

Emerging Trends in Real Estate 2019 ®

A Canadian Perspective



Reinvent



Rebalance



Rethink

Emerging Trends in Real Estate 2019

- ❑ **40th** annual outlook – **12th** Canadian annual outlook
- ❑ Based on insights from over 2,400 personal interviews and survey responses across North America, with over 400 from Canada
- ❑ Sponsored jointly by PwC and the Urban Land Institute
- ❑ Emerging Trends is the industry’s “**most predictive forecast**”



40 years of Emerging Trends in Real Estate

Over the course of your real estate career, what do you feel has been the most significant event or change to the industry?

- Global Financial Crisis
- Technology
- Information Availability
- Asset Class Acceptance
- Urbanization
- REITs
- Low Interest Rates
- Capital Availability
- Securitization
- Space Utilization Changes

The next 40 years?

What do you feel could have the most significant impact on the real estate industry over the next 40 years?

- Technology Implementation
- Autonomous Vehicles
- Space Utilization Changes
- Demographic Shifts
- Artificial Intelligence
- Data Analytics
- Retail Transformation
- Smoother Economic Cycles
- Climate Change
- Rising Interest Rates

After 40 years, what's next?



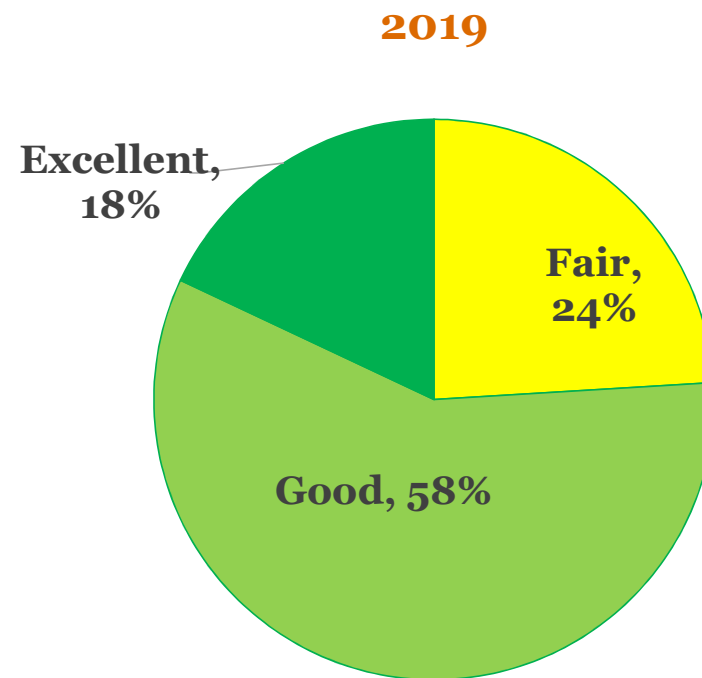
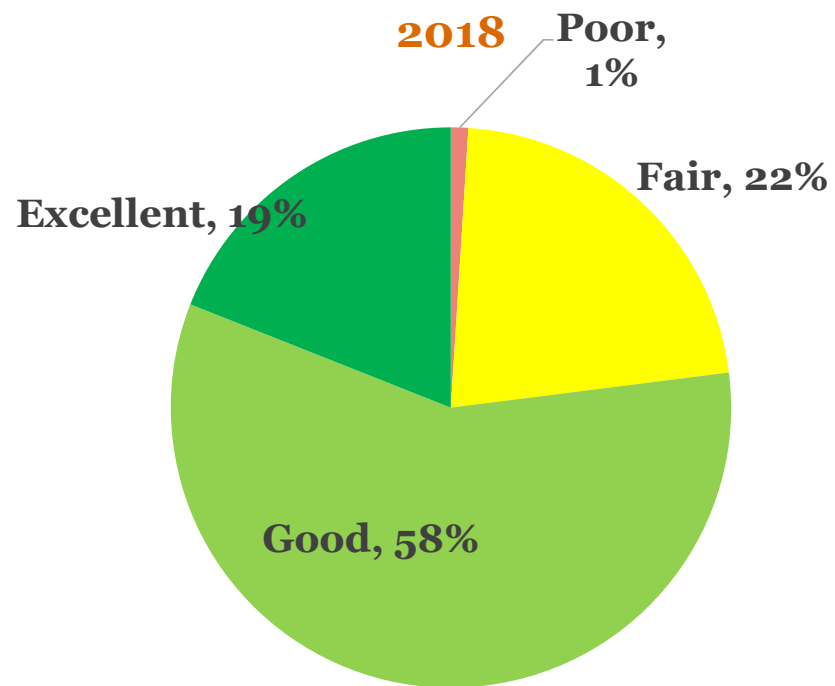
or





