

Research on the Development Strategies of Old-Age Care Real Estate Under the Trend of Aging

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Abstract: Aged tendency of population is a major problem faced in China's economic construction in the 21st century. At present, China is stepping into a hyper-aged society with the world's first aging rate. The further deepening of the degree of aging population implies that the supply of labor force will be reduced, and the pressure on family burden of providing for the aged and basic public service supply will increase. However, the increase of aging population has also injected momentum to the development of the old-age care market. Under the continuous advocacy of the concept of "positive outlook on aging", the silver economy is constantly breeding new growth points, and the emergence of the old-age care industry has promoted the development of the "silver economy". The subdivision industries related to aging culture, health, manufacturing, service and finance have attracted widespread attention, and more and more new tracks related to the old-age care real estate are available for development. This paper analyzes the current problems and situation in old-age care real estate and puts forward suggestions for the future development of old-age care real estate in China.

1. Research Background

Since China began to enter the aging society in 1999, the number of elderly people aged 60 and above has shown an increasing trend. According to the results of China's seventh population census, China's population aged 60 and above exceeds 264 million, accounting for 18.7% of the total population, and there are six provinces with the aging population of more than 10 million. It is predicted that by the middle of the 21st century, the proportion of elderly people in China will exceed 30% of the total population. The increase in the aging population is accompanied by the growing demand for social contact, entertainment and companionship among the elderly, and care service, tourism service, equipment suitable for the aged and network consumption derived from the services for the aged will become new consumption growth points. According to the data of the White Paper for China's Old-Age Care Industry[1], the market size of China's old-age care real estate is 7 trillion yuan in 2020, and will reach 22.3 trillion yuan in 2030, and 48.52 trillion yuan in 2050. The diversified development of real estate enterprises is gradually becoming mature, and China has an enormous potential old-age care market, which needs to be further explored and developed.

2. Current Situation of Old-Age Care Real Estate in China

2.1 Advantage Analysis of the Current Development of Old-Age Care Real Estate in China

2.1.1 Deepening of Aging and Large Demand in the Old-Age Care Market

At present, the degree of aging in China is deepened continuously. According to the data of the seventh population census, the population aged 65 and above is 190.64 million, accounting for 13.50%. The younger age group of 60 to 69 years old accounts for half of the total elderly population in China, and there is a large proportion of elderly people for old-age care services. From 2020, the population born in the 1960s started to enter the old-age stage, causing a more significant group replacement within the elderly population. The "post-60s generation" has become an important part of the elderly population, and these new elderly groups have a strong demand for improving their life quality in old age. According to the report of China National Committee on Aging, more than 180 million elderly people are suffering from chronic diseases, and the problems caused by chronic diseases are deepening with the degradation of somatic functions. This requires daily observation of elderly people's life and basic health conditions for a long time, which needs not only manpower and time, but also continuous improvement of health monitoring technology and equipment. In the short term, our government is unable to establish a large number of public old people's homes and update the equipment timely and accurately, and the demand for third-party service agencies has increased as children may not be able to provide timely and accurate support or care for the elderly people due to work or other reasons.

2.1.2 The Development of Social Economy and Ideology Increases the Purchasing Power of the Elderly People

As the GDP growth rate is rising, people share the dividends of China's economic and cultural development, while the amount of China's retirement pensions are also increasing with our economic development. China's retirement pensions have achieved 17 years of consecutive growth. It is expected that by 2030, the amount of our pensions paid will be 7.3219 trillion yuan, which means that the elderly group has basically entered the middle-income group. The consumption ability of the elderly people is improving with the continuous enhancement of their living standard, thus emerging new consumption features and consumption needs. Moreover, with the continuous improvement of education level, the education background of the elderly people has been promoted and their concept of old-age care has also changed. They have higher requirements for living and life quality, and the old-age care market is also gradually becoming rational. The first batch of middle-class post-60s generation are stepping to the aging. According to the Development Report Blue Paper for China's Pension Financial Planning Amount[2], by 2022, the elderly population of middle and high income will exceed 100 million, and the amount of pension finance as a percentage of income for the group aged 50 and above will exceed that of all other age groups, further promoting the development of the old-age care industry.

2.1.3 Diversified Profit Models

Compared with developed countries such as Europe and the United States, practitioners generally believe that China's old-age care market has great business opportunities, such as the large size of the aging population, the multidimensional consumption needs of the elderly people, the disposable property suitable for investment, etc. According to Lin Feng, "Compared with general real estate, the old-age care service of old-age care real estate is the core competitiveness. The service system of old-age care real estate covers every aspect, from medical service to housekeeping service and from food

supply to daily leisure life, which are all indispensable parts of the service system of old-age care real estate. and stable cash inflow, offer multiple value-added possibilities and realize long-term and stable cash inflows for old-age care real estate operators." In terms of medical services, government and enterprise cooperation or private placement and self-run can be adopted, which not only reduces operating costs and increases corporate profits, but also forms the unique core competitiveness of the enterprises. The introduction of these sustainable services both enriches the profit model of the single sale or lease of general real estates, and makes the trend of refinement of industrial division become gradually common.

