare is a listed company providing aged care services in New Zealand and Australia. It also offers assisted living communities with a range of discretionary service packages and a la carte service options to residents. Above the standard assisted living package that all ALA residents receive, Ryman offers three additional service packages:</p> <p>Support Plus:</p> <ul style="list-style-type: none"> • Additional AUD\$150 per week • Breakfast to room • Evening meal in dining room • Daily bed making • Personal laundry service (3x per week) <p>Full Service:</p> <ul style="list-style-type: none"> • Additional AUD\$350 per week • All Support Plus services, plus: • General care and assistance including dressing and showering (3x per week) • Administering medications • Evening settle service <p>Extra Care:</p> <ul style="list-style-type: none"> • Additional AUD\$450 per week • All Full Service services, plus: • Assistance to/from the village centre • Night visits (2x per night)
About the community	<p>Nellie Melba comprises 418 independent and assisted living apartments. The community services provided include emergency call system, activities room, arts and crafts room, bar, beauty salon, billiards, bowling green, café, communal laundries, community room, hair salon, library, movie theatre, courtyard, reflection room, scooter bay, spa, indoor heated pool and workshop.</p>
Overview of location	<p>The community is 20 kilometres from Melbourne CBD, 2.6 kilometres from Jells Park, 300 metres from Brandon Park Shopping Centre and 2.9 kilometres from Waverley Private Hospital.</p>

Retirement living

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Overview of apartments	The apartments are well designed and finished. There is one current vacancy, a three bedroom independent living apartment.
Overview of care	Nellie Melba provides assisted living option, which covers services including housekeeping, facecloth, and bath towel daily, cooked midday meal in dining room, morning and afternoon tea, activities program, and scheduled transport services. Residents can also choose care services on fee bases including breakfast and evening meal in room, personal laundry, administering medications, basic wound care, evening settle services, night visits, daily assistance with showering and other care services.

Retirement living



Retirement living

Yernga

Operator	Uniting AgeWell
Address	32-42 Larch Crescent, Mount Waverley
Website	www.mayflower.org.au/retirement-living/mayflower-brighton/
Opened	2016
Contract type	Lease
Current vacancies	3 (2 x 2br, 1 x 1br)

Accommodation	No.	Size range (int.)	Service fee (per week)	Price range
One-bedroom	22	64	\$145.95	\$350,000
Two-bedroom	9	70 – 83	\$145.95	\$400,000
TOTAL	31			

Exit fee

DMF	Charged on ingoing / outgoing	ingoing
About	Applicable on all apartments	
Rate	On entry	
	Year one	6%
	Year two to six	4%
	Maximum	26%
Capital gain share	50% cap gain / loss share to resident	
Long-term maintenance	No	
Other fees at exit	Unit reinstatement or renovation and sale costs	

