



 **RATHBONES**

The longevity economy

How ageing populations are creating challenges, opportunities, and new investment themes

Invest well. Live well.

Living longer

The investment implications of ageing

Demographic change is one of the most powerful forces shaping the world around us. Rising life expectancy and falling birth rates are altering the balance of populations in many countries, creating challenges for governments, healthcare systems, and businesses alike. While these shifts unfold gradually, their effects can be profound and long-lasting.

The world is ageing at a pace not seen before. People are living longer, healthier lives, while family sizes are shrinking in many parts of the world. As a result, the proportion of older people within the global population is increasing steadily. This trend has important implications for economic growth, public finances, healthcare provision, and the way goods and services are consumed.

Looking beyond the headlines

Investors often focus on short-term events and market movements. Yet some of the most significant investment opportunities arise from structural trends that develop over decades rather than months. Demographic change is one such trend.

In this special report, we explore how ageing populations are reshaping economies, industries, and investment opportunities. We examine the broader economic consequences of ageing, including its impact on productivity, government spending, and financial markets. We also look at how changing consumer behaviour is creating opportunities in areas such as healthcare, consumer goods, and property.

Many of these changes are already visible today. Businesses are adapting to the needs of older consumers, healthcare systems are responding to rising demand, and investors are increasingly considering how demographic trends could influence long-term returns.

While ageing populations present challenges, they also create opportunities. Understanding these shifts can help investors see beyond the news cycle and identify the companies, sectors, and themes that may benefit from one of the defining trends of the decades ahead.

We hope this report provides useful insight into the investment implications of a world that's inexorably growing older.

The long game

The cover of this special report shows two men playing chess in Suceava, Romania. Their game reflects the complex choices facing governments, businesses, and investors as populations age and demographic trends reshape the world around us.

The following articles explore the economic and investment implications of ageing populations, from growth and healthcare to consumer spending and property markets.

03 The world is growing older

Shifting demographics will change economies and public finances

05 Generation pet

An ageing society is reshaping the consumer staples sector

07 A healthy increase?

We're living longer but healthy life expectancy isn't keeping up

08 Beds, sheds, and meds

How ageing populations are reshaping property markets

09 Trips, treats, and tools

How ageing is changing spending on life's nice-to-haves



The world is growing older

Shifting demographics will change economies and public finances



James Thornhill, Investment Director

The ageing of the global population is much more than a mere demographic curiosity – it could be one of the defining trends of the 21st century, reshaping society, economies and businesses.

For centuries, the global population has grown continuously. But the UN projects a peak in the 2080s for the first time in modern history. With fertility rates falling, the world’s population is set to shrink over the coming centuries (figure 1.1). The fertility rate is the average number of children a woman is expected to have over her lifetime.

As longer life expectancies combine with declining birth rates, the global population is ageing at an unprecedented rate. The proportion of people over the age of 65 is projected to increase to 24% by 2100, up from 9% in 2021 and just 6% in 1990 (figure 1.2).

The growth rate of the global working-age population (15–64) peaked in 1979. In the high-income OECD countries responsible for about half of global GDP, the ratio of working-age adults (20–64) to elderly people (65 and older) plunged from 7.1 in 1950 to 2.9 in 2022. The UN expects it to fall below 2.0 by 2050. Countries such

as Japan, Italy and Finland could see particularly low ratios in the future, but many developing countries are also likely to experience the impact.

Long-term projections come with uncertainties. Variables such as migration are difficult to predict. Another factor hard to forecast over decades is the pace of healthcare advances. Even so, current trends reveal a striking global shift towards ageing.

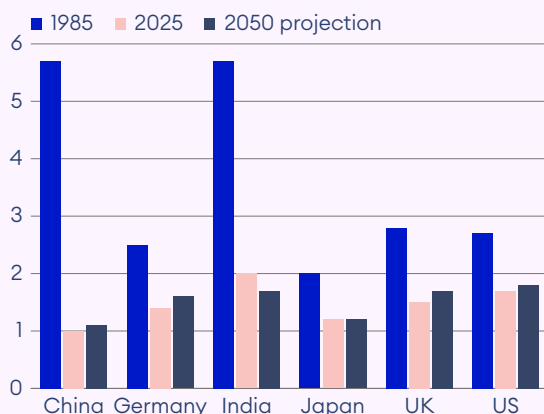
The UN’s *World Population Prospects*, published in 2024, projects average global life expectancy rising to 82.1 years by 2100. Women are projected to live an average of 84.5 and men 79.7 by then. Today’s averages are 76.2 and 70.9 years respectively.

