



RESEARCH INSTITUTE FOR HOUSING AMERICA **SPECIAL REPORT**

# Who Will Buy the Baby Boomers' Homes When They Leave Them?

## An Update

**Population Aging, Mortality, and the Future Housing Market**

Gary V. Engelhardt  
Syracuse University

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Special Report Prepared for  
Mortgage Bankers Association

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# About the Author

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Dr. Engelhardt's specialties are in the economics of aging, household saving, pensions, Social Security, taxation, and housing markets. His current research focuses on three areas: the impact of the COVID-19 pandemic on housing markets; the impact of population aging on housing markets; and the evaluation of field experiments in household saving and financial behavior. He is an editor of the *Journal of Pension Economics and Finance*, and teaches graduate and undergraduate courses in public economics, applied econometrics, and program evaluation.

His work and commentary have been featured nationally, including in *The Wall Street Journal*, *Forbes*, *New York Times*, *Washington Post*, *Chicago Tribune*, *Los Angeles Times*, *USA Today*, *Yahoo News*, *Fox News*, *CNBC*, *MSNBC*, *C-SPAN*, National Public Radio's *Morning Edition*, and American Public Media's *Marketplace*.

# Table of Contents

Introduction and Summary . . . . .	1
What Changed Between 2015 and 2020? . . . . .	3
Implications and Caveats . . . . .	5
Appendix . . . . .	7

## List of Figures

Figure 1.	Projected Excess Supply of Housing from the Aging and Death of Owner-Occupiers who are 50 and Older . . . . .	1
Figure 2.	Actual and Projected Aggregate Annual Total Deaths for Persons 50 and Older in 1996–2035 . . . . .	3
Figure 3.	Total Deaths by Age for Persons 50 and Older for Selected Years . . . . .	3
Figure 4.	Age Profile of Homeownership in the HRS . . . . .	4
Figure 5.	Cumulative Additional Owners by Age from Changes in the Homeownership Rate . . . . .	4
Figure 6.	Actual Aggregate Total Deaths and Deaths by Home Disposition for Persons 50 and Older in 1996–2022 . . . . .	4
Figure 7.	Supply of Homes to the Market by Source for Homeowners with Head Ages 50 and Older, Projected for 2025–2035 . . . . .	5
Figure 8.	Real House Price Index Since 2014 . . . . .	5
Figure 9.	Total Demand by Age for Homes Supplied to the Market by Homeowners Aged 50 and Older, Projected for 2025–2035 . . . . .	5

## List of Tables

Table 1.	Data Sources Used in the Original and Updated Analyses . . . . .	7
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# Introduction and Summary

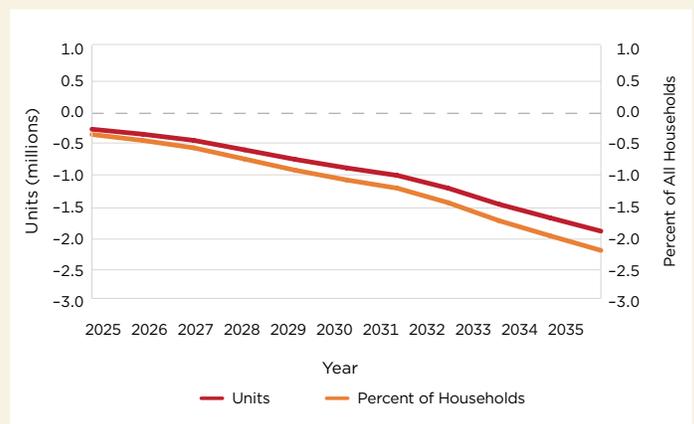
America is growing older, driven by the Baby Boomers. As of 2022, Boomer homeowners numbered 32 million and represented almost 41% of all homeowners. The aging and eventual death of such a large population group may have an important impact on the future housing market, because listings by older homeowners are an important source of supply of existing homes for sale. The possibility that this floods the market and substantially depresses house price growth and new construction has generated considerable interest in the mortgage and housing industries, as well as the popular press.

