Intelligent Investment

Seniors living

REPORT

Australian senior living – 2026 edition

CBRE RESEARCH
SEPTEMBER 2026

Overview

Scale-up

The aged care (220k beds), retirement villages (210k independent living units) and land lease communities (51k units) sectors collectively account for approx. 480,000 units. CBRE estimate the asset value of Senior Living exceeds $150bn.

The sector has low-levels of institutional ownership and we foresee significant opportunities for consolidation. We estimate the market share for top 5 operators in retirement villages (~17%), aged care (~20%) and land lease communities (~55%).

Supply and pipeline

Australia's +65 yrs old population is projected to grow from 4.75m currently to 7.0m by 2040. Around 11-12% of this cohort resides in land lease communities, retirement villages and aged care facilities.

New supply of senior living stock has been growing at a modest 1% - 1.7% pa, lagging +2.4% pa increase in +65 yrs population. Home care has also helped to alleviate the demand/supply mis-match.

Product quality and amenity expectations are likely to keep evolving as new retirees take advantage of larger accumulated asset balances:

- 83% of over 75 years old own their home outright, average dwelling value is $1.1m.
- superannuation savings for a typical +65 yrs old couple is likely to be $750,000

Transactions

Senior living has seen strong growth in transaction activity since 2021, averaging nearly $3bn pa. We assess the sector now accounts for 5-10% of all commercial real estate transactions in Australia. Our view is that there is good appetite, particularly for assets offering future development upside.

Global context

Over 65's comprise 18% of Australia's population. In a global context, this is a smaller share than seen in Europe and North Asia. We estimate that purpose built senior living penetration is between 5%-15% in established markets.

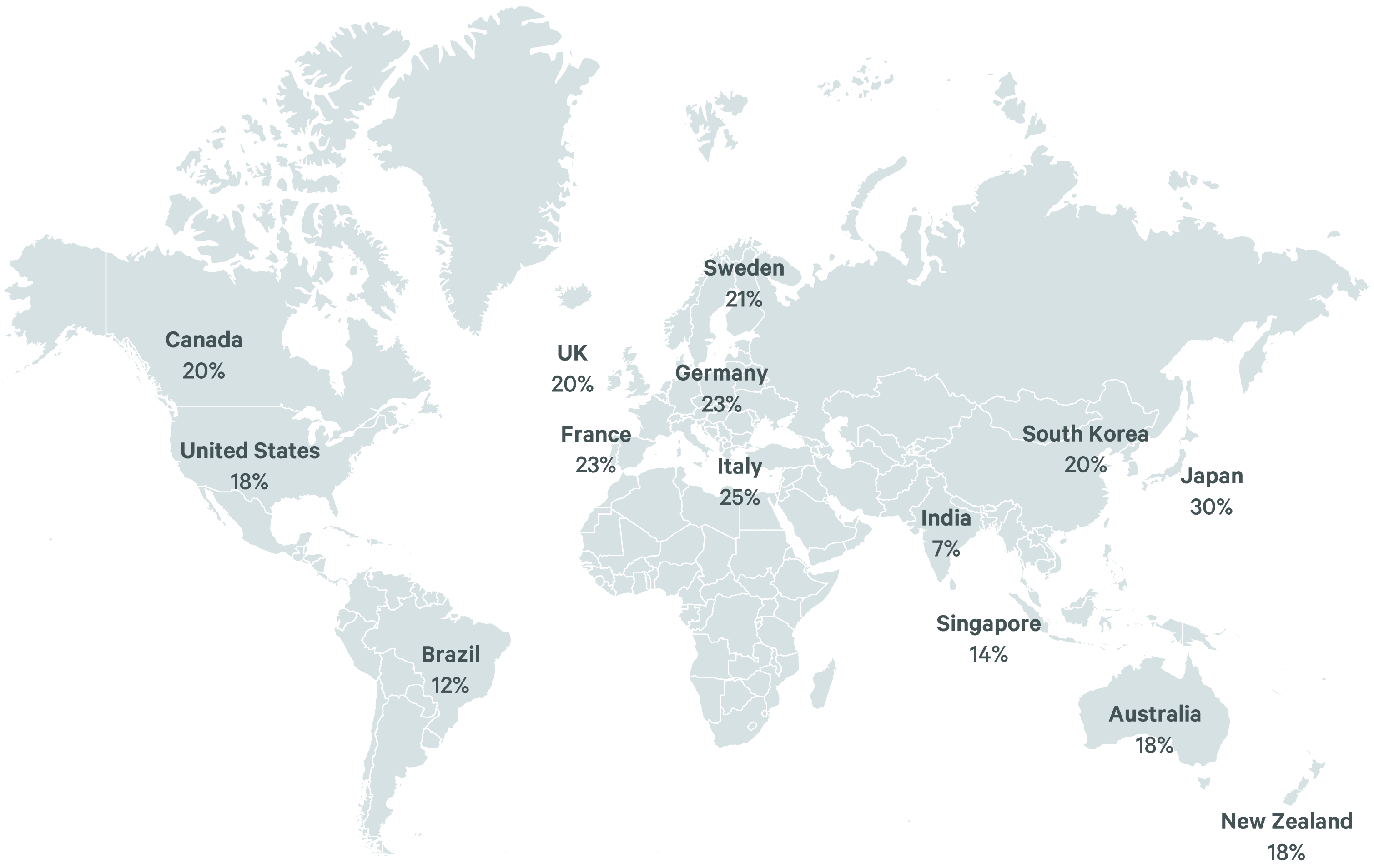
CBRE assess Australia's penetration of purpose built senior living at ~12%.

Globally, there are variances in financial models, including ownership vs leasehold and upfront vs monthly rentals.

Common financial models

Australia	Upfront, Licence to operate, Lease
Canada	Monthly, Rental
Germany	Monthly, Rental
New Zealand	Upfront, Licence to operate
UK	Upfront, Leasehold
US	Monthly, Rental

Figure 1: 65+ Share of population today



Source: World Bank, CBRE Research

Senior living - *Models*

Image: Serenitas, Thyme

CBRE Research

*Excludes caravan parks

Figure 2: Illustrative differences between Aged Care, Land Lease Communities and Retirement Villages

	Land Lease Community	Retirement Village	Aged Care
Sites/Units	51,000*	210,000	220,000
Penetration +65 yr	1.0%-1.5%	5.0%	5.2%
Resident age	55 - 85yrs	75- 85yrs	+85yrs
Contract type	Site Agreement	License/Lease	Resident, Accommodation and Service Agreement
Entry payment	House price (eg $0.7m-$1.2m)	Entry fee (eg $0.5m)	Refundable Accommodation Deposit (eg $0.5m-$1.5m)
Monthly fee	Site rent	Service fee (eg 4%, deferred)	Daily + Means tested + Accommodation fee
Exit fees	Typically none but more evident in Vic. and WA.	Deferred Management Fee (eg 20%-40%)	None
Capital gains	100% resident	~50-75% resident	n/a
Government assistance	Age pension Commonwealth Rent Assistance	Age pension Commonwealth Rent Assistance	Basic care subsidy Accommodation subsidy

