

# ***Emerging Trends in Real Estate***

***A Canadian Perspective***

***Creating possibility:***

**Rebalance.**

**Rethink.**

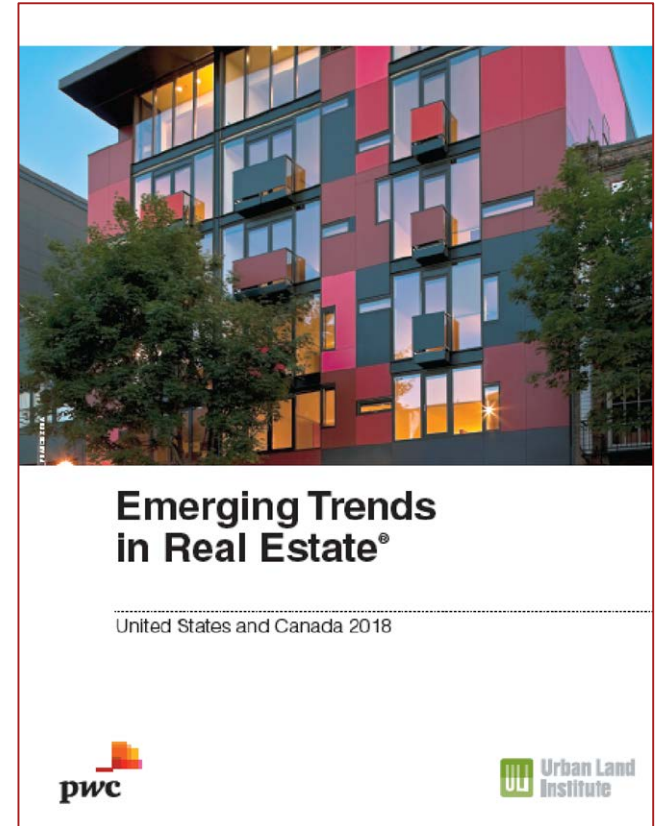
**Reinvent.**



# ***Emerging Trends in Real Estate 2018***

“Looking forward, it’s not a clear blue sky—but there are ***no storm clouds*** coming, either.”

- Emerging Trends is the industry’s “**most predictive forecast**”
- 39th annual outlook – 11th Canadian annual outlook
- Based on personal interviews with over **1,000** individuals representing **590** organizations combined with an additional **1,600** online surveys
- Across Canada, over **110** personal interviews across Canada with over **95** organizations and **325** online surveys
- Sponsored jointly by PwC and the Urban Land Institute



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*How do we feel about 2018?*

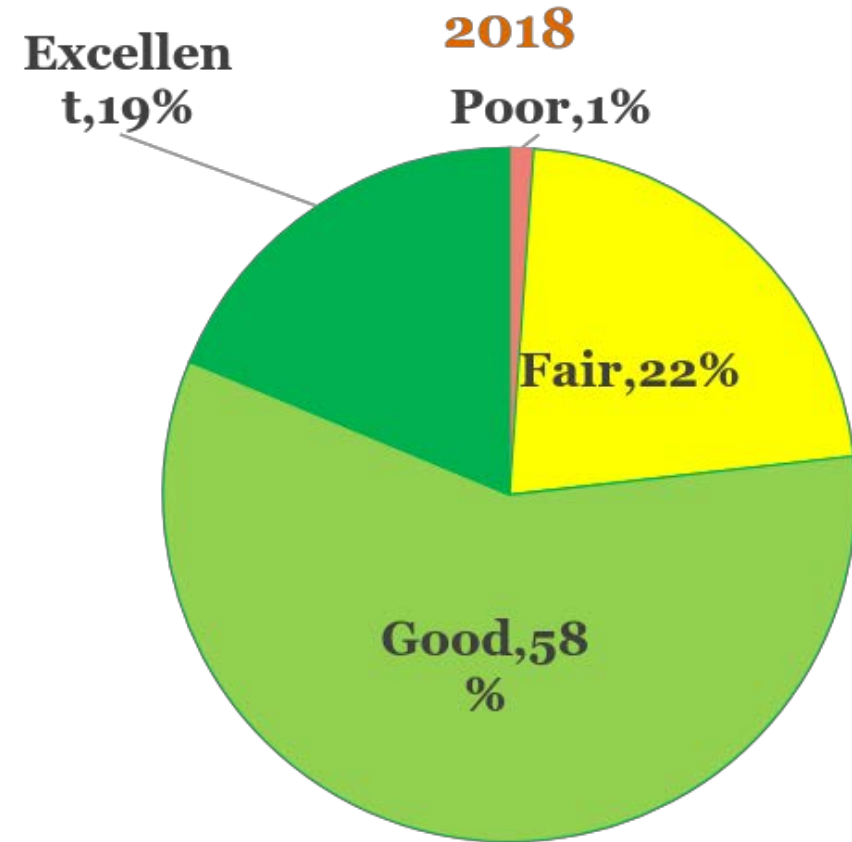
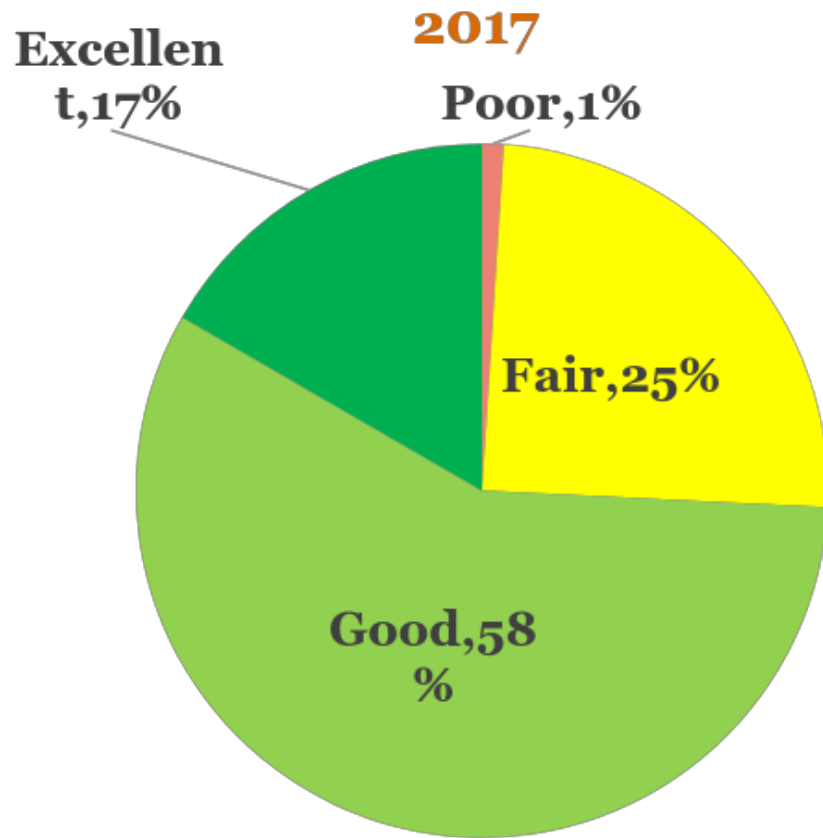


