

April 2026



**Lee Tredwell**  
Senior Director - Head of Australia  
Real Estate



**Karan Dhingra**  
Associate Director - Strategic  
Analytics

## Executive Summary

Australia's senior living sector is supported by a combination of structural demographic change, housing market pressure and increasing institutional capital interest. An ageing population, combined with the generational shift toward wealthier and more lifestyle-oriented baby boomers, is lifting demand for higher-quality housing, community and care solutions across the sector.

The demand case is further reinforced by Australia's broader housing undersupply, which is increasing the relevance of senior living as both a residential solution and a long-term thematic real estate opportunity. Within this theme, land lease communities, retirement villages and residential aged care each offer distinct operating models, cash flow profiles and risk-return characteristics

Land lease communities provide more stable, annuity-style income backed by recurring site rents, while retirement villages offer exposure to deferred management fees and housing market-linked upside. Residential aged care remains strategically important given its needs-based demand profile, although it is more operationally intensive and more heavily regulated.

Overall, the senior living sector is increasingly moving into the institutional mainstream as investors seek exposure to long-term ageing and housing themes. From here, the key to broader sector growth will be the continued alignment of policy, capital and community needs to support delivery at scale.

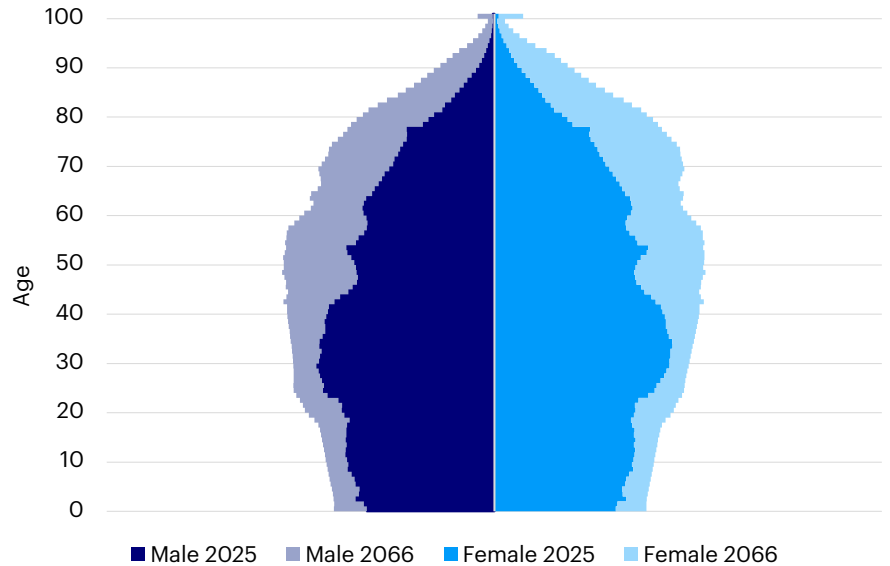
## Why the sector matters now

Australia's senior living sector sits at the intersection of demographic change, housing market pressure and operational real estate. Australia's population aged over 75 is expected to grow by 3.2% p.a. through to 2036, close to three times the rate of the total population over the next 10 years, while the long-term share of residents aged 65 and over continues to increase from 17% today, to 24% by 2066.

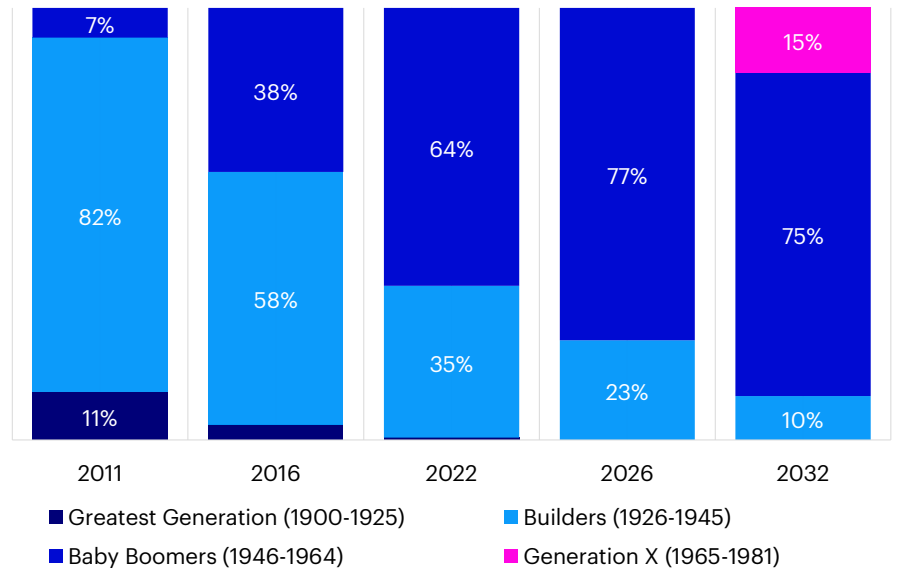
In addition to the overall ageing population, the senior demographic is undergoing a generational shift as aged residents transition from the 'builder' generation (1925-1946) to the 'baby boomer' generation (1945-1964). The 'builder' generation lived through the Great Depression and World War II, while 'baby boomers' experienced times of general economic prosperity.

