

# The Future of Real Estate

2021

CANVAS8 RE/MAX





# Overview

Buying or selling a home is a significant milestone for people in North America. Whether it's that first-home buyer's exciting moment of receiving keys, or a family move across the country, these moments have long carried immense weight and importance in people's lives.

Yet in the current landscape, home buying and selling have dramatically changed for real estate agents and their clients. The pandemic has prompted major shifts in the real estate market - from the digitization of the buying or selling process, to the shifting attitudes of where and how people want to live.

While these shifts present great insights into how real estate will evolve, people want the support and guidance from professionals to help them navigate the journey towards homeownership. Looking ahead, it's clear that the role of the real estate agent is essential in helping people find their dream homes.



## Background

This work explores the cultural context and influential trends set to shape the real estate and housing landscape across the United States and Canada. It uncovers people's sentiments and values towards buying, owning, and selling homes amid a landscape that is fundamentally changing the way people see homeownership.

The report explores how these trends are currently manifesting, via six key trends, and what that means for the future of home buying and selling.



# Methodology

In collaboration with Camp + King and research partner Canvas8, we analyzed the real estate and homeownership landscape across Canada and the United States to unpack the trends shaping the future of real estate.

The analysis involved...

## Expert Interviews

Three interviews with the best thinkers in the real estate sector in North America to provide future-proof insights and lend authority to our reporting.

## Desk research and trend analysis

Third-party desk research to uncover consumer behaviors and expectations around home buying and selling.

## Agent Perspectives

Six interviews with agents from RE/MAX, Redfin, and Compass in North America for an on-the-ground, market-level understanding of home buyer and seller behaviors.

## Consumer Perspectives

12 qualitative interviews with people in the US and Canada who have been involved in the housing market over the past 12 months, or are planning to be in the next 24 months. Conducted to uncover the motivation, aspirations, and barriers faced by homebuyers and the underlying emotions at play in the midst of a challenging economy.

## Quantitative survey

A survey of 5,000 people in the US and Canada who have been involved in the housing market over the past 12 months, or are planning to be in the next 24 months. Conducted to identify the main trends impacting house buying and selling in 2021.

# Expert Profiles



## Ken Greenberg

**Principal of Greenberg Consultants.**  
Former director of urban design and architecture for the city of Toronto

For over four decades Ken has played a pivotal role in public and private assignments in urban settings throughout North America and Europe. His work sits at the intersection of urban design, architecture, landscape, mobility, social and economic development, focusing specifically on the rejuvenation of downtowns, neighborhoods, and new community planning.

## Nadia Evangelou

**Senior Economist and Director of Forecasting at the National Association of REALTORS®**

Nadia focuses on regional and local market trends, including the effects of changing demographic and migration patterns. Nadia is involved in research and analysis on local housing affordability conditions and local solutions to increase housing inventory and studies the effects of federal policies on the real estate market.



## Denise Akason

**Lecturer of Real Estate at Kellogg Northwestern University**

Denise is the instructor of the Real Estate Lab-Practicum. She also supervises independent studies related to real estate, and has produced real estate case studies for the Kellogg and HBS case collections. Denise managed the Kellogg Real Estate Center for 11 years and prior to Kellogg, she worked in the real estate industry for over 20 years, beginning her career as a commercial office broker and in residential brokerage in the Chicago area.





# United States



Top 3 factors  
when considering  
a real estate agent

1

Trust and familiarity  
with agent

2

Years of  
experience

3

Personal  
recommendations  
from friends and  
family

With more digital options available,  
and a greater presence of no-agent  
platforms like Opendoor, it's no surprise  
that the US are more comfortable with  
the digitalization of real estate.

57%

of American have been communicating virtually  
with their agents since the pandemic started

70%

of Americans would like to see virtual viewing  
options for homes continue post-pandemic

For Americans, selling is an exciting time, but it can get overwhelming. Compared to Canadians, Americans are feeling they are being left in the dark about the process of selling as a whole 24% of Americans who are selling their home want their agents to provide more value by helping them understand the process as a whole vs 14% of Canadians.



# Canada



Top 3 factors  
when considering  
a real estate agent

1

Trust and familiarity  
with agent

2

Years of  
experience

3

Personal  
recommendations  
from friends and  
family

While both countries have seen an uptick towards the adoption of digital technologies, Canadians are less likely to use these virtual solutions while engaging in the real estate market.

48%

of Canadians have been communicating virtually with their agents since the pandemic started

61%

of Canadians would like to see virtual viewing options for homes continue post-pandemic

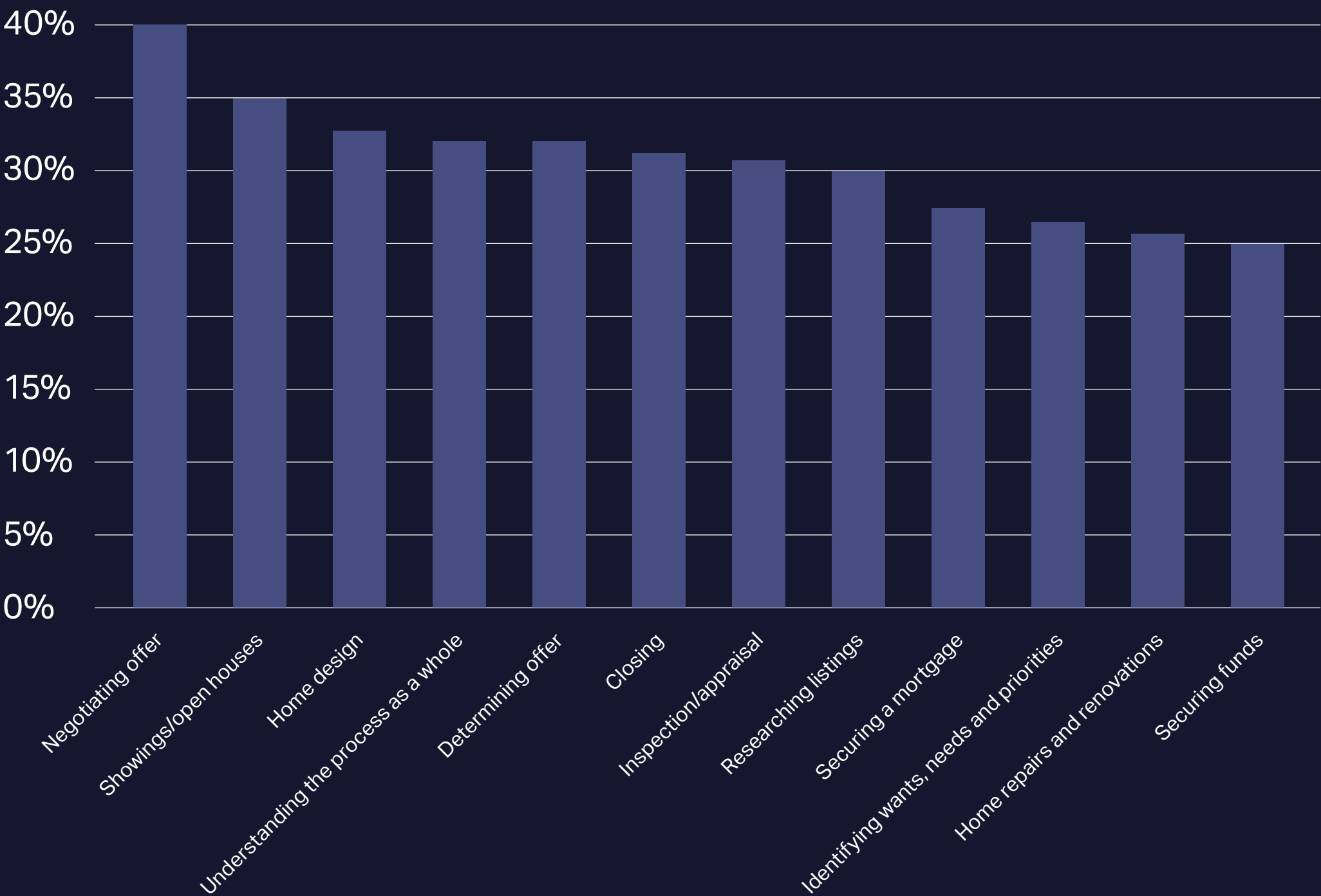
And in terms of support from agents, Canadians are more likely to seek support from their agents when negotiating an offer during the buying process 45% of Canadians needed the most support in negotiating an offer when buying, vs 36% of Americans.



