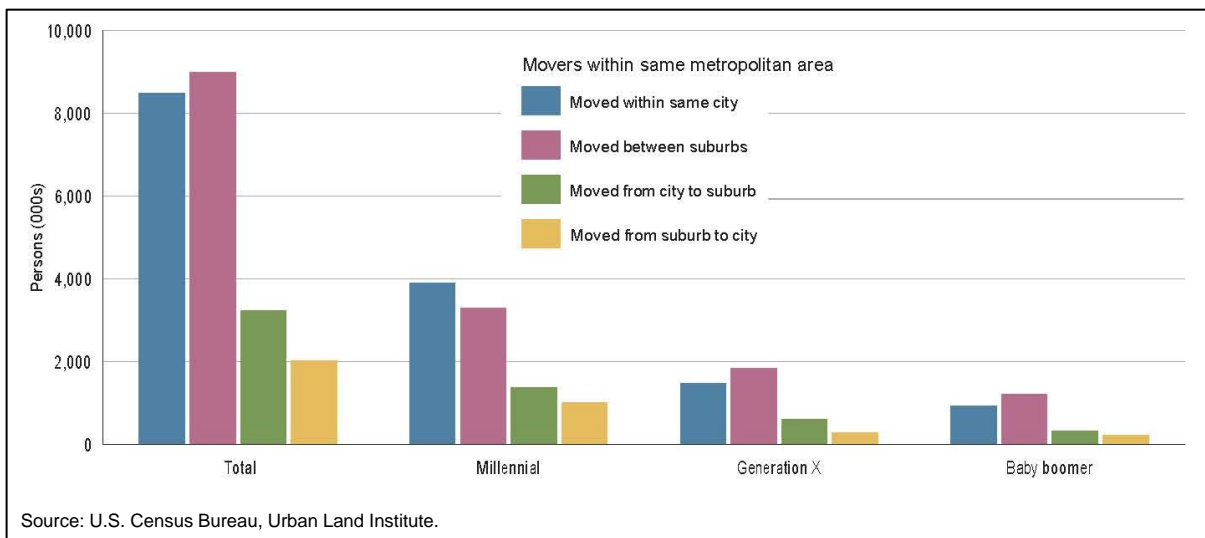


The Aging American Opportunity & Challenge

According to the U.S. Census Bureau, the number of Americans turning 65 each day (and for the next 15 years) is around 10,000. Totaling over 50 million in 1Q 2017, the population of Americans age 65 and older will grow to around 71.5 million by 2030. In 2013, households led by people age 55 and older controlled two-thirds of all home equity. Over the next 30 years, an estimated \$30 trillion will be transferred from Baby Boomers to Generation X and Millennials. Two-thirds of Baby Boomers will receive some form of wealth transfer upon the death of their parents. Baby Boomers own around 63% of all U.S. financial assets and account for 40% of total consumer demand. In addition, an increasing number of Americans over age 65 are not retiring. Almost 20% of Americans age 65 and older are working today.

To capture this “wealthy” and transitioning demographic, real estate firms must rethink their product and service strategy. Approximately 57% of Baby Boomers are increasingly expected to relocate to smaller residences with little or no maintenance and featuring proximity (“walkability”) to retail, healthcare, entertainment and recreation options. Condos, affordable housing, apartments with significant amenities, independent living, age restricted and senior communities, and self-storage facilities will prosper.

Metropolitan Mobility By Generation



For most Boomers, the housing bust of the mid- to late-2000s significantly reduced their home equity, but many Boomers may turn their primary residence into a rental property for young Millennial and Generation X families, or Airbnb guests. The retail real estate sector will need to redesign and reprogram centers to make them more appealing and a destination for those with more free time. According to the Schwartz Center for Economic Policy, 55% of households near retirement age (55 – 64 years old) will subsist on Social Security. The number of 65 year olds per year who are poor or near poor will increase 146% between 2013 and 2022.

Twenty-eight percent of today's workers have no retirement savings, and 57% have less than \$25,000. Around 37% of Baby Boomers have saved less than \$50,000. On average, in 2017 workers will collect only \$1,360 per month in Social Security. The challenge is clear...the opportunities are unlimited. This is the New Normal...real estate firms must rethink their strategies to capture their share of this growing, "aging" opportunity.

Key Questions To Discuss This Week

1. Do you have a strategy to capture the shifting demographics and significant wealth transfer of those age 50+? If you have a 65+ strategy, is it reflective of the emerging trends reshaping the real estate landscape?
2. How have you redesigned workplace environments, shopping layouts and residential units to attract and retain an aging population?
3. What unique idea does your firm have to capture the aging population?
4. What governmental risks (tax increases, rent control, means tested retirement benefits, etc.) should most concern you about an aging population?
5. Which markets appeal to those 50+ who do not want a "retirement-only" focus?

Prediction

"Watch for up to 35% – 40% of Baby Boomers to sell or rent their homes by 2030."

Closing Comments

We hope you enjoyed this article and will be able to utilize the "Key Questions" at a future leadership meeting within your firm.

We welcome your comments, feedback, insights and perspectives

Regards,



Christopher Lee

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