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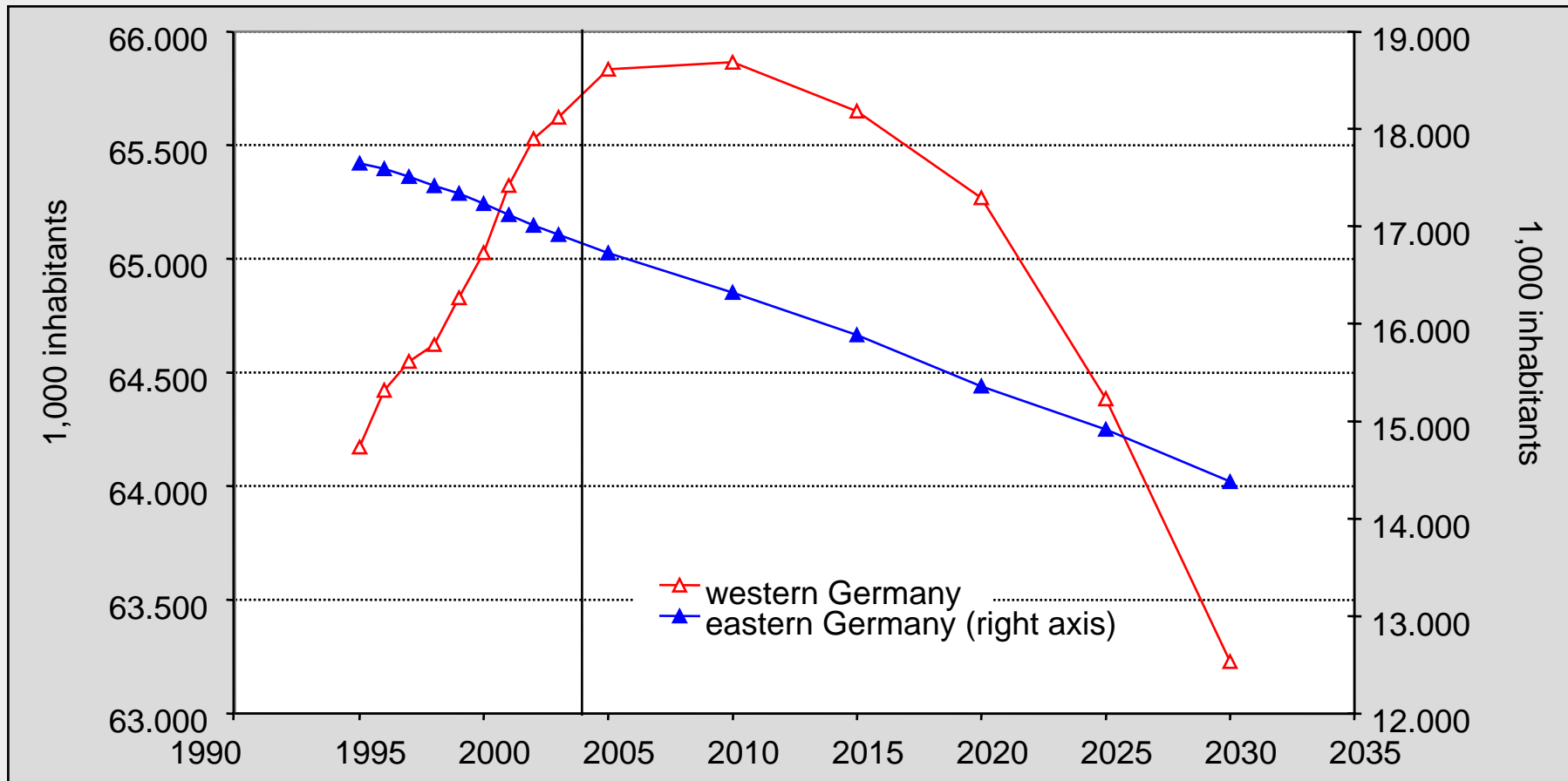
XV European Congress

