

Emerging Trends in Real Estate

A Canadian Perspective

Creating possibility:

Rebalance.

Rethink.

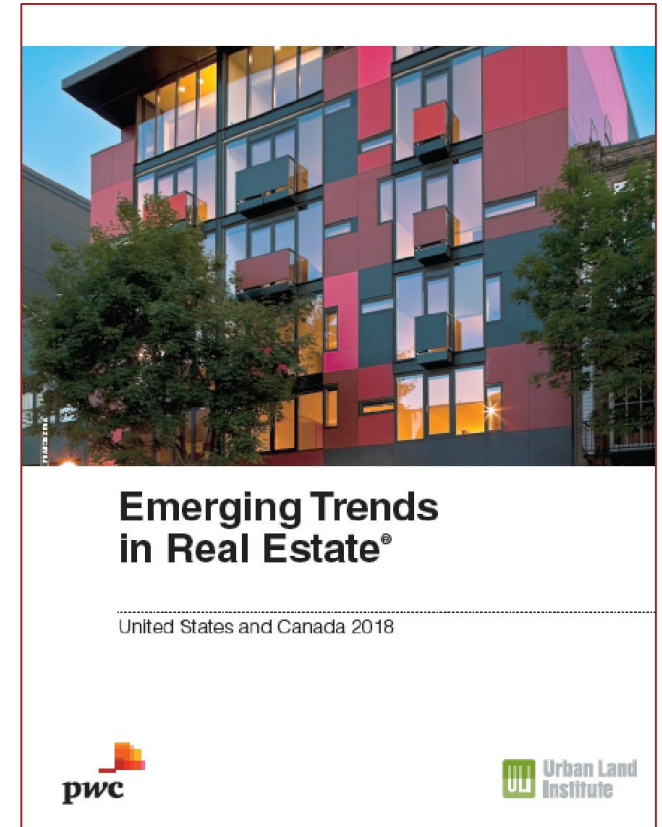
Reinvent.



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



How do we feel about 2018?

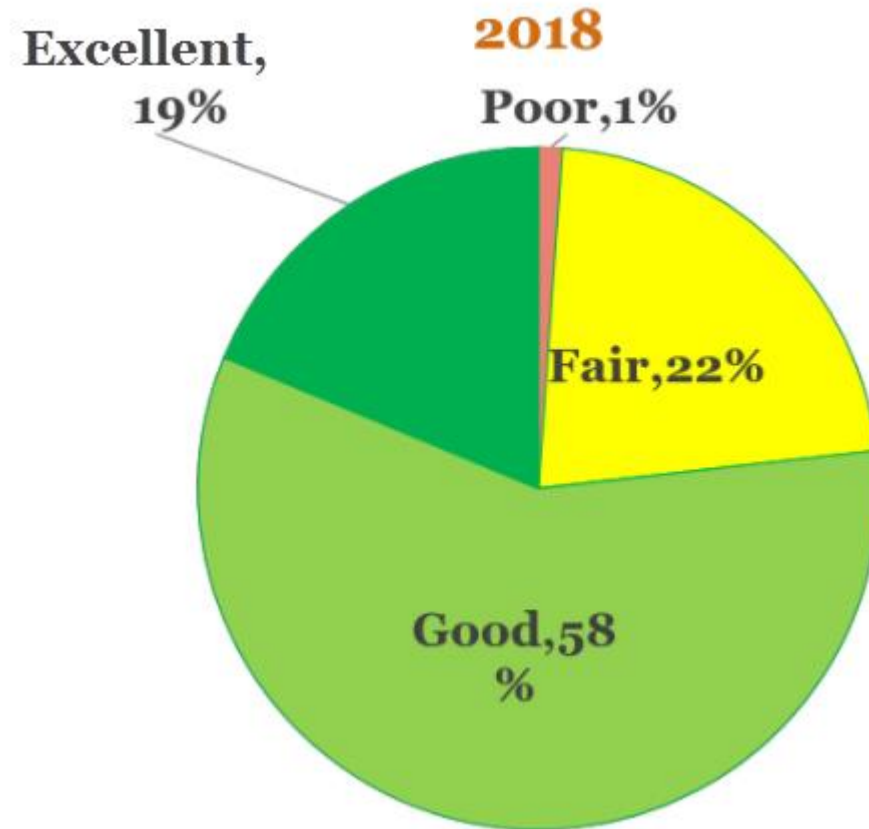


What word would you use to describe the 2018 real estate market?

