THE FUTURE OF REAL ESTATE: 4 TRENDS OF 2020

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What is the future of real estate? There will be some shifts in the industry that real estate organizations need to prepare for. The [future of real estate](https://www.mashvisor.com/) is facing trends of urbanizations, changing demographics, and new [real estate technology trends](https://www.mashvisor.com/blog/real-estate-technology-trends-2020/). Looking forward to 2020, there will be some economic and social shifts, a wider range of opportunities, larger risk and return, and new drivers of value that you need to look at if you’re invested in the real estate industry. The [PwC Real Estate 2020: Building the Future](https://www.pwc.com/sg/en/real-estate/assets/pwc-real-estate-2020-building-the-future.pdf) report highlights the main predictions regarding the environment of future real estate investing. Let’s take a look at some of the most evident real estate trends mentioned in the report so you know what to expect.

**2020 Trends Shaping the Future of Real Estate**

**1) Expansion in Cities**

**Takeaway:** **Expect a substantial increase in the global investable real estate universe, most notably in emerging economies. Once 2020 hits, investable real estate will have expanded by more than 55 percent since 2012.**

The [future of real estate](https://www.mashvisor.com/) is looking very bright as the industry is seeing a trend of urbanizing cities and economic growth. Cities across the world are working on building themselves to be centers of wealth creation. As [construction activity](https://www.mashvisor.com/blog/new-construction-plans-real-estate-investing-opportunities/) is booming for 2020 and beyond, expect to see more contribution to the future of real estate from growing cities across Asia (most fast-paced region), Africa, the Middle East, and Latin America. Overall, total construction output globally is projected to reach a whopping $15 trillion by 2025.

As entirely new cities emerge in nations across the world, migration will rise. China is expected to experience the largest migration (1.5 million new residents a month for the next ten years). Even developed cities are witnessing population increases. London will welcome 2 million new residents by 2031. There will also be major US developments (like the Hudson Yards Redevelopment Project in [New York](https://www.mashvisor.com/blog/new-york-real-estate-market-forecast-2020/)) which will catalyze city expansions in 2020.

Now just because a lot of cities are building and experiencing growth, that doesn’t mean they will all succeed. Some might not witness the high level of [migration](https://www.mashvisor.com/blog/immigration-us-real-estate-market/) they expect. And some might have such a large increase in population, they’ll fail because their economy wasn’t equipped to support them with enough jobs. As 2020 projects fierce competition between these [emerging real estate markets](https://www.mashvisor.com/), you need to keep an eye out for the ones which truly thrive. The [future of real estate](https://www.mashvisor.com/) is in the cities that come out on top as leading centers for the investment community.

**2) Demographic Shifts Trigger Real Estate Demand**

**Takeaway: By 2050 the percentage of people aged over 60 will exceed that of people aged below 15 for the first time globally. As the world’s population continues to age, there will be a limit on how much house prices rise.**

Ending 2020, the world’s population of middle-class consumers will have increased by 1 billion. Developing countries have the largest share of younger populations. The aging population in advanced economies will have a bigger effect on the future of real estate. For example, the Bank of International Settlements analyzed these economies and found that [house prices in the US](https://www.mashvisor.com/blog/house-price-trends-us-real-estate-market-2019/) are going to be deflating (about 80 basis points per annum in real estate prices over the next 40 years). What does an aging population mean for the [future of real estate investing](https://www.mashvisor.com/)? New sectors in the real estate market will emerge to gain investor interest.

While the future of the [real estate market](https://www.mashvisor.com/) will indeed be dominated by the main sectors of office, industrial, retail, and residential, there will be some changes. The older population will require more nursing homes so healthcare and retirement will become significant subsectors in the market. A projected global increase in population to 9.3 billion will demand more [affordable housing](https://www.mashvisor.com/blog/most-affordable-real-estate-markets-2019/). The growing population means larger food consumption; this will spark more investor interest in the agriculture subsector. The future of [residential real estate](https://www.mashvisor.com/blog/failed-residential-property-investments/)? The shifts in demographic trends will definitely lead to some changes in consumer demands and real estate development. So expect the [US housing market 2020](https://www.mashvisor.com/blog/us-housing-market-predictions-2020/) and other developed economies to start adding new and different [types of property](https://www.mashvisor.com/blog/property-types-investment-strategies/) to their real estate inventories.

**3) A Greener Future for Real Estate**

**Takeaway: Most buildings are likely to start having sustainability ratings which will be a key driver in real estate value.**

Population growth and urbanization bring along with them the necessity for more [eco-friendly real estate](https://www.mashvisor.com/blog/tips-eco-friendly-rental-property/) development. It’s projected that by 2050, the world will need 50 percent more energy, 40 percent more water, and 35 percent more food to sustain the population. This means new properties will be designed with a “green” strategy in mind. As we’re already seeing buildings starting to include renewable energy technologies and waste reduction, the future of [real estate marketing](https://www.mashvisor.com/blog/real-estate-marketing-ideas-consider/) is looking more and more green as this is what people will be looking at. But if this trend of economical efficiency outpaces current buildings’ abilities to go green, they could drastically drop in value. So this trend also plays a role in the future of [real estate appraising](https://www.mashvisor.com/blog/know-before-become-a-real-estate-appraiser/).

**4) Real Estate Technology Trends in 2020**

**Takeaway: Technological innovation will disrupt the economics of the real estate industry. Expect more real estate transactions to be completed via blockchain technology in 2020.**

With so many industries taking their business online, it’s only natural to think about the way tech will affect the [future of real estate](https://www.mashvisor.com/) in 2020 and beyond. We’ve already seen a growing use of data analytics in the industry. This makes sense. Real estate is all about the numbers, especially when it comes to investment properties. Real estate professionals need to be looking at a lot of data to maintain their assets. [Artificial intelligence](https://www.mashvisor.com/blog/ai-in-real-estate/) (AI) and [predictive analytics](https://www.mashvisor.com/blog/real-estate-predictive-analytics/) are a necessity if you want to be competitive in the industry.

Looking at the global real estate industry, we’ve seen a boost in demand for blockchain applications in some of the more rapidly developing regions like China, Singapore, and Southeast Asia. But will this be a serious trend shaping the [future of real estate](https://www.mashvisor.com/)? A lot of players in the industry are hesitant to participate in this trend because of blockchain’s connection to cryptocurrency, which has been extremely volatile ever since it gained market attention in 2017.

But [blockchain](https://www.mashvisor.com/blog/blockchain-technology-in-real-estate/) and cryptocurrency aren’t the same thing. Blockchain is simply the technology behind bitcoin and other cryptocurrencies. And this technology can be designed to support any type of transaction. Think of it as a web-based real estate market. The future of [real estate agents](https://www.mashvisor.com/blog/best-marketing-tips-agents/) will revolve around this technology, actively [selling and buying properties](https://www.mashvisor.com/) using blockchain. But this can also negatively affect the future of real estate brokers. As technology continues to simplify [real estate transactions](https://www.mashvisor.com/blog/basics-real-estate-transactions-beginners-guide/), reliance on agents for property searches may reduce. The Western housing markets haven’t picked up this trend as quickly, but after seeing the development in Asian markets, expect to keep hearing about this trend.