Housing Expectations of Generation 50+

Dr. Reiner Braun

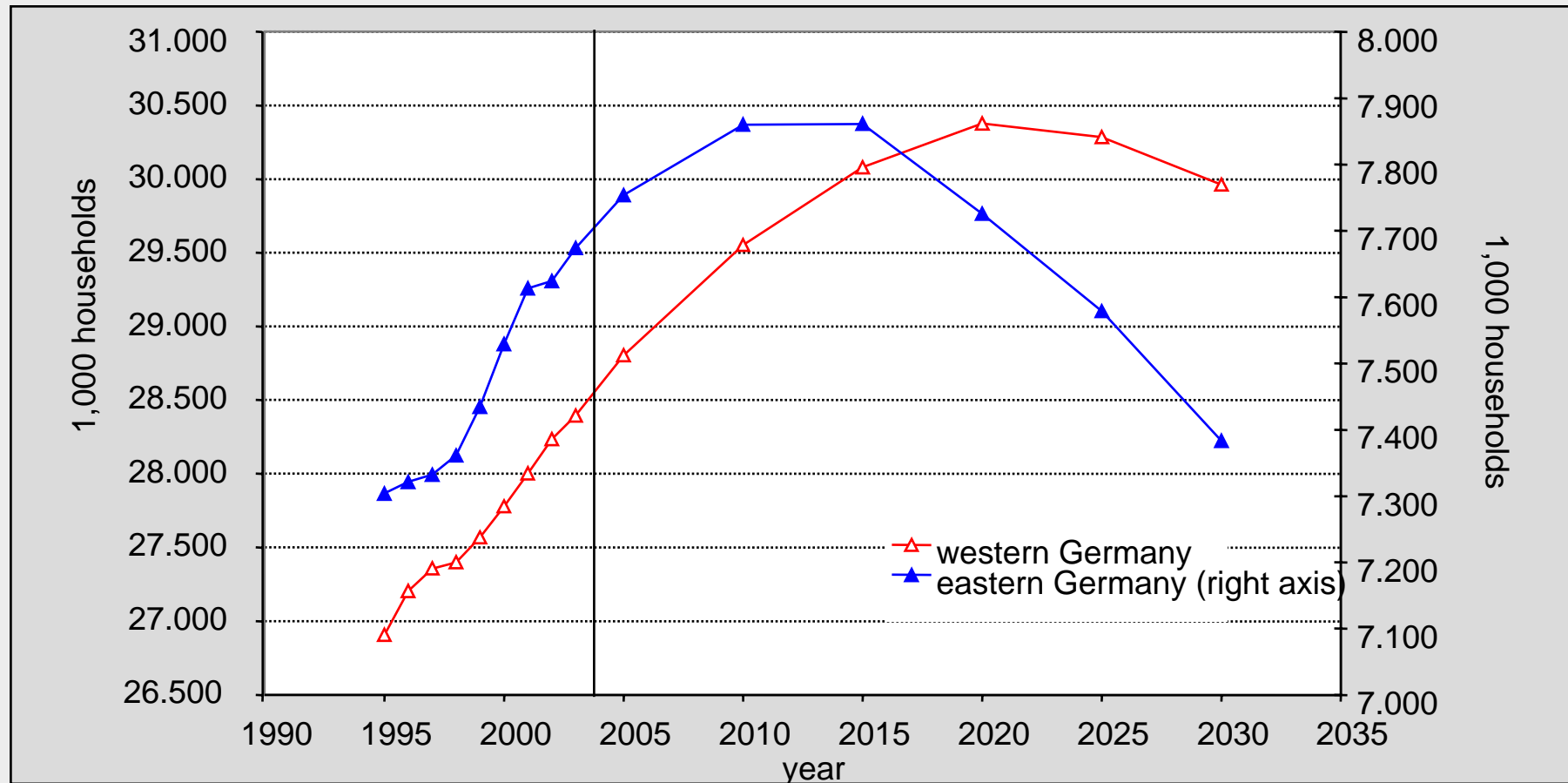
Prague 26 October 2007

No demand for new dwellings because of population decline?



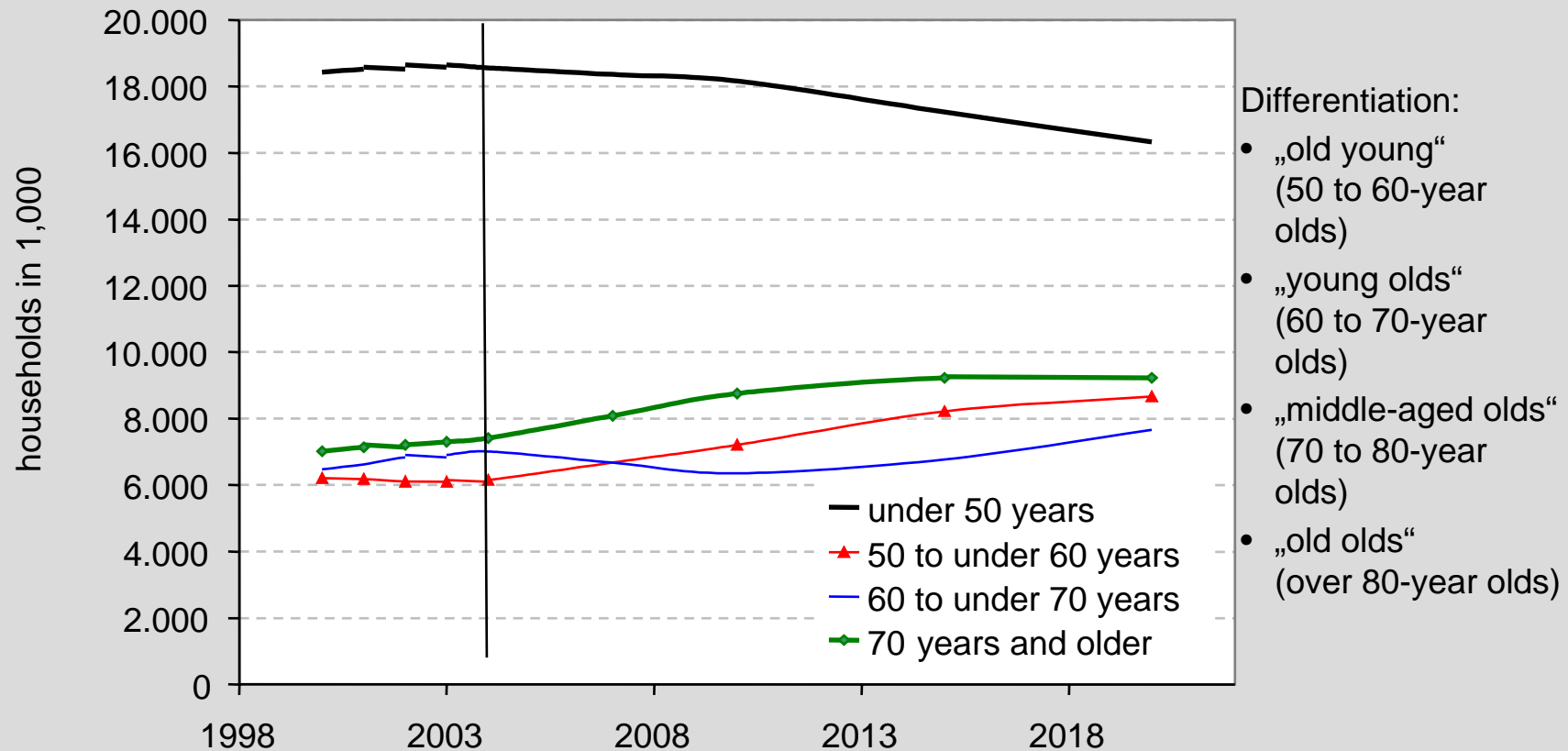
Source: Calculations of the author, based on the 10th coordinated population forecast

Growing number of households in spite of declining population



Source: Calculations of the author, based on ProFamy, Federal Statistical Office of Germany, microcensus

Generation 50+ will push the demand in the future



Source: Microcensus, calculations of the author based on the 10th coordinated population forecast

