

2025 United States | Canada

Emerging Trends in Real Estate[®]

January 2025



2025: Emerging Trends in Real Estate

- Provides one of the real estate industry's most predictive outlook
- The longest, continually published forecast: 46th edition
- Based on an extensive survey and numerous confidential interviews with industry leaders
 - **1,500+ survey responses**
 - **500+ interviews**
- Emerging Trends global with Europe, Asia Pacific, and Canada coverage
- Published by PwC in conjunction with Urban Land Institute



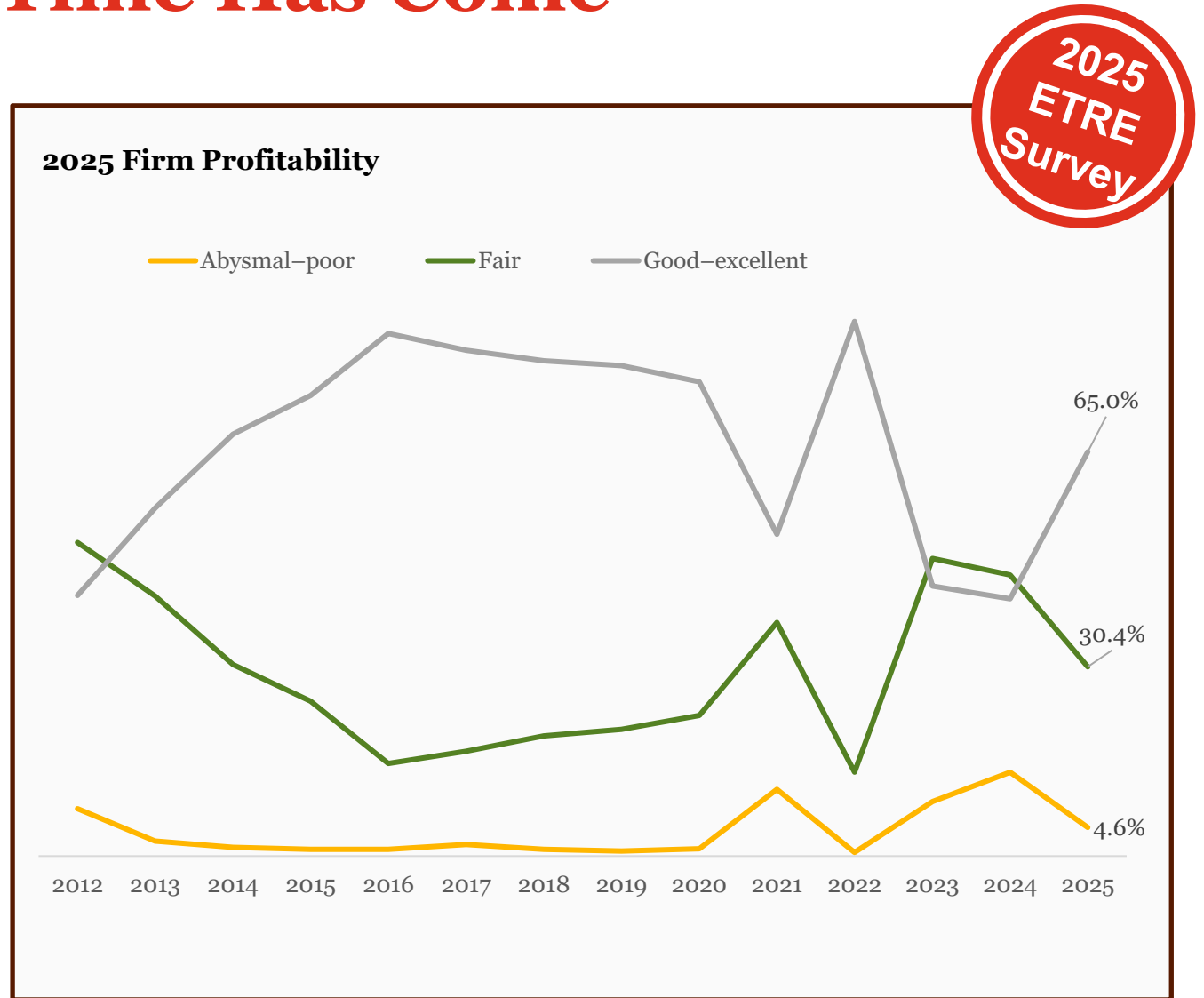
“

We are on the cusp of the **next upturn in the real estate cycle**, and now is the time to be thinking about planning, laying the groundwork for the **next two to three years of growth.**”

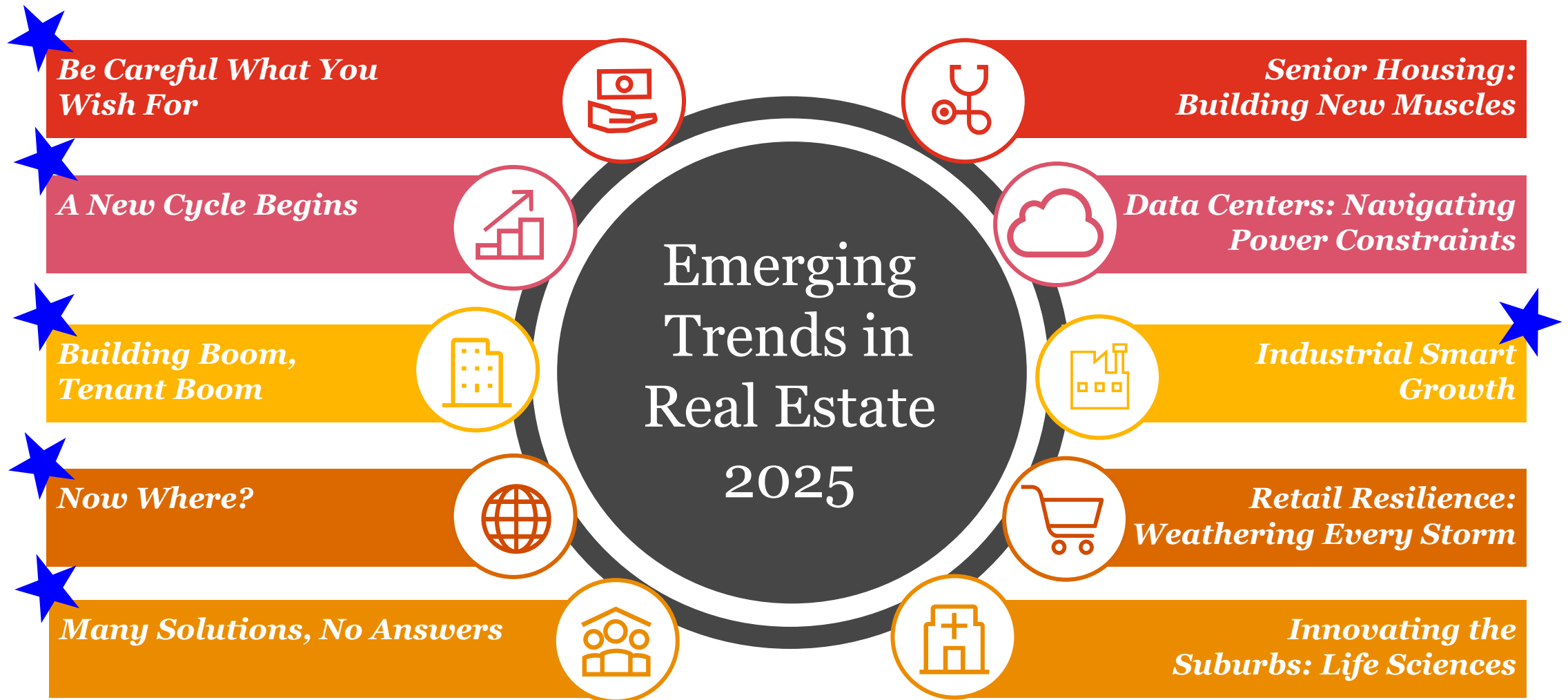


2025 Overall Theme: **The Time Has Come**

“With interest rates coming down, it is likely that we are at the beginning of the next expansionary phase of the real estate cycle.”