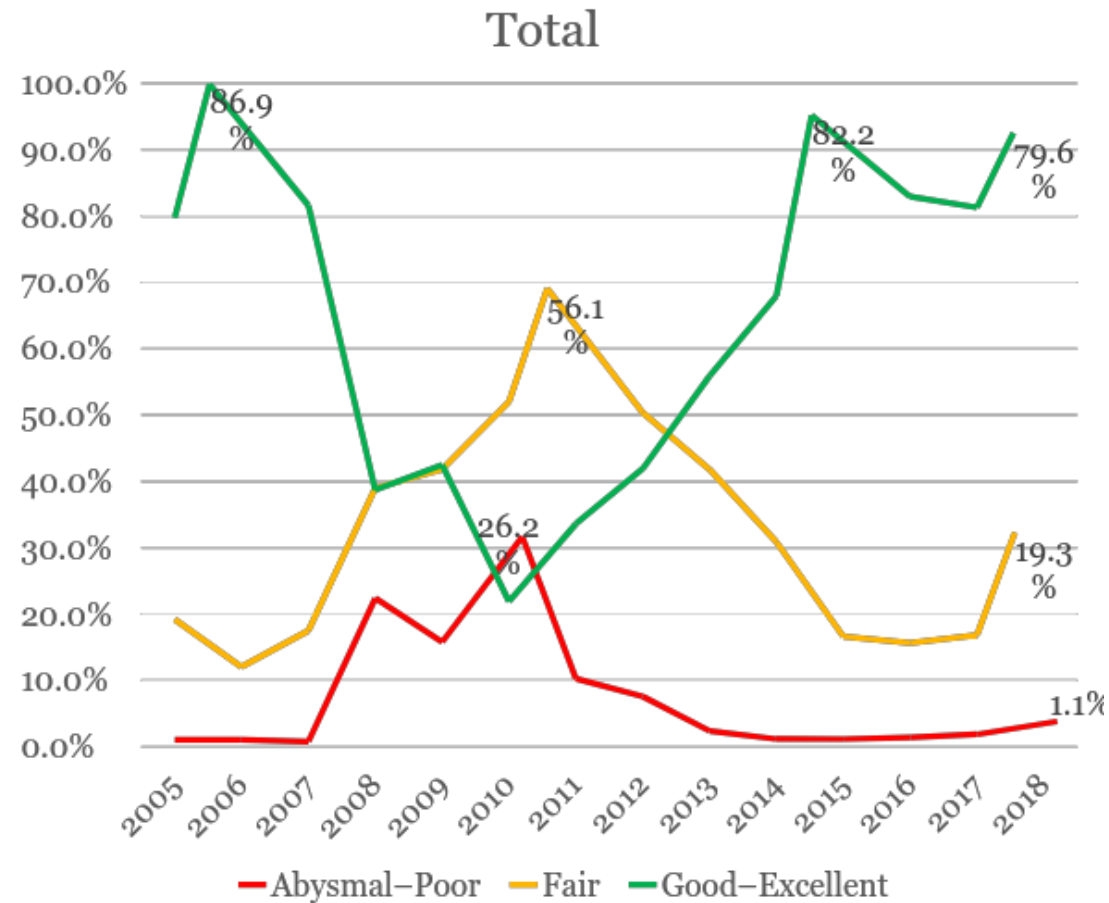
Top 5

#1	Competitive
#2	Cautious
#3	Measured
#4	Uncertain
#5	Growing

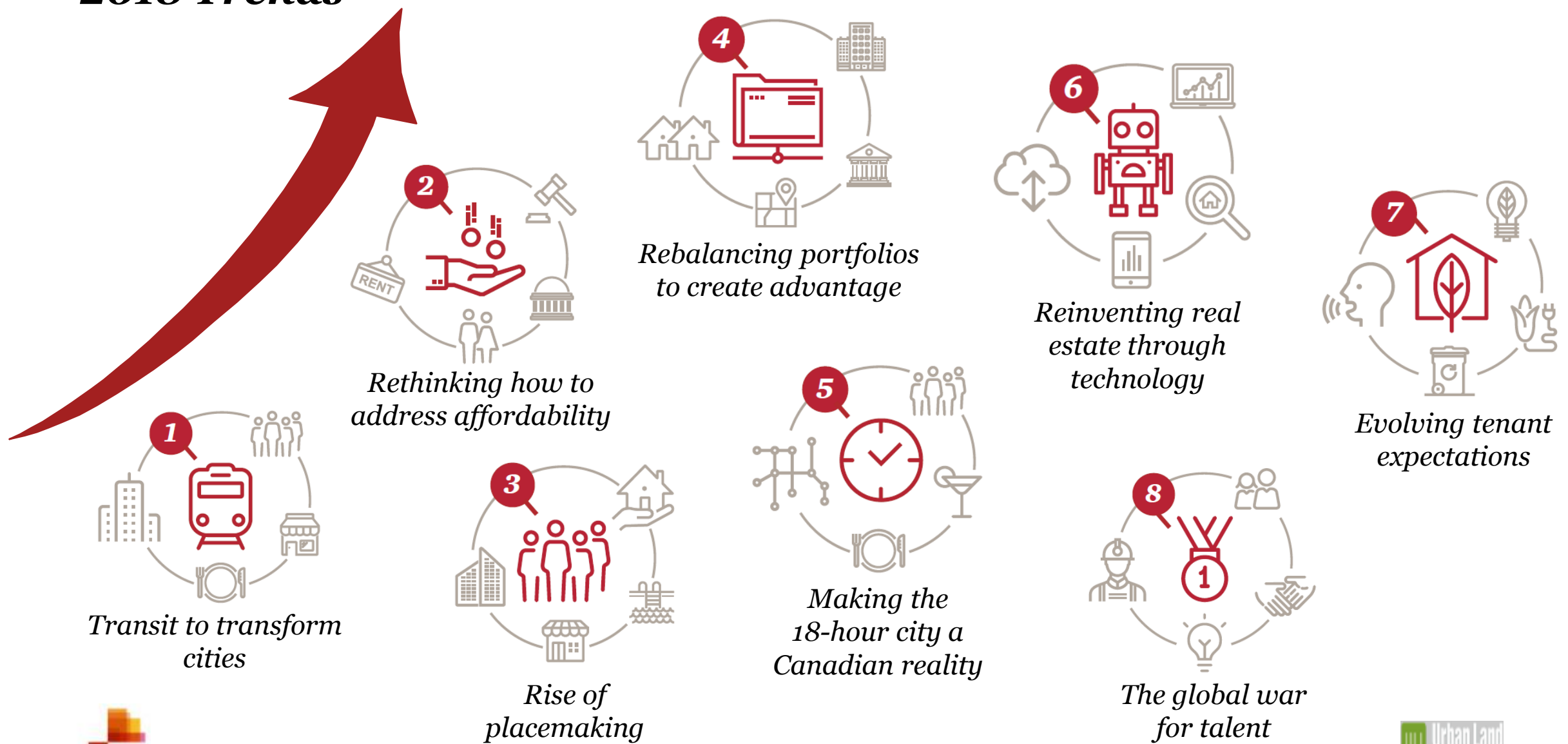