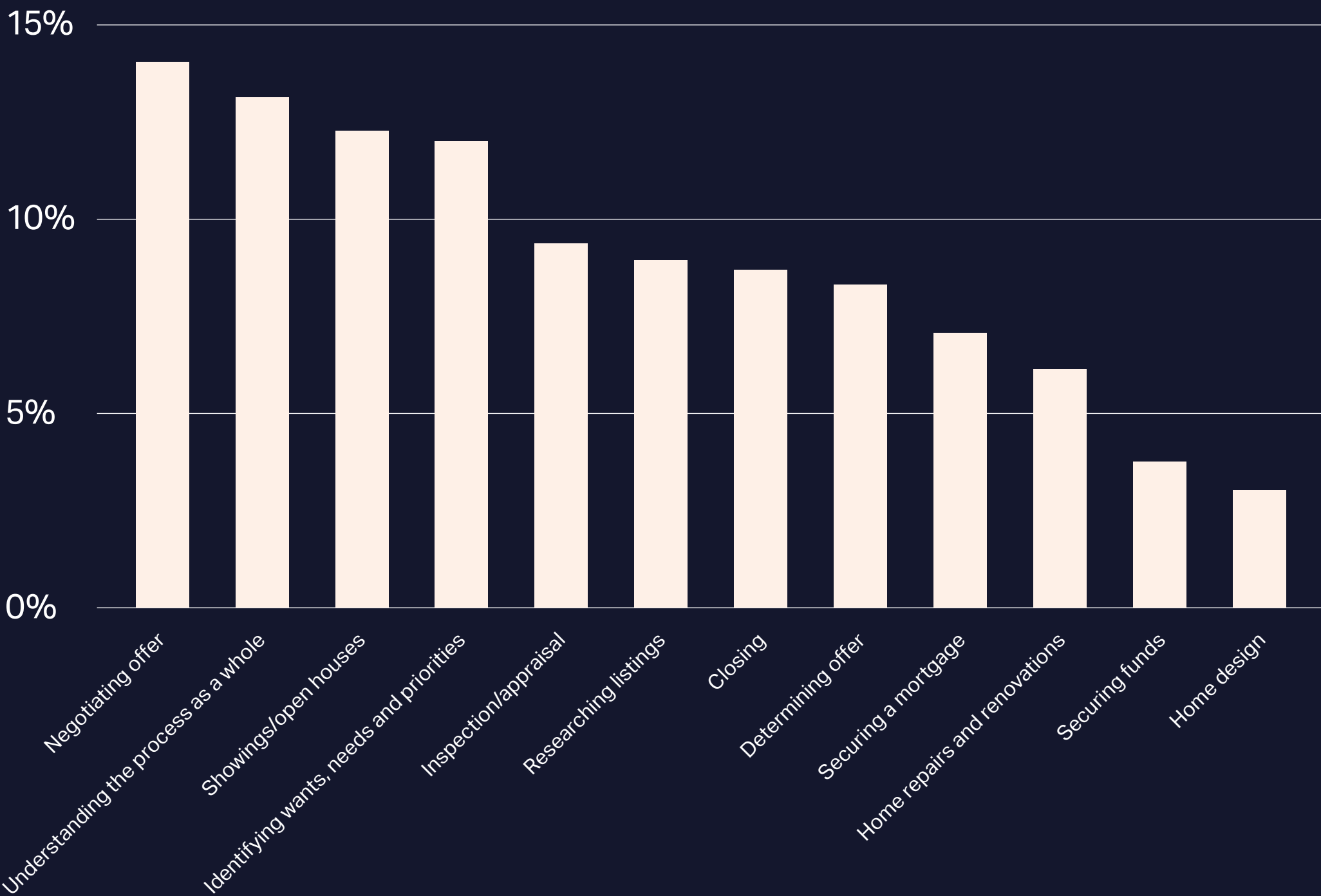
# Home design and open house are becoming more important

Where buyers needed their agent most

## 2021 (Canvas8)



## 2019 (Qualtrics)



Sources:

1. Qualtrics 2019 research.

2. RE/MAX survey, QD2 "Of the areas below, which did you need your agent the most in when buying?", Canvas8 2021

Base: All buyers with \$70k annual household income or higher, and aged 25 or over (n=2,347)\*

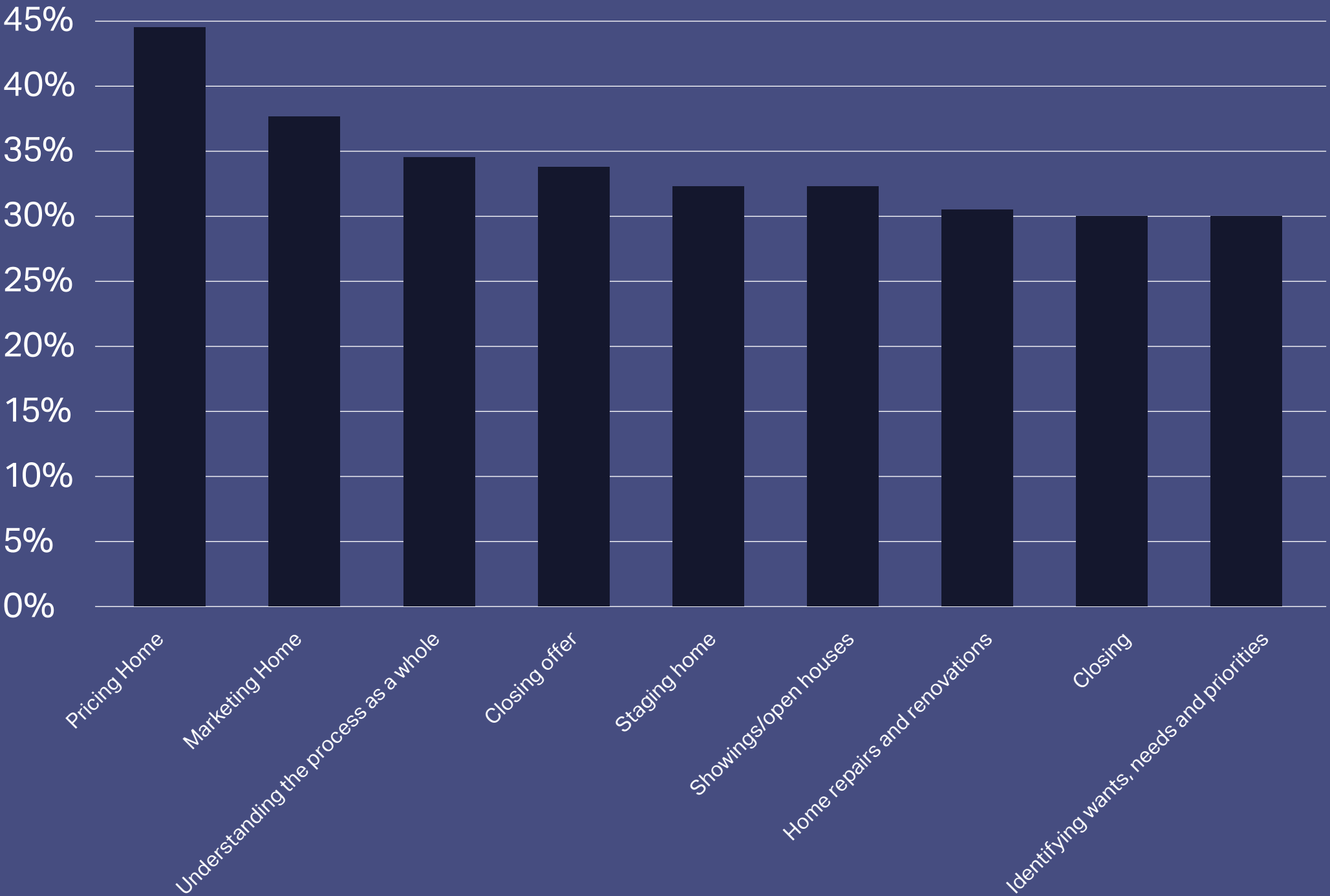
\*Data weighted to represent US 85% and Canada 15%



