

A nighttime photograph of a modern city square. In the foreground, a large, illuminated fountain with multiple jets of water is in motion. The water jets are lit up, creating a dynamic pattern of light and water. In the background, a modern building with large glass windows is visible. The building's interior lights are on, and some windows show people inside. A sign on the building reads "Antero Resources". To the left of the building, there is a red sign for "Dunkin' Donuts". The overall scene is vibrant and modern, with a mix of natural and artificial light.

Emerging Trends in Real Estate 2019

A New Era Demands New Thinking



40 years and counting

“Real estate as an asset class has matured. Market participants need to realize this and make the appropriate adjustments.”



Market sentiment

“Sure it feels like the activity level will moderate, but more like a plateau and not a sharp downhill slide.”

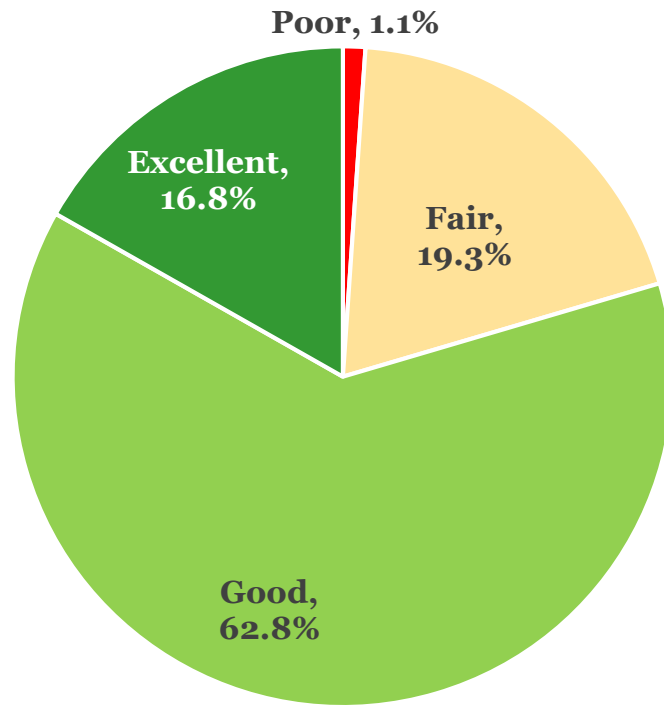
What word would you use to describe the 2019 real estate market?