# *What word would you use to describe the 2018 real estate market?*

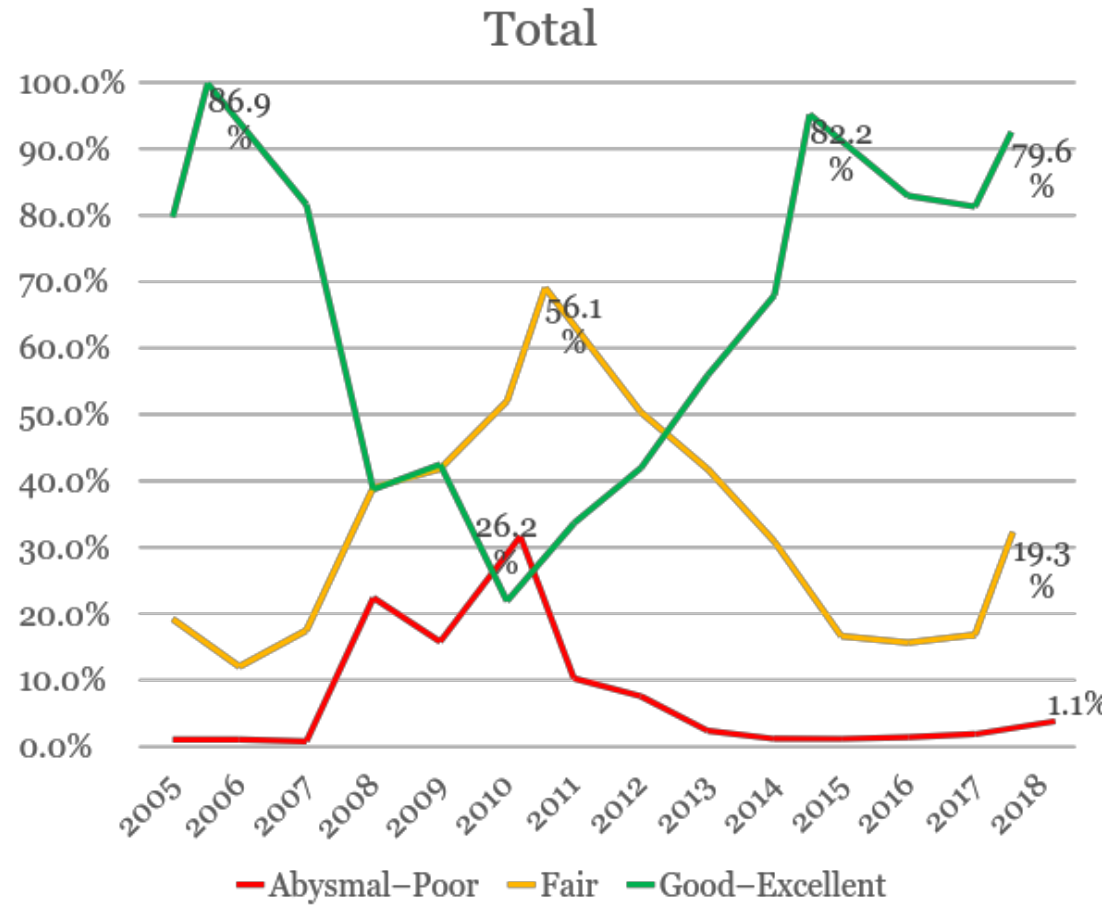
## *Top 5*

<b>#1</b>	<b>Competitive</b>
<b>#2</b>	<b>Cautious</b>
<b>#3</b>	<b>Measured</b>
<b>#4</b>	<b>Uncertain</b>
<b>#5</b>	<b>Growing</b>

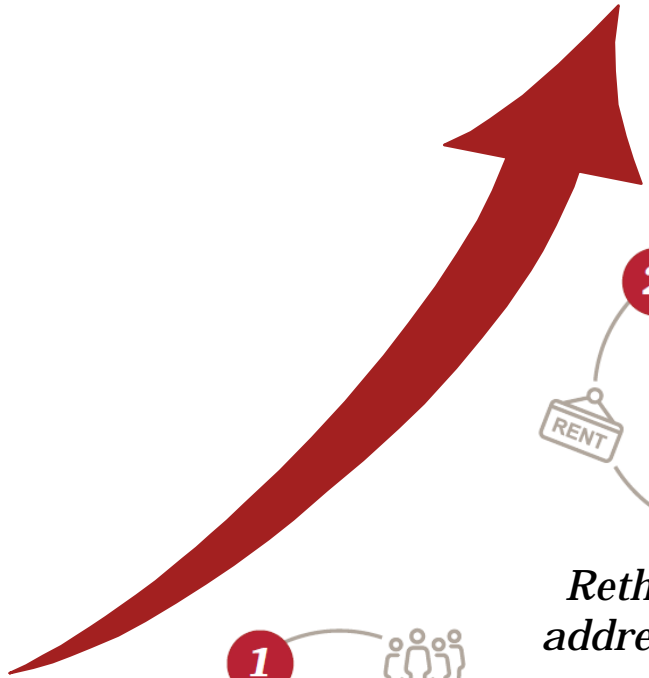
## ***Expected profitability of your business***



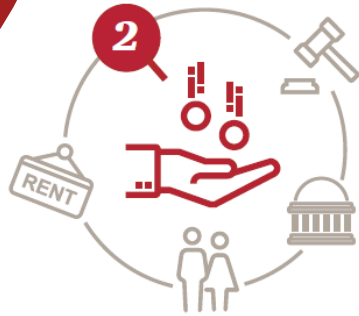
# Expected profitability of your business US Responses



# 2018 Trends



*Transit to transform cities*



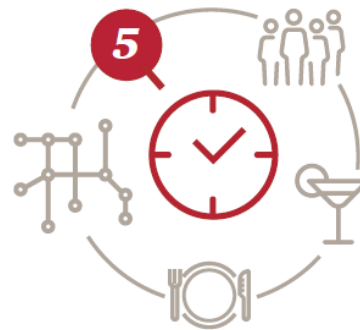
*Rethinking how to address affordability*



