
Whitepaper: April 2018

New Zealand Retirement Village

Database (NZRVD) November 2017





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Executive Summary

Introduction

This is the sixth whitepaper JLL has released based on the results of the JLL NZRVD. The results provide a synopsis of the New Zealand retirement village industry as at November 2017, a data history going back to November 2012, and a look to the future through the development pipeline section.

New Zealand's Ageing Population

The results shown in the New Zealand's ageing population section, illustrate that both New Zealand and the Auckland Region's population aged 75 and over has increased by 3.9 percent between June 2016 and June 2017.

Statistics New Zealand's population forecasts suggest the number of people in this age bracket will grow by 155 percent. In Auckland, that growth rate is expected to be 195 percent. The older population (65+ years) compared to the younger and middle aged population of New Zealand, is expected to increase over time 2017/2043.

NZRVD Statistics 2017

The NZRVD recorded a total of 382 villages, 29,801 units and estimated 38,741 residents as at 2017, resulting in a 75 year plus penetration rate of 12.6 percent.

There was a strong trend of retirement unit growth across a majority of regions, with the Auckland Region capturing 45 percent of national growth, an increase of 734 units.

Village sizes vary greatly across the regions with an average size in Auckland of 117 units compared to 78 units in New Zealand.

The six largest retirement village operators are Ryman, Metlifecare, Summerset, Bupa, Oceania and Arvida. These operators own approximately 57 percent market share in New Zealand, with 162 villages and an estimated 17,266 units. 36 percent of these villages and 45 percent of the units supplied by the six largest operators are located within the "Golden Triangle" of Auckland, Hamilton and Tauranga.

75+ Years Penetration Rates 2017

Our database combined with Statistics New Zealand's population estimates, indicate a national 75 plus years' penetration rate of 12.6 percent in 2017, an increase from the 12.4 percent recorded in 2016.

At a regional level the highest 75 plus penetration rate was in the Bay of Plenty Region with 17.4 percent, followed by 15.7 percent in the Auckland Region and 14.7 percent in the Gisborne Region. A number of regions have shown a decline in the penetration rate between 2016 and 2017, as the supply of retirement village units in the region have not kept pace with the growth in residents aged 75 plus years in the area.

JLL expects to record continued growth in New Zealand's 75 plus penetration rate over the next 15 years, assuming adequate retirement village unit supply reaches the market in order to fulfil demand.

Development Pipeline

Of the 382 retirement villages, 82 had some level of development pipeline as at November 2017. 52 percent of these 82 villages in the development pipeline were at the "Commenced" stage, 32 percent at "In Planning", and 16 percent at the "Early Planning" stage.

The new village development pipeline as at November 2017, had 81 proposed villages with an estimated 12,163 units. A majority of the new proposed retirement villages were at the "Early Planning" stage.

The six largest village operators have an estimated pipeline of 9,161 units in New Zealand, with 31 percent located at existing village expansions, and 69 percent located at new village developments.

New Zealand Aged Care Database (NZACD)

The JLL NZACD records data regarding aged care facilities within New Zealand and the distribution of rest home, hospital and dementia care beds located at each facility. We have recorded data for 676 facilities as at November 2017, with an estimated total bed count of 39,425, up from the 38,240 recorded in November 2016.

Introduction

JLL is pleased to announce that its Subscriber New Zealand Retirement Village Database (NZRVD) 2017 update is available for purchase. The Subscribers' NZRVD contains a selection of data fields from JLL's Master NZRVD 2017, which is used for consultancy and valuation purposes. The Master NZRVD 2017 is a comprehensive all-in-one location for data on the retirement village industry in New Zealand, with 382 records of currently operating villages registered with the New Zealand Companies Office (NZCO)* and 82 records of retirement villages within the development pipeline – i.e. future villages.

The Subscribers' NZRVD includes:

- Village name and database ID, location and owner information
- Contact details, mapping coordinates, year established
- Facilities available at each village, tenure details
- Unit configuration by building type, number of unit totals and
- Provision of an aged care facility – hospital, rest home and/or dementia unit

While the Master NZRVD, used for consultancy and valuation services, includes:

- The components of the Subscribers' NZRVD as well as sales and marketing contact's details
- Building type data, ORA details, entry fee and capital gains returns details
- Maintenance fees, DMF data by year, vacancy and turnover data
- Estimated resident counts and detailed development pipeline information
- Care facility information (bed counts), NZCO village registered number and disclosure dates

This whitepaper provides a summary into what the Master NZRVD 2017 has uncovered. We have updated the format based on previous whitepapers, which includes a review of Statistics New Zealand's (SNZ) population forecasts and the penetration rates as at 2017, generated using SNZ and NZRVD data.

The paper also includes a selection of results from the JLL New Zealand Aged Care Database (NZACD). This database has been updated for the past five years, at the same time as the NZRVD, and is comprised of New Zealand's aged care related facilities which include rest home, hospital and dementia beds. We have provided facility and bed number summaries nationally and by region, and compared the 2017 results with that of 2016. The NZACD data is used in valuation and consultancy jobs undertaken by JLL.

In order to be able to examine, analyse and forecast supply and demand within the retirement village industry, independent comprehensive data with a national scope is of paramount importance. The JLL NZRVD is able to cater to this demand, providing information on both the demand and supply sides of the equation. JLL's Research and Consultancy and Valuation teams can thus provide an array of specialised and customised services to an extensive range of clients – all based on accurate, annually updated data.

* In order to qualify as a retirement village, the property must have multiple units, accommodation and service/facilities created primarily for people in their retirement. At these locations residents generally pay a capital sum in return for their right to live within the village.

New Zealand's Ageing Population

New Zealand Overview

It is a well-established and accepted demographic fact that New Zealand's population is ageing, however before we address the forecasts generated by SNZ in 2017, this section begins by investigating the changes in the estimated population counts between June 2016 and June 2017.

Table 1: NZ & Auckland Region Estimated Population Count - June 2016 & 2017

| | New Zealand | | | | Auckland Region | | | |
|-------------|-------------|-----------|----------------|----------|-----------------|-----------|----------------|----------|
| | June (Est.) | | June 2016/2017 | | June (Est.) | | June 2016/2017 | |
| | 2016 | 2017 | Count Change | % Change | 2016 | 2017 | Count | % Change |
| Total | 4,693,200 | 4,793,900 | 100,700 | 2.1% | 1,614,500 | 1,657,200 | 42,700 | 2.6% |
| 65-74 years | 403,320 | 416,320 | 13,000 | 3.2% | 112,100 | 115,450 | 3,350 | 3.0% |
| 75-84 years | 212,040 | 221,510 | 9,470 | 4.5% | 56,120 | 58,780 | 2,660 | 4.7% |
| 85+ years | 83,050 | 85,220 | 2,170 | 2.6% | 22,150 | 22,570 | 420 | 1.9% |
| 65+ years | 698,410 | 723,050 | 24,640 | 3.5% | 190,370 | 196,800 | 6,430 | 3.4% |
| 75+ years | 295,090 | 306,730 | 11,640 | 3.9% | 78,270 | 81,350 | 3,080 | 3.9% |

Source: JLL Research and Consulting; Statistics New Zealand

At a national level the population aged 65-74 years increased by a count of 13,000 between 2016/2017, with 3,350 (26 percent) located within the Auckland Region. The 75-84 years' age group increased by a count of 9,470 nationally, with 2,660 (28 percent) of these located within the Auckland Region. The 85+ years age group increased by a count of 2,170 nationally, with 420 (19 percent) located within the Auckland Region.

Nationally, the percentage of residents aged 65+ increased from 14.9 percent in 2016 to 15.1 percent in 2017, while the percentage of residents aged 75+ increased from 6.3 percent in 2016 to 6.4 percent in 2017. In the Auckland Region the percentage of residents aged 65+ increased from 11.8 percent in 2016 to 11.9 percent in 2017, while the percentage of residents aged 75+ increased from 4.8 percent in 2016 to 4.9 percent in 2017.

