

This Tech Is Transforming Real Estate and is Creating a Major Market Opportunity

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Real estate development and construction have changed since the 1960s: Contractors typically built the container and let the homeowner fill in the rest. However, smart home technology is disrupting the industry, presenting a major market opportunity for designers, builders, entrepreneurs and investors. Recent research from Mordor Intelligence predicts that the smart home market, valued at \$79.13 billion in 2020, is expected to grow to \$313.95 billion by 2027.

As a result, I expect to see an increase in the term “smart home automation” – referring to Internet-connected devices that monitor and control essential household functions such as lights, cameras, locks and climate. As the industry transforms, it presents a prime opportunity for entrepreneurs, corporations and investors.

Touchless interactions and whole-home automation that drive efficiency and save energy are among the concepts driving consumer interest. Automated heating and cooling will see high demand, with new government efficiency regulations requiring replacing or retrofitting existing systems. In January 2023, all residential central air-source heat pump systems sold in the U.S. must meet new minimum energy efficiency standards.

This trend is about improving the home experience – from programming devices that always behave the same to automating devices that anticipate and understand the homeowner’s needs.

As evidence, Grandview Research predicts that smart kitchens will see an impressive compound annual growth rate of 30.5% from 2021 to 2030. Grandview also predicts that security and surveillance technology installations will increase by 31%.

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Think keyless door locks that use a PIN or connected doorbells that always know when a guest (or delivery) has arrived. For multi-family developments, AI-powered, public space video cameras that track what's happening around the community and automated exterior lighting will be in demand.

I see a significant market opportunity because the smart home market has matured over the past five years, poised to move from "do it yourself" to "do it for me." Buyers will likely look increasingly for pre-built homes with curated technology. According to a Coldwell Banker Real Estate survey, 71% of buyers want a tech-enabled "move-in ready" house, while 61% of millennials favor smart-tech homes; so do 59% of parents with children living in the house.

Making this a reality is new artificial intelligence (AI) technology that learns its residents' patterns and preferences, then intuitively sets ambiance routines to match. Energy-saving thermal windows add to a home's efficiency. Every smart device in each home is choreographed to work in concert with each other, connecting to a centralized home management app that is very manageable and simple to use. Such systems are updated regularly via the cloud, and all hardware is housed indiscriminately in a central hub in the home. Technology fully integrates into the structure and blends into the minimalist interior design.

Second-generation, AI-powered smart home technology self-learns, adapting to the routines and preferences; with most software solutions offered via the cloud, it continues to

improve over time. In the ideal smart home setup, all devices are synchronized and orchestrated, made accessible through a smartphone or a computer. Call it a smart home with a genius IQ.

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Urban density

Growing urban density and awareness of environmental sustainability require designers and builders to think about domestic space in a new way. The new urban home is comfortable and welcoming while using space with greater efficiency, flexibility, and responsiveness compared to houses of the past. Not to be underestimated is the impact of the COVID-19 pandemic, which underscored long-held beliefs that the home can and should contribute to the health and wellness of its inhabitants.

This kind of home – purpose-built to become the foundation of holistic well-being for its residents – must include a versatile modern design, multi-functional use of space and curated, pre-configured technology built-in before the resident occupies the space.

A great example of this trend is in Portland, Oregon. The Portland market is attractive for builders and investors: The city is a rapidly growing urban center that needs high-density housing solutions that move beyond the traditional detached single-family home. Urban residents are progressive, seek balanced lifestyles and welcome innovation that challenges the status quo.

Real estate trends in urban areas

Real estate trends are pointing toward modern designed, open floor plans that offer adaptability. Large windows and

courtyard views help residents connect with nature inside the home. A skylight in the stairwell adds natural light. Built-in storage under the staircase for storing shoes and other things keeps clutter minimum; an outside storage area next to the second-floor patio keeps large or seasonal items out of the living space. A community bike storage room within the building is convenient and frees up additional space within the home. There is the efficient placement of lights and sensors. An unassuming, out-of-sight cabinet holds all the technology hardware.

Residents in growing urban centers like Portland typically value a close connection to nature and regularly participate in outdoor activities. Developments such as this one take advantage of materials with an organic feel that creates a sense of connection to nature. Carefully selected oak flooring, Corian kitchen countertops, and cedar fencing bolster the environment. Landscaping with bamboo and trees creates shade and further mitigates sound to maintain quiet inside the homes.

Real estate will see more focus on balancing resident privacy with creating connectedness between members of the community. Smart technology, combined with well-designed common spaces, makes this happen. Modern developments often have courtyards with a balance of quiet space and gathering space for community members.

As the real estate industry evolves, holistic and adaptive urban living will drive the industry. Savvy builders will combine modern design, architecture, and technology into homes that provide are combined into one product – the home – that has been built to provide beauty, comfort and wellness. Startup founders, corporate executives and investors should keep an eye on these trends and be ready to capitalize on opportunities they will create.

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