Expected profitability of your business



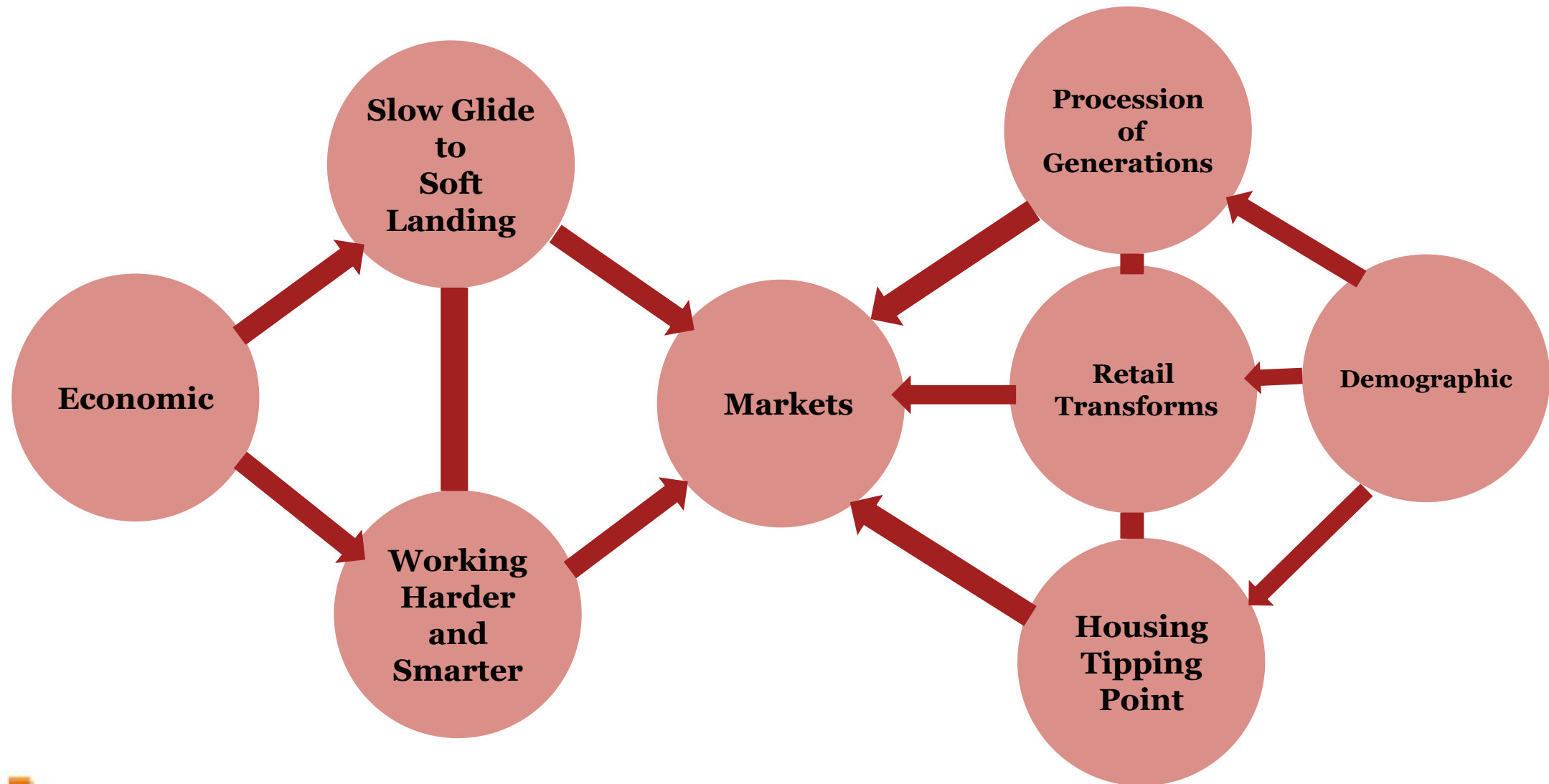
Expected profitability of your business US Responses



