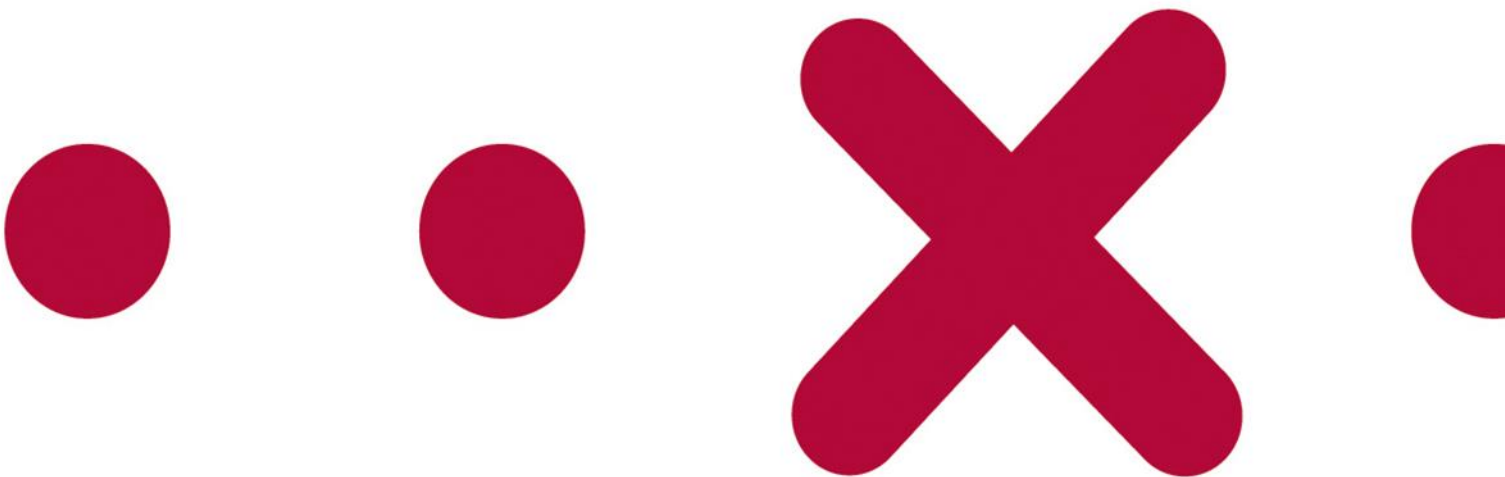


**Epiq Lennox, New South Wales**

**Independent Living Market Potential**

**Prepared for Clarence Property Works Pty Ltd**

**December 2017**



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## INTRODUCTION

This report presents an independent assessment of the potential for independent living facilities at the Epiq Lennox development at Lennox Head, in far north New South Wales.

This report has been prepared in accordance with instructions received from Clarence Property Works Pty Ltd and is structured and presented in **four (4)** sections as follows:

- **Section One** reviews the regional and local context of the site and provides an overview of the proposed development.
- **Section Two** provides an overview of the aged care industry, including a summary of key industry reports.
- **Section Three** details the catchment area likely to be served by facilities at the Epiq Lennox site. Current and projected population levels are presented over the period to 2026 together with a review of the socio-economic profile of the catchment area population. A review of housing price trends in Lennox Head is also provided.
- **Section Four** analyses the potential for independent living facilities at the Epiq Lennox site.

## EXECUTIVE SUMMARY

The key findings of this report include:

### Site Location

- i. Lennox Head is located on the Far North Coast of New South Wales in the Ballina Shire. The township is situated 10 km to the north of the Ballina Urban Area and some 100 km south of Surfers Paradise. It is a major residential and tourist destination.
- ii. Ballina is the major retail and administrative destination for Far North Coast residents. Two major highways bypass the town, namely the Pacific Highway and the Bruxner Highway.

### Proposed Development

- i. The proposed independent living facility would form part of the master-planned Epiq Residential Estate, located to the south-east of Hutley Drive and to the south-west of Henderson Lane.
- ii. Upon completion, the estate is planned to include some 423 residential dwellings (around 1,200 persons). A central precinct has been designated for independent living uses. Other proposed facilities within the Epiq Lennox development include a neighbourhood shopping centre, a tavern, community uses, open space/parkland area. Bus services connecting the estate to Lennox Head and Ballina are also planned.

### Aged Care & Retirement Living Industry Overview

- i. The New South Wales government faces major challenges in how to care for and house an ever-increasing ageing population. To meet this challenge, it is vital that a wide range of choice in retirement accommodation is available.
- ii. By 2025, there will be approximately 382,000 Australians seeking a place within a retirement village. This is more than double the number of residents currently living

within a retirement village. As such, significant investment is required in the sector in coming years.

- iii. Other benefits provided by the retirement living sector include affordability, delayed entry into aged care facilities, improved health and wellbeing of residents, reduced burden on healthcare systems and the significant contribution of the retirement living sectors in terms of GDP and tax.

### **Catchment Area**

- i. A catchment area has been defined for the proposed independent living facility at the site, extending 14 km north to south and 12 km east to west. The area is restricted by existing independent living facilities within the Ballina CBA to the south.
- ii. The 65+ years age bracket is typically targeted for independent living. The population aged 65+ years within the catchment area is projected to increase from 2,365 currently to reach 3,461 by 2026, reflecting an average annual growth rate of 4.3% over the period, as compared with a growth rate of 2.8% across the overall catchment area population.
- iii. Currently, the 65+ years age cohort represents 24.1% of the total population within the catchment area. By 2026, this proportion is projected to increase to 27.4%.
- iv. The catchment area is becoming increasingly popular with retirees. Over the 2011-16 Census period, the average age of the catchment population increased at double the rate of the non-metropolitan New South Wales benchmark (6.0% vs 2.9%), while the proportion of households comprising couples without children increased by more than three times the benchmark (1.1% vs 0.3%).
- v. The median house price within Lennox Head as at December 2016 was \$773,750, which is higher than the Ballina LGA median house price (\$600,000). The median unit price in Lennox Head as at December 2016 was \$600,000, which is higher than the Ballina LGA median unit price (\$400,000).

- vi. The price point for competing independent living facilities in the area ranges quite significantly from around \$300,000 - \$600,000, depending on the product and the facilities/services provided within the village.

### **Aged Care and Retirement Living Potential**

- i. Currently, there are no independent living units provided within the catchment area, to serve a population of 65+ years of 2,365. The focus for independent living facilities is in and around Ballina, to the south of the catchment area.
- ii. The vacancy rate of existing independent living units in the Ballina area is very low at around 1%, highlighting the popularity of the area with older residents.
- iii. According to the Property Council of Australia, the penetration rate for independent living across the 65+ years age cohort is currently 5.1%. This penetration rate is projected to increase to 6.6% by 2026. Applying this penetration rate to the Epiq Lennox catchment population would indicate demand for 119 places (or 97 units) currently, increasing to 230 or 177 units (in 2026).
- iv. Based on the increasing popularity of the area with retirees, the lack of competing facilities within the catchment area and low vacancy rate of facilities within the broader region, there is capacity in the market to support an independent living facility at the site.
- v. The demand for independent living facilities, however, is highly dependent on the attributes of the site and their appeal to the 65+ years age cohort. Key characteristics valued by the elderly which are not provided at the Epiq Lennox site include proximity to hospital facilities, convenient access to retail (both higher order and convenience) and community facilities and the ability to 'age in place' to avoid the disruption of moving to a new location later in life.
- vi. The provision of an aged care facility and medical centre (with a large pharmacy attached) at the site could potentially complement a retirement living facility as an

integrated offer at the site and limit the need for elderly residents to travel to Ballina or Lennox Head for these facilities.

## 1 SITE LOCATION AND PROPOSED DEVELOPMENT

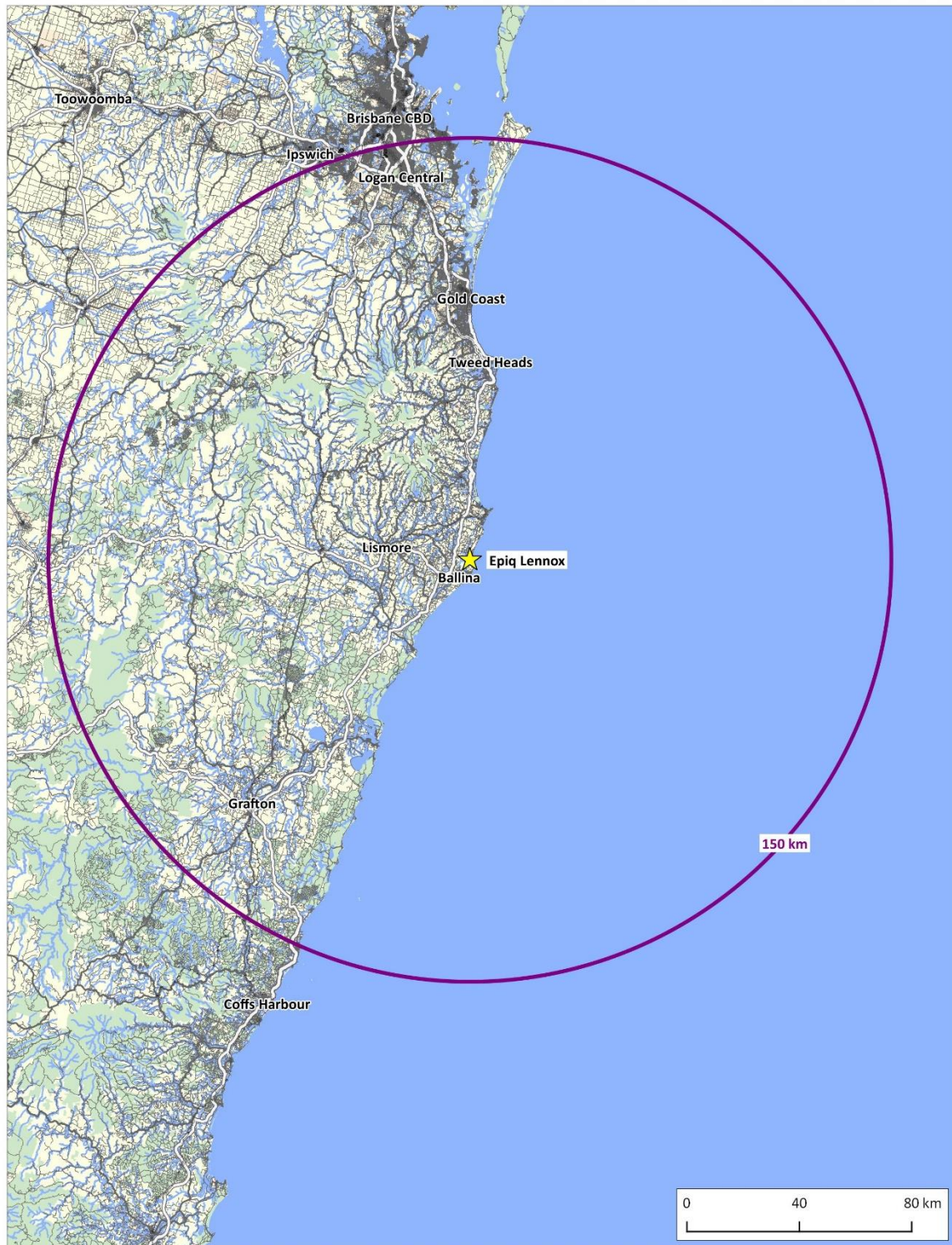
This section of the report reviews the regional and local context of the Epiq Lennox development in on the Far North Coast of New South Wales and provides an overview of the aged care and retirement living industries in Australia.

