



## Demographic Change : Aging Societies

### "Independence in Old Age Is Becoming More Important"

**With its population aging rapidly, Germany will have to spend billions of euros to provide barrier-free housing. Gerhard Creutz, head of Allianz Dresdner Bauspar AG, explains how this can be financed.**



**Gerhard Creutz, Head of Allianz Dresdner Bauspar AG**

"Around 15 billion euros per year should be invested in Germany on modernizing and adapting homes to make them suitable for the rising number of elderly people"

#### **Collapsing pensions schemes, lack of skilled workers, exploding health costs - is "barrier-free living for the elderly" really relevant compared to these challenges?**

Demographic developments leave us in no doubt that independent living in old age is becoming ever more of an issue in Germany and Europe. Most elderly people want to stay in the comfort of their own home, but only very few apartments and houses are equipped to meet the needs of more elderly residents.

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#### **How large do you estimate the market for the necessary remodeling work?**

By 2035, the proportion of households containing people aged over 65 will have risen from just under 30 percent today to over 40 percent – and as I mentioned before, most over-65s are satisfied with their living situation and don't want to move; we know this from a recent study of ours.

What is more, almost four-fifths of housing in Germany is at least 25 years old, and almost all of this would have to be adapted to the needs of the elderly. Consequently, the market research group GfK estimates that starting right now, around 15 billion euros per year should be invested in Germany on modernizing and adapting homes to make them suitable for the rising number of elderly people. If this potential were fully exploited, the market would expand by some 30 percent. So far, the

majority of this potential has not been exploited.



**Picture Gallery (click the image to start)**

Population and migration trends seen from a totally new perspective

**Are people unwilling to spend the money, or is there a lack of funds?**

Many "best agers" are reluctant to think about getting older and becoming less able and less mobile. However, we would advise everyone to think about this issue early, before it is too late. Also, the only immediate option is moving into an old people's home.

There is, of course, the cost factor to consider: on the one hand, the new generation of seniors is relatively wealthy; in Germany both their income and their assets are significantly higher than those of the population average. Yet the estimated market potential is still four times higher than the funds people could easily make available.

This is why we recommend making provision early. Consumer organizations advise homeowners to save some eight to ten euros per square meter annually so that they can afford to carry out remodeling at a later date. So home savings accounts are not only relevant to people who want to buy property; you can also use the savings to modify your home. At some point, you will definitely need to carry out this kind of work, be it putting on a new roof or ensuring that you can live comfortably in your old age.

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