

Retirement properties



Watch this space
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Developers are mining the silver-haired market although these are far from typical real estate products.



My grandmother in Ipoh fell down a couple of years ago. I believe she was tending to her beloved orchids on a ladder and lost her balance. Since then, she's never been the same. My parents made up a section in our house for her with its own kitchen as she prided herself as a cook. But she complained that it was too cramped, and never felt quite at home as when she was in Ipoh.

She moved back a few months later and that annexe now lies empty as a sort of unused storage area. At the same time, my parents don't feel comfortable leaving her alone in her single-storey terrace house. What if she falls again and has no one to help her?

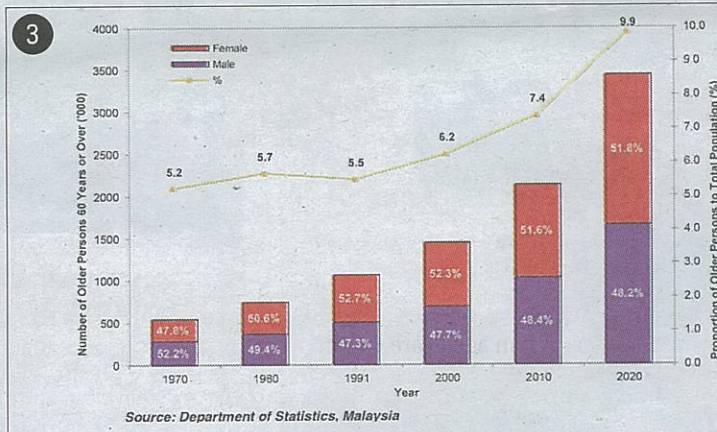
Isn't there a way she can have a sense of independence and familiarity while having someone with her a certain number of hours a day without being dependent on the generosity of neighbours or friends?

This is the conundrum facing many families in Malaysia today: An elderly generation being shifted around the various siblings while the elderly person doesn't want to feel beholden to his or her children.

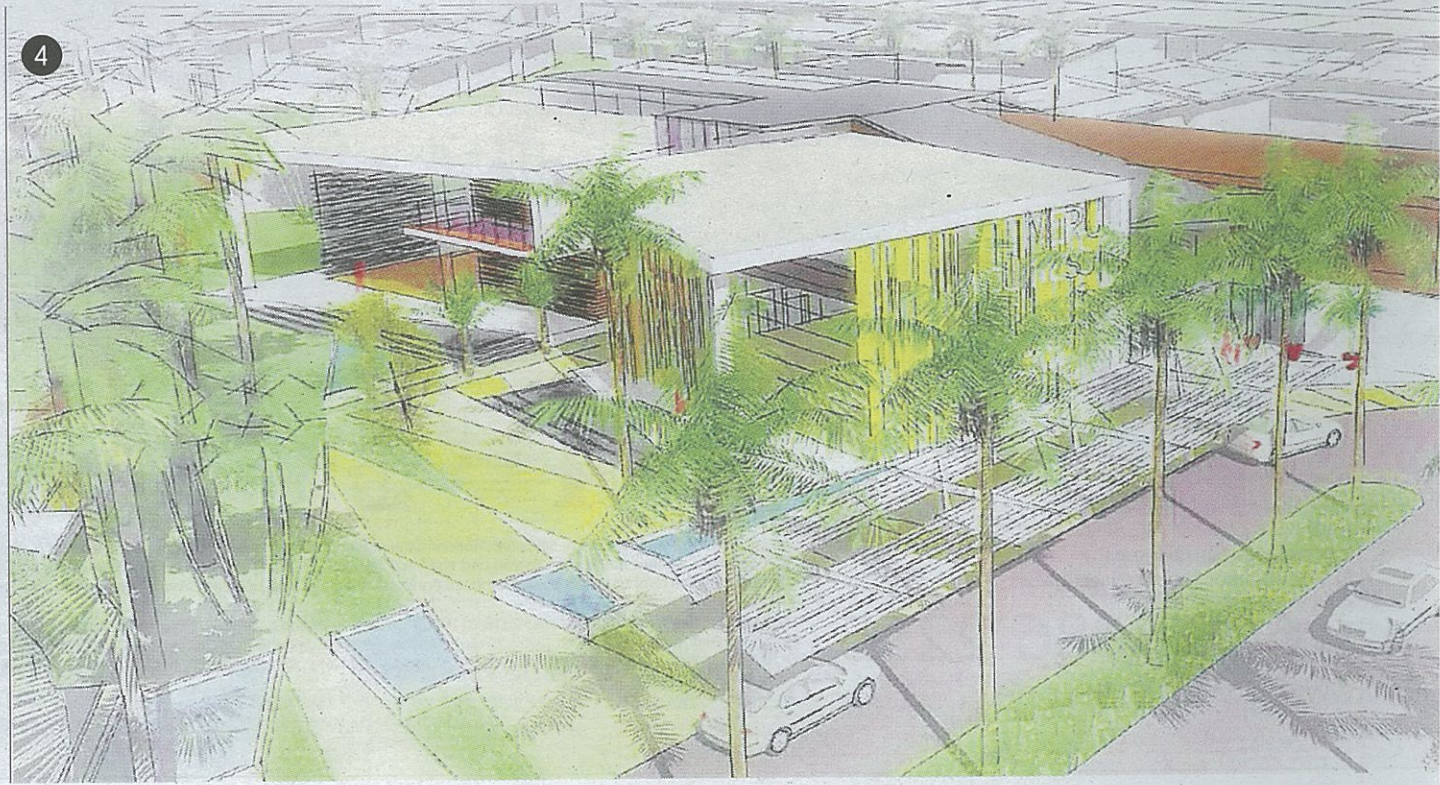
"We like to believe that culturally we are different from the West but, like it or not, our societal and family values are fast changing. We can no longer depend on the traditional expectations that children will live with and look after their aged parents," reckons PricewaterhouseCoopers senior executive director Khoo Chuan Keat, who spoke to the Real Estate and Housing Developers' Association Malaysia (Rehda) about retirement properties.

