

**Pacific Rim Real Estate Society (PRRES)
Conference 2000**

Sydney, 23-27 January, 2000

**DETERMINING THE CHARACTERISTICS OF SUPPLY AND DEMAND FOR
HOUSING AUSTRALIA'S 55+ AGE GROUP IN THE NEW MILLENNIUM.**

Work in Progress

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Key words: Population projections, 'Older Australians', Technology, Wealth, Lifestyle factors, Housing requirements.

Abstract:

The paper considers some of the factors impacting on housing requirements, for 'Older Australians' over the next 10 to 15 years. To determine the future directions of demand and supply of residential housing, will require consideration of the trends and the importance of the factors likely to affect future accommodation needs.

Given the composition of Australia's population, a key factor in this research will be the population trend for this age group. Our ability to prepare for the future for this group will need to be more carefully considered and better focused, to accommodate a population trend quite different from that, which has been experienced in the past.

'Older Australians' will represent a greater proportion of the population, not only due to the post war immigration and births bulge, but also longer life expectancy for this group. In addition to the expected population bulge and diversity of demand, the environment is likely to be influenced by a number of key factors, or forces. These forces will include, technology, level of wealth and lifestyle preferences. Exploring the environment of the future will provide an appreciation of issues likely to influence future needs and lifestyles, of the sector of the population under consideration.

Introduction:

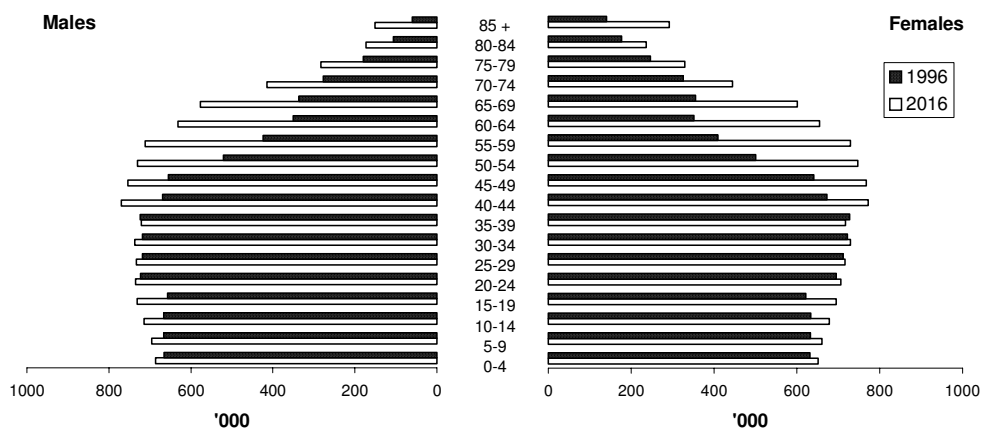
The ageing of Australia's population is inevitable and largely a product of historical patterns of growth. Regardless of changes to population structure in the foreseeable future, Australia's age profile will not change significantly.

The research proposes to study the housing of Australia's ageing population, incorporating the factors affecting supply and demand for accommodation, with emphasis on requirements into the 21st Century. In Australia, the term 'older Australians' represents that portion of the population over the age of 55 years and therefore will be adopted for this study [Council on Ageing, 1995]. Traditionally the 'retirement age' of 65 years has been applied as a benchmark for the ageing population, in Australia researchers and policymakers have now focused on a starting point of 55 years of age, in line with the current official age for phased access to the preserved component of superannuation.

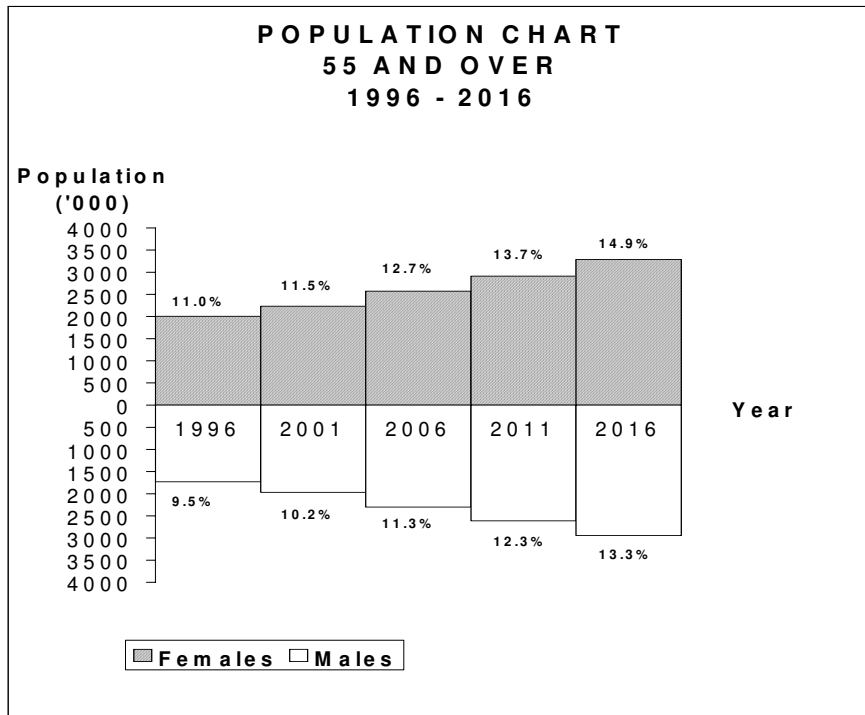
Based on the Australian Bureau of Statistics (ABS) Population Projections (1996), during the period 1995 to 2016 Australia's population is projected to grow from 18.1 million to around 22.1 million, subject to the assumptions adopted with regard to fertility and overseas migration. In addition to a greater number of the population moving into the 55+ age cohort, greater longevity results in a longer stay. Whereas life expectancies in 1995 were 81 years for females and 75 for males, this is projected to increase by 2051 to 86 and 81 years respectively.

