

# Rise in assisted living facilities to support ageing population

By [Henry Butcher Malaysia](#) - December 4, 2024 @ 10:26am



The Department of Statistics Malaysia (DOSM) projects that by 2040 the ageing population will reach 14.5 per cent while the younger population is estimated to be at 18.6 per cent. Image courtesy of Henry Butcher Malaysia

KUALA LUMPUR: Malaysia's population is estimated at 34.67 million as of 1Q 2024, registering a 2.3 per cent increase over the corresponding period from the previous year. Malaysia's ageing population, on the other hand, has been increasing; in 2020, the country was termed as an aged nation with 7.4 per cent of the population having reached the age of 65 years and above.

The Department of Statistics Malaysia (DOSM) projects that by 2040 the ageing population will reach 14.5 per cent while the younger population is estimated to be at 18.6 per cent, almost at par with one another. This transformational shift in population dynamics is attributed to two major factors affecting the country: the decreasing fertility rates and the increase of life expectancy.

Decreasing Birth Rates

Over the years, Malaysia's annual population growth rates have decreased significantly; from 1.8 per cent in 2010, it is projected to slow down to 0.8 per cent by 2040. Evidently, the World Bank's statistics also showed that Malaysia's birth rates have been slowing down over several decades; in 1980 there were 31 births per 1,000 population, it dropped to 28 in 1990, 23 in 2000, and only 15 in 2022.

Although the declining trend of Malaysia's birth rates is somewhat startling compared to other countries, it is still quite high in terms of absolute numbers in comparison to Singapore and Thailand, each with 8 births per 1,000 population. Countries in the region with higher birth rates are India and Indonesia, both at 16 births per 1,000 population.

### Dependency Ratio

The impact of an ageing population will affect the working-age population, where there will be fewer workers in the market against the higher retirement-aged population, not forgetting the high costs to support the ageing group. The dependency ratio as such becomes a form of a yardstick for the industry where it is referred to as the proportion of the dependent population (aged below 14 and above 64 years) against the total population.

Over at the World Bank, the dependency ratio refers to the proportion of dependents per 100 working-age population, where the working-age is regarded as between the ages of 15 to 64 years.

The dependency ratio is an important measurement for the country as it provides useful information to the government, health care services, and educational institutions in terms of the number of people that may need to be taken care of or as a planning tool to facilitate the preparation of facilities and amenities in the future.

Generally, a lower dependency ratio is a result of better healthcare and, as a consequence, causes less strain on the country's economy. But when the dependency ratio is high, it means a large dependent population has to be supported by a limited workforce, which inadvertently will induce more stress on the country's economy.

Malaysia's age dependency ratio is 43 per cent against a global average of 55 per cent, which comparatively is still not too bad. Singapore's age dependency ratio is at 37 per cent, the lowest amongst her neighbours, while Thailand is at 44 per cent, and both Indonesia and India are higher at 47 per cent (all mentioned statistics are based on available data for 2022).

Singapore's lowest age dependency ratio in the region is attributed to its working-age population. At 73 per cent, it is the highest compared to most other neighbouring countries, which hover around approximately 68 per cent to 70 per cent.

### Life Expectancy

Another aspect to look at is life expectancy, and it has been on the rise over the last few decades. In 1960, Malaysia's life expectancy was around 59.90 years, but 63

years later, it rose to 76.42 years. Interestingly, this is higher than the global average of 73.4 years.

Life expectancy has generally improved due to advances in medicine (antibiotics, vaccines), public health, higher living standards, better hygiene, nutrition, and healthy lifestyles.

However, it should be noted that many first-world countries enjoy much longer life expectancies than Malaysians. Among them are Switzerland (84.38 years), Sweden (83.65 years), Australia (83.73 years), Singapore (84.27 years), Japan (84.95 years), France (83.35 years), Germany (82.18 years), and the UK (82.31 years). Compared to Malaysia, life expectancy in these countries extends 6 to 9 years longer.

**Working-Age Population of 15-64 Years in Selected Countries in 2022**

Country	Population in Age Group 15-64 Years	Total Population	% of Working Age Population
<b>Malaysia</b>	<b>23,697,233</b>	<b>33,940,000</b>	<b>69.8%</b>
Thailand	49,663,030	71,700,000	69.2%
Indonesia	187,165,550	275,500,000	67.9%
India	960,804,390	1,417,000,000	67.8%
Singapore	4,117,460	5,637,000	73.0%

Source: World Bank

### Median Household Incomes

When it comes to income, Malaysia's median income amongst households is quite low, which puts a burden on these lower-income households to take care of their aged family members.