Managing the strain

There are significant macroeconomic implications. A declining ratio of working-age people to the overall population will strain state pensions and healthcare systems. It could reduce overall savings, alter consumption patterns and put enormous pressure on public finances. One obvious effect of an ageing population is likely to be a substantial increase

Figure 1.1: Smaller families, slower population growth

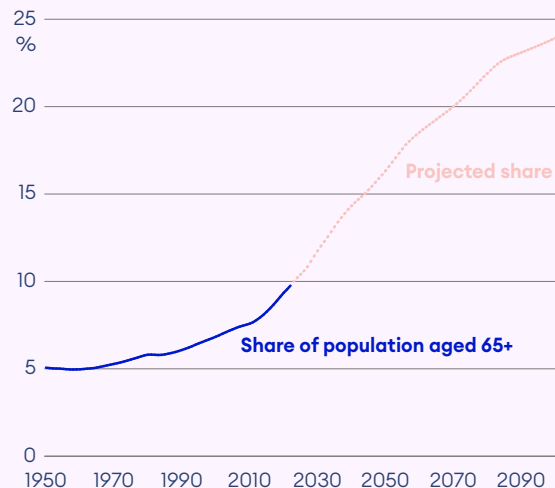
Fertility rates across major economies have dropped well below historical levels and remain subdued in projections.



Source: UN World Population Prospects (2022), Rathbones

Figure 1.2: A greying world

The global share of people aged 65 and over is projected to rise steadily through the rest of the century.



Source: UN World Population Prospects (2022), Rathbones

in healthcare spending by both individuals and governments.

Without reform, Japan and various EU member states could see government deficits and debt rise sharply by mid-century. Lower private savings and higher public spending may reduce national savings, put upward pressure on interest rates, and slow investment in new capital. In other words, across the world, national financial imbalances could intensify.

Government policy responses – such as raising retirement ages, boosting female labour participation and managing migration – can help mitigate this.

Economic impacts

Ageing populations can slow economic growth. A 2023 study, in a journal from the American Economic Association, showed that a 10% increase in the share of the population aged 60 and over reduces growth in GDP per person by 5.5 percentage points. Two-thirds of this decline stems from slower productivity growth across all age groups, with the remaining one-third due to lower participation in the labour force – the pool of people in work or looking for it.

The productivity slowdown isn't confined to older workers, who may adopt new technologies more slowly – though we're talking about averages, not individuals. Older and younger workers are complementary. The retirement of experienced workers, who pass on knowledge and expertise, may reduce productivity among younger workers as well.

Fiscal pressures and public debt

Figure 1.3, from the UK's Office for Budget Responsibility, shows how an individual's net

contribution to government income (taxes paid less the cost of services provided) changes by age. Unsurprisingly, under-20s receive more from the state than they contribute in taxes, as most are too young to work full-time. People in their 70s and beyond also receive more than they pay in. As more people live well into their 80s and 90s, welfare, social care, and healthcare spending increases accordingly.

The net effect is that UK public sector net borrowing (PSNB) is projected to rise from 1.2% of GDP in 2028–29 to 20.5% of GDP by 2073–74. This increase is driven by projections of a slight fall in receipts and a significant rise in spending.

PSNB accelerates over the projection period as the population ages. Rising government debt would then increase interest payments, creating a snowball effect. In practice, governments would almost certainly take corrective action to prevent public finances from entering what would otherwise be an unsustainable debt spiral.

Ageing also affects saving. Older people save less as they draw down accumulated wealth, so national savings rates may decline. Combined with rising public debt, this could put upward pressure on real (inflation-adjusted) interest rates. That would reduce investment in the capital essential for economic growth.

The economic implications of global ageing are significant. The savings and investment imbalances it may create, alongside higher interest rates, could increase financial instability. Coordinated international policy responses will be important in managing these risks.

