



# ANZ RETIREMENT VILLAGES SURVEY REPORT

OCTOBER 2023

# THE NEW ZEALAND RETIREMENT VILLAGE SECTOR

Over the last decade, as part of ANZ's support for the Retirement Villages Association of New Zealand (RVA), we have surveyed RVA members annually to understand the mood and direction of the sector.

In our June 2023 survey we asked RVA members a range of questions, including some from previous years to measure sentiment over time, and new questions to capture current and emerging issues or trends. This year we put the spotlight on sustainability, an increasingly important focus in many other industries.

As always, while the overall findings are shared, individual responses are kept confidential. We hope you find the report insightful and that it helps guide some of your strategic thinking. If you have any questions, please do not hesitate to contact me at [Richard.Hinchliffe@anz.com](mailto:Richard.Hinchliffe@anz.com)

**Richard Hinchliffe**

Director Sector Strategies & Sustainable Finance  
ANZ New Zealand

## CONTENTS

Introduction	1
1. Taking the pulse of the industry	2
2. Key issues and findings	5
3. Priorities for the next 12 months	6
4. Next 5-10 years	8
5. Specific survey questions	10
Conclusion	12

For details of ANZ Bank New Zealand Limited's disclaimer statement, please refer to the final page of this report.



## INTRODUCTION

We discovered the sector to be resilient, more aware of Environmental, Social and Governance (ESG) issues, and looking to grow over the medium to long term.

The ANZ Retirement Village Survey has a long history of capturing the mood and current thinking of the sector, and often shines a light on new trends. We're happy to say the 2023 survey is no different.

In 2022, the survey was conducted against rising interest rates, inflation, a slowing economy, geopolitical issues, and lower housing market activity.

Fast forward to 2023, and the environment looks quite similar. Some economists are predicting interest rates will stay higher for longer, due to stubbornly high inflation. Unsurprisingly, the survey shows short-term sentiment for the NZ economy is weak, however this sentiment is looking like it may shift dramatically over the next three years. While the retirement village sector expects the next 12 months to be tough, respondents anticipate it'll be in a better position than other industries.

In terms of what's on people's minds, the biggest concern is possible legislation change such as mandatory buy-backs. If we compare the responses between for-profit and not-for-profit retirement villages, the survey shows possible changes are more significant for the not-for-profit operators. This highlights how a blunt regulation change could impact certain parts of the sector more than others – due to not-for-profits finding it more difficult to access new equity.

Along with the possible legislation 'dark cloud' that hung over the sector in 2023, the second major concern is the state of the housing market. In 2021, finding good employees was the number one concern, but in 2023, it was much further down the list.

The report covers a number of critical aspects of the sector and operations, including price plans for village units, sustainability and carbon strategy, and what the industry expects to happen in the next 5 to 10 years.

I would like to take a moment to thank all the village operators who completed this year's survey.