### 1.1 Regional Context

- i. Lennox Head is located on the Far North Coast of New South Wales in the Ballina Shire. The township is situated 10 km to the north of the Ballina Urban Area and some 100 km south of Surfers Paradise. It is a major residential and tourist destination.
- ii. Ballina is the major retail and administrative destination for Far North Coast residents. Two major highways bypass the town, namely the Pacific Highway and the Bruxner Highway.
- iii. The Pacific Highway is the major north-south arterial road throughout coastal New South Wales, connecting Sydney in the south to Brisbane in the north. The Bruxner Highway is a major east-west arterial road throughout northern New South Wales that ultimately connects Ballina to Lismore.



## MAP 1.1 – EPIQ LENNOX REGIONAL CONTEXT



LOCATIONIQ

Map produced by Location IQ using  
QGIS 2.14 and related data sets.

## 1.2 Local Context

- i. Map 1.2 outlines the existing infrastructure facilities provided within the region.
  - ii. In terms of relevant medical, higher order retail and other community facilities, the majority of facilities within the region are provided within the Ballina Central Business Area (CBA), located 10 km to the south-west of the site. A large (10 doctor) medical centre, however, is provided along Ballina Street in Lennox Head, 1.5 km north of the site.
  - iii. Hospital facilities in the region include:
    - The closest hospital facilities are Ballina District Hospital, located 12 km to the south of Lennox Head, comprising 30 beds in the general ward and 37 beds in the Rehabilitation and Transition Care Unit (TCU).
    - Byron Central Hospital (26 km to the north) is a new consolidated facility at Ewingsdale which replaced the existing district hospitals in the northern (Mullumbimby) and southern (Byron Bay) parts of the Shire.
    - The major hospital facility serving residents of the Ballina region is Lismore Base Hospital (260 beds), located 37 km to the west of Lennox Head. This facility is currently undergoing a major \$364 million redevelopment.
  - iv. The majority of retailing within the region is provided within the Ballina CBA, located 12 km to the south-west, with three major centres anchoring the precinct, namely:
    - Ballina Fair, anchored by Target and Woolworths.
    - Ballina Central, containing Big W and Ritchie's Supa IGA.
    - Bayside Shopping Centre, including Kmart and Coles.
- Woolworths and Aldi supermarkets are also provided within the CBA.



## MAP 1.2 – EPIQ LENNOX LOCAL CONTEXT



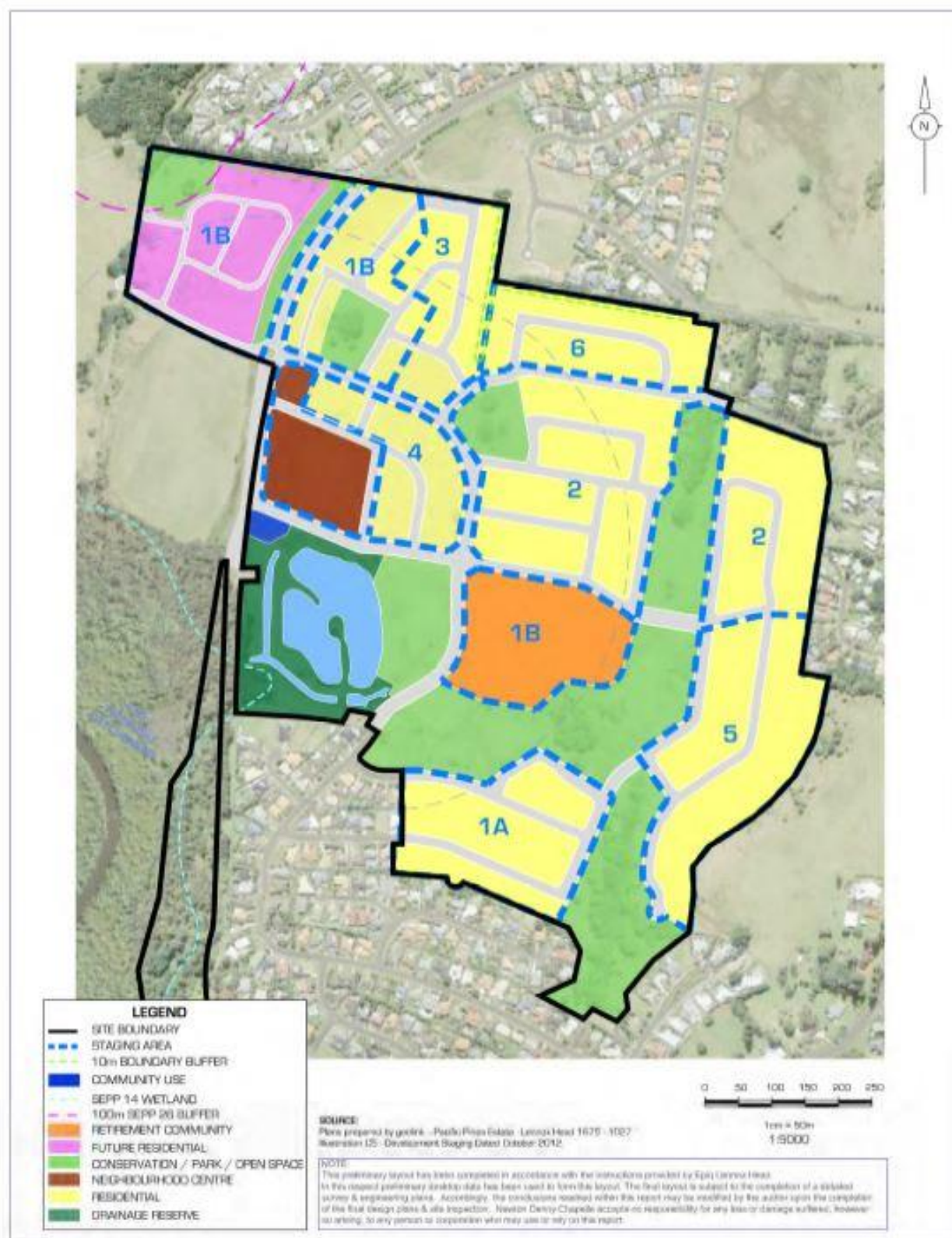


### 1.3 Proposed Development

- i. The proposed independent living facility would form part of the master-planned Epiq Residential Estate, located to the south-east of Hutley Drive and to the south-west of Henderson Lane. Clarence Property Group purchased the site in November 2014.
- ii. Upon completion, the estate is planned to include some 423 residential dwellings (around 1,200 persons) over 80 hectares.
- iii. A central precinct (1B), has been designated for independent living uses, directly opposite Ponds Park and immediately north of a large parkland area (refer Figure 1.1).
- iv. Other proposed facilities within the Epiq Lennox development include:
  - A neighbourhood shopping centre of 5,500 sq.m, anchored by a full-line supermarket, 1,470 sq.m. of retail specialty floorspace and 630 sq.m of non-retail/commercial floorspace, including a PAD site of 400 sq.m and 230 sq.m of supermarket office floorspace.
  - A tavern on the site adjoining the neighbourhood shopping centre.
  - Community uses.
  - Open space/parkland area.
  - A bus stop is planned along Hutley Drive, adjacent to the neighbourhood shopping centre. The route of the bus services is not yet confirmed, but will likely provide access to Lennox Head and Ballina.
- v. The development of the site commenced in May 2015. Table 1.1 outlines components, status and completion date of the various stages of the development, based on information provided by Clarence Property Works as at December 2017.
- vi. Overall, an independent living facility at the site would offer a high degree of amenity and convenience to other facilities within the Epiq Residential Estate by way of its easily accessible and central location within the development.

**TABLE 1.1 – EPIQ LENNOX STAGES**

Stage	Component	Status	Completion Date
1A	52 residential lots	Constructed and Settled	Completed
2	83 residential lots	Under construction	March 2018
3	121 residential lots	Under construction	December 2018
4	38 residential lots	Commencement: February 2018	August 2018
5	87 residential lots	Commencement: July 2018	June 2019
Shopping Centre	Supermarket & specialty shops	DA lodged	Approval anticipated March 2018
Superlot 7	42 residential lots	No DA approval at this stage	n.a.
LOCATION			

**FIGURE 1.1 – EPIQ RESIDENTIAL ESTATE PLAN**

## 2 AGED CARE AND RETIREMENT LIVING INDUSTRY OVERVIEW

This section provides a review of key literature and reports in relation to the aged care industry and outlines the key drivers of demand for aged care and independent living.

