

Socio-Economic Impact Assessment:
UMDONI POINT RETIREMENT
VILLAGE
Erf 1617 Pennington

FINAL REPORT – OCTOBER 2014



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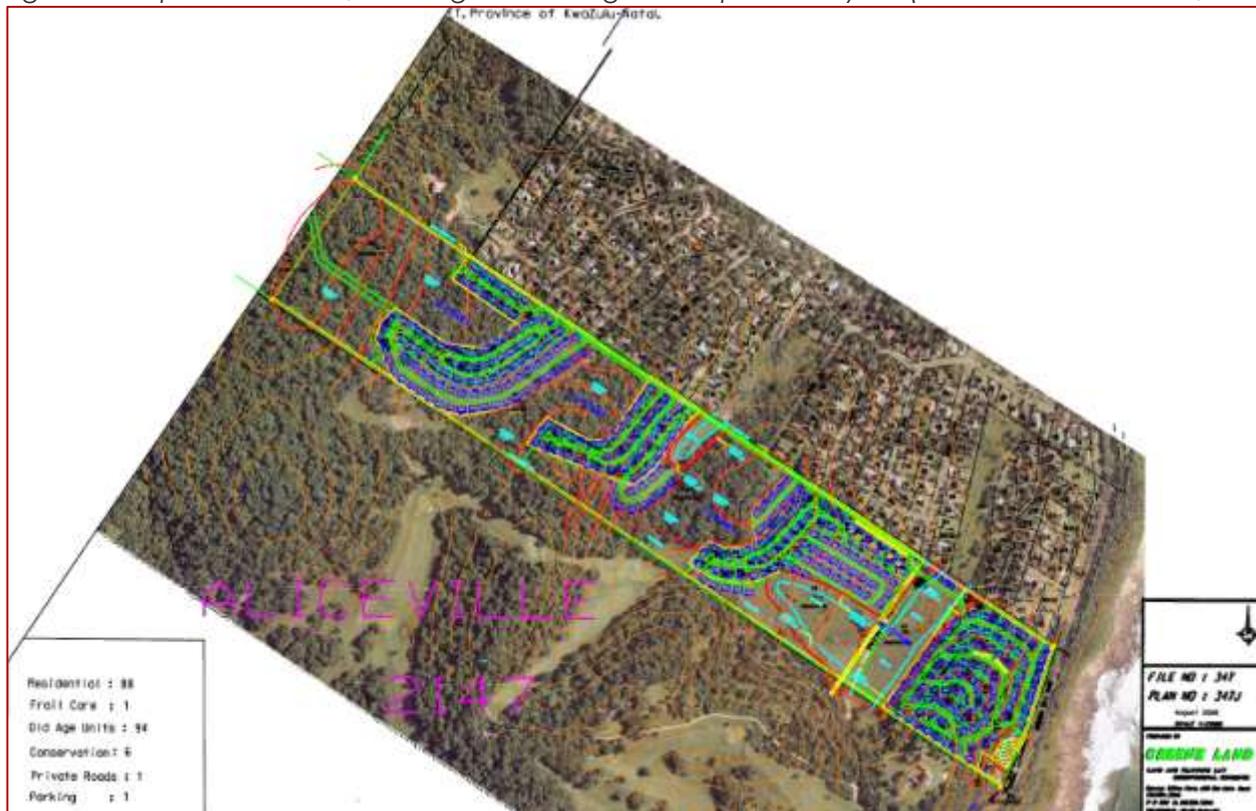
1 INTRODUCTION

This socio-economic impact assessment forms part of the Environmental Impact Assessment amendment application for the proposed Umdoni Point Retirement Village, Erf 1617. This impact assessment looks at the socio-economic impact of the estate as a retirement village. The objectives of the study are to; review the existing market trends in retirement property in the south coast, specifically Pennington, provide a socio-economic profile of the local area including all relevant trends identified, determine potential demand (need) for such a development and to identify potential impacts and desirability of such a development in Pennington.

1.1 PROJECT DESCRIPTION AND LOCALITY

The proposed project is located in Pennington within the south coast of KwaZulu-Natal under the jurisdiction of the Umdoni Local Municipality. Pennington falls under the Scottburgh sub-place. This coastal town is located 72 kilometres from Durban and is easily accessible from the N2 and R102. The area is rich in natural assets including a coastline and warm climate. The layout plan below provides an indication of the proposed layout with 300 old age cottages and an associated frail care facility.

Figure 1: Proposed Erf 1617, Pennington Housing Development Layout (Source: Greene Land, 2008)



1.2 PROJECT METHODOLOGY

A combination of sources were utilised to inform this study. This includes the Quantec Datasets to provide input into the baseline profile of the local market catchment. This was supported by interviews with various property market players (letting agents, realtors, lenders and others) as well as existing retirement villages and estates. A total sample of 5 real estate agents was used. The list of agents and associated agencies that were surveyed are listed below.

