

Ageing population and real estate

In recent times, Portugal has been undergoing significant demographic changes that are impacting the real estate market. Ageing population, migration of foreign citizens, usually individuals over 60 years of age, that want to live out their retirement in Portugal, and also shifts in demand preferences are transforming the way buyers look at the properties, including the supply itself. Besides, the concept of "Senior Living" is gaining prominence and turning out to be new opportunities and challenges for the real estate industry.

Portugal has a very aged population and is currently the European Union country with the fastest ageing population. In the past 10 years, the average ageing in the European Union was 2.5 years, whereas in Portugal it was 4.7 years, according to Eurostat. This figure is expected to increase, according to forecasts - the current situation is the result of several factors that are around for some years now, specially the declining birth rate and the extension of average lifespan.

As a consequence, the demand for housing units adapted to the elderly needs is growing considerably. This type of buyer looks for dwellings with safety features, accessibility and support to face the physical and health challenges that occur at this stage of life. This demand is an opportunity for the real estate market, which has been adapting to innovative solutions, such as the "Senior Living" spaces. On the other hand, with the increasing demand for alternative segments, it is only natural that more housing units become available in the market as seniors go for assisted living and no longer need a house, so that they can sell it.

Professionals in the real estate industry have been boosting the "Senior Living" segment in Portugal. The "Senior Living" spaces, such as retirement homes or specific

communities, are a win-win opportunity both for the elderly population and the real estate developers. These adapted spaces aim at combining the safety and comfort of a home with the dignity and privacy of a private house. Those are spaces designed to allow the buyers' independence and in most cases are paired with special care services, such as nursing and physical therapy and cleaning, laundry and safety services.

On the other hand, and in a setting of exponential growth, the foreign citizen's migration into our country has been contributing to the dynamism of this demography. According to PORDATA, Portugal has seen a 25.1% increase in births in the past two decades. On the other hand, according to the INE, in 2021, 14% of the babies born in Portugal had foreign mothers. However, although Portugal is currently experiencing a quite strong immigration flow, this also includes a fraction of foreign citizens that consider our country as a retirement destination, and therefore, despite the immigration tends to counter the increasing rate of aging, this is still quite higher than in the other EU countries.

This is a quite interesting phenomenon that we are witnessing in the real estate market. How demography changes in a country bring about new trends and challenges for the whole industry. By understanding and answering the community and society new opportunities, we maintain the dynamics of our country, of its economy and real estate market, by proactively drawing more foreign investment.