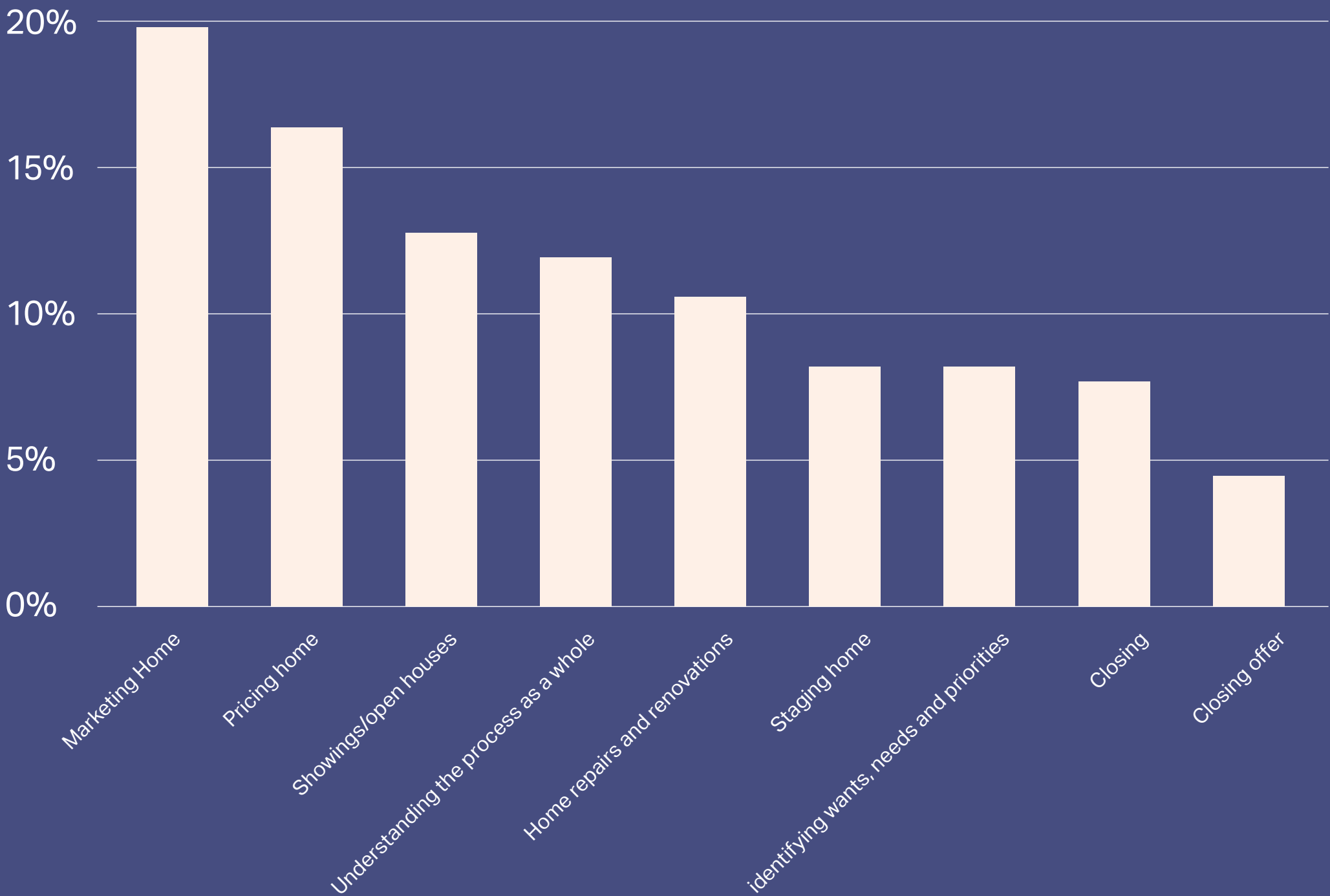
# Sellers need more help choosing offers and pricing

Where sellers needed their agent most

2021 (Canvas8)



2019 (Qualtrics)



Sources:  
1. Qualtrics 2019 research.  
2. RE/MAX survey, QD4 "Of the areas below, which did you need your agent the most in when selling?", Canvas8 2021  
Base: All sellers with \$70k annual household income or higher, and aged 25 or over (n=1,519)\*  
\*Data weighted to represent US 85% and Canada 15%



# At a Glance



## 01

### Mass Digitization

While the potential of real estate tech is growing, the knowledge and skill of agents remain an integral part of the real estate journey.

## 02

### Choice Reimagined

People are choosing houses that fit in seamlessly with their new lifestyles.

## 03

### Values Represented

People want to live in environments that represent their identities.

## 04

### Creating Reality

People are creating their dream homes through home improvement.

## 05

### Safeguarding Positions

Not only is home ownership an aspiration, it's an essential means of security.

## 06

### Opportunity Divide

People want authentic representation and support in order to overcome the homeownership barriers.



01

# Mass Digitization

The real estate market has had to adapt to the technological advancements that people have become increasingly reliant upon. As social distancing spurred a radical uptake in virtual viewings and remote closings, the industry, in many ways, seized the opportunity to modernize and utilize mass digitization. Yet while people turn to their tech devices to view or bid on homes, the emotional investment and industry-understanding that agents can provide remains crucial to the buying and selling process.





Before the pandemic, the real estate industry was considered relatively slow in adapting to and applying the full digitization of its services. However, due to the social distancing of 2020-21, that all changed, as many people were forced into having a greater reliance on technology. Whilst trialing new digitized experiences, both the customer and the agent realized how convenient and accessible many aspects of home buying and selling is through tech. And at the same time, how emotionally flat certain aspects of the journey can feel without some in-person interaction.

# 68%

of North Americans would like to see virtual viewing options for homes continue post-pandemic<sup>1</sup>.

# Nº1

Across all generations, ease of communication was ranked as one of the top five most important factors when choosing an agent<sup>2</sup>.



# “

*The 3D tours, promotional videos, and professional photography that were usually reserved for the high-end, we now have for all properties. If you don't have a virtual tour, you are missing half of the buyers. I'd say that most of my consultations have been entirely by Zoom and there were some transactions where I never even met the client.”*

RE/MAX Gold agent, Reno, Nevada

<sup>1</sup> Canvas8 Future of Real Estate QD12, Base: All Respondents n=5057

<sup>2</sup> Canvas8 Future of Real Estate QA2, Base: All respondents n=5057



# Virtual tools are enabling people to plan for and manage their next move before setting foot in a property

For both first-time and experienced buyers, research is now mostly conducted online, and happens long before any viewings take place. Whether it's video walk-throughs, exploring a neighborhood on google maps, or browsing detailed property descriptions, home buyers and sellers are generally very clued up before contacting an agent.

Often, home buyers and sellers have created their own rituals around the hunt for the dream property, from email alerts, to swiping through social media listings. During the active buying stage, there is also a great deal of information to process, and most people are now relying on technology to take some of the load. Signing documents online, for example, is giving buyers and sellers the ability to sign on their own terms and reduces the pressure felt in more 'official environments'.

“

*People will already have a style of neighborhood picked out. They will have walked the neighborhood on Google Earth and have been into every available home on the street before they actually set foot in one.”*

RE/MAX Gold agent, Reno, Nevada

94%

of North Americans who are searching for properties use online platforms to do so<sup>3</sup>.

64%

of Millennial home buyers have been communicating more virtually with real estate agents due to the pandemic compared to 44% of Gen Xers and 25% of baby boomers<sup>4</sup>.

Across the US, **70%** of buyers and **67%** of sellers felt comfortable conducting real estate business on a computer, including reviewing and signing documents electronically<sup>5</sup>.

<sup>3</sup> Canvas8 Future of Real Estate QB1, Base: All respondents n=5057  
<sup>4</sup> Canvas8 Future of Real Estate QD10, Base: All respondents n=5057  
<sup>5</sup> The National Association of Realtors (NAR) 2020



# On-the-ground expertise cannot always be replicated digitally

A growing openness to the potential of technology in the home buying and selling journey does not exclude the essential role agents play in the digital space. Agents are now leaning into new “light touch” styles of communication with clients, and capitalizing on social media as a new way of connecting with potential and past clients.

Home buyers and sellers are now increasingly able to see where the true value of the real estate agent lies and how much value real-life interactions add. Important rapport-building often happens through offline meetings and viewings and offers a reassurance that cannot easily be recreated through virtual means.