**Current Federal Study
on the age group 50+,
which will grow
considerably in the
future**

**Representative
interviews of 3,000
households**

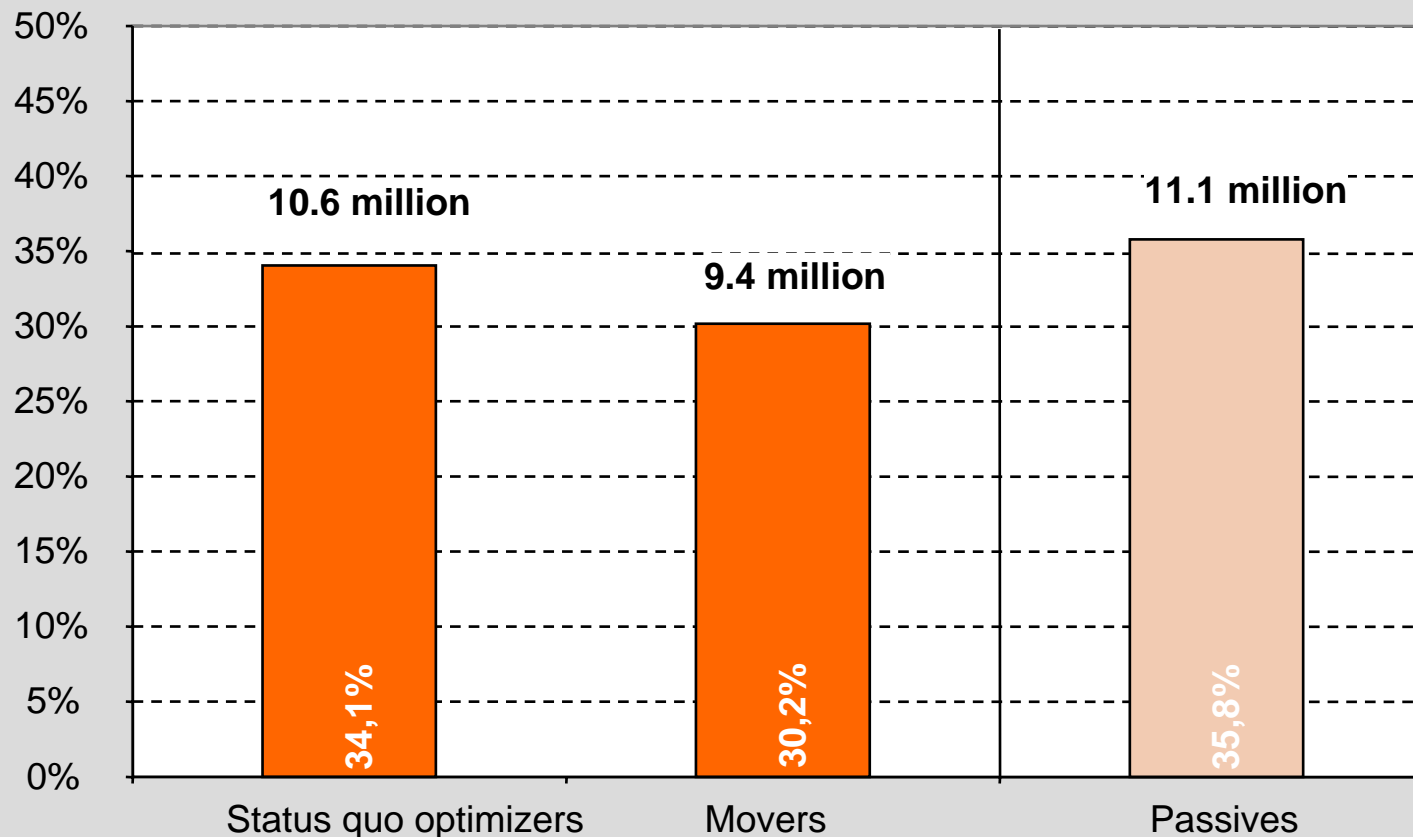


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Aging does not mean stagnancy of the housing market

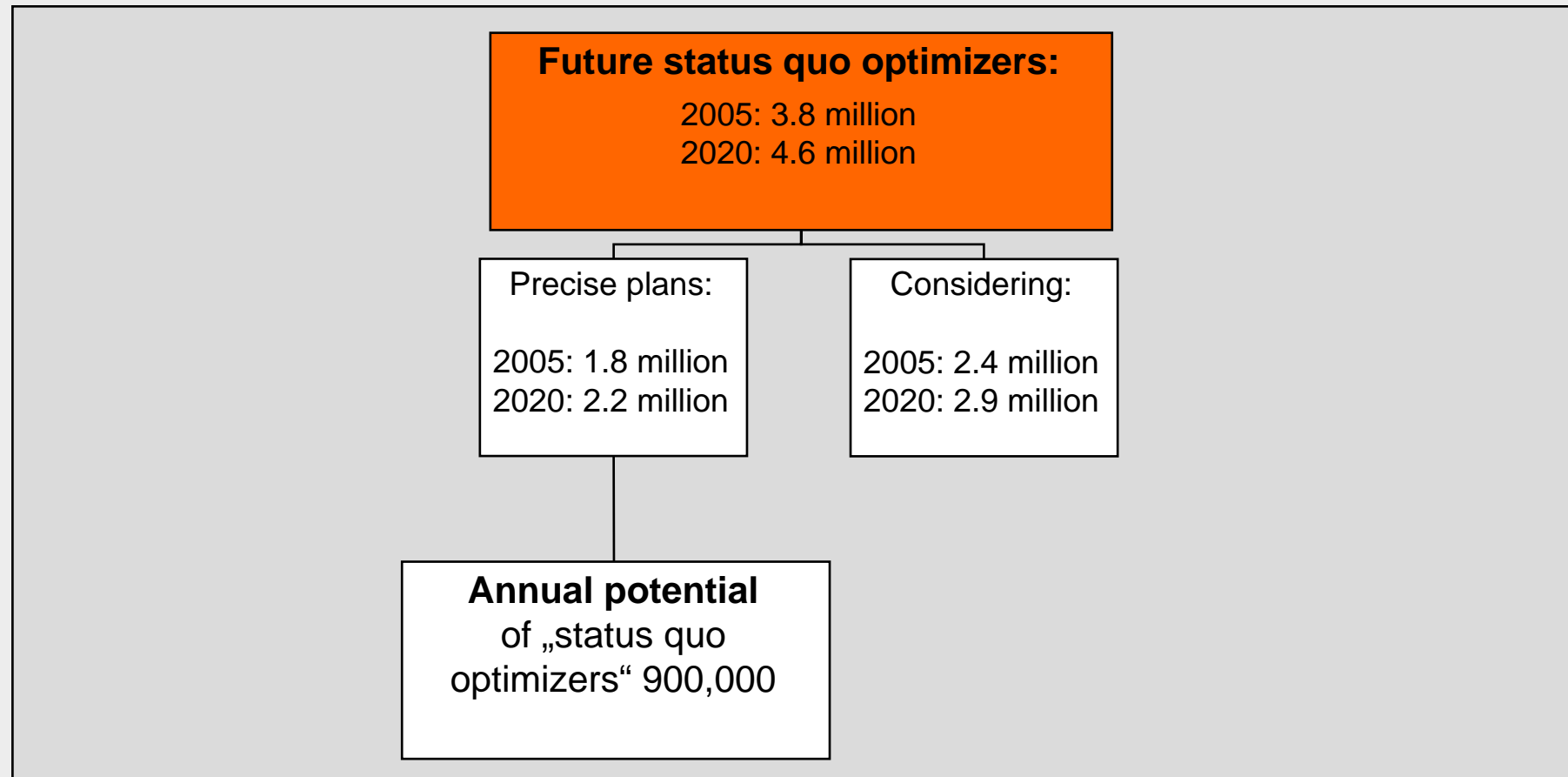
- **Status quo optimizers:** Extensive modifications of the apartment or house after the 50th year of life, no removal
- **Removers:** Removal after the 50th year of life
- **Passives:** Stay in their dwelling without making major changes to their apartment or flat