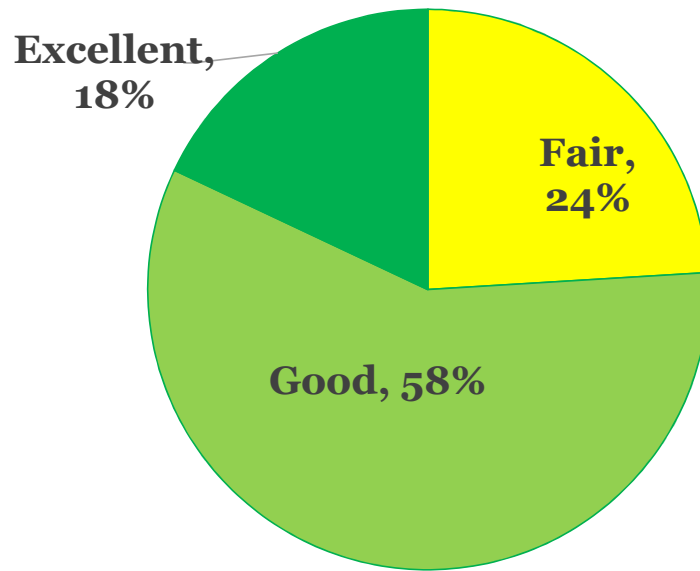
Market Sentiment

Expected profitability of your business

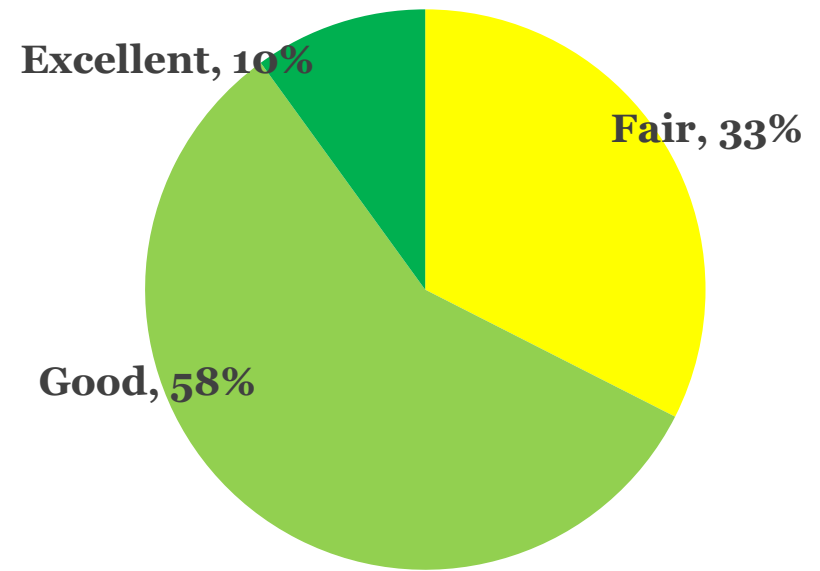


Expected profitability of your business

Canada



Toronto



What word would you use to describe the 2019 real estate market?

Top 5

#1	Competitive
#2	Cautious
#3	Uncertain
#4	Evolving
#5	Overheated

Trends

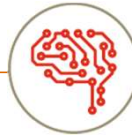


2019 Trends



Rebalance: Real Estate Strategies Rely on Creativity

- ❑ Reassess, rebalance, and redevelop
- ❑ Partnerships and opportunities
- ❑ Unlocking insights from predictive analytics



Reinvent: Accelerating Digital Transformation

- ❑ Embracing change and business transformation
- ❑ Meeting evolving tenant and customer expectations
- ❑ From awareness to action
- ❑ Unlocking the power of **Proptech**
- ❑ Getting the right skills



Rethink: Time to Rethink the Affordability Puzzle

- ❑ The governments role
- ❑ Affordability drives mobility and lifestyle

Rebalance



Research
Planning

Online
Marketing



Rebalancing portfolios to create advantage

What to buy in 2019

Sector	Recommendation
Moderate-income apartments	56.8%
Fulfillment	56.0%
Age-restricted housing	52.9%
Warehouse	50.0%
Medical office	40.8%

What to sell in 2019

Sector	Recommendation
Power centers	72.0%
Luxury hotels	50.0%
Outlet centers	46.9%
Regional malls	42.0%
Suburban office	39.5%

