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Retirement living a **feasible** sub-sector

> Malaysia's aged population is expected to grow to 9.9% in 2020, and 20% in 2040

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KUALA LUMPUR: As Malaysia's ageing population expands, retirement living is a market that property developers should look into, said CBRE-WTW managing director Foo Gee Jen.

In 2010, the size of Malaysia's aged population was 7.4% or 2.1 million people and this is expected to grow to 9.9% or 3.4 million in 2020, and expand further to about 20% in 2040.

"Interestingly, by the year 2020, we are going to have about 3.4 million of ageing population. If we translate that into couples, that would mean we would require around 1.7 million units of retirement homes.

"Assuming 25% of them can afford to buy this, it is still a reasonable number for developers to look into. Perhaps this is the market we need to look at," he said at the Sales and Marketing Conference held last month.

Foo, who spoke about residential property trends, said that retirement living is feasible in Malaysia due to its uniqueness, reasonable cost of living and quality, as well as its open door attitude.

"In terms of uniqueness of our country, we are very rich and diverse in culture, and we have very much a low language barrier; I think probably more than 75% of our population converse in English. I think these are very crucial for us to attract foreigners to come in," he said.

Besides culture and language, Malaysia also has vast offerings for leisure activities with a good mix of nature and urban areas, luxury and recreational options.

Foo noted Malaysia's quality healthcare and education systems, as well as reliable infrastructure, utilities and telecommunication services.

"Also, I think our cost of living is relatively much cheaper than some of the



countries in other parts of the world," he added.

In terms of Malaysia's open door policy, he said foreigners could transfer their pension funds or savings into Malaysia without being taxed.

Foreigners are also allowed to own a property here and they could take advantage of the Malaysia My Second Home programme, which is an option for long-term residency.

"Of course, there are always challenges, among them social acceptance. We Asians still believe in living with the extended family," said Foo.

While social acceptance could take a longer time, especially in Asian communities, the number of aged population at present has yet to make up a significant demand that would enable

economies of scale to support such a specialised sub-sector.

However, he believes retirement living is something that needs to be addressed now, as the next generation moves on and the next generation, also known as millennials, is very mobile, always on the move and are pretty much "global citizens".

Retirement living would likely need to be complemented by healthcare-related offerings, thus proximity to and arrangements with healthcare providers are essential requirements of such projects.

"The challenge of selling a retirement home is that it has to be cash-based as most retirees are past the eligible age for loan financing. In view of this, retirement living properties on rental basis hold better prospects than those on sale basis," he added.