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# Old money: How demographic change will reshape real estate

# Executive summary

Real estate has long been anchored by two enduring principles: location and the interplay between supply and demand.

Today, both are being reframed by one of the most decisive forces in the global economy: demographic ageing, driven by a combination of longer life expectancy and low birth rates. As populations steadily reweight towards older cohorts, the question is not whether demand for real estate will weaken, but how it will evolve. The built environment – where people live, work and rest – will increasingly need to respond to a different demographic reality.

Spending power is concentrating among active seniors – the new ‘old money’ – as lifespans and healthy years extend, and expectations of housing, healthcare, retail and leisure shift alongside them. In addition, urbanisation continues and technology reshapes how space is used. The result is a redistribution of demand rather than a decline.

For investors, the implication is not an immediate and wholesale rotation, but a more deliberate tilt. Portfolios will need to align with ageing-driven demand, in our view, while remaining selective in sectors tied to younger cohorts. Ultimately, it is about following the people, while looking closely at who they are becoming.

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# 1 Introduction

Recent years have been marked by an unusually high degree of geopolitical uncertainty and short-term financial market volatility, most recently due to renewed conflict in the Middle East. Real estate continues to play a key role for multi-asset portfolios in this environment by supplying diversification potential as well as cash flows that offer a degree of protection against inflation.

Yet while short-term volatility captures headlines, real estate is fundamentally a long-term asset class. The performance of property over decades is driven less by episodic shocks and more by slower moving structural forces that shape occupier demand, pricing power and capital allocation.

Among these structural forces, demographics stands out as one of the most powerful drivers of long-term real estate fundamentals, which directly influences what type of space is needed, where it is needed and how it is used, creating growth opportunities across sectors and markets.

In this report, we set out three core arguments:

- **‘Old money’ is the new growth engine.** Economic influence is increasingly concentrated in older, wealthier cohorts, directing spending toward healthcare and wellness, essential services, and experience-led consumption. Ageing can create more resilient, needs-based demand profiles.
- **Portfolios must shift to reflect the new growth areas.** As populations age, demand is not declining but shifting, moving toward smaller homes, healthcare and service-led sectors as long-term opportunity sets. The real risk is owning assets that no longer match demand.
- **Winners will follow where people live, as well as how.** The opportunity lies in aligning location with lifestyle. Cities still matter but are diverging, driven by where younger cohorts choose to concentrate. Meanwhile, ageing populations will drive more local demand,

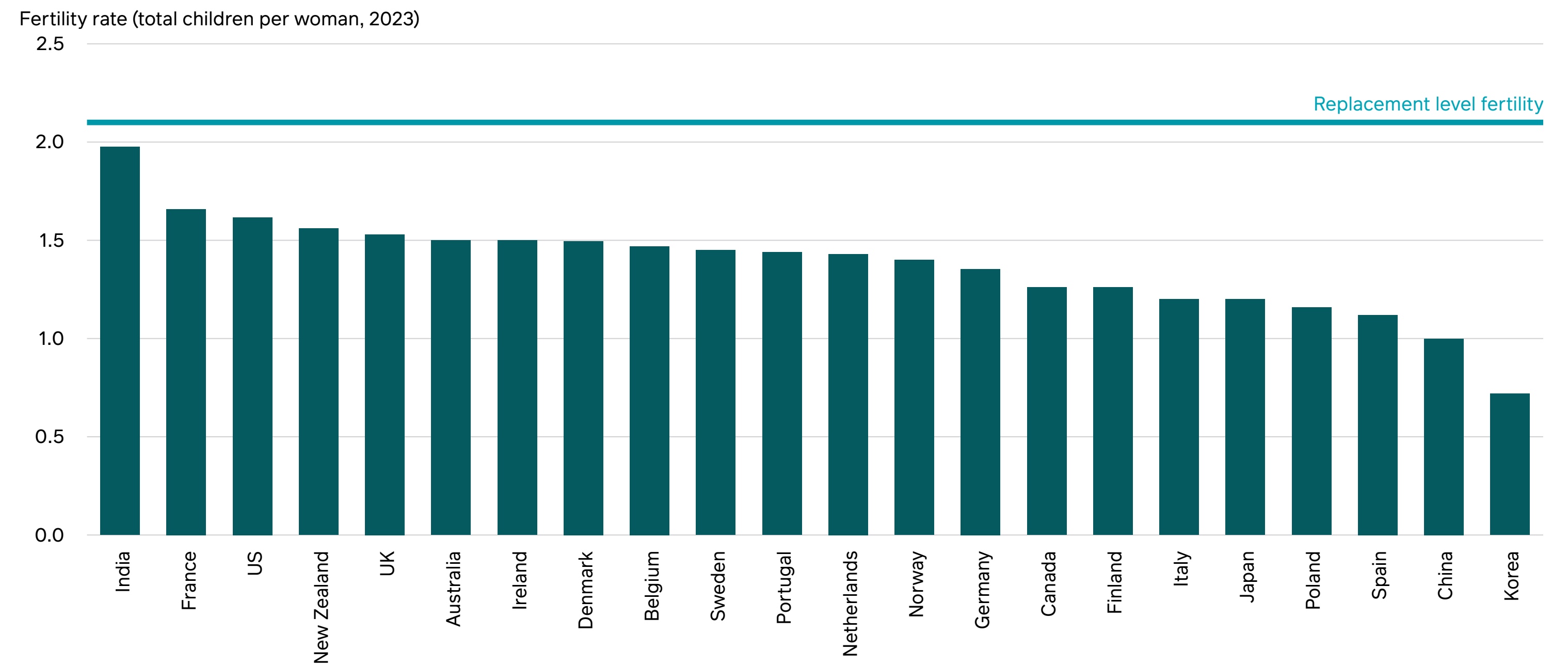
focused around community, amenity and accessibility. Where value emerges will reflect both how and where people choose to live.

Understanding these dynamics is critical to long-term real estate decision making. This report explores how population ageing, already a visible trend, is reshaping real estate markets globally, and how investors can position portfolios to help benefit from these durable, structural trends

## 2 Demographic overview: Ageing populations

At first glance, demographic trends across much of the developed world appear challenging. Fertility rates in most advanced economies have been below replacement level for decades, with many seeing some declines in their child populations. In a few countries, this has already translated into shrinking working age cohorts and, in a handful of cases like Japan and Italy, outright population decline. As today's younger generations move through the life cycle, more economies are set to encounter similar dynamics in the years ahead. For real estate, where occupational demand is ultimately anchored in people and their patterns of living, working and consumption, such trends may seem alarming.

### Fertility rates sit below replacement levels across the developed world



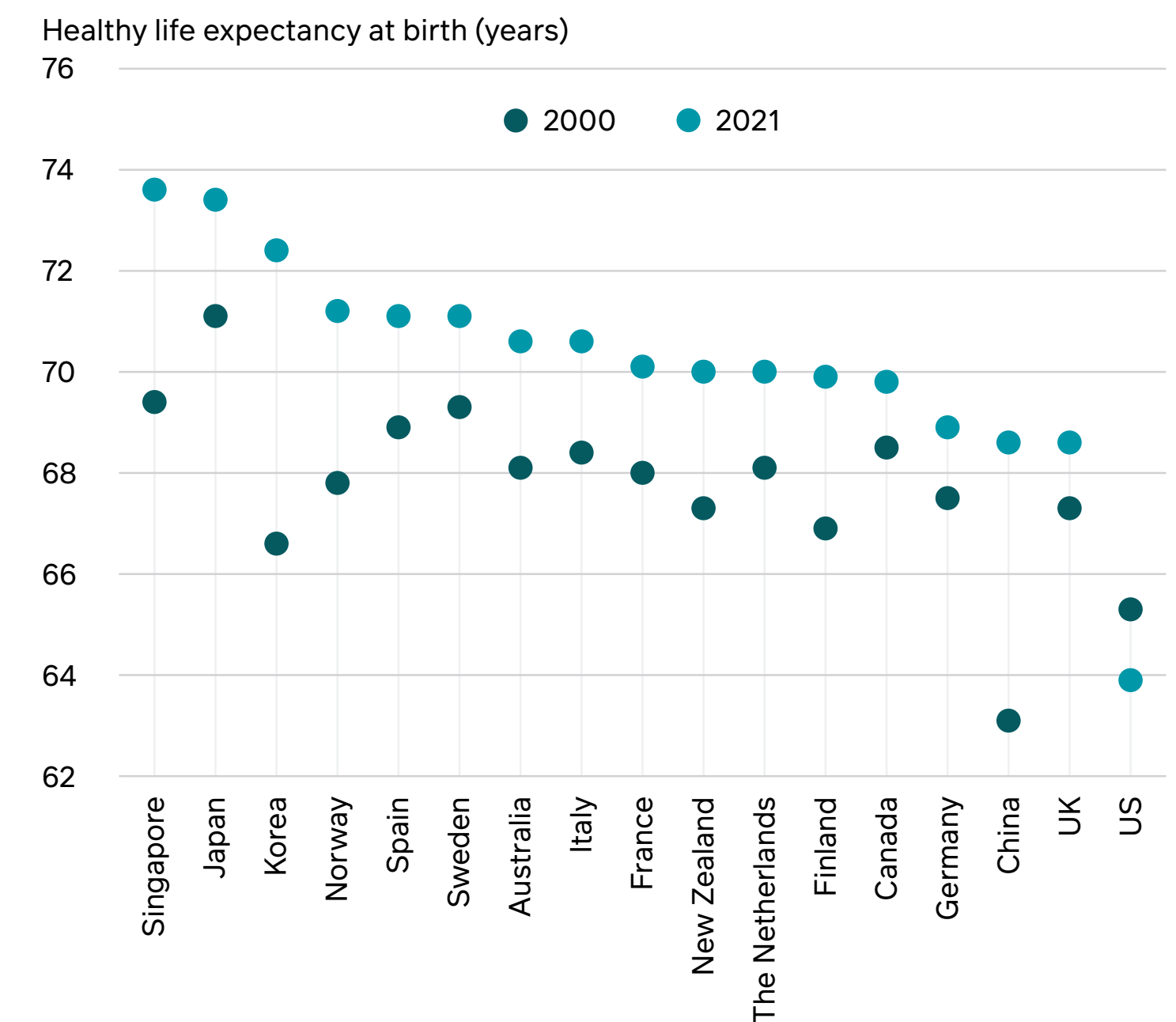
Source: OECD Data Explorer, March 2026. Notes: Assuming no net migration and unchanged mortality, a total fertility rate of 2.1 children per woman ensures a broadly stable population.

