

Emerging Trends in Real Estate 2022

New forces of change, new opportunities
October 15, 2021



The crystal ball is murky right now.



It's better than
expected



The market has
**shown
resilience and
adaptability**

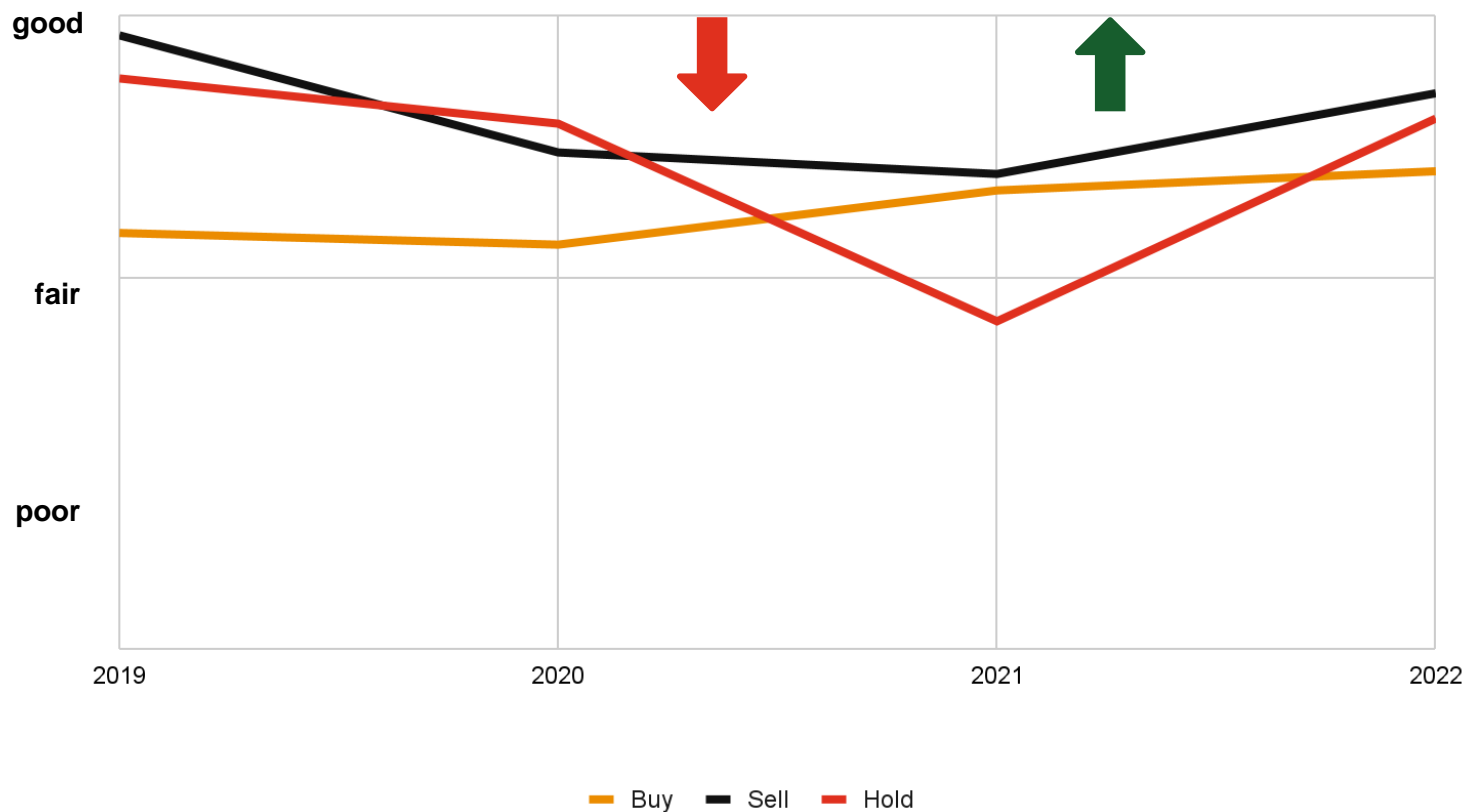


Some asset
classes **remain
strong**

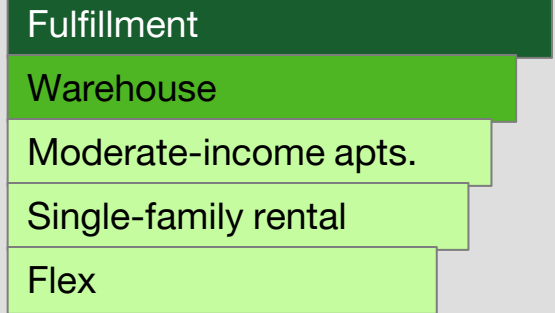


Rising interest
in others

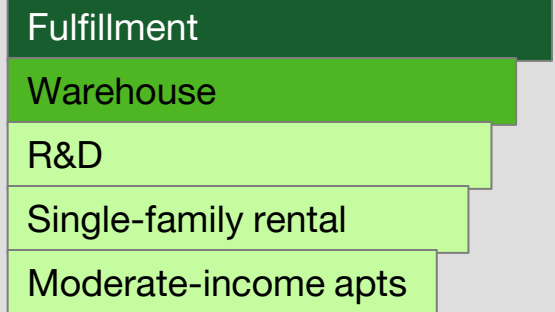
Prospects are returning to pre-pandemic levels



Top investment prospects

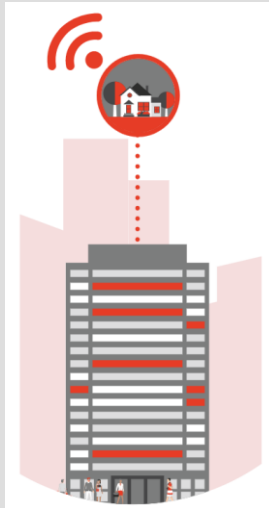


Top development prospects



KEY TRENDS

Changing
world of
work



ESG



Costs &
competition



Affordability

The changing world of work:

There's a push-pull happening as some business leaders want employees back in the office and staff are hesitant to return.



The world is changing ...and so is the workforce

Employees proved they **could transition quickly to remote work** while keeping productivity high and are currently keen to reskill



40% of workers successfully improved their digital skills during the pandemic



74% see training as a matter of personal responsibility

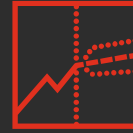


48% believe traditional employment won't be around in the future, and that we'll sell our skills on a short-term basis to those who need them



83% are confident they can adapt to new technology entering their workplace

A **low percentage** of employees who find that they can work remotely **want to go back to the office full time**



51% think tech breakthroughs will transform the way people work over the next three to five years



39% think it's likely that their job will be obsolete within five years



19% would be happy to not return to an office at all and work entirely remotely



72% who can work remotely say they prefer a mixture of in-person and remote working

Source: [Hopes and fears 2021](#)

Office uncertainty is going to be with us for awhile

Get comfortable with:

flexibility



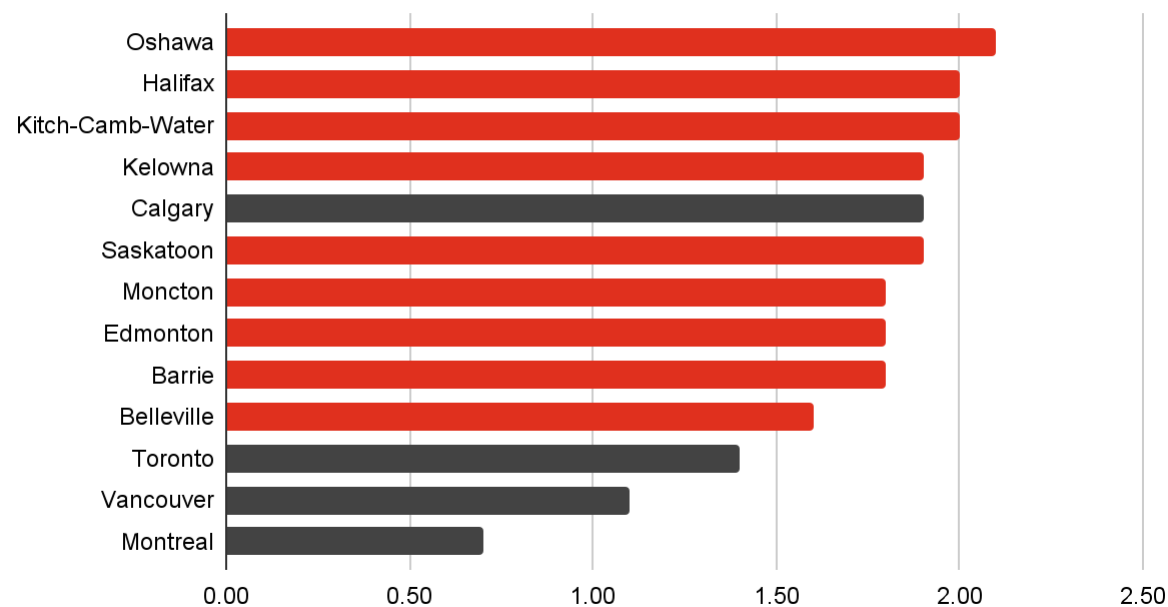
hybrid



Migration of the population



Population growth rate, top 10 census areas + major cities



Canada is following a similar pattern to the US with smaller areas being favoured over the big cities.

2022 Top Survey Markets

1. Nashville, TN
2. Triangle Region, NC
3. Phoenix, AZ
4. Austin, TX
5. Tampa/St. Petersburg, FL
6. Charlotte, NC
7. Dallas/Fort Worth, TX
8. Atlanta, GA
9. Seattle, WA
10. Boston, MA