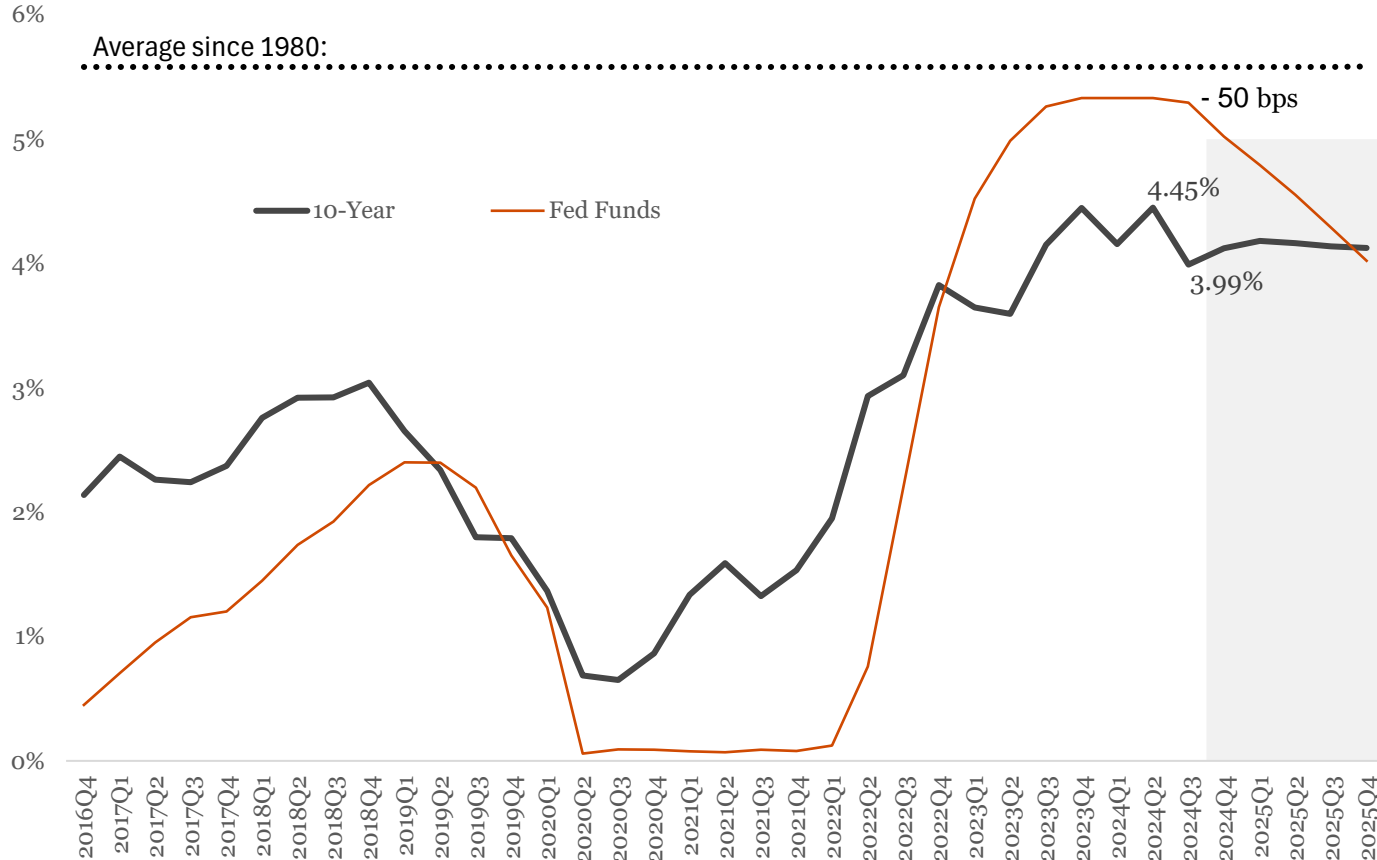
2025 Trends: **Emerging Trends in Real Estate**



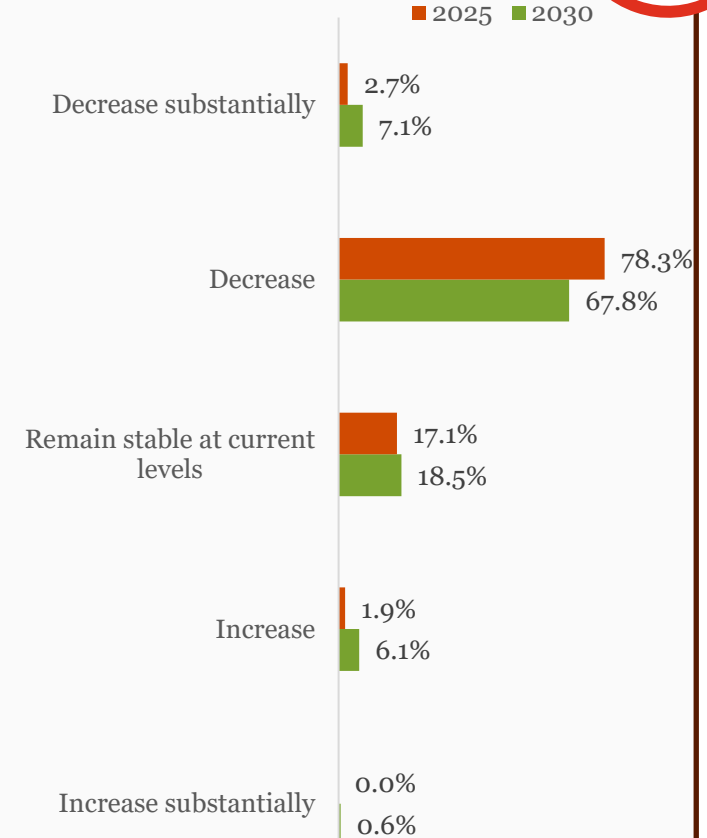
2025 Trend: Be Careful What You Wish For



Interest Rates



Commercial Mortgage Rate Anticipated Changes



Highlights:

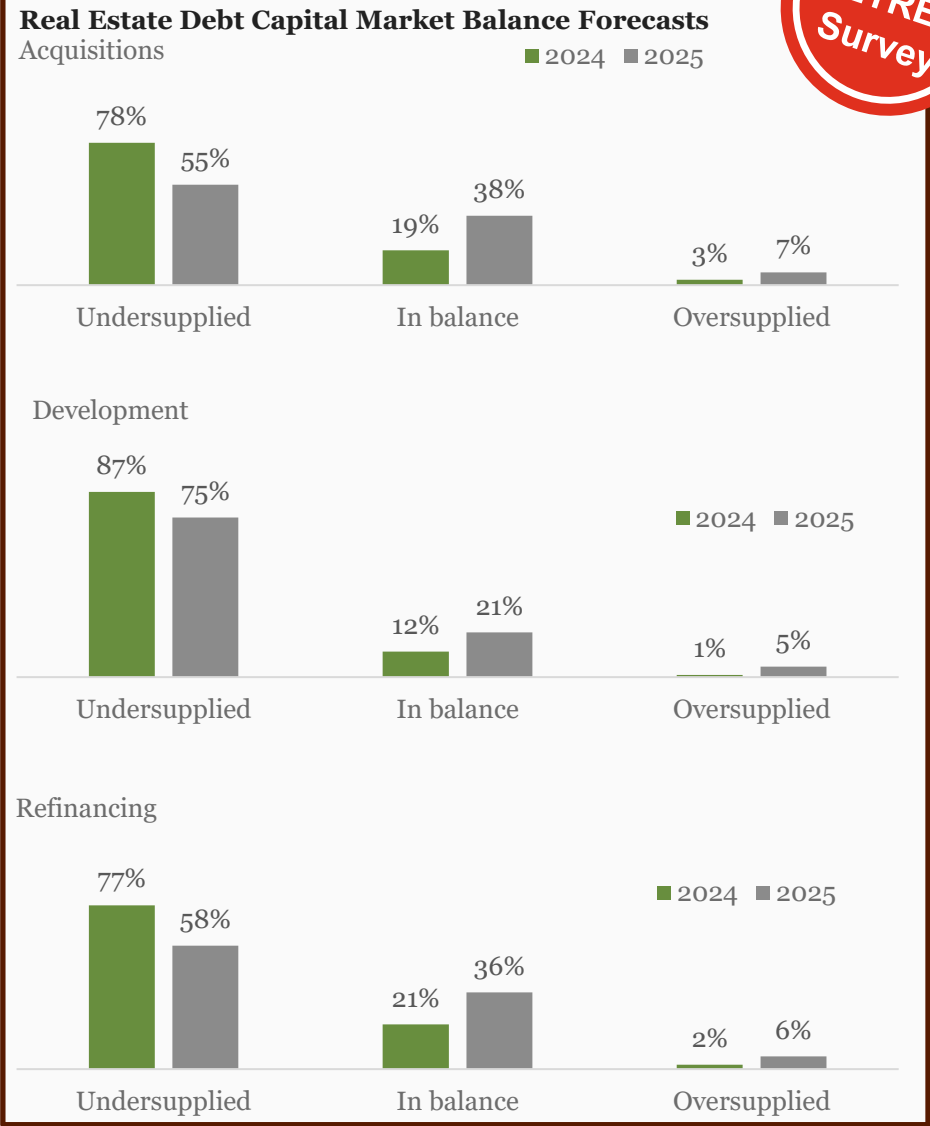
- Survey results from September, ahead of election
- Sentiment points to positive outlook and strong economic growth on horizon

Source: PwC Analysis; Federal Reserve, CME Group – FedWatch, Emerging Trends in Real Estates