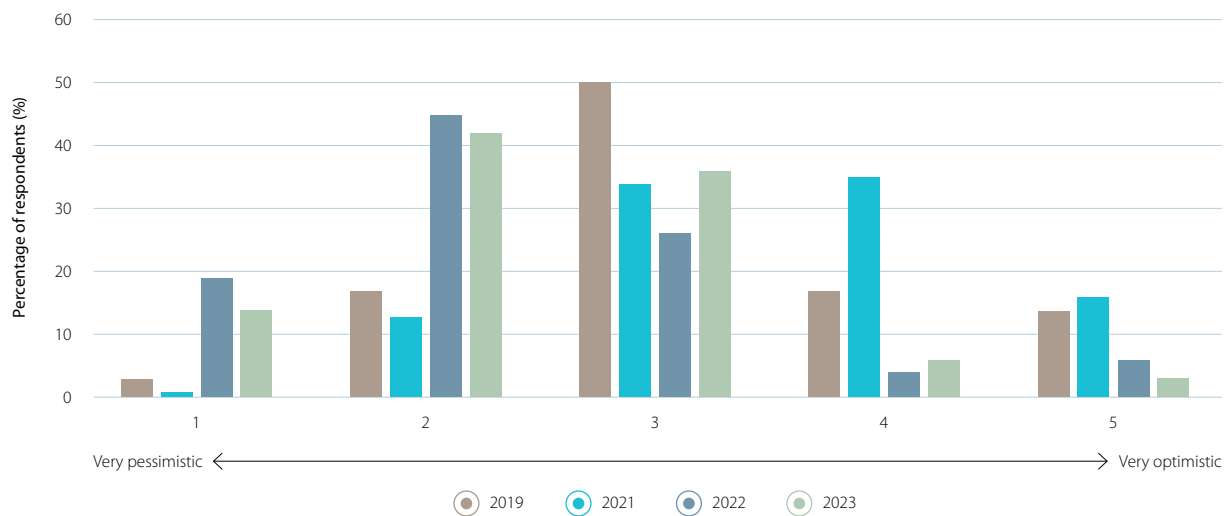


# 1. TAKING THE PULSE OF THE INDUSTRY

## THERE ARE SOME CONCERNS ABOUT THE ECONOMY OVER THE NEXT 12 MONTHS, BUT ATTITUDES CHANGE SOON AFTER.

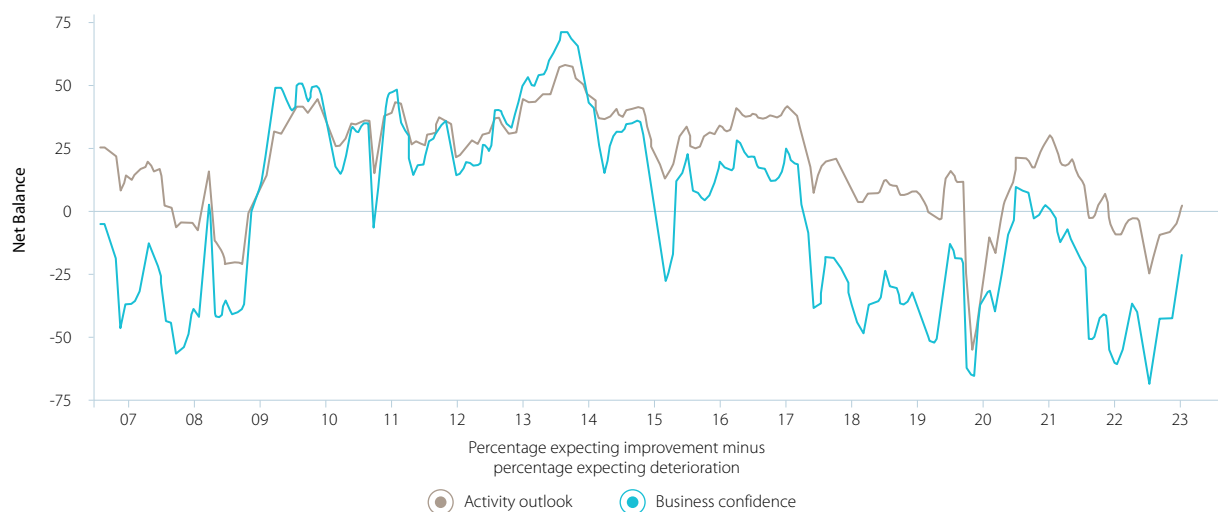
The question regarding 'confidence in the economy over the next 12 months' has returned varied answers in the last three surveys. In 2021, the sector was relatively confident, but this changed dramatically in 2022. For 2023, the outlook from respondents improved, but only a little. We have captured responses over the last four years in the below graph.

NZ ECONOMY OVER THE NEXT 12 MONTHS



It's worth noting that the RVA industry is not alone. The ANZ NZ Business Outlook report for June 2023 had its activity index at just +3, a metric that's fallen below 0 on just three occasions over the past 16 years. Once during the GFC, again when the Covid outbreak struck and in February 2022. Apart from a brief bounce in April 2022, it has remained gloomy until climbing back into the positives in June.