### 2.1 Industry Overview

- i. For the purposes of this report, the following terms are defined, based on their common usage in the retirement village industry:

- **Residential Aged Care** refers to facilities (other than hospitals) which provide accommodation and aged care as a package for people requiring ongoing health and nursing care, due to chronic impairments and a reduced degree of independence and activities of daily living.

Residential aged care has traditionally included both high and low care facilities, with high care facilities provided for people who have been assessed by the Aged Care Assessment Team (ACAT) as needing a high level of assistance, and low care being for people assessed by ACAT as needing a low level of assistance, mainly with activities such as meals, laundry and cleaning, with some additional help with personal care.

More recently, aged care facilities are being classified under the headings of General Care, Secure Care (usually including dementia units), and Respite Care. Residential aged care involves a traditional view of the retirement village in terms of full time assisted living.

- **Independent Assisted Living Units** is a relatively new term in the retirement industry and is targeted at those people wishing to live independently in a village environment, with some home and community care programs provided.
- ii. Traditionally, independent living units and residential aged care facilities have operated separately from each other. As the average age of people entering these environments increases, however, the co-location of independent assisted living units

and residential aged care facilities has resulted in integrated communities where people can age in place.

## 2.2 Aged Care & Retirement Living Industry Reports

### Productivity Commission Report

- i. In April 2010, the Australian Government referred aged care to the Productivity Commission to investigate a range of topics to assist in developing regulatory and funding options for residential and community aged care in Australia. A report entitled *‘Caring for Older Australians’* dated June 2011 was released by the Productivity Commission.
- ii. The key points of the study as detailed in the overview document include:
  - Over one million older Australians benefit from aged care services (out of a population of over 22 million). The range and quality of these services have improved over past decades, but more needs to be done.
  - Future challenges include the increasing number and expectations of older people, a relative fall in the number of formal carers and the need for more trained workers. By 2050, over 3.5 million Australians are expected to use aged care services each year.
  - The aged care system suffers key weaknesses; it is difficult to navigate; services and consumer choice are limited and quality is variable. Coverage of needs, pricing, subsidy and user code contributions are inconsistent or inequitable. Workforce shortages are exacerbated by low wages and some workers have insufficient skills.
- iii. The Commission’s proposals address these weaknesses and challenges, and aim to deliver high quality care. The focus is on the wellbeing of older Australians; promoting their independence, giving them choice and retaining their community engagement. Under the integrated package of reforms, older Australians would:



- Can contact a Seniors Gateway Agency for:
  - Easily understood information.
  - Assessment of care needs and their financial capacity to contribute to the cost of their care.
  - Assessment of entitlement to approved aged care services.
  - Aged care co-ordination.
- Receive aged-care services which address their individual needs, with an emphasis on re-enablement where feasible.
- Choose whether to receive care at home, and choose their appropriate approved provider.
- Contribute, in part, to their cost of care (with a maximum lifetime limit) and meet their accommodation and living expenses (with safety nets for those with limited means).
- Have access to a Government sponsored line of credit (the Australian Aged Care Home Credit Scheme), to help meet their care and accommodation expenses without the need to sell their home. A person's spouse, or other protected person, would be able to continue living in that home when an older person moved into residential care.
- Choose to pay either a periodic charge or a bond for residential care accommodation.
- If they wish to sell their home, retain their aged pension by investing the sale proceeds in the Australian Aged Pensioners Savings Account.
- Have direct access to low intensity community support services.
- Can choose whether to purchase additional services and higher quality accommodation.

iv. Under the Commission's proposals:

- Limits on the number of residential places and care packages would be phased out, while distinctions between residential low and high care and between ordinary and extra service stays would be removed.
- Safety and quality standards would be retained. An Australian Aged Care Commission would be responsible for quality and accreditation; and would transparently recommend efficient prices to the Government.

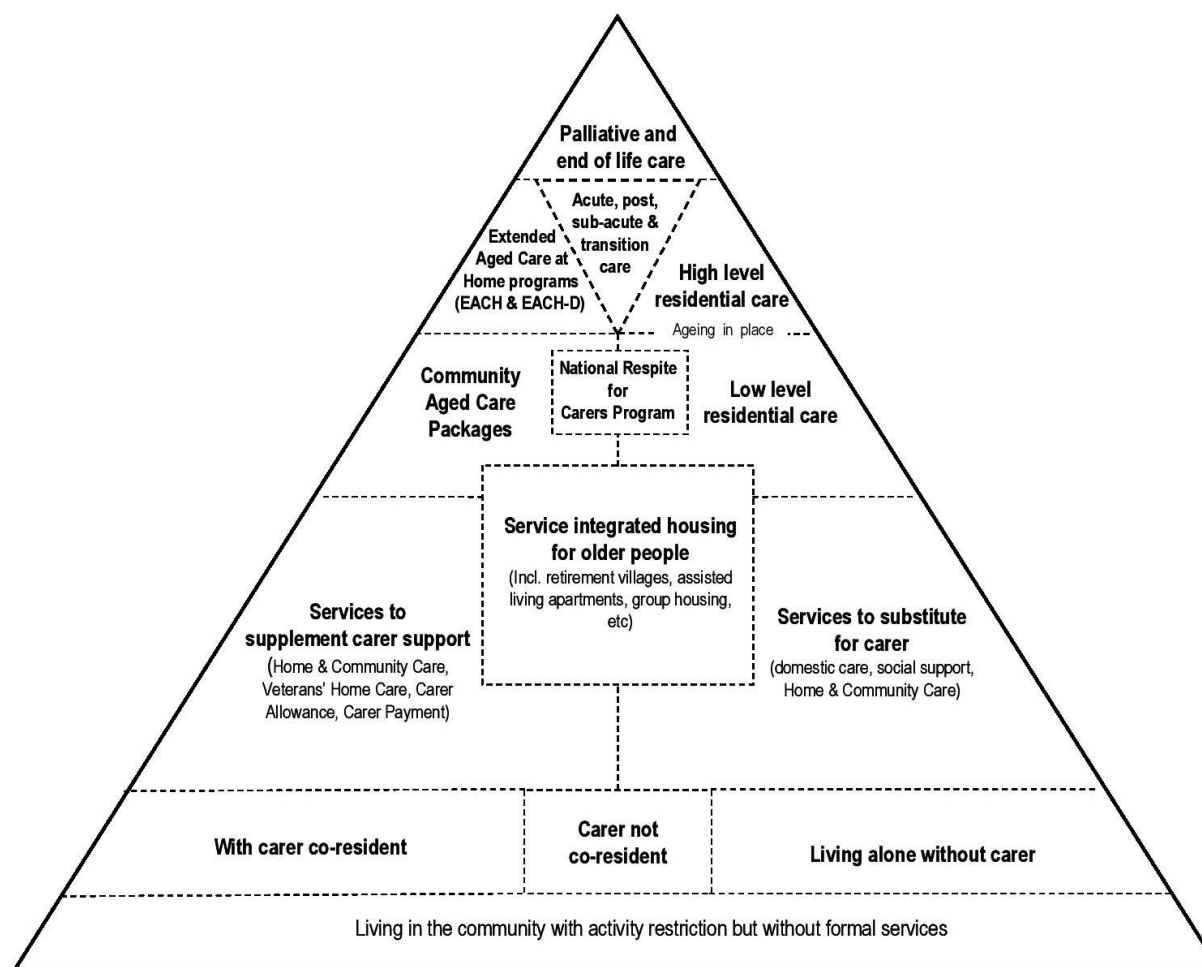
v. Figure 2.1 outlines the current modes of care in the Australian aged-care system as sourced from the Productivity Commission report (Figure 1 of the Overview and Recommendations section). This succinctly summarises the levels of care ranging from non-assisted living for older residents to palliative care at the end of an elderly person's life.

vi. Under the heading of Future Challenges, the Productivity Commission notes there are a number of well-known challenges which include:

- The number of Australians aged 85 and over is projected to increase from 0.4 million in 2010 to 1.8 million by 2050.
- By 2050, it is expected that over 3.5 million older Australians will access aged-care services each year, with around 80% of services delivered in the community.
- There is increasing diversity among older Australians and their preferences and expectations (which continue to increase), including a greater desire for independent living and culturally relevant care. This is particularly relevant for culturally, linguistically and sexually diverse and indigenous communities.
- The Intergenerational Report 2010 estimated the Australian Government spending on aged care would increase from 0.8% of GDP in 2010 to 1.8% of GDP in 2050.

- While further advances in the management of some diseases are expected, more people require complex care for dementia, diabetes and other morbidities associated with longevity, as well as palliative and end of life care.
- vii. Section 3.1 of the Productivity Commission report notes that the need for aged care services expands rapidly after people reach the age of 85 years, but starts most relevantly at ages 75 and above.
- viii. Table 3.2 on page 42 of the report notes that, at the time of the report, some 53 in every 1,000 residents aged 75 – 84 reside in permanent residential care accommodation, with this increasing to some 235 in every 1,000 residents aged 85 and over in Australia. Further, the level of home assisted community care which is provided is for some 278 in every 1,000 residents aged 75 – 84, and 475 in every 1,000 residents aged 85 years and older.

