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IN line with the ageing demographics of countries like Malaysia, a new sector is visibly growing for businesses to tap on.

It is being dubbed as the silver economy, in reference to all business and economic activities related to the needs of people over the age of 50.

The ageing demographics of Malaysia and the rest of the world is well known. Here's a punchline: By 2040, there will be more than six million Malaysians above the age of 65, making up around 14% of the population.

"The size of the silver economy globally is significant. In 2018, its accumulated wealth was estimated to be roughly US\$26 trillion (RM123 trillion).

"According to a US consumer expenditure survey, consumers aged 50 and above have accumulated more wealth and have more spending power than any other age group in history," says Lee Yun-Han, consulting director of Deloitte South-East Asia.

"Malaysia's ageing demographic is steadily growing, presenting a sizeable potential for local businesses to cater to this segment," he adds.

One visible aspect of businesses catering to the rising ageing population in Malaysia is the creation of premium nursing homes or more aptly named assisted-living facilities. These seem to be mushrooming.

Sunway Medical group, for example, will launch a project called Sunway Sanctuary next year. It will comprise 500 suites for senior living that will sit right above Sunway Medical Centre in Sunway City.

The project, as described on its website, promises the luxuries of nursing care for the elderly ranging from wellness centres and dedicated concierge services.

More importantly, Sunway will be banking on its medical prowess to attract buyers for its premium assisted-living units, with all forms of therapy and nursing care bundled into the offering.

Datuk Lau Beng Long, president of Sunway Healthcare Group says: "Sunway Sanctuary combines the best of both worlds of healthcare and hospitality, drawing on the experience of Sunway Group.

"It has been established as part of Sunway Healthcare's strategic expansion plans to cater to the increasing demand for an exclusive and homely senior-living community in the Klang Valley."

He adds: "With Malaysia fast moving towards an ageing population, the project is in line to prepare the public in increasing awareness and knowledge of a senior's lifestyle as well as promote the positive and healthy aspects of an ageing society.

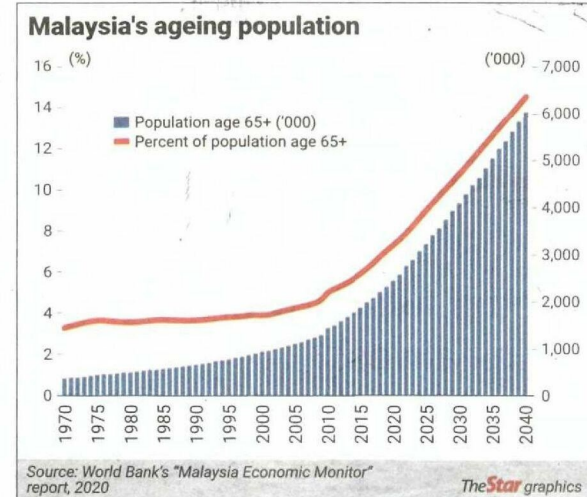
"Our exclusive urban community for discerning seniors is located in the fully integrated green township of Sunway City Kuala Lumpur, where our objective is to be the epitome of comfort and luxury for senior living, offering modern living with exceptional service, convenience, security and prioritising quality healthcare in particular.

"Sunway Sanctuary will offer 473 studios, one and two-bedroom suites, close to 100,000 sq ft of facilities and amenities, and curated regular social and recreational activities for the community."

Another big hospital group KPJ Healthcare Bhd is in the game. In its 2021 annual report, KPJ noted: "There will be greater demand for

Rise of the silver economy

Malaysia's steadily growing ageing demographic offers a sizeable potential for local businesses to cater to this segment



aged care facilities in Malaysia, as the country becomes an aged nation by 2044 (14% aged above 65) and super-aged nation by 2056 (20% aged above 65).

"As such, more insights and new ideas will be needed to improve palliative, elderly and dementia care delivery in Malaysia with high-quality care for the elderly."

KPJ also notes that its competitive advantage in this business is that it's "centres are supported by the group's network of 28 full-fledged hospitals with a diverse range of specialties".

Ariesza Noor, chief corporate officer of KPJ, tells *StarBizWeek*: "Healthcare in Malaysia and the region will continue to be in high demand in tandem with the ageing population.

"Therein lies the need to provide support for a number of non-communicable cases alongside clinical assisted-living aged care facilities and services.