This short article updates the analysis and findings from *Who Will Buy the Baby Boomers' Homes When They Leave Them? Population Aging, Mortality, and the Future of the Housing Market*, commissioned in 2022 by the Research Institute for Housing America to examine the extent to which this demographic shift may affect the demand and supply of homes for sale by “older Americans,” defined as individuals and households with heads who are 50 and older.<sup>1</sup> The original analysis used a vast array of data on housing, aging, and mortality up through 2015–2016 from the decennial censuses, American Community Survey (ACS), Health and Retirement Study (HRS), American Housing Survey (AHS), and the universe of deaths from the Center for Disease Control’s Vital Statistics program, as well as projections of future population growth and mortality from the Social Security Administration (SSA) Office of the Chief Actuary.

There were two conclusions. First, based purely on changing demographics, over the next decade there was projected to be a modest amount of excess supply of homes for sale as older homeowners age and die — around a quarter million units annually. Second, housing supply and demand shifts from changing demographics are slow moving and highly predictable, which suggests that there would not be measurable effects on house price growth from population aging and mortality. Subsequent data releases now allow for an updated look at this demographic transition, using

1. The 2022 report is available at: [https://www.mba.org/docs/default-source/uploadedfiles/research/riha/23976\\_research\\_riha\\_silver\\_tsunami\\_report\\_wb.pdf?sfvrsn=cc034199\\_1](https://www.mba.org/docs/default-source/uploadedfiles/research/riha/23976_research_riha_silver_tsunami_report_wb.pdf?sfvrsn=cc034199_1)

**Figure 1. Projected Excess Supply of Housing from the Aging and Death of Owner-Occupiers Who Are 50 and Older**



an additional five years of data, up through 2020–2021. The appendix describes the data sources used in the original and updated analyses, respectively.

A key takeaway from the updated analysis is depicted in Figure 1. The dark red line shows the updated projected excess supply of homes for sale as older homeowners age and die over the next decade. This is based purely on homeownership rates, demographics, patterns of demand and supply in 2020–2021, after having accounted for the impact of the pandemic, as well as projections from 2024 of future population and mortality. Based on that information, it is forecast that over the next decade there will be negative



excess supply of homes for sale (i.e., excess demand) as older homeowners age and die — beginning around a quarter million units annually. This demographically driven mismatch of supply and demand will grow over the next decade. The orange line shows the same calculation measured in terms of households, rather than units. Overall, there will be no demographic dividend to the net supply of existing homes.

The principal reason for these new findings is as follows. Since 2015, there has been a sizable increase in the homeownership rate among those 70 and older. This, combined with a larger base of older Americans from the aging of the Baby

Boomers, has led to a greater number of existing homes held onto longer. In contrast, pre-2015 homeownership patterns would have predicted that these homes would have been sold. So, older Americans are holding onto their homes longer, and there are more of them. While this will raise the supply of existing homes to the market more in the out years, it creates unmet demand now and allows more time for long-run demographic trends that are favorable to demand to take hold. On net, the demand-side factors will dominate over the next decade, leading to demographically driven excess demand for homes currently owned by older Americans.

# What Changed Between 2015 and 2020?

The excess supply in Figure 1 is the difference between two calculations: 1) the projected supply of homes for sale as older homeowners age and die; and 2) the projected demand for those homes by households of all ages. For the latter, based on new data from the 2021 American Housing Survey, there were no significant shifts in the age composition of the demand for existing homes, even after accounting for the impact of the pandemic on overall housing activity in the 2020–2021 period.