6 Canvas8 Future of Real Estate Q14, Base: All respondents n= 5057  
7 Canvas8 Future of Real Estate QD5, Base: All sellers n=2314

“

*By asking the right questions of what’s important, we become a consultant, but we also become a therapist, understanding what people are really trying to accomplish. We need to ask better questions about what people really want to accomplish, and then offer new and better tools to help people achieve that result.”*

RE/MAX Realty Professionals agent, Calgary, AB, Canada

80%

of North Americans report being interested in full-service estate agents<sup>6</sup>.

21%

of North Americans who are selling their home want their agents to provide more value by helping them understand the process as a whole<sup>7</sup>.

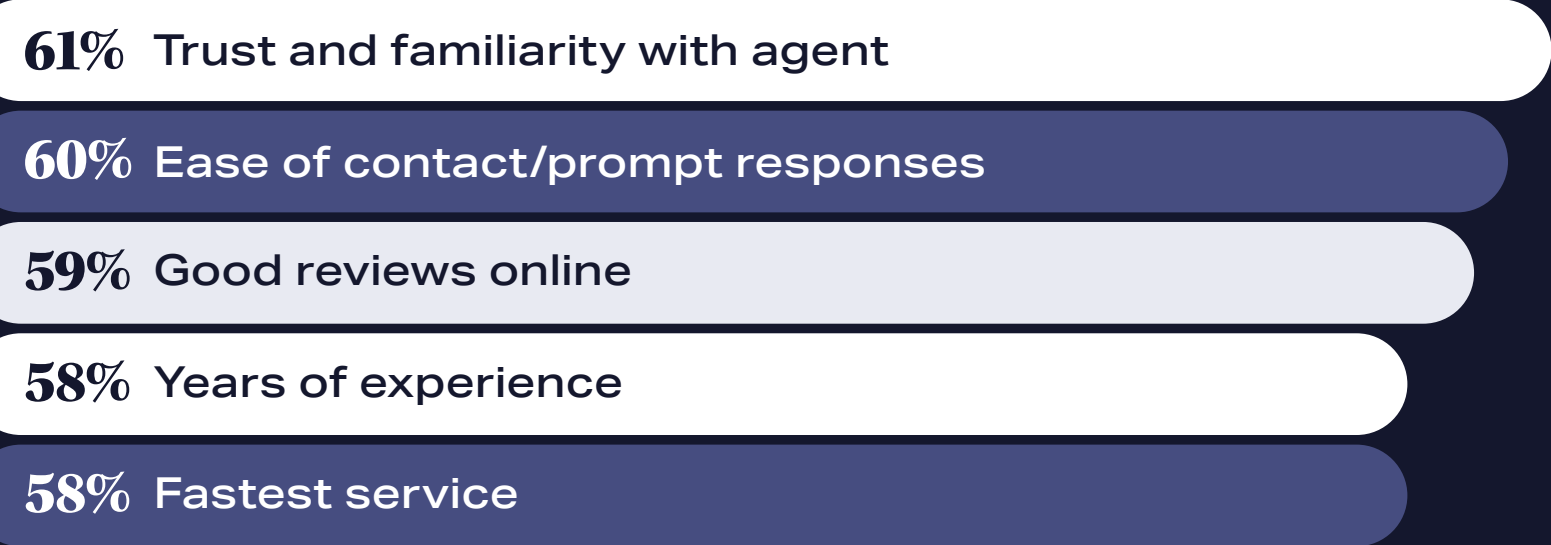


# Trust, familiarity, and ease of communication are more important than speed and efficiency at the crucial stages of the home buying and selling journey

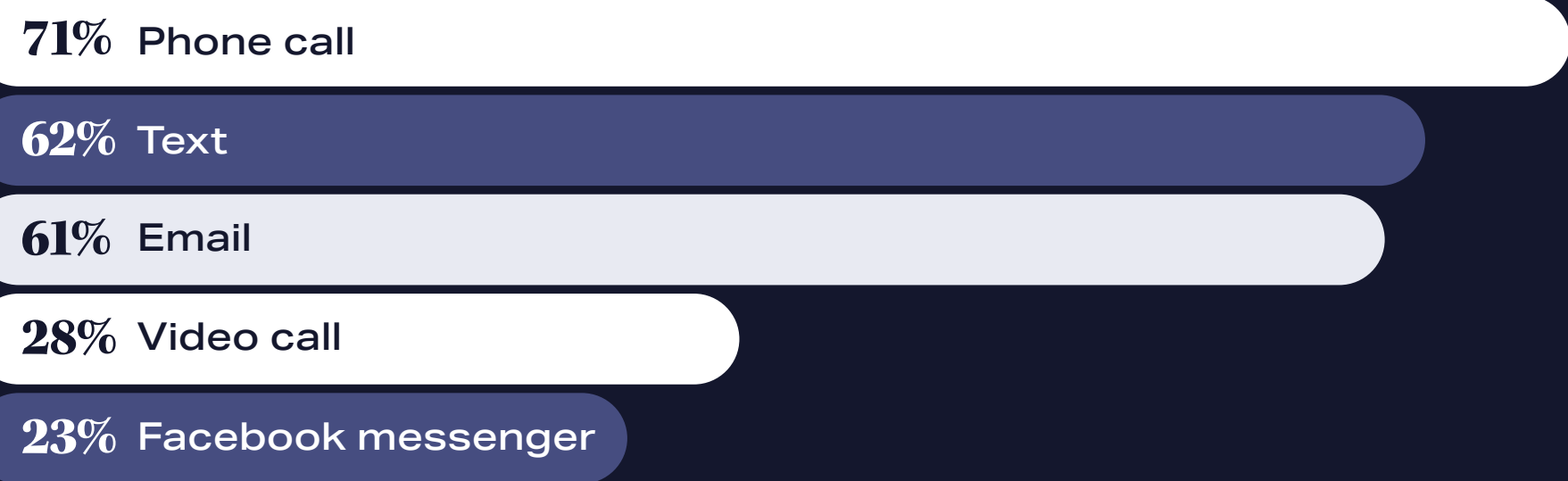
With the scale of such an investment front of mind for most consumers, the personalized support offered by an agent remains fundamental to the key moments in the journey (pricing, negotiating, and closing) as people seek out the extra level of attention and human connection that they can provide.



What will become more important to you in the next two years?<sup>7i</sup>



What is your preferred way of communicating with an agent? (% ranked in top 3)?<sup>7ii</sup>



“We as agents need to accept that our role is changing. We need to make sure that we’re up to date on all the latest tools, so that we’re meeting the buyer where they’re at in the digital world.”