Turning challenge into opportunity

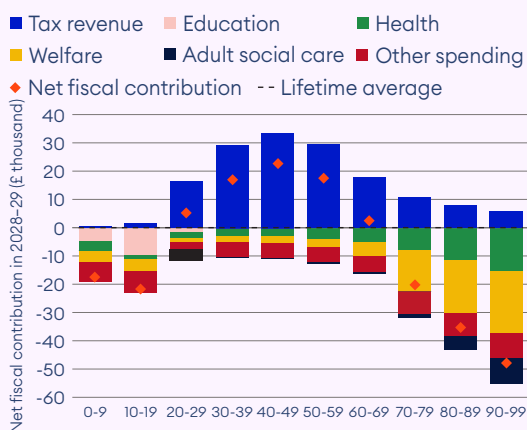
Governments can address many of these challenges through reform. Several OECD countries have begun revising pension and healthcare systems to improve sustainability, including raising retirement ages. Another key strategy is making it easier for mothers to remain in or return to work.

Reforms often face political resistance, especially where retirement expectations are deeply entrenched. Yet the challenges of population ageing, while considerable, are surmountable. With timely and coordinated action, social systems can be reformed, labour markets made more flexible, and financial pressures managed. Countries that adapt effectively to demographic change will be better placed to sustain long-term prosperity.

We have a Thematic Working Group, drawn from our Research and Investment Management teams, looking at ageing populations. We'll produce further articles on this theme in future editions of Investment Insights, exploring the investment implications across different industries.

Figure 1.3: Contributions across a lifetime

Primary receipts and public spending vary significantly by age, with working-age adults funding higher costs in childhood and old age.



Source: UK Office for Budget Responsibility, Rathbones

Generation pet

An ageing society is reshaping the consumer staples sector



Gregor Rapprich, Equity Analyst

Picture yourself sipping a glass of aged Scotch after a light meal, and reading this piece as your faithful feline friend purrs on your lap and a box of Green & Black’s chocolates rests on the coffee table at your side. If you don’t have to imagine this – because it’s what you’re doing anyway – you may well be an older consumer, part of a bulging demographic that’s highly interesting for the consumer staples sector.

Ageing populations, characterised by rising life expectancy and declining fertility rates, have profound implications – supporting demand for some products and services, but reducing it for others.

Some markets face challenges because of ageing

Lower fertility reduces demand for infant formula and nappies, weakening long-term growth prospects for companies with heavy exposure to these ‘early-life categories’.

More broadly, food consumption falls with age. The average 70-year-old consumes around 20% fewer calories than the average 26-year-old. In ageing

societies, this will limit total calorie growth, even if the population is growing.

Impulse-driven food products are also under increasing pressure. Sugary snacks are already hit by rising health awareness, regulatory scrutiny, and GLP-1 weight loss drugs. On top of this, older people are less likely to eat these snacks, even if their spending remains resilient on premium and seasonal chocolate (much of the latter doubtless destined for their grandchildren).

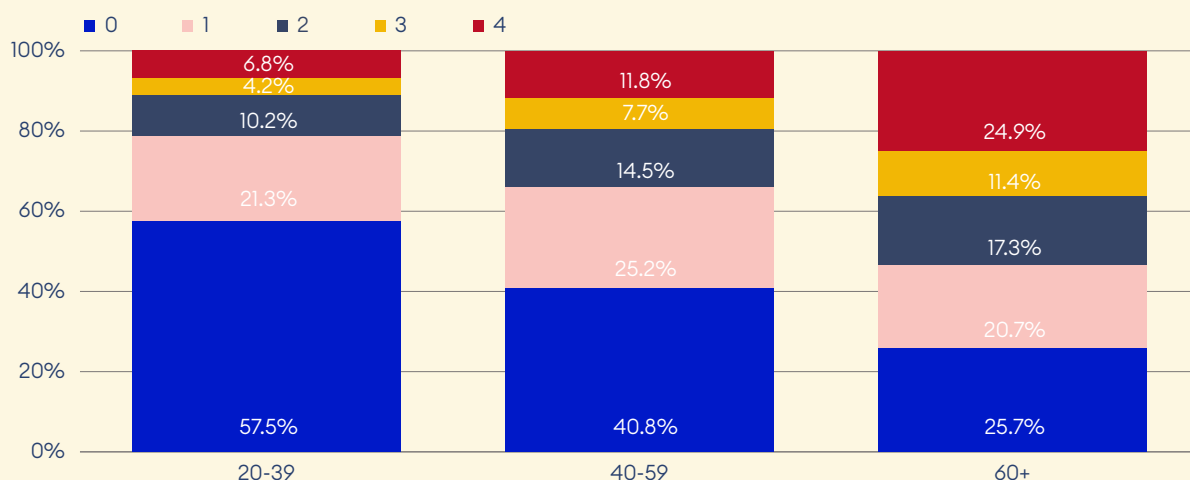
Overall, alcohol consumption also faces demographic headwinds. But although older consumers drink less, they drink better. That’s good for sales of premium spirits and wine. Meanwhile, spending on most beauty products subsides markedly beyond 65. But hair colouring is a notable exception.