**FIGURE 2.1 – AGED CARE SYSTEM**



**Property Council of Australia National Overview of the Retirement Village Sector**

- i. This report, released on October 2014, reviews the national retirement village sector, with specific focus on its benefits to residents, and resulting government health care savings.
- ii. The report considers the ‘seniors’ market targeted for retirement living villages to be aged 65+ years. While some independent living operators target the over 50s market, the majority of residents in these types of facility are older; the average age of retirement living residents is currently 75 years.
- iii. The key points of the report in relation to demand for retirement living facilities include:
  - As at October 2014, there were 184,000 seniors living in retirement villages throughout Australia, reflecting a national penetration rate of 5.7% of the 65 years age cohort. This penetration rate is projected to increase to 7.5% by 2025.
  - In total 141,600 independent living units are provided within Australia indicating approximately 1.3 residents per dwelling.
  - The Treasury has projected the 65+ years population to more than double by 2050. In the medium term this is projected to increase to 5.1 million by 2025.
  - This increase in the population of seniors, in combination with the projected increase in penetration rate of over 65s into retirement villages, means that dwellings for 382,200 people will be required by 2025. This is almost 200,000 more than, and more than double, the number of residents currently residing within retirements villages.
  - To meet this increase in demand, more investment will be required in the retirement village sector over the coming years.

iv. Other benefits provided by the retirement living sector outlined in the report include:

- **Affordability:** Retirement village dwellings are often an affordable alternative to local apartments. In a comparison of retirement village dwellings to the average unit price in local government areas, the report found that 63% of retirement village dwellings are sold substantially (more than 10%) lower than the market price for similar sized homes in the local area.
- **Delays entry into aged care facilities:** Age appropriate facilities combined with additional health and wellbeing services allow retirement village residents to remain in their home for longer, even if they are living alone. This enables residents to delay entry into residential aged care. The average age of entry into aged care facilities is 79 years, however, the average age of entry from a retirement village into aged care is 84 years.
- **Improved Health and Wellbeing:** The high level of social interaction available to residents living in retirement villages decreases the prevalence of social isolation, which is one of the major causes of mental illness in Australian seniors.
- **Reduced burden on healthcare system:** Retirement villages help reduce the number of GP visits, hospital admissions and length of hospital stay given that 60% of retirement villages offer on-site medical assistance.
- **Contribution to GDP and Tax:** In addition to healthcare savings, the retirement village sector directly contributes \$2.93 billion to GDP and \$176.2 million in tax per annum.

v. The report concludes that retirement villages are part of the solution to the challenge of ensuring there are enough affordable homes for Australians of all ages, compatible with different stages of life, and less reliance on taxpayers. The sector supplies specially designed homes, preventative health care and community services, often at much lower margins than other property assets competing for scarce capital.

## 2.3 Key Supply and Demand Issues

- i. The review of key literature indicates there are many challenges facing the provision of suitable facilities to accommodate the elderly, including:
  - The Australian population is ageing and the number of residents requiring independent living facilities will increase substantially over time.
  - Supplying affordable accommodation is difficult, particularly the provision of quality accommodation in highly sought-after areas.
  - There are constraints to supply due to a number of concerns, including planning and financial issues.
  - Many Australians wish to age in place within the communities they have lived in most of their lives.
  - Increasing expectations around the standard of living for older people as the ‘Baby Boomer’ population ages. This will likely impact on the size, location and quality of independent living developments and the provision of support services.
- ii. A retirement living facility at the Epiq Lennox site would aim to address many of the identified challenges in providing accommodation for the elderly, by providing a high-quality development in a sought-after area.

### 3 CATCHMENT AREA ANALYSIS

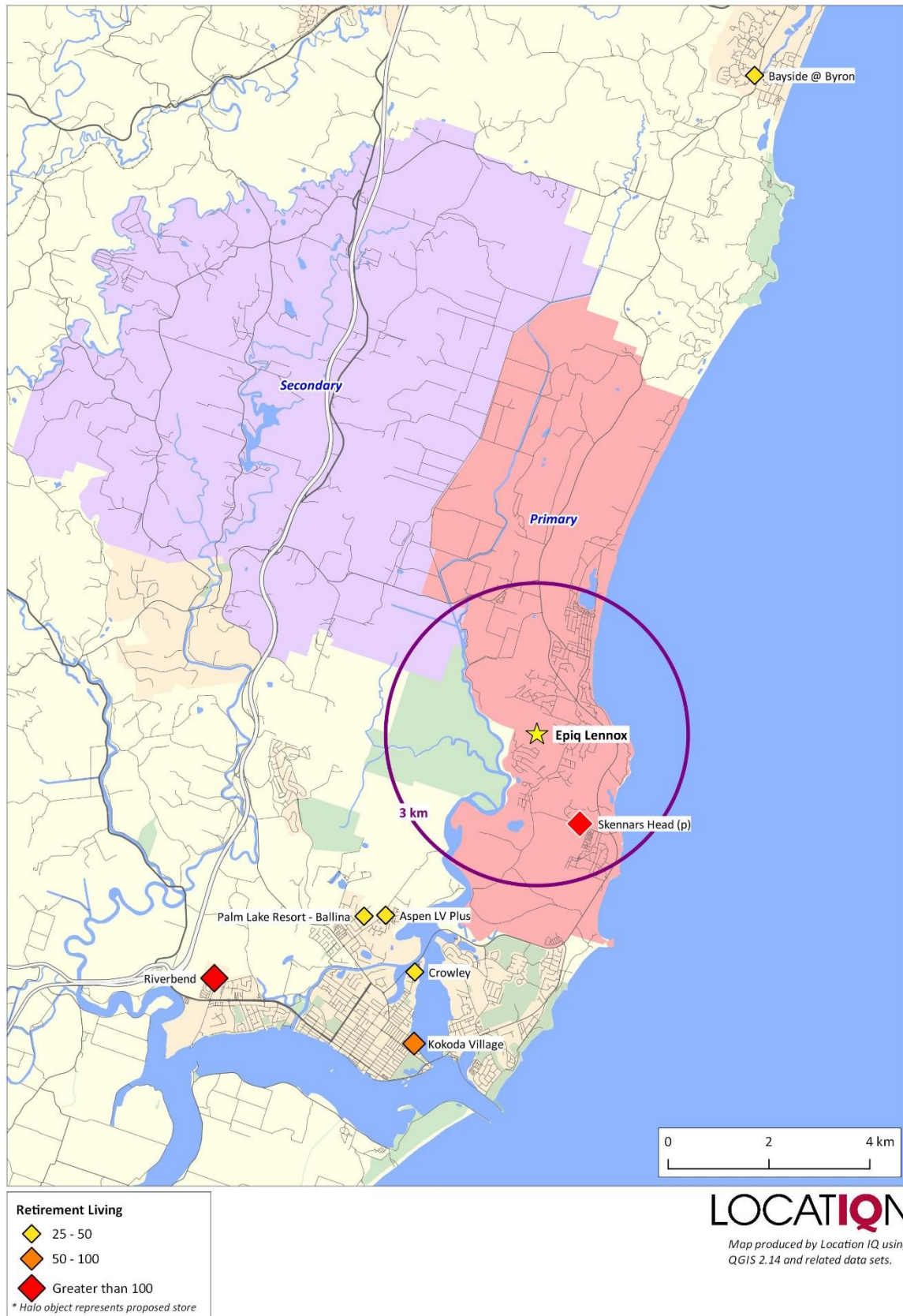
This section of the report provides a review of the catchment area likely to be served by a retirement facility at the Epiq Lennox site. A summary of the current and projected population levels, a review of the socio-economic profile of the catchment population and house price trends in the area is also provided.

#### 3.1 Catchment Area Definition

- i. The catchment area which would be served by an independent living facility, is defined taking into account the following:
  - The provision of existing facilities provided throughout the region.
  - Regional and local accessibility along major roads and public transport and significant physical barriers.
- ii. Map 3.1 illustrates the defined catchment area for the proposed independent living facility at Epiq Lennox. The catchment area has been defined to include a primary sector and a secondary sector, as follows:
  - The **primary sector** extends some 6 km to the north of the site and includes Lennox Head, Skennars Head and parts of Broken Head.
  - The **secondary sector** includes areas immediately to the east and the west of the Pacific Motorway and mainly consists of rural residential land. The secondary sector extends 10 km north to south and 8 km east to west.
- iii. The primary and secondary sectors in combination are referred to as the Epiq Lennox catchment area throughout the remainder of this report. The Epiq Lennox catchment area generally extends 14 km north to south and 12 km east to west. The area is restricted by existing independent living facilities within the Ballina CBA to the south.