Figure 1 - Growth for 65+ years and 75+ years in Auckland and New Zealand

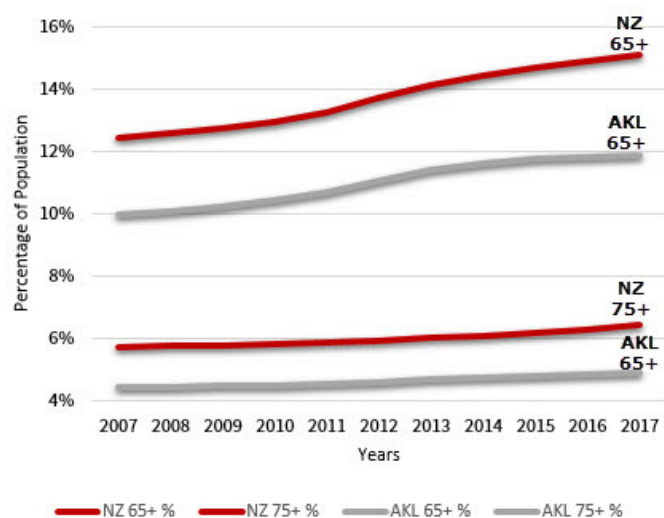


Figure 2 - Population Profile by Age Group

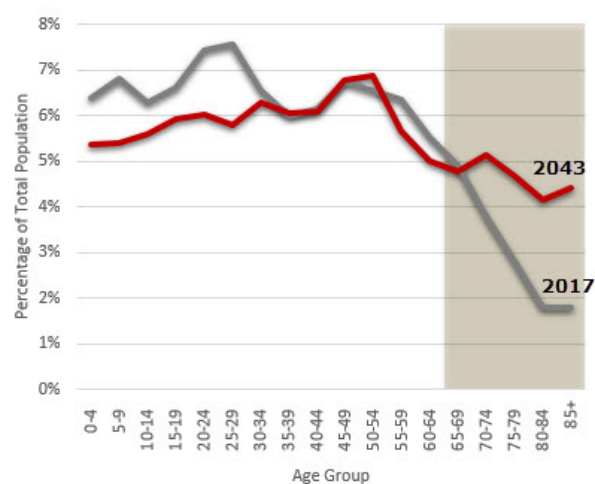


Figure one illustrates the increasing rate of percentage growth for the 65+ years and 75+ years population in the Auckland Region and New Zealand as a whole over the last ten-year period.

Figure two illustrates the population profile by age group estimated by SNZ as at June 2017 and the population projection by age group forecast under a medium growth scenario in June 2043 (a 26-year timeframe).

The proportion of the older population (65-85+ years) over the total population is expected to increase to 23.1 percent in 2043 from 15.1 percent in 2016, with a large increase in the 70-85+ years population.

New Zealand: If we take the estimated 11,640 additional residents aged 75+ years for the year ended June 2017 and apply a 13 percent penetration rate and an average unit occupancy rate of 1.3, an estimated additional demand for 1,164 units was generated over this 12-month period by the ageing population demand driver alone. According to the NZRVD the industry added 1,633 units in the year ended November 2017.

Auckland Region: If we take the estimated 3,080 additional residents aged 75+ years for the year ended June 2017 and apply a 16 percent penetration rate and an average unit occupancy rate of 1.3, an estimated additional demand for 379 units was generated over this 12-month period by the ageing population demand driver alone. According to the NZRVD the industry added 734 units in the year ended November 2017.

New Zealand – by the Regions

The following table illustrates the 75+ years population distribution by region as at June 2017, and the population forecasts by Statistics New Zealand based on a medium growth scenario to 2043. As at June 2017, 74 percent of 75+ year old residents lived in North Island, while 26 percent of total 75+ year old residents lived in South Island in 2017. Statistics New Zealand's population forecasts released in 2017 for the 75+ years age group, highlight the pull of larger cities and coastal living locations for this age group. As an example, the Auckland and Canterbury Regions are forecast to experience an increase in the share of population aged 75+ years from 40 percent in 2017 to 44 percent in 2043. The forecasts for New Zealand and the Auckland and Canterbury Regions are provided in table three.



Table 2: 75+ Years Population Distribution 2017 and Population Projection 2017/2043 – Medium Scenario

| | 75+ Years Population - Year as at June | | | | 2017/2043 | |
|--------------------------|--|---------|---------|---------|--------------|----------|
| | 2017 | 2023 | 2033 | 2043 | Count Change | % Change |
| Northland Region | 14,230 | 18,150 | 27,060 | 34,650 | 20,420 | 143% |
| Auckland Region | 81,350 | 109,190 | 170,020 | 240,120 | 158,770 | 195% |
| Waikato Region | 30,540 | 39,090 | 58,370 | 77,620 | 47,080 | 154% |
| Bay of Plenty Region | 24,960 | 30,370 | 43,440 | 55,940 | 30,980 | 124% |
| Gisborne Region | 3,070 | 3,630 | 5,600 | 7,080 | 4,010 | 131% |
| Hawke's Bay Region | 12,920 | 16,240 | 23,340 | 29,580 | 16,660 | 129% |
| Taranaki Region | 8,970 | 10,800 | 15,530 | 19,910 | 10,940 | 122% |
| Manawatu-Wanganui Region | 18,900 | 22,790 | 31,800 | 39,920 | 21,020 | 111% |
| Wellington Region | 31,120 | 39,750 | 57,950 | 78,400 | 47,280 | 152% |
| Tasman Region | 4,140 | 6,070 | 9,540 | 12,390 | 8,250 | 199% |
| Nelson Region | 4,300 | 5,750 | 8,660 | 11,340 | 7,040 | 164% |
| Marlborough Region | 4,380 | 5,940 | 8,270 | 9,880 | 5,500 | 126% |
| West Coast Region | 2,440 | 2,920 | 4,250 | 5,500 | 3,060 | 125% |
| Canterbury Region | 42,190 | 54,110 | 80,670 | 107,710 | 65,520 | 155% |
| Otago Region | 15,820 | 19,930 | 29,470 | 37,990 | 22,170 | 140% |
| Southland Region | 7,360 | 8,760 | 12,240 | 15,510 | 8,150 | 111% |
| North Island | 226,050 | 290,000 | 433,090 | 583,210 | 357,160 | 158% |
| South Island | 80,640 | 103,480 | 153,100 | 200,310 | 119,670 | 148% |
| New Zealand | 306,730 | 393,600 | 586,300 | 783,600 | 476,870 | 155% |

Source: JLL Research and Consulting; Statistics New Zealand

Table 3: Population Forecasts 2017 to 2043 – Medium Scenario

| | Year as at June | | | | 2017/2043 | |
|-------------------|-----------------|-----------|-----------|-----------|--------------|----------|
| | 2017 | 2023 | 2033 | 2043 | Count Change | % Change |
| New Zealand | | | | | | |
| Total | 4,793,900 | 5,157,900 | 5,595,000 | 5,923,100 | 1,129,200 | 24% |
| 65-74 years | 416,320 | 492,100 | 595,800 | 586,600 | 170,280 | 41% |
| 75-84 years | 221,510 | 294,400 | 417,200 | 523,000 | 301,490 | 136% |
| 85+ years | 85,220 | 99,200 | 169,100 | 260,600 | 175,380 | 206% |
| 65+ years | 723,050 | 885,700 | 1,182,100 | 1,370,200 | 647,150 | 90% |
| 75+ years | 306,730 | 393,600 | 586,300 | 783,600 | 476,870 | 155% |
| Auckland region | | | | | | |
| Total | 1,657,200 | 1,859,300 | 2,112,000 | 2,326,200 | 669,000 | 40% |
| 65-74 years | 115,450 | 142,830 | 183,530 | 192,650 | 77,200 | 67% |
| 75-84 years | 58,780 | 81,510 | 120,710 | 160,850 | 102,070 | 174% |
| 85+ years | 22,570 | 27,680 | 49,310 | 79,270 | 56,700 | 251% |
| 65+ years | 196,800 | 252,020 | 353,550 | 432,770 | 235,970 | 120% |
| 75+ years | 81,350 | 109,190 | 170,020 | 240,120 | 158,770 | 195% |
| Canterbury region | | | | | | |
| Total | 612,000 | 664,200 | 721,700 | 767,300 | 155,300 | 25% |
| 65-74 years | 54,210 | 66,640 | 80,440 | 79,320 | 25,110 | 46% |
| 75-84 years | 29,940 | 39,930 | 57,170 | 71,350 | 41,410 | 138% |
| 85+ years | 12,250 | 14,180 | 23,500 | 36,360 | 24,110 | 197% |
| 65+ years | 96,400 | 120,750 | 161,110 | 187,030 | 90,630 | 94% |
| 75+ years | 42,190 | 54,110 | 80,670 | 107,710 | 65,520 | 155% |

Source: JLL Research and Consulting; Statistics New Zealand

A photograph of an elderly couple walking hand-in-hand on a sandy beach. The man is on the left, wearing a white long-sleeved shirt and light-colored trousers, with glasses. The woman is on the right, wearing a white long-sleeved shirt and light-colored trousers, with a light-colored shawl draped over her shoulders. They are both smiling and looking at each other. The background shows the ocean and a clear blue sky.

The 75+ years population in New Zealand is forecast to increase by a count of 476,870, a 155 percent growth rate between 2017 and 2043. The Auckland Region is expected to capture 158,770 of these residents, taking the region's count of residents within this age group from 81,350 in 2017 to 240,120 in 2043, a growth of 195 percent. The Canterbury Region is expected to capture 65,520 of New Zealand's resident growth within the 75+ age group, taking the region's count of residents within this age group from 42,190 in 2017 to 107,710 in 2043, a growth of 155 percent.

The regional distribution of residents in the 75+ age bracket is forecast to remain relatively stable between 2017 and 2043 with the exception being the Auckland Region which is forecast to increase its percentage from 27 in 2017 to 31 percent in 2043. The distribution between the North and South Islands is expected to remain relatively stable at circa 74 percent in the North Island and 26 percent in the South Island 2017/2043.