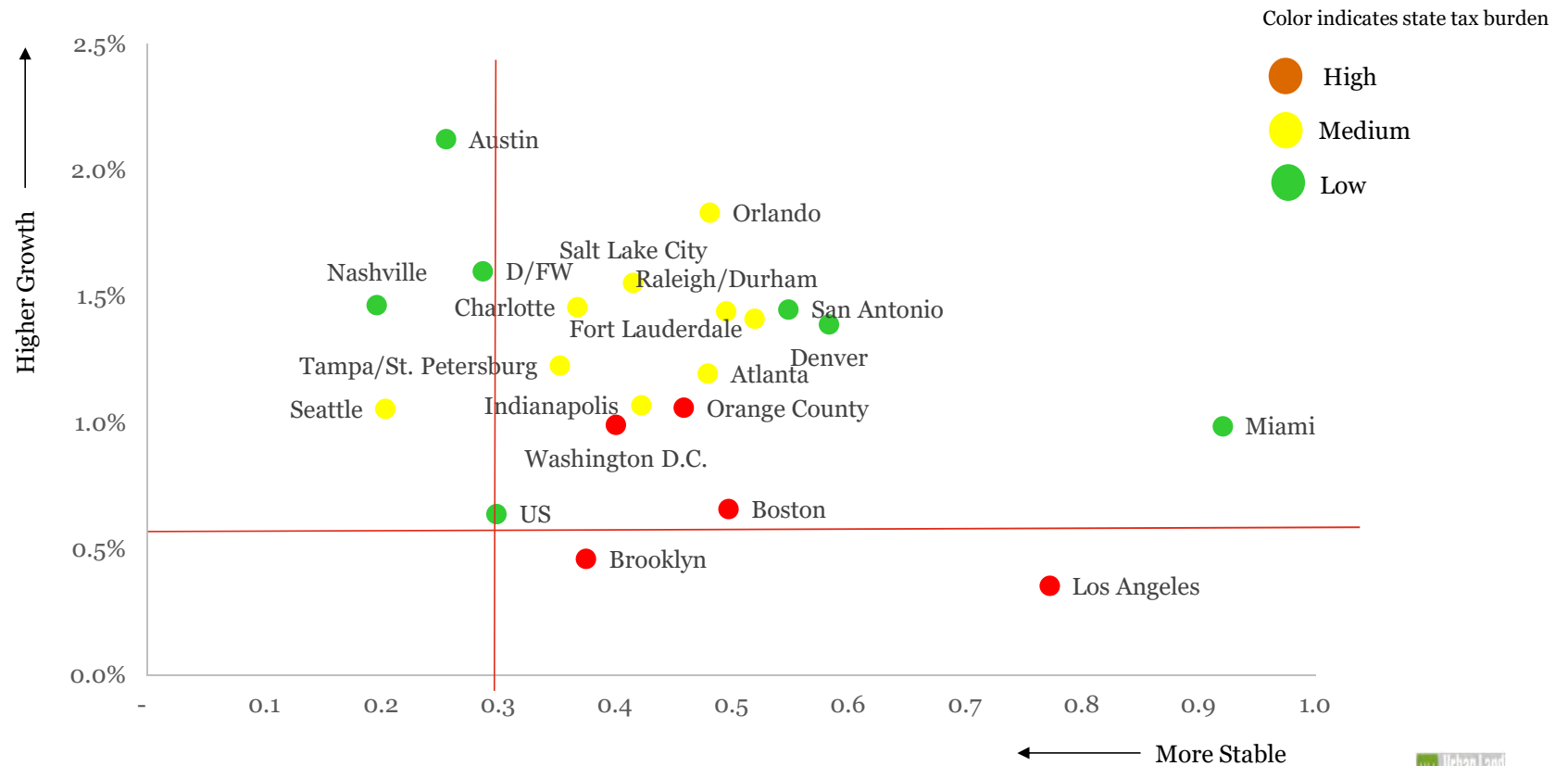
Rebalancing portfolios to create advantage