2018 Trends



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

Market	Industrial
Halifax	50%
Saskatoon	33%
Montreal	22%
Toronto	5%

Market	Multifamily
Halifax	33%
Saskatoon	33%
Winnipeg	11%
Toronto	9%

2018 *Sell*
recommendation by
market and
property type

Market	Office
Halifax	75%
Calgary	50%
Edmonton	50%
Toronto	0%

Market	Retail
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

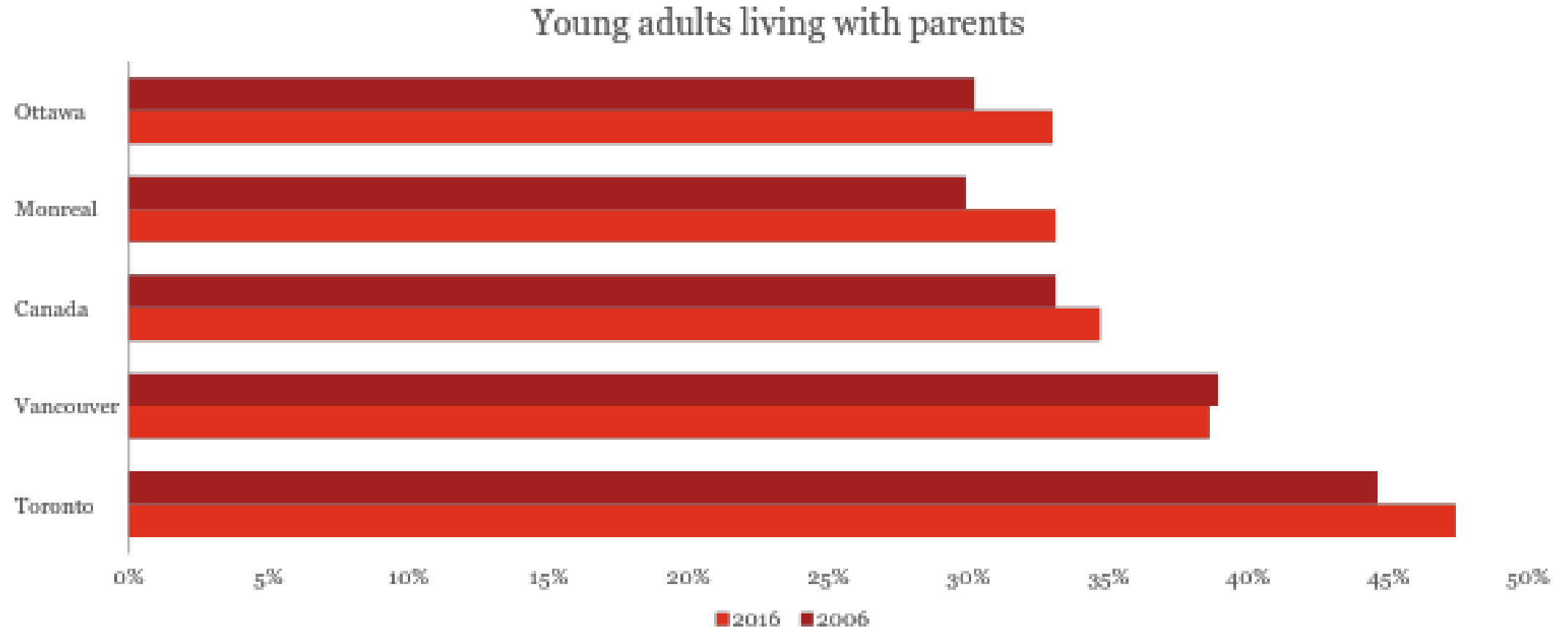
#5 Affordable
Apartments

#6 Student
Housing

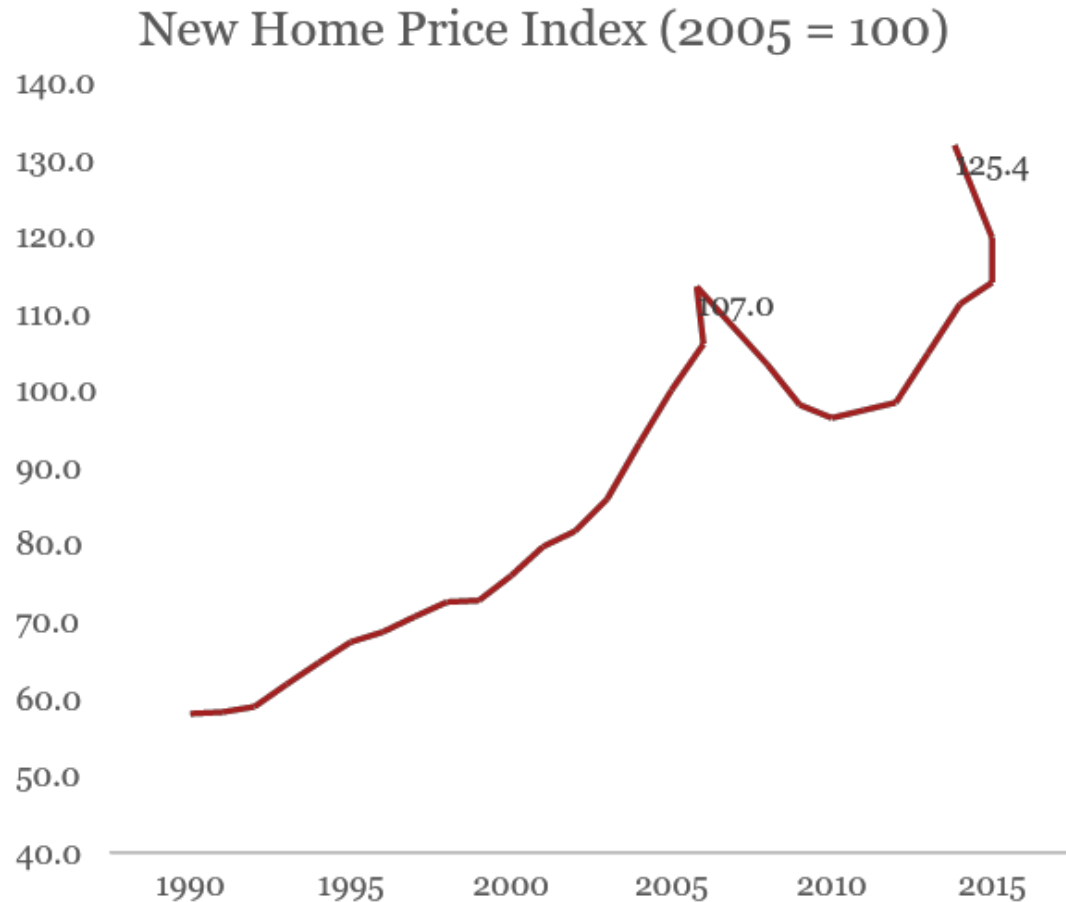