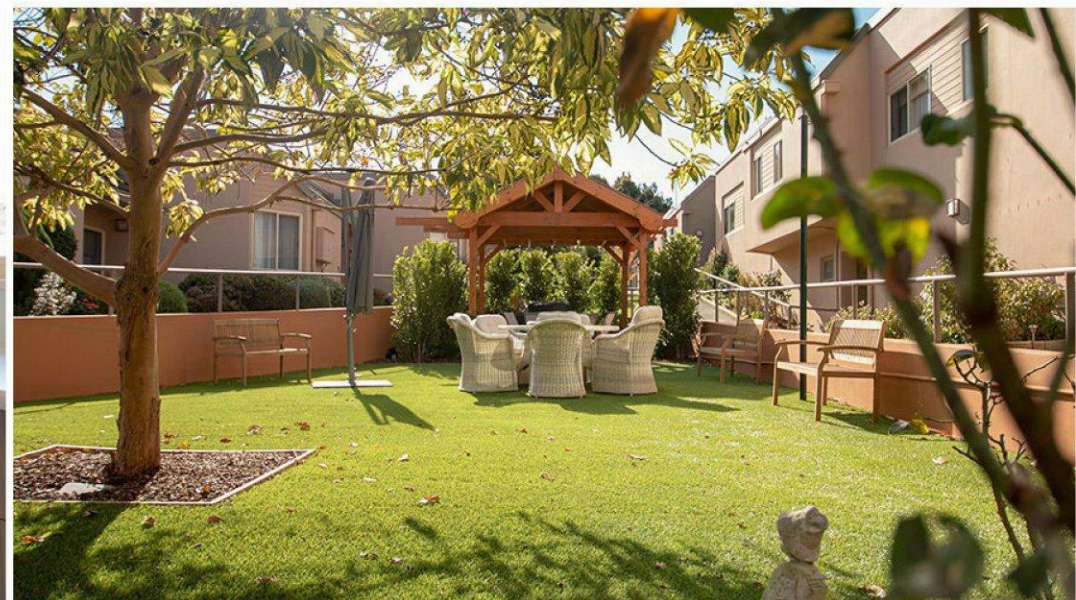
DMF: Deferred Management Fee

Retirement living

About the operator	Uniting AgeWell is a not-for-profit organisation providing services to senior people in VIC, TAS and WA focusing on their wellbeing, choice and independence. Their services covering residential care, home care, independent retirement living, allied health and therapy programs, social support, and respite and carer support. The retirement living portfolio comprises 22 communities, eight of which are in Greater Melbourne and 2 in regional VIC..
About the community	Yernga comprises 22 one bedroom and nine two-bedroom apartments. The community was built in early 2000 with a community hall, central gardens and four tennis courts.
Overview of location	The community is 17 kilometres from Melbourne CBD, two kilometres from Damper Creek, 1.5 kilometres from Burwood One Shopping Centre and 1.8 kilometres from Waverley Private Hospital.
Overview of apartments	The apartments are well designed and finished. There are three current vacancies, including one one-bedroom and two two-bedroom.
Overview of care	Yernga is a standalone independent living community.

Retirement living

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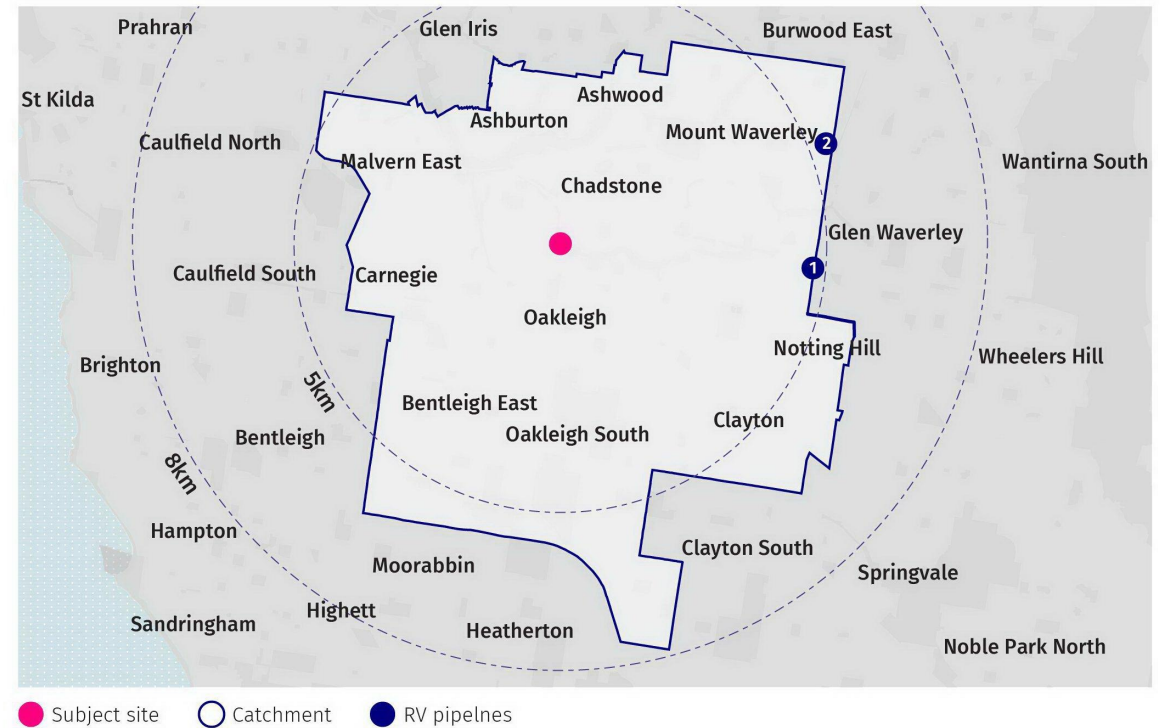


Retirement living

Retirement living pipeline in the catchment

Within the catchment is a development pipeline of 274 retirement living apartments across two sites, excluding the subject site. These include a mix of one, two and three bedroom dwellings.