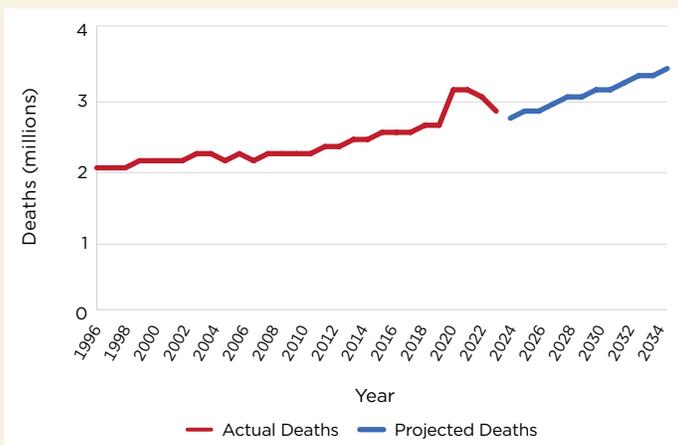
For the former, there were some important changes. Supply is a function of population mortality, the homeownership rate, cohort size, and the manner that older homeowners dispose of their housing assets as the age and die. Figure 2 shows the time-series of annual aggregate actual and projected deaths. The latter are based on the Social Security Administration’s 2024 mortality projections. Prior to the COVID pandemic, there were about 2.5 million deaths in 2019 among people 50 and older (regardless of housing tenure status). Although the increase in mortality from COVID is

clear in the notch in the figure, mortality is expected to revert to its long-term trend now that infections from the novel coronavirus are in their endemic stage.

In fact, based on preliminary data from the Centers for Disease Control and Prevention (CDC) for 2023, the age profile of deaths has settled back into its pre-pandemic pattern.

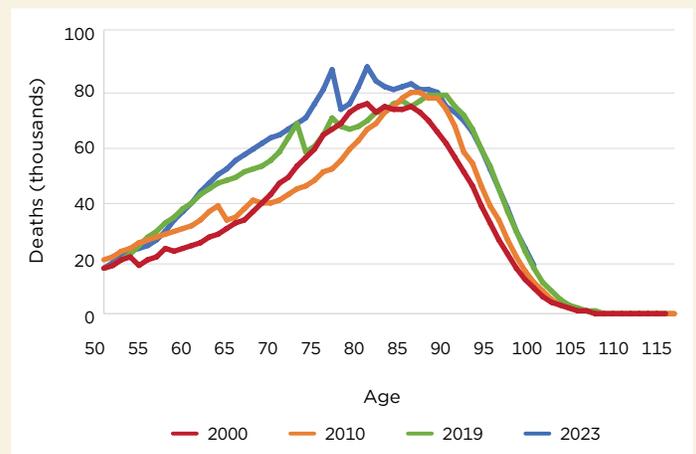
This is illustrated in Figure 3, where the blue line for 2023 is essentially the 2019 age profile shifted to the right by four years (and upward due to slightly larger cohort size).

**Figure 2. Actual and Projected Aggregate Annual Total Deaths for Persons 50 and Older in 1996–2035**



**Note:** Deaths after 2023 are based on SSA population and mortality projections

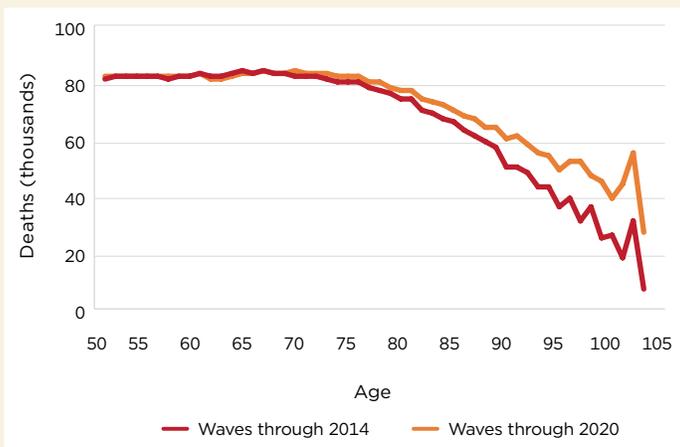
**Figure 3. Total Deaths by Age for Persons 50 and Older for Selected Years**