PROJECTED POPULATION OF AUSTRALIA

Source: Australian Bureau of Statistics (1996)

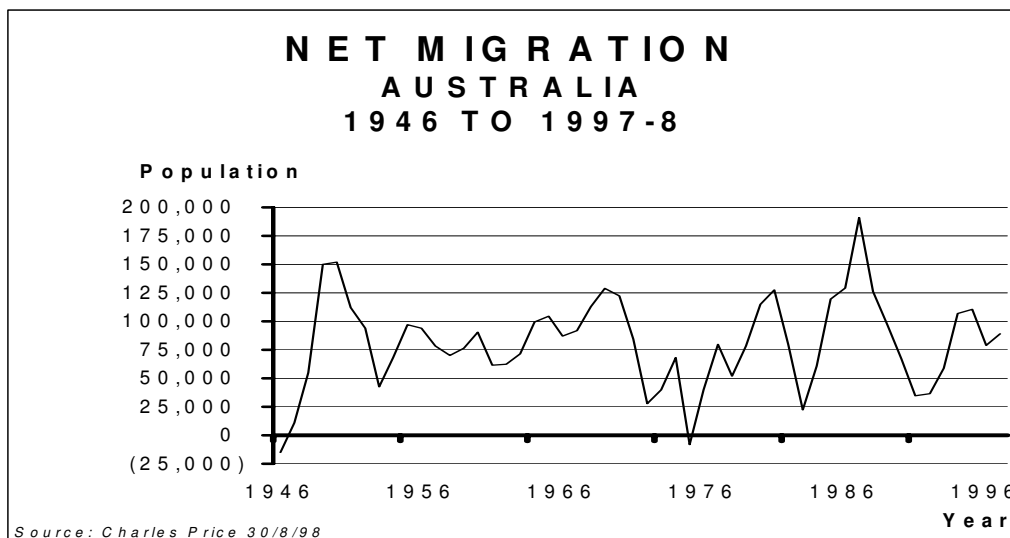


The 55s and over segment of the population accounted for 20 percent in 1995 and will rise to some 28 percent by 2016, with the highest annual rates of growth of the cohort occurring between 2011 and 2021. Overall population levels are projected to decline post 2021, due to decreased natural growth and increased mortality in an ageing population, however those over the age of 55 years will then represent on average 35 percent of the population.



This group, now entering their 50s are commonly referred to as the early 'baby boomers', although here in Australia questions have been raised as to the suitability of adopting the American 'baby boomers' years of birth. The Australian Bureau of Statistics defines the term 'baby boomers' as that segment of the population, born in Australia or overseas post World War II, between 1946 and 1965 [Australian Bureau of Statistics (ABS), 1999].