2025 Trend: Be Careful What You Wish For



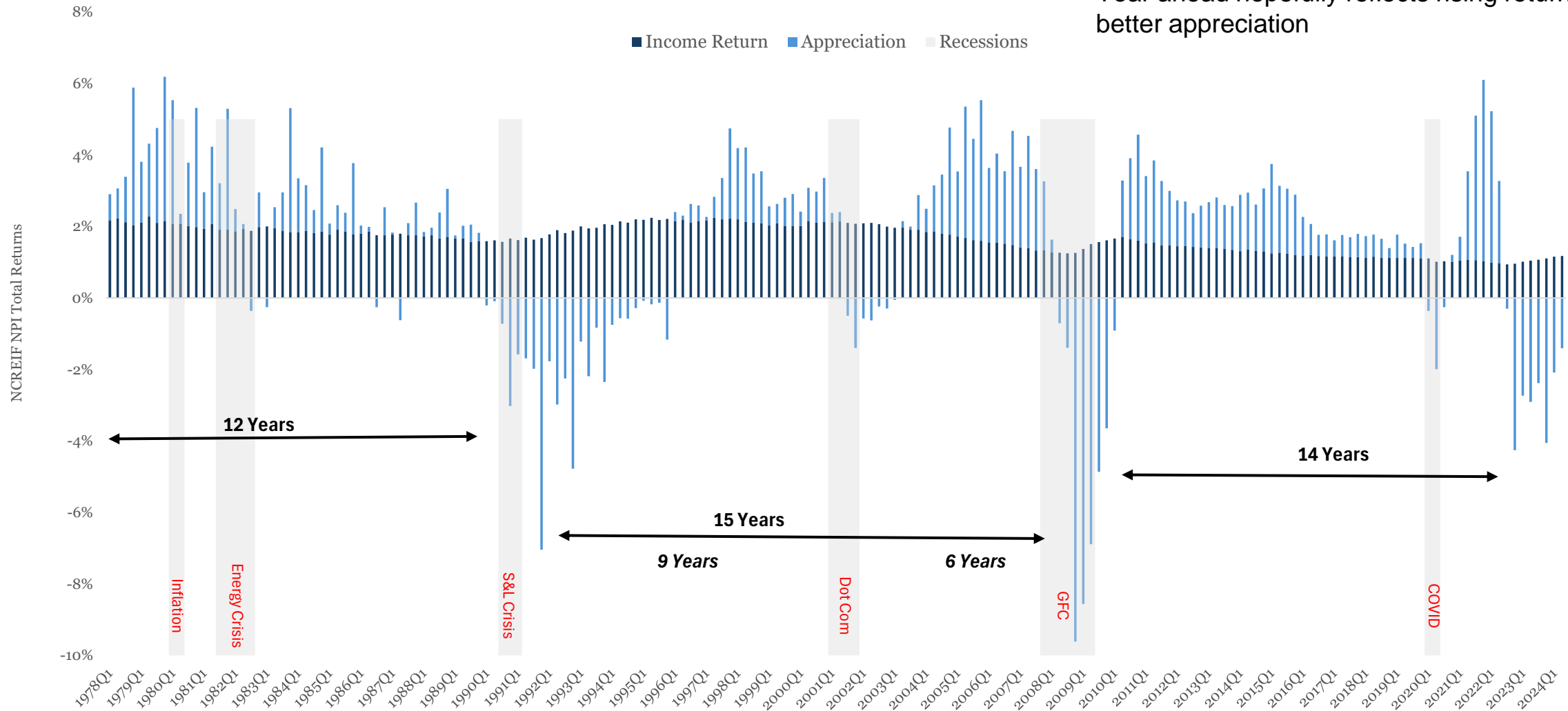
Source: PwC analysis, MSCI, Emerging Trends in Real Estate
PwC & ULI | Emerging Trends in Real Estate 2025 | Proprietary and confidential. Do not distribute.



2025 Trend: **A New Cycle Begins**

Highlights:

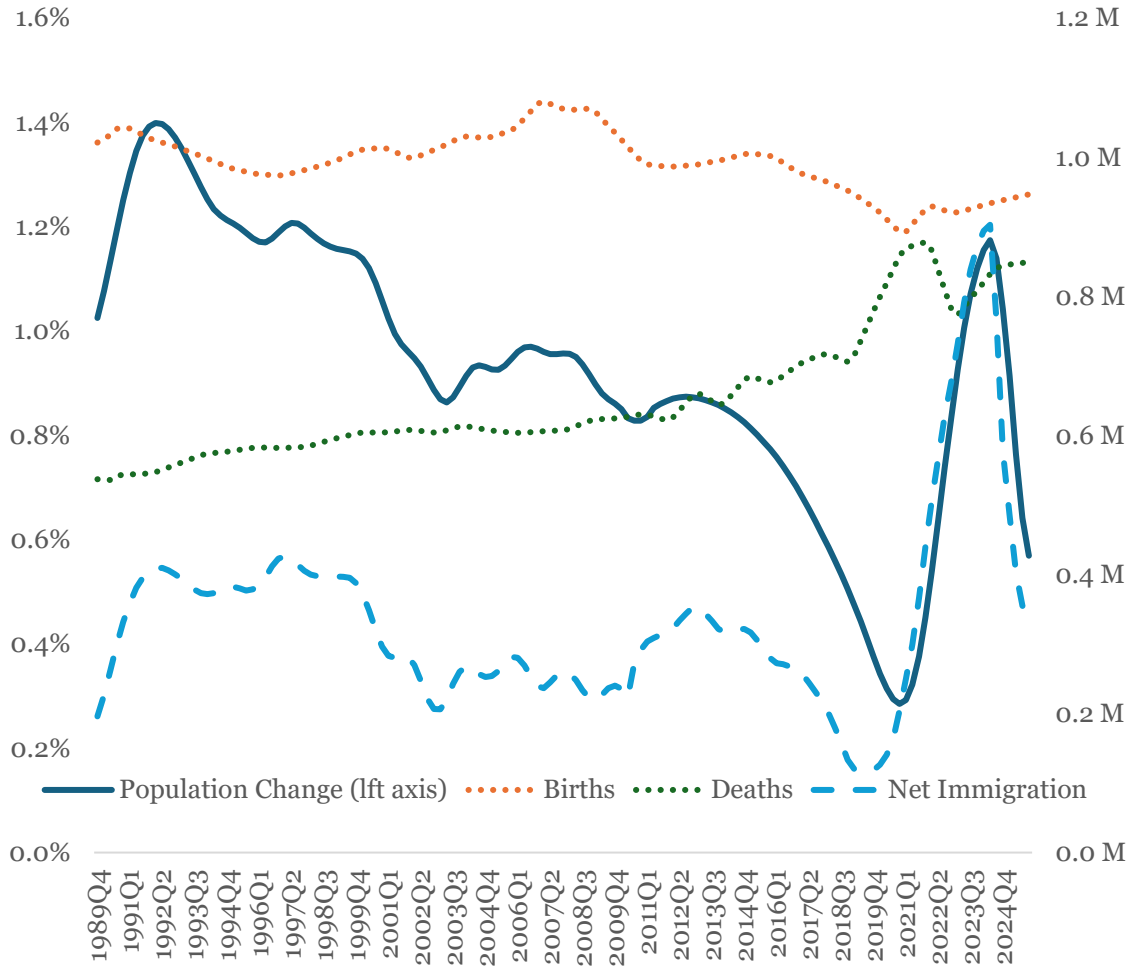
- Exiting contraction entering expansion at cautious pace
- Year ahead hopefully reflects rising returns and better appreciation