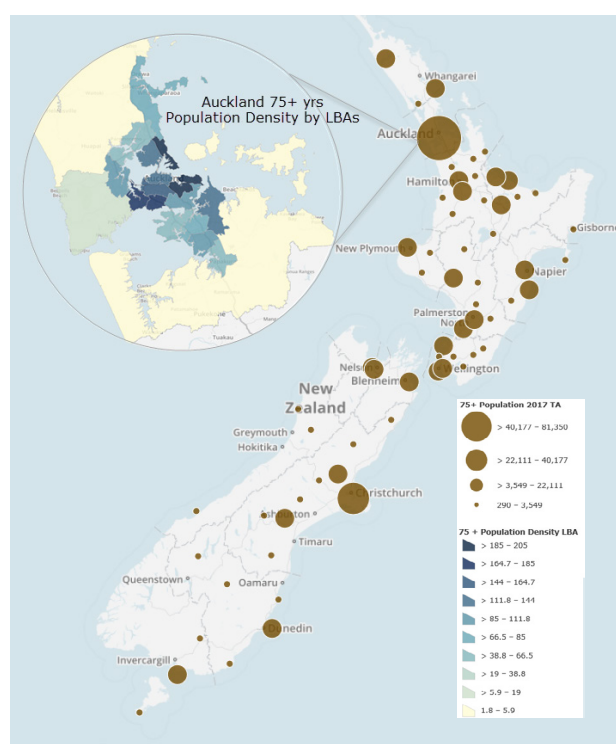
Using Statistics New Zealand's medium scenario population forecasts, combined with a penetration rate of 13 percent, and an average unit occupancy rate of 1.3, we can estimate the demand for retirement village units driven by New Zealand's ageing population over the time period 2017 to 2043. The results indicate a demand for an additional 1,834 units per annum over this 26-year time frame.

If we apply the same methodology to the Auckland Region, but use the region's 2017 penetration rate of 16 percent instead of the national 13 percent, it would indicate an annual additional demand for 752 units per annum driven by the ageing population demand driver 2017/2043.

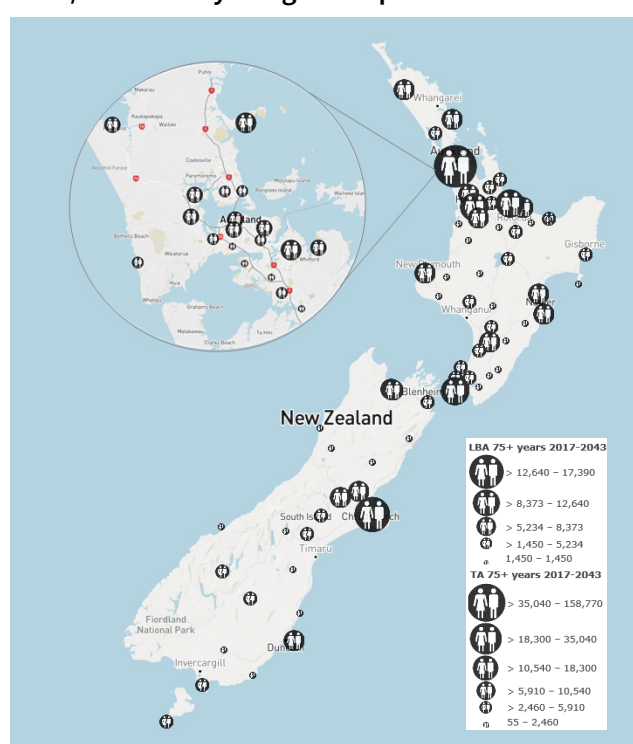
New Zealand – Territorial Authorities (TA's) and Local Board Areas (LBA's)

The following maps provide a geographical illustration of the distribution of New Zealand's population aged 75+ years as at June 2017, by territorial authority or local board area in the Auckland Region. As well as the distribution of the population growth projected for the 75+ years age group between 2017 and 2043.

Map 1: Population Distribution June 2017 - 75+ yrs. – NZ TAs and Auckland LBAs



Map 2: Population Growth Distribution 2017/2043 - 75+ yrs. Age Group



Source: JLL Research and Consulting; Statistics New Zealand

75+ Age Group Densities

The densities of population aged 75+ years is forecast to increase considerably in a number of areas. Within the Local Board Areas of the Auckland Region the Devonport-Takapuna LBA is forecast to increase from a density of 205/sq km in 2017 to 459/sq km in 2043, the Orakei LBA is forecast to increase from density of 187 sq/km in 2017 to 477 sq/km in 2043, while the Whau LBA is forecast to increase from a density of 181/sq km in 2017 to 402/sq km in 2043. The largest increase in density is forecast for the LBA of Waitemata, increasing from 107/sq km in 2017 to 564/sq km 2043, with an increase in density of 447/sq km 2017/2043.

The densities in the NZ Territorial Authority areas and the population projection by SNZ based on a medium growth scenario indicate the highest densities are currently Tauranga City with 94/sq km, which is projected to increase to 207/sq km in 2043; Hamilton City with a density of 77/sq km in 2017, which is projected to increase to 202/sq km in 2043; Napier City with a density of 52/sq km in 2017, which is projected to increase to 113/sq km in 2043 and Wellington City with a density of 30/sq km in 2017, which projected to increase to 93/sq km in 2043. However, Christchurch City has relatively lower density of 17/sq km in 2017, projected to increase to 41/sq km in 2043, while Auckland has a notably lower density of 16/sq km in 2017, projected to increase to 49/sq km in 2043.

Section Summary

It is a well-established and accepted demographic fact that New Zealand's population is ageing. Statistics New Zealand forecasts a population aged 75+ years of 783,600 by 2043, accounting for 13 percent of the total population, up from a count of 306,730 and six percent of the population in 2017 due to aging population. Auckland and Canterbury are two large regions to capture the growth of aging population. The growth in this age group leads to a corresponding demand for not only appropriate housing, but also a demand for security, socialisation and health related support services.

Whilst the retirement village accommodation option is not for everyone as the next section illustrates, approximately 13 percent of New Zealand's residents aged 75 plus have chosen this option as at November 2017.

NZRVD 2017 Statistics

National Summary Data

A comparison of data from the 2016 and 2017 NZRVDs show a decline in registered villages count of one, an increase in unit numbers of 1,633, and an increase in the estimated resident count of 2,123. A number of small retirement villages have been deregistered over the year ended 2017. The results are summarised in the following table.

Table 4: Summary Results Table – Operating Villages

| NZRVD Year | Villages | Units | Est. Residents | Penetration rate | |
|--------------------|----------|--------|----------------|------------------|----------|
| | | | | 65+ years | 75 years |
| 2012 | 343 | 21,815 | 24,651 | 4.2% | 9.4% |
| 2013 | 351 | 24,148 | 27,287 | 4.5% | 10.5% |
| 2014 | 363 | 25,272 | 32,854 | 5.1% | 12.0% |
| 2015 | 376 | 26,307 | 34,199 | 5.1% | 12.1% |
| 2016 | 383 | 28,168 | 36,618 | 5.2% | 12.4% |
| 2017 | 382 | 29,801 | 38,741 | 5.4% | 12.6% |
| 2016 - 2017 Change | -1 | 1,633 | 2,123 | 0.2% | 0.2% |

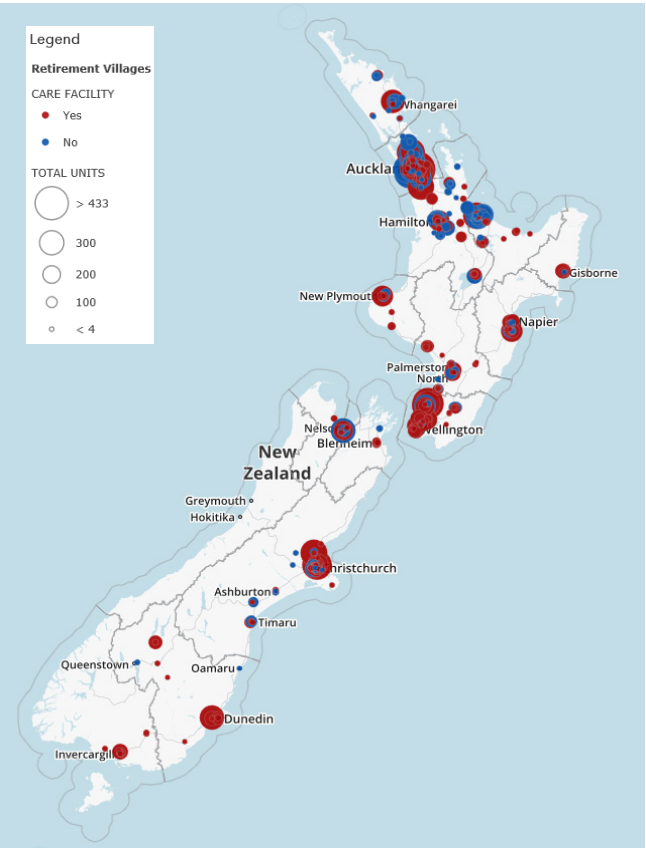
Source: JLL Research and Consulting; NZRVD 2012-2017

The NZRVD 2017 recorded a total of 382 villages, 29,801 units and 38,741 residents as at November 2017. Resulting in a 65 plus penetration rate of 5.4 percent and 75 plus penetration rate of 12.6 percent.