ANZ BUSINESS CONFIDENCE INDEX AND ANZ OWN ACTIVITY INDEX



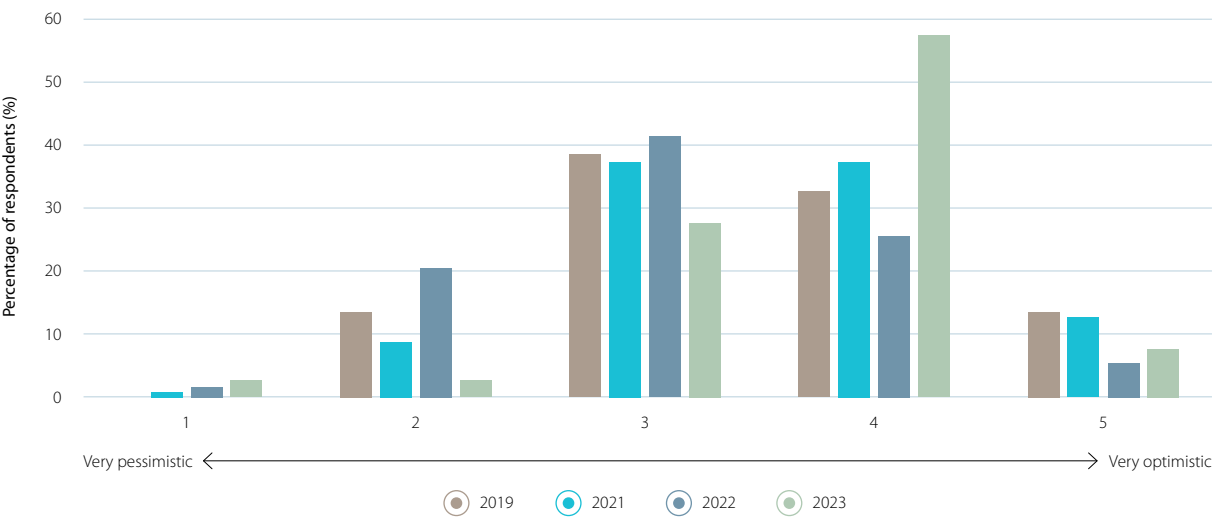
Source: Macrobond, ANZ research

Business Outlook survey (anz.co.nz)

EXPECTATIONS FOR THE ECONOMY OVER THE NEXT 3 YEARS: STRONG BOUNCE BACK

When asked about prospects over the next three years, respondents foresee a strong bounce back.

NZ ECONOMY OVER THE NEXT 3 YEARS



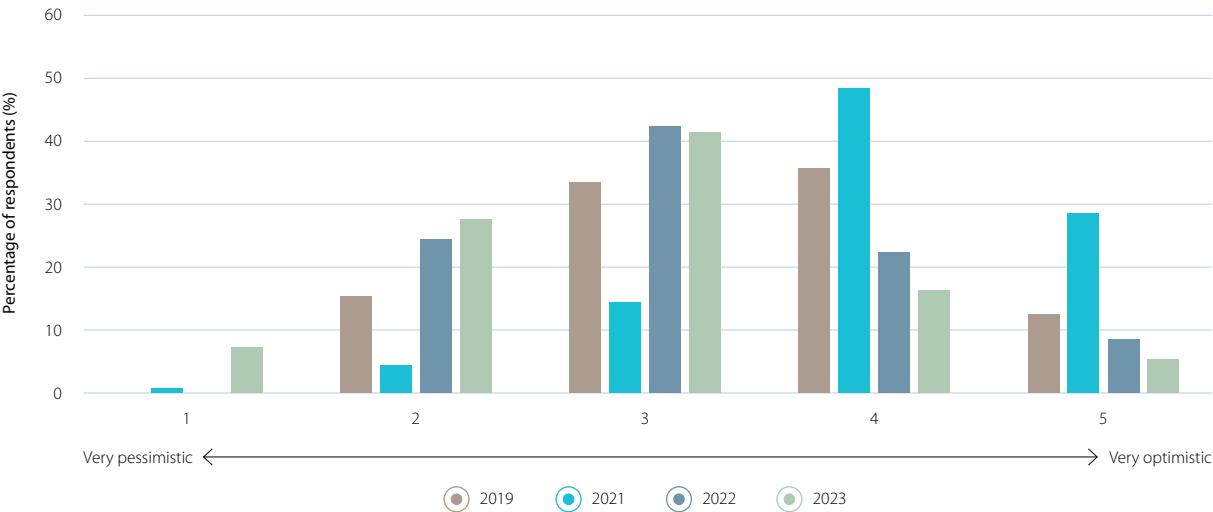
The 2023 survey suggests operators think the slow economy is short term in nature, with a real shift in optimism for the medium term. It will be interesting to see how sentiment changes if interest rates remain higher for longer.