Opinion of current pricing

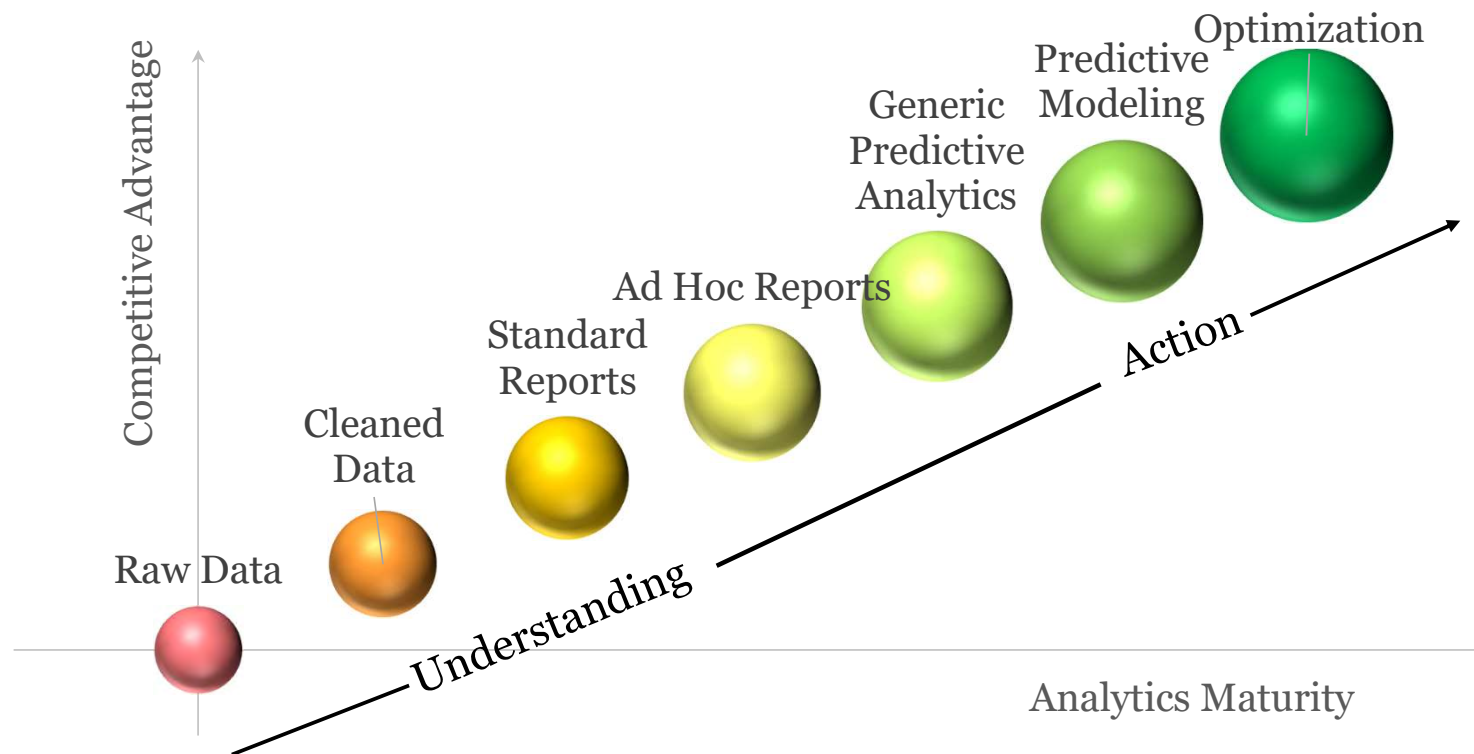
Sector	Over Priced
All Property Type Avg.	32.2%
Luxury hotels	61.1%
High-income apartments	58.3%
Power centers	46.7%
Central-city office	42.9%
Urban/high-street retail	39.1%

Sector	Under Priced
All Property Type Avg.	8.3%
Regional malls	19.6%
Flex	17.8%
Suburban office	17.5%
Affordable apartments	14.1%
Limited service hotels	11.1%

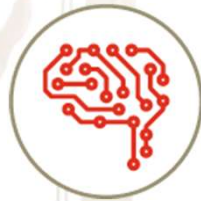
Opportunities in the US?