Germany: Two thirds of the 30 million over 50-year olds change their housing situations



„The generation over 50 – Housing situation, potentials and outlook“. empirica study for the Federal Office of the Landesbausparkassen in the Deutscher Sparkassen- und Giroverband, 2006. Download: www.lbs.de/publikationen

All over Germany: 3.8 million over 50-year olds are future status quo optimizers

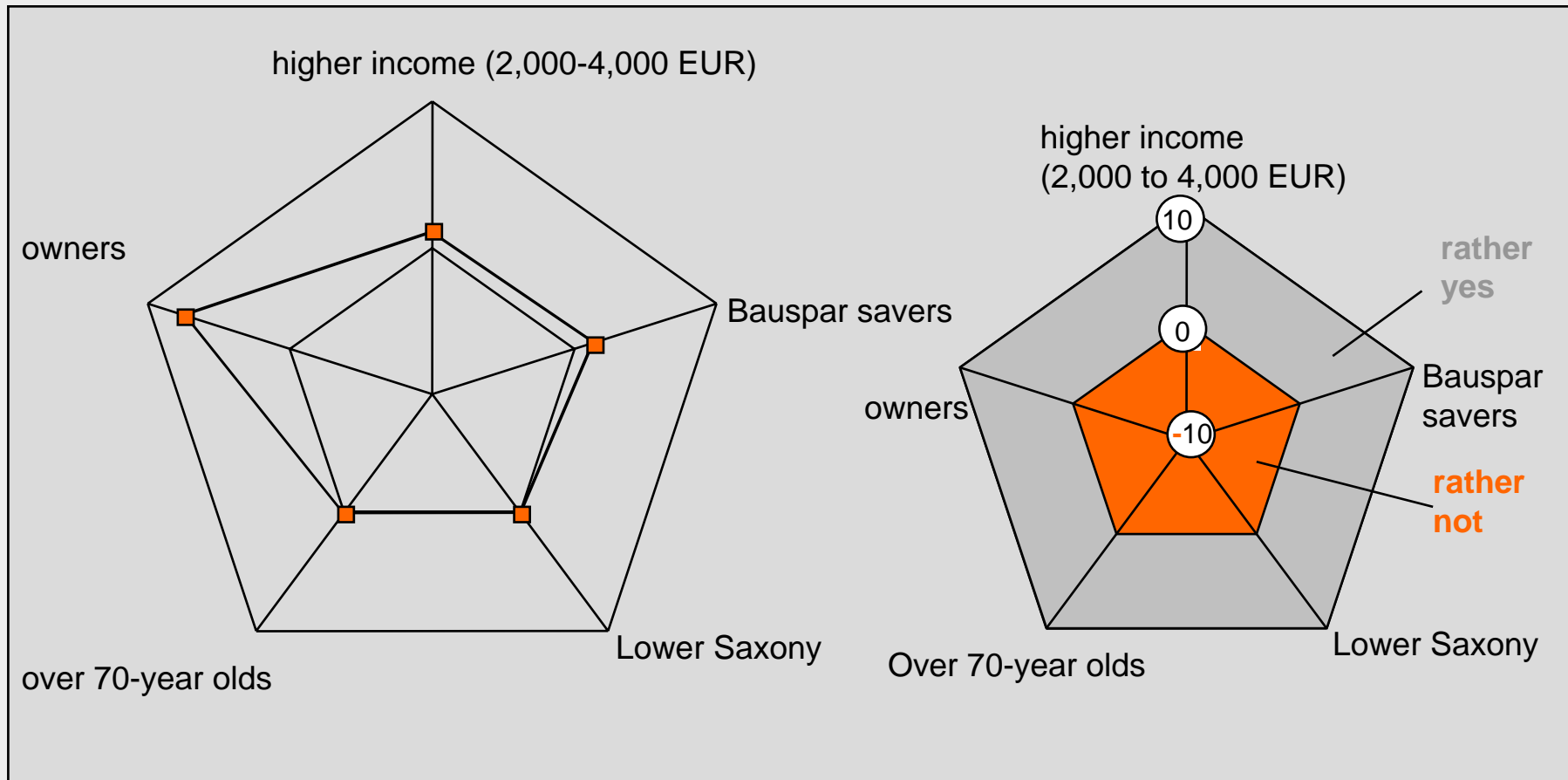


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Age profiles of status quo optimizers