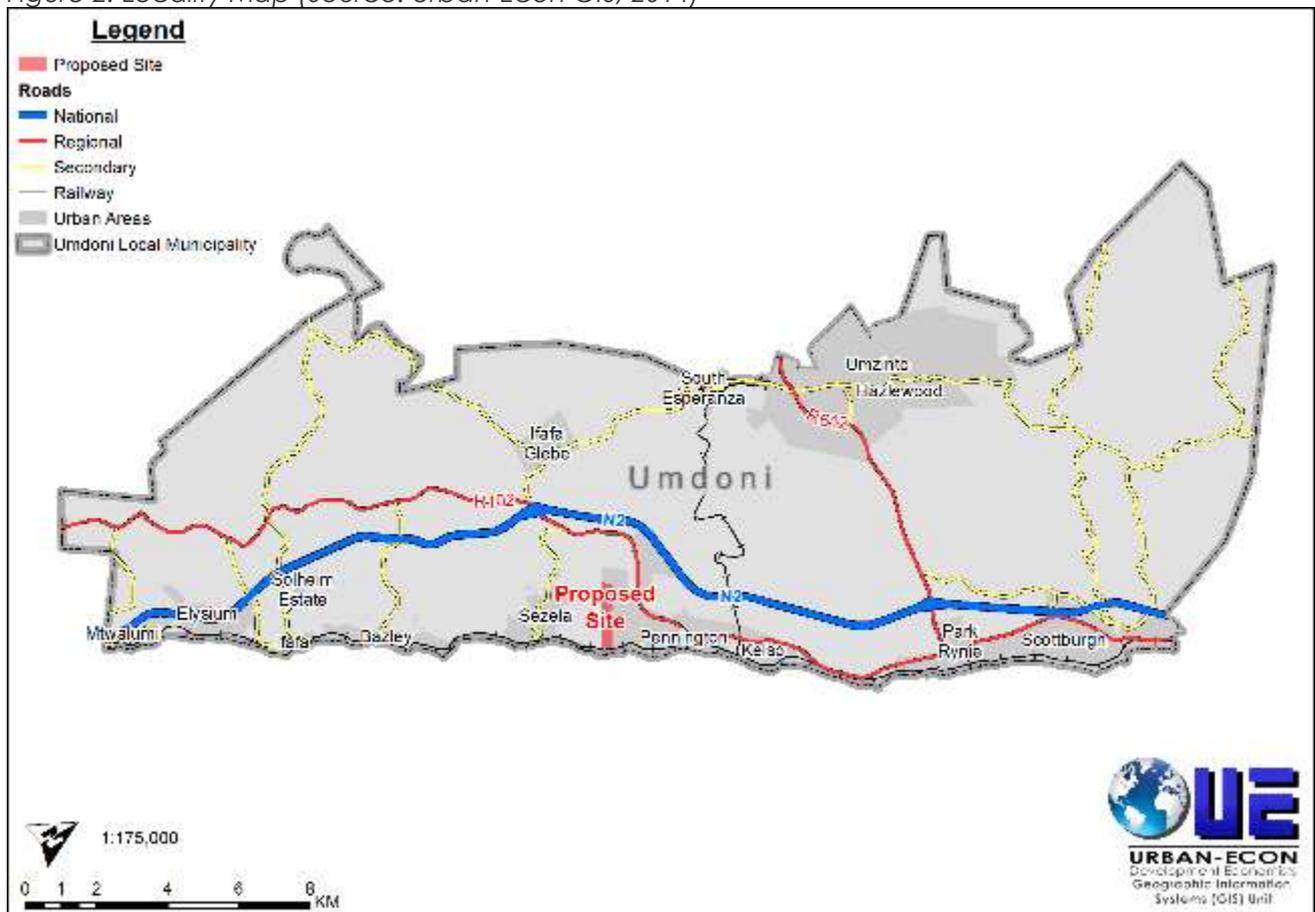
- Coastal Village Properties
- Reality One-Uvongo
- Wakefields- Scottburg
- Pam Golding - Village Mall Pennington
- Seef

Limitations to the surveys were the refusal to participate by certain retirement villages and agents. Where information could not be retrieved via direct communication with identified retirement villages online sources were used.

2 LOCAL MARKET PROFILE

The map below shows the locality of the proposed development in relation to Umdoni Local Municipality and the Scottburgh sub-place.

Figure 2: Locality Map (Source: Urban-Econ GIS, 2014)



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The local market catchment is shown as Scottburgh of which Pennington is a sub-place as indicated by the Census, 2011 statistics database. For purposes of comparison, both Pennington and Scottburgh are shown. This section discusses the demographic profile of the local market area in terms of:

- Population;
- Household size;
- Household density;
- Average annual household income;
- Household spend profile;
- Employment and
- Education.

Table 1: Socio-economic Profile of the local market catchment in relation to Umdoni LM (Source: Census 2011 and Quantec Statistical Database, 2014)

| Categories | | Umdoni LM, 2011 | Scottburgh, 2011 | Pennington, 2011 |
|--|--------------------------|--------------------|---------------------|---------------------|
| Population | | 78 873 | 11 402 | 2331 |
| Population Growth Rate | | 2,4% | 3,9% | 1,9% |
| Population density (People per Sqr Km) | | 313 | 479 | 248 |
| Households | | 22867 | 4184 | 1130 |
| Household Density | | 91 | 176 | 120 |
| Household Growth Rate | | 3,3% | 3,9% | 3,3% |
| Group (%) | African | 77% | 28% | 13% |
| | Coloured | 1% | 3% | 1% |
| | Indian | 13% | 22% | 6% |
| | White | 8% | 47% | 80% |
| Gender (%) | Male | 48% | 48% | 45% |
| | Female | 52% | 52% | 55% |
| Highest Education Levels - 20+ years (%) | No Schooling | 8% | 2% | 0% |
| | Some Primary Schooling | 14% | 5% | 3% |
| | Complete Primary School | 4% | 1% | 1% |
| | Some Secondary Schooling | 31% | 23% | 22% |
| | Grade 12 | 29% | 34% | 41% |
| | Tertiary Education | 8% | 20% | 29% |
| Employed - ages 15-64 years (%) – 2011 | | 32% | 45% | 52% |
| Unemployed - ages 15-64 years (%) – 2011 | | 16% | 5% | 6% |
| Discouraged work seeker - ages 15-64 years (%) - 2011 | | 7% | 1% | 1% |
| Not Economically Active ages 15-64 years (%) – 2011 | | 44% | 49% | 41% |
| Employment (%) | Formal | 70% | 77% | 72% |
| | Informal | 16% | 9% | 8% |
| | Private Household | 11% | 12% | 15% |
| Service Backlogs (Percentage of households with access) | | | | |
| Access to Piped Water inside dwelling | | 41% | 93% | 97% |
| Sanitation (Flush Toilet connected to a sewage system) | | 34% | 83% | 86% |
| Energy for Lighting: Electricity | | 76,4% | 98,1% | 100,0% |
| Informal Dwellings | | 13% | 1% | 0% |

