

Emerging Trend Report:

Changing Views of “Dwelling”

Exploring the trends and
changing consumer behaviors
that will influence how people
view living space



From the Strategic Thinking Advisory Committee,
NATIONAL ASSOCIATION OF REALTORS® in partnership with Maddock Douglas



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Why Look at Emerging Trends?

Trends are important indicators of the future. They show the emergence of changing consumer behaviors that have the power to change our industry in turn.

Predicting those trends with the highest likelihood to affect the real estate industry is incredibly important so we can begin exploring ways of proactively addressing them. This means understanding how people think of living space as it affects what consumers want, what we deliver and how we might interact in the future.

Changes in consumer behavior are driven by experiences, no matter

where they come from. As a result, it becomes critical that we look beyond our industry in our efforts to identify them and their potential effects, striving for an “outside-in” perspective in two important ways:

- ▶ **Consumers = behaviors, expectations & needs**
- ▶ **Industries = what they're doing to address them**

To gain consumer perspective, we conducted a research study—the results of which are summarized to the right. The full report of findings is also available at bit.ly/NARDwellingReport

To gain insight into how other industries have faced these same issues, we've included experts from parallel industries to share their learnings and experiences, as well as to contribute to the development and analysis of the trends themselves.

Industries represented:

- Insurance
- Financial services
- Financial planning
- Healthcare & aging
- Sharing economy
- Workplace & environments
- Venture Capital & start-ups

Predicted Likelihood* | Trends

91% CONTROLLING HOW WE AGE

Top reason: People living longer/healthier lives: 24%

How it will happen:
Aging in home: 34%
Have home retrofitted: 10%

Key impacts:
More services for aging at home: 20%
More new homes built for aging: 14%

Active control of ourselves and our environments.
For example: not retiring, aging at home, etc.

! This is the most likely trend, but also has the longest # of predicted years until it becomes common at 17.

“Life expectancy has increased, so the need to dictate how the end years go is needed.”

90% VIRTUAL REALITY

Top reason: Escapes from real life: 31%

How it will happen:
Virtual reality games: 43%

Key impacts:
Fewer real estate agents showing property: 11%

Playing games like Pokémon Go, using headsets like Oculus Rift or Google Cardboard, utilizing virtual tours to shop and make purchases, interacting consistently via some form of video, etc.

! This is only one of two trends in which the NE was not the region most likely to be affected.

“Look at how many people stare at their phones all the time now. VR will really give them that escape.”

Northeast 32%
West 37%

Midwest 15%
South 16%

87% INTERNET OF THINGS

Top reason: More devices on market: 35%

How it will happen:
Home/devices/appliances: 46%

Key impacts:
Fewer real estate agents showing property: 11%

The network of devices, vehicles, buildings that are embedded with technology for connectivity that enable them to collect and exchange data.

! This is the only trend with a single income range representing the majority of those likely to be affected.

“It makes the way we live more efficient.”

100%

*Calculated probability of statement being true. Based on number of respondents and strength of individual responses. Ranges from 0-100%



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86% ARTIFICIAL INTELLIGENCE

Top reason: To make life easier: 55%

How it will happen:
Environment/Climate Control: 24%

Key impacts: Homes equipped to accommodate AI: 16%

"It makes life easier and frees up more time for people to do other activities."

! This trend has higher Upper Income representation than any of the trends.

Increasingly effective versions of things like Roomba, Siri, Nest, music/movie recommendations, automated customer service support bots, driverless cars, etc.

82% MINIMALIST LIFESTYLE

Top reason: Will be all they can afford: 34%

How it will happen:
Renting instead of owning: 10%
Owning a tiny home: 9%

Key impacts:
More flexible housing options: 32%
More options for shared living spaces: 13%

"Rising cost of living will force people towards simpler lifestyle."

! This trend has a likelihood by Gen X respondents of roughly 50% lower than any other generation.

Keeping life simple. E.g. renting instead of owning, sharing living spaces or cars, owning smaller/tiny/modular/mobile homes, having fewer children, etc.