Source: CBRE Research

Senior Living - *Transactions*

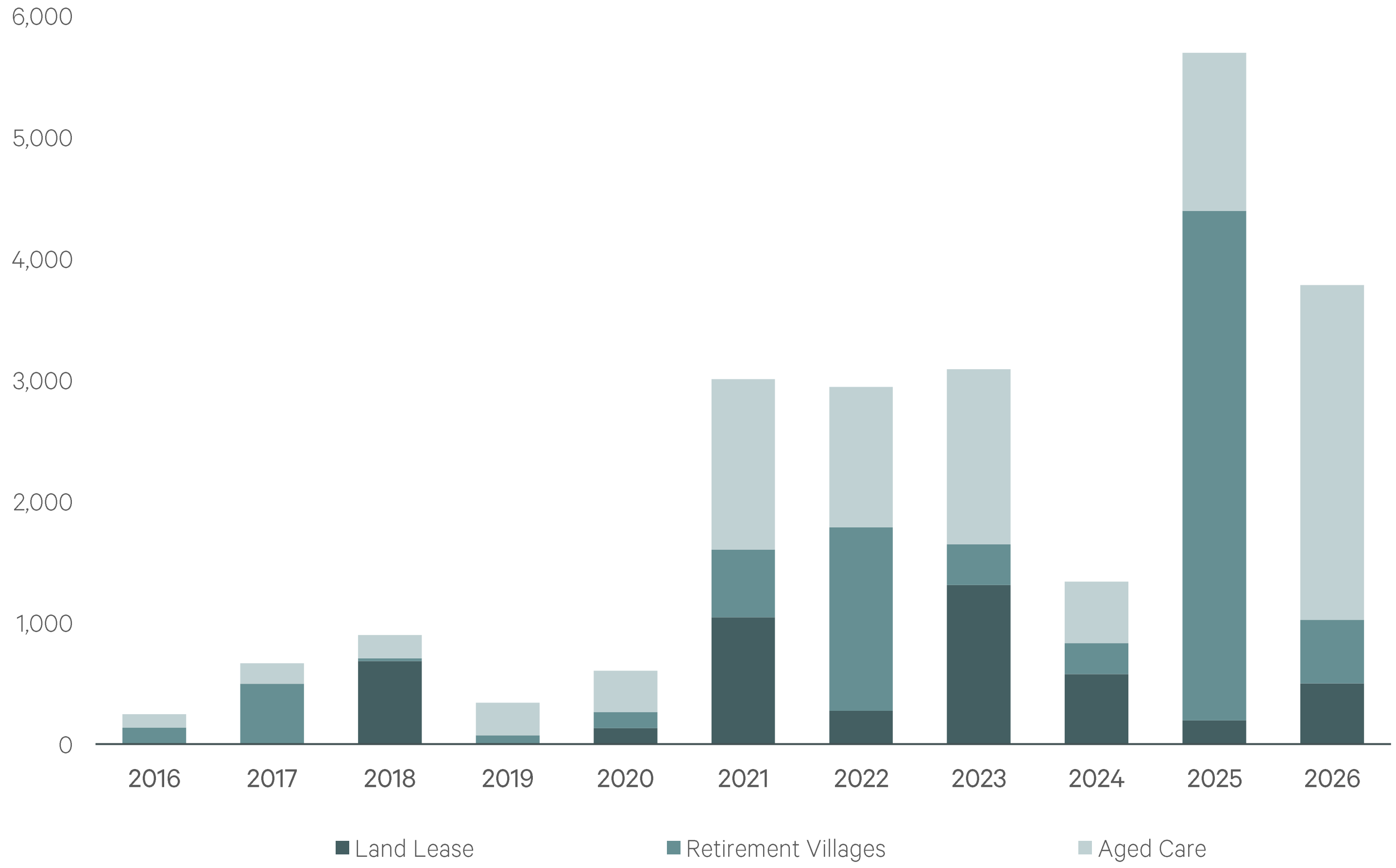
Senior living has seen strong growth in transaction activity since 2021, averaging nearly $3bn pa. We assess the sector now accounts for 5-10% of all commercial real estate transactions in Australia.

Increased regulatory certainty in recent times (Aged Care Act, Retirement Village reforms) have provided investors with more confidence in the sector.

Liquidity has also increased with growing participation from private equity and institutional funds in Aged Care and Retirement Villages.

CBRE expect transaction levels will remain elevated as the sector consolidates into larger and cross-segment operators.

Figure 3: Investment volumes ($m)



Source: CBRE Research, company reports

Senior Living – *Valuation methodologies*

Retirement villages

Discounted Cashflow of owner/manager's interest

- Deferred Management Fee structure (eg 25%)
- Capital value growth rate
- Turnover, number of times a unit is likely to be sold over lifetime (eg 3-4)
- Capital expenditure
- Management expenses

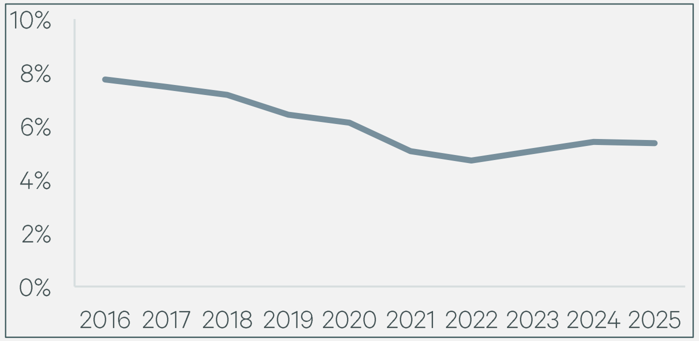
Capital value per unit (eg $250k-$350k)

DMF price as percent of capital value

Source: CBRE Research

Land Lease Communities

Indicative yields



- Operational Component: Income Capitalisation, Comparable Transaction and Discounted Cash Flow methods.
- Development Component: Comparable Transaction and Project Related Residual Methods

Aged Care

Capitalisation rate on EBITDAR (eg 12%-16%)

Value per bed (eg $250k-$350k)

Senior Living - *Providers*

CBRE estimate that the Top 5 operators of Retirement Villages account for just 17% market share.

The Top 5 operators of Land Lease Communities account for 55% share of developed stock.

The 5 largest operators of Aged Care account for just ~20% of total market size.

Figure 4: Retirement villages

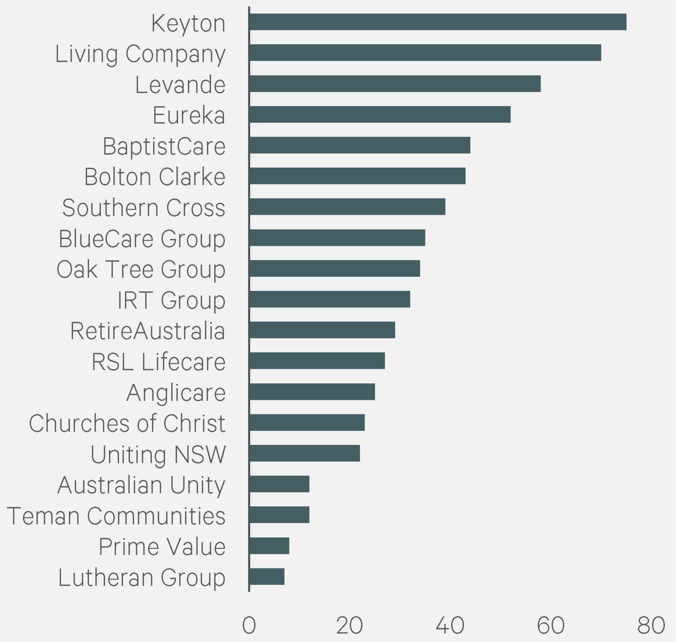


Figure 5: Land Lease Communities

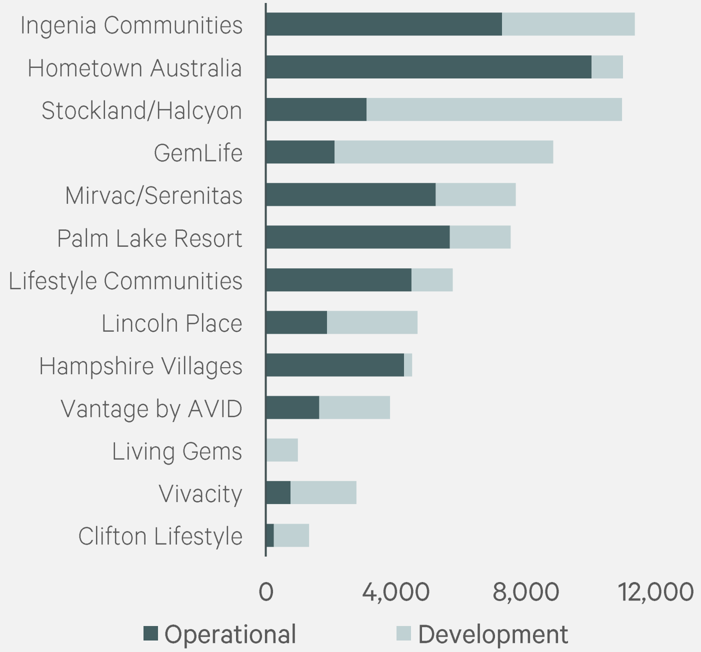
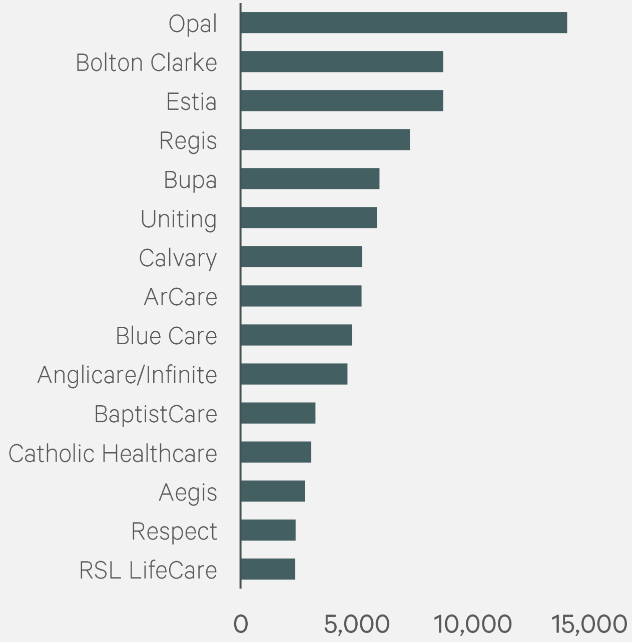