April 2026

**Figure 1 – Population Growth by Age and Sex**



**Figure 2 – Population Aged 65+ by Generation**



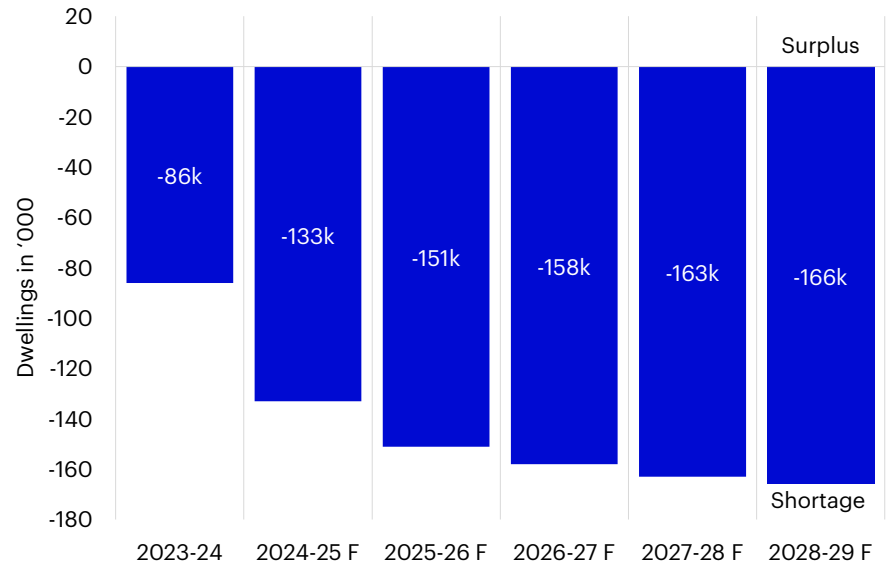
Source: Invesco Real Estate using ABS National, State and Territory Population, Centre of Population Projections by Age

### Supply shortage is driving prices up

The differences in life experiences have significantly shaped the future preferences of aged residents as baby boomers typically have a higher median net worth than builders and are more willing to use the extra money to achieve lifestyle aspirations. In this respect, baby boomers have greater expectations of quality of facilities and services.

The housing backdrop reinforces this demand case. Australia continues to face a structural housing shortfall, and rental markets remain tight across Australia. The National Housing Supply and Affordability Council (NHSAC) estimates a net cumulative additional shortage of -167,000 homes over the five years to 2029. These numbers also don't include the existing shortage of homes in the market currently. Senior living, in turn, reflects a combination of structural themes: population ageing, demographic shift, and broader residential undersupply.

**Figure 3 - Cumulative Housing Surplus / Shortage 2023-2029**



Source: Invesco Real Estate using NHSAC State of the Housing System 2025

### Various operating models

The sector is often grouped under a single demographic theme, but the underlying operating models are materially different. Land lease communities are driven by a lifestyle choice of downsizing. Retirement villages are driven by housing choice, community and convenience for residents who can continue to live independently, with the optionality of care. Aged care is driven by the need for clinical and daily living support.

This distinction is important for institutional capital, as investors are choosing between various risk-return profiles. Aged care provides exposure to deep structural demand, but it requires specialist operating capability and labour management, while the sector remains heavily regulated. Retirement villages could provide exposure to non-rental income and house-price-linked turnover. Land lease communities could provide a more stable, annuity-style income stream.

