

Senior living: developers´ (problematic) chance

Author: SF / pb | Published: 11.05.2010

“The architect cannot remove the feelings of old age which are often gloomy, however, they can create space for a dignified life for old people,” said the architect Vlado Milunič at a Stavební fórum seminar. The discussion meeting “Living for seniors“, however, showed that the opportunities for those who should be commissioning the senior houses - i.e. developers - are mainly limited. The number of old people in the Czech Republic is growing, but the poor offering of senior flats suggests that besides the lack of tradition, this specific segment of residential development faces other obstacles too.

The low value of the Czech pensions, in contrast to the rather higher investment and operating costs, gives, for the present, much more space to providers of social services who operate their senior residences with the support of the state and local municipalities. This is the case of the Litoměřice Parish Charity of which provides a total of 108 beds, most of them in single bedrooms and a portion of which is allocated for patients requiring full-time care. Users contribute 330 CZK a day towards operating costs (180 CZK for accommodation, 150 CZK for meals). This adds up to about 10 000 CZK a month which is more than the average retirement pension in the Czech Republic. Nevertheless, the real operating costs per bed are more than CZK 20 000 a month. The difference is covered with grants and payments provided by municipalities, Ministry of Health, Ministry of Labour and Social Affairs - these institutions financed the investment costs too. There are already several similar projects in the Czech Republic, often based on the PPP system - cooperation between the private and public sectors.

The company Optreal envisages a completely different concept. Their Senior Klub Zdiměřice manages without the help from municipalities or the state, it operates on a commercial basis. The investment for the construction of the complex of 68 senior apartments will be returned via their sale, not rental. The price will be around CZK 50 000 per square metre. The majority of the developer (and later also the “co-manager“) in the association of the owners, which will be created in the complex by law, will ensure that the conditions in the entire complex comply with the requirements and needs of the senior residents. The residence owners will have to take into account a payment of approximately CZK 10 000 per month for a package of meals and health services. The project does not offer constant full time care for residents - they, if they find themselves in such a health situation - should leave the complex. The developer wants to solve the problem of residents leaving (the cause does not necessarily need to be death only) by special clauses in the purchase contract which would give the developer the right of buying the suite back from the seller for the original price plus the level of inflation. “We see another source of income here, we expect that the real prices will be higher and the next resale will bring a certain profit,” said Michal Rašek from the development company in connection with this. Optreal who intend to build a senior living complex nearby Průhonice apparently already have their first interested applicants. According to Rašek, the relatively high price will not threaten the demand because this concept represents an investment for a senior person at the same time.

In 2006, there were 532 facilities designated for accommodation of seniors in the Czech Republic and around 50 000 people lived there. Almost 86% are a matter for municipalities and regions, about 10% have been founded by the church parishes and only 4% are allocated to “other“, therefore also PPP or development projects.

11.05.2010 10:01, SF / pb