

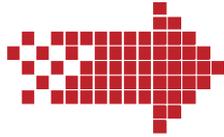


# Big Shifts Ahead for Housing in a Post-COVID World

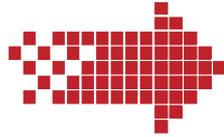
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# The Four Big Influencers



Economic  
Conditions



Societal  
Shifts

Government  
Policies



Technological  
Advancements



# The 4-5-6 Rule for Demographic Predictions



# The 6 Key Housing Consumer Questions

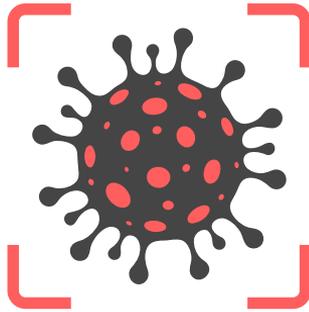
## 6

### Key Housing Consumer Questions

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1. **Who** is going to be living differently as a result of this crisis, and **who** will they live with?
2. **What** types of housing and living environments will they be demanding?
3. **When** do they expect to make changes to their current living situation?
4. **Where** will they choose to live?
5. **Why** do they choose to do things differently ... or the same?
6. **How** do they make their decisions, and **how** do they make them happen?

# Each life stage is impacted differently.



1. Childhood →



2. Early Career →



3. Family Formation →



4. Late Career →



5. Retirement →



“Job growth and interest rates drive our business.”  
– Every housing industry executive

## Jobs



**Worst job losses ever:  
46M+ jobless claims filed!**

## Rates

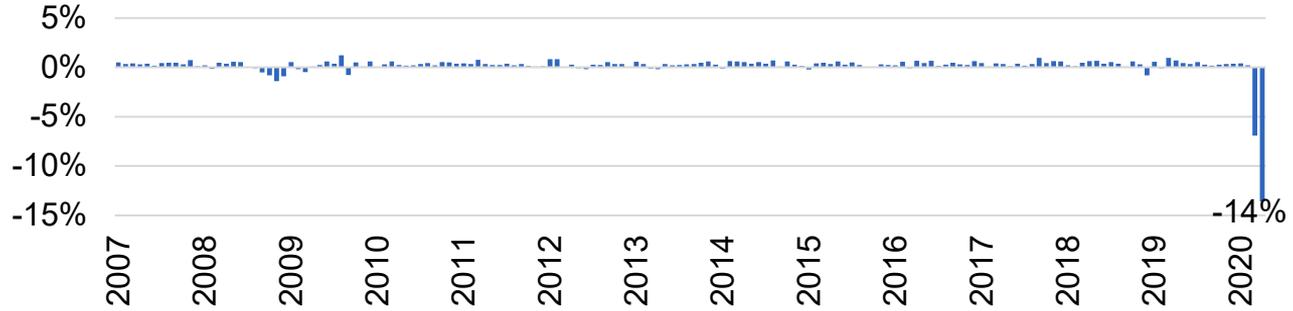


**Lowest mortgage rates  
ever: 3.13%!**

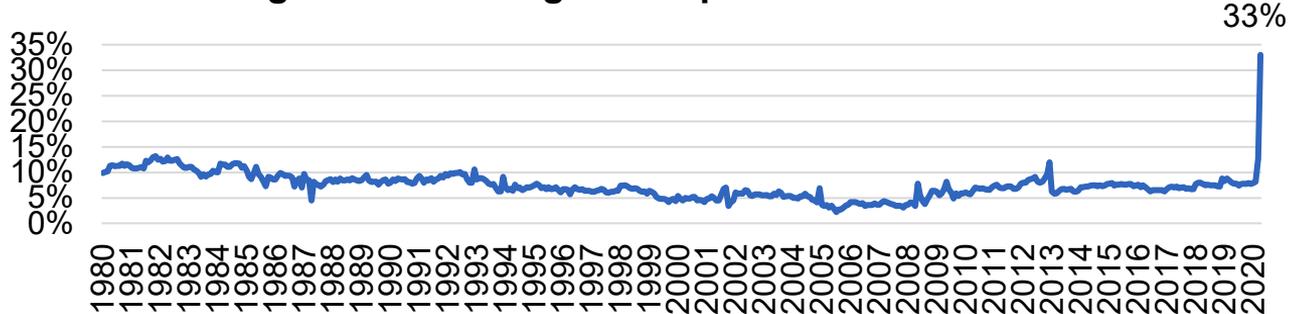
# Spending is down, saving is up.