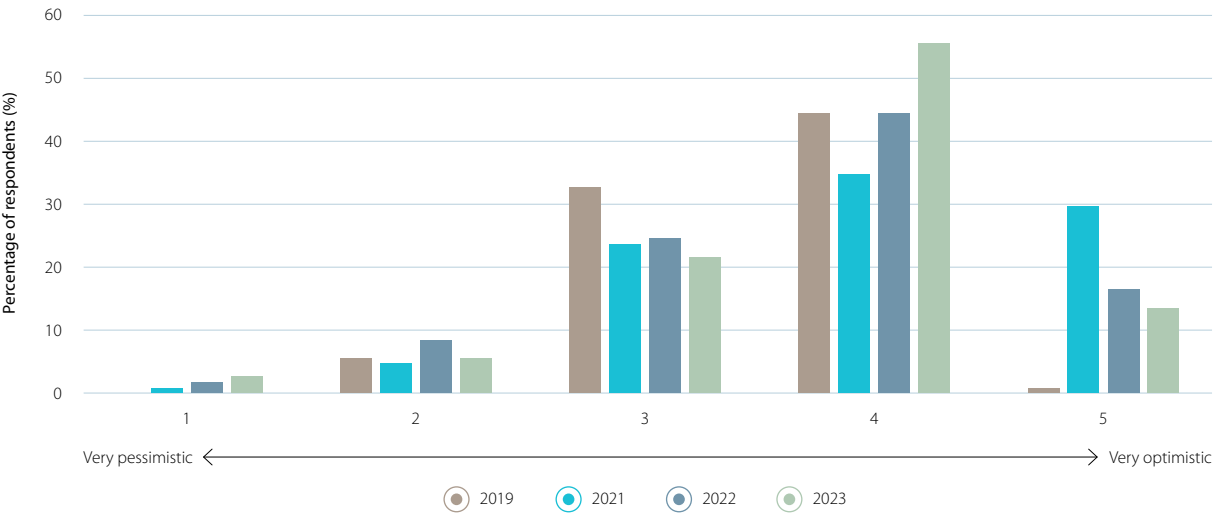
EXPECTATIONS FOR THE SECTOR: SHORT-TERM CONCERN, LONGER-TERM OPTIMISM

For 2023, optimism for the next 12 months has not materially shifted but is maintaining a slight downward trend. However, when we look at expectations over the next 3 years, we see an improvement, even though it may be small. So, despite the negative factors in play now, the sector is showing resilience with few pessimistic outlooks.

PERFORMANCE EXPECTATIONS FOR THE SECTOR OVER THE NEXT 12 MONTHS



PERFORMANCE EXPECTATIONS FOR THE SECTOR OVER THE NEXT THREE YEARS

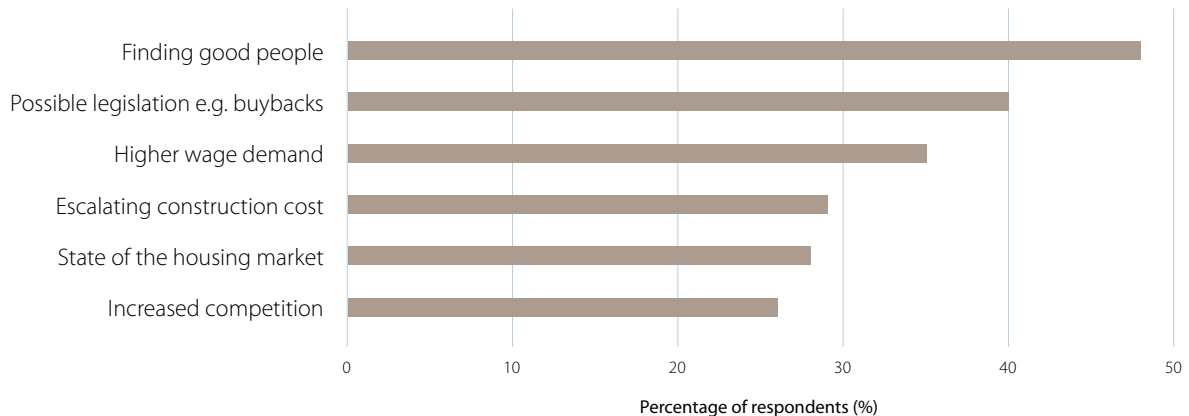


## 2. KEY ISSUES AND FINDINGS

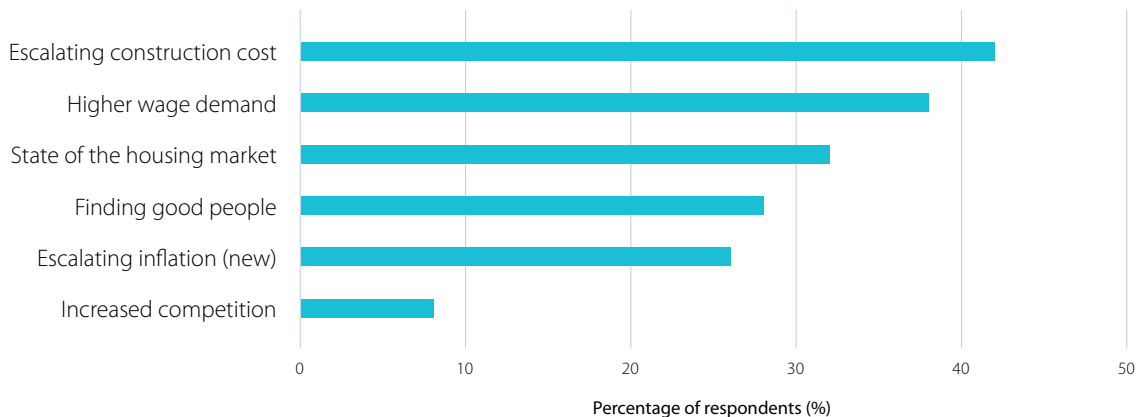
The top two issues in 2023 have previously never ranked this high, while finding good people is no longer a top six concern.

