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HOUSEHOLDS: THE USA

The US market is characterised by continued urbanisation of households and the overall growth in the number of households. A digital gap continues to exist between rural and urban homes, but in general US homes are well connected to digital goods and services. Millennials are reshaping the local real estate market, driving demand for smaller, urban homes both in rentals and sales. Single-person homes will dominate the local market, particularly as the number of children per household declines.

Chart 1  SWOT Analysis: The USA

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Large number of concentrated urban hubs enhance household mobility</td>
<td>- Digital gap in digital connectivity between rural and urban homes</td>
<td>- Opportunities in taking advantage of the growing influence of millennials in the real estate market</td>
<td>- Another housing bubble is a concern, as the property segment continues to heat up</td>
</tr>
<tr>
<td>- Growing number of total households</td>
<td>- High and rising income inequality between households</td>
<td>- Huge market of single-person homes offers prospects for targeted goods and services</td>
<td>- The dominance of single-person homes will hit the lucrative prospects within the family market</td>
</tr>
</tbody>
</table>

Source: Euromonitor International

HOUSEHOLD SIZE AND LOCATION

Rural Gap Goes on As Larger Investments Needed

The US government continues to try and bridge the economic, infrastructural and technological gap between urban and rural households. The sheer size of the country is a challenge in achieving this, as it would require massive investments in transportation and internet/mobile infrastructure. As a result, younger people continue to move to cities, leaving rural households with fewer persons per home on average.

Chart 2  Households by Location and Number of Rooms/Persons in the USA
CONSUMER COMPOSITION

Females Represent Majority of Household Heads

Female household heads are a growing influence on US consumption, as the country is one of the few developed markets in the world where females represent the majority of household heads. This interesting dynamic is set to reshape consumption patterns going forward, as brands increasingly target female consumers with specific marketing campaigns.

Chart 3  Sex, Age, Education and Employment in the USA
FAMILY TYPES

Size and Growth of Single-person Homes Makes for Extremely Attractive Market

The USA offers one of the most attractive single-person markets in the world, due to the sheer size and rapid growth in single-person households. These households are typically represented by millennials at one end of the spectrum and elderly homeowners at the other, creating massive opportunities in targeting both groups. As the number of children per household continues to drop in the country, the family market will becomes less attractive.

Chart 4  Family Units and Children per Household in the USA
Source: Euromonitor International from national statistics
Note: Data for 2018-2030 are forecasts

Scenario analysis

Companies that have targeted millennials, especially those representing single-person households, have performed strongly in the USA. One such company is online marketplace for short-term accommodation Airbnb. The below graphic demonstrates the strong growth and size of Airbnb’s retail value in the USA.

Chart 5 Airbnb Retail Value by Country Globally
HOUSEHOLD FACILITIES AND DURABLES

Omnichannel Retailing Key for Appliances

US millennials and the younger internet generation view appliance retail stores as showrooms for online sales, and ordering these products online is second nature for this demographic. As these consumers become the primary purchasers for their households, retailers in this space without strong omnichannel capabilities will struggle. Thousands of outlets closed in 2017 alone, as once-powerful retailers such as HHGregg and RadioShack folded.

Chart 6  Household Penetration by Facilities and Durables in 2030 in the USA
HOUSEHOLD TELECOMS

Broadband Gap Exists But Users Savvy With Digital

Despite the advanced nature of the US economy, the country is not among the leaders when it comes to digital penetration. Many households in rural areas have poor access to high-speed broadband, both fixed and mobile. Nonetheless, US homes are among some of the most digitally-friendly when it comes to usage of services like Amazon Prime and Netflix.

Chart 7 Household Digitalisation in the USA
Millennials Reshape Real Estate

The US property market is in the process of being reshaped by the real estate demands of millennials, as this major demographic either begins to consider home ownership or focuses on short-term rentals. The demand for smaller, urban homes among this group is encouraging developers to build affordable, sustainable homes in areas with diverse amenities and infrastructure.
Housing Resurgence Drives New Units

The USA’s housing market has seen a strong resurgence in the wake of the global economic downturn of 2008-2009, with mortgage rates stabilising and demand for homes increasing once more. This will drive the construction of new housing units going forward, particularly houses as dwelling types in suburban areas. Housing completions in 2017 reached a record-high total over the 2012-2017 period.
In 2030, there will be 59.7 million houses and 32.4 million apartments.

Over 2018-2030, the number of houses will rise by 11.3%, compared to 1.1% for apartments.

Source: Euromonitor International from national statistics
Note: Data for 2018-2030 are forecast