Real Trends: The future of real estate in the United States
From the MIT Center for Real Estate and Urban Economics Lab

The future of real estate is filled with disruption, innovation and challenges. Real estate professionals can get the edge by looking beyond today’s market cycle at long-term trends shaping development in the future.

Growth and migration patterns

<table>
<thead>
<tr>
<th>Year</th>
<th>New homes added</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>6.05 million</td>
</tr>
<tr>
<td>2020</td>
<td>4.95 million</td>
</tr>
<tr>
<td>2019</td>
<td>3.30 million</td>
</tr>
<tr>
<td>2018</td>
<td>1.65 million</td>
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</tbody>
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Strong short-term demand for housing will be strong. The population is expected to jump to 334 million by 2021—the equivalent of 1.65 million new homes a year.

Both urbanization and suburban sprawl will drive development. Expect to see town centers arising in suburb and exurb communities, while consumer cities with elastic housing supply—such as Cleveland, Oklahoma City and Pittsburgh—make their comeback.

Immigration will drive housing growth. For each percent that immigrants add to a metro population, rent growth will increase by an extra 1%.

Innovative ways of living and working

Self-driving cars will reshape the suburbs. Autonomous cars will accelerate suburbanization and accelerate sprawl by increasing the distances that people are willing to commute.

Development requires well-defined contracts, innovative design, ways to resolve disputes, new management practices and reasonable local regulations.

Affordable housing shortage

Adaptive reuse will add affordable housing to areas in need. Historic properties are being retrofitted as affordable housing communities close to city centers, allowing residents to benefit from improved access to transportation and services. They also can attract new development.

Conclusion: Staying ahead of the future

A series of interrelated demographic, economic and technological trends will disrupt long-held assumptions about real estate, challenging established business models and opening opportunities for those with the foresight to envision a future that breaks in significant ways with the present.

Real Trends: The future of real estate in the United States is a report commissioned by Capital One to provide members of the real estate community a framework they can use to identify trends as they emerge in their market, assess their implications and change course accordingly.

Disclaimer: This report results from the research conducted by the MIT Center for Real Estate and the Urban Economics Lab. It is based on a review of academic literature, research projects, discussions with MIT staff and professors, and presentations at the MIT World Real Estate Forum and Real Disruption conferences. It was conducted from February to August 2017.

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