We assume the proposed retirement living developments will be constructed to a high standard of quality, some of which would directly compete with the proposed retirement living units at the subject site.



Retirement living

Retirement living pipeline in the catchment

Map ID	Distance (km)	Name	Developer	Address	Number of dwellings	Status	Forecast completion
1	4.7	Blackburn Road Mixed Use Building	Havelock Nominees Pty Ltd	445-467 Blackburn Road, Mount Waverley	186	Development Application	2025
2	5.3	High Street Road Mixed Use Development	Pace Development Group Pty Ltd	554-558 High Street Rd, Mount Waverley	88	Development Approval	2022
				Total	ILA: 274		

Source: Cordell

Retirement living

Blackburn Road Mixed Use Building

The site is currently occupied by the Bruce County Hotel and Conference Centre. As per the information from the local council, the new proposed development includes demolition of the existing hotel and construction of a seven storey (two basement levels) building for a retirement village and a childcare centre.

The product mix of the retirement living apartments is as below:

Scenario	1 bedroom	2 bedroom	3 bedroom	Total
Lower Ground	8	11	3	22
Upper Ground	13	13	6	32
Level 1	14	17	5	36
Level 2	10	11	3	24
Level 3	9	12	3	24
Level 4	8	11	5	24
Level 5	8	11	5	24
Total	70	86	30	186

The apartments are provided with terrace or balcony space of 8 to 49 square metres.

- Typical apartment sizes are:
 - 1 Bedroom: 61 square metres
 - 2 Bedroom: 84-86 square metres
 - 3 Bedroom: 98-131 square metres
- Childcare centre with maximum 80 children



Retirement living

High Street Road Mixed Use Development

Pace Development Group is proposing a \$25 million, seven-storey development at the site which comprises 88 independent living apartments with ground level café, pool, gym, yoga room, library, games room, communal open spaces, 91 car parking spaces, and 58 bike parking provision.

The produce mix is detailed below:

Scenario	1 bedroom	2 bedroom	Total
Total	33	55	88



Retirement living

Estimated demand for retirement living in the catchment

The 2016 Census data shows 219 people aged 65+ in the catchment were living in retirement living communities, representing a penetration rate of 0.7%. This is significantly lower than the average in Victoria of 4.7% and national average of 6.0%.

OFS regards this low penetration rate as a result of low supply in the catchment. The largest existing community within the catchment is VMCH Corpus Christi Village which comprises 46 villas. Most other communities have less than 20 dwellings, with all the existing supply in the catchment more than 20 years old.

To establish the demand for independent living in the catchment, the Victorian penetration rate of 4.7% is used for the high demand scenario and the historical catchment penetration rates from 2016 Census (0.7%) are used for the low demand scenario.

Using a ratio of occupants per dwelling of 1.3 people, the demand for retirement living dwellings is forecast below:

Year	2021		2026		2031	
Scenario	Low	High	Low	High	Low	High
Target market (people aged 65+)	32,140		35,584		39,813	
Penetration rate	0.7%	4.7%	0.7%	4.7%	0.7%	4.7%
Estimated population demand	225	1,510	249	1,672	278	1,871
Estimated dwelling demand	173	1,162	191	1,286	214	1,439
Supply*	116		253		390	
Market gap – (supply surplus)	57	1,046	(62)	1,033	(176)	1,049

*Supply in forecasted years 2026 and 2031 are based on estimated construction completion dates and should be considered as general guidance only.

To forecast the market gap for retirement living, OFS has adopted the existing supply of 116 dwellings and added the identified development pipeline of 274 dwellings over the 10-year period to 2031.

Our assumption of pipeline completion dates are as follows:

- 50% of all pipeline dwellings online by 2026
- 100% of all pipeline dwellings online by 2031

The market gap within the catchment based on low demand scenario suggests an undersupply of 57 dwellings in 2021, which is expected to revert to an oversupply of 176 by 2031 due to the delivery of current apartments in the pipeline.

However, the high demand scenario indicates a significant undersupply of dwellings in the catchment over the next decade from 1,046 dwellings in 2021 through to 1,049 dwellings in 2031.

Residential market overview

Residential market overview

Catchment quartile residential houses

Prevailing residential house prices are used as a proxy for wealth. When downsizing, the 65+ cohort will typically spend 70% to 90% of their family home value on seniors' accommodation.