**Source:** Vital Statistics

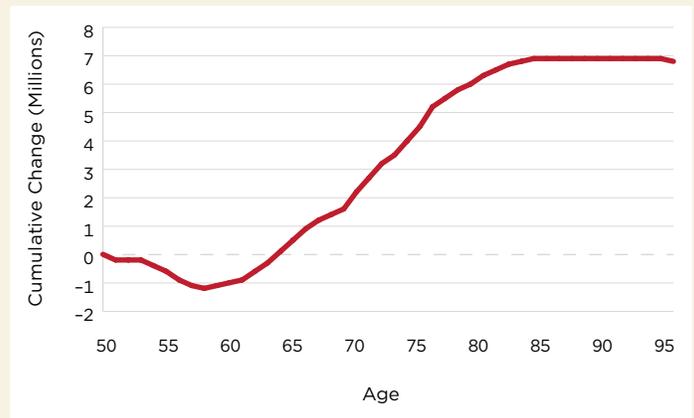
The most important change in the 2015–2020 period was a sizable increase in the homeownership rate among older Americans. This is illustrated in Figure 4. The red line shows the long-run age profile of homeownership using the Health and Retirement Study (HRS) through the 2014 wave (conducted in 2014–15 period). This profile was used in the original analysis. The orange line shows the age profile updated through the 2020 wave (conducted in 2020–21). For Americans 75 and older, there was a significant increase in the homeownership rate in this period, one that grew with age. This pattern is also apparent in American Community Survey (ACS) data up through 2022.

**Figure 4. Age Profile of Homeownership in the HRS**



Furthermore, this change in the homeownership rate was concurrent with a larger base of Boomers at older ages. The combination of the increased rate and base is shown in Figure 5. In particular, it shows the cumulative number of additional homeowners by age between 2015 and 2022 using the ACS. From age 50 to 65, the number of owners decreased then rebounded, as homeownership rates for these ages were slightly lower in 2022 than in 2015. After 65, homeownership rates are higher in 2022 relative to 2015, also shown by the gap in the two lines in Figure 4. The increase in ownership rate combined with a higher base of 65–70-year-olds in 2022 means that there were almost 2 million more homeowners 70 and younger in 2022 than in 2015. As the gap in ownership rates in Figure 4 widens after age 70, the cumulative number of additional owners in Figure 5 rapidly increases to a peak of about 7 million more by age 85.

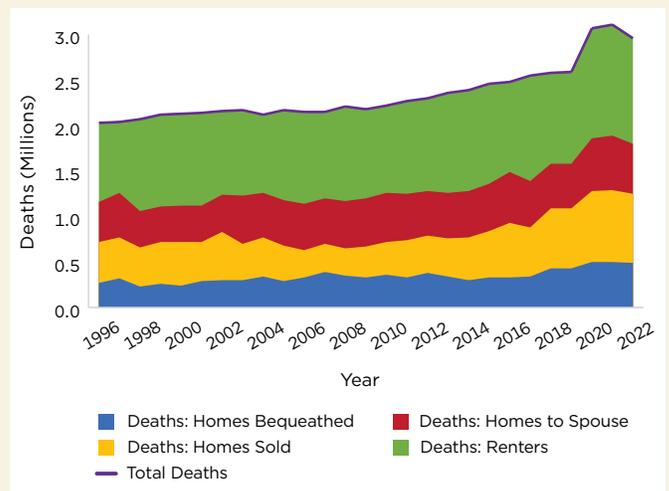
**Figure 5. Cumulative Additional Owners by Age from Changes in the Homeownership Rate**



Note: Based on the 2015 and 2022 American Community Surveys

Finally, as Figure 6 shows, there has been no significant compositional shift in the disposition of owner-occupied housing upon death through the first three years of the pandemic.

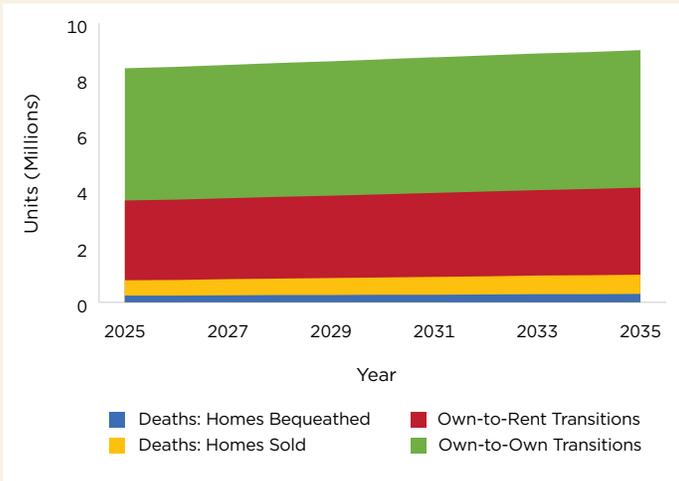
**Figure 6. Actual Aggregate Total Deaths and Deaths by Home Disposition for Persons 50 and Older in 1996–2022**