While these headline figures suggest potential constraints on growth, they obscure a more nuanced shift in how populations age and participate in the economy. Firstly, the older population is expanding rapidly, driven by the ageing of the post-World War II baby boomer cohort. This growth is set to continue in the years ahead given life expectancy is longer today than in the past.

Secondly, and importantly, advances in medicine and technology are not only extending life expectancy but extending healthy life expectancy – the number of years people live in good health. This is a trend that has been seen in many countries around the globe over the past two decades, with South Korea standing out as a country with one of the largest rises in ‘healthspan’.

In practice, this illustrates a generation of older adults who are active, independent, and making considered choices about where they live and work, and how they spend. These gains are most pronounced among higher income groups, producing a concentration of wealth and spending in older cohorts that has significant implications for how and where real estate demand is generated – even as pockets of resilience persist among younger demographics in certain markets.

### Healthy life expectancy is rising in many parts of the world



Source: World Health Organization, August 2024.

# 3 Population ageing and the implications for real estate

Contrary to popular belief, ageing and even shrinking populations do not necessarily lead to declining real estate demand. The more important question is not how many people there are, but where they live and work and how they consume services. Ageing populations do not destroy demand, they reshape it, bringing both risks and opportunities. Sectors and locations best aligned to the needs of older, wealthier consumers, including healthcare, wellness, hospitality and service-led retail, are already seeing demand patterns strengthen in ways that markets have yet to fully recognise.

## 3.1 Smaller countries, stronger cities

If a country's population stabilises or declines, this does not necessarily deter growth in its major cities. Indeed, cities could even be enhanced. In ageing economies with low birth rates, population losses are often concentrated in smaller

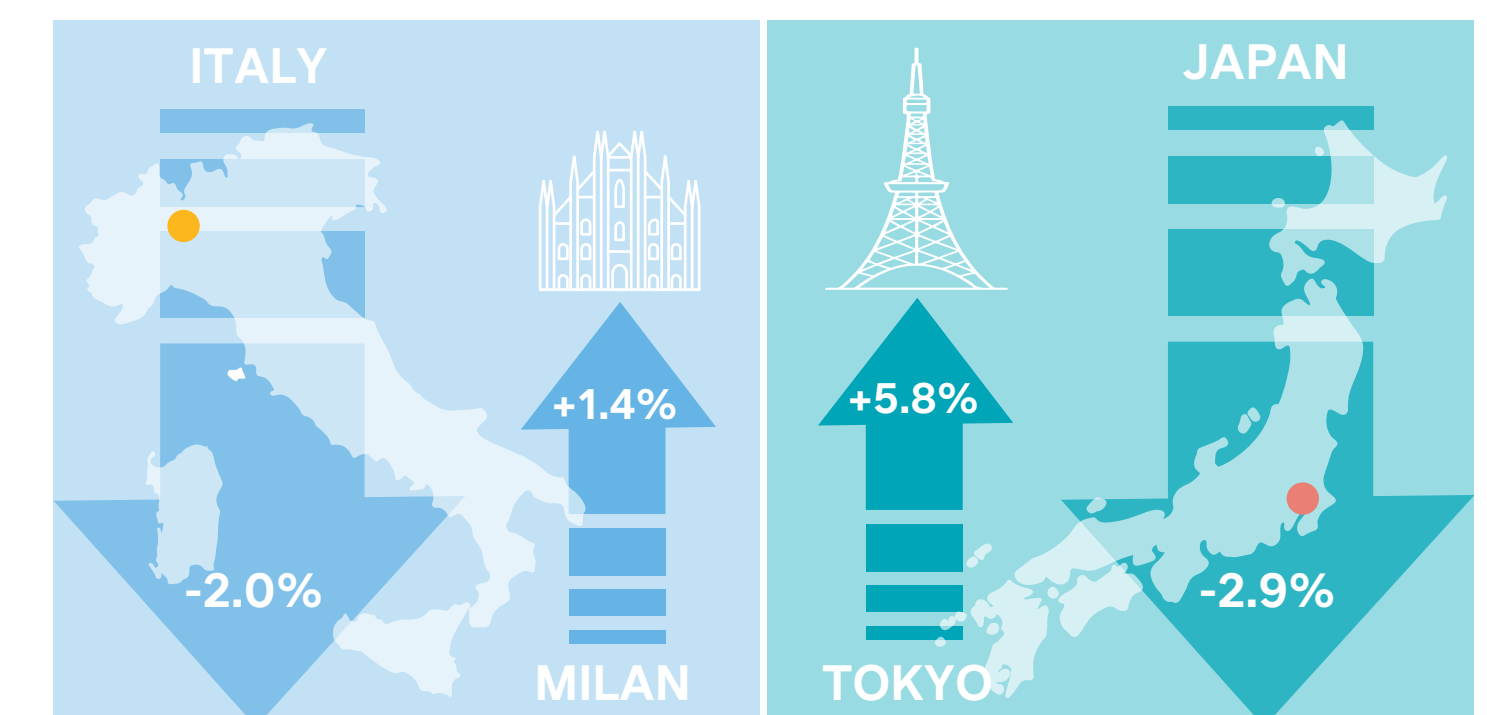
towns and rural areas, while large metropolitan centres continue to attract people through internal migration and, in many cases, international inflows.

Cities act as demographic magnets, offering deeper labour markets, higher education, cultural amenity and more diverse housing and employment opportunities. As populations age and potentially even shrink in a country overall, younger cohorts and migrants tend to cluster in a smaller number of economically dynamic urban centres, leading to divergence between national and city-level population trajectories.

Japan's population for example has been declining for over a decade, yet Tokyo has grown continually over the same period, having seen sustained inflows, particularly of young professionals and students from regional areas even as rural areas become emptier. A similar trend is being seen in Italy, where, despite some wider population reductions in recent years, Milan has continued to grow, supported by its role as a key financial hub. These examples highlight

how urbanisation can intensify even as overall populations contract, reinforcing the long-term economic and real estate significance of large cities despite challenging national demographic trends.

### Milan's and Tokyo's populations have risen despite wider national population decline



Source: Statistics Bureau of Japan, April 2026, Eurostat, Macrobond, May 2026. Notes: Milan refers to the Metropolitan City of Milan and Tokyo refers to Tokyo City. Data covers 2016–2025.

## 3.2 Housing pressure can intensify despite declining populations

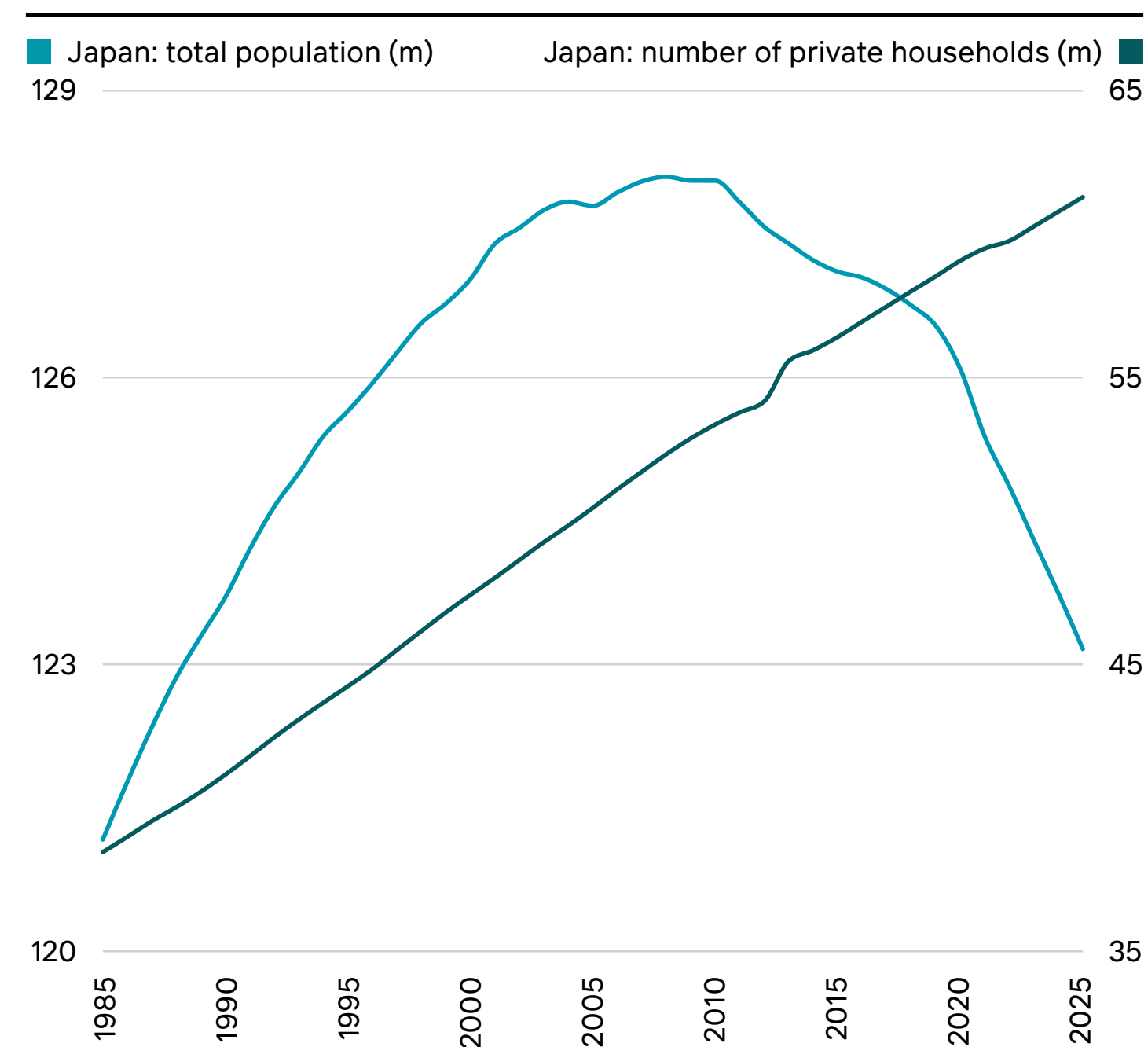
Likewise, ageing populations are often considered a headwind for housing demand. Falling birth rates and a growing share of older cohorts are typically assumed to translate into fewer households and a reduced need for new homes. The reality tells a different story. As populations are ageing more rapidly in structural terms – even as people live longer, healthier lives – conventional assumptions about housing demand warrant closer scrutiny.