### TOP ISSUES FOR THE COMING 12 MONTHS

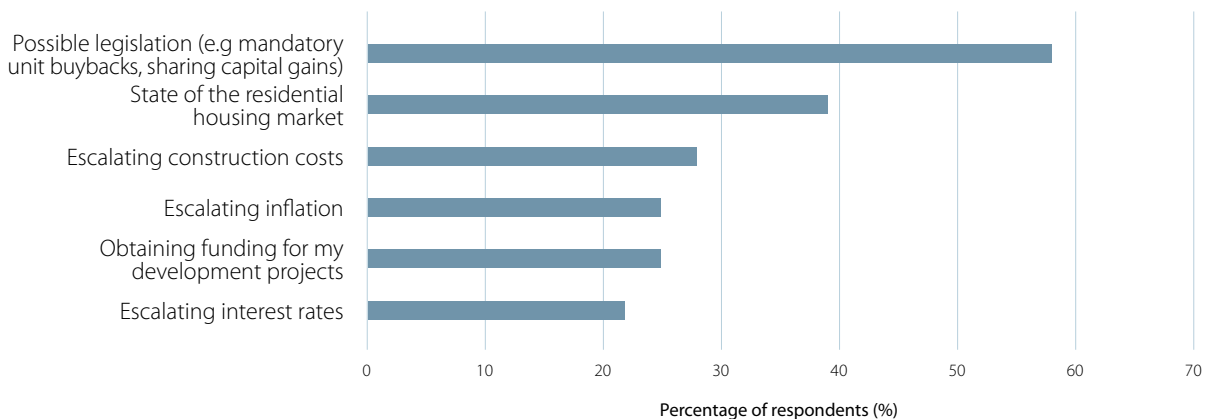
#### TOP ISSUES FOR THE COMING 12 MONTHS – 2021



#### TOP ISSUES FOR THE COMING 12 MONTHS – 2022

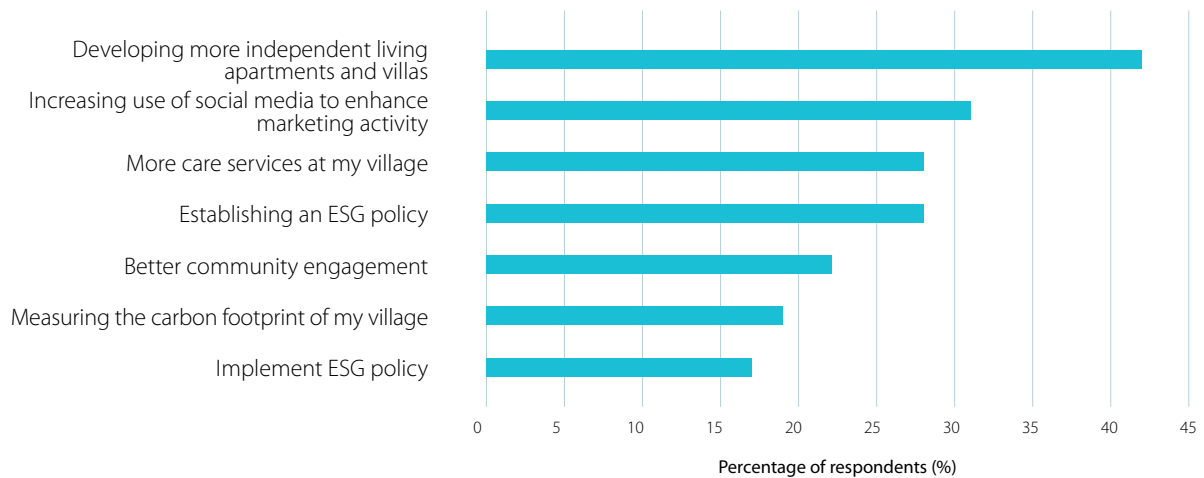


#### TOP ISSUES FOR THE COMING 12 MONTHS – 2023



Gone are the days when the number one concern was finding good people, higher wage demands, or increased competition. Today, operators are concerned about possible legislation changes and the state of the housing market. Both are material concerns and are heightened for the not-for-profit sector. Again, we suspect they may lack access to new equity, and many may struggle to match the marketing budgets of the large national operators.

### 3. PRIORITIES FOR THE NEXT 12 MONTHS



Last year, the four significant priorities were:

1. Better community engagement
2. Developing more units
3. Increased use of social media
4. Putting more care into villages

Fast forward 12 months, and the nature of the priorities is changing. Better community engagement has slipped a little, probably because operators are comfortable with the current level of engagement after year-on-year increases.

Despite low confidence about the next 12 months, developing more units is a clear priority. Operators appear to be taking a long-term view of expected demand, recovery of the housing market and the broader economy.

The item that sticks out in 2023 is the increasing focus on ESG. In 2022 establishing an ESG policy was the 9th priority at 13%, and implementing an ESG policy was less than 3%. The change is significant and timely given the landscape of climate change, climate resilience, and retirees showing an interest in sustainability. Operators are positioning their business for the future.