Top 5

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

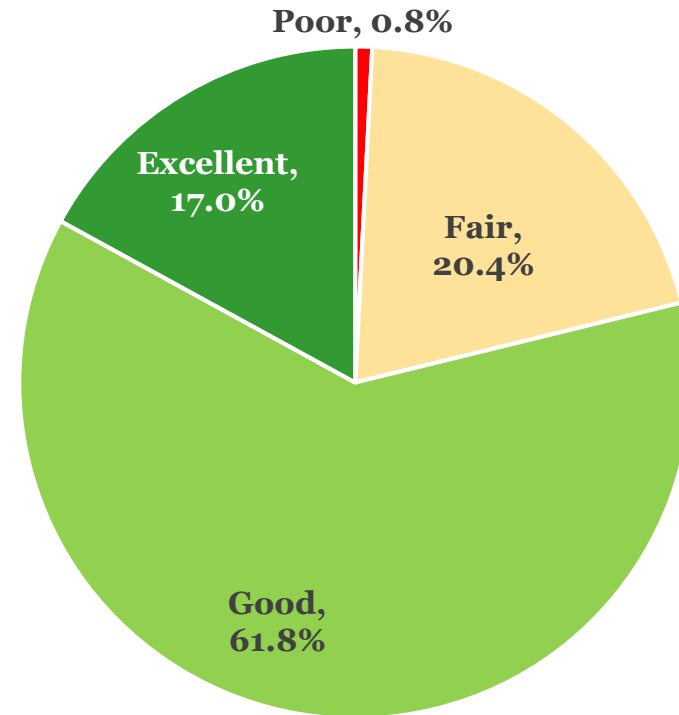
2019 Expected Profitability

2018



■ Abysmal ■ Poor ■ Fair ■ Good ■ Excellent

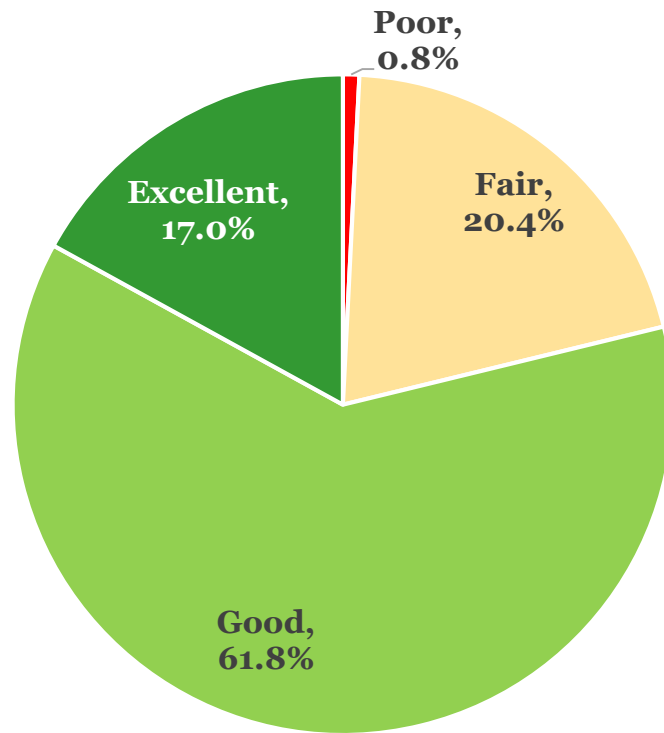
2019



■ Abysmal ■ Poor ■ Fair ■ Good ■ Excellent

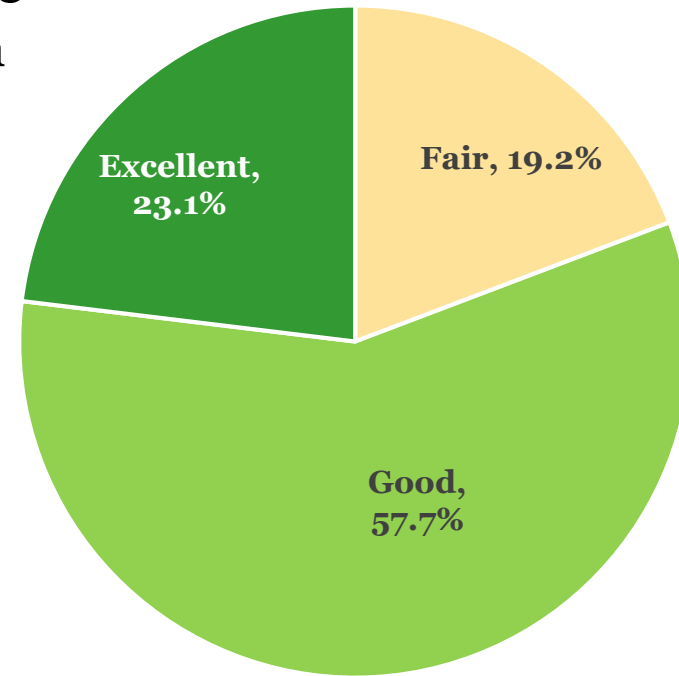
2019 Expected Profitability

Total Market



■ Abysmal ■ Poor ■ Fair ■ Good ■ Excellent

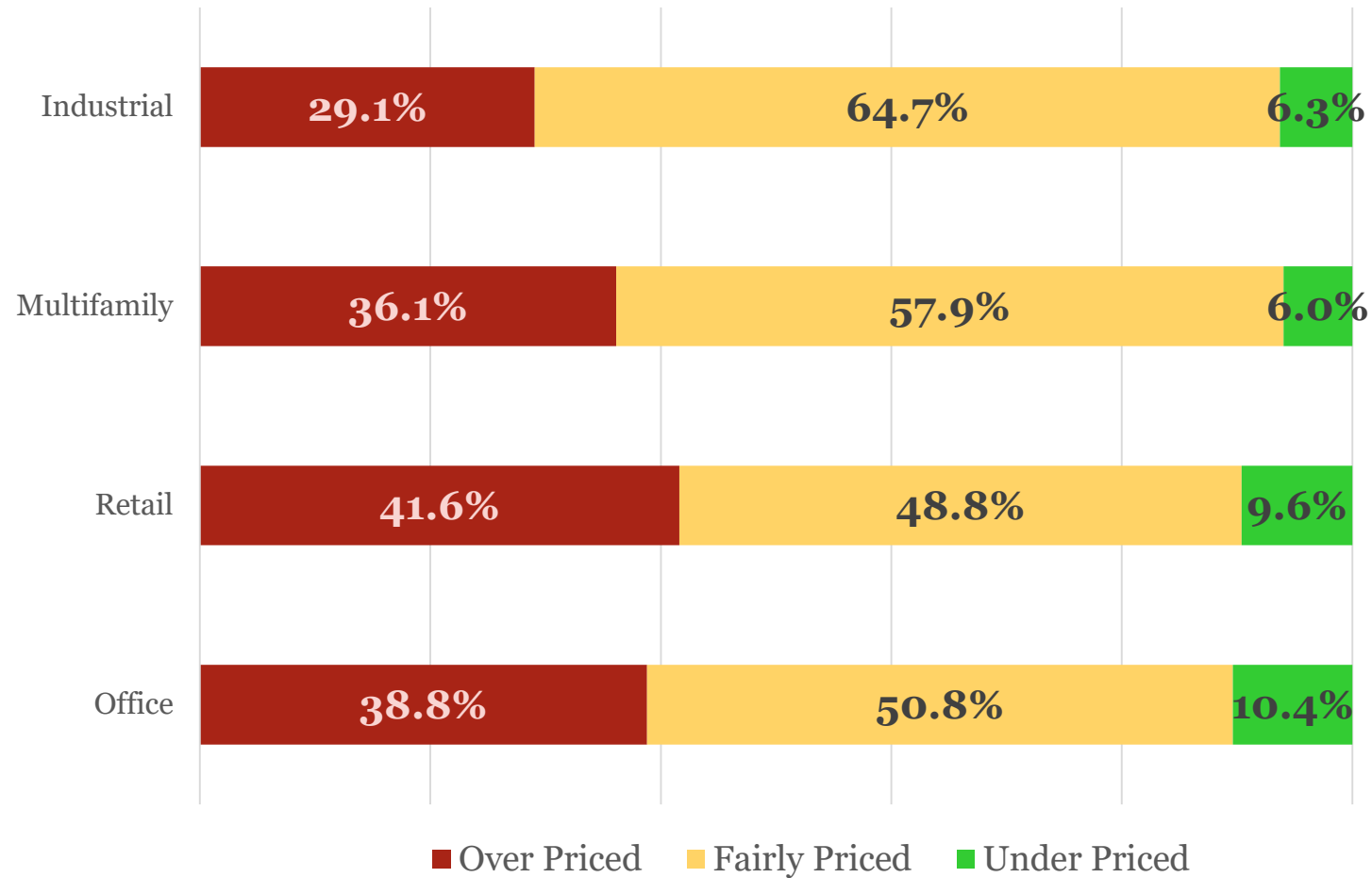
Triangle Region



■ Abysmal ■ Poor ■ Fair ■ Good ■ Excellent

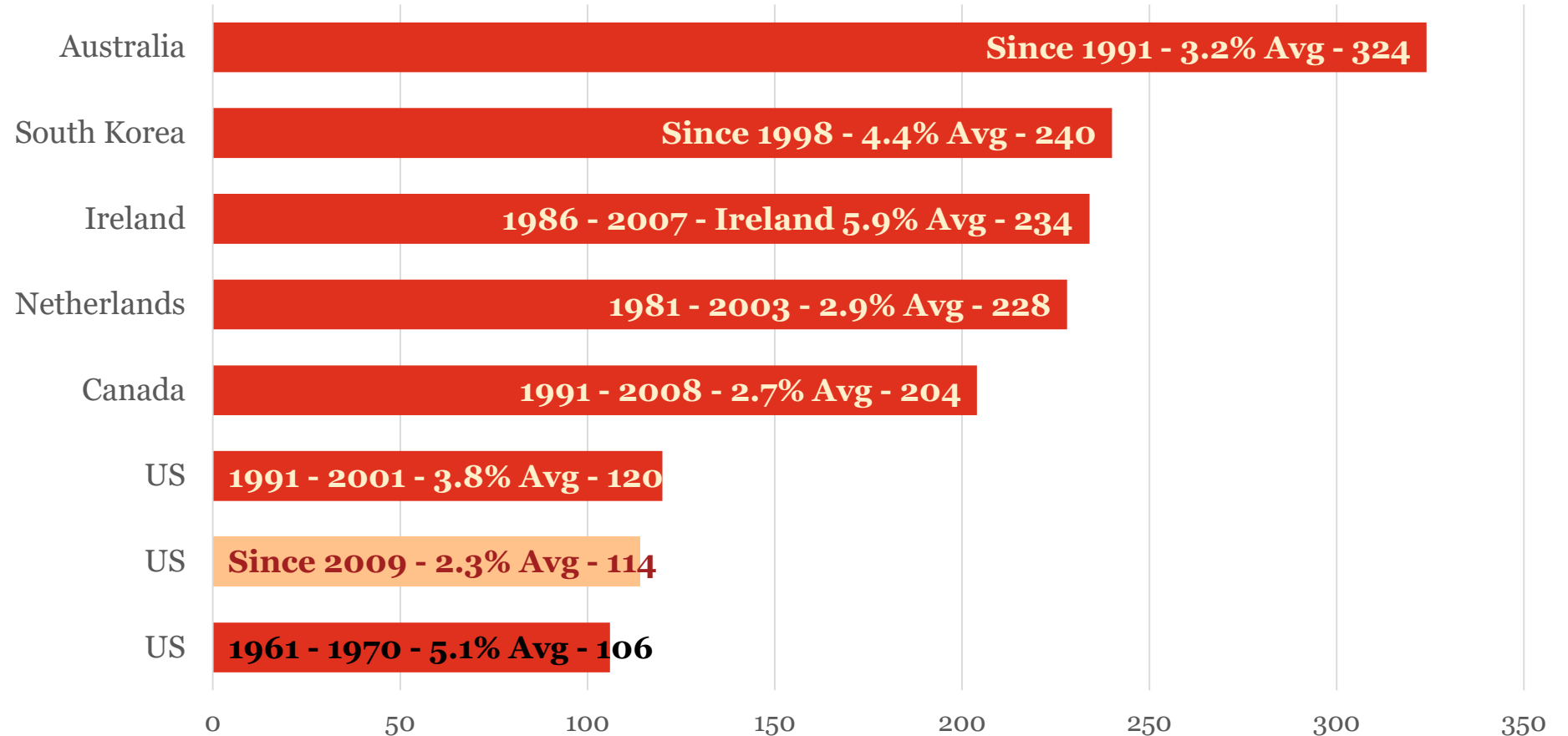
2019 Market Outlook

Opinion of current pricing doesn't appear to indicate a market peak



Market Outlook

Long economic expansions aren't that uncommon



What inning are we in?

25 innings

Longest major league game in baseball history. On May 8, 1984 the Chicago White Sox defeated the Milwaukee Brewers, 7 – 6.