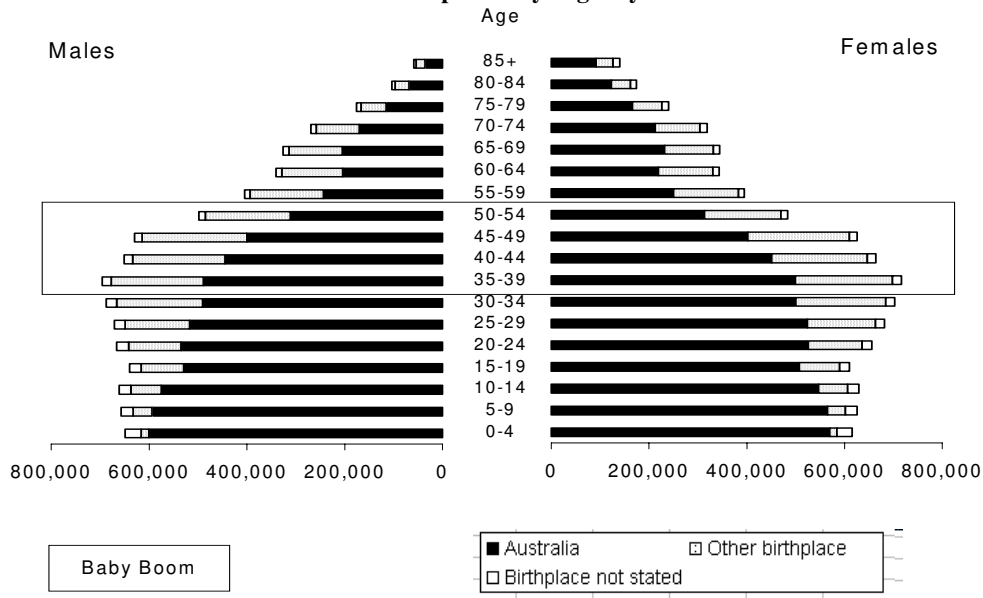
Whereas Australia's population rates of growth are similar to the United States in percentage proportion, the patterns differ in terms of growth years and population increases. Australia's fertility rate lagged the US 'baby boomers', but during this period the size of the population was boosted by a combination of both increased birth rates and a change in foreign immigration policy. The age composition of Australia was heavily influenced by foreign immigration, which was intense in the early post-war period. Between the years of 1947 to 1984, the proportion of the population born overseas more than doubled from 9.8% to 21.1% and nearly 60% of those were aged 15-44 [Schulz, Borowski et al., 1991]. This had an effect of both lowering the age of the population in the short run and extending the fertility cycle outside of that traditionally referred to as the 'baby boomer' generation, as new arrivals tended to establish themselves before embarking on a family. Not only will this result in a less dramatic population bulge over a longer period, but will contribute to population ageing, as older migrants reach retirement age.



Whether born in Australia or overseas between the years 1947 to 1965, this group now residing in Australia have begun to enter their 50s and are likely to have the biggest impact on many facets of society, due to the large numbers at each age level. As pointed out by Dent (1993), this generation brings with it changes to the economy, primarily by its sheer size and cycle of spending patterns. Despite the differing immigration and birth levels, what occurs in the U.S. as a society is often mirrored in Australia. Therefore U.S. studies of this generation are likely to provide a valuable insight into possible events in Australia.

**Australian Bureau of Statistics
1996 Census of Population and Housing**

Persons - Birthplace by Age by Sex - Australia



Source: Australian Bureau of Statistics - 1996 Census customised table

Given the changes occurring within the over 55 years segment of the population, Australia's ability to prepare for the future for this age group will need to be more carefully considered and better focused to accommodate a population trend, quite different to that which has been experienced in the past. In order to determine key factors driving demand for housing in addition to shifting population trends (the future size and structure of the population), an understanding of the environment over the next ten years and beyond is required.

Stakeholders

There are many stakeholders with a keen interest in the outcomes for housing the ageing population of the future. On the demand side, this ageing group will have a dominant role in determining the factors that will influence their choices. In addition to reviewing existing accommodation types available, a number of other factors are likely to be of importance. These include, concern about safety, quality of life, degree of independence or incapacity, income and wealth levels, other general lifestyle characteristics as well as the extent to which technology will be a part of their lives.

Accommodation Choices

In order to look to the future and likely resulting changes, it is necessary to review the classification of accommodation types, currently utilised by that segment of the population over 55 years of age. Many more accommodation options are now available, depending on issues such as personal choice, degree of independence or incapacity and aged care policies.

Lifestyle Preferences

Review of existing accommodation arrangements for the 55+ age group Census data and evaluation of factors influencing location such as security, change in wealth status, preference for rural vs. city living and the so-called 'better way of life'. Although much data is anecdotal at this stage, feedback from property professionals and real estate institutes report shifts in this area.

Concern about Safety

In America many of the wealthy ageing, representing a small percentage of the total population, have closed themselves off from society [Thurow, 1996]. Parallels can be drawn between much of what occurs in Australia and that which has already occurred in the United States, indicating that a knowledge of such trends and patterns are important to us. Nieuwenhauzen (1997) refers to the impact of technology on the lives of Australians and infers that this could contribute to the development of 'walled cities'. Clearly the population pressures and crime rates, to the extent that they exist in the United States, are not yet present in Australian society, however these are factors that will impact at some level on people's choices.

Income and Wealth Levels

Wealth levels as a consequence of diminishing government funding, superannuation implications, disposable income and taxation changes will influence the choices that people can and do make.