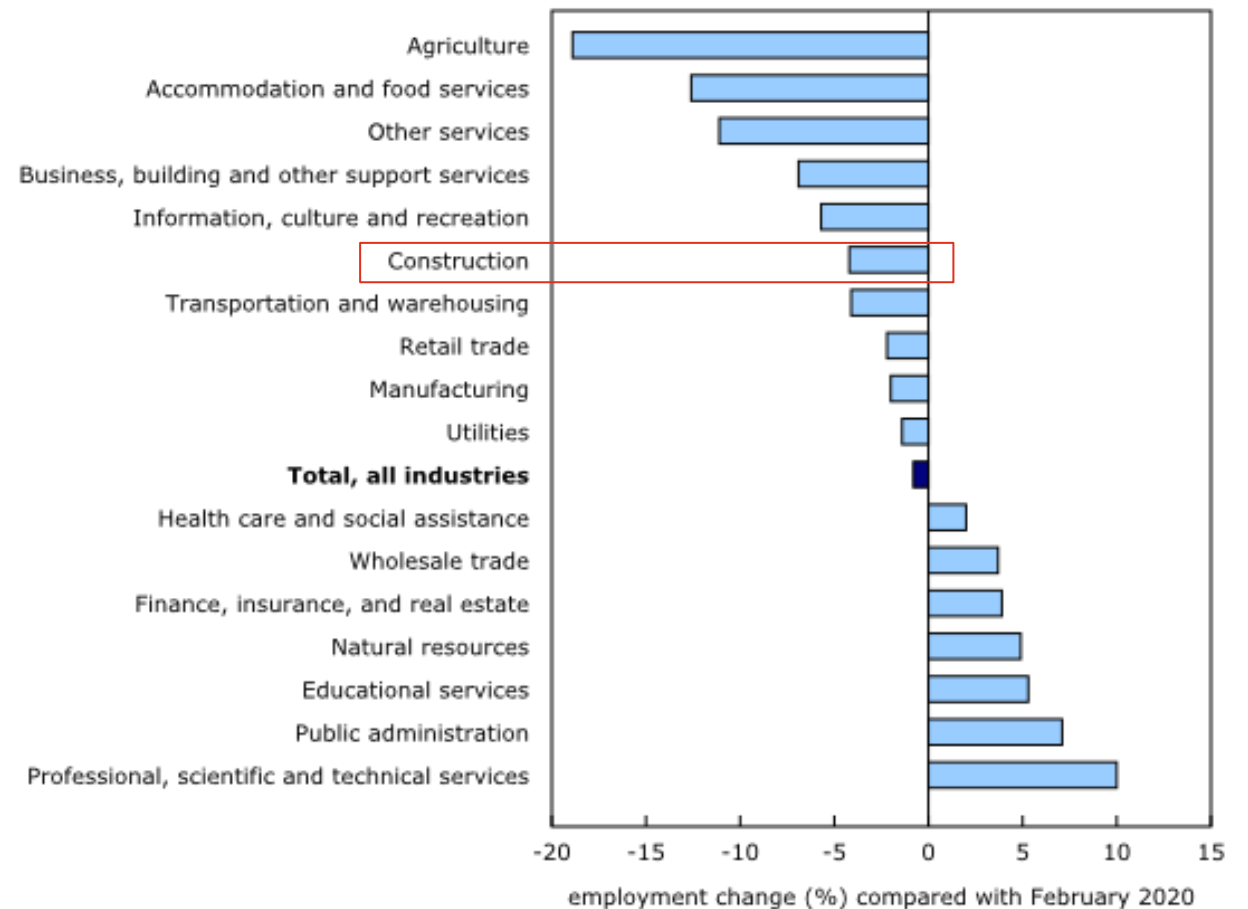
Fierce war for talent brewing



33%

Increase in job vacancies in the construction sector.

And construction employment recovering slower...