With respect to not-for-profits, their top three priorities in order are developing more units, establishing an ESG policy and implementing an ESG policy. One wonders if the not-for-profit operators are leading sustainability in the retirement village sector.

#### LOWER PRIORITIES

We often focus on the main priorities and overlook minor sector concerns. The bottom three priorities in 2022 were robotics, implementing an ESG policy in the village, and acquiring other Retirement Villages.

In this year's survey, the bottom priorities included:

1. Creating a social housing option and improving responses to Covid (6% each)
2. Acquisition and improving Net Promoter Score (both 8%)
3. Assessing my village's exposure (and that of my suppliers) to potential future weather events

In the UK retirement village sector, rental options are not uncommon. Rental can be attractive to equity holders with long-term liability commitments like pension funds. Survey responses from the for-profit sector shows low interest in social housing options. However, the not-for-profit responses indicate these operators are more interested in rental and social housing options for retirees.

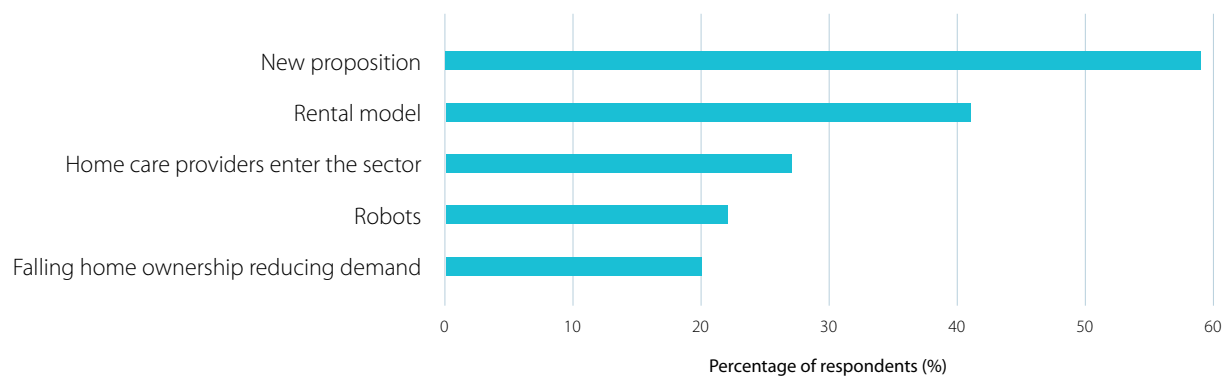




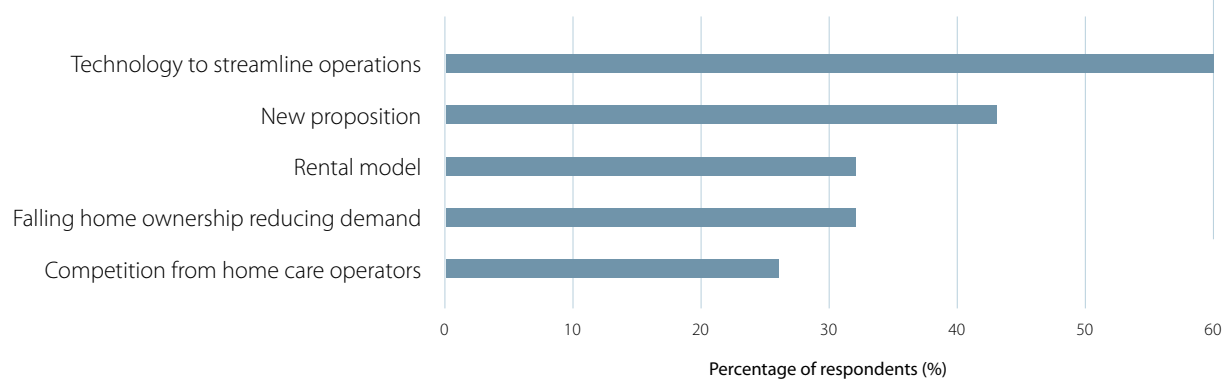
## 4. NEXT 5-10 YEARS

Each year we have asked operators to look forward 5-10 years and consider what will feature in their business. These insights provide important clues to strategic direction for the sector.