### MAP 3.1 – EPIQ LENNOX CATCHMENT AREA AND INDEPENDENT LIVING COMPETITION



### 3.2 Catchment Area Population

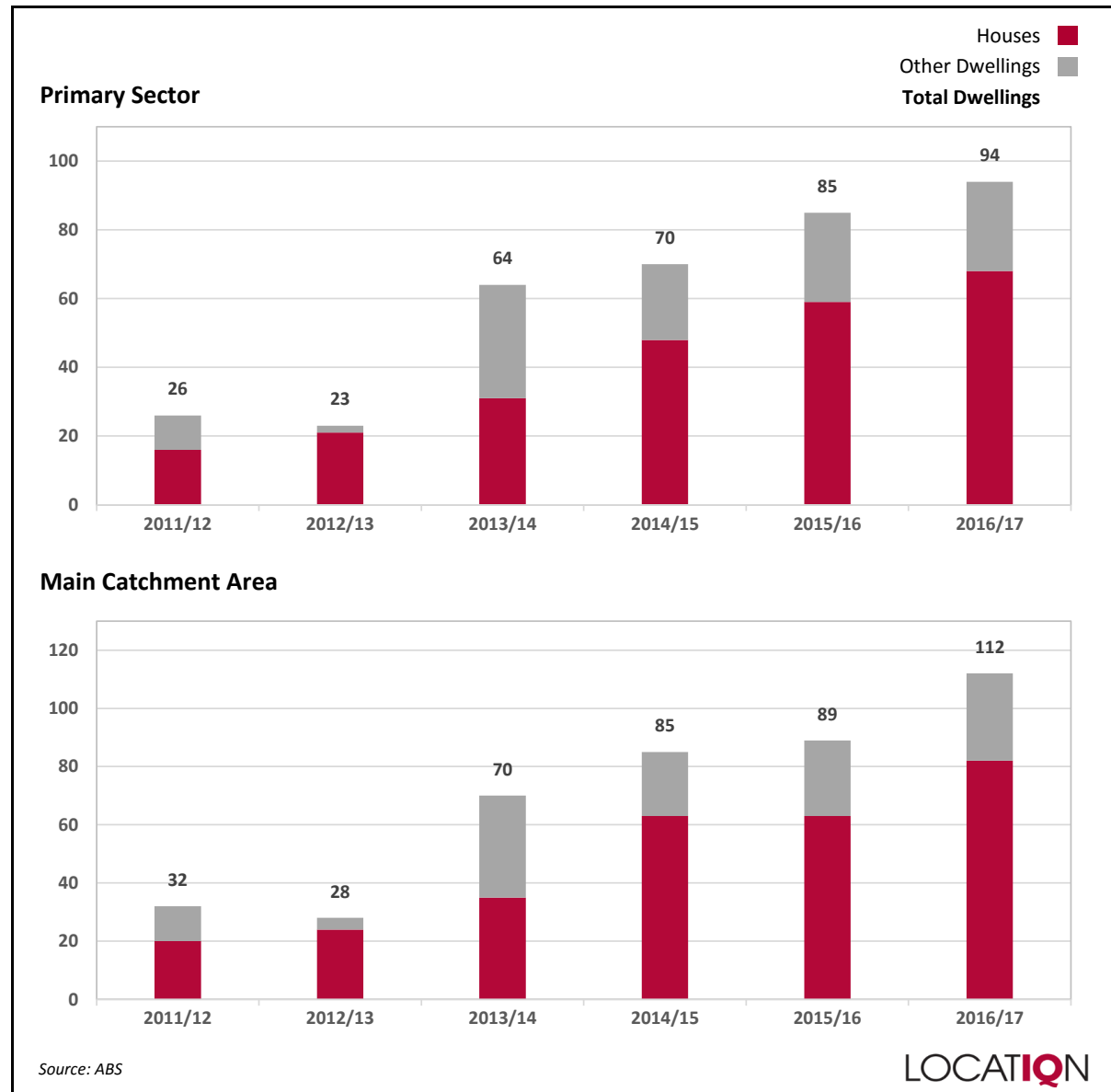
- i. Table 3.1 details the catchment area current and projected population levels over the period to 2026, based on the following:
  - The 2011 and 2016 Census of Population and Housing undertaken by the Australian Bureau of Statistics;
  - New dwelling approvals statistics from the ABS from 2011/12 to 2016/17 (refer Chart 3.1). An average of 60 new dwellings were approved annually across the catchment area over this time period.
  - Population projections prepared by the Queensland Government Statistician's Office (QGSO) at an SA2 level.
  - Investigations by this office into new residential developments in the area.
  - Information regarding the status of the Epiq Lennox development, as provided by Clarence Property Works.
- ii. The catchment area population is currently estimated at 9,815. Over the period to 2026, the catchment area population is projected to increase to 12,630, reflecting an average annual growth rate of 2.8%.
- iii. As outlined above, the 65+ years age bracket is typically targeted for independent living. Map 3.2 details the 2016 Census results which allow for a comparison of where over 65-year-olds have been accommodated within the Lennox Head region area between 2011 and 2016. This illustrates the growth in the over 65s by Statistical Area 2 within the Lennox Head region in that timeframe. The areas of red and orange show regions that have grown fastest in terms of over 65s, while areas in yellow show regions which have experienced lower growth in numbers of over 65s.
- iv. As shown, there is a relatively high proportion of residents aged 65+ years within the general region, particularly in and around Ballina (noting that the majority of the area

immediately surrounding the site and the inland area to the north of the site is generally uninhabited), reflecting the popularity of the area with retirees.

- v. Map 3.3 highlights the growth in the 65+ years population over the 2011-16 Census period. As shown, the strongest growth areas are generally focussed to the south of the site in Cumbalum, West Ballina and Skennars Head; close to an extensive provision of medical, retail and community facilities in the Ballina CBA.
- vi. Table 3.1 also compares the projected population growth of the 65+ year age cohort within the catchment area with that of the overall catchment area, based on projections by the Census of Population and Housing 2016. Key points to note are:
  - The population aged 65+ years within the catchment area is projected to increase from 2,365 currently to reach 3,461 by 2026, reflecting an average annual growth rate of 4.3% (or 120 persons), as compared with a growth rate of 2.8% across the overall catchment area population.
  - Currently, the 65+ years age cohort represents 24.1% of the total population within the catchment area. By 2026, this proportion is projected to increase to 27.4%.
- vii. Overall, the defined Epiq Lennox catchment comprises a large, growing catchment, particularly within the 65+ years age cohort, which accounts for around 39% of population growth over the forecast period to 2026.

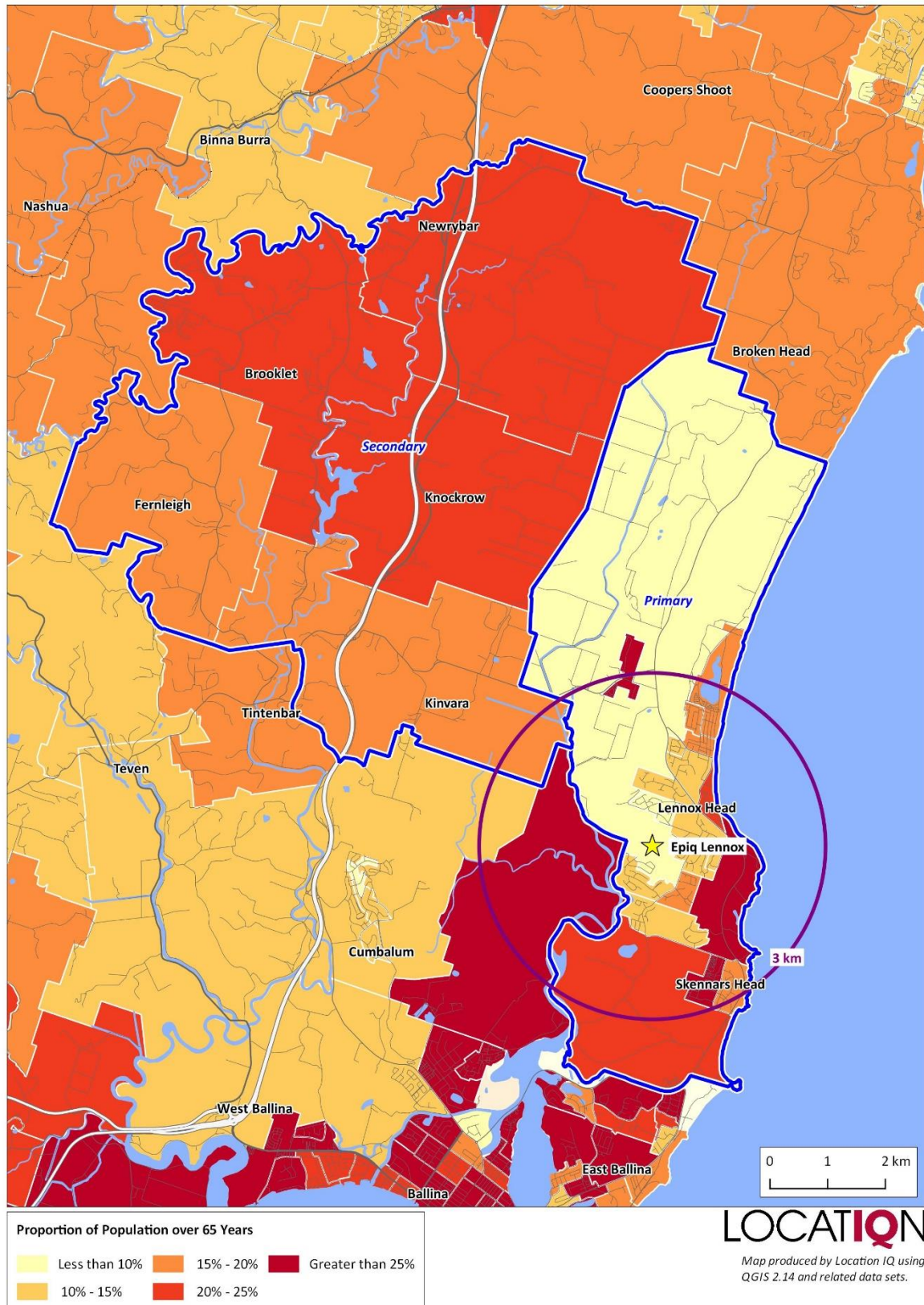
**TABLE 3.1 – EPIQ LENNOX CATCHMENT POPULATION, 2011 – 2026**

Trade Area Sector	Actual			Forecast	
	2011	2016	2017	2021	2026
<u>Catchment Area</u>					
• Primary Sector	7,590	7,990	8,265	9,365	10,990
• Secondary Sector	<u>1,550</u>	<u>1,540</u>	<u>1,550</u>	<u>1,590</u>	<u>1,640</u>
<b>Total Catchment Area</b>	<b>9,140</b>	<b>9,530</b>	<b>9,815</b>	<b>10,955</b>	<b>12,630</b>
Aged 65+ Years	1,947	2,259	2,365	2,815	3,461
<b>Average Annual Change (No.)</b>					
	<b>Actual</b>			<b>Forecast</b>	
	2011-2016			2017-2021	2021-2026
<u>Catchment Area</u>					
• Primary Sector		80		275	325
• Secondary Sector		<u>-2</u>		<u>10</u>	<u>10</u>
<b>Total Catchment Area</b>		<b>78</b>		<b>285</b>	<b>335</b>
Aged 65+ Years		62		113	129
<b>Average Annual Change (%)</b>					
	<b>Actual</b>			<b>Forecast</b>	
	2011-2016			2017-2021	2021-2026
<u>Catchment Area</u>					
• Primary Sector		1.0%		3.2%	3.3%
• Secondary Sector		<u>-0.1%</u>		<u>0.6%</u>	<u>0.6%</u>
<b>Total Catchment Area</b>		<b>0.8%</b>		<b>2.8%</b>	<b>2.9%</b>
Aged 65+ Years		3.0%		4.5%	4.2%
<i>All figures as at June and based on 2016 SA1 boundary definition.</i> <i>Sources : ABS; forecast .id</i>					