Source: Author's calculations from HRS exit interviews and *Vital Statistics*

# Implications and Caveats

**Figure 7. Supply of Homes to the Market by Source for Homeowners with Head Ages 50 and Older, Projected for 2025-2035**



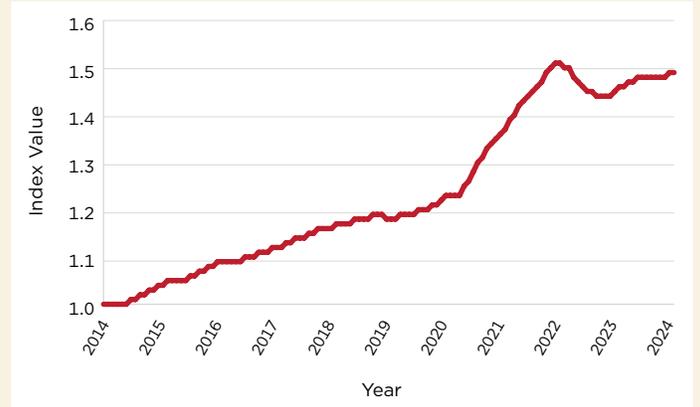
**Source:** Author's calculations based on HRS pre-pandemic tenure by age, sex, marital status; future demographics and mortality

Older Americans are holding onto their homes longer, and there are more of them. This will raise the future supply of existing homes to the market. This is shown in Figure 7.

It is projected that there will be just over 8 million homes supplied by older Americans as they age and die, rising to about 9 million over the next decade, of which approximately 1 million will be due to the death of older Americans. This is almost double that projected in the original report due to the sizable rise in homeownership rates. On the flip side, there have been fewer existing homes supplied since 2015, as these are homes that would have been sold otherwise, had the age-ownership pattern remained at its long-run level in 2014. This surely has been a contributor to rising house prices in this period, as shown in Figure 8.

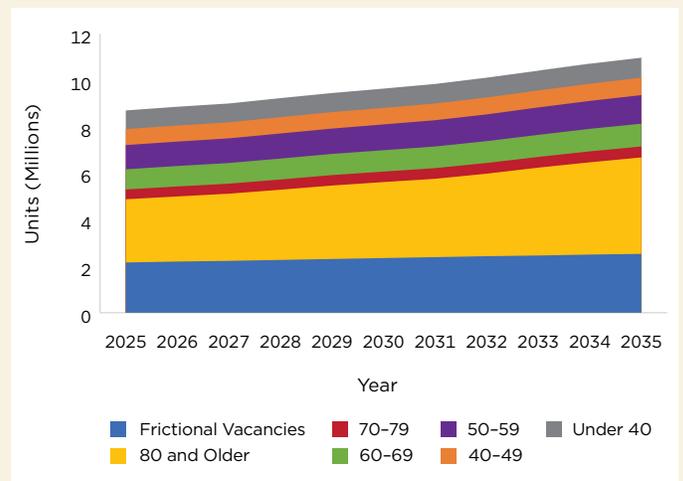
Given this unmet past demand, future demand for homes supplied by older Americans is also larger and expected to grow. Figure 9 shows the forecast of total demand by age group for homes supplied to the market by older Americans, based on purchase patterns observed in the American Hous-

**Figure 8. Real House Price Index Since 2014**



**Note:** Case-Shiller national monthly index deflated by the monthly all-items CPI

**Figure 9. Total Demand by Age for Homes Supplied to the Market by Homeowners Aged 50 and Older, Projected for 2025-2035**



**Note:** Based on 2015-2021 AHS patterns of demand by age, sex, and marital status; future demographics

ing Survey up through 2021, the most recent year available.<sup>1</sup> It is projected that there will be just over 8 million homes demanded, rising to about 11 million over the next decade. Again, this is almost double than projected in the original report. The net effect was shown in Figure 1. Over the next decade, there will be an excess demand for homes for sale as older homeowners age and die. Overall, there will be no demographic dividend to the net supply of existing homes.

