

SUMMARY: 2025 HOMEBUILDING TRENDS REPORT



TREND 1:

Downsizing and the shift to smaller single-family homes

- Buyers are **opting for smaller, more affordable homes** due to rising costs and lifestyle shifts.
- The average size of new homes in 2023 was **2,411 square feet**, down from 2,689 square feet in 2015.



TREND 2:

Building to withstand extreme weather and natural disasters

- Homes are being **designed with climate resilience in mind**, from fire-resistant materials to elevated foundations and beyond.
- **28% of U.S. homeowners** expressed concern about extreme weather preparedness in 2024, up from 25% in 2023.



TREND 3:

The rise of modular and prefabricated construction

- Modular and prefabricated homes are gaining popularity due to their **efficiency and cost-effectiveness**.
- The global modular construction market is expected to grow from \$104.1 billion in 2024 to **\$140.8 billion by 2029**.



TREND 4:

Sustainability at the forefront of homebuilding

- Sustainable construction, using eco-friendly materials and energy-efficient designs, is becoming a **priority for home buyers**.
- 22% of homebuilders reported that **90% of their 2023 projects met** strict green building criteria.



TREND 5:

Increased interest in AI-powered smart homes

- AI-driven smart homes are becoming mainstream, offering **greater convenience and long-term home value**.
- The global smart home market is predicted to reach **\$170 billion in 2025**, with adoption reaching 77.6% this year and 92.5% by 2029.



TREND 6:

Embedded insurance streamlines homebuying

- Insurance is increasingly **integrated into the homebuying process**, reducing friction and delays.

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Buying a home is one of the most exciting and overwhelming times in a person’s life. We work closely with our homebuilder partners to deliver tailored policies, customized specifically for each home, at a competitive price.

— *Brett Sobol, Director of Partnerships at Hippo*

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