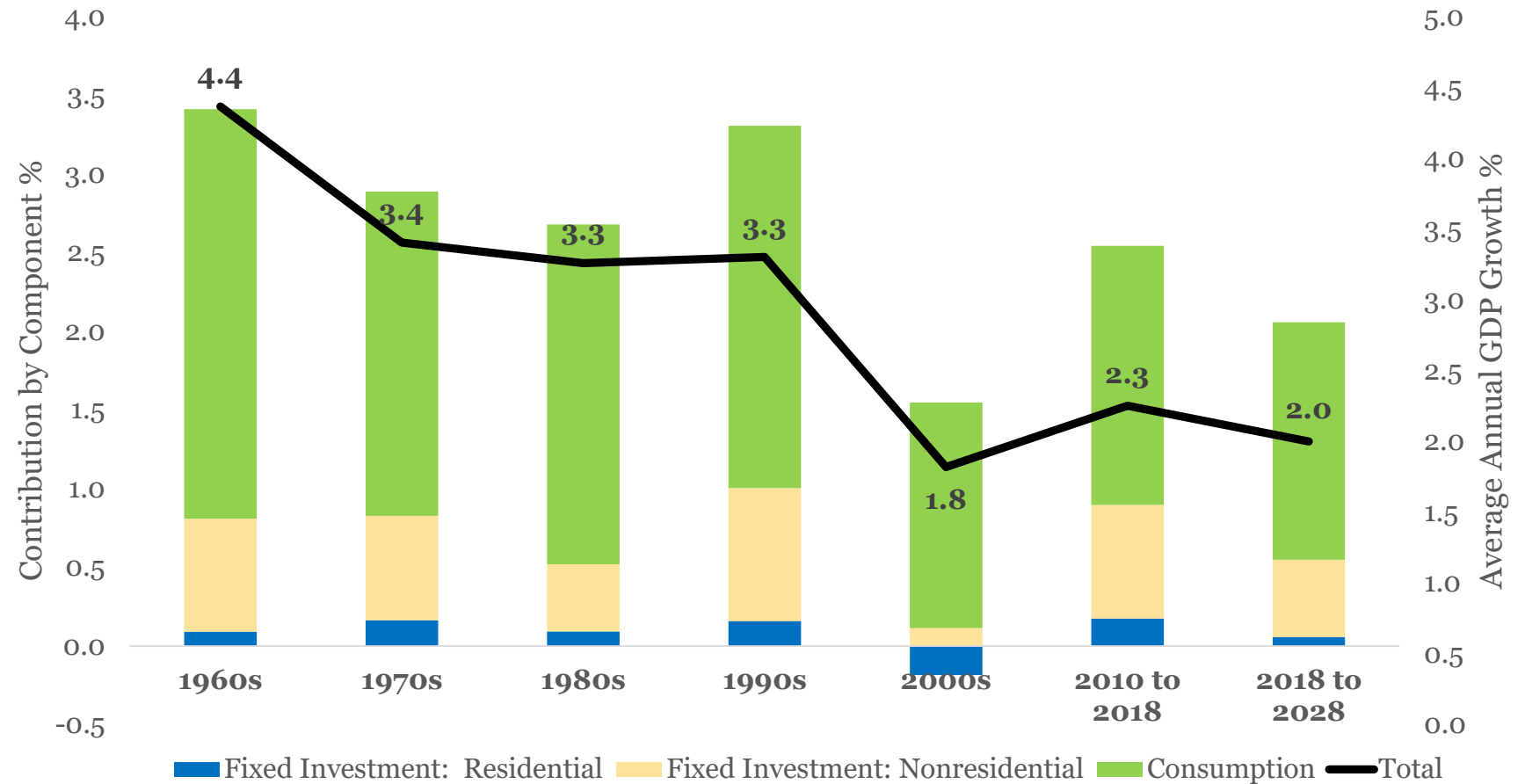
A changing industry

- ❑ Intensifying transformation
- ❑ Easing into the future

“Demographic growth is slowing and you can’t deny it will have an impact on the real estate industry. Making the right choices will be key.”

Intensifying Transformation

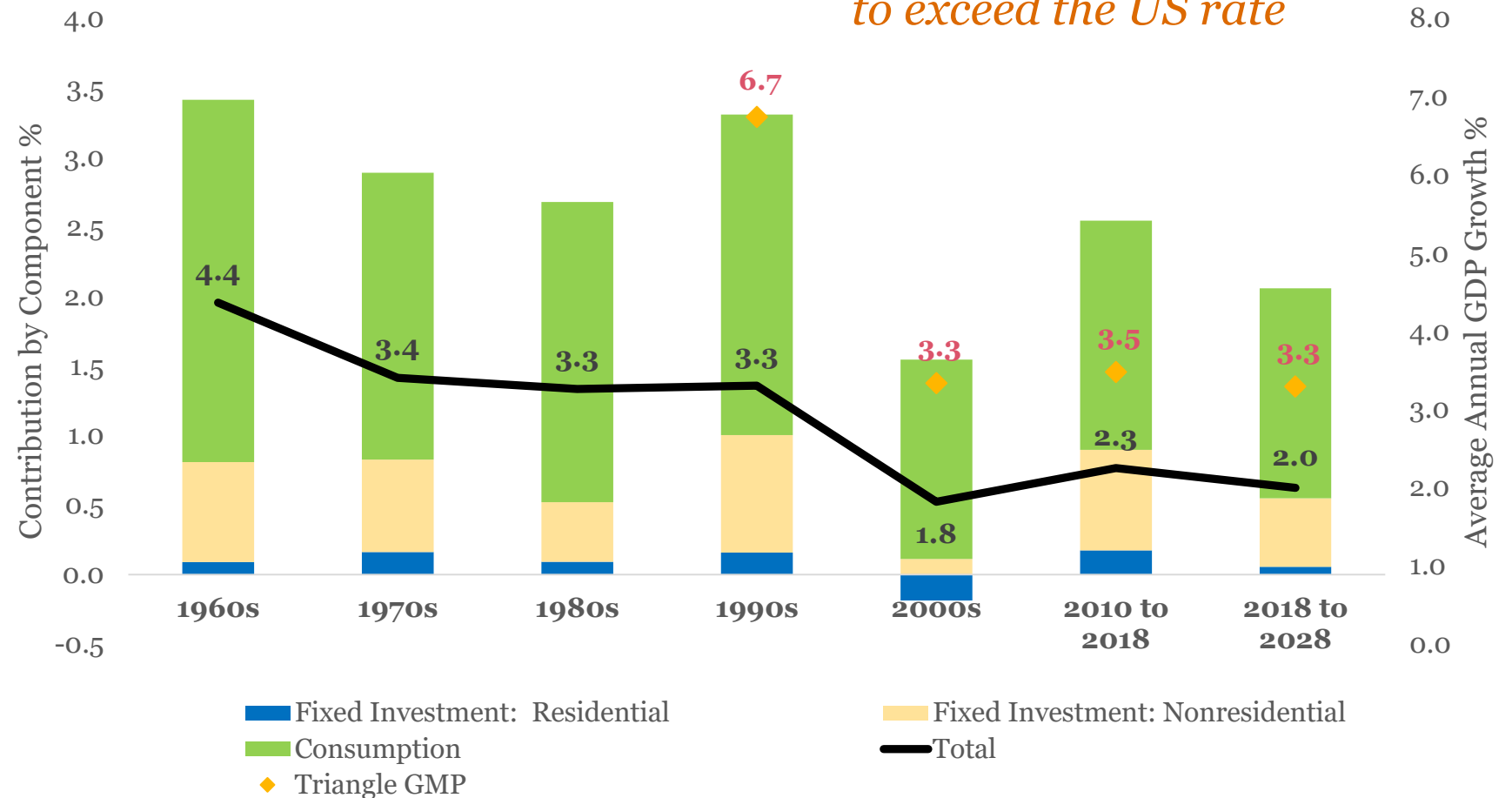
Slower GDP growth projected to be the norm, but contribution by component remains stable