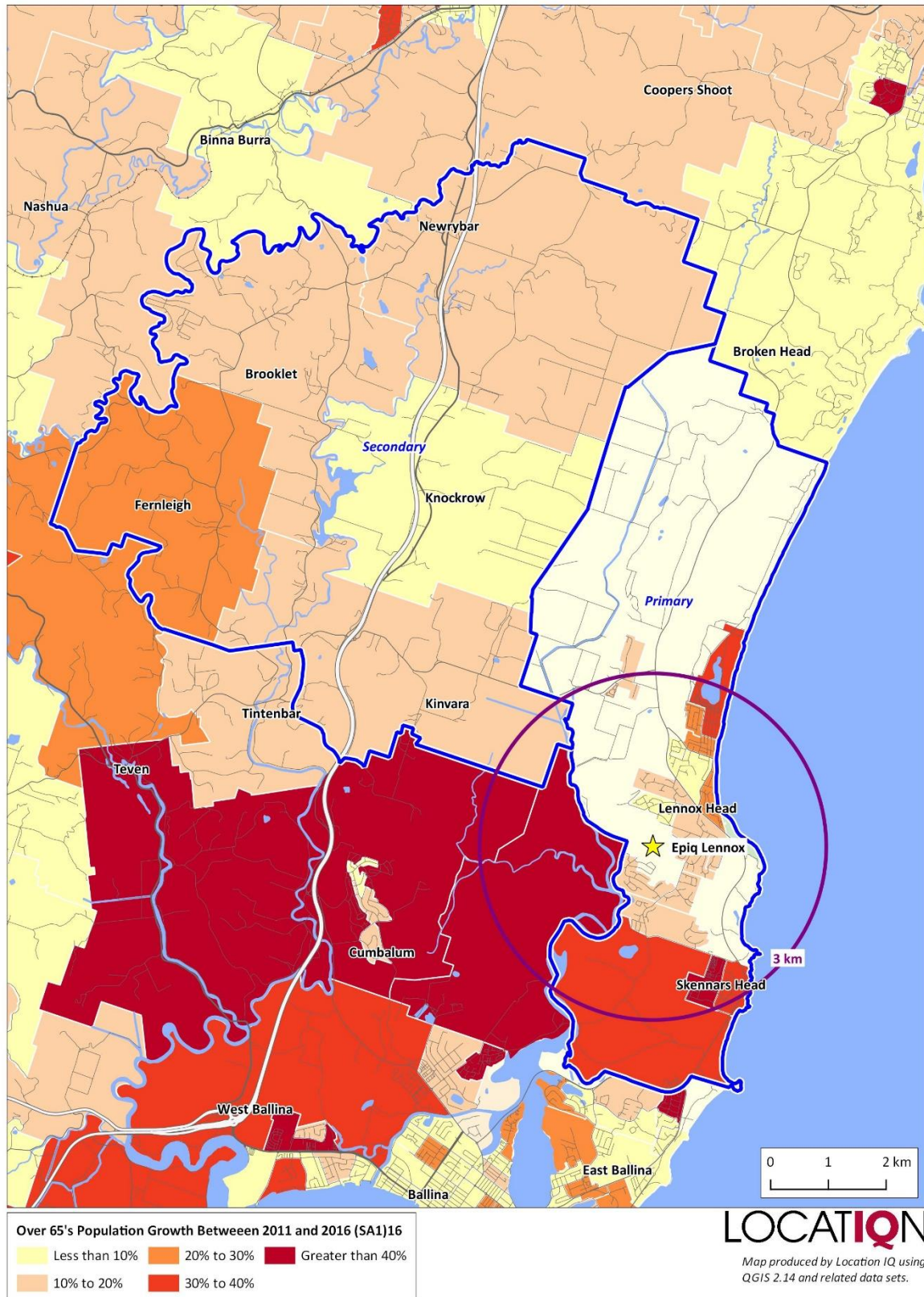
**CHART 3.1 – EPIQ LENNOX CATCHMENT NEW DWELLING APPROVALS, 2011/12 – 2016/17**



**MAP 3.2 –RESIDENTS AGED 65+ YEARS BY STATISTICAL AREA 2 (SA2), LENNOX HEAD REGION**



**MAP 3.3 – GROWTH RESIDENTS AGED ABOVE 65 YEARS, 2011-16**





### 3.3 Catchment Area Socio-Economic Profile

- i. Table 3.2 details the socio-economic profile of the Epiq Lennox catchment area population as compared with the non-metropolitan New South Wales and Australian benchmarks. This information is sourced from the 2016 Census of Population and Housing which is undertaken by the ABS.
  - Residents earn income levels that are higher than the non-metropolitan New South Wales average on a per capita and household basis. The most affluent residents reside in the primary sector, where household income levels are 30.5% above the benchmark.
  - The average age of residents across the catchment area is comparable with the non-metropolitan New South Wales benchmark, with younger residents residing within the primary sector.
  - Home ownership levels are higher than the benchmark across the catchment area.
  - The catchment area is predominantly Australian born.
  - The household profile of trade area residents also varies between the sectors, with a large traditional family market (i.e. couples with dependent children) residing in the primary sector and a larger retiree population (i.e. couples without children and lone persons) residing in the secondary sector.
- ii. The overall socio-economic profile of the catchment area population generally reflects that of an established family population.
- iii. Table 3.3 provides a summary of the change in the socio-economic profile of the Epiq Lennox catchment area population between the 2011 and 2016 Census compared with the non-metropolitan New South Wales benchmark. Key points to note include:
  - The average age of the catchment population increased at double the rate of the non-metropolitan New South Wales benchmark (6.0% vs 2.9%).



- Average household income levels increased at almost twice the rate of the non-metropolitan New South Wales benchmark.
- The average household size within the catchment area remained constant, while the benchmark declined by 1.8%.
- The proportion of households comprising couples without children and lone persons increased at a faster rate than the benchmark.

**TABLE 3.2 – EPIQ LENNOX CATCHMENT SOCIO-ECONOMIC PROFILE, 2016 CENSUS**

Characteristics	Primary Sector	Secondary Sector	Total Catchment Area	Non Metro NSW Average	Aust Average
<b>Income Levels</b>					
Average Per Capita Income	\$40,856	\$38,953	\$40,569	\$34,181	\$38,497
Per Capita Income Variation	19.5%	14.0%	18.7%	n.a.	n.a.
Average Household Income	\$107,700	\$103,458	\$107,072	\$82,505	\$98,478
Household Income Variation	30.5%	25.4%	29.8%	n.a.	n.a.
Average Household Size	2.6	2.7	2.6	2.4	2.6
<b>Age Distribution (% of Pop'n)</b>					
Aged 0-14	19.3%	14.2%	18.5%	18.5%	18.8%
Aged 15-19	6.9%	6.7%	6.9%	6.0%	6.1%
Aged 20-29	7.0%	8.1%	7.1%	11.1%	13.8%
Aged 30-39	11.4%	9.6%	11.1%	11.0%	14.0%
Aged 40-49	15.3%	13.3%	14.9%	12.5%	13.5%
Aged 50-59	16.1%	18.0%	16.4%	13.8%	12.7%
Aged 60+	24.0%	30.2%	25.0%	27.0%	21.1%
Average Age	40.7	44.1	41.2	41.3	38.5
<b>Housing Status (% of H'holds)</b>					
Owner/Purchaser	77.0%	77.0%	77.0%	71.0%	68.0%
Renter	23.0%	23.0%	23.0%	29.0%	32.0%
<b>Birthplace (% of Pop'n)</b>					
Australian Born	88.2%	84.9%	87.7%	89.2%	72.9%
Overseas Born	11.8%	15.1%	12.3%	10.8%	27.1%
• Asia	0.7%	1.9%	0.9%	2.1%	10.7%
• Europe	6.2%	8.3%	6.5%	5.2%	8.0%
• Other	4.9%	4.9%	4.9%	3.4%	8.4%
<b>Family Type (% of Pop'n)</b>					
Couple with dep't children	47.2%	43.3%	46.6%	39.4%	45.2%
Couple with non-dep't child.	7.2%	10.2%	7.6%	7.4%	7.8%
Couple without children	26.0%	29.0%	26.4%	26.1%	23.0%
Single with dep't child.	8.1%	7.0%	7.9%	10.2%	8.9%
Single with non-dep't child.	2.8%	2.5%	2.7%	4.0%	3.7%
Other family	0.4%	0.5%	0.4%	0.9%	1.1%
Lone person	8.4%	7.5%	8.2%	12.1%	10.2%

Sources: ABS Census of Population and Housing 2016

**TABLE 3.3 – EPIQ LENNOX CATCHMENT SOCIO-ECONOMIC PROFILE, KEY CHANGES, 2011-2016**

Characteristics	Epiq Lennox MTA			Non Metro NSW Benchmark		
	2011	2016	Change (%)	2011	2016	Change (%)
<b>Income Levels</b>						
Average Per Capita Income	\$32,400	\$40,569	25.2%	\$29,579	\$34,181	15.6%
Average Household Income	\$85,516	\$107,072	25.2%	\$72,680	\$82,505	13.5%
<b>Age</b>						
Average Age	38.9	41.2	6.0%	40.1	41.3	2.9%
<b>Birthplace (% of Pop'n)</b>						
Australian Born	86.9%	87.7%	0.8%	88.5%	89.2%	0.8%
Overseas Born	13.1%	12.3%	-0.8%	11.5%	10.8%	-0.8%
<b>Household Size &amp; Structure</b>						
Average Household Size	2.6	2.6	0.0%	2.5	2.4	-1.8%
Couple without children	25.4%	26.4%	1.1%	25.7%	26.1%	0.3%
Lone Person	7.7%	8.2%	0.6%	11.7%	12.1%	0.4%
<b>Housing Status (% of H'holds)</b>						
Owner/Purchaser	75.4%	77.0%	1.5%	71.3%	71.0%	-0.3%
Renter	24.6%	23.0%	-1.5%	28.7%	29.0%	0.3%