Figure 6: Aged Care



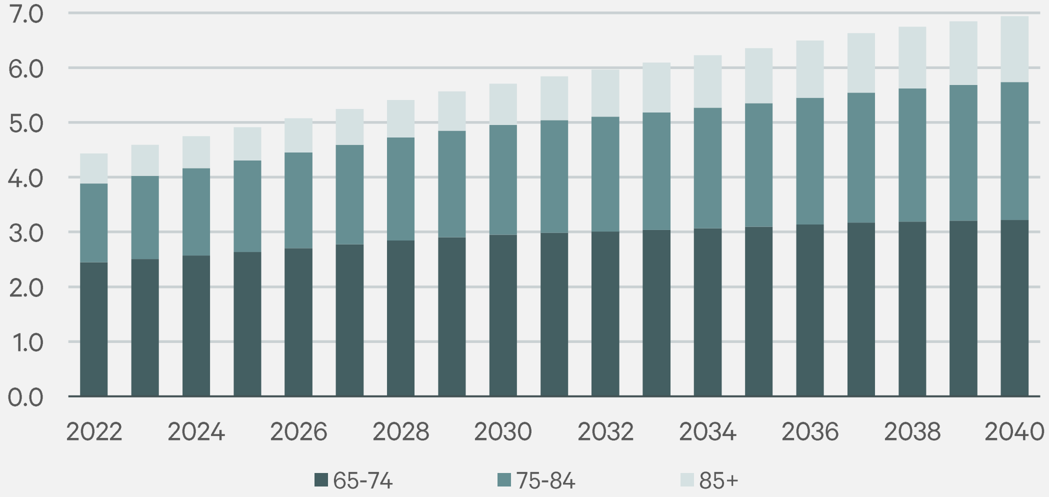
Source: Company reports, KPMG, CBRE Research

Australian Demographics

Australia currently has 4.75m people aged 65+ years old.

The Australian Government estimates this will increase to nearly 7.0m by 2040.

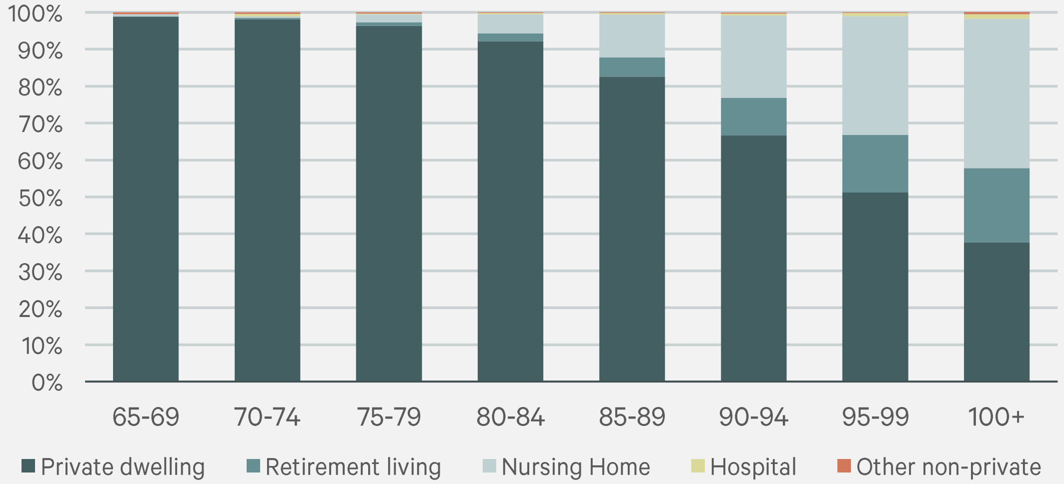
Figure 7: Forecast aging of population (millions)



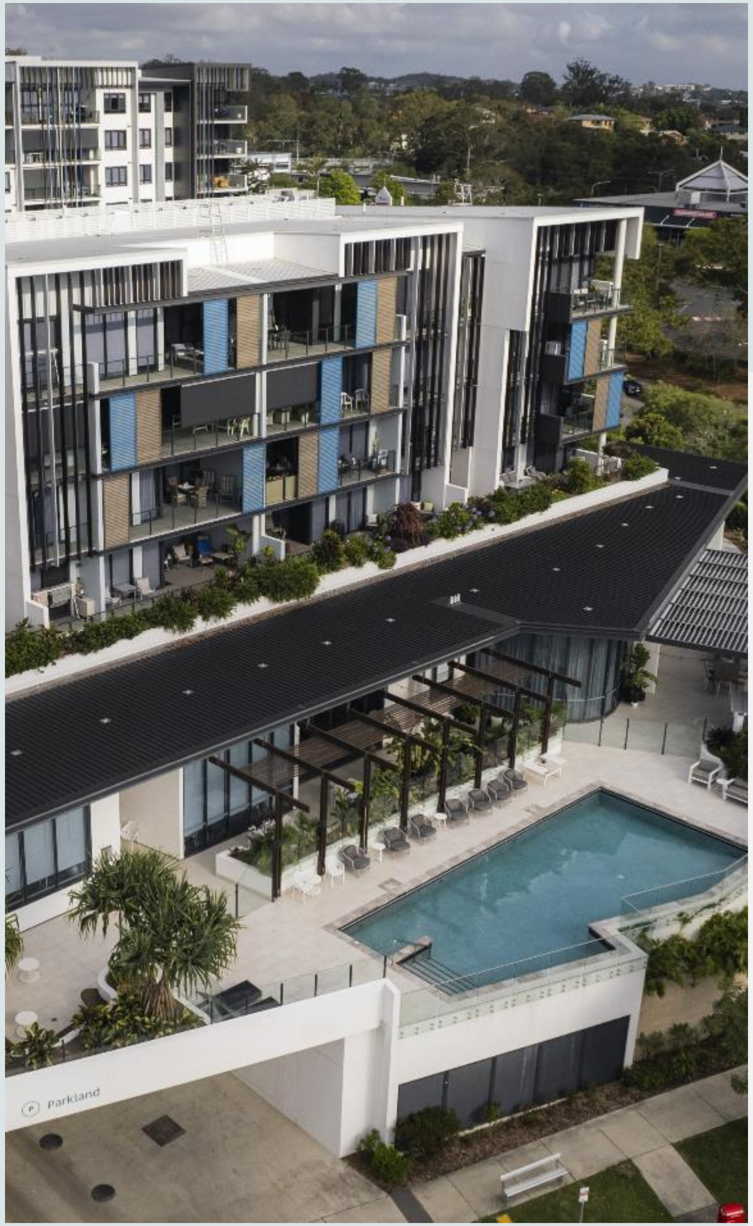
CBRE estimate approx. 11% of the +65 yrs population resides in residential aged care or retirement living communities.

Penetration levels for Retirement Living and Aged care increase with age of population.

Figure 8: Dwelling structure by age group



Source: ABS, AIHW, CBRE Research



Retirement Wealth

Many senior citizens in Australia have a growing store of wealth. 70% of over 65s and 83% of over 75 years old own their home outright. The average value of a dwelling in Australia is $960,000.

The superannuation savings for a typical couple where both partners are over 65 years old is likely to be 750,000. This is likely to grow further with rising compulsory superannuation rates, longer working careers and positive investment returns.