- The „old young“ (50 to 60-year olds) optimize their apartments/houses to improve the quality of life
 - Typical occasions: children leave home
 - Typical measures: unite two rooms into one
- The „young olds“ (60 to 70-year olds) improve quality of housing e.g. to live more conveniently
- The „middle-aged olds“ (70 to 80-year olds) make alterations in order to stay at their apartments or houses even with restricted personal mobility
- The „old olds“ (80 years and older) make alterations in such a way that they can stay at their apartments or houses even if they need professional external care (e.g. living on one level, without stairs)

Majority of status quo optimizers are home owners with higher incomes

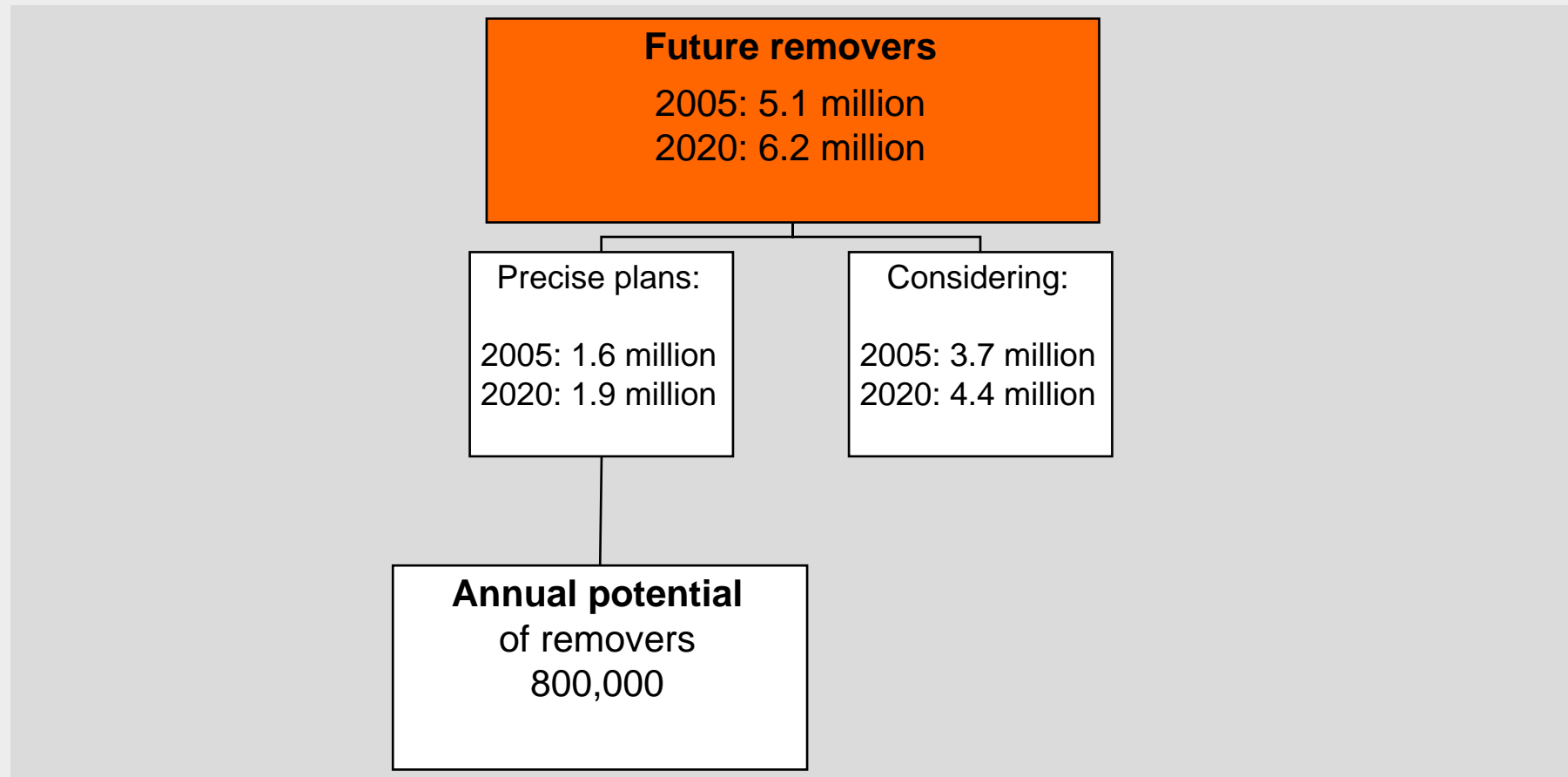


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Status quo optimizations are financed from external sources, too

- 53% of status quo optimizations are financed by the owners' own capital resources
- The potential for external financing is about 7 billion Euros per year in Germany.