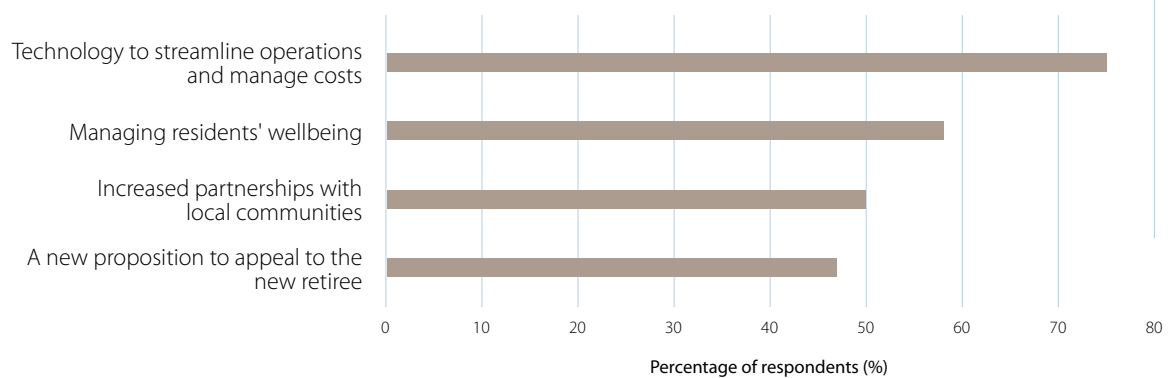
NEXT 5-10 YEARS – 2017



NEXT 5-10 YEARS – 2022



NEXT 5-10 YEARS – 2023





By displaying responses for 2017, 2022 and 2023, we can clearly see where people think the future is heading. When asked about the next 5 to 10 years, here's what the sector expects to see:

1. Technology to improve village operations
2. Improved management of residents' wellbeing
3. Increased partnerships with local communities
4. New proposition to appeal to the new retiree

We see operators looking to manage growth with operational technology, but at the same time, they know the market will change, and they're likely to see different retirees with different priorities. To capture the new retiree, operators will need to engage better with the community.

Once again, we see a difference between not-for-profits and the rest of the sector. The not-for-profits are interested in rental and social housing options for retirees.



## 5. SPECIFIC SURVEY QUESTIONS

### BUILD PROGRAMMES AND PRICE EXPECTATIONS

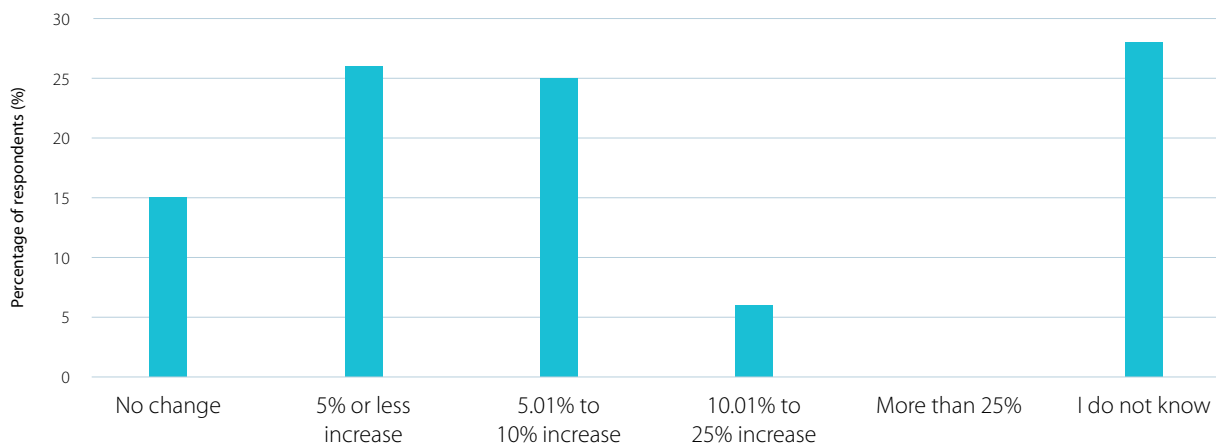
#### BUILD PROGRAMME EXPECTATIONS



Against the background of possible legislation changes, high interest rates, and higher inflation, operators still have the confidence to increase their build programmes.

### HOW MUCH WILL YOU INCREASE PRICING OF INDEPENDENT LIVING UNITS?

#### PRICING INTENTIONS IN THE NEXT 12 MONTHS



Compared with 2022, price expectations have changed very little. Approximately 50% of operators feel confident that the market will absorb a price increase.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS

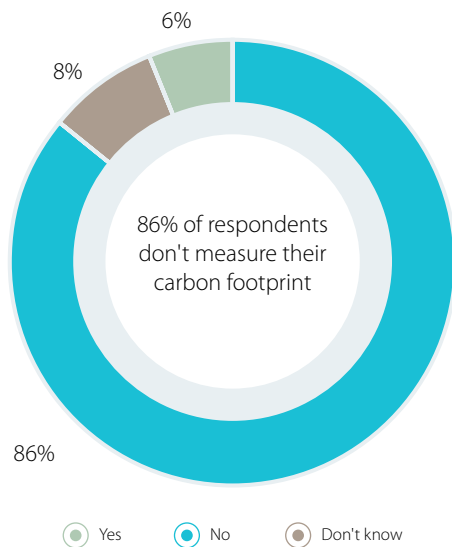
In 2022, we decided to increase the number of ESG and sustainability questions so we could find a baseline to reference over the coming years.