Catchment house prices are well above the Greater Melbourne average with all four quartile prices higher than the Melbourne median house price. The median house price in the catchment is \$1,290,000 with third and fourth quartile average prices at \$1,398,015 and \$1,931,986.

Over the whole year 2020, the median house price and all four quartile average prices in the catchment increased. The same trend is also recorded in Greater Melbourne.

Although Covid-19 caused a sharp decline on the transaction volume over the first three quarters of 2020, house prices across Australia increased overall for the first time in October since the pandemic. With the historically low cash rate, combined with government action on the anticipated vaccine roll out and easing of border restrictions, the sentiment within the housing market is expected to start recovering, followed by upward pressure on prices.



Trimmed mean prices (unit) within each quartile and median price movements

Year		2016	2017	2018	2019	2020	Total change 2019 – 2020	Total change 2016 – 2020
Trimmed mean	Quartile 4	\$1,865,783	\$1,985,125	\$2,009,893	\$1,825,280	\$1,931,986	5.8%	3.5%
	Quartile 3	\$1,304,811	\$1,464,998	\$1,393,367	\$1,317,870	\$1,398,015	6.1%	7.1%
	Quartile 2	\$1,080,890	\$1,246,458	\$1,180,174	\$1,104,140	\$1,195,282	8.3%	10.6%
	Quartile 1	\$812,865	\$970,419	\$925,376	\$859,131	\$941,418	9.6%	15.8%
Median		\$1,192,000	\$1,350,000	\$1,275,000	\$1,217,500	\$1,290,000	6.0%	8.2%
Greater Melbourne		\$612,300	\$675,000	\$750,000	\$735,000	\$765,000	4.1%	24.9%
No. of sales		2,123	2,148	1,649	1,760	1,211		

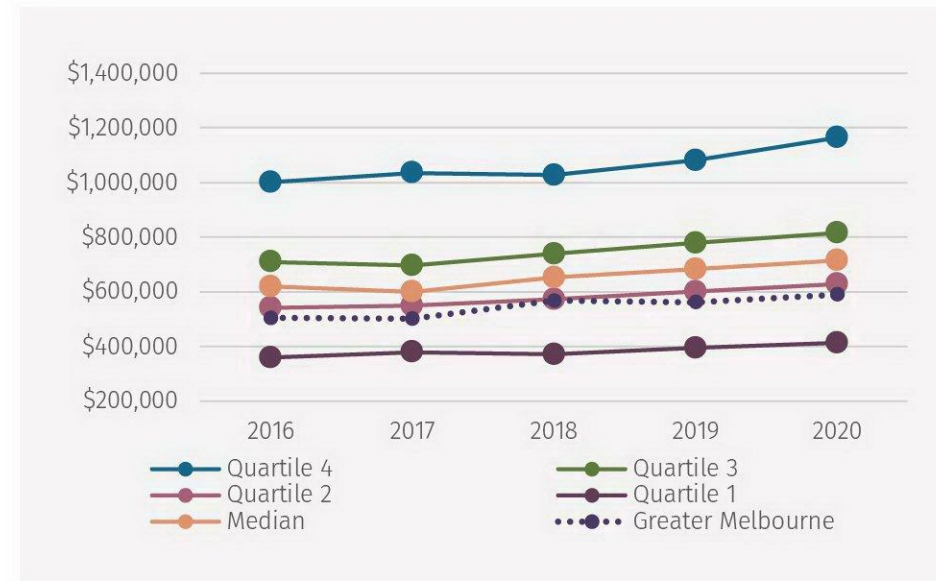
Residential market overview

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Catchment quartile residential units

Catchment unit prices are above the Greater Melbourne average. Except quartile one, all other three quartile average prices are above the Melbourne median unit price.

Between 2019 & 2020, there is a 4.7% increase in the unit market in the catchment while the Greater Melbourne unit market increased at 5.0%.