Unlocking insights with predictive analytics



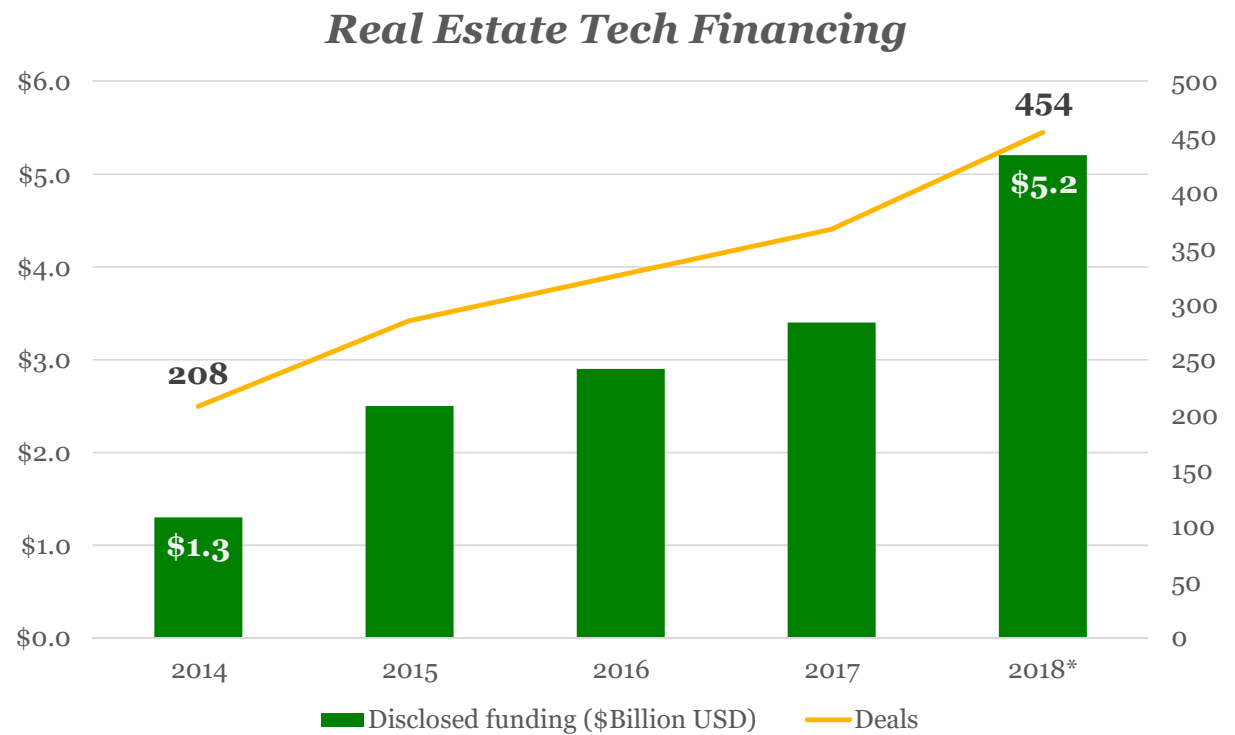
Reinvent



Accelerating Digital Transformation

41%

Annual increase in global real estate tech investment over the past 4 years



Embracing change and business transformation

Odds are much greater that AI will replace tasks you currently do rather than replace you!

The promise is that AI will enhance PI by freeing workers to focus on more value add tasks

Intellectual tasks

- Tax preparation software
- Watson for legal and medical uses
- IoT warehousing programs

Customer service

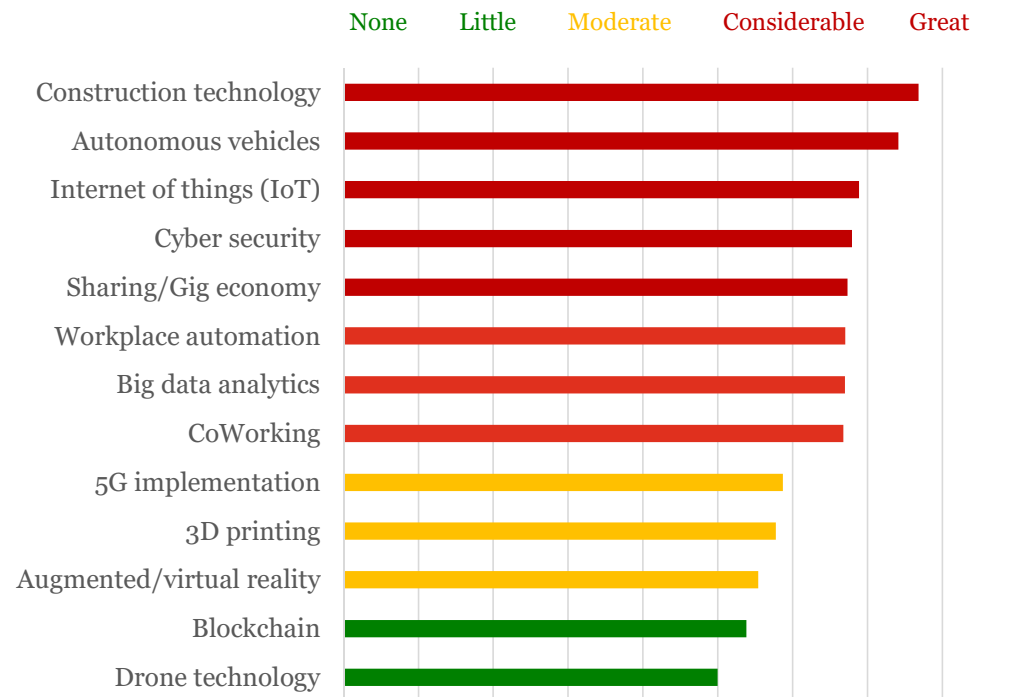
- Online shopping agents
- Restaurant ordering kiosks
- IVR call centers