Majority of people in Pennington (61%) earn between R 38 401 – R 307 200, 25% earn below R 38 400 per annum.

In Pennington 38% of households are owned and fully paid off, 17% owned but not yet paid off, 5% occupied rent free and 17% rented.

Key points from the table above that need to be highlighted are:

- A high historical average annual population growth rate of the local market area at 4% which is almost twice the growth of the local municipality. The growth rate for Pennington, while lower than the Scottburgh sub-place and the municipality is still high at almost 2% on average per annum,
- The data shows high historical average annual household growth rates for the market area at 3.9% which is higher than local municipality growth rate of 3.3 %,
- There is a larger portion of females in the working age population in the local market catchment,
- Only 2% of the population in the Scottburgh area have no schooling with Pennington contributing 0% to this indicating a highly educated population. Over half the population collectively has secondary and tertiary education in Scottburgh and Pennington which is much higher than the local municipality overall.
- 45% of the working age population of Scottburgh is employed and 52% in Pennington. This is higher than the local municipal average at 32%.
- Over 90% have access to water inside their dwelling unit in Scottburgh and Pennington which is higher than the overall municipal average of 41%,
- Over 80% of households in Scottburgh and Pennington have access to sanitation within their households connected to a sewage system which is higher than the municipal average of 34%,
- Over 95% of households in Scottburgh and Pennington the local market catchment have access to electricity for lighting,
- There are no informal settlements in Pennington and only 1% of households in Scottburgh which is less than the municipal average of 13%,
- In addition, over 70% of people are employed in the formal sector.

Household growth is significantly higher than population growth indicating increased housing demand. Changes in the population and household level are an excellent proxy for changes in housing demand, thus positive and significant growth in the population and households transpires in the property market as positive and significant growth in housing demand. This will be demonstrated with the age brackets below.

2.1 AGE PROFILING AND GROWTH TRENDS

The table below shows the age profile and breakdown in four year intervals. 58% of the population in Pennington is over the 55 year age bracket. This is high compared to the 36% in Scottburgh and 15% in Umdoni LM. This indicates that the Pennington area has a high

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chance of attracting the older age brackets and is a preferred destination for the older age bracket.

Table 2: Age Profiling in Umdoni LM, Scottburgh and Pennington (Source: Census South Africa, 2011)

| | Umdoni | Scottburgh | Pennington |
|------------|--------|------------|------------|
| Ages 00-04 | 10% | 4% | 2% |
| Ages 05-09 | 8% | 5% | 4% |
| Ages 10-14 | 8% | 5% | 4% |
| Ages 15-19 | 10% | 5% | 3% |
| Ages 20-24 | 10% | 7% | 3% |
| Ages 25-29 | 10% | 7% | 3% |
| Ages 30-34 | 7% | 7% | 2% |
| Ages 35-39 | 7% | 6% | 4% |
| Ages 40-44 | 5% | 6% | 4% |
| Ages 45-49 | 5% | 7% | 5% |
| Ages 50-54 | 4% | 6% | 7% |
| Ages 55-59 | 4% | 6% | 6% |
| Ages 60-64 | 3% | 7% | 10% |
| Ages 65-69 | 3% | 8% | 13% |
| Ages 70-74 | 2% | 6% | 13% |
| Ages 75-79 | 1% | 4% | 9% |
| Ages 80-84 | 1% | 3% | 5% |
| Ages 85+ | 1% | 2% | 2% |

The figure below presents the average annual growth rates over a ten year period for Umdoni LM, Scottburgh and Pennington. Looking specifically at the over 55 year bracket, in Pennington the growth rates are especially high, more so for the over the age of 70 years old. In comparison, these growth rates are much higher than for the Scottburgh sub-pace and the local municipality. This indicates the advantage that Pennington has for attracting older people to the area.

Table 3: Average Annual Growth Rate over a ten year period (Source: Census South Africa 2001 and 2011 and Urban-Econ Calculations, 2014)

| | Average Annual Growth Rates over a ten year period | | |
|------------|--|------------|------------|
| | Umdoni LM | Scottburgh | Pennington |
| Ages 00-04 | 1,6% | -2,4% | -4,9% |
| Ages 05-09 | -1,5% | -2,5% | -2,0% |
| Ages 10-14 | -2,2% | -3,4% | -2,8% |
| Ages 15-19 | -0,9% | -2,2% | -4,4% |
| Ages 20-24 | 1,0% | 1,6% | -6,1% |
| Ages 25-29 | 0,7% | 1,2% | -7,2% |
| Ages 30-34 | 0,1% | 0,9% | -8,2% |
| Ages 35-39 | -0,6% | -0,7% | -2,4% |
| Ages 40-44 | -0,9% | -0,6% | -4,7% |
| Ages 45-49 | 1,5% | 1,2% | -1,3% |
| Ages 50-54 | 0,2% | -0,4% | 0,2% |
| Ages 55-59 | 0,7% | -1,3% | -1,9% |

| | Average Annual Growth Rates over a ten year period | | |
|------------|--|------------|------------|
| | Umdoni LM | Scottburgh | Pennington |
| Ages 60-64 | -0,2% | 0,2% | 1,2% |
| Ages 65-69 | 1,4% | 1,9% | 4,4% |
| Ages 70-74 | 0,7% | 1,3% | 7,1% |
| Ages 75-79 | 2,0% | 1,8% | 5,8% |
| Ages 80-84 | 3,8% | 3,9% | 10,3% |
| Ages 85+ | 2,6% | 1,5% | 7,1% |