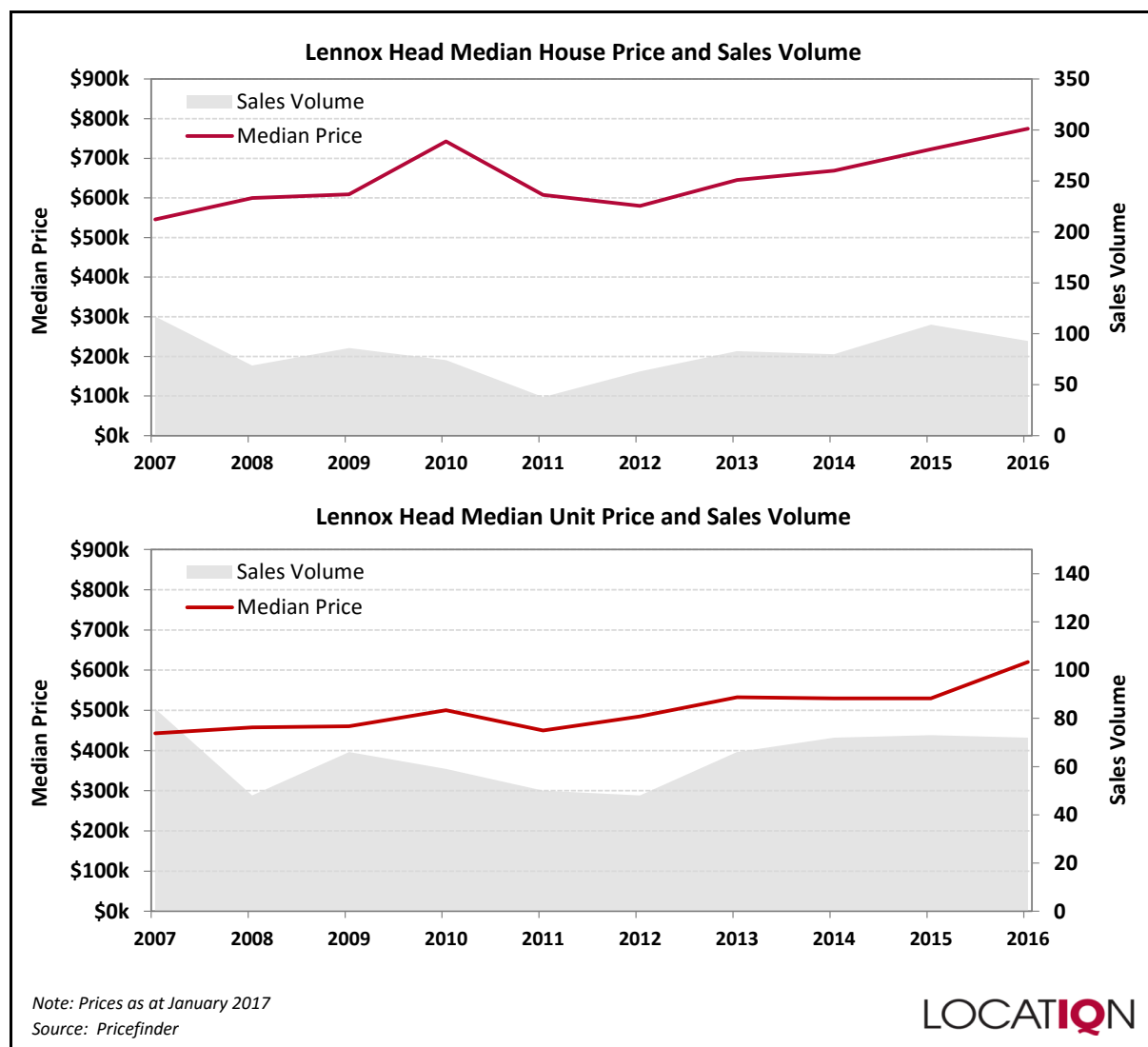
Sources: ABS Census of Population and Housing 2011 &amp; 2016

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### 3.4 Dwelling and House Price Trends

- i. As outlined above, new dwelling approvals sourced from the ABS over the period from 2011/12 to 2016/17 show that some 362 new dwellings have been approved across the catchment area over this period, with 67% of these being houses and 33% 'other dwellings' (i.e. units).
- ii. The price point for competing independent living facilities in the area ranges quite significantly from around \$300,000 - \$600,000, depending on the product and the facilities/services provided within the village.
- iii. The broader Ballina market (LGA) has experienced strong growth in recent months, with house price growth of 7.1% in the September quarter, making it the fastest growing regional market in New South Wales.
- iv. The median house price in Lennox Head as at September 2017 was \$872,500 which is 32% higher than the Ballina LGA average (\$635,000). House prices in Lennox Head have increased by 51% over the past five years (from \$580,000 in 2012).

- v. The median unit price in Lennox Head as at 2017 September was \$668,000, which is 52% higher than the Ballina LGA average (\$440,000). Unit prices in Lennox Head have increased by 38% over the past five years (from \$485,000 in 2012).
- vi. The price point of the Epiq Lennox development ranges from \$250,000 - \$350,000. Based on information provided by Clarence Property Works, a large proportion of home buyers in Stage 1 -3 of the development are investors and first home buyers living in the Lennox Head/Ballina region. These buyers are currently being priced out of the broader Ballina market.

**CHART 3.2 – LENNOX HEAD (SUBURB) MEDIAN DWELLING PRICES AND SALES VOLUMES**

## 4 SUPPLY AND DEMAND ANALYSIS

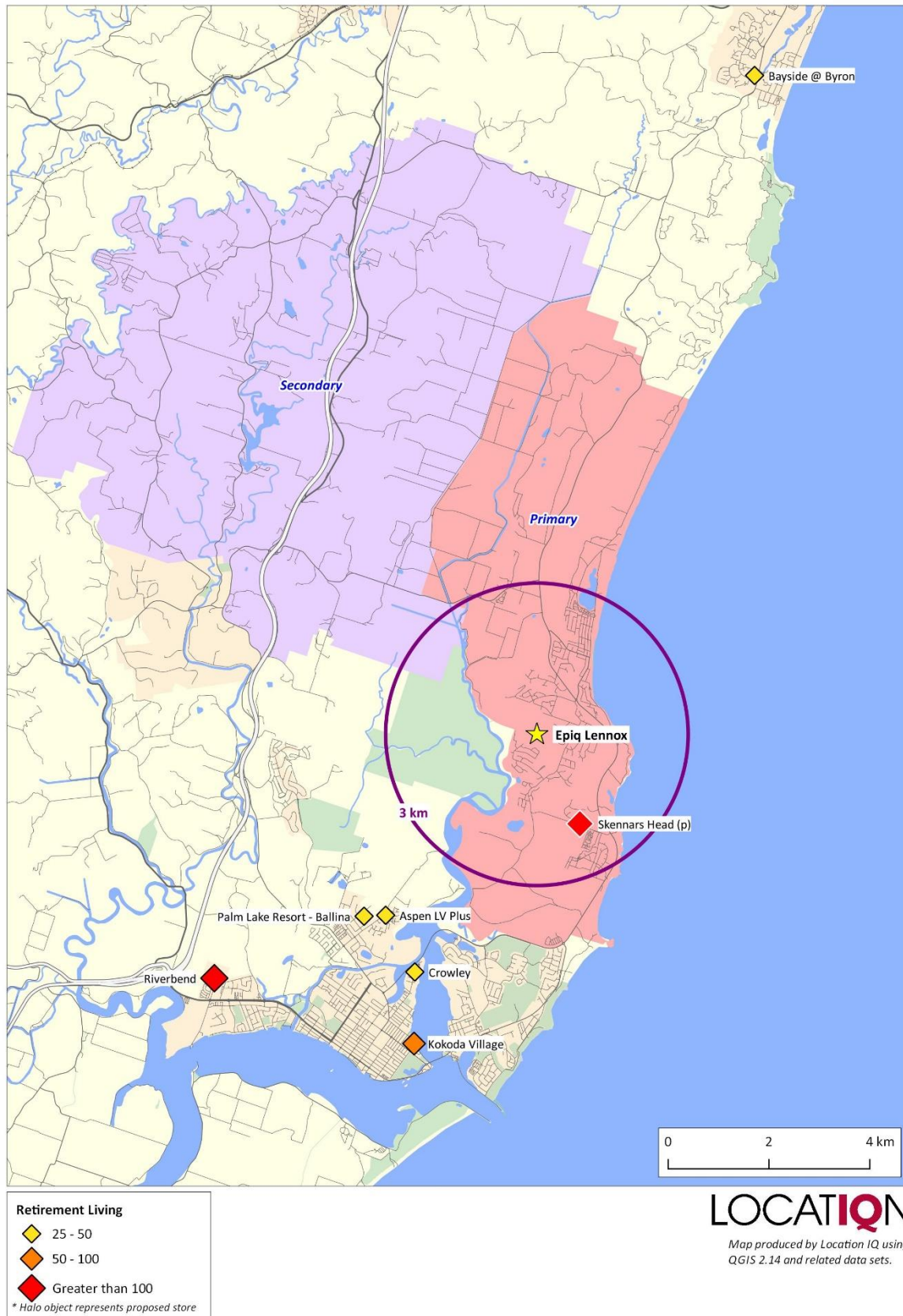
This section of the report provides an assessment of the market potential for independent living facilities at the Epiq Lennox site.