Figure 9: Home ownership by age

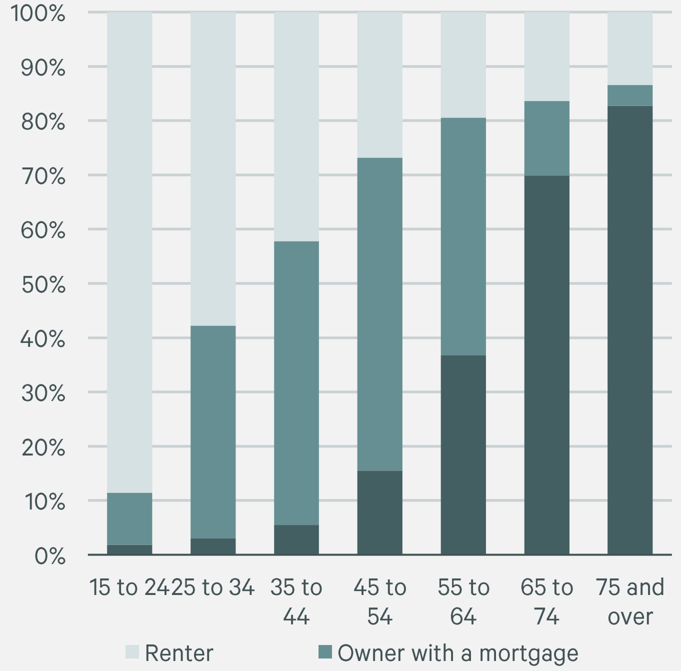
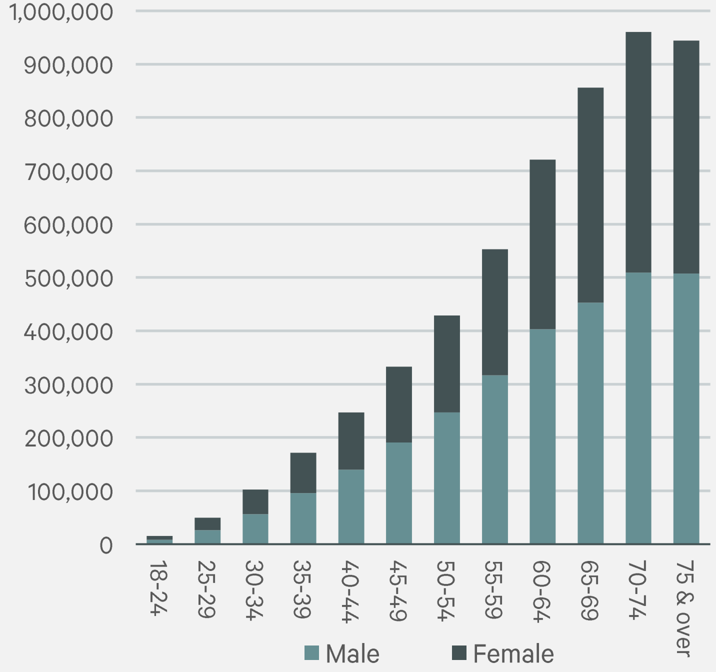


Figure 10: Superannuation balance by age & gender



Source: ABS, CBRE Research

Downsizers

Downsizers typically cite lower maintenance and unlocking capital as keys reasons to relocate.

Two and three bedroom properties hold favour with the vast majority of downsizers.

Figure 11: Reason for downsizing

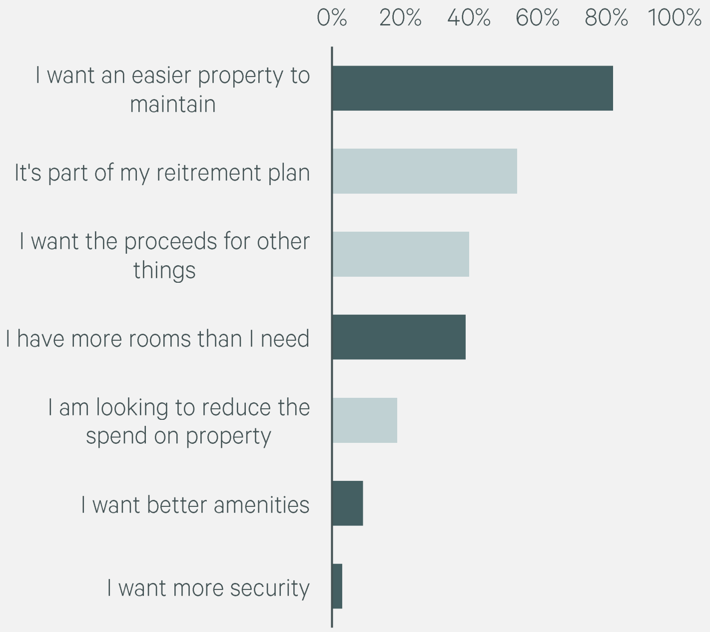
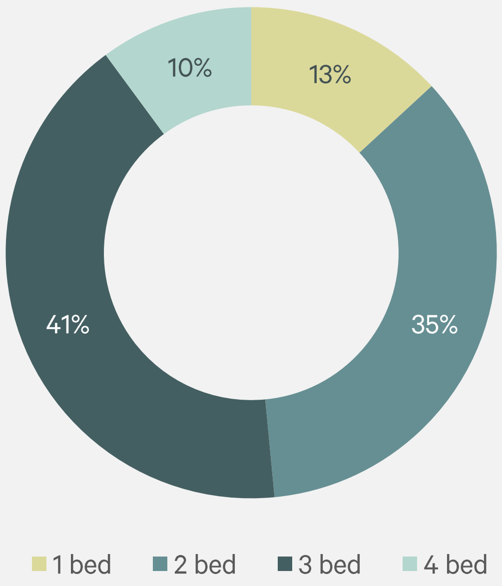


Figure 12: Number of bedrooms in downsized residence



Source: ABS, AHURI, Temple & Webster Rightsizing Study, BDO/CIAA Resident Survey 2022, CBRE Research

Retirement Villages – *Supply & Occupancy*

CBRE expect new supply is likely to average 3,500-4,000 units per annum. This matches incremental demand of ~4,000pa (5% penetration, 170k pa +65ys old, couples)

Village occupancy has continued to improve and now exceeds pre-COVID levels. CBRE expect occupancy is likely to hover around 95% for rest of decade.

Tenure for ILU tends to be higher than for serviced apartments, reflecting difference in age of residents. Just over half of residents leave villages to move into aged care.

Figure 13: Estimated new supply

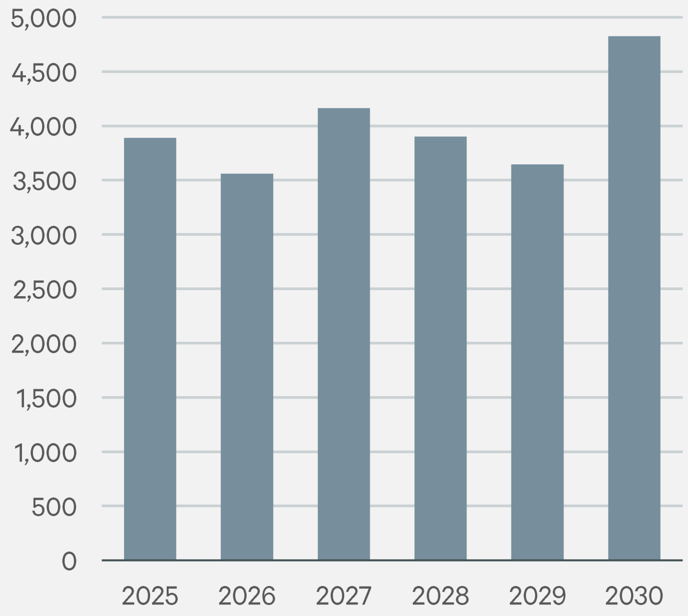


Figure 14: Occupancy rate

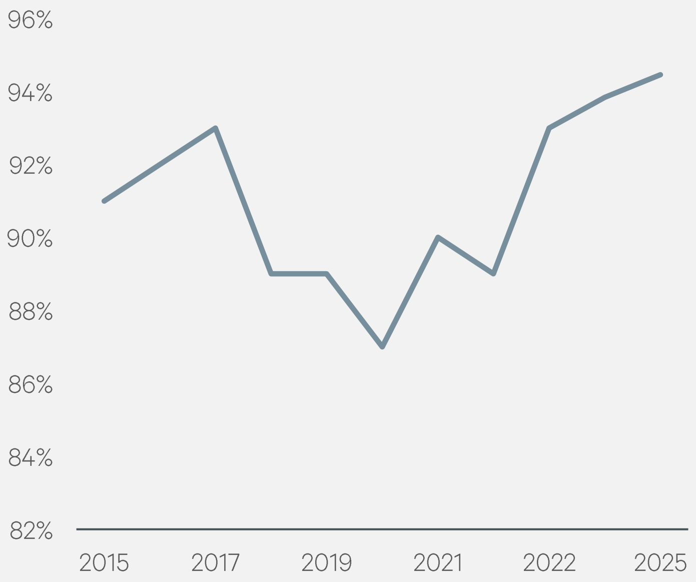
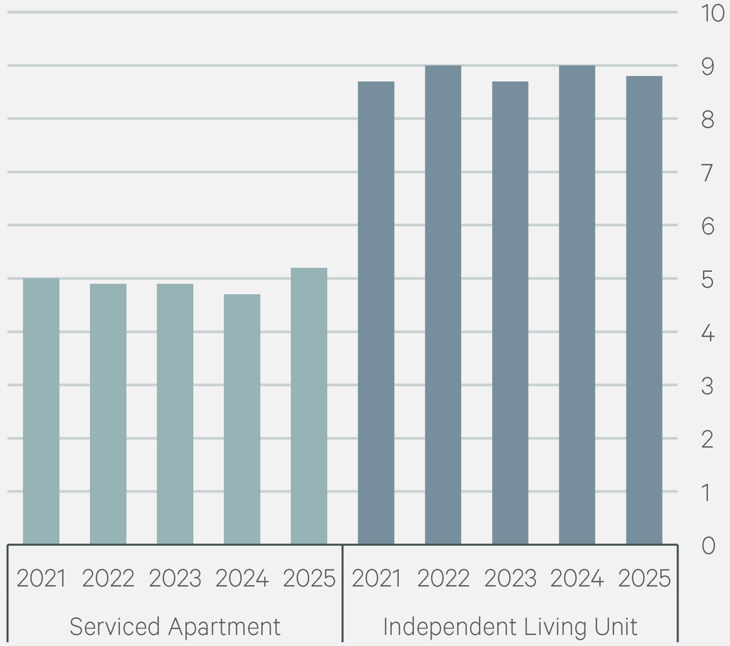