3 SURVEY RESULTS

A real estate agent survey was carried out with five(5) estate agencies based in Pennington and other South Coast suburbs including Scottburgh and Uvongo. Results of this survey are detailed in this section.

3.1 GENERAL DEMAND

The South Coast is synonymous with holiday resorts and time share holiday accommodation; however a fast growing yet, not fully capitalised market within this location is the retirement village market. The warmer weather, coupled with the ocean, and the relaxed easy living, the low levels of industry and pollution in the South Coast as well as the presence of a large population aged 50 plus makes this area a key location for retirement village type developments. Vast natural landscape, and underdeveloped land mass occupy the stretch along the Hibiscus Coast; real estate agents strongly recommend this area for retirement village developments as the current available establishments have little to no capacity to match the existing levels of demand. Agents indicate that this region is very popular area for retirees "to begin their next chapter of life" (Pam Golding).

According to agents, at present this region largely caters for holiday flats; whilst there are retirement villages in Scottburgh, Margate, Pennington & Hibiscus. Agents feel that there are not nearly enough to satisfy the demand, with some seekers having to endure very long waiting periods up to 12-15 years. With retirees considering relocation as active 50s to ensure placement, factors leading to demand for retirement accommodation in the South Coast include the warmer climate, relaxed living, security, availability of high care facilities as well as a large retiree community. Another key incentive to retiring in this region is the lower buying prices, starting from a relatively low cost of R250 000 for a single bedroom flat with a single garage to ± R1.5mil for a 3 bedroom simplex with a double garage; the north coast (notably Ballito) in comparison has a starting price of R 2.5mil ranging to R 4.2mil (Reality One).

Notably the nearest private hospital is located in Amanzimtoti, about 30km away from the popular retirement villages; residents are serviced by the ample private doctors, medical centres and the high care centres located in each establishment. Although an in-house medical centre is not a deal breaker on the list of requirements among retirement village seeker, it would be a desirable additional consideration (Wakefields).

Retirees in this market are generally looking to buy property which is preferably within a retirement village catering for mixed living. Free standing units with a garage(s), a small garden and permission to own pets, particularly dogs (Pam Golding) are top of the list as well as high care and frail care facilities. Second preference is simplexes or complexes, with provision for assisted living and high care facilities. Bachelor flats or single units in walk up type developments (single story) are generally a second option, and the primary market for these are single retirees who either cannot afford buying into a village or seek to rent. Assisted living option is said to be third on the list of requirements, along with security, access to amenities and local retiree recreational activities (Wakefields).

The demographic profile of potential retirement village occupants has remained largely the same over the past three decades; it is predominantly white married couples falling within three age and buyer categories: investing for later, purchasing for the present and beyond, and youngsters purchasing for parents. The characteristics are provided hereunder.

- (i) *In the **investing for later** category* are those in their late 40s, early 50s till 60s, seeking to invest in a home for when they retire. This category is generally looking to buy into active living or life style type retirement villages, where they will have smaller houses with enough room to actively engage in various hobbies. Securing a place on a waiting list is a satisfactory start for this category.
- (ii) The next category is that **aged 65 and above- purchasing for the present and beyond** - they are already retired, downsizing and require immediate occupancy. In an event that there are no vacancies in retirement villages, this group is known to opt for buying into estates, share schemes, flats and quiet small residential areas close to amenities, medical services and other retirement villages or retirees club and activities as well as retiree community.
- (iii) The last category consists of **young couples buying units, sectional titles, or bachelor flats for their parents as a gift and or as an investment (rental)** once parents have passed on. This group also rent bedsits, and frail care services when the parent require assisted living, high and frail care.

Citizenship is not as diverse, it remains largely South African citizens from all parts of the country, particularly inland (Gauteng); others are from around Durban and the north coast. In addition, there are seekers of international decent (France and Belgium) however typically they are dual - South African citizenship.

3.2 CURRENT OFFERING IN THE AREA

Hibiscus Retirement Villages is the most prominent provider of retirement establishments in the South Coast; it currently comprises three retirement villages, Margate, Mdoni, Ramsgate and one frail care centre, Hibiscus Frail Care Centre. Other existing establishments can be found in the Scottburgh and Uvongo areas. Lakeview Life style Village, Summerhill lodge, Coconut Village, Tudor Gardens and Alexandra Park are located in Scottburgh whilst Sappers Glen pensioners Cottage is located in Uvongo.

3.2.1 TYPOLOGY AND SIZE

Offering in the area can be categorised as a variety of mixed living villages, retirement homes and frail care homes, as well as flats and/or residential homes. Villages tend offer single units or simplexes consisting of 1 - 3 bedrooms, 1 or 2 bathrooms, single or double garage, plus a small garden or veranda. Villages tend to have a high care and frail care centre within the establishment, available for use by residents as and when needed.