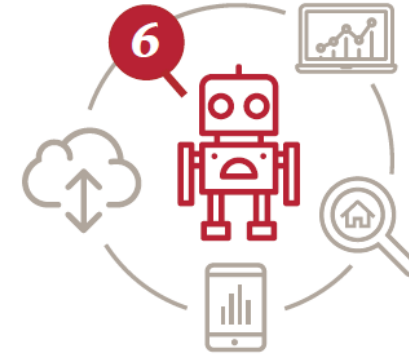
*Rise of placemaking*



*Rebalancing portfolios to create advantage*



*Making the 18-hour city a Canadian reality*



*Reinventing real estate through technology*

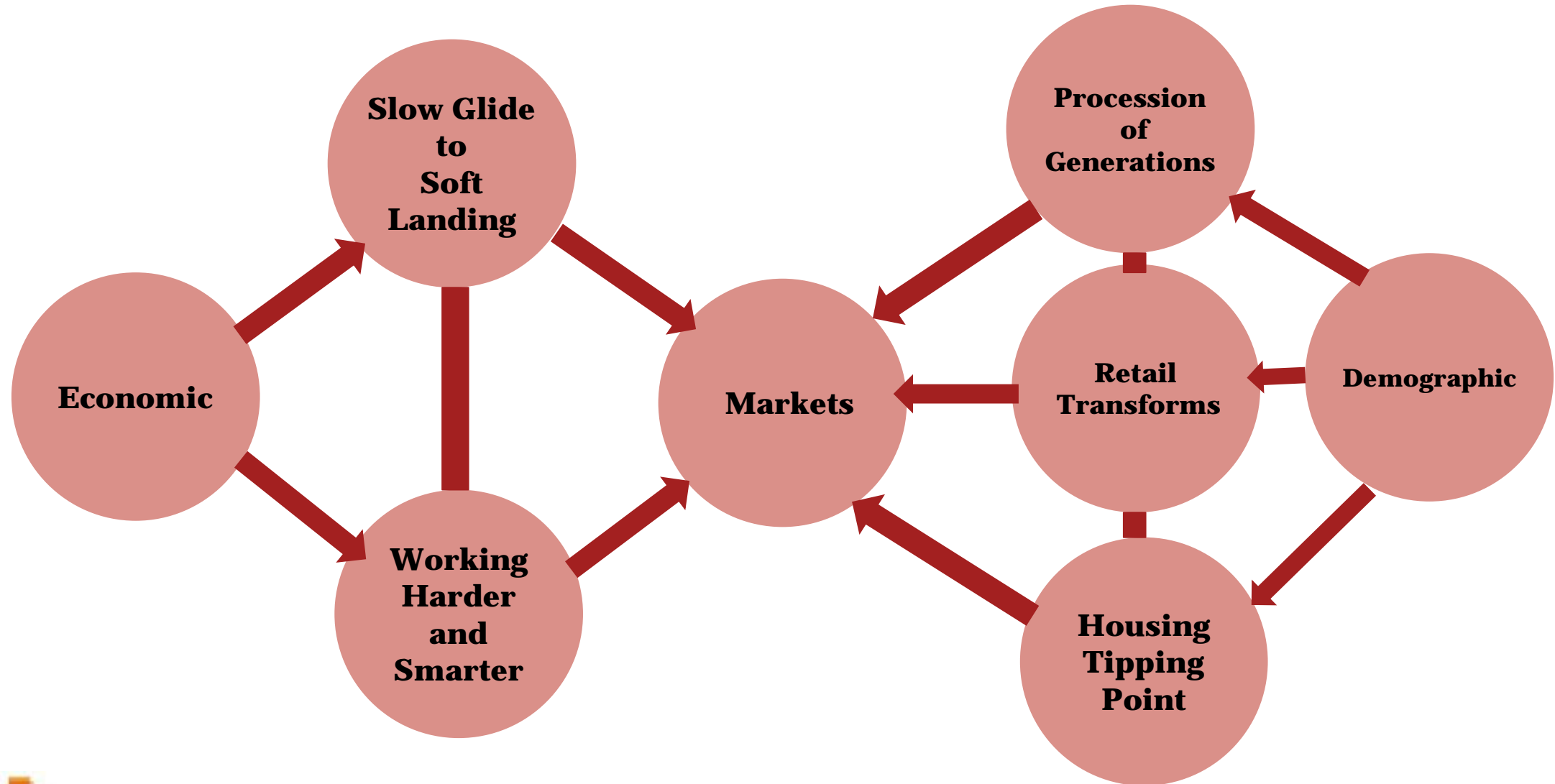


*The global war for talent*



*Evolving tenant expectations*

# 2018 Emerging Real Estate Trends





| ETRE 2018

# *Rebalancing portfolios*

pwc



# *Rebalancing portfolios to create advantage*

## What to buy

Sector	Buy Recommendation
Fulfillment	71.2%
Warehouse	58.8%
Age-restricted housing	55.4%
Moderate-income apartments	46.3%
Medical office	42.3%

## What to sell

Sector	Sell Recommendation
Power centers	65.9%
Regional malls	56.0%
Outlet centers	43.9%
Economy hotels	42.2%
Suburban office	38.8%

## *Rebalancing portfolios to create advantage*

Market	Industrial
Toronto	70%
Vancouver	47%
Calgary	45%

Market	Multifamily
Ottawa	69%
Halifax	67%
Montreal	57%
Toronto	54%

***2018 Buy  
recommendation by  
market and  
property type***

Market	Office
Montreal	67%
Toronto	58%
Vancouver	56%

Market	Retail
Montreal	86%
Saskatoon	50%
Winnipeg	50%
Toronto	32%

## ***Rebalancing portfolios to create advantage***

<b>Market</b>	<b>Industrial</b>
Halifax	50%
Saskatoon	33%
Montreal	22%
Toronto	5%

<b>Market</b>	<b>Multifamily</b>
Halifax	33%
Saskatoon	33%
Winnipeg	11%
Toronto	9%