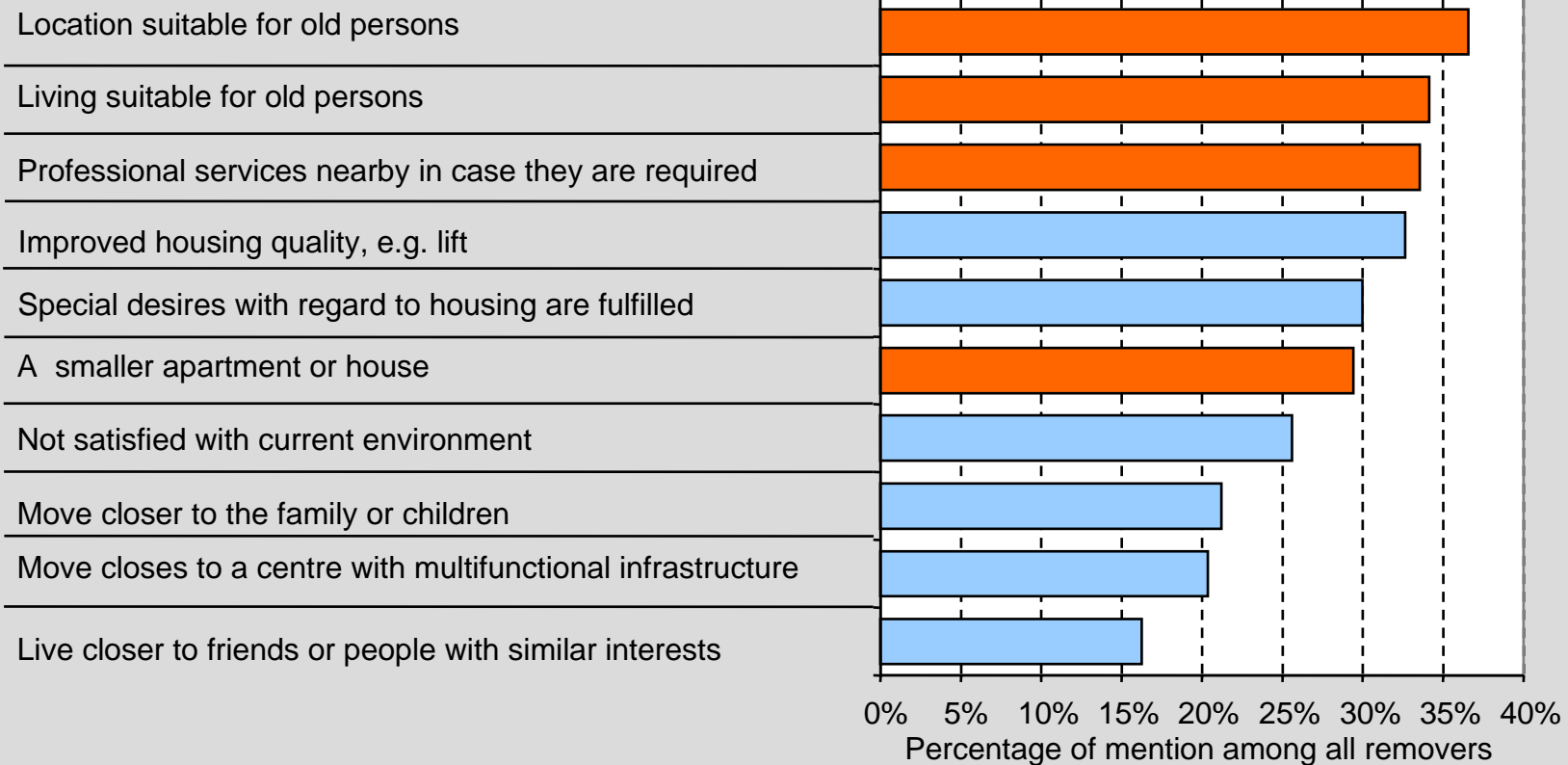
The potential of removers in Germany's generation 50+



„The generation over 50 – Housing situation, potentials and outlook“. empirica study for the Federal Office of the Landesbausparkassen in the Deutscher Sparkassen- und Giroverband, 2006. Download: www.lbs.de/publikationen

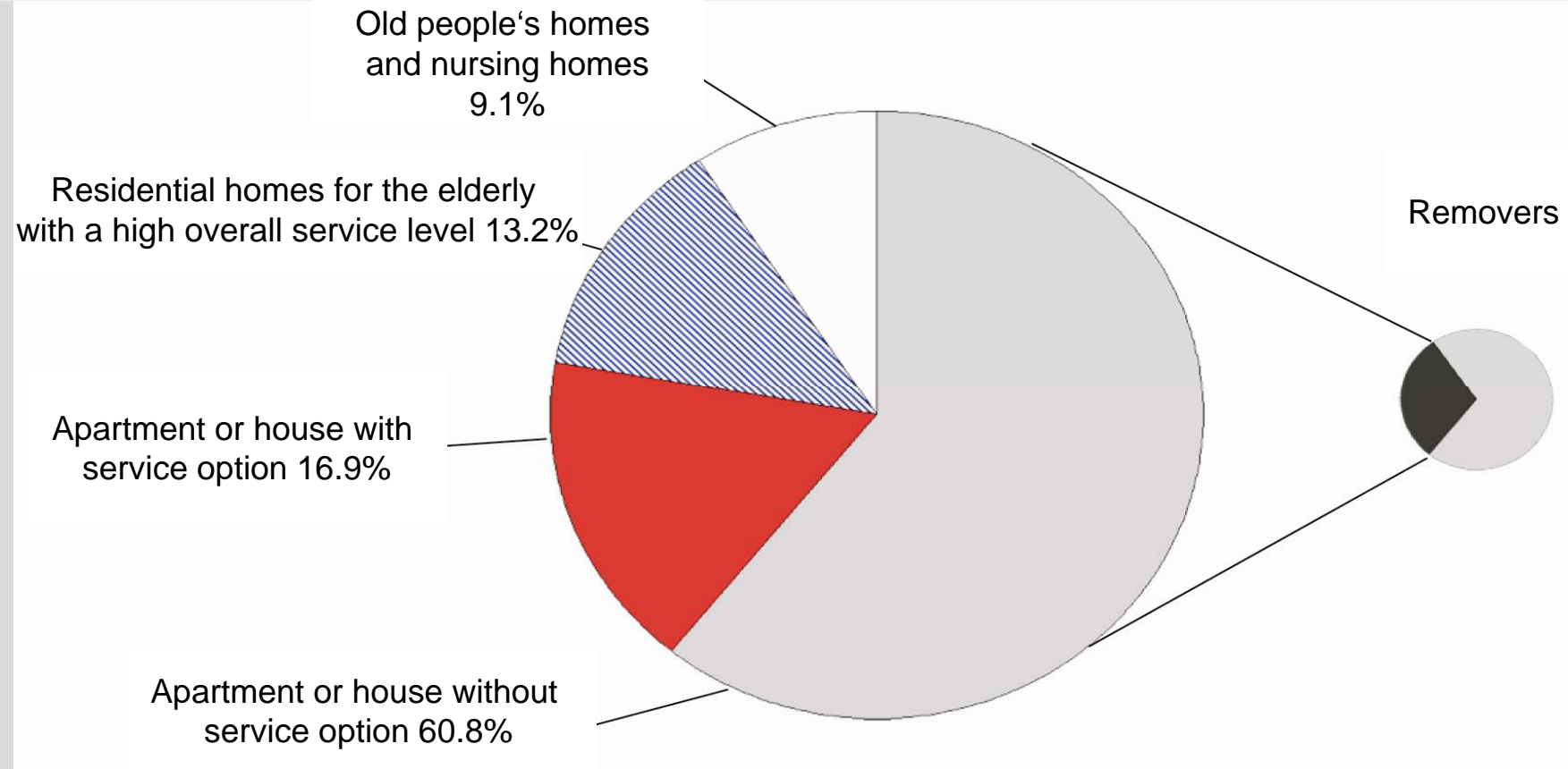
Removals are primarily made with respect to the restrictions which come with aging

