

# Baby Boomer Real Estate and Asset Liquidation 2025-2050

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# Executive Summary

The Baby Boomer generation, born between 1946 and 1964, represents the single largest generational concentration of wealth in U.S. history. This wealth is heavily concentrated in residential housing and financial portfolios. The generation's reluctance to downsize, combined with prolonged periods of zero interest rate policy (ZIRP), has inflated housing prices beyond sustainable levels of demand and future purchasing power capacity of potential buyers. As Boomers age and begin to pass away in increasing numbers, their up-market housing assets and portfolios will be put onto an increasingly softening housing market with unknown implications for housing prices at large. This paper examines the implications of this gradual transition from 2025 through 2050, with special emphasis on the timing of asset release and the market consequences of inheritance-driven disposition patterns.

## Introduction

Housing prices in the United States remain elevated relative to household incomes, partly as a result of demographic and policy dynamics. The Baby Boomer generation has aged into retirement while retaining their housing stock, foregoing the downsizing observed in earlier generations partially due to reluctance to refinance away from their existing unprecedentedly low interest rates on mortgages initiated in the zero interest rate policy following the great financial crisis. The reluctance to move has restricted housing supply at the same time that increased interest rates have increased home prices in both purchase price and financing costs, in turn reducing the pool of plausible buyers purely based on purchasing power. Because housing prices are determined on the margin, the inevitable mortality of the Boomer cohort raises questions about the sustainability of current valuations.

# Demographics and Life Expectancy by Wealth

Mortality data reveals that wealthier individuals have lower mortality rates at all ages than those with lower household incomes. As seen in Figure 1, female mortality (consistently lower than male) looks to have a linear, inverse correlation to household income. The Social Security Administration (2022) actuarial life tables, combined with research from Chetty et al. (2016), show a gap of more than ten years in life expectancy between the top and bottom income deciles. Since housing wealth and income are strongly correlated, this means that less expensive homes are more likely to enter the market first, while higher-value homes will be delayed until later decades resulting in a staggered release of housing stock into the market.

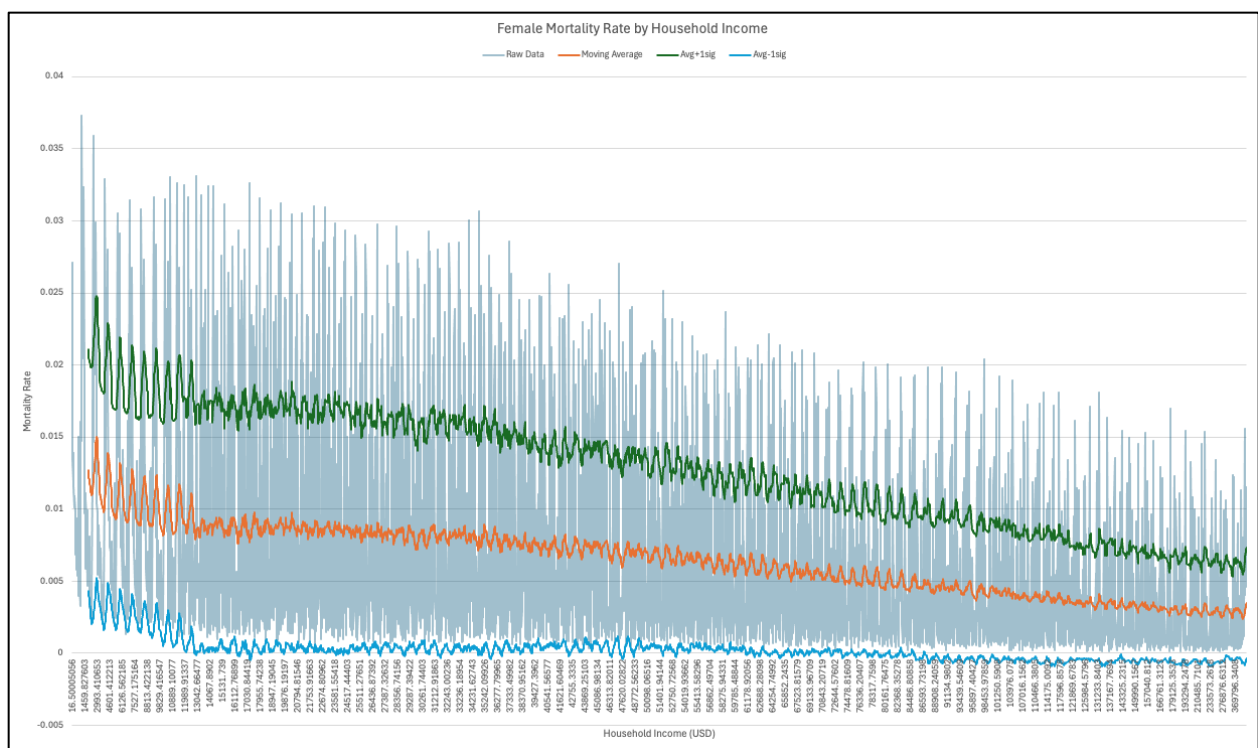


Figure 1: Female life expectancy by household income.