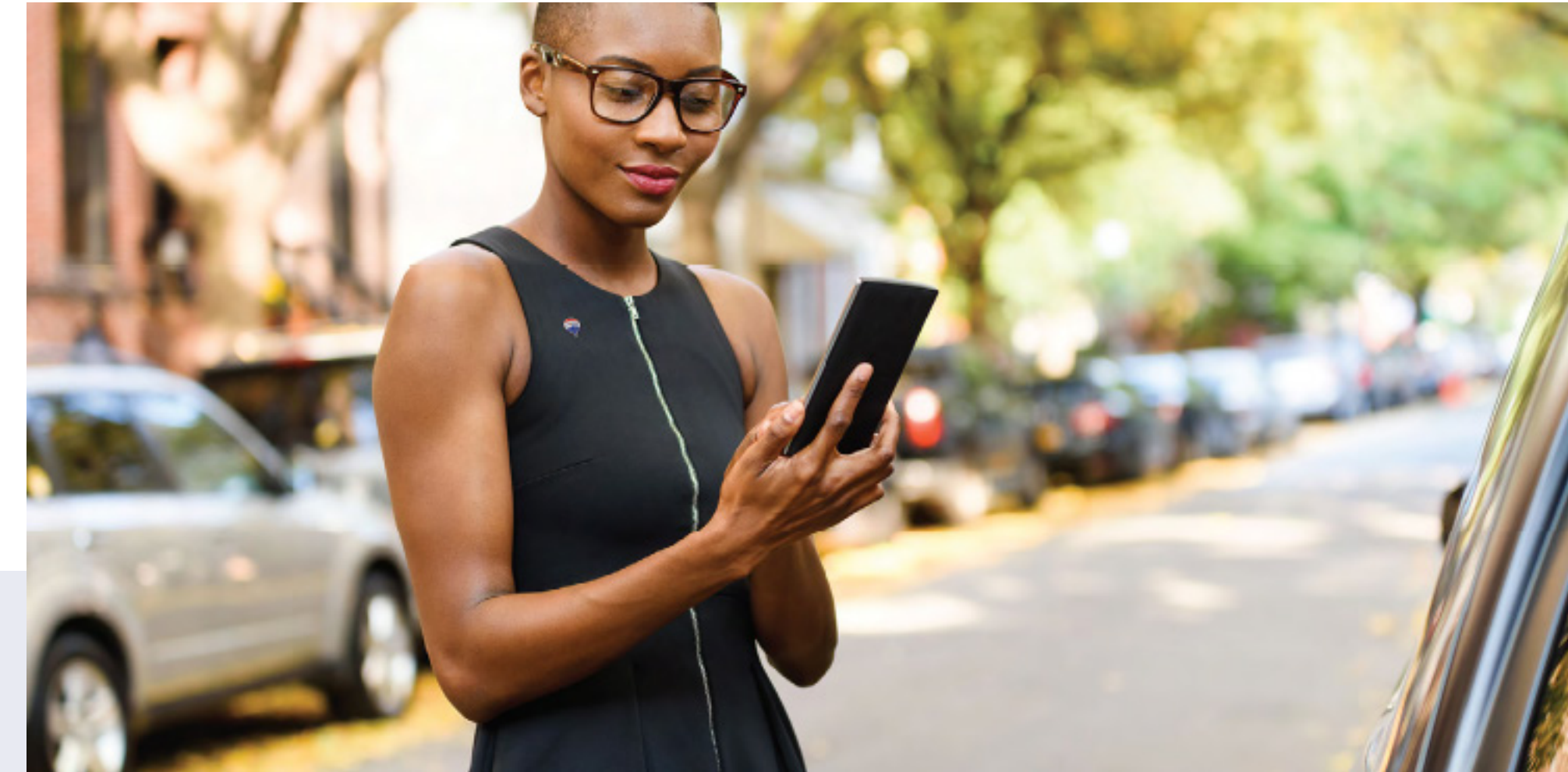
RE/MAX Realty Professionals agent, Calgary, AB, Canada

<sup>7i</sup> Canvas8 Future of Real Estate Q44, Base: All respondents n=5057  
<sup>7ii</sup> Canvas8 Future of Real Estate QD9, Base: All respondents n=5057



# What does this mean for the future?

While technology will certainly enhance some parts of the real estate experience, to home buyers and sellers, the value that an agent brings in person is unparalleled. Technology can help streamline the overall process but agents provide essential support to their clients – understanding the process, encouraging action, providing financial guidance, and marketing their home.



# What does this mean for the agent?

Top agents of the future will be able to successfully combine the convenience of technology with first-class service, adjusting to their clients' unique needs and preferences and striking the right balance between virtual and in-person support.



02

# Choice Reimagined

While people once chose their home based on its proximity to family, workplace, or school, wider shifts in socializing and flexible working cultures are impacting the concept of the home and where it is situated. Agents can play an important role here in truly understanding their clients' more individualized priorities and uncovering hidden gems, which may have been overlooked in the past.





In many ways, the pandemic has put the brakes on modern life, and those in traditional office roles have had the chance to embrace a slower, quieter, and more contained lifestyle. In the US, 54% of employees want to work from home 'all or most of the time' after the pandemic ends<sup>8</sup> and in Canada 45% would prefer to work remotely at least three days a week<sup>9</sup>. As a result, there is now less focus on central business districts and populated cities, as people either seek areas with better conditions; air quality, warmer climate, space, access to nature, or somewhere cheaper; with the opportunity to save money.



8 Pew Research Center, Dec 2020  
9 ADP Canada Co. Sept 2020

“

*We saw many people leaving big city centers and moving to the suburbs and smaller cities. While people move for various reasons, some of them set out to buy bigger houses with office space for them to work. Others are seeking more affordable homes in less dense places away from large city centers since they can work remotely.”*

Nadia Evangelou, Senior Economist & Director of Forecasting at the National Association of REALTORS®



# 'Location location location' takes on new meaning as the suburban revival continues

Those who had the option to move during lockdown restrictions were mainly looking to leave densely populated areas and find a suitable suburban property. With a continuation of outbound moves from densely populated cities like New York, to places with year-round warmer climates like Nevada, Florida, Texas, and North Carolina<sup>10</sup>. 39% of American urbanites said they were considering moving to such an area as a direct consequence of the coronavirus outbreak<sup>11</sup>.

As a result, areas traditionally considered less aspirational have become more popularized. Looking to capitalize on this growing interest in a new range of towns and cities, Airbnb has partnered with town and city incentive programs across the US to offer people the chance to try before they buy in a new less familiar area<sup>12</sup>.





# The suburban life needs to be convenient

In contrast to growing speculation around a mass “urban exodus”, across most of the US, the suburban neighborhoods which feature modern-day convenience and space have witnessed the most growth. But despite a segment of the population wanting to move away from city centers and into more remote areas, expectations of convenience and accessibility to services and amenities remain.

To meet the growing demand and expectations that people have placed on suburban living, the concept of the 15- and 20-minute neighborhood has been widely explored by livable cities groups and reflect the trends around what it means to live locally. Taking into account walkable distances to commercial services and amenities, the 20-minute neighborhood concept, formed in Oregon (The Portland Plan), optimizes accessibility and aims to improve quality of life for all its residents<sup>14</sup>.

“

*One of the reasons why we chose Squamish was because it is an up-and-coming town and because of its proximity to Vancouver. It's bringing a lot of the amenities that you can enjoy in a city like specialty coffee shops, just the things that feel familiar.”*

David, homebuyer, Squamish, British Columbia

84%

of the moves during the pandemic were to somewhere within the perimeter of a city<sup>13</sup>.

10 Washington Examiner, June 2021

11 Harris Poll Survey, 2021

12 Airbnb

13 Bloomberg, April 2021

14 Eugene, 2021

# People want to live around their lifestyle habits

Homes have come to be viewed as hubs, places where a growing number of activities take place on the property. Previously, homes could have been considered as “lighthouses” – used mainly for sleeping and eating, with the majority of time spent in other places like workplaces and leisure environments. However, as time spent in the home has grown, it’s placed greater importance on living and functionality. Choices are being made to suit short-term lifestyle needs and requirements, with typical home buying pathways becoming less linear and more adaptive. For instance, a growing number of Millennials and Gen Zers are taking up residence in suburban neighborhoods and boomers are prematurely embracing their ideal later-life setups ahead of retirement<sup>151617</sup>.

Expecting to spend more time at home, home buyers are deciding on listings that allow them to easily enjoy their lifestyles. Popular picks include larger yards for gardening, outdoor amenities like pools and barbecue kitchens, and convertible areas like garages that can double as a gym or extra office space.

<sup>15</sup> Kantar, February 2021

<sup>16</sup> Cowen and Company, 2020

<sup>17</sup> CNBC, April 2021

<sup>18</sup> Canvas8 Future of Real Estate QB6, Base: All respondents n=5057

“

*“So those generalizations of life stage are good rules of thumb, but they don’t help with individual decisions. We need to know what’s going to be happening around a community over the next five years.”*

RE/MAX Realty Professionals agent, Calgary, AB, Canada

62%

of North Americans think that having a backyard is an important factor when looking for a property<sup>18</sup>.

“

*Everything is changing. Before, most people bought their house as an evening and weekend home because they spent all of their time at work. Now the open concept is less desirable. People want walls, they want dedicated areas, and people who had bigger homes now want to simplify. COVID-19 has really shown people what they really want - not what they’re told they should want.”*

RE/MAX Realty Professionals agent, Calgary, AB, Canada



# When looking to buy, how important are the following factors about the property?

- 67% Security
- 62% Back yard
- 61% Bedrooms
- 60% Floor space
- 59% Energy insulation (e.g. windows)
- 59% Storage space
- 55% Energy consumption
- 55% Appliances/modern conveniences
- 53% Low price
- 52% Natural light direction (e.g South facing windows)
- 52% Front yard
- 51% Investment potential





# What does this mean for the future?

With increased flexibility, home buying is becoming less constrained and associated with key milestones, i.e. marriage, starting a family, new job, retirement in people's lives, and more about adaptation and evolving short-term needs. Consequently, a new choice set is leading to greater interest from a wider and more diverse range of home buyers across neighborhoods in North America. And, as people take their requirements and desires with them; (i.e. walkability, sustainability, diversity), suburbs are more likely to become extensions of their nearby cities and buyers will be guided by a list of preferences around where they want to live.