Some markets will benefit from ageing populations

The consumer health market is likely to benefit from this trend. That should in turn increase spending on over-the-counter (non-prescription) treatments for chronic symptoms and medical nutrition products that

Figure 2.1: Older people tend to buy more vitamins, minerals, and supplements

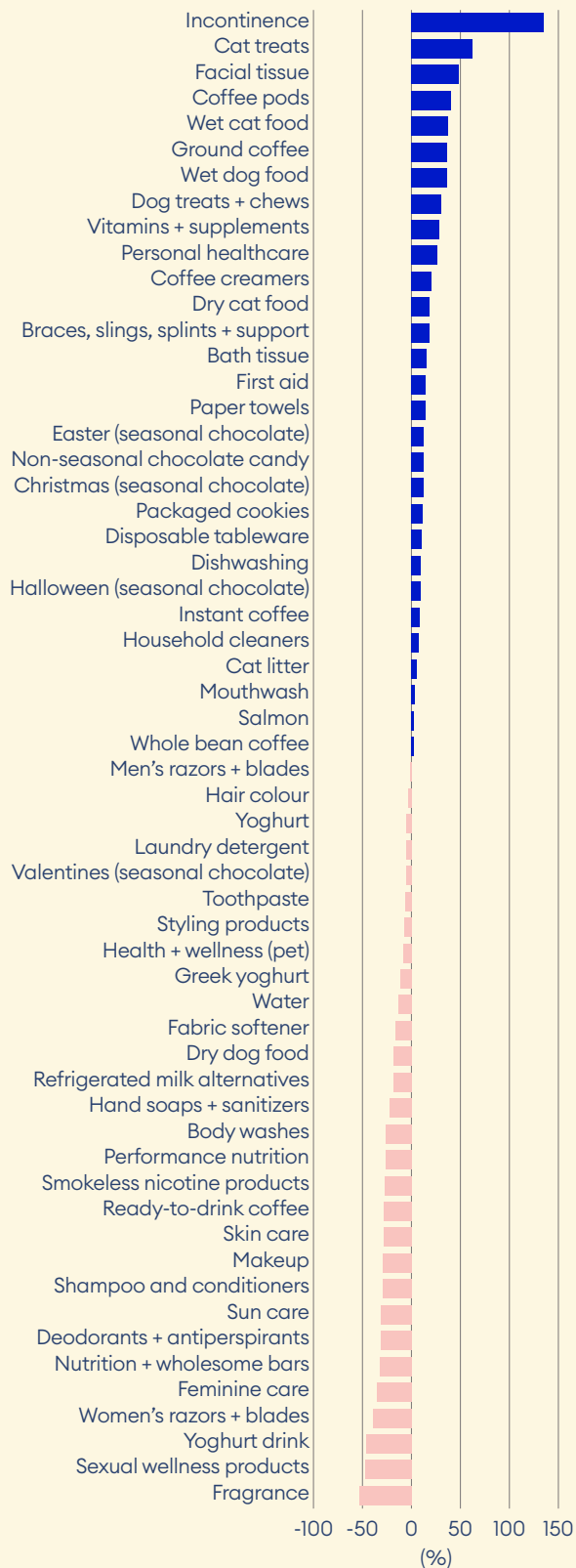
Number of dietary supplements used by Americans of different ages in the past 30 days.