***2018 Sell  
recommendation by  
market and  
property type***

<b>Market</b>	<b>Office</b>
Halifax	75%
Calgary	50%
Edmonton	50%
Toronto	0%

<b>Market</b>	<b>Retail</b>
Halifax	33%
Calgary	23%
Toronto	21%

# *US property type choices skew toward demographics*

## **Investment**

# 1 Fulfillment Centers

# 2 Age Restricted Housing

#3 Moderate Income Apartments

#4 Affordable Apartments

#5 Medical Office

# 6 Student Housing

## **Development**

# 1 Fulfillment Centers

#2 Age Restricted Housing

#3 Moderate Income Apartments

# 4 Medical Office

#5 Affordable Apartments

#6 Student Housing

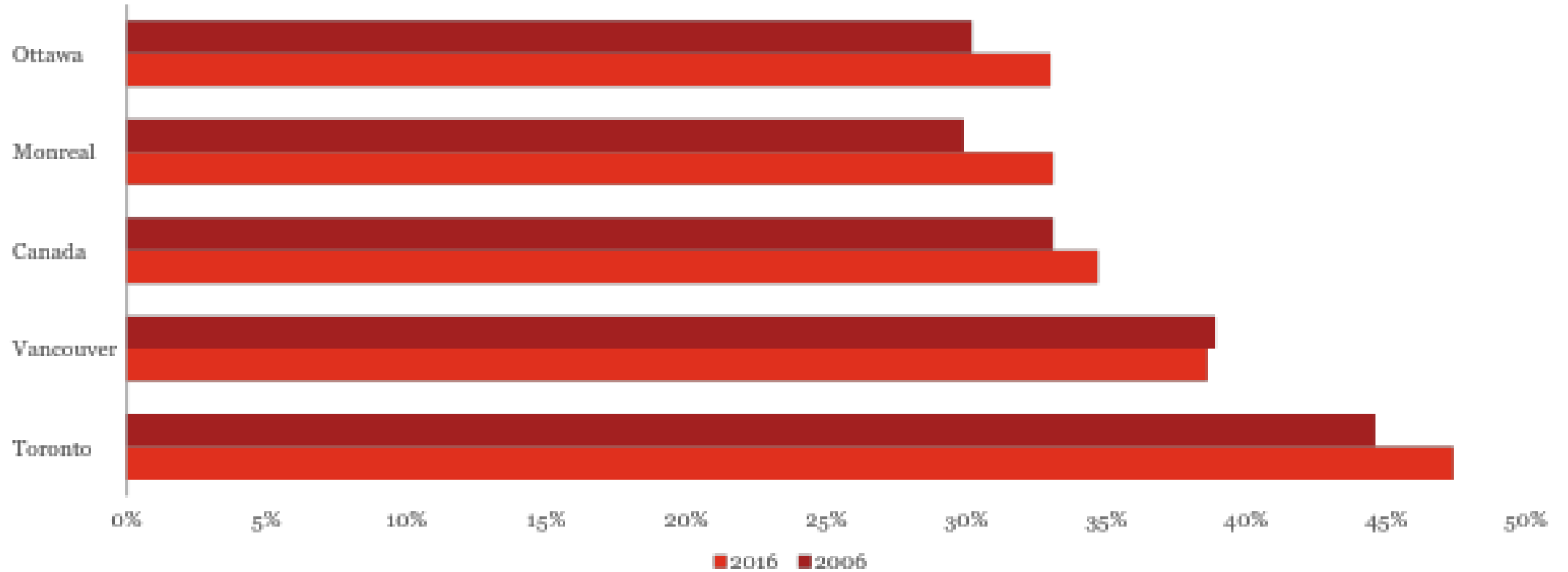
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## ***Rethinking how to address affordability***

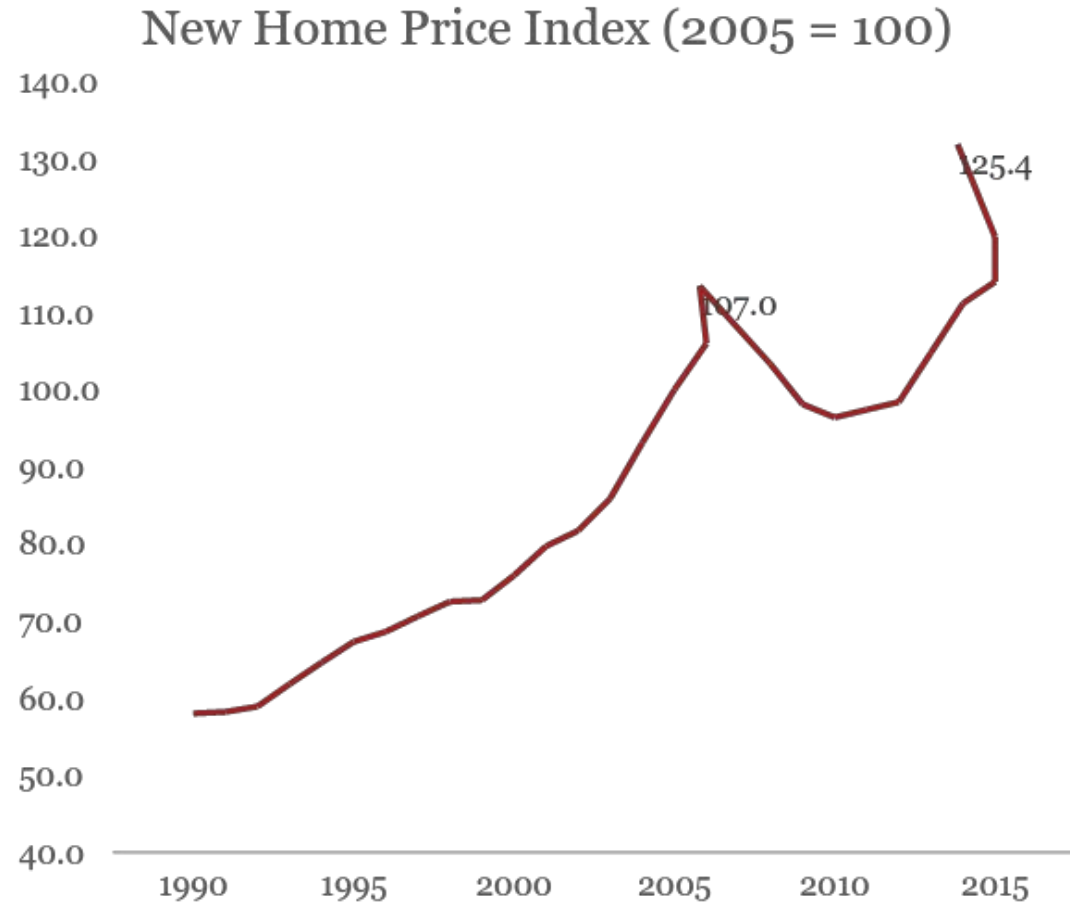
- ☐ It is a matter of supply and demand**
- ☐ Demand is a matter of growth**
- ☐ Regulation should focus on increasing supply**
- ☐ Low affordability could force many to change how and where they want to live**

# *Living arrangements change due to affordability*

Young adults living with parents



# ***Not much relief in sight for US home construction costs***



Source: US Census Bureau

The Wall Street Journal

## **America's continued construction labor crisis**

CNN Money

The dire  
generat

## **Soaring lumber prices a problem for home builders and buyers**

CNBC

, and

## **Real estate CEO: Record-low housing inventory is 'freaking us out'**

Housing inventory continues to drop amid tight credit and a growing tendency toward becoming a





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***Which could lead to desperate measures!***