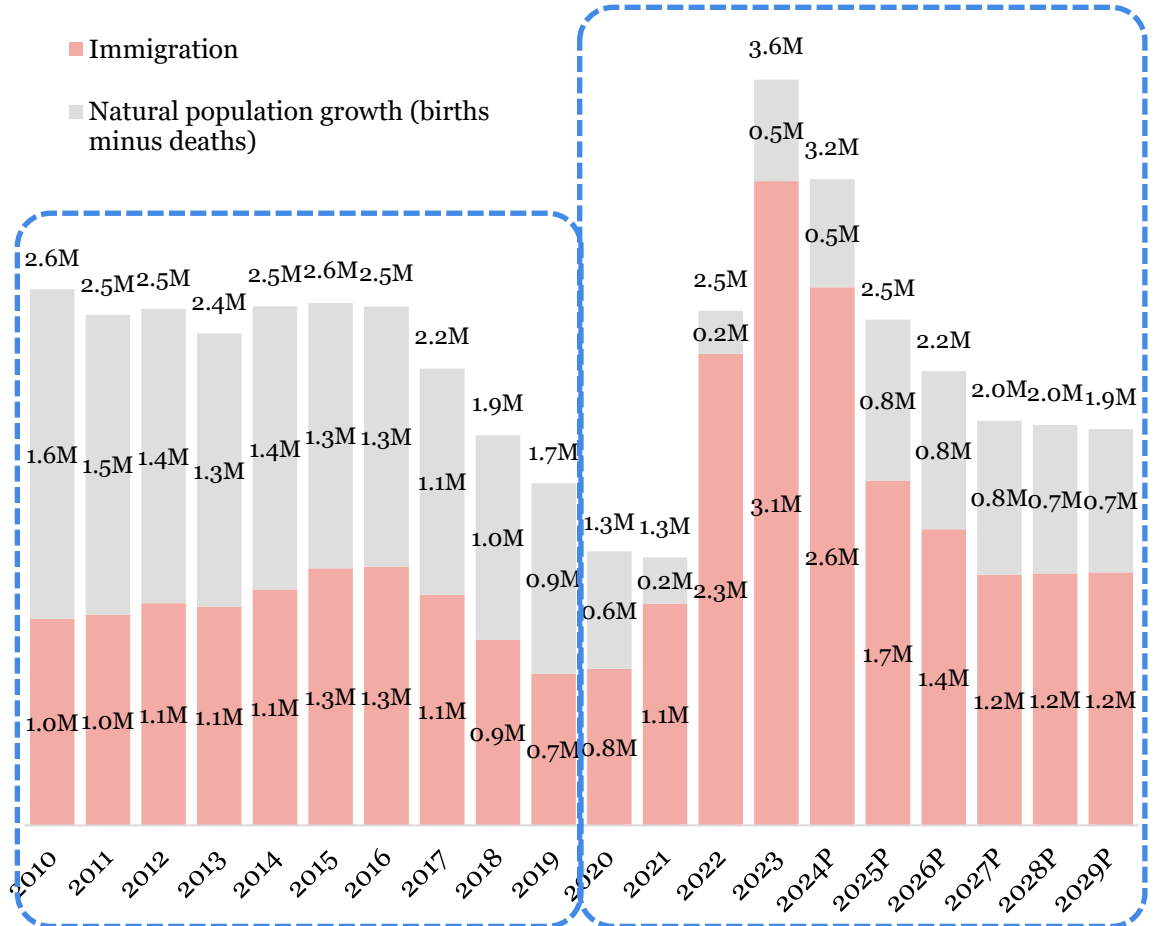
Source: PwC Analysis, NCREIF

2025 Trend: *Now Where: Population & Immigration*

Components of Change



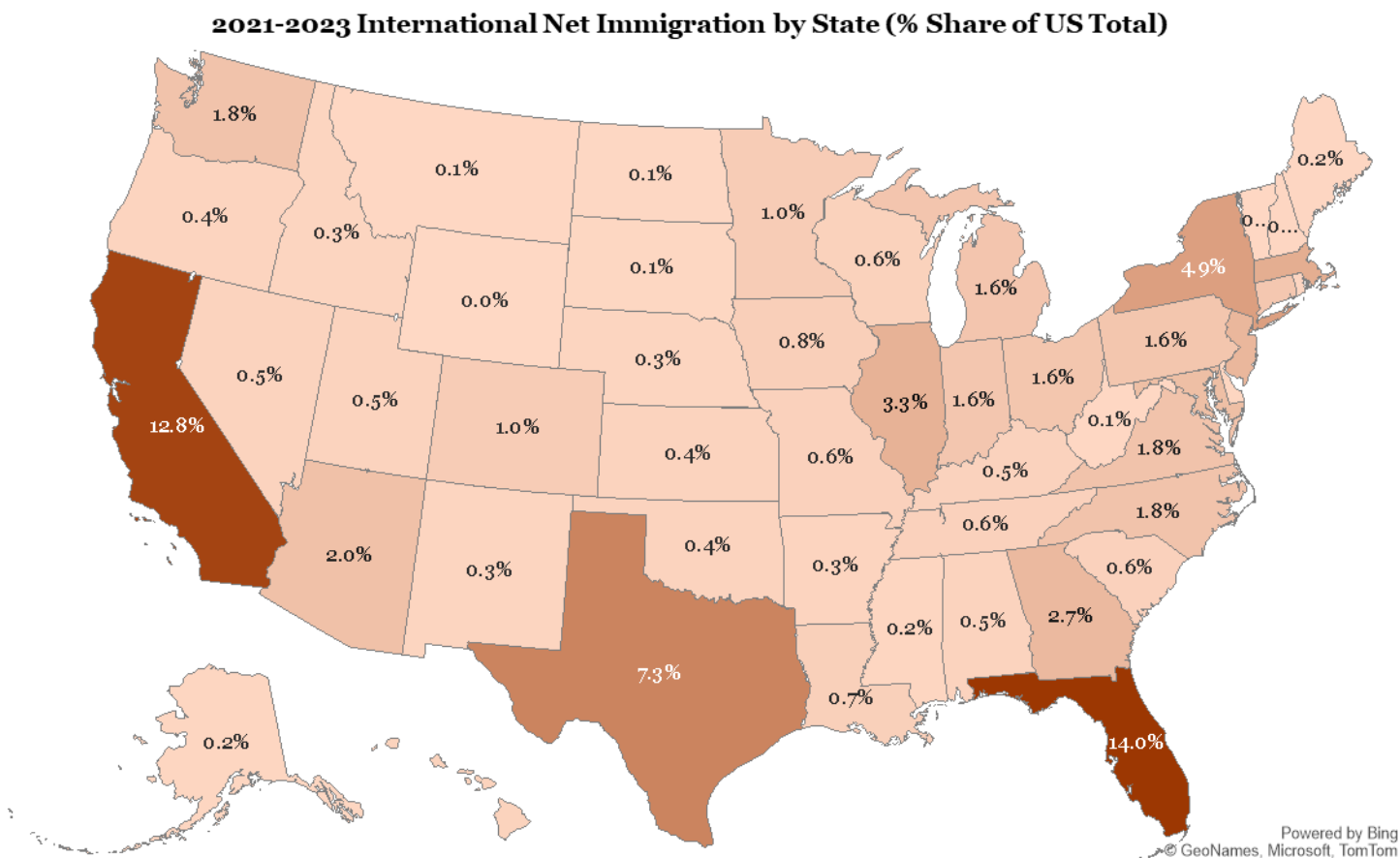
Immigration vs. Natural Population



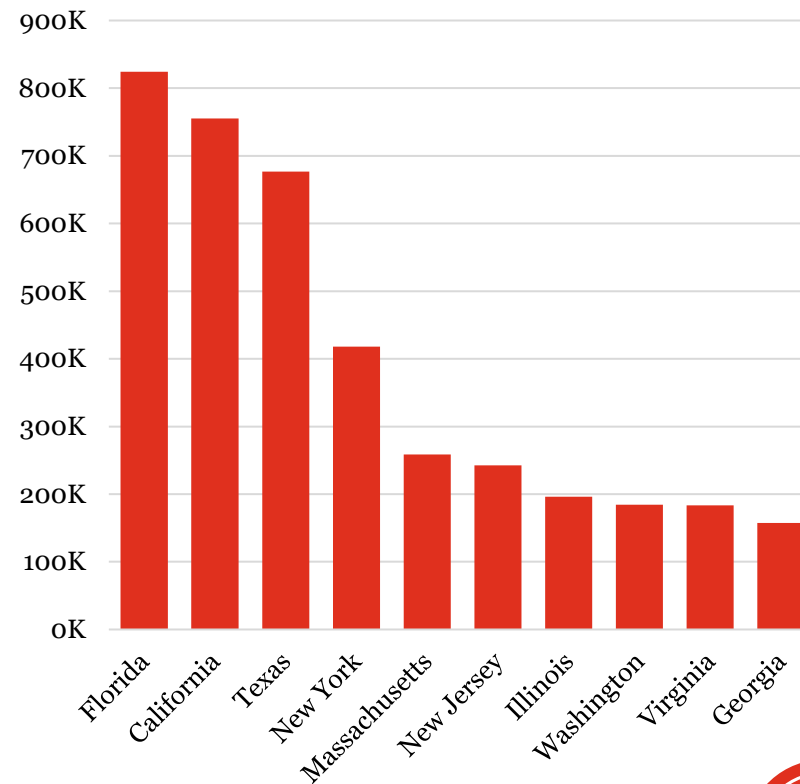
Highlights:

- Pace of growth has slowed significantly
- Next 4-5 years, 75% of population growth from immigration

2025 Trend: *Now Where: Immigration*



2021-2023 US International Net Migration



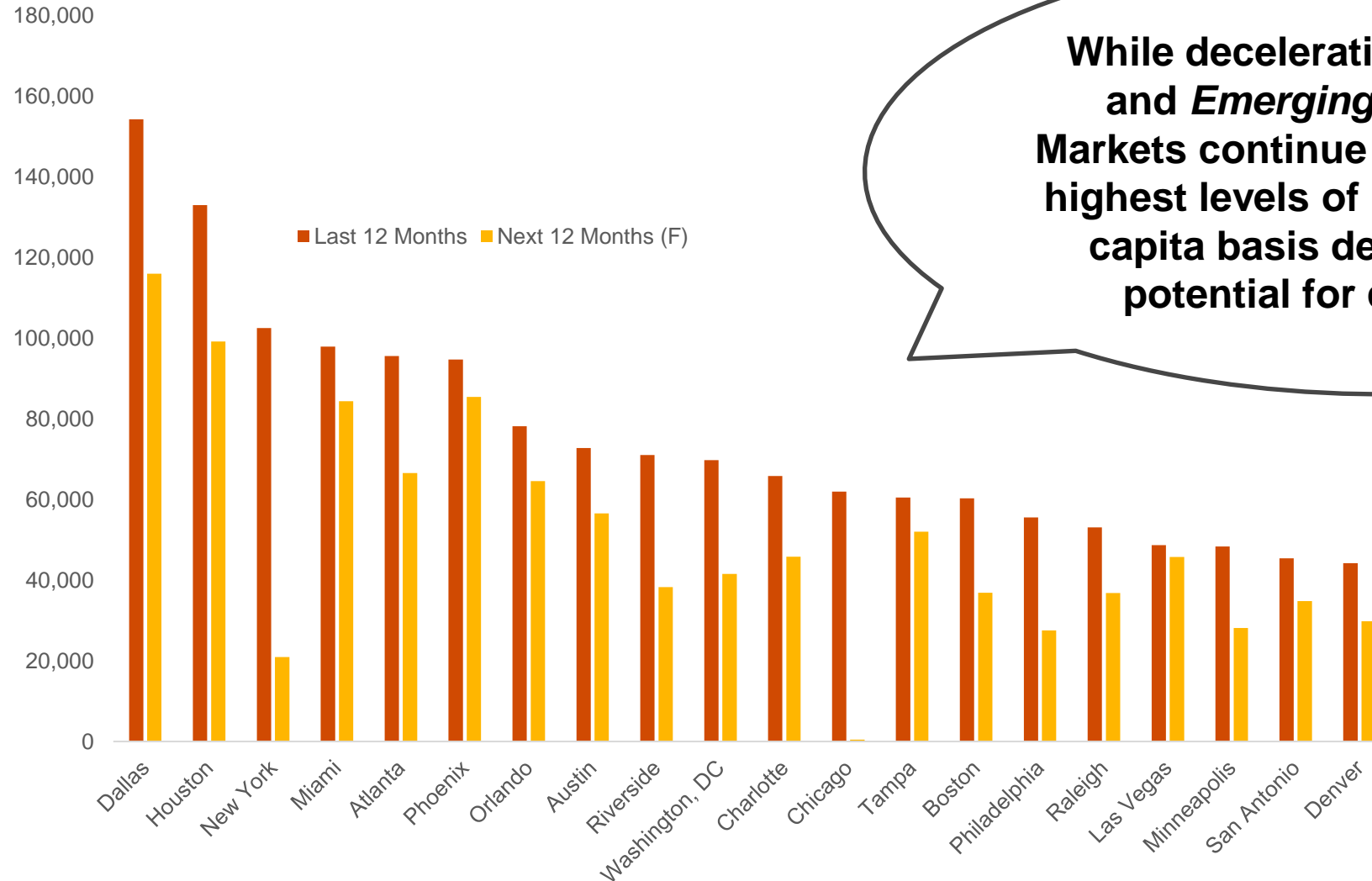
Social/political issues

Housing costs and availability	#1
Political extremism	#2
Immigration policy	#3

2025
ETRE
Survey

2025 Trend: **Now Where: Climate Migration**

U.S. Net Migration



While decelerating, major metros and *Emerging Trends* Top 10 Markets continue to benefit from the highest levels of migration on a per capita basis despite the higher potential for climate events