Source: BNP Paribas Exane estimates, Rathbones

Figure 2.2: Older people also buy more ground coffee and cat treats, but less makeup and sun cream.

Change in spending per head for Americans aged 65+, compared with 35–64.



Source: Numerator, US Census, BNP Paribas Exane estimates, Rathbones

“

Ageing makes this sector more defensive still. This is partly because more of the consumption is non-discretionary and habitual.

”

respond to particular health conditions. Older people also need more vitamins, minerals and supplements (VMS) because of deterioration in their metabolism and ability to absorb nutrients.

Within food and beverages, rather than reaching for a quick sugary snack in a busy working day, older consumers are often more likely to reach for a coffee – and they have the time to make a cup of real coffee. This will support the otherwise mature coffee market.

Ageing, low-fertility societies are lonelier societies. Pets increasingly meet the need for companionship, so older people are likelier to have them. This factor could drive growth in spending on pet food – and particularly the premium end of the market, which older people often favour.

Companies that could win out from an ageing world

Looking at individual companies, market leaders in consumer health include two UK businesses: Haleon, a consumer health specialist, and Reckitt Benckiser, which is more diversified but is big in this sector.

Switzerland’s Nestlé is also well-aligned with the ageing trend: it has strong businesses in coffee, medical nutrition, VMS, and pet care.

Defensiveness and dispersion

Consumer staples is quite defensive relative to other stock sectors, as demand is more stable rather than being buffeted by the economic cycle.

Ageing makes this sector more defensive still. This is partly because more of the consumption is non-discretionary and habitual. For example, you can’t stop buying food for your pet and, if at all possible, vitamins for yourself. It’s also because older people’s income is steadier.

Despite the sector’s overall steadiness, consumer staples stocks will see greater dispersion of market performance than before: the demographic changes mean some market segments will do particularly badly, some particularly well. That makes active management – good, old-fashioned stock-picking – all the more important.

A healthy increase? We're living longer but healthy life expectancy isn't keeping up



Ozge Brinkworth, Equity Analyst

What is perhaps the greatest achievement in human history also poses one of today's greatest challenges. The solution offers a clear investment opportunity.

The good news is that average life expectancy has risen greatly. But longer lives come at a cost. People aged 65 and above need substantially more healthcare: spending on each one is on average 3.4 times higher than for other adults.

A big reason is the high prevalence of multiple chronic conditions – long-term health problems that can't be cured. In the US, almost 80% of older adults belong in this category. Age-related conditions include physical problems such as cardiovascular disease, type 2 diabetes, and various cancers. Neurological problems include cognitive decline and mental health issues.

These demographic pressures have contributed significantly to the expansion of global healthcare expenditure – now above \$10trn a year. That comes to 10% of total global GDP – and it continues to outpace GDP growth.

What kind of companies are tapping into this expanding demand? In the pharmaceutical industry,

the firms that stand to benefit most include those with leading positions in treatments for cardiovascular and metabolic diseases, respiratory illness, and oncology. In medical technology, demand growth is strong in fields such as orthopaedics (hip and knee implants), cardiovascular devices (such as pacemakers and stents), and minimally invasive surgical equipment. Managed care companies that serve the Medicare Advantage market will gain from rising numbers of older beneficiaries. Medicare Advantage plans are private insurance schemes within the US federal healthcare system that provide cover for older people.

Here, as in every other industry, AI rears its head. AI-powered diagnostic tools can alleviate the burden of providing patient care by enabling earlier and more accurate detection of age-related diseases. So too can robotics and remote monitoring, which can help reduce the need for hospital stays. Technology can also address labour shortages by improving operational efficiency, easing administrative pressures, and freeing clinicians to focus on patient care.

Benefiting from the bulge

Several large-cap healthcare companies are benefiting particularly from this bulge in healthcare spending on older people. About 80% of sales of the UK's AstraZeneca come from the treatment of conditions associated with ageing.