***It's harder to move  
back home, if home  
keeps moving!***

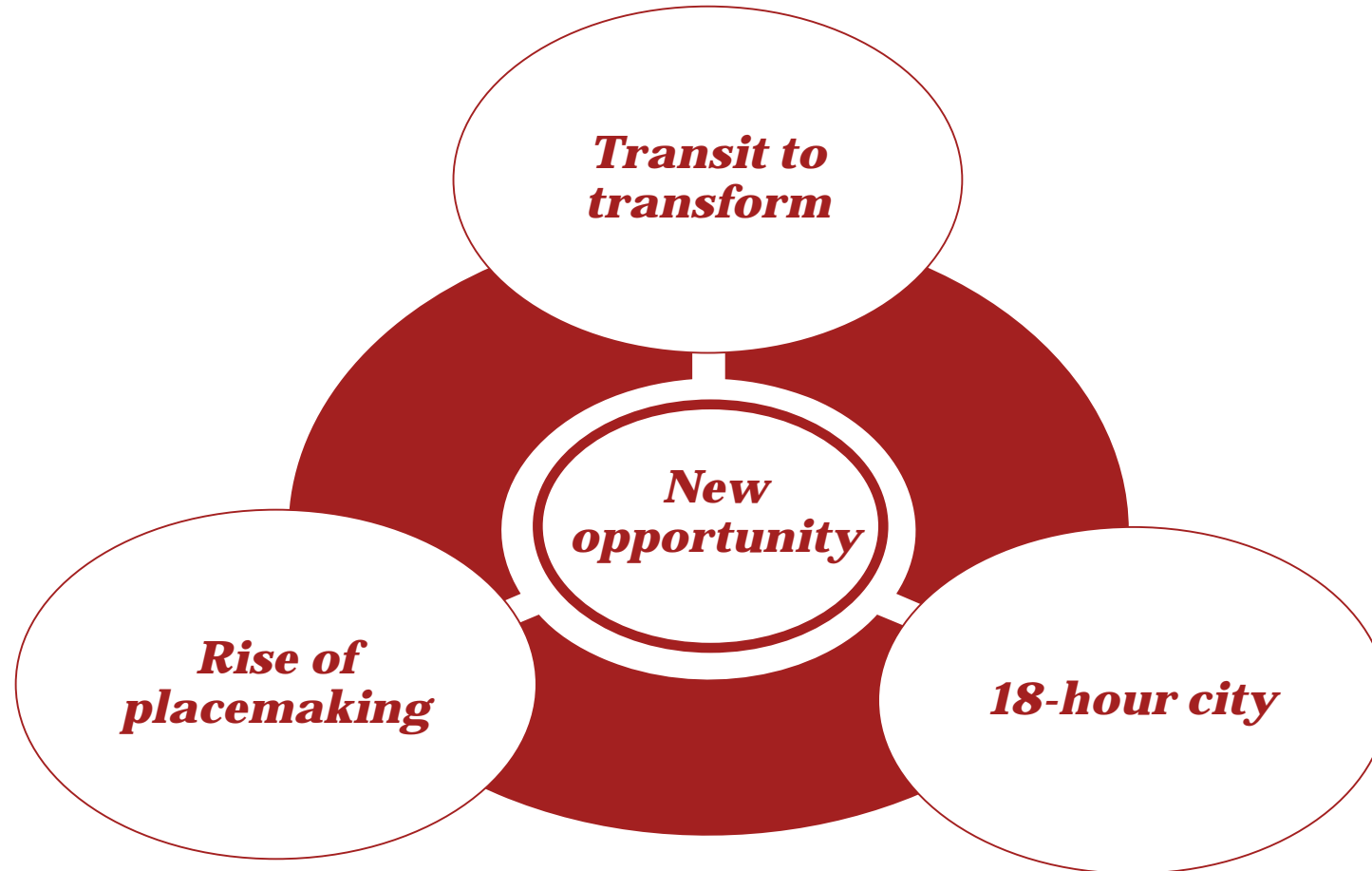
| ETRE 2018

# *Rethinking real estate*

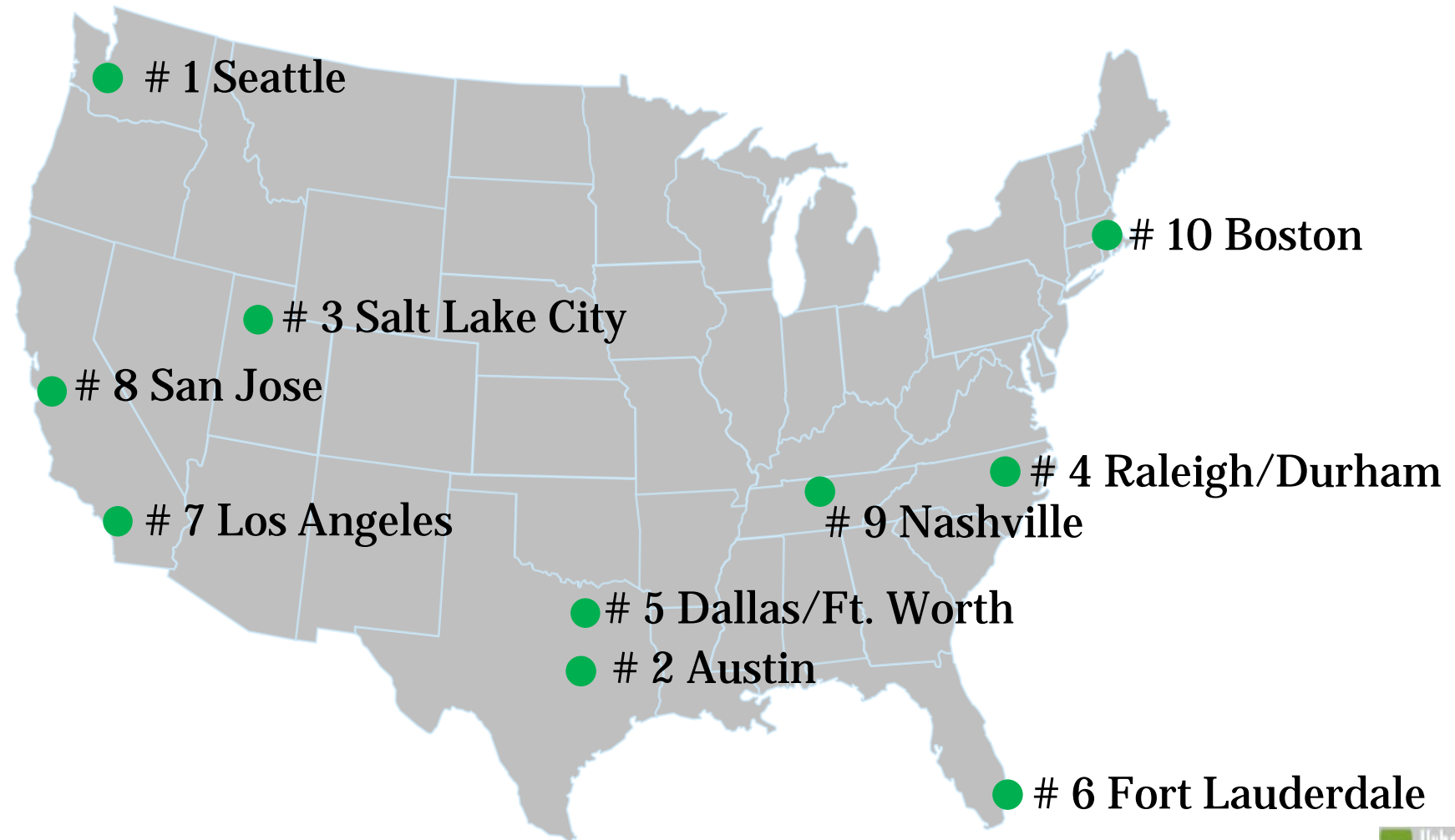
