



**FOR
SALE**

Five Factors Impacting Real Estate in 2019

While many micro-level factors often have a significant effect on the local real estate market (school districts, regional infrastructure, etc.), it's important to widen the lens from time to time and look at some of the larger, macro-level drivers influencing the real estate industry. Here are five important trends to look at in 2019.

1) THE ECONOMY

The economy is about as macro as it gets when you think about indicators of the real estate market. But the word economy is quite the blanket term—within it are several sub-sets of market-influencing variables.

So, when reports say that the economy impacts real estate, they typically reference a few common things. Employment rate is a big one; as you'd imagine more people working and more folks feeling stable in their jobs can create a more robust real estate market. Interest rates and inflation may enter into conversations about the economy, too. While more affected by inflation than interest, as [this article from Investopia](#) points out, changes in either can affect the health of the real estate industry.

But instead of focusing on the multiple nuances of each internal economic driver, remember this: the economy impacts real estate on a macro level because it affects the way financial institutions lend money.

2) HOUSING INVENTORY

According to [this report from Freddie Mac](#), there will still be a significant shortage of homes on the market in 2019—about 2.5 million less than what is needed to match long-term demand.

Why? The trends point to more (and younger) first-time homebuyers entering the market and, perhaps more importantly, more seniors holding on to their homes longer. The report also points out that housing shortages are more acute in areas with strong economic opportunities.

While this could be viewed with optimism for a seller, the reality is that a decrease in housing stock can push would-be buyers out of the market—either because of rising costs due to supply and demand, or the sheer unavailability of homes that meet buyers' particular needs.

3) FAMILY DYNAMICS

The concept of a multi-generational family is nothing new, but it seems like home shoppers are increasingly facing a two-front challenge: how to find a home that works well for their aging parents *and* their adult children who aren't financially able to move out on their own. There are a handful of economic/financial factors that sidecar with this issue as well; student loans and healthcare costs are two that are typically mentioned.

It's important to note that the Millennial generation is increasingly buying homes *and* starting families, while their Gen Z successors are coming up quickly in the rearview mirror. Recalling the housing inventory issues discussed above, seniors holding on to their homes longer can drive prices up, pushing many of these potential first-time buyers out of the market.

4) REDEFINING COMMERCIAL PROPERTY

Stories abound of how once-ubiquitous malls have begun to disappear thanks to the rise in online shopping. And e-commerce isn't just impacting megalithic shopping centers; according to this [article on Curbed.com](#), despite growing retail sales, brick-and-mortar stores face declining foot traffic as well.

Many companies are also shifting to shared-space offices, floating desks and home-based employees to slim down expenses and maximize efficiencies. A new industry has sprung up to support this trend, offering rental co-working spaces that often carry short-term, single-day rentals or month-by-month membership packages.

5) TECHNOLOGY

Whether it's a network of connected devices (aka, the [internet-of-things](#)) or innovative new construction materials, technologies are helping drive new building opportunities. Construction is getting more automated and efficient to help meet the changing demands of the real estate industry.

And this technology is not just shaping the way structures are built—it's also changing the way structures are bought. Things like virtual or augmented reality tours, MLS aggregators and online mortgage lenders are fundamentally changing the way real estate is bought and sold in the 21st Century.

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