Figure 15: Resident tenure (years)



Source: PWC/PCA, Stewart Brown, CBRE Research

Retirement Villages
Relative Value

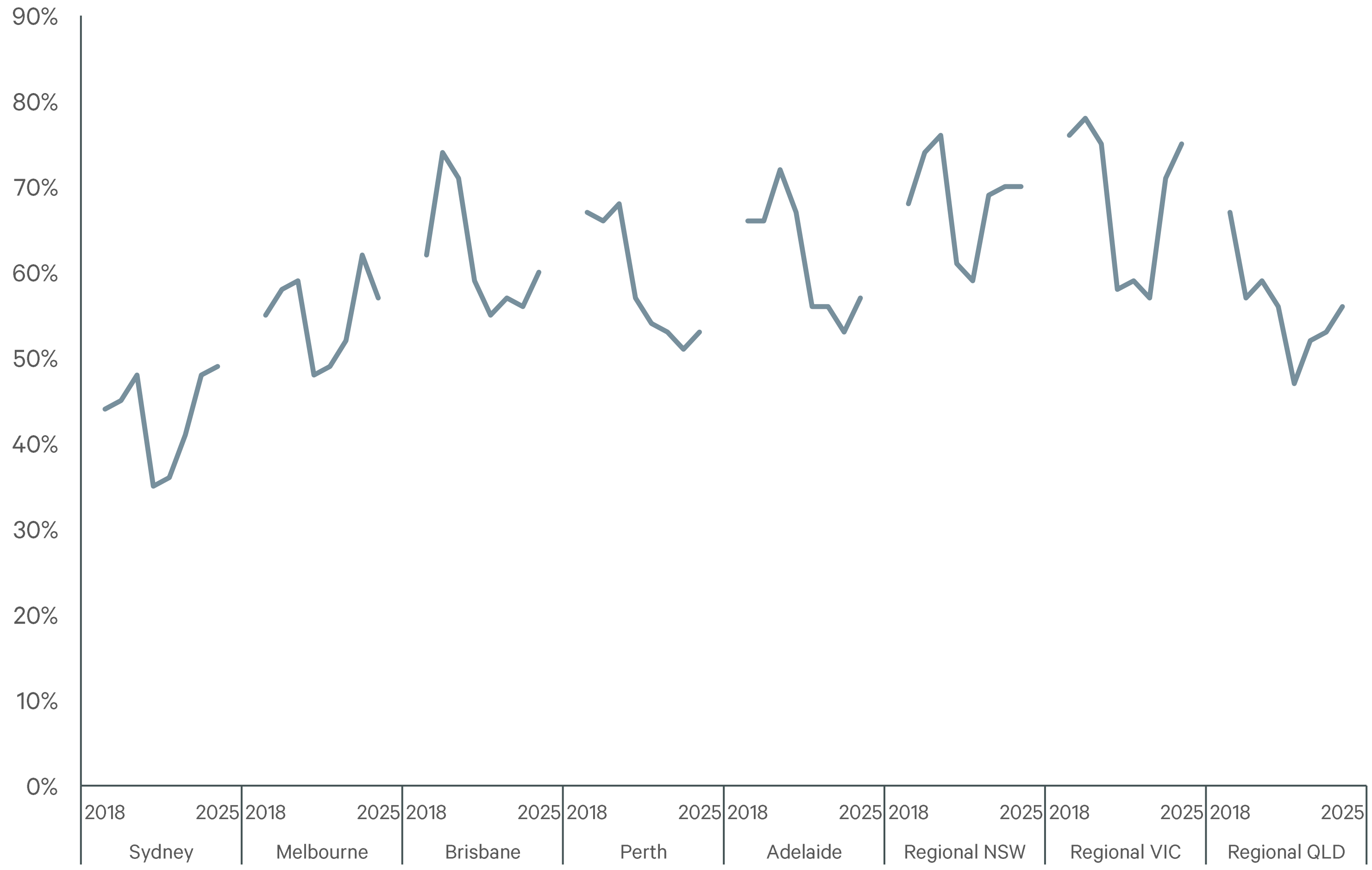
Retirement living units (ILU) typically trade at a 30%-50% discount to homes in close proximity. New residents in retirement villages benefit from "freed-up equity" while transitioning from home ownership.

The discount is typically larger for more expensive metropolitan markets such as Sydney and less for regional markets.

Retirement living units experience lower price volatility than homes in surrounding suburbs. Consequently, the discounts are wider during periods of strong residential value growth.

With recent movements in Australian housing values (post Budget), CBRE expect the discounts to have narrowed.

Figure 16: Average two bedroom ILU price compared to median house price (in the same postcode)



Source: PWC/PCA Retirement Living Census, CBRE Research

Retirement Villages - *Business Model*

The most common type of contract for retirement living villages are license/lease. Other contract-types include land lease and retirement rentals.

Under a license/lease, the resident typically pays an upfront price (say $500,000) and agrees to an annual fee structure (say 4%).

The annual management fee can be deducted upfront or paid from final sale price (Deferred Management Fee).

At the end of the term, a proportion of the capital gain on sale may be shared with the operator. Alternatively, a pre-agreed proportion of the upfront fee is returned to the resident.

Operator – illustrative cash flow model

	Year 1	......	Year 10
Number of rollovers	4		6
Revenue			
Departure fees	472,000		727,000
Share of capital gains	348,000		1,542,000
Sales commissions	42,000		97,000
Refurbishment	40,000		-
	902,000		2,366,000
Costs			
Refurbushment unit	80,000		504,000
Refurbushment common property	205,000		287,000
Selling costs	56,000		130,000
External manager costs	-		-
	341,000		921,000
Net Income	561,000		1,445,000
Deferred net income	561,000		1,182,000

Source: Retirement Village calculator NSW Government, CBRE Research

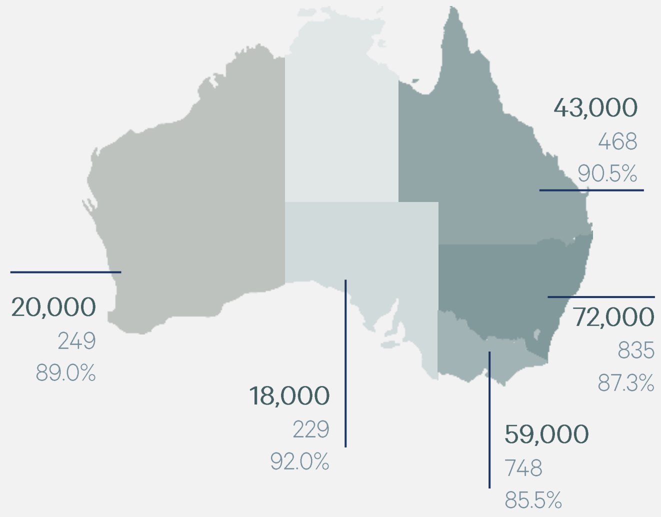
Resident models - illustrative

	Pay upfront	Pay later
Management fee	Pay 10% of purchase price, upon purchase	Pay 4% pa, capped at 20% of purchase price, upon sale
When paid	Purchase	Sale
Home purchase price (example)	$600,000	$600,000
Management fee	$60,000 (10%)	$120,000 (capped)

Aged Care - *Residents*

The Aged Care market comprises ~2,500 facilities. Around 80% of Aged Care places are in the Eastern Seaboard, comprising NSW (33%), VIC (27%) and QLD (20%).