Physical tasks

- Grocery store scanners
- ATMs
- Automated parking garages

From awareness to action

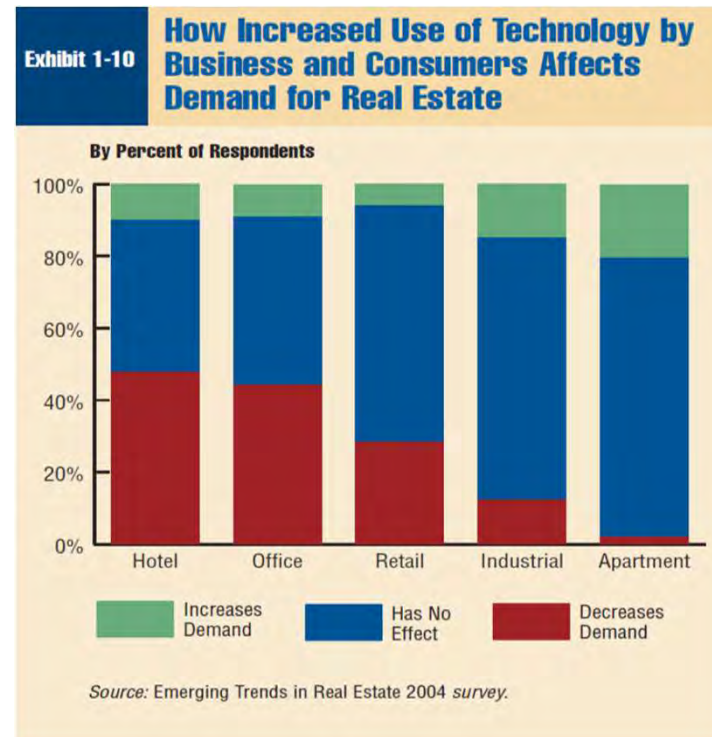
How important could the following be to disrupting the real estate industry?



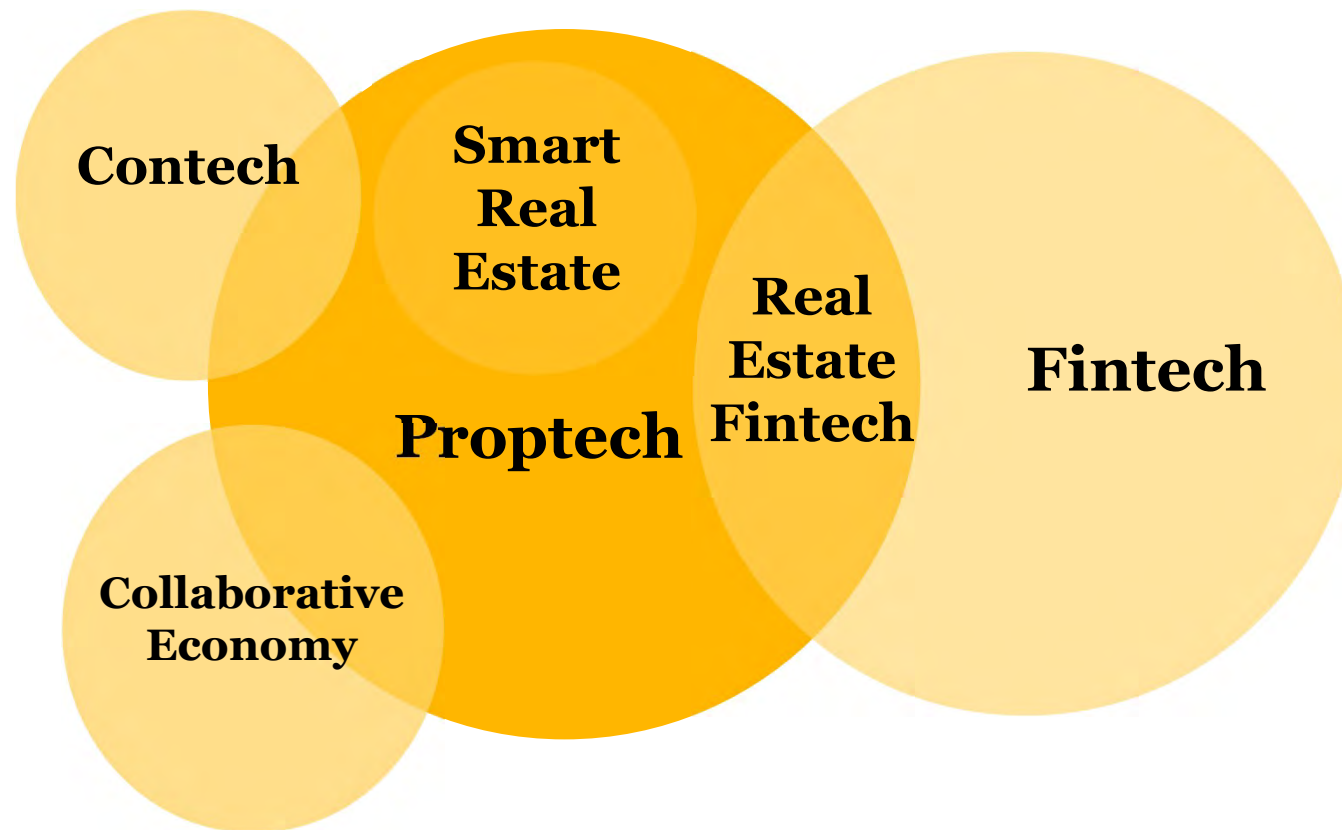
Meeting evolving tenant and business transformation

70%

The percent of survey respondents who felt technology would have no impact on the demand for retail space.