Intensifying Transformation

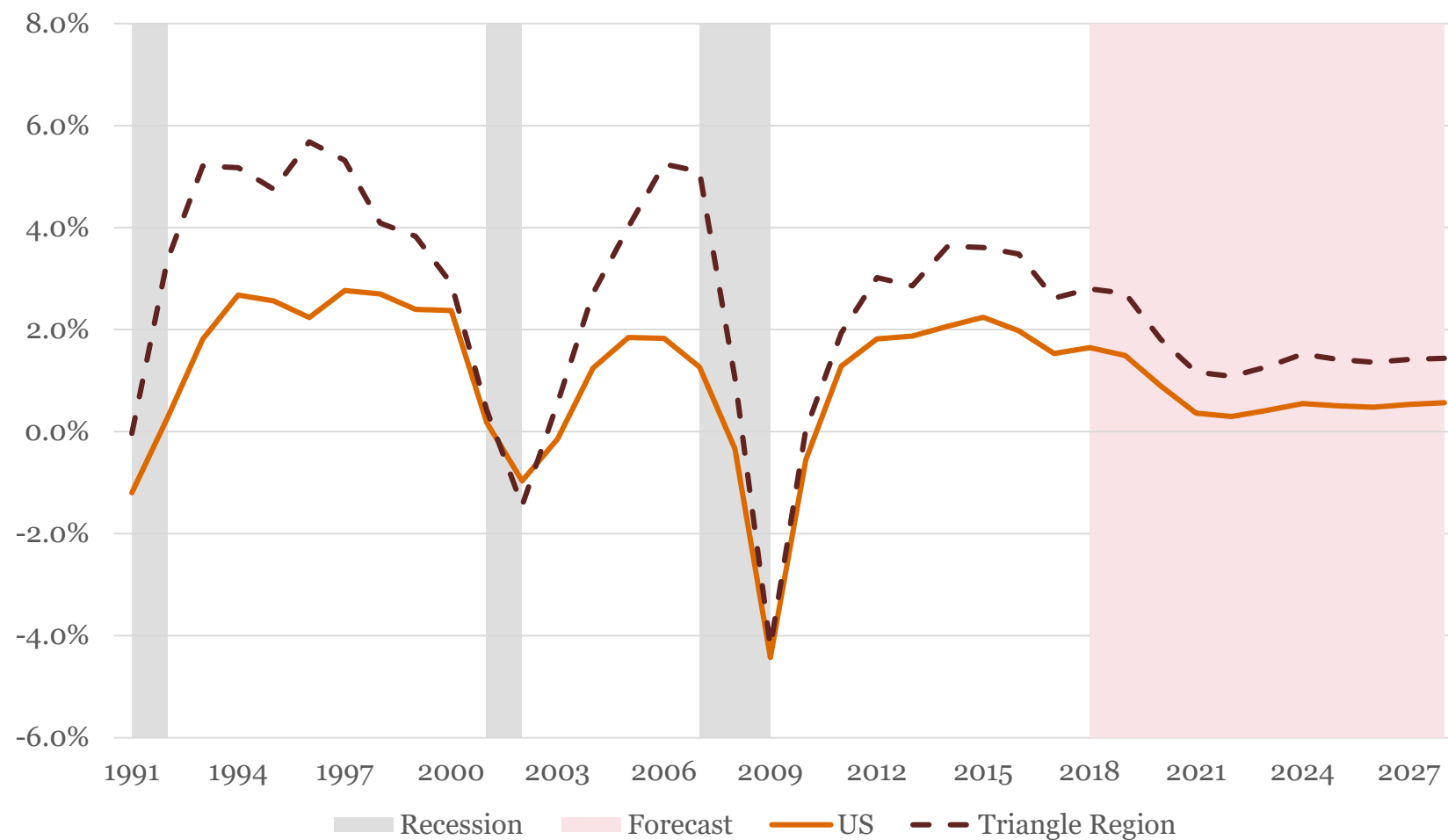
Slower GDP growth projected to be the norm, but contribution by component remains stable