Trimmed mean prices (unit) within each quartile and median price movements

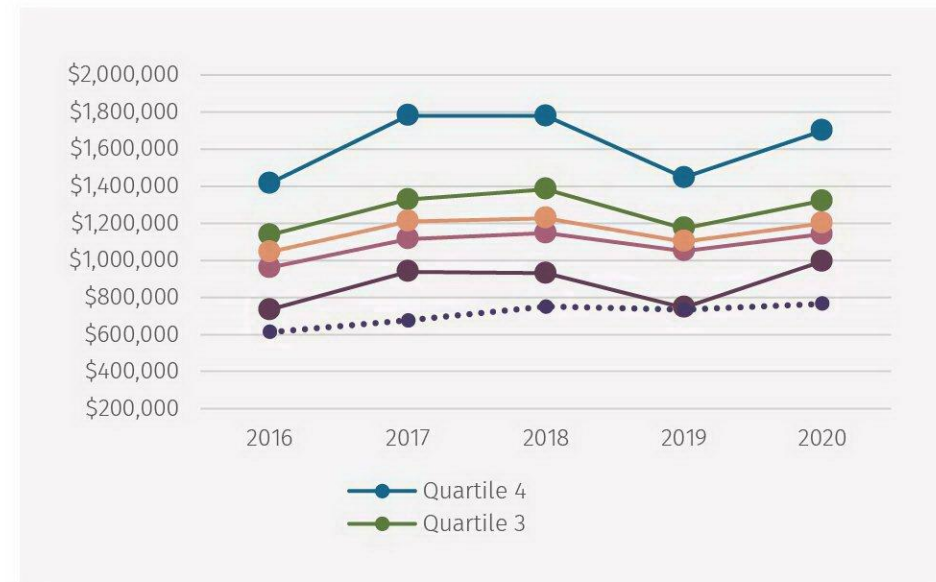
Year		2016	2017	2018	2019	2020	Total change 2019 – 2020	Total change 2016 – 2020
Trimmed mean	Quartile 4	\$1,001,390	\$1,035,249	\$1,026,981	\$1,080,788	\$1,164,348	7.7%	16.3%
	Quartile 3	\$710,004	\$696,841	\$739,624	\$778,379	\$815,748	4.8%	14.9%
	Quartile 2	\$541,602	\$548,902	\$572,732	\$600,454	\$628,770	4.7%	16.1%
	Quartile 1	\$359,879	\$379,976	\$371,314	\$394,141	\$413,473	4.9%	14.9%
Median		\$620,000	\$600,000	\$652,500	\$683,000	\$715,000	4.7%	15.3%
Greater Melbourne		\$505,000	\$501,900	\$568,000	\$562,000	\$590,000	5.0%	16.8%
No. of sales		2,440	2,932	1,862	1,623	1,604		

Residential market overview

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Oakleigh quartile residential houses

Between 2019 & 2020, there is a 9% increase in the housing market within Oakleigh while the Greater Melbourne unit market increased at 4.1%. This was largely driven by Quartile 1 growth of 33.5%



Trimmed mean prices (unit) within each quartile and median price movements

Year		2016	2017	2018	2019	2020	Total change 2019 – 2020	Total change 2016 – 2020
Trimmed mean	Quartile 4	\$1,415,536	\$1,780,389	\$1,778,833	\$1,446,583	\$1,699,609	17.5%	20.1%
	Quartile 3	\$1,136,942	\$1,327,000	\$1,383,346	\$1,173,250	\$1,321,300	12.6%	16.2%
	Quartile 2	\$961,077	\$1,114,922	\$1,147,577	\$1,050,833	\$1,141,250	8.6%	18.7%
	Quartile 1	\$734,021	\$938,855	\$929,554	\$744,846	\$994,355	33.5%	35.5%
Median		\$1,045,250	\$1,210,000	\$1,227,000	\$1,101,000	\$1,200,000	9.0%	14.8%
Greater Melbourne		\$612,300	\$675,000	\$750,000	\$735,000	\$765,000	4.1%	24.9%
No. of sales		62	80	59	49	42		

Residential market overview

55

Oakleigh quartile residential units

Between 2019 & 2020, there was a -6.3 % decrease in the median price of residential units within Oakleigh, while over the same period the Greater Melbourne unit market increased at 5%. With the largest percentage point fall amongst Quartile 2.