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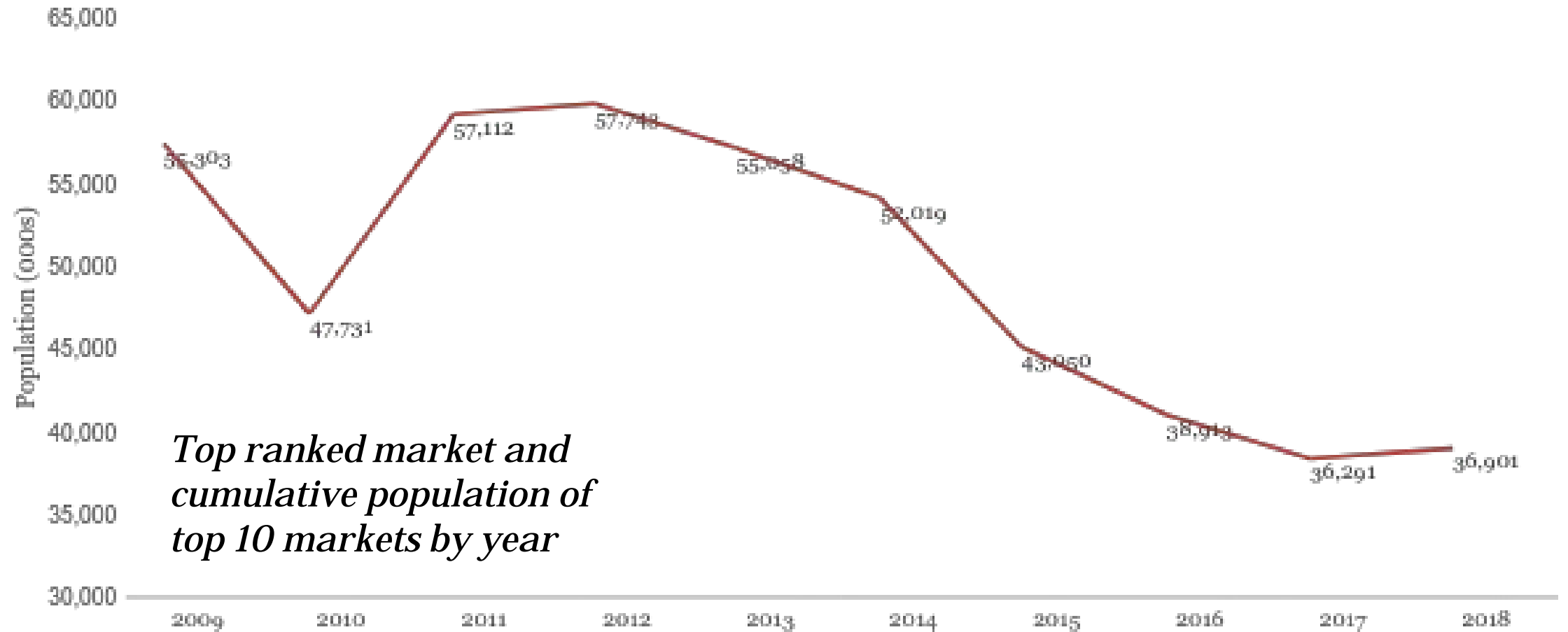
## ***Trends add to the desirability of markets and submarkets***