Triangle Region continues to exceed the US rate



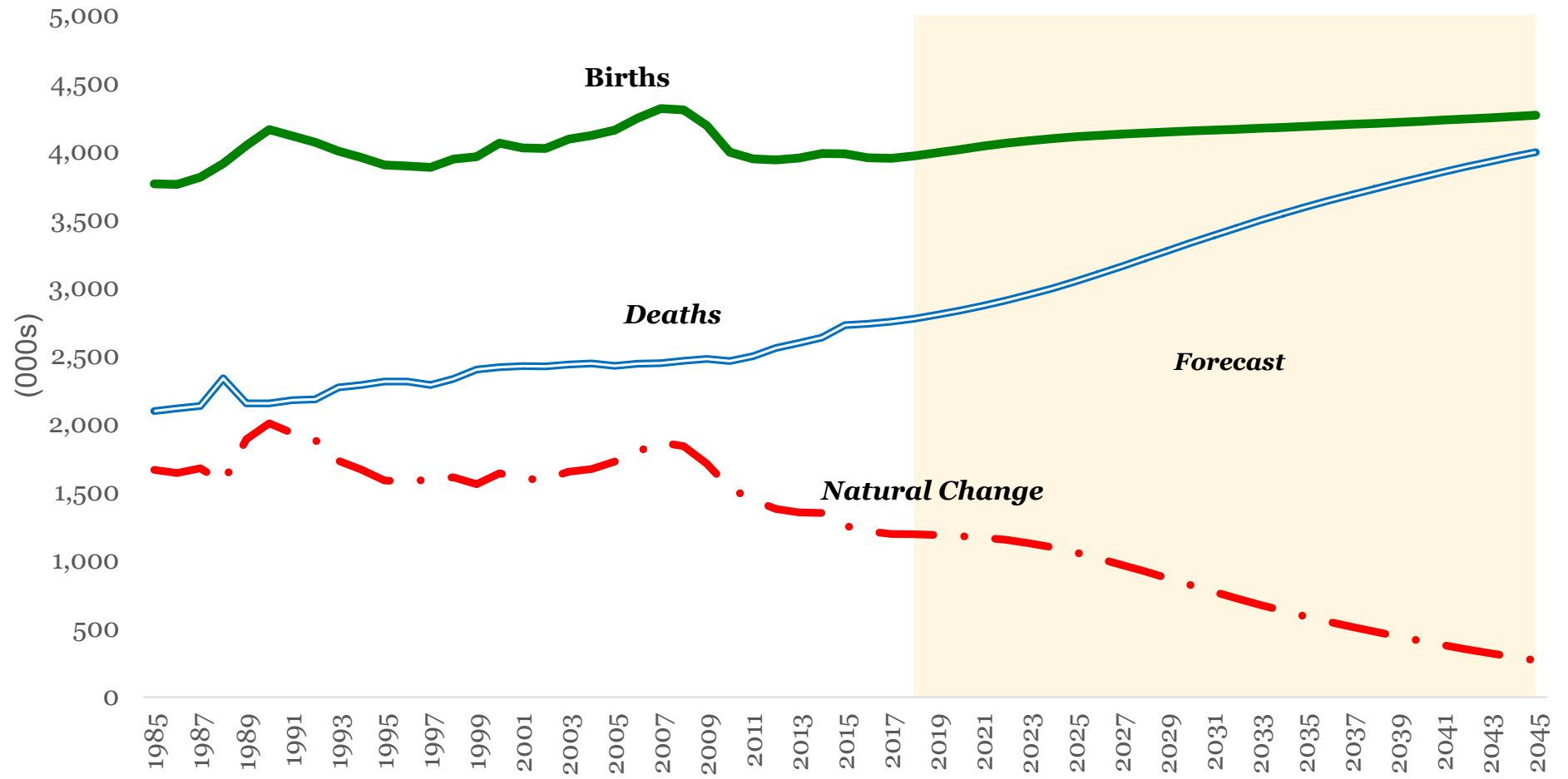
Intensifying Transformation

Triangle Region Annual Employment Growth Versus the US

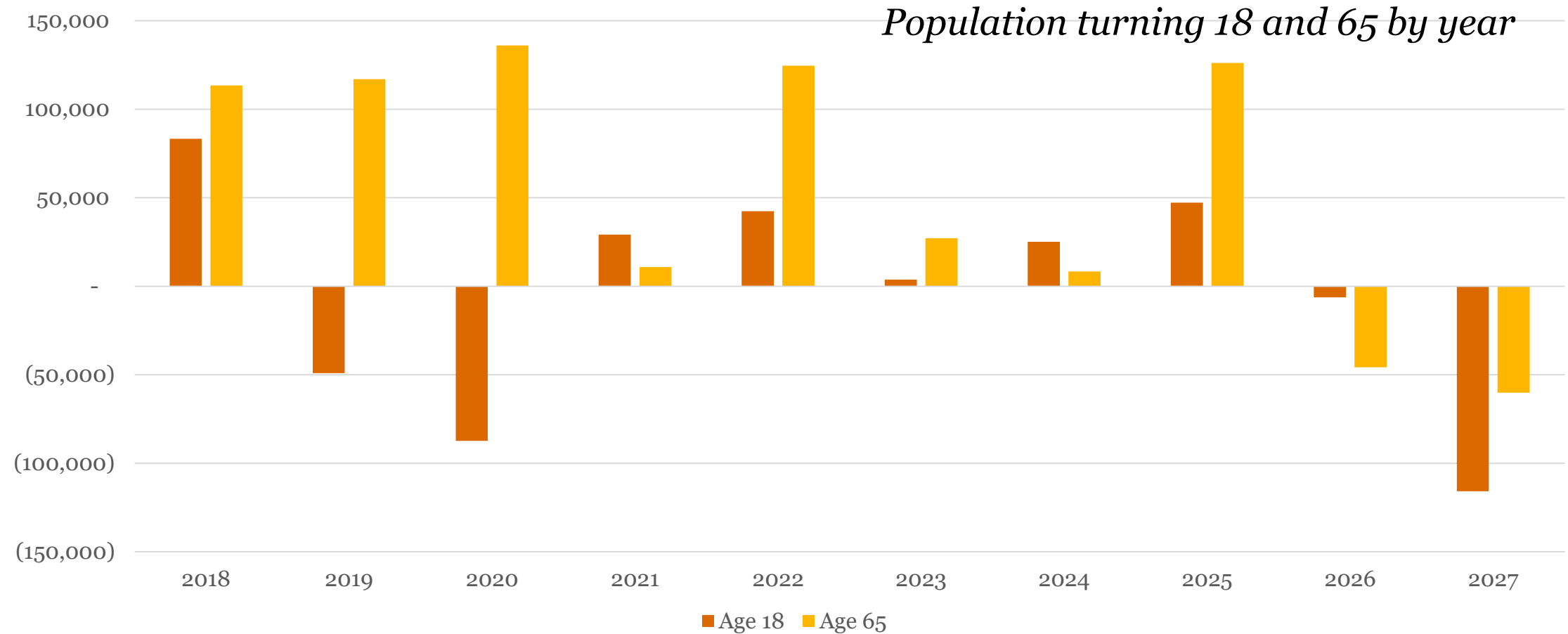


Easing into the Future

Natural
population
change



Easing into the Future: More workers leaving the workforce





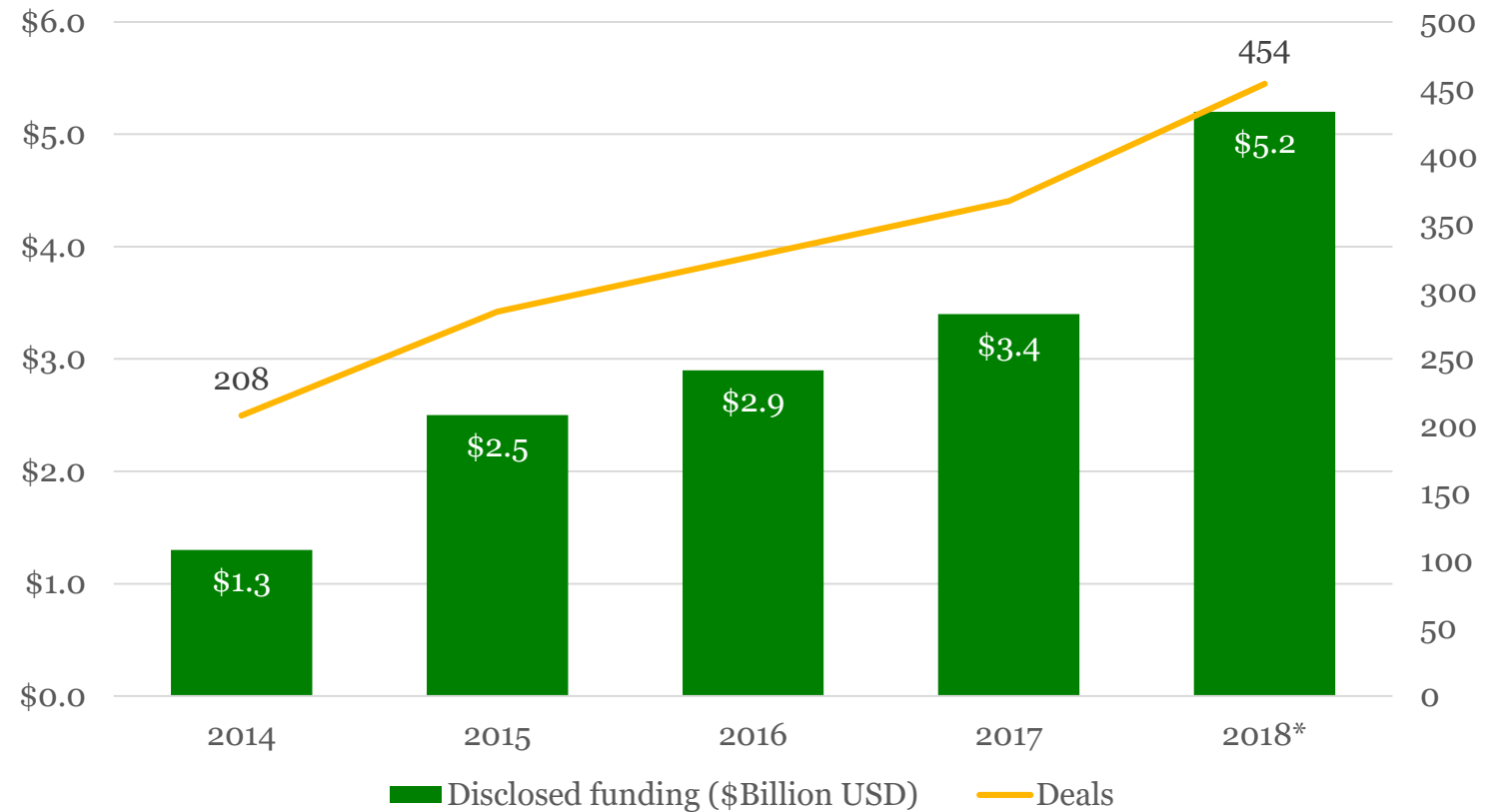
“Someday, the most valuable component of an office building may be the data it generates.”

Dealing with disruption

Accelerating Digital Transformation

41%
Annual increase
in global real
estate tech
investment over
the past 4 years

Real Estate Tech Financing



Accelerating Digital Transformation

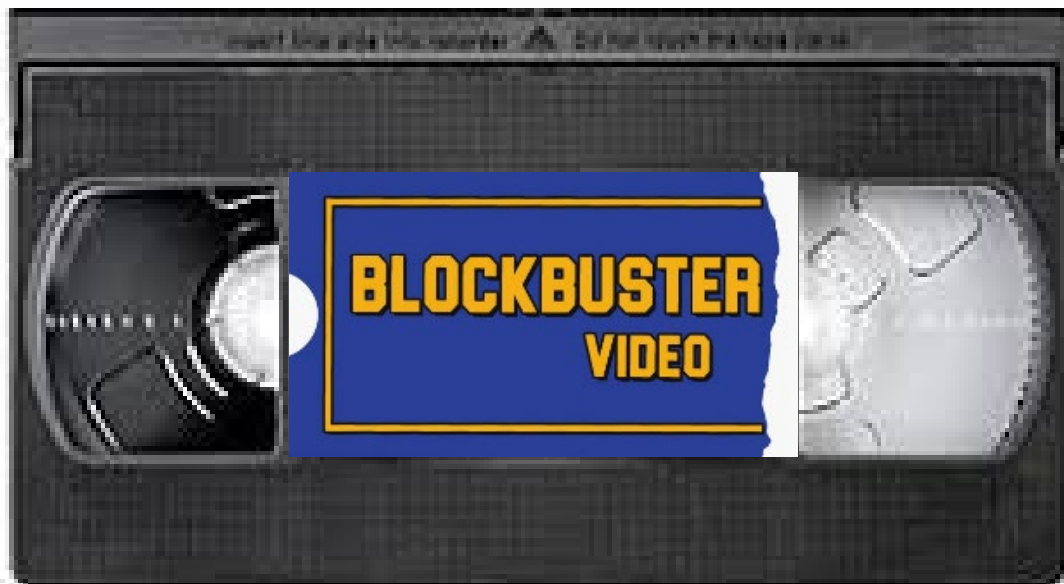
- ✓ Nearly \$7.0 trillion asset class
- ✓ 13.2% - real estate rental and leasing value add contribution to GDP
- ✓ Technology attracted to fragmented nature of the industry: ***Asset Management, Brokerage, Development, Due Diligence, Finance, Facility Management***
- ✓ Key industry companies have begun their own investment
- ✓ Maybe...