Rethinking how to address affordability

- ☐ 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



Not much relief in sight for US home construction costs



The Wall Street Journal

America's continued construction labor crisis

CNN Money

The dire
generati

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

Which could lead to desperate measures!



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

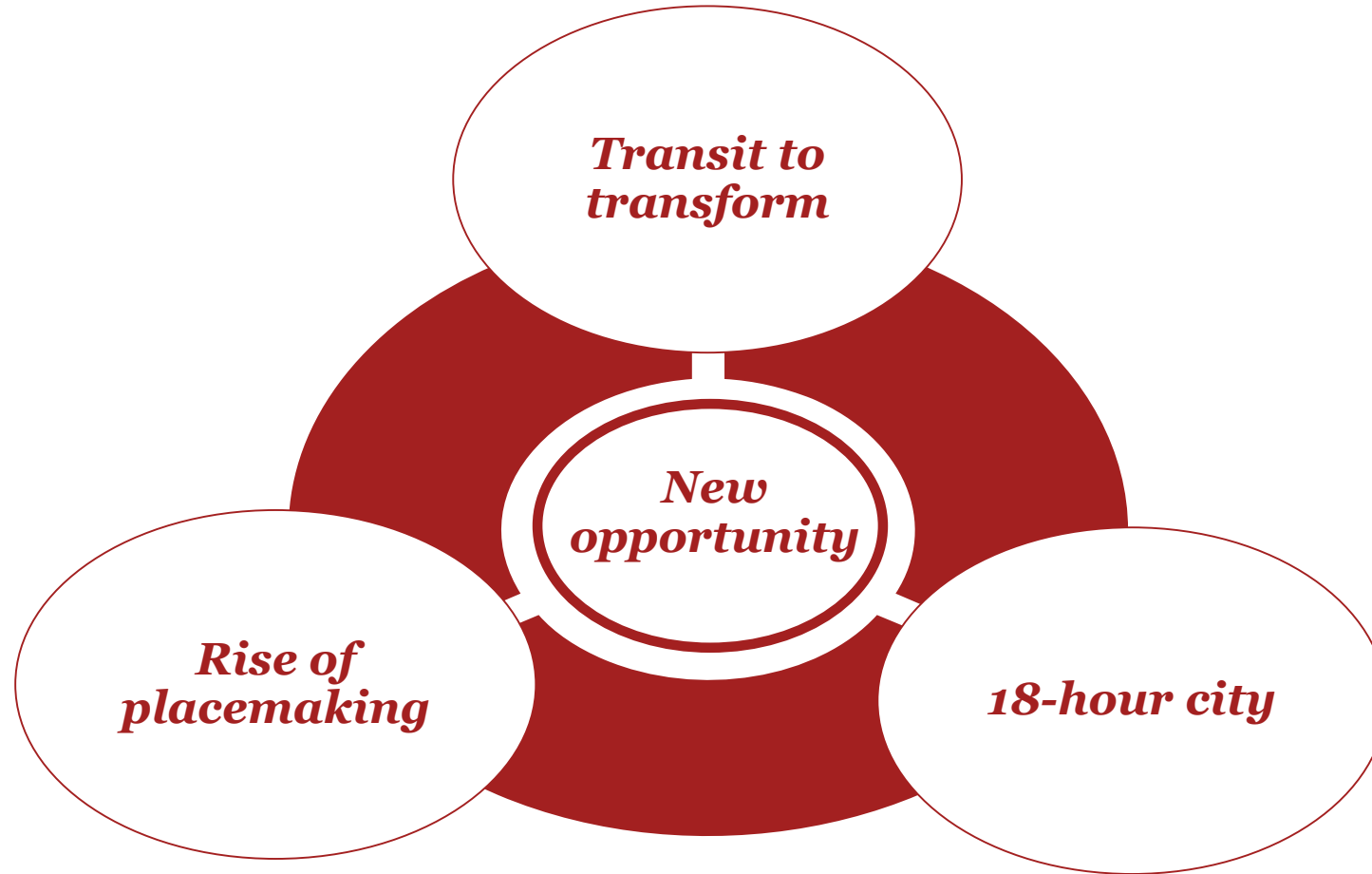
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Rethinking real estate

