Retirement Housing and Medical Facilities:
Preference, Proximity and Price

A Dissertation Submitted to the Institute of Sustainable Development and
Architecture in candidacy for the Degree of Doctor of Philosophy

By
Baden U'Ren

Bond University
Gold Coast, Queensland
Australia

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Statement of Sources

This thesis is submitted to Bond University in fulfilment of the requirements for the Degree of Doctor of Philosophy.

This thesis represents my own work and contains no material which has been previously submitted for a degree or diploma at this University or any other institution, except where due acknowledgement is made.

Signature: ...........................  Date: ........................
Abstract

This thesis examines the impact of proximity to medical facilities on the price of retirement housing in Australia, where legislation defines a category of residential housing as being exclusively for the use of retired persons. Research in the field of gerontology consistently shows proximity to medical facilities to be a significant driver of choice for residential location decisions of retired persons. It is hypothesised that increased proximity to medical facilities will have a positive effect on the price of retirement housing.

Two separate sources of data are used to examine this hypothesis. The first consists of sale prices of retirement houses in a defined geographic area in South East Queensland, Australia, between January 2011 and November 2012. The second is taken from a national survey of retirement village units conducted in 2001 and includes data from 109 retirement villages around Australia. Hedonic pricing theory is used to conduct a controlled experiment by examining the price differential of different retirement houses relative to their distance to two different types of medical facilities: a medical centre and a hospital.

The main results show proximity to a hospital to have a significantly positive impact on retirement housing prices, while no support is given to the effect of proximity to medical centres on price. The evidence suggests that people are willing to pay more for proximity to medical facilities when the services offered are more critical in nature, such as those offered at a
hospital, while every-day services that you may find at a medical centre do not impact the pricing decision. A range of control variables are included and the results are consistent with prior research on general residential housing.

The research adds to the body of knowledge by extending the existing generalised model of residential housing prices to examine the particular preferences of retirement-aged consumers. The results also provide support for the Australian government’s Ageing-in-Place policy, indicating acceptance of community-based care delivery by retirees. Local governments and industry participants may also benefit from improved efficiency in location-based decision-making.
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“One of the best instincts in us is that which induces us to have one little piece of earth with a house and a garden which is ours, to which we can withdraw, in which we can be among our friends, into which no stranger may come against our will.”

- Sir Robert Menzies, 1942