

# Emerging Trends in Canadian Real Estate

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At a Glance:

# The Voices of ETRE



200 interviews & 1600 survey  
respondents



+200 hours of conversations



Across +10 cities

# 2024 | A Recap:

Geopolitical uncertainty

Rising interest rates

Higher inflation

Price Discovery

# What we heard this year: A mixed outlook

Capital Constraints

Dealing Making Dynamics

Affordability Crisis

A Frozen Condo Market



# 2025 Emerging Trends Barometer

## *Emerging Trends Barometer 2025*

1 – Abysmal    2 – Poor    3 – Fair    4 – Good    5 – Excellent



2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025

Source: *Emerging Trends in Real Estate* surveys.  
Note: Based on Canadian investors only.

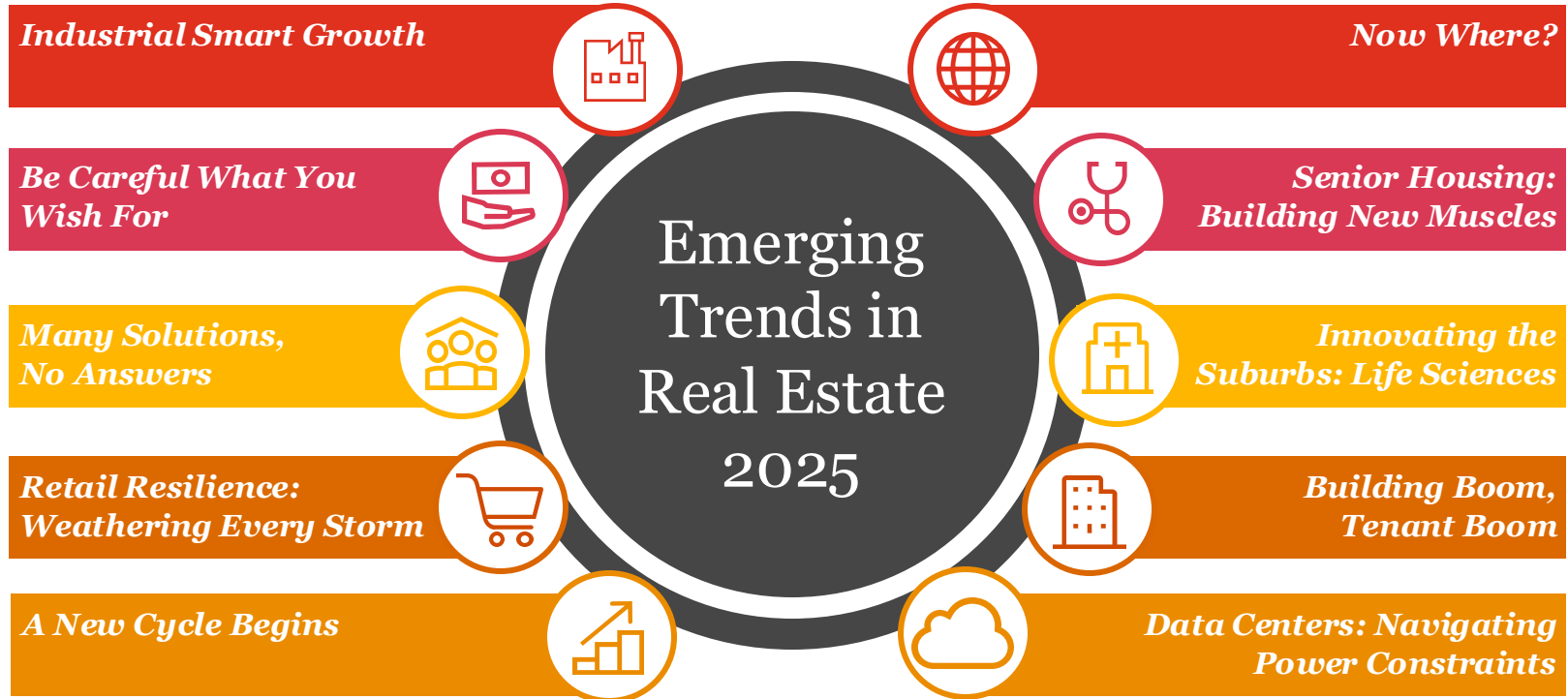


# Importance of issues for Real Estate in *2024 vs 2025*

	2025
 <b>Economic/financial issues</b>	<ul style="list-style-type: none"><li>• Qualified labour availability</li><li>• Capital availability</li><li>• Interest rates &amp; cost of capital</li><li>• Job &amp; income growth</li></ul>
<b>Social/political issues</b>	<ul style="list-style-type: none"><li>• Housing costs and availability</li><li>• Immigration policy</li><li>• Political extremism</li><li>• <b>Federal government budget deficits</b></li></ul>
<b>Real estate/ development issues</b>	<ul style="list-style-type: none"><li>• Construction labour costs</li><li>• Construction labour availability</li><li>• <b>Provincial and local regulations</b></li><li>• <b>Infrastructure/transportation</b></li></ul>