Note: The 2012 and 2013 databases used an average number of residents per unit ratio of 1.13, which was updated to a ratio of 1.3 from 2014; therefore, the growth in estimated residents 2013/2014 was impacted by two variables, the first being an increase in retirement village units, the second is an increase in the number of couples living together within the villages, which has impacted the occupancy per unit ratio.

Retirement Village and Unit Numbers by Region

Map 3: RV Unit Distribution - NZRVD 2017



There was a strong trend of retirement village unit growth across a majority of regions. Areas such as Auckland enjoyed substantial growth, increasing by 734 units, capturing 45 percent of the total national growth in unit numbers, while the Canterbury Region experienced growth of 549 units, capturing 34 percent of the total national growth in unit numbers for the year end November 2017.

Of the 29,801 retirement village units in New Zealand, 9,832 (33 percent) are located within the Auckland Region, followed by the Canterbury Region with 3,877 units (13 percent), and the Bay of Plenty Region with 3,345 (11 percent). These statistics are illustrated in the following map and table.

Village sizes vary greatly across the regions with an average size in Auckland of 117 units, contrasting with 38 units per village in Southland. Villages are becoming larger with the average village size in the new village development pipeline being 167 units, compared to the NZRVD 2017 operating villages’ average of 78 units.

Table 5: Village/Unit Distribution - Region 2017

| | Operating Villages – NZRVD 2017 | | | | |
|-------------------|---------------------------------|----------|----------------|-------------|---------------------|
| | Counts | | | National % | |
| Region | Village No. | Unit No. | Est. Residents | Village No. | Unit & Resident No. |
| Auckland | 84 | 9,832 | 12,782 | 22% | 33% |
| Canterbury | 71 | 3,877 | 5,040 | 19% | 13% |
| Bay of Plenty | 41 | 3,345 | 4,349 | 11% | 11% |
| Waikato | 37 | 2,510 | 3,263 | 10% | 8% |
| Wellington | 36 | 3,354 | 4,360 | 9% | 11% |
| Manawatu-Wanganui | 25 | 1,399 | 1,819 | 7% | 5% |
| Northland | 16 | 907 | 1,179 | 4% | 3% |
| T/N/M | 17 | 1,160 | 1,508 | 4% | 4% |
| Hawke's Bay | 16 | 1,163 | 1,512 | 4% | 4% |
| Otago | 13 | 822 | 1,069 | 3% | 3% |
| Taranaki | 11 | 707 | 919 | 3% | 2% |
| Southland | 10 | 377 | 490 | 3% | 1% |
| Gisborne | 5 | 348 | 452 | 1% | 1% |
| West Coast | 0 | 0 | 0 | 0% | 0% |
| New Zealand | 382 | 29,801 | 38,741 | | |

Source: JLL Research and Consulting; NZRVD 2017

* Tasman-Nelson-Marlborough

Six Large Retirement Village Operators

Ownership

Overall the estimated units owned by six of the largest retirement village operators increased from a count of 14,564 in the NZRVD 2016 to 17,266 in the NZRVD 2017, an increase of 24 villages and 2,702 units. Resulting in a growth of 19 percent in estimated units and 17 percent in the number of villages.

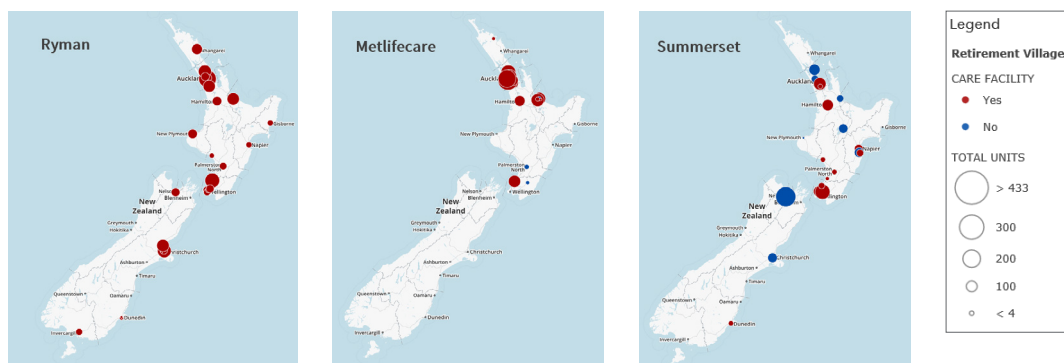
Table 6: Village Ownership – Six Largest by Estimated Unit Numbers

| Parent companies | NZRVD 2016 | | | | NZRVD 2017 | | | |
|------------------|---------------|------------|----------------------|----------------------|---------------|------------|--------------|----------------------|
| | Est. units | Villages | Average Size (units) | % Total Market Share | Est. Units | Villages | Average Size | % Total Market Share |
| Ryman | 5,254 | 30 | 175 | 19% | 5,709 | 30 | 190 | 19% |
| Metlifecare | 3,995 | 25 | 160 | 14% | 4,170 | 25 | 167 | 14% |
| Summerset | 2,609 | 20 | 130 | 9% | 2,786 | 20 | 139 | 9% |
| Bupa | 1,520 | 35 | 43 | 5% | 1,585 | 36 | 44 | 5% |
| Oceania | 1,186 | 28 | 42 | 4% | 1,280 | 27 | 47 | 4% |
| Arvida | 1,179 | 21 | 56 | 4% | 1,736 | 24 | 72 | 6% |
| Total | 14,564 | 138 | 106 | 55% | 17,266 | 162 | 107 | 57% |

Source: JLL NZRVD 2016, NZRVD 2017

Ryman has an estimated 19 percent of New Zealand's total retirement village units, followed by Metlifecare with 14 percent, resulting in Ryman and Metlifecare supplying 33 percent of New Zealand's total units. Arvida Group has an estimated six percent of New Zealand's total retirement village units in 2017, which is up from four percent in 2016. This is a result of the acquisition of three retirement villages. The six largest operators now supply 57 percent of New Zealand's total units, up from 55 percent in 2016.

Map 4: Unit and Village Distribution 2017 – Ryman, Metlifecare and Summerset

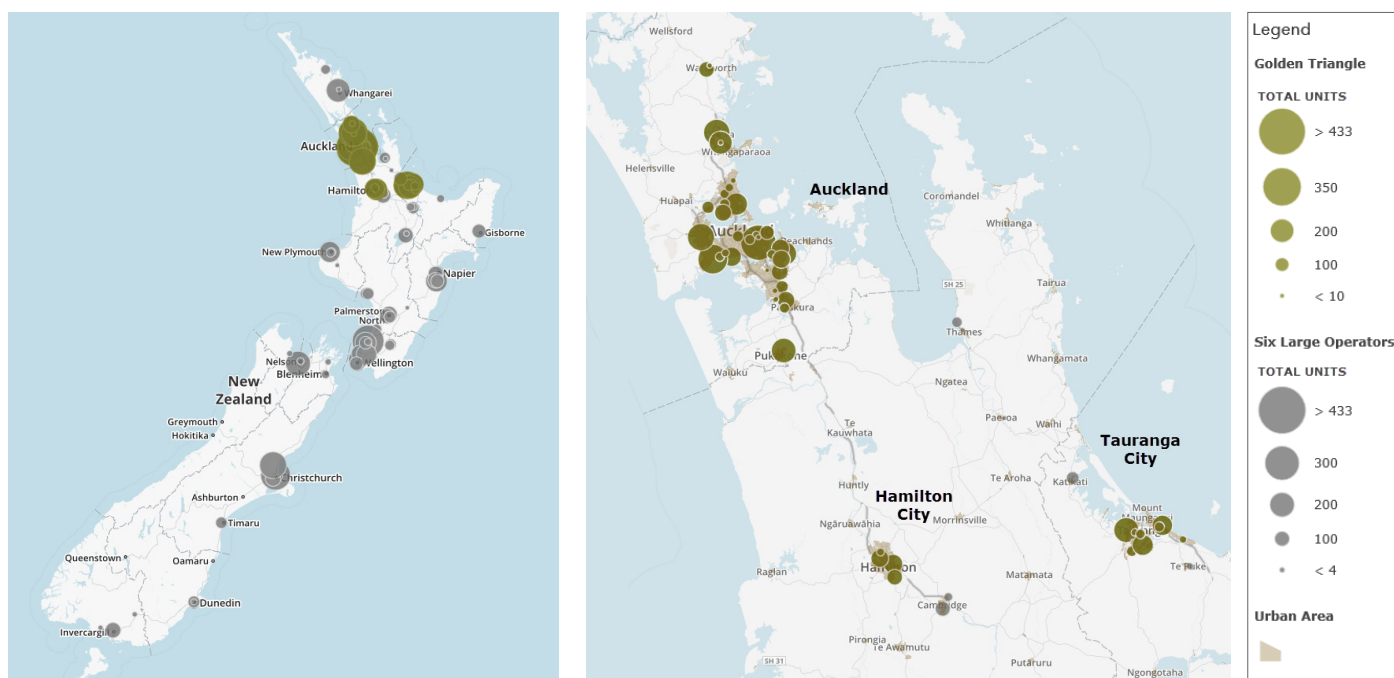


Source: JLL Research and Consulting; Statistics New Zealand

Supply within The Golden Triangle: The “golden triangle” incorporates the cities of Auckland, Hamilton and Tauranga. Tauranga City is located within the Bay of Plenty Region while Hamilton City is located within the Waikato Region.