## Consumer Spending, %MOM



## Personal Saving as a Percentage of Disposable Personal Income



# What to expect

## SHORT TERM



### Post-COVID Shuffle

People race to get out of a house they hate before next wave, helped by government stimulus and very low mortgage rates.

## LONG TERM



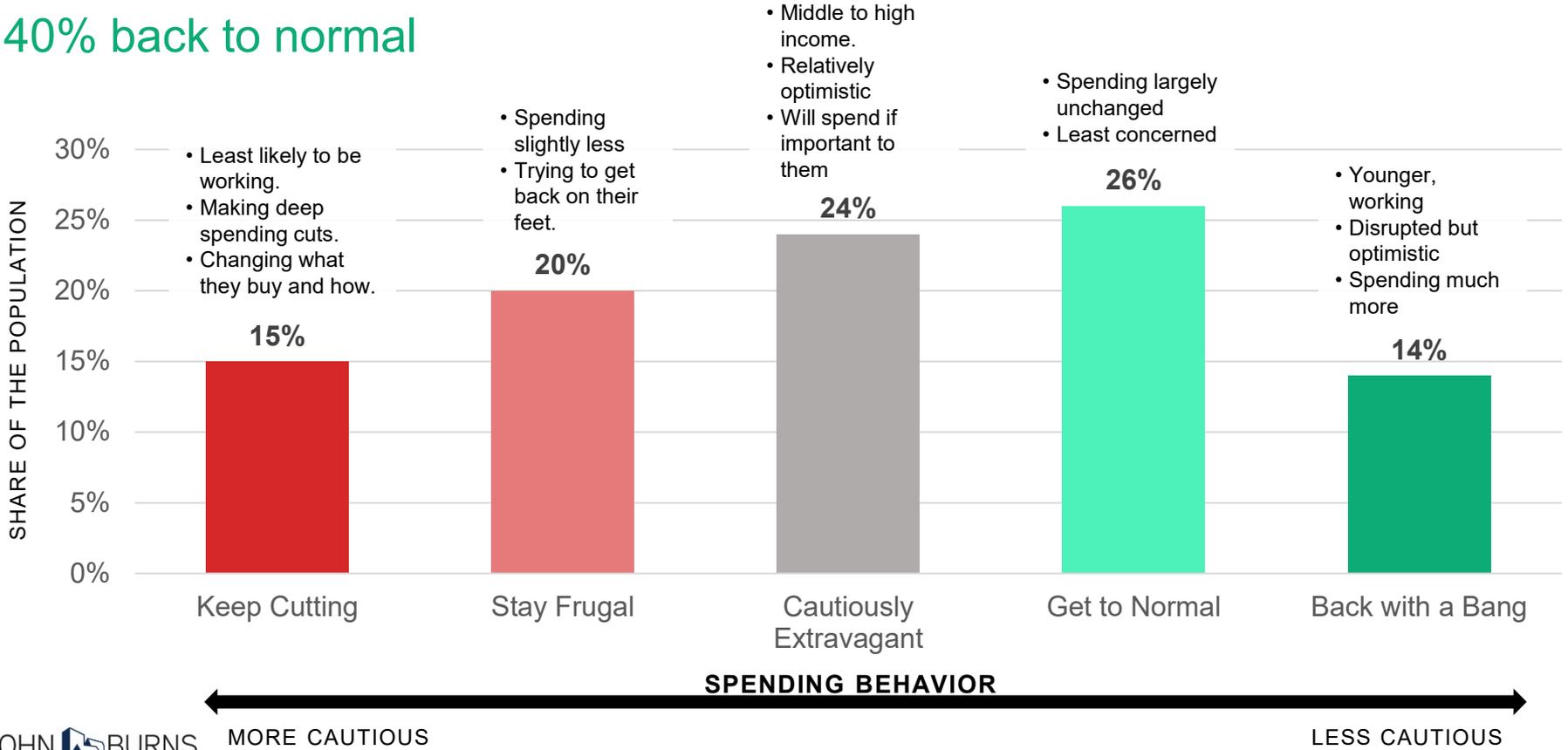
### Period of Thrift and Caution

Slow increase in spending while people try to rebuild savings and still behave cautiously because they fear the virus.