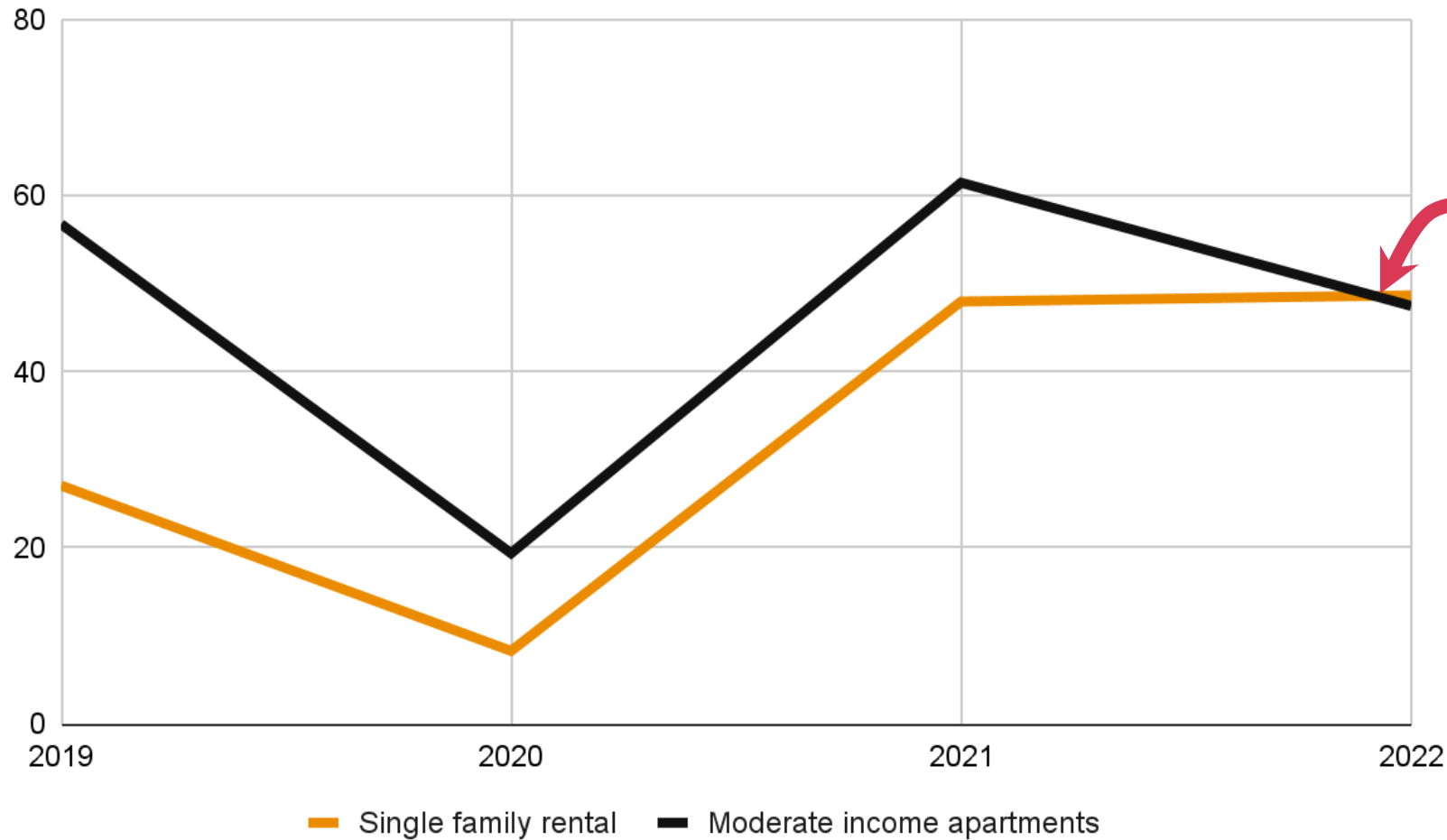




PROPERTY TYPES

“Money can be made and lost in every asset class”

The future of single family rental



Investment prospects -
“Buy” in 2022

48.7%

Single family rental

47.5%

Moderate income apartments

E-commerce surge drives industrial to new heights



The reinvention of retail:

Delivery - Curbside pickup - Omni-channel.



Other property types



Office

Uncertainty

- Purpose of office is changing
- Collaboration, teamwork, communication still a need
- Suburban vs. medical vs. CCO office



Multifamily

High demand

- Find the balance: affordable units vs. tenant needs for more space



Alternative / niche

Storage facilities

- Self storage opportunities increasing

Life sciences

- Life sciences & biotechnology are growth areas

TOP ISSUES

"People need a place to live, population is growing due to immigration which presents many opportunities."

Demand will outstrip supply; Affordability will get worse.

"Technology is critical, advancement is critical, we need to invest."

"ESG is fundamental to future success."

"Cybersecurity makes me nervous - it can be very crippling to the business."





Pandemic increases recognition of ongoing concerns

Housing crisis

The sharp divergence between how the housing market changed during the pandemic has increased the acknowledgement that supply is the real issue for declining housing affordability and attainability

Climate change

As the world focused on a global pandemic, the world experienced another year of seemingly endless natural disasters. The recognition that this is a trend and not an anomaly has the real estate industry looking at resilience and remediation

Retrofitting cityscape

As residents return to a post pandemic urban core, they will see changes. More focus on open spaces, outdoor dining, increased pedestrian walkways to name a few. Changes put in place to address the pandemic may benefit urban life in the future