Multiple answers were permitted



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It is a fact: nearly two thirds of the removers in generation 50+ look for „normal“ apartments



Note: multiple answers were permitted, percentages indicated refer to the number of answers

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There are reservations with respect to housing in combination with service offers

- Professional housing facility with service offers = „ghetto for the old“
 - Many market players think in „number of beds“
 - The desired housing culture is neglected
- „forced communication“ is refused
- Younger residents have reservations with regard to paying all-inclusive prices

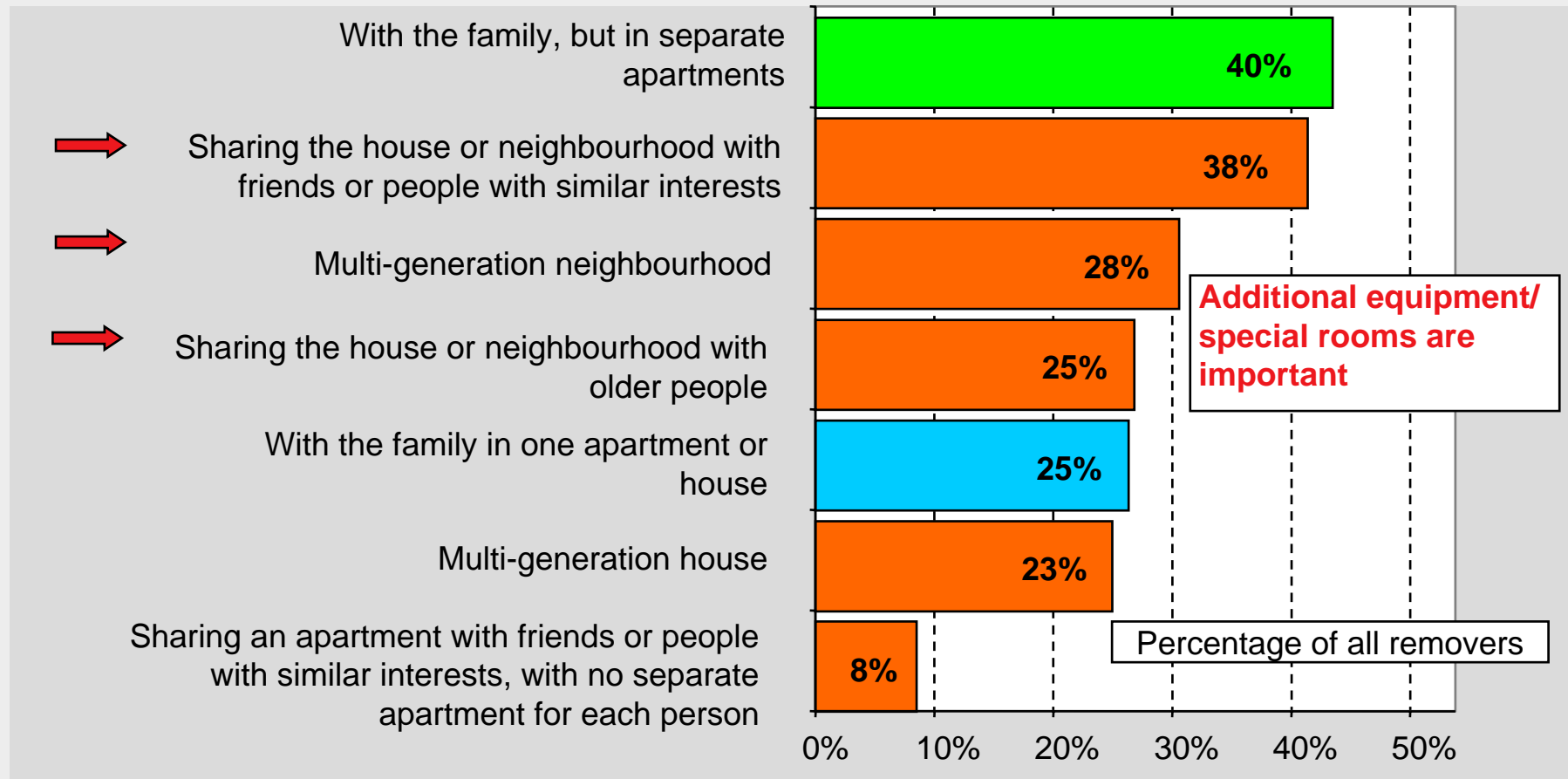
As a rule, removers look for smaller units

- Preference for smaller apartments (less housework required) but:
- No one- or one-and-a-half room flats
- At least two rooms for single-person households: separate sitting room and bedroom
- At least three to four rooms for couples: e.g. separate bedrooms
- „Normal“ living culture: hall, separate kitchen

Removers prefer apartments

- Apartment in dwellings of maximum six apartment units
- Lift should be available
- Private space in the open: e.g. large balcony
- Ample storage room
- Apartments on the ground floor are hardly accepted (security aspect)

Removers want to lead an independent life in their old age



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The multi-generation village in the city

Private initiative and financing

(Heidenheim, Baden-Wuerttemberg)