Map five illustrates the distribution of villages and units operated by the industries six largest operators and the concentration of villages and units within the “golden triangle”.

Map 5: Golden Triangle - Six Large Operators Unit and Village Distribution



Source: JLL NZRVD 2017

Six of the largest retirement village operators had an estimated 58 villages and 7,741 retirement village units within the “golden triangle” as at November 2017, thus 36 percent of villages and 45 percent of the units supplied by these operators are located within this area. As illustrated in the development pipeline section of this paper, the six largest operators’ development pipeline is also heavily weighted within this area.

Penetration Rates (PR) – 75+ years

Penetration rates provide an indication of an areas residents' supportiveness and demand for retirement village accommodation and helps to indicate future unit demand potential for sub-areas of New Zealand. Whilst the national penetration rate has already been detailed within this paper, the following table provides the results at a regional level.

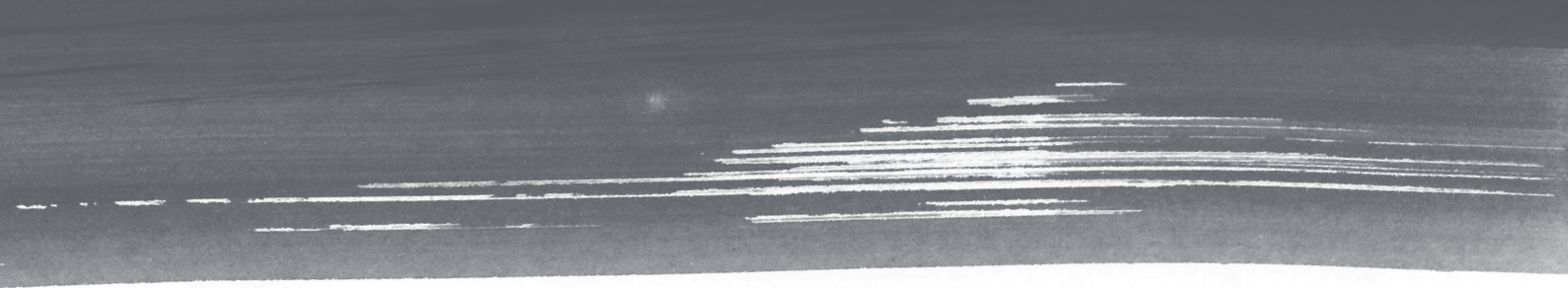
The highest penetration rates as at November 2017, and thus the largest proportion of the population aged 75+ years of age living within retirement villages, are located in the Bay of Plenty Region with 17.4 percent; the Auckland Region with 15.7 percent; and the Wellington Region with 14.0 percent. Overall, the national penetration rate is 12.6 percent, with 13.6 percent in the North Island and 10.1 percent in the South Island.

Table 7: Penetration Rates (PR) by Region- November 2016 & 2017

| Region | NZRVD 2016 | | | NZRVD 2017 | | |
|--------------------|---------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
| | Est. Resident Count | Population June 2106 | Penetration Rates (PR) | Est. Resident Counts | Population June 2017 | Penetration Rates (P |
| | Nov 16 | 75+ Years | 75+ PR | Nov 17 | 75+ Years | 75+ PR |
| Auckland | 11,827 | 78,260 | 15.1% | 12,782 | 81,350 | 15.7% |
| Bay of Plenty | 4,155 | 23,820 | 17.4% | 4,349 | 24,960 | 17.4% |
| Canterbury | 4,326 | 40,770 | 10.6% | 5,040 | 42,190 | 11.9% |
| Wellington | 4,308 | 30,070 | 14.3% | 4,360 | 31,120 | 14.0% |
| Waikato | 3,242 | 29,090 | 11.1% | 3,263 | 30,540 | 10.7% |
| Manawatu-Wanganui | 1,703 | 18,320 | 9.3% | 1,819 | 18,900 | 9.6% |
| Hawke's Bay | 1,537 | 12,440 | 12.4% | 1,512 | 12,920 | 11.7% |
| T/N/M | 1,542 | 12,220 | 12.6% | 1,508 | 12,820 | 11.8% |
| Northland | 1,188 | 13,430 | 8.8% | 1,179 | 14,230 | 8.3% |
| Otago | 1,040 | 15,320 | 6.8% | 1,069 | 15,820 | 6.8% |
| Taranaki | 857 | 8,760 | 9.8% | 919 | 8,970 | 10.2% |
| Gisborne | 452 | 2,950 | 15.3% | 490 | 3,070 | 14.7% |
| Southland | 441 | 7,210 | 6.1% | 452 | 7,360 | 6.1% |
| West Coast | 0 | 2,360 | 0.0% | 0 | 2,440 | 0% |
| New Zealand | 36,618 | 295,070 | 12.4% | 38,741 | 306,690 | 12.6% |
| North Island | 29,270 | 217,150 | 13.5% | 30,635 | 226,050 | 13.6% |
| South Island | 7,349 | 77,860 | 9.4% | 8,107 | 80,640 | 10.1% |

Source: JLL NZRVD 2016 & 2017; Statistics New Zealand Medium Scenario Estimates 75+ Age Group

* Tasman-Nelson-Marlborough



The national 75+ years penetration rate rose slightly from 12.4 percent as at November 2016 to 12.6 percent in 2017. The number of New Zealand residents aged 75+ years increased by approximately 11,620, a four percent growth, while the estimated number of retirement village residents increased by 2,123, a six percent growth.

The penetration rates remain notably differentiated across the regions with the weather quality, proximity to the coast and population density becoming increasingly robust demand indicators.

The North Island has a 13.6 percent 75 plus rate, compared to 10.1 percent in the South Island, with the wilder, colder regions of the West Coast, Otago and Southland experiencing the lowest rates. The North Island's PR increased from 13.5 percent in 2016 to 13.6 percent in 2017, with a growth of 1,365 estimated retirement village residents, and 8,900 residents aged 75+ years. The South Island experienced a PR growth from 9.4 percent in 2016 to 10.1 percent in 2017, with a growth of 758 estimated retirement village residents and 2,780 residents aged 75+ years.

The highest growth in unit numbers as a percentage of resident numbers was experienced in the Canterbury Region with a growth of 714 retirement village residents and 1,420 residents aged 75+ years. This increased the penetration rate from 10.6 percent in 2016 to 11.9 percent in 2017. This is due to a large increase of 16.5 percent in estimated resident counts, compared to an increase of only 3.5 percent in the 75+ years population in 2017. Another region which experienced notable unit growth compared to the growth in residents aged 75+ years was the Auckland Region, which increased the retirement village resident count by 955, while the 75+ age group increased by 3,090, changing the PR from 15.1 percent in 2016 to 15.7 percent in 2017. Also, the regions of Manawatu-Wanganui increased retirement village resident counts by 116, while the residents aged 75+ years increased by 580, increasing the PR from 9.3 percent in 2016 to 9.6 percent in 2017.

The PR in the Bay of Plenty Region remains unchanged at 17.4 percent, but it maintained its position as the region with the highest penetration rate in New Zealand. The Auckland Region is closing the gap with the variation between the two regions' 75 plus rate dropping from 2.3 percent in 2016 to 1.7 percent in 2017.