"To this end, KPJ looks forward to playing its role in providing a holistic range of healthcare services as one of the leading private healthcare providers in the region."

The rise of standalone assisted living

Meanwhile, private and for-profit assisted-living facilities are mushrooming. All across the older parts of suburbs like Petaling Jaya, private nursing homes are appearing. Many do not have signages, indicative of their unlicensed nature.

But a few new players are raising the bar. Not only are they licensed or in the midst of securing the necessary approvals, they are targeting the upper segment of the market and striving to win the confidence of would-be residents and their families.

While nursing homes did suffer from a stigma in the past, and still do to some extent, as many view them to be operating in squalid conditions with very little care for its residents, things do seem to be changing.

Anna Chew heads ReU Living Sdn Bhd, which runs a premium assisted-living facility in Kuala Lumpur with 108 beds. It is a joint venture between Tan & Tan

Developments Bhd and Chew's startup, Meaningful Life Sdn Bhd. Chew says the demand for such facilities outstrips the current supply.

She says that ReU Living is one of the few providing true "luxury aged care".

"When we say premium, we are very serious about that word. We are part of the MiCasa Hotel, so our business model takes on the five-star hotel standards, in terms of how your room is maintained right down to the housekeeping and laundry," says Chew.

Chew's view is that an assisted-living facility should focus on one's quality of life, rather than "just placing an elderly person somewhere for their remaining days. It is about creating a lifestyle for the residents. We even have a clubhouse where residents can partake in cooking".

Other bells and whistles include rooms for spa treatments, haircuts, massages, pedicures and manicures. Chew boasts that its physiotherapy centre is packed with equipment costing over RM2mil.

But with such luxuries, ReU isn't cheap. An entry level room for a resident is priced from RM8,500 a month.

Notwithstanding that, ReU is growing at "double digits", points out Chew. Its services also include daycare and post-operative care, which are also growing at the same pace.

Another player on the scene is Woodrose Healthcare Sdn Bhd, which runs four centres in the Klang Valley with a total of 106 beds and running at a capacity of 90% at present.

The company's chairman Datuk Irwan Shah Abdullah, better known as singer DJ Dave, tells *StarBizWeek*: "Malaysia is either already an ageing nation, or if not, about to be one very soon.

"The Malaysian ageing demographic is on a steep upward curve. Given this, we believe that the market in Malaysia for premium assisted-living facilities is on a strong growth trajectory."

Irwan explains that Woodrose Healthcare is seeking to do things differently.

"We had a clear vision to do things differently. The industry was filled with the classic 'old folks

"There will be greater demand for aged care facilities in Malaysia, as the country becomes an aged nation by 2044 (14% aged above 65) and super-aged nation by 2056 (20% aged above 65). As such, new ideas will be needed to improve palliative, elderly and dementia care delivery in Malaysia with high-quality care for the elderly."

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Lau: Sunway Sanctuary combines the best of both worlds of healthcare and hospitality, drawing on the group's experience.



Siders: Banking institutions are sceptical in financing such investments because there is the fear of potential risks.



Previndran: The demand would definitely be in urban locations where families live and also proximity to medical services.

homes' that were mostly run by small operators with poor quality of care.

"We started out with the philosophy that if we were to be entrusted to take care of the elders of our society, we would have to do our best.

"If we neglected to do this, then whether you believe in karma or religion or morality, there would be consequences. You can't take on this kind of responsibility and not do your absolute best."

Woodrose Healthcare is the result of a merger and an acquisition with companies that have been in the business for five years. It now has a group of professionals

from the fields of medicine, law and accounting as shareholders.

Adds Irwan: "One of our shareholders is a consultant neurologist and he has helped us develop our stroke and dementia protocols.

"Our CEO, who oversees day to day operations, is also a medical doctor by training. Everything in this company is run to the highest degree of professionalism."

So how much does Woodrose Healthcare charge its residents?

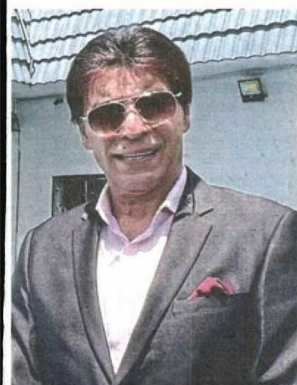
"We try to be affordable and within reach of as large a section of the public as possible. Our monthly charges range from RM3,000 to RM6,000 per month," says Irwan.