**Figure 4 - Resident Lifecycle**

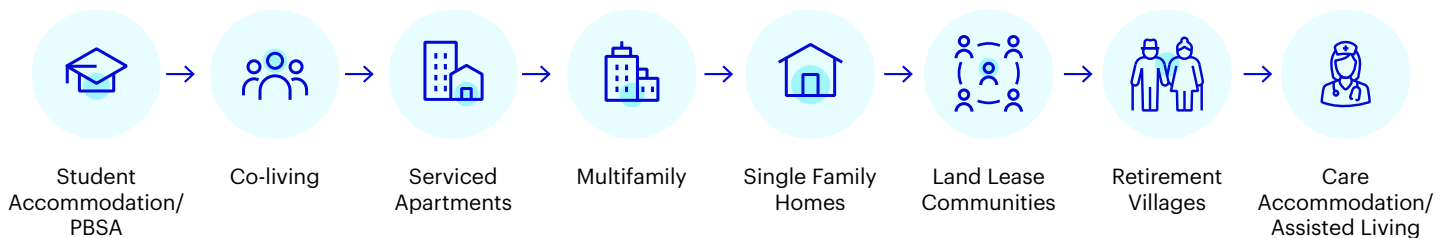


Figure 5 - Sector Comparison: LLC vs RV vs Residential Aged Care

	Land Lease Communities (LLC)	Retirement Villages (RV)	Residential Aged Care
<b>Ownership</b>	Own dwelling, lease land	Lease/licence to occupy	No ownership
<b>Age Profile</b>	60-75	75-85	85+
<b>Care Services</b>	None on-site	Emergency / 24hr on-call assistance	24/7 clinical care
<b>Funding</b>	Private pay + CRA (if eligible)	Private pay (entry + DMF)	Govt subsidised + means-tested
<b>Regulation</b>	State-based land lease laws	State-based Retirement Village Acts	Commonwealth Aged Care Act 1997, 2025 reforms. ACAT assessment required to be for resident eligibility
<b>Entry Costs</b>	Purchase dwelling	Entry contribution	RAD or DAP (or both)
<b>Exit Costs</b>	Agent fees, resale	DMF, refurbishment, resale	Refund of RAD (less deductions)
<b>Capital Gains</b>	Retained by resident	Retained by operator	Not applicable

60,000

Total dwellings

## Ownership Model

Resident owns dwelling, leases site

## Regulation

State-based land lease and rental tenancies acts

### Land Lease Communities (LLC): Lifestyle-driven, income backed

LLCs offer a unique ownership-lease structure. Under this model, the resident typically owns the dwelling and leases the underlying land from the operator, paying a recurring site rent for land access and use of shared facilities. The resident retains capital gains on resale of the home, while the operator benefits from the recurring rent and control of the land component. Additionally, many residents can also claim government rental assistance which subsidises the rental costs for seniors. This significantly reduces the rental burden of residents while the income profile becomes largely government-backed.

For professional investors, this structure is relevant because it separates home ownership from the underlying real estate platform. In most cases, this produces a lower resident entry price than conventional housing and a more stable operating income stream for the owner than the deferred management fee-led village model.

LLCs are emerging as a scalable, annuity-style investment vehicle, providing both operational resilience and development upside potential:

- **Resilient annuity-like income stream:** Weekly site fees generate predictable, inflation-linked cash flows, with residents owning and maintaining their homes.
- **Embedded development upside potential:** Early-stage development phases deliver relatively attractive margins, creating a dual return profile.
- **Structural demand tailwinds:** Australia's aging population and downsizing preferences to focus on lifestyle support sustained demand.
- **Limited vacancy risk:** Once stabilised, LLCs typically operate with full occupancy, enhancing income certainty.