# *It's different this time...Isn't it? The market outlook*



## ***The next big market in the survey may be smaller***



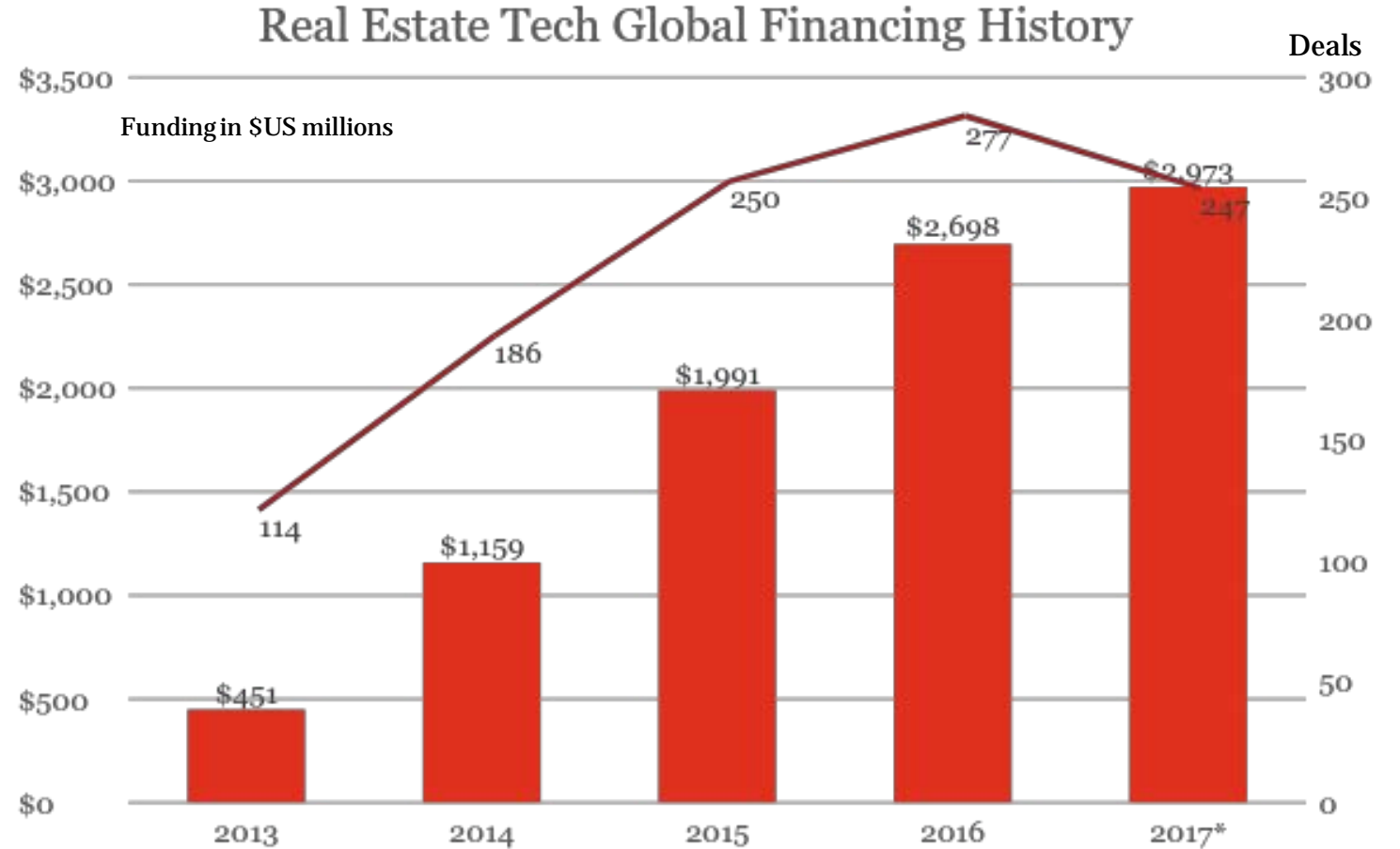
| ETRE 2018

# *Reinventing real estate*

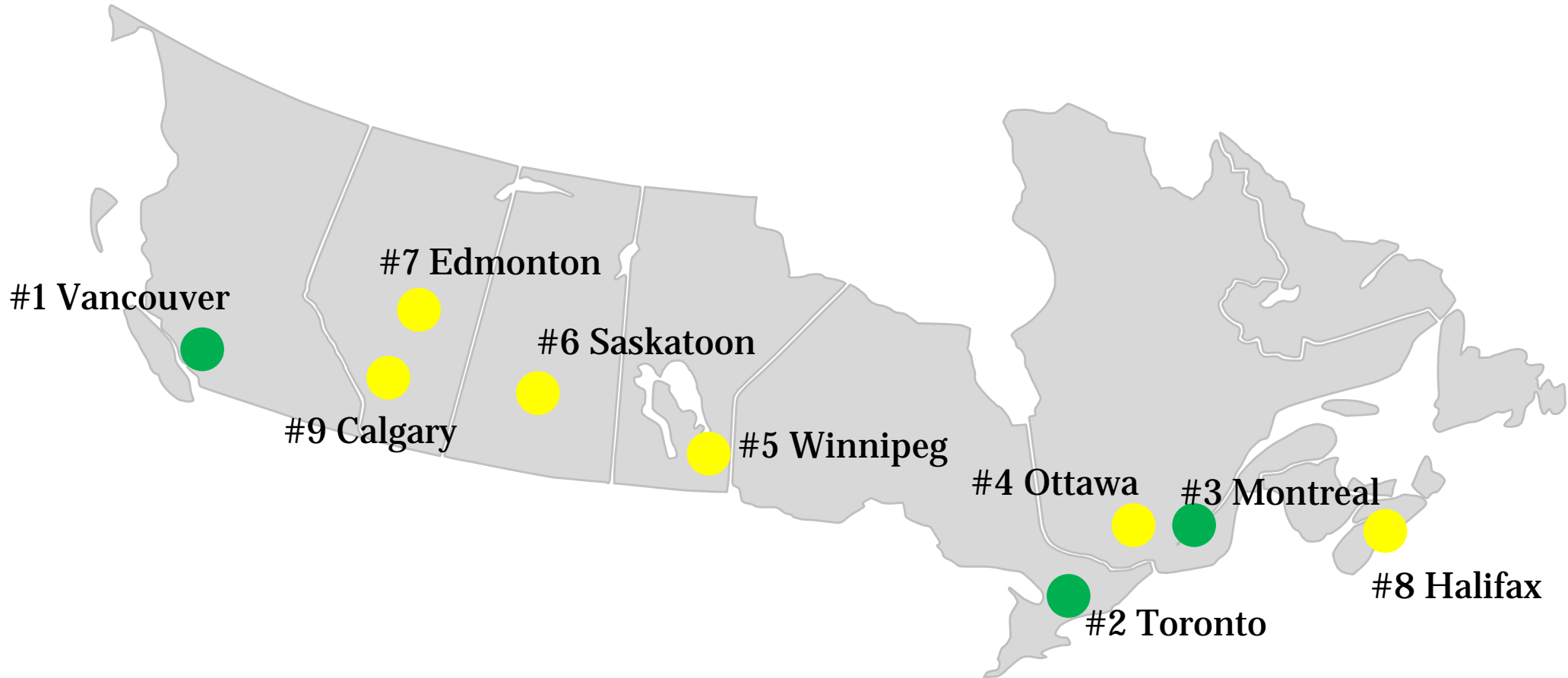


# Reinventing through technology

***“Technology’s impact is everywhere in real estate – and we can’t ignore it.”***

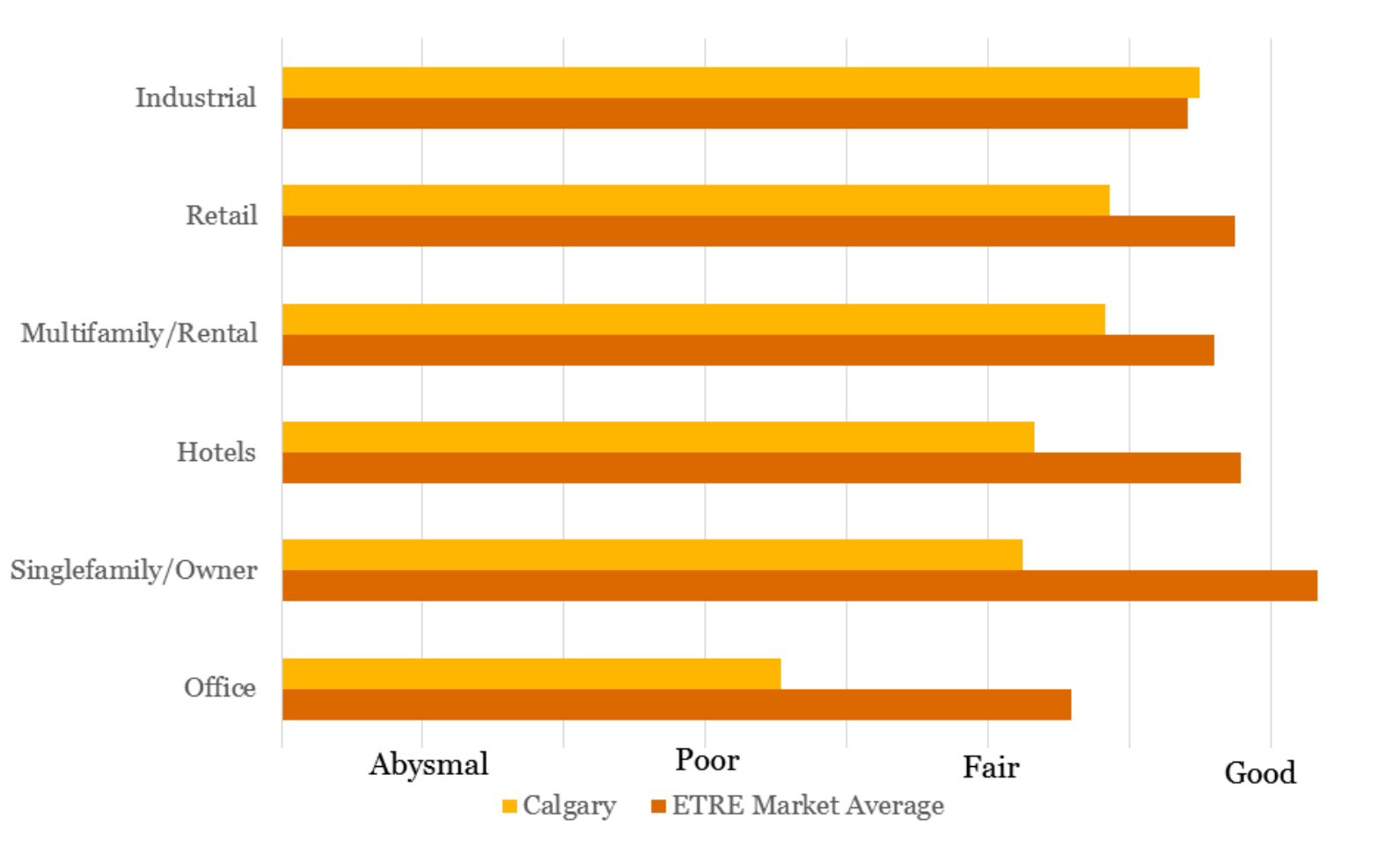


# 2018 Market Outlook

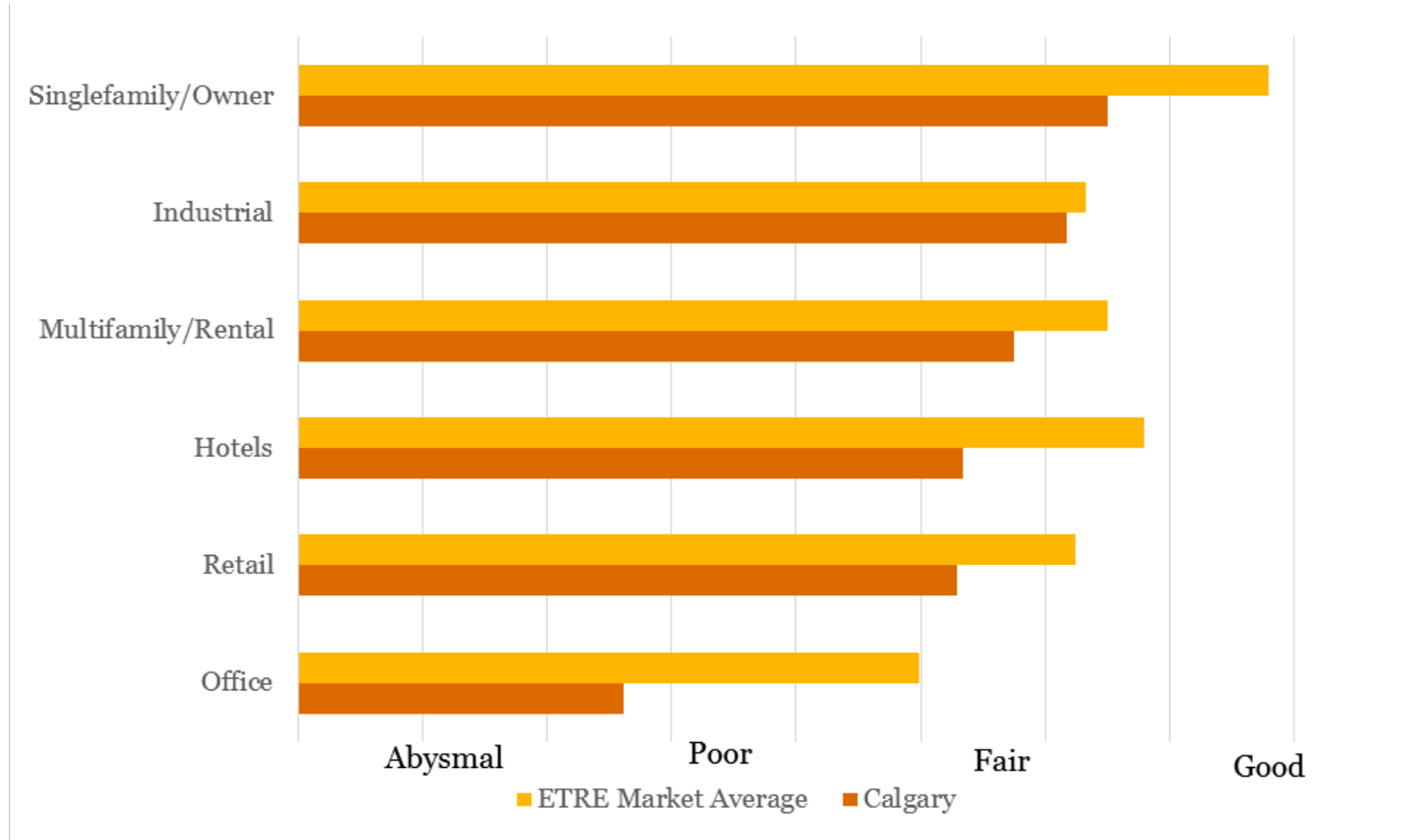




# Calgary investment outlook by property sector



# Calgary development outlook by property sector



## ***2018 Expected Best Bets***



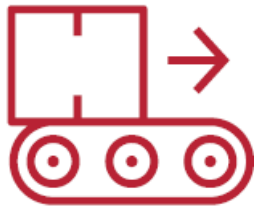
***Senior housing***



***Healthcare***



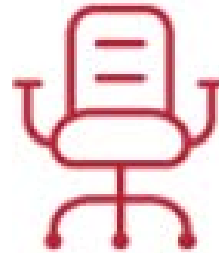
***Building communities***



***Fulfillment and warehousing***



***Proptech***



***Toronto office***

***Thank you, and now our panel!***



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Estate 2018***

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