Japan, the most advanced ‘super-ageing’ society, with nearly one third of its population aged 65 or older, illustrates how this evolution plays out. Here, a shrinking population has not translated into a shrinking housing need. Between 2000 and 2020, smaller, older households grew at around 2% per annum, rising to account for roughly two thirds of all households in Japan<sup>1</sup>. As a result, underlying demand for housing has continued to expand, even as the overall population has contracted.

<sup>1</sup>Statistics Bureau of Japan, ‘Population Census’, (stat.go.jp), April 2026.

<sup>2</sup>Office for National Statistics, ‘Families and households in the UK: 2025’, (ons.gov.uk), April 2026.

### The number of households in Japan has continued to rise even as the population has shrunk



Source: Statistics Bureau of Japan and Statistics Bureau Home Page, April 2026.

This pattern is also increasingly visible across Europe, where single person elderly households are the fastest growing demographic group. In the UK, for example, the older demographic now makes up almost half of all single person households, a proportion that has increased by nearly 3% in 10 years and will likely rise further<sup>2</sup>. The implication for investors is counterintuitive: fewer people can still mean more homes, provided the stock matches changing needs.

Traditionally, larger urban hubs have proportionately fewer older residents. Often, once the need for proximity to work falls away, so does the need to live in major cities, leading to some retirees swapping urban living for an ‘escape to the country’ or more coastal locations. Yet rising health, longevity and wealth could also reshape this dynamic.

Today’s older cohorts are more active and more socially engaged than those before them and this trend will only strengthen against a backdrop of improved health and wealth in later life. As a result, purely climate-driven or rural

retirement hotspots with limited amenity may no longer hold the same appeal. Quality of life could be increasingly determined by quality of experience: easy access to culture, healthcare, food, green space and social infrastructure may become a key driver of where older generations wish to live.

### 3.3 Location meets longevity and lifestyle

Over 1,500 cities worldwide have joined the World Health Organization's (WHO) Age-Friendly Cities initiative, committing to improvements in accessibility, healthcare, transportation and inclusion for seniors. Seoul and Singapore offer compelling case studies of how dense cities can be redesigned to support active ageing, with investment in walkability, healthcare access, community facilities and green space key to attracting older residents.

Madrid too offers a more organic example, with similar themes giving the city the highest life expectancy across all European municipalities<sup>3</sup>. Together, these case studies can point to a subtle but important evolution: for some older households, retirement could be less about retreating from the city and more about maintaining an active, connected urban lifestyle.

This shift, however, is likely to be selective rather than universal, shaped in part by the higher cost of urban living as well as cultural preferences. For many older households, particularly in the UK and Europe, the pull of urban amenities may not translate into a mass preference for central city living. Cost, space and proximity to family may instead lead many seniors to seek the best of both worlds, targeting suburban and peri-urban areas that ring major cities. This, in turn, has a knock-on effect beyond housing, reshaping demand across the wider real estate ecosystem as it adapts to where and how the older generation chooses to live.

### 3.4 An ageing demographic rewrites spending rules

An older, richer demographic will also redefine spending patterns. Crucially, these consumers do not spend less, they spend differently. At the centre of this shift is the growing scale of the 'silver economy.' Older consumers already account for a rising share of total expenditure; in the UK, their spending is projected to grow from around 54% of total spending in 2018 to 63% by 2040, equivalent to an increase from approximately £319 billion to £550 billion<sup>4</sup>. This is not wealth sitting idle; it will be actively deployed, including across healthcare, personal care, wellness, leisure and everyday services.

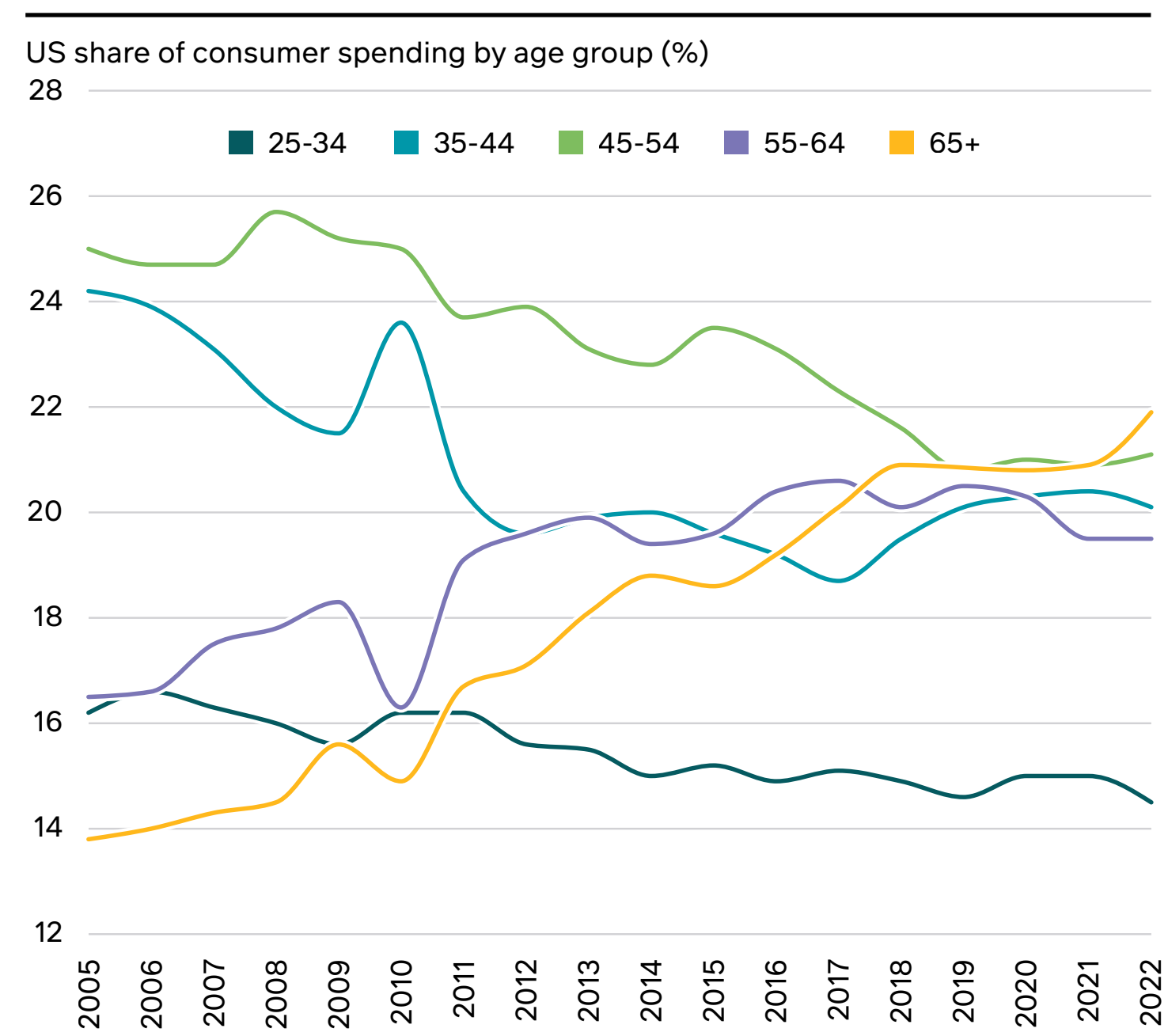
<sup>3</sup> Eurostat, 'Life expectancy by age, sex and NUTS 2 region', (ec.europa.eu), April 2026.

<sup>4</sup> International Longevity Centre, 'Money well spent – Overcoming barriers to spending in later life', (ilcuk.org.uk), June 2023.

Alongside this will come a shift from volume to value. For example, in Great Britain, households aged between 65–74 hold median wealth of approximately £500,000, more than 30 times that of 16–24 year olds<sup>5</sup>, while in the US, the 65+ cohort now accounts for a larger percentage of total expenditure than any other age group.

With larger savings pools and higher disposable income, older consumers are less price-sensitive and more focused on quality, comfort, and experience. As this cohort accumulates wealth and redefines how it spends, demand will likely rotate away from the discretionary towards the essential, the experiential and the service-led, driving a shift in where and what consumption-driven real estate will succeed.