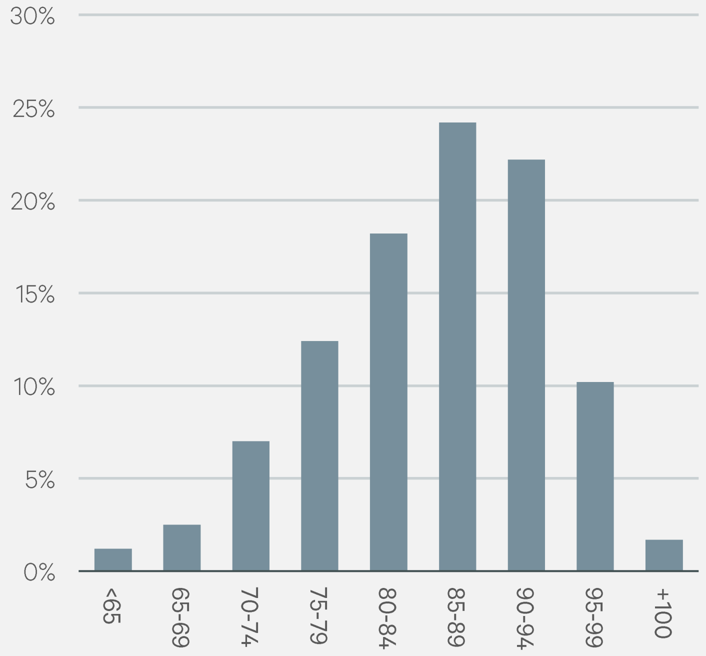
Figure 18: Places, Facilities & Occupancy by state



Source: Financial report on aged care sector 2024-25, CBRE Research

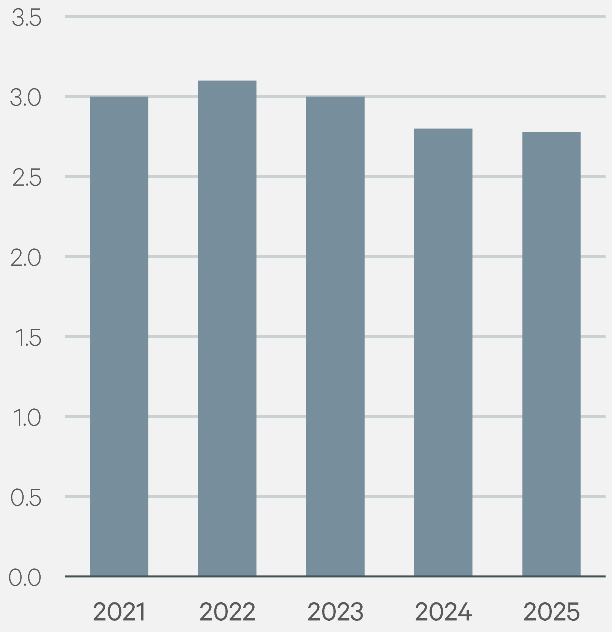
90% of residents in Aged Care are 75+ years old, with two thirds aged 80-95 yrs old.

Figure 19: Residents by age group



Typically, residents stay in Aged Care for ~3 years, with females staying longer.

Figure 20: Tenure (yrs)



Aged Care – *Demand vs Supply*

Demand for places has historically grown at 1.6% pa. Looking ahead, demand is forecast to grow at +4% pa (10k-13k pa), in line with pop aged +85yrs.

Current supply is 225,000 aged care places, growing at +0.7% pa or 1,500 pa since 2020. Occupancy levels for aged care has increased to 90% and should continue to improve.

Supply rate is unlikely to improve over the medium, based on current capex and growth in construction cost.

Figure 21: Number of residents in aged care facilities

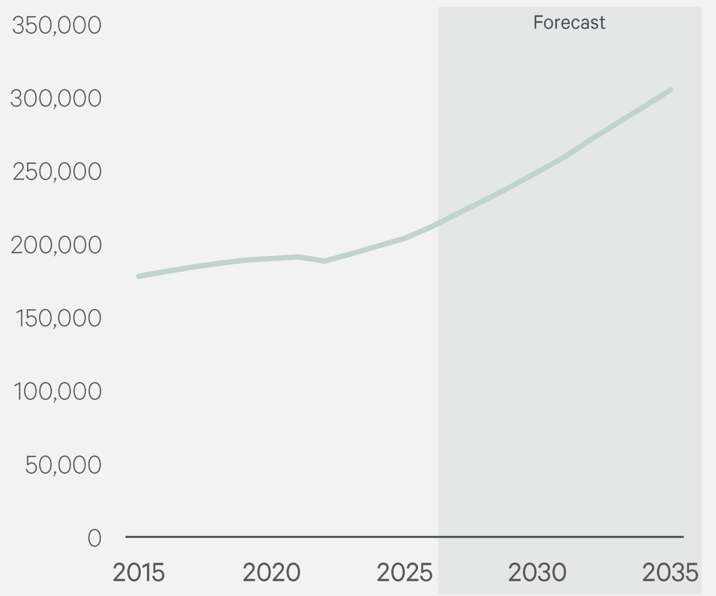


Figure 22: Growth in places, occupancy

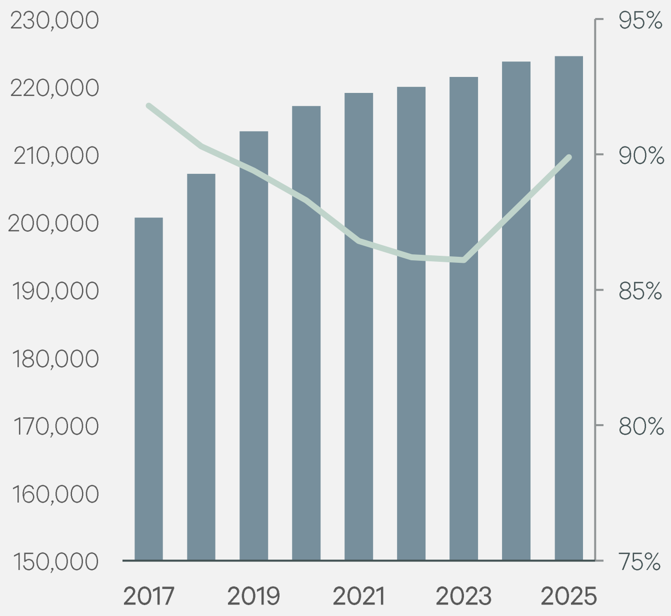
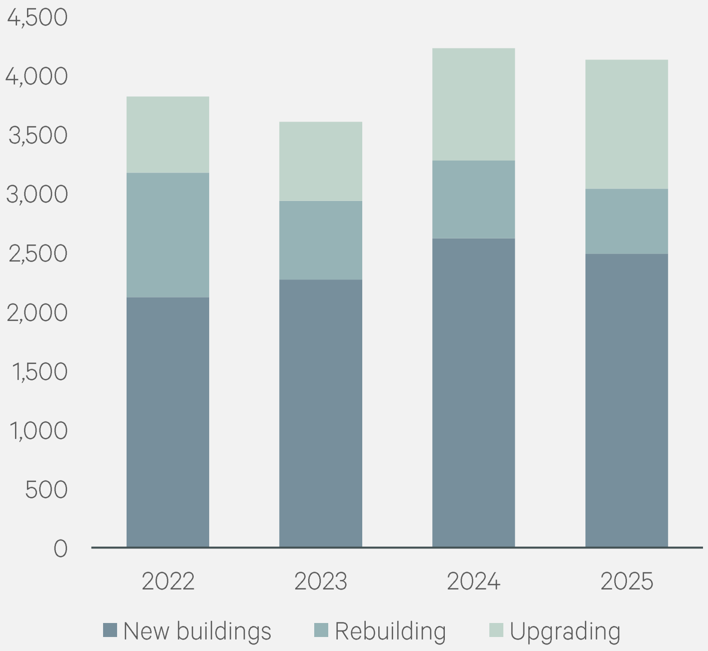


Figure 23: Building activity ($m)



Source: Financial report on aged care sector 2024-25, CBRE Research

Aged Care - *Financials*

Funding for services is through a mix of Government (68% of revenue), Resident fees and Interest income on RADs. The sector retains Government support through higher funding.

However, minimum wage increase and higher care minutes will add to growth in Care expenses.