Key Enabling Technologies

Advances in medical science relative to addressing disease, ageing and disability such as the technology utilised in the Human Genome project. In addition to expected better health and greater longevity, the impact in areas such as enhanced communication and ready availability of access to products and services, may permit wider choices to be made in terms of location and housing type.

According to Cairncross (1997), the revolution occurring in the area of communications will have a dramatic effect on all facets of people's lives, one being increased choices of where and how the population chooses to live. The impact of key enabling technologies, such as enhanced communication and advances in medical science, will provide the opportunity for people to live in what at present, may be considered more remote areas of the country. As 'Internet' shopping has begun to change the way we can access goods and services, 'on-line' medical and support services could lead to a reduction in the requirement to situate within close range of medical and other facilities. Already we are seeing and hearing of projects such as 'doctel', which is taking medical services to more remote areas of South Australia via satellite links to a surgery in Adelaide. Although still in its infancy and not as advanced as earlier visions of the 'medical kiosk' [Dertouzos, 1997] this concept is likely borne more out of necessity to service rural areas unable to attract medical personal. Technology is providing the means to pursue opportunities to change and expand the way medical support and other services are delivered. The opportunities afforded via technological advances may well provide the opportunity for those wishing to pursue a different lifestyle, not necessarily available in the past, to do so, resulting in an acceleration of the emerging trend to leave the city for smaller urban communities. Anecdotal material currently available [Nieuwenhauzen, 1997], indicates that this trend is fuelled by a desire for improvement in the 'quality of life', across all ages of the population. The attraction of 'moving to the country' and taking advantage of technology to support a chosen lifestyle, is not necessarily confined to the retirement set as communication, provision of services or employment in terms of access to the work environment, could now be less of a barrier.

In terms of adapting to change in available technology, which does not necessarily apply only to the older generation, although the older age group is often seen as the group least likely to adjust, anecdotal evidence suggests that two different approaches exist. The first being, to treat new technology as exciting and a wondrous new world, with benefits that outweigh the possible drawbacks. The other, to take a circumspect approach to change and not take part in an activity, unless it is felt to be absolutely necessary or the issue is forced in such a way, as to defer participation any further is an option. The extent, to which the first group outweighs the second, will determine to a large extent, the acceptance of technology and lifestyle change. In addressing the question of what the future holds, the impact of technological change will be of little consequence if not accepted and treated as a benefit, by those affected.

Supply

On the supply side, service providers, governments, infrastructure planners and developers are some of the stakeholders who will be affected by the choices made by this generation and their general accommodation requirements.

Summation

In the past, varying approaches to characterising the housing needs of the ageing population in Australia have been employed, primarily based on ABS Census data, [Council on Ageing, 1995; (AHURI), 1996]. Reports prepared by the Council on Ageing have been inclined to focus on areas such as, existing living arrangements and styles of accommodation of those presently considered to form that segment of the population, referred to as 'older Australians'. Studies carried out by AHURI, for the Commonwealth Department of Transport and Regional Development, have focused primarily on population projections, existing lifestyles, housing circumstances, residential mobility and financial status, based on Census data and National surveys.

Schulz (1991) places emphasis on the economics of an ageing population and less on physical bricks and mortar requirements of housing. Appropriately subtitled "The 'Graying' of Australia, Japan and United States, Schulz builds on a review of demographic ageing and consideration of many of the economic issues associated with an ageing population, from the viewpoint of researchers and policy makers. In order to gain an understanding of the impact on the population of future economic and demographic growth, Schulz examines such factors as economic programs for the aged, dependency ratios, social security, evolving retirement policies and the resulting adequacy of retirement incomes.

Some comprehensive studies of specific segments of the population have been carried out pertaining to those with special accommodation needs, such as those who have been incapacitated in some way. For example, detailed reports addressing the needs of war veterans and widows have been produced [Department of Veterans' Affairs, 1994], but little has been applied across the total segment of the population under consideration.

Past studies have been lacking in combining the type of economic considerations of an ageing population, as examined by Schulz, existing circumstances, the impact of technology and other factors, which are likely to influence demand and supply for the future for population ageing. Unlike studies undertaken in the United States on aspects of housing older people [Anikeeff and Mueller, 1998], little has been carried out for Australia.

Whilst, the format and approach taken in previous housing studies were based on historical data and projections varied largely according to the projected future size of the population, Australia and the World is facing circumstances vastly different to those experienced in the past. The research will give an insight into the current and possible future changes to our living environment. This is a political and social challenge for all OECD economies, therefore this study is important and timely given the age demographics of Australian society.

An Australian perspective on this issue will provide all stakeholders with the ability to better formulate policy for the future. For the projected period, events and circumstances are likely to be markedly different from those in the past. Consequently, the process of examining demand and supply characteristics cannot be simply based on the extrapolation of historical data. There is a need to supplement the data with knowledge of these new circumstances.

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