

# Collaborative consumption - an emerging property trend for 2020 and beyond

 By Paul Stevens

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The real estate industry is going through significant change for the first time in my 20-year history in this business. And it is technology-driven. I expect that more and more, players in our industry will adapt their business models to ensure that they stay relevant in times to come. And this includes the developers, who will need to meet the tech-driven demands of a new consumer - one who, very interestingly, while located in the Boomer, GenX or millennial grouping, has very similar needs.



Image source: Gallo/Getty

According to *Emerging Trends in Real Estate: United States and Canada 2020*, a recent publication by PWC, “we may be about to see a shift of generational proportions toward [an]... array of real estate demands, ironically induced – at least partially – by technology. Overcoming isolation is becoming increasingly imperative, as seen in such trends as co-working and co-living”.

## Co-working opportunities for collaboration

While South Africa may lag the US with regard to some trends, co-working is established in the country, with more and more of the population taking on freelance jobs, “side hustles” or “gigs”. But it’s not enough to simply fill a room with hot desks and supply good Wi-Fi. Businesses offering shared workspaces specifically for the gig economy, should include areas for collaboration – these users regard networking as an essential. Better still, locate your workspaces near where they live and play, or can live and play.

South Africans have embraced live-work-play environments and, as a result, these have enjoyed good real estate investment returns. Interestingly, there is a generational shift happening in the US, and I believe it has gained momentum in South Africa too.

Just as co-working environments are not only populated by the young, we are finding older people being driven by very similar needs when it comes to living arrangements. The generations are not as different as they like to think.

Young adults have always shared their living spaces due to the cost-savings of such arrangements, and also the social aspect of living with friends who share the same interests, values and concerns. Today, our youth are under a lot of stress. They have debt. They are often subsidising family members. They are concerned about gender-based violence and their own safety. And they are very concerned about the economy... You know what? So are the Baby Boomers.

## **‘Golden Girl’ residential arrangements**

And these concerns are starting to drive a co-living trend that is not just for millennials anymore – I expect that we will see in South Africa a burgeoning of ‘Golden Girl’ residential arrangements like those emerging in the States. And they will offer the cost, safety, co-ownership and community benefits of co-living to the Boomer generation, and even GenX, too.



Paul Stevens, CEO of Just Property

Another aspect heavily covered in the PWC trend report is the rise in the US of multifamily residential property – multiple separate residential units, contained within a number of buildings in one complex, or in one building, like a block of flats.

In this trend, we may lead the US. But the thing to remember here is that millennials are now aged between 23 and 38 – they are into their first and second homes. And usually, these are in the so-called multifamily sector. As the economy bites and safety concerns hit home, demand for such units rises. It is driven by the same impetus as the growth in the co-living sector: costs, safety and a need to avoid isolation.

Where young people are ready for their first family space but can't yet make the jump to ownership, they turn to rentals. And if you're looking for new trends, here is an interesting one: there is a growing number of adults who want a home and community, but simply don't want the responsibilities that come with stand-alone property ownership. I believe that these two groups, the cash-strapped millennials and

the ownership-avoiders are likely to precipitate the regeneration of the rental industry as soon as the economy picks up – or even before that.

## **Up-tick expected in rental market**

The rental market in South Africa is flat at the moment, but we foresee an up-tick in the second half of next year, likely to coincide with a mushrooming in demand for multifamily residential rental spaces, like apartments and units in complexes.

Just Property, which has its roots in property rentals, is uniquely placed to thrive in the future. All the talk about shared economies, collaborative consumption, living-working-playing in the same neighbourhoods is actually the South African way of living. But we do need to rethink the idea of ‘wealth through property’ - ‘wealth’ has many connotations. It certainly includes living in a safe place, in a community of like-minded individuals where tech connects us and, far from isolating us, actually brings us together and makes our lives easier.

If we start to think differently about property, we can see that whether you rent, own or develop, property is still the way to real wealth, whether you're making your decisions based on keeping costs down, or on buying an asset that will appreciate or provide an additional income stream in the future.

People and the places that they work and live in are changing and it is through mining, understanding and effectively using data that property companies will be able to serve their customers better.

## **ABOUT PAUL STEVENS**

Since 2013, Paul Stevens has been the CEO of Just Property Group Holding (Pty) Ltd which controls an international group of property franchises specialising in residential sales, rentals and management. He joined as a franchisee in 2003 and now, as CEO, drives the strategic direction of the Just Property brand with his charismatic optimism. He is also actively involved in the evolution of the South African property landscape, working closely with high-level industry stakeholders.

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