2.1.4 New Old-Age Care Model Brought by the Internet Dividend

The development of the Internet has profoundly affected all aspects of life, and the Internet is playing an increasingly important role in solving information asymmetry, resource discretization and fragmentation in old-age care services. The deep application of artificial intelligence, Internet of Things, cloud computing and other new generation of information technology products in the field of old-age care services has made the construction of "intelligent old people's home" more and more perfect. 24-hour automatic guard, night inspection robots, automatic environmental monitoring and other products have further improved the quality and efficiency of old-age care life. The continuous upgrading of these Internet+ old-age care products brings great opportunities for the further development of old-age care real estate. The operation of old-age care real estate also needs to consider suitability for the aged and safety, for example, the construction of wheelchair accessible passage, portable charging piles, lift capacity, room depth and other supporting facilities require a lot of data analysis and simulation experiments, all of which need to rely on Internet technology, increasing the relevant economic industry chain.

2.2 Weakness Analysis of Current Old-Age Real Estate in China

2.2.1 Low Social Support and High Pressure of Social Provision for the Aged

According to Wang Yi'nan, "the annual increase in the proportion of the total social expenditure of the old-age care will not be enough to offset the new old-age care demands in the Chinese society, which is accelerating its ageing." [3] After the peak of China's social aging has passed, the overall pressure on providing for the aged will not be reduced, and a massive increase in the proportion of resources for the old-age care in a short period of time will mean that other industries with the same importance degree will be difficult to sustain." As for the current situation, the government sectors are the main source of investment and financing supply for the old-age care industry, and the single source of financing supply makes the current old-age care industry in China have the characteristics of insufficient social capital support and inadequate fundraising ability of community-based old-age care institutions. Based on the survey results of China Old-Age Care Finance Development Report [4], 90% of the financial support for old-age care related products in China comes from the government, and the main support methods include government tax incentives, low interest rates, special investments (such as special bonds for the old-age care industry), investment funds and PPP. The low level of social capital participation in old-age care industry finance is mainly due to the low marketization degree of old-age care industry, long investment cycle and limited rate of return. The investors of some institutions are the government financing platforms, which leads to low attention of social capital.

2.2.2 High Input Costs and Investment Risks in Old-Age Care Real Estate

According to the 2021 Development Report of China's Old-Age Care and Rehabilitation Industry[5], 61% of the enterprises indicated that they had not yet formed an effective profit mechanism, and the business risks from the real estate developers in the upstream industry to the property services suitable for the aged in the midstream are greater than those in the general real estate industry. The development of old-age care industry has the limitation of long development cycle and investment cycle. Meanwhile, the slow release of consumption demands of the elderly population and the unsatisfactory return on investment of old-age care industry are all factors that restrict the development of old-age industry and cause the dilemma of old-age care community development. Old-age care communities are designed to be suitable for the aged on the basis of general residential projects, which means higher construction and operation costs. It is expected that the elderly people have no future income growth and more rely on savings, so they tend to be conservative in terms of investment and consumption. The high pricing of the project will increase the burden of providing for the aged, while the development and operation of old-age care communities have higher costs than general projects, and the consumption ability of the elderly people will be limited to a certain extent. The high pricing may greatly affect the sales volume, and the low pricing will damage the interests of investors.

2.2.3 Critical Shortage of Professionals

China's demand for old-age care services ranks first in the world, and there is a great demand for professional service personnel such as rehabilitation nursing and spiritual consolation. There are about 254 million elderly people in China at present, with about 40 million disabled and semi-disabled elderly people, while the total number of domestic nursing staff is not more than 1 million, so there is a critical shortage of professional service personnel in the old-age care industry, and the supply of talents in the old-age care market obviously shows an imbalance between supply and demand. At the same time, with the continuous development of China's economy, the demand for old-age care services has shown a diversified and professional development trend, which requires a more professional team of talents, while the current nursing staff in China is mainly composed of people with low education level, and low education level and insufficient training are the most significant features of the current nursing team in China. The low social status, low wage and high labor intensity have also caused serious brain drain of old-age care service talents, so it is difficult to form a long, stable and professional team, and the lagging nursing talents are the bottleneck for the better development of the old-age care real estate industry.