Highlights:

- Similar markets to immigration stats – with TX and FL commanding 6 of top 10 markets

2025 Trend: *Now Where: Climate Migration*

Market	Overall Rank	Overall Score	Hazards Risk Rank	Vulnerable Populations Rank	Vulnerable Infrastructure Rank	Response and Recovery Rank	Mobility Rank	3-Yr Migration to Population
Richmond, VA	1	54	23	417	206	8	12	3.51%
Lynchburg, VA	2	54	1	151	424	131	224	3.16%
Roanoke, VA	3	53	3	438	265	92	293	2.33%
Midland, TX	4	51	5	351	300	160	94	5.40%
Duluth, MN	5	51	9	249	319	72	113	2.46%
Rochester, MN	6	51	41	184	53	58	199	2.18%
Pittsburgh, PA	7	50	70	342	462	2	43	0.99%
Tyler, TX	8	50	7	355	366	56	149	5.44%
Bloomington, IN	9	50	14	99	343	82	272	2.44%
Boise City, ID	10	50	121	127	90	24	131	7.28%
Average	6	51	29	271	283	69	153	3.52%

Market	Overall Rank	Overall Score	Hazards Risk Rank	Vulnerable Populations Rank	Vulnerable Infrastructure Rank	Response and Recovery Rank	Mobility Rank	3-Yr Migration to Population
Austin, TX	20	48	163	116	162	50	20	7.28%
Houston, TX	34	47	354	396	334	31	1	5.07%
Orlando, FL	35	47	310	280	211	16	23	7.54%
Miami, FL	49	46	490	371	352	1	7	3.38%
Atlanta, GA	69	45	176	286	272	89	10	3.99%
Dallas, TX	162	41	173	408	331	138	19	5.71%
Phoenix, AZ	163	41	301	262	262	146	44	4.68%
Riverside, CA	182	41	394	119	376	108	136	2.57%
Washington, DC	250	39	448	430	394	46	39	1.59%
New York, NY	347	37	500	477	193	10	4	-0.51%
Average	131	43	331	315	289	64	30	4.13%

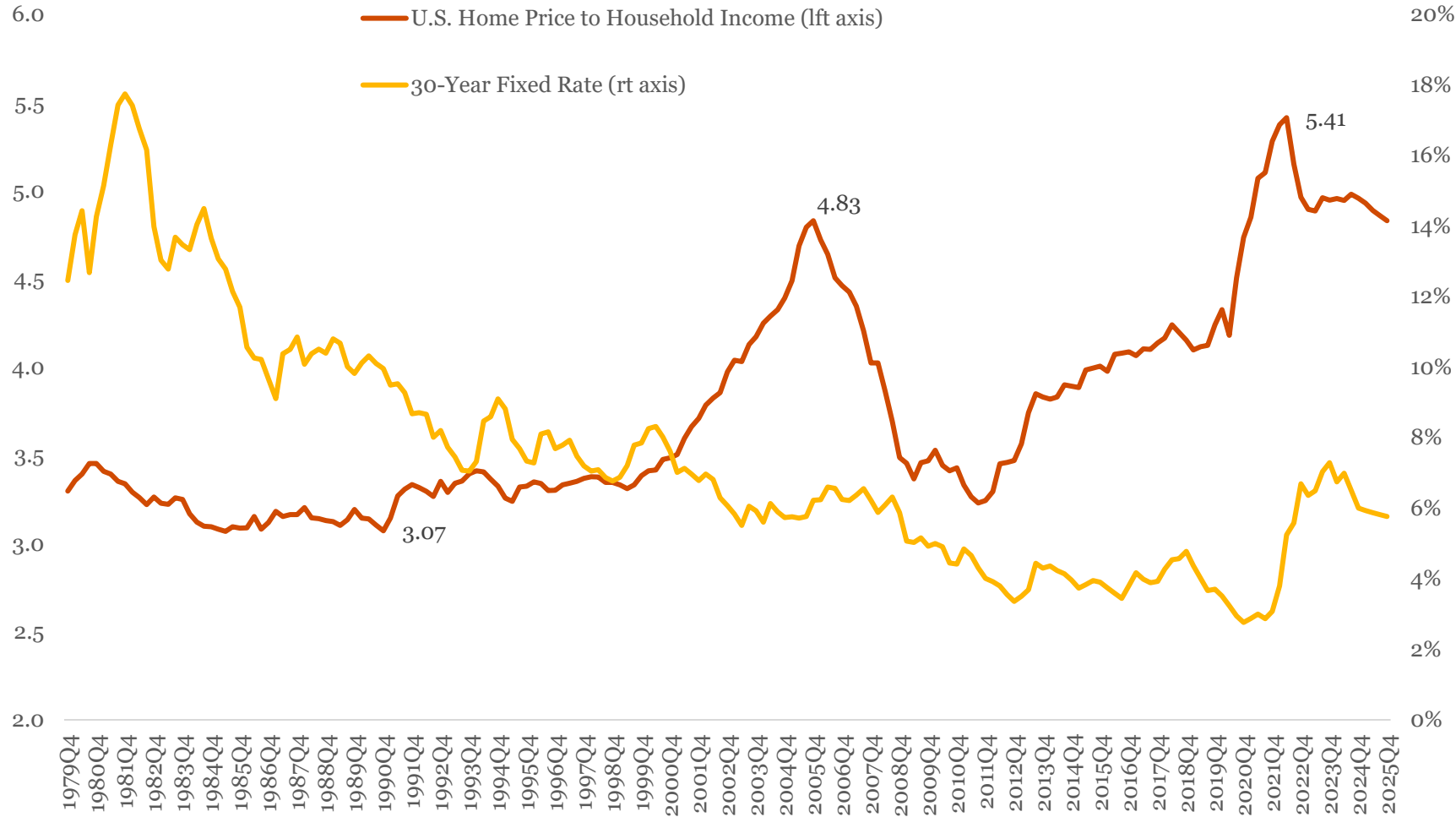
Smaller metros with lower potential climate risks still compete on % migration relative to major metros

Highlights:

- Top 10 migration markets benefitted on a per capita basis
- On % of population change, two groupings aren't that far apart

2025 Trend: **Housing**

Housing Ratios and Rates



Highlights:

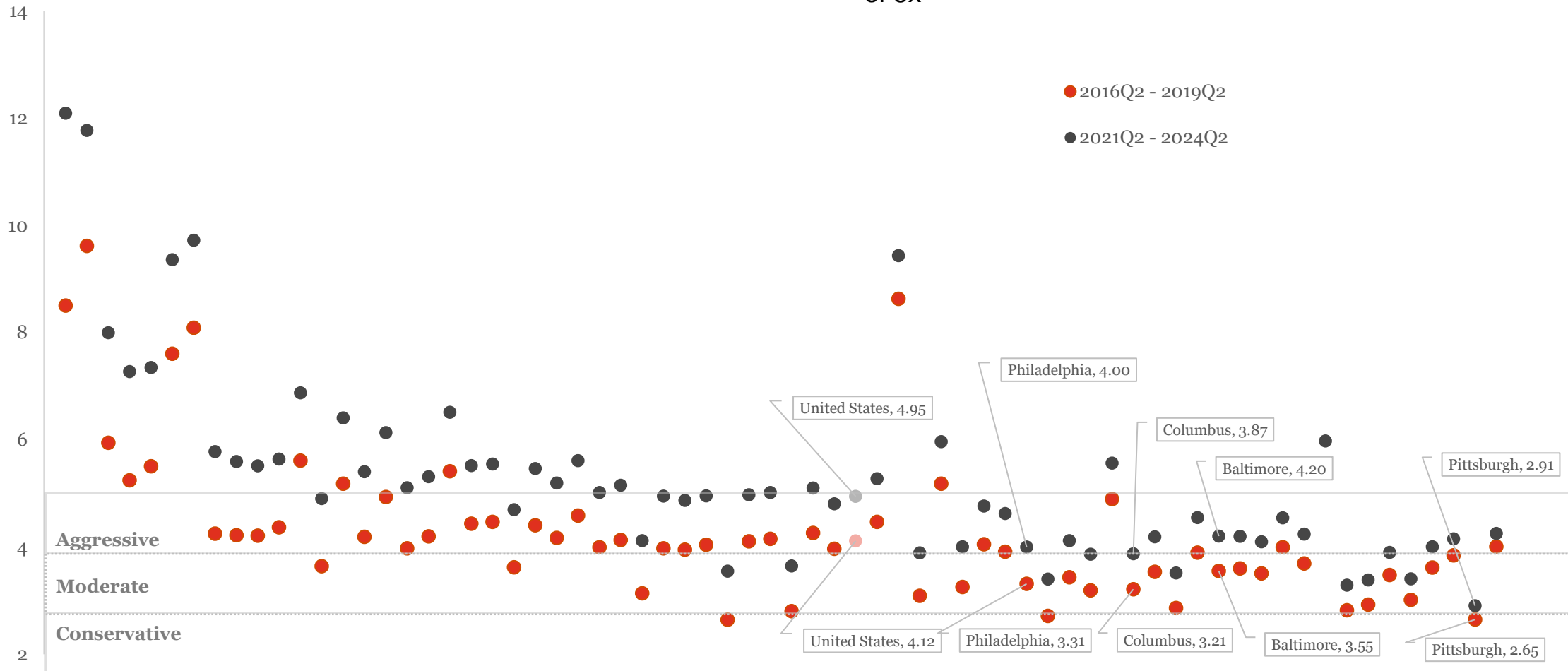
- Current ratio of median home price to household income is at all time high at 5x+
- Cost of financing aside, key is to add new supply

