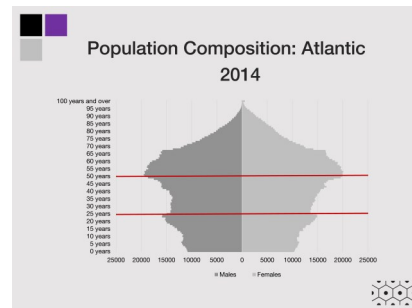
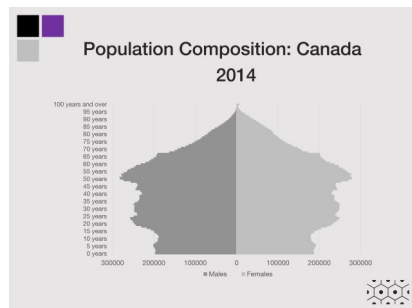


**Subject:** It Ain't Over 'Till the Fat Lady Sings

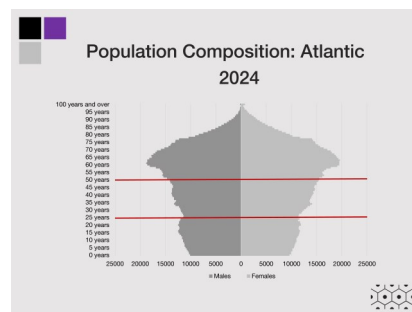
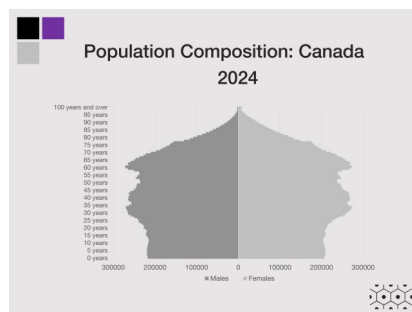
**Comments:** To those of you who spotted our deliberate error in Vol. 1 No. 1 . . . we expected nothing less: TDP Trends targets the more discerning members of the real estate community. If you didn't spot that David Foot, rather than David Frost, was the author of "Boom Bust & Echo" . . . shame on you! Worry not, we'll give you another chance with this issue.

### Middle Age Bulge



The baby boomer generation is a disruptive force particularly in real estate. A direct result of the second world war, the 10 million strong baby boom cohort was born between 1947 and 1966. As the boys returned home family formation exploded. Fuelled by an expanding economy that had benefitted from the war, and plenty of food, the populations of Canada, the United States, Australia and New Zealand expanded rapidly. Part of the impetus came from increased family size; at the peak of the boom in 1959 the Canadian Fertility Rate had risen to 3.9 up from 2.6 during the immediate pre-war years. (Fertility rate is the average number of children a woman aged 15 to 48 will have in her lifetime). The war however had given women the opportunity to enter the workforce and with it, relative financial freedom. The two decades immediately post war, again relegated them to the role of housewife, with an average of four children to raise. They were determined that their brief taste of freedom should benefit their daughters. Education and the birth control pill were the twin keys necessary to unlock that opportunity. During the 1960s expanded higher educational opportunities for young women presented the chance for a career outside the home, provided family formation was deferred until later in life. By happy coincidence the invention of the birth control pill and its commercial introduction in Canada during the early 1960s gave women control of the timing and size of their families. By the end of the 1960s, their fertility rate had plunged to 2.0; below the 2.1 level required to sustain the population. Because of immigration however Canada's birth rate continued to increase. Immigrants tend to be in their 20s and 30s, family formation years, and have larger families. Canada's population had an annual growth rate of 2.7% in the 1950s, 1.8% in the 1960s . . . post 2010 it is expected to average 0.9%.

### Quo Vadis Atlantic Canada?



The leading edge of the Baby Boomers reached age 65 in 2012: the trailing edge will reach retirement age in 2031. They comprise just under one third of the country's population and are heavily invested in real estate rather than investments that stimulate the economy. Real estate assets in Canada accounted for 40% of our total wealth in 2012, up from 32% in 1999 according to Stephen Poloz, Governor of the Bank of Canada in a March 2014 address to the Halifax Chamber of Commerce. As the baby boomers transition from first time home buyers (early to mid '30s) to upgraded dwelling and/or country retreat owners (mid '40s), investors in other types of real estate (late '40s) to sellers ( $\geq$  60s) the supply of real estate will increase. Outside Atlantic Canada there is a broad base of purchasers supporting the baby boom cohort partly because the fertility rate is higher but largely because immigration has increased the birth rate (see graphs above). This is not the case in Atlantic Canada. Starting in 2012, demand for many types of real estate started to decline either because of a declining working age population to occupy them (offices, industrial properties) or because of the reduced base of available purchasers (life style properties e.g. golf courses, motels, vineyards, marinas). This trend will deepen until 2026 and then slowly start to abate. Conversely there will be an opportunity for condominium, health care and rental apartment property development targeted at older empty nesters.

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