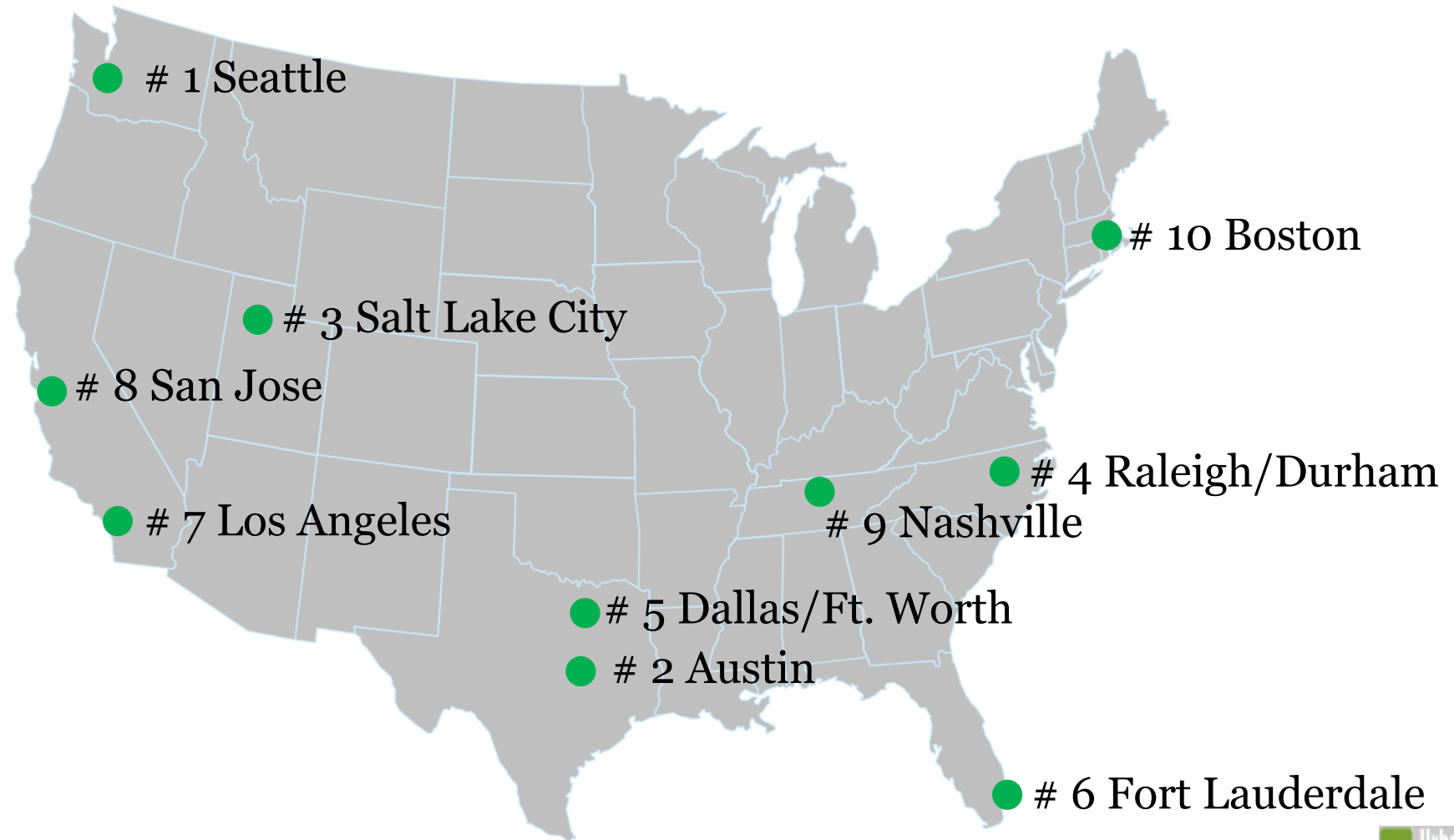
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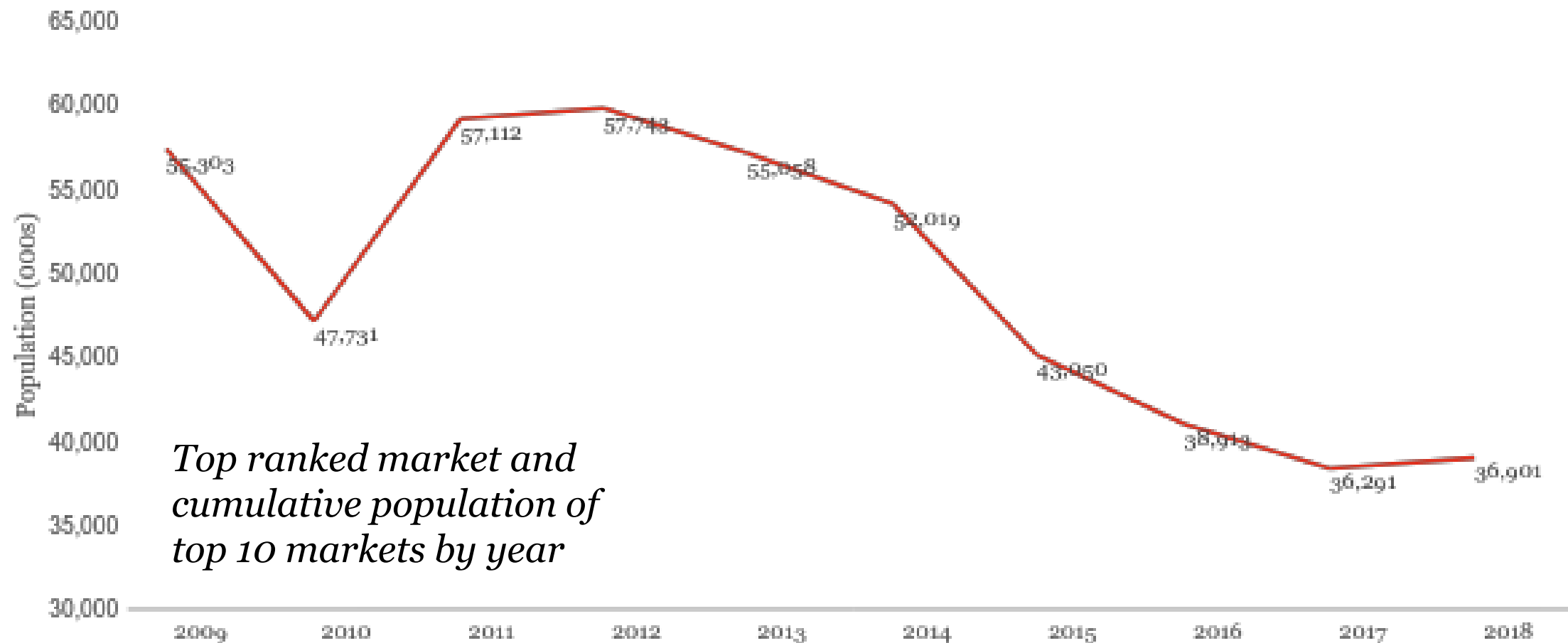
Trends add to the desirability of markets and submarkets