“Supply and demand does work. The ability for us to add supply to housing is the single most important thing that we can do to control escalating unaffordability – wherever that housing is added on the spectrum. **It’s not just adding more affordable housing,** although that’s important, but adding housing period creates a **filtering.”**

-2025 Emerging Trends in Real Estate

2025 Trend: **Housing**

Median Home Price to Household Income Ratio

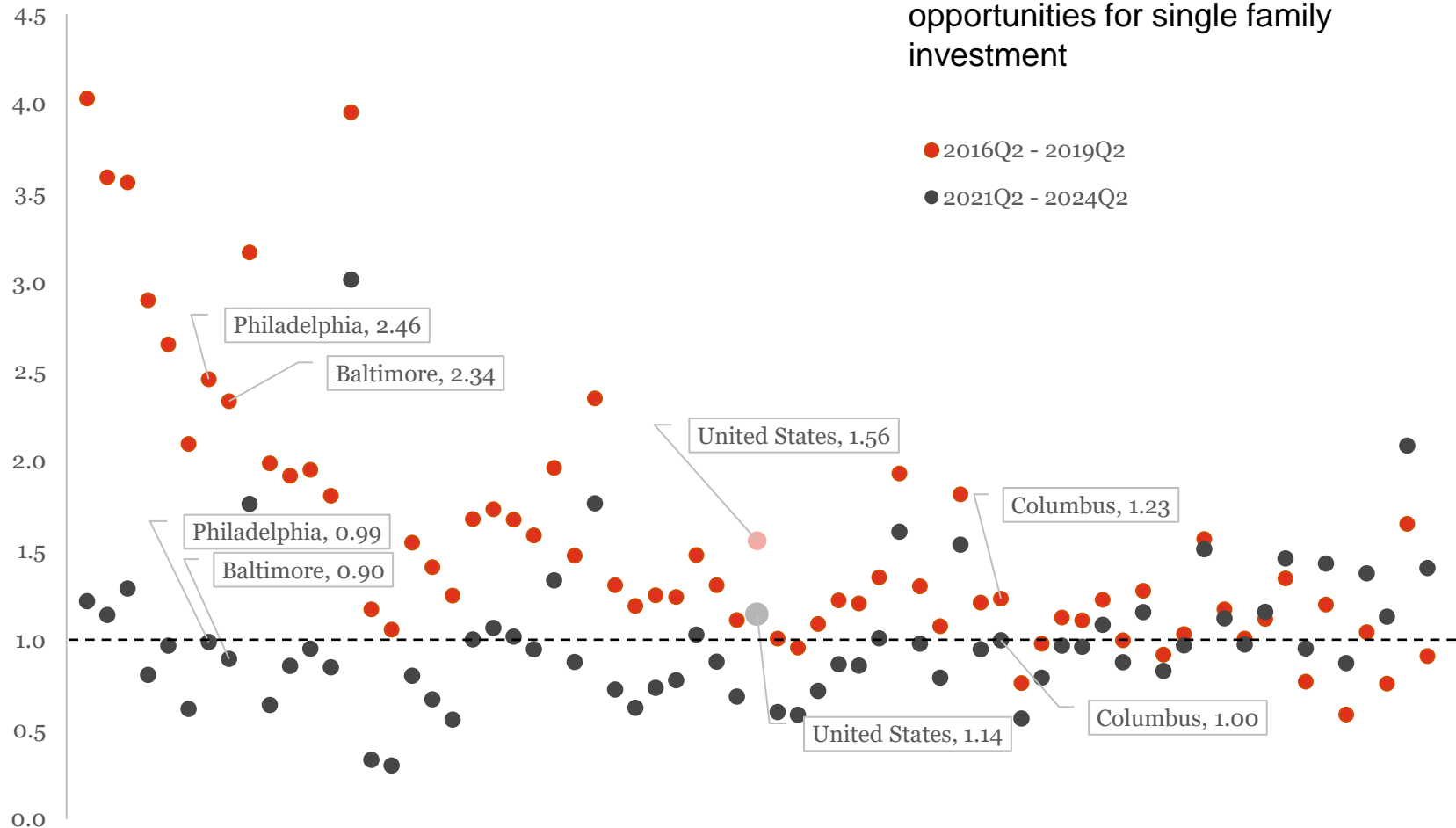


Highlights:

- Pre- and post-pandemic comparison
- No markets in conservative bandwidth (compared to few before pandemic)
- Many markets in and above the aggressive threshold of 5x

2025 Trend: **Housing**

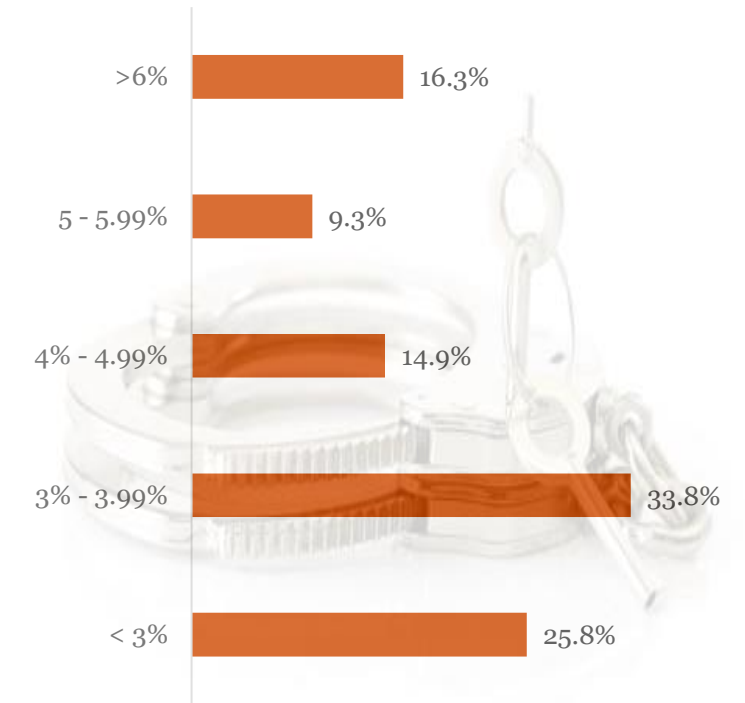
Housing Completions to Household Formations



Highlights:

- Too limited of supply is overall trend
- In 2019 there were 53 markets with ratios >1, compared to 33 markets in 2024 with ratios <1.
- Markets with undersupply present opportunities for single family investment