Gen X 38%

Boomers 91%

Millennials 96%

80% MULTI-GENERATIONAL LIVING

Top reason: Increasing housing cost: 34%

How it will happen:
All living in single home: 48%
Separate units in same building: 18%

Key impacts:
More MGL units w/ flexible floor plans: 24%
City planners will develop MGL options: 21%

"Younger people can't afford to live on their own and older people can't afford assisted living homes."

! This is the only trend in which Caucasian was not the ethnicity most likely to be affected.

Grandparents, parents and children live together or in close proximity to one another.

Virtual, transient or not in a traditional workplace location under a single, consistent employer.

80% NON-TRADITIONAL WORKING ENVIRONMENT

Top reason: Can do work with phone/laptop: 40%

How it will happen:
Home offices: 48%
Mobile offices: 18%

Key impacts:
Companies reduce office space size: 35%
Home offices more common: 26%

"More cost effective for both employees and employers."

! This trend has a likelihood by Gen X respondents of 50% lower than any other generation.

Steps toward tighter-knit communities like joining clubs and groups, living in more concentrated urban areas.

75% PHYSICALLY PART OF COMMUNITY

Top reason: Interaction with others who share interests: 40%

How it will happen:
Suburban areas with thriving downtowns: 34%

Key impacts:
Living decisions based on community: 26%
Renting instead of buying: 10%

"People already feel disconnected by technology, so I believe there will be a resurgence of face to face interaction."

! This is the only trend in which likelihood by Gen X respondents was >10% higher than all other generations.

Not going to college, not buying a home or car, delaying marriage/children, to pursue passions.

56% NONTRADITIONAL LIFE CHOICES

Top reason: Want better life for children: 29%

How it will happen:
Not taking on debt: 19%

Key impacts: Home ownership will decline: 13%

"Dissatisfaction with current society."

! This is the only trend in which one generation's likelihood was significantly higher than the others.

Gen X 53%

Boomers 38%

Millennials 90%

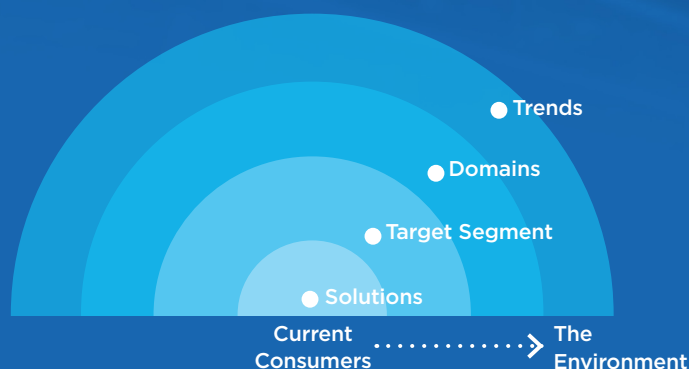
100% *Calculated probability of statement being true. Based on number of respondents and strength of individual responses. Ranges from 0-100%



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Where Do Trends Fit in the Real Estate Ecosystem?

Trends help us understand the wider environment our clients live in—a “10,000 foot view” of what’s coming. They make our strategic decisions more relevant, proactive and future-proof. However, they are only the beginning of the process toward solutions.



The Study

We tested nine leading future trends with a Prediction Market online study in September 2016. The trends were collaboratively developed in the NAR Dwelling 2.0 Workshop on June 23-24, 2016.

The study measured the predicted likelihood of future trends related to dwelling space among U.S. consumers. It also gathered qualitative diagnostics or “clues” that can help explain why each trend is likely to happen (or not).

For the more probable trends, we gathered how, where, and among whom they will be most likely to unfold.

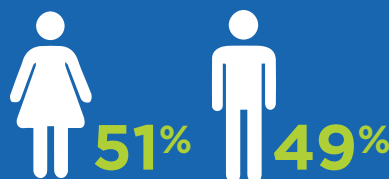
Prediction Markets are a proven crowdsourcing method for forecasting things like political polling. It works in a similar way to the stock market, with the responses on the likelihood of events occurring derived much like the collectively agreed value of a stock.

Who Participated?

1505

U.S. Consumers

Gender



Age

	Millennial	GenX	Boomer	Silent	Total
Female	12%	14%	19%	6%	51%
Male	12%	15%	17%	5%	49%
Total	24%	29%	36%	11%	100%

Get the full report at: bit.ly/NARDwellingReport