Then there are the empty nesters, those with large bungalows or semi-detached residences which housed two or three children but are now empty. The children have migrated overseas and visit occasionally. The parents don't need frequent medical attention but want a low-maintenance property.

Malaysia's population will indeed see more and more people in their golden years with birth rates falling and people living longer. According to the Department of Statistics, Malaysians aged 60 years and above make up about 2.3mil or 8% of our population, compared to an existing 14% in



- 1** Eden-on-the-Park in Kuching offers web-based medical records and a care residence that doubles up as a community health care centre.
- 2** Eden-On-The-Park will comprise 14 single-storey houses, 100 apartments and a 66-room geriatric care residence.
- 3** By 2020, Malaysia's population aged over 60 years old would climb to 10%.
- 4** Prices start from RM300,000 for a 650sq ft one-bedroom house in the GreenAcres project in Ipoh.





off to a gentle start

the United States, 11% in Singapore and 25% in Japan. By 2020, this would climb to 10%, making us, as is generally defined, an ageing nation.

The solution

To house this expanding demographic, you may have multigenerational homes, with seniors taking up the ground floor so they don't have to climb the stairs, or dual key apartments or neighbouring properties, so parents and children are nearby but have their own self-contained space. Many families in such arrangements, however, report that the assigned carers are being overly encumbered in a dependency relationship.

"My mother-in-law lives next door to us and my 28-year-old daughter lives with her," says Tahnee Chan, a confinement lady living in Seremban. "She is always hassling my daughter, not allowing her to go out and asking her to stay at home with her. No wonder she hasn't married yet!"

Retirement villages seem to be a solution. You can have nurses on call or regularly visiting as a paid service. Sometimes called assisted living, such facilities are fitted with panic buttons or personal alarms connected to nurses. The development can be located close to a hospital or medical facilities, while being close to family members.

The floors would be barrier-free and wheelchair-friendly with non-slip flooring. There would be grab bars in toilets, as well as being accessible to the grocers and other facilities, or public transport to minimise driving.

Such retirement properties would usually also not comprise ailing residents only but retirees who still want an active and sociable lifestyle. There would be activities bringing retirees with time on their hands together, such as exercise and dance sessions, Internet classes and *yum cha* (drink tea) meets.

"The condition of most old folks' homes today are deplorable and depressing," adds Khoo. "They are like transit lounges for residents waiting to depart to the next world. The type of retirement or senior living homes that we are talking about involves building a community of like-minded people who are still independent, active and ageing with dignity."

"Often when people retire, they gradually lose their business and social contacts and become depressed living alone, more so if their children are working or studying abroad."

Retirement villages would also be secured, which is important since retirees have more time to travel. Furthermore, while the younger generation need help getting their feet onto the property ladder, the majority of silver-haired folk have gathered their life savings in cash, property or other assets. Many also benefit from capital appreciation of the home they bought 20 or 30 years ago.

The Prime Minister's Performance Management And Delivery Unit (Pemandu) has identified retirement properties as a business opportunity: "While still new in Malaysia, the seniors living sector offers great potential growth."

