



# TRENDS IN REAL ESTATE OVER THE LAST 10 YEARS



**What happened, where we're at,  
and what to expect in the upcoming  
real estate market.**



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It seems as if the real estate market has been through the wringer throughout the past few decades. But it's important to remember that trends come and go no matter what. Depending on the location and current economic conditions, real estate— although unpredictable— will always be a relevant market to track.



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## RESIDENTIAL REAL ESTATE SINCE 2005

### Early 2000s

Following gradual growth in homeownership percentage rate throughout the late 90s, the early 2000s saw a significant increase. But then 2008 happened. The 2008 housing crisis tanked homeownership rates dramatically, where an estimated one in 55 homes became foreclosed.

### 2010-2015

In 2010, things started to turn around as homes were more affordable in the aftermath of the 2008 crash. This is also the year when the Wall Street Reform and Consumer Protection Act was passed, which meant there was hope that another market disaster would be prevented.

From 2010 to 2015, the average homebuyer was around 50 years old. Where were the new homeowners of younger generations?

### 2015-2020

Federal housing aid improved and mortgage lenders began requiring much lower down payments. By 2017 and 2018, homeownership reached high records and the market seemed to be thriving.

The 2020 pandemic brought on an obvious mortgage scare. Since then, interest rates have continued to rise and housing costs reached new highs.



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## CHANGES IN BUYING VS RENTING

Renting has become more popular since 2010 as a result of both choice and necessity. Based on the U.S. Census, the percentage of renters has gone up almost 20% since 2010.

As apartment construction advanced years ago and more millennials came of homebuying age, the appeal to rent luxury-style apartments and rental units outweighed buying prospects.

Why did more people choose to rent?

- **Preference of individual flexibility; not wanting to settle down in one place**
- **Financially inadequate situations many millennials face**
- **Fewer couples choosing to have children so homeownership feels less necessary**
- **Increase in apartment development**
- **Baby boomers are downsizing, appearing to eat up the affordable housing market**

### Surprising Increase in Buyers After 2020

Even though renting is high, more buyers are coming out of isolation ready to spend their savings on homes. The housing market feels unpredictable and chaotic. People are moving states, construction hasn't been its best, and supply and demand are meeting conflict among those who wish to buy.



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## TRENDS WE'VE SEEN

There tends to be a swing in real estate about every seven to ten years. But this might change with the rise in technology, generational population imbalances, and other sensitive economic factors. Even though we can't predict the future, what we know are the basic historical trends.

### Rising Home Prices

The value of homes rises gradually over time. Ideally, the economy keeps moving forward and as a result, real estate prices go up. However, the market—like the economy—can be unpredictable.

### Recession or Change

With any financial crisis, home values decrease; sometimes plummet. Economic or natural disasters can cause serious scares to the housing market. But this doesn't last forever.

### Rebound and Regulation

Give or take several years, amidst recovery from crisis, the housing market improves. Often, home prices skyrocket because the supply in certain areas cannot meet buyer demand. In other areas, home prices decrease to embarrassing lows, as it's difficult for the population to afford the cost of living. When demand is too low for supply, costs decrease or state housing aid increases.



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## WHAT IS HAPPENING NOW?

### Interest Rates

Interest rates are now higher than their pre-pandemic averages. Pair that with rising inflation and a tight housing supply, these rates are likely going to remain competitive.

### Real Estate Investors

Investors are also on their way to long-term changes. While most real estate investors are known for seeking mainly single-family properties, new real estate options look promising. Land, mobile homes, and commercial properties are becoming more competitive.

### Downsizers

Now that home costs are high, current homeowners are wanting to sell. Many see financial profit in downsizing: selling their home to buy a smaller, affordable one.

### Technology Advances

With the development of digital business operations, more transactions are being processed online. We're only getting more technologically dependent, which means there will continue to be faster growth, capital, and overall agility in the real estate world.



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**History can point to potential re-emerging trends, but nobody can predict the future. If you're interested in real estate, learn about how key economic influences directly impact the market. Talk to a real estate agent or mortgage broker today if you're worried about the future of your property.**



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