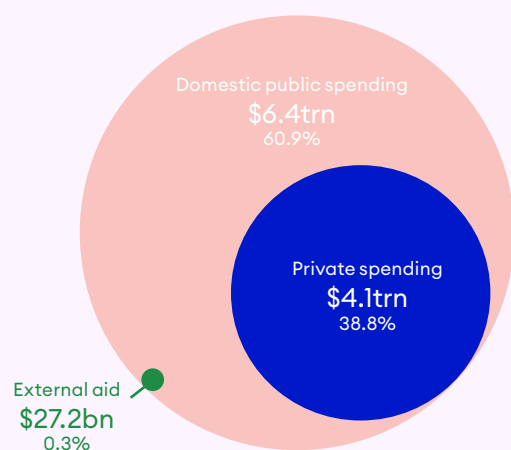
The Swiss company Roche combines large businesses in areas such as oncology, neurology, and immunology with the world's leading in vitro diagnostics business.

Several US companies also have strong exposure to this theme. Eli Lilly is a leader in diabetes and obesity, conditions closely linked to ageing. It also has a strong business in oncology, immunology, and neuroscience, including one of the few therapies that modifies Alzheimer's disease. Johnson & Johnson has innovative pharmaceuticals and medical devices, in areas such as immunology, oncology, and cardiovascular and metabolic disease.

Lastly, showing that we are already in the age of the robot, Intuitive Surgical supports surgeries with its robotic devices. That means shorter hospital stays, fewer errors and complications, and more efficient workflows.

Figure 3.1: A \$10trn+ market

Global spending on health is rising faster than GDP, in part because of ageing populations.



Source: WHO Global Health Expenditure Database, updated in 2025, Rathbones

Beds, sheds, and meds

How ageing populations are reshaping property markets



Fred Heaton, Research Analyst

Simple rhymes can be surprisingly useful. ‘The cat sat on the mat’ helps early learners grasp letters and grammar. Professional services firms are always acutely aware of the need to maintain the right balance of ‘finders, minders, and grinders’ among their partners to keep the business successful.

Likewise, the investment opportunities presented by ageing populations can be summed up as ‘beds, sheds – both real estate opportunities – and meds’. Among this trio, ‘meds’ looks set for the strongest growth.

Taking the UK as an example, Lord Darzi’s 2024 report on the NHS found that access to healthcare is under severe pressure because of a rising population, significant underfunding, and ineffective allocation of resources: too much money flowing to some parts of the NHS and not enough to others.

The UK’s ageing population will add heavily to this burden. Almost 80% of people who have reached their 75th birthday have at least five long-term health conditions. We believe reform should concentrate on technology investment and preventative healthcare through GP surgeries and other primary care centres. This is better than relying excessively on a reactive system based on hospitals.

This shift is likely to take time, although there were already signs of movement in this direction under former Health Secretary Wes Streeting. As UK governments are pushed towards this approach by necessity, likely beneficiaries include private hospital owners such as LondonMetric, the FTSE 100 property company that leases assets to healthcare provider Ramsay. Primary care centre owners may also benefit, including the real estate investment trust Primary Health Properties, which has more than three-quarters of its rental income backed by the government.

‘Sheds’ is shorthand for warehouses, which benefit from the continued growth of e-commerce (figure 4.1). As older people become less mobile, online shopping becomes increasingly valuable, allowing goods to be delivered directly to their doors.

Sun, sea, and assisted living

‘Beds’ refers to homes. We expect newly retired people to move to places offering the lifestyle they want – typically where there’s sun, sea, and other pleasures nearby. The listed market offers relatively few direct opportunities linked to this trend.

As people age further, many may favour urban living while remaining in their own homes. Later still, assisted living and care homes may become more appropriate. Assisted living is more established in the US but is becoming increasingly common in the UK through businesses such as the privately owned Audley Group.