So far, the most visible retirement property project here has been Green Leaf, located near Sepang Gold Coast. Although heavily promoted in 2011, it has been slow to take off with construction not begun yet. It previously tested the market with furnished apartments of 1,040sq ft to 1,800sq ft in size, priced between RM700 to RM1,000 per sq ft. The developer may now consider modifying its product specifications and pricing, according to an industry source. It is considering a "full launch" in a few months.

Due to launch in a few months is the GreenAcres retirement village in Bandar Meru Raya, Ipoh, developed by Total



5 The lush surroundings of the Jeta Gardens resort in Brisbane.



6 After a slow start, Green Leaf retirement village in Sepang is considering a full launch in a few months.



7 51% of Australian retirement properties developer, Jeta Gardens Waterford Trust, was bought by KPJ Healthcare Bhd.

Investment Group. Planned as a gated and guarded community, the project comprises 120 single-storey houses with built-up areas ranging from 730sq ft to 1,000sq ft, 170 low-rise apartments, and an aged care facility. Prices start from RM300,000 for a 730sq ft one-bedroom house.

The developers, which include an ex-registered nurse, engaged an Australian consultant and architects for the project. They have so far received enquiries from Malaysians, Australians and New Zealanders.

"People who migrated 30 years ago now wish to spend time near their original childhood area, including single ladies and empty nesters. One Australian couple took the trouble to fly to Ipoh to meet our retirement living consultant," says project brand and marketing consultant Kenneth Tan.

Another project being introduced is Eden-On-The-Park in Kuching. It will comprise 14 single-storey houses, 100 apartments and a 66-room geriatric care residence which doubles as a community health care centre. It offers web-based medical records, non-slip and padded tiles, grab bars, wider corridor and bathroom space plus emergency call buttons, among others. Several of its houses priced at nearly RM1mil have seen interest. The apartments are priced lower and overall pricing ranges from RM500 to RM600 per sq ft.

Other companies which may launch retirement properties include Country Heights with its rebranded Mines Wellness City, as well as Mulpha International Bhd which is a shareholder in FKP Property Group which operates retirement villages in Australia and

New Zealand. Then, there is HSC Healthcare Sdn Bhd which launched its AraGreens project in Ara Damansara. KPJ Healthcare Bhd, meanwhile, bought 51% of Australian retirement properties' developer Jeta Gardens Waterford Trust, and has opened an aged care centre in Kulajaya.

Business models

A stumbling block to many retirement property projects is the high cost of care charges, as well as seniors not being able to take out mortgages due to advanced age. Several projects have come out with financing arrangements to deal with this.

One popular solution is the Australian lease model, says Tan. "The buyer pays for a lease and when he exits, the lease is sold to the next person and deferred management fee is deducted and retained by the company. This also allows stricter control of the tenant mix to avoid neighbours from hell."

Another solution available overseas is a reverse mortgage, which gives the senior cash which is paid back by the sale of his or her property after passing on. For example, if your property is valued at RM1mil, the bank may give you RM500,000 in a lump sum or monthly gratuity. If you pass away after 10 years, the total interest amounts to RM500,000 and the final market value of the house turns out to be RM2mil, your heirs will receive RM2mil minus the loan amount plus interest, i.e. RM1mil.

Of course there are also emotional considerations. It's hard to escape feeling abandoned

in an end-of-the-road situation when everyone around you is of a certain age. And how about the children also feeling guilty?

PricewaterhouseCoopers' Khoo believes this stigma is due to low standards of existing old folks' homes. "But if we have decent, dignified and professionally managed seniors living communities with care facilities available today, there will be a long queue to check in."

To be successful, a retirement village also needs to be located close to everyday needs, adds retirement property consultant Tan. "A retirement village is unlike a holiday resort where you stay for a week or two. It is still independent living and people want to go shopping, golfing, dining, watching a movie, travelling, getting a magazine, fulfilling a hobby (fishing, boating, tennis) and so on."

Retirement villages also cannot be too dense, says the consultant. "There is a threshold number for a manager or staff to remember all residents' names. Imagine having 1,000 units and trying to remember a resident's name. Perhaps, large developments could be distributed into smaller enclaves or communities for a resident to feel he/she is one of 200 rather than one of 1,000.

"Otherwise, the market is ready," adds Tan. "I do get enquiries, especially from single persons and also empty nesters downsizing the home so they can travel whenever they want to."

Ultimately, Malaysia will become an ageing nation and see our property and health industries intertwining to fit varied lifestyles and budgets. And one day, we will all ponder on how to find the right space to suit our needs for independence and care.