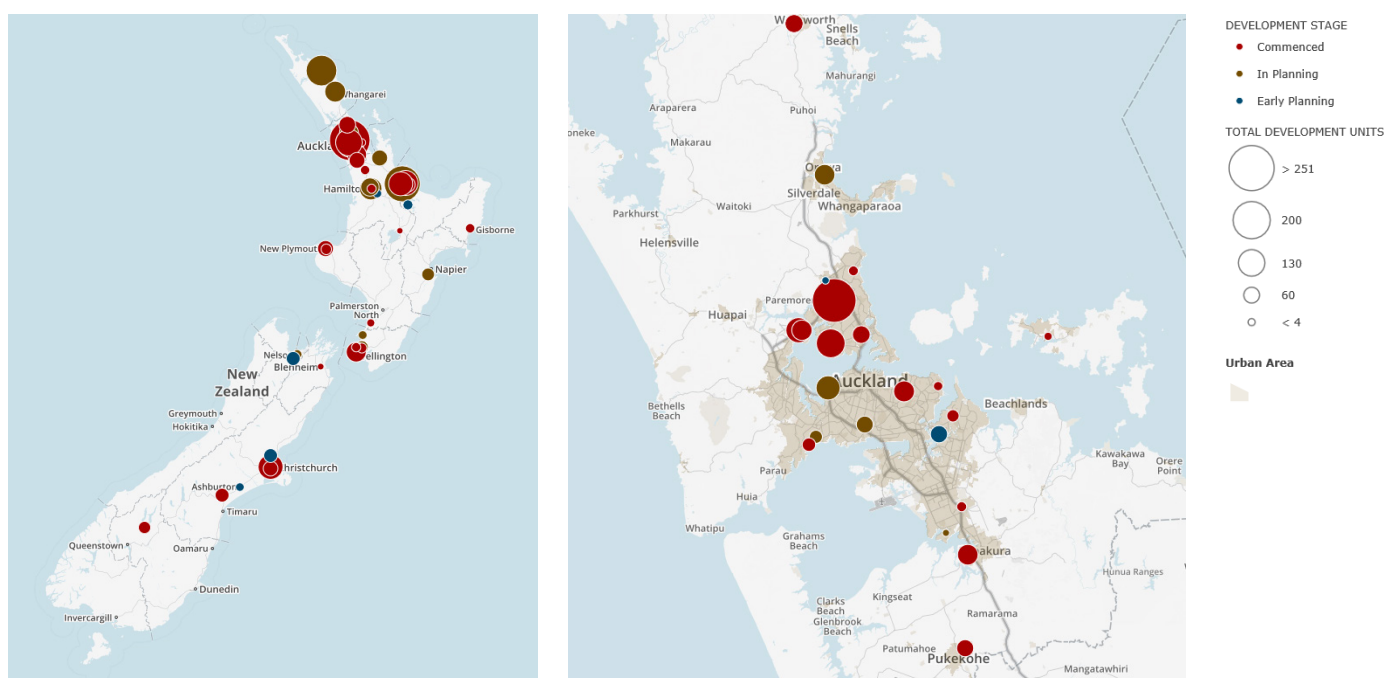
Development Pipeline

Estimated Development Pipeline Distribution 2017

The development pipeline section of the Master NZRVD records detailed information on the pipeline, not only at current NZCO registered villages, but also potential villages with planning under way. The database records planning status, planned unit numbers and type, and any comments regarding the overall development.

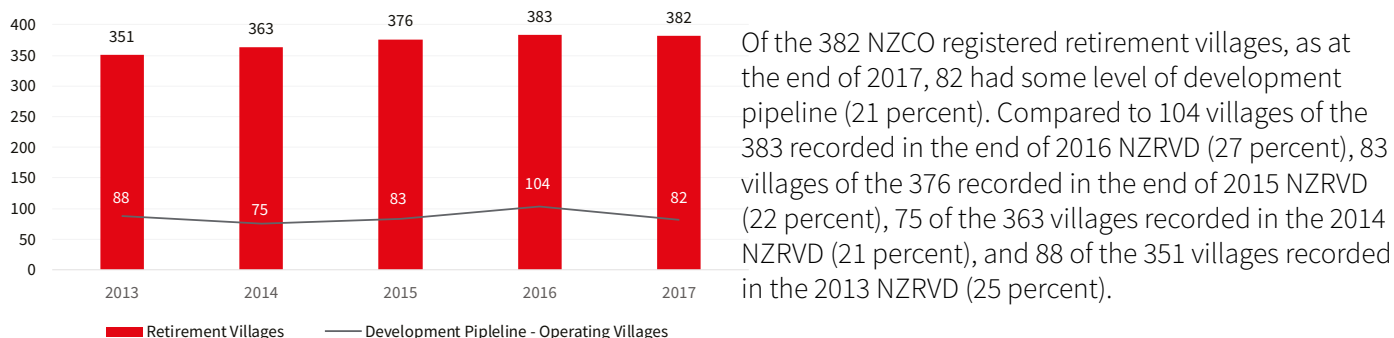
The following maps illustrate the geographical distribution of the estimated units within the development pipeline at currently operating villages and new villages.

Map 6: Currently Operating Villages Development Pipeline – New Zealand & Auckland



Source: JLL Research and Consulting; NZRVD 2017 – Development Pipeline

Figure 3: Retirement Villages vs. Operating Villages Development Pipeline Supply 2013 - 2017

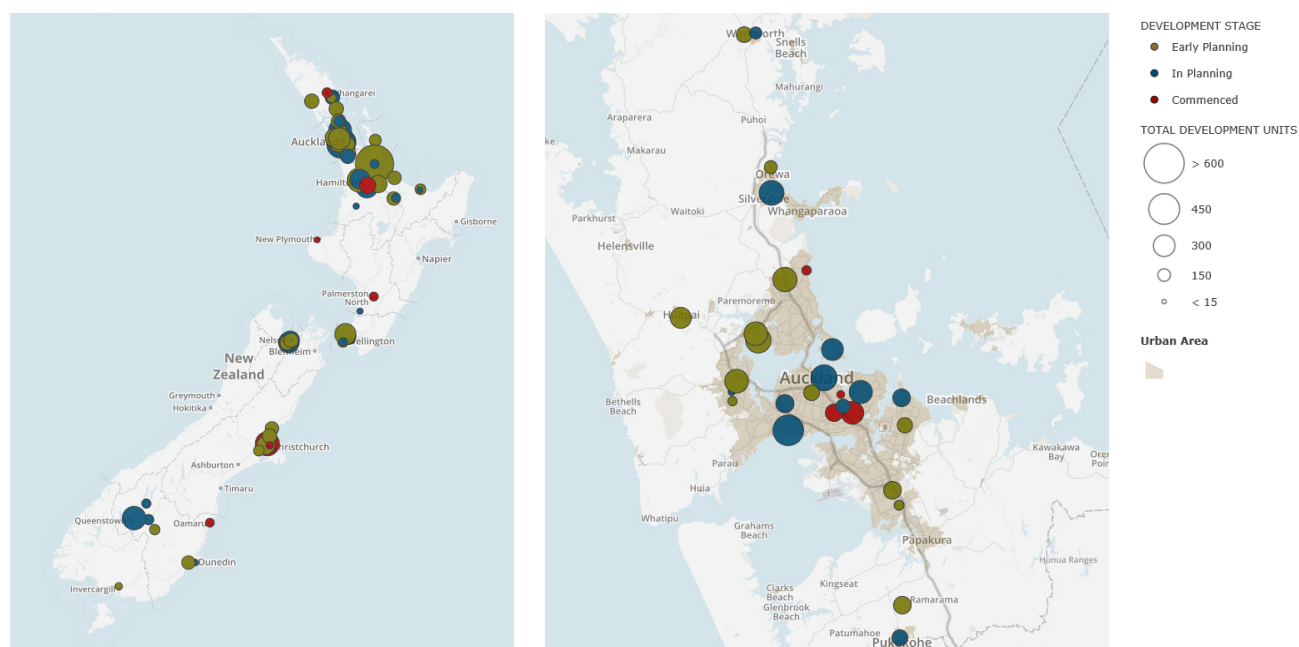


Of the 382 NZCO registered retirement villages, as at the end of 2017, 82 had some level of development pipeline (21 percent). Compared to 104 villages of the 383 recorded in the end of 2016 NZRVD (27 percent), 83 villages of the 376 recorded in the end of 2015 NZRVD (22 percent), 75 of the 363 villages recorded in the 2014 NZRVD (21 percent), and 88 of the 351 villages recorded in the 2013 NZRVD (25 percent).

Source: JLL Research and Consulting; NZRVD 2017 – Development Pipeline

NZRVD 2017 recorded less operating retirement villages development pipeline in 2017 compared with 2016, this is due to the movement in the property development cycle. Map six illustrates more development pipeline units within operating retirement villages are at the development stage of “Commenced” (43 villages, 52 percent), compared to the units “In Planning” (26 villages, 32 percent) and “Early Planning” (13 villages, 16 percent) as recorded in November 2017. Map seven illustrated the development pipeline at new villages.

Map 7: New Villages Development Pipeline – New Zealand & Auckland



Source: JLL Research and Consulting; NZRVD 2017 – Development Pipeline

The new village development pipeline is stronger as at November 2017 with 81 new villages, compared to the 68 recorded in November 2016, 65 as at November 2015, and 51 new villages recorded in November 2014 NZRVD. More development pipeline units for new villages are under the stage of “Early Planning” (36 villages, 44 percent) and the “In Planning” stage (30 villages, 37 percent), there are only a small numbers of new villages under the stage of “Commenced” (13 villages, 16 percent).

The results by region are provided in the following table. The table provides development pipeline data at currently operating villages, new villages and a total by region. The NZRVD 2017 contains estimated unit numbers for 81 of the 82 currently operating villages at which development pipeline has been identified. The database also contains estimated unit numbers for 73 of the 81 new villages identified in the development pipeline.