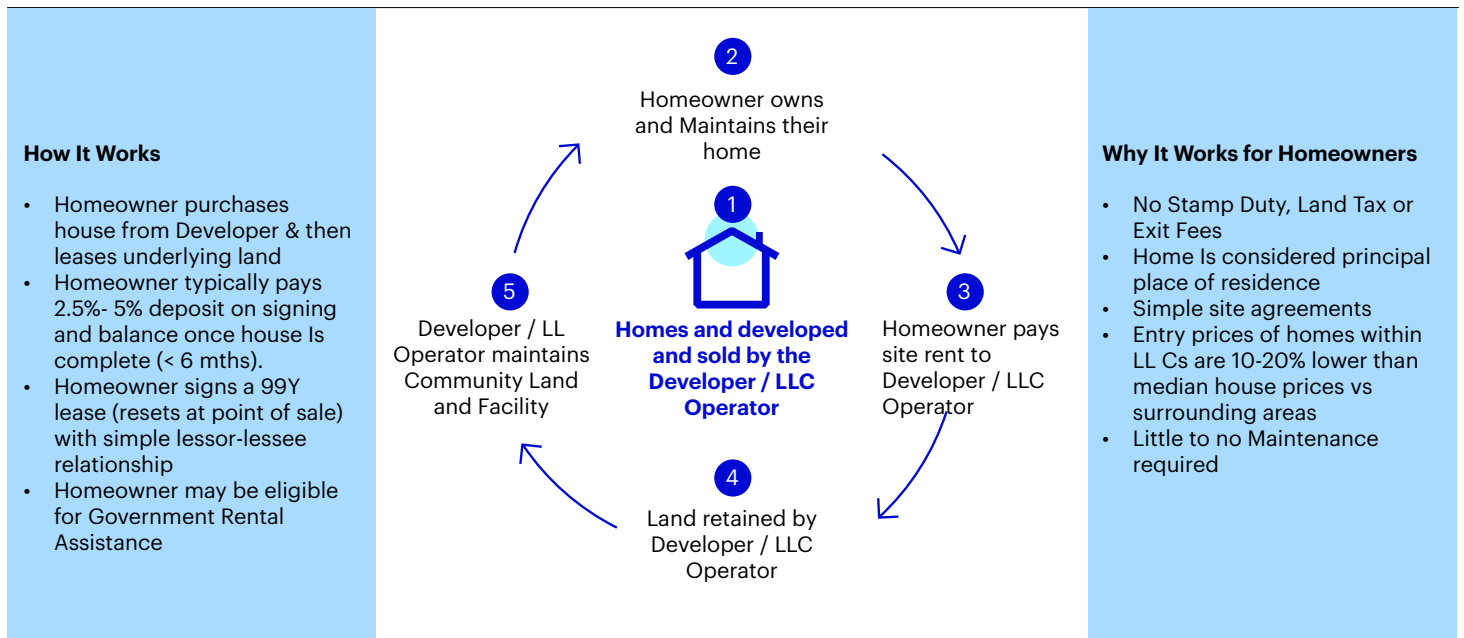
April 2026

The sector remains smaller than retirement villages in aggregate (~60,000 total LLC dwellings vs ~200,000 for retirement), but it is expanding quickly. Product positioning has also evolved materially. What was previously perceived as a more affordable or manufactured-housing format has broadened into a lifestyle-led product with stronger amenity, higher design standards, and wider consumer appeal.

Land lease is not without risk. Delivery remains dependent on planning, house sales velocity, construction costs, and resident confidence. Move-in decisions also remain linked to the sale of the resident's existing home. LLCs also require a large greenfield land holding, which historically has prevented the sector from growing in metro markets.

However, a well located, well managed, and appropriately priced village can potentially offer one of the cleanest and stable income profile within Australia.

**Figure 6 - LLC Business Model**



### How It Works

- Homeowner purchases house from Developer & then leases underlying land
- Homeowner typically pays 2.5%- 5% deposit on signing and balance once house is complete (< 6 mths).
- Homeowner signs a 99Y lease (resets at point of sale) with simple lessor-lessee relationship
- Homeowner may be eligible for Government Rental Assistance

### Why It Works for Homeowners

- No Stamp Duty, Land Tax or Exit Fees
- Home is considered principal place of residence
- Simple site agreements
- Entry prices of homes within LLCs are 10-20% lower than median house prices vs surrounding areas
- Little to no Maintenance required

