PEAK LIVING

RETIREMENT LIVING IN NEW ZEALAND: A SECTOR AT A CROSSROADS AND THE RISE OF NEW CAPITAL MODELS TO MEET THE FUTURE

This article examines how the RV sector is at a crossroads and what this means by analysing recent research data by the likes of https://www.jll.com/en-au/locations/new-zealand and the issues raised by the likes of https://rvr.org.nz/ to get a feel for the overall feeling towards the retirement village industry in New Zealand and its "future ready" issues for the growing number of retirement aged New Zealanders. Peak Living's new Fund is then compared to this analysis as an option to meet the industry's capital needs.

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Retirement Living in New Zealand: A Sector at a Crossroads

New Zealand's retirement village sector is entering one of the most consequential periods in its history. Two powerful forces are colliding and they are 1) the lived realities of older New Zealanders navigating health shocks, bereavement and shrinking support networks and 2) a rapidly evolving industry grappling with supply shortages, regulatory reform and rising expectations of fairness.

Recent research from Jones Lang LaSalle (JLL) and advocacy from RV Residents paint a picture of a sector that is both essential and under pressure. At the same time new investment models including progressive wholesale PIE funds such as the Peak Living Blenheim Retirement Village PIE Fund are emerging to help bridge the gap between what older New Zealanders need and what the current system can sustainably deliver.

A Growing Sector Facing Growing Tension

JLL's latest analysis shows the scale of the challenge. New Zealand has nearly 500 retirement villages and more than 43,000 units, yet demand is accelerating faster than supply. Without a significant lift in development the country faces a shortfall of more than 23,000 units by 2048. The 75+ population is rising sharply and aged-care bed investment is lagging.

At the same time RV Residents highlights the human side of the equation. Many older New Zealanders feel the current financial model is not aligned with their needs especially at the point of exit. Slow capital repayment, ongoing fees after vacating and complex contracts create stress at a time when families are already dealing with grief, declining health or urgent care needs.

A not unfamiliar current comment captures this tension:

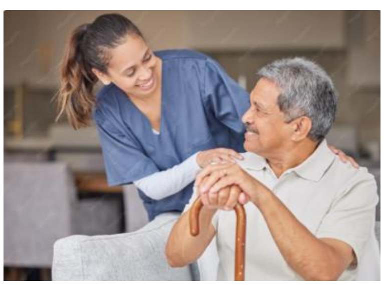
"Residents report months or even years waiting for capital after vacating, sometimes needing to borrow to fund care while hundreds of thousands of dollars are tied up in an unsold unit."

The result is a sector viewed as necessary but contested. Essential for housing and care, yet increasingly challenged on fairness, transparency and liquidity.

Why People Move and Why the Current Market Makes It Harder

Up to 80% of new residents must sell their home before entering a village. Most moves are triggered by one of three life events:

- failing health
- loss of a loved one
- a support network moving away



These are moments when people need stability and care and not delays. Yet provincial housing markets often move slowly with sale timelines stretching 60–120 days or more.

In the research reviewed it notes that:

"Weak regional housing markets slow the chain of transactions and incoming residents often cannot settle until their own home sells."

Families are increasingly forced into temporary fixes which delay the move using bridging finance, entering care first or accepting lower offers for their home.

The core issue is liquidity and not necessarily demand lead. Older New Zealanders want to move but they simply cannot unlock their equity fast enough.

Regulatory Reform: A Sector Being Re-Engineered

Government proposals aim to address fairness concerns by:

- stopping weekly fees immediately on exit
- mandating repayment within 12 months
- introducing interest after six months
- strengthening dispute resolution
- improving transparency around legal documents like the ORA.

Operators warn these changes will strain cashflow and slow development. Residents argue they do not go far enough.

The debate is not whether reform is needed but how to balance consumer protection with the capital model that funds new supply.

<u>The Rise of New Capital Models to Meet the Future</u>

A New Capital Model Emerges: The Peak Living PIE Fund

Amid this tension new investment structures are emerging to support both residents and operators. The Peak Living Blenheim Retirement Village PIE Fund is a progressive example. It is a wholesale investment vehicle designed to inject targeted capital into a village development while offering competitive returns to local, national and international investors and especially those planning to move into a retirement village in the future. This makes retirement living part of an investors diverse investment portfolio.

