



## Top 5 Factors Influencing The Real Estate Industry Today

*ESTATENVY takes a look at some of the critical issues impacting the real estate industry in 2018.*

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04/16/2018

According to Inman News, real estate professionals are generally optimistic about the 2018 housing market. Out of 653 economists, developers, agents, and owners who participated in an [Inman survey](#) at the end of 2017, several factors were cited as reasons to be positive about the state of the real estate industry; however, concerns such as high home prices continue to put pressure on buyers.

[ESTATENVY](#) connected with Don Sternhagen, a St. Louis real estate agent who works with [Keller Williams](#) and is the CEO of The Don E Sternhagen Group, and he shared some of the most important factors influencing the real estate industry today.

Millennials are buying more homes.

As millennials obtain higher household incomes, transition into management positions and begin to raise children, they are starting to buy more homes. Although millennials have been slow to make the move to home ownership, they are now purchasing more houses than older buyers.

The National Association of Realtors reported that millennials were responsible for 36 percent of U.S. home buys, which is more than any other age group, including baby boomers, who accounted for 32 percent of home purchases. According to Sternhagen, millennials looking to buy a home tend to seek out several specific attributes.

“More millennials are getting into the market, and they also tend to look for things that other groups do not think are as important,” Sternhagen said. “They like to purchase homes that are close to some sort of action where they can still go out and have fun with their friends along with being close to mass transportation.”

Technology is making waves.

According to a report from the Counselors of Real Estate, the technology start-up boom is revolutionizing the real estate industry by changing the way real estate is bought, sold and managed. In 2011, \$186 million was invested in commercial real estate technology start-ups. In 2016, investments soared to \$2.7 billion, and MIT’s research innovation lab has identified 1,600 real estate tech start-ups around the world.

Technology such as Blockchain, augmented and virtual reality, chat bots, big data, and artificial intelligence are also changing the way real estate agents work along with how people purchase homes. Despite the increasing reliance on technology, Sternhagen said it is still important to take the time to visit homes before buying them.

“There is a big difference between looking at photos of a house on the Internet or an app and actually seeing it for yourself,” Sternhagen said. “Visiting allows you to get a good feel for a home and accurately compare it to your other options. For sellers, it’s still important to consult a knowledgeable agent so you price your home correctly.”

Homeowners are staying put due to high costs.

Because of rising costs of mortgages and climbing home prices in numerous markets, homeowners are choosing to remain in their homes for longer. The National Association of

Realtors study found that recent buyers said they are planning to live in their homes for a median of 15 years while 18 percent said they intend to never move.

“A lot of people aren’t looking for new homes right now,” Sternhagen said. “Many are staying in the home they have.”

Home prices will increase.

According to a [\*Washington Post\* article](#), housing economists have predicted that fewer homes will be listed for sale and not enough new homes will be built to satisfy demand, which indicates that home prices will continue to rise for buyers.

“It’s all about supply and demand,” Sternhagen said. “Currently, there is a glut of home buyers, which is heavily outpacing the number of sellers in a lot of areas. This is impacting buyers because it is taking longer for them to find worthwhile homes they want to purchase.”

Sternhagen has noticed that prices have skyrocketed in many St. Louis suburbs. In one area, Sternhagen said they have increased by 21 percent since last year.

“These are some of the highest appreciation rates I have ever seen,” Sternhagen said.

The market favors home sellers.

Due to low inventory, homes will continue to be a hot commodity in 2018, which is good news for home sellers. Coupled with the fact that home prices have risen 40 percent in the last five years, many sellers have not only been able to get a variety of offers from interested buyers, but they have also received good prices for their homes.

“I was recently working to sell a house, and we were able to get an offer above what we expected before it was even on the market,” Sternhagen said. “Right now, the market certainly favors the seller.”