### Older generations hold the greatest proportion of spending power



Source: Wall Street Journal, October 2023.

Healthcare and wellness are perhaps the most structural expression of this shift. Unlike discretionary consumption, spending by older cohorts is largely needs based, recurring and relatively insensitive to economic cycles. In the US, adults aged 65 and over account for approximately 37% of total healthcare spending, despite representing just 17% of the population<sup>6</sup>.

However, this is not solely a story of rising medical costs. Longer, more active lives are broadening the scope of health related consumption, extending beyond treatment into prevention, maintenance and overall wellbeing. Services such as physiotherapy, rehabilitation and diagnostic screening are increasingly viewed as essential components of ageing, rather than optional extras.

The global wellness economy reached a new peak of US\$6.8 trillion in 2024 and is projected to reach US\$9.8 trillion by 2029, with shifting demographics set to underpin significant future growth<sup>7</sup>. For real estate, this creates a demand base that is both structurally large and unusually resilient.

<sup>5</sup> Office for National Statistics, 'Household total wealth in Great Britain: April 2020 to March 2022', (ons.gov.uk), January 2025.

<sup>6</sup> Centers for Medicare & Medicaid Services, 'NHE Fact Sheet', (cms.gov), January 2026.

<sup>7</sup> Global Wellness Institute, '2025 Global Wellness Economy Monitor', (globalwellnessinstitute.org), November 2025.

# 4 Investment opportunities

The key question is how these long-term shifts will translate into real estate outcomes and what they mean for investors in practice. This means understanding how demographic change is supporting new sources of growth, where it is introducing pressure and how portfolios may need to adapt as a result.

## 4.1 Growth opportunity: Medical offices and distributed healthcare delivery

Across developed markets, the response to rising healthcare costs from ageing populations is converging on a common solution: decentralised care delivery. Moving activity out of expensive inpatient hospitals into community-based, outpatient and home settings is both fiscally necessary and clinically viable, enabled by remote monitoring, telehealth and AI-assisted diagnostics. The result is a structural shift away from the traditional hospital-centric model toward a

distributed network of lower-intensity care environments designed for frequent, shorter patient interactions.

For older populations specifically, this shift is reinforced by the nature of the conditions they carry. Cardiovascular disease, diabetes, respiratory conditions and musculoskeletal disorders, the chronic conditions most prevalent in ageing cohorts, are precisely those best suited to outpatient management: recurring, monitoring-led interactions that require clinical-grade facilities but not hospital-level intensity. An ageing population does not simply generate more healthcare demand, it generates a different kind: more continuous, more distributed and more frequent.

In Asia Pacific, the direction of travel is clear even where investment markets remain underdeveloped. A 2025 WHO-commissioned study of long-term care systems across Australia, Japan, South Korea and Singapore<sup>8</sup> found universal government commitment to shifting care away

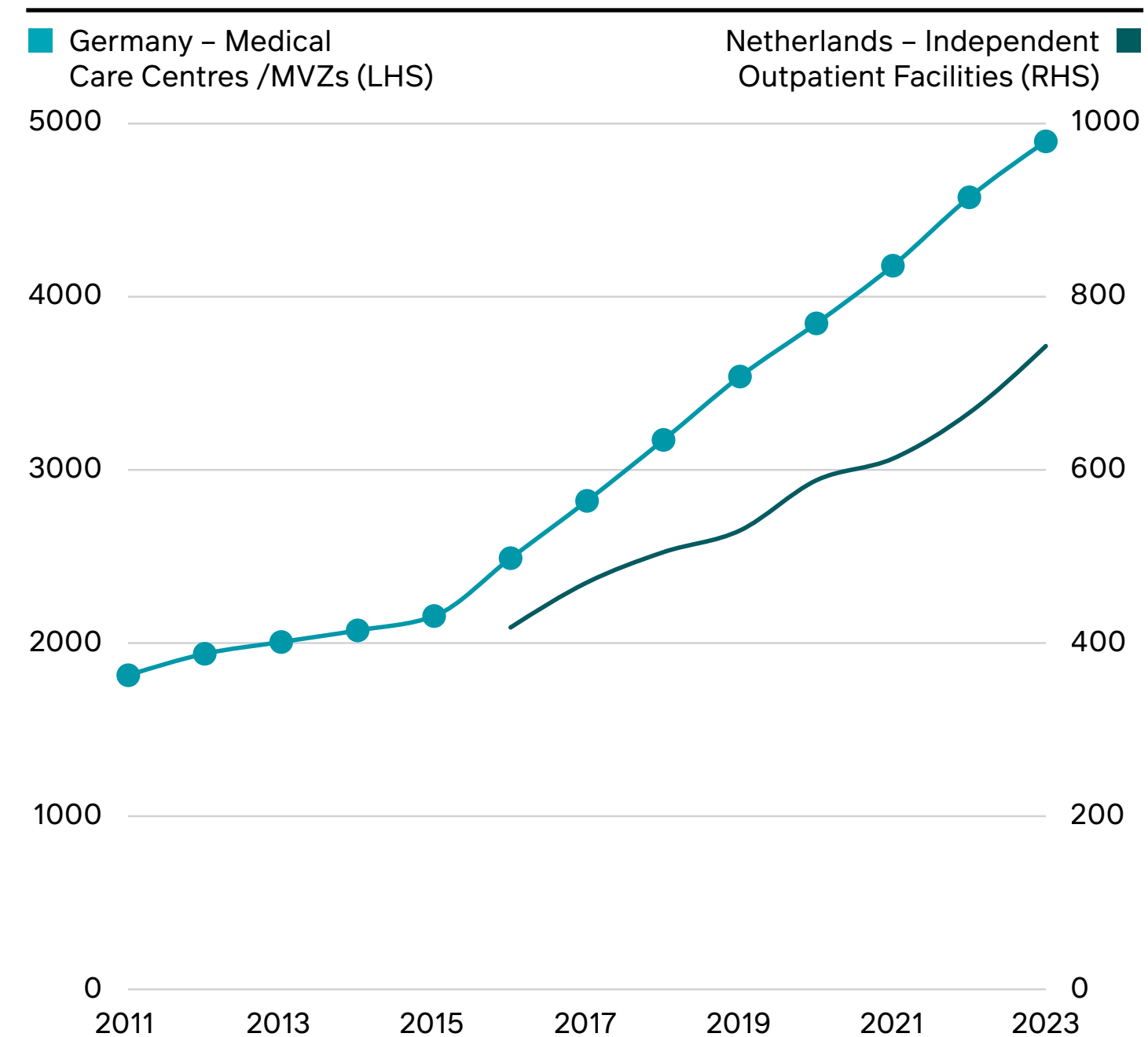
from institutional settings toward community and home-based delivery, driven by the fiscal imperative of managing rapidly ageing populations at lower cost. Japan, Singapore and South Korea have each introduced specific legislative and structural reforms to devolve care delivery into local, outpatient and home-based settings, with funding models increasingly designed to incentivise lower-cost, distributed care.

These developments are structurally supportive of demand growth in the Medical Outpatient Building (MOB) sector, facilities that accommodate outpatient care, diagnostics and specialist services outside of acute hospital settings. In practice, MOBs become the key real estate interface for outpatient services, diagnostics, day treatment and chronic disease management within a distributed care system. From an institutional perspective, they therefore represent the most scalable and investable vehicle through which to access the broader structural shift toward lower-acuity, healthcare delivery.

<sup>8</sup>Dongkyu Lee, Soojung Kim, Soonman Kwon, Sunghun Yun, Mikiko Kanda, Siwon Lee, Nicole Sutton, Paul Ong and Andy Inder, 'Are long-term care systems aligned with person-centred integrated care? Evidence from the Western Pacific', (sciencedirect.com), December 2025.

The US stands as the ready-made example of a scaled, institutionalised medical outpatient building sector, with 1.6 billion square feet of built stock and liquid transaction markets<sup>9</sup>. Elsewhere, development is relatively nascent. Within Europe, markets such as the Netherlands and Germany are currently better aligned with the MOB model, reflecting more decentralised healthcare systems and a clearer separation between healthcare delivery and property ownership<sup>10</sup>. Even so, in markets where investment infrastructure is still nascent, demographic pressures and policy direction suggest a meaningful opportunity for early mover capital.

### The Netherlands and Germany have been witnessing significant growth in outpatient facilities



Source: Savills, December 2025.

Across markets, the repurposing of obsolete, often suburban office and retail stock, represents an underappreciated opportunity within the sector. The locations of structurally vacant assets frequently overlap with the accessible, community based catchments preferred by outpatient operators, allowing investors to address two structural imbalances simultaneously.