# What does this mean for the agent?

Agents should consider the changing demographics and lifestyle needs of new clients and their needs from the neighborhood as a whole. Successful agents will identify unique priorities, as the home takes on a completely different meaning, as we enter into a new era of choice.





03

# Values Represented

With the pandemic highlighting the importance of safety, community, and environment in everyday life, a more holistic view of homeownership is emerging. People are now re-evaluating personal values as well as their spending power and are looking to live in homes and areas that reflect themselves and their values positively.





The desire for more integrated, value-led ways of living are becoming well established in North America. In fact, 71% of US consumers now want to buy from brands that align with their values, rising to 83% amongst Millennials<sup>19</sup>.

As consumers continue to act with their wallets, the desire for ethically and socially informed styles of consumption is laddering up into larger lifestyle decisions and purchases, including the home. Indeed, 65% of Americans report that the pandemic provided them with the motivation they needed to get more involved in their communities<sup>20</sup>.

As sustainability moves from a fringe preference to a core imperative across North American life, a respect for the natural environment and proximity to the outdoors is also becoming a key attribute when buying a home<sup>21</sup>. With many people no longer simply focused on being close to big city action, nature-filled areas like Aspen experienced a \$1.5 billion rise in demand in Q3 2020 alone<sup>22</sup>. Nevertheless, despite the growing interest in more sustainable styles of living, there's a gap between action and intention that lingers among different generations of home buyers. As 59% of residential consumers report being somewhat or very interested in sustainability, lingering confusion and a lack of affordable solutions means that eco/sustainable housing remains a pipeline dream for many, especially those with lower budgets<sup>23</sup>.

<sup>19</sup> 5W Public Relations, 2019

<sup>20</sup> One Poll, April 2021

<sup>21</sup> Forbes, Oct 2020

<sup>22</sup> Bloomberg, Feb 2021

<sup>23</sup> National Association of Realtors, 2019

<sup>24</sup> Canvas8 Future of Real Estate QB10, Base: All respondents n=5057

<sup>25</sup> Canvas8 Future of Real Estate QB10, Base: Respondents with <500k budgets answering (n=3,198) and respondents with ≥500k budgets answering (n=1,840)



“

*Sustainability is interesting because every time I see a sustainable home it's always priced at 1.5 to 2 times the market value of other houses around it. I think people want to be sustainable but it's such a niche. Only specific people can pay for sustainability.”*

Edward, home seller, Dallas, Texas

77%

of Millennials consider having an eco-friendly home is important to them, this drops to 70% among Gen Xers and 61% among Baby Boomers<sup>24</sup>.

69%

of North American home buyers and sellers with budgets less than \$500,000 consider green homes important, compared to 89% of those with budgets greater than \$500,000<sup>25</sup>.



## Intentional communities help people centralize what's important to them

As people come to focus on the social demographics and amenities of a given neighborhood, they are increasingly looking to live in places that reflect their interests and values. Whether it's living in more diverse or socially inclusive neighborhoods such as the LGBTQ+-friendly Village Hearth Co-Housing in Durham, North Carolina, or the resurgence of more value-driven community initiatives such as the Brooklyn Microgrid in New York. As the priorities of one's neighborhood become considered as a reflection of oneself, they are embracing more "intentional" styles of community that feel in line with their identity and values.

“

*Our community in Squamish has a lot of young people and young perspectives. It's very progressive with very intentional and progressive views on homelessness and drug addiction in the community. It's nice to see a good community that thinks about other people.”*

David, homebuyer, Squamish, British Columbia





# People are attracted to the social benefits that come from places with a strong sense of community

After years of self-sufficiency being placed at the forefront of both design and lifestyle, the desire for more integrated and communal styles of living are coming back into cultural awareness. Nearly one in six Americans reported not knowing any of their neighbors' names before the pandemic (rising to 26% amongst Millennials), but 65% said that 2020 left them feeling more involved with their community than ever before<sup>2627</sup>. Placing value on the importance of mutual aid and the sense of security that comes from closer community engagement, communities have formed tight-knit support groups in order to promote values such as safety and resilience.



26 SWNS Digital  
27 Ownerly, 2020 28 Cigna, 2020  
28 Cigna, 2020  
29 Business Insider, Feb 2021  
30 National Association of Realtors, Feb 2021

“

*There's a formula to determine the friendliness of a neighborhood. And it's the number of doors within a hundred yards. So, ten doors in a hundred yards, increases the feeling of friendliness in a residential neighborhood. People want to know their neighbors now. We're going back to this more community-oriented space.”*

RE/MAX Gold agent, Reno, Nevada

With 61% of American adults reportedly experiencing loneliness, people are also factoring in the social benefits that come from living in more intentional community-led spaces<sup>28</sup>.

Online platforms such as Nextdoor have catalyzed these community connections. There's also growing interest in co-living amongst young Millennials, while sales in multigenerational households also rose to 15% between April and June 2020<sup>2930</sup>.

“

*People aren't wanting to just exist in their community anymore, they want to be more involved, because they've realized that your entire community can disappear in seven days. Just like that, everything that you like about where you live can be gone. So, they want to make sure that they are deeply involved in it now.”*

RE/MAX Gold agent, Reno, Nevada



## What does this mean for the future?

As a more value-led approach to property moves into the mainstream, platforms such as Neighborhoods.com and Zillow are already providing users with data on everything from public transport accessibility scores, to proximity to green spaces to diversity. This is a sign that people are showing interest in more than simply the price of the property, which can only help home buyers to make more informed choices.



## What does this mean for the agent?

With interest in social equality and the climate crisis showing no signs of slowing down, real estate brands and agents alike need to appreciate the increasingly self-reflective and socially-minded approach that consumers are feeling as they enter the homeownership market.





04

# Creating Reality

Contending with a small market supply and with renovation undergoing a renaissance, people are choosing to create their dream homes through home improvement. And as a result, homes are not being seen or bought as an end product, but rather as a way to help adapt and stay ahead of the ever-evolving needs and experiences of modern life.





During the COVID-19 pandemic and lockdowns, people were granted greater insight into the homes of others and this rise in quarantine envy has left 44% of homeowners feeling less satisfied with their homes<sup>31</sup>.

The motivation to upgrade and improve homes has thus led to the home renovation market industry boom surpassing \$762.9 billion in 2020. And shows such as Selling Sunset and Renovation Island have raked in record-breaking audiences<sup>3233</sup>. A culture of do-it-yourself home improvement has also meant that people are increasingly looking for ways to optimize their current and future home environments. In fact, 73% of homeowners in 2020 were planning renovations, with the number of people moving forward or expanding projects more than twice the rate of those who are cutting back or canceling<sup>34</sup>.

“

*Because people are spending more time in their homes now compared to pre-pandemic, we are seeing a trend in home renovation. People are very influenced by shows like FixerUpper and they are realizing what they would like to have in their home and want to change it immediately.”*

Nadia Evangelou, Senior Economist & Director of Forecasting at the National Association of REALTORS®

44%

of homeowners feel less satisfied with their homes since the pandemic.

55%

of home buyers and sellers reported using search sites such as Zillow.com to facilitate home inspiration<sup>35</sup>.

31 Sears Home Services, 2020  
32 Global Market Insights, May 2021  
33 The Futon Critic, August 2020  
34 LightStream, 2020  
35 Canvas8 Future of Real Estate QB1, Base: all respondents n=5057



# A culture of domestic improvement is shaping the way people view their homes

Online platforms such as Zillow.com have been hugely popular for house inspiration, which as a result has seen 245 million monthly unique users in 2020 alone<sup>36</sup>. Dreaming and scrolling through potential homes, or upgrading a current one has provided a much-needed sense of escapism for many during the pandemic.

From wanting an Instagram-worthy kitchen to optimizing a multifunctional living space that caters to modern life<sup>38</sup>, people are going into the house hunt with detailed plans in mind for how they will shape existing spaces to meet their needs. For younger generations, greener homes are of high importance. For older homebuyers, it's about simple and straightforward design, giving them a sense of safety and comfort for themselves and their loved ones<sup>39</sup>.