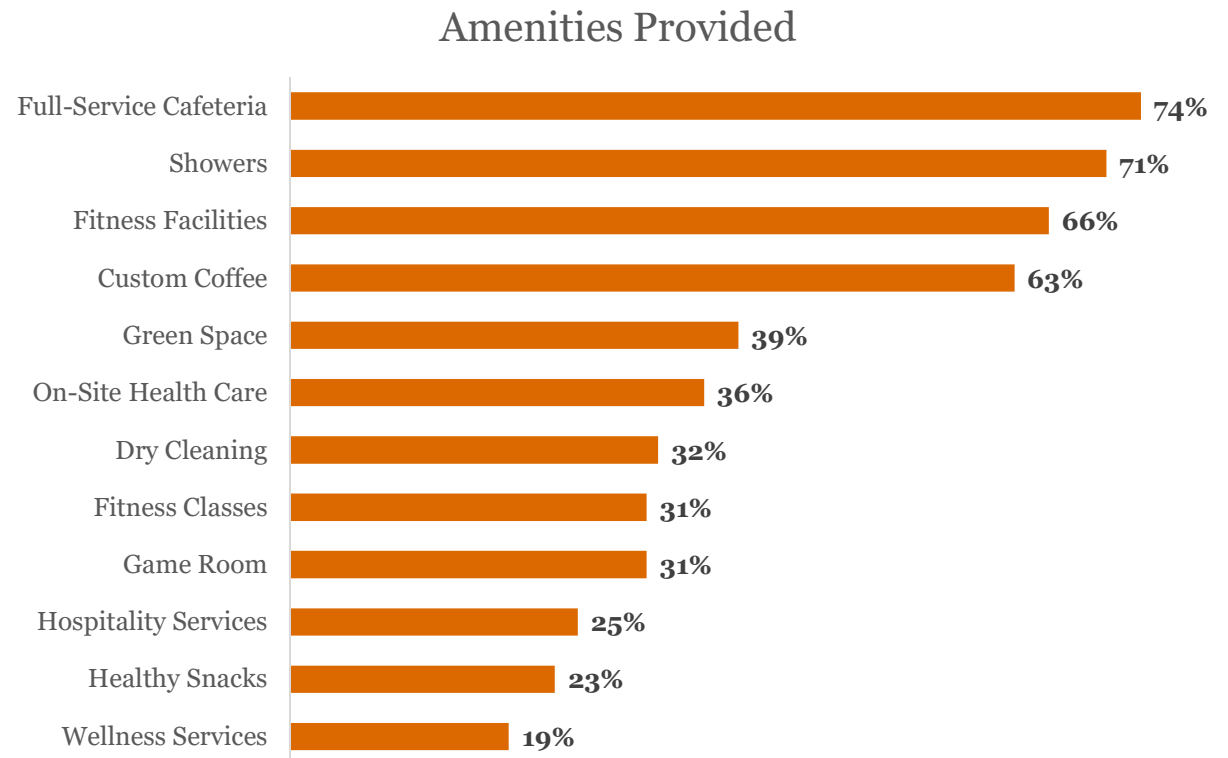


Unlocking the power of Proptech



81%
*Of employers feel
that the right
amenities are needed
to attract employees*

Getting the Right Talent



Getting the right talent

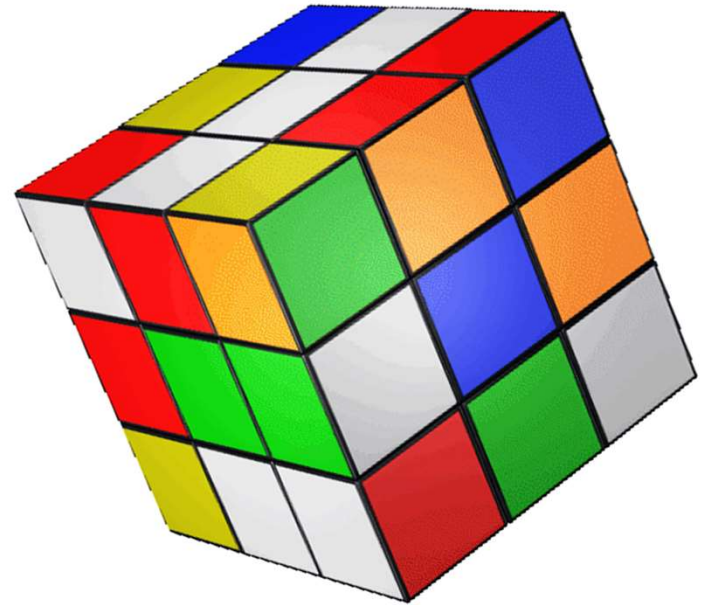


Rethink

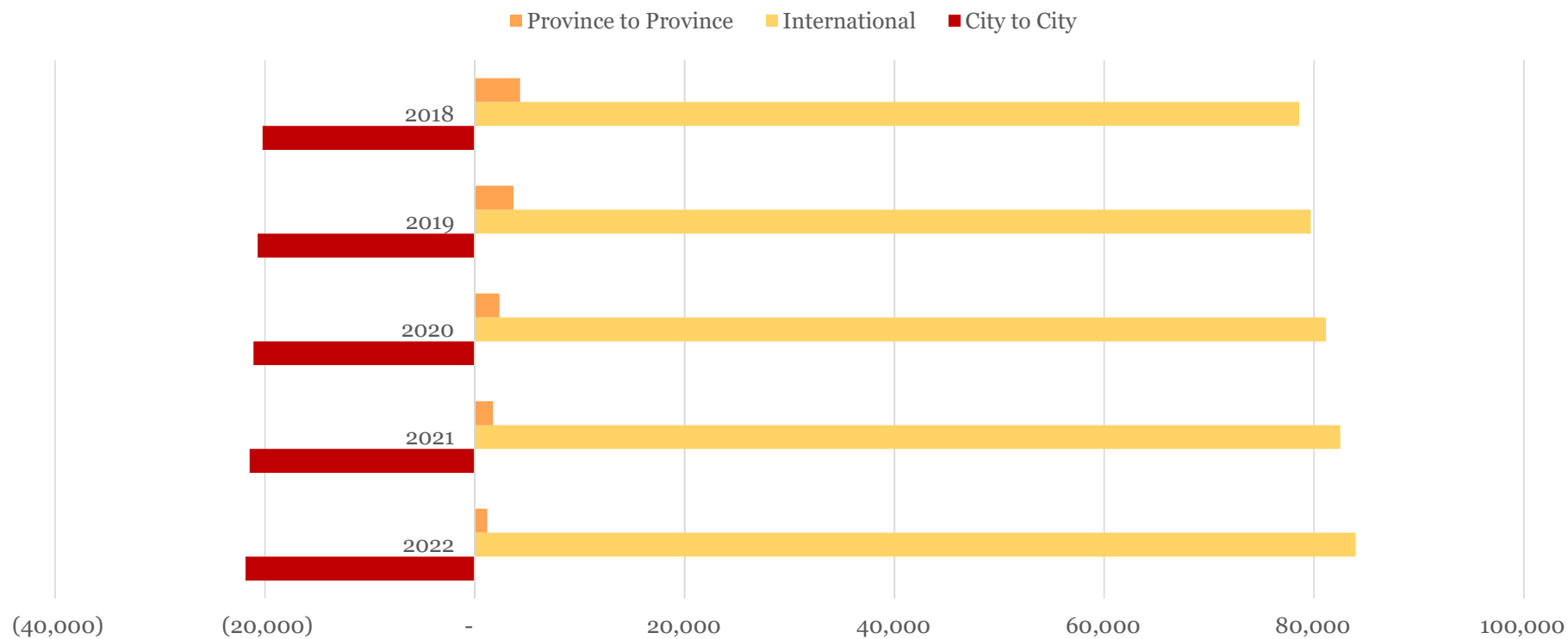


Time to Rethink the Affordability Puzzle

- ☐ Agree on what the problem really is
- ☐ Can't be solved by just getting one side right
- ☐ Pieces have to be moved in coordination
- ☐ Watch out for unintended consequences
- ☐ Find a way to create the right amount of new supply



Toronto net migration forecast



Migration cycle

- More space
- Affordability
- Schools
- Proximity to Family

- Employers follow the workers



- Access to amenities (walkability)
- Available transit

- Residential
- Retail
- Services
- Entertainment



Best Bets & Issues to Watch

Best Bets & Issues to Watch

Best Bets

- ☐ Fulfillment
- ☐ Multifamily Market
- ☐ Senior Housing

Issues to Watch

- ☐ Interest rates
- ☐ Tariffs
- ☐ ???

Thank you, and now our panel!



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*Emerging Trends in Real
Estate 2019***

uli.org/et19

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