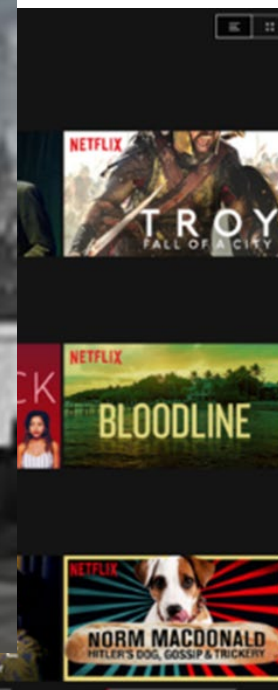
What does disruption look like ?



Their Biggest issues – people didn't rewind these



Taking their eye off the ball



Markets to watch

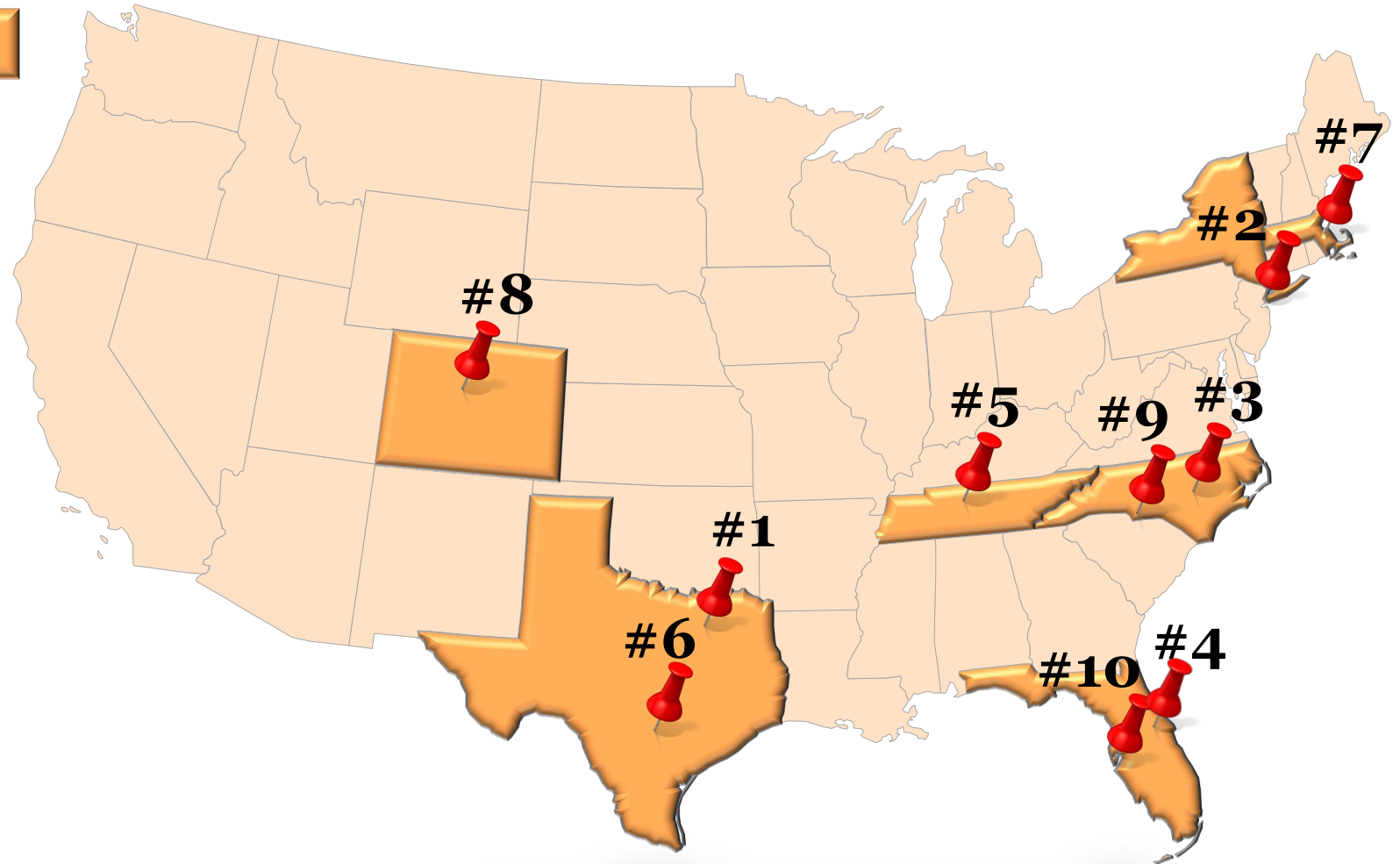
❑ 18-hour city 3.0

“The competition for talent makes being in the right market of vital importance.”

Markets to Watch

Overall Real Estate Prospects

- #1 Dallas/Ft. Worth
- #2 Brooklyn
- #3 Raleigh/Durham
- #4 Orlando
- #5 Nashville
- #6 Austin
- #7 Boston
- #8 Denver
- #9 Charlotte
- #10 Tampa/St. Petersburg



What Makes the Triangle Region #3?

❑ *Good to
Excellent outlook
for investment
and development
by property type*



What Makes the Triangle Region #3?