Retirement homes and frail care centres offer bachelor and studio apartments, bedsitters, and frail care single room. Accommodation in homes and frail care centres are fitted with a kitchen unit, however meals are provided at the central dining areas.

The market for flats and residential homes is primarily driven by the long waiting periods associated with securing a unit in a retirement village, since these are privately bought, owned and sold, there are no specifications. Buyers usually look for small bachelor or 1 - 2 bedroom flats, or 2 bedroom homes in secure neighbourhood close to health and frail care facilities; this includes but not limited to gated communities.

The table below summarises the price ranges, typologies and sizes at the retirement village that the agents responded to.

Table 4: Characteristics of Current Market Offering (Source: Estate Agent Survey, 2014)

| Establishment | Typology and Size | Price Range | Age - in take |
|-----------------------------|---|---|---------------|
| • Pennington | | | |
| Mdoni | Life rights - 2/ 3 bedroom cottage Frail Care Rental | R800 000 - R900 000 R12 000 plus / pm | 60+ |
| • Scottburgh | | | |
| Lakeview Life Style Village | Sectional Titles <ul style="list-style-type: none"> • Active independent living - Semidetached - bachelor flat (84 m²) - 1 bedroom cottage with single or double garage mese (149 m²) - 2 to 3 bedroom cottage with single or double garage mese - bedsits (46 m²) • Assisted living & frail care - Rent Bedsit/ Studio flat (46m²) | R 795 000 - 895 000 R995 000 – 1.285 mil R4 150 | 50+ |
| Summerhill Lodge | Sectional titles only | R 250 000 - 700 000 | 80+ |

| | | | |
|------------------------|--|--|------|
| | - 1 bed studios/bed sits (24 - 42m ²) with kitchenette and in suite, and shared dining room and recreational facilities. | | |
| Coconut Village | Rental - 1 bedroom -Single - 1 Shared bedroom – - 2 bedroom | R7000pm R8900pm per couple R9400 pm per couple | 65 + |

3.2.2 OWNERSHIP & ACQUISITION MODEL/ SALE & RE-SALE

Acquisitions of units in the villages are primarily through private sales and sales by establishments/ organisation as well as by developers. In some instances (as is the case with Lakeview lifestyle Villages) establishments allow estate agents to sell on their behalf. There are three unique cases in Scottburgh; Summerhill lodge, Tudor House and Coconut Village. The first, Summerhill, offers sectional titles to studio and bachelor apartments, with communal dining area and gardens, pool and shuttle services to the malls and doctors. The establishment also offers recreational activities to residents. Tudor House is a privately owned share block scheme of 30 retirees (Seef). Lastly, Coconut Village further offers its residents assisted living, high care and frail care, provided in the comfort of their chalets.

There are very few retirement villages offering units on a rental base, however given the current economic trends the market for this option is also on the rise. All estate agents surveyed suggested mixed living cottages, with mixed ownership models including life rights, sectional titles and full title with and investment option - permission to rent out unit when not in use.

3.2.3 PLANNED DEVELOPMENTS

There is a planned development for a retirement establishment in Amanzimtoti referred to as Duneside which will be on rental bases for ±R 4 800pm; the developer is unknown.

4 MARKET SUPPLY ANALYSIS

In addition to the information on existing developments provided by estate agents, a further desktop study was performed from which a list of retirement estate were identified. The only estate which agreed to participate in the survey was Coconut Village, all other information was retrieved from the estate website. These are listed in the table hereunder.

The table provides a description of the retirement estates in the local catchment area. The description entails size, price range, facilities and services offered, as well as tenure scheme and capacity where information was available.

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Table 5: Market Supply Analysis (Source: Urban-Econ Survey, 2014)

| Retirement Village | Vacancy | Capacity | Size | Price Range | Facilities Offered | Services | Pull Factors | Facilities in Demand | Tenure Scheme |
|---|--|---|--|--|--|---|---|--|-----------------|
| Margate Retirement Village (formally the Village of Happiness) | - | 444 cottages and a 6 story building with 54 flats and 80-bed frail care facility with a clinic for short term nursing and post-operation recovery (Hibiscusretirementvillages, 2014). | 1-2 bedroom, double garage | - | Entertainment , fitness and arts and crafts ¹ | Village Bus Other services include: hairdresser, post office, cafe Munro and a library, as well as a chapel | It is definitely the quality of life, and dignity and quality of care they receive here, as well as that they are not required to move to a frail care facility but care gives come and live with them for as long as needed. | frail care in the most important requirement | Life Rights |
| Ramsgate Retirement Village | - | 61 cottages with a small garden plus 2 garages. | 1-2 bedroom, double garage | - | Community Centre with lounge, Dining Room, Hairdresser | Village Bus Other services include: hairdresser, post office, cafe Munro and a library, as well as a chapel | | | Life Rights |
| Hibiscus Frail Care | - | - | - | - | Entertainment and exercise ² | - | | | Life Rights |
| OH131 Senior board and lodging | - | - | - | Rent from R4800.00 & 2500pm for day care | - | Shuttle services Laundry, meals daily, WI-FI, hair dresser Massage therapist, nail and beauty technician. Onsite ambulance & paramedics | | | Rental |
| Coconut Village | None with a waiting list of 20 people ³ | 18 Units | Chalets, 1-2 bed, and studios offered. | 1 bedroom/ studio: R7000 for single occupant & R8900 for a couple. 2bedroom is R9400 per couple. | None: rooms have a TV and the residence plan their own entertainment and make use of our dining hall | Shuttle service. Also offer Assisted living, high care and frail care | | | Rental |
| Summerhill Lodge | - | - | average size of facilities: (24 sqm - | (R250,000; R585 000 - R 690 000) & Sectional title levy: : | Entertainment | | | | Sectional Title |