Trimmed mean prices (unit) within each quartile and median price movements

Year		2016	2017	2018	2019	2020	Total change 2019 – 2020	Total change 2016 – 2020
Trimmed mean	Quartile 4	\$816,084	\$865,747	\$863,441	\$878,933	\$873,200	-0.7%	7.0%
	Quartile 3	\$597,707	\$632,969	\$653,642	\$666,833	\$657,217	-1.4%	10.0%
	Quartile 2	\$444,244	\$446,317	\$536,556	\$553,205	\$532,708	-3.7%	19.9%
	Quartile 1	\$236,145	\$283,432	\$363,665	\$415,095	\$421,692	1.6%	78.6%
Median		\$547,500	\$535,000	\$592,000	\$624,000	\$585,000	-6.3%	6.8%
Greater Melbourne		\$505,000	\$501,900	\$568,000	\$562,000	\$590,000	5.0%	16.8%
No. of sales		80	143	123	85	118		

Terminology and definitions

Terminology and definitions

Retirement / assisted living

Independent living unit (ILU):	Retirement accommodation (commonly a villa or terraced/under and over dwelling) designed for independent, active retirees who typically do not require assistance with day-to-day living, or at least do not at the time of entry.
Independent living apartment (ILA):	Retirement accommodation in a low, medium or high rise development designed for independent, active retirees who typically do not require assistance with day-to-day living, or at least do not at the time of entry.
Assisted living apartment (ALA):	A compact one or two bedroom apartment with lounge /dining, kitchenette and European laundry with a full suite of shared facilities including lounges, dining, cinema, arts & crafts and a significant wellness offer; services range from concierge, hospitality, domestic services and care tailored to individual resident needs.
Departure or exit fee:	An amount payable by the resident on permanent departure from a retirement living community as permitted under the Retirement Villages Act, in all States and Territories in Australia. It is often expressed as a percentage of the entry price or resale price and calculated based on period of occupancy. It may include a share of any capital gain/loss and other amounts as prescribed by the operator (e.g. contribution to long-term maintenance, refurbishment of the ILU/ILA/ALA and resale fees etc).
Deferred management fee (DMF):	See Departure or exit fee.
Loan/lease agreement:	Agreement between the operator and resident outlining the contractual rights of occupation including a right of exclusive occupation of a particular ILU/ILA/ALA within a retirement community together with a right to use in common with other village residents.
Entry or ingoing fee:	This is essentially the purchase price a retirement community resident pays the operator at the commencement of the loan/lease agreement.
Service fee:	The amount paid by the resident, typically monthly, that covers the costs associated with operating the community. Costs covered include staff, maintenance, insurance, cleaning, etc.
Commonwealth Home Support Program:	The CHSP is an entry-level home support program that helps older people to live independently in their homes and communities. It also provides respite services to give carers a break.
Home Care Package (HCP):	<p>A co-ordinated mix of services that can include:</p> <ul style="list-style-type: none"> • Help with household tasks • Equipment (such as walking frames) • Minor home modifications • Personal care • Clinical care such as nursing, allied health and physiotherapy services <p>There are 4 levels of Home Care Packages — from level 1 for basic care needs to level 4 for high care needs.</p>

Terminology and definitions

Residential aged care

Refundable accommodation deposit (RAD):	The lump-sum paid for the room by a resident entering an aged care home and refunded in full when leaving the home.
Daily accommodation payment (DAP):	The rental-style daily payments (a daily accommodation charge) for the room paid by a resident for the residential care facility room.
Basic daily fee:	A maximum amount that everyone pays for the day-to-day services they will receive at the care facility.
Additional services:	Fees for services that go beyond the minimum care and service requirements. However, a resident will only be charged for additional services that he/she can make use of or benefit from.
Extra services:	Some aged care homes offer extra service rooms and provide upgraded hotel-type services. These services are charged with extra service fees.

Applicable to both

Statistical Area Level 2 (SA2)	Statistical Area Level 2 are medium-sized general purpose areas built up by Australian Bureau of Statistics in the purpose of representing a community that interacts together socially and economically. The SA2s were designed using a number of criteria. The most important criteria include population, function of the area, growth, gazetted suburbs and localities, and Local Government Area (LGA).
Classification of retirement living and residential care accommodation and community facilities	
Premium	Accommodation and facilities are new, architecturally designed and with a premium standard of fittings and finishes. Offering a wide range of five-star standard communal amenities. Grounds are immaculate with landscaped, manicured gardens and spaces.
Above market	Accommodation and facilities that have been recently established or renovated so that they are modern and of a premium standard. Offering a smaller range of communal amenities of an above average standard. Well-kept grounds with manicured gardens.
At market	The accommodation and facilities are older and/or of a regular standard of fittings and finishes. Offering limited communal facilities of an average standard, and tidy grounds.
Below market	The accommodation and facilities are old and are below average standard. Limited/tired communal facilities.