❑ *Not just a desirable place to invest, but a real chance that you could*



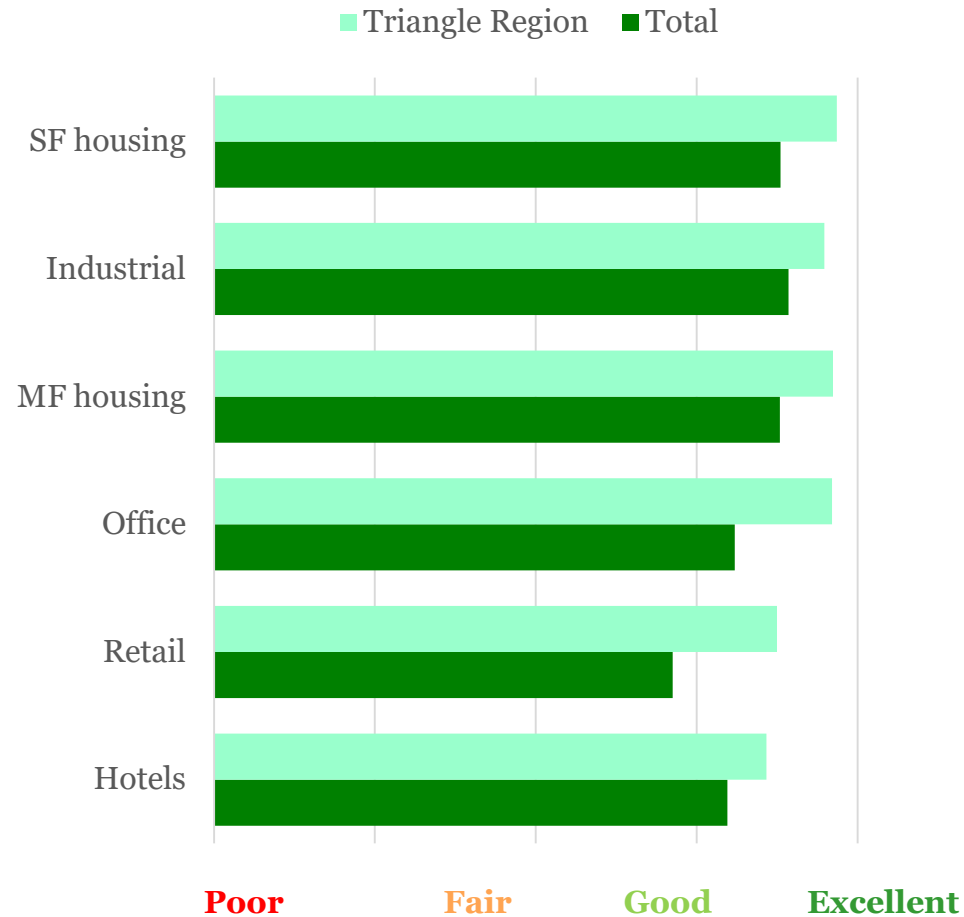
Property type outlook

- ❑ Retail transforms
- ❑ Myth of free delivery

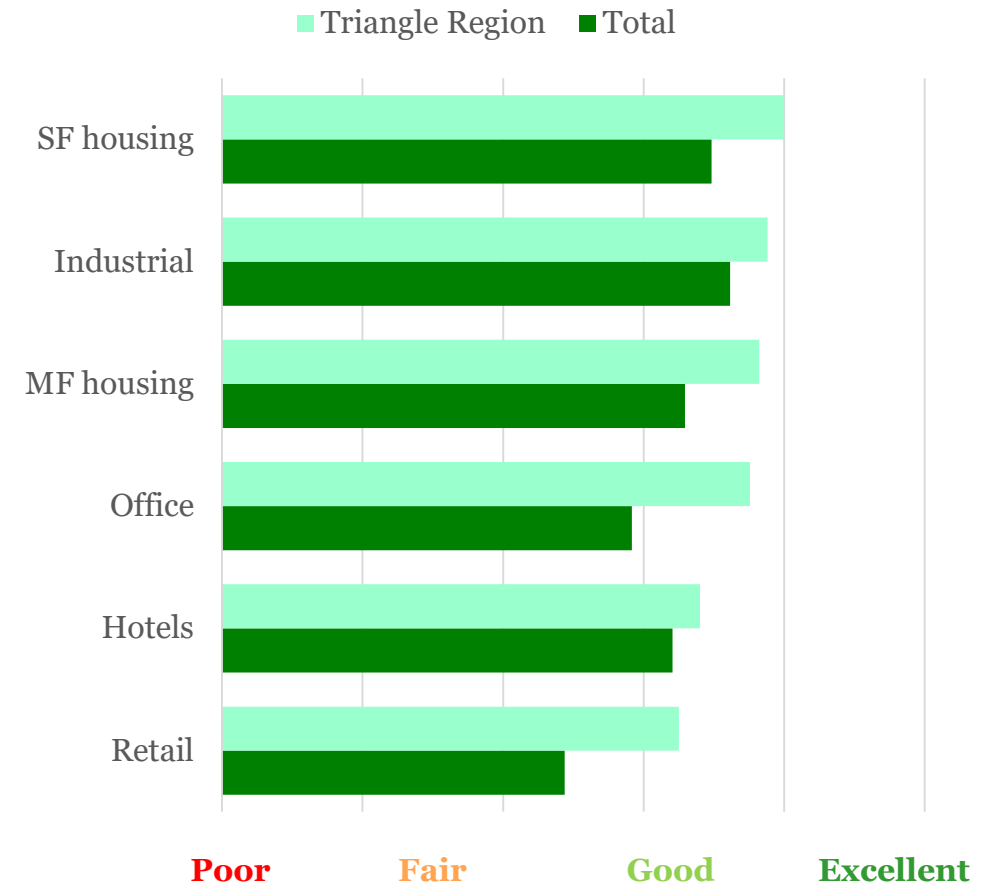
“The pace of change faced by all property types is making the future viability of each asset increasingly important.”

Property Type Outlook

Investment



Development



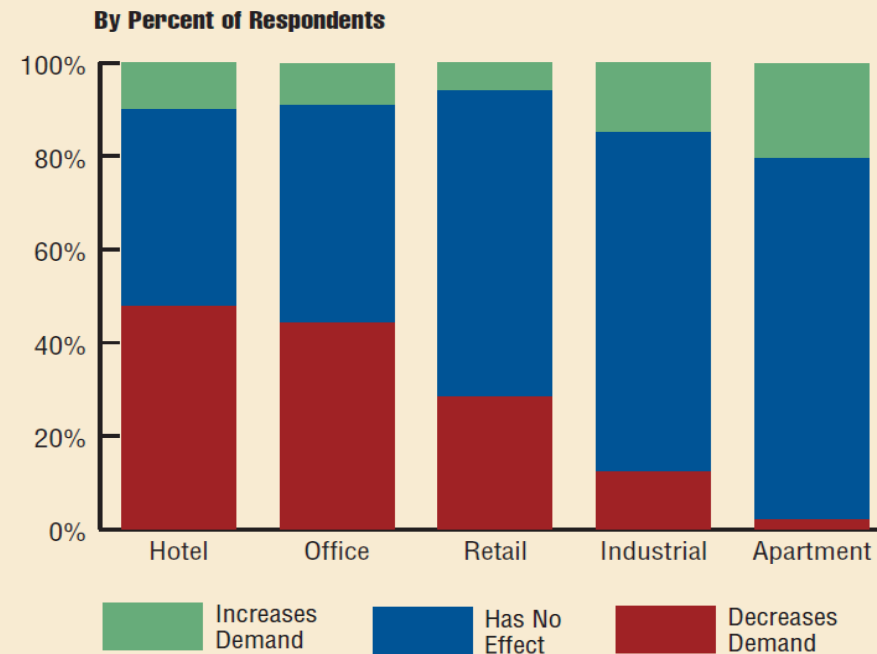
Why Do We Care About Technology?

70%

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

Exhibit 1-10

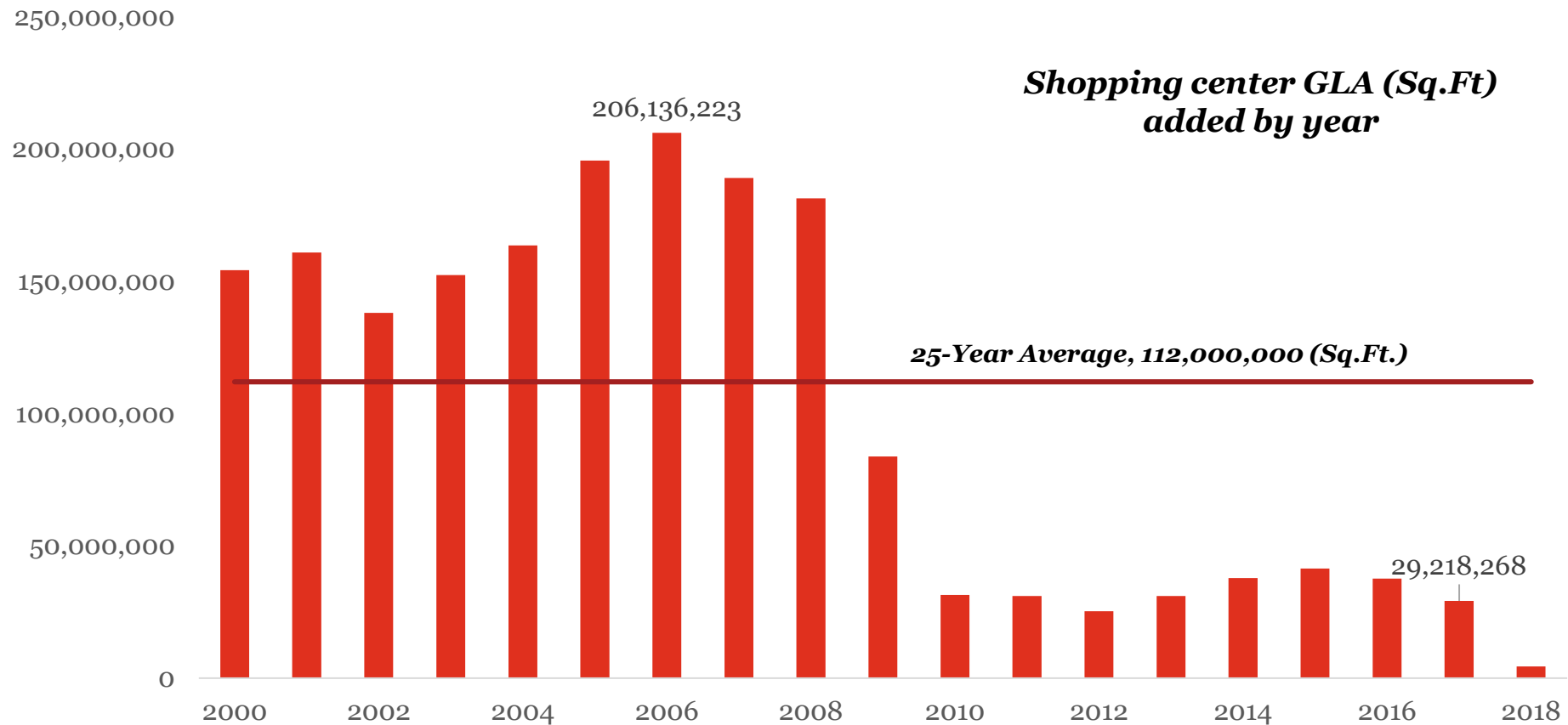
How Increased Use of Technology by Business and Consumers Affects Demand for Real Estate



Source: Emerging Trends in Real Estate 2004 survey.