Refundable Accommodation Deposits (RADs) are the largest source of investment capital. Alternatives models include PropCo/OpCo

Figure 24: Residential care funding by source, $bn

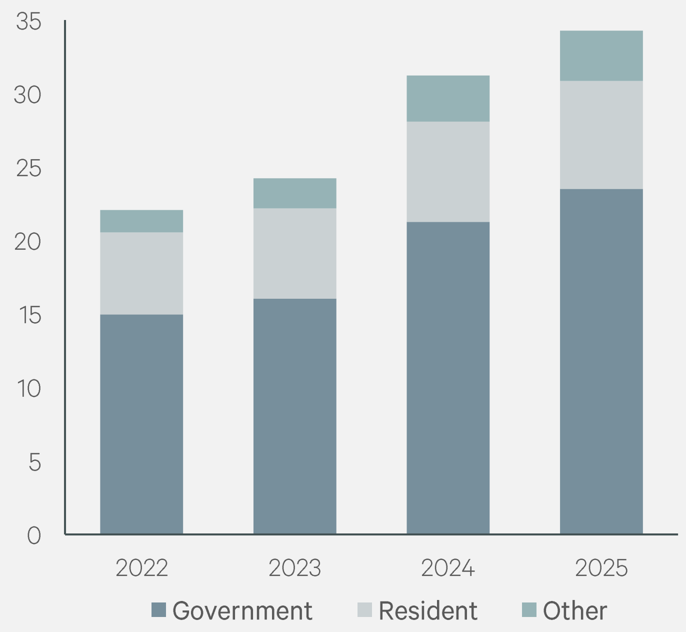


Figure 25: Expense breakdown

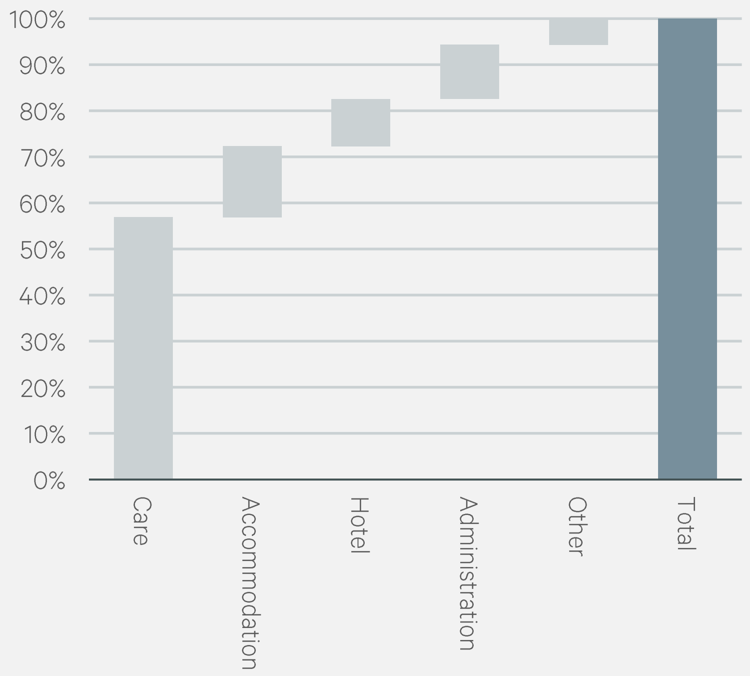


Figure 26: Balance sheet $bn

	$bn
Financial assets, cash	21.2
Fixed assets	41.8
Right of use assets	4.9
Other assets	46.6
RADs	65.7
Lease liabilities	4.8
Other liabilities	17.9
Net assets	26.2

Source: Financial report on aged care sector 2024-25, CBRE Research

Land Lease Communities - *Sample metrics*

The table alongside provides a range of potential metrics for developers, operators, residents and for valuation purposes.

Image: Serenitas, Latitude 25.
CBRE Research

Figure 27: Typical metrics for a sample LLC portfolio

Developer	
Construction cost per site	$350k-$600k
Margin	10%-20%
Timeframe for development	2yr-5yr
Comparable prices vs standalone	60%-80%
Operator	
EBIT Margin	60%-70%
Number of sites per community	100-500
Resident	
Purchase price. New design	$0.7m - $1.2m
Purchase price. Old design	$0.4m - $0.8m
Weekly rent	$200-$300
Rent as % of pension	20%-30%
Valuation	
Cap rates	5.0%-5.5%
Value per undeveloped site	$50k-$200k
Value per partly developed site	$100k-$300k
Value per operating site	$100k-$200k

Land Lease Communities – *Supply*

CBRE estimate that there are slightly over 51k* Land Lease sites in operation with another 30k-35k in development phase. Queensland accounts for nearly the same market size as NSW and Victoria combined. The Top 5 operators of land lease communities account for 2/3rd of current supply and under-development.

Figure 28: Supply by Stage

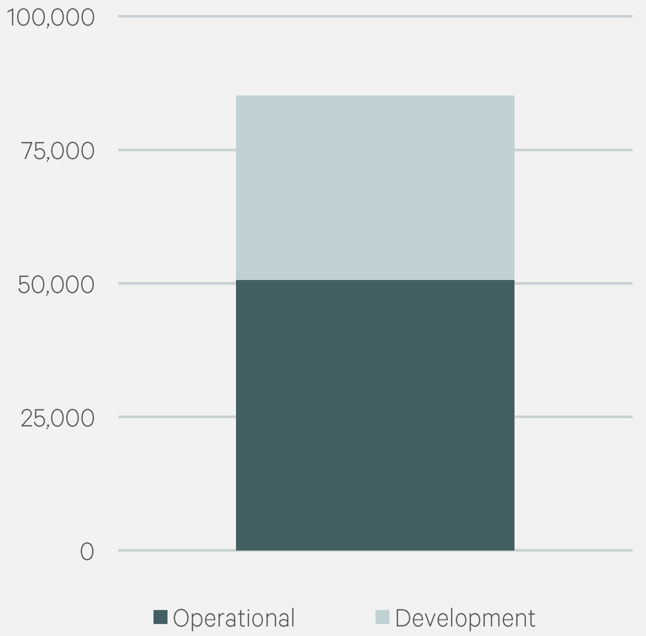


Figure 29: Supply by State

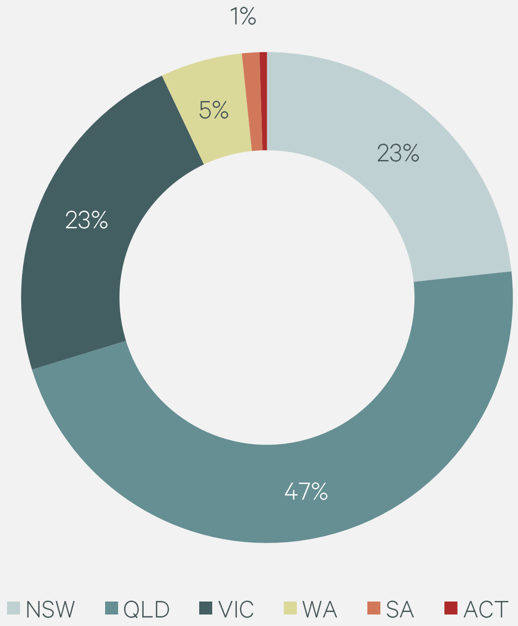
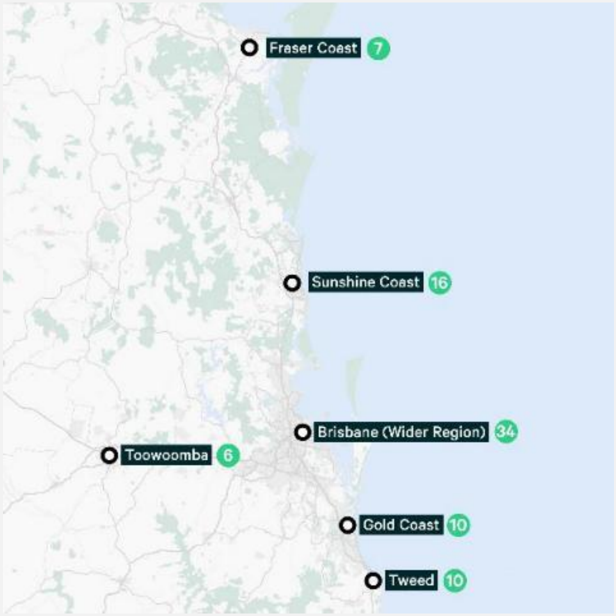


Figure 30: Queensland supply <indicative>



CBRE Research, company reports

*Excludes caravan parks

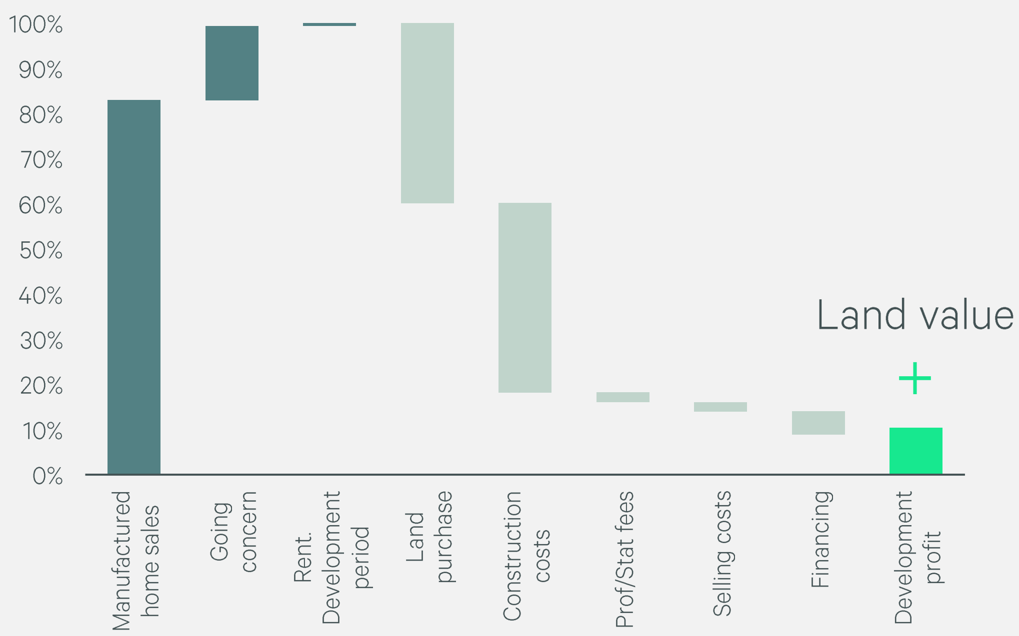
Land Lease Communities – *Financial Model*

For institutions, there are two pools of financial flows – Development and Operational.