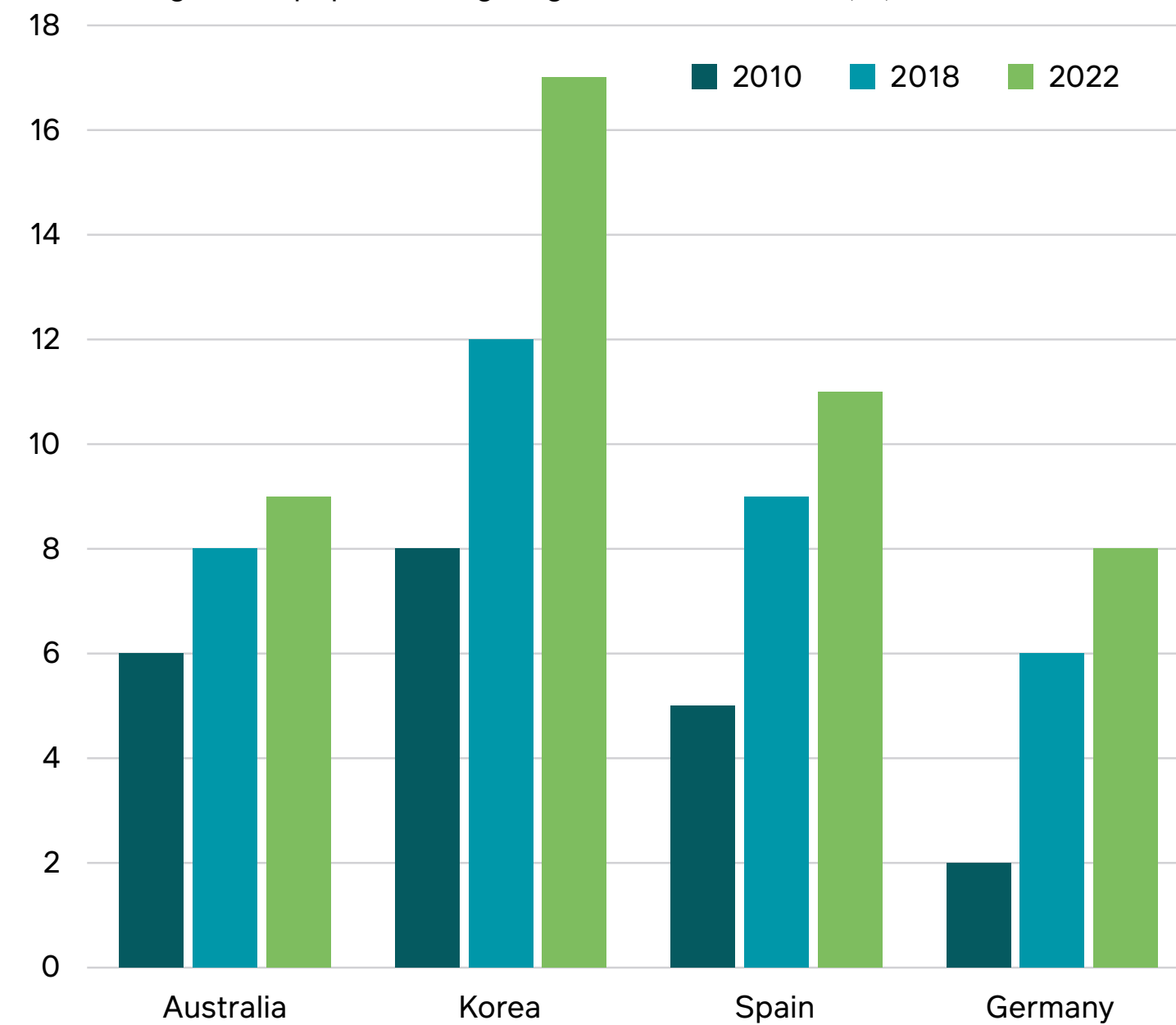
Alongside the growth in outpatient facilities, the home itself is becoming the final node in a distributed care network. The shift to home-based care delivery is already measurable across developed markets in Europe and Asia Pacific, where the share of the 65 and over population receiving long-term care at home is steadily rising.

<sup>9</sup>PwC and Urban Land Institute, 'Emerging Trends in Real Estate® 2026'; (pwc.com), November 2025.

<sup>10</sup>Caryn Donahue, Tom Atherton and Max Eiting, 'Spotlight: European Medical Office Buildings – Q4 2025'; (savills.co.uk), December 2025.

### A growing share of long-term care is being delivered at home

Share of aged 65+ pop. receiving long-term care at home (%)



Source: Organisation for Economic Co-operation and Development, July 2025.

As care delivery scales into the home, the physical characteristics of residential stock – including accessibility, connectivity and design – are becoming clinically relevant specifications, not just lifestyle preferences. Buildings designed or adapted to support this delivery will command a premium not just from owner-occupiers and renters, but increasingly from healthcare operators and insurers seeking suitable stock for home-care delivery. For investors in residential assets, this creates both an opportunity and risk, with the volume of in-home care delivery set to accelerate ahead of any meaningful supply response in accessible, healthcare-residential stock.

Case study:

## NHS Diagnostic Centre in Yeovil, UK

M&G funded the development of a purpose-built community diagnostic centre, let on a 30-year lease to Somerset NHS Foundation Trust, with a nominal £1 buyback at maturity. The facility is designed to shift routine diagnostics out of acute hospitals into community settings, aligning with the NHS strategy to deliver care 'closer to home' and expand diagnostic capacity.

The centre will provide high volume scanning and outpatient services, improving speed of diagnosis while freeing hospital capacity for more complex and acute cases. This reflects broader structural pressures in the UK healthcare system, where demand is increasingly outpacing supply, driven by ageing demographics and rising incidence of long-term conditions.

Local demographics reinforce the investment case. In Yeovil, approximately 25% of the population is aged 65 and above, significantly above the England average of 19%<sup>11</sup>. This older cohort is associated with higher diagnostic utilisation, supporting sustained demand for community-based healthcare services. The scheme therefore offers long-term, quasi-government-backed income underpinned by both policy and demographic tailwinds.

Source: M&G Real Estate.

<sup>11</sup>Office for National Statistics, 'Build a custom area profile', (ons.gov.uk), March 2025.



## 4.2 Growth opportunity: The missing middle of senior housing

As households age, many remain in family homes that were designed for a different stage of life. This has created a growing pool of underoccupied housing that often lacks support for ageing in place, opening up a range of housing investment opportunities that extend beyond seniors to the broader market.

There is a clear and well-publicised need for more senior housing which, historically, has been equated with institutional care. Yet longer lifespans and improving 'healthspans' are shifting the centre of opportunity away from traditional care homes and towards earlier stages of the ageing journey. The most underserved segment could develop in the space between family homes and care facilities, with housing that offers a balance between the two:

purpose-built, accessible homes complemented by shared amenities, social spaces and optional support services that enable residents to live independently for longer.

Australia can provide an early template for the development of independent and assisted living, designed for active older adults who are not yet in need of clinical care. With this kind of real estate space now accommodating more than 5% of its 65 and over population, the country stands out as being relatively mature compared with countries like South Korea and the UK, where comparable supply figures sit at 0.12%<sup>12</sup> and 0.6%<sup>13</sup> respectively. Even where markets are more developed though, current supply lags well behind anticipated need.

Rising wealth and a preference for active, experience led retirement are underpinning demand for care light, amenity rich communities in core urban locations, particularly among affluent seniors seeking to remain in vibrant cities.

Yet investors should also look beyond core city centres to access deep senior demand pools. Well-connected suburbs are also likely to offer significant opportunity sets: areas close enough to major cities to access their social and cultural infrastructure, affordable enough to support viable development, and already home to large concentrations of households approaching retirement.

Providing the right kind of housing that supports both the need for community and an active lifestyle could help shift attitudes among older households, encouraging downsizing and, in turn, enabling the release of family homes that are in short supply for younger generations.

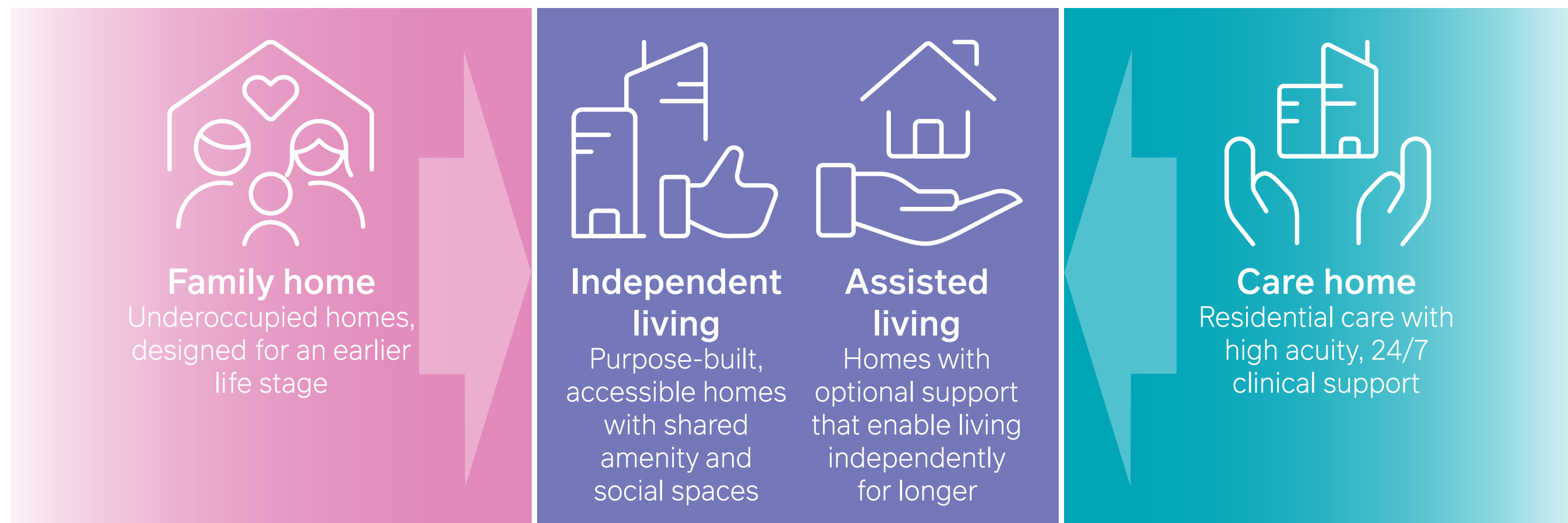
<sup>12</sup> PMA, August 2025.

<sup>13</sup> Samantha Rowland, 'Retirement villages – a growing opportunity for landowners', (rural.struttandparker.com), January 2023.

**The middle ground between family homes and care facilities offers a significant opportunity**



The middle ground between family homes and care facilities offers a significant opportunity



**A growing segment of active, older people will be attracted to independence, connection and choice – not institutional care**

Source: M&G Real Estate, May 2026.