These conclusions are tempered by the following caveats. First, the analysis in the original report and this update focus purely on the effect of changing demographics and mortality on the supply of and demand for homes owned by older Americans, holding other influences — such as changes in incomes, prices, mortgage rates, tastes, etc. — fixed. Forecasts can be sensitive to changes in these other factors, as evidenced above by the recent significant rise in homeownership rates at older ages. Second, the relative importance of reasons why older Americans are holding onto their homes is not well understood. For example, Baby Boomers have higher retirement incomes compared

to older birth cohorts. With Boomers representing a larger share of older homeowners between 2015 and 2020, higher incomes could have been a major explanator for higher homeownership rates. Rising capital gains tax liability from sales and bequest motives also could have played a role as well. The high mortgage rate environment since the end of the pandemic has exacerbated this situation. Better understanding of these and other levers are needed to fill this knowledge gap.

Finally, this updated analysis used data through 2020–2021, and so has not incorporated the medium-term impact of the pandemic on the housing market, including the subsequent rapid rise in house prices documented in Figure 8. Although the currently available data suggest that the age composition of demand, mortality, and home disposition at death have returned to their pre-pandemic trends, more recent data would strengthen confidence in forecasts of future demand and supply.

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1. Frictional vacancies in Figure 9 are defined as follows. As the AHS tracks units and not individuals, it has no information about whether the previous occupant of a unit died or simply moved to a new residence. Therefore, when considering “vacant units” in the AHS, it is unclear whether they represent frictional (e.g., homes in probate, under renovation, etc.) or structural vacancies (e.g., lack of demand, habitability, etc.). To address this, homes owned and occupied by an older household that were registered in the next wave as vacant were followed for an additional wave (i.e., four years hence). If still vacant, it was deemed a structural vacancy. The remainder are deemed frictional vacancies. Based on this categorization, approximately 70 percent of newly vacant homes are frictional vacancies, with the exact percentage varying by the age of the owner.

# Appendix

Appendix Table 1 lists the data sources used in the original and updated analyses, respectively. The data have been updated through the 2020–2021 period, just prior to or during the beginning of the pandemic. The methodology used is described in detail in the original report; the interested reader is referred there. The sources needed for this type of comprehensive analysis of demographic change are produced with significant lags that preclude an update based solely on post-pandemic data. For example, data from the Vital Statistics Public-Use Mortality File waves up through 2000 were used in the original report. These have been updated through 2022, with the 2023 age profile of mortality shown in Figure 3 above based on preliminary data from CDC’s Wonder website. The American Housing Survey (AHS) is conducted every two years. Data for 2015, 2017, and 2019 were used in the original report. The 2021 wave was included in the updated analysis; the data for 2023 were not yet released at the time of the current analysis. The Health and Retirement Study (HRS) is conducted every two years as well. Data for 1996–2014 from the core survey (and 2016 for the exit survey) were used in the original report. Data from the 2016, 2018, and 2020 core surveys, and the 2018 and 2020 exit surveys are included in the updated analysis. The 2022 exit data are not currently available.

**Table 1. Data Sources Used in the Original and Updated Analyses**

Source	(1) Original	(2) Update
Vital Statistics Mortality Public-Use Files	1996–2019	1996–2023
American Housing Survey	2015–2019	2015–2019
American Community Survey	2014–2020	2014–2022
Decennial Census	1970–2010	1970–2010
SSA Mortality and Population Projections	2021–2060	2024–2060
Health and Retirement Study Core	1998–2014	1998–2020
Health and Retirement Study Exit	2000–2016	2000–2020
U.S. Housing Vacancy Survey	2012–2021	2012–2023
U.S. Census Bureau Housing Starts, Permits, and Completions	2012–2021	2012–2023

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