April 2026

**210,000**

Total dwellings

**Ownership Model**

Loan-license agreement

**DMF**

Deferred management fee, typically realised at exit

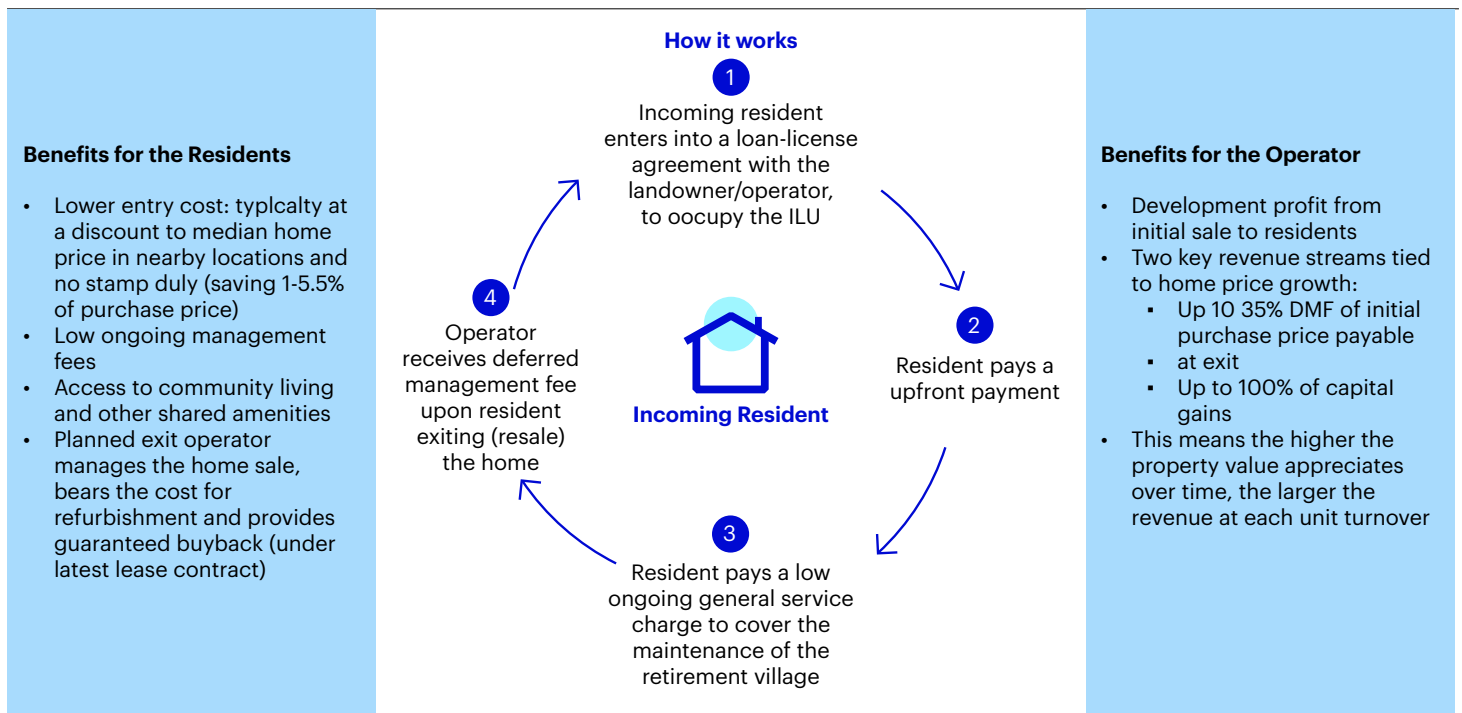
## Retirement villages: Continuum of care and capital upside

The Australian retirement village model operates under an exit fee structure, called the Deferred Management Fee (DMF). Under this model, the resident pays an upfront amount to secure occupation rights, contributes to ongoing service costs during tenure and, on exit, the operator receives the DMF that is generally linked to either the resident's original entry price or outgoing price depending on the contract. In many villages, the operator also participates in some or all capital appreciation while bearing reinstatement or refurbishment costs before resale.

For residents, the value proposition is typically the care component. The average entry age for retirement villages is around 75-80 years<sup>[4]</sup>, compared with LLCs where the average entry age is typically 60-65 years. The significantly older age group generally have some form of care requirements – such as emergency/24hr on-call assistance – positioning retirement villages as a natural progression of residents from an LLC, as opposed to a competing product.

For operators, the model combines development profit, exit fees (DMF), as well as capital gains from house price growth. The DMF structure and the capital gains can capture substantial embedded value. However, income is more closely tied to resale timing, resident tenure, and local housing market conditions. Consequently, cash flows can be uneven at the asset level, particularly for smaller platforms, while broader portfolios help smooth exit timing and reduce the volatility of cash generation.

Figure 7 - Retirement Village Business Model



April 2026

## 228,000

Operational care beds

## RAD

Refundable lump-sum payment

## DAP

Daily pay-as-you-go rate

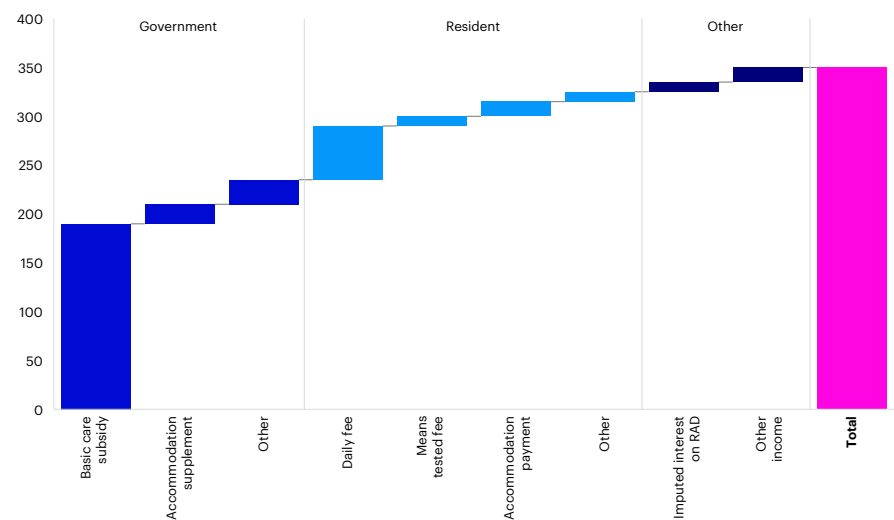
### Residential Aged Care: need-based support

Aged care is an essential part of senior living because it serves the highest-needs segment of the ageing population. Demand is fundamentally needs-based rather than discretionary. As life expectancy increases and the population aged 80 and over expands, structural demand for residential care, home care, and related support services is expected to continue rising. In this sense, aged care remains central to the long-run longevity theme.