However, even if existing stock were unlocked at any scale, the Japanese experience highlights how having the right kind of stock but in the wrong place can simply exacerbate existing challenges. With one of the world's oldest populations, it now counts over nine million empty homes or 'akiyas'<sup>14</sup>, a figure that continues to rise. However, this surplus has done little to relieve supply pressures in cities like Tokyo or Osaka. Much of the vacant stock sits in rural and semi-rural areas that are unlikely to attract younger households.

Here, demographic decline is not producing housing abundance, it is producing a growing housing mismatch that also needs to be solved. This pattern will likely be replicated in other countries as populations age, and institutional capital has a key part to play in trying to reduce that mismatch by investing into homes across the living spectrum, from modern, well-located multi- and single-family to assisted and independent senior living schemes.

These impacts also go beyond just living. Queensland has emerged as a leading destination for healthy older households within Australia, with strong net in-migration of people aged 65 and over contributing to above average population growth. This cohort has expanded at 3.7% annually, more than double the rate of Queensland's wider population since 2019, with older residents now accounting for more than 1 in 6 people<sup>15</sup>. Comparable dynamics are visible in the US Sun Belt, particularly Florida, where long-established patterns of retiree in-migration<sup>16</sup> have resulted in one of the highest concentrations of older residents nationally<sup>17</sup>. This ultimately reinforces demand not just for housing but across the wider real estate ecosystem, including retail and logistics markets.

<sup>14</sup> CNN.com, 'Akiya houses: Super-aged Japan now has 9 million vacant homes. And that's a problem', May 2024.

<sup>15</sup> Queensland Government Statistics Office, December 2025.

<sup>16</sup> Maya Chari, 'Dozens of questions: Are migrating retirees contributing to rising Sun Belt housing costs?', (apmresearchlab.org), July 2025.

<sup>17</sup> Consumer Affairs, 'Population Over 65 by State', (consumeraffairs.com), March 2025.

Case study:

## Land lease communities in Melbourne, Australia

Australia has one of the most mature and institutionally developed senior living markets globally, with supply concentrated in Queensland and New South Wales.

M&G acquired two land lease communities (LLCs) in the state of Victoria, Melbourne's southeastern growth corridor: Clyde North and Clyde, through a joint venture with Stockland, an Australian developer. These two communities are expected to deliver 573 purpose-built senior-ready homes, developed in stages until 2028.

The properties are within a 1-hour drive of Melbourne's central business district, offering retirees a balance of country style living and an independent, community-oriented lifestyle with easy access to high quality recreational facilities.

Source: M&G Real Estate.



## Case study:

# Senior living in Erftstadt, Germany

Germany is one of Europe's oldest and fastest ageing economies, with nearly a quarter of its population aged over 65. Combined with a relatively high share of senior renters of around 50%<sup>18</sup> and a more mature operator landscape, this makes it a compelling market for senior living investment across our European strategies.

M&G purchased its first senior living property in the town of Erftstadt in 2025 – a newly built 163 apartment scheme let on a long-term lease to an operator.

The property is within easy access to the larger cities of Cologne and Bonn and reflects the living preferences of local seniors, who value space and greenery without sacrificing social connections and cultural amenities. The local area is home to over 105,000 seniors and is expected

to grow by over 14% over the next decade, marginally faster than the national average<sup>19, 20</sup>. This is driven by both locals ageing in place as well as steady inbound retiree migration of 1,200–1,500 people per year<sup>21</sup>.

While demand is growing, the regional provision rate in North Rhine Westphalia remains around 21 units per 1,000 people aged 70 and over, creating a clear supply and demand imbalance<sup>22, 23</sup>. This has allowed the asset to benefit from the overweight of tenant demand and showcase high occupancy levels, even in its first year of operation.

Source: M&G Real Estate.

<sup>18</sup> Eurostat, 'Distribution of population by tenure status, type of household and income group', (ec.europa.eu), May 2026.

<sup>19</sup> Statistische Ämter des Bundes und der Länder, 'Population by sex and age groups', (regionalstatistik.de), December 2024.

<sup>20</sup> German Federal Statistical Office, 'Population: Federal states, reference date, age in years', (genesis.destatis.de), December 2024.

<sup>21</sup> Statistische Ämter des Bundes und der Länder, 'Migration (across municipal boundaries) by gender and age group – annual total – regional depth: districts and independent cities', (regionalstatistik.de), December 2024.

<sup>22</sup> Pflegemarkt, 'Market leaders in assisted living – The leading providers in the German states', (pfllegemarkt.com), February 2026.

<sup>23</sup> German Federal Statistical Office, 'Population: Federal states, reference date, age in years', (genesis.destatis.de), December 2024.



### 4.3 Growth opportunity: Supporting the silver traveller

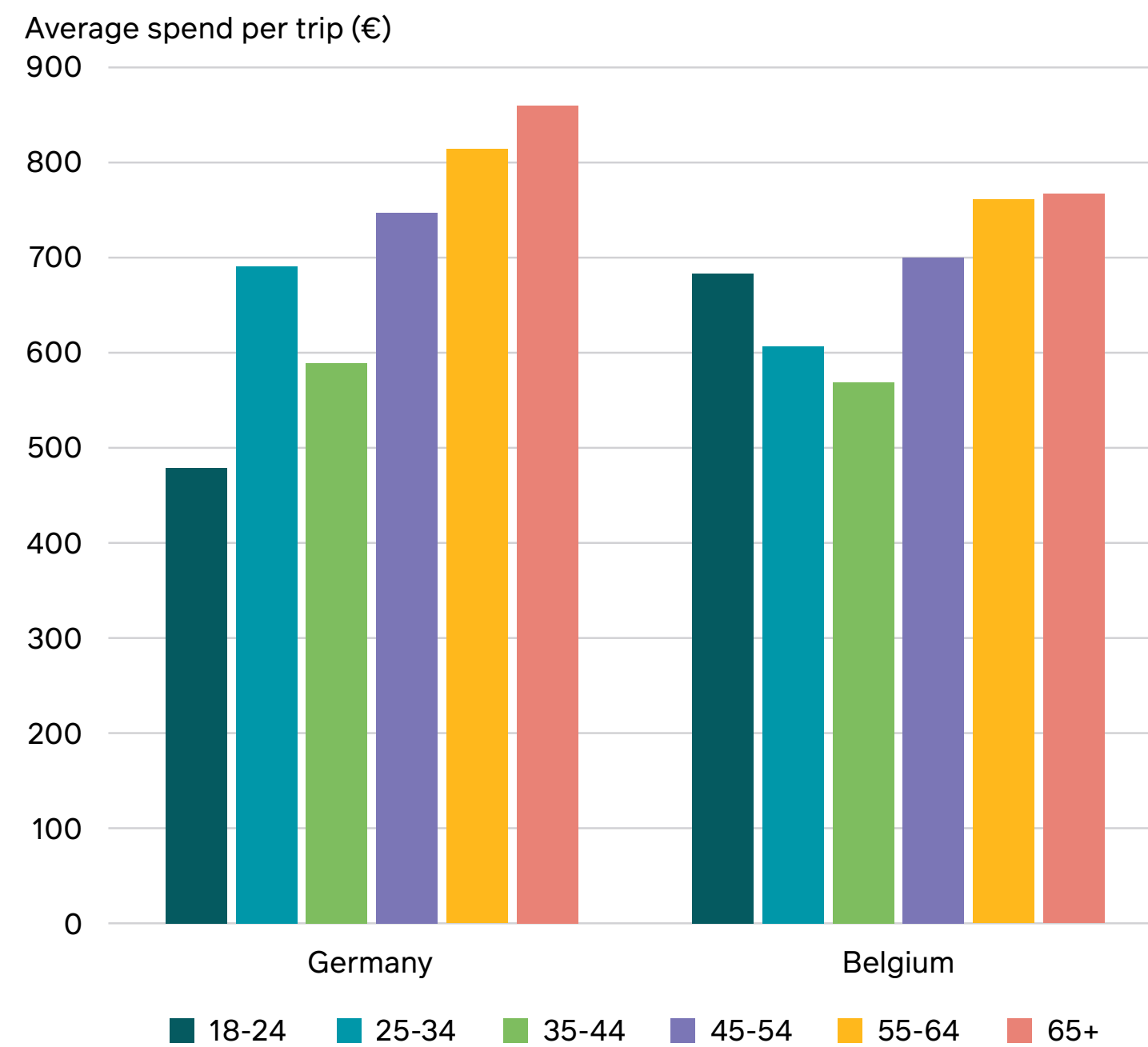
Ageing populations will transform leisure and hospitality from a sector defined by seasonal peaks and volume-driven growth, into one increasingly supported by year-round high-value demand. Over 65s sitting on a lifetime of accumulated wealth show no signs of withdrawing from the economy. How and where they choose to deploy it will be one of the most significant drivers of consumer spending over the next two decades.

Travel and tourism will likely be one of the biggest beneficiaries of this shift in spending power. Historically, one of the sector's most persistent challenges has been seasonality, but older travellers are not bound by school holidays or the rhythms of the working week. As this cohort grows in size and influence, demand will become more evenly spread, reducing volatility and supporting more stable occupancy and revenue profiles year-round.

Larger savings pools and higher disposable income will also mean older consumers are less price-sensitive and more focused on quality, comfort and experience. This will translate into higher spend per stay, greater use of on-site amenities, and stronger demand for upper mid-scale and luxury formats, as this cohort trades up in ways that many younger travellers simply cannot afford. In China, the silver traveller already spends 30% more than the average tourist, with a clear preference for higher-end hotel formats, an early indication that this is likely to play out across other markets as wealth continues to concentrate in older cohorts<sup>24</sup>. With greater spending power and more years of healthy, active life ahead of them, this cohort will likely favour premium hotel formats that blur the boundaries between hospitality, wellness and healthcare.