# 2025 Trends: **Key topics emerging in Real Estate**



# Introducing our Emerging Trends:

From 200 *interviews* with *top Canadian real estate leaders* here is what we heard:

1

Unlock value amid deal and capital constraints

*“Debt capital is available. But there are lots of buts and caveats, depending on who you are.”*

2

Tackling the complex affordability crisis

*“We need a new deal for housing in Canada.”*

3

Building a sustainability and climate resilience strategy for the future

*“While we are 100% moving forward with ESG, we’re a bit paused at the moment...It’s difficult to incorporate additional costs with limits on market pricing”*

Trend 1:

# Unlock value amid deal and capital constraints

Several emerging trends are likely to shape the deals market in 2025

Private Equity to be highly visible

Buying opportunities for foreign investment

The “distress” advantage

Conviction-Led Buyers



Trend 1:

# Unlock value: Strategic Partnerships & Niche Assets

Some real estate investors are taking a closer look at real assets, which blur the lines between real estate and infrastructure.

Data Centres

Cold Storage Facilities

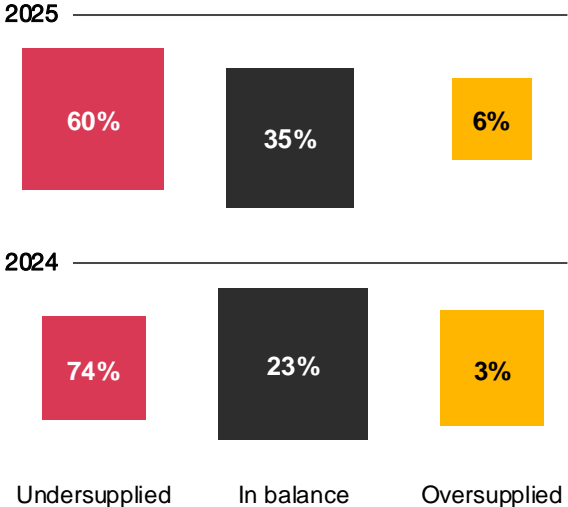
Student housing partnership



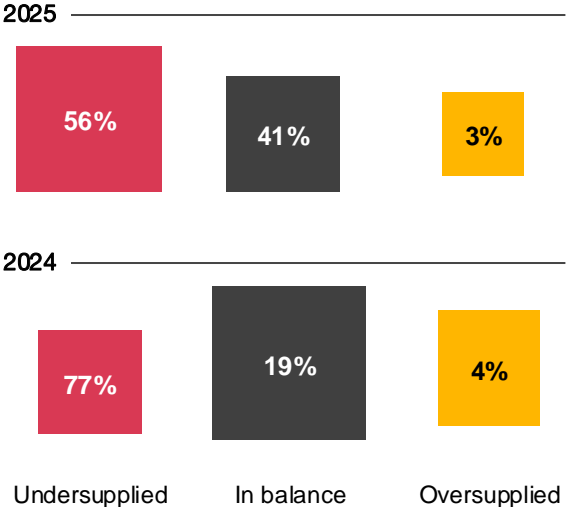
# Undersupplied amount of debt and equity capital

## Real Estate Capital Market Balance Forecast, 2025 versus 2024

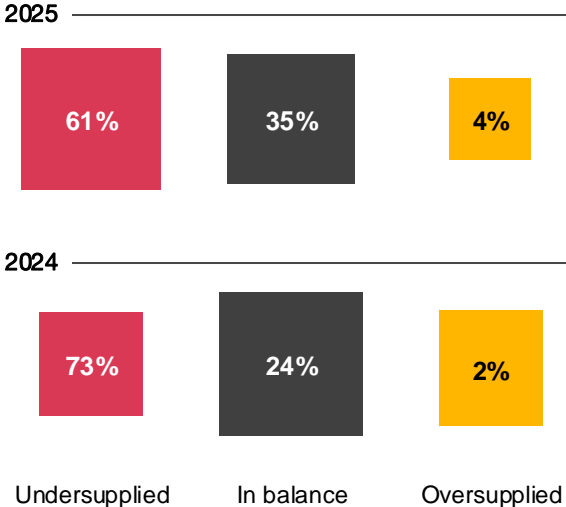
Debt capital for acquisitions



Debt capital for refinancing



Debt capital for development/redevelopment



**In focus:**

# The stress—and distress—in Canada's major condo markets



The condo markets in two major cities—most notably in Toronto and to a lesser degree in Vancouver—have largely frozen.