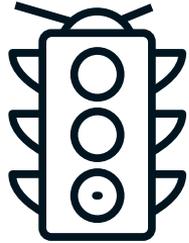
35% staying frugal/cutting

24% moderate

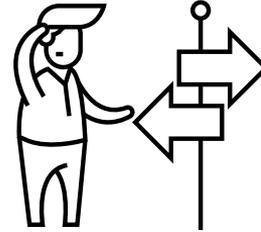
40% back to normal



# Two things to remember



Large events do not create new trends, they accelerate and decelerate existing ones.



Consumers do not know how they will change yet. They will overstate the magnitude of effect.

1

look at pre-existing trends

2

assess how COVID will  
accelerate or decelerate them

3

draw some conclusions

**Pump the brakes**  
or  
**Hit the gas**

# Pump the brakes: sustainability as a selling point

## Hit the gas: health as a selling point

### Sustainability

- Consumers reverting to single-use products for safety
- Many brands are hitting pause on sustainability initiatives



### SO WHAT:

- Keep in mind what kind of brand you want to be.
- Unless there are cost savings, don't expect to get paid for it.

### Health

- Newfound awareness of cleanliness
- Unilever and P&G anticipate prolonged interest in cleaning goods
- Preoccupation with health from virus trickles into other aspects of health

### SO WHAT:

- This is a major new home advantage
- Healthy homes are still worth it.
- Think about designs that maximize health and cleanliness (e.g. mudrooms)
- Stay on top of building products that maximize cleanliness

# Pump the brakes: experience lifestyles

## Hit the gas: work from home

### Experience lifestyle

- Tipping point to settle down for Millennials forming families
- Homebody trend: 74% of Millennials already prefer a relaxing night to an exciting one (Mintel, 2019)
- Security and control

### SO WHAT:

- Increased value in ownership
- Increased value in suburban (or Surban™) lifestyle

### Work from home

- COVID proves benefits of working from home
- Prior to the pandemic, mobile searches for “remote jobs” had increased by over 210% over the last two years.
- IWG found that “more than two-fifths of U.S. workers see commuting as the worst part of their day.”

### SO WHAT:

- Plan for more (not all) people to work from home more – 16% plan to work from home more (MRI Simmons)
- Working from home opens up the opportunity to live in a more affordable area
- Think about including one (or two) spaces to work from home.

# Pump the brakes: extreme open layouts

## Hit the gas: right-sized, functional homes

### Extreme open layouts

- Noise carries everywhere
- No private space for separation
- Want a great room with an additional defined room (or at least semi-defined space)

#### SO WHAT:

- Fewer completely open great rooms.
- More creative segmenting (like ORI robotic walls)

### Right-sized, functional homes

- Small house with no yard doesn't work during quarantine
- If you actually spend lots of time in your home, function becomes more important than looks
- Economic impact

#### SO WHAT:

- Traditional apartment-style multifamily homes will lose out to single-family rental homes
- Outdoor space becomes a bigger selling point
- Increased demand for homes of a practical size with practical spaces

# Financial conclusions



1

Spending is down, partially because earnings are down, but also because people are being cautious.