However, aged care differs from retirement villages and land lease communities in that it is more labour intensive, more exposed to funding and regulatory settings, and more closely linked to operator quality, resident acuity, and compliance. Rather than being primarily a housing decision, it is a care decision with real estate attached.

LLC, retirement villages, and aged care are all segments that need to expand if Australia is to avoid a larger undersupply issue across the ageing demographic. At the same time, aged care profitability, staffing requirements, and revenue mix remain materially different from the housing-led segments. For most diversified real estate professional investors, aged care is likely to remain a more selective and specialist allocation. Even so, it remains strategically relevant as it completes the continuum of ageing accommodation and influences how residents move through retirement and care pathways.

**Figure 8 - Residential Aged Care Provider revenue sources per resident, per day**



Source: Invesco Real Estate using CBRE 2026 Seniors Living Report

## LLC

State / territory land lease and rental laws

## RV

State / territory Retirement Villages Acts

## Aged Care

Commonwealth Aged Care Act 2024

### Regulation and tax settings differ across operating models

In addition to the various operating models, the underlying regulatory and tax settings are materially different and are central to underwriting risk, income quality, and scalability. Land lease communities and retirement villages are primarily governed by state-based housing and consumer protection frameworks, while residential aged care operates under a more intensive federal care, funding and prudential regime. These differences matter because they influence compliance burden, cash flow visibility and operating complexity.

In land lease communities, the focus is more closely tied to planning, rent settings and execution risk. In retirement villages, greater emphasis falls on disclosure, contract structure and exit-related cash flow timing. In residential aged care, policy, funding, quality standards and reporting obligations are more directly embedded in the operating model. Tax treatment also differs by structure, particularly across resident entry, ongoing charges and exit payments, meaning the economic profile can vary materially between formats.

Figure 9 - Residential Aged Care Provider revenue sources per resident, per day

	Land Lease Communities	Retirement Villages	Residential Aged Care
<b>Risk Lens</b>	Planning, home sales velocity, and land availability remain the key risks, with performance more closely tied to delivery and stabilisation.	Greater exposure to contract design, resale timing, buybacks, and lumpy exit-driven cash flows.	Higher exposure to policy, funding, staffing, compliance, and care delivery.
<b>Regulation</b>	State-based land lease / residential park legislation, with a primary focus on disclosure, site agreements, rent review settings and dispute resolution	State-based Retirement Villages Acts, with a focus on disclosure, resident contracts, exit arrangements and operator obligations.	Federal regulation under the Aged Care Act 2024, with associated quality, funding, reporting and prudential requirements
<b>Taxes and GST (Operator)</b>	Income tax: Generally linked to development profit and recurring site-rent income. Stamp Duty: payable on initial land purchase, with additional tax for foreign owners Capital gains: No capital gains as resident owns property	Income tax: on development profit and DMFCapital gains: Operators may participate in some or all house-price appreciation depending on contract structure. Stamp Duty: payable on initial land purchase, with additional tax for foreign owners GST: No GST payable	Income tax: Linked to operating earnings, accommodation income and government-supported care revenue. GST: Eligible residential care supplies can be GST-free, although mixed supplies may require apportionment. Stamp Duty: payable on initial land purchase, with additional tax for foreign owners Other: Prudential and reporting obligations are embedded in the operating model.
<b>Taxes / Payments (Resident)</b>	Capital Gains: no capital gains tax on primary residence Stamp Duty: no stamp duty as resident does not purchase land GST: payable on weekly site rent	Capital gains: no capital gains tax Stamp Duty: no stamp duty GST: no GST payable	Capital gains: Not applicable. Accommodation payments: Resident may pay via RAD, DAP or a combination of both, depending on the arrangement.

Source: Invesco Real Estate using CBRE 2026 Seniors Living Report. Invesco does not provide legal or tax advice, and we encourage you to consult your own lawyer, accountant, or other advisors before making an investment decision.

April 2026

**29.4%**  
RV Top 10 share

**29.4%**  
LLC Top 10 share

## Capital is moving into the sector

The sector is continuously seeing increased institutional interest, especially over the past few years. A series of transactions and partnerships over the past few years have underscored the sector's growing demand.