Outstanding Mortgages by Interest Rates



4.1%

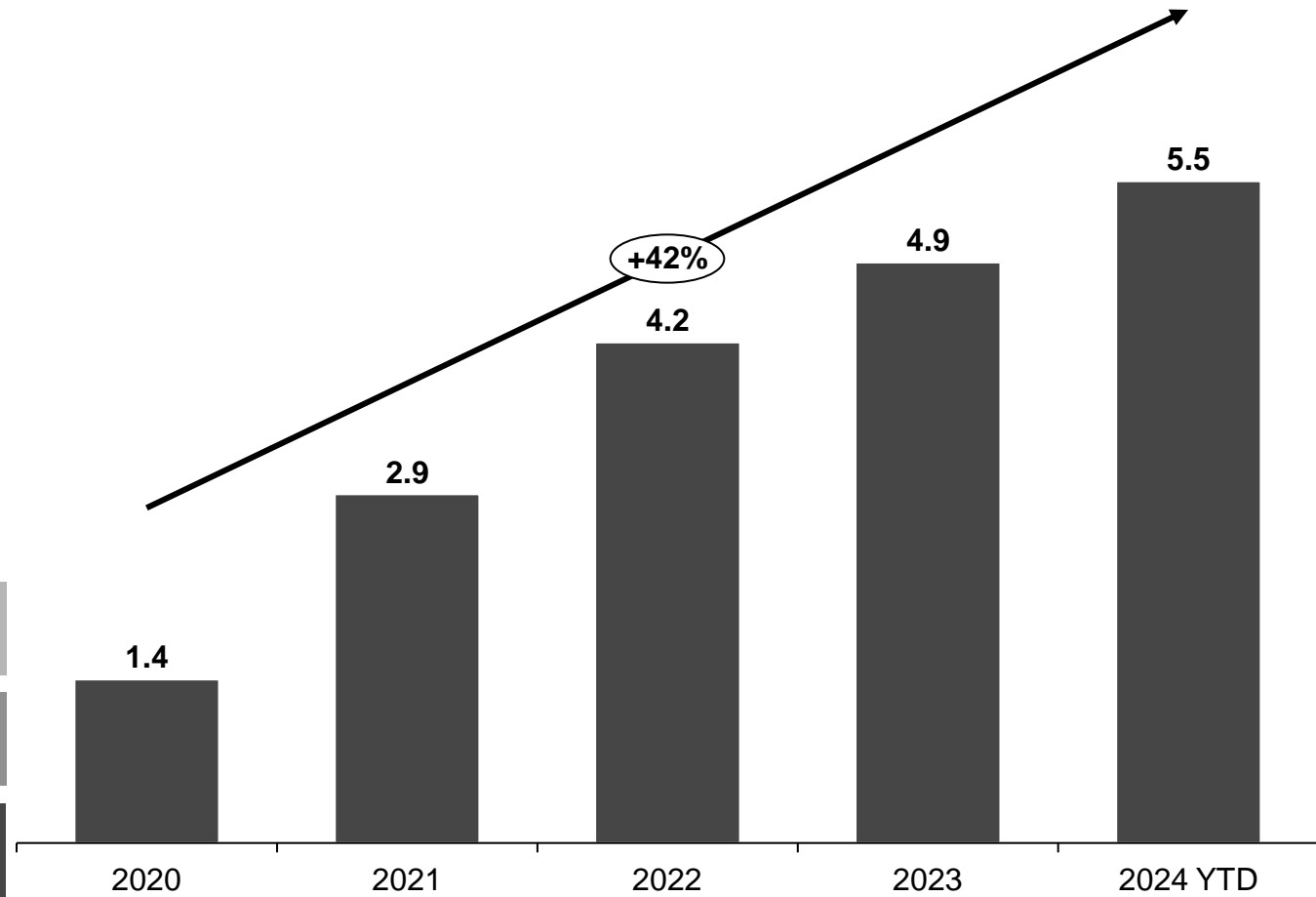
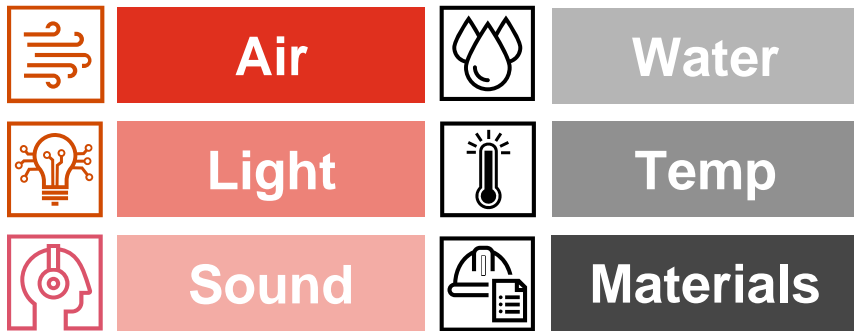
Average Interest Rate on All Outstanding Mortgages

2025 Trend: **Building Boom, Tenant Boom**

“[Bifurcation] started very much in office, but we're seeing it in other sectors as well, notably industrial.”

WELL Institute: Cumulative Square Feet (billions)

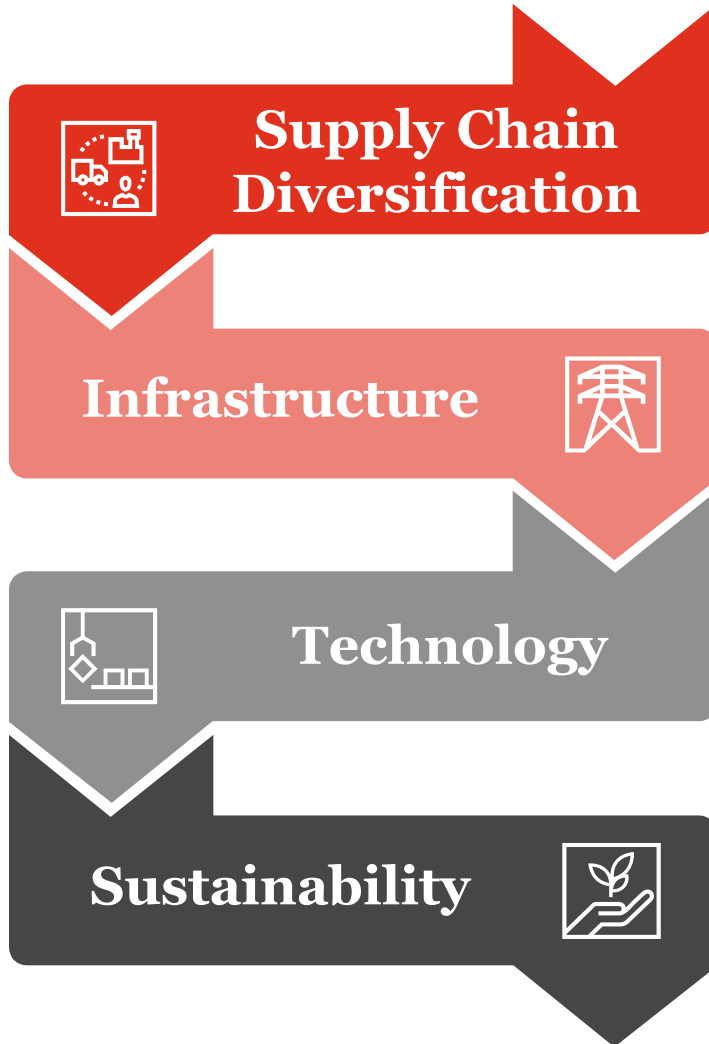
– Emerging Trends in Real Estate 2025



Source: PwC Analysis; Emerging Trends in Real Estate; WELL Institute

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2025 Trend: Industrial Smart Growth



Manufacturers' New Orders & All Employees (5 Years)



2025: U.S. Markets To Watch – Overall Rankings



2025: U.S. Markets To Watch – Movers & Shakers













Highlights:

- Manhattan #11 (vs. #31)
- Detroit #17 (vs. #39)
- Columbus #31 (vs. #53)
- Charleston #35 (vs. #57)
- New Orleans #42 (vs. #67)





















Source: PwC Analysis; Emerging Trends in Real Estate

2025: Investment Property Sectors To Watch

						
	1 Industrial Distribution	2 Single-family Housing	3 Multifamily Housing	4 Hotels	5 Retail	6 Office
Rank 2025 vs 2024						
Current Pricing	FAIR	FAIR / OVER	FAIR / OVER	FAIR	FAIR / OVER	OVER / FAIR
Buy/Hold/Sell	BUY / HOLD	BUY / HOLD	BUY / HOLD	HOLD	BUY / HOLD	BUY / HOLD / SELL
Subsectors to Watch (Top Buy Scores)	Manufacturing Warehouse Fulfilment	N/A	Moderate-Income Student Housing Senior Housing	Upscale Limited Service Midscale	Neigh. / Comm. Lifestyle / Enter. Urban / High St.	Medical Suburban CBD

Source: PwC Analysis; Emerging Trends in Real Estate

2025: Niche Property Sectors To Watch

						
	1	2	3	4	5	6
	Data Centers	Agricultural Land	Single-Family Rental Housing	Infrastructure	Self-Storage	Life Science Facilities
Investment Prospects						
2025 Score (1 to 5)	 4.13	 3.70	 3.65	 3.64	 3.51	 3.34
Development Prospects						
2025 Score (1 to 5)	 4.09	 3.70	 3.64	 3.55	 3.31	 3.01

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2025: **Baltimore Market Insights**