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



The next big market in the survey may be smaller



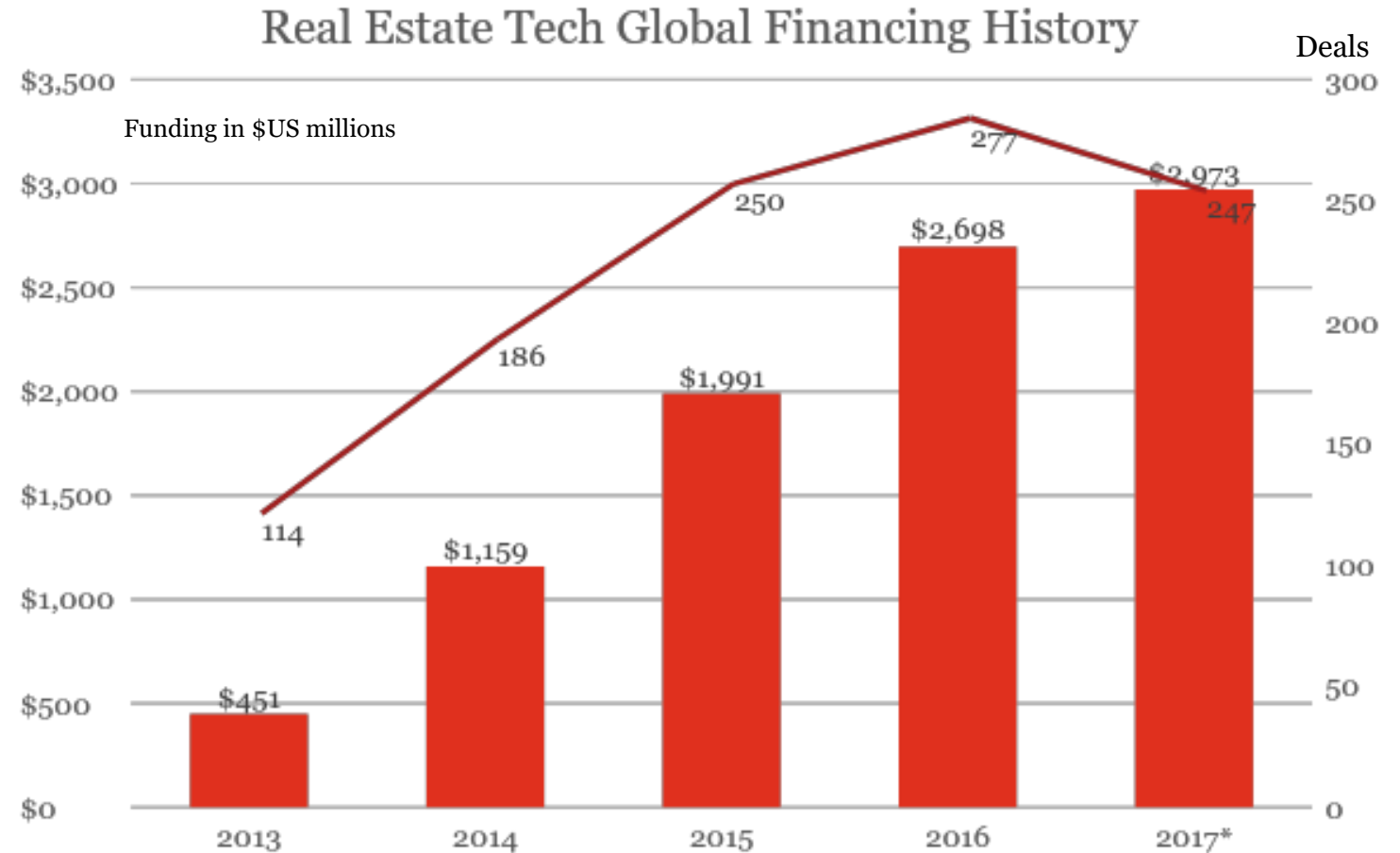
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Reinventing real estate