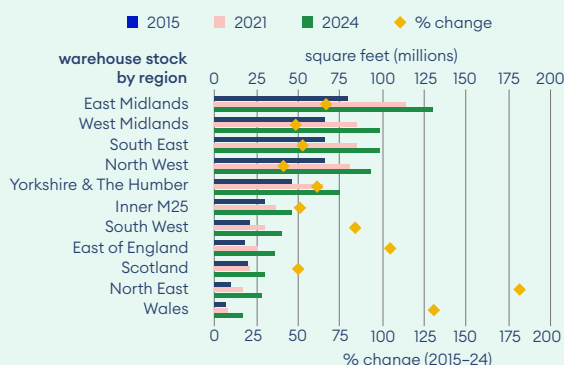
Among listed companies, firms such as Welltower in the US and Target Healthcare in the UK provide premium private care homes, run by separate landlords.

Offices, by contrast, are likely to remain under pressure. The reason is not primarily because populations are ageing, but because of workforce turnover as older workers retire and younger people fail to replace them in sufficient numbers. Companies may increasingly substitute AI for some retiring workers rather than hiring replacements.

High-quality, environmentally sustainable office space should fare better. But the valuation gap between these buildings and lower-quality offices – already widening in the era of working from home – is likely to widen further.

Figure 4.1: Gold in the golden triangle

The growth of warehouse space in the UK, particularly inside the ‘golden logistics triangle’ based around Birmingham, Leicester, and Northampton, presents investment opportunities.



Source: Savills Research, Rathbones

Trips, treats, and tools

How ageing is changing spending on life's nice-to-haves



Fred Heaton, Research Analyst

On retirement, the dreaded alarm to begin the working day rings no more. In its place lies free time. What will people newly liberated from wage slavery do with it?

Investors in 'consumer discretionary' businesses, which sell products and experiences that are 'nice-to-haves' rather than essentials, are asking the same question. We can group the winners into three spending categories: 'trips', 'treats', and 'tools'.

Travel businesses should benefit from the extra time freed up for trips. These include hotel chains that offer an enjoyable rather than merely functional experience, such as InterContinental Hotels Group, Marriott, and Hyatt. Online travel agencies such as Booking Holdings also stand to gain. Cruise operators including Carnival, and package holiday companies such as Jet2, can tap into the same trend.

'Treats' covers physical goods and experiences. Within the catch-all term of 'luxury goods', wealthy older consumers are likely to prize genuine luxury. That means favouring class and elegance – in other words, quality – over quantity. Think companies with quieter luxury appeal, supported by long-established heritage brands. Examples include French luxury goods maker Hermès, which avoids large, flashy logos, and some brands within the sprawling luxury group LVMH.

The wearable, usable, and available

Alongside the wearable are the usable, as newly available retirees seek new adventures. LVMH owns high-end yacht maker Royal Van Lent, for instance. Among listed companies, another option is Ferrari. Younger people drive, of course, and wealthy younger people can buy sports cars, but older people often have more time to enjoy them.

'Tools' are less glamorous, but they can help to make life that bit better. This includes home improvement retailers such as the US's Home Depot and the UK's Kingfisher, owner of B&Q. High home-equity balances – the value of homes after subtracting mortgages, which may well have been repaid by this stage – provide the financial means. Retirement also creates the time to undertake home renovations.

Cosmetics, toiletries, and beauty firms such as France's L'Oréal are set to benefit from increased spending on skincare and wellness. We explored this theme in our May issue, which is available on our [website](#).

Despite these opportunities, we should acknowledge that an ageing population is, overall, bad news for the consumer discretionary sector. Retired people tend to spend less money in general.

Losers from an ageing world

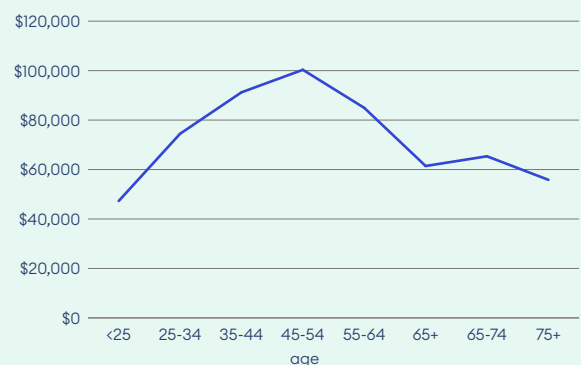
The categories at greatest risk are those most heavily geared towards younger consumers. Fast-fashion retailers such as the UK's ASOS may struggle, as older consumers tend to favour clothes that last longer and are less driven by changing trends.