2

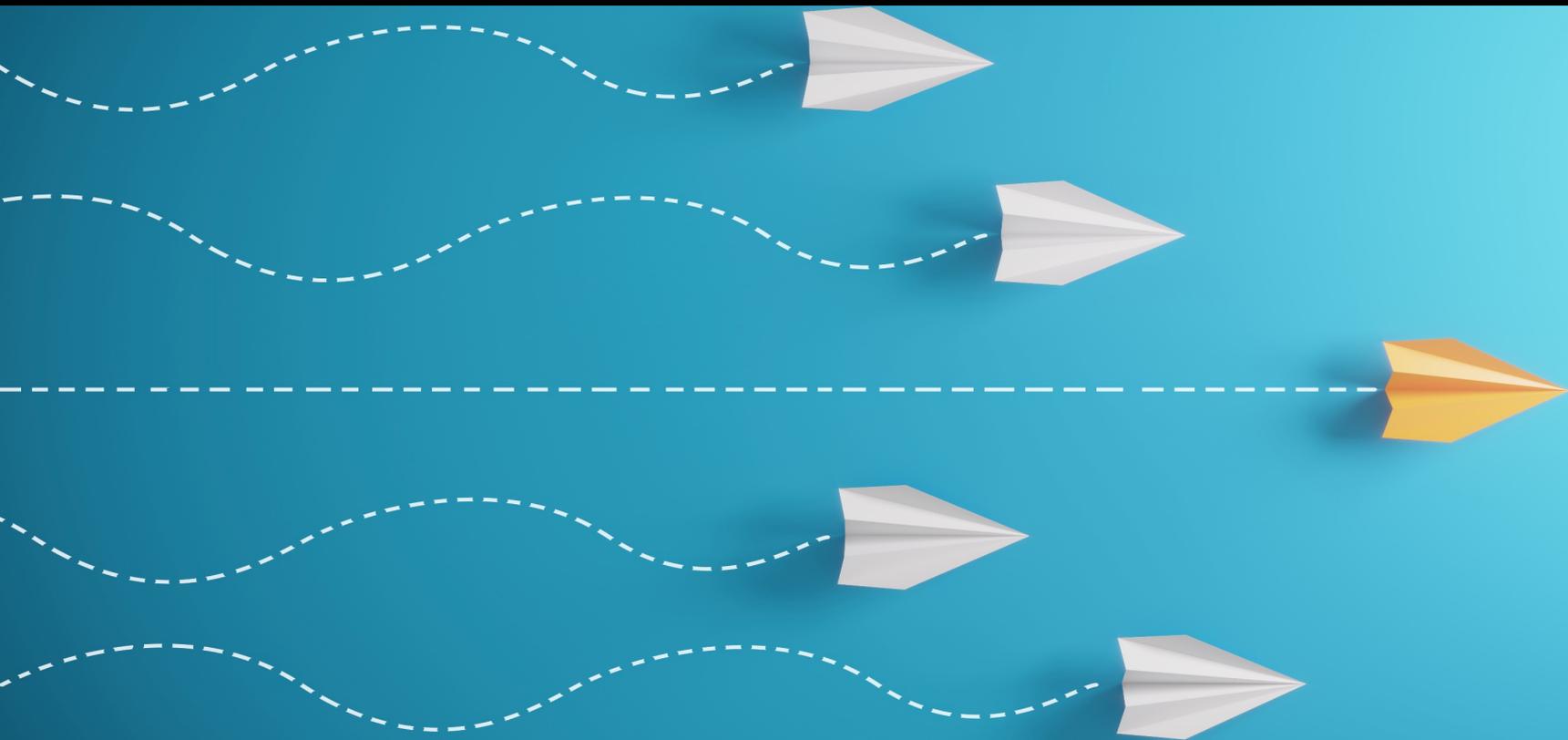
People negatively impacted financially by COVID outnumber those positively impacted by 2:1. Retirees are most steady.



### 3 Short-term reshuffling of housing, followed by prolonged period of thrift.



# Strategic conclusions



# 1 **Marketing:** Less emphasis on sustainability, more focus on **healthy living**.



# 2

**Sales:** Quality of life conversation shifts from experiences to **controlling your own destiny** with ownership, flexible work hours at home and no wasted time commuting.



**3 Design:** More thoughtfulness about the open layout concept, and more emphasis on a great **home office** and a **connection to the outdoors**.



1

look at pre-existing trends

2

assess how COVID will  
accelerate or decelerate them

3

draw some conclusions

# Housing shifts occurring prior to COVID-19

- Growth shift from cities to suburbs
- Retirees moving to be closer to family
- Migration to warm, affordable regions
- Slowing of immigration
- First-time buyers entering the market
- Single-family homes for renters



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