The McCrindle Baynes Villages Census Report 2013

Australia's benchmark industry report for the retirement villages sector

EXECUTIVE SUMMARY

of the 160 page report

A comprehensive national census of Australia's retirement village population

Report by

mccrindle
FORECASTS • STRATEGY • RESEARCH

Commissioned by

villages.com.au

Supported by

PROPERTY COUNCIL of Australia

Retirement Living



EXECUTIVE SUMMARY

Preamble

This research study is the third commissioned by villages.com.au to generate an accurate profile of the prospective residents for retirement villages, the decision drivers and the resulting experience of village participants.

Villages.com.au commissioned McCrindle research to conduct national, industry studies in 2008, 2011 and 2013. The 2008 project was a national qualitative, focus group study, the 2011 project was the first McCrindle Baynes Village Census and now this report, the 2013 McCrindle Baynes Village Census. Each project had a budget of $200,000, supported by leading operators in the sector.

This 2013 Census was also supported by the Retirement Living Council (RLC), the peak body representing largely private operators of retirement villages. There was no financial contribution by the RLC; its participation sought a factual base to develop policy initiatives promoting expanded accommodation options for Australian seniors.

Villages.com.au

Villages.com.au is the No.1 consumer directory to retirement villages and other seniors accommodation (580,000 visitors p.a.). It is a media under the parent DOCOMEMONDAY Media Group (Do Come Monday) umbrella, which specialises in seniors related communications, including The SOURCE eNewsletter, vres videos, vres village ratings, Minute on Retirement radio and the LEADERS Events.

McCrindle Research

McCrindle Research is a leading social research firm and demographic advisory, specialising in emerging trends and analysing and advising on the implications of that change. Principal Mark McCrindle and Director of Research Claire Madden have led each of the three village research studies.



RESEARCH OBJECTIVES

The 2013 Villages Census was commissioned by village operators to further understand the perception and attitudes of village residents across Australia. The survey aimed to provide insights into resident's experiences in areas such as moving into their village, finances, village life, activities and health. The research will aid the village operators and managers in making strategic decisions regarding the future of villages across Australia.

RESEARCH METHODOLOGY

A confidential paper and online survey, it consisted of 46 questions distributed to residents at 236 villages across Australia, and completed by both commercial and not-for-profit operators. The 46 questions were designed to both benchmark against the results of the 2011 McCrindle Baynes Village Census, plus to extend the depth of understanding of the resident cohort with the newly introduced range of questions.

The 2011 Census delivered a response from 10,600 residents across 11 largely private, large operators.

This latest study was Australia's largest research project conducted into the retirement village sector since the 2011 McCrindle Baynes Villages Census.

The pen and paper survey was sent out to 12,805 residents across 236 villages. At time of analysis, there were 5,218 responses. 5,075 were received back in hard-copy format, whilst 143 responses were received through the online survey link.

The 2013 Census has delivered 5,218 responses across 23 smaller operators, with just one operator common to the 2011 Census. Therefore across the two surveys, approximately 15,800 residents of retirement villages had participated, representing 13% of all village households.

2012/13 respondent focus

Most importantly 1,029 responses in this Census are residents that have 'bought in to a village in 2012 or 2013 (the last 23 months), generating an accurate snapshot of today's purchaser of the village accommodation option.

Much of this report will focus on the responses of this cohort.



2013 KEY FINDINGS

AUSTRALIA'S HIGHEST RATED INDUSTRY

Standout key finding - the retirement village sector is Australia's highest rated industry by clients

Incorporated in the research was a measure of the Net Promoter Score (NPS), a methodology created by Bain & Company to rate the value of a product or service delivered by a corporation or industry.

A study of 19 industries by Bain & Company delivered the highest score across any subject matter for any industry was 24 (for online retail).

The retirement village industry scored 25 on the question "How likely is it that you would recommend this village to a friend".

Even more significantly, an NPS score of 43 (an emphatic result) was achieved for the question "How likely is it that you would recommend not moving to any village – stay at home or downsize to an apartment"– just 7% of the total cohort would make this recommendation (with just 6% of people who have moved into a village in the past two years), resulting in the score of 43.

The average Australian industry NPS is -15.

INDUSTRY MYTHS BUSTED

1. "Village catchment is limited to 10km" – Reality: 44% of residents moved more than 20km from the family home, including 31% that moved more than 50km.
2. "Prospective residents are focused on lifestyle villages" – Reality: seven out of the top 10 reasons for choosing the village accommodation option were physical health related.
3. "The DMF and contract are major problems" – Reality: 97% found the financial arrangement suitable to their situation at time of entry to the village.



OVERALL RESULTS

Making the move

- More than half (53%) of the village residents moved 10 kilometres or more from their previous home to their current village residence.
- Most (79%) did not move a greater distance than they had wanted or anticipated.
- A majority (51%) spent a year or less thinking of moving from their previous home, and for 43% this was influenced to some extent by a previous significant health incident.