### 4.1 Supply and Demand for Independent Living Facilities

- i. Map 4.1 and Table 4.1 detail the location of existing independent living facilities in the region.
- ii. As shown, there are currently no independent living units provided within the catchment area, to serve a population of 65+ years of 2,365. The focus for independent living facilities is in and around Ballina, to the south of the catchment area.
- iii. The vacancy rate of existing independent living units in and around Ballina is very low at around 1%, highlighting the popularity of the area with older residents and demand for these types of facilities.
- iv. In terms of future competitive developments occurring in the area, a development application for a 170-unit independent living facility at 67 Skennars Road in Lennox Head (3 km to the south-east of the Epiq Lennox site) has been submitted to Ballina Shire Council (refer Table 4.2). This development is closer to the beach and has larger lot sizes than the Epiq Lennox site.
- v. Table 4.3 presents analysis of supply and demand at independent living units across the Epiq Lennox catchment. The key information includes:
  - The population aged 65 years and older is projected to increase by 2,365 persons to 3,461 by 2026.
  - Based on information sourced from the Property Council of Australia project the penetration rate for independent living across the 65+ years age cohort is 5.1%. Applying this penetration rate to the Epiq Lennox catchment population would indicate demand for 121 places currently (or 93 units, based on an average household size of 1.3 persons).

- Over the period to 2026, as the population ages, the Property Council of Australia project that the independent living penetration rate across New South Wales will increase to 6.6%, which when applied to the Epiq Lennox catchment population, indicates an undersupply of 46 units (in 2026). This analysis assumes that the proposed Gem Life independent living facility (170 units) along Skennars Head Road proceeds. This development will absorb the majority of the demand for independent living facilities in the area.
- This analysis assumes that the Epiq Lennox catchment area is a closed catchment (i.e. there are no inflows or outflows of independent living residents). There is a likely inflow of residents from other areas moving to retirement living facilities within the catchment.
- Typically, independent living villages provide in the order to 100 – 120 units. The above analysis indicates that there is moderate potential for additional independent living facilities within the area in the short to medium term.

## MAP 4.1 – INDEPENDENT LIVING FACILITIES





**TABLE 4.1 – EXISTING INDEPENDENT LIVING UNITS IN REGION**

Facility Name	No. of Places	Vacancy Rate	Dist. From Site (km)
<b>Beyond Catchment Area</b>			
Kokoda Village	74	1.4%	11.5
Crowley Care Services	154	0.0%	13.1
Palm Lake Resort Ballina*	226	1.8%	14.4
Bayside at Byron	32	6.3%	14.6
Riverbend Ballina**	171	0.0%	16.0
<i>* 60 lots still under development at site (not included in vacancy rate calculation)</i> <i>** 22 lots still under development at site (not included in vacancy rate calculation)</i>			

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**TABLE 4.2 – PROPOSED INDEPENDENT LIVING UNITS IN REGION**

Facility Name	Status	Net Additional Units	Dist. From Site (km)
Gem Life Skennars Head Road	DA Submitted	170	3.0
Palm Lake Resort Ballina*	Construction	60	14.4
Riverbend Ballina*	Construction	22	16.0
<i>* Form part of an existing facility</i>			

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**TABLE 4.3 – SUPPLY AND DEMAND OF INDEPENDENT LIVING UNITS IN CATCHMENT AREA**

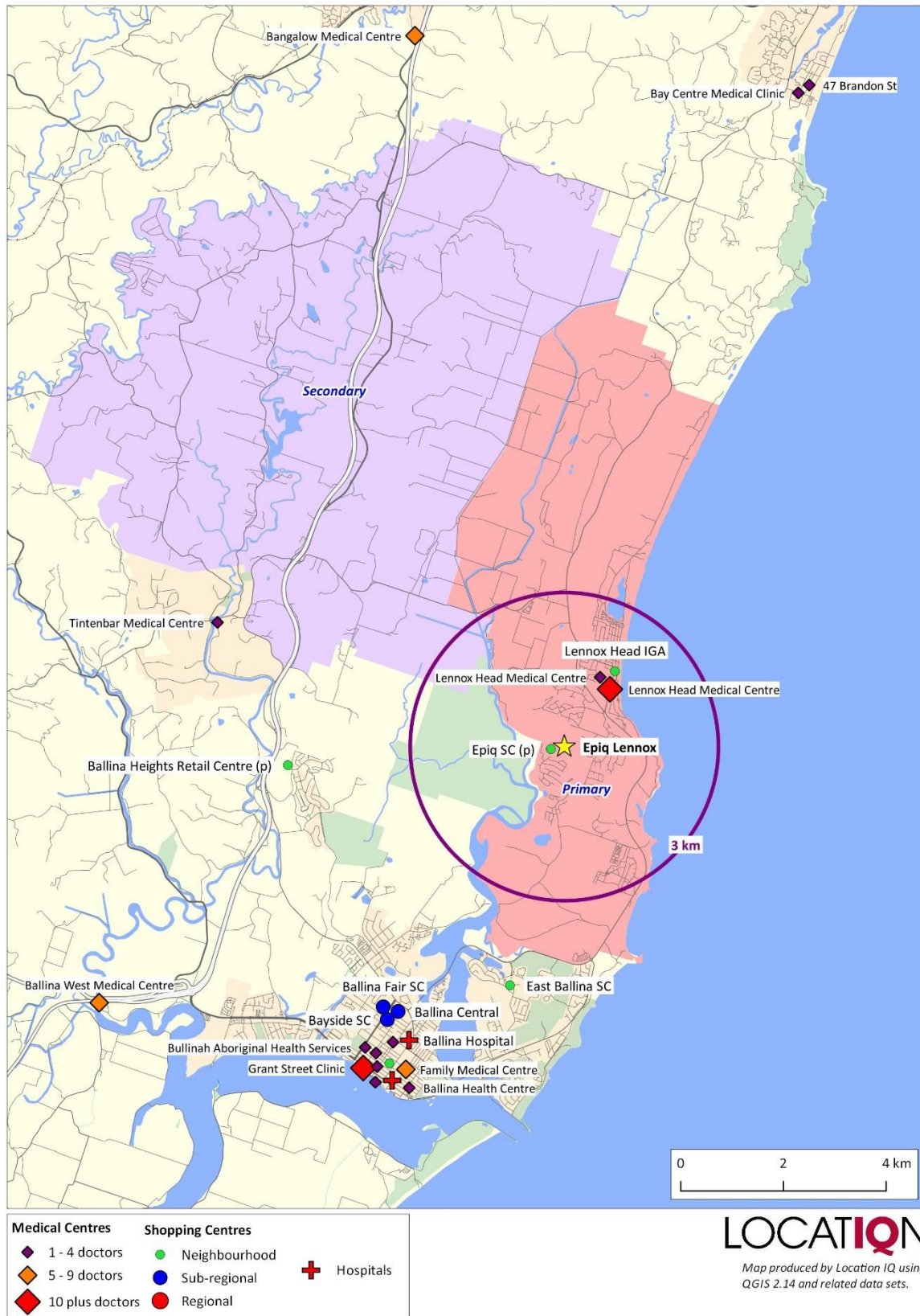
Component	2017	Projected 2021	2026
<b>Population Catchment Area</b>			
Total Population (All Ages)	8,265	9,365	10,990
Proportion Population Aged 65+ years	28.6%	30.1%	31.5%
Total Persons Aged 65+	2,365	2,815	3,461
<b>Supply (Catchment Area)</b>			
Supply (no. places)	0	170	170
Catchment Area Penetration Rate	0.0%	6.0%	4.9%
<b>Demand (Catchment Area)</b>			
Penetration Rate (NSW benchmark)*	5.1%	5.7%	6.6%
Demand (no. persons) @ NSW benchmark	119	161	230
<b>Indicative Oversupply/Undersupply</b>			
Total No. of Persons	-119	9	-60
Total Independent Living Units (@ 1.3 residents per unit*)	-92	7	-46
<i>*Source: PCA National Overview of the Retirement Village Sector (2015)</i>			

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## 4.2 Site Attributes

- i. Map 4.2 outlines the provision of existing infrastructure within the region. A number of features would be attractive to prospective independent living providers, including:
  - The size of the site, which can accommodate a critical mass of independent living units.
  - Proximity to a number of beaches and tourist facilities.
  - Surrounding residential and convenience retail uses.
  - Co-located aged care facilities.
  - Convenient access to a public transport network (a bus stop which will likely provide access to Lennox Head and Ballina) is planned within the Epiq Lennox development.
- ii. The location of the proposed development, however, could limit the potential for independent living facilities, based on:
  - Distance to hospital facilities, with the closest hospital facilities provided at Ballina, 12 km to the south. Lismore Hospital, is major regional hospital offering an extensive range of services, is located 37 km to the west of the site.
  - Distance to community, higher order retail and recreation facilities, which are primarily focussed in and around Ballina, some 12 km to the south.
  - Lack of age in place prospects, given that the proposed independent living village would not be co-located with an aged care facility.

## MAP 4.2 – EXISTING INFRASTRUCTURE



### 4.3 Recommendations

- i. In Australia, approximately 20% of residents aged 65 – 75 years and above either live in independent living units or aged care facilities.
- ii. Based on the increasing popularity of the area with retirees, the lack of existing facilities within the catchment area currently and the low vacancy rate of facilities within the broader region, there is capacity in the market to support an independent living facility.
- iii. The majority of demand for independent living units, however, will be absorbed by the proposed Gem Life development along Skennars Head Road (170 units). Assuming that this development proceeds, the catchment area is projected to be undersupplied by only 46 independent living units in 2026. The size of the existing facilities within the region varies, but on average retirement living facilities offer around 100 - 120 places, indicating moderate potential for similar facilities at Epiq Lennox in the short- to medium term.
- iv. The demand for independent living facilities is also highly dependent on the attributes of the site and their appeal to the 65+ years age cohort. Key characteristics valued by the elderly include proximity to medical facilities, convenient access to retail (both higher order and convenience) and community facilities and the ability to ‘age in place’ to avoid the disruption of moving to a new location later in life.
- v. The Epiq Lennox site is well located in close proximity to the beach and would provide convenience retail facilities adjacent to the proposed independent living facility. The site, however, is not located close to hospital or higher order retail facilities, which are provided at Ballina (a 24-km round trip).
- vi. Based on analysis of the housing market in the region, residential (rather than independent living) uses are the highest and best use for the site. Epiq Lennox is an affordable option (based on a price point of \$250,000 - \$350,000) for first home buyers

and investors, who have been priced out of the market as a result of strong house and unit price growth in Lennox Head and the broader Ballina region.

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