# Boomer Wealth Concentration

Baby Boomers control over half of U.S. household wealth (Board of Governors of the Federal Reserve System, 2023). A disproportionate share of this wealth is tied to primary residences, many of which were purchased before the housing boom of the 2000s. Data from the American Housing Survey (U.S. Census Bureau, 2023) confirm that older households report higher home values and longer ownership durations. In addition to housing, Boomers hold substantial equity and fixed-income portfolios that will also be transferred to heirs. As seen in Figure 2, home values show a minor positive correlation to household income, while a more significant effect is shown in the top decile of household income.

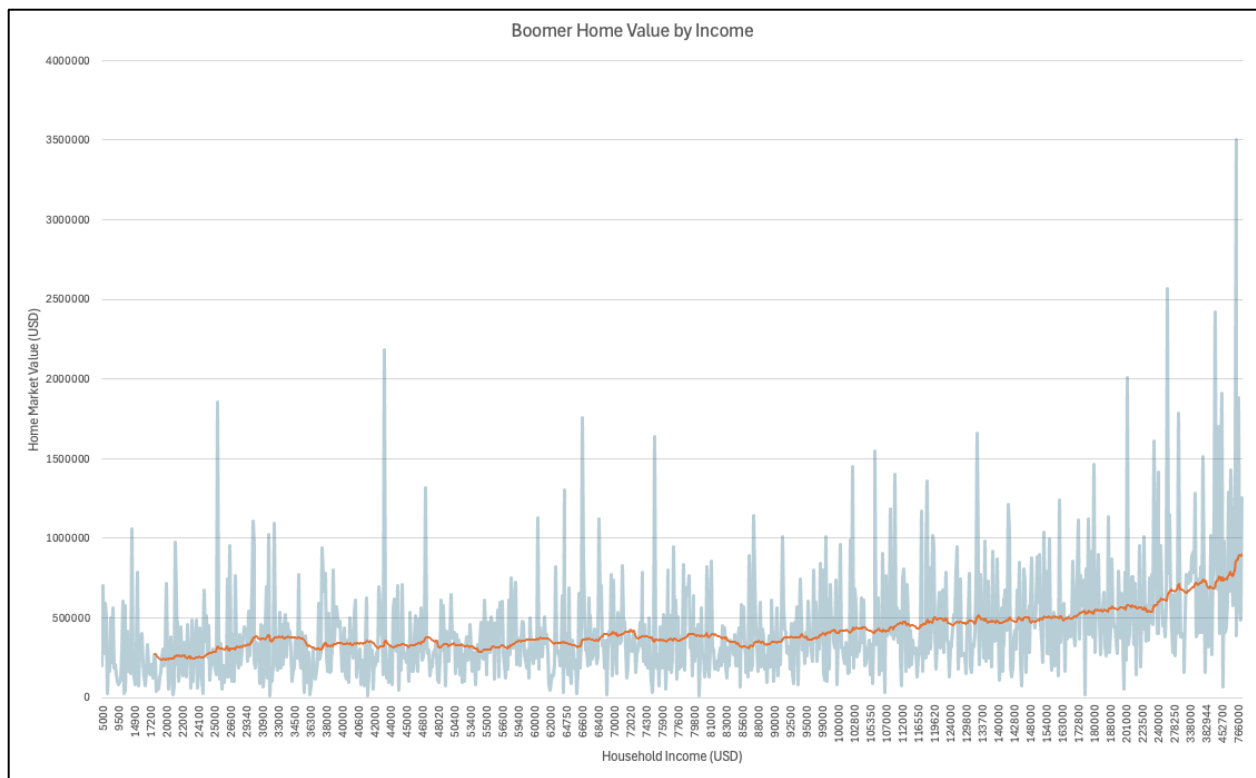


Figure 2: Boomer home value by household income.

## Housing Market Distortions from Aging in Place

The phenomenon of “aging in place” has constrained housing turnover. Surveys indicate that more than 75 percent of older homeowners prefer to remain in their homes as they age (AARP, 2021). This tendency, in combination with ZIRP-fueled demand and low rates on existing mortgages, has inflated prices beyond the purchasing power of younger generations. In effect, the lack of supply-side churn has created a bottleneck, keeping first-time buyers out of the market.

## Projected Timeline 2025–2050

Between 2025 and 2030, the mortality rate of younger Boomers will remain relatively low, limiting the release of housing stock. By the mid-2030s, however, mortality rates will accelerate, particularly among lower-income households. This phase is expected to increase the supply of lower-value homes. The 2040s will see an expansion of transfers involving higher-value homes, as the wealthiest Boomers reach advanced ages. By 2050, the bulk of Boomer-owned housing is projected to have transitioned.

