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55 YEARS

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Our aging population and its effects on real estate

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The Baby Boomer generation is the generation of Americans born between 1946 (the end of World War II) and 1964. Boomers are (in 2014) between 50-68 years old.

The senior age group is now, for the first time, the largest in terms of size and percent of the population in the U.S. This age group grew at a faster rate than the total population between 2000 and 2010, according to a 2010 Census brief. More people were 65 years old and over in 2010 than in any previous census. 78 million Americans who were 50 or older as of 2001 controlled 67% of the country's wealth, or \$28 trillion (U.S. Census and Federal Reserve). It is expected that by 2030, the 65-plus population will double to about 71.5 million, and by 2050 will grow to 86.7 million people (U.S. Census).

What does that mean for the real estate market?

Housing needs and the level of personal assistance that is needed often changes as we age. One thing you may have already experienced either yourself, with family members or others, is that as we age we can become more resistant to change, which can definitely affect our ability to embrace the changes that may be needed to keep us safe and living a long healthy life. Depending on health, seniors have choices regarding their living environment. The four most common options for seniors are:

- * Stay in their current home

For most, this is their first choice however the home may not provide easy access or the ability to live on one level. The National Association of Home Builders predicts the aging in place remodeling market to be \$20-\$25 billion. That's about 10% of the \$214 billion home improvement industry.

- * Live with family or friends

Even when family or friends want to help their elderly parents or friends, they may find they cannot. This can be for the same reason staying in their own home may not be an option. Also, in many U.S. families today both spouses need to work for financial reasons and are not comfortable leaving the senior home alone. The cost to bring in help may be prohibitive.

- * Assisted living facility

With our aging population the need for high quality assisted living is expected to increase dramatically. Finding a facility that provides multiple levels of care can be extremely important. This can enable the resident to stay at a facility where they have become comfortable and not be required to be move multiple times as the needed level of care changes.

- * Nursing home

This is normally the last choice for most people however they may reach a point when it is the only viable option. The average cost of nursing home care in Connecticut is about \$387 per day. That is over \$140,000 per year for one person.

The Baby Boomer generation is already having an impact on real estate and the economy in

general. The increasing need to sell their home and the need for a greater number of assisted living and nursing home facilities to care for seniors as they transition through the aging process will have a definite impact on the real estate market for at least the next 35 years.

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