¹ Art Club, Badminton, Bridge, Chess, Line Dancing, The Quilters, Bowls, Movement to Music, Snooker Club & Ladies Darts, Table Tennis, Yoga Club, Rummykub Club, Gymnasium Exercises, Chit-Chat Crafty Club, & Library & hairdresser

² Community Centre with lounge, Dining Room, Hairdresser

³ Do not keep a list of more than 20 as there is no capacity

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| Retirement Village | Vacancy | Capacity | Size | Price Range | Facilities Offered | Services | Pull Factors | Facilities in Demand | Tenure Scheme |
|---|---------|---|--|---|----------------------------|---|--------------|----------------------|----------------------------------|
| | | | 42sqm) Apartment, 1 bedroom, 1 bathroom , 4023 m ² of Land Size | R1860 - R3895.00 | | | | | |
| Lakeview Retirement (scottburgh) | None | 14 bachelor apartments and 28 Bedsits/ studio, 98 cottages. | bachelor apartment at 82m ² ; studio s at 45m ² available on rent; cottages 2/3 bedroom simplex cottage is 145m ² | R1 085 000 - R1 185 000 (2/3 bedroom Cottages); R4150pm Bedsit rental | Entertainment and exercise | Recreational facilities, health and well-being facilities, Laundry, Library, Internet Connectivity, Satellite TV to all Apartments, Dining Facilities | | | Buy, sectional title and rental. |

5 MARKET COMPARATIVE ASSESSMENT

The table below provides a breakdown of the characteristics of a few comparative developments in KwaZulu-Natal so as to understand the characteristics of existing retirement villages. The details of these estates are taken from previous research compiled by Urban-Econ in 2014. The retirement villages are listed below:

- **Amberfield Frail Care / Amberfield Retirement Village** - Howick
- **Alexandra Park** - Scottburgh
- **Hayfields Gardens** - Howick
- **Forest Village on Brettenwood Coastal Estate** - Ballito
- **Woodgrove Retirement Village** - Pietermaritzburg
- **CVV Tehuis/Home** - Pietermaritzburg
- **Golden Pond Retirement Village** - Hilton
- **Umdoni Retirement Village** – Pennington.

Table 7 below details location, ownership model, type of living in terms of independent living, frail care and assisted living, capacity in terms of number of accommodation units per development, facilities and activities offered per development and details of the waiting lists where information could be retrieved. As shown by the table rental, life right and sectional title schemes are on offer with a fair mix of assisted living, independent living and frail care. Sizes and hence capacity of retirement villages differ from 26 units to 400 units. 5% to 16% of these units are frail care type living. Most of the developments have leisure, sport and support facilities and a host of activity. In addition, waiting lists are quite long.

Table 8 below details current occupancy levels, price bands per living arrangement (independent, assisted living or frail care), age qualification, and availability of medical and security services per development. As shown occupancy levels are high (mostly to 100%). Most developments have medical facilities in the form of nurses, clinics, doctors, emergency care and ambulance availability. Ages for these developments range from 50 years onward. In addition, all developments have 24 hour security.

Importantly, the information below shows that the existing Umdoni Retirement Village in Pennington has a waiting list of 800 people. This impacts significantly on the demand for additional retirement accommodation.

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Table 6: Comparative Assessment (Source: Urban-Econ, 2014)

| Retirement Facility | | Amberfield Frail Care / Amberfield Retirement Village | Alexandra Park | Hayfields Gardens | Forest Village on Brettenwood Coastal Estate | Woodgrove Retirement Village | CVV Tehuis/Home | Golden Pond Retirement Village | Umdoni Retirement Village |
|---------------------|------------------------------|--|--|--|--|-------------------------------------|------------------------|---------------------------------------|----------------------------------|
| Location | | Howick | Scottburgh | Howick | Balito | Pietermaritzburg | Pietermaritzburg | Hilton | Pennington |
| Owners | | Body of directors | Body of directors/Department of Social Work | Howick and District Council for the Care of the Aged | Hulett Development Company (Pty) Ltd | PADCA | SAVF | Body corporate | Hibiscus Retirement Villages |
| Ownership Model | | Rental Sectional Title | Rental | Life Right | Rental | Life Right Rental | Rental | Rental Sectional Title | Life Right Rental |
| Type of Living | Independent Living | Sectional Title | Rental | Life Right | Sectional Title | Life Right | Rental | Sectional Title | Life Right |
| | Assisted Living | | Rental | Life Right | Not yet | Life Right | Rental | | |
| | Frail Care | Rental | Rental | Life Right | | Life Right and Rental | Rental | Rental | Rental |
| Capacity | Independent Living | 400 cottages | 80 rooms varies according to intake and demand | 26 cottages | 92 Houses (Phase 1 and 2) (3 bedrooms) | 172 units | 103 units | 62 cottages | 350 cottages |
| | Assisted Living | | | | | 23 bedsitters | | | |
| | Frail Care | 46 beds | | | | 20 beds | | 10 beds | |
| Facilities | None | | | | | | | | |
| | Leisure | x | x | x | x | x | | x | x |
| | Sport | x | | x | x | | x | x | x |
| | Care | x | x | x | x | | | | |
| | Supporting Facilities | x | x | x | x | x | x | x | x |
| Activities | None | | | | | | | | |
| | Leisure | x | x | x | x | x | x | x | x |
| | Sport/ Games | x | x | x | x | x | | x | x |
| | Care | x | x | x | x | | | | |
| | Other | x | x | x | | x | x | x | x |
| Waiting List | | Application | Applicants must request to be put on a waiting list (entrance fee and annual subscription) | Application, with 10 year waiting list | 50 on waiting list Depends on availability and first | Depends on availability | Application | Depends on availability | Depends on availability |