Table 8: Development Pipeline Summary Table - NZRVD 2017

| | Currently Operating Villages | | | New Villages | | | Total | |
|-------------------|--------------------------------|---|-------------------------|------------------------|---|------------------------|--------|---------------------|
| Region | Current Villages with Pipeline | No. Villages with Unit Numbers in NZRVD | Est. Total Unit Numbers | Number of New Villages | No. Villages with Unit Numbers in NZRVD | Est. Total Unit Number | Units | % of Total Pipeline |
| Auckland | 22 | 22 | 1,632 | 28 | 25 | 5,201 | 6,833 | 40.5% |
| Bay of Plenty | 12 | 12 | 868 | 6 | 6 | 540 | 1,408 | 8.3% |
| Canterbury | 16 | 15 | 761 | 9 | 7 | 1,017 | 1,778 | 10.5% |
| Gisborne | 1 | 1 | 26 | 0 | 0 | 0 | 26 | 0.2% |
| Hawke's Bay | 1 | 1 | 50 | 0 | 0 | 0 | 50 | 0.3% |
| Manawatu-Wanganui | 1 | 1 | 17 | 2 | 2 | 90 | 107 | 0.6% |
| T/N/M | 5 | 5 | 125 | 5 | 4 | 866 | 991 | 5.9% |
| Northland | 5 | 5 | 370 | 6 | 4 | 407 | 777 | 4.6% |
| Otago | 1 | 1 | 46 | 8 | 8 | 1,029 | 1,075 | 6.4% |
| Southland | 0 | 0 | 0 | 1 | 1 | 41 | 41 | 0.2% |
| Taranaki | 2 | 2 | 107 | 1 | 1 | 15 | 122 | 0.7% |
| Waikato | 10 | 10 | 444 | 9 | 9 | 2,143 | 2,587 | 15.3% |
| Wellington | 6 | 6 | 275 | 6 | 6 | 814 | 1,089 | 6.4% |
| New Zealand | 82 | 81 | 4,721 | 81 | 72 | 12,163 | 16,884 | 100.0% |

Source: JLL Research and Consulting; NZRVD 2017

*T-N-M = Tasman-Nelson-Marlborough

When placed in a regional context the Auckland Region captures 40.5 percent of the development pipeline, with 6,833 units, followed by 15.3 percent and 2,587 units in the Waikato Region, and 10.5 percent, 1,778 units, in the Canterbury Region. These three regions captured 66 percent of New Zealand's retirement village unit development pipeline. The regions of Auckland, the Bay of Plenty and Waikato, which contains the golden triangle, captures for 64 percent of New Zealand's retirement village unit development pipeline.

There is a notable disparity between the distribution of New Zealand's population aged 75+ years across the regions and the development pipeline. For example, the Auckland Region had 33 percent of the population aged 75+ years as at June 2017, while the region captured 41 percent of the development pipeline units recorded in the JLL NZRVD 2017. The Waikato Region had 10 percent of population aged 75+ years as at June 2017, while the area captured 15 percent of development pipeline units. However, the region of Manawatu-Wanganui captured six percent of the population aged 75+ years in 2017, but only captures 0.6 percent of the development pipeline units. Likewise, the Hawke's Bay Region captures four percent of the population aged 75+ years but only 0.3 percent of the development pipeline.

Estimated Development Pipeline - Six Largest Operators

The results of the development pipeline data gathered for the six largest village operators, are displayed in the following table. The six largest village operators have an estimated development pipeline of 9,161 units, of which 31 percent are located at currently operating villages and 69 percent at new villages.

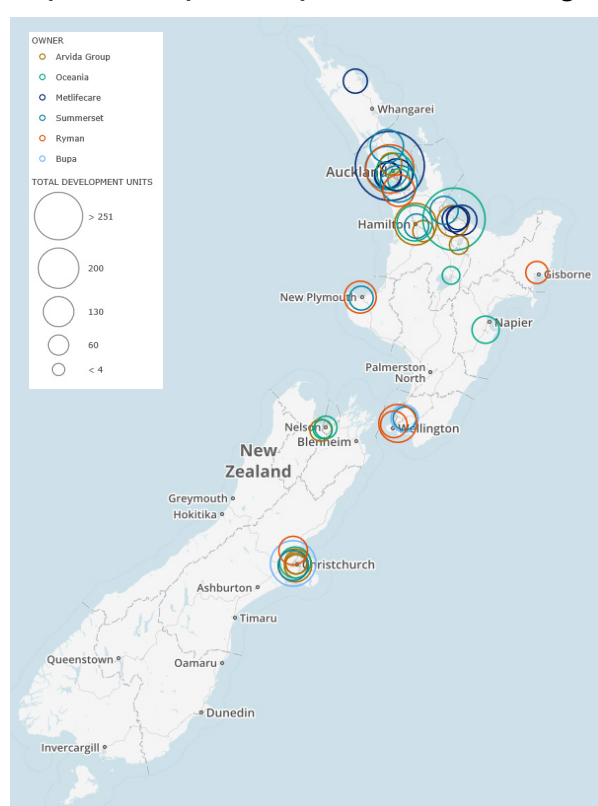
Table 9: Six Largest Operators – Development Pipeline

| Parent companies | Development Pipeline Units - NZRVD 2016 | | | Development Pipeline Units - NZRVD 2017 | | |
|------------------|---|--------------|--------------|---|--------------|--------------|
| | Currently Operating Village | New Village | Total | Currently Operating Village | New Village | Total |
| Ryman | 862 | 1,602 | 2,464 | 528 | 1,956 | 2,484 |
| Metlifecare | 1,029 | 765 | 1,794 | 587 | 1,090 | 1,677 |
| Summerset | 872 | 1,947 | 2,819 | 519 | 2,512 | 3,031 |
| Bupa | 380 | 376 | 756 | 188 | 145 | 333 |
| Oceania | 514 | 203 | 717 | 590 | 272 | 862 |
| Arvida | 278 | 0 | 278 | 428 | 346 | 774 |
| Total | 3,935 | 4,893 | 8,828 | 2,840 | 6,321 | 9,161 |

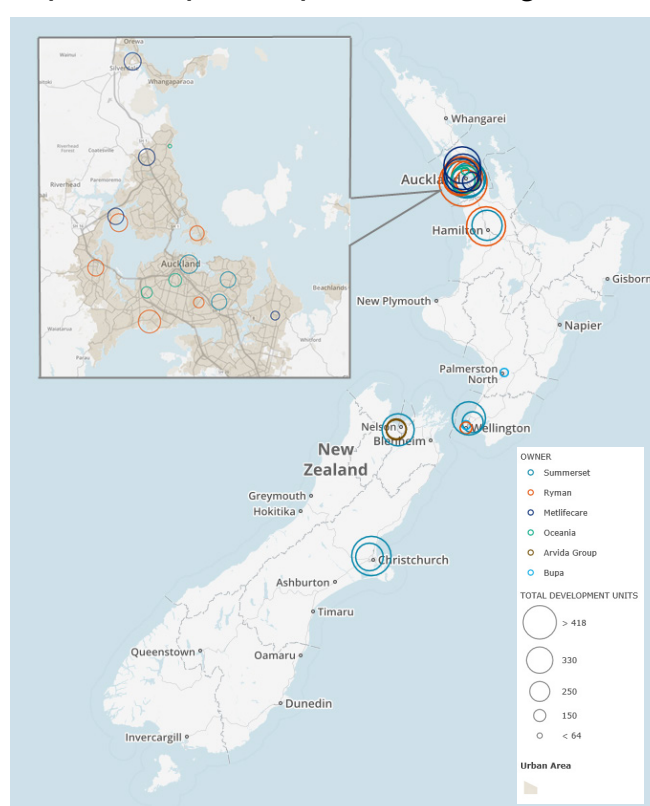
Source: JLL Research and Consulting; NZRVD 2016 & NZRVD 2017

Compared to the results of the NZRVD 2016, the six largest village operators' development pipeline has increased 333 units from a count of 8,828 units in 2016, to 9,161 units in 2017. However, the combined market share declined one percent from 56 percent in 2016, to 55 percent of the national development pipeline.

Map 8: Development Pipeline – Current Villages



Map 9: Development Pipeline – New Villages



Source: JLL Research and Consulting; NZRVD 2016 & NZRVD 2017

The NZRVD recorded a development pipeline of 519 units at Summerset's currently operating villages and 2,512 units at new villages, with 628 units in the "Commenced" stage. Thus creating a development pipeline of 3,031 units, which is 109 percent of Ryman's 2017 currently operating unit total.

Ryman also has a strong development pipeline in place of 2,484 units and is significantly focused on new village development. A count of 528 units, or 21 percent, are located at operating villages and a count of 1,956 units or 79 percent are located at new villages. Summerset has announced a build rate of 400 units per annum from FY 2016 and beyond, up from 300 in FY 2015.

Metlifecare has an estimated development pipeline of 1,677 units, 587 units or 35 percent, located at currently operating villages and 1,090 units or 65 percent located at new village developments as at November 2017.

Oceania is focusing on a larger portion of its development pipeline units at currently operating villages (68 percent) compared to new villages (32 percent), while Bupa has a relatively evenly split focus on developing both current operating (56 percent) and new villages (44 percent).



Arvida Group had no development pipeline in place for new village in 2016 but it has 346 development pipeline units for new villages, as recorded at NZRVD 2017. The main reason is Arvida Group has purchased three new retirement villages for expansion in 2017, they are Mary Doyle Trust Lifecare Complex from Mary Doyle Health Care Limited, Strathallan from Strathallan Lifecare Village Limited and Village at the Park from The Wellington Tenth Trust. The development pipeline of units for operating villages in 2017 was 428, which is up from 278 in 2016, with a 54 percent growth.