Lower household formation – people starting families and furnishing new homes – could also come under pressure. This affects companies such as the US's Wayfair and the UK's Dunelm. Falling birth rates are also likely to weigh on toy manufacturers such as Mattel and Hasbro.

In other words, an ageing world means fewer people shepherding grumpy children around furniture stores and more enjoying peaceful Caribbean cruises – a shift that investors would do well to consider.

Figure 5.1: The eight spending ages of man – and woman

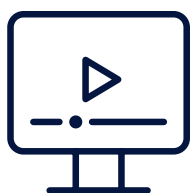
Average annual US household spending rises throughout early adulthood and middle age to peak in the late 40s and early 50s, before falling in later life.



Source: Consumer Expenditure Surveys, US Bureau of Labor Statistics, Rathbones

Find out more Knowledge and insight

Alongside this special report, we share a wide range of updates and analysis, from regular strategy commentary and video briefings to in-depth reports, all designed to help you understand what's driving the global economy, financial markets, and the outlook for investment returns. To explore more, visit www.rathbones.com/en-gb/wealth-management/knowledge-and-insight



Video updates

Stay informed with regular update videos from our investment experts that explain how geopolitical tensions, market movements, and global economic trends could affect your portfolio.



Weekly and monthly digest

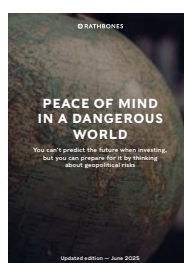
Keep up to date with regular insights from John Wyn-Evans, our Head of Market Analysis, as he explores the key themes shaping the global economy and investment environment.

Research reports

In line with our focus on long-term investing, we produce in-depth reports. These publications reflect the thinking behind our portfolio decisions and explore how structural trends, risks, and opportunities could affect investors over the long term.



The next decade for the global economy is likely to look very different to the 2010s. *Investing for the next decade* explores how the opportunities in fixed income have changed, the possible outlook for equities, and why we believe the extraordinary outperformance of the US could end.



Geopolitical risks have risen in recent years, from conflict in the Middle East to tensions in the Taiwan Strait. *Peace of mind in a dangerous world* outlines the four risks we monitor most closely, the warning signs we look for, and how we prepare portfolios to help protect your investments.

Experience and expertise

Rathbones has a large and experienced in-house research team covering global equities, fixed income, multi-asset strategies, and responsible investing. With specialists dedicated to analysing market trends, sectors, and individual securities, our team brings deep insight and rigorous discipline to every portfolio. This depth of knowledge allows us to uncover opportunities, manage risk effectively, and respond quickly to changing conditions, helping you to invest with greater confidence.

You can access this expertise in a range of ways, from fully bespoke discretionary portfolios to ready-made multi-asset funds, tax-efficient investment strategies, and specialist services for complex needs. To find out more and for details of your local office, visit www.rathbones.com/en-gb/wealth-management/contact-us



Information valid as at 1 June 2026, unless otherwise indicated. The value of investments can go down as well as up and you could get back less than you invested. Past performance is not a reliable indicator of future performance. This information should not be taken as financial advice or a recommendation.

If you no longer wish to receive this publication, please call 020 7399 0000 or speak to your regular Rathbones contact.

Rathbones, Greenbank and Rathbones Financial Planning are trading names of Rathbones Investment Management Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered office: Port of Liverpool Building, Pier Head, Liverpool L3 1NW. Registered in England No. 01448919.

Rathbones Investment Management International Limited is the registered business name of Rathbones Investment Management International which is regulated by the Jersey Financial Services Commission and is licensed by the Guernsey Financial Services Commission. Registered office: IFCI Esplanade, St. Helier, Jersey, JE1 2RB. Company Registration No. 50503. Branch: Upper House, 16–20 Smith Street, St Peter Port, Guernsey, GY1 2JQ. License No. 3058882. Rathbones Investment Management International Limited is not authorised or regulated by the Financial Conduct Authority or the Prudential Regulation Authority in the UK and its services are not covered by UK regulatory protections.

Copyright ©2026 Rathbones Group Plc. All rights reserved. No part of this document may be reproduced in whole or in part without express prior permission.