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| | | | | | | | | |
|---------------------|--|-----------------------|--------------------------|---|-------------------------------------|------------------------|---------------------------------------|----------------------------------|
| Retirement Facility | Amberfield Frail Care / Amberfield Retirement Village | Alexandra Park | Hayfields Gardens | Forest Village on Breffenwood Coastal Estate | Woodgrove Retirement Village | CVV Tehuis/Home | Golden Pond Retirement Village | Umdoni Retirement Village |
| | | | | come first serve | | | | |



UMDONI POINT RETIREMENT VILLAGE: DRAFT – 28/08/2014

Table 7: Comparative Analysis (Source: Urban-Econ, 2014)

| Retirement Facility | | | Amberfield Frail Care / Amberfield Retirement Village | Alexandra Park | Hayfields Gardens | Forest Village on Brettenwood Coastal Estate | Woodgrove Retirement Village | CVV Tehuis/Home | Golden Pond Retirement Village | Umdoni Retirement Village | |
|---------------------|--------------------|--------------------|---|---|-------------------------|--|--------------------------------------|--|---------------------------------------|-------------------------------|---|
| Current Occupancy | Independent Living | Life Right | | | 100% | 93% | 100% | | | 100% | |
| | | Rental | | | | | | 100% | | | |
| | | Sectional Title | 100% | | | | | | 100% | | |
| | Assisted Living | Life Right | | | | | 100% | | | | |
| | | Rental | | | | | | 100% | | | |
| | Frail Care | Life Right | | | | | 100% | | | | |
| | | Rental | 100% | | | | 100% | 100% | 100% | 40% | |
| | General | | Depends on availability | 80% (varies according to demand for each living type) | Depends on availability | Depends on availability | Depends on availability | Depends on availability | Depends on availability | Depends on availability | Depends on availability Waiting list of 800 |
| | Price Bands | Independent Living | Life Right | | | R895 000 | | R651 000 - R1 894 000 (one bedroom or two bedroom) | | | From R800 000 and R900 000 (two or three bedroom) |
| | | | Rental | | R6490.00 | | | | Min. R4600 to 100% residents' pension | | |
| Sectional Title | | | From R800 000 - R2 000 000 | | | R2 560 000 - R4 200 000 (depends on size and three bedrooms) | | | R2, 000 000 - R3. 000 000 | | |
| Assisted Living | | Life Right | | | | | | | | | |
| | | Rental | | R6970.00 | | | | | Min. R4600 to 100% residents' pension | | |
| Frail Care | | Life Right | | | | | | | Min. R4600 to 100 % residents pension | | From R12 000 |
| | | Rental | R12 000 - R15 000 | R7920.00 | | | | R14 400pm (single room) R13 300 (double room) | | R10 000 pm | |
| Age Qualification | | | 50+ | 65+ | 60+ | 60+ | 60+ | 64+ | 55+ | 60+ | |
| Medical | | | Yes | No | Yes | Yes | Yes | Yes | Yes | Yes | |
| | Details | | In-house clinic Geriatric nurses | | Clinic nurse ER 24 | Nurse and clinic | clinic service and emergency care | Visiting doctor | Ambulance insurance | Visiting doctor Registered | |

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| | | | | | | | | policy Clinic sister available | nurse Clinic service |
|-----------------|----------------|--|------------------|--|------------------|------------------|------------------|--------------------------------------|-------------------------|
| Security | | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| | Details | Electrified fencing and connected to a monitored alarm system. Gate access is controlled and guards 24 hours a day. An armed reaction unit is always on standby. | Electric fencing | 24 hour security, guards at the gate and armed reaction unit on stand by | 24 hour security | 24 hour security | 24 hour security | 24 hour guard on duty | 24 hour security |

6 MARKET DEMAND ASSESSMENT

The market demand assessment aims to calculate the number of retirement focussed units that are projected to be in demand for the next 16 years. The aim of this is to understand the inherent need for retirement type accommodation and to quantify this. The results of this section reiterates the survey results of surveys carried out as described above. This demand assessment uses the Scottburgh sub-place statistics with is inclusive of Pennington as demarcated using Census 2011 boundaries. The target market is the age brackets of 50 years⁴ and above.

The table below indicates:

- a) The population projection of Scottburgh based on the historical average annual growth rate of 3.90% calculated over a ten year period. This is shown in five year intervals.
- b) A percentage of the target market (aged population of above 50 years old) was calculated per annum projection.
- c) An assumed household size for the aged population is 2 based on results from the real estate agent survey and the retirement village survey.
- d) This assumed household size was applied to the percentage of old age population in Scottburgh to get the number of households required for the target market.
- e) The number of households earning above R 307 400 per annum was used to calculate an affordability ratio which equates to 14.10%.
- f) The affordability ratio was applied to the number of old age households in Scottburgh to determine the amount of old aged households within the affordability ratio.
- g) Assuming a likelihood of 100% occupancy for retirement property based on considering the waiting periods and current or pent up demand for retirement property as indicated through the survey results.
- h) The likelihood index was applied to the affordability ratio of the target market households earning above R 307 400 per annum.