DOSM reported in its updated Household Income & Basic Amenities Survey Report 2022 that 16.1% of households are in the B40 group, earning a median income of RM3,440, whilst the M40 group median household income is RM7,694 against a household size of 3.8 persons per household.

Most aged people live with their families, and for those who do not earn a pension, they are supported by their working-aged children. Higher costs of living have put a strain on many working households, and with limited funds, their ageing family members may not enjoy quality of life in the last years of their lives.

For many aged people, living with the family is a norm because Malaysians by and large still have a stigma over placing their elderly family members into assisted living facilities. This is due to the strong family ties and the cultural practice of caring for the elderly by the immediate family members. This, however, is about to change as families begin to shrink and the working-age adults have little choice but to attend to work on-site, leaving the aged family members home alone most of the time.

## Assisted Living Facilities

In Malaysia, aged care facilities are varied, and there is a wide array of arrangements for the elderly, either in the form of dependent or independent living. These arrangements are as follows:

### Co-Housing

It is a concept of community-focused housing that aims to address the issues of aged persons and encourage active ageing among them. Cohousing has been implemented in many countries, but it is a new concept in Malaysia.

### Multi-Generational Homes

There are properties now designed to accommodate immediate and extended family members (e.g., aged persons) to live together either within the same spaces (same unit) or in separate spaces but within the same area of a housing estate. The development is custom-designed for multi-generational families to live together with the provision of space to safely accommodate the aged individuals.

### Independent Living

Independent living communities (retirement communities) are where the elders live independently and do not require help with their daily living or any medical assistance. The management of the estate may, however, offer transportation, organise activities, or prepare meals depending on the services afforded by the different establishments.

### Assisted Living

The aged person lives in their own rooms or apartments with the management organising meals, activities, medical visits, and other forms of facilities and social interactions for their community. Assisted living generally offers more care compared to the independent living arrangement.

### Old Folks Homes

These are assisted living or retirement homes with independent facilities where minor nursing support and limited medical treatment are available. This is communal living for the independent elderly who want to live a decent lifestyle with some social activities amongst those in similar age groups.

### Nursing Homes

Elderly people who require more serious medical care and who are dependent on full-time treatment and care are generally placed in nursing homes with registered nurses present round the clock.

In the last few years, most developers in the Klang Valley and other states have begun developing properties catering to senior living in various shapes and forms,

ranging from the large integrated commercial developments to condominiums, serviced apartments, and landed residential units that are either available for sale or rent.

In recent years also, developers of assisted living accommodation tend to focus on the higher spectrum of the market, which unfortunately are beyond the affordability of most aged citizens. Prices presented by these developments, however, appear to be commensurate with the facilities and services offered, including the quality of their environments, which are superior to many existing nursing and old folks homes around the country. Admittedly, the older establishments are limited by the quality of amenities and facilities that a new development can provide.

## Conclusion

There has been an upsurge of interest in the assisted living sector, with most new projects focusing on the real estate part of the arrangement to attract aged persons to the development.

With a growing number of households becoming smaller in the future, some with no children to care for them in their old age or whose children are residing overseas, the need for assisted living is becoming increasingly important.

However, supply in the market is currently targeting the high-end aged persons, although there exists a bigger demand from the more affordable assisted living sector. This gap in the market needs to be filled because in the future, many of these aged individuals may require affordable assisted living arrangements instead of relying on their children or family to take care of them. As such, there is a need to look at various forms of assisted living accommodation to suit different affordability levels, religious sensitivities, cultural differences, and other aspects that affect the lives of the aged person, and there is no "one size" fits all template.

In fact, the assisted living sector should not be viewed as a "property play" because the costs of development, maintenance, and services are possibly higher than typical commercial-type developments; thus obtaining the standard accepted returns for the developer will be a challenge.

Another hurdle is the acceptance level of assisted living in the community. Thus developers will have to be sensitive to the scale of this type of development, which is to be put out into the market. - Story courtesy of Fahariah Abdul Wahab, research director, Henry Butcher Malaysia