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d care facilities in an aged nation by 2044 (14% aged above 65) and super-aged nation by 2056 (20% aged above 65). As such, new ideas will be needed to improve palliative, elderly and dementia care delivery in Malaysia with high-quality care for the elderly."



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Another player in the market is Care Concierge. It began with a premium assisted-living facility called The Mansion and now runs six centres.

Care Concierge co-founder and CEO Martin Yap is an architect who set up the first home after re-purposing three dilapidated buildings in Jalan Gasing, Petaling Jaya.

According to Yap, its approach has been to cater to the entire spectrum of holistic care for seniors.

"We provide our nurses, professional caregivers, firstly to the homes and we also have assisted-living facilities," he says. Yap says his centres, which also

cater to patients with dementia and Alzheimers, charge anything from RM6,000 a month going up to RM8,000, depending on the room size.

Care Concierge has caught the attention of property player UOA Development Bhd. Both parties are in a joint venture that has set up the Komune Living and Wellness Centres.

Meanwhile, one of the main challenges faced by players providing assisted-living facilities is staffing, namely in finding the required skill set to run and manage these places.

Some are finding their own solutions. Care Concierge has started something called Academy Care with Tunku Abdul Rahman University College, where caregivers are given one month programme.

"They get the experiences of working at our centres. Our goal is to build a long-lasting career for them. We are looking to onboard about 1,000 caregivers for this programme."

To be sure, it is not an easy business. The Covid-19 pandemic had also wrecked havoc on the operations of some centres.

For example, KPJ's Damai Care & Wellness Centre, severely impacted by high operational costs (rental and staff), had ceased operations in March this year.

In its 2021 annual report, KPJ notes that should it decide to establish a similar venture in the future, a new business model with a more efficient cost structure will be required. The centre saw an occupancy rate of 34% prior to its closure.

But for players like Woodrose Healthcare, business was and is booming.

Explains Irwan: "While many businesses shut down during the Covid-19 lockdowns, we were busy expanding. We were able to continue providing extremely high standards of care and proceed with our rapid expansion plans during this difficult time.

"With Woodrose Healthcare having laid the groundwork and infrastructure over the last few years, we expect to see a corresponding strong growth trajectory for the business and profitability of the company".

Retirement villages

Another related business being targeted at seniors are retirement villages. This is where developers embark on projects to cater to able-bodied senior citizens to live in presumably tranquil surroundings.

However, these seem to be a slower take off in Malaysia.

PPC International managing director Datuk Siders Sittampalam says: "Developers remain unsure whether it will be a viable venture as there are some level of risks to it.

"Retirement villages are more expensive to build because it entails some special needs. Banking institutions are also sceptical in financing such investments because there is the fear of potential risks to the viability of the development."

Zerin Properties Sdn Bhd CEO Previndran Singhe adds: "The initial retirement villages were a little too much in the suburbs and a little too far.

"The demand would definitely be in urban locations where families live and also proximity to medical services. It cannot be a standalone product.

"Another thing we need is proper legislation like in Australia. Once legislation kicks in, you will see these things picking up."



Mohd: The primary concern for the government is to find ways to support the needs of the six million seniors by 2045, with attention to the M40 group.



Lee: Singapore, Vietnam, Thailand and Indonesia are projected to experience a greater momentum on growth of the silver economy compared to Malaysia by 2030.



Tay: Policymakers can learn from business models that have been successful in other economies to cater to the changing needs of today's ageing society.

MALAYSIA'S growing ageing population presents a sizeable business opportunity for local businesses. This is one sector in the economy whose potential has still not been fully tapped.

The government and businesses alike need to pay attention to the silver economy, a term coined to encompass all sources of opportunities that arise from economic activities to serve the needs and demands of older persons, by placing "ageing" at the centre of commercial goals.

On the flip side, there is an increasing concern that ageing people may not have the sufficient resources to meet their needs in the later part of their lives.

StarBizWeek spoke to three consultants about these issues. Here are the excerpts:

STARBIZWEEK: How lucrative can ventures in the silver economy be? Can you give us some examples?

Lee Yun-Han, consulting director, Deloitte South-East Asia:

The size of the silver economy globally is significant. In 2018, its accumulated wealth was estimated to be roughly US\$26 trillion (RM123 trillion).