COVID-19 shone a brighter
light on the housing crisis

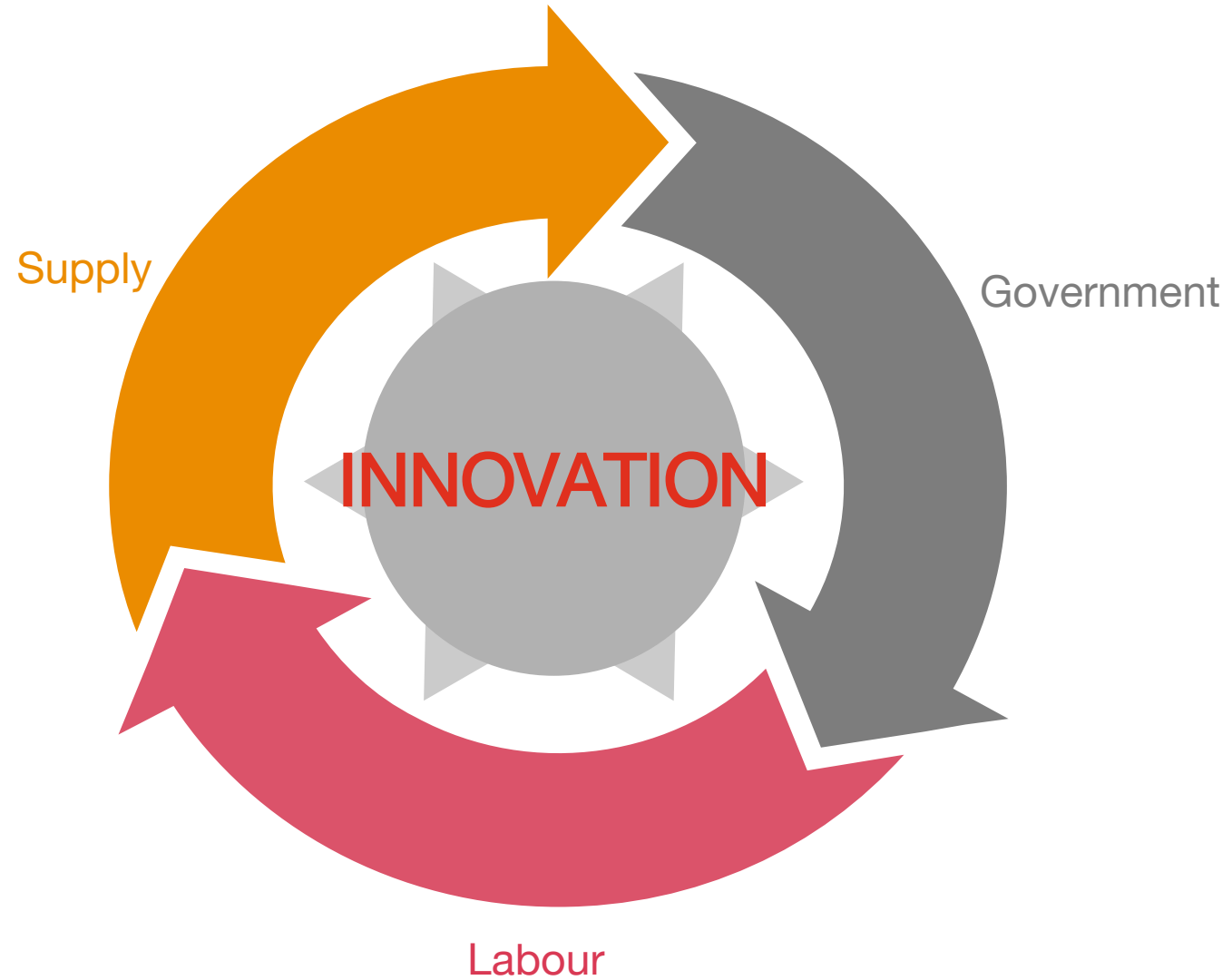
“We have an affordability
crisis”

It's time to innovate.

56.8%

Ownership costs as % of
household income

Is it time to embrace fracking of the housing market?



A path to growth through technology



Embrace construction technology



Digitize operations



Unlock the power of data analytics



Manage increasing cyber risks





Climate risk can't be ignored

3rd

Highest social / political issue

5th

Highest issue of concern
(didn't break top 20 last year)

**ESG performance a rising
factor in future value-creation**

What's next for property types

“All the money in the world is going into two asset classes: industrial and multi-res.”

“Office will come back but in a different way.”

“The death of retail is overstated.”

Canada /US top investment prospects - not that different



Canada



Industrial / Distribution – Fulfillment, warehousing



Housing – Moderate income, Single family rental



Alternatives – R&D



Office – Medical office



Retail – Neighborhood/community shopping centers



Hospitality – Economy hotels

US



Industrial / Distribution – Fulfillment



Alternatives – Life science, data centres



Housing – Single family rental, workforce apartments



Hospitality – Economy hotels



Office – Medical office



Retail – Neighborhood/community shopping centers

Looking ahead

TOP MARKETS TO WATCH

Vancouver
Toronto
Montreal
Ottawa
Halifax

BEST BETS

Warehousing & fulfillment
Rental housing
Health care / life sciences



Thank you

[pwc.com](https://www.pwc.com)

© 2021 PwC. All rights reserved. Not for further distribution without the permission of PwC. “PwC” refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm’s professional judgment or bind another member firm or PwCIL in any way.