This statement makes it clear why this matters.

"*Wholesale capital provides front-loaded development funding accelerating build programmes in regions that large operators underserve."*

And critically:

"The Fund gives residents and families a liquid and property-linked alternative to selling their home immediately."

This is the heart of the innovation.

How PIE Funds Help Solve the Sector's "Future-Ready" Gaps

1. They unlock development capital where it is needed most

Provincial centres like Invercargill, Timaru, Feilding, Whakatane and Blenheim face fast ageing demographics and slow housing markets. Traditional operators often struggle to finance new villages in these regions due to their large scale development strategies and an increasing move towards luxury better suited for the main centres like Auckland.

A wholesale PIE fund attracts investors who want property-backed, professionally governed returns which expands the capital pool beyond banks and DMF flows.

2. They reduce reliance on incoming residents to fund outgoing ones

This directly addresses the fairness concerns raised by RV Residents. Liquidity from the fund supports faster repayment cycles and reduces the "quasi-Ponzi" criticism sometimes levelled at the sector and which the author considers an unfair characterisation.

3. They align with upcoming regulatory reform

Mandatory repayment periods and interest triggers require stronger balance sheets. PIE funds provide exactly that, a buffer against regulatory tightening.

4. They help residents move when life demands it, not when the housing market allows it

By allowing families to invest before selling their home, the fund decouples the timing of the move from the timing of the sale. This is transformative in provincial New Zealand. And for an investor it helps them take control of their future before someone else has to.

Peak Living has been working with Auckland based Bancorp New Zealand to provide a bridging finance product specifically for homeowners wanting to move into one of their planned retirement villages but likely to be impacted by a slow residential property sales market. This is another exciting move for the industry.

5. They create a scalable national model

Peak Living's approach is for wholesale capital during development, transitioning to retail investors once the village stabilises and that can be replicated across the country beyond Blenheim to include the likes of Invercargill, Timaru, Feilding and other low RV penetration provincial locations.

A Sector in Transition and a New Path Forward

New Zealand's retirement village industry is at a turning point. Demand is rising, expectations are shifting and regulation is tightening. Older New Zealanders want fairness, clarity and liquidity especially with the changing expectations between the silent generation (1928 to 1945), boomers (1946 to 1964) and the more vocal Gen-X (1965 to 1981) who start turning 61 this year.

And operators need capital, stability and regulatory resilience. It is a balancing act that needs to stay level to be future-ready.

Progressive investment vehicles like the Peak Living Blenheim Retirement Village PIE Fund offer a way to meet both sets of needs. They bring new capital into the system, support regional development, improve liquidity for residents, not to mention advanced planning ***before*** one of the three triggers already noted, and align with the direction of reform.

In a sector defined by demographic inevitability and financial complexity, these funds may become one of the most important innovations of the next decade helping ensure that retirement living in New Zealand is not only necessary but genuinely future-ready.

About the Author

Stuart Bilbrough is the CEO at Peak Living Limited. He is a registered financial advisor (FSP1013288). He is also a NZ Chartered accountant and has nearly two decades experience in the New Zealand retirement industry. He was the CFO and then CEO at NZX listed Radius Residential Care and CEO at NZX listed Promisia Healthcare. Subsidiary, Peak Living Funds Management Limited (FSP1013335) is the Fund Manager for the Peak Living Blenheim Retirement Village PIE Fund.

Article Disclaimer

This article reflects the author's personal views and interpretation of current research on where the New Zealand retirement village industry is heading. It is intended for general information only and should not be relied upon as financial advice, investment guidance, or legal advice. Readers should form their own opinions and seek independent professional advice before making any decisions relating to retirement village living, financial arrangements, or the Peak Living Blenheim Retirement Village PIE Fund investment product.

An investment in the proposed Peak Living Blenheim Retirement Village PIE Fund will only be available to wholesale investors in terms of clause 3(2) or 3(3)(a) of Schedule 1 of the Financial Markets Conduct Act 2013.

At the time of writing this article applications for investment are not currently being accepted as documentation is finalised. Peak Living Management Limited being the promoter intends to apply for registration of the Blenheim village under the Retirement Villages Act 2003 in or around mid-2027. We are unable to make any offers of occupation in the village to the public at this stage..