Push and Pull factors

- Top 3 reasons residents chose to leave their previous home (Push factors) was to downsize while they could, their home was becoming too big to manage, and freedom from house responsibilities to be able to pursue other interests.
- Top 3 reasons village residents chose their particular village (Pull factors) were because they could stay independent, safe environment and emergency support, and onsite maintenance.

Residents' expectation and satisfaction

- Village residents mostly felt that their village operator managed their village effectively, with a majority (51%) stating that they were 'very' or 'extremely' effective.
- Village residents mostly felt that their village manager managed their village effectively, with a majority (67%) stating that they were 'very' or 'extremely' effective.
- Residents generally felt that most services and features were offered by their village, however areas for potential growth included the provision of visiting doctor or medical services, and a village bus for external activities such as shopping and outings.
- Village residents are mostly satisfied that their expectations have been met, with 65% indicating this. Furthermore, 75% were happy with their decision to move into their village and would make the decision again.
- The industry average Net Promoter Score was an astounding 25 which makes this the highest rated industry of all available data, 40 points higher than the average Australian industry performance of -15.

Village affordability and financial sentiment

- Most village residents indicated that their main income source was through government pension or allowance (77%).
- Almost all residents funded their village home by selling their previous family home (90%).
- Whilst it was most common for residents to indicate that cost of living remained the same (when compared to living in their previous home), there was a higher proportion of residents who indicated that it was more expensive (compared to those who stated it was less expensive).
- Overall, most residents felt financially secure to meet both their current and future financial needs. Furthermore, a majority felt that their decision to move into a village had been a good financial decision (90%)

Life in the village

- Most village residents participated to some extent in village organised activities, with almost half (48%) stating they did so weekly. Furthermore, more than half (54%) indicated that they were still involved with the outside social clubs and groups prior to their move.
- Most residents (51%) indicated that they were visited by family and friends either regularly or very regularly (around every week or so).
- Whilst for half (46%) their social life stayed the same, for 45% it had improved to some extent.
- Village residents had positive experiences with village living, with half (50%) stating that their overall life satisfaction and happiness had improved since moving in.

RECENT PURCHASERS

Making the move - recent purchasers

- 60% were influenced about their own personal future health in leaving their previous home.
- 40% were influenced by their spouse's health in leaving their previous home
- More than half (56%) of the village residents moved more than 10 km from their previous home to their current village residence.
- 37% moved more than 20 km and 22% moved more than 50 km.
- Most (77%) did not move a greater distance than they had wanted or anticipated.
- 50% spent a year or less thinking of moving from their previous home.
- 58% were influenced in leaving their previous home because of the need for a home that was specially designed for easy ageing.

Push and Pull factors - recent purchasers

- Top 3 reasons residents chose to leave their previous home (Push factors) was to downsize while they could (84%), their home was becoming too big to manage (62%), and concern about my future health (60%).
- Top 3 reasons village residents chose their particular village (Pull factors) were because they could stay independent (87%), safe environment and emergency support (87%), and village facilities (87%). Closely matched was maintenance on site (86%).

Residents' expectation and satisfaction - recent purchasers

- Village residents mostly felt that their village operator managed their village effectively, with a majority (65%) stating that they were 'very' or 'extremely' effective, increasing to 90% with 'somewhat effective'.
- Village residents mostly felt that their village manager managed their village effectively, with a majority (75%) stating that they were 'very' or 'extremely' effective, increasing to 94% with 'somewhat effective'.
- Recent village residents are mostly satisfied that their expectations have been met, with 73% stating they were 'extremely satisfied' or 'very satisfied'. This increased to 94% with 'somewhat satisfied'. Just 2% stated they were 'Not satisfied at all'

- Perhaps most importantly for an age group that is generally 75 years or older, 30% stated their 'overall happiness and life satisfaction' had increased significantly since moving into the village with a further 29% stating it had increased slightly – a total of 59%.
- 35% stated 'happiness and life satisfaction' had stayed about the same (a combined 93%), leaving just 7% who felt their overall happiness and life satisfaction had 'decreased slightly or significantly' since moving into the village .
- Supporting this finding (and the standout NPS for the industry) 98% of people who have moved into a village in the last 23 months stated they would make the same decision to move into a village if they were given the decision over again. (Just 2% replied 'No, not at all – I would not make the decision to move into a village again')

Health and the move to a village - recent purchasers

- 48% of recent residents had a significant health incident prior to moving to the village, that health incident either somewhat or strongly influenced their decision to move into the village
- Physical health: 32% stated their physical health slightly to significantly improved after moving from the family home to the village
- Mental well-being: 46% stated their mental well-being slightly to significantly improved after moving from the family home to the village
- Feeling of confidence and security: 68% stated their confidence and security increased slightly to significantly after moving from the family home to the village
- 15% of residents that have moved into the village in the past 23 months have used the emergency call button
- Just 16% of recent residents receive any form of government funded care packages in the home (which compares to 20% for the entire village sample)

Village affordability and financial sentiment - recent purchasers

- Most village residents indicated that their main income source was through government pension or allowance (39% full pension, 39% part pension, 22% nil pension).
- Almost all residents funded their village home by selling their previous family home (88%).
- 67% sold their family home for less than $500,000 increasing to 81% for less than $600,000
- 85% of recent village purchases paid less than $500,000 for their village home