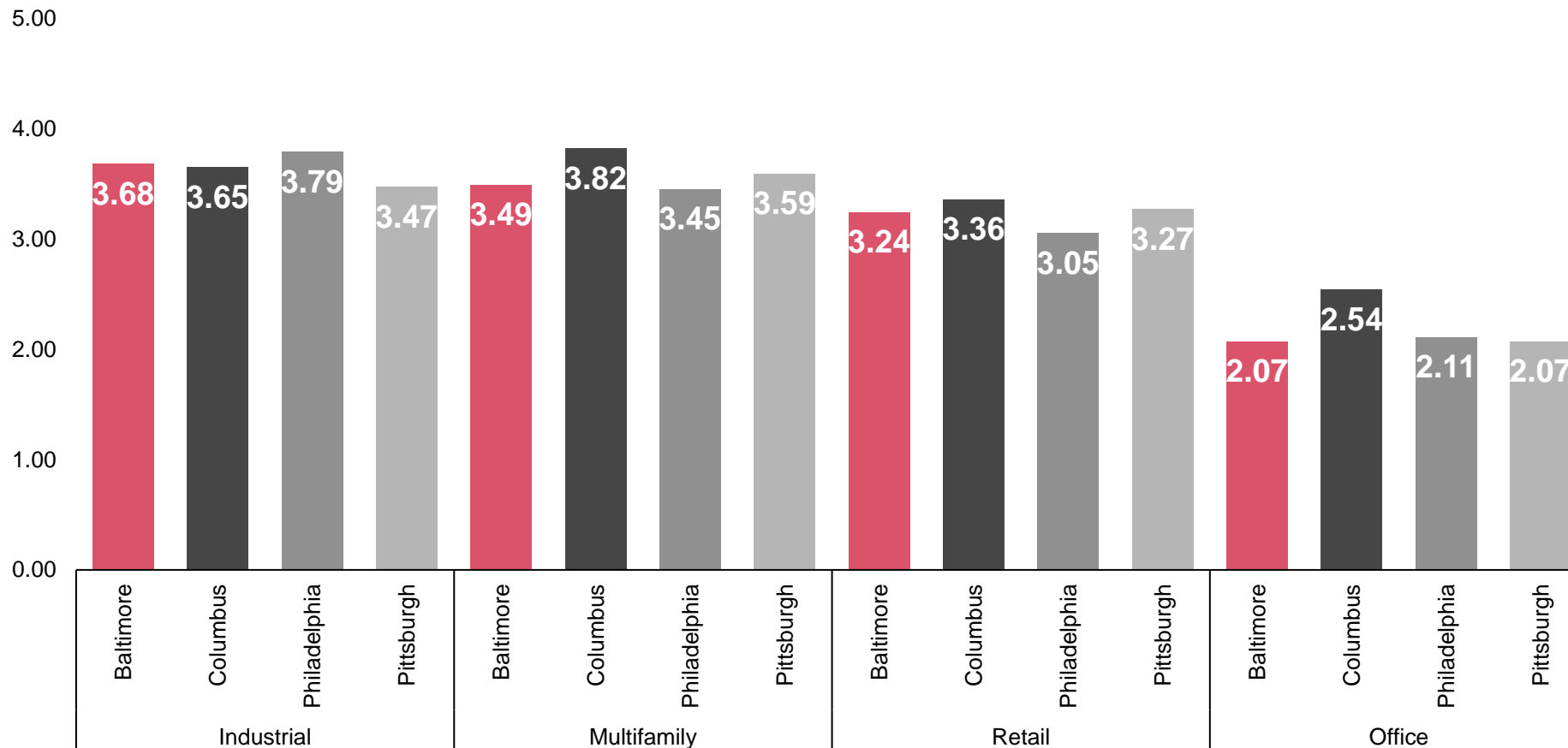
56

Overall
Prospects
(vs 50)

29

Homebuilding
Prospects
(vs 51)

Overall Investment Prospects by Property Type across "Meds & Eds"

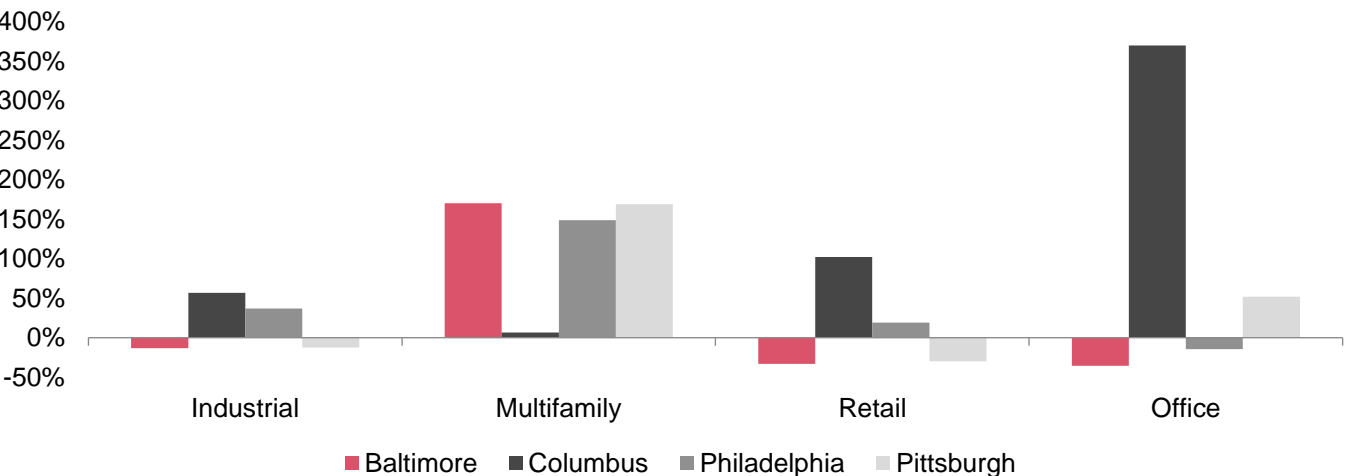


Source: PwC Analysis; Emerging Trends in Real Estate | 1 – Abysmal 2 – Poor 3 – Fair 4 – Good 5 – Excellent

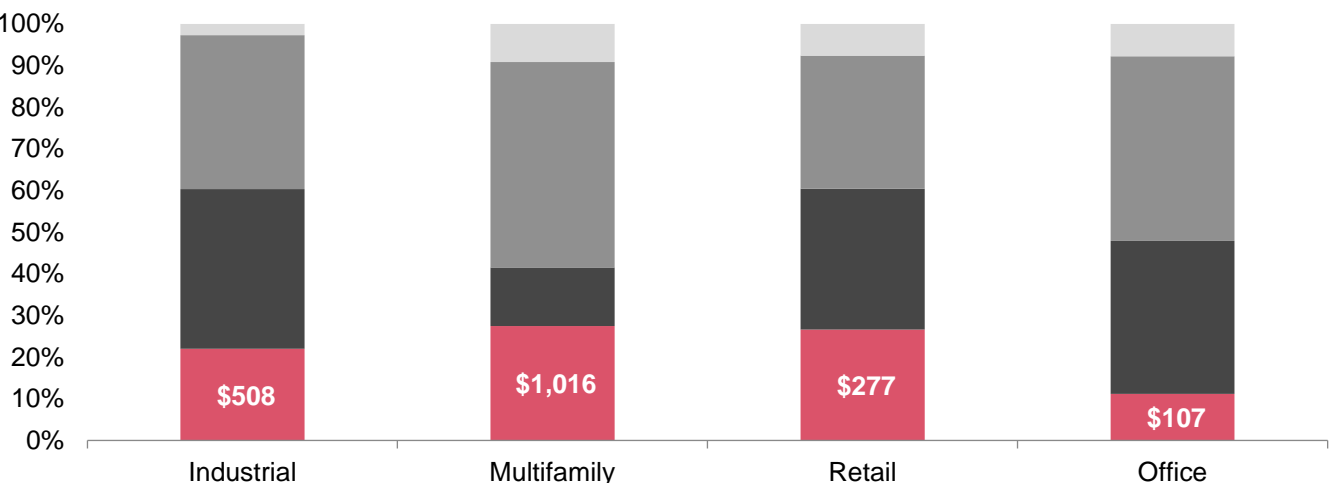
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2025: Baltimore Market Insights

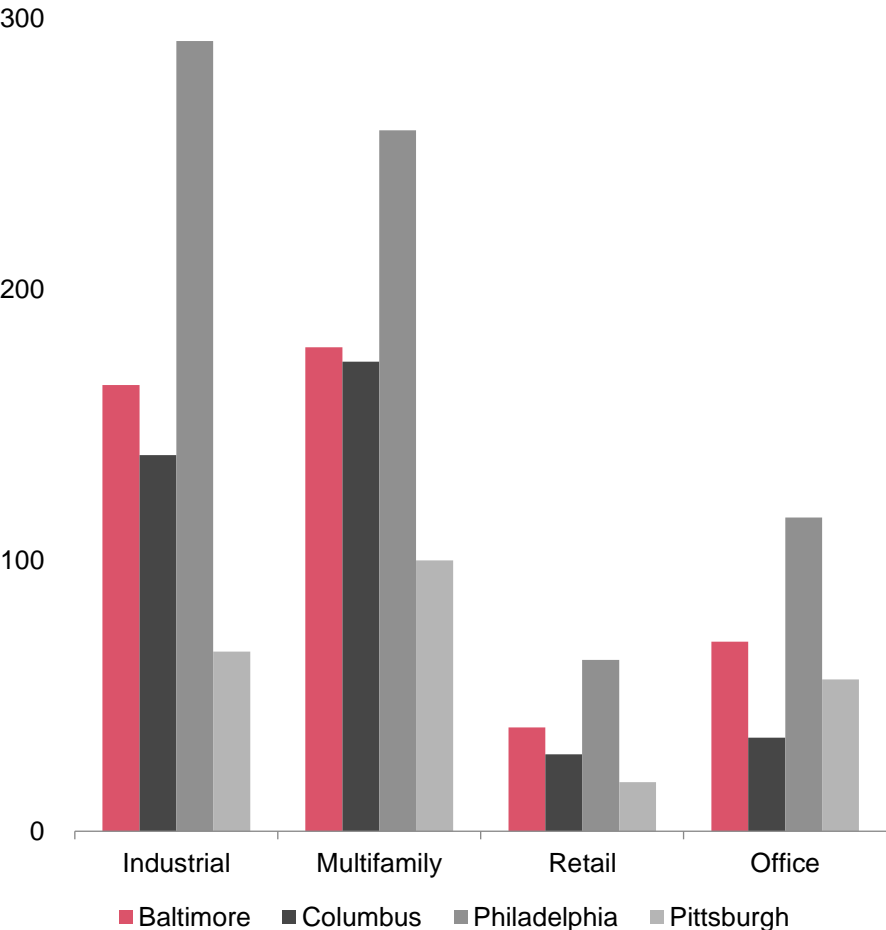
2024 CRE Transaction Volume (Sep-YTD, YOY Change)



2024 CRE Transaction Volume (Sep-YTD, \$M as a % of Total)



Inventory by Market



Note: Commercial Sectors: Millions of SF | Multifamily: Thousands of Units

Thank you



To learn more about this year's findings and download the full report, go to <https://www.pwc.com/us/etre> or use the QR code

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