Table 8: Market Demand Assessment (Source: Urban-Econ Calculations, 2014)

| VARIABLE | 2014 | 2015 | 2020 | 2025 | 2030 |
|----------|------|------|------|------|------|
|----------|------|------|------|------|------|

⁴ The active 50's age group was included as the survey results indicated that this age category is also active in the retirement property market.

| | | | | | | |
|---|---|--------|--------|--------|--------|-----------|
| OVERALL POPULATION PROJECTION – SCOTTBURGH | Average Annual Growth Rate: 3,90% | 12 789 | 13 287 | 16 089 | 19 480 | 23 587 |
| % OF AGED POPULATION (Ages 50+) – SCOTTBURGH | | 42,13% | 42,43% | 43,89% | 45,32% | 46,71% |
| AGED POPULATION OF SCOTTBURGH | | 5 388 | 5 638 | 7 062 | 8 828 | 11 018 |
| ASSUMED HOUSEHOLD SIZE OF OLDER POPULATION | | | | | | 2 |
| NUMBER OF AGED HHS IN SCOTTSBURGH | | 2 694 | 2 819 | 3 531 | 4 414 | 5 509 |
| NUMBER OF OLD AGE `HHS EARNING OVER R 25 000 PER MONTH | 14,10% | 380 | 397 | 498 | 622 | 777 |
| Waiting List | 800 people(Umdoni Retirement Village)+ 20 people(Coconut Village) | | | | | |
| Number of units at the proposed development | | | | | | 300 units |

From the assessment above, using 14.1% of the number of old age households as a likelihood of occupying retirement villages (based on affordability), there is good existing demand which as verified by the surveys undertaken. In addition, given the waiting list of 800 people (which using a household size of 2 people equates to 400 households) to occupy a retirement village in the local area, there is a pent up demand and an additional demand calculated to be 380 households in 2014, 397 households in 2015 and grows up to almost 500 households in 2020. This indicates that there is a dire need for retirement accommodation in Umdoni and the proposed 300 units will be justified and assist in eradicating the retirement housing backlog.

7 IMPACT ON THE LOCAL ECONOMY

This development will result in a significant increase in capital investment in Umdoni Local Municipality, Pennington in particular. The development will result in the local economy being affected, both directly and indirectly. There are a number of economic variable categories that are measured to determine the extent to which an economy has been impacted on due to an exogenous change and impacts of development investment and its ripple effects through the economy. The anticipated economic impacts of a development investment are described below:

- **Total employment**, this reflects the number of additional jobs created by economic growth. This reflects the number of jobs created during CAPEX phase (temporary employment) as well as long term sustainable employment generated through operation of the estate (permanent employment creation).
- **Value Added**, the equivalent to Gross Domestic Product or, in this case, Gross Geographic Product - GGP) is a broader economic measure of the full income effect.

- **Change in Output** (new business sales), this equates to additional business turnover as a result of the introduction of an exogenous change in the economy.
- **New salaries and wages**, this measures the increase in existing salaries and wages as a result of the exogenous change in the economy

There are two types of economic impact, namely, direct and multiplicative impacts.

- The direct economic effects are generated when the new business creates new jobs and purchase additional goods and services to operate the new facility.
- The multiplicative effects can be grouped into two distinct effects: indirect and induced.
- The indirect economic effects occur when the suppliers of goods and services to the new business experience larger markets and potential to expand.
- Induced impacts: The induced impacts are the impacts on goods and services demanded due to increased expenditure by households from income earned due at the project.

The above variables are indicated to demonstrate the impacts that this proposed development investment will have on the local area. Specific attention is paid to the permanent employment creation of such a development based on existing estates of this magnitude. The table below provides a breakdown of the permanent employment creation through the operation of the facility. **As shown by the table below, there is the ability to create in the region of 200 permanent jobs. This creates a significant impact on the local economy in terms of employment.**

Table 9: Staff Requirements for the proposed development (Source: Facilities Manager of the existing Umdoni retirement Village)

| STAFF | EMPLOYED BY THE FACILITY | OUTSOURCED/CONTRACTED | EMPLOYED BY RESIDENTS |
|----------------|---------------------------------|------------------------------|------------------------------|
| Administration | 4 | | |
| Catering | 5 | | |
| Gardens | 13 | 25 | |
| Housekeeping | 3 | | 100* |
| Laundry | 1 | | |
| Maintenance | 4 | | |
| Nursing | 10 | | |
| Security | 1 | 34 | |
| Total | 41 | 59 | 100 |

There are also short term job opportunities created through contractors on remodelling jobs, refurbishments and for short term (temporary) health-care support.

8 CONCLUSION

As per the market assessment and review, the specialised retirement market segment is currently underserved in the Pennington area, thus a clear need for retirement property exists. This needs to be accompanied by provision of additional facilities to meet the market demand thus the assessment has favourable desirability.

The results of the real estate agent survey as well as the estate surveys have indicated a pent up demand for the retirement market segment in addition to the market demand assessment. This is due to various reasons such as the attractiveness of the South Coast, specifically Pennington.

As indicated by the demand assessment based on historic growth trends, there is pent up demand in excess of the proposed number of units (380 in 2014 growing to 500 in 2020). In addition, there is an existing waiting list of 800 people ready to occupy retirement accommodation in the local area.

It is anticipated that there is a high likelihood of rapid take-up of the proposed 300 units, given the long waiting lists and pull factors to Pennington. These include an existing and vibrant retirement community, warm weather, security and high levels of quality of life.

Further, this development creates an opportunity for 200 on-site opportunities from facility management, security and services to domestic carers.