**SWOT in Market Analysis for Real Estate**

SWOT analysis and PEST analysis [are two tools that highlight areas of importance](https://pestleanalysis.com/market-analysis-tools/) when doing a market analysis.

**SWOT Analysis**

SWOT Analysis examines *strengths, weaknesses, opportunities*, and *threats*. These categories are especially useful to [pinpoint active and negative points](https://pestleanalysis.com/what-is-a-swot-analysis/) of a living space.

For example, a strength may be location. If the house is located near a public school, it’ll be prime to advertise to growing families. [But if the weakness](https://pestleanalysis.com/swot-analysis-weaknesses-definition-examples/) is high crime rates, it’ll be difficult for parents to see themselves living in that house even temporarily.

[Opportunities are created from strengths and weaknesses](https://pestleanalysis.com/swot-analysis-opportunities-definition-examples/). While threats can prevent sales — no one wants to live in a home that requires renovations out of pocket.

Anyone — realtor or buyer — can apply SWOT analysis to living spaces or general locations. The point is to [put the strengths to the forefront](https://pestleanalysis.com/swot-analysis-strengths-definition-examples/) when advertising a site, while also minimizing the weaknesses to ensure they don’t undermine strengths or opportunities.

**PEST Analysis**

[PEST analysis focuses on external influences](https://pestleanalysis.com/pest-analysis/). Its purpose here is to reduce negative impacts related to the real estate industry. Considering the housing market has been a series of ups and downs — mostly downs — over the last decade, PEST analysis is recommended for both buyers and realtors.

PEST examines…

**Political**: These influences are related to [politics, politicians, and the government](https://pestleanalysis.com/political-factors-affecting-business/). In real estate, laws, taxes, and inflation rates can affect the prices of houses.

**Economic:** [Unemployment rates, economic growth, and interest rates](https://pestleanalysis.com/economic-factors-affecting-business/) can affect real estate. The housing market crash in the mid-2000s drastically hurt real estate. The rise of unemployment rates hasn’t helped. But the market is still attempting to return to its former glory but has yet to achieve that goal.

**Social:** Cultural and demographic changes affect who, when, and how people can buy properties. Circumstances such as [population growth, demographics](https://pestleanalysis.com/social-factors-affecting-business/), and environmental factors affect prices for buying property.

**Technological**: [The type of technology affects](https://pestleanalysis.com/technological-factors-affecting-business/) how people book and rent properties online. Also included are the kind of material and the method of building homes in (un)developed areas.

**In conclusion…**

Both SWOT and PEST analysis introduce important [factors to highlight in market analysis](https://pestleanalysis.com/market-analysis-definition/) when buying or selling in the real estate industry. These tools assist market research in providing a well-rounded view before making purchasing decisions.