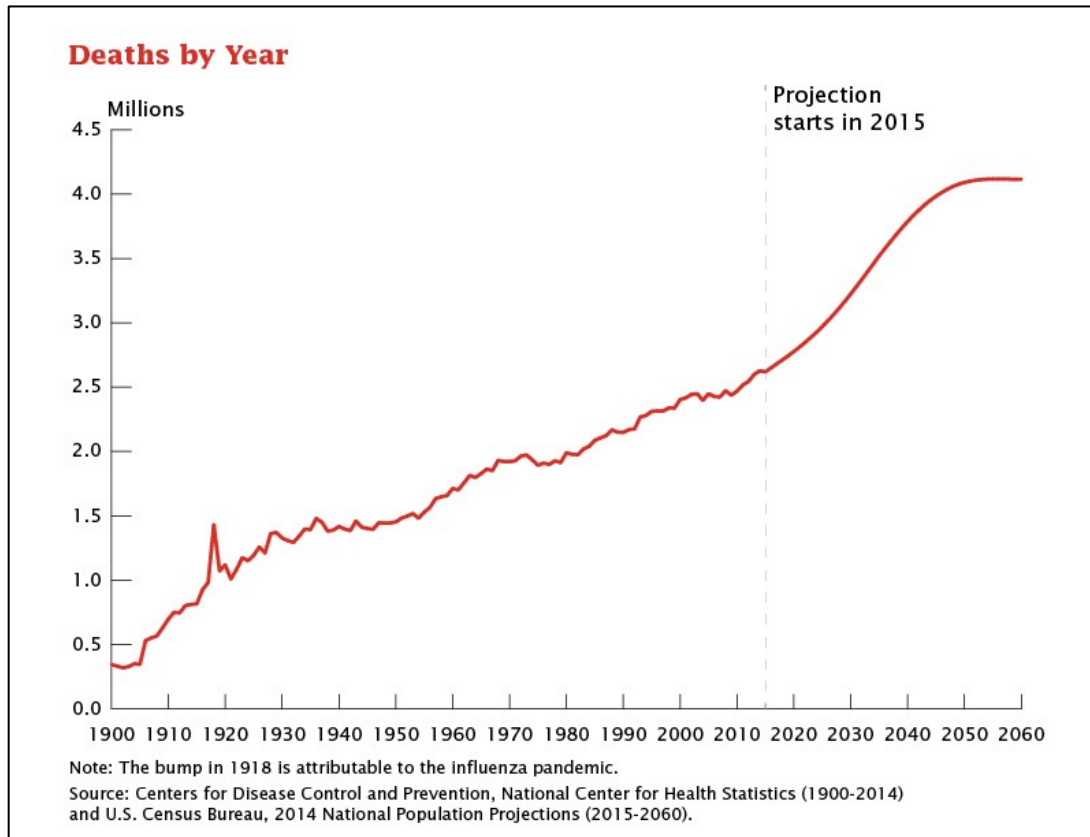


Figure 3: Historical and projected US deaths per year.

## Regional Comparisons

The effects of Boomer mortality on the housing market will vary across U.S. regions. The Midwest, with its older populations and lower home values, is expected to see earlier turnover. The Sun Belt, popular among retirees, will experience elevated volumes of home sales and inheritances throughout the period. The East Coast is projected to mirror national averages, while the West Coast, where housing prices are highest, will likely see delayed but more pronounced corrections as high-value properties eventually reach the market.

# Inheritance Behavior and Asset Disposition

Heirs are expected to adopt varying strategies when inheriting homes. Surveys indicate that around 55% of inherited homes are sold, while approximately 25% are converted into rental properties, and the remainder are retained by heirs (Bankrate, 2022). These proportions suggest that the influx of inherited properties will impact both the for-sale and rental markets. Portfolio assets are more liquid and are likely to be distributed quickly, providing additional financial resources to heirs but also increasing the supply of equities available for purchase may decrease prices as the cohort ages out.

## Market Impacts and Scenarios

The anticipated increase in housing supply is likely to produce downward pressure on prices, particularly in markets where demand is already constrained. A scenario of gradual correction is possible, but localized supply gluts could lead to sharper price declines in specific regions. The rental market may absorb some of the excess housing stock, though this shift could alter rental yields and affect institutional investors already active in the single-family rental market. Equity and bond markets will likewise feel the effects of asset transfers, though broader market liquidity may moderate and shorten the term of the impacts.

# Conclusion

The passing of the Baby Boomer generation represents a structural shift for the U.S. housing and financial markets. The combination of prolonged aging in place, inflated housing valuations, and eventual mortality-driven turnover will create a multi-decade adjustment process. While the timing of impacts will vary by region and household wealth, the overall effect will be to gradually normalize the relationship between home prices, incomes, and demand. Institutional investors, policymakers, and households alike should prepare for a significant redistribution of assets through 2050.

# References

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