3. Suggestions for the Development of China's Old-Age Real Estate

3.1 Establish and Perfect a Training Mechanism for Professional Real Estate Talents

According to Wang Ya, "the development and applicability of old-age care communities need the participation of various talents for better realization and meeting the needs of the elderly people for old-age care real estate. The government can enhance the promotion of vocational qualification training and actively carry out the professional certification system for practitioners in the old-age care industry. Therefore, old-age care service providers or enterprises need to strengthen cooperation with vocational education centers, technical secondary schools and junior colleges as well as universities,"[6] and adopt professional talent training programs. The linkage of physical and psychological service mechanisms is a key step to realize the humanization and professionalization of old-age care services. With reference to the requirements of the National Implementation Plan for

Vocational Education Reform[7], the pilot system of "academic certificate + several vocational skills training certificates" is actively launched in vocational colleges and application-oriented universities, and performance evaluation mechanism is conducted in students' professional practice to provide professional nursing staff with career development goals through quantifiable factors such as examinations, assessments and vocational skills appraisals, and enhance the sense of identity and responsibility for the old-age care service team.

3.2 Explore the CCRC Model Full of Socialism Culture with Chinese Characteristics

At present, there are three main operating models of old-age care real estate in China: Casualty Care Research Center (CCRC), All-Age Community, and Apartment for the Aged. In 2008, China's first mid-to-high end CCRC was built. After recent years of development, the CCRC model has changed qualitatively and quantitatively in China, becoming an important part of the development process of China's old-age care industry. As time goes on, the requirements of the elderly people for nursing care will also change. Healthy elderly, semi-care elderly and full-care elderly will also gradually coexist in the same residential area, forming a composite elderly population. If the old-age care community with the CCRC model only accepts the check in of elderly people, it will cause the single demographic structure in the community, and the elderly people will lack spiritual encouragement and companionship, which is not conducive to the well-developed both in mind and body of the elderly people. Therefore, old-age care real estate enterprises can launch the new real estate model that needs to implement a mixed population of residents to achieve the recombination of residents and give more humanistic care to the elderly people. In addition, the construction of communities with distinctive culture also needs to be accelerated.

3.3 Accelerate the Development of Intensive and Intelligent Old-Age Care Industry

At present, the domestic old-age care market relies mainly on medical treatment and old-age care. Old-age care services belong to labor-intensive industry, and professional old-age care services need to be equipped with professionals in medical treatment, nursing, culture and entertainment. In particular, medical treatment and nursing are the key areas that distinguish old-age care real estate from general real estate, and are also important consideration factors for the elderly people when choosing a old-age care service agency. The family structure of 4 grandparents, 2 parents and 1 children makes the increase the family burden of providing for the aged. Chronic diseases, difficulty in moving and other problems in daily life require the use of the Internet emergency intelligent equipment suitable for the aged. Professional intelligent devices give the greatest help to the elderly people at critical times, and timely warnings can better protect the safety of the elderly people. For example, in the event of an accident, the networking alarm can timely give prompts to avoid delaying the best treatment time, while intelligent devices can also generate the daily physical condition report of the elderly people through daily monitoring, so that the communities and children can know the physical condition of the elderly people in time.

3.4 Actively Improve the Relevant Laws and Regulations

How to create a good marketing environment to make sellers regulate their management and reassure customers. Consumption is a problem that needs to be solved in time in the current old-age care industry, and a good market environment can not be created without government-led mandatory supervision and management. In accordance with the provisions of China's Civil Code [8] in the property rights section on real estate ownership, laws must be enforced strictly to determine the ownership of the old-age care real estate and ensure old-age support. At the same time, it is also

necessary to restrain the business behaviors of relevant old-age care enterprises. Ensuring the quality of the services and products offered by the old-age care market is an issue that needs to be addressed in our country today. The provisions in the selection of the Law on the Protection of the Rights and Interests of the Elderly People [9] shall be refined to effectively protect the rights and interests of the elderly, popularize basic legal knowledge to a wider range of society, regulate the business practices of operators, and be more vigilant in the process of signing sales and purchase contracts and other consumption to prevent unscrupulous operators from exploiting legal loopholes and making illegal profits.

4. Conclusion

To sum up, with the rapid development of social economy, the level of aged tendency of population will further deepen, and the elderly people will have higher requirements for living standards. The future development opportunities of old-age care real estate are promising. However, there are still many problems that need to be solved in the development of old-age care real estate. Therefore, it is necessary to introduce corresponding policies and regulations to promote the further development of old-age care real estate under the leadership of the society and the government, combined with the current situation of old-age care real estate in the actual region. At the same time, relevant enterprises shall actively respond to the government's call, and the elderly groups shall accelerate the change of concept and actively support the development of old-age care real estate. With the joint promotion of multiple forces, the old-age care real estate will be developed in a healthy way.

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