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Kaizen: Aged Care 01

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With Australia's population ageing, a one-size-fits-all approach to aged care is no longer possible. While most Australians want to 'age in place' – and technology and reforms to home care are helping them do so easier than ever before – the retirement living and aged care industries are changing at light speed. As they do, they are providing people with more choice than ever before.

As specialists within the aged care and retirement sector, Slattery brought together a range of experts to discuss emerging trends and future possibilities within the aged care sector. Some of the key trends to emerge from the forum included:

- More and more developers and operators are looking at ageing in place models, or buildings that are multi-generational and promote a diversity of community represented by all ages;
- Operators and developers are now building retirement living communities closer to the CBD in higher-density areas;
- Typical benchmark cost data can't be used in planning these developments i.e. \$200,000-\$300,000/unit cost may not apply to a multistorey CBD development as it does to some low-rise configurations;

- To keep pace with Europe, will Australia see the models of funding for aged care and multigenerational living developments change, with more property real estate investment trusts looking to get into this space to diversify their portfolios?

This paper explores in more detail some of the trends and emerging themes outlined above.

Exploring the Models of aged care and retirement

Buzzwords such as 'vertical villages' 'ageing in place' 'multi-generational' and 'active ageing' were explored and tested, but what does this mean? Will vertical villages that incorporate aged care become more commonplace in our cities, or is this all too aspirational and complex? Is there a segment of the market where demand for this lies?

We know that the majority of new aged care facilities are typically built in suburban areas on large sites in low-rise configurations. These are also, however, ever-evolving buildings, with operators and smart design constantly pushing the boundaries in what can be achieved within a space. This is not only to maximise the benefits from an operational perspective, but also to enhance the experience for the resident

all while maintaining the same building footprint. This involves:

- decentralising hub areas;
- smaller intimate private dining and living areas in lieu of large dining halls and lounges;
- designing for older residents 85+;
- designing for dementia;
- providing Allied health services, gyms, cafes, cinemas, theatres, libraries, hairdressers, men's sheds etc.;
- landscaped gardens and courtyards;
- and providing optimal locations for nursing stations, serveries, kitchen and laundry.

Similarly, the majority of retirement living communities are being built as resort style developments in the outer suburbs. There has been an evident shift in this sector as well as with operators and investors now building closer to the CBD, in higher density developments, such as Australian Unity's Rathdowne Place in Carlton, Melbourne.



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For the most part, outer suburban resort style models work. Land is relatively cheap and the construction is less complex and also less expensive, so why change?

Changing the status quo – options galore

More and more developers and operators are looking at ageing in place models, or buildings that are multi-generational and promote a diversity of community represented by all ages.

What does this look like and who does it serve? While buildings such as these are more commonplace in Europe, they are beginning to gain traction here. A high-rise building mix could be made up of a number of different functions. Retail offerings at podium level, commercial office space, a medical centre, consultant suites, concierge, a crèche, short stay accommodation, apartments, retirement living units, aged care, landscaped communal areas, swimming pool, gym, private entertaining areas and more.

Multi-generational living may not be for everyone, however it could be the answer for many and why not? Depending on your age there would be

many benefits to having everything on your doorstep.

Aside from what the building offers, the proximity to work, universities, schools, restaurants, cultural attractions and entertainment precincts are key drivers. People are seeking to be part of the vibrancy that a diverse community such as this would bring. As our cities sprawl out and densities increase doesn't this make sense? Multi-generational living offers a practical response to the demands of modern life.

Big to small – the changing Australian dream

While many older Australians lived out the 'Great Australian Dream' of the quarter acre block, they are frequently turning to retirement villages later in life. They can see that downsizing accommodation means upsizing lifestyle. So, rather than the resort style, some people are choosing to downsize to vertical urban based models, with high-end units in vibrant connected communities, that have all the associated benefits that only a vertical village can offer. However at present, this is very much a user pays model

largely driven by baby boomer wealth. Downsizing doesn't necessarily mean compromising on quality. Prices and bonds of \$1-2m are not uncommon for some luxury retirement and aged care units in inner urban Melbourne suburbs. Are these models sustainable for the future? Design of developments needs to be adaptable for generations to come.

Another drawback of vertical villages may be having access to home care services and an aged care facility within the same building. This provides comfort in knowing that as we age that level of care is available close by as we need it. In the case of a couple, if one partner loses their faculties before the other, they can be cared for, either at home or, if full-time care is required, within a specialised aged care facility in the same building, remaining close to their loved ones. Another innovative model is the specially-designed community for people with intellectual disability (or other disabilities) and their primary carers. This can give ageing parents peace of mind that their children will be looked after long after they are gone.

Above: Australian Unity Rathdown Place, Victoria
Architecture by Daryl Jackson

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The cost equation: low-rise on large land or high-rise on small land? How feasible is this?

Building in inner city locations does come with a raft of challenges. Whether regenerating existing buildings or developing new sites – it is an entirely different beast to constructing low-rise buildings on large tracts of land. Developments become more project specific, land and construction costs are higher and building metrics are different.

Greater due diligence is required on site assessments and business cases to determine feasibility of the development.

Every building is unique and from our experience as quantity surveyors and cost planners, working on numerous aged care and retirement villages there is no one-size-fits-all approach. Typical benchmark cost data can't be used in planning these developments i.e. \$200,000-\$300,000/unit cost may not apply to a multistorey CBD development as it does to some low-rise configurations.

Remaining relevant

While aged care and multi-generational living models continue to evolve, how will the aged care operator continue to remain relevant? Will there be certain levels of the building dedicated to aged care and will the operator run this purpose-built space on a lease? Perhaps they will have a vested interest in the development? Will we also see the models of funding for these type of developments change, with more property real estate investment trusts looking to get into this space to diversify their portfolios? All of this is yet to be tested.



Left: Aveo Newstead, Brisbane QLD, Architecture by DBI
Above: U City, Uniting Communities Adelaide, Architecture by Woods Bagot



About Slattery & Kaizen

Slattery is a property and construction advisory firm specialising in quantity surveying, cost management and early phase project advisory, with an outstanding history spanning more than 40 years.

We work hand-in-hand with governments, institutions and organisations as well as planners, developers, architects and design teams on a broad range of property and construction projects.

A commitment to excellence and innovation, and an ability to become an integral part of the project team has earned Slattery the trust and respect of clients and project teams alike. Slattery adds value by taking control and ownership of the cost management process from the outset. We understand the importance to drive innovation and productivity.

Slattery's Kaizen Papers focus on sharing knowledge, ideas and pertinent cost information related to our industry. Kaizen is the Japanese word for improvement, and a business philosophy that strives for continuous improvement in process. We produce papers across the sectors we work with, which are shared with our clients and made available on our website for all to view.

We invite you to explore these further at www.slattery.com.au/thought-leadership

Aged Care

Slattery has worked on numerous aged care and retirement living projects across Australia. With our breadth of experience, our team understand the impact of key project drivers specific to developers and operators alike. Using our knowledge of design, procurement and construction challenges and opportunities, we are passionate about assisting our clients and industry colleagues on achieving successful outcomes.

For more information about Slattery and our Aged Care and Retirement Living team, please contact National Sector Lead Liam Manning at liam.manning@slattery.com.au