Recent activity in retirement villages has included the acquisition of Aveo by The Living Company in partnership with South Korea's National Pension Service, while land lease communities have also attracted strong institutional interest, including Mirvac's acquisition of Serenitas alongside Pacific Equity Partners and Tasman Capital Partners. Invesco Real Estate's acquisition of RetireAustralia and strategic partnership with Stockland in land lease communities sits within this broader trend of increasing institutional ownership across the sector. Several additional portfolios and partnerships are also expected to come to market in 2026.

Aged care has also continued to attract capital, although through a more specialist lens. Regis Healthcare expanded its footprint through acquisitions in 2025, including the Rockpool portfolio in South-East Queensland and additional Victorian homes, illustrating that specialist operators continue to use M&A to build scale and improve portfolio quality.

These transactions highlight that senior living is moving further into the institutional mainstream. Broader real estate capital is targeting house-oriented characteristics of retirement villages and land lease communities, while more specialist operators focus on aged care.

**Figure 10 - Senior Living Market Shares**

	Retirement Villages (RV)	Land lease communities (LLC)
Private Ownership	29.9%	42.2%
Institutional Ownership	27.9%	57.4%
NFP	41.5%	0.3%
Government	0.7%	0.1%

Source: Invesco Real Estate using Think Economics. For illustrative purposes only. The information shown above does not necessarily represent specific holdings and should not be considered recommendations to buy or sell a particular asset.

## Outlook

The outlook for Australia's senior living sector remains positive. Ageing, housing scarcity, product evolution and increasing institutional investment will continue to support capital interest. Retirement villages remain the larger and more established format, with a business model that can capture housing market upside but requires comfort with lumpy, turnover-driven income. Land lease communities are well positioned for professional investors seeking more stable, annuity-style cash flow.

Aged care remains essential to the overall sector, but it requires a more specialist view of operations, policy, and compliance. For investors seeking broader exposure to ageing through a housing lens, retirement villages and land lease communities currently represent the more direct expression of the theme, while aged care may be better suited to specialist capital or operating partnerships.

The strongest outcomes are likely to be achieved by platforms that combine product relevance, local market discipline, operational capability, and data-led site selection. For professional investors, senior living in Australia increasingly represents a long-term thematic with multiple pathways to performance.

---

# Investing in Australia's senior living sector

---

April 2026

---

## Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations) and investors may not get back the full amount invested.

---

## Important information

**This document is for Professional Clients only in Dubai, Jersey, Guernsey, the Isle of Man, Continental Europe (as defined below) and the UK; for Institutional Investors only in the United States; for Professional/Qualified/Sophisticated Investors in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates; for AFPs and Qualified Investors in Chile; for Qualified Clients/Sophisticated Investors in Israel; for Sophisticated or Professional Investors in Australia; in New Zealand for wholesale investors (as defined in the Financial Markets Conduct Act); for Professional Investors in Hong Kong; for Qualified Institutional Investors in Japan; in Taiwan for Qualified Institutions/Sophisticated Investors; in Singapore for Institutional/Accredited Investors; for Qualified Institutional Investors and/or certain specific institutional investors in Thailand; for certain specific sovereign wealth funds and/or Qualified Domestic Institutional Investors approved by local regulators only in the People's Republic of China; for certain specific institutional investors in Malaysia upon request; for certain specific institutional investors in Brunei; for Qualified Professional Investors in Korea; for certain specific institutional investors in Indonesia; for qualified buyers in Philippines for informational purposes only; in Canada, this document is restricted to i) accredited investors and ii) permitted clients as defined under National Instrument 45-106 and 31-103 respectively. It is not intended for and should not be distributed to or relied upon by the public or retail investors. Please do not redistribute this document.**

Forward-looking statements are not a guarantee of future results. They involve risks, uncertainties, and assumptions. There can be no assurance that actual results will not differ materially from expectations.

This is marketing material and not financial advice. It is not intended as a recommendation to buy or sell any particular asset class, security, or strategy. Regulatory requirements that require impartiality of investment/investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication.

By accepting this document, you consent to communicate with us in English, unless you inform us otherwise. Data as at April 2026, unless otherwise stated.

For the distribution of this document, Continental Europe is defined as Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland.

All articles in this publication are written, unless otherwise stated, by Invesco professionals. Views and opinions are based on current market conditions and are subject to change. This publication does not form part of any prospectus. This publication contains general information only and does not take into account individual objectives, taxation position or financial needs. Nor does this constitute a recommendation of the suitability of any investment strategy for a particular investor.