## 55%

of Americans admit spending at least one to four hours browsing Zillow a day.

## 62%

are browsing houses that are at least over \$100,000 more than their current home<sup>37</sup>.

## “

*I really enjoyed looking at people's homes and how they'd decorated it, imagining myself living in all these different places was such a fun experience. I got a lot of decor ideas, which I'm now applying in my home.”*

Anam, homebuyer, Beaverton, Oregon



# If unable to find their dream home upfront, people are looking to create it themselves

With a lack of supply and low affordability continuing to plague the market, rather than expect to purchase the end product upfront, signing on a property has become one part of a longer process towards the dream home. With a growing number of Americans resorting to paying above the asking price for previously owned units in need of renovation<sup>41</sup>.

Over on social media, Instagram accounts like Cheap Old Houses have gained traction over lockdown by enabling users to buy run-down historical homes for a low cost online<sup>42</sup>.



With studies linking home improvement to a boost in mental health, DIY has become a means of both entertainment and satisfaction, especially amongst younger-generation buyers<sup>43</sup>. In fact, home renovation is fast becoming a necessary and easy means to turn functional homes into spaces that cater to a diverse and evolving set of modern needs.

“

*We wanted to be able to renovate it into something that was personal to us. We didn't mind buying something that really needed everything done as long as the price was right. I would much rather do that, than buy something that wasn't renovated to our tastes.”*

Emma, homebuyer, Naples, Florida

36 DMR, 2021  
37 Surety First, 2020  
38 Money Magazine, 2020  
39 Canvas8 Future of Real Estate QB7, Base: All respondents n=5057  
40 Canvas8 Future of Real Estate QB12, Base: All who think a green home is important to them n=3674  
41 Business Insider, April 2021  
42 @cheapoldhouses | Instagram 2020  
43 National Association of Realtors, September 2020



## In reality, the maintenance and cost of home renovation requires skills and knowledge that people need help with

Despite the growing interest in home renovation, the actual time and labor costs involved in such tasks isn't for everyone. In fact, it's almost an even split among younger home buyers, with 45% saying renovation potential is important and 52% saying it isn't<sup>44</sup>. Lack of knowledge also acts as a barrier, with 60% of American homeowners reporting they wish they had more home renovation know-how<sup>45</sup>. As the number of renovations rises and people increasingly move to new locations, it can be difficult for them to find the right connections needed to carry out their plans. Here the agent, equipped with the skill, knowledge and relationships to the community, can help buyers and sellers, by connecting them with a vetted network of construction professionals<sup>46</sup>.

“

*Agents are human Rolodexes. A great agent is the connector. If clients need something, they let me know. I have a referral team of anybody that you can think of that you need. I definitely think every agent should have a good painter, or a good carpenter, or handyman. Those things that you can connect trustworthy people with.”*

RE/MAX Professionals agent, Lake City, Florida

43%

of homebuyers and sellers in North America say that renovation potential is important to them<sup>46</sup>.

44 Canvas8 Future of Real Estate QB6, Base: All respondents n=5057

45 Rocket Mortgage, 2021

46 Canvas8 Future of Real Estate QB6, Base: All respondents n=5057



# What does this mean for the future?

With Millennials proving to be the most invested in home refurbishment and new platforms turning renovations into an increasingly accessible and mainstream activity, home improvement is set to become a central part of the home buying journey<sup>47</sup>.



## What does this mean for agents?

Considering that homes are ongoing projects with so much upkeep and improvement potential, agents will be expected to see the full potential of a home and communicate the options available to the buyer or seller. Agents should take the opportunity to keep an eye on what the needs of the future home are, connect clients to local tradespeople and look closely at the adaptability of the space and layout for each property.





05

# Safeguarding Positions

Despite being an increasingly out-of-reach reality for many Americans, there is financial and physical autonomy that comes with owning property that keeps it highly desirable. And with the uncertainty of the pandemic heightening the urge to seek out traditional markers of security, a new wave of increasingly protectionist buying and selling behaviors are emerging, as people view homeownership as no longer simply aspirational but an essential means of security.





As the desire for homeownership grows across North America, the housing inventory has not been able to meet demand across several decades<sup>48</sup>. And with COVID-19 only serving to heighten the collective desire for security through homeownership, a sense of amped-up competition and low supply has continued to dominate the market. Mortgage applications are at the highest quarterly volume on record, and as the housing inventory dropped to 1.47 million, the uptick in buyers looking to purchase in 2021 meant that they are facing the worst supply situation on record<sup>495051</sup>.

“

*Prices have escalated dramatically in the last 12 months. So, the last year has just been absolutely unprecedented. In a 15-year career span, I've never seen anything like this.”*

RE/MAX Professionals agent, Lake City, Florida

48 The Balance, Sept 2020

49 M Report, March 2021

50 National Association of Realtors, Oct 2020

51 National Association of House Builders, 2020







## The American dream holds true for young home buyers

Despite facing more hurdles when it comes to homeownership, 57% of Americans aged between 18 and 29 still believe homeownership is an essential part of the American dream - a higher number than their older counterparts. Younger generations are also more likely to perceive homeownership as something admirable<sup>52</sup>.

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Younger generations are **47%** more likely than older generations to consider homeownership a symbol of success and is something that gives them confidence<sup>53</sup>.

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Given that for the majority of US homeowners, home equity comprises more than 62% of their net worth - the desire to hold onto this pipeline dream is unsurprising. It's also sped up their ambition, with 32% of Millennial home buyers more likely to buy sooner, which is higher compared to all other generations during the pandemic<sup>54,55</sup>. Looking for new ways to get a foot on an increasingly hostile ladder, multigenerational arrangements, new neighborhoods, and an increasingly logistical approach to home buying is on the rise as people prioritize security over other preferences.

52 LA Times, March 2021

53 Canvas8 Future of Real Estate QB7, Base: All respondents n=5057

54 Mortgage News Daily, Aug 2019

55 Canvas8 Future of Real Estate QC3, Base: All respondents n= 5057



# People want to put their money into something tangible

As rent prices continue to climb year on year across North America, people are struggling to justify the annual outgoings on rent versus homeownership. Indeed, by the end of 2020, around a quarter of American renter households with children were carrying debt from not paying rent<sup>56</sup>. Keen to feel like their money is going into something that is building capital over time rather than into someone else's pocket, homeownership is increasingly being viewed as the ideal and logical move for many North Americans.

Rather than focusing purely on monetary gains, people are prioritizing the value offered by land and property. Increasingly, this means forgoing the status and perks of more popular locations for properties in less traditionally desirable places. For others, this investment sees homebuyers reaching deeper into their budgets to place themselves in a neighborhood that will provide their household with more value from educational and career opportunities.



“

*If you rent, you're just throwing money away and it feels wrong when you could be investing in your future. You just think all that money we could be putting that into our mortgage. It's a philosophy and an attitude about owning your own home and the safety that it provides.”*

Emma, home buyer, Naples, Florida

“

*People want to buy like never before. We're going to see more and more people reaching out just to get a little bit of land. The preference has changed for the more rural markets, which were overlooked before.”*

RE/MAX Professionals agent, Lake City, Florida



# This desire for homeownership security is leading to more impulsive buying behaviors

Facing an increasingly uncertain financial future and heightened competition within the property market, people are looking to buy and sell property at pace. And as banks react to the surge of cash-strapped home buyers, looking to get a foot on the ladder has seen downpayment drop from 20% to lower than 10%<sup>57</sup>. As a result, home buyers are acting fast in fear of losing out, especially in areas of high competition.

“

*We're expecting to see a shorter tenure in homes that were bought during and post-pandemic compared to those who have purchased pre-pandemic and expect that they will stay for a shorter time.”*

Nadia Evangelou, Senior Economist & Director of Forecasting  
at the National Association of REALTORS®

While a growing number of buyers are entering into bidding wars and paying above the asking price, first-time home buyers have taken on more debt than at any time in history<sup>58</sup>. It's also impacting the speed at which decisions are made, for experienced home buyers, 30% of those who purchased during the pandemic decided to act sooner, while only 16% of first-time home buyers decided to do the same<sup>59</sup>. Yet, moving quickly in the real estate market isn't without risk. 55% of Americans who purchased homes in 2020 almost immediately reported buyer's remorse, with almost a third of these respondents citing financial reasons<sup>60</sup>.