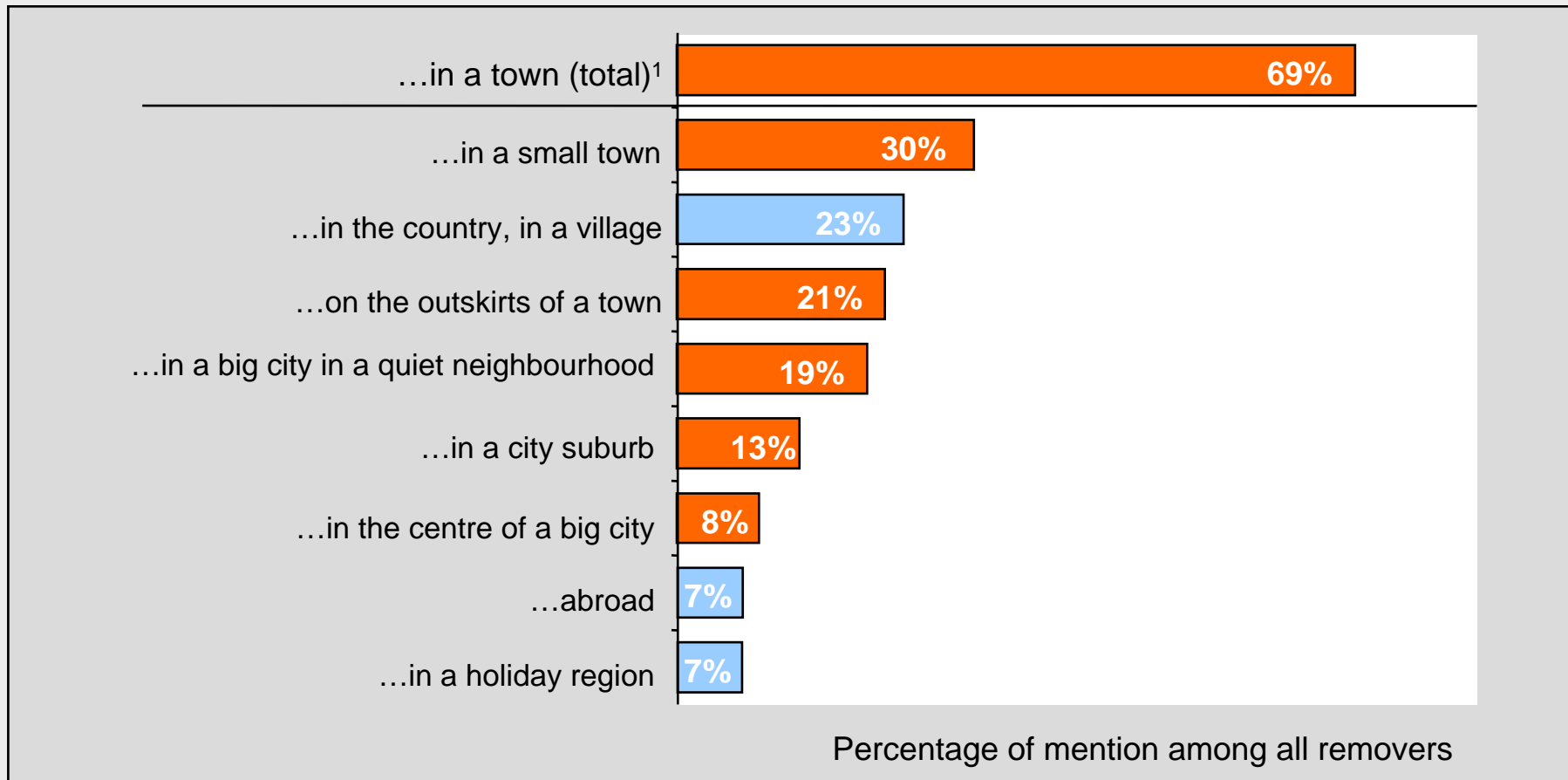


The offer includes

- apartments suitable for families
- apartments suitable for old people
- Communities with care services
- residents' association
- community centre
- restaurant, shop
- consulting office

Preferred locations of the removers

Where do you want to live when you are old ...?



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¹= mention of the following categories: „on the outskirts of the town“, „in a small town“, „in a big city in a quiet neighbourhood“ or „in the centre of a big city“.

Most removers stay within their familiar radius

Location before removal	Location after removal Direction of removal			Together
	To the city	Unchanged	To the country	
Centre of a big city, busy neighbourhood		30 %	70 %	100 %
Big city, quiet neighbourhood	9 %	48 %	43 %	100 %
City outskirts	8 %	62 %	30 %	100 %
City suburb	39 %	39 %	23 %	100 %
Small town	12 %	76 %	12 %	100 %
Country, village	26 %	73 %	1 %	100 %

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Approximately every third remover of generation 50+ moves to live in a self-owned home

- Two out of three include external capital for financing
- The potential for external financing is about 9 billion Euros per annum in Germany

Many of the „old young“ (50 to 60-year olds) and „young olds“ (60 to 70-year olds) in Munich buy housing property



The luxury segment in Munich: „Alter Hof“ („The old Court“), prices between 7,000 and 10,000 €/m²

luxuriös Wohnen in der
ehemaligen Kaiserresidenz

Eigentumswohnungen im Erbbaurecht
von ca. 71 m² Wfl. ab 499.000,- €
bis ca. 183 m² Wfl. bis 1.812.000,- €

exklusive Ausstattung für höchste Ansprü

Typical example for housing property bought by „middle-aged olds“ (70 to 80-year olds) in Regensburg, Bavaria



Regensburg, housing facility in combination with services

Conclusions and recommendations

Conclusions

- There will be a marked increase in demand for housing by households also in the future
- The number of households will grow nearly exclusively among the older ones
- There will be a relevant potential for change on a country-wide scale in Germany:
 - about 900,000 over 50-year olds make changes to their apartment or house every year
 - about 800,000 over 50-year olds remove every year
- There is a considerable potential for external financing on a country-wide scale in Germany:
 - about 7 billion Euros p.a. optimization measures
 - about 9 billion Euros p.a. for the purchase of housing property
- High demand for „supporting“ housing offers

Recommendations: Optimization of existing facilities

- Development of optimization solutions for standard types: apartment flats and houses
- Examples for presentation: optimization projects for old inhabitants indicating the costs
- Establishment of informal networks in residential areas

Recommendations: New dwellings for removers

- Flexibility of apartments: No great investments required to enable external care within the apartment
- Promotion of networks for mutual help
- Organisation of neighbourhood quarters with affordable „core care facilities“: day-and-night presence of professional care staff for the entire neighbourhood quarter
- Multi-generation neighbourhoods as the model of the future

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Thank you for your attention!

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