---

# Investing in Australia's senior living sector

---

April 2026

This publication is not an invitation to subscribe for shares in a fund nor is it to be construed as an offer to buy or sell any financial instruments. As with all investments, there are associated inherent risks. This publication is by way of information only. This document has been prepared only for those persons to whom Invesco has provided it. It should not be relied upon by anyone else and you may only reproduce, circulate and use this document (or any part of it) with the consent of Invesco. Asset management services are provided by Invesco in accordance with appropriate local legislation and regulations.

This publication is issued:

- in **Hong Kong** by Invesco Hong Kong Limited 景順投資管理有限公司, 45/F, Jardine House, 1 Connaught Place, Central, Hong Kong.
- in **Singapore** by Invesco Asset Management Singapore Ltd, 9 Raffles Place, #18-01 Republic Plaza, Singapore 048619.
- in **Taiwan** by Invesco Taiwan Limited, 22F, No.1, Songzhi Road, Taipei 11047, Taiwan (0800-045-066). **Invesco Taiwan Limited is operated and managed independently.**
- in **Japan** by Invesco Asset Management (Japan) Limited, Roppongi Hills Mori Tower 14F, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6114; Registration Number: The Director- General of Kanto Local Finance Bureau (Kin-sho) 306; Member of the Investment Trusts Association, Japan and the Japan Investment Advisers Association.
- in **Australia** by Invesco Australia Limited (ABN 48 001 693 232), Level 26, 333 Collins Street, Melbourne, Victoria, 3000, Australia which holds an Australian Financial Services Licence number 239916.

This document has been prepared only for those persons to whom Invesco has provided it. It should not be relied upon by anyone else. Information contained in this document may not have been prepared or tailored for an Australian audience and does not constitute an offer of a financial product in Australia. You may only reproduce, circulate, and use this document (or any part of it) with the consent of Invesco.

The information in this document has been prepared without taking into account any investor's investment objectives, financial situation or particular needs. Before acting on the information the investor should consider its appropriateness having regard to their investment objectives, financial situation, and needs.

You should note that this information:

- may contain references to dollar amounts which are not Australian dollars;
  - may contain financial information which is not prepared in accordance with Australian law or practices;
  - may not address risks associated with investment in foreign currency denominated investments; and
  - does not address Australian tax issues.
- in **New Zealand** by Invesco Australia Limited (ABN 48 001 693 232), Level 26, 333 Collins Street, Melbourne, Victoria, 3000, Australia which holds an Australian Financial Services Licence number 239916.

This document is issued only to wholesale investors (as defined in the Financial Markets Conduct Act) in New Zealand to whom disclosure is not required under Part 3 of the Financial Markets Conduct Act. This document has been prepared only for those persons to whom it has been provided by Invesco.

It should not be relied upon by anyone else and must not be distributed to members of the public in New Zealand. Information contained in this document may not have been prepared or tailored for a New Zealand audience. You may only reproduce, circulate and use this document (or any part of it) with the consent of Invesco. This document does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for, an opinion or guidance on interests to members of the public in New Zealand. Applications or any requests for information from persons who are members of the public in New Zealand will not be accepted.

---

# Investing in Australia's senior living sector

---

April 2026

- in the **United States** by Invesco Advisers, Inc., 1331 Spring Street NW, Suite 2500, Atlanta, Georgia 30309, USA.
- in **Canada** by Invesco Canada Ltd., 16 York Street, Suite 1200, Toronto, Ontario M5J 0E6.
- in **Austria** and **Germany** by Invesco Management S.A., President Building, 37A Avenue JF Kennedy, L-1855 Luxembourg, regulated by the Commission de Surveillance du Secteur Financier, Luxembourg.
- in **Belgium, Denmark, Finland, France, Greece, Italy, Ireland, Luxembourg, Netherlands, Norway, Portugal, Spain** and **Sweden** by Invesco Management S.A., President Building, 37A Avenue JF Kennedy, L-1855 Luxembourg, regulated by the Commission de Surveillance du Secteur Financier, Luxembourg.
- in **Dubai, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia** and the **United Arab Emirates** by Invesco Asset Management Limited, Index Tower Level 6 - Unit 616, P.O. Box 506599, Al Mustaqbal Street, DIFC, Dubai, United Arab Emirates. Regulated by the Dubai Financial Services Authority.
- in the **Isle of Man, Jersey, Guernsey** and the **UK** by Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH, United Kingdom. Authorised and regulated by the Financial Conduct Authority.
- in **Switzerland** by Invesco Asset Management (Schweiz) AG, Talacker 34, 8001 Zurich, Switzerland.
- in **Israel** by Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995 ("the Investment Advice Law"). Investors are encouraged to seek competent investment advice from a locally licensed investment advisor prior to making any investment. Neither Invesco Ltd. nor its subsidiaries are licensed under the Investment Advice Law, nor does it carry the insurance as required of a licensee thereunder.