56 Wall Street Journal, Oct 2020

57 Business Insider, Jan 2021

58 Bloomberg, Feb 2021

59 Canvas8 Future of Real Estate QO3, Base: All respondents n= 5057

60 LendEDU, Jan 2021



# The one-stop-shop agent can provide security and reassurance

In such a fast-paced industry, homebuyers and sellers are looking for a process that runs as smoothly as possible. However, a process that involves multiple parties like agents, legal advice, loan officers and other professionals, can inevitably create confusion, inconsistency and added stress.

As people become accustomed to ultra-convenience in other areas of their lives, they are increasingly searching for time hacks and efficiencies to make the process as comfortable as possible. Whether it's receiving a home loan approval or signing legal documents, uncertainty or hold-ups can result in buyers or sellers losing a sale, or finalizing a purchase - so time is therefore very much of the essence.

In this space, agents who can offer a 'one-stop-shop' for everything real estate, i.e. agents, loan officers, legal-help, would help ease uncertainties for buyers and sellers, whilst saving them time and overall costs in the process. This is becoming increasingly popular for US homebuyers and sellers, evidenced in the growing demand of agents who offer a complete selection of service.

“

*I had a really hard time getting a loan officer, someone to talk with me about the money. I called maybe ten different banks and left voicemails, called them back three times and sent emails and even got someone who said email me and just like I couldn't get anyone to follow up, it was kind of astounding.”*

Alicia, homebuyer, California

“

*You have to stay in constant communication. Make it smooth, make it seamless, and then innately clients will understand your value. What you did, how you helped them. If you're only in it for the transaction, that's where they're not going to need you.”*

RE/MAX Professionals agent, Lake City, Florida





# What does this mean for the future?

As more people are viewing properties as key to investment security, rather than a forever home, more fluidity and movement is expected in the years to come. As a result, more impulsive buying behaviors are leading industry experts to question whether buyer's remorse could lead to a housing inventory boost in the near future.



# What does this mean for the agent?

With the market showing little sign of slowing down in the immediate future, the role of the agent is to be one step ahead of the market. Agents will be expected to have a strong grasp of local markets and possess an unrivaled ability to find the best deals for those seeking security and investment, as well as looking outside the property to value the neighborhood as a whole.





06

# Opportunity Divide

Record low-interest rates coupled with a race to secure land has led to a market that's as competitive as ever. As a result of this, younger home buyers and minority groups have faced barriers when approaching these buying and selling opportunities. With fair-housing conversations continuing across North America, homeownership and the real estate agent's role in this can be pivotal in bridging the divide, providing productive yet empathetic support.





Across the world, the housing market has experienced spikes in prices and dives in supply. This has certainly been felt across the US and Canada, which are both grappling with record-breaking sales prices in surprising areas. As a result of this, wishful homeowners who once dreamt of climbing the property ladder are finding it harder and harder to do so.

“

*This is the hardest real estate market I've ever been a part of as a real estate agent. We have such high demand and not nearly enough supply in our area, and it's happening in a lot of other areas too.”*

Redfin agent, Reno, Nevada





## First-time buyers lack the financial means to enter the market

For first-time buyers, being able to buy a house means that many have to jump several hurdles to get there. For some, that desperation to become a homeowner has resulted in similar behaviors that occurred in 2008, leading people towards taking on more risk, with growing uncertainty around how mortgages are to be repaid.

“

*The lack of purchase options and competition rapidly pushes up prices which excludes some potential first-time buyers from entering the market. We also see that the rise in house prices recently is pricing out some homebuyers.”*

Nadia Evangelou, Senior Economist & Director of Forecasting at the National Association of REALTORS®





# People are earning money differently, which means many are systematically stuck in a rent cycle

While the representation of success in North America may have once been a long-standing stable career, that definition of success differs significantly across the population today. Driven by factors like the \$1.2 trillion freelance economy in the US, flexible working has become an ever-prominent method of wealth growth, not to mention the increased freedom that comes with the role, making it more desirable for millions of people across the region<sup>61</sup>. Nevertheless, the ad-hoc nature of earning income can be a detriment to people who want to buy a house. Unsurprisingly, many who work in this capacity rely on renting, due to future uncertainty.

Homeownership also has a very different meaning than it did decades ago. While homeownership in the 20th century was defined as a long-term investment, people, especially Millennials, now see it more as a short-term investment, an opportunity to increase its value, rather than as a safeguarding asset.

“

*Since a lot of young people plan on moving around rather than rooting themselves in one place, they are approaching homeownership very logically. Many are starting to realize that real estate can be an investment, and if they're planning to be in a place for only two to five years, what would a good move be?”*

Redfin agent, Reno, Nevada







## Minority groups and younger home buyers face major hurdles to homeownership

Because of this, certain groups, such as minority communities, are finding it difficult to enter the market, let alone pay their monthly rent. The pandemic has disproportionately affected Latinx and Black communities with 43% and 41% respectively agreeing they have no or only slight confidence they could pay next month's rent, compared to 33% of Asian and 25% of White renters<sup>62</sup>.

Another group that is being impacted is North American Millennials, who are experiencing a bleak outlook at best, as opportunities to climb the property ladder fall short due to affordability. In fact, in 2019 it would take young Canadians an average of 12.7 years of full-time work to save a 20% downpayment on an average home, but in 2020, this has risen to 14.3 years<sup>63</sup>. What's more, the greater Toronto area has inflated these periods of time, with the average time rising from 21 to 24 years of full-time employment.



# Minority home buyers need the assistance of the industry to get on the property ladder

Whether it's assessments of mortgage loans or real estate offerings in a neighborhood, minority communities do not have the same amount of homeownership opportunities as others. Indeed, American Black and Hispanic residents bear a tax burden that's 10-13% higher than White residents for home loans<sup>64</sup>. A reason for this is that minority homeowners are less likely to appeal their loan assessments, and even if they do, they're less likely to be successful during the appeal process.

What's more, representation of agents in predominantly Black<sup>65</sup> or Hispanic neighborhoods is difficult to find, with only 6% of real estate professionals identifying as Black. And with recent investigations revealing that many home buyers of color have experienced racial discrimination, finding an agent that shares part of their identity creates comfort and a mutual understanding of the nuanced requirement and preferences of different cultures<sup>66</sup>.

# Within the industry, steps are being taken to close the housing divide

Working on protecting housing rights across the US, the NAR's Fair Housing Action Plan emphasizes accountability, culture change, and training<sup>67</sup>. The association has released a training program 'Fairhaven Realtor', a simulation training where agents work to sell homes in the fictional town of Fairhaven, while having to deal with discrimination in the home buying process. The training allows agents to receive tailored feedback which they're able to apply in their business interactions.

“

*Many minority communities face more constraints in their effort to achieve their American dream. For example, homeownership for White Americans has stood at nearly 70% since 2017. However, during this period, the homeownership rate for Black Americans has been nearly 30% lower.”*

Nadia Evangelou, Senior Economist & Director of Forecasting  
at the National Association of REALTORS®

61 Upwork, Sept 2020  
62 U.S Census Bureau, May 2021  
63 Global Upfront, March 2021  
64 Washington Center for Equitable Growth, June 2020  
65 Philadelphia Inquirer, April 2021  
66 New York Times, Nov 2019  
67 National Association of Realtors, April 2021



# What does this mean for the future?

The housing market is expected to remain challenging for newcomers in the years to come. For this reason, industry solutions are needed to make homeownership a fairer game for all. Wishful homeowners will place a greater reliance on the support they can get whether that be from fellow homebuyers, family or agents.



# What does this mean for agents?

The role of the agent to a client is typically for those in a position to sell or to buy. However, for those who are not yet ready to jump into the deep end of home buying, or cannot afford to do so just yet, agents can still offer guidance. There is potential for agents to act as personal forecasters for wishful homeowners, providing insider tips about upcoming neighborhoods or new development projects. To address the systemic challenges of minority groups, there's an opportunity for agents to create actionable impact by fighting for equal housing, whether that's having greater diversity in the agent team, contributing to equal housing organizations, or offering support in areas that are overlooked like loan application acceptance rates.



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