<sup>24</sup>Bethanie Ryder, 'China's 'silver hair' travel opportunity', (jingdaily.com), January 2025.

### Older cohorts often spend more when travelling



Source: Radical Storage, February 2026.

For investors, the silver traveller represents a structural shift in how and where hospitality demand is generated, rather than a passing niche trend. A significant opportunity is the structural growth of domestic travel, as older consumers bring greater frequency, higher spend and more flexible timing to easy-to-reach locations. Traditional resort or coastal holiday spots will likely continue to thrive but cities that serve as cultural or ‘experience’ hubs will also see stronger – and weather-agnostic – year-round demand, supporting a growing opportunity for hotels across a broad range of locations.

Case study:

## The Store, a boutique hotel in Oxford, UK

The Store is a 101-key luxury boutique hotel in the heart of Oxford city centre, positioned to capture both domestic and international leisure demand drawn by Oxford's cultural and academic heritage. Its central location and high quality amenity offering support premium pricing, enabling it to achieve revenue per available room levels close to double the Oxford market average.

The Store's premium positioning, anchored by its spa and strong food and beverage offering, combined with Oxford's heritage-led appeal, aligns closely with the 'silver traveller' demand, where comfort, experience and amenity rich stays are prioritised, reinforcing its appeal to an older demographic.

Source: M&G Real Estate.

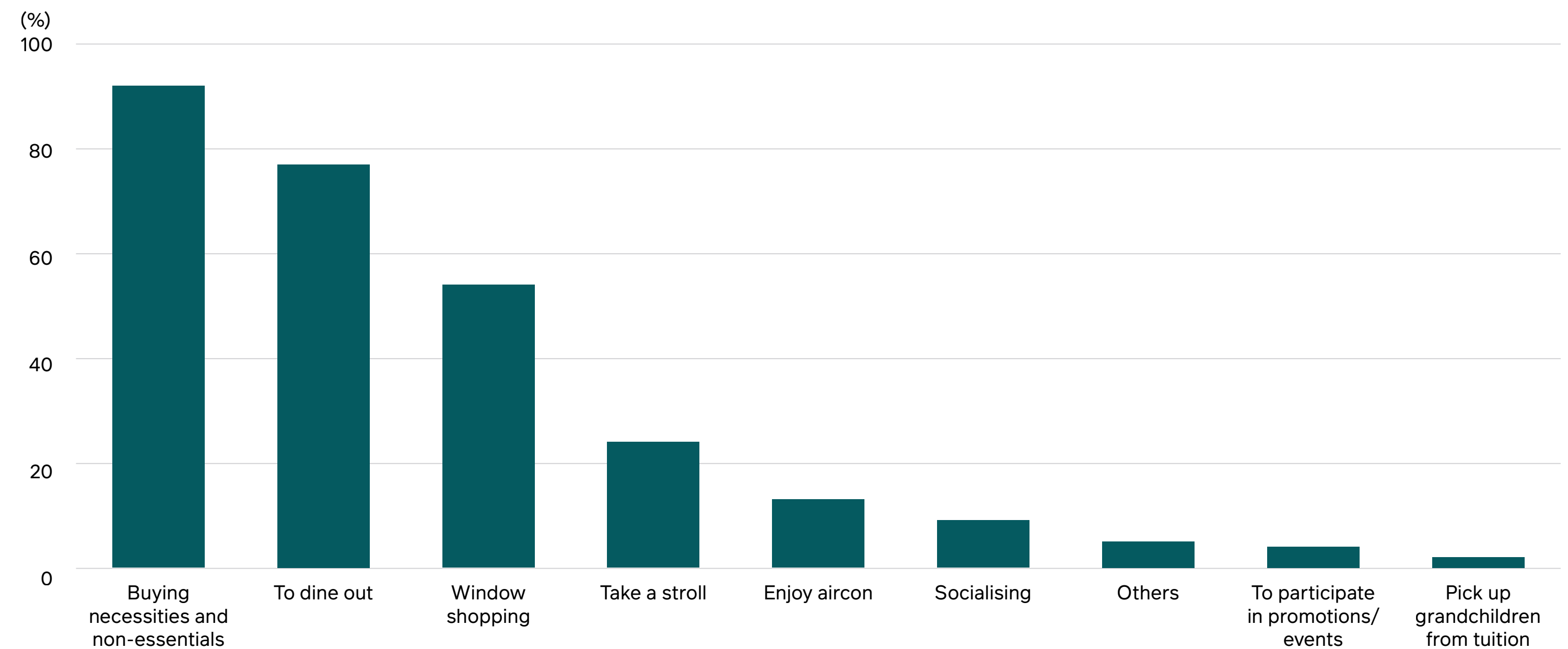


## 4.4 Growth opportunity: Retail – the end of ‘trend’ and the return of need

Population ageing will also act to reallocate broader consumption trends, redirecting demand towards service-led, health-oriented and everyday needs-based categories and away from trend-led discretionary goods. Rather than a story of retail decline, this suggests further reinvention, where the type, location and purpose of retail space will need to evolve to reflect new patterns of spending.

An older demographic likely means an accelerating shift away from fast fashion, high-turnover discretionary goods and youth-oriented formats, towards categories that require physical presence, regular visits and accessible locations.

### Seniors in Singapore are visiting malls for a lot more than just shopping



Source: Frasers Property and Singapore Management University, April 2026.

This will be clearly visible across the high street, shopping centres and retail parks. As spending rotates toward health, wellness and everyday services, the tenant mix will follow. Shopping centres will evolve into multi-functional buildings anchored by healthcare, dining, and community-focused uses, moving beyond being places that older consumers visit simply for spending convenience. This is already beginning to play out. In Singapore, for example, older residents are increasingly using suburban malls as community anchors – visiting daily to meet friends, dine and maintain routines that keep them socially connected, rather than focusing purely on shopping<sup>25</sup>.

Retail parks, with their ease of access and simple layouts, are naturally aligned with the needs of this cohort. GP surgeries, diagnostic centres and health-focused retail will become core components of this format's offerings alongside traditional occupiers, generating footfall that is consistent, recurring and far less exposed to the cyclical pressures that have weighed on traditional retail.

The consequences will extend beyond these formats. In the EU, internet usage for buying goods or services has risen for 65–74 year olds, from 47% in 2015 to 55% in 2025<sup>26</sup>. As this cohort becomes more comfortable shopping online (and more digitally-fluent generations age into it), demand for home delivery will grow, ranging from food and groceries to medical supplies and prescription medicines. This will

quietly but directly drive demand for last-mile logistics and cold-storage facilities, as delivery networks expand to meet the needs of an older population. With longer, healthier lifespans deepening this trend, the 65 and over cohort represents not just a retail story, but a broader investment case also spanning urban logistics and the supply chains built around them.

Not all retail will benefit equally from this shift, and the gap between winners and losers is likely to widen. As older consumers gravitate towards locations that offer accessibility, convenience and a high quality of life, well-connected suburban areas around major cities are likely to become the primary beneficiaries of this demand.

<sup>25</sup> Frasers Property and Singapore Management University, 'Frasers Property SMU study finds suburban malls play growing social role in seniors' daily lives', (frasersproperty.com), April 2026.

<sup>26</sup> Eurostat, 'E-commerce statistics for individuals', (ec.europa.eu), February 2026.

Case study:

## Compass One, Singapore suburban retail mall

Compass One, an established retail mall in Singapore is located in a densely populated residential suburb, directly integrated with a train station and close to a community centre and regional hospital.

The asset demonstrates the power of non-discretionary retail – the mall attracts close to 2 million visits a month with shoppers using the centre once to twice a week for daily essentials, casual dining and groceries. As the surrounding population ages, more seating has been introduced across common areas, and plans are underway to designate the customer service counter as a Dementia Go-To Point, providing a safe and supportive space for individuals living with dementia.

Source: M&G Real Estate.



# 5 Sector challenges

While there are undoubtedly growth opportunities within real estate that arise through these demographic trends, some sectors are likely to see some headwinds as a result. Here it is a question of how to ensure resilience against new challenges. As recent experience from office and retail highlights, structural headwinds tend to manifest unevenly, reinforcing that outcomes are driven less by sector labels and more by the right assets within them.

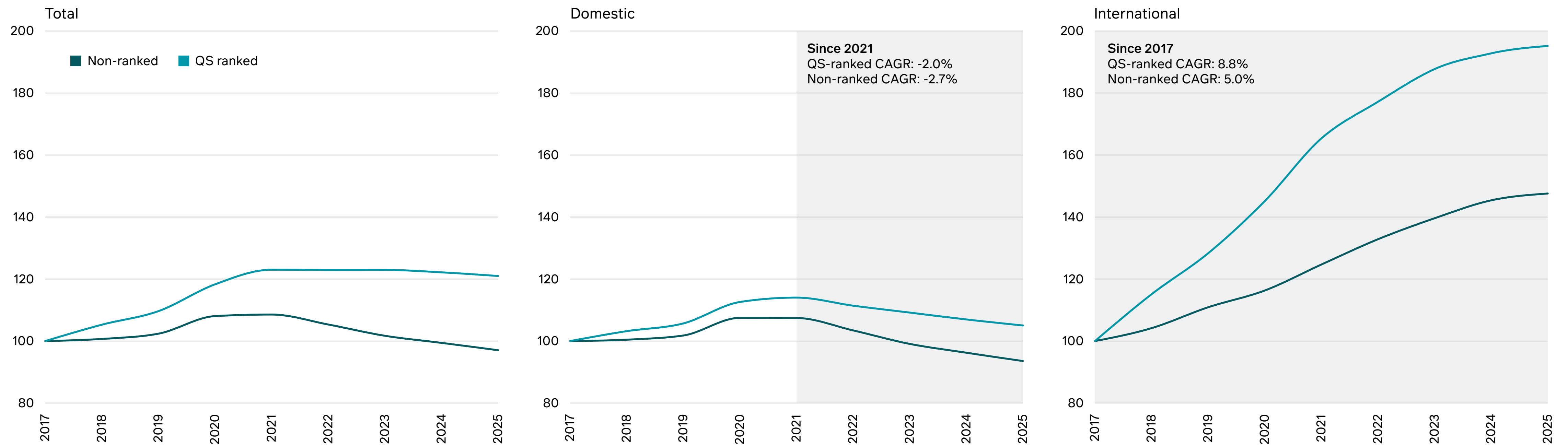
## 5.1 Potentially smaller student populations mean greater nuance for student housing

The purpose-built student accommodation (PBSA) sector has benefitted significantly from a rising tide of rapid internationalisation of student demand, alongside supportive domestic demographics in recent years. However, growing competition for students is set to become a defining feature of the sector, driving polarisation across cities and institutions.