We believe the sector will be embracing the subject more and more, as the drivers for this are both 'top-down' (such as new environmental legislation and increasing pressure from investors) and 'bottom-up' (as sustainability starts to influence residents' village choice).

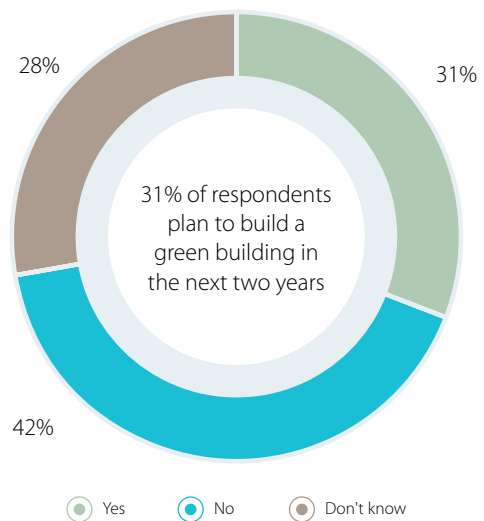
Sustainability initiatives, such as making buildings more energy efficient, can also help reduce costs and deliver long-term business benefits. The responses to the ESG questions in this year's survey reveal:

- 89% of respondents don't have a target date to become carbon neutral
- 86% of respondents don't measure their carbon footprint
- 72% of respondents have assessed the risk to their business from climate change
- 31% of respondents plan to build a green building in the next two years. This is up from 23% last year.
- 31% of respondents have been impacted by extreme weather events
- 25% of respondents are looking at a rental option to provide an affordable product

DO YOU CURRENTLY MEASURE YOUR CARBON FOOTPRINT?



DO YOU PLAN TO BUILD ANY "GREEN BUILDINGS" IN THE NEXT 2 YEARS?





## CONCLUSION

When reflecting on the survey results, the sector has showed it is confident in the future, is slowly building its ESG credentials and is prioritising sustainability, with not-for-profits leading the charge.

Over the last 12 months, the sector has had to deal with some major headwinds:

- Slow housing market and economy
- Possible legislation changes
- More vocal residents
- High inflation and interest rates
- Climate change

It would be easy to expect the sector to 'hunker down' and look to reduce plans and activity. However, as we have seen over the last 40 years, the retirement village sector has an entrepreneurial backbone, knows its market, and recognises its proposition is strong and growing in relevance. We expect operators to continue to develop high volumes, increase prices where appropriate, and use social media to help sell new and re-sale product.

This is the third year of asking ESG questions, and for the first time, we are seeing respondents make comments on this important and broad topic. We expect to see interest grow as operators seek to marry long-term ESG action with resilience in their business plans.

## KEY LEARNINGS FROM THE SURVEY

After collating the responses of the 2023 survey, we identified three key areas that resonated strongly with the RVA sector.

1. There is strong confidence in the customer/resident proposition
2. ESG, including resident wellbeing, is an important aspect for village operators
3. Regulatory change is a critical issue and can have big impacts on the sector

As always, we are grateful to the many operators who completed this year's survey and helped make the report possible.

## ANZ CONTACTS

For more information on how ANZ can help you build your next Retirement Village, please contact our retirement village specialist:

**RICHARD HINCHLIFFE**

Director Sector Strategies & Sustainable Finance

ANZ Corporate

M. +64 27 268 7988

E. [Richard.Hinchliffe@anz.com](mailto:Richard.Hinchliffe@anz.com)



The material in this report is for information purposes only. Please talk to us if you need financial advice about a product or service. See our financial advice provider disclosure at [anz.co.nz/fapdisclosure](https://anz.co.nz/fapdisclosure)

The material is only current as of the date of this report and is subject to change. While the information contained in this report is from sources perceived by ANZ to be reliable and accurate, ANZ cannot warrant its accuracy, completeness or suitability for your intended use. To the extent permitted by law, ANZ does not accept any responsibility or liability arising from your use of this information. ANZ shall not be obliged to update any such information after the date of this report.

The information in this report is historical in nature. It should not be used for any purpose other than providing factual historical data and is not to be construed as an indication or prediction of future results.

This report is published in New Zealand by ANZ Bank New Zealand Limited.

© Copyright ANZ Bank New Zealand Limited. "ANZ", ANZ's logo and ANZ's colour blue are trademarks of ANZ.