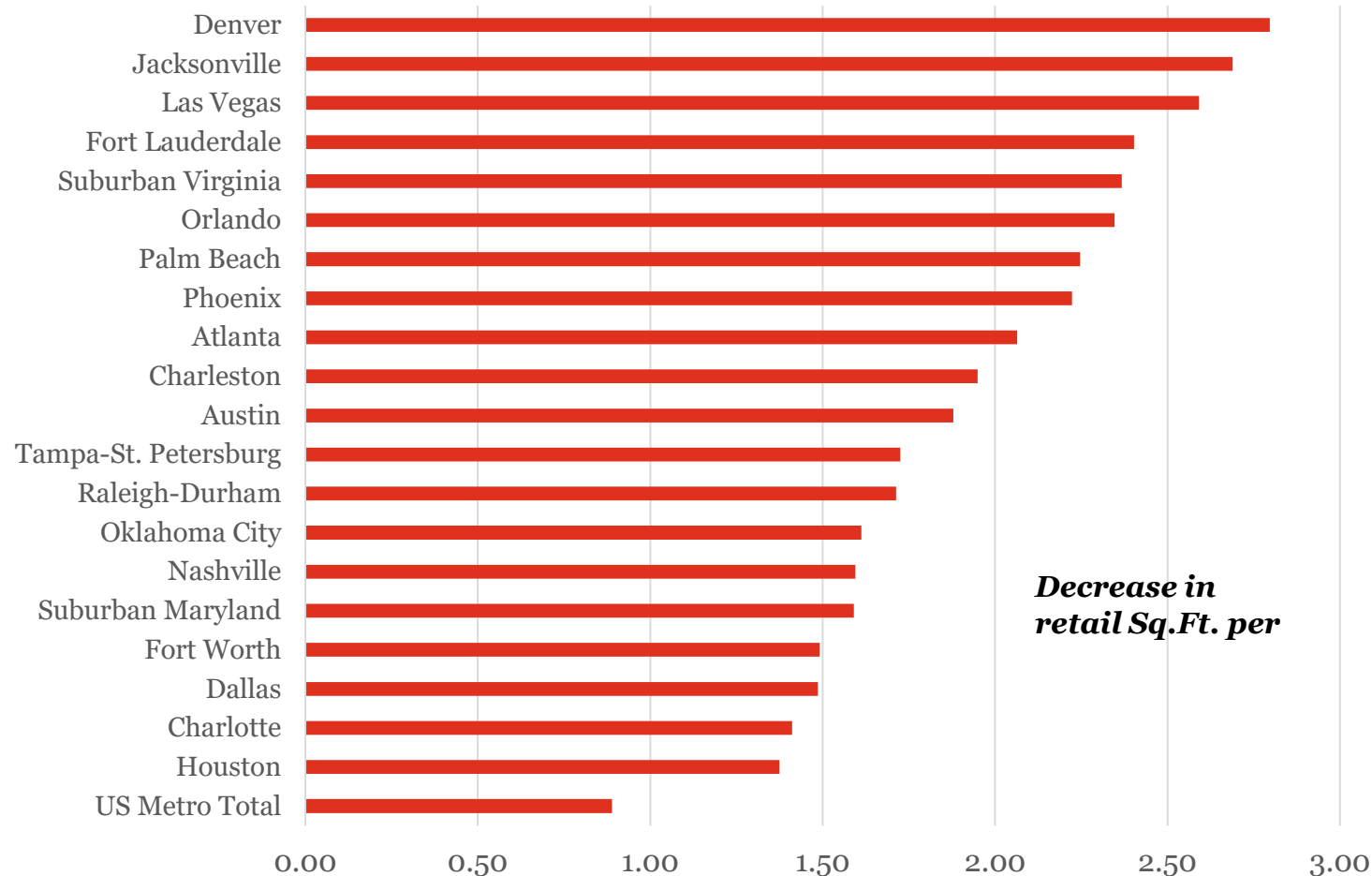
Retail Transforming to a new Equilibrium

Retail sector responds quickly to slowing demand



Retail Transforming to a new Equilibrium

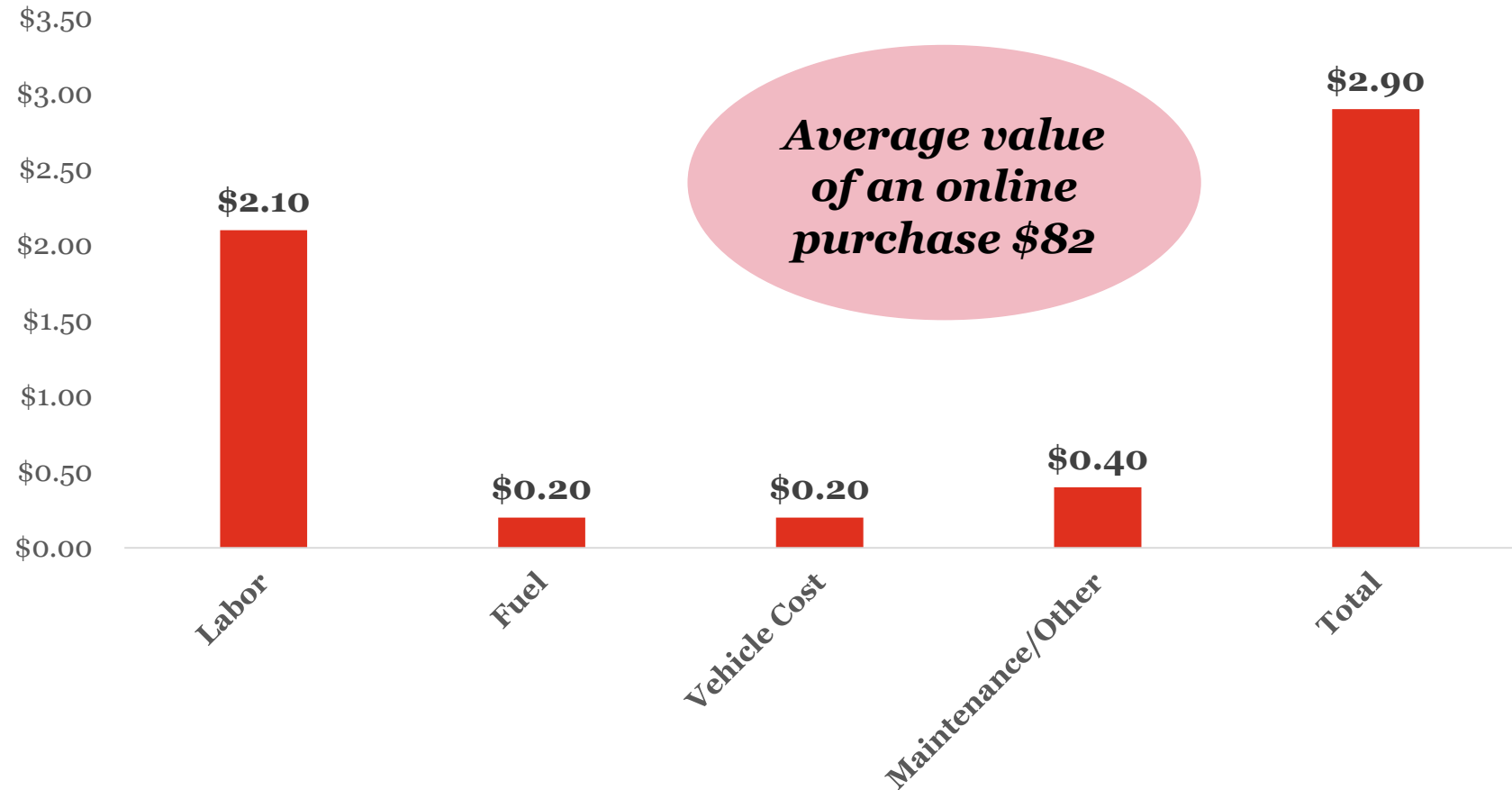
Transformation to less square feet per capita continues



The Myth of “Free Delivery”

Estimated last mile cost per package in a urban, high-density, e-commerce route

An average of 30% of online purchases will be returned



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