Low birth rates in developed markets have clear implications for the future size of university age cohorts. The experience of the Netherlands illustrates how this dynamic is likely to unfold. As cohort growth has stalled and begun to reverse, domestic student numbers have declined across both QS-ranked and non-ranked institutions<sup>27</sup> but the divergence between them has widened. QS-ranked universities have demonstrated greater resilience, retaining domestic students more effectively while additionally capturing a disproportionate share of growth in international demand.

<sup>27</sup> QS being a widely used global league table that ranks universities on factors like academic reputation, research quality and graduate outcomes.

### QS-ranked universities in Netherlands outperform as domestic cohorts shrink



Source: Top Universities, June 2025. Note: Student numbers indexed (2017 = 100).

Looking forward, reliance on international demand introduces its own set of risks. Some major sender markets, such as China and India, continue to see growth in their emerging wealthy middle class but, like developed economies, they also face less supportive demographics than in the past. In this context, global competition for internationally mobile students is set to intensify, with a broader range of destinations actively targeting this cohort through visa policy, post-study work rights and institutional investment.

The long-term implications for PBSA investors are clear. Demand is likely to concentrate further around universities with established international reputations, reinforcing their ability to attract and retain students across cycles. This implies a continued premium for assets aligned to high-ranking institutions and globally competitive cities, while exposure to domestically-oriented markets linked to less prestigious institutions may carry elevated demand risk.

## 5.2 Office markets face growing competition to attract talent

Ageing populations are often framed primarily as a drag on labour supply. For real estate, however, the more relevant implication is the growing divergence between cities able to attract and retain workers and those facing structural labour shortages. As domestic working age populations stagnate, migration is likely to become an increasingly decisive factor underpinning urban economic growth and, by extension, office demand.

This dynamic is set to intensify competition between cities for globally mobile talent. The UK's Graduate Route visa, which allows international students to remain and work in the country for at least 18 months after completing their studies, illustrates how a strong higher education sector can function as a pipeline into the labour market – converting student demand into skilled workforce supply

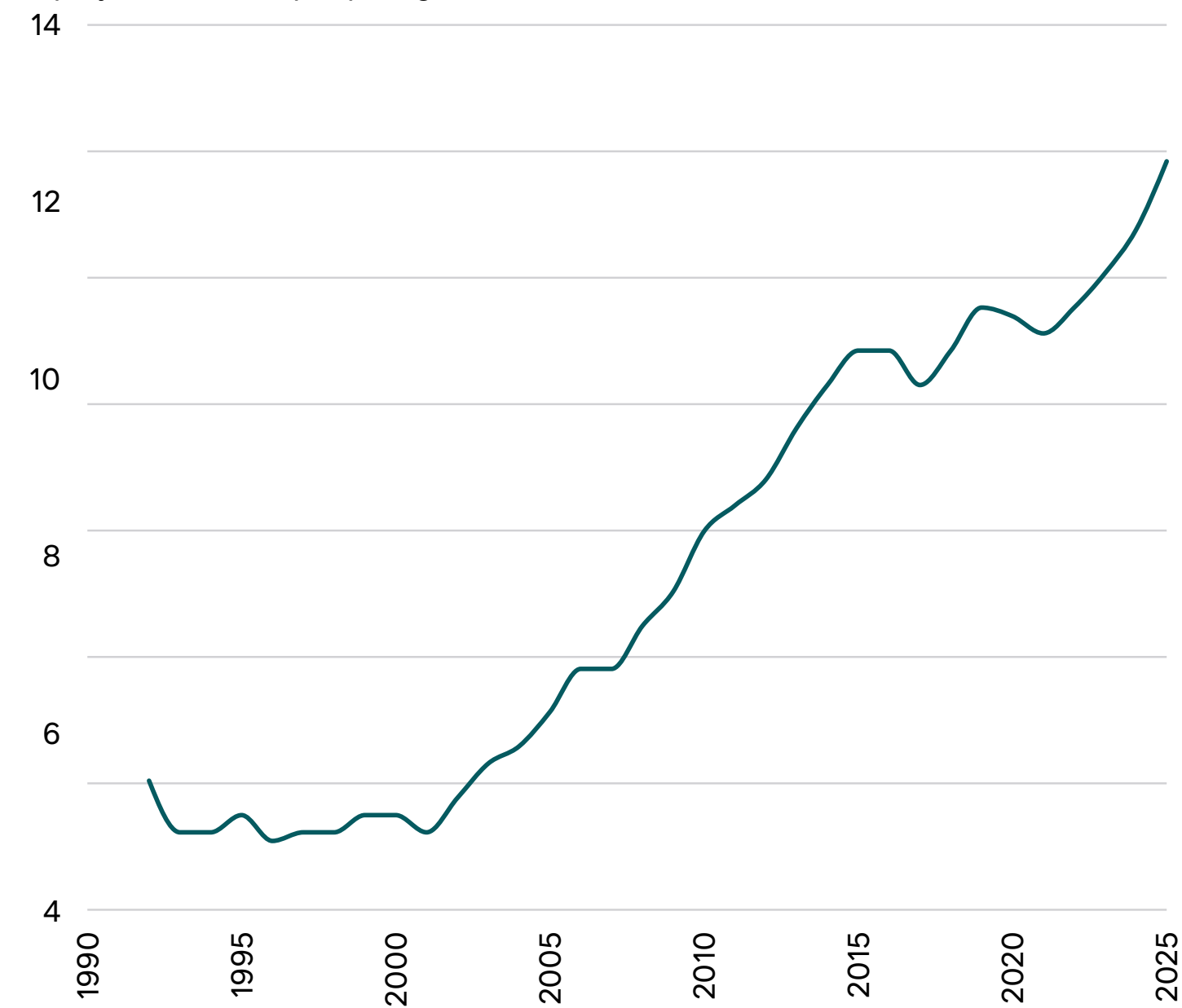
and reinforcing the UK's position as a destination for a shrinking pool of mobile talent.

Singapore provides a further example of a proactive response. Confronted with acute demographic constraints, the city-state has increasingly treated immigration policy as a form of economic infrastructure, operating a tiered system designed to attract both highly skilled and mid-skilled workers. Plans to expand citizenship approvals underscore a strategic focus not only on attracting labour, but on strengthening the long-term demographic and tax base<sup>28</sup>. For office markets, this points to continued polarisation in favour of globally connected knowledge hubs able to sustain labour force growth.

<sup>28</sup> Theresa Tan, Chin Soo Fang and Megan Wee, 'More new citizens for a baby-scarce S'pore: Can integration into society balance rising immigration?', (straitstimes.com), March 2026.

### **Rising life- and healthspans are driving increased labour market participation for the silver generation**

Employment rate of people aged 65+ (UK)



Source: Office for National Statistics, June 2026.

This concentration effect is reinforced by changing workforce participation among older cohorts. Longer healthspans are extending labour force participation, particularly in senior, advisory and client-facing roles that are least exposed to automation. These occupations remain disproportionately concentrated within major business districts and established knowledge clusters, where proximity to clients, networks and decision-makers retains significant value. As a result, ageing workforces are unlikely to disperse office demand geographically. Instead, they may further reinforce the dominance of globally-connected urban centres able to attract both skilled migrants and experienced knowledge workers.

# 6 Conclusion

Demographic change is not eroding real estate demand. It is reshaping where it sits, how it is generated and which assets capture it, creating a more selective market defined by alignment to older, wealthier and more service-oriented consumers.

The opportunity set spans the full real estate ecosystem. Healthcare is shifting out of hospitals into community and home-based settings, driving demand for medical outpatient buildings, diagnostics and care-enabled homes. In housing, the most significant gap lies in the 'missing middle' of senior living, alongside a broader need to adapt existing residential stock to support ageing in place.

Consumption-led sectors are also being reshaped. The rise of the 'silver traveller' is supporting higher spend and less seasonal demand in hospitality, while retail is rotating towards essential, service-led and health-oriented uses, reinforcing suburban centres and retail parks as community anchors. This is also feeding through into logistics, as more frequent, needs-based consumption drives last-mile demand.

Across these themes, the defining feature is bifurcation. Demand is becoming more stable and recurring, but also more targeted, widening the gap between assets aligned to ageing-driven demand and those that are not. The risk is not a lack of demand, but exposure to the wrong formats, locations or use cases.

For investors, we believe this reinforces the case for following the 'old money', allocating capital towards ageing growth sectors such as senior living, healthcare and wellness, and needs-based retail, while remaining selective elsewhere. Strategies that anticipate these shifts will be best placed, in our opinion, to capture durable, long-term value.

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