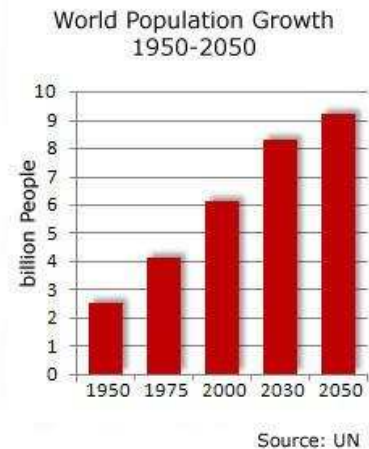


Ageing Malaysia: Retirement Homes and the Malaysian Culture

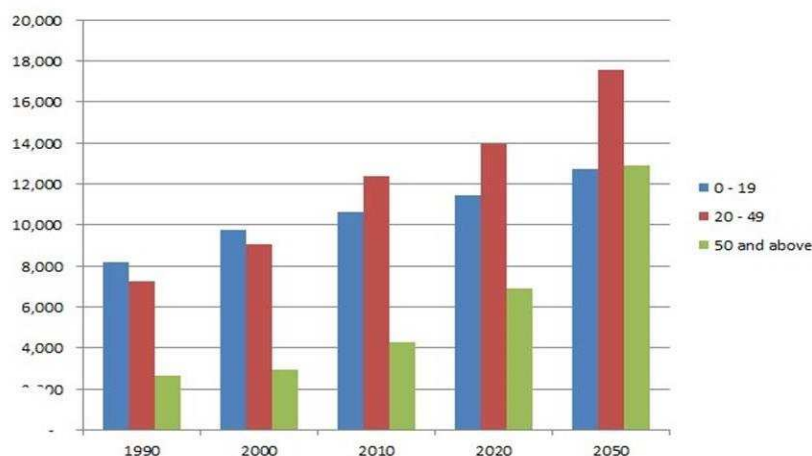
The world population is rising and urbanizing at a fast rate, by 2050 the world heads count will be not too far from 10 billion and an average of 76% of us will live in urbanized areas. Most of the world nations are also moving towards the status of fully developed countries where the urbanization rate is foreseen to be even higher; by 2050 it should touch 86%.

Malaysia is following the trend and the forecast are to have more than 82% of its population residing in urbanized areas by latest 2025. If we look at the population growth projections, this means that almost 27 million Malaysians will have dwellings in the Country's cities.

Malaysia is also moving towards the "Wawasan 2020" dream and it looks like it will make it to become a fully developed country by then. Becoming a fully developed country brings along a different, in a better way, aging trend for the population and the chart below shows quite clearly how the "aging Pyramid" might change in the next few years.



MALAYSIAN DEMOGRAPHIC - FACT FILE



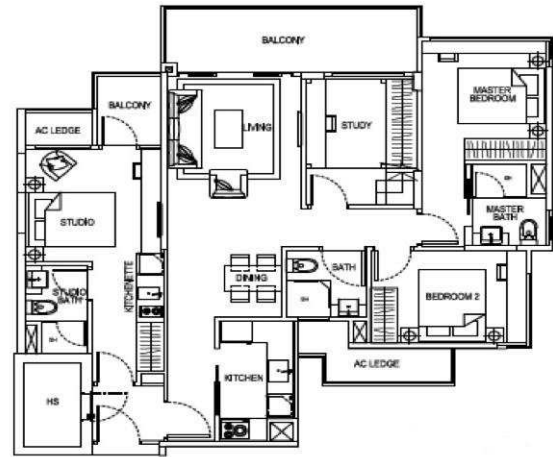
Malaysian third age group, 50 years and above, is going to double its size within the next thirty years. This is a common phenomenon happening in developing countries and driven by a generally speaking better quality of life, higher quality of health care services and higher income.

If we look at the Malaysian population numbers, this growth driver only, will bring in the market a demand for more than 4 million houses within the next few decades. For sure the type of product that will have to be offered should be something completely new in terms of sizes, facilities and fittings. GenY and GenZ members are mostly looking for high speed connectivity, conducive environment and modern design with wide offer of facilities: here we talk about "hardware" only. The third age group will need instead a good mix of purposely designed facilities, medical care and a specially studied "software package" which comes along with it. Let's be practical, elderlies will hardly look for huge houses as the biggest is the house the hardest will be to keep it clean and functional. Once an old couple will have 800 to max 1,000 square feet of floor space they will be very comfortable with it. What they will look for, beside the space, is how far or better near their family

is, how easy will be for the old folks to get along and “sayang” a bit their grandchildren and see the whole family reunited on a weekly or fortnightly basis.

Current products and offer for two/three generations’ homes

Malaysian developers, quite attentional to the changing needs of the market, have started proposing, less than few years ago, dual-key houses. The main concept here is to have quite a “upper” sized condominium unit of 1,800 to 2,200 square feet and separate it into two “connected but independent” units. Below a couple of proposed lay-out which are showing the practical design of it, one for a condominium unit while the other has been used for a Australian dual-key landed houses project.



Beside the interesting offer and concept designed for multiple generation families, these lay-out are flexible enough to allow a positive “recycling” to small rentable unit for short term rentals or for students. In Australia, US and European countries, this concept has been quite successful as allows a multiple and flexible choice on its use and get families to stay together for a longer time. The main family normally composed by two up to four members (parents and one or two children) can use the bigger portion of the house and accommodate a tenant, a grown-up child or their grand-parents in the smaller unit.

The way forward

Having defined the above and by looking into the grown interest for “retirement homes” professional from all around the world have come to South East Asia in the last 12-18 months and started sharing their experience for this new type of product. They have been clearly explaining that retirement homes should be looked at as “development cum service” type of product. Ageing people

can be mostly divided into three main categories: fully independent, partially independent and fully assisted. Developers should only concentrate on the first two ones as the third is normally handled by highly specialized professional health-care organizations.

Those projects offering the type of product as above should carefully choose their location based on: proximity to hospital, available space for recreational activities, an on-site first medical and nursing service, specific features purposely designed for activities typical of people aged 55-60 and above and so on. In other words the design of the product and its cost are possibly the minor component of the decision making process as the subsequent range of services offered and, above all, the professional management of these services on long term basis and high quality delivery will be strategically important.

The typical Malaysian culture, very similar somehow to the European one, teaches to respect and care about the elderly in the family and keep the family as much as possible together. Well Malaysian developers are having here a golden opportunity to come out with innovative ideas such as condo-link or mini-link house closely combined with professional management system to tackle the growing demand of third age houses and preserving the family unity as much as possible.

The Local authorities should also doing their part in cooperating with the private industry and helping where needed with proper technical support. It is a great opportunity already in the making but has to be done right and smart house purchasers and investors will surely know how, where and when choosing their “dual-key” / “retirement home”.

Sources: IMF and World Bank various reports, Department of Statistics, Minister of Home Affairs, REI Group archives

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