Of the 9,161 units within the development pipeline for the six largest village operators, 6,151 (67 percent) are located within the “golden triangle” of Auckland, Hamilton and Tauranga. Many of the major operators have openly been targeting this area for land banking and village development for a number of years.

Section Summary

Operating Villages with Development Pipeline

- 82 villages; 21 percent of the 382 operating and NZCO registered villages in New Zealand
- A total of 4,721 units in the pipeline (estimated unit numbers captured for 81 of the 82 villages)
- The Auckland Region captured 1,632 of the registered villages development pipeline units, 35 percent of the total units (down two percent from 37 percent in 2016), while the Canterbury Region captured 761 or 16 percent of the total units (down four percent from 20 percent in 2016)

New Build Villages

- 81 villages within the “new build” villages section of the NZRVD, up from 68 as at November 2016
- There was a total of 12,163 potential units recorded for 73 of the 81 villages – 3,326 units or a 38 percent up from 8,837 recorded as at November 2016
- 5,201 of the new build units, or 43 percent of the total new build development pipeline, is situated in the Auckland Region (down from 50 percent in 2016)



New Zealand Aged Care Database - NZACD 2017

Alongside the NZRVD, JLL also records aged care facilities (rest home, hospital and dementia), within the New Zealand Aged Care Database (NZACD). This database is updated each year in November.

Table 10: Facility and Bed Numbers

| Year | Facilities | Rest Home | Hospital | Dementia | Total |
|------------------------|------------|-----------|----------|----------|--------|
| 2014 | 669 | 16,693 | 13,493 | 4,404 | 34,591 |
| 2015 | 673 | 16,506 | 14,331 | 4,647 | 35,484 |
| 2016 | 667 | 17,799 | 15,286 | 5,155 | 38,240 |
| 2017 | 676 | 17,895 | 15,754 | 5,776 | 39,425 |
| Count Change 2016/2017 | 9 | 96 | 486 | 621 | 1,185 |
| % Change 2016/2017 | 1.3% | 0.5% | 3.1% | 12.0% | 3.1% |

Source: JLL Research and Consulting; NZACD 2017

The bed numbers recorded in the NZACD 2017 indicate a growth from 38,240 in 2016 to 39,425 in 2017, a growth of 1,185 beds, a change of 3.1 percent. Over the same time period the New Zealand population aged 85+ years increased by approximately 2.5 percent. The bed mix is approximately 45 percent rest home, 40 percent hospital and 15 percent dementia. The following table and graph illustrate the distribution of aged care beds by region.

Table 11: Regional Distribution Bed Count 2014/2017

| Region | 2014 | 2015 | 2016 | 2017 | 2016/2017 | |
|---------------|--------|--------|--------|--------|-----------|----------|
| | | | | | Change | % Change |
| Auckland | 9,256 | 9,746 | 10,039 | 10,193 | 154 | 1.5% |
| Waikato | 2,919 | 3,079 | 3,246 | 3,552 | 306 | 9.4% |
| Bay of Plenty | 2,395 | 2,491 | 2,598 | 2,630 | 32 | 1.2% |
| Wellington | 3,591 | 3,710 | 4,011 | 4,110 | 99 | 2.5% |
| Canterbury | 5,379 | 5,320 | 6,171 | 6,308 | 137 | 2.2% |
| Otago | 1,980 | 2,007 | 2,198 | 2,232 | 34 | 1.5% |
| Rest of NZ | 9,071 | 9,131 | 9,977 | 10,400 | 423 | 4.2% |
| Total | 34,591 | 35,484 | 38,240 | 39,245 | 1,185 | 3.1% |

Source: JLL Research and Consulting; NZACD 2014 - 2017

Table 12: Aged 85+ Population Regional Distribution 2014/2017

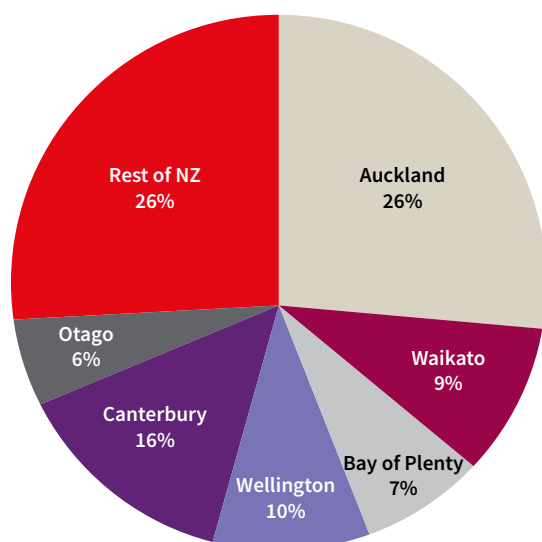
| Region | 2014 | 2015 | 2016 | 2017 | 2016/2017 | |
|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| | | | | | Change | % Change |
| Auckland | 20,800 | 21,350 | 22,150 | 22,570 | 420 | 1.9% |
| Waikato | 7,030 | 7,310 | 7,740 | 8,210 | 470 | 6.7% |
| Bay of Plenty | 5,970 | 6,260 | 6,540 | 6,780 | 240 | 4.0% |
| Wellington | 7,940 | 8,250 | 8,550 | 8,720 | 170 | 2.1% |
| Canterbury | 11,360 | 11,610 | 12,050 | 12,250 | 200 | 1.8% |
| Otago | 4,230 | 4,330 | 4,470 | 4,600 | 130 | 3.1% |
| Rest of NZ | 20,360 | 20,970 | 21,550 | 22,090 | 540 | 2.7% |
| Total | 77,690 | 80,080 | 83,050 | 85,220 | 2,170 | 2.5% |

Source: JLL Research and Consulting, Statistics New Zealand

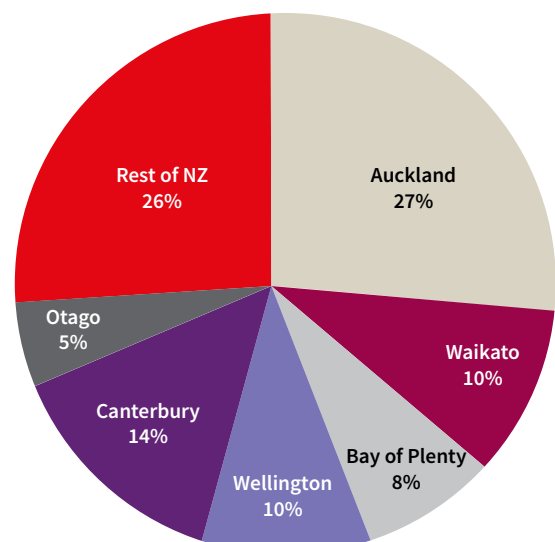
The distribution of aged care bed numbers by region is closely aligned with the distribution of New Zealand's population aged 85+ years. For example, the Auckland Region had an estimated count of 22,570 residents aged 85+ years as at June 2017, accounting for 26 percent of the total population aged 85+ years in New Zealand.

While the Auckland Region contains approximately 10,193 aged care beds, which is 26 percent of New Zealand's total aged care beds.

Graph 1: Aged Care Bed Distribution Nov 2017



Graph 2: Population Aged 85+ Years June 2017



Source: Statistics New Zealand, JLL Research and Consulting

Aged Care Facilities within Retirement Villages

Of the 382 villages identified within the NZRVD 2017, 253 or 66 percent contained an aged care facility. An estimated 19,114 aged care beds are located within aged care facilities located within retirement villages, this is approximately 49 percent of the total aged care industry's bed count.



Summary

The JLL Valuation and Research and Consulting teams have a wealth of data, knowledge and location analysis tools and software to deliver a range of services for the retirement village industry. An industry that has the potential for not only remarkable growth, but also plays an important role in providing accommodation options for New Zealand's ageing population and contributing to the nation's general economic growth.

The development and completion of the NZRVD for the sixth year in a row, and the effort undertaken by JLL's Valuation and Research and Consulting teams in compiling not only the NZRVD but also the NZACD, has allowed us to provide transparency and understanding of various important influences affecting the New Zealand retirement village industry. We hope this whitepaper proves to be a valuable resource and we look forward to presenting the industry with the NZRVD 2018 and the corresponding whitepaper.



Contacts

Angela

Webster

**Associate Director
Economist and Research Consultant
Research and Consulting**

M: +64 27 350 4356

Angela

Ye

**Research Analyst
Research and Consulting**

D: +64 9 366 1666
E: angela.ye@ap.jll.com

Matt

Straka

**Local Director
Valuation and Advisory**

D: +64 9 363 0208
M: +64 21 112 4778
matt.straka@ap.jll.com

Glenn

Loraine

**Associate Director
Valuation and Advisory**

D: +64 9 363 0214
M: +64 21 225 0318
glenn.loraine@ap.jll.com

AUCKLAND

Level 16, PwC Tower
188 Quay Street
PO Box 165, Shortland Street
Auckland

Phone: +64 9 366 1666

WELLINGTON

Level 10, JacksonStone House
3-11 Hunter Street
PO Box 10-343
Wellington

Phone: +64 4 499 1666

CHRISTCHURCH

1 Papanui Road
Merivale
PO Box 6466
Christchurch

Phone: +64 3 375 6600



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