- 77% pay less than $150 per week towards operating costs (with 48% paying less than $100 per week).
- 83% regard the fees as moderately reasonable to very reasonable. Just 3% "find it very expensive for the value I receive."
- 70% regard the cost of living in the village to be the same or less than their previous family home, including maintenance, insurance and rates. Just 6% regarded as significantly more expensive.
- The DMF: 39% of recent purchasers regarded as an unreasonable fee while 37% accept that it is a reasonable fee. 13% state they do not understand it. This clearly identifies that new residents are still not achieving a clear understanding of the contracts they enter when joining a village – with the consequence that conflict and increased regulation is likely with the increase in consumer advocacy from the upcoming Baby Boomer generation.
- Overall, most residents felt financially secure to meet both their current and future financial needs. Furthermore, a majority felt that their decision to move into a village had been a good financial decision (93%)

Life in the village - recent purchasers

- Most village residents participated to some extent in village organised activities, with almost half (46%) stating they did so weekly and 27% at least monthly – a total of 73% just 3% never participate in village activities.
- Furthermore, more than half (57%) indicated that they were still involved with the outside social clubs and groups prior to their move.
- Most residents (65%) indicated that they were visited by family and friends either regularly or very regularly (around every week or so).
- Whilst for half (43%) their social life stated the same, for 49% it had improved and 8% stated their social life had declined.
- 73% of recent purchasers stated that they were 'very satisfied' to 'extremely satisfied' that their expectations had been had been met. Just 2% stated they were 'Not at all satisfied' their expectations had been met.



FROM STATISTICS TO STRATEGY

The McCrindle Baynes Villages Census has been deliberately constructed to deliver strategic insights and marketing applications to the industry. To assist this objective we have developed some strategy workshops and research presentations to ensure you develop strategies from the statistics.

These presentations and workshops will deliver insights based on your specific operator and village data, and based on our industry experience will assist your executive, management or marketing and sales teams achieve better outcomes.

Keynote summary session

Either in-house, at a conference or executive briefing

- includes analysis of your village and operator data
- industry benchmarks

$5,000+GST + travel

Keynote + Workshop

- includes keynote above
- Sales & Marketing workshop or Strategic Planning session, or Boardroom Briefing etc.
- Up to half day

$7,000+GST + travel

Choose your preferred expert consultant to deliver the keynote and facilitate the workshop (subject to availability).

RESEARCH TEAM

Mark McCrindle, Principal, McCrindle Research

Award winning social researcher, demographer, leader of the villages industry research since 2008, bestselling author, TEDx speaker and founder of McCrindle Research.

Claire Madden, Research Director, McCrindle Research

Social researcher, communications expert, engaging communicator and research director of the McCrindle Baynes Villages Census.

To enquire about Mark or Claire delivering a keynote and workshop session, please contact McCrindle Research on 02 8824 3422, email eliane@mccrindle.com.au or visit www.mccrindle.com.au.

COMMISSIONING ORGANISATION

DOCOMEMONDAY
VILLAGE & CARE MEDIA

Respecting Seniors

villages.com.au conceived and commissioned each of the McCrindle research programs (2008, 2011, 2013) plus the VRES RATING PROGRAM

villages.com.au is a member of the DOCOMEMONDAY Media Group

For Research/Staff induction manuals, plus VRES RATING programs please contact Charles Lloyd Jones

Christopher Baynes is available for keynote and workshop sessions.

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McCrindle Baynes
Villages Census Report
2013

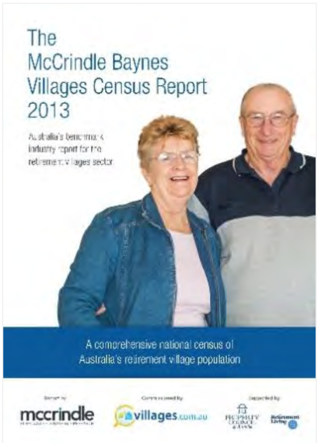
Research and Staff Induction Manuals - soft and hard copies available

This McCrindle Baynes village Census 2013 document has been carefully prepared to provide the complete and comprehensive introduction to the retirement village sector for new employees at all levels.

Replace hours of briefings and many months of unstructured learning with one, clear manual that is easily digest will over 1 to 3 hours reading.

In one document your new employee will learn:

- the history of the sector
- the business model of the sector
- what prospective residents are searching for
- what existing residents value in management and the operator
- what is the future of the sector



# of copies	*Gov Depts./ Universities /Associations*		*Village Operators (who participated in survey)*		*Village Operators (who didn't participated in survey)*		*Banks, Consultants, Analysis's etc*	
	Hard Copy	**Soft Copy**	**Hard Copy**	**Soft Copy**	**Hard Copy**	**Soft Copy**	**Hard Copy**	**Soft Copy**
1	$200	$450	Free	Free	$2500	$3000	$2500	$3000
2 to 5	$150 each		$150 each		$1200		$1200	
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