Malaysia's ageing demographic is steadily growing, presenting a sizeable potential for local businesses to cater to this demographic.

In Japan, an organisation has formed alliances with global technology companies to offer monitoring services nationwide as part of a push for connected smart homes for the elderly.

A South Korean mobile banking platform aims to meet all the essential needs of the elderly via an integrated platform.

Patrick Tay, deals partner, economics and policy, PwC Malaysia:

Based on the World Bank's 2020 projections, Malaysia will be an "aged society" by 2044 (which is a mere two decades away). It would be wise for businesses to focus and leverage on the silver economy.

On this note, the aged-care facilities in the country have been experiencing significant growth to cater for various needs.

In recent years, care companion services from social enterprises which are accessible online or through mobile application bookings are on the rise.

Mohd Husin, partner, Ernst & Young Consulting Sdn Bhd:

In the ecosystem of the silver economy, Malaysia is a growing hub for the manufacturing of state-of-the-art devices aimed at tracking health and lifestyle choices.

This is a key growth sector for Malaysia, where at least 31 projects worth RM4bil were approved.

A business segment that has not been fully tapped

A total of RM1.7bil were invested in eight new projects and another RM2.3bil were directed for the expansion and diversification of current projects.

These investments are expected to generate 7,000 jobs. Some notable investments include a UK-based orthopedics franchise and the expansion of an existing plant to manufacture medical lenses in Penang.

What are the particular and peculiar aspects of the silver economy for Malaysia and South-East Asia?

Lee: Malaysia is not alone in this demographic trend; some of the most rapidly ageing countries in the world are in South-East Asia.

Singapore, Vietnam, Thailand and Indonesia are projected to experience a greater momentum on growth of the silver economy compared to Malaysia by 2030.

This presents an opportunity for Malaysia to learn from its neighbouring countries and plan accordingly.

Tay: Aged-care facilities play an important role in the silver economy. The Malaysian Investment Development Authority has highlighted that these facilities are able to provide a certain lifestyle that caters to the needs of senior citizens. Besides, communities also need to be educated to see assisted living as an option.

Policymakers can learn from business models that have been successful in other economies to cater to the changing needs of today's ageing society and provide the necessary funding.

Mohd: The fact that only 40% (2019) of the labour force in Malaysia are active Employees Provident Fund (EPF) members, coupled with premature withdrawals during the pandemic, shows that they will likely not have enough savings to support their needs in the later years.

Furthermore, most private aged-care services target the T20 segment while government programmes are mainly directed at the B40, leaving the M40 largely reliant on residential homes or retirement villages, of which 1,300 are unregistered.

In terms of the availability of human resources to support the ageing population, there has been a net 5% decline among aged-care workers. This also presents a threat to the "ageing-in-place" model where seniors aim to live

most of their life at home.

On the flip side, is there an increasing worry for governments that many aging people in Malaysia and the region would not have sufficient resources to cater for their later years in life? What can be done to address this?

Lee: The ageing population is definitely a concerning trend. According to the EPF, only 3% of its contributors can afford retirement. This entails that many would still need the means to continue to earn for a living, well after retirement age.

Local corporations along with the government's support, in the form of policies and incentives, will play a key role in ensuring that Malaysia is a conducive environment for the silver generation to continue being productive.

For example, jobs that capture the values and strengths of the older workers – leveraging on their skills, knowledge, and experience – need to be created.

Moreover, phased retirement programmes will allow aged workers to have greater flexibility to continue working.

Tay: The EPF reported in August 2022 that RM145bil was withdrawn during the pandemic through the four withdrawal programmes that took place during the Covid-19 pandemic.

Without sufficient retirement savings, senior citizens will not be able to sustain themselves after retirement, given the rising cost of living. To combat this, the government introduced EPF's Voluntary Contribution Scheme and the i-Saraan scheme.

Moreover, the government can also consider implementing a social safety net system that includes part-time and community work to encourage active ageing.

This system can provide senior citizens with an income stream to supplement their retirement savings.

Mohd: The primary concern for the government is to find ways to support the needs of these six million seniors by 2045, with attention to the M40 group, as well as to provide support for talent development in the aged-care sector.

This can be done through balancing various funding models, targeted allocation of funding, supporting the right mix of accommodation models and harmonising the various regulations that govern the silver economy.