A development can take up to 5 years (depending on the build/sales rate), with opportunities for capital recycling as homes are sold in each stage. During this period, there are also opportunities to receive rent and potentially monetise future rent growth.

The primary outgoings during the development phase are land purchase and construction costs. During the operational phase, EBIT margins can be 60%-70%. Typically, residents are responsible for paying utilities and maintaining their home.

Figure 31: Develop – illustrative financial model



CBRE Research

Figure 32: Operate only - Illustrative financial model

Land Lease Communities - *Relative Value*

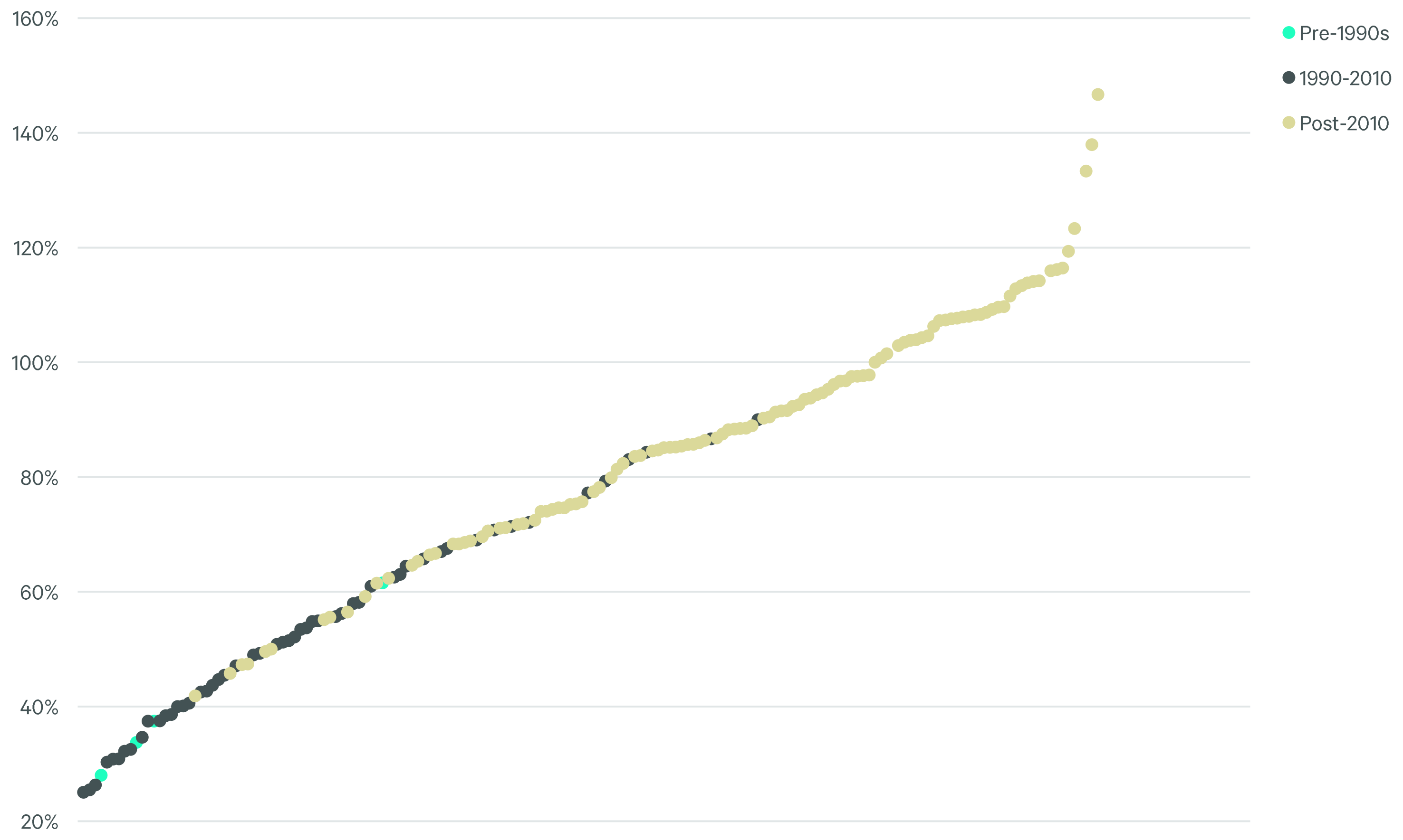
Around two-thirds of land lease communities see homes trade at a 10%-70% discount to traditional homes in close proximity. Just under a quarter of these communities see homes sell at a price premium to nearby homes.

The discount is typically greater in land lease communities with older homes and more basic facilities.

Modern homes in premium locations, with state-of-the-art community facilities often command a premium price.

CBRE assess homes in newer land lease communities sell for +20%/-20% premium to nearby homes. This is prevalent in QLD.

Figure 33: Average home price in an LLC compared to median house price (in the same suburb) – by vintage



Source: CBRE Research, Company websites, Cotality

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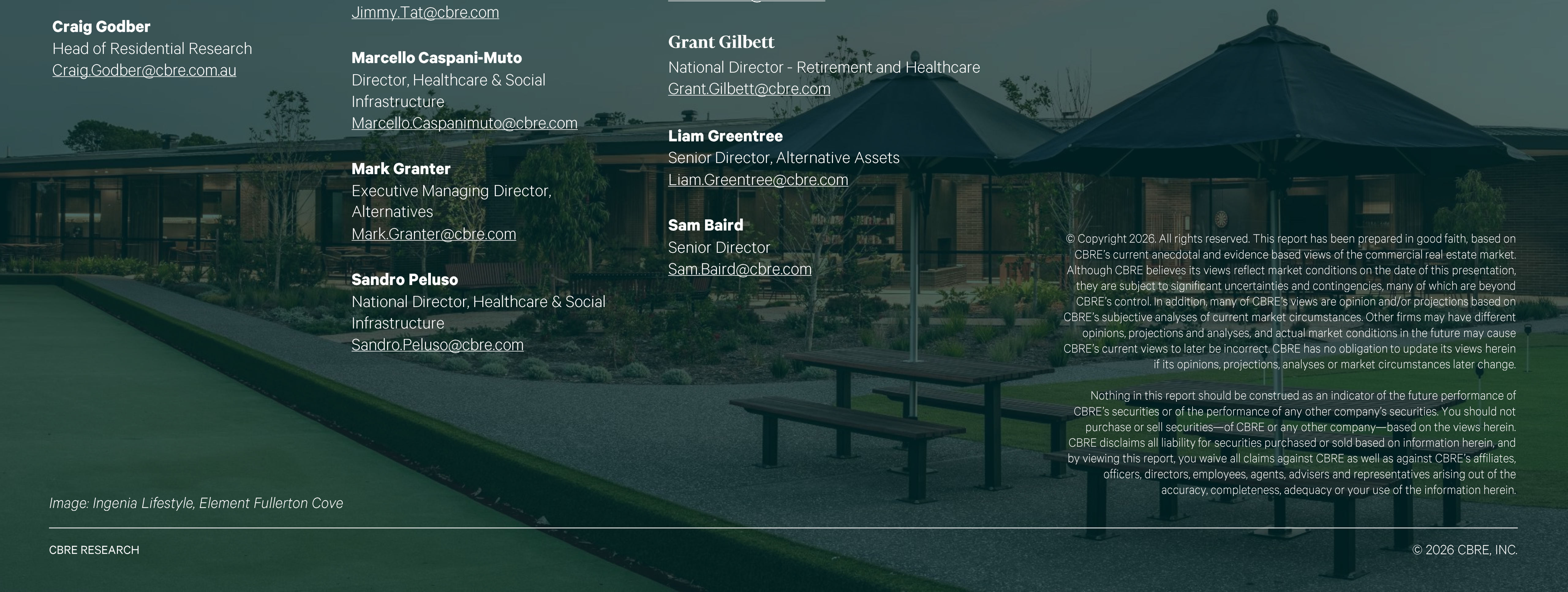

Image: Ingenia Lifestyle, Element Fullerton Cove