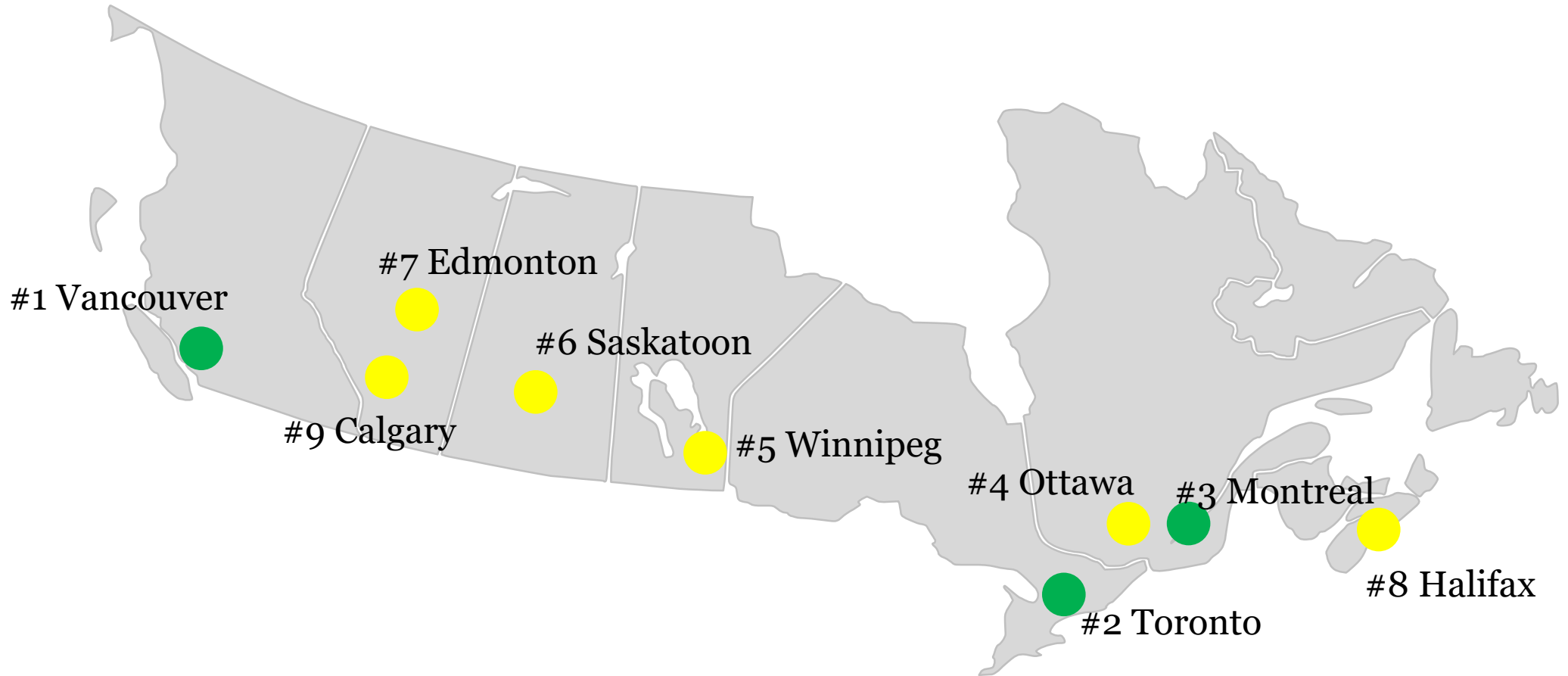


Reinventing through technology

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



2018 Market Outlook



2018 Expected Best Bets



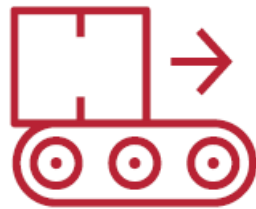
***Senior
housing***



Healthcare



***Building
communities***



***Fulfillment
and warehousing***



Proptech



Toronto office

Thank you, and now our panel!



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Estate 2018***

pwc.com/ca/emergingtrends