

# Global investment trends of the next decade - and their impact on the property industry

 By [Yael Geffen](#)

20 Jan 2020

The last 10 years have been somewhat of a rollercoaster; an era of disruption shaped by the fallout of the global financial crisis, strident technological advances influencing the way in which we live and work, numerous significant power and social shifts and influential emergent trends.



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The next decade has been pegged as a “peak decade” with a number of these megatrends further transforming our world and, thereby, also the real estate industry as we know it.

Organisations like The Bank of America and McKinsey have pinpointed 10 megatrends that will shape the coming years, including climate change, a shifting centre of economic gravity and peak globalisation, but those that will wield the most influence on the real estate industry are:

## Millennial values and principled investments

Approximately half the world’s population is now under the age of 30, and the unique values and priorities of this generation are set to become the norm.

They have already begun to significantly impact the real estate industry in a number of ways, largely due to their preference for denser, mixed-use neighbourhoods in well-situated suburbs near major metros which have become vibrant live/work/play districts.

In fact, ‘hipsturbia’, has been identified as one of the major themes of the coming decade, transforming the very fabric of traditional suburban life.

And, as the first connected and truly global generation, millennials feel a much higher collective responsibility than previous generations which is driving them to factor social good into their investment decisions rather than the erstwhile primary

corporate goal of shareholder profit.

Therefore, development projects that can lay claim to being more community-oriented and eco-friendly with sustainability as the watchword and projects that have a bottom line beyond just profit, are likely to be the most popular investment vehicles for this generation.

## **Technology and the ‘smartening’ of everything**

It's predicted that by the end of the next decade, another 3 billion people will have gained online access amid a total of 500 billion connectable devices and, during this time, the next wave of innovation, advanced automation and artificial intelligence (AI), will become mainstream.

One of the key areas of focus will be the multi-family sector, with companies developing new products to streamline home management and operations, as well as other resident services like package delivery and digital concierges.

Smart home adoption, especially digital assistants and security cams, are already becoming increasingly common, but are set to become even more so with the rise of 5G.

And, in addition to the proliferation of i-buyers and new means to analyse and act on property data, ongoing investment in proptech will further digitise the home selling process.

Although proptech has already significantly disrupted the real estate industry since the millennium, innovation to date has been fairly limited compared to many other industries and there is still considerable opportunity for tech-enabled companies to compete in this behemoth marketplace.

## **The silver economy – an imminent economic force to be reckoned with**

The 60-plus age group, known as baby boomers, is the fastest-growing consumer group in the world and it is forecast that their numbers will have swelled by an additional billion by 2050 - an average of one in five of the population.

We have yet to grasp the magnitude of this demographic shift, but in many regions this burgeoning sector is far more active and independent than their predecessors.

And, being more active and working for longer than their predecessors, they are also armed with an increasingly higher spending power and a rising share of overall income, and will become key influencers for many corporations and industries.

In fact, in the US they already spend more than the current main target of most marketers – the millennial generation. And the parallel longevity mega-trend also opens up important investment opportunities in a range of industries from healthcare and biotech to real estate and leisure.

Organisations that are positioned to meet the core needs for senior-centric consumer goods, health-care services, housing and financial management will reap very attractive returns.

## **The wild card – recession fears**

Opinion is still divided, but a significant number of experts agree that another global recession is becoming an increasingly distinct possibility.

This forecast is supported by numerous studies and reports, including a recent major report published by Bank of America



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Merrill Lynch Global Research which predicts that recession is likely to be one of the most influential mega-trends of the next decade.

And when one considers that the world's two largest economies, China and the US, are engaged in an ongoing trade war, Brexit remains unresolved, global economic indicators are steadily declining and the stock market is more turbulent than stable, it's not an unrealistic forecast.

The monetary policies of the past decade have generally favoured capital holders rather than workers and, having reached its limits, it's expected that fiscal policy changes in major economies will see real assets, infrastructure and inflation will supplant growth, deflation and credit.

In a rapidly changing and increasingly uncertain world, Greek philosopher Heraclitus's edict that 'change is the only constant in life' has never been more apt.

The past two decades, especially, have been a veritable whirlwind of unprecedented and enduring change that has forever altered the way in which we live and the next decade is poised to be even more dramatic.

However, with change comes opportunity and those who take a deep breath and buckle in for the ride will reap significant rewards.

## ABOUT Yael GEFFEN

Yael Geffen is the CEO of Sotheby's International Realty South Africa and a member of the board. Geffen has a BA in Communications and Economics and a Master's Degree in Integrated Marketing and Communications Strategy.

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