RESEARCH BRIEF

Marcus & Millichap

DEMOGRAPHICS | **SEPTEMBER 2025**

How Baby Boomers Are Transforming the Commercial Real Estate Landscape

Baby boomers entering their later years. Longer-term trends in commercial real estate are shaped by demographics. When looking out over the next five years, the aging of the population will drive some significant changes in the U.S. commercial property landscape.

- There are about **67 million** baby boomers, born between **1946 and 1964.**
- Over the next five years, the U.S. population aged 65 and older will increase by roughly **7 million** people.
- This will drive the retirement of a **significant portion** of the workforce, including many of the most experienced, knowledgeable and talented workers today.
- While people between the ages of 18 and 44 typically visit a physician **1.9** times per year, those between the ages of 45 and 64 visit **3.7** times per year. And for those over the age of 65, the number of visits is **7.1** times per year.
- An increase of 7 million people to the aged 65-plus population will generate about **23 million** more doctor visits per year.

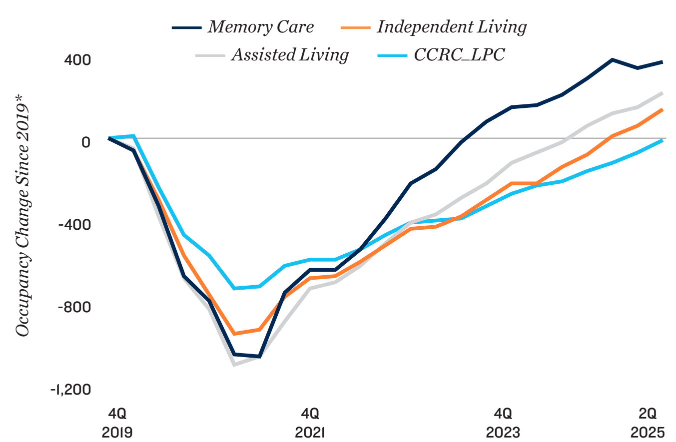
Demand for medical office space expected to climb. The rising number of U.S. residents over the page of 65 is already influencing commercial real estate, especially medical offices.

- About **8.4 million** square feet of medical office space was added in the U.S. last year, and the medical office vacancy rate ticked up to **9 percent.**
- While the need for medical services is growing, there is a **shortage** of doctors and other medical personnel who will be necessary to meet this increasing demand. Partially reflecting this dynamic, **roughly a third** of net U.S. job creation over the past year ended in August was in health care.
- Overall, the influx of medical care needs should ultimately **drive additional demand for medical office space**. This will result in shrinking medical office vacancy rates, as well as a boost to rent growth.

Demographic shift a major tailwind for senior housing. As baby boomers age, the demand for senior housing, including independent living, assisted living, memory care facilities and continuing care properties, could rise dramatically.

- The majority of senior housing occupants are **75 years and older**, an age cohort that is also growing. The over-80 population in particular is expected to expand by **4.6** percent next year, **6.0** percent in 2027 and then by about **4.4** percent in each of the three years after that.
- Approximately **600,000** additional units will need to be constructed over the next five years as a result. Yet during the peak of the last senior housing construction cycle in 2019, only **60,000** units were completed.
- Occupancy rates have broadly re-aligned with pre-pandemic levels in the **high-80 percent** range, and rent growth is outpacing most other property types.
- Amid these demand tailwinds, the sector is also contending with a similar **labor shortage** as medical office.
- Seasoned operators with strong existing teams will be best positioned to capitalize on the sector's robust growth outlook.

Senior Housing Occupancy Strengthens Further



** Occupancy change measured in basis points*

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; NIC Map® Data and Analysis Service (www.nicmap.org); U.S. Bureau of Labor Statistics; U.S. Census Bureau

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