- Distressed Sales
- Postponed projects create bigger problems
- Pivot to rental
- Capital constraints but long term outlook is healthy

Trend 2:

# Tackling the affordability crisis

“Government plans around affordability will have zero impact as they haven’t solved the fundamental issue of cycle time and governmental approvals and taxes,”

Government Policy Challenges

Supply Barriers Persist

Increased Incentives to Encourage Building



Trend 2:

# Unlock Affordability: Solutions for housing crisis?

Access to Labour & Capital

Embracing Industry Disruptors

Government Alignment

Enabling Productivity & Innovation



In focus:

# Industry Leaders x AI: What we heard



Piqued Interest from Industry



Moving with Caution



Believers vs. Skeptics

**In focus:**

# Accelerating innovation through generative AI



Creating the most value from Gen AI:

- Data & Analytics
- Automation
- Improving customer experience
- Investment analysis; and
- Improve sustainability efforts

Trend 3:

# Building a sustainability and climate resilience strategy for the future

“ESG...is a body of water,” said one interviewee. “Everybody needs to get on a boat and cross the body of water. It doesn’t matter who crosses it first, but you can’t be left behind.”

Climate Resiliency & Risk Readiness

The ROI of ESG

81% of Canadian companies don’t yet financially quantify climate-related risks in their reporting.



Trend 3:

# The Evolving ESG Landscape

So what's the path forward to sustained outcomes and growth?

Climate resiliency as a competitive advantage

Regulations Drive Demand for Quality Disclosures

Unlocking Institutional Capital Through Environmental Performance



At a Glance:

# Property Types



Office



Industrial



Retail



Purpose-built rental housing



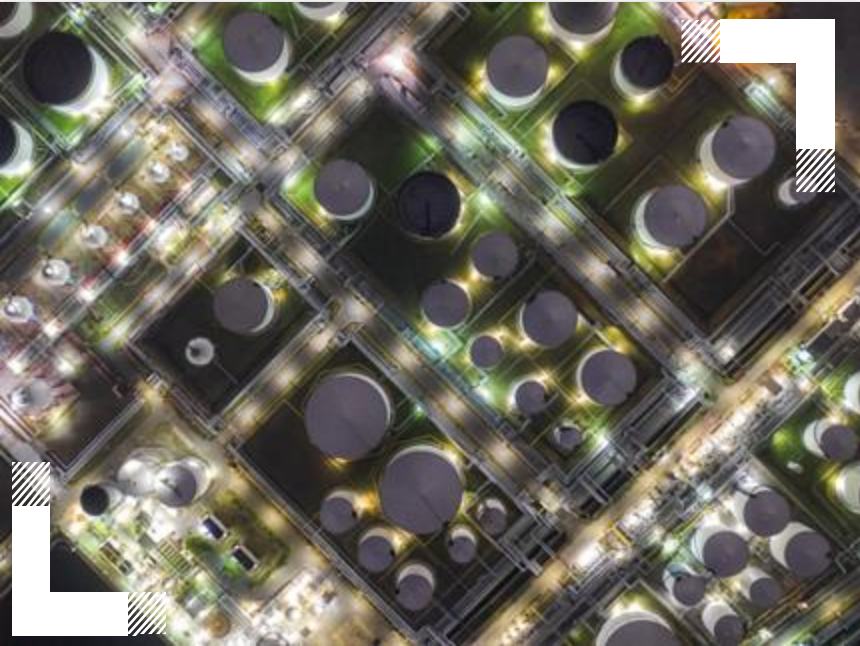
Condominium



Single-family

In focus:

# Industrial Real Estate



- Industrial remains quite healthy
- Niche Assets fuel demand
- National availability rate in the industrial market rose to 4.4%
- Focus shifting towards build-to-suit developments & smaller projects with multi-tenant opp

In focus:

# Purpose-built rentals



Here's what to expect overall:

- Remains a favoured asset class
- Housing affordability is driving more people to the rental market as homeownership becomes less attainable for Canadians
- Companies with a longer-term outlook will find rental housing more attractive than those looking for a quicker payback

# Understanding reset asset classes



Office

## Bright Future

- Amenity, experience-rich, transit friendly office buildings most resilient
- Bifurcation trend is deepening - Class A space is in demand while many older buildings struggle.
- Investors are “office curious”
- Hybrid & In-Office is here to stay (but optimal occupier office design in flux)



Retail

## Retail Redefined

- Consumer spending is tilting towards non-discretionary categories
- Redefinition of the “anchor tenant”
- Foot traffic was recovered - predictions of consumers moving away from physical stores were exaggerated
- Neighborhood Grocery Anchored Retail in Demand

In focus:

# Housing



Condominium

## Cautious approach

- Decline of investor activity as a result of higher interest rates
- Rising costs, labour shortages and long wait times for municipal approvals delays new developments
- Significant slowdown awaits
- The Supply Demand Conundrum



Single-family

## Out of reach

- Deteriorated affordability
- Multigenerational homes & rental suites
- Densification of suburbs reaches further into secondary markets
- Regulatory changes to increase provincial housing supply (laneway houses)

At a Glance:

# Looking Ahead

## Markets to Watch



Calgary | Vancouver | Toronto  
Edmonton | Montreal

## Best Bets



Purpose-built rental housing | Industrial Real Estate | Niche Assets



# Thank you!

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